2011

Annual Report

Volume I

The Annual Report 2011 is merely a translation of the Relatório e Contas 2011 document delivered by the Banco Comercial Português, S.A. to the Portuguese Securities and Market Commission (CMVM), according to the Portuguese law.

Being the sole purpose of such English version to simplify consultation of the document to English speaking Shareholders, Investors and other Stakeholders in case of any doubt or contradiction between both documents, the Portuguese version of the Relatório e Contas 2011 prevails.

All references, in this document, to the application of any regulations and rules refer to the last version in force.

Contents

KEY INDICATORS

Million euros

	2011	2010	2009	2008	2007	Chan. % 11/10
Balance sheet						
Total assets	93,482	98,547	95,550	94,424	88,166	-5.1%
Loans and advances to customers (net) (1)	68,046	73,905	74,789	74,295	64,811	-7.9%
Total customer funds (1)	65,530	67,596	66,516	65,325	62,719	-3.1%
Balance sheet customer funds (1)	53,060	51,342	50,507	50,858	44,377	3.3%
Customer deposits (1)	47,516	45,609	45,822	44,084	38,268	4.2%
Loans to customers, net / Customer deposits (2)	144.8%	163.6%	164.1%	169.3%	168.9%	
Shareholders' equity and subordinated debt	4,973	7,153	9,108	8,559	7,543	-30.5%
Profitability						
Net operating revenues	2,569.6	2,902.4	2,522.3	2,872.8	2,888.0	-11.5%
Operating costs	1,634.2	1,543.2	1,540.3	1,670.8	1,748.6	5.9%
Impairment and Provisions	2,157.0	941.1	686.5	860.0	451.2	129.2%
Income tax						
Current	66.9	54.2	65.6	44.0	73.0	
Deferred	(525.7)	(39.8)	(19.4)	40.0	(3.5)	
Non-controlling interests	85.9	59.3	24.1	56.8	55.4	44.8%
Net income attributable to shareholders of the Bank	(848.6)	344.5	225.2	201.2	563.3	
Return on average shareholders' equity (ROE)	-22.0%	9.8%	4.6%	4.5%	14.9%	
Income before tax and non-controlling interests / Average equity (2)	-28.0%	10.6%	5.7%	7.1%	17.1%	
Return on average total assets (ROA)	-0.8%	0.4%	0.3%	0.3%	0.7%	
Income before tax and non-controlling interests / Average net assets (2)	-1.3%	0.4%	0.3%	0.4%	0.8%	
Net operating revenues / Average net assets (2)	2.6%	3.0%	2.7%	3.1%	3.5%	
Cost to income (2) (3)	58.4%	54.1%	62.9%	58.5%	60.2%	
Staff costs / Net operating revenues (2) (3)	31.9%	29.0%	35.2%	32.2%	32.7%	
Credit quality						
Overdue loans (>90 days) / Total loans	4.5%	3.0%	2.3%	0.9%	0.7%	
Overdue loans (>90 days) + doubtful loans / Total loans (2)	6.2%	4.5%	3.4%	1.5%	1.2%	
Overdue loans (>90 days) + doubtful loans, net / Total loans, net (2)	1.4%	1.2%	0.6%	-0.4%	-0.7%	
Credit at risk / Total loans (2)	10.1%	7.1%	6.0%	3.5%	2.6%	
Credit at risk, net / Total loans, net (2)	5.5%	4.0%	3.3%	1.6%	0.8%	
Total impairment / Overdue loans (>90 days)	109.1%	109.4%	119.0%	211.6%	251.8%	
Cost of risk	186 p.b.	93 p.b.	72 p.b.	71 p.b.	39 p.b.	
Capital (*)						
Core Tier I (2)	9.3%	6.7%	6.4%	5.8%	4.5%	
Tier I (2)	8.6%	9.2%	9.3%	7.1%	5.5%	
Total (2)	9.5%	10.3%	11.5%	10.5%	9.6%	
BCP share						
Market capitalisation (ordinary shares)	980	2,732	3,967	3,826	10,545	-64.1%
Adjusted basic and diluted earnings per share (euros)	(0.073)	0.048	0.031	0.032	0.118	
Market values per share (euros) (4)						
High	0.610	0.866	0.998	2.455	3.59	-29.6%
Low	0.097	0.515	0.516	0.636	2.15	-81.2%
Close	0.136	0.540	0.784	0.756	2.44	-74.8%

(1) Adjusted from companies partially sold - Millennium bank Turkey (2007 to 2008) and Millennium bcpbank USA (2007 to 2009).

(2) According to Instruction no. 23/2011 from the Bank of Portugal.

(3) Excludes the impact of specific items.

(4) Market value per share adjusted from the capital increase.

(*) Capital ratios based on the IRB approach in 2011 and in 2010 and in accordance with the standard approach in 2009 to 2007 (detailed information in the section "Capital Management").

Note: the values presented for 2011 and 2010 include the adjustment to the accounts from 1 January 2010.

	Unit.	2011	2010	2009	Change 11/10
CUSTOMERS					
TOTAL OF CUSTOMERS	Thousands	5,384	5,164	5,008	4.1%
Interest paid on deposits and interbank funding	Million euros	1,758	1,166	1,330	33.7%
Claims registered	Number	74,638	75,934	101,531	-1.7%
Claims resolved	Percentage	98.5%	97.7%	104.6%	0.8%
ACESSIBILITIES [1]					
BRANCHES	Number	1,722	1,744	1,774	-1.3%
Branches opened on Saturday		148	74	25	50.0%
Branches with access conditions to people with reduced mobility [2]		1,015	1,142	624	-12.5%
Internet	Users Number	1,203,679	1,111,480	929,518	7.7%
Call Center	Users Number	276,315	349,536	327,788	-26.5%
Mobile banking	Users Number	165,636	38,654	38,953	76.7%
ATM	Number	3,708	3,904	3,885	-5.3%
EMPLOYEES [3]	Number	**21,508**	**21,370**	**21,285**	**0.6%**
LABOUR INDICATORS [4]					
Breakdown by professional category	Number				
Executive Board		36	30	22	16.7%
Senior management		207	206	203	0.5%
Management		2,013	1,900	1,788	5.6%
Comercial		12,599	11,105	10,886	11.9%
Technicians		4,226	3,854	3,621	8.8%
Other		2,486	2,252	2,326	9.4%
Breakdown by age	Number				
<30		4,998	4,151	4,538	16.9%
[30-50[		13,142	12,271	11,788	6.6%
>=50		3,427	2,925	2,520	14.6%
Average age	Years	35	35	34	-1.6%
Breakdown by contract type	Number				
Permanent		19,709	19,531	19,291	0.9%
Temporary		1,769	1,706	1,354	3.6%
Trainees		89	60	n.a.	32.6%
Employees with working hours reduction	Number	184	171	142	7.1%
Recruitment rate	Percentage	10.5%	9.6%	6.0%	8.7%
Internal mobility rate	Percentage	17.7%	15.2%	25.6%	14.2%
Leaving rate	Percentage	10.2%	9.1%	10.3%	11.5%
Free association [5]	Percentage				
Employees under collective work agreements		99.7%	99.9%	99.9%	-0.2%
Union syndicated Employees		76.2%	79.3%	83.4%	-4.1%
Hygiene and safety at work (HSW)					
HSW visits	Number	651	673	462	-3.4%
Injury rate	Percentage	0.0%	0.0%	0.0%	-9.2%
Death victims	Number	0	0	0	-
Absenteeism rate	Percentage	4.3%	4.7%	4.7%	-9.2%
Lowest company salary and minimum national salary	Ratio	1.5	1.4	1.2	5.0%
ENVIRONMENT					
Greenhouse gas emissions	tCO_2eq	74,356	81,736	95,614	-9.0%
Electricity consumption	MWh	127,837	127,210	140,070	0.5%
Production of waste	t	1,474	1,038	1,934	42.0%
Water	m^3	393,623	415,522	435,329	-5.3%
SUPPLIERS					
Time of payment and time contractually agreed, in Portugal	Ratio	1	1	1	0.0%
Purchases from local suppliers	Percentage	90.7%	92.4%	92.4%	-1.9%
DONATIONS	Million euros	**3.2**	**3.8**	**2.4**	**-18.9%**

[1] Does not include Angola in 2009 for Internet, Call Center e Mobile Banking channels.

[2] Information not available for Mozambique in 2009.

[3] Number of Employees for all operations, except Poland, which are reported full time equivalent (FTE). In 2009, the number was adjust due to Turkey and EUA companies partially sold.

[4] Employees information (not FTE) for: Portugal, Poland, Romenia, Greece, Angola, Mozambique and Switzerland. Information not available for Angola and Switzerland in 2009.

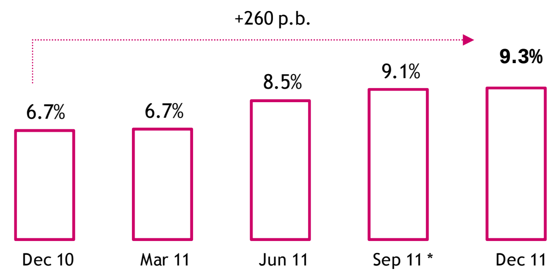
[5] The value reflects only operations where the regimes are applicable. Collective work agreement: Portugal, Greece, Mozambique and Angola. Syndicate: Portugal, Mozambique and Angola.

n.a. - Information not available.

Main Highlights

- ✓ Ensure solvency ratios above regulatory requirements — **CT1** >9% in 2011
- ✓ Managing deleveraging process to stabilize balance sheet funding — **L/D** 120% in 2014
- ✓ Reduction of the risk associated with the pension fund — **Liabilities** Reduction>50%

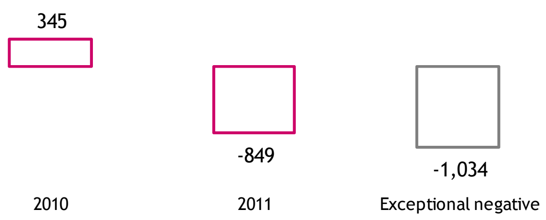
CORE TIER I



* Includes impact of liability management transaction

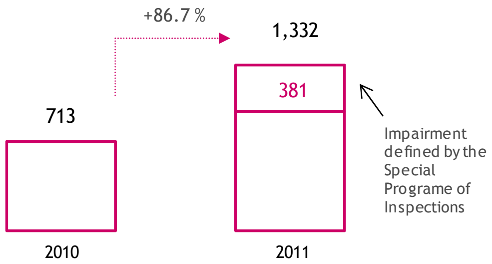
NET INCOME

Million euros



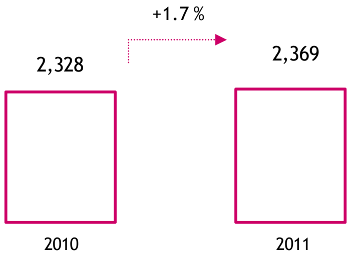
LOAN IMPAIRMENT CHARGES
(net of recoveries)

Million euros



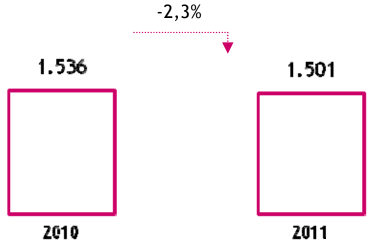
CORE INCOME

Million euros



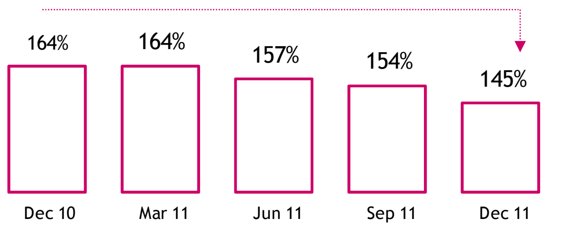
OPERATING COSTS *

Million euros



* Excluding specific items

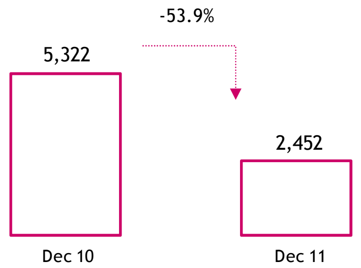
LOAN TO DEPOSIT RATIO* (BoP)



* According to instruction no. 23/2011 from the Bank of Portugal (calculated with net loans and customer deposits) / Customer funds and loans to customers were adjusted from a Repo operation, in the amount of 2,256 million euros, as at 30 June and September 2011

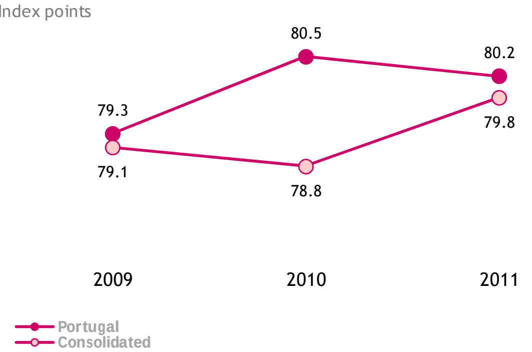
PENSION FUND LIABILITIES

Million *euros*



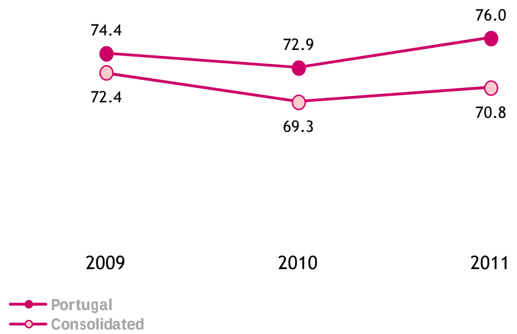
OVERALL CUSTOMER SATISFACTION LEVELS

Index points



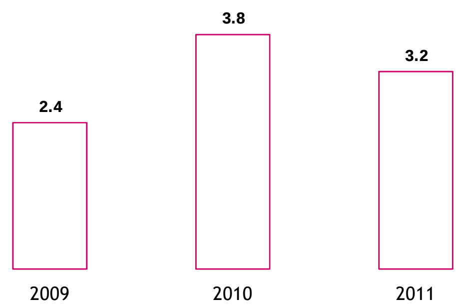
OVERALL EMPLOYEES SATISFACTION LEVELS

Index points



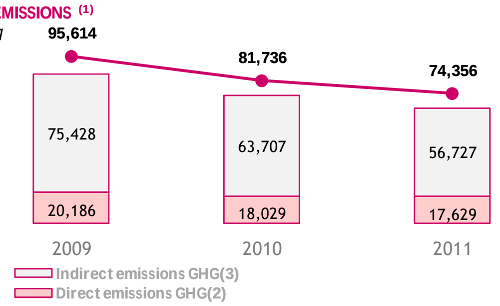
DONATIONS

Million euros



GHG EMISSIONS [1]

tCO$_2$eq



[1] Includes Portugal, Poland, Greece, Romenia and Mozambique.
[2] Excludes emissions of automobile frot from Greece and eletricity and heat from Greece in 2009.
[3] Excludes emissions of scope 3 from Greece and Mozambique. Emissions of travel home-work-home of the Employees, only for Portugal.

Joint Message of the Chairman of the Board of Directors and of the Chairman of the Executive Committee

On February 28, 2012 it was held a General Meeting of Shareholders of Banco Comercial Portuguese, SA, being approved the alteration and restructuring of the articles of association of the company, which was consolidated in the adoption of an one-tier management and supervision model, composed by a Board of Directors, an Audit Committee and Statutory Auditor, as well as the creation of an International Strategic Board. In this General Meeting were elected the members of the new corporate bodies for the term of office 2012-2014. Under the legislation, rests in the Board of Directors in function the presentation of the annual report and accounts of 2011 to Shareholders, Supervisory Entities, Customers, Analysts and public in general.

Pursuant to the best and most recent international practices concerning communication with the Stakeholders, Millennium bcp adopted as of 2010 the concept of Integrated Reporting in the preparation of the Annual Report. Integrated Reporting enables showing evidence of the connection of strategy, corporate governance, financial performance and the social, environmental and economic environment in which the Bank operates.

During 2011, the interaction between the risk of sovereign debt, the financial system and the economy intensified, both at the international level and in Portugal, reflected in an even more challenging scenario for the development of bank activity. The deterioration of the funding difficulties of the Portuguese State on the international market, led to the Government issuing a formal request to the European Authorities and International Monetary Fund (IMF) for the preparation of an economic and financial assistance plan. Hence, since May 2011, Portugal has been under a medium term Economic Adjustment Programme, jointly negotiated with and supported by the IMF and European Union.

In a context of high uncertainty, in particular regarding the mechanisms to overcome the sovereign debt crisis in the Eurozone, the challenges faced by the Portuguese economy and Portuguese financial system have further magnified. Portuguese banks have been confronted with the generalisation of the difficulties in access to funding on international wholesale funding markets. This combined with the capital strengthening requirements, management of a deleverage process and a particularly adverse macroeconomic and financial context, arising from the austerity and consolidation of public finance measures, have constrained their business, profitability, asset quality and solvency. In spite of that, Millennium bcp has revealed its strength in successfully exceeding the European stress tests and in complying with the European regulatory requirements, on matters of capital and liquidity.

In view of the structural transformation of the market in Portugal, in July 2011, Millennium bcp adapted its strategic agenda, based on four key areas of action: i) Guaranteed solvency levels above the regulatory requirements of Core Tier I of 9% in 2011 and 10% in 2012; ii) Management of the deleverage process so as to stabilise funding requirements, having redefined as an objective a Loans-to-Deposits ratio of 120% by 2014; iii) Recovery of the profitability levels of the business in Portugal, with the objective of exceeding a return on equity (ROE) of 10% (after the stabilisation of the cycle); and iv) Focus of the international portfolio according to its attractiveness and available funds.

Amongst the various initiatives implemented by Millennium bcp for the purpose of mitigating the adverse effects caused by the intensification of the sovereign debt crisis, the following are of particular importance: i) the operation of liability management on preference shares, completed in October, as well as the deleverage process and reinforcement of financial collateral which, amongst other measures implemented under the capital plan defined by the Bank, enabled strengthening the Core Tier I ratio. At the end of 2011 this ratio reached 9.3%, the highest value ever; ii) the loan portfolio repricing initiatives and focus on growth of on balance sheet funds, reflected in the reduction of the commercial gap by 7.8 billion euros. Loans and advances to customers declined by 6.4% while deposits increased by 4.2%, in particular concerning domestic business where deposits grew by 7.2%, relative to the end of 2010; iii) the expansion of ActivoBank, which opened eight branches in 2011, thus consolidating its status of leadership on the national market in the area of innovation; and iv) the focus on the provision of excellent service, with the Customer satisfaction index having reached its highest level ever (81.2 index points) since the creation of the Millennium brand.

In 2011, consolidated net income was negative by 849 million euros, penalised by exceptional factors with a negative aggregate impact of 1,034 million euros. Amongst these non-recurrent events, special reference should be made to the provisioning of the Greek public debt and the devaluation of the Portuguese sovereign debt, the recognition of impairment relative to the remaining goodwill of Greece, the cost related to the partial transfer of the pension funds and the strengthening of the allocations for loan impairment, arising from the Special Inspections Programme implemented under the Economic and Financial Assistance Programme to Portugal.

However, it is important to highlight the very positive contribution of the international operations, which offered a diversification effect in view of the negative performance in Portugal, although insufficient to totally eliminate the impacts of the exceptional events on the Group's consolidated net income. The contribution to net income derived from abroad increased from 51.8 million euros in 2010 to 122.7 million euros in 2011, especially concerning the Polish and African operations which grew by 49.7% and presented historic levels of profit. In particular, note should be made of the net income recorded by the Polish operation of 113.3 million euros, boosted by the increased income and decreased cost of risk, and pursuit of the expansion plans in Africa, with Millennium Angola having closed the year with 61 branches, thus ensuring its presence in all the Angolan provinces, and Millennium bim having exceeded the milestone of one million active Customers. Considered as a whole, the African operations achieved a contribution of 122.7 million euros, corresponding to growth of 60.6% relative to 2010.

In spite of the net income for 2011 having been constrained by negative events of an exceptional character, various areas of the Group showed good performance, especially in relation to the following: i) the growth of net interest income, both in Portugal and in the international operations, having increased by 4.1% in consolidated terms relative to 2010; ii) the continued reduction of operating costs which fell by 2.3%, in consolidated terms, excluding the effect of non-recurrent events, and recorded a reduction of 3.9% in the international business notwithstanding the expansion plans in progress and the opening of branches in the African operations; and iii) the compliance with the objectives defined in the liquidity plan, where there was a reduction of exposure to the European Central Bank of 2.2 billion euros relative to December 2010.

The efforts expended with a view to the implementation of the measures agreed under the Economic Adjustment Programme established with the Portuguese authorities were reflected in the reduction of the Bank's loans-to-deposits ratio, decreased dependence on the European Central Bank and presentation of the capitalisation plan to the Bank of Portugal, on 20 January 2012, under the terms of the communication of the European Banking Authority of 8 December.

The actions developed with communities under the social responsibility programmes were continued during 2011. In Portugal, the Millennium bim Foundation and, in Mozambique, the "More Mozambique for Me" programme developed a large number of specific social support and interaction activities in areas such as culture, education and charity. In Angola, various initiatives targeting the more vulnerable groups of the population were supported through a partnership with Grupo Amizade. Also under the Bank's social responsibility policy, Banco Millennium Angola and Banco Privado Atlântico signed a protocol to strengthen microcredit in Angola, as a vehicle to boost entrepreneurship and social inclusion. In Portugal, through this instrument, support was maintained to a large number of entrepreneurs, reflected during 2011 in the creation of 214 new micro-enterprises which led to 315 new jobs.

Over the last years, with the dedication and contribution of all the Employees, Millennium bcp has managed to continue to innovate so as to respond in a faster manner to the alterations in the form of relations and to the consumption patterns of Customers and improve the efficiency of internal processes, as well as to consolidate the African and Polish operations, while strengthening its capital and solvency levels to unprecedented values, in spite of the negative effect of exceptional factors. Having reached this far and after the stabilisation of the shareholder base, it will now be necessary for Millennium bcp to advance, strengthening and improving upon what has already been achieved.

The next few years will not be less demanding or challenging. Bank activity will be confronted with the requirements arising from the adjustment programme which the Portuguese economy and financial sector are undertaking. Millennium bcp will have to meet the criteria stipulated in the requirements of the European Banking Authority regarding the Core Tier I ratio for 30 June 2012, and prudential requirements of the Bank of Portugal for the end of 2012, as an intermediary step towards conformity with Basel III criteria by 2014. At the same time, Millennium bcp will have to pursue the deleverage effort, aiming at improving its liquidity position and reducing its dependence on funds obtained from the European Central Bank and maintaining tight cost control.

The implementation of the capitalisation plan which will be approved, will result in the strengthening of the financial solvency of Bank, which, combined with the amendment to its governance model, will allow to lay the foundations for a new strategic project involving all areas of the Group and its Stakeholders, namely the over 5 million Customers, the 182 thousand Shareholders and the approximately 21 thousand Employees. Such will certainly reinforce its status as a financial institution of reference in the national and international market.

Porto Salvo, 23 April 2012

Nuno Amado
Chaiman of Executive Committee
Vice-Chairman of the Board of Directors

António Monteiro
Chairman of the Board of Directors

MILLENNIUM GROUP

Banco Comercial Português, S.A. ("BCP", "Millennium bcp" or "Bank") is the largest Portuguese private bank: the BCP Group has total assets of 93,482 million euros, loans and advances to customers (gross) of 71,533 million euros and customer funds of 65,530 million euros, as at 31 December 2011. Since its incorporation, Millennium bcp has been associated to innovation, dynamism and financial strength, and has maintained these vectors as its strategic pillars which contribute to the highest efficiency of the platform and constitute an element of key differentiation in relation to the competition. The Bank, with decision making centre located in Portugal, meets the calling: "Going further beyond, doing better and serving the Customer", guiding its action by values such as the respect for people and institutions, focus on the Customer, a mission of excellence, trust, ethics and responsibility, being a distinguished leader in various areas of financial business in the Portuguese market and a reference institution at an international level.

In Portugal, the Bank operates with the largest banking distribution network of the country, with 885 branches, and is the second bank in terms of market share, both in loans and advances to customers (approximately 19.6%) and customer deposits (approximately 17.6%). The activity in Portugal represents 76% of total assets, 76% of loans and advances to customers (gross) and 68.4% of total customer deposits.

The Group assumes also a prominent position in Africa through its banking operations in Mozambique and Angola, and in Europe through its operations in Poland, Greece, Romania and Switzerland. Since 2010, the Bank has operated in Macao through an on shore branch, having signed, in that year, a memorandum of understanding with the Industrial and Commercial Bank of China with the objective of strengthening cooperation between the two banks, which is extended to other countries and regions beyond Portugal and China. The Bank is also presented in the Cayman Islands through BCP Bank & Trust, with a license type B. In 2011, the Bank formalised a license application for the opening of an on shore branch in the Popular Republic of China. Particular reference should also be made to the signing, in 2011, of the partnership agreement with Banco Privado Atlântico, S.A. for the constitution/acquisition of a bank in Brazil, aiming to exploring opportunities in the Brazilian market, namely in the areas of corporate finance and trade finance, through partnerships. The entry into the Brazilian market completes the last vertex of the strategic diamond of Portugal, Africa, China and Brazil.

The international operations currently represent 48.6% of the total of 1,722 branches and 53.7% of the 21,508 Employees of the BCP Group, presenting a contribution of 122.7 million euros for 2011. Should be highlighted, the maintenance of the expansion plans in Africa, with Millennium Angola having opened its 61st branch and Millennium bim, a strong leader in Mozambique, having achieved the milestone of one million active Customers. As a whole, in 2011, these two operations recorded a contribution of 77.2 million euros, corresponding to an increase of 62.1%, year-on-year. Also noteworthy are the good results of the Polish operation, held by 65.5%, which showed a contribution of 74.2 million euros in 2011 (+39.3% in relation to 2010, including FX effects) and the growing size and importance of the operation of Bank Millennium in Poland with 451 branches and a market share of approximately 4.9% in deposits and 5.0% in loans and advances to customers.

BCP shares are listed on Euronext Lisbon and market capitalisation as at 31 December 2011, stood at approximately 980 million euros. On the same date, the Group presented a consolidated solvency ratio and Core Tier I ratio, calculated in accordance with rules of the Bank of Portugal, of 9.5% and 9.3%, respectively.

VISION OF MILLENNIUM BCP

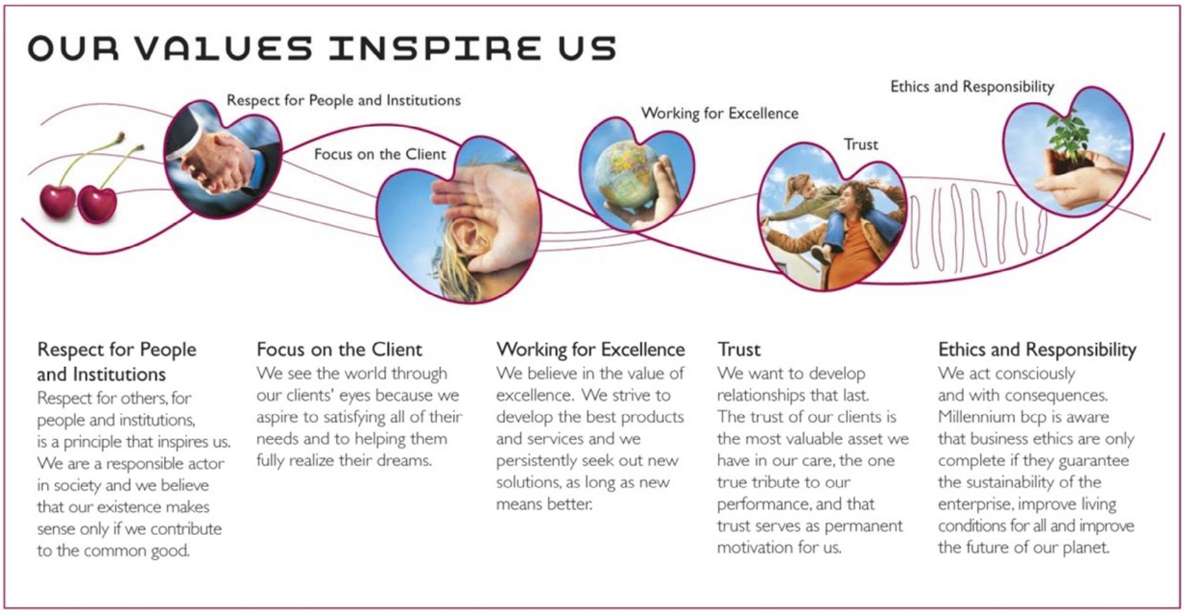
Millennium bcp aspires to be the reference Bank in Customer service, based on innovative distribution platforms, where over two thirds of the capital is allocated to Retail and Companies, in markets of high potential which are projected to have annual growth of turnover of more than 10%, and also to achieve higher efficiency levels, reflected in a commitment to an efficiency ratio at reference levels for the sector and with tighter discipline in capital, liquidity and cost management.

MISSION OF MILLENNIUM BCP

Create value for Customers through the offer of high quality banking and financial products and services, complying with rigorous and high standards of conduct and corporate responsibility, growing with profitability and sustainability, in order to provide an attractive return to Shareholders, which supports and strengthens the strategic autonomy and corporate identity.

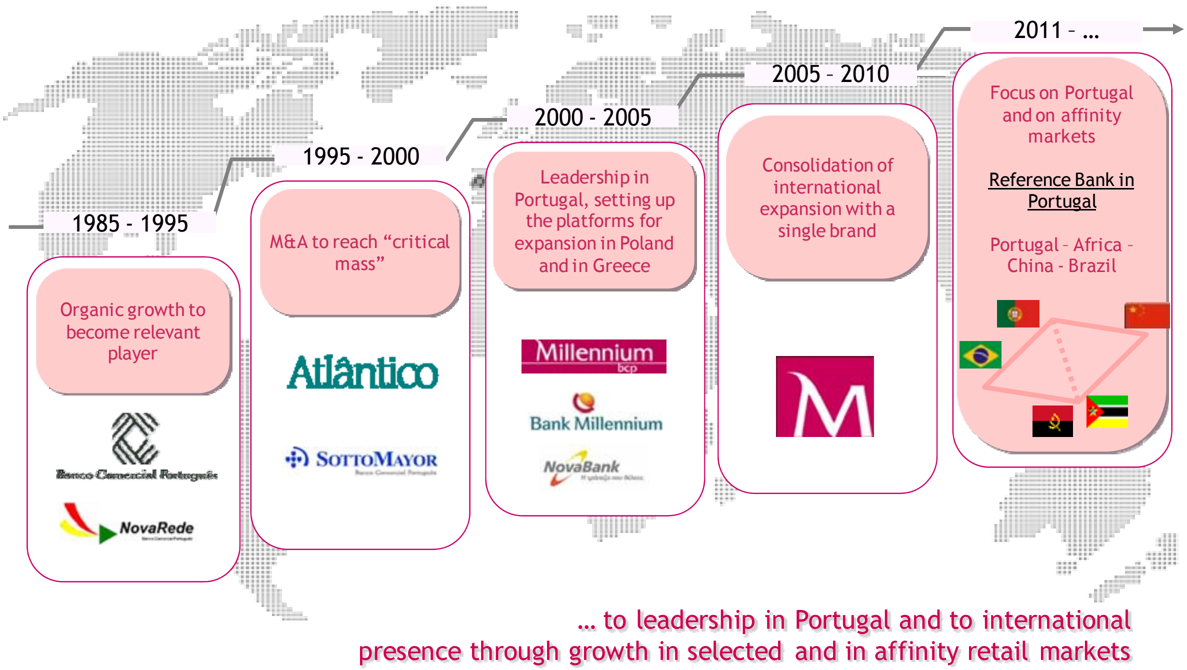
Values of Millennium bcp

The values of Millennium bcp reflect the way that the Bank guides its action in relations with Stakeholders.



History

Since its foundation up to the present date, Banco Comercial Português has lived a success story, during which it has become, over this quarter of a century, a leading bank in Portugal and a reference institution in various areas in the different markets in which it operates under the Millennium brand.



The Bank, constituted in 1985 following the deregulation of the Portuguese banking system, has scaled up various levels of growth. The first phase of its development was characterised essentially by organic growth, through the exploration of market opportunities as a consequence of the deregulation. In 1989, the Bank launched an innovative banking concept, the “Nova Rede”, with the objective of evolving towards a universal value proposition, offering a complete range of products and services to all sectors of economic activity with broad geographical coverage. By 1994, Banco Comercial Português has achieved an impressive expansion of its presence in the Portuguese market, having reached, in that year, market shares of approximately 8% of total assets, loans and advances to customers and deposits, according to information of the Portuguese Bank Association (APB).

The second phase of development began in 1995 with the intensification of market competition in the domestic banking market, following the modernisation of the existing financial institutions and entry of new foreign banking and financial institutions. During this period, the Bank based its growth on the acquisition of domestic banks with business complementarity so as to gain and consolidate its share in the banking market, in insurance and other related financial services. Hence, in 1995 it acquired Banco Português do Atlântico which, at the time, was the largest private bank in Portugal, and, in 2000, Banco Mello and Banco Pinto & SottoMayor. The growth of BCP catalysed the evolution of the Portuguese banking system, to become one of the most developed and innovative of Europe.

After achieving and consolidating a significant position in the Portuguese market, the Banco entered into the third phase of its development, focusing on the expansion of the Retail business into new geographic areas. From the very beginning, the implicit objectives of the internationalisation process were based on the prospects of growth and profitability of foreign markets with a close historic link to Portugal or which had large communities of Portuguese descendants, as well as markets where there was a strong commercial rationale for the establishment of banking operations supported by business models and technological platforms similar to those used by the Bank and of recognised success in the Portuguese market, adapting them to the financial requirements and needs of local Customers.

The fourth phase of expansion of the Bank is underpinned by the consolidation of the international expansion with the creation of a unique brand ("Millennium") and focus on organic growth and the creation of value, based on the objective of creating a truly multi-domestic bank with a supranational identity, driven by the creation of value in core business areas. In this context, during 2006, important transactions were developed, involving the sale or reduction of exposure in non-core assets, in particular regarding the operations held in France, Luxembourg and Canada.

The deterioration of global macroeconomic conditions, between the end of 2008 and early 2009, was exacerbated by the impact of the preceding financial turbulence, exerting considerable pressure on the profitability and solvency of financial institutions. Thus, in 2009, in view of a particularly adverse context and under the pressure of many exogenous variables, Millennium bcp considered that, following a period of institutional stabilisation, the launch of new strategic priorities was justified, which were based on three fundamental pillars: 'Solidity and Trust', 'Commitment and Performance' and 'Sustainability and Value', with focus on the European portfolio and affinity markets being defined as one of its priority lines of action. As a result of the reanalysis of the portfolio of international operations, in October 2010 the Bank sold the entire network of branches of Millennium bcpbank in the USA, the respective deposit base and part of the loan portfolio to Investors Savings Bank, ceasing to hold banking operation in the USA. Also following the above mentioned strategy of focus on priority markets, the Bank also concluded, in December 2010, the process of sale of 95% of the share capital of Millennium Bank A.S. in Turkey to the financial institution Credit Europe Bank, N.V..

The year 2010, which had been expected of recovery from the financial crisis experienced in the previous years, was marked by the eclosion of the sovereign debt crisis, which shadowed the European markets, especially of the peripheral countries. In response to the aggravation of the economic and sovereign crisis, Millennium bcp carried out a new adjustment to its strategic agenda, having implemented initiatives based on three priority lines: i) 'Increasing Trust', in particular the strengthening of customer relations, higher capital ratios via reduction of risk weighted assets (RWA), maintained control of the commercial gap and improved results; ii) 'Overcoming financial and economic crisis', especially through the repricing of loans, growth of funds, deleverage of the balance sheet and launch of an innovative Bank based on the ActivoBank platform; and iii) 'Focus and Sustainability', through organisational simplification, cost control and focus on the international portfolio.

MILLENNIUM BRAND

The Millennium brand reflects a promise of value for Customers and enables the differentiation of the Bank and its service in relation to the competition, by clearly embodying the principles and values undertaken by Millennium bcp and perceived by the market, including, in particular, "Innovation", "“Modernity/Youth", "Dynamism" and "Quality", according to independent studies conducted by Marktest (BASEF) and Consultores Group (brandScore). The Millennium brand constitutes a base for the entire offer of the Bank and a fundamental part of its commercial strategy with direct impact on its results, leading to the positioning of the Millennium bcp in the mind of its Customers and to the projection of credibility, strengthening the relation of trust in the Bank and creating feelings of loyalty, boosting the value of the brand.

By having the brand signature "Life inspires us", Millennium bcp expresses not only the rationale underlying its activity, but also its commitment and action programme. In addition to a strong visual identity, Millennium bcp assumes its brand personality with the desire to live, taking pleasure in being useful, remaining open to the new, with seriousness and transparency, and with a continuous respect for the community in which it operates.

The brand constitutes an intangible asset of the Bank and consists of a series of intrinsic and extrinsic perceptions, responsible for its positioning in the market. Its management is crucial for the commercial success of Millennium bcp. The value of the brand is extremely dependent on the effectiveness of its communication - advertising and institutional - and on its level of notoriety, brand loyalty, perceived quality and brand image, and contributes in a critical manner to the value of the Bank as a whole.

The international consultants Brand Finance publish the "Global Banking 500" study on an annual basis, which assesses the brand value of the 500 most valuable banking institutions of the world. In the study published in February 2012, the Millennium brand registered a value of 357 million USD (approximately 272 million euros at the exchange rate on the date of the study), positioning as the 247th of the global ranking (2nd brand within the private owned financial institutions in Portugal).

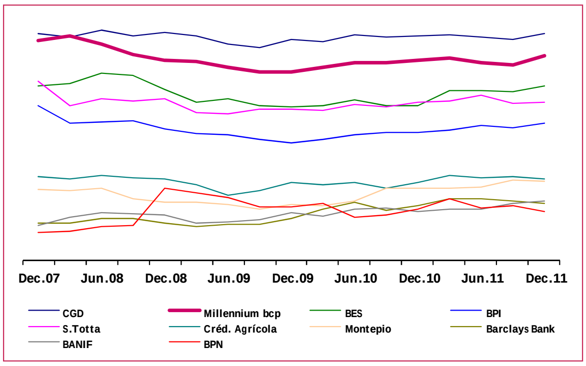
2011 was marked by a new phase in the communication of Millennium bcp aimed at conveying greater energy and modernity to the brand, further boosting its reputation and its media and advertising visibility. For this purpose, the Bank contracted José Mourinho as the "face" of Millennium bcp, expressing the same values of success and passion, a personality which constituted the leitmotiv of the institution's main campaigns over the year. At the same time, the Bank strengthened its focus on communication for the Youth segment, with an innovative and differentiating market offer ("Millennium GO!").

Concepts such as confidence, security, tranquillity and openness to constant and constructive dialogue with all present and potential Customers, Shareholders and other Stakeholders, reinforcing the Bank's association with social responsibility, were maintained as priorities during last year. This communication effort was transversal to all campaigns carried out, always following best market practices and ensuring compliance with the requirements issued by the supervisory authorities relative to transparency, balance, equity and relevance of the information provided, contributing to greater clarity in the commercial messages addressed to the market.

Millennium bcp is amongst the best in the indices in the banking sector in Portugal in terms of Brand fame ("Top-of-Mind" and "Spontaneous Reputation") and Campaigns ("Spontaneous Reputation"), according to the last available study of brandScore (2nd bank in the first two indices and 1st bank in the last). In the latest BASEF study published by Marktest, Millennium bcp is in the first place, amongst the private banks operating in Portugal, in terms of "Total Spontaneous Notoriety" and "Top-of-Mind".

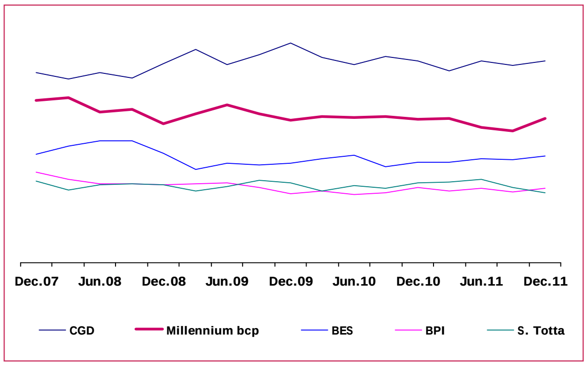
Total Spontaneous Notoriety

(References above 10%)



TOP of Mind of Banks – 1.ª reference

(References above 10%)



Base: all individuals (total)
Source: BASEF Banca - Marktest

The main challenges for 2012, as in the previous year, involve reinforcing the communication of the values of the Millennium brand to the market and its Customers, strengthening Customer trust in Millennium bcp, fostering creativity and the pride in being Portuguese, in order to maintain its leadership in Portugal.

MAJOR CAMPAIGNS

Institutional Campaign

In February 2011, on Millennium Day, in a staff meeting open to all Employees, a firsthand presentation was given of the institutional campaign "Mourinho – Passion" based on the value and principles common to Mourinho and Millennium bcp: professionalism, leadership, ambition and excellence. Summarising the entire message in the claim "our work, our passion", Millennium bcp's new campaign marked a new phase of the Bank's communication strategy, reinforcing its underlying values and consolidating its positioning as a leading Bank. Speaking directly, José Mourinho offers his testimonial and justifies the reasons why now he "is also Millennium": sharing the same spirit of victory, ambition and search for perfection.

The communication strategy developed in 2011 achieved notable results. Apart from the "Mourinho - Passion" advertising campaign having been acclaimed the winner of the prestigious "Gold Award" in the category "Financial Services and Insurance" of the 2011 Effectiveness Awards, the Bank achieved leadership in confirmed recall of the banking sector, as well as the historic record of recall value of the sector, with 31.8% (source: Marktest). In fact, this campaign led to the Bank's achievement (and even surpassing) of its previously defined objectives regarding reputation and notoriety. After the launch of the "Mourinho - Passion" campaign, Millennium bcp rose by 31% in the "Spontaneous Recall" indicator, and at the same time achieved a historic record in "Reputation", "Satisfaction" and "Brand Equity", as well as a record total value of 287% in "Top-of-Mind Effectiveness", according to Marktest data.

"We are Millennium" Campaign

The institutional campaign was followed by strong internal communication action, under the claim "Seeking Mourinhos (m/f)". The Employees were invited to participate in the campaign through an internal casting session which took place over almost a month. This initiative covered national-based Employees and raised high levels of interest and enthusiasm throughout the entire country, fostering the real "Millennium spirit". In fact, the adherence was significant - close to one hundred candidatures - with the selection having occurred in various phases, with 14 Employees having been shortlisted for the final stage.

Observing the tone, attitude and atmosphere of the original film, the Millennium bcp Employees - performing in the film for one day as true professional actors - convey the values they share with José Mourinho: the search for perfection, passion underlying their career and spirit of victory.

"Pride in being Portuguese" Campaign

In the beginning of the last quarter of the year, Millennium bcp and José Mourinho issued a challenge to the country, which sought to emphasise and bring out the feeling of "Portugueseness" inherent in us all: "Show pride in being Portuguese". This was the signature of the Bank's new communication action: by presenting José Mourinho stating "I am the best trainer of the World and I am Portuguese", an appeal was made to a joint desire of belief in the future and determination to win. Not only does Mourinho believe in the Portuguese people but he also has faith in their enormous capacity to work, talent and determination, summarising in these qualities the values, principles and attitudes that he perceives both in himself and in the Bank to which he belongs. And it is in this sharing of behaviour that is reflected in the truth and certainty that the Future belongs to those who work with the same Passion as Mourinho and the professionals of Millennium bcp. The Future belongs to the Portuguese people who, in spite of difficulties, make daily efforts demonstrating their strength and fighting spirit.

However, more than a mere statement of willingness, the new campaign had another ambition. It intended to issue a challenge which would allow a physical exhibition of this feeling of Portugueseness: the expression of pride through the use of a wrist band - the band of pride. This was the objective of the campaign. That all Portuguese - whether Bank customers or not - should joint this initiative, by going to a branch of Millennium bcp, to pick up their bands and place them on their wrist, also showing pride in Portugal and in their nationality.

"Millennium GO!" Campaign

"Millennium GO!" was launched in response to the need to communicate with Young People aged from 18 to 25 years old, a segment which is proving to be increasingly more strategic. This is a multiproduct solution composed of financial products and services that have been specifically designed for the daily management of younger people, expressed in the message "Everything you need to go further" and embodied in a pack which offers: a "GO! Book", a "GO! Guide to Benefits", a "GO! Marker", "GO! headphones", as well as discounts at various partners such as TMN, Youth Hostels, ZON Lusomundo, ACP, Lightning Bolt and the magazines "Evasões" and "Volta ao Mundo".

The major objective of the campaign was to establish new dynamics in the attraction and enhancement of the loyalty of Customers between the ages of 18 to 25 years old, focusing its message on the headline "Conquer your independence". With strong visual impact, the campaign concentrated greatly on the Internet, particularly Facebook where a page was created directly aimed at the target with pastimes/daily posts and interaction with users in real time. Furthermore, a "GO! Music" was created, composed by the group "Maria Amélia", reflecting a positive message at a particularly difficult time in terms of economic circumstances. This campaign had a strong impact, and on the same day that the download of the music was made available on the "Millennium GO!" page of Facebook, over 8 thousand downloads were carried out. The page already has some 20 thousand fans, and has thus become the Facebook page, of the banking sector, with the most followers.

Other Campaigns

In this difficult economic context, the commercial campaigns of 2011 aimed, above all, to enhance Customer loyalty, as well as to attract funds, where special note should be made to the following campaigns:

- Income M Campaign: "Don't trust luck, play safe";
- Special One + Campaign: "Score a bulls-eye with the Special One+ Deposit";
- Salary Domiciliation Campaign: "Liven up your Salary";
- Applause Customer: attraction/retention of company and sole proprietorship Customers.

The Bank in the Social Media

Having actively entered the Social Media in May 2010, Millennium bcp currently has several dozens of thousands of "followers", in particular on Facebook, where the higher number of visitors and ongoing activity support a communication strategy which has proved to be particularly beneficial due to its immediacy and proximity to target groups.

Always with the mission of taking value added to Customers and other public groups, the presence of Millennium bcp in the social networks has focused on publicising information of general interest regarding the activity of each of the areas present. Having started its approach to these new channels through the entertainment topic with the “Stage Millennium” (official presence of Millennium bcp at Rock in Rio), the success of the initiative rapidly spread to other areas giving rise to the presence of “Millennium Mobile” (targeting a public particularly interested in new technology and online presence), “Microcredit”, “Millennium Suggests” and the “Millennium bcp Foundation” (closer to social responsibility) and recently, of a more commercial nature, “Millennium GO!”, a retail product targeting a younger age group.

Careful management, with a coherent policy on contents and permanent supervision, has ensured that this experience in a new field has developed without major set-backs, and is currently supported by a large community which, in turn, is supportive and helps us to grow.

Millennium Movement

An initiative promoted by Millennium bcp and the newspaper Expresso, who main objective was to challenge all citizens to search for solutions to the major issues which will define and characterise the life of the next generations of Portuguese in the areas of democracy, business, cities and consumption. The movement enrolled 117 projects, with over 20 thousand online votes and recorded almost 1 million visits to the official website www.movimentomilenio.com, the central platform of the whole initiative.

The winners in each category and their projects benefited from strong exposure to the public and media, as well as from the monetary awards and payment of their participation costs in reference conferences or workshops at a worldwide level in the areas relative to the awarded categories.

Sponsorships

In 2011, Millennium bcp received 700 sponsorships proposals, regarding which 168 merited a positive opinion. Simultaneously with the more highly publicised support, the Bank has a policy of contributing to local actions and entities which play a fundamental role in the development of the communities in which they operate. The Bank has continued to be the most important brand of the sector in the sponsorship of music, to a large extent due to its association with the event Rock in Rio and via the latest communication of the event for 2012.

APPLAUSE CUSTOMER
January 2011

JOSÉ MOURINHO
February 2011

INCOME M
March 2011

SPECIAL ONE DEPOSIT
June 2011

EMIGRATION

August 2011

MÉDIS

September 2011

MILLENNIUM GO!

September 2011

WE ARE MILLENNIUM

October 2011

Main Awards in 2011

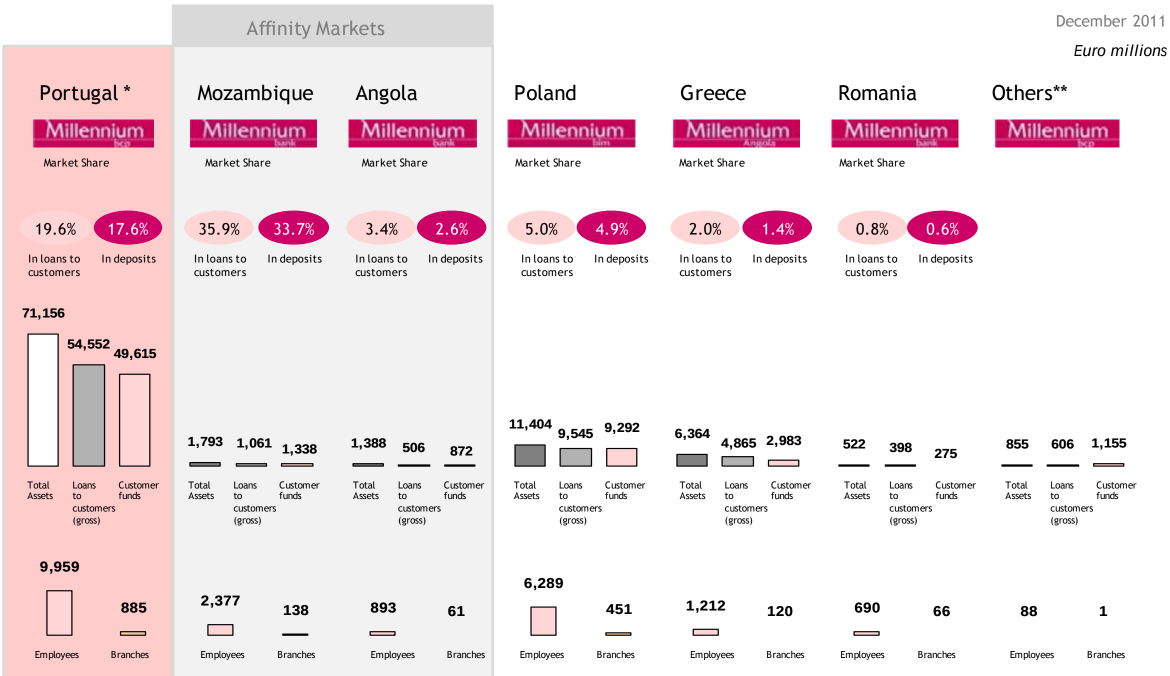
PORTUGAL	
“Best Bank in Portugal”	EmeaFinance
“Best Commercial Bank in Real Estate”	Euromoney
“Best Private Bank”	Euromoney
“Best Management Report in 2010	APCE
“MicroFinance Recognition Award” in the category of Commitment to social and financial transparency to Millennium bcp Microcredit	Microfinance
“Deal of the Year 2010” to Project ELOS, of which Millennium bcp is shareholder and financial advisor	Euromoney
“Most Innovative Bank” in Portugal to ActivoBank	World Finance
“Best Consumer Internet Bank” in Portugal, “Best Integrated Consumer Bank Site”, “Best Web Site Design” and “Best in Mobile Banking” in Europe to ActivoBank	Global Finance
Millennium bcp brand awarded as the “Most Valuable” among the Portuguese private owned banks	Brand Finance
Millennium bcp and Médis brands distinguished as “Brands of Excellence”	Superbrands
“Trustworthy Brand 2011” in Health Insurance to Medis	Selec. Readers Digest
“Best Insurance Company in 2011” in Portugal to Millenniumbcp Ageas	World Finance
MOÇAMBIQUE	
“Bank of the Year 2011”	The Banker
“Best Bank in Mozambique”	Global Finance
“Best Banking Group in Mozambique 2011”	World Finance
“Best Bank in Mozambique”	EmeaFinance
“Best Local Bank in Africa”	IC Publications/African Banker
“Excellence Brand”	Superbrands
“Best Brand in Mozambique in the banking sector"	GFK
ANGOLA	
“Bank of the Year 2011”	The Banker
“Best Banking Group in Angola 2011”	World Finance
“Best Bank in Angola”	Euromoney
“Most Innovative Bank”	EmeaFinance
“Excellence Brand”	Superbrands
POLÓNIA	
“Best Bank for Companies” and award of “Five Stars” distinction to Bank Millennium	Forbes
Integration in the “Respect Index”	Warsaw Stock Exchange
“Best Advertising in Social Networks”	Media & Marketing
“Best Sustainability Deal 2010” to the Wind Project Margonin, financed under project finance by Bank Millennium in Poland, with Millennium Investment Bank as financial advisor	EmeaFinance
Top 3 in terms of quality service offered to customers, ranking third in the “Traditional Customer's Friendly Bank” and “Best Internet Bank” categories	Newsweek Friendly Banks
“Best card” to Millennium Visa Impresja in the Best New Customer Proposition category	Visa Europe
Millennium MasterCard World Signia card ranked first on “value-added services” and “high spending limit” categories	Forbes
“Special Award” to Dobre Konto current account and to its debit card in the innovative cards category	Publi-News
GRÉCIA	
Excellence award “2010 EUR Straight – Through Processing”	Deutsche Bank
ROMÉNIA	
“Effie Award” for the mortgage loans campaign “Happiness”	Effie
“Best advertising campaign” for promoting usage of the advantages attached to its debit and credit cards	Visa Romania

Competitive Positioning

With the largest network of branches in Portugal, and a growing network in the countries in which it operates, in particular in the African markets of affinity, Millennium bcp offers its customers a wide range of banking and financial products and services, from current accounts, instruments of payment, saving and investment products, to private banking, asset management and investment banking, including mortgage loans, consumer loans, commercial banking, leasing, factoring and insurance, amongst others, serving its Customers on a segmented basis.

Millennium bcp is a bank focuses on Retail where it offers universal banking services, seeking to concentrate all its relations with Customers. Supplementary, the Bank offers remote banking channels (banking service by telephone and Internet), which operate as distribution points for its financial products and services. The remote channels also underlie a new banking concept, based on the ActivoBank platform, as a privileged way of serving a group of urban Customers who are young in spirit, intensive users of new communication technologies and value simplicity, transparency, trust, innovation and accessibility in banking relations.

Millennium bcp is present in five continents through its banking operations, representation offices and/or commercial protocols, corresponding to approximately 5.4 million customers by the end of 2011. In 2011, with the redefinition of the strategic vision of the Group, the Bank maintains the focus on retail distribution in Portugal and in markets that ensure a competitive presence and significant position in the medium long term. All the operations develop their activity under the Millennium brand.

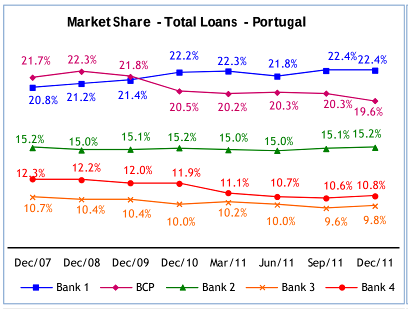


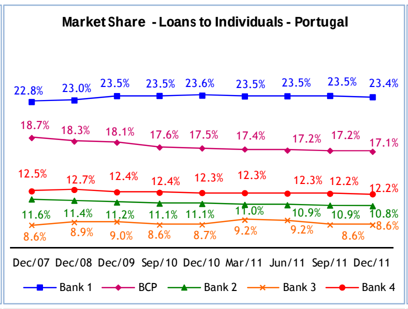
Source: BCP. Market shares in Portugal are based on Bank of Portugal and Portuguese banks' public data. Market shares in Poland are from the National Bank of Poland. Market shares in Greece are based on Bank of Greece and Greek banks' public data. Market shares in Mozambique are based on Bank of Mozambique public data. Market shares in Angola are based on National Bank of Angola public data. (*) Includes Macao; (**) BCP Banque Privée, BCP Bank & Trust, Consolidation adjustments.

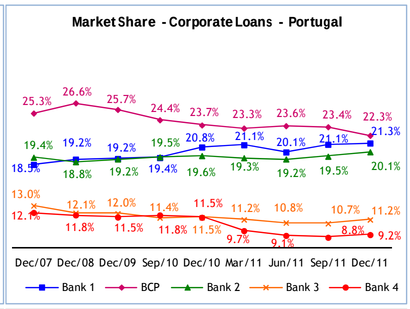
Portugal

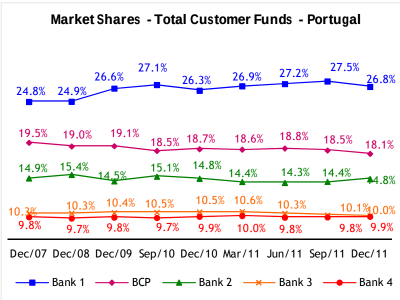
Millennium bcp is Portugal's largest private banking institution, with a leadership and a prominent position in several products, financial services and market segments based on a strong franchise of great presence in Portugal. By the end of 2011, Millennium bank had a network of 885 branches and 9,959 Employees in Portugal.

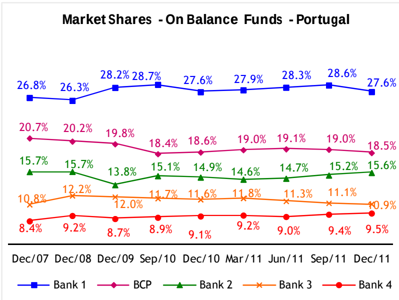
Notwithstanding the adverse environment experienced in 2011, arising from the sharp deterioration of the sovereign debt crisis and process of macroeconomic adjustment agreed with the troika, on the one hand and, on the other hand, by the uncertainties regarding the evolution/composition of the Eurozone, reflected in pronounced adjustment processes by the Portuguese Banks, including deleveraging programmes and initiatives to strengthen capital, Millennium bcp has maintained its relative position in the national market, both in loans - where it continues to be the first bank in terms of loans granted to companies - and in funds.

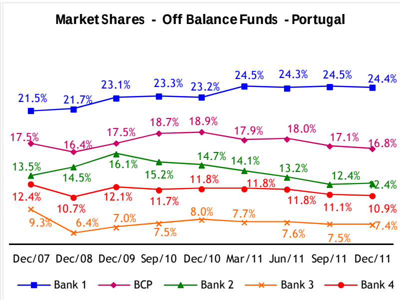












INTERNATIONAL

Millennium bcp pursues the expansion plans of its operations in Africa. At the end of the 3rd quarter of 2011, Millennium bim reached the milestone of 1 million active customers and Millennium Angola inaugurated its 61st branch. Millennium bim is the leading bank in Mozambique, with a market share of 35.9% in loans and advances to customers and 33.7% in deposits. In Angola, the Group aspires, with the investment in progress, to become a reference player in the sector, with market shares above 10% in the medium term. By the end of 2011, the Bank had a market share of 3.4% in loans and advances to customers and 2.6% in deposits. Special reference should also be made to the awards received by Bank's operations in these regions from several renowned entities. Thus, Millennium bim was recognised as the "Best Banking Group in 2011" in Mozambique and "Best Local Bank in Africa" and Millennium Angola as the "Best Banking Group/Bank in 2011" and "Most Innovative Bank" in Angola.

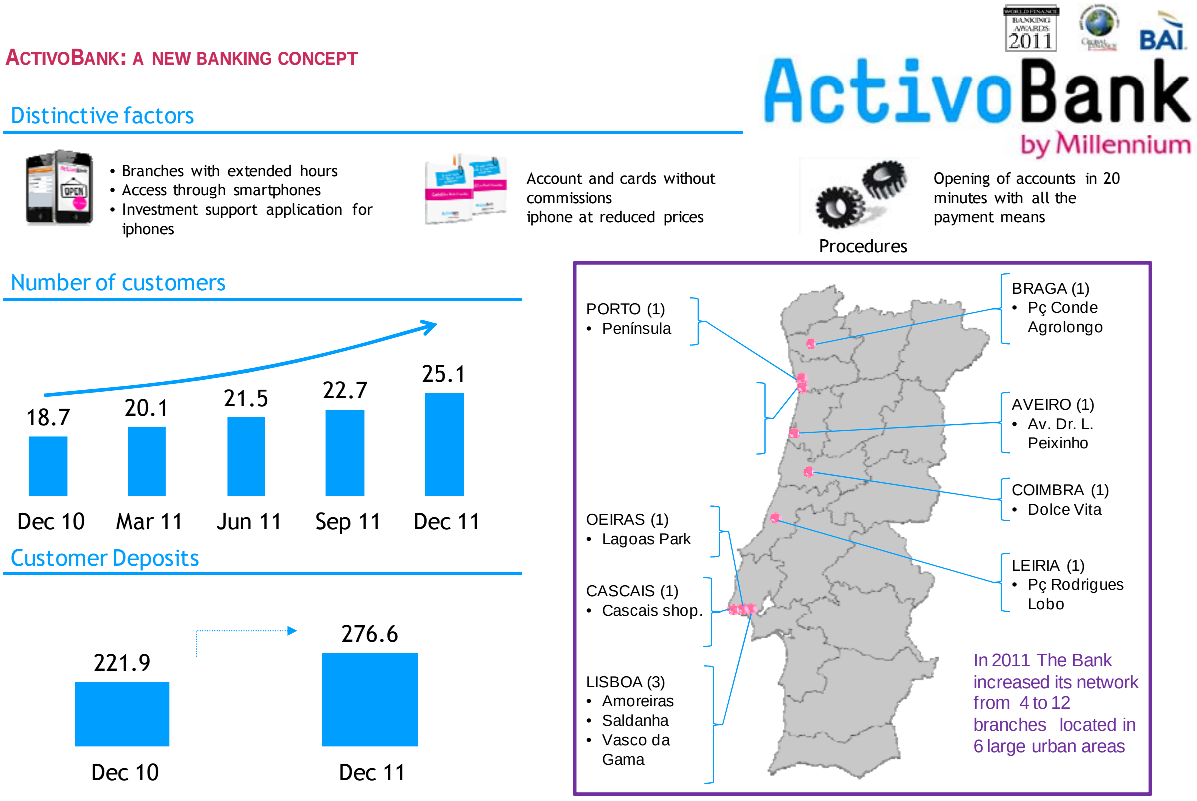
In Poland, by the end of 2011, Millennium Bank had a market share of 5.0% in loans and advances to customers and 4.9% in deposits. Since Millennium bcp considers that a sustainable position in the banking market in the different geographical areas in which it operates involves a presence with market shares above 5%, the Group, under the adjustment of its strategic agenda announced in July 2011, analysed various options, including those arising from the offers received of acquisition of BCP’s shareholding on Bank Millennium, and concluded that the option which is most in the interest of its Stakeholders and best fosters the creation of value is that of the maintenance of BCP’s shareholding on Bank Millennium, having reaffirmed its commitment to the organic growth of the Polish operation.

In Greece, in December 2011, the Group had a market share of 2.0% in loans and advances to customers and 1.4% in deposits, while in Romania the market share in loans and advances to customers and in deposits, reached 0.8% and 0.6%, respectively. In both operations, where its presence, in the context of these markets, isn’t relevant, the Group is currently appraising various operations in order to create value, which might involve the reduction of its exposure and/or search for partners to support expansion plans.

INNOVATION

Millennium bcp is positioned in the market as an innovative bank and with a strong tradition in innovation, being recognised by the market as a leading bank in innovation. Since the foundation of Millennium bcp up to the present date, innovation is and will continue to be a distinctive and differentiating value in relation to the competition, both in national and international operations, being present in the financial offer to customers, in particular in credit and saving solutions, following a path of simplification and transparency in banking relations, especially in the channels of contact with Customers and in the actual concept of Banking, where ActivoBank is an example, in its service and model of interaction with customers, adopting new technological trends concerning contact, expressed through the Internet and Mobile Banking, in internal processes and in operations, including the management of people and talent, in the business model - currently under reformulation - and in the communication strategy, both in terms of the message and the actual media.

The ActivoBank embodies a new banking concept, based on distinctive factors, such as branches with extended hours, bank access via smartphones, applications for investment support for iphones. The ActivoBank opened eight branches in 2011, consolidating the leading role that the bank holds in the national innovation market. It was recognized by the international financial community, having been honoured with awards such as "Most Innovative Bank in Portugal" by World Finance magazine (Banking Awards 2011), "Best Consumer Internet Bank in Europe" and "Best in Mobile Banking", awarded by Global Finance magazine, among others, and the appointment as one of five finalists among approximately 200 applicants in the Global Banking Innovation Awards in the category "Disruptive Innovation" sponsored by the BAI.



Millennium Network

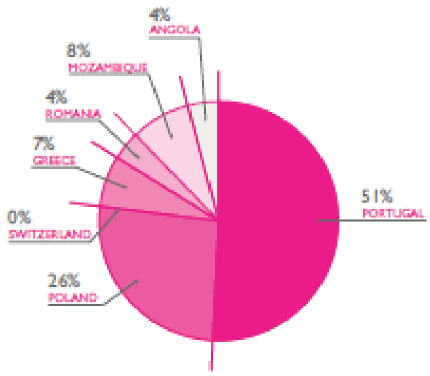
DISTRIBUTION NETWORK

NUMBER OF BRANCHES

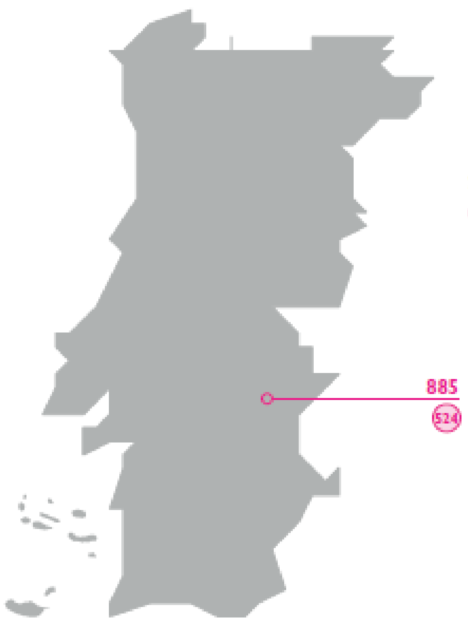
	'11	'10	'09	Change % '11/'10
TOTAL IN PORTUGAL	885	892	911	-0.8%
POLAND	451	458	472	-1.5%
SWITZERLAND	1	1	1	0.0%
GREECE	120	155	177	-22.6%
ROMANIA	66	74	74	-10.8%
MOZAMBIQUE	138	125	116	9.6%
ANGOLA	61	39	23	56.4%
TOTAL OF INTERNATIONAL OPERATIONS	837	852	863	-1.9%
TOTAL	1,722	1,744	1,774	-1.3%

1,722 MILLENNIUM BRANCHES

BRANCHES BREAKDOWN



PORTUGAL



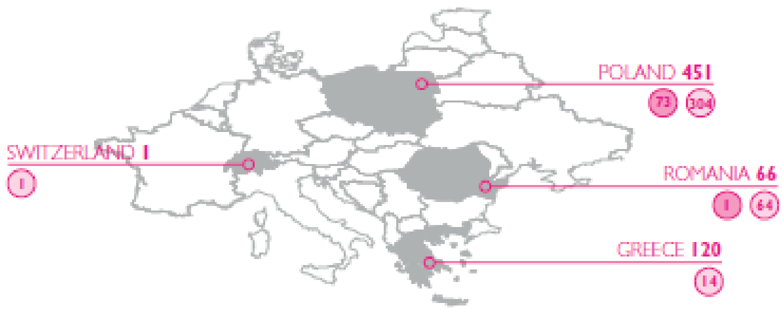
TOTAL OF BRANCHES

BRANCHES OPENED ON SATURDAY

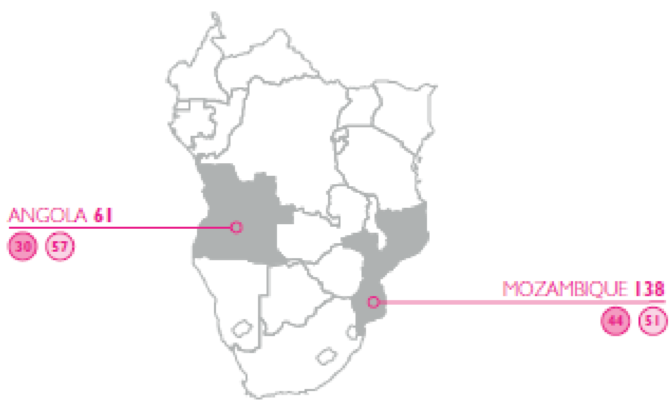
BRANCHES WITH ACCESS CONDITIONS TO PEOPLE WITH REDUCED MOBILITY

INTERNATIONAL

POLAND, SWITZERLAND, GREECE AND ROMANIA



ANGOLA AND MOZAMBIQUE



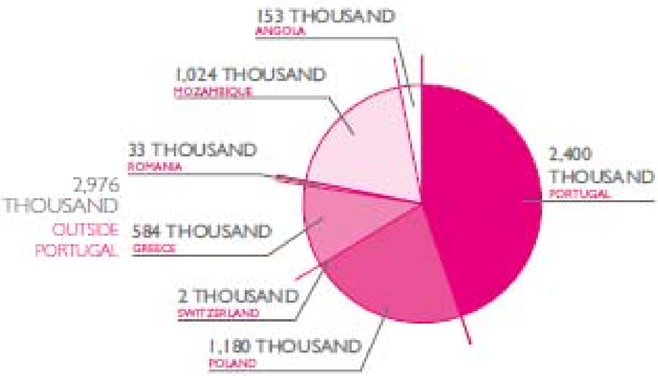
REMOTE CHANNELS AND SELF-BANKING

	Internet	Call Centre	Mobile Banking	ATM (*)
TOTAL IN PORTUGAL	541,877	102,983	39,743	2,430
POLAND	612,102	30,305	28,278	571
GREECE	16,982	17,467	106	206
ROMANIA	13,328	638	517	68
MOZAMBIQUE	18,540	124,922	96,992	345
ANGOLA	850	0	0	88
TOTAL OF INTERNATIONAL OPERATIONS	661,802	173,332	125,893	1,278
TOTAL	1,203,679	276,315	165,636	3,708

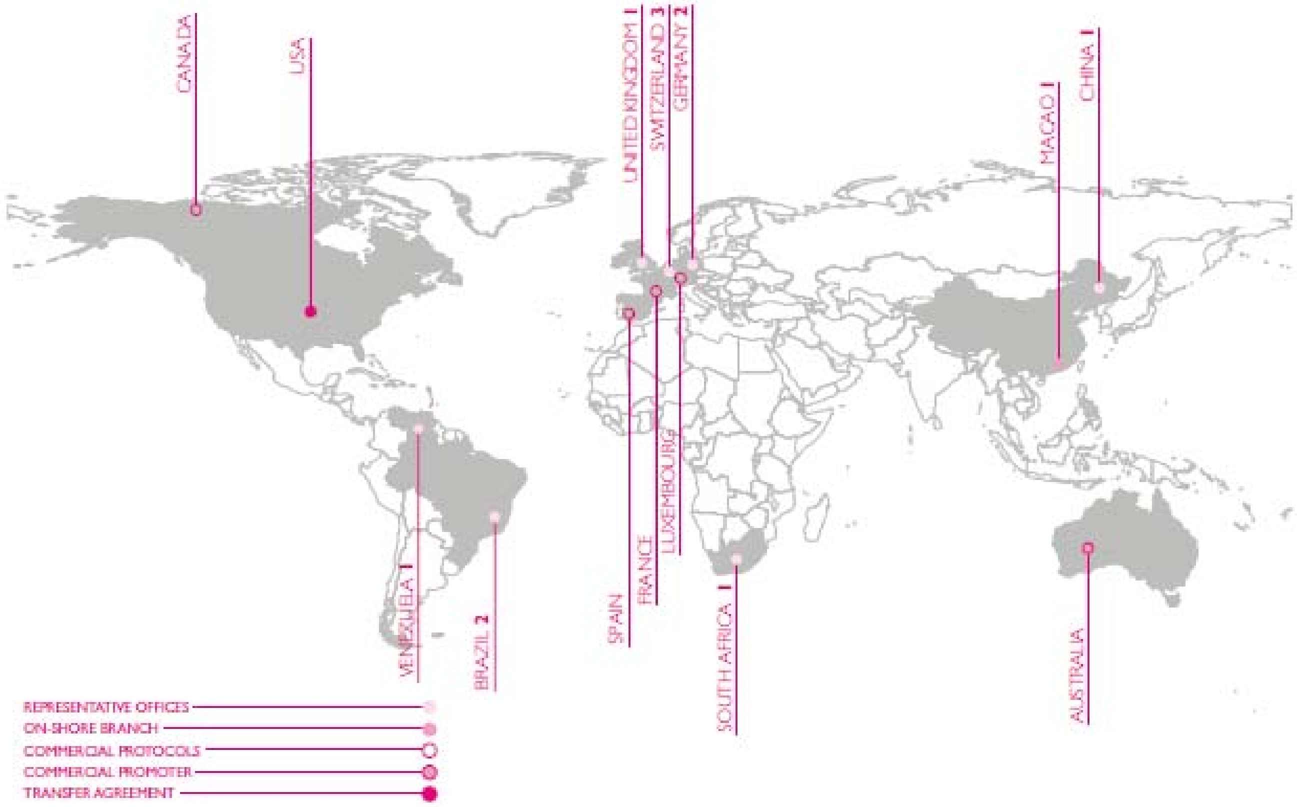
Note: In Portugal, there are considered Customers/active users those who used Internet, call centre or mobile banking at least once in the last 90 days (30 days in the case of the Corporate site and in the case of Poland and Mozambique). Respects the recommendations issued by the Web Accessibility Initiative.

(*) Automated Teller Machines.

5.4 MILLION CUSTOMERS

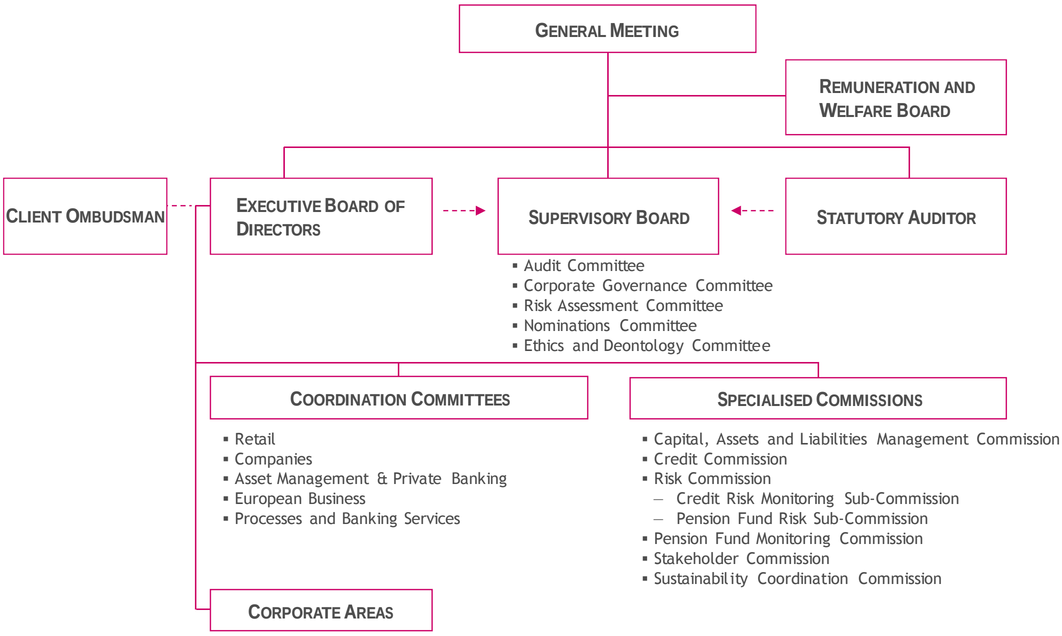


REPRESENTATIVE OFFICES, BRANCHES, COMMERCIAL PROTOCOLS, COMMERCIAL PROMOTER AND TRANSFER AGREEMENT

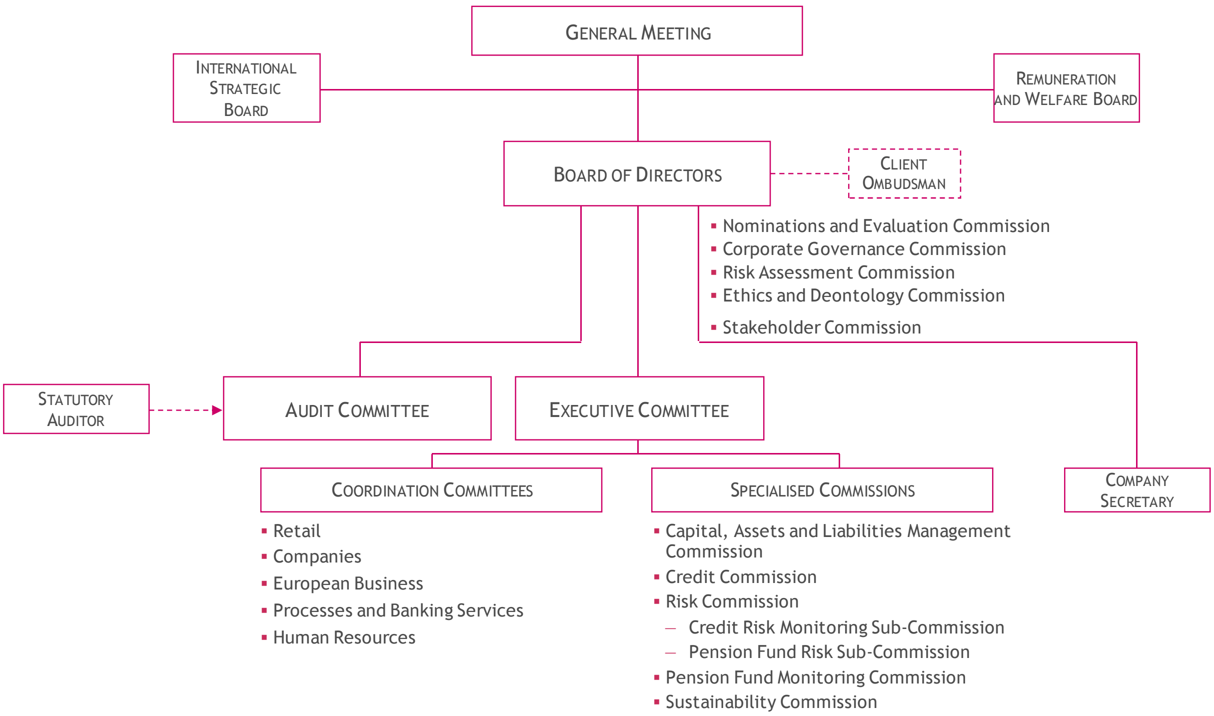


Internal Organisational Model

As at 31 December 2011, Millennium bcp adopted the two-tier governance model, which enable the separation between management and supervision, with the first activity being under the responsibility of the Executive Board of Directors (EBD) and the second being undertaken by the Supervisory Board (SB), composed by members majoritarily independent in relation to the company.



As at 28 February 2012, it was held a General Meeting of Shareholders of Banco Comercial Portuguese, SA, being approved the alteration and restructuring of the articles of association of the company, which was consolidated in the adoption of an one-tier management and supervision model, composed by a Board of Directors, an Audit Committee and Statutory Auditor, as well as the creation of an International Strategic Board.



As at 31 December 2011, the internal organisational model of Millennium bcp covered four business areas: Retail, Companies, Asset Management & Private Banking and Business Abroad (Europe, Africa and Other), and two support units - Processes and Banking Services and Corporate Areas.

BUSINESS IN PORTUGAL

RETAIL *
- Retail Banking (South, Centre South, Centre North, North)
- Madeira and Azores Regional Departments
- Direct Banking
- Cards Department
- Network Support Department
- ActivoBank

COMPANIES *
- Companies Banking (South, North)
- Corporate I and II
- Investment Banking Department
- Tax Advisory Services - Investment Banking
- Specialized Credit Department
- Real Estate Business Department
- International Department
- Microcredit

PRIVATE BANKING & ASSET MANAGEMENT
- Millennium bcp Gestão de Ativos
- Treasury & Markets Department
- Private Banking Department

PROCESSES AND BANKING SERVICES
- IT Department
- Operations Department
- Credit Department
- Standardized Recovery Department
- Specialized Recovery Department
- Litigations Department
- Administrative & Logistis Department
- Prevention & Safety Office
- Quality Department

CORPORATE AREAS
- Compliance Office
- Planning & Budget Control Department
- Research Office
- Management Information Department
- Accounting & Consolidation Department
- Investors Relations Department
- Audit Department
- Legal Department
- Tax Advisory Department
- General Secretariat
- Millennium bcp Foundation
- Communication Department
- Company Secretary's Office
- Office of the Chairman of the EC
- FBSU - Foreign Business Support Unit
- Staff Management Support Department
- Risk Office
- Rating Department
- Financial Holding Department
- Assets and Liabilities Management Department
- Support Office of the Board of Directors

INTERNATIONAL BUSINESS

EUROPE
- Bank Millennium (Poland)
- Millennium Bank (Greece)
- Banca Millennium (Romania)
- Banque Priveé BCP (Switzerland)
- Banque BCP (France and Luxembourg) **

AFRICA
- Millennium bim (Mozambique)
- Millennium Angola

OTHERS
- Millennium bcp Bank and Trust (Cayman)
- Desk Oriente - Macao/China
- Brasil ***

* The Marketing Management Department registries the two Committees ** Consolidated by the equity-method *** Partnership agreement with Private Bank Atrantico, S.A. for the creation/acquisition of a bank in Brazil aiming to exploit the brazilian market.
Note: The Internal Organization Model is structured according to the criterion of geographic segmentation (vs. Business in Portugal. Foreign Business).

COMMITTEES AND COMMISSIONS UNDER THE EXECUTIVE BOARD OF DIRECTORS

As at 31 December 2011, there were five Coordination Committees, aimed at facilitating the articulation of current managerial decisions, involving the senior management of the units included in each Business Area and in the Banking Services Unit, with the mission of aligning perspectives and supporting the management decision-making process of the Executive Board of Directors:

Retail Committee – This Committee mission is the monitoring and management of Retail Customers, with the objective of analysing the Bank's activity in this area and finding the best solutions for growth and enhancement of loyalty in the different segments. The duties of this committee involve monitoring the activity and outcomes related to Individual and Business Customers and analysis of compliance with the objectives; definition of the priorities of the commercial action; approval of products and services for Retail customers; analysis of the business context and proposal of commercial action so as to respond to this context; analysis of the main risk indicators associated to the Individual and Business segments; and analysis of the models of coordination of the Individuals segment regarding their migration in the value proposition and networks of the Bank.

Companies Committee – This Committee mission is the analysis and planning of the monitoring and development of the Bank's business in the SME, Corporate and Investment Banking segments. The duties of this committee involve monitoring the activity related to Company and Corporate Customers and analysis of compliance with the objectives; definition of the priorities of the commercial action; approval of the products and services to be launched; analysis of the business context and proposal of commercial action so as to respond to this context; analysis of the main risk indicators associated to the business; and analysis of the models of coordination of the business regarding their migration in the value proposition and their interconnection with the Bank's networks.

Asset Management & Private Banking Committee – This Committee objectives are monitoring and Coordination of investment processes, investment policies, benchmarks and guidelines of investment products managed and/or distributed by the Bank and Advisory services (of the relevant areas - Asset Management, Management of Portfolios and Individual Customers, Treasury and Markets, Life Insurance and Private Banking); and the "high-level" discussion and definition of scenarios of market evolution by relevant geographical area. The duties of this committee include the review and regular monitoring of investment processes, investment policies, benchmarks and guidelines of investment products; analysis of the performance of all the investments products managed and/or distributed by the Bank; analysis of the effectiveness of the implemented advisory processes; and market analysis and definition of scenarios of market evolution. This committee discusses the "high level" definition of scenarios of market evolution by relevant geographical area, based on the analysis of the effectiveness of the implemented advisory processes and analysis of scenarios of market evolution.

European Business Committee – This Committee mission is the monitoring of activity concerning the Group's operations on European territory. Its duties involve analysis of the evolution of activity in the different European operations; the search for the best solutions to control costs, increase the efficiency and streamline the various Banks; the monitoring of the Process Management model and governance structure of the different operations and definition of the main policies on action and guidelines.

Processes and Banking Services Committee – This Committee mission is the monitoring of activity in the major areas of support to the bank's front-end services and fundamental search for mechanisms and processes to efficiency, cut costs, and improve the business processes and monitoring of the management structure of processes implemented at the Bank. The duties of this committee involve the analysis of the evolution of the activities of the areas included under the committee; the search for the best solutions to control costs, enhance the efficiency and streamline the Bank's activity; the monitoring of the Process Management model, governance structure and creation of new processes, definition and stimulation of the duties and competences of the process owners; approval of proposals of innovation in the management of the Bank's resources and in the optimisation of their use; definition of policies concerning procurement and control of external services to be used by the Bank; definition of policies on contracting, monitoring and control of outsourcers and other external services; and definition of the measurement of analysis and evolution of the areas under the control of this committee, so as to enable the continuous measurement of the efficiency and productivity levels of the resources.

The monitoring of the activity of the previous Corporate & Investment Banking segment has been transferred to the Companies Committee. Business Abroad in Africa (Mozambique and Angola) and Other International Business (Macao/China) were considered that the particularities of these markets warrant individualised treatment and, consequently, that they would not benefit from integration into coordination committees.

Furthermore, there were six commissions under the Executive Board of Directors whose duties are essentially of an overall and transversal nature, involving the study and assessment, for each area of intervention, of the policies and principles which should guide the action of the Bank and Group. These Commissions are as follows:

Capital, Asset and Liabilities Management Commission (CALCO) – this commission is responsible for the monitoring and management of market risks associated to the structure of assets and liabilities, the planning and proposals of capital allocation and proposals for the definition of suitable liquidity and market risk management policies, at the level of the Group's consolidated balance sheet.

Credit Commission – deliberates on the granting of loans and advances to Customers, pursuant to the Credit Regulation.

Risk Commission – its duties involve monitoring overall risk levels (credit, market, liquidity and operating risk), ensuring that these risks are compatible with the objectives and available financial resources and strategies approved for the development of the Group's activity.

Credit Risk Monitoring Sub-commission – it is responsible for monitoring the evolution of credit exposure and the contracting process; monitoring the evolution of the portfolio's quality and key indicators on performance and risk; monitoring the counterparty risk and concentration risk of the highest exposures; monitoring the evolution of impairment and the main cases of individual analysis; analysis of the performance of the recovery processes; monitoring of property portfolio divestment; preparation of proposals for the definition of policies and rules on credit concession; monitoring of the PD and LGD models; and monitoring of the models underlying the calculation of impairment and monitoring of the automatic decision-making and loan recovery processes.

Pension Fund Risk Sub-commission – its duties involve monitoring the performance and risk of the Group's Pension Funds and establishing appropriate investment policies and hedging strategies.

Pension Fund Monitoring Commission – its duties involve monitoring the financial management of the Pension Funds and issuing opinions on proposals to alter the respective pension plans, and was established under the terms of article 53 of Decree-Law 12/2006, of 20 January, in the wording given by Decree-law 180/2007, of 9 May.

Stakeholders Commission – this body for relations with Stakeholders works as a special channel for the dissemination of the company's internal information and a debating and strategic advisory forum for the EBD.

Sustainability Commission – its duties involve the submission of proposals for decision-making on topics related to the action plan based on the sustainability policy, monitoring and reporting on the degree of achievement of the approved initiatives, and supervision of the preparation of reports and other communication formats in the area of sustainability.

COMMISSIONS UNDER THE SUPERVISORY BOARD

As at 31 December 2011, five specialised committees have been created with a view to ensuring and contributing to the good performance of the duties of the Supervisory Board:

Audit Committee - responsible for the supervisory matters concerning management, financial reporting documents, qualitative measures for the fine-tuning of internal control systems, risk management policy and compliance policy. This Committee also analyses the process of classification of the bank's Customers in terms of risk, carried out by the Rating Department, supervises internal audit activity and endeavours to ensure the independence of the Statutory Auditor.

Corporate Governance Committee – its main duty is the analysis of the corporate governance model adopted by the Bank, proposing any changes deemed suitable. This Committee is also responsible for issuing opinions on the capacity of independence of the members of the Supervisory Board, and may propose changes to its Working Regulations and Committees. Furthermore, this body also issues opinions on the Working Regulations of all other governing bodies and on the Corporate Governance Report.

Risk Assessment Committee – responsible for advising the Supervisory Board and Executive Board of Directors on matters related to the definition of strategy with respect to risk, and monitoring the implementation of this strategy by the Bank. This action should include advice on strategies for capital and liquidity management, as well as market risk management.

Nominations Committee – issues recommendations on new members of the Management body, on the appointment of Coordinating Directors and first line reporting, as well as the appointment of Directors or Coordinating Directors in other institutions in which the Group has interests. This Committee is responsible proposing, on an annual basis, to the Supervisory Board, the document of assessment of the performance of the Executive Board of Directors and Supervisory Board, and it may also participate in the monitoring of the Bank's policies regarding human resources and staff.

Ethics and Deontological Committee – its main duty is to ensure that the Bank has the appropriate means to promote a suitable decision-making process and in compliance with the law, external and internal regulations, and also carries out an assessment of the compliance function.

Following this General Meeting of 28 February 2012 began to emanate from the Board of Directors the following committees: Stakeholders, Corporate Governance, Risk Assessment, Nominations and Ethics and Deontological. From the Executive Committee began to emanate the Coordination Committees (it was created the Human Resources Coordination Committee and it was extinguished the Asset Management & Private Banking Coordination Committee), as well as the specialized committees that previously emanated from the EBD, with the exception of the Stakeholders Commission that now is under the Board of Directors. The new **Human Resources Committee** aims to define, decide and monitor HR policies to support the Bank's operational efficiency and business, aiming accuracy and meritocracy promoted through strong leadership, enthusiastic, closer to people and based on experience of the values of the Millennium bcp.

For more detailed information on the composition, mission and functions of each Coordinating Committee and Specialized Commissions of the EBD and the SB should be consulted the Report on Corporate Governance (Volume II of this report).

ECONOMIC ENVIRONMENT

OVERVIEW

The process of economic recovery which began in 2010 continued during the first half of 2011, notwithstanding the persistence of risks associated to the real estate market in the USA, the growing pressure on the sustainability of the public debt of the peripheral countries of the Eurozone and respective processes of economic adjustment and budgetary consolidation, the higher volatility in the emerging markets and the process of implementation of improvements in the regulation of the financial system. A significant part of these risks tended to materialize in 2011, namely the increased tension in the European institutional framework, contributing to uncertainty and expectations regarding the agreements to be reached during 2012. The deterioration of funding conditions in interbank markets led to the greater use, by European banks, of ECB's financing facilities. These circumstances, of greater risk for economic growth in the Eurozone, combined with a reduction of inflationary pressures and dysfunctionality of monetary transmission mechanism, encouraged the ECB to review its monetary policy framework, having lowered interest rates and adopted exceptional measures to support the liquidity of the financial system, the effects of which should be felt throughout 2012.

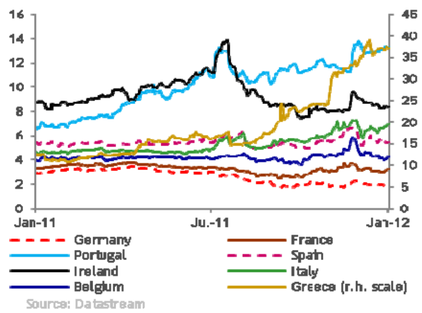
In April 2011, the Portuguese authorities undersigned the Economic and Financial Assistance Programme, aimed at the correction of macroeconomic imbalances (budget deficit and external deficit), the sustainability of public finances and financial stability, and the implementation of a series of structural reforms to boost long term economic growth. In compensation, the International Monetary Fund, European Commission and European Central Bank will ensure an important proportion of the public financing needs up to 2013, with it being expected that the country will gradually return to markets over this period. Notwithstanding this, the consolidation of public finances will have strong repercussions on the level of disposable income of families and companies, constraining economic growth and saving capacity.

The economic and financial uncertainty has constrained the performance of the national financial system and the search for solutions to comply with the regulatory requirements on bank recapitalisation and liquidity. Attracting stable funding coupled with more selective lending and identification of the most competitive business segments, factors have been key for the deleveraging efforts and promotion of economic growth in a context of strong funding restriction. The efficient achievement of these objectives implies a strengthening of customers and investor trust, through the promotion of ethics and transparency in management, the involvement of all stakeholders,, more effective risk management and the search for innovative proposals and processes with a view to meeting the needs arising from a new economic paradigm, reconciling financial, social and environmental objectives.

GLOBAL ECONOMIC ENVIRONMENT

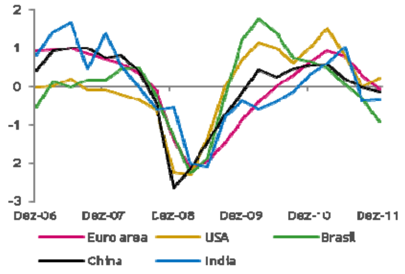
The global economy was affected negatively in 2011 by atypical and temporary exogenous factors, such as the natural disaster in Japan, by phenomena of systemic nature with repercussions on the evolution of market behaviour and by global political developments of impact as yet undetermined. Simultaneously with the persistence of modest consumption and investment levels in the advanced economies, due to the process of correction of the high levels of public and private debt and arising from the climate of uncertainty, there was an increase of political tension in the Middle East and North Africa and unusual instability in the European financial system, with implications on the evolution of international trade and potential growth of the world economy.

Sovereign debt strains in the euro area spread and become systemic
European sovereign debt
Yields 10y Bonds (in percentage)



The economic activity in European countries deteriorated over 2011, as a result of the intensification of the mechanisms of interaction between sovereign risk, the financial system and real economy, which progressively involved countries of higher economic relevance. The volatility of the financial markets increased, as a consequence of the European institutional instability, in view of the uncertainties on the robustness of the mechanisms supporting the Economic and Monetary Union and the deleveraging and recapitalisation requirements of the banking system. The persistent legacy of the excessive debt will continue to affect economic performance in 2012. The sustainability of public finance may require additional and continuous measures of budgetary consolidation, in order to compensate the negative effects of the economic cycle in the more immediate term and of the demographic challenges in the long term. It is expected that economic growth will be modest during 2012, with the persistence of some disparity of performance between the countries of the periphery of Europe and the countries of Central and Eastern Europe, arising from the room for manoeuvre enabled by the different conditions of public finances. Employment gains are likely to be very moderate, indicating high levels of structural unemployment. Business prospects continue poor, with very modest evolution of orders, although, in compensation, stock levels have been adjusted accordingly, which may represent a positive factor for productive activity in the long term. During 2012, the return to more robust and sustained growth will depend on expectations regarding the correction of the economic and financial imbalances and on the reactions of investors to the measures aimed at mitigating the uncertainty surrounding the future of the European Union.

Global economic activity weakened considerably
Business Confidence Indices
Normalized values in the period



Source: Datastream

The USA showed improved performance by the end of 2011, underpinned by increased consumption. However, the budgetary restrictions and limits in terms of monetary policy options to stimulate the economy, constrain potential long term growth, with higher risks for the evolution of households' consumption. The political cycle could also add to uncertainty.

The slowdown of the global economy has reduced inflationary pressures in the emerging economies, which enabled the adoption of less restrictive monetary policies. Economic policies will be important in the correction of global macroeconomic imbalances, constituting a structural challenge for the emerging economies, since balanced solutions will have to be found for the transition from a development model based mainly on external stimulus to one more based on internal demand with generalised improvement in living standards in a sustainable manner.

The IMF forecasts published in September point to global growth of 4% in 2011 and 2012, a downward revision of 0.3 and 0.5 p.p. relative to the forecasts at the end of the first semester, especially due to the higher risks regarding growth in the Eurozone (1.6% in 2011 and 1.1% in 2012) and slowdown of growth in the USA (1.5% in 2011 and 1.8% in 2012). The contagion effect of the economic and financial turbulence of the European countries to other zones will be higher the stronger the trade connections and exposure to the European financial sector. However, the IMF considers that the risks of contagion to the largest emerging economies will be limited, and forecasts growth of these economies at around 6% in 2011 and 2012.

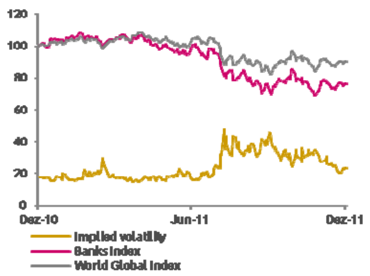
Global Financial Markets

2011 was characterised by renewed volatility in the financial markets and higher risk aversion. The intermittence of the global economic recovery and the redefinition in progress of the European institutional framework represent important risk factors for the performance of the financial markets in 2012.

Commodities maintained their trend of appreciation in 2011, but more modestly than the previous year and less homogeneously, where gold was a particular exception, having recorded new historic peaks, and being a special instrument due to its nature as a safe haven asset and portfolio diversification characteristics.

Facing lower economic growth and reduced inflationary pressures, the priorities of economic policy moved away from the control of inflationary risks towards supprting economic growth, with the implementation of more expansive monetary policies (European and emerging countries). At a European level, restrictions on budgetary policy and the instability of the economic climate might offer an opportunity for new reductions of interest rates, in spite of the reference rates of the central bank already being at historically lows in the EMU. The aggravation of the tension associated to the resolution of the sovereign debt crisis has made the access of financial institutions of the Eurozone to wholesale debt markets a more difficult and costly process, especially for long term debt. In order to mitigate these difficulties, the ECB reformulated the lending facilities - unlimited funds for a period of three years, reduction of minimum cash reserve requirements to half, and review of securitisation eligibility -, whose repercussion on market behaviour should be evident throughout 2012, in the expectation of attenuating part of the funding problems of the European money markets.

Investors risk aversion affected financial markets performance
Equity Global Indices (100=Dec.2010)
Implied volatility (in percentage)



Source: Datastream

In the foreign exchange market, the upward trend of the euro was reversed by the end of the first semester. The intensification of the pessimism shown by investors led to the depreciation of the European currency in relation to the USD, to values below 1.30 USD, a minimum recorded in September 2010, and in relation to the yen, to around 100 yen per euro. The divergence in economic performance and dampening of demand at a worldwide level contributed to increasing the concerns on the valuation of currency in certain countries, leading Swiss and Brazilian authorities to intervene in the currency markets. Foreign exchange policy should continue to be highly relevant in the economic and political context throughout 2012.

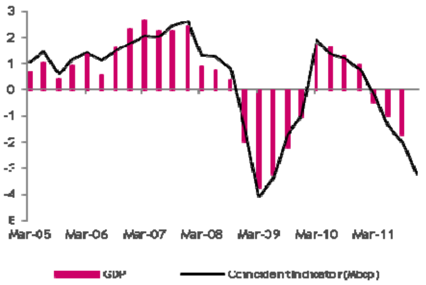
The evolution of global stock markets in 2011 reflect the progressive cooling down of business activity and growing climate of risk aversion. On average, there was a devaluation of 10% in global stock market indices, with a strong negative influence on the performance of securities of the banking sector, which recorded a devaluation about three times higher than that of the market.

The instability of the economic and political context led to numerous rating revisions, in particular the decision of one of the agencies to downgrade the rating of the USA in August (from AAA to AA+, with negative outlook) and the possibility of revision of the rating of 15 countries of the Eurozone, including the six countries with strongest ratings.

Prospects for the Portuguese Economy and Implications for the Banking Business

During 2011, the structural imbalances of the Portuguese economy became preponderant. The high levels of public and private indebtedness, in a context of low economic growth, and the aggravation of the perception of the credit risk of sovereign debt instruments led to prohibitively funding conditions, imposing the request for external assistance in April. Since this date, the Portuguese economic and financial context has been constrained to the implementation of the Economic and Financial Assistance Programme, under its fundamental pillars: sustainability of public accounts, implementation of structural reforms and defence of financial stability, and the sustained financing of economic activity in Portugal.

Portuguese economy double-dip in the second half of 2011
GDP vs. Coincident Indicator (Mbcp)
Real annual percent change



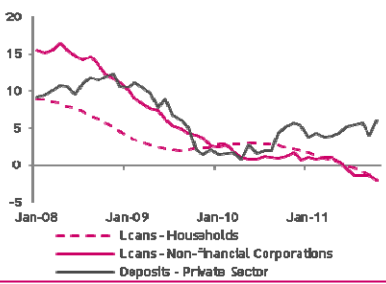
Source: INE e MBCP

Concerning the promotion of financial stability, the adjustment programme establishes targets for the reduction of the loans-to-deposits ratio, the strengthening of the capital and liquidity ratios of the financial system and the reduction of wholesale funding needs. These conditions are considered necessary to ensure the return to wholesale fund markets by 2013. During this adjustment period, the capacity to replace the current funding structure by stable domestic funds, i.e., less sensitive to changes in the perception of risk by international investors, will be very limited. Therefore, the financing of the economy should continue to be achieved, essentially, through institutional means (European and ECB funds), which will evolve in accordance with the successive balance established between the deleveraging process and the adverse collateral effects on economic activity and the productive structure.

The progressive weakening of internal demand has exacerbated the recessive process into which the Portuguese economy has fallen since the first quarter. However, the contraction of economic activity in 2011, estimated at approximately 1.6%, was attenuated by the more favourable net external contribution at the beginning of the year. The budgetary consolidation necessary in 2012 in order to ensure compliance with the Economic and Financial Assistance Programme, with repercussion on private expenditure (tax burden, wages and pensions), and stringent financing condtions, limit consumption and investment, leading to a higher contraction of GDP, with negative impacts on productive capacity, the evolution of employment and the financial circumstances of families and companies. The behaviour of external demand and the capacity to improve the attractiveness of Portuguese products and services have become determinant to prevent an even more negative and penalising scenario of the economic and financial adjustment process.

This context implies further challenges for banking activity. As a consequence of the deterioration in economic circumstances, there has been a significant weakening of the profitability of banks and loan quality. It is expected that there will be a slowdown in demand for credit, above all by individuals, as well as greater selectivity in the loan concession process, with the reallocation of the funding between sectors and companies, favouring businesses which show prospects of being more competitive. The most demanding regulatory requirements and the process of convergence of the loans-to-deposits ratio to 120% by the end of 2014 constitute active restrictions on credit growth potential and financing economic activity; the fall in real disposable income, the exhaustion of the effect of financial asset recomposition and the restrictions to the deposit interest rates could constrain the behaviour of deposits in the short term. In spite of the risks and challenges, the financial

Financial deleveraging proceeding
Loans and deposits, private sector
Annual percent change



Source: Datastream

system will continue to play a fundamental role in the sustained support of economic growth, especially in the allocation of the very scarce resources to foster innovation and the transformation of the Portuguese economy, promoting its opening to the world and structurally reducing funding needs.

The profound change of the economic, financial and regulatory context should continue to stimulate the review of business models and geographical positioning by the banks, with a view to more specialised offer, with greater focus on the exploration of distinctive advantages and in accordance with underlying financial capacity, thus constituting a fertile context for the simultaneous emergence of business opportunities and threats, remodelling the competition and competitive context in which banks operate.

INTERNATIONAL OPERATIONS

The consolidation efforts under the financial assistance programme to Greece had a strongly recessive effect on economic activity in 2011, circumstances which should persist in 2012. Internal demand remains very depressed due to the reduction in family income, credit restrictions and adjustment in the labour market. The social and political instability, the non-compliance with the budgetary targets and the unaffordable levels of debt in 2011 maintained a climate of strong risk aversion, leading to the flight of deposits and creating additional difficulties in financing of the economy. In this context, the support through institutional means has been crucial, with the design of a new multiannual assistance programme being underway, involving multilateral financial assistance under the IMF and the voluntary participation of the private sector in the restructuring of part of the Greek debt, constituting an important risk factor for 2012.

Less exposed to the turbulence in the periphery of the Eurozone, the growth of the countries in Eastern Europe kept up a good rate during 2011. In the case of the Polish economy, business activity may slow down over the next two years in view of the lesser buoyancy abroad, the progressive budgetary consolidation process and the phased effect of the increased interest rates in 2011, although these were partially compensated by the depreciation of the zloty. Even so, the growth rate will be robust as a result of the public projects co-financed with European funds and the European football championship. Inflation should be modest, enabling interest rates of 4.5% or even a slight reduction.

Economic activity in Romania has evolved below its potential, a fact which reduces the risk of significant inflationary pressures, hence the interest rate should remain at 6.0%. The economy may accelerate in 2012, due to consumption and private investment, subject to risk derived from decreasing external demand. The greater climate of risk aversion could affect institutional and market funding conditions, in particular as the elections established for 2012 draw closer.

The strong growth of the Mozambican economy has been sustained by "megaprojects" (aluminium, electrical energy, natural gas, titanium and coal) and by public investment projects. However, evidence begins to emerge of a slight slowdown at a sectorial level. Monetary policy has been prudent, both in control of inflationary pressures, through a restrictive monetary pressure which is reflected in a pronounced deceleration of credit to the economy, and in the reconstitution of external reserves aimed at ensuring a minimum funding level for 4.5 to 5 months of imports.

The performance of the Angolan economy in 2011 was strongly influenced by the negative contribution of the oil sector to GDP growth (approximately -2 p.p.). Although international oil prices increased, the prolonging of the maintenance works of the oil facilities until mid-2011 led to a sharp fall in oil production. In compensation, the non-oil sector showed robust growth (~8% in 2011 and 12.5% in 2012), where this productive diversification is associated to public infrastructure projects (water, electrical energy, health and transport). Inflation has been falling, correcting the hike in the price of energy, and there has been good progress in the implementation of the economic and financial adjustment programme negotiated with the IMF.

Gross Domestic Product

Real annual percent change

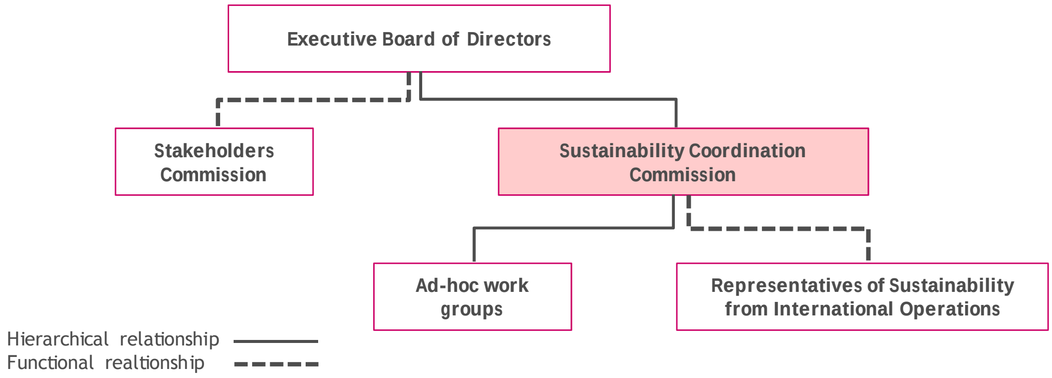
	2009	2010	2011 (E)	2012 (P)
EUROPEAN UNION	-4.2	2.0	1.6	0.6
Portugal	-2.5	1.4	-1.9	-3.0
Greece	-2.0	-3.5	-5.5	-2.8
Poland	1.7	3.9	4.0	1.4
Romania	-7.1	-1.9	1.7	2.1
SUB-SAHARAN AFRICA	2.7	5.4	5.2	5.8
Angola	2.4	3.4	3.5	10.8
Mozambique	6.3	6.8	7.2	7.5

Source: European Countries: European Commission, Fall 2011; African Countries: IMF, WEO, Sep.2011 & Country Reports

DIALOGUE WITH STAKEHOLDERS

STAKEHOLDERS ENGAGEMENT

The formal incorporation of the Stakeholders engagement in the Bank's organisational model began in 2005, taking on a transversal coverage, directly under the Chairman of the Executive Board of Directors, reflecting the importance of this matter within the Organisation. Currently, this management is placed within the sphere of action of the Stakeholders Commission and Sustainability Coordination Commission, both of which support the decisions of the Executive Board of Directors in the areas of corporate and social responsibility.



During 2011, four meeting were held concerning the monitoring of the Bank's activity:

- In the Sustainability Coordination Commission meeting was presented: i) the progress of the activities established in the Sustainability Master Plan and analysed the actions planned up to the end of 2011; ii) a summary of the Annual Report, which for the first time integrated information on social and environmental performance; and iii) an update on the topic of Financial Literacy;
- During the three Stakeholders Commission meetings the following topics were presented and debated: i) economic and financial context; ii) analysis of the funding plan for 2010 and objectives for 2011; iii) integrated Annual Report; iv) Behavioural Supervision report of the Bank of Portugal and main impacts on the bank's activity; v) conclusions of the General Meeting held on 18 April; vi) impact on the banking sector of the Economic and Financial Assistance Programme to Portugal; vii) adjustments in the 2011-2013 strategic plan arising from the economic and financial context and commitments assumed under the economic and financial adjustment programme; viii) status report on the operation to increase share capital; and ix) Millennium bcp Foundation activities plan. During the May meeting, two additional permanent members were appointed: António Ramalho, Member of the Executive Board of Directors of Millennium bcp, and Patrick Huen, Deputy Chairman of the Industrial and Commercial Bank of China – Macao, and the leaving of Luís Campos e Cunha was announced.

Millennium bcp offers a large number of communication channels in order to foster a better understanding of Stakeholder expectations and their integration in the Bank's strategy. The Institutional website provides the model of dialogue with interested parties, as well as the mapping of the subgroups of Stakeholders which determines the type of involvement with each of them.

IDENTIFICATION OF MATERIAL SUBJECTS

The strategy of action in the area of sustainable development reflects the commitment of Millennium bcp of involvement and hearing of the main Stakeholders – Employees, Customers, Shareholders, Suppliers, Media and Analysts, and of close relations with all others – Regulatory Entities, structures representing the Employees, partners for education and culture and social support entities.

Millennium bcp has consistently worked on the consultation of Stakeholder representatives since 2009, directly concerning Stakeholders whose type of involvement was identified as focusing and informing, which has led to the prioritisation of topics taking into account the crossing of the importance attributed by each group of Stakeholders and by the Bank.

In 2011, an analytical study was made of the topics considered by the Corporate and Social Responsibility Analysts (ESG Analysts) as being the most relevant taking into account the current economic, social and environmental context.

Various international publications were analysed, namely: i) "A New Era of Sustainability" by United Nations Global Compact (UNGC); ii) "Vision 2050" report by the World Business Council for Sustainable Development (WBCSD); and iii) European Commission Communication on Corporate Social Responsibility, of October 2011, which presents the new strategy of the European Union for the period of 2011-2014 on this topic.

The table below summarises the material topics arising from this consultation and analysis.

Employees	Reputation of the Bank, strengthening of motivation, financial results, alterations of the Pension Fund, possible restructuring of the Bank, working conditions and particular issues concerning Employees.
Customers	Transparency in pricing, service quality, compliance with regulations and legislation, guaranteed liquidity in deposits, closer relations and of trust, risk associated to investment products, speed of response to loan requests, innovation in products and services, and adjustment to needs and conditions of access to credit.
Shareholders	Shareholder structure and share yield and volatility, efficiency of costs and operations, sustained growth, reputation of the Bank, valuation of shares relative to peers and communication.
Suppliers	Cost control, guaranteed payment, compliance with social and environmental principles, contract profitability and contractual renegotiation.
Media	Financial strategy and results, investments and divestments, reputation and governance model.
ESG Analysts	Economic Dimension: Governance model, diversity in the composition of the Governing Bodies, models of appraisal and compensation of the Governing Bodies, coverage of internal codes and regulations and mechanisms for dissemination/training and monitoring of their compliance, and risk management models. Social Dimension: Human Rights, labour practices, talent management, Employee development practices, management of Customer satisfaction, mechanisms for listening to Employees and Customers, level of integration of the social principles regarding Suppliers and Customers, and level of involvement with the community and respective monitoring of the impacts. Environmental Dimension: Assessment of the impact of climate change on the activity and main risks and opportunities identified for their mitigation, level of incorporation of environmental policies in the activity, model of assessment of direct impacts and respective reduction and mitigation policies.

The monitoring of the subjects that are considered material, identified based on direct involvement with the Stakeholders, and those consequent from regulations and trends arising from the most recent and profound changes - economic, social and environmental - has enabled identifying the strengths of Millennium bcp and opportunities for improvement, whereby the activity developed during 2011 and the strategic adjustments, summarised in this report, reflect the Bank's concern to respond to these circumstances.

Communication and Interaction

Customers

Satisfaction Management System

In Portugal, during 2011, 21 studies were conducted covering the different business areas, segments, products and services offered, which involved sending over 890 thousand questionnaires via the post and electronically, and had an overall response rate of 7%. The in-depth diagnosis carried out amongst Customers of the Retail Network - normally done every three or four years - enabled identifying the challenges and aspects the Customers value most highly in their relations with the Bank. The quality of attendance, friendliness and courtesy shown by the Employees, the competence of the front-office staff are, in the Customers' opinion, determinant factors in the provision of excellent service. Trust in the Bank was clearly the attribute selected by Customers as the main reason for the choice of their main Bank.

The monitoring of Retail Customer satisfaction with the overall offer and service (Satisfaction Management System) enabled concluding that good levels of satisfaction have been maintained based on the strengthening of Customer relations, support and information / financial advisory services and suitability of the offer.

OVERALL INDEX OF SATISFACTION OF THE RETAIL NETWORK CUSTOMERS

Activity in Portugal | Index points

	2011	2010	2009
Overall satisfaction	80	80	79
Repurchase	80	80	79
Recommendation	82	83	82
Continuity	86	86	85

The satisfaction survey of Customers of Portuguese nationality with residential address in Switzerland, Germany and the United Kingdom, covered 28,688 Customers with a response rate of 5.8%. From the analysis of the answers and comments it was concluded that 75% of Customers consider that the existence of a representation office in their country of residence is important. Following this study, Millennium bcp is currently reviewing its offer aimed at Customers resident abroad as well as its actual monitoring and contact model.

A survey to Customers' experience with the direct channels was also conducted and the results reflected the excellent service provided: i) for the telephone service, 91% of Customers are satisfied or very satisfied with the way their problems were resolved; ii) 94% of Customers using mobile banking and 97% of Customers using the Companies Internet will continue to use the service; and iii) 95% of Customers using the Companies Internet are satisfied or very satisfied with the channel.

In order to complement these studies, personal interviews were conducted to Micro and Small Enterprise Customers, aimed at strengthening knowledge on the most important factors in company relations with the Banking sector, preferred forms of contact, and fundamental aspects in the value proposition in terms of products and service.

Regarding international operations:

- Millennium bank in Poland conducted 18 studies, with an overall response rate of 28%, where the level of overall satisfaction with the Bank continues in line with previous years with a value of 78 index points (i.p.) and an increase in the continuity index from 77 i.p. to 80 i.p.;
- Millennium bank in Romania carried out a Customer survey for the first time through telephone interviews, conducted by a market research firm. The seven studies conducted over the year, where an overall response rate of 46% was achieved, enabled concluding that the level of overall satisfaction with the Bank is 87 i.p. and the recommendation index is 89 i.p..
- Millennium Angola Bank continued its research on the quality of attendance at branches through the "Mystery Client", having carried out two actions during 2011, each involving two visits to branches. A Customer satisfaction survey was carried for the first time, with a response rate of 15%, where the level of overall satisfaction with the Bank was 74 i.p. and the continuity index was 84 i.p..

Claims

In Portugal, the downward trend in the number of claims presented continued (with a reduction of 20% relative to 2010). The product on which most claims are incident continues to be the current account, where the various fees payable are the issue which has most contributed to the displeasure shown by Customers.

Close collaboration between the Customer Support Centre (CSC) and Quality Department began in 2011, aimed at analysis and intervention with Customers in areas which, in the answers to the customer satisfaction surveys, reveal indices of dissatisfaction or report occurrences / problems with the Bank.

Following the analysis of claims and dissatisfaction, during 2011, 32 opportunities for improvement were reported to the persons responsible for the management of the respective processes.

Regarding international business: the operations in Romania and Mozambique followed the downward trend, falling by 14% and 10% respectively and in contrast the operations in Poland, Greece and Angola recorded an increase in the number of claims presented, where Poland had the highest number of claims, representing 83% of international business, having recorded 2,046 more claims than in 2010.

CLAIMS (1)

	2011	2010	2009	Change 11/10
CLAIMS REGISTERED				
Activity in Portugal	20,643	25,682	32,284	-24.4%
International Activity	53,995	50,252	69,247	6.9%
CLAIMS RESOLVED (%)				
Acitivity in Portugal	97%	97%	103%	
International Activity (2)	99%	98%	105%	
AVERAGE CLAIMS RESOLUTION TIME (DAYS)				
Activity in Portugal (working days)	5	7	8	
International Activity (3)				
Romenia, Mozambique and Angola (working days)	9	5	2	
Poland and Greece (calendar days) (4)	14	13	34	

(1) Information not available for Switzerland. Information not available for Angola in 2009.

(2) Includes four claims from Poland which conclusion was the lack of Customers privacy.

(3) Information not available for Greece and Mozambique in 2009 and Mozambique and Angola in 2010.

(4) Calendar days according to legal framework.

The Ombudsman followed up 1,099 cases of claims which, due to being allegations received for the first time at the Bank, were forwarded to the Customer Support Centre (CSC), with 81 appeals submitted by Customers having been of its exclusive competence after prior decisions, by the pertinent areas of the Banco Comercial Português Group, which were unfavourable to the Costumer. The products on which the Customers addressed more appeals, as in 2010, were current accounts, mortgage loans, cards, cheques and insurance policies, which represented over 70% of the total number of claims presented.

OMBUDSMAN OF MILLENNIUM BCP

Activity in Portugal

	2011	2010	2009	Change 11/10
Claims forwarded to the CSC(1)	1,099	1,100	1,248	-0.1%
APPEALS PROCESSED BY THE OMBUDSMAN	81	56	83	30.9%
TOTAL APPEALS CONCLUDED	80	52	81	
Concluded successfully	19	11	13	
Concluded with dismissal	61	41	68	
Average response time (days)	14	12	16	

(1) The number reported are included in claims registered indicator, activity in Portugal, on table above.

Concerning the requests usually received from the Portuguese Association for Consumer Defence (DECO), during 2011 the most frequent questions were related to the income paid by the Millennium Monthly Income Fund and data confirmation of for the Personal Credit and Mortgage Loan Barometer.

ENQUIRIES ANSWERED BY MILLENNIUM BCP TO DECO

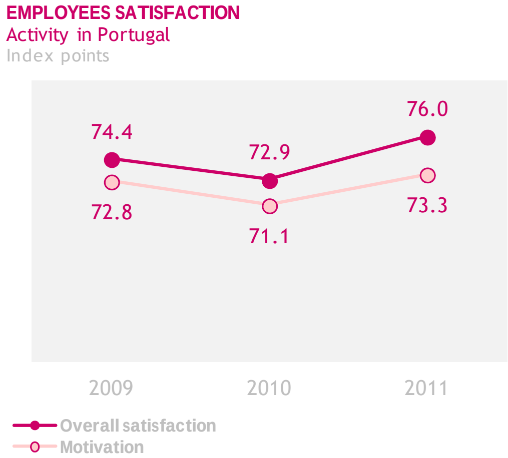
Portugal

	2011	2010	2009	Change 11/10
Enquiries answered	62	73	82	-17.7%
Average response time (days)	1	1	5	

Employees

Survey on satisfaction and motivation

The Annual Survey on Employee Satisfaction and Motivation, conducted for the first time in Portugal in 1992, recorded its highest participation in January 2011, in the Group and in Portugal, with a response rate of 83% and 82% respectively. Specific action plans have been implemented based on the information gained from these surveys, and more interventive monitoring has been carried out in the areas of greatest need of improvement in terms of teams motivation and satisfaction, enabling increased levels of satisfaction and motivation in Portugal.



Internal Customer surveys

The results obtained in Portugal and Greece in the overall survey of the different areas showed a positive evolution with an overall satisfaction index of 76 i.p. (index points), although for the operations in Poland and Romania the values obtained were below 70 i.p., with 65 i.p. and 66 i.p. respectively.

In 2011, the assessment of IT services and applications was expanded to all the Group's operations, thus allowing for a wider and comparable vision of this service in the different countries. The overall results were positive - closing of the year with 75 points of overall satisfaction – being Portugal the country which recorded the highest level of satisfaction with 78 P.I..

The model of daily communication with Employees managed from a platform of shared knowledge – intranet, Millennium TV and newsletter- continues to show a good overall satisfaction, with a value of approximately 79 i.p..

Shareholders, Analysts and Regulators

In compliance with its legal and regulatory reporting obligations, the Bank periodically discloses information on its results and business activity, holding press conferences and conference calls with Analysts and Investors, involving members of the Executive Board of Directors. All the relevant information and reports referred to above, as well as press releases, are public and available on the Bank's Institutional website.

In 2011, the Carbon Disclosure Project was answered for the third time, under the strategy of response to climate change. The Bank also participated in the Climate Change and Corporate Management (ACGE) national index which enables assessing the response of companies to the challenge of climate change and a low carbon economy. Answers were provided to national and international entities that analyse economic, social and environmental practices, namely Vigeo, Oekom research, Trucost and the Business Council for Sustainable Development (BCSD Portugal).

Suppliers

The Bank's main suppliers are companies that publish their economic, environmental and social performance. Nevertheless, Millennium bcp in Portugal includes an annex to supply contracts, entitled "Principles for Suppliers", which establishes the need of compliance with sustainability principles. Currently 430 Suppliers subscribe these principles. Questions on the degree of compliance with these principles are included in the annual Suppliers assessment process.

In all its operations, Millennium bcp continues to favour a procurement process involving Suppliers from the respective country, with this value corresponding to 93% in Portugal and an average of 87% for the international operations. The value of Portugal is in line with the figures recorded in 2009 and 2010, and for the international operations this represents a decrease of 5 p.p. relative to 2010, mainly due to the business in Mozambique. In most countries, 30 days is established contractually as the period of payment, except in Romania and Switzerland whose payment periods are 19 and 28 days respectively. In all countries the contractual periods for payment were respected.

Strategy

The changes to the macroeconomic and regulatory environment in the Portuguese banking sector led to the revision of the strategy and to the consolidation of the strategic priority vectors.

Millennium bcp has redefined its corporate vision, assuming a perfect position of national leadership: i) in Portugal, where its market leadership, talent for innovation and quality service and the advantages of scale provide a solid business platform as a base for efficiency gains; ii) in Angola and Mozambique, where it is already a reference bank and where the opportunities for growth and the strong commitment to these countries favour them as the principal geographic areas with high potential to support expansion in the medium term; iii) in Africa, Brazil and China, other markets of affinity where the potential leveraging of the domestic franchise and follow-up of Customers abroad enable access to additional business opportunities, in partnership; and iv) the revaluation of the European portfolio, having already been reaffirmed, after considering various alternatives, its commitment to the organic growth of the Polish operation.

The environment of the Portuguese banking sector deteriorated significantly during 2011, as a result of the intensification of the effects of the sovereign debt crisis, increased European institutional instability, and the uncertainties regarding the mechanisms supporting the European Economic and Monetary Union and the countries under market pressure.

Regarding Portugal, attention focused on the structural imbalances of the Portuguese economy. The high levels of public and private indebtedness, in a context of low GDP growth, weak external competitiveness and aggravation of the credit risk of sovereign debt instruments led to prohibitively exorbitant funding conditions, constraining the action of the Portuguese State and leading to the request for international financial assistance. On 5 May 2011, the Portuguese Government, with the support of the main political parties, announced that it had reached a memorandum of agreement with the IMF, European Union and European Central Bank in relation to an Economic Adjustment Programme (Programme). The main implications of the Programme for the Portuguese financial sector consist of the need to: i) implement a continuous deleveraging process through reduction of the loan portfolio; ii) decrease funding from the Eurosystem during the period of the Programme; iii) achieve a Loans-to-Deposits ratio of 120% by the end of 2014; and iv) comply with the new requirements on solvency, namely a Core Tier I ratio of 9% by December 2011 and 10% by December 2012.

Furthermore, on 8 December 2011, the European Banking Authority (EBA) recommended the strengthening of capital requirements in accordance with bank exposure to sovereign debt, for precautionary reasons. The solvency requirements established by the EBA consist of a Core Tier I ratio of 9% by June 2012 (including the valuation of public debt at market prices and additional deduction to Core own funds, related to financial holdings in financial institutions) and of 10% by the end of 2012. Lastly, it should be noted the phased transition to Basel III criteria as of 1 January 2014.

On 27 July 2011, Banco Comercial Português announced a new strategic agenda for the period 2011-2014, based on four key areas of action: i) guaranteed solvency levels above the regulatory requirements (Core Tier I of 9% in 2011 and 10% in 2012); ii) management of the deleveraging process so as to stabilise funding requirements and structure; iii) recovery of the profitability levels of the business in Portugal, with the objective of surpassing a return on equity of 10%, after the stabilisation of the cycle; and iv) focus of the international portfolio according to its attractiveness and available funds. Under its new strategic vision and focus intended for Portugal, Africa, Asia and Brazil, all other operations in Europe would be subject to a process of assessment of different scenarios with a value to the appropriation of value.

The main initiatives of Millennium bcp in the medium term should be based on the following pillars:

I. Strengthening of the leadership in Portugal

This pillar includes:

- "Project M", aimed at the launch of a new business model which will seek higher efficiency in the approach towards the Mass Market, a new service model for the Affluent and Business segments, focusing on active and self-directed Young People, as well as on a leading multichannel platform, which should enable the reconfiguration of the branch network, concentration of capability and optimisation of resources;
- Restructuring of the operating model, through the redesign of lean front and back office processes, adjustment of the capacity to the new model and strengthening of loan recovery capacities;
- Specialised partnerships, aimed at the development of banking business (in real estate, leasing and factoring and investment banking, amongst others) and expansion of the current offer of non-banking products and services.

II. Angola and Mozambique as a platform of growth for Africa

Millennium bcp will seek to strengthen its operating base for growth in the region, reinforcing the importance of the business in Africa through the intensification of the expansion plans in progress in Angola and Mozambique, and consideration of short term expansion to other countries, as well as the possible development of the mobile banking business.

III. Growth in new markets of affinity

After the signing of a partnership agreement with Banco Privado Atlântico, in September 2011, to create a bank in Brazil in order to access the opportunities of the Brazilian market, namely in the corporate finance and trade finance areas, through partnerships, the Bank is awaiting the issue of a banking license. Moreover, Millennium bcp also plans to strengthen its physical presence in China, having, in 2011, formalised a license application for the opening of an official branch in China.

IV. Reassessment of the positioning of the European operations

Under its new strategic vision and focus in Portugal, Africa, Asia and Brazil, a process of strategic review of all other operations in Europe has been started, for the assessment of the creation of value of the different possible options, enabling a decision on the respective corporate holdings.

On 19 December 2011, Banco Comercial Português, following a process of assessment of different scenarios with a view to the creation of value relative to business in Poland, and having meticulously examined various options, restated its commitment to the organic development of Bank Millennium in Poland. From its analysis, Banco Comercial Português concluded that the option which is most in the interest of its Stakeholders and best fosters the creation of value is the maintenance of its stake in Bank Millennium. Hence, the Bank restated its confidence in the progress of the Polish economy and its commitment to continue to support and sustain the organic development of Bank Millennium, based on its strong position in the retail market, the low risk shown by its loan portfolio and the efficiency and productivity gains that have been achieved successfully.

The Bank is currently appraising options to restructure and/or reduce its exposure to the Greek market, having established a process of assessment of different options and opportunities, including possible participation in the process of consolidation of the Greek banking sector, relative to Millennium bank, Societé Anonyme, in Greece.

Regarding Romania, the option consists of the stabilisation of the business, maintaining the objective of achieving break even in the short term.

BCP SHARE

The situation of the financial markets deteriorated progressively during 2011 in spite of the year having begun with the disclosure of positive macroeconomic indicators, showing the recovery of economic activity at a worldwide level. Various factors contributed negatively to this trend inversion, especially the European sovereign debt crisis, the political conflicts in the Middle East, the earthquake and nuclear crisis in Japan and the deterioration of economic indicators, particularly in the developed economies.

Stock exchange indices recorded heavy losses during the second half of the year in view of the exacerbation of the crisis and the incapacity of European leaders to take substantive steps to overcome the situation. The credit rating agencies successively downgraded the rating of sovereign debt over the year and, consequently, the rating of various companies. The issue of the budget deficit of the USA actually led Standard & Poor's to remove the maximum rating of AAA of the country. In December, the same agency placed the rating of 15 countries of the Eurozone under revision, including six with a maximum rating, and, by January 2012, had already proceeded with the downward revision of the rating of nine countries, of which four by two notches and the rest by one notch.

At the end of the year, various measures were taken to contain the contagion of the sovereign debt crisis, which gave some encouragement to the markets, namely the coordinated action between six central banks to boost the global financial system, the anticipation of the entry into force of the European Financial Stability Mechanism in July 2012 and the increased funds of the International Monetary Fund.

Portugal was one of the countries most affected by the sovereign debt crisis. After the financial assistance to Greece and Ireland and, following the deterioration of the budget deficit, Portugal also resorted to external assistance.

From the beginning of the year, the country experienced progressive increases in the credit spreads implicit in Portuguese public debt securities, following the successive downgrades of the rating of the Portuguese Republic and its companies, and major political instability which finally resulted in the request for external assistance in May 2011, in the holding of early elections and consequent choice of a minority government.

Under the external assistance agreement, Portugal undertook the commitment to a series of structural reforms and budget targets, aimed at overcoming the challenges currently facing the country. This agreement also established support lines for the funding and recapitalisation of the financial sector, as well as targets for the domestic banking sector, namely new minimum limits for capital ratios, and the presentation of a liquidity and capital plan for each financial entity.

In this context, the domestic index PSI20 fell by 27.6%, penalised above all by the domestic banking sector which followed the devaluation of its European peers in a more pronounced manner.

BCP SHARE INDICATORS

	Units	2011	2010
Price (1)			
Maximum price (January 11, 2010 and March 14, 2011)	(€)	0.610	0.866
Average annual price	(€)	0.365	0.639
Minimum price (April 28, 2010 and November 11, 2011)	(€)	0.097	0.515
Last price	(€)	0.136	0.540
Shares and Equity			
Number of ordinary shares	(M)	7,207.2	4,694.6
Shareholders' equity attributable to the Group	(M€)	3,826.8	5,114.1
Shareholders' equity attributable to ordindary shares (1)	(M€)	3,653.3	3,178.8
Value per Share			
Adjusted net income (EPS) (2)(3)	(€)	-0.07	0.05
Book Value (2)	(€)	0.51	0.68
Market Indicators			
Price earnings ratio (4)	(P/E)	-	12.04
Price to book value	(PBV)	0.27	0.85
Earnings yield (4)	(%)	-	7.40
Market capitalisation (last)	(M€)	980.2	2,732.3
Liquidity			
Annual turnover	(M€)	3,297.9	4,703.1
Average daily turnover	(M€)	12.8	18.2
Annual volume	(M)	11,727.3	6,842.9
Average daily volume	(M)	45.6	26.5
Capital rotation (5)	(%)	193.7	146.0

(1) Shareholders' equity attributable to the Group - preferred shares – "Valores Mobiliários Perpétuos Subordinados" issued in 2009 + treasury stocks related to preferred shares.

(2) Considering the avergae number of shares deducted by the number of treasury shares.

(3) Adjusted net income considers the net income for the year after deduction of the dividends of preferred shares and the "Valores Mobiliários Perpétuos Subordinados" issued in 2009.

(4) EPS divided by the last price.

(5) Total number of shares traded over average number of issued shares.

Share Capital Increase

Following the deliberations of the General Meeting of Shareholders held on 18 April 2011, Banco Comercial Português, S.A. increased its share capital from 4,694,600,000 euros to 6,064,999,986 euros, involving the following components:

- Increase of 120,400,000 euros, through incorporation of issue premium reserves, via the issue of 206,518,010 new ordinary shares, book-entry and registered without nominal value, with unit issue value of 0.583 euros, attributed free of charge to the shareholders;
- Increase of 990,147,000 euros, through the issue of 1,584,235,200 ordinary shares, book-entry and registered without nominal value, with unit issue value of 0.625 euros, against the tender offer for acquisition of subordinated perpetual securities with conditioned interest ("Securities") of the value of 1,000,000,000 euros. Following the Offer, 990,147 Securities were exchanged, of a value of 990,147,000 euros, corresponding to 99.01% of the total Securities object of the Offer.
- Increase of 259,852,986 euros, through the public offer for subscription of 721,813,850 ordinary shares, book-entry and registered without nominal value, with unit issue value of 0.36 euros, offered to the Bank's shareholders, under the exercise of their respective preemptive rights. 701,018,935 shares were subscribed under the exercise of subscription rights, representing approximately 97.1% of the total shares to be issued under the Offer, with 20,794,915 shares having remained available for apportionment. The supplementary requests for shares under apportionment came to a total of 483,373,771 shares, resulting in a total demand of 1.64 times the total shares offered.

Absolute and Relative Performance

During the period from 31 December 2010 to 31 December 2011, BCP shares recorded a minimum price (on an adjusted basis) of 0.097 euros, a maximum of 0.610 euros and an average price of 0.365 euros, having reached the price of 0.136 euros by the end of 2011.

Until the end of May, the performance of BCP in the stock market was in line with the sector, at a national level, with a relative under-performance during the period of the share capital increase, which is normal in this type of event. Over the next period, the shares of Portuguese banks were heavily penalised by the revision of their ratings, following the revisions of the rating of the Republic, and also by the disclosure of the results of the successive stress tests delineated by the European Banking Authority (EBA).

For the year as a whole, BCP shares recorded a devaluation of 74.8% against 62.4% of the PSI Financials and 32.5% of the DJ Eurstoxx Banks.

Index	Total change in 2011
BCP shares	-74.8%
PSI20	-27.6%
IBEX	-13.1%
ASE20	-60.1%
MIB	0.0%
CAC	-17.0%
DAX	-14.7%
FTSE	-5.6%
Euronext PSI Financial Services	-62.4%
Bebanks	-31.7%
DJ Eurostoxx Banks	-32.5%
DJ Eurostoxx	-18.1%
Dow Jones	5.5%
Nasdaq	2.7%
S&P500	0.0%

Fonte: Euronext, Reuters e Bloomberg

LIQUIDITY

In 2011, there was a considerable increase in the liquidity of BCP shares, which continue to be among the securities most traded on the Portuguese market and the most liquid of the financial sector.

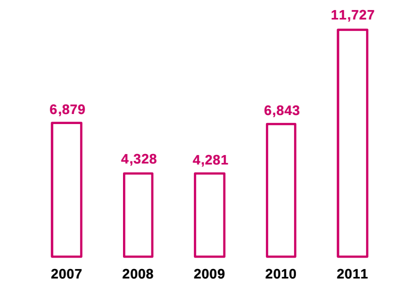
During 2011, 11,727 million BCP shares were traded, representing an increase of 71.4% in relation to the previous year and corresponding to an average daily volume of 45.6 million shares (26.5 million in the previous year). The annual rotation of BCP shares was the highest of the securities listed in Portugal during 2011, corresponding to 194% of its annual average number of shares issued (146% in 2010).

In terms of turnover, BCP shares represented 11.8% (3.3 billion euros) of the total turnover of shares traded on the regulated market of Euronext Lisbon.

Evolution of Liquidity

Annual basis

Million shares



INDICES IN WHICH BCP SHARES ARE LISTED

BCP shares are listed in over 40 national and international stock market indices, in particular the following:

Index	Weight (%)	Ranking
Euronext PSI Financial Services	24.30%	2
PSI20	3.38%	9
Lisbon General	1.93%	11
Euronext 100	0.66%	55
DJ Eurostoxx Banks	0.30%	31
DJ Stoxx Banks	0.13%	49
Bebanks	0.09%	44
DJ Eurostoxx	0.03%	304
Bloomberg Europe	0.01%	487

Source: Reuters and Bloomberg.

Apart from these indices, Millennium bcp is part of sustainability indices composed of a group of companies with best performance on matters of sustainability (environmental, social and governance).

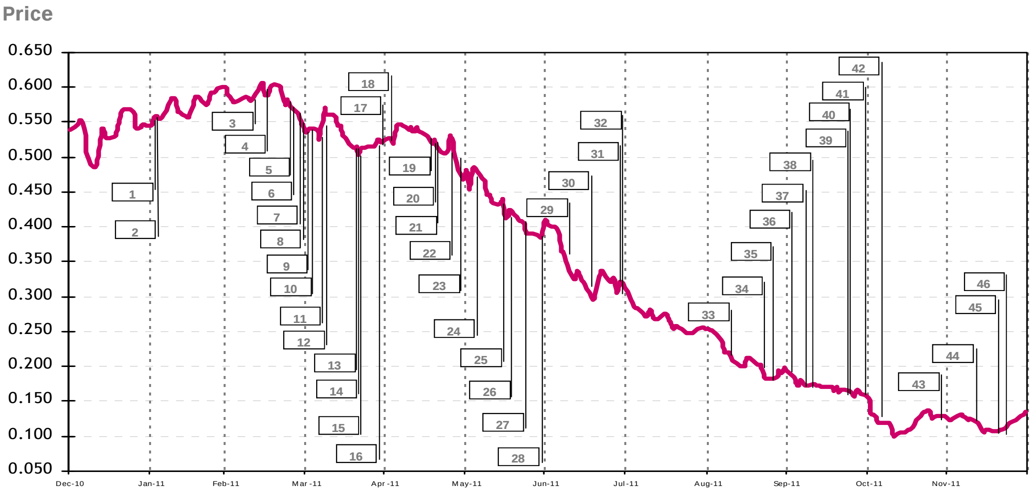
Index
Aspi Eurozone
Ethibel Excellence Europe Ethibel Excellence Euro
STOXX® Global ESG Leaders

MAIN EVENTS AND IMPACT ON THE SHARE PRICE

The table below summarises the main events of 2011, the change of the share price both the next day and 5 days later, as well as its relative evolution compared to the leading reference indices during these periods.

Nr	Date	Event	Change+ 1D	Change vs. PSI20 (1D)	Change vs. DJS Banks (1D)	Change. +5D	Change vs. PSI20 (5D)	Change vs. DJS Banks (5D)
1	01/02/2011	Fourth Quarter 2010 results of Bank Millennium (Poland)	0.5%	0.2%	-0.3%	5.2%	3.4%	3.1%
2	02/02/2011	Consolidated results 2010	-0.8%	-0.4%	-0.5%	4.5%	2.3%	3.4%
3	11/03/2011	Sonangol participation	3.5%	2.6%	3.2%	2.8%	3.3%	5.6%
4	15/03/2011	Moodys rating decision for the Republic of Portugal	-1.2%	-0.2%	1.4%	-1.2%	-1.1%	-1.9%
5	24/03/2011	Fitch rating decision for the Republic of Portugal	-1.9%	-1.7%	-1.5%	-8.3%	-6.8%	-4.8%
6	25/03/2011	Standard and Poors rating decision for the Republic of Portugal	-1.5%	-1.1%	-1.9%	-5.4%	-5.5%	-4.5%
7	28/03/2011	Standard and Poors rating decison for BCP	-2.3%	-2.1%	-1.2%	-4.3%	-4.8%	-2.2%
8	29/03/2011	Disclosure of the proposal for the capital increase	-0.3%	-0.9%	-0.3%	-4.6%	-4.2%	-3.5%
9	31/03/2011	Fitch rating decision for BCP	1.2%	-0.2%	-1.0%	6.6%	4.6%	2.3%
10	01/04/2011	Fitch rating decision for the Republic of Portugal	-0.3%	-0.4%	0.4%	3.8%	3.1%	1.6%
11	05/04/2011	Moodys rating decision for the Republic of Portugal and for BCP	4.2%	3.9%	2.3%	3.7%	3.8%	2.3%
12	06/04/2011	Announcement of the external aid request by the Portuguese Government and Moodys rating decision for BCP	4.1%	2.9%	3.0%	-0.3%	-1.2%	-0.4%
13	18/04/2011	Conclusions of the Annual General Meeting	0.4%	-0.2%	0.4%	0.6%	0.1%	-1.7%
14	19/04/2011	Resolutions adopted at the Annual General Meeting and notice of share capital increase by incorporation of reserves	-2.3%	-2.7%	-2.9%	0.3%	0.3%	-2.1%
15	20/04/2011	Change of publication date of first quarter 2011 results and Underwriting Agreement	2.3%	2.5%	0.8%	4.0%	4.0%	2.1%
16	27/04/2011	First Quarter 2011 results of Bank Millennium (Poland)	0.6%	0.1%	0.1%	1.7%	1.2%	2.9%
17	28/04/2011	Beginning of the incorporation rights negotiation period	-0.7%	-1.1%	-1.0%	4.2%	3.0%	7.0%
18	02/05/2011	Beginning of the Exchange Public Offer	-1.5%	-0.8%	-1.0%	2.2%	1.5%	5.0%
19	16/05/2011	Results of the public offer for the acquisition of perpetual subordinated securities with conditional interest	-1.1%	-0.9%	-0.5%	-4.7%	-2.9%	-1.9%
20	17/05/2011	Commercial registry of share capital increase	-0.9%	-0.5%	-0.9%	-2.7%	-0.9%	-0.1%
21	19/05/2011	Notice for the exercise of subscription rights	-2.2%	-1.7%	-1.4%	-1.5%	-0.2%	-0.2%
22	24/05/2011	Request for the state guarantee for debt issuance	3.9%	3.0%	1.8%	-5.9%	-5.4%	-9.4%
23	27/05/2011	Beginning of negotiation of subscription rights	-6.6%	-5.7%	-6.1%	-3.0%	-2.6%	-1.4%
24	03/06/2011	Exercise of disposal rights over REN shares	-3.3%	-2.1%	-1.8%	-10.3%	-6.1%	-6.4%
25	13/06/2011	Results of the offer and allocation of shares and capital increase results	1.1%	0.4%	0.0%	-5.7%	-4.6%	-6.9%
26	15/06/2011	Commercial registry of capital increase and Standard and Poors rating decision	1.2%	1.8%	1.4%	-1.9%	-1.3%	-2.9%
27	20/06/2011	Listing of capital increase shares and resignation of the Vice-Chairman of the Executive Board of Directors	-0.2%	-1.5%	-2.0%	-5.4%	-3.2%	-1.7%
28	27/06/2011	Conclusions of the General Meeting of Shareholders	-0.8%	-0.8%	-2.1%	3.4%	-3.1%	-3.9%
29	07/07/2011	Moodys rating decision for Republic of Portugal	-3.6%	-2.1%	-1.2%	-11.3%	-4.5%	-5.5%
30	15/07/2011	Stress test results and Moodys rating decision for BCP	-7.2%	-4.7%	-4.0%	6.0%	0.9%	0.2%
31	26/07/2011	First Half of 2011 results of Bank Millennium (Poland)	-6.7%	-4.1%	-4.6%	-10.7%	-5.0%	-4.4%
32	27/07/2011	First Half of 2011 Consolidated Earnings and adjustment of strategic agenda	1.6%	0.7%	0.3%	-6.2%	-1.8%	0.1%
33	07/09/2011	Partnership for the Brasilian market and nomination of Vice-Chairman and the distribution of areas of responsibility of	0.0%	-1.1%	-0.9%	-9.0%	-5.4%	-4.0%
34	19/09/2011	Clarification of media reports regarding Poland	0.5%	-0.5%	-0.5%	-8.9%	-4.6%	-9.6%
35	22/09/2011	Announcement regarding the offer for exchange of securities	0.0%	1.0%	-3.5%	9.3%	6.1%	-6.3%
36	30/09/2011	Extension of the duration regarding the offer for exchange of securities	-5.6%	-3.0%	-2.9%	-11.8%	-12.3%	-13.5%
37	04/10/2011	Authorization to increase the amount for exchange of securities	4.6%	1.8%	0.0%	0.0%	-6.7%	-11.9%
38	07/10/2011	Results of the offer for exchange of securities and rating decisions for BCP	1.7%	-0.6%	-0.6%	-1.2%	-4.0%	-2.4%
39	20/10/2011	DBRS rating decision for BCP	3.1%	1.7%	-0.7%	3.1%	1.7%	-10.3%
40	21/10/2011	Third Quarter of 2011 results of Bank Millennium (Poland)	-1.2%	-0.9%	-2.9%	-4.2%	-3.4%	-13.3%
41	27/10/2011	EBA Exercise regarding exposure to sovereign debt	-4.2%	-3.4%	-4.1%	-24.0%	-20.8%	-15.6%
42	02/11/2011	Third Quarter 2011 Consolidated Earnings	-3.1%	-6.0%	-5.0%	-16.0%	-16.6%	-13.1%
43	25/11/2011	Fitch rating decision for BCP	1.6%	-1.3%	-4.1%	-1.6%	-8.8%	-15.4%
44	08/12/2011	EBA capital exercise	0.8%	-0.7%	-1.8%	-12.1%	-9.9%	-8.7%
45	16/12/2011	Results of Special Inspections Program by the Bank of Portugal and Standard and Poors rating decision for BCP	-1.8%	-2.0%	-1.6%	6.4%	4.8%	1.5%
46	19/12/2011	Commitment with the organic growth of Bank Millennium Poland	0.9%	0.5%	-2.3%	16.7%	14.2%	12.3%

The following graph illustrates the performance of BCP shares in 2011:



Dividend Policy

Taking into account, on the one hand, the principles of prudence in capital management and, on the other hand, the implementation of the new rules on capital, that may lead to the temporary suspension of the dividend payment, Millennium bcp reiterates the dividend distribution policy based on a 40% payout.

The dividends distributed by Millennium bcp since 2000 are detailed in the table below:

Year	Paid in	Gross Dividend per Share (euros)	Net Dividend per Share (euros)		Payout Ratio (1)	Dividend Yield (2)
			Residents	Non Residents		
2000 (3)	2001	*scrip* (5)	n.a.	n.a.	n.a.	n.a.
2001	2002	0.150	0.120	0.105	61.05%	3.30%
2002	2003	0.100	0.080	0.070	49,22% (4)	4.39%
2003	2004	0.060	0.051	0.045	44.66%	3.39%
2004						
Iterim Dividend	2004	0.030	0.026	0.023		
Final Dividend	2005	0.035	0.030	0.026		
Total Dividend		0.065	0.055	0.049	41.27%	3.44%
2005						
Iterim Dividend	2005	0.033	0.028	0.025		
Final Dividend	2006	0.037	0.031	0.028		
Total Dividend		0.070	0.060	0.053	31.89%	3.00%
2006						
Iterim Dividend	2006	0.037	0.030	0.030		
Final Dividend	2007	0.048	0.038	0.038		
Total Dividend		0.085	0.068	0.068	39.36%	3.04%
2007						
Iterim Dividend	2007	0.037	0.030	0.030		
Final Dividend	2008	0.000	0.000	0.000		
Total Dividend		0.037	0.030	0.030	23.72%	1.27%
2008	2009	0.017	0.014	0.014	39.67%	2.09%
2009	2010	0.019	0.015	0.015	39.61%	2.25%
2010(3)	2011	*scrip* (6)	n.a.	n.a.	n.a.	n.a.

(1) The Payout Ratio is the percentage of net profit distributed to Shareholders in the form of dividend;

(2) The Dividend Yield represents the annual return as a percentage, calculated by dividing the amount of gross dividend by share price at the end of the corresponding year;

(3) Paid as scrip dividend, through the issue of new shares and their proportional distribution to Shareholders holding shares representing the Bank's equity capital;

(4) Based on net profit calculated before setting aside general banking risk provisions in the sum of 200 million euros;

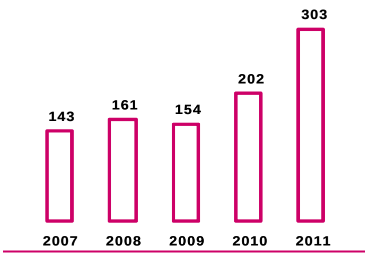
(5) The scrip dividend corresponds to 0.150 euros per share 62.36% of net income and 2.65% of the sahre price at the end of 2000;

(6)The scrip dividend corresponds to 0.026 euros per share 39.79% of net income and 4.39% of the sahre price at the end of 2010.

MONITORING OF INVESTORS AND ANALYSTS

BCP shares are covered by the leading national and international investment firms, which issue regular investment recommendations and price targets on the Bank. During 2011, the average price target of the investment firms which closely monitor the Bank reflected the impact of the deepening of the sovereign debt crisis, Portugal's request for external assistance, the prospects for the Portuguese and world economy, as well as the pressure which has been exerted on the banking sector due to the enforcement of new capital requirements. By the end of the year, 12 Financial Intermediaries were actively covering BCP shares.

Meetings with Investors



In 2011, BCP achieved a new record: more than 300 meetings with investors. The Bank has carried out various roadshows and participated in the main conference of the banking sector in Europe and Portugal, in particular the conferences organised by HSBC, Morgan Stanley, Goldman Sachs and Santander, the Euronext Portuguese Day in New York, Nomura, BBVA, KBW, Merril Lynch and JP Morgan.

TREASURY SHARES

In keeping with the deliberation of the General Meeting of Shareholders, the Bank may acquire or dispose of treasury shares up to the limit of 10% of its share capital.

As at 31 December 2010, Banco Comercial Português, S.A. held 5,533,539 treasury shares in its portfolio. During 2011, the Bank traded 144,654,349 treasury shares, corresponding to 2.01% of the share capital.

	Purchases			Sales			Total traded	
	Quantity	Value	Average unit price (€)	Quantity	Value	Average unit price (€)	Quantity	% Share Capital
BANCO COMERCIAL PORTUGUÊS, S.A. (*)	71,776,293	19,131,774	0.267	72,878,056	16,783,552	0.23	144,654,349	2.01%

Hence, as at 31 December 2011, Banco Comercial Português, S.A. directly and indirectly held 4,431,776 treasury shares, equivalent to 0.06% of the Bank's share capital.

	31.12.2010	31.12.2011	% of Share Capital
BANCO COMERCIAL PORTUGUÊS, S. A.(*)	5,533,539	4,431,776	0.06%

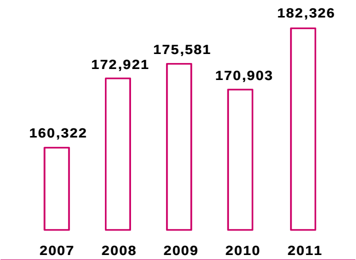
(*) As at December 31, 2011, this heading excludes 20,695,482shares (December 31, 2010: 23,261,904 shares) held by Customers, the aquisition of which was financed by the Bank and, considering that there is evidence of impairment with respect to these Customers, in the light of IAS 32/39, their shares in the Bank are considered treasury shares, merely for accounting purposes and in observance of this standard.

SHAREHOLDER STRUCTURE

According to the file received from the Central Securities Depositary (CVM), as at 31 December 2011 the number of Shareholders of Banco Comercial Português reached the highest value of the last five years: 182.326.

The Bank's shareholder structure continues very dispersed, since no single shareholder holds more than 15% of the share capital and only seven Shareholders own qualified holdings (over 2% of the share capital) and just one Shareholder holds a stake above 10%.

Number of shareholders



Particular reference should be made to the increased weight of other individual Shareholders, which currently account for 34% of the share capital (27% in 2010).

Shareholder structure	Number of Shareholders	% Share capital
Group Employees	3,912	0.57%
Other individual Shareholders	173,831	33.76%
Companies	4,203	22.80%
Institutional	380	42.87%
Total	**182,326**	**100.00%**

Shareholders with over five million shares represent 63% of the share capital (67% at the end of 2010).

Number of shares per Shareholder	Number of Shareholders	% Share capital
> 5.000.000	81	63.00%
500.000 to 4.999.999	518	8.30%
50.000 to 499.999	9,505	15.50%
5.000 to 49.999	48,913	10.90%
< 5.000	123,309	2.20%
Total	**182,326**	**100.00%**

In 2011, there was an increase in the percentage of share capital held by national Shareholders to 67.0% (59% at the end of 2010).

	National Shareholders		Foreign Shareholders	
Number of shares per Shareholder	Number	% Share capital	Number	% Share capital
> 5,000,000	44	32.10%	37	30.91%
500,000 a 4,999,999	457	6.99%	61	1.34%
50,000 a 499,999	9,166	14.90%	339	0.59%
5,000 a 49,999	47,702	10.66%	1,211	0.29%
< 5,000	119,304	2.17%	4,005	0.06%
Total	**176,673**	**66.81%**	**5,653**	**33.19%**

QUALIFIED HOLDINGS

As at December 31, 2011, the following shareholders held 2% or more of the share capital of Banco Comercial Português, S.A.:

		31 December 2011	
Shareholder	**Nr.shares**	**% Share capital**	**% Voting rights**
Sonangol - Sociedade Nacional de Combustíveis de Angola, EP	794,930,620	11.03%	11.04%
Members of the Management and Supervisory Bodies	1,159	0.00%	0.00%
Total of the Sonangol Group	**794,931,779**	**11.03%**	**11.04%**
Teixeira Duarte - Sociedade Gestora de Participações Sociais, S.A.			
Teixeira Duarte - Gestão de Participações e Investimentos	340,563,541	4.73%	4.73%
Tedal - Sociedade Gestora de Participações Sociais, S.A.	53,647,851	0.74%	0.74%
Members of the Management and Supervisory Bodies	844,627	0.01%	0.01%
Total of Teixeira Duarte Group	**395,056,019**	**5.48%**	**5.48%**
Fundação José Berardo			
Fundação José Berardo	238,066,347	3.30%	3.31%
Metalgest - Sociedade de Gestão, SGPS, S.A.			
Metalgest - Sociedade de Gestão, SGPS, S.A.	66,114,248	0.92%	0.92%
Kendon Properties	846,154	0.01%	0.01%
Moagens Associadas S.A.	13,827	0.00%	0.00%
Cotrancer - Comércio e transformação de cereais, S.A.	13,827	0.00%	0.00%
Bacalhôa, Vinhos de Portugal S.A.	11,062	0.00%	0.00%
Members of the Management and Supervisory Bodies	20,404	0.00%	0.00%
Total of Berardo Group	**305,085,869**	**4.23%**	**4.24%**
Bansabadell Holding, SL	253,578,691	3.52%	3.52%
Banco de Sabadell, S.A.	44,454,342	0.62%	0.62%
Members of the Management and Supervisory Bodies	15,083	0.00%	0.00%
Total of Sabadell Group	**298,048,116**	**4.14%**	**4.14%**
Pensõesgere - Sociedade Gestora de Fundos de Pensões, S.A.	**278,739,200**	**3.87%**	**3.87%**
Caixa Geral de Depósitos, S.A.	185,382,556	2.57%	2.57%
Companhia de Seguros Fidelidade-Mundial, S.A.	25,275,788	0.35%	0.35%
Companhia de Seguros Império-Bonança, S.A.	5,167	0.00%	0.00%
Fundo de Pensões CGD	1,042,763	0.01%	0.01%
Parcaixa, SGPS, S.A.	5,300,000	0.07%	0.07%
Total of Caixa Geral de Depósitos Group	**217,006,274**	**3.01%**	**3.01%**
EDP -Imobiliária e Participações, S.A	144,592,140	2.01%	2.01%
Fundo de Pensões EDP	70,755,665	0.98%	0.98%
Members of the Management and Supervisory Bodies	219,321	0.00%	0.00%
Total of EDP Group	**215,567,126**	**2.99%**	**2.99%**
Total qualified shareholdings	**2,504,434,383**	**34.75%**	**34.77%**

The voting rights referred to above are solely in respect of direct and indirect shareholdings in Banco Comercial Português. Any other allocations of voting rights envisaged in Article 20 of the Securities Code, were either not communicated or have not been revealed

FINANCIAL REVIEW

The consolidated Financial Statements were prepared under the terms of Regulation (EC) number 1606/2002, of 19 July, and in accordance with the reporting model determined by the Bank of Portugal (Notice number 1/2005), following the transposition into Portuguese law of Directive number 2003/51/EC, of 18 June, of the European Parliament and Council, as the currently existing versions.

The consolidated financial statements are not directly comparable between 2011, 2010 and 2009, due to the sale in 2010 of 95% of the share capital of Millennium bank in Turkey (current Fibabanka, Anonim Sirketi) and the total branch network of Millennium bcpbank in the United States of America (USA), the respective deposits base and part of the loan portfolio. However, the impact of these transactions is considered not materially relevant on the Group's profit and loss account and balance sheet as a result of the small dimension of these operations in the context of the consolidated activity.

Moreover, at the end of 2011, considering the agreement signed between the Portuguese Government, the Portuguese Banking Association and the banking employees unions for the transfer to the General Social Security Scheme of the liabilities related to pensions for retired employees and pensioners, the Bank decided, prior to the said transfer, to change the accounting policy associated with the recognition of actuarial deviations.

Following the analysis of the alternatives allowed by International Accounting Standard (IAS) 19 Employee Benefits, the Group decided to begin to recognise actuarial deviations of the period against reserves. Previously, the Group had deferred actuarial deviations in accordance with the corridor method, where unrecognised actuarial gains and losses exceeding 10% of the greater value between the present value of the liabilities and the fair value of the Fund's assets were recognised against profit or loss according to the estimated remaining working life of the active employees.

In order to reflect the abovementioned change, in accordance with IAS, this change was carried out with retroactive effect on 1 January 2010, whereby the entirety of the deferred actuarial deviations was recognised in the equity. Under the applicable rules, the Group restated the financial statements with reference to 1 January 2010 and 31 December 2010, for comparative purposes.

Financial highlights

Million euros

	2011	2010	2009	2008	2007	Chan. % 11/10
Balance sheet at December 31						
Total assets	93,482	98,547	95,550	94,424	88,166	-5.1%
Loans and advances to customers (net) (1)	68,046	73,905	74,789	74,295	64,811	-7.9%
Total customer funds (1)	65,530	67,596	66,516	65,325	62,719	-3.1%
Shareholders' equity and subordinated debt	4,973	7,153	9,108	8,559	7,543	-30.5%
Statement of income						
Net operating revenues	2,569.6	2,902.4	2,522.3	2,872.8	2,888.0	-11.5%
Net interest income	1,579.3	1,516.8	1,334.2	1,721.0	1,537.3	4.1%
Other net income	990.3	1,385.6	1,188.1	1,151.8	1,350.7	-28.5%
Operating costs	1,634.2	1,543.2	1,540.3	1,670.8	1,748.6	5.9%
Impairment						
For loans (net of recoveries)	1,331.9	713.3	560.0	544.7	260.2	86.7%
Other impairment and provisions	825.1	227.8	126.5	315.3	190.9	262.2%
Income tax						
Current	66.9	54.2	65.6	44.0	73.0	
Deferred	(525.7)	(39.8)	(19.4)	40.0	(3.5)	
Non-controlling interests	85.9	59.3	24.1	56.8	55.4	44.8%
Net income attributable to shareholders of the Bank	(848.6)	344.5	225.2	201.2	563.3	
Average number of shares outstanding adjusted (in thousands)	6,215,072	5,051,090	5,024,548	4,816,863	4,353,591	
Adjusted basic and diluted earnings per share (euros)	(0.073)	0.048	0.031	0.032	0.118	
Profitability						
Return on average shareholders' equity (ROE)	-22.0%	9.8%	4.6%	4.5%	14.9%	
Income before tax and non-controlling interests / Average shareholders' equity (3)	-28.0%	10.6%	5.7%	7.1%	17.1%	
Net operating revenues / Net average assets (3)	2.6%	3.0%	2.7%	3.1%	3.5%	
Return on average total assets (ROA)	-0.8%	0.4%	0.3%	0.3%	0.7%	
Income before taxes and non-controlling interests / Average net assets (3)	-1.3%	0.4%	0.3%	0.4%	0.8%	
Net interest margin	1.74%	1.68%	1.57%	2.06%	2.09%	
Other income / Net operating revenues	38.5%	47.7%	47.1%	40.1%	46.8%	
Eficiency						
Cost to income (2) (3)	58.4%	54.1%	62.9%	58.5%	60.2%	
Cost to income - Activity in Portugal (2)	59.9%	48.0%	59.2%	54.0%	58.4%	
Staff costs / Net operating revenues (2) (3)	31.9%	29.0%	35.2%	32.2%	32.7%	
Credit quality						
Loans and advances to customers (1)	71,533	76,411	76,935	75,765	66,027	-6.4%
Overdue loans total	3,476	2,500	2,032	851	555	39.1%
Impairment for loans	3,488	2,506	2,157	1,480	1,222	39.2%
Overdue loans (>90 days) / Total loans	4.5%	3.0%	2.3%	0.9%	0.7%	
Total impairment / Overdue loans (>90 days)	109.1%	109.4%	119.0%	211.6%	251.8%	
Total impairment / Total overdue loans	100.3%	100.2%	106.1%	173.9%	220.4%	
Capital (*)						
Own Funds	5,263	6,116	7,541	7,057	5,897	
Risk Weighted Assets	55,455	59,564	65,769	67,426	61,687	
Core Tier I (3)	9.3%	6.7%	6.4%	5.8%	4.5%	
Tier I (3)	8.6%	9.2%	9.3%	7.1%	5.5%	
Total (3)	9.5%	10.3%	11.5%	10.5%	9.6%	
Other						
Branches						
Activity in Portugal	885	892	911	918	885	-0.8%
International activity	837	852	898	886	744	-1.8%
Employees						
Activity in Portugal	9,959	10,146	10,298	10,583	10,742	-1.8%
International activity	11,549	11,224	11,498	12,006	10,380	2.9%

(1) Adjusted from companies partially sold - Millennium bank Turkey (2007 to 2008) and Millennium bcpbank USA (2007 to 2009).

(2) Excludes the impact of one-off items.

(3) According to Instruction no. 23/2011 from the Bank of Portugal.

(*) Capital ratios based on the IRB approach in 2011 and in 2010 and in accordance with the standard approach in 2009 to 2007 (detailed information in the section "Capital Management").

Note: the values presented for 2011 and 2010 include the adjustment to the accounts from 1 January 2010.

The deterioration of the international macroeconomic and financial environment in 2011, in the context of generalised tensions associated to the sovereign debt crisis in the Eurozone, exacerbated by the persistence of scepticism regarding the institutional mechanisms for its solution, further magnified both the risks for financial stability at a European and global scale, and the challenges faced by the Portuguese economy and financial system. Indeed, the adverse international scenario not only hindered the correction of the internal macroeconomic imbalances, but it also constrained the activity and profitability of Portuguese banks and banks of the Eurozone, by limiting, in particular, the access to medium and long term funding in wholesale funding markets.

Although the Economic Adjustment Programme, agreed in May 2011, includes measures which contribute to mitigating the risks for financial stability in Portugal, important factors of systemic risk still persist relative to the business volumes and quality of the assets of the national banking system, combined with a series of challenges which the national banking system shall continue to face in the short term, inseparably linked to the additional pressures on bank capital ratios and gradual deleveraging process required from the national economy and, in particular, from the banking system.

In this context, Millennium bcp pursued a proactive management of its equity-to-assets structure aimed, on the one hand, at its adjustment to the new challenges and requirements and, on the other, ensuring the pursuit of the strategic objectives defined by the Group, in particular the strengthening of capital ratios, reduction of the commercial gap and general improvement of efficiency in operations, recovery of the profitability levels of the activity in Portugal, in particular through the redefinition of business models and the strengthening of the operating base for growth in Africa supported by the development of the subsidiaries operating in the region, combined with the exploration of new affinity markets.

Total assets stood at 93,482 million euros as at 31 December 2011, compared with 98,547 million euros as at 31 December 2010. The balance of loans and advances to customers, before loan impairments reached 71,533 million euros as at 31 December 2011, compared with 76,411 million euros as at 31 December 2010, reflecting the contraction both in terms of loans to companies and to individuals, determined by decreased demand, by greater selectivity in loan concession and by the impact of the efforts towards reduction of the commercial gap induced by the gradual deleveraging process in progress.

Total customer funds stood at 65,530 million euros as at 31 December 2011, compared with 67,596 million euros as at 31 December 2010, influenced above all by the off-balance sheet customer funds, despite the increase in balance sheet customer funds, in particular customer deposits, which, in the activity in Portugal, reached the historic maximum business volume of 33 thousand million euros, during 2011.

Net income was negative by 848.6 million euros in 2011, compared with the positive net income of 344.5 million euros in 2010 (restated in accordance with the change of the accounting policy), caused by the activity in Portugal, since net income increased in the international activity.

PROFITABILITY ANALYSIS

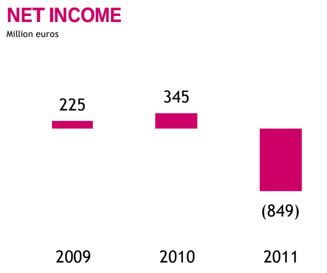
Net Income

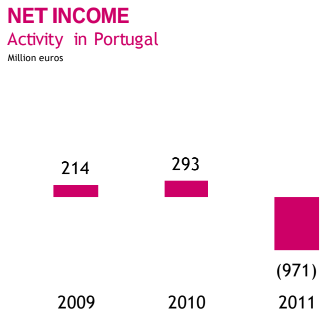
The net income of Millennium bcp was negative by 848.6 million euros in 2011, compared with the profit of 344.5 million euros in 2010 (restated in accordance with the change of the accounting policy), influenced by exceptional negative factors related to the reinforcement of loan impairment charges, the recognition of impairment relative to the goodwill of Millennium bank in Greece, the increase of impairment charges for other financial assets, the effect of the partial transfer of the liabilities related to pensions for retired employees and pensioners to the General Social Security Scheme and the mark-to-market of Portuguese sovereign debt. These exceptional factors fundamentally reflect the persistence of an adverse national and international macroeconomic context, added to the intensification of the tensions related to sovereign debt in the Eurozone and the increased uncertainty in international financial markets.

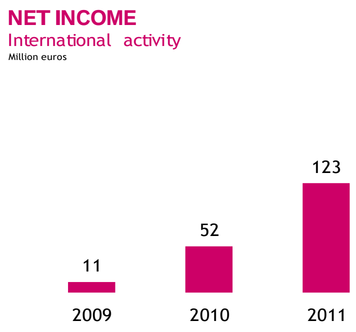
Net income for 2011 includes the impact of the reinforcement of loan impairment charges following the Special Inspections Programme, carried out under the Economic Adjustment Programme established with the Portuguese authorities and applied to the largest Portuguese banking groups, of 270.5 million euros net of tax, the recognition of impairment relative to the remaining goodwill of Millennium bank in Greece of 147.1 million euros (the same amount as posted in 2010), the accounting recognition of impairment losses of Greek sovereign debt securities in the amount of 408.9 million euros net of tax, and the recording under staff costs of the costs associated to the partial transfer of the liabilities related to pensions for retired employees and pensioners to Social Security of 117.0 million euros net of tax.

Furthermore, the net income for 2011 also reflects the recording of losses associated to Portuguese sovereign debt securities of 90.9 million euros net of tax (13.2 million euros net of tax in 2010), the cancelation of provisions related to the pension fund of former members of the Executive Board of Directors, in the first quarter, and of employees relative to the complementary plan of 31.4 million euros net of tax and the cost related to early retirements of 8.7 million euros net of tax (5.3 million euros net of tax in 2010). In 2010, the net income also incorporated the recording of the gain obtained from the sale of the shareholding in Eureko, B.V. of 65.2 million euros.

Nevertheless, the consolidated net income was favourably influenced by the increased net interest income, supported by the positive interest rate and business volume effects, as well as by the reduction of other administrative costs, benefiting from the savings achieved in most line items, and by the lower level of depreciation costs.







The evolution of profitability on a consolidated basis was determined by the performance in the activity in Portugal, since the international activity recorded an increase in net income.

The activity in Portugal was constrained by the exceptionally negative factors noted above, which were attenuated by the increase in net interest income, benefiting from the adjustment of the loan spreads to customer risk profiles, by the reduction of other administrative costs, reflecting the initiatives which were implemented aimed at strict cost control relative to external supplies and services, and by the lower level of depreciation costs, in particular equipment and buildings.

Quarterly income analysis

Million euros

	2011					2010	2009
	1st quarter	2nd quarter	3rd quarter	4th quarter	Total		
Net interest income	401.6	406.1	389.1	382.5	1,579.3	1,516.8	1,334.2
Other net income							
Dividends from equity instruments	0.0	1.1	0.2	0.0	1.4	35.9	3.3
Net commissions	195.5	205.7	193.4	194.8	789.4	811.6	731.7
Net trading income	26.5	(2.0)	156.7	26.4	207.6	439.4	254.5
Other net operating income	20.2	(10.0)	(2.6)	(30.3)	(22.7)	31.0	132.3
Equity accounted earnings	16.7	7.3	(21.9)	12.5	14.6	67.7	66.3
Total other net income	258.9	202.1	325.8	203.4	990.3	1,385.6	1,188.1
Net operating revenues	**660.5**	**608.2**	**714.9**	**585.9**	**2,569.6**	**2,902.4**	**2,522.3**
Operating costs							
Staff costs	174.6	206.6	188.0	384.4	953.6	831.2	865.3
Other administrative costs	139.4	144.6	142.3	158.2	584.5	601.8	570.2
Depreciation	24.8	23.1	22.5	25.7	96.1	110.2	104.8
Total operating costs	**338.8**	**374.3**	**352.8**	**568.3**	**1,634.2**	**1,543.2**	**1,540.3**
Impairment							
For loans (net of recoveries)	166.6	395.5	202.0	567.8	1,331.9	713.3	560.0
Other impairment and provisions	31.4	(23.7)	159.3	658.1	825.1	227.8	126.5
Income before income tax	**123.7**	**(137.9)**	**0.8**	**(1,208.3)**	**(1,221.6)**	**418.1**	**295.5**
Income tax							
Current	25.3	16.9	14.9	9.8	66.9	54.2	65.6
Deferred	(10.5)	(200.4)	(20.8)	(294.0)	(525.7)	(39.8)	(19.4)
Income after income tax	**108.9**	**45.6**	**6.8**	**(924.1)**	**(762.8)**	**403.8**	**249.3**
Non-controlling interests	18.8	21.4	23.5	22.1	85.9	59.3	24.1
Net income attributable to shareholders of the Bank	**90.1**	**24.2**	**(16.7)**	**(946.2)**	**(848.6)**	**344.5**	**225.2**

The net income of the international activity was boosted by the higher level of net income achieved in most of the subsidiaries abroad, underpinned by the growth in net operating revenues induced by the higher business volumes and efficiency gains despite the investments in progress, with particular emphasis on the net income achieved by Bank Millennium in Poland, Millennium bim in Mozambique and Banco Millennium Angola.

Bank Millennium in Poland achieved a net income of 113.3 million euros in 2011, comparing favourably with the 81.3 million euros reached in 2010, boosted by the performance of net interest income, benefiting above all from the increased volume of loans to customers, despite the strong pressure on the remuneration of customer deposits. Operating costs increased in relation to 2010, influenced by other administrative costs, in particular costs related to the Deposit Guarantee Fund and to rents, notwithstanding the lower level of depreciation costs. The evolution of the net income of Bank Millennium also benefited from the reduction of loan impairment charges, reflecting the improvement of the quality of the loan portfolio.

At Millennium bim in Mozambique, net income increased to 89.4 million euros in 2011, compared with the 52.8 million euros recorded in 2010, driven by the growth in net interest income, benefiting from the positive business volumes and interest rate effects, as well as from the increase in net commissions, in particular commissions associated to transfers and cards business and to guarantees, from the higher contribution of other net operating income, and the lower level of impairments for signature credit. The evolution of the net income of Millennium bim was partially mitigated by the growth in operating costs, in line with the business expansion plan in progress although at a lower rate than that of income, thus enabling an improvement in operating efficiency, relative to 2010.

Banco Millennium Angola recorded a growth of net income to 33.3 million euros in 2011, compared with the 23.6 million euros reached in 2010. This increase essentially reflects the performance of net operating income, in particular net interest income and net commissions, supported by the growth of the business volumes, in particular of loans to companies and customer deposits. The net income of Banco Millennium Angola was, however, constrained by the increase in operating costs, arising from the recruitment of employees and the expansion of the branches network, which now covers all of the provinces of Angola, and by the increase in loan impairment charges, following the expansion of the commercial activity shown in the loan portfolio.

Millennium bank in Greece posted a negative net income of 3.5 million euros in 2011, which compares favourably with the loss of 16.0 million euros recorded in 2010. The net income was influenced positively by the performance of net operating revenues, which incorporates gains from the repurchase of debt issued, which offset the impact of the reinforcement of loan impairment charges, as a result of the deterioration of the macroeconomic environment, and of the increase in operating costs, in particular staff costs and depreciation costs, associated to the pursuit of the optimisation plan for the distribution network and for costs in general, begun during the previous year and which already had visible effects in 2011 on the reduction of other administrative costs.

Banca Millennium in Romania recorded a negative net income of 17.8 million euros in 2011, comparing favourably with the loss of 23.6 million euros in 2010, influenced by the good performance of net interest income, showing above all the effect of the higher volume of loans to customers, as well as the reduction of the average interest rate for customer term deposits. The net income of Banca Millennium in Romania also benefited from the reduction in operating costs, materialising the impacts from the redesign of processes and from the resizing of the branch network, as well as the lower needs of loan impairment charges compared to 2010.

Millennium Banque Privée in Switzerland recorded a negative net income of 12.0 million euros in 2011, compared with the profit of 4.2 million posted in 2010. This evolution fundamentally results from the reinforcement of loan impairment charges, reflecting the devaluation of financial collateral and the reduction of net commissions, in particular the commissions related to transactions with securities, due to the lower level of brokerage transactions. However, these impacts were partially compensated by the reduction in staff costs.

Millennium bcp Bank & Trust in the Cayman Islands achieved a net income of 4.6 million euros in 2011, compared with 6.0 million in 2010, influenced by the contraction in net interest income, reflecting the lower business volumes, the unfavourable interest rate effect and higher level of operating costs. This subsidiary is especially directed towards providing international services in the area of private banking to individual customers with a high net worth of assets.

Net income of foreign subsidiaries (1)

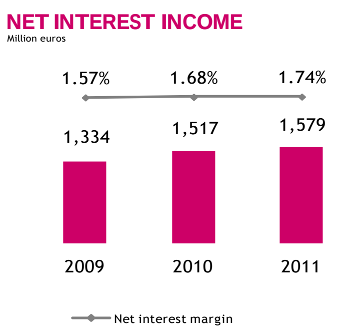
Million euros

	2011	2010	2009	Chan. % 11/10
Bank Millennium in Poland	113.3	81.3	0.3	39.3%
Millennium bim in Mozambique	89.4	52.8	52.0	69.5%
Banco Millennium Angola	33.3	23.6	14.6	41.4%
Millennium bank in Greece	(3.5)	(16.0)	9.0	-
Banca Millennium in Romania	(17.8)	(23.6)	(38.0)	-
Banque Privée BCP in Switzerland	(12.0)	4.2	7.8	-
Millennium bcp Bank & Trust in Cayman	4.6	6.0	9.6	-23.5%

(1) The amounts showed are not deducted from the non-controlling interests (when applicable).

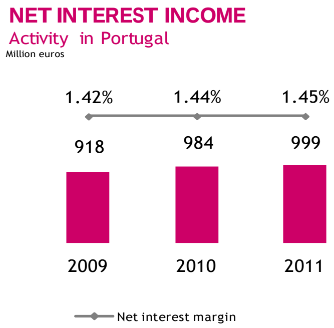
Net Interest Income

Net interest income increased by 4.1%, reaching a total of 1,579.3 million euros in 2011, from 1,516.8 million euros recorded in 2010, supported by the positive business volume effect of 32 million euros, combined with the favourable interest rate effect of 20 million euros.

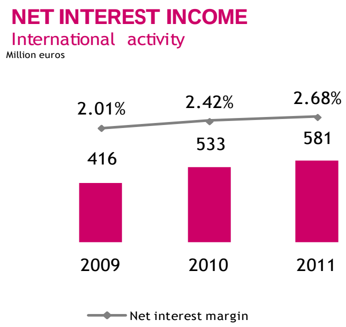


The positive business volume effect benefited both from the increase in the balance of financial assets, despite the lower volume of loans to customers, arising from the decreased demand and higher selectivity in credit concession, and from the contraction in debt issued and financial liabilities, notwithstanding the growth in the balance of customer deposits, associated to the efforts dedicated to further increase balance sheet customer funds amongst the customer base, under the deleveraging process and strengthening of stable funding in the funding structure.

The favourable interest rate effect benefited above all from the performance shown by the customer loan portfolio, based on the pursuit of initiatives focused on the adjustment of the price to the cost of the risk of the operations contracted with customers, and also, although at a lesser scale, from the positive effect related to the financial assets portfolio, despite the higher remuneration of customer deposits and the increase in interest rates of debt securities issued and financial liabilities, following the trend of market reference interest rates throughout 2011.



The increase in net interest income was boosted both by the activity in Portugal and by the international operations. In the activity in Portugal, the growth in net interest income benefited from the impact generated by operations with customers, in particular through the favourable interest rate effect, supported by the adjustment of loan spreads to customer risk profiles, in a context of limitation of access to the interbanking and wholesale funding markets and higher funding costs, despite the growth in the remuneration of term deposits, consistent with the initiatives implemented with a view to the retention and further increase of balance sheet customer funds amongst the customer base in a context of particularly strong competitive intensification. Moreover, the net interest income in Portugal was boosted by the positive volume effect, caused by the increase in business volumes associated to transactions with financial instruments, both through the higher average balance of financial assets and via the reduction of liabilities represented by securities, reflecting the constraints in bond markets.



In the international activity, the increase in net interest income was driven by the favourable interest rate effect combined with the overall positive business volume effect, reflecting the positive evolution of business with customers, boosted by the pricing policies adapted to each geographical area and by the growth in the business volumes. The higher net interest income benefited from the activity developed by most of the international operations, in particular the subsidiaries in Poland, Mozambique and Angola.

The analysis of the average balance sheet, between 2010 and 2011, shows an increase in average interest earning assets rates and interest bearing liabilities rates and a stabilisation of average total assets standing at 97,231 million euros in 2011, which compares with 97,369 million euros in 2010. This stabilisation was influenced by the reduction in the balance of non-interest earning assets, practically neutralised by the increase in interest earning assets, based on the growth of the average balance of financial assets to 12,247 million euros (9,587 million euros in 2010), as well as the slight increase in the average balance of deposits in credit institutions, which more than compensated the reduction in the balance of loans to customers to 72,783 million euros (74,644 million euros in 2010). Average total liabilities also remained stable, reflecting, on the one hand, the increase in average balance of customer deposits to 46,821 million euros and of amounts owed to credit institution to 19,956 million euros, and, on the other, the lower average balances of debt issued and financial liabilities, together with subordinated liabilities. The behaviour of the average balance sheet values fundamentally reflect the gradual deleveraging process in progress, supported by the sustained effort to reduce the commercial gap started in the previous year.

Average balances

Million euros

	2011		2010		2009	
	Average Balance	Yield	Average Balance	Yield	Average Balance	Yield
Interest Earning Assets						
Deposits in credit institutions	4,363	1.67%	3,823	1.21%	3,733	1.97%
Financial assets	12,247	4.16%	9,587	3.53%	5,012	4.82%
Loans and advances to customers	72,783	4.45%	74,644	3.57%	75,325	4.15%
	89,393	**4.27%**	**88,054**	**3.47%**	**84,070**	**4.09%**
Non-current assets held for sale	-	-	818	6.39%	-	-
Total Interest Earning Assets	**89,393**	**4.27%**	**88,872**	**3.49%**	**84,070**	**4.09%**
Non-interest earning assets held for sale	-		40		-	
Non-interest earning assets	7,838		8,457		10,083	
Total Assets	**97,231**		**97,369**		**94,153**	
Interest Bearing Liabilities						
Amounts owed to credit institutions	19,956	1.71%	15,087	1.40%	8,671	2.65%
Amounts owed to customers	46,821	2.92%	45,386	2.01%	44,334	2.52%
Debt issued and financial liabilities	19,732	2.55%	25,286	1.53%	30,051	2.27%
Subordinated debt	1,504	3.18%	2,254	2.96%	2,553	3.73%
	88,013	**2.57%**	**88,013**	**1.79%**	**85,609**	**2.48%**
Non-current liabilities held for sale	-	-	740	4.17%	-	-
Total Interest Bearing Liabilities	**88,013**	**2.57%**	**88,753**	**1.81%**	**85,609**	**2.48%**
Non-interest bearing liabilities associated with assets held for sale	-		118		-	
Non-interest bearing liabilities	3,708		2,707		2,000	
Shareholders' equity and Non-controlling interests	5,510		5,791		6,544	
Total liabilities, Shareholders' equity and Non-controlling interests	**97,231**		**97,369**		**94,153**	
Net Interest Margin (1)		**1.74%**		**1.68%**		**1.57%**

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

Note: Interest related to hedge derivatives were allocated, in 2011, 2010 and 2009, to the respective balance item.

In terms of the average balance sheet structure, the average balance of interest earning assets represented 91.9% of the average total assets in 2011 (91.3% in 2010). Loans and advances to customers continued to be the main aggregate of the asset portfolio, corresponding to 74.9% of average total assets, despite the retraction in loans granted to customers from 2010, followed by the financial assets component, representing 12.6% of average total assets, influenced by the increase in average balance of the investment securities portfolio.

In the structure of average liabilities, customer deposits continued to be the main source of funding of the intermediation activity, representing 51.0% of average total liabilities, reflecting the special focus on the retention and further growth of balance sheet customer funds, with the weight of the component of debt issued and financial liabilities showing a reduction in 2011 to 21.5% of average total liabilities (27.6% in 2010).

The balance of average shareholders' equity in 2011 remained practically stable in relation to 2010, and fundamentally incorporates the share capital increase through the conversion of perpetual subordinated debt securities into ordinary shares and the issue reserved to shareholders, and also reflects the impacts of the exchange of perpetual debt instruments and preferred shares for new debt instruments, the negative net income generated during the period under analysis and the evolution of the balance of the fair value reserves associated to the financial assets available for sale.

The net interest margin stood at 1.74% in 2011, comparing favourably with the 1.68% recorded in 2010, having benefited from the performance of both the activity in Portugal, based on the efforts to adjust the prices of the contracted loan operations to customer risk profiles, in spite of the simultaneous increase in the cost of customer term deposits, and the international activity, in particular of Bank Millennium in Poland and Millennium bim in Mozambique.

Factors influencing net interest income

Million euros

	2011 vs 2010			
	Volume	Rate	Rate / Volume mix	Net change
Interest Earning Assets				
Deposits in credit institutions	7	18	2	27
Financial assets	95	60	18	173
Loans and advances to customers	(67)	662	(17)	578
Non-current assets held for sale	-	-	(53)	(53)
Total Interest Earning Assets	**18**	**702**	**5**	**725**
Interest Bearing Liabilities				
Amounts owed to credit institutions	69	47	16	132
Amounts owed to customers	29	421	14	464
Debt issued and financial liabilities	(86)	261	(58)	117
Subordinated debt	(22)	5	(2)	(19)
Non-current liabilities held for sale	-	-	(31)	(31)
Total Interest Bearing Liabilities	**(14)**	**682**	**(5)**	**663**
Net Interest Income	**32**	**20**	**10**	**62**

Other Net Income

Other net income, which includes dividends from equity instruments, net commissions, net trading income, other net operating income and equity accounted earnings, stood at 990.3 million euros in 2011, compared with 1,385.6 million euros in 2010. This performance was fundamentally influenced by the net trading income as well as, although in a lesser extent, the lower equity accounted earnings and other net operating income. The evolution of other net income reflects, above all, the performance of the activity in Portugal, partially mitigated by the increase recorded in the international activity.

Other net income

Million euros

	2011	2010	2009	Chan. % 11/10
Dividends from equity instruments	1.4	35.9	3.3	-96.2%
Net commissions	789.4	811.6	731.7	-2.7%
Net trading income	207.6	439.4	254.5	-52.7%
Other net operating income	(22.7)	31.0	132.3	-
Equity accounted earnings	14.6	67.7	66.3	-78.4%
	990.3	**1,385.6**	**1,188.1**	**-28.5%**
of which:				
Activity in Portugal	515.9	992.6	808.4	-48.0%
International activity	474.4	393.0	379.7	20.7%

Income from Equity Instruments

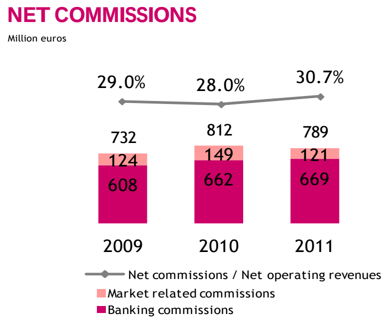
Income from equity instruments, which include dividends received from investments in financial assets available for sale, reached a total of 1.4 million euros in 2011, compared with the 35.9 million euros in 2010. The dividends recorded in 2011 correspond, above all, to the income associated to the Group's investments in shares and in investment fund units, while the income from equity instruments recorded in 2010 fundamentally incorporated the dividends received in relation to the 2.7% stake held in Eureko, B.V., which had been sold as at 31 December 2010.

Net Commissions

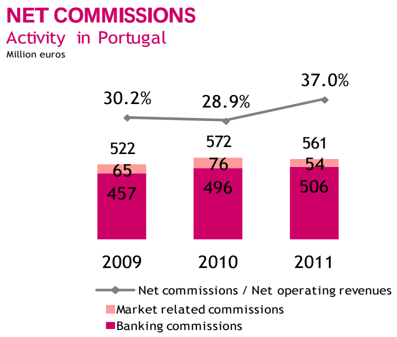
Net commissions stood at 789.4 million euros in 2011, compared with 811.6 million euros in 2010. The evolution in net commissions shows the behaviour of commissions related to the financial markets, partially offset by the favourable performance of the commissions more directly related to the banking business. This performance of net commissions reflects both the evolution of the activity in Portugal, which decreased by 2.0%, and the international activity, which fell by 4.5%, in particular in the subsidiaries in Greece and Switzerland, while in Bank Millennium in Poland the commissions were strongly influenced by the effect of the devaluation of the exchange rate of the zloty against the euro, despite the favourable contribution of Millennium bim in Mozambique and Banco Millennium Angola.

The commissions more directly related to the banking business were boosted by the diversification and adjustment of the income sources to the economic-financial context, having increased by 1.0% to 668.7 million euros in 2011 (662.4 million euros in 2010), supported by the growth in commissions related to loan operations and guarantees and to banking services provided.

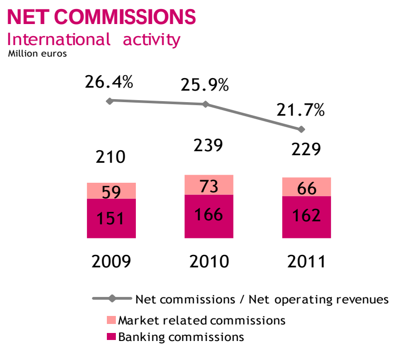
The commissions associated to the cards and cash transfer business reached a total of 184.5 million euros in 2011, compared with the 185.3 million euros recorded in 2010, reflecting the performance of the activity in Portugal and the lower volume of income related to service charges and volume of transactions, on the one hand, and the stabilisation of the annual fees collected, on the other, despite the occasional review of commissions aimed at adjusting their price to the costs incurred and the levels of service provided. In the international activity, the net commissions associated to the cards and cash transfer business benefited from the positive evolution recorded by Millennium bim in Mozambique and also, albeit at a lower scale, by Banco Millennium Angola.



The commissions related to credit operations and guarantees increased to 184.9 million euros in 2011, rising by 3.5% from 178.7 million euros recorded in 2010, driven fundamentally by the international activity, in particular by Bank Millennium in Poland, Millennium bim in Mozambique and Banco Millennium Angola, combined with a slight increase in the activity in Portugal which, despite the greater selectivity in loans granted and decreased demand determined by the slowdown in economic activity, was influenced favourably by the commissions associated to guarantees and specialised credit, in particular factoring operations.



Bancassurance commissions, which reflect the commissions received for the placement of insurance products through the Bank's distribution networks, stood at 72.7 million euros in 2011 (74.3 million euros in 2010), were constrained by the adverse economic- and financial environment, having, however, benefited from the realignment carried out during 2011 in the sales strategy for risk products associated with Life and Non-Life businesses.



Other commissions directly related to the banking business increased to 226.6 million euros in 2011 (224.1 million euros in 2010), driven by the activity in Portugal, in spite of the lower level of commissions achieved in the international activity, in particular at Bank Millennium in Poland. In the activity in Portugal, the evolution of other commissions reflected, in part, the alignment of the pricing to the evolution of the banking business, having benefited from the growth of commissions related to account management, as well as from the attractive offer of integrated banking services, in particular the commissions associated to the "Frequent Customer" loyalty solution.

Commissions related to the financial markets reached a total of 120.7 million euros in 2011, compared with 149.2 million euros posted in 2010, reflecting the weak activity observed in the capital markets. This evolution was influenced by the commissions associated to both securities transac tions and asset management, both constrained by the persistence of particularly adverse circumstances for the management of financial investments, determined by the uncertainty and volatility in the financial markets.

Commissions associated to securities transactions stood at 73.8 million euros in 2011 (96.6 million euros in 2010), reflecting the performance of the activity in Portugal, in particular the lower level of commissions related to the organisation of operations, as well as the international activity, especially influenced by the subsidiary in Switzerland, associated to the lower volume of brokerage operations.

Commissions related to asset management reached a total of 46.9 million euros in 2011 (52.6 million euros in 2010), reflecting the reduction in commissions generated by both the activity in Portugal and international activity, in a context of adjustment of the financial asset portfolios by investors, partially influenced by the impacts caused by the turbulence of the financial markets. The performance shown by the international activity was especially influenced by the subsidiaries in Poland and Greece, despite the favourable evolution recorded by Millennium bim in Mozambique.

Net commissions

Million euros

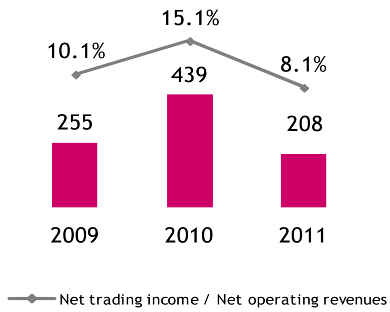
	2011	2010	2009	Chan. % 11/10
Banking commissions				
Cards	184.5	185.3	187.3	-0.4%
Credit and guarantees	184.9	178.7	170.4	3.5%
Bancassurance	72.7	74.3	59.7	-2.2%
Other commissions	226.6	224.1	190.2	1.1%
Subtotal	**668.7**	**662.4**	**607.6**	**1.0%**
Market related commissions				
Securities	73.8	96.6	76.2	-23.6%
Asset management	46.9	52.6	47.9	-10.9%
Subtotal	**120.7**	**149.2**	**124.1**	**-19.1%**
Total net commissions	**789.4**	**811.6**	**731.7**	**-2.7%**
of which:				
Activity in Portugal	560.9	572.2	521.8	-2.0%
International activity	228.5	239.4	209.9	-4.5%

Net Trading Income

Net trading income, which includes net gains arising from trading and hedging activities and net gains arising from available for sale financial assets, amounted to 207.6 million euros in 2011, compared with the 439.4 million euros posted in 2010. This evolution reflects, in 2011, the impacts from the instability in the financial markets and in particular from the worsening of the tension related to the sovereign debt crisis in the Eurozone, which led to the high volatility and devaluation of the portfolio of financial instruments more directly exposed to market risk, partially mitigated by the increase in net gains from foreign exchange transactions. In 2010, net trading income included gains of 65.2 million euros, related to the sale of the 2.7% stake held in the share capital of Eureko, B.V..

NET TRADING INCOME

Million euros



Results from trading, derivative and other transactions were influenced, essentially, by the earnings from trading and hedging operations, in particular by the recording, in 2011, of losses associated to Portuguese sovereign debt in the amount of 128.1 million euros (18.0 million euros in 2010), to the change in the fair value related with credit risk of financial instruments at fair value option in the amount of 20.6 million euros (gains of 204.6 million euros in 2010) and to the sale of loans operations, only partially offset by the gains associated to the own debt issued repurchase operations.

On this scope, it should be noted that, in accordance with the accounting policies and considering the impact on financial operations referred to above, the Group adopted the fair value option as a method of measurement of its own emissions of financial instruments which contain embedded derivatives or associated with hedging swaps, where the financial liabilities recorded at fair value option are initially recognised at their fair value, with the costs or income associated to the transactions and the subsequent fair value variations being recognised through profit or loss.

Net trading income

Million euros

	2011	2010	2009	Chan. % 11/10
Foreign exchange activity	145.2	99.4	68.8	46.1%
Trading, derivatives and other	62.4	340.0	185.7	-81.6%
	207.6	**439.4**	**254.5**	**-52.7%**
of which:				
Activity in Portugal	(36.1)	294.2	94.1	-
International activity	243.7	145.2	160.4	67.9%

Other Net Operating Income

Other net operating income, which includes other operating income, other net income from non-banking activities and gains from the sale of subsidiaries and other assets, recorded net losses of 22.7 million euros in 2011, compared with net gains of 31.0 million in 2010. The behaviour of other net operating income was fundamentally influenced by the activity in Portugal, reflecting the impact on the costs component of the extraordinary tax contribution on the banking sector in 2011, in the amount of 32.0 million euros, the contribution to the Investor Compensation Scheme in the amount of 16.8 million euros and the losses arising from the reduction in the value of assets, although mitigated by the recording, during the first quarter of 2011, of an adjustment in insurance premiums related to pensions. In the international activity, the lower level of operating income posted by the subsidiaries in Poland and Greece more than neutralised the favourable contribution of Millennium bim in Mozambique.

Equity Accounted Earnings

Equity accounted earnings, which include the results appropriated by the Group associated to the consolidation of entities over which, despite having a significant influence, the Group does not control the financial and operational policies, amounted to 14.6 million euros in 2011, compared with 67.7 million euros in 2010.

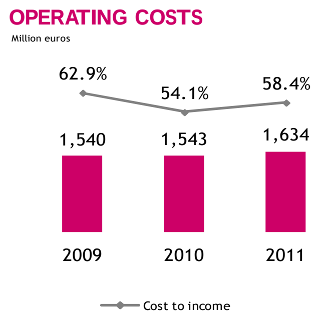
The evolution of equity accounted earnings was fundamentally influenced by the appropriation of lower results appropriated from the 49% stake held in Millenniumbcp Ageas, which, in a context of major uncertainty, high volatility and deterioration of the conditions in the financial markets, were especially constrained by the recognition of impairment losses related to sovereign debt securities and to shares portfolio. However, despite the fall in business volume in the insurance sector, the performance of Millenniumbcp Ageas proved to be better than that of the market, both in terms of mathematical provisions and of Life business and in all Non-Life businesses.

Equity accounted earnings and income

Million euros

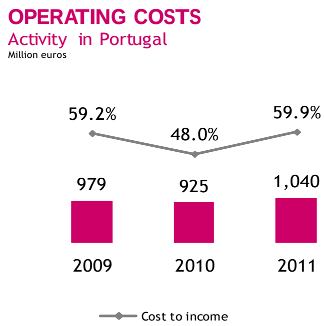
	2011	2010	2009	Chan. % 11/10
Millenniumbcp Ageas	17.9	69.7	57.9	-74.3%
Other	(3.3)	(2.0)	8.4	-
	14.6	**67.7**	**66.3**	**-78.4%**

Operating Costs

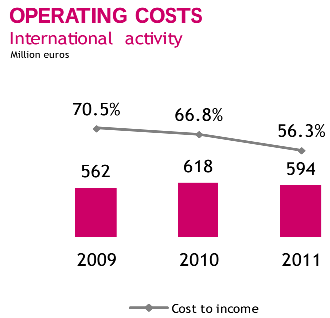


Operating costs, which include staff costs, other administrative costs and depreciation costs, stood at 1,634.2 million euros in 2011 (1,543.2 million euros in 2010). Operating costs incorporate, in 2011, the costs associated to the partial transfer of the liabilities related to pensions for retired employees and pensioners to the General Social Security Scheme in the amount of 164.8 million euros, the cancelation of provisions related to the pension fund of former members of the Executive Board of Directors, posted in the first quarter, and employees related to the supplementary plan of the total amount of 44.2 million euros, and costs related to early retirement in the amount of 12.3 million euros (7.2 million euros in 2010). Operating costs fell by 2.3%, excluding the impacts mentioned above, supported by the overall decreases of 0.4% in staff costs, 2.9% in other administrative costs and 12.8% in depreciation costs, reflecting the strict cost control that has been undertaken in both the activity in Portugal and international activity, based on the continuous implementation of initiatives aimed at the rationalisation and optimisation of operating costs.

In the activity in Portugal, operating costs reached a total of 1,040.4 million euros in 2011 (925.3 million euros in 2010), induced fundamentally by the staff costs, which include a set of impacts mentioned above. Excluding these impacts, operating costs of the activity in Portugal fell by 1.1% from 2010, reflecting the savings achieved in most of the line items of other administrative costs, evidencing the efforts pursued in cost control and in improving operating efficiency, as well as the lower level of depreciation costs, caused by the decrease in depreciation related to equipment and buildings.



In the international activity, the reduction of operating costs reflects, above all, the effect arising from the partial sale of the operations in Turkey and in the United States of America, occurred at the end of 2010, which more than offset the increase in operating costs showed by the operations developed in Poland and Greece, associated to the distribution network resizing plans implemented in these markets, and in Angola and Mozambique, reflecting the support to the business plans in progress in these operations and the reinforcement of the operating base in these markets as a platform of growth for the African continent.



The consolidated cost to income ratio, excluding specific items, stood at 58.4% in 2011 (54.1% in 2010), constrained by the evolution of income, notwithstanding the performance of the operating cost component, which benefited from various initiatives implemented focused on the strict cost control and on the improvement of operating efficiency. The efficiency ratio of the activity in Portugal stood at 59.9% in 2011 (48.0% in 2010), while in the international activity it reached 56.3% in 2011 (66.8% in 2010), based, on the one hand, on the increase in total income, and on the other, on the decrease in operating costs, despite the strengthening of the operational support infrastructure in Angola and Mozambique.

Operating costs

Million euros

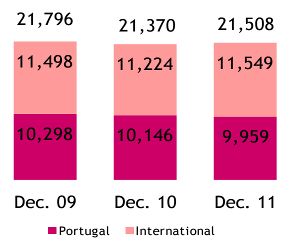
	2011	2010	2009	Chan. % 11/10
Activity in Portugal				
Staff costs	673.3	538.9	604.3	24.9%
Other administrative costs	319.2	331.9	314.3	-3.8%
Depreciation	47.9	54.5	60.1	-12.1%
	1,040.4	925.3	978.7	12.4%
International activity				
Staff costs	280.3	292.3	261.0	-4.1%
Other administrative costs	265.3	269.9	255.9	-1.7%
Depreciation	48.2	55.7	44.7	-13.5%
	593.8	617.9	561.6	-3.9%
Total				
Staff costs	953.6	831.2	865.3	14.7%
Other administrative costs	584.5	601.8	570.2	-2.9%
Depreciation	96.1	110.2	104.8	-12.8%
	1,634.2	**1,543.2**	**1,540.3**	**5.9%**

Staff Costs

Staff costs stood at 953.6 million euros in 2011, compared with 831.2 million euros in 2010, and include the specific impacts referred to above by the total value of 132.9 million euros in 2011 (7.2 million euros in 2010). Excluding these impacts, staff costs fell by 0.4% from the previous year.

In the activity in Portugal, staff costs stood at 673.3 million euros in 2011 (538.9 million euros in 2010). Excluding the specific impacts mentioned above, focusing overall on the activity in Portugal, there was an increase of 1.6%, influenced mostly by the higher level of social contributions, despite the reduction of costs related to pensions and remunerations, from the previous year. Staff costs for the activity in Portugal also reflect the reduction in the number of employees, by a total of 187 employees, between the end of 2010 and end of 2011, showing the rationalisation and optimisation of resources, in line with the strategic focus on the redesign of front and back office processes and reconfiguration and resizing of the distribution network.

NUMBER OF EMPLOYEES



In the international activity, staff costs reached a total of 280.3 million euros in 2011 (292.3 million euros in 2010), demonstrating the abovementioned effect of the partial sale of the operations in Turkey and in the United States of America at the end of 2010. The increase in staff costs in the subsidiaries in Mozambique, Angola and Poland were caused essentially by the higher number of employees, in particular in the first two operations, under the reinforcement of their operational competences and capacities. Millennium bank in Greece also recorded an increase in staff costs as a result of the implementation of measures for the restructuring and redefinition of the activity, with a reduction of 258 employees and 35 branches. However, these performances were partially offset by the lower staff costs in the subsidiaries in Switzerland and Romania.

Staff costs

Million euros

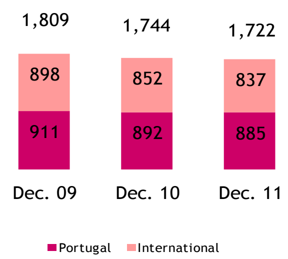
	2011	2010	2009	Chan. % 11/10
Salaries and remunerations	604.3	619.7	583.2	-2.5%
Mandatory social security charges	292.8	171.6	236.0	141.5%
Voluntary social security charges	44.6	29.3	35.1	52.2%
Other staff costs	11.9	10.6	11.0	11.6%
	953.6	**831.2**	**865.3**	**14.7%**

Other Administrative Costs

Other administrative costs fell by 2.9%, standing at a total of 584.5 million euros in 2011 (601.8 million euros in 2010), benefiting from the savings achieved in most line items, in particular in costs related to advertising, information technology services, communications, rents, maintenance and repair, other specialised services and outsourcing.

The reduction in other administrative costs incorporates above all the decrease of 3.8% in the activity in Portugal, standing at 319.2 million euros in 2011, from 331.9 million euros posted in 2010, influenced favourably by the lower expenditure on advertising, other specialised services, outsourcing, communications, and maintenance and repair. This reduction of other administrative costs benefited from the impact of various initiatives implemented focused on the strict control of costs related to external supplies and services, as well as the optimisation of the distribution network to a total of 885 branches as at 31 December 2011 (892 branches at the end of 2010), under the strategic focus on a more comprehensive, integrated and transversal multichannel platform, enabling the reconfiguration of the branch network and optimisation of resources.

BRANCHES



In the international activity, other administrative costs stood at 265.3 million euros in 2011, showing a reduction of 1.7% from the 269.9 million euros recorded in 2010, supported fundamentally by the lower expenditure related to information technology services, rents and communications. This reduction reflects not only the abovementioned effect of the partial sale of the operations in Turkey and in the United States of America, but also the lower costs posted by the subsidiary company in Greece, which, as a whole, more than offset the increases recorded by Bank Millennium in Poland, Banco Millennium Angola and Millennium bim in Mozambique. In the international activity, other administrative costs also reflected the impact of the resizing of the distribution network, which evolved from 852 branches at the end of 2010 to 837 branches as at 31 December 2011, in particular in Greece, Romania and Poland, under the redefinition of the European operations, despite the expansion of the distribution network in both the Angolan and Mozambican markets, with a further 22 and 13 branches, respectively, reflecting the strategy to strengthen the operating platform in Angola and Mozambique.

Other administrative costs

Million euros

	2011	2010	2009	Chan. % 11/10
Water, electricity and fuel	22.3	21.2	19.9	4.8%
Consumables	7.0	7.7	7.7	-9.8%
Rents	148.4	151.0	147.6	-1.8%
Communications	39.5	43.3	44.4	-8.8%
Travel, hotel and representation costs	13.7	14.8	16.2	-8.0%
Advertising	38.9	43.8	39.7	-11.3%
Maintenance and related services	39.1	41.4	40.2	-5.6%
Credit cards and mortgage	16.0	16.6	14.8	-3.8%
Advisory services	24.0	20.5	20.0	16.9%
Information technology services	23.6	28.6	27.2	-17.4%
Outsourcing	90.7	92.0	77.1	-1.5%
Other specialised services	31.3	32.8	29.9	-4.4%
Training costs	3.1	2.9	2.9	6.9%
Insurance	19.2	17.9	14.6	7.4%
Legal expenses	12.3	8.3	7.8	48.4%
Transportation	11.1	10.1	11.2	8.9%
Other supplies and services	44.3	48.9	49.0	-8.6%
	584.5	**601.8**	**570.2**	**-2.9%**

Depreciation

The depreciation costs stood at 96.1 million euros in 2011, compared with 110.2 million euros posted in 2010, having benefited from the lower depreciation recorded for most items, in particular in depreciation associated to tangible assets.

The reduction of depreciation was influenced favourably by both the activity in Portugal and the international operations. In the activity in Portugal, the depreciation costs fell by 12.1% from 2010, reflecting, essentially, the evolution of depreciation related to equipment and buildings, following the progressive end of the depreciation period of the investments carried out, notwithstanding the increased depreciation of software, under the selective investment policy aimed at optimising and adapting the technological and application platform to business requirements, combined with improved operating efficiency.

The depreciation costs in the international activity, which represented 50% of the consolidated amount in 2011 (51% in 2010), decreased between 2010 and 2011, having been influenced by the abovementioned impact of the sale of the subsidiaries in Turkey and the in United States of America, and by the lower level of depreciation in the subsidiaries of Poland, Romania and Mozambique, despite the increase in depreciation costs recorded by Millennium bank in Greece, related to the depreciation of tangible assets allocated to closed branches, and by Banco Millennium Angola, as a result of the investments carried out under the strategy of organic growth in this geographical area.

Loan Impairment and Credit Recoveries

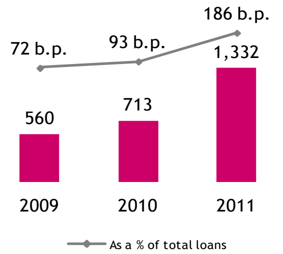
Loan impairment (net of recoveries) stood at 1,331.9 million euros in 2011, compared with the 713.3 million euros in 2010, as a result of the assessment of the loan portfolio in an adverse macroeconomic context, with impact on the deterioration of the financial situation of households and companies in various sectors of activity. In 2011, loan impairment (net of recoveries) includes a reinforcement of impairment charges in the amount of 381.0 million euros, as a result of the Special Inspections Programme in the scope of the Economic Adjustment Programme established with the Portuguese authorities and applied to the largest national banking groups.

The evolution of loan impairment (net of recoveries) incorporates the reinforcement of loan impairment charges in the activity in Portugal, influenced by the impact of the adjustment related to the special inspection referred to above and by the behaviour of the loan portfolio with signs of impairment, notwithstanding the implementation of initiatives aimed at mitigating the increase of default levels, in particular through the monitoring and the proactive management of risk prevention mechanisms, as well as through the renegotiation and strengthening of the collateral of impaired loans.

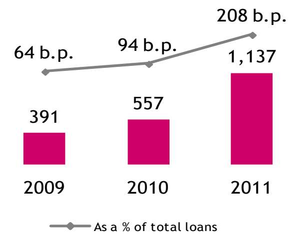
In the international activity, loan impairment (net of recoveries) was influenced by the higher level of impairment charges recorded by the subsidiaries in Greece, due to the deterioration in the macroeconomic environment and worsening of tension associated to sovereign debt, in Switzerland, reflecting the devaluation of financial collaterals, and, to a lesser extent, in Mozambique and Angola, following the expansion of the business volumes. Loan impairment charges at Bank Millennium in Poland decreased from 2010, having benefited from the improved quality of the loan portfolio, evidenced in a lower level of impairments associated to loans to companies and in the stabilisation of impairments related to loans to individuals.

The cost of risk, calculated by the proportion of loan impairment charges (net of recoveries) to the loan portfolio, stood at 186 basis points in 2011, compared with 93 basis points in 2010.

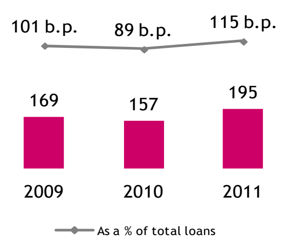
IMPAIRMENT CHARGES (NET)
Million euros



IMPAIRMENT CHARGES (NET)
Activity in Portugal
Million euros



IMPAIRMENT CHARGES (NET)
International activity
Million euros



Loan impairment charges (net of recoveries)

Million euros

	2011	2010	2009	Chan. % 11/10
Loan impairment charges	1,353.2	743.8	593.4	81.9%
Credit recoveries	21.3	30.5	33.4	-30.3%
	1,331.9	**713.3**	**560.0**	**86.7%**
Cost of risk:				
Impairment charges as a % of total loans	189 b.p.	97 b.p.	77 b.p.	92 b.p.
Impairment charges (net of recoveries) as a % of total loans	186 b.p.	93 b.p.	72 b.p.	93 b.p.

Other Impairment and Provisions

Other impairment and provisions aggregate the items of impairment charges associated with other financial assets, with other assets, in particular assets received as payment in kind resulting from the termination of loan contracts with customers, with goodwill, as well as charges for other provisions.

Other impairments and provisions stood at 825.1 million euros in 2011, compared with 227.8 million euros recorded in 2010. The total amount of other impairment and provisions fundamentally incorporates the recognition of impairment losses associated with Greek sovereign debt in the amount of 533.5 million euros and the accounting of impairment losses relative to the remaining goodwill of Millennium bank in Greece in the amount of 147.1 million euros (the same amount as recognised in 2010), following the process of regular assessment of the recoverable value of the goodwill of financial holdings recorded in the Group's assets, considering the estimated impact of the deterioration of the economic and financial situation of Greece and in accordance with the IAS 36 and the Group´s accounting policy.

At the same time, other impairment and provisions also include the behaviour of impairment charges for repossessed assets in the activity in Portugal which, under the regular process of revaluation of these assets, presented a decrease of their respective market value, as well as the increase in provisions charges associated to other commitments. In the international activity, other impairment and provisions fell in most of the subsidiaries, from 2010, in particular in Millennium bim in Mozambique, Banco Millennium Angola and Bank Millennium in Poland.

Income Tax

Income tax (current and deferred) amounted to -458.9 million euros in 2011, compared with 14.3 million euros in 2010.

This tax includes current tax costs amounting to 66.9 million euros (54.2 million euros in 2010), net of deferred tax income in the amount of 525.7 million euros (39.8 million euros in 2010).

The deferred tax income recorded in 2011 refers, above all, to the impairment losses that are not deductible for the purpose of calculation of the taxable profit for 2011 and the tax losses recorded for the year.

Non-controlling Interests

Non-controlling interests include the part attributable to third parties of the results of the subsidiary companies consolidated through the full method in which the Group does not hold, directly or indirectly, the entirety of their share capital.

Non-controlling interests reflect, essentially, the net income attributable to third parties related to the shareholdings in Bank Millennium in Poland, Millennium bim in Mozambique and Banco Millennium Angola, standing at 85.9 million euros in 2011, compared with the 59.3 million euros in 2010, driven by the increases in the net income recorded by all of these subsidiaries, in particular Millennium bim in Mozambique, followed by Bank Millennium in Poland and Banco Millennium Angola.

Review of the Balance Sheet

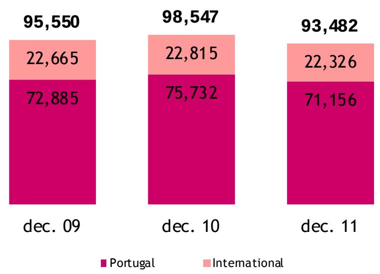
The unfavourable national macroeconomic context was reflected in the progressive deterioration of the financial situation of families and companies, expressed in a transversal and growing materialisation of credit risk throughout 2011 and in the simultaneous reduction of demand, especially by individuals, and greater selectivity in credit concession by financial institutions. At the same time, the aggravation of tensions and funding conditions in international funding markets created difficulties for the funding of the Portuguese State during the first half of the year and led to an important exposure of various banks to the national sovereign risk, which, on the one hand, was reflected in a higher vulnerability of the national banking sector, but which, on the other hand, strengthened its capacity to obtain stable funding at the European Central Bank (ECB) and the occasional refunding on the rep market, using the portfolio of eligible debt securities as collateral, especially relevant in a context of strong limitation of access to wholesale funding markets.

In particularly adverse economic and financial circumstances for the national banking system, Millennium bcp pursued, as noted above, a proactive management of its equity-to-assets structure, seeking, on the one hand, to adjust it to the new requirements arising from the Economic and Financial Assistance Programme to Portugal, namely the pursuit of very demanding targets defined for capital and loans-to-deposits ratios, aimed at strengthening soundness and gradual deleveraging over the next few years, and, on the other hand, to adjust it to the Group's strategic guidelines.

Total assets reached 93,482 million euros as at 31 December 2011, compared with 98,547 million euros recorded as at 31 December 2010.

TOTAL ASSETS

Million euros



Loans to customers, before loan impairment, decreased by 6.4%, to stand at 71,533 million euros as at 31 December 2011 (representing 76% of total assets), compared with the 76,411 million euros recorded at the end of the previous year. This evolution was fundamentally the result of the constraints mentioned above, with consequences on lower demand and higher selectivity in credit concession. Furthermore, the contraction of the loan portfolio was also influenced by the sale of various loan operations, which accelerated the deleveraging and enabled the release of funds with a view to finance customers.

The portfolio of securities, which represents 12.9% of total assets, decreased in terms of both financial assets held to maturity and financial assets held for trading and available for sale. In fact, the financial assets held to maturity fell by 23.5%, to stand at 5,160 million euros as at 31 December 2011 (6,745 million euros at the end of 2010), reflecting the lower exposure to Portuguese public debt securities and the impact of the recognition of impairment associated to Greek sovereign debt securities, as well as the redemption of bonds of national private issuers. In turn, the portfolio of financial assets held for trading and financial assets available for sale decreased to 6,919 million euros as at 31 December 2011 (7,709 million euros at the end of 2010), as a result of the progressive reduction of exposure to Portuguese public debt, incident on Treasury Bills and other securities, while the portfolio of Treasury Bonds and bonds of other public issuers was strengthened in 2011, as well as the lower exposure to Polish public debt.

Total liabilities decreased by 4.1%, standing at 89,108 million euros as at 31 December 2011, relative to the 92,935 million euros at the end of 2010, influenced fundamentally by the reduction of subordinated liabilities (-43.8%), other financial liabilities at fair value through profit or loss (-36.1%) and issued debt securities (-10.5%), which continued to be strongly constrained by the persistent limitation of access to wholesale funding markets, in spite of the Group having made various issues of bonds during 2011, with a view to strengthening the pool of assets eligible for rediscount at Central Banks. However, it should be highlighted that the overall effect was practically neutral on total liabilities, due to: i) the 11.7% decrease of deposits of Central Banks and other credit institutions to stand at a total of 17,723 million euros as at 31 December 2011 (20,077 million euros at the end of 2010), reflecting the lower use of funding from the ECB; and ii) the 4.2% increase of customer deposits, which reached 47,516 million euros (45,609 million euros at the end of 2010), as a result of the strategic focus of Millennium bcp on the reduction of the commercial gap and on the growth and attraction of customer balance-sheet funds.

Equity evolved from 5,612 million euros at the end of 2010 to 4,374 million euros as at 31 December 2011 (-1,238 million euros), including the effect of the increased share capital through incorporation of reserves and share premiums, through conversion of subordinated perpetual securities into ordinary shares and through public subscription offer reserved to shareholders, of the total amount of 1,370 million euros, whose net impact on equity stood at 260 million euros. However, the evolution of equity was influenced, above all, by the unfavourable impacts arising from: i) the recording in 2011 of negative net income of 849 million euros; ii) the exchange of perpetual debt instruments and preferred shares (-388 million euros); iii) the negative variation of the fair value reserves associated to the financial assets available for sale (-247 million euros), related, namely, to the portfolio of securities held by Millenniumbcp Ageas, in the proportion of the 49.0% stake held by the Group in this company, and to the portfolio of public debt securities and bonds of other national public issuers; and iv) the payment of the remuneration of preferred shares, in the amount of 57 million euros.

As referred to above, prior to the transfer to the General Social Security Scheme of the liabilities related to pensions for retired workers and pensioners, the Group decided to alter the accounting policy associated to the recognition of actuarial deviations. Pursuant to the IAS, this alteration was carried out with retroactive effect on 1 January 2010, whereby the entirety of the deferred actuarial deviations was recognised in the equity. Under the applicable rules, the Group restated the financial statements with reference to 1 January 2010 and 31 December 2010, for comparative purposes.

Balance Sheet at 31 december

million euros

	2011	2010	2009	Chan. % 11/10
Assets				
Cash and deposits at central banks and loans and advances to credit institutions	6,606	5,087	5,110	29.9%
Loans and advances to customers	68,046	73,905	75,191	-7.9%
Financial assets held for trading	2,145	5,136	3,357	-58.2%
Financial assets available for sale	4,774	2,573	2,699	85.5%
Financial assets held to maturity	5,160	6,745	2,027	-23.5%
Investments in associated companies	305	396	439	-22.9%
Non current assets held for sale	1,105	997	1,343	10.8%
Other tangible assets, goodwill and intangible assets	876	1,018	1,181	-14.0%
Current and deferred tax assets	1,617	1,010	609	60.2%
Other (1)	2,848	1,680	3,594	69.5%
Total Assets	**93,482**	**98,547**	**95,550**	**-5.1%**
Liabilities				
Deposits from Central Banks and from other credit institutions	17,723	20,077	10,306	-11.7%
Deposits from customers	47,516	45,609	46,307	4.2%
Debt securities issued	16,236	18,137	19,953	-10.5%
Financial liabilities held for trading	1,479	1,176	1,072	25.7%
Other financial liabilities at fair value through profit or loss	2,579	4,038	6,346	-36.1%
Non current liabilities held for sale	-	-	436	
Subordinated debt	1,147	2,039	2,232	-43.8%
Other (2)	2,428	1,859	1,678	30.6%
Total Liabilities	**89,108**	**92,935**	**88,330**	**-4.1%**
Equity				
Share capital	6,065	4,695	4,695	29.2%
Treasury stock	-11	-82	-86	-86.1%
Share premium	72	192	192	-62.7%
Preference shares	171	1,000	1,000	-82.9%
Other capital instruments	10	1,000	1,000	-99.0%
Fair value reserves	-390	-166	94	134.1%
Reserves and retained earnings	-1,242	-1,869	-244	-33.6%
Profit for the year attributable to shareholders	-849	344	225	-346.4%
Total equity attributable to Shareholders of the bank	**3,826**	**5,114**	**6,876**	**-25.2%**
Non-controlling interests	548	498	344	10.1%
Total Equity	**4,374**	**5,612**	**7,220**	**-22.0%**
Total Liabilities and Equity	**93,482**	**98,547**	**95,550**	**-5.1%**

(1) Includes Assets with repurchase agreement, Hedging derivatives, Investment property and Other assets.

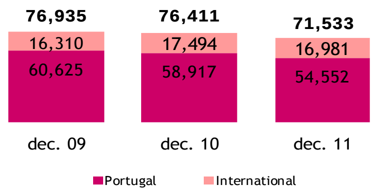
(2) Includes Hedging derivatives, Provisions for liabilities and charges, Current and deferred income tax liabilities and Other liabilities.

Loans and Advances to Customers

The unfavourable circumstances and strengthening of the regulatory requirements have led to greater selectivity in credit concession to customers, aimed at pursuing the objectives of reduction of the commercial gap and progressive deleveraging over the next few years. Millennium bcp has sought to adjust its value proposition to meeting the funding needs of customers in this new context, especially of companies, namely through the offer of innovative solutions for treasury management and export support, assistance regarding access to the available institutional credit lines, as well as added value services, in particular in the specialised credit area, supporting the business development of company customers.

LOANS AND ADVANCES TO CUSTOMERS (*)

Million euros



(*) Before loans impairment and excluding Millennium bank Turkey and Millennium bcpbank USA.

Loans to customers fell by 6.4%, standing at 71,533 million euros as at 31 December 2011, relative to the 76,411 million euros recorded as at 31 December 2010. This evolution was determined fundamentally by the retraction in the activity in Portugal (7.4%), simultaneously with the decrease recorded in the international activity from the end of 2010, in spite of the sustained increases in the loan portfolios of Millennium bim and Banco Millennium Angola, albeit still showing relatively modest volumes, but indicating the receptivity of the innovative value propositions offered by the Group in these markets which promise high potential growth.

The behaviour of loans to customers indicates the contraction both in terms of loans granted to companies (-9.4%), which stood at 36,728 million euros as at 31 December 2011, and to individuals (-3.0%), reflecting, on the one hand, the impact of the gradual deleveraging efforts in progress through, namely, the sale of specific loans, and, on the other hand, the deterioration of the confidence of companies and families expressed in the contraction of investment in durable goods and consequent decreased demand for funding.

Indeed, the slowdown in credit concession to individuals in 2011 resulted both from the lower demand for consumer credit and mortgage loans, due to the negative appraisal of the future evolution of disposable family income, and from the higher selectivity and requirements tied to the loans upon concession, namely the lower values of loans relative to the real value of the housing (guarantee), while the retraction in loans to companies continued to take place, essentially, in the activity sectors that are traditionally more dependent on the evolution of internal demand, such as services, commerce and construction.

Loans and advances to customers (*)

million euros

	2011	2010	2009	Chan. % 11/10
Individuals				
Mortgage loans	30,308	31,036	28,964	-2.3%
Consumer credit	4,497	4,846	5,083	-7.2%
	34,805	**35,882**	**34,047**	**-3.0%**
Companies				
Services	14,802	16,041	16,405	-7.7%
Commerce	4,254	4,603	5,205	-7.6%
Construction	4,991	5,091	5,453	-2.0%
Other	12,681	14,794	15,825	-14.3%
	36,728	**40,529**	**42,888**	**-9.4%**
Loans and Advances to Customers	**71,533**	**76,411**	**76,935**	**-6.4%**
Loans associated with assets partially sold (1)	-	-	413	
Total	**71,533**	**76,411**	**77,348**	

(*) Before loans impairment.

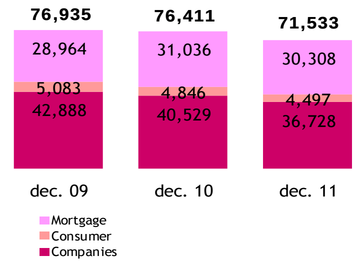
(1) Millennium bank Turkey and Millennium bcpbank USA.

Between 31 December 2010 and 31 December 2011, the structure of the loan portfolio maintained identical patterns of diversification, with loans to companies representing 51.3% of total loans granted, while loans to individuals represented 48.7% of the portfolio of loans to customers.

Loans to individuals stood at 34,805 million euros as at 31 December 2011, having decreased by 3.0% relative to the 35,882 million euros recorded at the end of 2010, determined by the reduction of both consumer credit and mortgage loans, although with a preponderance in volume of mortgage loans, which represented 87.1% of loans to individuals, reaching a total of 30,308 million euros as at 31 December 2011.

LOANS AND ADVANCES TO CUSTOMERS (*)

Million euros



(*) Before loans impairment and excluding Millennium bank Turkey and Millennium bcpbank USA.

The evolution of mortgage loans in 2011 was essentially influenced by the performance of the activity in Portugal (-3.4%), constrained by the particularly adverse economic and financial situation, since the international activity recorded a slight increase (0.4%) relative to the end of 2010, determined above all by the subsidiaries in Poland, Romania and Mozambique.

Consumer credit stood at 4,497 million euros as at 31 December 2011, compared with the 4,846 million euros at the end of 2010, preserving, however, its relative weight (6.3%) in the structure of the portfolio of loans granted to customers. Both the activity in Portugal, which fell by 8.0% relative to the end of 2010, and the international activity (-6.0%) contributed to this evolution, influenced by the performance of the operations in Poland and Greece, in spite of the strong buoyancy in consumer credit demonstrated by Millennium bim.

Loans to companies stood at 36,728 million euros as at 31 December 2011, compared with the 40,529 million euros as at the same date of 2010. The trend of slowdown in loan concession to companies was exacerbated during 2011 by the effect of the beginning of the process of deleveraging of the national economy, both through the adjustment of company balance sheets and reduction of banking indebtedness levels in order to achieve more stable funding structures, and through the greater limitation of bank access to funding in financial markets and consequent greater selectivity in loan concession, although Millennium bcp has continued to support company customers with business and investment plans that are sustainable in the long term.

In this context, particular reference should be made to the support offered to exporting companies and companies with internationalisation strategies, as well as the support to enterprising businesses and initiatives and the participation in the credit lines to Small and Medium-sized Enterprises (SME), namely under the protocols signed with IAPMEI and PME Investimentos, especially in the PME Investe/QREN and Export Investe programmes. The performance of the loans to companies was influenced both by the activity in Portugal, which fell by 10.1%, with special incidence on the Corporate and Companies Banking networks, and by the international activity, notwithstanding the higher levels of loans granted to companies by the subsidiaries in Mozambique and Angola.

Loans and advances to customers (*)

million euros

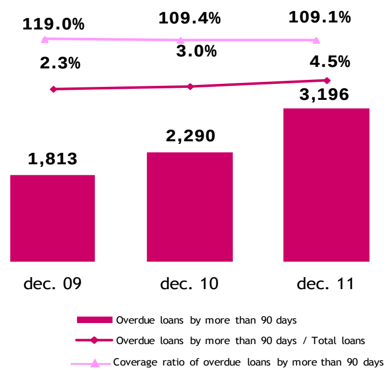
	2011	2010	2009	Chan. % 11/10
Mortgage loans				
Activity in Portugal	21,768	22,533	21,518	-3.4%
International Activity	8,540	8,503	7,446	0.4%
	30,308	**31,036**	**28,964**	**-2.3%**
Consumer credit				
Activity in Portugal	2,689	2,922	3,305	-8.0%
International Activity	1,808	1,924	1,778	-6.0%
	4,497	**4,846**	**5,083**	**-7.2%**
Companies				
Activity in Portugal	30,094	33,461	35,802	-10.1%
International Activity	6,634	7,068	7,086	-6.1%
	36,728	**40,529**	**42,888**	**-9.4%**
Loans and Advances to Customers				
Activity in Portugal	54,552	58,917	60,625	-7.4%
International Activity	16,981	17,494	16,310	-2.9%
	71,533	**76,411**	**76,935**	**-6.4%**
Loans associated with assets partially sold (1)	-	-	413	
Total	**71,533**	**76,411**	**77,348**	

(*) Before loans impairment.
(1) Millennium bank Turkey and Millennium bcpbank USA.

The quality of the loan portfolio, assessed by the levels of the default indicators, namely by the proportion of loans overdue by more than 90 days relative to total loans, stood at 4.5% as at 31 December 2011 (3.0% as at 31 December 2010), reflecting the progressive deterioration of the economic and financial situation of families and companies, expressed in the growing materialisation of credit risk throughout 2011, notwithstanding the reinforcement of the risk prevention and control mechanisms and endeavours of integrated action of the commercial areas in strict coordination with the loan recovery areas.

The ratio for loans overdue by more than 90 days covered by impairments stood at 109.1% as at 31 December 2011, compared with 109.4% as at the same date of 2010, showing practically stable coverage levels, relative to the end of 2010, both in the activity in Portugal and international activity.

CREDIT QUALITY
Million euros



Non-performing loans which, pursuant to Instruction number 23/2011 of the Bank of Portugal, includes loans overdue by more than 90 days and doubtful debt reclassified as overdue for the effect of provisioning, accounted for 6.2% of total loans as at 31 December 2011, compared with 4.5% recorded as at the same date of 2010. In turn, credit at risk, calculated under the terms defined in the said instruction of the Bank of Portugal, stood at 10.1% of total loans as at 31 December 2011.

Credit quality

million euros

	2011	2010	2009	Chan. % 11/10
Loans and advances to customers (*) (1)	71,533	76,411	76,935	-6.4%
Overdue loans (>90 days)	3,196	2,290	1,813	39.6%
Overdue loans	3,476	2,500	2,032	39.1%
Impairments (balance sheet) (1)	3,488	2,506	2,146	39.2%
Overdue loans (>90 days) / Loans and advances to customers (*)	4.5%	3.0%	2.3%	
Overdue loans / Loans and advances to customers (*)	4.9%	3.3%	2.6%	
Coverage ratio (Overdue loans > 90 days)	109.1%	109.4%	119.0%	
Coverage ratio (Overdue loans)	100.3%	100.2%	106.1%	
Instruction nr. 23/2011 of the Bank of Portugal				
Total loans	71,723	76,475	77,326	
Overdue loans according to Bank of Portugal	4,414	3,421	2,601	29.0%
Credit at risk	7,211	5,430	4,611	
Impairments	3,488	2,506	2,157	39.2%
Overdue loans (>90 days) + doubtful loans as a % of total loans	6.2%	4.5%	3.4%	
Overdue loans according to Bank of Portugal, net / Total loans, net	1.4%	1.2%	0.6%	
Credit at risk / Total loans	10.1%	7.1%	6.0%	
Credit at risk, net / Total loans, net	5.5%	4.0%	3.3%	

(*) Before loans impairment.

(1) In 2009 excludes loans associated with assets partially sold - Millennium bank Turkey and Millennium bcpbank USA.

Overdue loans by more than 90 days stood at 3,196 million euros as at 31 December 2011, compared with 2,290 million euros at the end of 2010, reflecting, to some extent, the impact of the budgetary adjustment process and contraction of economic activity in Portugal, with consequences on increased unemployment and higher materialisation of credit risk in 2011. The portfolio of overdue loans evolved differently in the Group's operations, having deteriorated particularly in the activity in Portugal and in Millennium Bank in Greece and developed favourably in Bank Millennium in Poland.

Overdue loans granted to companies represented 73.9% of the total overdue loans in the portfolio as at 31 December 2011, with the greatest incidence being in the services, construction and commerce sectors. The ratio of overdue loans granted to companies, measured as a percentage of the total loans granted to companies deteriorated to 7.0% (4.4% as at 31 December 2010), also reflecting the effect of the decreased denominator due to the deleveraging process in progress, but showing a level of coverage by impairments recorded on the balance sheet of 104.3%.

For loans granted to individuals, overdue consumer credit and mortgage loans represented 19.2% and 6.9%, respectively, of the total overdue loans in the portfolio, with a ratio of overdue consumer credit to total consumer credit deteriorating to 14.8%, compared with 10.2% at the end of 2010, while the ratio of overdue mortgage loans remained practically stable in relation to the end of the previous year, standing at 0.8% as at 31 December 2011.

Overdue loans and impairments as at 31 December 2011

million euros

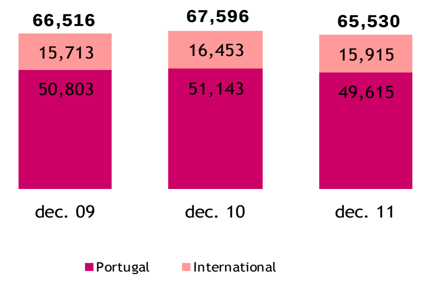
	Overdue loans	Impairment for loan losses	Overdue loans/Total loans	Coverage ratio
Individuals				
Mortgage loans	239	257	0.8%	107.6%
Consumer credit	667	550	14.8%	82.5%
	906	807	2.6%	89.1%
Companies				
Services	796	964	5.4%	121.2%
Commerce	413	339	9.7%	82.1%
Construction	708	389	14.2%	54.9%
Other international activities	55	472	1.9%	861.0%
Other	598	517	6.2%	86.2%
	2,570	2,681	7.0%	104.3%
Total	**3,476**	**3,488**	**4.9%**	**100.3%**

Customer Funds

The focus on growth and the retention of balance sheet customer funds became especially important during 2011, contributing not only to the materialisation of the imperatives of reduction of the commercial gap and deleveraging regarding customer funds, but also to the strengthening of the Group's sources of stable funding, in view of the persistent limitation of access to medium and long term transactions in wholesale funding markets. In this context, Millennium bcp strengthened the offer of solutions concerning programmed small savings and low risk investment with attractive yields, especially targeting individual customers but also adjusted to companies, so as to ensure both the expansion of its customer base and internalisation in the balance sheet of the portfolio of off-balance-sheet funds at the time of their maturity and redemption, through the offer of attractive financial investments, preferably term deposits and structured products, in a context of heavy competitive intensification.

TOTAL CUSTOMER FUNDS

Million euros



Total customer funds

million euros

	2011	2010	2009	Chan. % 11/10
Balance sheet customer funds				
Deposits	47,516	45,609	45,822	4.2%
Debt securities	5,544	5,733	4,685	-3.3%
	53,060	**51,342**	**50,507**	**3.3%**
Off balance sheet customer funds				
Assets under management	3,739	4,459	4,887	-16.2%
Capitalisation products (1)	8,731	11,795	11,122	-26.0%
	12,470	**16,254**	**16,009**	**-23.3%**
Total customer funds	**65,530**	**67,596**	**66,516**	**-3.1%**
Customer funds associated with assets partially sold (2)	-	-	486	
Total	**65,530**	**67,596**	**67,002**	

(1) Includes Unit linked and Retirement savings deposits.
(2) Millennium bank Turkey and Millennium bcpbank USA.

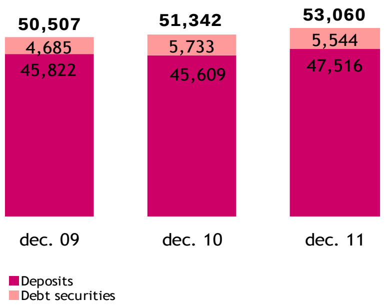
Total customer funds reached 65,530 million euros as at 31 December 2011, relative to the 67,596 million euros recorded as at the same date of 2010. This evolution was determined by the behaviour of the assets under management and capitalisation products, in spite of the 3.3% increase in balance sheet customer funds.

In the activity in Portugal, total customer funds stood at 49,615 million euros at 31 December 2011, compared with the 51,143 million euros as at 31 December 2010, although it should be noted in particular that total customer funds increased in the Corporate network. In the international activity, total customer funds fell by 3.3%, to stand at 15,915 million euros at the end of 2011, determined fundamentally by the performance of Bank Millennium in Poland, both in terms of balance sheet funds and off-balance sheet funds, and also influenced by the currency conversion effect of the devaluation of the zloty against the euro and by Millennium Bank in Greece, in spite of the growth achieved by Millennium bim in Mozambique (+35.0%) and Banco Millennium Angola (46.9%), embodying the continued focus on the attraction of customer deposits in these markets.

Balance sheet customer funds increased by 3.3%, reaching a total of 53,060 million euros as at 31 December 2011, relative to the 51,342 million euros at the end of 2010, especially reflecting the growth of customer deposits (+4.2%), materialising the focus on the attraction and retention of balance sheet funds, aimed at reducing the commercial gap and, at the same time, increasing the funding of loans to customers using deposits, by boosting the marketing of long term deposits offering attractive yields and adapted to customer needs, notwithstanding the placement of other savings products which might strengthen customer funds of a stable character. Customer deposits grew by 4.2%, reaching 47,516 million euros as at 31 December 2011, relative to the

BALANCE SHEET CUSTOMER FUNDS

Million euros



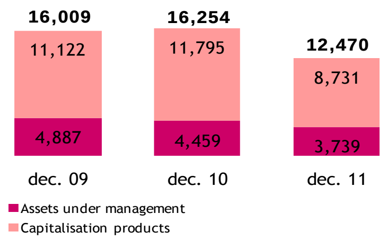
45,609 million euros as at the same date of 2010, driven by the activity in Portugal which increased by 7.2% and, regarding the international activity, by the performance of Millennium bim in Mozambique and Banco Millennium Angola.

Debt securities owed to customers amounted to 5,544 million euros at the end of 2011, compared with 5,773 million euros as at 31 December 2010, reflecting a relative contraction in the placement of structured products, albeit indicating a preference for longer term investments, under the commercial effort directed towards the attraction of stable customer funds.

Off-balance sheet customer funds stood at 12,470 million euros as at 31 December 2011, compared with the 16,254 million euros recorded as at the same date of 2010. This evolution was determined by the unfavourable performance of both the assets under management and capitalisation products during 2011, indicating, on the one hand, the uncertainty and volatility of the capital markets with impact on the depreciation of the asset portfolios as well as on the redirecting of savings to assets not subject to market fluctuations and of lower risk, and, on the other hand, the focus referred to above on the attraction of balance sheet customer funds.

OFF BALANCE SHEET CUSTOMER FUNDS

Million euros



The assets under management stood at 3,739 million euros as at 31 December 2011 (4,459 million euros at the end of 2010), reflecting the persistent instability and volatility of the capital markets, with strong impact on the asset management industry. This evolution was driven by the performance of both the activity in Portugal, in spite of the commercial involvement of the Bank's networks in the placement of investment funds and fostering of options targeting the investment of small savings, of low risk and aimed at customers with a conservative profile, such as the Special Investment Fund (FEI) and Millennium Extra Treasury III, and the international activity, concerning Millennium bank in Greece and Bank Millennium in Poland.

The capitalisation products stood at 8,731 million euros as at 31 December 2011 (11,795 million euros at the end of 2010), evidencing the divestment of unit linked capitalisation products and the lower attractiveness and demand for products which traditionally received tax benefits, in particular the retirement saving plans.

Total customer funds

million euros

	2011	2010	2009	Chan. % 11/10
Balance sheet customer funds				
Activity in Portugal	37,948	35,945	35,999	5.6%
International Activity	15,112	15,397	14,508	-1.9%
	53,060	**51,342**	**50,507**	**3.3%**
Off balance sheet customer funds				
Activity in Portugal	11,668	15,198	14,804	-23.2%
International Activity	802	1,056	1,205	-24.0%
	12,470	**16,254**	**16,009**	**-23.3%**
Total customer funds				
Activity in Portugal	49,615	51,143	50,803	-3.0%
International Activity	15,915	16,453	15,713	-3.3%
	65,530	**67,596**	**66,516**	**-3.1%**
Customer funds associated with assets partially sold (1)	-	-	486	
Total	**65,530**	**67,596**	**67,002**	

(1) Millennium bank Turkey and Millennium bcpbank USA.

Amounts Owed To and By Credit Institutions

Amounts owed to credit institutions and Central Banks minus amounts owed by credit institutions stood at 13,233 million euros as at 31 December 2011, compared with the 16,474 million euros recorded as at the same date of 2010. This evolution essentially reflects the lower net exposure of the Group to the European Central Bank, relative to the end of the previous year, as a result of the strategic focus of Millennium bcp on growth and attraction of balance sheet customer funds and on the reduction of the commercial gap, where the goal is not only to reduce funding needs but also to strengthen stable funding, in a context of limitation of access to interbanking and wholesale funding markets, characteristic of the last few years.

The "Funding and Liquidity" chapter presents an analysis of the main lines of action of Millennium bcp concerning liquidity management, with a view to compliance with the targets of the liquidity plan for 2011 and covering its occasional revaluation in response to alterations in national and international economic and financial circumstances, so as to ensure the timely and full coverage of the activity's funding requirements in the medium term.

Financial Assets Held for Trading and Financial Assets Available for Sale

The financial assets held for trading and available for sale stood at 6,919 million euros as at 31 December 2011, compared with the 7,709 million euros as at the same date of 2010. This development was driven fundamentally by the progressive reduction of exposure to Portuguese sovereign debt, especially during the second half of the year, incident on Treasury Bills and other public debt securities, while the portfolio of Treasury Bonds and bonds of other public issuers was strengthened in 2011, as well as the lower exposure to Polish public debt.

The portfolio of fixed income securities, composed mainly of Treasury Bills and other public debt securities and bonds of public issuers, which represent 80% of the fixed yield portfolio and 62% of the total portfolio, stood at 5,322 million euros as at 31 December 2011, having decreased by 17.2% in relation to the 6,430 million euros recorded as at the same date of 2010, explained by the abovementioned reduction of exposure to Portuguese and Polish sovereign debt, albeit also incorporating the strengthening of Angolan and Mozambican public debt securities.

Variable income securities stood at 282 million euros as at 31 December 2011, compared with the 208 million euros recorded at the end of 2010, indicating above all the strengthening of investment fund units in the portfolio.

Trading derivatives stood at 1,320 million euros as at 31 December 2011, having increased by 22.7% in relation to the 1,076 million euros recorded at the end of 2010, essentially indicating the higher volume of trading of loan derivatives and interest rate swaps in 2011.

Assets held for trading and available for sale as at 31 december

million euros

	2011		2010		2009		Chan. %
	Amount	% in total	Amount	% in total	Amount	% in total	11/10
Fixed income securities							
Treasury Bills and other Government bonds	2,612	37.8%	3,231	41.9%	1,191	19.7%	-19.2%
Bonds issued by Government and public entities (Portuguese)	1,017	14.7%	932	12.1%	149	2.5%	9.1%
Bonds issued by Government and public entities (foreign issuers	654	9.5%	1,156	15.0%	1,084	17.9%	-43.4%
Bonds issued by other Portuguese entities	385	5.6%	225	2.9%	1,177	19.4%	71.1%
Bonds issued by other foreign entities	654	9.5%	886	11.5%	576	9.5%	-26.2%
	5,322	**76.9%**	**6,430**	**83.4%**	**4,177**	**69.0%**	**-17.2%**
Variable income securities							
Shares in Portugueses companies	72	1.0%	56	0.7%	124	2.0%	28.6%
Shares in foreign companies	66	1.0%	71	0.9%	271	4.5%	-7.0%
Investment fund units	144	2.1%	81	1.1%	340	5.6%	77.8%
Other variable income securities	-		-		2		
	282	**4.0%**	**208**	**2.6%**	**737**	**12.1%**	**35.6%**
Impairment for overdue securities	**(5)**		**(5)**		**(5)**		**-**
Trading derivatives	**1,320**	**19.1%**	**1,076**	**14.0%**	**1,147**	**18.9%**	**22.7%**
	6,919	**100.0%**	**7,709**	**100.0%**	**6,056**	**100.0%**	**-10.2%**

Other On-Balance Sheet Items

Other on-balance-sheet items, which include assets with repurchase agreement, hedging derivatives, investments in associates, investment properties, non-current assets held for sale, other tangible assets, goodwill and intangible assets, current and deferred tax assets, and other assets, represented 7.2% of total consolidated assets, amounting to 6,751 million euros as at 31 December 2011, compared with the 5,100 million euros as at 31 December 2010. This evolution is explained essentially by: i) the recognition, in 2011, of impairment relative to the goodwill of Millennium bank in Greece, recorded under the item of goodwill and intangible assets; ii) the deferred tax assets recorded in 2011 related to temporary differences, arising, fundamentally, from impairment losses, costs related to retirement pensions and reported tax losses; and iii) by the increased balance of other assets as at 31 December 2011, explained mainly by the financial liquidation to take place in the beginning of 2012 related to operations with securities and loan sales.

Further information and details on the composition and evolution of the abovementioned items are described in Notes 24 to 32 to the Consolidated Financial Statements, in Volume II of the Annual Report for 2011.

PENSION FUND

The Group has undertaken the responsibility to pay its employees pensions upon retirement or due to disability and other obligations, complying with the terms established in the Collective Labour Agreement of the Banking Sector (ACT). The Group's liabilities are essentially covered by the Pension Fund of Banco Comercial Português managed by PensõesGere - Sociedade Gestora de Fundo de Pensões, S.A..

During 2011, a Tripartite Agreement was established between the Government, the Portuguese Association of Banks and the Unions of the banking workers on the transfer to Social Security of the liabilities related to pensions paid to current retired workers and pensioners.

This agreement established that the liabilities to be transferred correspond to the pensions being paid as at 31 December 2011, at constant values (0% updating rate) of the component laid forth in the Collective Labour Regulation Instrument (IRCT) of retired workers and pensioners. The liabilities relative to the updating of pensions, to supplementary benefits to pensions to be undertaken by Social Security, to the contributions to the SAMS (Social Health Assistance Service) for retirement and survivors' pensions, to death grants and to deferred survivors' pensions continue to be the responsibility of the Institutions with the funding being ensured through their respective Pension Funds.

The transferred liabilities were determined based on actuarial assumptions that are different from those used by the Group, namely with respect to the discount rate (4%) and mortality table (TV 88/90 for women and TV 73/77 aggravated by 1 year for men). These assumptions were determined in a perspective of liquidation of liabilities ("exit value") since this involves a definitive and irreversible transfer of these liabilities implying differences in view of the assumptions used in the determination of the liabilities reflected in the financial assumptions prepared in accordance with the requirements of IAS 19 - Employee Benefits. The total value of the transferred liabilities reached 2,747 million euros. The financial liquidation of 55% of the operation, of the value of 1,510 million euros, took place before 31 December 2011, and the remaining value will be transferred in the first semester of 2012.

The liabilities related to retirement pensions had been totally funded and at levels above the minimum limits defined by the Bank of Portugal, presenting a coverage level of 111%. As at 31 December 2011, the liabilities related to the Pension Fund reached 2,452 million euros, compared with 5,322 million euros recorded as at 31 December 2010, reflecting a significant reduction due to the transfer of part of the liabilities to Social Security.

In 2011, the Pension Fund recorded a negative rate of return of 0.7% following the adverse behaviour of the markets and, in particular, of the performance of the capital market in Portugal. Since the liquidation of the transferred liabilities is carried out in cash or public debt valued at market prices, the remaining assets in the Pension Fund corresponding to the non-transferred liabilities present a composition which is substantially different from that recorded as at 31 December 2010.

IAS 19 permits two alternatives for the accounting treatment of actuarial deviations. Up to June 2011, the Group had adopted the corridor method, where unrecognised actuarial gains and losses exceeding 10% of the greater value between the present value of the defined liabilities and the fair value of the Fund's assets were recognised against profit or loss according to the estimated remaining working life of the active employees.

At the same time, IAS 19 Employee Benefits also establishes the use of the method of the direct recognition in equity of actuarial deviations. At the end of 2011 the Group decided to alter its accounting policy, and now recognises the actuarial deviations for the year against reserves. According to IAS 8, this alteration of the accounting policy is presented as of 1 January 2010, whereby the entirety of the deferred actuarial deviations is recognised in equity on that date. Hence, as of 31 December 2011, inclusively, the Group no longer records actuarial deviations in the Balance Sheet.

For prudential effects, the Bank of Portugal authorised the maintenance of the corridor for the liabilities not transferred to Social Security as well as the amortisation method defined for deferred adjustments related to the pension fund ("Extended corridor"), with the exception of those arising from the actuarial deviations recorded in 2008, of the value corresponding to the liabilities transferred to Social Security. As at 31 December 2011, the value of the corridor relevant only for prudential effects reached 245 million euros.

CAPITAL

Following Millennium bcp's request, Bank of Portugal formally authorized the adoption of the methodologies based on internal notation approach (IRB) for the calculation of capital requirements for credit and counterparty risks, covering a substantial part of the risks from the activity in Portugal, as from 31 December 2010. In the scope of the roll-out plan for the calculation of capital requirements for credit and counterparty risk under IRB approaches and following the request submitted by the Bank, the Bank of Portugal formally authorised the extension of this methodology to the subclasses of risk "Renewable Retail Positions" and "Other Retail Positions" in Portugal with effect as from 31 December 2011.

Capital requirements: calculation methods and scope of application (1)

	31-12-2011	31-12-2010
Credit risk and counterparty credit risk		
Retail		
- Loans secured by residential or commercial real estate	IRB Advanced	IRB Advanced
- Small companies	IRB Advanced	IRB Advanced
- Renewable Retail Positions	IRB Advanced	Standardised
- Other Retail Positions	IRB Advanced	Standardised
Companies	IRB Foundation (2)	IRB Foundation (2)
Other loans and advances	Standardised	Standardised
Market risk		
Debt instruments	Internal Models	Internal Models
Equity securities	Internal Models	Internal Models
Foreign exchange risk	Internal Models	Internal Models
Commodities risk	Standardised	Standardised
Operational risk	Standard	Standard

(1) The scope of application of the IRB approach and Internal Models is limited to the exposures in the perimeter managed centrally from Portugal, excluding the Standard method of operational risk, whose adoption was authorised in 2009 for application on a consolidated basis.

(2) Exposures derived from the real estate promotion segment and simplified rating system, while belonging to the Companies risk category, are weighted by the Standardised approach.

Core Tier I came to 9.3% as at 31 December 2011, above the minimum threshold defined by the Bank of Portugal (9%), having increased 260 basis points compared to 6.7% as reported at the end of 2010.

The success of the operations to reinforce Core Tier I undertaken in 2011 and the reduction of risk-weighted assets, supported by deleveraging and the optimisation and reinforcement of the collateral, contributed positively to the evolution of Core Tier I ratio.

At the end of 2011, relative to the value determined at the end of 2010, Core Tier I increased by 1,169 million euros, with emphasis on:

- The increase in the share capital of the Bank by 990 million euros, concluded in June 2011 within the scope of the general public tender offer for perpetual subordinated debt securities with conditional coupons.
- The increase in the share capital by cash entries in June 2011, with preferential shareholder rights, in the amount of 260 million euros.
- The exchange offer for holders of subordinated debt and preference shares, which took place in September and October 2011 and enabled Core Tier 1 to increase by 539 million euros, of which 98 million euros through profit and loss and the remainder in reserves.
- The positive effects as a result of, on the one hand, the decrease in prudential deduction associated to own credit risk of 117 million euros, reflecting the acquisition of own debt recorded at fair value and, on the other hand, the increase in minority interests of 49 million euros, supported by the higher level of results posted in the subsidiaries in Poland, Mozambique and Angola.

- Net income for the year which, in spite of having been negative by 849 million euros, had a negative impact of only 314 million euros on Core Tier 1 of 31 December 2011, since it includes a total of 535 million euros which were not reflected in capital, in compliance with the rules laid down by the Bank of Portugal.
- The costs which were not reflected in core tier 1 of 31 December include: i) 147 million euros related to the depreciation of goodwill of the subsidiary in Greece, which had no impact on capital since goodwill had already been deducted; and ii) 388 million euros, net of taxes, relative to the partial transfer of pensions to the General Social Security Regime (117 million euros) and the Special Inspections Programme (271 million euros), which were subject to prudential neutralisation in December 2011 in compliance with Bank of Portugal Notice no. 1/2012.
- The component of the net income of 2011 which had a negative impact on Core Tier I (314 million euros) was determined by the gain of 98 million euros recognised with the scope of the exchange offer previously mentioned and by the cost of 409 million euros, after taxes, as a result of the recording of impairment losses corresponding to an average of 77.3% of exposure to Greek public debt.
- The negative impact of 289 million euros related with the Pension Fund, calculated after the neutralisation of the effects of the partial transfer of pensions to the General Social Security Regime and of the corridor due to the non-transferred liabilities, of which -64 million euros resulted from the actuarial differences calculated in 2011, including the effects of the change in assumptions and the variation of the Pension Fund corridor, and -225 million euros were due to the regulatory amortisation of the deferred adjustments related to the transition to IAS/IFRS, the change undertaken to the mortality table in 2005 and the actuarial losses recorded in 2008.
- The negative impacts associated to other prudential filters, namely the impairment shortfall relative to the regulatory provisions of exposures treated by the standardised approach (-57 million euros), the deduction of 21% of the nominal value of Greek public debt not covered by impairment (-16 million euros) and the deposits with high interest rates, pursuant to Bank of Portugal Instruction no. 28/2011 (-10 million euros).
- The effects on consolidated reserves as a result of the variation in fair value reserves of Millenniumbcp Ageas, the change in the accounting policy of the Pension Fund, the payment of remunerations of hybrid products, exchange rate differences and other which, in aggregate terms, contributed to a decrease of 2 million euros.

Risk-weighted assets registered, between the end of 2010 and December 2011, a decrease of 4,109 million euros, essentially reflecting the following impacts:

- The reduction of 4,649 million euros of credit risk-weighted assets and counterparty risk-weighted assets associated with the business, supported by deleveraging, reflected in the decrease of the value of consolidated assets by 6,513 million euros, and in the optimisation and reinforcement of the collateral undertaken during 2011.
- The decrease of 750 million euros resulting from the extension of the application of internal rating models (IRB) to "Retail Revolving Exposures" and "Other Retail Exposures" risk sub-classes in Portugal, formally authorised by the Bank of Portugal with effect from 31 December 2011 within the framework of the gradual adoption of IRB methodologies to calculate capital requirements for credit and counterparty risk.
- The regulatory changes imposed by the Bank of Portugal in 2011, influenced in particular by the reduction of the average weights of the regional and local governments and of the sovereign risks of Angola and Mozambique, whose total value resulted in a reduction of 378 million euros.
- The reductions of market risk-weighted assets by 41 million euros and of risk-weighted assets for operational risk coverage by 294 million euros.
- The changes arising from the Special Inspections Programme, which led to an increase of 664 million euros.
- The downgrades of the rating of the Portuguese Republic, which worsened the value of risk-weighted assets by 1,340 million euros.

Million euros

	2011 IRB	2010 IRB	2009 Standardised
Risk weighted assets			
Credit risk	50,908	54,681	61,059
Risk of the trading portfolio	566	608	350
Operational risk	3,981	4,275	4,360
Total	55,455	59,564	65,769
Own funds			
Core Tier I	5,135	3,966	4,187
Preference shares and Perpetual Subordinated Debt Securities with Conditioned Coupons	173	1,935	1,934
Other deductions (1)	(520)	(446)	(19)
Tier I Capital	4,788	5,455	6,102
Tier II Capital	613	774	1,566
Deductions to Total Regulatory Capital	(138)	(113)	(127)
Total Regulatory Capital	5,263	6,116	7,541
Solvency ratios			
Core Tier I	9.3%	6.7%	6.4%
Tier I	8.6%	9.2%	9.3%
Tier II	0.9%	1.1%	2.2%
Total	**9.5%**	**10.3%**	**11.5%**

(1) Includes deductions related to the shortfall of the stock of impairment to expected losses and significant shareholdings in unconsolidated financial institutions, in particular to the shareholdings held in Millenniumbcp Ageas and Banque BCP (France and Luxembourg).

Note: The Bank received authorisation from the Bank of Portugal to adopt IRB approaches for the calculation of capital requirements for credit and counterparty risks, covering a substantial part of the risks from the activity in Portugal, as from 31 December 2010. Estimates of the probability of default and the loss given default (IRB Advanced) were used for retail exposures to small companies and exposures collateralised by commercial and residential real state, and estimates of the probability of default (IRB Foundation) were used for corporate exposures, excluding property development loans and entities from the simplified rating system. In the scope of the Roll-Out Plan for the calculation of capital requirements for credit and counterparty risk under IRB approaches and following the request submitted by the Bank, the Bank of Portugal formally authorised the extension of this methodology to the subclasses of risk “Renewable Retail Positions” and “Other Retail Positions” in Portugal with effect as from 31 December 2011.

FUNDING AND CAPITAL PLAN

In April 2011, following the increased funding difficulties of the Portuguese State on the international market and the domestic political uncertainty, the Government issued a formal request to the European Authorities and International Monetary Fund (IMF) for the preparation and implementation of an economic and financial assistance plan. In May 2011, the Government, with the support of the main Portuguese political parties, agreed to an Economic Adjustment Programme (Programme) jointly supported by the IMF and European Union (EU).

The Programme's component dedicated to the financial sector seeks to promote the stability of the financial system through supporting measures and mechanisms concerning capital strengthening and access to funding. The main implications of the Programme result in the need to: i) implement a continuous deleveraging process via reduction of the loan portfolio; ii) reduce funding from the Eurosystem during the period of the programme; iii) achieve a loans-to-deposits ratio of 120% by the end of 2014; and iv) comply with the new solvency requirements, namely the Core Tier 1 ratio of 9% by December 2011 and 10% by December 2012. Additionally, and in terms of EBA's analysis, it was established additional solvency requirements, namely Core Tier I ratio of 9% by June 2012 (including the valuation of public debt at market prices and additional deductions to Core own funds, related to financial holdings in financial institutions) and 10% by the end of 2012. Lastly, worth should be noted to the scheduled transition to Basel III, as of 1 January 2014. The banks submitted capital reinforcement plans to the Bank of Portugal, including the possible need to use public capital, in January 2012. This Programme thus seeks to provide mechanisms to support capital and liquidity, helping and ensuring a controlled deleveraging of the economy and the continued stability of the Portuguese financial system.

Clear deleveraging targets were agreed under the Programme, with the eight largest banks of the national banking system (a group in which the BCP is included) having been requested to prepare a Funding and Capital Plan which, based on market conditions, should identify their plans for funding and capital strengthening in the short and medium term, including any possible redefinition of the organisation's structure, in order to achieve a stable financial position in the future. It should be emphasised that other banks not included in the abovementioned group with considerable funding imbalances and high dependence on funding from the Eurosystem may also receive instructions to reduce their exposure to the Eurosystem during the time horizon of the programme.

The Funding and Capital Plans to be submitted to the Bank of Portugal will be on a quarterly frequency, aimed at ensuring the regular monitoring of the deleveraging and solvency process. These updates will be based on macroeconomic scenarios defined by the Bank of Portugal, and on the more recent information of the banks on a consolidated basis. This updating process will be enforced over the entire period of the Programme.

Up to date, the following documents were drawn up and submitted to the Bank of Portugal, based not only on the prospects of evolution of the Bank's activity, but also on assumptions and criteria defined by the Bank of Portugal:

- First version of the Funding and Capital Plan with information as at 30 June 2011 (Initial Version);
- Quarterly update of the Initial Version of the Funding and Capital Plan with information as at 30 September 2011 (1st Update);
- Stress test defined by the Bank of Portugal, based on the 1st Update (1st Stress Test);
- Quarterly update of the 1st Update of the Funding and Capital Plan with information as at 31 December 2011 (2nd Update).

For compliance with this requirement, Millennium bcp constituted an internal team, with steering at the Executive Board of Directors. This team, led by the Chief Financial Officer (CFO) of Millennium bcp, includes staff from various areas of the Bank, namely from the Planning and Budget Control Department, Risk Office, Treasury and Markets Department, Research Office and Management Information Department.

CAPITALISATION STRATEGIC PLAN

On 3 February 2012, the Chairman of the Supervisory Board of Banco Comercial Português, having the concurrence of the main shareholders, confirmed that, meeting the criteria of Basel 2.5, translated in the EBA's requirements for the Core Tier 1 ratio on 30 June 2012, and the prudential demands made by Bank of Portugal for the end of 2012, Banco Comercial Português submitted to Bank of Portugal a Capital Plan on 20 January 2012, as per the EBA's recommendation of 8 December.

The capital plan delivered involved two components:

- Increasing the share capital, with preference right, to be subscribed by private shareholders, so as to assure permanent own funds. Besides the concurrence of current shareholders, Banco Comercial Português has received several assurances that allow it to count on the participation of reference investors in a future share capital increase;
- Admission for the use of the temporary State recapitalization line regulated by Law 63-A/2008.

The completion of the capital plan to be agreed with the competent authorities and submitted to the analysis and approval of a General Meeting specifically convened for that purpose, will be carried out within the deadlines and under the terms and conditions defined.

The execution of the capital plan presented will strengthen the financial standing of Banco Comercial Português, as a foundation for a strategic project involving the Bank, its shareholders and other stakeholders, which will reinforce Banco Comercial Português' place as a reference financial institution both in Portugal and abroad.

FUNDING AND LIQUIDITY

During the 1st quarter of 2011, the scenario of relative macroeconomic stability observed until the emergence of the national political turbulence and sovereign debt crisis, which occurred almost at its end, enabled partial compliance with the Liquidity Plan. Thus, from the point of view of funding structure, during this period the objective of diversification of funding sources was achieved, with the balance of short term repo operations, null as at 31 December 2010, reaching the objective of 1.5 billion euros. The Bank has continued active in the interbank money market, attracting funds in line with its expectations. However, the persistent closure of the commercial paper and capital markets led to the unfeasibility of pursuing its defined budgetary objectives regarding issuance, which, combined with the complexity of setting up equity swap operations, resulted in an exposure to the ECB, lower than that of December 2010 (14.7 billion euros versus 14.9 billion euros).

The appropriate strengthening and management of the pool of eligible collateral continued to be a fundamental axis of policy on liquidity management which, under the terms of the initial Plan, targeted a balance of 25 billion euros of eligible assets by the end of 2011. This enabled overcoming the loss of collateral associated to the enforcement, on 1 January of the new rules on collateral of the ECB (reduction of 700 million euros, 500 million through increased haircuts and 200 million through loss of asset eligibility), in particular through the strengthening of the portfolio with BII - Banco de Investimento Imobiliário mortgage bonds (900 million euros). By the end of the 1st quarter, 2.5 billion euros of eligible assets had been allocated to the collateralization of repos (one billion of which to begin in April).

The emergence of the political crisis which culminated in the resignation of the Government and calling of early elections, triggered a movement of downgrade of the rating of the Portuguese Republic and, consequently of the ratings of the banks, with immediate impact on the aggravation of haircuts and loss of eligibility (100 million euros straightaway at the end of the March). The further deepening of these consequences, in particular the devaluation of assets, will begin in April.

The deterioration of the circumstances inspired rapid response by the Bank, evident in the Review of the Liquidity Plan, which attributed particular focus to the acceleration of the deleveraging targets and strengthening of the portfolio of eligible assets.

The impact of the Reviewed Plan was felt immediately in the 2nd quarter, especially regarding the acceleration of the deleveraging effort (through the selective sale of assets and internalisation of off-balance sheet funds) and strengthening of eligible collateral at the ECB, including the incorporation of IRB loans in the pool of discountable assets. These measures implied that, in spite of the refinancing of 1.4 billion euros of medium-long term debt in the 2nd quarter, the exposure to the ECB (of 15.0 billion euros) continued in line with that of the two previous quarters, now reflecting the impact of the contingency measures implemented in the meantime.

During the 3rd quarter of 2011, the downgrade of the rating of Portuguese sovereign debt by Moody's, to non-investment grade ("Ba2/BB", on 5 July), caused the revival of the trends initiated in the 1st half of the year. This fact, while not having placed in question the eligibility of private debt, was, however, sufficient to rekindle the acceleration of the process of devaluation of eligible assets, including mortgage bonds and securitisations. In this context, simultaneously with the pursuit of the deleveraging measures, to a large extent transposed from the existing Liquidity Plan to the Capital and Liquidity Plan (presented to the troika), the Bank concentrated on the strengthening and preservation of the portfolio of eligible collateral. This orientation was reflected in the inclusion of two new issues in the pool: a first one guaranteed by the Portuguese Republic, of 1.75 billion euros, and a second of private debt, of 500 million euros, carried out beyond the objectives initially defined in the contingency plan. The preservation of eligible assets involved action aimed at maintaining the eligibility of the securitisations. In this high unfavourable context, the Bank maintained a net exposure to the ECB close to that shown at the end of the previous quarters (15.3 billion euros).

In the 4th quarter of 2011, the Bank was not faced with any significant need to refinance medium and long term debt. In a context of profound scarcity of supply in the interbank money market, the Bank successfully pursued its deleveraging strategy, based on the reduction of the commercial gap and, since June 2011, on the progressive decrease of exposure to Portuguese public debt. In spite of during the year the Bank had refinanced its medium-long term debt in the total amount of 2.9 billion euros, the strict implementation of the policy of reduction of funding needs enabled a year-on-year decrease of exposure to the ECB of 2.2 billion euros, to stand at 12.7 billion euros. The portfolio of eligible collateral was strengthened in December 2011 through the incorporation of a State-guaranteed issue of 1.35 billion euros, and a second issue of the same nature of 1.4 billion euros, whose eligibility was obtained only in January 2012. The strengthening of the portfolio of eligible collateral, thus achieved, partially mitigated the effects of the increased haircuts, loss of eligibility and devaluation observed since March 2011, which reached a total of approximately 5.0 billion euros.

On the other hand, the Bank extended the maturity of its funds from the ECB, through the first of the auctions at 3 years instituted by the ECB aimed at injecting liquidity into the banking system of the Eurozone.

The Liquidity Plan approved for 2012 foresees the continuation of the deleveraging policy, which will result in a progressive reduction of funding needs over the year. At the same time, the indebtedness at the ECB should fall significantly in relation to the current values, along a path that should accelerate as of the 1st quarter of the year, after the refinancing of 3.1 billion euros of medium and long term issues, from a total of 4.0 billion euros to be amortised in 2012.

RATINGS ASSIGNED TO BCP

Governments may affect the bank loan quality in various ways. Over the last four years, since the beginning of the international financial crisis in 2007, and in particular in Europe, the banks have been supported by governments with capital, liquidity, insurance of assets and/or guarantees. In turn, the banks may influence sovereign credit risk, where the case of Ireland is the most visible example. Various policy initiatives are in place, such as, for example Basel III, aimed at strengthening bank solidity, in order to reduce the risk of the future necessity of rescue packages sponsored by governments. Sovereign risks are also important in the assessment of the solvency of a bank, through the capability and higher or lower likelihood of the government to support the bank, should this be necessary. Pressures on sovereign credit risk have led to the downgrading of the sovereign rating and, as a consequence, the rating of banks. This has been the scenario in Europe, in particular in the countries most affected by the sovereign debt crisis, in which Portugal is included.

2011 was marked by the growing deterioration of the "fundamentals" associated to the credit risk of the Portuguese Republic, with the sovereign rating having been subject to a series of downgrades throughout the year by the main rating agencies. On 7 April 2011, following the increased funding difficulties of the Portuguese State on the international market and the domestic political uncertainty, combined with the sharp downgrade of ratings of the Portuguese Republic and other Portuguese issuing entities, the Government issued a formal request to the European Authorities and International Monetary Fund for the preparation and implementation of an economic and financial adjustment programme.

The ratings of the main national banks continued to be highly constrained by the evolution of the rating of the Republic, although other specific factors of concern were indicated, concerning the banking system and each institution in particular, by the rating agencies. The evolution of the ratings of BCP, over the last few years, has closely followed the trend of evolution of the rating of the Portuguese Republic. Sovereign credit risk has proved to be a key aspect in the assessment of the credit capacity of financial institutions, since the State has power and funds which affect the operating and financial environment of the entities under its jurisdiction, and may also provide support when necessary.

On 7 October 2011, the rating agency Moody’s Investors Service (**Moody’s**) revised the ratings of the main Portuguese banks, including the rating of the BCP, by one to two notches, attributing them a negative outlook. This action concluded the process of revision of the national banking system, which had started on 15 July 2011 after the downgrade of the Republic of Portugal from "Baa1" to "Ba2". The long and short term ratings attributed to BCP were downgraded from "Ba1/Not Prime" to "Ba3/Not Prime", with the rating of financial solidity (BFSR) having been downgraded from "D" to "E+".

Moody’s considers that the main factors affecting the rating of BCP are: i) the high exposure of the Bank to Portuguese public debt at a time when the sovereign credit risk profile continues to deteriorate; ii) the vulnerability of its funding structure based on high dependence on wholesale funding; iii) the exposure to Greece through its local subsidiary, 100% held by BCP; and iv) the deterioration of the asset quality indicators, combined with modest profitability and efficiency indicators. However, the rating is supported: i) by its important position and market shares in Portugal (largest private bank); and ii) by the international operations which offer business diversification and growth alternatives. The negative outlook essentially reflects the very challenging operating environment currently experienced in Portugal.

DBRS began coverage of BCP on 10 June 2011, with the attribution of an initial long term rating of "BBB (high)" and a short term rating of "R-2", both with negative trend. On 20 October 2011, the rating agency DBRS Inc. (**DBRS**), following the downgrade of the rating of the Portuguese Republic from "BBB (high)" to "BBB", also announced the revision by one notch of the long term rating of BCP, to "BBB", with a negative trend, while the short term rating was reconfirmed at "R-2". .

DBRS noted that the ratings attributed to BCP reflect the Bank's consolidated position in the Portuguese market which, combined with its international presence, enable the Bank to achieve positive results and resist the adverse market conditions. The negative outlook reflects the pressure on the Portuguese Republic, the weakening of the domestic market and uncertainty experienced in the Eurozone and in global financial markets.

On 25 November 2011, the agency Fitch Ratings (**Fitch**), following the downgrade of the rating of the Portuguese Republic from "BBB-" to "BB+", with negative outlook, downgraded the ratings attributed to the main Portuguese banks covered by the agency. The Long term Issuer Default Rating of BCP was reduced from "BBB-" to "BB+", with a negative outlook (identical to the alteration made to the Portuguese Republic).

The above revision reflects Fitch's perception that national banks need to strengthen their capital structure, but that the capacity and options to do so are increasingly more limited in view of the deterioration of the economic climate and expected decline in the profitability and quality of assets. These downgrades also reflect the major difficulties in access to wholesale funding markets, exerting further pressure on funding and liquidity, even taking into account the sector's deleveraging efforts. Fitch also considers that, in the specific case of BCP, the Bank still has a high loans-to-deposit ratio and high dependence on funding from the ECB. In terms of capital, and even taking into account the recent initiatives towards capital strengthening, Fitch believes that additional capital will be required to compensate the negative effect of recording Portuguese public debt at market values.

On 16 December 2011, the rating agency Standard & Poor’s Ratings Services (**S&P**), following the adoption of a new methodology of assessment of the rating of financial institutions, downgraded the ratings attributed to Portuguese banks by one to two notches. At this point, S&P downgraded the stand-alone credit profile (SACP) of BCP from "bb+" to "bb-", the long term counterpart rating from "BBB-" to "BB" and the short term counterpart rating from "A-3" to "B". The long term rating remained under observation (Credit Watch) with negative implications, where it had been placed on 7 December 2011, following similar action regarding the rating of the Republic of Portugal. In turn, the short term rating was removed from Credit Watch.

According to this new methodology, the ratings of BCP reflect the attribution of "bbb-" anchor/support to the Bank's operation, reflecting, essentially, its exposure to the risk of the Republic of Portugal. S&P also identified a specific series of constraints relative to the Bank's rating. The rating agency considers that the Bank's position in the Portuguese market is "adequate", reflecting the fact that it is the largest private banking institution operating in Portugal, with market shares in loans and funds close to 20%. The Bank's exposure to Greece through the Greek operation, 100% held by BCP, is mentioned as a risk factor for its activity. Regarding capital and results, S&P considers that the Bank's position is "moderate", based on the initiatives implemented recently in terms of the strengthening of its capital position, the deleveraging process in progress and the existence, as a cushion, of the support line to banks offered by the Portuguese State of 12 billion euros for capital reinforcement. In terms of results, S&P considers that its evolution will be constrained, by the developments of the Portuguese economy. S&P considers that the Bank's positioning, in terms of risk compared with its peers, is "moderate", reflecting the deterioration of the quality of its loan portfolio, essentially due to its exposure to the SME sector in Portugal and to its risks (BCP is the bank with the largest market share in this segment). Finally, in its last research, S&P consider that the Bank's position is "below average" in terms of funding and "moderate" in terms of capital due to its high dependence on wholesale funding and funding from the ECB, as well as due to its need to reduce the net loans-to-deposits ratio in order to achieve a ratio of 120% by 2014. The ratings also reflect the possibility of State support to the national banking sector.

CHANGES OF RATINGS AFTER THE END OF 2011

On January 31, 2012, following the downgrade of the rating of the Republic of Portugal from “BBB”, to “BBB (low)” DBRS announced the revision of the ratings of Banco Comercial Português, S.A. long-term rating from “BBB” to “BBB (low)”, with "Negative Trend" (identical to the Republic of Portugal rating), and the short-term rating from “R-2 (High)” to “R-2 (mid)” with "Negative Trend".

On January 31, 2012, following the S&P’s downgrade of the sovereign credit ratings on the Republic of Portugal to 'BB/B' from 'BBB-/A-3”, S&P placed on CreditWatch with negative implications the long-term ratings of several Portuguese banks, namely that of BCP.

On February 14, 2012, following the downgrade of the Portuguese Republic’s rating, the revision of the Banking Industry Country Risk Assessment for Portugal, and in the context of a review of the ratings of Portuguese banks, S&P reduced the long-term rating of Banco Comercial Português, S.A. from “BB” to “B+”, with Negative Outlook, while the short-term rating was confirmed at “B”.

On February 16, 2012, Moody’s announced the revision of the ratings of 114 financial institutions in 16 European countries. In this context, Moody’s placed the long term-rating of Banco Comercial Português, S.A. of “Ba3” in observation for a possible downwards revision and has confirmed the short-term rating at “NP”.

On March 28, 2012, Moody's, following also the downgrade of the Republic of Portugal long-term rating to “Ba3” from “Ba2” on 13 February, took rating actions on seven Portuguese banks and banking groups. The standalone BFSR (BCA) of Banco Comercial Português, S.A. was downgraded to E+(B2) from E+(B1) and the debt and deposit ratings were affirmed at “Ba3/Not Prime”, with negative outlook.

Standard & Poor's

	16 December 2011
Stand-alone credit profile (SACP)	bb-
Counterparty Credit Rating	BB / B
Outlook	RWN
Deposit Certificates	BB / B
Commercial Paper in Local Currency	B
Commercial Paper	B
BCP Finance Bank Ltd.	
Unsecured Senior Debt	BB
Subordinated	B
Commercial Paper	B
BCP Finance Co.	
Preferred shares	B-

Moody's

	7 October 2011
Financial Strenght	E+
Baseline Credit Assessment	B1
Outlook	Negative
Long-term	Ba3
Subordinated Debt	B1
Preferred shares	Caa1
Short-term	NP
Secured Debt by the Portuguese Estate	Ba2
Bank Millennium S.A.	**12-abr-11**
Long-term/Short-term	Baa3/P-3
Outlook	Negative
Financial Strenght	D

Fitch

	25 November 2011
Long-term/Short-term	BB+/B
Outlook	Negative
Individual	D/E
Viability Rating	b
Support	3
Support Rating	BB+
Senior Debt Secured by the State	BB+
Senior Debt Non-Secured by the State	BB+
LT2 Subordinated Debt	BB
Preferred shares	CC
Commercial Paper Programme	B
Bank Millennium S.A.	**21-dec-11**
Long-term/Short-term	BBB-/F3
Outlook	Stable
Individual	C/D
Support	3

DBRS

	20 October 2011
Senior Debt & Long-term Deposits	BBB
Outlook	Negative
Debt & Short-term Deposits	R-2
Intrinsic Assessment (IA)	BBB

Note: Rating notations as at December 31, 2011.

SEGMENTAL REPORTING

Group BCP offers a wide range of banking activities and financial services in Portugal and abroad, focusing on Retail Banking, Companies Banking and Asset Management & Private Banking.

Segment description

The Retail Banking activity includes the Retail activity of Millennium bcp in Portugal, operating as a distribution channel for products and services from other companies of the Group, and the Foreign business segment, operating through several banking operations in markets with affinity to Portugal and in countries with higher growth potential.

The Retail segment in Portugal includes: i) the Retail network in Portugal, where the strategic approach is to target “Mass Market” customers, who appreciate a value proposition based on innovation and speed, as well as Prestige and Small Business customers, whose specific characteristics, financial assets or income imply a value proposition based on innovation and personalisation, requiring a dedicated Account Manager; and ii) ActivoBank, a bank focused on clients who are young in spirit, intensive users of new communication technologies and who prefer a banking relationship based on simplicity, offering modern products and services.

The Companies Banking business includes the Companies network in Portugal, which operates as a distribution channel of products and services from other companies of the Group, and the Corporate & Investment Banking segment.

The Companies network, in Portugal, covers the financial needs of companies with an annual turnover between Euro 7.5 million and Euro 100 million, and focuses on innovation, offering a wide range of traditional banking products complemented by specialised financing.

The Corporate & Investment Banking segment includes: i) the Corporate network in Portugal, targeting corporate and institutional customers with an annual turnover in excess of Euro 100 million, providing a complete range of value-added products and services; ii) the Investment Banking unit, which specialises in capital markets, providing strategic and financial advisory, specialised financial services – Project finance, Corporate finance, Securities brokerage and Equity research - as well as structuring risk-hedging derivatives products; and iii) the activity of the Bank's International Division.

The Private Banking and Asset Management segment, for purposes of the geographical segments, comprises the Private Banking network in Portugal and subsidiary companies specialised in the asset management business in Portugal.

The Foreign Business segment, for the purpose of geographical segments, comprises the operations outside Portugal, in particular Bank Millennium in Poland, Millennium bank in Greece, Banque Privée BCP in Switzerland, Banca Millennium in Romania, Millennium bim in Mozambique, Banco Millennium Angola and Millennium bcp Bank & Trust in the Cayman Islands. For part of 2010, this segment also included Millennium bank Turkey (partially sold on 27 December 2010) and Millennium bcpbank in the United States of America (partially sold on 15 October 2010).

In Poland, the Group is represented by a universal bank offering a wide range of financial products and services to individuals and companies nationwide; in Greece by an operation focused on retail and based on offering innovative products and high service levels; in Switzerland by Banque Privée BCP, a Private Banking platform under Swiss law; and in Romania with an operation focused on individuals and small and medium-sized companies. Additionally, the Group is represented in Mozambique by a universal bank targeting companies and individual customers; in Angola by a bank focused on private customers and companies as well as public and private institutions; and in the Cayman Islands by Millennium bcp Bank & Trust, a bank designed for international services in the area of Private Banking to customers with high net worth (Affluent segment).

Business segment activity

The figures reported for each business segment result from aggregating the subsidiaries and business units integrated in each segment, including the impact from capital allocation and the balancing process of each entity, both at balance sheet and income statement levels, 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.

Considering that the capital allocation process complies with regulatory solvency criteria currently in place, the weighted risk, as well as the capital allocated to segments, are based on Basel II methodology, with the application in Portugal in 2010 and 2011 of the IRB Advanced method for the Retail portfolio in credit risk and the IRB Foundation method for loans to companies, excluding real estate promoters and entities of the simplified rating system. The capital allocation for each segment, in 2011 and 2010, resulted from the application of 10% to the risks managed by each segment.

Information related to 2010 is presented on a comparable basis with the information reported in 2011, except as regards the abovementioned component related to Millennium bank in Turkey and Millennium bcpbank in United States of America, reflecting the current organisational structure of the Group's business areas referred to in the characterization of the segments previously described.

The net contribution of each segment is not deducted, when applicable, from the non-controlling interests. Thus, the net contribution reflects the individual results achieved by its business units, independent of the percentage held by the Group, including the impact of movements of funds described above. The following information is based on financial statements prepared according to IFRS and on the organisational model in place for the Group, as at 31 December 2011.

BUSINESS IN PORTUGAL

RETAIL

The Retail segment in Portugal posted a net loss of Euro 16.0 million in 2011, compared to a positive net contribution of Euro 112.7 million in 2010, reflecting mostly the increase in impairment charges for loan losses.

The performance of net interest income in 2011 reflects the rise in the cost of customer deposits and the increase in loans interest rate, together with the smaller income associated with the loans volume. The contraction of the volume of the loans portfolio is a result of the increasing selectivity in loans granted and the decline of demand for credit, affecting loans to individuals and small businesses.

The evolution in other net income in 2011, despite the effort to increase customer funds and the maintenance of high levels of cross-selling, was conditioned by the decrease in commissions, in particular those related to loans operations, saving insurance and unit-linked products, partly offset by commissions related to deposit accounts, structured products and risk insurance.

Impairment charges for loan losses showed an increase in 2011, due to the increase in impairment indicators in the loan portfolio as a result of the deterioration in economic and financial conditions for individuals and companies.

The increase in operating costs was mainly due to upper other administrative costs associated with the loan recovery process, induced by a higher number of processes that are being monitored with the aim to their regularisation.

Total customer deposits increased 8.1% compared with 31 December 2010, supported by the launch of various solutions, including extending the offer of structured products as well as the provision of scheduled savings solutions for medium- and long-term deposits. However, customer funds showed a decrease of 3.2% totalling Euro 34,992 million as at 31 December 2011, compared to Euro 36,133 million on the same date in 2010, determined by the reduction of insurance and debt securities.

Loans to customers decreased 6.4%, totalling Euro 31,384 million as at 31 December 2011, compared to Euro 33,547 million posted on the same date in 2010, following the ongoing strategy of balance sheet deleveraging and focusing on the reduction in mortgage loans, consumer loans and loans to small businesses.

Euro million

	31 dec. 11	31 dec. 10	Change % 11/10
Profit and loss account			
Net interest income	485.2	522.3	-7.1%
Other net income	443.0	452.6	-2.1%
	928.2	974.9	-4.8%
Operating costs	685.9	670.3	2.3%
Impairment	264.5	151.2	74.9%
Contribution before income taxes	(22.3)	153.3	-
Income taxes	(6.2)	40.7	-
Net contribution	(16.0)	112.7	-
Summary of indicators			
Allocated capital	1,324	1,608	-17.6%
Return on allocated capital	-1.2%	7.0%	
Risk weighted assets	13,243	16,076	-17.6%
Cost to income ratio	73.9%	68.8%	
Loans to customers (1)	31,384	33,547	-6.4%
Total customers funds	34,992	36,133	-3.2%
Customers deposits	21,471	19,856	8.1%

(1) Includes commercial paper.

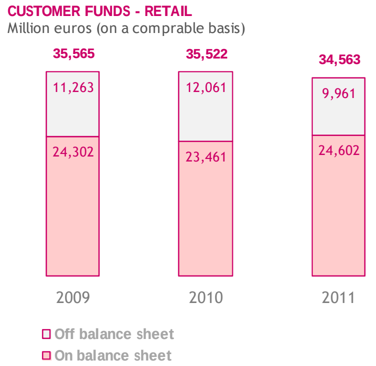
Note: Loans and Customers funds on monthly average balances.

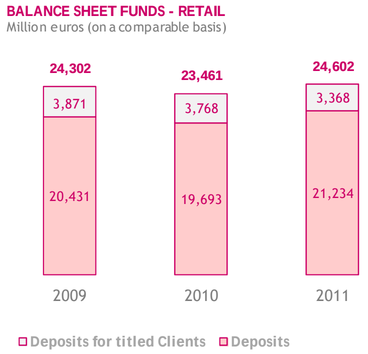
Retail Network In Portugal

In 2011, the strategic guidelines for the Retail business in Portugal essentially involved the growth and retention of Funds, the Repricing of the loan portfolio and the Deleveraging of balance sheet and the focus on the Recovery of overdue loans. Other guidelines were also present in the Bank's action during last year, namely the alignment of the retail network, the support to commercial activity and the improvement of operating processes, the communication with Customers in a single voice, the greater effectiveness of the campaigns launched through the different channels of Millennium bcp and the integration of new channels in the process of commercial action.

Growth and retention of funds

During the 1st semester of 2011, the strategy of growth of funds was based on initiatives to promote, on the one hand, the stabilisation of the portfolio of savings products, with the launch of medium and long term products, favouring financial investments which contribute to increasing balance sheet funds and, on the other hand, the expansion of the Customer base through the active marketing of products attracting programmed small savings.





Hence, various campaigns were launched whose main objective was the retention of the Customer base and the creation of regular saving habits. Complementing the above, term deposits and structured products were also launched which, by offering longer maturity periods, created a stabilising effect on the portfolio of customer funds. In this context, the offer of integrated solutions by business segment was also redesigned, with the introduction of savings products in accordance with the Customers' profile. Millennium bcp offers new Customers the "Welcome" deposit, encouraging savings from the very beginning of the banking relationship. For Customers with domiciliation of their salary, the Bank encourages the practice of channelling part of their monthly income into specific savings and for younger Customers, strongly focusing on the attraction and creation of loyalty amongst this segment, the "Millennium GO!" solution was created, which also encouraged the savings component through the offer of an exclusive product, with bonuses for capital permanency.

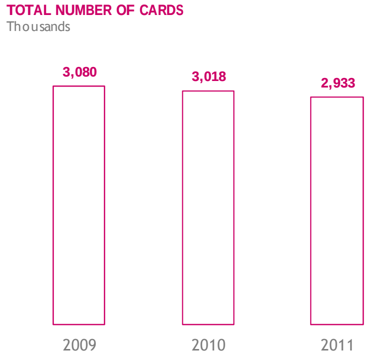
Focus was also given to promoting the attraction of remittances of Customers Resident abroad, which exceeded 825 million euros, a value in line with that recorded in 2010. For Customers with greater involvement with the Bank and higher profitability levels, Millennium bcp concentrated its strategy on the attraction of new funds, through enhanced communication action, placed within the current economic context, with the offer of 100% Portuguese Products to Customers strengthening their assets.

During the 2nd semester of 2011, with the aggravation of the European sovereign debt crisis and the introduction of bank deleveraging objectives by the Bank of Portugal, the strategic focus returned to favouring initiatives of optimisation of retention and growth of funds, in particular deposits, without, however, neglecting actions leading to the growth of savings products. In order to achieve these objectives, special effort was dedicated to the stimulation of the marketing of medium term deposits, based on an aggressive pricing and communication strategy. These products were publicised through the dynamic use of different communication channels, with proposals directed and adapted to the needs of each Customer. This commercial effort was compensated and recognised with a very positive response by Customers, where some reactivated their relationship with the Bank.

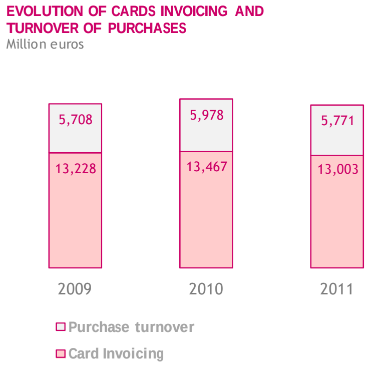
Also during the second half of the year, focus was given to the development and creation of more robust procedures for the control and optimisation of the earnings and renewal of funds, in order to offer Customers competitive alternatives and focused on products that contribute to the On Balance Sheet Customer Funds, preferably with more extended maturity periods. At the same time, the pricing policy was made more flexible, with greater decentralisation of decision-making in the Commercial Departments and Dealing Room, thus responding with greater agility to the strong aggressiveness of the market and to the opportunities of retention and attraction new funds.

At a transactional level, Millennium bcp continued to stimulate the Western Union money transfer service, promoting the distinctive easiness, compared with its main competition, with which Customers may carry out their transfers with full convenience, safety and at no extra cost through telephone or Internet channels.

Also aimed at the attraction of funds, concerning Business Customers and the centralisation of their treasury, various initiatives were developed, offering solutions to serve Customers, both in terms of their payments and receipts. The "Frequent Business Customer", launched in 2010 and continued in 2011, proved to be a value proposition suited to the main transaction needs of Individual Entrepreneurs, where there are currently approximately 39 thousand registered customers. In the context of this innovative offer and which enables the attraction of company treasury, a new solution aimed at small trade was launched in the 1st semester of 2011: a "Frequent Business Customer" who associates an automatic Point-of-Sale (POS) to the solution already being marketed, through the payment of a monthly fixed amount. The "Welcome" offer was also systematised through the provision and offer of a series of products to Customers, making daily business management easier, with special conditions during the first year of the relationship. At the same time, continuation was given to the actions stimulating domiciliation of payments and collection of Customers, favouring the automatic channels.



In 2011, the use of payment cards for purchases was promoted against the alternative of cash in Automatic Teller Machines (ATMs), in on-going actions of renewal of the portfolio and in the promotion of the most profitable products for the Bank and of greatest value for Customers, focusing on cards conferring advantages of customer loyalty (cash-back, points, miles and others). The offer of pre-paid cards was also reviewed and, in November, the new "Free" card was launched in four different versions – for Individuals, "Junior" and "Web"; for Companies, the "Advance" and "Salary" versions”. All the versions are equipped with a digital statement, having a more profitable model, with annuities that vary according to the segment at which they are aimed.



The total turnover of payment cards recorded a negative variation (3.4%) in 2011 compared with the previous year, having decreased from 13.5 billion euros to 13.0 billion euros. The largest reduction occurred in the volume of cash withdrawals, which fell by 5.2%, from 5.4 billion euros to 5.1 billion euros, while the turnover of purchases remained stable at 5.8 billion euros, albeit with a reduction of 3.5%.

In the American Express Business area, all the acquiring activity was strengthened, where the Bank has exclusive rights in Portugal, with the Acceptance Network having increased to 49 thousand retailers (20% over 2010) with the Network consistently being supported by directed and segmented marketing actions.

Regarding incentives to the reward programmes, from May to September, a campaign of "TAP" cards was conducted, with great visibility of means and an exceptional offer of miles, which attracted a further 4,000 new Customers and strengthened the partnership with the national air carrier. Along the same lines of enhanced Customer loyalty, the "The Blue takes you to Rock in Rio" campaign, an action of acquisition and use of the American Express "Blue" card, took dozens of new and current Customers to Rio de Janeiro to attend Rock in Rio in Brazil.

Maintaining the strategic positioning of proximity and convenience, remote ATMs continued to be placed in new shopping areas, transport stations and localities, namely in places which are lacking in bank services, and favouring areas of movement and shopping of the population. In the area of self-banking, Millennium bcp continues to promote the placement of equipment with facilities for the blind, such as headphones and keyboards programmed for the issue of vocal instructions, and takes great care to rigorously comply with the rules defined for the installation of equipment in order to allow its use by persons of reduced mobility.

Millennium bcp was pioneer in the Portuguese market in the implementation of the security system for ATM, the Ink-Staining System, as a measure to dissuade theft, and continues to invest in this functionality, distinguishing itself from other financial institutions in this aspect, and with positive results in the reduction of occurrences, in particular in the market and before the authorities.

In 2012, the guidelines will continue to be based on the defence of the portfolio of customer funds and growth focused especially of balance sheet funds, deposits in particular. A complementary objective will be the internalisation of the off-balance sheet portfolio of funds, based on an assertive policy of retention and investment in balance sheet funds of the earnings and redemption of these products, as well as the stabilisation of the Customer funds base, through the promotion of medium/long term products. In this context, Millennium bcp will adapt and direct its strategy, positioning itself as a financial partner of its Customers, developing actions to encourage savings and continuing to focus on the creation and offer of solutions aimed at meeting the needs of the different segments of Individual and Business Customers.

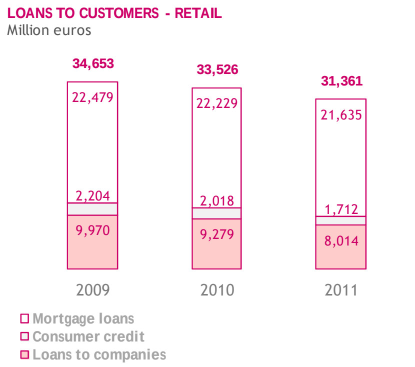
The Bank's communication channels will play a dominant role. As occurred in 2011, the remote channels will continue to offer fund products exclusively through the Internet channel, in "Netflexible" and "Term deposit auctions", and will also pursue the development of a unique front-end commercial application, which will enable fully concerted action between the channels and the Customer, in this way allowing for greater simplicity in the promotion and offer of products and services adjusted to Customer profiles and needs.

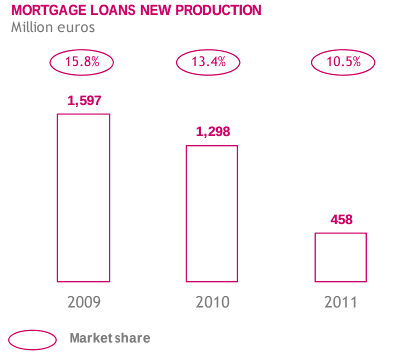
Regarding transactions, in 2012 the consolidation of the Single Euro Payments Area (SEPA) will be a reality, namely with respect to SEPA direct debits and the development of Online Payment solutions which Millennium bcp will follow and implement for its Individual and Business Customers. In the current context of contraction of the economy and reduction of private consumption, it is unreasonable to expect growth of the payment card business, with the exception of the low value segment, therefore the challenge of growth will involve, above all, gaining market share. It is expected that Customers will continue to show preference for the use of debit cards compared with credit cards, a trend, in fact, that is found all over Europe. It is necessary to boost Customer preferences for pay-and-save-now solutions, with a view to the sustainability of the business and gain of market shares. In this context, the guidelines for 2012 consist of the defence of the credit card portfolio and capitalisation of debit cards as an instrument for enhancing Customer loyalty and retention and guarantee of its profitability. At the same time, the Bank will continue to give permanent attention to innovation and new opportunities, both concerning technological aspects and Customer preferences relative to forms of payment, preparing the near future for "contact less" and "mobile payments".

In 2012, the main risks will be linked to the economic recession and its impact in terms of reduction of disposable income, reducing the Customers' capacity to carry out savings and contributing to increased levels of default. Furthermore, there will be increased pressure from the regulatory framework and the existence of stricter compliance rules. For credit cards, there are also specific risks, such as the reservations of Customers concerning their acquisition and use, in a context of over-indebtedness and consequent reduction of revolving loans, with a negative impact on net interest income and on increased cash payment, due to the Customers' perception of greater control, as well as the pressure exerted by shopkeepers. Regarding the acquiring business, the main risks arise from the reduction of the volumes of fees, resulting from the combination of less turnover and lower fees, the pressure exerted by shopkeepers for cash payments, in order to reduce rates and taxes, the expansion of the informal economy, the acceptance of "Multibanco-only", with loss of business currently attributed to international brands, the increased number of closed business and bankrupt establishments, and the reduction of international consumption in Portugal, leading to decreased turnover from foreign cards (inbound).

Recovery, repricing and deleverage

The effects of the sharp deterioration of the sovereign debt crisis were inevitably experienced by the Customers and other business partners, with lending becoming more restrictive and selective, and leading to the progressive repricing of loan operations. The bleak circumstances and increased strictness of the regulatory and supervisory requirements also led to the adoption of a more rigorous lending policy. However, and in spite of this unfavourable economic scenario, Millennium bcp continued to support the funding needs of its Customers. In view of the alteration of market conditions, adjustments were made to the pricing of spreads and fees, with a view to better adjustment of prices to the risk of Customers and operations, which included various actions of renegotiation of conditions with the Customers and other business partners.





Since default is, currently, one of the most important topics in banking activity, and for the purpose of reducing overdue loans, a campaign was launched for the collection and restructuring of overdue loans in the entire Retail Network, which aims to mitigate the growth of default levels. In this context, the "Financial Monitoring Service" was promoted, offered to Customers with financial difficulties. In the present adverse context, the Bank has been especially attentive to the needs of its Customers and has sought to support them through short term loan products, in particular, focusing on treasury support products and export activity in the Business Customer segment. The Bank's objective is to find, together with the Customers, the solution most suited to their disposable budget, so as to enable them to meet their liabilities. During 2011, an analysis was made of the situation of approximately 59 thousand Customers, which resulted in 10,506 actions of potential support or debt restructuring.

Millennium bcp continued to recognise, distinguish and award Portuguese entrepreneurs through the "2011 Customer Applause Programme", where, out of the Bank's total Business Customers, a selection was made of approximately 13 thousand who stood out in particular due to their economic performance, financial solidity and involvement with the Bank. This initiative has been a great success amongst Portuguese SMEs and will continue to be given visibility in 2012 in a manner which strengthens the commercial relationship between the Bank and these Customers.

In terms of international business, Millennium bcp has continued to support exporting companies which are one the main engines of growth of the Portuguese economy. For Millennium bcp, it is decisive to strengthen the market share in trade finance operations, whose contribution to profitability is very significant. For these reasons, during the 1st semester of 2011, the Bank actively supported companies with respect to their export and internationalisation effort, with an increase in the number of trade finance operations.

In the Card business, 2011 was also marked by the focus on the process of loan risk, for which automatic routines for the prevention of default and detection of the respective warnings signs were systematised and applied. On matters of pricing policy, the interest rates of the main credit cards were reviewed, reflecting the increased funding cost observed and ensuring defence of net interest income. Various headings of fees were also reviewed, seeking to reduce the imbalance between the service level provided and the costs incurred. Regarding new products, particular note should be made of the new "Millennium bcp GO!", a credit card aimed at Young People between the ages of 18 and 25. Benefiting from a bold design and a credit ceiling adjusted to the segment, during the first six months of its marketing, this card gained a portfolio of over 4,500 cards.

In spite of more restrictive lending, during 2011 support was maintained to students who intend to pursue academic path, through "University Loan" lines with interest rates below those of Personal Loans, where the number of operations carried out and amounts financed were in line with previous years: i) "University Loan with Mutual Guarantee": contracting of 241 loans to the value of 2.6 million euros; and ii) "University Loan": contracting of 227 loans to the total value of 1.9 million euros. A contribution was also made to the fight against unemployment through subsidised credit lines, under protocols with the Employment and Vocational Training Institute (IEFP) and Mutual Guarantee Companies - Microinvest Line and Invest More Line – complementing the activity of the Micro-credit Autonomous Network, where 14 operations were carried out to a total value of 434 thousand euros, in 2011. In this context, Millennium bcp currently has a portfolio of 124 operations of the value of 5.6 million euros.

In 2012, the budgetary correction measures will lead to even greater restrictions to private consumption and greater aversion to risk and investment by Companies and Investors. On the other hand, the deleveraging effort should be reflected in decreased lending and increased strictness and selectivity in lending, which might involve the adoption of measures promoting the early repayment of loans. 2012 will certainly be a year of great focus on the proximity to and ongoing monitoring of Customer business, seeking to anticipate and adjust the offers to their effective needs, based on simplicity and on their materialisation.

Default is one of the most important topics in banking activity, with strong impact on the Bank's profit and loss account, implying increasingly greater need to focus the action on the recovery of overdue loans. The Bank will continue its policy of identification of warning signs which forecast financial difficulties that might lead to default and actions of analysis of the loan portfolio, with a view to supporting the continuity of Customer business and the defence of net interest income. Millennium bcp will continue willing interested in establishing partnerships of mutual benefit with its Customers, especially regarding support to the export of goods and services and to invoice collection services.

Alignment of the Retail Network

During 2011, the Retail Network activity Incentives system was reviewed with a view to aligning the commercial efforts towards the growth of funds, reduction of the commercial gap and reduction of overdue loans, increasing the weight of these key variables in the calculation of the management indicator and, consequently, the focus of action of the Network.

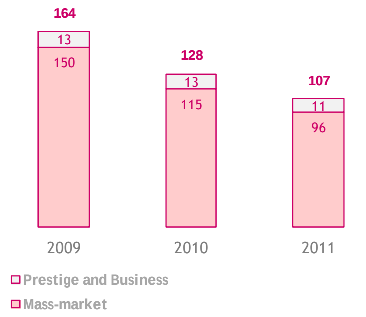
Support to Retail commercial activity and operative procedures

In 2011, Millennium bcp continued to invest in the improvement of the Support to the Contact and Management of Commercial Activity tool, in order to, through the contacts plan, provide leads to the sales network for the offer of products and improved monitoring of the Customer portfolio, aimed at promoting more sales, reducing risks and strengthening Customer relations. The size of the lists of Customers to be contacted in the contacts plan was optimised in order to promote greater use of the tool by the sales network, leading to an increase in the number of sales, as well as greater Customer loyalty. Regarding the lists of operative tasks, also available in this tool, improvements were implemented to facilitate the treatment of the repricing and overdue loan recovery processes by the sales network, namely through direct connection to applications and immediate issue of documents, enabling increased effectiveness and greater control in the implementation of procedures.

Communicating with Customers in a single voice

Having a single vision of the Millennium bcp Customer in the different channels which interact with Customers and carrying out the management of the different online contacts is essential for "communicating with Customers in a single voice" and for offering them an excellent service. With this in mind, one of the Bank's objectives for 2011 involved investment in the design and development of a new multichannel attendance platform, to be used by the branches and contact centre and integrated in the Support to the Contact and Management of Commercial Activity tool. This new platform will be provided first to the contact centre and, over 2012, its use will be extended to the branches.

NEW RETAIL CUSTOMERS
Thousands



Greater effectiveness of the campaigns launched through the different channels

With a view to the ensuring the best rates of success of the sales campaigns launched through the different channels, Millennium bcp has continued to use propensity scores in campaigns, promoted greater personalisation of the offer of Products and Solutions to the specific characteristics of each Customer segment, as well as the use of the new campaign launch software which, during the entire campaign period, ensures that the Customers to be contacted meet the defined selection criteria.

Integration of new channels in the process of commercial action

In 2012, one of the priorities will be the continued integration of new channels in the process of commercial action and the strengthening of the multichannel logic, whose objective is to transform the contacts in the different channels into commercial opportunities to increase sales and offer a better service to Customers.

ACTIVOBANK

For ActivoBank, 2011 represented the strengthening of the strategy begun in March 2010. At that time, ActivoBank launched a new value proposition based on financial services of a more current nature, aimed especially at Customers' transaction needs. The focus on modernisation and renewal has complemented and added value to the pillar of specialised services focusing on investment solutions that have long characterised the bank.

Over the last year, ActivoBank maintained its focus on the growth of its Customer base and their involvement with the bank, in spite of the adverse climate for turnover, loan quality and cost of funds of the Portuguese banking sector. For this purpose a series of initiatives were launched with impact on communication, products, sales and servicing channels, and operative procedures. As a result of these measures, ActivoBank maintained its capacity to attract Customers, reflected in the fact that, by August 2011, it had attracted as many Customers as during the entire year of 2010 and, by December, it had doubled its monthly average attraction recorded up to this date. At the end of 2011, its active Customer base had increased by over 30% in relation to the previous year.

The series of actions that were carried out, combined with the continuous focus on innovation, also contributed to the recognition of ActivoBank by the international financial community, expressed in the attribution of awards such as "Most innovative Bank in Portugal" by the magazine World Finance (Banking awards 2011), "Best Consumer Internet Bank in Europe" and "Best in Mobile Banking" attributed by the magazine Global Finance, amongst others, and in its nomination as one of the five finalists, from some 200 candidates, of the Global Banking Innovation Awards in the category "Disruptive Innovation" promoted by the BAI.

During 2011, ActivoBank also concentrated on further development of the investment area, in actions aimed at growth of funds, on focus on excellent Customer service and on strengthening an offer of differentiated value so as to meet the fundamental needs of Customers, where the "Protection" solution (insurance offer) is an example of this.

In order to achieve the defined objectives and materialise the focus on growth of the Customer base and Customer involvement, a series of initiatives were developed during 2011, in particular:

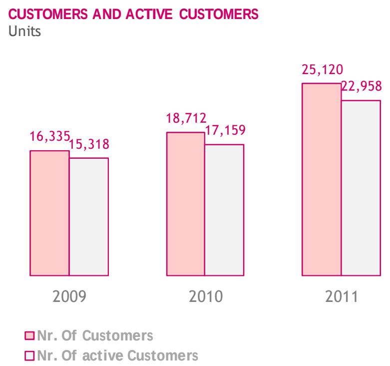
- **Growth and consolidation of the sales network**, including i) the expansion of the Bank at a national level with the opening of eight Active Points in Aveiro, Braga, Cascais, Coimbra, Leiria, Lisbon and two in Gaia, adding to the four already in existence, of which three are in Lisbon and one in Porto; ii) the expansion of the strength of non-banking recommendation ("Members") and strengthening of the approach of employees of companies identified with the Bank's segment; iii) the consolidation of the focus on the mobile channel, through the launch of a new application for investments and a new application for Blackberry for daily operations; iv) the launch of a "VIP portfolio" with the objective of increasing the retention and involvement of Customer's with greater funds; v) the partnership with the Association of Economics and Management Students (AIESEC), with a view to the presentation of ActivoBank to this target and respective attraction of Customers; and v) the reorganisation of the personalised management area with the allocation of a team of two managers to each Customer. This service allows Customers to benefit from on-going monitoring and a greater availability of support.

- **Launch of new products and services**, including i) the "iPad Loan", aimed above all at the university market; ii) the "Build your Future" voucher, encouraging saving amongst younger people; and iii) the renewal of the entire area of investments on the website "activobank.pt", implying the discontinuation of the site "activobank7.pt";

- **Offer of a further five investment funds**, which incorporate social responsibility and environmental criteria, where, during 2011, the portfolio of funds included 9 ethical funds and 15 environmental funds. Of these 24 funds, in December 2011, 14 had subscriptions. The total investment in these funds, in December 2011, was approximately one million euros, representing about 1% of the total portfolio of funds;

- **Continued focus on social networks**, consolidating the positioning of the Bank in this channel. The different actions resulted in an increase of followers on Facebook by approximately 160% relative to 2010;

- **Enhanced reputation of the brand**, strengthening the sales component, through: i) the launch of three media campaigns to attract Customers via radio, television (cable channels), Internet, press and cinema; ii) local events in the Active Point areas, in order to increase their visibility and influx of people, contributing to attract Customers; and iii) intensification of the permanent advertising presence on the Internet.



In 2012, ActivoBank will continue focused on the strategic objectives of growth of the Customer base, the increased involvement of Customers with the Bank, development of the investments pillar and strengthening of the basic offer. In order to achieve these objectives, a series of initiatives will be developed, in particular the growth and consolidation of the sales network through the continuation of the plan of expansion of ActivoBank in the main Portuguese cities, namely through: i) the opening of three branches in the 1st quarter of 2012; ii) the strengthening of this expansion through non-banking recommendation ("Members") and approach of employees of companies identified with the Bank's target; iii) the implementation of a model to strengthen Customer loyalty and segmentation; iv) the continued simplification of operative procedures ensuring the excellence of Customer service; v) the continued focus on the mobile channel; vi) the launch of new products for the purpose of meeting a series of needs identified amongst its Customers, in particular a housing and car solution; vii) the strengthening of investment solutions and respective platform of negotiation in the term market; and viii) the establishment of partnerships with various companies, in order to ensure that the experience of ActivoBank Customers is more differentiating.

ActivoBank will continue the process of growth identified above, recognising that the following factors might, to a certain extent, constrain its activity during 2012: i) the evolution of financial markets; ii) the growing aggressiveness of the main competition in terms of pricing; iii) the inertia and aversion to change of bank customers; iv) the excessive regulation of the market, making the offer less differentiated between banks; and v) the appearance of new players from other sectors with less regulation compared with the banking sector, offering competitive financial products (e.g. telecommunications).

COMPANIES

COMPANIES NETWORK

The Companies network recorded a net loss of Euro 86.3 million in 2011, compared to a net loss of Euro 11.0 million on the same period in 2010, mainly determined by the higher level of impairment charges for loan losses, despite the increase in net interest income.

Net interest income increased by 6.5%, reflecting the effect of the increase in demand deposits and loans on customers' interest margin, which more than offset the effect of the decrease in business volumes. The repricing process of loan operations, implemented in 2011 with the goal to appropriate the price of the products to the risk profile of each client, provided a favourable evolution of the loan interest margin. The contraction of business volumes reflects both the difficulty that companies have to generate cash surpluses and the increasing selectivity in granting loans centred on companies focused on the internationalisation and with a dynamic business model.

The reduction in other net income, despite the process to appropriate the commissions to the service provided, was determined by the decrease in commissions from financial services and from the business with non-resident companies, despite the rise in commissions from loans to customers and factoring operations.

The increase in impairment charges for loan losses, which in 2011 includes the reinforcement of impairment charges under the Special Inspection Programme, as well as the effect of the deterioration of financial collaterals and the increase in impairment indicators in the loan portfolio, as a result of the persistent adverse macroeconomic context and deterioration in economic and financial conditions, in particular in companies associated with the construction and tourism sectors of activity. In order to reverse this trend risk mitigation strategies have been adopted, either through a close monitoring of customers, or by the reinforce of collaterals in loans operations.

The reduction in operating costs was sustained by measures to simplify the organisation and optimise processes that have been consistently implemented, as seen in the reduction in other administrative costs.

Loans to customers decreased by 6.4%, amounting to Euro 9,378 million as at 31 December 2011, compared to Euro 10,024 million posted on the same date in 2010, driven by the reduction in loans, real estate loans, leasing and commercial paper.

Total customer funds amounted to Euro 2,609 million as at 31 December 2011, compared to Euro 2,982 million as at 31 December 2010.

Euro million

	31 dec. 11	31 dec. 10	Change % 11/10
Profit and loss account			
Net interest income	188.0	176.6	6.5%
Other net income	81.6	87.6	-6.9%
	269.6	264.2	2.1%
Operating costs	58.1	60.1	-3.3%
Impairment	333.0	189.0	76.2%
Contribution before income taxes	(121.5)	15.0	-
Income taxes	(35.2)	4.0	-
Net contribution	(86.3)	11.0	-
Summary of indicators			
Allocated capital	906	996	-9.0%
Return on allocated capital	-9.5%	1.1%	
Risk weighted assets	9,058	9,958	-9.0%
Cost to income ratio	21.5%	22.8%	
Loans to customers (1)	9,378	10,204	-6.4%
Total customers funds	2,609	2,982	-12.5%
Customers deposits	1,322	1,663	-20.5%

(1) Includes commercial paper.

Note: Loans and Customers funds on monthly average balances.

In view of the structural changes operated in the financial sector, following the Memorandum of Understanding signed in May 2011 between the Portuguese State and the International Institutions (IMF, ECB and European Commission), after the request for external assistance submitted by the Portuguese Government as a consequence of the so-called sovereign debt crisis, there were repercussions on banks mainly in terms of the deleveraging of loans and strengthening of capitalisation levels. Since the corporate structure is very largely composed of small and medium-sized enterprises (SMEs), the activity of the Companies Network, in 2011, was guided by the following strategic vectors: i) reduction of the commercial gap, based on a policy combining both loan deleverage and growth of funds; ii) decrease of capital consumption (reduction of risk weighted assets), through the optimisation of the negotiation of collateral associated to lending operations; iii) constant monitoring of overdue loans, aimed at the reduction of loan impairment; and iv) maximisation of Customer profitability, following a logic of partnership with companies, developing solutions adjusted to their different needs, namely treasury management, financing of current activity and new investments, and other supporting services.

Aimed at the achievement of the defined strategy, a series of initiatives were implemented:

I. Reduction of the commercial gap

- Adjustment of the lines offered to companies according to their effective needs;
- Renegotiation and adjustment of medium and long term loan operations, in order to adjust the payment plans to alterations of project cash flow;
- Promotion and replacement of short term bank loans by factoring;
- Incident in the attraction of funds/treasury, following a logic of compensation with Companies with which the Bank has greater loan involvement, with the increased use of automatic channels for companies with lower levels of use of transactions;
- Support to the internationalisation of Portuguese companies, making the most of the experience and knowledge of the specialised team "Millennium Trade Solutions" and promoting the functionalities created on the institutional portal for documentary loan operations;
- Support to SMEs, through participation in credit lines undersigned with government entities, namely i) the Moratorium of Extension of Maturity of operations of the SME Invest lines, which will allow SMEs an additional maturity period of 12 months with grace period, the repayment in arrears of the financing and immediate release of treasury funds. Under its policy of support to companies, namely SMEs, the Bank has made extensive use of these lines, currently holding a portfolio of 17,884 operations corresponding to financed capital of 1,090 million euros, in particular 16,023 operations of the Micro and Small Company lines of the initial value of 493 million euros; ii) the SME Invest VI Amendment, Export Invest and QREN Invest lines, where, Millennium bcp, during 2011, contracted 645 new operations relative to the different SME Invest lines to a total sum of 55 million euros. Particular note should be made of the support to micro and small companies, with approximately 460 new operations approved to an approximate value of 14 million euros; and iii) the investment support lines agreed with the European Investment Bank (EIB), aimed at supporting investments by independent micro and small companies (up to 25 million euros) in the areas of energy efficiency, environmental protection and the knowledge economy. Under an equipment leasing campaign with the Retail Network, Millennium bcp supported 224 new investment projects, representing an approximate sum of 26.5 million euros;
- Approach to companies following a logic of overall partnership, with specific solutions for their Employees (VIP Plan), Suppliers (Service of Payment to Suppliers, enabling the anticipation of payments) and Customers (commercial protocols under beneficial conditions), enabling synergies between the Bank's different distribution platforms (Retail Networks, Companies, Corporate and Private Banking).

II. Reduction of Capital consumption

- Permanent monitoring of the guarantees associated to loan operations, taking into account the respective risks and evolution of Company activity;
- Analysis, together with the Companies, of the contracted collateral, in relation to all the liabilities held by the company at the Bank, enabling gains in terms of minimisation of capital consumption and improvement in company asset management.

III. Monitoring of Overdue Loans

- Identification of possible warning signs in Company activity, arising from the current economic circumstances, fostering the existing commercial proximity, so as to proactively define solutions to enable overcoming and preventing future default;
- Integrated action of the commercial areas with the loan recovery and specialised credit areas (leasing, factoring and real estate business) for the implementation of overall solutions with the companies;
- Support to the implementation of the corporate restructuring plans, under the readjustment of the corporate strategy, namely in situations of implementation of market or product diversification strategies.

IV. Maximize Customer Profitability

- Maintenance of the operation repricing actions, seeking to ensure their adjustment to the respective risk incurred and to the evolution of financial markets. As a result of this action, net interest income increased by 3.6% in relation to the same period of the previous year.
- Promotion of the use of Internet Banking in the transaction area of company activity (e.g. transfers, payments of tax, salaries or suppliers);
- Reduction of fee pricing exemptions, in order to ensure that collection is adequate and adjusted to the operating costs of operations.

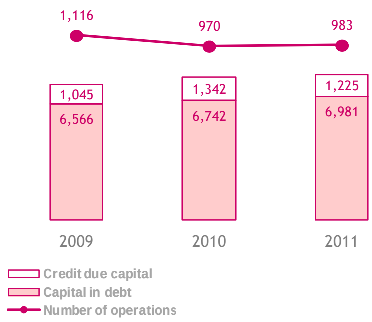
Microcredit

The activity developed by the Microcredit Autonomous Network, in this segment has been distinguished internationally, having been the winner of the “MicroFinance Recognition Awards”, in the category of Commitment to Social and Financial Transparency and having been included in the shortlist of the Global Microfinance Achievement Awards 2011 in the category of “Highest Customer Orientation”, and distinguished as one of the three best Microcredit operations at a worldwide level, in this category.

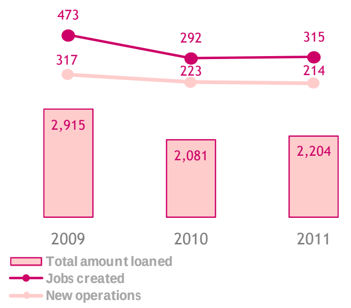
As a corporate member, Millennium bcp continued to participate in the working group of the European Microfinance Network (EMN), whose objective is the preparation of an analysis on the growth of microfinance in Europe.

In 2011, the candidature criteria were updated, with the maximum value of the operations having been raised to 25 thousand euros per candidate and the maximum period extended to five years for operations as of seven thousand euros. The number of proposals presented to Millennium bcp Microcredit in 2011 continued in line with the number received in 2010. In terms of production, the Microcredit activity, which includes protocols with the National Association of the Right to Credit and Autonomous Region of Azores, carried out a total of 214 new operations, with total loans of 2.20 million euros, which helped to create 315 jobs. The volume of loans granted to the 983 operations in portfolio, as at 31 December 2011, stood at 9.65 million euros, corresponding to a capital debt of 6.98 million euros.

MICROCREDIT LOAN PORTFOLIO
Thousand euros



MICROCREDIT ACTIVITY
Thousand euros



The effort to control overdue loans continues to be a constant concern, where the methodology in practice has proved to be effective in the prevention and settlement of situations of default. In 2011, the loan analysis criteria were consolidated, being strict and comprising a checklist, covering both the Business Plan presented by the micro-entrepreneurs, and the profile of the micro-entrepreneurs and valuators.

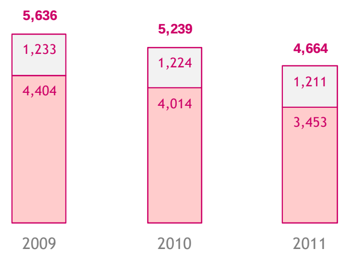
The Board of the EIF (European Investment Fund) also approved its candidature to the Guarantee of Microcredit operations. This guarantee instrument was created by the European Union, under the European Progress Microfinance Facility (EPMF) programme, and is managed by the EIF. This mechanism will guarantee up to 309,488 euros of its production of microcredit financing, where no fee of any type will be payable, provided that a loan volume is reached, for the period of 24 months, of 3.15 million euros.

The current economic context experienced in Portugal implies the urgent need of the stimulation of the corporate structure and creation of employment, vital for the Portuguese economy and the self-sustainability of individuals. However, the uncertainty regarding the future continues to contribute to retraction in the creation/development of micro and small companies. In 2011, a great number of actions were implemented for the purpose of bringing the microcredit instrument closer to the most vulnerable population.

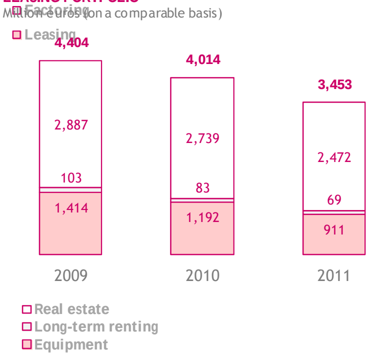
Specialised Credit

The main guidelines of Specialised Credit focus on the restriction and selectivity of new operations, the successive adjustment of pricing in view of the evolution of the cost of funding and strong effort of repricing the operations in portfolio in leasing and factoring products, with priority regarding the latter, due to their potential attraction of company treasury.

SPECIALIZED CREDIT PORTFOLIO
Million euros (on a comparable basis)



LEASING PORTFOLIO
Million euros (on a comparable basis)



The following initiatives were developed, in particular:

- In the leasing business, preference will be given to small and medium-sized enterprises, with Customers showing best risk and the financing of goods with active secondary markets and for shorter periods. The allocat5,5ion of funds available under a European Investment Bank line, of the value of 30 million euros, has enabled the offer of equipment leasing to Customers of the Retail Network with special price conditions, thus ensuring support to SME investment;
- In car financing, the campaigns targeting Customers of the Retail Network was based on partnerships with car concessionaires, where the offer of the renting product was highlighted most. This is a product that, under the partnership established with the company SGald Automotive, a fleet management company integrated in the Société General Group, does not involve the consumption of capital of the Bank nor funding needs;
- The promotion of factoring products focused on Retail, with a campaign aimed at the expansion of the Customer base. There has also been greater selectivity in the type of offer, seeking to reduce the weight of operations without recourse, thus putting an end to the "Municipal Solution" offer and reconfiguring the products related to the health sector. Consistent with the objection of reduction of operating risk and improvement of control of overdue loans, a new factoring electronic platform is currently at a final stage of development, which is expected to become operational in the beginning of next year;
- Certification of Specialised Credit Managers in Portugal, aimed at the sustained performance of excellent Customer service and the continuous improvement of this business area in the Bank.

In 2012, the activity of the Companies Network will continue to be strongly influenced by the evolution of the Portuguese economy, whose performance will be greatly constrained by the implementation of the measures defined in the Memorandum of Understanding, and consequent maintenance of the recessive economic environment. In this context, the Network's strategy of action will involve the maintenance of the guidelines followed in 2011, directing the commercial activity towards:

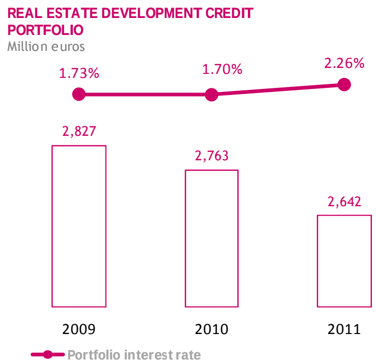
- Focus on the reduction of the liquidity gap, with a restrictive lending policy, in a new paradigm based on the establishment of an overall partnership with Companies, favouring loan concession to companies with which compensation has been negotiated in terms of treasury and which show greater capacity for success in the medium and long term, namely through their action in international markets of high potential growth;
- Strong commercial proactivity, strengthening relations with Companies, a vital factor for the identification of new business opportunities in line with needs and strategy, also seeking to detect any possible signs of business difficulty, in order to define solutions suited to the respective characteristics and prevent the existence of overdue loans;

- Implementation of new solutions specifically directed to Company treasury needs, seeking to boost the attraction of new sources of revenue, in terms of payments, receipts or added value services (renting), life insurance and pension funds, hedging instruments, amongst others);
- In leasing, support to SME investment will continue to be favoured, through small and medium-sized business. Factoring will remain priority, following the policy of replacement of short term financial loans and expansion of the Customer base, as well as the reduction of operations without recourse.

At the same time, the redefinition of the criteria of segmentation of the Bank's networks, will permit better identification of the potential profitability of Business Customers, namely concerning SMEs, enabling closer monitoring of Customers, better identification of needs and the design of more suitable solutions.

Real Estate Business

The Real Estate Department includes the Loans for Property Development, Project Management, Property Management and Property Sale units, where the following areas of action have been defined:



- **Property Development**: continuation of the policy of adjustment of the pricing of loan operations to the respective associated risk, favouring liquidity. The balance of the property development portfolio reached the value of 2,642 million euros, recording a reduction of 4.4% compared with 2010. Net interest income increased by 56 p.b. relative to 2010.
- **Project Management**: a specialised structure has been implanted, specialised in monitoring Customers and projects with significant property risk, whose recovery is processed exclusively or mainly through the sale of these property projects. In this context, focus has been given to the prevention and recovery of overdue loans, reduction of impairment and improvement of quality and strengthening of guarantees, as well as optimisation of the associated profitability. For this purpose, the diagnostic models, financial structuring and project risk monitoring have been strengthened.
- **Property Management**: special attention has been given to stock analysis and to the treatment of property which has remained for the longest time in the portfolio. With a view to the optimised management of allocated funds, the property management areas were reorganised, with the creation of smaller teams responsible for the full monitoring of a series of properties under their management. The success of this initiative became evident in the duplication of the number of properties treated and sale conditions.
- **Property Sale**: an activity exclusively focused on the sale of real estate assets, derived mostly from assets given in lieu of payment, dissolution of leasing contracts, judicial enforcement or their decommissioning from operation. During 2011, the sales team dedicated to large properties and retail was reorganised, which enabled the Bank to focus on a new approach of greater proximity to the real estate market. At the same time, new partnerships were established with real estate entities particularly specialised in the sale of these types of assets. For the purpose of accelerating the process of sale of these assets, four real estate campaigns were carried out during 2011, open to all real estate agents, as well as ten auctions through attendance (5 in Lisbon and 5 in Porto) and three online auctions. 2011 was also the year of the launch of the "M Properties" brand for this market, along with innovative sales actions of strong regional impact - "The opportunities month", and in particular i) the "Real Estate Millennium Meetings"; ii) various promotions over the month, namely the acquisition of properties through closed letter; and iii) a regional auction carried out at the Bank's branches, a first-time unique event in the country.

In 2012, the action in this area will be guided by:

- Selectivity in the choice of Companies and projects to be financed, where the capital structure and guarantees of each project will be of special importance;
- Management and monitoring adjusted to the risk and size of each project, and high level of strictness in price management;
- Consolidation of the new commercial approach concerning the sale of properties, where it is expected that there will be an expansion of the offer arising from the launch of the new real estate site and increased initiatives, both regional and national, based on and supported by the Bank's sales networks.

Interfundos

In 2011, the activity of the "industry" of Closed Real Estate Investment Funds showed, as was the case in 2010, a negative evolution strongly marked by the retraction of the entire real estate market in Portugal, generalised in all its business fronts. In this context, the strategic guidelines of Interfundos were based on focus towards higher efficiency in the management of the available funds, with a view to the business continuity of the 48 Funds under its management, either through the continued development or restructuring of the real estate projects of each Fund.

Also in view of the difficulties associated to the current tax framework of Real Estate Investment Funds, Interfundos concentrated its activity in restructuring and urban rehabilitation projects, albeit under the market conditions referred to above, and, for this purpose, received authorisation from the CMVM for the constitution of a group of 2 Real Estate Investment Funds under the management of Interfundos, the Fundo Patrimonial FEIIF and the Grand Urban Investment Fund FEIIF. It was also submitted for approval the authorization for the constitution of two other Real Estate Investment Funds, the MR FEIIF and the M Renda Fund FIIAH, this one aiming at the profit from the opportunities which, the expected stimulation of the rental house market, could offer.

During 2011, Interfundos maintained its position of market leader in FIIFSP management, with a market share of 16.8%, through the management of 48 Real Estate Investment Funds, with a total of 1,129 million euros of net assets under management, corresponding to stabilization year-on-year, which, however, does not reflect the strong retraction observed in this industry in 2011.

The prospects for the real estate sector in Portugal in 2012 remain negative, pointing to the continued restriction of lending, of impact not only on families for acquisition of residential properties, but also on the construction sector for both housing and offices. Thus, in 2012 Interfundos expects to maintain its strategic focus on project restructuring and urban rehabilitation, as well as defending the maintenance of the projects in progress, in the context of the funds under its management and the expansion of its activity to housing rental funds, thus seeking to meet the new needs and opportunities offered by the market.

The existing uncertainty in terms of the future of the Euro and economy of the Eurozone countries comprise the main risks for business activity in 2012. Complementarily, the possible need to adopt new austerity measures in Portugal and in the main European countries is another factor of uncertainty that should not be underestimated. The capitalisation and deleverage requirements should strong constrain the banks' lending capacity, hindering the inversion of the recessive path of the Portuguese economy and necessarily implying the exploration of new markets outside Europe, the base of the main export markets of Portuguese companies.

Corporate & Investment Banking

The Corporate & Investment Banking segment recorded a net loss of Euro 63.0 million in 2011, compared to a positive net contribution of Euro 82.9 million on the same period in 2010, determined by the increase in impairment charges for loan losses.

Net interest income increased 16,9%, supported by the Corporate network, reflecting the effect of repricing of loan operations, which aimed to adjust the spreads to the risk of operations and strengthened the mitigation associated with these operations, leading to an increase in the loans to customers interest rate margin and offset the reduction in the volume of loans to customers.

The growth in other net income is essentially due to the increase of commissions in the Corporate Network, in particular the commissions associated with loans to customers, demand deposits, risk insurance, financial services and assets under management.

The increase in impairment charges for loan losses, which in 2011 includes the reinforcement of impairment charges under the Special Inspection Programme, as well as the effect of the deterioration of financial collaterals and the increase in impairment indicators in the loan portfolio, as a result of the persistent adverse macroeconomic context and deterioration in economic and financial conditions, in particular in companies associated with the construction and tourism sectors of activity.

In accordance with the strategic priority to reduce the commercial gap, loans to customers decreased 7.9%, totalling Euro 12,199 million as at 31 December 2011, compared to Euro 13,245 million posted on the same date in 2010, determined by the reduction in loans, leasing and commercial paper.

Deposits showed an increase of 27.2% from 31 December 2010, reflecting the commercial effort in fundraising. The total customer funds decreased by 3.7%, amounting to Euro 10,822 million in 31 December 2011, compared with Euro 11,236 million in 31 December 2010, determined by the reduction observed in debt securities.

Euro million

	31 dec. 11	31 dec. 10	Change % 11/10
Profit and loss account			
Net interest income	240.9	206.0	16.9%
Other net income	180.7	159.8	13.1%
	421.7	365.8	15.3%
Operating costs	77.7	74.9	3.8%
Impairment	432.7	178.2	-
Contribution before income taxes	(88.7)	112.7	-
Income taxes	(25.7)	29.9	-
Net contribution	(63.0)	82.9	-
Summary of indicators			
Allocated capital	1,637	1,608	1.8%
Return on allocated capital	-3.8%	5.2%	
Risk weighted assets	16,370	16,082	1.8%
Cost to income ratio	18.4%	20.5%	
Loans to customers (1)	12,199	13,245	-7.9%
Total customers funds	10,882	11,236	-3.7%
Customers deposits	6,265	4,923	27.2%

(1) Includes commercial paper.

Note: Loans and Customers funds on monthly average balances.

Corporate Network

In view of the structural changes in the Portuguese banking sector arising from the implementation of the Economic and Financial Assistance Programme, jointly supported by the IMF and European Union (EU), with implications in terms of loan deleveraging and strengthening of capitalisation levels, the activity of the Corporate Network, in 2011, as was the case of the Companies Network described above, was guided by the following strategic lines: i) reduction of the commercial gap, maintaining the guidelines followed in previous years, with adjustment of loan concession and focus on growth of funds; ii) reduction of capital consumption (reduction of risk weighted assets), namely through careful analysis of the collateralisation of loan operations; iii) incisive control of overdue loans, aimed at decreasing loan impairment; and iv) focus on the overall profitability of Customers, through the establishment of an overall relationship, offering overall solutions for all company needs.

The following initiatives were developed for the purpose of implementing the guidelines referred to above:

I. Reduction of the commercial gap

- Strictness in loan concession, reducing loans to Public Sector Companies, adjusting the ceilings offered to Companies to their effective needs and negotiating with Customers the restructuring of medium and long term loan operations, so as to adjust the respective payment to the generation of project and/or Company cash flow;
- Preference, in loan concession, to Companies with internationalisation strategies and operating in diversified markets;
- Adoption of a policy of management of compensation, in terms of attraction of Company treasury, offering support to the financing of daily activity and project development, in a perspective of an overall relationship, negotiating solutions adjusted to different needs;
- Establishing a logic of partnership with companies, taking advantage of their relations with different stakeholders, namely their Employees, Suppliers and Customers;

II. Reduction of capital consumption

- Incisive analysis of loan operations, namely in terms of the adjustment of the collateral to the risks of the operations and evolution of Company activity;
- Frequent renegotiation with Customers concerning possible strengthening of guarantees for operations, corresponding to minimisation of capital consumption;

III. Control of overdue loans

- Close monitoring of Company activity, with frequent contact aimed at identifying possible signs of difficulties in order to establish, together with company directors, solutions to prevent future default;
- Support the implementation of plans for readjustment of the activity within the strategy of partnership with companies, assisting them in the market diversification strategies.

IV. Focus on the overall profitability of Customers

- Adjustment of the spreads applied in operations to the effective risk of the Customers and to the guarantees negotiated with them, taking into account the significant growth shown by interest rates in the financial markets;
- Generalised application of the fees established for operations, so as to meet their operating costs;
- Stimulation of the use of automatic channels, with substantial advantages for Companies in terms of transactional ease and integration with their own systems, also enabling cost reduction.

The strategic guidelines for the Corporate Network will remain, during 2012, in line with the strategy implemented in 2011, with strong focus on:

- Reduction of the liquidity gap, with very careful management of loan concession, following a logic of overall partnership with Companies and negotiation of compensation in terms of treasury movements and favouring companies focusing on the development of strategies of market diversification, with internationalisation to high-growth countries;

- Close monitoring of Companies, aimed at the identification of new business opportunities in line with company needs and strategies, seeking to ensure the timely diagnosis of possible warning signs on the evolution of Company activity, in order to ensure the efficient implementation of appropriate solutions;
- Development of new solutions adjusted to Company needs, enabling the attraction of new sources of revenue, namely in terms of treasury management concerning payments, receipts or added value services (renting), life insurance and pension funds, hedging instruments, amongst others);

The main risks faced by the activity of the Corporate Network in 2012, as is the case of the Company Network described above, are related to the uncertainty associated to the evolution of the Eurozone, which in a less disruptive scenario raises doubts on the need for new austerity measures in Portugal and in the main European countries receiving Portuguese exports, with impact on Portuguese business activity and on the need for the possible adaptability of business activity.

Investment Banking

In the area of Investment Banking, through Millennium investment banking, the Bank maintained its leading position in the brokerage of shares on Euronext Lisbon in 2011, with a market share above 6% and holding 3rd place in the ranking. Even in such an adverse context, more Customers were attracted to negotiation with direct access to the trading room, and strong activity was maintained concerning the publicising of the national market amongst international investors. The research area consolidated its position as the main reference in the coverage of companies listed on Euronext Lisbon, both for local and international investors, and, at the same, strengthened its coverage of companies listed on the Spanish market. The concentration of the certificates and warrants programme of Millennium bcp on Euronext Lisbon contributed to the growth of the activity, thus strengthening its strong leadership with a market share above 50%. In an innovative attitude and considering the current context, Millennium bcp promoted the negotiation in regulated markets of savings management and financial leverage products.

The market instability which severely affected various members of the Eurozone, then spreading to most European countries, constrained the launch of new operations and prevented the access of national issuers to international markets. In view of these circumstances, the Bank concentrated its activity on domestic operations, maintaining its position of leadership in this market segment, in particular in the organisation and structuring of debenture loans for EDP – Energias de Portugal (200 million euros), Sporting SAD (20 million euros) and FCP SAD (10 million euros), placed through Public Subscription Offers. The Bank was also in the leadership of a series of new Commercial Paper Issue Programmes for notable Portuguese companies, in particular the operations carried out for Espírito Santo Saúde (96 million euros), Grupo Salvador Caetano (40 million euros), Têxtil Manuel Gonçalves (50 million euros) and Sonae Indústria (50 million euros). The first issue of covered bonds of Banco de Investimento Imobiliário – BII was also carried out, to the value of 1,000 million euros. In August of this year, the Bank organised and led, through private placement, an issue of bonds for EDP Finance BV, under the Programme for the Issuance of Debt Instruments of the EDP Group, of the value of 350 million euros, for the period of one year. Particular note should also be made of the activity developed in the structuring and placement of structured products, under a commercial effort aimed at the attraction of stable Customer funds, developed by the Retail Networks and by Private Banking. The total value placed reached approximately 880 million euros. Amongst the different structures, emphasis should be given to "Millennium M Income", "Millennium Growing Income" and "Millennium Income Now".

Notwithstanding the difficulties related to the macro and microeconomic circumstances, during 2011, positive results were obtained from the sale of treasury products, both in the area of cash products (spot and forward foreign exchange transactions, short term investments and financing at fixed interest rates), and in the area of interest rate risk, exchange rate and commodity hedging derivative products.

In the area of corporate finance, Millennium investment banking participated in various major projects, in particular the financial advisory services provided to REN, in the placement of part of the capital of OMIP, SGPS; to Parpública, in the assessment of the Cahora Bassa Hydroelectric Plant and to Sonangol, in the group acquisition in the tourism/leisure sector. Also important, were the assessments made of REN and EDP under the respective privatisation processes.

In the area of equity capital markets, note should be made of the role of Millennium investment banking in the Overall Coordination of the share capital increase operations of Millennium bcp itself which, in spite of having been carried out under particularly adverse market conditions, were fully successful and were completed in an extremely short period of time, corresponding to less than three months since their announcement until the listing of the new shares on the stock market. This coordinated share capital increase operation, integrated in an objective of optimisation of the own fund components of Millennium bcp, covered the following three components: i) incorporation of reserves of the value of 120.4 million euros; ii) public offer of exchange of subordinated perpetual securities with conditional interest for new BCP shares, of the value of up to 1,000 million euros; and iii) public subscription offer of the value of 259.8 million euros, with reservation of preemptive rights for shareholders. In January 2011, the Offers of Sporting SAD were concluded, which are included in the financial restructuring of the SCP Group, where the Bank was the "Joint Overall Coordinator" of its organisation and structuring, which consisted of a share capital increase of up to 18 million euros and an issue of Mandatorily Convertible Securities convertible into Sporting SAD shares of up to 55 million euros, in both cases carried out through Public Subscription Offers, with reservation of preemptive rights for shareholders. In September 2011, the Bank was also the "Joint Overall Coordinator" in the organisation and structuring of the share capital increase of Inapa of up to 75 million euros, carried out through a public subscription offer of preferred shares without voting rights, with reservation of preemptive rights for shareholders.

In 2011, Millennium investment banking maintained an active role in structured finance operations, in particular the restructuring operations related to the Visabeira/Vista Alegre Group, and the support provided to the shareholder recomposition of the ETE Group, one of Portugal's largest port and maritime transport operators. Also noteworthy, is the completion of the restructuring of a syndicated loan of the Multi Corporation Group (an important player in the European real estate sector). The Bank also ensured close monitoring of its portfolio of outstanding loans, which stands at approximately 2.3 billion euros, and special note should also be made of the effort dedicated to the obtaining of liquidity from components of the portfolio.

In the project finance business area, Millennium investment banking participated in various operations of importance at a national and international level, of which the following are of particular note: i) structuring, as "Mandated Lead Arranger" of the first repowering and overpowering operation carried out in Portugal, under the Iberwind portfolio of Lagoa Funda Wind Power Plant, enabling the gain of an additional 2 MW (to a total of 12 MW), where the operation was financed under the contract of 1,062 million euros of the original loan, with the due adaptations; ii) signing of the contracts comprising the Reformation of the Concession of the stretch of the High Speed Railway between Poceirão and Caia, where the Bank is a shareholder of the concessionaire ELOS – Ligações de Alta Velocidade, S.A., its "Financial Adviser" and "Mandated Lead Arranger"; iii) signing of the contracts closing the financing operation, of the value of 11.68 million euros, of Meroicinha II Wind Power Plant, owned by the company Alto Marão, with 15 MW planned to be installed; and iv) Financial Advisory mandate of Luanda Waterfront for the requalification and urban re-planning of the waterfront of the city of Luanda, with maritime and terrestrial works implying the widening of Avenida Marginal, removal of sediment from the Bay, new road lanes, new green areas, amongst other works.

As a signatory of the Equator Principles, Millennium bcp undertakes to ensure that the projects in which it participates in a financial advisory capacity or which it finances under project finance are developed in a socially responsible manner and comply with good practices of environmental management.

In historic terms, the project finance loan portfolio is structured as follows:

PROJECT FINANCE PORTFOLIO SINCE 2006

CLASSIFICATION ACCORDING TO EQUATOR'S PRINCIPLES		PROJECTS FINANCED SINCE 2006	MILLENNIUM BCP PARTIVIPATION (Million euros)
A	High social and environmental ris	1	41
B	Limited social and environmental	42	4,487
C	Low social and environmental risk	1	27

In 2011, the following projects were classified under the criteria applied by the International Finance Corporation (of the World Bank Group) which led to the Equator Principles:

PROJECT FINANCE OPERATIONS APPROVED IN 2011

Million euros

Project	Classification	Total Funding	Millennium bcp participation
IBERWIND (PORTUGAL)			
Repowering in 10 MW and overpowering in 2MW from Lagoa Funda's wind farm	B	10 (*)	2.8 (*)
ELOS			
Reform the Concession of Alta Velocidade Poceirão-Caia	B	308.8 (**)	102.3 (**)
Meroicinha II			
Financing the Meriocinha II Wind Farm - Alto do Marão	B	11.7	11.7

(*) It was not funding / additional exposure, but the conversion of an unused facility

(**) The amount shown represents the increase in the Reform held in February 2011.

For 2012, the strategic guidelines for the area of Investment Banking are based on the maintenance of the focus on products and structures that enable increasing and diversifying the Bank's sources of financing; maintenance of its position as a reference institution in the national market; continuation of the activity's international expansion, namely through the offer of advisory services in project and/or corporate finance, preferably in countries where Millennium bcp is already present, also exploring potential opportunities along the strategic axis of China/Macao – Portuguese-speaking Africa – Europe, to which Brazil is added, under the partnership agreement signed with Banco Privado Atlântico for the constitution/acquisition of a bank, aimed at the exploration of opportunities in the Brazilian market; and, finally, close monitoring of Customers and operations currently in the portfolio.

REN
Financial Advisor
Placement of 50% of the capital
omip
2011
Millennium investment banking

grupo enersis
Meroicinha II Wind Farm
11.7 Million Euros
Project Finance
2011
Mandated Lead Arranger
Millennium investment banking

Syndicated financing restructuring of the Group Multi Corporation
900 Million Euros
Structured Finance
2011
Senior Lender
Millennium investment banking

SONAE INDÚSTRIA
Commercial Paper Program
50 Million Euros
2011
Leader and Agent
Millennium investment banking

edp
Bond Issue through a subscription of a Public Offer
200 Million Euros
2011
Joint Leader
Millennium investment banking

Banco de investimento imobiliário
Mortgage Bond Issue under Covered Bonds Programme
1,000 Million Euros
2011
Leader
Millennium investment banking

Millennium bcp
Capital Increase
1,370.4 Million Euros
through
Incorporation of Reserves
€120.4Million
Public Echange Offer
€ 990.1 Million
Public Offer
€ 259.9 Million
2011
Organization and Structure
Millennium investment banking

Equity Swaps
REN, EDP, ZON
147 Million Euros
2011
Millennium investment banking

Certificates
ICE Brent Crude Future Contract
55 Million Euros
Issuer
2011
Millennium investment banking

International

In view of the scenario of downgrading of the ratings of the Portuguese Republic and Bank, the activity of the International Department, over 2011, was particularly concerned with the permanent disclosure, amongst banks and financial institutions, of detailed information on the economic and financial indicators of the country and Bank.

The proximity maintained with counterparties, both in terms of other banking institutions and of the risk and loan analysis departments, enabled the maintenance of limits for the conclusion of commercial and treasury operations which permitted business continuity.

Specific lines were negotiated with sovereign and multilateral banks to support external trade operations and investment projects, of a value close to 1,000 million euros.

Initiatives were developed to make a difference to the service, quality and range of products offered, which was reflected, by the end of 2011, in the following market shares: 42% of total assets under custody held by non-resident institutional investors in the national market; 25% of total commercial payments; and 26% of the trade needs supporting exports.

In 2012, the Bank will continue to identify new markets and counterparts, with special focus on the supranational, central bank and development segment, fostering the use of trade programmes and other multilateral instruments, with a view to reducing capital consumption and endeavouring to find innovative ways to contribute to the attraction of funds.

Considering that support to exports and company internationalisation is today, apart from a strategic option, a national aspiration and the only path towards the sustained recovery of the country, the Bank has centralised this support, since 2006, in the International Department, through a centre of competences covering all aspects of international business, from treasury management solutions to trade finance. Constituted by country and product specialists with strong technical knowledge in international business (cash management, guarantees, loans and documentary remittances, financing solutions), Millennium Trade Solutions ensures personalised attendance and the search for the most suitable solutions for exports and company internationalisation, through counselling on export market selection, counterparts and financial instruments, and the structuring of financial support solutions.

In 2011, the Bank, through the International Department, directly supported over 4,000 export companies and 350 processes of internationalisation not only to countries where Millennium bcp is present such as Angola, Mozambique, China, Poland and Brazil, but also to other regions such as the Maghreb or Latin America, using the support of local partner banks. In circumstances that are expected to be increasingly more difficult, the Bank will continue, in 2012, to promote its support to exports and company internationalisation, through the strengthening of its team of specialists in international business and continuous focus on the improvement of the Bank's value proposition, both in terms of products and services, and Customer monitoring.

ASSET MANAGEMENT & PRIVATE BANKING

The Asset Management & Private Banking segment, considering the geographical segmentation criteria, posted a net loss of Euro 67.3 million in 2011, compared to a net loss of Euro 6.7 million in the same period of 2010, determined by the increase in impairment charges for loan losses, despite the rise of net operating revenues.

The increase of 13.9% in net interest income, due to the effort to implement the repricing designed to reflect the risk and liquidity costs, led to the increase the interest rate margin for loans to customers, despite the decrease in the volume of loans to customer and in the term deposits interest rate margin.

The increase of 21.2% in other net income resulted from the Private Banking business in Portugal, and was mainly associated with the increase in commissions related to assets under management and structured products.

The rise in impairment charges for loan losses was due to the devaluation of financial collaterals and to the increase of impairment indicators in the loan portfolio, as a result of the persistence of an adverse financial and macroeconomic context.

Loans to customers amounted to Euro 1,288 million as at 31 December 2011, decreasing 7.5% from 31 December 2010, as a result of the reduction in loans granted in the Private Banking segment in Portugal.

Total customer funds amounted to Euro 4,713 million as at 31 December 2011, compared to Euro 5,804 million as at 31 December 2010, supported by the reduction in off-balance sheet customer funds. Given the volatility and uncertainty of the markets, during 2011, there has been a greater readiness of customers to prefer more traditional conservative solutions, to the detriment of structured products, investment funds and discretionary management.

Euro million

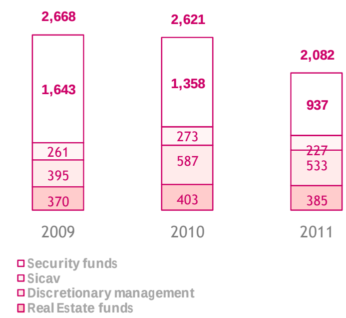
	31 dec. 11	31 dec. 10	Change % 11/10
Profit and loss account			
Net interest income	22,3	19,6	13,9%
Other net income	27,7	22,8	21,2%
	50,0	42,4	17,8%
Operating costs	31,6	31,5	0,5%
Impairment	113,2	20,4	-
Contribution before income taxes	(94,8)	(9,4)	-
Income taxes	27,6	2,8	-
Net contribution	(67,3)	(6,7)	-
Summary of indicators			
Allocated capital	64	97	-34,0%
Return on allocated capital	-104,5%	-6,8%	
Risk weighted assets	643	975	-34,0%
Cost to income ratio	63,3%	74,1%	
Loans to customers	1.288	1.391	-7,5%
Total customers funds	4.713	5.804	-18,8%
Customers deposits	1.360	1.380	-1,5%

Note: Loans and Customers funds on monthly average balances.

Asset Management

The Asset Management area includes the development of mutual and real estate investment fund management activities and discretionary management activity. The identification of opportunities, under circumstances that, in 2011, exerted a very marked influence, and their realisation through the construction of financial solutions offering suitable profitability to Customers of the different activity areas included in the Asset Management area, namely the Management of Mutual and Real Estate Funds and the Discretionary Management of Individual Portfolios, as well as the preservation of the return of these business units, constituted the main strategic lines, during a year characterised by the persistent impact of high volatility and uncertainty in financial markets, induced by the sovereign debt crisis, which essentially affected Europe, and was aggravated by the deceleration of GDP growth in Portugal and by the crisis of confidence installed in financial markets and in the economy.

ASSETS UNDER MANAGEMENT
Million euros (on a comparable basis)



In 2011, the national industry of mutual investment funds once again, as in the previous year, showed a significant decrease (23.9%) in the volume of assets under management, from 14,237 billion euros in 2010, to 10,835 billion euros.

The total volume of assets under management of the mutual investment funds managed by Millennium bcp Gestão de Activos decreased by 31.0%, from 1,358 million euros in 2010, to 937 million euros in 2011, corresponding to a market share of 8.7%, or 0.8 p.p. less than in December 2010. In contrast, in terms of total harmonised funds, representing the core of the asset management industry, in particular of mutual investment funds, Millennium bcp Gestão de Activos holds a market share of 14.9%, in line with the value recorded in December 2010.

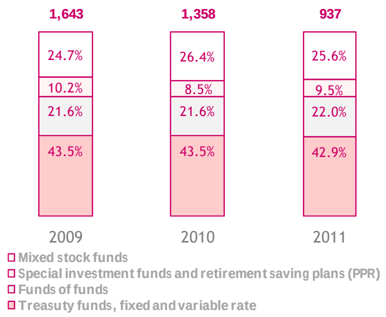
The fall in the volumes under the management was greatly influenced by the context of uncertainty and volatility which has been experienced since 2010 but aggravated in 2011 as a result of the negative performance of the financial markets, directly contributing to 15% of the annual reduction recorded. The negative net subscriptions were equivalent to those of the previous year, showing a decline of approximately 16%, after exclusion of the effects of non-recurrent operations, namely arising from the:

- Process of strategic reallocation of the Funds of Funds, resulting from the adoption of new benchmarks;
- Impact on the positions of the Funds of Funds on merged funds, caused by the merger between the Millennium Available treasury fund and the Millennium Bonds and Millennium World Bonds variable rate bond funds, which resulted in the creation of the Millennium Variable Rate Euro Fund;
- Redemption of positions reflecting Real Estate Funds

Although no category of funds shows positive net subscriptions, relative to the accumulated value as at December 2010, note should be made of the favourable evolutions of the Funds of Funds, Special Investment Funds (FEI) and Variable Rate Bond Funds, in this last case, after suppression of non-recurrent effects.

In terms of assets under management by category of funds, Millennium bcp Gestão de Activos maintained its leadership of one of the segments of funds with highest value added, Funds of Funds, with a market share of 52.4%, and remained in second place in Funds of Assets, with a market share of 20. 7%. The Bank also recovered its leadership in terms of assets under management in Variable Rate Bond funds, with a market share of 33.2%, following the creation of a new variable rate bond fund, the Millennium Euro Variable Rate Fund, which resulted from the merger of the Millennium Bonds and Millennium World Bonds funds with the Millennium Available treasury fund, in May 2011.

BREAKDOWN OF SECURITIES FUNDS
Million euros (on a comparable basis)



The performance of the Millennium funds reflected the behaviour of the financial markets during the year. However, this performance compares favourably with that of the domestic competition of mutual funds: Millennium bcp Gestão de Activos showed, monthly and on average, eight funds in the first three places of the national ranking by category of yield at 1 year, published by the Portuguese Association of Investment Funds, Pensions and Assets (APFIPP).

After an interval of two years, in 2010 Millennium bcp Gestão de Activos was once again awarded prizes by the Morningstar in the 8th edition of the "Morningstar Diário Económico Best Investment Funds" Awards, distinctions which contribute to the recognition of the management quality and merit of the teams employed at Millennium bcp Gestão de Activos. The three Millennium funds that were awarded and their respective categories were: i) Millennium Portugal Shares: "Best National Fund of Portugal Shares"; ii) Millennium PPA: "Best National Fund of PPA Portugal Shares"; and iii) Millennium Moderate Prestige: "Moderate Euro Mixed Best National Fund".

Also concerning performance, particular note should be made of the four Millennium funds which held the first place in the respective ranking of the APFIPP, as at 31 December 2011: Millennium Moderate Prestige (Mixed Funds of Funds); Millennium PPR Shares Investment (PPR Funds category C: between 15% and 35% shares); Millennium Conservative Prestige (Predominantly Bond Funds of Funds); and Millennium Eurocarteira (Funds of Shares of the EU, Switzerland and Norway).

The promotion of the commercial activity of the domestic mutual investment funds took place simultaneously with the strategy of the sales networks, namely the Retail Network and Private Banking Network, which were the main placers of Millennium bcp investment funds.

In the Retail Network, the commercial team ensured support to the branches, with a new Employee having been recruited in March to strengthen monitoring in the South and Southern Centre regions, which enabled the achievement of the objective size. The Millennium investment funds are placed, as components of funds, under the strategy of the 3Rs – Resources (Funds), Repricing and Recovery, being positioned as solutions to meet two of the fundamental needs of Customers:

- Access to various investment choices, since they enable the diversification of net worth in terms of assets, sectors and geographical coverage of markets, in a manner adaptable to each risk profile;
- Supplementary pension, since the Millennium PPR funds constitute vehicles of medium/long term saving, for the gradual and timely constitution of future income, benefiting from tax advantages at the time of repayment, provided that this is carried out under the conditions established by the law.

Also concerning this strategy, the Millennium funds are part of the campaign of Attraction of Programmed Savings through Monthly Investment Plans (PIM), which enable Customers to save small amounts, in a planned and regular manner, requiring minor effort.

In the Private Banking Network, the Millennium funds were positioned as niche alternatives, complementary to the offer provided by the international holding companies which operate in Portugal, and to the offer of bound Portfolio Management by Millennium Gestão de Patrimónios.

Under the continuous readjustment of the conditions of the offer in view of the circumstances under which the activity is operating, an adjustment was also made with respect to the review of the Management Committee of almost all the Treasury and Variable Rate Bond Funds. This process, combined with that of the merger of Funds, and that of the strategic reallocation of Funds of Funds, led to additional income in excess of 800 thousand euros during the year, equivalent to an increase of 20%.

In 2012, Millennium bcp Gestão de Activos will endeavour to maintain and strengthen its competitive positioning in the market of mutual investment funds, through the launch of new investment funds under the form of Special Investment Funds (FEI) and the promotion of their placement through the sales networks. In a long term perspective, the appropriate strategy for investors will involve strengthening portfolio diversification, which implies the constitution of global portfolios that are very diversified in terms of regions, sectors and assets. In 2012, investment funds will be the ideal financial instrument for this purpose. Millennium bcp Gestão de Activos will also guide its action by the market trends identified in the European and worldwide investment funds business, adapted to the new European Union regulations which will be enforced during the year, in particular arising from the transposition of Directive UCITS IV.

The total value of the Millennium Sicav funds under management, domiciled in Luxembourg, reached 227 million euros in December 2011, having fallen by 16.7% in relation to the end of 2010. About 43.2% of this decline was attributable to the market effect, particularly marked during this year, and about 44.7% to redemption of Funds of Funds, partly derived from the strategic reallocation process which involved these Funds. In spite of the decline noted above, it was possible to maintain a certain level of performance and income, associated to the management and distribution of Millennium Sicav, based on the greater stability of the Customers of institutional portfolios which invest in the different compartments of Millennium Sicav.

In the segment of Mutual Investment Funds managed by Millennium bcp Gestão de Activos, the volume of assets under management was 385 million euros, as at December 2011, representing 4.5% less than as at December 2010. However, it is important to note that most of the Open Mutual Investment Funds on the market showed an even stronger decrease (-12%). The redemption observed, namely by private investors, is largely explained by the increased remuneration of term deposits and by the demand for highly liquid investments.

Regarding the yields of the Open Mutual Investment Funds, in spite of the deterioration of the indicators of the Portuguese economy, most of these funds continued to show positive yields, with the net average yield at 1 year having been 2.14%. However, yields have been moving on a downward path.

The Mutual Portfolio AF Open Fund (FPI) followed the market trend, albeit with a net yield at 1 year of 2.70%, which compares favourably with the 2.14% presented by the APFIPP index relative to Open Funds.

In spite of continuing to be penalised by the difficulties shown in the main segments, namely with respect to rent reductions, default and low demand for vacant spaces, FPI continued to show a performance above the market average.

The FPI was distinguished with the Oscars of "Best Development of the Year" and "Best Office Building", at the 15th edition of the National Real Estate Award 2011, in its capacity of owner of the Vodafone building, at Avenida da Boavista in Porto, whose construction it promoted and financed.

Under the area of discretionary management, developed by the Millennium Wealth Management Department (DMGP), at the end of the year the assets under management reached 533 million euros, representing a decrease of 9% relative to the value at the end of the previous year. This decrease reflects the very volatile behaviour of the financial markets. However, the average balances showed an upward evolution, which reached 24%, resulting in an increase of net fees of 11%, which, combined with the significant savings achieved in terms of operating costs, led to growth of the annual net income of approximately 45%.

In 2011, this area of activity pursued the objectives of consolidation and expansion of its offer, having launched yet another profile of investment with guaranteed capital. This period was also marked by the rationalisation of resources, arising from the migration of the portfolio management activity to the computer system supporting the investment fund activity, which was embodied in the achievement of synergies enabling a significant reduction of computer support and development costs in this business area, which exceeded 43%. In 2012, the DMGP will continue its strategy of intensification of relations with the sales networks with the objective of increasing its turnover.

PRIVATE BANKING

The segment of Private Banking Customers was particularly affected by the enormous uncertainty and fragility of the financial markets and by the sovereign debt arising from the downgrading of the rating of the countries of the periphery of the Eurozone, which implied a particularly strong effort in the commercial monitoring of Customers, with a view to ensuring the continuity of the relationship of trust in the institution and business model of Millennium bcp.

It were created conditions to restructure the business of this segment, by giving a special focus to the area of resident Customers with a new approach to the business model.

The process of classification of the risk profile of Customers of the domestic area has enabled the optimisation of the operation of the advisory model, which consisted of one of the pillars of the value proposition of Private Banking.

This process relies on the input from a team of Investment Specialists who, in full coordination with the Private Bankers, creates the conditions for permanent monitoring of the customer base, materialized in investment proposals set out in accordance with the specificities of assets under management.

Due to this model, the Investment Committee of Control reinforced its role as a framework for the follow up, control and monitoring of the counselling model and management of asset allocation. In this context, investments were made in the fine-tuning of the management tools of this business, in order to incorporate new functionalities to enable minimising operating risks and strengthening the documental control of orders conveyed by Customers.

The offer maintained its diversity and coverage, seeking to meet Customer needs and favouring Structured Products, Investment Funds and Discretionary Management which is an appropriate solution for the management of assets under mandate.

It was ensured a logic open architecture that allows, independently, selecting each time the most appropriate solutions to the profiles of Customers and to cyclical conditions. However, in view of the market volatility and uncertainty observed throughout the year, Customers have shown greater interest in more traditional and conservative solutions.

This business area, in line with the strategic objectives for the Bank, focused on the raise of on-balance funds, contributing to the improvement of the commercial gap.

Accompanying the technological progress developed in the area of homebanking of Millennium bcp, a series of actions were designed with a view to the implementation of the customisation of the site for Private Banking Customers, adapted to its value proposition, and the creation of an area of information on the activity and characteristics of this segment.

It should also be noted that, in 2011, Millennium bcp was distinguished by the Euromoney, prestigious international magazine, with award of the prize for the best Private Banking operation in Portugal.

In the context of the overall project of commercial approach for the entire Bank, aimed at the application of new segmentation criteria and the achievement of specific proposals by segment, plans were made for the resizing of the Private Banking network which will take place in 2012, with the strengthening of its value proposition aimed at a broader base of Customers with profiles suited to the Private Banking model.

Foreign Business

The net contribution of the Foreign Business segment, considering the geographical segmentation criteria, amounted to Euro 177.8 million in 2011, compared to a net contribution of Euro 101.5 million in 2010. The increase of 75.2% compared to the last year was determined by the increase in net operating revenues, powered by the growth in business volumes and by lower operational costs, with emphasis on the net contributions of operations in Poland, Mozambique and Angola.

The increase in net interest income by 23.3% was supported by the favourable interest rate effect and by the volume of customer deposits effect, despite the impact resulting from operations in Turkey and the United States of America, which were partially sold at the end of 2010. Highlight to the performance of the operations in Poland, in Mozambique and in Angola.

The decrease in other net income reflects mainly the impacts identified in 2010 related to the activities of the partially sold operations, as well as the performance of the operations in Switzerland, Greece and Poland, the latter due to exchange rate effect.

Operating costs decreased by 3.9% in 2011, compared with the previous year, influenced by the operating costs posted in 2010 related to the partially sold operations. This reduction offset the increases in Poland and Greece, in part influenced by the resizing of the distribution network, and in Angola and Mozambique, related to the ongoing expansion strategy.

The increase in impairment charges for loan losses, compared with 2010, was mainly associated with a higher level of provisioning recorded in the subsidiary companies in Greece and Switzerland partially offset by the decrease in Poland.

Total customer funds decreased 3.3% to Euro 15,914 million as at 31 December 2011, with emphasis on the favourable performance of assets under management, despite the favourable development in operations in Mozambique and Angola.

Loans to customers decreased 3.7% to Euro 16,306 million as at 31 December 2011, benefiting from the performance of loans to individuals, reflecting the decrease in operations in the Cayman Islands, Greece and Switzerland, partially offset by the increases registered in Angola and Mozambique.

Euro million

	31 dec. 11	31 dec. 10	Change % 11/10
Profit and loss account			
Net interest income	679.2	550.8	23.3%
Other net income	338.6	365.7	-7.4%
	1,017.8	916.5	11.0%
Operating costs	593.8	617.9	-3.9%
Impairment and provisions	198.5	171.0	16.0%
Contribution before income taxes	225.5	127.6	76.8%
Income taxes	47.7	26.1	82.8%
Net contribution	177.8	101.5	75.2%
Summary of indicators			
Allocated capital	1,795	1,740	3.2%
Return on allocated capital	9.9%	5.8%	
Risk weighted assets	14,285	14,272	0.1%
Cost to income ratio	58.3%	67.4%	
Loans to customers	16,306	16,926	-3.7%
Total customers funds	15,914	16,453	-3.3%
Customers deposits	14,994	15,276	-1.9%

Note: In 2010 the net contribution was not adjusted from the impact related to the activities in Turkey and in the United States of America, which were partially sold during 2010.

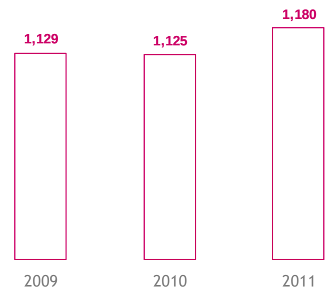
Following, it is presented the individual activity of the international operations.

EUROPEAN BUSINESS

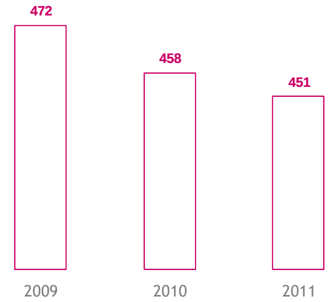
Poland

Bank Millennium is a universal bank of national scope which, together with its subsidiaries, offers a vast range of financial products and services to individuals and companies. Supported by a renewed network of 451 branches, Bank Millennium is one of the main operators on the Polish market, with a leading position in Retail Banking supported by an efficient sales promotion platform and by the growing reputation of the Millennium brand. Bank Millennium develops its activity through various business areas providing customised and specific products and services aimed at Retail, Companies and Investment Banking. Bank Millennium has the fourth largest Retail Network in Poland, with 1.2 million active Customers, being the international operation with the highest contribution to Group's net income.

NUMBER OF CUSTOMERS
Thousands



NUMBER OF BRANCHES
Units



In 2011, Bank Millennium was included in the "Respect Index", the Central and Eastern European index of socially responsible companies in recognition of the development of its activity, based on the highest standards of quality in areas such as corporate governance and investor relations, as well as the promotion of socially responsible initiatives in areas such as the environment and the community.

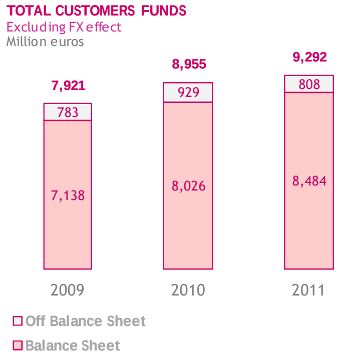
After the two year period of 2009/2010 dedicated to the internal reorganisation in which Bank Millennium implemented the 2010 Millennium strategic programme, designed to minimise the impact of the worldwide financial crisis on its activity, in 2011 the bank concentrated fully on business development and on the fine-tuning of profitability levels, keeping costs under control and maintaining a conservative risk profile. Bank Millennium pursued its policy of new Customers acquisition and simultaneously promoted the deepening of relations with the existing Customers expressed in terms of the cross-selling ratio, improved level of the quality of services and the offer of innovative products to enable maintaining the high level of sales and to increase its market share.

In 2010, Bank Millennium began the "Quality Project", an innovative strategy with the objective of improving Customer satisfaction indices and becoming the market leader in Customer service. The project focuses on four main areas: i) Employees (knowledge, skills and behaviour); ii) Service model (service standards and standardised product sales models); iii) Processes (elimination of gaps in operating procedures); and iv) Quality control system. The operationalisation of this project is based on five programmes focusing on five different areas: Programme for branches; Programme for the Call Centre; Programme for the Internet; Programme for Complaints and Programme for HQ. The main initiatives which have already been implemented consisted of a Mystery Client project, with visits to 5,276 branches in 2011 and audits to 473 remote channels; improvement of Customer service through the implementation of a network incentive system; implementation of Service Standards for Retail Customer Attendance, supported by two sessions of intensive training, involving 500 branch managers and 4,000 employees; improvement of service level agreements, involving telephone attendance in 20 seconds and answer to e-mails within the period of 24 hours for over 80% of Customers and over 50% of the complaints processed in up to 7 days.

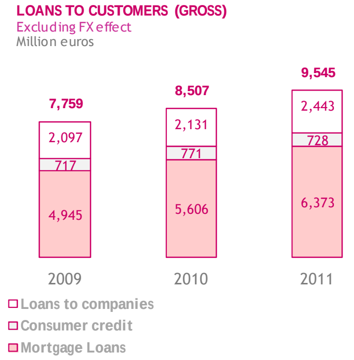
The first results of this project are already visible. According to Newsweek, Bank Millennium is amongst the three first "Most Friendly" banks, both with respect to banks with a traditional network of branches and banks operating only through the Internet. In both rankings, Bank Millennium achieved the highest grades in the category of "service quality". Bank Millennium was also recently distinguished with the "Service Quality Emblem 2011", based on the real opinion of Customers. The bank was also distinguished by the Forbes magazine, as the "Best Bank for Companies".

In terms of business development in 2011, Bank Millennium has, once again, recorded growth in Retail funds and in Companies. Bank Millennium deposits stood at 37.4 billion zloties (approximately 8,396 million euros), representing a significant increase of 5.7% (in zloties) relative to 2010. The bank has not changed the main conditions of its base offer for individual Customers, in spite of some pressure having been observed on net interest income of deposits, but it was more competitive in various deposits to companies. Notwithstanding the growth in deposits, the impact on the loan portfolio derived from the depreciation of the zloty affected the ratio of loans to deposits which, even so, closed the year close to 100%.

Regarding the launch of new innovative products, in the beginning of 2011, Bank Millennium launched a new current account, "Dobre Konto", which through compliance with certain conditions exempted adhering Customers from the payment of opening fees, fees related to the associated debit card and transfers through the ATM network and also granted 3% cash-back for purchases in grocery stores, supermarkets and petrol stations. This account was a big commercial success, with 180 thousand accounts having been opened, corresponding to 64% of all Retail accounts opened in 2011. "Dobre Konto" combined with its debit card received a special award from the selection panel of the 2011 edition of the Publi-News Trophy for innovative cards.



Bank Millennium innovated in the area of attraction of funds, by launching a specific product for the Summer period called "Hot Deposit", with daily compounding of interest and at a yield rate of 4.68%. In the scope of funds attraction, but for new Customers, the bank offered the "Sea of Income" deposit, with a rate of up to 7% per year, with guaranteed capital. Bank Millennium's offer in Poland was also enriched with a new investment product, the "Gaining Every day" account, combining the benefits of a term deposit, with daily interest, with Millennium TFI's Investment Funds, offering a rate which can reach 8%. In the area of savings, note should also be made to the "Objective Saving Account", characterised by enabling the effective management of savings for a specific purpose, incorporating tools (graphs with the yield history and forecast for the future) which help Customers to plan and monitor the evolution of the account in relation to their objective.



Regarding loans, during 2011, note should be made to the "Urgent Loan", a specific product to support families in the management of their money at the beginning of the academic year, which, in a fast and effective manner, enables Customers to guarantee additional money for this purpose. In the area of encouragement of energy efficiency and the use of clean energy, Bank Millennium launched Eko Energy, a Loan/Leasing product for the purpose of financing latest generation solutions in the field of energy saving technology and renewable energy, under the Polish Programme of Sustainable Energy Financing (PolSEFF) which facilitates the implementation of projects from Polish small and medium-sized companies.

Bank Millennium has expanded its range of products through a partnership with MAKRO Cash & Carry Polska, covering the needs of entrepreneurs who purchase at MAKRO shops. The proposal covers a wide range of products, both for entrepreneurs and their employees, including cards (debit and credit), bank accounts, and various types of loans and leasing. The fundamental characteristic of this offer consists of the Millennium MasterCards, which combine the functionalities of payment card and card to entry into the MAKRO shop.

Concerning access through remote channels, Bank Millennium launched new access channels to the bank: i) "Mobile banking" through the Mobile Application, the channel offers permanent access to the bank and to Customer accounts through a secure and transparent system that enables having Bank Millennium always on hand; ii) "Millenet Mobile", the light version of Millenet, a new version of the online platform available to all Individual Customers with mobile telephones with Internet connection; iii) an access channel for mobile telephones and tablets with the Android system. The "PayPass" Mini Card was also launched, issued by MasterCard, an innovative and secure card in payment technology which enables its use without contact with the Point-of-Sale (POS). In 2011, 1,376 Customers subscribed MasterCard network – WWF Millennium MasterCard credit card, which is produced with recycled materials and whose annuity is donated to the World Wildlife Fund in Poland, thus contributing to the conservation of nature, fight against climate change and waste of water.

In 2011, net income increased from 81.3 million euros to 113.3 million euros, essentially as a result of the increased core income to 413.9 million euros and decreased impairment to 42.2 million euros.

The improvement in core income was underpinned by the rational management of term deposits spread, the impact of the efforts began in 2009 to adjust the loans to Companies spread to current market conditions and the significant increase in the cross-selling ratio. Net interest income maintained its upward trend, standing at 277.4 million euros, and representing an increase of 19.9% relative to 2010. Net commissions reached 136.5 million euros, corresponding to a decrease of 3.2% in relation to 2010, essentially reflecting the evolution of fees from current accounts, bancassurance, savings, and operations and products related to capital markets. In spite of the increased activity levels, operating costs increased by merely 1.2%, as a result of strict cost control. Particular note should be made to the reduction of cost of risk in relation to 2010, essentially as a result of the improvement of loan portfolio quality and maintenance of a conservative policy of write-downs.

In this way, the combination of the significant growth in core income with operating cost control and cost of risk reduction enabled Bank Millennium to considerably improve all its profitability indicators. Pre-tax profit reached 143.6 million euros and net income reached 113.3 million euros.

Bank Millennium - Poland

Million euros

	2011	2010	2009	Change % 11/10	2010	Change % 11/10
					excluding FX effect	
Total assets	11,404	11,820	10,943	-3.5%	10,539	8.2%
Loans to customers (gross)	9,545	9,541	8,428	0.0%	8,507	12.2%
Loans to customers (net)	9,271	9,242	8,158	0.3%	8,241	12.5%
Customer funds	9,292	10,043	8,604	-7.5%	8,955	3.8%
Of which: on Balance Sheet	8,484	9,001	7,753	-5.7%	8,026	5.7%
off Balance Sheet	808	1,042	851	-22.5%	929	-13.0%
Shareholders' equity	1,029	1,029	679	0.0%	918	12.1%
Net interest income	277.4	231.4	137.2	19.9%	225.3	23.1%
Other net income	181.5	196.8	197.7	-7.8%	191.6	-5.3%
Operating costs	273.1	269.9	234.4	1.2%	262.8	3.9%
Impairment and provisions	42.2	56.6	100.1	-25.4%	55.1	-23.4%
Net income	113.3	81.3	0.3	39.3%	79.2	43.1%
Number of customers (thousands)	1,180	1,125	1,129	4.9%		
Employees (number)	6,289	6,135	6,245	2.5%		
Branches (number)	451	458	472	-1.5%		
Market capitalisation	1,034	1,495	993	-30.9%	1,333	-22.4%
% of share capital held	65.5%	65.5%	65.5%			

Source: Bank Millennium

FX rates:

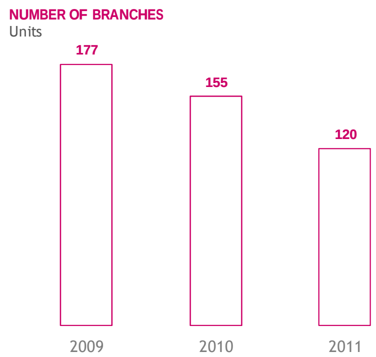
Balance Sheet 1 euro =	4.458	3.975	4.1045	zloties
Profit and Loss Account 1 euro =	4.11623333	4.0078625	4.36182083	zloties

In 2012, Bank Millennium will strengthen its focus on increased efficiency, measured by a cost-to-income ratio below 60%, simultaneously maintaining a sustainable increase of net income, strengthened by core operating revenue growth and keeping tight control over operating costs base. At the same time, Bank Millennium intends to maintain its stable liquidity position, continue its focus on deposits and loans growth and, simultaneously, pursue its efforts towards the diversification of funding sources. Bank Millennium will continue to impose strict discipline on capital management, proceeding with capital allocation to products and segments showing greatest potential return.

In terms of business development, Bank Millennium intends to continue its policy of Customers acquisition, based on the large and modern network of branches, its full offer of products and services, good reputation of the brand, quality of the service and the effectiveness of the marketing campaigns. For this purpose, the Bank will focus on the cross-selling of products and services, in order to strengthen its relations with the present Customer base.

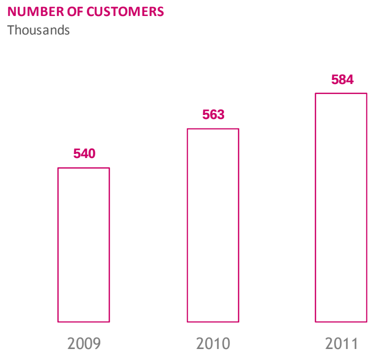
Greece

Millennium bank has operated in Greece since 2000. Its activity concentrates on Retail through the universal offer of a complete range of financial products and services for affluent and business Customers via a single multisegment network. By the end of 2011, Millennium bank had a network of 120 branches, serving 584 thousand Customers.



During 2011, Greece's banking sector was significantly affected by the aggravation of the economic and financial crisis, whose impact was reflected, essentially, in the significant increase of funding costs, intensification of competition in terms of deposits attraction, deterioration of the quality of loan portfolio, as a result of the increased default, and greater restrictiveness in loan concession.

In spite of the adverse macroeconomic circumstances, the acquisition of Customers was significant in 2011. 21 thousand new Customers were gained, increasing the total Customer base of Millennium bank to 584 thousand by the end of December 2011, representing over 6% of the population actively participating in the banking sector in Greece.

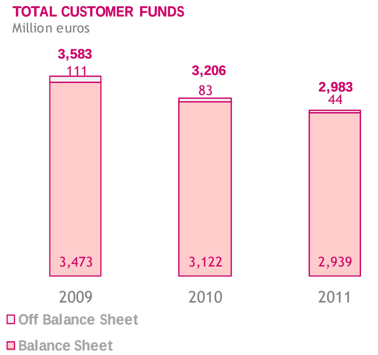


Following the transformation agenda implemented in 2010, Millennium bank continued to adjust rapidly to the growing market uncertainty through action in accordance with four strategic pillars: i) Capital: the capital base was strengthened – share capital increase in December of 105 million euros - in order to comply with the new minimum capital requirements, measures of optimisation of risk weighted assets and a liabilities repurchase programme were implemented; ii) Liquidity: Millennium bank continued with the deleverage programme, simultaneously implementing various measures to protect its deposit base, even in a context of the removal of deposits from the Greek banking system - the market share of deposits increased from 1.3% in December 2010 to 1.4% in December 2011 - and, simultaneously, loans and advances to customers were decreased by 6.9% relative to 2010, thus reducing structural funding needs; iii) Default: minimisation of the impact of delinquency, continuing to improve risk management and control processes in order to limit the increase of overdue loans; and iv) Efficiency: adjustment of the bank to current reality, having completed the reconstruction plan in December so as to achieve the optimisation of costs through rationalisation measures implemented rapidly and in a sustainable manner, more specifically, Millennium bank proceeded with the optimisation of the branch network, reducing the network by 35 branches, so as to increase the effectiveness of the commercial efforts and resilience of the bank, especially in the bleak current context. Furthermore, Millennium bank finalised a voluntary staff reduction scheme, achieving a reduction of 220 employees in 2011.

Last year was marked by a change of corporate governance. In July 2011, Dimitrios Romossios was appointed the new CEO of the Bank, replacing Rui Coimbra who took on new responsibilities as the Group's Investor Relations.

On the commercial front, Millennium bank's priorities consisted of the acquisition of new Customers and increase the bank's deposits base. Millennium bank launched various campaigns and increased the offer of deposit products, including high income deposits and new salary account packages, in particular a new product, "Every Month Plus", aimed at facilitating the monthly expenses of each family. This programme offers supermarket coupons of 5 euros to 20 euros, when the average balance of the previous month was above 1,500 euros and if the account is associated to at least one direct debit and a bancassurance product. Finally, of the total number of Customers meeting the above-reffered criteria, fifty win, on a monthly basis, via raffle, vouchers of 50 euros in petrol.

Maintaining its support to civil servants and pensioners, a segment of the population particularly affected by the crisis, Millennium bank launched the "Yper-eho" salary-account programme. This programme includes a deposit with an interest rate of 5% for the first 1,000 euros invested. The launch of this programme was supported by a highly visible campaign, including a raffle of 1,000 euros for 15 Customers every month, for Customers who associate their account to a direct debit.

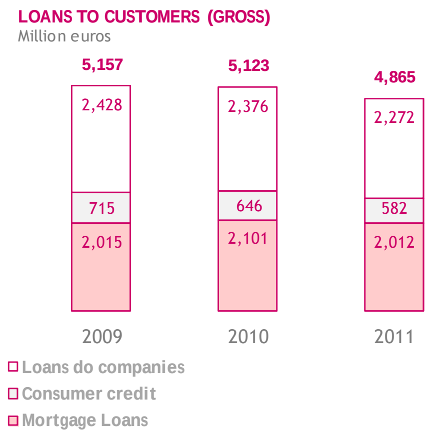


In order to increase its Customer base, Millennium bank invited parents and family members to support the future of their children by opening a "Millennium Children" saving account. This account offers an interest rate from 2.2% to 2.4%, as well as discounts for the purchase of clothes, technology and entertainment products, and for health services. Upon the opening of the account, a piggy bank and a lottery ticket are offered to each child. In total, 300 children will receive their first deposit of 50 euros through these lottery tickets, while 100 will receive their first deposit of 50 euros through a digital competition.

The Bank also launched a saving account called "Wedding List", which offers couples who are interested, a means for family members and friends to deposit their wedding presents. This account also offers discounts at the Greek subsidiary of the Swedish multinational Ikea and at one of the largest local electrical appliance stores. Each participating couple may also enter a competition where they may win a honeymoon trip to an exotic destination.

Furthermore, Millennium bank launched various types of term deposits, with different characteristics, including competitive interest rates and various maturity periods, in order to meet the needs of the bank and its Customers. Cooperation was also begun with Franklin Templeton, Pictet and Schroders for the distribution of its mutual funds, whereby the offer for Prestige Customers increased to 407 mutual funds of seven manager companies.

Millennium bank maintained its tradition of offering innovative products as one of its factors of differentiation on the market. In the area of bancassurance, the bank promoted the "Medi plan senior" health plan for Customers aged over 50 years old, "Medi hospital solutions", consisting of a low budget programme which guarantees access to high quality services, "Family Life", which complements the social security services, a life insurance with an insured value up to 1 million euros, applicable to micro businesses and creditors, new protection programmes, covering company premises and its equipment, and "Junior Plus", offering a programmed saving plan for children. Also in the area of bancassurance, note should be made to the programme to insure "Personal Property", a product targeting mass-market Customers, which offers significant benefits at a very competitive price of 25 euros per year. This product proved to be enormously successful, with the commercial network having placed over 8,000 policies in less than three months.



In view of the very difficult macroeconomic circumstances in Greece, and with the objective of responding to the aggravation of the economic situation of many Customers, partly as a result of unemployment, Millennium Bank has provided an offer adjusted to the needs of each Customer for loan restructuring, amongst which: i) consolidation of various loans into a single loan, with a preferential interest rate; ii) reduction of the initially contracted interest rate; and iii) inclusion of a 6 month period of grace.

Millennium bank has renewed its website on the Internet, making it more functional and efficient. Bank Millennium's focus on service quality has continued to be rewarding. The bank was distinguished by Deutsche Bank with the "Straight-Through Processing Excellence Award" for the fourth year consecutively, for its exceptional performance in the processing international transfers in euros.

Millennium bank - Greece

Million euros

	2011	2010	2009	Change %
Total assets	6,364	6,858	6,669	-7.2%
Loans to customers (gross)	4,865	5,123	5,157	-5.0%
Loans to customers (net)	4,654	4,997	5,083	-6.9%
Customer funds	2,983	3,206	3,583	-7.0%
Of which: on Balance Sheet	2,939	3,122	3,473	-5.9%
off Balance Sheet (*)	44	83	111	-47.7%
Shareholders' equity	474	372	389	27.3%
Net interest income	197.5	127.5	124.7	55.0%
Other net operating income	28.7	32.5	45.1	-11.8%
Operating costs	129.5	124.1	125.8	4.3%
Impairment and provisions	92.6	57.3	24.7	61.5%
Net income	-3.5	-16.0	9.0	78.0%
Number of customers (thousands)	584	563	540	3.7%
Employees (number)	1,212	1,470	1,527	-17.6%
Branches (number)	120	155	177	-22.6%
% of share capital held	100%	100%	100%	

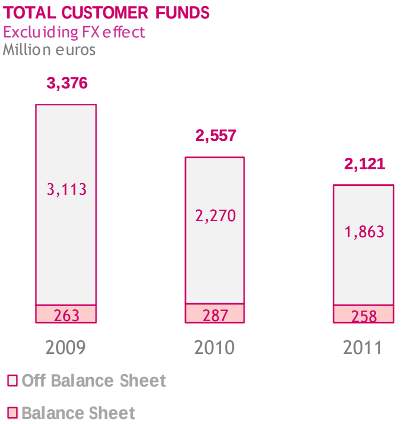
(*) The values presented exclude third parties investment funds.

In 2012, Bank Millennium, as was the case in the last two years, will continue to implement its strategy in accordance with the four strategic pillars listed above, Capital, Liquidity, Default and Efficiency.

Switzerland

Banque Privée BCP, constituted in Switzerland in 2003, is a Private Banking platform which provides services to Group Customers of high net worth.

In 2011, Banque Privée BCP's activity was particularly affected by the sovereign debt crisis and its respective impact in terms of evolution and extreme volatility of the financial markets. In a very adverse environment, characterised by the decrease of the assets base of Portuguese Customers, the adoption of a deleveraging strategy and the appreciation of the Swiss Franc, Banque Privée BCP recorded, in 2011, a reduction of 11% in income essentially derived from commissions decrease. However, and in spite of the reduction of the loan portfolio, the efforts aiming to increase the spreads, enabled Banque Privée BCP to preserve its net interest margin. The performance of last year was also marked by the unfavourable evolution of impairment, which increased by 384%, to 23.9 million euros. By the end of the year, and in view of the adverse economic circumstances experienced during 2011, Banque Privée BCP recorded a decline in net income, which fell from 4.2 million euros to -12.0 million euros.



The deleverage strategy pursued allowed the bank to progressively reduce its funding needs and concentrate on its operating activities. It is also important to stress that Banque Privée BCP shows high financial solidity, embodied in a Core Tier I ratio of 53.2% at the end of 2011.

Banque Privée BCP - Switzerland

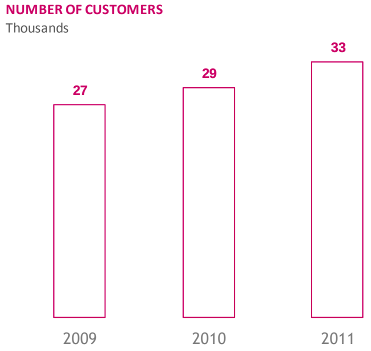
Million euros

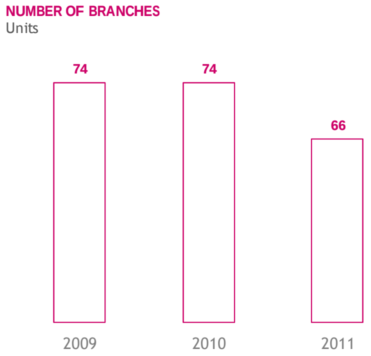
	2011	2010	2009	Change %	2010	Change % 11/10
					excluding FX effect	
Total assets	570	745	880	-23.4%	766	-25.6%
Loans to customers (gross)	406	602	752	-32.6%	620	-34.4%
Loans to customers (net)	369	568	724	-35.1%	585	-36.9%
Customer funds	2,121	2,485	2,766	-14.7%	2,557	-17.1%
Of which: on Balance Sheet	258	279	215	-7.5%	287	-10.1%
Assets under managen	1,863	2,207	2,551	-15.6%	2,270	-17.9%
Shareholders' equity	94	103	83	-9.0%	106	-11.5%
Net interest income	9.5	8.5	7.0	11.8%	9.5	0.2%
Other net operating income	16.0	20.1	17.0	-20.6%	22.5	-28.9%
Operating costs	17.4	18.1	15.1	-3.7%	20.2	-13.7%
Impairment and provisions	23.9	4.9	-1.4	384.5%	5.5	333.9%
Net income	-12.0	4.2	7.8	-385.4%	4.7	-355.5%
Number of customers (thousands)	2	2	2	16.5%		
Employees (number)	69	71	65	-2.8%		
Branches (number)	1	1	1	0.0%		
% of share capital held	100%	100%	100%			

FX rates:				
Balance Sheet 1 euro =	1.2156	1.2504	1.4836	swiss francs
Profit and Loss Account 1 euro =	1.2348875	1.37895	1.50777917	swiss francs

During 2012, Banque Privée BCP will continue to offer personalised and quality services to its Customers, namely asset management solutions based on rigorous research and its profound knowledge of financial markets, underpinned by an irrevocable commitment to risk management and an efficient IT platform. Customer service will continue to be provided following a philosophy of trust and dedication, through staff with excellent professional qualifications and skills, under permanent development through an Employee continuous training programme. With low loan exposure, in 2012 Banque Privée BCP will focus on the strengthening of marketing and Customer relations in its core markets.

Romania





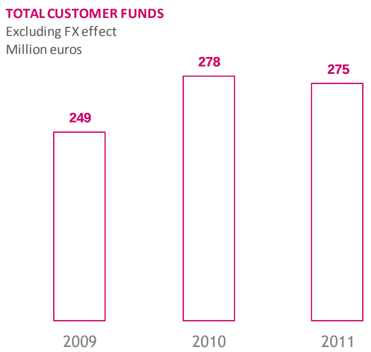
Millennium Bank, greenfield operation launched in Romania in October 2007, is a nation-wide bank offering a wide range of innovative financial products and services to Individuals and Companies, leveraged by a network of 66 Retail branches and 6 Company centres, covering main Romanian cities. Having recently completed its 4th anniversary, Millennium bank has consistently strengthened its positioning in the Romanian banking sector, supported by the sustainable business growth and by the bank's growing reputation in the market. Millennium bank has clearly demonstrated its capacity to rapidly adapt its strategy to changing circumstances. After a period dedicated to the adjustment of its business model, implementing a series of measures to improve efficiency and fine-tune its risk policy, Millennium bank is currently prepared to enter into a new phase of growth.

In 2011, Millennium bank pursued its strategy begun in 2009, where the main pillars are based on making the most of the potential of its retail franchise, through the attraction of deposits and granting of mortgage loans, and on the development of the overall bank relation with SMEs in selected sectors, supported by a low-cost operation and conservative approach to risk, with the objective of improving profitability in a sustainable manner, aiming at reaching break-even of the operation.

Building the future of the retail banking business was one of the priorities defined for 2011. Millennium bank has focused on achieving close relations with Customers, operating excellence and the application of best practices at Group level. Millennium bank's activity in retail banking involved the expansion of the Customer base, essentially through the establishment of protocols with Companies, which included an offer of a salary-account with advantages for the company's employees. In this context, during the 4th quarter the bank launched an ambitious campaign based on an offer of a salary-account with an associated debit card, granting a monthly cash-back of 100 RON depending on the volume of transactions recorded during the period. This campaign was supported by an internal competition called "superleague" whose objective was to concentrate the network on the Customers acquisition. Millennium bank also launched a new business line for Affluent Customers with exclusive products and services, including a dedicated network of branches and managers, an offer designed to meet the financial needs of these Customers. Regarding the Prestige segment, Millennium bank launched a saving and investment product, "Prestige Double Value", an investment in euros, composed of a deposit with a special rate and investment funds, combining the safety of a term deposit with a potential high yield associated to the investment funds.

Regarding loans, the commercial effort continued concentrated on the granting of mortgage loans to individuals, namely through participation in "First Home", a programme supported by the State and targeting the Mass Market segment, which included a risk sharing mechanism where the State guarantees 50% of the value of the loan.

In view of the limited capillarity of the retail network, the bank sought to create distinctive capacities on its Internet platform, in particular through the launch of an e-account, the first account fully available online on the Romanian market. In this area, note should also be made to the launch of an application for smart phones, "MillenniumRO", with Apple and Android operative system, enabling users to have access to all Millennium bank products, as well as the possibility of carrying out transfers. In order to reiterate the constant promise of expansion of the range of quality products and services for Customers, all Millennium bank’s branches began to offer Western Union services, a world leader in service payments, enabling Customers and non-Customers to transfer money in a fast and safe way, within the worldwide network of Western Union.

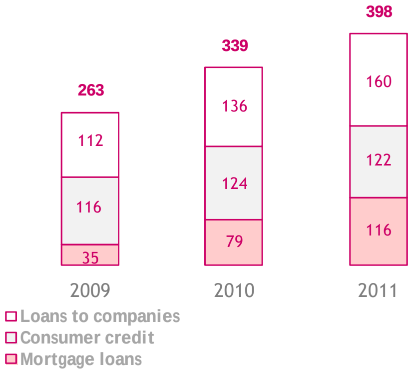


Focus on Corporate business was also a priority of the bank, with a view to the achievement of sustainable growth of business turnover and profitability through the focus of bank's activity in the expansion of the relations with existing Customer base, aimed at increasing customer loyalty and income simultaneously with expansion into economic sectors with best prospects. Simultaneously with the growth and diversity of its loan portfolio, Millennium bank has dedicated particular attention to increasing its market share, through the increase of current accounts and income related to transaction banking, namely transfers and foreign exchange operations.

The ongoing search for efficiency gains also marked the bank's activity in 2011. Various processes were redesigned, allowing Millennium bank to achieve important cost reductions and/or improve the quality of the service offered to Customers. The review of the money management process, which led to a decreased number of cash transport operations and to the reduction of the cash values at branches and distribution centres, as well as the decision to load the ATMs in-source, are good examples of cost savings. The review of the mortgage loan process which, through the implementation of parallel work queues, enabled decreasing operations period of approval, representing a good example of improved Customer service. When highlighting the main initiatives implemented in 2011, it is important to mention the improvement in the effectiveness of collection efforts, both in retail portfolios and in company loan portfolios, which contributed to cost of risk control. It is also relevant to note that, under the actions adopted for the optimisation of the Retail network, Millennium bank decided to close eight branches.

In spite of the particularly adverse market conditions that constrained the activity of the Romanian banking sector, reflected in terms of lower demand for loans, liquidity difficulties and increased impairment, Millennium bank was able to increase its net income by 24.5%, as a result of its good performance in terms of core income. The bank was also able to reduce its cost base for the second year consecutively, as a result of the staff reduction and processes of renegotiation of third-party supply contracts, in spite of the increase in VAT rate in July 2010 and negative impact of the closing of the eight branches. Particular note should also be made of the reduction of impairment over the year, reflecting the good quality of new loans portfolio and the efficiency in overdue loans recovery.

LOANS TO CUSTOMER (GROSS)
Excluding FX effect
Million euros



Millennium bank continued to increase its market share, essentially through growth of mortgage loans granted to individuals, where it had achieved a market share of 1.5% by the end of 2011. The company loan portfolio also grew, albeit at a more modest rate, and shows good performance. The evolution of the deposit base, which decreased slightly in relation to 2010, reflected the bank's decision to reduce the interest rates paid for term deposits, which was most evident during the first semester of 2011, aimed at protecting net interest income. This decision was possible because Millennium bank benefits from a comfortable position in terms of liquidity and took into consideration the fact that net interest margin from deposits was negative, due to the nonexistence of alternative funding sources on the Romanian market. In 2011, there was a slight increase in the commercial gap, however Millennium bank enjoys a comfortable position in terms of liquidity. Regarding capital, the bank maintains a solvency ratio of 17%.

Millennium bank - Romania

Million euros

	2011	2010	2009	Change %	2010	Change % 11/10
					excluding FX effect	
Total assets	522	521	472	0.3%	513	1.7%
Loans to customers (gross)	398	344	268	15.6%	339	17.3%
Loans to customers (net)	346	304	243	13.7%	300	15.4%
Customer funds	275	282	254	-2.8%	278	-1.4%
Of which: on Balance Sheet	275	282	254	-2.8%	278	-1.4%
Shareholders' equity	86	80	59	6.4%	79	8.0%
Net interest income	21.2	16.8	5.9	26.7%	16.6	27.5%
Other net operating income	8.8	9.9	16.9	-11.1%	9.8	-10.5%
Operating costs	38.6	40.7	41.4	-5.1%	40.5	-4.5%
Impairment and provisions	12.3	13.7	16.6	-9.9%	13.6	-9.3%
Net income	-17.8	-23.6	-38.0	24.5%	-23.4	24.0%
Number of customers (thousands)	33	29	27	11.3%		
Employees (number)	690	731	700	-5.6%		
Branches (number)	66	74	74	-10.8%		
% of share capital held	100%	100%	100%			

FX rates:				
Balance Sheet 1 euro =	4.3233	4.262	4.2363	new romanian leus
Profit and Loss Account 1 euro =	4.2372625	4.21037083	4.24474583	new romanian leus

The guidelines for 2012 are based on the continuation of the strategic plan started in 2009, concentrating on: i) the improved profitability of its distribution network, through an increased customer base, supported by innovative and differentiating service, with mortgage loans being the anchor retaining Customers; ii) increased efficiency in the implementation of specific cost cutting and control policies; and iii) more conservative capital risk management, namely in terms of procedures for the approval and recovery of loans.

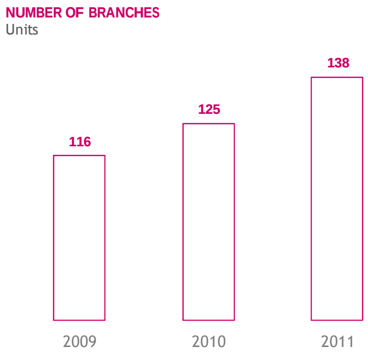
A key point to take into account for 2012, is the management of liquidity, where various announcements issued by the parent company of several local subsidiaries informing them that financial support would not be provided to Romanian subsidiaries. Considering this risk, Millennium bank will continue to ensure balanced growth between loans and deposits so as to maintain a positive liquidity position and will also endeavour to increase the portion of loans in local currency in total loan portfolio, which is consistent with the measures recently announced by the central bank towards limiting loans in foreign currency.

Millennium bank's activity will be strongly constrained by the evolution of the Romanian economy, which, to a large extent, depends on the economic evolution of its main trading partners. Global economic deceleration might significantly affect the growth of Romanian GDP, limiting the expansion of banking activity and with negative impact on the quality of the loan portfolio. On the other hand, the nonexistence of funding alternatives might lead to a price war in deposits which could affect bank’s profitability.

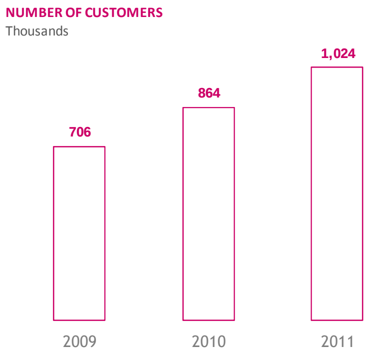
Business in Portuguese-speaking Africa

Mozambique

Millennium bim is Mozambique’s largest bank, with its 138 branches offering a full range of financial products and services, including insurance. Millennium bim is strongly committed to contributing to the development of Mozambique’s economy and financial system, to strengthening and developing its business structure and to helping to improve the living conditions of its people, not only through involvement in social responsibility action, but also through the offer of innovative banking products and services that contribute to meeting the financial needs of the Mozambicans.



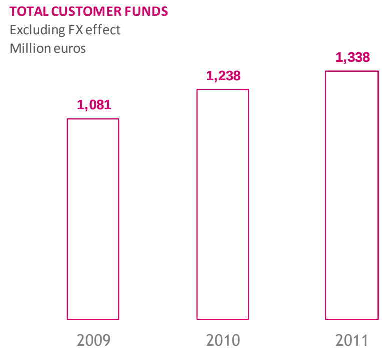
In 2011, Millennium bim continued its strategy of growth supported by the programme of expansion of the branch network, being its enlargement to the entire country an unequivocal sign of Millennium bim's commitment to the process of increasing banking sector penetration. The focus of expansion of accessibility, proximity and Customer relations has decisively contributed to reaching the milestone of 1 million Customers.



In order to ensure high standards of quality in the services offered to Customers, Millennium bim has increased the total number of ATMs and POS and continued to focus on innovative products and services such as the new application for mobile telephones "Millennium SMS". Also in the scope of innovation, Millennium bim has pursued its tradition of leadership in the introduction of novelties on the market, in particular: the "Netshop" e-commerce platform, the viewing of cheques in Internet Banking and the "Family Saving Plan". The Family Saving Plan, with attractive interest rates and monthly payment of interest and no minimum subscription value, achieved over 2,000 subscribers in less than one month after its launch, creating saving habits amongst families and encouraging the responsibility to save. Under the commemorations of the milestone of 1 million Customers, achieved by the "Best Local Bank of Africa", according to the African Banker, Millennium bim launched the "Million Deposit" bank product, a term investment of 180 days, with attractive interest rates and the option of interest on a monthly basis or upon maturity, with a minimum subscription value of 25 thousands MT (approximately 700 euros) and automatic participation in a raffle of 1 million meticais. The implementation of "MilleTeller" was also started at bank branches, which is expected to be completed during the first quarter of 2012. This cash operation management application aims to eliminate the need to fill in deposit tickets and posting notes by Customers, thus improving service quality and minimising operating risk.

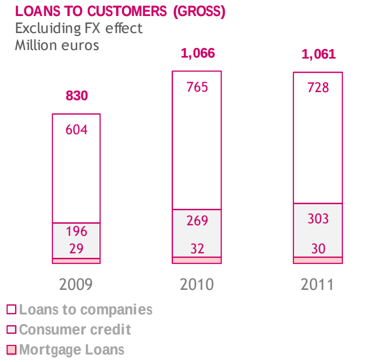
As a result of strict management and strong market knowledge, Millennium bim maintained its dominant position in Retail Banking and in the Corporate and Prestige segments (Companies and Individuals), in a sector that is becoming increasingly more buoyant and competitive. The Institutional Customer Department was created, with the objective of more suitable monitoring of the State-Customer, designing specific offers according to its needs.

Notwithstanding the investment made in the expansion of its branch network, Millennium bim significantly increased its consolidated net income (+69% relative to 2010), reduced the loans-to-deposits ratio to 81% and increased the volume of deposits in meticais by approximately 22%. Millennium bim was also distinguished as the largest contributor to the State in the financial sector and recognised, both at a national and international level, for its social responsibility programme.



At the end of 2011, consolidated net income reached 3.6 billion meticais, equivalent to 89.4 million euros, representing a 51% growth relative to 2010 (69% in euros, influenced by the appreciation of the metical). Net interest income increased by 34.1% (50% in euros) and operating income by 20.5% (34.8% in euros). Return on equity (ROE) stood at 38.3%, comparing favourably with the 32.3% achieved in 2010.

Total assets reached 62,145 million meticais (approximately 1,793 million euros), representing a 11.0% growth (38.7% in euros), compared with 2010. As a result of the strong appreciation of the metical over the year, if excluding the foreign exchange effect, net loans to Customers decreased by 2.3%, while Customer funds increased by 8.1%. The ratio of overdue loans to total loans increased to 1.7%, with coverage by provisions of 414%. The cost-to-income ratio improved in relation to 2010, to stand at 37.6% against 43.0% in 2010.



During the first semester of 2011, the bank increased its share capital through the incorporation of reserves, from 1,500 million meticais to 4,500 million meticais, thus strengthening its commitment to sustainable development in Mozambique. The solvency ratio stood at 18.2% as at 31 December 2011. Moreover, the adopted strategy, aimed at the attraction of funds, led to the strengthening of its liquidity position.

The subsidiary of Millennium bim, Millennium Seguros, maintained its position of leadership in the insurance market, with processed revenue having grown by 10.5%. Net income stood at 396 million meticais (9.7 million euros), representing a 59% growth (78% in euros).

Millennium bim reiterated its commitment to the implementation of the principles of the United Nations Global Pact concerning human rights, work and the environment, as well as its support to the implementation of the objectives of the Business Forum for the Environment (FEMA). The bank developed various activities, in particular: 6th Mini Basketball Tournament; Recycling Project; A Clean City for Me; Banking Olympics and Responsible Millennium bim (voluntary action).

Knowing that its action is determinant for the deepening of social awareness, in 2011, Millennium bim continued its policy of providing regular support to social intervention institutions, through constant action boosting the well-being of the communities in which it is placed, through sponsorships and its Social Responsibility Programme, "More Mozambique for Me", now in its 6th year of existence. The work developed by the bank under this programme, widely recognised as playing an important role in society, has led various other institutions to join Millennium bim in its actions.

Millennium bim was chosen by various national and foreign institutions as the best brand, the best Bank and the best financial group in Mozambique, and has received the highest number of distinctions ever achieved. The main distinctions of the year, which praise the effort and dedication of all Employees, were as follows: i) "Bank of the Year in Mozambique", attributed by the magazine The Banker of the Financial Times Group; ii) "Best Local Bank in Africa", awarded by IC Publications under the African Banker Awards; iii) "Best Bank in Mozambique", distinguished by EmeaFinance and by the financial magazine Global Finance; and iv) "Best Banking Group in Mozambique", by the financial magazine World Finance. Furthermore, Millennium bim was distinguished as the "Best Brand of Mozambique" in the banking sector by the multinational GFK, and also considered a "Superbrand" excellent brand by Superbrands Mozambique.

Millennium bim - Mozambique

Million euros

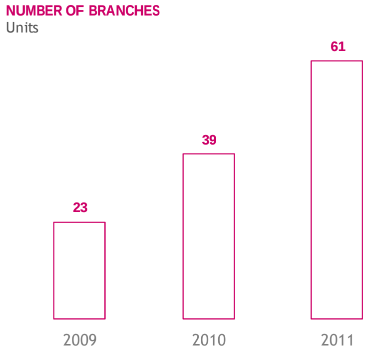
	2011	2010	2009	Change %	2010	Change % 11/10
					excluding FX effect	
Total assets	1,793	1,293	1,205	38.7%	1,615	11.0%
Loans to customers (gross)	1,061	854	703	24.4%	1,066	-0.5%
Loans to customers (net)	986	808	673	22.1%	1,009	-2.3%
Customer funds	1,338	991	916	35.0%	1,238	8.1%
Of which: on Balance Sheet	1,338	991	916	35.0%	1,238	8.1%
Shareholders' equity	316	195	159	62.4%	243	30.0%
Net interest income	143.5	95.6	84.1	50.0%	107.0	34.1%
Other net operating income	60.8	55.8	51.3	8.9%	62.5	-2.7%
Operating costs	76.8	65.1	59.6	17.9%	72.9	5.4%
Impairment and provisions	17.6	21.2	11.6	-16.7%	23.7	-25.6%
Net income	89.4	52.8	52.0	69.5%	59.1	51.4%
Number of customers (thousands)	1,024	864	706	18.6%		
Employees (number)	2,377	2,088	1,936	13.8%		
Branches (number)	138	125	116	10.4%		
% of share capital held	66.7%	66.7%	66.7%			

FX rates:				
Balance Sheet 1 euro =	34.665	43.305	40.91	meticais
Profit and Loss Account 1 euro =	40.78	45.63333333	38.545	meticais

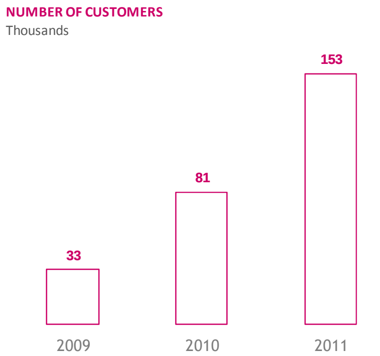
The main strategic lines defined for 2011 were thus achieved, consisting of the improved efficiency and quality of the services, innovation, expansion of the business base and increased profitability of the bank. For 2012, Millennium bim intends to strengthen its position of leadership in the Mozambican market.

Angola

The mission of Banco Millennium Angola (BMA), constituted on 3 April 2006, through the transformation of the local branch into a bank under Angolan law, is to contribute to the modernisation and development of the financial system in Angola. BMA thus intends to assume a key role in increasing the level of participation of the Angolan people in the banking sector, through the marketing of innovative and personalised financial products and services, designed to ensure high levels of satisfaction, customer loyalty and the involvement of the Customer base, offering the market higher standards of quality and specialisation. The strategic focus on the development of Angola's financial system also involves investment, job creation, focus on the qualification of people and the transfer of know-how.



In 2011, there were various structural changes in the Angolan banking sector. Regarding the regulatory environment, particular note should be made of the alteration of the Compulsory Reserve ratio applicable to deposits in national currency from 25% to 20%, the alterations in the granting and classification of loans, the new regulatory framework for Cash Remittances and the New Operating Framework for Monetary Policy. The changes in the conditions of loan granting operations aim to reduce the exposure of local economic agents and commercial banks to the risks inherent to the granting of loans in foreign currency, namely in North American dollars (USD), since there are no monetary policy instruments for other currencies apart from the kwanza.



With the objective of improving the mechanisms and instruments conveying Monetary Policy, allowing the Central Bank (BNA) to play a more active role in the stability of prices in the economy, the New Operating Framework for Monetary Policy was implemented, whose principal characteristics are as follows:

- Institutionalisation of the Basic Interest Rate (BNA Rate) to signal monetary policy objectives to the market and serve as a reference for the formation of the interest rate of the interbank market;

- Institutionalisation of the LUIBOR (Luanda Interbank Offered Rate) - an interest rate based on offer interest rates of interbank lending operations, in national currency, of non-guaranteed funds, carried out between banks;
- Creation of a Monetary Policy Committee entrusted to determine Monetary Policy directives and the Basic interest Rate.

A decree-law on Mortgage Loans was also published, which defines the terms and conditions of the General System and Subsidised System. Plans have also been made for the creation of a Housing Promotion Fund which is expected to stimulate construction activity and real estate promotion all over the country, over the next coming years.

In 2011, the strategic priorities of Banco Millennium Angola were essentially based on business development, cost containment and greater control of the quality of the loan portfolio. The Bank's Retail Network continued to expand through the increased number of branches, growth of the Customer base and attraction of balance sheet funds in each business segment. Over the year, 22 branches were inaugurated, resulting in a total of 61 branches of the Retail Network, 30 of which are open on Saturday morning. It is particularly noteworthy that, by December, BMA covered all of the 18 Provinces of Angola, after the inauguration of the Ndalatando branch in the province of Kwanza Norte.

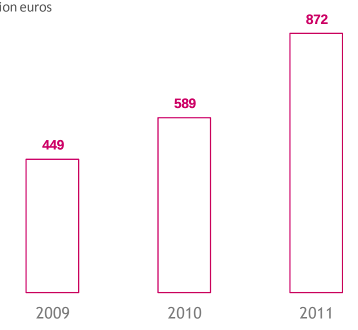
By the end of 2011, BMA had 153 thousand active Customers, representing an increase of 89% year-on-year, with 72 thousand new Customers having been attracted.

The continued focus on the recruitment and training of Angolan staff was reflected in the increased number of Employees which, by the end of 2011 numbered a total of 893, corresponding to an increase of 25% year-on-year. In terms of career management, 3,015 hours of training were ministered and seven student grants were attributed to BMA Employees. BMA held the Objectives Meeting in February 2011 during which 25 excellence awards were given to the Employees distinguished by the best performance. In May 2011, BMA celebrated its 5th anniversary, and organised an event with 500 Employees.

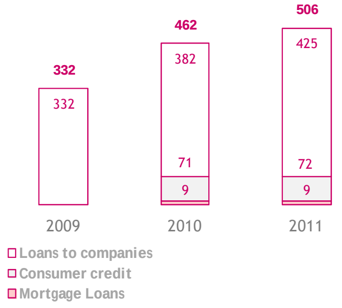
In the area of risk management and monitoring, BMA's objectives include the implementation of suitable processes, aligned with the best practices of the Millennium bcp Group.

By the end of 2011, the total assets of BMA reached a total of 1,388 million euros, representing an increase of 37% relative to 2010. Over the last year of activity, the volumes of funds and gross loans granted have shown a positive evolution, with increases of 47% and 9% compared with 2010 (in kwanzas, 48% and 10% respectively). The ratio of overdue loans to total loans stood at 2.5%, with coverage by provisions of 202%. The net income of Banco Millennium Angola increased by 41%, having reached 33.3 million euros (+52% in local currency) compared with the same period of 2010, underpinned by a sharp increase on income, in particular net interest income. Operating income increased by 14% relative to 2010, reaching a total of 106.8 million euros. Return on Equity (ROE) reached 21.9% and the cost-to-income ratio stood at 53.9%, reflecting an improvement in comparison to the value achieved in the previous year of approximately 0.8 p.p.

TOTAL CUSTOMER FUNDS
Excluding FX effect
Million euros



LOANS TO CUSTOMERS (GROSS)
Excluiding FX effect
Million euros



Banco Millennium Angola was extremely active in the launch of new products and services in 2011, in particular: i) "Civil Servant Account", with an integrated offer of banking products, like monthly anticipation of the salary and first annuity of the Visa credit card, as well as attractive interest rates for savings and loans products; ii) "University Account", with no minimum opening amount and exempt from fees, it allows access to funds of up to 1 million kwanzas with a subsidised interest rate, in addition to the offer of a voucher of 5,000 kwanzas, which may be used in bookshops and electronics stores; iii) " SME Pack", a series of banking solutions for the trade and services, restaurant and hotel, health and pharmacy, and education sectors; iv) pre-paid debit card for Individuals called "Cocoa", launched to meet needs detected in the market, it has many functionalities, enabling the payment of services and purchases at POS and ATMs, cash withdrawals and balance queries at the ATM Multibanco network, and may also be used as an "gift card"; v) "Birthday Deposit", a product that was created specifically to attract funds and commemorate the bank's 5th year of activity, characterised by an attractive interest rate (reaching 7.5% for the period of 180 days), it also strengthens BMA's social commitment since, for every 1,000 USD invested in the deposit account, BMA donates 1 USD to the Happy Child Programme, a Social Solidarity Institution which fosters children up to the age of 14 years old; vi) "Special One"

Deposit, a term investment in USD for individual Customers and companies with attractive interest rates. Regarding accessibility, Millennium Angola continues to focus on technologically advanced and interactive solutions, and for this purpose it launched a banking application for mobile telephones, available for iPhone by Apple, which enables Customers who are registered on Internet Banking to consult accounts and carry out transactions in a simple, fast and safe manner.

Note should also be made of the participation of Banco Millennium Angola in the first edition of the Angolan Woman's Fair, so as to promote the Woman Offer, a series of products and services of exclusive subscription for women covering a specific Current Account, Woman Multicaixa Card, Saving Plan and access to Microcredit. The event was entertained by the female percussion group Celamar, contracted by the Bank. In this context, two protocols were concluded with the Angolan Woman's Organisation (OMA) and with the Federation of Female Entrepreneurs of Angola (FMEA) whose objective is to support the business activity of national small and medium-sized female entrepreneurs.

In October 2011, Banco Millennium Angola and Banco Privado Atlântico signed a protocol to strengthen Microcredit in Angola, as a feasible funding alternative for entrepreneurial activity, making it an effective instrument for low income families.

In 2011, Banco Millennium Angola was distinguished with five international awards: "Best Bank" and "Best Banking Group" by the prestigious magazines Euromoney and World Finance, "Bank of the Year" and "Most Innovative Bank" by The Banker publications, a magazine of the Financial Times Group, and by EMEA finance. Finally, it was distinguished as an "Excellent Brand" by Superbrands.

Banco Millennium Angola

Million euros

	2011	2010	2009	Change %	2010	Change % 11/10
					excluding FX effect	
Total assets	1,388	1,012	746	37.2%	1,004	38.2%
Loans to customers (gross)	506	465	317	8.8%	462	9.7%
Loans to customers (net)	480	447	310	7.4%	444	8.3%
Customer funds	872	593	429	46.9%	589	48.1%
Of which: on Balance Sheet	872	593	429	46.9%	589	48.1%
Shareholders' equity	186	140	110	32.5%	139	33.5%
Net interest income	63.1	51.0	26.7	23.9%	47.4	33.2%
Other net operating income	43.7	42.8	32.5	2.0%	39.8	9.6%
Operating costs	57.5	51.3	40.6	12.2%	47.7	20.6%
Impairment and provisions	12.1	14.1	5.0	-14.5%	13.1	-8.0%
Net income	33.3	23.6	14.6	41.4%	21.9	52.0%
Number of customers (thousands)	153	81	33	89.4%		
Employees (number)	893	714	499	25.1%		
Branches (number)	61	39	23	56.4%		
% of share capital held	52.7%	52.7%	52.7%			
FX rates:						
Balance Sheet 1 euro =	122.55	121.6	128.38	kwanzas		
Profit and Loss Account 1 euro =	131.39625	122.23	109.98629167	kwanzas		

The strategic initiatives for 2012 will involve business growth, based on the implementation of the expansion plan (opening of branches and company centres), increase of the Customer base and increased attraction of balance sheet funds in each business segment, the strengthening of the Angolan staff recruitment and training programmes, continued focus on the implementation of suitable risk management and monitoring processes, and investment in information technologies and systems.

The main risks for 2012 are related to the change in the regulatory and supervisory framework and consist of the alteration of the limit of foreign exchange exposure and alteration of the conditions of loan granting operations.

Under the transitional system and pursuant to BNA Notice number 5/2010, the limits of the foreign exchange exposure ratio will be reduced in January to 30% of Regulatory Own Funds (ROF) for long exposure and 20% of ROF for short exposure, and in July to 20% of ROF on both cases.

Pursuant to BNA Notice number 04/2011, short term products contracted before 30 June 2011 in foreign currency and with characteristics of successive renewal, must be closed by 31 December 2012.

OTHER INTERNATIONAL BUSINESS

Macao

The presence of Millennium bcp in the East goes back to 1993, however, it was only in 2010 that the first branch with a full license (onshore) was inaugurated in Macao, aimed at the establishment of an international platform for business operations between the strategic triangle of Europe, China and Portuguese-speaking Africa. The cooperation agreements with the Canton Business Association and Canton Municipal Finance Bureau also contributed to Millennium bcp's objective to support the economy of Macao and entrepreneurs of this region, with the Bank's representation office having been inaugurated in 1998 in Canton (capital of the province of Guangdong, Southern China).

In 2011, the Macao Branch began to offer its Customers operations and services in Renminbis, namely the purchase and sale of Renminbis against a varied range of currencies, investments in term deposits and transfers of Renminbis to accounts domiciled in other Banks, provided that they were not located in the Popular Republic of China. Therefore, if a Customer of Millennium bcp, or of any other operation of the Group, wishes to carry out foreign trade operations in Renminbis with a Chinese company, the Macao Branch is capable of brokering the operation in coordination with the Chinese company.

The deposit portfolio reached 298.0 million euros, having grown by 103.4%, while the loan portfolio decreased by 30.1% to stand at 173.4 million euros, with the loans-to-deposits ratio standing at 58.2% in December 2011.

For 2012, and in view of the strategic agenda of Millennium bcp which plans for the strengthening of commercial relations and deepening of the strategic diamond of Portugal, China, Portuguese-speaking Africa and Brazil, the Macao Branch has a crucial role to play as an international business centre supporting both Portuguese companies wishing to develop business in Macao and China, and Chinese companies developing business in the Portuguese-speaking geographic areas in which Millennium bcp is present.

Cayman Islands

Millennium bcp Bank & Trust, with its head office in the Cayman Islands and a "B" category banking license, offers international banking services to Customers who are not resident in Portugal. The Cayman Islands are considered to be a cooperative jurisdiction by the Bank of Portugal.

The evolution of the turnover recorded in 2011 essentially results from the reduction of loans and advances as a consequence of the pursuit of objectives to reduce the group's consolidated commercial gap. The net income for 2011 was 4.6 million euros.

Brazil

On 7 September 2011, BCP informed the market on the signing of a partnership agreement with Banco Privado Atlântico, S.A. for the constitution of a bank in Brazil, with a view to exploring opportunities in the Brazilian market, namely in the areas of corporate finance and trade finance, through partnerships.

BANKING SERVICES

The Departments covering the area of Banking Services - IT Department, Administrative and Logistics Department, Operations Department, Credit Department, Standardised Recovery Department, Specialised Recovery Department, Prevention and Security Office, Litigation and Quality Department - monitor the activity of the major areas of support to the front-end services of the Bank, through the fundamental search for mechanisms and processes to increase efficiency, cut costs, and improve the business processes and monitoring of the management structure of processes implemented at the Bank. These goals form part of the strategic guidelines established for the Group and contribute to meeting the Group's profitability and growth targets. The main areas of action in the Banking Services areas involved the austere management of new investments, operating costs and implementation of measures designed to improve the service levels of the main processes of relevance to commercial activity.

During 2011, the Quality Department was integrated in the structure of the Banking Processes and Services Committee, with the objective of deepening the management of processes, both through supervision and stimulation of its governance model, and through promotion of continuous improvement of business efficacy and efficiency, ensuring a suitable monitoring of the processes that have already been implemented and encouraging the creation of new ones.

In 2011, the careful cost management enabled achieving the extremely restrictive budget targets (-0.2%). The total operating costs of all the Banking Services Departments remained stable in relation to the previous year (+0.1%), in spite of the significant increase derived from the effort relative to loan recovery. The volume of investments fell by 53% relative to 2010 and by 62% in relation to the budget.

The number of Employees of the Banking Services areas continued very close to that of 2010, with a slight increase of 0.4%, corresponding to 1,908 Employees, reflecting the increases in the Specialised and Standardised Credit Departments, of 25 and 21 Employees respectively.

Measurement and active management of the service levels of the various processes supporting commercial activity continued to underlie the definition of the main performance indicators of the more operational areas. There was ongoing improvement of the thresholds achieved, reflected in the continued increase of the degree of internal Customer satisfaction, with very positive impacts on the service quality provided to the Group's Customers and perceived by the External Customers.

The main initiatives of a strategic nature included, in particular, the special focus on the control of costs and investments, technological support to innovative value proposals, with the development of new IT applications for different platforms of smartphones, enabling the creation of an offer of reference on the national market, renewal of the ATM and CAT network, optimisation of the management of operating risk, consolidation of the organisational model of credit risk management so as to best meet the requirements of the IRB application, and specialisation of the loan recovery function in the Retail, Companies and Corporate segments.

Information and Technology Department

During 2011, the IT Department (DIT) implemented a series of structural projects and initiatives in the various areas within its perimeter of action, with a view to continuing an ongoing process of improvement of operating and application efficiency, service levels, optimisation of costs and timely adaptation to business requirements. Hence, the strategy underlying the activity developed by the IT Department during the period under analysis, in strict alignment with the reference framework defined by the Bank, concentrated on 7 critical areas of action, namely i) Business development; ii) Management of IT costs; iii) Provision of suitable technological solutions for the business; iv) Service levels; v) Risk and compliance; vi) Sustainability and social responsibility; and vii) Employee mobilisation and development.

The first area "Business development", covered a significant number of new solutions or the fine-tuning and improvement of existing solutions, aimed at contributing in a tangible form to enhanced business profitability through the control of leakage, new products and services and increased income. Due to their impact on the value chain, special note should be made of the new website on the Internet, the integrated platform of call-centres and the innovative mobile banking solutions. The second area addressed, "Management of IT costs", enabled, based on a series of coordinated actions and strict process of control, the continued reduction and optimisation of the values attributable to the operating or investment headings. The third pillar, aimed at ensuring the "Provision of suitable technological solutions for the business", has, in its new version of the commercial action platform (iPAC) and applications to support decision-making on loans, which include factoring and loan recovery (with the latter still being under development), its best examples. Particular note should also be made of the updating and realignment, from a software perspective, of the desktop environment of the Millennium Group. Regarding "Service levels", over 2011 note should be made of the merit of maintaining the application availability and performance indices at excellent levels. The IT Department also addressed the topic of "Risk and compliance", consolidating the organisation of the Bank's processes in line with the best international practices, as well as having provided a new multidomestic application for management of the areas of "Market Abuse" and "Anti-Money Laundering", actions included in the Bank's fifth strategic priority. On this issue, further reference should be made to the certification of the IT Development process in Portugal with maturity level 2 of Capability Maturity Model Integration (CMMI) attributed by the Software Engineering Institute (SEI). Also in the area of "Sustainability and social responsibility", the IT Department continued with the implementation of the "Green IT" programme, namely the specific actions aimed at the reduction of energy and printout consumption and CO2 emissions, as well as the underlying communication plan. Finally, and concerning the seventh guideline defined for 2011, the IT Department, once again, invested in the "Mobilisation and development of its Employees", implementing an integrated training plan under the "IT Academy", with the objective of ensuring the acquisition and updating of technical and behavioural skills, as well as consolidating the flow of internal communication, currently also supported by a new IT Portal (IT Workspace).

In 2012, a year when the financial sector will face new stimulus and challenges in an economic framework which is expected to be extremely adverse, the IT Department will continue to focus its resources on the achievement of the major strategic guidelines defined by the Bank - both in Portugal and in all the Group's international operations -, so as, with the decisive contribution of its Employees in a collective effort, to consolidate and deepen the lines of action included within its functional sphere in line with the guidelines listed above. Furthermore, the ID Department will remain dedicated to the continuous search for the solutions which best meet Customer requirements and needs, developed at the lowest cost and integrated in an overall offer characterised by innovation, always with the distinctive mark and factor of differentiation of the value proposition in the markets in which it operates.

Operations Department

Seeking to align its action with the Bank's strategic objectives, during 2011, the Operations Department focused its action on improving its efficiency and on the management of its Teams to serve the new priorities of the Bank, in addition to an effort of reflection on its future positioning. The consolidation of the "Lean O.D." programme, improvement of processes and insourcing of processes carried out, resulted in a decreasing evolution of the staff and of operating costs. Corresponding to the new priorities of the Bank and consequent operating flows, the teams and processes supporting loan recovery, repricing and the recording of loan collateral were reformulated. Simultaneously with the active participation in the “Project M”, the internal programme "Rethink O.D." was developed, seeking to reassess the positioning of the Operations Department at the Bank, which will be implemented in 2012 through a series of initiatives aimed at improving its efficiency and flexibility, aligning the service offered with the new needs of the Bank.

Credit Department

As was the case in 2010, there was a significant reduction in the demand for new loans, in all customer segments and in all product categories. In conformity with this reduction in demand, but also in view of the growing need of involvement of the teams in the active monitoring of the loan portfolio, the number of Employees was adjusted, especially for support to the Recovery Departments. The criteria of analysis and decision-making on loans were adjusted to show even higher strictness, reflecting the strategy of containment and better selection of risks. In this context, special precaution was given to factors related to the maturity of the operations and associated collateral. As a result, the Bank currently has a solid process of analysis and decision-making on loans, adjusted to the risks arising from the present circumstances and aligned with the objectives defined by the Bank, regarding its asset portfolio. In the automatic decision-making models, the previous work was continued, namely, in loan decision-making models and processes for the domestic operation and international operations of the Group, where particular note should be made of the excellent results achieved in the Polish operation. Concerning collaboration with other areas of action of the Bank, it should be noted that these methodologies were applied to Loan Recovery, which will be intensified in the future. The resources and tools used to monitor the loan portfolio were greatly strengthened, with a view to the timely detection of situations of default and taking of the appropriate measures of prevention. The development of this monitoring function is one of the main priorities of the Credit Department for 2012.

Standardised Recovery Department

The Standardised Recovery Department, in view of the extraordinarily difficult circumstances, developed its activity based on four strategic vectors: i) Adjustment of the business model, through the partial transfer of collection duties to the Non-performance Prevention Teams and launch of a loan recovery campaign with the Retail Network, with the objective of higher recovery in view of the proximity of debtor Customers; ii) Innovation in the recovery process, through the launch of the batch enforcement process, which is totally innovative in the sector and enables mass judicial enforcement, and the implementation of Triad Collections in processes of recovery of Small Amounts, with the definition of strategies by Customer segment and with predefined actions; iii) New recovery solutions, such as the launch of financial “packages", in coordination with the Marketing Department, for restructuring during the initial phase of default with simple operating processes and greater flexibility in specific products for loan recovery; and iv) Specialisation of the recovery teams, through the constitution of the Leasing Recovery Unit, with shared duties in business and in the recovery of the leased assets with teams in Lisbon and Porto. A series of initiatives, that are complementary to the activity most directly related to the business were also developed, in particular, amongst others, the launch of a new overall asset search model, with more services associated at a national and international level, and the implementation of the functional survey to support the development of the Integrated Loan Recovery Solution (SIRC), a tool which will be transversal to all recovery areas of the Bank. In 2012, the Standardised Recovery Department will continue to develop its loan recovery activity, with greater intervention by the Sales Network during the collection phase, to which a new default prevention model will be added. The application of *analytic* systems to recovery will begin, through the segmentation of the Customer base and application of models of behavioural analysis, simultaneously with the implementation of the SIRC and a new management information model to support recovery, which will allow the Bank to recover more and in a better way.

Specialised Recovery Department

The Specialised Recovery Department, in a structured manner, conducts the recovery of overdue loans of Customers with total liabilities greater than 1 Million euros or in situations of Insolvency, following methodologies and strategies that are suited to the segment and situation of the Customer, with a view to the minimisation of the Bank's risk of economic loss. During 2011, the deterioration of the macroeconomic context in Portugal and economic-financial conditions of the different activity sectors led to the aggravation of company and family default levels at the Bank, with a generalised increase in non-performance, namely in the number of insolvencies, which grew by 212% in relation to the previous year. In order to ensure the best and most effective monitoring of the growing number of recovery processes and based on studies of reorganisation and operating optimisation, the Specialised Recovery Department strengthened the available resources, namely through the creation of new insolvency teams and the expansion of departmental structures, as well as a broad series of initiatives and projects linked, essentially, to Internal Organisation and Information Systems, so as to improve relations with the Networks it serves and increase Employee Satisfaction. In 2012, a new commercial management model will be implemented, implying that the Specialised Recovery Department will become an area with even stronger capacity of intervention.

LITIGATION DEPARTMENT

The loan recovery activity was developed under a recessive macroeconomic scenario. The number of cases sent forwarded as litigation for judicial prosecution increased considerably, and it was also notable that there were greater difficulties in obtaining recovery agreements. However, particular note should be made of the success achieved by the Litigation activity, whose good results minimised the values of the indemnities payable and costs incurred by the Bank. The improvements established in the Loan Recovery System (SRC) for Litigation processes were implemented and the Department participated in the new Integrated Loan Recovery Solution (SIRC) Project, transversal to all recovery areas. The Litigation Department website was created and four conferences were promoted on Banking Law addressing topics of major interest for banking activity. For 2012, the focus will be on the loan recovery activity and participation in the SIRC Project with impact on the provision of more suitable resources for portfolio management.

ADMINISTRATIVE AND LOGISTICS DEPARTMENT

The Administrative and Logistics Department is divided in four areas, i) Insurance Management Unit; ii) Administrative and Procurement Department; iii) Procurement Department and iv) Works Management and Maintenance Department. In 2011, the activity of the Insurance Management Unit was characterised by the implementation of a business strategy focused on products of highest value with greatest impact on cost reduction and savings, safeguarding the contracted guarantees and protection. In 2012, a survey will be made of the opportunities which might represent new cost reductions and efforts will be continued towards a sustained negotiation. In the Administrative and Procurement Department, and with the objective of cost control/reduction and protection of the environment, particular note should be made of the reduction of postal objects, due to the migration to digital bank statements, the internal production of printed forms, the reduction of vehicle fleet costs, the release of warehouse space due to donations and the controlled destruction of obsolete articles and the decrease of representation costs. All these actions were carried out without lowering the overall quality of performance. 2012 will be a year of continuity and strengthening of the measures referred to above. During 2011, the Procurement Department strengthened its role as a universal platform of negotiation of purchases of products and services with the suppliers of Millennium BCP, achieving clear gains for the Bank. At the same time, new strategic activities were launched such as i) the exhaustive renegotiation of high value contracts; ii) the creation of a structured process for the analysis and assessment of alternatives to the acquisition of products and services; and iii) the reformulation of the Procurement Workflow. Also during this year, the Department participated in the "2011 Assessment of excellence in Procurement – AT Kearney", having been ranked in the first quartile in all key areas of the procurement process. For 2012 it is expected that there will be continuity and consolidation of the activities launched in 2011 and the installation of the new procurement workflow system in international operations, integrated at a Group level, which will enable deepening the synergies in transversal negotiations. In the Works Management and Maintenance Department, in addition to the continued effort of cost/benefit optimisation in the current maintenance activity of the premises, amongst the projects and initiatives that were adopted, particular note should be made of the following: i) the closing of 3 Service Buildings; ii) the coordination of the implementation of the new ActivoBank areas (7 new Branches in 2011 and 3 more in 2012); iii) the work begun in relation to the renegotiation of rents with third parties (a project whose main development will take place during 2012); iv) the implementation of a programme to reduce energy consumption (whose impact in 2012 will be above 0.5 million euros); and v) the support to the “Project M” in the quantification of costs and alternative solutions related to the possible closing of premises. In 2012, cost cutting will be strengthened in all budget headings, safeguarding the meeting of the critical needs of premises, as the main objective aligned with the Bank's strategy.

PREVENTION AND SAFETY OFFICE

The Prevention and Safety Office is underpinned by three areas: i) Physical Safety; ii) Security of Information Systems; and iii) Business Continuity. The Department of Physical Safety developed its activity, in accordance with its mission, focused on minimising the likelihood of the occurrence of harmful situations to the personnel and operations of the Group's institutions. In this perspective, the main objectives defined for 2011 were achieved, in particular the finalisation of the migration of the Digital Video Surveillance System (CCTV) for specific VLAN; the rollout of the process of technological renewal of the access control system in the central buildings of Tagus Park; the completion of the technological renewal of both the IP alarm centres of the branches and the IP intrusion centres of the buildings; the integration of all the branches in the Millennium Security Room security system; the submission to the National Civil Protection Authority, for approval, of the self-protection measures in 3rd Class Risk buildings; Evacuation Exercises in all central buildings to test Emergency Response promptness and capacity; the implementation and monitoring of the entire security procedure related to General Meetings and Meetings of Objectives; introduction of the topic "Prevention and Safety" in the Culture and Rigour Programme and the cutting of human surveillance costs, both through the reduction of reception work hours and the elimination of jobs. 2012 might imply an upsurge of external action against people and assets. Continuing the work that has been developed, various activities are planned for 2012 which will enable the Physical Safety Department to pursue its mission.

The main activities developed under Security of Information Systems during 2011 concentrate, essentially, on actions developed in terms of risk analysis, monitoring and detection of security events, user and infrastructure control mechanisms and management of access to the information system, where all these actions are under a framework of rules and standards that should be updated on a permanent basis. In 2012, the main objectives will consist of taking full advantage of the new monitoring mechanisms that have been installed so that, if possible in real time, one can identify and respond promptly and in a strengthened way to security incidents; continuing the task of classification of the information of the different units so as to associate their handling to the respective criticalness; preparing a business process for Certification using an International Security Standard; basing part of the security on the use of the Internet in heuristics enabling control of any situations of attempted fraud; raising the awareness of Stakeholders on Security; and finally, adjusting the security measures to the main trends observed in the area of access to information, through the use of any mobile device, sometimes owned by the actual users, with increasingly broader requirements of access to internal and external resources.

Under the activity of the Business Continuity Unit, the programme of exercises for 2010-2011 led to the training of 95% of the Units operating Critical Business Processes. 374 Employees of the Business Recovery Teams developed their usual activities, at alternative locations and workplaces. Two crisis management exercises were held during 2011: the first included the emergency response, with evacuation of a central building and business recovery in an alternative location; the second confronted the Crisis Management Office with a worldwide IT disaster scenario, in coordination with a simultaneous exercise of technological recovery (Disaster Recovery Plan). During 2012, the documentation of contingency procedures for specific scenarios will be completed, aimed at strengthening the effectiveness and efficiency of recovery following an incident. The firm establishment of the culture of business continuity will be deepened by a training action for all Employees in addition to the launch of an internal communication programme.

QUALITY DEPARTMENT

The regular system of assessment of Satisfaction in three strategic aspects (Employees, Customers and Internal Customers), was greatly expanded with the implementation of initiatives which contributed to the dynamics of the process of continuous improvement, namely the completion of a diagnostic broad-based study (Baseline) of Customers of the Retail Network and the implementation of new Satisfaction studies and programmes in Private Banking, Customers Resident Abroad and Mystery Client Programme in the Mass Market Branches of the Retail sector. This initiative is placed under the Millennium ADN Programme, and includes the identification of "moments of truth" in Customer/Bank relations through the preparation of a new and encompassing system of monitoring these interactions which will constitute the baseline for the measurement of satisfaction in 2012. In process management, 2011 was a year of consolidation with the creation of a single model, which meets the requirements of the different areas of the Bank in an integrated way, and the implementation of a governance model which covers current management and review activities. In 2012, priority will be given to the continuous and integrated monitoring of the business, performance and risk indicators of processes considered strategic for the achievement of the Bank's objectives. The Documental Management system was also consolidated, which is transversal to all the Group's operations and underpinned by a set of management principles and rules and by a technical solution which supports and ensures the feasibility of the application and control of these rules.

CORPORATE AREAS

The Corporate Areas include the Compliance Office, the Planning and Budget Control Department, the Research Office, the Strategic Projects Centre, the Management Information Department, the Accounting and Consolidation Department, the Investor Relations Department, the Audit Department, the Legal Department, the Tax Advisory Department, the General Secretariat, the Millennium bcp Foundation, the Communication Department, the Company Secretariat, the Foreign Business Support Unit, the Staff Management Support Department, the Risk Office, the Rating Department, the Financial Holdings Department and the Assets and Liabilities Management Department.

During 2011, the activity of the Corporate Areas remained focused on initiatives regarding Employee management, support to strategy development, strengthening of discipline in risk and capital management, simplification of the Bank and improved efficiency.

COMPLIANCE OFFICE

The Compliance Office has adjusted its action to the new regulatory requirements and growing demands on the part of the organisation, with its action in product creation and alteration having been important in ensuring compliance with the principles and rules regarding transparency, veracity and balance in conformity with the regulatory principles in force. Special note should also be made of the monitoring and control of the action of the sales networks, preventing the use of the bank for illicit purposes, namely money laundering and the financing of terrorism, as well as action on matters of prevention of market abuse. The process of integration of the principles and rules of the compliance function by the entire organisation is the fundamental objective for the following year, with in-depth involvement in the technological development and training programmes for the whole organisation, including ethical and deontological principles in a continuous manner, so that the principles of rigour and transparency are consolidated transversally.

PLANNING AND BUDGET CONTROL DEPARTMENT

During 2011, under its duties, the Planning and Budget Control Department developed a series of regular activities aimed at compliance with the duties to provide information and ensure periodic reporting to the supervisory authorities, disclosure to the market and support to the governing bodies. The Planning and Budget Control Department coordinated and/or participated in many activities, in close collaboration with other Organic Units of the Bank and/or external entities, in particular the preparation and successive periodic reviews of the Group's "2011-2015 Liquidity and Capital Plan", as well as the stress-test exercises promoted by the national and European supervisory entities (EBA). Under the strategic agenda defined for the Group, the Planning and Budget Control Department participated in the monitoring and strict control of operating costs and definition of the Key Performance Indicators (KPIs) for 2011, as well as in the strategic planning process for 2012 and forecasts until 2015, including the preparation of the individual budgets of operating costs and investments, support to the reflection and strategic alignment of the Organic Units in the definition of the respective objectives and KPIs, and preparation of the individual budgets of the Subsidiary Companies and the Group's consolidated budget for 2012.

RESEARCH OFFICE

The Research Office ensured compliance with the periodic duties of reporting to the Bank as a public company, prepared the different meetings with the rating agencies, simultaneously coordinating the response to their occasional requests for information, and also carried out the monitoring and analysis of the economic circumstances and financial system. The Research Office maintained the practice of disclose of studies by electronic means, through presentations to Customers, internal and external, and regular collaboration with the press, so as to share the main conclusions derived from the analyses. The Research Office participated in various projects, in particular for the reformulation of the business model in Portugal, the continued focus on directed creativity in the area of innovation, the reporting to Stakeholders of the information on Sustainability, and the analysis and benchmarking of the competition. It carried out various analyses and assessments of activity segments in Portugal and of national and international subsidiaries, and frequent updates of the Sum-of-Parts assessment of the BCP Group. It also carried out a variety of research concerning the management and optimisation of capital and the performance of the Portuguese and European banking sector. It coordinated the analytical work of the implications for the activity of the BCP Group, arising from the request for External Financial Assistance, which was developed by an internal and multidisciplinary team. It also supported the preparation of the Reports on the Liquidity and Capital Plan and Stress Tests carried out under the Memorandum of Economic and Financial Policies. In 2012, the Research Office will continue to pursue its usual disclosures in addition to, in particular, the Reports concerning the Economic and financial adjustment programme, and will focus on monitoring the implementation of the different business models under the "Project M".

Management Information Department

The strategic objectives of the Management Information Department involve control of the commercial liquidity gap of the Networks, up to the branch level, and continuation of the monitoring of the repricing of the Networks. The Management Information Department was entrusted with the responsibility for the income and fund improvement teams, composed also of members of the Marketing Department, detection of constraints, recommendation of ways to resolve them and indication of possible means to create new income sources and attract funds. The Management Information Department proposed alterations to the Network incentive systems, in order to ensure the adjustment of commercial behaviour to the major objectives of the Bank. The Management Information Department, together with the Networks, ensure the establishment of the Bank's objectives in the respective commercial budgets. In 2012, the main objective will be the adjustment of the management information to the needs arising from the implementation of the "Project M".

Accounting and Consolidation Department

During 2011, the Accounting and Consolidation Department pursued its mission to prepare the individual and Consolidated Financial Statements of the BCP Group, always with the objective of presenting a true and appropriate reflection of the entire Group in accordance with the Adjusted Accounting Standards (NCA), as determined by the Bank of Portugal, and International Financial Reporting Standards (IFRS), adopted in the European Union. Regarding the activity developed by the Accounting and Consolidation Department during 2011, special mention should be made of the continued implementation/fine-tuning of control mechanisms with a view to improving the quality and accuracy of the accounting information, the development of ratios/indicators/warnings for a better analysis and reporting of accounting information and follow-up of legal alterations, both relative to accounting and tax, of impact on the Group. In 2012, the Accounting and Consolidation Department will continue to pursue its mission.

Audit Department

The Audit Department developed its activity during 2011 in accordance with the Annual Plan approved by the Executive Board of Directors, where special reference should be made to the following: i) the completing of the audits arising from the exercise of its Independent Review Function, in compliance with the requests of the Bank of Portugal following the approval of the Bank's candidature under Basel II, requests that were opportunely included in the Department's Annual Plan and include audits to the three types of risk (operating, credit and market) and to the ICAAP, including the IT component (audits to the calculation models and reliability tests of the databases); ii) the preparation of the Reports on the Internal Control System of the Bank and other institutions of the Group presented to the Bank of Portugal and to the CMVM at the end of June, as well the continuous monitoring of the recommendations reported therein, especially those classified as being of high risk; iii) the analysis of matters relative to ethics and rigour, credit risk and impairment, the prevention and investigation of situations of fraud, the internal control system as a whole and the activities classified as being of high risk under the risk assessment carried out by the Department; and iv) the follow-up and response to the requests of the supervisory authorities, in particular the Permanent Team of the Bank of Portugal, and for the assessment of the loan portfolio of the Bank arising from the Special Inspection Programme (SIP).

During 2012, the activity of the Audit Department will follow the Bank's strategic agenda, namely the deepening of the Strategic Diamond, the "Project M" and the New Operating Model, the compulsory actions arising from requests issued by the supervisory authorities and the priorities resulting from the risk assessment carried out by the Audit Department itself.

Legal Department

The Legal Department provides legal advice to the management bodies and those areas which report directly to management bodies of the Banco Comercial Português, S.A., Banco Activobank, S.A., Banco de Investimento Imobiliário, S.A. and Millennium bcp – Prestação de Serviços, ACE. In 2011, the Legal Department went on to attain its objective of contributing to improving the quality of services provided by the Bank, minimizing or removing the legal risk, thus contributing to the increase in safety in banking operations, safeguarding their interests and of its Customers, potentially preventing situations that generate litigation or liabilities arising from the operation of the respective services.

TAX ADVISORY SERVICES DEPARTMENT

During 2011, and under its functions and duties, the Tax Advisory Department monitored compliance with tax obligations by the companies of the Group, and participated, on its own initiative or upon the request of the Executive Board of Directors or areas entrusted with its coordination, in the design and analysis of the tax framework and consequences for tax purposes of various operations carried out by companies of the Group, with a view to tax optimisation or reduction of tax risk. Regarding this last aspect, note should be made of the participation of the Tax Advisory Department in the process of transfer of part of the liabilities of the pension funds of the banking sector to social security. In 2012, the Tax Advisory Department will continue to develop its activity in accordance with the needs of the companies of the Group, participating in special projects in progress and to be started, with a view to improved internal functioning and, above all, ensuring suitable response to the challenges of the Group's companies in the current economic-financial context.

GENERAL SECRETARIAT

In 2011, the General Secretariat under its activities, ensured: i) the logistic organisation of events with the presence of the members of the Governing Bodies, namely, the General Meetings of Shareholders, the meetings of the Supervisory Board and respective Committees, as well as the Executive Board of Directors; ii) the logistic and administrative support to the Governing Bodies and their members individually; iii) the coordination of the Employees and outsourcers providing services to the Governing Bodies; iv) the coordination of the service provided by the Social Areas, the management of the occupation and maintenance of the meeting rooms and their equipment, dining rooms and vehicles at the disposal of the Governing Bodies; v) the management of the expenses and respective invoices related to the activity of the Governing Bodies and their members; and vi) relations with third party suppliers, namely the restaurant service for members of the Governing Bodies, seeking the best quality/price ratio. The General Secretariat sought to develop its duties in strict compliance with the defined guidelines and strong cost control. Its action during 2012 will follow the same principle of seeking to ensure a good service level with quality and strict cost control.

COMMUNICATION DEPARTMENT

2011 was marked by a new phase in the communication of Millennium bcp aimed at conveying greater energy and modernity to the brand, further boosting its reputation and its media and advertising visibility. For this purpose, the Bank contracted José Mourinho as the "face" of Millennium bcp, expressing the same values of success and passion, a personality which constituted the *leitmotiv* of the institution's main campaigns over the year. The Bank also strengthened its focus on communication to the Youth segment, through the innovative offer of "Millennium GO!", and expanded its presence in various Social Network platforms, as means of proximity and sharing of information with society. It also launched the "Millennium Movement", a joint initiative with the newspaper Expresso, aimed at promoting, publicising and distinguishing the best ideas and future projects in different areas of Society.

COMPANY SECRETARIAT

The Company Secretariat supports the Bank's Governing Bodies and respective committees in the legal, administrative and logistics areas, ensuring their effective functioning. It provides legal advice to the Bank and companies of the Group, on corporate and corporate governance matters, and is responsible for ensuring the registration process of the respective minutes both regarding the Supervisory Authorities and Trade Registers. It is responsible for the promotion and preparation of the General Meeting of Shareholders of the Bank and companies of the Group, for answering requests made by shareholders, and for the preparation of the Corporate Governance Report. This unit provides its contribution to and collaborates with all the Bank's areas, both executing and validating minutes or documents. It also ensures the disclosure of internal institutional communications.

FOREIGN BUSINESS SUPPORT UNIT

The Foreign Business Support Unit is an advisory unit for the Executive Board of Directors, with duties in the monitoring of the activity of the international operations. Its area of action includes the analysis of performance and support to the Board of Directors of local operations, the organisation of and participation in the quarterly meetings of the Business Committee in Europe, as well as the analysis of the matters submitted for the appraisal of the Governing Bodies and Audit Committees of these operations.

The area also coordinates and participates in strategic international projects, corporate and financial development projects relative to international operations, such as the review of business models, review of specific business areas and other projects of structural impact.

In 2011, the Foreign Business Support Unit participated in the analysis of the strategic options for the European operations, which resulted in the new strategic focus announced by the Bank in July. Following the above, this unit promoted various initiatives such as the assessment of opportunities to attract value in the Polish operation, exploration of options to reduce exposure to the Greek market and stabilisation of the Romanian operation and reduction of its negative impact on consolidated net income.

STAFF MANAGEMENT SUPPORT DEPARTMENT

During 2011, the activity of the Staff Management Support Department focused on the search for innovative solutions to respond to the alteration of the paradigm of banking business. The strengthening of banking relations based on trust was boosted through training programmes such as "Millennium ADN" and "Culture of Rigour" and the Certification programmes. The training programmes were designed in a very specific manner to take into account the development needs arising from the challenges resulting from the market alterations. Leadership, interpersonal relations, communication, techniques to overcome conflicts and negotiate solutions were addressed in an integrated manner and whenever possible fostering increased proximity to communities through training programmes with components of active participation in social work. The sharing of experiences and different perspectives was fostered through programmes such as "One day with the Customer", "One day at DRE", "We value Experience", contributed to the development of attitudes of cooperation between different organisational teams both from an operational and behavioural point of view, strengthening the perception of the contribution of each person to the Bank's net income. The participants in development programmes (People Grow, Grow Fast, Young Specialist, Master in Retail, Grow in Retail) were involved in strategic and especially pertinent reflections in view of the new challenges of the markets and in the presentation of innovative proposals. The permanent contact with Universities (Millennium Banking Seminar, Summer Internships, Start-up Programme - Junior Achievement) enabled participation in important moments of reflection and construction of ideas and the establishment of contacts with students both in a perspective of recruitment and development of future commercial relations. In 2012, this unit will continue its search for innovative solutions, adjusted to the new challenges and consistent with the long term objectives, values and interests of the institution, namely regarding prospects of growth, sustainable profitability and the protection of the interests of Customers and investors.

RISK OFFICE

In 2011, the Risk Office continued to develop its duties of identification, assessment, control and monitoring of risk, promoting, launching or coordinating the different risk management activities developed in the Group. On the other hand, it continued to ensure, over the entire year, the various reports - internal and external - entrusted to the risk management function. This area was also called upon to participate in the stress testing exercise conducted by the European Banking Authority during the first semester of 2011, in the definition of the Group's Financing and Capital Plan or in the Special Inspection Programme during the second semester, developed by the Bank of Portugal under the plan of external financial assistance to Portugal. Regarding the activities of the Risk Office under the Basel II Agreement, note should be made of the continued coordination of the work for the implementation of related measures with the approval of the Bank of Portugal for the use of the Internal Ratings-Based Approach (IRB) to calculate capital requirements for credit risk, as well as the requests for authorisation to extend this methodology to the Group's portfolios in Portugal and Poland. In 2012, the Risk Office will continue to guide its activity by the strategic objectives related to the Group's stronger solidity and confidence, contributing in an important manner to the improved internal control environment, through the fine-tuning and strengthening of the risk measurement and control policies and instruments.

RATING DEPARTMENT

A review of the entire loan portfolio was begun in 2011, using new adjusted and re-calibrated rating models. Models were implemented for the Mid and Small Corporate segment with a sectorial differentiation that was more adjusted to the reality of the portfolio and adapted to the new accounting rules. The assessment models of the Large Corporate segment and State Business Sector were altered so as to reflect all conclusions arising from the validation, and were widely tested.

The application of the Risk Degree Attribution System became operational during 2011. The automation of this application, integrated with the Bank's different systems, has been clearly reflected in productivity and efficiency gains in the process of attribution, management and maintenance of degrees of risk as well as in a drastic reduction of the operating risks inherent to a more manual process. The development of the Accounts Analysis Model application is also in progress, which automates the loading of the IES database, integrates the economic-financial algorithms of the different models and includes functionalities with a view to the simplification of all processes.

The main objectives of the Rating Department for 2012 consist of i) Completion of the review of the risk of the loan portfolio and start-up of a new review with a more efficient management of priorities, ii) Improvement of the process of detection of the aggravation of risk and implementation of information circuits with the commercial and credit areas; iii) Training actions on credit risk assessment; iv) Development of the Risk Degree Attribution System, entering into a new phase of initiatives aimed at making the most of the tool's potential for the improved management of all risks; v) Continued fine-tuning of the Accounts Analysis Model, in order to improve the speed of the process and the transformation of the entire physical archive into an electronic archive; and vi) Completion of the standardisation project and improvement of the internal analysis reports, including the enrichment of the information base.

FINANCIAL HOLDINGS DEPARTMENT

During 2011, the Financial Holdings Department experienced growth in its activities associated to the administration of financial holdings, as a result of new investments which require closer monitoring and higher capacity of action in view of the challenges faced by the participated companies in their development or financial restructuring in a context of lower growth. Regarding intervention in treasury management and valuation processes, the Department strengthened its internal control and reporting procedures to the Group's structures participating in such processes, with efficiency and productivity gains. In 2012, it is expected that the portfolio of holdings may experience new investments, which will be managed with a view to the optimisation of the mobilised funds and realisation of their value.

ASSETS AND LIABILITIES MANAGEMENT DEPARTMENT

The activity of the Assets and Liabilities Management Department in 2011 focused on strengthening the strategic vector of reinforcing solvency indicators, being worth mentioning in this area the coordination of various operations publicly disclosed, including the three phases of the BCP’s capital increase carried out between April and June , which resulted in a strengthening of the Core Tier 1 by 1,370 million euros, and also the liability management transactions involving exchange offers in the market for subordinated debt and preference shares, in each case issued by subsidiaries domiciled in the Cayman Islands, for senior and subordinated debt issued directly by the Banco Comercial Português S.A.. Completed in October and having produced an additional impact on Core Tier 1 in the order of 500 million euros, including the components identified in the Profit & Losses Account and in the shareholders’ equity, this second liability management exercise allowed the Core Tier 1 of the group to reach 9.1% in September 30 (pro forma basis including the impact already recorded in October), thus fulfilling the requirements established by the supervision for the end of 2011 fiscal year.

MILLENNIUMBCP AGEAS

The growth and solidity of the insurance market was particularly constrained by the aggravation of the recessive economic climate, the continued rise in unemployment and the increased pressure on the financial markets due to the impact of the sovereign debt crisis of the peripheral countries of Europe and scarcity of liquidity.

In 2011, the turnover of the insurance sector recorded a notable downturn, having reached a total of 11.6 billion euros. Contributing to this outcome was the very unfavourable evolution in the Life branch, which recorded a volume of premiums of 7.5 billion euros, representing a reduction of 38.5% relative to the previous year. The negative performance of capitalisation products (including PPR) and the stagnation of the Life Risk segment constrained the evolution of this market throughout the year. The Non-Life branch recorded a decrease of 0.7% of premiums in 2011 compared with 2010, although the Life segment continued to show a positive performance, with growth of 1.5%.

In 2011, the activity of Millenniumbcp Ageas was guided by the following strategic lines: profitability and financial solidity, commercial proactivity, growth, productivity and quality. The performance of Millenniumbcp Ageas was better than that of the market both in the Life branch, where it strengthened its market share in terms of mathematical provisions, and in the Non-Life branches as a whole. In 2011, Millenniumbcp Ageas achieved good technical results due to the improvement of operating performance and the maintenance of cost control.

In spite of the good operating performance, the net income of Millenniumbcp Ageas was strongly constrained by the impairment recognised in 2011 arising from the sovereign debt crisis of the peripheral countries of Europe and the BCP shares. In spite of this bleak context, the Group ended the year with a positive net income of 36.5 million euros.

2011 was a difficult year, but extremely challenging. Millenniumbcp Ageas, awarded by prestigious organisations (e.g. "Best Insurer of 2011" in Portugal by World Finance), launched, over this last year, new strategic projects and defined the vision which will enable it tread the right path in the difficult years ahead. During 2011 it became absolutely clear that the paradigm of the insurance business had changed, implying a return to the essence of the insurance business which consists of the sustainable and profitable marketing of risk products in the Life and Non-Life branches. Thus, during the 4th quarter of 2011, the Group implemented a strategic review process and decided to launch a series of projects to enable the achievement of the objectives for 2012 and prepare the future.

The new strategic vision is based on three pillars: i) protection of the franchise; ii) growth in the current business model; and iii) expansion of the strategic reach of the operation. The first pillar includes the development of new investment portfolio management policies, the strengthening of the portfolio retention mechanisms, cost control and reduction of claims rates. Under the second pillar, projects were launched aimed at re-launching the sale of Non-Life solutions in the Bank's retail segment, developing the Non-Life business in SME company segments and the development of a new marketing mix for the Life branch. The third pillar includes, above all, the development of new distribution channels.

2012 will be an even more demanding year, since it is expected that the unfavourable circumstances that affected 2011 will be maintained. The activity of Millenniumbcp Ageas will continue to follow the strategic guidelines of promotion of profitability and financial solidity, commercial development and innovation, growth, productivity and quality.

Synthesis of Indicators

Million euros

Synthesis of Inidcators	2011	2010	Variação
Direct Written Premiums			
Life	1,071	1,724	-37.9%
Non Life	226	222	2.0%
Total	1,297	1,946	-33.3%
Market Share			
Life	14.5%	14.2%	
Non Life	5.5%	5.3%	
Total	11.3%	11.9%	
Technical Margin (1)	118	257	-54.2%
Technical Margin Net of Operating Costs	31	164	-81.1%
Net Profit (2)	36	142	-74.3%
Gross Claims Ratio (Non-Life)	64.5%	65.5%	
Gross Expense Ratio (Non-Life)	23.9%	25.9%	
Non-Life Gross Combined Ratio	88.3%	91.4%	
Life Net Operating Costs/Average of Life investments	0.84%	0.83%	

(1) Before allocation of administrative costs

(2) Before VOBA ("value of business acquired")

Risk Management

Risk management and control activities assumed particular relevance in 2011, under very difficult economic and financial circumstances marked by the deterioration of the loan portfolio quality - both in the individuals and corporate segments - and by the persistence of highly restrictive funding conditions for the financial system.

At the same time, in what concerns the calculation of the risk-weighted assets (RWA) volume and the risk assessment methodologies involved in this calculation, 2011 was a year of consolidation of the advanced approach (IRB - internal ratings based) that the Group has been authorised to use for the main segments in its activities in Portugal as of the end of 2010, with important developments with respect to the extension of this approach to sub-segments of the loan portfolio for which the RWA calculation is not yet based on an IRB approach.

Hence, the main activities developed during 2011 within the scope of risk management and control and its respective reporting, were the following:

- Launching of initiatives aimed at the implementation of Bank of Portugal’s conditioning measures regarding its approval for the use of the IRB approach in the calculation of capital requirements for credit risk;
- Submission of applications for the extension of this method to other portfolios of the Group, in Portugal and Poland;
- Participation in the stress tests promoted by the European Banking Authority (EBA) and in the definition of the Funding and Capital Plan, within the scope of Portugal’s Economical Adjustment Program;
- Participation in the quantitative impact exercises (EU-QIS) concerning the implementation of the new regulatory capital framework (Basel 2.5 / Basel III), also promoted by EBA;
- Collaboration in the production of the regulatory report relative to Pillar II of Basel and production of the Credit Concentration Report;
- Collaboration in the production of the 2010/2011 Internal Control Reports;
- Development of improvements for the strengthening of internal procedures concerning risks assessment and reporting;
- Development of new rating models and review/updating of existing models, for various customer segments (Small and Mid Corporate, Large Corporate, Small Business);
- Focusing on actions aimed at strengthening credit risk mitigation, through stronger levels of collateralisation of transactions and lower concentration of credit exposures;
- Regular undertaking of internal stress tests in the area of market risks;
- Active participation in the Group's feedback to the Special Inspections Program (SIP) carried out by Bank of Portugal and its consultants, carried out as a requirement of Portugal’s Economic Adjustment Programme.

Basel II

In 2011, the Group pursued its activities aimed at obtaining extensions for the use of IRB approaches in the calculation of RWA, not only for various risk sub-categories in Portugal but also for the Retail loan portfolio in Poland. For this purpose, a continuous dialogue was maintained with Bank of Portugal, KNF (the Polish Financial Supervision Authority) and, generically, with the College of Supervisors of the BCP Group, which includes representatives of all the supervisors of the countries in which the Group operates.

Thus, applications were submitted to Bank of Portugal and KNF for extending the use of the IRB methodology in Portugal and Poland and these supervisors have intensified their intervention, within this context, *vis-à-vis* the applicant Banks, through the development and reinforcement of their *in situ* verifications and validations.

As a result of the above, by the beginning of 2012 but taking effect on 31st of December 2011, Bank of Portugal has granted authorisation for the extension of the IRB methodology, in Portugal, for the calculation of RWA for the "Other retail exposures" and "Qualifying revolving retail exposures" sub-classes, with own estimates for the Loss Given Default (LGD) parameters.

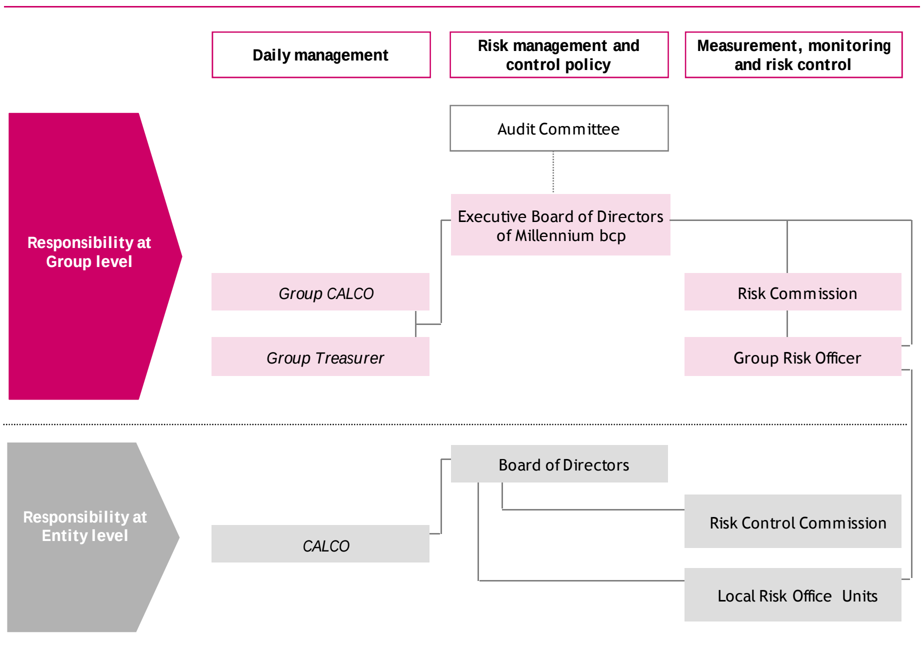
This extension of authorisation reinforced the formal recognition of the quality and effectiveness of the Group's risk management and control framework (for credit risk, specific subject of these applications), which generically involves four lines of action: identification, assessment, monitoring and control of the material risks to which the Group is exposed.

Risk Management Governance

The Group did not change its Risk Management governance model, except for its strengthening in what concerns credit risk, the Risk Commission having instituted a Credit Risk Monitoring Sub-Commission (SCARC) in the last quarter of the year.

This Sub-Commission – whose composition and duties are detailed further below – has held frequent meetings in order to be informed and to analyse the reports that several different areas of the Bank, in Portugal, are called upon to produce, in order to provide the Board of Directors with an increasingly incisive monitoring of the evolution of the risk inherent to the loan portfolio.

It should be recalled, in this context, that the Risk Commission – as well as the respective Sub-Commissions monitoring specific types of risk, such as the abovementioned SCARC and the Pension Funds Risk Sub-Commission (SCRFP) - are bodies directly under the Executive Board of Directors (EBD) of BCP, within the overall framework of risk management and control governance, as represented graphically in the following chart:



The competences and attributions of the bodies intervening in risk management governance at Group level (except for the Executive Board of Directors) are described below.

Audit Committee (AC)

The AC is entrusted, namely, with matters concerning the supervision of the management, the financial reporting documents and the qualitative measures aimed at the fine-tuning of internal control systems, of the risk management policy and of the compliance policy, as well being responsible for the supervision of the internal audit activity, ensuring the independence of the Certified Accountant. Its competences also encompass the issuing of recommendations on the contracting of External Auditors, the formulation of the proposal for its election and for the contractual conditions for their services, as well as the reception of any notifications of irregularities presented by the shareholders, employees or others, ensuring its follow-up by the Internal Audit Department or by the Client's Ombudsman.

The AC is also responsible for issuing opinions on loans granted under any form or mode, including the presentation of guarantees, as well as on any other contract that the Bank or any company of the Group signs with members of its governing bodies, with shareholders owning more than 2% of the Bank's share capital or with entities which, under the terms of the General Framework of Credit Institutions and Financial Companies, are related to any of the above.

The AC is the main addressee of the Internal Audit's, Certified Accountant's and External Auditors' reports, holding regular meetings with the Director responsible for the financial area, with the Group Risk Officer, with the Compliance Officer and the with the Head of Internal Audit.

Risk Commission

This Commission is responsible for the follow-up of overall risk levels (credit, market, liquidity and operational risks), ensuring that these are compatible with the objectives, the available financial resources and the strategies approved for the development of the Group's activity.

This Commission includes all of the members of the Executive Board of Directors, the Group Risk Officer, the Compliance Officer and the Heads of Internal Audit, Treasury and Markets, Budget Planning and Control, Financial Holdings, Credit, Rating, Research Office and Assets and Liabilities Management.

Credit Risk Monitoring Sub-Commission

This unit has the following duties and responsibilities:

- Monitoring the evolution of credit exposure and credit underwriting process;
- Monitoring the evolution of the portfolio's quality and of the main risk and performance indicators;
- Monitoring counterparty risk and concentration risk of the largest exposures;
- Monitoring the impairment evolution and the main cases of individual impairment analysis;
- Performance analysis of the credit recovery processes;
- Monitoring of the real estate portfolio divestment;
- Proposals for the definition of policies and rules on loans concession;
- Monitoring of the PD (Probability of Default) and LGD (Loss Given Default) models;
- Monitoring of the models underlying the impairment assessment;
- Monitoring of the automatic decision-making and credit recovery processes.

The members of this Sub-commission are the Directors responsible for the financial area and for risk management and two other members of the Executive Board of Directors, the Group Risk Officer and the Heads of Credit, Rating, Credit Recovery, Budget Planning and Control, Real Estate and Marketing areas.

Pension Funds Risk Sub-Commission

The mission of this specialised Sub-commission is the monitoring of the performance and risk of BCP's Pension Funds (the Defined Benefits Fund and the Complementary Fund) and the establishment of adequate investment policies and its respective hedging strategies.

The members of this Sub-Commission are the Directors responsible for the financial area and for risk management, the Group Risk Officer and the Heads of Budget Planning and Control, Assets and Liabilities Management and People's Management Support. Through permanent invitation, the entities linked to the management of the Pension Funds (Pensõesgere and F&C) are also represented.

Group CALCO

The Group CALCO is responsible for the management of the overall capital of the Group, for the management of assets and liabilities and for the definition of liquidity management strategies at a consolidated level. Specifically, the Group CALCO (also called the Planning and Capital Allocation and Assets and Liabilities Management Commission) is responsible for the structural management of market and liquidity risks, including, among others, the following aspects:

- Monitoring and management of market risks associated to the assets and liabilities structures;
- Planning and proposals concerning capital allocation;
- Proposals for the definition of adequate policies for market and liquidity risk management, at the level of the Group's consolidated balance sheet.

The Group CALCO is chaired by the Director responsible for the financial area and a further four members of the Executive Board of Directors are also members of this body. The other members of the Group CALCO are appointed by the Executive Board of Directors, including, among others, the Heads of Assets and Liabilities Management, Treasury and Markets, Budget Planning and Control, Financial Holdings, Research Office, Management Data, Corporate Business and Marketing, as well as the Group Risk Officer and the Chief Economist.

Group Risk Officer

It is the person responsible for the risk control function for all entities of the Group. Thus, in order to ensure the transversal monitoring and alignment of concepts, practices and objectives, the Group Risk Officer is responsible for informing the Risk Commission on the global risk level and for proposing measures to improve the control environment and to implement the approved limits.

The Group Risk Officer has veto power concerning any decision that might have an impact on the Group risk levels and is not subject to the approval of the Executive Board of Directors.

In order to fulfil its mission, the duties of the Group Risk Officer include:

- Supporting the definition of risk management policies and methodologies for the identification, assessment, control, monitoring, mitigation and reporting of the different types of risk;
- Proposing and implementing a set of measurements applicable to the different types of risk;
- Ensuring the existence of a body of rules and procedures to support risk management;
- Controlling, on an ongoing basis, the evolution of different risks and compliance with the applicable policies, regulations and limits;
- Ensuring the existence of an effective IT platform and a database for a robust and complete risk management;
- Participating in all decisions of relevance to risk and with an impact on the internal control system, empowered with the authority to enforce compliance with the Group's regulations and objectives relative to risk;
- Preparing information on risk management, for internal and market disclosure.

The Group Risk Officer is appointed by the Executive Board of Directors and supports the works of the Risk Commission, as well as of its sub-commissions, referred to before (SCARC and SCRFP).

Economic Capital

The Internal Capital Adequacy Assessment Process (ICAAP) constitutes, for the Group, an important step in the achievement of the best practices on matters of risk management and capital planning.

In fact, this process enables a connection between the Group's level of tolerance to risk and its capital needs through the calculation of the internal (or "economic") capital which, independently of the regulatory capital, is adequate to the incurred risks level, thus forcing an understanding of the business as well as of the risk strategies.

Through the ICAAP, all the material risks inherent to the Group’s activity are identified and quantified, considering the effects of correlation between the different risks, as well as the effects of business diversification (which is developed along various lines and products, in several geographical areas).

After the assessment of economic capital needs, these are compared with the available financial resources (Risk Taking Capacity), enabling an economic perspective of capital adequacy and also allowing the identification of value-creating activities and/or businesses.

Bearing in mind the nature of the Group’s core activity in the markets in which it operates (Retail Banking), the main risks considered for the purposes of the ICAAP are the following:

- Credit risk;
- Operational risk;
- Interest rate risk of the unhedged positions in the banking book;
- Equity risk;
- Real-estate risk;

- Pension Fund risk;
- Liquidity risk;
- Business and strategic risk.

The quantification approach used is based on a VaR (Value-at-Risk) methodology, where the maximum value of potential loss is calculated for each risk, for a time horizon of 12 months, with a 99.94% confidence level.

The metrics used in the calculation are illustrated by the figure below:

Risk types	Sub-type	Metrics
Credit risk		Credit portfolio model
Market risks	Trading Book	VaR model
	Interest rate risk of the Banking Book	
	Equity risk in the Banking Book	Long term VaR model
	Real Estate risk	
Operational risk		Standardised Approach
Liquidity risk		Stress Tests model over the funding costs
Pensions Fund risk		Simulation model
Business and Strategic risk		Model based on the specific volatility of BCP shares

The aggregation of risks at the different levels of the Group's organisational structure includes the calculation of the effect of the diversification benefits, reflected in an overall result which is less than the sum of the various individual components.

A combination of two methods is used for this purpose: i) correlation method and ii) dependence of extreme events. In general terms, the correlation matrix is obtained by submitting the historical series of losses to an implicit linear correlation analysis, which differs from traditional linear correlation analysis since it recognises the dependence of extreme events.

The following table presents the Group's overall risk position as at 31 December 2011 and 2010, represented by the value of the economic capital calculated on these dates:

Economic Capital (million euros)

	Dec 11		Dec 10	
	Amount	%	Amount	%
Credit risk	2,026.8	41.3%	2,078.5	40.6%
Market risks	1,552.4	31.6%	1,212.5	23.7%
Trading Book	17.0	0.3%	40.0	0.8%
Banking Book - interest rate risk	811.0	16.5%	440.4	8.6%
Banking Book - equity risk	355.6	7.2%	404.3	7.9%
Real-estate risk	368.8	7.5%	327.7	6.4%
Operational risk	398.1	8.1%	428.2	8.4%
Liquidity risk	134.8	2.7%	319.3	6.2%
Pensions Fund risk	621.4	12.7%	876.0	17.1%
Business and strategic risk	177.7	3.6%	202.7	4.0%
Non-diversified capital	**4,911.2**	**100.0%**	**5,117.2**	**100.0%**
Diversification benefits	-1,164.6		-1,254.0	
Group's Economic Capital	**3,746.6**		**3,863.2**	

Despite the instability and worsening of the economical context and the volatility of financial markets, the economic capital needs (after diversification benefits) registered a decrease of 3.0% by the end of 2011, *vis-à-vis* December of 2010.

The economic capital position by the end of 2011 is fundamentally explained by:

- A significant decrease of economic capital needs associated with liquidity risk, due to the commercial gap reduction registered in 2011;
- The decrease in the economic capital needs relative to the Defined Benefit Pension Fund, due to the transfer of responsibilities with retired employees and other pensions to the Social Security System, in December 2011;
- The increase, also important, of economic capital needs concerning the interest rate risk of the banking book, mainly caused by the high volatility levels registered in the Portuguese and Greek Public Debt portfolio, stemming from sovereign risk (which is, as such, measured within the scope of interest rate risk of the banking book).

In 2012 the Group will continue to develop and improve the economic capital model, mainly, so as to provide for its greater sensitivity to risks through the integration of self-assessment and stress test processes, also reflecting the recent evolutive dynamics in the regulatory framework where, among others, a highlight should be made on the enforcing of new minimum capital ratios, on the updating and regular reporting of stress tests (Bank of Portugal and European Banking Authority - EBA) and on the need to define capital and liquidity plans.

Monitoring and validation of models

The Models Control Unit (UCM) ensures the monitoring and independent validation of the credit and market risk models. In the first case, the rating systems in which such models operate are also validated.

The implemented monitoring and validation framework also involves model owners, rating system owners, Validation Committees, the Risk Commission and the Audit Department.

Along 2011, various actions relative to the follow-up and validation of credit and market risks models were carried out. In the case of credit risk models, these actions were performed over models for the "Corporate" and "Retail" exposure classes, concerning its main estimation components, both for models used in Portugal and in some of the subsidiaries based abroad.

Within this process, the most relevant models are those relative to the estimation of Probabilities of Default (PD) - such as the models for the Large Corporate, Mid Corporate and Small Corporate sub-segments, the models applicable to the real estate promotion portfolio and the TRIAD behavioural models -, the models used for the calculation of Loss Given Default (LGD) estimates and the models for off-balance sheet Credit Conversion Factors (CCF) estimation.

The monitoring and validation actions developed are also aimed at monitoring and gaining in-depth knowledge on the models' quality, so as to strengthen the Group's prompt reaction capacity in view of changes in the models predictive abilities, thus allowing the Group to reinforce its confidence in the use and performance of each model and in the implemented rating systems.

It should also be noted that UCM follows an annual validation plan proposed to and approved by the Risk Commission, according to the needs identified internally but also resulting from the specific recommendations of Bank of Portugal on this matter.

Special Inspections Program (SIP)

Under the terms of the Economic Adjustment Programme signed in May 2011 between the Portuguese State and the "Troika" composed of the European Commission, the European Central Bank and the International Monetary Fund, Bank of Portugal established a Special Inspections Programme (SIP), implemented trough three complementary workstreams that concurred for the assessment of the solvency of institutions, focusing on the Bank's accounts as at 30 June 2011:

- Loan portfolio assessment, focusing both on credit risk management policies, procedures and control, and on the appraisal of the individual and collective impairment provisioned by banks;
- Assessment of the systems and procedures for the calculation of regulatory capital requirements for credit risk under both the standard and IRB approaches;
- Assessment of the banks' stress test model.

The Bank devoted special attention to the development of this project, creating a multidisciplinary team for its follow-up, involving staff from different areas - in particular, from the Risk Office, Internal Audit Division and Credit Division -, with weekly reporting to a Steering Committee including members of the Executive Board of Directors.

The first two workstreams of the SIP have been concluded and Bank of Portugal has disclosed its respective results on 16 December 2011.

The workstream relative to the Bank's loan portfolio led to the identification of the need to strengthen impairments by the amount of 381 million euros, corresponding to 0.7% of the total value of loans analysed and to 16.0% of the impairment value of the portfolio covered by the analysis, which were fully considered in the 2011 accounts.

The overall adequacy of the Bank's policies and procedures for credit risk management and control was also confirmed, although various specific opportunities for improvement were identified.

Regarding the SIP’s second workstream, concerning the review of the calculation of own funds requirements for credit risk, specific corrections were identified corresponding to 1.3% of the estimated total amount of risk-weighted assets. These effects are also fully reflected in the amounts calculated at the end of 2011.

Finally, the third SIP workstream, focused on the methodologies and undertaking of stress tests, is still underway, with its completion being expected by the end of February 2012.

Credit risk

This risk’s occurrence is materialised through losses originated by the loan portfolio, due to the inability of borrowers (or their guarantors, when these exist, or issuers of securities, or contractual counterparties) to honour their obligations.

This risk is very relevant and highly representative in terms of the Group's overall exposure to risk.

Control and mitigation of this risk are carried out, on one hand, through a solid structure of risk analysis and assessment - using internal rating systems suited to the different business segments and a model for the early detection of potential defaults of the portfolio - and, on the other hand, through structural units that are exclusively dedicated to loan recovery, for the defaults that already occurred.

During 2011, a highlight should be made on the following activities, developed to strengthen the procedures of credit risk assessment, monitoring and control, for the various segments of the portfolio:

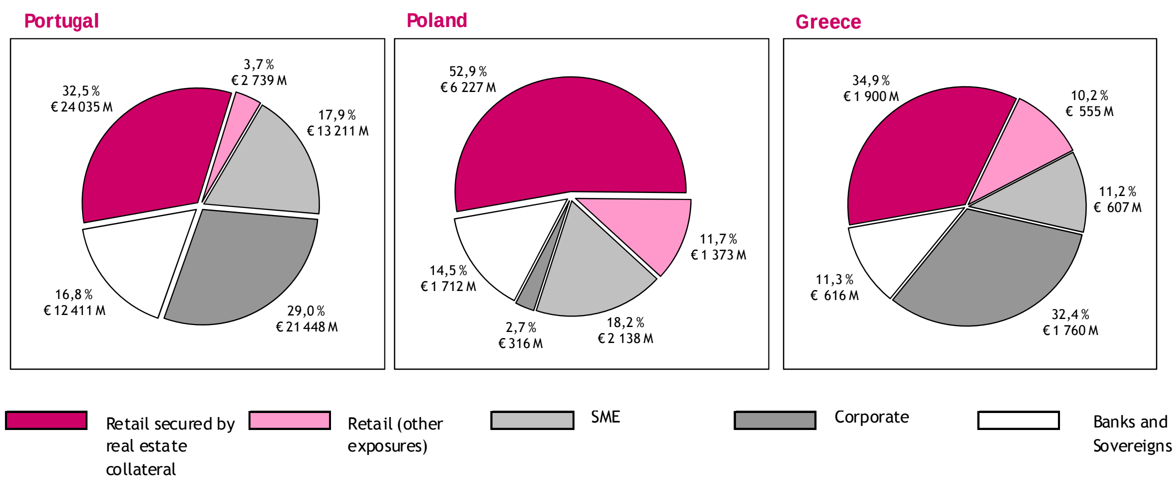
- Effective start-up of the calculation of RWA based on the IRB method, following the authorisations granted by the Bank of Portugal with reference to 31 December 2010;
- Evaluation of the credit risk assessment and monitoring process by an external consultant;
- Continuous updating of the internal regulations regarding credit risk management, with the issue of new regulations concerning the process of individual impairment analysis and impairment in investment securities and equity holdings;
- Development of new rating models for the Small and Mid Corporate segments, with a specific approach for the construction sector;
- Development of new application scoring models for the Retail SME segment;
- Review of the rating model for the Large Corporate segment, with the introduction of several improvements in terms of the modular components of this model;
- Conceptual validation exercise of the Large Corporate model, complemented with benchmarking of the internal ratings, entrusted to an external entity;
- Ratings assessment of the Real Estate Promotion portfolio using new specific models;
- Updating of the LGD estimates for Retail exposures and calculation of LGD estimates for Corporate exposures. This work was carried out based on loans recovery data that was automatically collected through a process developed with the collaboration of an external consultant;
- Preparation and closing of the application for the extension of the use of the IRB approach in the calculation of RWA, relative to the Retail exposures sub-classes that are not yet covered by this methodology and for the Real estate Promotion portfolio, as well as for the use of specific LGD estimates for the Corporate exposures.

Regarding this risk's evolution, the development of the economic and financial conditions in Portugal and Greece in 2011 have had a negative influence over the quality of the loan portfolio, both of individuals and companies; therefore, the default levels and provisions for loans impairment have had a relevant increase. The table below illustrates the quarterly evolution (unfavourable in both countries) of credit risk indicators over the year, since the end of 2010.

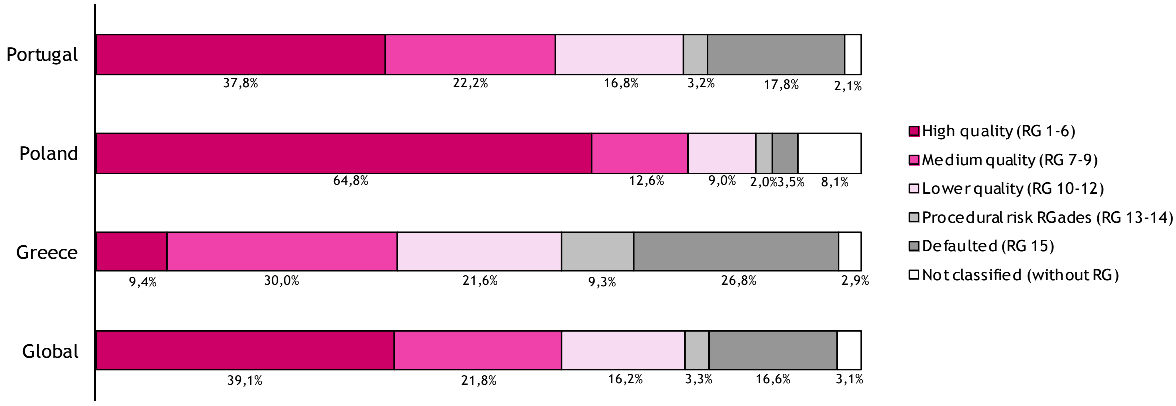
	Dec-10	Mar-11	Jun-11	Sep-11	Dec-11
Portugal					
Non-performing Loans/Total Loans	2,90%	3,29%	3,78%	4,38%	4,58%
Past due Loans (> 90 d)/Total Loans	6,28%	6,81%	7,82%	8,69%	8,44%
Impairment/Total Loans	3,23%	3,43%	3,98%	4,24%	5,09%
Poland					
Past due Loans (> 90 d)/Total Loans	2,75%	2,89%	2,92%	2,66%	2,24%
Impairment/Total Loans	3,09%	3,15%	3,08%	2,94%	2,87%
Greece					
Past due Loans (> 90 d)/Total Loans	7,75%	9,28%	9,67%	11,44%	12,88%
Impairment/Total Loans	2,46%	2,72%	2,96%	3,52%	4,32%

Loan portfolio breakdown

The following charts present the breakdown of the loan portfolio as at 31 December 2011, by segments of exposure (Basel II), in the main geographical areas in which the Group operates and in terms of EAD (Exposure at Default).

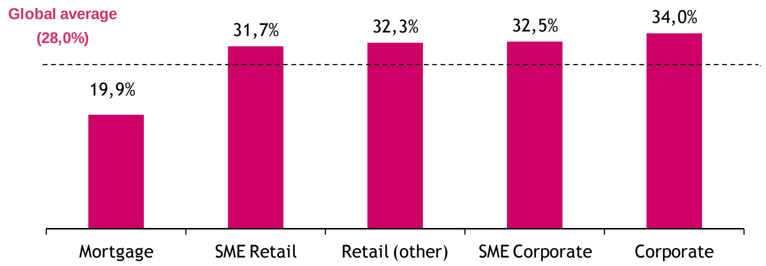


In what concerns the distribution of these exposures by risk quality, measured by the internally attributed risk grades (RG), the position as at 31 December 2011 in each of the three main geographical areas is presented in the following chart:



Note: does not include exposures to Banks and Sovereigns, Specialised Lending and exposures treated by the Standardised Approach (for regulatory capital requirements calculation)

Regarding the average LGD by exposure segment in Portugal - arising from the calculation of regulatory capital and from the estimates that were based on the losses that effectively occurred (i.e. from loans recovery data) - are shown on the following chart:



Credit concentration risk

The figures concerning credit concentration as at 31 December 2011 - measured by the weight of the 20 largest net exposures over the consolidated Own Funds or, alternatively, by the weight of these exposures in total exposure (in terms of EAD, for Portugal, Poland and Greece) - are presented in the following table:

Clients' Groups	Net Exposure / Own Funds	EAD weight in total EAD
Group 1	9,8%	1,3%
Group 2	6,5%	1,0%
Group 3	6,2%	1,0%
Group 4	3,4%	0,6%
Group 5	2,8%	0,4%
Group 6	2,8%	0,7%
Group 7	2,7%	0,5%
Group 8	2,7%	0,5%
Group 9	2,4%	0,5%
Group 10	2,4%	0,4%
Group 11	2,3%	0,5%
Group 12	2,3%	0,4%
Group 13	2,2%	0,4%
Group 14	2,2%	0,3%
Group 15	1,8%	0,3%
Group 16	1,8%	0,3%
Group 17	1,8%	0,3%
Group 18	1,7%	0,3%
Group 19	1,7%	0,2%
Group 20	1,6%	0,3%
Total	61,0%	10,1%

Compared with the end of 2010, the overall EAD weight of these 20 largest net exposures in total EAD for Portugal, Poland and Greece (10.1%) reflects a stability of credit exposure concentration for these largest customers (it was of 9.4% at the end of 2010). This results from the Group's efforts to reduce credit exposures, which is particularly focused on the largest debtors. Overall, in the three main geographical areas in which the Group operates, the reduction of exposure (EAD) was of around 3,900 million euros.

Regarding the weight of these 20 largest net exposures in total consolidated Own Funds, there has been an aggravation of this indicator (which was of 49.7% at the end of 2010), although the value of the net exposure of these 20 customers increased by only 50 million euros in absolute terms. Therefore, this evolution is mainly due to the reduction of consolidated Own Funds, which decreased considerably between these two ends of year.

It should be recalled that the requirements of Bank of Portugal on credit concentration risk are reflected in the Group's risk management and control policies through the establishment of limits for the weights of credit exposures in internal regulations, aimed at mitigating the concentration of this risk. Hence, the positioning of the largest exposures in view of the defined concentration limits is regularly monitored by the Risk Office and reported to the Audit Committee and to the Risk Commission.

Operational risk

Operational risk materialises in the occurrence of losses as a result of failures or inadequacies of internal processes, systems or people or, still, as a result of external events.

In the management of this type of risk, the Group adopts duly documented principles and practices, which are expressed in control mechanisms that are liable to continuous improvement. This framework has a variety of features, such as:

- Functions' segregation;
- Lines of responsibility and corresponding authorisations;
- The definition of risk exposure and tolerance limits;
- Ethical codes and codes of conduct;
- Risks' self-assessment exercises;
- Key risk indicators (KRI);
- Access controls, both physical and logical;
- Reconciliation activities;
- Exception reports;
- Contingency plans;
- Insurance contracting;
- Internal training on processes, products and systems.

During 2011, the Group continued to promote initiatives aimed at improving efficiency in the identification, assessment, control and mitigation of exposures, through the strengthening and extension of the scope of the operational risk management system implemented in Portugal and in the main operations abroad.

The monitoring of operational risks by the Group's Risk Office is facilitated by a computer application supporting the management of operational risk, used in the operations in which this framework has been adopted, thus ensuring a high level of uniformity, albeit showing differentiated stages of evolution as a result of the phased implementation of the management system referred to above and of the priorities attributed according to the relevance of the exposures in the different subsidiaries.

In 2011, in the main areas of operational risk management, the following achievements were of particular importance:

- Consolidation of the events database in the main operations of the Group;
- New risk self-assessment exercises in Portugal, Poland, Greece, Romania and Mozambique;
- Use of key risk indicators for the preventive monitoring of the risks of the main processes in Portugal, Poland, Greece and Romania;
- More effective incorporation of the information provided by the risk management instruments for the identification of improvements in the mechanisms that contribute for the strengthening of the processes' control environment;
- Increased level of automation in the calculation process of the Relevant Indicator (gross income) and its distribution by activity segment, for the assessment of regulatory capital requirements for operational risk and strengthening of the results' validation mechanisms.

Operational risk management structure

The operational risk management system has been based, from the very beginning, on a structure of end-to-end processes, taking into account that a vision which is transversal to the functional units of the organisational structure is the most suitable approach for the perception of risks and the estimation of the impact of the corrective measures that are introduced for its mitigation.

Furthermore, this processes model also supports other strategic initiatives related to the management of this risk, such as the quality certification of the main products and services offered (ISO 9001), the actions to improve operational efficiency and business continuity management.

Hence, the main subsidiaries of the Group have defined their own structure of processes, which is adjusted periodically according to the evolution of the business, so as to ensure an adequate coverage of the business activities (or business support activities) developed.

The responsibility for the management of the processes was entrusted to process owners (seconded by process managers), whose mission is the characterisation of the operational losses captured under their processes, the monitoring of its respective key risk indicators, the undertaking of risks' self-assessment exercises, as well as the identification and implementation of suitable actions to mitigate operational risk exposures, thus contributing to the strengthening of control mechanisms and to the improvement of the internal control environment.

In Portugal, process owners are appointed by the Process Monitoring Committee (CAP), based on the recognition of their know-how and professional experience concerning the activities developed under the processes for which they are responsible. The CAP also has the following responsibilities:

- Approval of the process dossiers;
- Approval of the institution of new processes, defining, on a case-by-case basis, the need for its ISO9001 certification and identifying the processes which, apart from the certification, should be submitted to performance measurement (KPI - key performance indicators);
- Alignment of process-based management practices with the reality of the structure units intervening in the processes;
- Ensure the issuance, maintenance and internal disclosure of documentation and information on the process-based management;
- Approval of changes to already existing processes, as well as of the design of new processes.

In all other operations of the Group the appointment of the process owners is a responsibility of the respective Boards of Directors or bodies to which this duty is entrusted.

Operational risks self-assessment (RSA)

The RSA exercises are aimed at promoting the identification and mitigation (or elimination) of risks, either actual or potential, in each process, through the assessment of each of the 20 subtypes of operational risk considered. These assessments are positioned in a risk tolerance matrix, considering the worst case event that might occur in each process, for three different scenarios. This allows for:

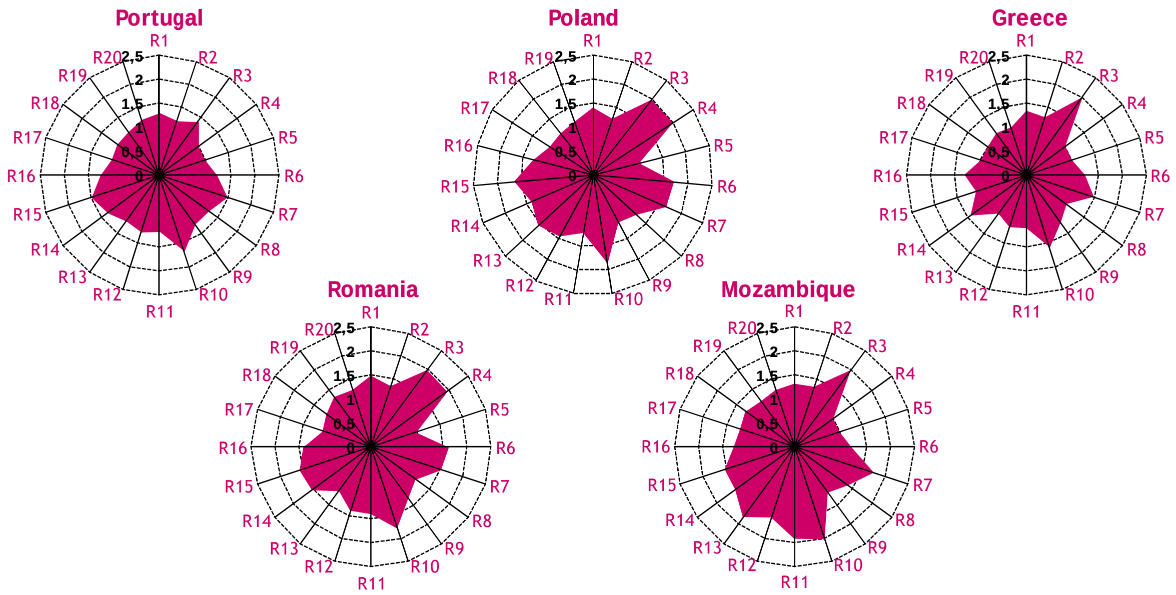
- The assessment of the risks exposure of the different processes, not considering the influence of existing controls (Inherent Risk);
- The determination of the influence of the existing control environment in reducing the level of exposure (Residual Risk);
- The identification of the impact of the improvement opportunities in the reduction of the most significant exposures (Target Risk).

The RSA exercises are based on workshops, attended by the Risk Office and with the participation of the process owners (and process managers), or on answers to questionnaires sent to the process owners for the review of the previous RSA results, according to pre-defined updating criteria.

In 2011, new RSA exercises were carried out in the main geographical areas in which the Group operates - namely, in Portugal, Poland, Greece, Romania and Mozambique - which has allowed for the updating of the operational risks assessment in the various processes defined for each of these operations, as well as for the identification of improvements to mitigate the exposures classified above the defined tolerance thresholds, with a view to reduce its frequency or severity (or both).

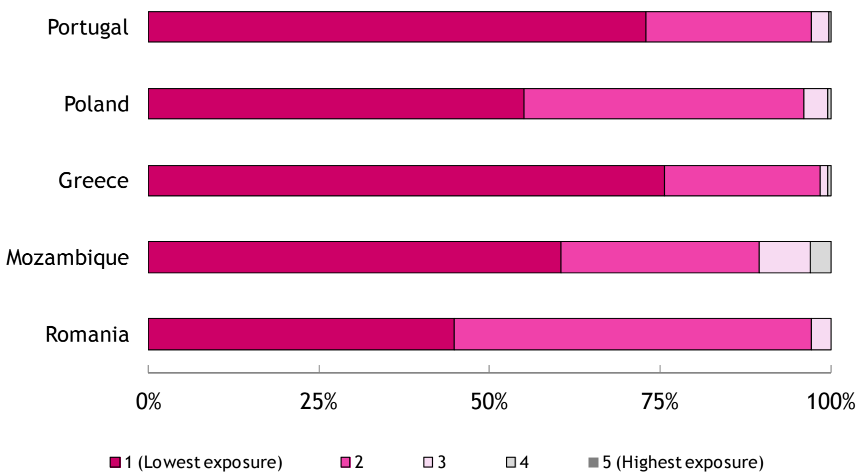
These actions will be placed in an order of priority according to the assessment made and its implementation will be monitored through the IT application supporting operational risk management.

The following spider charts present the results of the RSA exercises that have been carried out, namely, the average score for each of the 20 subtypes of operational risk considered, for the set of processes of each geographical area. The outer line represents a score of 2 on a scale of 1 (lowest exposure) to 5 (highest exposure).



R1 Internal fraud and theft
R2 Execution of unauthorised transactions
R3 Employee relations
R4 Breach of work health & safety regulations
R5 Discrimination over employees
R6 Loss of key staff
R7 Hardware and Software problems
R8 Problems related to telecom services & lines
R9 Systems security
R10 Transaction, capture, execution & maintenance
R11 Monitoring and reporting errors
R12 Customer related errors
R13 Product flaws errors
R14 External fraud and theft
R15 Property and disasters risks
R16 Regulatory and tax risks
R17 Inappropriate market and business practices
R18 Outsourcing related problems
R19 Other third parties' related problems
R20 Project risks

Another, more aggregate, perspective of these results for all of the 20 subtypes of operational risk, for the series of processes of each geographical area, is shown by the following chart:



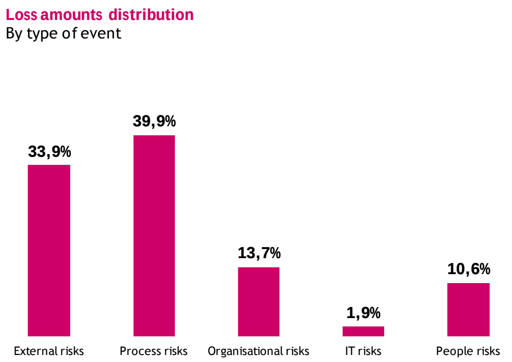
Operational losses

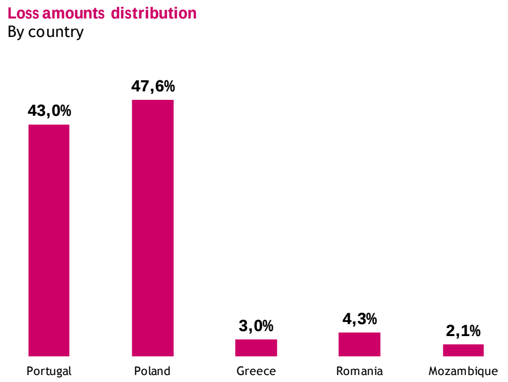
The operational losses data capture (i.e. the identification, registration and characterisation of operational losses and of the events that originated the losses), carried out by the Group for the operations covered by the operational risk management framework, aim at strengthening the awareness of this risk and at providing relevant information to process owners, for its incorporation within their processes' management. As such, it is an important instrument to quantify risk exposures. It should also be mentioned that data on operational losses is used for back-testing of the RSA results, enabling to evaluate the assessment made of each risk subtype within each process.

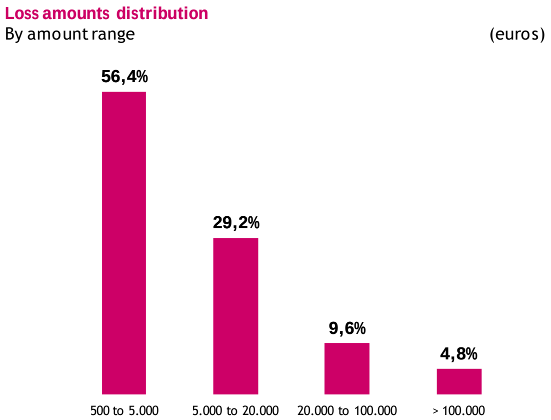
The detection and reporting of operational losses is a responsibility of all employees of the Group, the process owners playing a crucial role in the promotion of these procedures within the context of the processes for which they are responsible. The identification and capture of operational loss events are also encouraged by the Risk Offices (at Group and local levels), based on data provided by central areas.

Hence, the identified events in which the losses, effective or potential, exceed the defined materiality limits (for each geographical area), are registered in a Group-level database of operational losses, related to a process and to one of the 20 subtypes of operational risk, being characterised by its respective process owners and process managers. Besides the description of the respective cause-effect, this characterisation also includes the valuation of the loss and, when applicable, a description of the improvement action identified to mitigate the risk (based on the analysis of the loss cause).

The profile of the accumulated losses in the database by 31 December 2011 is presented in the charts below, showing that most of the losses were caused by procedural failings and external events, as well as the fact that a major proportion of the operational loss events were of low material relevance (below 20,000 euros):







Key risk indicators (KRI)

KRI are metrics which draw attention to changes in the profile of the operational risks or in the effectiveness of its control, enabling for the identification of the need to introduce corrective actions within processes, so as to prevent potential risks from materialising into effective losses.

The use of this management instrument has been extended to increasingly more processes, and currently covers the most relevant ones in the main Group operations (Portugal, Poland, Greece and Romania). Plans have been made to extend this instrument to a first set of processes in Mozambique, in 2012.

The information on the identified indicators is consolidated in a "KRI library", shared by the different entities of the Group, and currently includes over four hundred indicators, used for monitoring the risks of the main processes.

Business continuity plans

Within the scope of Business Continuity Management, the Group has concluded the definition and the implementation of plans intended to ensure that the main business activities (and business support activities) continue to operate in the event of a catastrophe or major contingency.

These continuity plans are regularly tested and updated for their two complementary components - the Disaster Recovery Plan, relative to systems and communications' infrastructures, and the Business Continuity Plan, relative to people, premises and equipment – that are defined for a set of processes that are considered to be critical.

In 2011, the first biennial cycle of the exercises programme was completed, this being of great importance for the improvement of the response capacity to incidents and for the adjustment of the scenarios used in these exercises, resulting in a better integration between business recovery, technological recovery and emergency response. These integrated exercises involved scenarios of growing complexity, including the undertaking of the activities included in critical processes at alternative locations.

Insurance Contracting

The contracting of insurance for risks related to assets, persons or third party liabilities is another important instrument in the management of operational risk, the objective being the transfer of risks (total or partial).

Proposals for the contracting of new insurance policies are submitted by process owners under the scope of their duties concerning the management of operational risks inherent to their processes, or are presented by the Heads of areas or organisational units, and then analysed by the Risk Commission and authorised by the Executive Board of Directors.

The specialised technical and commercial functions within insurance contracting are entrusted to the Insurance Management Unit, which is specialised and transversal to all entities of the Group located in Portugal. This unit and the Risk Office share information for the purpose of strengthening the coverage of the policies, as well as for increasing the quality of the operational losses database.

Market risks

Market risks consist in the potential losses that might occur in a given portfolio, as a result of changes in interest or exchange rates and/or in the prices of the different financial instruments of the portfolio, considering not only the correlations that exist between those instruments but also its volatility.

For the purpose of profitability analysis and of the quantification and control of market risks, the following management areas are defined for each entity of the Group:

- Trading - Management of positions with the aim of obtaining short-term gains, through sale or revaluation. These positions are managed actively, traded without restrictions and can be precisely and frequently evaluated. The positions in question include securities and derivatives related to sales activities;
- Funding - Management of institutional funding (wholesale funding) and monetary market positions;
- Investment - Management of all positions in securities held until maturity (or during a long period of time) or that are not tradable on liquid markets;
- Commercial - Management of positions stemming from the commercial activity with clients;
- Structural - Management of balance sheet elements or of operations which, due to its nature, are not directly related with any of the management areas referred above;
- ALM – Assets and liabilities management.

The definition of these areas allows for an effective management segregation of the trading and banking books, as well as for a correct allocation of each operation to the most suitable management area, according to its respective context.

In order to ensure that the risk levels incurred in the portfolios of the different management areas of the Group are in accordance with the Group's risk tolerance levels, several limits are defined for market risks (at least, once a year) and are applied to all management areas' portfolios that, in accordance with the management model, might incur in these risks.

The definition of these limits is based on the market risks metrics used by the Group in its control and monitoring, which are followed up on a daily basis (or intra-daily, in the case of the financial markets' areas - Trading and Funding) by the Risk Office.

In addition to these risk limits, stop loss limits are also defined for the financial markets areas, based on multiples defined for those areas, aiming at limiting the maximum losses which might occur within each of the areas. When these limits are reached, a review of the management strategy and assumptions for the positions in question must be undertaken.

Market risks of the trading book

The Group uses an integrated market risk measurement that allows for the monitoring of all of the risk subtypes that are considered to be relevant. This measurement includes the assessment of the following types of risk: generic risk, specific risk, non-linear risk and commodities' risk.

Each risk subtype is measured individually using an appropriate risk model and the integrated measurement is built from those measurements without considering any type of diversification between the four subtypes (worst-case scenario approach).

For the daily measurement of generic market risk - relative to interest rate risk, exchange rate risk, equity risk and price risk of credit default swaps - a VaR (Value-at-Risk) model is used, based on the parametric approximation defined in the methodology developed by RiskMetrics (1996). This approach considers a time horizon of 10 business days and a significance level of 99%.

In this methodology, the volatility of each of the market risk factors (and respective correlations) considered in the model is estimated by an econometric estimation model, EWMA, with an observation period of one year and a time-weighting factor (*lambda*) of 0.94. The adequacy of this parameter is assessed regularly using standard methodology, being verified by UCM.

Furthermore, an internally-developed methodology is also applied, replicating the effect that the main non-linear elements of options' positions might have in the results of the different books in which these are included, in a similar way considered within the VaR methodology, using the same time horizon and significance level.

Specific and commodities' risks are measured through standard methodologies defined in the applicable regulations (arising from Basel II), with a corresponding change of the time horizon considered.

The amounts of capital at risk are thus determined, both on an individual basis and in consolidated terms, considering the effects of diversification of the various portfolios. It should be noted that this approach to the assessment of market risks is also applied to the other management areas (and not merely to the Trading area), when its books incur in these types of risks.

The table below presents the values at risk measured by the methodologies referred to above, for the trading book, between 31 December 2010 and 31 December 2011:

Tading Book's market risks (thousand euros)

	Dec-11	Average	Max.	Min.	Dec-10
Generic risk (VaR)	5.023,4	3.341,8	12.323,3	1.404,7	12.518,7
Interest rate risk	5.051,1	2.742,7	11.971,0	1.342,7	12.332,2
FX risk	1.761,2	1.527,4	1.697,5	512,7	1.484,8
Equity risk	664,4	825,9	574,0	614,0	609,9
Diversification effects	*2.453,3*	*1.754,1*	*1.919,1*	*1.064,7*	*1.908,1*
Specific risk	1.298,5	969,9	2.861,9	520,0	2.179,7
Non-linear risk	379,8	177,7	1.041,9	6,1	296,8
Commodities risk	4,3	5,2	10,7	0,0	3,1
Global risk	6.706,0	4.494,6	14.853,9	2.501,9	14.998,3

Notes:
- Holding term of 10 days and 99% of confidence level.
- Consolidated positions from Millennium bcp, Bank Millennium, Millennium bank Greece, and Banca Millennium (Romania).

Along 2011, the risk of the Group's trading book remained, to a large extent, at materially low levels. However, there were some peak moments for these risks, due to the occurrence of sharp increases of observed market volatility. In general terms, the previous year's trends were maintained, with increases of volatility in the public debt and equity markets, counteracted by the Bank through a very prudent policy in terms of the size of its trading book.

Despite the constraints arising from the markets' evolution, the risk level of the trading book did not exceed the limits established for its respective management.

Stress tests on the trading book

As a complement to the VaR calculation and aiming at identifying risk concentrations that are not captured by this measurement and, also, for the purpose of testing other possible loss dimensions, the Group continuously tests a broad set of stress scenarios over the trading book and analyses its results.

The results of these tests on the Group's trading book, as at 31 December 2011, were as follows:

Stress tests over the Trading Book (million euros)

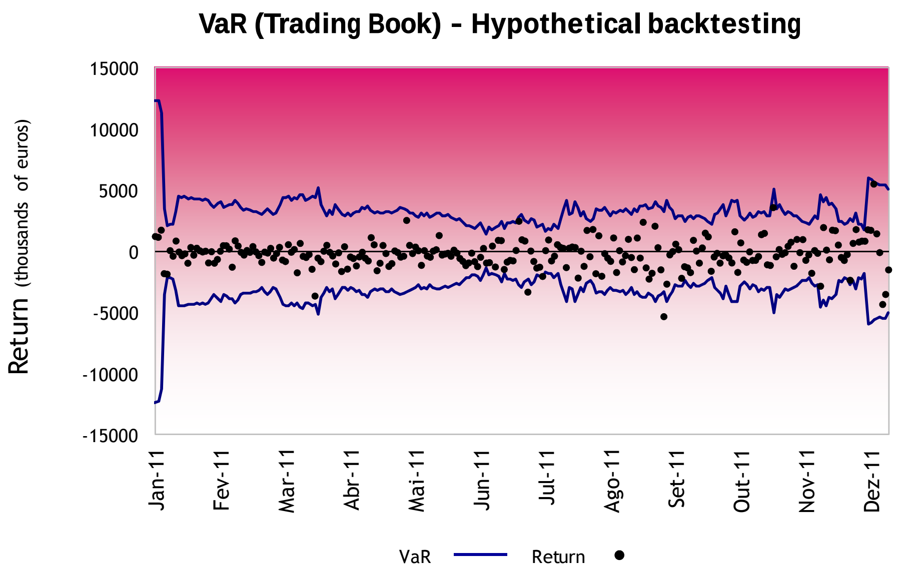
Tested scenarios	Negative results scenarios	Result
Parallel shift of the yield curve by +/- 100 b.p.	- 100 b.p.	-2,9
Change in the slope of the yield curve (for maturities from 2 to 10 years) by +/- 25 b.p.	- 25 b.p.	-0,1
4 possible combinations of the previous 2 scenarios	- 100 b.p. and - 25 b.p.	-3,0
	- 100 b.p. and + 25 b.p.	-2,8
Variation in the main stock market indices by +/- 30%	- 30%	-1,3
Variation in foreign exchange rates (against the euro) by +/- 10% for the main currencies and by +/- 25% for other currencies	- 10%, - 25%	-11,2
Variation in swap spreads by +/- 20 b.p.	- 20 b.p.	-0,1

The results of these stress tests indicate that the exposure of the Group's trading book to the different risk factors considered is limited and that the main risk to take into account is the depreciation of foreign currencies against the euro, in particular, of the Polish Zloty and the Romanian Leu.

Monitoring and validation of the VaR model

In order to ensure that the internal VaR model is adequate for the assessment of the risks involved in the positions held, several validations of different scope and frequency are performed, including backtesting, estimation of the effects of diversification and analysis of the scope of the risk factors considered.

The following graph illustrates the hypothetical backtesting for the trading book, through which the VaR indicators are compared with the hypothetical results of the model used.



As shown by this graph, only 2 excess values were observed (around 1% of frequency for 249 business days) over the hypothetical results of the model, which confirms its adequacy for the assessment of the risks in question.

Interest rate risk in the banking book

The interest rate risk derived from the banking book operations is assessed through a process of risk sensitivity analysis, undertaken every month, covering all the operations included in the Group's consolidated Balance Sheet.

The variations in market interest rates influence the Group's net interest income, both under a short and a medium/long term perspective, affecting its economic value in the long term. The main risk factors arise from the repricing mismatch of the portfolio's positions (repricing risk) and from the risk of variation of market interest rates (yield curve risk). Moreover - although of a lesser impact - there is the risk of unequal variations in different reference rates with the same repricing period (basis risk).

In order to identify the exposure of the Group's banking book to these risks, the monitoring of the interest rate risk takes into consideration the financial characteristics of the positions registered at the information systems, with the respective expected cash-flows being forecasted in accordance with the repricing dates, thus calculating the impact over economic value resulting from alternative scenarios of change of the market interest rate curves.

The following table presents the impact on economic value of this interest rate variation, in each of the management areas and for the different terms to maturity of the positions in question.

Impact of a +100 bps parallel shift of the yeld curves (thousand euros)

Repricing gap in EUR	Repricing terms to maturity					
	< 1 A	1 - 3 A	3 - 5 A	5 - 7 A	> 7 A	Total
Commercial area activity	17.431,9	53.102,6	54.071,7	-2.671,6	-5.490,8	116.443,7
Structural area activity	-7.097,2	59.992,5	59.749,1	76.766,9	17.185,5	206.596,8
Subtotal	10.334,7	113.095,0	113.820,7	74.095,3	11.694,8	323.040,5
Hedging	-22.118,5	-123.568,0	-110.861,0	-74.949,5	-15.992,1	-347.489,0
Commercial and Structural total	-11.783,8	-10.472,9	2.959,7	-854,2	-4.297,3	-24.448,5
Funding and hedging	47.520,6	1.560,1	638,2	4,8	162,1	49.885,8
Investment portfolio	-25.201,5	-15.578,3	-23.022,1	-7.133,1	-53.177,3	-124.112,4
ALM	-2.312,4	45.778,6	7.673,0	-19.308,3	-4.967,1	26.863,8
Banking Book total (Dec 2011)	8.222,9	21.287,5	-11.751,1	-27.290,9	-62.279,7	-71.811,4
Banking Book total (Dec 2010)	-9.371,5	-4.645,3	35.214,2	-43.965,8	-67.261,5	-90.030,0

Hence, the sensitivity of the banking book to the euro interest rate variations decreased, as measured at the end of each year: as at December 2010, to an interest rate increase of 100 b.p. corresponded a loss of economic value of approximately 90 million euros, which would be merely of approximately 72 million euros as at December 2011, for the same rates' variation. This decreased sensitivity is, in itself, beneficial, although not significant.

The Group regularly performs hedging operations with the market, aimed at reducing the interest rate mismatch of risk positions associated to the portfolio of the Commercial and Structural areas (capital operations, medium/long term funding operations, etc).

The risk positions that are not subject to specific market hedging operations are transferred internally to the two markets' areas (Funding and ALM), thus becoming an integral part of the respective portfolios. As such, these are daily assessed through the VaR model.

Exchange rate risk in the banking book

The exchange rate risk of the banking book is transferred internally to the Trading area (Treasury), in accordance with the risk specialisation model followed by the Group for the management of the exchange rate risk of the Balance Sheet.

The only exposures to exchange rate risk that are not included in this transfer – the financial holdings in subsidiaries, in foreign currency - are hedged on a case-by-case basis through market operations. As at 31 December 2011, the Group's financial holdings in USD, CHF and PLN were covered (in this last case, partially).

Equity risk in the banking book

The Group maintains some equities' positions of non-significant magnitude in the banking book, that are not meant to be negotiated with trading purposes.

The management of these positions is carried out by a specific area of the Group, its risk being included in the Investment area and followed-up on a daily basis, through measurements and limits defined for the control of market risks within the Group.

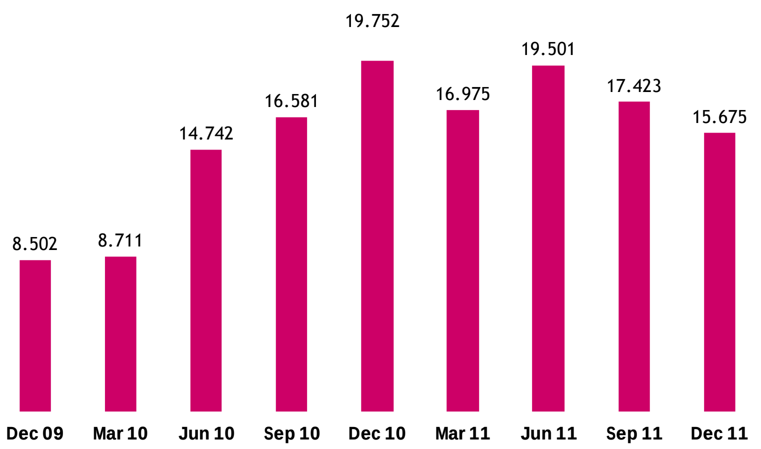
Liquidity risk

Liquidity risk reflects the Group's potential inability to meet its obligations at maturity without incurring in significant losses, resulting from the deterioration of funding conditions (funding risk) and/or sale of its assets below market value (market liquidity risk).

Along 2011 - and following the situation observed since mid-2010 -, Portuguese banks remained without access to the conventional funding markets. Hence, with the aim of reducing funding risk, the Group decided to reduce its commercial gap (difference between customer funds and loans to customers) as one of its main strategic drivers in 2011. Therefore, in the activity in Portugal, the commercial gap decreased by 6,500 million euros and by 7,800 million euros in consolidated terms.

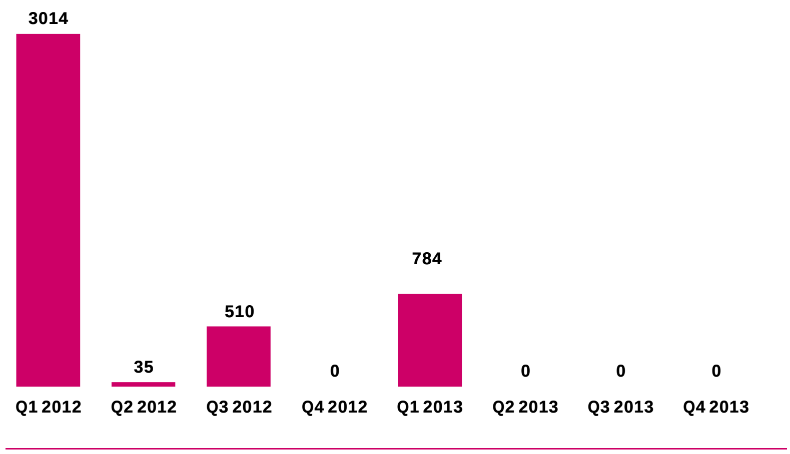
On the other hand, as a complementary measure aimed at the mitigation of liquidity risk, the policy of reinforcement of the pool of discountable assets at central banks that had already been followed in previous years was maintained. However, in spite of these efforts - which involved, namely, the issue and underwriting of debt guaranteed by the Portuguese Republic (1,500 million euros) - it was not possible to maintain the upward trend of volume of this assets' portfolio, due to a combination of effects which reduced its value: the losses of eligibility due to downgrading of ratings (essentially, of Portuguese issuers) and the significant losses of market value which occurred in a large part of the portfolio (namely, in fixed rate securities). The recent evolution of the volume of discountable assets at the ECB is illustrated by the following chart:

Eligible assets for discounting at the ECB
After haircuts (million euros)



The reinforcement of the ECB-discountable assets' portfolio is aimed at the mitigation of the Group's liquidity risk, with future funding requirements being permanently monitored. The next chart, for example, illustrates the distribution over time of the medium/long term debt maturities in 2012 and 2013. The large maturities volume for the first quarter of 2012 is fundamentally relative to the month of January, which includes the maturity of two EMTN issues amounting to around 1,960 million euros.

Quarterly distribution of maturities (2012-2013)
Medium/Long term debt (million euros)



The Group's wholesale funding structure is defined for each annual period by the Liquidity Plan, which is an integral part of the budgeting process, formulated at consolidated level and for the main subsidiaries of the Group. The setup of this plan is coordinated by the Group Treasurer and its implementation is monitored continuously along the year, being revised whenever necessary or advisable.

The table below illustrates the wholesale funding structure, as at 31 December 2011 and 2010, in terms of the relative importance of each of the instruments used:

Liquidity breakdown
(*Wholesale funding*)

	31st Dec 2011	31st Dec 2010	Weight difference
MM	0,0%	4,2%	-4,2%
BCE	46,8%	44,2%	2,5%
SFI Deposits	0,0%	1,4%	-1,4%
Commercial Paper	5,3%	1,0%	4,2%
Repos	3,1%	0,3%	2,8%
Loan agreements	4,3%	3,6%	0,7%
Schuldschein	1,4%	1,3%	0,0%
EMTN	25,8%	30,6%	-4,9%
Equity swaps	0,4%	0,0%	0,4%
Covered bonds	11,5%	10,0%	1,6%
Subordinated debt	1,3%	3,3%	-1,9%
TOTAL	100,0%	100,0%	-

Thus, in 2011 there was an increase in the relative importance of the funding obtained from the ECB, with a reduction of the other components' weight, although mitigated by the reduction in funding requirements resulting from the decrease of the commercial gap.

Control of liquidity risk

The control of the Group's liquidity risk, for short term time horizons (up to 3 months) is carried out daily based on two internally defined indicators - the immediate liquidity indicator and the quarterly liquidity indicator - which measure the maximum fund-taking requirements that could arise cumulatively over the respective time horizons, considering cash flow projections for periods of 3 days and of 3 months, respectively. These indicators, for 31 December 2011, are presented in the following table:

Liquidity indicators (million euros)

	Immediate liquidity	Quarterly liquidity
Portugal	0,0	0,0
Poland	0,0	0,0
Greece	-482,3	-583,6
Romania	0,0	0,0
Angola	0,0	0,0

Note: null values represent positive treasury positions (net of Highly Liquid Assets)

At the same time, the evolution of the Group's liquidity position is calculated on a regular basis identifying all the factors underlying the variations that have occurred.

The Group controls the structural liquidity profile through the regular monitoring, by its management structures and bodies, of a series of indicators defined both internally and by regulations, aimed at characterising liquidity risk, such as:

- The loans-to-deposits ratio;
- The medium term liquidity gaps;
- The wholesale funding coverage ratios, by highly liquid assets (HLA).

As at 31 December 2010 and 2011, these indicators were as follows:

Liquidity control indicators

	Reference value	Dec-11	Dec-10
Accumulated net cash-flows up to 1 year as a % of total accounting liabilities	Not less than (- 6 %)	-1,6%	-5,9%
Liquidity gap as a % of illiquid assets	Not less than (- 20 %)	-8,2%	-7,6%
Loans to Deposits ratio	Not above 150% a)	134,8%	148,8%
	b)	144,8%	163,6%
Wholesale Funding coverage ratios by Highly Liquid Assets (HLA)			
Up to 1 month	> 100 %	132,2%	136,0%
Up to 3 months	> 85 %	96,4%	113,5%
Up to 1 year	> 60 %	87,6%	95,2%

a) Considering Balance-Sheet Structured Products equivalent to deposits

b) As defined by banco de Portugal's Instruction no. 23/2011, from 2011/09/26

Capital and Liquidity Contingency Plan

The Capital and Liquidity Contingency Plan (PCCL) defines the priorities, responsibilities and specific measures to be undertaken in the event of a situation of a liquidity contingency. This plan is reviewed at least once a year.

The PCCL states, as its objective, the maintenance of a balanced liquidity and capital structure, also establishing the need for the continuous monitoring of market conditions, as well as lines of action and triggers aimed at timely decision-taking in adverse scenarios, either anticipated or observed.

The PCCL defines a composite indicator of the main parameters identified as advanced indicators of liquidity stress situations of (29 variables) which can affect the Group's liquidity situation. This indicator is calculated in the last week of each month and its evolution is followed-up by the Executive Board of Directors, the Group CALCO and the Group Treasurer.

Pension Fund risk

This risk stems from the potential devaluation of the Bank's Defined Benefit Pensions Fund, or from the decrease of its expected returns, implying the need to make unplanned contributions. The Pension Funds Risk Sub-commission is responsible for the regular monitoring of this risk and for the supervision of its management.

As at 31 December 2011, the liabilities related to the retirement pensions and pensioners of the Bank's Defined benefit Pension Fund were partially transferred to Social Security, with the Fund remaining responsible for the complementary pensions and liabilities related to past services of active employees, among others. The remaining responsibilities with retirement pensions and pensioners of this Fund will be transferred in the first half of 2012.

Hence, as at 31 December 2011 and considering the transfers referred to above (already effected and to be effected), the Defined Benefit Pension Fund for the banking employees and related to the Group's responsibilities, registered a volume of 2,316 million euros and a net return of -0.71% for the year.

Business and strategic risk

This type of risk materialises as negative impacts on net income and/or capital, arising from i) decisions with adverse effects; ii) the implementation of inadequate management strategies; or iii) the inability to respond effectively to market changes and variations.

Therefore, the variation in the stock market price of the BCP share is a relevant indicator for the measurement of this type of risk, with its quantification being made under the internal model used to assess/quantify the internal capital needs (economic capital).

The calculation of the economic capital required to cover this type of risk is based on a long series of the price evolution of the BCP share, this evolution being analysed after deduction of the external influence of the stock market, estimated from a time series of share prices of the largest banks listed at Euronext Lisbon.

EXPOSURE TO ACTIVITIES AND PRODUCTS AFFECTED BY FINANCIAL CRISIS

The Group's portfolio does not have any exposure either to the US subprime/Alt-A mortgage market, namely through Residential Mortgage-Backed Securities (RMBS), Commercial Mortgage-Backed Securities (CMBS), Asset-Backed Securities (ABS) or Collateralised Debt Obligations (CDO), or monoline type insurers.

The Group carries out transactions with derivatives fundamentally to hedge structured products for Customers (guaranteed capital and other products), risks stemming from the Bank's day-to-day business, essentially including hedging interest rate risk and exchange rate risk. The trading activity of the Group's own portfolio in derivatives is immaterial insofar as Group profits or risk exposure is concerned.

Over the years, the Group has carried out securitisation operations based on loans to individuals – mortgage loans and consumer credit – and also on loans to companies. Credit securitisation is used as a liquidity and capital management tool, aimed at financing the Group's business and, under certain circumstances, to release capital. The Group has no exposure to Special Purpose Entities (SPE) other than that arising from its own securitisations and normal credit business, as described in the Notes on Accounting Policies and on Customer Loans and Advances of the Consolidated Financial Statements. Furthermore, the accounting policies relative to SPE and securitisations have not been altered over the past 12 months.

The international financial crisis revealed structural imbalances in State expenditure in many jurisdictions of the world, including Greece, Ireland and Portugal. As at 31 December 2011, the Group's net exposure to Portuguese sovereign debt was 4.7 billion euros, net exposure to Greek sovereign debt was 0.3 billion euros, net exposure to Irish sovereign debt was 0.2 billion euros, the net exposure to Italian sovereign debt was 0.05 bilion euros and the net exposure to the Spanish sovereign debt was 0.005 billion euros, amongst which almost 2.8 billion euros was recorded under the portfolio of financial assets held for trading and available for sale and 2.6 billion euros under the portfolio of financial assets held to maturity. Further information on exposure to the sovereign debt of countries of the European Union in bailout situation is presented in Note 59 of the Consolidated Financial Statements.

The Group's accounting policies are described in Note 1 of the Notes to the Financial Statements, included in the Accounts and Notes to the Accounts of 2011. Further information on the valuation of financial assets and risk management is presented in the Notes on Financial assets held for trading and available for sale; Hedge derivatives; Financial assets held to maturity; Fair value reserves, Other reserves and Retained earnings; Fair value and Risk Management in the Report referred to above.

Main Risk Factors

This section highlights the risks that are most significant and capable of affecting the Bank's activity in 2012, and might lead to the future results of the Group diverging materially from the expected results. However, other risk factors could also adversely affect the results of the Group. Hence, the risk factors presented below should not be perceived as an exhaustive and complete statement of all the potential risks and uncertainties which could constrain the Bank's activity in 2012. The main risks identified are of two types:

Exogenous

- Deterioration of the macroeconomic environment (deepening of the recession);
- Downgrade of the ratings of the Portuguese Republic and other countries of the Eurozone;
- Institutional framework of the Eurozone / Stability of domestic funds and risks of transfer of deposits abroad / Deterioration of the climate of confidence;
- Capability of funding in wholesale funding markets constrained for an undetermined period;
- Deterioration in conditions of access to liquidity refinancing operations by the ECB;
- Maintenance of sovereign debt risk (Portugal) at high levels;
- Contagion effect / Adverse behaviour of the capital markets;
- Restrictiveness of the regulatory framework (new regulatory requirements aimed at strengthening the solidity and stability of the financial sector);
- Uncertainty regarding the final requirements and implementation of Basel III;
- Implications of the European Bank recapitalisation plan on the BCP and on the national banking system;
- Non-sustainability of debt dynamics (poor results of public finance and external deficit);
- Intensification of the competitive sectorial environment;
- New budgetary consolidation measures which increase the tax burden for the bank sector and/or on financial instruments.

Endogenous

- The possible recapitalisation of BCP could result, directly or indirectly, in the recomposition of the shareholder structure, with the potential entry of new shareholders;
- Deduction of capital losses on public debt and own funds;
- Reduction of own funds through increased actuarial losses of the Pension Fund;
- Volatility caused by the Bank’s credit risk;
- Downgrade of BCP’s ratings;
- High dependence on ECB funding;
- Impact in capital of the deterioration of the Greece’ financial condition;
- Concentration of the loan portfolio;
- Fall in stock markets and/or corporate debt markets;
- Sharp deterioration of credit quality and increase in overdue loans;
- Devaluation of local currencies in the Group's operations outside the Eurozone;
- Depreciation of real estate assets;
- Reputation Risk;
- The Bank's interest rate risk is historically high, making it vulnerable to increased rates;
- Decision of the authorities or courts against the Bank's interest in administrative offences;
- Contingencies in the implementation of the Bank’s strategy.

EXOGENOUS RISKS

Deterioration of the macroeconomic environment (deepening of the recession)

Any further deterioration of the current macroeconomic environment will have an adverse impact on the financial situation of the national banking sector, namely in terms of decreased turnover and loan quality. Various factors undermine the expectations of growth of the Portuguese economy and might lead to the deterioration of the macroeconomic environment, contributing to the deepening of the recession in 2012. Amongst these factors, reference should be made to the series of budgetary consolidation measures adopted under the Economic Adjustment Programme agreed with the European Commission/IMF/ECB. It cannot be excluded that additional budgetary consolidation measures may be necessary, with repercussions on private and public expenditure and an uncertain effect on public order. The existence of a more unfavourable external environment, in particular in the main trading partners of Portugal, which increases the risk of recession in the EU in the short term, might exacerbate the economic and financial crisis currently being experienced in Portugal.

Downgrade of the ratings of the Portuguese Republic and other countries of the Eurozone

During 2011 and beginning of 2012, various countries of the Eurozone, including the Portuguese Republic, were subject to a series of downgrades by the main rating agencies (Standard & Poor's, Moody's, Fitch and DBRS). In the case of Portugal, the main reasons invoked were the uncertainty and risks arising from the process of budgetary consolidation, the low external competitiveness of the Portuguese economy, the external funding difficulties and the sustainability of the public debt dynamics. The inability of rapid recovery in view of the current context and compliance of the targets defined under the Economic Adjustment Programme, added to the deepening of the recessive climate and continued difficulties in access to external funding might have an negative impact on the risk of the Republic of Portugal and, consequently, on the risk premia of Portuguese banks, their funding costs, the value of the portfolio of eligible collateral at the ECB, funding capacity and results.

Institutional framework of the Eurozone / Stability of domestic funds and the risk of transfer of deposits abroad / Deterioration of the climate of confidence

There are doubts as to whether the measures that have been announced by the authorities will resolve the crisis of the Eurozone. The intensification of the crisis has proved to be very negative for the economy of the region and for the stability of the financial sector. The failure to find a wide-ranging and convincing solution will sustain a climate of high volatility in the financial markets, which is particularly unfavourable for countries showing greatest economic and financial weaknesses (i.e. countries with heaviest debt and deficit problems). The impacts of possible scenarios (e.g. new Treaty, leaving of some member countries or, extreme hypothesis, end of the monetary union) are unpredictable. While, on the one hand, it is believed that there will be greater cohesion and financial discipline in the Eurozone, the opposite scenario, the end of the monetary union would probably imply the bankruptcy of several national banking systems, including the Portuguese banking system which is under pressure of the risk of transfer of funds/deposits abroad as a result of the deterioration of confidence levels.

Capability of funding in wholesale funding markets constrained for an undetermined period

Portuguese banks are currently facing a situation of constrained capability of funding in wholesale funding markets for an undetermined period and high dependency on funding received from the ECB. Government expectations, in line with the Economic Adjustment Programme, are that, until 2013, access of the national banking system to whole funding markets will be rather limited. It is expected that as of 2013, and assuming compliance with the targets of the Economic Adjustment Programme by the Republic, the access of the Treasury and Portuguese banks to international funding markets will improve both in terms of volume and funding cost/spreads. Otherwise, the continuation of this situation will increase pressure on the deleveraging effort and lead to excessive dependence on ECB funding.

Deterioration in conditions of access to the liquidity refinancing operations by the ECB

The ECB has been one of the funding sources used by the national banking system during this phase inability to obtain financing through the wholesale funding markets. By the end of 2011, Millennium bcp had a total of 15.7 million euros of assets eligible for discount at the ECB, of which 12.7 billion euros have already been used. The reduction of the pool of eligible assets, reflecting the erosion of collateral following the downgrades of the rating agencies and the possible difficulty in managing eligible assets to compensate the erosion arising from the loss of eligibility will have a negative impact in terms of liquidity, necessarily implying a search for alternative funding sources and an accelerating of the deleveraging of the Balance Sheet. It is important to emphasise that the ECB has shown, especially in the last few months, greater willingness to support the European banking system, where particular note should be made of the extension, in December 2011, of the maximum period of its funding to banks to 3 years aimed at reducing the liquidity risk of the sector in the Eurozone, the simplification of the rules relative to collateral and the reduction of minimum reserve requirements to half.

Maintenance of sovereign debt risk (Portugal) at high levels

Although the Portuguese financial system has shown great resilience since the beginning of the economic and financial crisis, having ensured the normal funding of the economy during this period, the tensions associated to the sovereign debt crisis and to the constrained access to international wholesale funding markets have exerted major restrictions on banking activity, forcing the institutions to resort to funding from the ECB and to the intensification of the attraction of funding from more stable domestic sources. In this context, the management of liquidity risk has gained increasing importance. The group has adopted some measures through its risk management policies since 2008, which seek to mitigate the adverse impact of the unfavourable liquidity circumstances of the markets, by reducing the commercial gap (balance sheet customer loans-funds), strengthening the attraction of deposits, sale of non-strategic assets and recomposition of assets, through the increase of highly liquid assets. Under the Group's overall liquidity management strategy, there has been more careful granting of loans and focus on the obtaining of funds with the objective of reducing the commercial gap. The Bank, whenever permitted by market conditions, will obtain its funding from interbank and capital markets according to its needs. Although the Bank considers that its liquidity risk management and mitigation policies are suitable, the extension of the market circumstances and continuation of sovereign debt risk at high levels might penalise the Group's liquidity position, both through funding difficulties and via reduction of the pool of assets eligible for discount at the ECB, in addition to the funding costs of the activity, with negative impact on the financial situation and loan quality of the BCP Group.

Contagion effect / Adverse behaviour of the capital markets

The uncertainty regarding the duration of the current international financial crisis will continue to penalise the evolution of the capital markets and maintain or aggravate the already high risk aversion, reflected in the existence of market risk related to the evolution of stock prices, penalising the evolution of fees on stock exchange and asset management operations, the net income of financial operations and other income and, also the value of financial holdings and securities portfolios. The concomitant depreciation of the value of financial collateral, risk premium associated to operations in different markets and yields of pension funds might negatively affect the Bank's net income and solvency ratios. The uncertainty of the opening of the capital markets to the national banking system, to return to being a source of funding of the sector, will contribute to increased pressure on the balance sheet deleveraging process and maintenance of excessive dependence on funding from the ECB.

Restrictiveness of the regulatory framework (new regulatory requirements aimed at strengthening the solidity and stability of the financial sector)

The implementation of a more demanding and restrictive regulatory framework, with additional restrictions on Financial Institutions, in particular regarding capital ratios, indebtedness, liquidity and mandatory information, even if beneficial to the financial system and of a preventative and temporary nature, will imply additional costs for banks. The compliance with new regulations might increase the regulatory capital requirements and costs of the Bank, result in heavier duties of information, restrict certain types of transactions, affect the Bank's strategy and limit or imply the modification of the rates or fees charged by the Bank for certain loans and other products, where any of the above might reduce the yield of its investments, assets or holdings. The Bank might also face increased compliance costs and limitations on its capacity to pursue certain business opportunities, and, as a consequence, this could have a significantly adverse effect on the activity, financial situation and results of the operations of the Bank.

As part of the Economic Adjustment Programme signed with the IMF/EU/ECB, Portugal agreed that the Bank of Portugal would require that all the banking groups under its supervision should achieve a Core Tier I ratio of 9% by the end of 2011 and a Core Tier I ratio of 10% by the end of 2012, and that it should be maintained at this level thereafter. On this issue, it should be noted that Notice of the Bank of Portugal number 3/2011 was published on 17 May 2011, in Diário da República, which determines compliance with a minimum Core Tier I ratio of 9% by 31 December 2011, and 10 % by 31 December 2012, for banking groups subject to supervision on a consolidated basis by the Bank of Portugal and by institutions, not included in these groups, with head office in Portugal and which are qualified to acquire deposits. In addition to these requirements, on 8 December

2011, the European Banking Authority recommended the strengthening of capital requirements in accordance with bank exposure to sovereign debt, for precautionary reasons. For Portugal, the exercise represented a substantial increase in capital strengthening requirements (reaching a total of 6.95 billion euros, of which 3.7 billion euros refer to the public debt buffer). This recommendation was endorsed by the Bank of Portugal, which, in line with the guidelines issued by the EBA, instituted in Notice number 5/2012 that these additional requirements would have to be complied with by 30 June 2012. Following the recommendation of the EBA, banks should favour market instruments or use the established public support facilities.

The regulatory requirements will imply the need for additional capital strengthening in order to comply with the more demanding capital ratios and their lower profitability. The existence of stricter requirements on disclosure and transparency of information will also lead to increased costs for the Bank, with a potentially significant adverse effect on the activity, financial situation and results of the operations of the Bank. The enhanced supervision by the Bank of Portugal as a result of the Economic Adjustment Programme agreed with the IMF/EU/ECB might increase costs and potentially force the Group to sell some of its assets under sub-optimal conditions. As a consequence, the Bank might be confronted with the need to further increase its capital base or restrict its policy of distribution of profit. Moreover, the Bank might be faced with additional constraints concerning the management of its assets and liabilities, and might be affected by the triggering of public recapitalisation mechanisms (which are subject to conditions) which are specifically contained in the Programme.

Uncertainty regarding the final requirements and implementation of Basel III

On 12 September 2010, the Basel Committee on Banking Supervision announced a new agreement, known as Basel III, which reviews most of the minimum requirements relative to capital and liquidity. This agreement has stricter capital requirements that will be applied over a transition period in order to attenuate their impact on the international financial system. The minimum capital requirements for Core Tier I capital (which does not include hybrid capital) will gradually increase from 2% of risk-weighted assets to 7% of risk-weighted assets by 2019. The total solvency ratio will increase from 8% to 10.5% between 2016 and 2019. Further alterations include: i) a progressive increase of the common equity ratio from 2% to 4.5% by 2015; ii) a progressive increase in the Tier I ratio from 4% to 6% by 2015; iii) the additional requirement of a capital conservation ratio of 2.5% on common equity, with phased implementation from 2016 to 2019 and the application of restrictions on bank capability to pay dividends or make other payments, to be defined, if the capital is below the common equity ratio and capital conservation ratio; iv) a buffer of anti-cyclical capital, which will stand at between 0% and 2.5% of risk-weighted assets, with loss absorption properties, according to the credit cycle phase pursuant to its application by the national supervisory authorities; v) the leverage ratio will be tested for a non-adjusted ratio of risk of 3%. Furthermore, the Basel III regime also contains stricter requirements relative to the quality of the capital that may be considered Core Tier I capital and for the calculation of risk-weighted assets. The full implementation of Basel III is forecasted only for the end of 2019. It is expected that the main impacts of Basel III on consolidated capital ratios will be related to deferred tax assets, deficit of the value of impairments for expected losses, Pension Fund corridor, minority holdings in consolidated subsidiaries, significant holdings in non-consolidated financial institutions and in the increased capital requirements for market and counterparty risks.

On 13 January 2011, the Basel Committee issued "Minimum requirements to ensure loss absorbency at the point of non-viability", which suggests some specific rules for internationally active banks. The rules require that all additional Tier I and Tier II instruments issued by internationally active banks must include, with certain exceptions, a provision in their terms and conditions requiring that they should be written-off when particular circumstances occur. If these rules were to be implemented in Portugal, the Bank would be subject to them. If the proposal were implemented in its current wording, this could affect the price of the additional Tier I and Tier II instruments issued by the Group in the future. In addition to these requirements, institutions identified as systemically relevant at a worldwide level might be subject to even more demanding and restrictive requirements. While it is not foreseen that national banks will be classified as systemically relevant at a global level, there are, however, proposals that this principle should also be applied at a local level. In this case, in view of the Bank's dimension in the national banking system, a classification of this nature could imply additional costs for the development of business activity.

Some uncertainty remains concerning the final requirements and implementation of Basel III. If these measures were to be implemented as currently proposed, it is expected that there would be a significant impact on the capital and on the management of the assets and liabilities of the Group. Consequently, this could have an adverse effect on the results, financial condition and prospects of the Group.

Implications of the European Bank recapitalisation plan on the BCP and on the national banking system

On 8 December 2011, the European Banking Authority (EBA) published a Recommendation aimed at promoting, amongst the main European banks, a strengthening of the regulatory capital of highest quality. In this context, it was defined that the banking groups subject to EBA stress-testing should strengthen their respective capitalisation levels in order to achieve, by 30 June 2012, a Core Tier I ratio of 9%, after a prudent assessment, at market values, of their exposure to sovereign debt held as at 30 September 2011.

The Bank of Portugal determined, in Notice number 5/2012, that the Caixa Geral de Depósitos Group, Banco Comercial Português Group, Espírito Santo Financial Group and Banco BPI Group are all subject to compliance with the EBA Recommendation. According to the defined timing, these four banking groups sent their respective capitalisation plans to the Bank of Portugal by 20 January 2011, which specified and justifed the instruments they intend to use so as to comply with the requirements. These capitalisation plans shall be appraised by the Bank of Portugal, in coordination with the EBA and, if necessary, in the context of the relevant colleges of supervisors, by the end of February.

The adherence of Millennium bcp to the specific national banking system recapitalisation plan (namely under the line of the total value of 12 billion euros established in the Economic Adjustment Programme), might imply the entry of the State in the Bank's capital, under forms as yet to be defined, contributing to various risks, namely, loss of strategic autonomy, possible distancing of the interest of private investors and dilution of net earnings per share. On the other hand, the level of interference in management and the conditions of entry and exit of the State continue to be two of the most sensitive points of the national banking system recapitalisation plan, whose effective definition has potential and particular impact in terms of the policy of distribution of dividends and appointment of managers. Finally, the entry of the State in the Bank's capital should also be associated to a financial cost, which would affect the Bank's net income in a negative manner.

However, it is noted that if the State's participation in ordinary shares would be below 50% there is no room for participation in management and in the case of the issuance of COCO's (hybrid instruments) until his eventual conversion there is no impact beyond the dividend payment.

Non-sustainability of debt dynamics (poor results of public finance and external deficit)

The continuation of the adverse macroeconomic environment and the possible inability of the Republic of Portugal to meet the commitments assumed under the Economic Adjustment Programme, which, combined with the non-opening of the capital/debt markets, might lead to the need of additional external assistance. This scenario, of increased risk and uncertainty, would exert pressure on the Bank to seek possible alternative funding sources, as well as the need to accelerate/review its Funding and Capital Plan and add new eligible assets to its pool of assets eligible for discount at the ECB.

Intensification of the competitive sectorial environment

The Portuguese banking market is resilient and extremely developed, containing strong national and international competitors which follow multiproduct, multichannel and multisegment approaches. In a very adverse economic context, with pressure to deleverage balance sheets and reduce loan granting, many Portuguese banks are dedicated to increasing their revenue through an increase in their respective market shares and cross-selling, which has led to more aggressive commercial strategies. It is also expected that there will be an intensification of the trend of integration of financial services at a European level, which could contribute towards increased competition, especially in the areas of asset management, investment banking, online brokerage services and remote financial services. The highly competitive level of the sector in Portugal and in other countries where the Bank operates, implies the existence of business and strategic risk, which could lead to the eventual loss of market share in some products and/or business segments, difficulty of adjustment of spreads to credit risk, decreased net interest income, fees and other revenue and penalise the evolution of revenue, net income and net worth.

New budgetary consolidation measures which increase the tax burden for the bank sector and/or on financial instruments

The Bank might be adversely affected by changes in the tax legislation and other regulations applicable in Portugal, the European Union and other countries in which it operates, as well as by alterations of interpretation, by the competent tax authorities, of this legislation and these regulations, which might have a negative impact on the Bank's activity, financial condition and results. The measures that the Portuguese State intends to implement, aimed at ensuring budgetary consolidation, stimulating the economy and supporting the banking sector, might lead to an increase in tax costs, through increased tax incidence and/or decreased tax benefits in the different areas of tax incidence, and to greater constraints of the applicable pricing, which could have a directly negative impact on the Bank's net income and turnover.

ENDOGENOUS RISKS

The possible recapitalisation of BCP could result, directly or indirectly, in the recomposition of the shareholder structure, with the potential entry of new shareholders

Following the stress test conducted by the EBA, the programme of inspection of the loan portfolios of Portuguese banks foreseen in the Economic Adjustment Programme and concluded at the end of December, and the transfer of the pension funds of various national banks to Social Security (under a transfer promoted by the Government, of 6 billion euros of pension funds of various national banks, which enabled cutting the public deficit for 2011 to 4% of GDP, below the target of 5.9%), Millennium bcp was faced with the need to use the public recapitalisation line, which could, namely, take place through the issue of shares or contingent capital instruments (CoCos). The capital requirements might also be met partially through an increase of share capital via new cash entries, a process which could result in a recomposition of the shareholder structure, with the entry of new shareholders and possibly the strengthening of the stake of some current shareholders, as well as in the possible dilution of the stake of other shareholders.

Deduction of capital losses on public debt and own funds

As noted above, by the end of 2011, Millennium bcp had an exposure to public debt of the value of 6.8 billion euros. The possible compulsory nature of the deduction of potential capital losses on public debt from own funds would create difficulties in the compliance with the objective of achieving a Core Tier I ratio above 9% by June 2012, and 10% by the end of 2012, which could lead to the need to strengthen the Bank's own funds through its Shareholders or use of the capitalisation line for the national banking sector. However, it is worth mentioning that the capital ratios to be achieved at June 30, 2012 already include a buffer for the devaluation of the sovereign debt.

Reduction of own funds through increased actuarial losses of the Pension Fund

During 2011, a Tripartite Agreement was established between the Government, the Portuguese Association of Banks and the Unions of the banking workers on the transfer to Social Security of the liabilities related to pensions paid to current retired workers and pensioners. The total value of the transferred liabilities reached 2,583 million euros. The financial liquidation of the value of 1,510 million euros, took place before 31 December 2011, and the remaining value will be transferred in the first semester of 2012.

At the same time, IAS 19 Employee Benefits also establishes the use of the method of the direct recognition in equity of actuarial deviations. At the end of 2011 the Group decided to alter its accounting policy, and now recognises the actuarial deviations for the year against reserves. According to IAS 8, this alteration of the accounting policy is presented as of 1 January 2010, whereby the entirety of the deferred actuarial deviations is recognised in equity on that date.

For prudential effects, the Bank of Portugal authorised the maintenance of the corridor for the liabilities not transferred to Social Security as well as the amortisation method defined for deferred adjustments related to the pension fund ("Extended corridor"), with the exception of those arising from the actuarial deviations recorded in 2008, of the value corresponding to the liabilities transferred to Social Security.

The level of coverage of liabilities of the Bank’s pension fund could prove to be insufficient. If the deterioration of global financial markets to determine lower investment income and, consequently, the value of the fund decreases, this will result in actuarial losses in the year, which are recognized against reserves in the year they occur.

Since settlement of the liabilities transferred is made in cash or in public debt valued at market prices, the assets that remain in the Pension Fund corresponding to the responsibilities not transferred may have a different composition, dependent on the evolution of financial markets, could lead to actuarial differences.

In the future, the Bank cannot guarantee that will not make changes to actuarial assumptions relating to the pension fund. These changes in assumptions may lead to increased actuarial differences.

Volatility caused by the Bank’s credit risk

These last few years have been marked by the aggravation of the international financial crisis and by the sharp deterioration of the sovereign debt crisis. The existing uncertainty, especially in the financial sector, as a result of the growing difficulties of the financial institutions and systemic risk, led to the maintenance of very high levels of costs related to protection against the default of private debt instruments of the financial market and, in particular, of national banks. The maintenance of this situation has led to the increased spread of the Bank's loans, with negative impact on the level of net interest income, but has also resulted in gains in the fair value of liabilities at fair value. However, these effects are reversible in the long term: the reduction of the Bank's loan spread will produce opposite effects, which will be reflected in a possible decrease in the Bank's net income.

Downgrade of BCP's ratings

The ratings assigned to BCP reflect, apart from the evolution of the rating of the Portuguese Republic, a series of intrinsic factors. In terms of capital, and in spite of the initiatives carried out recently aimed at strengthening its capital position, the deleveraging process in progress and existence of a facility to support banks provided by the Portuguese State of 12 billion euros for capital reinforcement, the rating agencies have pointed to some fragility of BCP's capital position. In terms of results, the evolution of BCP will be constrained, essentially, by the evolution of the Portuguese economy. The rating agencies also consider the deterioration of the quality of the loan portfolio to be an additional risk factor, essentially related to its exposure to the SME sector in Portugal and to its risks (BCP is the bank with the largest market share in this segment), and also refer to the Bank's exposure to public debt. Finally, the rating agencies consider, as an additional risk factor, the high dependency on wholesale funding and funding from the ECB, as well as the need to reduce the ratio of loans to deposits so as to reach a ratio of 120% by 2014. Since the wholesale funding markets are practically closed to the Portuguese Republic and to the national banking system under conditions considered suitable, the maintenance of the trend observed during 2011 of downgrading of the ratings could contribute, for example, to the erosion of the collateral eligible for funding at the ECB (requirement of higher haircuts), as well as more restrictive access to funding, at a higher cost. In order to overcome this situation, the Bank might need to accelerate its deleverage process and reduce its activity, with an negative effect on its net income.

High dependence on ECB funding

Currently, the national banking system has limited access to international debt markets, thus showing high dependence on funding from the ECB, which, by the end of 2011, reached 12.7 million euros, corresponding to 14.3% of the Bank's liabilities. The objective of the Millennium bcp is to reduce this dependency in the short/medium term, although, if the authorities oblige a faster reduction of this exposure or if there are restrictions to access to ECB funding, the Bank might be forced to accelerate its Funding and Capital Plan, exerting pressure on profitability and on the deleveraging process. It is important to stress that, under the current context, the review of the conditions of assignment of liquidity by the ECB could lead to the Bank being forced to dispose of its assets, with a potentially significant discount in relation to their respective book value, in order to comply with the Bank's liabilities, and corresponding negative impact on capital and net income. It is particularly noteworthy that, in an unprecedented action, in December 2011, the ECB announced the extension of the maximum period of its funding to 3 years in order to reduce the sector's liquidity risk and strengthen its commitment with the Eurozone. The Bank is implementing various measures to diversify its funding sources away from the ECB, and has also accelerated its deleveraging process, endeavouring to increase customer funds and reduce the granting of loans to customers, which could represent a risk of increased cost of deposits and, if this process is not accompanied simultaneously by the repricing of loans, might negatively affect the net interest income and overall net income of the Bank.

Impact in capital of the deterioration of the Greek's financial condition

There is a high risk of sovereign default by Greece, resulting in a further significant increase in spreads and adverse contagion effects, along with the risk of financial assistance provided by international institutions not being effective and domestic social and political tensions. The Bank recognized by the end of 2011 a total write-down of goodwill amounting to 294.3 million euros, associated with the acquisition of Millennium bank in Greece, so the current risk factors relate to the risk of operating business and the level of liquidity and capital support that will be required to the parent company. The risk-weighted assets (RWA) of Millennium bank in Greece amounted on December 31, 2011 to 4.4 billion euros and represented 7.96% of the Group's total RWA. Consequently, the continued economic downturn or deterioration of the financial situation in Greece or a deteriorating outlook for the performance and financial condition of Millennium bank in Greece may lead to an additional impairment in the Group's consolidated accounts, resulting from the deteriorating assets quality held by Millennium bank in Greece. The deteriorating situation in Greece, may affect the evolution of net interest income, in the context of the reduction of activity level (less loans and reduced customers deposit base), which along with the increase of overdue loans could result in a more negative net income. As a result of the deterioration of economic environment in Greece, the overdue loans over 90 days of Millennium bank stood at 6.7% of gross loans as at December 2011. Faced with an economic and financial environment very demanding and subject to high uncertainty, the trend of unfavourable evolution of overdue loans will continue and compromise the results of Millennium bank in Greece and by extension the Group's consolidated results and its position in terms of capital.

Concentration of the loan portfolio

The Bank is exposed to the credit risk of its Customers and counterparties and, in particular, to the risk arising from the high concentration of the individual exposure of its loan portfolio. The 20 largest individual loan exposures represented, as at 31 December 2011, 9.7% of the total loan portfolio, corresponding to a relatively high value, which, together with the high credit exposure to the civil construction sector, contributes to raising exposure to the credit risk. This problem is common to most of the main Portuguese banks, in view of the small size of the Portuguese market, and has been greatly noted by the rating agencies as a fundamental challenge facing the Portuguese banking system. The rating agencies have been particularly critical in relation to BCP's concentration of its exposure in larger Customers and, especially, of the exposure to Shareholders, contributing to make the rating sensitive to the evolution of these variables. Although the Bank carries out its business based on strict risk control policies, in particular of credit risk, seeking to increase the degree of diversification of its loan portfolio, it is not possible to guarantee that the exposure to these groups will fall significantly in the short and medium term.

Fall in stock markets and/or corporate debt markets

The income obtained from the Group's financial investments form an important part of the consolidated profitability, particularly in the case of the asset management business developed by Millennium bcp Gestão de Activos, the life insurance branch developed by the joint venture Millenniumbcp Ageas and investment banking. A sharp depreciation in global capital markets could affect the sales of some products and services, namely unit-linked products, capitalisation insurance, mutual investment funds, asset management services, brokerage, primary market issues and investment banking transactions, and significantly reduce the fees related to them. As a minority shareholder of Millenniumbcp Ageas, there is a risk of the Bank being called up to inject capital into this company if the solvency ratio of the company falls below a certain predefined level, for example, as a result of insurance product derivative bonds with guaranteed minimum levels of return. Therefore, a decline in the capital markets in general could adversely affect the Bank's net income, financial situation and future prospects. As at 31 December 2011, the Group's portfolio of shares, including the investments in associates, reached 587.4 million euros, equivalent to 0.6% of the Group's total assets. Any depreciation in the value of the portfolio of financial holdings could have negative repercussions on its financial situation and net income. A fall in stock and debt markets would also have an impact in terms of the quality of the assets due to the lower value of the collateral of various loans granted, based on this type of guarantee, leading to the reduction in its coverage ratios (as at 31 December 2011, 6.5% of the loan portfolio had financial assets as collateral). Finally, the value of the assets comprising the net worth of the Group's Pension Fund will also depend on the future evolution of the capital markets. A sharp fall in the capital markets could lead to insufficient coverage, through the value of the assets in its net worth and liabilities undertaken by the Pension Fund, negatively affecting the Bank's capital ratios and net income.

Sharp deterioration of credit quality and increase in overdue loans

Millennium bcp's consolidated loan portfolio, as at 31 December 2011, reached 71,533 million euros, of which 6.2% refer to non-performing loans. The prolonged maintenance of the adverse economic and financial circumstances at a worldwide, European and national level, combined with the implementation of the austerity measures established under the Economic Adjustment Programme, increases the risk of deterioration of the quality of the consolidated loan portfolio, and might lead to increased impairment losses and the deterioration of the solvency ratio through capital reduction and/or increased risk weighted assets (RWA).

Devaluation of local currencies in the Group's operations outside the Eurozone

As at 31 December 2011, Millennium bcp had operations outside the Eurozone, in particular in Mozambique, Angola, Poland and Romania. Any devaluation of the first three currencies could have a negative impact on the Group's consolidated net income. In the case of Romania and since the operation has not yet reached its break-even point, the impact would be the opposite. Moreover, the Bank's loan portfolio includes loans in foreign currency, where the losses are assumed by the Customers and recorded in the profit and loss account under impairment.

Depreciation of real estate assets

Millennium bcp is highly exposed to the Portuguese real estate market, both directly through assets related to its operations or obtained in lieu of payment, and indirectly through properties guaranteeing loans or through the funding of real estate development projects (the assets received in donation in Portugal represented 1.1% of total assets as at December 31, 2011 and the direct exposure to the real estate sector, consisting of loans granted to construction companies and real estate activities and the mortgage credit represented 57% of the loan portfolio as at 31 December 2011). This fact makes the Bank vulnerable to a depression in the real estate market. A significant devaluation of prices in the Portuguese real estate market would lead to impairment losses in the assets held directly, lower coverage of exposure to loans guaranteed by real estate collateral and in the pension funds, adversely affecting the Bank's financial situation and net income.

Reputation risk

Reputation risk is inherent to the Group's business activity. A negative opinion of the public or sector could adversely affect the Group's ability to maintain and attract Customers and, in particular, institutional and retail depositors, whose loss could adversely affect the Group's business, financial situation and future prospects. The Bank has a limited number of Customers who were classified as politically exposed persons pursuant to the applicable legislation. Although the Group exercises an increasingly stricter scrutiny of the transactions with politically exposed persons in order to ensure compliance with the applicable laws, the bank services provided to these individuals imply reputation risks, even when there is no infringement of the law.

The Bank's interest rate risk is historically high, making it vulnerable to increased rates

Interest rates are highly sensitive to many factors beyond the control of the Bank, including decisions of the monetary authorities and internal and international political constraints. Changes in market interest rates can affect the interest charged by the Bank and received from assets generating interest in a different way when compared with the interest paid by the Bank for remunerated liabilities. This difference could reduce the Bank’s net interest income. At the end of 2011, the ECB announced its decision to reduce the interest rate applicable to the main refunding operations of the Eurosystem from 1.25% to 1%. A movement in the opposite direction by the ECB (increased interest rates in the Eurozone) could increase the costs associated to debt service in Portugal and aggravate the general financial conditions if the interest rate increases do not correspond to the Portuguese financial situation. Moreover, it is expected that the capital market will remain difficult in the short/medium term. Furthermore, an increase in the interest rate could reduce demand for loans and the Bank’s capacity to grant loans to Customers, and also contribute to increased loan default. Conversely, a reduction in interest rates could affect the Bank negatively through, amongst others, the lower average interest rate of its mortgage loan portfolio, lower net interest income from deposits, lower demand for deposits and increased competition. As a result of these factors, significant changes or volatility in interest rates could have a substantial adverse impact on the Bank’s activity, financial situation or net income.

Decision of the authorities or courts against the Bank's interest in administrative offences

At this date it is not possible to forecast the definitive outcome of the court cases in progress or whether new lawsuits or investigations will be submitted in the future. However, the Bank always runs the risk of being subject to restrictive measures of civil, administrative or other nature, including fines, depending on the result of the accusations, investigations and proceedings in question. The Bank might also be subject to investigations or proceedings by other regulators or disputes, in Portugal or in any other place, by shareholders or third parties, disputes which, if decided against the Bank, could lead to significant losses for the Bank and the downgrading of its ratings. Any of these regulatory proceedings and disputes could lead to negative publicity or perceptions relative to the business developed by the Bank and could lead to loss of Customers and increased funding costs, and even draw the attention of the management team away from the current management of the Bank's activity. Consequently, the development of regulatory investigations, any regulatory proceedings and liabilities resulting thereof, and any dispute arising from or related to the operations described above, if decided against the Bank, could have an important negative effect on its activity, operating income or financial situation.

Contingencies in the implementation of the Bank's strategy

It is not possible to guarantee in advance that the Group will manage to implement its strategic agenda based on four pillars: i) strengthening of its leadership in Portugal; ii) focus on the competence of Angola and Mozambique as a platform of growth in Africa; iii) exploration of new markets of affinity; and iv) redefinition of the positioning of the European operations, due to the general constraints, such as the deterioration of market conditions, adverse environment, increased competition or the actions taken by the main competitors, or specific constraining factors associated to possible delays in the implementation of its strategic program or the efficacy and degree of implementation of the measures to resume growth and leadership in Retail Banking and attract greater value in the Companies and Corporate segments, maintain the drive to reduce costs and optimise discipline in capital and liquidity management and strengthen risk management. The Bank could face difficulties in the implementation of critical management measures aimed at continued repricing, optimising the recovery of banking revenues and profitability, mitigating exposure to various types of risk and increasing own funds, with a negative impact on expected efficiency levels, and compromising the defined objectives and solvency.

Culture of Rigour

The Banco Comercial Português Group has instituted a series of codes and policies which summarise the fundamental professional and deontological standards and duties for the compliant and coherent performance of all Employees.

The BCP Group considers that respect for the defined mission and values combined with adherence to its strategy depends on each Employee, and hence it encourages a culture of rigour and responsibility, supported by mechanisms of continuous dissemination of information, training and monitoring, so as to ensure strict compliance with the defined rules of conduct.

Codes	Code of conduct	Financial Intermediation Activity Regulations	Regulations of the Supervisory Board	Regulations of the Executive Board of Directors
Policies	Compliance Policy	Sustainability Policy	Social Policy	Environmental Policy

Regarding corporate and social responsibility, the Bank has voluntarily subscribed to reference principles and is a member of entities which ensure corporate transparency and ethics, thus making a commitment to respect and promote, in its sphere of influence, a series of key values in the areas of human rights, labour legislation, social and environmental standards and the combat of corruption.

Principles and Entities	Global Compact Principles	Equator Principles	Global Reporting Initiative	BCSD Portugal	Portuguese Association of Advertisers

The documents referred to, as well as the reference principles to which the Bank subscribes, are public and available for consultation on the Bank's Institutional website.

Rules on physical safety, security of information systems and business continuity are also defined and published internally, which establish procedures and duties of suitable conduct for the positions held and at the levels of responsibility of the different Bodies and of all Employees. The mission and activities developed by the departments responsible for the management of issues concerning safety, security and business continuity are available for public consultation on the Institutional website of Millennium bcp.

Training and Information

Created in 2004, the Compliance Office is responsible for the implementation of systems for the prevention and monitoring of risks in organisational processes, which include communication with Customers, prevention of money laundering and combat of terrorism financing, prevention of conflicts of interest and market abuse, and monitoring of transactions. However, all Employees of the Bank have the duty to operate in their sphere of activity with the rigour imposed by the legislation and the responsibility determined by professional ethics. Thus, in order to ensure cultural alignment on these matters, the Compliance Office follows a policy of continuous training and provision of information aimed at guaranteeing the minimisation of operating, compliance and reputation risks.

The Compliance Office has an international structure, represented abroad by International Compliance Officers, who report functionally to the Group Head of Compliance, in Portugal. The 1st International Meeting of Compliance Officers of the Group was held in the beginning of 2011, with the support of the Executive Board of Directors. This forum had important results in terms of sharing of information, clarification of principles, alignment of strategies and implementation of common action plans.

In 2011, the Compliance Office evolved to a more integrated format, where the consolidation of technical resources, processes and practices was important for the decentralisation of the Organisation function in terms of awareness-raising on compliance matters and for the achievement of its greater internal and external visibility, having always provided all areas of the Group and its Management and Supervisory Boards with the information, recommendations and clarifications, in an independent manner and in compliance with the legal requirements, relative to any facts that it was made aware of under its action.

The training and information development by the Compliance Office, with the relevant areas for the final approval of new products and services as well as all the promotional material of the Bank, enabled greater rigour in the monitoring of the process of creation and alteration of products and services, ensuring compliance with the principles and rules on transparency, veracity and balance in conformity with the regulatory principles in force. Of a total of 2,144 processes analysed, 1,739 recommendations of adjustment were issued which were implemented by the units in charge.

In Portugal, the "Culture of Rigour" training programme, started in 2010, was continued, which aims to internalise topics such as: i) professional ethics and deontology; ii) the need to know Customers well from the moment of the account opening; iii) rigour and transparency in Customer relations and in the sale of products and services; iv) the implementation of transactions observing the principles of prevention of money laundering and combat of the financing of terrorism; and v) the need to ensure physical safety and IT security. During 2011, the topics "Prevention and Security" (9,750 Employees trained, involving a total of 78,000 training hours) and "Prevention of Money Laundering and Combat of the Financing of Terrorism (AML/CTF)" (9,782 Employees trained, involving a total of 39,128 training hours) were concluded. Within compliance issues training, in Portugal, 10% of Employees trained perform management functions.

EMPLOYEES IN COMPLIANCE TRAINING ACTIONS (1)

AML/CTF, Market Abuse, Internal Control, Monitoring of Transactions and Legal Subjects

	2011	2010	2009	Change 11/10
Activity in Portugal (2)	10,038	767	445	1,208.7%
International Activity	4,466	13,515	5,542	-67.0%
TOTAL	**14,504**	**14,282**	**5,987**	**1.6%**

(1) The same Employee could have attended various training courses. Includes Poland, Greece, Romenia, Mozambique, Angola, Switzerland and Cayman Islands.

(2) Includes training in AML/CTF in the scope of Culture of Rigour programme, in 2011.

All the information on the topic "Culture of Rigour" and manuals and films supporting this programme are available for consultation on the Intranet. For 2012, the training actions will essentially address the topics of Ethics and Deontology, with particular emphasis on the regulation of financial intermediation, conflicts of interest and codes of conduct applicable to Employees in the performance of duties of financial analysis and advisory services for investment.

Prevention, Monitoring and Control

During 2011, the plan for the evolution and consolidation of the policies, procedures and mechanisms of control and monitoring were continued under the topics of prevention of money laundering and combat of the financing of terrorism (AML/CTF). The techniques of detection of suspicious operation which had previously been implemented were fine-tuned, where there was a visible consequent consolidation of the best practices that the Bank implements. The alterations carried out to the risk classification model led to the almost duplication of the existing levels, thus enabling the differentiation of risk characteristics between entities which had previously been monitored in a similar way. It was also possible to introduce improvements and changes in the monitoring grids, both in the respective algorithms and through the expansion of their scope of application to new types of transactions, simultaneously enabling a more rational and efficient allocation of resources.

As a consequence of the different events which occurred, there was an exacerbation of geographical political risks over the year, which led to the need for significant and successive adjustments in procedures regarding control and filtering of transactions and entities subject to internationally decreed restrictions, embargoes and sanctions. The ongoing evolution of reputation risk relative to involvement with jurisdictions of low transparency, of added risk in the potential protection of financial flows derived from countries, organisations or entities subject to international restrictions led to a significant increase of necessary actions for compliance with the duties of due diligence, examination and control.

Market operations are also subject to systematic monitoring with a view to the prevention of practices associated to market abuse and whenever justified, the Compliance Office exhaustively monitors other operations carried out in advance of relevant events which might lead to the modification of market conditions or indicate the potentially abusive use of privileged information.

Under the international activity of the Compliance Office, with the objective of a more transversal application of policies, principles and procedures and greater intervention in the definition of guidelines, alignment of strategies and definition of priorities: i) a new regular information reporting model was implemented, embodied in a more encompassing Compliance Internal Reporting Schedule; ii) it was monitored daily activity of the International Compliance Officers; iii) it was strengthened the control of the implementation of the recommendations arising from the assessments made by the Internal Audits, Supervisory Authorities and External Auditors; iv) all operations were provided with computerised AML/CTF monitoring tools; v) a quarterly summary of the activity of the International Compliance Officers was produced; and vi) all operations were required to adopt the relevant compliance documentation, in particular the Group Codes, especially the Deontological Code and the Compliance Policies.

Regarding the duty of collaboration to which the Bank is bound, established in article 18 of Law 25/2008, of 5 June, the Compliance Office ensures all the procedures on clarification and answer to requests for information issued by the competent authorities.

On the other hand, the Compliance Office formulates requests for information on certain data relative to Customers, so as to ensure the receipt of elements to allow for, in conformity with the Risk Based Approach principle, more consolidated decision-making in the analysis of received proposals. Whenever this type of information is collected, preventative steps are taken so as to ensure compliance with the duties of due diligence, detailed examination and control (through more assiduous and robust monitoring), both in account opening and in the implementation of certain operations.

COMMUNICATIONS TO LOCAL JUDICIAL ENTITIES

	2011	2010	2009	Change 11/10
OWN INICIATIVE				
Activity in Portugal	209	187	137	11.8%
International Activity (1)	255	193	154	32.1%
RESPONSE TO REQUESTS				
Activity in Portugal	239	161	172	48.4%
International Activity (1)	912	554	454	64.6%
TOTAL	**1,615**	**1,095**	**917**	**47.5%**

(1) Includes Poland, Greece, Romenia, Mozambique, Angola, Switzerland and Cayman Islands.

The activity of the Audit Department is exercised in accordance with the internal audit principles that are recognised and accepted internationally and ensure the existence of an appropriate control environment, a solid risk management system, an efficient information and communication system and an effective process of monitoring the internal control system of the Bank and Group. In order to contribute to the further deepening of the Culture of Rigour at the Bank, new audit actions have been introduced over the last few years in the Activities Plan of this Department – Ethics and Rigour Audits – especially aimed at the transversal analysis of matters of behavioural nature, compliance of rules and codes of conduct, correct use of delegated competences and respect for all other principles of action in force concerning customer relations, both external and internal.

The prevention and mitigation of fraud risk, as well as the detection and investigation of situations or attempts of fraud, internal or external, and the conduct and follow-up of any disciplinary or judicial proceedings resulting thereof also constitute a priority in the allocation of the Audit Department's resources.

Regarding the prevention, detection and analysis of potential situations of fraud, 306 control actions were carried out and 574 preliminary investigation procedures were conducted. Concerning the follow-up of investigation procedures conducted in Portugal in relation to potentially irregular situations, penalties were applied to 38 Employees due to breach of rules. None of these cases involved situations of corruption.

EMPLOYEES SANCTIONED AS RESULT OF RULES VIOLATION

Activity in Portugal

	2011	2010	2009	Change 11/10
INFRINGEMENT OF RULES				
Internal rules	18	15	15	20.0%
External rules	20	23	14	-13.0%
TOTAL	**38**	**38**	**29**	**0.0%**

Over 2011, as an integral part of the implementation of its Activities Plan, the Audit Department also analysed matters relative to practices of environmental and social management arising from or related to the object of each specific audit. In particular, the respective programmes of audits conducted in person to branches include the assessment of the conditions of hygiene and maintenance of the premises and of the respect for the recycling policies adopted at the Bank, with the necessary recommendations and corrections being issued whenever flaws are detected.

All claims, complaints or denouncement of situations involving socially inappropriate behaviour of Employees, whether amongst one another or relative to Customers, are analysed and investigated, giving rise to disciplinary procedures whenever justified.

INVOLVEMENT WITH THE INTERNAL COMMUNITY

The demanding challenges in the different countries in which the Bank operates, characterized 2011,with the Employees having played a determinant role in transforming the adversities into opportunities in most European countries and in the expansion process in progress in Angola and Mozambique.

During 2012, the involvement of all the Employees will continue to be encouraged in the search for innovative solutions which contribute to achieve the strategic objectives of the BCP Group.

EVOLUTION OF EMPLOYEE NUMBERS

As at December 2011, the total number of Employees was 21,508, of which 46.3% were working in Portugal, 38.4% were working in the operations of other countries in Europe and 15.2% in the operations of Angola and Mozambique.

EMPLOYEES (END OF THE YEAR)

	2011		2010		2009		Change 11/10
PORTUGAL	9,959	46.3%	10,146	47.5%	10,298	48.4%	-1.8%
Retail	6,365	64%	6,540	64%	6,666	65%	-2.7%
Companies & Specialised Credit	456	5%	450	4%	419	4%	1.3%
Corporate	151	2%	146	1%	142	1%	3.4%
Investment Banking	155	2%	159	2%	165	2%	-2.5%
Private Banking & Asset Mangement	191	2%	214	2%	235	2%	-10.7%
Bankig Services	1,850	19%	1,842	18%	1,889	18%	0.4%
Corporate Areas	644	6%	645	6%	637	6%	-0.2%
Associated and Others	147	1%	150	1%	145	1%	-2.0%
INTERNATIONAL	11,549	53.7%	11,224	52.5%	10,987	51.6%	2.9%
Millennium bank in Poland (1)	6,289	54%	6,135	55%	6,245	57%	2.5%
Millennium bank in Greece	1,212	10%	1,470	13%	1,527	14%	-17.6%
Millennium bank in Romania	690	6%	731	7%	700	6%	-5.6%
Banque Privée BCP in Switzerland	69	1%	71	1%	65	1%	-2.8%
Millennium bim in Mozambique	2,377	21%	2,088	19%	1,936	18%	13.8%
Banco Millennium Angola	893	8%	714	6%	499	5%	25.1%
Millennium bcp Bank & Trust in the Cayman Islands	19	0%	15	0%	15	0%	26.7%
TOTAL OF EMPLOYEES	**21,508**	**100%**	**21,370**	**100%**	**21,285**	**100%**	**0.6%**

(1) Number of Employees corresponds to Full Time Equivalent.

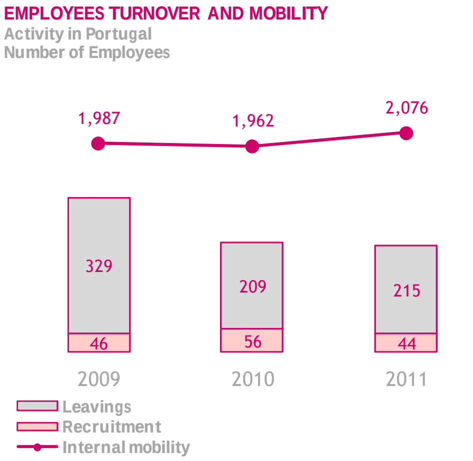
The annual variations, per country, are explained by the difference between the recruited Employees and the Employees who left, as well as by the movement of Employees between countries. Overall, the difference between Employee recruitment and leaving was 138 people, corresponding to growth of 0.6% between 2010 and 2011.

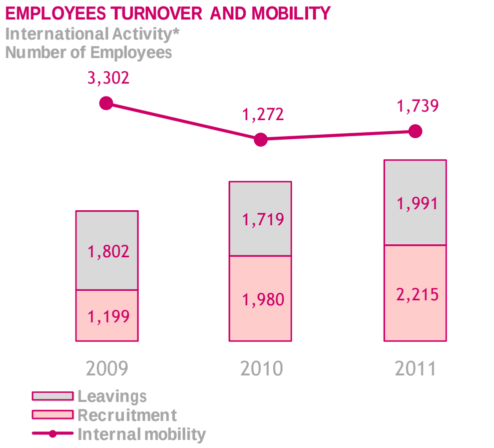
In Poland and in the African countries, there was a total positive variation of 622 Employees and in Portugal, Greece and Romania there was a total negative variation of 486.

The negative variation: i) in Portugal (-187 Employees) was mostly the result of Employees who left due to retirement (54%) and on their own initiative (21%); ii) in Greece (-258 Employees) a voluntary leaving programme took place, created in the wake of the closing of 33 branches and some central services at the end of the quarter, which influenced the leaving of 220 Employees. Over 75% of the Employees who left were in the age group of 30 to 50 years old; and iii) in Romania (-41 Employees) was due to the leaving of 187 Employees, 86% of whom on their own initiative, partially compensated by the recruitment of 146 people. Over 60% of the Employees who left and were recruited were in the age group below 30 years old.

Internal mobility and between countries is recognised as a vehicle of career progression for the Employees, where the Bank seeks, in accordance with its natural needs arising from its activity and strategy, to launch new challenges which meet their expectations. Mobility is also a vehicle for the sharing of best practices between countries.

In Portugal and Poland, the internal vacancies to which the Employees may submit their candidature are advertised through the Intranet. Programmes such as the "New Routes" and "Commercial Skills Development Programme (PDCC)", in Portugal, have supported geographical mobility and the mobility of the central services to the Retail Network.





*Information not available for Switzerland and Angola in 2009.

TALENT ATTRACTION AND MANAGEMENT

The talent attraction continues to be a priority of the Bank, with the existence of specific programmes in Portugal, Poland and Angola aimed at attracting young people who show academic and personal skills in line with the needs and values of the BCP Group.

In the 6th edition of the "Come and Grow With Us" programme, in Portugal, 25 initiatives were promoted amongst young university students, 16 of which were held at the Universities and 9 at the Bank. These activities included thematic workshops, discussion of case-studies and banking management games. Amongst the initiatives held at the Bank, particular note should be made of the "Millennium Banking Seminar", in which 58 students participated, the "Banking G@me" which was attended by 40 participants and the welcome programme involving the 42 students of the MIM CEMS class. The "Summer Internship" programme offered 40 young people the opportunity to develop their projects based on their acquired professional experience, with the degree of satisfaction with this programme having been 96 p.p. (on a scale of 100).

Under the initiatives referred to above, young people are identified every year who, after the normal process of recruitment, are integrated in specific programmes for the acquisition of transversal knowledge on the Organisation and aimed at professional and personal development: People Grow and Young Specialist.

The Expert Start-up programme in Poland aims to provide training in highly specialised areas. During 2011, the 13 participants in this programme were given specific training in the areas of Risk Management and IT Department.

DEVELOPMENT PROGRAMMES

Programmes	Action developed	Number of participants	Country
RECENTLY RECRUITED EPLOYEES	People Grow	17	Portugal
		13	Poland
	Young Specialist	43	Portugal
	Expert SartUp	13	Poland
EMPLOYEES WITH EXPERIENCE	Grow Fast	31	Portugal
	High Flyers	11	Greece
RETAIL EMPLOYEES	Grow in Retail	54	Portugal
	Master in Retail	88	Portugal

Within the development of personal and professional skills through academic training, of young people, in Angola seven Employees were attributed study grants.

Are also identified, annually, Employees with capacity to take on positions of greater responsibility and complexity, who are integrated in specific training programmes - Grow Fast, Grow in Retail, Master in Retail and High Flyers - which include participation in strategic projects of the Bank.

In Portugal, the 4th edition of the Grow Together forum was held, which once again brought together Employees of the Grow Fast and People Grow programmes, who were organised into seven working teams, with the objective of presenting and debating strategic Bank issues with their Mentors and various members of the Executive Board of Directors and Senior Management. Following a suggestion of the Teams who participated in the previous edition, the presentations of this year were preceded by a brief status report on all the projects which have been presented in these forums since 2008.

SUPPORT TO DEVELOPMENT AND INNOVATION

Assessment and recognition

The Employee appraisal systems of all the operations of Millennium enable identifying the main needs relative to Employee training, development and mobility, based on the analysis of their potential or flaws. The performance appraisal model allows the identification of Employees who have the profile or capacity to develop skills for future performance of duties in critical positions, within the Organisation.

In most countries, all the Employees eligible for the appraisal process were assessed, whereby, in relation to the total number of Employees, in Portugal 97% were assessed and in the other countries the average was 78%. In Portugal, 1% of disagreements were recorded, which reflects a high degree of shared perspective on performance between evaluators and those assessed.

PERFORMANCE APPRAISAL

	2011	2010	2009
EMPLOYEES ASSESSED			
Activity in Portugal	9,708	10,218	10,265
International Activity (1)	8,929	10,542	9,740
TOTAL	**18,637**	**20,760**	**20,005**

(1) Information not available for Switzerland and Angola in 2009.

In Portugal, a questionnaire was applied after the conclusion of the assessments, so as to question both the evaluators and those assessed, on the quality and efficiency recognised in the individual performance appraisal system, where 88.4% of the evaluators and 81.1% of those assessed showed that they were satisfied or very satisfied.

In Poland, during 2011, following suggestions received by the Employees, meetings were held in the different organic units at the end of each phase of the appraisal cycle, for discussion and analysis of the compliance level with the objectives of the team as a whole, as an addition to the individual assessment.

Millennium bcp maintains, simultaneously with an attitude of constant encouragement of Employee valorisation and of the adoption of excellent practices, a policy of recognition of the merit and dedication shown by each Employee. In 2011, under a process supplementary to the formal individual performance appraisal systems, 64 Employees were identified in Portugal, 50 Employees in Greece and 25 Employees in Angola as excellent in their position. In Portugal and Angola, this distinction was reflected in an Excellence Award attributed at the objectives meeting and in Greece it was used as a tool to identify the 11 Employees who will take part in the specific development programme.

Training and development

Training has always been perceived as a priority for the development of the professional and personal skills of the Employees and as a vehicle of alignment with the Bank's strategy.

In overall terms, the number of training hours reached approximately 991 thousand hours distributed for almost 3,000 training actions, with an average of 46 training hours per Employee. This number of training hours corresponds to an increase of 52% between 2010 and 2011.

TRAINING [1]

	2011	2010	2009	Change 11/10
NUMBER OF ACTIONS [2]				
Through physical attendance	2,266	1,719	756	24.1%
E-learning	642	444	68	30.8%
Distance learning	155	222	22	-43.2%
NUMBER OF PARTICIPANTS [3]				
Through physical attendance	25,299	27,814	22,079	-9.9%
E-learning	118,428	61,005	77,445	48.5%
Distance learning	25,906	42,799	42,344	-65.2%
NUMBER OF HOURS				
Through physical attendance	660,312	376,921	281,162	42.9%
E-learning	145,445	157,202	165,144	-8.1%
Distance learning	185,905	118,748	119,624	36.1%

(1) Information not available for Switzerland and Angola in 2009.

(2) Information not available for Portugal in 2009.

(3) It is reported the total number of participants in the training course. The same Employee could have attended various training courses.

As a whole, the Employees of the commercial areas received the highest number of hours of training. A large number of actions are promoted amongst the Employees of the commercial areas in all the countries every year, where the objectives are to deepen knowledge on products and increase the quality of the service provided to Customers.

TRAINING BY PROFESSIONAL CATEGORY BY GENDER [1]

Medium of hours per Employee / Total of hours by category

	Men	Women
Executive Board	20 / 576	6 / 19
Senior Management	26 / 4,028	49 / 1,610
Management	37 / 44,844	40 / 30,480
Comercial	51 / 268,235	47 / 308,330
Technicians	27 / 60,261	19 / 36,781
Other	96 / 107,301	54 / 71,387

(1) Information not available for Angola.

In Portugal, training was also promoted in the following areas:

- Two strategic programmes: "Culture of Rigour" and "Millennium ADN". The "Culture of Rigour" programme which involved all the Bank's Employees is detailed in the chapter with the same name in this report on page 177. The main objective of the behavioural programme, "Millennium ADN", aimed at all the Employees of the Retail Network, was to strengthen skills in Customer relations and negotiation with Customers. The "People Management" programme was also continued in the Retail Network, with training having been given to all the Commercial Coordinators who had been recruited to this position over the last year;
- Integrated programmes were developed involving all the senior staff of the Southern Companies Commercial Department, Specialised Recovery Department, International Department, Credit Department and IT Department. The Leadership programme was also continued, ministered by the Military Academy, which involved over 50 second-level directors of the Bank's structure;
- Under the certification processes, 78 Managers of the Specialised Credit Department finalised the training course and were maintained the courses for the Commercial Assistants and Managers of the Private Banking network.

In Poland, the "A Single Voice" integration programme for new Employees was maintained and, in 2011 a leadership and people management programme was launched, with the objective of improving internal communication capacities and team motivation, on the part of the senior staff.

The significant changes in the labour market and greater longevity of active life pose new challenges and motivate new approaches in terms of Employee career management. The "We Value Experience" programme launched in 2009 in Portugal, for the purpose of promoting better management of the talent and knowledge of the more experienced Employees, aims to respond to these circumstances. In 2011, 534 Employees participated in this programme, under which 14 training modules have been given, arising from the needs identified in the personalised action plan.

The sharing of experiences between different areas is not only a vehicle of sedimentation of the team spirit and awareness that all are working towards offering an excellent service to the Customers, but also of acquisition of new knowledge. Hence, in Portugal:

- Since 2009, the Bank has promoted the participation, for one day, of Employees of the central services in a branch work, within the "One day with the Customer" programme. This programme aimed to improve the interaction between central services and retail network, ended in 2011, with over 1,900 Employees having participated, of whom 92.3% showed that they were satisfied or very satisfied with the experience;
- The "One day at *DRE*" programme was implemented, under which 60 commercial coordinators of personalised management branches (Prestige and Businesses) of Lisbon and Porto areas, were invited to spend one day at the Specialised Recovery Department (*DRE*) so as to enhance their knowledge on the procedural component and its articulation in the different analytical phases. The program will continue in 2012.

The Litigation Department of Millennium bcp, in Portugal, promoted over 2011 a cycle of Four conferences on Banking Law, to which Employees and Lawyers who regularly collaborate with the Bank were invited. The Cycle began with Prof. Menezes Cordeiro ("The Enforcement of Banking Law - Current Vectors"), followed by Prof. Marques da Silva ("Banking Secrecy"), then, Cons. Dr. Abrantes Geraldes and Dr. Júlio Castro Caldas ("Banking Law in Portuguese Jurisprudence - Relevant Vectors") and concluded with Prof. Calvão da Silva ("The Financial Crisis and [the Absence of] Law"). In view of the success of the conferences, which were always attended by over 200 Employees, it was decided that they should be continued during 2012.

Innovation

The capacity to involve the Employees in the ongoing search for the improvement of efficiency has enabled finding solutions, within internal processes and Customer service, with direct impact on the quality of the products and services and on the operating costs of the Bank.

In Portugal, Poland and Greece, the programmes of ideas encourage, in a structured form, the Employees to present ideas directly or integrated in thematic challenges or by area.

PROGRAMMES ENCOURAGING THE GENERATION OF IDEAS (1)

	2011	2010	2009	Change 11/10
Employees who presented ideas	799	855	908	-7.0%
Ideas presented	1,107	1,374	1,460	-24.1%
Approved ideas	68	29	58	57.4%

(1) Includes "Mil Ideias" in Portugal, "Call 2 Action" in Poland and "Mega Ideas" in Greece.

In 2011, amongst the ideas implemented in Portugal, the following are noteworthy:

- Possibility of downloading the confirmation of the transactions carried out trough automatic channels in PDF format;
- Expansion of the number of transactions offered on the Bank's English version website , so as to facilitate the interaction of Customers who are not familiar with the Portuguese language;

As in previous years, the "Mil Ideias Workshop" was held, for the purpose of distinguishing the best ideas presented in Portugal, under the theme of "Making Change Happen". Approximately 50 Employees attended the workshop and, through various training experiences and disruptive moments, were introduced to tools that encourage the sharing of innovative spirit with their peers.

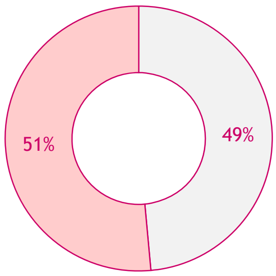
For the second time was held, in Portugal, the “Open Door” workshop, attended by 47 representatives of 19 companies and reference Entities, who shared experiences and discussed best practices within innovation.

Diversity and social values

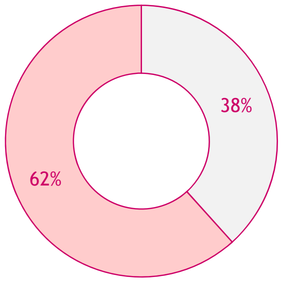
The BCP Group offers all Employees fair treatment and equal opportunities, promoting meritocracy in all phases of their professional path and defining the remuneration of the Employees in accordance with their category, professional path and degree of compliance with the established objectives, observing the salary ratio of 1:1 between men and women with equivalent positions and level of responsibility.

The principles of action of the BCP Group have established a series of values and benchmarks of action, applicable to all Employees, of all operations, which include unequivocal guidance so that: i) independently of the respective hierarchical or responsibility level, all Employees act in a fair manner, refusing any situation of discrimination; and ii) the commitment to the ten Global Compact Principles is reaffirmed, under which the Group recognises and supports the freedom of association and the right to collective work agreement negotiation and rejects the existence of any form of forced and compulsory labour, as well as child labour.

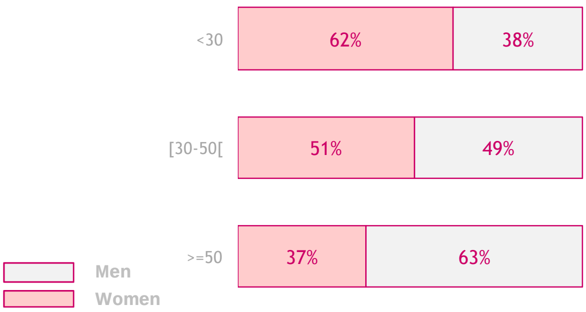
BREAKDOWN BY GENDER
Percentage



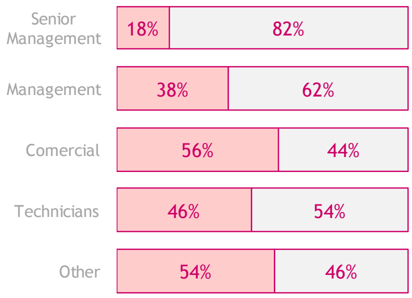
PROMOTIONS BY GENDER
Percentage



AGE BREAKDOWN BY GENDER
Percentage



PROFESSIONAL CATEGORY BY GENDER
Percentage



Millennium bcp is permanently willing to enter into dialogue with the Entities representing the Employees, reflected, in Portugal, in the monthly meetings between the Workers Committee and the Executive Board of Directors and in the participation of a representative of the Workers Committee in the Stakeholders Commission. The Bank also subscribes to the Collective Labour Agreement signed with Unions representing the Banking Sector, and provides resources and facilities for the operation of union corporate sections.

Promotion of the Quality of Life of the Employees

The BCP Group offers a series of social benefits, apart from those established in the legislation, which contribute to maintaining a suitable level of well-being of the Employees.

Under the encouragement of the academic qualification and personal development of the Employees:

- In 2011, the Bank supported, in various countries, a total of 2,636 Employees, where the average contribution to the total value of the training cost, in Portugal was 52% and in the international operations over 90%. This programme targets Employees of proven merit and potential, aimed at the achievement of licentiate degrees, post-graduations and masters, of interest for their careers and for the Group's activity;
- Support was maintained to the learning course of foreign languages, where in Portugal 468 Employees attended English classes and 9 attended Spanish classes, involving a total of 30 thousand hours of training. In Poland 9 foreigner Employees attended Polish classes and in Angola 33 Employees attended English classes;
- In Portugal, 204 Employees were supported with the status of worker-student, through the monthly attribution of a grant, whose total value stood at 34,693 euros.

In Portugal, the Employees and their respective household:

- Have access to a monthly school support allowance, attributed to the descendents of deceased Employees. In 2011, 162 young people were supported involving a total value of 342 thousand euros;
- Have access to an insurance plan, with about 20 different products, under differentiated conditions which covers insurance related to the family, assets, savings and retirement;
- Have a Branch exclusively dedicated to Employees, segmented into personalised management business units, mass market and insurance. Access to this branch, which has extended opening hours, is preferably carried out by telephone and e-mail, although there is an area for personalised attendance;
- May join the Millennium bcp Club, which organises a series of events in the area of sports, culture, voluntary work and leisure, encouraging personal initiative and participation in community life. Currently, the Club has 38,558 Members (active Employees, retired Employees and their families);
- Benefit from discounts on clothing, mobile communication, transport, travel and domestic electrical appliances, arising from conditions negotiated by Millennium with various companies.

Special reference should be made to the following benefits, provided to the Employees in Greece:

- Employees with children with special needs are given 5 extra days of holiday;
- An annual grant is attributed to Employees with over 3 children;
- Employees or children of Employees which are classified in the top 10 places in the process of admission to higher education or who are distinguished for their performance at university are attributed an award of 2,000 euros.

The social benefits of each country are applicable, in general, to all the Employees of the respective countries, whereby in Portugal, Employees with a fixed term contract do not have access to the specific conditions of mortgage loans or credit for social purposes. Employee with working hour's reduction access to transversal benefits, however, whenever these benefits are related to seniority, their value is calculated in proportion to their effective work time. This principle of proportionality is also applicable in Romania and Switzerland.

CREDIT TO EMPLOYEES [1]

Million euros

	2011		2010		2009	
	AMOUNT	EMPLOYEES	AMOUNT	EMPLOYEES	AMOUNT	EMPLOYEES
MORTGAGE						
In portfolio						
Activity in Portugal	1,003	11,460	1,036	11,735	1,063	11,973
International Activity	64	1,324	61	1,339	54	1,402
Granted in the reporting year						
Activity in Portugal	49	493	53	541	89	844
International Activity	8	220	18	295	20	339
SOCIAL PURPOSES						
In portfolio						
Activity in Portugal	17	2,562	20	3,101	23	3,746
International Activity	12	2,349	9	2,004	4	1,240
Granted in the reporting year						
Activity in Portugal	5	431	7	623	8	739
International Activity	4	897	5	944	3	873

[1] Includes active and retired Employees. Information not available for Angola in 2009. Benefits not aplicable in Switzerland.

In 2011, in Portugal, a project team was created to work specifically on the issue of balance between work and personal life with the active participation of 1,723 Employees, for an internal diagnosis through the One Thousand Ideas programme, focus groups and direct questionnaires. Also participated 15 Senior Managers who comprised the committee for the analysis and discussion of the ideas presented. While this area has not been a recent concern of Millennium bcp, the cultural, social and economic alterations that have lately changed the lifestyles of families justify a new approach to this topic which, due to the diversity of issues that it touches and distinctive implications that it generates, merits careful consideration so that the Organisation's response is as close as possible to the real needs of the Employees.

Working Conditions

Health and safety

Millennium bcp promotes workplaces which enable Employees to develop their activity at minimum risk and with maximum productivity, giving special attention to solutions regarding light, temperature, noise, air quality, furnishings and maintenance of facilities. In order to guarantee these conditions, periodic monitoring is carried out through visits to the premises, for the purpose of detecting and correcting dysfunctions.

The Bank also ensures monitoring and guidance in healthcare, supporting, without exception, all the clinical situations of its Employees.

All Employees, active or retired, and their respective families, are covered by health plans which seek to complement the respective national health services.

In Portugal, for more serious situations, active or retired Employees and their families may have access to healthcare services at Navarra University Clinic.

HEALTH SERVICES (1)

	2011	2010	2009	Change 11/10
MEDICAL SERVICES				
Appointments held				
Activity in Portugal	31,758	34,452	33,063	-8.5%
International Activity	7,146	7,324	6,930	-2.5%
Chek-ups made				
Activity in Portugal	6,999	7,517	6,257	-7.4%
International Activity	3,473	3,895	3,095	-12.2%
HEALTH INSURANCE (PERSONS COVERED)				
Activity in Portugal (2)	40,564	41,201	41,699	-1.6%
International Activity (3)	11,877	11,487	10,613	3.3%

(1) Includes active and retired Employees. Information not available for Switzerland.

(2) Navarra University Clinic, includes Employees expatriates.

(3) Information not available for Angola in 2009.

Prevention of serious diseases

In Portugal and Mozambique, the Bank has medical units located in various parts of the country and medical staff dedicated exclusively to the Employees.

In Portugal, the Business Continuity Unit integrated in the Prevention and Safety Office is responsible for monitoring, defining and disseminating the contingency plans in coordination with the Bank's Medical Services and the local health authority, in the event of the occurrence of pandemics or other situations which might seriously and in a generalised manner affect the health of the Employees. In Greece, this responsibility is delegated to the Human Resources Department.

In Mozambique there is an awareness-raising training and monitoring programme on endemic diseases and HIV/AIDS which includes lectures and training integrated in national health programmes. In order to enable the easier dissemination of a culture of prevention and mitigation of serious diseases, training was given to a group of Employees who are currently the promoters of these matters amongst their peers.

CALCULATION CRITERIA:

Methodology used in the calculation of various social indicators presented in the table of the following two pages:

Recruitment rate	= (Number of Employees recruited) / (Total number of Employees) * 100
Mobility rate	= (Number of Employees integrated in internal mobility processes) / (Total number of Employees) * 100
Leaving rate	= (Number of Employees who left the Bank) / (Total number of Employees) * 100
Absenteeism rate[1)]	= (Total number of working days of absence) / (48*5*Total number of Employees) * 100
Lost days rate[1)]	= (Total number of working days of absence due to occupational accident or disease) / (48*5*Total number of Employees) * 100
Parental Leave[2)]	Includes analysis of absences of Employees due to birth or adoption.
Return rate $_n$	= (Number of Employees who returned to work)$_n$ / (Number of Employees who have already enjoyed parental leave)$_n$ * 100
Retention rate $_{n/(n-1)}$	= (Number of Employees who are working 12 months later)$_n$ / (Number of Employees who returned to work)$_{n-1}$ * 100

1) 48*5* Total number of Employees - potential maximum of work in the organisation per year, where 48 represents the average number of weeks of work and 5 represents the number of working days per week;

2) n – represents the reporting year (2011).

CHARACTERIZATION OF EMPLOYEES BY OPERATION AND GENDER

	UNIT.	PORTUGAL		POLAND		GREECE		ROMENIA	
		M	W	M	W	M	W	M	W
BREAKDOWN BY PROFESSIONAL CATEGORY	Number								
Executive Board		7	0	6	2	5	1	2	0
Senior Mangement		96	14	55	19	2	0	1	0
Management		735	171	353	524	20	10	13	17
Comercial		3,390	2,525	885	2,600	283	419	99	289
Technicians		1,389	822	470	707	31	18	83	181
Other		428	382	224	522	181	242	2	3
BREAKDOWN BY AGE	Number								
<30		211	352	738	1,478	59	186	75	239
[30-50[		4,010	2,785	1,150	2,504	436	498	123	250
>=50		1,824	777	105	392	27	6	2	1
BREAKDOWN BY CONTRACT TYPE	Number								
Permanent		6,037	3,900	1,548	3,562	520	688	186	427
Temporary		8	14	445	812	2	2	14	63
Trainees		0	0	0	0	0	0	0	0
EMPLOYEES WITH WORKING HOURS REDUCTION	Number	1	27	42	107	0	0	0	1
RECRUITMENT	Percentage/								
<30	Number	12.8% / 27	2.8% / 10	49.6% / 366	38.9% / 575	15.3% / 9	4.8% / 9	37.3% / 28	32.2% / 77
[30-50[		0.1% / 5	0.1% / 2	12.6% / 144	8.7% / 218	1.6% / 7	0.8% / 4	11.4% / 14	10.8% / 27
>=50		0.0% / 0	0.0% / 0	1.0% / 1	3.3% / 13	11.1% / 3	0.0% / 0	0.0% / 0	0.0% / 0
LOCAL CONTRACT									
Employees with nationality of the country	Number	6,045	3,914	1,931	4,352	512	680	196	489
Employees of EBD and Senior Management with nationality of the country	Percentage	100.0%	100.0%	86.9%	90.5%	71.4%	100.0%	0.0%	n.a.
INTERNAL MOBILITY	Percentage/								
<30	Number	25.6% / 54	31.5% / 111	7.5% / 55	4.5% / 67	8.5% / 5	4.3% / 8	1.0% / 1	2.0% / 5
[30-50[		21.3% / 856	23.2% / 645	6.1% / 70	5.3% / 132	9.2% / 40	7.0% / 35	2.0% / 2	3.0% / 8
>=50		16.7% / 305	13.5% / 105	3.9% / 4	7.2% / 28	3.7% / 1	0.0% / 0	0.0% / 0	0.0% / 0
LEAVINGS	Percentage/								
<30	Number	5.7% / 12	2.3% / 8	32.2% / 238	23.5% / 347	32.2% / 19	17.7% / 33	46.7% / 35	32.6% / 78
[30-50[		1.0% / 41	1.0% / 27	19.3% / 221	14.1% / 352	22.0% / 96	24.5% / 122	30.1% / 37	14.8% / 37
>=50		4.2% / 76	6.6% / 51	4.9% / 5	8.7% / 34	48.1% / 13	116.7% / 7	0.0% / 0	0.0% / 0
FREE ASSOCIATION	Percentage								
Employees under collective work agreements		100.0%	100.0%	n.a.	n.a.	100.0%	100.0%	n.a.	n.a.
Union syndicated employees		86.2%	85.8%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
HYGIENE AND SAFETY AT WORK (HSW)									
HSW visits	Number	247		0		256		148	
Rate of work accidents	Percentage	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Death victims	Number	0	0	0	0	0	0	0	0
EMPLOYEES APPRAISED	Percentage	97.4%	97.6%	100.0%	100.0%	95.8%	93.0%	84%	68%
DISABLED EMPLOYEES	Number	57	49	12	20	0	0	0	0
SALARIES AND REMUNERATIONS	Ratio								
Basic salary Woman/ Man									
Senior Mangement		0.9		0.9		n.a.		n.a	
Management		1.0		0.8		0.5		1.0	
Comercial		0.8		0.9		1.2		0.7	
Technicians		1.0		0.7		0.5		0.7	
Other		0.9		0.8		1.1		1.2	
Remuneration Woman/ Man	Ratio								
Senior Mangement		0.9		0.9		n.a.		n.a	
Management		1.0		0.8		0.5		1.0	
Comercial		0.8		0.9		1.2		0.6	
Technicians		0.9		0.7		0.5		0.7	
Other		0.8		0.9		1.1		0.8	
Lowest company salary and minimum national salary	Ratio	1.8	1.4	1.0	1.0	1.2	1.2	3.0	2.0
ABSENTEEISM RATE	Percentage	1.6%	2.7%	3.2%	12.5%	1.3%	2.8%	1.2%	1.6%
LOST DAYS RATE	Percentage	0.0%	0.1%	1.5%	15.4%	0.0%	0.0%	0.0%	0.0%
PARENTAL LEAVE									
Right to parental leave in 2011	Number	161	166	2	533	37	73	16	39
Who enjoyed		152	115	2	412	37	56	0	4
Who returned to work		151	115	2	363	30	48	0	4
Rate of return 2011	Percentage	99.3%	100.0%	100.0%	88.1%	81.1%	85.7%	-	100.0%
In 2010 Employees who returned to work	Number	164	178	1	427	33	106	1	11
Who were still employed 12 months after		163	178	1	365	32	103	0	10
Rate of retention 2010-2011	Percentage	99.4%	100.0%	100.0%	85.5%	97.0%	97.2%	0.0%	90.9%
SATISFACTION SURVEYS	Index points								
Overall satisfaction		76,0		65.3		70.5		65.6	
Motivation		73.3		60.0		70.4		65.7	
TOTAL OF EMPLOYEES	Number	**6,045**	**3,914**	**1,993**	**4,374**	**522**	**690**	**200**	**490**

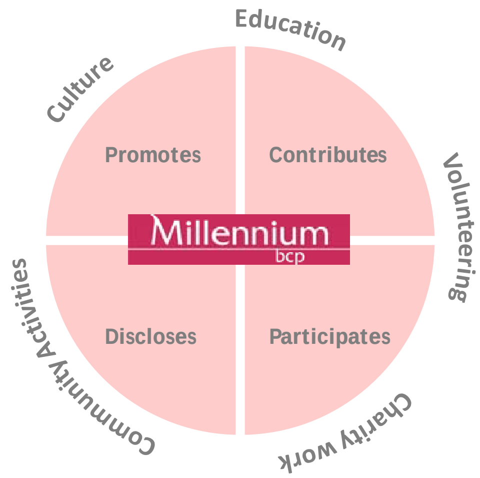
n.a. - Information not available/ not applicable

CHARACTERIZATION OF EMPLOYEES BY OPERATION AND GENDER

	UNIT.	MOZAMBIQUE		ANGOLA		SWITZERLAND		TOTAL	
		M	W	M	W	M	W	M	W
BREAKDOWN BY PROFESSIONAL CATEGORY	Number								
Executive Board		9	0	3	1	0	0	32	4
Senior Mangement		0	0	13	4	3	0	170	37
Management		95	41	17	5	9	3	1,242	771
Comercial		637	787	307	378	0	0	5,601	6,998
Technicians		229	162	78	56	0	0	2,280	1,946
Other		257	160	19	12	31	23	1,142	1,344
BREAKDOWN BY AGE	Number								
<30		541	574	246	287	9	3	1,879	3,119
[30-50[		516	493	169	157	30	21	6,434	6,708
>=50		170	83	22	12	4	2	2,154	1,273
BREAKDOWN BY CONTRACT TYPE	Number								
Permanent		1,220	1,148	206	198	43	26	9,760	9,949
Temporary		7	2	189	211	0	0	665	1,104
Trainees		0	0	42	47	0	0	42	47
EMPLOYEES WITH WORKING HOURS REDUCTION	Number	0	0	0	0	0	6	43	141
RECRUITMENT	Percentage/ Number								
<30		32.9% / 178	36.2% / 208	48.0% / 118	43.9% / 126	33.3% / 3	33.3% / 1	38.8% / 729	32.3% / 1,006
[30-50[		0.2% / 1	2.2% / 11	21.3% / 36	14.6% / 23	20.0% / 6	23.8% / 5	3.3% / 213	4.3% / 290
>=50		2.4% / 4	0.0% / 0	0.0% / 0	0.0% / 0	0.0% / 0	0.0% / 0	0.4% / 8	1.0% / 13
LOCAL CONTRACT									
Employees with nationality of the country	Number	1,202	1,148	406	449	13	13	10,305	11,045
Employees of EBD and Senior Management with nationality of the country	Percentage	78	n.a.	25.0%	80.0%	33.3%	n.a.	98.5%	99.5%
INTERNAL MOBILITY	Percentage/ Number								
<30		51.6% / 279	49.8% / 286	39.8% / 98	44.6% / 128	11.1% / 1	0.0% / 0	26.2% / 493	19.4% / 605
[30-50[		27.7% / 143	27.0% / 133	35.5% / 60	54.1% / 85	6.7% / 2	4.8% / 1	18.2% / 1.173	15.5% / 1,039
>=50		21.8% / 37	16.9% / 14	36.4% / 8	25.0% / 3	0.0% / 0	0.0% / 0	16.5% / 355	11.8% / 150
LEAVINGS	Percentage/ Number								
<30		8.5% / 46	6.1% / 35	18.3% / 45	13.6% / 39	0.0% / 0	0.0% / 0	21.0% / 395	17.3% / 540
[30-50[		7.6% / 39	4.5% / 22	11.2% / 19	14.6% / 23	26.7% / 8	23.8% / 5	7.2% / 461	8.8% / 588
>=50		8.8% / 15	20.5% / 17	4.5% / 1	16.7% / 2	25.0% / 1	0.0% / 0	5.2% / 111	8.7% / 111
FREE ASSOCIATION	Percentage								
Employees under collective work agreements		97.0%	99.7%	100.0%	100.0%	n.a.	n.a.	99.6%	99.9%
Union syndicated employees		56.0%	62.8%	10.8%	12.3%	n.a.	n.a.	77.1%	74.9%
HYGIENE AND SAFETY AT WORK (HSW)									
HSW visits	Number	n.a.		0		0		651	
Rate of work accidents	Percentage	n.a.	n.a.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Death victims	Number	n.a.	n.a.	0	0	0	0	0	0
EMPLOYEES APPRAISED	Percentage	0	0	97.9%	98.9%	58.1%	50.0%	86.0%	86.8%
DISABLED EMPLOYESS	Number	n.a.	n.a.	2	0	0	0	71	69
SALARIES AND REMUNERATIONS	Ratio								
Basic salary Woman/ Man									
Senior Mangement		n.a.		0.2		n.a.		0.7	
Management		0.3		0.3		n.a.		0.8	
Comercial		1.1		1.2		n.a.		0.9	
Technicians		0.6		0.7		n.a.		0.8	
Other		0.7		1.0		n.a.		0.9	
Remuneration Woman/ Man	Ratio								
Senior Mangement		n.a.		0.2		n.a.		0.7	
Management		0.3		0.4		n.a.		0.8	
Comercial		1.1		1.1		n.a.		0.9	
Technicians		0.6		0.6		n.a.		0.8	
Other		0.7		1.0		n.a.		0.9	
Lowest company salary and minimum national salary	Ratio	0.9	0.9	4.1	5.5	n.a.	n.a.	1.6	1.4
ABSENTEEISM RATE	Percentage	n.a.	n.a.	1.1%	2.7%	5.0%	6.3%	1.7%	6.8%
LOST DAYS RATE	Percentage	n.a.	n.a.	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%
PARENTAL LEAVE									
Right to parental leave in 2011	Number	1	77	2	39	1	3	220	930
Who enjoyed		1	77	2	38	1	3	195	705
Who returned to work		1	77	2	38	1	1	187	646
Rate of return 2011	Percentage	100.0%	100.0%	100.0%	100.0%	100,0%	33.3%	95.9%	91.6%
In 2010 Employees who returned to work	Number	3	70	1	24	2	3	205	819
Who were still employed 12 months after		3	61	1	23	1	2	201	742
Rate of retention 2010-2011	Percentage	100.0%	87.1%	100.0%	95.8%	50.0%	66.7%	98.0%	90.6%
SATISFACTION SURVEYS	Index points								
Overall satisfaction		62.8		59.0		73.4		70.8	
Motivation		63.3		59.4		74.0		68.2	
TOTAL OF EMPLOYEES	Number	**1,227**	**1,150**	**437**	**456**	**43**	**26**	**10,467**	**11,100**

n.a. - Information not available/ not applicable

INVOLVEMENT WITH THE EXTERNAL COMMUNITY



In all countries in which Millennium bcp is present, the actions developed with the communities, under the social responsibility programmes, are vast and cover areas such as education, culture, charity work, solidarity and community activities, some of which are part of volunteer programmes.

In Portugal, the Millennium bim Foundation and in Mozambique, the "More Mozambique for Me" programme developed a large number of specific social support and interaction activities. In Angola, various initiatives aimed at more vulnerable groups are supported through a partnership with Grupo da Amizade.

In Portugal, the projects to be supported are selected based on their prior appraisal by the Millennium bcp Foundation, following criteria such as innovation, continuity, relevance to society, geographic and population coverage, giving priority to projects promoted by institutions of recognised merit in their area of action, which show implementation capacity and self-sustainability.

During 2011, the project for the implementation of a "Model of Analysis of Impact on Society" was continued, covering three measurements: immediate effect, change in society and benefit. Some of the projects supported by the Foundation were submitted to this model, for which impact measurement indicators were created specifically adapted to the individual characteristics and nature of each project. Although all the data required for the full reporting of the impacts are not yet available, it should be noted that more detailed information exists by the entities contacted for the effect.

The Millennium bim social responsibility programme "More Mozambique for Me" selects projects preferably aimed at supporting education and youth sports.

Involvement with local communities is one of the vectors of the Group BCP's social policy, which is public and available for consultation on the Bank's Institutional website, and whose objective is, in a manner complementing its activity, the promotion of yet another vehicle for the economic and social development of the countries in which the Bank operates. In 2011 monetary values invested in support to local communities were distributed as follows: 33.7% for Education, 48.0% for Culture e 18.3% to charity work.

EDUCATION

Millennium bcp has fostered projects and initiatives in the area of education with the objective of supporting different types of population at different stages of their life, thus contributing to enhance the quality of individual skills.

In the current context, the encouragement of greater financial education and the strengthening of entrepreneurial skills have become extremely relevant in Portugal, whereby during 2011 the programmes of Millennium bcp were reinforced and partnerships established for their promotion:

- Creation of a new page on Facebook, the "Millennium Suggests" page, which offers: i) strategies to increase savings; ii) information on family budget management; and iii) useful information, of a general nature, on fiscal issues and taxation. This space for the sharing of experiences helps to understand the importance of saving in order to ensure a better future and assists in planning to meet future challenges. This page, which by the end of the year had over 5,000 followers, has complemented the Financial Planning Area open for the consultation of the entire population since 2010;
- Adherence to the "Sectorial Strategy for Financial Education" coordinated by the Portuguese Association of Banks, whose mission is a better and broader financial culture based on the development of training and financial information programmes common to the entire banking system, whose main objective is the increased knowledge of the population, so as to foster reciprocal benefits with lower risk to both consumers and banks;

- Participation in the "Turnaround" programme, promoted by EntreAjuda in partnership with the Portuguese Association of Banks, some of its Members and the Bank Training Institute. The objective of this programme is the dissemination, amongst Social Solidarity institutions and the technicians collaborating with them, of financial and household management instruments enabling them to offer more effective support to families in need. Millennium bcp collaborated in the preparation of contents to support the presentations on the topic of Microcredit and participates in the training actions included in the Days and Workshops of the "Turnaround" Programme;

- Participation in the panel dedicated to the topic "The evolution, current scenario and relevance of Microfinance in Portugal", in the Microfinance chair of the Lisbon MBA;

- In 2010 and 2011, Millennium bcp also maintained a partnership with Texto Editores, a publishing house of the Leya Group, for the publicising amongst the younger population of concepts related to the efficient management of money. Associated to the opening of a saving account for young persons, was offered the book "Make your Money grow". This book highlights useful concepts of financial education and literacy, representing a stimulus to knowledge-seeking for Young People who want to learn to save and manage their money. A total of 7,129 books were given;

- Support to the Endowed Chair lectured at the Economics Faculty by Professor Pedro de Santa-Clara, of Universidade Nova de Lisboa: "Millennium bcp Chair in Finance". The creation of this chair is part of the policy of internationalisation of the teaching staff of this faculty aimed at excellence in education. During the academic year of 2010-11, 160 students attended this chair.

The Millennium bcp Foundation has a specific study grant programme, for students from the Portuguese-speaking African Countries (PALOP) and Timor, which supported the grants of 34 students in 2010/2011. This programme currently has 22 students with grants for the academic year of 2011/2012, where 10 are new admissions. In view of the impact of this programme on this student community, videos were provided with the testimonials of some students, aimed not only at publicising the programme but also at demonstrating to young people that formal education can effectively change their future.

In addition to this study grant programme, the Foundation supports various other initiatives, with a view to increasing the quality of education and promoting an entrepreneurial culture:

- Continuation of the exclusive support to the Junior Achievement Portugal "Graduate Programme", whose 4th edition took place in 2011 and has changed its name to "StartUp Programme" for the academic year of 2011/2012. This project consists in the development of programmes promoting an entrepreneurial spirit amongst university students. Supervised by professors of various universities and higher education establishments (Higher Institute of Languages and Administration (ISLA), Setúbal Polytechnic Institute, Universities of Minho and Porto) and with supervisory assistance by voluntary tutors of Millennium bcp, students are challenged to form teams to create a new micro-business. This year, the national team "Flicks", of the University of Porto, won the European competition, where 14 teams participated from 10 countries, with the presentation of an innovative concept aimed at increasing the effectiveness of forest fire detection using cutting edge technology at a competitive price. This was the first national team to win the European competition, where it was distinguished with the "Intel Innovation Award". In recognition of their talent, the team members were received by the President of the Republic at a ceremony which was widely publicised in the media;

- Support to the "Make it Possible" Project, promoted by the International Association of Economics and Commercial Students (AIESEC), an initiative which covered 24 secondary schools with campaigns for the dissemination/discussion of the Millennium Development Goals promoted by the United Nations. Six weekly sessions were held conducted by 36 young volunteers from all over the world. The project also developed various street actions in several parts of the country and a photography competition on Facebook, complementing the training at schools;

- Support to the programme "New good students – Mediators for successful schooling in the 3rd cycle" of EPIS (Association of Entrepreneurs for Social Inclusion). During the academic year of 2010-2011, supervisory support was given to 4,184 students, 1,027 of whom in continuity of previous years and 3,157 were new students. The successful schooling of the 1,027 EPIS students increased from a figure of 57% in 2010 to 82% in 2011, corresponding to a further 257 new good students, with the programme having recorded its best ever results;

- Protocol with Banco Millennium Angola to support the programme of Study grants for university students, at Angolan universities in Angola, attending courses of Economics, Business Management and Administration, Accountancy, Auditing, Bank Management, Law, Computer Engineering and Computerised Management Information. Six students are being supported under this programme;

- Support to the Masters Course in Legal Economics at Eduardo Mondlane Law School in Mozambique, through the Institute for Legal Cooperation. The benefit of the support provided by the Foundation is reflected in the feasibility of the continuation of the course and in the consolidation of the academic and educational quality of the teaching staff. The existence of this academic specialisation is of enormous economic importance for Mozambique as well as for the maintenance of the Portuguese-speaking legal system;

- Support to the Institute of Medical Education for the implementation of a new teaching system to replace the traditional teaching model (exclusively through physical attendance) by a model based on the new technologies (non-physical attendance and mixed), creating a telemedicine project. The implementation of this system will enable cutting costs in the future and ensuring the continuation of the project. In 2011, the project involved 167 lecturers and 533 trainees covering a total of 176 training hours;

- Support to the programme GOS (Management of Social Organisations), developed in a partnership with AESE - Business Management School and EntreAjuda. The programme aims to improve the management undertaken by the senior staff of Private Social Solidarity Institutions (IPSS) through training actions targeting their governing bodies;

- Under the partnerships with Universities, assistance was provided to the following: i) Universidade Católica Portuguesa – Law School: support to foreign students of the Master of Laws 2010/2011; ii) Universidade Católica Portuguesa: study grants for the Lisbon MBA; and iii) Institute of Banking Law, Stock Exchange and Insurance (BBS): support to the Post-graduation in Banking Law, in collaboration with the Law School of Coimbra University.

In Mozambique, Millennium bim launched a pioneering programme in the area of financial education in 2010, the Banking Olympics, involving the participation of 20 schools of Maputo and Matola towns, for the purpose of publicising the importance of the correct use of money. This project seeks to train a new generation of consumers of financial services and instil in the younger population the importance that an efficient management of money has in their personal development and professional training. Through a competition, the students are confronted with various questions on banking concepts and procedures. The bank offered all the participants a manual on the banking system, prepared specifically to support this programme.

Millennium bim also stimulated and supported other initiatives to promote education in different areas:

- In partnership with the Police of the Republic of Mozambique (PRM), a road safety campaign was carried out, with the collaboration of agents who gave lectures at 20 schools of the province of Maputo and trained the older students, so that they could help the younger ones cross the road when entering and leaving school;

- The project "A clean city for Me", in its 5th edition, involved the participation of 3,000 students, from 20 primary and secondary schools of the cities of Maputo and Matola. This project, considered as an important contribution to the training of younger people, raises their awareness on the importance of hygiene and cleaning habits, and of the valorisation and conservation of public areas.

CULTURE

The preservation and dissemination of the Bank's heritage is one of the priorities of the Foundation which, in this area, developed various initiatives:

- Stimulation of the operations of the Archaeological Centre of Rua dos Correeiros (NARC) which, in 2011, received 9,733 visitors, 26% of whom were young people participating in school visits. In the context of the promotion of this space, the Bank joined highly visible initiatives:
  - international initiatives: "International Day of Monuments and Sites", "Museum Night" and "Museum Day";
  - national initiatives: "Museums at Night" of the Ocean Festival and "Heritage Days".
- Organisation of temporary exhibitions in the premises next to NARC:
  - "Felicitas Iulia Olisipo" exhibition – inaugurated on 24 January, which received 11,495 visitors;
  - organisation and production of the "The Sardine is Mine!" exhibition. This action was held under the Lisbon Festivities and was carried out in partnership with EGEAC. On display from 4 June to 3 September, the exhibition received 10,947 visitors.

- Continuation of the project of "Shared Art" travelling exhibitions, which organised and presented during this period:

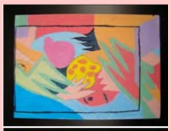
  – "100 Years of Portuguese Art" travelling exhibition, shown at Condes Castro Guimarães Museum Library, in Cascais, from 2 April to 29 May. The exhibition is composed of a selection of Portuguese artists, whose works were produced between 1884 and 1992, covering various artistic movements: naturalist, modernist, surrealist and contemporary art;

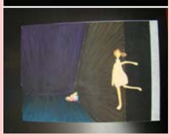
  – "Abstraction Millennium bcp Shared Art" exhibition, at Centro Cultural Palácio do Egipto, in Oeiras, presenting to the public 74 works of Portuguese and foreign abstractionist art. The exhibition had a total of 2,755 visitors;

  – "The Impulse of Love" exhibition and respective publishing of the catalogue, showing works of various Portuguese and foreign artists, on display from 16 July to 17 September, at Edifício Chiado, in Coimbra, under the third edition of the Arts Festival, promoted by the Inês de Castro Foundation;

  – "After the Four Champions: individual paths" exhibition and respective catalogue, with works of the four artists comprising "The Four Champions" group - Ângelo de Sousa, Armando Alves, Jorge Pinheiro and José Rodrigues. The name of the group is derived from the fact that all of these artists graduated from the School of Fine Arts of Porto with the maximum final classification of 20 points. Open to the public at Palácio das Artes – Fábrica de Talentos, in Porto, from 28 July to 17 September, this exhibition received 7,250 visitors.

  – Under the travelling exhibitions, guided visits for students of the region where the exhibition is held have been organised, in partnership with the schools. School competitions were also created, aimed at fostering the individual artistic sensitivity and talent of young people, with awards for the best participants of each age bracket (where the awards have three components: a serigraph of a renowned Portuguese artist, plastic art materials for development of artistic skills and an album to encourage reading). The "Class Prize" was also launched, which consisted of the offer of a signed serigraph to the winner and a trip to Lisbon, with cultural visits and lunch, for the entire class. This year there were two more editions of this initiative. 55 children from Porto and 56 from Vila Nova de Gaia visited Lisbon on 15 and 16 June, respectively. The 15 June, relative to the "100 Years of Portuguese Art" exhibition, had approximately 250 participants in the competition and the 16 June, relative to the "Abstraction" exhibition had a total of 180 participants in the competition.





The following initiatives promoting Culture were also supported by the Foundation:

- São Carlos National Theatre: "2011 Symphonic Season" and "2011 Festival in the Square";
- National Museum of Ancient Art (MNAA): "Collecting in Portugal. Castro Pina Donation" exhibition, inaugurated on 18 May (60,657 visitors); "Dutch Splendour: Family Portrait" exhibition by Pieter de Grebber and "Cuerpos de Dolor, the image of the sacred in Spanish sculpture (1500-1750)" exhibition, which presented the golden centuries of Spanish sculpture. As a whole, counting all its exhibitions, both temporary and permanent, the museum received a total of 114,791 visitors;
- National Museum of Contemporary Art - Chiado Museum (MNAC): "Summer Nights" - presentation of intimate musical concerts in the museum garden during the months of July and August - this year the initiative received 3,594 visitors. Under the centenary commemorations of the Museum, support was also given to the exhibition named "100 Years of Chiado - Nineteenth Century Portuguese Art (1850-1910)". The museum's exhibitions as a whole received 43,348 visitors;
- "Eduardo Nery Collection": protocol between the Institute of Housing and Urban Rehabilitation (IHRU,I.P.) and the Millennium bcp Foundation with a view to the conservation of this artist's collection under the SIPA project (Information System for Architectural Heritage), which promoted the technical treatment, preservation, material conservation, digitalisation and publicising of the plastic artist's collection;
- Lisbon City Hall – Cultural Walks: a project aimed at the mutual knowledge and coexistence of the different cultures resident in Lisbon, through street displays, accessible to the public in general, illustrating traditions and their cultural aspects and artistic characteristics.

The Millennium bcp Foundation also launched a page on Facebook, aimed at disseminating the most important initiatives and expanding socio-cultural opportunities to an increasingly larger and more diversified number of people and institutions. This page had 901 followers by the end of the year.

VOLUNTARY WORK AND COMMUNITY ACTIVITIES

Millennium promotes corporate voluntary actions, particularly in the area of education:

- In Portugal, Millennium bcp supports the Aprender a Empreender association - Junior Achievement Portugal (JA Portugal) since 2006. In 2011 Millennium bcp was distinguished with the voluntary work of the year award in the University category and participant award of the year. During the academic year of 2010/2011, this partnership was expanded to the Autonomous Region of Madeira and participated for the first time in the "Banks in Action" and "Innovation Challenge" programmes. Over this period, 161 volunteers from Millennium bcp, in 1,343 hours of voluntary work, helped young people to assume the entrepreneurial spirit as an attitude for life through the following Programmes: "The Family" (1st year), "The Community" (2nd year), "Economy for Success" (9th year), "Banks in Action" (10th year), "Innovation Challenge" (10th and 11th years), "The Company" (12th year) and "Graduate Programme" (University students). This participation represented an increase of 23% in the number of volunteers enrolled, with Millennium bcp having been the second company contributing with the highest number of volunteers.
- Also in Greece, the Bank is one of founding members of the Junior Achievement - Young Entrepreneurship Union (SEN) and in 2011 participated in three schools, with three volunteers, in the "Banks in Action" programme. In recognition of Bank's support to the programme, the Millennium bank head of Communication was elected to the Supervisory Committee of the programme of volunteers and was appointed by the Hellenic Banking Institute (HBA) as coordinator of the production of the new school material to be used in 2012 for the "Banks in Action" programme.
- Under the 3rd edition of the "Secure Internet Day" programme, an initiative promoted by Microsoft, actions were conducted in 70 schools in Portugal, to raise awareness amongst children, parents and teachers on more secure and responsible use of the Internet. Approximately 9,500 people benefited from these actions, involving a total of 156 volunteers, 41 of whom were from Millennium bcp.

In Mozambique, Millennium bim has a corporate voluntary work project, "Responsible Millennium bim", through which Employees of the bank participated in actions of social and community interest, contributing to the improved quality of life and well-being of the community.

Over the year of 2011, Employees developed activities with the community in various operations:

- In Portugal, a group of the Direct Banking Department was present in one of the Lisbon warehouses for the separation of the food collected at supermarkets during the collection campaign of the Banco Alimentar. In this action, the Employees were supported by the collaboration of their families, with a total of 50 people having participated;
- With the support of the Millennium bcp Foundation, 50 Employees of Coimbra participated in an action promoted by Cáritas Diocesana of Coimbra. The initiative sought to improve and assist ten social support institutions in the district of Coimbra, through the contribution of a large number of volunteers in a variety of actions: painting, handiwork, cleaning of areas, visits to children, the elderly and medical patients;
- In the province of Maputo, 30 Employees of Millennium bim participated in an action aimed at the rehabilitation of various areas of the facilities of Maguaza Reception Centre;
- In Romania, 12 Employees participated in the project promoted by the Habitat for Humanity Foundation, to assist people in need. During this second action under the partnership, a house for a family of blind people was built in a city, 120 km from Bucharest. The volunteers participated in the construction work under the supervision of a team of experienced workers, who also joined the action.

In Portugal, under various training programmes, the Employees were also invited to participate in projects involving the remodelling of facilities, which required team spirit and cohesion in their implementation:

- Included in the Leadership Training, 46 Employees of the Credit Department, in two days with a total 12 working hours, remodelled 13 rooms of the home for the elderly, Lar de Santo António in the city of Santarém: painting, furniture assembly and decoration;
- At the closing of the Grow Together Forum, the 43 Employees of the seven project teams were involved in an action for 8 hours, aimed at the remodelling of the children's area of Casa do Povo da Freguesia Freiria (peoples' meeting house of the parish of Freiria), near Torres Vedras;
- Integrated in the training bank of the Investment Banking Department, 43 Employees for 6 hours, remodelled the 2nd floor of Obra do Ardina with intervention in the dormitories, study and social rooms and bathroom.

Through formal partnerships or invitation to Employee participation, during 2011, a variety of different goods were donated to Institutions which work, directly or indirectly, with the population:

- In Portugal, a protocol was signed with Entreajuda establishing the donation of electrical and electronic appliances which are subsequently given by this Entity to Social Solidarity Institutions with which it has an agreement and whose activity it follows. It was also donated 355 pieces of furniture and 76 computer equipment units to several Social Solidarity Institutions (IPSS);
- In Greece, Bank Millennium donated computer equipment, software, printers and faxes to primary and secondary schools and to municipal clubs promoting culture;
- Under the "Child's smile - TO HAMOGELO TOU PAIDOU" programme, aimed at children who were victims of abuse or abandoned, to which Bank Millennium in Greece has provided support for 4 years, the Employees were invited to participate in the "Employee Volunteer Network" campaign, through the offer of clothes, food and toys;
- In Angola, integrated in the support to the NGO "Grupo Amizade - Happy Child Programme", the Employees participated in the campaign to collect food, educational material, toys and clothes;
- In Mozambique, Millennium bim offered books and school material to Nhanguco Primary School and its 500 students, and computers to the Netia Mission for the opening of a computer room.

Charity work

In Portugal, Millennium bcp continues to support the Banco Alimentar, continuing a partnership which began in 1992. In 2011, this support was expressed in the payment of the production costs of the 2,813 thousand bags used in the food collection campaigns and in a monetary donation reflected in the acquisition of 18.4 tons of tuna fish.

In Portugal, the Millennium bcp Foundation supported a variety of institutions and initiatives in the area of social action, as well as projects addressing situations of social and economic vulnerability, disabled people, and actions in the area of health, in particular:

- Support to the undertaking of research on the existing IPSS in Portugal, promoted by the National Confederation of Social Solidarity Institutions and to be carried out by Consulting Network Portugal (survey, characterisation, analysis and diagnosis) - whose ultimate objective is the promotion of the sustainability of the IPSS and correspondence of their work with the social needs of the Portuguese population;
- Support to Porto City Hall through the provision of meals to young students from economically vulnerable family environments, over the period of the Christmas holidays of the academic year of 2010/2011. This support enabled the provision of 3,950 meals to 866 students;
- Support to Irmandade da Misericórdia e São Roque in the provision of meals to 170 people;
- Support to Cadin (Child Development Support Centre) - 2nd International Congress "Neurodevelopment: The pieces of the puzzle", held from 24 to 27 March 2011 at Estoril Congress Centre, which was attended by 700 participants. The Foundation's support was used for the payment of a simultaneous interpreter during the three days of the Congress;
- Support to PAV – Ponto de Apoio à Vida, namely to pregnant women in difficult socio-economic circumstances. During 2011, the External Attendance Office was used by 283 recent mothers. The donation attributed by the Foundation was applied in the rehabilitation works of the building which was then used by the respective External Attendance Office, in addition to being the head office of the Institution. With this change of premises, PAV not only improved the conditions of reception of the mothers using the Institution,

but also increased its response capacity to the growing number of requests that have been received and are reflected in approximately 2,000 visits/year;

- Support to the Portuguese Association of Asperger Syndrome (APSA), for the "Casa Grande" project, namely in the construction of a Support Centre in a building provided by Lisbon City Hall, which foresees the creation of a social business, with services for the community (laundry, reprographics, cafeteria with an outdoor area, vegetable garden and biological orchard, etc.), for the temporary employment of people with Asperger Syndrome and including various services specifically for people with Asperger Syndrome and their families. The structure, apart from receiving this specific population will be open to the community in general, offering the double benefit of creating an occupation for people with Asperger Syndrome and restoring a property in Lisboa, up until now closed and vacant, for the use of the rest of the population. The expected benefit of this support will be embodied in the creation of new knowledge on the issue as a facilitator of the integration in society of individuals of the target group, in the creation of new skills and attitudes in people with Asperger Syndrome, and in the improvement of the quality of their life through social and professional skills training programmes;
- Collaboration of the Lisbon MBA, of Universidade Nova de Lisboa (UNL) and Universidade Católica (UC), with the Portuguese Association of Asperger Syndrome in the Project Analysis preparation. The Foundation, seeking to maximise the benefit of its support to APSA, UNL, UC, and also in a perspective of multiplying knowledge and sharing experiences, mediated the partnership between these entities. The proposal consisted of the production of a Sustainability Project by the students of the "Project" course of the Lisbon MBA, for implementation at APSA. The study, already concluded, was based on the analysis of the planned activities for "Casa Grande", presenting proposals for the sustainable development of its different aspects;

In Angola, BMA signed a protocol with Cáritas and the Evangelisation and Cultures Foundation (FEC), under the Integrated Mother and Child Health Care Programme of the Catholic Church in Angola. The objective of this programme is the improvement of the quality of life and access to primary health care, in particular in the area of health and consequent reduction of maternal and child mortality in Angola. The diagnosis of mother and child health of the subsystem of the Catholic Church is planned for the 18 Provinces and its total budget is close to 180 thousand USD (10 thousand USD per Province). During the last quarter of the year, under this protocol, mother and child health diagnoses were carried out in the network of health units of the Province of Kwanza Sul and in the diocese of Caxito.

Every year, on the Day of the African Child, Banco Millennium Angola in partnership with the NGO Grupo da Amizade, which supports the "Happy Child Programme" situated in Luanda, Madres Medical Centre in the Municipality of Kilamba Kiaxi, promotes a joint action with the children. The objective of this group is the reduction of poverty by promoting education and offering health care, and currently supports 350 children up to the age of 14 years old.

In 2011, the Vice Chairman of the Executive Committee, Hermenegilda Benge, accompanied by 20 Employees of the BMA, visited the premises of the "Happy Child Programme" during a morning and gave a donation of 1.5 million kwanzas, the result achieved with the "Anniversary Deposit", where for every one thousand USD invested by the Customers, one USD reverted in favour of the "Happy Child Programme".

ENVIRONMENTAL PERFORMANCE

ECO-EFFICIENCY IN THE BANK'S OPERATIONS

The efficiency of the Bank's operations, focused on cost containment, constitutes one of the pillars of the Bank's strategic vision announced in July 2011.

For 2011 it is important to highlight the action plan associated to the increased efficiency of consumption with environmental impact, such as energy, water, materials and computer equipment, based on three lines of action, namely:

- Involvement of the Employees in the promotion of a change of behaviour;
- Investment in the Bank's equipment and infrastructures;
- Continuous improvement of processes.

The reduction of resources consumption with environmental impact enables the Bank to achieve higher levels of eco-efficiency, lowering costs and, simultaneously, decreasing its ecological footprint.

Continuous improvement

Behaviours	Structures	Processes
Comunication	*Webcasting*	Being Lean DO
Mil Ideias programme	Verdiem project	Digital Statement
Print control	*Cloud Computing*	Reduction of resource consumption
	Energy optimization	Processes digitalization

Eco-efficiency

Involvement of the Employees in the promotion of a behaviour change

The pursuit of higher efficiency levels is only achievable through the involvement of the Employees, in the diagnosis of inefficiencies, in the search for minor and major solutions and, finally, in compliance with the implemented policies and practices.

In 2011, the Bank endeavoured to communicate all its structural practices and projects, which require the involvement of the Employees, through: i) newsletters; ii) communication adapted to the target groups of the initiatives; iii) dissemination through the Bank's Intranet; iv) campaigns on Millennium tv; and v) informative panels and posters.

In Portugal, the Bank controls and provides its Employees with information to enable the control of printing, by department, by branch and by Employee. The objective of this initiative is to raise the awareness of the Employees on the need to minimise the number of printouts so as to reduce the wear of equipment and consumption of paper. The reduction of the number of printouts will contribute to the Bank's achievement of its objective of reducing paper consumption by 3%.

All the operations promoted internal campaigns aimed at raising the awareness and involvement of the Employees:

- In Portugal, through the “Mil Ideias” programme, the Bank organised two challenges for the search for eco-efficient solutions: Green DAP (Procurement and Logistics Department) and Green IT (IT Department). In the "Green IT" Challenge 3,420 Employees visited the site, 295 Employees participated through the submission of ideas and 400 Employees voted or commented on the proposed ideas. In the "Green DAP" Challenge 2,177 Employees visited the site, 281 Employees participated through the submission of ideas and close to 500 Employees voted or commented on the ideas. The two challenges resulted in six ideas which received the number of votes required to pass on to the construction phase;
- In Greece, Switzerland and Romania, posters and notices recommending the adoption of responsible behaviour in the consumption of resources were positioned in key places for the Employees;
- In Poland, an awareness-raising campaign was developed aimed at electrical energy saving, amongst Customers and Employees. The Bank also participated in the "Earth Hour" initiative, promoted by WWF Poland. The participation in this programme was communicated through the internal portals, Customer bank statements and newsletters.

Green IT Programme

Placed within the Group's strategy of organisational awareness-raising, the "Green IT" programme, begun in 2010, and went through a phase of consolidation and expansion to Angola and Mozambique in 2011, seeks to notify the Employees on a series of ecological topics and foster a progressive change of behaviour.

In 2011, the project targeting the objectives of higher eco-efficiency in operations encouraged the involvement of the Organisation in initiatives aimed at consolidating cultural and behavioural change and implementing best practice. This programme is based on three essential pillars:

- Communication: development of a structured communication plan, a determinant factor in the commitment of all Employees to the appropriate use of resources, supported by the following means: regular newsletters and follow-ups; specific communication for target groups outside the IT Department; regular dissemination of information through the internal portals; internal television campaigns; merchandising and static information; "Mil Ideias" – Green IT Challenge; IT portal – Green area;
- Green IT specific activities: composed of specific actions, developed under the reference framework of the programme (Verdiem project, confirmed printing and webcasting, reported in this chapter);
- Green IT Stamp: embodiment of the environmental aspect of the activities or projects included in the provision of IT services, through a distinctive mark which, according to the defined criteria, ensures an effective contribution to reducing/controlling the Group's ecological footprint.

Investment in the Bank's equipment and infrastructures

The investment in the renewal of infrastructures and change of equipment has enabled the Bank to modernise its premises and equipment and increase its efficiency and sophistication in the use of resources. This investment is based on rigorous cost/benefit analyses of the initiatives to be implemented. The analysis takes into consideration the level of reduction of consumption with environmental impact and the respective reduction of costs arising from the investment undertaken.

Millennium bcp monitors all the implemented initiatives, with periodic internal analyses of the effective reductions achieved, which are supervised, in the area of energy and water, by external specialists.

In 2011, the focus on decreased energy consumption was reflected in terms of the implementation of measures concerning the Bank's equipment and infrastructures, in particular:

- Analyses of the applicability of renewable energy, including solar thermal and photovoltaic panels;
- Continuation of the programme of replacement of halogen lamps by LED lamps, in the buildings at Tagus Park and Palácio Atlântico, in Portugal, and in 65 branches in Poland. This investment will enable an estimated annual saving of 50% when compared to the previous equipment, for the Portuguese case;
- Alteration of the lighting time through movement detectors, which ensures more efficient use and higher guaranteed satisfaction for users;
- Verdiem Project: the correct management of computer equipment and the efficient use of its standby and off-mode functions contribute to increase its durability and reduce energy consumption. In 2011, a pilot-project was launched whose objective was ensuring the implementation of an effective solution for the management of computer equipment when not in use. The results of the pilot showed that there is an effective saving of about 33% of energy consumption in the equipment monitored and controlled by this tool, and hence, in 2012, Millennium bcp will expand the initiative to all the equipment, in Portugal;
- Provision of webcasting tools: with the evolution of technology and permanent availability of network connection, there are increasingly more alternatives to work meetings. The Bank has progressively implemented tools enabling the replacement of physically attended meetings by virtual meetings, which reduces travel. Videoconferences and other online collaboration platforms, such as webcasting and conference calls, are currently a reality at the Bank, available to most Employees. In 2011, new webex licenses (videoconference) were provided, which enabled reducing the need for the physical movement/travel of Employees to internal and external meetings. As a result, 262 videoconferences were carried out, with an average participation of 13 Employees per videoconference;
- Computer Cloud: with the emergence of the offer of Cloud services, replacing the use of physical servers, the Bank decided to place its system development environment in these services. Through this acquisition,

the Bank achieved the following outcomes: i) release of technicians from the management tasks of the approximately 220 servers of the development environment; ii) significant increase in the speed and simplicity of the procurement of servers for the development environment; iii) optimisation of the use of the servers of the development environment; and iv) reduction of the occupation of the technical centres and respective energy consumption.

Continuous improvement of processes

The continuous improvement of the Bank's processes and activities has enabled the increased efficiency of operations and consequent reduction in the consumption of resources such as paper, computer equipment and water, electricity and fuel consumption requirements.

In order to achieve these objectives, Millennium bcp invests: i) in continuous improvement programmes based on the Employees; ii) in the development of computer applications that facilitate processes and practices; and iii) in the introduction of management policies that lead to alterations in the Bank's mode of operation.

In this context and with the objective of reducing paper consumption in Portugal, enhancing the sophistication of processes using information technologies, the following initiatives were promoted:

- Pilot project requiring local confirmation at the printer of larger work, aimed at preventing waste. In view of the results that were achieved, this functionality will be extended to the entire Bank in Portugal, during the first semester of 2012;
- Dematerialisation of documents in the processes of internal circulation of information;
- Consolidation of the dematerialisation process under the new process for the opening of a current account;
- Encouragement of Company and Corporate Customer adherence to batch collection through the Bank's website, reducing the circulation of paper and increasing convenience, speed and security for Customers.

Digital Statement and Debit/Credit Note Service

Millennium bcp has assumed the responsibility and challenge to contribute to the reduction of paper through the existing mechanisms for the issue of statements (Current Account and Credit Cards) and debit/credit notes in digital format. As a result of this situation and the major focus on communication and commercial promotion, there was an increase of 17% in the digital documents of Individual Customers and 10% of Company Customers, relative to 2010, representing a total number of 584,941 Customers with digital statements at the end of 2011. During 2011, various actions were developed encouraging adherence to the Digital Statement Service, in particular:

- Campaign carried out in partnership with Portugal Telecom aimed at adherence to the digital statement of Millennium bcp and, simultaneously, adherence to the direct debit and digital document service of TMN, MEO and SAPO customers;
- Campaign concerning the Blue Credit Cards of American Express where, through a partnership established with the only national supplier of bicycles, Customers qualified to win one of the 20 electric bicycles that were offered;
- Simplification of the adherence process, which, as a whole, resulted in an increase of 21% in the number of adherents, making a total 30,670 Card Accounts with Autonomous Digital Statements;
- Provision, to Customers, of debit/credit notes in digital format together with the respective movements in the current account, when consulted through the Bank's website. In 2011, of the total number of debit/credit notes issued by the Bank 90% were in digital format.

In order to reduce energy requirements, Millennium bcp, introduced new rules, without affecting the quality of the service provided, namely:

- Concentration of services, with differentiated business hours at Tagus Park, contributing to reduce energy consumption by 11,100 kW per year;
- At the branches :i) reduction of the hours of inside lighting after closing hours, in Portugal and Poland; and ii) reduction of the hours of illumination of the exterior sign and merchandising of branch windows by one hour, in Portugal;
- Reduction of the operation of heating, ventilation and air conditioning (HVAC) systems of the branches; and ii)buildings in Portugal, respecting the heating and cooling requirements in branches and buildings, which

led to an estimated reduction of energy consumption of 37,500 kW and gas consumption of 3,800 m3, in Portugal.

The introduction of these rules, whose investment requirement was small, will enable an estimated average saving of approximately 840,000 kW per year.

The increased efficiency in Employee's travel, whether for internal and external meetings or between home and work, allows the Bank to reduce operating costs and decreased environmental impact arising from fossil fuel consumption. In Portugal, after the creation of a specific structure responsible for travel policy management and control, the following initiatives were carried out:

- Reduction of the motor power of the available vehicles in the vehicle fleet, enabling increased efficiency in fuel consumption and consequent CO_2 emissions. This measure complemented the introduction of hybrid cars in the Bank's vehicle fleet;
- Strengthening of the guidelines, whenever possible, namely concerning travel inside national territory, for the replacement of air travel by train travel;
- Encouragement of the use of videoconferences whenever necessary and possible;
- Maintenance of the collective transport service for Employees, provided for travel between home and work.

In Poland, internal guidelines were established aimed at reducing Employee travel. In this context, the use of air travel was limited. Furthermore, the Bank replaced training courses with physical attendance by e-learning courses, enabling a reduction in the need for Employee travel.

"Being a Lean DO" (Operations Department)

The difficult balance of operational excellence requires deliberate and consistent action, involving all the Employees. Based on this premise, Millennium bcp implemented a programme focused on the continuous improvement of processes, increased quality and cost-cutting: the "Being a Lean DO" programme. The objectives of the project are the optimisation of processes, through higher productivity and service levels, mitigating operating risk, and dissemination of a culture based on continuous improvement.

The "Being a Lean DO" project influenced the activity of approximately 500 Employees of the Bank, through 40 Employees who played the role of engines of change. In 2012, the project will be replicated in other departments, for the purpose of disseminating the system and culture of improvement implemented in the Operations Department.

Examples of solutions implemented following the identified opportunities:

Identified problems	Solutions
In credit contracting processes the documentation which arrives from the branches by e-mail is printed for validation of information.	Creation of a digital file in a locally developed application, whereby the validation of the documents is carried out on the screen and the daily file is extinguished, enabling the saving of 189 thousand sheets of paper per year.
Daily automatic printouts of tables relative to the management of incidents with cheques.	The automatic printing of tables was stopped and the maintenance of the availability of the tables in the supporting computer application was changed from three months to one year, enabling the saving of 126 thousand sheets of paper per year.
All the applications received at the branches by e-mail, requesting the closing of Customer accounts, are printed so as to complete the process and subsequently filed at a central level.	Recording in an Excel file, which enables automating the closing process. The application received by e-mail is no longer printed, and it is also no longer necessary to record the coordinates in a physical file, which is now digital, enabling the saving of approximately 63 thousand sheets of paper.

Monitoring and Mitigation of Environmental Impacts

Within consumptions per Employee, during 2011, there was an increase in the environmental efficiency in almost all Millennium Group's operations regarding CO_2 emissions, paper, plastic and cartridge and tonners. Electricity consumption stabilised and water consumption had a slight increase of 2.3% when compared to 2010, which strengthens the importance and need of keeping, in 2012, the action plan of consumption reduction, with the objective of continuous efficiency improvement.

MAIN ENVIRONMENTAL IMPACTS OF THE MILLEENNIUM GROUP [1]

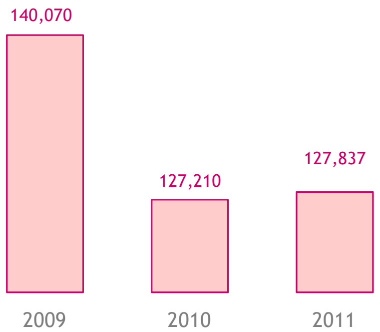
INDICATORS	Unit.	2011	2010	2009	Change % 11/10
Consumption by Employee:					
Ink cartridges and toners	kg	1.7	1.9	1.9	-10.5%
Paper	kg	59.7	63.7	51.8	-6.3%
Plastic [2]	kg	3.8	4.4	6.5	-13.6%
Water (Human consumption) [3]	m^3	18.0	17.6	16.8	2.3%
Electricity [4]	MWh	6.8	6.8	7.4	0.0%
Total Greenhouse Gas emission	tCO_2eq	3.6	4.0	4.6	-10.0%

[1] Includes Portugal, Poland, Greece, Romenia and Mozambique.
[2] Includes Romenia in 2010. Excludes Mozambique and Greece in 2010 and 2011.
[3] Excludes irrigation water and cooling towers.
[4] Includes cogeneration power plant.

Energy and Emissions

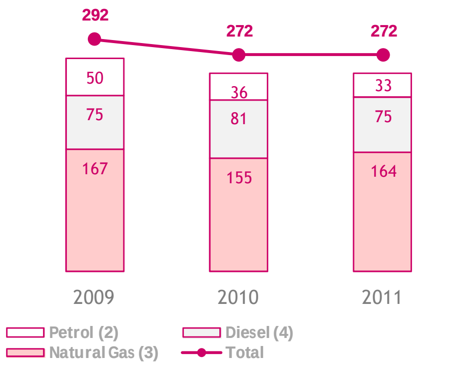
In overall terms, during 2011, electricity consumption increased by 0.5% compared to 2010 due to an increase in electricity consumption in Poland of 12.8%, not offset by a reduction of 8.4% in Portugal, 3.5% in Greece and 4.3% in Romania. The Bank intends in 2012 to maintain the involvement of employees in projects aimed to decrease the absolute consumption of electricity, by 6% in Portugal.

ELECTRICITY CONSUMPTION [1]
MWh



[1] Includes Portugal, Poland, Greece, Romenia and Mozambique.

DIRECT ENERGY CONSUMPTION [1]
TJ



[1] Includes Portugal, Poland, Greece, Romenia and Mozambique.
[2] Does not include automobile fleet consumption for Greece in 2011.
[3] Does not include Greece, Romania, and Mozambique.
[4] Does not include Greece.

The total direct energy didn't changed compared to 2010, with a reduction of 7.4% in diesel and 8.3% in gasoline consumption, and an increase in natural gas consumption of 5.8%. The increase in natural gas consumption of Millennium bcp is explained by the increase of 5.3% in Portugal.

Millennium bcp has a natural gas cogeneration unit since 1995, installed in the Tagus Park complex. This cogeneration unit partially supplies the energy needs of Millennium's buildings in Tagus Park, simultaneously enabling the heating of the water used in the buildings' climate control system. The self-production of energy stabilised in relation to 2010, having increased by 0.7% and continuing to represent 15% of the total electricity consumption of the Bank in Portugal.

TAGUS PARK COGENERATION POWER PLANT

	Unit.	2011	2010	2009	Change % 11/10
Natural gas consumed	1000 m^3	3,892	3,695	3,321	5.3%
Electricity produced					
Consumed	MWh	12,248	12,276	12,075	-0.2%
Sold	MWh	486	367	371	32.4%
Total	MWh	12,734	12,643	12,446	0.7%
Total of electricity from the public network	MWh	72,128	78,760	81,596	-8.4%
Self-production consumed / total consumed	%	15%	14%	13%	8.5%

Consolidated CO_2 emissions fell by 9%, due to a decrease of emissions arising from the consumption of electricity and heat and the reduction of emission factors of the national energy mix. On the other hand, the travel policy in Portugal and Poland's guidelines in order to reduce the employees travelling allowed a reduction of 8.5% in automobile fleet emissions and 32.4% in air travel emissions.

GREENHOUSE GAS EMISSIONS (GHG) (1)

tCO_2eq

	2011	2010	2009	Change % 11/10
DIRECT GREENHOUSE GAS EMISSIONS - SCOPE 1				
Automobile fleet (2)	7,446	8,135	8,875	-8.5%
AVAC	322	607	1,351	-47.0%
Electricity and heat (3)	9,861	9,287	9,960	6.2%
TOTAL	17,629	18,029	20,186	-2.2%
INDIRECT EMISSIONS - SCOPE 2				
Acquired electricity and heat	55,755	62,370	75,147	-10.6%
INDIRECT EMISSIONS - SCOPE 3 (4)				
Air travel	796	1,177	186	-32.4%
Train travel	167	153	63	9.2%
Home-work-home travel of the Employees (5)	8	7	32	14.3%
TOTAL	971	1,337	281	-27.4%
TOTAL	**74,355**	**81,736**	**95,614**	**-9.0%**

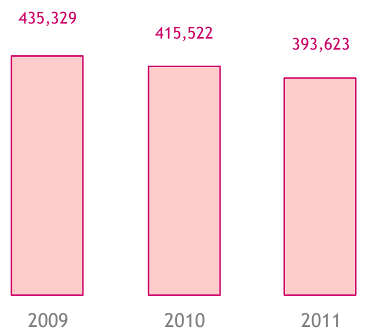
(1) Includes Portugal, Poland, Greece, Romenia and Mozambique.
(2) Does not include Greece.
(3) Does not include Greece in 2009.
(4) Does not include Greece and Mozambique.
(5) Values calculated for Portugal.

Water

Global water consumption has followed the downward trend registered in previous years, decreasing 5.3% compared to 2010, due to the reduction of 63.4% water consumption to irrigation and cooling towers, in Portugal.

WATER CONSUMPTION (1)

m^3



(1) Includes Portugal, Poland, Greece, Romenia and Mozambique.

In 2011, international operations recorded a consumption of 185,303 m^3, which represents an absolute decrease of 5.1% relative to 2010, contributing significantly to this reduction Poland (43%) and Romania (36%).

In 2011, 208,320 m^3 of water were consumed in Portugal, which represented an absolute decrease of 5.4% relative to 2010. This evolution reflects the investment made in 2010, with the installation of water-saving aerators and recurrent environmental awareness-raising, through the Bank's main channels of communication. Also contributing to this reduction was the completion of the process of adaptation of the frequency of the irrigation to the minimum needs of the plant species in Tagus Park and the introduction of an automatic timer which enables avoiding irrigation when there are high levels of humidity.

In Portugal, the Bank continues to use rainwater for irrigation, having managed to increase this portion by approximately 89% in 2011.

WATER CONSUMPTION

Activity in Portugal m^3

	2011	2010	2009	Change % 11/10
From the public network	202,384	217,109	246,323	-6.8%
Reuse of rainwater [1]	5,936	3,136	11,428	89.3%
TOTAL	**208,320**	**220,245**	**257,751**	**-5.4%**

[1] It was not possible to monitor the amount of rainwater captured during the 12 months of 2011 due to a mafunction of the meter system for reuse rainwater.

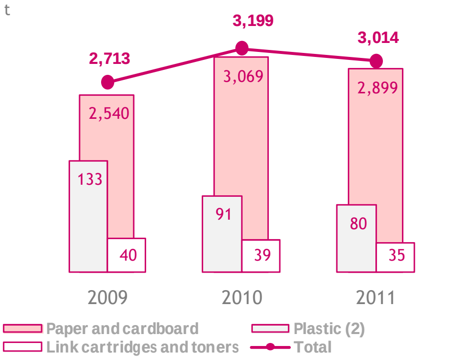
Materials and waste

The materials consumption reduced by 5.8% due to a reduction of 5.5% in paper and cardboard consumption and of 12.1% in plastic consumption.

In Portugal the consumption of materials decreased 6.5% and in international activity the largest contributor was Greece (21.0%).

The production of waste is a consequence of the consumption of paper, issued and recovered cards, plastic, ink cartridges, toners and obsolete computer equipment. In this context, the responsibility of Millennium bcp is, in the first place, to reduce the consumption of resources and, subsequently, ensure the correct sending of the waste that is produced to an appropriate final destination.

CONSUMPTION OF MATERIALS [1]



[1] Includes Portugal, Poland, Greece, Romenia and Mozambique.
[2] Includes Romenia in 2010. Not includes Mozambique and Greece in 2010 and 2011.

Under the "Office Printing" project, Millennium bcp contracts out the entire management of printers, toners and ink cartridges. This process was transferred to a service provider which ensures the responsible and efficient management of these materials, as well as the suitable recovery of the waste.

WASTE PRODUCED BY THE MILLENNIUM GROUP t

	Paper and cardboard			Plastic			Ink cartridges and toners		
	2011	2010	2009	2011	2010	2009	2011	2010	2009
Activity in Portugal	661.1	657.5	1,178.0	65.1	62.6	65.9	26.0	27.2	20.8
International activity [1]	703.2	274.4	666.0	14.9	15.0	1.6	3.8	1.0	1.2
TOTAL	**1,364.3**	**931.9**	**1,844.0**	**80.0**	**77.6**	**67.5**	**29.8**	**28.2**	**22.0**

[1] Poland, Romania, Greece and Mozambique.

In Portugal, within the responsible consumption of materials and treatment of waste:

- The objective of the Bank is to reduce paper consumption by 3% in 2012;
- All the paper purchased is certified in accordance with the requirements of the FSC (Forestry Stewardship Council), contributing to sustainability in the supply and availability of paper in the long term;
- The Bank tries to recover the obsolete cards from customers, which, in 2011, represented about 5% of all cards issued;
- For paper and plastics, are made unscheduled visits to the indicated companies for verification of the process of waste disposal and treatment.

Entrajuda Protocol

In 2011, Millennium bcp signed a protocol with Entrajuda with the objective of facilitating the donation of electrical and electronic equipment at the end of its useful life, in accordance with the standards of use of the Bank.

Entrajuda is a private social solidarity institution whose mission is the provision of social support to other institutions in terms of organisation and management, with the objective of improving their performance and efficiency for the benefit of vulnerable people.

Under the protocol signed with Millennium bcp, Entrajuda is responsible for separating the obsolete equipment from the equipment that may still be useful, donating the equipment which meets the minimum requirements for new use and correctly disposing the electrical and electronic waste.

CALCULATION CRITERIA USED IN THE ENVIRONMENTAL INDICATORS

Water consumption: extrapolation/estimate for operations under analyses. In 2010, the estimate was based on the specific summer and winter consumption of "typical premises" consuming water at the Bank. The calculations of water consumption in all other locations were based on estimates derived from the analysis of financial data or meters.

Consumption of paper, cardboard and plastics: the estimated total was based on the weight of the products which are most consumed, on the total values recorded by the bursar and on the plastic consumption of the bank cards issued for Customers.

Waste paper and cardboard: the total quantity produced represents the sum of the quantity sent for recovery and an estimated amount of waste produced from the quantities of paper/cardboard usually consumed for purposes other than filing and Customers.

Waste plastic: the quantity of waste produced was estimated from the consumption of water bottles and plastic articles from the bursar, which are not normally used in filing or for Customers.

CO_2 emissions arising from electricity consumption (scope 2): the estimated values are based on the electricity consumption of Millennium bcp. For Portugal was used the national emission factor of the national major supplier, provided by the Energy Services Regulatory Entity, available publicly at www.erse.pt. For the international activity, were used the emission factors of the Greenhouse Gas Protocol of 2008 (GHG Protocol) and the data relative to the national energy mix of 2007 published by Eurostat.

CO_2 emissions arising from air and train travel: the emission factors for air, bus and train travel used were provided by the Greenhouse Gas Protocol. For air travel, the estimation method incorporated the Radiative Forcing Index (RFI), calculated by the IPCC, which explains the significant increase in greenhouse gases in view of the multiplication of the emissions by 1.9 from 2009 to 2010, a factor which is intended to reflect the global impact of air travel on climate change.

CO_2emissions resulting from the consumption of liquid fuels and natural gas: the emission factors for liquid fuels and natural gas used were provided by the Greenhouse Gas Protocol.

Corporate Boards

At the end of 2011, the Corporate Bodies of the Bank consisted of:

Board of the General Meeting

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

Executive Board of Directors

Chairman:	Carlos Jorge Ramalho dos Santos Ferreira
Vice-Chairmen [1]:	Vítor Manuel Lopes Fernandes
	António Manuel Palma Ramalho
Members:	Luís Maria França de Castro Pereira Coutinho
	Miguel Maya Dias Pinheiro
	José Jacinto Iglésias Soares
	Rui Manuel da Silva Teixeira

Supervisory Board

Chairman:	António Vitor Martins Monteiro
Vice-Chairmen:	Manuel Domingos Vicente
	Maria Leonor C. Pizarro Beleza de Mendonça Tavares
Members:	Álvaro Roque de Pinho Bissaia Barreto
	António Henriques de Pinho Cardão
	António Luís Guerra Nunes Mexia
	António Manuel Costeira Faustino
	Carlos José da Silva
	Daniel Bessa Fernandes Coelho
	João Manuel de Matos Loureiro
	José Guilherme Xavier de Basto
	José Vieira dos Reis
	Josep Oliu Creus
	Luís de Mello Champalimaud
	Manuel Alfredo da Cunha José de Mello
	Pansy Catalina Ho Chiu King
	Thomaz de Mello Paes de Vasconcellos
	Vasco Esteves Fraga

[1] On 20 June 2011, following his acceptance of taking office in the Government of the Republic of Portugal as Minister of Health, Paulo José de Ribeiro Moita de Macedo resigned from the position of Vice-Chairman of the Executive Board of Directors, as well as all other corporate positions held in the Group or in representation of the Group. The areas under his responsibility were redistributed amongst the other Directors.

Statutory Auditor

KPMG & Associados, SROC, S.A. represented by:

Effective:	Ana Cristina Soares Valente Dourado (ROC number 1011)
Alternate:	João Albino Cordeiro Augusto (ROC number 632)

Remuneration and Welfare Board

Chairman:	José Manuel Rodrigues Berardo
Members:	António Vitor Martins Monteiro
	Luís de Mello Champalimaud
	Manuel Pinto Barbosa

In the General Meeting of Shareholders of Banco Comercial Portuguese, S.A. on February 28, 2012 it was approved the alteration and restructuring of the articles of association of the company, which was consolidated in the adoption of an one-tier management and supervision model, composed by a Board of Directors, an Audit Committee and Statutory Auditor, as well as the creation of an International Strategic Board. In this General Meeting were elected the members of the new corporate bodies for the term of office 2012-2014:

Board of Directors

Chairman:	António Vitor Martins Monteiro
Vice-Chairmen:	Carlos José da Silva
	Nuno Manuel da Silva Amado
	Pedro Maria Calainho Teixeira Duarte
Members:	António Luís Guerra Nunes Mexia
	João Bernardo Bastos Mendes Resende
	António Manuel Costeira Faustino
	Álvaro Roque de Pinho Bissaia Barreto
	António Henriques de Pinho Cardão
	César Paxi Manuel João Pedro
	José Jacinto Iglésias Soares
	André Luiz Gomes
	João Manuel de Matos Loureiro
	José Guilherme Xavier de Basto
	Jaime de Macedo Santos Bastos
	Maria da Conceição Mota Soares de Oliveira Callé Lucas
	Miguel de Campos Pereira de Bragança
	Miguel Maya Dias Pinheiro
	Luís Maria França de Castro Pereira Coutinho
	Rui Manuel da Silva Teixeira

Executive Committee

Chairman:	Nuno Manuel da Silva Amado
Vice-Chairmen:	Miguel Maya Dias Pinheiro
	Miguel de Campos Pereira de Bragança
Members:	José Jacinto Iglésias Soares
	Maria da Conceição Mota Soares de Oliveira Callé Lucas
	Luís Maria França de Castro Pereira Coutinho
	Rui Manuel da Silva Teixeira

Audit Committee

Chairman:	João Manuel de Matos Loureiro
Members:	José Guilherme Xavier de Basto
	Jaime de Macedo Santos Bastos

Remuneration and Welfare Board

Chairman:	Baptista Muhongo Sumbe
Members:	Manuel Soares Pinto Barbosa
	José Manuel Archer Galvão Teles
	José Luciano Vaz Marcos

International Strategic Board

Chairman:	Carlos Jorge Ramalho dos Santos Ferreira
Members:	Francisco Lemos José Maria
	Josep Oliu Creus

CHANGES IN CORPORATE GOVERNANCE

On 18 April 2011, Banco Comercial Português, S.A. held its Annual General Meeting, where the following deliberations were of importance, with impact on Corporate Governance, for the three year period 2011-2013:

- Election of the Board of the General Meeting;
- Election of the Remuneration and Welfare Board;
- Election of the Supervisory Board;
- Election of the Executive Board of Directors, with the appointment of José Jacinto Iglésias Soares and Rui Manuel da Silva Teixeira as new members of the Executive Board of Directors, following the termination of office of José João Guilherme and Nélson Ricardo Bessa Machado;
- Election of the Statutory Auditor and respective alternate.

Following the change in the composition of the Executive Board of Directors approved at the General Meeting of Shareholders held on 18 April 2011, there was a redefinition of the areas of responsibility of each Director as well as the direct reporting and Alternate Directors in each of the abovementioned areas of responsibility. On 20 June 2011, following his acceptance of taking office in the Government of the Republic of Portugal as Minister of Health, Paulo José de Ribeiro Moita de Macedo resigned from the position of Vice-Chairman of the Executive Board of Directors, as well as all other corporate positions held in the Group or in representation of the Group. Consequently, the Executive Board of Directors redistributed his areas of responsibility amongst the other Directors. On 7 September 2011, Banco Comercial Português disclosed that, following the meetings of the Executive Board of Directors and Supervisory Board held on that same day, António Ramalho had been appointed Vice-Chairman of the Executive Board of Directors of BCP.

In November 2011, the Executive Board of Directors approved the new composition of the Coordination Committees, Sub-commissions and Commissions directly under it. This alteration represented an improvement on the previous Corporate Governance model adopted in May 2011 following the beginning of the current term of office of the mandate of the Executive Board of Directors. The coordination committees were reorganised, and relative to 31 December 2011, were the following: Retail, Companies, Asset Management & Private Banking, European Business, and Banking Processes and Services. The monitoring of the activity of the previous Corporate & Investment Banking segment was transferred to the Companies Committee. Regarding the foreign Business in Africa (Mozambique and Angola) and Other International Business (Macao/China) were thus assumed directly by the Millennium bcp Directors responsible for these operations, since it was considered that the particularities of these markets warrant individualised treatment and, consequently, that they would not benefit from integration into coordination committees. The Committees directly under the Executive Board of Directors were also reviewed, with the creation of the Credit Risk Monitoring Sub-commission.

In May 2011, the committees directly under the Supervisory Board were also reviewed, with the Audit Committee having been maintained, the Corporate Governance Committeedistinguished and three new Committeescreated: the Risk Assessment Committee, the Nominations Committeeand the Ethics and Deontology Committee.

Following the adoption of an one-tier management and supervision model, approved on the General Meeting of Shareholders of Banco Comercial Portuguese, S.A. on February 28, 2012, and the creation of an Executive Committee, there was a redefinition of the areas of responsibility of each Director as well as the direct reporting and Alternate Directors in each areas of responsibility.

Board of Directors

António Monteiro	
Support Office of the Board of Directors	(NA)
Company Secretary's Office	(NA)
Millennium bcp Foundation	(NA)
Client Ombudsman	(NA)

Executive Committee

Nuno Amado (NA)	
Office of the Chairman of the Exec.Committee	(MM)
Communication Department	(MM)
Staff Management Support Department	(MM)
Audit Department (*)	(IS)

Miguel Maya (MM)	
Credit Department	(MB)
Specialized Credit Department	(MB)
Standardised Recovery Department	(MB)
Specialized Recovery Department	(MB)
Corporate Department II	(MB)
Risk Office	(MB)
Rating Department	(MB)
Litigations Department	(MB)
Real Estate Business Department	(MB)
Tax Advisory Services - Investment Banking	(MB)

Miguel Bragança (MB)	
Treasury & Markets Department	(MM)
Assets and Liabilities Management Department	(MM)
International Department	(MM)
Planning & Budget Control Department	(MM)
Accounting & Consolidation Department	(MM)
Investors Relations Department	(MM)
Tax Advisory Department	(MM)
Management Information Department	(MM)
Financial Holding Department	(MM)

Rui Manuel Teixeira (RMT)	
Retail Banking	(LPC)
Companies Banking	(LPC)
Madeira and Azores Regional Departments	(LPC)
Marketing Department	(LPC)
Network Support Department	(LPC)
Direct Banking	(LPC)
Cards Departments	(LPC)

Luís Pereira Coutinho (LPC)	
Private Banking Department	(RMT)
Banque Privée BCP (Switzerland)	(RMT)
Bank Millennium (Poland)	(RMT)
Millennium Bank (Greece)	(RMT)
Banca Millennium (Romania)	(RMT)
Banque BCP (France)	(RMT)
Banque BCP (Luxembourg)	(RMT)
FBSU - Foreign Business Support Unit	(RMT)
ActivoBank	(RMT)

Conceição Lucas (CL)	
Corporate Department I	(IS)
Investment Banking Department	(IS)
Millennium bim	(IS)
Millennium Angola	(IS)
Desk Orient	(IS)
Millennium bcp Gestão de Ativos	(IS)
Research Office	(IS)
Millenniumbcp Ageas	(IS)

Iglésias Soares (IS)	
IT Department	(CL)
Operations Department	(CL)
Administrative & Logistis Department	(CL)
Quality Department	(CL)
Prevention & Safety Office	(CL)
Legal Department	(CL)
General Secretariat	(CL)
Microcredit Department	(CL)
Compliance Office	(CL)

( ) Alternate Member
(*) Direct Responsible (Iglésias Soares)

In March 2012, the Executive Committee approved the new composition of the Coordination Committees, Sub-commissions and Commissions directly under it. The composition of the Coordination Committees is the following:

COORDINATION COMMITTEES OF NETWORKS AND SPECIAL FUNCTIONS

Its objective is to facilitate the current management decisions, involving the top Management of the units integrated in each Business Areas and in the Banking Services Unit, with the mission of aligning perspectives and support the management decision making process by the Executive Committee.

RETAIL

- **EC Members**

Miguel Bragança
Rui Manuel Teixeira
Conceição Lucas

- **Coordinator Directors**

Retail Banking
Direct Banking
Marketing Department (Secretary)
Cards Department
Network Support Department
Communication Department
Management Information Department
Standardized Recovery Department
Real Estate Business Department (by invitation)
Private Banking (by invitation)
Staff Management Support Department (by invitation)
Insurance (by invitation)

COMPANIES

- **EC Members**

Miguel Maya
Miguel Bragança
Conceição Lucas
Rui Manuel Teixeira

- **Coordinator Directors**

Companies Banking
Corporate Department I
Corporate Department II
Investment Banking Department
Specialized Credit Department
Real Estate Business Department
Marketing Department (Secretary)
Management Information Department
Specialized Recovery Department
Staff Management Support Department (by invitation)

BUSINESS IN EUROPE

- **EC Members**

Luís Pereira Coutinho
Iglésias Soares

- **Responsible for the Operations**

Poland
Greece
Romania
FBSU (Secretary)

PROCESSES AND BANKING SERVICES

- **EC Members**

Luís Pereira Coutinho
Iglésias Soares
Rui Manuel Teixeira

- **Coordinator Directors**

IT Department
Operations Department (Secretary)
Administrative & Logistics Department
Quality Department
Prevention and Safety Office
Staff Management Support Department
Planning & Budget Control

HUMAN RESOURCES

- **EC Members**

Nuno Amado
Miguel Bragança
Iglésias Soares

- **Coordinator Directors**

Staff Management Support Department (Secretary)
Other first lines in function of the topics

MAIN EVENTS IN 2011

JANUARY

- Launch of an Institutional Campaign whose central figure was José Mourinho. This campaign highlighted values and principles that are common to Mourinho and Millennium bcp: leadership, consistency, solidity and success. Summarising the entire message in the claim "our work, our passion", this campaign marked a new phase of the Bank's Communication strategy, reinforcing its underlying values and consolidating its positioning as a leading Bank.
- Signing of a sponsorship contract between American Express, through its exclusive partner in Portugal, Millennium bcp, and Casa da Música, in Porto.
- Participation of Millennium bcp Microcredit in a conference organised by the Pro Bono Committee of Vieira de Almeida & Associados (VdA), dedicated to the topic: "Action to Combat Poverty and Social Exclusion - the Role of the Law".
- Launch, by Millennium bank in Greece together with the insurance partner Interamerican S.A., of a new bancassurance programme to cover "Personal Property", seeking to create a product which meets the needs of mass market Customers.
- Inauguration of Escolinha do Quiduxo, situated in Bairro do Khongolote, in Mozambique. This initiative falls under the Social Responsibility Programme "More Mozambique for Me" of Millennium bim. Millennium bim support was given to the construction and provision of equipment of the "little school" created by Associação Comunitária pela Criança Sã.
- Closing of the exhibition "Bones Containing History", shown from 19 February 2010 to 19 January 2011 which received a total of 20,409 visitors, representing a number which had never as yet been achieved by an exhibition at the Archaeological Centre of Rua dos Correeiros (NARC).
- Inauguration of the exhibition "Felicitas Ivlia Olisipo – City of a Global Empire", a display of archaeological remains of amphorae characteristic of the cosmopolitan Lisbon of the Roman Empire, at Rua Augusta, in Lisbon, at the same facility which exhibited "Bones Containing History".
- Through its Social Responsibility programme "More Mozambique for Me", Millennium bim supported the launch of a recycling project designed for the city of Maputo, by the Mozambican Recycling Association (AMOR). The project operates through the implementation of a system of selective collection of urban waste and creation of three centres of purchase of recyclable material in the city.

FEBRUARY

- Participation in the European Annual Forum of BAFT-IFSA (Bankers Association for Finance and Trade + International Financial Services Association).
- European Microfinance Board Meeting held in Lisbon, where Millennium bcp Microcredit hosted the meeting.
- Partnership of AESE - Business Management School, ENTRAJUDA and the Millennium bcp Foundation for the joint organisation of yet another Social Organisations Management programme, a fine-tuning programme targeting senior staff of institutions of the social sector, sponsored by Millennium bcp.
- Celebration, in partnership with Microsoft Portugal, of the "Secure Internet Day", involving 156 volunteers from the Bank, Microsoft and EPIS, who visited 71 educational establishments to convey notions on Internet security and promote ethical conduct and secure behaviour online, to children of the 1st and 2nd cycles, young people at secondary school and their respective parents.
- Inauguration of the exhibition "Abstraction Millennium bcp Shared Art", displaying 74 works of Portuguese and foreign abstractionist art.
- Launch in Poland of a new access channel to the bank, Mobile banking, through a safe and transparent system which enables having the Bank always on hand.
- Inclusion of Bank Millennium, in Poland, in the "Respect Index", the first Central and Eastern European index of socially responsible companies.
- Launch of a new product, completely innovative on the Mozambican market - NetSh@p, targeted at Companies and Sole Proprietorships (ENIs), consisting of a concept of business through the Internet.

Millennium bim offers an electronic payment platform enabling totally secure sales online at all stages, including payment.

- Partnership between Millennium bim and Vodacom, defining areas of cooperation and partnerships, for the full use of joint synergies which will enable offering Mobile Banking technological solutions and the holding of various joint commercial promotion actions.
- Launch of a new business line for Affluent Customers with exclusive products and services, including a dedicated network of branches and managers in Romania.
- Launch of the University account in Angola, with special conditions, namely access to a credit line with a subsidised interest rate and the offer of a voucher of the value of 5,000 kwanzas, to be used in bookshops and electronics stores.
- Millennium bcp Microcredit attended an initiative organised by AIRV (Business Association of the Region of Viseu), with which it has a Partnership Protocol, for the promotion of entrepreneurism in the region.

March

- Celebration of the 1st anniversary of ActivoBank with the opening of the 5th branch, in Vasco da Gama Shopping Centre in Lisbon.
- Launch of the Millennium Movement, an initiative promoted by the newspaper Expresso and Millennium bcp aimed at anticipating comments on topics of major importance to the country, thus creating a public debate on the main pillars of society: Business, Democracy, Consumption and Cities. At the launch of this initiative, the keynote speaker was Malcolm Gladwell, considered by the magazine Time as one of the most influential persons of the twenty-first century.
- Renewal of the contents of Millennium TV open to Employees and Customers through a partnership established with Económico TV, of Diário Económico.
- Launch of a new version of the App Millennium application, for the iPad tablet, adding to the Millennium bcp offer of mobile banking applications, which currently covers iPhone and iPod Touch, BlackBerry, Java and Android smartphones and equipment.
- Organisation of the "Prestige Training" by Millennium bank, in Greece, a meeting led by the head of Marketing of the Greek operation which was held in Athens and attended by over 80 Employees of this business segment. Topics such as Prestige philosophy, the sales flow process or, for example, exclusive products and services were amongst the topics debated in the session.
- Holding of "Millennium/Forbes Prestige" meetings, an initiative organised by the Millennium operation in Poland and the magazine Forbes. Bank senior staff and various other guests participate in the meetings, where the economic situation of the country was discussed in the format of a debate, covering in particular the trends of Polish investment in the medium-long term.
- Election of Médis as a Trusted Brand 2011 in the Health Insurance category. This award is attributed by the readers of "Selections from Reader's Digest", and is of particular significance since it is the direct result of consumer voting.
- Disclosure by the company Brand Finance, under the second edition of the Brand Valuation Forum, of the ranking of the 50 Most Valuable Portuguese Brands, where Millennium bcp is recognised as a leading private bank in the banking sector (8th position of the overall ranking), with a brand value of 502 million euros.
- Launch of the "New Family Saving Account" in Greece, under the motto "Every month, more", with the offer of supermarket vouchers of up to 20 euros for accounts with a balance above 1500 euros.
- Launch by Millennium bim of the product "Family Saving Plan", whose main objective is the creation of saving habits.
- Launch, in Poland of Eko Energy, a Loan/Leasing line for the purpose of funding latest generation solutions in the area of energy saving technologies and renewable energy. The credit line arises under the Polish Programme of Sustainable Energy Financing (PolSEFF), enabling the implementation of projects of Polish small and medium-sized enterprises in the area of energy efficiency.
- Participation in the Reuters/TSF Conference on the role of the banking sector in the economy, in the context of the crisis. Millennium bcp was represented by the Chairman of the Bank, Carlos Santos Ferreira. The conference was attended by representatives of the five largest banks in Portugal.
- The Millennium bcp Foundation supported the 4th edition of GOS (Management of Social Organisations), a Fine-tuning Programme targeting senior staff of Institutions of the Social Sector (IPSS, NGOs, Misericórdias

and other non-profit making entities) with the objective of improving the decision-making capacity and use of management tools of the trainees.

- Under the commemorations of the 100th anniversary of Lisbon University - Ulis2011, "100 lessons" were ministered, where Carlos Santos Ferreira, Chairman of Millennium bcp was the speaker of the lecture "A view of the Banking Sector" included in the 1st Cycle of Lectures.
- Participation of Millennium bcp Microcredit in an information session, at the Association of Municipalities of Beja, attended by approximately 24 entities of the public sector which, directly or indirectly, are involved in different municipal social areas.
- Following the announcement of the placing of the rating under "Credit Watch Negative" on 1 December 2010, and immediately after the resignation of the Prime Minister, on 25 March 2011, S&P downgraded the long term rating of the Portuguese Republic by two notches, from "A-" to "BBB". Subsequently, on 28 March 2011, S&P downgraded the long term rating of Banco Comercial Português, S.A., also by two notches, from "BBB+" to "BBB-". The short term rating was revised from "A-2" to "A-3". Both the long and short term rating remained under observation with negative implications ("Credit Watch Negative"), reflecting the possibility of further downgrades of the Portuguese Republic and respective indirect impact on BCP's credit risk.

APRIL

- Holding of the Annual General Meeting of Millennium bcp on 18 April 2011, in Porto, which was attended by shareholders representing 53.39% of the share capital. Particular note should be made of the following deliberations: (1) Approval of the management report, balance sheet, and individual and consolidated accounts relative to the financial year of 2010; (2) Approval of the proposed appropriation of profit for the year; (3) Approval of the new Articles of Association, enabling Millennium bcp to adjust and harmonise its Memorandum and Articles of Association to the changes which have been made to the Commercial Companies Code and Securities Market Code; and (4) Approval of an operation to increase the share capital, of a value which might vary between 1.12 and 1.37 billion euros. The General Meeting also elected the new governing bodies of the Bank and a new Board of Directors, which will include two new members: Rui Manuel Teixeira and José Iglésias Soares.
- Launch of the "Millennium Suggests" page on Facebook, offering techniques for saving and family budget management, shared experiences and useful information, of a general nature, on taxation.
- Sponsorship of the 5th Annual Conference on Risk, Financial and Treasury Management, organised by Eurofinance, in Lisbon.
-
- Millennium bcp Microcredit participated in the Seminar "Contributions to Innovation", organised by CLDS - Local Social Development Centre of Famões.
- Participation of Millennium bcp Microcredit, at the invitation of the Algarve Unit of the Paulo Freire Portugal Institute, in a seminar at Algarve University, dedicated to the topic "Microcredit and Entrepreneurism - A Social Responsibility".
- Association of Millennium bcp to the International Day of Monuments and Sites, through the evening opening of the museum area of the Archaeological Centre of Rua dos Correeiros (NARC).
- The Millennium Foundation sponsored the exhibition "100 Years of Portuguese Art", at Condes Castro Guimarães Museum Library, in Cascais.
- Support, through the Millennium bcp Foundation, of the "Make it possible" project. A project which brought 36 young volunteers from all over the world to Portugal aimed at raising the awareness of Portuguese youth on the "Millennium Development Objectives", promoted by the United Nations.
- Following the downgrading of the long term rating of the Portuguese Republic by three notches, from "A-" to "BBB-", on 5 April 2011 Fitch announced the downgrading of the long term rating of Banco Comercial Português, S.A. by two notches, from "BBB+" to "BBB-", while the short term rating was revised from "F2" to "F3".
- Following the downgrading of the long term rating of the Portuguese Republic from "A3" to "Baa1", on 6 April 2011 Moody's announced its downgrading of the long term rating of Banco Comercial Português, S.A. (BCP) from "A3" to "Baa3-", while the short term rating was revised from "P-2" to "P-3". The BFSR (Bank Financial Strength Rating) was revised from "D+" to "D". The ratings remained under observation for a possible downgrade.

MAY

- Decision to activate the legally established process for the concession of State backing for debt issuance, pursuant to Law number 60-A/2008, of 20 October, whereby the respective request for approval was submitted to the Bank of Portugal for State backing of financing through the issue of non-subordinated securities of the value of 1.75 billion euros, whose spread would be determined in accordance with market conditions, and with a maturity period of up to 3 years.
- Presence of Millennium bcp, represented by the Deputy Chairman Paulo Macedo, at the "Portuguese Day", an event held at the New York Stock Exchange.
- Holding of the annual edition of the "One Thousand Ideas Workshop", for the purpose of awarding the best participations of 2010.
- Organisation of the 2nd edition of the "Open Doors" Workshop under the "One Thousand Ideas" Programme, for the exchange of experiences and sharing of best practices in innovation. This event was attended by 16 companies and two universities which were invited to share and debate initiatives in the area of innovation.
- Participation in the I Forum on "Human Resources and Training in the Banking Sector", at the invitation of the Bank Training Institute.
- Establishment of a protocol of patronage support of the Millennium bcp Foundation to the SIPA Project (Information System for Architectural Heritage) for the safekeeping and valorisation of the collected works of the artist Eduardo Nery, in partnership with the Housing and Urban Rehabilitation Institute.
- Association of Millennium bcp to the publishing house LeYa for the preparation of the book "Make Your Money Grow", which highlights useful concepts of financial education.
- Holding of the "Regional Forum of Companies" by Millennium Bank, in Poland, with the objective of building mutual relations between institutions and stimulating the exchange of experiences between entrepreneurs, representatives of local authorities and the sector. This Forum is a platform for the discussion of opportunities and barriers in regional development, in the financing and development of companies.
- Millennium bcp and the Millennium bcp Foundation together with Caritas Diocesana de Coimbra organised voluntary action which was attended by about 50 Employees who contributed not only to the renewal of the different physical facilities of the Institution, but also to the accompaniment of its users who, for one day received a different and entertaining visit.
- In the context of the International Day of Disabled Persons, Millennium bcp Microcredit awarded the prize of 5,000 euros to the best business project, related to focus on offering accessibility to disabled persons.
- Participation of Millennium bcp Microcredit in the workshop "Ideas, Projects and Investments", at the invitation of the Technology and Management Higher Education School of Guarda Polytechnic Institute.
- Association to the campaign, in supermarkets and shopping areas, promoted by the Food Bank, with the offer of bags for the collection of food.

JUNE

- Successful completion of the share capital increase from 4,694,600,000 euros to 6,064,999,986 euros, involving the following components: i) 120,400,000 euros, through incorporation of issue premium reserves, through the issue of 206,518,010 new ordinary shares, book-entry and registered without nominal value; ii) 990,147,000 euros, through entries in kind of 990,147 subordinated perpetual securities with conditional interest, through the issue of 1,584,235,200 new ordinary shares, book-entry and registered without nominal value; iii) 259,852,986 euros, through increased share capital reserved to shareholders, upon exercise of their preemptive right.
- Holding of the Exceptional General Meeting of Shareholders of Millennium bcp on 27 June 2011, which was attended by shareholders representing 50.48% of the share capital. The following deliberations were taken: (1) Approval of the amendment of article 5 of the memorandum and articles of association, through addition of a new number 6, concerning processes of concession of State guarantees pursuant to Law number 60-A/2008, of 20 October; (2) Approval of the suppression of the preemptive right of shareholders in any increase or increases of share capital, namely through preferred shares, to be deliberated by the Executive Board of directors under the legal system of State guarantees quoted in the previous point.
- Resignation of Paulo José de Ribeiro Moita de Macedo from the position of Deputy Chairman of the Executive Board of Directors, as well as all other corporate positions held in the Group or in representation of the Group, following his acceptance of taking office in the Government of the Republic of Portugal as Minister of Health.

- Establishment of a Protocol of partnership between Millennium bcp Microcredit and Lisbon Polytechnic Institute with the objective of identifying, developing and cultivating an entrepreneurial spirit amongst the students, leading them to follow the choice of creation of self-employment.
- Launch of the Millennium bcp Foundation page on Facebook, for the purpose of ensuring that followers of the Foundation's activities are kept informed and its publicising to a younger public, which uses social networks as one of its main sources of information.
- Inauguration of the exhibition "The Sardine is mine!", under the 2011 Lisbon Festivities, at the Archaeological Centre of Rua dos Correeiros (NARC) in Lisbon, displaying a selection of 300 portrays of sardines from the total of 2080 which participated in the 11 Lisbon Festivities Sardine competition, launched under the city festivities by EGEAC.
- Support in Angola to the "Happy Child Programme", a partnership with Grupo Amizade. The support involved a donation of 1 million and five hundred thousand kwanzas, presented on the Day of the African Child.
- Support to MAE (Ministry of State Administration), through Millennium bim, in the context of the launch of the National Campaign for the Promotion of Saving, which was attended by the President of the Republic of Mozambique.
- Participation of Millennium bcp Microcredit in Invista - II Employment, Training and Entrepreneurism Fair, in Paredes, organised by the Local Social Development Contract of Paredes.
- In the context of the World Children's Day, millenniumbcp.pt launched a campaign targeted at the younger public - "Draw your Savings" - with the objective of encouraging younger Customers to reflect on their saving habits through drawing.
- The rating agency DBRS began covering the rating of BCP, with the attribution, on 14 June 2011, of a long term rating of "BBB (high)" and a short term rating of "R-2 (high)", both with negative trends. DBRS also attributed an intrinsic assessment of BCP of "BBB".
- On 15 June 2011, the rating agency Standard & Poor's announced that the ratings of BCP were no longer under observation with negative implications (Negative Credit Watch). S&P announced the maintenance of the long term rating of BCP at "BBB-" and short term rating at "A-3", with negative outlook. At the same time, S&P revised its intrinsic assessment of BCP (stand-alone credit profile) from "BBB-" to "BB+".

JULY

- Appointment of António Ramalho as Deputy Chairman of the Executive Board of Directors of BCP.
- Appointment of Dimitrios Romossios as Chief Executive Officer of Millennium bank in Greece.
- Launch of a new informative section dedicated to Sustainability in the Institutional area of the website millenniumbcp.pt, aimed at all stakeholders of the Bank.
- Distinction in the European competition, of the initiative Junior Achievement Portugal - Graduate Programme, sponsored exclusively by Millennium bcp. The winning team, "Flicks", developed an innovative concept for more effective detection of forest fires, using cutting edge technology at a competitive price with a varied range of applications.
- Launch of an ecological campaign - Blue by American Express and Digital Statement: Cycling and helping the environment. Subscription of the card and adherence to the digital statement qualified Customers to a raffle of electric bicycles of the Portuguese brand Órbita.
- Sharing of Millennium bcp's art collection, through the exhibition "The Impulse of Love in the Millennium bcp Collection", open to the public at the Municipal Museum, Edifício Chiado, in Coimbra.
- Inauguration in Palácio das Artes – Fábrica de Talentos, in Porto, of the exhibition "After the four champions: individual paths", in homage of the recognised plastic artists Ângelo de Sousa, Armando Alves, Jorge Pinheiro and José Rodrigues, organised by Millennium bcp.
- Participation of Millennium bcp Microcredit in the "II Education, Training and Employment Fair of Caldas da Rainha", at the invitation of Local Social Development Contract of the city.
- Presence of Millennium Angola at Filda 2011 (Luanda International Fair), dedicated to the topic "Challenges of the Attraction of Investment".
- Millennium bcp Microcredit attended the 8th Annual Conference of the European Microfinance Network (EMN) held in Amsterdam.

- Following the downgrade of the rating of the Portuguese Republic by four notches, from "Baa1" to "Ba2", the agency Moody's Investors Service reduced the ratings attributed to the debt backed by the Portuguese State of four Portuguese banks on 7 July 2011. The rating attributed to BCP debt backed by the State was reduced from "Baa1" to "Ba2". Also as a consequence of the downgrading of the long term rating of the Republic of Portugal, on 15 July Moody's also revised its rating of various Portuguese banks, announcing that the rating of BCP had been downgraded by one notch, from "Baa3/P-3" to "Ba1/NP", remaining under observation for possible further downgrade.

AUGUST

- Renewal of the Quality Certificate, under ISO 9001:2008, attributed by Bureau Veritas Certification. In addition to the 34 processes that are already certified, Millennium bcp obtained the certification of a further five: Interbank Money Market - Trading, Confirmation and Registration of Operations; Custody and Events/Income; Loan Account - CLS; Current Accounts and Contracted Overdrafts; and Bank Guarantees, Sureties and Guaranties.
- Millennium bcp provides financial support to the activities of UNICRI (UN Interregional Crime and Justice Research Institute), an institution entrusted with offering support to governmental, non-governmental and inter-governmental organisations for the formulation and implementation of successful policies and practices in the areas of crime prevention and criminal justice.
- Following a challenge launched by Millennium bcp Microcredit, the Office of Support to Entrepreneurs of the Municipality of Caminha, in partnership with the Employment and Vocational Training Institute (IEFP), organised the II Seminar «Enterprising Caminha».
- Launch of the "Millennium GO!" page on Facebook to promote the product. A dynamic page which includes pastimes with various prizes, tickets to the cinema, nights in youth hostels, discounts for mobile telephones, amongst others.
- Establishments of Partnership protocols between the Millennium bcp Microcredit network and the Social Security Institute, Beta-i - Association for the Promotion of Innovation and Entrepreneurism, the Higher Institute of Accountancy and Administration of Lisbon and Faro City Hall, with the objective of stimulating and supporting initiative capacity and entrepreneurial spirit.

SEPTEMBER

- Signing of a partnership agreement with Banco Privado Atlântico, S.A. for the constitution of a bank in Brazil, with a view to exploring opportunities in the Brazilian market, namely in the areas of corporate finance and trade finance, through partnerships.
- Launch of an offer of exchange targeting holders of perpetual debt instruments and preferred shares, under the proactive management of the funding and own funds structure of the Group, corresponding to one of the initiatives aimed at achieving a regulatory Core Tier I ratio of 9% in 2011.
- Banco Millennium Angola signed a Cooperation Protocol with the Federation of Female Entrepreneurs of Angola (FMEA), to support the business activity of national small and medium-sized female entrepreneurs.
- Millennium bcp Microcredit and Alandroal City Hall established a partnership with the objective of simplifying the procedures of access to microcredit and boost entrepreneurial activity in the region.
- Association of Millennium bcp, through the Millennium bcp Foundation, to the European Heritage Days, an initiative of the Council of Europe and European Union, coordinated in Portugal by IGESPAR, dedicated to the topic of "Urban Heritage and Landscape".
- Participation of Millennium bcp Microcredit in the competition of ideas "Poliempreende", coordinated by Lisbon Polytechnic Institute, embodied in the donation of the 2nd National Award, of the value of 5,000 euros.
- Millennium bcp Microcredit ad the Social Security Institute established a Partnership protocol with a view to the creation of micro-enterprises and self-employment, under the Local Social Development Contract Programme (CLDS).

October

- Disclosure of the results achieved in the exchange operation targeting holders of perpetual debt instruments and preferred shares, on 7 October, with the offer having recorded an overall adherence level of approximately 75% of the issues covered.
- Official certification by the SEI (Software Engineering Institute) of Millennium's IT Development Process at maturity level 2 of Capability Maturity Model Integration (CMMI), in recognition of its consistency, predictability and quality.
- Launch in Angola, of a promotional campaign with a series of products and services of exclusive subscription by women.
- Under the partnership between Millennium bcp and AESE – Management and Business Schools for the preparation of relevant case studies in the financial world, the first plenary training session was held for the discussion of the "Clear Skies Ahead" case.
- Millennium bcp was the sponsor of the 2011 Stock Exchange Forum, an event organised by NYSE Euronext Lisbon, held at Palácio da Bolsa, in Porto.
- Banco Millennium Angola and Banco Privado Atlântico, during the award-giving ceremony of the Microcredit Awards in Luanda, formalised a cooperation protocol on microcredit, under its strategic partnership.
- Following the downgrade of the rating of Portugal from "BBB+" to "BBB-" and the placing of the ratings of Portuguese banks under "Rating Watch Negative", Fitch announced, on 7 October, having maintained the main ratings for the BCP, namely the long term rating ("BBB-/F3"), keeping the outlook under "Rating Watch Negative".
- On 7 October, the rating agency Moody's announced the completion of its process of revision of the ratings of Portuguese banks initiated on 15 July 2011, after the downgrade of the rating of the Republic of Portugal from "Baa1" to "Ba2". In this context, the rating of the debt of Banco Comercial Português, S.A. (BCP) was downgraded from "Ba1/NP" to "Ba3/NP" and the Stand-alone rating from "Ba2" to "B1". The ratings continued with a "Negative" outlook.
- Following the revision of the rating of Portugal from "BBB(High)" to "BBB", on 20 October the rating agency DBRS announced the confirmation or revision of the ratings attributed to Portuguese banks. In this context, the long term rating of BCP fell from "BBB (high)" to "BBB", maintaining a "Negative Trend" (identical to that of the Republic of Portugal) and the short term rating was confirmed as "R-2 (high)" with "Negative trend".

November

- Strengthening of the strategy of proximity to the Customers of ActivoBank through the opening of eight new branches, in Lisbon, Gaia (2), Cascais, Leiria, Braga, Aveiro, Coimbra and Arrábida.
- "Gold Award" attributed to Millennium bcp, in the category "Financial Services and Insurance" of the 2011 Effectiveness Awards, for the case study/advertisement "Mourinho - Passion".
- Commemoration of the 6th anniversary of the Microcredit autonomous network of Millennium bcp, a pioneer and leader in Portugal whose objective is the creation of self-employment in an autonomous and proactive manner. During these six years of activity, 3,371 new jobs were created and the Microcredit unit has provided advisory services to approximately 2,184 projects of micro entrepreneurs, corresponding to funding of 18 million euros, in a process which includes support to the preparation of the Business Plan and continuous follow-up over the entire duration of the financing contract.
- Sponsorship of the congress of the Portuguese Business Confederation (CIP). Amongst the different panels comprising the programme, particular note should be made of the Business Financing panel, which was attended by the senior directors of the largest banking institutions, amongst which António Ramalho, Deputy Chairman of Millennium bcp.
- Millennium bcp was distinguished by Engagement Rating 2011 as one of the most transparent Portuguese companies, in communication with its Stakeholders on matters of sustainability.
- The Millennium bcp Foundation and the Lisbon Architecture Triennial signed a protocol with a view to the attribution of the Career award, aimed at distinguishing an Architect whose work has become publicly recognised, as well as the attribution of the Universities Competition Award, targeting Architecture and Landscape Design schools of Portugal and abroad.

- Millennium bcp, as a historic partner of the National Museum of Ancient Art, offered the public the opportunity to participate in a special programme of guided visits to temporary exhibitions and works of art kept at the museum, on what was named "Millennium bcp Open Day".
- Launch of the 1st edition of the Real Estate Millennium Encounters in Leiria. A clear focus on the strategic promotion of the real estate business amongst local partners through an innovative forum in Banking.
- Following the downgrade of the long term rating of the Portuguese Republic from "BBB-" to "BB+", on 25 November Fitch announced that it had revised the ratings of various Portuguese banks. In this context, the long term rating of Banco Comercial Português, S.A. (BCP) was downgraded from "BBB-" to "BB+" and removed from "Rating Watch Negative" and placed under negative Outlook, while the short term rating was revised from "F3" to "B" and removed from "Rating Watch Negative".

DECEMBER

- Disclosure by the Bank of Portugal of the first overall results of the Special Inspections Programme (SIP) included in the measures and actions agreed by the Portuguese authorities in relation to the financial system, under the Economic and Financial Assistance Programme established with the IMF/EU/ECB last May. This Inspections Programme covered the eight largest Portuguese banking groups, including the Banco Comercial Português Group, for the purpose of validating, as at 30 June 2011, the data on credit risk used in the assessment of their financial solidity, through an independent assessment of their loan portfolios and adequacy of their risk management policies and procedures, as well as the confirmation of the calculation of the capital requirements for credit risk. The exercise was incident on loans of the value of 55.4 billion euros, covering 72% of the total portfolio. This assessment concluded that it was necessary to strengthen the impairment value recorded in the Group's consolidated accounts by 381 million euros. This amount corresponds to 0.7% of the total value of the loans analysed and 16.0% of the impairment value of the portfolio covered by the analysis.
- Disclosure of the results by the European Banking Authority (EBA) and by the Bank of Portugal relative to the capital exercise proposed by the EBA. The capital exercise conducted by the EBA in close collaboration with the Bank of Portugal led to the identification of a capital requirement at BCP of 2,130 million euros which should be covered by the end of June 2012. BCP shall ensure that the Core Tier I ratio of 9% will be achieved by the end of June 2012, and for this purpose submitted a plan to the Bank of Portugal, establishing a series of actions to be developed. The data disclosed did not include the operation of exchange of preferred shares for senior and subordinated debt, concluded on 13 October 2011, which led to increased own funds (Core Tier I) by 405 million euros. Thus, the overall amount of the requirements identified for the BCP Group stands at 1,725 million euros.
- Expansion of the geographical coverage of Banco Millennium to all of the 18 Provinces of Angola, after the inauguration of the N'dalatando branch in the Province of Kwanza Norte, thus offering its Customers access to 61 branches all over the country.
- Distinction with maximum rating (AAA) of an independent and innovative study, conducted by Universidade Católica Portuguesa at the request of AEM (Association of Companies Issuing Listed Securities), on the level of compliance with the recommendations in force relative to corporate governance in Portugal.
- The Millennium Movement, an initiative promoted by the newspaper Expresso and Millennium bcp, held its closing session on 6 December. The Millennium Movement represented a major national initiative in the search of answers, revelation of paths and trends for the future of real impact on the life of the Portuguese people. The movement took place throughout 2011 and invited all Portuguese people to participate with their ideas and projects for the future of the country in four key areas: Democracy, Business, Cities and Consumption.
- Participation of Millennium bcp Microcredit in the workshop «Entrepreneurism and Creation of Self-Employment», promoted by Loulé City Hall and held in Quarteira Local Government Centre.
- Sponsorship of the Global Investment Challenge (GIC), a competition open to the public in general, enabling a simulated experience of investment on the Stock Exchange and promoting increased knowledge on its mechanisms and operation, organised by the Expresso and Simuladores e Modelos de Gestão (SDG).
- Launch of the 2nd Edition of the Microcredit for Disabled Micro-Entrepreneurs Award.
- Presentation by a group of students of the Lisbon MBA, of the sustainability project to the Portuguese Association of Asperger Syndrome, a project launched and supported by the Millennium bcp Foundation.
- Under yet another solidarity action, volunteers from the Bank improved the condition of Casa do Ardina, in Lisbon.

- Support to the food collection campaign of the Food Bank, through the donation of plastic bags and the participation of about 50 volunteers from the Direct Banking Department, in the separation of food in the Lisbon warehouse.
- Opening of the Annual Jewellery Exhibition, entitled "Trials" for a display of articles of the authorship of various members of the Millennium bcp Club.
- Joint sponsorship with American Express of a Christmas concert at Casa da Música, to close the year, dedicated to the topic of United States of America.
- Following the revision of the rating criteria for Portuguese banks, Standard & Poor's (S&P) announced that it had revised the rating of various Portuguese banks. In this context, the long term rating of Banco Comercial Português, S.A. (BCP) was downgraded from "BBB-" to "BB", while the short term rating was revised from "A-3" to "B" and removed from "Rating Watch Negative".

FINANCIAL STATEMENTS

BANCO COMERCIAL PORTUGUÊS

Consolidated Balance Sheet as at 31 December, 2011, 2010 and 1 January 2010

	2011	2010	1 Jan 2010
	(Thousands of Euros)		
Assets			
Cash and deposits at central banks	2,115,945	1,484,262	2,244,724
Loans and advances to credit institutions			
Repayable on demand	1,577,410	1,259,025	839,552
Other loans and advances	2,913,015	2,343,972	2,025,834
Loans and advances to customers	68,045,535	73,905,406	75,191,116
Financial assets held for trading	2,145,330	5,136,299	3,356,929
Other financial assets held for trading at fair value through profit or loss	-	-	-
Financial assets available for sale	4,774,114	2,573,064	2,698,636
Assets with repurchase agreement	495	13,858	50,866
Hedging derivatives	495,879	476,674	465,848
Financial assets held to maturity	5,160,180	6,744,673	2,027,354
Investments in associated companies	305,075	395,906	437,846
Non current assets held for sale	1,104,650	996,772	1,343,163
Investment property	560,567	404,734	429,856
Property and equipment	624,599	617,240	645,818
Goodwill and intangible assets	251,266	400,802	534,995
Current income tax assets	52,828	33,946	24,774
Deferred income tax assets	1,564,538	975,676	790,914
Other assets	1,790,650	784,446	1,134,132
	93,482,076	98,546,755	94,242,357
Liabilities			
Deposits from credit institutions	17,723,419	20,076,556	10,305,672
Deposits from customers	47,516,110	45,609,115	46,307,233
Debt securities issued	16,236,202	18,137,390	19,953,227
Financial liabilities held for trading	1,478,680	1,176,451	1,072,324
Other financial liabilities at fair value through profit or loss	2,578,990	4,038,239	6,345,583
Hedging derivatives	508,032	346,473	75,483
Non current liabilities held for sale	-	-	435,832
Provisions for liabilities and charges	246,100	235,333	233,120
Subordinated debt	1,146,543	2,039,174	2,231,714
Current income tax liabilities	24,037	11,960	10,795
Deferred income tax liabilities	2,385	344	416
Other liabilities	1,647,208	1,264,119	1,358,210
Total Liabilities	89,107,706	92,935,154	88,329,609
Equity			
Share capital	6,065,000	4,694,600	4,694,600
Treasury stock	(11,422)	(81,938)	(85,548)
Share premium	71,722	192,122	192,122
Preference shares	171,175	1,000,000	1,000,000
Other capital instruments	9,853	1,000,000	1,000,000
Fair value reserves	(389,460)	(166,361)	93,760
Reserves and retained earnings	(1,241,490)	(1,868,780)	(1,326,491)
Net income for the year attributable to Shareholders	(848,623)	344,457	-
Total Equity attributable to Shareholders of the Bank	3,826,755	5,114,100	5,568,443
Non-controlling interests	547,615	497,501	344,305
Total Equity	4,374,370	5,611,601	5,912,748
	93,482,076	98,546,755	94,242,357

BANCO COMERCIAL PORTUGUÊS

Consolidated Income Statement
for the years ended 31 December, 2011 and 2010

	2011	2010
	(Thousands of Euros)	
Interest and similar income	4,060,136	3,477,058
Interest expense and similar charges	(2,480,862)	(1,960,223)
Net interest income	1,579,274	1,516,835
Dividends from equity instruments	1,379	35,906
Net fees and commissions income	789,372	811,581
Net gains / (losses) arising from trading and hedging activities	204,379	367,280
Net gains / (losses) arising from available for sale financial assets	3,253	72,087
Other operating income/costs	(22,793)	17,476
	2,554,864	2,821,165
Other net income from non banking activities	26,974	16,550
Total operating income	2,581,838	2,837,715
Staff costs	953,649	831,168
Other administrative costs	584,459	601,845
Depreciation	96,110	110,231
Operating expenses	1,634,218	1,543,244
Operating net income before provisions and impairment	947,620	1,294,471
Loans impairment	(1,331,910)	(713,256)
Other financial assets impairment	(549,850)	(10,180)
Other assets impairment	(128,565)	(71,115)
Goodwill impairment	(160,649)	(147,130)
Other provisions	13,979	635
Operating net income	(1,209,375)	353,425
Share of profit of associates under the equity method	14,620	67,661
Gains / (losses) from the sale of subsidiaries and other assets	(26,872)	(2,978)
Net income before income tax	(1,221,627)	418,108
Income tax		
Current	(66,857)	(54,158)
Deferred	525,714	39,814
Net income after income tax	(762,770)	403,764
Attributable to:		
Shareholders of the Bank	(848,623)	344,457
Non-controlling interests	85,853	59,307
Net income for the year	(762,770)	403,764
Earnings per share (in Euros)		
Basic	(0.07)	0.05
Diluted	(0.07)	0.05

Proposal for the Appropriation of Profit of Banco Comercial Português, S.A.

CONSIDERING:

- The severe domestic and international macroeconomic environment wherein Banco Comercial Português, S.A has been operating;
- The several extraordinary factors that strongly influenced its net income in 2011, particularly the recognition of the impairment of the Greek public debt securities, the depreciation registered by the Portuguese public debt securities, the effect caused by the partial transfer into the Social Security Regime of the liabilities with pensions of retired employees and pensioners and the increase of provisions for credit impairments;
- The combined effect of those factors and their significant magnitude led Banco Comercial Português, S.A. to register, in 2011, losses amounting to 468,526,835.71 euros,

WE DO HEREBY PROPOSE:

In accordance with article 66 (5) (f) and for purposes of article 376 (1) (b) both of the Companies Code, and article 54 of the Bank's Articles of Association, that the losses recorded in the 2011 individual balance sheet, amounting to 468,526,835.71 euros, be transferred to Retained Earnings.

Lisbon, 23 April 2012

THE BOARD OF DIRECTORS

ANNEXES

METHODOLOGICAL NOTE

Millennium bcp has published, since 2004, annually and in a systematic manner, Sustainability Reports (Social Responsibility Report in 2004). In 2010, the Bank decided to integrate the Sustainability Report and Annual Report, so as to reflect the alignment of the sustainable development and social responsibility policies in the strategy and business of Millennium bcp, a methodology which has been maintained for the reporting of the activity relative to 2011, summarised in this report.

The scope of the reporting of social and environmental indicators is international and covers the following operations: Portugal, Poland, Greece, Romania, Mozambique, Angola and Switzerland. Millennium bcp defines the contents to be reported in order to meet the expectations of its Stakeholders, assessed through the materiality tests conducted annually and the continuous feedback received from the interaction through the regular communication channels. Most of the quantitative indicators show historical data of the last three years - 2009, 2010 and 2011. Some data is not directly comparable with the Reports of 2010 and 2009, due to: i) the inclusion of the reporting of Switzerland and Angola in 2010; and ii) adjustments arising from version 3.1 of the Global Reporting Initiative (GRI).

This report was prepared in accordance with the guidelines established by the GRI, version 3.1., for level A+ and respective supplement of the financial sector, the principles of inclusion, materiality and compliance with Standard AA1000APS (2008) and verified by an external entity in conformity with the principles defined by the International Standard on Assurance Engagements 3000.

Millennium bcp discloses on its Institutional website detailed information on its business concerning Sustainability, and, therefore, advises its consultation for further information on this issue.

Calculation methodology used in the social and environmental indicators

The calculation criteria used in the social and environmental indicators were included at the end of the chapters "Involvement with the Internal Community" and "Environmental Performance", page 189 and 206, respectively.

Level of application of GRI guidelines

		C	C+	B	B+	A	A+
Mandatory	Self declared						✓
Optional	3rd party checked						✓
	GRI checked						✓

The table of GRI indicators and correspondence with the Global Compact Principles are available for consultation at the Bank's institutional website.

Contacts

Further clarification on social and environmental data may be requested through the following e-mail address:

sempremelhor@millenniumbcp.pt

Statement
GRI Application Level Check

GRI hereby states that **Banco Comercial Português S.A** has presented its report "2011 Annual Report" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, March 14th 2012

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative

The "+" has been added to this Application Level because **Banco Comercial Português S.A** has submitted (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

***Disclaimer:** Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on March 6th 2012. GRI explicitly excludes the statement being applied to any later changes to such material.*

VERIFICATION REPORT

KPMG & Associados – Sociedade de Revisores Oficiais de Contas, S.A.
Edifício Monumental
Av. Praia da Vitória, 71 - A, 11º
1069-006 Lisboa
Portugal

Telefone: +351 210 110 000
Fax: +351 210 110 121
Internet: www.kpmg.pt

Independent Limited Assurance Report

To the Executive Board of Directors of
Banco Comercial Português S.A.

Introduction

1. We were engaged by the Executive Board of Directors of Banco Comercial Português S.A. ("Millennium bcp") to provide limited assurance on the sustainability information included in the Annual Report ("the Report") of Millennium bcp for the year ended 31 December 2011.

Responsibilities

2. The Executive Board of Directors of Millennium bcp is responsible for:

   - The preparation and presentation of the sustainability information included in the Report in accordance with the Sustainability Reporting Guidelines (G3) of the Global Reporting Initiative (GRI), as described in "Methodology notes" of the chapter "Annexes" of the Report, and the information and assertions contained within it;

   - For determining the Millennium bcp objectives in respect of sustainable development performance and reporting, including the identification of stakeholders and material issues, in accordance with the principles of inclusiveness, materiality and response of AA1000APS (2008); and

   - For establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived.

3. Our responsibility is to carry out a limited assurance engagement and to express a conclusion based on the work performed. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board. This Standard requires that we comply with the applicable ethical requirements, including independency requirements, and that the work is planned and performed to obtain limited assurance if nothing came to our attention that causes us to conclude that the sustainability information included in Annual Report for the year ended 31 December 2011, is not free of material misstatement.

Scope

4. A limited assurance engagement on a sustainability report consists of making inquiries, primarily of persons responsible for the preparation of information presented in the Report, and applying analytical and other evidence gathering procedures, as appropriate. These procedures included:

   - Inquiries of management to gain an understanding of Millennium bcp processes for determining the material issues for Millennium bcp key stakeholders groups;

KPMG & Associados – Sociedade de Revisores Oficiais de Contas, S.A., a firma portuguesa membro da rede KPMG, composta por firmas independentes afiliadas da KPMG International Cooperative ("KPMG International"), uma entidade suíça.

KPMG & Associados - S.R.O.C., S.A.
Capital Social: 2.840.000 Euros - Pessoa Colectiva Nº PT 502 161 078 - Inscrito na O.R.O.C. Nº 189 - Inscrito na C.M.V.M. Nº 9093

Matriculada na Conservatória do registo Comercial de Lisboa sob o Nº PT 502 161 078

- Interviews with senior management and relevant staff at group level and selected business unit level concerning sustainability strategy and policies for material issues applied, and the implementation of these across the business areas;
- Interviews with relevant staff, at corporate and business units, responsible for providing the sustainability information in the Report;
- Comparing the information presented in the Report to corresponding information in the relevant underlying sources to determine whether all the relevant data derived from such underlying sources has been included in the Report; and
- Reading the information presented in the Report to conclude if it is in line with our overall knowledge of, and experience with, the sustainability performance of Millennium bcp.

5. The extent of evidence gathering procedures performed in a limited assurance engagement is less than that for a reasonable assurance engagement, and therefore a lower level of assurance is provided. Consequently, it does not allow us to obtain the assurance that we would become aware of all the important matters that can be identified in an audit or a in a work of reasonable assurance. As such, we do not express an audit opinion or a conclusion of reasonable assurance of reliability.

Conclusion

6. Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the sustainability information included in the Report of Millennium bcp for the year ended 31 December 2011 is not presented fairly, in all material respects with:

   - The alignment of Millennium bcp with the principles of inclusiveness, materiality and response of AA1000APS (2008); and
   - The compliance with the Sustainability Reporting Guidelines (G3) of the Global Reporting Initiative (GRI) as described in "Methodology notes" in the "Annexes" of the Report.

7. Our limited assurance report is made solely to Millennium bcp in accordance with the terms of our engagement. Our work has been prepared only with the objective of reporting to Millennium bcp those matters for which we were engaged in this limited assurance report and for no other purpose. We do not accept or assume responsibility to any third party than Millennium bcp for our work, for this limited assurance report, or for the conclusions we have reached.

Lisbon, 27 February 2012

Ana Cristina Dourado

KPMG & Associados,
Sociedade de Revisores Oficiais de Contas, S.A. (nr. 189)
Represented by
Ana Cristina Soares Valente Dourado (ROC nr. 1011)

Compliance with the Recommendations of the Financial Stability Forum and European Banking Authority regarding the Transparency of Information and Valuation of Assets

		Page
I.	**Business Model**	
1.	Description of the business model (i.e. of the reasons for engaging in activities and of the contribution to value creation process) and, if applicable of any changes made (e.g. as a result of crisis).	*2011 Annual Report (Management Report) – Millennium Group, pages 11-13; Internal Organization Model, pages 25-28; Segmental Reporting pages 91-142*
2.	Description of strategies and objectives.	*2011 Annual Report (Management Report) –Strategy, pages 40-41*
3.	Description of importance of activities and contribution to businees (including a discussion in quantitative terms).	*2011 Annual Report (Management Report) – Segmental Reporting, pages 89-142; (Notes to Financial Statements) – Segmental Reporting*
4.	Description on the type of activities including a description of the instruments as well as of their functioning and qualifying criteria that products/investments have to meet.	*2011 Annual Report (Management Report) – Risk Management, pages 143-164; (Notes to Financial Statements) – Financial assets held for trading and available for sale; Hedging Derivatives; Assets held to maturity*
5.	Description of the role and the extent of involvement of the institution, i.e. Commitments and obligations.	
II.	**Risks and risk management**	
6.	Description of the nature and extent of risks incurred in relation to the activities and instruments.	*2011 Annual Report (Management Report) – Risk Management, pages 143-164; (Notes to Financial Statements) - Net gains (losses) arising from trading and hedging activities; Net gains (losses) arising from available for sale financial assets; Risk Management*
7.	Description of risk management pratices of relevance to the activities, of any identified weaknesses of any corrective measures that have been taken to address these; (In the current crisis, particular attention should be givven to liquidity risk.)	*2011 Annual Report (Management Report) – Risk Management, pages 143-164; (Notes to Financial Statements) – Risk Management*
III.	**Impact of the crisis on results**	
8.	Qualitative and quantitative description of results, with a focus on losses (where applicable) and write-downs impacting the results.	*2011 Annual Report (Management Report) – Financial Review, pages 51-77; (Notes to Financial Statements) - Net gains (losses) arising from trading and hedging activities; Net gains (losses) arising from available for sale financial assets*

	Page
9. Breakdown of the write-downs/losses by types of products and instruments affected by the crisis (CMBS, RMBS, CDO, ABS and LBO further broken down by different criteria).	*2011 Annual Report (Management Report) –Exposure to activities and products affected by the recent financial crisis, page 165*
10. Description of the reasons and factors responsible for the impact incurred.	*2011 Annual Report (Management Report) – Economic and Financial Environment, pages 51-77*
11. Comparison of (i) impacts between (relevant) periods and of (ii) income statement balances before and after the impact of the crisis.	*2011 Annual Report (Management Report) – Financial Review, pages 51-77*
12. Distinction of write-downs between realised and unrealised amounts.	*2011 Annual Report (Management Report) – Risk Management, pages 143-164; (Notes to Financial Statements) - Net gains (losses) arising from trading and hedging activities; Net gains (losses) arising from available for sale financial assets; Fair Value Reserves, other reserves and Retained Earnings*
13. Description of the influence of the crisis had on the firm's share price.	*2011 Annual Report (Management Report) – BCP Share, pages 42-49*
14. Disclosure of maximum loss risk and description of how the institution's situation could be affected by a further downturn or by a market recovery.	*2011 Annual Report (Management Report) – Risk Management, pages 143-164; (Notes to Financial Statements) - Fair Value Reserves, other reserves and Retained Earnings*
15. Disclosure of maximum loss risk and description how the institution's situation could be affected by a further downturn or by a market recovery.	*2011 Annual Report (Management Report) – Financial Review, pages 51-77; (Notes to Financial Statements) – Fair Value*
IV Exposure levels and types	
16. Nominal amount (or amortised cost) and fair values of outstanding exposures.	*2011 Annual Report (Management Report) – Exposure to activities and products affected by the recent financial crisis, page 165; (Notes to Financial Statements) - Financial assets held for trading and available for sale; Hedging Derivatives; Assets held to maturity*
17. Information on credit protection (e.g. through credit default swaps) and its effect on exposures.	*2011 Annual Report (Management Report) – Exposure to activities and products affected by the recent financial crisis, page 165*

	Page
18. Detailed disclosure about exposures, with decomposition by: – level of seniority of tranches; – level of credit quality (e.g. Ratings, investment grading, vintages); – geographic origin; – activity sector; – whether exposures have been originated, retained, warehoused or purchased; – product characteristics: e.g. Ratings, share of sub-prime mortagages, discount rates, attachment points, spreads, funding; – characteristics of the underlying assets: e.g. Vintages, loan-to-value ratios, information on liens, weighted average life of the underlying, prepayment speed assumptions, expected credit losses.	*2011 Annual Report (Management Report) – Exposure to activities and products affected by the recent financial crisis, page 165*
19. Movements shedules of exposures between relevant reporting periods and the underlying reasons (sales, disposals, purchases, etc.).	*2011 Annual Report (Management Report) – Exposure to activities and products affected by the recent financial crisis, page 165*
20. Discussion of exposures that have not been consolidated (or that have been recognised in the course of the crisis) and the related reasons.	*2011 Annual Report (Management Report) – Exposure to activities and products affected by the recent financial crisis, page 165*
21. Exposure to monoline insurers and quality of insured assets: – nominal amounts (or amortised cost) of insured exposures as well as of the amount of credit protection bought; – fair values of the outstanding exposures as well as of the related credit protection; – amount of write-downs and losses, differentiated into realised and unrealised amounts; – breakdowns of exposures by ratings or counterparty.	*2011 Annual Report (Management Report) – Exposure to activities and products affected by the recent financial crisis, page 165*
V. Accounting policies and valuation issues	
22. Classification of the transactions and structured products for accounting purposes and the related accouting tratment;	*2011 Annual Report (Management Report) – Exposure to activities and products affected by the recent financial crisis, page 165; (Notes to Financial Statements) - Fair Value Reserves, other reserves and Retained Earnings; Fair Value*

	Page
23. Consolidation of SPEs and other vehicles (suce as VIEs) and a reconciliation of these of the structured products affected by the sub-prime crisis;	*2011 Annual Report (Management Report) – Exposure to activities and products affected by the recent financial crisis, page 165; (Notes to Financial Statements) – Accouting Policies*
24. Detailed disclosures on fair values of financial instruments: – financial instruments to which fair values are applied; – fair value hierarchy (a breakdown of all exposures at fair valur by different levels of the fair value hierarchy and a breakdown between cash and derivative instruments as well as disclosures on migrations between the different levels); – treatment of day 1 profits (including quantitative information); – use of the fair value option (including its conditions for use) and related amounts (with appropriate breakdowns).	*2011 Annual Report (Management Report) – Risk Management pages 143-164; (Notes to Financial Statements) – Financial assets held for trading and available for sale; Hedging Derivatives; Assets held to maturity; Fair Value Reserves, other reserves and Retained Earnings; Fair Value*
25. Disclosures on the modelling techniques used for the valuation of financial instruments, including: – discription of modelling techniques and of the instruments to which they are applied; – discription of valuation processes (including in particular discussions of assumptions and input factors the models rely on); – types of adjustments applied to reflect model risk and other valuation uncertainties; – sensitivity of fair values; – stress scenarios.	*2011 Annual Report (Management Report) – Risk Management pages 143-164; (Notes to Financial Statements) – Fair Value; Risk Management*
VI. Other disclosure aspects	
26. Description of disclosure.	*2011 Annual Report (Management Report) – Risk Management pages 143-164; (Notes to Financial Statements) – Fair Value; Risk Management*

2011 Annual Report
Volume I

www.millenniumbcp.pt

Banco Comercial Português, S.A.,
Public Company (Sociedade Aberta)

Head Office:
Praça D. João I, 28
4000-295 Porto

Share Capital:
Euro 6,064,999,986

Registered at the
Oporto Commercial Registry
under the Single Registration and
Tax Identification Number 501 525 882

Investor Relations
Av. Professor Doutor Cavaco Silva
Edifício 1 Piso 0 Ala B
2744-002 Porto Salvo
Telephone: (+351) 211 131 084
investors@millenniumbcp.pt

Communication Department
Av. Professor Doutor Cavaco Silva
Edifício 1 Piso 0 Ala B
2744-002 Porto Salvo
Telefone: (+351) 211 131 243
comunicar@millenniumbcp.pt

2011

Annual Report

Volume II

The Annual Report 2011 is merely a translation of the Relatório e Contas 2011 document delivered by the Banco Comercial Português, S.A. to the Portuguese Securities and Market Commission (CMVM), according to the Portuguese law.

Being the sole purpose of such English version to simplify consultation of the document to English speaking Shareholders, Investors and other Stakeholders in case of any doubt or contradiction between both documents, the Portuguese version of the Relatório e Contas 2011 prevails.

INDEX

Volume II

Report of the Supervisory Board

Functions of the Supervisory Board

The corporate governance report adopted by the Bank in 2006 grants the Supervisory Board, in accordance with the law and the articles of association in force, various competences, namely:

- Supervising the activities of the Executive Board of Directors;
- Ensuring compliance with the law and the articles of association;
- Monitoring the effectiveness of the risk management, internal control and internal audit systems;
- Representing the company before the external auditor and being the first receiver of the reports prepared by said external auditor;
- Proposing the election by the General Meeting of the statutory auditor and external auditors;
- Supervising the activity of the Statutory Auditor and external auditors, as well as assess their independence;
- Validating the accounting policies and valuation criteria adopted by the company for a proper evaluation of assets and results; assessing the accuracy of the accounting books, accounting records and supporting documents and the preparation and dissemination of financial information, even though it is the role of the Statutory Auditor to oversee this area;
- Supervising on a permanent basis the activity of the management of the company and providing, in this context, advice and assistance to the Executive Board of Directors with regard to strategy and the achievement of goals, and issuing opinions on the management report and accounts of the financial year;
- Providing guidance on the general strategy and policies for the future;
- Issuing opinions on any projects of the Executive Board of Directors for increasing the share capital and issuing bonds, as provided for under the articles of association;
- Issuing an opinion, upon consulting with its specialized committee, the Nominations Committee, on the appointment of members to the corporate bodies of the Bank and of the Group and of Employees reporting directly to the Executive Board of Directors;
- Representing the Bank in its relations with the directors; receiving, through the Audit Committee (CMF), communications of irregularities presented by shareholders, employees and others; and monitoring and assessing issues relative to corporate governance, sustainability, codes of ethics and conduct and systems for the assessment and resolution of conflicts of interest.

The powers of the Supervisory Board of Banco Comercial Português are in accordance with the recommendations of the CMVM (Portuguese Stockmarket Regulator) and other legislation and regulations on corporate governance that ensure compliance with and adoption of the best practices, granting total independence between bodies with management and/or supervision/monitoring duties.

Composition

The Supervisory Board in office was elected at the Annual General Meeting held on 18 April 2011, to fulfil the mandate from 2011 to 2013 and is composed of 18 permanent members, surpassing the number of members of the Executive Board of Directors.

Chairperson:	António Vítor Martins Monteiro (68 years old) (Independent)
Vice-Chairpersons:	[Manuel Domingos Vicente (55 years old) (Not Independent for being related to an entity owning a qualifying holding)] [note: resigned on 3 February 2012]
	Maria Leonor C. Pizarro Beleza de Mendonça Tavares (63 years old) (Independent)
Members:	Álvaro Roque de Pinho Bissaia Barreto (76 years old) (Independent)
	António Henriques Pinho Cardão (68 years old) (Independent)
	António Luís Guerra Nunes Mexia (54 years old) (Not Independent for being related to an entity owning a qualifying holding)

António Manuel Costeira Faustino (54 years old) (Independent)

Carlos José da Silva (46 years old) (Not Independent for being related to an entity owning a qualifying holding)

Daniel Bessa Fernandes Coelho (63 years old) (Independent)

João Manuel de Matos Loureiro (52 years old) (Independent)

José Guilherme Xavier de Basto (73 years old) (Independent)

José Vieira dos Reis (64 years old) (Independent)

Josep Oliu Creus (62 years old) (Not Independent for being related to an entity owning a qualifying holding)

[Luís de Mello Champalimaud (60 years old) (Independent)] [note: resigned on 3 February 2012]

Manuel Alfredo da Cunha José de Mello (63 years old) (Independent)

Pansy Catilina Ho Chiu King (49 years old) (Independent)

Thomaz de Mello Paes de Vasconcelos (54 years old) (Independent)

Vasco Esteves Fraga (62 years old) (Independent)

The Supervisory Board works in plenary meetings and through specialized committees, which play an important role in the overall activity of this corporate body.

Audit Committee

Chairperson: João Manuel de Matos Loureiro (Independent)

Members: José Guilherme Xavier de Basto (Independent)

José Vieira dos Reis (Independent)

Thomaz de Mello Paes Vasconcelos (Independent)

Risk Assessment Committee

Chairperson: Daniel Bessa Fernandes Coelho (Independent)

Members: Álvaro Roque de Pinho Bissaia Barreto (Independent)

Manuel Alfredo da Cunha José de Mello (Independent)

Ethics and Professional Conduct Committee

Chairperson: Álvaro Roque de Pinho Bissaia Barreto (Independent)

Members: António Henriques Pinho Cardão (Independent)

Vasco Esteves Fraga (Independent)

Corporate Governance Committee

Chairperson: António Víctor Martins Monteiro (Independent)

Members: António Luís Guerra Nunes Mexia (Not Independent)

António Manuel Costeira Faustino (Independent)

Carlos José da Silva (Not Independent)

Nominations Committee

Chairperson: Manuel Alfredo da Cunha José de Mello (Independent)

Members: António Henriques Pinho Cardão (Independent)

Vasco Esteves Fraga (Independent)

Functioning

The functions of the Supervisory Board are governed by Regulations that enshrine the main guidelines for the work carried out and conduct.

The Regulations of the Supervisory Board are available on the internal site, the Bank's website or the Internet, with the following address:

http://www.millenniumbcp.pt/pubs/en

The members of the Executive Board of Directors attended all the meetings of the Supervisory Board, and the representatives of the corporate bodies of the Group, managers and coordinators, with emphasis on the Chief Economist, the Risk Officer, the Compliance Officer, the Group Treasurer and the heads of the Budget Planning and Control Department, as well as the Statutory Auditor and the External Auditors also took part whenever their presence was deemed necessary due to the issues addressed.

In 2011, there were thirteen plenary meetings of the Supervisory Board, with an average attendance of 84.02%. The absences were all previously justified to the Chairperson of the Supervisory Board, who considered the reasons duly substantiated.

The Company Secretary attended all the meetings, and their respective Minutes were duly drawn.

The Supervisory Board has its own exclusive Support Office, comprising of one Coordinating Director, a Senior Technician and an Administrative Assistant. They report directly to the Supervisory Board and, in particular, to the Audit Committee. The Supervisory Board also has the support of the Company Secretary’s Office.

Permanent activity

Meetings

During 2011, the Supervisory Board monitored, with an adequate degree of detail, the development of the atypical circumstances that have shaped the functioning of the international financial markets since 2009, affecting the entire national economy and with inevitable repercussions on the Portuguese banking system and on the management of the Bank.

During the financial year under analysis in this report, the Supervisory Board sought all information deemed necessary and commented on all the issues that, in accordance with the law, the articles of association and the respective members' own judgment, required its monitoring, opinion or supervision, with emphasis on:

- The documents relating to individual and consolidated accounts;
- The evolution of the Group's risk and liquidity management indicators, namely the impacts resulting from the current financial crisis and promotion of discussions on this theme;
- The economic adjustment and financial aid programme for Portugal negotiated between the Portuguese authorities and the international economic and financial entities, as well as the monitoring of the Special Inspections Programme undertaken within the scope of the Financial Aid Programme to Portugal;
- The recapitalisation process of the Bank;
- The share capital increase deliberated by the Executive Board of Directors;
- The structure of the Strategic Plan of the Bank, including international operations:
- The transfer of part of the Pension Fund of the Bank to Social Security;
- The preparation of General Meetings of Shareholders of the Bank;
- Monitoring the largest credit exposures of shareholders with a qualified holding and of members of corporate bodies and of other specific operations that affected the results of the financial year;
- Monitoring the independence requirements of the members of the Supervisory Board, through a continuous evaluation model, as well as the performance of the Executive Board of Directors, which was deemed as efficient and adequate;
- The 2012 budget and management policy to be adopted for future years;
- The opinion on the Report regarding the Internal Control System in accordance with Notice No. 5/2008 of Banco de Portugal and assessment of its adequacy and efficiency in the Group;
- Regulations of the Supervisory Board;

- Appointment of members for corporate bodies of the Group companies or on behalf of the Group or of managers of the Bank that report directly to the Executive Board of Directors;
- The self-assessment process of the Supervisory Board, which revealed that each member, as well as the Board as a whole, are comfortable with the reliability of the information disclosed;
- All of the additional requests for information or clarification made by the Supervisory Board were met.

Activities of the Specialized Committees

AUDIT COMMITTEE

This Committee is responsible for:

- Monitoring of the issues related with Risk Management Systems or potential risks of a financial, operational, legal or social character which may produce significant direct or indirect losses;
- Monitoring of Internal Control and of the Internal Audit;
- Issuing opinions on the management report and the financial statements, on the issue of shares, bonds or other securities and on the Risk Manual of the Bank; also advises the Supervisory Board on the issuance of its opinion;
- Assessing the accuracy of the accounting books, accounting records and supporting documents, as well as the accounting policies, valuation criteria adopted and the preparation and disclosure of financial information;
- Proposing to the Supervisory Board the appointment of the Statutory Auditor and the External Auditor and monitors their activities and their independence, namely regarding additional services provided;
- Supervising the activities of the Internal Audit;
- Receiving communications of irregularities presented by shareholders, employees or others, ensuring that they are followed by the Internal Audit or the Ombudsman.

This Committee is also responsible for issuing opinions on contracts, with special emphasis on loans granted in any form or modality, by the Bank or any of the Group's subsidiary companies, to members of their corporate bodies, or shareholders with qualifying holdings, as well as to entities that, under the legal framework of Credit Institutions and Financial Companies, are related to them. Within this scope, in 2011 the Audit Committee analysed 28 proposals for operations and issued opinions on them, thereby ensuring they are compliant, rigorous and transparent. The Audit Committee meets regularly with the Chief Financial Officer, Statutory Auditor, External Auditor, Risk Officer, Compliance Officer, Head of the Internal Audit and the Head of the Planning and Budget Control area, having the power to summon any Coordinating Manager it wishes to hear.

The Audit Committee attended the meetings of the Executive Board of Directors that approved the quarterly, half-year and annual accounts.

In compliance with legal provisions and applicable regulations, this Committee prepares a separate report on its activities, published together with the financial documents of the 2011 financial year.

During the 2011 financial year, the Audit Committee met sixteen times, with an average attendance of 98.4%, having drawn the minutes of all the meetings. The meeting's secretary was the Head of the Supervisory Board Support Office.

CORPORATE GOVERNANCE COMMITTEE

This Committee is responsible for the permanent assessment and monitoring of corporate governance matters.

During the 2011 financial year, the Corporate Governance Committee met 4 times, and minutes of all meetings were prepared. This Committee's secretary is the Company Secretary. This Committee's expert is João Soares da Silva (Lawyer).

NOMINATIONS COMMITTEE

This Committee assists and advises the Supervisory Board on formulating an opinion on the anual vote of confidence in the members of the Executive Board of Directors.

Likewise, it also advises the Supervisory Board, issuing an opinion on the appointment of Coordinating Managers (reporting directly to the Executive Board of Directors), on individuals appointed for management or supervisory functions in subsidiary companies, whether controlled or not by Banco Comercial Português, and finally on issuing a prior favourable opinion required for directors to accept positions in corporate bodies outside the Group.

The Nominations Committee met six times in 2011, and minutes of all the meetings were drawn. This Committee's secretary is the Company Secretary.

RISK ASSESSMENT COMMITTEE

This Committee advises the Supervisory Board and the Executive Board of Directors on matters related with the definition of risk strategy, capital and liquidity management and market risk management, whose execution it monitors.

The Risk Assessment Committee, by deliberation and request of the Supervisory Board, prepares opinions on the Bank's Risk Manual and the Compliance Policies Manual.

The Risk Assessment Committee met once in 2011, and minutes of the meeting were drawn.

The Committee's secretary is the Head of the Supervisory Board Support Office.

ETHICS AND PROFESSIONAL CONDUCT COMMITTEE

This Committee assesses the compliance function and, at the same time, the appraisal of the fulfilment of the ethical and professional conduct principles set forth in the various internal regulations. By deliberation and at the request of the Supervisory Board, it prepares opinions on the Code of Conduct and other documents defining business ethical principles.

The Ethics and Professional Conduct Committee met twice in 2011, and minutes of both meetings were drawn. This Committee's secretary is the Company Secretary.

ASSESSMENT OF THE ACTIVITY CARRIED OUT BY THE SUPERVISORY BOARD

The self-assessment of the members of the Supervisory Board is based on methodologies that have been developed and consolidated, and is a good practice that allows, due to the identification of subjects and issues considered a priority, a better approach and a consequent increase in work efficiency.

The methodology used for self-assessment included, namely the consideration of the work developed throughout 2011, an analysis of the individual responses given by the members of the Supervisory Board to a specific questionnaire, which focused, among other things, on the commitment of the Supervisory Board towards its mission and its responsibilities, the participation and pro-activeness of the members of the Supervisory Board. The evaluation concluded that the overall balance of the activity is positive and consensual in the sense that this body fulfils the supervision mission of Banco Comercial Português and of the Group.

In conclusion, the process of self-assessment of the Supervisory Board, made in accordance with best international practices in terms of their methodology and scope, provided not only an overview of the work developed, which proved positive, but also confirms that the Supervisory Board met the conditions necessary to adequately perform its supervisory functions. It also identified the points to focus in the near future to further enhance the effectiveness of its work.

ACKNOWLEDGMENT

- During the 2011 financial year, special mention should be made of the strengthening of the institutional relationship between the Supervisory Board and its Specialized Committees with the Executive Board of Directors, which was especially straightforward, transparent and positive, leading to greater efficiency in the evaluation, approach and treatment of the various issues analyzed. A thank you is therefore due to the Executive Board of Directors and each one of its members for their cooperation, which made it possible for the Supervisory Board to assess all the information necessary to exercise their powers.
- To the Chairperson of the Board of the General Meeting, Mr. António Menezes Cordeiro, a word of appreciation for his availability to advise the Supervisory Board, contributing with his useful experience to greater clarity, rigour and security in the analysis of some more complex dossiers.
- To the Company Secretary's Office, for the competence, dedication and diligence with which they performed their tasks and supported the Supervisory Board in the fulfilment of its mission.
- To the Statutory Auditor and External Auditors a word of thanks for the constructive and independent way in which they interacted with this Board and its Audit Committee.
- To the Departments and respective managers that worked with the Supervisory Board, namely the Audit Department, the Risk Office, the Compliance Office, the Budget Planning and Control Department and the Treasury and Markets Department, for the frank and diligent collaboration with which they interacted with the Supervisory Board and, in particular, with the Audit Committee.
- To the members of the Supervisory Board Support Office and the other employees of the Group, our gratitude for their attitude, dedication and commitment, which contributed unequivocally to the effective functioning of the Supervisory Board.

Lisbon, 27 February 2012

ANNUAL REPORT OF THE AUDIT COMMITTEE

I - Introduction

The Audit Committee (Committee) of Banco Comercial Português, S.A. (Bank), established under the Supervisory Board, hereby presents the annual report on its supervisory action, prepared in compliance, namely, with the provisos of number 4 of article 444 of the Companies Code.

Under the terms of the legal, regulatory and statutory provisions, the Committee is responsible for the following duties, amongst others:

- Verifying the accuracy of the supporting accounting books, accounting records and supporting documents, as well as the status of any assets or securities owned by the company in any capacity;
- Verifying if the accounting policies and valuation criteria adopted by the company lead to the correct evaluation of the assets and earnings;
- Issuing an opinion on the management report and accounts of the financial year;
- Supervising the effectiveness of the risk management, internal control and internal audit systems;
- Receiving communications stating irregularities presented by shareholders, company employees or others;
- Supervising the process of preparation and disclosure of financial information;
- Providing the Supervisory Board with everything required for it to propose to the General Meeting the appointment of the Statutory Auditor and External Auditor;
- Supervising the review of the accounts of the financial statements;

- Supervising the independence of the Statutory Auditor and External Auditor, namely with respect to the provision of additional services;

- Issuing opinions on contracts, in particular loan contracts granted in any form or modality, including the provision of guarantees by the Bank or any company of the Banco Comercial Português Group (Group) to members of their governing bodies, to shareholders who own more than 5% of the Bank's share capital, as well as to entities which, under the terms of the Legal Framework of Credit Institutions and Financial Companies, are related to any of them.

II - Activities

In the undertaking of its activities, the Committee regularly meets with the Chief Financial Officer, the Statutory Auditor and External Auditor, the Risk Officer, the Compliance Officer, the Head of Internal Audit and the Head of Budget Planning and Control.

During 2011, the Committee met with the members of the Executive Board of Directors (EBD) of the Bank and, based on the power held by it of summoning any Manager it wishes to hear, met with the Heads of the Accounting and Consolidation Department, Research Office, Litigation Department and Tax Advisory Department.

In 2011, the Committee held 16 meetings, with the minutes of all the meetings having been drawn up. In compliance with article 432 of the Companies Code, the members of the Committee attended the meetings of the Executive Board of Directors that approved the quarterly, half-year and annual reports.

During the effective development of its duties, the Committee sought and obtained all the relevant information and clarifications for the effect, which included, namely, any verification deemed timely and suitable for ensuring compliance with the articles of association and applicable legal and regulatory rules, and its actions were in no way constrained. The Committee regularly informed the Supervisory Board on its activities.

Over the year, the Committee specifically developed the following activities:

Supervision of the preparation and disclosure of the financial information

The Committee examined the main accounting policies adopted, in particular those that could have an impact on the financial statements of the Bank and its subsidiaries.

The Committee reviewed the information relative to the Pension Fund of the BCP Group and the actuarial assumptions used to determine the liabilities with retirement pensions, namely the impact of the partial transfer of those liabilities to the Social Security System. It also appraised the impact of the changes to the accounting policy to recognise the actuarial deviations associated with the defined benefits plan.

The Committee regularly monitored the largest credit exposures and impairments of the Group.

The Committee monitored, throughout the year, the situation of the Group's exposure to Greek entities, to Bank Millennium (Greece) and to the sovereign debt of Greece and of other EU countries, the liability management operation, which consisted of launching an offering to exchange instruments issued by the Bank's subsidiary companies for new debt instruments, and the development of inspections to the Bank's loan portfolio, within the scope of the Special Inspections Programme (SIP) pursuant to the Financial Aid Programme. I also analysed the accounting of deferred tax assets.

Based on the available information, the Committee appraised the monthly financial statements, on an individual and consolidated basis, and the earnings and key financial indicators of the Group companies. It also periodically analysed the Bank's liquidity, cost to income and solvency ratios, namely the performance of the Core Tier 1 ratio.

In the beginning of 2011, and with reference to 2010, the Committee appraised the Annual Report drawn up by the Executive Board of Directors and the Legal Certifications of the Accounts and Audit Reports prepared by KPMG & Associados - SROC, S.A., on the individual and consolidated financial statements, which were issued without reservations or emphases. In the beginning of 2012, the same procedures were carried out in relation to 2011.

In view of the result of the work carried out, the Committee recommended to the Supervisory Board the issue of a favourable opinion on the Annual Report and Accounts of Banco Comercial Português, S.A., which includes the individual and consolidated financial statements for the years ended on 31 December 2010 and 2011.

The Committee appraised the Liquidity and Capital Plan for 2011 to 2015, as well as the Group Budget for 2012, examining the assumptions used in the forecast for earnings and activity indicators, risk factors, market shares, investments and evolution of own funds.

Supervision of the effectiveness of the risk management, internal control and internal audit systems

The Committee followed the revision of the internal control system, a revision complemented by the analysis by the analysis and evaluation made by an external consultant chosen for this purpose (Deloitte & Associados, SROC, S.A.). It also monitored the drafting of the Internal Control Reports, under the responsibility of the Executive Board of Directors - with contributions from the Risk Office, Compliance Office and Internal Audit -, and prepared the proposals for the opinions of the Supervisory Board on those Reports, which were sent to Banco de Portugal in June 2011. It also regularly monitored the implementation of the recommendations made in those Reports.

The Committee followed the activity developed by the Risk Office, appraising, namely, the monthly reports on risks, impairment and major credit exposure. Furthermore, it analysed the changes to the internal rulings on market risk and liquidity and the new internal regulations on impairment and financial instruments.

The AC followed the results of the stress tests made by request of Banco de Portugal, in accordance with the recommendations of the European Banking Authority (EBA).

It assessed the Activity Plan of the Internal Audit for 2011, as well as the activity reports made in the end of 2010 and every quarter in 2011. The Head of Internal Audit regularly informed the Committee on the inspection actions carried out by the supervision authorities of the different markets where the Group operates.

The Committee also monitored the activity developed by the Compliance Office, namely, appraising the Activity Plan for 2011 and the quarterly activity reports.

The Committee was regularly informed on the correspondence exchanged between the Bank and supervision authorities.

Supervision of the activity of the Statutory Auditor and External Auditor

In the beginning of 2011, the Committee analysed the conclusions of the audit work on the individual and consolidated financial statements of 2010, carried out by the Statutory Auditor and External Auditor. Throughout 2011, it analysed the conclusions of the Desktop Review of the financial statements for the first and third quarters and of the Limited Review of the interim financial statements for the first semester. In 2012, it analysed the conclusions of the audit work on the 2011 individual and consolidated financial statements, carried out by the Statutory Auditor and External Auditor.

The AC prepared the proposals submitted in April 2011 to the General Meeting, with the prior appraisal and approval of the Supervisory Board, to appoint the Bank's External Auditor and to elect the Bank's Statutory Auditor for the three-year period 2011/2013.

It analysed the conclusions on the half-year Impairment Reports and on the Internal Control System presented by the Statutory Auditor and External Auditor.

The Committee appraised the proposals for contracting additional services to be provided by the External Auditor, within the scope of the Policy for the Approval of Audit Services.

In the beginning of 2011, the Committee also appraised the contents of the letter of KPMG & Associados - Sociedade de Revisores Oficiais de Contas, S.A., issued under the legal terms and in compliance with the requirements ruling its activity, providing a summary of the services provided, including the additional services, to the BCP Group, between 1 January and 31 December 2010, in Portugal and abroad, as well as the respective fees and confirmation of independence. In the beginning of 2012, the same procedures were carried out for the period of time from 1 January to 31 December 2011.

The Committee supervised the independence of the Statutory Auditor and External Auditor and also assessed their performance throughout the year, having concluded that both adequately exercised the duties with which they were entrusted.

Issue of opinions on loans granted to members of the corporate bodies and to holders of qualifying shareholdings

The Committee assessed the Bank's credit exposure arising from loans granted to members of the Supervisory Board, to holders of qualifying shareholdings and to entities related to them. It issued opinions on 28 loans approved by the Executive Board of Directors.

Receipt of communications stating irregularities presented by shareholders, company employees or others

The Committee was regularly informed on the handling of complaints and claims from customers by the Client Ombudsman’s Office and by the Direct Banking Department.

The Committee appraised the 2010 Market Conduct Supervision Report drawn up by Banco de Portugal and the Benchmarking Analysis made internally on the Market Conduct Supervision Report also issued by Banco de Portugal regarding the 1st half of 2011.

III - Acknowledgements

The Committee expresses its gratitude to the Corporate Bodies and Services of the Bank it contacted, in particular, the Head of the Support Office of the Supervisory Board, for all the collaboration provided in the performance of its duties.

Lisbon, 22 February 2012

[Signatures of:]

João Matos Loureiro (Chairman)	José Xavier de Basto (Member)
José Vieira dos Reis (Member)	Thomaz Paes de Vasconcellos (Member)

OPINION OF THE AUDIT COMMITTEE
RELATING TO THE 2011 FINANCIAL STATEMENTS

1. On 27 February 2012, the Executive Board of Directors (EBD) approved the individual and consolidated financial statements of Banco Comercial Português, S.A., (BCP), as well as the Directors Report and Corporate Government Report as of 31 December 2011.
2. At a meeting also held on 27 February 2012, the Supervisory Board (SB), pursuant to a recommendation issued by the Audit Committee (AC) issued a favourable opinion on the 2011 Annual Report prepared by the EBD and resolved to propose its approval by the Annual General Meeting of Shareholders.
3. At a General Meeting of Shareholders held on 28 February 2011, the shareholders approved the alteration of the corporate governance model of BCP from a two-tier model to a one-tier model composed by a Board of Directors with an Executive Committee and an Audit Committee and by a Chartered Accountant.
4. Of the three members elected by the General Meeting of Shareholders held on 28 February to be part of the Audit Committee, two of them, including its Chairman, came from the AC of the previous corporate governance model.
5. The swap operation relating to the Greek sovereign debt securities scheduled since 2011 occurred in March 2012 and BCP participated therein. This operation led to the partial relief of the Greek debt held by BCP.
6. Since the amount of the partial relief of the Greek sovereign debt is higher than that of the impairments previously accounted for that purpose, the Board of Directors resolved to translate the difference in the financial statements as of 31 December 2011. The remaining figures approved by the former EBD, in office as at 27 February 2012, remain unaltered.
7. In compliance with its duties, the Audit Committee appraised: (i) the 2011 Directors Report and Financial Statements prepared by the Executive Committee; (ii) the Legal Certification of Accounts and Audit Reports made by KPMG & Associados - SROC, S.A., on the individual and consolidated financial statements, issued without reservations or emphases; and (iii) the documents on the 2011 financial statements previously produced by the former AC and SB.
8. To prepare the opinion below, the Audit Committee discussed and analysed the directors report and the financial statements with the Executive Committee, with the Director in charge of financial affairs, the heads of the Risk Office and of the Budget Planning and

Control Department, the Company Secretary and the External Auditors, requesting all the information and clarification relevant to undertake its functions, which included, namely, the analyses deemed necessary and adequate regarding compliance with the articles of association and the applicable legal rulings.

9. The signatories declare that, to the best of their knowledge, the financial information analysed was drawn up in accordance with the applicable accounting standards, providing a true and fair view of the assets and liabilities, of the financial standing and of the results registered by BCP and the companies included in the consolidation perimeter, and that the directors report faithfully portrays the evolution of the business, performance and market position of BCP and of the companies within the consolidation perimeter, including a description of the main risks and uncertainties faced by them.
10. Considering the result of the work carried out, the Audit Committee agrees with the contents of the Legal Certifications of the Accounts and Audit Reports prepared by KPMG & Associados – SROC, S.A., and therefore issues a favourable opinion on BCP's Annual Report, which includes the individual and consolidated financial statements for the year ended on 31 December 2011, approved by the Board of Directors.
11. In accordance with the information above, we are of the opinion that the General Meeting of Banco Comercial Português, S.A. should approve:
    a) The individual and consolidated annual report and financial statements for the year ended on 31 December 2011;
    b) The proposal from the Board of Directors for the appropriation of the net losses registered in the individual balance sheet in 2011, amounting to 468,526,835.71 Euros.

Lisbon, 23 April 2012

[signatures of:]

João Matos Loureiro (Chairman)

José Xavier de Basto (Member)

Jaime Santos Bastos (Member)

2011 Financial Statements

Banco Comercial Português

CONSOLIDATED FINANCIAL STATEMENTS

31 December
2 0 1 1

BANCO COMERCIAL PORTUGUÊS

Consolidated Income Statement
for the years ended 31 December, 2011 and 2010

	Notes	2011	2010
		(Thousands of Euros)	
Interest and similar income	3	4,060,136	3,477,058
Interest expense and similar charges	3	(2,480,862)	(1,960,223)
Net interest income		1,579,274	1,516,835
Dividends from equity instruments	4	1,379	35,906
Net fees and commissions income	5	789,372	811,581
Net gains / (losses) arising from trading and hedging activities	6	204,379	367,280
Net gains / (losses) arising from available for sale financial assets	7	3,253	72,087
Other operating income/costs	8	(22,793)	17,476
		2,554,864	2,821,165
Other net income from non banking activities		26,974	16,550
Total operating income		2,581,838	2,837,715
Staff costs	9	953,649	831,168
Other administrative costs	10	584,459	601,845
Depreciation	11	96,110	110,231
Operating expenses		1,634,218	1,543,244
Operating net income before provisions and impairment		947,620	1,294,471
Loans impairment	12	(1,331,910)	(713,256)
Other financial assets impairment	13	(549,850)	(10,180)
Other assets impairment	27, 29 and 32	(128,565)	(71,115)
Goodwill impairment	30	(160,649)	(147,130)
Other provisions	14	13,979	635
Operating net income		(1,209,375)	353,425
Share of profit of associates under the equity method	15	14,620	67,661
Gains / (losses) from the sale of subsidiaries and other assets	16	(26,872)	(2,978)
Net income before income tax		(1,221,627)	418,108
Income tax			
Current	17	(66,857)	(54,158)
Deferred	17	525,714	39,814
Net income after income tax		(762,770)	403,764
Attributable to:			
Shareholders of the Bank		(848,623)	344,457
Non-controlling interests	45	85,853	59,307
Net income for the year		(762,770)	403,764
Earnings per share (in Euros)	18		
Basic		(0.07)	0.05
Diluted		(0.07)	0.05

CHIEF ACCOUNTANT

THE EXECUTIVE BOARD OF DIRECTORS

See accompanying notes to the consolidated financial statements

BANCO COMERCIAL PORTUGUÊS

Consolidated Balance Sheet as at 31 December, 2011, 2010 and 1 January 2010

	Notes	2011	2010	1 Jan 2010
			(Thousands of Euros)	
Assets				
Cash and deposits at central banks	19	2,115,945	1,484,262	2,244,724
Loans and advances to credit institutions				
Repayable on demand	20	1,577,410	1,259,025	839,552
Other loans and advances	21	2,913,015	2,343,972	2,025,834
Loans and advances to customers	22	68,045,535	73,905,406	75,191,116
Financial assets held for trading	23	2,145,330	5,136,299	3,356,929
Financial assets available for sale	23	4,774,114	2,573,064	2,698,636
Assets with repurchase agreement		495	13,858	50,866
Hedging derivatives	24	495,879	476,674	465,848
Financial assets held to maturity	25	5,160,180	6,744,673	2,027,354
Investments in associated companies	26	305,075	395,906	437,846
Non current assets held for sale	27	1,104,650	996,772	1,343,163
Investment property	28	560,567	404,734	429,856
Property and equipment	29	624,599	617,240	645,818
Goodwill and intangible assets	30	251,266	400,802	534,995
Current income tax assets		52,828	33,946	24,774
Deferred income tax assets	31	1,564,538	975,676	790,914
Other assets	32	1,790,650	784,446	1,134,132
		93,482,076	98,546,755	94,242,357
Liabilities				
Deposits from credit institutions	33	17,723,419	20,076,556	10,305,672
Deposits from customers	34	47,516,110	45,609,115	46,307,233
Debt securities issued	35	16,236,202	18,137,390	19,953,227
Financial liabilities held for trading	36	1,478,680	1,176,451	1,072,324
Other financial liabilities at fair value				
through profit or loss	37	2,578,990	4,038,239	6,345,583
Hedging derivatives	24	508,032	346,473	75,483
Non current liabilities held for sale		-	-	435,832
Provisions for liabilities and charges	38	246,100	235,333	233,120
Subordinated debt	39	1,146,543	2,039,174	2,231,714
Current income tax liabilities		24,037	11,960	10,795
Deferred income tax liabilities	31	2,385	344	416
Other liabilities	40	1,647,208	1,264,119	1,358,210
Total Liabilities		89,107,706	92,935,154	88,329,609
Equity				
Share capital	41	6,065,000	4,694,600	4,694,600
Treasury stock	44	(11,422)	(81,938)	(85,548)
Share premium		71,722	192,122	192,122
Preference shares	41	171,175	1,000,000	1,000,000
Other capital instruments	41	9,853	1,000,000	1,000,000
Fair value reserves	43	(389,460)	(166,361)	93,760
Reserves and retained earnings	43	(1,241,490)	(1,868,780)	(1,326,491)
Net income for the year attributable to Shareholders		(848,623)	344,457	-
Total Equity attributable to Shareholders of the Bank		3,826,755	5,114,100	5,568,443
Non-controlling interests	45	547,615	497,501	344,305
Total Equity		4,374,370	5,611,601	5,912,748
		93,482,076	98,546,755	94,242,357

CHIEF ACCOUNTANT THE EXECUTIVE BOARD OF DIRECTORS

See accompanying notes to the consolidated financial statements

BANCO COMERCIAL PORTUGUÊS

Consolidated Cash Flows Statement
for the years ended 31 December, 2011 and 2010

	2011	2010
	(Thousands of Euros)	
Cash flows arising from operating activities		
Interest income received	3,640,315	3,291,908
Commissions income received	965,688	961,139
Fees received from services rendered	102,232	118,610
Interest expense paid	(2,319,143)	(1,972,908)
Commissions expense paid	(159,433)	(129,930)
Recoveries on loans previously written off	21,289	30,555
Net earned premiums	23,169	20,328
Claims incurred	(11,076)	(8,486)
Payments to suppliers and employees	(1,805,189)	(1,686,712)
	457,852	624,504
Decrease / (increase) in operating assets:		
Loans and advances to credit institutions	(1,054,839)	790,967
Deposits with Central Banks under monetary regulations	(133,961)	(329,598)
Loans and advances to customers	5,257,606	485,154
Short term trading account securities	3,083,023	(1,558,296)
Increase / (decrease) in operating liabilities:		
Deposits from credit institutions repayable on demand	25,050	11,022
Deposits from credit institutions with agreed maturity date	(2,608,353)	8,720,756
Deposits from clients repayable on demand	(151,127)	(635,063)
Deposits from clients with agreed maturity date	2,036,816	(19,342)
	6,912,067	8,090,104
Income taxes (paid) / received	(64,463)	(25,182)
	6,847,604	8,064,922
Cash flows arising from investing activities		
Proceeds from sale of shares in subsidiaries and associated companies	-	81,051
Acquisition of shares in subsidiaries and associated companies	-	(23,895)
Dividends received	7,717	42,031
Interest income from available for sale financial assets	401,043	188,323
Proceeds from sale of available for sale financial assets	22,427,343	48,068,277
Available for sale financial assets purchased	(43,954,493)	(61,360,877)
Proceeds from available for sale financial assets on maturity	19,057,945	13,330,707
Acquisition of fixed assets	(103,172)	(151,309)
Proceeds from sale of fixed assets	6,002	51,762
Increase / (decrease) in other sundry assets	(1,237,633)	(4,788,366)
	(3,395,248)	(4,562,296)
Cash flows arising from financing activities		
Issuance of subordinated debt	416,100	150,334
Reimbursement of subordinated debt	(1,224,616)	(324,423)
Issuance of debt securities	3,098,189	4,168,688
Reimbursement of debt securities	(6,999,746)	(4,425,979)
Issuance of commercial paper	3,367,283	5,596,366
Reimbursement of commercial paper	(2,250,846)	(7,936,414)
Share capital increase	249,991	-
Dividends paid	-	(89,095)
Dividends paid to non-controlling interests	(19,154)	(3,468)
Increase / (decrease) in other sundry liabilities and non-controlling interests	266,740	(227,640)
	(3,096,059)	(3,091,631)
Exchange differences effect on cash and equivalents	(40,190)	18,426
Net changes in cash and equivalents	316,107	429,421
Cash and equivalents at the beginning of the year	1,952,447	1,523,026
Cash (note 19)	691,144	693,422
Other short term investments (note 20)	1,577,410	1,259,025
Cash and equivalents at the end of the year	2,268,554	1,952,447

See accompanying notes to the consolidated financial statements

BANCO COMERCIAL PORTUGUÊS

Consolidated Statement of Changes in Equity
for the years ended 31 December, 2011 and 2010

(Amounts expressed in thousands of Euros)

	Total equity	Share capital	Preference shares	Other capital instruments	Share premium	Legal and statutory reserves	Other comprehensive income: Fair value and Cash Flow hedged reserves	Other comprehensive income: Other	Other reserves and retained earnings	Goodwill	Treasury stock	Non-controlling interests
Balance on 31 December, 2009	7,220,801	4,694,600	1,000,000	1,000,000	192,122	435,410	93,760	(96,478)	2,526,210	(2,883,580)	(85,548)	344,305
Changes in the accounting policy of recognition of the actuarial gains/losses (note 60)	(1,308,053)	-	-	-	-	-	-	(1,308,053)	-	-	-	-
Balance on 1 January, 2010	5,912,748	4,694,600	1,000,000	1,000,000	192,122	435,410	93,760	(1,404,531)	2,526,210	(2,883,580)	(85,548)	344,305
Transfers to reserves (note 43):												
Legal reserve	-	-	-	-	-	20,632	-	-	(20,632)	-	-	-
Statutory reserve	-	-	-	-	-	10,000	-	-	(10,000)	-	-	-
Dividends paid in 2010	(89,095)	-	-	-	-	-	-	-	(89,095)	-	-	-
Actuarial losses for the year (note 51)	(370,667)	-	-	-	-	-	-	(370,667)	-	-	-	-
Costs related to the issue of perpetual subordinated Instruments	(70,000)	-	-	-	-	-	-	-	(70,000)	-	-	-
Tax related to the costs and interest charge on the issue of perpetual subordinated instruments	17,526	-	-	-	-	-	-	-	17,526	-	-	-
Net income for the year attributable to Shareholders of the Bank	344,457	-	-	-	-	-	-	-	344,457	-	-	-
Net income for the year attributable to Non-controlling interests (note 45)	59,307	-	-	-	-	-	-	-	-	-	-	59,307
Dividends on preference shares	(48,910)	-	-	-	-	-	-	-	(48,910)	-	-	-
Treasury stock	3,610	-	-	-	-	-	-	-	-	-	3,610	-
Exchange differences arising on consolidation	18,426	-	-	-	-	-	-	18,426	-	-	-	-
Fair value reserves (note 43)												
Financial instruments available for sale	(246,092)	-	-	-	-	-	(246,092)	-	-	-	-	-
Cash-flow hedge	(14,029)	-	-	-	-	-	(14,029)	-	-	-	-	-
Non-controlling interests (note 45)	93,889	-	-	-	-	-	-	-	-	-	-	93,889
Other reserves arising on consolidation (note 43)	431	-	-	-	-	-	-	-	431	-	-	-
Balance on 31 December, 2010	5,611,601	4,694,600	1,000,000	1,000,000	192,122	466,042	(166,361)	(1,756,772)	2,649,987	(2,883,580)	(81,938)	497,501
Transfers to reserves (note 43):												
Legal reserve	-	-	-	-	-	30,065	-	-	(30,065)	-	-	-
Statutory reserve	-	-	-	-	-	10,000	-	-	(10,000)	-	-	-
Share capital increase through the issue of shares, conversion of perpetual subordinated securities and incorporation of reserves (note 41)	259,853	1,370,400	-	(990,147)	(120,400)	-	-	-	-	-	-	-
Costs related to the capita increase	(9,862)	-	-	-	-	-	-	-	(9,862)	-	-	-
Exchange of debt instruments and perpetual preferred shares for new debt instruments	(388,390)	-	(828,825)	-	-	-	-	-	440,435	-	-	-
Actuarial losses for the year (note 51)	(31,295)	-	-	-	-	-	-	(31,295)	-	-	-	-
Interest charge related to the issue of perpetual subordinated Instruments	(21,595)	-	-	-	-	-	-	-	(21,595)	-	-	-
Tax related to the interest charge on the issue of perpetual subordinated instruments	5,421	-	-	-	-	-	-	-	5,421	-	-	-
Net income for the year attributable to Shareholders of the Bank	(848,623)	-	-	-	-	-	-	-	(848,623)	-	-	-
Net income for the year attributable to non-controlling interests (note 45)	85,853	-	-	-	-	-	-	-	-	-	-	85,853
Tax and issuance costs related with capital instruments	(102)	-	-	-	-	-	-	-	(102)	-	-	-
Dividends on preference shares	(56,553)	-	-	-	-	-	-	-	(56,553)	-	-	-
Treasury stock	70,516	-	-	-	-	-	-	-	-	-	70,516	-
Exchange differences arising on consolidation	(40,190)	-	-	-	-	-	-	(40,190)	-	-	-	-
Fair value reserves (note 43)												
Financial instruments available for sale	(247,080)	-	-	-	-	-	(247,080)	-	-	-	-	-
Cash-flow hedge	23,981	-	-	-	-	-	23,981	-	-	-	-	-
Non-controlling interests (note 45)	(35,739)	-	-	-	-	-	-	-	-	-	-	(35,739)
Other reserves arising on consolidation (note 43)	(3,426)	-	-	-	-	-	-	-	(3,426)	-	-	-
Balance on 31 December, 2011	4,374,370	6,065,000	171,175	9,853	71,722	506,107	(389,460)	(1,828,257)	2,115,617	(2,883,580)	(11,422)	547,615

See accompanying notes to the consolidated financial statements

BANCO COMERCIAL PORTUGUÊS

Statement of Comprehensive income
for the years ended 31 December, 2011 and 2010

	Notes	2011	2010
		(Thousands of Euros)	
Fair value reserves			
Financial assets available for sale	43	(304,015)	(268,568)
Cash-Flow hedge	43	29,606	(17,320)
Taxes			
Financial assets available for sale	43	56,935	22,476
Cash-Flow hedge	43	(5,625)	3,291
		(223,099)	(260,121)
Actuarial losses for the year			
Gross value		(36,755)	(451,049)
Taxes		5,460	80,382
		(31,295)	(370,667)
Exchange differences arising on consolidation	43	(40,190)	18,426
Comprehensive income recognised directly in Equity after taxes		(294,584)	(612,362)
Net income for the year		(762,770)	403,764
Total Comprehensive income for the year		(1,057,354)	(208,598)
Attributable to:			
Shareholders of the Bank		(1,143,207)	(267,905)
Non-controlling interests		85,853	59,307
Total Comprehensive income for the year		(1,057,354)	(208,598)

See accompanying notes to the consolidated financial statements

1. Accounting policies

a) Basis of presentation

Banco Comercial Português, S.A. Sociedade Aberta (the 'Bank') is a public bank, established in Portugal in 1985. It started 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, 2011 and 2010.

In accordance with Regulation (EC) no. 1606/2002 from the European Parliament and the Council, of 19 July 2002, and as transposed into Portuguese Law through Decree-Law no. 35/2005, 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. The consolidated financial statements presented were approved on 23 April 2012 by the Bank's Board of Directors. The financial statements are presented in thousands of euros, rounded to the nearest thousand.

All the references in this document relate to any normative always report to current version.

The Group adopted the IFRS standards and interpretations for which application is mandatory for accounting periods beginning on 1 January 2011.

The consolidated financial statements for the year ended 31 December, 2011 have been prepared in terms of recognition and measurement in accordance with the IFRS, effective and adopted by EU.

According to one of the options allowed by IAS 19 Employee Benefits, the Group decided in 2011 for a change in the accounting policy for recognition of actuarial gains and losses, starting to recognise the actuarial gains and losses of the year against reserves. In accordance with IAS 8, this change in accounting policy is presented for comparative purposes from 1 January 2010, recognising in all the deferred actuarial gains and losses determined at that date in equity. Thus, as described in notes 31, 51 and 60 the balance Reserves and retained earnings includes, with effective date 1 January 2010, the restatement resulted from the referred change in the accounting policy.

Previously, the Group proceeded to the deferral of actuarial gains and losses determined in accordance with the corridor method. Under the corridor method, actuarial gains and losses not recognised that exceed 10% of the greater of the present value of the liabilities and the fair value of the Fund's assets are recorded in the income statement for the period corresponding to the estimated remaining useful life of the employees in service.

In 2011, the Group adopted the IFRS 7 - Financial Instruments: Disclosures - Transfers of financial assets and the "Annual Improvement Project" issued in May 2010. These standards whose application is mandatory, with reference to 1 January, 2011, have an impact in terms of addional disclosures relating to the group's assets and liabilities.

The Group's financial statements are prepared under the historical cost convention, as modified by the application of fair value for derivative financial instruments, financial assets and liabilities at fair value through profit or loss (trading and fair value option) and available for sale assets, except those for which a reliable measure of fair value is not available. Financial assets and liabilities that are hedged under hedge accounting are stated at fair value in respect of the risk that is being hedged, if applicable. 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 or fair value less costs to sell. The liability for defined benefit obligations is recognised as the present value of the defined benefit obligation net of the value of the fund.

The accounting policies set out below have been applied consistently throughout the Group's entities and for all periods presented in these consolidated financial statements.

The preparation of the financial statements in accordance with IFRS requires the Executive Board of Directors to make judgments, estimates and assumptions that affect the application of the accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments 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 judgment or complexity or where assumptions and estimates are considered to be significant are presented in note 1 ac).

b) *Basis of consolidation*

As from 1 January, 2010, the BCP Group applied IFRS 3 (revised) for the accounting of business combinations. The changes in the accounting policies resulting from the application of IFRS 3 (revised) are applied prospectively.

Investments in subsidiaries

Investments in subsidiaries where the Group holds 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 manage the financial and operating policies of an entity to obtain benefits from its activities, even if the percentage of capital held is less than 50%.

As from 1 January, 2010, accumulated losses are attributed to non-controlling interests in the respective proportion, implying that the Group can recognise negative non-controlling interests. Previously, when the accumulated losses of a subsidiary attributable to the non-controlling interest exceed the equity of the subsidiary attributable to the non-controlling interest, the excess is attributed to the Group and charged to the income statement as it occurs. Profits subsequently reported by the subsidiary are recognised as profits of the Group until the prior losses attributable to non-controlling interest previously recognised by the Group have been recovered.

As from 1 January, 2010, on a step acquisition process resulting in the acquisition of control the revaluation of any participation previously acquired is booked against the profit and loss account, when goodwill is calculated. On a parcial disposal resulting in loss of control over a subsidiary, any participation retained is revalued at market value on the sale date and the gain or loss resulting from this revaluation is booked against the income statement.

Investments in associates

Investments in associated companies are consolidated by the equity method between the date that the Group acquires significant influence and the ending date it ceases to exist. 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. 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 Executive 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 the management team; or
- provision of essential technical information.

The consolidated financial statements include the part that is attributable to the Group of the total reserves and results of associated companies accounted on an equity basis. When the Group's share of losses exceeds its interest in an associate, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred in a legal or constructive obligation to assume those losses on behalf of an associate.

Goodwill

Goodwill arising from business combinations occurred prior to 1 January 2004 was charged against reserves.

Business combinations that occurred after 1 January 2004 are accounted for using the purchase method of accounting. The acquisition cost corresponds to the fair value, determined at the acquisition date, of the assets given and liabilities incurred or assumed including the costs directly attributable to the acquisition, for acquisitions up to 31 December, 2009.

As from 1 January, 2010 onwards, costs directly attributable to the acquisition of a subsidiary are booked directly in the income statement.

As from the transition date to IFRS (1 January 2004), positive goodwill arising from acquisitions is recognised as an asset carried at acquisition cost and is not subject to amortisation.

Goodwill arising on the acquisition of subsidiaries and associates is defined as the difference between the cost of acquisition and the total or corresponding share of the fair value of the net assets and contingent liabilities acquired, depending on the option taken.

Negative goodwill arising on an acquisition is recognised directly in the income statement in the year the business combination occurs.

The recoverable amount of the goodwill in subsidiaries is assessed annually, regardless of the existence of any impairment triggers. Impairment losses are recognised in the income statement. The recoverable amount is determined based on the value in use of the assets, calculated using valuation methodologies supported by discounted cash flow techniques, considering market conditions, the time value of money and the business risks.

Until 31 December 2009, contingent acquisition prices were determined based on the best estimate of probable future payments, being the future changes in the estimate booked against "goodwill". As from 1 January 2010, goodwill is no longer adjusted due to changes in the initial estimate of the contingent purchase price and the difference is booked in the income statement.

Purchases and diluition of non-controlling interests

Until 31 December, 2009, when an interest in a subsidiary was disposed of, without a loss in control, the difference between the sale price and the book value of the net assets held by the Group, plus the carrying value of goodwill in that subsidiary, was recognised in the income statement of the period as a gain or loss resulting from the disposal. The dilution effect occurred when the percentage of interest in a subsidiary decreased without any sale of interest in that subsidiary, for example, if the Group did not participate proportionally in the share capital increase of that subsidiary. Until 31 December, 2009, the Group recognised the gains or losses resulting from a dilution of a subsidiary following a sale or capital increase in the income statement.

Also in an acquisition of non-controlling interests, until 31 December 2009, the difference between the fair value of the non-controlling interests acquired and the consideration paid, was accounted against goodwill. The acquisitions of non-controlling interests through written put options related with investments in subsidiaries held by non-controlling interests, were recorded as a financial liability for the present value of the best estimate of the amount payable, against non-controlling interests. The difference between the non-controlling interests acquired and the fair value of the liability, was recorded as goodwill. The fair value of the liability was determined based on the contractual price which may be fixed or variable. In case of a variable price, the changes in the liability are recognised as an adjustment to the cost of the business combination against goodwill and the effect of the financial discount of the liability (unwinding) was recognised as a financial expense in the consolidated income statement. This accounting treatment is maintained for all options contracted until 31 December 2009.

Since 1 January 2010, the acquisition of the non-controlling interests that does not impact the control position of a subsidiary is accounted as a transaction with shareholders and, therefore, is not recognised additional goodwill resulting from this transaction. The difference between the acquisition cost and the book value or fair value of non-controlling interests acquired is recognised directly in reserves. On this basis, the gains and losses resulting from the sale of non-controlling interests, that does not impact the control position of a subsidiary, are always recognised against reserves.

The gains and losses resulting from the dilution or sale of a financial position in a subsidiary, with loss of control, are recognised by the Grupo in results for the year.

The same way, as from 1 January 2010, the acquisitions of non-controlling interests through written put options related with investments in subsidiaries held by non-controlling interests, are recorded as a financial liability for the present value of the best estimate of the amount payable, against non-controlling interests. The fair value of the liability is determined based on the contractual price which may be fixed or variable. In case of a variable price, the changes in the liability are recognised against the income statement as well as the effect of the financial discount of the liability (unwinding). As from 1 January 2010 onwards, in an acquisition (dilution) of non-controlling interests not resulting in a loss of control, the difference between the fair value of the non-controlling interests acquired and the consideration paid, is accounted against reserves.

Special Purpose Entities (‘SPEs’)

The Group fully consolidates SPEs resulting from securitization operation with assets from Group entities (as referred in note 22), 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. Besides these SPEs resulting from securitization operations, no additional SPEs have been consolidated considering that they do not meet the criteria established on SIC 12 as described below.

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, in order 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 inherent to the activities of the SPE;
- 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.

Investment fund management

The Group manages the assets held by investment funds for which the participation units are held by third parties. The financial statements of these entities are not consolidated by the BCP Group, except when the Group has the control over these investment funds, namely when it holds more than 50% of the participation units.

When the Group consolidates real estate investment funds, the real estate property resulting from these funds are classified as investment property, as described in note 1 r).

Investments in foreign subsidiaries and associates

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 or the currency in which the subsidiaries obtain their income or finance their activity. In the consolidation process, assets and liabilities, including goodwill, of foreign subsidiaries are converted into euros at the official exchange rate at the balance sheet date. The goodwill existing on these investments is valued against reserves.

Regarding the investments in foreign operations that are consolidated in the Group accounts under the full consolidation, proportional consolidation or equity methods, for exchange differences between the conversion to Euros of the opening net assets at the beginning of the year and their value in Euros at the exchange rate ruling at the balance sheet date for consolidated accounts are charged against consolidated reserves. The exchange differences from hedging instruments related with foreign operations are eliminated from profit and loss in the consolidation process against the exchange differences booked in reserves resulting from those investments. Whenever the hedge is not fully effective, the ineffective portion is accounted against profit and loss of the year.

The income and expenses of these subsidiaries are converted to Euros at an aproximate rate of the rates ruling at the dates of the transactions. Exchange differences from the conversion to Euros of the profits and losses for the reporting period, arising from the difference between the exchange rate used in the income statement and the exchange rate prevailing at the balance sheet date, are recognised in reserves - exchange differences.

On disposal of investments in foreign subsidiaries for which there is loss of control, exchange differences related to the investment in the foreign operation and to the associated hedge transaction previously recognised in reserves, are transferred to profit and loss as part of the gains or loss arising from the disposal.

Investments in jointly controlled entities

Jointly controlled entities, consolidated under the proportional method, are entities where the Group has joint control, established by contractual agreement. The consolidated financial statements include, in the corresponding captions, the Group’s proportional share of the entities’ assets, liabilities, revenue and expenses, with items of a similar nature on a line by line basis, from the date that joint control started until the date that joint control ceases.

Transactions eliminated on consolidation

Intragroup balances and any unrealised gains and losses arising from intragroup transactions, are eliminated in the preparation of 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 includes 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 associated risks and rewards.

Loans and advances to customers are initially recognised at fair value plus any directly attributable transaction costs and fees and are subsequently measured at amortised 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 the loan portfolios. Impairment losses identified are charged against results 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 client rating;
- The assets available on liquidation or insolvency;
- 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.

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 under 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 reported ('IBNR') on loans for which no objective evidence of impairment is identified (see paragraph (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; and
- 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.

In accordance with "Carta-Circular" no. 15/2009 of the Bank of Portugal, loans and advances to customers are charged-off when there are no realistic expectation, from an economic perspective, of recovering the loan amount. For collateralised loans, the charge-off occurs for the unrecoverable amount when the funds arising from the execution of the respective collaterals for the part of the loans which is collateralised is effectively received. This charge-off is carried out only for loans that are considered not to be recoverable and fully provided.

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 are part of a financial instruments portfolio and for which there is evidence of a recent pattern of short-term profit taking or that can be included in the definition of derivative (except in the case of a derivative classified as hedging) are classified as trading. The dividends associated to these portfolios are accounted in gains arising on trading and hedging activities.

The interest from debt instruments are recognised as interest margin.

Trading derivatives with a positive fair value are included in the Financial assets held for trading and the trading derivatives with negative fair value are included in the Financial liabilities held for trading.

1b) Other financial assets and liabilities at fair value through profit and loss ("Fair Value Option")

The Group has adopted the Fair Value Option for certain own bond issues, loans and time deposits that contain embedded derivatives or with related hedging derivatives. The variations of the credit risk of the Group related with financial liabilities accounted under the Fair Value Option are disclosed in "Net gains / (losses) arising from trading and hedging activities".

The designation of other financial assets and liabilities at fair value through profit and loss is performed whenever at least one of the requirements is fulfilled:

- the assets and liabilities are managed, evaluated and reported internally at its fair value;
- the designation eliminates or significantly reduces the accounting mismatch of the transactions;
- the assets and liabilities include derivatives that significantly change the cash-flows of the original contracts (host contracts).

The financial assets and liabilities at Fair Value Option are initially accounted at their fair value, with the expenses or income related to the transactions being recognised in profit and loss and subsequently measured at fair value through profit and loss. The accrual of interest and premium/discount (when applicable) is recognised in Net interest income according with the effective interest rate of each transaction, as well as for accrual of interest of 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 in another category of financial assets. The financial assets available for sale are initially accounted at fair value, including all expenses or income associated with the transactions. 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 an impairment loss exists. In the sale of the financial assets available for sale, the accumulated gains or losses recognised as fair value reserves are recognised under Net gains / (losses) arising from available for sale financial assets. Interest income from debt instruments is recognised in Net interest income based on the effective interest rate, including a premium or discount when applicable. Dividends are recognised in the income statement when the right to receive the dividends is attributed.

3) Financial assets held-to-maturity

The financial assets held-to-maturity include non-derivative financial assets with fixed or determinable payments and fixed maturity, that the Group has the intention and capacity to maintain until the maturity of the assets and that were not included in the category of financial assets at fair value through profit and loss or financial assets available for sale. These financial assets are initially recognised at fair value and subsequently measured at amortised cost. The interest is calculated using the effective interest rate method and recognised in Net interest income. The impairment losses are recognised in profit and loss when identified.

Any reclassification or sale of financial assets included in this category that does not occur close to the maturity of the assets will require the Group to reclassify the entire portfolio as Financial assets available for sale and the Group will not be allowed to classify any assets under this category for the following two years.

4) Loans and receivables - Loans represented by securities

Non-derivative financial assets with fixed or determined payments, that are not quoted in a market and which the Group does not intend to sell immediately or in a near future, may be classified in this category.

In addition to loans granted, the Group recognises in this category unquoted bonds and commercial paper. The financial assets recognised in this category are initially accounted at fair value and subsequently at amortised cost net of impairment. The incremental direct transaction costs are included in the effective interest rate for these financial instruments. The interest accounted based on the effective interest rate method are recognised in Net interest income.

The impairment losses are recognised in profit and loss when identified.

5) Other financial liabilities

The other financial liabilities are all financial liabilities that are not recognised as financial liabilities at fair value through profit and loss. This category includes money market transactions, deposits from customers and from other financial institutions, issued debt, and other transactions.

These financial liabilities are initially recognised at fair value and subsequently at amortised cost. The related transaction costs are included in the effective interest rate. The interest calculated at the effective interest rate is recognised in Net interest income.

The financial gains or losses calculated at the time of repurchase of other financial liabilities are recognised as Net gains/(losses) from trading and hedging activities, when occurred.

(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 financial assets can be reliably estimated or based on a significant or prolonged decrease in the fair value, below the acquisition cost.

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 profit or loss) is removed from fair value reserves and recognised in profit or loss. 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 occurred after the impairment loss was recognised in the profit or loss, the impairment loss is reversed through the income statement. The impairment losses recognised in equity instruments classified as available for sale, when reversed, are recognised against fair value 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 not initially measured at fair value with changes through profit and loss. Embedded derivatives are classified as trading and recognised at fair value with changes through profit and loss.

e) Derivatives hedge accounting

(i) Hedge accounting

The Group designates derivatives and other financial instruments to hedge its exposure to interest rate and foreign exchange risk, resulting from financing and investment activities. Derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative hedging instruments are stated at fair value and gains and losses on revaluation are recognised in accordance with the hedge accounting model adopted by the Group. A hedge 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 profit or loss.

When a derivative financial instrument is used to hedge foreign exchange arising from monetary assets or liabilities, no hedge accounting model is applied. Any gain or loss associated to the derivative and to changes in foreign exchange risk related with the monetary items are recognised through profit and loss.

(ii) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedge instruments are recognised in profit and loss, together with changes in the fair value attributable to the hedged risk of the asset or liability or group of assets and liabilities. If the hedge relationship no longer meets the criteria for hedge accounting, the cumulative gains and losses recognised until the discontinuance of the hedge accounting are amortised through profit and loss over the residual period of the hedged item.

(iii) Cash flow hedge

In a hedge relationship, the effective portion of changes in fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity - cash flow hedge reserves. Any gain or loss relating to the ineffective portion of the hedge is immediately recognised in profit and loss when occurred.

Amounts accumulated in equity are reclassified to profit and loss in the periods in which the hedged item will affect profit or loss.

In case of hedging variability of cash-flows, when the hedge instrument expires or is disposed or when the hedging relationship no longer meets the criteria for hedge accounting, or when the hedge relation is revoked, the hedge relationship is discontinued on a prospective basis. Therefore, the fair value changes of the derivative accumulated in equity until the date of the discontinued hedge accounting can be:

- Deferred over the residual period of the hedged instrument; or
- Recognised immediately in results, if the hedged instrument is extinguished.

In the case of a discontinued hedge of a forecast transaction, the change in fair value of the derivative recognised in equity at that time remains in equity until the forecasted transaction is ultimately recognised in the income statement. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to profit and loss.

(iv) Hedge effectiveness

For a hedge relationship to be classified as such according to IAS 39, effectiveness has to be demonstrated. As such, the Group performs prospective tests at the beginning date of the initial hedge, if applicable and retrospective tests in order to demonstrate at each reporting period the effectiveness of the hedging relationships, showing that the changes in the fair value of the hedging instrument are hedged by the changes in the hedged item for the risk being covered. Any ineffectiveness is recognised immediately in profit and loss when incurred.

(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 immediately recognised 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 as part of the gain or loss from the disposal.

f) Reclassifications between financial instruments categories

In October 2008, the IASB issued a change to IAS 39 – Reclassification of Financial Assets (Amendments to IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7: Financial Instruments Disclosures). This change allowed an entity to transfer Financial assets from Financial assets at fair value through profit and loss – trading to Financial assets available for sale, to Loans and Receivables - Loans represented by securities or to financial assets held-to-maturity, as long as the requirements described in the Standard are met, namely:

- If a financial asset, at the date of reclassification present the characteristics of a debt instrument for which there is no active market; or
- When there is some event that is uncommon and highly improbable that will occur again in the short term, that is, the event can be classified as a rare circumstance.

The Group adopted this possibility for a group of financial assets, as disclosed in note 23.

Transfer of financial assets recognised in the category of Financial assets available-for-sale to Loans and receivables - Loans represented by securities and Financial assets held-to-maturity are permitted.

Transfers from and to Financial assets and financial liabilities at fair value through profit and loss by decision of the entity ("Fair value option") are prohibited.

g) Derecognition

The Group derecognises financial assets when all rights to future cash flows have expired. In a transfer of assets, derecognition can only occur either when risks and rewards have been substantially transferred or the Group does not maintain control over the assets.

The Group derecognises 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, showing a residual interest in the assets of an entity after deducting all of its liabilities.

Transaction costs directly attributable to an equity instruments' issuance are recognised in equity as a deduction to the amount issued. Amounts paid or received related to sales or acquisitions of equity instruments are recognised in equity, net of transaction costs.

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.

Income from equity instruments (dividends) are recognised when the right to receive this income is established and are deducted to equity.

i) Compound financial instruments

Financial instruments that contain both a liability and an equity component (example: 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) can not change with changes in its fair value. The financial liability component corresponds to the present value of the future interest and principal payments, discounted at the market interest rate applicable to similar financial 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 financial liability. Financial liabilities are measured at amortised cost through the effective interest rate method. The interests are recognised in Net interest income.

j) Securities borrowing and repurchase agreement transactions

(i) Securities borrowing

Securities lent under securities lending arrangements continue to be recognised in the balance sheet and are measured in accordance with the applicable accounting policy. Cash collateral received in respect of securities lent is recognised as a financial liability. Securities borrowed under securities borrowing agreements are not recognised. Cash collateral placements in respect of securities borrowed are recognised under loans and advances to either banks or customers. Income and expenses arising from the securities borrowing and lending business are recognised on an accrual basis over the period of the transactions and are included in interest income or expense (net interest income).

(ii) Repurchase agreements

The Group performs acquisition/sale of securities under reselling/repurchase agreements of securities substantially equivalent in a future date at a predetermined price ('repos'/'reverse repos'). The securities related to reselling agreements in a future date are not recognised on the balance sheet. The amounts paid are recognised in loans and advances to customers or loans and advances to credit institutions. The receivables are collateralised by the related securities. Securities sold through repurchase agreements continue to be recognised in the balance sheet and are revaluated in accordance with the applicable accounting policy. The amounts received from the proceeds of these securities are considered as deposits from customers and deposits from credit institutions.

The difference between the acquisition/sale and reselling/repurchase conditions is recognised on an accrual basis over the period of the transaction and is included in interest income or expenses.

k) Non-current assets held for sale and discontinued operations

Non current assets, groups of non-current assets held for sale (groups of assets together and related liabilities that include at least a non current asset) and discontinued operations are classified as held for sale when it is intention to sell the referred assets and liabilities, the referred assets 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 groups of assets 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 performed in accordance with the applicable IFRS. After their reclassification, these assets or disposal groups are measured at the lower of their cost and fair value less costs to sell.

Discontinued operations and the subsidiaries acquired exclusively with the purpose to sell in the short term, are consolidated until the disposal.

The Group also classifies as non-current assets held for sale the investments arising from recovered loans that are measured initially by the lower of its fair value net of expenses and the loan's carrying amount on the date that the recovery occurs or the judicial decision is formalised.

The fair value is determined based on the expected selling price estimated through periodic valuations performed by the Group.

The subsequent accounting of these assets is determined based on the lower of the carrying amount and the corresponding fair value net of expenses. In case of unrealised losses, these should be recognised as impairment losses against results.

l) Finance lease transactions

Finance lease transactions for a lessee are recorded at the inception 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 a combination of the finance charge and the amortisation of the capital outstanding. The financial charge is allocated to the periods during the lease term 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 a combination of the financial income and amortization 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 financial instruments measured at amortised cost are recognised in the interest income or expenses (net interest income) through the effective interest rate method. The interest related to financial assets available for sale calculated at the effective interest rate method are also recognised on the net interest income as well as those from assets and liabilities at fair value through profit and loss.

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, for 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 (example: early payment options) but without considering future impairment losses. The calculation includes all fees paid or received considered as included in the effective interest rate, transaction costs and all other premiums or discounts directly related with the transaction except for assets and liabilities at fair value through profit and loss.

If a 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.

Specifically regarding the accounting policy for interest on overdue loans' portfolio the following aspects are considered:

- Interest income for overdue loans with collaterals are accounted for as income up to the limit of the valuation of the collateral valued on a prudent basis. This income is registered against results in accordance with IAS 18, assuming that there is a reasonable probability of recoverability; and
- The interests accrued and not paid for overdue loans for more than 90 days that are not covered by collaterals are writen-off and are recognised only when they are received, in accordance with IAS 18, on the basis that its recoverability is considered to be remote.

For derivative financial instruments, except those classified as hedging instruments of interest rate risk, the interest component is not separated from the changes in the fair value and is classified under Net gains / (losses) from trading and hedging activities. For hedging derivatives of interest rate risk and those related to financial assets or financial liabilities recognised in the Fair Value Option category, the interest component of the changes in their fair value is recognised under interest income or expense (Net interest income).

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 net interest income.

o) Financial results (Results arising from trading and hedging activities and available for sale financial assets)

Financial results includes gains and losses arising from financial assets and financial liabilities at fair value through profit and loss, that is, fair value changes and interest on trading derivatives and embedded derivatives), as well as the corresponding dividends received. This caption also includes the impairment losses and gains and losses arising from the sale of available for sale financial assets. The changes in fair value of hedging derivatives and hedged items, when fair value hedge is applicable, are also recognised in this caption.

p) Fiduciary activities

Assets held in the scope of fiduciary activities are not recognised in the Group's consolidated financial statements. Fees and commissions arising from this activity are recognised in the income statement in the year in which they occur.

q) Property and equipment

Property and equipment are stated at acquisition cost less accumulated depreciation and impairment losses. Subsequent costs are recognised as a separate asset only when it is probable that future economic benefits will result for the Group. All other repairs and maintenance expenses are charged to the income statement during the financial period in which they are incurred.

The Group performs impairment testing whenever events or circumstances indicate that the book value exceeds the highest between the value in use and the fair value less costs to sell, being the difference 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 to 12
Other fixed assets	3

Whenever there is an indication that a fixed tangible asset might be impaired, its recoverable amount is estimated and an impairment loss shall be recognised if the net value of the asset exceeds its recoverable amount.

The recoverable amount is determined as the highest between the fair value less costs to sell and its value in use calculated based on the present value of future cash-flows estimated to be obtained from the continued use of the asset and its sale at the end of the useful life.

The impairment losses of the fixed tangible assets are recognised in profit and loss.

r) Investment property

Real estate properties owned by the investment funds consolidated in the Group, are recognised as Investment properties considering, that the main objective of these buildings is the capital appreciation on a long term basis and not its sale in a short term period, or its maintenance for own use.

These investments are initially recognised at its acquisition cost, including the transaction costs and subsequently revaluated at its fair value. The fair value of the investment property should reflect the market conditions at the balance sheet date. Changes in fair value are recognised in results as Other operating income.

The expertises responsible for the valuation of the assets are properly certified for that purpose, being registered in CMVM.

s) Intangible Assets

Research and development expenditure

The Group does not capitalize any research and development costs. All expenses are recognised as costs in the year in which they occur.

Software

The Group accounts as intangible assets the costs associated to software acquired from external entities and depreciates them on a straight line basis by an estimated lifetime of three years. The Group does not capitalize internal costs arising from software development.

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 recognised amounts and the transactions are intended to be settled on a net basis.

v) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currency of the operation at the foreign exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies, are translated into the respective functional currency of the operation at the foreign exchange rate at the reporting date. Foreign exchange differences arising on translation are recognised in the profit and loss. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated into the respective functional currency of the operation at the foreign exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated into the respective functional currency of the operation at the foreign exchange rate at the date that the fair value was determined against profit and loss, except for financial assets available-for-sale, for which the difference is recognised against equity.

w) Employee benefits

Defined benefit plans

The Group has the responsibility to pay to their employees retirement pensions and widow and orphan benefits and permanent disability pensions, in accordance with the agreement entered with the collective labour arrangements. 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 arrangements (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 assumed the responsibility, if some conditions are met in each year, of the attribution of a complementary plan to the employees of the Group, after due consideration of 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 on an half year basis at 31 December and 30 June of each year.

From 1 January 2011, banks' employees were integrated in the General Social Security Scheme which now covers their maternity, paternity, adoption and pension benefits. However, the Banks remain liable for those benefits as concern illness, disability and life inurance (Decree-Law no. 1-A/2011, of 3 January).

The contributive rate is 26.6% divided between 23.6% supported by the employer and 3% supported by the employees, replacing the Banking Social Healthcare System ('Caixa de Abono de Família dos Empregados Bancários') which was extinguished by the decree law referred above. As a consequence of this amendment the capability to receive pensions by the actual employees are covered by the General Social Security Scheme regime, considering the service period between 1 January 2011 and the retirement age. The Bank supports the remaining difference for the total pension assured in 'Acordo Colectivo de Trabalho'.

Following the approval by the Government of the DL 127/2011, which was published on 31 December, an agreement between the Government, the Portuguese Banking Association and the Banking Labour Unions was established that regulated the transfer of the liabilities related with pensions currently being paid to pensioners and retirees, to the Social Security.

This agreement established that the responsibilities to be transferred relate to the pensions in payment as at 31 December 2011 at fixed amounts (discount rate 0%) in the component established in the 'Instrumento de Regulação Colectiva de Trabalho (IRCT)' of the retirees and pensioners. The responsibilities related with the increase in pensions as well as any other complements namely, contributions to the Health System (SAMS), death benefit and death before retirement benefit continue to be under the responsibility of the Financial Institutions and being financed through the corresponding Pensions funds. The Decree-Law also establishes the terms and conditions under which the transfer was made by setting a discount rate of 4% to determine the liabilities to be transferred.

As referred in note 1a) and note 60, according to one of the options allowed by IAS 19 Employee Benefits, the Group decided in 2011 to change the accounting policy for recognition of actuarial gains and losses, starting to recognise the actuarial gains and losses of the year against reserves. In accordance with IAS 8, this change in accounting policy is presented for comparative purposes from 1 January 2010, recognizing in that date all the deferred actuarial gains and losses in equity.

Previously, the Group proceeded to the deferral of actuarial gains and losses determined in accordance with the corridor method. Under the corridor method, actuarial gains and losses not recognised that exceed 10% of the greater of the present value of the liabilities and the fair value of the Fund's assets are recorded in the income statement for the period corresponding to the estimated remaining useful life of the employees in service.

The current services cost plus the interest cost on the unwinding 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, using a 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 are determined after the deduction of the fair value of the assets of the Pension Plan.

Employee benefits, other than pension plans, namely post retirement health care benefits and benefits for the spouse and sons for death before retirement are also included in the benefit plan calculation.

Costs arising from early retirements are recognised in the income statement on the year in which the early retirement is approved and announced.

Gains and losses for the year are recognised against reserves in the year they occur.

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 for the funding is 100% regarding the liability with pensioners and 95% regarding the employees in service.

Defined contribution plan

Defined Contribution Plan, when applicable, the responsibilities related to the benefits attributed to the Group's employees are recognised as expenses when incurred.

Share based compensation plan

As at 31 December 2011 there are no share based compensation plans in force.

Variable remuneration paid to employees

The Executive 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 taxes

The Group is subject to the regime established by the Income Tax Code ("IRC"). Additionally, deferred taxes resulting from the temporary diferences between the accounting net income and the net income accepted by the Tax Authorities for Income Taxes calculation, are accounted for, whenever there is a reasonable probability that those taxes will be paid or recovered in the future.

Income tax on the income for the year comprises current and deferred tax effects. Income tax is recognised in the income statement, except when related to items recognised directly in equity, which implies its recognition in equity. Deferred taxes arising from the revaluation of financial assets available for sale and cash flow hedging derivatives are recognised in shareholders' equity and are recognised in the profit and loss in the year the results that originated the deferred taxes are recognised.

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 and that is expected to be applied when the temporary difference is reversed.

Deferred taxes assets are recognised to the extent when it is probable that future taxable profits, will be available to absorb deductible temporary differences for taxation purposes (including reportable taxable losses).

The Group, as established in IAS 12, paragraph 74, compensates the deferred tax assets and liabilities if, and only if: (i) has a legally enforceable right to set off current tax assets against current tax liabilities; and (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

y) Segmental reporting

The Group determines and presents the operational segments based on the management information prepared for internal purposes.

An operational segment is a distinguishable component of the Group that is engaged in providing an individual product or service or a group of related products or services, in a specific economic environment and that is subject to risks and returns that are different from those of other business segments, which operates in different economic environments. The Group controls its activity through the following major operating segments:

Portugal

- Retail Banking;
- Companies (which includes Corporate and Investment Banking);
- Private Banking and Asset Management.

Foreign activity

- Poland;
- Greece;
- Angola:
- Mozambique.

Others

The aggregate Others includes the activity not allocated to the segments mentioned above, namely the developed by subsidiaries in Romania, Switzerland, Cayman Islands and USA.

z) Provisions

Provisions are recognised when (i) the Group has a present obligation (legal or resulting from past practices or published policies that imply the recognition of certain responsibilities), (ii) 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 (iii) a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at each balance sheet date and adjusted to reflect the best estimate, being reverted through profit and loss in the proportion of the payments that are probable.

The provisions are derecognised through their use for the obligations for which they were initially accounted or for the cases that the situations were not already observed.

aa) Earnings per share

Basic earnings per share are calculated by dividing net income available to ordinary shareholders of the Group 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 potential ordinary shares, such as convertible debt and stock options granted to employees. Potential or contingent share issues are treated as dilutive when their conversion to shares would decrease net earnings per share.

If the earnings per share are changed as a result of an issue with premium or discount or other event that changed the potential number of ordinary shares or as a result of changes in the accounting policies, the earnings per share for all presented periods should be adjusted retrospectively.

ab) Insurance contracts

Classification

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 an investment contract recognised 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.

Recognition and measurement

Premiums of life insurance and investment contracts with discretionary participating features, which are considered as long-term contracts are recognised when due from the policyholders. The benefits and other costs are recognised concurrently with the recognition of income over the life of the contracts. This specialization is achieved through the establishment of provisions / liabilities of insurance contracts and investment contracts with discretionary participating features.

The responsibilities correspond to the present value of future benefits payable, net of administrative expenses directly associated with the contracts, less the theoretical premiums that would be required to comply with the established benefits and related expenses. The liabilities are determined based on assumptions of mortality, costs of management or investment at the valuation date.

For contracts where the payment period is significantly shorter than the period of benefit, premiums are deferred and recognised as income in proportion to the duration of risk coverage.

Regarding short-term contracts, including contracts of non-life insurance, premiums are recorded at the time of issue. The award is recognised as income acquired in a pro-rata basis during the term of the contract. The provision for unearned premiums represents the amount of premiums on risks not occurred.

Premiums

Gross premiums written are recognised for as income in the period to which they respect independently from the moment of payment or receivable, 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 from direct insurance and reinsurance premiuns ceded

The provision for unearned gross premiums is based on the evaluation of the premiums written before the end of the year but 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.

Liability adequacy test

At each reporting date, the Group evaluates the adequacy of liabilities arising from insurance contracts and investment contracts with discretionary participating features. The evaluation of the adequacy of responsibilities is made based on the projection of future cash flows associated with each contract, discounted at market interest rate without risk. This evaluation is done product by product or aggregate of products when the risks are similar or managed jointly. Any deficiency, if exists, is recorded in the Group's results as determined.

ac) Accounting estimates and judgements in applying accounting policies

IFRS set forth a range of accounting treatments that require the Executive Board of Directors and management to apply judgment and make estimates in deciding which treatment is most appropriate. 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.

Considering that in some cases there are several alternatives to the accounting treatment chosen by management, the Group's reported results would differ if a different treatment was chosen. Management believes that the choices made are appropriate and that the financial statements present the Group's financial position and results fairly in all material aspects.

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 financial assets available for-sale

The Group determines that financial assets available for-sale are impaired when there has been a significant or prolonged decrease in the fair value below its acquisition cost. This determination of what is significant or prolonged requires judgment. In making this judgment, the Group evaluates among other factors, the volatility in the prices 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 consolidated income statement of the Group.

Impairment losses on loans and advances to customers

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 probability of default, risk ratings, value of associated collaterals 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 consolidated 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 result in different financial results for a particular period.

Securitizations and special purpose entities (SPEs)

The Group sponsors the formation of SPEs primarily for asset securitization transactions for liquidity purposes and/or capital management.

In the scope of the application of this accounting policy and in accordance with note 22, the following SPEs resulting from securitization transactions were included in the consolidation perimeter: NovaFinance n.4, Magellan n.2, 3,5 and 6, Kion n.1 and 2, Orchis Sp zo.o, Caravela SME n.1 and 2 and Tagus Leasing. The Group did not consolidate the following SPEs also resulting from securitization transactions: Magellan n. 1 and 4. For these SPEs, which are not recognised in the balance, the Group concluded that the main risks and the benefits were transferred, as the Group does not hold any security issued by the SPE, that are exposed to the majority of the residual risks, neither is exposed to the performance of the credit portfolios.

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 which for its probability, the Executive Board of Directors considers that there is no relevant material efect at the level of 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.

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. A particular business activity can generate impact in net interest income and net gains arising from trading, hedging and AFS activities. This disclosure requirement demonstrates the contribution of the different business activities for the net interest margin and net gains from trading, hedging and AFS activities.

The amount of this account is comprised of:

	2011 Euros '000	2010 Euros '000
Net interest income	1,579,274	1,516,835
Net gains/(losses) from trading and hedging activities	204,379	367,280
Net gains/(losses) from available for sale activities	3,253	72,087
	1,786,906	1,956,202

3. Net interest income

The amount of this account is comprised of:

	2011 Euros '000	2010 Euros '000
Interest and similar income		
Interest on loans and advances	3,145,144	2,671,450
Interest on trading securities	111,759	108,367
Interest on other financial assets valued at fair value through profit and loss account	-	42
Interest on available for sale financial assets	206,261	99,506
Interest on held to maturity financial assets	198,150	138,081
Interest on hedging derivatives	263,226	269,222
Interest on derivatives associated to financial instruments through profit and loss account	59,428	139,991
Interest on deposits and other investments	76,168	50,399
	4,060,136	3,477,058
Interest expense and similar charges		
Interest on deposits and inter-bank funding	1,722,255	1,159,761
Interest on securities sold under repurchase agreement	15,769	14,863
Interest on securities issued	574,596	537,023
Interest on hedging derivatives	24,068	41,323
Interest on derivatives associated to financial instruments through profit and loss account	11,009	43,034
Interest on other financial liabilities valued at fair value through profit and loss account	133,165	164,219
	2,480,862	1,960,223
Net interest income	1,579,274	1,516,835

The balance of Interest on loans and advances includes the amount of Euros 50,694,000 (2010: Euros 36,961,000) related to commissions and other gains / losses which are accounted for under the effective interest method, as referred in the accounting policy, note 1 m).

4. Dividends from equity instruments

The amount of this account is comprised of:

	2011 Euros '000	2010 Euros '000
Dividends from available for sale financial assets	1,379	35,906
	1,379	35,906

The balance of Dividends from available for sale financial assets includes dividends and income from investment fund units received during the year.

In 2010, the balance included the amount of Euros 28,603,000 related to dividends received from Eureko, B.V, which was sold in 2010.

5. Net fees and commissions income

The amount of this account is comprised of:

	2011 Euros '000	2010 Euros '000
Fees and commissions income		
From guarantees	114,344	102,474
From credit and commitments	315	221
From banking services	547,606	564,398
From insurance activity	821	699
From other services	247,759	260,811
	910,845	928,603
Fees and commissions expenses		
From guarantees	5,613	2,255
From banking services	82,295	81,430
From insurance activity	919	600
From other services	32,646	32,737
	121,473	117,022
Net fees and commission income	789,372	811,581

6. Net gains / (losses) arising from trading and hedging activities

The amount of this account is comprised of:

	2011 Euros '000	2010 Euros '000
Gains arising on trading and hedging activities		
Foreign exchange activity	1,795,196	9,805,895
Financial instruments associated to financial instruments through profit and loss account		
Held for trading		
Securities portfolio		
Fixed income	35,254	33,882
Variable income	6,249	6,395
Certificates and structured securities issued	32,075	31,848
Derivatives associated to financial instruments through profit and loss account	117,880	143,758
Other financial instruments derivatives	2,047,701	3,787,525
Other financial instruments through profit and loss account	199,603	344,113
Repurchase of debt securities issued	288,893	17,751
Hedging accounting		
Hedging derivatives	907,715	424,246
Hedged item	176,225	40,545
Other activity	20,194	6,094
	5,626,985	14,642,052
Losses arising on trading and hedging activities		
Foreign exchange activity	1,649,991	9,706,489
Financial instruments associated to financial instruments through profit and loss account		
Held for trading		
Securities portfolio		
Fixed income	164,109	54,073
Variable income	6,739	6,520
Certificates and structured securities issued	17,139	35,175
Derivatives associated to financial instruments through profit and loss account	216,586	257,852
Other financial instruments derivatives	2,118,344	3,749,478
Other financial instruments through profit and loss account	117,675	18,878
Repurchase of debt securities issued	2,708	4,161
Hedging accounting		
Hedging derivatives	807,422	370,187
Hedged item	254,436	68,589
Other activity	67,457	3,370
	5,422,606	14,274,772
Net gains / (losses) arising from trading and hedging activities	204,379	367,280

The caption Losses in trading and hedging operations – transactions with financial instruments recognised at fair value through profit and loss - held for trading includes the amount of Euros 144,121,000 related with losses incurred in Treasury bonds from the Portuguese Republic during 2011.

The balance Net gains arising from trading and hedging activities includes for the year 2011, for the financial liabilities instruments through profit and loss account, a loss of Euros 20,591,000 (2010: gain of Euros 204,561,000) which reflects the fair value changes arising from changes in the own credit risk (spread) of own operations.

The caption Gains arising on trading and hedging activities – Repurchase of debt securities issued includes the amount of Euros 98,000,000 arising from the exchange offer of subordinated debt and preference shares that were traded for new senior debt instruments during 2011, as referred in note 49. In addition, the caption gains arising from trading and hedging activities - Repurchase of debt securities includes the amount of Euro 81,162,000 related to the repurchase of Credit linked notes and the amount of Euros 62,870,000 related to the repurchase of mortgage debt issues.

The result of repurchases of own issues is determined in accordance with the accounting policy described in note 1 d).

The balance Gains arising on trading and hedging activities - Financial instruments associated to financial instruments through profit and loss account - held for trading - other financial instruments derivatives, included at 2010 Euros 36,600,000 which corresponds to the gain accounted in the first quarter of 2010 of the discontinuance of the interest rate hedging of a mortgage backed security issue of Euros 1,500,000,000. In January 2010, following the ineffectiveness of the hedge, the Executive Board of Directors decided, in accordance with paragraph 91, c) of IAS 39, the discontinuance of the application of the hedge accounting. In accordance with the decision of the Executive Board of Directors and in accordance with IAS 39, on 1April, 2010 the hedge accounting was re-established.

7. Net gains / (losses) arising from available for sale financial assets

The amount of this account is comprised of:

	2011	2010
	Euros '000	Euros '000
Gains arising from available for sale financial assets		
Fixed income	8,162	6,514
Variable income	31,845	80,165
Losses arising from available for sale financial assets		
Fixed income	(28,611)	(8,656)
Variable income	(8,143)	(5,936)
Net gains / (losses) arising from available for sale financial assets	3,253	72,087

The caption Gains arising from available for sale financial assets – variable income includes in 2011, the amount of Euros 24,480,000 related with the adjustment to the price of sale of the shares held in Eureko B.V., sold to the Pension Fund of BCP Group in 2010, as a result of the valuation performed during the first quarter of 2011, as established in the contract.

The balance Gains arising from available for sale financial assets included in 2010, the amount of Euros 65,200,000 related with the gain generated, on a consolidated basis, from the sale of the investment held in Eureko B.V. to the Pension Fund of Banco Comercial Português Group, in December 2010, as referred in notes 23 and 43.

8. Other operating income

The amount of this account is comprised of:

	2011	2010
	Euros '000	Euros '000
Operating income		
Income from services	34,049	36,822
Checks and others	17,196	19,944
Other operating income	36,360	15,229
	87,605	71,995
Operating costs		
Indirect taxes	27,865	26,921
Donations and quotizations	4,599	5,120
Specific contribution for the Banking Sector	31,984	-
Other operating expenses	45,950	22,478
	110,398	54,519
	(22,793)	17,476

The caption Other operating income includes, in 2011, the amount of Euros 18,900,000 related with the reimbursement to Banco Comercial Português, S.A. by Ocidental - Companhia Portuguesa de Seguros de Vida, S.A. ('Ocidental Vida') of the amounts paid to set up perpetual annuities policies to cover the responsibilities with retirement pensions of former members of the Executive Board of Directors, following the agreements established between the parties.

The caption Specific contribution for the Banking Sector is estimated according to the terms of the Decree-Law 55-A/2010. The determination of the amount payable is based on: (i) the annual average liabilities deducted by core capital (Tier 1) and Supplementary (Tier 2) and deposits covered by the Deposit Guarantee Fund, and (ii) the off-balance notional amount of derivatives.

9. Staff costs

The amount of this account is comprised of:

	2011 Euros '000	2010 Euros '000
Salaries and remunerations	604,304	619,691
Mandatory social security charges	292,844	171,521
Voluntary social security charges	44,640	29,329
Other staff costs	11,861	10,627
	953,649	831,168

The caption Mandatory social security charges, includes for 2011 the amount of Euros 164,808,000 related to the impact in the income statement of the responsibilities with retirees and pensioners transferred to the General Social Security Scheme (‘GSSS’), as referred in note 51. The referred impact corresponds to the effect of the recalculation of the liabilities based on the actuarial assumptions set by the Portuguese State, in the scope of the transfer.

As referred in note 51, the caption Mandatory social security charges also includes, the amount of Euros 13,114,000 (2010: Euros 47,044,000) related to the pension cost for the year, excluding the effect of the transfer of the responsibilities to the 'GSSS'. The referred balance also includes the amount of Euros 12,275,000 (2010: Euros 7,238,000) related to costs with early retirements during the year.

The referred caption also includes, as referred in notes 40 and 51, in 31 December 2011, the amount of Euros 35,492,000 related with the write-down of provisions established to cover the future updates in the retirement pension plan of former members of the Executive Board of Directors, following the agreements established, between the Bank and the former members of the Executive Board of Directors.

This caption included in 2010 the amount of Euros 6,799,000 related to costs with the complementary plan, as described in notes 40 and 51.

The remunerations paid to the members of the Executive Board of Directors in 2011 amounted to Euros 3,814,000 (2010: Euros 4,679,000), with Euros 322,000 (2010: Euros 321,000) paid by subsidiaries or companies whose governing bodies represent interests in the Group. During 2011 and 2010, no variable remuneration was attributed to the members of the Executive Board of Directors.

Therefore, considering that the remuneration of the members of the Executive Board of Directors intends to compensate the functions that are performed directly in the Bank and all other functions on subsidiaries or other companies for which they have been designated by indication or representing the Bank, in the last case, the net amount of the remunerations annually received by each member are deducted to the fixed annual remuneration attributed by the Bank.

During 2011, the costs with Social Security and the contributions to the Pension Fund for members of the Executive Board of Directors amounted to Euros 1,288,000 (2010: Euros 1,650,000).

The average number of employees by professional category, at service in the Group, is analysed as follows by category:

	2011	2010
Portugal		
Management	1,390	1,358
Managerial staff	1,953	1,948
Staff	3,566	3,561
Other categories	3,165	3,356
	10,074	10,223
Abroad	11,396	11,551
	21,470	21,774

10. Other administrative costs

The amount of this account is comprised of:

	2011 Euros '000	2010 Euros '000
Water, electricity and fuel	22,251	21,231
Consumables	6,988	7,745
Rents	148,354	151,021
Communications	39,510	43,301
Travel, hotel and representation costs	13,655	14,835
Advertising	38,878	43,844
Maintenance and related services	39,067	41,379
Credit cards and mortgage	15,952	16,577
Advisory services	23,962	20,504
Information technology services	23,625	28,609
Outsourcing	90,657	92,024
Other specialised services	31,341	32,782
Training costs	3,093	2,895
Insurance	19,245	17,912
Legal expenses	12,282	8,277
Transportation	11,054	10,148
Other supplies and services	44,545	48,761
	584,459	601,845

The caption Rents includes the amount of Euros 124,886,000 (2010: Euros 129,420,000) related to rents paid regarding buildings used by the Group as lessee.

11. Depreciation

The amount of this account is comprised of:

	2011 Euros '000	2010 Euros '000
Intangible assets:		
Software	15,252	17,554
Other intangible assets	376	172
	15,628	17,726
Property, plant and equipment:		
Land and buildings	43,487	47,259
Equipment		
Furniture	4,397	5,638
Office equipment	2,723	2,801
Computer equipment	16,535	21,495
Interior installations	3,968	4,337
Motor vehicles	3,015	3,047
Security equipment	2,539	2,715
Other tangible assets	3,818	5,213
	80,482	92,505
	96,110	110,231

12. Loans impairment

The amount of this account is comprised of:

	2011 Euros '000	2010 Euros '000
Loans and advances to credit institutions:		
For overdue loans and credit risks		
Impairment for the year	58	126
Write-back for the year	(2,828)	(3,446)
	(2,770)	(3,320)
Loans and advances to customers:		
For overdue loans and credit risks		
Impairment for the year	1,674,720	1,132,119
Write-back for the year	(318,751)	(384,988)
Recovery of loans and interest charged-off	(21,289)	(30,555)
	1,334,680	716,576
	1,331,910	713,256

The caption Loans impairment 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 1 c).

13. Other financial assets impairment

The amount of this account is comprised of:

	2011 Euros '000	2010 Euros '000
Impairment for financial assets available for sale		
Charge for the year	17,320	10,180
Write-back for the year	(135)	-
Impairment for financial assets held to maturity		
Charge for the year	532,665	-
	549,850	10,180

As referred in note 23, the caption Impairment for financial assets available for sale includes impairment losses on units held by the Group in the amount of Euros 13,621,000 (31 December 2010: Euros 10,180,000).

The caption Impairment for financial assets held to maturity corresponds to the impairment recognised during 2011,of 77% of the nominal value of sovereign debt of Greece, as referred in notes 25 and 59.

14. Other provisions

The amount of this account is comprised of:

	2011 Euros '000	2010 Euros '000
Provision for other pensions benefits		
Charge for the year	77	975
Write-back for the year	-	(310)
Provision for guarantees and other commitments		
Charge for the year	28,423	15,870
Write-back for the year	(16,743)	(23,068)
Other provisions for liabilities and charges		
Charge for the year	4,620	10,832
Write-back for the year	(30,356)	(4,934)
	(13,979)	(635)

15. Share of profit of associates under the equity method

The main contribution of the investments accounted for under the equity method to the Group's profit are analysed as follows:

	2011 Euros '000	2010 Euros '000
Millenniumbcp Ageas Group	17,935	69,654
Other companies	(3,315)	(1,993)
	14,620	67,661

16. Gains / (losses) from the sale of subsidiaries and other assets

The amount of this account is comprised of:

	2011 Euros '000	2010 Euros '000
Sale of assets and liabilities of Millennium bcpbank		
National Association - EUA	-	459
Other assets	(26,872)	(3,437)
	(26,872)	(2,978)

The caption Gains / (losses) from the sale of subsidiaries and other assets - Other assets corresponds to the gains and losses arising from the sale and revaluation of assets of the Group classified as non current assets held for sale.

The balance Sale of the assets and liabilities of Millennium bcpbank National Association corresponds to the gain arising from the sale of the investment held in Millennium bcp bank National Association, finalised in October 2010.

17. Income tax

The charge for the years 2011 and 2010, is comprised as follows:

	2011 Euros '000	2010 Euros '000
Current tax	(66,857)	(54,158)
Deferred tax		
Recognition and reversal of temporary differences	365,529	61,306
Effect of changes in tax rate	-	53,754
Tax losses carried forward	160,185	(75,246)
	525,714	39,814
	458,857	(14,344)

The caption Deferred tax - Recognition and reversal of temporary differences includes in 2011, the amount of Euros 132,000,000 resulting from the recognition of deferred tax assets associated with losses related to the investment held in Bitalpart, BV.

The recognition of deferred tax asset arises from the expectation of realization of losses for tax purposes at the time of this investment is sold or when the company is liquidated. It is expected that such sale or liquidation occurring since expired the function of holding shares that the company represents in the group.

In accordance with IAS 12, the Group assessed the likelihood of future taxable income to absorb the deductible temporary differences for tax purposes (including tax losses carried forward).

The caption Deferred tax - temporary differences includes the amount related to provisions that were subject to tax in the current year and the costs with early retirements, which recognition for tax purposes will occur in subsequent years.

The main adjustments performed to the accounting profit for the calculation of the net taxable profit arising from timing differences are as follows:

- Loan impairment which, under the applicable legislation, were not considered for tax purposes in the current year, but will be allowable for tax purposes in future years, in the amount of Euros 533,348,000 (2010: Reversal Euros 130,627,000);

- The difference between the pension costs recognised in previous years, of which it is acceptable for tax purposes in the year, and the charges for the year, which will be allowable for tax purposes in the future years, in the net amount of Euros 49,234,000 (2010: Euros 86,872,000) deductable to the taxable income.

- Allocation of profits of non-resident companies added for the purpose of calculation of taxable income and whose distribution will occur in future years, amounts to Euros 151,896,000 (2010: Euros 70,164,000);

The main adjustments made to the accounting profit for the calculation of the net taxable profit arising from permanent differences are as follows:

- Net income of non-residents companies, in the amount of Euros 277,926,000 (2010: Euros 134,894,000);

- Net income of associated companies consolidated by the equity method, in the amount of Euros 14,620,000 (2010: Euros 67,481,000);

- Impairment of goodwill, not deductible for tax purposes, in the amount of Euros 160,649,000 (2010: Euros 147,130,000);

- Provisions not deductible for tax purposes, in the amount of Euros 153,609,000 (2010: Euros 14,580,000);

The difference between the nominal tax rate for profit that the companies are subject and the effective tax rate, results from the adjustments considered for effects of the determination of the taxable profit, under the applicable legislation, and the effect of deferred taxes recognised.

The reconciliation of the effective tax rate is analysed as follows:

	2011		2010	
	%	**Euros '000**	**%**	**Euros '000**
Net income before income taxes		(1,221,627)		418,108
Current tax rate	29.0%	354,272	29.0%	(121,199)
Foreign tax rate effect				
and in “Zona Franca da Madeira”	-0.5%	(6,237)	-2.7%	11,392
Accruals for the calculation of taxable income (i)	-8.7%	(106,676)	16.0%	(67,039)
Deductions for the calculation of taxable income (ii)	9.5%	115,633	-33.6%	140,493
Fiscal incentives (iii)	0.9%	10,388	-1.6%	6,566
Effect of the tax losses used / recognised	0.0%	-	2.3%	(9,410)
Effect of deferred tax losses not recognised previously (iv)	9.2%	111,985	0.0%	-
Tax rate effect (v)	-1.8%	(22,207)	-12.3%	51,609
Previous years corrections	0.3%	3,792	5.7%	(23,963)
(Autonomous tax) / tax credits	-0.2%	(2,093)	0.7%	(2,793)
	37.7%	458,857	3.5%	(14,344)

References:

(i) - Corresponds, essentially, to tax associated with provisions and impairment of goodwill, not allowed for tax purposes;
(ii) - Tax associated with the following deductions allowed in the determination of the taxable income:
a) Net income of non-residents companies, in the amount of Euros 277,926,000 (Tax: Euros 80,598,000)
b) Net income of associated companies consolidated under the equity method, in the net amount of Euros 14,620,000 (Tax: Euros 4,240,000);
(iii) - Includes namely interest income of Angola Sovereign debt in the amount of Euros 26,161,000 (Tax: Euros 9,156,000) and tax benefits resulting from granting employment to people under the age of 30, in the amount of Euros 3,729,000 (Tax: Euros 1,082,000)
(iv) - Corresponds to the recognition of an deferred tax asset associated to the loss arising from the losses related to the participation held in Bitalpart, BV
(v) - Corresponds, essentially, to the adjustment to deferred tax related with the taxable income allocated in previous years, which are not deductible for tax purposes.

18. Earnings per share

The earnings per share are calculated as follows:

	2011 Euros '000	2010 Euros '000
Net income for the year attributable to shareholders of the Bank	(848,623)	344,457
Dividends from other capital instruments	396,514	(100,360)
Adjusted net income	(452,109)	244,097
Average number of shares	6,215,071,878	5,051,089,548
Basic earnings per share (Euros)	(0.07)	0.05
Diluted earnings per share (Euros)	(0.07)	0.05

In June 2011, a capital increase of the Banco Comercial Português, S.A. was performed, from Euros 4,694,600,000 to Euros 6,064,999,986 resulting from the following steps:

(i) Euros 120,400,000, by incorporation of share premium reserves, through the issuance of 206,518,010 new ordinary and nominative shares without nominal value;

(ii) Euros 990,147,000, by contribution in kind of 990,147 perpetual subordinated instruments with interests conditioned, by issuing 1,584,235,200 new ordinary and nominative shares without nominal value, that resulted in the conversion of the majority of the perpetual subordinated securities;

(iii) Euros 259,852,986, by the issue of 721,813,850 ordinary shares without nominal value, with the issue and subscribe value of Euros 0.36, with preference reserve to the shareholders, in the exercise of the preference legal rights.

In accordance with the Decree-law no. 49/2010 of 19 May, that allows share capital of a company to be represented by shares without nominal value, the General Shareholders meeting of Banco Comercial Português, S.A. approved that the share capital of Banco Comercial Português, S.A. would be represented by shares with no nominal value.

The average number of shares indicated above, results from the number of existing shares at the beginning of each year, adjusted by the number of shares repurchased or issued in the period weighted by a time factor. During the year of 2009, Banco Comercial Português, S.A. issued three series of its program of perpetual subordinated debt securities in the total amount of Euros 1,000,000,000, which were considered as capital instruments as established in the accounting policy note 1 h), in accordance with the IAS 32.

The balance Dividends from other capital instruments includes the dividends distributed from the following issues:

a) Two issues by BCP Finance Company Ltd 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 analysed as follows:

- 5,000,000 Perpetual Non-cumulative Guaranteed Non-voting Preference Shares with par value of Euros 100 each, issued on 9 June, 2004, amounting to Euros 500,000,000, 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 perpetual 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.

b) Three issues of perpetual subordinated debt securities analysed as follows:

- In June 2009, as referred in note 41, the Bank issued Euros 300,000,000 of perpetual subordinated debt securities with conditional coupons presenting a nominal value of Euros 1,000, which were considered as capital instruments.

- In August 2009, as referred in note 41, the Bank issued Euros 600,000,000 of perpetual subordinated debt securities with conditional coupons presenting a nominal value of Euros 1,000, which were considered as capital instruments.

- In December 2009, as referred in note 41, the Bank issued Euros 100,000,000 of perpetual subordinated debt securities with conditional coupons presenting a nominal value of Euros 1,000, which were considered as capital instruments.

These issues were exchanged within the scope of the public change offering of perpetual subordinated securities for ordinary shares, performed in 2011. The amount not exchanged amounts to Euros 9,853,000 in 31 December, 2011.

19. Cash and deposits at central banks

This balance is analysed as follows:

	2011 Euros '000	2010 Euros '000
Cash	691,144	693,422
Central banks	1,424,801	790,840
	2,115,945	1,484,262

The balance Central banks includes deposits with central banks of the countries where the group operates in order to satisfy the legal requirements to maintain a cash reserve calculated based on the value of deposits and other liabilities. The cash reserve requirements, according 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.

20. Loans and advances to credit institutions repayable on demand

This balance is analysed as follows:

	2011 Euros '000	2010 Euros '000
Credit institutions in Portugal	2,970	3,044
Credit institutions abroad	1,251,177	879,207
Amounts due for collection	323,263	376,774
	1,577,410	1,259,025

The balance Amounts due for collection represents essentially cheques due for collection on other financial institutions.

21. Other loans and advances to credit institutions

This balance is analysed as follows:

	2011 Euros '000	2010 Euros '000
Bank of Portugal	600,008	1,100,008
Credit institutions in Portugal	846,856	78,744
Credit institutions abroad	1,466,731	1,165,220
	2,913,595	2,343,972
Overdue loans - more than 90 days	1,836	13,759
	2,915,431	2,357,731
Impairment for other loans and advances to credit institutions	(2,416)	(13,759)
	2,913,015	2,343,972

This balance is analysed by the period to maturity, as follows:

	2011 Euros '000	2010 Euros '000
Up to 3 months	2,709,982	2,052,312
3 to 6 months	9,360	28,584
6 to 12 months	20,431	39,804
1 to 5 years	126,918	177,095
More than 5 years	46,904	46,177
Undetermined	1,836	13,759
	2,915,431	2,357,731

Concerning derivative financial transactions with institutional counterparties, and according to the signed agreements, the Group has the amount of Euros 759,815,000 (31 December 2010: Euros 440,470,000) of Loans and advances to credit institutions granted as collateral on the mentioned transactions.

The movements of impairment for other loans and advances to credit institutions is analysed as follows:

	2011 Euros '000	2010 Euros '000
Balance on 1 January	13,759	20,494
Transfers	580	-
Impairment for the year	58	126
Write-back for the year	(2,828)	(3,446)
Loans charged-off	(9,153)	(3,414)
Exchange rate differences	-	(1)
Balance on 31 December	2,416	13,759

22. Loans and advances to customers

This balance is analysed as follows:

	2011 Euros '000	2010 Euros '000
Public sector	712,224	860,074
Asset-backed loans	43,337,792	44,889,345
Personal guaranteed loans	10,944,941	13,469,564
Unsecured loans	3,658,828	4,597,598
Foreign loans	3,835,789	3,782,085
Factoring	1,286,608	1,413,609
Finance leases	4,280,612	4,899,018
	68,056,794	73,911,293
Overdue loans - less than 90 days	280,211	210,260
Overdue loans - more than 90 days	3,196,072	2,289,739
	71,533,077	76,411,292
Impairment for credit risk	(3,487,542)	(2,505,886)
	68,045,535	73,905,406

As at 31 December 2011, the balance Loans and advances to customers includes the amount of Euros 10,508,017,000 (31 December 2010: Euros 9,873,859,000) regarding mortgage loans which are a collateral for seven asset-back securities, issued by the Group.

During 2011, Banco Investimento Imobiliário, S.A. issued one covered bond in the amount of Euros 1,000,000,000 with maturity of 3 years. The referred issue occurred in 19 January 2011 with an interest rate of 1M Euribor +0.75%. Additionally Banco Comercial Português, S.A. performed the issue of 3 covered bonds in the amount of Euros 1,750,000,000, Euros 1,000,000,000 and Euros 1,000,000,000 with maturities of 3, 10 and 8 years and 6 months, respectively. These issues occurred in May, July and October 2010 and have interest rates of 1M Euribor +0.75%, 1M Euribor +0.8% and 1M Euribor +0.75%, respectively.

As referred in note 54, the Group, as part of the liquidity risk management, holds a pool of eligible assets that can serve as collateral in funding operations with the European Central Bank and other Central Banks in countries where the Group operates, which includes loans and advances to customers.

The analysis of loans and advances to customers, by type of credit, is as follows:

	2011 Euros '000	2010 Euros '000
Loans not represented by securities		
Discounted bills	533,231	646,735
Current account credits	4,502,604	5,443,721
Overdrafts	1,867,652	2,066,538
Loans	19,994,269	21,958,366
Mortgage loans	32,036,068	33,367,782
Factoring	1,286,609	1,413,609
Finance leases	4,280,611	4,899,018
	64,501,044	69,795,769
Loans represented by securities		
Commercial paper	1,741,120	2,377,757
Bonds	1,814,630	1,737,767
	3,555,750	4,115,524
	68,056,794	73,911,293
Overdue loans - less than 90 days	280,211	210,260
Overdue loans - more than 90 days	3,196,072	2,289,739
	71,533,077	76,411,292
Impairment for credit risk	(3,487,542)	(2,505,886)
	68,045,535	73,905,406

The analysis of loans and advances to customers, by sector of activity, is as follows:

	2011 Euros '000	2010 Euros '000
Agriculture	644,293	737,533
Mining	434,327	521,886
Food, beverage and tobacco	521,473	550,666
Textiles	491,557	549,817
Wood and cork	229,143	273,946
Printing and publishing	294,543	328,841
Chemicals	833,055	884,825
Engineering	1,177,560	1,267,796
Electricity, water and gas	951,045	911,403
Construction	4,991,080	5,091,181
Retail business	1,669,000	1,906,458
Wholesale business	2,584,655	2,696,972
Restaurants and hotels	1,411,024	1,353,510
Transports and communications	1,846,405	2,138,944
Services	14,802,022	16,040,979
Consumer credit	4,496,917	4,845,927
Mortgage credit	30,308,497	31,036,269
Other domestic activities	886,812	1,031,408
Other international activities	2,959,669	4,242,931
	71,533,077	76,411,292
Impairment for credit risk	(3,487,542)	(2,505,886)
	68,045,535	73,905,406

The analysis of loans and advances to customers, by maturity and by sector of activity as at 31 December, 2011, 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	196,185	167,625	219,861	60,622	644,293
Mining	212,727	123,207	89,644	8,749	434,327
Food, beverage and tobacco	238,136	119,439	87,570	76,328	521,473
Textiles	259,285	92,459	88,685	51,128	491,557
Wood and cork	102,014	45,925	52,684	28,520	229,143
Printing and publishing	100,965	58,553	114,142	20,883	294,543
Chemicals	380,797	234,150	198,752	19,356	833,055
Engineering	458,123	231,266	387,516	100,655	1,177,560
Electricity, water and gas	167,041	258,235	522,895	2,874	951,045
Construction	2,458,655	986,147	837,850	708,428	4,991,080
Retail business	700,084	371,381	477,065	120,470	1,669,000
Wholesale business	1,377,561	470,575	443,833	292,686	2,584,655
Restaurants and hotels	228,003	313,096	720,538	149,387	1,411,024
Transports and communications	466,571	499,679	821,861	58,294	1,846,405
Services	5,913,703	3,837,191	4,255,494	795,634	14,802,022
Consumer credit	1,244,069	1,675,455	910,851	666,542	4,496,917
Mortgage credit	57,381	281,750	29,730,228	239,138	30,308,497
Other domestic activities	204,292	334,369	326,362	21,789	886,812
Other international activities	925,538	970,050	1,009,281	54,800	2,959,669
	15,691,130	11,070,552	41,295,112	3,476,283	71,533,077

The analysis of loans and advances to customers, by type of credit and by maturity as at 31 December, 2011, 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	430,849	126,834	154,541	5	712,229
Asset-backed loans	5,130,049	6,400,896	31,806,847	1,761,851	45,099,643
Personal guaranteed loans	4,980,680	1,608,357	4,355,904	612,870	11,557,811
Unsecured loans	2,686,299	450,908	521,621	1,025,105	4,683,933
Foreign loans	898,755	1,088,946	1,848,088	-	3,835,789
Factoring	1,286,400	208	-	76	1,286,684
Finance leases	278,098	1,394,403	2,608,111	76,376	4,356,988
	15,691,130	11,070,552	41,295,112	3,476,283	71,533,077

The analysis of loans and advances to customers, by maturity and by sector of activity as at 31 December, 2010, 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	290,413	184,143	242,722	20,255	737,533
Mining	248,451	108,834	155,531	9,070	521,886
Food, beverage and tobacco	285,667	101,845	111,949	51,205	550,666
Textiles	230,176	125,552	154,090	39,999	549,817
Wood and cork	118,685	61,792	56,051	37,418	273,946
Printing and publishing	131,239	94,236	89,264	14,102	328,841
Chemicals	395,245	284,698	187,566	17,316	884,825
Engineering	494,934	291,050	365,072	116,740	1,267,796
Electricity, water and gas	216,407	88,138	603,888	2,970	911,403
Construction	2,733,273	1,050,111	850,523	457,274	5,091,181
Retail business	786,960	480,843	554,988	83,667	1,906,458
Wholesale business	1,395,166	558,991	504,779	238,036	2,696,972
Restaurants and hotels	272,885	305,092	726,297	49,236	1,353,510
Transports and communications	754,061	577,565	748,410	58,908	2,138,944
Services	6,610,225	3,892,187	5,015,673	522,894	16,040,979
Consumer credit	1,553,070	1,668,359	1,127,858	496,640	4,845,927
Mortgage credit	49,620	305,160	30,465,039	216,450	31,036,269
Other domestic activities	394,148	238,805	380,072	18,383	1,031,408
Other international activities	1,351,389	1,413,624	1,428,482	49,436	4,242,931
	18,312,014	11,831,025	43,768,254	2,499,999	76,411,292

The analysis of loans and advances to customers, by type of credit and by maturity as at 31 December, 2010, 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	622,480	99,871	137,723	1,554	861,628
Asset-backed loans	4,722,238	6,840,825	33,326,282	1,154,080	46,043,425
Personal guaranteed loans	7,028,234	1,241,508	5,199,822	465,328	13,934,892
Unsecured loans	3,502,607	463,623	631,368	752,236	5,349,834
Foreign loans	727,709	1,481,897	1,572,479	6,762	3,788,847
Factoring	1,413,609	-	-	1,436	1,415,045
Finance leases	295,137	1,703,301	2,900,580	118,603	5,017,621
	18,312,014	11,831,025	43,768,254	2,499,999	76,411,292

Loans and advances to customers includes the effect of traditional securitization transactions owned by Special Purpose Entities (SPEs) consolidated following the application of SIC 12, in accordance with accounting policy 1 b).

Securitization transactions engaged by BCP Group refer to mortgage loans, consumer loans, leases, commercial paper and corporate loans. The traditional securitization transactions are set through specifically created SPE. As referred in accounting policy 1 b), when the substance of the relationships with the SPEs indicates that the Group holds control of its activities, the SPE are fully consolidated.

The balance Loans and advances to customers includes the following amounts related to securitization transactions, presented by type of transaction:

	Traditional	
	2011	2010
	Euros '000	Euros '000
Mortgage loans	6,392,175	6,677,879
Consumer loans	417,771	692,598
Leases	992,600	1,333,884
Commercial paper	-	310,189
Corporate loans	4,620,819	4,560,432
	12,423,365	13,574,982

During 2010, the Group issued two securitization transactions named as Tagus Leasing No.1 (leasing) and Caravela SME No.2 (corporate loans), both issued by Banco Comercial Português, S.A. Considering the characteristics of these securitizations and according to accounting policy 1 g), these transactions were not derecognised from the Group's financial statements.

Magellan Mortgages No. 6

On 20 March 2009, the Group transferred a pool of mortgage loans owned by Banco Comercial Português, S.A. to the SPE "Magellan Mortgages No. 6 Limited". Considering that, given the characteristics of the transaction, the Group still holds the risks and benefits associated to the referred assets, in the amount of Euros 3,491,700,000, with reference to 31 December 2011. The transaction does not qualify for derecognition from the Group's Financial Statements as established in the accounting policy 1 g). The related liabilities, with a nominal amount of Euros 3,634,054,000, are fully held by the Group and consequently are eliminated when preparing the Consolidated Financial Statements.

Magellan Mortgages No. 5

On 26 June 2008, the Group transferred a pool of mortgage loans owned by Banco Comercial Português, S.A. to the SPE "Magellan Mortgages No. 5 Limited". Considering that, given the characteristics of the transaction, the Group still holds the risks and benefits associated to the referred assets, in the amount of Euros 1,435,874,000, as at 31 December 2011, the transaction does not qualify for derecognition from the Group's Financial Statements as established in the accounting policy 1 g). The related liabilities, with a nominal amount of Euros 1,467,544,000, are fully held by the Group and consequently are eliminated when preparing the Consolidated Financial Statements.

Kion Mortgage Finance No. 2

On 18 July 2008, the Group transferred a pool of mortgage loans owned by Millennium Bank, S.A. (Greece) to the SPE "Kion Mortgage Finance No. 2 PLC". Considering that, given the characteristics of the transaction, the Group still holds the risks and benefits associated to the referred assets, in the amount of Euros 424,248,000, as at 31 December 2011, the transaction does not qualify for derecognition from the Group's Financial Statements as established in the accounting policy 1 g). The related liabilities, with a nominal amount of Euros 357,153,000, are fully held by the Group and consequently are eliminated when preparing the Consolidated Financial Statements.

Kion Mortgage Finance No. 1

On 7 December 2006, the Group transferred a pool of mortgage loans owned by Millennium Bank, S.A. (Greece) to the SPE "Kion Mortgage Finance No. 1 PLC". Considering that, given the characteristics of the transaction, the Group still holds the risks and benefits associated to the referred assets, in the amount of Euros 187,476,000, as at 31 December 2011, the transaction does not qualify for derecognition from the Group's Financial Statements as established in the accounting policy 1 g). The related liabilities, with a nominal amount of Euros 165,735,000, of which Euros 149,848,000 are placed on the market.

Magellan Mortgages No. 3

On 24 June 2005, the Group transferred a pool of mortgage loans owned by Banco Comercial Português, S.A. to the SPE "Magellan Mortgages No. 3 PLC". Considering that, by having acquired the total subordinated tranches during 2010, the Group holds the majority of the risks and benefits associated to the referred assets, the SPE is consolidated in the Group's Financial Statements, as established in the accounting policy 1 b). The total assets and liabilities of the SPE associated with this operation, as at 31 December 2011, amounts to Euros 584,410,000 and to Euros 616,561,000, respectively.

Magellan Mortgages No. 2

On 20 October 2003, the Group transferred a pool of mortgage loans owned by Banco Comercial Português, S.A. and by Banco de Investimento Imobiliário, S.A. to the SPE "Magellan Mortgages No. 2 PLC". Considering that, by having acquired the total subordinated tranches during 2010, the Group holds the majority of the risks and benefits associated to the referred assets, the SPE is consolidated in the Group's Financial Statements, as established in the accounting policy 1 b). The total assets and liabilities of the SPE associated with this operation, as at 31 December 2011, amounts to Euros 268,467,000 and to Euros 287,358,000, respectively.

Nova Finance No. 4

On 21 December 2007, the Group transferred a pool of consumer loans owned by Banco Comercial Português, S.A. to the SPE "Nova Finance No. 4 Limited". Considering that, given the characteristics of the transaction, the Group still holds the risks and benefits associated to the referred assets, in the amount of Euros 417,771,000, as at 31 December 2011, the transaction does not qualify for derecognition from the Group's Financial Statements as established in the accounting policy 1 g). The related liabilities, with a nominal amount of Euros 433,267,000, are majorly held by the Group, and the amount of Euros 131,972,000 is placed on the market.

Tagus Leasing No.1

On 26 February 2010, the Group transferred a pool of leasing loans owned by Banco Comercial Português, S.A. to the SPE “Tagus Leasing No. 1 Limited”. Considering that given the characteristics of the transaction, the Group still holds the risks and benefits associated to the referred assets, these, as established in the accounting policy defined in note 1 g), maintain the recognition in the Financial Statements of the Group, in the amount of Euros 906,892,000, as at 31 December 2011. The related liabilities, with a nominal amount of Euros 971,966,000, are fully owned by the Group and consequently are eliminated when preparing the Consolidated Financial Statements.

Orchis

On 20 December 2007, the Group transferred a pool of leases owned by Millennium Leasing Sp. z o.o. (Poland) to the SPE “Orchis Sp. z o.o.”. Considering that, given the characteristics of the transaction, the Group still holds the risks and benefits associated to the referred assets, in the amount of Euros 85,708,000, as at 31 December 2011, the transaction does not qualify for derecognition from the Group’s Financial Statements as established in the accounting policy 1 b). The related liabilities, with a nominal amount of Euros 87,899,000, of which Euros 84,371,000 are placed on the market.

Caravela SME No. 1

On 28 November 2008, the Group transferred a pool of corporate loans and commercial paper owned by Banco Comercial Português, S.A. to the SPE “Caravela SME No. 1 Limited”. Considering that, given the characteristics of the transaction, the Group still holds the risks and benefits associated to the referred assets, in the amount of Euros 1,847,585,000, as at 31 December 2011, the transaction does not qualify for derecognition from the Group’s Financial Statements as established in the accounting policy 1 g). The related liabilities, with a nominal amount of Euros 2,072,224,000, are fully owned by the Group and consequently are eliminated when preparing the Consolidated Financial Statements.

Caravela SME No. 2

On 16 December 2010, the Group transferred a pool of corporate loans owned by Banco Comercial Português, S.A. to the SPE “Caravela SME No. 2 Limited”. Considering that given the characteristics of the transaction, the Group still holds the risks and benefits associated to the referred assets, these, as established in the accounting policy defined in note 1 g), maintain the recognition in the Financial Statements of the Group, in the amount of Euros 2,773,234,000, as at 31 December 2011. The related liabilities, with a nominal amount of Euros 2,799,747,000, are fully owned by the Group and consequently are eliminated when preparing the Consolidated Financial Statements.

The Group's credit portfolio, which includes loans to customers, also includes the guarantees granted and commitments to third parties, split between impaired credit and credit not impaired is analysed as follows:

	2011 Euros '000	2010 Euros '000
Total of loans	79,406,991	85,273,307
Loans and advances to customers with impairment		
Individually significant		
Gross amount	9,590,715	8,811,588
Impairment	(2,595,595)	(1,783,787)
Net book amount	6,995,120	7,027,801
Parametric analysis		
Gross amount	4,134,528	3,844,915
Impairment	(755,066)	(583,207)
Net book amount	3,379,462	3,261,708
Loans and advances to customers without impairment	65,681,748	72,616,804
Impairment (IBNR)	(237,589)	(219,798)
	75,818,741	82,686,515

The balance Total of loans includes the loans and advances to customers balance and the guarantees granted and commitments to third parties balance (see note 46), in the amount of Euros 7,873,914,000 (31 December 2010: Euros 8,862,015,000).

The balances Impairment and Impairment (IBNR) were determined in accordance with the accounting policy described in note 1 c), including the provision for guarantees and other commitments to third parties (see note 38), in the amount of Euros 100,708,000 (31 December 2010: Euros 80,906,000).

The fair values of collaterals related to the loan portfolios, is analysed as follows:

	2011	2010
	Euros '000	Euros '000
Loans and advances to customers with impairment		
Individually significant		
Securities and other financial assets	950,809	1,102,631
Home mortgages	1,493,484	1,370,816
Other real estate	1,845,928	1,580,096
Other guarantees	674,978	331,740
	4,965,199	4,385,283
Parametric analysis		
Securities and other financial assets	35,675	33,566
Home mortgages	2,422,804	2,365,152
Other real estate	214,412	227,281
Other guarantees	174,228	158,679
	2,847,119	2,784,678
Loans and advances to customers without impairment		
Securities and other financial assets	3,671,554	4,539,816
Home mortgages	26,633,530	27,260,166
Other real estate	5,721,589	6,764,762
Other guarantees	5,648,738	6,726,654
	41,675,411	45,291,398
	49,487,729	52,461,359

Considering the Group's risk management policy, the amounts shown do not include the fair value of personal guarantees provided by customers with lower risk notation.

The Group is applying physical collaterals and financial guarantees as instruments to mitigate the credit risk. The physical collaterals are mainly mortgages on residential buildings for the mortgage portfolio and other mortgages on other types of buildings related to other types of loans. In order to reflect the market value, these collaterals are regularly reviewed based on independent and certified valuation entities or through the application 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.

Considering the current real estate and financial markets conditions, the Group negotiated, during 2011, additional physical and financial collaterals with some customers.

The balance Loans and advances to customers includes the following amounts related to finance leases contracts:

	2011	2010
	Euros '000	Euros '000
Gross amount	5,300,269	5,696,498
Interest not yet due	(1,019,658)	(797,480)
Net book value	4,280,611	4,899,018

The analysis of the financial lease contracts by type of client, is presented as follows:

	2011	2010
	Euros '000	Euros '000
Individuals		
Home	100,402	127,513
Consumer	71,793	102,423
Others	220,082	255,542
	392,277	485,478
Companies		
Mobiliary	1,589,351	1,877,332
Mortgage	2,298,983	2,536,208
	3,888,334	4,413,540
	4,280,611	4,899,018

Regarding operational leasing, the Group does not present relevant contracts as leasor.

In accordance with note 10, the balance Rents, includes as at 31 December 2011 the amount of Euros 124,886,000 (31 December 2010: Euros 129,420,000), corresponding to rents paid regarding buildings used by the Group as leasee.

The loans portfolio includes restructured loans that have been formally negotiated with the clients, in order to reinforce collaterals, defer the maturity date or change the interest rate. The analysis of restructured loans by sector of activity is as follows:

	2011 Euros '000	2010 Euros '000
Agriculture	7,221	6,412
Mining	798	632
Food, beverage and tobacco	5,590	3,690
Textiles	3,155	10,944
Wood and cork	12,297	8,058
Printing and publishing	1,673	1,448
Chemicals	733	6,394
Engineering	31,988	36,599
Electricity, water and gas	3,168	3,066
Construction	45,256	27,750
Retail business	18,076	10,619
Wholesale business	55,622	50,573
Restaurants and hotels	3,441	2,525
Transports and communications	10,138	23,097
Services	222,727	220,183
Consumer credit	256,712	194,308
Mortgage credit	254,593	64,254
Other domestic activities	197	489
Other international activities	3,300	5,805
	936,685	676,846

The analysis of the overdue loans by sector of activity is as follows:

	2011 Euros '000	2010 Euros '000
Agriculture	60,622	20,255
Mining	8,749	9,070
Food, beverage and tobacco	76,328	51,205
Textiles	51,128	39,999
Wood and cork	28,520	37,418
Printing and publishing	20,883	14,102
Chemicals	19,356	17,316
Engineering	100,655	116,740
Electricity, water and gas	2,874	2,970
Construction	708,428	457,274
Retail business	120,470	83,667
Wholesale business	292,686	238,036
Restaurants and hotels	149,387	49,236
Transports and communications	58,294	58,908
Services	795,634	522,894
Consumer credit	666,543	496,640
Mortgage credit	239,137	216,450
Other domestic activities	21,789	18,383
Other international activities	54,800	49,436
	3,476,283	2,499,999

The analysis of the overdue loans, by type of credit, is as follows:

	2011 Euros '000	2010 Euros '000
Public sector	5	1,554
Asset-backed loans	1,761,851	1,154,080
Personal guaranteed loans	612,870	465,328
Unsecured loans	1,025,105	752,236
Foreign loans	-	6,762
Factoring	76	1,436
Finance leases	76,376	118,603
	3,476,283	2,499,999

The movements of impairment for credit risk are analysed as follows:

	2011 Euros '000	2010 Euros '000
Impairment for overdue loans and for other credit risks:		
Balance on 1 January	2,505,886	2,157,094
Transfers resulting from changes in the Group's structure	-	(3,792)
Other transfers	(47,932)	(12,555)
Impairment for the year	1,674,720	1,132,119
Write-back for the year	(318,751)	(384,988)
Loans charged-off	(311,523)	(400,134)
Exchange rate differences	(14,858)	18,142
Balance on 31 December	3,487,542	2,505,886

If the impairment loss decreases on a subsequent period to its initial accounting and this decrease can be objectively associated to an event that occurred after the recognition of the loss, the impairment in excess is reversed through profit and loss.

The analysis of the impairment, by sector of activity, is as follows:

	2011 Euros '000	2010 Euros '000
Agriculture	65,288	51,530
Mining	6,726	11,041
Food, beverage and tobacco	55,707	60,444
Textiles	40,731	52,535
Wood and cork	23,097	27,501
Printing and publishing	34,717	16,920
Chemicals	13,994	12,609
Engineering	108,624	100,236
Electricity, water and gas	3,817	7,413
Construction	388,794	300,512
Retail business	90,795	67,136
Wholesale business	248,366	185,403
Restaurants and hotels	86,397	45,663
Transports and communications	66,641	43,655
Services	964,474	604,839
Consumer credit	549,750	384,521
Mortgage credit	257,238	173,962
Other domestic activities	10,531	11,399
Other international activities	471,855	348,567
	3,487,542	2,505,886

The impairment for credit risk, by type of credit, is analysed as follows:

	2011 Euros '000	2010 Euros '000
Public sector	2,055	1,797
Asset-backed loans	1,848,265	1,216,001
Personal guaranteed loans	460,824	358,935
Unsecured loans	1,130,439	876,503
Foreign loans	2,323	3,747
Factoring	2,484	1,473
Finance leases	41,152	47,430
	3,487,542	2,505,886

The analysis of the loans charged-off, by sector of activity, is as follows:

	2011 Euros '000	2010 Euros '000
Agriculture	1,283	3,903
Mining	394	17,625
Food, beverage and tobacco	884	6,964
Textiles	17,904	11,699
Wood and cork	9,485	8,026
Printing and publishing	1,871	3,255
Chemicals	1,276	965
Engineering	16,116	24,813
Electricity, water and gas	20	10
Construction	76,228	33,209
Retail business	4,556	10,259
Wholesale business	15,108	100,258
Restaurants and hotels	3,782	3,596
Transports and communications	3,563	3,575
Services	41,445	118,002
Consumer credit	51,745	42,238
Mortgage credit	1,456	212
Other domestic activities	3,809	1,757
Other international activities	60,598	9,768
	311,523	400,134

In compliance with the accounting policy described in note 1 c), loans and advances to customers are charged-off when there are no feasible expectations, from an economic perspective, of recovering the loan amount. For collateralised loans, the charge-off occurs for the unrecoverable amount when the funds arising from the execution of the respective collaterals are effectively received. This charge-off is carried out only for loans that are considered not to be recoverable and fully provided.

The analysis of the loans charged-off, by type of credit, is as follows:

	2011 Euros '000	2010 Euros '000
Asset-backed loans	69,651	142,504
Personal guaranteed loans	32,646	69,388
Unsecured loans	189,138	178,879
Foreign loans	6,000	-
Finance leases	14,088	9,363
	311,523	400,134

The analysis of recovered loans and interest, during 2011 and 2010, by sector of activity, is as follows:

	2011 Euros '000	2010 Euros '000
Agriculture	1,036	428
Mining	32	11
Food, beverage and tobacco	905	272
Textiles	866	2,007
Wood and cork	1,072	1,010
Printing and publishing	892	268
Chemicals	92	43
Engineering	555	625
Electricity, water and gas	-	6
Construction	1,216	3,713
Retail business	360	577
Wholesale business	3,032	2,709
Restaurants and hotels	25	447
Transports and communications	165	494
Services	8,108	1,290
Consumer credit	2,893	16,585
Mortgage credit	2	-
Other domestic activities	28	61
Other international activities	10	9
	21,289	30,555

The analysis of recovered loans and interest during 2011 and 2010, by type of credit, is as follows:

	2011 Euros '000	2010 Euros '000
Asset-backed loans	157	850
Personal guaranteed loans	3,047	301
Unsecured loans	18,085	29,177
Finance leases	-	227
	21,289	30,555

23. Financial assets held for trading and available for sale

The balance Financial assets held for trading and available for sale is analysed as follows:

	2011 Euros '000	2010 Euros '000
Bonds and other fixed income securities		
Issued by public entities	4,283,378	5,319,583
Issued by other entities	1,034,084	1,105,750
	5,317,462	6,425,333
Overdue securities	4,927	4,925
Impairment for overdue securities	(4,925)	(4,925)
	5,317,464	6,425,333
Shares and other variable income securities	282,318	207,656
	5,599,782	6,632,989
Trading derivatives	1,319,662	1,076,374
	6,919,444	7,709,363

The balance Trading derivatives includes, the valuation of the embedded derivatives separated from the host contracts in accordance with the accounting policy 1 d) in the amount of Euros 118,601,000 (31 December 2010: Euros 94,844,000).

The analysis of the financial assets held for trading and available for sale by the type of asset is as follows:

	2011			2010		
	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	77,476	939,681	1,017,157	909,880	22,431	932,311
Foreign issuers	104,568	549,376	653,944	262,977	893,063	1,156,040
Bonds issued by other entities						
Portuguese issuers	37,865	347,215	385,080	118,340	106,590	224,930
Foreign issuers	76,164	577,767	653,931	149,808	735,937	885,745
Treasury bills and other Government bonds	499,738	2,112,539	2,612,277	2,567,070	664,162	3,231,232
	795,811	4,526,578	5,322,389	4,008,075	2,422,183	6,430,258
Variable income:						
Shares in Portuguese companies	4,741	66,972	71,713	9,123	46,671	55,794
Shares in foreign companies	24,846	41,348	66,194	23,347	47,469	70,816
Investment fund units	270	144,141	144,411	19,380	61,666	81,046
	29,857	252,461	282,318	51,850	155,806	207,656
Impairment for overdue securities	-	(4,925)	(4,925)	-	(4,925)	(4,925)
	825,668	4,774,114	5,599,782	4,059,925	2,573,064	6,632,989
Trading derivatives	1,319,662	-	1,319,662	1,076,374	-	1,076,374
	2,145,330	4,774,114	6,919,444	5,136,299	2,573,064	7,709,363
of which:						
Level 1	816,799	3,161,630	3,978,429	4,020,832	1,229,848	5,250,680
Level 2	1,327,645	1,536,114	2,863,759	1,114,004	1,253,896	2,367,900
Level 3	598	34,290	34,888	1,044	45,333	46,377
Financial assets at cost	288	42,080	42,368	419	43,987	44,406

The trading portfolio, is recorded at fair value in accordance with the accounting policy described in note 1 d).

As referred in IFRS 7, financial assets held for trading and available for sale are valued in accordance with the following fair value measurement levels:

- Level 1: financial instruments measured in accordance with quoted market prices or providers.
- Level 2: financial instruments measured in accordance with internal valuation techniques based on observable market inputs.
- Level 3: financial instruments measured in accordance with valuation techniques based on inputs not based on observable data that have significant impact in the instruments valuation.

As referred in the accounting policy presented in note 1 d), the available for sale securities are presented at market value with the respective fair value accounted against fair value reserves, as referred in note 43. The negative amount of fair value reserves of Euros 471,254,000 (31 December 2010: Euros negative amount of fair value reserves of Euros 167,239,000) is presented net of impairment losses in the amount of Euros 62,272,000 (31 December 2010: Euros 52,410,000). As referred in note 13, the Group set up impairment losses for Investment Funds Units held by the Group in the amount of Euros 13,621,000 (31 December 2010: Euros 10,180,000).

In 2010, Bitalpart BV, a company fully owned by BCP, sold its minority investment corresponding to 2.7% of the share capital of Eureko BV to the Pension Fund of Banco Comercial Português. The transfer value of the investment was determined by the valuation of Eureko BV established on 31 December 2009, assessed by independent international financial institution, less the value of the anticipated dividend received in the current year.

As referred in note 7, the transaction generated a gain before taxes of Euros 65,200,000. As mentioned in note 43, this amount was already recognised in the fair value reserve, which was reversed through results on that date.

The sales contract established an adjustment to the sales price, depending on the update of the valuation, using the same methodology, referring to December 31, 2010, which was performed during the first quarter of 2011. This revaluation implied, as referred in note 7, an adjustment to the sale price of the shares of Eureko BV in the amount of Euros 24,480,000.

During the first semester of 2010, the Group reclassified non-derivative financial assets, from the available for sale portfolio to the held to maturity and from the held for trading portfolio to the available for sale and to held to maturity portfolios (see note 25).

As referred in the accounting policy note 1 f) these reclassifications were performed under the scope of IAS 39 – Financial Instruments: Recognition and Measurement (Reclassification of Financial Assets) revised in October 2008, based on the following considerations:

• Market conditions in the first semester of 2010, for sovereign and financial institutions of peripherical Euro zone countries, that resulted in a strong increase in the volatility, credit spreads and difficulties of issuers to place their financial liabilities in the market;

• Underlying value of the portfolio (quality of the issuers expressed in investment grade ratings) and capacity of the Group to hold the assets in a stable portfolio with no short term profit objective, and intention and capacity to hold in the long term.

The reclassifications performed until 31 December 2011, are analysed as follows:

	At the reclassification date		December 2011		
	Book value Euros '000	Fair value Euros '000	Book value Euros '000	Fair value Euros '000	Difference Euros '000
From Financial assets held for trading to:					
Financial assets available for sale	196,800	196,800	6,545	6,545	-
Financial assets held to maturity	2,154,973	2,154,973	1,418,293	1,145,889	(272,404)
From Financial assets available for sale to:					
Loans represented by securities	2,713,524	2,713,524	259,680	232,942	(26,738)
Financial assets held to maturity	627,492	627,492	578,799	523,431	(55,368)
			2,263,317	1,908,807	(354,510)

The amounts accounted in the income statement (P&L) and in fair value reserves, in December 2011 related to reclassified financial assets are analysed as

	P&L			Changes	
	Interest Euros '000	Impairment Euros '000	Total Euros '000	Fair value reserves Euros '000	Equity Euros '000
From Financial assets held for trading to:					
Financial assets available for sale	822	-	822	-	822
Financial assets held to maturity	65,795	(361,574)	(295,779)	-	(295,779)
From Financial assets available for sale to:					
Loans represented by securities	8,750	-	8,750	247	8,997
Financial assets held to maturity	18,707	-	18,707	(360)	18,347
	94,074	(361,574)	(267,500)	(113)	(267,613)

If the reclassifications described previously had not occurred, the additional amounts recognised in equity during 2011, would be as follows:

	P&L					
	Interest Euros '000	Fair value changes Euros '000	Total Euros '000	Retained earnings Euros '000	Fair value reserves Euros '000	Equity Euros '000
Impact in equity without reclassifications:						
Until 31 December 2010						
From Financial assets held for trading to:						
Financial assets available for sale	-	(6,932)	(6,932)	-	6,932	-
Financial assets held to maturity	-	1,784	1,784	(274,188)	-	(272,404)
From Financial assets available for sale to:						
Loans represented by securities	247	-	247	518	(27,503)	(26,738)
Financial assets held to maturity	(360)	-	(360)	-	(55,008)	(55,368)
	(113)	(5,148)	(5,261)	(273,670)	(75,579)	(354,510)

As at 31 December 2010, this reclassification is analysed as follows:

	At the reclassification date		December 2010		
	Book value Euros '000	Fair value Euros '000	Book value Euros '000	Fair value Euros '000	Difference Euros '000
From Financial assets held for trading to:					
Financial assets available for sale	225,482	225,482	43,882	43,882	-
Financial assets held to maturity	2,154,973	2,154,973	1,880,177	1,605,989	(274,188)
From Financial assets available for sale to:					
Loans represented by securities	2,713,524	2,713,524	287,884	257,248	(30,636)
Financial assets held to maturity	627,492	627,492	610,085	533,996	(76,089)
			2,822,028	2,441,115	(380,913)

The amounts accounted in the income statement (P&L) and in fair value reserves, in December 2010 related to reclassified financial assets are analysed as follows:

	P&L			Changes	
	Interest Euros '000	Fair value changes Euros '000	Total Euros '000	Fair value reserves Euros '000	Equity Euros '000
Before the reclassification					
From Financial assets held for trading to:					
Financial assets available for sale	170	(3,048)	(2,878)	-	(2,878)
Financial assets held to maturity	2,955	5,175	8,130	-	8,130
From Financial assets available for sale to:					
Financial assets held to maturity	5,476	-	5,476	(9,510)	(4,034)
	8,601	2,127	10,728	(9,510)	1,218
After the reclassification					
From Financial assets held for trading to:					
Financial assets available for sale	1,786	-	1,786	-	1,786
Financial assets held to maturity	57,273	-	57,273	-	57,273
From Financial assets available for sale to:					
Financial assets available for sale	6,528	-	6,528	245	6,773
Loans represented by securities	5,148	-	5,148	(168)	4,980
	70,735	-	70,735	77	70,812

If the reclassifications described previously had not occurred, the additional amounts recognised in equity during 2010, would be as follows:

	P&L					
	Interest Euros '000	Fair value changes Euros '000	P&L Euros '000	Retained earnings Euros '000	Fair value reserves Euros '000	Equity Euros '000
Impact in equity without reclassifications:						
Until 31 December 2009						
From Financial assets held for trading to:						
Financial assets available for sale	-	-	-	391	(391)	-
Financial assets held to maturity	-	(196,317)	(196,317)	(22,117)	-	(218,434)
From Financial assets available for sale to:						
Loans represented by securities	245	-	245	273	(31,154)	(30,636)
	245	(196,317)	(196,072)	(21,453)	(31,545)	(249,070)
Until 31 December 2010						
From Financial assets held for trading to:						
Financial assets available for sale	-	(25,495)	(25,495)	-	25,495	-
Financial assets held to maturity	-	(55,754)	(55,754)	-	-	(55,754)
From Financial assets available for sale to:						
Financial assets held to maturity	(168)	-	(168)	-	(75,921)	(76,089)
	(168)	(81,249)	(81,417)	-	(50,426)	(131,843)
	77	(277,566)	(277,489)	(21,453)	(81,971)	(380,913)

The movements of the impairment of the financial assets available for sale are analysed as follows:

	2011 Euros '000	2010 Euros '000
Balance on 1 January	52,410	56,785
Transfers	(3,615)	5,992
Impairment for the year	17,320	10,180
Impairment against fair value reserves	3,383	2,228
Write-back for the year	(135)	-
Write-back against fair value reserves	(5,216)	(7,389)
Loans charged-off	(1,420)	(15,386)
Exchange rate differences	(455)	-
Balance on 31 December	62,272	52,410

The Group recognises impairment on financial assets available for sale when there is a significant or prolonged decrease in its fair value or when there is an impact on expected future cash flows of the assets. This valuation involves judgement in which the Group takes into consideration among other factors, the volatility of the prices of securities.

Thus, as a consequence of the low liquidity and significant volatility in financial markets, the following factors were taken into consideration in determining the existence of impairment:

- Equity instruments: (i) decreases more than 30% against the purchase price; or (ii) the market value below the purchase price for a period exceeding 12 months;
- Debt instruments: when there is objective evidence of events with impact on recoverable value of future cash flows of these assets.

The analysis of financial assets held for trading and available for sale by maturity as at 31 December 2011 is as follows:

	Up to 3 months Euros '000	3 months to 1 year Euros '000	More than 1 year Euros '000	Undetermined Euros '000	Total Euros '000
Fixed income:					
Bonds issued by public entities					
Portuguese issuers	-	221,863	795,294	-	1,017,157
Foreign issuers	14,848	271,362	367,734	-	653,944
Bonds issued by other entities					
Portuguese issuers	47,498	86	332,571	4,925	385,080
Foreign issuers	20	348,594	305,315	2	653,931
Treasury bills and other					
Government bonds	2,039,889	529,434	42,954	-	2,612,277
	2,102,255	1,371,339	1,843,868	4,927	5,322,389
Variable income:					
Companies shares					
Portuguese companies				71,713	71,713
Foreign companies				66,194	66,194
Investment fund units				144,411	144,411
				282,318	282,318
Impairment for overdue securities				(4,925)	(4,925)
	2,102,255	1,371,339	1,843,868	282,320	5,599,782

The analysis of financial assets held for trading and available for sale by maturity as at 31 December 2010 is as follows:

	Up to 3 months Euros '000	3 months to 1 year Euros '000	More than 1 year Euros '000	Undetermined Euros '000	Total Euros '000
Fixed income:					
Bonds issued by public entities					
Portuguese issuers	-	94,164	838,147	-	932,311
Foreign issuers	190	348,633	807,217	-	1,156,040
Bonds issued by other entities					
Portuguese issuers	-	49,262	170,743	4,925	224,930
Foreign issuers	104	545,537	340,104	-	885,745
Treasury bills and other					
Government bonds	1,616,320	1,586,739	28,173	-	3,231,232
	1,616,614	2,624,335	2,184,384	4,925	6,430,258
Variable income:					
Companies shares					
Portuguese companies				55,794	55,794
Foreign companies				70,816	70,816
Investment fund units				81,046	81,046
				207,656	207,656
Impairment for overdue securities				(4,925)	(4,925)
	1,616,614	2,624,335	2,184,384	207,656	6,632,989

The analysis of the securities portfolio included in the financial assets held for trading and available for sale, by sector of activity, as at 31 December 2011 is analysed as follows:

	Bonds Euros '000	Shares Euros '000	Other Financial Assets Euros '000	Overdue Securities Euros '000	Gross Total Euros '000
Food, beverage and tobacco	-	3	-	2	5
Textiles	-	1	-	-	1
Wood and cork	-	501	-	361	862
Printing and publishing	86	15,281	-	998	16,365
Chemicals	-	7,625	-	-	7,625
Engineering	-	185	-	-	185
Electricity, water and gas	154,713	1,118	-	-	155,831
Construction	9,472	1,960	-	2,560	13,992
Retail business	-	437	-	-	437
Wholesale business	-	1,205	-	475	1,680
Restaurants and hotels	-	51	-	-	51
Transport and communications	23,350	774	-	529	24,653
Services	821,002	108,710	144,411	2	1,074,125
Other international activities	25,461	56	-	-	25,517
	1,034,084	137,907	144,411	4,927	1,321,329
Government and Public securities	1,671,101	-	2,612,277	-	4,283,378
Impairment for overdue securities	-	-	-	(4,925)	(4,925)
	2,705,185	137,907	2,756,688	2	5,599,782

The analysis of the securities portfolio included in the financial assets held for trading and available for sale, by sector of activity, as at 31 December 2010 is analysed as follows:

	Bonds Euros '000	Shares Euros '000	Other Financial Assets Euros '000	Overdue Securities Euros '000	Gross Total Euros '000
Mining	-	205	-	-	205
Food, beverage and tobacco	-	2	-	-	2
Textiles	-	1,387	-	-	1,387
Wood and cork	-	3,674	-	361	4,035
Printing and publishing	90	19,488	-	998	20,576
Chemicals	-	17,171	-	-	17,171
Engineering	-	5,278	-	-	5,278
Electricity, water and gas	-	2,028	-	-	2,028
Construction	11,177	3,615	-	2,560	17,352
Retail business	-	179	-	-	179
Wholesale business	-	3,371	-	475	3,846
Restaurants and hotels	-	51	-	-	51
Transport and communications	14,740	2,064	-	529	17,333
Services	1,079,743	67,854	81,046	2	1,228,645
Other international activities	-	243	-	-	243
	1,105,750	126,610	81,046	4,925	1,318,331
Government and Public securities	2,088,351	-	3,231,232	-	5,319,583
Impairment for overdue securities	-	-	-	(4,925)	(4,925)
	3,194,101	126,610	3,312,278	-	6,632,989

As detailed in note 54, the Group, as part of the management process of the liquidity risk, holds a pool of eligible assets that can serve as collateral in funding operations in the European Central Bank and other Central Banks in countries were the Group operates, which includes fixed income securities.

The analysis of the trading derivatives by maturity as at 31 December 2011 is as follows:

	2011					
	Notional (remaining term)				Fair value	
	Up to 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:						
Forward rate agreement	359,705	159,421	-	519,126	195	27
Interest rate Swaps	6,150,804	4,041,766	27,537,196	37,729,766	908,922	910,224
Interest rate Options (purchase)	1,202	336,972	798,641	1,136,815	14,053	-
Interest rate Options (sale)	1,202	336,972	423,187	761,361	-	14,430
Other interest rate contracts	23,800	506,956	531,962	1,062,718	29,979	30,098
	6,536,713	5,382,087	29,290,986	41,209,786	953,149	954,779
Stock Exchange transactions:						
Interest rate futures	5,002	-	-	5,002	-	-
Currency Derivatives:						
OTC Market:						
Forward exchange contract	379,275	57,549	7,107	443,931	12,856	13,250
Currency Swaps	4,627,861	82,634	-	4,710,495	45,125	58,009
Currency Options (purchase)	25,992	2,454	-	28,446	577	-
Currency Options (sale)	11,394	2,454	-	13,848	-	2,678
	5,044,522	145,091	7,107	5,196,720	58,558	73,937
Share/debt instruments Derivatives:						
OTC Market:						
Shares/indexes Swaps	154,133	55,703	88,862	298,698	5,131	4,731
Shares/indexes Options (purchase)	136,583	147,635	129,340	413,558	16,559	-
Shares/indexes Options (sale)	83,309	8,936	12,468	104,713	-	12,631
Debt instruments forwards	-	-	30,000	30,000	-	2,601
Shares/indexes futures	15,835	-	-	15,835	-	-
	389,860	212,274	260,670	862,804	21,690	19,963
Stock Exchange transactions:						
Shares futures	67,243	-	-	67,243	-	-
Commodity derivatives:						
Stock Exchange transactions:						
Commodities futures	31,703	-	-	31,703	-	-
Credit derivatives:						
OTC Market:						
Credit Default Swaps	3,864	-	3,678,466	3,682,330	167,664	295,349
Other credit derivatives (sale)	-	-	35,931	35,931	-	-
	3,864	-	3,714,397	3,718,261	167,664	295,349
Total financial instruments traded in:						
OTC Market	11,974,959	5,739,452	33,273,160	50,987,571	1,201,061	1,344,028
Stock Exchange	103,948	-	-	103,948	-	-
Embedded derivatives					118,601	11,351
	12,078,907	5,739,452	33,273,160	51,091,519	1,319,662	1,355,379

The analysis of the trading derivatives by maturity as at 31 December 2010 is as follows:

	2010					
	Notional (remaining term)				Fair value	
	Up to 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:						
Forward rate agreements	1,145,454	1,838,878	3,200	2,987,532	368	415
Interest rate Swaps	8,317,622	7,655,609	30,115,688	46,088,919	840,120	728,092
Interest rate Options (purchase)	30,436	149,723	830,190	1,010,349	21,293	-
Interest rate Options (sale)	30,436	149,351	776,909	956,696	-	20,272
Other interest rate contracts	27,475	220,905	1,058,988	1,307,368	36,168	36,705
	9,551,423	10,014,466	32,784,975	52,350,864	897,949	785,484
Stock Exchange transactions:						
Interest rate Futures	40,455	-	-	40,455	67	66
Currency Derivatives:						
OTC Market:						
Forward exchange contract	1,198,047	113,459	4,442	1,315,948	23,067	46,603
Currency Swaps	3,338,949	116,478	10,288	3,465,715	23,580	108,550
Currency Options (purchase)	41,723	29,472	-	71,195	3,910	-
Currency Options (sale)	1,896	21,896	-	23,792	-	23,727
	4,580,615	281,305	14,730	4,876,650	50,557	178,880
Share Derivatives:						
OTC Market:						
Shares/indexes Swaps	75,741	92,264	137,738	305,743	4,733	13,892
Shares/indexes Options (purchase)	108,655	189,197	55,221	353,073	18,595	-
Shares/indexes Options (sale)	63,022	817	9,474	73,313	-	17,816
Preference shares forwards	-	-	50,000	50,000	-	-
Other shares/indexes contracts	686	-	-	686	-	-
	248,104	282,278	252,433	782,815	23,328	31,708
Stock Exchange transactions:						
Shares futures	57,073	-	-	57,073	-	-
Commodity derivatives:						
Stock Exchange transactions:						
Commodities futures	70,714	4	-	70,718	-	-
Credit derivatives:						
OTC Market:						
Credit Default Swaps	-	82,474	2,134,902	2,217,376	9,629	177,482
Other credit derivatives (sale)	-	-	79,608	79,608	-	-
	-	82,474	2,214,510	2,296,984	9,629	177,482
Total financial instruments traded in:						
OTC Market	14,380,142	10,660,523	35,266,648	60,307,313	981,463	1,173,554
Stock Exchange	168,242	4	-	168,246	67	66
Embedded derivatives					94,844	2,831
	14,548,384	10,660,527	35,266,648	60,475,559	1,076,374	1,176,451

24. Hedging derivatives

This balance is analysed as follows:

	2011 Euros '000	2010 Euros '000
Hedging instruments		
Assets:		
Swaps	495,879	476,674
Liabilities:		
Swaps	508,032	346,473

Hedging derivatives are measured in accordance with internal valuation techniques considering mainly observable market inputs. In accordance with the hierarchy of the valuation sources, as referred in IFRS 7 these derivatives are classified in level 2.

The Group applies derivatives to hedge interest and exchange rate exposure 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.

The Group adopts, for the hedging relationships which comply with the hedging requirements of IAS 39, the hedge accounting method mainly interest rate and exchange rate derivatives. The fair value hedge model is adopted for debt securities, loans granted with fixed rate loans and deposits and money market loans. The cash flows hedge model is adopted for future transactions in foreign currency to cover dynamic changes in cash flows from loans granted and variable rate deposits in foreign currency and foreign currency mortgage loans.

The relationships that follow the fair value hedge model recorded ineffectiveness for the period in the amount of Euros 22,891,000 (31 December 2010: Euros 9,077,000) and the hedging relationships that follow the cash flows model recorded ineffectiveness for the period of a negative amount of Euros 1,118,000 (31 December 2010: Euros 5,711,000).

As referred in note 6, in 2010 the Group discontinued an interest rate hedging relationship of a mortgage backed security issue in the amount of Euros 1,500,000,000 in accordance with paragraph 91, c) of IAS 39, due to its effectiveness. Following the decision of the Executive Board of Directors and in accordance with IAS 39, on 1 April, 2009 and 1 April 2010, respectively, the hedging relationship was reestablished.

The accumulated adjustment on financial risks covered performed on the assets and liabilities which includes hedged items is analysed as follows:

	2011 Euros '000	2010 Euros '000
Hedged item		
Loans	7,024	22,155
Deposits / Loans	(12,230)	303
Debt issued	(263,923)	(182,256)
	(269,129)	(159,798)

The analysis of the portfolio of hedging derivatives by maturity as at 31 December 2011 is as follows:

	2011					
	Notional (remaining term)				Fair value	
	Up to 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	179,735	372,447	5,986,265	6,538,447	467,322	66,552
OTC Market:						
Interest rate Swaps	1,393,153	1,193,754	-	2,586,907	28,557	425,265
Cash flow hedge derivatives with currency risk:						
OTC Market:						
Forward exchange contract	14,628	44,013	140,279	198,920	-	16,215
Total financial instruments						
Traded by:						
OTC Market	1,587,516	1,610,214	6,126,544	9,324,274	495,879	508,032
	1,587,516	1,610,214	6,126,544	9,324,274	495,879	508,032

The analysis of the portfolio of hedging derivatives by maturity as at 31 December 2010 is as follows:

	2010					
	Notional (remaining term)				Fair value	
	Up to 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	708,000	707,711	7,518,586	8,934,297	474,556	38,126
Cash flow hedge derivatives with interest rate risk:						
OTC Market:						
Interest rate Swaps	932,806	90,615	-	1,023,421	2,118	283,313
Cash flow hedge derivatives with currency risk:						
OTC Market:						
Forward exchange contract	11,846	35,679	163,420	210,945	-	25,034
Total financial instruments						
Traded by:						
OTC Market	1,652,652	834,005	7,682,006	10,168,663	476,674	346,473
	1,652,652	834,005	7,682,006	10,168,663	476,674	346,473

25. Financial assets held to maturity

The balance Financial assets held to maturity is analysed as follows:

	2011 Euros '000	2010 Euros '000
Bonds and other fixed income securities		
Issued by Government and public entities	3,011,692	3,284,953
Issued by other entities	2,681,153	3,459,720
	5,692,845	6,744,673
Impairment for overdue securities	(532,665)	-
	5,160,180	6,744,673

The balance Bonds and other fixed income securities - Issued by Government and public entities, includes as at 31 December 2011, the amount of Euros 2,419,426,000 (31 December 2010: Euros 3,209,472,000) related to European Union countries, in bailout situation, and which detail is presented in note 59.

The balance Financial assets held to maturity also includes, as at 31 December 2011, the amount of Euros 1,421,590,000 (31 December 2010: Euros 1,880,177,000) related to non derivatives financial assets (bonds) reclassified from financial assets held for trading caption to financial assets held to maturity caption, of which Euros 557,876,000, as at 31 December 2010 related to the reclassifications occurred in 2010, as referred in the accounting policy note 1 f) and note 23.

The balance Financial assets held to maturity also includes, as at 31 December 2011, the amount of Euros 578,799,000 (31 December 2010: Euros 610,085,000) related to non derivatives financial assets (bonds) reclassified, in 2010, from financial assets available for sale caption to financial assets held to maturity caption, as referred in the accounting policy note 1 f) and note 23.

The movements of the impairment of the Financial assets held to maturity are analysed as follows:

	2011 Euros '000
Balance on 1 January	-
Impairment for the year	532,665
Balance on 31 December	532,665

The evolution of the European Union sovereign debt crisis and specifically the economic and political environment in Greece have contributed to the continuous deterioration of economic and financial situation of Greece and the incapacity to obtain funds from the capital markets, which implies that the short term solvency of the country is dependent on the continuous support by EU and IMF.

Considering this environment, the balance Impairment of Financial assets corresponds to the impairment recognised on Greek sovereign debt during 2011, as referred in note 13. Impairment was determined considering the terms of the agreement established between the Greek state and the private sector, related with the restructuring of the Greek sovereign debt ('GGBs'). The key terms for private sector involvement ('PSI') in the above mentioned restructuring, announced by the Greek Ministry of Finance in 21 February 2012, are as follows:

a) Holders of GGBs will exchange their existing GGBs for:

- New GGBs with a face amount equal to 31.5% of the par amount of the old GGBs.
- Notes issued by the European Financial Stability Facility (EFSF) with a face amount equal to 15% of par of the old GGBs. The notes will bear a market rate of interest and mature within 24 months.

b) The new GGBs will have the following key terms:

- Initial annual coupons of 2% increasing to 3% and then 4.3%.
- Repayment of principal in 20 annual installments commencing on the 11th anniversary of the issue date with final maturity in 2042.

- Aggregated collective action clauses.
- Listing on the Athens stock Exchange.
- Issues covered by English law.
- Detachable GDP-linked securities entitling the holder to an additional annual coupon of 1% if specified GDP targets are met.

The PSI is part of an European Union Euro 130 billion bailout package for Greece which requires parliamentary approval of Eurozone countries.

BCP Group decided to accept the terms of the Offer and the exchange occurred in 12 March 2012.

For the purposes of determining impairment the Group considered the terms and conditions of the PSI and also paragraph AG 84 of IAS 39 that considers reasonable that, for the portfolio of assets held to maturity when, for practical reasons, there are relevant uncertainties regarding the estimate of future cash-flows, impairment can be determined based on observable market prices.

Considering the available information regarding the new bonds, the fair value corresponds to approximately 23% of the book value of the old GGB.

Considering this estimate, the Group recognised in 2011, an amount of impairment of Euros 532,665,000, which corresponds, as at 31 December 2011 to 77% of the nominal amount of the debt.

The analysis of the Bonds and other fixed income securities portfolio included in the Financial assets held to maturity, by maturity, as at 31 December 2011 is as follows:

	Up to 3 months Euros '000	3 months to 1 year Euros '000	More than 1 year Euros '000	Total Euros '000
Fixed income:				
Bonds issued by public entities				
Portuguese issuers	-	103,508	1,922,759	2,026,267
Foreign issuers	40,929	17,639	394,192	452,760
Bonds issued by other entities				
Portuguese issuers	-	56,381	1,677,433	1,733,814
Foreign issuers	551,478	35,311	360,550	947,339
	592,407	212,839	4,354,934	5,160,180

The analysis of the Bonds and other fixed income securities portfolio included in the Financial assets held to maturity, by maturity date, as at 31 December 2010 is as follows:

	Due within 3 months Euros '000	3 months to 1 year Euros '000	More than 1 year Euros '000	Total Euros '000
Fixed income:				
Bonds issued by public entities				
Portuguese issuers	-	233,654	2,049,994	2,283,648
Foreign issuers	-	21,715	979,590	1,001,305
Bonds issued by other entities				
Portuguese issuers	-	672,244	1,263,170	1,935,414
Foreign issuers	1,100,963	-	423,343	1,524,306
	1,100,963	927,613	4,716,097	6,744,673

The analysis of the bonds and other fixed income securities portfolio included in the Financial assets held to maturity, by sector of activity, is analysed as follows:

	2011 Euros '000	2010 Euros '000
Transport and communications	170,333	169,693
Services	2,510,819	3,290,027
	2,681,152	3,459,720
Government and Public securities	2,479,028	3,284,953
	5,160,180	6,744,673

As detailed in note 54, the Group, as part of the management process of the liquidity risk, holds a pool of eligible assets that can serve as collateral in funding operations with the European Central Bank and other Central Banks in countries were the Group operates, which include fixed income securities.

26. Investments in associated companies

This balance is analysed as follows:

	2011 Euros '000	2010 Euros '000
Portuguese credit institutions	24,863	24,340
Foreign credit institutions	24,104	21,880
Other Portuguese companies	247,053	341,689
Other foreign companies	9,055	7,997
	305,075	395,906

The balance Investments in associated companies is analysed as follows:

	2011 Euros '000	2010 Euros '000
Banque BCP, S.A.S.	19,696	17,571
Banque BCP (Luxembourg), S.A.	4,408	4,309
Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A.	233,441	321,752
SIBS - Sociedade Interbancária de Serviços, S.A.	13,312	15,610
Unicre - Cartão Internacional de Crédito, S.A.	24,863	24,340
Other	9,355	12,324
	305,075	395,906

These investments correspond to unquoted companies, consolidated by the equity method. The investment held in the associated company Millenniumbcp Ageas Grupo Segurador, S.G.P.S. corresponds to 49% of the share capital of the company. The Group companies included in the consolidation perimeter are presented in note 62.

In December 2010, Banco Comercial Português, S.A. completed the sale of 95% of the share capital of Millennium Bank AS in Turkey (denominated as Fibabanka, Anonim Sirketi (Turkey) since May 2011) to the financial institution Credit Europe Bank, NV, an entity owned by the financial group Fiba Holding AS. The overall price adjusted to 58.9 million Euros.

As a result of this transaction, BCP maintained an investment of 5% in the company, and have established with the buyer a mechanism of purchase and sale options, expecting the possibility of sale the remaining investment by a price per share not less than that was received. This investment is recognised in the financial assets available for sale portfolio.

The main indicators of the associated companies are analysed as follows:

	Total Assets Euros '000	Total Liabilities Euros '000	Total Income Euros '000	Net income for the year Euros '000
2011				
Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A.	11,678,148	10,731,860	575,911	16,412
SIBS - Sociedade Interbancária de Serviços, S.A. (*)	123,463	55,173	154,098	4,669
Unicre - Cartão Internacional de Crédito, S.A. (*)	322,197	236,728	260,338	11,916
VSC - Aluguer de Veículos Sem Condutor, Lda.	75,883	92,678	33,922	(4,883)
2010				
Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A.	13,223,280	12,078,196	1,368,605	114,097
SIBS - Sociedade Interbancária de Serviços, S.A.	127,451	63,960	143,849	4,669
Unicre - Cartão Internacional de Crédito, S.A.	310,155	237,052	255,567	11,270
VSC - Aluguer de Veículos Sem Condutor, Lda.	132,229	144,140	46,955	(12,159)

(*) - estimated values.

The Group limits the foreign currency exposure of investments made in subsidiaries abroad through the financing of net investments in money market operations and deposits from customer in the same currencies that makes the referred investments. The information of net investments, considered by the Group in hedging strategies on subsidiaries and on hedging instruments used, is as follows:

Company	Currency	Net Investment Currency '000	Hedging instruments Currency '000	Net Investment Euros '000	Hedging instruments Euros '000
Banque Privée BCP (Suisse) S.A.	CHF	114,450	114,450	94,151	94,151
BCP Bank & Trust Company Ltd.	USD	340,000	340,000	262,771	262,771
BCP Finance Bank Ltd	USD	561,000	561,000	433,573	433,573
BCP Finance Company, Ltd	USD	1	1	1	1
BCP holdings (usa), Inc.	USD	64,445	64,445	49,807	49,807
BII Finance Company Limited	USD	25	25	19	19

The information on the gains and losses in exchange rates on the loans to cover the investments in foreign institutions, accounted for as exchange differences, is presented in the statement of changes in equity.

The ineffectiveness generated in the hedging operations is recognised in the statement of income, as referred in the accounting policy 1 e).

27. Non current assets held for sale

This balance is analysed as follows:

	2011 Euros '000	2010 Euros '000
Subsidiaries acquired exclusively with the purpose of short-term sale	48,884	37,459
Investments, properties and other assets arising from recovered loans	1,352,995	1,186,983
	1,401,879	1,224,442
Impairment	(297,229)	(227,670)
	1,104,650	996,772

The assets included in this balance are accounted for in accordance with the accounting policy note 1 k).

The balance Subsidiaries acquired exclusively with the view of short-term sale corresponds to two real estate companies acquired by the Group within the restructuring of a loan exposure, that the Group intends to sell in less than one year. However, taking into account the actual market conditions, it was not possible to conclude the sales in the expected time. Until the date of the sale, the Group continues to consolidate in reserves and income, any changes occurred in the net assets of the subsidiaries.

The balance Investments properties and other assets arising from recovered loans includes buildings and other assets resulting from the foreclosure of contracts of loans to customers, originated by (i) delivery of the assets, with option to repurchase or leasing, accounted with the celebration of the contract or the promise to delivery the asset and the respective irrevocable power of attorney issued by the customer in the name of the Bank; or (ii) the adjudication of the assets as a result of a judicial process of guarantees execution, accounted with the title of adjudication or following the adjudication request after the record of the first pawn (payment prosolvency).

These assets are available for sale in a period less than one year and the Group has a strategy for its sale. However, taking into account the actual market conditions, it is not possible to conclude the sales in the expected time.

The referred balance includes buildings and other assets for which the Group has already established contracts for the sale in the amount of Euros 108,871,000 (31 December 2010: Euros 138,775,000 .

The movements of impairment for non current assets held for sale are analysed as follows:

	2011 Euros '000	2010 Euros '000
Balance on 1 January	227,670	185,817
Transfers	1,083	7,200
Impairment for the year	119,672	73,836
Write-back for the year	(113)	-
Loans charged-off	(51,083)	(39,183)
Balance on 31 December	297,229	227,670

28. Investment property

The balance Investment property includes the amount of Euros 550,237,000 (31 December 2010: Euros 396,957,000) related to buildings accounted in the "Fundo de Investimento Imobiliário Imosotto Acumulação", "Fundo de Investimento Imobiliário Gestão Imobiliária", "Fundo de Investimento Imobiliário Imorenda", "Fundo Especial de Investimento Imobiliário Oceânico II", "Fundo Especial de Investimento Imobiliário Fechado Stone Capital", "Fundo Especial de Investimento Imobiliário Fechado Sand Capital" and "Fundo de Investimento Imobiliário Fechado Gestimo", which are consolidated under the full consolidation method as referred in the accounting policy presented in note 1 b).

The buildings are valuated in accordance with the accounting policy presented in note 1 r).

29. Property and equipment

This balance is analysed as follows:

	2011 Euros '000	2010 Euros '000
Land and buildings	960,072	955,574
Equipment		
Furniture	98,511	96,742
Machines	53,291	56,905
Computer equipment	311,571	317,413
Interior installations	146,022	141,238
Motor vehicles	20,749	20,392
Security equipment	84,140	80,437
Work in progress	96,710	68,516
Other tangible assets	48,073	52,222
	1,819,139	1,789,439
Accumulated depreciation		
Charge for the year	(80,482)	(92,505)
Accumulated charge for the previous years	(1,114,058)	(1,075,495)
	(1,194,540)	(1,168,000)
Impairment	-	(4,199)
	624,599	617,240

The Property and equipment movements during 2011 are analysed as follows:

	Balance on 1 January Euros '000	Acquisitions / Charge Euros '000	Disposals / Charged-off Euros '000	Transfers and change of perimeter Euros '000	Exchange differences Euros '000	Balance on 31 December Euros '000
Cost:						
Land and buildings	955,574	16,151	(24,231)	10,930	1,648	960,072
Equipment:						
Furniture	96,742	3,143	(2,710)	205	1,131	98,511
Machines	56,905	3,634	(5,535)	359	(2,072)	53,291
Computer equipment	317,413	7,084	(16,293)	1,032	2,335	311,571
Interior installations	141,238	2,929	(1,057)	781	2,131	146,022
Motor vehicles	20,392	4,186	(4,459)	(36)	666	20,749
Security equipment	80,437	3,797	(1,240)	103	1,043	84,140
Work in progress	68,516	45,326	(3,744)	(19,510)	6,122	96,710
Other tangible assets	52,222	701	(1,746)	353	(3,457)	48,073
	1,789,439	86,951	(61,015)	(5,783)	9,547	1,819,139
Accumulated depreciation:						
Land and buildings	510,607	43,487	(21,916)	(328)	(4,242)	527,608
Equipment:						
Furniture	85,872	4,397	(2,696)	-	619	88,192
Machines	45,146	2,723	(2,427)	966	(1,810)	44,598
Computer equipment	287,164	16,535	(16,064)	-	1,324	288,959
Interior installations	126,591	3,968	(1,029)	-	1,119	130,649
Motor vehicles	12,031	3,015	(3,769)	(36)	751	11,992
Security equipment	66,535	2,539	(1,007)	-	547	68,614
Other tangible assets	34,054	3,818	(1,607)	-	(2,337)	33,928
	1,168,000	80,482	(50,515)	602	(4,029)	1,194,540

The movement of impairment for Property and equipment is analysed as follows:

	2011 Euros '000	2010 Euros '000
Balance on 1 January	4,199	4,199
Transfers	(4,199)	-
Balance on 31 December	-	4,199

30. Goodwill and intangible assets

This balance is analysed as follows:

	2011 Euros '000	2010 Euros '000
Intangible assets		
Software	142,871	134,377
Other intangible assets	53,741	60,578
	196,612	194,955
Accumulated depreciation		
Charge for the year	(15,628)	(17,726)
Accumulated charge for the previous years	(144,172)	(137,893)
	(159,800)	(155,619)
	36,812	39,336
Goodwill		
Millennium Bank, Societé Anonyme (Greece)	294,260	294,260
Bank Millennium, S.A. (Poland)	164,040	164,040
Real estate and mortgage credit	40,859	40,859
Unicre - Cartão de Crédito Internacional, S.A.	7,436	7,436
Others	15,638	2,001
	522,233	508,596
Impairment		
Millennium Bank, Societé Anonyme (Greece)	(294,260)	(147,130)
Others	(13,519)	-
	(307,779)	(147,130)
	214,454	361,466
	251,266	400,802

The movement of impairment for goodwill is analysed as follows:

	2011 Euros '000	2010 Euros '000
Balance on 1 January	147,130	-
Impairment for the year		
Millennium Bank, Societé Anonyme (Greece)	147,130	147,130
Others	13,519	-
Balance on 31 December	307,779	147,130

The Intangible assets movements during 2011 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	134,377	14,956	(3,963)	833	(3,332)	142,871
Other intangible assets	60,578	1,265	(2,146)	(147)	(5,809)	53,741
	194,955	16,221	(6,109)	686	(9,141)	196,612
Accumulated depreciation:						
Software	101,282	15,252	(3,224)	842	(2,870)	111,282
Other intangible assets	54,337	376	(396)	-	(5,799)	48,518
	155,619	15,628	(3,620)	842	(8,669)	159,800
Goodwill	508,596	13,519	-	-	118	522,233
Impairment for goodwill	147,130	160,649	-	-	-	307,779

According to the accounting policy described in note 1 b), the recoverable amount of the Goodwill is annually assessed, regardless of the existence of impairment triggers or, in accordance with the paragraph 9 of the IAS 36, every time there are indicators that the asset might be impaired.

In accordance with IAS 36 the recoverable amount of goodwill should be the greater between its value on use (the present value of the future cash flows expected from its use) and its fair value less costs to sell. Based on this criteria the Group made valuations to their investments for which there is goodwill recognised (Bank Millennium, S.A. (Poland); Millennium Bank, S.A. (Greece); Banco de Investimento Imobiliário, S.A.) which considered among other factors:

(i) an estimate of future cash flows generated by each entity;
(ii) an expectation of potential changes in the amounts and timing of cash flows;
(iii) the time value of money;
(iv) a risk premium associated with the uncertainty by holding the asset; and
(v) other factors associated with the current situation of financial markets.

The valuations were based on reasonable and sustainable assumptions representing the best estimate of the Executive Board of Directors on the economic conditions that affect each entity, the budgets and the latest projections approved by the Executive Board of Directors for those entities and their extrapolation to future periods.

The assumptions made for these assessments might vary with the change in economic conditions and in the market.

On this basis, and considering the deterioration of the economic situation in Greece and the effect on the projections of the operations in Greece, the Executive Board of directors concluded for the need to reflect in the consolidated financial statements as at 31 December 2011, an impairment of the remaining Goodwill associated to Millennium Bank (Greece) in the amount of Euros 147,130,000.

For the remaining subsidiaries the Group estimated that it is not expected significant changes in these assumptions which could lead to the recoverable amount to be reduced to a level below the book value.

Bank Millennium, S.A. (Poland)

The estimated cash flows of the business were projected based on current operating results and assuming the business plan and projections approved by the Executive Board of Directors up to 2015, after which a perpetuity was considered based on the average long-term expected rate of return for this activity in the Polish market to be reached by 2017. Additionally it was taken into consideration the performance of the Bank and the percentage of shareholding that it has a control premium over the market price on 31 December, 2011.

Millennium Bank, S.A. (Greece)

The estimated cash flows of the business were projected based on current operating results and assuming the business plan and projections approved by the Board of Directors until 2015, after which it was considered a perpetuity based on the average expected rate of return in the long within the Greek market for this activity to be achieved in 2018. According to the impairment recognised, the value of the investment corresponds to the percentage of the equity held by the Group.

Real estate and mortgage credit

The assessment of the existence of impairment for real estate and mortgage credit considered the conclusions of the study of strategic repositioning which is being performed by a multidisciplinary team and external consultants as well as the commissions paid by new contracts obtained and the value of the business originated by real estate agents.

Based on this analysis and the expectations of future development, taking into account the business plans under development, the Group conclude for the absence of impairment.

31. Deferred income tax assets and liabilities

Deferred income tax assets and liabilities as at 31 December 2011 and 2010 generated by temporary differences are analysed as follows:

	2011		2010	
	Assets Euros '000	Liabilities Euros '000	Assets Euros '000	Liabilities Euros '000
Intangible assets	59	-	374	-
Other tangible assets	4,014	3,813	2,557	5,850
Impairment losses	629,060	4,025	260,970	26,098
Benefits to employees	606,027	-	586,666	-
Financial assets available for sale	143,663	73,486	77,822	57,519
Derivatives	-	3,312	-	3,068
Allocation of profits	78,760	-	45,521	-
Tax losses carried forward	253,166	-	156,083	-
Others	39,134	104,709	55,276	117,058
	1,753,883	189,345	1,185,269	209,593
Deferred tax assets	1,564,538		975,676	
Impairment losses	-	1,917	-	-
Available for sale assets	405	1,479	-	-
Others	1,132	526	-	344
Deferred tax liabilities		2,385		344
Net deferred tax	1,562,153		975,332	

The caption deferred tax assets - Employee Benefits includes as at 31 December, 2011 the amount of Euros 293,059,000 (31 December 2010: Euros 287,046,000) related to the recognition of deferred taxes associated with actuarial gains and losses recognised against reserves, as a result of a change in the accounting policy as referred in notes 1, 51 and 60. The referred caption also includes the amount of Euros 47,794,000 related to the recognition of deferred taxes associated with the transfer of the liabilities with retired employees / pensioners to the General Social Security Scheme, which was recognised in the income statement, as described in note 9.

Under the scope of the transfer of the responsibilities to the General Social Security Scheme and the change in accounting policy, a special tax scheme was established for the tax deductibility of expenses and other changes in equity arising from these transactions, as follows:

- The negative impact in equity associated with the change in the accounting policy for the recognition of actuarial gains and losses previously deferred, will be fully deductible during 10 years on a straight line basis, starting on 1 January, 2012.
- The impact of the settlement (determined by the difference between the liability measured in accordance with the criteria of IAS 19 and the criteria defined in the agreement) will be fully deductible for purposes of determining taxable income, on a straight line basis, depending on the average number years of life expectancy of retirees / pensioners whose responsibilities were transferred (18 years for the Group), starting on 1 January, 2012.

Thus, the deferred tax assets resulting from changes in the accounting policy of recognition of actuarial gains and losses resulting from the transfer of responsibilities are recoverable in 10 and 18 years, respectively.

The amount of deferred taxes recognised in the Income Statement, is attributable to temporary differences arising from the following balances:

	2011 Euros '000	2010 Euros '000
Intangible assets	(1)	183
Other tangible assets	3,680	2,218
Impairment losses	364,189	57,085
Employees benefits	14,094	(14,155)
Derivatives	(577)	1,056
Allocation of profits	33,238	965
Tax losses carried forward	160,185	(66,851)
Others	(49,094)	59,313
Deferred taxes	525,714	39,814

Deferred taxes related to the losses carried forward are recognised only if the existence of future taxable profits is probable. The uncertainty of the recoverability of the tax losses carried forward is considered in the deferred tax assets calculation.

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 are related to the same tax.

The net deferred tax asset movement is analysed as follows:

	2011 Euros '000	2010 Euros '000
Balance on 1 January	975,332	790,498
Charged to profit	525,714	39,814
Charged to reserves and retained earnings	65,604	141,141
Exchange rate differences	(4,497)	3,879
Balance on 31 December	1,562,153	975,332

The change in the net deferred tax assets includes the deferred tax expenses for the year recognised in the profit and loss account, as well as the changes recognised in reserves and retained earnings, namely the impact resulting from the changes, in accordance with IAS 19, of the accounting policy for the recognition of actuarial gains and losses related with pension and other post employment benefits, for the year and for previous years and unrealised gains and losses resulting from the revaluation of financial assets available for sale recognised in fair value reserves.

As at 31 December 2011, the amount of unrecognised temporary differences corresponds mainly to actuarial losses arising from changes in accounting policy, that resulted in a deferred tax asset in the amount of Euros 275,000,000 (31 December 2010: Euros 0), which was not recognised and tax losses carried forward that resulted in deferred tax asset in the amount of Euros 12,583,000 (31 December 2010: Euros 0) that was not recognised.

The expire date of recognised tax losses carried forward is presented as follows:

Expire date	2011 Euros '000	2010 Euros '000
2011	-	22,777
2013	-	62
2014	51,111	92,001
2015	169,990	41,243
2016	28,153	-
2017 and following years	3,912	-
	253,166	156,083

32. Other assets

This balance is analysed as follows:

	2011 Euros '000	2010 Euros '000
Debtors	540,751	220,449
Amounts due for collection	20,413	34,440
Recoverable tax	110,816	87,785
Recoverable government subsidies on interest on mortgage loans	20,154	19,816
Associated companies	1,943	1,190
Interest and other amounts receivable	34,030	37,392
Prepayments and deferred costs	29,006	28,184
Amounts receivable on trading activity	566,814	5,791
Amounts due from customers	147,398	133,565
Reinsurance technical provision	3,188	3,469
Sundry assets	398,723	246,119
	1,873,236	818,200
Impairment for other assets	(82,586)	(33,754)
	1,790,650	784,446

The movement of impairment for other assets is analysed as follows:

	2011 Euros '000	2010 Euros '000
Balance on 1 January	33,754	26,710
Transfers	39,532	9,897
Impairment for the year	9,970	5,797
Write back for the year	(964)	(8,518)
Amounts charged-off	(623)	-
Exchange rate differences	917	(132)
Balance on 31 December	82,586	33,754

33. Deposits from credit institutions

This balance is analysed as follows:

	2011			2010		
	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 Central Banks	2	13,670,432	13,670,434	217	16,278,910	16,279,127
Deposits from credit institutions in Portugal	154,889	932,422	1,087,311	59,633	568,081	627,714
Deposits from credit institutions abroad	55,048	2,910,626	2,965,674	125,039	3,044,676	3,169,715
	209,939	17,513,480	17,723,419	184,889	19,891,667	20,076,556

The balance Deposits from Central Banks includes the amount of Euros 13,306,000,000 (31 December 2010: Euros 16,005,000,000) related to deposits obtained in the European Central Bank.

This balance is analysed by the maturity, as follows:

	2011 Euros '000	2010 Euros '000
Up to 3 months	10,961,386	18,300,398
3 to 6 months	284,326	104,758
6 to 12 months	326,086	245,621
1 to 5 years	6,005,545	938,845
More than 5 years	146,076	486,934
	17,723,419	20,076,556

Concerning derivative financial transactions with institutional counterparties, and according to the signed agreements, the Group has, as of 31 December 2011, the amount of Euros 369,535,000 (31 December 2010: Euros 414,125,000) of Deposits from other credit institutions, received as collateral of the mentioned transactions.

34. Deposits from customers

This balance is analysed as follows:

	2011			2010		
	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	12,451,576	1,349,130	13,800,706	13,466,386	484,675	13,951,061
Term deposits	-	31,976,867	31,976,867	-	29,417,052	29,417,052
Saving accounts	-	1,342,413	1,342,413	-	1,850,058	1,850,058
Treasury bills and other assets sold under repurchase agreement	-	113,847	113,847	-	94,527	94,527
Other	190,194	92,083	282,277	204,068	92,349	296,417
	12,641,770	34,874,340	47,516,110	13,670,454	31,938,661	45,609,115

In the terms of the law, the Deposit Guarantee Fund was established to guarantee the reimbursement of funds deposited in Credit Institutions. The criteria to calculate the annual contributions to the referred fund are defined in the Regulation n. 11/94 of the Bank of Portugal.

This balance is analysed by the period to maturity, as follows:

	2011 Euros '000	2010 Euros '000
Deposits from customers repayable on demand:	13,800,706	13,951,061
Term deposits and saving accounts from customers:		
Up to 3 months	19,003,418	16,691,435
3 to 6 months	4,900,467	6,034,800
6 to 12 months	5,602,098	3,120,054
1 to 5 years	3,696,824	5,307,687
More than 5 years	116,473	113,134
	33,319,280	31,267,110
Treasury bills and other assets sold under repurchase agreement:		
Up to 3 months	100,320	87,517
3 to 6 months	7,741	2,572
6 to 12 months	5,786	4,438
	113,847	94,527
Other:		
Up to 3 months	168,118	176,546
More than 3 months	114,159	119,871
	282,277	296,417
	47,516,110	45,609,115

35. Debt securities issued

This balance is analysed as follows:

	2011 Euros '000	2010 Euros '000
Bonds	14,699,586	17,723,943
Commercial paper	1,439,407	321,955
Others	97,209	91,492
	16,236,202	18,137,390

The characteristics of the bonds and commercial paper issued by the Group, as at 31 December, 2011 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 5.34% March-02/Mar-12	March, 2002	March, 2012	Fixed rate of 5.340%	160,551	161,514
BCP Ob Cx E. Gr. S. Dec 05/15	December, 2005	December, 2015	Indexed to Down Jones EuroStoxx 50	2,245	2,139
BCP Ob Cx E. I. S. Mar 06/16	March, 2006	March, 2016	Indexed to Down Jones EuroStoxx 50	1,100	1,032
BCP FRN May 07/14	May, 2007	May, 2014	Euribor 3M + 0.150%	1,059,535	1,059,053
BCP Cov Bonds Jun 07/17	June, 2007	June, 2017	Fixed rate of 4.750%	1,391,400	1,459,648
BCP FRN Sep 12	August, 2007	September, 2012	Euribor 3M + 0.100%	310,000	309,838
BCP Cov Bonds Oct 07/14	October, 2007	October, 2014	Fixed rate of 4.750%	1,000,000	1,092,961
BCP FRN Mar 17	December, 2007	March, 2017	Euribor 3M + 0.180%	100,000	99,961
BCP Ob Cx S Af 1E Mar 08/13	March, 2008	March, 2013	Euribor 3M + Remain Prize: 1st year 0.000%; 2nd year 0.125%; 3rd year 0.250%; 4th year 0.750%; 5th year 1.500%	76,689	76,689
BCP Ob Cx S Af 2E Mar 08/13	March, 2008	March, 2013	Euribor 3M + Remain Prize: 1st year 0.000%; 2nd year 0.125%; 3rd year 0.250%; 4th year 0.750%; 5th year 1.500%	15,400	15,400

(continuation)

Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
BCPsfi Ob Cx S Af 1E Mar 08/13	March, 2008	March, 2013	Euribor 3M + Remain Prize: 1st year 0.000%; 2nd year 0.125%; 3rd year 0.250%; 4th year 0.750%; 5th year 1.500%	9,622	9,622
BCPsfe Ob Cx S Af 1E Mar 08/13	March, 2008	March, 2013	Euribor 3M + Remain Prize: 1st year 0.000%; 2nd year 0.125%; 3rd year 0.250%; 4th year 0.750%; 5th year 1.500%	1,298	1,298
BCP Ob Cx S Af 3E May 08/13	May, 2008	May, 2013	Euribor 3M + Remain Prize: 1st year 0.000%; 2nd year 0.125%; 3rd year 0.250%; 4th year 0.750%; 5th year 1.500%	86,154	86,154
BCPsfi Ob Cx S Af 3E May 08/13	May, 2008	May, 2013	Euribor 3M + Remain Prize: 1st year 0.000%; 2nd year 0.125%; 3rd year 0.250%; 4th year 0.750%; 5th year 1.500%	7,107	7,107
BCPsfe Ob Cx S Af 3E May 08/13	May, 2008	May, 2013	Euribor 3M + Remain Prize: 1st year 0.000%; 2nd year 0.125%; 3rd year 0.250%; 4th year 0.750%; 5th year 1.500%	713	713
BCP Ob Cx S Af 4E Jun 08/13	June, 2008	June, 2013	Euribor 3M + Remain Prize: 1st year 0.000%; 2nd year 0.125%; 3rd year 0.250%; 4th year 0.750%; 5th year 1.500%	69,975	69,975
BCPsfi Ob Cx S Af 4E Jun 08/13	June, 2008	June, 2013	Euribor 3M + Remain Prize: 1st year 0.000%; 2nd year 0.125%; 3rd year 0.250%; 4th year 0.750%; 5th year 1.500%	4,795	4,795
BCPsfe Ob Cx S Af 4E Jun 08/13	June, 2008	June, 2013	Euribor 3M + Remain Prize: 1st year 0.000%; 2nd year 0.125%; 3rd year 0.250%; 4th year 0.750%; 5th year 1.500%	559	559
BCP Ob Cx S Af 5E Jul 08/13	July, 2008	July, 2013	Euribor 3M + Remain Prize: 1st year 0.000%; 2nd year 0.125%; 3rd year 0.250%; 4th year 0.750%; 5th year 1.500%	17,693	17,693
BCPsfi Ob Cx S Af 5E Jul 08/13	July, 2008	July, 2013	Euribor 3M + Remain Prize: 1st year 0.000%; 2nd year 0.125%; 3rd year 0.250%; 4th year 0.750%; 5th year 1.500%	2,894	2,894
BCPsfe Ob Cx S Af 5E Jul 08/13	July, 2008	July, 2013	Euribor 3M + Remain Prize: 1st year 0.000%; 2nd year 0.125%; 3rd year 0.250%; 4th year 0.750%; 5th year 1.500%	580	580
BCP O Cx S A M B 1E Oct 08/13	October, 2008	October, 2013	Euribor 3M + Remain Prize: 1st year 0.125%; 2nd year 0.250%; 3rd year 0.500%; 4th year 0.750%; 5th year 1.00%	67,852	67,852
BCP Sfi O Cx S A M B 1E 08/13	October, 2008	October, 2013	Euribor 3M + Remain Prize: 1st year 0.125%; 2nd year 0.250%; 3rd year 0.500%; 4th year 0.750%; 5th year 1.000%	7,434	7,434
BCP Sfe O Cx S A M B1E Oct08/13	October, 2008	October, 2013	Euribor 3M + Remain Prize: 1st year 0.125%; 2nd year 0.250%; 3rd year 0.500%; 4th year 0.750%; 5th year 1.000%	1,027	1,027
BCP O Cx S A M B2E Nov 08/13	November, 2008	November, 2013	Euribor 3M + Remain Prize: 1st year 0.125%; 2nd year 0.250%; 3rd year 0.500%; 4th year 0.750%; 5th year 1.000%	42,293	42,293
BCP Sfi O Cx S A M B2E 08/13	November, 2008	November, 2013	Euribor 3M + Remain Prize: 1st year 0.125%; 2nd year 0.250%; 3rd year 0.500%; 4th year 0.750%; 5th year 1.000%	3,457	3,457
BCP Sfe O Cx S A M B2E Nov 08/13	November, 2008	November, 2013	Euribor 3M + Remain Prize: 1st year 0.125%; 2nd year 0.250%; 3rd year 0.500%; 4th year 0.750%; 5th year 1.000%	276	276
BCP O Cx S A M B3E Dec 08/13	December, 2008	December, 2013	Euribor 3M + Remain Prize: 1st year 0.125%; 2nd year 0.250%; 3rd year 0.500%; 4th year 0.750%; 5th year 1.000%	54,174	54,174
BCP Sfi O Cx S A M B3E 08/13	December, 2008	December, 2013	Euribor 3M + Remain Prize: 1st year 0.125%; 2nd year 0.250%; 3rd year 0.500%; 4th year 0.750%; 5th year 1.000%	3,690	3,690
BCP Sfe O Cx S A M B3E Dec 08/13	December, 2008	December, 2013	Euribor 3M + Remain Prize: 1st year 0.125%; 2nd year 0.250%; 3rd year 0.500%; 4th year 0.750%; 5th year 1.000%	590	590
BCP S Aforro Ser B Feb 2009/14	February, 2009	February, 2014	Euribor 3M + Remain Prize: 1st year 0.125%; 2nd year 0.250%; 3rd year 0.500%; 4th year 0.750%; 5th year 1.000%	53,194	53,194
BCP Super Aforro Ser B Mar 2009/14	March, 2009	March, 2014	Euribor 3M + Remain Prize: 1st year 0.125%; 2nd year 0.250%; 3rd year 0.500%; 4th year 0.750%; 5th year 1.000%	40,494	40,494

(continuation)

Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
BCP 5.625 % -Book Entry Note Synd	April, 2009	April, 2014	Fixed rate of 5.625%	1,000,000	1,005,607
BCP S. Aforro Ser C 09/280409	April, 2009	April, 2014	Euribor 3M + Remain Prize: 1st year 0.125%; 2nd year 0.250%; 3rd year 0.750%; 4th year 1.000%; 5th year 1.250%	14,910	14,910
BCP Sup Afor Ser B 09/190514	May, 2009	May, 2014	Euribor 3M + Remain Prize: 1st year 0.125%; 2nd year 0.250%; 3rd year 0.750%; 4th year 1.000%; 5th year 1.250%	2,420	2,420
BCP Rend Mais 09/19.05.2012	May, 2009	May, 2012	1st Sem.=2.250%; 2nd Sem.=2.500%; 3rd Sem.=2.750%; 4th Sem.=3.000%; 5th Sem.=3.500%; 6th Sem.=4.000%;	13,283	13,361
BCP Super Aforro Serie C Jun/2014	June, 2009	June, 2014	Euribor 3M + Remain Prize: 1st year 0.125%; 2nd year 0.250%; 3rd year 0.750%; 4th year 1.000%; 5th year 1.250%	9,565	9,565
BCP Rend. Mais Jun/2012	June, 2009	June, 2012	1st Sem.=2.250%; 2nd Sem.=2.500%; 3rd Sem.=2.750%; 4th Sem.=3.000%; 5th Sem.=3.500%; 6th Sem.=4.000%;	59,913	60,304
BCP - FRN - Emtn 608	July, 2009	July, 2012	Euribor 6M + 1.750%	25,000	24,982
BCP Sup Aforro Ser C Aug 2009/14	August, 2009	August, 2014	Euribor 3M + Remain Prize: 1st year 0.125%; 2nd year 0.250%; 3rd year 0.750%; 4th year 1.000%; 5th year 1.250%	31,198	19,427
BCP Investimento Total Nov 2012	August, 2009	November, 2012	Fixed rate of 3.077%	50,591	50,757
BCP - FRN - Emtn 625	August, 2009	August, 2012	Euribor 3M + 1.210%	200,000	199,935
BCP Inv Total Dec 2012 - Emtn 609	September, 2009	December, 2012	Fixed rate of 3.077%	107,790	108,616
BCP Cov Bonds Oct 09/16	October, 2009	October, 2016	Fixed rate of 3.750%	733,650	772,053
BCP Rend. Trim.Nov 2009/14	November, 2009	November, 2014	1st year=2.500%; 2nd year=2.750%; 3rd year=3.000%; 4th year=3.500%; 5th year=4.500%	45,164	47,259
BCP Emissão Sindicada - Emtn 668	December, 2009	February, 2013	Euribor 3M + 0.900%	483,998	483,366
BCP Rend. Trim.09/22.12.2014	December, 2009	December, 2014	1st year=2.500%; 2nd year=2.750%; 3rd year=3.000%; 4th year=3.500%; 5th year=4.250%	58,611	61,214
BCP Fixed Rate Note Inv Top Mais	January, 2010	January, 2015	1st year=2.500%; 2nd year=2.750%; 3rd year=3.250%; 4th year=4.125%; 5th year=5.000%	47,742	50,007
BCP Sup Rend Mar 2010 Fix. Rate Note	March, 2010	March, 2013	1st Sem.=2.250%; 2nd Sem.=2.500%; 3rd Sem.=2.750%; 4th Sem.=3.000%; 5th Sem.=3.250%; 6th Sem.=4.500%	141,878	143,489
BCP Rend Sem. Fixe Rate Note	March, 2010	March, 2013	1st Sem.=1.500%; 2nd Sem.=1.750%; 3rd Sem.=2.000%; 4th Sem.=2.250%; 5th Sem.=2.500%; 6th Sem.=3.500%	129,673	131,135
BCP Frn Mar 2013-Em Sind-Emtn 707	March, 2010	March, 2013	Euribor 3 months + 1.300% per year	299,950	299,527
BCP Fixed Rate Note Rd Ext-Emtn 685	April, 2010	April, 2015	1st Sem.=2.000%; 2nd Sem.=2.125%; 3rd Sem.=2.250%; 4th Sem.=2.375%; 5th Sem.=2.500%; 6th Sem.=2.750% ; 7th Sem.=2.875% ; 8th Sem.=3.125%; 9th Sem.=3.500%; 10th Sem.=4.000%	106,733	110,931
BCP Fixed Rate Note Rend Top April	April, 2010	April, 2015	1st Sem.=2.250%; 2nd Sem.=2.500%; 3rd Sem.=2.600%; 4th Sem.=2.800% ; 5th Sem.=3.000% ; 6th Sem.=3.150%; 7th Sem.=3.200%; 8th Sem.=3.500%; 9th Sem.=3.800%; 10th Sem.=4.500%	137,148	142,408
BCP Rend Plus-Emtn 697	April, 2010	April, 2014	1st Sem.=2.000%; 2nd Sem.=2.125%; 3rd Sem.=2.250%; 4th Sem.=2.375%; 5th Sem.=2.500%; 6th Sem.=2.625% ; 7th Sem.=2.750% ;8th Sem.=3.250%	25,147	25,719
BCP Rend Mais-Emtn 699	April, 2010	April, 2014	1st Sem.=1.750%; 2nd Sem.=1.875%; 3rd Sem.=2.000%; 4th Sem.=2.125%; 5th Sem.=2.250%; 6th Sem.=2.375% ; 7th Sem.=2.500% ;8th Sem.=3.000%	15,119	15,465
BCP Frn May 12-Emtn 717 Cred	May, 2010	May, 2012	Euribor 3 months + 1.000%	100,000	99,981
BCP Cln Edp June 2018-Emtn 725	June, 2010	June, 2018	Euribor 12 months + 2.400%	20,000	19,778

(continuation)

Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
BCP Frn Rend Plus June 10/14-Emtn 718	June, 2010	June, 2014	1st Sem.=1.875%; 2nd Sem.=2.000%; 3rd Sem.=2.125%; 4th Sem.=2.250%; 5th Sem.=2.375%; 6th Sem.=2.500%; 7th Sem.=2.625%; 8th Sem.=3.250%	16,594	16,874
BCP Frn Rend Mais June 2014	June, 2010	June, 2014	1st Sem.=1.625%; 2nd Sem.=1.7500%; 3rd Sem.=1.875%; 4th Sem.=2.000%; 5th Sem.=2.125%; 6th Sem.=2.250%; 7th Sem.=2.375%; 8th Sem.=3.000%	12,226	12,433
BCP Rend Ext 1 Ser 2010-2015	August, 2010	August, 2015	1st Sem.=1.875%; 2nd Sem.=2.000%; 3rd Sem.=2.125%; 4th Sem.=2.250%; 5th Sem.=2.375%; 6th Sem.=2.500%; 7th Sem.=2.750%; 8th Sem.=2.875%; 9th Sem.=3.000%; 10th Sem.=3.500%	41,829	42,963
BCP Rend Ext 2 Ser 2010-15-Emtn 732	August, 2010	August, 2015	1st Sem.=2.125%; 2nd Sem.=2.300%; 3rd Sem.=2.425%; 4th Sem.=2.550%; 5th Sem.=2.800%; 6th Sem.=3.050%; 7th Sem.=3.300%; 8th Sem.=3.550%; 9th Sem.=3.800%; 10th Sem.=4.300%	75,847	77,890
BCP Rend Ext 1 Ser-Emtn 749	September, 2010	September, 2015	1st Sem.=1.875%; 2nd Sem.=2.000%; 3rd Sem.=2.125%; 4th Sem.=2.250%; 5th Sem.=2.375%; 6th Sem.=2.500%; 7th Sem.=2.750%; 8th Sem.=2.875%; 9th Sem.=3.000%; 10th Sem.=3.500%	49,373	50,717
BCP Rend Ext 2 Ser Sep 2010-2015	September, 2010	September, 2015	1st Sem.=2.175%; 2nd Sem.=2.300%; 3rd Sem.=2.425%; 4th Sem.=2.550%; 5th Sem.=2.800%; 6th Sem.=3.050%; 7th Sem.=3.300%; 8th Sem.=3.550%; 9th Sem.=3.800%; 10th Sem.=4.300%	87,328	89,722
BCP Rend Pr 1 Ser Apr 2013	October, 2010	April, 2013	1st Sem.=1.850%; 2nd Sem.=1.975%; 3rd Sem.=2.225%; 4th Sem.=2.475%; 5th Sem.=2.725%	9,458	9,528
BCP Rend Pr 2 Ser 26 Apr 2013	October, 2010	April, 2013	1st Sem.=2.300%; 2nd Sem.=2.425%; 3rd Sem.=2.675%; 4th Sem.=2.925%; 5th Sem.=3.425%	83,787	84,405
BCP Cln Edp Nov 2018-Emtn 771	November, 2010	November, 2018	Euribor 3 months + 3.135%	30,000	29,872
BCP Rend Pr 3 Serie-Emtn 767	November, 2010	May, 2013	1st Sem.=1.850%; 2nd Sem.=1.975%; 3rd Sem.=2.225%; 4th Sem.=2.475%; 5th Sem.=2.725%	2,582	2,601
BCP Rend Pr 4 Ser 2010-2013	November, 2010	May, 2013	1st Sem.=2.300%; 2nd Sem.=2.425%; 3rd Sem.=2.675%; 4th Sem.=2.925%; 5th Sem.=3.425%	19,779	19,937
BCP Mil Rend Pr Mais 1 Serie	December, 2010	June, 2014	1st Sem.=1.750%; 2nd Sem.=2.000%; 3rd Sem.=2.250%; 4th Sem.=2.500%; 5th Sem.=2.750%; 6th Sem.=3.000%; 7th Sem.=3.250%	1,069	1,094
BCP Rend Pr Mais 2 Serie	December, 2010	June, 2014	1st Sem.=2.500%; 2nd Sem.=2.750%; 3rd Sem.=3.000%; 4th Sem.=3.250%; 5th Sem.=3.500%; 6th Sem.=3.750%; 7th Sem.=4.000%	9,372	9,590
BCP Frn Rend Cres I-11 Eur-Jan 2016	January, 2011	January, 2016	1st sem.=1.75%; 2nd sem.=2.25%; 3rd sem.=2,750%; 4th sem.=3.250%; 5th sem.=3.750%; 6th sem.=4.250%; 7th sem.=4.750%; 8th sem.=5,250%; 9th sem.=5.750%; 10th sem.=6.250%	2,500	2,648
BCP Rend Cres 2011 1 Ser Feb 2014	February, 2011	February, 2014	1st sem.=2.000%; 2nd sem.=2.125%; 3rd sem.=2.250%; 4th sem.=2.375%; 5th sem.=2.750%; 6th sem.=3.500%	4,587	4,706

(continuation)

Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
BCP Rend Cres 2 Ser Feb 2014	February, 2011	February, 2014	1st sem.=2.500%; 2nd sem.=2.625%; 3rd sem.=2.750%; 4th sem.=3.000%; 5th sem.=3.125%; 6th sem.=4.000%	36,264	37,200
BCP Rend Cres 3 Sr Mar 2014	March, 2011	March, 2014	1st sem.=2.000%; 2nd sem.=2.125%; 3rd sem.=2.250%; 4th sem.=2.375%; 5th sem.=2.750%; 6th sem.=3.500%	9,342	9,636
BCP Rend Cres 4 Sr Mar 2014	March, 2011	March, 2014	1st sem.=2.500%; 2nd sem.=2.625%; 3rd sem.=2.750%; 4th sem.=3.000%; 5th sem.=3.125%; 6th sem.=4.000%	72,085	74,337
BCP Ob Mil Rend M 1 Ser-Val M Nr5	May, 2011	May, 2016	1st sem.=2.650%; 2nd sem.=2.750%; 3rd sem.=2.875%; 4th sem.=3.000%; 5th sem.=3.125%; 6th sem.=3.250%; 7th sem.=3.375%; 8th sem.=3.500%; 9th sem.=3.750%; 10th sem.=4.250%	13,760	14,678
BCP Rend M 2 Ser-Val M Nr 6	May, 2011	May, 2016	1st sem.=3.000%; 2nd sem.=3.125%; 3rd sem.=3.250%; 4th sem.=3.375%; 5th sem.=3.500%; 6th sem.=3.625%; 7th sem.=3.750%; 8th sem.=4.250%; 9th sem.=4.500%; 10th sem.=5.125%	74,146	79,110
BCP Rend M 3 Ser-Val M Nr 8	May, 2011	May, 2016	1st sem.=3.250%; 2nd sem.=3.375%; 3rd sem.=3.500%; 4th sem.=3.625%; 5th sem.=3.875%; 6th sem.=4.125%; 7th sem.=4.375%; 8th sem.=4.625%; 9th sem.=4.875%; 10th sem.=5.625%	38,816	41,428
BCP Sfe Rend M Sr 2-Val Mob Nr 7	May, 2011	May, 2016	1st sem.=3.000%; 2nd sem.=3.125%; 3rd sem.=3.250%; 4th sem.=3.375%; 5th sem.=3.500%; 6th sem.=3.625%; 7th sem.=3.750%; 8th sem.=4.250%; 9th sem.=4.500%; 10th sem.=5.125%	166	177
BCP Sfe Rend M Sr 9-Val Mob Nr 9	May, 2011	May, 2016	1st sem.=3.250%; 2nd sem.=3.375%; 3rd sem.=3.500%; 4th sem.=3.625%; 5th sem.=3.875%; 6th sem.=4.125%; 7th sem.=4.375%; 8th sem.=4.625%; 9th sem.=4.875%; 10th sem.=5.625%	786	839
BCP Rend Sup M 2 S Jun 2016- Val Mob	June, 2011	June, 2016	1st sem.=3.500%; 2nd sem.=3.625%; 3rd sem.=3.750%; 4th sem.=3.875%; 5th sem.=4.000%; 6th sem.=4.125%; 7th sem.=4.250%; 8th sem.=4.375%; 9th sem.=4.625%; 10th sem.=5.125%	3,220	3,398
BCP Rend Sup M 3 Sr Jun 2016-Val Mob	June, 2011	June, 2016	1st sem.=3.875%; 2nd sem.=4.000%; 3rd sem.=4.125%; 4th sem.=4.250%; 5th sem.=4.375%; 6th sem.=4.500%; 7th sem.=4.625%; 8th sem.=4.750%; 9th sem.=5.000%; 10th sem.=5.500%	6,148	6,485
BCP Ob.Mill Rend Super M 1S 07.06.201	June, 2011	June, 2016	1st sem.=3.000%; 2nd sem.=3.125%; 3rd sem.=3.250%; 4th sem.=3.375%; 5th sem.=3.500%; 6th sem.=3.625%; 7th sem.=3.750%; 8th sem.=3.875%; 9th sem.=4.125%; 10th sem.=4.625%	828	874
BCP Iln Permal Macro Hold Class D	June, 2011	June, 2021	Indexed to Permal Macro Holding Lda	590	590
BCP Sfe Rendim Super M 3 Sr	June, 2011	June, 2016	1st sem.=3.875%; 2nd sem.=4.000%; 3rd sem.=4.125%; 4th sem.=4.250%; 5th sem.=4.375%; 6th sem.=4.500%; 7th sem.=4.625%; 8th sem.=4.750%; 9th sem.=5.000%; 10th sem.=5.500%	157	166

(continuation)

Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
BCP Rend Super M 4 Ser-Vm Sr 21	July, 2011	July, 2016	1st sem.=3.000%; 2nd sem.=3.125%; 3rd sem.=3.250%; 4th sem.=3.375%; 5th sem.=3.500%; 6th sem.=3.625%; 7th sem.=3.750%; 8th sem.=3.875%; 9th sem.=4.125%; 10th sem.=4.625%	392	409
BCP Rend Super M 5 Ser-Vm Sr 22	July, 2011	July, 2016	1st sem.=3.500%; 2nd sem.=3.625%; 3rd sem.=3.750%; 4th sem.=3.875%; 5th sem.=4.000%; 6th sem.=4.125%; 7th sem.=4.250%; 8th sem.=4.375%; 9th sem.=4.625%; 10th sem.=5.125%	1,315	1,371
BCP Rend Super M 6 Ser-Vm Sr 23	July, 2011	July, 2016	1st sem.=3.875%; 2nd sem.=4.000%; 3rd sem.=4.125%; 4th sem.=4.250%; 5th sem.=4.375%; 6th sem.=4.500%; 7th sem.=4.625%; 8th sem.=4.750%; 9th sem.=5.000%; 10th sem.=5.500%	3,292	3,560
BCP Float 11/17062013-Vm Sr Nr 34	July, 2011	June, 2013	Until 17 Dec 2011: Fixed rate 2.198% year; after 17 Dec 2011: Euribor 6M + 0.450%	69,950	66,762
BCP Fix Jul 2016-Val Mob Sr 38	August, 2011	July, 2016	Fixed rate of 6.180%	1,750	1,750
BCP Float Nov 2015-Val Mob Sr 36	August, 2011	November, 2015	Until 28 Nov 2011: Fixed rate 2.587% year; after 28 Nov 2011: Euribor 6M + 0.875%	1,600	1,450
BCP Float Jun 2016-Val Mob Sr 37	August, 2011	June, 2016	Until 27 Dec 2011: Fixed rate 2.646% year; after 27 Dec 2011: Euribor 6M + 0.875%	1,330	1,218
BCP Float Feb 2015-Val Mob Sr 35	August, 2011	February, 2015	Euribor 6M + 0.875%	1,750	1,579
BCP Float Mar 2018-Val Mob Sr 40	August, 2011	March, 2018	Until 03 Sep 2011: Fixed rate 2.332% year; after 03 Sep 2011: Euribor 6M + 0.950%	2,850	2,267
BCP Float Dec 2017-Val Mob Sr 41	August, 2011	December, 2017	Until 20 Dec 2011: Fixed rate 2.702% year; after 20 Dec 2011: Euribor 6M + 0.950%	2,450	2,219
BCP Float Jun 2017-Val Mob Sr 39	August, 2011	June, 2017	Until 27 Dec 2011: Fixed rate 2.646% year; after 27 Dec 2011: Euribor 6M + 0.875%	900	826
BCP Float Jan 2018-Val Mob Sr 42	August, 2011	January, 2018	Until 28 Jan 2012: Fixed rate 2.781% year; after 28 Jan 2012: Euribor 6M + 0.950%	2,800	2,253
BCP Rend Extra M 1 Ser-Vm Sr 28	September, 2011	September, 2014	1st sem.=3.250%; 2nd sem.=3.375%; 3rd sem.=3.500%; 4th sem.=3.750%; 5th sem.=4.125%; 6th sem.=4.500%	1,652	1,661
BCP Rend Extra M 2 Ser-Vm Sr 29	September, 2011	September, 2014	1st sem.=3.500%; 2nd sem.=3.625%; 3rd sem.=3.750%; 4th sem.=4.000%; 5th sem.=4.375%; 6th sem.=4.75%	5,713	5,745
BCP Rend Extra M 3 Ser-Vm Sr 31	September, 2011	September, 2014	1st sem.=3.750%; 2nd sem.=3.875%; 3rd sem.=4.000%; 4th sem.=4.250%; 5th sem.=4.625%; 6th sem.=5.000%	11,533	11,596
BCP Fix Rate Notes 9.25 Pct -Emtn 827	October, 2011	October, 2014	Fixed rate of 9.250%	553,766	441,916
BCP Zero Cp 11/13.10.2013 Emtn 829	October, 2011	October, 2013	Zero coupon	18,680	13,912
BCP Float Jun 2017-Vm Sr.47	November, 2011	June, 2017	Fixed rate of 1.771% (1st interest) and Euribor 6 M (2nd and following)	4,575	2,959
BCP Float Jan 2018-Vm Sr.46	November, 2011	January, 2018	Fixed rate of 1.831% (1st interest) and Euribor 6 M (2nd and following)	8,750	5,457
BCP Float Sep 2015-Vm Sr 45	November, 2011	September, 2015	Fixed rate of 1.732% (1st interest) and Euribor 6 M (2nd and following)	2,550	1,863
BCP Float Nov 2015-Vm Sr.48	November, 2011	November, 2015	Fixed rate of 1.712% (1st interest) and Euribor 6 M (2nd and following)	2,075	1,503
BCP Fix Oct 2019-Vm Sr.44	November, 2011	October, 2019	Fixed rate of 6.875%	5,400	3,842
Estrut Taxa Step Up Xii-11-Vm Sr.56	December, 2011	December, 2014	1st sem.=7.000%; 2nd sem.=7.000%; 3rd sem.=7.000%; 4th sem.=7.000%; 5th sem.=7.500%; 6th sem.=7.500%; 7th sem.=7.500%; 8th sem.=7.500%; 9th sem.=8.000%; 10th sem.=8.000%; 11th sem.=8.000%; 12th sem.=8.000%	8,379	8,379

(continuation)

Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
Bcp Rend Special One Sr 1-Vm Sr.50	December, 2011	December, 2015	1st year=3.500%; 2nd year=4.750%; 3rd year=6.000%. 4th year=6.750%	2,470	2,498
Bcp Rend Special One Sr 2-Vm Sr.51	December, 2011	December, 2015	1st year=3.750%; 2nd year=5.000%; 3rd year=6.250%. 4th year=7.000%	2,697	2,728
Bcp Rend Special One Sr 3-Vm Sr.52	December, 2011	December, 2015	1st year=4.000%; 2nd year=5.250%; 3rd year=6.500%. 4th year=7.250%	2,184	2,209
Bcp Rend Ja Feb 2013-Vm Sr.49	December, 2011	February, 2013	Fixed rate of 6.000%	98,820	85,889
Bcp Rend Tx Cres Xii 11 Eur-Vm Sr.58	December, 2011	December, 2014	1st sem.=7.000%; 2nd sem.=7.000%; 3rd sem.=7.000%; 4th sem.=7.000%; 5th sem.=7.500%; 6th sem.=7.500%; 7th sem.=7.500% ; 8th sem.=7.500%; 9th sem.=8.000%; 10th sem.=8.000%; 11th sem.=8.000%; 12th sem.=8.000%	3,608	3,612
Bcp Millen Rend Cres S1-Vm Sr.54	December, 2011	January, 2014	1st sem.=4.000%; 2nd sem.=4.750%; 3rd sem.=5.750%; 4th sem.=6.500%	2,087	2,090
Bcp Millen Rend Cres S2-Vm Sr.55	December, 2011	January, 2014	1st sem.=4.250%; 2nd sem.=5.000%; 3rd sem.=6.000%; 4th sem.=6.750%	6,554	6,562
Bcp Mill Rend Ja 2 Sr-Feb 13-Vm Sr.53	December, 2011	February, 2013	Fixed rate of 6.000%	119,223	110,989
Bcp Mill Rend Imed Feb 13-Vm Sr.57	December, 2011	February, 2013	Fixed rate of 5.250%	28,530	26,808
Bcp Mill Rend Ja 3 Sr-Feb 14-Vm Sr.59	December, 2011	February, 2014	Fixed rate of 6.250%	10,826	9,366
Bcp Float Abr 2014-Vm Sr.76-Ref.9	December, 2011	April, 2014	Until 1Apr 2012: Fixed rate 2.000% year; after 1 Apr 2012: Euribor 3M + 0.450%	25,000	21,587
Bcp Float Apr 2017-Vm Sr.95-Ref.28	December, 2011	April, 2017	Until 1Apr 2012: Fixed rate 2.050% year; after 1 Apr 2012: Euribor 3M + 0.500%	90,000	62,654
Bcp Float Apr 2016-Vm Sr.82 Ref.15	December, 2011	April, 2016	Until 4Apr 2012: Fixed rate 2.054% year; after 4 Apr 2012: Euribor 3M + 0.500%	137,200	102,943
Bcp Float Jan 2019-Vm 105-Ref.38	December, 2011	January, 2019	Until 5Apr 2012: Fixed rate 2.367% year; after 5 Apr 2012: Euribor 3M + 0.810%	50,000	35,120
Bcp Float Jul 2016-Vm Sr.87-Ref.20	December, 2011	July, 2016	Until 8Apr 2012: Fixed rate 2.056% year; after 8 Apr 2012: Euribor 3M + 0.500%	40,000	29,340
Bcp Float Jul 2013-Vm Sr.68-Ref.1	December, 2011	July, 2013	Until 16Apr 2012: Fixed rate 2.022% year; after 16 Apr 2012: Euribor 3M + 0.450%	37,500	33,928
Bcp Float Oct 2013-Vm Sr.71-Ref.4	December, 2011	October, 2013	Until 15Apr 2012: Fixed rate 2.022% year; after 15 Apr 2012: Euribor 3M + 0.450%	18,000	16,013
Bcp Float Apr 2016-Vm Sr.83-Ref.16	December, 2011	April, 2016	Until 14Apr 2012: Fixed rate 2.071% year; after 14 Apr 2012: Euribor 3M + 0.500%	35,000	26,171
Bcp Float Oct 2016-Vm 91 Ref.24	December, 2011	October, 2016	Until 15Apr 2012: Fixed rate 2.072% year; after 15 Apr 2012: Euribor 3M + 0.500%	18,000	12,958
Bcp Float Oct 2014-Vm Sr.80-Ref.13	December, 2011	October, 2014	Until 28Apr 2012: Fixed rate 2.038% year; after 28 Apr 2012: Euribor 3M + 0.450%	13,100	10,837
Bcp Float 2 jul 2016-Vm Sr.88 Ref.21	December, 2011	July, 2016	Until 30Apr 2012: Fixed rate 2.090% year; after 30 Apr 2012: Euribor 3M + 0.500%	45,700	33,373
Bcp Float Jul 2017-Vm Sr.97-Ref.30	December, 2011	July, 2017	Until 28Apr 2012: Fixed rate 2.738% year; after 28 Apr 2012: Euribor 3M + 1.150%	28,750	19,538
Bcp Float Oct 2017-Vm Sr.100 Ref.33	December, 2011	October, 2017	Until 28Apr 2012: Fixed rate 2.088% year; after 28 Apr 2012: Euribor 3M + 0.500%	49,250	32,515
Bcp Float Aug 2017-Vm Sr.98-Ref.31	December, 2011	August, 2017	Until 5 May 2012: Fixed rate 2.080% year; after 5 May 2012: Euribor 3M + 0.500%	5,000	3,369
Bcp Float May 2016-Vm Sr.84-Ref.17	December, 2011	May, 2016	Until 7 May 2012: Fixed rate 2.080% year; after 7 May 2012: Euribor 3M + 0.500%	39,200	29,186
Bcp Float May 2014-Vm Sr.77-Ref.10	December, 2011	May, 2014	Until 8 May 2012: Fixed rate 2.988% year; after 8 May 2012: Euribor 3M + 1.500%	101,000	86,564
Bcp Float May 2014-Vm Sr.78-Ref.11	December, 2011	May, 2014	Until 13 May 2012: Fixed rate 1.914% year; after 13 May 2012: Euribor 3M + 0.450%	4,950	4,232
Bcp Float May 2017-Vm Sr.96-Ref.29	December, 2011	May, 2017	Until 13 May 2012: Fixed rate 1.964% year; after 13 May 2012: Euribor 3M + 0.500%	45,750	31,396
Bcp Float May 2018-Vm 104-Ref.37	December, 2011	May, 2018	Until 12 May 2012: Fixed rate 1.964% year; after 12 May 2012: Euribor 3M + 0.500%	38,900	24,749

(continuation)

Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
Bcp Float Aug 2013-Vm Sr.69-Ref.2	December, 2011	August, 2013	Until 14 May 2012: Fixed rate 1.914% year; after 14 May 2012: Euribor 3M + 0.450%	31,000	27,904
Bcp Float Feb 2019-Vm 106 Ref.39	December, 2011	February, 2019	Until 16 May 2012: Fixed rate 2.459% year; after 16 May 2012: Euribor 3M + 1.000%	10,850	7,580
Bcp Float Feb 2018-Vm 102-Ref.35	December, 2011	February, 2018	Until 17 May 2012: Fixed rate 1.957% year; after 17 May 2012: Euribor 3M + 0.500%	57,350	37,333
Bcp Float Feb 2014-Vm Sr.74-Ref.7	December, 2011	February, 2014	Until 18 May 2012: Fixed rate 1.908% year; after 18 May 2012: Euribor 3M + 0.450%	9,950	8,634
Bcp Float May 2016-Vm 85-Ref.18	December, 2011	May, 2016	Until 20 May 2012: Fixed rate 1.960% year; after 20 May 2012: Euribor 3M + 0.500%	21,000	15,549
Bcp Float Feb 2017-Vm Sr.94-Ref.27	December, 2011	February, 2017	Until 18 May 2012: Fixed rate 1.958% year; after 18 May 2012: Euribor 3M + 0.500%	94,200	65,782
Bcp Float Aug 2016-Avl Mob Sr.89 Ref.22	December, 2011	August, 2016	Until 22 May 2012: Fixed rate 1.965% year; after 22 May 2012: Euribor 3M + 0.500%	36,700	26,729
Bcp Float Nov 2013-Vm Sr.72-Ref.5	December, 2011	November, 2013	Until 26 May 2012: Fixed rate 1.924% year; after 26 May 2012: Euribor 3M + 0.450%	7,000	6,174
Bcp Float Feb 2014 2Em-Vm Sr.75-Ref.8	December, 2011	February, 2014	Until 27 May 2012: Fixed rate 1.924% year; after 27 May 2012: Euribor 3M + 0.450%	1,000	866
Bcp Float Nov 2016-Vm Sr.92-Ref.25	December, 2011	November, 2016	Until 26 May 2012: Fixed rate 1.974% year; after 26 May 2012: Euribor 3M + 0.500%	8,000	5,684
Bcp Float Sep 2013-Vm Sr.70-Ref.1	December, 2011	September, 2013	Until 3 Jun 2012: Fixed rate 1.919% year; after 3 Jun 2012: Euribor 3M + 0.450%	37,550	33,671
Bcp Float 11/03.09.2016 Ref.23 Vm 90	December, 2011	September, 2016	Until 3 Jun 2012: Fixed rate 1.969% year; after 3 Jun 2012: Euribor 3M + 0.500%	13,600	9,867
Bcp Float Jun 2016-Vm Sr.86-Ref.19	December, 2011	June, 2016	Until 20 Jun 2012: Fixed rate 1.917% year; after 20 Jun 2012: Euribor 3M + 0.500%	47,000	34,640
Bcp Float Sep 2014-Vm Sr.79-Ref.12	December, 2011	September, 2014	Until 21 Jun 2012: Fixed rate 2.270% year; after 21 Jun 2012: Euribor 3M + 0.852%	94,000	79,251
Bcp Float Sep 2017-Vm Sr.99-Ref.32	December, 2011	September, 2017	Until 23 Jun 2012: Fixed rate 1.916% year; after 23 Jun 2012: Euribor 3M + 0.500%	14,500	9,827
Bcp Float Mar 2016-Vm 81-Ref.14	December, 2011	March, 2016	Until 25 Jun 2012: Fixed rate 1.910% year; after 25 Jun 2012: Euribor 3M + 0.500%	122,500	92,006
Bcp Float Sep 2015-Vm Sr.62	December, 2011	September, 2015	Until 28 Sep 2012: Fixed rate 2.607% year; after 28 Sep 2012: Euribor 6M + 0.875%	8,900	7,424
Bcp Float Dec 2013-Vm Sr.73-Ref.6	December, 2011	December, 2013	Euribor 3M + 0.450%	6,600	5,786
Bcp Float Dec 2016-Vm Sr.93-Ref.26	December, 2011	December, 2016	Euribor 3M + 0.500%	19,500	13,791
Bcp Float Dec 2017-Vm Sr.101 Ref.34	December, 2011	December, 2017	Euribor 3M + 0.500%	65,900	43,014
Bcp Float Mar 2018-Vm Sr.103 Ref.36	December, 2011	March, 2018	Euribor 3M + 0.500%	49,300	31,696
Bcp Float Nov 2015-Vm Sr.64	December, 2011	November, 2015	Until 28 Nov 2012: Fixed rate 2.577% year; after 28 Nov 2012: Euribor 6M + 0.875%	8,500	6,446
Bcp Float Jun 2017-Vm Sr.63	December, 2011	June, 2017	Until 27 Dec 2012: Fixed rate 2.537% year; after 27 Dec 2012: Euribor 6M + 0.875%	6,000	4,393
Bcp Fixa Oct 2019-Vm Sr.61	December, 2011	October, 2019	Fixed rate of 6.875%	9,500	6,652
Bank Millennium:					
Orchis Sp. z o.o. - G. S. Inv. Bond	December, 2007	December, 2016	WIBOR 1M + 26.0 bp	33,101	33,101
Orchis Sp. z o.o. - EIB S. Inv. Bond	December, 2007	December, 2016	WIBOR 1M + 26.0 bp	43,453	43,453
Orchis Sp. z o.o. - M. Inv. Bond	December, 2007	December, 2016	WIBOR 1M + 215.0 bp	7,927	7,927
Bank Millennium - BM_2012/04	March, 2008	April, 2012	Indexed to portfolio of 3 indexes	1,208	1,208
Bank Millennium - BM_2012/06	June, 2008	June, 2012	Indexed to portfolio of 2 funds	948	948
Bank Millennium - BM_2012/01	December, 2008	January, 2012	Indexed to portfolio of 4 shares	324	324
Bank Millennium - BM_2012/01A	December, 2008	January, 2012	Indexed to portfolio of 4 shares	495	495
Bank Millennium - BM_2012/05	April, 2009	May, 2012	Indexed to portfolio of commodities	78	78

(continuation)

Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
Bank Millennium - BM_2012/07A	May, 2009	July, 2012	Indexed to portfolio of commodities	462	462
Bank Millennium - BM_2012/07	June, 2009	July, 2012	Indexed to portfolio of commodities	913	913
Bank Millennium - BM_2012/08	July, 2009	August, 2012	Indexed to portfolio of 4 shares	789	789
Bank Millennium - BM_2012/08A	July, 2009	August, 2012	Indexed to portfolio of 4 shares	764	764
Bank Millennium - BM_2012/09E	August, 2009	September, 2012	Indexed to portfolio of commodities	146	146
Bank Millennium - BM_2012/09B	August, 2009	September, 2012	Indexed to portfolio of 5 shares	529	529
Bank Millennium - BM_2012/09A	August, 2009	September, 2012	Indexed to portfolio of 5 shares	800	800
Bank Millennium - BM_2012/09C	August, 2009	September, 2012	Indexed to portfolio of commodities	298	298
Bank Millennium - BM_2012/09D	August, 2009	September, 2012	Indexed to portfolio of commodities	132	132
Bank Millennium - BM_2012/09	August, 2009	September, 2012	Indexed to portfolio of 5 shares	1,170	1,170
Bank Millennium - BM_2013/10	September, 2009	October, 2013	Indexed to portfolio of 5 shares	315	315
Bank Millennium - BM_2013/10A	September, 2009	October, 2013	Indexed to portfolio of 5 shares	156	156
Bank Millennium - BM_2012/11B	October, 2009	November, 2012	Indexed to portfolio of commodities	271	271
Bank Millennium - BM_2012/11C	October, 2009	November, 2012	Indexed to portfolio of commodities	108	108
Bank Millennium - BM_2012/11	October, 2009	November, 2012	Indexed to portfolio of 4 shares	1,301	1,301
Bank Millennium - BM_2012/11A	October, 2009	November, 2012	Indexed to portfolio of 4 shares	1,270	1,270
Bank Millennium - BM_2014/01	December, 2009	January, 2014	Indexed to portfolio of 5 shares	579	579
Bank Millennium - BM_2014/01A	December, 2009	January, 2014	Indexed to portfolio of 5 shares	811	811
Bank Millennium - BM_2012/01C	December, 2009	January, 2012	Indexed to portfolio of commodities	409	409
Bank Millennium - BM_2012/01B	December, 2009	January, 2012	Indexed to portfolio of commodities	561	561
Bank Millennium - BM_2012/02A	January, 2010	February, 2012	Indexed to portfolio of 6 shares	936	936
Bank Millennium - BM_2012/02B	January, 2010	February, 2012	Indexed to portfolio of 6 shares	900	900
Bank Millennium - BM_2013/02	January, 2010	February, 2013	Indexed to portfolio of 6 shares	1,312	1,312
Bank Millennium - BM_2013/02A	January, 2010	February, 2013	Indexed to portfolio of 6 shares	1,620	1,620
Bank Millennium - BM_2013/03	February, 2010	February, 2012	Indexed to S&P 500	211	211
Bank Millennium - BM_2013/03A	February, 2010	March, 2013	Indexed to S&P 500	77	77
Bank Millennium - BM_2013/03B	February, 2010	March, 2013	Indexed to portfolio of 6 shares	1,189	1,189
Bank Millennium - BM_2013/03C	February, 2010	March, 2013	Indexed to portfolio of 6 shares	868	868
Bank Millennium - BM_2013/03D	February, 2010	March, 2013	Indexed to portfolio of 6 shares	976	976
Bank Millennium - BM_2013/04	March, 2010	April, 2013	Indexed to portfolio of 6 shares	752	752
Bank Millennium - BM_2012/04A	March, 2010	April, 2012	Indexed to WIG20	344	344
Bank Millennium - BM_2012/04B	March, 2010	April, 2012	Indexed to WIG20	518	518
Bank Millennium - BM_2012/04C	March, 2010	April, 2012	Indexed to WIG20	657	657
Bank Millennium - BM_2013/04A	March, 2010	April, 2013	Indexed to portfolio of 5 shares	966	966
Bank Millennium - BM_2013/04B	March, 2010	April, 2013	Indexed to portfolio of 5 shares	347	347
Bank Millennium - BM_2013/05	April, 2010	May, 2013	Indexed to portfolio of 5 shares	1,141	1,141
Bank Millennium - BM_2013/05A	April, 2010	May, 2013	Indexed to portfolio of 5 shares	1,120	1,120
Bank Millennium - BM_2013/05B	April, 2010	May, 2013	Indexed to portfolio of 4 indexes	573	573
Bank Millennium - BM_2013/05C	April, 2010	May, 2013	Indexed to portfolio of 4 indexes	325	325
Bank Millennium - BM_2013/06	May, 2010	June, 2013	Indexed to portfolio of 2 funds	1,602	1,602
Bank Millennium - BM_2013/06A	May, 2010	June, 2013	Indexed to WIG20 Trendvol Strategy	1,391	1,391
Bank Millennium - BM_2013/06B	May, 2010	June, 2013	Indexed to WIG20 Trendvol Strategy	481	481
Bank Millennium - BPW_2013/07	June, 2010	July, 2013	Indexed to Gold Trendvol Strategy	423	423
Bank Millennium - BPW_2013/07A	June, 2010	July, 2013	Indexed to portfolio of commodities	672	672
Bank Millennium - BPW_2013/08	July, 2010	August, 2013	Indexed to portfolio of 4 indexes	2,834	2,834
Bank Millennium - BPW_2013/09	August, 2010	September, 2013	Indexed to portfolio of 4 indexes	1,100	1,100
Bank Millennium - BPW_2013/10	September, 2010	October, 2013	Indexed to WIG20	2,118	2,118
Bank Millennium - BPW_2013/11	October, 2010	November, 2013	Indexed to portfolio of 5 shares	1,826	1,826
Bank Millennium - BPW_2013/12	November, 2010	December, 2013	Indexed to portfolio of commodities	3,383	3,383
Bank Millennium - BPW_2014/01	December, 2010	January, 2014	Indexed to portfolio of 4 indexes	2,034	2,034
Bank Millennium - BPW_2013/02	January, 2011	February, 2013	Indexed to WIG20	2,437	2,437
Bank Millennium - BPW_2013/03	February, 2011	March, 2013	Indexed to Russian Depositary	2,919	2,919
Bank Millennium - BM_2014/04	March, 2011	April, 2014	Indexed to portfolio of 6 indexes	1,373	1,373
Bank Millennium - BPW_2014/04	March, 2011	April, 2014	Indexed to Lbma Pm Gold Fix Price	2,052	2,052
Bank Millennium - BPW_2014/05	April, 2011	May, 2014	Indexed to Nikke 225	1,710	1,710
Bank Millennium - BPW_2014/06	May, 2011	June, 2014	Indexed to Euro Stoxx 50	2,958	2,958
Bank Millennium - BPW_2014/07	June, 2011	July, 2014	Indexed to Dax	3,686	3,686
Bank Millennium - BPW_2013/07B	July, 2011	July, 2013	Indexed to Wig20	2,883	2,883
Bank Millennium - BPW_2014/09	August, 2011	September, 2014	Indexed to portfolio of 5 indexes	3,554	3,554
Bank Millennium - BPW_2013/09A	September, 2011	September, 2013	Indexed to Wig20	2,150	2,150
Bank Millennium - BPW_2013/10A	October, 2011	October, 2013	Indexed to portfolio of commodities	4,230	4,230
Bank Millennium - BPW_2013/11A	November, 2011	November, 2013	Indexed to portfolio of commodities	3,824	3,824

(continuation)

Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
Bank Millennium - BPW_2013/11B	November, 2011	November, 2013	Indexed to portfolio of commodities	3,417	3,417
Bank Millennium - BPW_2015/01	December, 2011	January, 2015	Indexed to Euro Stoxx 50	931	931
Bank Millennium - BPW_2013/12A	December, 2011	December, 2013	Indexed to portfolio of commodities	2,901	2,901
BCP Finance Bank:					
BCP Fin.Bank - Euros 90 m	June, 2003	June, 2013	Euribor 3M + 0.350%	90,000	89,990
BCP Fin.Bank - Euros 20 m	December, 2003	December, 2023	Fixed rate of 5.310%	20,000	18,331
BCP Fin.Bank - EUR 10 m	March, 2004	March, 2024	Fixed rate of 5.010%	10,000	9,791
BCP Fin.Bank - EUR 50 m	September, 2004	September, 2014	Euribor 3M + 0.200%	50,000	49,940
BCP Fin.Bank - EUR 20 m	December, 2004	December, 2014	Euribor 6M + 0.220%	20,000	19,991
BCP Fin.Bank - EUR 2.9 m	February, 2005	February, 2015	1st year 9.700% *n/N;2nd year and followin Formar coupon *n/N; (n: n. of days USD Libor 6M <= Barrier)	956	958
BCP Fin.Bank - EUR 20 m	April, 2005	April, 2015	Euribor 3M + 0.180%	20,000	19,990
BCP Fin.Bank - EUR 3.5 m	April, 2005	April, 2015	1st year 6.000% *n/N; 2nd year and followi Formar coupon *n/N; (n: n. of days Euribor 3M <= Barrier)	2,276	2,041
BCP Fin.Bank - EUR 222 m	December, 2005	December, 2013	Euribor 3M + 50 bp	213,900	213,846
BCP Fin.Bank - EUR 13.45 m	May, 2006	May, 2014	Euribor 6M + 37 bp	12,700	12,692
BCP Fin.Bank - EUR 5.65 m	May, 2006	May, 2014	Euribor 6M + 32 bp	5,350	5,347
BCP Fin.Bank - EUR 11 m	June, 2006	June, 2014	Euribor 6M + 35 bp	11,000	10,999
BCP Fin.Bank - USD 3 m	July, 2006	July, 2016	USD Libor 6M + 0.75% *n/N; (n: n. of days USD Libor 6M< Barrier)	1,086	851
BCP Fin.Bank - EUR 20 m	December, 2006	June, 2015	Index to Nikkei 225 index	20,000	20,262
BCP Fin.Bank - EUR 100 m	January, 2007	January, 2017	Euribor 3M + 0.175%	100,000	99,948
BCP Fin.Bank - EUR 1000 m	February, 2007	February, 2012	Euribor 3M + 0.125%	955,000	954,980
BCP Finance Bank - EUR 8.018 m	February, 2009	February, 2014	Euribor 3M + Remain Prize: 1st year 0.125%;2nd year 0.250%; 3rd year 0.500%; 4th year 0.750%; 5th year 1.000%	2,951	2,951
BCP Finance Bank - EUR 4.484 m	March, 2009	March, 2014	Euribor 3M + Remain Prize: 1st year 0.125%;2nd year 0.250%; 3rd year 0.500%; 4th year 0.750%; 5th year 1.000%	1,749	1,749
BCP Finance Bank - EUR 2.353 m	April, 2009	April, 2014	Euribor 3M + Remain Prize: 1st year 0.125%; 2nd year 0.250%; 3rd year 0.750%; 4th year 1.000%; 5th year 1.250%	634	634
BCP Finance Bank - EUR 64 m	May, 2009	May, 2014	Euribor 3M + 3.014%	64,000	64,000
BCP Finance Bank - EUR 0.554 m	May, 2009	May, 2014	Euribor 3M + Remain Prize: 1st year 0.125%;2nd year 0.250%; 3rd year 0.750%; 4th year 1.000%; 5th year 1.250%	107	107
BCP Finance Bank - EUR 1.855 m	May, 2009	May, 2012	1st sem.=2.250%; 2nd sem.=2.500%; 3rd sem.=2.750%; 4th sem.=3.000%; 5th sem.=3.500%; 6th sem. =4.500%	1,689	1,699
BCP Finance Bank - EUR 0.758 m	June, 2009	June, 2014	Euribor 3M + Remain Prize: 1st year 0.125%; 2nd year 0.250%; 3rd year 0.750%; 4th year 1.000%; 5th year 1.250%	240	240
BCP Finance Bank - EUR 5.857 m	June, 2009	June, 2012	1st sem.=2.250%; 2nd sem.=2.500%; 3rd sem.=2.750%; 4th sem.=3.000%; 5th sem.=3.500%; 6th sem. =4.000%	5,063	5,096
BCP Finance Bank - EUR 3.75 m	July, 2009	July, 2017	Euribor 3M + 1.910%	3,750	3,750
BCP Finance Bank - EUR 15 m	July, 2009	July, 2017	Euribor 3M + 2.500%	15,000	15,000
BCP Finance Bank - EUR 26.25 m	July, 2009	July, 2017	Euribor 3M + 2.430%	26,250	26,250
BCP Finance Bank - EUR 15 m	August, 2009	August, 2017	Euribor 3M + 1.720%	15,000	15,000
BCP Finance Bank - EUR 6.879 m	August, 2009	November, 2012	Fixed rate of 3.077%	5,833	5,852
BCP Finance Bank - EUR 1.648 m	August, 2009	August, 2014	Euribor 3M + Remain Prize: 1st year 0.125%; 2nd year 0.250%; 3rd year 0.750%; 4th year 1.000%; 5th year 1.250%	454	454
BCP Finance Bank - EUR 19.881 m	September, 2009	December, 2012	Fixed rate of 3.077%	16,736	16,865
BCP Finance Bank - EUR 15.492 m	November, 2009	November, 2014	1st year=2.500%; 2nd year=2.750%; 3rd year=3.00%; 4th year=3.500%; 5th year=4.500%	14,435	15,105
BCP Finance Bank - EUR 5 m	December, 2009	March, 2015	Euribor 3M + 2.250%	5,000	5,000
BCP Finance Bank - EUR 12.951 m	December, 2009	December, 2014	1st year=2.500%; 2nd year=2.75%; 3rd year=3.000%;4th year=3.500%; 5th year=4.250%	10,755	11,233
BCP Finance Bank - EUR 8.424 m	January, 2010	January, 2015	1st year=2.500%; 2nd year=2.75%; 3rd year=3.250%; 4th year=4.125%; 5th year=5.000%	7,055	7,390

(continuation)

Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
BCP Finance Bank - EUR 23.861 m	March, 2010	March, 2013	1st Sem.=2.250%; 2nd Sem.=2.500%; 3rd Sem.=2.750%; 4th Sem.=3.000%; 5th Sem.=3.250%; 6th Sem.=4.500%	20,148	20,377
BCP Finance Bank - EUR 8.283 m	March, 2010	March, 2013	1st Sem.=1.500%; 2nd Sem.=1.750%; 3rd Sem.=2.000%; 4th Sem.=2.250%; 5th Sem.=2.500%; 6th Sem.=3.500%	7,479	7,563
BCP Finance Bank - EUR 4.64 m	April, 2010	April, 2015	1st Sem.=2.000%; 2nd Sem.=2.125%; 3rd Sem.=2.250%; 4th Sem.=2.375%; 5th Sem.=2.500%; 6th Sem.=2.750%; 7th Sem.=2.875%; 8th Sem.=3.125%; 9th Sem.=3.500%; 10th Sem.=4.000%	4,085	4,246
BCP Finance Bank - EUR 15.733 m	April, 2010	April, 2015	1st Sem.=2.250%; 2nd Sem.=2.500%; 3rd Sem.=2.600%; 4th Sem.=2.800%; 5th Sem.=3.000%; 6th Sem.=3.150%; 7th Sem.=3.200%; 8th Sem.=3.500%; 9th Sem.=3.800%; 10th Sem.=4.500%	14,086	14,626
BCP Finance Bank - EUR 0.785 m	April, 2010	April, 2014	1st Sem.=1.75%; 2nd Sem.=1.875%; 3rd Sem.=2.000%; 4th Sem.=2.125%; 5th Sem.=2.250%; 6th Sem.=2.375%; 7th Sem.=2.500%; 8th Sem.=3.000%	688	704
BCP Finance Bank - EUR 3.857 m	April, 2010	April, 2014	Indexed to portfolio of shares	3,706	3,790
BCP Finance Bank - USD 9.32 m	June, 2010	June, 2014	1st Sem.=2.000%; 2nd Sem.=2.125%; 3rd Sem.=2.250%; 4th Sem.=2.375%; 5th Sem.=2.500%; 6th Sem.=2.750%; 7th Sem.=3.000%; 8th Sem.=3.500%	5,859	6,033
BCP Finance Bank - EUR 3.635 m	June, 2010	June, 2014	1st Sem.=1.875%; 2nd Sem.=2.000%; 3rd Sem.=2.125%; 4th Sem.=2.250%; 5th Sem.=2.375%; 6th Sem.=2.500%; 7th Sem.=2.625%; 8th Sem.=3.250%	3,451	3,509
BCP Finance Bank - EUR 1.458 m	June, 2010	June, 2014	1st Sem.=1.625%; 2nd Sem.=1.750%; 3rd Sem.=1.875%; 4th Sem.=2.000%; 5th Sem.=2.125%; 6th Sem.=2.250%; 7th Sem.=2.375%; 8th Sem.=3.000%	1,393	1,417
BCP Finance Bank - EUR 1.756 m	August, 2010	August, 2015	1st Sem.=1.875%; 2nd Sem.=2.000%; 3rd Sem.=2.125%; 4th Sem.=2.250%; 5th Sem.=2.375%; 6th Sem.=2.500%; 7th Sem.=2.750%; 8th Sem.=2.875% 9th Sem.=3.000%; 10th Sem.=3.500%	1,692	1,738
BCP Finance Bank - EUR 11.537 m	August, 2010	August, 2015	1st Sem.=2.125%; 2nd Sem.=2.300%; 3rd Sem.=2.425%; 4th Sem.=2.550%; 5th Sem.=2.800%; 6th Sem.=3.050%; 7th Sem.=3.300%; 8th Sem.=3.550%; 9th Sem.=3.800%; 10th Sem.=4.300%	9,905	10,172
BCP Finance Bank - USD 3.069 m	August, 2010	August, 2015	1st Sem.=1.875%; 2nd Sem.=2.000%; 3rd Sem.=2.125%; 4th Sem.=2.250%; 5th Sem.=2.375%; 6th Sem.=2.500%; 7th Sem.=2.625%; 8th Sem.=2.875%; 9th Sem.=3.250%; 10th Sem.=3.750%	2,275	2,356
BCP Finance Bank - EUR 3.547 m	September, 2010	September, 2015	1st Sem.=1.875%; 2nd Sem.=2.000%; 3rd Sem.=2.125%; 4th Sem.=2.250%; 5th Sem.=2.375%; 6th Sem.=2.500%; 7th Sem.=2.750%; 8th Sem.=2.875% 9th Sem.=3.000%; 10th Sem.=3.500%	3,387	3,479
BCP Finance Bank - EUR 19.203 m	September, 2010	September, 2015	1st Sem.=2.175%; 2nd Sem.=2.300%; 3rd Sem.=2.425%; 4th Sem.=2.550%; 5th Sem.=2.800%; 6th Sem.=3.050%; 7th Sem.=3.300%; 8th Sem.=3.550%; 9th Sem.=3.800%; 10th Sem.=4.300%	17,982	18,475

(continuation)

Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
BCP Finance Bank - EUR 0.595 m	October, 2010	April, 2013	1st Sem.=1.850%; 2nd Sem.=1.975%; 3rd Sem.=2.225%; 4th Sem.=2.475%; 5th Sem.=2.725%	546	550
BCP Finance Bank - EUR 8.722 m	October, 2010	April, 2013	1st Sem.=2.300%; 2nd Sem.=2.425%; 3rd Sem.=2.675%; 4th Sem.=2.925%; 5th Sem.=3.425%	8,119	8,179
BCP Finance Bank - EUR 0.155 m	November, 2010	May, 2013	1st Sem.=1.850%; 2nd Sem.=1.975%; 3rd Sem.=2.225%; 4th Sem.=2.475%; 5th Sem.=2.725%	97	98
BCP Finance Bank - EUR 2.617 m	November, 2010	May, 2013	1st Sem.=2.300%; 2nd Sem.=2.425%; 3rd Sem.=2.675%; 4th Sem.=2.925%; 5th Sem.=3.425%	2,288	2,306
BCP Finance Bank - EUR 0.026 m	December, 2010	June, 2014	1st Sem.=1.750%; 2nd Sem.=2.000%; 3rd Sem.=2.250%; 4th Sem.=2.500%; 5th Sem.=2.750% ; 6th Sem.=3.000%; 7th Sem.=3.250%	26	27
BCP Finance Bank - EUR 1.078 m	December, 2010	June, 2014	1st Sem.=2.500%; 2nd Sem.=2.750%; 3rd Sem.=3.000%; 4th Sem.=3.250%; 5th Sem.=3.500% ; 6th Sem.=3.750%; 7th Sem.=4.000%	1,011	1,034
BCP Finance Bank - EUR 0.354 m	February, 2011	February, 2014	1st Sem.=2.500%; 2nd Sem.=2.625%; 3rd Sem.=2.750%; 4th Sem.=3.000%; 5th Sem.=3.125%; 6th Sem.=4.000%	334	343
BCP Finance Bank - EUR 0.525 m	March, 2011	March, 2014	1st Sem.=2.500%; 2nd Sem.=2.625%; 3rd Sem.=2.750%; 4th Sem.=3.000%; 5th Sem.=3.125%; 6th Sem.=4.000%	354	365
BCP Finance Bank - EUR 0.6 m	June, 2011	June, 2013	1st year=3.000%: 2nd year=3.750%	464	464
Bank Millennium (Greece):					
Kion 2006-1 A	December, 2006	July, 2051	Euribor 3M + 0.150%	122,918	122,918
Kion 2006-1 B	December, 2006	July, 2051	Euribor 3M + 0.270%	16,435	16,435
Kion 2006-1 C	December, 2006	July, 2051	Euribor 3M + 0.550%	10,494	10,494
Magellan Mortgages Nº 2:					
SPV Magellan Nº 2 - Class A Notes	October, 2003	July, 2036	Euribor 3M + 0.440%	182,872	182,872
SPV Magellan Nº 2 - Class D Notes	October, 2003	July, 2036	Euribor 3M + 1.700%	3,500	3,500
SPV Magellan Nº 2 - Class B Notes	October, 2003	July, 2036	Euribor 3M + 1.100%	40,000	40,000
SPV Magellan Nº 2 - Class C Notes	October, 2003	July, 2036	Euribor 3M + 2.300%	25,000	25,000
Magellan Mortgages Nº 3:					
Mbs Magellan Mortgages S 3 Cl.A	June, 2005	May, 2058	Euribor 3M + 0.130%	561,850	517,878
Mbs Magellan Mortgages S.3 Cl.B	June, 2005	May, 2058	Euribor 3M + 0.190%	17,192	15,846
Mbs Magellan Mortgages S. 3 Cl.C	June, 2005	May, 2058	Euribor 3M + 0.290%	8,023	7,395
Mbs Magellan Mortgages S. 3 Cl. D	June, 2005	May, 2058	Euribor 3M + 0.530%	18,720	17,255
Nova Finance nº 4					
Nova nº 4 - Class A Notes	December, 2007	March, 2019	Euribor 3M + 0.30%. a.a. (Actual/360)	377,017	121,693
BIM - Banco Internacional de Moçambique, S.A.					
Obrigações BIM / 2010	October, 2010	October, 2015	Fixed rate of 19.000%	28,848	28,848
					14,547,996
Accruals					151,590
					14,699,586

(continuation)

Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
Commercial paper:					
Banco Comercial Português:					
Bcp Sfi Due 4 Jan 2012	October, 2011	January, 2012	Fixed rate of 3.608%	500,000	500,000
Bcp Sfi 6 Feb 2012	November, 2011	February, 2012	Fixed rate of 1.976%	49,500	49,500
Bcp Sfi Due 13 Feb 2012	November, 2011	February, 2012	Fixed rate of 1.959%	57,500	57,500
Bcp Sfi Ecp 13 Mar 2012	December, 2011	March, 2012	Fixed rate of 1.923%	300,000	300,000
Bcp Sfi Ecp 14 Mar 2012	December, 2011	March, 2012	Fixed rate of 1.923%	27,000	27,000
Bcp Sfi Ecp 19 Mar 2012	December, 2011	March, 2012	Fixed rate of 3.468%	500,000	500,000
					1,434,000
Accruals					5,407
					1,439,407

The balance debt securities issued includes, as at 31 December 2011, the amount of Euros 441,916,000 related to the issue of senior debt, resulting from the exchange offer of subordinated debt and preferred shares occurred in October of 2011, as referred in note 49.

This balance is analysed by the period to maturity, as follows:

	2011 Euros '000	2010 Euros '000
Bonds:		
Up to 3 months	1,120,330	501,933
3 to 6 months	184,194	2,048,895
6 to 12 months	725,798	1,257,897
1 to 5 years	9,203,028	9,337,200
More than 5 years	3,314,646	4,406,709
	14,547,996	17,552,634
Accruals	151,590	171,309
	14,699,586	17,723,943
Commercial paper:		
Up to 3 months	1,434,000	321,955
	1,434,000	321,955
Accruals	5,407	-
	1,439,407	321,955
Other:		
Up to 3 months	3,454	5,042
3 to 6 months	-	15,234
6 to 12 months	4,737	-
1 to 5 years	9,193	10,363
More than 5 years	79,825	60,853
	97,209	91,492
	16,236,202	18,137,390

36. Financial liabilities held for trading

The balance is analysed as follows:

	2011 Euros '000	2010 Euros '000
Derivatives		
FRA	27	415
Swaps	1,298,411	1,064,721
Forwards over preference shares	2,601	-
Futures	-	66
Options	29,739	61,815
Embedded derivatives	11,351	2,831
Forwards	13,250	46,603
Others	123,301	-
	1,478,680	1,176,451
of which:		
Level 1	-	66
Level 2	1,478,680	1,176,385

See note 23 for detail of the remaining terms of notional derivatives portfolio.

As referred in IFRS 7, financial liabilities held for trading are classified in accordance with the following fair value measurement level:

- Level 1: financial instruments measured in accordance with quoted market prices or providers.
- Level 2: financial instruments measured in accordance with internal valuation techniques based on observable market inputs.
- Level 3: financial instruments measured in accordance with valuation techniques based on inputs not based on observable data that have significant impact in the instruments valuation.

The balance Financial liabilities held for trading includes, the embedded derivatives valuation separated from the host contracts in accordance with the accounting policy presented in note 1 d), in the amount of Euros 11,351,000 (31 December 2010: Euros 2,831,000). This note should be analysed together with note 24.

37. Other financial liabilities at fair value through profit or loss

The balance is analysed as follows:

	2011 Euros '000	2010 Euros '000
Deposits from credit institutions	14,510	232,760
Deposits from customers	5,834	3,919
Bonds	2,558,646	3,776,017
Commercial paper and other liabilities	-	25,543
	2,578,990	4,038,239

Other financial liabilities at fair value through profit or loss are measured in accordance with internal valuation techniques considering mainly observable market inputs. In accordance with the hierarchy of the valuation sources, as referred in IFRS 7, these instruments are classified in level 2.

The balance Other financial liabilities at fair value through profit or loss account is revalued against the income statement, as referred in the accounting policy presented in note 1 d). As at 31 December 2011, a loss in the amount of Euros 20,591,000 was recognised (31 December 2010: gain of Euros 204,561,000) related to the fair value changes resulting from variations in the credit risk (spread) of the Group BCP.

The characteristics of the bonds and commercial paper issued by the Group at fair value through profit or loss as at 31 December, 2011 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 R.G.III Feb 2007/12	February, 2007	February, 2012	Indexed to DJ EuroStoxx 50 index	15,525	15,467
BCP Ob Cx RGIv mar 2007/12	March, 2007	March, 2012	Indexed to DJ EuroStoxx 50 index	12,280	12,182
BCP Ob Cx RGIv 2Em mar 07/12	March, 2007	March, 2012	Indexed to DJ EuroStoxx 50 index	6,290	6,238
BCP Ob Cx RGV 2Em May 07/12	May, 2007	May, 2012	Indexed to DJ EuroStoxx 50 index	7,849	7,751
BCP Ob Cx RGV May 2007/12	May, 2007	May, 2012	Indexed to DJ EuroStoxx 50 index	4,960	4,901
BCP Ob Cx RGVi Jun 2007/12	June, 2007	June, 2012	Indexed to portfolio of indexes	10,773	10,600
BCP Ob Cx RGVii Aug2007/12	August, 2007	August, 2012	Indexed to portfolio of indexes	8,841	8,668
Ob Cx BCP RGViii Sep 2007/12	September, 2007	September, 2012	Indexed to portfolio of indexes	4,010	3,855
BCP Ob Cx RGIx Oct 2007/12	October, 2007	October, 2012	Indexed to DJ EuroStoxx 50 index	3,217	3,265
BCP Ob Cx RGX Dec 2007/12	December, 2007	November, 2012	Indexed to DJ EuroStoxx 50 index	2,310	2,340
BCP - 3.625 Per Cent FRN	January, 2009	January, 2012	Fixed rate of 3.625%	1,455,000	1,453,040
BCP Rend mais mar2009/12	March, 2009	March, 2012	1st Sem.=2.500%; 2nd Sem.=2.750%; 3rd Sem.=3.000%; 4th Sem.=3.250%; 5th Sem.=3.500%; 6th Sem.=4.250%	101,824	101,456
BCP Rend mais Apr 2009/12	April, 2009	April, 2012	1st Sem.=2.250%; 2nd Sem.=2.500%; 3rd Sem.=2.750%; 4th Sem.=3.000%; 5th Sem.=3.500%; 6th Sem.=4.000%	81,473	81,111
BCP Inv Merc Mund 09/22.09/12	September, 2009	September, 2012	Fixed rate of 1% year + portfolio of 6 indexes until maturity	831	804
BCP Inv. Cab Energia nov 2012	November, 2009	November, 2012	Indexed to portfolio of 5 shares	2,368	2,348
BCP FRN 2.375 Sindicada	January, 2010	January, 2012	Fixed rate of 2.375%	604,700	599,301
BCP Inv Telecoms mar 2013	March, 2010	March, 2013	Indexed to portfolio of 3 shares	7,530	7,648
BCP Iln Euro Inv Apr 10/13	April, 2010	April, 2013	Indexed to portfolio of indexes	1,871	1,754
BCP Rend Diversificado Apr 10/13	April, 2010	April, 2013	Indexed to portfolio of 4 shares	1,822	1,688
BCP Cln Portugal - Emtn 726	June, 2010	June, 2018	Fixed rate of 4.720%	59,600	32,253
BCP Iln Inv Opc Tripla Jun 10/13	June, 2010	June, 2013	Indexed to portfolio of 4 shares	1,342	1,430
BCP Cabaz Mundial 26 Oct 10/14	October, 2010	October, 2014	Indexed to portfolio of 4 shares	220	190
BCP Eur Cln Port 2Emis Jun 10/18	November, 2010	June, 2018	Fixed rate of 4.450%	14,600	8,074
BCP Eur Cln Portugal 10/15.06.20	November, 2010	June, 2020	Fixed rate of 4.800%	30,000	16,332
BCP Iln Inv Índices Mundiais Xi	November, 2010	November, 2013	Indexed to portfolio of 3 indexes	1,785	1,713
BCP Iln Inv Índices Mundiais Xii	December, 2010	December, 2013	Indexed to portfolio of 3 indexes	4,100	4,190
BCP Iln Blue Chip Cupão Conve I-11	January, 2011	January, 2016	Indexed to índice DJ EuroStoxx 50	3,000	2,944
BCP Iln Range Acc Infl I - 11 jan 2016	January, 2011	January, 2016	Fixed rate of 3.500%	3,000	2,584
BCP Iln Ações Eur E Eua Ii 11 -	February, 2011	February, 2014	Indexed to portfolio of indexes	1,680	1,685
BCP Iln Reto Fin Cup Ext 2014	February, 2011	February, 2014	Fixed rate of 8% year+portfolio of 2 shares	1,010	872
BCP Iln Seleç Merc Emerg 10 Feb 16	February, 2011	February, 2016	Indexed to MSCI Emerging Market Fund	1,005	964
BCP Iln Invest Dupla Opcao Feb 13	February, 2011	February, 2013	Indexed to portfolio of 4 shares	8,001	7,989
BCP Iln Indic Internac Cup Fixo Iii	March, 2011	March, 2015	Fixed rate of 10% year+portfolio of 3 indexes	1,460	1,189
BCP Iln Merc Emerg Asia Autocalle	March, 2011	March, 2014	Indexed to portfolio of 3 indexes	1,335	1,377
BCP Iln Small Caps Eua Auto Calla	April, 2011	April, 2012	Indexed to Russel 2000 ETF	1,040	1,014
BCP Iln Ações Tecnol Eua Autocall	April, 2011	April, 2014	Indexed to portfolio of shares	1,830	1,890
BCP Inv America Latina May 2014	May, 2011	May, 2014	Indexed to S&P Latin America 40	1,428	1,420
BCP Iln Invim 3 setores V 11	May, 2011	May, 2012	Indexed to portfolio of shares	3,250	3,267
BCP Iln Empr E Sober Autocc V 11	May, 2011	May, 2014	Indexed to portfolio of indexes	825	834
BCP Ind Eru Autocallable Jun 2013	June, 2011	June, 2013	Indexed to portfolio of shares	3,505	2,108
BCP Iln Inv Dupla Opc Eur Jun 13	June, 2011	June, 2013	Fixed rate of 3% year+portfolio of shares	7,530	7,452
Industria Mundial Autocallable Vii	July, 2011	July, 2013	Indexed to portfolio of 4 shares	3,480	2,663
Rend Real Eur Vii 11-Emtn 817	July, 2011	July, 2014	Indexed to Eurostat Eurozone Harmonised Indexed to Consumer Prices	3,420	3,380
Rend Real Usd Vii 11-Emtn 816	July, 2011	July, 2014	Indexed to The US CPI Urban Consumers In	812	837
BCP Cab Tecnol Usa Autoc Viii	August, 2011	August, 2014	Indexed to portfolio of 3 shares	1,400	1,438
BCP Iln Estr Global Viii/11 Eur	August, 2011	August, 2016	Fixed rate of 1.600% per year	2,810	2,870
BCP Inv Dupla Opcao Eur Sep11	September, 2011	September, 2013	Fixed rate of 3.000% (1st interest); indexed to portfolio of 4 shares (2nd and following)	9,085	9,354
BCP Inv Duppla Opcao Eur Oct12	October, 2011	October, 2012	Fixed rate of 2.000% (1st interest); indexed to portfolio of 4 shares (2nd and following)	1,861	1,858

(continuation)

Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
BCP Finance Bank:					
MTN - EUR 9 Millions	June, 2008	June, 2013	Indexed to portfolio DB SALSA Sectors	218	319
MTN - EUR 2,5 Millions	December, 2008	December, 2013	Euribor 3M + 2.100% (CLN)	2,500	1,022
MTN - EUR 10,5 Millions	December, 2008	December, 2016	Euribor 3M + 2.520% (CLN)	10,500	3,373
MTN - EUR 10 Millions	February, 2009	February, 2014	Euribor 3M + 2.950% (CLN)	10,000	4,105
MTN - EUR 11,695 Millions	March, 2009	March, 2012	1st Sem.=2.500%; 2nd Sem.=2.750%; 3rd Sem.=3.000%; 4th Sem.=3.250%; 5th Sem.=3.500%; 6th Sem.=4.250%	9,931	9,895
MTN - EUR 20 Millions	April, 2009	April, 2017	Euribor 3M + 2.68% (CLN)	20,000	6,374
MTN - EUR 8,625 Millions	April, 2009	April, 2012	1st Sem.=2.250%; 2nd Sem.=2.500%; 2rd Sem.=2.750%; 4th Sem.=3.000%; 5th Sem.=3.500%; 6th Sem.=4.000%	6,275	6,247
MTN - EUR 0,27 Millions	September, 2009	September, 2012	Fixed rate of 1% ano + portfolio of 6 indexes until maturity	270	261
MTN - EUR 1,145 Millions	November, 2009	November, 2012	Indexed to portfolio of shares	1,100	1,051
MTN - EUR 0,296 Millions	November, 2009	November, 2012	Indexed to portfolio of shares	296	293
MTN - EUR 1,075 Millions	November, 2009	November, 2014	Indexed to Down Jones EuroStoxx 50	1,025	983
MTN - EUR 3,9 Millions	December, 2009	December, 2016	Euribor 3M +margin between 2.500% and 5.000%	250	220
MTN - EUR 1,295 Millions	March, 2010	March, 2013	Indexed to portfolio of 3 indexes	935	899
MTN - EUR 1,135 Millions	June, 2010	June, 2012	Indexed to portfolio of 3 shares	1,075	1,082
MTN - EUR 1 Millions	June, 2010	June, 2013	Indexed to portfolio of 4 shares	929	959
MTN - EUR 1 Millions	August, 2010	August, 2013	Indexed to portfolio of 3 indexes	1,000	989
MTN - EUR 3,05 Millions	August, 2011	August, 2012	USD Libor 6M-mín. 3.50% máx 4.50%	2,357	2,385
MTN - EUR 0,57 Millions	November, 2011	November, 2012	USD Libor 6M	441	445
					2,489,490
Accruals					69,156
					2,558,646

This balance is analysed by the period to maturity, as follows:

	2011 Euros '000	2010 Euros '000
Bonds issued:		
Up to 3 months	2,197,579	100,790
3 to 6 months	115,973	49,614
6 to 12 months	27,573	216,000
1 to 5 years	85,332	2,555,410
More than 5 years	63,033	776,488
	2,489,490	3,698,302
Accruals	69,156	77,715
	2,558,646	3,776,017
Commercial paper and other liabilities:		
Up to 3 months	-	25,543
	-	25,543
	2,558,646	3,801,560

38. Provisions for liabilities and charges

This balance is analysed as follows:

	2011 Euros '000	2010 Euros '000
Provision for guarantees and other commitments	100,708	80,906
Technical provision for the insurance activity:		
For direct insurance and reinsurance accepted:		
Unearned premium / reserve	13,663	9,626
Life insurance	56,039	42,780
Bonuses and rebates	2,866	1,195
Other technical provisions	9,095	7,738
Provision for pension costs	3,768	3,691
Other provisions for liabilities and charges	59,961	89,397
	246,100	235,333

Changes in Provision for guarantees and other commitments are analysed as follows:

	2011 Euros '000	2010 Euros '000
Balance on 1 January	80,906	88,257
Transfers	7,930	(391)
Charge for the year	28,423	15,870
Write-back for the year	(16,743)	(23,068)
Amounts charged-off	(233)	-
Exchange rate differences	425	238
Balance on 31 December	100,708	80,906

Changes in Other provisions for liabilities and charges are analysed as follows:

	2011 Euros '000	2010 Euros '000
Balance on 1 January	89,397	86,365
Transfers resulting from changes in the Group's structure	4	(41)
Transfers	1,392	511
Charge for the year	4,620	10,832
Write-back for the year	(30,356)	(4,934)
Amounts charged-off	(5,225)	(3,402)
Exchange rate differences	129	66
Balance on 31 December	59,961	89,397

The provisions were accounted in accordance with the probability of occurrence of certain contingencies related with the Group's inherent risks, which is revised in each reporting date in order to reflect the best estimate of the amount and probability of payment.

39. Subordinated debt

This balance is analysed as follows:

	2011 Euros '000	2010 Euros '000
Bonds	1,146,543	2,039,174
	1,146,543	2,039,174

As at 31 December 2011, 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:					
Mbcp Ob Cx Sub 1 Serie 2008-2018	September 2008	September 2018	See reference (i)	255,055	255,055
Mbcp Ob Cx Sub 2 Serie 2008-2018	October 2008	October 2018	See reference (i)	72,021	72,021
Bcp Ob Sub Jun 2020 - Emtn 727	June 2010	June 2020	See reference (ii)	89,407	91,719
Bcp Ob Sub aug 2020 - Emtn 739	August 2010	August 2020	See reference (iii)	54,824	56,553
Bcp Ob Sub mar 2021 - Emtn 804	March 2011	August 2020	See reference (iv)	114,000	114,000
Bcp Ob Sub apr 2021 - Emtn 809	April 2011	April 2021	See reference (iv)	64,100	64,100
Bcp Ob Sub 3S apr 2021 - Emtn 812	April 2011	April 2021	See reference (iv)	35,000	35,000
Bcp Sub 11/25.08.2019 - Emtn 823	August 2011	August 2019	Fixed rate of 6.383%	7,500	7,715
Bcp Subord sep 2019 - Emtn 826	October, 2011	September, 2019	Fixed rate of 9.31%	50,000	43,601
Bcp Subord nov 2019 - Emtn 830	November, 2011	November, 2019	Fixed rate of 8.519%	40,000	32,570
Bcp Subord nov 2019 - Emtn 833	December, 2011	December, 2019	Fixed rate of 7.150%	26,600	19,471
Bank Millennium:					
Bank Millennium 2007	December 2007	December 2017	Fixed rate of 6.337%	148,614	148,614
Banco de Investimento Imobiliário:					
BII 2004	December 2004	December 2014	See reference (v)	15,000	14,987
BCP Finance Bank:					
BCP Fin Bank Ltd EMTN - 295	December 2006	December 2016	See reference (vi)	71,209	71,213
BCP Fin Bank Ltd EMTN - 828	October, 2011	October, 2021	Fixed rate of 13.000%	75,650	45,300
BCP Fin Bank Ltd EMTN - 828 2ª	December, 2011	October, 2021	Fixed rate of 13.000%	3,250	3,250
Magellan No. 3:					
Magellan No. 3 Series 3 Class F	June 2005	May 2058	-	44	44
					1,075,213
Perpetual Bonds					
BCP - Euro 200 millions	June 2002	-	See reference (vii)	85	37
BPA 1997	June 1997	-	Euribor 3M + 0.950%	34,915	34,915
TOPS BPSM 1997	December 1997	-	Euribor 6M + 0.900%	22,648	23,344
BCP Leasing 2001	December 2001	-	See reference (viii)	4,986	4,986
					63,282
Accruals					8,048
					1,146,543

References :

(i) - 1st year 6.000%; 2nd to 5th year Euribor 6M + 1.000%; and following 6th year Euribor 6M + 1.400%
(ii) - Until the 5th year fixed rate of 3.250%; 6th year and following years Euribor 6M + 1.000%
(iii) - 1st year: 3.000%; 2nd year 3.250%; 3rd year 3.500%; 4th year 4.000%; 5th year 5.000%; 6th year and following Euribor 6M + 1.250%
(iv) - Euribor 3M + 3.750% per year
(v) - Until 10th coupon Euribor 6M + 0.400%; After 10th coupon Euribor 6M + 0.900%
(vi) - Euribor 3M + 0.300% (0.800% after December 2011)
(vii) - Until 40th coupon 6.131%; After 40th coupon Euribor 3M + 2.400%
(viii) - Until 40th coupon Euribor 3M + 1.750%; After 40th coupon Euribor 3M + 2.250%

The balance Subordinated debt includes, as at 31 December 2011, the amount of Euros 45,300,000 related to the issue of subordinated debt, as a result of the exchange offer occurred in October 2011, as referred in note 49.

The analysis of the subordinated debt by the period to maturity, is as follows:

	2011 Euros '000	2010 Euros '000
Up to 3 months	-	753,627
3 months to 1 year	-	201,775
1 to 5 years	86,200	14,982
More than 5 years	989,013	955,835
Undetermined	63,282	73,616
	1,138,495	1,999,835
Accruals	8,048	39,339
	1,146,543	2,039,174

40. Other liabilities

This balance is analysed as follows:

	2011 Euros '000	2010 Euros '000
Creditors:		
Suppliers	49,000	29,177
From factoring operations	2,839	7,413
Associated companies	457	1,689
Other creditors	423,983	398,228
Public sector	74,125	76,178
Interests and other amounts payable	83,948	72,672
Deferred income	8,948	3,577
Holiday pay and subsidies	75,863	71,995
Other administrative costs payable	2,214	2,177
Amounts payable on trading activity	316,625	23,249
Other liabilities	609,206	577,764
	1,647,208	1,264,119

The balance Creditors - Other creditors includes the amount of Euros 5,504,000 (31 December 2010: Euros 40,996,000), related to the obligations with retirement benefits already recognised in Staff costs, to be paid to former members of the Executive Board of Directors. As referred in note 51, the above mentioned obligations are not covered by the Pension Fund, and therefore correspond to amounts payable by the Group.

The movements of the obligations with retirement benefits to be paid to former members of the Executive Board of Directors are presented in note 51.

The balance Creditors - Other creditors also includes, as at 31 December 2011, Euros 53,150,000 (31 December 2010: Euros 55,296,000) related with the seniority premium, as described in note 51.

The balance Creditors - Other creditors included, as at 31 December 2010, the amount of Euros 12,799,000 related to costs with the Complementary plan, as described in notes 9 and 51.

The balance Other liabilities includes the amount of Euros 90,474,000 (31 December, 2010: Euros 172,891,000) related to liabilities for post-employment benefits, as described in note 51, not covered by the pension fund.

41. Share capital, preference shares and other capital instruments

The share capital of the Bank, amounts to Euros 6,064,999,986 and is represented by 7,207,167,060 nominate and ordinary shares without nominal value, which is fully paid.

It was concluded in June 2011 the capital increase of the Banco Comercial Português, S.A. from Euros 4,694,600,000 to Euros 6,064,999,986 by the following steps:

(i) Euros 120,400,000, by incorporation of share premium reserves, through the issuance of 206,518,010 new ordinary and nominative shares without nominal value;

(ii) Euros 990,147,000, by contribution in kind of 990,147 perpetual subordinated instruments with interests conditioned, by issuing 1,584,235,200 new ordinary and nominative shares without nominal value, that resulted in the conversion of the majority of the perpetual subordinated securities;

(iii) Euros 259,852,986, by the issue of 721,813,850 ordinary shares without nominal value, with the issue and subscribe value of Euros 0.36, with preference reserve to the shareholders, in the exercise of the preference legal rights.

In accordance with the Decree-law no. 49/2010 of 19 May, that allows share capital of a company to be represented by shares without nominal value, the General Shareholders meeting of Banco Comercial Português, S.A. approved that the share capital of Banco Comercial Português, S.A. would be represented by shares with no nominal value.

As at 31 December 2010, the balance Preference shares corresponded 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 equity instruments. The issues are analysed as follows:

- 5,000,000 Perpetual Non-cumulative Guaranteed Non-voting Preference Shares with par value Euros 100 each, issued 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.

As referred in note 49, within the scope of the exchange offer, the majority of the preference shares where exchanged for new debt instruments.

During 2009, Banco Comercial Português, S.A. issued 3 tranches of its perpetual subordinated debt securities which based on its characteristics are classified, in accordance with accounting policy presented in note 1 h), as capital instruments under IAS 32. The tranches 3 issued in 2009 are analysed as follows:

- In June 2009, the Bank has issued Euros 300,000,000 of perpetual subordinated debt securities with conditional coupons presenting a nominal value of Euros 1,000.

- In August 2009, the Bank has issued Euros 600,000,000 of perpetual subordinated debt securities with conditional coupons presenting a nominal value of Euros 1,000.

- In December 2009, the Bank has issued Euros 100,000,000 of perpetual subordinated debt securities with conditional coupons presenting a nominal value of Euros 1,000.

Following the share capital increase the majority of the issued perpetual subordinated securities were converted into ordinary shares.

42. 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 accordance with the proposal for application of the results approved in the General Shareholders meeting held on 18 April, 2011, the Bank increased the Legal reserves in the amount of Euros 30,064,794.

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 economic activity.

43. Fair value reserves, other reserves and retained earnings

This balance is analysed as follows:

	2011 Euros '000	2010 Euros '000
Other comprehensive income:		
Actuarial losses for the year (net of taxes)	(1,710,015)	(1,678,720)
Exchange differences arising on consolidation	(118,242)	(78,052)
Fair value reserves		
Financial assets available for sale	(471,254)	(167,239)
Cash-flow hedge	12,126	(17,480)
Tax		
Financial assets available for sale	71,972	15,037
Cash-flow hedge	(2,304)	3,321
	(2,217,717)	(1,923,133)
Other reserves and retained earnings:		
Legal reserve	476,107	446,042
Statutory reserve	30,000	20,000
Other reserves and retained earnings	3,129,723	2,467,587
Goodwill arising on consolidation	(2,883,580)	(2,883,580)
Other reserves arising on consolidation	(165,483)	(162,057)
	586,767	(112,008)

The legal reserve changes are analysed in note 42. The Fair value reserves correspond to the accumulated fair value changes of the financial assets available for sale and Cash flow hedge, in accordance with the accounting policy presented in note 1 d).

The balance Statutory reserves corresponds to a reserve to steady dividends that, according with the bank's by-laws can be distributed.

As referred in notes 1, 51 and 60, the balance Reserves and Retained Earnings includes, as at 1 January 2010, a restatement in the amount of Euros 1,308,053,000 (net of deferred tax) resulting from the decision taken by the Executive Board of Directors of changing the accounting policy regarding the recognition of actuarial gains and losses.

The balance Other comprehensive income includes gains and losses that in accordance with IAS/IFRS are recognised in equity.

The balance Other reserves and retained earnings includes the amount of Euros 440,435,000 Euros regarding the positive impact of the exchange of preference shares for new debt instruments in the year 2011, as referred in note 49.

The movements in Fair value reserves for financial assets available for sale, during 2011 are analysed as follows:

	Balance on 1 January Euros '000	Revaluation Euros '000	Impairment in profit and loss Euros '000	Sales Euros '000	Balance on 30 June Euros '000
Millenniumbcp Ageas	(120,434)	(105,452)	-	-	(225,886)
Portuguese public debt securities	(811)	(174,101)	-	184	(174,728)
Other investments	(45,994)	(38,394)	17,185	(3,437)	(70,640)
	(167,239)	(317,947)	17,185	(3,253)	(471,254)

As referred in notes 13 and 23, the balance Impairment in profit and loss includes the net amount of Euros 13,621,000 (31 December 2010: 10,180,000) related to the impairment of shares and investment funds units held by the Group.

The gross movements in Fair value reserves for financial instruments available for sale, during 2010 are analysed as follows:

	Balance on 30 June Euros '000	Revaluation Euros '000	Impairment in results Euros '000	Sales Euros '000	Balance on 31 December Euros '000
Eureko, B.V.	61,113	4,099	-	(65,200)	12
Millenniumbcp Ageas	5,998	(126,432)	-	-	(120,434)
Other investments	34,218	(84,328)	10,180	(6,887)	(46,817)
	101,329	(206,661)	10,180	(72,087)	(167,239)

44. Treasury stock

This balance is analysed as follows:

	Banco Comercial Português, S.A. shares		Other treasury stock	Total
2011				
Net book value (Euros '000)	3,803		7,619	11,422
Number of securities	25,127,258	(*)		
Average book value (Euros)	0.15			
2010				
Net book value (Euros '000)	17,266		64,672	81,938
Number of securities	28,795,443	(*)		
Average book value (Euros)	0.60			

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 bank's by-laws and by "Código das Sociedades Comerciais".

(*) As at 31 December 2011, this balance includes 20,695,482 shares (31 December 2010: 23,261,904 shares) owned by clients which were financed by the Bank. Considering the fact that for these clients there is evidence of impairment, under the IAS 39 the shares of the Bank owned by these clients were, only for accounting purposes and in accordance with this standard, considered as treasury stock.

45. Non-controlling interests

This balance is analysed as follows:

	Balance		Income Statement	
	2011 Euros '000	2010 Euros '000	2011 Euros '000	2010 Euros '000
Bank Millennium, S.A.	354,789	354,930	39,627	30,109
BIM - Banco Internacional de Moçambique	109,645	67,700	30,738	18,087
Banco Millennium Angola, S.A.	83,999	66,196	15,752	11,144
Other subsidiaries	(818)	8,675	(264)	(33)
	547,615	497,501	85,853	59,307

The movements of the non-controlling interests are analysed as follows:

	2011 Euros '000	2010 Euros '000
Balance on 1 January	497,501	344,305
Exchange differences	(20,080)	10,680
Increase of share capital of Bank Millennium, S.A. (Poland)	-	89,193
Dividends	(19,154)	(3,468)
Other	3,495	(2,516)
	(35,739)	93,889
Net income attributable to non-controlling interests	85,853	59,307
Balance on 31 December	547,615	497,501

46. Guarantees and other commitments

This balance is analysed as follows:

	2011 Euros '000	2010 Euros '000
Guarantees granted	7,873,914	8,862,015
Guarantees received	30,238,624	31,164,239
Commitments to third parties	9,699,210	11,877,095
Commitments from third parties	13,483,634	12,909,483
Securities and other items held for safekeeping on behalf of customers	121,083,525	163,291,551
Securities and other items held under custody by the Securities Depository Authority	132,002,341	169,114,150
Other off balance sheet accounts	165,643,770	178,988,845

The amounts of Guarantees granted and Commitments to third parties are analysed as follows:

	2011 Euros '000	2010 Euros '000
Guarantees granted:		
Guarantees	6,127,839	8,146,414
"Stand-by" letter of credit	293,015	350,171
Open documentary credits	272,304	283,554
Bails and indemnities	1,180,756	81,733
Other liabilities	-	143
	7,873,914	8,862,015
Commitments to third parties		
Irrevocable commitments		
Term deposits contracts	28,328	116,689
Irrevocable credit lines	2,145,275	2,258,969
Securities subscription	48,024	64,844
Other irrevocable commitments	364,725	309,020
Revocable commitments		
Revocable credit lines	5,664,922	7,043,685
Bank overdraft facilities	1,348,330	2,018,575
Other revocable commitments	99,606	65,313
	9,699,210	11,877,095

The guarantees granted by the Group may 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 executed and therefore these transactions do not 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 collateralised 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 1 c). 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.

47. Assets under management and custody

In accordance with article 29 of Decree-Law 252/2003 of October 17, which regulates collective investment organisms, the funds managing companies together with 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 in accordance with the regulations of the funds. The total value of the funds managed by the Group companies is analysed as follows:

	2011 Euros '000	2010 Euros '000
Banco Comercial Português, S.A.	532,590	556,752
Millennium bcp Bank & Trust	13,237	30,308
Millennium bcp Gestão de Activos - Sociedade Gestora de Fundos de Investimento, S.A.	1,321,955	1,760,857
BII Investimentos International, S.A.	227,258	272,695
Interfundos Gestão de Fundos de Investimento Imobiliários, S.A.	1,120,921	1,123,279
Millennium TFI S.A.	492,630	631,860
Millennium Mutual Funds Management Company, Societe Anonyme	43,634	83,437
	3,752,225	4,459,188

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. For certain services are set objectives and levels of return for assets under management and custody. Those assets held in a fiduciary capacity are not included in the financial statements.

The total assets under management by Group companies is analysed as follows:

	2011 Euros '000	2010 Euros '000
Investment funds	1,700,508	2,345,857
Real-estate investment funds	1,505,890	1,526,271
Wealth management	545,827	587,060
Assets under deposit	113,757,955	156,965,030
	117,510,180	161,424,218

48. Distribution of net income

The distribution of net income to shareholders, is analysed as follows:

	2011 Euros '000	2010 Euros '000
Dividends paid by Banco Comercial Português, S.A.		
Dividends declared and paid related to previous year	-	89,095
	-	89,095

49. Relevant events occurred during 2011

Capital increase of Banco Comercial Português, S.A. from Euros 4,694,600,000 to Euros 6,064,999,986

It was concluded in June 2011 the capital increase of the Banco Comercial Português, S.A. from Euros 4,694,600,000 to Euros 6,064,999,986 by the following steps:

i) Euros 120,400,000, by incorporation of share premium reserves, through the issuance of 206,518,010 new ordinary and nominative shares without nominal value;

(ii) Euros 990,147,000, by contribution in kind of 990,147 perpetual subordinated instruments with interests conditioned, by issuing 1,584,235,200 new ordinary and nominative shares without nominal value, that resulted in the conversion of the majority of the perpetual subordinated securities;

(iii) Euros 259,852,986, by the issue of 721,813,850 ordinary shares without nominal value, with the issue and subscribe value of Euros 0.36, with preference reserve to the shareholders, in the exercise of the preference legal rights.

In accordance with the Decree-law no. 49/2010 of 19 May, that allows share capital of a company to be represented by shares without nominal value, the General Shareholders meeting of Banco Comercial Português, S.A. approved that the share capital of Banco Comercial Português, S.A. would be represented by shares with no nominal value.

Approval of 2010 results

In the General Shareholders Meeting held on 18 April 2011 was approved the following proposal for the results distribution:

a) Euros 30,064,794 for reinforcement of legal reserves;
b) Euros 10,000,000 for reinforcement of reserve for stability of dividends;
c) Euros 167,157,049 for other reserves;
d) Euros 93,426,096 for retained earnings.

General Assembly in 27 June, 2011

In 27 June 2011 the General Assembly of the Bank took place and the following decisions were taken:

- Change to article 5º of the Bank's By-Laws through the addition of article 6º regarding the process of obtaining State guarantees according to the framework defined in Law 60-A/2008, of 20 of October.

- Elimination of the preference rights of the shareholders in the event of any share capital increases, namely through preference shares, to be decided by the Executive Board of Directors following the State guarantees legal framework mentioned in the previous paragraph.

Request for State guarantees for debt issues, following the framework defined in Law n.º 60-A/2008 of 20 of October

The Bank has decided to trigger the process to obtain a State guarantee for debt issues, following the framework defined in Law n.º 60-A/2008 of 20 of October. For this purpose, the Bank has presented a request to the Bank of Portugal, to obtain the approval for a State guarantee for an issue of unsubordinated debt notes, in the amount of Euros 1,750 million, with a spread to be determined based on market conditions and for a period up to three years.

This issue will be subject to a decision from the Executive Board of Directors regarding its final terms and to an approval from all the relevant entities according to the framework defined in the referred law.

Amortization of the subordinated perpetual notes with conditional interests

According to the authorisation granted by the Bank of Portugal, the Bank has amortised the 990,147 subordinated perpetual notes with conditional interests that were held following the general public acquisition offer launched by the Bank.

Securities exchange offer

In 22 September 2011, Banco Comercial Português, S.A launched an exchange offer for holders of perpetual debt instruments and preference shares, included on the proactive management of Group's outstanding liabilities and capital structure, being one of the initiatives undertaken to achieve a regulatory Core Tier I ratio of 9% by the end of 2011.

The securities that were the subject of this offering were as follows: BCP Finance Company Series C Perpetual Non-cumulative Guaranteed Non-voting Step-Up Preference Shares; BCP Finance Company Series D Perpetual Non-cumulative Guaranteed Non-voting Step-Up Preference Shares; BCP Finance Bank, Ltd. Floating Rate Subordinated Callable Step-Up Notes due December 2016 .

The exchange offer was intended to holders of instruments issued by its subsidiaries BCP Finance Bank Ltd. and BCP Finance Company and which were being exchanged for new debt securities with a unit value of Euros 50,000 issued under its Euro Note Programme together with cash payment corresponding to the accrued interest of the exchanged securities and also the fractional portion of the nominal amount of the new securities, unable to be delivered fractions of new debt instruments to participants, the participants in the offer could choose to receive either 3 year senior debt securities with a 9.25% coupon or 10 year subordinated securities with a 13% coupon.

In 7 October 2011, Banco Comercial Português, S.A announced the final results of the exchange mentioned above. The offer showed a degree of acceptance of approximately 75% for the issues included in the offer. The aggregate nominal amount of senior debt issued on the settlement date, 13 October 2011, amounted to Euros 555,600,000, the aggregate nominal amount of subordinated debt issued on the settlement date amounted to Euros 95,600,000 and the amount paid to ineligible holders on the settlement date amounted to Euros 6,764,910.

50. Fair value

Fair value is based on market prices, whenever these are available. If market prices are not available, as occurs 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, have some degree of judgement and reflect exclusively the value attributed to different financial instruments. However it does not consider prospective factors, as the future business evolution. Therefore 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 financial assets and financial liabilities of the Group are presented as follows:

Cash and deposits at central banks, Loans and advances to credit institutions repayable on demand

Considering the short term 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 and Assets with repurchase agreements

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.

For Deposits from Central banks it was considered that the book value is a reasonable estimate of its fair value, given the nature of operations and the associated short-term. The rate of return of funding with the European Central Bank was 1% in December 2011 and 1% in December 2010.

Regarding other loans and advances to credit institutions and other amounts owed to other credit institutions, the discount rate used reflects the current conditions applied by the Group on identical instruments for each of the different residual maturities. 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). As at 31 December 2011, the average discount rate was 3.36% for loans and advances and 3.18% for the deposits. As at 31 December 2010 the rates were 1.33% and 2.21%, respectively.

Financial assets held for trading (except derivatives), Financial liabilities held for trading (except derivatives), Financial assets available for sale and Other financial liabilities held for trading at fair value through profit or loss

These financial instruments are accounted for 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.

Market interest rates are determined based on information released by the suppliers of financial content - 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 sources but regarding interbank money market. The interest rate curve obtained is calibrated with the values of interest rate short-term futures. Interest rates for specific periods of the cash flows are determined by appropriate interpolation methods. The same interest rate curves are used in the projection of the non-deterministic cash flows such as indexes.

When optionality is involved, the standard templates (Black-Scholes, Black, Ho and others) are used considering the volatility areas applicable. Whenever there are no references in the market of sufficient quality or that the available models do not fully apply to meet the characteristics of the financial instrument, specific quotations supplied by an external entity are applied, typically a counterparty of the business.

Financial assets held to maturity

These financial instruments are accounted at amortised cost net of impairment. 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.

Hedging and trading derivatives

All derivatives are recorded at fair value.

In case of derivative contracts that are quoted in organised markets their market prices are used. 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 volatilities.

Interest rates are determined based on information disseminated by the suppliers of financial content - Reuters and Bloomberg - more specifically those resulting from prices of interest rate swaps. The values for the very short-term rates are obtained from a similar source but regarding interbank money market. The interest rate curve obtained is calibrated with the values of interest rate short-term futures. Interest rates for specific periods of the cash flows are determined by appropriate interpolation methods. The interest rate curves are used in the projection of the non-deterministic cash flows such as indexes.

Loans and advances to customers with defined maturity date

The fair value of these instruments is calculated by 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 residual 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 spread used at the date of the report, which was calculated from the average production of the last three months of the year. For December 2011, the average discount rate was 6.38% and for December 2010 it was 6.34% assuming the projection of the variable rates according to the evolution of the forward rates implicit in the interest rate curves. The calculations also include the credit risk spread.

Loans and advances to customers and deposits repayable on demand without defined maturity date

Considering the short maturity of these financial instruments, the conditions of the portfolio are similar to conditions used at the date of the report. 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 similar instruments with a similar maturity. The discount rate used reflects the actual rates of the Group to this type of funds and with similar residual maturity date. The discount rate includes the market rates of the residual maturity date (rates of monetary market or the interest rate swap market, at the end of the year) and the spread of the Group at the date of the report, which was calculated from the average production of the fourth quarter of 2011. For December 2011, the average discount rate was of 5.09% and for December 2010 it was 3.41%.

Debt securities issued and Subordinated debt

For these financial instruments the fair value was calculated for components for which fair value is not yet reflected in the balance sheet. Fixed rate instruments for which the Group adopts "hedge-accounting", the fair value related to the interest rate risk is already recognised.

For the fair value calculation, other components of risk were considered, 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 market interest rate swaps for each specific currency. The credit risk (credit spread) is represented by an excess 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 debts placed among non institutional costumers of the Group, one more differential was added (trade spread), which represents the margin between the financing cost in the institutional market and the cost obtained by distributing the respective instrument in the owned commercial network.

The average reference yield curve obtained from market prices in EUR and used in the calculation of the fair value of own securities was 21.45% (31 December, 2010: 10.94%) for subordinated debt placed on the instituicional market, 13.16% (31 December, 2010: 9.05%) for subordinated debt placed on the retail market, 18.0% (31 December 2010: 8.53%) for senior and collateralised securities placed on the instituicional market and 5.30% (31 December, 2010: 4.51%) for senior and collateralised securities placed on the retail market.

For debt securities, the fair value calculation focused on all the components of these instruments, as a result the difference determined as at 31 December 2011 was a negative amount of Euros 2,626,164,000 (31 December 2010: a negative amount of Euros 1,801,515,000), and includes a receivable amount of Euros 107,250,000 (31 December 2010: a receivable amount of Euros 92,013,000) which reflects the fair value of embedded derivatives and are recorded in financial assets and liabilities

As at 31 December 2011, the following table presents the interest rates used in the definition of the interest rate curves of main currencies, namely EUR, USD, GBP and PLN used to determine the fair value of the assets and liabilities of the Group:

	Currencies			
	EUR	**USD**	**GBP**	**PLN**
1 day	0.35%	0.30%	0.65%	4.51%
7 days	0.60%	0.70%	1.00%	4.51%
1 month	0.98%	1.10%	1.50%	4.67%
2 months	1.15%	1.40%	1.77%	4.78%
3 months	1.31%	1.64%	2.00%	4.89%
6 months	1.56%	1.99%	2.38%	4.90%
9 months	1.73%	2.25%	2.63%	4.90%
1 year	1.42%	0.67%	2.86%	4.88%
2 years	1.32%	0.71%	1.32%	4.74%
3 years	1.38%	0.82%	1.37%	4.70%
5 years	1.73%	1.22%	1.56%	4.80%
7 years	2.07%	1.63%	1.87%	4.90%
10 years	2.37%	2.02%	2.29%	4.95%
15 years	2.67%	2.37%	2.65%	4.76%
20 years	2.69%	2.49%	2.83%	4.49%
30 years	2.56%	2.59%	2.99%	4.12%

The following table shows the fair value of financial assets and liabilities of the Group:

	31 December 2011					
	At fair value through profit or loss Euros '000	Available for sale Euros '000	Amortised cost Euros '000	Others Euros '000	Book value Euros '000	Fair value Euros '000
Cash and deposits at central banks	-	-	2,115,945	-	2,115,945	2,115,945
Loans and advances to credit institutions						
Repayable on demand	-	-	1,577,410	-	1,577,410	1,577,410
Other loans and advances	-	-	2,913,015	-	2,913,015	2,902,432
Loans and advances to customers	-	-	68,045,535	-	68,045,535	63,530,297
Financial assets held for trading	2,145,330	-	-	-	2,145,330	2,145,330
Financial assets available for sale	-	4,774,114	-	-	4,774,114	4,774,114
Assets with repurchase agreement	-	-	495	-	495	495
Hedging derivatives	495,879	-	-	-	495,879	495,879
Held to maturity financial assets	-	-	5,160,180	-	5,160,180	4,344,123
Investments in associated companies	-	-	-	305,075	305,075	305,075
	2,641,209	4,774,114	79,812,580	305,075	87,532,978	82,191,100
Deposits from credit institutions	-	-	17,723,419	-	17,723,419	17,647,968
Amounts owed to customers	-	-	47,516,110	-	47,516,110	47,372,657
Debt securities	-	-	16,236,202	-	16,236,202	13,610,038
Financial liabilities held for trading	1,478,680	-	-	-	1,478,680	1,478,680
Other financial liabilities held for trading at fair value through profit or loss	2,578,990	-	-	-	2,578,990	2,578,990
Hedging derivatives	508,032	-	-	-	508,032	508,032
Subordinated debt	-	-	1,146,543	-	1,146,543	730,174
	4,565,702	-	82,622,274	-	87,187,976	83,926,539

	31 December 2010					
	At fair value through profit or loss Euros '000	Available for sale Euros '000	Amortised cost Euros '000	Others Euros '000	Book value Euros '000	Fair value Euros '000
Cash and deposits at central banks	-	-	1,484,262	-	1,484,262	1,484,262
Loans and advances to credit institutions						
Repayable on demand	-	-	1,259,025	-	1,259,025	1,259,025
Other loans and advances	-	-	2,343,972	-	2,343,972	2,333,582
Loans and advances to customers	-	-	73,905,406	-	73,905,406	70,230,958
Financial assets held for trading	5,136,299	-	-	-	5,136,299	5,136,299
Financial assets available for sale	-	2,573,064	-	-	2,573,064	2,573,064
Assets with repurchase agreement	-	-	13,858	-	13,858	13,858
Hedging derivatives	476,674	-	-	-	476,674	476,674
Held to maturity financial assets	-	-	6,744,673	-	6,744,673	6,212,832
Investments in associated companies	-	-	-	395,906	395,906	395,906
	5,612,973	2,573,064	85,751,196	395,906	94,333,139	90,116,460
Deposits from credit institutions	-	-	20,076,556	-	20,076,556	20,063,580
Amounts owed to customers	-	-	45,609,115	-	45,609,115	45,463,436
Debt securities	-	-	18,137,390	-	18,137,390	16,335,875
Financial liabilities held for trading	1,176,451	-	-	-	1,176,451	1,176,451
Other financial liabilities held for trading at fair value through profit or loss	4,038,239	-	-	-	4,038,239	4,038,239
Hedging derivatives	346,473	-	-	-	346,473	346,473
Subordinated debt	-	-	2,039,174	-	2,039,174	1,624,814
	5,561,163	-	85,862,235	-	91,423,398	89,048,868

51. Post-employment benefits and other long term benefits

The Group assumed the liability to pay to their employees pensions on retirement or disability and other obligations. These liabilities comply with the terms of the 'Acordo Colectivo de Trabalho' (ACT). The Group's pension obligations and other liabilities are mainly covered through the Banco Comercial Português Pension Fund managed by PensõesGere - Sociedade Gestora de Fundo de Pensões, S.A.

Following the approval by the Government of the DL 127/2011, which was published on 31 December, an agreement between the Government, the Portuguese Banking Association and the Banking Labour Unions was established that regulated the transfer of the liabilities related with pensions currently being paid to pensioners and retirees, to the Social Security.

This agreement established that the responsibilities to be transfer relate to the pensions in payment as at 31 December 2011 at fixed amounts (discount rate 0%) in the component established in the 'Instrumento de Regulação Colectiva de Trabalho (IRCT)' of the retirees and pensioners. The responsibilities related with the increase in pensions as well as any other complements namely, contributions to the Health System (SAMS), death benefit and death before retirement benefit continue to be under the responsibility of the Financial Institutions and being financed through the corresponding Pensions funds. The Decree-Law also establishes the terms and conditions under which the transfer was made by setting a discount rate of 4% to determine the liabilities to be transferred.

At 31 December 2011 and 2010 the number of participants in the Pension Fund of Banco Comercial Português covered by this pension plan and other benefits is analysed as follows:

	2011	2010
Number of participants		
Pensioners	15,727	15,670
Employees	10,046	10,207
	25,773	25,877

The responsibilities transferred were determined based different actuarial assumptions from the assumptions used by the Group, namely the discount rate (4%) and the mortality table (TV 88/90 plus 2 years for women and TV 73/77 plus 1 year for men). These assumptions were determined on a liquidation perspective of the responsibilities (exit value) considering that relates to a definitive and not reversible transfer, implying differences regarding the assumptions used in determining the responsibilities recognised in the financial statements prepared in accordance with the requirements defined in IAS 19 – Employee benefits.

As a consequence, the Projected benefit liabilities and the Value of the Pension Fund, as at 31 December 2011, are presented net of the amounts transferred or to be transferred. The settlement of 55% of the transfer, in the amount of Euros 1,510,000,000 was performed before 31 December 2011, an the remaining will be settled during the first semester of 2012.

Additionally, and considering that IAS 19 – Employee benefits allows for recognition of the actuarial gains and losses directly in Equity, the Group decided to change the accounting policy related to the recognition of the actuarial gains and losses in Other Comprehensive Income. In accordance with IAS 8, this change in accounting policy is presented for comparative purposes since 1 January 2010, recognizing at that date the total amount of the deferred actuarial gains and losses in equity. Therefore and as presented in notes 1 and 60 all the actuarial gains and losses to be deferred were charged against Other Comprehensive Income.

In accordance with the accounting policy, described in note 1 w), the Group's pension obligation and the respective funding for the Group as at 31 December 2011 and 2010 based on the projected unit credit method are analysed as follows:

	2011	**2010**	**2009**	**2008**	**2007**
	Euros '000	**Euros '000**	**Euros '000**	**Euros '000**	**Euros '000**
Projected benefit obligations					
Pensioners	1,336,421	4,064,052	4,197,436	4,415,254	4,525,481
Employees	1,115,576	1,257,546	1,212,446	1,307,655	1,353,257
	2,451,997	5,321,598	5,409,882	5,722,909	5,878,738
Value of the Pension Fund	(2,361,522)	(5,148,707)	(5,530,471)	(5,322,224)	(5,616,436)
Provisions for defined contributions complementary plan	-	-	-	(12,812)	-
Liabilities not financed by the Pension Fund	90,475	172,891	(120,589)	387,873	262,302
Liabilities covered by the Extra Fund	(349,924)	(369,678)	(375,349)	(390,536)	(402,875)
(Surplus) / Deficit coverage	(259,449)	(196,787)	(495,938)	(2,663)	(140,573)

The balances Projected benefit obligations and Value of the Pension Fund as at 31 December 2011 reflect the effect of the transfer of liabilities and assets of the Fund associated to retirees and pensioners to the Social Security, in the amount of Euros 2,747,408,000.

As at 31 December 2011, the Projected benefit obligations balance includes the amount of Euros 260,289,000 (31 December 2010: Euros 287,653,000) related to the obligations with past services for the Complementary Plan which are fully funded by the Pension Fund.

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), started to 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's companies to which they are contractually related at the date of retirement. On this basis, the Group's companies have to assure the annual funding of the Fund, in order to cover the defined benefit, in case of a deficit. The amount is determined in accordance with the actuarial valuation performed each year, and funding will be performed annually.

As referred in notes 9 and 40 and in accordance with accounting policy described in note 1 w), the Group assumed the responsibility to pay retirement complements to employees, if some specific conditions are met each year as defined by the Complementary Plan. The rules defined establish that if the conditions referred above are achieved for a financial year, the Bank should contribute to the Pension Fund the respective amounts for the eligible employees.

Considering that the conditions to attribute complementary pensions in 2011 were not accomplished, in line with 2010, the Executive Board of Directors reviewed the estimated cost of this liability. Therefore, based on the referred estimate, the Group do not recognised in December 2011 any cost related to charges with the complementary plan (31 December 2010: Euros 6,799,000), and simultaneously eliminated the estimate performed in 2009 and 2010.

The change in the present value of obligations during 2011 and 2010 is analysed as follows:

	2011			2010
	Pension benefit obligations Euros '000	Extra-Fund Euros '000	Total Euros '000	Total Euros '000
Balance as at 1 January	4,951,920	369,678	5,321,598	5,409,882
Service cost	(6,505)	1,252	(5,253)	35,976
Interest costs	262,593	19,564	282,157	288,785
Actuarial (gains) and losses				
Not related to changes in actuarial assumptions	42,091	(4,017)	38,074	(41,909)
Arising from changes in actuarial assumptions	(305,139)	(12,805)	(317,944)	(78,517)
Arising from the recalculation of the liabilities transferred to the General Social Security Scheme (GSSS)	164,808	-	164,808	-
Payments	(284,574)	(23,748)	(308,322)	(310,923)
Transfer to the GSSS	(2,747,408)	-	(2,747,408)	-
Early retirement programmes	12,275	-	12,275	7,238
Contributions of employees	11,328	-	11,328	11,416
Other charges	684	-	684	(350)
Balance at the end of the year	2,102,073	349,924	2,451,997	5,321,598

As at 31 December 2011 the value of the benefits paid by the Pension Fund, excluding the Extra-fund, amounted to Euros 284,574,000 (31 December 2010: Euros 286,808,000).

The change in the fair value of assets of the Fund during 2011 and 2010 is analysed as follows:

	2011 Euros '000	2010 Euros '000
Balance as at 1 January	5,148,707	5,530,471
Expected return on plan assets	263,790	277,717
Actuarial gains and (losses)	(315,759)	(588,322)
Contributions to the Fund	284,754	204,583
Payments	(284,574)	(286,808)
Transfer to the 'GSSS'	(2,747,408)	-
Contributions of employees	11,328	11,416
Other charges	684	(350)
Balance at the end of the year	2,361,522	5,148,707

The elements of the assets of the Pension Fund are analysed as follows:

	2011 Euros '000	2010 Euros '000
Variable income securities:		
Shares	1,149,401	1,170,356
Bonds	622,391	916,079
Fixed income securities	354,189	630,180
Properties	353,698	381,719
Investment fund	800,290	1,159,152
Loans and advances to credit institutions and others	(918,447)	891,221
	2,361,522	5,148,707

The balance Properties includes buildings owned by the Fund and used by the Group companies which as at 31 December 2011, amounts to Euros 351,186,000 (31 December 2010: Euros 374,994,000).

The balance Loans and advances to credit institutions and others includes a negative amount of Euros 1,236,872,000 to be transferred to the Social Security System Scheme which has been written off to the value of the Fund, as at 31 December 2011.

The securities issued by Group companies' accounted in the portfolio of the Fund are analysed as follows:

	2011 Euros '000	2010 Euros '000
Fixed income securities	150,145	55,508
Variable income securities	47,385	360,692
	197,530	416,200

The change in the amounts payable to the Pension Fund related to the obligations during 2011 and 2010 is analysed as follows:

	(Surplus) / Deficit	
	2011 Euros '000	2010 Euros '000
Balance as at 1 January	(196,787)	(495,938)
Service cost	(6,505)	34,699
Interest costs	262,593	268,928
Cost with early retirement programs	12,275	7,238
Expected return on plan assets	(263,790)	(277,717)
Actuarial (gains) and losses		
Not related to changes in actuarial assumptions		
Return on Plan assets	315,759	588,322
Difference between the expect and the effective obligations	42,091	(42,982)
Arising from changes in actuarial assumptions	(305,139)	(74,754)
Resulting from the transfer under DL 127/2011	164,808	-
Contributions to the Fund	(284,754)	(204,583)
Balance at the end of the year	(259,449)	(196,787)

The contributions to the Pension Fund, made by the companies of the Group, are analysed as follows:

	2011 Euros '000	2010 Euros '000
Shares	-	2,020
Other securities	78,754	201,054
Cash	206,000	1,509
	284,754	204,583

In accordance with IAS 19, as at 31 December 2011, the Group accounted as post-employment benefits costs the amount of Euros 190,197,000 (31 December 2010: Euros 114,373,000), which is analysed as follows:

	2011 Euros '000	2010 Euros '000
Service cost	(5,253)	35,976
Interest costs	282,157	288,785
Expected return on plan assets	(263,790)	(277,717)
Costs with early retirement programs	12,275	7,238
Costs resulting from the transfer under DL 127/2011	164,808	-
Cost of the year	190,197	54,282

The caption Costs arising from the transfer under Decree-Law no. 127/2011 corresponds to the impact in the income statement account resulting from the transfer of the liabilities of the retirees and pensioners to the Social Security Scheme. The impact corresponds to the recalculation of the liabilities based on the assumptions defined by the Portuguese Government within the scope of the transfer.

The liabilities with health benefits are fully covered by the Pension Fund and correspond, as at 31 December 2011, to the amount of Euros 251,017,000 (31 December 2010: Euros 269,929,000). The estimated value of contributions to the pension plan in 2012 amounts to Euros 51,140,000.

Regarding the coverage of some benefit obligations related to pensions, the Bank contracted with Ocidental Vida the acquisition of perpetual annuities for which the total liability as at 31 December 2011 amounts to Euros 90,236,000 (31 December 2010: Euros 111,011,000), in order to pay:

i) pensions of former Group's Board Members in accordance with BCP Board Members Retirement Regulation.

ii) pensions and complementary pension to pensioners in accordance with the Pension Fund of the BCP employees established in 28 December 1987, as also to pensioners, in accordance with other Pension Funds, that were incorporated after on the BCP Pension Fund and which were planed that the retirement benefits should be paid through the acquisition of insurance policies, in accordance with the Decree - Law no. 12/2006. As at 31 December 2011 the number of beneficiaries was 60.

Ocidental Vida is 100% owned by Ageas Group and Ageas Group is 49% owned by BCP Group.

As the Board Members Retirement Regulation establish that the pensions are increased annually, and as it is not common on the insurance market the acquisition of perpetual annuities including the increase in pensions, the Bank determined the liability to be recognised on the financial statements taking into consideration current actuarial assumptions.

In accordance with the remuneration policy of the Board Members, the Group has the responsibility of supporting the cost with the retirement pensions of former Group's Executive Board Members, as well as the Complementary Plan for these members in accordance with the applicable rules, funded through the Pension Fund, Extra-fund and perpetual annuities.

To cover the update of contracted responsibilities through perpetual annuities policies, based on the actuarial calculations, the Group recognised a provision as at 31 December 2011 of Euros 5,504,000 (31 December 2010: Euros 40,996,000). As referred in notes 9 and 40, the decrease was the result of the write-down of provisions established to cover the future increases in the retirement pensions of the former members of the Executive Board of Directors, following the agreements established between the parties.

As referred in note 8, following the agreements established between the Bank and former members of the Executive Board of Directors the amount of Euros 18,900,000 related with amounts paid to set up a perpetual annuity policy to cover the responsibility with retirement pensions of former members of the Executive Board of Directors, were reimbursed by Ocidental Vida.

The movement of the amounts of the responsibilities with retirement pensions payable to former members of the Executive Board of Directors, included in the balance Other liabilities (note 40), is analysed as follows:

	2011	2010
	Euros '000	Euros '000
Balance as at 1 January	40,996	40,996
Write-back	(35,492)	-
Balance as at 31 December	5,504	40,996

Considering the market indicators, particularly the estimations of the inflation rate and the long term interest rate for Euro Zone as well as the demographic characteristics of the employees, the Group considered the following actuarial assumptions for the calculation of the liabilities with pension obligations with reference to 31 December 2011 and 2010:

	Banco Comercial Português	
	2011	2010
Increase in future compensation levels	2.00%	2.50%
Rate of pensions increase	1.00%	1.50%
Projected rate of return of fund assets	5.50%	5.50%
Discount rate	5.50%	5.50%
Mortality tables		
Men	TV 73/77 - 1 year	TV 73/77 - 1 year
Women	TV 88/90 - 2 years	TV 88/90 - 2 years
Disability rate	0.00%	0.00%
Turnover rate	0.00%	0.00%
Costs with health benefits increase rate	6.50%	6.50%

The deduction of one and two years on men and women tables, is related to the difference of life time over one and two years respectively.

The assumptions used on the calculation of the employees benefits are in accordance with the requirements of IAS 19. No disability decreases are considered in the calculation of the liabilities.

The projected return rate of the Plan assets was determined according with current market conditions and with the nature and return of the Pension Plan assets.

Net actuarial losses related to the difference between the actuarial assumptions used for the estimation of the pension liabilities and the actual liabilities as well as the impact of the change in the pensions' increase rate, for the year ended 31 December 2011 amounts to Euros 200,690,000 (31 December 2010: actuarial losses of Euros 467,895,000) and are analysed as follows:

	Actuarial (gains) / losses			
	2011		2010	
	%	Euros '000	%	Euros '000
Deviation between				
expected and actual liabilities:				
Increase in future compensation levels	0.68%	(22,736)	2.25%	(19,486)
Pensions increase rate	0.00%	(60,961)	1.00%	(26,840)
Disability	0.12%	6,357	0.15%	7,988
Turnover	0.00%	-	-0.12%	(6,234)
Mortality deviations	0.00%	-	0.40%	21,839
Others	-0.12%	(6,381)	-0.35%	(19,176)
Changes on the assumptions:				
Discount rate	5.50%	286,602	5.50%	-
Increase in future compensation levels	2.00%	(80,726)	2.50%	-
Pensions increase rate	1.00%	(237,217)	1.50%	(78,518)
Return on Plan assets	-0.71%	315,752	-5.49%	588,322
		200,690		467,895

For the determination of the liabilities as at 31 December 2011, as a settlement of part of the liabilities occurred, the Group used the implicit rate for each of the populations in the determination of the impacts on the discount rate. The impacts were calculated by splitting the population covered by the plans between active and retired employees / pensioners in order to determine the duration of each sub-populations and thus an implied discount rate.

The caption Actuarial (gains) / losses – Change on the assumptions – Discount rate, includes the amount of Euros 164,808,000 related with the costs arising from the recalculation of the liabilities transferred to the Social Security based on the discount rate defined for the transfer in accordance with the Decree-Law 127/2011. This amount, as referred in note 9, was charged against income statement.

Health benefit costs have a significant impact on pension costs. Considering this impact the Group performed a sensitivity analysis assuming one percent positive variation in health benefit costs (from 6.5% to 7.5% in 2011) and a negative variation (from 6.5% to 5.5% in 2011) in health benefit costs, which impact is analysed as follows:

	Positive variation of 1% (6.5% to 7.5%)		Negative variation of 1% (6.5% to 5.5%)	
	2011	2010	2011	2010
	Euros '000	Euros '000	Euros '000	Euros '000
Pension cost impact	401	458	(401)	(458)
Liability impact	38,618	41,527	(38,618)	(41,527)

The liabilities related to the seniority premium, are not post-employment liabilities and as a result, are not covered by the Pension Fund of the Group. As at 31 December, 2011, the liabilities associated with the seniority premium amounted to Euros 53,150,000 (31 December, 2010: 55,296,000 Euros) and are covered by provisions in the same amount, according to the note 40.

The cost for the year of the seniority premium, for 2011 and 2010, is analysed as follows:

	2011	2010
	Euros '000	Euros '000
Service cost	3,099	3,246
Interest costs	2,936	2,896
Actuarial gains and losses	(3,578)	(924)
Cost of the year	2,457	5,218

52. Related parties

The Group grants loans in the ordinary course of its business within the Group's companies and to other related parties. Under the Collective Agreement of Labour for Employees of the Portuguese Banking Sector which includes substantially all employees of banks operating in Portugal, the Group grants loans to employees at interest rates fixed under the above referred agreement for each type of loan upon request by the employees.

As at 31 December 2011, loans to members of the Executive Board of Directors and their direct family members amounted to Euros 340,000 (31 December 2010: Euros 616,000), which represented 0.01% of shareholders' equity (31 December 2010: 0.01%). These loans were granted in accordance with the applicable laws and regulations.

As at 31 December 2011, the principal loans and guarantees (excluding interbank and money market transactions) the Group has made to shareholders holding individually or together with their affiliates, 2% or more of the share capital whose holdings, in aggregate, represent 34.8% of the share capital as of 31 December 2011 (31 December 2010: 49.1%), described in the Executive Board of Directors report, amounted to approximately Euros 1,274,080,000 (31 December 2010: Euros 2,026,221,000). 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 entities, being respected the legal formalities and regulations.

Remunerations to the Executive Board of Directors

The remunerations paid to the members of the Executive Board of Directors in 2011 amounted to Euros 3,814,000 (2010: Euros 4,679,000 which includes an amount related to the resignation process of a Director), with Euros 322,000 (2010: Euros 321,000) paid by subsidiaries or companies which governing bodies represent interests in the Group.

Considering that the remuneration of members of the Executive Board of Directors intends to compensate the functions that are performed in the Bank and in all other functions on subsidiaries or other companies for which they have been designated by indication of the Bank or representing it, the net amount of the remunerations annually received by each member is considered for calculating the fixed annual remuneration attributed by the Bank and set by the Remunerations Commission.

During 2011, the costs with Social Security and the contributions to the Pension Fund for members of the Executive Board of Directors amounted to Euros 1,288,000 (2010: Euros 1,650,000 includes an adjustment arising from the difference between the actual values calculated for the term 2008 to 2010 and the estimates made in previous years).

Transactions with the Pension Fund

During 2011, the Group sold to the Pension Fund assets in the amount of Euros 1,607,663,000 (2010: Euros 284,266,000) related to commercial paper and Euros 78,200,000 (2010: Euros 0) related to Portuguese public debt securities. In 2010, the Group sold variable income securities in the amount of Euros 94,290,000.

Additionally, the Group purchased to the Pension Fund assets in the amount of Euros 219,190,000 (2010: Euros 0) related to commercial paper, Euros 177,874,000 (2010: Euros 564,385,000) related to Portuguese public debt securities and Euros 149,565,000 (2010: Euros 0) related to other debts.

During 2011, the following contributions in kind were performed to the Pension Fund Group:

					Euros '000
Description	**Nature**	**Delivery date**	**Quantity/Nominal value**	**Price**	**Contribution value**
ES Saúde	Commercial paper	30.12.2011	56,000,000	98.787	55,650
ES Viagens	Commercial paper	30.12.2011	10,000,000	99.968	10,208
Opway, SGPS	Commercial paper	30.12.2011	10,000,000	99.887	10,219
Others					2,677
					78,754

The shareholder and bondholder position of members of the Boards is as follows:

Shareholders / Bondholders	Security	Number of securities at 31/12/2011	Number of securities at 31/12/2010	Changes during 2011 Acquisitions	Changes during 2011 Disposals	Changes during 2011 Date	Changes during 2011 Unit Price Euros
Members of Executive Board							
Paulo José de Ribeiro Moita Macedo (h)	BCP Shares	301,657	259,994	11,437 (c)		17-May-11	0.58
				30,226 (d)		20-Jun-11	0.36
Vítor Manuel Lopes Fernandes	BCP Shares	23,412	20,000	879 (c)		17-May-11	0.58
				2,533 (d)		20-Jun-11	0.36
	BCP Investimento Telecoms March 2013	20	20				
Luís Maria França de Castro Pereira Coutinho	BCP Shares	286,914	247,288	10,878 (c)		17-May-11	0.58
				28,748 (d)		20-Jun-11	0.36
Miguel Maya Dias Pinheiro	BCP Shares	210,000	150,000	30,598 (c)		17-May-11	0.58
				7,845 (f)		15-Jun-11	0.36
				21,557 (d)		20-Jun-11	0.36
	MillenniumBcp Valor Capital 2009	0	15		15 (e)	20-Jun-11	1,000.00
António Manuel Palma Ramalho	BCP Shares	62,700	12,092	531 (c)		17-May-11	0.58
				50,077 (d)		20-Jun-11	0.36
	BPSM/97 Top's Perpétuas Subord 1/2 Serie	498,798	498,798				
José Jacinto Iglésias Soares (g)	BCP Shares	80,743	20,000	7,663 (c)		17-May-11	0.58
				3,080 (d)		20-Jun-11	0.36
				50,000 (f)		28-Jun-11	0.39
Rui Manuel da Silva Teixeira (g)	BCP Shares	31,982	27,565	1,212 (c)		17-May-11	0.58
				3,205 (d)		20-Jun-11	0.36
Members of Supervisory Board							
António Vítor Martins Monteiro	BCP Shares	2,410	2,078	91 (c)		17-May-11	0.58
				241 (d)		20-Jun-11	0.36
	BCP Finance Bank MTN 6,25	0	50		50 (b)	29-Apr-11	1,000.00
Manuel Domingos Vicente	BCP Shares	1,159	1,000	43 (c)		17-May-11	0.58
				116 (d)		20-Jun-11	0.36
Luís de Melo Champalimaud	BCP Shares	100,000	20,000	879 (c)		17-May-11	0.58
				79,121 (d)		20-Jun-11	0.36
António Henriques Pinho Cardão (g)	BCP Shares	102,778	73,259	19,222 (c)		17-May-11	0.58
				10,297 (d)		20-Jun-11	0.36
Josep Oliu Creus	BCP Shares	15,083	13,000	572 (c)		17-May-11	0.58
				1,511 (d)		20-Jun-11	0.36
Carlos José da Silva (g)	BCP Shares	151,438	130,523	5,741 (c)		17-May-11	0.58
				15,174 (d)		20-Jun-11	0.36
António Luís Guerra Nunes Mexia	BCP Shares	1,507	1,299	57 (c)		17-May-11	0.58
				151 (d)		20-Jun-11	0.36
João Manuel Matos Loureiro	BCP Shares	1,753	1,500	65 (c)		17-May-11	0.58
				188 (d)		20-Jun-11	0.36
José Guilherme Xavier de Basto	BCP Shares	1,376	1,188	51 (c)		17-May-11	0.58
				137 (d)		20-Jun-11	0.36
	BCP Mill Rend Semestral March	5	5				
José Vieira dos Reis	BCP Shares	54,700	16,074	32,707 (c)		17-May-11	0.58
				5,919 (d)		20-Jun-11	0.36
	BCP Ob Cx Inv Água May 08/2011	0	340		340 (b)	07-May-11	1,000.00
	BCP Cx Invest Saúde July 2008/11	200	200				
	BCP Ob Cx Subordinadas 1ª S (2008/2018)	1,100	1,100				
	Super Aforro Mille Sr B Feb 2009/14	0	20		20 (b)	18-Mar-11	1,000.00
	Millennium BCP Valor Capital 2009	0	20		20 (e)	20-Jun-11	1,000.00
	BCP Inv Total November 2012	100	100				
	BCP Inv Cabaz Eenergia Nov 2	50	50				
	BCP Mill Rendimento Plus Jun 2010/2014	50	50				
	Cerifica SP 500	188	0	188 (a)		22-Feb-11	13.29
	Certific BCPCI DAX	34	0	34 (a)		24-Feb-11	73.30
	Millennium Rend, Cresc 2011 4ª S	70	0	70 (a)		07-Mar-11	10,000.00
	BCP Inv. Dupla Opção Europa	50	0	50 (a)		29-Jun-11	1,000.00
	Millennium BCP Subordinadas 2010/2020	25	25				
	Millennium BCP Subord. August 2020 Call	40	40				
	BCP Mill Rend. Premium 2ª série 04/2013	40	40				
	Certific BCPI Eurostoxx 50	820	820				
	BCP Investimento Duplo Eur June 2013	50	0	50 (a)		29-Jun-11	1,000.00
	Millennium Rendimento Crescente /14	70	0	70 (a)		07-Mar-11	1,000.00

Shareholders / Bondholders	Security	Number of securities at 31/12/2011	Number of securities at 31/12/2010	Changes during 2011 Acquisitions	Changes during 2011 Disposals	Changes during 2011 Date	Changes during 2011 Unit Price Euros
Manuel Alfredo Cunha José de Mello	BCP Shares	216,617	186,701	8,212 (c)		17-May-11	0.58
				21,704 (d)		20-Jun-11	0.36
	BCP Finance Bank MTN 6,25	0	200		200 (b)	28-Mar-11	1,000.00
	BCP Ob Cx Subordinadas 1ª S (2008/2018)	1,000	1,000				
	BCP Fin Bk Camale. 125% XI/09 (11/2014)	150	150				
	BCP Fin Sel Ac Eur Ret 2 Fontes XI(05/11)	0	100		100 (b)	25-May-11	1,000.00
	BCP Fin Selec BrasilL XII/09 Eur (06/11)	0	329		329 (b)	21-Jun-11	1,000.00
	BCP Fin Escolh Tripla Europeia IV/10 04/11	0	40		40 (b)	21-Apr-11	1,000.00
	BCP Fin Inv Mundial III	0	100		100 (b)	28-Mar-11	1,000.00
	BCP Inv Ind Mundiais XI (11/2013)	120	120				
	BCP Farmaceut Gl Autocall XI/10 (11/2012)	0	200		200 (b)	20-May-11	1,000.00
	BCP Rev Conv Alstom XI/10	0	10		10 (b)	22-Mar-11	1,000.00
	BCP Cabaz Consumo AC 01/2013	50	0	50 (a)		07-Jan-11	1,000.00
	BCP Acções Europa AC 02/2014	100	0	100 (a)		03-Feb-11	1,000.00
	BCP Acções Tecnologia EUA AC 04/2014	100	0	100 (a)		04-Apr-11	1,000.00
	BCP Rev. Conv. Apple 10/2011	200	0	200 (a)		15-Jun-11	1,000.00
	BCP Rev. Conv. AlstomXI/11	5	0	5 (a)		15-Jun-11	10,000.00
	Indústria europeia AC 06/2013	200	0	200 (a)		15-Jun-11	1,000.00
	BCP 2.375% (01/2012)	50,000	0	50,000 (a)		16-May-11	0.95
	BCP FRN (02/2013)	100,000	0	100,000 (a)		21-Dec-11	0.75
Thomaz de Mello Paes de Vasconcelos	BCP Shares	1,159	1,000	43 (c)		17-May-11	0.58
				116 (d)		20-Jun-11	0.36
Vasco Esteves Fraga	BCP Shares	1,159	1,000	43 (c)		17-May-11	0.58
				116 (d)		20-Jun-11	0.36
Spouse and Dependent Children							
Maria Helena Espassandim Catão (g)	BCP Shares	253	218	9 (c)		17-May-11	0.58
				26 (d)		20-Jun-11	0.36
Isabel Maria V Leite P Martins Monteiro	BCP Shares	1,854	1,854				
Maria da Graça dos Santos Fernandes de Pinho Cardão (f)	BCP Shares	3,835	3,308	144 (c)		17-May-11	0.58
				383 (d)		20-Jun-11	0.36
Ana Maria Almeida M Castro José de Mello	BCP Shares	5,776	4,980	218 (c)		17-May-11	0.58
				578 (d)		20-Jun-11	0.36
	BCP Ob Cx Subordinadas 1ª S (2008/2018)	400	400				
	BCP Inv Ind Mundiais XI/10 (11/2013)	60	60				
	BCP Farmaceut GL Autocall XI/10 (11/2012)	0	40		40 (b)	20-May-11	1,000.00
	BCP Fin Escolh Tripla Europeia IV/10	0	3		3 (b)	26-Apr-11	1,000.00
	BCP Cabaz Consumo AC 01/2013	50	0	50 (a)		07-Jan-11	1,000.00
	BCP Acções europa EUA AC 02/2014	30	0	30 (a)		03-Feb-11	1,000.00
	BCP Acções Tecnologia EUA AC 04/2014	30	0	30 (a)		04-Apr-11	1,000.00
	BCP Rev. Conv. Alstom 09/2011	2	0	2 (a)		15-Jun-11	10,000.00
	BCP Rev. Conv. Apple 10/2011	20	0	20 (a)		15-Jun-11	1,000.00
	Indústria Europeia AC 06/2013	60	0	60 (a)		15-Jun-11	1,000.00
Ana Melo Castro José de Mello	BCP Shares	1,507	1,299	57 (c)		17-May-11	0.58
				151 (d)		20-Jun-11	0.36
	BCP Ob Cx Subordinadas 1ª S (2008/2018)	200	200				
	BCP Farmaceut GL Autocall XI/10 (11/2012)	20	20				
	BCPF Escolha Tripla Europeia IV/10 04/11	5	5				
Maria Emília Neno R. T. Xavier de Basto	BCP Shares	435	376	16 (c)		17-May-11	0.58
				43 (d)		20-Jun-11	0.36
Plautila Amélia Lima Moura Sá	BCP Shares	3,223	2,754	121 (c)		17-May-11	0.58
				348 (d)		20-Jun-11	0.36
	BCP Ob Cx Inv Global 12% Feb	0	500		500 (b)	16-Feb-11	1,000.00
	BCP Ob Cx Invest Cabaz Mund Feb 08/11	0	400		400 (b)	14-Feb-11	1,000.00
	BCP Cx Inv Energias Renov Jun 2011	0	400		400 (b)	18-Jun-11	1,000.00
	Certific BCPI Eurostoxx 50	240	240				
	Certific BCPI S/DJ Stoxx Utili (10/2012)	2,125	2,125				
	Certific BCPI S/DJ Stoxx Basic (10/2012)	1,485	1,485				

(a) Subscription.
(b) Reimbursement.
(c) Dividends in BCP Shares.
(d) Subscription of capital increase of BCP.
(e) Convertion in capital of MillenniumBcp Valor Capital 2009.
(f) Purchase.

(g) Inicial position referes to the securities held at the moment of the nomination, 18-04-2011 and not at 31-12-2010. The movements of 2011 are respect to the operations since the nomination until 30-06-2011.

(h) Renounced of member of the Executive Board of Directors at 20-06-2011, to assume duty as Health Minister.

As at 31 December 2011, the Bank's credits over subsidiaries and Millenniumbcp Ageas Group, represented or not by securities, included in the captions 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.	5,033,377	-	-	1,050,720	6,084,097
Banque Privée BCP (Suisse) S.A.	207,734	-	-	-	207,734
Millennium bcp Bank & Trust	1,039,273	-	-	-	1,039,273
BCP Finance Bank Ltd	1,128,531	-	12,249	62,840	1,203,620
Banca Millennium S.A (Romania)	150,032	-	-	-	150,032
BCP Finance Company, Ltd	401,225	-	-	-	401,225
Bank Millennium (Poland) Group	16,792	-	67,277	-	84,069
Millennium Bank (Greece) Group	1,901,677	-	-	-	1,901,677
Banco Millennium Angola, S.A.	52,576	-	-	-	52,576
BCP Holdings (USA), Inc.	-	134,167	-	-	134,167
Millenniumbcp Ageas Group	-	221,757	-	-	221,757
Others	148	108,009	4,952	41,620	154,729
	9,931,365	463,933	84,478	1,155,180	11,634,956

As at 31 December 2011 the Bank's credits over associated companies, represented or not by securities, included in the captions of Loans and advances to credit institutions and to customers, and Financial assets held for trading and available for sale amounted to Euros 50,389,000.

As at 31 December 2011 the Bank's liabilities with subsidiaries and Millenniumbcp Ageas Group, represented or not by securities, included in the captions 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, S.A.	284,084	-	-	-	284,084
Banco de Investimento Imobiliário, S.A.	969,659	-	3,881,522	28,873	4,880,054
Bank Millennium (Poland) Group	55,777	-	-	-	55,777
Banque Privée BCP (Suisse) S.A.	48,025	-	-	-	48,025
Millennium bcp Bank & Trust	1,974,693	-	-	-	1,974,693
BCP Finance Bank Ltd	3,014,168	-	-	888,190	3,902,358
BCP Finance Company, Ltd	-	5,020	-	1,020,569	1,025,589
Millennium bcp Participações, S.G.P.S., Sociedade Unipessoal, Lda.	-	150,201	-	-	150,201
BCP Investment, B.V.	-	18,802	-	-	18,802
BitalPart, B.V.	-	217,540	-	-	217,540
BIM - Banco Internacional de Moçambique, S.A.R.L.	37,710	-	-	-	37,710
Millennium Bank (Greece) Group	873,365	-	-	-	873,365
Millennium bcp Gestão de Activos - Sociedade Gestora de Fundos de Investimento, S.A.	-	12,728	-	-	12,728
Millennium bcp Imobiliária, S.A.	-	3,921	-	-	3,921
Banco Millennium Angola, S.A.	98,675	-	-	-	98,675
Millennium bcp - Prestação de Serviços, A.C.E.	-	24,374	-	-	24,374
BCP Capital - Sociedade de Capital de Risco, S.A.	-	25,006	-	-	25,006
Millenniumbcp Ageas Group	-	995,115	-	-	995,115
Others	472	29,517	-	-	29,989
	7,356,628	1,482,224	3,881,522	1,937,632	14,658,006

As at 31 December 2011 the Bank's liabilities with associated companies, represented or not by securities, included in the captions Deposits from credit institutions and to customers, Debt securities issued and in Subordinated debt amounted to Euros 17,999,000.

As at 31 December 2011, the income recognised by the Bank on inter-company transactions with subsidiaries, included in the captions 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, S.A.	-	-	522	-	522
Banca Millennium S.A (Romania)	3,425	-	-	1,182	4,607
Banco de Investimento Imobiliário, S.A.	131,284	-	-	201	131,485
Bank Millennium (Poland) Group	5,423	21	-	6,737	12,181
Banque Privée BCP (Suisse) S.A.	3,912	966	-	-	4,878
Millennium bcp Bank & Trust	26,568	1,048	-	73,896	101,512
BCP Finance Bank Ltd	19,802	-	-	944,886	964,688
Bitalpart, B.V.	87	-	-	-	87
BIM - Banco Internacional de Moçambique, S.A.R.L.	-	-	9,805	-	9,805
Millennium Bank (Greece) Group	49,936	399	-	21,516	71,851
Millennium bcp Gestão de Activos - Sociedade Gestora de Fundos de Investimento, S.A.	-	7,263	357	-	7,620
Millennium bcp Imobiliária, S.A.	200	27	-	-	227
BCP Holdings (USA), Inc.	4,359	-	-	-	4,359
Banco Millennium Angola, S.A.	4,110	-	729	-	4,839
Millennium bcp - Prestação de Serviços, A.C.E.	5	46	11,198	-	11,249
Millenniumbcp Ageas Group	2,824	72,665	3,273	-	78,762
Others	7,671	17,901	246	471	26,289
	259,606	100,336	26,130	1,048,889	1,434,961

As at 31 December 2011, the costs incurred by the Bank on inter-company transactions with subsidiaries, included in the captions 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, S.A.	3,501	5,726	112	-	9,339
Banca Millennium S.A (Romania)	33	-	-	4,383	4,416
Banco de Investimento Imobiliário, S.A.	92,876	1,638	-	28	94,542
Bank Millennium (Poland) Group	3,661	-	-	21,798	25,459
Banque Privée BCP (Suisse) S.A.	373	-	-	-	373
Millennium bcp Bank & Trust	31,734	-	-	37,799	69,533
BCP Finance Bank Ltd	89,695	-	-	846,133	935,828
BCP Finance Company, Ltd	49,602	-	-	-	49,602
Millennium bcp Participações, S.G.P.S., Sociedade Unipessoal, Lda.	2,597	-	-	-	2,597
BCP Investment, B.V.	3,464	-	-	-	3,464
BIM - Banco Internacional de Moçambique, S.A.R.L.	395	-	-	-	395
BitalPart, B.V.	7,835	-	-	-	7,835
Millennium Bank (Greece) Group	16,369	-	-	6,107	22,476
Banco Millennium Angola, S.A.	231	-	-	-	231
Millennium bcp - Prestação de Serviços, A.C.E.	63	-	40,656	-	40,719
Millenniumbcp Ageas Group	-	-	2,453	-	2,453
Others	5,147	-	13,185	288	18,620
	307,576	7,364	56,406	916,536	1,287,882

As at 31 December 2011, the off balance sheet accounts of the Bank on inter-company transactions with subsidiaries, included in the captions Guarantees granted and Commitments to third parties, are analysed as follows:

	Guarantees granted Euros '000	Commitments to third parties Euros '000	Total Euros '000
Banca Millennium S.A (Romania)	11,601	25,000	36,601
Banco de Investimento Imobiliário, S.A.	-	80	80
Bank Millennium (Poland) Group	1,666	200,000	201,666
Banque Privée BCP (Suisse) S.A.	5,700	834,640	840,340
Millennium bcp Bank & Trust (*)	104,792	12,506	117,298
BCP Finance Bank Ltd	3,693,912	-	3,693,912
BCP Finance Company, Ltd	171,175	-	171,175
BIM - Banco Internacional de Moçambique, S.A.R.L.	3,485	-	3,485
Millennium Bank (Greece) Group	-	170,000	170,000
Banco Millennium Angola, S.A.	19,302	-	19,302
Millennium bcp Gestão de Activos - Sociedade Gestora de Fundos de Investimento, S.A.	172	-	172
Others	-	78,097	78,097
	4,011,805	1,320,323	5,332,128

(*) Guarantees granted by the Bank related to Loans and advances to customers granted by Millennium bcp Bank & Trust.

The inter-company balances and transactions are eliminated on consolidation, as referred in note 1 b).

As at 31 December 2010, the Bank's credits over subsidiaries and Millenniumbcp Ageas Group, represented or not by securities, included in the captions 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.	2,246,424	-	-	515,332	2,761,756
Banque Privée BCP (Suisse) S.A.	331,939	-	-	-	331,939
Millennium bcp Bank & Trust	1,185,602	-	-	-	1,185,602
BCP Finance Bank Ltd	976,483	-	13,751	105,129	1,095,363
Banca Millennium S.A (Romania)	150,134	-	-	-	150,134
Bank Millennium (Poland) Group	200,198	-	-	-	200,198
Millennium Bank (Greece) Group	1,715,011	-	-	238,941	1,953,952
Banco Millennium Angola, S.A.	242,224	-	-	-	242,224
BCP Holdings (USA), Inc.	-	195,773	-	-	195,773
Millenniumbcp Ageas Group	-	217,491	-	-	217,491
Others	-	2,587	-	50,924	53,511
	7,048,015	415,851	13,751	910,326	8,387,943

As at 31 December 2010, the Bank's credits over associated companies, represented or not by securities, included in the captions of Loans and advances to credit institutions and to customers, and Financial assets held for trading and available for sale, amounted to Euros 99,715,000.

As at 31 December 2010, the Bank's liabilities with subsidiaries and Millenniumbcp Ageas Group, represented or not by securities, included in the captions 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, S.A.	214,252	-	-	-	214,252
Banco de Investimento Imobiliário, S.A.	39,435	1,676	740,911	28,834	810,856
Bank Millennium (Poland) Group	973	-	-	-	973
Banque Privée BCP (Suisse) S.A.	40,634	-	-	-	40,634
Millennium bcp Bank & Trust	2,466,076	-	-	-	2,466,076
BCP Finance Bank Ltd	5,044,407	-	-	1,002,936	6,047,343
BCP Finance Company, Ltd	966	-	-	1,020,569	1,021,535
Millennium bcp Participações, S.G.P.S., Sociedade Unipessoal, Lda.	-	24,080	-	-	24,080
BCP Investment, B.V.	-	137,717	-	-	137,717
BIM - Banco Internacional de Moçambique, S.A.R.L.	127,832	-	-	-	127,832
Millennium Bank (Greece) Group	1,037,162	-	-	-	1,037,162
Millennium bcp Gestão de Activos - Sociedade Gestora de Fundos de Investimento, S.A.	-	12,343	-	-	12,343
Millennium bcp Imobiliária, S.A.	-	203	-	-	203
Banco Millennium Angola, S.A.	36,653	-	-	-	36,653
Millennium bcp - Prestação de Serviços, A.C.E.	-	23,176	-	-	23,176
BCP Capital - Sociedade de Capital de Risco, S.A.	-	24,935	-	-	24,935
Millenniumbcp Ageas Group	-	490,560	-	-	490,560
Others	-	758,378	-	-	758,378
	9,008,390	1,473,068	740,911	2,052,339	13,274,708

As at 31 December 2010, the Bank's liabilities with associated companies, represented or not by securities, included in the captions Deposits from credit institutions and to customers, Debt securities issued and in Subordinated debt, amounted to Euros 44,367,000.

As at 31 December 2010, the income recognised by the Bank on inter-company transactions with subsidiaries, included in the captions 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, S.A.	-	72	668	-	740
Banca Millennium S.A (Romania)	2,481	-	-	277	2,758
Banco de Investimento Imobiliário, S.A.	38,102	-	-	140	38,242
Bank Millennium (Poland) Group	9,253	-	-	14,961	24,214
Banque Privée BCP (Suisse) S.A.	4,292	-	-	-	4,292
Millennium bcp Bank & Trust	13,022	2,667	-	63,528	79,217
BCP Finance Bank Ltd	8,015	-	-	900,539	908,554
Millennium Bank, Anonim Sirketi (Turkey)	517	-	-	20,276	20,793
BIM - Banco Internacional de Moçambique, S.A.R.L.	-	-	7,140	-	7,140
Millennium Bank (Greece) Group	23,648	550	-	15,618	39,816
Millennium bcp Gestão de Activos - Sociedade Gestora de Fundos de Investimento, S.A.	-	9,277	59	-	9,336
Banco Millennium Angola, S.A.	3,343	-	620	-	3,963
Millennium bcp - Prestação de Serviços, A.C.E.	-	-	10,163	-	10,163
Millenniumbcp Ageas Group	2,717	74,165	3,711	-	80,593
Others	1,484	13,891	277	-	15,652
	106,874	100,622	22,638	1,015,339	1,245,473

As at 31 December 2010, the costs incurred by the Bank on inter-company transactions with subsidiaries, included in the captions 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, S.A.	2,155	2,541	112	-	4,808
Banca Millennium S.A (Romania)	3	-	-	1,514	1,517
Banco de Investimento Imobiliário, S.A.	8,034	9,818	309	35	18,196
Bank Millennium (Poland) Group	1,923	-	-	28,021	29,944
Banque Privée BCP (Suisse) S.A.	384	-	-	-	384
Millennium bcp Bank & Trust	24,768	-	-	22,881	47,649
BCP Finance Bank Ltd	80,331	-	-	776,730	857,061
BCP Finance Company, Ltd	49,589	-	-	-	49,589
Millennium bcp Participações, S.G.P.S., Sociedade Unipessoal, Lda.	454	-	-	-	454
BCP Investment, B.V.	281	-	-	-	281
Millennium Bank, Anonim Sirketi (Turkey)	-	-	-	12,688	12,688
BIM - Banco Internacional de Moçambique, S.A.R.L.	433	-	-	-	433
Millennium Bank (Greece) Group	5,585	-	-	7,152	12,737
Seguros e Pensões Gere, S.G.P.S., S.A.	20	-	-	-	20
Banco Millennium Angola, S.A.	378	-	-	-	378
Millennium bcp - Prestação de Serviços, A.C.E.	28	-	54,051	-	54,079
Millenniumbcp Ageas Group	-	-	570	-	570
Others	3,206	6	13,821	-	17,033
	177,572	12,365	68,863	849,021	1,107,821

As at 31 December 2010, the off balance sheet accounts of the Bank on inter-company transactions with subsidiaries, included in the captions Guarantees granted and Commitments to third parties, are analysed as follows:

	Guarantees granted Euros '000	Commitments to third parties Euros '000	Total Euros '000
Banca Millennium S.A (Romania)	13,631	-	13,631
Banco de Investimento Imobiliário, S.A.	-	300,000	300,000
Bank Millennium (Poland) Group	1,982	200,000	201,982
Banque Privée BCP (Suisse) S.A.	19,539	670,213	689,752
Millennium bcp Bank & Trust (*)	133,487	900	134,387
BCP Finance Bank Ltd	5,258,524	-	5,258,524
BCP Finance Company, Ltd	1,000,000	-	1,000,000
BIM - Banco Internacional de Moçambique, S.A.R.L.	12,539	17,878	30,417
Millennium Bank (Greece) Group	-	31,086	31,086
Banco Millennium Angola, S.A.	26,473	22,078	48,551
Gestora de Fundos de Investimento, S.A.	172	-	172
Millennium bcp - Prestação de Serviços, A.C.E.	-	5,000	5,000
	6,466,347	1,247,155	7,713,502

(*) Guarantees granted by the Bank related to Loans and advances to customers granted by Millennium bcp Bank & Trust.

The inter-company balances and transactions are eliminated on consolidation, as referred in note 1 b).

53. Segmental reporting

The segments presented, concerning business and geographic segments, are in accordance with IFRS 8. In accordance with the BCP Group management model, the primary segment corresponds to segments used for Executive Board of Directors' management purposes. BCP Group offers a wide range of banking activities and financial services in Portugal and abroad, with a special focus on Commercial Banking, Corporate and Investment Banking and Private Banking and Asset Management.

Segments description

The Retail Banking activity includes the Retail activity of Millennium bcp in Portugal, operating as a distribution channel for products and services from other companies of the Group, and the Foreign business segment, operating through several banking operations in markets with affinity to Portugal and in countries with higher growth potential.

The Retail segment in Portugal includes: (i) the Retail network in Portugal, where the strategic approach is to target “Mass Market” customers, who appreciate a value proposition based on innovation and speed, as well as Prestige and Small Business customers, whose specific characteristics, financial assets or income imply a value proposition based on innovation and personalisation, requiring a dedicated Account Manager; and (ii) ActivoBank, a bank focused on clients who are young in spirit, intensive users of new communication technologies and who prefer a banking relationship based on simplicity, offering modern products and services.

The Companies Banking business includes the Companies network in Portugal, which operates as a distribution channel of products and services from other companies of the Group, and the Corporate & Investment Banking segment.

The Companies network, in Portugal, covers the financial needs of companies with an annual turnover between Euros 7.5 million and Euros 100 million, and focuses on innovation, offering a wide range of traditional banking products complemented by specialised financing.

The Corporate & Investment Banking segment includes: (i) the Corporate network in Portugal, targeting corporate and institutional customers with an annual turnover in excess of Euro 100 million, providing a complete range of value-added products and services; (ii) the Investment Banking unit, which specialises in capital markets, providing strategic and financial advisory, specialised financial services – Project finance, Corporate finance, Securities brokerage and Equity research - as well as structuring risk-hedging derivatives products; and (iii) the activity of the Bank's International Division.

The Private Banking and Asset Management segment, for purposes of the geographical segments, comprises the Private Banking network in Portugal and subsidiary companies specialised in the asset management business in Portugal. In terms of business segments, it also includes the activities of Banque Privée BCP and Millennium bcp Bank & Trust.

The Foreign Business segment, for the purpose of geographical segments, comprises the operations outside Portugal, in particular Bank Millennium in Poland, Millennium bank in Greece, Banque Privée BCP in Switzerland, Banca Millennium in Romania, Millennium bim in Mozambique, Banco Millennium Angola and Millennium bcp Bank & Trust in the Cayman Islands. For part of 2010, this segment also included Millennium bank Turkey (partially sold on 27 December 2010) and Millennium bcpbank in the United States of America (partially sold on 15 October 2010). The Foreign Business segment, in terms of the business segments, comprises the Group operations outside Portugal referred to above, excluding Banque Privée BCP in Switzerland and Millennium bcp Bank & Trust in the Cayman Islands, which are included in the Private Banking & Asset Management segment.

In Poland, the Group is represented by a universal bank offering a wide range of financial products and services to individuals and companies nationwide; in Greece by an operation focused on retail and based on offering innovative products and high service levels; in Switzerland by Banque Privée BCP, a Private Banking platform under Swiss law; and in Romania with an operation focused on individuals and small and medium-sized companies. Additionally, the Group is represented in Mozambique by a universal bank targeting companies and individual customers; in Angola by a bank focused on private customers and companies as well as public and private institutions; and in the Cayman Islands by Millennium bcp Bank & Trust, a bank designed for international services in the area of Private Banking to customers with high net worth ("Affluent" segment).

Other segment includes the centralised 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 Ageas, and the remaining amounts not allocated to the segments.

Business segments activity

The figures reported for each business segment result from aggregating the subsidiaries and business units integrated in each segment, including the impact from capital allocation and the balancing process of each entity, both at balance sheet and income statement levels, 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.

Considering that the capital allocation process complies with regulatory solvency criteria currently in place, the weighted risk, as well as the capital allocated to segments, are based on Basel II methodology, with the application in Portugal in 2010 and 2011 of the IRB Advanced method for the Retail portfolio in credit risk and the IRB Foundation method for loans to companies, excluding real estate promoters and entities of the simplified rating system. Additionaly, it was adopted the standard approach for operational risk and the internal models approach for general market risk and foreign exchange risk, for the perimeter managed centrally from Portugal. The capital allocation for each segment, in 2011 and 2010, resulted from the application of 10% to the risks managed by each segment. Each operation is balanced through internal transfers of funds, with no impact on consolidated accounts.

Operating costs determined for each business area rely on one hand the amounts accounted directly in the respective cost centres, and on the other hand, the amounts resulting from internal cost allocation processes. For example, in the first set of costs are included costs related to phone communication, travelling accommodation and representation expenses and to advisory services and in the second set are included costs related to correspondence, water and electricity and to rents related to spaces occupied by organic units, among others. The allocation of this last set of costs is based on the application of previously defined criteria, related to the level of activity of each business area, like the number of current accounts, the number of customers or employees, the business volume and the space occupied.

Financial flows generated by the business areas, in particular the placement of funds from new deposits and funding of loans granted, are processed at market prices, having the Bank's Treasury as counterparty. These market prices are determined according to the currency, the maturity of the transactions and their repricing periods. Additionally, all financial flows resulting from capital allocation are based on the average 6-month Euribor interest rate for each given period.

Information related to 2010 is presented on a comparable basis with the information reported in 2011, except as regards the abovementioned component related to Millennium bank in Turkey and Millennium bcpbank in United States of America, reflecting the current organisational structure of the Group's business areas referred to in the Segment description described above.

The net contributions of each segment include, where applicable, the non-controlling interests. Thus, the net contribution reflects the individual results achieved by its business units, independent of the percentage held by the Group, including the impact of movements of funds described above. The following information is based on financial statements prepared according to IFRS and on the organisational model in place for the Group, as at 31 December 2011.

The Group operates with special emphasis in the Portuguese market, and also in a few affinity markets and in markets of recognised growth potential. Considering this, the geographical segments include Portugal, Poland, Greece, Mozambique, Angola and Other. The segment Portugal reflects, essentially, the activities carried out by Banco Comercial Português in Portugal, ActivoBank and Banco de Investimento Imobiliário. The segment Poland includes the business carried out by Bank Millennium (Poland); the segment Greece contains the activity of Millennium Bank (Greece), while the segment Mozambique contains the activity of BIM - Banco Internacional de Moçambique and the segment Angola contains the activity of Banco Millennium Angola. The segment Other comprises the Group's operations not included in the remaining segments, namely the activities developed in other countries, such as Banque Privée BCP in Switzerland, Banca Millennium in Romania and Millennium bcp Bank & Trust in the Cayman Islands. Additionally, the information related to 2010, includes, up to date of its disposal, Millennium bank Turkey, operation partially sold on 27 December, 2010 and Millennium bcpbank in the United States of America, operation partially sold on 15 October, 2010.

As at 31 December 2011, the net contribution of the major business segments is analysed as follows:

	Commercial Banking			Companies Banking					
	Retail in Portugal	Foreign Business	Total	Companies in Portugal	Corporate and Investment Banking in Portugal	Total	Private Banking and Asset Management	Other	Consolidated
Income statement									
Interest income	1,160,503	1,383,755	2,544,258	459,680	655,679	1,115,359	152,881	247,638	4,060,136
Interest expense	(675,344)	(712,357)	(1,387,701)	(271,644)	(414,762)	(686,406)	(122,806)	(283,949)	(2,480,862)
Net interest income	485,159	671,398	1,156,557	188,036	240,917	428,953	30,075	(36,311)	1,579,274
Commissions and other income	462,268	294,822	757,090	82,840	204,628	287,468	62,054	(50,691)	1,055,921
Commissions and other costs	(19,319)	(80,293)	(99,612)	(1,288)	(15,945)	(17,233)	(18,211)	(125,933)	(260,989)
Net commissions and other income	442,949	214,529	657,478	81,552	188,683	270,235	43,843	(176,624)	794,932
Net gains arising from trading activity	48	106,832	106,880	-	(7,891)	(7,891)	1,107	107,536	207,632
Staff costs and administrative costs	684,008	525,615	1,209,623	58,000	77,591	135,591	51,647	141,247	1,538,108
Depreciations	1,938	47,830	49,768	91	102	193	385	45,764	96,110
Operating costs	685,946	573,445	1,259,391	58,091	77,693	135,784	52,032	187,011	1,634,218
Impairment and provisions	(264,473)	(176,816)	(441,289)	(332,980)	(432,718)	(765,698)	(134,832)	(815,176)	(2,156,995)
Share of profit of associates under the equity method	-	-	-	-	(48)	(48)	-	14,668	14,620
Net gain from the sale of other assets	-	-	-	-	-	-	-	(26,872)	(26,872)
Net income before income tax	(22,263)	242,498	220,235	(121,483)	(88,750)	(210,233)	(111,839)	(1,119,790)	(1,221,627)
Income tax	6,217	(51,881)	(45,664)	35,212	25,737	60,949	31,790	411,782	458,857
Non-controlling interests	-	(78,454)	(78,454)	-	-	-	-	(7,399)	(85,853)
Net income after income tax	(16,046)	112,163	96,117	(86,271)	(63,013)	(149,284)	(80,049)	(715,407)	(848,623)
Income between segments	41,278	-	41,278	(5,589)	(34,795)	(40,384)	(894)	-	-
Balance sheet									
Cash and Loans and advances to credit institutions	2,868,547	3,093,990	5,962,537	1,782,054	7,678,298	9,460,352	3,394,711	(12,211,230)	6,606,370
Loans and advances to customers	31,383,621	15,659,874	47,043,495	9,377,892	12,198,852	21,576,744	1,933,982	(2,508,686)	68,045,535
Financial assets	1,412	2,081,468	2,082,880	-	4,851,000	4,851,000	33,292	5,608,331	12,575,503
Other assets	138,999	601,986	740,985	10,234	594,405	604,639	27,281	4,881,763	6,254,668
Total Assets	34,392,579	21,437,318	55,829,897	11,170,180	25,322,555	36,492,735	5,389,266	(4,229,822)	93,482,076
Deposits from other credit institutions	5,150,132	4,823,409	9,973,541	3,969,414	9,126,182	13,095,596	2,707,292	(8,053,010)	17,723,419
Deposits from customers	21,470,795	13,897,506	35,368,301	1,321,803	6,264,532	7,586,335	2,455,688	2,105,786	47,516,110
Debt securities issued	5,166,266	420,672	5,586,938	4,090,056	6,559,208	10,649,264	-	-	16,236,202
Other financial liabilities held for trading at fair value through profit or loss	1,203,304	239,382	1,442,686	952,638	1,527,741	2,480,379	31,521	103,084	4,057,670
Other financial liabilities	15,252	537,641	552,893	10,432	4,092	14,524	2,346	1,084,812	1,654,575
Other liabilities	62,533	229,615	292,148	(79,919)	203,807	123,888	(11,308)	1,515,002	1,919,730
Total Liabilities	33,068,282	20,148,225	53,216,507	10,264,424	23,685,562	33,949,986	5,185,539	(3,244,326)	89,107,706
Equity and non-controlling interests	1,324,297	1,289,093	2,613,390	905,756	1,636,993	2,542,749	203,727	(985,496)	4,374,370
Total Liabilities, Equity and non-controlling interests	34,392,579	21,437,318	55,829,897	11,170,180	25,322,555	36,492,735	5,389,266	(4,229,822)	93,482,076

As at 31 December 2010, the net contribution of the major business segments is analysed as follows:

	Commercial Banking			Companies Banking					
	Retail in Portugal	Foreign Business	Total	Companies in Portugal	Corporate and Investment Banking in Portugal	Total	Private Banking and Asset Management	Other	Consolidated
Income statement									
Interest income	987,112	1,157,610	2,144,722	356,141	463,031	819,172	112,843	400,321	3,477,058
Interest expense	(464,837)	(619,693)	(1,084,530)	(179,542)	(257,010)	(436,552)	(80,396)	(358,745)	(1,960,223)
Net interest income	522,275	537,917	1,060,192	176,599	206,021	382,620	32,447	41,576	1,516,835
Commissions and other income	472,173	298,031	770,204	89,048	169,369	258,417	65,200	(1,337)	1,092,484
Commissions and other costs	(19,637)	(70,340)	(89,977)	(1,492)	(2,736)	(4,228)	(22,236)	(94,530)	(210,971)
Net commissions and other income	452,536	227,691	680,227	87,556	166,633	254,189	42,964	(95,867)	881,513
Net gains arising from trading activity	51	116,149	116,200	-	(6,763)	(6,763)	1,786	328,144	439,367
Staff costs and administrative costs	668,604	541,985	1,210,589	59,998	74,762	134,760	51,663	36,001	1,433,013
Depreciations	1,714	55,334	57,048	105	102	207	413	52,563	110,231
Operating costs	670,318	597,319	1,267,637	60,103	74,864	134,967	52,076	88,564	1,543,244
Impairment and provisions	(151,206)	(166,042)	(317,248)	(189,004)	(178,229)	(367,233)	(25,402)	(231,163)	(941,046)
Share of profit of associates under the equity method	-	-	-	-	(58)	(58)	-	67,719	67,661
Net gain from the sale of other assets	-	-	-	-	-	-	-	(2,978)	(2,978)
Net income before income tax	153,338	118,396	271,734	15,048	112,740	127,788	(281)	18,867	418,108
Income tax	(40,663)	(24,969)	(65,632)	(4,008)	(29,876)	(33,884)	1,673	83,499	(14,344)
Non-controlling interests	-	(54,211)	(54,211)	-	-	-	-	(5,096)	(59,307)
Net income after income tax	112,675	39,216	151,891	11,040	82,864	93,904	1,392	97,270	344,457
Income between segments	17,033	-	17,033	5,689	(22,704)	(17,015)	(18)	-	-
Balance sheet									
Cash and Loans and advances to credit institutions	2,965,330	2,956,901	5,922,231	1,899,437	8,732,011	10,631,448	3,863,528	(15,329,948)	5,087,259
Loans and advances to customers	33,547,308	15,798,671	49,345,979	10,024,435	13,245,122	23,269,557	2,518,792	(1,228,922)	73,905,406
Financial assets	1,270	2,318,321	2,319,591	-	4,699,484	4,699,484	38,151	7,873,484	14,930,710
Other assets	667,405	482,594	1,149,999	36,303	51,697	88,000	35,104	3,350,277	4,623,380
Total Assets	37,181,313	21,556,487	58,737,800	11,960,175	26,728,314	38,688,489	6,455,575	(5,335,109)	98,546,755
Deposits from other credit institutions	7,999,152	4,679,955	12,679,107	4,751,358	10,562,972	15,314,330	3,450,167	(11,367,048)	20,076,556
Deposits from customers	19,856,041	13,957,472	33,813,513	1,663,234	4,923,161	6,586,395	2,698,691	2,510,516	45,609,115
Debt securities issued	6,005,308	862,373	6,867,681	3,614,045	7,650,654	11,264,699	4,978	32	18,137,390
Other financial liabilities held for trading at fair value through profit or loss	1,662,880	285,887	1,948,767	1,000,736	2,118,480	3,119,216	39,708	106,999	5,214,690
Other financial liabilities	98,253	422,256	520,509	60,861	80,973	141,834	16,511	1,706,793	2,385,647
Other liabilities	197,140	285,258	482,398	25,943	29,050	54,993	16,550	957,815	1,511,756
Total Liabilities	35,818,774	20,493,201	56,311,975	11,116,177	25,365,290	36,481,467	6,226,605	(6,084,893)	92,935,154
Equity and non-controlling interests	1,362,539	1,063,286	2,425,825	843,998	1,363,024	2,207,022	228,970	749,784	5,611,601
Total Liabilities, Equity and non-controlling interests	37,181,313	21,556,487	58,737,800	11,960,175	26,728,314	38,688,489	6,455,575	(5,335,109)	98,546,755

As at 31 December 2011, the net contribution of the major geographic segments is analysed as follows:

	Portugal											
	Retail Banking	**Companies**	**Private Banking and Asset Management**	**Corporate and Investment Banking**	**Other**	**Total**	**Poland**	**Greece**	**Angola**	**Mozambique**	**Other**	**Consolidated**
Income statement												
Interest income	1,160,503	459,680	78,037	655,679	247,638	2,601,537	660,779	393,106	92,819	196,793	115,102	4,060,136
Interest expense	(675,344)	(271,644)	(55,732)	(414,762)	(283,949)	(1,701,431)	(398,683)	(202,719)	(32,432)	(58,144)	(87,453)	(2,480,862)
Net interest income	485,159	188,036	22,305	240,917	(36,311)	900,106	262,096	190,387	60,387	138,649	27,649	1,579,274
Commissions and other income	462,268	82,840	40,173	204,628	(50,691)	739,218	169,589	34,933	19,262	64,702	28,217	1,055,921
Commissions and other costs	(19,319)	(1,288)	(12,487)	(15,945)	(125,933)	(174,972)	(37,831)	(14,495)	(2,251)	(23,539)	(7,901)	(260,989)
Net commissions and other income	442,949	81,552	27,686	188,683	(176,624)	564,246	131,758	20,438	17,011	41,163	20,316	794,932
Net gains arising from trading activity	48	-	(5)	(7,891)	107,536	99,688	47,652	8,276	26,645	19,647	5,724	207,632
Staff costs and administrative costs	684,008	58,000	31,627	77,591	141,247	992,473	255,264	115,733	50,683	69,627	54,328	1,538,108
Depreciations	1,938	91	1	102	45,764	47,896	15,750	13,736	6,831	7,174	4,723	96,110
Operating costs	685,946	58,091	31,628	77,693	187,011	1,040,369	271,014	129,469	57,514	76,801	59,051	1,634,218
Impairment and provisions	(264,473)	(332,980)	(113,193)	(432,718)	(815,176)	(1,958,540)	(42,217)	(92,570)	(12,073)	(17,619)	(33,976)	(2,156,995)
Share of profit of associates under the equity method	-	-	-	(48)	14,668	14,620	-	-	-	-	-	14,620
Net gain from the sale of other assets	-	-	-	-	(26,872)	(26,872)	-	-	-	-	-	(26,872)
Net income before incom	(22,263)	(121,483)	(94,835)	(88,750)	(1,119,790)	(1,447,121)	128,275	(2,938)	34,456	105,039	(39,338)	(1,221,627)
Income tax	6,217	35,212	27,572	25,737	411,782	506,520	(27,358)	(6,274)	(2,919)	(18,722)	7,610	458,857
Non-controlling interests	-	-	-	-	(7,399)	(7,399)	(34,806)	-	(14,905)	(28,743)	-	(85,853)
Net income after income t	(16,046)	(86,271)	(67,263)	(63,013)	(715,407)	(948,000)	66,111	(9,212)	16,632	57,574	(31,728)	(848,623)
Income between segment	41,278	(5,589)	(894)	(34,795)	-	-	-	-	-	-	-	-
Balance sheet												
Cash and Loans and advances to credit institutions	2,868,547	1,782,054	224,163	7,678,298	(12,211,230)	341,832	1,127,572	1,123,514	343,381	402,486	3,267,585	6,606,370
Loans and advances to customers	31,383,621	9,377,892	1,287,528	12,198,852	(2,508,686)	51,739,207	9,193,312	4,653,552	480,472	986,361	992,631	68,045,535
Financial assets	1,412	-	1,619	4,851,000	5,608,331	10,462,362	895,931	442,328	417,343	275,612	81,927	12,575,503
Other assets	138,999	10,234	5,418	594,405	4,881,763	5,630,819	153,853	144,376	146,736	128,282	50,602	6,254,668
Total Assets	34,392,579	11,170,180	1,518,728	25,322,555	(4,229,822)	68,174,220	11,370,668	6,363,770	1,387,932	1,792,741	4,392,745	93,482,076
Deposits from other credit institutions	5,150,132	3,969,414	93,443	9,126,182	(8,053,010)	10,286,161	1,306,799	2,709,437	390,046	201,738	2,829,238	17,723,419
Deposits from customers	21,470,795	1,321,803	1,359,528	6,264,532	2,105,786	32,522,444	8,504,410	2,939,172	871,706	1,307,569	1,370,809	47,516,110
Debt securities issued	5,166,266	4,090,056	-	6,559,208	-	15,815,530	240,286	150,397	-	29,989	-	16,236,202
Other financial liabilities held for trading at fair value through profit or loss	1,203,304	952,638	-	1,527,741	103,084	3,786,767	128,806	110,240	-	-	31,857	4,057,670
Other financial liabilities	15,252	10,432	741	4,092	1,084,812	1,115,329	522,356	11,040	1,072	1,553	3,225	1,654,575
Other liabilities	62,533	(79,919)	672	203,807	1,515,002	1,702,095	72,708	7,493	32,042	117,079	(11,687)	1,919,730
Total Liabilities	33,068,282	10,264,424	1,454,384	23,685,562	(3,244,326)	65,228,326	10,775,365	5,927,779	1,294,866	1,657,928	4,223,442	89,107,706
Equity and non-controlling interests	1,324,297	905,756	64,344	1,636,993	(985,496)	2,945,894	595,303	435,991	93,066	134,813	169,303	4,374,370
Total Liabilities, Equity and non-controlling interests	34,392,579	11,170,180	1,518,728	25,322,555	(4,229,822)	68,174,220	11,370,668	6,363,770	1,387,932	1,792,741	4,392,745	93,482,076

As at 31 December 2010, the net contribution of the major geographic segments is analysed as follows:

	Portugal											
	Retail Banking	Companies	Private Banking and Asset Ma-nagement	Corporate and Investment Banking	Other	Total	Poland	Greece	Angola	Mozam-bique	Other	Consoli-dated
Income statement												
Interest income	987,112	356,141	49,214	463,031	400,321	2,255,819	588,834	277,457	72,469	128,877	153,602	3,477,058
Interest expense	(464,837)	(179,542)	(29,630)	(257,010)	(358,745)	(1,289,764)	(362,071)	(150,163)	(22,020)	(34,039)	(102,166)	(1,960,223)
Net interest income	522,275	176,599	19,584	206,021	41,576	966,055	226,763	127,294	50,449	94,838	51,436	1,516,835
Commissions and other income	472,173	89,048	37,817	169,369	(1,337)	767,070	170,802	43,642	17,174	51,373	42,423	1,092,484
Commissions and other costs	(19,637)	(1,492)	(14,971)	(2,736)	(94,530)	(133,366)	(31,177)	(11,562)	(1,218)	(21,759)	(11,889)	(210,971)
Net commissions and other income	452,536	87,556	22,846	166,633	(95,867)	633,704	139,625	32,080	15,956	29,614	30,534	881,513
Net gains arising from trading activity	51	-	-	(6,763)	328,144	321,432	54,886	464	26,861	26,235	9,489	439,367
Staff costs and administrative costs	668,604	59,998	31,459	74,762	36,001	870,824	248,951	114,173	46,281	57,782	95,002	1,433,013
Depreciations	1,714	105	1	102	52,563	54,485	18,619	9,949	4,993	7,365	14,820	110,231
Operating costs	670,318	60,103	31,460	74,864	88,564	925,309	267,570	124,122	51,274	65,147	109,822	1,543,244
Impairment and provisions	(151,206)	(189,004)	(20,418)	(178,229)	(231,163)	(770,020)	(56,608)	(57,328)	(14,114)	(21,158)	(21,818)	(941,046)
Share of profit of associates under the equity method	-	-	-	(58)	67,719	67,661	-	-	-	-	-	67,661
Net gain from the sale of other assets	-	-	-	-	(2,978)	(2,978)	-	-	-	-	-	(2,978)
Net income before incom	153,338	15,048	(9,448)	112,740	18,867	290,545	97,096	(21,612)	27,878	64,382	(40,181)	418,108
Income tax	(40,663)	(4,008)	2,774	(29,876)	83,499	11,726	(19,527)	5,550	(4,638)	(11,783)	4,328	(14,344)
Non-controlling interests	-	-	-	-	(5,096)	(5,096)	(25,960)	-	(10,916)	(17,335)	-	(59,307)
Net income after income t	112,675	11,040	(6,674)	82,864	97,270	297,175	51,609	(16,062)	12,324	35,264	(35,853)	344,457
Income between segment	17,033	5,689	(18)	(22,704)	-	-	-	-	-	-	-	-
Balance sheet												
Cash and Loans and advances to credit institutions	2,965,330	1,899,437	177,379	8,732,011	(15,329,948)	(1,555,791)	889,698	1,479,004	219,436	275,841	3,779,071	5,087,259
Loans and advances to customers	33,547,308	10,024,435	1,391,350	13,245,122	(1,228,922)	56,979,293	9,242,386	4,996,810	447,252	807,816	1,431,849	73,905,406
Financial assets	1,270	-	1,625	4,699,484	7,873,484	12,575,863	1,514,083	335,597	257,301	117,430	130,436	14,930,710
Other assets	667,405	36,303	22,758	51,697	3,350,277	4,128,440	143,493	130,052	87,971	91,500	41,924	4,623,380
Total Assets	37,181,313	11,960,175	1,593,112	26,728,314	(5,335,109)	72,127,805	11,789,660	6,941,463	1,011,960	1,292,587	5,383,280	98,546,755
Deposits from other credit institutions	7,999,152	4,751,358	109,442	10,562,972	(11,367,048)	12,055,876	1,329,814	2,761,494	301,738	80,397	3,547,237	20,076,556
Deposits from customers	19,856,041	1,663,234	1,379,833	4,923,161	2,510,516	30,332,785	8,992,541	3,122,417	593,251	966,812	1,601,309	45,609,115
Debt securities issued	6,005,308	3,614,045	4,978	7,650,654	32	17,275,017	287,046	551,323	-	24,004	-	18,137,390
Other financial liabilities held for trading at fair value through profit or loss	1,662,880	1,000,736	1,379	2,118,480	106,999	4,890,474	202,348	80,702	1	-	41,165	5,214,690
Other financial liabilities	98,253	60,861	5,956	80,973	1,706,793	1,952,836	367,391	39,342	5,516	8,276	12,286	2,385,647
Other liabilities	197,140	25,943	8,925	29,050	957,815	1,218,873	104,455	44,223	34,968	98,332	10,905	1,511,756
Total Liabilities	35,818,774	11,116,177	1,510,513	25,365,290	(6,084,893)	67,725,861	11,283,595	6,599,501	935,474	1,177,821	5,212,902	92,935,154
Equity and non-controlling interests	1,362,539	843,998	82,599	1,363,024	749,784	4,401,944	506,065	341,962	76,486	114,766	170,378	5,611,601
Total Liabilities, Equity and non-controlling interests	37,181,313	11,960,175	1,593,112	26,728,314	(5,335,109)	72,127,805	11,789,660	6,941,463	1,011,960	1,292,587	5,383,280	98,546,755

Reconciliation of net income of reportable segments with the net result of the Group

Description of the relevant items of reconciliation:

	2011 Euros '000	2010 Euros '000
Net income (*)		
Retail Banking in Portugal	(16,046)	112,675
Companies	(86,271)	11,040
Corporate and Investment Banking	(63,013)	82,864
Private Banking e Asset Management	(67,263)	(6,674)
Foreign Business	177,831	101,493
	(54,762)	301,398
Impact on the Net interest income of the allocation of capital (1)	5,246	24,537
	(60,008)	276,861
Amounts not allocated to segments		
Non-controlling interests (2)	(85,853)	(59,307)
Operating expenses (3)	(54,160)	(78,127)
Loan impairment and other provisions (4)	(668,044)	(84,032)
Equity accounted earnings	14,620	67,661
Own Credit Risk	(20,591)	204,561
Accounting for hedging interest rate risk (5)	-	36,600
Transfer of liabilities to the GSSS (6)	(164,808)	-
Settlement of the sale price of Eureko (7)	24,480	65,200
Impaiment for Millennium Bank (Greece) goodwill (8)	(147,130)	(147,130)
Repurchase of treasury stock	1,379	35,906
Tax effects and others (9)	311,492	26,264
Total not allocated to segments	(788,615)	67,596
Consolidated net income	(848,623)	344,457

(*) The net income is not deducted, when applicable, from non-controlling interests.

(1) Represents the impact on net interest income due to allocation of capital. The balance sheet items of each subsidiary and each business unit are recalculated considering the replacement of accounting equity by the amounts assigned through the allocation within the strict fulfilment of solvency regulatory criteria.
(2) Corresponds mainly to the income attributable to third parties related to the subsidiaries in Poland, in Mozambique and in Angola.
(3) Includes operating costs not allocated to business segments, namely those connected with corporate areas and strategic projects.
(4) Includes provisions for property in kind, administrative infractions, various contingencies and other unallocated to commercial networks. The value of 2011 includes 533,487,000 (net of tax) related to the impairment for Greek sovereign debt.
(5) Net trading income associated with the economic strategy of hedging interest rate risk associated with fixed rate liabilities through interest rate swaps, in result from the discontinuance of a hedging relationship, in sequence of an effectiveness valuation of the hedging.
(6) Transfer of the liabilities of the pensions and the retired employees to the General Social Security Scheme, under the Decree Law n.º 127/2011.
(7) The value of 2010 is related to sale of the investment held in Eureko and the amount of 2011 resulting from the evaluation carried out annually, in the first quarter of the each year.
(8) Goodwill of Millennium bank in Greece in accordance with the Group accounting policy and the disposal in IAS 36.
(9) Includes funding for non interest bearing assets and the financial strategies as well as tax effect associated with the items previously discriminated.

54. 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 coordinating with the local departments and 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.

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 fulfils 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 Financial Subjects 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 in charge of 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.

The Group Risk Officer is responsible for the control of risks in all the Group entities, in order to ensure that the risks are monitored on an overall basis and that there is alignment of concepts, practices and objectives. It must also keep the Risk Committee informed of the Group's level of risk, proposing measures to improve 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 by the Risk Committee, and they are provided with Risk Office structures which are established 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.

The Group Head of Compliance is responsible for implementing prevention systems, monitoring and reporting of risk in organizational processes that include, among others, the prevention of money laundering, combating financing of terrorism, prevention of conflict of interest, abuse of market and communication with customers.

Risk Evaluation and Managment Model

For purposes of profitability analysis and risk quantification and control, 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, the derivatives and the sales activities;
- Financing: involves the Bank's institutional financing and money market activity of the Group;
- Investment: includes those positions in securities to be held to maturity or during a longer period of time or those that are not tradable on liquid markets;
- Commercial: 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 definition of the management areas allows effective separation of the management of the trading and banking portfolios, as well a proper allocation of each operation to the area most appropriate management according to their context.

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. In order to do so, 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 have been duly calibrated for the Rating Master Scale.

The protection-level concept has been introduced as a crucial element of evaluation of the effectiveness of the collateral in credit-risk mitigation, leading to more active collateralization of loans and more adequate pricing of the risk incurred.

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 distribution of total loss probability. In addition to the Probability of Default (PD) and of the Amount of the Loss Given Default (LGD) as the central 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.

The gross Group's exposure to credit risk (original exposure), as at 31 December 2011 and 2010 is presented in the following table:

	Original exposure	
	2011	2010
Risk items	**Euros '000**	**Euros '000**
Central Governments or Central Banks	9,367,993	9,415,608
Regional Governments or Local Authorities	709,175	777,951
Administrative and non-profit Organisations	110,984	2,259,411
Multilateral Development Banks	88,213	127,270
Other Credit Institutions	8,187,435	8,637,694
Retail and Corporate customers	89,172,371	94,532,274
Other items	9,979,387	6,935,005
	117,615,558	122,685,213

Note: gross exposures of impairment and amortization, in accordance with the prudential consolidation perimeter. Includes securitization positions.

The following table includes the European countries that have been under particular attention in this period, such as Portugal, Greece, Ireland, Spain, Italy and Hungary. The amount represents the gross exposure (nominal value), as at 31 December 2011, of the credit granted to entities whose country is one of those identified.

		31 December 2011					Euros '000
		Country					
Counterparty type	**Maturity**	**Spain**	**Greece**	**Hungary**	**Ireland**	**Italy**	**Portugal**
Financial Institutions	2012	56,049	59,093	1,632	750,007	1,937	1,014,583
	2013	6,537	28,024	-	25,000	-	773,053
	2014	50,000	12	-	15,000	23,000	206,060
	>2014	75,000	106,082	-	-	-	353,246
		187,586	193,211	1,632	790,007	24,937	2,346,942
Companies	2012	17,721	312,951	-	6,814	250	7,664,060
	2013	34,186	50,654	-	-	-	1,244,747
	2014	24,611	101,159	-	-	-	1,422,499
	>2014	250,047	1,383,390	-	12,188	-	7,268,577
		326,565	1,848,154	-	19,002	250	17,599,883
Retail	2012	132,298	158,107	21	58	160	4,351,374
	2013	200	61,360	2	37	54	873,468
	2014	203	60,397	5	106	21	868,900
	>2014	37,436	1,947,172	71	58,756	6,762	25,422,028
		170,137	2,227,036	99	58,957	6,997	31,515,770
State and other public entities	2012	-	314,464	5	-	-	3,462,141
	2013	-	97,667	-	-	-	1,292,107
	2014	-	50,591	-	200,000	-	141,044
	>2014	5,000	392,496	-	-	50,000	1,833,664
		5,000	855,218	5	200,000	50,000	6,728,956
Total country		689,288	5,123,619	1,736	1,067,966	82,184	58,191,551

The balance Financial Institutions includes applications in other credit institutions. The amounts do not include interest and are not deducted from the values of impairment.

The balance Companies includes the amounts of credit granted to the companies segment and does not consider the amounts of interest, impairment or risk mitigation through collaterals.

The balance Retail includes the amounts of credit granted to the retail segment and does not consider the amounts of interest, impairment or risk mitigation through collaterals.

The balance State and other public entities includes the amounts related to sovereign debt, credit to governmental institutions, public companies, governments and municipalities, and does not consider the amounts of interest, impairment or risk mitigation through collaterals.

Note: Regarding the exposure to the Greek Republic, as at 31 December 2011, the existing impairment amounts to Euros 533,487,000 (before taxes).

Market Risks

The Group in monitoring and control of market risk existing in the diverse portfolios uses an integrated risk measure that includes the main types of market risk identified by the Group: generic risk, specific risk, non linear risk and commodities risk.

The measure used in evaluating the generic 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 an 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 for which the performance is related to its value. With the necessary adjustments, this model follows regulatory standard methodology.

Complementary measures for the non-linear risk, at a confidence level of 99%, and a standard measure for the commodities risk are also used.

These measures were included in the indicator of market risk with the conservative assumption of perfect correlation between the various types of risk (the worst-case scenario).

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, as well as in consolidated terms taking into account the effects of diversification between the various portfolios.

To ensure that the VaR model adopted is appropriate to the evaluation of the risks involved in the positions that have been assumed, a back testing process has been instituted. This is carried out on a daily basis and it confronts the VaR indicators with the actual results.

The following table shows these major trading book indicators for the year of 2011:

	Euros '000				
	2011.12.31	**Average**	**Maximum**	**Minimum**	**2010.12.31**
Generic Risk (VaR)	5,023	3,342	12,323	1,405	12,519
Interest Rate Risk	5,051	2,743	11,971	1,343	12,332
FX Risk	1,761	1,527	1,697	513	1,485
Equity Risk	664	826	574	614	610
Diversification effects	*2,453*	*1,754*	*1,919*	*1,065*	*1,908*
Specific Risk	1,298	970	2,862	520	2,180
Non Linear Risk	380	178	1,042	6	297
Commodities Risk	4	5	11	0	3
Global Risk	6,705	4,495	14,854	2,502	14,999

Evaluation of the interest rate risk originated by the banking portfolio is performed by a risk sensitivity analysis process carried out every month for all operations included in the Group's consolidated balance sheet.

For this analysis are considered the financial characteristics of the contracts available in information systems. Based on these data, a projection for expected cash flows is made, according to the repricing dates and any prepayment assumptions considered.

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 sheet 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 by simulating parallel shifts of the market interest rates.

The following table shows the expected impact on the banking books economic value of parallel shifts of the yield curve by +/- 100 and +/- 200 basis points, on each of the main currencies:

		31 December 2011		Euros '000
Currency	**- 200 bp**	**- 100 bp**	**+ 100 bp**	**+ 200 bp**
CHF	(2,281)	(3,002)	4,555	9,120
EUR	197,200	85,867	(71,811)	(134,034)
PLN	26,883	13,143	(12,584)	(24,645)
USD	(1,438)	184	4,293	6,792
TOTAL	220,364	96,192	(75,547)	(142,767)

	31 December 2010			Euros '000
Currency	- 200 bp	- 100 bp	+ 100 bp	+ 200 bp
CHF	26	(882)	3,573	7,164
EUR	191,906	74,118	(60,778)	(109,715)
PLN	19,434	9,546	(9,222)	(18,137)
USD	5,800	1,292	156	634
TOTAL	217,166	84,074	(66,271)	(120,054)

The Group regularly undertakes hedging operations on the market aiming to reduce the interest rate mismatch of the risk positions associated with the portfolio of transactions of 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. The amount of assets in the Bank's securities portfolio considered highly liquid is added to the calculated value, 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, in order to enable the decision making that leads to the maintenance of financing conditions adequate to the continuation of the business.

In addition, the Risks Commission 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.

During the year 2011, access to the funding markets for medium / long term and short-term, were virtually closed to the Portuguese financial institutions. This situation worsened after the request for financial assistance made during the month of May.

In this conjuncture, and given the continued prudent management of liquidity by the Group during the course of this whole situation, has been reinforced the role of buffer provided by the liquidity asset portfolio discountable with the ECB (or other Central Banks), despite the effect of loss of eligibility of part of the portfolio and devaluation of the remaining. In this line the portfolio of discountable assets to the ECB decreased Euros 4,120,440,000 during 2011 ending with a value of Euros 15,674,568,000.

The eligible pool of assets for funding operations in the European Central Bank and other Central Banks in Europe, net of haircuts, is detailed as follows:

	2011 Euros '000	2010 Euros '000
European Central Bank	15,674,568	19,795,008
Other Central Banks	784,665	781,241
	16,459,233	20,576,249

The amount of eligible assets for funding operations in the European Central Banks includes securities issued by SPE concerning securitization operations in which the assets were not derecognised at a consolidated level, therefore the respective securities are not recognised in the securities portfolio.

The liquidity management during the year 2011 was conditioned by the emergence of national political crises and sovereign debt, which occurred at the end of a quarter. Until then, the Bank had achieved its objective of diversifying sources of short-term financing by issuing repurchase agreements, but had already been confronted with the inability to place commercial paper issues and instruments for medium to long term (under Liquidity Plan), whose markets remain completely closed until the end of the year.

The degradation of the economic environment raised a rapid response by the Bank, reflected on the Review of the Liquidity Plan (April 2011), which gave particular emphasis to the acceleration of the goals of deleveraging (including internalisation of funds out of balance) and the enhancement of the portfolio eligible assets. In particular, the policy executed (which, among others, included two new issues with government guarantee), overcame the loss of collateral associated with the entry into force of new ECB rules of collaterals on 1 January 2011 and over the year, partially mitigate the effects of great materiality, increases of "haircuts", loss of eligibility and devaluations occurred since March 2011. The effect of devaluation was due mainly to the successive downgrades of the Portuguese sovereign debt started in the first quarter of the year, which pushed the financial institutions ratings.

The evolution of the Pool Monetary Policy of the ECB and the corresponding collaterals used is analysed as follows:

					Euros '000
	Dec 11	Sep 11	Jun 11	Mar 11	Dec 10
Collateral total after "haircuts	15,674,568	17,423,213	19,501,173	16,975,271	19,795,008
Collateral used	12,706,000	15,270,000	15,030,000	14,700,000	14,905,000
Collateral available after "haircuts	2,968,568	2,153,213	4,471,173	2,275,271	4,890,008

The main liquidity ratios of the Group, according to the definitions of the Instruction n.º 23/2011 of the Bank of Portugal, had the following evolution:

	Reference value	2011	2010
Accumulated net cash flows up to 1 year as % of total accounting liabilities	Not less than (- 6 %)	-1.6%	-5.9%
Liquidity gap as a % of iliquid assets	Not less than (- 20 %)	-8.2%	-7.6%
Transformation Ratio (Credit / Deposits)		144.8%	163.6%
Coverage ratio of Wholesale funding by HLA (2)			
(up to 1 Month)		132.2%	136.0%
(up to 3 Months)		96.4%	113.5%
(up to 1 Year)		87.6%	95.2%

(1) according to the Instruction n.º 23/2011 of the Bank of Portugal, of 26/09/2011

(2) HLA- Highly Liquid Assets.

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 first 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 coordinating 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 effects associated to an eventual detected loss. From the analysis of the historical information and its relationships, processes involving greater risk are identified and mitigation measures are launched to reduce the critical exposures.

Covenants

The contractual terms of instruments of wholesale funding encompass obligations assumed by the Group as debtor or issuer, concerning general duties of societary conduct, maintenance of banking activity and the inexistence of certain credit privileges to other creditors (“negative pledge”). These terms reflect essentially the standards internationally adopted for each type of instrument.

The terms of the Group’s participation in securitization operations involving its own assets are subject to mandatory changes in case the Group stops respecting certain rating criteria. The criteria established in each transaction results mainly from the existing risk analysis, at the moment that the transaction was set, being these methodologies usually applied by each rating agency in a standardised way to all the securitization transactions involving the same type of loans.

In 2011, reductions in the rating made by Moody's, from "A3" to "Ba3" (long term) and "P-2" to "NP" (short term) determined, for the securitization Caravela SME No.1: (i) the establishment of a Subordinated Contingent Loan, provided by the Bank, in order to cover, through a new Reserve Account, the amount corresponding to the set-off risk associated to the current securitised portfolio (this risk will be monitored monthly, where the amount of the Reserve Account and, consequently, the Subordinated Contingent Loan shall be reduced accordingly); and (ii) to transfer the swap counterparty of the SPV (Issuer) to a bank with a long-term rating of at least "A3". The downgrades made by S&P, from "BBB +" to "BB" (long term) and "A-2" to "B" (short term), caused, for the securitisation Tagus Leasing No. 1, the need to, establish a Contingent Subordinated loan provided by the Bank, in order to form a new Reserve Account to cover the amount corresponding to the set-off risk associated to its current portfolio of securitised loans (the amount of the Reserve Account and, consequently, the Subordinated Contingent Loan shall be reduced accordingly). In what concerns to Fitch, the downgrades made from "BBB +" to "BB+" (long term) and "F2" to "B" (short term), determined for the securitization Caravela SME No.2, the possibility to enter into a back-up servicing agreement, with an eligible counterparty.

It should be pointed out that any further reductions in ratings by any of the Rating Agencies will not have significant additional implications with respect to existing covenants in the securitisation transactions in progress.

The Group currently has two Covered Bond Programmes in progress. With regard to the BCP Programme, the current rating levels of the Bank involve only the need for maintenance of collateral in line with the market value of interest rate swaps belonging to the assets allocated to the program. The program of Banco de Investimento Imobiliário, SA, does not have any interest rate swap associated, and therefore has no relevant covenant connected to an eventual additional downgrade.

55. Solvency

Following the request submitted by the Group BCP, the Bank of Portugal formally authorised the adoption of methodologies based on internal rating models (IRB) for the calculation of capital requirements for credit and counterparty risk, covering a substantial part of the risk from the activity in Portugal as from 31 December 2010. In the scope of the Roll-Out Plan for the calculation of the capital requirements for credit and counterparty risk under IRB approaches and following the request submitted by the Bank, the Bank of Portugal formally authorized the extension of this methodology to the subclasses of risk "Renewable Retail Positions" and "Other Retail Positions" in Portugal with effect as from 31 December 2011. In the 1st half of 2009, the Bank received authorization from the Bank of Portugal to adopt the advanced approaches (internal models) to the generic market risk and the standard method for the operational risk.

Consolidated own funds of Banco Comercial Português are determined according to the applicable regulatory rules, namely the Regulation nº6/2010 from the Bank of Portugal. The own funds result from adding tier 1 with tier 2 and subtracting the component of Deductions. For the calculation of tier 1 are considered the core tier 1 elements, established in the Regulation nº3/2011, and other relevant elements to the discharge of tier 1. The tier 1 and, in particular, core tier 1, comprises the steadiest components of the own funds.

As core tier 1 positive elements, the paid-up capital and the share premium, the reserves and the retained earnings, non-controlling interests in fully consolidated subsidiaries and the deferred impacts related to the transition adjustments to the International Financial Reporting Standards, are considered. Net losses, own shares, the shortfall of impairment to the regulatory provisions of the Regulation nº3/95 from the Bank of Portugal, calculated on an individual basis for exposures treated by the standardised approach, goodwill and other intangible assets correspond to negative elements.

At the end of the 2011 the Bank decided for a change in the accounting policy related to the recognition of actuarial gains and losses of the Pension Fund. Accordingly, and following an analysis of the options permitted by the International Accounting Standard (IAS) 19 - Employee benefits, the Group decided to recognize the actuarial gains and losses against reserves. Previously, the Group used to defer actuarial gains and losses according to the corridor method, in which the unrecognised actuarial gains and losses that exceed 10% of the largest among between the current value of the liabilities and the fair value of the assets were recognised against the income statement according to the estimated remaining useful life of active employees.

Despite this change in accounting policy, the Bank of Portugal, for prudential purposes, allowed to continue to be used a corridor, corresponding to the higher value between i) 10% of liabilities from retirement and survival pensions, and ii) 10% of the value of the Pension Fund, as defined in the Regulation nº2/2012 from the Bank of Portugal.

Core tier 1 can also be influenced by the replacement of unrealised gains and losses which do not represent impairment on debt securities, loans and other receivables recorded in the available-for-sale portfolio, on cash-flow hedge transactions and on financial liabilities at fair value through profits and losses, net of taxes, to the extent related to own credit risk, as well as by the reversal of unrealised gains on equity securities classified as available-for-sale and loans and other receivables from the trading portfolio or measured at fair value through profits and losses.

In the second half of 2011, the Bank of Portugal established new rules which have influenced the core tier 1 of the Group:

- In November 2011, the Bank of Portugal issued a clarification regarding the Regulation nº 6/2010, determining a deduction to core tier 1 related to customers deposits contracted with interest rates of more than 300 b.p. vis-à-vis market rates (Instruction nº28/2011 from the Bank of Portugal).

- The Bank of Portugal has allowed the prudential neutralization, as from December 2011 and until June 2012, of the impacts related to the transfer of part of pension liabilities to the General Social Security Scheme and the Special Inspection Programme, carried out under the program of financial assistance to Portugal (Regulation nº1/2012 from the Bank of Portugal).

The additional elements that integrate the core tier I are preference shares, other hybrid instruments, and even some deductions taken by 50%: (i) of interests held in financial institutions (more than 10%) and insurers (at least 20%); and (ii) the shortfall of value adjustments and provisions to expected losses concerning risk-weighted exposure amounts cleared under the IRB approach.

These components are part of the upper Tier 2, except the subordinated debt, that is split between upper tier 2 (perpetual debt) and lower tier 2 (the remaining). Subordinated debt can only be included in the own funds with the agreement of the Bank of Portugal and as long as their total amount complies with the following limits: a) the tier 2 cannot surpass the amount of the tier 1 and b) the lower tier 2 cannot surpass 50% of the tier 1. Additionally, non-perpetual subordinated loans should be amortised at a 20% annual rate, during the last five years to maturity. The tier 2 is also subject to the deduction of the remaining 50% not deducted to the tier 1: (i) of interests held in financial institutions (more than 10%) and insurers (at least 20%); and (ii) the shortfall of value adjustments and provisions to expected losses concerning risk-weighted exposure amounts cleared under the IRB approach. If the amount of tier 2 is not enough to accommodate this deduction, the excess should be subtracted to the tier 1.

In order to conclude the calculation of the regulatory capital, there are still some deductions to the own funds that need to be performed, namely the amount of real-estate assets resulting from recovered loans that have exceeded the regulatory period of permanence in the Bank's accounts, the impairment concerning securitization transactions that have not reached the regulatory definition of effective risk transfer, to the extent of the amounts not recognised in the Bank's accounts, and the potential excess of exposure to risk limits in the scope of Bank of Portugal published Regulation nº7/2010.

Capital requirements have been determined in accordance with the Basel II framework since the beginning of 2008. Capital requirements for credit risk have been determined in accordance with the Regulation nº5/2007 from the Bank of Portugal, using IRB approaches to calculate minimum capital requirements for exposures managed from Portugal, covering a substantial part of the retail and corporate portfolios, and the standardised approach for the remaining portfolios and geographies.

Capital requirements for operational risk have been calculated following the standard approach described in the Regulation nº9/2007 from the Bank of Portugal, and capital requirements for the trading portfolio have been calculated according to the Regulation nº8/2007 from the Bank of Portugal, using the internal models approach to calculate capital requirements for the generic market risk of the trading portfolio, comprising the sub-portfolios managed from Portugal, related to debt instruments, capital instruments and foreign exchange risks, and the standardised approach to calculate capital requirements for the specific risk.

Additionally, in the scope of the program of financial assistance to Portugal, the Bank of Portugal established, through the Regulation nº3/2011, that financial groups should reinforce their core tier 1 ratios, on a consolidated basis, to at least 9% until 31 December 2011 and 10% until 31 December 2012. In accordance to the criteria defined by EBA , which include the capital buffer of Euros 1,165,000,000 related to sovereign risks, the BCP Group have to reach a minimum core tier 1 ratio of 9% in June 2012.

The own funds and the capital requirements determined according to the methodologies previously referred, for 31 December 2011 and 2010, are the following:

	2011 Euros '000	2010 Euros '000
Core own funds		
Paid-up capital and share premium	6,136,722	4,886,722
Reserves and retained earnings (a)	(2,183,494)	(90,174)
Non-controlling interests	542,647	493,437
Intangible assets	(250,728)	(400,802)
Net impact of accruals and deferrals (a)	904,675	(905,621)
Other regulatory adjustments	(14,326)	(17,266)
Core tier 1	5,135,496	3,966,296
Preference shares and other securities	173,409	1,935,328
Other regulatory adjustments	(521,331)	(446,482)
Total	4,787,574	5,455,142
Complementary own funds		
Upper Tier 2	65,128	77,802
Lower Tier 2	547,842	696,426
	612,970	774,228
Deductions to total own funds	(137,366)	(113,338)
Total own funds	5,263,178	6,116,032
Own funds requirements		
Requirements from Regulation no.5/2007	4,072,590	4,374,526
Trading portfolio	45,309	48,601
Operacional risk	318,519	342,032
	4,436,418	4,765,159
Capital ratios		
Core tier 1	9.3%	6.7%
Tier 1	8.6%	9.2%
Tier 2 (*)	0.9%	1.1%
Solvency ratio	9.5%	10.3%

(*) Includes deductions to total own funds

a) Following the change in accounting policy related to the pension fund described above, all actuarial gains and losses were recognised in equity and, for prudential purposes, have been deferred.

56. Accounting standards recently issued

Standards, changes and interpretations effective since 1 January 2011

The new standards and interpretations that have been issued that are already effective and that the Group has applied on its Financial Statements can be analysed as follows:

IFRS 7 – Financial instruments: Disclosures – Transfer of financial assets

The International Accounting Standards Board (IASB) has issued in October 2010, IFRS 7 – Disclosures – Transfer of financial assets, with mandatory application for financial years beginning after 1 July 2011, although early adoption is permitted.

The changes required related with the disclosures of transactions involving transfer of financial assets, namely financial assets securitization, intent to allow financial statements users to assess the risk and the impacts in the financial statements arising from those transactions.

Annual Improvement Project

In May, 2010, IASB published the Annual Improvement Project that implied 11 changes to 7 standards. The changes effective date, the early adoption possibility and the transitional requirements are defined in each standard. The majority of the changes were mandatorily applicable as of 1 January, 2011.

The adoption of these changes did not cause any major impact for the Group.

Standards, changes and interpretations issued but not effective for the Group

IFRS 9 - Financial instruments

The International Accounting Standards Board (IASB) has issued in November 2009, IFRS 9 - Financial instruments part I: Classification and measurement, which is mandatorily applicable for the financial years starting on 1 January 2015, although early adoption is permitted. In October, 2010, this standard was changed. This standard has not yet been adopted by European Union.

This standard is part of phase I of the IASB's comprehensive project to replace IAS 39 and relates to matters of classification and measurement of financial assets. The main issues considered are as follows:

The financial assets can be classified in two categories: at amortised cost or at fair value. This decision should be determined at initial recognition of the financial assets. The classification depends on the entity, business model for managing the financial instruments and the contractual cash flows associated to each financial asset;

Only debt instruments for which the contractual cash-flows represent only payments of principal and interest, which means that they contain only the basic loan features, and for which an entity holds the asset to collect the contractual cash flows, can be measured at amortised cost,. All the other debt instruments are recognised at fair value;

Equity instruments issued by third parties are recognised at fair value with subsequent changes recognised in the profit and loss. However, for equity instruments an entity could make an irrevocable option at initial recognition for fair value changes to be recognised in fair value reserves. This is a discretionary decision, not implying that all the equity instruments should be treated on this basis. Gains and losses recognised on fair value reserves cannot be recycled to profit and loss. The dividends received are recognised as income for the year;

There is no exemption that allows unquoted equity investments and related derivatives to measure at cost. However, guidance is provided on the limited circumstances in which the cost of such an instrument may be an appropriate approximation of fair value;

Changes in fair value attributable to own credit risk of financial liabilities classified as fair value through profit or loss, shall be recognised in Other comprehensive income. The remaining fair value changes related to these financial liabilities shall be recognised through profit or loss. The amounts recognised in Other comprehensive income shall not be reclassified/transferred to profit and loss.

The Group is evaluating the impact from the application of this standard.

IFRS 10 - Consolidated Financial Statements

The International Accounting Standards Board (IASB) has issued in May 2011, IFRS 10 - Consolidated Financial statements, with mandatory application for financial years beginning after 1 January 2013, although early adoption is permitted.

This IFRS defines the principle of control and establishes control as the basis for determining which entities are consolidated in the consolidated financial statements, and supersedes IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation – Special Purposes Entities.

An investor controls an investee when it is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. “De facto” control is explicitly included by this standard.

The major changes introduced by this standard are as follows: (i) a single control model is applied whether an investee should be consolidated and (ii) enhance disclosures about involvement with unconsolidated entities.

The Group is evaluating the impact from the application of this standard.

IFRS 11 – Joint Arrangements

The International Accounting Standards Board (IASB) has issued in May 2011, IFRS 11 - Joint Arrangements, with mandatory application for financial years beginning after 1 January 2013, although early adoption is permitted.

This standard supersedes IAS 31 Interest in Joint Ventures, maintaining the same definition of joint arrangements. However, two types of joint arrangements were introduced: (i) joint operations and (ii) joint ventures.

The major changes introduced by this standard are as follows: (i) an entity shall determine the type of joint arrangements in which it is involved by considering its rights and obligations. An entity shall assess its rights and obligations by considering the structure and legal form of the arrangement, the contractual terms agreed to by the parties to the arrangement and, when relevant, other facts and circumstances; (ii) mandatory application of the equity method to a joint venture, eliminating the option of the proportionate consolidation method.

IFRS 12 – Disclosures of Interests in Other Entities

The International Accounting Standards Board (IASB) has issued in May 2011, IFRS 12 - Disclosures of Interests in Other Entities, with mandatory application for financial years beginning after 1 January 2013, although early adoption is permitted.

The objective of this standard is to require an entity to disclose information regarding its involvement with consolidated entities (subsidiaries) and those that are not consolidated, namely: (i) the nature of, and risks associated with, its interest in other entities, and (ii) the effects of those interests on its financial position, financial performance and cash flows.

The Group is evaluating the impact from the application of this standard.

IFRS 13 – Fair Value Measurement

The International Accounting Standards Board (IASB) has issued in May 2011, IFRS 13 - Fair Value Measurement, with mandatory application for financial years beginning after 1 January 2013, although early adoption is permitted.

This standard presents a revised concept of fair value and determines new disclosures requirements. The main aspects considered are as follows: (i) principles of fair value, (ii) appropriate valuations techniques and fair value hierarchy and (iii) additional disclosure requirements.

The Group is evaluating the impact from the application of this standard.

IAS 27 (2011) – Separate Financial Statements

The International Accounting Standards Board (IASB) has issued in May 2011, IAS 27 – Separate Financial Statements, with mandatory application for financial years beginning after 1 January 2013, although early adoption is permitted.

IAS 27 (2011) carries forward the existing accounting and disclosure requirements of IAS 27 (2008) for separate financial statements, with some minor clarifications, as follows: (i) an entity that prepares separate financial statements shall follow all relevant IFRS standards, and (ii) disclosure requirements.

The Group is evaluating the impact from the application of this standard.

IAS 28 – Investments in Associates and Joint Ventures

The International Accounting Standards Board (IASB) has issued in May 2011, IAS 28 – Investments in Associates and Joint Ventures, with mandatory application for financial years beginning after 1 January 2013, although early adoption is permitted.

This standard replaced IAS 28 (2003) and describes the accounting treatment to be adopted by the investor in associates and joint ventures, defining the accounting requirements for applying the equity method for both associates and joint ventures.

IFRS 11 determines in which type of joint arrangements an entity is involved, and if an interest in a joint arrangement exists, an entity shall apply the equity method in the consolidated financial statements, in accordance with IAS 28 (revised in 2011), except if any exemptions are applicable, such as defined.

IFRS 12 describes the disclosure requirements.

The Group is evaluating the impact from the application of this standard.

IFRS 7 (changed) – Disclosures – Offsetting of financial assets and liabilities

The International Accounting Standards Board (IASB) has issued in May 2011, IFRS 7 – Disclosures – Offsetting of financial assets and liabilities, with mandatory application for financial years beginning after 1 January 2013, although early adoption is permitted.

This standard changed the disclosure requirements for the users of financial statements to be able to assess the effect/potential effect of the net presentation of the financial assets and liabilities in the financial position of an entity.

The Group is evaluating the impact from the application of this standard.

IAS 32 (changed) – Offsetting of financial assets and liabilities

The International Accounting Standards Board (IASB) has issued in May 2011, an amendment to IAS 32 – Offsetting of financial assets and liabilities, with mandatory application for financial years beginning after 1 January 2014, although early adoption is permitted.

This change replaced the AG38 paragraph of IAS 32 by the new AG38A-AG38F paragraphs, regarding the required conditions to be met in order to present the net position of the financial assets and liabilities in the financial position of an entity, as follows: (i) the entity currently has a legally enforceable right to set off the recognised amounts, and (ii) the entity has the intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group is evaluating the impact from the application of this standard.

57. Accounting impact arising from the inspection from the supervisory authorities

In the scope of the investigations carried out by the supervisory authorities since the end of 2007, which are described in note 58, the Bank promoted, from that date, an internal investigation in relation to the transactions realised 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 offshore 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 operation, 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 operation, 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 Millennium bcp Imobiliária (then named Comercial Imobiliária, S.A.), for Euros 26 million, and a real estate portfolio for Euros 61 million.

Regarding the above mentioned restructuring operation, GI, through Millennium bcp Imobiliária issued commercial paper in the amount of Euros 210 million subscribed by BCP Group and that in 2005 was contributed in kind to the Banco Comercial Português Group Pension Fund and together with shares issued by quoted companies. After this contribution, and as a result of the communication by Millennium bcp Imobiliária that it was not able to repay its debts, the Pensions Fund registered an actuarial loss in the approximate amount of Euros 115,000,000 in 2006 and 2007 related to the commercial paper issued by Millennium bcp Imobiliária. Following the change in the accounting policy described in note 1, the unamortised value was recognised against reserves together with the remaining actuarial gains and losses.

Considering the significant exposure of the Group towards GI and the real-estate sector in which this entity operates, in 2005, the Bank allocated a provision, in the amount of Euros 85 million, to the existing loans resulting from the above referred transactions.

In June 2006, the Group, which previously had acquired a minority shareholding of 11.5% in Millennium bcp Imobiliária, granted shareholders loans to this entity, in the amount of Euros 300 million, in order to allow Millennium bcp 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 Euros 305 million.

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 Millennium bcp Imobiliária share capital which at that date held an economic interest of 54% in the Baia de Luanda Project, as a repayment of the residual loan, which amounted to Euros 61 million, which, in June 2007, extinguished the remaining of the above mentioned net liabilities assumed in the amount of Euros 450 million. As a result of this transaction, BCP become owner of 90% of Millennium bcp Imobiliária share capital and, indirectly, of 54% of the future economic benefits of the above mentioned project, which were subject to full consolidation method in accordance with the accounting policy described in note 1 b).

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 Group decided to consider a more prudent interpretation, regarding the risks identified, the nature of the transactions and restructurings which occurred, and recorded an adjustment of Euros 300 million with effect at 1 January 2006, with a net impact of Euros 220.5 million after considering the tax effect.

As referred to in note 58, 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. As referred also in note 58, as at 12 December 2008, the Group was notified for the administrative proceeding no. 24/07/CO constituted by the Bank of Portugal and for the administrative proceeding no. 41/2008 constituted by CMVM related to the inquiry processes referred above. The Bank maintains the position of contesting any infractions attributed to this matter considering the legal terms applicable. Notwithstanding this fact, the Executive Board of Directors considers that the financial statements for the periods between 2007 and 2010 include, in all material respects the disclosures regarding the impact on the financial position of the Group of the referred matters, as disclosed in note 58. The Executive Board of Directors remains in contact with the Supervision Authorities regarding this subject.

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**
Previously 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

Banco Comercial Português, S.A. during 2009, after analysing the market conditions and the development perspectives of the Luanda Bay Urban Requalification Project ("Baía de Luanda Project"), decided to reduce the Group's shareholder participation in the project to 10%, through the sale to the angolan company Finicapital - Investimentos e Gestão S.A. This sale will generate a cash inflow of approximately 100,000,000 USD, giving place to a gain of Euros 57,196,000.

According to the characteristics of the agreement, and in accordance with the accounting policy described in note 1 b), the investment is now consolidated through the equity method.

Banco Comercial Português considers that the participation maintained in the Baía de Luanda project will allow the Group to keep a relevant presence in a highly important project to Angola. Additionally to that, the Group maintains the expectation that the Baia de Luanda Project will generate results in the future, which will be registered against results of the Bank in the years that are generated.

58. Administrative proceedings

1. At the end of the year of 2007, the Bank received a formal notice dated of 27 December 2007 informing that administrative proceedings no. 24/07/CO were brought by Banco de 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 Banco de Portugal, in particular in what respects to the amount of own funds and breach of prudential obligations”.

A press release issued by Banco de Portugal on 28 December 2007 mentioned that such administrative proceedings were initiated “based in facts related with 17 off-shore entities, whose nature and activities were always hidden from Banco de Portugal, in particular in previous inspections carried out”.

On 12 December 2008, the Bank was notified of an accusation under the administrative proceedings no. 24/07/CO instructed by Banco de Portugal, in which this Authority charges the Bank with the practice of six administrative offences regulated by paragraph g) and three administrative offences regulated by paragraph r) of article 211 of the Legal Framework for Credit Institutions and Financial Companies (LFCIFC).

The offences, should the charges be proven true, would be the following:

a) Failure to comply with the applicable accounting rules, determined by law or by Banco de Portugal, that do not cause serious damages to the knowledge of the company's assets and financial standing is an administrative offence regulated in article 210 (f) of the LFCIFC, whereby companies are punished by a fine between Euros 750 and Euros 750,000. However, if such conduct causes serious damages, it may become the offence regulated in article 211 (g) of the LFCIFC, whereby companies are punished by a fine between Euros 2,500 and Euros 2,494,000.

b) the (i) omission of information and communications to Banco de Portugal, within the due deadlines or (ii) the provision of incomplete information are offences regulated in article 210 (h – presently amended to i) of the LFCIFC, whereby companies are punished by a fine between Euros 750 and Euros 750,000. However, the (i) provision of false information or (ii) of incomplete information to Banco de Portugal that may lead to wrongful conclusions with the same or similar effect as false information regarding that subject are offences regulated in article 211 (r) of the LFCIFC, whereby companies are punished by a fine between Euros 2,500 and Euros 2,494,000.

According to the charges, each offence is punishable by a fine between Euros 2,493.99 and Euros 2,493,989.49, and pursuant to the rules on accrued offences, defined in article 19 (1 and 2), of the Portuguese regime on administrative offences (Regime Geral das Contra-ordenações), in case of conviction for several offences, there shall be a single fine, the maximum amount of which cannot surpass twice the highest limit of the accrued offences.

On March 2009, the Bank did not accept the charges or accusations made and provided defence under these administrative proceedings within due term.

On 12 May 2010, the Bank was notified of the contents of the decision that, within the scope of the proceedings, was issued by the Board of Directors of Banco de Portugal, applying to it, as primary sanction, a single fine of Euros 5,000,000.

Different fines were applied to the remaining defendants as primary sanctions, globally amounting to Euros 4,470,000. The Board of Directors of Banco of Portugal decided to file the proceedings relating to a former Director and a Manager.

The Bank objected to this decision and has already been informed of the decision to accept the legal objections presented by all the defendants.

The trial hearing began in April 2011 and in September, the Court heard the witnesses so as to better appraise the validity of the documentation provided with the claims and their eventual nullity as evidence due to violation of banking secrecy.

After the hearing, the Court issued a decision dated of 7 October 2011 declaring that the evidence was null and therefore the entire process was annulled.

The Public Prosecutor and the Banco of Portugal appealed this decision and the appeal and replies to the allegations made by BCP and the other defendants have already been accepted.

The Bank is waiting for the process to go to Tribunal da Relação (Lisbon court of appeals) for appraisal.

2. On 12 December 2008, the Bank was notified by the CMVM of the accusation under the administrative proceedings no. 41/2008 wherein it was charged with seven administrative offences for the alleged violation of article 7 of the Securities Code (CVM) and of article 389 (1) (a) of that Code.

In accordance with article 7 of the CMVM the information relating to financial instruments, organised trading methods, the activities of financial intermediation, the settlement, clearing of operations, public offers of securities and issuers must be complete, true, updated, objective, clear and lawful.

The Bank did not accept the charges brought against it and has provided, on 27 January 2009, its defence under the administrative proceedings in question.

Banco Comercial Português was notified on 26 June 2009 of CMVM's decision, within the scope of the administrative offence proceedings no. 41/2008, to apply a single fine of Euros 5,000,000 with the partial suspension of the sentence's execution for Euros 2,500,000 for a two-year term. The fine would be applied in its full amount if, during the suspension time the bank practiced any criminal or administrative offence, as foreseen in the Securities Code and it was timely disclosed.

The Bank did not accept this accusation and opposed it on 24 July 2009.

On 21 July 2010, the Tribunal de Pequena Instância de Lisboa (court of Lisbon for minor offences) pronounced the sentence on the proceedings partially approving the appeal regarding the suspension of Euros 2,500,000 for a two-year period and confirmed the CMVM's decision in all the remainder.

The Bank appealed to the Tribunal Constitucional (constitutional court) in April and the appeal was not accepted.

In April 2011, the BCP has appealed to the Tribunal Constitucional (constitutional court). On 15 February 2012, the judgment of the Tribunal Constitucional (constitutional court) dismissed the normative question of unconstitutionality alleged by the Bank. After the decision becomes final, the Bank will have to pay part of the fine which execution was not suspended, in the amount of Euros 2,500,000.

3. Previously, on 21 December 2007, CMVM had 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 offshore 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 offshore 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 offshore entities, and that it had power to control the life and business of such entities;

d) Thus, such transactions are in fact a 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; and

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; and

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 Banco de Portugal within the framework of the latter’s powers.”

4. On July 2009, the Bank was notified of the accusation deducted by Public Ministry in a criminal process against five former members of the Board of Directors of the Bank, related mainly to the above mentioned facts and note 57, and to present in this process a request for an indemnity.

Considering this notification, and although considering as reproduced the contents of the defence presented in the above mentioned administrative proceedings, the Bank decided, in order to avoid any risk of a future allegation of loss of the right to an indemnity that may occur if no recourse is presented in this process, to present legal documentation regarding: (i) the recognition of its right, in a later period namely following the final identification of the facts, present a separate process in civil courts requesting an indemnity and (ii) additionally and cautiously, if the right to the request of a separate indemnity process in civil courts is not recognised, a civil indemnity according to the facts and terms mentioned in the accusation, if they are proven.

On 19 July 2011 the Bank was notified of the decision of the 8ª Vara Criminal de Lisboa (Lisbon criminal court section) to recognise that the Bank could present an eventual request for civil indemnity separately. One of the Defendants appealed this decision to the Court of Appeals. The parties are waiting for a decision to be made thereon.

59. Sovereign debt of European Union countries subject to bailout

As at 31 December 2011, the exposure of the Group to sovereign debt of European Union countries subject to bailout is as follows:

	31 December 2011					
Issuer / Portfolio	Book value Euros '000	Fair value Euros '000	Fair value reserves Euros '000	Average interest rate %	Average maturity Years	Fair value measurement levels
Portugal						
Financial assets held for trading	573,993	573,993	-	4.29%	1.6	1
Financial assets available for sale	2,105,318	2,105,318	(174,728)	3.35%	3.4	1
Held to maturity financial assets	2,026,266	1,514,824	-	4.80%	3.3	n.a.
	4,705,577	4,194,135	(174,728)			
Greece						
Financial assets held for trading	3,313	3,313	-	4.83%	0.5	1
Financial assets available for sale	73,634	73,634	15	4.82%	0.2	1
Held to maturity financial assets	182,188	182,188	-	3.96%	3.2	n.a.
	259,135	259,135	15			
Ireland						
Held to maturity financial assets	210,972	192,973	-	4.00%	2.0	n.a.
	210,972	192,973	-			
	5,175,684	4,646,243	(174,713)			

The value of the securities includes the respective accrued interest.

As at 31 December 2010, the exposure of the Group to sovereign debt of European Union countries subject to bailout is as follows:

	31 December 2010					
Issuer / Portfolio	Book value Euros '000	Fair value Euros '000	Fair value reserves Euros '000	Average interest rate %	Average maturity Years	Fair value measurement levels
Portugal						
Financial assets held for trading	3,448,432	3,448,432	-	2.93%	2.9	1
Financial assets available for sale	22,431	22,431	(811)	4.87%	1.7	1
Held to maturity financial assets	2,283,648	2,137,362	-	4.57%	3.9	n.a.
	5,754,511	5,608,225	(811)			
Greece						
Financial assets held for trading	11,961	11,961	-	4.63%	0.3	1
Held to maturity financial assets	713,227	538,619	-	3.86%	4.2	n.a.
	725,188	550,580	-			
Ireland						
Held to maturity financial assets	212,597	188,975	-	4.00%	3.0	n.a.
	212,597	188,975	-			
	6,692,296	6,347,780	(811)			

The value of the securities includes the respective accrued interest.

As at 31 December 2011, the exposure registered in the balances Loans and advances to customers and Guarantees and future commitments, related to State and other public entities of the European Union countries subject to bailout is presented as follows:

	2011	
	Loans and advances to customers Euros '000	**Guarantees and future commitments Euros '000**
Portugal	427,399	17,749
Greece	6,364	375
	433,763	18,124

As at 31 December 2011, other exposures to sovereign risk of European Union countries subject to bailout are presented as follows:

	2011	
	Notional amount Euros '000	**Fair value Euros '000**
Greece		
Credit Default Swaps	148,250	(79,220)
Irland		
Credit Default Swaps	57,000	(6,386)
	205,250	(85,606)

The value of derivatives includes the respective accrued interest.

The values for the "Credit Default Swaps", identified in the tables above, are economically offset by other symmetrical "Credit Default Swaps" or "Credit Linked Notes" issued by the Group and for which is applied the "Fair Value Option" or are being detached embedded derivatives associated, so that, in net terms, the Group is not exposed to the risks underlying sovereign risks.

The evolution of the European Union sovereign debt crisis and specifically the economic and political environment in Greece have contributed to the continuous deterioration of economic and financial situation of Greece and the incapacity to obtain funds from the capital markets, which implies that the short term solvency of the country is dependent on the continuous support by EU and IMF.

Considering this environment, the balance Impairment of Financial assets corresponds to the impairment recognised on Greek sovereign debt during 2011, as referred in note 13. Impairment was determined considering the terms of the agreement established between the Greek state and the private sector, related with the restructuring of the Greek sovereign debt (‘GGBs’). The key terms for private sector involvement (‘PSI’) in the above mentioned restructuring, announced by the Greek Ministry of Finance in 21 February 2012, are as follows:

a) Holders of GGBs will exchange their existing GGBs for:

- New GGBs with a face amount equal to 31.5% of the par amount of the old GGBs.
- Notes issued by the European Financial Stability Facility (EFSF) with a face amount equal to 15% of par of the old GGBs. The notes will bear a market rate of interest and mature within 24 months.

b) The new GGBs will have the following key terms:

- Initial annual coupons of 2% increasing to 3% and then 4.3%.
- Repayment of principal in 20 annual installments commencing on the 11th anniversary of the issue date with final maturity in 2042.

- Aggregated collective action clauses.
- Listing on the Athens stock Exchange.
- Issues covered by English law.
- Detachable GDP-linked securities entitling the holder to an additional annual coupon of 1% if specified GDP targets are met.

The PSI is part of an European Union Euro 130 billion bailout package for Greece which requires parliamentary approval of Eurozone countries.

BCP Group decided to accept the terms of the Offer and the exchange occurred in 12 March 2012.

For the purposes of determining impairment the Group considered the terms and conditions of the PSI and also paragraph AG 84 of IAS 39 that considers reasonable that, for the portfolio of assets held to maturity when, for practical reasons, there are relevant uncertainties regarding the estimate of future cash-flows, impairment can be determined based on observable market prices.

Considering the available information regarding the new bonds, the fair value corresponds to approximately 23% of the book value of the old GGB.

Considering this estimate, the Group recognised in 2011, an amount of impairment of Euros 532,665,000, which corresponds, as at 31 December 2011 to 77% of the nominal amount of the debt.

As at 31 December, 2011, the financial position of Millennium Bank (Greece) is as follows:

	Euros '000
Cash and deposits at central banks	166,298
Loans and advances to credit institutions	957,037
Loans and advances to customers	4,653,552
Securities	439,953
Other assets	146,752
Total assets	6,363,592
Deposits from central banks	607,092
Deposits from customers	2,018,672
Deposits from customers	2,939,172
Debt securities issued	150,397
Financial liabilities held for trading	110,240
Other liabilities	63,994
Total Liabilities	5,889,567
Share capital	199,580
Share premium	362,766
Reserves and retained earnings	(88,387)
Non-controlling interests	66
Total Equity	474,025
Total Equity and liabilities	6,363,592

60. Impact of change in accounting policy for recognition of actuarial gains and losses related to defined benefit plan

According to one of the options allowed by IAS 19 Employee Benefits, the Group decided in 2011 for a change in accounting policy starting to recognise the actuarial gains and losses against reserves. In accordance with IAS 8, this change in accounting policy is presented for comparative purposes from 1 January 2010, recognising in that date all the deferred actuarial gains and losses in equity.

Previously, the Group proceeded to the deferral of actuarial gains and losses determined in accordance with the corridor method. Under the corridor method, actuarial gains and losses not recognised that exceed 10% of the greater of the present value of the liabilities and the fair value of the Fund's assets were recorded in the income statement for the period corresponding to the remaining estimated useful life of the employees.

Thus, as described in notes 1, 31 and 51 the balance reserves and retained earnings includes, with effect from 1 January 2010, the restatement resulted from the referred changing in the accounting policy. The restatement is analysed as follows:

	Restated		
	Equity 31.12.2010 Euros '000	**Net income 2010 Euros '000**	**Equity 01.01.2010 Euros '000**
Previously reported	6,749,975	301,612	6,876,496
Adjustments:			
Actuarial deferred gains and losses	(1,965,766)	-	(1,514,717)
Deferred taxes	287,046	-	206,664
Amortization of deferred actuarial losses	42,845	42,845	-
	(1,635,875)	42,845	(1,308,053)
Restated	5,114,100	344,457	5,568,443

61. Capital Plan

The Bank presented as at 31 December 2011, a Core Tier I ratio above 9% according to the requirements set by the Banco of Portugal, as mentioned in note 55.

On 3 February 2012, the Chairman of the Supervisory Board of Banco Comercial Português, having the concurrence of the main shareholders, hereby confirms that, meeting the criteria of Basel 2.5, translated in the EBA's requirements for the Core Tier 1 ratio on 30 June 2012, and the prudential demands made by Banco de Portugal for the end of 2012, Banco Comercial Português submitted to Banco de Portugal a Capital Plan on 20 January 2012, as per the EBA's recommendation of 8 December.

The Capital Plan delivered involves two components:

a) Increasing the share capital, with preference right, to be subscribed by private shareholders, so as to assure permanent own funds. Besides the concurrence of current shareholders, Banco Comercial Português received several assurances that allow it to count on the participation of reference investors in a future share capital increase.

b) Acceptance of the use of temporary public recapitalization and refundable under Law 63-A/2008.

The completion of the Capital Plan to be agreed with the competent authorities and submitted to the analysis and approval of a General Meeting specifically convened for that purpose, will be carried out within the deadlines and under the terms and conditions defined.

As of today, the plan is subject to approval by the Bank of Portugal and by EBA.

62. BCP list of subsidiary and associated companies

As at 31 December 2011 the Banco Comercial Português Group's subsidiary companies included in the consolidated accounts using the full consolidation method according, were as follows:

Subsidiary companies	Head office	Share capital	Currency	Activity	Group % control	Group % held	Bank % held
Millennium bcp Gestão de Activos - Sociedade Gestora de Fundos de Investimento, S.A.	Oeiras	6,720,691	EUR	Investment fund management	100.0	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	100.0
BII Investimentos International, S.A.	Luxembourg	150,000	EUR	Investment fund management	100.0	100.0	–
BCP Capital - Sociedade de Capital de Risco, S.A.	Lisbon	28,500,000	EUR	Venture capital	100.0	100.0	100.0
Banco de Investimento Imobiliário, S.A.	Lisbon	217,000,000	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	George Town	25,000	USD	Investment	100.0	100.0	–
Banco ActivoBank, S.A.	Lisbon	41,000,000	EUR	Banking	100.0	100.0	–
BIM - Banco Internacional de Moçambique, S.A.	Maputo	4,500,000,000	MZN	Banking	66.7	66.7	–
Banco Millennium Angola, S.A.	Luanda	3,809,398,820	AOA	Banking	52.7	52.7	52.7
Bank Millennium, S.A.	Warsaw	1,213,116,777	PLN	Banking	65.5	65.5	65.5
Millennium TFI - Towarzystwo Funduszy Inwestycyjnych, S.A.	Warsaw	10,300,000	PLN	Investment fund management	100.0	65.5	–
Millennium Dom Maklerski, S.A.	Warsaw	16,500,000	PLN	Broker	100.0	65.5	–
Millennium Leasing, Sp.z o.o.	Warsaw	48,195,000	PLN	Leasing	100.0	65.5	–
BBG Finance BV	Rotterdam	18,000	EUR	Investment	100.0	65.5	–
TBM Sp.z o.o.	Warsaw	500,000	PLN	Advisory and services	100.0	65.5	–
MB Finance AB	Stockholm	500,000	SEK	Investment	100.0	65.5	–
Millennium Service, Sp.z o.o.	Warsaw	1,000,000	PLN	Services	100.0	65.5	–
Millennium Telecomunication, Sp.z o.o.	Warsaw	100,000	PLN	Broker	100.0	65.5	–
BG Leasing, S.A.	Gdansk	1,000,000	PLN	Leasing	74.0	48.5	–
Banque Privée BCP (Suisse) S.A.	Geneve	70,000,000	CHF	Banking	100.0	100.0	–
Millennium Bank, Societe Anonyme	Athens	199,580,000	EUR	Banking	100.0	100.0	–

Subsidiary companies	Head office	Share capital	Currency	Activity	Group % control	Group % held	Bank % held
Millennium Fin Commerce of Vehicles, Vessels, Devices and Equipment, Societe Anonyme	Athens	759,980	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.	Bucharest	259,695,000	RON	Banking	100.0	100.0	–
Millennium bcp Participações, S.G.P.S., Sociedade Unipessoal, Lda.	Funchal	25,000	EUR	Holding company	100.0	100.0	100.0
Bitalpart, B.V.	Rotterdam	19,370	EUR	Holding company	100.0	100.0	100.0
BCP Investment B.V.	Amsterdam	620,774,050	EUR	Holding company	100.0	100.0	100.0
ALO Investments B.V.	Amsterdam	18,000	EUR	Holding company	100.0	100.0	–
bcp holdings (usa), Inc.	Newark	250	USD	Holding company	100.0	100.0	–
MBCP REO I, LLC	Delaware	370,174	USD	Real-estate management	100.0	100.0	–
MBCP REO II, LLC	Delaware	924,804	USD	Real-estate management	100.0	100.0	–
Millennium bcp Bank & Trust	George Town	340,000,000	USD	Banking	100.0	100.0	–
BCP Finance Bank, Ltd.	George Town	246,000,000	USD	Banking	100.0	100.0	–
BCP Finance Company	George Town	202,176,173	EUR	Investment	100.0	15.3	–
Millennium BCP - Escritório de Representações e Serviços, Ltda.	Sao Paulo	36,520,000	BRL	Financial Services	100.0	100.0	100.0
Millennium BCP - Serviços de Comércio Electrónico, S.A.	Lisbon	50,004	EUR	Videotext services	100.0	100.0	100.0
Caracas Financial Services, Limited	George Town	25,000	USD	Financial Services	100.0	100.0	100.0
Millennium bcp Imobiliária, S.A.	Lisbon	50,000	EUR	Real-estate management	99.9	99.9	99.9
Millennium bcp - Prestação de Serviços, A. C. E.	Lisbon	331,000	EUR	Services	91.5	92.2	73.5
Servitrust - Trust Management Services S.A.	Funchal	100,000	EUR	Trust services	100.0	100.0	100.0
Imábida - Imobiliária da Arrábida, S.A.	Oeiras	1,750,000	EUR	Real-estate management	100.0	100.0	100.0
QPR Investmentos, S.A.	Lisbon	50,000	EUR	Advisory and services	100.0	100.0	100.0
Propaço- Sociedade Imobiliária De Paço D'Arcos, Lda	Oeiras	5,000	EUR	Real-estate company	52.7	52.7	52.7

The Group also consolidates under full consolidation method the following Investment Funds: "Fundo de Investimento Imobiliário Imosotto Acumulação", "Fundo de Investimento Imobiliário Gestão Imobiliária", "Fundo de Investimento Imobiliário Imorenda", "Fundo Especial de Investimento Imobiliário Oceânico II", "Fundo Especial de Investimento Imobiliário Fechado Stone Capital", "Fundo Especial de Investimento Imobiliário Fechado Sand Capital" and "Fundo de Investimento Imobiliário Fechado Gestimo and M Inovação - Fundo de Capital de Risco BCP Capital as referred in the accounting policy presented in note 1 b).

As at 31 December 2011 the associated companies, were as follows:

Associated companies	Head office	Share capital	Currency	Activity	Group % control	Group % held	Bank % held
Academia Millennium Atlântico	Luanda	47,500,000	AOA	Education	33.0	17.4	–
ACT-C-Indústria de Cortiças, S.A.	Sta.Maria Feira	17,923,625	EUR	Extractive industry	20.0	20.0	20.0
Baía de Luanda - Promoção, Montagem e Gestão de Negócios, S.A.	Luanda	19,200,000	USD	Services	10.0	10.0	–
Banque BCP, S.A.S.	Paris	76,104,114	EUR	Banking	19.9	19.9	19.9
Banque BCP (Luxembourg), S.A.	Luxembourg	13,750,000	EUR	Banking	19.9	19.9	–
Constellation, S.A.	Maputo	1,053,500,000	MZN	Real-estate	20.0	12.0	–
Beira Nave	Maputo	2,849,640	MZN	Electronic equipments	22.8	13.7	–
Luanda Waterfront Corporation	George Town	10,810,000	USD	Services	10.0	10.0	–
Lubuskie Fabryki Mebli, S.A.	Swiebodzin	13,400,050	PLN	Furniture manufacturer	50.0	32.8	–
Pomorskie Hurtowe Centrum Rolno - Spożywcze S.A.	Gdansk	21,357,000	PLN	Wholesale business	38.4	25.2	–
Nanium, S.A.	Vila do Conde	15,000,000	EUR	Electronic equipments	41.1	41.1	41.1
SIBS - Forward Payment Solutions, S.A.	Lisbon	24,642,300	EUR	Banking services	21.9	21.9	21.5
Sicit - Sociedade de Investimentos e Consultoria em Infra-Estruturas de Transportes, S.A	Oeiras	50,000	EUR	Advisory and services	25.0	25.0	25.0
UNICRE - Instituição Financeira de Crédito, S.A.	Lisbon	10,000,000	EUR	Credit cards	32.0	32.0	31.7
VSC - Aluguer de Veículos Sem Condutor, Lda.	Lisbon	12,500,000	EUR	Long term rental	50.0	50.0	–

As at 31 December 2011 the Banco Comercial Português Group's subsidiary and associated insurance companies included in the consolidated accounts under the full consolidation method and equity method were as follows:

Subsidiary companies	Head office	Share capital	Currency	Activity	Group % control	Group % held	Bank % held
S&P Reinsurance Limited	Dublin	1,500,000	EUR	Life reinsurance	100.0	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 Ageas Grupo Segurador, S.G.P.S., S.A.	Lisbon	1,000,002,375	EUR	Holding company	49.0	49.0	–
Médis - Companhia Portuguesa 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	–

Banco Comercial Português, S.A.

FINANCIAL STATEMENTS

31 December
2 0 1 1

BANCO COMERCIAL PORTUGUÊS, S.A.

Income Statement
for the years ended 31 December, 2011 and 2010

	Notes	2011	2010
		(Thousands of Euros)	
Interest and similar income	3	3,209,123	2,392,502
Interest expense and similar charges	3	(2,308,230)	(1,509,869)
Net interest income		900,893	882,633
Dividends from equity instruments	4	297,280	489,910
Net fees and commissions income	5	560,818	569,206
Net gains / (losses) arising from trading and hedging activities	6	(179,370)	142,370
Net gains / (losses) arising from available for sale financial assets	7	(179,101)	(26,619)
Other operating income	8	21,941	54,610
Total operating income		1,422,461	2,112,110
Staff costs	9	661,628	527,609
Other administrative costs	10	346,024	359,714
Depreciation	11	39,353	44,632
Operating expenses		1,047,005	931,955
Operating net income before provisions and impairments		375,456	1,180,155
Loans impairment	12	(802,412)	(762,800)
Other financial assets impairment	13	(429,855)	(26,157)
Other assets impairment	26 and 30	(134,736)	(57,846)
Other provisions	14	131,321	80,494
Operating net income		(860,226)	413,846
Gains / (losses) from the sale of subsidiaries and other assets	15	(913)	(151,681)
Net income before income tax		(861,139)	262,165
Income tax			
Current	16	(1,172)	(2,124)
Deferred	16	393,784	83,048
Net income for the year		(468,527)	343,089
Earnings per share (in Euros)	17		
Basic		(0.08)	0.06
Diluted		(0.08)	0.06

CHIEF ACCOUNTANT THE EXECUTIVE BOARD OF DIRECTORS

See accompanying notes to the individual financial statements

BANCO COMERCIAL PORTUGUÊS, S.A.

Balance Sheet as at 31 December, 2011, 2010 and 1 January, 2010

	Notes	2011	2010	1 Jan 2010
			(Thousands of Euros)	
Assets				
Cash and deposits at central banks	18	1,035,629	472,625	1,154,246
Loans and advances to credit institutions				
Repayable on demand	19	1,207,141	1,250,283	1,101,009
Other loans and advances	20	12,313,451	9,003,096	8,673,113
Loans and advances to customers	21	48,466,502	52,998,550	55,700,740
Financial assets held for trading	22	2,492,421	5,242,772	2,791,244
Other financial assets held for trading				
at fair value through profit or loss		-	-	60,413
Financial assets available for sale	22	15,987,443	15,148,523	11,726,323
Hedging derivatives	23	463,734	440,614	344,403
Financial assets held to maturity	24	5,086,001	6,480,525	1,780,256
Investments in associated companies	25	3,986,207	3,907,836	4,635,062
Non current assets held for sale	26	945,115	853,718	696,438
Property and equipment	27	331,324	359,357	385,905
Goodwill and intangible assets	28	10,875	9,741	9,973
Current income tax assets		9,599	11,453	13,225
Deferred income tax assets	29	1,611,237	1,121,879	838,200
Other assets	30	3,805,995	3,388,646	2,599,441
		97,752,674	100,689,618	92,509,991
Liabilities				
Deposits from credit institutions	31	23,265,368	27,420,661	20,287,854
Deposits from customers	32	32,717,867	31,366,731	33,251,606
Debt securities issued	33	16,984,232	14,416,717	13,522,836
Financial liabilities held for trading	34	1,775,312	1,384,125	1,296,231
Other financial liabilities held for trading				
at fair value through profit or loss	35	2,537,717	3,079,851	5,018,449
Hedging derivatives	23	64,041	27,889	11,445
Provisions for liabilities and charges	36	501,797	733,635	776,484
Subordinated debt	37	2,796,939	3,388,038	3,597,601
Current income tax liabilities		897	703	100
Other liabilities	38	12,591,377	13,889,085	9,388,165
Total Liabilities		93,235,547	95,707,435	87,150,771
Equity				
Share capital	39	6,065,000	4,694,600	4,694,600
Treasury stock	42	(989)	(3,727)	(10,355)
Share premium		71,722	192,122	192,122
Other capital instruments	39	9,853	1,000,000	1,000,000
Fair value reserves	41	(342,304)	(174,419)	11,787
Reserves and retained earnings	41	(817,628)	(1,069,482)	(528,934)
Net income for the year		(468,527)	343,089	-
Total Equity		4,517,127	4,982,183	5,359,220
		97,752,674	100,689,618	92,509,991

CHIEF ACCOUNTANT

THE EXECUTIVE BOARD OF DIRECTORS

See accompanying notes to the individual financial statements

BANCO COMERCIAL PORTUGUÊS, S.A.

Cash Flows Statement
for the years ended 31 December, 2011 and 2010

	2011	2010
	(Thousands of Euros)	
Cash flows arising from operating activities		
Interest income received	2,420,716	2,048,893
Commissions income received	694,875	681,533
Fees received from services rendered	85,584	52,294
Interest expense paid	(2,123,881)	(1,440,610)
Commissions expense paid	(122,416)	(98,737)
Recoveries on loans previously written off	16,064	25,974
Payments to suppliers and employees	(1,065,051)	(1,121,534)
	(94,109)	147,813
Decrease / (increase) in operating assets:		
Loans and advances to credit institutions	(3,766,981)	835,637
Deposits with Central Banks under monetary regulations	(121,624)	(445,139)
Loans and advances to customers	4,140,564	1,966,814
Short term trading account securities	2,711,434	(2,235,580)
Increase / (decrease) in operating liabilities:		
Deposits from credit institutions repayable on demand	(1,486,620)	337,940
Deposits from credit institutions with agreed maturity date	(2,923,150)	5,730,913
Deposits from clients repayable on demand	(1,200,163)	(1,654,727)
Deposits from clients with agreed maturity date	2,551,175	(222,687)
	(189,474)	4,460,984
Income taxes (paid) / received	3,082	4,126
	(186,392)	4,465,110
Cash flows arising from investing activities		
Proceeds from sale of shares in subsidiaries and associated companies	-	21,704
Acquisition of shares in subsidiaries and associated companies	(911)	(196,127)
Dividends received	297,280	489,910
Interest income from available for sale financial assets	621,083	269,940
Proceeds from sale of available for sale financial assets	20,308,281	15,510,436
Available for sale financial assets purchased	(25,937,112)	(15,480,687)
Proceeds from available for sale financial assets on maturity	4,559,276	158,405
Acquisition of fixed assets	(19,209)	(28,595)
Proceeds from sale of fixed assets	4,251	6,182
Increase / (decrease) in other sundry assets	(425,831)	(4,617,141)
	(592,892)	(3,865,973)
Cash flows arising from financing activities		
Issuance of subordinated debt	337,200	95,000
Reimbursement of subordinated debt	(869,300)	(360,831)
Issuance of debt securities	6,046,935	3,319,868
Reimbursement of debt securities	(4,459,829)	(3,020,681)
Proceeds from issuance of commercial paper	3,347,962	4,106,647
Repayment of commercial paper	(2,228,246)	(4,077,418)
Share capital increase	249,991	-
Dividends paid	-	(89,095)
Increase / (decrease) in other sundry liabilities and minority interests	(1,747,191)	(450,105)
	677,522	(476,615)
Net changes in cash and equivalents	(101,762)	122,522
Cash and equivalents balance at the beginning of the year	1,654,774	1,532,252
Cash (note 18)	345,871	404,491
Other short term investments (note 19)	1,207,141	1,250,283
Cash and equivalents balance at the end of the year	1,553,012	1,654,774

See accompanying notes to the individual financial statements

BANCO COMERCIAL PORTUGUÊS, S.A.

Statement of Changes in Equity
for the years ended 31 December, 2011 and 2010

(Amounts expressed in thousands of Euros)

	Total equity	Share capital	Other capital instruments	Share premium	Legal and statutory reserves	Fair value reserves	Other reserves and retained earnings	Treasury stock
Balance on 31 December, 2009	6,660,117	4,694,600	1,000,000	192,122	435,410	11,787	336,553	(10,355)
Changes in the acconting policy of recognition of the actuarial gains/losses (note 56)	(1,300,897)	-	-	-	-	-	(1,300,897)	-
Balance on 1 January, 2010	5,359,220	4,694,600	1,000,000	192,122	435,410	11,787	(964,344)	(10,355)
Transfers of reserves:								
Legal reserve	-	-	-	-	20,632	-	(20,632)	-
Statutory reserve	-	-	-	-	10,000	-	(10,000)	-
Dividends paid in 2010	(89,095)	-	-	-	-	-	(89,095)	-
Net income for the year	343,089	-	-	-	-	-	343,089	-
Actuarial losses for the year (note 48)	(368,711)	-	-	-	-	-	(368,711)	-
Costs related to the issue of perpetual subordinated Instruments	(70,000)	-	-	-	-	-	(70,000)	-
Tax related to the costs and interests of the issue of perpetual subordinated Instruments	17,526	-	-	-	-	-	17,526	-
Treasury stock	6,628	-	-	-	-	-	-	6,628
Fair value reserves (note 41)	(186,206)	-	-	-	-	(186,206)	-	-
Amortization of the transition adjustment to pensions (Regulation no.12/01)	(40,625)	-	-	-	-	-	(40,625)	-
Deferred taxes related to balance sheet changes charged against reserves	10,504	-	-	-	-	-	10,504	-
Other reserves (note 41)	(147)	-	-	-	-	-	(147)	-
Balance on 31 December, 2010	4,982,183	4,694,600	1,000,000	192,122	466,042	(174,419)	(1,192,435)	(3,727)
Transfers to reserves (note 41):								
Legal reserve	-	-	-	-	30,065	-	(30,065)	-
Statutory reserve	-	-	-	-	10,000	-	(10,000)	-
Share capital increase through the issue of 2,512,567,060 shares, conversion of perpetual subordinated securities and incorporation of reserves (note 39)	259,853	1,370,400	(990,147)	(120,400)	-	-	-	-
Costs related to the share capital increase	(9,862)	-	-	-	-	-	(9,862)	-
Net income for the year	(468,527)	-	-	-	-	-	(468,527)	-
Actuarial losses for the year (note 48)	(32,174)	-	-	-	-	-	(32,174)	-
Interest charge related to the issue of perpetual subordinated Instruments	(21,595)	-	-	-	-	-	(21,595)	-
Tax related to the interests on the issue of perpetual subordinated Instruments	5,421	-	-	-	-	-	5,421	-
Treasury stock	2,738	-	-	-	-	-	-	2,738
Fair value reserves (note 41)	(167,885)	-	-	-	-	(167,885)	-	-
Amortization of the transition adjustment to pensions (Regulation no.12/01)	(40,621)	-	-	-	-	-	(40,621)	-
Deferred taxes related to balance sheet changes charged against reserves	11,497	-	-	-	-	-	11,497	-
Other reserves (note 41)	(3,901)	-	-	-	-	-	(3,901)	-
Balance on 31 December, 2011	4,517,127	6,065,000	9,853	71,722	506,107	(342,304)	(1,792,262)	(989)

See accompanying notes to the individual financial statements

BANCO COMERCIAL PORTUGUÊS, S.A.

Statement of Comprehensive income
for the years ended 31 December, 2011 and 2010

	Notes	2011	2010
		(Thousands of Euros)	
Fair value reserves			
Financial assets available for sale	41	(236,073)	(261,587)
Taxes			
Financial assets available for sale	41	68,188	75,381
		(167,885)	(186,206)
Actuarial losses for the year			
Gross value		(38,085)	(448,552)
Taxes		5,911	79,841
		(32,174)	(368,711)
Comprehensive income recognised directly in Equity after taxes		(200,059)	(554,917)
Net income for the year		(468,527)	343,089
Total Comprehensive income for the year		(668,586)	(211,828)

See accompanying notes to the individual financial statements

BANCO COMERCIAL PORTUGUÊS, S.A.

Notes to the Individual Financial Statements

31 December, 2011

1. Accounting policies

a) Basis of presentation

Banco Comercial Português, S.A. Sociedade Aberta (the 'Bank') is a public bank, established in Portugal in 1985. It started operations on 5 May, 1986, and these financial statements reflect the results of the operations of the Bank, for the years ended 31 December, 2011 and 2010.

In accordance with Regulation (EC) no. 1606/2002 from the European Parliament and the Council, of 19 July 2002, and as transposed into Portuguese Law through Decree-Law no. 35/2005, of 17 February and Regulation no. 1/2005 from the Bank of Portugal, the Bank's financial statements are required to be prepared in accordance with "Normas de Contabilidade Ajustadas" (NCA's), issued by the Bank of Portugal, which are based in International Financial Reporting Standards ('IFRS') as endorsed by the European Union ('EU') since the year 2005, except regarding the issues defined at no.2 and no.3 of Regulation no.1/2005 and no.2 of Regulation 4/2005 from the Bank of Portugal. NCA's 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, with the exception of the issues referred in no. 2 and 3 of Regulation no. 1/2005 and no. 2 of Regulation no. 4/2005 of Bank of Portugal: i) maintenance of the actual requirements related with measurement and provision of loans and advances to customers, ii) employee benefits through the definition of a deferral period for the transition impact to IAS 19 and iii) restriction to the application of some issues established in IAS/IFRS. The Board of Directors approved these financial statements on 23 April 2012. The financial statements are presented in thousands of euros, rounded to the nearest thousand.

All the references in this document relate to any normative always report to current version.

The Bank adopted the IFRS standards and interpretations for which application is mandatory for accounting periods beginning on 1 January 2011.

The Bank's financial statements for the year ended 31 December, 2011 have been prepared in terms of recognition and measurement in accordance with the NCA's, established by the Bank of Portugal and in use in the period.

According to one of the options allowed by IAS 19 Employee Benefits, the Bank decided in 2011 for a change in the accounting policy for recognition of actuarial gains and losses, starting to recognise the actuarial gains and losses of the year against reserves. In accordance with IAS 8, this change in accounting policy is presented for comparative purposes from 1 January 2010, recognising in all the deferred actuarial gains and losses determined at that date in equity. Thus, as described in notes 41, 48 and 56 the balance Reserves and retained earnings includes, with effective date 1 January 2010, the restatement resulted from the referred change in the accounting policy.

Previously, the Bank proceeded to the deferral of actuarial gains and losses determined in accordance with the corridor method. Under the corridor method, actuarial gains and losses not recognised that exceed 10% of the greater of the present value of the liabilities and the fair value of the Fund's assets are recorded in the income statement for the period corresponding to the estimated remaining useful life of the employees in service.

In 2011, the Bank adopted the IFRS 7 - Financial Instruments: Disclosures - Transfers of financial assets and the "Annual Improvement Project" issued in May 2010. These standards whose application is mandatory, with reference to 1 January, 2011, have an impact in terms of additional disclosures relating to the bank's assets and liabilities.

The financial statements are prepared under the historical cost convention, as modified by the application of fair value for derivative financial instruments, financial assets and liabilities at fair value through profit or loss (trading and fair value option) and available for sale assets, except those for which a reliable measure of fair value is not available. Financial assets and liabilities that are hedged under hedge accounting are stated at fair value in respect of the risk that is being hedged, if applicable. 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 or fair value less costs to sell. The liability for defined benefit obligations is recognised as the present value of the defined benefit obligation net of the value of the fund.

The accounting policies set out below have been applied consistently for all periods presented in these financial statements.

The preparation of the financial statements in accordance with NCA's requires the Executive Board of Directors to make judgments, estimates and assumptions that affect the application of the accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments 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 judgment or complexity or where assumptions and estimates are considered to be significant are presented in note 1 z).

b) *Loans and advances to customers*

Loans and advances to customers includes loans and advances originated by the Bank 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 Bank have expired; or (ii) the Bank transferred substantially all the associated risks and rewards.

Loans and advances to customers are initially recognised at fair value plus any directly attributable transaction costs and fees and are subsequently measured at amortised cost using the effective interest method, less impairment losses.

Impairment

As referred in the accounting policy described in note 1 a), the Bank has prepared its financial statements in accordance with NCA's therefore, in accordance with no. 2 and 3 of Regulation no. 1/2005 from the Bank of Portugal, the Bank adopted the same requirements for measurement and provision of loans and advances to customers used in the previous years, described as follows:

Specific provision for loan losses

The specific provision for loan losses is based on the appraisal of overdue loans including the related non overdue amounts and loans subject to restructuring, to cover specific credit risks. This provision is shown as a deduction against loans and advances to customers. The adequacy of this provision is reviewed regularly by the Bank, taking into consideration the existence of asset-backed guarantees, the overdue period and the current financial situation of the client.

The provision calculated under these terms, complies with the requirements established by the Bank of Portugal, in accordance with Regulations no. 3/95, of 30 June, no. 7/00, of 27 October and no. 8/03, of 30 January.

General provision for loan losses

This provision is established to cover latent bad and doubtful debts which are present in any loan portfolio, including guarantees or signature credits, but which have not been specifically identified as such. This provision is recorded under provision for liabilities and charges.

The general provision for loan losses is in accordance with Regulation no. 3/95, of 30 June, Regulation no. 2/99, of 15 January and Regulation no. 8/03, of 30 January of the Bank of Portugal.

Provision for country risk

The provision for country risk is in accordance with Regulation no. 3/95, of 30 June from the Bank of Portugal, and is based on the Instruction no. 94/96, of 17 June, of the Bank of Portugal, including the adoption of changes made to paragraph 2.4 of the referred Instruction published in October 1998.

Write-off of loans

In accordance with "Carta-Circular" no. 15/2009 of the Bank from Portugal, loans and advances to customers are charged-off when there is no realistic expectation, from an economic perspective, of recovering the loan amount. For collateralised loans, the charge-off occurs for the unrecoverable amount when the funds arising from the execution of the respective collaterals for the part of the loans which is collateralised is effectively received. This charge-off is carried out only for loans that are considered not to be recoverable and fully provided.

c) *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 are part of a financial instruments portfolio and for which there is evidence of a recent pattern of short-term profit taking or that can be included in the definition of derivative (except in the case of a derivative classified as hedging) are classified as trading. The dividends associated to these portfolios are accounted in gains arising on trading and hedging activities.

The interest from debt instruments are recognised as interest margin.

Trading derivatives with a positive fair value are included in the Financial assets held for trading and the trading derivatives with negative fair value are included in the Financial liabilities held for trading.

1b) Other financial assets and liabilities at fair vaue through profit and loss (“Fair Value Option”)

The Bank has adopted the Fair Value Option for certain own bond issues, loans and time deposits that contain embedded derivatives or with related hedging derivatives. The variations of the Bank's credit risk related with financial liabilities accounted under the Fair Value Option are disclosed in "Net gains / (losses) arising from trading and hedging activities".

The designation of the financial assets and liabilities at fair value through profit and loss by decision of the entity is performed whenever at least one of the requirements is fulfilled:

- the assets and liabilities are managed, evaluated and reported internally at its fair value;
- the designation eliminates or significantly reduces the accounting mismatch of the transactions;
- the assets and liabilities include derivatives that significantly change the cash-flows of the original contracts (host contracts).

The financial assets and liabilities at Fair Value Option are initially accounted at their fair value, with the expenses or income related to the transactions being recognised in profit and loss and subsequently measured at fair value through profit and loss. The accrual of interest and premium/discount (when applicable) is recognised in Net interest income according with the effective interest rate of each transaction, as well as for 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 Bank, namely bonds, treasury bills or shares, are classified as available for sale, except if they are classified in another category of financial assets. The financial assets available for sale are initially accounted at fair value, including all expenses or income associated with the transactions. 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 an impairment loss exists. In the sale of the financial assets available for sale, the accumulated gains or losses recognised as fair value reserves are recognised under Net gains / (losses) arising from available for sale financial assets. Interest income from debt instruments is recognised in Net interest income based on the effective interest rate, including a premium or discount when applicable. Dividends are recognised in the income statement when the right to receive the dividends is attributed.

3) Financial assets held-to-maturity

The financial assets held-to-maturity include non-derivative financial assets with fixed or determinable payments and fixed maturity, that the Bank has the intention and capacity to maintain until the maturity of the assets and that were not included in the category of financial assets at fair value through profit and loss or financial assets available for sale. These financial assets are initially recognised at fair value and subsequently measured at amortised cost. The interest is calculated using the effective interest rate method and recognised in Net interest income. The impairment losses are recognised in profit and loss when identified.

Any reclassification or sale of financial assets included in this category that does not occur close to the maturity of the assets will require the Bank to reclassify the entire portfolio as Financial assets available for sale and the Bank will not be allowed to classify any assets under this category for the following two years.

4) Loans and receivables - Loans represented by securities

Non-derivative financial assets with fixed or determined payments, that are not quoted in a market and which the Bank does not intend to sell immediately or in a near future, may be classified in this category.

In addition to loans granted, the Bank recognises in this category unquoted bonds and commercial paper. The financial assets recognised in this category are initially accounted at fair value and subsequently at amortised cost net of impairment. The incremental direct transaction costs are included in the effective interest rate for these financial instruments. The interest accounted based on the effective interest rate method are recognised in Net interest income.

The impairment losses are recognised in profit and loss when identified.

5) Other financial liabilities

The other financial liabilities are all financial liabilities that are not recognised as financial liabilities at fair value through profit and loss. This category includes money market transactions, deposits from customers and from other financial institutions, issued debt, and other transactions.

These financial liabilities are initially recognised at fair value and subsequently at amortised cost. The related transaction costs are included in the effective interest rate. The interest calculated at the effective interest rate is recognised in Net interest income.

The financial gains or losses calculated at the time of the repurchase of other financial liabilities are recognised as Net gains/(losses) arising from trading and hedging activities when occurred.

(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 financial assets can be reliably estimated or based on a significant or prolonged decrease in the fair value, below the acquisition cost.

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 profit or loss) is removed from fair value reserves and recognised in profit or loss. 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 occurred after the impairment loss was recognised in the profit or loss, the impairment loss is reversed through the income statement. The impairment losses recognised in equity instruments classified as available for sale, when reversed, are recognised against fair value 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 not initially measured at fair value with changes through profit and loss. Embedded derivatives are classified as trading and recognised at fair value with changes through profit and loss.

d) Derivatives hedge accounting

(i) Hedge accounting

The Bank designates derivatives and non-financial instruments to hedge its exposure to interest rate and foreign exchange risk, resulting from financing and investment activities. Derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative hedging instruments are stated at fair value and gains and losses on re-measurement are recognised in accordance with the hedge accounting model adopted by the Bank. A hedge 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 profit or loss.

When a derivative financial instrument is used to hedge foreign exchange arising from monetary assets or liabilities, no hedge accounting model is applied. Any gain or loss associated to the derivative and to changes in foreign exchange risk related with the monetary items are recognised through profit and loss.

(ii) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedge instruments are recognised in profit and loss, together with changes in the fair value attributable to the hedged risk of the asset or liability or group of assets and liabilities. If the hedge relationship no longer meets the criteria for hedge accounting, the cumulative gains and losses recognised until the discontinuance of the hedge accounting are amortised through profit and loss over the residual period of the hedged item.

(iii) Cash flow hedge

In a hedge relationship, the effective portion of changes in fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity - cash flow hedge reserves. Any gain or loss relating to the ineffective portion of the hedge is immediately recognised in profit and loss when occurred.

Amounts accumulated in equity are reclassified to profit and loss in the periods in which the hedged item will affect profit or loss.

In case of hedging variability of cash-flows, when the hedge instrument expires or is disposed or when the hedging relationship no longer meets the criteria for hedge accounting, or when the hedge relation is revoked, the hedge relationship is discontinued on a prospective basis. Therefore, the fair value changes of the derivative accumulated in equity until the date of the discontinued hedge accounting can be:

- Deferred over the residual period of the hedged instrument; or
- Recognised immediately in results, if the hedged instrument is extinguished.

In the case of a discontinued hedge of a forecast transaction, the change in fair value of the derivative recognised in equity at that time remains in equity until the forecasted transaction is ultimately recognised in the income statement. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to profit and loss.

(iv) Hedge effectiveness

For a hedge relationship to be classified as such according to IAS 39, effectiveness has to be demonstrated. As such, the Bank performs prospective tests at the beginning date of the initial hedge, if applicable and retrospective tests in order to demonstrate at each reporting period the effectiveness of the hedging relationships, showing that the changes in the fair value of the hedging instrument are hedged by the changes in the hedged item for the risk being covered. Any ineffectiveness is recognised immediately in profit and loss when incurred.

(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 immediately recognised 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 as part of the gain or loss from the disposal.

e) Reclassifications between financial instruments categories

In October 2008, the IASB issued a change to IAS 39 – Reclassification of Financial Assets (Amendments to IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7: Financial Instruments Disclosures). This change allowed an entity to transfer Financial assets from Financial assets at fair value through profit and loss – trading to Financial assets available for sale, to Loans and Receivables - Loans represented by securities or to financial assets held-to-maturity, as long as the requirements described in the Standard are met, namely:

- If a financial asset, at the date of reclassification present the characteristics of a debt instrument for which there is no active market; or
- When there is some event that is uncommon and higly improbable that will occur again in the short term, that is, the event can be classified as a rare circumstance.

The Bank adopted this possibility for a group of financial assets, as disclosed in note 22.

Transfer of financial assets recognised in the category of Financial assets available-for-sale to Loans and receivables - Loans represented by securities and Financial assets held-to-maturity are permitted.

Transfers from and to Financial assets and financial liabilities at fair value through profit and loss by decision of the entity ("Fair value option") are prohibited.

f) Derecognition

The Bank derecognises financial assets when all rights to future cash flows have expired. In a transfer of assets, derecognition can only occur either when risks and rewards have been substantially transferred or the Bank does not maintain control over the assets.

The evaluation of the existence of control is determined based on the criteria established by SIC 12, which can be analised as follows:

- The activities of the SPE, in substance, are being conducted on behalf of the Bank, in accordance with the specific needs of the Bank's business, so as to obtain benefits from these activities;
- The Bank 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 Bank has delegated these decision-making powers;
- The Bank has the rights to obtain the majority of the benefits of the SPE and therefore may be exposed to risks inherent to the activities of the SPE; or
- The Bank retains the majority of the residual or ownership risks related to the SPE or its assets in order to obtain benefits from its activities.

The Bank derecognises financial liabilities when these are discharged, cancelled or extinguished.

g) 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, showing a residual interest in the assets of an entity after deducting all of its liabilities.

Transaction costs directly attributable to an equity instruments' issuance are recognised in equity as a deduction to the amount issued. Amounts paid or received related to sales or acquisitions of equity instruments are recognised in equity, net of transaction costs.

Preference shares issued by the Bank 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 Bank.

Income from equity instruments (dividends) are recognised when the right to receive this income is established and are deducted to equity.

h) Compound financial instruments

Financial instruments that contain both a liability and an equity component (example: 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) can not change with changes in its fair value. The financial liability component corresponds to the present value of the future interest and principal payments, discounted at the market interest rate applicable to similar financial 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 financial liability. Financial liabilities are measured at amortised cost through the effective interest rate method. The interests are recognised in Net interest income.

i) Securities borrowing and repurchase agreement transactions

(i) Securities borrowing

Securities lent under securities lending arrangements continue to be recognised in the balance sheet and are measured in accordance with the applicable accounting policy. Cash collateral received in respect of securities lent is recognised as a financial liability. Securities borrowed under securities borrowing agreements are not recognised. Cash collateral placements in respect of securities borrowed are recognised under loans and advances to either banks or customers. Income and expenses arising from the securities borrowing and lending business are recognised on an accrual basis over the period of the transactions and are included in interest income or expense (net interest income).

(ii) Repurchase agreements

The Bank performs acquisition/sale of securities under reselling/repurchase agreements of securities substantially equivalent in a future date at a predetermined price ('repos'/'reverse repos'). The securities related to reselling agreements in a future date are not be recognised on the balance sheet. The amounts paid are recognised in loans and advances to customers or loans and advances to credit institutions. The receivables are collateralised by the related securities. Securities sold through repurchase agreements continue to be recognised in the balance sheet and are revaluated in accordance with the applicable accounting policy. The amounts received from the proceeds of these securities are considered as deposits from customers and deposits from credit institutions.

The difference between the acquisition/sale and reselling/repurchase conditions is recognised on an accrual basis over the period of the transaction and is included in interest income or expenses.

j) Non-current assets held for sale and discontinued operations

Non current assets, groups of non-current assets held for sale (groups of assets together and related liabilities that include at least a non current asset) and discontinued operations are classified as held for sale when it is intention to sell the referred assets and liabilities, the referred assets are available for immediate sale and its sale is highly probable.

The Bank also classifies as non-current assets held for sale those non-current assets or groups of assets 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 performed in accordance with the applicable IFRS. After their reclassification, these assets or disposal groups are measured at the lower of their cost and fair value less costs to sell.

Discontinued operations and the subsidiaries acquired exclusively with the purpose to sell in the short term, are consolidated until the disposal.

The Bank also classifies as non-current assets held for sale the investments arising from recovered loans that are measured initially by the lower of its fair value net of expenses and the loan's carrying amount on the date that the recovery occurs or the judicial decision is formalised.

The fair value is determined based on the expected selling price estimated through periodic valuations performed by the Bank.

The subsequent accounting of these assets is determined based on the lower of the carrying amount and the corresponding fair value net of expenses. In case of unrealized losses, these should be recognised as impairment losses against results.

k) *Finance lease transactions*

Finance lease transactions for a lessee are recorded at the inception 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 a combination of the finance charge and the amortisation of the capital outstanding. The financial charge is allocated to the periods during the lease term 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 a combination of 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.

l) *Interest income and expense*

Interest income and expense for financial instruments measured at amortised cost are recognised in the interest income or expenses (net interest income) through the effective interest rate method. The interest related to financial assets available for sale calculated at the effective interest rate method are also recognised on the net interest income as well as those from assets and liabilities at fair value through profit and loss.

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, for a shorter period), to the net carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the Bank estimates future cash flows considering all contractual terms of the financial instrument (example: early payment options) but without considering future impairment losses. The calculation includes all fees paid or received considered as included in the effective interest rate, transaction costs and all other premiums or discounts directly related with the transaction except for assets and liabilities at fair value through profit and loss.

If a 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.

Specifically regarding the accounting policy for interest on overdue loans' portfolio the following aspects are considered:

- Interest income for overdue loans with collaterals are accounted for as income up to the limit of the valuation of the collateral valued on a prudent basis. This income is registered against results in accordance with IAS 18, assuming that there is a reasonable probability of recoverability; and
- The interests accrued and not paid for overdue loans for more than 90 days that are not covered by collaterals are writen-off and are recognised only when they are received, in accordance with IAS 18, on the basis that its recoverability is considered to be remote.

For derivative financial instruments, except those classified as hedging instruments of interest rate risk, the interest component is not separated from the changes in the fair value and is classified under Net gains / (losses) from trading and hedging activities. For hedging derivatives of interest rate risk and those related to financial assets or financial liabilities recognised in the Fair Value Option category, the interest component of the changes in their fair value is recognised under interest income or expense (Net interest income).

m) *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 Net interest income.

n) *Financial results (Results arising from trading and hedging activities and available for sale financial assets)*

Financial results includes gains and losses arising from financial assets and financial liabilities at fair value through profit and loss, that is, fair value changes and interest on trading derivatives and embedded derivatives), as well as the corresponding dividends received. This caption also includes gains and losses arising from the sale of available for sale financial assets. The changes in fair value of hedging derivatives and hedged items, when fair value hedge is applicable, are also recognised in this caption.

o) *Fiduciary activities*

Assets held in the scope of fiduciary activities are not recognised in the Bank's financial statements. Fees and commissions arising from this activity are recognised in the income statement in the year to which they relate.

p) Property and equipment

Property and equipment are stated at acquisition cost less accumulated depreciation and impairment losses. Subsequent costs are recognised as a separate asset only when it is probable that future economic benefits will result for the Bank. All other repairs and maintenance expenses are charged to the income statement during the financial period in which they are incurred.

The Bank performs impairment testing whenever events or circumstances indicate that the book value exceeds the highest between the value in use and the fair value less costs to sell, being the difference 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 to 12
Other fixed assets	3

Whenever there is an indication that a fixed tangible asset might be impaired, its recoverable amount is estimated and an impairment loss shall be recognised if the net value of the asset exceeds its recoverable amount.

The recoverable amount is determined as the highest between the fair value less costs to sell and its value in use calculated based on the present value of future cash-flows estimated to be obtained from the continued use of the asset and its sale at the end of the useful life.

The impairment losses of the fixed tangible assets are recognised in profit and loss.

q) Intangible Assets

Research and development expenditure

The Bank does not capitalize any research and development costs. All expenses are recognised as costs in the year in which they occur.

Software

The Bank accounts as intangible assets the costs associated to software acquired from external entities and depreciates them on a straight line basis by an estimated lifetime of three years. The Bank does not capitalize internal costs arising from software development.

r) 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.

s) Offsetting

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when the Bank has a legally enforceable right to offset the recognised amounts and the transactions are intended to be settled on a net basis.

t) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currency of the operation at the foreign exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies, are translated into the respective functional currency of the operation at the foreign exchange rate at the reporting date. Foreign exchange differences arising on translation are recognised in the profit and loss. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated into the respective functional currency of the operation at the foreign exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated into the respective functional currency of the operation at the foreign exchange rate at the date that the fair value was determined against profit and loss, except for financial assets available-for-sale, for which the difference is recognised against equity.

u) Employee benefits

Defined benefit plans

The Bank has the responsibility to pay to their employees retirement pensions and widow and orphan benefits and permanent disability pensions, in accordance with the agreement entered with the collective labour arrangements. These benefits are estimated in the pensions plans 'Plano ACT' and 'Plano ACTQ' of the Pension Plan of BCP, which corresponds to the referred collective labour arrangements (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 Bank also assumed the responsibility, if some conditions are met in each year, of the attribution of a complementary plan to the employees of the Bank, after due consideration of the requirements of the collective labour agreements applicable to each sector (complementary plan).

The Bank's net obligation in respect of pension plans (defined benefit pensions plan) is calculated on an half year basis at 31 December and 30 June of each year.

From 1 January 2011, banks' employees were integrated in the General Social Security Scheme which now covers their maternity, paternity, adoption and pension benefits. However, the Banks remain liable for those benefits as concern illness, disability and life inurance (Decree-Law no. 1-A/2011, of 3 January).

The contributive rate is 26.6% divided between 23.6% supported by the employer and 3% supported by the employees, replacing the Banking Social Healthcare System ('Caixa de Abono de Família dos Empregados Bancários') which was extinguished by the decree law referred above. As a consequence of this amendment the capability to receive pensions by the actual employees are covered by the General Social Security Scheme regime, considering the service period between 1 January 2011 and the retirement age. The Bank supports the remaining difference for the total pension assured in 'Acordo Colectivo de Trabalho'.

Following the approval by the Government of the DL 127/2011, which was published on 31 December, an agreement between the Government, the Portuguese Banking Association and the Banking Labour Unions was established that regulated the transfer of the liabilities related with pensions currently being paid to pensioners and retirees, to the Social Security.

This agreement established that the responsibilities to be transferred relate to the pensions in payment as at 31 December 2011 at fixed amounts (discount rate 0%) in the component established in the 'Instrumento de Regulação Colectiva de Trabalho (IRCT)' of the retirees and pensioners. The responsibilities related with the increase in pensions as well as any other complements, namely, contributions to the Health System (SAMS), death benefit and death before retirement benefit continue to be under the responsibility of the Financial Institutions and being financed through the corresponding Pensions funds. The Decree-Law also establishes the terms and conditions under which the transfer was made by setting a discount rate of 4% to determine the liabilities to be transferred.

The Bank opted at the IFRS 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.

According to one of the options allowed by IAS 19 Employee Benefits, the Bank decided in 2011 to change the accounting policy for recognition of actuarial gains and losses, starting to recognise the actuarial gains and losses of the year against reserves. In accordance with IAS 8, this change in accounting policy is presented for comparative purposes from 1 January 2010, recognizing in that date all the deferred actuarial gains and losses in equity.

The calculation is made using the projected unit credit method and following actuarial and financial assumptions in line with the parameters required by IAS 19. In accordance with no. 2 of Regulation no. 4/2005 from the Bank of Portugal was established a deferral period for the transition impact to IAS 19 as at 1 January 2005 analysed as follows:

Balances	**Deferral period**
Obligations with healthcare benefits and other liabilities	10 years
Liabilities for death before retirement	8 years
Early retirement	8 years
Actuarial losses charged-off related with early retirement	8 years
Increase of deferred actuarial losses	8 years
Reversal of amortization of actuarial losses in accordance with local GAAP	8 years

In accordance with Regulation no. 7/2008 from the Bank of Portugal concerning the balances listed in the table above, an additional period of three years was authorised considering the inittially defined deferral period.

Previously, the Bank proceeded to the deferral of actuarial gains and losses determined in accordance with the corridor method. Under the corridor method, actuarial gains and losses not recognised that exceed 10% of the greater of the present value of the liabilities and the fair value of the Fund's assets are recorded in the income statement for the period corresponding to the estimated remaining useful life of the employees in service.

The current services cost plus the interest cost on the unwinding of the Pension liabilities less the expected return on the Plan assets are recorded in operational costs.

The Bank'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, using a discount rate determined by reference to interest rates of high-quality corporate bonds that have maturity dates approximating the terms of the Bank's obligations. The net obligations are determined after the deduction of the fair value of the assets of the Pension Plan.

Employee benefits, other than pension plans, namely post retirement health care benefits and benefits for the spouse and sons for death before retirement are also included in the benefit plan calculation.

Costs arising from early retirements are recognised in the income statement on the year in which the early retirement is approved and announced.

Gains and losses for the year are recognised against reserves in the year they occur.

The funding policy of the Plan is to make annual contributions by the Bank so as to cover the projected benefits obligations, including the non-contractual projected benefits. The minimum level required for the funding is 100% regarding the liability with pensioners and 95% regarding the employees in service.

Defined contribution plan

Defined Contribution Plan, when applicable, the responsibilities related to the benefits attributed to the Bank's employees are recognised as expenses when incurred.

Share based compensation plan

As at 31 December 2011 there are no share based compensation plans in force.

Variable remuneration paid to employees

The Executive 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.

v) Income taxes

The Bank is subject to the regime established by the Income Tax Code ("IRC"). Additionally, deferred taxes resulting from the temporary differences between the accounting net income and the net income accepted by the Tax Authorities for Income Taxes calculation, are accounted for, whenever there is a reasonable probability that those taxes will be paid or recovered in the future.

Income tax on the income for the year comprises current and deferred tax effects. Income tax is recognised in the income statement, except to the extent that it relates to items recognised directly to reserves in which case it is recognised in reserves. Deferred taxes arising from the revaluation of financial assets available for sale and cash flow hedging derivatives are recognised in shareholders' equity and are recognised in the profit and loss in the year the results that originated the deferred taxes are recognised.

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 and that is expected to be applied when the temporary difference is reversed.

Deferred taxes assets are recognised to the extent when it is probable that future taxable profits, will be available to absorb deductible temporary differences for taxation purposes (including reportable taxable losses).

The Bank as established in IAS 12, paragraph 74, compensates the deferred tax assets and liabilities if, and only if: (i) has a legally enforceable right to set off current tax assets against current tax liabilities; and (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

w) Segmental reporting

A geographical segment is a distinguishable component of the Bank that is engaged in providing an individual product or service or a group of related products or services, in a specific economic environment and that is subject to risks and returns that are different from those of other business segments, which operates in different economic environments.

Taking into consideration that the individual financial statements are present with the Group's report, in accordance with the paragraph 4 of IFRS 8, the Bank is dismissed to present individual information regarding Segmental Reporting.

x) Provisions

Provisions are recognised when (i) the Bank has a present obligation (legal or resulting from past practices or published policies that imply the recognition of certain responsibilities), (ii) 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 (iii) a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at each balance sheet date and adjusted to reflect the best estimate, being reverted through profit and loss in the proportion of the payments that are not probable.

The provisions are derecognised through their use for the obligations for which they were initially accounted or for the cases that the situations were not already observed.

y) Earnings per share

Basic earnings per share are calculated by dividing net income available to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the year, excluding the average number of ordinary shares purchased by the Bank 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 potential ordinary shares, such as convertible debt and stock options granted to employees. Potential or contingent share issues are treated as dilutive when their conversion to shares would decrease net earnings per share.

If the earnings per share are changed as a result of an issue with premium or discount or other event that changed the potential number of ordinary shares or as a result of changes in the accounting policies, the earnings per share for all presented periods should be adjusted retrospectively.

z) Accounting estimates and judgements in applying accounting policies

IFRS set forth a range of accounting treatments and require the Executive Board of Directors and management to apply judgment and make estimates in deciding which treatment is most appropriate. The most significant of these accounting policies are discussed in this section in order to improve understanding of how their application affects the Bank's reported results and related disclosure.

Considering that in some cases there are several alternatives to the accounting treatment chosen by management, the Bank's reported results would differ if a different treatment was chosen. Management believes that the choices made are appropriate and that the financial statements present the Bank's financial position and results fairly in all material aspects.

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 Bank determines that available-for-sale equity investments are impaired when there has been a significant or prolonged decrease in the fair value below its acquisition cost. This determination of what is significant or prolonged requires judgment. In making this judgment, the Bank evaluates among other factors, the volatility in the prices 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 Bank.

Impairment losses on loans and advances to customers

The Bank reviews its loan portfolios to assess impairment losses on a regularly basis, as described in Note 1 b).

The evaluation process in determining whether an impairment loss should be recorded in the income statement is subject to numerous estimates and judgments. The probability of default, risk ratings, value of associated collaterals 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 Bank.

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 result in different financial results for a particular period.

Securitizations and special purpose entities (SPE)

The Bank sponsors the formation of SPE primarily for asset securitization transactions for liquidity purposes and/or capital management.

Therefore, the securitization operations Nova Finance n. 4, Magellan Mortgages n. 5 and 6, Caravela SME n. 1 and 2 and Tagus Leasing were not derecognised in the Bank's financial statements.

The Bank derecognised the following SPE which also resulted from operations of securitization: NovaFinance n. 3, Magellan Mortgages n. 1, 2, 3 and 4. For these SPE, the Bank concluded that the main risks and the benefits were transferred, as the Bank does not hold detain any security issued by the SPE, that are exposed to the majority of the residual risks, neither is exposed to the performance of the credit portfolios.

Income taxes

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 which for its probability, the Executive Board of Directors considers that there is no relevant material effect at the level of 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.

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. A particular business activity can generate impact in net interest income and net gains arising from trading, hedging and AFS activities. This disclosure requirement demonstrates the contribution of the different business activities for the net interest margin and net gains from trading, hedging and AFS activities.

The amount of this account is comprised of:

	2011 Euros '000	2010 Euros '000
Net interest income	900,893	882,633
Net gains / (losses) from trading and hedging activities	(179,370)	142,370
Net gains / (losses) from available for sale activities	(179,101)	(26,619)
	542,422	998,384

3. Net interest income

The amount of this account is comprised of:

	2011 Euros '000	2010 Euros '000
Interest and similar income		
Interest on loans and advances	2,080,294	1,689,461
Interest on trading securities	106,680	53,549
Interest on other financial assets valued at fair value through profit and loss account	-	42
Interest on available for sale financial assets	437,559	181,821
Interest on held to maturity financial assets	186,893	126,924
Interest on hedging derivatives	128,505	163,214
Interest on derivatives associated to financial instruments through profit and loss account	31,543	69,862
Interest on deposits and other investments	237,649	107,629
	3,209,123	2,392,502
Interest expense and similar charges		
Interest on deposits and inter-bank funding	1,566,910	836,951
Interest on securities sold under repurchase agreement	1,773	-
Interest on securities issued	619,161	514,827
Interest on hedging derivatives	20,737	29,081
Interest on derivatives associated to financial instruments through profit and loss account	3,199	7,053
Interest on other financial liabilities valued at fair value trhough profit and loss	96,450	121,957
	2,308,230	1,509,869
Net interest income	900,893	882,633

The balance Interest on loans and advances includes the amount of Euros 46,317,000 (31 December 2010: Euros 33,289,000) related to commissions and other gains / losses which are accounted for under the effective interest method, as referred in the accounting policy, note 1 b).

4. Dividends from equity instruments

The amount of this account is comprised of:

	2011 Euros '000	2010 Euros '000
Dividends from available for sale financial assets	12,236	8,389
Dividends from subsidiaries and associated companies	285,044	481,521
	297,280	489,910

The balance Dividends from available for sale financial assets includes dividends and income from investment fund units received during the year.

As at 31 December 2011, the balance Dividends from subsidiaries and associated companies includes the amount of Euros 255,500,000 related to the distribution of dividends from the company Millennium bcp Participações, S.G.P.S., Sociedade Unipessoal, Lda. As at 31 December 2010, the refered balance includes the amount of Euros 318,817,000 related to the distribution of dividends and reserves from the company Seguros & Pensões Gere, S.G.P.S., S.A.

5. Net fees and commissions income

The amount of this account is comprised of:

	2011 Euros '000	2010 Euros '000
Fees and commissions income		
From guarantees	93,994	88,929
From credit and commitments	315	221
From banking services	359,784	376,415
From other services	188,910	185,099
	643,003	650,664
Fees and commissions expenses		
From guarantees	4,196	1,469
From banking services	59,041	62,520
From other services	18,948	17,469
	82,185	81,458
Net fees and commission income	560,818	569,206

6. Net gains / (losses) arising from trading and hedging activities

The amount of this account is comprised of:

	2011 Euros '000	2010 Euros '000
Gains arising on trading and hedging activities		
Foreign exchange activity	272,068	553,474
Financial instruments associated to financial instruments through profit and loss account		
Held for trading		
Securities portfolio		
Fixed income	25,641	20,860
Variable income	4,939	3,100
Certificates and structured securities issued	32,075	31,848
Derivatives associated to financial instruments through profit and loss account	15,599	40,077
Other financial instruments derivatives	2,604,984	2,512,168
Other financial instruments through profit and loss account	45,456	167,081
Repurchase of debt securities issued	125,333	17,665
Hedging accounting		
Hedging derivatives	903,578	413,138
Hedged item	162,746	19,138
Other activity	19,929	4,401
	4,212,348	3,782,950
Losses arising on trading and hedging activities		
Foreign exchange activity	264,934	563,331
Financial instruments associated to financial instruments through profit and loss account		
Held for trading		
Securities portfolio		
Fixed income	152,926	43,486
Variable income	4,543	2,792
Certificates and structured securities issued	17,139	35,175
Derivatives associated to financial instruments through profit and loss account	44,251	57,691
Other financial instruments derivatives	2,721,760	2,504,022
Other financial instruments through profit and loss account	79,688	18,864
Repurchase of debt securities issued	1,939	2,211
Hedging accounting		
Hedging derivatives	795,712	357,736
Hedged item	245,936	54,575
Other activity	62,890	697
	4,391,718	3,640,580
Net gains / (losses) arising from trading and hedging activities	(179,370)	142,370

The caption Losses in trading and hedging operations – transactions with financial instruments recognised at fair value through profit and loss - held for trading includes the amount of Euros 144,121,000 related with losses incurred in Treasury bonds from the Portuguese Republic during 2011.

The balance Net gains arising from trading and hedging activities includes for the year 2011, for the financial liabilities instruments through profit and loss account, a loss of Euros 57,308,000 (2010: Gain of Euros 124,730,000) which reflects the fair value changes arising from changes in the own credit risk (spread) of own operations.

The caption Gains arising on trading and hedging activities - Repurchase of debt securities issued includes the amount of Euros 62,870,000 related to the repurchase of mortgage debt issues.

The result of repurchases of own issues is determined in accordance with the accounting policy described in note 1 c).

The caption Gains arising on trading and hedging activities - Financial instruments associated to financial instruments through profit and loss account - held for trading - other financial instruments derivatives, included at 2010 Euros 36,600,000 which corresponds to the gain accounted in the first quarter of 2010 of the discontinuance of the interest rate hedging of a mortgage backed security issue of Euros 1,500,000,000. In January 2010, following the ineffectiveness of the hedge, the Executive Board of Directors decided, in accordance with paragraph 91, c) of IAS 39, the discontinuance of the application of the hedge accounting. In accordance with the decision of the Executive Board of Directors and in accordance with IAS 39, on 1April, 2010 the hedge accounting was re-established.

7. Net gains / (losses) arising from available for sale financial assets

The amount of this account is comprised of:

	2011 Euros '000	2010 Euros '000
Gains arising from available for sale financial assets		
Fixed income	4,771	2,735
Variable income	6,146	8,658
Losses arising from available for sale financial assets		
Fixed income	(181,931)	(32,110)
Variable income	(8,087)	(5,902)
Net gains / (losses) arising from available for sale financial assets	(179,101)	(26,619)

The balance Losses arising from available for sale financial assets - fixed income includes in 2011, the amount of Euros 135,774,000 refered to a loss of thhe sale of position detained by the Bank on the securitization operation Kion 2. It is an securitization operation of mortgage loans issued by the Millennium Bank (Greece), and this position was sold to the unner of this issue.

8. Other operating income

The amount of this account is comprised of:

	2011 Euros '000	2010 Euros '000
Operating income		
Income from services	37,869	39,217
Checks and others	14,109	17,027
Other operating income	39,433	17,567
	91,411	73,811
Operating costs		
Indirect taxes	8,002	5,870
Donations and quotizations	3,667	4,527
Specific contribution for the Banking Sector	30,032	-
Other operating expenses	27,769	8,804
	69,470	19,201
	21,941	54,610

The caption Other operating income includes, in 2011, the amount of Euros 18,900,000 related with the reimbursment to Banco Comercial Português, S.A. by Ocidental - Companhia Portuguesa de Seguros de Vida, S.A. ('Ocidental Vida') of the amounts paid to set up perpetual annuities policies to cover the responsibilities with retirement pensions of former members of the Executive Board of Directors, following the agreements established between the parties.

The caption Specific contribution for the Banking Sector is estimated according to the terms of the Decree-Law 55-A/2010. The determination of the amount payable is based on: (i) the annual average liabilities deducted by core capital (Tier 1) and Supplementary (Tier 2) and deposits covered by the Deposit Guarantee Fund, and (ii) the off-balance notional amount of derivatives.

9. Staff costs

The amount of this account is comprised of:

	2011 Euros '000	2010 Euros '000
Salaries and remunerations	362,520	371,082
Mandatory social security charges	250,560	125,968
Voluntary social security charges	41,270	26,418
Other staff costs	7,278	4,141
	661,628	527,609

The caption Mandatory social security charges, includes for 2011 the amount of Euros 164,770,000 related to the impact in the income statement of the responsibilities with retirees and pensioners transferred to the General Social Security Scheme ('GSSS'), as referred in note 48. The referred impact corresponds to the effect of the recalculation of the liabilities based on the actuarial assumptions set by the Portuguese State, in the scope of the transfer.

As referred in note 48, the caption Mandatory social security charges also includes, the amount of Euros 13,140,000 (2010: Euros 46,496,000) related to the pension cost for the year, excluding the effect of the transfer of the responsibilities to the 'GSSS'. The referred balance also includes the amount of Euros 12,275,000 (2010: Euros 7,438,000) related to costs with early retirements during the year.

The referred caption also includes, as referred in notes 38 and 48, in 31 December 2011, the amount of Euros 35,492,000 related with the write-down of provisions established to cover the future updates in the retirement pension plan of former members of the Executive Board of Directors, following the agreements established, between the Bank and the former members of the Executive Board of Directors.

This caption included in 2010 the amount of Euros 6,691,000 related to costs with the complementary plan, as described in notes 38 and 48.

The remunerations paid to the members of the Executive Board of Directors in 2011 amounted to Euros 3,814,000 (2010: Euros 4,679,000), with Euros 322,000 (2010: Euros 321,000) paid by subsidiaries or companies whose governing bodies represent interests in the Group. During 2011 and 2010, no variable remuneration was attributed to the members of the Executive Board of Directors.

Therefore, considering that the remuneration of the members of the Executive Board of Directors intends to compensate the functions that are performed directly in the Bank and all other functions on subsidiaries or other companies for which they have been designated by indication or representing the Bank, in the last case, the net amount of the remunerations annually received by each member are deducted to the fixed annual remuneration attributed by the Bank.

During 2011, the costs with Social Security and the contributions to the Pension Fund for members of the Executive Board of Directors amounted to Euros 1,288,000 (2010: Euros 1,650,000).

The average number of employees by professional category, at service in the Bank, is analysed as follows by category:

	2011	**2010**
Management	1,356	1,324
Managerial staff	1,918	1,908
Staff	3,485	3,483
Other categories	3,111	3,309
	9,870	10,024

10. Other administrative costs

The amount of this account is comprised of:

	2011	**2010**
	Euros '000	**Euros '000**
Water, electricity and fuel	12,999	12,838
Consumables	3,657	4,268
Rents	45,841	47,488
Communications	17,223	18,061
Travel, hotel and representation costs	6,928	7,625
Advertising	15,641	19,946
Maintenance and related services	20,398	21,849
Credit cards and mortgage	9,245	8,827
Advisory services	15,334	14,827
Information technology services	16,166	15,542
Outsourcing	131,392	135,315
Other specialised services	18,776	20,672
Training costs	1,747	1,821
Insurance	6,907	7,208
Legal expenses	5,957	4,851
Transportation	7,714	7,472
Other supplies and services	10,099	11,104
	346,024	359,714

The balance Rents, includes the amount of Euros 40,755,000 (2010: 42,581,000), related to rents paid regarding buildings used by the Bank as lessee.

11. Depreciation

The amount of this account is comprised of:

	2011 Euros '000	2010 Euros '000
Intangible assets:		
Software	4,429	4,123
Property, plant and equipment:		
Land and buildings	22,276	23,810
Equipment		
Furniture	1,186	1,442
Office equipment	121	120
Computer equipment	8,853	11,982
Interior installations	975	1,162
Motor vehicles	114	264
Security equipment	1,373	1,703
Other tangible assets	26	26
	34,924	40,509
	39,353	44,632

12. Loans impairment

The amount of this account is comprised of:

	2011 Euros '000	2010 Euros '000
Loans and advances to credit institutions:		
For overdue loans and credit risks		
Impairment for the year	58	126
Write-back for the year	(2,828)	(791)
For country risk		
Write-back for the year	(21,051)	-
	(23,821)	(665)
Loans and advances to customers:		
For overdue loans and credit risks		
Impairment for the year	857,062	789,809
Write-back for the year	(14,765)	(370)
Recovery of loans and interest charged-off	(16,064)	(25,974)
	826,233	763,465
	802,412	762,800

In accordance with the accounting policy presented in note 1 a), the Bank applies in its financial statements the NCA's, and therefore the balance Loans impairment accounts the estimate of the incurred losses at the end of the year in accordance with the provision law defined by the rules of the Bank of Portugal, as described in the accounting policy presented in note 1 b).

13. Other financial assets impairment

The amount of this account is comprised of:

	2011 Euros '000	2010 Euros '000
Impairment for financial assets available for sale		
Charge for the year	71,578	26,157
Impairment for financial assets held to maturity		
Charge for the year	358,277	-
	429,855	26,157

The balance Impairment for financial assets available for sale includes the amount of Euros 51,562,000 (31 December 2010: Euros 15,222,000) is related with securities provisions from securitization operations not derecognised in accordance with Bank of Portugal.

The balance Impairment for financial assets available for sale includes also the amount of Euros 17,184,000 (31 December 2010: Euros 10,395,000) related with the recognition of impairment losses related with shares and investment fund units held by the Bank.

The caption Impairment for financial assets held to maturity corresponds to the impairment recognised during 2011, the sovereign debt of Greece, as referred in notes 24 and 55. Such impairment corresponds to 77% of the nominal value of Greece's sovereign debt held by the Bank.

14. Other provisions

The amount of this account is comprised of:

	2011 Euros '000	2010 Euros '000
Provision for credit risks		
Write-back for the year	(102,589)	(71,353)
Provision for country risk		
Charge for the year	37	1,099
Write-back for the year	(1,262)	(16,586)
Other provisions for liabilities and charges		
Charge for the year	1,712	6,346
Write-back for the year	(29,219)	-
	(131,321)	(80,494)

The balance Provision for country risk - Write-back for the year results mainly from the reduction of loans and advances to resident entities in Turkey.

15. Gains / (losses) from the sale of subsidiaries and other assets

The amount of this account is comprised of:

	2011 Euros '000	2010 Euros '000
Sale of subsidiaries	(175)	(149,572)
Sale of other assets	(738)	(2,109)
	(913)	(151,681)

The caption Gains / (losses) from the sale of subsidiaries and other assets - Sale of subsidiaries includes, as at 31 December 2011, the loss in the amount of Euros 175,000 arising from liquidation of the company Banpor Consulting S.R.L.

The caption Gains / (losses) from the sale of subsidiaries and other assets - Sale of subsidiaries includes, as at 31 December 2010, the loss in the amount of Euros 161,949,000 arising from liquidation of the company Seguros & Pensões S.G.P.S, S.A. The balance also includes, as at 31 December 2010, the gain arising from the sale of Unicre shares due to its shareholder reorganization, in the amount of Euros 12,642,000.

The caption Gains / (losses) from the sale of subsidiaries and other assets - Sale of other assets corresponds to gains and losses arising from the sale of buildings.

16. Income tax

The charge for the years 2011 and 2010, is comprised as follows:

	2011 Euros '000	2010 Euros '000
Current tax		
Actual year	(2,427)	(1,100)
Correction of previous period estimate	1,255	(1,024)
	(1,172)	(2,124)
Deferred tax		
Recognition and reversal of temporary differences	281,144	31,594
Effect of changes in tax rate	-	68,266
Tax losses carried forward	112,640	(16,812)
	393,784	83,048
	392,612	80,924

The caption Deferred tax - Recognition and reversal of temporary differences includes in 2011, the amount of Euros 132,000,000 resulting from the recognition of deferred tax assets associated with losses related to the investment held in Bitalpart, BV.

The recognition of deferred tax asset arises from the expectation of realization of losses for tax purposes at the time of this investment is sold or when the company is liquidated. It is expected that such sale or liquidation occurring since expired the function of holding shares that the company represents in the group.

In accordance with IAS 12, the Bank assessed the likelihood of future taxable income to absorb the deductible temporary differences for tax purposes (including tax losses carried forward).

The charge for income tax totalize a amount of Euros 392,612,000 (2010: Euros 80,924,000), which represents an average rate of 45.6% of the net income before taxes (2010: -30.8%).

The caption Deferred tax - temporary differences include the amount related to provisions that were subject to tax in the current year. It also includes the deduction related with the recognition for tax purposes of the early retirement costs incurred in previous years.

The main adjustments performed to the accounting profit for the calculation of the net taxable profit arising from timing differences are as follows:

- Loan impairment which, under the applicable legislation, were not considered for tax purposes in the current year, but will be allowable for tax purposes in future years, in the amount of Euros 922,687,000 (2010: Euros 282,484,000);

- The difference between the pension costs recognised in previous years, of which it is acceptable for tax purposes in the year, and the charges for the year, which will be allowable for tax purposes in future years, in the net amount of Euros 87,760,000 (2010: Euros 45,856,000) deductable to the taxable income;

- Allocation of profits of non-resident companies added for the purpose of calculation of taxable income and whose distribution will occur in future years, amounts to Euros 114,333,000 (2010: Euros 69,355,000).

The main adjustments made to the accounting profit for the calculation of the net taxable profit arising from permanent differences 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 285,809,000 (2010: Euros 548,079,000);

- Non deductible provisions, in the amount of Euros 94,210,000 (2010: Euros 13,610,000).

The difference between the nominal tax rate for profit that the companies are subject and the effective tax rate, results from the adjustments considered for effects of the determination of the taxable profit, under the applicable legislation, and the effect of deferred taxes recognised.

The reconciliation of the effective tax rate is analised as follows:

	2011		2010	
	%	**Euros '000**	**%**	**Euros '000**
Net income before income taxes		(861,139)		262,165
Current tax rate	29.0%	249,730	29.0%	(76,028)
Accruals for the calculation of taxable income (i)	-4.4%	(38,314)	10.0%	(26,176)
Deductions for the calculation of taxable income (ii)	10.4%	89,696	-55.0%	144,265
Fiscal incentives (iii)	0.1%	1,057	-0.5%	1,366
Effect of the tax losses used / recognised	0.0%	-	-0.2%	576
Effect of deferred tax losses not recognised previously (iv)	13.0%	111,985	0.0%	-
Tax rate effect (v)	-2.5%	(21,503)	-23.6%	61,859
Previous years corrections	0.2%	2,003	9.1%	(23,839)
Autonomous tax	-0.2%	(2,042)	0.4%	(1,099)
	45.6%	392,612	-30.8%	80,924

References :

(i) - Corresponds, essentially, to tax associated with provisions not allowed for tax purpose in tha amount of Euros 94,210,000 (Tax: Euros -27,321,000) and to the specific contribution for the Banking Sector in the amount of Euros 30,032,000 (tax: Euros -8,709,000);
(ii) - Tax associated with dividends received which are not considered under the double taxation agreement, in the amount of Euros 285,809,000 (Tax: Euros 82,885,000);
(iii) - Includes tax benefits resulting from granting employment to people under the age of 30 in the amount of Euros 3,645,000 (Tax: Euros 1,057,000);
(iv) - Corresponds to the recognition of the diferred tax associated to losses accounted in the investment of Bitalpart, B.V.;
(v) - Corresponds, essentially, to the adjustment to deferred tax related with the taxable income allocated in previous years, which are not deductible for tax purposes.

Fiscal Incentive System to Corporate Investigation and Development (SIFIDE and SIFIDE II)

During the years of 2006, 2007, 2008, 2009, 2010 and 2011, the Bank incurred in Investigation and Development costs (I&D) which can qualify for SIFIDE and SIFIDE II, an Investigation and Development incentive scheme in accordance with Law no. 40/2005, of 3 of August, and in article no. 133.of Law no. 55-A/2010, of 31 Dexember. In 2008 and in March 2011, it was submited to the Fiscal Incentive to Corporate I&D Certifying Commission, the candidature to SIFIDE related to 2006 and 2007.

As at 2010, the Bank received the declaration issued by that Certifying Commission, which certificates that the Bank incurred in I&D activities with elegible costs, arising in a tax credit related to 2006 in the amount of Euros 1,177,000, and it is still under consideration the application for the year 2007.

The applications for the years of 2008, 2009, 2010 and 2011 are being prepared and will be opportunely submited.

Following the declarations received from the Fiscal Incentive to Corporate I&D Certifying Commission with reference to 2006, the Bank requested from the Autoridade Tributária e Aduaneira, in February 2011, the correction of the income tax by reference to that year in order to reflect the certification of the fiscal incentive provided for in article no. 4 of Law no. 40/2005 of 3 August, in the amount of Euros 1,177,000. The correction requested was not implemented yet.

17. Earnings per share

The earnings per share are calculated as follows:

	2011	**2010**
	Euros '000	**Euros '000**
Net income for the year	(468,527)	343,089
Dividends from other capital instruments	(3,919)	(51,450)
Adjusted net income	(472,446)	291,639
Average number of shares	6,215,071,878	5,051,089,548
Basic earnings per share (Euros)	(0.08)	0.06
Diluted earnings per share (Euros)	(0.08)	0.06

In June 2011, a capital increase of the Banco Comercial Português, S.A. was performed, from Euros 4,694,600,000 to Euros 6,064,999,986, resulting from the following steps:

(i) Euros 120,400,000, by incorporation of share premium reserves, through the issuance of 206,518,010 new ordinary and nominative shares without nominal value;

(ii) Euros 990,147,000, by contribution in kind of 990,147 perpetual subordinated instruments with interests conditioned, by issuing 1,584,235,200 new ordinary and nominative shares without nominal value, that resulted in the conversion of the majority of the perpetual subordinated securities;

(iii) Euros 259,852,986, by the issue of 721,813,850 ordinary shares without nominal value, with the issue and subscribe value of Euros 0.36, with preference reserve to the shareholders, in the exercise of the preference legal rights.

In accordance with the Decree-Law no. 49/2010 of 19 May, that allows share capital of a company to be represented by shares without nominal value, the General Shareholders meeting of Banco Comercial Português, S.A. approved that the share capital of Banco Comercial Português, S.A. would be represented by shares with no nominal value.

The average number of shares indicated above, results from the number of existing shares at the beginning of each year, adjusted by the number of shares repurchased or issued in the period weighted by a time factor. During the year of 2009, Banco Comercial Português, S.A. issued three series of its program of perpetual subordinated debt securities in the total amount of Euros 1,000,000,000, which were considered as capital instruments as established in the accounting policy note 1 g), in accordance with the IAS 32.

The balance Dividends from other capital instruments includes the dividends distributed from the following issues:

- In June 2009, as referred in note 39, the Bank issued Euros 300,000,000 of perpetual subordinated debt securities with conditional coupons presenting a nominal value of Euros 1,000, which were considered as capital instruments.

- In August 2009, as referred in note 39, the Bank issued Euros 600,000,000 of perpetual subordinated debt securities with conditional coupons presenting a nominal value of Euros 1,000, which were considered as capital instruments.

- In December 2009, as referred in note 39, the Bank issued Euros 100,000,000 of perpetual subordinated debt securities with conditional coupons presenting a nominal value of Euros 1,000, which were considered as capital instruments.

These issues were exchanged within the scope of the public change offering of perpetual subordinated securities for ordinary shares, performed in 2011. The amount not exchanged amounts to Euros 9,853,000 in 31 December, 2011.

18. Cash and deposits at central banks

This balance is analysed as follows:

	2011 Euros '000	2010 Euros '000
Cash	345,871	404,491
Central banks	689,758	68,134
	1,035,629	472,625

The balance Central banks includes deposits with the Central Bank 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.

19. Loans and advances to credit institutions repayable on demand

This balance is analysed as follows:

	2011 Euros '000	2010 Euros '000
Credit institutions in Portugal	51	95
Credit institutions abroad	908,906	910,338
Amounts due for collection	298,184	339,850
	1,207,141	1,250,283

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:

	2011 Euros '000	2010 Euros '000
Bank of Portugal	600,008	1,100,008
Credit institutions in Portugal	5,880,233	2,340,181
Credit institutions abroad	5,842,682	5,562,907
	12,322,923	9,003,096
Overdue loans - more than 90 days	1,836	13,759
	12,324,759	9,016,855
Impairment for other loans and advances to credit institutions	(11,308)	(13,759)
	12,313,451	9,003,096

This balance is analysed by the period to maturity, as follows:

	2011 Euros '000	2010 Euros '000
Up to 3 months	9,219,923	4,982,635
3 to 6 months	65,955	817,111
6 to 12 months	803,262	915,360
1 to 5 years	2,134,485	2,172,209
More than 5 years	99,298	115,781
Undetermined	1,836	13,759
	12,324,759	9,016,855

Concerning derivative financial transactions with institutional counterparties, and according to the signed agreements, the Bank has, as of 31 December 2011, the amount of Euros 759,815,000 (31 December 2010: Euros 440,470,000) of Loans and advances to credit institutions granted as collateral on the mentioned transactions.

The movements of impairment for other loans and advances to credit institutions is analysed as follows:

	2011	2010
	Euros '000	Euros '000
Impairment for overdue loans and for other credit institutions:		
Balance on 1 January	13,759	17,838
Impairment for the year	58	126
Write-back for the year	(2,828)	(791)
Loans charged-off	(9,153)	(3,414)
Balance on 31 December	1,836	13,759
Impairment for overdue loans and for other credit institutions:		
Balance on 1 January	-	-
Transfers	30,523	-
Write-back for the year	(21,051)	-
Balance on 31 December	9,472	-

The balance Provision for country risk includes the amount of Euros 5,484,000 regarding provisions to loans granted to resident entities in Angola.

21. Loans and advances to customers

This balance is analysed as follows:

	2011	2010
	Euros '000	Euros '000
Public sector	427,399	613,187
Asset-backed loans	28,253,817	29,148,603
Personal guaranteed loans	10,119,127	12,655,323
Unsecured loans	1,721,146	2,080,608
Foreign loans	3,624,132	3,667,574
Factoring	1,206,917	1,278,975
Finance leases	3,462,761	4,030,176
	48,815,299	53,474,446
Overdue loans - less than 90 days	170,596	111,759
Overdue loans - more than 90 days	2,243,283	1,499,600
	51,229,178	55,085,805
Impairment for credit risk	(2,762,676)	(2,087,255)
	48,466,502	52,998,550

As at 31 December 2011, the balance Loans and advances to customers includes the amount of Euros 9,276,002,000 (31 December 2010: Euros 8,751,236,000) regarding mortgage loans which are a collateral for seven asset-back securities.

During 2010 Banco Comercial Português, S.A. performed the issue of 3 covered bonds in the amount of Euros 1,750,000,000, Euros 1,000,000,000 and Euros 1,000,000,000 with maturities of 3, 10 and 8 years and 6 months, respectively. These issues occurred in May, July and October 2010 and have interest rates of 1M Euribor +0.75%, 1M Euribor +0.80% and 1M Euribor +0.75%, respectively.

In accordance with accounting policy note 1 b), the Bank only writes-off overdue loans fully provided which, after an economic analysis, are considered uncollectable on the basis that there are no perspectives of recovery.

As referred in note 50, the Bank, as part of the liquidity risk management, holds a pool of eligible assets that can serve as collateral in funding operations with the European Central Bank, which includes loans and advances to customers.

The analysis of loans and advances to customers, by type of credit, is as follows:

	2011 Euros '000	2010 Euros '000
Loans not represented by securities		
Discounted bills	518,862	633,526
Current account credits	4,284,967	4,941,941
Overdrafts	1,263,382	1,464,436
Loans	15,106,497	16,958,655
Mortgage loans	20,502,641	21,216,777
Factoring	1,206,917	1,278,975
Finance leases	3,462,761	4,030,176
	46,346,027	50,524,486
Loans represented by securities		
Commercial paper	1,741,120	2,377,757
Bonds	728,152	572,203
	2,469,272	2,949,960
	48,815,299	53,474,446
Overdue loans - less than 90 days	170,596	111,759
Overdue loans - more than 90 days	2,243,283	1,499,600
	51,229,178	55,085,805
Impairment for credit risk	(2,762,676)	(2,087,255)
	48,466,502	52,998,550

The analysis of loans and advances to customers by sector of activity is as follows:

	2011 Euros '000	2010 Euros '000
Agriculture	482,556	569,764
Mining	363,542	469,464
Food, beverage and tobacco	316,140	327,224
Textiles	455,075	523,334
Wood and cork	178,118	219,188
Printing and publishing	244,579	265,113
Chemicals	692,531	765,311
Engineering	874,891	931,458
Electricity, water and gas	760,963	668,375
Construction	3,971,731	4,191,785
Retail business	1,328,833	1,555,373
Wholesale business	1,670,615	1,925,908
Restaurants and hotels	1,276,623	1,223,249
Transports and communications	1,163,367	1,580,432
Services	12,624,874	13,551,823
Consumer credit	2,636,734	2,865,864
Mortgage credit	18,923,906	19,449,162
Other domestic activities	870,134	1,014,204
Other international activities	2,393,966	2,988,774
	51,229,178	55,085,805
Impairment for credit risk	(2,762,676)	(2,087,255)
	48,466,502	52,998,550

The analysis of loans and advances to customers, by maturity and by sector of activity as at 31 December, 2011 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	125,236	121,564	197,914	37,842	482,556
Mining	168,475	102,513	88,231	4,323	363,542
Food, beverage and tobacco	151,530	49,211	48,049	67,350	316,140
Textiles	244,237	85,450	79,805	45,583	455,075
Wood and cork	81,296	27,661	43,708	25,453	178,118
Printing and publishing	77,307	40,364	109,020	17,888	244,579
Chemicals	288,744	200,268	189,355	14,164	692,531
Engineering	298,775	165,602	349,504	61,010	874,891
Electricity, water and gas	142,668	196,485	420,396	1,414	760,963
Construction	2,071,609	690,742	678,187	531,193	3,971,731
Retail business	578,567	297,727	362,798	89,741	1,328,833
Wholesale business	812,984	321,288	303,210	233,133	1,670,615
Restaurants and hotels	204,472	279,950	655,263	136,938	1,276,623
Transports and communications	292,861	196,842	630,248	43,416	1,163,367
Services	5,286,071	3,412,859	3,389,148	536,796	12,624,874
Consumer credit	903,600	911,551	457,757	363,826	2,636,734
Mortgage credit	12,624	135,779	18,641,610	133,893	18,923,906
Other domestic activities	188,473	334,335	326,246	21,080	870,134
Other international activities	490,989	914,935	939,206	48,836	2,393,966
	12,420,518	8,485,126	27,909,655	2,413,879	51,229,178

The analysis of loans and advances to customers, by type of credit and by maturity as at 31 December, 2011, 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	427,399	-	-	-	427,399
Asset-backed loans	3,491,661	5,260,778	19,501,378	1,155,898	29,409,715
Personal guaranteed loans	4,747,159	1,201,975	4,169,993	592,123	10,711,250
Unsecured loans	1,648,505	-	72,641	665,858	2,387,004
Foreign loans	889,086	1,041,566	1,693,480	-	3,624,132
Factoring	1,206,917	-	-	-	1,206,917
Finance leases	9,791	980,807	2,472,163	-	3,462,761
	12,420,518	8,485,126	27,909,655	2,413,879	51,229,178

The analysis of loans and advances to customers, by maturity and by sector of activity as at 31 December, 2010 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	206,949	132,572	212,387	17,856	569,764
Mining	225,414	89,060	147,015	7,975	469,464
Food, beverage and tobacco	174,182	52,689	58,350	42,003	327,224
Textiles	216,832	122,576	149,261	34,665	523,334
Wood and cork	98,428	43,557	43,054	34,149	219,188
Printing and publishing	105,594	63,538	84,780	11,201	265,113
Chemicals	333,800	240,819	178,864	11,828	765,311
Engineering	316,173	216,260	347,251	51,774	931,458
Electricity, water and gas	167,187	13,474	486,927	787	668,375
Construction	2,341,990	801,678	748,269	299,848	4,191,785
Retail business	644,164	403,596	444,235	63,378	1,555,373
Wholesale business	892,925	431,554	405,231	196,198	1,925,908
Restaurants and hotels	250,769	277,070	651,855	43,555	1,223,249
Transports and communications	578,714	296,564	662,892	42,262	1,580,432
Services	5,506,391	3,553,946	4,146,993	344,493	13,551,823
Consumer credit	1,005,796	998,593	611,872	249,603	2,865,864
Mortgage credit	16,345	146,169	19,172,071	114,577	19,449,162
Other domestic activities	379,696	238,765	379,949	15,794	1,014,204
Other international activities	466,930	1,260,279	1,232,152	29,413	2,988,774
	13,928,279	9,382,759	30,163,408	1,611,359	55,085,805

The analysis of loans and advances to customers, by type of credit and by maturity as at 31 December, 2010, 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	613,187	-	-	-	613,187
Asset-backed loans	2,471,368	5,817,311	20,859,924	705,011	29,853,614
Personal guaranteed loans	6,746,672	873,738	5,034,913	451,204	13,106,527
Unsecured loans	2,080,608	-	-	455,144	2,535,752
Foreign loans	730,083	1,417,197	1,520,294	-	3,667,574
Factoring	1,278,975	-	-	-	1,278,975
Finance leases	7,386	1,274,513	2,748,277	-	4,030,176
	13,928,279	9,382,759	30,163,408	1,611,359	55,085,805

Loans and advances to customers includes the effect of traditional securitization transactions realized by the Bank, regarding consumer loans, mortgage, leasings, commercial paper and corporate loans. The referred securitizations are performed through Special Purpose Entities (SPE).

The balance Loans and advances to customers includes the following amounts related to securitization transactions, presented by type of transaction:

	Traditional	
	2011 Euros '000	2010 Euros '000
Mortgage loans	4,927,574	5,920,792
Consumer loans	417,771	692,598
Leases	906,892	1,141,824
Commercial paper	-	310,189
Corporate loans	4,620,819	4,560,432
	10,873,056	12,625,835

During 2010, the Bank issued two securitization transactions named as Tagus Leasing No.1 (leasing) and Caravela SME No.2 (corporate loans), both issued by Banco Comercial Português, S.A. Considering the characteristics of these securitizations and according to accounting policy 1 f), these transactions were not derecognised from the Bank's financial statements.

Magellan Mortgages No. 6

On 20 March 2009, the Bank transferred a pool of mortgage loans to the SPE “Magellan Mortgages No. 6 Limited”. Considering that, given the characteristics of the transaction, the Bank still holds the risks and benefits associated to the referred assets, in the amount of Euros 3,491,700,000, with reference to 31 December 2011. The transaction does not qualify for derecognition from the Bank’s Financial Statements as established in the accounting policy 1 f). The related liabilities were fully subscribed by the Bank, and consequently are included in the balance Financial assets available for sale, in the amount of Euros 3,634,054,000.

Magellan Mortgages No. 5

On 26 June 2008, the Bank transferred a pool of mortgage loans to the SPE “Magellan Mortgages No. 5 Limited”. Considering that, given the characteristics of the transaction, the Bank still holds the risks and benefits associated to the referred assets, as at 31 December 2011, in the amount of Euros 1,435,874,000, the transaction does not qualify for derecognition from the Bank’s Financial Statements as established in the accounting policy 1 f). The related liabilities were fully subscribed by the Bank, and consequently are included in the balance Financial assets available for sale, in the amount of Euros 1,467,544,000.

Nova Finance No. 4

On 21 December 2007, the Bank transferred a pool of consumer loans to the SPE “Nova Finance No. 4 Limited”. Considering that, given the characteristics of the transaction, the Bank still holds the risks and benefits associated to the referred assets, as at 31 December 2011, in the amount of Euros 417,771,000, the transaction does not qualify for derecognition from the Bank’s Financial Statements as established in the accounting policy 1 f). The related liabilities are majorly held by the Bank, and consequently are included in the balance Financial assets available for sale, in the amount of Euros 131,972,000.

Tagus Leasing No.1

On 26 February 2010, the Bank transferred a pool of leasing loans owned by Banco Comercial Português, S.A. to SPE “Tagus Leasing No. 1 Limited”. Considering that given the characteristics of the transaction, the Bank still holds the risks and benefits associated to the referred assets, as at 31 December 2011, in the amount of Euros 906,892,000, these, as established in the accounting policy defined in note 1 f), maintain the recognition in the Financial Statements of the Bank, in the amount of Euros 971,966,000, are all detained by the Bank.

Caravela SME No. 1

On 28 November 2008, the Bank transferred a pool of corporate loans and commercial paper owned by Banco Comercial Português, S.A. to the SPE “Caravela SME No. 1 Limited”. Considering that, given the characteristics of the transaction, the Bank still holds the risks and benefits associated to the referred assets, as at 31 December 2011, in the amount of Euros 1,847,585,000 the transaction does not qualify for derecognition from the Bank’s Financial Statements as established in the accounting policy 1 f). The related liabilities were fully subscribed by the Bank, and consequently are included in the balance Financial assets available for sale, in the amount of Euros 2,072,224,000.

Caravela SME No. 2

On 16 December 2010, the Bank transferred a pool of corporate loans owned by Banco Comercial Português, S.A. to SPE “Caravela SME No. 2 Limited”. Considering that given the characteristics of the transaction, the Bank still holds the risks and benefits associated to the referred assets, as at 31 December 2011, in the amount of Euros 2,773,234,000, the transaction does not qualify for derecognition from the Bank’s Financial Statements as established in the accounting policy 1 f). The related liabilities were fully subscribed by the Bank, and consequently are included in the balance Financial assets available for sale, in the amount of Euros 2,799,747,000.

The balance Loans and advances to customers includes the following amounts related to finance leases contracts:

	2011 Euros '000	2010 Euros '000
Gross amount	4,370,589	4,709,851
Interest not yet due	(907,828)	(679,675)
Net book value	3,462,761	4,030,176

The analysis of the financial leasing contracts by type of client, is presented as follows:

	2011 Euros '000	2010 Euros '000
Individuals		
Home	83,360	105,443
Consumer	71,619	102,198
Others	219,023	255,148
	374,002	462,789
Companies		
Mobiliary	815,330	1,054,682
Mortgage	2,273,429	2,512,705
	3,088,759	3,567,387
	3,462,761	4,030,176

Regarding operational Leasing, the Bank does not present significant contracts as leasor.

In accordance with note 10, the balance Rents, includes as at 31 December 2011, the amount of Euros 40,755,000 (31 December 2010: Euros 42,581,000), corresponding to rents paid regarding buildings used by the Bank as leasee.

The loans portfolio includes restructured loans that have been formally negotiated with the clients, in order to reinforce collaterals, defer the maturity date or change the interest rate. The analysis of restructured loans by sector of activity is as follows:

	2011 Euros '000	2010 Euros '000
Agriculture	2,163	2,866
Mining	502	516
Food, beverage and tobacco	585	813
Textiles	1,886	8,841
Wood and cork	11,677	6,094
Printing and publishing	381	201
Chemicals	122	421
Engineering	5,399	5,122
Construction	7,032	6,299
Retail business	3,099	3,674
Wholesale business	28,501	31,226
Restaurants and hotels	1,203	1,342
Transports and communications	463	476
Services	194,176	202,373
Consumer credit	49,726	51,406
Other domestic activities	197	489
Other international activities	26	39
	307,138	322,198

The analysis of overdue loans by sector of activity for the Bank is as follows:

	2011 Euros '000	2010 Euros '000
Agriculture	37,842	17,856
Mining	4,323	7,975
Food, beverage and tobacco	67,350	42,003
Textiles	45,583	34,665
Wood and cork	25,453	34,149
Printing and publishing	17,888	11,201
Chemicals	14,164	11,828
Engineering	61,010	51,774
Electricity, water and gas	1,414	787
Construction	531,193	299,848
Retail business	89,741	63,378
Wholesale business	233,133	196,198
Restaurants and hotels	136,938	43,555
Transports and communications	43,416	42,262
Services	536,796	344,493
Consumer credit	363,826	249,603
Mortgage credit	133,893	114,577
Other domestic activities	21,080	15,794
Other international activities	48,836	29,413
	2,413,879	1,611,359

The analysis of overdue loans, by type of credit, for the Bank is as follows:

	2011 Euros '000	2010 Euros '000
Asset-backed loans	1,155,898	705,011
Personal guaranteed loans	592,123	451,204
Unsecured loans	665,858	455,144
	2,413,879	1,611,359

The movements of impairment for credit risk are analysed as follows:

	2011 Euros '000	2010 Euros '000
Impairment for overdue loans and for other credit risks:		
Balance on 1 January	2,087,255	1,638,157
Transfers	94,751	8,499
Impairment for the year	857,062	789,809
Write-back for the year	(14,765)	(370)
Loans charged-off	(261,627)	(348,840)
Balance on 31 December	2,762,676	2,087,255

If the impairment loss decreases on a subsequent period to its initial accounting and this decrease can be objectively associated to an event that occurred after the recognition of the loss, the impairment in excess is reversed through profit and loss.

The balance Impairment for overdue loans and for other credit risks includes, as at 31 December 2011, the amount of Euros 38,570,000 regarding impairments to loans granted to resident entities in countries wich are subject to country risk according with Instruction of the Bank of Portugal.

The analysis of the impairment, by sector of activity, is as follows:

	2011 Euros '000	2010 Euros '000
Agriculture	21,891	16,448
Mining	4,703	9,370
Food, beverage and tobacco	52,163	43,650
Textiles	44,995	34,719
Wood and cork	23,482	28,676
Printing and publishing	28,244	13,387
Chemicals	14,717	7,788
Engineering	49,662	57,687
Electricity, water and gas	1,736	1,626
Construction	376,358	232,988
Retail business	89,932	56,085
Wholesale business	217,115	173,971
Restaurants and hotels	96,033	39,219
Transports and communications	40,474	32,710
Services	625,836	384,280
Consumer credit	519,286	522,963
Mortgage credit	472,952	409,139
Other domestic activities	18,012	13,696
Other international activities	65,085	8,853
	2,762,676	2,087,255

The impairment for credit risk, by type of credit, is analysed as follows:

	2011 Euros '000	2010 Euros '000
Asset-backed loans	1,258,417	883,336
Personal guaranteed loans	465,802	356,911
Unsecured loans	999,888	847,008
Foreign loans	38,569	-
	2,762,676	2,087,255

The analysis of the loans charged-off, by sector of activity, is as follows:

	2011 Euros '000	2010 Euros '000
Agriculture	1,239	3,809
Mining	394	17,625
Food, beverage and tobacco	884	2,961
Textiles	17,904	11,378
Wood and cork	9,409	7,454
Printing and publishing	1,771	3,225
Chemicals	1,275	965
Engineering	13,160	13,581
Electricity, water and gas	19	10
Construction	71,471	29,969
Retail business	2,463	9,668
Wholesale business	13,011	96,482
Restaurants and hotels	3,780	3,560
Transports and communications	1,816	3,001
Services	38,378	114,426
Consumer credit	25,723	28,969
Other domestic activities	3,755	1,757
Other international activities	55,175	-
	261,627	348,840

In compliance with the accounting policy described in note 1 b), loans and advances to customers are charged-off when there are no feasable expectations, from an economic perspective, of recovering the loan amount. For collateralized loans, the charge-off occurs for the unrecoverable amount when the funds arising from the execution of the respective collaterals are effectively received. This charge-off is carried out only for loans that are considered not to be recoverable and fully provided.

The analysis of the loans charged-off, by type of credit, is as follows:

	2011	2010
	Euros '000	Euros '000
Asset-backed loans	39,637	118,789
Personal guaranteed loans	26,926	68,655
Unsecured loans	189,064	161,396
Foreign loans	6,000	-
	261,627	348,840

The analysis of recovered loans and interest, during 2011 and 2010, by sector of activity, is as follows:

	2011	2010
	Euros '000	Euros '000
Agriculture	517	220
Mining	32	11
Food, beverage and tobacco	215	194
Textiles	866	1,984
Wood and cork	1,054	750
Printing and publishing	151	268
Chemicals	2	10
Engineering	555	624
Construction	1,128	2,854
Retail business	310	546
Wholesale business	1,274	2,400
Restaurants and hotels	25	447
Transports and communications	149	494
Services	7,545	518
Consumer credit	2,211	14,593
Mortgage credit	2	-
Other domestic activities	28	61
	16,064	25,974

The analysis of recovered loans and interest during 2011 and 2010, by type of credit, is as follows:

	2011	2010
	Euros '000	Euros '000
Unsecured loans	16,064	25,974
	16,064	25,974

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:

	2011 Euros '000	2010 Euros '000
Bonds and other fixed income securities		
Issued by public entities	2,715,787	3,502,358
Issued by other entities	13,417,028	14,865,326
	16,132,815	18,367,684
Overdue securities	4,925	4,925
Impairment for overdue securities	(4,925)	(4,925)
	16,132,815	18,367,684
Shares and other variable income securities	689,177	576,031
	16,821,992	18,943,715
Trading derivatives	1,657,872	1,447,580
	18,479,864	20,391,295

The balance Trading derivatives includes the valuation of the embedded derivatives separated from the host contracts in accordance with the accounting policy presented in note 1 c) in the amount of Euros 22,708,000 (31 December 2010: Euros 8,437,000).

The analysis of the financial assets held for trading and available for sale by the type of asset is as follows:

	2011			2010		
	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	77,476	938,069	1,015,545	909,880	21,023	930,903
Foreign issuers	33,535	4,552	38,087	32,900	-	32,900
Bonds issued by other entities						
Portuguese issuers	37,865	4,169,524	4,207,389	118,340	3,056,534	3,174,874
Foreign issuers	160,616	9,053,948	9,214,564	163,550	11,531,827	11,695,377
Treasury bills and other						
Government bonds	496,518	1,165,637	1,662,155	2,538,555	-	2,538,555
	806,010	15,331,730	16,137,740	3,763,225	14,609,384	18,372,609
Variable income:						
Shares in Portuguese companies	4,032	66,973	71,005	7,663	46,672	54,335
Shares in foreign companies	24,399	19,696	44,095	23,113	23,495	46,608
Investment fund units	108	573,969	574,077	1,191	473,897	475,088
	28,539	660,638	689,177	31,967	544,064	576,031
Impairment for overdue securities	-	(4,925)	(4,925)	-	(4,925)	(4,925)
	834,549	15,987,443	16,821,992	3,795,192	15,148,523	18,943,715
Trading derivatives	1,657,872	-	1,657,872	1,447,580	-	1,447,580
	2,492,421	15,987,443	18,479,864	5,242,772	15,148,523	20,391,295
of which:						
Level 1	746,862	3,097,774	3,844,636	3,743,741	816,835	4,560,576
Level 2	1,745,381	1,686,049	3,431,430	1,499,028	1,431,148	2,930,176
Level 3	-	38,930	38,930	-	47,082	47,082
Financial assets at cost	178	11,164,690	11,164,868	3	12,853,458	12,853,461

The trading portfolio is recorded at fair value with changes through profit and loss, in accordance with the accounting policy described in note 1 c).

As referred in IFRS 7, financial assets held for trading and available for sale are valued in accordance with the following fair value measurement levels:

- Level 1: financial instruments measured in accordance with quoted market prices or providers.
- Level 2: financial instruments measured in accordance with internal valuation techniques based on observable market inputs.
- Level 3: financial instruments measured in accordance with valuation techniques based on inputs not based on observable data that have significant impact in the instruments valuation.

Financial assets at cost includes the amount of Euros 11,145,287,000 (31 de December de 2010: Euros 12,833,827,000) refered to securities of securitization operations not unrecognised and which are accounted at nominal value net of impairment.

Quoted financial assets includes securities measured with stock market's quotations, provider's prices and securities admitted to quotation in other organised markets.

As referred in the accounting policy presented in note 1 c), the available for sale securities are presented at market value with the respective fair value accounted for against fair value reserves, as referred in note 41. The negative amount of fair value reserves of Euros 481,778,000 (31 December 2010: negative amount of Euros 245,705,000) is presented net of impairment losses in the amount of Euros 188,621,000 (31 December 2010: Euros 124,037,000).

During the first semster of 2010, the Bank reclassified non-derivative financial assets, from the available for sale portfolio to the held to maturity and from the held for trading portfolio to the available for sale and to held to maturity portfolios (see note 24).

As referred in the accounting policy note 1 e) these reclassifications were performed under the scope of IAS 39 – Financial Instruments: Recognition and Measurement (Reclassification of Financial Assets) revised in October 2008, based on the following considerations:

• Market conditions in the first semester of 2010, for sovereign and financial institutions of peripherical Euro zone countries, that resulted in a strong increase in the volatility, credit spreads and difficulties of issuers to place their financial liabilities in the market;

• Underlying value of the portfolio (quality of the issuers expressed in investment grade ratings) and capacity of the Bank to hold the assets in a stable portfolio with no short term profit objective, and intention and capacity to hold in the long term.

The reclassifications performed until 31 December 2011, are analysed as follows:

	At the reclassification date		December 2011		
	Book value **Euros '000**	**Fair value** **Euros '000**	**Book value** **Euros '000**	**Fair value** **Euros '000**	**Difference** **Euros '000**
From Financial assets held for trading to:					
Financial assets available for sale	196,800	196,800	6,545	6,545	-
Financial assets held to maturity	2,144,892	2,144,892	1,413,245	1,140,841	(272,404)
From Financial assets available for sale to:					
Loans represented by securities	2,592,280	2,592,280	140,974	130,376	(10,598)
Financial assets held to maturity	627,492	627,492	578,799	523,431	(55,368)
			2,139,563	1,801,193	(338,370)

The amounts accounted in the income statement (P&L) and in fair value reserves, in December 2011 related to reclassified financial assets are analysed as follows:

	P&L			Changes	
	Interest **Euros '000**	**Impairment** **Euros '000**	**Total** **Euros '000**	**Fair value reserves** **Euros '000**	**Equity** **Euros '000**
From Financial assets held for trading to:					
Financial assets available for sale	822	-	822	-	822
Financial assets held to maturity	65,195	(358,277)	(293,082)	-	(293,082)
From Financial assets available for sale to:					
Loans represented by securities	4,055	-	4,055	242	4,297
Financial assets held to maturity	18,707	-	18,707	(360)	18,347
	88,779	(358,277)	(269,498)	(118)	(269,616)

If the reclassifications described previously had not occurred, the additional amounts recognised in results during 2011, would be as follows:

	Interest Euros '000	Fair value changes Euros '000	Impact in P&L Euros '000
Impact in P&L without reclassifications:			
From Financial assets held for trading to:			
Financial assets available for sale	-	(6,932)	(6,932)
Financial assets held to maturity	-	314	314
From Financial assets available for sale to:			
Loans represented by securities	242	-	242
Financial assets held to maturity	(360)	-	(360)
	(118)	(6,618)	(6,736)

If the reclassifications described previously had not occurred, the additional amounts recognised in equity during 2011, would be as follows:

	P&L Euros '000	Retained earnings Euros '000	Fair value reserves Euros '000	Equity Euros '000
Impact in equity without reclassifications:				
From Financial assets held for trading to:				
Financial assets available for sale	(6,932)	-	6,932	-
Financial assets held to maturity	314	(272,718)	-	(272,404)
From Financial assets available for sale to:				
Loans represented by securities	242	508	(11,348)	(10,598)
Financial assets held to maturity	(360)	-	(55,008)	(55,368)
	(6,736)	(272,210)	(59,424)	(338,370)

As at 31 December 2010, this reclassification is analysed as follows:

	At the reclassification date		December 2010		
	Book value Euros '000	Fair value Euros '000	Book value Euros '000	Fair value Euros '000	Difference Euros '000
From Financial assets held for trading to:					
Financial assets available for sale	196,800	196,800	13,450	13,450	-
Financial assets held to maturity	2,144,892	2,144,892	1,869,470	1,596,752	(272,718)
From Financial assets available for sale to:					
Loans represented by securities	2,592,280	2,592,280	169,359	156,459	(12,900)
Financial assets held to maturity	627,492	627,492	610,085	533,996	(76,089)
			2,662,364	2,300,657	(361,707)

The amounts accounted in the income statement (P&L) and in fair value reserves, in December 2010 related to reclassified financial assets are analysed as follows:

	P&L			Changes	
	Interest Euros '000	Fair value changes Euros '000	Total Euros '000	Fair value reserves Euros '000	Equity Euros '000
Before the reclassification					
From Financial assets held for trading to:					
Financial assets available for sale	170	(3,048)	(2,878)	-	(2,878)
Financial assets held to maturity	2,955	5,623	8,578	-	8,578
From Financial assets held for sale to:					
Financial assets held to maturity	5,476	-	5,476	(9,510)	(4,034)
	8,601	2,575	11,176	(9,510)	1,666
After the reclassification					
From Financial assets held for trading to:					
Financial assets available for sale	1,786	-	1,786	-	1,786
Financial assets held to maturity	56,932	-	56,932	-	56,932
From Financial assets available for sale to:					
Loans represented by securities	4,119	-	4,119	240	4,359
Financial assets held to maturity	5,148	-	5,148	(168)	4,980
	67,985	-	67,985	72	68,057

If the reclassifications described previously had not occurred, the additional amounts recognised in profit and loss and in fair value reserves during 2010, would be as follows:

	Interest Euros '000	Fair value changes Euros '000	P&L Euros '000
Impact in P&L without reclassifications:			
Until 31 December 2009			
From Financial assets held for trading to:			
Financial assets held to maturity	-	(196,317)	(196,317)
From Financial assets available for sale to:			
Loans represented by securities	240	-	240
	240	(196,317)	(196,077)
After 1 January 2010			
From Financial assets held for trading to:			
Financial assets available for sale	-	(25,495)	(25,495)
Financial assets held to maturity	-	(54,284)	(54,284)
From Financial assets available for sale to:			
Financial assets held to maturity	(168)	-	(168)
	(168)	(79,779)	(79,947)
	72	(276,096)	(276,024)

If the reclassifications described previously had not occurred, the additional amounts recognised in equity during 2010, would be as follows:

	P&L Euros '000	Retained earnings Euros '000	Fair value reserves Euros '000	Equity Euros '000
Impact in equity without reclassifications:				
Until 31 December 2009				
From Financial assets held for trading to:				
Financial assets held to maturity	(196,317)	(22,117)	-	(218,434)
From Financial assets available for sale to:				
Loans represented by securities	240	268	(13,408)	(12,900)
	(196,077)	(21,849)	(13,408)	(231,334)
After 1 January 2010				
From Financial assets held for trading to:				
Financial assets available for sale	(25,495)	-	25,495	-
Financial assets held to maturity	(54,284)	-	-	(54,284)
From Financial assets available for sale to:				
Financial assets held to maturity	(168)	-	(75,921)	(76,089)
	(79,947)	-	(50,426)	(130,373)
	(276,024)	(21,849)	(63,834)	(361,707)

The movements of the impairment of the financial asstes available for sale are analysed as follows:

	2011 Euros '000	2010 Euros '000
Balance on 1 January	124,037	117,618
Transfers	(3,585)	(7,995)
Impairment in results	71,578	26,157
Impairment against fair value reserves	4,651	9,134
Write-back against fair value reserves	(5,601)	(5,022)
Loans charged-off	(2,459)	(15,855)
Balance on 31 December	188,621	124,037

The Bank recognises impairment on financial assets available for sale when there is a significant or prolonged decrease in its fair value or when there is an impact on expected future cash flows of the assets. This valuation involves judgement, in which the Bank takes into consideration among other factors, the volatility of the prices of securities.

Thus, as a consequence of the low liquidity and significant volatility in financial markets, the following factors were taken into consideration in determining the existence of impairment:

- Equity instruments: (i) decreases of more than 30% against the purchase price; or (ii) the market value below the purchase price for a period exceeding 12 months;
- Debt instruments: when there is objective evidence of events with impact on the recoverable value of future cash flows of these assets.

The analysis of financial assets held for trading and available for sale by maturity as at 31 December 2011, is as follows:

	Up to 3 months Euros '000	3 months to 1 year Euros '000	More than 1 year Euros '000	Undetermined Euros '000	Total Euros '000
Fixed income:					
Bonds issued by public entities					
Portuguese issuers	-	221,863	793,682	-	1,015,545
Foreign issuers	-	-	38,087	-	38,087
Bonds issued by other entities					
Portuguese issuers	47,498	255,570	3,899,396	4,925	4,207,389
Foreign issuers	111,685	347,889	8,754,990	-	9,214,564
Treasury bills and other					
Government bonds	1,515,020	147,135	-	-	1,662,155
	1,674,203	972,457	13,486,155	4,925	16,137,740
Variable income:					
Companies shares					
Portuguese companies				71,005	71,005
Foreign companies				44,095	44,095
Investment fund units				574,077	574,077
				689,177	689,177
Impairment for overdue securities				(4,925)	(4,925)
	1,674,203	972,457	13,486,155	689,177	16,821,992

The analysis of financial assets held for trading and available for sale by maturity as at 31 December 2010 is as follows:

	Up to 3 months Euros '000	3 months to 1 year Euros '000	More than 1 year Euros '000	Undetermined Euros '000	Total Euros '000
Fixed income:					
Bonds issued by public entities					
Portuguese issuers	-	93,005	837,898	-	930,903
Foreign issuers	-	-	32,900	-	32,900
Bonds issued by other entities					
Portuguese issuers	-	49,262	3,120,687	4,925	3,174,874
Foreign issuers	20,905	803,776	10,870,696	-	11,695,377
Treasury bills and other					
Government bonds	1,172,070	1,366,485	-	-	2,538,555
	1,192,975	2,312,528	14,862,181	4,925	18,372,609
Variable income:					
Companies shares					
Portuguese companies				54,335	54,335
Foreign companies				46,608	46,608
Investment fund units				475,088	475,088
				576,031	576,031
Impairment for overdue securities				(4,925)	(4,925)
	1,192,975	2,312,528	14,862,181	576,031	18,943,715

The analysis of the securities portfolio included in the financial assets held for trading and available for sale, by sector of activity, as at 31 December 2011 is as follows:

	Bonds Euros '000	Shares Euros '000	Other Financial Assets Euros '000	Overdue Securities Euros '000	Gross Total Euros '000
Textiles	-	1	-	-	1
Wood and cork	-	501	-	361	862
Printing and publishing	86	15,259	-	998	16,343
Chemicals	-	7,618	-	-	7,618
Engineering	-	180	-	-	180
Electricity, water and gas	154,713	1,118	-	-	155,831
Construction	9,472	1,960	-	2,560	13,992
Retail business	-	27	-	-	27
Wholesale business	-	1,205	-	475	1,680
Restaurants and hotels	-	51	-	-	51
Transport and communications	22,470	767	-	529	23,766
Services	13,204,826	86,413	574,077	2	13,865,318
Other domestic activities	25,461	-	-	-	25,461
	13,417,028	115,100	574,077	4,925	14,111,130
Government and Public securities	1,053,632	-	1,662,155	-	2,715,787
Impairment for overdue securities	-	-	-	(4,925)	(4,925)
	14,470,660	115,100	2,236,232	-	16,821,992

The analysis of the securities portfolio included in the financial assets held for trading and available for sale, by sector of activity, as at 31 December 2010 is as follows:

	Bonds Euros '000	Shares Euros '000	Other Financial Assets Euros '000	Overdue Securities Euros '000	Gross Total Euros '000
Mining	-	205	-	-	205
Textiles	-	1,387	-	-	1,387
Wood and cork	-	3,674	-	361	4,035
Printing and publishing	90	19,488	-	998	20,576
Chemicals	-	17,160	-	-	17,160
Engineering	-	1,101	-	-	1,101
Electricity, water and gas	-	2,028	-	-	2,028
Construction	11,177	3,615	-	2,560	17,352
Retail business	-	27	-	-	27
Wholesale business	-	3,371	-	475	3,846
Restaurants and hotels	-	51	-	-	51
Transport and communications	13,617	2,058	-	529	16,204
Services	14,840,442	46,778	475,088	2	15,362,310
	14,865,326	100,943	475,088	4,925	15,446,282
Government and Public securities	963,803	-	2,538,555	-	3,502,358
Impairment for overdue securities	-	-	-	(4,925)	(4,925)
	15,829,129	100,943	3,013,643	-	18,943,715

As detailed in note 50, the Bank, as part of the management process of the liquidity risk, holds a pool of eligible assets that can serve as collateral in funding operations in the European Central Bank and other Central Banks in countries were the Bank operates, which includes fixed income securities.

The analysis of the trading derivatives by maturity as at 31 December 2011, is as follows:

	2011					
	Notional (remaining term)				Fair value	
	Up to 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:						
Forward rate agreement	800	2,400	-	3,200	20	-
Interest rate Swaps	4,913,040	2,061,826	37,779,247	44,754,113	1,264,463	1,281,021
Interest rate Options (purchase)	1,202	336,972	611,598	949,772	12,469	-
Interest rate Options (sale)	1,202	336,972	611,598	949,772	-	14,287
Other interest rate contracts	23,800	509,753	10,118,393	10,651,946	30,184	30,175
	4,940,044	3,247,923	49,120,836	57,308,803	1,307,136	1,325,483
Stock Exchange transactions:						
Interest rate futures	5,002	-	-	5,002	-	-
Currency Derivatives:						
OTC Market:						
Forward exchange contract	105,122	39,944	-	145,066	6,147	2,080
Currency Swaps	2,836,263	-	-	2,836,263	28,108	5,507
Currency Options (purchase)	25,992	1,677	-	27,669	551	-
Currency Options (sale)	11,394	1,677	-	13,071	-	580
	2,978,771	43,298	-	3,022,069	34,806	8,167
Share Derivatives:						
OTC Market:						
Shares/indexes Swaps	154,133	58,549	104,054	316,736	5,454	9,129
Shares/indexes Options (purchase)	78,366	-	-	78,366	-	-
Shares/indexes Options (sale)	78,400	-	-	78,400	-	68
Preference shares forwards	-	-	30,000	30,000	-	2,601
	310,899	58,549	134,054	503,502	5,454	11,798
Stock Exchange transactions:						
Shares futures	67,243	-	-	67,243	-	-
Commodity derivatives:						
Stock Exchange transactions:						
Commodities futures	31,703	-	-	31,703	-	-
Credit derivatives:						
OTC Market:						
Credit Default Swaps	3,864	-	4,125,066	4,128,930	287,768	295,349
Other credit derivatives (sale)	-	-	34,948	34,948	-	-
	3,864	-	4,160,014	4,163,878	287,768	295,349
Total financial instruments traded in:						
OTC Market	8,233,578	3,349,770	53,414,904	64,998,252	1,635,164	1,640,797
Stock Exchange	103,948	-	-	103,948	-	-
Embedded derivatives					22,708	11,214
	8,337,526	3,349,770	53,414,904	65,102,200	1,657,872	1,652,011

The analysis of the trading derivatives by maturity as at 31 December 2010, is as follows:

	2010					
	Notional (remaining term)				Fair value	
	Up to 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:						
Forward rate agreements	800	2,400	3,200	6,400	29	-
Interest rate Swaps	7,982,607	5,436,718	42,035,157	55,454,482	1,162,165	1,073,838
Interest rate Options (purchase)	30,436	149,723	830,190	1,010,349	21,293	-
Interest rate Options (sale)	30,436	149,351	830,190	1,009,977	-	21,288
Other interest rate contracts	31,582	222,605	10,097,729	10,351,916	36,820	36,800
	8,075,861	5,960,797	53,796,466	67,833,124	1,220,307	1,131,926
Stock Exchange transactions:						
Interest rate Futures	12,502	-	-	12,502	-	-
Currency Derivatives:						
OTC Market:						
Forward exchange contract	127,042	49,819	711	177,572	4,555	2,803
Currency Swaps	2,648,491	-	-	2,648,491	33,055	34,555
Currency Options (purchase)	19,263	21,523	-	40,786	880	-
Currency Options (sale)	1,485	21,523	-	23,008	-	751
	2,796,281	92,865	711	2,889,857	38,490	38,109
Share Derivatives:						
OTC Market:						
Shares/indexes Swaps	106,773	123,883	157,318	387,974	16,151	17,458
Shares/indexes Options (purchase)	60,722	-	-	60,722	-	-
Shares/indexes Options (sale)	60,740	-	-	60,740	-	131
Preference shares forwards	-	-	50,000	50,000	-	8,566
	228,235	123,883	207,318	559,436	16,151	26,155
Stock Exchange transactions:						
Shares futures	57,073	-	-	57,073	-	-
Commodities futures	70,714	4	-	70,718	-	-
	127,787	4	-	127,791	-	-
Credit derivatives:						
OTC Market:						
Credit Default Swaps	-	97,774	4,099,602	4,197,376	164,195	187,680
Other credit derivatives (sale)	-	-	66,448	66,448	-	-
	-	97,774	4,166,050	4,263,824	164,195	187,680
Total financial instruments traded in:						
OTC Market	11,100,377	6,275,319	58,170,545	75,546,241	1,439,143	1,383,870
Stock Exchange	140,289	4	-	140,293	-	-
Embedded derivatives					8,437	255
	11,240,666	6,275,323	58,170,545	75,686,534	1,447,580	1,384,125

23. Hedging derivatives

This balance is analysed as follows:

	2011 Euros '000	2010 Euros '000
Hedging instruments		
Assets:		
Swaps	463,734	440,614
Liabilities:		
Swaps	64,041	27,889

Hedging derivatives are measured in accordance with internal valuation techniques considering mainly observable market inputs. In accordance with the hierarchy of the valuation sources, as referred in IFRS 7 these derivatives are classified in level 2.

The Bank uses derivatives to hedge interest and exchange rate exposure risks. The accounting method depends on the nature of the hedged risk, namely if the Bank is exposed to fair value changes, variability in cash-flows or highly probable forecasted transactions.

Since 1 January 2005, for the hedging relationships which comply with the hedging requirements of IAS 39, the Bank adopted the hedge accounting method, namely through the fair value hedge model, and holds in its derivatives portfolio mainly interest rate swaps, which are hedging fair value changes in interest rate risk of Debt securities issued, Deposit, Loans of inter-bank money market and Financial assets available for sale.

The Bank performs periodical effectiveness tests of the hedging relationships. For this year a positive amount of Euros 25,181,000 (31 December 2010: positive amount of Euros 14,838,000) was recorded against the results, corresponding to the ineffective part of the fair value hedge relationships. The Bank designated a portfolio of fixed interest rate loans with maturity of more than one year for which adopted an hedging policy regarding the interest rate risk.

As referred in note 6, in 2010 the Bank discontinued an interest rate hedging relationship of a mortgage backed security issue in the amount of Euros 1,500,000,000 in accordance with paragraph 91, c) of IAS 39, due to its effectiveness. Following the decision of the Executive Board of Directors and in accordance with IAS 39, on 1 April, 2009 and 1 April 2010, respectively, the hedging relationship was reestablished.

The accumulated adjustment on financial risks covered performed on the assets and liabilities which includes hedged items is analysed as follows:

	2011 Euros '000	2010 Euros '000
Hedged item		
Loans	-	10,976
Deposits / Loans	(12,230)	303
Debt issued	(261,696)	(176,465)
	(273,926)	(165,186)

The analysis of the portfolio of hedging derivatives by maturity as at 31 December 2011 is as follows:

	2011					
	Notional (remaining term)				Fair value	
	Up to 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	164,500	308,761	5,829,365	6,302,626	463,734	64,041
	164,500	308,761	5,829,365	6,302,626	463,734	64,041

The analysis of the portfolio of hedging derivatives by maturity as at 31 December 2010 is as follows:

	2010					
	Notional (remaining term)				Fair value	
	Up to 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	-	-	6,926,117	6,926,117	440,614	27,889
	-	-	6,926,117	6,926,117	440,614	27,889

24. Financial assets held to maturity

The balance Financial assets held to maturity is analysed as follows:

	2011 Euros '000	2010 Euros '000
Bonds and other fixed income securities		
Issued by Government and public entities	2,764,695	3,022,597
Issued by other entities	2,679,583	3,457,928
	5,444,278	6,480,525
Impairment	(358,277)	-
	5,086,001	6,480,525

The balance Bonds and other fixed income securities - Issued by Government and public entities, includes as at 31 December 2011, the amount of Euros 2,356,340,000 (31 December 2010: Euros 2,972,647,000) related to European Union countries, in bailout situation, and which detail is presented in note 55.

The balance Financial assets held to maturity includes, as at 31 December 2011, the amount of Euros 1,413,245,000 (31 December 2010: Euros 1,869,470,000) related to non derivatives financial assets (bonds) reclassified from financial assets held for trading caption to financial assets held to maturity caption, of which Euros 549,531,000 are related to the reclassifications occured in 2010, as referred in the accounting policy note 1 e) and note 22.

The balance Financial assets held to maturity also includes, as at 31 December 2011, the amount of Euros 578,799,000 (31 December 2010: Euros 610,085,000) related to non derivatives financial assets (bonds) reclassified, in 2010, from financial assets available for sale caption to financial assets held to maturity caption, as referred in the accounting policy note 1 e) and note 22.

The movements of the impairment of the Financial assets held to maturity are analysed as follows:

	2011 Euros '000
Balance on 1 January	-
Impairment for the year	358,277
Balance on 31 December	358,277

The evolution of the European Union sovereign debt crisis and specifically the economic and political environment in Greece have contributed to the continuous deterioration of economic and financial situation of Greece and the incapacity to obtain funds from the capital markets, which implies that the short term solvency of the country is dependent on the continuous support by EU and IMF.

Considering this environment, the balance Impairment of Financial assets corresponds to the impairment recognised on Greek sovereign debt during 2011, as referred in note 13. Impairment was determined considering the terms of the agreement established between the Greek state and the private sector, related with the restructuring of the Greek sovereign debt (‘GGBs’). The key terms for private sector involvement (‘PSI’) in the above mentioned restructuring, announced by the Greek Ministry of Finance in 21 February 2012, are as follows:

a) Holders of GGBs will exchange their existing GGBs for:

- New GGBs with a face amount equal to 31.5% of the par amount of the old GGBs.
- Notes issued by the European Financial Stability Facility (EFSF) with a face amount equal to 15% of par of the old GGBs. The notes will bear a market rate of interest and mature within 24 months.

b) The new GGBs will have the following key terms:

- Initial annual coupons of 2% increasing to 3% and then 4.3%.
- Repayment of principal in 20 annual installments commencing on the 11th anniversary of the issue date with final maturity in 2042.

- Aggregated collective action clauses.
- Listing on the Athens stock Exchange.
- Issues covered by English law.
- Detachable GDP-linked securities entitling the holder to an additional annual coupon of 1% if specified GDP targets are met.

The PSI is part of an European Union Euro 130 billion bailout package for Greece which requires parliamentary approval of Eurozone countries.

Millennium bcp decided to accept the terms of the Offer and the exchange occurred in 12 March 2012.

For the purposes of determining impairment the Bank considered the terms and conditions of the PSI and also paragraph AG 84 of IAS 39 that considers reasonable that, for the portfolio of assets held to maturity when, for practical reasons, there are relevant uncertainties regarding the estimate of future cash-flows, impairment can be determined based on observable market prices.

Considering the available information regarding the new bonds, the fair value corresponds to approximately 23% of the book value of the old GGB.

Considering this estimate, the Bank recognised in 2011, an amount of impairment of Euros 358,277,000, which corresponds, as at 31 December 2011 to 77% of the nominal amount of the debt.

The analysis of the Bonds and other fixed income securities portfolio included in the Financial assets held to maturity, by maturity, as at 31 December 2011 is

	Up to 3 months Euros '000	3 months to 1 year Euros '000	More than 1 year Euros '000	Total Euros '000
Fixed income:				
Bonds issued by public entities				
Portuguese issuers	-	103,508	1,922,758	2,026,266
Foreign issuers	26,062	-	354,090	380,152
Bonds issued by other entities				
Portuguese issuers	-	56,381	1,677,434	1,733,815
Foreign issuers	551,478	35,311	358,979	945,768
	577,540	195,200	4,313,261	5,086,001

The analysis of the Bonds and other fixed income securities portfolio included in the Financial assets held to maturity, by maturity, as at 31 December 2010 is as follows:

	Up to 3 months Euros '000	3 months to 1 year Euros '000	More than 1 year Euros '000	Total Euros '000
Fixed income:				
Bonds issued by public entities				
Portuguese issuers	-	233,654	2,049,995	2,283,649
Foreign issuers	-	-	738,948	738,948
Bonds issued by other entities				
Portuguese issuers	-	672,244	1,263,170	1,935,414
Foreign issuers	1,100,963	-	421,551	1,522,514
	1,100,963	905,898	4,473,664	6,480,525

The analysis of the bonds and other fixed income securities portfolio included in the Financial assets held to maturity, by sector of activity, is analysed as follows:

	2011 Euros '000	2010 Euros '000
Transport and communications	170,333	169,693
Services	2,509,250	3,288,235
	2,679,583	3,457,928
Government and Public securities	2,406,418	3,022,597
	5,086,001	6,480,525

As detailed in note 50, the Bank, as part of the management process of the liquidity risk, holds a pool of eligible assets that can serve as collateral in funding operations with the European Central Bank and other Central Banks in countries were the Bank operates, which include fixed income securities.

25. Investments in associated companies

This balance is analysed as follows:

	2011 Euros '000	2010 Euros '000
Portuguese credit institutions	277,348	217,348
Foreign credit institutions	887,190	937,596
Other Portuguese companies	487,189	415,239
Other foreign companies	4,166,277	4,165,865
	5,818,004	5,736,048
Impairment for investments in associated companies		
In subsidiary companies	(1,828,212)	(1,828,212)
In associated and other companies	(3,585)	-
	3,986,207	3,907,836

The balance Investments in associated companies is analysed as follows:

	2011 Euros '000	2010 Euros '000
ACT - C - Indústria de Cortiças, S.A.	3,585	-
Banca Millennium S.A.	4	4
Banco de Investimento Imobiliário, S.A.	260,235	200,235
Bank Millennium S.A.	838,476	891,314
Banque BCP, S.A.S.	15,381	12,949
Banco Millennium Angola, S.A.	33,329	33,329
BCP Capital - Sociedade de Capital de Risco, S.A.	30,773	30,773
BCP Investment, BV	2,112,532	2,112,532
Millennium bcp Participações, S.G.P.S., Sociedade Unipessoal, Lda.	68,375	25
BitalPart, B.V.	2,027,671	2,027,671
Banpor Consulting, S.R.L.	-	500
Interfundos Gestão de Fundos de Investimento Imobiliários, S.A	1,500	1,500
Millennium bcp - Escritório de representações e Serviços, S/C Lda.	11,511	10,600
Millennium bcp Gestão de Activos - Sociedade Gestora de Fundos de Investimento, S.A.	28,009	28,009
S&P Reinsurance Limited	14,536	14,536
Caracas Financial Services, Limited	27	27
Millennium bcp Imobiliária, S.A.	341,088	341,088
Millennium bcp Teleserviços - Serviços de Comércio Electrónico, S.A.	885	885
Nanium, S.A.	6,158	6,158
Propaço - Sociedade Imobiliária De Paço D'Arcos, Lda.	3	-
Servitrust - Trust Management Services S.A.	100	100
SIBS - Sociedade Interbancária de Serviços, S.A.	6,700	6,700
Sicit - Sociedade de Investimentos e Consultoria em Infra-Estruturas de Transportes, S.A	13	-
UNICRE - Cartão Internacional de Crédito, S.A.	17,113	17,113
	5,818,004	5,736,048
Impairment for investments in associated companies	(1,831,797)	(1,828,212)
	3,986,207	3,907,836

The movements for impairment for investments in associated companies are analysed as follows:

	2011 Euros '000	2010 Euros '000
Impairment for investments in associated companies		
Balance on 1 January	1,828,212	1,815,762
Transfers	3,585	18,608
Write-back for the year	-	(6,158)
Balance on 31 December	1,831,797	1,828,212

The Bank companies are presented in note 58.

26. Non current assets held for sale

This balance is analysed as follows:

	2011 Euros '000	2010 Euros '000
Subsidiaries acquired exclusively with the purpose of short-term sale	46,092	46,092
Investments, properties and other assets arising from recovered loans	1,197,588	1,013,637
	1,243,680	1,059,729
Impairment	(298,565)	(206,011)
	945,115	853,718

The assets included in this balance are accounted for in accordance with the accounting policy note 1 j).

The balance Subsidiaries acquired exclusively with the purpose of a short-term sale corresponds to a real estate company acquired by the Bank under the restructuring of a loan exposure, that the Bank intends to sell within one year. However, taking into account the actual market conditions, it was not possible to conclude the sale in the expected time.

The balance Investments, properties and other assets arising from recovered loans includes buildings and other assets resulting from the foreclosure of contracts of loans to customers, originated by (i) delivery of the assets, with option to repurchase or leasing, accounted with the celebration of the contract or the promise to delivery the asset and the respective irrevocable power of attorney issued by the customer in the name of the Bank; or (ii) the adjudication of the assets as a result of a judicial process of guarantees execution, accounted with the title of adjudication or following the adjudication request after the record of the first pawn (payment prosolvency).

These assets are available for sale for a period less than one year and the Bank has a strategy for its sale. However, taking into account the actual market conditions, it is not possible to conclude the sales in the expected time.

The referred balance includes buildings and other assets for which the Bank has already established contracts for the sale in the amount of Euros 77,056,000 (31 December 2010: Euros 101,051,000).

The movements of impairment for Non current assets held for sale are analysed as follows:

	2011 Euros '000	2010 Euros '000
Balance on 1 January	206,011	164,230
Transfers	990	7,200
Impairment for the year	126,779	65,096
Loans charged-off	(35,215)	(30,515)
Balance on 31 December	298,565	206,011

27. Property and equipment

This balance is analysed as follows:

	2011 Euros '000	2010 Euros '000
Land and buildings	680,703	688,477
Equipment		
Furniture	69,318	70,139
Machines	15,389	15,492
Computer equipment	156,889	155,924
Interior installations	96,188	95,949
Motor vehicles	1,967	2,590
Security equipment	67,484	66,585
Work in progress	27,627	28,517
Other tangible assets	3,270	3,342
	1,118,835	1,127,015
Accumulated depreciation		
Charge for the year	(34,924)	(40,509)
Accumulated charge for the previous years	(752,587)	(727,149)
	(787,511)	(767,658)
	331,324	359,357

The Property and equipment movements during 2011 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	688,477	1,065	(10,426)	1,587	-	680,703
Equipment:						
Furniture	70,139	31	(860)	6	2	69,318
Machines	15,492	1,713	(1,816)	-	-	15,389
Computer equipment	155,924	3,973	(3,010)	-	2	156,889
Interior installations	95,949	427	(969)	781	-	96,188
Motor vehicles	2,590	90	(715)	-	2	1,967
Security equipment	66,585	1,987	(1,163)	75	-	67,484
Work in progress	28,517	2,938	(1,366)	(2,462)	-	27,627
Other tangible assets	3,342	-	(72)	-	-	3,270
	1,127,015	12,224	(20,397)	(13)	6	1,118,835
Accumulated depreciation:						
Land and buildings	388,644	22,276	(8,368)	-	-	402,552
Equipment:						
Furniture	66,118	1,186	(851)	-	1	66,454
Machines	15,057	121	(188)	-	-	14,990
Computer equipment	140,806	8,853	(2,999)	-	1	146,661
Interior installations	91,447	975	(955)	-	-	91,467
Motor vehicles	2,388	114	(714)	-	1	1,789
Security equipment	60,001	1,373	(931)	-	-	60,443
Other tangible assets	3,197	26	(68)	-	-	3,155
	767,658	34,924	(15,074)	-	3	787,511

28. Intangible assets

This balance is analysed as follows:

	2011 Euros '000	2010 Euros '000
Software	22,561	15,984
Other intangible assets	2,108	3,121
	24,669	19,105
Accumulated depreciation		
Charge for the year	(4,429)	(4,123)
Accumulated charge for the previous years	(9,365)	(5,241)
	(13,794)	(9,364)
	10,875	9,741

The Intangible assets movements during 2011 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	15,984	6,572	-	4	1	22,561
Other intangible assets	3,121	413	(1,426)	-	-	2,108
	19,105	6,985	(1,426)	4	1	24,669
Accumulated depreciation:						
Software	8,576	4,429	-	-	1	13,006
Other intangible assets	788	-	-	-	-	788
	9,364	4,429	-	-	1	13,794

29. Deferred income tax assets

Deferred income tax assets and liabilities as at 31 December, 2011 and 2010 are analysed as follows:

	2011		2010	
	Assets Euros '000	Liabilities Euros '000	Assets Euros '000	Liabilities Euros '000
Other tangible assets	-	3,449	-	3,528
Provision losses	651,964	-	415,412	22,695
Pensions	577,750	-	546,389	-
Financial assets available for sale	143,523	-	74,041	393
Allocation of profits	78,035	-	44,879	-
Tax losses carried forward	184,238	-	123,177	-
Others	24,453	45,277	24,983	80,386
	1,659,963	48,726	1,228,881	107,002
Net deferred tax	1,611,237		1,121,879	

The caption deferred tax assets - Employee Benefits includes as at 31 December, 2011 the amount of Euros 290,435,000 (31 December 2010: Euros 284,524,000) related to the recognition of deferred taxes associated with actuarial gains and losses recognised against reserves, as a result of a change in the accounting policy as referred in notes 1, 48 and 56. The referred caption also includes the amount of Euros 47,783,000 related to the recognition of deferred taxes associated with the transfer of the liabilities with retired employees / pensioners to the General Social Security Scheme, which was recognised in the income statement, as described in note 9.

Under the scope of the transfer of the responsibilities to the General Social Security Scheme and the change in accounting policy, a special tax scheme was established for the tax deductibility of expenses and other changes in equity arising from these transactions, as follows:

- The negative impact in equity associated with the change in the accounting policy for the recognition of actuarial gains and losses previously deferred, will be fully deductible during 10 years on a straight line basis, starting on 1 January, 2012.
- The impact of the settlement (determined by the difference between the liability measured in accordance with the criteria of IAS 19 and the criteria defined in the agreement) will be fully deductible for purposes of determining taxable income, on a straight line basis, depending on the average number years of life expectancy of retirees / pensioners whose responsibilities were transferred (18 years for the Group), starting on 1 January, 2012.

Thus, the deferred tax assets resulting from changes in the accounting policy of recognition of actuarial gains and losses resulting from the transfer of responsibilities are recoverable in 10 and 18 years, respectively.

The amount of deferred taxes recognised in the Income Statement is attributable to temporary differences arising from the following balances:

	2011 Euros '000	2010 Euros '000
Intangible assets	-	116
Other tangible assets	79	(231)
Impairment losses	238,515	108,713
Employees benefits	25,450	(6,912)
Allocation of profits	33,157	696
Tax losses carried forward	112,640	(16,812)
Others	(16,057)	(2,522)
Deferred taxes	393,784	83,048

Deferred taxes related to the losses carried forward are recognised only if the existence of future taxable profits is probable. The uncertainty of the recoverability of the tax losses carried forward is considered in the deferred tax assets calculation.

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 are related to the same tax.

The net deferred tax asset movement is analysed as follows:

	2011 Euros '000	2010 Euros '000
Balance on 1 January	1,121,879	838,200
Charged to profit	393,784	83,048
Charged to reserves and retained earnings	95,574	200,631
Balance on 31 December	1,611,237	1,121,879

The change in the net deferred tax assets includes the deferred tax expenses for the year recognized in the profit and loss account, as well as the changes recognized in reserves and retained earnings, namely the impact resulting from the changes, in accordance with the IAS 19, of the accounting policy for the recognition of actuarial gains and losses related with pension and post employment benefits, for the year and for previous years and unrealised gains and losses resulting from the revaluation of financial assets available for sale recognized in fair value reserves.

As at 31 December 2011, the amount of unrecognised temporary differences corresponds mainly to actuarial losses arising from changes in accounting policy, that resulted in a deferred tax asset in the amount of Euros 275,000,000 (31 December 2010: Euros 0), which was not recognised and tax losses carried foward that resulted in deferred tax asset in the amount of Euros 12,583,000 (31 December 2010: Euros 0) that was not recognised.

The expire date of recognised tax losses carried forward is presented as follows:

Expire date	2011 Euros '000	2010 Euros '000
2011	-	22,777
2014	44,376	84,501
2015	139,862	15,899
	184,238	123,177

30. Other assets

This balance is analysed as follows:

	2011 Euros '000	2010 Euros '000
Debtors	967,653	1,326,464
Shareholders' loans	124,490	78,809
Other financial investments	8,106	50,980
Amounts due for collection	20,404	34,431
Recoverable tax	50,571	50,114
Recoverable government subsidies on interest on mortgage loans	16,871	16,036
Associated companies	322,980	137,350
Other amounts receivable	31,810	37,314
Prepayments and deferred costs	92,901	133,200
Amounts receivable on trading activity	561,012	5,791
Amounts due from customers	145,759	132,534
Suplementary capital contributions	1,247,351	1,261,160
Sundry debtors	282,519	143,959
	3,872,427	3,408,142
Impairment for other assets	(66,432)	(19,496)
	3,805,995	3,388,646

The balance Suplementary capital contributions is analysed as follows:

	2011 Euros '000	2010 Euros '000
Millennium bcp Participações, S.G.P.S., Sociedade Unipessoal, Lda.	1,207,662	1,221,471
Millennium bcp Prestação de Serviços ACE	38,000	38,000
Others	1,689	1,689
	1,247,351	1,261,160

The movement of impairment for other assets is analysed as follows:

	2011 Euros '000	2010 Euros '000
Balance on 1 January	19,496	14,429
Transfers	39,602	12,317
Impairment for the year	8,343	537
Write back for the year	(386)	(7,787)
Amounts charged-off	(623)	-
Balance on 31 December	66,432	19,496

31. Deposits from credit institutions

This balance is analysed as follows:

	2011			2010		
	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 Central Banks	2	13,024,163	13,024,165	217	15,623,406	15,623,623
Deposits from credit institutions in Portugal	218,641	2,119,828	2,338,469	136,259	745,142	881,401
Deposits from credit institutions abroad	58,616	7,844,118	7,902,734	1,627,403	9,288,234	10,915,637
	277,259	22,988,109	23,265,368	1,763,879	25,656,782	27,420,661

The balance Deposits from Central Banks includes the amount of Euros 12,700,000,000 (31 December 2010: Euros 15,350,000,000) related to deposits obtained in the European Central Bank.

This balance is analysed by the maturity, as follows:

	2011 Euros '000	2010 Euros '000
Up to 3 months	16,126,925	21,652,585
3 to 6 months	419,656	315,226
6 to 12 months	376,731	668,489
1 to 5 years	6,117,223	3,139,606
More than 5 years	224,833	1,644,755
	23,265,368	27,420,661

Concerning derivative financial transactions with institutional counterparties, and according to the signed agreements, the Bank has, as of 31 December 2011, the amount of Euros 845,703,000 (31 December 2010: Euros 803,082,000) of Deposits from other credit institutions, received as collateral of the mentioned transactions.

32. Deposits from customers

This balance is analysed as follows:

	2011			2010		
	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	7,840,435	1,348,654	9,189,089	9,903,764	484,675	10,388,439
Term deposits	-	21,976,293	21,976,293	-	19,051,120	19,051,120
Saving accounts	-	1,289,901	1,289,901	-	1,636,607	1,636,607
Other	170,501	92,083	262,584	198,483	92,082	290,565
	8,010,936	24,706,931	32,717,867	10,102,247	21,264,484	31,366,731

In the terms of the law, the Deposit Guarantee Fund was established to guarantee the reimbursement of funds deposited in Credit Institutions. The criteria to calculate the annual contributions to the referred fund are defined in Regulation no. 11/94 of the Bank of Portugal.

This balance is analysed by the period to maturity, as follows:

	2011 Euros '000	2010 Euros '000
Deposits from customers repayable on demand:	9,189,089	10,388,439
Term deposits and saving accounts from customers:		
Up to 3 months	11,509,734	9,151,686
3 to 6 months	3,635,814	4,524,633
6 to 12 months	4,656,672	1,928,720
1 to 5 years	3,348,553	4,970,132
More than 5 years	115,421	112,556
	23,266,194	20,687,727
Other:		
Up to 3 months	150,533	172,948
More than 3 months	112,051	117,617
	262,584	290,565
	32,717,867	31,366,731

33. Debt securities issued

This balance is analysed as follows:

	2011 Euros '000	2010 Euros '000
Bonds	15,447,616	14,005,768
Commercial paper	1,439,407	319,456
Others	97,209	91,493
	16,984,232	14,416,717

The characteristics of the bonds and commercial paper issued by the Bank, as at 31 December, 2011 are analysed as follows:

Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
Bonds issued :					
BCP 5.34% March-02/Mar-12	March, 2002	March, 2012	Fixed rate of 5.34%	160,551	161,514
BCP Ob Cx E. Gr. S. Dec 05/15	December, 2005	December, 2015	Indexed to Down Jones EuroStoxx 50	2,245	2,139
BCP Ob Cx E. I. S. Mar 06/16	March, 2006	March, 2016	Indexed to Down Jones EuroStoxx 50	1,100	1,032
BCP FRN May 07/14	May, 2007	May, 2014	Euribor 3M + 0.15%	1,059,535	1,059,048
BCP Cov Bonds Jun 07/17	June, 2007	June, 2017	Fixed rate of 4.75%	1,391,400	1,460,030
BCP FRN Sep 12	August, 2007	September, 2012	Euribor 3M + 0.10%	310,000	309,838
BCP Cov Bonds Oct 07/14	October, 2007	October, 2014	Fixed rate of 4.75%	1,000,000	1,092,983
BCP FRN Mar 17	December, 2007	March, 2017	Euribor 3M + 0.18%	100,000	99,961
BCP Ob Cx S Af 1E Mar 08/13	March, 2008	March, 2013	Euribor 3M + Remain Prize: 1st year 0.000%; 2nd year 0.125%; 3rd year 0.250%; 4th year 0.750%; 5th year 1.500%	179,192	179,192
BCP Ob Cx S Af 2E Mar 08/13	March, 2008	March, 2013	Euribor 3M + Remain Prize: 1st year 0.000%; 2nd year 0.125%; 3rd year 0.250%; 4th year 0.750%; 5th year 1.500%	37,003	37,003
BCPsfi Ob Cx S Af 1E Mar 08/13	March, 2008	March, 2013	Euribor 3M + Remain Prize: 1st year 0.000%; 2nd year 0.125%; 3rd year 0.250%; 4th year 0.750%; 5th year 1.500%	15,625	15,625
BCPsfe Ob Cx S Af 1E Mar 08/13	March, 2008	March, 2013	Euribor 3M + Remain Prize: 1st year 0.000%; 2nd year 0.125%; 3rd year 0.250%; 4th year 0.750%; 5th year 1.500%	2,653	2,653
BCP Ob Cx S Af 3E May 08/13	May, 2008	May, 2013	Euribor 3M + Remain Prize: 1st year 0.000%; 2nd year 0.125%; 3rd year 0.250%; 4th year 0.750%; 5th year 1.500%	219,312	219,312
BCPsfi Ob Cx S Af 3E May 08/13	May, 2008	May, 2013	Euribor 3M + Remain Prize: 1st year 0.000%; 2nd year 0.125%; 3rd year 0.250%; 4th year 0.750%; 5th year 1.500%	11,520	11,520
BCPsfe Ob Cx S Af 3E May 08/13	May, 2008	May, 2013	Euribor 3M + Remain Prize: 1st year 0.000%; 2nd year 0.125%; 3rd year 0.250%; 4th year 0.750%; 5th year 1.500%	2,664	2,664
BCP Ob Cx S Af 4E Jun 08/13	June, 2008	June, 2013	Euribor 3M + Remain Prize: 1st year 0.000%; 2nd year 0.125%; 3rd year 0.250%; 4th year 0.750%; 5th year 1.500%	197,935	197,935
BCPsfi Ob Cx S Af 4E Jun 08/13	June, 2008	June, 2013	Euribor 3M + Remain Prize: 1st year 0.000%; 2nd year 0.125%; 3rd year 0.250%; 4th year 0.750%; 5th year 1.500%	8,624	8,624
BCPsfe Ob Cx S Af 4E Jun 08/13	June, 2008	June, 2013	Euribor 3M + Remain Prize: 1st year 0.000%; 2nd year 0.125%; 3rd year 0.250%; 4th year 0.750%; 5th year 1.500%	1,631	1,631
BCP Ob Cx S Af 5E Jul 08/13	July, 2008	July, 2013	Euribor 3M + Remain Prize: 1st year 0.000%; 2nd year 0.125%; 3rd year 0.250%; 4th year 0.750%; 5th year 1.500%	55,843	55,843
BCPsfi Ob Cx S Af 5E Jul 08/13	July, 2008	July, 2013	Euribor 3M + Remain Prize: 1st year 0.000%; 2nd year 0.125%; 3rd year 0.250%; 4th year 0.750%; 5th year 1.500%	6,195	6,195
BCPsfe Ob Cx S Af 5E Jul 08/13	July, 2008	July, 2013	Euribor 3M + Remain Prize: 1st year 0.000%; 2nd year 0.125%; 3rd year 0.250%; 4th year 0.750%; 5th year 1.500%	1,101	1,101
BCP O Cx S A M B 1E Oct 08/13	October, 2008	October, 2013	Euribor 3M + Remain Prize: 1st year 0.125%; 2nd year 0.250%; 3rd year 0.50%; 4th year 0.750%; 5th year 1.00%	190,107	190,107
BCP Sfi O Cx S A M B 1E 08/13	October, 2008	October, 2013	Euribor 3M + Remain Prize: 1st year 0.125%; 2nd year 0.250%; 3rd year 0.50%; 4th year 0.750%; 5th year 1.00%	15,405	15,405
BCP Sfe O Cx S A M B1E Oct08/13	October, 2008	October, 2013	Euribor 3M + Remain Prize: 1st year 0.125%; 2nd year 0.250%; 3rd year 0.50%; 4th year 0.750%; 5th year 1.00%	2,335	2,335
BCP O Cx S A M B2E Nov 08/13	November, 2008	November, 2013	Euribor 3M + Remain Prize: 1st year 0.125%; 2nd year 0.250%; 3rd year 0.50%; 4th year 0.750%; 5th year 1.00%	120,279	120,279
BCP Sfi O Cx S A M B2E 08/13	November, 2008	November, 2013	Euribor 3M + Remain Prize: 1st year 0.125%; 2nd year 0.250%; 3rd year 0.50%; 4th year 0.750%; 5th year 1.00%	6,795	6,795

(continuation)

Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
BCP Sfe O Cx S A M B2E Nov 08/13	November, 2008	November, 2013	Euribor 3M + Remain Prize: 1st year 0.125%; 2nd year 0.250%; 3rd year 0.500%; 4th year 0.750%; 5th year 1.000%	969	969
BCP O Cx S A M B3E Dec 08/13	December, 2008	December, 2013	Euribor 3M + Remain Prize: 1st year 0.125%; 2nd year 0.250%; 3rd year 0.500%; 4th year 0.750%; 5th year 1.000%	139,060	139,060
BCP Sfi O Cx S A M B3E 08/13	December, 2008	December, 2013	Euribor 3M + Remain Prize: 1st year 0.125%; 2nd year 0.250%; 3rd year 0.500%; 4th year 0.750%; 5th year 1.000%	8,064	8,064
BCP Sfe O Cx S A M B3E Dec 08/13	December, 2008	December, 2013	Euribor 3M + Remain Prize: 1st year 0.125%; 2nd year 0.250%; 3rd year 0.500%; 4th year 0.750%; 5th year 1.000%	2,086	2,086
BCP S Aforro Ser B Feb 2009/14	February, 2009	February, 2014	Euribor 3M + Remain Prize: 1st year 0.125%; 2nd year 0.250%; 3rd year 0.500%; 4th year 0.750%; 5th year 1.000%	53,194	53,194
BCP Super Aforro Ser B Mar 2009/14	March, 2009	March, 2014	Euribor 3M + Remain Prize: 1st year 0.125% 2nd year 0.250%; 3rd year 0.500%; 4th year 0.750%; 5th year 1.000%	40,494	40,494
BCP 5.625 % -Book Entry Note Synd	April, 2009	April, 2014	Fixed rate of 5.625%	1,000,000	1,005,603
BCP S. Aforro Ser C 09/280409	April, 2009	April, 2014	Euribor 3M + Remain Prize: 1st year 0.125%; 2nd year 0.250%; 3rd year 0.500%; 4th year 0.750%; 5th year 1.250%	14,910	14,910
BCP Sup Afor Ser B 09/190514	May, 2009	May, 2014	Euribor 3M + Remain Prize: 1st year 0.125%; 2nd year 0.250%; 3rd year 0.750%; 4th year 1.000%; 5th year 1.250%	2,420	2,420
BCP Rend Mais 09/19.05.2012	May, 2009	May, 2012	1st Sem.=2.250%; 2nd Sem.=2.500%; 3rd Sem.=2.750%; 4th Sem.=3.000%; 5th Sem.=3.500%; 6th Sem.=4.000%;	13,283	13,361
BCP Super Aforro Serie C Jun/2014	June, 2009	June, 2014	Euribor 3M + Remain Prize: 1st year 0.125%; 2nd year 0.250%; 3rd year 0.750%; 4th year 1%; 5th year 1.250%	9,565	9,565
BCP Rend. Mais Jun/2012	June, 2009	June, 2012	1st Sem.=2.250%; 2nd Sem.=2.500%; 3rd Sem.=2.750%; 4th Sem.=3.000%; 5th Sem.=3.500%; 6th Sem.=4.000%;	59,913	60,304
BCP - FRN - Emtn 608	July, 2009	July, 2012	Euribor 6M + 1.750%	25,000	24,982
BCP Sup Aforro Ser C Aug 2009/14	August, 2009	August, 2014	Euribor 3M + Remain Prize: 1st year 0.125%; 2nd year 0.250%; 3rd year 0.750%; 4th year 1%; 5th year 1.250%	31,198	19,427
BCP Investimento Total Nov 2012	August, 2009	November, 2012	Fixed rate of 3.077%	50,591	50,757
BCP - FRN - Emtn 625	August, 2009	August, 2012	Euribor 3M + 1.210%	200,000	199,935
BCP Inv Total Dec 2012 - Emtn 609	September, 2009	December, 2012	Fixed rate of 3.077%	107,790	108,616
BCP Cov Bonds Oct 09/16	October, 2009	October, 2016	Fixed rate of 3.750%	733,650	772,053
BCP Rend. Trim.Nov 2009/14	November, 2009	November, 2014	1st year=2.500%; 2nd year=2.750%; 3rd year=3.000%; 4th year=3.500%; 5th year=4.500%	45,164	47,259
BCP Emissão Sindicada - Emtn 668	December, 2009	February, 2013	Euribor 3M + 0.900%	483,998	483,366
BCP Rend. Trim.09/22.12.2014	December, 2009	December, 2014	1st year=2.500%; 2nd year=2.750%; 3rd year=3.000%; 4th year=3.500%; 5th year=4.250%	58,611	61,214
BCP Fixed Rate Note Inv Top Mais	January, 2010	January, 2015	1st year=2.500%; 2nd year=2.750%; 3rd year=3.250%; 4th year=4.125%; 5th year=5.000%	47,742	50,007
BCP Sup Rend Mar 2010 Fix. Rate Note	March, 2010	March, 2013	1st Sem.=2.250%; 2nd Sem.=2.500%; 3rd Sem.=2.750%; 4th Sem.=3.000%; 5th Sem.=3.250%; 6th Sem.=4.500%	141,878	143,489
BCP Rend Sem. Fixe Rate Note	March, 2010	March, 2013	1st Sem.=1.500%; 2nd Sem.=1.750%; 3rd Sem.=2.000%;4th Sem.=2.250%; 5th Sem.=2.500%; 6th Sem.=3.500%	129,673	131,135
BCP Frn Mar 2013-Em Sind-Emtn 707	March, 2010	March, 2013	Euribor 3M + 1.300% per year	299,950	299,527
BCP Fixed Rate Note Rd Ext-Emtn 685	April, 2010	April, 2015	1st Sem.=2.000%; 2nd Sem.=2.125%; 3rd Sem.=2.250%; 4th Sem.=2.375%; 5th Sem.=2.500%; 6th Sem.=2.750%; 7th Sem.=2.875%; 8th Sem.=3.125%; 9th Sem.=3.500%; 10th Sem.=4.000%	106,733	110,931
BCP Fixed Rate Note Rend Top April	April, 2010	April, 2015	1st Sem.=2.250%; 2nd Sem.=2.500%; 3rd Sem.=2.600%; 4th Sem.=2.800%; 5th Sem.=3.000%; 6th Sem.=3.150%; 7th Sem.=3.200%; 8th Sem.=3.500%; 9th Sem.=3.800%; 10th Sem.=4.500%	137,148	142,408

(continuation)

Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
BCP Rend Plus-Emtn 697	April, 2010	April, 2014	1st Sem.=2.000%; 2nd Sem.=2.125%; 3rd Sem.=2.250%; 4th Sem.=2.375%; 5th Sem.=2.500%; 6th Sem.=2.625%; 7th Sem.=2.750%;8th Sem.=3.250%	25,147	25,719
BCP Rend Mais-Emtn 699	April, 2010	April, 2014	1st Sem.=1.750%; 2nd Sem.=1.875%; 3rd Sem.=2.000%; 4th Sem.=2.125%; 5th Sem.=2.250%; 6th Sem.=2.375%; 7th Sem.=2.500%;8th Sem.=3.000%	15,119	15,465
BCP Frn May 12-Emtn 717 Credit Agric	May, 2010	May, 2012	Euribor 3M + 1.000%	100,000	99,981
BCP Cln Edp June 2018-Emtn 725	June, 2010	June, 2018	Euribor 12M + 2.400%	20,000	19,778
BCP Frn Rend Plus June 10/14-Emtn 718	June, 2010	June, 2014	1st Sem.=1.875%; 2nd Sem.=2.000%; 3rd Sem.=2.125%; 4th Sem.=2.250%; 5th Sem.=2.375%; 6th Sem.=2.500%; 7th Sem.=2.625%; 8th Sem.=3.250%	16,594	16,874
BCP Frn Rend Mais June 2014	June, 2010	June, 2014	1st Sem.=1.625%; 2nd Sem.=1.750%; 3rd Sem.=1.875%; 4th Sem.=2.000%; 5th Sem.=2.125%; 6th Sem.=2.250%; 7th Sem.=2.375%; 8th Sem.=3.000%	12,226	12,433
BCP Rend Ext 1 Ser 2010-2015	August, 2010	August, 2015	1st Sem.=1.875%; 2nd Sem.=2.000%; 3rd Sem.=2.125%; 4th Sem.=2.250%; 5th Sem.=2.375%; 6th Sem.=2.500%; 7th Sem.=2.750%; 8th Sem.=2.875%; 9th Sem.=3.000%; 10th Sem.=3.500%	41,829	42,963
BCP Rend Ext 2 Ser 2010-15-Emtn 732	August, 2010	August, 2015	1st Sem.=2.125%; 2nd Sem.=2.300%; 3rd Sem.=2.425%; 4th Sem.=2.550%; 5th Sem.=2.800%; 6th Sem.=3.050%; 7th Sem.=3.300%; 8th Sem.=3.550%; 9th Sem.=3.800%; 10th Sem.=4.300%	75,847	77,890
BCP Rend Ext 1 Ser-Emtn 749	September, 2010	September, 2015	1st Sem.=1.875%; 2nd Sem.=2.000%; 3rd Sem.=2.125%; 4th Sem.=2.250%; 5th Sem.=2.375%; 6th Sem.=2.500%; 7th Sem.=2.750%; 8th Sem.=2.875%; 9th Sem.=3.000%; 10th Sem.=3.500%	49,373	50,717
BCP Rend Ext 2 Ser Sep 2010-2015	September, 2010	September, 2015	1st Sem.=2.175%; 2nd Sem.=2.300%; 3rd Sem.=2.425%; 4th Sem.=2.550%; 5th Sem.=2.800%; 6th Sem.=3.050%; 7th Sem.=3.300%; 8th Sem.=3.550%; 9th Sem.=3.800%; 10th Sem.=4.300%	87,328	89,722
BCP Rend Pr 1 Ser Apr 2013	October, 2010	April, 2013	1st Sem.=1.850%; 2nd Sem.=1.975%; 3rd Sem.=2.225%; 4th Sem.=2.475%; 5th Sem.=2.725%	9,458	9,528
BCP Rend Pr 2 Ser 26 Apr 2013	October, 2010	April, 2013	1st Sem.=2.300%; 2nd Sem.=2.425%; 3rd Sem.=2.675%; 4th Sem.=2.925%; 5th Sem.=3.425%	83,787	84,405
BCP Cln Edp Nov 2018-Emtn 771	November, 2010	November, 2018	Euribor 3M + 3.135%	30,000	29,872
BCP Rend Pr 3 Serie-Emtn 767	November, 2010	May, 2013	1st Sem.=1.850%; 2nd Sem.=1.975%; 3rd Sem.=2.225%; 4th Sem.=2.475%; 5th Sem.=2.725%	2,582	2,601
BCP Rend Pr 4 Ser 2010-2013	November, 2010	May, 2013	1st Sem.=2.300%; 2nd Sem.=2.425%; 3rd Sem.=2.675%; 4th Sem.=2.925%; 5th Sem.=3.425%	19,779	19,937
BCP Mil Rend Pr Mais 1 Serie June 2014	December, 2010	June, 2014	1st Sem.=1.750%; 2nd Sem.=2.000%; 3rd Sem.=2.250%; 4th Sem.=2.500%; 5th Sem.=2.750%; 6th Sem.=3.000%; 7th Sem.=3.250%	1,069	1,094
BCP Rend Pr Mais 2 Serie	December, 2010	June, 2014	1st Sem.=2.500%; 2nd Sem.=2.750%; 3rd Sem.=3.000%; 4th Sem.=3.250%; 5th Sem.=3.500%; 6th Sem.=3.750%; 7th Sem.=4.000%	9,372	9,590

(continuation)

Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
BCP Frn Rend Cres I-11 Eur-Jan 2016	January, 2011	January, 2016	1st Sem.=1.750%; 2nd Sem.=2.250%; 3rd Sem.=2.750%; 4th Sem.=3.250%; 5th Sem.=3.750%; 6th Sem.=4.250%; 7th Sem.=4.750%; 8th Sem.=5.250%; 9th Sem.=5.750%; 10th Sem.=6.250%	2,500	2,648
BCP Rend Cres 2011 1 Ser Feb 2014	February, 2011	February, 2014	1st Sem.=2.000%; 2nd Sem.=2.125%; 3rd Sem.=2.250%; 4th Sem.=2.375%; 5th Sem.=2.750%; 6th Sem.=3.500%	4,587	4,706
BCP Rend Cres 2 Ser Feb 2014	February, 2011	February, 2014	1st Sem.=2.500%; 2nd Sem.=2.625%; 3rd Sem.=2.750%; 4th Sem.=3.000%; 5th Sem.=3.125%; 6th Sem.=4.000%	36,264	37,200
BCP Rend Cres 3 Sr Mar 2014	March, 2011	March, 2014	1st Sem.=2.000%; 2nd Sem.=2.125%; 3rd Sem.=2.250%; 4th Sem.=2.375%; 5th Sem.=2.750%; 6th Sem.=3.500%	9,342	9,636
BCP Rend Cres 4 Sr Mar 2014	March, 2011	March, 2014	1st Sem.=2.500%; 2nd Sem.=2.625%; 3rd Sem.=2.750%; 4th Sem.=3.000%; 5th Sem.=3.125%; 6th Sem.=4.000%	72,085	74,337
BCP Ob Mil Rend M 1 Ser-Val M Nr5	May, 2011	May, 2016	1st Sem.=2.650%; 2nd Sem.=2.750%; 3rd Sem.=2.875%; 4th Sem.=3.000%; 5th Sem.=3.125%; 6th Sem.=3.250%; 7th Sem.=3.375%; 8th Sem.=3.500%; 9th Sem.=3.750%; 10th Sem.=4.250%	13,760	14,678
BCP Rend M 2 Ser-Val M Nr 6	May, 2011	May, 2016	1st Sem.=3.000%; 2nd Sem.=3.125%; 3rd Sem.=3.250%; 4th Sem.=3.375%; 5th Sem.=3.500%; 6th Sem.=3.625%; 7th Sem.=3.750%; 8th Sem.=4.250%; 9th Sem.=4.500%; 10th Sem.=5.125%	74,146	79,110
BCP Rend M 3 Ser-Val M Nr 8	May, 2011	May, 2016	1st Sem.=3.250%; 2nd Sem.=3.375%; 3rd Sem.=3.500%; 4th Sem.=3.625%; 5th Sem.=3.875%; 6th Sem.=4.125%; 7th Sem.=4.375%; 8th Sem.=4.625%; 9th Sem.=4.875%; 10th Sem.=5.625%	38,816	41,428
BCP Sfe Rend M Sr 2-Val Mob Nr 7	May, 2011	May, 2016	1st Sem.=3.000%; 2nd Sem.=3.125%; 3rd Sem.=3.250%; 4th Sem.=3.375%; 5th Sem.=3.500%; 6th Sem.=3.625%; 7th Sem.=3.750%; 8th Sem.=4.250%; 9th Sem.=4.500%; 10th Sem.=5.125%	166	177
BCP Sfe Rend M Sr 9-Val Mob Nr 9	May, 2011	May, 2016	1st Sem.=3.250%; 2nd Sem.=3.375%; 3rd Sem.=3.500%; 4th Sem.=3.625%; 5th Sem.=3.875%; 6th Sem.=4.125%; 7th Sem.=4.375%; 8th Sem.=4.625%; 9th Sem.=4.875%; 10th Sem.=5.625%	786	839
BCP Rend Sup M 2 S Jun 2016-Val Mob Sr1	June, 2011	June, 2016	1st Sem.=3.500%; 2nd Sem.=3.625%; 3rd Sem.=3.750%; 4th Sem.=3.875%; 5th Sem.=4.000%; 6th Sem.=4.125%; 7th Sem.=4.250%; 8th Sem.=4.375%; 9th Sem.=4.625%; 10th Sem.=5.125%	3,220	3,398
BCP Rend Sup M 3 Sr jun 2016-Val Mob Sr	June, 2011	June, 2016	1st Sem.=3.875%; 2nd Sem.=4.000%; 3rd Sem.=4.125%; 4th Sem.=4.250%; 5th Sem.=4.375%; 6th Sem.=4.500%; 7th Sem.=4.625%; 8th Sem.=4.750%; 9th Sem.=5.000%; 10th Sem.=5.500%	6,148	6,485
BCP Ob.Mill Rend Super M 1S 07.06.2016-\	June, 2011	June, 2016	1st Sem.=3.000%; 2nd Sem.=3.125%; 3rd Sem.=3.250%; 4th Sem.=3.375%; 5th Sem.=3.500%; 6th Sem.=3.625%; 7th Sem.=3.750%; 8th Sem.=3.875%; 9th Sem.=4.125%; 10th Sem.=4.625%	828	874
BCP Iln Permal Macro Hold Class D	June, 2011	June, 2021	Index to Sub Asset Permal Macro Holding Lda	590	590
BCP Sfe Rendim Super M 3 Sr	June, 2011	June, 2016	1st Sem.=3.875%; 2nd Sem.=4.000%; 3rd Sem.=4.125%; 4th Sem.=4.250%; 5th Sem.=4.375%; 6th Sem.=4.500%; 7th Sem.=4.625%; 8th Sem.=4.750%; 9th Sem.=5.000%; 10th Sem.=5.500%	157	166

(continuation)

Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
BCP Rend Super M 4 Ser-Vm Sr 21	July, 2011	July, 2016	1st Sem.=3.000%; 2nd Sem.=3.125%; 3rd Sem.=3.250%; 4th Sem.=3.375%; 5th Sem.=3.500%; 6th Sem.=3.625%; 7th Sem.=3.750%; 8th Sem.=3.875%; 9th Sem.=4.125%; 10th Sem.=4.625%	392	409
BCP Rend Super M 5 Ser-Vm Sr 22	July, 2011	July, 2016	1st Sem.=3.500%; 2nd Sem.=3.625%; 3rd Sem.=3.750%; 4th Sem.=3.875%; 5th Sem.=4.000%; 6th Sem.=4.125%; 7th Sem.=4.250%; 8th Sem.=4.375%; 9th Sem.=4.625%; 10th Sem.=5.125%	1,315	1,371
BCP Rend Super M 6 Ser-Vm Sr 23	July, 2011	July, 2016	1st Sem.=3.875%; 2nd Sem.=4.000%; 3rd Sem.=4.125%; 4th Sem.=4.250%; 5th Sem.=4.375%; 6th Sem.=4.500%; 7th Sem.=4.625%; 8th Sem.=4.750%; 9th Sem.=5.000%; 10th Sem.=5.500%	3,292	3,560
BCP Float 11/17062013-Vm Sr Nr 34	July, 2011	June, 2013	Until 17 Dec 2011: fixed rate of 2.198%; after 17 Dec 2011: Euribor 6M + 0.450%	69,950	66,762
BCP Fix jul 2016-Val Mob Sr 38	August, 2011	July, 2016	Fixed rate of 6.180%	1,750	1,750
BCP Float nov 2015-Val Mob Sr 36	August, 2011	November, 2015	Until 28 Nov 2011: fixed rate of 2.587%; after 28 Nov 2011: Euribor 6M + 0.875%	1,600	1,450
BCP Float jun 2016-Val Mob Sr 37	August, 2011	June, 2016	Until 27 Dez 2011: fixed rate of 2.646%; after 27 Dez 2011: Euribor 6M + 0.875%	1,330	1,218
BCP Float fev 2015-Val Mob Sr 35	August, 2011	February, 2015	Euribor 6M + 0.875%	1,750	1,579
BCP Frn 11/10.08.2014-Aval Estado-Mtn 82!	August, 2011	August, 2014	Euribor 3M + 4.950%	1,750,000	1,750,000
BCP Float mar 2018-Val Mob Sr 40	August, 2011	March, 2018	Until 03 Sep 2011: fixed rate of 2.332%; after 03 Sep 2011: Euribor 6M + 0.950%	2,850	2,267
BCP Float dez 2017-Val Mob Sr 41	August, 2011	December, 2017	Until 20 Dec 2011: fixed rate of 2.702%; after 20 Dec 2011: Euribor 6M + 0.950%	2,450	2,219
BCP Float jun 2017-Val Mob Sr 39	August, 2011	June, 2017	Until 27 Dec 2011: fixed rate of 2.646%; after 27 Dec 2011: Euribor 6M + 0.875%	900	826
BCP Float jan 2018-Val Mob Sr 42	August, 2011	January, 2018	Until 28 Jan 2012: fixed rate of 2.781%; after 28 Jan 2012: Euribor 6M + 0.950%	2,800	2,253
BCP Rend Extra M 1 Ser-Vm Sr 28	September, 2011	September, 2014	1st Sem.=3.250%; 2nd Sem.=3.375%; 3rd Sem.=3.500%; 4th Sem.=3.750%; 5th Sem.=4.125%; 6th Sem.=4.500%	1,652	1,661
BCP Rend Extra M 2 Ser-Vm Sr 29	September, 2011	September, 2014	1st Sem.=3.500%; 2nd Sem.=3.625%; 3rd Sem.=3.750%; 4th Sem.=4.000%; 5th Sem.=4.375%; 6th Sem.=4.750%	5,713	5,745
BCP Rend Extra M 3 Ser-Vm Sr 31	September, 2011	September, 2014	1st Sem.=3.750%; 2nd Sem.=3.875%; 3rd Sem.=4.000%; 4th Sem.=4.250%; 5th Sem.=4.625%; 6th Sem.=5.000%	11,533	11,596
BCP Fix Rate Notes 9.25 Pct -Emtn 827	October, 2011	October, 2014	Fixed rate of 9.250%	554,200	442,350
BCP Zero Cp 11/13.10.2013 Emtn 829	October, 2011	October, 2013	Zero Cupon	18,680	13,912
BCP Float jun 2017-Vm Sr.47	November, 2011	June, 2017	Fixed rate of 1.771% (1st interest) e Euribor 6 M (2nds and the following)	4,575	2,959
BCP Float jan 2018-Vm Sr.46	November, 2011	January, 2018	Fixed rate of 1.831% (1st interest) e Euribor 6 M (2nds and following)	8,750	5,457
BCP Float set 2015-Vm Sr 45	November, 2011	September, 2015	Fixed rate of 1.732% (1st interest) e Euribor 6 M (2nds and following)	2,550	1,863
BCP Float nov 2015-Vm Sr.48	November, 2011	November, 2015	Fixed rate of 1.712% (1st interest) e Euribor 6 M (2nds and following)	2,075	1,503
BCP Fix out 2019-Vm Sr.44	November, 2011	October, 2019	Fixed rate of 6.875%	5,400	3,842
Estrut Taxa Step Up Xii-11-Vm Sr.56	December, 2011	December, 2014	1st Sem.=7.000%; 2nd Sem.=7.000%; 3rd Sem.=7.000%; 4th Sem.=7.000%; 5th Sem.=7.500%; 6th Sem.=7.500%; 7th Sem.=7.500%; 8th Sem.=7.500%; 9th Sem.=8.000%; 10th Sem.=8.000%; 11st Sem.=8.000%; 12nd Sem.=8.000%	8,379	8,379
BCP Frn 12/2014-Aval Estado-Mtn 832	December, 2011	December, 2014	Euribor 3M + 12.000% per year	1,350,000	1,350,000
Bcp Rend Special One Sr 1-Vm Sr.50	December, 2011	December, 2015	1st year=3.500%; 2nd year=4.750%; 3rd year=6.000%. 4th year=6.750%	2,470	2,498
Bcp Rend Special One Sr 2-Vm Sr.51	December, 2011	December, 2015	1st year=3.750%; 2nd year=5.000%; 3rd year=6.250%. 4th year=7.000%	2,697	2,728
Bcp Rend Special One Sr 3-Vm Sr.52	December, 2011	December, 2015	1st year=4.000%; 2nd year=5.250%; 3rd year=6.500%. 4th year=7.250%	2,184	2,209
Bcp Rend Ja fev 2013-Vm Sr.49	December, 2011	February, 2013	Fixed rate of 6.000%	98,820	85,889

(continuation)

Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
Bcp Rend Tx Cres Xii 11 Eur-Vm Sr.58	December, 2011	December, 2014	1st Sem.=7.000%; 2nd Sem.=7.000%; 3rd Sem.=7.000%; 4th Sem.=7.000%; 5th Sem.=7.500%; 6th Sem.=7.500%; 7th Sem.=7.500%; 8th Sem.=7.500%; 9th Sem.=8.000%; 10th Sem.=8.000%; 11st Sem.=8.000%; 12nd Sem.=8.000%	3,608	3,612
Bcp Millen Rend Cres S1-Vm Sr.54	December, 2011	January, 2014	1st Sem.=4.000%; 2nd Sem.=4.750%; 3rd Sem.=5.750%; 4th Sem.=6.500%	2,087	2,090
Bcp Millen Rend Cres S2-Vm Sr.55	December, 2011	January, 2014	1st Sem.=4.250%; 2nd Sem.=5.000%; 3rd Sem.=6.000%; 4th Sem.=6.750%	6,554	6,562
Bcp Mill Rend Ja 2 Sr-fev 13-Vm Sr.53	December, 2011	February, 2013	Fixed rate of 6.000%	119,223	110,983
Bcp Mill Rend Imed fev 13-Vm Sr.57	December, 2011	February, 2013	Fixed rate of 5.250%	28,530	26,808
Bcp Mill Rend Ja 3 Sr-fev 14-Vm Sr.59	December, 2011	February, 2014	Fixed rate of 6.250%	10,826	9,366
Bcp Float Abr 2014-Vm Sr.76-Ref.9	December, 2011	April, 2014	Until 1st April 2012: fixed rate of 2.000%; after 1st April 2012: Euribor 3M + 0.450%	25,000	21,587
Bcp Float Apr 2017-Vm Sr.95-Ref.28	December, 2011	April, 2017	Until 1st April 2012: fixed rate of 2.050%; after 1 st April 2012: Euribor 3M + 0.500%	90,000	62,654
Bcp Float Apr 2016-Vm Sr.82 Ref.15	December, 2011	April, 2016	Until 4th April 2012: fixed rate of 2.054%; after 4th April 2012: Euribor 3M + 0.500%	137,200	102,943
Bcp Float Jan 2019-Vm 105-Ref.38	December, 2011	January, 2019	Until 5th April 2012: fixed rate of 2.367%; after 5th April 2012: Euribor 3M + 0.810%	50,000	35,120
Bcp Float Jul 2016-Vm Sr.87-Ref.20	December, 2011	July, 2016	Until 8th April 2012: fixed rate of 2.056%; after 8th April 2012: Euribor 3M + 0.500%	40,000	29,340
Bcp Float Jul 2013-Vm Sr.68-Ref.1	December, 2011	July, 2013	Until 16th April 2012: fixed rate of 2.022%; after 16th April 2012: Euribor 3M + 0.450%	37,500	33,928
Bcp Float Oct 2013-Vm Sr.71-Ref.4	December, 2011	October, 2013	Until 15th April 2012: fixed rate of 2.022%; after 15th April 2012: Euribor 3M + 0.450%	18,000	16,013
Bcp Float Apr 2016-Vm Sr.83-Ref.16	December, 2011	April, 2016	Until 14th April 2012: fixed rate of 2.071%; after 14th April 2012: Euribor 3M + 0.500%	35,000	26,171
Bcp Float Oct 2016-Vm 91 Ref.24	December, 2011	October, 2016	Until 15th April 2012: fixed rate of 2.072%; after 15th April 2012: Euribor 3M + 0.500%	18,000	12,958
Bcp Float Oct 2014-Vm Sr.80-Ref.13	December, 2011	October, 2014	Until 28th April 2012: fixed rate of 2.038%; after 28th April 2012: Euribor 3M + 0.450%	13,100	10,837
Bcp Float 2 Jul 2016-Vm Sr.88 Ref.21	December, 2011	July, 2016	Until 30th April 2012: fixed rate of 2.090%; after 30th April 2012: Euribor 3M + 0.500%	45,700	33,373
Bcp Float Jul 2017-Vm Sr.97-Ref.30	December, 2011	July, 2017	Until 28th April 2012: fixed rate of 2.738%; after 28th April 2012: Euribor 3M + 1.150%	28,750	19,538
Bcp Float Oct 2017-Vm Sr.100 Ref.33	December, 2011	October, 2017	Until 28th April 2012: fixed rate of 2.088%; after 28th April 2012: Euribor 3M + 0.500%	49,250	32,515
Bcp Float Aug 2017-Vm Sr.98-Ref.31	December, 2011	August, 2017	Until 5th May 2012: fixed rate of 2.080%; after 5th May 2012: Euribor 3M + 0.500%	5,000	3,369
Bcp Float May 2016-Vm Sr.84-Ref.17	December, 2011	May, 2016	Until 7th May 2012: fixed rate of 2.080%; after 7th May 2012: Euribor 3M + 0.500%	39,200	29,186
Bcp Float May 2014-Vm Sr.77-Ref.10	December, 2011	May, 2014	Until 8th May 2012: fixed rate of 2.988%; after 8th May 2012: Euribor 3M + 1.500%	101,000	86,564
Bcp Float May 2014-Vm Sr.78-Ref.11	December, 2011	May, 2014	Until 13th May 2012: fixed rate of 1.914%; after 13th May 2012: Euribor 3M + 0.450%	4,950	4,232
Bcp Float May 2017-Vm Sr.96-Ref.29	December, 2011	May, 2017	Until 13th May 2012: fixed rate of 1.964%; after 13th May 2012: Euribor 3M + 0.500%	45,750	31,396
Bcp Float May 2018-Vm 104-Ref.37	December, 2011	May, 2018	Until 12th May 2012: fixed rate of 1.964%; after 12th May 2012: Euribor 3M + 0.500%	38,900	24,749
Bcp Float Aug 2013-Vm Sr.69-Ref.2	December, 2011	August, 2013	Until 14th May 2012: fixed rate of 1.914%; after 14th May 2012: Euribor 3M + 0.450%	31,000	27,904
Bcp Float Feb 2019-Vm 106 Ref.39	December, 2011	February, 2019	Until 16th May 2012: fixed rate of 2.459%; after 16th May 2012: Euribor 3M + 1.000%	10,850	7,580
Bcp Float Feb 2018-Vm 102-Ref.35	December, 2011	February, 2018	Until 17th May 2012: fixed rate of 1.957%; after 17th May 2012: Euribor 3M + 0.500%	57,350	37,333
Bcp Float Feb 2014-Vm Sr.74-Ref.7	December, 2011	February, 2014	Until 18th May 2012: fixed rate of 1.908%; after 18th May 2012: Euribor 3M + 0.450%	9,950	8,634
Bcp Float May 2016-Vm 85-Ref.18	December, 2011	May, 2016	Until 20th May 2012: fixed rate of 1.960%; after 20th May 2012: Euribor 3M + 0.500%	21,000	15,549
Bcp Float Feb 2017-Vm Sr.94-Ref.27	December, 2011	February, 2017	Until 18th May 2012: fixed rate of 1.958%; after 18th May 2012: Euribor 3M + 0.500%	94,200	65,782
Bcp Float Aug 2016-Avl Sr.89 Ref.22	December, 2011	August, 2016	Until 22th May 2012: fixed rate of 1.965%; after 22th May 2012: Euribor 3M + 0.500%	36,700	26,729

(continuation)

Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
Bcp Float Nov 2013-Vm Sr.72-Ref.5	December, 2011	November, 2013	Until 26th May 2012: fixed rate of 1.924% a after 26th May 2012: Euribor 3M + 0.450%	7,000	6,174
Bcp Float Feb 2014 2Em-Sr.75-Ref.8	December, 2011	February, 2014	Until 27th May 2012: fixed rate of 1.924% a after 27th May 2012: Euribor 3M + 0.450%	1,000	866
Bcp Float Nov 2016-Vm Sr.92-Ref.25	December, 2011	November, 2016	Until 26th May 2012: fixed rate of 1.974% a after 26th May 2012: Euribor 3M + 0.500%	8,000	5,684
Bcp Float Sep 2013-Vm Sr.70-Ref.1	December, 2011	September, 2013	Until 3rd June 2012: fixed rate of 1.919% an after 3rd June 2012: Euribor 3M + 0.450%	37,550	33,671
Bcp Float Sep 2016 Ref.23 Vm 90	December, 2011	September, 2016	Until 3rd June 2012: fixed rate of 1.969% an after 3rd June 2012: Euribor 3M + 0.500%	13,600	9,867
Bcp Float Jun 2016-Vm Sr.86-Ref.19	December, 2011	June, 2016	Until 20th June 2012: fixed rate of 1.917% a after 20th June 2012: Euribor 3M + 0.500%	47,000	34,640
Bcp Float Sep 2014-Vm Sr.79-Ref.12	December, 2011	September, 2014	Until 21st June 2012: fixed rate of 2.270% a after 21st June 2012: Euribor 3M + 0.852%	94,000	79,251
Bcp Float Sep 2017-Vm Sr.99-Ref.32	December, 2011	September, 2017	Until 23rd June 2012: fixed rate of 1.916% a after 23rd June 2012: Euribor 3M + 0.500%	14,500	9,827
Bcp Float Mar 2016-Vm 81-Ref.14	December, 2011	March, 2016	Until 25th June 2012: fixed rate of 1.910% a after 25th June 2012: Euribor 3M + 0.500%	122,500	92,006
Bcp Float Sep 2015-Vm Sr.62	December, 2011	September, 2015	Until 28 Sep 2012: Fixed rate 2.607%; after 28th September 2012: Euribor 6M + 0.875%	8,900	7,424
Bcp Float Dec 2013-Vm Sr.73-Ref.6	December, 2011	December, 2013	Euribor 3M + 0.450%	6,600	5,786
Bcp Float Dec 2016-Vm Sr.93-Ref.26	December, 2011	December, 2016	Euribor 3M + 0.500%	19,500	13,791
Bcp Float Dec 2017-Vm Sr.101 Ref.34	December, 2011	December, 2017	Euribor 3M + 0.500%	65,900	43,014
Bcp Float Mar 2018-Vm Sr.103 Ref.36	December, 2011	March, 2018	Euribor 3M + 0.500%	49,300	31,696
Bcp Float Nov 2015-Vm Sr.64	December, 2011	November, 2015	Until 28 Nov 2012: Fixed rate 2.577%; after 28th November 2012: Euribor 6M + 0.875%	8,500	6,446
Bcp Float Jun 2017-Vm Sr.63	December, 2011	June, 2017	Until 27 Dec 2012: Fixed rate 2.577%; after 27th December 2012: Euribor 6M + 0.875%	6,000	4,393
Bcp Fixa Oct 2019-Vm Sr.61	December, 2011	October, 2019	Fixed rate of 6.875%	9,500	6,652
					15,275,589
Accruals					172,027
					15,447,616

Commercial paper:

Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
Bcp Sfi Due 4Jan2012	October, 2011	January, 2012	Fixed rate of 3.608%	500,000	500,000
Bcp Sfi 6Feb2012	November, 2011	February, 2012	Fixed rate of 1.976%	49,500	49,500
Bcp Sfi Due 13Feb2012	November, 2011	February, 2012	Fixed rate of 1.959%	57,500	57,500
Bcp Sfi Ecp 13 Mar 2012	December, 2011	March, 2012	Fixed rate of 1.923%	300,000	300,000
Bcp Sfi Ecp 14 Mar 2012	December, 2011	March, 2012	Fixed rate of 1.923%	27,000	27,000
Bcp Sfi Ecp 19 Mar 2012	December, 2011	March, 2012	Fixed rate of 3.468%	500,000	500,000
					1,434,000
Accruals					5,407
					1,439,407

The balance Debt securities issues includes, as at 31 December 2011, the amount of Euros 442,350,000 related to the issue of senior debt, resulting from the exchange offer for holders of perpetual debt instruments and preference sahres, ocurred in October 2011, as referred in note 46.

This balance is analysed by the period to maturity, as follows:

	2011	2010
	Euros '000	Euros '000
Bonds:		
Up to 3 months	161,514	20,036
3 to 6 months	173,646	2,041,394
6 to 12 months	694,128	1,110,474
1 to 5 years	12,200,629	8,101,715
More than 5 years	2,045,672	2,570,255
	15,275,589	13,843,874
Accruals	172,027	161,894
	15,447,616	14,005,768
Commercial paper:		
Up to 3 months	1,434,000	319,456
Accruals	5,407	-
	1,439,407	319,456
Other:		
Up to 3 months	3,454	5,042
3 to 6 months	-	15,234
6 to 12 months	4,737	-
1 to 5 years	9,193	10,363
More than 5 years	79,825	60,854
	97,209	91,493
	16,984,232	14,416,717

34. Financial liabilities held for trading

The balance is analysed as follows:

	2011	2010
	Euros '000	Euros '000
Swaps	1,621,181	1,350,331
Preference shares forwards	2,601	8,566
Options	14,935	22,170
Embedded derivatives	11,214	255
Currency forwards	2,080	2,803
Others	123,301	-
	1,775,312	1,384,125

Financial liabilities held for trading are measured in accordance with internal valuation techniques considering mainly observable market inputs. In accordance with the hierarchy of the valuation sources, as referred in IFRS 7, these instruments are classified in level 2.

The balance Financial liabilities held for trading includes, the embedded derivatives valuation separated from the host contracts in accordance with the accounting policy presented in note 1 c), in the amount of Euros 11,214,000 (31 December 2010: Euros 255,000). This note should be analysed together with note 22.

35. Other financial liabilities held for trading at fair value through profit or loss

The balance is analysed as follows:

	2011	2010
	Euros '000	Euros '000
Deposits from credit institutions	14,511	258,304
Deposits from customers	5,834	3,919
Bonds and other liabilities	2,517,372	2,817,628
	2,537,717	3,079,851

Other financial liabilities at fair value through profit or loss are measured in accordance with internal valuation techniques considering mainly observable market inputs. In accordance with the hierarchy of the valuation sources, as referred in IFRS 7, these instruments are classified in level 2.

The financial liabilities included in this balance were revaluated against profit and loss, as referred in note 1 c), and was recognised for 2011, a positive amount of Euros 57,308,000 (31 December 2010: positive amount of Euros 124,730,000) related to fair value changes resulting from variations in the credit risk (spreads) of the Bank.

The characteristics of the bonds issued by the Bank at fair value through profit or loss as at 31 December, 2011, are analysed as follows:

Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
Bonds issued :					
BCP Ob Cx R.G.III Feb 2007/12	February, 2007	February, 2012	Indexed to DJ EuroStoxx 50 index	15,525	15,465
BCP Ob Cx RGIv Mar 2007/12	March, 2007	March, 2012	Indexed to DJ EuroStoxx 50 index	12,280	12,182
BCP Ob Cx RGIv 2Em Mar 2007/12	March, 2007	March, 2012	Indexed to DJ EuroStoxx 50 index	6,290	6,236
BCP Ob Cx RGV 2Em May 2007/12	May, 2007	May, 2012	Indexed to DJ EuroStoxx 50 index	4,960	4,901
BCP Ob Cx RGV May 2007/12	May, 2007	May, 2012	Indexed to DJ EuroStoxx 50 index	7,849	7,750
BCP Ob Cx RGVi Jun 2007/12	June, 2007	June, 2012	Indexed to portfolio of indexes	10,773	10,598
BCP Ob Cx RGVii Aug2007/12	August, 2007	August, 2012	Indexed to portfolio of indexes	8,841	8,668
Ob Cx BCP RGViii Sep 2007/12	September, 2007	September, 2012	Indexed to portfolio of indexes	4,010	3,855
BCP Ob Cx RGIx Oct 2007/12	October, 2007	October, 2012	Indexed to DJ EuroStoxx 50 index	3,275	3,324
BCP Ob Cx RGX Dec 2007/12	December, 2007	November, 2012	Indexed to DJ EuroStoxx 50 index	2,310	2,340
Bcp - 3.625 Per Cent FRN	January, 2009	January, 2012	Fixed rate of 3.625%	1,455,000	1,453,040
Bcp Rend Mais Mar2009/12	March, 2009	March, 2012	1st Sem.=2.500%; 2nd Sem.=2.750%; 3rd Sem.=3.000%; 4th Sem.=3.250%; 5th Sem.=3.500%; 6th Sem.=4.250%	101,824	101,456
Bcp Rend Mais Apr 2009/12	April, 2009	April, 2012	1st Sem.=2.250%; 2nd Sem.=2.500%; 3rd Sem.=2.750%; 4th Sem.=3.000%; 5th Sem.=3.500%; 6th Sem.=4.000%	81,473	81,111
Bcp Inv Merc Mund 09/22.09/12	September, 2009	September, 2012	Fixed rate of 1% year + portfolio of 6 indexes until maturity	831	804
Bcp Inv. Cab Energia Nov 2012	November, 2009	November, 2012	Indexed to portfolio of 5 shares	2,368	2,348
BCP FRN 2.375 Sindicada	January, 2010	January, 2012	Fixed rate of 2.375%	604,700	599,301
BCP Inv Telecoms March 2013	March, 2010	March, 2013	Indexed to portfolio of 3 shares	7,530	7,648
BCP Iln Euro Inv Apr 10/13	April, 2010	April, 2013	Indexed to portfolio of indexes	1,871	1,754
BCP Rend Diversificado Apr 10/13	April, 2010	April, 2013	Indexed to portfolio of 4 shares	1,822	1,688
BCP Cln Portugal - Emtn 726	June, 2010	June, 2018	Fixed rate of 4.720%	59,600	32,253
BCP Iln Inv Opc Tripla Jun 10/13	June, 2010	June, 2013	Indexed to portfolio of 4 shares	1,342	1,430
BCP Cabaz Mundial 26 Oct 10/14	October, 2010	October, 2014	Indexed to portfolio of 4 shares	220	190
BCP Eur Cln Port 2Emis Jun 10/18	November, 2010	June, 2018	Fixed rate of 4.450%	14,600	8,074
BCP Eur Cln Portugal 10/15.06.20	November, 2010	June, 2020	Fixed rate of 4.800%	30,000	16,332
BCP Iln Inv Indices Mundiais Xi	November, 2010	November, 2013	Indexed to portfolio of 3 indexes	1,785	1,713
BCP Iln Inv Indices Mundiais Xii	December, 2010	December, 2013	Indexed to portfolio of 3 indexes	4,100	4,190
BCP Iln Blue Chip Cupão Conve I-11	January, 2011	January, 2016	Index to DJ EuroStoxx 50 index	3,000	2,944
BCP Iln Range Acc Infl I - 11 Jan 2016	January, 2011	January, 2016	Fixed rate of 3.500%	3,000	2,584
BCP Iln Ações Eur E Eua Ii 11 -	February, 2011	February, 2014	Indexed to portfolio of indexes	1,680	1,685
BCP Iln Reto Fin Cup Ext 2014	February, 2011	February, 2014	Fixed rate of 8.000% + portfolio of 2 shares	1,010	872
BCP Iln Seleç Merc Emerg 10 Feb 16	February, 2011	February, 2016	Index to MSCI Emerging Market Index Fund	1,005	964
BCP Iln Invest Dupla Opcao fev 13	February, 2011	February, 2013	Index to portfolio of 4 shares	8,001	7,989
BCP Iln Indic Internac Cup Fixo Iii	March, 2011	March, 2015	Fixed rate of 10.000% + portfolio of 3 indexe	1,460	1,189
BCP Iln Merc Emerg Asia Autocalle	March, 2011	March, 2014	Index to porfolio of 3 indexes	1,335	1,377
BCP Iln Small Caps Eua Auto Calla	April, 2011	April, 2012	Indexado to Russel 2000 ETF index	1,040	1,014
BCP Iln Ações Tecnol Eua Autocall	April, 2011	April, 2014	Indexado to porfolio of 3 shares	1,830	1,890
BCP Inv America Latina May 2014	May, 2011	May, 2014	Indexado to S&P Latin America 40 index	1,428	1,420
BCP Iln Invim 3 setores V 11	May, 2011	May, 2012	Index to porfolio of shares	3,250	3,267
BCP Iln Empr E Sober Autocc V 11	May, 2011	May, 2014	Index to porfolio of indexes	825	834
BCP Ind Eru Autocallable jun 2013	June, 2011	June, 2013	Index to porfolio of shares	3,505	2,108
BCP Iln Inv Dupla Opc Eur jun 13	June, 2011	June, 2013	Fixed rate of 3.000% + porfolio of 4 shares	7,530	7,452
Industria Mundial Autocallable Vii	July, 2011	July, 2013	Index to porfolio of 4 shares	3,480	2,663
Rend Real Eur Vii 11-Emtn 817	July, 2011	July, 2014	Indexed to Eurostat Eurozone Harmonised Index of Consumer Prices	3,420	3,380
Rend Real Usd Vii 11-Emtn 816	July, 2011	July, 2014	Indexed The US CPI Urban Consum Index	812	837
BCP Cab Tecnol Usa Autoc Viii	August, 2011	August, 2014	Index to porfolio of 3 shares	1,400	1,438
BCP Iln Estr Global Viii/11 Eur	August, 2011	August, 2016	Fixed rate of 1.600% per year	2,810	2,870
BCP Inv Dupla Opcao Eur Sep11	September, 2011	September, 2013	Fixed rate of 3.000% (1st interest) Index to porfolio of 4 shares (2nd and following)	9,085	9,354
BCP Inv Dupla Opcao Eur Oct12	October, 2011	October, 2012	Fixed rate of 2.000% (1st interest) Index to porfolio of 4 shares (2nd and following)	1,861	1,858
					2,448,640
Accruals					68,732
					2,517,372

This balance is analysed by the period to maturity, as follows:

	2011 Euros '000	2010 Euros '000
Bonds issued and other liabilities:		
Up to 3 months	2,187,680	75,773
3 to 6 months	108,641	28,676
6 to 12 months	23,197	211,223
1 to 5 years	72,463	2,348,253
More than 5 years	56,659	80,640
	2,448,640	2,744,565
Accruals	68,732	73,063
	2,517,372	2,817,628

36. Provisions for liabilities and charges

This balance is analysed as follows:

	2011 Euros '000	2010 Euros '000
General provision for loan losses	454,215	563,196
Provision for country risk	6,446	97,544
Other provisions	41,136	72,895
	501,797	733,635

Changes in General provision for loan losses are analysed as follows:

	2011 Euros '000	2010 Euros '000
General provision for loans		
Balance on 1 January	397,286	427,609
Transfers	(6,273)	37,896
Write-back for the year	(33,875)	(68,458)
Exchange rate differences	113	239
Balance on 31 December	357,251	397,286
General provision for guarantees		
Balance on 1 January	165,910	168,805
Write-back for the year	(68,714)	(2,895)
Exchange rate differences	(232)	-
Balance on 31 December	96,964	165,910
	454,215	563,196

The General provision for loan losses, was calculated in accordance with Regulation no. 3/95, no. 2/99 and no. 8/03 of the Bank of Portugal, as referred in accounting policy 1 b).

Changes in Provision for country risk are analysed as follows:

	2011 Euros '000	2010 Euros '000
Balance on 1 January	97,544	113,031
Transfers	(89,873)	-
Impairment for the year	37	1,099
Write-back for the year	(1,262)	(16,586)
Balance on 31 December	6,446	97,544

The balance Provision for country risk includes the amount of Euros 5,702,000 regarding provisions to loans granted to resident entities in Macau.

Changes in Other provisions are analysed as follows:

	2011 Euros '000	2010 Euros '000
Balance on 1 January	72,895	67,039
Transfers	-	5,355
Impairment for the year	1,712	6,346
Write-back for the year	(29,219)	-
Loans charged-off	(4,252)	(5,845)
Balance on 31 December	41,136	72,895

The provisions were accounted in accordance with the probability of occurrence of certain contingencies related with the Bank's inherent risks, which is revised in each reporting date in order to reflect the best estimate of the amount and probability of payment.

37. Subordinated debt

This balance is analysed as follows:

	2011 Euros '000	2010 Euros '000
Bonds	2,796,939	3,388,038

As at 31 December 2011, 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:					
Emp.sub.BCP Finance Bank	December 2006	December 2016	See reference (i)	399,400	399,400
Mbcp Ob Cx Sub 1 Serie 2008	September 2008	September 2018	See reference (ii)	276,253	276,254
Mbcp Ob Cx Sub 2 Serie 2008	October 2008	October 2018	See reference (ii)	77,875	77,875
Bcp Obrigacoes Sub. June 2020	June 2010	June 2020	See reference (iii)	90,910	93,259
Bcp Obrigacoes Sub. Aug 2020	August 2010	August 2020	See reference (iv)	54,955	56,687
Bcp Ob Sub mar 2021 - Emtn 804	March, 2011	March, 2021	Ver referência (v)	114,000	114,000
Bcp Ob Sub abr 2021 - Emtn 809	April, 2011	April, 2021	Ver referência (v)	64,100	64,100
Bcp Ob Sub 3S abr 2021 - Emtn 812	April, 2011	April, 2021	Ver referência (v)	35,000	35,000
Bcp Sub 11/25.08.2019 - Emtn 823	August, 2011	August, 2019	Fixed rate of 6.383%	7,500	7,715
Bcp Subord set 2019 - Emtn 826	October, 2011	September, 2019	Fixed rate of 9.310%	50,000	43,601
Bcp Subord nov 2019 - Emtn 830	November, 2011	November, 2019	Fixed rate of 8.519%	40,000	32,570
Bcp Subord nov 2019 - Emtn 833	December, 2011	December, 2019	Fixed rate of 7.150%	26,600	19,471
					1,219,932
Perpetual Bonds					
BPA 1997	June 1997	-	Euribor 3 months + 0.950%	34,915	34,915
TOPS BPSM 1997	December 1997	-	Euribor 6 months + 0.900%	22,648	22,648
BCP 2000	January 2000	-	Euribor 3 months + 0.208%	486,949	486,949
BCP Leasing 2001	December 2001	-	Euribor 3 months + 1.750%	4,986	4,986
BCP - Euro 200 millions	June 2002	-	See reference (vi)	85	85
BCP - Euro 500 millions	June 2004	-	See reference (vii)	500,000	500,000
Subord.debt BCP Finance Company	October 2005	-	See reference (viii)	500,000	500,000
					1,549,583
Accruals					27,424
					2,796,939

References :

(i) - Until December 2011 Euribor 3M + 0.335%; After December 2011 Euribor 3M + 0.800%
(ii) - 1st year 6.000%; 2nd to 5th year Euribor 6M + 1.000%; and following 6th year Euribor 6M + 1.400%
(iii) - Until the 5th year fixed rate of 3.250%; 6th year and following years Euribor 6M + 1.000%
(iv) - 1º year: 3.000%; 2º year 3.250%; 3º year 3.500%; 4º year 4.000%; 5º year 5.000%; 6º year and following Euribor 6M + 1.250%
(v) - Euribor 3M + 3.750% per year
(vi) - Until 40th coupon 6.131%; After 40th coupon Euribor 3M + 2.400%
(vii) - Until June 2014 fixed rate of 5.543%; After September 2014 Euribor 6M + 2.070%
(viii) - Until October 2015 fixed rate of 4.239%; After October 2015 Euribor 3M + 1.950%

The analysis of the subordinated debt by the period to maturity, is as follows:

	2011 Euros '000	2010 Euros '000
Up to 3 months	-	749,763
3 months to 1 year	-	122,026
1 to 5 years	399,400	-
More than 5 years	820,532	920,701
Undetermined	1,549,583	1,559,807
	2,769,515	3,352,297
Accruals	27,424	35,741
	2,796,939	3,388,038

38. Other liabilities

This balance is analysed as follows:

	2011 Euros '000	2010 Euros '000
Creditors:		
Suppliers	40,755	21,147
From factoring operations	2,839	7,413
Associated companies	165	98,611
Other creditors	348,199	306,124
Public sector	61,037	61,133
Other amounts payable	30,901	29,226
Deferred income	3,509	373
Holiday pay and subsidies	59,606	55,335
Amounts payable on trading activity	316,390	14,410
Other liabilities	11,727,976	13,295,313
	12,591,377	13,889,085

The balance Creditors - Other creditors includes the amount of Euros 5,504,000 (31 December 2010: Euros 40,996,000), related to the obligations with retirement benefits already recognised in Staff costs, to be paid to former members of the Executive Board of Directors. As referred in note 48, the above mentioned obligations are not covered by the Pension Fund, and therefore correspond to amounts payable by the Bank.

The movements of the obligations with retirement benefits to be paid to former members of the Executive Board of Directors are presented in note 48.

The balance Creditors - Other creditors also includes, as at 31 December 2011, the amount of Euros 52,134,000 (31 December 2010: Euros 54,221,000) related with the seniority premium, as described in note 48.

The balance Creditors - Other creditors included, as at 31 December 2010, the amount of Euros 12,691,000 related to costs with the Complementary plan, as described in notes 9 and 48.

The balance Other liabilities includes the amount of Euros 11,280,814,000 (31 December 2010: Euros 12,759,921,000) related to the loans portfolio securitized in operations Nova Finance 4, Magellan 5, Caravela SME, Caravela 2, Magellan 6 and Tagus Leasing 1.

The balance Other liabilities includes the amount of Euros 93,396,000 (31 December, 2010: Euros 172,798,000) related to liabilities for post-employment benefits, as described in note 48, not covered by the pension fund.

39. Share capital and other capital instruments

The share capital of the Bank, amounts to Euros 6,064,999,986 and is represented by 7,207,167,060 nominate and ordinary shares without nominal value, which is fully paid.

It was concluded in June 2011 the capital increase of the Banco Comercial Português, S.A. from Euros 4,694,600,000 to Euros 6,064,999,986 by the following steps:

(i) Euros 120,400,000, by incorporation of share premium reserves, through the issuance of 206,518,010 new ordinary and nominative shares without nominal value;

(ii) Euros 990,147,000, by contribution in kind of 990,147 perpetual subordinated instruments with interests conditioned, by issuing 1,584,235,200 new ordinary and nominative shares without nominal value, that resulted in the conversion of the majority of the perpetual subordinated securities;

(iii) Euros 259,852,986, by the issue of 721,813,850 ordinary shares without nominal value, with the issue and subscribe value of Euros 0.36, with preference reserve to the shareholders, in the exercise of the preference legal rights.

In accordance with the Decree-Law no. 49/2010 of 19 May, that allows share capital of a company to be represented by shares without nominal value, the General Shareholders meeting of Banco Comercial Português, S.A. approved that the share capital of Banco Comercial Português, S.A. would be represented by shares with no nominal value.

During 2009, Banco Comercial Português, S.A. issued 3 tranches of its perpetual subordinated debt securities which based on its characteristics are classified, in accordance with accounting policy presented in note 1 g), as capital instruments under IAS 32. The tranches 3 issued in 2009 are analysed as follows:

- In June 2009, the Bank has issued Euros 300,000,000 of perpetual subordinated debt securities with conditional coupons presenting a nominal value of Euros 1,000.

- In August 2009, the Bank has issued Euros 600,000,000 of perpetual subordinated debt securities with conditional coupons presenting a nominal value of Euros 1,000.

- In December 2009, the Bank has issued Euros 100,000,000 of perpetual subordinated debt securities with conditional coupons presenting a nominal value of Euros 1,000.

The conversions of the referred instruments affected earnings per share until the date of the shares conversion.

Following the share capital increase the majority of the issued perpetual subordinated securities were converted into ordinary shares.

40. 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 accordance with the proposal for application of the results approved in the General Shareholders meeting held on 18 April, 2011, the Bank increased the Legal reserves in the amount of Euros 30,064,794.

41. Fair value reserves, other reserves and retained earnings

This balance is analysed as follows:

	2011 Euros '000	2010 Euros '000
Other comprehensive income		
Actuarial losses for the year (net of taxes)		
Reserves	(1,659,341)	(1,669,608)
Retained earnings	(42,441)	-
	(1,701,782)	(1,669,608)
Fair value reserves	(481,778)	(245,705)
Deferred tax (AFS)	139,474	71,286
	(2,044,086)	(1,844,027)
Reserves and retained earnings:		
Legal reserve	476,107	446,042
Statutory reserve	30,000	20,000
Other reserves and retained earnings	378,047	134,084
	884,154	600,126

The legal reserve changes are analysed in note 40. The Fair value reserves corresponds to the accumulated fair value changes of the financial assets available for sale and cash flow hedge, in accordance with the accounting policy presented in note 1 c).

The balance Statutory reserve corresponds to a reserve to steady dividends that, according with the Bank's by-laws can be distributed.

As referred in notes 1, 48 and 56, the balance Reserves and Retained Earnings includes, as at 1 January 2010, a restatement in the amount of Euros 1,300,897,000 (net of deferred tax) resulting from the decision taken by the Executive Board of Directors of changing the accounting policy regarding the recognition of actuarial gains and losses.

The balance Other comprehensive income includes gains and losses that in accordance with NCA's are recognised in equity.

In accordance with the proposal for application of the results in 2010, the Bank accouted a transfer in the amount of Euros 167,157,000 from Other reserves to negative retained earnings by the same amount.

The movements in Fair value reserves for financial instruments available for sale, during 2011 are analysed as follows:

	Balance on 1 January Euros '000	Revaluation Euros '000	Impairment in profit and loss Euros '000	Sales Euros '000	Balance on 31 December Euros '000
Portuguese public debt securities	(811)	(174,101)	-	184	(174,728)
Kion 2 Serie A issue	(125,965)	(9,809)	-	135,774	-
BII 2014 mortgage bonds	-	(172,016)	-	-	(172,016)
Others	(118,929)	(130,826)	71,578	43,143	(135,034)
	(245,705)	(486,752)	71,578	179,101	(481,778)

The movements in Fair value reserves for financial instruments available for sale, during 2010 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
Fair value reserves	15,882	(314,362)	26,157	26,618	(245,705)

42. Treasury stock

This balance is analysed as follows:

	2011			2010		
	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	989	4,431,776	0.22	3,727	5,533,539	0.67

Treasury stock refers to own shares held by Banco Comercial Português, S.A. These shares are held within the limits established by the Bank's by-laws and by "Código das Sociedades Comerciais".

43. Guarantees and other commitments

This balance is analysed as follows:

	2011 Euros '000	2010 Euros '000
Guarantees granted	10,518,557	13,968,035
Guarantees received	26,915,660	27,862,747
Commitments to third parties	8,207,810	10,281,138
Commitments from third parties	13,316,464	12,513,561
Securities and other items held for safekeeping on behalf of customers	114,150,649	156,864,095
Securities and other items held under custody by the Securities Depository Authority	126,572,956	166,568,876
Other off balance sheet accounts	130,325,601	140,674,425

The amounts of Guarantees granted and Commitments to third parties are analysed as follows:

	2011 Euros '000	2010 Euros '000
Guarantees granted:		
Guarantees	5,579,794	7,305,382
"Stand-by" letter of credit	23,053	156,708
Open documentary credits	191,061	195,388
Bails and indemnities	859,562	80,092
Other liabilities	3,865,087	6,230,465
	10,518,557	13,968,035
Commitments to third parties		
Irrevocable commitments		
Term deposits contracts	222,506	151,200
Irrevocable credit lines	1,126,357	1,094,672
Other irrevocable commitments	123,631	143,850
Revocable commitments		
Revocable credit lines	5,428,307	6,602,869
Bank overdraft facilities	1,307,009	2,288,547
	8,207,810	10,281,138

The guarantees granted by the Bank may be related with loan transactions, where the Bank 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 1 b). The maximum credit exposure is represented by the nominal value that could be lost related to guarantees and commitments undertaken by the Bank 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.

44. Assets under management and custody

The Bank provides custody, trustee, corporate administration, investment management and advisory services to third parties, which involve the Bank making allocation and purchase and sale decisions in relation to a wide range of financial instruments. For certain services are set objectives and levels of return for assets under management and custody. Those assets held in a fiduciary capacity are not included in the financial statements.

The total assets under management is analysed as follows:

	2011 Euros '000	2010 Euros '000
Wealth management	532,590	556,752
Assets under deposit	111,117,443	153,454,055
	111,650,033	154,010,807

45. Distribution of net income

The distribution of net income to shareholders, is analysed as follows:

	2011 Euros '000	2010 Euros '000
Dividends paid by Banco Comercial Português, S.A.		
Dividends declared and paid related to previous year	-	89,095
	-	89,095

46. Relevant events occured during 2011

Capital increase of Banco Comercial Português, S.A. from Euros 4,694,600,000 to Euros 6,064,999,986

It was concluded in June 2011 the capital increase of the Banco Comercial Português, S.A. from Euros 4,694,600,000 to Euros 6,064,999,986 by the following steps:

(i) Euros 120,400,000, by incorporation of share premium reserves, through the issuance of 206,518,010 new ordinary and nominative shares without nominal value;

(ii) Euros 990,147,000, by contribution in kind of 990,147 perpetual subordinated instruments with interests conditioned, by issuing 1,584,235,200 new ordinary and nominative shares without nominal value, that resulted in the conversion of the majority of the perpetual subordinated securities;

(iii) Euros 259,852,986, by the issue of 721,813,850 ordinary shares without nominal value, with the issue and subscribe value of Euros 0.36, with preference reserve to the shareholders, in the exercise of the preference legal rights.

In accordance with the Decree-Law no. 49/2010 of 19 May, that allows share capital of a company to be represented by shares without nominal value, the General Shareholders meeting of Banco Comercial Português, S.A. approved that the share capital of Banco Comercial Português, S.A. would be represented by shares with no nominal value.

Approval of the results

In the General Shareholders Meeting held on 18 April 2011 was approved the following proposal for the results distribution:

a) Euros 30,064,794 for reinforcement of legal reserves;
b) Euros 10,000,000 for reinforcement of reserve for stability of dividends;
c) Euros 167,157,049 for other reserves;
d) Euros 93,426,096 for retained earnings.

General Assembly in 27 June, 2011

In 27 June 2011 the General Assembly of the Bank took place and the following decisions were taken:

- Change to article 5º of the Bank's By-Laws through the addition of article 6º regarding the process of obtaining State guarantees according to the framework defined in Law 60-A/2008, of 20 of October.

- Elimination of the preference rights of the shareholders in the event of any share capital increases, namely through preference shares, to be decided by the Executive Board of Directors following the State guarantees legal framework mentioned in the previous paragraph.

Request for State guarantees for debt issues, following the framework defined in Law n.º 60-A/2008 of 20 of October

The Bank has decided to trigger the process to obtain a State guarantee for debt issues, following the framework defined in Law n.º 60-A/2008 of 20 of October. For this purpose, the Bank has presented a request to the Bank of Portugal, to obtain the approval for a State guarantee for an issue of unsubordinated debt notes, in the amount of Euros 1,750 million, with a spread to be determined based on market conditions and for a period up to three years.

This issue will be subject to a decision from the Executive Board of Directors regarding its final terms and to an approval from all the relevant entities according to the framework defined in the referred law.

Amortization of the subordinated perpetual notes with conditional interests

According to the authorisation granted by the Bank of Portugal, the Bank has amortised the 990,147 subordinated perpetual notes with conditional interests that were held following the general public acquisition offer launched by the Bank.

Securities exchange offer

In 22 September 2011, Banco Comercial Português, S.A. launched an exchange offer for holders of perpetual debt instruments and preference shares, included on the proactive management of Group's outstanding liabilities and capital structure, being one of the initiatives undertaken to achieve a regulatory Core Tier I ratio of 9% by the end of 2011.

The securities that were the subject of this offering were as follows: BCP Finance Company Series C Perpetual Non-cumulative Guaranteed Non-voting Step-Up Preference Shares; BCP Finance Company Series D Perpetual Non-cumulative Guaranteed Non-voting Step-Up Preference Shares; BCP Finance Bank, Ltd. Floating Rate Subordinated Callable Step-Up Notes due December 2016.

The exchange offer was intended to holders of instruments issued by its subsidiaries BCP Finance Bank Ltd. and BCP Finance Company and which were being exchanged for new debt securities with a unit value of Euros 50,000 issued under its Euro Note Programme together with cash payment corresponding to the accrued interest of the exchanged securities and also the fractional portion of the nominal amount of the new securities, unable to be delivered fractions of new debt instruments to participants, the participants in the offer could choose to receive either 3 year senior debt securities with a 9.25% coupon or 10 year subordinated securities with a 13% coupon.

In 7 October 2011, Banco Comercial Português, S.A announced the final results of the exchange mentioned above. The offer showed a degree of acceptance of approximately 75% for the issues included in the offer. The aggregate nominal amount of senior debt issued on the settlement date, 13 October 2011, amounted to Euros 555,600,000, the aggregate nominal amount of subordinated debt issued on the settlement date amounted to Euros 95,600,000 and the amount paid to ineligible holders on the settlement date amounted to Euros 6,764,910.

47. Fair value

Fair value is based on market prices, whenever these are available. If market prices are not available, as occurs 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 Bank.

Therefore, the fair value obtained is influenced by the parameters used in the evaluation model that, have some degree of judgement and reflect exclusively the value attributed to different financial instruments. However it does not consider prospective factors, as the future business evolution. Therefore the values presented cannot be understood as an estimate of the economic value of the Bank.

The main methods and assumptions used in estimating the fair value for the financial assets and financial liabilities of the Bank are presented as follows:

Cash and deposits at central banks, Loans and advances to credit institutions repayable on demand

Considering the short term 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 and Assets with repurchase agreements

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.

For Deposits from Central banks it was considered that the book value is a reasonable estimate of its fair value, given the nature of operations and the associated short-term. The rate of return of funding with the European Central Bank was 1% in December 2011 and 2010.

Regarding other loans and advances to credit institutions and other amounts owned to other credit institutions, the discount rate used reflects the current conditions applied by the Bank on identical instruments for each of the different residual maturities. 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). As at 31 December 2011, the average discount rate was 3.20% for loans and advances and 3.08% for the deposits. As at 31 December 2010 the rates were 1.53% and 1.97%, respectively.

Financial assets held for trading (except derivatives), Financial liabilities held for trading (except derivatives), Financial assets available for sale and Other financial assets and liabilities held for trading at fair value through profit or loss

These financial instruments are accounted for 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.

Market interest rates are determined based on information released by the suppliers of financial content - 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 sources but regarding interbank money market. The interest rate curve obtained is calibrated with the values of interest rate short-term futures. Interest rates for specific periods of the cash flows are determined by appropriate interpolation methods. The same interest rate curves are used in the projection of the non-deterministic cash flows such as indexes.

When optionality is involved, the standard templates (Black-Scholes, Black, Ho and others) are used considering the volatility areas applicable. Whenever there are no references in the market of sufficient quality or that the available models do not fully apply to meet the characteristics of the financial instrument, specific quotations supplied by an external entity are applied, typically a counterparty of the business.

Financial assets held to maturity

These financial instruments are accounted at amortised cost net of impairment. 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.

Hedging and trading derivatives

All derivatives are recorded at fair value.

In case of derivative contracts that are quoted in organised markets their market prices are used. 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 volatilities.

Interest rates are determined based on information disseminated by the suppliers of financial content - Reuters and Bloomberg - more specifically those resulting from prices of interest rate swaps. The values for the very short-term rates are obtained from a similar source but regarding interbank money market. The interest rate curve obtained is calibrated with the values of interest rate short-term futures. Interest rates for specific periods of the cash flows are determined by appropriate interpolation methods. The interest rate curves are used in the projection of the non-deterministic cash flows such as indexes.

Loans and advances to customers with defined maturity date

The fair value of these instruments is calculated by 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 Bank in similar instruments for each of the homogeneous classes of this type of instrument and with similar residual 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 spread used at the date of the report, which was calculated from the average production of the last three months of the year. For 31 December 2011, the average discount rate was 6.29% and for December 2010 it was 6.18% assuming the projection of the variable rates according to the evolution of the forward rates implicit in the interest rate curves. The calculations also include the credit risk spread.

Loans and advances to customers and deposits repayable on demand without defined maturity date

Considering the short maturity of these financial instruments, the conditions of the portfolio are similar to conditions used at the date of the report. 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 Bank in similar instruments with a similar maturity. The discount rate used reflects the actual rates of the Bank to this type of funds and with similar residual maturity date. The discount rate includes the market rates of the residual maturity date (rates of monetary market or the interest rate swap market, at the end of the year) and the spread of the Bank at the date of the report, which was calculated from the average production of the last three months of the year. For 31 December 2011, the average discount rate was of 4.73% and for December 2010 it was 3.03%.

Debt securities issued and Subordinated debt

For these financial instruments the fair value was calculated for components for which fair value is not yet reflected in the balance sheet. Fixed rate instruments for which the Bank adopts "hedge-accounting", the fair value related to the interest rate risk is already recognised.

For the fair value calculation, other components of risk were considered, 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 Bank.

As original reference, the Bank applies the curves resulting from the market interest rate swaps for each specific currency. The credit risk (credit spread) is represented by an excess 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 debts placed among non institutional costumers of the Bank, one more differential was added (trade spread), which represents the margin between the financing cost in the institutional market and the cost obtained by distributing the respective instrument in the owned commercial network.

The average reference yield curve obtained from market prices in EUR and used in the calculation of the fair value of own securities was 20.66% (31 December, 2010: 12.74%) for subordinated debt placed on the instituicional market, 13.20% (31 December, 2010: 9.05%) for subordinated debt placed on the retail market, 14.43% (31 December 2010: 8.49%) for senior and collateralized securities placed on the instituicional market and 5.24% (31 December, 2010: 4.27%) for senior and collateralized securities placed on the retail market.

For debt securities, the fair value calculation focused on all the components of these instruments, as a result the difference found as at 31 December 2011 was a decrease in the amount of Euros 2,037,030,000 (31 December 2010: an decrease in the amount of Euros 1,265,407,000), corresponding to an increase in financial liabilities. The values previously referred include a receivable amount of Euros 11,494,000 (31 December 2010: a receivable amount of Euros 8,182,000) which are recorded in financial assets and liabilities held for trading and reflects the fair value of embedded derivatives.

As at 31 December 2011, the following table presents the interest rates used in the definition of the interest rate curves of main currencies, namely EUR, USD, GBP and PLN used to determine the fair value of the assets and liabilities of the Bank:

	Currencies			
	EUR	**USD**	**GBP**	**PLN**
1 day	0.35%	0.30%	0.65%	4.51%
7 days	0.60%	0.70%	1.00%	4.51%
1 month	0.98%	1.10%	1.50%	4.67%
2 months	1.15%	1.40%	1.77%	4.78%
3 months	1.31%	1.64%	2.00%	4.89%
6 months	1.56%	1.99%	2.38%	4.90%
9 months	1.73%	2.25%	2.63%	4.90%
1 year	1.42%	0.67%	2.86%	4.88%
2 years	1.32%	0.71%	1.32%	4.74%
3 years	1.38%	0.82%	1.37%	4.70%
5 years	1.73%	1.22%	1.56%	4.80%
7 years	2.07%	1.63%	1.87%	4.90%
10 years	2.37%	2.02%	2.29%	4.95%
15 years	2.67%	2.37%	2.65%	4.76%
20 years	2.69%	2.49%	2.83%	4.49%
30 years	2.56%	2.59%	2.99%	4.12%

The following table shows the fair value of financial assets and liabilities of the Bank:

	31 December 2011					
	At fair value through profit or loss Euros '000	Available for sale Euros '000	Amortised cost Euros '000	Others Euros '000	Book value Euros '000	Fair value Euros '000
Cash and deposits at central banks	-	-	1,035,629	-	1,035,629	1,035,629
Loans and advances to credit institutions						
Repayable on demand	-	-	1,207,141	-	1,207,141	1,207,141
Other loans and advances	-	-	12,313,451	-	12,313,451	12,246,729
Loans and advances to customers	-	-	48,466,502	-	48,466,502	44,862,122
Financial assets held for trading	2,492,421	-	-	-	2,492,421	2,492,421
Financial assets available for sale	-	15,987,443	-	-	15,987,443	15,987,443
Hedging derivatives	463,734	-	-	-	463,734	463,734
Held to maturity financial assets	-	-	5,086,001	-	5,086,001	4,270,113
Investments in associated companies	-	-	-	3,986,207	3,986,207	3,986,207
	2,956,155	15,987,443	68,108,724	3,986,207	91,038,529	86,551,539
Deposits from credit institutions	-	-	23,265,368	-	23,265,368	23,143,530
Amounts owed to customers	-	-	32,717,867	-	32,717,867	32,591,508
Debt securities	-	-	16,984,232	-	16,984,232	14,947,202
Financial liabilities held for trading	1,775,312	-	-	-	1,775,312	1,775,312
Other financial liabilities held for trading at fair value through profit or loss	2,537,717	-	-	-	2,537,717	2,537,717
Hedging derivatives	64,041	-	-	-	64,041	64,041
Subordinated debt	-	-	2,796,939	-	2,796,939	1,857,121
	4,377,070	-	75,764,406	-	80,141,476	76,916,431

	31 December 2010					
	At fair value through profit or loss Euros '000	Available for sale Euros '000	Amortised cost Euros '000	Others Euros '000	Book value Euros '000	Fair value Euros '000
Cash and deposits at central banks	-	-	472,625	-	472,625	472,625
Loans and advances to credit institutions						
Repayable on demand	-	-	1,250,283	-	1,250,283	1,250,283
Other loans and advances	-	-	9,003,096	-	9,003,096	8,987,980
Loans and advances to customers	-	-	52,998,550	-	52,998,550	50,265,267
Financial assets held for trading	5,242,772	-	-	-	5,242,772	5,242,772
Financial assets available for sale	-	15,148,523	-	-	15,148,523	15,148,523
Hedging derivatives	440,614	-	-	-	440,614	440,614
Held to maturity financial assets	-	-	6,480,525	-	6,480,525	5,984,529
Investments in associated companies	-	-	-	3,907,836	3,907,836	3,907,836
	5,683,386	15,148,523	70,205,079	3,907,836	94,944,824	91,700,429
Deposits from other credit institutions	-	-	27,420,661	-	27,420,661	27,367,623
Amounts owed to customers	-	-	31,366,731	-	31,366,731	31,227,819
Debt securities	-	-	14,416,717	-	14,416,717	13,151,310
Financial liabilities held for trading	1,384,125	-	-	-	1,384,125	1,384,125
Other financial liabilities held for trading at fair value through profit or loss	3,079,851	-	-	-	3,079,851	3,079,851
Hedging derivatives	27,889	-	-	-	27,889	27,889
Subordinated debt	-	-	3,388,038	-	3,388,038	2,769,347
	4,491,865	-	76,592,147	-	81,084,012	79,007,964

48. Post-employment benefits and other long term benefits

The Bank assumed the liability to pay to their employees pensions on retirement or disability and other obligations. These liabilities comply with the terms of the 'Acordo Colectivo de Trabalho' (ACT). The Bank's pension obligations and other liabilities are mainly covered through the Banco Comercial Português Pension Fund managed by PensõesGere - Sociedade Gestora de Fundo de Pensões, S.A.

Following the approval by the Government of the Decree-Law no. 127/2011, which was published on 31 December, an agreement between the Government, the Portuguese Banking Association and the Banking Labour Union was established that regulated the transfer of the liabilities related with pensions currently being paid to pensioners and retirees, to the Social Security.

This agreement established that the responsibilities to be transfer relates to the pensions in payment as at 31 December 2011 at fixed amounts (discount rate 0%) in the component established in the ‘Instrumento de Regulação Colectiva de Trabalho (IRCT)’ of the retirees and pensioners. The responsibilities related with the increase in pensions as well as any other complements namely, contributions to the Health System (SAMS), death benefit and death before retirement benefit continue to be under the responsibility of the Financial Institutions and being financed through the corresponding Pensions funds. The Decree-Law also establishes the terms and conditions under which the transfer was made by setting a discount rate of 4% to determine the liabilities to be transferred.

At 31 December 2011 and 2010 the number of participants in the Pension Fund of Banco Comercial Português covered by this pension plan and other benefits is analysed as follows:

	2011	2010
Number of participants		
Pensioners	15,720	15,639
Employees	9,849	10,020
	25,569	25,659

The responsibilities transferred were determined based on different actuarial assumptions from the assumptions used by the Group, namely the discount rate (4%) and the mortality table (TV 88/90 plus 2 years for women and TV 73/77 plus 1 year for men). These assumptions were determined on a liquidation perspective of the responsibilities (exit value) considering that relates to a definitive and not reversible transfer, implying differences regarding the assumptions used in determining the responsibilities recognised in the financial statements prepared in accordance with the requirements defined in IAS 19 – Employee benefits.

As a consequence, the Projected benefit liabilities and the Value of the Pension Fund, as at 31 December 2011, are presented net of the amounts transferred or to be transferred. The settlement of 55% of the transfer, in the amount of Euros 1,510,000,000 was performed before 31 December 2011, an the remaining will be settled during the first semester of 2012.

Additionally, and considering that IAS 19 – Employee benefits allows for recognition of the actuarial gains and losses directly in Equity, the Group decided to change the accounting policy related to the recognition of the actuarial gains and losses in Other Comprehensive Income. In accordance with IAS 8, this change in accounting policy is presented for comparative purposes since 1 January 2010, recognizing at that date the total amount of the deferred actuarial gains and losses in equity. Therefore and as presented in notes 1 and 56 all the actuarial gains and losses deferred were charged against Other Comprehensive Income.

In accordance with the accounting policy, described in note 1 u), the pension and other benefits obligation and the respective funding for the Bank as at 31 December, 2011 and 2010 based on the projected unit credit method are analysed as follows:

	2011	**2010**	**2009**	**2008**	**2007**
	Euros '000	**Euros '000**	**Euros '000**	**Euros '000**	**Euros '000**
Projected benefit obligations					
Pensioners	1,335,520	4,056,369	4,189,336	4,382,647	4,493,727
Employees	1,100,193	1,237,637	1,195,086	1,251,744	1,296,028
	2,435,713	5,294,006	5,384,422	5,634,391	5,789,755
Value of the Pension Fund	(2,342,316)	(5,121,208)	(5,503,361)	(5,239,077)	(5,535,037)
Provisions for defined contributions complementary plan	-	-	-	(12,188)	-
Liabilities not financed by the Pension Fund	93,397	172,798	(118,939)	383,126	254,718
Liabilities covered by the Extra Fund	(349,179)	(368,049)	(373,739)	(434,952)	(446,028)
(Surplus) / Deficit coverage	(255,782)	(195,251)	(492,678)	(51,826)	(191,310)

The balances Projected benefit obligations and Value of the Pension Fund as at 31 December 2011 reflects the effect of the transfer of liabilities and assets of the Fund associated to retirees and pensioners to the Social Security, in the amount of Euros 2,582,593,000.

As at 31 December 2011, the Projected benefit obligations balance includes the amount of Euros 256,461,000 (31 December 2010: Euros 282,743,000) related to the obligations with past services for the Complementary Plan which are fully funded by the Pension Fund.

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), started to 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's companies to which they are contractually related at the date of retirement. On this basis, the Group's companies have to assure the annual funding of the Fund, in order to cover the defined benefit, in case of a deficit. The amount is determined in accordance with the actuarial valuation performed each year, and funding will be performed annually.

As referred in notes 9 and 38 and in accordance with accounting policy described in note 1 u), the Bank assumed the responsibility to pay retirement complements to employees, if some specific conditions are met each year as defined by the Complementary Plan. The rules defined establish that if the conditions referred above are achieved for a financial year, the Bank should contribute to the Pension Fund the respective amounts for the eligible employees.

Considering that the conditions to attribute complementary pensions in 2011 were not accomplished, in line with 2010, the Executive Board of Directors reviewed the estimated cost of this liability. Therefore, based on the referred estimate, the Group do not recognised in December 2011 any cost related to charges with the complementary plan (31 December 2010: Euros 6,691,000), and simultaneously eliminated the estimate performed in 2009 and 2010.

The change in the present value of obligations during 2011 and 2010 is analysed as follows:

	2011			2010
	Pension benefit obligations Euros '000	**Extra-Fund Euros '000**	**Total Euros '000**	**Total Euros '000**
Balance as at 1 January	4,925,957	368,049	5,294,006	5,384,422
Service cost	(6,402)	1,233	(5,169)	35,413
Interest costs	261,227	19,480	280,707	287,419
Actuarial (gains) and losses				
Not related to changes in actuarial assumptions	43,915	(3,886)	40,029	(41,359)
Arising from changes in actuarial assumptions	(302,959)	(12,781)	(315,740)	(78,081)
Arising from the recalculation of the liabilities transferred to RGSS	164,770	-	164,770	-
Payments	(284,150)	(23,667)	(307,817)	(310,420)
Transfer to the general social healthcare system ('RGSS')	(2,746,919)	-	(2,746,919)	-
Early retirement programmes	12,275	-	12,275	7,238
Contributions of employees	11,140	-	11,140	11,226
Other charges	7,680	751	8,431	(1,852)
Balance at the end of the year	2,086,534	349,179	2,435,713	5,294,006

As at 31 December 2011 the value of the benefits paid by the Pension Fund, excluding the Extra-fund, amounted to Euros 284,150,000 (31 December 2010: Euros 286,394,000).

The change in the fair value of assets of the Fund during 2011 and 2010 is analysed as follows:

	2011 Euros '000	2010 Euros '000
Balance as at 1 January	5,121,208	5,503,361
Expected return on plan assets	262,398	276,336
Actuarial gains and (losses)	(313,795)	(585,178)
Contributions to the Fund	284,754	203,667
Payments	(284,150)	(286,394)
Transfer to the 'RGSS'	(2,746,919)	11,226
Contributions of employees	11,140	-
Other charges	7,680	(1,810)
Balance at the end of the year	2,342,316	5,121,208

The elements of the assets of the Pension Fund are analysed as follows:

	2011 Euros '000	2010 Euros '000
Variable income securities:		
Shares	1,140,186	1,164,209
Bonds	617,363	911,158
Fixed income securities	351,204	626,630
Properties	350,864	379,715
Investment fund	793,816	1,152,963
Loans and advances to credit institutions and others	(911,117)	886,533
	2,342,316	5,121,208

The balance Properties includes buildings owned by the Fund and used by the Bank companies which as at 31 December 2011, amounts to Euros 348,727,000 (31 December 2010: Euros 377,634,000).

The balance Loans and advances to credit institutions and others includes a negative amount of Euros 1,236,872,000 to be transfered to the Social Security System which has been written off to the value of the Fund, as at 31 December 2011.

The securities issued by the Bank accounted in the portfolio of the Fund are analysed as follows:

	2011 Euros '000	2010 Euros '000
Fixed income securities	150,145	55,202
Variable income securities	45,662	358,795
	195,807	413,997

The change in the amounts payable to the Pension Fund related with the obligations during 2011 and 2010 is analysed as follows:

	(Surplus) / Deficit	
	2011 Euros '000	2010 Euros '000
Balance as at 1 January	(195,251)	(492,678)
Service cost	(6,402)	34,155
Interest costs	261,227	267,648
Cost with early retirement programs	12,275	7,238
Expected return on plan assets	(262,398)	(276,336)
Actuarial (gains) and losses		
Not related to changes in actuarial assumptions		
Return on Plan assets	313,795	585,178
Difference between the expect and the effective obligations	43,915	(42,457)
Arising from changes in actuarial assumptions	(302,959)	(74,332)
Resulting from the transfer under DL 127/2011	164,770	-
Contributions to the Fund	(284,754)	(203,667)
Balance at the end of the year	(255,782)	(195,251)

The contributions to the Pension Fund, made by the Bank, are analysed as follows:

	2011 Euros '000	2010 Euros '000
Shares	-	2,020
Other securities	78,754	201,053
Cash	206,000	594
	284,754	203,667

In accordance with IAS 19, as at 31 December 2011, the Bank accounted as post-employment benefits costs the amount of Euros 190,185,000 (31 December 2010: Euros 53,734,000), which is analysed as follows:

	2011 Euros '000	2010 Euros '000
Service cost	(5,169)	35,413
Interest costs	280,707	287,419
Expected return on plan assets	(262,398)	(276,336)
Costs with early retirement programs	12,275	7,238
Costs resulting from the transfer under DL 127/2011	164,770	-
Cost of the year	190,185	53,734

The caption Costs arising from the transfer under Decree-Law no. 127/2011 corresponds to the impact in the income statement resulting from the transfer of the liabilities of the retirees and pensioners to the Social Security Scheme. The impact corresponds to the recalculation of the liabilities based on the assumptions defined by the Portuguese Government within the scope of the transfer.

The liabilities with health benefits are fully covered by the Pension Fund and corresponds, as at 31 December 2011, to the amount of Euros 250,235,000 (31 December 2010: Euros 268,616,000). The estimated value of contributions to the pension plan in 2012 amounts to Euros 50,671,000.

Regarding the coverage of some benefit obligations related to pensions, the Bank contracted with Ocidental Vida the acquisition of perpetual annuities for which the total liability as at 31 December 2011 amounts to Euros 90,236,000 (31 December 2010: Euros 111,011,000), in order to pay:

i) pensions of former Group's Board Members in accordance with BCP Board Members Retirement Regulation.

ii) pensions and complementary pension to pensioners in accordance with the Pension Fund of the BCP employees established in 28 December 1987, as also to pensioners, in accordance with other Pension Funds, that were incorporated after on the BCP Pension Fund and which were planed that the retirement benefits should be paid through the acquisition of insurance policies, in accordance with the Decree-Law no. 12/2006. As at 31 December 2011 the number of beneficiaries were 60.

Ocidental Vida is 100% owned by Ageas Group and Ageas Group is 49% owned by BCP Group.

As the Board Members Retirement Regulation establish that the pensions are increased annually, and as it is not common on the insurance market the acquisition of perpetual annuities including the increase in pensions, the Bank determined the liability to be recognised on the financial statements, taking into consideration current actuarial assumptions.

In accordance with the remuneration policy of the Board Members, the Group has the responsibility of supporting the cost with the retirement pensions of former Group's Executive Board Members, as well as the Complementary Plan for these members in accordance with the applicable rules, funded through the Pension Fund, Extra-fund and perpetual annuities.

To cover the update of contracted responsibilities through perpetual annuities policies, based on the actuarial calculations, the Group recognised a provision as at 31 December 2011 of Euros 5,504,000 (31 December 2010: Euros 40,996,000). As referred in notes 9 and 38, the decrease was the result of the write down of provisions established to cover the future increases in the retirement pensions of the former members of the Executive Board of Directors, following the agreements established between the parties.

As referred in note 8, following the agreements established between the Bank and former members of the Executive Board of Directors the amount of Euros 18,900,000 related with amounts paid to set up a perpetual annuity policy to cover the responsibility with retirement pensions of former members of the Executive Board of Directors, were reimbursed by Ocidental Vida.

The movement of the amounts of the responsibilities with retirement pensions payable to former members of the Executive Board of Directors, included in the balance Other liabilities (note 38), is analysed as follows:

	2011 Euros '000	2010 Euros '000
Balance as at 1 January	40,996	40,996
Write-back	(35,492)	-
Balance as at 31 December	5,504	40,996

Considering the market indicators, particularly the estimations of the inflation rate and the long term interest rate for Euro Zone as well as the demographic characteristics of the employees, the Bank considered the following actuarial assumptions for the calculation of the liabilities with pension obligations with reference to 31 December 2011 and 2010:

	Banco Comercial Português	
	2011	2010
Increase in future compensation levels	2.00%	2.50%
Rate of pensions increase	1.00%	1.50%
Projected rate of return of fund assets	5.50%	5.50%
Discount rate	5.50%	5.50%
Mortality tables		
Men	TV 73/77 - 1 year	TV 73/77 - 1 year
Women	TV 88/90 - 2 years	TV 88/90 - 2 years
Disability rate	0%	0%
Turnover rate	0%	0%
Costs with health benefits increase rate	6.50%	6.50%

The deduction of one and two years on men and women tables, is related to the diference of life time over one and two years respectively.

The assumptions used on the calculation of the employees benefits are in accordance with the requirements of IAS 19. No disability decreases are considered in the calculation of the liabilities.

The projected return rate of the Plan assets was determined according with current market conditions and with the nature and return of the Pension Plan assets.

Net actuarial losses related to the difference between the actuarial assumptions used for the estimation of the pension liabilities and the actual liabilities as well as the impact of the change in the pensions' increase rate, for the year ended 31 December 2011 amounts to Euros 202,854,000 (31 December 2010: actuarial losses of Euros 465,738,000) and are analysed as follows:

	Actuarial (gains) / losses			
	2011		2010	
	%	Euros '000	%	Euros '000
Deviation between				
expected and actual liabilities:				
Increase in future compensation levels	0.68%	(22,366)	2.24%	(19,258)
Pensions increase rate	0.00%	(60,846)	1.00%	(26,789)
Disability	0.12%	6,358	0.15%	7,988
Turnover	0.00%	-	-0.11%	(6,109)
Mortality deviations	0.00%	-	0.41%	21,872
Others	-0.09%	(4,886)	0.35%	(19,063)
Changes on the assumptions:				
Discount rate	5.50%	286,539	5.50%	-
Increase in future compensation levels	2.00%	(79,345)	2.50%	-
Pensions increase rate	1.00%	(236,395)	1.50%	(78,081)
Return on Plan assets	-0.71%	313,795	-5.49%	585,178
		202,854		465,738

For the determination of the liabilities as at 31 December 2011, as a settlement of part of the liabilities occurred, the Bank used the implicit rate for each of the populations in the determination of the impacts on the discount rate. The impacts were calculated by splitting the population covered by the plans between active and retired employees / pensioners in order to determine the duration of each sub-populations and thus an implied discount rate.

The caption Actuarial (gains) / losses – Change on the assumptions – Discount rate, includes the amount of Euros 164,770,000 related with the costs arising from the recalculation of the liabilities transferred to the Social Security based on the discount rate defined for the transfer in accordance with the Decree-Law 127/2011. This amount, as referred in note 9, was charged against income statement.

Health benefit costs have a significant impact on pension costs. Considering this impact the Bank performed a sensitivity analysis assuming one percent positive variation in health benefit costs (from 6.5% to 7.5% in 2011) and a negative variation (from 6.5% to 5.5% in 2011) in health benefit costs, which impact is analysed as follows:

	Positive variation of 1% (6.5% to 7.5%)		Negative variation of 1% (6.5% to 5.5%)	
	2011	2010	2011	2010
	Euros '000	Euros '000	Euros '000	Euros '000
Pension cost impact	395	450	(395)	(450)
Liability impact	38,498	41,325	(38,498)	(41,325)

The liabilities related to the seniority premium, are not post-employment liabilities, and as a result, are not covered by the Pension Fund of the Bank. As at 31 December, 2011, the liabilities associated with the seniority premium amounted to Euros 52,134,000 (31 December, 2010: 54,221,000 Euros) and are covered by provisions in the same amount, according to the note 38.

The cost for the year of the seniority premium, for 2011 and 2010, is analysed as follows:

	2011	2010
	Euros '000	Euros '000
Service cost	3,035	3,190
Interest costs	2,879	2,846
Actuarial gains and losses	(3,432)	(922)
Other charges	-	(5)
Cost of the year	2,482	5,109

49. Related parties

The Bank grants loans in the ordinary course of its business within the Group's companies and to other related parties. Under the Collective Agreement of Labour for Employees of the Portuguese Banking Sector which includes substantially all employees of banks operating in Portugal, the Bank grants loans to employees at interest rates fixed under the above referred agreement for each type of loan upon request by the employees.

As at 31 December, 2011, loans to members of the Executive Board of Directors and their direct family members amounted to Euros 340,000 (31 December 2010: Euros 616,000), which represented 0.01% of shareholders' equity (31 December 2010: 0.01%). These loans were granted in accordance with the applicable laws and regulations.

As at 31 December 2011, the principal loans and guarantees (excluding interbank and money market transactions) the Group has made to shareholders holding individually or together with their affiliates, 2% or more of the share capital whose holdings, in aggregate, represent 34.8% of the share capital as of 31 December 2011 (31 December 2010: 49.1%), described in the Executive Board of Directors report, amounted to approximately Euros 1,274,080,000 (31 December 2010: Euros 2,026,221,000). 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 entities, being respected the legal formalities and regulations.

Remunerations to the Executive Board of Directors

The remunerations paid to the members of the Executive Board of Directors in 2011 amounted to Euros 3,814,000 (2010: Euros 4,679,000 which includes an amount related to the resignation process of a Director), with Euros 322,000 (2010: Euros 321,000) paid by subsidiaries or companies which governing bodies represent interests in the Group.

Considering that the remuneration of members of the Executive Board of Directors intends to compensate the functions that are performed in the Bank and in all other functions on subsidiaries or other companies for which they have been designated by indication of the Bank or representing it, the net amount of the remunerations annually received by each member is considered for calculating the fixed annual remuneration attributed by the Bank and set by the Remunerations Commission.

During 2011, the costs with Social Security and the contributions to the Pension Fund for members of the Executive Board of Directors amounted to Euros 1,288,000 (2010: Euros 1,650,000 includes an adjustment arising from the difference between the actual values calculated for the term 2008 to 2010 and the estimates made in previous years).

Transactions with the Pension Fund

During 2011, the Group sold to the Pension Fund assets in the amount of Euros 1,607,663,000 (2010: Euros 284,266,000) related to commercial paper and Euros 78,200,000 (2010: Euros 0) related to Portuguese public debt securities. In 2010, the Group sold variable income securities in the amount of Euros 94,290,000.

Additionally, the Group purchased to the Pension Fund assets in the amount of Euros 219,190,000 (2010: Euros 0) related to Commercial paper, Euros 177,874,000 (2010: Euros 564,385,000) related to Portuguese public debt securities and Euros 149,565,000 (2010: Euros 0) related to other debts.

During 2011, the following contributions in kind were performed to the Pension Fund Group:

					Euros '000
Description	**Nature**	**Delivery date**	**Quantity/Nominal value**	**Price**	**Contribution value**
ES Saúde	Commercial paper	30.12.2011	56,000,000	98.787	55,650
ES Viagens	Commercial paper	30.12.2011	10,000,000	99.968	10,208
Opway, SGPS	Commercial paper	30.12.2011	10,000,000	99.887	10,219
Others					2,677
					78,754

The shareholder and bondholder position of members of the Boards is as follows:

Shareholders / Bondholders	Security	Number of securities at 31/12/2011	Number of securities at 31/12/2010	Changes during 2011 Acquisitions	Changes during 2011 Disposals	Changes during 2011 Date	Changes during 2011 Unit Price Euros
Members of Executive Board							
Paulo José de Ribeiro Moita Macedo (h)	BCP Shares	301,657	259,994	11,437 (c)		17-May-11	0.58
				30,226 (d)		20-Jun-11	0.36
Vítor Manuel Lopes Fernandes	BCP Shares	23,412	20,000	879 (c)		17-May-11	0.58
				2,533 (d)		20-Jun-11	0.36
	BCP Investimento Telecoms March 2013	20	20				
Luís Maria França de Castro Pereira Coutinho	BCP Shares	286,914	247,288	10,878 (c)		17-May-11	0.58
				28,748 (d)		20-Jun-11	0.36
Miguel Maya Dias Pinheiro	BCP Shares	210,000	150,000	30,598 (c)		17-May-11	0.58
				7,845 (f)		15-Jun-11	0.36
				21,557 (d)		20-Jun-11	0.36
	MillenniumBcp Valor Capital 2009	0	15		15 (e)	20-Jun-11	1,000.00
António Manuel Palma Ramalho	BCP Shares	62,700	12,092	531 (c)		17-May-11	0.58
				50,077 (d)		20-Jun-11	0.36
	BPSM/97 Top's Perpétuas Subord 1/2 Serie	498,798	498,798				
José Jacinto Iglésias Soares (g)	BCP Shares	80,743	20,000	7,663 (c)		17-May-11	0.58
				3,080 (d)		20-Jun-11	0.36
				50,000 (f)		28-Jun-11	0.39
Rui Manuel da Silva Teixeira (g)	BCP Shares	31,982	27,565	1,212 (c)		17-May-11	0.58
				3,205 (d)		20-Jun-11	0.36
Members of Supervisory Board							
António Vítor Martins Monteiro	BCP Shares	2,410	2,078	91 (c)		17-May-11	0.58
				241 (d)		20-Jun-11	0.36
	BCP Finance Bank MTN 6,25	0	50		50 (b)	29-Apr-11	1,000.00
Manuel Domingos Vicente	BCP Shares	1,159	1,000	43 (c)		17-May-11	0.58
				116 (d)		20-Jun-11	0.36
Luís de Melo Champalimaud	BCP Shares	100,000	20,000	879 (c)		17-May-11	0.58
				79,121 (d)		20-Jun-11	0.36
António Henriques Pinho Cardão (g)	BCP Shares	102,778	73,259	19,222 (c)		17-May-11	0.58
				10,297 (d)		20-Jun-11	0.36
Josep Oliu Creus	BCP Shares	15,083	13,000	572 (c)		17-May-11	0.58
				1,511 (d)		20-Jun-11	0.36
Carlos José da Silva (g)	BCP Shares	151,438	130,523	5,741 (c)		17-May-11	0.58
				15,174 (d)		20-Jun-11	0.36
António Luís Guerra Nunes Mexia	BCP Shares	1,507	1,299	57 (c)		17-May-11	0.58
				151 (d)		20-Jun-11	0.36
João Manuel Matos Loureiro	BCP Shares	1,753	1,500	65 (c)		17-May-11	0.58
				188 (d)		20-Jun-11	0.36
José Guilherme Xavier de Basto	BCP Shares	1,376	1,188	51 (c)		17-May-11	0.58
				137 (d)		20-Jun-11	0.36
	BCP Mill Rend Semestral March	5	5				
José Vieira dos Reis	BCP Shares	54,700	16,074	32,707 (c)		17-May-11	0.58
				5,919 (d)		20-Jun-11	0.36
	BCP Ob Cx Inv Água May 08/2011	0	340		340 (b)	07-May-11	1,000.00
	BCP Cx Invest Saúde July 2008/11	200	200				
	BCP Ob Cx Subordinadas 1ª S (2008/2018)	1,100	1,100				
	Super Aforro Mille Sr B Feb 2009/14	0	20		20 (b)	18-Mar-11	1,000.00
	Millennium BCP Valor Capital 2009	0	20		20 (e)	20-Jun-11	1,000.00
	BCP Inv Total November 2012	100	100				
	BCP Inv Cabaz Eenergia Nov 2	50	50				
	BCP Mill Rendimento Plus Jun 2010/2014	50	50				
	Cerifica SP 500	188	0	188 (a)		22-Feb-11	13.29
	Certific BCPCI DAX	34	0	34 (a)		24-Feb-11	73.30
	Millennium Rend, Cresc 2011 4ª S	70	0	70 (a)		07-Mar-11	10,000.00
	BCP Inv. Dupla Opção Europa	50	0	50 (a)		29-Jun-11	1,000.00
	Millennium BCP Subordinadas 2010/2020	25	25				
	Millennium BCP Subord. August 2020 Call	40	40				
	BCP Mill Rend. Premium 2ª série 04/2013	40	40				
	Certific BCPI Eurostoxx 50	820	820				
	BCP Investimento Duplo Eur June 2013	50	0	50 (a)		29-Jun-11	1,000.00
	Millennium Rendimento Crescente /14	70	0	70 (a)		07-Mar-11	1,000.00

Shareholders / Bondholders	Security	Number of securities at 31/12/2011	Number of securities at 31/12/2010	Changes during 2011 Acquisitions	Disposals	Date	Unit Price Euros
Manuel Alfredo Cunha José de Mello	BCP Shares	216,617	186,701	8,212 (c)		17-May-11	0.58
				21,704 (d)		20-Jun-11	0.36
	BCP Finance Bank MTN 6,25	0	200		200 (b)	28-Mar-11	1,000.00
	BCP Ob Cx Subordinadas 1ª S (2008/2018)	1,000	1,000				
	BCP Fin Bk Camale. 125% XI/09 (11/2014)	150	150				
	BCP Fin Sel Ac Eur Ret 2 Fontes XI(05/11)	0	100		100 (b)	25-May-11	1,000.00
	BCP Fin Selec BrasilL XII/09 Eur (06/11)	0	329		329 (b)	21-Jun-11	1,000.00
	BCP Fin Escolh Tripla Europeia IV/10 04/11	0	40		40 (b)	21-Apr-11	1,000.00
	BCP Fin Inv Mundial III	0	100		100 (b)	28-Mar-11	1,000.00
	BCP Inv Ind Mundiais XI (11/2013)	120	120				
	BCP Farmaceut Gl Autocall XI/10 (11/2012)	0	200		200 (b)	20-May-11	1,000.00
	BCP Rev Conv Alstom XI/10	0	10		10 (b)	22-Mar-11	1,000.00
	BCP Cabaz Consumo AC 01/2013	50	0	50 (a)		07-Jan-11	1,000.00
	BCP Acções Europa AC 02/2014	100	0	100 (a)		03-Feb-11	1,000.00
	BCP Acções Tecnologia EUA AC 04/2014	100	0	100 (a)		04-Apr-11	1,000.00
	BCP Rev. Conv. Apple 10/2011	200	0	200 (a)		15-Jun-11	1,000.00
	BCP Rev. Conv. AlstomXI/11	5	0	5 (a)		15-Jun-11	10,000.00
	Indústria europeia AC 06/2013	200	0	200 (a)		15-Jun-11	1,000.00
	BCP 2.375% (01/2012)	50,000	0	50,000 (a)		16-May-11	0.95
	BCP FRN (02/2013)	100,000	0	100,000 (a)		21-Dec-11	0.75
Thomaz de Mello Paes de Vasconcelos	BCP Shares	1,159	1,000	43 (c)		17-May-11	0.58
				116 (d)		20-Jun-11	0.36
Vasco Esteves Fraga	BCP Shares	1,159	1,000	43 (c)		17-May-11	0.58
				116 (d)		20-Jun-11	0.36
Spouse and Dependent Children							
Maria Helena Espassandim Catão (g)	BCP Shares	253	218	9 (c)		17-May-11	0.58
				26 (d)		20-Jun-11	0.36
Isabel Maria V Leite P Martins Monteiro	BCP Shares	1,854	1,854				
Maria da Graça dos Santos Fernandes de Pinho Cardão (f	BCP Shares	3,835	3,308	144 (c)		17-May-11	0.58
				383 (d)		20-Jun-11	0.36
Ana Maria Almeida M Castro José de Mello	BCP Shares	5,776	4,980	218 (c)		17-May-11	0.58
				578 (d)		20-Jun-11	0.36
	BCP Ob Cx Subordinadas 1ª S (2008/2018)	400	400				
	BCP Inv Ind Mundiais XI/10 (11/2013)	60	60				
	BCP Farmaceut GL Autocall XI/10 (11/2012)	0	40		40 (b)	20-May-11	1,000.00
	BCP Fin Escolh Tripla Europeia IV/10	0	3		3 (b)	26-Apr-11	1,000.00
	BCP Cabaz Consumo AC 01/2013	50	0	50 (a)		07-Jan-11	1,000.00
	BCP Acções europa EUA AC 02/2014	30	0	30 (a)		03-Feb-11	1,000.00
	BCP Acções Tecnologia EUA AC 04/2014	30	0	30 (a)		04-Apr-11	1,000.00
	BCP Rev. Conv. Alstom 09/2011	2	0	2 (a)		15-Jun-11	10,000.00
	BCP Rev. Conv. Apple 10/2011	20	0	20 (a)		15-Jun-11	1,000.00
	Indústria Europeia AC 06/2013	60	0	60 (a)		15-Jun-11	1,000.00
Maria Emília Neno R. T. Xavier de Basto	BCP Shares	435	376	16 (c)		17-May-11	0.58
				43 (d)		20-Jun-11	0.36
Plautila Amélia Lima Moura Sá	BCP Shares	3,223	2,754	121 (c)		17-May-11	0.58
				348 (d)		20-Jun-11	0.36
	BCP Ob Cx Inv Global 12% Feb	0	500		500 (b)	16-Feb-11	1,000.00
	BCP Ob Cx Invest Cabaz Mund Feb 08/11	0	400		400 (b)	14-Feb-11	1,000.00
	BCP Cx Inv Energias Renov Jun 2011	0	400		400 (b)	18-Jun-11	1,000.00
	Certific BCPI Eurostoxx 50	240	240				
	Certific BCPI S/DJ Stoxx Utili (10/2012)	2,125	2,125				
	Certific BCPI S/DJ Stoxx Basic (10/2012)	1,485	1,485				

(a) Subscription.
(b) Reimbursement.
(c) Dividends in BCP Shares.
(d) Subscription of capital increase of BCP.
(e) Convertion in capital of MillenniumBcp Valor Capital 2009.
(f) Purchase.

(g) Inicial position referes to the securities held at the moment of the nomination, 18-04-2011 and not at 31-12-2010. The movements of 2011 are respect to the operations since the nomination until 30-06-2011.

(h) Renounced of member of the Executive Board of Directors at 20-06-2011, to assume duty as Health Minister.

As at 31 December 2011, the Bank's credits over subsidiaries and Millenniumbcp Ageas Group, represented or not by securities, included in the captions 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.	5,033,377	-	-	1,050,720	6,084,097
Banque Privée BCP (Suisse) S.A.	207,734	-	-	-	207,734
Millennium bcp Bank & Trust	1,039,273	-	-	-	1,039,273
BCP Finance Bank Ltd	1,128,531	-	12,249	62,840	1,203,620
Banca Millennium S.A. (Romania)	150,032	-	-	-	150,032
BCP Finance Company, Ltd	401,225	-	-	-	401,225
Bank Millennium (Poland) Group	16,792	-	67,277	-	84,069
Millennium Bank (Greece) Group	1,901,677	-	-	-	1,901,677
Banco Millennium Angola, S.A.	52,576	-	-	-	52,576
BCP Holdings (USA), Inc.	-	134,167	-	-	134,167
Millenniumbcp Ageas Group	-	221,757	-	-	221,757
Others	148	108,009	4,952	41,620	154,729
	9,931,365	463,933	84,478	1,155,180	11,634,956

As at 31 December 2011 the Bank had credits over associated companies, represented or not by securities, included in the captions of Loans and advances to credit institutions and to customers, and Financial assets held for trading and available for sale amounted to Euros 50,389,000.

As at 31 December 2011 the Bank's liabilities with subsidiaries and Millenniumbcp Ageas Group, represented or not by securities, included in the captions 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, S.A.	284,084	-	-	-	284,084
Banco de Investimento Imobiliário, S.A.	969,659	-	3,881,522	28,873	4,880,054
Bank Millennium (Poland) Group	55,777	-	-	-	55,777
Banque Privée BCP (Suisse) S.A.	48,025	-	-	-	48,025
Millennium bcp Bank & Trust	1,974,693	-	-	-	1,974,693
BCP Finance Bank Ltd	3,014,168	-	-	888,190	3,902,358
BCP Finance Company, Ltd	-	5,020	-	1,020,569	1,025,589
Millennium bcp Participações, S.G.P.S., Sociedade Unipessoal, Lda.	-	150,201	-	-	150,201
BCP Investment, B.V.	-	18,802	-	-	18,802
BitalPart, B.V.	-	217,540	-	-	217,540
BIM - Banco Internacional de Moçambique, S.A.R.L.	37,710	-	-	-	37,710
Millennium Bank (Greece) Group	873,365	-	-	-	873,365
Millennium bcp Gestão de Activos - Sociedade Gestora de Fundos de Investimento, S.A.	-	12,728	-	-	12,728
Millennium bcp Imobiliária, S.A.	-	3,921	-	-	3,921
Banco Millennium Angola, S.A.	98,675	-	-	-	98,675
Millennium bcp - Prestação de Serviços, A.C.E.	-	24,374	-	-	24,374
BCP Capital - Sociedade de Capital de Risco, S.A.	-	25,006	-	-	25,006
Millenniumbcp Ageas Group	-	995,115	-	-	995,115
Others	472	29,517	-	-	29,989
	7,356,628	1,482,224	3,881,522	1,937,632	14,658,006

As at 31 December 2011 the Bank's liabilities with associated companies, represented or not by securities, included in the captions Deposits from credit institutions and to customers, Debt securities issued and in Subordinated debt amounted to Euros 17,999,000.

As at 31 December 2011, the income recognised by the Bank on inter-company transactions with subsidiaries, included in the captions 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, S.A.	-	-	522	-	522
Banca Millennium S.A. (Romania)	3,425	-	-	1,182	4,607
Banco de Investimento Imobiliário, S.A.	131,284	-	-	201	131,485
Bank Millennium (Poland) Group	5,423	21	-	6,737	12,181
Banque Privée BCP (Suisse) S.A.	3,912	966	-	-	4,878
Millennium bcp Bank & Trust	26,568	1,048	-	73,896	101,512
BCP Finance Bank Ltd	19,802	-	-	944,886	964,688
Bitalpart, B.V.	87	-	-	-	87
BIM - Banco Internacional de Moçambique, S.A.R.L.	-	-	9,805	-	9,805
Millennium Bank (Greece) Group	49,936	399	-	21,516	71,851
Millennium bcp Gestão de Activos - Sociedade Gestora de Fundos de Investimento, S.A.	-	7,263	357	-	7,620
Millennium bcp Imobiliária, S.A.	200	27	-	-	227
BCP Holdings (USA), Inc.	4,359	-	-	-	4,359
Banco Millennium Angola, S.A.	4,110	-	729	-	4,839
Millennium bcp - Prestação de Serviços, A.C.E.	5	46	11,198	-	11,249
Millenniumbcp Ageas Group	2,824	72,665	3,273	-	78,762
Others	7,671	17,901	246	471	26,289
	259,606	100,336	26,130	1,048,889	1,434,961

As at 31 December 2011, the costs incurred by the Bank on inter-company transactions with subsidiaries, included in the captions 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, S.A.	3,501	5,726	112	-	9,339
Banca Millennium S.A. (Romania)	33	-	-	4,383	4,416
Banco de Investimento Imobiliário, S.A.	92,876	1,638	-	28	94,542
Bank Millennium (Poland) Group	3,661	-	-	21,798	25,459
Banque Privée BCP (Suisse) S.A.	373	-	-	-	373
Millennium bcp Bank & Trust	31,734	-	-	37,799	69,533
BCP Finance Bank Ltd	89,695	-	-	846,133	935,828
BCP Finance Company, Ltd	49,602	-	-	-	49,602
Millennium bcp Participações, S.G.P.S., Sociedade Unipessoal, Lda.	2,597	-	-	-	2,597
BCP Investment, B.V.	3,464	-	-	-	3,464
BIM - Banco Internacional de Moçambique, S.A.R.L.	395	-	-	-	395
BitalPart, B.V.	7,835	-	-	-	7,835
Millennium Bank (Greece) Group	16,369	-	-	6,107	22,476
Banco Millennium Angola, S.A.	231	-	-	-	231
Millennium bcp - Prestação de Serviços, A.C.E.	63	-	40,656	-	40,719
Millenniumbcp Ageas Group	-	-	2,453	-	2,453
Others	5,147	-	13,185	288	18,620
	307,576	7,364	56,406	916,536	1,287,882

As at 31 December 2011, the off balance sheet accounts of the Bank on inter-company transactions with subsidiaries, included in the captions Guarantees granted and Commitments to third parties, are analysed as follows:

	Guarantees granted Euros '000	Commitments to third parties Euros '000	Total Euros '000
Banca Millennium S.A. (Romania)	11,601	25,000	36,601
Banco de Investimento Imobiliário, S.A.	-	80	80
Bank Millennium (Poland) Group	1,666	200,000	201,666
Banque Privée BCP (Suisse) S.A.	5,700	834,640	840,340
Millennium bcp Bank & Trust (*)	104,792	12,506	117,298
BCP Finance Bank Ltd	3,693,912	-	3,693,912
BCP Finance Company, Ltd	171,175	-	171,175
BIM - Banco Internacional de Moçambique, S.A.R.L.	3,485	-	3,485
Millennium Bank (Greece) Group	-	170,000	170,000
Banco Millennium Angola, S.A.	19,302	-	19,302
Millennium bcp Gestão de Activos - Sociedade Gestora de Fundos de Investimento, S.A.	172	-	172
Others	-	78,097	78,097
	4,011,805	1,320,323	5,332,128

(*) Guarantees granted by the Bank related to Loans and advances to customers granted by Millennium bcp Bank & Trust.

As at 31 December 2010, the Bank's credits over subsidiaries and Millenniumbcp Ageas Group, represented or not by securities, included in the captions 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.	2,246,424	-	-	515,332	2,761,756
Banque Privée BCP (Suisse) S.A.	331,939	-	-	-	331,939
Millennium bcp Bank & Trust	1,185,602	-	-	-	1,185,602
BCP Finance Bank Ltd	976,483	-	13,751	105,129	1,095,363
Banca Millennium S.A. (Romania)	150,134	-	-	-	150,134
Bank Millennium (Poland) Group	200,198	-	-	-	200,198
Millennium Bank (Greece) Group	1,715,011	-	-	238,941	1,953,952
Banco Millennium Angola, S.A.	242,224	-	-	-	242,224
BCP Holdings (USA), Inc.	-	195,773	-	-	195,773
Millenniumbcp Ageas Group	-	217,491	-	-	217,491
Others	-	2,587	-	50,924	53,511
	7,048,015	415,851	13,751	910,326	8,387,943

As at 31 December 2010, the Bank had credits over associated companies, represented or not by securities, included in the captions of Loans and advances to credit institutions and to customers, and Financial assets held for trading and available for sale, amounted to Euros 99,715,000.

As at 31 December 2010, the Bank's liabilities with subsidiaries and Millenniumbcp Ageas Group, represented or not by securities, included in the captions 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, S.A.	214,252	-	-	-	214,252
Banco de Investimento Imobiliário, S.A.	39,435	1,676	740,911	28,834	810,856
Bank Millennium (Poland) Group	973	-	-	-	973
Banque Privée BCP (Suisse) S.A.	40,634	-	-	-	40,634
Millennium bcp Bank & Trust	2,466,076	-	-	-	2,466,076
BCP Finance Bank Ltd	5,044,407	-	-	1,002,936	6,047,343
BCP Finance Company, Ltd	966	-	-	1,020,569	1,021,535
Millennium bcp Participações, S.G.P.S., Sociedade Unipessoal, Lda.	-	24,080	-	-	24,080
BCP Investment, B.V.	-	137,717	-	-	137,717
BIM - Banco Internacional de Moçambique, S.A.R.L.	127,832	-	-	-	127,832
Millennium Bank (Greece) Group	1,037,162	-	-	-	1,037,162
Millennium bcp Gestão de Activos - Sociedade Gestora de Fundos de Investimento, S.A.	-	12,343	-	-	12,343
Millennium bcp Imobiliária, S.A.	-	203	-	-	203
Banco Millennium Angola, S.A.	36,653	-	-	-	36,653
Millennium bcp - Prestação de Serviços, A.C.E.	-	23,176	-	-	23,176
BCP Capital - Sociedade de Capital de Risco, S.A.	-	24,935	-	-	24,935
Millenniumbcp Ageas Group	-	490,560	-	-	490,560
Others	-	758,378	-	-	758,378
	9,008,390	1,473,068	740,911	2,052,339	13,274,708

As at 31 December 2010, the Bank's liabilities with associated companies, represented or not by securities, included in the captions Deposits from credit institutions and to customers, Debt securities issued and in Subordinated debt, amounted to Euros 44,367,000.

As at 31 December 2010, the income recognised by the Bank on inter-company transactions with subsidiaries, included in the captions 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, S.A.	-	72	668	-	740
Banca Millennium S.A. (Romania)	2,481	-	-	277	2,758
Banco de Investimento Imobiliário, S.A.	38,102	-	-	140	38,242
Bank Millennium (Poland) Group	9,253	-	-	14,961	24,214
Banque Privée BCP (Suisse) S.A.	4,292	-	-	-	4,292
Millennium bcp Bank & Trust	13,022	2,667	-	63,528	79,217
BCP Finance Bank Ltd	8,015	-	-	900,539	908,554
Millennium Bank, Anonim Sirketi (Turkey)	517	-	-	20,276	20,793
BIM - Banco Internacional de Moçambique, S.A.R.L.	-	-	7,140	-	7,140
Millennium Bank (Greece) Group	23,648	550	-	15,618	39,816
Millennium bcp Gestão de Activos - Sociedade Gestora de Fundos de Investimento, S.A.	-	9,277	59	-	9,336
Banco Millennium Angola, S.A.	3,343	-	620	-	3,963
Millennium bcp - Prestação de Serviços, A.C.E.	-	-	10,163	-	10,163
Millenniumbcp Ageas Group	2,717	74,165	3,711	-	80,593
Others	1,484	13,891	277	-	15,652
	106,874	100,622	22,638	1,015,339	1,245,473

As at 31 December 2010, the costs incurred by the Bank on inter-company transactions with subsidiaries, included in the captions 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, S.A.	2,155	2,541	112	-	4,808
Banca Millennium S.A. (Romania)	3	-	-	1,514	1,517
Banco de Investimento Imobiliário, S.A.	8,034	9,818	309	35	18,196
Bank Millennium (Poland) Group	1,923	-	-	28,021	29,944
Banque Privée BCP (Suisse) S.A.	384	-	-	-	384
Millennium bcp Bank & Trust	24,768	-	-	22,881	47,649
BCP Finance Bank Ltd	80,331	-	-	776,730	857,061
BCP Finance Company, Ltd	49,589	-	-	-	49,589
Millennium bcp Participações, S.G.P.S., Sociedade Unipessoal, Lda.	454	-	-	-	454
BCP Investment, B.V.	281	-	-	-	281
Millennium Bank, Anonim Sirketi (Turkey)	-	-	-	12,688	12,688
BIM - Banco Internacional de Moçambique, S.A.R.L.	433	-	-	-	433
Millennium Bank (Greece) Group	5,585	-	-	7,152	12,737
Seguros e Pensões Gere, S.G.P.S., S.A.	20	-	-	-	20
Banco Millennium Angola, S.A.	378	-	-	-	378
Millennium bcp - Prestação de Serviços, A.C.E.	28	-	54,051	-	54,079
Millenniumbcp Ageas Group	-	-	570	-	570
Others	3,206	6	13,821	-	17,033
	177,572	12,365	68,863	849,021	1,107,821

As at 31 December 2010, the off balance sheet accounts of the Bank on inter-company transactions with subsidiaries, included in the captions Guarantees granted and Commitments to third parties, are analysed as follows:

	Guarantees granted Euros '000	Commitments to third parties Euros '000	Total Euros '000
Banca Millennium S.A. (Romania)	13,631	-	13,631
Banco de Investimento Imobiliário, S.A.	-	300,000	300,000
Bank Millennium (Poland) Group	1,982	200,000	201,982
Banque Privée BCP (Suisse) S.A.	19,539	670,213	689,752
Millennium bcp Bank & Trust (*)	133,487	900	134,387
BCP Finance Bank Ltd	5,258,524	-	5,258,524
BCP Finance Company, Ltd	1,000,000	-	1,000,000
BIM - Banco Internacional de Moçambique, S.A.R.L.	12,539	17,878	30,417
Millennium Bank (Greece) Group	-	31,086	31,086
Banco Millennium Angola, S.A.	26,473	22,078	48,551
Millennium bcp Gestão de Activos - Sociedade Gestora de Fundos de Investimento, S.A.	172	-	172
Millennium bcp - Prestação de Serviços, A.C.E.	-	5,000	5,000
	6,466,347	1,247,155	7,713,502

(*) Guarantees granted by the Bank related to Loans and advances to customers granted by Millennium bcp Bank & Trust.

50. Risk Management

The Bank is subject to several risks during the course of its business. The risks from different companies of the Group are managed centrally coordinating with the local departments and 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.

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 fulfils 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 Financial Subjects 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 in charge of with approving the risk-tolerance level acceptable to the Bank.

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.

The Group Risk Officer is responsible for the control of risks in all the Group entities, in order to ensure that the risks are monitored on an overall basis and that there is alignment of concepts, practices and objectives. It must also keep the Risk Committee informed of the Group’s level of risk, proposing measures to improve 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 by the Risk Committee, and they are provided with Risk Office structures which are established 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.

The Group Head of Compliance is responsible for implementing prevention systems, monitoring and reporting of risk in organizational processes that include, among others, the prevention of money laundering, combating financing of terrorism, prevention of conflict of interest, abuse of market and communication with customers.

Risk Evaluation and Managment Model

For purposes of profitability analysis and risk quantification and control, 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, the derivatives and the sales activities;
- Financing: involves the Bank’s institutional financing and money market activity of the Group;
- Investment: includes those positions in securities to be held to maturity or during a longer period of time or those that are not tradable on liquid markets;
- Commercial: 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 definition of the management areas allows effective separation of the management of the trading and banking portfolios, as well a proper allocation of each operation to the area most appropriate management according to their context.

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. In order to do so, 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 Bank have been duly calibrated for the Rating Master Scale.

The protection-level concept has been introduced as a crucial element of evaluation of the effectiveness of the collateral in credit-risk mitigation, leading to more active collateralization of loans and more adequate pricing of the risk incurred.

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 distribution of total loss probability. In addition to the Probability of Default (PD) and of the Amount of the Loss Given Default (LGD) as the central 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.

The Bank's exposure to credit risk (original exposure), as at 31 December 2011 and 2010 is presented in the following table:

	Original exposure	
	2011	**2010**
Risk items	**Euros '000**	**Euros '000**
Central Governments or Central Banks	6,843,242	7,000,604
Regional Governments or Local Authorities	437,889	488,405
Administrative and non-profit Organisations	97,764	2,251,981
Multilateral Development Banks	70,104	117,569
Other Credit Institutions	23,222,903	23,075,888
Retail and Corporate customers	67,443,351	72,813,692
Other items	15,736,586	10,667,781
	113,851,839	116,415,920

Note: gross exposures of provision and amortization. Includes securitization positions.

The following table includes the European countries that have been under particular attention in this period, such as Portugal, Greece, Ireland, Spain, Italy and Hungary. The amount represents the gross exposure (nominal value), as at 31 December 2011, of the credit granted to entities whose country is one of those identified.

					31 December 2011		**Euros '000**
					Country		
Counterparty type	**Maturity**	**Spain**	**Greece**	**Hungary**	**Ireland**	**Italy**	**Portugal**
Financial Institutions	2012	56,049	35,012	2	750,007	1,847	1,014,583
	2013	6,537	28,000	-	25,000	-	773,053
	2014	50,000	-	-	15,000	23,000	206,060
	>2014	75,000	140	-	-	-	353,246
		187,586	63,152	2	790,007	24,847	2,346,942
Companies	2012	17,721	-	-	6,814	250	7,566,875
	2013	34,186	-	-	-	-	1,134,894
	2014	24,611	-	-	-	-	1,396,907
	>2014	250,047	14,158	-	12,188	-	7,268,365
		326,565	14,158	-	19,002	250	17,367,041
Retail	2012	132,298	17	18	52	115	4,203,595
	2013	186	-	-	30	-	832,384
	2014	200	-	4	104	-	848,567
	>2014	35,815	275	-	57,459	3,343	22,764,614
		168,499	292	22	57,645	3,458	28,649,160
State and other	2012	-	100,000	5	-	-	3,462,141
public entities	2013	-	-	-	-	-	1,292,107
	2014	-	-	-	200,000	-	139,544
	>2014	5,000	380,000	-	-	50,000	1,832,994
		5,000	480,000	5	200,000	50,000	6,726,786
Total country		687,650	557,602	29	1,066,654	78,555	55,089,929

Direct credit exposure (in nominal value) to entities resident in the countries mentioned. Does not consider the collateral received for these exposures from entities resident in other countries.

Note: Regarding the exposure to the Greek Republic, as at 31 December 2011, the existing impairment amounts to Euros 358,277,000 (before taxes).

Market Risks

The Bank in monitoring and control of market risk existing in the diverse portfolios uses an integrated risk measure that includes the main types of market risk identified by the Group: generic risk, specific risk, non linear risk and commodities risk.

The measure used in evaluating the generic 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 an 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 for which the performance is related to its value. With the necessary adjustments, this model follows regulatory standard methodology.

Complementary measures for the non-linear risk, at a confidence level of 99%, and a standard measure for the commodities risk are also used.

These measures were included in the indicator of market risk with the conservative assumption of perfect correlation between the various types of risk (the worst-case scenario).

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, as well as in consolidated terms taking into account the effects of diversification between the various portfolios.

To ensure that the VaR model adopted is appropriate to the evaluation of the risks involved in the positions that have been assumed, a back testing process has been instituted. This is carried out on a daily basis and it confronts the VaR indicators with the actual results.

The following table shows these major trading book indicators for the year of 2011:

	Euros '000	
	2011.12.31	**2010.12.31**
Generic Risk (VaR)	5,512	12,038
Specific Risk	1,294	2,177
Non Linear Risk	329	291
Commodities Risk	4	3
Global Risk	7,139	14,509

Evaluation of the interest rate risk originated by the banking portfolio is performed by a risk sensitivity analysis process carried out every month for all operations included in the Bank's balance sheet.

For this analysis are considered the financial characteristics of the contracts available in information systems. Based on these data, a projection for expected cash flows is made, according to the repricing dates and any prepayment assumptions considered.

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 sheet 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 by simulating parallel shifts of the market interest rates.

The following table shows the expected impact on the banking books economic value of parallel shifts of the yield curve by +/- 100 and +/- 200 basis points, on each of the main currencies:

	31 December 2011			Euros '000
Currency	**- 200 bp**	**- 100 bp**	**+ 100 bp**	**+ 200 bp**
CHF	1,290	847	(720)	(1,426)
EUR	195,255	79,202	(64,916)	(120,308)
PLN	11,866	5,872	(5,753)	(11,391)
USD	3,646	4,787	(6,753)	(13,237)
TOTAL	212,057	90,708	(78,142)	(146,362)

	31 December 2010			Euros '000
Currency	**- 200 bp**	**- 100 bp**	**+ 100 bp**	**+ 200 bp**
CHF	737	728	(924)	(1,829)
EUR	186,243	71,545	(58,292)	(104,883)
PLN	14,903	7,378	(7,234)	(14,328)
USD	8,904	4,482	(7,592)	(14,714)
TOTAL	210,787	84,133	(74,042)	(135,754)

The Bank regularly undertakes hedging operations on the market aiming to reduce the interest rate mismatch of the risk positions associated with the portfolio of transactions of the commercial and structural areas.

Liquidity risk

Evaluation of the Bank'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 Bank'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. The amount of assets in the Bank's securities portfolio considered highly liquid is added to the calculated value, leading to determination of the liquidity gap accumulated for each day of the period under review.

In parallel, the evolution of the Bank'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, in order to enable the decision making that leads to the maintenance of financing conditions adequate to the continuation of the business. In addition, the Risks Commission is responsible for controlling the liquidity risk.

In addition, the Risks Commission 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.

During the year 2011, access to the funding markets for medium / long term and short-term, were virtually closed to the Portuguese financial institutions. This situation worsened after the request for financial assistance made during the month of May.

In this conjuncture, and given the continued prudent management of liquidity by the Group during the course of this whole situation, has been reinforced the role of buffer provided by the liquidity asset portfolio discountable with the ECB (or other Central Banks), despite the effect of loss of eligibility of part of the portfolio and devaluation of the remaining. In this line the portfolio of discountable assets to the ECB decreased Euros 4,831,704,000 during 2011 ending with a value of Euros 14,296,124,000

The eligible pool of assets for funding operations in the European Central Bank, net of haircuts, is detailed as follows:

	Dec 11 Euros '000	Dec 10 Euros '000
European Central Bank	14,296,124	19,127,828

As at 31 December 2011, the amount borrowed from the European Central Bank amounted to Euros 12,100,000,000 (31 December 2010: Euros 15,350,000,000).

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 first 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 coordinating 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 Bank, there is a systematic process of gathering information on operational losses, that defines on a systematic form, the causes and the effects associated to an eventual detected loss. From the analysis of the historical information and its relationships, processes involving greater risk are identified and mitigation measures are launched to reduce the critical exposures.

Covenants

The contractual terms of instruments of wholesale funding encompass obligations assumed by the Group as debtor or issuer, concerning general duties of societary conduct, maintenance of banking activity and the inexistence of certain credit privileges to other creditors (“negative pledge”). These terms reflect essentially the standards internationally adopted for each type of instrument.

The terms of the Group’s participation in securitization operations involving its own assets are subject to mandatory changes in case the Group stops respecting certain rating criteria. The criteria established in each transaction results mainly from the existing risk analysis, at the moment that the transaction was set, being these methodologies usually applied by each rating agency in a standardised way to all the securitization transactions involving the same type of loans.

In 2011, reductions in the rating made by Moody's, from "A3" to "Ba3" (long term) and "P-2" to "NP" (short term) determined, for the securitization Caravela SME No.1: (i) the establishment of a Subordinated Contingent Loan, provided by the Bank, in order to cover, through a new Reserve Account, the amount corresponding to the set-off risk associated to the current securitised portfolio (this risk will be monitored monthly, where the amount of the Reserve Account and, consequently, the Subordinated Contingent Loan shall be reduced accordingly); and (ii) to transfer the swap counterparty of the SPV (Issuer) to a bank with a long-term rating of at least "A3". The downgrades made by S&P, from "BBB +" to "BB" (long term) and "A-2" to "B" (short term), caused, for the securitisation Tagus Leasing No. 1, the need to, establish a Contingent Subordinated loan provided by the Bank, in order to form a new Reserve Account to cover the amount corresponding to the set-off risk associated to its current portfolio of securitised loans (the amount of the Reserve Account and, consequently, the Subordinated Contingent Loan shall be reduced accordingly). In what concerns to Fitch, the downgrades made from "BBB +" to "BB+" (long term) and "F2" to "B" (short term), determined for the securitization Caravela SME No.2, the possibility to enter into a back-up servicing agreement, with an eligible counterparty.

It should be pointed out that any further reductions in ratings by any of the Rating Agencies will not have significant additional implications with respect to existing covenants in the securitisation transactions in progress.

The Group currently has two Covered Bond Programmes in progress. With regard to the BCP Programme, the current rating levels of the Bank involve only the need for maintenance of collateral in line with the market value of interest rate swaps belonging to the assets allocated to the program. The program of Banco de Investimento Imobiliário, SA, does not have any interest rate swap associated, and therefore has no relevant covenant connected to an eventual additional downgrade.

51. Solvency

Following the request submitted by Millennium bcp, the Bank of Portugal formally authorised the adoption of methodologies based on internal rating models (IRB) for the calculation of capital requirements for credit and counterparty risk, covering a substantial part of the risk from the Bank’s activity as from 31 December 2010. In the scope of the Roll-Out Plan for the calculation of the capital requirements for credit and counterparty risk under IRB approaches and following the request submitted by the Bank, the Bank of Portugal formally authorized the extension of this methodology to the subclasses of risk “Renewable Retail Positions” and “Other Retail Positions” with effect as from 31 December 2011. In the 1st half of 2009, the Bank received authorization from the Bank of Portugal to adopt the advanced approaches (internal models) to the generic market risk and the standard method for the operational risk.

The own funds of Banco Comercial Português are determined according to the applicable regulatory rules, namely the Regulation nº6/2010 from the Bank of Portugal. The own funds result from adding tier 1 with tier 2 and subtracting the component of Deductions. For the calculation of tier 1 are considered the core tier 1 elements, established in the Regulation nº3/2011, and other relevant elements to the discharge of tier 1. The tier 1 and, in particular, core tier 1, comprises the steadiest components of the own funds.

As core tier 1 positive elements, the paid-up capital and the share premium, the reserves and the retained earnings and the deferred impacts related to the transition adjustments to the International Financial Reporting Standards, are considered. Net losses, own shares and intangible assets correspond to negative elements.

At the end of the 2011, the Bank decided for a change in the accounting policy related to the recognition of actuarial gains and losses of the Pension Fund. Accordingly, and following an analysis of the options permitted by the International Accounting Standard (IAS) 19 - Employee benefits, the Bank decided to recognize the actuarial gains and losses against reserves. Previously, the Bank used to defer actuarial gains and losses according to the corridor method, in which the unrecognised actuarial gains and losses that exceed 10% of the largest among between the current value of the liabilities and the fair value of the assets were recognised against the income statement according to the estimated remaining useful life of active employees.

Despite this change in accounting policy, the Bank of Portugal, for prudential purposes, allowed to continue to be used a corridor, corresponding to the higher value between i) 10% of liabilities from retirement and survival pensions, and ii) 10% of the value of the Pension Fund, as defined in the Regulation nº2/2012 from the Bank of Portugal.

Core tier 1 can also be influenced by the replacement of unrealised gains and losses which do not represent impairment on debt securities, loans and other receivables recorded in the available-for-sale portfolio, on cash-flow hedge transactions and on financial liabilities at fair value through profits and losses, net of taxes, to the extent related to own credit risk, as well as by the reversal of unrealised gains on equity securities classified as available-for-sale and loans and other receivables from the trading portfolio or measured at fair value through profits and losses.

In the second half of 2011, the Bank of Portugal established new rules which have influenced the core tier 1 of the Group:

- In November 2011, the Bank of Portugal issued a clarification regarding the Regulation nº 6/2010, determining a deduction to core tier 1 related to customers deposits contracted with interest rates of more than 300 b.p. vis-à-vis market rates (Instruction nº28/2011 from the Bank of Portugal).

- The Bank of Portugal has allowed the prudential neutralization, as from December 2011 and until June 2012, of the impacts related to the transfer of part of pension liabilities to the General Social Security Scheme and the Special Inspection Programme, carried out under the program of financial assistance to Portugal (Regulation nº1/2012 from the Bank of Portugal).

The additional elements that integrate the core tier I are hybrid instruments and even some deductions taken by 50%: (i) of interests held in financial institutions (more than 10%) and insurers (at least 20%); and (ii) the shortfall of value adjustments and provisions to expected losses concerning risk-weighted exposure amounts cleared under the IRB approach.

Tier 2 includes the subordinated debt and 45% of the unrealised gains on available for sale assets that have been deducted to core tier 1.

These components are part of the upper Tier 2, except the subordinated debt, that is split between upper tier 2 (perpetual debt) and lower tier 2 (the remaining). Subordinated debt can only be included in the own funds with the agreement of the Bank of Portugal and as long as their total amount complies with the following limits: a) the tier 2 cannot surpass the amount of the tier 1 and b) the lower tier 2 cannot surpass 50% of the tier 1. Additionally, non-perpetual subordinated loans should be amortised at a 20% annual rate, during the last five years to maturity. The tier 2 is also subject to the deduction of the remaining 50% not deducted to the tier 1: (i) of interests held in financial institutions (more than 10%) and insurers (at least 20%); and (ii) the shortfall of value adjustments and provisions to expected losses concerning risk-weighted exposure amounts cleared under the IRB approach. If the amount of tier 2 is not enough to accommodate this deduction, the excess should be subtracted to the tier 1.

In order to conclude the calculation of the regulatory capital, there are still some deductions to the own funds that need to be performed, namely the amount of real-estate assets resulting from recovered loans that have exceeded the regulatory period of permanence in the Bank's accounts, the impairment concerning securitization transactions that have not reached the regulatory definition of effective risk transfer, to the extent of the amounts not recognised in the Bank's accounts, and the potential excess of exposure to risk limits in the scope of Bank of Portugal published Regulation nº7/2010.

Capital requirements have been determined in accordance with the Basel II framework since the beginning of 2008. Capital requirements for credit risk have been determined in accordance with the Regulation nº5/2007 from the Bank of Portugal, using IRB approaches to calculate minimum capital requirements for a substantial part of the retail and corporate portfolios, and the standardised approach for the remaining portfolios.

Capital requirements for operational risk have been calculated following the standard approach described in the Regulation nº9/2007 from the Bank of Portugal, and capital requirements for the trading portfolio have been calculated according to the Regulation nº8/2007 from the Bank of Portugal, using the internal models approach to calculate capital requirements for the generic market risk of the trading portfolio related to debt instruments, capital instruments and foreign exchange risks, and the standardised approach to calculate capital requirements for the specific risk.

According to a recommendation released by the Bank of Portugal, the Bank's tier 1 and total capital ratios should not stand below 8%.

The own funds and the capital requirements determined according to the methodologies previously referred, for 31 December 2011 and 2010, are the following:

	2011 **Euros '000**	**2010** **Euros '000**
Core own funds		
Paid-up capital and share premium	6,136,722	4,886,722
Reserves and retained earnings (a)	(1,077,483)	812,041
Intangible assets	(10,875)	(9,741)
Net impact of accruals and deferrals (a)	556,113	(1,020,214)
Other regulatory adjustments	(10,776)	(3,727)
	5,593,701	4,665,081
Core tier 1		
Preference shares and other securities	9,853	1,000,000
Other regulatory adjustments	(117,651)	(260,909)
Total	5,485,903	5,404,172
Complementary own funds		
Upper Tier 2	235,679	1,563,799
Lower Tier 2	774,091	834,150
	1,009,770	2,397,949
Deductions to total own funds	(103,694)	(84,167)
Total own funds	6,391,979	7,717,954
Own funds requirements		
Requirements from Regulation no.5/2007	4,004,807	4,088,949
Trading portfolio	42,583	38,536
Operacional risk	189,307	207,289
	4,236,697	4,334,774
Capital ratios		
Core tier 1	10.6%	8.6%
Tier 1	10.4%	10.0%
Tier 2 (*)	1.7%	4.3%
Solvency ratio	12.1%	14.2%

(*) Includes deductions to total own funds

a) Following the change in accounting policy related to the pension fund described above, all actuarial gains and losses were recognised in equity and, for prudential purposes, have been deferred.

52. Accounting standards recently issued

Standards, changes and interpretations effective since 1 January 2011

The new standards and interpretations that have been issued that are already effective and that the Bank has applied on its Financial Statements can be analysed as follows:

IFRS 7 – Financial instruments: Disclosures – Transfer of financial assets

The International Accounting Standards Board (IASB) has issued in October 2010, IFRS 7 – Disclosures – Transfer of financial assets, with mandatory application for financial years beginning after 1 July 2011, although early adoption is permitted.

The changes required related with the disclosures of transactions involving transfer of financial assets, namely financial assets securitization, intent to allow financial statements users to assess the risk and the impacts in the financial statements arising from those transactions.

Annual Improvement Project

In May, 2010, IASB published the Annual Improvement Project that implied 11 changes to 7 standards. The changes effective date, the early adoption possibility and the transitional requirements are defined in each standard. The majority of the changes were mandatorily applicable as of 1 January, 2011.

The adoption of these changes did not cause any major impact for the Bank.

Standards, changes and interpretations issued but not effective for the Bank

IFRS 9 - Financial instruments

The International Accounting Standards Board (IASB) has issued in November 2009, IFRS 9 - Financial instruments part I: Classification and measurement, which is mandatorily applicable for the financial years starting on 1 January 2015, although early adoption is permitted. In October, 2010, this standard was changed. This standard has not yet been adopted by European Union.

This standard is part of phase I of the IASB's comprehensive project to replace IAS 39 and relates to matters of classification and measurement of financial assets. The main issues considered are as follows:

The financial assets can be classified in two categories: at amortised cost or at fair value. This decision should be determined at initial recognition of the financial assets. The classification depends on the entity, business model for managing the financial instruments and the contractual cash flows associated to each financial asset;

Only debt instruments for which the contractual cash-flows represent only payments of principal and interest, which means that they contain only the basic loan features, and for which an entity holds the asset to collect the contractual cash flows, can be measured at amortised cost,. All the other debt instruments are recognised at fair value;

Equity instruments issued by third parties are recognised at fair value with subsequent changes recognised in the profit and loss. However, for equity instruments an entity could make an irrevocable option at initial recognition for fair value changes to be recognised in fair value reserves. This is a discretionary decision, not implying that all the equity instruments should be treated on this basis. Gains and losses recognised on fair value reserves cannot be recycled to profit and loss. The dividends received are recognised as income for the year;

There is no exemption that allows unquoted equity investments and related derivatives to measure at cost. However, guidance is provided on the limited circumstances in which the cost of such an instrument may be an appropriate approximation of fair value;

Changes in fair value attributable to own credit risk of financial liabilities classified as fair value through profit or loss, shall be recognised in Other comprehensive income. The remaining fair value changes related to these financial liabilities shall be recognised through profit or loss. The amounts recognised in Other comprehensive income shall not be reclassified/transferred to profit and loss.

The Bank is evaluating the impact from the application of this standard.

IFRS 10 - Consolidated Financial Statements

The International Accounting Standards Board (IASB) has issued in May 2011, IFRS 10 - Consolidated Financial statements, with mandatory application for financial years beginning after 1 January 2013, although early adoption is permitted.

This IFRS defines the principle of control and establishes control as the basis for determining which entities are consolidated in the consolidated financial statements, and supersedes IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation – Special Purposes Entities.

An investor controls an investee when it is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. “De facto” control is explicitly included by this standard.

The major changes introduced by this standard are as follows: (i) a single control model is applied whether an investee should be consolidated and (ii) enhance disclosures about involvement with unconsolidated entities.

The Bank is evaluating the impact from the application of this standard.

IFRS 11 – Joint Arrangements

The International Accounting Standards Board (IASB) has issued in May 2011, IFRS 11 - Joint Arrangements, with mandatory application for financial years beginning after 1 January 2013, although early adoption is permitted.

This standard supersedes IAS 31 Interest in Joint Ventures, maintaining the same definition of joint arrangements. However, two types of joint arrangements were introduced: (i) joint operations and (ii) joint ventures.

The major changes introduced by this standard are as follows: (i) an entity shall determine the type of joint arrangements in which it is involved by considering its rights and obligations. An entity shall assess its rights and obligations by considering the structure and legal form of the arrangement, the contractual terms agreed to by the parties to the arrangement and, when relevant, other facts and circumstances; (ii) mandatory application of the equity method to a joint venture, eliminating the option of the proportionate consolidation method.

The Bank is evaluating the impact from the application of this standard.

IFRS 12 – Disclosures of Interests in Other Entities

The International Accounting Standards Board (IASB) has issued in May 2011, IFRS 12 - Disclosures of Interests in Other Entities, with mandatory application for financial years beginning after 1 January 2013, although early adoption is permitted.

The objective of this standard is to require an entity to disclose information regarding its involvement with consolidated entities (subsidiaries) and those that are not consolidated, namely: (i) the nature of, and risks associated with, its interest in other entities, and (ii) the effects of those interests on its financial position, financial performance and cash flows.

The Bank is evaluating the impact from the application of this standard.

IFRS 13 – Fair Value Measurement

The International Accounting Standards Board (IASB) has issued in May 2011, IFRS 13 - Fair Value Measurement, with mandatory application for financial years beginning after 1 January 2013, although early adoption is permitted.

This standard presents a revised concept of fair value and determines new disclosures requirements. The main aspects considered are as follows: (i) principles of fair value, (ii) appropriate valuations techniques and fair value hierarchy and (iii) additional disclosure requirements.

The Bank is evaluating the impact from the application of this standard.

IAS 27 (2011) – Separate Financial Statements

The International Accounting Standards Board (IASB) has issued in May 2011, IAS 27 – Separate Financial Statements, with mandatory application for financial years beginning after 1 January 2013, although early adoption is permitted.

IAS 27 (2011) carries forward the existing accounting and disclosure requirements of IAS 27 (2008) for separate financial statements, with some minor clarifications, as follows: (i) an entity that prepares separate financial statements shall follow all relevant IFRS standards, and (ii) disclosure requirements.

The Bank is evaluating the impact from the application of this standard.

IAS 28 – Investments in Associates and Joint Ventures

The International Accounting Standards Board (IASB) has issued in May 2011, IAS 28 – Investments in Associates and Joint Ventures, with mandatory application for financial years beginning after 1 January 2013, although early adoption is permitted.

This standard replaced IAS 28 (2003) and describes the accounting treatment to be adopted by the investor in associates and joint ventures, defining the accounting requirements for applying the equity method for both associates and joint ventures.

IFRS 11 determines in which type of joint arrangements an entity is involved, and if an interest in a joint arrangement exists, an entity shall apply the equity method in the consolidated financial statements, in accordance with IAS 28 (revised in 2011), except if any exemptions are applicable, such as defined.

IFRS 12 describes the disclosure requirements.

The Bank is evaluating the impact from the application of this standard.

IFRS 7 (changed) – Disclosures – Offsetting of financial assets and liabilities

The International Accounting Standards Board (IASB) has issued in May 2011, IFRS 7 – Disclosures – Offsetting of financial assets and liabilities, with mandatory application for financial years beginning after 1 January 2013, although early adoption is permitted.

This standard changed the disclosure requirements for the users of financial statements to be able to assess the effect/potential effect of the net presentation of the financial assets and liabilities in the financial position of an entity.

The Bank is evaluating the impact from the application of this standard.

IAS 32 (changed) – Offsetting of financial assets and liabilities

The International Accounting Standards Board (IASB) has issued in May 2011, an amendment to IAS 32 – Offsetting of financial assets and liabilities, with mandatory application for financial years beginning after 1 January 2014, although early adoption is permitted.

This change replaced the AG38 paragraph of IAS 32 by the new AG38A-AG38F paragraphs, regarding the required conditions to be met in order to present the net position of the financial assets and liabilities in the financial position of an entity, as follows: (i) the entity currently has a legally enforceable right to set off the recognised amounts, and (ii) the entity has the intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Bank is evaluating the impact from the application of this standard.

53. Accounting impact arising from the inspection from the supervisory authorities

In the scope of the investigations carried out by the supervisory authorities since the end of 2007, which are described in note 54, the Bank promoted, from that date, an internal investigation in relation to the transactions realised 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 offshore 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 operation, 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 operation, 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 Millennium bcp Imobiliária (then named Comercial Imobiliária, S.A.), for Euros 26 million, and a real estate portfolio for Euros 61 million .

Regarding the above mentioned restructuring operation, GI, through Millennium bcp Imobiliária issued commercial paper in the amount of Euros 210 million subscribed by BCP Group and that in 2005 was contributed in kind to the Banco Comercial Português Group Pension Fund and together with shares issued by quoted companies. After this contribution, and as a result of the communication by Millennium bcp Imobiliária that it was not able to repay its debts, the Pensions Fund registered an actuarial loss in the approximate amount of Euros 115,000,000 in 2006 and 2007 related to the commercial paper issued by Millennium bcp Imobiliária. Following the change in the accounting policy described in note 1, the unamortised value was recognised against reserves together with the remaining actuarial gains and losses.

Considering the significant exposure of the Group towards GI and the real-estate sector in which this entity operates, in 2005, the Bank allocated a provision, in the amount of Euros 85 million, to the existing loans resulting from the above referred transactions.

In June 2006, the Group, which previously had acquired a minority shareholding of 11.5% in Millennium bcp Imobiliária, granted shareholders loans to this entity, in the amount of Euros 300 million, in order to allow Millennium bcp 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 Euros 305 million.

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 Millennium bcp Imobiliária share capital which at that date held an economic interest of 54% in the Baia de Luanda Project, as a repayment of the residual loan, which amounted to Euros 61 million, which, in June 2007, extinguished the remaining of the above mentioned net liabilities assumed in the amount of Euros 450 million. As a result of this transaction, BCP become owner of 90% of Millennium bcp Imobiliária share capital and, indirectly, of 54% of the future economic benefits of the above mentioned project, which were subject to full consolidation method in accordance with the accounting policy described in note 1 b).

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 Group decided to consider a more prudent interpretation, regarding the risks identified, the nature of the transactions and restructurings which occurred, and recorded an adjustment of Euros 300 million with effect at 1 January 2006, with a net impact of Euros 220.5 million after considering the tax effect.

As referred to in note 54, 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. As referred also in note 54, as at 12 December 2008, the Group was notified for the administrative proceeding no. 24/07/CO constituted by the Bank of Portugal and for the administrative proceeding no. 41/2008 constituted by CMVM related to the inquiry processes referred above. The Bank maintains the position of contesting any infractions attributed to this matter considering the legal terms applicable. Notwithstanding this fact, the Executive Board of Directors considers that the financial statements for the periods between 2007 and 2010 include, in all material respects the disclosures regarding the impact on the financial position of the Group of the referred matters, as disclosed in note 48. The Executive Board of Directors remains in contact with the Supervision Authorities regarding this subject.

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

Banco Comercial Português, S.A. during 2009, after analysing the market conditions and the development perspectives of the Luanda Bay Urban Requalification Project ("Baía de Luanda Project"), decided to reduce the Group's shareholder participation in the project to 10%, through the sale to the angolan company Finicapital - Investimentos e Gestão S.A. This sale will generate a cash inflow of approximately 100,000,000 USD, giving place to a gain of Euros 57,196,000.

According to the characteristics of the agreement, the investment is now consolidated through the equity method.

Banco Comercial Português considers that the participation maintained in the Baía de Luanda project will allow the Group to keep a relevant presence in a highly important project to Angola. Additionally to that, the Group maintains the expectation that the Baia de Luanda Project will generate results in the future, which will be registered against results of the Bank in the years that are generated.

54. Administrative proceedings

1. At the end of the year of 2007, the Bank received a formal notice dated of 27 December 2007 informing that administrative proceedings no. 24/07/CO were brought by Banco de 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 Banco de Portugal, in particular in what respects to the amount of own funds and breach of prudential obligations".

A press release issued by Banco de Portugal on 28 December 2007 mentioned that such administrative proceedings were initiated "based in facts related with 17 off-shore entities, whose nature and activities were always hidden from Banco de Portugal, in particular in previous inspections carried out".

On 12 December 2008, the Bank was notified of an accusation under the administrative proceedings no. 24/07/CO instructed by Banco de Portugal, in which this Authority charges the Bank with the practice of six administrative offences regulated by paragraph g) and three administrative offences regulated by paragraph r) of article 211 of the Legal Framework for Credit Institutions and Financial Companies (LFCIFC).

The offences, should the charges be proven true, would be the following:

a) Failure to comply with the applicable accounting rules, determined by law or by Banco de Portugal, that do not cause serious damages to the knowledge of the company's assets and financial standing is an administrative offence regulated in article 210 (f) of the LFCIFC, whereby companies are punished by a fine between Euros 750 and Euros 750,000. However, if such conduct causes serious damages, it may become the offence regulated in article 211 (g) of the LFCIFC, whereby companies are punished by a fine between Euros 2,500 and Euros 2,494,000.

b) the (i) omission of information and communications to Banco de Portugal, within the due deadlines or (ii) the provision of incomplete information are offences regulated in article 210 (h – presently amended to i) of the LFCIFC, whereby companies are punished by a fine between Euros 750 and Euros 750,000. However, the (i) provision of false information or (ii) of incomplete information to Banco de Portugal that may lead to wrongful conclusions with the same or similar effect as false information regarding that subject are offences regulated in article 211 (r) of the LFCIFC, whereby companies are punished by a fine between Euros 2,500 and Euros 2,494,000.

According to the charges, each offence is punishable by a fine between Euros 2,493.99 and Euros 2,493,989.49, and pursuant to the rules on accrued offences, defined in article 19 (1 and 2), of the Portuguese regime on administrative offences (Regime Geral das Contra-ordenações), in case of conviction for several offences, there shall be a single fine, the maximum amount of which cannot surpass twice the highest limit of the accrued offences.

On March 2009, the Bank did not accept the charges or accusations made and provided defence under these administrative proceedings within due term.

On 12 May 2010, the Bank was notified of the contents of the decision that, within the scope of the proceedings, was issued by the Board of Directors of Banco de Portugal, applying to it, as primary sanction, a single fine of Euros 5,000,000.

Different fines were applied to the remaining defendants as primary sanctions, globally amounting to Euros 4,470,000. The Board of Directors of Banco of Portugal decided to file the proceedings relating to a former Director and a Manager.

The Bank objected to this decision and has already been informed of the decision to accept the legal objections presented by all the defendants.

The trial hearing began in April 2011 and in September, the Court heard the witnesses so as to better appraise the validity of the documentation provided with the claims and their eventual nullity as evidence due to violation of banking secrecy.

After the hearing, the Court issued a decision dated of 7 October 2011 declaring that the evidence was null and therefore the entire process was annulled.

The Public Prosecutor and the Banco of Portugal appealed this decision and the appeal and replies to the allegations made by BCP and the other defendants have already been accepted.

The Bank is waiting for the process to go to Tribunal da Relação (Lisbon court of appeals) for appraisal.

2. On 12 December 2008, the Bank was notified by the CMVM of the accusation under the administrative proceedings no. 41/2008 wherein it was charged with seven administrative offences for the alleged violation of article 7 of the Securities Code (CVM) and of article 389 (1) (a) of that Code.

In accordance with article 7 of the CMVM the information relating to financial instruments, organized trading methods, the activities of financial intermediation, the settlement, clearing of operations, public offers of securities and issuers must be complete, true, updated, objective, clear and lawful.

The Bank did not accept the charges brought against it and has provided, on 27 January 2009, its defence under the administrative proceedings in question.

Banco Comercial Português was notified on 26 June 2009 of CMVM's decision, within the scope of the administrative offence proceedings no. 41/2008, to apply a single fine of Euros 5,000,000 with the partial suspension of the sentence's execution for Euros 2,500,000 for a two-year term. The fine would be applied in its full amount if, during the suspension time the bank practiced any criminal or administrative offence, as foreseen in the Securities Code and it was timely disclosed.

The Bank did not accept this accusation and opposed it on 24 July 2009.

On 21 July 2010, the Tribunal de Pequena Instância de Lisboa (court of Lisbon for minor offences) pronounced the sentence on the proceedings partially approving the appeal regarding the suspension of Euros 2,500,000 for a two-year period and confirmed the CMVM's decision in all the remainder.

The Bank appealed to the Tribunal Constitucional (constitutional court) in April and the appeal was not accepted.

In April 2011, the BCP has appealed to the Tribunal Constitucional (constitutional court). On 15 February 2012, the judgement of the Tribunal Constitucional (constitutional court) dismissed the normative question of unconstitutionality alleged by the Bank. After the decision becomes final, the Bank will have to pay part of the fine of which the execution was not suspended, in the amount of Euros 2,500,000.

3. Previously, on 21 December 2007, CMVM had 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 offshore 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 offshore 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 offshore entities, and that it had power to control the life and business of such entities;

d) Thus, such transactions are in fact a 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; and

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; and

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 Banco de Portugal within the framework of the latter's powers."

4. On July 2009, the Bank was notified of the accusation deducted by Public Ministry in a criminal process against five former members of the Board of Directors of the Bank, related mainly to the above mentioned facts and note 53, and to present in this process a request for an indemnity.

Considering this notification, and although considering as reproduced the contents of the defence presented in the above mentioned administrative proceedings, the Bank decided, in order to avoid any risk of a future allegation of loss of the right to an indemnity that may occur if no recourse is presented in this process, to present legal documentation regarding: (i) the recognition of its right, in a later period namely following the final identification of the facts, present a separate process in civil courts requesting an indemnity and (ii) additionally and cautiously, if the right to the request of a separate indemnity process in civil courts is not recognized, a civil indemnity according to the facts and terms mentioned in the accusation, if they are proven.

On 19 July 2011 the Bank was notified of the decision of the 8ª Vara Criminal de Lisboa (Lisbon criminal court section) to recognise that the Bank could present an eventual request for civil indemnity separately. One of the Defendants appealed this decision to the Court of Appeals. The parties are waiting for a decision to be made thereon.

55. Sovereign debt of European Union countries subject to bailout

As at 31 December 2011, the exposure of the Bank to sovereign debt of European Union countries subject to bailout is as follows:

	31 December 2011					
Issuer / Portfolio	**Book value Euros '000**	**Fair value Euros '000**	**Fair value reserves Euros '000**	**Average interest rate %**	**Average maturity Years**	**Fair value measurement levels**
Portugal						
Financial assets held for trading	573,993	573,993	-	4.29%	1.6	1
Financial assets available for sale	2,103,706	2,103,706	(174,332)	3.35%	3.4	1
Held to maturity financial assets	2,026,266	1,514,824	-	4.80%	3.3	n.a.
	4,703,965	4,192,523	(174,332)			
Greece						
Held to maturity financial assets	119,102	119,102	-	4.04%	4.1	n.a.
	119,102	119,102	-			
Ireland						
Held to maturity financial assets	210,972	192,973	-	4.00%	2.0	n.a.
	210,972	192,973	-			
	5,034,039	4,504,598	(174,332)			

The value of the securities includes the respective accrued interest.

As at 31 December 2010, the exposure of the Bank to sovereign debt of European Union countries subject to bailout is as follows:

	31 December 2010					
Issuer / Portfolio	Book value Euros '000	Fair value Euros '000	Fair value reserves Euros '000	Average interest rate %	Average maturity Years	Fair value measurement levels
Portugal						
Financial assets held for trading	3,448,432	3,448,432	-	2.93%	2.9	1
Financial assets available for sale	21,023	21,023	(802)	4.97%	1.8	1
Held to maturity financial assets	2,283,648	2,137,362	-	4.57%	3.9	n.a.
	5,753,103	5,606,817	(802)			
Greece						
Held to maturity financial assets	476,402	337,258	-	4.04%	5.1	n.a.
	476,402	337,258	-			
Ireland						
Held to maturity financial assets	212,597	188,975	-	4.00%	3.0	n.a.
	212,597	188,975	-			
	6,442,102	6,133,050	(802)			

The value of the securities includes the respective accrued interest.

As at 31 December 2011, the exposure registered in the balances Loans and advances to customers and Guarantees and future commitments, related with sovereign risk of the European Union countries subject to bailout is presented as follows:

	2011	
	Loans and advances to customers Euros '000	Guarantees and future commitments Euros '000
Portugal	427,399	17,749

As at 31 December 2011, other exposures to sovereign risk of European Union countries subject to bail out are presented as follows:

	2011	
	Notional amount Euros '000	Fair value Euros '000
Greece		
Credit Default Swaps	148,250	(79,220)
Irland		
Credit Default Swaps	57,000	(6,386)
	205,250	(85,606)

The value of derivatives includes the respective accrued interest.

The values for the "Credit Default Swaps", identified in the tables above, are economically offset by other symmetrical "Credit Default Swaps" or "Credit Linked Notes" issued by the Bank and for which is applied the "Fair Value Option" or are being detached embedded derivatives associated, so that, in net terms, the Bank is not exposed to the risks underlying sovereign risks.

The evolution of the European Union sovereign debt crisis and specifically the economic and political environment in Greece have contributed to the continuous deterioration of economic and financial situation of Greece and the incapacity to obtain funds from the capital markets, which implies that the short term solvency of the country is dependent on the continuous support by EU and IMF.

Considering this environment, the balance Impairment of Financial assets corresponds to the impairment recognised on Greek sovereign debt during 2011, as referred in note 13. Impairment was determined considering the terms of the agreement established between the Greek state and the private sector, related with the restructuring of the Greek sovereign debt (‘GGBs’). The key terms for private sector involvement (‘PSI’) in the above mentioned restructuring, announced by the Greek Ministry of Finance in 21 February 2012, are as follows:

a) Holders of GGBs will exchange their existing GGBs for:

- New GGBs with a face amount equal to 31.5% of the par amount of the old GGBs.
- Notes issued by the European Financial Stability Facility (EFSF) with a face amount equal to 15% of par of the old GGBs. The notes will bear a market rate of interest and mature within 24 months.

b) The new GGBs will have the following key terms:

- Initial annual coupons of 2% increasing to 3% and then 4.3%.
- Repayment of principal in 20 annual installments commencing on the 11th anniversary of the issue date with final maturity in 2042.

- Aggregated collective action clauses.
- Listing on the Athens stock Exchange.
- Issues covered by English law.
- Detachable GDP-linked securities entitling the holder to an additional annual coupon of 1% if specified GDP targets are met.

The PSI is part of an European Union Euro 130 billion bailout package for Greece which requires parliamentary approval of Eurozone countries.

Millennium bcp decided to accept the terms of the Offer and the exchange occurred in 12 March 2012.

For the purposes of determining impairment the Bank considered the terms and conditions of the PSI and also paragraph AG 84 of IAS 39 that considers reasonable that, for the portfolio of assets held to maturity when, for practical reasons, there are relevant uncertainties regarding the estimate of future cash-flows, impairment can be determined based on observable market prices.

Considering the available information regarding the new bonds, the fair value corresponds to approximately 23% of the book value of the old GGB.

Considering this estimate, the Bank recognised in 2011, an amount of impairment of Euros 358,277,000, which corresponds, as at 31 December 2011 to 77% of the nominal amount of the debt.

56. Impact of change in accounting policy for recognition of actuarial gains and losses related to defined benefit plans

According to one of the options allowed by IAS 19 Employee Benefits, the Bank decided in 2011 for a change in accounting policy starting to recognise the actuarial gains and losses against reserves. In accordance with IAS 8, this change in accounting policy is presented for comparative purposes from 1 January 2010, recognising in that date all the deferred actuarial gains and losses in equity.

Previously, the Bank proceeded to the deferral of actuarial gains and losses determined in accordance with the corridor method. Under the corridor method, actuarial gains and losses not recognised that exceed 10% of the greater of the present value of the liabilities and the fair value of the Fund's assets were recorded in the income statement for the period corresponding to the remaining estimated useful life of the employees.

Thus, as described in notes 1, 29 and 48 the balance Reserves and retained earnings includes, with effect from 1 January 2010, the restatement resulted from the referred changing in the accounting policy. The restatement is analysed as follows:

	Restated		
	Equity 31.12.2010 Euros '000	**Net income 2010 Euros '000**	**Equity 01.01.2010 Euros '000**
Previosly reported	6,609,350	300,648	6,660,117
Adjustments:			
Actuarial deferred gains and losses	(1,954,132)	-	(1,505,579)
Deferred taxes	284,524	-	204,682
Amortization of deferred actuarial losses	42,441	42,441	-
	(1,627,167)	42,441	(1,300,897)
Restated	4,982,183	343,089	5,359,220

57. Capital Plan

The Bank presented as at 31 December 2011, a Core Tier I ratio above 9% according to the requirements set by the Banco of Portugal, as mentioned in note 51.

On 3 February 2012, the Chairman of the Supervisory Board of Banco Comercial Português, having the concurrence of the main shareholders, hereby confirms that, meeting the criteria of Basel 2.5, translated in the EBA's requirements for the Core Tier 1 ratio on 30 June 2012, and the prudential demands made by Banco de Portugal for the end of 2012, Banco Comercial Português submitted to Banco de Portugal a Capital Plan on 20 January 2012, as per the EBA's recommendation of 8 December.

The Capital Plan delivered involves two components:

a) Increasing the share capital, with preference right, to be subscribed by private shareholders, so as to assure permanent own funds. Besides the concurrence of current shareholders, Banco Comercial Português received several assurances that allow it to count on the participation of reference investors in a future share capital increase.

b) Acceptance of the use of temporary public recapitalization and refundable under Law 63-A/2008.

The completion of the Capital Plan to be agreed with the competent authorities and submitted to the analysis and approval of a General Meeting specifically convened for that purpose, will be carried out within the deadlines and under the terms and conditions defined.

As of today, the plan is subject to approval by the Bank of Portugal and by EBA.

58. BCP list of subsidiary and associated companies

As at 31 December 2011, the Banco Comercial Português S.A list of subsidiary and associated companies included in the consolidated accounts using the purchase method according, were as follows:

Subsidiary companies	Head office	Share capital	Currency	Activity	% held
Bank Millennium, S.A.	Warsaw	1,213,116,777	PLN	Banking	65.5
Banco Millennium Angola, S.A.	Luanda	3,809,398,820	AOA	Banking	52.7
Banco de Investimento Imobiliário, S.A.	Lisbon	217,000,000	EUR	Banking	100.0
BCP Capital - Sociedade de Capital de Risco, S.A.	Lisbon	28,500,000	EUR	Venture capital	100.0
BCP Investment B.V.	Amsterdam	620,774,050	EUR	Holding company	100.0
Millennium bcp Participações, S.G.P.S., Sociedade Unipessoal, Lda.	Funchal	25,000	EUR	Holding company	100.0
Bitalpart, B.V.	Rotherdam	19,370	EUR	Holding company	100.0
Caracas Financial Services, Limited	George Town	25,000	USD	Financial Services	100.0
Interfundos - Gestão de Fundos de Investimento Imobiliário, S.A.	Lisbon	1,500,000	EUR	Investment fund management	100.0
Millennium BCP - Escritório de Representações e Serviços, Ltda.	Sao Paulo	36,520,000	BRL	Financial Services	100.0
Millennium bcp Gestão de Activos - Sociedade Gestora de Fundos de Investimento, S.A.	Oeiras	6,720,691	EUR	Investment fund management	100.0
Millennium bcp - Prestação de Serviços, A. C. E.	Lisbon	331,000	EUR	Services	73.5
Millennium BCP Teleserviços - Serviços de Comércio Electrónico, S.A.	Lisbon	50,004	EUR	Videotex services	100.0
Servitrust - Trust Management Services S.A.	Funchal	100,000	EUR	Trust services	100.0
Millennium bcp Imobiliária, S.A.	Lisbon	50,000	EUR	Real-estate management	99.9
Imábida - Imobiliária da Arrábida, S.A.	Oeiras	1,750,000	EUR	Real-estate management	100.0
QPR Investmentos, S.A.	Lisbon	50,000	EUR	Services	100.0
Propaço- Sociedade Imobiliária De Paço D'Arcos, Lda	Oeiras	5,000	EUR	Real-estate management	52.7

The Bank also consolidates under full consolidation method the following Investment Funds: "Fundo de Investimento Imobiliário Imosotto Acumulação", "Fundo de Investimento Imobiliário Gestão Imobiliária", "Fundo de Investimento Imobiliário Imorenda", "Fundo Especial de Investimento Imobiliário Oceânico II", "Fundo Especial de Investimento Imobiliário Fechado Stone Capital", "Fundo Especial de Investimento Imobiliário Fechado Sand Capital" and "Fundo de Investimento Imobiliário Fechado Gestimo and M Inovação - Fundo de Capital de Risco BCP Capital.

As at 31 December 2011, the associated companies, were as follows:

Associated companies	Head office	Share capital	Currency	Activity	% held
ACT-C-Indústria de Cortiças, S.A.	Sta.Maria Feira	17,923,625	EUR	Extractive industry	20.0
Banque BCP, S.A.S.	Paris	76,104,114	EUR	Banking	19.9
Nanium, S.A.	Vila do Conde	15,000,000	EUR	Electronic equipments	41.1
SIBS - Sociedade Interbancária de Serviços, S.A.	Lisbon	24,642,300	EUR	Banking services	21.5
Sicit - Sociedade de Investimentos e Consultoria em Infra-Estruturas de Transportes, S.A	Oeiras	50,000	EUR	Consulting services	25.0
UNICRE - Instituição Financeira de Crédito, S.A.	Lisbon	10,000,000	EUR	Credit cards	31.7

Millennium
bcp

Administração

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 31 December, 2011, (ii) the individual and consolidated income statements for the year ended 31 December, 2011, (iii) the changes in equity and the cash flow statement for the year ended 31 December, 2011, (iv) a summary of the significant accounting policies and (v) 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 31 December, 2011 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.

The individual and consolidated financial statements of the Bank for the year ended 31 December, 2011 were approved by the Board of Directors on 23 April, 2012.

It is also declared that the 2011 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 Board of Directors on 23 April, 2012.

Porto Salvo, 23 April, 2012

António Vitor Martins Monteiro
(Chairman)

Carlos José da Silva
(Vice-Chairman)

Nuno Manuel da Silva Amado
(Vice-Chairman)

P. Teixeira Duarte

Pedro Maria Calaínho Teixeira Duarte
(Vice-Chairman)

António Luís Guerra Nunes Mexia
(Member)

João Bernardo Bastos Mendes Resende
(Member)

A. Barreto

António Manuel Costeira Faustino
(Member)

Álvaro Roque de Pinho Bissaia Barreto
(Member)

António Henriques de Pinho Cardão
(Member)

César Paxi Manuel João Pedro
(Member)

José Jacinto Iglésias Soares
(Member)

André Luiz Gomes
(Member)

João Manuel de Matos Loureiro
(Member)

José Guilherme Xavier de Basto
(Member)

Jaime de Macedo Santos Bastos
(Member)

Maria da Conceição Mota Soares de Oliveira Callé Lucas
(Member)

Miguel de Campos Pereira de Bragança
(Member)

Miguel Maya Dias Pinheiro
(Member)

Luís Maria França de Castro Pereira Coutinho
(Member)

Rui Manuel da Silva Teixeira
(Member)

KPMG & Associados - Sociedade de Revisores Oficiais de Contas, S.A.
Edifício Monumental
Av. Praia da Vitória, 71 - A, 11°
1069-006 Lisboa
Portugal

Telefone: +351 210 110 000
Fax: +351 210 110 121
Internet: www.kpmg.pt

CONSOLIDATED AUDITORS' REPORT

(ISSUED BY THE STATUTORY AUDITOR, A CMVM REGISTERED AUDITOR)

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

Introduction

1 In accordance with the applicable legislation, we present our Auditors' Report, on the consolidated financial information included in the Annual Report of the Board of Directors and in the accompanying consolidated financial statements as at and for the year ended 31 December, 2011 of **Banco Comercial Português Group** which comprise the consolidated balance sheet as at 31 December, 2011 (showing total assets of 93,482,076 thousand Euros and total equity attributable to the equity holders of the Bank of 3,826,755 thousand Euros, including a net loss attributable to the equity holders of the Bank of 848,623 thousand Euros), the consolidated statements of income, the cash flows, the changes in equity and the comprehensive income for the year then ended and the corresponding notes to the financial statements.

Responsibilities

2 The Board of Directors is responsible for:

a) the preparation of consolidated financial statements in accordance with the International Financial Reporting Standards ("IFRS") as adopted by the European Union which presents fairly, in all material respects, the financial position of the group of companies included in the consolidation, the consolidated results of its operations, the consolidated cash flows, the changes in equity and the comprehensive income;

b) the preparation of historical financial information in accordance with the IFRS that is complete, true, current, clear, objective and lawful as established by the Stock Exchange Code ('CVM');

c) the adoption of adequate accounting policies and criteria;

d) the maintenance of an appropriate internal control system; and

e) the communication of any relevant matter that may have influenced the activity of the companies included in the consolidation, their financial position or results.

3 Our responsibility is to verify the financial information included in the documents referred above, namely if the information is complete, true, current, clear, objective and lawful as required by the CVM in order to issue a professional and independent opinion based on our audit.

Scope

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

- verification that the financial statements of the companies included in the consolidation have been properly audited and verification, on a sample basis, of the documents underlying the figures and disclosures contained therein, and an assessment of the estimates made, based on judgments and criteria defined by the Board of Directors, used in the preparation of the referred financial statements;

- verification of the consolidation procedures and of the application of the equity method;

- evaluation of the appropriateness of the accounting policies used and of their disclosure, taking into account the applicable circumstances;

- assessing the applicability of the going concern principle;

- assessing the overall adequacy of the consolidated financial statements' presentation; and

- the assessment of whether the consolidated financial information is complete, true, current, clear, objective and lawful.

5 Our audit also included the verification that the consolidated financial information included in the Board of Directors report is consistent with the consolidated financial statements, as well as the verification of the disclosures required by numbers 4 and 5 of the article 451, of the Portuguese Companies Code ("Código das Sociedades Comerciais").

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

Opinion

7 In our opinion, the referred consolidated financial statements present fairly, in all material respects, the consolidated financial position of **Banco Comercial Português Group**, as at 31 December, 2011, the consolidated results of its operations, the consolidated cash flows, the changes in equity and the comprehensive income for the year then ended, in accordance with IFRS as adopted by the European Union and the information contained therein is complete, true, current, clear, objective and lawful.

Report on Other Legal Requirements

8 It is also our opinion that the consolidated financial information included in the Board of Directors report is consistent with the consolidated financial statements and that the Report on Corporate Governance includes the information required by the article 245.º-A of the Portuguese Securities Market Code ('CVM').

Lisbon, 23 April, 2012

Ana Cristina Dourado

KPMG & Associados
Sociedade de Revisores Oficiais de Contas, S.A. (nº 189)
represented by
Ana Cristina Soares Valente Soares Dourado (ROC n.º 1011)

KPMG & Associados - Sociedade de Revisores Oficiais de Contas, S.A.
Edifício Monumental
Av. Praia da Vitória, 71 - A, 11º
1069-006 Lisboa
Portugal

Telefone: +351 210 110 000
Fax: +351 210 110 121
Internet: www.kpmg.pt

AUDITORS' REPORT

(ISSUED BY THE STATUTORY AUDITOR, A CMVM REGISTERED AUDITOR)

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

Introduction

1 In accordance with the applicable legislation, we present our Auditors' Report, on the financial information included in the Annual Report of the Board of Directors and in the accompanying financial statements as at and for the year ended 31 December, 2011 of **Banco Comercial Português, S.A.** which comprise the balance sheet as at 31 December, 2011 (showing total assets of 97,752,674 thousand Euros and total equity of 4,517,127 thousand Euros, including a net loss of 468,527 thousand Euros) the statements of income, the cash flows, the changes in equity and the comprehensive income for the year then ended and the corresponding notes to the financial statements.

Responsibilities

2 The Board of Directors is responsible for:

a) the preparation of financial statements in accordance with the Adjusted Accounting Standards issued by the Bank of Portugal, which are based on the application of International Financial Reporting Standards ("IFRS") as adopted by the European Union, with exception of the issues defined in no. 2 and no. 3 of Regulation no.1/2005 and no. 2 of Regulation 4/2005 both issued by the Bank of Portugal ("NCA's") that present fairly, in all material respects, the financial position of the Bank, the results of its operations, the cash flows, the statement of changes in equity and the comprehensive income;

b) the preparation of historical financial information in accordance with the NCA's that is complete, true, current, clear, objective and lawful as required by the Stock Exchange Code ('CVM');

c) the adoption of adequate accounting policies and criteria;

d) the maintenance of an appropriate internal control system; and

e) the communication of any relevant matter that may have influenced the activity of the Bank, its financial position or results.

3 Our responsibility is to verify the financial information included in the documents referred above, namely if the information is complete, true, current, clear, objective and lawful as required by the CVM in order to issue a professional and independent opinion based on our audit.

Scope

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

- the verification, on a sample basis, of the documents underlying the figures and disclosures contained therein, and an assessment of the estimates made, based on the judgments and criteria defined by the Board of Directors, used in the preparation of the referred financial statements;

- evaluating the appropriateness of the accounting principles used and of their disclosure, taking into account the applicable circumstances;

- assessing the applicability of the going concern principle;

- assessing the overall adequacy of the financial statements' presentation; and

- the assessment of whether the financial information is complete, true, current, clear, objective and lawful.

5 Our audit also included the verification that the financial information included in the Board of Directors report is consistent with the financial statements, as well as the verification of the disclosures required by numbers 4 and 5 of the article 451, of the Portuguese Companies Code ("Código das Sociedades Comerciais").

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

Opinion

7 In our opinion, the referred financial statements present fairly, in all material respects, the financial position of **Banco Comercial Português, S.A.**, as at 31 December, 2011, the results of its operations, the cash flows, the statement of changes in equity and the comprehensive income for the year then ended, in accordance with NCA's as defined by the Bank of Portugal and the information contained therein is complete, true, current, clear, objective and lawful.

Report on Other Legal Requirements

8 It is also our opinion that the financial information included in the Board of Directors report is consistent with the financial statements and that the Report on Corporate Governance includes the information required by the article 245.º-A of the Portuguese Securities Market Code ('CVM').

Lisbon, 23 April, 2012

Ana Cristina Dourado

KPMG & Associados
Sociedade de Revisores Oficiais de Contas, S.A. (nº 189)
represented by
Ana Cristina Soares Valente Soares Dourado (ROC n.º 1011)

CORPORATE GOVERNANCE REPORT

INTRODUCTION

Banco Comercial Português, S.A., (hereinafter "Company, Bank, BCP, Millennium bcp") draws up its Corporate Governance Report aimed at disclosing, in a clear and transparent manner, the regulatory practices adopted on the subject of Corporate Governance, in observance of the legal and regulatory rules in force, namely the Companies Code, the Securities Code, CMVM Regulation number 1/2010 - Governance of Listed Companies, published on 1 February 2010 and the recommendations in the Corporate Governance Code of the CMVM/2010, of January 2010.

This Report was also prepared in compliance with Banco de Portugal's Notice 10/2011 and taking into consideration the Individual information on the Level of Compliance with Recommendations on Corporate Governance based on the study conducted by Universidade Católica for AEM - Associação de Empresas Emitentes de Valores Cotados em Mercado (Association of Companies Issuing Listed Securities), under which the Bank was attributed the rating AAA.

As on 28 February 2012 the shareholders held a General Meeting that amended the Bank's Articles of Association, including changes to the corporate governance model, we drew up an addition to this report, summarily presenting the corporate governance model currently in effect, which is now one-tiered with a board of directors that encompasses an audit committee and an executive committee.

CONTENTS

CHAPTER 0 - STATEMENT OF COMPLIANCE

0.1. Indication of the location where the texts on corporate governance codes to which the issuer is subject and, if applicable, those which it has voluntarily chosen to adopt, are available to the public

In pursuing their corporate object, the Bank and all other companies of Group BCP (hereinafter "Group") observe the applicable legal and regulatory rules, namely those in the Companies Code, those issued by the Banco de Portugal (Portuguese central bank) and the Comissão do Mercado de Valores Mobiliários (CMVM, the Portuguese stock market regulator), and also adopt specific rules of procedure and of ethical nature, underlying management bound to the principles of diversification of risks and safety of investments, in respect of the interests of the depositors, investors and other stakeholders.

In the preparation of the present Report, the Bank observed the recommendations in the Corporate Governance Code of the CMVM/2010 of January 2010 and CMVM Regulation number 1/2010, of 1 February, which can be consulted at: http://www.cmvm.pt/CMVM/Legislacao_Regulamentos/Legislacao%20Complementar/Pages/default.aspx.

The Code of Conduct, the Internal Regulations for Financial Intermediation Activities, the Regulations of the Executive Board of Directors and Supervisory Board, and the Compliance Manual 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 member of the management and supervisory boards of the Bank and Group, in the performance of their respective duties.

The **Code of Conduct** aggregates the principles and rules to be observed in banking and financial practice, and regarding securities or derivatives traded in organised markets, namely with respect to matters of conflict of interests, secrecy, incompatibilities and cooperation with the supervisory authorities. This code is disclosed to all employees, who maintain permanent access to it through the Bank's Internet site, on the page with the following address:

http://www.millenniumbcp.pt/pubs/pt/investidores/governacaocorporativa/normas/codigodeontologico/.

The **Internal Regulations for Financial Intermediation Activities** institutes the fundamental rules and procedures, in addition to the general rules of conduct to be observed in the activity pursued by the Bank as a financial intermediary, and are disclosed to the employees through the internal portal. These Internal Regulations are also available on the Bank’s Internet site, on the page with the following address:

http://www.millenniumbcp.pt/pubs/pt/investidores/governacaocorporativa/normas/regulamentoaf/.

The **Regulations of the Executive Board of Directors and Supervisory Board** establish their respective competences and scope of action, and regulate the functioning of these boards, as well as the rules of conduct of their respective members, in accordance with the Bank’s Articles of Association, the Group’s Code of Conduct and the Internal Regulations for Financial Intermediation Activities. The abovementioned documents are disclosed on the internal portal and on the Bank’s Internet site, on the page with the following address:

http://www.millenniumbcp.pt/pubs/pt/investidores/governacaocorporativa/normas/regimentoca/.

These documents are also provided to the members of each of these governing bodies, on the occasion of their election or appointment.

The **Compliance Policies** include a series of sectorial documents addressing different matters of extremely relevant impact on the services provided by the Bank, for the purpose of ensuring that all the levels and activities of the Group achieve the highest standards of quality, adequacy, proficiency and suitability, when undertaken by the members of the management and supervisory boards, directors and all other employees and, to the extent applicable, shareholders, customers and the market in general.

The following documents are also part of the Compliance Policies: Customer Acceptance Policy; Customer Due Diligence Policy; Assessing and Monitoring High Risk Entities Policy; Anti-Money Laundering and Counter Terrorism Financing Policy; Policy for Executing Orders; Conflicts of Interests Policy; and New Product Approval Policy (General Principles).

The policy documents referred to above were disclosed internally through the Bank's intranet, for the information of all employees, and the first six are also available to the public in general at:

http://www.millenniumbcp.pt/pubs/pt/governacao/article.jhtml?articleID=612714

With the implementation and disclosure of these Compliance policy documents, the Bank has significantly strengthened the standards adopted on matters of transparency, information and high demands in their respective performance.

Reference should also be made to the approval by the Supervisory Board of a document dedicated to the topic "Audit Services Approval Policy".

A General Meeting of Shareholders was held on 28 February 2012 where a proposal was submitted for the amendment of the Articles of Association, which implied a change in the Corporate Governance model and subsequent election of a new Board of Directors and Remunerations and Welfare Board, therefore, on the date when the present report is made public and submitted to the Annual General Meeting, some of the documents identified above were already adjusted to the new governance model.

0.2. List of the recommendations, adopted and not adopted, contained in the Corporate Governance Code of the CMVM or other that the Company has decided to adopt, under the terms of the Regulation of which the present Annex is an integral part. For this effect, recommendations that have not been fully complied with are described herein as not adopted.

Recommendations of the CMVM contained in the Corporate Governance Code in force during the financial year of 2011	Adoption Statement	Statement of Adoption and Indication of information in the Report
I. General Meeting **I.1. Board of the General Meeting** I.1.1. The Chairman of the Board of the General Meeting must be provided with the supporting human and logistic resources appropriate to his needs, considering the economic situation of the company.	Adopted	Chapter I – General Meeting
I.1.2. The remuneration of the Chairman of the Board of the General Meeting must be disclosed in the annual report on corporate governance.	Adopted	Chapter I - I.3
I.2. Participation in the Meeting I.2.1. The period of time in advance imposed for the receipt, by the board, of the statements of deposit or blocking of shares for participation in the general meeting must not exceed 5 business days.	Derogated by Dec. Law nr. 49/2010, of 19 May	
I.2.2. In the case of the suspension of the general meeting, the company should not force the blocking to remain during the intermediate period until the session is resumed, with the period of time in advance required in the first session being sufficient.	Derogated by Dec. Law nr. 49/2010, of 19 May	Chapter I - I.5

Recommendations of the CMVM contained in the Corporate Governance Code in force during the financial year of 2011	Adoption Statement	Statement of Adoption and Indication of information in the Report
I.3. Voting and the exercise of voting rights I.3.1. Companies must not establish any statutory restriction on voting by correspondence and, when adopted and admissible, on voting by electronic correspondence.	Adopted	Chapter I - I.9
I.3.2. The statutory period of time in advance for the receipt of votes cast by correspondence must not exceed three business days.	Adopted	Chapter I - I.II
I.3.3 Companies must ensure proportionality between voting rights and shareholder participation, preferably through statutory provisions ensuring the correspondence of one vote to each share. Companies do not comply with proportionality when, namely, they: i) have shares that do not confer the right to vote; ii) establish that rights to vote above a certain number should not be counted, when cast by a single shareholder or by shareholders related to the former.	Not Adopted	See Note 1 to the present table
I.4. Deliberative quorum I.4.1. Companies must not establish a deliberative quorum higher than that established by law.	Not Adopted	See Note 2 to the present table, where an assessment is made of the recommendation and justification is presented on the reason why, in view of the "comply or explain" rule, the Bank chose not to adopt it.
I.5. Minutes and information on the adopted resolutions I.5.1. Extracts of minutes of general meetings or equivalent documents should be made available to the shareholders on the company's Internet site within the period of five days, after the date of the general meeting, even if they do not constitute privileged information. The disclosed information should cover the resolutions taken, the share capital represented and the results of the voting. This information should be kept on the company's Internet site for at least three years.	Adopted	Chapter I - I.1. and I.13

Recommendations of the CMVM contained in the Corporate Governance Code in force during the financial year of 2011	Adoption Statement	Statement of Adoption and Indication of information in the Report
I.6. Measures relative to corporate control I.6.1 Any measures adopted with a view to prevent the success of public takeover offers should respect the interests of the company and its shareholders. Any articles of association of companies which, respecting that principle, establish the limitation of the number of votes which may be held or exercised by a single shareholder, individually or in combination with other shareholders, must also stipulate the commitment that every five years the maintenance of this statutory provision will be subject to resolution by the General Meeting - without the requisites of a quorum larger than that legally established - and that in this resolution all the votes cast will count, without the application of that limitation.	Not Adopted	Chapter I - I.8 and I.19 See Note 3 to the present table. The Bank considers that the statutory limitations are in the best interests of the company and of the shareholders, regardless of their size, therefore the Bank chose not to adopt this recommendation.
I.6.2. Defensive measures must not be adopted if they cause an automatic and serious erosion of company assets in the event of the transfer of control or change of the composition of the management board, thus being detrimental to the free transferability of shares and the free assessment by the shareholders of the performance of members of the management board.	Adopted	Chapter I - 1.20 and 1.21
II. Management and supervisory boards **II.1. General Subjects** **II.1.1. Structure and competence** II.1.1.1. The management board must assess the adopted model in its annual Corporate Governance Report, identifying any constraints to its functioning and proposing measures of action that, in its judgement, are suitable to overcome them.	Adopted	Chapter II – Management and Supervisory Boards
II.1.1.2. Companies should create internal risk control and management systems, so as to safeguard their assets and benefit the transparency of their corporate governance, enabling the detection and management of risks. These systems should include, at least, the following components:	Adopted	Chapter II - II.5

Recommendations of the CMVM contained in the Corporate Governance Code in force during the financial year of 2011	Adoption Statement	Details of information in the present Report
i) establishment of the strategic objectives of the company on matters of risk-taking; ii) identification of the main risks linked to the specific activity performed and events which might lead to risks: iii) analysis and measurement of the impact and probability of occurrence of each potential risk; iv) risk management with a view to the alignment of the risks effectively incurred through the strategic decision of the company regarding risk-taking; v) control mechanisms for the execution of the adopted risk management measures and their effectiveness; vi) adoption of internal training and communication mechanisms for the different components of the system and notification of risks; vii) periodic assessment of the implemented system and adoption of any modifications deemed necessary.		
II.1.1.3. The management board should ensure the creation and operation of the internal control and risk management systems, with the supervisory board being responsible for the assessment of the operation of these systems and proposing their respective adjustment to the company's needs.	Adopted	Chapter II - II.6
II.1.1.4. Companies should, in their Annual Corporate Governance Report: i) identify the main economic, financial and legal risks to which the company is exposed during the exercise of its activity; ii) describe the action and efficacy of the risk management system.	Adopted	Chapter II - II.5
II.1.1.5. The management and supervisory boards must have operating regulations, which should be disclosed on the company's Internet site.	Adopted	Chapter II - II.7
II.1.2. Incompatibilities and independence II.1.2.1. The board of directors must include a sufficient number of non-executive members so as guarantee effective capacity to manage, supervise and assess the activities of the executive members.	Not applicable	See Note 4 to the present table
II.1.2.2. Amongst the non-executive directors, there should be an adequate number of independent directors, taking into consideration the size of the company and its shareholder structure, which cannot under any circumstances, be less than one quarter of the total number of directors.	Not applicable	See Note 5 to the present table

Recommendations of the CMVM contained in the Corporate Governance Code in force during the financial year of 2011	Adoption Statement	Details of information in the present Report
II.1.2.3. The assessment of the independence of its non-executive members made by the management board should take into account the legal and regulatory rules in force on independence requirements and the incompatibilities system applicable to the members of the governing bodies, ensuring systematic coherence over time in the application of the independence criteria to the entire company. A director should not be considered independent if, in another governing body, he could not assume this capacity through force of the applicable rules.	Not applicable	Chapter II - II.14 and II.15
II.1.3. Eligibility and appointment II.1.3.1. According to the applicable model, the chairman of the supervisory board, audit committee or financial matters committee must be independent and possess adequate competences to perform the respective duties.	Adopted	Chapter II - II.2 and Annex II
II.1.3.2. The process of selection of candidates for non-executive directors should be designed so as to ensure the non-interference of the executive directors.	Not applicable	
II.1.4. Policy on communication of irregularities II.1.4.1. The company must adopt a policy of communication of any alleged internal irregularities which might have occurred, with the following elements: i) indication of the means which may be used for the internal communication of irregular practices, including the persons with legitimacy to receive the communications; ii) indication of the treatment to be given to the communications, including confidential treatment, if this is wished by the declarant.	Adopted	Chapter II - II.35
II.1.4.2. The general guidelines of this policy must be disclosed in the Corporate Governance Report.	Adopted	Chapter II - II.35
II.1.5. Remuneration II.1.5.1. The remuneration of the members of the management board should be structured in order to enable the alignment of their interests with the company's long term interests, based on performance assessment and discourage excessive risk-taking. For this purpose, the remunerations should be structured, namely, as follows:	Adopted	Chapter II - II.29. to II.34, inclusively

Recommendations of the CMVM contained in the Corporate Governance Code in force during the financial year of 2011	Adoption Statement	Details of information in the present Report
i) The remuneration of directors with executive duties should include a variable component whose determination depends on performance assessment, carried out by the competent bodies of the company, pursuant to predefined measurable criteria, which considers the real growth of the company and the wealth effectively created for the shareholders, its long term sustainability and the risks taken, as well as compliance with the rules applicable to the company's activity. ii) The variable component of the remuneration should be reasonable, as a whole, in relation to the fixed component of the remuneration, and maximum limits should be established for all components. iii) A significant portion of the variable remuneration should be deferred for a period of not less than three years, and its payment should be dependent on the continuation of the positive performance of the company over this period. iv) The members of the management board should not sign contracts, either with the company or with third parties, which have the effect of mitigating the risk inherent to the variability of their remuneration established by the company. v) Until the end of their term of office, executive directors must keep any company shares which have been acquired through variable remuneration schemes, up to the limit of twice the value of the annual total remuneration, with the exception of shares which need to be sold for the purpose of payment of taxes arising from the benefit of these same shares. vi) When the variable remuneration includes the attribution of options, the beginning of the period of exercise should be deferred for a period of not less than three years. vii) Suitable legal instruments should be established so as to ensure that the compensation stipulated for any form of unfair dismissal of a director is not paid if the dismissal or termination through agreement is due to the inadequate performance of the director. viii) The remuneration of the non-executive members of the management board should not include any component whose value depends on the performance of value of the company.		
II.1.5.2. The statement on the remuneration policy of the management and supervisory boards referred to in article 2 of Law number 28/2009, of 19 June, should, in addition to the content stipulated therein, contain sufficient information: i) on the groups of companies whose remunerative policy and practices were taken as benchmarks for the establishment of remuneration; ii) on payments relative to the dismissal or termination through agreement of directorship duties.	Adopted	Chapter II - II.29, II.33 l)

Recommendations of the CMVM contained in the Corporate Governance Code in force during the financial year of 2011	Adoption Statement	Details of information in the present Report
II.1.5.3. The statement on the remuneration policy referred to in article 2 of Law number 28/2009, should also cover the remunerations of the directors in observance of number 3 of article 248-B of the Securities Code and where this remuneration contains an important variable component. The statement should be detailed and the presented policy should take into account, namely, the long term performance of the company, compliance with the rules applicable to the company's activity and containment in risk-taking.	Adopted	Chapter II - II.29
II.1.5.4. The proposal regarding the approval of plans to allocate shares and/or share purchase options, or based on share price variations, to members of the management and supervisory boards and other directors should be submitted to the general meeting, in observance of number 3 of article 248-B of the Securities Code. The proposal should contain all the elements necessary for a correct assessment of the plan. The proposal should be accompanied by the regulations of the plan or, if these have not yet been prepared, of the general conditions with which it must comply. Likewise, the main characteristics of the retirement benefits system extended to the members of the management and supervisory boards and other directors must be approved in the general meeting, in observance of number 3 of article 248-B of the Securities Code.	Adopted	Chapter I - I.17
II.1.5.6. At least one representative of the remuneration committee must attend the annual general meetings of shareholders.	Adopted	Chapter I - I.15
II.1.5.7. The annual Corporate Governance Report must disclose the value of the remuneration received, as a whole and individually, from other companies of the group and the pension rights acquired during the financial year in question.	Adopted	Chapter II - II.31
II.2. Board of Directors II.2.1. Within the limits established by the law for each management and supervisory structure, and unless as a result of the small size of the company, the board of directors must delegate the daily management of the company, with the delegated duties being identified in the annual Corporate Governance Report.	Adopted	Chapter II - II.3
II.2.2. The board of directors must ensure that the company acts in accordance with its objectives, and must not delegate its competence, namely, with respect to: i) the definition of the strategy and general policies of the company; ii) the definition of the group's business structure; iii) decisions which should be considered strategic due to their amount, risk or special characteristics.	Not applicable	See Note 6 to the present table

Recommendations of the CMVM contained in the Corporate Governance Code in force during the financial year of 2011	Adoption Statement	Details of information in the present Report
II.2.3. Should the chairman of the board of directors perform executive duties, the board of directors must find efficient mechanisms to coordinate the work of the non-executive members, to ensure, in particular, that they can make decisions in an independent and informed manner. The chairman should duly explain these mechanisms to the shareholders in the Corporate Governance Report.	Not applicable	See Note 7 to the present table
II.2.4. The annual management report should include a description of the activity developed by the non-executive directors referring, namely, to any constraints that have been encountered.	Not applicable	See Note 8 to the present table
II.2.5. The company should explain its policy on rotation of the areas of responsibility under the Board of Directors, namely of the person responsible for financial matters, and provide information on this in the annual Corporate Governance Report.	Adopted	See Note 9 to the present table
II.3. Chief Executive Officer, Executive Committee and Executive Board of Directors II.3.1. When requested by other members of the governing bodies, the directors performing executive duties should provide, in due time and in a form appropriate to the request, any information requested by them.	Adopted	Volume II - Reports of the Supervisory Board and Audit Committee and opinions of the Statutory Auditor and External Auditor
II.3.2. The chairman of the executive committee should send, respectively, to the chairman of the board of directors and, when applicable, the chairman of the supervisory board or audit committee, the call notices and minutes of the respective meetings.	Not applicable	See Note 10 to the present table
II.3.3.The chairman of the executive board of directors should send to the chairman of the general and supervisory board and to the chairman of the financial matters committee, the call notices and minutes of the respective meetings.	Adopted	Chapter II - II.1
II.4. General and Supervisory Board, Financial Matters Committee, Audit Committee and Supervisory Board II.4.1. The general and supervisory board, in addition to performing the supervisory duties entrusted to it, should also play an advisory role and ensure the follow-up and continuous assessment of the company's management by the executive board of directors. Amongst the matters on which the general and supervisory board should issue opinions, are the following: i) the definition of the strategy and general policies of the company; ii) the group's business structure; and iii) decisions which should be considered strategic due to their amount, risk or special characteristics.	Adopted	Chapter II - II.1

Recommendations of the CMVM contained in the Corporate Governance Code in force during the financial year of 2011	Adoption Statement	Details of information in the present Report
II.4.2. The annual reports on the activity developed by the general and supervisory board, financial matters committee, audit committee and supervisory board should be disclosed on the company's Internet site, together with the financial statements.	Adopted	Chapter II - II.1
II.4.3. The annual reports on the activity developed by the general and supervisory board, financial matters committee, audit committee and supervisory board should include the description of the supervisory activities developed referring, namely, to any constraints which have been encountered.	Adopted	Volume II - Reports of the Supervisory Board and Audit Committee
II.4.4. The general and supervisory board, audit committee and supervisory board, according to the applicable model, should represent the company, for all effects, before the external auditor, being responsible, namely, for proposing the provider of these services and respective remuneration, ensuring the existence of the appropriate conditions for the provision of the services within the company, as well as being the interlocutor of the company and first receiver of the respective reports.	Adopted	Chapter II - II.2, see Note 11 to the present table
II.4.5. The general and supervisory board, audit committee and supervisory board, according to the applicable model, should assess the external auditor on an annual basis and propose his dismissal to the general meeting whenever there are fair grounds for the effect.	Adopted	Volume II - Report of the Audit Committee
II.4.6. The internal audit services and others striving for compliance with the rules applied to the company (compliance services), should report functionally to the audit committee, to the general and supervisory board.	Adopted	Chapter II - II.3
II.5. Specialised commissions II.5.1. Unless as a result of the small size of the company, the board of directors and general and supervisory board, according to the adopted model, should create the commissions which prove necessary for: i) ensuring a competent and independent assessment of the performance of the executive directors and for the assessment of their own overall performance, as well as that of the different existing commissions; ii) reflecting on the adopted governance system, verifying its efficacy and proposing to the competent bodies any measures to be taken with a view to their improvement; iii) identifying in due time potential candidates with the high profile required for the performance of directorship duties.	Adopted	Chapter II - II.2. and Report of the Supervisory Board
II.5.2. The members of the remuneration commission or equivalent should be independent from the members of the management board and include at least one member with knowledge and experience on matters of remuneration policy.	Adopted	Chapter II - II.1

Recommendations of the CMVM contained in the Corporate Governance Code in force during the financial year of 2011	Adoption Statement	Details of information in the present Report
II.5.3. No natural or legal person who provides or has provided, over the last three years, services to any structure dependent on the board of directors, to the actual board of directors of the company or who has a current relationship with a consultant of the company should be contracted to support the remuneration commission in the performance of their duties. This recommendation is equally applicable to any natural or legal person related to the above through work or service contract.	Adopted	Chapter II - II.39
II.5.4. All the commissions should prepare minutes of the meetings they hold.	Adopted	Chapter II - II.7
III. Information and Audits **III.1. General information duties** III.1.1. Companies should ensure the existence of permanent contact with the market, respecting the principle of shareholder equality and taking precautions against asymmetries in access to information on the part of investors. For this purpose, the company should maintain an investor support office.	Adopted	Chapter III - III.16
III.1.2. The following information available on the company's Internet site should be disclosed in English: a) the firm, its status as a public company, head office and the other elements referred to in article 171 of the Companies Code; b) articles of Association; c) identity of the members of the governing bodies and the representative for market relations; d) investor Support Office, respective duties and means of access; e) documents presenting the accounts; f) six-monthly calendar of corporate events; g) proposals presented for discussion and vote at the general meeting; h) call notices for the holding of general meetings.	Adopted	See Note 12 to the present table
III.1.3. Companies should promote the rotation of the auditor at the end of two or three terms of office, according to whether they are of four or three years. The auditor's maintenance beyond this period should be based on the grounds produced in a specific opinion issued by the supervisory board which explicitly weighs up the conditions of independence of the auditor and the advantages and costs of his replacement.	Adopted	Chapter III - III.18
III.1.4 The external auditor should, under his duties, verify the application of the remuneration policies and systems, the efficacy and operation of the internal control mechanisms and report any failings to the supervisory board of the company.	Adopted	See the Auditors' Report

Recommendations of the CMVM contained in the Corporate Governance Code in force during the financial year of 2011	Adoption Statement	Details of information in the present Report
III.1.5. The company should not contract from the external auditor, or from any entities which are in a holding relationship with it or are part of the same network, services other than audit services. Where there are motives for the contracting of such services - which should be approved by the supervisory board and explained in its annual Corporate Governance Report - they cannot represent a figure above 30% of the total value of the services provided to the company.	Adopted	Chapter III - III.17
IV. CONFLICT OF INTEREST **IV. 1. RELATIONS WITH SHAREHOLDERS** IV.1. Company business with shareholders owning qualifying holdings or entities that are in any relationship with them, under the terms of article 20 of the Securities Code, should be carried out under normal market conditions	Adopted	Chapter III - III.14
IV.1.2. Any business of significant importance with shareholders owning qualifying holdings or entities that are in any relationship with them, under the terms of article 20 of the Securities Code, should be submitted to the prior opinion of the supervisory board. This board should establish the necessary procedures and criteria for the definition of the level of significant importance of this business and other terms of its intervention.	Adopted	Chapter III - III.14

GENERAL NOTE

When reading the preceding table it is important to bear in mind that CMVM Regulation 1/2010, published on 1 February 2010, has not undergone any alteration as a consequence of the publication of Decree-Law number 49/2010, of 19 May, which amended, amongst others, the rules relative to General Meetings, in particular regarding the rules concerning prior information, the right to request the inclusion of points in the agenda, the right to present proposals and the right to participate in the General Meeting and vote therein, which is no longer dependent on presentation of evidence of holding the shares on the day of the General Meeting, but henceforth dependent on presentation of evidence of shareholder capacity at 0 hours GMT on the 5th trading day prior to the date of the General Meeting.

It should also be noted that the Recommendations under the Corporate Governance Code, issued by the CMVM are based on the one-tier model, not considering, for the most part, the specificity of the two-tier model, adopted by Banco Comercial Português during the financial year of 2011, under analysis herein. This decision implies that many of the recommendations cannot, strictly speaking, be applied to companies that have adopted the two-tier model, where items are missing in relation to this last model.

In order to overcome these gaps, whenever possible, in this report we shall seek to indicate the practices which ensure compliance with the principles, when presented in recommendations applicable to the one-tier model that were not included in the recommendations addressing the two-tier model.

NOTE 1

The Bank's Articles of Association do not include any rules with a view to preventing the success of public takeover offers. There is also no rule with the content expressed in the second part of the present recommendation, and its inclusion has never been requested either by shareholders or members of the governing bodies. Under the terms of the law, any shareholder or Group of Shareholders holding 2% or more of the share capital may request, at any time, that the suppression of the limit stipulated in article 26 of the Bank's Articles of Association should be voted on at the general meeting. However, on the present date, as far as the Bank is aware, there are no shareholders covered by the abovementioned statutory provision. We underline that at the General Meeting held on 28 February 2012, which approved a profound change to the Bank's Articles of Association, no one raised this issue, which may be interpreted as the shareholders having voted in 2012 the contents of the limits included in article 26 of the Bank's by-laws.

NOTE 2

The Bank's articles of association require majorities above those stipulated legally for three circumstances:

The first, relative to the requirement of a constitutive quorum of one third of the share capital to enable the Meeting to be held on first call, while the law requires this quorum only for Meetings resolving on amendment of the memorandum of association, merger, demerger, transformation, dissolution of the company or other affairs for which the law requires a qualified majority, without their specification.

The Bank and shareholders who approved the articles of association in force deemed that, since Banco Comercial Português is the company with the largest free float of the Portuguese Stock Exchange, it is important to ensure that, whatever the circumstances, and not only for the cases identified in the law, the shareholders, independently of their respective representativeness, are certain that, on first call, the affairs taken to the general meeting may only be decided if the share capital is minimally represented.

In truth, in a company which, during 2011, saw 194% of the shares representative of its share capital involved in transactions on the Stock Exchange, the guarantee of a minimum representativeness of the shareholders is an essential condition for the defence of the interests of the actual company, as well as its customers, employees and other stakeholders.

Likewise, and in view of the dispersion of the Bank's share capital, the requirement, on first call, of more than one third of the share capital does not prevent the meeting being held only with the presence of minority shareholders.

The second and third are related to the majority required for the approval of operations concerning the merger, demerger or transformation of the Bank, for which the law requires two thirds of the votes cast and the Bank's articles of association require three quarters of the votes cast, as well as for resolution on the dissolution of the company where, under the terms of the Articles of Association, a majority corresponding to three quarters of the paid-up share capital is required.

Also in this case, and view of the importance of the matters in question, the arguments presented in the previous case are considered valid, especially its last paragraph.

NOTE 3

The Bank's Articles of Association do not include any rules with a view to preventing the success of public takeover offers. There is also no rule with the content expressed in the second part of the present recommendation, and its inclusion has never been requested either by shareholders or members of the governing bodies. Under the terms of the law, any Shareholder or Group of Shareholders holding 2% or more of the share capital may request, at any time, that the suppression of the limit stipulated in article 26 of the Bank's Articles of Association should be voted on at the general meeting.

Also regarding this issue we refer to the last paragraph of Note 1.

NOTE 4

In the corporate governance model adopted, under the terms of article 278, number 1 c) of the Companies Code, by Banco Comercial Português during 2011, the two-tier model, the supervision of the company and of the activity of the executive directors is entrusted to an autonomous body called the Supervisory Board, statutorily constituted of a number of members higher than that of the Executive Board of Directors. In 2011 this body had 18 members, composed of a majority of independent members. Hence, the objectives targeted by this recommendation are fully achieved, although the text of the recommendation refers to a governance model that is different from the one adopted by the company in 2011.

NOTE 5

Although this recommendation is not applicable to the corporate organisation model adopted by Banco Comercial Português during 2011, it is applied through the Supervisory Board, composed of a majority of independent members.

NOTE 6

Under the terms of the law and the Bank's Articles of Association, and as a result of the two-tier governance model adopted during 2011, the matters identified in subparagraphs i), ii) and iii) are submitted to the opinion of the Supervisory Board.

NOTE 7

In companies that adopt the two-tier model, the majority of independent members of the Supervisory Board ensures compliance with this recommendation.

NOTE 8

The issues covered by the present recommendation are addressed in the Report of the Supervisory Board, published simultaneously with this Report.

NOTE 9

The member and also Vice-Chairman of the Executive Board of Directors responsible for financial matters in 2011 was appointed to this position on 18 April 2011.

NOTE 10

As a result of the governance model adopted by the Bank during 2011, the issues covered by the present recommendation are addressed in recommendation II.3.3.

NOTE 11

The Audit Committee is a specialised committee of the Supervisory Board (article 43, 44 and 45 of the Bank's Articles of Association in effect in 2011).

NOTE 12

The information referred to by the present recommendation is available in English on the following website:

http://www.millenniumbcp.pt/site/conteúdos/en/.

0.3. Without prejudice to the provisions in the preceding number, the Company can also undertake an overall assessment, provided that there are reasonable grounds to do so, of the degree of adoption of groups of recommendations of interrelated subjects

The recommendations described in the table above and the detailed manner in which the issues are addressed in the following chapters, are in conformity with the guiding principles of the Group's corporate governance policy, where the degree of observance of the recommendations is considered to be comprehensive and complete, in particular according to their effective relevance and interests they seek to protect.

0.4. When the corporate governance structure or practices differ from the recommendations of the CMVM or other codes to which the Company subscribes or has voluntarily adopted, an explanation should be given of the parts of each code which are not complied with or which the Company considers are not applicable, the respective grounds and other relevant observations, as well as clear indication of the part of the Report where the description of this situation can be found

The answer required for this point is presented in the explanations given in the replies to the three preceding points. Notwithstanding this, the relevance of the issue requires a more detailed reference.

In fact, experience shows – not only in Portugal – that the alternative "comply or explain" formula has not been successful, in practice, in conveying its underlying. and indeed indispensable, equivalence. Hence, the compliance (or mere submission) has been more used and recognised than the legitimate alternative explanation, which has also unbalanced the respective compliance cost, making formal compliance simpler and more convenient (with or without concordance) than the effort of explaining, which is more cumbersome and less useful.

This situation – worsened by the more or less mechanical surveys, scorings and rankings on which companies "comply" more or "do not comply" – deeply jeopardises the essence of the principle of *comply or explain*, upon which the Corporate Governance Code is based and tends to eliminate the creativity and flexibility that it needs, tending, firstly, to crystallise and rigidify the recommendations (regardless of their merit), and then to trivialise them, depriving them of their real meaning.

Nowadays, anyone wishing to base a group of recommendations upon the fundamental principle of comply or explain – as is, we repeat, the goal of the cited Directive 2006/46/EC and also the goal of most corporate governance codes of international companies – can no longer just state the principle without seeking to contribute to preserve its real meaning.

It is, therefore, crucial to stress the importance of a firm application of the principle of comply or explain in all its aspects, strongly underlining the real equivalence of both possibilities of the alternative.

CHAPTER I - GENERAL MEETING

The operation of the General Meeting of Banco Comercial Português, S.A., a public company, issuer of shares listed for trading on regulated markets, is ruled by the respective statutory rules and specific provisions of the Companies Code (CSC) and Securities Code (SC).

The General Meeting, the highest governing body of the company, representing the entirety of the shareholders, is responsible for: electing and dismissing its own Board, as well as the members of the management and supervisory boards; approving amendments to the articles of association; resolving on the management report and financial statements for the year and proposals for the appropriation of profit; resolving on any matters submitted at the request of the management and supervisory bodies; and, in general, resolving on all matters specifically attributed by the law or Articles of Association, or which are not included in the attributions of other governing bodies.

The chairman of the board of the general meeting has the supporting human and logistic resources appropriate to the preparation and undertaking of the General Meeting, and had the support of the Company Secretary and respective services over the entire year. The whole process of preparation and holding of the two General Meetings of the financial year was supported by a vast multidisciplinary team composed of senior staff and employees of the Operations, Information Technology, Direct Banking and Audit Departments as well as the representative for Market Relations.

It should be noted that an international Audit firm has always been contracted to certify the voting and shareholder accreditation procedures.

I.1. Identification of the Members of the Board of the General Meeting

The Board of the General Meeting is composed of:

Chairman: António Manuel da Rocha e Menezes Cordeiro (Independent), elected to hold a second term of office on 18 April 2011;

Vice-Chairman: Manuel António de Castro Portugal Carneiro da Frada (Independent), elected to hold a second term of office on 18 April 2011;

Inherent to the position, the secretary of the Board is the Company Secretary, Ana Isabel dos Santos de Pina Cabral.

On its Internet site the Bank keeps the historical record, in Portuguese and English, of the relevant information relative to the General Meetings held in the last five years, disclosing, namely: the total number of votes cast, the percentage share capital represented corresponding to the total number of votes cast, the number of shares corresponding to the total number of votes cast, the company's identification, the name of the Chairman and Vice-Chairman of the Board, copy of the call notices, agendas, proposals and any other documents voted on.

These are available on the Bank's Internet site, on the page with the following address:

http://www.millenniumbcp.pt/pubs/pt/grupobcp/quemsomos/orgaossociais/

Likewise, and independently of the number of shares owned, the Bank sends the minutes to shareholders who have participated in the General Meetings and request them, providing access to the attendance lists to shareholders who wish to validate their own registration on these lists.

I.2. Indication of the starting and end date of the respective terms of office

The Chairman and Vice-Chairman of the Board were elected at the General Meeting held on 18 April 2011, for the three-year period 2011/2013, and are holding a second term of office, continuously.

I.3. Indication of the remuneration of the chairman of the board of the general meeting

The annual remuneration earned by the Chairman of the Board of the General Meeting amounts to 150,000 Euros and was established in 28 May 2007 by the Remuneration and Welfare Board elected by the General Meeting, with this value having remained unaltered since then.

While in office and always in observance of the rules of independence, the Chairman of the Board, with his considerable and recognised technical knowledge and legal strictness, has supported the different Governance and Corporate Bodies of the Bank in all matters of corporate governance and others on which he was consulted, having been primarily responsible for the writing of the complete amendment of the Bank's articles of association, approved at the Annual General Meeting of 2011.

I.4. Indication of the time in advance required for the blocking of shares for participation in the General Meeting

The Bank's Articles of Association included the amendments to the Securities Code approved by Decree-Law number 49/2010, which imposed on the Portuguese legal system and for companies issuing shares listed for trading on regulated market, the rule of the "date of registration".

This rule determines that the capacity to participate and vote in the General Meeting is assessed according to presentation of evidence of shareholder capacity at 0 hours GMT on the 5th trading day prior to the date of the meeting. In the event of shares being sold during the period between the "date of registration" and date of the Meeting and of the shareholder wishing to participate therein, the shareholder must inform the CMVM and Chairman of the Board of the Meeting of this fact.

I.5. Indication of the rules applicable to the blocking of shares in the case of suspension of the general meeting

The comments made in relation to the preceding paragraphs are valid for this paragraph.

I.6. Number of shares corresponding to one vote

Under the Bank's articles of association, each share corresponds to one vote.

I.7. Indication of the statutory rules establishing the existence of shares which do not confer the right to vote or which establish that rights to vote above a certain number should not be counted, when issued by a single shareholder or by shareholders related to the former

Within the legal framework applicable to companies in general, and to credit institutions in particular, it is not possible to issue preferred shares without voting rights, if these do not confer to their holders, namely, priority minimum dividends to be paid for using the distributable profit for the financial year.

Banco Comercial Português has never issued preferred shares without voting rights, in spite of enshrining this possibility in number 2 of article 4 of its Articles of Association, pursuant to the legislative framework of the Companies Code on this matter.

The preferred shares with such features of preferred shares without voting rights allow financial investors to abdicate from actively intervening in the management of corporate business, against a guaranteed (minimum) return on their investment. Therefore, these shares cannot be freely compared with other ordinary shares, which bear voting rights that are indispensable and necessary for effective control of the company.

Hence, with respect to this category of shares (or type of securities), the fact that they do not grant voting rights does not affect the proportionality of the voting rights. Besides, under the terms of the law, if their preferred dividend is not paid for two consecutive financial years, these shares will gain voting rights, restoring the corporate balance and allowing their holders to actively participate in the company's life.

If, by any chance, it were to be interpreted as abolishing the possibility of issuing preferred shares without voting rights, the recommendation of the CMVM would, in fact, collide with the provisions established in section V of Chapter II of the Companies Code, namely with the provisions in number 1 of article 341 and would ignores the content of article 384 of the same Code.

Regarding the provisions in article 26 of the Bank's Articles of Association, which determine that votes corresponding to more than 20% of the total share capital should not be counted when imputable to a single shareholder or in relation to certain shareholders connected to the former, Banco Comercial Português considers that this article was created to ensure that small and medium-sized shareholders have greater influence on any decisions that might be submitted to the General Meeting. The limits to voting rights stipulated in the Articles of Association, reflected in the adoption of a maximum statutory voting ceiling, sought to restrict the rights of the largest shareholders, thus defending the interests of small and medium-sized shareholders, whose vote thus achieves greater weight and representativeness relative to the most significant.

This statutory provision may be freely modified by the shareholders, at any time.

I.8. Existence of statutory rights on the exercise of voting rights, including constitutive and deliberative quorums or systems emphasising rights related to assets

Complying with the law and in accordance with the structure of the company, the Bank's Articles of Association clearly and objectively enshrine the rules for the exercise of voting rights.

Article 24 of the Bank's Articles of Association establishes the requirement of a constitutive quorum of over one third of the share capital for the meeting to be able to resolve on first call on most matters.

Regarding the quorum to adopt resolutions, the Articles of Association only diverge from the law with respect to resolutions on the merger, demerger and transformation of the company, which require approval by three quarters of the votes cast, and winding-up of the company where, under the terms of article 55 (presently 49) of the Articles of Association, a majority corresponding to three quarters of the paid-up share capital is required.

With the exception noted above in I.7., the Articles of Association do not establish limitations to the exercise of voting rights, nor do they stipulate any special voting or other rights.

I.9. Existence of statutory rules on the exercise of the right to vote by correspondence

The Bank ensures the effective exercise of corporate rights by its shareholders who choose to exercise their vote by correspondence.

For such, and for each General Meeting, the Bank discloses this possibility widely and in due time:

- Shareholders who are present on a list drawn up with reference to a date as close as possible to that scheduled for the Meeting are sent a copy of the respective call notice, e-mail as well as a letter from the Chairman of the Board of the General Meeting providing extensive information on the different ways to participate in the General Meeting and vote through physical attendance or by correspondence.
- As of the publication of the call notice, the Bank's Internet site provides all the relevant information, such as the agenda, proposals and documents to be submitted to the Meeting, forms/e-mails for requests of information on the ownership of shares, intention to participate in the General Meeting, proxy letters, ballots for postal correspondence and how to use electronic means. This information is uploaded to a specific page of the General Meeting created on the Bank's institutional Internet site, where, complying with the legal deadlines, it is not only possible to consult and print all the documentation which, being known to the company, is prepared for appraisal by the shareholders, but also an explanatory note is also provided on how to participate, indicating the steps which must be taken to ensure the shareholder's presence at the Meeting and exercise of the right to vote, namely by correspondence.

http://www.millenniumbcp.pt/pubs/pt/governacao/article.jhtml?articleID=677275

I.10. Provision of a model for the exercise of the right to vote by correspondence

The methodology to be adopted for the exercise of the right to vote by correspondence is published both on the call notice of the General Meeting as well as on the Bank’s Internet site, with the ballot paper being sent to the Shareholders by e-mail and provided at the Bank's Branch and respective Internet site.

The ballot papers for postal correspondence and correspondence using electronic means are placed at the disposal of the shareholders on the Bank's Internet site from the moment the General Meeting is called, being updated in accordance with the proposals received and any alteration to the agenda.

The instructions for voting using these means are published at the same time as the call notice of the General Meeting on the Bank’s Internet site, on the page with the following address:

http://www.millenniumbcp.pt/pubs/pt/governacao/article.jhtml?articleID=677275

I.11. Requirement of a period of time between the receipt of votes cast by correspondence and the date of the General Meeting

The Bank has established as the deadline for the receipt of votes cast by correspondence 17:00 hours of the penultimate business day before the date scheduled for the General Meeting, with this deadline coinciding with that established for the receipt of the rest of the documentation for the meeting, thus observing the rules in CMVM Regulation number 1/2010 - Governance of Listed Companies.

I.12. Exercise of the right to vote through electronic means

Under the terms of article 27 of the Bank's Articles of Association, the exercise of the right to vote through electronic means covers all the matters presented on the call notice, with the Chairman of the Board of the General Meeting being responsible for verifying the existence of the means to ensure the security and confidentiality of votes cast in this manner.

As defined by the Bank, voting by correspondence through electronic means may be exercised by Shareholders who have requested the respective code in due time.

The instructions for voting through electronic means are published at the same time as the call notice of the General Meeting on the Bank's Internet site, on the page with the following address:

http://www.millenniumbcp.pt/pubs/pt/governacao/article.jhtml?articleID=677275

I.13. Possibility of the Shareholders accessing extracts of the minutes of the General Meetings on the company's Internet site five days after the General Meeting

The Bank publishes, within a period of less than the recommended five days, the constitutive quorum, agenda, proposals and reports submitted to the Meeting, content of the resolutions taken and results of the voting, indicating the number of shareholders present at each voting session, number of shares and number of votes to which they correspond, the votes cast and result of the voting.

The abovementioned publication is available on the Bank's Internet site, on the page with the following direct address:

http://www.millenniumbcp.pt/pubs/pt/governacao/article.jhtml?articleID=677275

I.14. Existence of an historical record on the company's Internet site, with the resolutions taken at the Company's General Meetings, the share capital represented and the results of the voting, relative to the last 3 years

On its Internet site, the Bank provides the historical record of the attendance, agendas, resolutions adopted and percentage of the votes cast at the General Meetings over the last five years, as well as all the other information referred to in the preceding number.

The abovementioned publication is available on the Bank's Internet site, on the page with the following address:

http://www.millenniumbcp.pt/pubs/pt/

I.15. Indication of the representative(s) of the remuneration committee present at the General Meetings

Both the Chairman of the Remuneration and Welfare Board and at least one of its Members were present at the General Meetings held during the financial year of 2011.

I.16. Information on the intervention of the General Meeting relative to the Company's remuneration policy and assessment of the performance of the management board members and other senior staff

The General Meeting held on 18 April 2011 resolved, with a binding character, on the remuneration policies of the Chairmen and Vice-Chairmen of the Board of the General Meeting, Remuneration and Welfare Board, Supervisory Board, Executive Board of Directors and of other officers, senior staff and other employees. The respective proposals were approved by 99.94% of the votes cast and the meeting was attended by shareholders or their representatives holding 52.57% of the share capital.

The approved proposals are available on the Bank's Internet site, on the page with the following address:

http://www.millenniumbcp.pt/

During 2011, the Head of the Office of the Chairman of the Executive Board of Directors, the Compliance Officer, Group Treasurer, Representative of Investor Relations, Risk Officer, Company Secretary as well as the Head of Internal Audits, Head of the Planning and Budget Control Department and the Head of the Supervisory Board Support Office were qualified as Officers of the Bank. Their respective remuneration does not contain any variable component, and is attributed casuistically by the Executive Board of Directors on an annual basis, and is not considered an acquired right. During the financial year to which this report refers, no sum was attributed as variable remuneration to the officers in observance of number 3 of article 248-B of the Securities Code.

The policy of establishment of remuneration of these Officers is precisely the same as that for all other Coordinating Managers of the Bank and Group, which was approved at the General Meeting of 18 April 2011.

The Annual General Meeting is responsible for making a general assessment of the company's management and supervision, with the scope established by law, using for the effect the recommendation arising from the assessment made by the Supervisory Board in the respective report and opinion placed at the disposal of the shareholders together with the rest of the documentation related to the financial statements.

I.17. Information on the intervention of the General Meeting with respect to the proposal regarding the approval of plans to allocate shares and/or share purchase options, or based on share price variations, to members of the management and supervisory boards and other directors, in observance of number 3 of article 248-B of the Securities Code, as well as on elements exempt from the General Meeting with a view to a correct assessment of these plans

There are no valid plans to allocate shares and/or shares call options or plans based on share price variations.

I.18. Information on the intervention of the general meeting regarding the approval of the main characteristics of the retirement benefits system extended to members of the management and supervisory boards and other directors, in observance with number 3 of article 248-B of the Securities Code

The retirement or disability benefit system of the members of the management board is stipulated in article 17 of the Bank's Articles of Association and in the Retirement Regulations of the Members of the Executive Board of Directors, approved by the Remuneration and Welfare Board and by the Annual General Meeting held on 18 April 2011, where the Remuneration and Welfare Board, on this issue and relative to the financial year of 2011, made the decision described in the table presented in paragraph II.33.o) of this Report, the financial impact of which cannot be altered.

I.19. Existence of a statutory rule establishing the duty to subject, at least every five years, to the General Meeting, the maintenance or elimination of the statutory rule stipulating the limitation of the number of votes which may be held or exercised by a single shareholder individually or in a concerted manner with other shareholders

There is no rule in the Bank's Articles of Association with the content expressed in the present recommendation, and its inclusion has never been requested or proposed either by shareholders or members of the corporate bodies.

Under the terms of the law, any shareholder or Group of Shareholders holding 2% or more of the share capital may request, at any time, that the limit stipulated in number 1 of article 26 of the Bank's Articles of Association should be submitted to the appraisal of the General Meeting, where a majority of two thirds of the votes cast is required in order for this resolution to be approved at the General Meeting, that is, the majority legally required for amendment of the articles of association.

Notwithstanding the above, it is important to recall that the limitation of votes was effectively submitted to the General Meeting on 27 August 2007, 18 April 2011 and 28 February 2012.

I.20. Indication of defensive measures which have the effect of automatically leading to a serious erosion of company assets in the event of the transfer of control or change of the composition of the management board

The company's Articles of Association stipulate no measures with these characteristics.

I.21. Significant agreements in which the company is a party and which enter into force, are altered or cease in the case of the change of control of the Company, as well as the respective effects, unless, due to their nature, their disclosure would be seriously harmful to the company, except if the company is specifically obliged to disclose this information due to other legal requirements

There are no agreements with these characteristics.

I.22. Agreements between the Company and members of the management board and directors, in observance of number 3 of article 248-B of the Securities Code which establish compensation in the case of resignation, unfair dismissal or termination of the work relation following a change in the control of the company

The company signed no agreements with these characteristics.

Chapter II - Management and Supervisory Boards

Banco Comercial Português has developed consistent efforts to incorporate and harmonise the criteria of assessment of Good Corporate Governance – equity, professional diligence and transparency, technical competence, internal alignment and duties of loyalty and accountability – simultaneously with the adoption and recognition of practices to ensure the achievement of the objectives of the best Corporate Governance models – separation of duties, specialisation of supervision, financial and management control, risk monitoring and control, minimisation of conflicts of interests and orientation towards sustainability.

Six financial years after the adoption of the two-tier governance model and stabilisation of the structural alterations which have enabled adapting the organisation of the Bank and Group to this model, the Board of Directors believes that this model enables strict separation between management and supervision in different bodies, and no constraints have been detected in its respective operation.

Yet on matters of corporate governance, the Anglo-Saxon model, one of the one-tier models stipulated in the Companies Code, is currently deemed suitable for a Group with the scale and object of the BCP Group, enabling greater proximity and organic identity, which, within the current context, is deemed best to uphold the company's interests.

Section I - General Issues

II.1. Identification and composition of the Corporate Bodies

In accordance with the said corporate governance model adopted by Banco Comercial Português in 2011, its management and supervision was structured as follows:

- Executive Board of Directors;
- Supervisory Board, which includes, amongst others, an Audit Committee
- Statutory Auditor.

The General Meeting also decided to delegate the duties of establishment of the remuneration of the governing bodies to a Remuneration and Welfare Board.

The Group also uses a company of external auditors to audit the individual and consolidated accounts of Banco Comercial Português and different companies controlled by it, which was appointed at the General Meeting through proposal subscribed by the Supervisory Board.

A) Executive Board of Directors

The Executive Board of Directors was responsible for the administration of the Company.

The Executive Board of Directors currently in office was elected by the General Meeting held on 18 April 2011 for the three-year period 2011/2013.

On 20 June 2011, Paulo Moita Macedo, Vice-Chairman, resigned from this position, following his appointment for the position of Minister of Health.

Under the terms of the Articles of Association in effect until 28 February 2012, the Executive Board of Directors was composed of a minimum of five and maximum of thirteen members, elected by the General Meeting for a period of three years, who may be re-elected one or more times. The Chairman or whoever is replacing him at any given time has the casting vote.

The Executive Board of Directors was given ample competence established in the law and Articles of Association of the Company, which covered, amongst others, the following duties:

- Management of the Bank, carrying out all acts and operations permitted by law and pertinent to its corporate object;
- Acquisition, encumbrance and disposal of any assets and rights, movable or immovable, whenever deemed convenient for the company;

- Decision, in compliance with the legal and regulatory stipulations, on company holdings in companies with any corporate object or regulated by special legislation or in incorporated or unincorporated joint ventures or in any other form of association of companies;
- Contracting of employees, establishment of their salaries, benefits and other pecuniary considerations and exercise of the corresponding directive and disciplinary power;
- Preparation of the financial statements;
- Preparation of the documents forecasting the Bank's activity and corresponding implementation reports;
- Mobilisation of financial resources and engagement in credit operations which are not prohibited by law;
- Appointment of attorneys to carry out specific acts;
- Complying and ensuring compliance with legal and statutory stipulations and with the resolutions of the General Meeting;
- Definition and organisation of the Bank’s working methods, drawing up of regulations and determination of any instructions deemed convenient;
- Resolution on decision-making levels with competence to assess credit operations;
- Representation of the Bank in and out of court, as plaintiff or defendant;
- Resolution or proposal, with grounds, one or more times, of share capital increases, in the first case always in observance of the limits of the authorisation of the General Meeting and after the prior opinion of the Supervisory Board has been obtained;
- Close cooperation with the Supervisory Board and other bodies of the Bank, pursuant to good practices of corporate governance.

The Bank's Executive Board of Directors was, as at 31 December 2011, composed of the following members:

Chairman:	Carlos Jorge Ramalho dos Santos Ferreira (63 years old)
Vice-chairmen:	Vítor Manuel Lopes Fernandes (48 years old)
	António Manuel Palma Ramalho (51 years old) (appointed Vice-Chairman on 6 September 2011, following the resignation of Paulo José de Ribeiro Moita de Macedo)
Members:	Luís Maria França de Castro Pereira Coutinho (50 years old)
	Miguel Maya Dias Pinheiro (47 years old)
	José Jacinto Iglésias Soares (51 years old)
	Rui Manuel da Silva Teixeira (51 years old)

All the Directors had technical competence, knowledge and professional experience appropriate to the performance of their respective duties and areas of responsibility under the internal organisation, as may be concluded from the analysis of the curricula presented in Annex I to this report. During the performance of their duties, all the Directors exercised management with diligence, showing thoroughness and accuracy, observing duties of loyalty, acting in the best interest of the company and in consideration of the long term interests of the Shareholders and other stakeholders.

Pursuant to the provisos of the Bank's Articles of Association and Regulations of the Executive Board of Directors, all the Directors are prevented from performing duties of any nature through appointment or corporate office or work contract in any other company in which the Group led by Banco Comercial Português has no interests, unless prior authorisation, explicit and founded, of the Supervisory Board has been obtained for such.

B) Supervisory Board

The Supervisory Board is a supervision body, being responsible, under the legal and statutory terms, for:

- Representing the Company in its relations with the directors;

- Supervising the activity of the Executive Board of Directors and providing it with advice and assistance;
- Ensuring observance of the law and Articles of Association;
- Ensuring the continuous follow-up of the systems and procedures for the company's financial reporting and risk management, and of the activity of the Statutory Auditor and external auditor of the Company, proposing their election and appointment, respectively, at the General Meeting, issuing opinions on independence requirements and other relations with the company, as well as their respective exoneration, a decision which, to the extent permitted by the law, will be binding, implying that the corporate bodies must proceed in conformity;
- Assessing and monitoring the internal procedures relative to accounting matters, the effectiveness of the risk management system, internal control system and internal audit system, including the receipt and processing of related complaints and doubts, whether derived from employees or not;
- Issuing opinions on the management report and financial statements for the year;
- Monitoring and assessing issues relative to corporate governance, sustainability, codes of ethics and conduct and systems for the assessment and settlement of conflicts of interest;
- Contracting services rendered by experts who assist one or more of its members in the performance of their duties;
- Receiving communications of irregularities submitted by shareholders, company employees and others;
- Preparing an activity report annually.

The Supervisory Board in office in 2011 was composed of eighteen permanent members. In view of the nature of the governance model adopted by the Bank during 2011, all the members of this Board were non-executive and the majority was qualified as independent. Relative to the members of the Supervisory Board as at 31 December 2011, four members did not meet the independence requirements due to being related to entities with holdings above 2% of the Bank's share capital. All the members complied with the rules on incompatibility established in number 1 of article 414-A, by virtue of article 434, number 4 of the Companies Code and performed their respective duties observing the duties of zeal, care and loyalty, pursuant to high standards of professional diligence.

The Supervisory Board was elected at the General Meeting of 18 April 2011 and, as at 31 December, had the following composition:

Chairman:	António Vítor Martins Monteiro (68 years old) (Independent)
Vice-chairpersons:	Manuel Domingos Vicente (55 years old) (Not Independent, due to being bound to an entity owning a qualifying holding) [1]
	Maria Leonor C. Pizarro Beleza de Mendonça Tavares (63 years old) (Independent)
Members:	Álvaro Roque de Pinho Bissaia Barreto (76 years old) (Independent)
	António Henriques Pinho Cardão (68 years old) (Independent)
	António Luís Guerra Nunes Mexia (54 years old) (Not Independent, due to being bound to an entity owning a qualifying holding)
	António Manuel Costeira Faustino (54 years old) (Independent)
	Carlos José da Silva (46 years old) (Not Independent, due to being bound to an entity owning a qualifying holding)
	Daniel Bessa Fernandes Coelho (63 years old) (Independent)
	João Manuel de Matos Loureiro (52 years old) (Independent)
	José Guilherme Xavier de Basto (73 years old) (Independent)
	José Vieira dos Reis (64 years old) (Independent)

[1] Renounced the position on 3 February 2012.

Josep Oliu Creus (62 years old) (Not Independent, due to being bound to an entity owning a qualifying holding)

Luís de Mello Champalimaud (60 years old) (Independent) [2]

Manuel Alfredo da Cunha José de Mello (63 years old) (Independent)

Pansy Catilina Ho Chiu King (49 years old) (Independent)

Thomaz de Mello Paes de Vasconcelos (54 years old) (Independent)

Vasco Esteves Fraga (62 years old) (Independent)

The term of office of the Supervisory Board began on 18 April 2011 and its members were elected for the three-year period 2011/2013.

The Report of the Supervisory Board, the Report of the Audit Committee and the financial statements are disclosed on the Bank's Internet site, on the page with the following address:

http://www.millenniumbcp.pt/pubs/pt/investidores/governacaocorporativa/divulgacaodeinformacao

C) Statutory Auditor and External Auditors

Statutory Auditor

In the corporate governance model adopted by Banco Comercial Português during 2011, the Statutory Auditor was elected by the General Meeting under proposal of the Supervisory Board, for a three-year term of office. The Statutory Auditor is responsible for the examination of the company's accounts, pursuant to article 446 of the Companies Code, and namely:

- Verifying the regularity of the accounting ledgers and records;
- Verifying that the accounting policies and valuation criteria adopted lead to the correct assessment of net worth and net income;
- Verifying the accuracy of the financial statements;
- Auditing the accounts and other relevant services;
- Preparing a monthly report on its supervisory action;
- Participating in the meetings of the Executive Board of Directors and Supervisory Board whenever its presence is deemed relevant, namely, at the time of the approval of the company's accounts.

The Statutory Auditors, permanent and alternate, elected at the General Meeting held on 18 April 2011, to hold office for the three-year period of 2011/2013, are:

Permanent:	KPMG & Associados – Sociedade de Revisores Oficiais de Contas, S.A., represented by their partner Ana Cristina Soares Valente Dourado, ROC, number 1011;
Alternate:	KPMG & Associados – Sociedade de Revisores Oficiais de Contas, S.A., represented by João Albino Cordeiro Augusto, ROC, number 632.

As with all other members of the Bank's Governing Bodies, the Statutory Auditor is also bound to continue in office up to the General Meeting that elects a new Statutory Auditor.

External Auditor of the Group

Under the terms of the competence entrusted by article 41, subparagraph n) of the Bank's Articles of Association, the Supervisory Board, under proposal prepared by the Audit Committee, in accordance with article 45 (1h), proposed to the Bank's General Meeting, on 18 April 2011, the election of KPMG & Associados – Sociedade de Revisores Oficiais de Contas, S.A. (SROC number 189) as External Auditor of the Group, for the three-year period 2011/2013, which was approved.

[2] Renounced the position on 3 February 2012.

D) Remuneration and Welfare Board

The Remuneration and Welfare Board, in which the General Meeting delegated, for the three year period 2011/2013, the competence to resolve on the remuneration of the members of the corporate bodies, as at 31 December 2011, has the following composition:

Chairman:	José Manuel Rodrigues Berardo (68 years old)
Members:	António Vítor Martins Monteiro (68 years old)
	Luís de Mello Champalimaud (60 years old)
	Manuel Pinto Barbosa (68 years old))

The members of the Remuneration and Welfare Board were independent from the members of the management board and, with the exception of the chairman, were also independent in relation to the company as confirmed by the respective curricula attached to the present report.

During the financial year of 2011, the Remuneration and Welfare Board held six meetings.

At the request of its Chairman, the Chairman of the Executive Board of Directors attended some of these meetings.

Mr. André Luiz Gomes (lawyer) was the expert of the Remuneration and Welfare Board and the Company Secretary acted as secretary to the Board.

II.2. Identification and composition of the specialised committees constituted with competences in management or supervision matters of the company

In order to ensure and contribute to the good performance of its supervision duties, the Supervisory Board constituted, at its meeting of 18 May 2011, under the terms of the law, articles of association and its own Regulations, the following four specialised committees. The Audit Committee had already been elected at the general meeting.

Below is a summarised description of the duties, competences and composition of each of these committees.

A) Audit Committee

This Committee is stipulated in number 2 of article 444 of the Companies Code, where, in observance of the said provision and the Regulations of the Supervisory Board, it is entrusted, namely, with the matters of supervision of the Risk Management Systems or potential financial, operating, legal or corporate risks that may result in significant direct or indirect losses; the supervision of the Internal Control and Internal Audit systems; issue of opinions on the management report and financial statements for the year, issue of shares, bonds or other securities or on the Bank's Risk Manual, advising the Supervisory Board on the content of the opinions it issues on financial matters; verification of the regularity of the accounting ledgers and records and their supporting documents, as well as the accounting policies, valuation criteria that are adopted and process of preparation and disclosure of financial information; recommendation to the Supervisory Board on the selection of the Statutory Auditor and External Auditor, as well as supervision of their respective activity and independence, in particular regarding the provision of additional services; supervision of internal audit activity; receipt of communications of irregularities submitted by shareholders, employees or others, ensuring their follow-up by the Internal Audit Department or Client Ombudsman’s Office.

This Committee is also responsible for issuing opinions on loan contracts, under any form or modality, granted by the Bank or any company of the Group to members of their corporate bodies, or shareholders owning qualifying holdings, as well as with entities that, under the terms of the General Framework for Credit Institutions and Financial Companies, are related to any of them.

The Audit Committee receives the Reports of the Internal Audit Department, Statutory Auditor and External Auditors. The Audit Committee meets regularly with the Chief Financial Officer, Risk Officer, Compliance Officer and Head of the Internal Audit Department, and has the power to summon any Coordinating Manager it wishes to hear. The Audit Committee selects the Statutory Auditor and External Auditor, whose election and contracting are proposed to the General Meeting, by the Supervisory Board, also approving the remunerations and conditions for the suitable performance of duties by the Statutory Auditor and External Auditors.

During the financial year of 2011, the Audit Committee had the following composition:

Chairman:	João Manuel de Matos Loureiro (Independent)
Members:	José Guilherme Xavier de Basto (Independent)
	José Vieira dos Reis (Independent)
	Thomaz de Melo Paes de Vasconcelos (Independent)

All the members of this Committee are, pursuant to the legal and statutory criteria, qualified as independent, having the appropriate competences and professional experience for the performance of their respective duties, as confirmed by the respective curricula attached to the present report.

This Committee receives logistic and technical support from the Supervisory Board Support Office, and the Head of this Office acts as secretary to the Committee.

During the financial year of 2011, the Audit Committee held sixteen meetings.

B) Corporate Governance Committee

This Committee is responsible for the assessment and continuous monitoring of matters relative to corporate governance, namely, coordinating the work of reflection on the Bank's governance model, so as to recommend solutions which are best suited to the company's management needs, culture and strategy.

During the financial year of 2011, the Corporate Governance Committee has the following composition:

Chairman:	António Vítor Martins Monteiro (Independent)
Members:	Carlos José da Silva (Not Independent, due to being bound to an entity owning a qualifying holding)
	António Luís Guerra Nunes Mexia (Not Independent, due to being bound to an entity owning a qualifying holding)
	António Manuel Costeira Faustino (Independent)

Mr. João Soares da Silva (lawyer) is the expert of this Committee and the Company Secretary acts as secretary to the Committee.

During the financial year of 2011, the Sustainability and Corporate Governance Committee held four meetings.

C) Nominations Committee

This Committee is responsible for assisting and advising the Supervisory Board on the formulation of the opinion on the annual vote of confidence in the management board.

Likewise, it also advises the Supervisory Board, issuing an opinion on the appointment of Coordinating Managers (reporting directly to the Executive Board of Directors), of individuals appointed for management or supervisory duties in participated companies, whether controlled or not, and on the prior agreement required for directors to accept positions in corporate bodies outside the Group.

During the financial year of 2011, the Nominations Committee has the following composition:

Chairman:	Manuel Alfredo da Cunha José de Mello (Independent)
Members:	António Henriques Pinho Cardão (Independent)
	Vasco Esteves Fraga (Independent)

During the financial year of 2011, the Nominations Committee held six meetings.

The Company Secretary acts as secretary to the Committee.

D) Risk Assessment Committee

This Committee is responsible for advising the Supervisory Board and Executive Board of Directors on matters related to the definition of risk strategy, capital and liquidity management and market risk management, whose execution it monitors.

During the financial year of 2011, the Risk Assessment Committee has the following composition:

Chairman: Daniel Bessa Fernandes Coelho (Independent)

Members: Álvaro Roque de Pinho Bissaia Barreto (Independent)

Manuel Alfredo da Cunha José de Mello (Independent)

During the financial year of 2011, the Risk Assessment Committee held one meeting.

The Head of the Supervisory Board Support Office acts as secretary to the Committee.

E) Ethics and Professional Conduct Committee

This Committee is responsible for assessing the compliance function and, at the same time, appraising compliance with the ethical and professional conduct principles set forth in the various internal regulations.

The Ethics and Professional Conduct Committee has the following composition:

Chairman: Álvaro Roque de Pinho Bissaia Barreto (Independent)

Members: António Henriques Pinho Cardão (Independent)

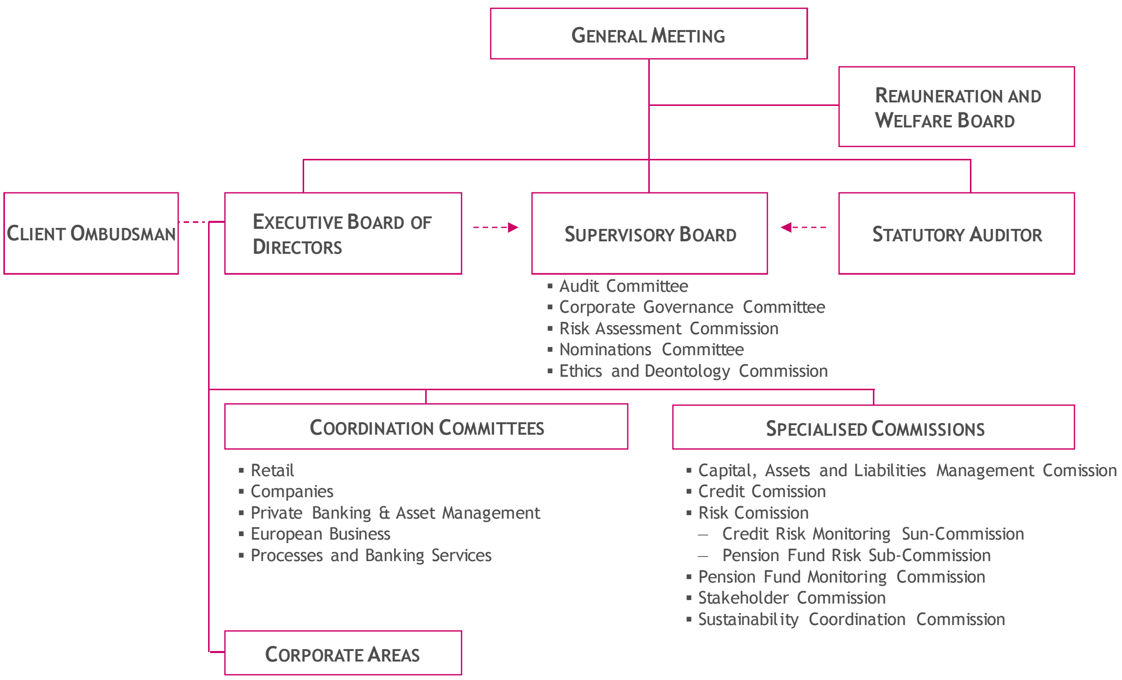
Vasco Esteves Fraga (Independent)

During the financial year of 2011, the Ethics and Professional Conduct Committee held two meetings.

The Company Secretary acts as secretary to the Committee.

II.3. Organisational charts or flowcharts relative to the distribution of competences between the different governing boards, committees, commissions and/or departments of the company, including information on the scope of the delegation of competences, in particular with respect to the delegation of the daily management of the company, or distribution of areas of responsibility amongst the members of the management or supervisory boards, and list of matters which are not able of being delegated and of competences effectively delegated

The diagram below represents the Corporate Governance Model structure of Millennium bcp in 2011:



Since the competences of the General Meeting, the Supervisory Board and its specialised committees, and the Remuneration and Welfare Board have been addressed in detail in the points above, this number shall describe only the scope of action of the Client Ombudsman's Office, the distribution of areas of responsibility of the Executive Board of Directors and the main structures that report to them.

CLIENT OMBUDSMAN'S OFFICE

The Client Ombudsman's Office of Millennium bcp ensures that the Bank's Customers receive an independent service relative to the institution's governance and hierarchical structures, so as to guarantee impartiality in the analysis and settlement of any claims submitted by them, related to the bank and financial services provided by Millennium bcp. The Client Ombudsman's Office acts in conformity with specific Regulations, basing its conduct on the applicable imperative legal provisions, the Bank's Code of Conduct and other binding internal procedures, and may adopt judgements of fairness with a view to obtaining the most suitable solutions.

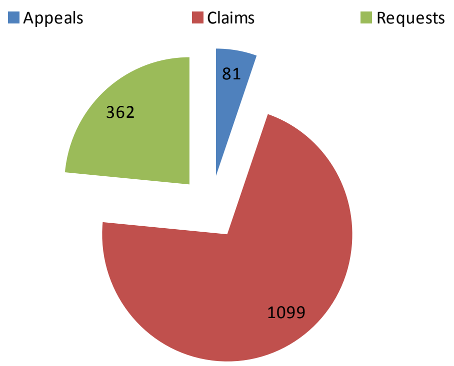
The position of Ombudsman is held by Francisco José Anjos Salema Garção, a person of recognised competence and very considerable experience in the banking business, with no employment ties with Banco Comercial Português, S.A. or any company or institution controlled by the Bank. The Client Ombudsman's Office has his own office and operating structures, with four exclusively dedicated employees.

The professional Curriculum of the Ombudsman is available on the Bank's Internet site, on the page with the following address:

http://www.millenniumbcp.pt/pubs/pt/provedor/

During 2011, the Client Ombudsman's Office received 1,542 communications from Customers, of which 81 were reported as appeals, 1,099 recorded as claims and 362 as requests.

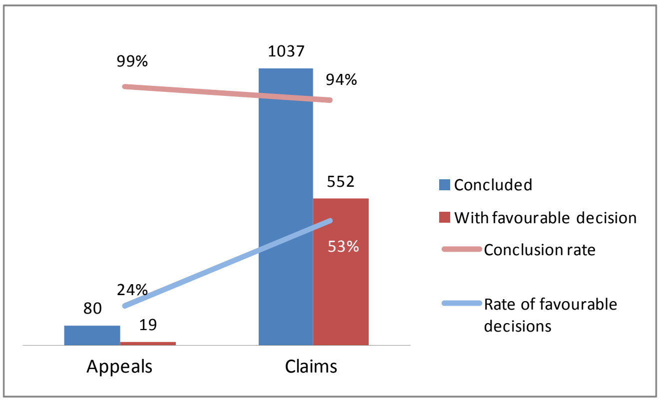
Appeals	81
Claims	1099
Requests	362
Total	1542



Of the 81 appeals that were filed and appraised, 80 were concluded, with the average time of response having stood at 15 business days (equivalent to 22 calendar days), representing a rate of conclusion in due time of 99%, and the percentage of claims upheld was 24% (19 case files). Two recommendations were made to the Executive Committee of Millennium bcp Ageas Grupo Segurador, which concurred with them.

The processing of the 1,099 appeals was ensured with the collaboration of the Customer Support Service, of which 1,037 were concluded in 2011, with an average time of response of 14 business days (equivalent to 20 calendar days), representing a rate of conclusion in due time of 94%, and 53% of the decisions were favourable to the claimants (552 case files).

	Appeals	Claims
Concluded	80	1037
Conclusion rate	99%	94%
With favourable decision	19	552
Rate of favourable decisions	24%	53%



EXECUTIVE BOARD OF DIRECTORS

Since this is an executive body, there is no delegation of competences in the real sense of the term, but rather a clear distribution of areas of responsibility amongst the different directors, who were assisted by various committees, commissions and departments in 2011.

The distribution of areas of responsibility amongst members of the Executive Board of Directors as at 31 December 2011 was as follows:

EXECUTIVE BOARD OF DIRECTORS
Direct Responsibilities and Alternates

Carlos Santos Ferreira (CSF)	
Office of the Chairman of the EBD	(VF)
Company Secretary's Office	(VF)
Fundação Millennium	(VF)
Audit Department	
Millennium Angola	
Staff Management Support Department	
ActivoBank	(VF)
Communication Department	

Vitor Fernandes (VF)	
Information Technology Dept.	(AR)
Operations Department	(AR)
Staff Management Support Deptm. (*)	
Specialized Credit Department	(AR)
Credit Department	(AR)
Marketing Department	(RMT)
Management Information Dept.	(AR)
Risk Office	(AR)
Rating Department	(AR)
Insurance	(AR)

António Ramalho (AR)	
Treasury and Markets Dept.	(VF)
ALM	(VF)
International Department(**)	(VF)
Valuation Department	(VF)
Budget Planning and Control Dept.	(VF)
Accounting and Consolidation Dept.	(VF)
Investors Relations Department	(VF)
Research Office	(VF)
Real Estate Business Department	(VF)
Tax Advising Department	(VF)
Communication Department (*)	

Luís Pereira Coutinho (LPC)	
Private Banking	(IS)
Banque Privée BCP (Switzerland)	(IS)
Bank Millennium (Poland)	(VF)
Bank Millennium (Greece)	(VF)
Banca Millennium (Romania)	(VF)
Banque BCP (France)	(IS)
Asset Management	(IS)
Asian Desk	(IS)

Miguel Maya (MM)	
Companies Banking Department	(RMT)
Corporate I Department.	(RMT)
Corporate II Department.	(RMT)
Investment Banking Department	(RMT)
Millennium bim	(CSF)
Millennium Angola (*)	
Specialized Credit Recovery Dept.	(RMT)
Litigations Department	(RMT)

Rui Manuel Teixeira (RMT)	
Retail Banking Department	(MM)
Retail Network Support Dept.	(MM)
Madeira and Azores Regional Departments	(MM)
Direct Banking Department	(MM)
Cards Department	(MM)
Standardized Credit Recovery Dept.	(MM)

Iglésias Soares (IS)	
Audit Department (*)	
Legal Department	(LPC)
General Secretariat	(LPC)
Quality Department	(LPC)
Microcredit Department	(LPC)
Financial Holdings Office	(LPC)
Safety and Prevention Office	(LPC)
Logistics and Administrative Dept.	(LPC)
Compliance Office	(LPC)

( ) Alternate Board Member

(*) Direct Responsibility

(**)Includes the Representation Office in Brazil

COMPANY SECRETARY

The Company Secretary and Alternate are appointed by the Executive Board of Directors, with their duties ending upon termination of the term of office of the Board for which they have been elected, and both were re-elected by the Board of Directors presently in office. Both have Law degrees and recognised experience to perform the duties required by the position.

The duties of the Company Secretary include providing support to the Bank's corporate bodies and respective committees in legal, administrative and logistics areas, ensuring their effective operation. The Company Secretary provides advice to the Bank and companies of the Group, on corporate matters and governance, and is responsible for ensuring the registrations of the respective acts, both regarding the Supervisory Authorities and Commercial Registers.

The Company Secretary is entrusted with the promotion and preparation of the General Meeting of Shareholders of the Bank and companies of the Group, with answering requests made by shareholders and with the preparation of the Corporate Governance Report.

The Company Secretary contributes to and collaborates with all the Bank's areas, both drawing up and validating acts or documents, and also ensures the disclosure of internal institutional communications.

Company Secretary: Ana Isabel dos Santos de Pina Cabral

Alternate Company Secretary: António Augusto Amaral de Medeiros

COMMITTEES, COMMISSIONS AND CORPORATE AREAS

Regarding the internal organisation and decision-making structure, in 2011, it is important to note the existence of a series of Committees and Commissions directly appointed by the Executive Board of Directors which, apart from the Directors who have been specifically entrusted with the monitoring of matters within their scope of action, also include the Employees of the Bank or Group who are the senior persons in charge of their respective areas.

As at 31 December 2011, there were five Coordination Committees, aimed at facilitating the coordination of current managerial decisions, involving the senior management of the units included in each Business Area, with a view to reconciling perspectives and supporting the managerial decision-making process of the Executive Board of Directors.

Retail Committee

The Retail Committee is composed of ten permanent members and three non-permanent members who participate in meetings only when justified by the topic under discussion. In addition to the Directors with the related areas of responsibility, Vítor Fernandes, Miguel Maya and Rui Manuel Teixeira, the following are part of this Committee as permanent members: the Heads of the Retail Banking Department, Direct Banking Department, Marketing Department, who acts as secretary, Cards Department, Network Support Department, Communication Department, Management Information Department and, as non-permanent members: the Heads of the Real Estate Business Department, Private Banking Department and Staff Management Support Department.

The main mission of this Committee is the monitoring and management of Retail Customers, with the objective of analysing the Bank's activity in this area and finding the best solutions for growth and enhancement of loyalty in the different segments.

The duties of this committee involve monitoring the activity and results related to Individual and Business Customers and analysis of compliance with the objectives; definition of the priorities of the commercial action; approval of products and services for Retail customers; analysis of the business context and proposal of commercial actions so as to respond to this aspect; analysis of the main risk indicators associated to the Individual and Business segments; and analysis of the models of coordination of the Individuals segment regarding their migration in the value proposition and networks of the Bank.

Companies Committee

The Companies Committee is composed of twelve permanent members and one non-permanent member who participates in meetings only when justified by the topic under discussion. In addition to the Directors with the related areas of responsibility, Vítor Fernandes, Miguel Maya and Rui Manuel Teixeira, the following are part of this Committee as permanent members: the Heads of the Companies Banking Department, Corporate I Department, Corporate II Department, Investment Banking Department, Specialised Credit Department, Real Estate Business Department, Marketing Department (DMKT), who acts as secretary, Management Information Department and Specialised Recovery Department, and as non-permanent member: the Head of the Staff Management Support Department.

This Committee ensures the analysis, preparation and planning of the monitoring and development of the Bank's business in the small and medium-sized enterprises (SME), Corporate and Investment Banking segments.

This committee is entrusted with the monitoring of the activity related to Company and Corporate Customers and analysis of compliance with the objectives; definition of the priorities of the commercial action; approval of the products and services to be launched; analysis of the business context and proposal of commercial action so as to respond to this aspect; analysis of the main risk indicators associated to the business; and analysis of the models of coordination of the business regarding their migration in the value proposition and their interconnection with the Bank's networks.

Asset Management and Private Banking Committee

The Asset Management and Private Banking Committee is composed of ten permanent members and one non-permanent member who participates in meetings only when justified by the topic under discussion. In addition to the Directors with the related areas of responsibility, António Ramalho, Luís Pereira Coutinho and Rui Manuel Teixeira, the following are part of this Committee as permanent members: the Heads of Millennium bcp Gestão de Activos, the Treasury and Markets Department, Market Research, Marketing Department, Private Banking Department, Banque Privée BCP (Switzerland), Wealth Management Unit (WMU), who acts as secretary, and, as a non-permanent member: one person in charge of the insurance area.

This Committee ensures the discussion and preparation of investment processes, investment policies, benchmarks and guidelines of investment products managed and/or distributed by the Bank. Its mission also includes the high level definition of scenarios of market evolution by relevant geographical area.

European Business Committee

This Committee is composed of five members, including, apart from the Directors with related areas of responsibility, Vítor Fernandes and Luís Pereira Coutinho, the Heads of the Group's Banks in Poland, Greece and Romania.

This Committee ensures the monitoring of the activity of the Group's operations on European territory.

This Committee is entrusted with the analysis of the evolution of the activity in the different European operations; searching for the best solutions to control costs, increasing efficiency and streamlining the activity of the different Banks; monitoring the Process Management model and governance structure of the different operations and defining the main policies on actions and guidelines.

Banking Processes and Services Committee

The Banking Processes and Services Committee is composed of nine permanent members. Apart from the two Directors with the related areas of responsibility, Vítor Fernandes and Iglésias Soares, the members of this Committee also include the Heads of the Information Technology Department, Operations Department, Administrative and Logistics Department, Quality Department, Prevention and Safety Department, Staff Management Support Department and Budget Planning and Control Department.

This Committee is entrusted with the monitoring of activity in the major areas of support to the Bank's front-end services; search for mechanisms and processes to enhance efficiency, reduce costs and improve the business processes and monitoring of the management structure and processes implemented at the Bank, analysis of the evolution of the activities of areas involving the Committee, study of the best solutions to control costs, enhance efficiency and streamline the Bank's activity, monitoring of the Process Management model, creation of new processes, definition and strengthening of the duties and competences of process owners, approval of proposals of innovation in the management of the Bank's resources and optimisation of their use; definition of policies regarding monitoring, procurement, control and contracting of outsourcing services to be used by the Bank; and definition of the analytical measurements and evolution of controllable variables by the Committee's areas, so as to ensure the continuous measurement of resource efficiency and productivity levels.

COMMISSIONS

There were six Commissions in 2011, which were all reappointed by the current Board of Directors, under the Executive Board of Directors, essentially with overall and transversal duties, responsible for pursuing the study and assessment, for each area of intervention, of the policies and principles which should guide the action of the Bank and Group.

Capital Assets and Liabilities Management Commission (CALCO)

The main duties of this Commission are the monitoring and management of market risks associated to the asset and liability structure, the planning and allocation of capital and definition of suitable policies for liquidity and market risk management, for the Group as a whole. Five members of the Executive Board of Directors are part of this Commission, as well as a Vice-Chairman and the Heads of the Treasury and Markets Department, Management Information Department, Budget Planning and Control Department, Research Office, Financial Holdings Department, Assets and Liabilities Management, who acts as secretary, Corporate Department, Marketing Department, the Risk Officer and Chief Economist.

Credit Commission

This Commission, with the composition and competences stipulated in the Credit Granting, Monitoring and Recovery Regulations, resolves on the granting of loans and advances to customers (integrated or not in economic groups), whenever this involves an increase of exposure above 20 million euros, or, for situations where the Bank's exposure is above 50 million euros, for occasional operations above 10 million euros and for proposals of renewal or review of credit lines and ceilings which are within the preceding values.

The Credit Commission is composed of a minimum of three members of the Executive Board of Directors, the Heads of the Credit Department, Specialised Credit Recovery Department, Standardised Credit Recovery Department, Legal Department, Litigation Department, Rating Department and by the Risk Officer of the Group. This Commission also includes, according to the specific operations to be assessed and/or their nature, the Coordinating Managers of the Commercial Areas, Investment Banking Department, Specialised Credit Department, Real Estate Business Department and Corporate II Department, and the Level 3 Credit Managers and the Compliance Officer.

The Company Secretary acts as secretary of this Commission.

Risk Commission

This Commission is responsible for monitoring overall risk levels (credit, market, liquidity and operating risk), ensuring that these are compatible with the objectives, the available financial resources and strategies approved for the development of the Group's activity.

All the members of the Executive Board of Directors, the Risk Officer, the Compliance Officer and the Heads of the Audit Department, Treasury and Markets Department, Budget Planning and Control Department, Rating Department, Research Office, Assets and Liabilities Management Department, Credit Department and Financial Holdings Department comprise this Commission.

Two Sub-Commissions operate under the Risk Commission, the Pension Fund Risk Sub-Commission and the Credit Risk Monitoring Sub-Commission.

The Pension Fund Risk Sub-Commission is responsible for monitoring the performance and risk of the Group's Pension Funds and defining suitable hedging and investment policy strategies.

This sub-commission is composed of two vice-chairmen of the Executive Board of Directors as well as one F&C representative, the General Manager of Pensõesgere and the Heads of the Budget Planning and Control Department, Assets and Liabilities Management Department, Staff Management Support Department and the Risk Officer, who acts as secretary.

The Credit Risk Monitoring Sub-Commission is responsible for monitoring the evolution of credit exposure and of the contracting process, as well as the quality of the portfolio and key performance and risk indicators, counterpart risk, risk of concentration of the highest exposures and the evolution of impairment and the main cases analysed at an individual level. This sub-commission also analyses the performance of the recovery processes and supervises the divestment of the real estate portfolio. It submits proposals for the definition of credit concession policies and regulations, PD and LGD models and the models underlying the calculation of impairment as well as the automatic decision-making and credit recovery processes.

This Sub-Commission is composed of Vítor Fernandes and António Ramalho, Vice-chairmen of the Executive Board of Directors, and Miguel Maya and Rui Manuel Teixeira, members of the Executive Board of Directors, as well as the Risk Officer, who acts as secretary, the Heads of the Budget Planning and Control Department, Credit Department, Rating Department, Specialised Credit Recovery Department, Standardised Credit Recovery Department, Corporate II Department, Real Estate Business Department and Marketing Department.

Pension Fund Monitoring Commission

The mission of this Commission is the monitoring of the management of the Pension Funds. This Commission issues opinions on proposals to amend the respective constitutive contracts and was established under the terms of article 53 of Decree-Law 12/2006, of 20 January, as amended by Decree-Law 180/2007, of 9 May.

This Commission is composed of two members of the Executive Board of Directors, one being the Vice-Chairman of the Executive Board of Directors, Vítor Fernandes, the Risk Officer, the Heads of the Staff Management Support Department, who acts as secretary, Budget Planning and Control Department, and one representative of Pensõesgere (Pension Fund manager). The Bank invited the Workers Committee to send a representative to this Commission, for this reason assigning one of the two places to which it was entitled. This Commission also includes three representatives of Bank Sector Unions.

Sustainability Commission

This Commission is responsible for submitting proposals for decision-making on topics related to the action plan based on the sustainability policy, as well as monitoring and reporting on the degree of achievement of the approved initiatives, and supervision of the preparation of reports and other communication formats in the area of sustainability.

This Commission is composed of António Ramalho and Iglésias Soares, Vice-Chairman and member of the Executive Board of Directors, respectively, and the Heads of the Communication Department, Quality Department, Assets and Logistics Department, Marketing Department, Staff Management Support Department, Research Office, who acts as secretary, and a representative of Fundação Millennium bcp.

Stakeholders Commission

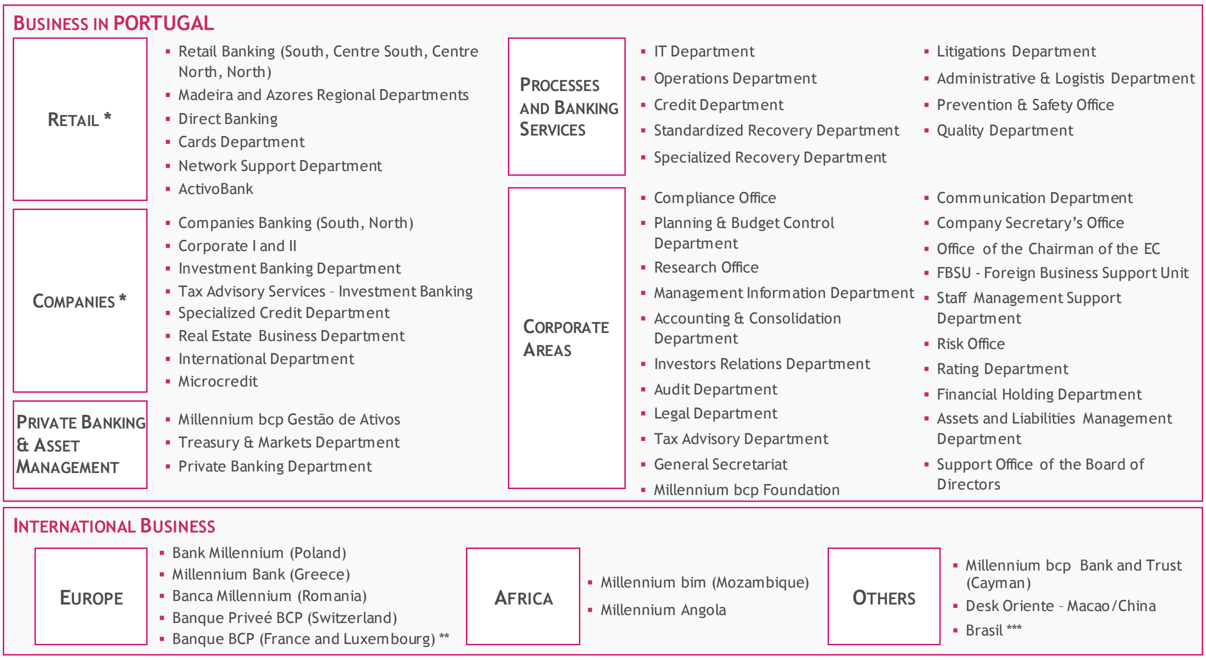
This Commission is responsible for relations with stakeholders, and operates simultaneously as a privileged channel for the disclosure of internal information and as a forum of debate and strategic advice for the Executive Board of Directors.

Some of its members are persons of high and publicly recognised merit and prestige, without ties to the Bank, and are invited from amongst the main stakeholders, namely shareholders, employees, customers and civil society.

This Commission is composed of the Chairman of the Executive Board of Directors, Carlos Santos Ferreira, the Vice-Chairman of the Board of the Directors, António Ramalho, the Chairman of the Board of the Bank's General Meeting, the Ombudsman of Millennium bcp, a representative of the Workers Commission, Luís Arezes, a representative of Fundação Millennium bcp, Luís Mota Freitas, a representative of the Customers, DECO, represented by Jorge Morgado, the Suppliers, represented by IBM (embodied by José Joaquim Oliveira), Patrick Wing Ming Huen, Vice-Chairman of ICBC-Industrial and Commercial Bank of China, Macau, and in representation of the Universities, Luís Campos e Cunha. The Head of the Support Office of the Chairman of the Executive Board of Directors acts as secretary to the Commission.

Business Areas and Support Units

The chart below presents the Bank's organisation relative to business activity and support, both in 2011 and presently.



* The Marketing Management Department registries the two Committees ** Consolidated by the equity-method *** Partnership agreement with Private Bank Atrantico, S.A. for the creation/acquisition of a bank in Brazil aiming to exploit the brazilian market.
Note: The Internal Organization Model is structured according to the criterion of geographic segmentation (vs. Business in Portugal. Foreign Business).

Amongst the corporate areas, in view of the respective duties, it is considered that more detailed information should be presented relative to the Compliance Office, Audit Department and Risk Office.

Compliance Office

The mission of the Compliance Office is to ensure that the management bodies, functional structures and all the Employees of Banco Comercial Português Group comply with the legislation, rules and regulations (internal and external) which guide the activity of the Bank and of its associates. In the performance of its duties, the Compliance Office works with the Executive Board of Directors, of which it depends, as well as with the Audit Committee of the Supervisory Board, to which it reports directly. Presently this office reports to the Executive Committee and, in the matters defined by the latter, to the Audit Committee.

The Compliance Office, in pursuing its objective of compliance and ensuring compliance with the applicable legal and regulatory provisions, including professional and ethical provisions and practices, internal and statutory rules, rules of conduct and Customer relations, guidelines of the governing bodies and recommendations of the banking and financial supervisory authorities, performs its duties in an independent, continuous and effective manner.

This Office is entrusted with the monitoring and regular assessment of the adequacy and efficacy of the measures and procedures adopted for the detection of any risk of non-compliance with the legal obligations and duties to which the institution is subject, through the provision of advice to the management and supervisory boards, including information on indication of breach of legal obligations, rules of conduct and Customer relations which might place the Institution at risk of incurring in administrative or criminal offences. It is also responsible for monitoring and assessing the internal control procedures and for the preparation and submission to the management and supervisory boards of reports, at least on an annual basis, identifying any non-compliance observed and the measures adopted to correct them.

The Compliance Office also promotes the development and implementation of a culture of compliance, intervening and participating actively in the preparation of the Group's policies, such as the policy on the prevention of money laundering and combat against the financing of terrorism, the policy of acceptance of Customers and policy on conflicts of interest, also participating actively in the policy on employee training, through the creation of compliance training actions for the entire Group, the maintenance of a high level of knowledge on topics related to compliance and the development of a culture of internal control within the Group, amongst others.

The policies, principles and procedures of the Compliance Office are extended to all of the group's international operations, through the action of the local Compliance Officers whose functional coordination ensures the alignment of strategies and the control and coordination of the compliance action plan.

Head of Group Compliance: Carlos António Torroaes Albuquerque in 2011.

Presently this office is held by António Pedro Nunes de Oliveira.

Audit Department

The Audit Department is responsible for the Internal Audit function of Banco Comercial Português. This Department carries out its mission by adopting principles of internal auditing which are internationally recognised and accepted, issuing recommendations based on the outcome of the assessments made, aimed at adding value to the organisation and improving the control and quality of the Bank's operations, contributing to the achievement of its strategic interests and ensuring that:

- The risks are duly identified and managed, and the implemented controls are correct and proportional to the risks;
- The system of assessment of the Bank’s capital is adequate in relation to its level of exposure to risk;
- The different governing bodies interact in an adequate, effective and efficient manner;
- The operations are recorded correctly and the operational, financial and managerial information is rigorous, reliable and timely;
- The safeguarding and security of the interests and assets of the Bank and Group or of those which were entrusted to them are duly ensured;
- The Employees perform their duties in conformity with the internal policies, codes of conduct, internal rules and procedures and with the legislation and other applicable regulations;
- The resources are economically acquired, efficiently used and adequately protected;
- The programmes, plans and objectives defined by the management are followed;
- The legal and regulatory matters of impact on the organisation are recognised, clearly understood and duly addressed.

The Audit Department's mission also includes the prevention, detection and control of fraud.

The activity of the Audit Department contributes to the pursuit of the objectives defined in Banco de Portugal’s Notice number 5/2008 for the internal control system of institutions covered by the General Framework for Credit Institutions and Financial Companies, ensuring the existence of:

- An adequate control environment;
- A solid risk management system;
- An efficient information and communication system;
- An effective monitoring process.

In the performance of its duties, the Audit Department works with the Executive Board of Directors, of which it depends, as well as the Audit Committee of the Supervisory Board, to which it reports directly.

Head: António Pedro Nunes de Oliveira in 2011.

Presently this office is held by Mário António Pinho Gaspar Neves.

Risk Office

The main function of the Risk Office is to support the Executive Board of Directors in the development and implementation of risk management and control processes, as described in greater detail in point II.5.

In the performance of its duties, the Risk Officer relates with the Executive Board of Directors, of which it depends, as well as the Audit Committee of the Supervisory Board, to which it reports directly.

Risk Officer: José Miguel Bensliman Schorcht da Silva Pessanha

II.4. Reference to the fact that the annual reports on the activity developed by the General and Supervisory Board, the Financial Matters Committee, Audit Committee and Supervisory Board include a description of the supervisory activity carried out, noting any constraints detected, and to be disclosed on the company's Internet site, together with the financial statements

The description of the supervisory activity carried out by the Supervisory Board and the Audit Committee are in the annual reports published together with the financial statements, which are disclosed on the Bank's Internet site, on the page with the following direct address:

http://www.millenniumbcp.pt/pubs/pt/investidores

II.5. Description of the internal control and risk management systems implemented in the company, namely, relative to the process of disclosure of financial information, mode of functioning of this system and its efficacy

The Internal Control System

The Internal Control System is defined as the set of principles, strategies, policies, systems, processes, rules and procedures established in the Group aimed at ensuring:

- Efficient and profitable performance of the activity, in the medium and long term, ensuring the effective use of the assets and resources, the continuity of the business and actual survival of the Group, namely through the adequate management and control of the risks of the activity, prudent and correct assessment of the assets and liabilities, as well as the implementation of mechanisms for prevention and protection against errors and fraud;
- The existence of financial and managerial information which is complete, pertinent, reliable and timely, to support decision-making and control processes, both at an internal and external level;
- Observance of the applicable legal and regulatory provisions issued by Banco de Portugal, including those relative to the prevention of money laundering and terrorism financing, as well as professional and ethical standards and practices, internal and statutory rules, codes of conduct and customer relations, guidelines of the governing bodies and recommendations of the Basel Committee on Banking Supervision and European Banking Authority (EBA), so as to preserve the image and reputation of the institution before its customers, shareholders, employees and supervisors.

In order to achieve these objectives, the Internal Control System has been established based on the Compliance function, Risk Management function and Internal Audit function, which are exercised by centralised Departments and operate transversally across the Group. The persons in charge of these three Departments were appointed by the Bank's Executive Board of Directors, with the favourable opinion of the Supervisory Board, and maintain direct and assiduous relations with the respective Audit Committee. In the governance model presently in effect, they are appointed by the Board of Directors.

The Internal Control System is based on:

- An adequate internal control environment;
- A solid risk management system, aimed at the identification, evaluation, follow-up and control of all risks which might influence the Group's activities;

- An efficient information and communication system, instituted to guarantee the collection, processing and transmission of relevant, encompassing and consistent data, within a period of time and manner allowing for the effective and timely management and control of the institution's activity and risks;
- An effective monitoring process, implemented with a view to ensuring the adequacy and efficacy of the actual internal control system over time, to ensure, namely, the immediate identification of any failings (defined as the group of existing, potential or real insufficiencies, or opportunities for the introduction of improvements to permit strengthening the internal control system), including the triggering of corrective action; and
- Strict compliance with all the legal and regulatory provisions in force by the Group's employees in general, and by the people who hold senior or directorship positions, including members of the management board, ensuring, namely, compliance with the Group's Code of Conduct and other codes of conduct to which banking, financial, insurance and brokerage of securities or derivative product activities are subject.

The Risk Management System, Information and Reporting System and Monitoring of the Internal Control System

The Internal Control System includes the following subsystems: the Risk Management System, Information and Reporting System, and the Process of Monitoring of the Internal Control System

The Risk Management System corresponds to the series of integrated and continuous processes which enable the identification, assessment, monitoring and control of all material risks, derived internally or externally, to which the Group's Institutions are exposed, in order to keep them at levels that are predefined by the management and supervisory boards, and takes into consideration risks related to credit, markets, interest rates, exchange rates, liquidity, compliance, operating, information systems, strategy and reputation, as well as all other risks which, in view of the specific situation of the Group's institutions, could become materially relevant.

This system is suitably planned, reviewed and documented and is supported by risk identification, assessment, monitoring and control processes, which include appropriate and clearly defined policies and procedures aimed at ensuring that the objectives of the institution are achieved and that the necessary measures are taken to respond adequately to previously identified risks.

The Information and Reporting System ensures the existence of information which is substantive, up-to-date, understandable, consistent, timely and reliable, so as to enable an overall and encompassing view of the financial situation, development of the business, compliance with the defined strategy and objectives, risk profile of the institution and behaviour and prospective evolution of relevant markets.

The financial information process is supported by the accounting and management support systems, which record, classify, associate and archive, in a timely, systematic, reliable, complete and consistent manner, all the operations carried out by the institutions and its subsidiaries, in accordance with the determinations and policies issued by the Executive Board of Directors.

The Monitoring Process includes all the control action and assessment developed with a view to ensuring the efficacy and adequacy of the internal control system, namely, through the identification of failings in the system, whether in terms of design, implementation or use. Implemented on a continuous basis and as an integral part of the Group's routines, the control and monitoring action is complemented with autonomous assessments, periodic or exceptional. Any failings of material impact which might be detected through the control procedures are duly recorded, documented and reported to the appropriate management and supervisory boards.

In this context, the Internal Audit Function is performed by the Audit Department on a permanent and independent basis, assessing, at all times and pursuant to the established plan, the adequacy and efficacy of the different components of the internal control system as a whole, issuing recommendations based on the outcome of the assessments carried out.

These subsystems of the Internal Control System are managed in the Risk Management area by the Risk Office and Compliance Office and, in the Information and Reporting area by the Budget Planning and Control Department, Accounts and Consolidation Department and areas responsible for accounting in the various subsidiary companies. The activity of the Risk Office is transversal across the Group and includes the coordination of the local risk management structures. The activity of the Compliance Office is also transversal to all Institutions of the Group, in terms of applicable compliance policies, with observance of the legal specificities of each jurisdiction. The Accounting and Consolidation Department and the Budget Planning and Control Department receive and centralise the financial information of all the subsidiary companies. The Audit

Department is responsible for 'in loco' monitoring of the internal control system, performing this duty transversally.

Hence, the Risk Office, Compliance Office, Accounting and Consolidation Department, Budget Planning and Control Department and Audit Department ensure the implementation of the procedures and means required to obtain all the relevant data for the information consolidation process at Group level, both of accounting nature, as well as relative to management support and risk monitoring and control, which should cover, namely:

- The definition of the contents and format of the information to be reported by the entities included in the consolidation perimeter, in accordance with the accounting policies and guidelines defined by the management board, as well as the dates when the reporting is required;
- The identification and control of the operations within the Group;
- The guarantee that the managerial information is consistent between the different entities, so that it is possible to measure and monitor the evolution and profitability of each business, verify compliance with the objectives that have been established, as well as evaluate and control the risks incurred by each entity, both in absolute and relative terms.

II.6. Responsibility of the management board and supervisory board in the creation and operation of the company's internal control and risk management systems, as well as in the assessment of their operation and adjustment to the company's needs

Responsibilities of the Executive Board of Directors in the context of the Internal Control System

In the context of the Internal Control System and, more specifically, of the Risk Management System, the Executive Board of Directors, until 27 February 2012 and the Board of Directors after that date, must ensure that it has adequate knowledge of the types of risks to which the institution is exposed and of the processes used to identify, assess, monitor and control these risks, as well as the legal obligations and duties to which the institution is subject, being responsible for the development and maintenance of an appropriate and effective risk management system.

Hence, the management board of Banco Comercial Português:

- Defines and reviews the overall objectives and specific objectives for each functional area, with respect to the risk profile, decision levels and degree of tolerance relative to risk;
- Approves policies and procedures which are specific, effective and adequate for the identification, assessment, monitoring and control of the risks to which the institution is exposed, ensuring their implementation and compliance;
- Approves, prior to their introduction, the new products and activities of the institution, as well as the respective risk management policies;
- Verifies, in a regular manner, compliance with the risk tolerance levels and risk management policies and procedures, assessing their efficacy and continuous adequacy to the institution's activity, so as to enable the detection and correction of any failings;
- Requests and appraises precise and complete periodic reports on the main risks to which the institution is exposed and reports that identify the control procedures implemented to manage these risks;
- Ensures the effective implementation of its guidelines and recommendations so as to introduce corrections and/or improvements in the Risk Management System;
- Ensures that the risk management activities have sufficient independence, status and visibility and are subject to periodic reviews;
- Issues opinions on the reports prepared by the Risk Management and Compliance units, namely, on the recommendations for the adoption of corrective measures.

The management board is also responsible for ensuring the implementation and maintenance of information and reporting processes which are suitable to the institution's activity and risks, for defining the accounting policies to be adopted, for establishing the guidelines and for defining the decisions which, in the context of such policies, must be taken, in order to ensure the reliability of the financial reporting. Therefore, and at a more operational level, it is responsible for approving the reporting or external disclosure outputs produced for this effect.

Responsibilities of the Audit Committee and Statutory Auditor in the context of the Internal Control System

Regarding the Internal Control System and pursuant to Banco de Portugal's Notice number 5/2008, the responsibilities of the Supervisory Board and Statutory Auditor are as follows:

On an individual basis: issue of a detailed opinion by the supervisory board on the efficacy/adequacy of the Internal Control System and issue of an opinion by the statutory auditor on the process of preparation and disclosure of individual financial information (Financial Reporting); and

On a consolidated basis: issue of an opinion by the supervisory board of the parent company of the Group, which should include, at least, appraisal of the consistency of the internal control systems of the subsidiaries, including subsidiaries abroad and off-shore establishments. This opinion may be based on the respective opinions prepared for the effect by the supervisory boards of each subsidiary, and issue of an opinion by the statutory auditor on the process of preparation and disclosure of consolidated financial information (Financial Reporting).

II.7. Indication of the existence of working regulations for the corporate bodies, or other rules relative to incompatibilities defined internally and on the maximum number of positions which can be accumulated, and place where they may be consulted

In addition to the legal and regulatory provisions to which these bodies and their members are subject on this matter, the supervisory board and management board also have their own working Regulations, which may be consulted on the Bank's Internet site, on the page with the following direct address:

http://www.millenniumbcp.pt/pubs/pt/investidores/governacaocorporativa/normas/regimentoca/.

In general terms, the incompatibilities system stipulated in the Companies Code, pursuant to the Bank's governance model during 2011, is applicable to the Supervisory Board and prohibits members being persons who have interests in the company that might place in question the impartiality which should guide the action of members of a body with responsibility in the supervision of management.

Hence, and under the terms of articles 434 and 414-A of the Companies Code, the following may not be members of the Supervisory Board:

- Beneficiaries of particular advantages of the actual company;
- Persons holding managerial positions in the actual company;
- Members of management bodies of companies controlled by the supervised company or in the same group;
- Members of legal persons controlled by the supervised company or in the same group;
- Persons who, directly or indirectly, provide services or establish significant commercial relations with the supervised company or company controlled by the supervised company or in the same group;
- Persons who hold positions in a competitive company and act in representation or on behalf of it, or are in any other form bound to the interests of the competitive company - applicable only to members of the Audit Committee;
- The spouse, relatives and relatives of the spouse (parents, siblings, uncles, nephews, nieces and all their spouses) of person prevented through force of the provisions in subparagraphs a), b), c), d) and f), as well as the spouses of persons covered by the provisions in subparagraph e);
- Persons who hold managerial or supervisory positions in five companies, with the exception of law firms, audit firms and statutory auditors;
- Statutory auditors in relation to whom there are any other incompatibilities stipulated in the respective legislation;
- Persons who are under judicial restraint, declared disabled, insolvent, bankrupt and condemned to sentences which imply disqualification, even if temporary, from holding public office.

On this matter, the Articles of Association reveal, in article 12, number 1, under the title "independence", that "For the purposes of these Articles of Association, the persons not associated to any group of specific interests within the Bank, nor in any situation that may affect their independence in terms of analysis and decision, are deemed independent".

Furthermore, performance of duties in the Supervisory Board is subject to specific rules, established in article 5 of the respective regulations, transcribed below:

"Article 5

(Incompatibilities)

1. The exercise of the functions as member of the SB is subject to the incompatibilities regime established by the Law, and each member must provide to the Chairperson, within 90 days after the election, a statement verifying the absence of incompatibilities.
2. Any SB member who has doubts regarding an incompatibility situation, regarding him-/herself or another SB member should present the situation to the Chairperson of the Supervisory Board, who will proceed to verify the matter with the Supervisory Board or the Committee created for that purpose, so as to issue a duly grounded resolution on the matter.
3. If, after the election, even if due to a change in the personal circumstances of any SB member, an incompatibility described in the law occurs, the nomination of the SB member shall immediately terminate and he/she must immediately inform in writing the Chairperson of the SB."

On this issue, it is important to recall that, at the time of the election of the members of the Supervisory Board in office at 31 December 2011, the General Meeting resolved:

"1. Grant the authorization foreseen in article 434 (5) and (6) of the Companies Code relating to all members of the Supervisory Board elected and identified above that exercise or will exercise, on their own account or on the account of third parties, an activity competing with the one of the company, namely the exercise of function in a competing company;

2. Define, without damaging further development or fulfillment objectives that may be adopted by the Supervisory Board, the following principles of the regime ruling the access to inside information by members of the Supervisory Board comprised within the authorization mentioned in number 3 above, that, in any moment whatsoever are, on their own account or on the account of third parties, exercising an activity that competes with the activity of the company:

i) The members of the Supervisory Board that, in the course of their term of office, are exercising an activity that competes with the activity performed by the company in accordance with the provisos of the law must not (a) have access to information, or (b) participate in decision-making processes on issues relating to strategic development plans of banking business areas object of relevant competition in Portugal or in other markets where the Bank develops activities and where the member of the Supervisory Board also exercise a competing activity, on their own account or on account of third parties, or issues that, due to their particular relevance within the competitive context of the banking activity pursued by the company, are deemed to be sensitive for those purposes by means of a resolution adopted by the Supervisory Board;

ii) The qualification of a determined information as sensitive for the purposes of the final part of the previous paragraph must be object of a resolution approved by a two-thirds majority and the SB member(s) that exercises a competing activity will not be entitled to vote."

Section II - Board of Directors

II.8. Should the chairman of the management board perform executive duties, indication of the mechanisms for the coordination of the work of the non-executive members so as to ensure the independent and informed character of their decisions

In the two-tier governance model, adopted by Banco Comercial Português in 2011, the Executive Board of Directors is composed exclusively of executive members, with the Supervisory Board being entrusted with specific supervisory and monitoring competences, which in the Anglo-Saxon or one-tier model are entrusted to the non-executive members of the Board of Directors.

At Banco Comercial Português, the duties of the Chairman of the Executive Board of Directors and Chairman of the Supervisory Board are imperatively performed by different persons, and the Audit Committee is under the Supervisory Board.

II.9. Identification of the main economic, financial and legal risks to which the company is exposed during the exercise of its activity

On this issue, see the information provided in the 2011 Annual Report, Volume I – Chapters - Risk Management and Main Risk Factors.

II.10. Powers of the management board, namely with respect to resolutions to increase share capital

Under the terms of the Bank's Articles of Association, the Executive Board of Directors could, when deemed convenient and after having received the favourable opinion of the Supervisory Board, increase the share capital, one or more times, up to the limit of two fifths of the value of the share capital on the date when the authorisation was granted or on the date of each of its renewals, if applicable.

The last authorisation to resolve on a share capital increase was granted at the General Meeting held on 18 April 2011, and the amount used in 2011 was of 259, 852,986.00 Euros. This authorization was renewed by the General Meeting on 28 February 2012 in favour of the Board of Directors.

Moreover, the Bank's Articles of Association stipulate that, exclusively with respect to any possible increase or increases of share capital that might be resolved by the Executive Board of Directors, with the favourable opinion of the Supervisory Board, through conversion of credit to which the State might be entitled as a result of execution of guarantees provided under Law number 60-A/2008, of 20 October, and which are legally considered share capital increases in cash, the authorisation stipulated above must have a maximum, autonomous and additional limit, equal to the current share capital the Bank or existing share capital at the time of any renewal of this authorisation, where any possible increases through conversion of State credit do not count for the purposes of the maximum amount established above, and any shares to be issued may be preferred shares under the legal and statutory terms.

Regarding all other competences of the Executive Board of Directors, see Chapter II.1 subparagraph A) of this Report where they have been enumerated briefly.

II.11. Information on the policy of rotation of the areas of responsibility within the Board of Directors, namely of the person responsible for financial matters, as well as on the rules applicable to the nomination and replacement of members of the management and supervisory boards

The management teams are chosen as a whole and with special focus on their respective cohesion, taking into account the capacities, qualifications and professional experience of each member, and considering that it would be counterproductive to have a rigid and abstract policy of rotation of areas of responsibility.

The action of Banco Comercial Português on this matter has been, at any given time and after careful consideration of the characteristics and personal and professional experience of each Executive Director, to proceed with the rotations deemed suitable to safeguard the interests of the Company. Therefore, the rotation of areas of responsibility has occurred with some regularity, requiring submission to the Supervisory Board, presently to the Board of Directors in office.

The Chief Financial Officer as at 31 December 2011 was appointed on 18 April 2011.

The members of the Supervisory Board and the Statutory Auditor were elected by the General Meeting and in the event of the occurrence of vacancies which could not be filled by the elected alternate members, only the General Meeting can proceed with their respective appointment through a new election. Therefore, any rotation is entrusted solely to the shareholders.

Regarding the members of the Executive Board of Directors, which were also elected at the General Meeting, in the event of the absence or temporary impediment of any of these members, the Supervisory Board is responsible for appointing an alternate member. The appointment of directors under the circumstances described above must, imperatively, be ratified at the first General Meeting after the appointment.

II.12. Number of meetings of the management and supervisory boards, and reference to the drawing up of the minutes of these meetings

See the answer to II.13.

II.13. Indication of the number of meetings of the Executive Committee or Executive Board of Directors, and reference to the drawing up of the minutes of these meetings and their sending, accompanied by the call notices, as applicable, to the Chairman of the Board of Directors, to

the Chairman of the Supervisory Board or of the Audit Committee, to the Chairman of the General and Supervisory Board and to the Chairman of the Financial Matters Committee

During the financial year of 2011, the Supervisory Board held thirteen meetings, with an attendance rate of 84.02%. All absences were duly and previously justified.

During the financial year of 2011, the Executive Board of Directors held 51 meetings, with an attendance rate of 92.17%. All absences were duly and previously justified with the vast majority having been due to commitments related to the performance of duties and representation of the Bank, as well as use of the right to holidays.

As a rule, the Executive Board of Directors holds a weekly meeting.

During the financial year of 2011, the Audit Committee, held sixteen meetings, with an attendance rate of 98.4%. All absences were justified in due time.

Minutes are drawn up of all the meetings of the Supervisory Board, Executive Board of Directors and Audit Committee.

The supporting documentation of each meeting of the Executive Board of Directors, including agendas, supporting documents and draft minutes for approval, is sent by the Company Secretary, as a rule, two business days in advance, to the members of the Executive Board of Directors and to the Supervisory Board Support Office, the structure providing support to the Supervisory Board, to its Chairman and, in particular, to the Audit Committee.

II.14. Distinction between the executive and non-executive members and, amongst them, discrimination between the members which would comply, if the rules on incompatibilities established in number 1 of article 414-A of the Companies Code were applicable to them, with the exception stipulated in subparagraph b), and the independence criteria established in number 5 of article 414, both of the Companies Code

The present paragraph is not applicable to the two-tier model adopted by Banco Comercial Português 2011.

Since, as noted above, some corporate governance issues regarding non-executive directors of the one-tier and Anglo-Saxon models refer to the members of the Supervisory Board, the qualification of their respective independence has been reported in point II.1.B) of this Report. In this regard, it should be noted that the adopted qualification of independence incorporates all the requirements stipulated in number 5 of article 414 of the Companies Code, as well as those of number 2 of the Corporate Governance Recommendation presented in the Circular Letter from Banco de Portugal number 24/2009/DSB, of 27 February 2009.

Concerning the Supervisory Board, the adopted independence criteria are stipulated in the articles of association and precepts referred to above, under which the majority of the members of this body are independent.

II.15. Indication of the legal and regulatory rules and other criteria underlying the assessment of the independence of its members made by the management board

The present paragraph is not applicable to the two-tier model adopted by Banco Comercial Português in 2011. Concerning the Supervisory Board, the adopted independence rules and criteria are stipulated in the articles of association, in number 5 of article 414 of the Companies Code and in number 2 of the Corporate Governance Recommendation presented in the Circular Letter from Banco de Portugal number 24/2009/DSB, of 27 February 2009.

II.16. Indication of the rules of the process of selection of candidates to non-executive directors and way they ensure the non-interference of the executive directors in this process

In view of the two-tier model of governance adopted by Banco Comercial Português in 2011, there are no non-executive Directors, therefore the present point is not applicable.

II.17. Reference to the fact that the company's annual management report should include a description of the activity developed by the non-executive directors and any constraints which might have been detected

Based on the governance model adopted by Banco Comercial Português in 2011, the present point is not applicable.

Since there are no non-executive directors, and considering the correlation indicated above, it should be clarified that the report of the Supervisory Board and Audit Committee, which are disclosed together with this Corporate Governance Report and are an integral part of the financial statements, provides the description of the activities developed by their members.

II.18. Professional qualifications of the members of the Board of Directors, indication of the professional activities carried out by them, at least, over the past five years, number of company shares they own, date of their first appointment and date of term of office

Annexes I and V to the present report indicate the qualifications and professional activities carried out by the members of the Executive Board of Directors, as well as the number of company shares they own as at 31 December 2011.

The members of the Executive Board of Directors, in office until 28 February 2012, were elected at the General Meeting held on 18 April 2011.

On 20 June 2011, Paulo José de Ribeiro Moita de Macedo resigned from the position of member and Vice-Chairman of the Executive Board of Directors, due to having accepted taking office in the XIX Constitutional Government of the Portuguese Republic as Minister of Health.

II.19. Positions held by members of the management board in other companies, detailing those held in other companies of the same group

The positions held by members of the management board in other companies of the Group, in the interest of the Group or outside the Group, are indicated in Annex I to the present Report. This information pertaining to the Board of Directors in effect on the date this Report is approved can be found in the Bank's website.

SECTION III - GENERAL AND SUPERVISORY BOARD, FINANCIAL MATTERS COMMITTEE AND BOARD OF AUDITORS

As applicable:

II.21. to II.24.

Not applicable.

II.25. Identification of the members of the General and Supervisory Board and of other committees and commissions constituted under it for the effect of assessment of the individual and overall performance of the executive directors, reflection on the governance system adopted by the company and identification of potential candidates with the profile for the position of director

See point II.1. above on this matter.

II.26. Statement that the members comply with the rules on incompatibility established in number 1 of article 414-A, including subparagraph f), and the independence criteria established in number 5 of article 414, both of the Companies Code. For the effect, the General and Supervisory Board carries out the respective self-assessment

See point II.1. above on this matter.

Based on the information gathered from the members of the Supervisory Board, the Board appraised the information provided in point II.1., which was approved by that governing body.

II.27. Professional qualifications of the members of the General and Supervisory Board and of other committees and commissions constituted within it, indication of the professional activities carried out by them, at least, over the past five years, number of company shares they own, date of the first appointment and date of term of office

Annexes II and V to the present report present the curricula of the different members of the Supervisory Board, indicating their respective qualifications, professional activities and date of their first appointment, as well as the number of company shares they own.

II.28. Positions that the members of the general and supervisory board and of other committees and commissions hold in other companies, detailing those held in other companies of the same group

The positions held by members of the Supervisory Board in other companies are indicated in their respective curricula presented in Annex II to the present report.

II.29. Description of the remuneration policy, including, namely, that of the directors in observance of number 3 of article 248-B of the Securities Code, and that of other workers whose professional activity might have a relevant impact on the company's risk profile and whose remuneration contains an important variable component

On 18 April 2011, the Executive Board of Directors submitted to the General Meeting, for resolution with a binding character, the policy on the remuneration of managers and officers, as defined by number 3 of article 248-B of the Securities Code, and other employees, prepared by it and approved pursuant to the principles enumerated in Circular Letter number 2/10/DSBDR, of 1 February 2010, which established the recommendations and criteria to be followed in the definition of the remuneration policy to be adopted by the institutions covered by number 1 of article 1 of Banco de Portugal's Notice number 1/2010, of 26 January 2010.

The document in question received the approval of 99.94% of the votes cast, where shareholders owning 52.57% of the share capital attended the meeting or were represented therein.

"REMUNERATION POLICY

Framework

1. The Conselho Nacional de Supervisores Financeiros (CNSF) (Portuguese Board of Financial Supervisors) recognizing the need to establish a common practice in what concerns remuneration policies, aligned with international recommendations and principles, promoted an initiative aimed at ensuring an appropriate and consistent compliance by the financial institutions with healthy and prudent remuneration policies.

Within this context, the Notice nr. 1/2010, dated 26 January of Banco de Portugal, established the information that must be disclosed on the remuneration policy of the members of management and supervision bodies and of employees that, though they are not members of management and remuneration bodies, earn a variable remuneration and exercise control functions subject to Notice nr. 5/2008 dated 1 July of Banco de Portugal, exercise other professions that may have a material impact on the company's risk profile or have regular access to privileged information and take part in the management and strategy decisions of the company.

In addition, the Circular Letter nr. 2/10/DSBDR dated 1 February 2010 established the recommendations and criteria to observe in the definition of the remuneration policy to be adopted by the institutions ruled by Article 1 (1) of the Notice nr. 1/2010 of Banco de Portugal, from a "comply or explain" perspective, implying that the failure to adopt those recommendations and criteria by the supervised institutions must be duly explained.

General Principle

2. The Remuneration Policy of Banco Comercial Português must be consistent with an efficient risk management control, avoiding excessive exposure to risk and also be coherent with the long-term objectives, values and interests of the institution, namely with its prospects in terms of sustained growth and profitability and with the protection of the interests of both customers and investors.

The Remuneration Policy also took into account the transparency and adequacy goals set in what regards the evaluation and supervision requisites established by Banco de Portugal.

The Staff Management Support Department coordinated the definition of the Remuneration Policy, which involved the participation of the people in charge of the control function. The opinion issued by external consultants was also taken into consideration.

Remuneration Policy Criteria

3. The Remuneration Policy of Banco Comercial Português complies with all the criteria set forth by the Circular Letter nr. 2/10/DSBDR dated 1 February 2010, and therefore establishes the following:

3.a) The fixed remuneration of the senior executives has to represent a sufficiently high proportion of the total remuneration so as to enable the application of an extremely flexible policy on the variable portion of the remuneration, admitting the possibility of not paying any variable component;

3.b) The variable component of the remuneration of the senior executives is subject to a ceiling;

3.c) The payment of a significant portion of the variable remuneration component must be made by means of financial instruments, whose valuation is connected to the medium- and long-term performance of the institution;

3.d) The quantification of the variable component of the remuneration must additionally depend on non financial criteria and must partially derive from the collective performance of the unit where the Employee works;

3.e) The variable remuneration must be attributed according to pre-determined measurable criteria and be based on a pluri-annual framework;

3.f) The payment of part of the variable remuneration must be deferred;

3.g) The amount of the variable remuneration of the Employees that exercise control functions depends on the fulfilment of the objectives related to their respective functions and not those of the areas controlled by them.

Composition of the Remuneration and Relation between the Fixed Remuneration and the Variable Remuneration

4. The Employees of Banco Comercial Português earn a fixed Monthly Remuneration, paid 14 times/year, based on the amounts defined in the employment agreement. The nature of each function and the respective level of demand and responsibility determine the attribution of other remuneration components, namely a supplement and/or exemption of work schedule, which must be approved by the Executive Board of Directors or by those empowered for that purpose by the EBD.

5. The criteria approved for the Remuneration Policy of all Employees in general also apply when determining the variable annual component of the remuneration of Coordinating Managers, Heads of units that report directly to the Executive Board of Directors, Employees of the second structure level of the Audit Department, Compliance Office, Risk Office, Rating Department, Credit Department and Treasury and Markets Department, to other employees who have regular access to privileged information and other employees who earn a fixed remuneration of 100,000 €/year or more.

6. The variable portion of the remuneration of the above mentioned Employees should not exceed 37.5% of the total annual remuneration.

The Executive Board of Directors may review this ceiling every year, based on the guidelines stated in the Circular Letter nr 2/10/DSBDR.

7. The exact amount of the variable portion shall vary each year in view of the institution’s earnings, the performance of the Unit where the Employee works and the fulfilment degree of the individual annual objectives, in accordance with the performance evaluation system in effect in Banco Comercial Português.

Payment of the Variable Remuneration

8. 45% of the variable remuneration shall be paid in cash, when applicable, in the year immediately after the results reference date, after the approval of the earnings of the financial year.

Deferment of the Variable Remuneration

9. The remaining 55% of the Variable Remuneration shall be paid with securities that will be subject to a pre-defined lock out period of at least 3 years.

Other components of the Remuneration

10. These Employees also receive, as everyone else, the benefits prescribed by the collective work agreements signed by the Bank and by the supplementary pension regime, the terms and conditions of which are stated in instruments that have been duly approved and disclosed by the Instituto de Seguros de Portugal (Portuguese Insurance Regulator).”

SECTION IV - REMUNERATION

II.30. Description of the remuneration policy of the Management and Supervisory Boards referred to in article 2 of Law number 28/2009, of 19 June

In the corporate governance model adopted by the Bank in 2011, the establishment of the remuneration of the Executive Directors is entrusted to the Remuneration and Welfare Board, although it is important to bear in mind, not only the legal and supervisory provisions in force during the financial year (including Banco de Portugal's Notice number 1/2010, of 26 January 2010, and Banco de Portugal's Circular Letter number 2/2010, of 1 February 2010), but also the statutory provisions which determine that the remuneration of the Executive Board of Directors may be composed of a fixed portion and a variable portion.

The Remuneration and Welfare Board submitted to the General Meeting held on 18 April 2011, with a binding character, the Remuneration Model of the Executive Board of Directors, transcribed below, which was approved with 99.94% of the votes cast, and where the meeting was attended by shareholders or their representatives holding 52.57% of the share capital.

"REMUNERATIONS MODEL FOR THE EXECUTIVE BOARD OF DIRECTORS (EBD)

I.

1) The remuneration of the Members of the Executive Board of Directors of Banco Comercial Português, S.A. (Millenium bcp) is composed by:

a) The Monthly Fixed Remuneration, paid 14 times a year and defined based on the Bank's position in comparison with a benchmark of Portuguese and European companies, composed by companies listed in PSI-20 with size or features similar to those of Millennium bcp and to other financial institutions located inside the European Union.

b) The Annual Variable Remuneration, to be paid in the way mentioned below.

2) This definition of this variable remuneration depends on a benchmark based on the practices of the European financial sector. According to the legal requirements imposed by the European Union and to the Portuguese recommendations, the payment of the Variable Remuneration is subject to certain conditions, namely deferment.

3) If a director takes on functions while a term-of-office is underway, the Variable Remuneration shall be adjusted to the number of months completed in office, out of the total number of months in a complete term-of-office.

II.

The Remuneration and Welfare Board will approve the two components of the remuneration listed above.

III.

a) The Annual Variable Remuneration cannot surpass 130% of the Annual Fixed Remuneration;

b) The variable remuneration, as a whole and for all the members of the Executive Board of Directors, cannot surpass 2% of the net income achieved in the financial year.

IV.

The approval of the Monthly Fixed Remuneration of the Members of the Executive Board of Directors obeys the following rules:

a) Chairman - autonomous remuneration;

b) Vice-Chairmen – amount computed based on a percentage of the Chairman's Monthly Fixed Remuneration, varying between 70% and 80% of that remuneration; The Monthly Fixed Remuneration of each Vice-chairman may be the same or different, taking into consideration his seniority in the position and his performance assessment, to be approved by the Remuneration and Welfare Board pursuant to a proposal made by the Chairman of the Executive Board of Directors;

c) Members – amount computed based on a percentage of the Chairman's Monthly Fixed Remuneration, varying between 60% and 70% of that remuneration, computed according to the criteria described in the previous paragraph for the Vice-Chairmen's Monthly Fixed Remuneration;

d) The Monthly Fixed Remuneration of the Members of the Executive Board of Directors may be updated and/or raised pursuant to a proposal from the Remuneration and Welfare Board. These updates and/or rises must take into consideration the updates / rises given to Coordinating Managers.

V.

The Annual Variable Remuneration of the Members of the Executive Board of Directors shall depend on the earnings resulting from the Group's economic performance, and be established by the Remuneration and Welfare Board in the same manner for all the Members of the Executive Board of Directors.

The Annual Variable Remuneration is computed based on the degree of objective fulfilment of the Group's results, which will determine the percentage to be earned by the member of the Executive Board of Directors as follows:

TABLE 1

Performance Remuneration

Payment formula

Variable Remuneration

Group's earnings

% of objective fulfilment (of the Group's earnings)	Base Salary %
> 130%	130%
120% - 130%	120%
110% - 120%	110%
100% - 110%	100%
90% - 100%	80%
80% - 90%	50%
< 80% (*)	0%

(*) If the percentage of objective fulfilment falls below 80%, the Remuneration and Welfare Board may attribute a maximum premium of 50%.

a) Group's Income – for all the members of the Executive Board of Directors.

a. 1): The amounts may vary between 0 and 130% of the Annual Fixed Remuneration, being computed based on the fulfilment of the financial 'objectives' set forth for that financial year;

a. 2): The assessment of each objective must be made taking into consideration its relative fulfilment in comparison with the BEBANKS in terms of value for the shareholder and in comparison with the budget for other indicators. The 'Objectives' for Group earnings are computed as follows:

TABLE 2

Performance Remuneration

Objectives for short-term incentives plan

Group earnings

EBD's approach to Integrated Performance

Objective	Performance Indicator	Objective	Value	Period of time	Evolution (on the objective)	Proportion
Growth	Operating income	Budget	20%	Annual	Earnings / Budget	
Cost-to-income	Cost-to-income	Budget	20%	Annual	Earnings / Budget	
Earnings	Net income	Budget	20%	Annual	Earnings / Budget	If the percentage achieved is below 80% of the objective's evolution, it should be zero.
Profitability	ROE[(1)]	Budget	20%	Annual	Earnings / Budget	
Value for the Shareholder	TSR[(2)]	Evolution of the BeBanks index With dividends	20%	Annual	BCP / BeBanks Index	

[(1)] - This objective presumes a core Tier 1 ratio above 5.5%. Extraordinary situations, such as capital increases or reserves not foreseen when the objectives were defined, and decisions made by the shareholders may not be computed.

[(2)] - In case of extraordinary situations (i.e. public offerings) the TSR computation must be adjusted accordingly.

a. 3): In case of extraordinary events, caused by factors outside the control of the management, the annual objectives set forth may be revised pursuant to a proposal made by the Chairman of the Executive Board of Directors and its approval by the Remuneration and Welfare Board.

b) It is hereby created a scheme that defers the payment of the variable remuneration for periods of 3 years, which corresponds to the duration of the directors' term-of-office.

50 % of the Annual Variable Remuneration shall be deferred.

The amount deferred shall be paid half in cash and half in shares. 1/3 of the total amount deferred shall be paid to the director at the completion of each year in office.

For one year after the date of the payment of the Variable Remuneration in shares the EBD members cannot transfer or encumber those shares. After that lock up period, the shares will be fully transferable.

The amount of the Variable Remuneration that is not deferred shall be paid 50% in cash immediately and 50% in shares that cannot be transferred or encumbered for one year;

c) The incentive system applicable to the members of the Executive Board of Directors subject to the deferred payment of the Variable Remuneration will incorporate provisions (bad actor provisions) for reduction or elimination of deferred variable pay as a result of the following actions carried out during the mandate of each director:

- Material misstatement of financial statements;
- Breach of the internal code of conduct;
- Poor financial performance of Millennium BCP;

These provisions and the impact they may have on releasing the deferred parts of the Variable Remuneration shall be evaluated by the Remuneration and Welfare Board on a yearly basis.

VI.

Every member of the Executive Board of Directors will sign a document in which he/she agrees not to enter into any hedging or risk-transfer agreements regarding any components of the deferred Variable remuneration that may minimise the effects of the risk underlying the remuneration system.

VII.

The Members of the Executive Board of Directors are only entitled to the compensations disclosed and shall receive no additional compensations for their functions.

Hence, given that the remuneration of the Members of the Executive Board of Directors is aimed at the direct compensation of the activities they carry out at the Bank and that for all duties performed at companies or corporate bodies to which they have been nominated by indication or in representation of the Bank, in this last case, the net value of the remunerations received annually for such duties by each Member of the Executive Board of Directors will be deducted from their respective Annual Fixed Remuneration. It is the obligation and responsibility of each Member of the Executive Board of Directors to inform the Bank of any additional compensations which might have been received, for the purposes of the procedure established above.

The existing benefits in terms of health insurance, credit card and mobile phones remain in effect, being the Chairman of the Executive Board of Directors responsible for authorizing them.

Company vehicles do not fall under the competence of the Remuneration and Welfare Board and therefore the limits to their value shall be determined by the Executive Board of Directors, taking into account the practice followed by other credit institutions of an equivalent size. The Remuneration and Welfare Board must be previously informed of this value.

B

RETIREMENT REGULATIONS FOR MEMBERS OF THE EXECUTIVE BOARD OF DIRECTORS

Regarding the regulations for retirement on account of old age or disability of the Members of the Executive Board of Directors, they are presently enshrined in the company's Articles of Association and in the Regulations that execute it, both approved at the Annual General Meeting of 2010."

The Model of Remuneration of the members of the Supervisory Board, also transcribed below, was also submitted with a binding character to the General Meeting held on 18 April 2011, and was also approved by a majority of 99.94% of the votes cast, and where the meeting was attended by shareholders or their representatives holding 52.57% of the share capital.

"SUPERVISORY BOARD REMUNERATION MODEL

1. The Remunerations Policy applicable to the corporate bodies of Banco Comercial Português, S.A. must be simple, transparent and competitive, thus ensuring the focus on the creation of added value for the shareholders and stakeholders.

2. Such remuneration must be set bearing in mind the effort towards greater alignment with the interests of Banco Comercial Português and of its shareholders.

3. Thus, bearing in mind the principles listed above, as well as the practices of large Portuguese companies and the European practices, the responsibilities and functions of the members of the Supervisory Board and the present market conditions, the Remuneration and Welfare Board adopted the following rules:

3.1

The remuneration of the Supervisory Board shall be composed by a fixed annual amount, paid in twelve instalments. The remuneration of the remaining Members of the Supervisory Board shall be computed based on a percentage of the remuneration of the Chairperson of the Supervisory Board, never surpassing it.

3.2

Chairperson: autonomous remuneration;

Vice-Chairpersons: between 50% and 75% of the Chairperson's remuneration;

Chairperson of the Audit Committee: between 50% and 75% of the Chairperson's remuneration;

Other members of the Audit Committee: between 25% and 50% of the Chairperson's remuneration;

Chairperson of another Specialized Committee: between 25% and 75% of the Chairperson's remuneration;

Other members of another Specialized Committee: between 10% and 25% of the Chairperson's remuneration;

Other members of the Supervisory Board not part of a Specialized Committee: between 10% and 25% of the Chairperson's remuneration;

The remuneration of the Supervisory Board does not include a variable remuneration or the attribution of shares as remuneration."

II.31. Indication of the annual value of the remuneration earned individually by the members of the management and supervisory boards of the company, including fixed and variable remuneration and, relative to it, reference to its different components, the deferred portion and portion which has already been paid

During the current financial year, no annual or pluriannual variable remuneration was attributed to the Executive Board of Directors.

In view of the provisions in number 3 of article 440 of the Companies Code, the Supervisory Board is not entitled to any immediate or deferred variable remuneration.

The amounts paid to the members of the Executive Board of Directors and of the Supervisory Board are presented in detail in the tables below.

amounts in Euros

NAME	REMUNERATION			
	BCP	OTHER COMPANIES	TOTAL	Income Tax withheld
CARLOS JORGE RAMALHO DOS SANTOS FERREIRA	473,108.53	176,897.47	650,006.00	189,236.00
VITOR MANUEL LOPES FERNANDES	486,557.01	33,444.99	520,002.00	194,620.00
ANTONIO MANUEL PALMA RAMALHO	472,150.73	10,707.27	482,858.00	175,701.00
MIGUEL MAYA DIAS PINHEIRO	455,000.00		455,000.00	182,000.00
LUIS MARIA FRANCA DE CASTRO PEREIRA COUTINHO	426,237.08	28,762.92	455,000.00	170,493.00
JOSE JACINTO IGLESIAS SOARES (1)	326,300.00		326,300.00	123,578.00
RUI MANUEL DA SILVA TEIXEIRA (1)	305,500.00		305,500.00	119,340.00
PAULO JOSE DE RIBEIRO MOITA DE MACEDO (2)	275,629.46	44,363.40	319,992.86	110,248.00
NELSON RICARDO BESSA MACHADO (3)	121,731.03	27,768.97	149,500.00	48,694.00
JOSE JOAO GUILHERME (3)	149,500.00		149,500.00	56,810.00

(1) Began exercising functions on 18 april 2011

(2) Renounced to the office on 20 June, due to being appointed as Health Minister

(3) Stopped exercising functions on 18 april 2011

amounts in Euros

NAME	REMUNERATION BCP	Income Tax withheld
ANTONIO VITOR MARTINS MONTEIRO	141,000.01	48,567.00
MANUEL DOMINGOS VICENTE	50,000.04	10,741.00
MARIA LEONOR COUCEIRO PRAZERES BELEZA SE MENDONÇA TAVARES	0.00	0.00
ALVARO ROQUE DE PINHO BISSAIA BARRETO	42,000.00	14,700.00
ANTÓNIO LUÍS GUERRA NUNES MEXIA	0.00	0.00
ANTONIO MANUEL COSTEIRA FAUSTINO	35,000.03	9,093.00
ANTONIO HENRIQUES DE PINHO CARDAO	35,000.03	13,474.00
CARLOS JOSE DA SILVA	35,000.03	7,520.00
DANIEL BESSA FERNANDES COELHO	42,000.00	12,315.00
JOAO MANUEL MATOS LOUREIRO (1)	135,000.00	47,132.00
JOSE GUILHERME XAVIER DE BASTO (1)	69,999.96	21,289.00
JOSE OLIU CREUS	32,499.99	6,978.00
JOSE VIEIRA DOS REIS (1)	69,999.96	21,289.00
LUIS DE MELO CHAMPALIMAUD	71,499.97	22,191.00
MANUEL ALFREDO CUNHA JOSE DE MELLO	60,000.00	16,775.00
PANSY CATILINA CHIU KING HO	17,499.97	3,757.00
PATRICK WING MING HUEN (2)	7,499.99	1,367.00
PEDRO MARIA CALAINHO TEIXEIRA DUARTE (2)	15,000.01	3,916.00
THOMAZ DE MELLO PAES DE VASCONCELLOS (1)	69,999.96	21,289.00
VASCO ESTEVES FRAGA	50,000.04	19,992.00

(1) Are members of the Audit Boards of ActivoBank and Banco de Investimento Imobiliário and receive no additional remuneration on that account

(2) Stopped exercising functions on 18 april 2011

II.32. Information on the way the remuneration is structured so as to permit the alignment of the interests of the members of the management board with the long-term interests of the company, as well as on the manner in which it is based on the assessment of performance and discourages excessive risk taking

On this issue, see the remuneration policy of the Executive Board of Directors, reproduced in point II.30.

II.33. Regarding the remuneration of the executive directors:

a) Reference to the fact that the remuneration of the executive directors includes a variable component and information on the way this component depends on the assessment of performance.

On this issue, see the remuneration policy of the Executive Board of Directors, reproduced in point II.30.

b) Indication of the governing bodies which are competent to carry out the assessment of the performance of the executive directors.

The assessment of the performance of the members of the Executive Board of Directors is carried out by the Supervisory Board, which is assisted in this task by the Corporate Governance Committee, Nominations Committee and Audit Committee.

c) Indication of the predetermined criteria for the assessment of the performance of the executive directors.

On this issue, see the remuneration policy of the Executive Board of Directors, reproduced in point II.30.

d) Detailed explanation of the relative importance of the variable and fixed components of the remuneration of the directors and indication of the maximum limits for each component.

On this issue, see the remuneration policy of the Executive Board of Directors, reproduced in point II.30.

The Bank's Articles of Association, in article 15 (3), establish a limitation to the variable component of the remuneration of the Executive Board of Directors, according to which it cannot exceed 2% of the distributable profit for the financial year.

e) Indication of the deferral of the payment of the variable component of the remuneration, indicating the period of deferral.

On this issue, see the remuneration policy of the Executive Board of Directors, reproduced in point II.30.

f) Explanation on the way the payment of the variable remuneration is subject to the continuation of the positive performance of the company over the period of deferral.

On this issue, see the remuneration policy of the Executive Board of Directors, reproduced in point II.30.

g) Sufficient information on the criteria underlying the attribution of variable remuneration in shares as well as on the holding, by the executive directors, of the company shares which have been accessed, on any signing of contracts relative to these shares, namely, hedging or risk transfer contracts, the respective limit, and their relation to the value of the annual total remuneration.

On this issue, see the remuneration policy of the Executive Board of Directors, reproduced in point II.30.

h) Sufficient information on the criteria underlying the attribution of variable remuneration in options and indication of the deferral period and price for exercise of the option.

On this issue, see the remuneration policy of the Executive Board of Directors, reproduced in point II.30.

i) Identification of the main parameters and grounds of any system of annual bonuses and any other non-pecuniary benefits.

On this issue, see the remuneration policy of the Executive Board of Directors, reproduced in point II.30.

j) Remuneration paid in the form of participation in profit and/or payment of premiums and the reasons for the concession of such premiums and/or participation in profit.

As in 2008, 2009 and 2010, during 2011 there was also no payment of any remuneration on this basis.

l) Compensation paid or owed to former executive directors relative to their termination of office during the financial year.

During 2011, there was no payment of compensation on this basis, with Dr. Paulo Moita Macedo having received only the values to which he was entitled, in his capacity of employee with an employment contract with the Bank.

m) Reference to the contractual limitation established for the compensation payable for the unfair dismissal of a director and its relationship with the variable component of the remuneration.

There are no contractual limitations on this matter.

n) Amounts paid, for any reason, by other companies controlled by the Bank or in the same group.

In view of the provisions in the remuneration policy of the Executive Board of Directors transcribed above, which establish that the net value of the remunerations gained on an annual basis by each member of the Executive Board of Directors due to the performance of duties in companies or governing bodies to which they have been appointed through indication or in representation of the Bank, shall be deducted from the values of the respective annual fixed remuneration, see the first table of point II.31, in which, when this occurred, such deductions are clearly quantified.

o) Description of the main characteristics of the schemes for the supplementary pension or early retirement of the directors, indicating if they were, or not, subject to the appraisal of the General Meeting.

Under the terms of the Retirement Regulations transcribed in II:30-B, the costs recorded by the Company for 2011 related to supplementary pensions and compulsory social security contributions of members of the Executive Board of Directors were as follows:

amounts in Euros

Name	Social Sec. Regime	Supplementary: Open-end Pension Fund	Supplementary: Capitalization Insurance	Mandatory: Social Security	Mandatory: Pension Fund
CARLOS JORGE R DOS SANTOS FERREIRA	Statutory Bodies Regime	135,616.81		12,254.64	0
VITOR MANUEL LOPES FERNANDES	Statutory Bodies Regime	105,715.89		12,254.64	0
ANTONIO MANUEL PALMA RAMALHO	General Reg. (former CAFEB)	97,172.77		12,254.64	0
MIGUEL MAYA DIAS PINHEIRO	General Reg. (former CAFEB)		87,728.88	107,380.00	4,439.64
LUIS MARIA FRANCA C. PEREIRA COUTINHO	General Reg. (former CAFEB)	87,728.88		100,591.95	5,403.20
JOSE JACINTO IGLESIAS SOARES (1)	General Reg. (former CAFEB)	62,914.14		77,006.80	4,249.03
RUI MANUEL DA SILVA TEIXEIRA (1)	General Reg. (former CAFEB)		58,903.68	72,098.00	6,680.45
PAULO JOSE DE RIBEIRO MOITA DE MACEDO (2)	General Reg. (former CAFEB)	63,185.63		68,198.57	1,834.23
JOSE JOAO GUILHERME (3)	General Reg. (former CAFEB)		28,825.20	35,282.00	3,239.69
NELSON RICARDO BESSA MACHADO (3)	General Reg. (former CAFEB)	28,825.20		28,728.52	3,163.19

(1) Began exercising functions on 18 april 2011

(2) Renounced to the office on 20 June, due to being appointed as Health Minister

(3) Stopped exercising functions on 18 april 2011

p) Estimate of the value of the relevant non-pecuniary benefits considered as remuneration not covered in the previous situations

There are no benefits under the conditions referred to above.

q) Existence of mechanisms preventing the directors from signing contracts which place in question the underlying rationale of the variable remuneration

The level of supervision of the activity of the Executive Board of Directors, both by the Supervisory Board and by its Audit Committee (which has access to the Internal and External Audit reports), provides mechanisms that are sufficient and adequate to the achievement of the objective considered in this point.

Although the inclusion of the information provided below is not compulsory in this Report, Banco Comercial Português believes that, since it is an integral part of the financial statements, this is the most appropriate place to disclose the information referred to in Banco de Portugal's Notice number 10/2011, when it is not presented in other numbers of this Report.

Hence, we disclose that:

1 - No provisions have been constituted for the payment of variable remuneration to members of the Executive Board of Directors.

2 - The table below indicates the fixed and variable remunerations paid to Employees:

values in euros

COMPANY	NUMBER OF EMPLOYEES	REMUNERATIONS: FIXED	REMUNERATIONS: VARIABLE	INCOME TAX RETAINED
BANCO COMERCIAL PORTUGUES	10,046	352,769,978.28	5,954,657.06	79,882,546.00

This information refers to all the Employees who provided services at the Bank during the financial year of 2011. As at 31 December 2011, the number of Employees reached 9,959.

3 – The provisions recorded as at 31 December 2011 for future payments regarding sums owed for the variable remuneration of employees relative to the fourth quarter of the financial year reached 1,419,228.34 euros.

4 – During 2011, 41 new open-ended employment contracts were signed.

5 – During 2011, 71 contracts were terminated, which implied the payment of severance pay which reached 6,566,207.66 euros, where the highest compensation, standing at 2,500,000.00 was paid to a General Manager.

6 – The number of employees and the total remunerations paid to them during 2011, distributed by different areas of activity, are presented in the table below.

amounts in Euros

COMPANY	SEGMENT	NR. OF EMPLOYEES	TOTAL REMUNERATION PAID
BANCO COMERCIAL PORTUGUES	RETAIL BANKING	6,387	196,700,734.81
	COMPANIES, SPECIALISED CREDIT, REAL ESTATE BUSINESS	442	20,199,642.32
	CORPORATE and INVESTMENT BANKING	213	11,134,396.86
	ASSET MANAGEMENT & PRIVATE BANKING	277	15,081,587.24
	CENTRAL SERVICES	2,736	122,174,481.77

7 – Regarding the employees covered by Notice 5/2008, Compliance Officer, Group Auditor, Risk Officer, as well as the Group Treasurer, Head of the Assets and Liabilities Management Department and Head of the Credit Department, the remunerations paid reached 1,207,433.92 Euros, which corresponded to personal income tax withholdings of 458,055.00 Euros and charges related to Pension funds of 61,479.73 Euros. It should be noted that these values have already been included in the amounts disclosed in points 2 and 6 above. In 2011 these Employees did not receive a variable remuneration.

II.34. Reference to the fact that the remuneration of the non-executive directors of the management board does not include variable components

In view of the adopted governance model, the present number is not applicable.

However, it should be noted that the members of the Supervisory Board receive a fixed remuneration, which does not include any variable component, and cannot, under the law and the Bank's Articles of Association, receive any other remuneration from the Bank and/or the companies in which the Bank has a stake.

II.35. Information on the policy on the communication of irregular practices adopted by the company (means of communication, persons with legitimacy to receive the communications, treatment to be made of the communications and indication of the persons and bodies with access to the information and respective intervention in the procedure)

Any Employee of Banco Comercial Português (or companies included in the Group) who becomes aware of any situation or action that might indicate irregularities is responsible for reporting such events to the head of the organic unit of the Employee(s) in question, who shall simultaneously inform the hierarchy, leading to their joint appraisal of the occurrence and resolution on its forwarding to the Audit Department of Banco Comercial Português, for the pursuit of all measures deemed necessary.

Whenever the detected irregularities concern Employees of the Audit Department, the reporting must be made directly to the Chairman of the Executive Board of Directors, who will pursue their investigation through means outside this Department, which shall be communicated to the Supervisory Board.

For the purpose of adopting the best corporate governance practices and strengthening the culture of responsibility and compliance that has always guided the Group’s action, a system has been established for the communication of irregularities, namely for situations where communication via hierarchy might not achieve the intended objectives, which replaces the employee and relieves this Employee from reporting the irregularity to the head of the department of the Employee(s) in question.

For this purpose, an electronic mail address has been specifically created, exclusively to receive the communication of alleged irregularities (comunicar.irregularidade@millenniumbcp.pt) that have occurred within the Group, whose management and forwarding is the responsibility of the Supervisory Board, which has delegated these competences to the Audit Committee.

In the event of the communication being related to any member of the Supervisory Board or any of its specialised committees or commissions, it should be sent to the Chairman of the Supervisory Board through a specific electronic mail address (Chairperson.cgs@millenniumbcp.pt).

The Audit Committee and the Audit Department decide on the treatment given to the communications received, namely concerning the need for additional investigation or submission of any disciplinary proceedings.

SECTION V - SPECIALISED COMMISSIONS

II.36. Identification of the members of the commissions constituted for the effects of the assessment of the individual and overall performance of the Executive Directors, reflection on the governance system adopted by the company and identification of potential candidates with the profile for the position of director

See points II.1. D) and II.2. B).

II.37. Number of meetings of the commissions constituted with competence in management and supervisory matters during the financial year in question, and reference to the drawing up of the minutes of these meetings

See point II.2.

II.38. Reference to the fact of a member of the remuneration commission having knowledge and experience on matters of remuneration policy

The curricula and professional activities of the members of the Remuneration and Welfare Board in office in 2011, presented in Annex III, show their respective experience and knowledge.

On this issue, it should be noted that the Remuneration and Welfare Board, in order to resolve on the policies approved by it and submitted to the Annual General Meeting held on 18 April 2011, contracted the firm Towers Watson, of recognised reputation, nationally and internationally.

II.39. Reference to the independence of the natural or legal persons contracted by the Remuneration Commission through a work or service contract relative to the Board of Directors as well as, when applicable, to the fact that these persons have a current relationship with a consultant of the company

At the time of the contracting of Towers Watson promoted by the Remuneration and Welfare Board, the Executive Board of Directors together with the Remuneration and Welfare Board resolved requesting from this firm the analysis of the policy on remuneration of the Officers of the Bank, for the purpose of ensuring consistency in the policies to be implemented and streamlining of costs related to consultants.

For this reason, and since neither this consultant nor any of its senior staff maintain any privileged relations with the Executive Board of Directors or any of its members, it is deemed that its contracting for the provision of the service with the broad scope referred to in the preceding paragraph can in no manner affect the independence of this consultant in relation to the Bank or its Executive Board of Directors.

CHAPTER III - INFORMATION AND AUDITS

III.1. Share capital structure, including indication of non-tradable shares, different categories of shares, their inherent rights and duties and percentage of share capital represented by each category.

All the shares issued by Banco Comercial Português are tradable, of a single category and confer the same rights and duties. Consequently, there are no Shareholders with special rights.

III.2. Qualifying holdings in the share capital of the issuer, calculated under the terms of article 20 of the Securities Code

As at 31 December 2011, the shareholders with holdings above 2% of the share capital of Banco Comercial Português, calculated under the terms of article 20 of the Securities Code and according to the Bank's information, were as follows:

31 December 2011

Shareholder	Nr.shares	% Share capital	% Voting rights
Sonangol - Sociedade Nacional de Combustíveis de Angola, EP	794,930,620	11.03%	11.04%
Members of the Management and Supervisory Bodies	1,159	0.00%	0.00%
Total of the Sonangol Group	**794,931,779**	**11.03%**	**11.04%**
Teixeira Duarte - Sociedade Gestora de Participações Sociais, S.A.			
Teixeira Duarte - Gestão de Participações e Investimentos	340,563,541	4.73%	4.73%
Tedal - Sociedade Gestora de Participações Sociais, S.A.	53,647,851	0.74%	0.74%
Members of the Management and Supervisory Bodies	844,627	0.01%	0.01%
Total of Teixeira Duarte Group	**395,056,019**	**5.48%**	**5.48%**
Fundação José Berardo			
Fundação José Berardo	238,066,347	3.30%	3.31%
Metalgest - Sociedade de Gestão, SGPS, S.A.			
Metalgest - Sociedade de Gestão, SGPS, S.A.	66,114,248	0.92%	0.92%
Kendon Properties	846,154	0.01%	0.01%
Moagens Associadas S.A.	13,827	0.00%	0.00%
Cotrancer - Comércio e transformação de cereais, S.A.	13,827	0.00%	0.00%
Bacalhôa, Vinhos de Portugal S.A.	11,062	0.00%	0.00%
Members of the Management and Supervisory Bodies	20,404	0.00%	0.00%
Total of Berardo Group	**305,085,869**	**4.23%**	**4.24%**
Bansabadell Holding, SL	253,578,691	3.52%	3.52%
Banco de Sabadell, S.A.	44,454,342	0.62%	0.62%
Members of the Management and Supervisory Bodies	15,083	0.00%	0.00%
Total of Sabadell Group	**298,048,116**	**4.14%**	**4.14%**
Pensõesgere - Sociedade Gestora de Fundos de Pensões, S.A.	**278,739,200**	**3.87%**	**3.87%**
Caixa Geral de Depósitos, S.A.	185,382,556	2.57%	2.57%
Companhia de Seguros Fidelidade-Mundial, S.A.	25,275,788	0.35%	0.35%
Companhia de Seguros Império-Bonança, S.A.	5,167	0.00%	0.00%
Fundo de Pensões CGD	1,042,763	0.01%	0.01%
Parcaixa, SGPS, S.A.	5,300,000	0.07%	0.07%
Total of Caixa Geral de Depósitos Group	**217,006,274**	**3.01%**	**3.01%**
EDP -Imobiliária e Participações, S.A	144,592,140	2.01%	2.01%
Fundo de Pensões EDP	70,755,665	0.98%	0.98%
Members of the Management and Supervisory Bodies	219,321	0.00%	0.00%
Total of EDP Group	**215,567,126**	**2.99%**	**2.99%**
Total qualified shareholdings	**2,504,434,383**	**34.75%**	**34.77%**

The voting rights reported above arise from direct and indirect holdings of the Shareholders in the share capital of Banco Comercial Português, with no other imputations of voting rights pursuant to article 20 of the Securities Code having been communicated or calculated.

III.3. Identification of shareholders with special rights and description of these rights.

There are no shareholders with special rights.

III.4. Any restrictions to the transferability of the shares, such as clauses of consent for sale or limitations to the ownership of shares

There are no statutory restrictions to the free transfer of shares.

III.5. Shareholders' agreements that are known to the company and could lead to restrictions on matters of the transfer of securities or voting rights

The company is not aware of the existence of any shareholders' agreements that limit the ability to transfer the securities or condition the exercise of voting rights.

III.6. Rules applicable to the alteration of the articles of association of the company

A) Constitutive quorum – Article 24 of the Articles of Association

The General Meeting may resolve, on first call, when shareholders holding more than one third of the share capital are either present or represented, without prejudice to the established in the following paragraph.

On second call, the General Meeting may resolve regardless of the number of shareholders present or represented and of the amount of share capital they hold.

B) Deliberative quorum – Article 25 of the Articles of Association

The deliberative quorum required under the Bank's articles of association corresponds to the legal requirement, that is, whether the Meeting is held on first or second call, any amendments to the articles of association must be approved by two thirds of the votes cast. Under the terms of article 55 of the Articles of Association, a majority of three quarters of the paid-up share capital is required for resolution on the winding up of the Company.

III.7. Control mechanisms established for any system of participation of the workers in the share capital to the extent that voting rights are not exercised directly by them

No system whatsoever has been established with these characteristics. The workers holding shares are not discriminated, due to their capacity as such, and hence benefit from the same rights as any other shareholder.

III.8. Description of the evolution of the share prices of the issuer, taking into account, namely:

a) The issuance of shares or other securities extending entitlement to the subscription or acquisition of shares

During 2011, no operations were carried out involving the issuance of shares or other securities granting entitlement to the subscription or acquisition of shares.

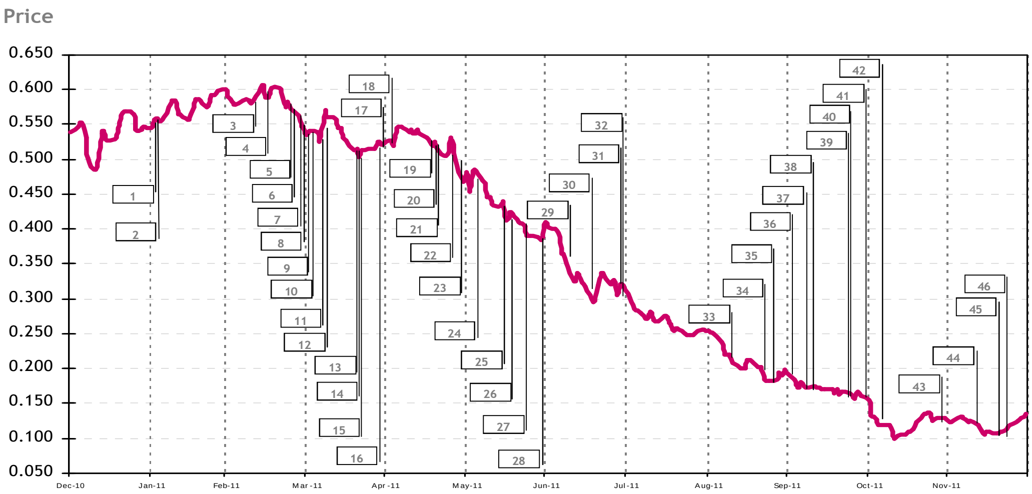
b) Announcement of net income

The announcement of net income is presented in Annex IV to the present report.

The table below summarises the main events of 2011, the change of the share price the next day and during the subsequent five days, as well as its relative evolution compared to the main benchmark indices during the indicated periods.

Nr	Date	Event	Change+ 1D	Change vs. PSI20 (1D)	Change vs. DJS Banks (1D)	Change. +5D	Change vs. PSI20 (5D)	Change vs. DJS Banks (5D)
1	01/02/2011	Fourth Quarter 2010 results of Bank Millennium (Poland)	0.5%	0.2%	-0.3%	5.2%	3.4%	3.1%
2	02/02/2011	Consolidated results 2010	-0.8%	-0.4%	-0.5%	4.5%	2.3%	3.4%
3	11/03/2011	Sonangol participation	3.5%	2.6%	3.2%	2.8%	3.3%	5.6%
4	15/03/2011	Moodys rating decision for the Republic of Portugal	-1.2%	-0.2%	1.4%	-1.2%	-1.1%	-1.9%
5	24/03/2011	Fitch rating decision for the Republic of Portugal	-1.9%	-1.7%	-1.5%	-8.3%	-6.8%	-4.8%
6	25/03/2011	Standard and Poors rating decision for the Republic of Portugal	-1.5%	-1.1%	-1.9%	-5.4%	-5.5%	-4.5%
7	28/03/2011	Standard and Poors rating decison for BCP	-2.3%	-2.1%	-1.2%	-4.3%	-4.8%	-2.2%
8	29/03/2011	Disclosure of the proposal for the capital increase	-0.3%	-0.9%	-0.3%	-4.6%	-4.2%	-3.5%
9	31/03/2011	Fitch rating decision for BCP	1.2%	-0.2%	-1.0%	6.6%	4.6%	2.3%
10	01/04/2011	Fitch rating decision for the Republic of Portugal	-0.3%	-0.4%	0.4%	3.8%	3.1%	1.6%
11	05/04/2011	Moodys rating decision for the Republic of Portugal and for BCP	4.2%	3.9%	2.3%	3.7%	3.8%	2.3%
12	06/04/2011	Announcement of the external aid request by the Portuguese Government and Moodys rating decision for BCP	4.1%	2.9%	3.0%	-0.3%	-1.2%	-0.4%
13	18/04/2011	Conclusions of the Annual General Meeting	0.4%	-0.2%	0.4%	0.6%	0.1%	-1.7%
14	19/04/2011	Resolutions adopted at the Annual General Meeting and notice of share capital increase by incorporation of reserves	-2.3%	-2.7%	-2.9%	0.3%	0.3%	-2.1%
15	20/04/2011	Change of publication date of first quarter 2011 results and Underwriting Agreement	2.3%	2.5%	0.8%	4.0%	4.0%	2.1%
16	27/04/2011	First Quarter 2011 results of Bank Millennium (Poland)	0.6%	0.1%	0.1%	1.7%	1.2%	2.9%
17	28/04/2011	Beginning of the incorporation rights negotiation period	-0.7%	-1.1%	-1.0%	4.2%	3.0%	7.0%
18	02/05/2011	Beginning of the Exchange Public Offer	-1.5%	-0.8%	-1.0%	2.2%	1.5%	5.0%
19	16/05/2011	Results of the public offer for the acquisition of perpetual subordinated securities with conditional interest	-1.1%	-0.9%	-0.5%	-4.7%	-2.9%	-1.9%
20	17/05/2011	Commercial registry of share capital increase	-0.9%	-0.5%	-0.9%	-2.7%	-0.9%	-0.1%
21	19/05/2011	Notice for the exercise of subscription rights	-2.2%	-1.7%	-1.4%	-1.5%	-0.2%	-0.2%
22	24/05/2011	Request for the state guarantee for debt issuance	3.9%	3.0%	1.8%	-5.9%	-5.4%	-9.4%
23	27/05/2011	Beginning of negotiation of subscription rights	-6.6%	-5.7%	-6.1%	-3.0%	-2.6%	-1.4%
24	03/06/2011	Exercise of disposal rights over REN shares	-3.3%	-2.1%	-1.8%	-10.3%	-6.1%	-6.4%
25	13/06/2011	Results of the offer and allocation of shares and capital increase results	1.1%	0.4%	0.0%	-5.7%	-4.6%	-6.9%
26	15/06/2011	Commercial registry of capital increase and Standard and Poors rating decision	1.2%	1.8%	1.4%	-1.9%	-1.3%	-2.9%
27	20/06/2011	Listing of capital increase shares and resignation of the Vice-Chairman of the Executive Board of Directors	-0.2%	-1.5%	-2.0%	-5.4%	-3.2%	-1.7%
28	27/06/2011	Conclusions of the General Meeting of Shareholders	-0.8%	-0.8%	-2.1%	3.4%	-3.1%	-3.9%
29	07/07/2011	Moodys rating decision for Republic of Portugal	-3.6%	-2.1%	-1.2%	-11.3%	-4.5%	-5.5%
30	15/07/2011	Stress test results and Moodys rating decision for BCP	-7.2%	-4.7%	-4.0%	6.0%	0.9%	0.2%
31	26/07/2011	First Half of 2011 results of Bank Millennium (Poland)	-6.7%	-4.1%	-4.6%	-10.7%	-5.0%	-4.4%
32	27/07/2011	First Half of 2011 Consolidated Earnings and adjustment of strategic agenda	1.6%	0.7%	0.3%	-6.2%	-1.8%	0.1%
33	07/09/2011	Partnership for the Brasilian market and nomination of Vice-Chairman and the distribution of areas of responsibility of	0.0%	-1.1%	-0.9%	-9.0%	-5.4%	-4.0%
34	19/09/2011	Clarification of media reports regarding Poland	0.5%	-0.5%	-0.5%	-8.9%	-4.6%	-9.6%
35	22/09/2011	Announcement regarding the offer for exchange of securities	0.0%	1.0%	-3.5%	9.3%	6.1%	-6.3%
36	30/09/2011	Extension of the duration regarding the offer for exchange of securities	-5.6%	-3.0%	-2.9%	-11.8%	-12.3%	-13.5%
37	04/10/2011	Authorization to increase the amount for exchange of securities	4.6%	1.8%	0.0%	0.0%	-6.7%	-11.9%
38	07/10/2011	Results of the offer for exchange of securities and rating decisions for BCP	1.7%	-0.6%	-0.6%	-1.2%	-4.0%	-2.4%
39	20/10/2011	DBRS rating decision for BCP	3.1%	1.7%	-0.7%	3.1%	1.7%	-10.3%
40	21/10/2011	Third Quarter of 2011 results of Bank Millennium (Poland)	-1.2%	-0.9%	-2.9%	-4.2%	-3.4%	-13.3%
41	27/10/2011	EBA Exercise regarding exposure to sovereign debt	-4.2%	-3.4%	-4.1%	-24.0%	-20.8%	-15.6%
42	02/11/2011	Third Quarter 2011 Consolidated Earnings	-3.1%	-6.0%	-5.0%	-16.0%	-16.6%	-13.1%
43	25/11/2011	Fitch rating decision for BCP	1.6%	-1.3%	-4.1%	-1.6%	-8.8%	-15.4%
44	08/12/2011	EBA capital exercise	0.8%	-0.7%	-1.8%	-12.1%	-9.9%	-8.7%
45	16/12/2011	Results of Special Inspections Program by the Bank of Portugal and Standard and Poors rating decision for BCP	-1.8%	-2.0%	-1.6%	6.4%	4.8%	1.5%
46	19/12/2011	Commitment with the organic growth of Bank Millennium Poland	0.9%	0.5%	-2.3%	16.7%	14.2%	12.3%

The following graph illustrates the performance of BCP shares in 2011:



c) The payment of dividends made by category of shares, indicating net earnings per share

Taking into account, on the one hand, the principles of prudence in capital management and, on the other hand, the implementation of the new rules on capital which could lead to the temporary suspension of the payment of dividends, Millenniumbcp, with this constraint, reiterates its policy on the distribution of dividends, whereby, in principle, its objective is to distribute approximately 40% of profit.

The values of the dividends distributed by Millennium bcp since 2000 are detailed in the table below:

Year	Paid in	Gross Dividend per Share (euros)	Net Dividend per Share (euros) Residents	Net Dividend per Share (euros) Non Residents	Payout Ratio (1)	Dividend Yield (2)
2000 (3)	2001	*scrip* (5)	n.a.	n.a.	n.a.	n.a.
2001	2002	0.150	0.120	0.105	61.05%	3.30%
2002	2003	0.100	0.080	0.070	49,22% (4)	4.39%
2003	2004	0.060	0.051	0.045	44.66%	3.39%
2004						
Iterim Dividend	2004	0.030	0.026	0.023		
Final Dividend	2005	0.035	0.030	0.026		
Total Dividend		0.065	0.055	0.049	41.27%	3.44%
2005						
Iterim Dividend	2005	0.033	0.028	0.025		
Final Dividend	2006	0.037	0.031	0.028		
Total Dividend		0.070	0.060	0.053	31.89%	3.00%
2006						
Iterim Dividend	2006	0.037	0.030	0.030		
Final Dividend	2007	0.048	0.038	0.038		
Total Dividend		0.085	0.068	0.068	39.36%	3.04%
2007						
Iterim Dividend	2007	0.037	0.030	0.030		
Final Dividend	2008	0.000	0.000	0.000		
Total Dividend		0.037	0.030	0.030	23.72%	1.27%
2008	2009	0.017	0.014	0.014	39.67%	2.09%
2009	2010	0.019	0.015	0.015	39.61%	2.25%
2010 (3)	2011	*scrip* (6)	n.a.	n.a.	n.a.	n.a.

(1) The Payout Ratio is the percentage of net profit distributed to Shareholders in the form of dividend;

(2) The Dividend Yield represents the annual return as a percentage, calculated by dividing the amount of gross dividend by share price at the end of the corresponding year;

(3) Paid as scrip dividend, through the issue of new shares and their proportional distribution to Shareholders holding shares representing the Bank's equity capital;

(4) Based on net profit calculated before setting aside general banking risk provisions in the sum of 200 million euros;

(5) The scrip dividend corresponds to 0.150 euros per share 62.36% of net income and 2.65% of the sahre price at the end of 2000;

(6)The scrip dividend corresponds to 0.026 euros per share 39.79% of net income and 4.39% of the sahre price at the end of 2010.

III.9. Description of the policy on the distribution of dividends adopted by the company, identifying, namely, the value of the dividend per share distributed over the last three financial years

See the preceding number.

III.10. Description of the main characteristics of plans to attribute shares and plans to attribute share purchase options which have been adopted or were in force during the financial year in question, namely, justification for the adoption of the plan, category and number of beneficiaries of the plan, conditions of attribution, clauses on the inability to dispose of shares, criteria relative to the price of shares and price for the exercise of options, period during which the options can be exercised, characteristics of the shares to be attributed, existence of

incentives for the acquisition of shares and/or exercise of options and competence of the management board to implement or modify the plan

Currently, there are no plans to attribute shares or share call options.

III.11. Description of the main elements of the business and operations carried out between, on the one hand, the company and, on the other hand, the members of its management and supervisory boards or companies controlled by the Bank or in the same group, provided that they are significant in economic terms for any of the parties involved, except with respect to business or operations which, cumulatively, are carried out under normal market conditions for similar operations and are part of the current activity of the Company

All the operations addressed in this number were carried out under normal market conditions for similar operations and are part of the current activity of the company, and were, independently of their value, approved by the Executive Board of Directors and submitted to the opinion of the Audit Committee.

III.12. Description of the fundamental elements of the business and operations carried out between the Company and owners of qualifying holdings or entities that are in any relationship with it, under the terms of article 20 of the Securities Code, outside of normal market conditions

All the operations addressed in this number were carried out under normal market conditions for similar operations and are part of the current activity of the company, and were, independently of their value, approved by the Executive Board of Directors and submitted to the opinion of the Audit Committee.

III.13. Description of the procedures and criteria applicable to the intervention of the Supervisory Board for the effects of the prior evaluation of the business to be carried out between the company and carried out between the company and owners of the qualifying holdings or entities which are in any relationship with it, under the terms of article 20 of the Securities Code

Any business to be carried out between the Company and owners of qualifying holdings or entities which are in any relationship with it, are the object of exclusive assessment by the Executive Board of Directors, supported by analyses and technical opinions issued by the Credit Department, in reports prepared by the Audit Department and are subject to the opinion of the Audit Committee.

III.14. Description of the statistics (number, average value and maximum value) relative to business subject to the prior intervention of the Supervisory Board

During 2011, the Audit Department analysed proposals of credit operations relative to members of the corporate bodies and owners of qualifying holdings and entities related to them. The opinions issued by the Audit Department were included in the respective processes of approval of the Executive Board of Directors and issue of opinions by the Audit Committee, a supervisory body of the Bank, to which such operations are subject. Over this same period, the Executive Board of Directors approved 28 proposals on the said credit operations, with the supervisory board having issued opinions on them. All the operations were conducted under normal market conditions. The average value of the 28 proposals was 110.9 million euros and the individual maximum value was 653.8 million euros.

III.15. Indication of the provision, on the company's Internet site, of the annual reports on the activity developed by the General and Supervisory board, Financial Matters Committee, Audit Committee and Supervisory Board, including indication of any constraints encountered, together with the financial statements

The reports referred to in this point are presented in the beginning of Volume II with the financial statements, where this volume is an integral part of this Report, and are available on the Bank's Internet site, on the page with the following direct address:

http://www.millenniumbcp.pt/pubs/pt/governacao/article.jhtml?articleID=677266

III.16. Reference to the existence of an investor support office or other similar service, mentioning:

The Investor Relations Department helps the Bank establish a permanent dialogue with the financial world - Shareholders, Investors and Analysts -, as well as with the financial markets in general and respective regulatory entities.

a) Duties of the Investor Relations Department

The main duties of the Investor Relations Department are:

- Promotion of comprehensive, rigorous, transparent, efficient and available relations with investors and analysts, as well as with the financial markets in general and respective regulatory entities;
- Monitoring of the trading of securities issued by the Group with a view to updating the evolution of the Institution's shareholder structure;
- Collaboration with the areas responsible for the Group's debt issuance and investor relations areas of subsidiary companies, namely by providing information and coordinating activities;
- Cooperation with the different areas of the Bank in the provision of institutional information and disclosure of the Group's activity.

b) Type of information provided by the Investor Relations Department

During 2011, as in previous years, the Bank pursued broad activity related to communication with the market, adopting the recommendations of the CMVM (Portuguese stock market regulator) and the best international practices in terms of financial and institutional communication.

In compliance with its legal and regulatory reporting obligations, the Bank discloses information on its results and business activity on a quarterly basis. The Bank held press conferences and conference calls with Analysts and Investors, which were attended by members of the Executive Board of Directors.

The Bank assiduously holds press conferences and conference calls with Analysts and Investors, and also discloses its Annual Report, a half-year report and quarterly information, publishing all the relevant and compulsory information through the information disclosure system of the CMVM. In 2011, the Bank issued 1,825 press releases for the stock market, of which 292 were related to privileged information.

During the year, the Bank took part in various events, including six road-shows in two major world financial centres – London and Paris –, and participated in 10 investors' conferences organised by other banks such as HSBC, Morgan Stanley, Goldman Sachs and Santander, Euronext Portuguese Day in New York, Nomura, BBVA, KBW, Merril Lynch and JP Morgan, where it made institutional presentations and held one-to-one meetings with investors. During 2011, 303 meetings were held with investors, corresponding to a 50% increase relative to 2011. Note should be made of the significant increase in contacts with investors holding the Bank's debt in 2011.

All the information of institutional nature that is public and relevant is available on the Bank's Internet site, in Portuguese and in the English version, on the page with the following address:

www.millenniumbcp.pt

c) Forms of access to the Investor Relations Department

Telephone: + 351 21 113 10 84

Fax: + 351 21 113 69 82

Address: Av. Prof. Doutor Cavaco Silva, Edifício 1 Piso 0B

2744-002 Porto Salvo, Portugal

e-mail: investors@millenniumbcp.pt

d) The company's Internet site

www.millenniumbcp.pt

e) Identification of the representative for market relations

The Bank's representative for market relations is Rui Pedro da Conceição Coimbra Fernandes, also Head of the Investor Relations Department.

III.17. Indication of the value of the annual remuneration paid to the auditor and to other natural or legal persons belonging to the same network supported by the company or by legal persons controlled by the Bank or in the same group, as well as details of the percentage relative to the following services: a) Legal accounts review services; b) Other guarantee and reliability services; c) Tax consultancy services; d) Services other than accounts legal review services. If the auditor provides any of the services described in sub-paragraphs c) and d), a description should be made of the means to safeguard the independence of the auditor. For the effects of this information, the concept of network is as defined in European Commission Recommendation number C (2002) 1873, of 16 May.

RELATIONS WITH THE INDEPENDENT AUDITORS

Activity Monitoring

The monitoring of the activity of the Group's Auditor, KPMG & Associados, SROC, S.A. (KPMG) is ensured by the Supervisory Board, through the Audit Committee, which is also responsible for proposing its respective election and appointment at the General Meeting, issuing its opinion on the Auditor's independence and other relations with the Group.

As was the case in previous years, the abovementioned monitoring is achieved through regular contact with KPMG, which includes the participation of the Statutory Auditor in the monthly meetings of the Audit Committee and enables the timely discussion by the Supervisory Board and Audit Committee of situations and criteria arising from the audit work.

Remuneration

During the financial year of 2011, Banco Comercial Português, S.A. and/or legal persons controlled by the Bank or part of the same group contracted services from the KPMG Network (in Portugal and Abroad), the fees of which reached a total of 4,704,105 euros (2010: 6,616,143 euros), distributed as follows through the different types of services provided:

	Portugal	Abroad	Total	%
Legal accounts review services	1,874,300	823,100	2,697,400	70%
Other guarantee and reliability services	768,140	412,980	1,181,120	30%
I. Total Audit Services	2,642,440	1,236,080	3,878,520	82%
Tax consultancy services	1,900	18,230	20,130	2%
Services other than legal accounts review	674,430	131,025	805,455	98%
II. Total Other Services	676,330	149,255	825,585	18%
Total	3,318,770	1,385,335	4,704,105	

A description is presented below of the main services included in each category of services provided by KPMG, relative to 31 December 2011.

1 - Audit Services

Legal accounts review services

Includes the fees charged by KPMG for the auditing and legal review of the consolidated accounts of the Group and its various companies on an individual basis, auditing of subsidiaries for consolidation purposes and other services associated to the legal review of the accounts as at 31 December and the limited review as at 30 June.

Other guarantee and reliability services

Includes the fees charged by KPMG relative to the provision of services that, in view of their characteristics, are related to the auditing work and should, in many cases, be provided by statutory auditors, namely: issue of comfort letters and opinions on specific subjects (internal control pursuant to Notice number 5/2008, safeguarding of assets pursuant to the provisions of the CMVM, services related to verification of the sustainability report and other permitted accounting services).

2. Other Services

Tax consultancy services

Includes the fees charged by KPMG for tax advisory services provided to the Group for the review of the tax obligations of the different companies abroad.

Services other than legal accounts review

Includes the fees charged by KPMG for services other than legal review services, permitted in accordance with the defined rules of independence and subject to monitoring by the Audit Committee.

Approval of Services

Millennium bcp maintains a very strict policy of independence so as to prevent any conflicts of interest in the use of the services of its external auditors. As auditor of the BCP Group, KPMG complies with the rules on independence defined by the Group, including those established by the 8th Council Directive, revised by Directive 2006/43/EC of the European Parliament and of the Council of 17 May 2006, transpostas parcially transposed into Portuguese Legislation by Decree-Law number 224/2008, of 20 November, in addition to the rules on independence defined by KPMG, through the application of the International Standards on Auditing issued by the International Federation of Accountants.

In order to safeguard the independence of the Auditor, and pursuant to the national and international good practices and standards, the Supervisory Board, through the Bank's Audit Committee, and KPMG have approved a series of regulatory principles, as described below:

- KPMG and the companies or legal persons belonging to it ("Network") cannot provide services to the Bank or Group, which are deemed forbidden under the rules referred to above;
- The contracting of the remaining non-forbidden services, on the part of any Organic Unit of the Bank or company in which the Bank has a stake, requires the prior approval by the Bank's Audit Committee. The abovementioned approval is issued for a predefined set of services, for a renewable period of 12 months. Specific approval by the Audit Committee is required for all other services not approved previously.

The KPMG Risk Management and Quality Control Process

Risk management

KPMG is responsible for ensuring that these services do not place in question its independence as auditor of the BCP Group. The requirements on the auditor's independence are determined based on a combination of the BCP Group's policies for the independence of the external auditors, on the national rules of each country, when they are more demanding, and on the internal rules of KPMG. Once a year, KPMG reports to the Executive Board of Directors and Audit Committee on all the measures established to safeguard its independence as auditor of the BCP Group.

KPMG has implemented a system at an international level, called "Sentinel", which conditions the provision of services by any office of the entire KPMG Network to the authorisation of the "Global Lead Partner" responsible for the customer. This procedure implies that the KPMG Units to which the service in question is requested must obtain previous authorisation from the said Global Lead Partner. This request includes the presentation of justifications for the work requested, in particular, the factors which enable assessment of compliance with the applicable risk management rules and, consequently, of the independence of KPMG.

The Global Lead Partner is also responsible for verifying that the service proposals presented through "Sentinel" comply with service pre-approval rules and, when applicable, undertakes any necessary measures with the Audit Committee, with a view to strict compliance with the applicable independence rulings.

All the employees of KPMG undertake to comply with the rules on independence defined in the Risk Management Manual of KPMG International, and to fully comply with the rules established by the Portuguese Institute of Statutory Auditors and, when applicable, of the Independence Standards Board and other regulatory entities.

All KPMG professionals are responsible for maintaining their independence, being obliged to review their financial interests regularly, as well as their personal and professional relationships on a regular basis, so as to ensure strict compliance with the requirements on the independence of KPMG and their profession. KPMG employees are forbidden from collaborating with any other entities or organisations (customers or not), such as directors, executives, independent professionals or employees.

In order to ensure its independence and that of its professionals, both in fact and substance, KPMG has developed an application – KPMG Independence Compliance System (KICS) – which includes information relative to the rules on independence, a search engine to access the list of restricted entities, in which its employees cannot hold financial interests and a reporting system for the financial investments of its employees, where each professional records the name of the financial interests owned. In this way, this application meets the requirements of AICPA (American Institute of Certified Public Accountants) on independence, without compromising privacy policies.

All KPMG professionals are required to issue an annual statement of independence, signed on the occasion of their recruitment and renewed on an annual basis, where they undertake not to acquire financial interests, directly or indirectly, in KPMG customers, keep all information they might have access to confidential and avoid any relationships with customer employees which might compromise the independence and objectiveness of KPMG.

Quality control

Quality control by internal teams of the national offices

With a view to guaranteeing the quality of its services provided to its customers, KPMG annually promotes the quality control of its activities, which essentially consists of the following aspects:

- Review 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 review, by a team of KPMG's more experienced professionals, of a representative sample of its customers' documents, with a view to ensuring that the planning of the work was conducted in the most effective manner, that the information collected during this phase allowed for the structuring and design of adequate and substantive internal control tests, and permitted ensuring the analysis of all risk areas identified in the work planning phases.

Quality control by internal teams of the international offices

In addition to the quality control activities continuously carried out by the professionals at the offices in Portugal, KPMG also promotes, on an annual basis, quality audits of the general and risk evaluation procedures and of the quality of the work executed. The staff of the international offices of KPMG, who are suitably trained to carry out these control activities, performs these audits.

These control activities permit the sharing and harmonisation of KPMG knowledge at a world level, allowing for the identification of risk and use of specific risk analysis and mitigation tools that have been developed in other countries. The quality assessment and control procedures performed by the staff at the offices in Portugal and abroad are supported by an information technology tool especially developed for this purpose.

The abovementioned monitoring is achieved through regular contact with KPMG, allowing the timely discussion by the Supervisory Board and Audit Committee of situations and criteria arising from the audit work.

III.18. Reference to the rotation period of the external auditor

Decree-Law number 224/2008, of 20 November, in number 2 of article 54, establishes that the maximum period for the performance of audit duties by the Partner responsible for the supervision or direct implementation of the legal certification of accounts is seven years, counting from the date of his appointment. On the other hand, the recommendation of the CMVM Corporate Governance Code stipulates that the maintenance of the External Auditor beyond the rotation period should be justified in a specific opinion of the supervisory board which explicitly weighs up the conditions of independence of the auditor and advantages and costs of his replacement, an opinion that was issued and submitted to the appraisal of the elective Annual General Meeting held on 18 April 2011.

The internal supervision conducted by the Audit Committee concerning the independence of the External Auditor, namely with respect to the provision of additional services, as well as the respective assessment of his performance over the term of office, concluded that the duties of the External Auditor were performed adequately, showing professionalism and quality in the work carried out.

ADDITIONAL INFORMATION ON THE CORPORATE GOVERNANCE MODEL CURRENTLY IN EFFECT

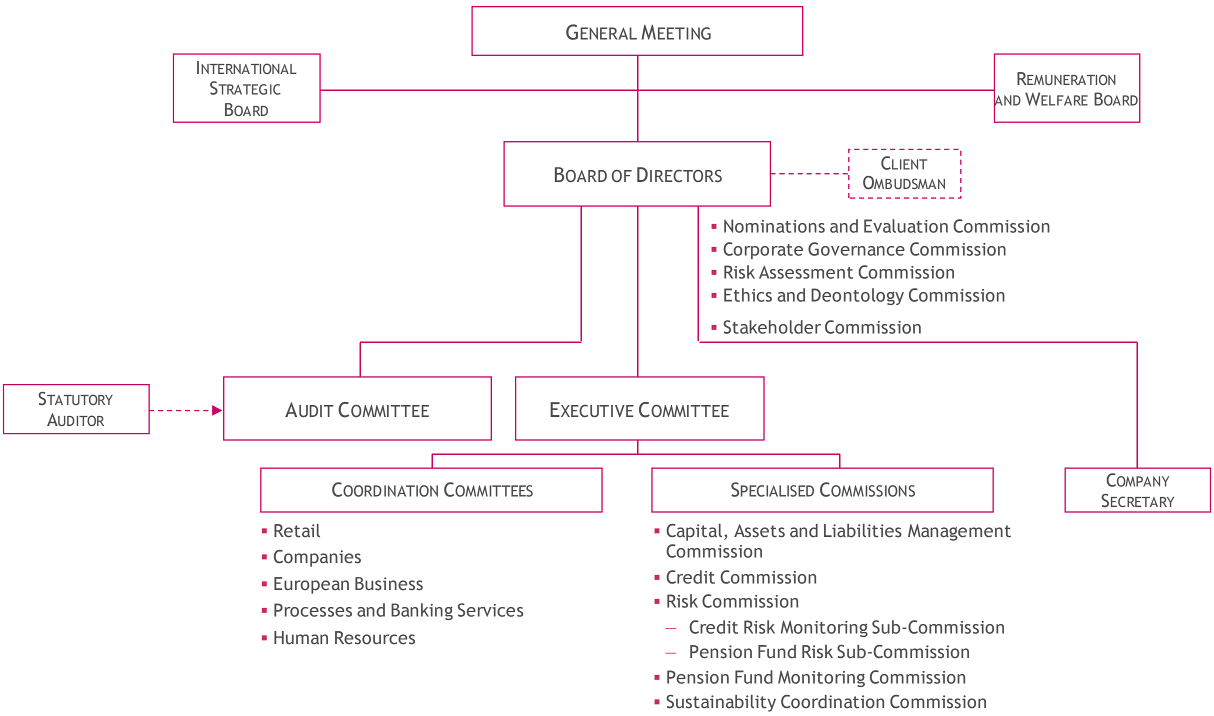
1. Information on the current corporate governance model in effect at Banco Comercial Português, S.A.

At the General Meeting held on 28 February 2012, the sahreholders approved by a majority of 99.21% of the votes cast the changes to the Articles of Association of Banco Comercial Português, adopting a new corporate governance model. As a consequence, the management and supervision structure was translated into one board of directors, whithin which there are an audit committee, solely composed of non-executive directors, and an executive committee, plus a statutory auditor.

For purposes of ensuring the development of the strategy for the Bank and the Group's international expansion, the a.m. General Meeting also elected a Board for International Strategy, responsible for analysing and pondering on said strategy, monitoring its evolution and application.

2. Organisational chart of the Company's Corporate Governance Model

The following chart represents the current Corporate Governance Model of Banco Comercial Português.



3. Identification and composition of the Corporate Bodies

In accordance with the management and supervision corporate governance model adopted by the Bank on 28 February 2012, the management and supervision are structured as follows:

A. Board of Directors:

- Audit Committee
- Executive Committee

B. Statutory Auditor

C. Remuneration and Welfare Board

D. Board for International Strategy

A. Composition of the Board of Directors:

The Board of Directors presently in office, elected by the Shareholders at the General Meeting held on 28 February 2012 by a majority of 98.39% of the votes cast, to the 2012/2014 term-of-office, is composed of the following members:

Board of Directors:

Chairperson:	António Vítor Martins Monteiro
Vice-Chairpersons:	Carlos José da Silva
	Nuno Manuel da Silva Amado
	Pedro Maria Calainho Teixeira Duarte
Members:	António Luís Guerra Nunes Mexia
	João Bernardo Bastos Mendes Resende
	António Manuel Costeira Faustino
	Álvaro Roque de Pinho Bissaia Barreto
	António Henriques de Pinho Cardão
	César Paxi Manuel João Pedro
	José Jacinto Iglésias Soares
	André Luiz Gomes
	João Manuel de Matos Loureiro
	José Guilherme Xavier de Basto
	Jaime de Macedo Santos Bastos
	Maria da Conceição Mota Soares de Oliveira Callé Lucas
	Miguel de Campos Pereira de Bragança
	Miguel Maya Dias Pinheiro
	Luís Maria França de Castro Pereira Coutinho
	Rui Manuel da SilvaTeixeira

On 29 February 2012, the Board of Directors appointed, from amongst its members, the Executive Committee, the Bank's day-to-day management body. It is composed as follows:

Chairperson:	Nuno Manuel da Silva Amado
Vice-Chairpersons:	Miguel Maya Dias Pinheiro
	Miguel de Campos Pereira de Bragança
Members:	José Jacinto Iglésias Soares
	Luís Maria França de Castro Pereira Coutinho
	Maria da Conceição Mota Soares de Oliveira Callé Lucas
	Rui Manuel da Silva Teixeira

B. Composition of the Audit Committee

The Audit Committee was elected by the Shareholders at the General Meeting held on 28 February 2012 and is composed as follows:

Chairperson:	João Manuel de Matos Loureiro
Members:	José Guilherme Xavier de Basto
	Jaime de Macedo Santos Bastos

C. Statutory Auditor

The Statutory Auditor, whose term-of-office is 2011/2013, is KPMG & Associados, Sociedade de Revisores Oficiais de Contas, SA, represented by Ana Cristina Dourado.

D. Composition of the Remuneration and Welfare Board

The Remuneration and Welfare Board foi was elected by the Shareholders at the General Meeting held on 28 February 2012 for the 2012/2014 term-of-office, and is composed as follows:

Chairperson:	Baptista Muhongo Sumbe
Members:	Manuel Soares Pinto Barbosa
	José Manuel Archer Galvão Teles
	José Luciano Vaz Marcos

E. Composition of the Board for International Strategy

The Board for International Strategy was elected by the Shareholders at the General Meeting held on 28 February 2012 for the 2012/2014 term-of-office, and is composed as follows:

Chairperson:	Carlos Jorge Ramalho dos Santos Ferreira
Vice-Chairpersons:	Francisco Lemos José Maria
	Josep Oliu Creus

4. Identification and compositon of other commissions of the company

The Board of Directors, so as to ensure and contribute to the good performance of the management functions committed to it, appointed the following Commissions on 29 February 2012:

Commission for Corporate Governance

Chairperson:	António Vítor Martins Monteiro
Members:	António Luís Guerra Nunes Mexia
	César Paxi Manuel João Pedro

Commission for Nominations and Evaluations

Chairperson:	Carlos José da Silva
Members:	Nuno Manuel da Silva Amado
	Álvaro Roque de Pinho Bissaia Barreto

This Commission is also responsible for the liabilities established by Article 7 of Notice of Banco de Portugal nr. 10/2011 of 09.01.2012, among others.

Commission for Risk Assessment

Chairperson:	Pedro Maria Calaínho Teixeira Duarte
Members:	António Henriques de Pinho Cardão
	João Bernardo Bastos Mendes Resende

Commission for Ethics and Professional Conduct

Chairperson:	António Manuel Costeira Faustino
Members:	Álvaro Roque de Pinho Bissaia Barreto
	António Henriques de Pinho Cardão

The stakes of the share capital of Banco Comercial Português, S.A. held by the members of the Board of Directors and their technical expertise, knowledge, professional experience for the performance of their functions, as well as the curricula of the members of the Committees and Commissions above are provided at the Bank's webpage with the following address:

http://www.millenniumbcp.pt/template/print.jhtml?articleID=217202

5. Directors' areas of responsibility

The areas of responsibility were divided as follows among the members of the Board of Directors on the date this additional information was prepared:

Board of Directors

António Monteiro	
Support Office of the Board of Directors	(NA)
Company Secretary's Office	(NA)
Millennium bcp Foundation	(NA)
Client Ombudsman	(NA)

Executive Committee

Nuno Amado (NA)	
Office of the Chairman of the Exec.Committee	(MM)
Communication Department	(MM)
Staff Management Support Department	(MM)
Audit Department (*)	(IS)

Miguel Maya (MM)	
Credit Department	(MB)
Specialized Credit Department	(MB)
Standardised Recovery Department	(MB)
Specialized Recovery Department	(MB)
Corporate Department II	(MB)
Risk Office	(MB)
Rating Department	(MB)
Litigations Department	(MB)
Real Estate Business Department	(MB)
Tax Advisory Services - Investment Banking	(MB)

Miguel Bragança (MB)	
Treasury & Markets Department	(MM)
Assets and Liabilities Management Department	(MM)
International Department	(MM)
Planning & Budget Control Department	(MM)
Accounting & Consolidation Department	(MM)
Investors Relations Department	(MM)
Tax Advisory Department	(MM)
Management Information Department	(MM)
Financial Holding Department	(MM)

Rui Manuel Teixeira (RMT)	
Retail Banking	(LPC)
Companies Banking	(LPC)
Madeira and Azores Regional Departments	(LPC)
Marketing Department	(LPC)
Network Support Department	(LPC)
Direct Banking	(LPC)
Cards Departments	(LPC)

Luis Pereira Coutinho (LPC)	
Private Banking Department	(RMT)
Banque Privée BCP (Switzerland)	(RMT)
Bank Millennium (Poland)	(RMT)
Millennium Bank (Greece)	(RMT)
Banca Millennium (Romania)	(RMT)
Banque BCP (France)	(RMT)
Banque BCP (Luxembourg)	(RMT)
FBSU - Foreign Business Support Unit	(RMT)
ActivoBank	(RMT)

Conceição Lucas (CL)	
Corporate Department I	(IS)
Investment Banking Department	(IS)
Millennium bim	(IS)
Millennium Angola	(IS)
Desk Orient	(IS)
Millennium bcp Gestão de Ativos	(IS)
Research Office	(IS)
Millenniumbcp Ageas	(IS)

Iglésias Soares (IS)	
IT Department	(CL)
Operations Department	(CL)
Administrative & Logistis Department	(CL)
Quality Department	(CL)
Prevention & Safety Office	(CL)
Legal Department	(CL)
General Secretariat	(CL)
Microcredit Department	(CL)
Compliance Office	(CL)

( ) Alternate Member

(*) Direct Responsible (Iglésias Soares)

6. Articles of Association of Banco Comercial Português, S.A.

The current Articles of Association of Banco Comercial Português, S.A. were approved at the General Meeting held on 28 February 2012 by a majority of 99.21% of the votes cast, and are available at the Bank's webpage with the following address:

http://www.millenniumbcp.pt/pubs/pt/grupobcp/quemsomos/contratodesociedade/

ANNEXES TO THE CORPORATE GOVERNANCE REPORT

ANNEX I

CURRICULA OF THE MEMBERS OF THE EXECUTIVE BOARD OF DIRECTORS OF BANCO COMERCIAL PORTUGUÊS, S.A.

Carlos Jorge Ramalho dos Santos Ferreira

Personal Data:

- Date of Birth: 23 February 1949
- Place of birth: Lisbon
- Nationality: Portuguese
- Position: Chairman of the Executive Board of Directors (until 28 February 2012, when the corporate governance model was altered)
- Beginning of Duties: 16 January 2008
- Current Term of Office: 2011/2013

Positions presently held in Companies of the Group:

In Portugal:

- Chairman of the Board of Directors of Fundação Millennium bcp

Abroad:

- Member of the Supervisory Board of Bank Millennium, S.A. (Poland)
- Chairman of the Board of Directors of Banco Millennium Angola, S.A.

Current positions outside the Group:

- Member of the Board of Directors of Banco Sabadell, as representative of Banco Comercial Português S.A.
- Member of the Supervisory Board of EDP - Energias de Portugal, S.A.

Duties within the Organisational Model of the Group:

- Stakeholders Commission

Direct Responsibilities:

- Fundação Millennium bcp
- Office of the Chairman
- Company Secretary's Office
- ActivoBank, S.A.
- Millennium Angola
- Audit Department
- Communication Department
- Staff Management Support Department

Academic Education:

- 1971 – Licentiate degree in Law from the Faculty of Law of Universidade Clássica de Lisboa
- 1977 to 1988 - Lecturer in charge of overseeing the courses of Public Finances, Financial Law, International Economic Law and Currency and Credit in the Faculty of Law of Universidade Clássica de Lisboa, in the Faculty of Law of Universidade Católica Portuguesa and in the Faculty of Economics of Universidade Nova

Other Professional Experience:

- 1972 to 1974 - Technician in the Collective Agreements Division of the Development and Labour Fund, and Assistant of the Centre for Social and Corporate Studies of the Ministry for Corporations and Social Welfare
- 1976 to 1977 - Member of Parliament for the Socialist Party and Vice-Chairman of the Parliamentary Committee for Security and Health
- 1977 to 1987 - Member of the management board of the state-owned company Aeroportos e Navegação Aérea – ANA
- 1984 to 1988 - Member of the Tax Reform Commission
- 1987 to 1989 - Chairman of the Board of Directors of Fundição de Oeiras
- 1989 to 1991 - Chairman of the Board of Directors of Companhia do Aeroporto de Macau
- 1992 to 1999 - In the Champalimaud Group, Director and subsequently Chairman of the Board of Directors of Companhia de Seguros Mundial Confiança and Chairman of the Board of the General Meeting of Banco Pinto & Sotto Mayor
- 1992 to 2001 – Vice-Chairman of the Board of the General Meeting of Estoril-Sol
- 1999 to 2003 - In the BCP Group, Director of the then ServiBanca - Empresa de Prestação de Serviços, ACE, Vice-Chairman and 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 Companhias de Seguros Ocidental e Ocidental (Ramo Vida), of Seguro Direto, of ICI - Império Comércio Indústria, of Companhia Portuguesa de Seguros de Saúde and of Autogere - Companhia Portuguesa de Seguros
- 1999 and 2003 – Director of Eureko, B.V.
- 2003 to 2005 – Vice-Chairman of Estoril-Sol SGPS, S.A., Vice-Chairman of Finansol – SGPS, S.A. and Non-Executive Chairman of Willis Portugal – Corretores de Seguros, S.A.
- 2003 to 2005 – Director of Varzim Sol-Turismo, Jogo e Animação, S.A.
- 2005 – Director of the Seng Heng Bank
- 2005 to 2008 – Chairman of the Board of Directors of Caixa Geral de Depósitos, S.A.
- 2005 to 2008 – Chairman of Banco Nacional Ultramarino, S.A. (Macau)
- 2005 to 2008 – Chairman of Caixa - Banco de Investimento, S.A.
- 2005 to 2008 – Chairman of Caixa Seguros, SGPS, S.A.
- February to December 2008 - Manager of BCP Participações Financeiras, SGPS, Sociedade Unipessoal, Lda.
- February 2008 to March 2009 – Manager of BCP Internacional II, Sociedade Unipessoal, SGPS, Lda.
- February 2008 to March 2009 – Chairman of the Board of Directors of Millennium bcp – Prestação de Serviços, ACE

Vítor Manuel Lopes Fernandes

Personal Data:

- Date of Birth: 13 November 1963
- Place of birth: Lisbon
- Nationality: Portuguese
- Position: Vice-Chairman of the Executive Board of Directors (until 28 February 2012, when the corporate governance model was altered)
- Beginning of Duties: 16 January 2008
- Current Term of Office: 2011/2013

Positions presently held in Companies of the Group:

In Portugal:

- Manager of Millennium bcp Participações, SGPS, Sociedade Unipessoal, Lda., formerly named BCP Internacional II, Sociedade Unipessoal, SGPS, Lda.; Vice-Chairman of the Board of Directors of Fundação Millennium bcp
- Chairman of the Board of Directors of Millennium bcp - Prestação de Serviços, ACE
- Chairman of the Board of Directors of Banco ActivoBank, S.A.
- Vice-Chairman of the Board of Directors of Millenniumbcp Ageas - Grupo Segurador SGPS, S.A.
- Vice-Chairman of the Board of Directors of Médis – Companhia Portuguesa de Seguros de Saúde, S.A.
- Vice-Chairman of the Board of Directors of Ocidental - Companhia Portuguesa de Seguros, S.A.
- Vice-Chairman of the Board of Directors of Ocidental - Companhia Portuguesa de Seguros de Vida, S.A.
- Vice-Chairman of the Board of Directors of PensõesGere – Sociedade Gestora de Fundos de Pensões, S.A.

Abroad:

- Member of the Board of Directors of Banca Millennium, S.A. (Romania)
- Vice-Chairman of the Board of Directors of Millennium Bank, S.A. (Greece)

Current positions outside the Group:

- Member of the Board of Directors of SIBS, SGPS, S.A., formerly named SIBS - Sociedade Interbancária de Serviços, S.A., as representative of Banco Comercial Português, S.A.
- Member of the Board of Directors of SIBS Forward Payment Solutions, S.A. formerly named SIBS Informática - Tecnologias de Informação, S.A., as representative of Banco Comercial Português, S.A.
- Member of the Remuneration Committee of UNICRE – Instituição Financeira de Crédito, S.A., as representative of Banco Comercial Português, S.A.

Duties within the Organisational Model of the Group:

- Companies Committee
- European Business Committee
- Banking Processes and Services Committee
- Retail Committee
- Credit Commission
- Risk Commission
- Credit Risk Monitoring Sub-Commission

- Pension Fund Risk Sub-Commission
- Pension Fund Monitoring Commission

Direct Responsibilities:

- Credit Department
- Specialised Credit Department
- Management Information Department
- Information Technology Department
- Marketing Department
- Operations Department
- Rating Department
- Risk Office
- Insurance

Academic Education:

- 1986 – Licentiate degree in Business Management from the Faculty of Human Sciences of Universidade Católica Portuguesa
- Since 1992 - Chartered Accountant, registered in the Ordem dos Revisores Oficiais de Contas

Other Professional Experience:

- 1986 to 1992- Arthur Andersen, S.A., having held the position of Manager between 1990 and 1992
- 1992 to September 2002 – Companhia de Seguros Mundial-Confiança:
  - July to October 1992 – Advisor to the Board of Directors
  - October 1992 to June 1993 – Head of Audit
  - June 1993 to March 1995 – Technical General Manager
  - 31 March 1995 to 17 June 1999 – Director
  - June 1999 to June 2000 – Chairman
  - June 2000 – Vice-Chairman
  - April 2001 to September 2002 – Chairman
- April 2000 to March 2001 – Director of Companhia de Seguros Fidelidade
- April 2001 to September 2002 – Chairman of Companhia de Seguros Fidelidade
- June 2000 to December 2007 – Director of Caixa Geral de Depósitos, S.A.
- 2002 to 2007 – Chairman of Companhia de Seguros Fidelidade Mundial, S.A.
- January 2005 to December 2007 – Chairman of the Império Bonança - Companhia de Seguros, S.A.
- July 2005 to December 2007 – Vice-Chairman of Caixa Seguros, SGPS, S.A.
- January 2005 to December 2007 – Chairman of Império Bonança, SGPS, S.A.
- February 2006 to December 2007 – Chairman of SOGRUPO, SGPS, S.A.
- February to December 2008 - Manager of BCP Participações Financeiras, SGPS, Sociedade Unipessoal, Lda.
- February 2008 to March 2009 – Member of the Board of Directors of Millennium bcp – Prestação de Serviços, ACE
- July to December 2009 – Member of the Board of Directors of Banco Activobank (Portugal), S.A., presently Banco ActivoBank, S.A.
- July 2008 to October 2010 – Member of the Board of Directors of BCP Holdings (USA), Inc. (United States of America)

António Manuel Palma Ramalho

Personal Data:

- Date of Birth: 20 August 1960
- Place of birth: Lisbon
- Nationality: Portuguese
- Vice-Chairman of the Executive Board of Directors (07.09.2011) (until 28 February 2012, when the corporate governance model was altered)
- Beginning of Duties: 13 April 2010
- Current Term of Office: 2011/2013.

Positions presently held in Companies of the Group:

In Portugal:

- Chairman of the Board of Directors of Interfundos – Gestão de Fundos de Investimento Imobiliário, S.A.
- Chairman of the Board of Directors of Millennium bcp Gestão de Activos – Sociedade Gestora de Fundos de Investimento, S.A.
- Chairman of the Board of Directors of Banco de Investimento Imobiliário, S.A.
- Vice-Chairman of the Board of Directors of Fundação Millennium bcp

Abroad:

- Member of the Board of Directors of the Fund PVCI-Portugal Venture Capital Initiative as representative of Millennium bcp Participações, SGPS, Sociedade Unipessoal, Lda., formerly named BCP Internacional II, Sociedade Unipessoal, SGPS, Lda.
- Chairman of the Board of Directors of BII Investimentos Internacional S.A. (Luxemburgo)

Current positions outside the Group:

- Vice-Chairman of AIP - Associação Industrial Portuguesa
- Member of the Board of CIP – Confederação Empresarial de Portugal
- Member of the Remuneration Committee of SIBS, SGPS, S.A. and SIBS Forward Payment Solutions, S.A., formerly named SIBS - Sociedade Interbancária de Serviços, S.A., as representative of Banco Comercial Português, S.A.
- Non-Executive Member of the Remuneration Committee of UNICRE – Instituição Financeira de Crédito, S.A., as representative of Banco Comercial Português, S.A.
- Member of the Supervisory Board of Euronext N.V.

Duties within the Organisational Model of the Group:

- Asset Management Committee and Private Banking
- Credit Commission
- Capital Assets and Liabilities Management Commission (CALCO)
- Risk Commission
- Credit Risk Monitoring Sub-Commission
- Pension Fund Risk Sub-Commission
- Stakeholders Commission
- Sustainability Commission

Direct Responsibilities:

- Tax Advisory Services Department
- Assets and Liabilities Management Department

- Communication Department
- Accounting and Consolidation Department
- International Department
- Real Estate Business Department
- Shareholdings Department
- Planning and Budget Control Department
- Investor Relations Department
- Treasury and Markets Department
- Research Office

Academic Education:

- Licentiate degree in Law from Universidade Católica Portuguesa
- Executive Masters degree in International Law Studies from Universidade Católica Portuguesa
- Post-Graduate degree in International Capital Markets from the International Finance Institute- St. Catherine's College, Oxford

Other Professional Experience:

- 1990 to 1997 – Employee of Banco Pinto & Sotto Mayor:
    - 1990 to 1993 –Responsible for the area of capital markets and subsequently financial manager
    - 1993 to 1995 - Chief Financial Officer
    - 1995 to 1997 - Responsible for the areas of strategic planning, management control, marketing and means of payment
- 1997 to 2000 – Director of the Banks of the Mundial-Confiança Group; Banco Pinto & Sotto Mayor, Banco Totta & Açores, Crédito Predial Português and Banco Chemical Finance (as of its acquisition in 1998), being responsible for the areas of strategic planning, operating marketing and management control
- 1995 to 2000 – Director and Chairman of the Board of Directors of UNICRE, as representative of the Banks of the Mundial-Confiança Group
- 1995 to 2000 – Director of SIBS, as representative of the Banks of the Mundial-Confiança Group
- 2001 to 2003 – Director of the Santander & Totta Group
- 2000 to 2003 – Member of the Executive Committee of Santander & Totta in Portugal, directly responsible for the management of the commercial network of Crédito Predial Português. In 2003 after the unification of the commercial networks of the entire Group, responsible for the supplementary networks and international retail network (non-residents)
- January 2004 to September 2004 – Chief Financial Officer of Rave, S.A., responsible for the entire financial area and development of the business model for the implementation of the high speed railway system In Portugal:
- September 2004 to July 2006 - Chief Executive Officer of CP – Companhia de Caminhos de Ferro Portugueses, EP, directly responsible for Planning and Strategy and for the Financial Area (CFO)
- July 2006 to August 2010 – Chairman of the Board of Directors of UNICRE – Instituição Financeira de Crédito, S.A., directly responsible for the areas of Strategy and Audits, General Coordination and Institutional Relations
- April 2008 to April 2010 – Executive Director of Soares da Costa, SGPS, S.A.
- April 2009 to April 2010 – Non-Executive Director of Portugal Telecom, S.A.
- May 2009 to April 2011 – Member of the Board of Directors of Visa Europe

Luís Maria França de Castro Pereira Coutinho

Personal Data:

- Date of Birth: 2 March 1962
- Place of birth: Lisbon
- Nationality: Portuguese
- Position: Member of the Executive Board of Directors (until 28 February 2012, when the corporate governance model was altered)
- Beginning of Duties: 16 January 2008
- Current Term of Office: 2011/2013

Positions presently held in Companies of the Group:

In Portugal:

- Member of the Board of Directors of Fundação Millennium bcp

Abroad:

- Chairman of the Board of Directors of Banque Privée BCP (Suisse), S.A. (Switzerland)
- Member of the Board of Directors of Millennium Bank, S.A. (Greece)
- Chairman of the Board of Directors of Banca Millennium, S.A. (Romania)

Duties within the Organisational Model of the Group:

- Asset Management and Private Banking Committee
- European Business Committee
- Credit Commission
- Capital Assets and Liabilities Management Commission (CALCO)
- Risk Commission

Direct Responsibilities:

- Banca Millennium (Romania)
- Bank Millennium (Poland)
- Banque BCP (France)
- Banque Privée BCP (Switzerland)
- Orient Desk
- Assets and Liabilities Management Department
- Private Banking Department
- Millennium Bank (Greece)

Academic Education:

- 1984 – Licentiate degree in Economics from Universidade Católica Portuguesa

Other Professional Experience:

- 1985 to 1988 – Head of the Dealing-Room of Credit Lyonnais (Portugal)
- 1988 to 1991 – General Manager, Treasury and Capital Markets of Banco Central Hispano
- 1991 to 1993 – Member of the Board of Directors of Geofinança - Sociedade de Investimentos, S.A.
- 1993 to 1998 – Member of the Executive Committee and of the Board of Directors of Banco Mello, S.A.

- 1998 to 2000 – Vice-Chairman of the Executive Committee and Member of the Board of Directors of Banco Mello, S.A.
- 2000 to 2001 – General Manager of Banco Comercial Português, S.A.
- 2001 to 2003 – Head of the Office of the Chairman of the Board of Directors of Banco Comercial Português, S.A.
- 2003 to February 2009 – Vice-Chairman of the Executive Board of Directors of Bank Millennium, S.A. (Poland)
- May 2003 to March 2009 – Member of the Supervisory Board of Millennium Lease Sp Zoo (Poland)
- May 2003 to March 2009 – Member of the Supervisory Board of Millennium Dom Maklerski S.A. (Poland)
- May 2003 to March 2009 – Member of the Supervisory Board of Millennium Lease Sp Zoo (Poland)
- February to December 2008 - Manager of BCP Participações Financeiras, SGPS, Sociedade Unipessoal, Lda.
- February 2008 to March 2009 – Manager of BCP Internacional II, Sociedade Unipessoal, SGPS, Lda.
- February 2008 to March 2009 – Member of the Board of Directors of Millennium bcp - Prestação de Serviços, ACE
- February 2008 to December 2009 – Member of the Board of Directors of Banco Activobank (Portugal), S.A., presently Banco ActivoBank, S.A.
- May 2008 to May 2010 – Vice-Chairman of the Board of Directors of Millennium Bank, S.A. (Greece)
- July 2008 to October 2010 – Chairman of the Board of Directors of BCP Holdings (USA), Inc. (United States of America)

Miguel Maya Dias Pinheiro

Personal Details

- Date of Birth: 16 June 1964
- Place of birth: Lisbon
- Nationality: Portuguese
- Position: Member of the Executive Board of Directors (until 28 February 2012, when the corporate governance model was altered)
- Beginning of Duties: 26 November 2009
- Current Term of Office: 2011/2013

Positions presently held in Companies of the Group:

In Portugal:

- Member of the Board of Directors of Fundação Millennium bcp

Abroad:

- Member of the Board of Directors of Banco Millennium Angola, S.A. (Angola)
- Vice-Chairman of the Board of Directors of BIM - Banco Internacional de Moçambique, S.A. (Mozambique)

Duties within the Organisational Model of the Group:

- Companies Committee
- Retail Committee
- Credit Commission
- Capital Assets and Liabilities Management Commission (CALCO)
- Risk Commission
- Credit Risk Monitoring Sub-Commission

Direct Responsibilities:

- Companies Commercial Department
- Investment Banking Department
- Litigation Department
- Corporate I Department
- Corporate II Department
- Specialised Credit Recovery Department
- Millennium Angola
- Millennium bim

Academic Education:

- Licentiate degree in Corporate Organisation and Management from Instituto Superior das Ciências do Trabalho e da Empresa (ISCTE)
- Corporate Senior Management Programme (PADE) from AESE (Business Management School)
- Advanced Management Programme - INSEAD

Other Professional Experience:

- 1987 to 1990 – Duties in the Commercial and Financial area in SME of the industrial sector

- 1990 to 1995 – Employee of Banco Português de Atlântico, with duties in the commercial area, companies segment, and responsible for coordinating the central economic and financial research office. During this period of time, he was guest lecturer at IFB (Bank Training Institute)
- Since 1996 – Employee of Grupo Banco Comercial Português, participating in the teams that incorporated BPA into BCP, responsible for coordinating the integration project and defining the value proposition for the companies segment
- 1997 to 1999 – Head of the Companies Marketing Department of Banco Comercial Português. Collaboration in Steering Committees of the Banco de Portugal
- 1999 to 2000 – Banco Comercial Português: Coordinating Manager of NovaRede (Retail - South). Collaboration in Steering Committees of the Banco de Portugal
- 2001 to 2003 – Deployed in Barcelona, Spain, performing the duties of CEO of Managerland, S.A. (Internet banking operations of the BCP Group and Sabadell)
- Director of ActivoBank and ActivoBank7
- 2003 to 2005 – General Manager, responsible for the Contact Centre (Internet, Phone Banking and Customer Centre operations) of Banco Comercial Português/Servibanca
- Director of Millenniumbcp Teleserviços, Serviços de Comercio Electrónico, S.A.
- 2005 to September 2007 – General Manager of Banco Comercial Português, S.A., member of the Retail Executive Committee
- Head of the Innovation and Commercial Promotion Department of BCP
- Director of Millenniumbcp Gestão de Fundos de Investimentos, S.A.
- Chairman of Millenniumbcp Teleserviços, Serviços de Comercio Electrónico, S.A.
- Manager of AF Internacional, SGPS, Sociedade Unipessoal, Lda.
- Member of the Executive Committee of CISP
- August 2007 to November 2009 – Head of the Office of the Chairman of the Executive Board of Directors of Millenniumbcp
- Since 25 February 2009 – Member of the Board of Directors of Banco Millennium Angola, S.A.

José Jacinto Iglésias Soares

Personal Details

- Date of Birth: 25 June 1960
- Place of birth: Luanda
- Nationality: Portuguese and Angolan
- Position: Member of the Executive Board of Directors (until 28 February 2012, when the corporate governance model was altered)
- Beginning of Duties: 18 April 2011
- Current Term of Office: 2011/2013

Positions presently held in Companies of the Group:

In Portugal

- Member of the Board of Directors of Fundação Millennium bcp

Duties within the Organisational Model of the Group:

- Banking Processes and Services Committee
- Pension Fund Monitoring Commission
- Credit Commission
- Capital Assets and Liabilities Management Commission (CALCO)
- Risk Commission
- Sustainability Commission

Direct Responsibilities:

- Compliance Office
- Administrative and Logistics Department
- Audit Department
- Legal Department
- Microcredit Department
- Shareholdings Department
- Quality Department
- Prevention and Safety Office
- General Secretariat

Academic Education:

- Licentiate degree in Law from the Faculty of Law of Lisbon University
- Monitor at the Faculty of Law of Lisbon University
- Post-Graduate degree in Commercial Law and Commercial Companies from Universidade Católica de Lisboa
- Corporate Senior Management Programme from AESE (Business Management School)
- Post-Graduate degree in Accounting and Finance from Universidade Católica de Lisboa

Other Professional Experience:

- 1985 to 1986 – Lawyer of the Legal Office of the Tourism Fund

- 1986 to 2004 – Employee of Banco Comercial Português, S.A., having performed the following duties:
  - Account manager at the Av. 5 de Outubro Branch, Lisbon
  - Manager of the Cascais Branch
  - Deputy Coordinating Manager of the Network of individuals
  - Commercial Manager at NovaRede and Atlântico
  - Manager at the Legal Department
- 2004 to 2005 – Chairman of Instituto Português de Apoio ao Desenvolvimento (IPAD)
- 2005 to 2007 – Manager of the Legal Support Division of the Compliance Office of Banco Comercial Português, S.A.
- 2008 to 2009 – Managing Director of the External Relations Division of Banco Privado Atlântico (Angola)
- 2009 to 2011 – Executive Director of Banco Privado Atlântico - Europe, responsible for the areas of Compliance, Legal Advisory Services and Internal Audits

Rui Manuel da Silva Teixeira

Personal Data:

- Date of Birth: 4 September 1960
- Place of birth: Porto
- Nationality: Portuguese
- Position: Member of the Executive Board of Directors (until 28 February 2012, when the corporate governance model was altered)
- Beginning of Duties: 18 April 2011
- Current Term of Office: 2011/2013

Positions presently held in Companies of the Group:

In Portugal:

- Member of the Board of Directors of Fundação Millennium bcp

Duties within the Organisational Model of the Group:

- Asset Management and Private Banking Committee
- Companies Committee
- Retail Committee
- Credit Commission
- Capital Assets and Liabilities Management Commission (CALCO)
- Risk Commission
- Credit Risk Monitoring Sub-Commission

Direct Responsibilities:

- Network Support Department
- Retail Banking Department
- Direct Banking Department
- Cards Department
- Standardised Credit Recovery Department
- Madeira and Azores Regional Department

Academic Education:

- Licentiate degree in Electrotechnical Engineering from the Faculty of Engineering of Porto University
- Specialisation Course in "Industrial Management" from INEGI of FEUP

Other Professional Experience:

- 1984 to 1987 – Technical and quality management duties at a Multinational manufacturer of semiconductors
- Since 1987 – Employee of Banco Comercial Português, manager since 1990, member of the Senior Management of the Group since 1994 and General Manager since 2006, having performed the following duties:
    - 1989 to 1989 – Technician at the Individuals Marketing Department
    - 1989 to 1989 – Technical Adviser to the Coordinating Manager of Individuals & Business
    - 1991 to 1995 – Head of the Telemarketing Systems Department, having led the Customer Information & Telemarketing Project and participated in the Project Team launching Banco 7

- 1995 to 1998 – Head of the Quality Department of the BCP Group
- 1999 to 2000 – Deputy Coordinating Manager at NovaRede (Retail - North)
- 2000 to 2001 – Head of the Commercial Dynamics Department of NovaRede
- 2001 to 2003 – Head of the Mortgage Loan Product Unit
- 2003 – Head of the Retail Marketing Department at Bank Millennium S.A. (Poland)
- 2003 to 2006 – Executive Director of Bank Millennium S.A. (Poland) and member of the Supervisory Boards of Millennium Dom Maklerski S.A., BEL Leasing Sp Zoo and FORIN Sp Zoo
- 2006 to 2009 – Head of the IT Global Division (Group) and member of the Banking Services Coordination Committee
- 2009 to 2010 – Vice-Chairman of the Executive Board of Directors of Bank Millennium S.A. (Poland) and member of the European Banking Coordination Committee and member of the Supervisory Boards of Millennium Dom Maklerski S.A., Millennium Leasing Sp Zoo and Millennium Lease Sp Zoo
- May 2010 to April 2011 – Head of the Marketing Department, member of the Retail and Companies Coordinating Committees and responsible, in addition, for the M project.

Annex II

CURRICULA OF THE MEMBERS OF THE SUPERVISORY BOARD OF BANCO COMERCIAL PORTUGUÊS, S.A.

António Vítor Martins Monteiro

Age: 68 years old

Academic qualifications: Licentiate Degree in Law from the Law School of Lisbon University

Current positions in the Group: Chairperson of the Supervisory Board, Chairperson of the Corporate Governance Committee and Member of the of the Remunerations and Welfare Board of Banco Comercial Português, S.A.; (until 28 February 2012, when the corporate governance model was altered)

Current positions outside the Group: Member of the Board of Directors of SOCO International plc, Member of the General Board of the School of Humanities and Social Sciences of Universidade Nova de Lisboa, and Member of the Nominations Commission, Member of the Board of Directors of Banco Privado do Atlântico – Angola, Chairman of the Board of Curators of Fundação Luso-Brasileira.

Other professional experience:

- 1968 - Joined the Ministry of Foreign Affairs
- 1971 – Secretary of the Embassy in Kinshasa
- 1977 – Representative at the United Nations Food and Agriculture Organization (FAO)
- 1978 – Vice-Chief of State Protocol
- 1984 - Deputy Permanent Representative for the Permanent Mission of Portugal to the United Nations
- 1987/1991 - Head of the Office of the Secretary of State for Foreign Affairs and Cooperation
- 1990/1991 - Member of the Portuguese Delegation that mediated the negotiations for the Peace Treaties in Angola, signed in Lisbon
- 1991 - Head of the Temporary Mission of Portugal to the Peace Process Structures in Angola and representative to the Political-Military Joint Committee, in Luanda
- 1994 - Director-General for Foreign Policy of the Ministry of Foreign Affairs
- 1994/1996 - Coordinator of the Permanent Steering Committee of the Community of Portuguese-Speaking Countries
- 1997 - Portuguese Permanent Representative to the United Nations
- 1997/1998 - Portuguese Representative to the Security Council of the United Nations
- April 1997/June 1998 - Chairman of the Security Council of the United Nations
- 1997/1998 - Chairman of the Committee created by the Security Council to deal with the situation caused by the conflict between Iraq and Kuwait
- 2000 - Portuguese Representative to the Economic and Social Council of the UN (ECOSOC)
- 2001 - Vice-Chairman of the ECOSOC
- 2001 - Ambassador of Portugal in France
- 2001/2004 - Portugal's Representative to in the European Space Agency (ESA)
- 2002/2009 - Member of the Ambassadors Forum of the Portuguese Investment Agency
- 2003 - Member of the Advisory Board of the Oceans Strategic Committee
- 2004/2005 - Minister of Foreign Affairs and of the Portuguese Communities
- 2005/2006 - High Commissioner of the UN for the Elections in the Ivory Coast
- 2006/2009 - Portugal's Representative to in the European Space Agency (ESA)
- 2006/2009 – Ambassador of Portugal in France

- 2010 and 2011 – Member of the panel of the UN Secretary-General for the Referendum in Sudan
- 2011 – Member of the work team created by the Portuguese Prime-Minister for the internationalization and development of the Portuguese Economy

Manuel Domingos Vicente (renounced to the position on 3 February 2012)

Age: 55 years old

Academic qualifications: Licentiate degree in Electronic Engineering specialised in power systems, from Universidade Agostinho Neto.

Current position in the Group: Vice-Chairperson of the Supervisory Board of Banco Comercial Português, SA.; (renounced to the position on 3 February 2012)

Current positions outside the Group: Chairman of the Board of Directors of Sonangol, EP, Chairman of the Board of Directors of UNITEL, Consultant of GAMEK, Chairman of the Management Council of Sonils, Lda, Chairman of the Board of Directors of Baía de Luanda, and Vice Chairman of Fundação Eduardo dos Santos (FESA).

Other professional experience:

- 1981/1987 - Chief Engineer, Head of the SONEFE Projects Department
- 1987/1991 - Head of the Energy Development Technical Department of the Ministry for Energy and Oil
- 1987/1991 - Consultant of GAMEK (Office of the Development of the Middle Kwanza)
- 1987/1991 – University Professor
- 1991/1999 – Vice General Manager of Sonangol UEE
- 1991/1999 - Chairman of the Management Committee of Kwanda Base
- January 2008/March 2009 - Member of the Supervisory Board of Banco Comercial Português SA

Maria Leonor Couceiro Pizarro Beleza de Mendonça Tavares

Age: 63 years old

Academic qualifications: Licentiate degree in Law in 1972 from the University of Lisbon.

Current position in the Group: Vice-Chairperson of the Supervisory Board of Banco Comercial Português, SA.; (until 28 February 2012, when the corporate governance model was altered)

Current positions outside the Group:

President of the Champalimaud Foundation, Member of the Portuguese State Council, Member of the General Council of the University of Lisbon and member of the governing bodies of several charities.

Other professional experience:

- 1973 to 1975 - Auxiliary Professor in the Faculty of Law at the University of Lisbon;
- 1977 to 1982 - Auxiliary Professor in the Faculty of Law at the University of Lisbon;
- 1982 to 1983 – State Secretary for the Presidency of the Council of Ministers;
- 1983 to 1985 - State Secretary for Social Security;
- 1983 to 1987 - Member of Parliament;
- 1985 to 1990 - Minister for Health;
- 1991 to 1994 – Member and Vice-President of the Portuguese Parliament;
- 1991 to 1996 – President of Instituto Dr. Francisco Sá Carneiro;
- 1994 to 1997 - Coordinator of legal services for TVI - Televisão Independente, S.A.;
- 1994 to 2005 - principal consultant for CEJUR (Judicial Centre of the President of the Ministerial Council).);
- 1995 to 1998 – President of the Fiscal Council of Banco Totta & Açores;

- 1998 to 2000 – Member of the Advisory Council of Banco Totta & Açores;
- 2002 to 2005 – Member and Vice-President of the Portuguese Parliament;
- É Mrs. Beleza is a lawyer but has currently suspended her membership of the Lawyer's Association.

Álvaro Roque de Pinho de Bissaia Barreto

Age: 76 years old

Academic qualifications:

- Licentiate Degree in Civil Engineering from I.S.T. (1959);
- Management Course (American Management Association), em 1961;
- Program on Management Development (Harvard Business School), em 1969

Current positions in the Group:

Member of the Supervisory Board, of the Risk Assessment Committee and of the Ethics and Professional Conduct Committee of Banco Comercial Português, S.A. .; (until 28 February 2012, when the corporate governance model was altered)

Current positions outside the Group:

Fundação Bissaya-Barreto – Member of the Senior Council; Tejo Energia, S.A. – Chairman of the Board of Directors; Nutrinveste - Soc. Gestora de Part. Sociais, S.A. - Non-Executive Director; Instituto Português de Corporate Governance – Member of the Advisory Board; Prime Drinks, S.A. - Chairman of the Board of the General Meeting; SAIP – Sociedade Alentejana de Inv. e Participações, SGPS, S.A. – Non-Executive Director; Beralt Tin & Wolfram (Portugal), S.A. - Non-Executive Director; Mellol - Soc. Gestora de Participações Sociais, S.A. - Non-Executive Director; Paço de Maiorca, Promoção e Gestão de Equipamentos Hoteleiros, SA – Chairman of the Board of the General Meeting; Fundação Batalha De Aljubarrota - Member of the Planning and Urban Management Board.

Other Professional experience:

- 1959/1968 - PROFABRIL - Centro de Estudos, SARL – Engineering Consultant
- 1969/1971 - LISNAVE - Estaleiros Navais de Lisboa, SARL – Administrative Manager
- 1971/1974 - SETENAVE - Estaleiros Navais de Setúbal, SARL – Executive Director
- 1974/1978 - LISNAVE - Estaleiros Navais de Lisboa, SARL - Executive Director
- 1978/1980 – Minister for Industry and Energy
- 1979/1980 - TAP - Air Portugal - Chairman of the Board of Directors
- 1981 – Minister for European Integration
- 1982/1983 – Member of Parliament
- 1982/1983 - SOPORCEL - Sociedade Portuguesa de Celulose, SA - Chairman of the Board of Directors; Non Executive Director de diversas empresas industriais
- 1983/1984 - Minister for Trade and Tourism
- 1984/1990 - Minister for Agriculture, Fishing and Food
- 1990/1997 - Member of Parliament
- 1990/2004 - TEJO ENERGIA, SA - Chairman of the Board of Directors
- 1990/2004 - SOMINCOR - Sociedade Mineira de Neves Corvo, SA - Non Executive Director
- 1990/2004 - NUTRINVESTE - Soc. Gestora de Part. Sociais, SA - Non Executive Director
- 1990/2004 - MELLOL - Soc. Gestora de Participações Sociais, SA - Non Executive Director
- 1991/1992 – President of the Parliamentary Chamber for Foreign Affairs, Portuguese Communities and Cooperation
- 1992/1997 - CÂMARA DE COMÉRCIO LUSO BRITÂNICA - Chairman of the Board of the General Meeting

- 1992/2000 - COMETNA - Companhia Metalúrgica Nacional, SA - Chairman of the Board of the General Meeting
- 1992/2002 - SONAE, SGPS, SA – Member of the Advisory Board
- 1992/2004 - PORTUGÁLIA - Comp. Portuguesa de Transp. Aéreos, SA - Chairman of the Board of the General Meeting
- 1993/2001 - PLEIADE - Investimentos e Participações SGPS, SA - Non Executive Director
- 1993/2001 - SONAE INVESTIMENTOS, SGPS, SA – Chairman of the General Board
- 1996/2002 - Fundação das Universidades Portuguesas – Member of the Evaluation Board
- 1998/2001 - UNIVERSIDADE DE COIMBRA – Member of the Social Board
- 1998/2004 – INSEAD – Member of the Portuguese Council and of the International Council
- 1999/2004 - Member of Parliament
- 1999/2010 - ACADEMIA DE ENGENHARIA – Effective Member
- 2000/2004 - IBET - Instituto de Biologia Experimental e Tecnológica - Vice-Chairman of the Board
- 2001/2004 - Chairman of the Parliamentary Commission for Agriculture, Rural Development and Fishing
- 2001/2004 - NOVA ROBBIALAC – Indústria Ibérica de Tintas, SA - Non Executive Director
- 2002/2004 - Member of the Municipal Assembly of Lisboa
- 2004/2005 – State Minister and Minister for Economic Activities and Work

Decorations

- Austria – Gold Grand Cross
- Belgium - Great Cross of the "Ordem de Leopoldo II"
- Brazil - Commander of the "Ordem Nacional do Cruzeiro do Sul"
- Spain - Great Cross of the "Ordem de Mérito Civil"
- Iceland – Great Cross of the "Ordem do Falcão"
- Italy – Cavallier of the Grand Cross
- Norway – Cross of Saint Olav
- Portugal – Commander of the "Ordem de Mérito Industrial"

António Henriques de Pinho Cardão

Age: 68 years old

Academic qualifications: Licentiate Degree in Finance from ISCEF

Current positions in the Group: Member of the Supervisory Board, of the Ethics and Professional Conduct Committee and of the Nominations Committee of Banco Comercial Português, S.A.; (until 28 February 2012, when the corporate governance model was altered)

Current positions outside the Group: Economist, as a self-employed individual

Other Professional experience:

- 1972-73 - Economist-Technician of the Ministry of Health (Procurement Department)
- 1973-74 - Economist-Technician of the Economic Research Office of Associação Industrial Portuguesa
- 1974-76 - Technician at the Planning and Organization Department of the former União Eléctrica Portuguesa
- 1977-80 - Economist- Superior Technician and Manager of Electricidade de Portugal (EDP)
- 1980-82 - Chairman of the Board of Directors of Movierecord, SARL

- 1980-83 - Member of the Board of Directors of Radiotelevisão Portuguesa (RTP)
- 1980-90 - Chairman of the Board of Directors of Companhia de Seguros Garantia
- 1980-90 - Member of the Board of Directors of Companhia de Seguros UAP-Vida
- 1980-90 - Member of the Board of Directors of Companhia de Seguros UAP-Ramos Reais
- 1982-83 - Member of the Board of Directors of RTC – Radiotelevisão Comercial
- 1982-83 - Manager of Associação Industrial Portuguesa (Institutional Department)
- 1983-85 - member of the Board of Directors of Sorefame, SARL
- 1985-88 - Member of the Board of Directors of Radiotelevisão Portuguesa (RTP)
- 1989-90 - Member of the Board of Directors IPE – Investimentos e Participações do Estado, SA
- 1989-90 - Administrador da SEFIS, SA- Sociedade Europeia de Financiamentos e Serviços (former Group IPE)
- 1991-97 - Director of BCP-I (Banco de Investimento, SA) and CISF - Banco de Investimento, SA – Grupo BCP
- 1997-99 - Director of Crèdibanco-Banco de Crédito Pessoal, SA – Group BCP
- 1999-2002 - Credit General Manager of Banco Comercial Português – BCP
- March 2002 to March 2005 - Member of the Portuguese Parliament

António Luís Guerra Nunes Mexia

Age: 53 years old

Academic qualifications: Licentiate degree in Economics from the University of Geneva in 1979

Current positions in the Group: Member of the Supervisory Board and Member of the Corporate Governance Committee of Banco Comercial Português, S.A.; (until 28 February 2012, when the corporate governance model was altered)

Current positions outside the Group: Chairman of the Executive Board of Directors of EDP - Energias de Portugal, SA (since 2006), Chairman of the Board of Directors of EPD - Energias do Brasil, SA and Chairman of the Board of Directors of EDP Renováveis, S.A.

Other professional experience:

- 1979/1981 - Lecturer at the Department of Economics of the University of Geneva
- 1982/1985 - Lecturer in the Macroeconomics and European Integration Courses at Universidade Nova
- 1985/1989 - Post-graduate lecturer of Macroeconomics and European Studies at Universidade Católica
- 1986/1989 - Vice Secretary of State for External Trade
- 1989 - Vice Chairman of the Board of Directors of ICEP – Instituto do Comércio Externo, responsible for Foreign Investment
- 1990/1998 - Director of Banco Espírito Santo de Investimento, responsible for the areas of capital markets, brokerage and project finance;
- 1992/1998 - Member of the Trilateral Committee
- 1999/2002 - Chairman of APE - Associação Industrial Portuguesa de Energia
- 2000 - Vice Chairman of the Board of Directors of Galp Energia, SGPS, SA
- 2001/2004 - Executive Chairman of the Board of Directors of Galp Energia, SGPS, SA
- 2002/2004 - Chairman of the General Board of Ambelis
- 2004/2005 - Minister for Public Works, Transports and Communications of the XVI Constitutional Government
- Vice Chairman of AIP - Associação Industrial Portuguesa
- Representative of the Portuguese Government to the European Union in the working group on the development of trans-European networks

António Manuel Costeira Faustino

Age: 54 years old

Academic qualifications: Degree in Law by the Faculty of Law of the University of Lisbon

Current positions in the Group: Member of the Supervisory Board and of the Corporate Governance Committee of Banco Comercial Português, S.A.; (until 28 February 2012, when the corporate governance model was altered)

Current positions outside the Group: Lawyer (liberal professional)

Other Professional experience:

- 1999/2000 - Permanent Member of RECOLTE Delegates Council - Recolha, Tratamento e Eliminação de Resíduos, S.A.
- 1999/2001 - Director of TEDAL - Sociedade Gestora de Participações Sociais, S.A.
- 2001/2002 - Alternate Member of RECOLTE Delegates Council - Recolha, Tratamento e Eliminação de Resíduos, S.A.
- 2001/2003 - Member of the Board of the General Meeting of C+PA – Cimento e Produtos Associados, S.A.
- 2002/2005 - Vice - President of the Lisbon District Council of the Bar Association
- 2005/2007 - Vice – President of the General Council of the Bar Association
- 2005/2007 - Member of the General Council of Lawyers' and Solicitors' National Welfare Fund.
- 2007/2009 - Member of the Board of the General Meeting of AEDL - Auto-Estradas do Douro Litoral, S.A.

Carlos José da Silva

Age: 46 years old

Academic qualifications: Licentiate Degree in law from Law Faculty of Universidade Lisboa, 1990

Current positions in the Group: Member of the Supervisory Board and of the Corporate Governance Committee of Banco Comercial Português, S.A.; (until 28 February 2012, when the corporate governance model was altered)

Current positions outside the Group: Executive Director of Banco Privado Atlântico Europa, Vice-Chairman of Sociedade Baia de Luanda, Chairman of Interoceanico Capital S.G.P.S., S.A., and Chairman of the Angola Management School

Other Professional Experience:

- 1990/1994 - Lawyer and Founder of the law firm Carlos José da Silva e Associados
- 1994/1998 - Management consulting in the tax and financial area to multinational companies in the oil and financial area;
- 1998 – 2001 - Representative of Banco Espírito Santo (BES) in Angola in its Representation Office
- 2001 – 2005 - Founder and Executive Director of Banco Espírito Santo Angola (BESA)

Daniel Bessa Fernandes Coelho

Age: 63 years old

Academic Education: Licentiate degree in Economics (Universidade do Porto, 1970); PhD in Economics (Universidade Técnica de Lisboa, 1986).

Current positions in the Group: Member of the Supervisory Board and Chairperson of the Risk Assessment Committee of Banco Comercial Português, S.A.; (until 28 February 2012, when the corporate governance model was altered)

Current positions outside the Group:

Director of Finibanco Holding, S.G.P.S., S.A.; Non Executive Director of Efacec Capital, S.G.P.S., S.A.; Chairman of the Audit Board of Sonae S.G.P.S., S.A.; Non Executive Director of Agência para o Investimento e Comércio Externo de Portugal – AICEP, E.P.E.; General Manager of COTEC Portugal – Associação Empresarial para a Inovação; Chairman of the Audit Board of Bial – Portela e Companhia, S.A.; Member of the Board of Directors of Fundação Bial; member of the International Advisory Board of FDC – Fundação Dom Cabral; Chairman of the Audit Board of Galp Energia, S.G.P.S., S.A.; Chairman of the Board of the General Meeting of Nanium, S.A.; Chairman of the Advisory Board of IGFCSS – Instituto de Gestão de Fundos de Capitalização da Segurança Social; Chairman of the Research Office of Câmara dos Técnicos Oficiais de Contas; Member of the Investment Committee of PVCI - Portuguese Venture Capital Initiative an entity created by the EIF – European Investment Fund; and Chairman of the Advisory Board of Microprocessador, S.A.

Freelance economist since 1983

Other Professional Experience:

- 1970/ 2009 – Lecturer at Universidade do Porto.
- 1978/1979 - Chairman of the Board of Directors of the School of Economics of Universidade do Porto ()
- 1988/2000 - Lecturer at ISEE - Instituto Superior de Estudos Empresariais
- 1989/1992 - Lecturer at the School of Engineering,
- April 1989 to December 1990 - Chairman of the Executive Commission of Escola Superior de Tecnologia e Gestão do Instituto Politécnico de Viana do Castelo
- December 1990 to October 1995 - Pro-Rector for the financial management of Universidade do Porto
- December 1992 to October 1995 - Spokesman of the Socialist Party for economic and financial matters
- October 1995 - Member of Parliament of the Portuguese Republic
- October 1995 to March 1996 - Minister for Economy of the Portuguese Government
- 1996/2000 - Executive Manager of AURN - Associação das Universidades da Região Norte
- May 1996 to March 2006 – Non-executive director of CELBI - Celulose Beira Industrial
- January 1997 to October 1999 - Non-executive director of INPARSA - Indústrias e Participações, S.G.P.S, S.A.
- March 1997 to April 2007 - Chairman of the Audit Board of SPGM - Sociedade de Investimentos
- November 1997 to March 2008 - Director of FINIBANCO, S.A.
- January 1998 to December 2003 - Chairman of the Assembly of the Municipality of Vila Nova de Cerveira
- January 1999 to March 2002 - Chairman of the Board of the General Meeting of APDL - Administração dos Portos do Douro e Leixões
- September 1999 to December 2006 - External employee of Grupo Sonae, intervening in macroeconomic forecasts and strategy definition
- September 1999 to December 2006 - Member of the Advisory Board of Sonae S.G.P.S., S.A.
- September 1999 to December 2006 - Member of the Advisory Board of Sonae Indústria, S.G.P.S., S.A.
- 2000/2008 – Lecturer at EGP - Escola de Gestão do Porto
- June 2008 to March 2009 - Chairman of the Management Board of EGP - Escola de Gestão do Porto
- January 2001 to June 2003 - member of the Advisory Board of Indústrias de Condutores Eléctricos e Telefónicos F. Cunha Barros, S.A.
- February 2003 to June 2004 - Mission with the Ministry of Economy and of Social Security and Labour of the Portuguese Government to coordinate the technical aspects of creation of a Program to Recover Depressed Areas and Sectors
- He worked with private companies and economic groups, public entities, regional and sector economic associations, unions, schools and other entities (among which: Sonae, Grupo Amorim, Siderurgia Nacional – Serviços, HCB – Hidroeléctrica Cahora-Bassa, Empresa Carbonífera do Douro, Soserfin – Sociedade de Serviços Financeiros, Governo da República Popular de Angola, Governo Regional dos Açores, Comissão de Coordenação da Região Norte, ACSS – Administração Central do Sistema de Saúde, Estrutura de Missão Parcerias-Saúde, IGIF – Instituto de Gestão Informática e Financeira do Ministério da Saúde, ARS Centro – Administração Regional de Saúde do Centro, Centro Hospitalar de Vila Nova de

Gaia, Câmara Municipal do Porto, Câmara Municipal do Funchal, Câmara Municipal de Vila Nova de Gaia, Câmara Municipal de Póvoa do Varzim, Câmara Municipal de Bragança, Câmara Municipal de São João da Madeira, Câmara Municipal do Cartaxo, Câmara Municipal do Marco de Canavezes, Associação de Municípios do Vale do Lima, Associação de Municípios do Vale do Minho, ATP – Associação Têxtil e Vestuário de Portugal, APICCAPS – Associação Portuguesa dos Industriais de Calçado, Componentes, Artigos de Pele e seus Sucedâneos, APIM – Associação Portuguesa das Indústrias de Malhas e de Confecção, AIMMP – Associação das Indústrias de Madeira e Mobiliário de Portugal, ANCEVE – Associação Nacional de Comerciantes e Exportadores de Vinhos e Bebidas Espirituosas, ANECAP – Associação Nacional das Empresas Concessionárias de Áreas Portuárias, Sindicato dos Bancários do Norte, CLIP – Colégio Luso Internacional do Porto, COTEC Portugal).

- Author of O Processo Inflacionário Português 1945-1980, published by Edições Afrontamento, Porto, 1988. Articles published in the magazines Análise Social, Cadernos de Ciências Sociais, Cadernos de Economia, Estudos de Economia, Indústria – Revista de Empresários e Negócios, Pensamiento Iberoamericano - Revista de Economia Política, Praxis and Revista Crítica de Ciências Sociais.

João Manuel de Matos Loureiro

Age: 52 years old

Academic qualifications:

Licentiate Degree in Economics from the Faculty of Economics of the University of Porto

PhD in Economics (majoring in International Macroeconomics and Finance) from the University of Gothenburg, Sweden

Current positions in the Group:

Member of the Supervisory Board and Chairperson of the Audit Committee of Banco Comercial Português, S.A.; (until 28 February 2012, when the corporate governance model was altered)

Chairman of the Audit Board of Banco ActivoBank, S.A., Chairman of the Audit Board of Banco BII – Banco de Investimento Imobiliário, S.A.

Current positions outside the Group: Professor at the School of Economics of the University of Porto and of EGP-UPBS; Researcher at CEF.UP; Member of the General Council of UPBS (University of Porto Business School); Coordinator od the Post-graduate Degree in Management of the EGP-UPBS and Member of the Board of Representatives of the School of Economics of the University of Porto

Other Professional experience:

- Since 1984 - Professor at the School of Economics of the University of Porto
- 1984 - Economist of the Planning Department of União de Bancos Portugueses
- 1986/1987 - Economist for the Economic Studies Department of Banco Português do Atlântico
- 1996/2001 - Member of the Steering Committee of the School of Economics of the University of Porto
- 1997/2002 – Responsible for “Boletim de Conjuntura Internacional”, published by Soserfin/BPN
- 2000/2008 - Director of the MBA in Finance of the School of Economics of the University of Porto
- 2002/2009 - Chairman of the Paedagogic Council of the School of Economics of the University of Porto
- 2007/2008 - Coordinator of the Budgeting by Program Committee, Ministry of Finance
- 2008 - Consultant for the assessment of the foreign exchange system in Cape Verde
- 2008/2011 - Member of the General Board of the EGP (Porto Management School)
- 2011 – Member of the work group that prepared the Draft Regulations for the Public Finance Council
- Various publications, including the following books:
  - *Política Orçamental na Área do Euro*, Vida Económica (Porto), 2008;
  - *Euro: Análise Macroeconómica* , Vida económica (Porto),1999;
  - *Monetary Policy in the European Monetary System*, Springer Verlag (Heidelberg and New York), 1996.

José Guilherme Xavier de Basto

Age: 73 years old

Academic qualifications: Licentiate Degree in Law from the Law School of Coimbra University; Additional Course of Political-Economic Sciences.

Current positions in the Group: Member of the Supervisory Board and Member of the Audit Committee of Banco Comercial Português, S.A.; (until 28 February 2012, when the corporate governance model was altered)

Current positions outside the Group: Non-Executive Director of Portugal Telecom, SGPS, SA, Member of the Audit Board of Portugal Telecom, SGPS, SA and Member of the Studies Centre of the Chartered Accountants Association (CTOC)

Other professional experience:

- 1995/2000 - Lecturer at the Law School of the University of Coimbra
- 1994 - Member of the Tax Reform Development Committee

José Vieira dos Reis

Age: 64 years old

Academic qualifications: Licentiate Degree in Economics from Instituto Superior de Economia de Lisboa; Licentiate Degree in Law from the Lisbon Law School; BSc in Accounting from Instituto Comercial de Lisboa; Statutory Auditor and Chartered Accountant.

Current positions in the Group: Member of the Supervisory Board and Member of the Audit Committee of Banco Comercial Português, S.A.; (until 28 February 2012, when the corporate governance model was altered)

Current positions outside the Group: Chairman of the Audit Board of AEA - Autoestradas do Atlântico, S.A., Member of the Audit Board of Lojas Francas de Portugal SA, Founding partner of Oliveira Reis & Associados, SROC Lda and Consultant

Other professional experience:

- Finance Inspector
- Tax Receiver
- 1998/1999 - Chairman of the Chartered Accountants Association
- 2000 - Member of the Committee for the Income Tax Reform
- 2000/2005 - Chairman of the Statutory Auditors Association
- 2006 - Chairman of the Work Group on the Tax Impact of the Adoption of International Accounting Standards
- 2008/2009 - Chairman of the Working Group on the Tax Impact of the Adoption of International Accounting Standards
- Lecturer at Instituto Superior de Contabilidade e Administração de Lisboa, for Financial General Accounting II

Josep Oliu Creus

Age: 62 years old

Academic qualifications: PhD in Economics from the University of Minnesota, in 1978.

Current position in the Group: Member of the Supervisory Board of Banco Comercial Português, SA.; (until 28 February 2012, when the corporate governance model was altered)

Current positions outside the Group: Chairman of the Board of Directors of Banco de Sabadell, SA, Chairman of the Board of Directors of BanSabadell Holding SL, Unipers, Chairman of the Advisory Council of Member of the Corporación EXEA, Chairman of FEDEA (Fundación de Estudios de Economía Aplicada - Foundation for Studies in Applied Economics), Member of the Management Committee of the Spanish Fondo de Garantía de Depósitos, Member of the Governors Council of Fundación Principe de Asturias, Member of the Governors Council of Fundación Principe de Girona, Vice Chairman of the Spanish Chapter of LECE (Liga Europea de Cooperación Económica - European League for Economic Cooperation), Member of the Spanish Council of INSEAD and Chairman of Fundación Banco Herrero.

Other professional experience:

- 1978/1982 - Associate Professor of Economics and Econometrics at Universidad Autónoma, Barcelona
- 1983/1984 - Professor at Universidad of Oviedo
- 1983 - Director of Strategy Studies at the National Institute of Industry (Spain)
- 1984/1986 - Planning General Director, Chief Executive of Financial Companies for Regional Development and advisor to the Spanish Institute of Industry;
- 1986 - Joined Banco Sabadell
- 2000/2008 - Member of the Senior Board of Banco Comercial Português, SA

Luís de Melo Champalimaud (renounced to the position on 3 February 2012)

Age: 60 years old

Academic qualifications: Attended the course in Economics at Instituto Superior de Economia e Sociologia de Évora.

Current position in the Group: Member of the Supervisory Board and of the Remunerations and Welfare Board of Banco Comercial Português, SA.; (renounced to the positions on 3 February 2012)

Current positions outside the Group: Chairman of the Board of Directors of Confiança Participações, SGPS, SA, Chairman of the Supervisory Board of Tracção, SA (Brazil), and Chairman of the Management and Supervisory Board of Empresa de Cimentos Liz, S.A.

Other professional experience:

- 1975/1982 - Sales Manager of Empresa de Cimentos Liz, SA (formerly Soeicom, SA)
- 1982/1992 - Chief Executive Officer (CEO) of Empresa de Cimentos Liz, SA (formerly Soeicom, SA)
- 1992/1993 - Director of Companhia de Seguros Mundial-Confiança, SA
- 1992/2000 - Vice Chairman of the Board of Directors Empresa de Cimentos Liz, SA (formerly Soeicom, SA), with non-executive functions
- 1993/1995 - Chairman of Companhia de Seguros Mundial-Confiança, SA
- 1995/2000 - Chairman of Banco Pinto & Sotto Mayor
- 1996/2000 - Chairman of Banco Chemical
- 1997/2000 - Chairman of Banco Totta & Açores
- 1997/2000 - Chairman of Crédito Predial Português
- 2004/2006 - Non-Executive Director of Portugal Telecom, SGPS, SA
- 2006/2009 - Member of the Supervisory Board of Banco Comercial Português, SA
- 2009/ 2011 – Chairman of the Supervisory Board, Chairman of the Sustainability and Corporate Governance Committee and Member of the Remunerations and Welfare Board of Banco Comercial Português, SA.

Manuel Alfredo da Cunha José de Mello

Age: 63 years old

Academic qualifications: Licentiate Degree in Finance from Instituto Superior de Economia de Lisboa in 1972.

Current positions in the Group: Member of the Supervisory Board, Member of the Risk Assessment Committee and Chairperson of the Nominations Committee of Banco Comercial Português, S.A.; (until 28 February 2012, when the corporate governance model was altered)

Current positions outside the Group: Chairman of the Board of Directors of Grupo Nutrinveste, SGPS, SA

Other professional experience:

- Until March 2009 - Member of the Senior Board of Banco Comercial Português, SA

Pansy Catilina Chiu King Ho

Age: 49 years old

Academic qualifications:

Honorary Doctorate Degree in Business Administration, Johnson and Wales University, 2007

Diploma in International Studies – Asian History, Political Science, Santa Clara University, 1984

BSc in Marketing and International Business Management, Santa Clara University, 1983

Current position in the Group: Member of the Supervisory Board of Banco Comercial Português, S.A.; (until 28 February 2012, when the corporate governance model was altered)

Current positions outside the Group:

In Portugal:

Director of POSSE – Sociedade gestora de Participações Sociais, S.A.; Director of Estoril Sol – SGPS, S.A.

In the Special Administrative Region of Macau of the People's Republic of China:

Director of Sociedade de Turismo e Diversões de Macau, S.A., the controlling company of the STDM Group Companies, Managing Director of MGM Grand Paradise, S.A.; Advisory Committee Member of Tourism Marketing Management; Advisory Committee Member of Transportation & Basic Construction; and Honorary Consul of Peru in Macao

In the Special Administrative Region of Honk Kong of the People's Republic of China:

CEO of Shun Tak Holdings Limited and a director in respective Group Companies; Committee member and Director of the Hong Kong-Japan Business Co-operation Committee; Vice-Chairperson of the Hong Kong Federation of Women; Vice-Convenor of the Hong Kong Federation of Women Entrepreneurs Committee; Joint Vice-President of the Society of the Academy for Performing Arts; Honorary President of the Hong Kong Federation of Women; Founding Honorary Advisor, Board Director of the The University of Hong Kong Foundation for Educational Development & Research Limited; Advisory Council Member of The Better Hong Kong Foundation; Honorary Vice President of Hong Kong Girl Guides Association; Honorary President of the Hong Kong Southern District Women's Association; Member of the Advisory Committee of the Council of Management for Hong Kong Jewellery & Jade Manufacturers Association; Member of the School Management Committee of the Hong Kong School of Arts, Media & Design (HKSAMD); Board Member of the Association Culturelle France-Hong Kong;

In China:

Member of the Standing Committee of the Beijing Municipal Committee of the Chinese People's Political Consultative Conference; Committee Member, China Association of Women Entrepreneurs; Vice Chairperson, China Association of Women Entrepreneurs; member of the China Promoting Minority Culture and Art Association; Vice-Chairperson of the China Society For Promotion Of The Guangcai Program; Member of the Standing Committee of All-China Federation of Industry & Commerce; Chamber of Tourism of All-China Federation of Industry & Commerce, Vice President; Vice Chairman of the Shanghai Federation of Industry & Commerce

Other Professional experience:

- 1999/2002 - Guangdong Chamber of Foreign Investors, Deputy Chairman
- 1999 / June 2006 - Community Chest of Hong Kong, Member of the Board

- 2000/2002 - Chinese People's Political Consultative Conference of Guangdong Province, Member of the Committee
- 2001/2006 - Hong Kong Arts Centre, Member of The Board of Governors
- 2001/2007 - The Hong Kong Ballet Limited, Member of The Board of Governors
- December 2002 to April 2005 - Bauhinia Cup Outstanding Entrepreneurs Association, Executive Committee Member
- June 2003 / June 2006 - Community Chest of Hong Kong, Member of the Executive Committee
- July 2003 / October 2010 - Board of Directors of Macao Chamber of Commerce, Standing Committee Member
- November 2004 / October 2006 - Hong Kong Home Affairs Bureau, Member of the Committee on Museums
- March 2005 / February 2008 - Advisory Committee Member of Human Resources
- March 2005 / February 2008 - Advisory Committee Member of Tourism Products
- 2005/2009 - Chamber of Women of All-China Federation of Industry & Commerce, Vice President
- 2006/2009 - Carnation Women's Association, Honorary President
- 2008/2009 - Director of Tung Wah Group of Hospitals

Thomaz de Mello Paes de Vasconcellos

Age: 54 years old

Academic qualifications: Licentiate degree in Business Management from Universidade Católica

Current positions in the Group: Member of the Supervisory Board and Member of the Audit Committee of Banco Comercial Português, S.A.; (until 28 February 2012, when the corporate governance model was altered)

Alternate Member of the Audit Boards of Banco ActivoBank, S.A. and of Banco BII – Banco de Investimento Imobiliário, S.A.

Current positions outside the Group: Consultant of TPV, Lda., Statutory Auditor, Director of Multiauto Galilei, S.G.P.S., S.A., Member of the Audit Board of Companhia de Seguros Açoreana, S.A. and Non-executive Director of Timwe S.G.P.S., S.A.

Other professional experience:

- Senior Manager at Arthur Andersen & Co.
- Director of the Santogal Group
- Consultant in the Health, Teaching, Insurance and Financial sectors
- Non-Executive Director of Portugal Telecom, SGPS, SA

Vasco Esteves Fraga

Age: 62 years old

Academic qualifications: Licentiate Degree in Finance by Instituto Superior de Economia de Lisboa and training programs and seminars at the London Business School, Insead, Universidade Nova and Universidade Católica

Current positions in the Group: Member of the Supervisory Board, Member of the Ethics and Professional Conduct Committee and Member of the Nominations Committee of Banco Comercial Português, S.A.; (until 28 February 2012, when the corporate governance model was altered)

Current positions outside the Group: Member of the Board of Directors of Estoril Sol, SGPS, S.A., of the Board of Directors of Varzim Sol - Turismo Jogo e Animação, S.A., of the Board of Directors of Estoril Sol (III), S.A., and of the Board of Directors of SGAL – Sociedade Gestora da Alta de Lisboa, S.A.

Other Professional experience:

- From 1973 to 1975 – Performed technical functions in the Investment Projects Evaluation Nucleus of "Centro de Estudos de Planeamento" (Presidency of the Cabinet);
- From 1975 to 1980: Advisor for economic affairs of the Civil Office of the President of the Republic; Head of the Office of the Secretary of State for the Economic Coordination (1st Constitutional Government); Head of the Office of the Minister of Finance and Plan (2nd Constitutional Government); Services Manager of the Office for the External Economic Cooperation of the Ministry of Finance; and Deputy Secretary of State of the Minister of Transportation and Communications (5th Constitutional Government);
- 1980/1986 – Director of Casa Hipólito S.A.;
- 1987/1990 – General Manager of Casino Estoril;
- 1990/1995 – Director of the holding company and of several media companies of Group P.E.I. – Projectos, Estudos e Informação, S.A.;
- 1995/1997 – Executive Vice-Chairman of ESTA – Gestão de Hotéis S.A., a company owned by Estoril Sol and by TAP Air Portugal with interests in the hotel management area in African Portuguese-speaking countries;
- Since June 1997 –Chairman of several companies of Group Estoril Sol.

ANNEX III

CURRICULA OF THE MEMBERS OF THE REMUNERATION AND WELFARE BOARD OF BANCO COMERCIAL PORTUGUÊS, S.A.

José Manuel Rodrigues Berardo

Age: 68 years old

Current position in the Group: Chairman of the Remuneration and Welfare Board; (until 28 February 2012, when the corporate governance model was altered)

Other Professional experience: Since 1982 - Chairman of the Board of the General Meeting of PATIO – Livros e Artes, SA; since 1986 - Manager of RONARDO – Gestão de Empresas, Lda and Chairman of the Board of Directors and Vice Chairman of the Board of the General Meeting of EMT – Empresa Madeirense de Tabacos, SA; since 1988 - Vice Chairman of the Board of Directors and Chairman of the Board of the General Meeting of SIET – Sociedade Imobiliária de Empreendimentos Turísticos Savoi, SA and Chairman of the Board of Directors of Fundação José Berardo, IPSS; since 1989 - Chairman of the Board of Directors and Vice Chairman of the Board of the General Meeting of RAMA – Rações para animais, SA; since 1990 - Chairman of the Board of Directors of Imobiliária Magnólia da Madeira, SA; since 1992 - Chairman of the Board of the General Meeting of SICEL – Sociedade Industrial de Cereais, SA; since 1993 - Chairman of the Board of Directors of METALGEST – Sociedade de Gestão, SGPS, SA; since 1995 - Chairman of the Board of Directors and Chairman of the Board of the General Meeting of Bacalhôa Vinhos de Portugal, SA and Chairman of the Board of the General Meeting of Moagens Associadas, SA; since 1996 - Chairman of the Board of Directors and Chairman of the Board of the General Meeting of Sintra Modernarte – Arte e Cultura, SA, Chairman of the Board of the General Meeting of Quinta do Lorde, SA and Chairman of the Board of Directors of Associação Colecção Berardo; since 1997 - Chairman of the Board of the General Meeting of CORGOM – Indústria Transformadora de Cortiça, SA and Chairman of the Board of the General Meeting of PARFITEL, SGPS, SA; since 2000 - Chairman of the Board of Directors and Vice Chairman of the Board of the General Meeting of Aviatlântico - Avicultura, SA and Chairman of the Board of Directors of MATIZ - Sociedade Imobiliária, SA; since 2002 - Chairman of the Board of the General Meeting of Exploração Turística da Fajã da Pedra, SA; since 2003 - Chairman of the Board of Directors and Chairman of the Board of the General Meeting of ATRAM, SA; since 2006 - Manager of Bernardino Carmos e Filho, SGPS, Lda; and since 2007 - Chairman of the Board of Directors and Chairman of the Board of the General Meeting of Aliança Vinhos de Portugal, SA and Director of Cumulus Wines, PTY Limited. He is also Chairman of the Board of the General Meeting of the following companies: Avipérola, Lda; Caves Aliança Agrícola, SA; COTRANCER – Comércio e Transformação de Cereais, SA; D'Aguiar – Companhia Agrícola, SA; DISMADE – Distribuição da Madeira, SA; Forum Prior do Crato, Vinhos Seleccionados, SA; J.P. Viticultura; Quinta da Rigodeira, Casa Agrícola, SA; Quintas Aliança Alentejo, Sociedade Agrícola, SA; Quintas Aliança – Dão, Sociedade Agrícola, SA; Quintas Aliança – Douro, Sociedade Agrícola, SA; SILOMAD – Silos da Madeira, SA; SODIPRAVE – Sociedade Distribuidora de Produtos Avícolas; VIBORBA, SA; and Universidade Atlântica. He is also Chairman of the Board of Directors of Empresa Mineira do Cercal, SA, Sociedade Agrícola Quinta do Carmo, SA and the Chairman of the Board of the General Meeting of Associação de Colecções and VITECAF – Fábrica de Rações da Madeira, SA He is also Honorary Chairman of Fundação de Arte Moderna e Contemporânea - Colecção Berardo.

António Vítor Martins Monteiro

Please see Annex II to the Corporate Governance Report.

Luís de Melo Champalimaud

Please see Annex II to the Corporate Governance Report.

Manuel Pinto Barbosa

Age: 68 years old

Academic qualifications:

Licentiate degree in Finance from Instituto Superior de Ciências Económicas e Financeiras of Universidade Técnica de Lisboa

MSc from Yale University

PhD from Yale University and Professorship from Universidade Nova de Lisboa

Current position in the Group: Member of the Remunerations and Welfare Board; (until 28 February 2012, when the corporate governance model was altered)

Other Professional experience: 1978/1982 - Member of the Installing Committee of FEUNL; 1982/1983 - Director in office of FEUNL; 1984/2002 - Full Professor at FEUNL; 1986/1990 - Deputy Regent of UNL; 1990/1994 - Regent at UNL; 1995/1996 - Vice Chairman of UNICA, network of universities of European capitals; 1996/1999 - Member of the Installing Committee of FDUNL; 1997/2000 - Pro-Regent for International Affairs of UGF; and since 1990 - Member of the European League for Economic Cooperation; since 1990 - Founding Member of the European Statistics Centre for Developing Countries; since 1977 - Member of the Scientific Society of Universidade Católica Portuguesa; and since 1997 - Correspondent Academic of the Lisbon Science Academy. 1967/1969 - Reserve Official of the Portuguese Navy; 1970/1972 - Consultant of the Portuguese Industrial Association; 1978/1983 - Founding member of the Association of Studies on International Relations; 1981/1984 - Member of the Commission in charge of the negotiation of the Portugal-USA Defence Agreement; 1989 - Member of the Commission of experts of the SPES programme (EEC); 1989 - Member of the Commission of experts of the Tinker Foundation; 1990 - Member of the Commission of experts of the ACE programme (EEC); 1992/1993 - Vice Chairman of the Economic and Social Council; 1994/2006 - Member of the Steering Committee of Fundação Luso-Americana; 1995/1998 - Non-executive Director of Portucel Industrial; 1996/1999 - Member of the Advisory Committee of Barclays Bank; 2002/2006 - Non-executive Director of PTII; and 2004/2006 - Chairman of the Board of Directors of TAP. He is currently Chairman of the Board of Directors of Nova Forum, since 2005, Chairman of the Supervisory Board of TAP, since 2007, and Chairman of the Remuneration Committee of Cimpor.

Annex IV

PRESS RELEASE PRESENTING THE CONSOLIDATED NET INCOME OF BANCO COMERCIAL PORTUGUÊS, S.A. FOR 2011

23 April 2012

Banco Comercial Português informs on the 2011 Consolidated Earnings (update of the press release made on 3 February 2012)

1. On 3 February 2012, Banco Comercial Português (BCP) disclosed to the general public the assessment made until that date by its Executive Board of Directors and Supervisory Board on the 2011 consolidated earnings. Those consolidated figures showed a negative result of 786 million Euros and included a negative extraordinary impact, after taxes, amounting to 346 million Euros concerning impairment for the Greek public debt.
2. Pursuant to the alterations introduced in the corporate governance model of the Bank approved at the General Meeting (GM) held on 28 February 2012, the corporate bodies that existed on 27 February 2012 were extinguished and new corporate bodies were elected; Therefore, the newly-elected Board of Directors (BoD), complying with the provisos of article 65 (4) of the Companies Code, approved today, the 2011 financial statements to be submitted to the GM scheduled to take place on 22 May 2012.
3. According to the Law, such statements are made based on the information provided by the members of the former corporate bodies and therefore, naturally, fully include the financial statements previously made and approved by its Executive Board of Directors and Supervisory Board on 27 February 2012 and only point out, due to a legal requirement, what is mentioned in the following number.
4. In effect, on 21 February 2012 were announced, within the scope of an operation known as PSI – Private Sector Involvement, the terms and conditions of the offer for the exchange of bonds representing Greek public debt (PSI Exchange Offer) aimed at translating the involvement of the private sector in the re-structuring of the Greek public debt – within the context of the economic reforms program signed by Greece with the European Union and the International Monetary Fund. BCP decided to accept the PSI Exchange Offer, a transaction made on 12 March 2012.
5. Therefore, and because on this date, when the BoD approved the final corporate accounts of 2011, the effects of the facts described in nr. 4 above are already known, the BoD, under the terms of "IAS 10 – Events after the Reporting Period", complied

Investor Relations
Rui Coimbra
Phone +351 211 131 084
investors@millenniumbcp.pt
rui.coimbrafernandes@millenniumbcp.pt
fvalente@millenniumbcp.pt
joaogodinho.duarte@millenniumbcp.pt

Media Contact
Erik T. Burns
Phone +351 211 131 242
Mobile +351 917 265 020
erik.burns@millenniumbcp.pt
cintia.barbas@millenniumbcp.pt

with the legal duty of including such events in the accounts approved, which implies the alteration of the figures disclosed on 3 February 2012 and the respective financial statements.

6. The terms defined for the exchange operation mentioned in nr. 4 represent estimated losses, in the bonds representing Greek public debt, which until the exchange operation were held by the Bank, of around 77%, in terms of current value.
7. The additional increase of impairment for the Greek public debt, in comparison with what had been defined on 3 February, amounts to 82 million Euros, i.e. additional losses of 63 million Euros after taxes.
8. Thus, BCP's consolidated net losses as at 31 December 2011, altered by the inclusion of the supervening events described above, stand at 849 million Euros (replacing the aforementioned losses of 786 million Euros) and include losses amounting to 409 million Euros, after taxes (formerly 346 million Euros), resulting from the recognised impairment of the Greek public debt after the a.m. PSI Exchange Offer.
9. After this correction, the Core Tier 1, as at 31 December 2011, stood at 9.3%, above the minimum ratio required, 9.0%.
10. BCP's earnings press release for 2011, issued on 3 February 2012 and published on the CMVM's website, as well as the related documents provided to the press, financial analysts and through the webcast available to the public, must all be read together with this press release.
11. On this date, BCP publishes once again the altered documents mentioned above, namely the earnings press release, at CMVM's website, updating in full the financial information then provided.

End of Pres-Release
Banco Comercial Português

ANNEX I –2011 Earnings Press Release

ANNEX II – 2011 Earnings Presentation

Millennium bcp

Earnings Press Release

Reuters>bcp.ls Exchange>MCP Bloomberg>bcp pl ISIN PTBCP0AM00007

23 April 2012

Millennium bcp earnings release as at 31 December 2011

Update of Millennium bcp consolidated Earnings Press Release due to the update of financial information as at 31 December 2011 disclosed to the market on 3 February 2012

HIGHLIGHTS

- **The Core Tier I ratio stood at 9.3% as at 31 December 2011;**

- **Negative consolidated net income of Euro 848.6 million, influenced by the increase of impairment charges for loan losses and for other financial assets, and by costs associated with the partial transfer of liabilities with pensions to the general state healthcare system;**

- **Net income from the international activity doubled, boosted by the increase in results at the subsidiaries in Poland (+43%), Mozambique (+51%) and Angola (+52%), in local currency;**

- **Net interest income increased 4.1% from 2010, benefiting from both the activity in Portugal (+1.5%) and the international activity (+9.0%);**

- **Balance sheet customer funds increased 3.3% to Euro 53,060 million as at 31 December 2011, boosted by customer deposits;**

- **Customer deposits increased 4.2% to Euro 47,516 million; customer deposits in Portugal grew 7.2% from 31 December 2010;**

- **The loan portfolio decreased 6.4% to Euro 71,533 million as at 31 December 2011; customer loans in Portugal decreased 7.4% from the end of December 2010;**

- **The loans to deposits ratio showed a favourable evolution to 145% as at 31 December 2011 (164% on the same date in 2010);**

- **Overdue loans by more than 90 days stood at 4.5%, reflecting the current economic and financial environment, and the coverage ratio stood at 109.1%.**

Investor Relations
Rui Coimbra
Phone +351 211 131 084
investors@millenniumbcp.pt
rui.coimbrafernandes@millenniumbcp.pt
fvalente@millenniumbcp.pt
joaogodinho.duarte@millenniumbcp.pt

Media Contact
Erik T. Burns
Phone +351 211 131 242
Mobile +351 917 265 020
erik.burns@millenniumbcp.pt
cintia.barbas@millenniumbcp.pt

Lisbon, 23 April 2012

ECONOMIC ENVIRONMENT

The global economy slowed in the fourth quarter, particularly in the euro area

The resurgence and spread of the systemic effects of the sovereign debt crisis in the euro area, the recurrent risk aversion and the slowdown in international trade all continued to affect the global economy, particularly in the European Union. The U.S.A. has been the exception, having benefited from some improvement in employment and a corresponding increase in private consumption. The latest indicators of economic activity have turned more positive, suggesting some stabilization in the underlying economic trends. However, forecasts continue to reflect the high level of uncertainty related to the overall indebtedness of developed economies and to the underlying robustness of growth in the emerging economies and developing countries. The slowdown in economic activity and the lower inflationary pressures allowed the maintenance - and in some cases the reinforcement – of accommodative monetary policy conditions in order to reinvigorate economic activity.

Intensification of the climate of risk aversion and spreading of the systemic effects of the European debt crisis

The climate of risk aversion prevailed but in a more uneven fashion. The deteriorating economic environment, the downgrades of several sovereign debt ratings and of related private sector issuers, particularly the banks, and the uncertainty pertaining the outcome of the reform of the European governance led to wider credit spreads, fostered further demand for safe haven assets and pushed the euro back below 1.30 per US dollar. The stock market has performed better, having benefited from the release of higher than expected earnings and more expansionary monetary policy. However, this recovery was insufficient to overcome the accumulated losses throughout 2011.

The ECB cut the main refinancing rate to 1% and introduced new measures to support liquidity

Facing the growing risks of development of a vicious cycle between sovereign risk, the banking system, the economy's financing needs and the worsening of conditions in the European money markets, the ECB cut interest rates to 1%, extended the maturities of the liquidity facilities up to three years, decreased the compulsory reserve ratio by half, eased the rating threshold for eligibility of some collateral, resumed the covered bonds program and continued its securities markets program purchasing debt in the secondary markets. These new monetary conditions, which will prevail at least through the early months of 2012, may reduce the liquidity risk affecting European banks and help ease strains in European sovereign debt markets.

The European Union is reforming its economic governance and instruments for financial stability

Resolving the Euro area sovereign debt crisis hinges on recovering investor's confidence in the sustainability of public finances. The proposals for the reform of the EU governance model did not achieve the necessary unanimity for a Treaty change but the proposed changes will be adopted by means of intergovernmental accords. These agreements include new fiscal rules, stronger monitoring and assessment of budgetary plans, mechanisms for automatic correction in case of deviations and safeguards that mitigate the risk of the negative pro-cyclicality inherent in the application of such strict and binding regulations. Furthermore, the European instruments for financial assistance have been strengthened and the Greek debt renegotiation with private creditors remains underway.

Deepening recession in Portugal due to severe retrenchment of private consumption

The contraction of the Portuguese economy is estimated at 1.6% in 2011, lower than originally anticipated but confirming a downward trajectory. Deviations in budget execution and reclassifications in public administration forced the adoption of one-off measures to meet the fiscal targets set out in the adjustment program. Among others, the partial transfer of the main banks' pension funds to the state allowed the deficit to fall well below the required level, but it did not solve the underlying structural imbalance. Thus, legacy effects will require greater budget discipline in 2012, affecting the financial condition of the households and corporates and contributing to the worsening of the economic environment through sharply weaker domestic demand.

Banking activity hampered by adverse economic conditions, recurrent instability in financial markets and additional capital requirements

The economic and financial uncertainty has hampered the performance of the national banking system - reduced business volumes, deterioration of credit quality indicators, lower profitability - and has hindered the fulfilment of the regulatory requirements for liquidity and recapitalization of banks. Greater focus has been given to raising customer' resources, prudent lending decisions and selection of the most competitive business segments, in order to simultaneously meet the goals of deleveraging and supporting economic growth in a broader context of extremely adverse funding conditions.

Resilient Eastern European and African countries though not immune to recurrent risks to growth

The growth of countries in Eastern Europe remained resilient during 2011 with the recovery process for 2012 expected to be negatively impacted by lower external dynamics coming out of the EU. The normalization of oil production in Angola and the expected development of the so-called "mega projects" in Mozambique, related to raw materials, are expected to support robust economic growth in 2012, contributing to economic stabilization and enhancing the further development of banking services in those countries.

Financial Highlights

Euro million	31 Dec. 11	31 Dec. 10	Change 11 / 10
Balance sheet			
Total assets	93,482	98,547	-5.1%
Loans to customers (gross)	71,533	76,411	-6.4%
Total customer funds (1)	65,530	67,596	-3.1%
Balance sheet customer funds	53,060	51,342	3.3%
Customer deposits	47,516	45,609	4.2%
Loans to customers, net / Customer deposits (2)	145%	164%	
Results			
Net income	(848.6)	344.5	
Net interest income	1,579.3	1,516.8	4.1%
Net operating revenues (3)	2,569.6	2,902.4	-11.5%
Operating costs (4)	1,634.2	1,543.2	5.9%
Loan impairment charges (net of recoveries)	1,331.9	713.3	86.7%
Other impairment and provisions	825.1	227.8	262.2%
Income taxes			
Current	66.9	54.2	23.4%
Deferred	(525.7)	(39.8)	
Profitability			
Net operating revenues / Average net assets (2)	2.6%	3.0%	
Return on average assets (ROA) (5)	-0.8%	0.4%	
Income before taxes and non-controlling interests / Average net assets (2)	-1.3%	0.4%	
Return on average equity (ROE)	-22.0%	9.8%	
Income before taxes and non-controlling interests / Average equity (2)	-28.0%	10.6%	
Credit quality			
Overdue and doubtful loans / Total loans (2)	6.2%	4.5%	
Overdue and doubtful loans, net / Total loans, net (2)	1.4%	1.2%	
Credit at risk / Total loans (2)	10.1%	7.1%	
Credit at risk, net / Total loans, net (2)	5.5%	4.0%	
Impairment for loan losses / Overdue loans by more than 90 days	109.1%	109.4%	
Efficiency ratios (2) (6)			
Operating costs / Net operating revenues	58.4%	54.1%	
Operating costs / Net operating revenues (Portugal)	59.9%	48.0%	
Staff costs / Net operating revenues	31.9%	29.0%	
Capital			
Own funds	5,263	6,116	
Risk weighted assets	55,456	59,564	
Core Tier I	9.3%	6.7%	
Tier I	8.6%	9.2%	
Total	9.5%	10.3%	
Branches			
Portugal activity	885	892	-0.8%
Foreign activity	837	852	-1.8%
Employees			
Portugal activity	9,959	10,146	-1.8%
Foreign activity	11,549	11,224	2.9%

Note: the values presented for 2011 and 2010 include the adjustment to the accounts from 1 January 2010.
(1) Amounts due to customers (including securities), assets under management and capitalisation products.
(2) According to Instruction no. 23/2011 from the Bank of Portugal.
(3) Net interest income, dividends from equity instruments, net commissions, net trading income, equity accounted earnings, other net operating income (Instruction no. 23/2011 from the Bank of Portugal).
(4) Staff costs, other administrative costs and depreciation.
(5) Considering net income before non-controlling interests.
(6) Excludes the impact of specific items.

RESULTS AND ACTIVITY IN 2011

Considering the conclusion of the sale of 95% of Millennium bank in Turkey (currently Fibabanka, Anonim Sirketi), on 27 December 2010, and the sale of all the branches of Millennium bcpbank in the United States of America (USA), the respective deposits portfolio and part of the loans portfolio, on 15 October 2010, the consolidated financial statements are not directly comparable for the periods ended on 31 December of 2011 and of 2010. However, the impact of these transactions is considered not materially relevant for the Group's profit and loss account and balance sheet, given the small dimension of these operations in the consolidated activity.

Additionally, at the end of the 2011, considering the agreement signed between the Portuguese Government, the Portuguese Banking Association and the unions of bank employees to transfer the pension liabilities for retired employees and pensioners to the General State Healthcare System, the Bank decided, just prior to the transfer, to change the accounting policy associated with the recognition of actuarial deviations.

Following the analysis of the several alternatives allowed by the International Accounting Standard (IAS) 19 Employee Benefits, the Group chose to recognise actuarial deviations of the period on reserves. Previously, the Group proceeded with the deferral of actuarial deviations determined in accordance with the corridor method, in which gains and losses not recognised which exceeded 10% of the greater between the current value of the liabilities and the fair value of the Fund's assets were recorded in results by the value of the remaining estimated useful life of the active employees.

To reflect this change, in accordance with IAS, this change was performed with retroactive effect to 1 January 2010, and consequently the Group recognise in equity the total actuarial deviations deferred. In accordance with the standards, the Group performed the restatement of financial statements as at 1 January 2010 and 31 December 2010, for comparable purposes.

RESULTS

Millennium bcp's consolidated net income was negative by Euro 848.6 million in 2011, compared with a profit of Euro 344.5 million in 2010 (restated according to the change in the accounting policy), influenced by exceptional negative items related to the reinforce of impairment charges for loan losses, the recognition of goodwill impairment of Millennium bank in Greece, the increase in impairment charges for other financial assets, the effect of the partial transfer of pension liabilities for retired employees and pensioners to the General State Healthcare System and the mark-to-market of Portuguese sovereign debt.

Net income for 2011 includes the impact from the increase in impairment charges for loans as a result of the Special Inspections Program conducted under the Economic and Financial Adjustment Programme established with the Portuguese authorities and conducted with the largest Portuguese banking groups, in the amount of Euro 270.5 million net of tax, the recognition of the impairment related to the remaining goodwill of Millennium bank in Greece, of Euro 147.1 million (equal to the amount posted in 2010), the recognition of impairment losses on Greek sovereign debt securities, amounting to Euro 408.9 million net of tax, and the accounting in staff costs of the expenses associated with the partial transfer of pension liabilities for retired employees and pensioners to the Healthcare System, in the amount of Euro 117.0 million net of tax.

Additionally, net income in 2011 reflects the accounting of losses associated with the Portuguese sovereign debt, of Euro 90.9 million net of tax (Euro 13.2 million net of tax in 2010), the reversal of provisions related to the pension fund of former members of the Executive Board of Directors and of employees related to the complementary plan, of Euro 31.4 million net of tax, and the cost related to early retirements, of Euro 8.7 million net of tax (Euro 5.3 million after tax in 2010). In 2010, net profit also incorporated the accounting of the gain obtained with the sale of the shareholding in Eureko, B.V., of Euro 65.2 million.

Nevertheless, the consolidated net profit was favourably influenced by higher net interest income, supported by the positive effects of business volume and interest rates, as well as by the reduction of other administrative costs, benefiting from the savings achieved in most item lines, and by the lower level of depreciation.

The evolution of profitability on a consolidated basis was determined by the performance of the activity in Portugal, while net income from the international activity showed an increase. The activity in Portugal has been conditioned by the aforementioned impacts, which were partly offset by the increase in net interest income, by the reduction in other administrative costs and by the lower level of depreciation.

The net result for international activity was driven by the higher level of net profit achieved in the majority of international subsidiaries, boosted by the growth in net operating revenues, driven by higher business volumes and efficiency gains despite the ongoing investment, with particular emphasis on the net income achieved by Bank Millennium in Poland, by Millennium bim in Mozambique and by Banco Millennium in Angola.

N**et interest income** increased 4.1% to Euro 1,579.3 million in 2011, compared to Euro 1,516.8 million in 2010, supported by the positive volume effect, in conjunction with the favourable interest rate effect.

The favourable interest rate effect benefited mostly from the performance of the loans to customers portfolio, supported by initiatives implemented focused on the appropriate pricing in light of the cost of risk of the operations with customers, and also, although in a lesser extent, on the positive effect related to the financial assets portfolio, despite the higher remuneration of customer deposits and the increase in interest rates of debt securities issued and financial liabilities.

The positive effect on business volume benefited, on the one hand, from the increase in financial assets, despite the reduction in the volume of loans to customers, and on the other, from the decrease in debt issued and financial liabilities, despite the growth in customer deposits, associated with the efforts undertaken in order to further increase balance sheet customer funds among the customer base, in the scope of the ongoing deleveraging process and the reinforcement of stable resources (stable funding) in the financing structure.

The increase in net interest income was boosted by both the activity in Portugal and the international activity. In the activity in Portugal, the growth in net interest income benefited from operations with customers, highlighting the positive interest rate effect, supported by the adjustment of spreads to customer risk profiles, despite the increase in interest expenses for demand deposits. Additionally, net interest income in Portugal was influenced by the positive volume effect, supported by the volume of business of operations associated with financial instruments.

In the international activity, the growth in net interest income was mainly boosted by the favourable interest rate effect, together with the positive business volumes effect, benefiting essentially from operations with customers. The increase in net interest income benefited from the activity in most foreign operations, in particular the subsidiaries in Poland, Mozambique and Angola.

The net interest margin stood at 1.74% in 2011, which compares favourably with 1.68% posted in 2010, benefiting from the performance in the activity in Portugal, supported by efforts to appropriately price loan operations based on customer risk profile, despite the simultaneous increase in the cost of customer deposits, and in the international activity, in particular in Bank Millennium in Poland and Millennium bim in Mozambique.

AVERAGE BALANCES

Euro million	Dec. 11 Balance	Dec. 11 Yield %	Dec. 10 Balance	Dec. 10 Yield %
Deposits in banks	4,363	1.67	3,823	1.21
Financial assets	12,247	4.16	9,587	3.53
Loans and advances to customers	72,783	4.45	74,644	3.57
	89,393		88,054	
Non current assets held for sale	-		818	6.39
Interest earning assets	89,393	4.27	88,872	3.49
Non interest earning assets	7,838		8,497	
	97,231		97,369	
Amounts owed to credit institutions	19,956	1.71	15,087	1.40
Amounts owed to customers	46,821	2.92	45,386	2.01
Debt issued and financial liabilities	19,732	2.55	25,286	1.53
Subordinated debt	1,504	3.18	2,254	2.96
	88,013		88,013	
Non current liabilities held for sale	-		740	4.17
Interest bearing liabilities	88,013	2.57	88,753	1.81
Non interest bearing liabilities	3,708		2,825	
Shareholders' equity and non-controlling interests	5,510		5,791	
	97,231		97,369	
Net interest margin [1]		1.74		1.68

(1) Net interest income as a percentage of average interest earning assets.
Note: Interests related to hedge derivatives were allocated, in December 2011 and 2010, to the respective balance sheet item.

Net commissions stood at Euro 789.4 million in 2011 compared to Euro 811.6 million in 2010. The evolution of net commissions was mostly influenced by the performance in commissions related to financial markets, partly offset by the favourable evolution in commissions more directly related to the banking business. Net commissions were conditioned by both the activity in Portugal, which decreased 2.0%, and the international activity, which reduced 4.5%, driven by the subsidiary companies in Greece and Switzerland, while in Poland was influenced by the foreign exchange effect of the devaluation of the zloty against the euro, despite the favourable contribution of Millennium bim in Mozambique and Banco Millennium Angola.

The commissions more directly related to the banking business were enhanced by the diversification and adaptation of the revenue sources to the economic and financial context, benefiting from the growth in commissions related to loans and guarantees and to banking services provided, materialising, in part, the pricing alignment to the evolution of the banking business, benefiting from the growth in commissions related to account management as well as fees associated with the solution "Frequent Customer", despite the lower performance of bancassurance commissions, conditioned by the adverse economic and financial environment. The commissions related to financial markets were influenced by the weaker activity in the financial markets, reflected in commissions associated with securities transactions and by commissions related to asset management, both conditioned by the persistence of a particularly adverse environment for the management of financial investments, determined by the uncertainty and volatility of financial markets.

The **net trading income**, which includes net gains arising from trading and hedging activities and net gains arising from available for sale financial assets, totalled Euro 207.6 million in 2011, from Euro 439.4 million in

2010. This reflects mainly the instability in financial markets, combined with the worsening of tensions related to the sovereign debt crisis in the euro area, with impact on the high volatility and depreciation of the portfolio of financial instruments more directly exposed to market risk, partially offset by the increase in income associated with foreign exchange transactions.

The results of operations in securities, derivatives and other, were mostly influenced by results from trading and hedging operations, in particular by the accounting in 2011, of losses associated with Portuguese sovereign debt, amounting to Euro 128.1 million (Euro 18.0 million in 2010), together with the losses on financial instruments at fair value option, in the amount of Euro 20.6 million (gains of Euro 204.6 million in 2010) and the impacts of the losses related to the sales of loan operations, only partially offset by gains associated with the repurchase of own debt issues.

The evolution of net trading income primarily reflects the performance of the activity in Portugal, as well as smaller gains recorded by the subsidiary companies in Poland and Mozambique, despite the generally favourable performance of the international activity, particularly in terms of net trading results with securities.

Other net operating income, which includes other operating income, other net income from non-banking activities and gains from the sale of subsidiaries and other assets, recorded net losses of Euro 22.7 million in 2011, compared with gains of Euro 31.0 million in 2010. The evolution of other net operating income was mostly influenced by the activity in Portugal, reflecting the impact on the costs component of the extraordinary tax contribution from the banking sector in 2011, in the amount of Euro 32.0 million, and the devaluation of assets, although mitigated by the accounting, in the first quarter of 2011, of an adjustment of insurance premiums related with pensions. In the international activity, the lower level of other net operating income posted by the subsidiary companies in Poland and Greece, more than offset the favourable contribution of Millennium bim in Mozambique.

OTHER NET INCOME

Euro million	Dec. 11	Dec. 10	Change 11/10
Net commissions			
Banking commissions			
Cards	184.5	185.3	-0.4%
Credit and guarantees	184.9	178.7	3.5%
Bancassurance	72.7	74.3	-2.2%
Other commissions	226.6	224.1	1.1%
Subtotal banking commissions	668.7	662.4	1.0%
Market related commissions			
Securities	73.8	96.6	-23.6%
Asset management	46.9	52.6	-10.9%
Subtotal market related commissions	120.7	149.2	-19.1%
Total net commissions	789.4	811.6	-2.7%
Net trading income (1)	207.6	439.4	-52.7%
Other net operating income	(22.7)	31.0	
Dividends from equity instruments	1.4	35.9	-96.2%
Equity accounted earnings	14.6	67.7	-78.4%
Total other net income	990.3	1,385.6	-28.5%
Other income / Net operating revenues (2)	38.5%	47.7%	

(1) Includes in 2010 the gain associated with the sale of the 2.7% shareholding in Eureko, in the amount of Euro 65.2 million.
(2) According to Instruction no. 23/2011 from the Bank of Portugal.

Dividends from equity instruments, which include dividends received from investments in financial assets available for sale, totalled Euro 1.4 million in 2011, compared with Euro 35.9 million in 2010. Dividends posted in 2011 are primarily related with the Group's investments in shares and in investment fund units, while the dividends from equity instruments accounted in 2010 were mostly represented by the dividends received related with the 2.7% stake in Eureko, B.V., which was sold on 31 December 2010.

Equity accounted earnings, which include results appropriated by the Group related to the consolidation of entities where, despite having a significant influence, the Group does not control the financial and operational policies, amounted to Euro 14.6 million in 2011 compared with Euro 67.7 million in 2010. The evolution of equity accounted earnings was mostly influenced by the lower results appropriated from the 49% stake in Millenniumbcp Ageas, of which, in a context of great uncertainty and high volatility and worsening of conditions in financial markets, were particularly hindered by the recognition of impairment losses related to sovereign debt securities and the shares portfolio. However, despite the decrease in the insurance industry business volumes, Millenniumbcp Ageas outperformed the market, both in terms of mathematical provisions and of Life business and in all Non-Life businesses.

Operating costs, which comprise staff costs, other administrative costs and depreciation, totalled Euro 1,634.2 million in 2011 (Euro 1,543.2 million in 2010). Operating costs include, in 2011, the expenses associated with the partial transfer of liabilities with pensions of retired employees and pensioners to the General State Healthcare System, in the amount of Euro 164.8 million, the reversal of provisions related to the pension fund of former members of the Executive Board of Directors and to the complementary plan of employees, in the global amount of Euro 44.2 million, and costs for early retirements, in the amount of Euro 12.3 million (Euro 7.2 million in 2010). Operating costs reduced by 2.3%, excluding the mentioned impacts, sustained by the global decreases of 0.4% in staff costs, 2.9% in other administrative costs and 12.8% in depreciation costs, driven by the strict control of costs undertaken in both the activity in Portugal and in the international activity, supported in the continuous implementation of initiatives focused on the rationalisation and optimisation of operating costs.

The consolidated cost-to-income ratio, on a comparable basis, stood at 58.4% in 2011 (54.1% in 2010). The cost-to-income in the activity in Portugal stood at 59.9% in 2011 (48.0% in 2010), while in the international activity it stood at 56.3% in 2011 (66.8% in 2010).

In the activity in Portugal, operating costs were mostly influenced by staff costs, which comprise the impacts previously mentioned. Excluding those impacts, operating costs in the activity in Portugal fell 1.1% from 2010, reflecting the savings achieved in most item lines of other administrative costs, as well as the lower level of depreciation costs. In the international activity, the reduction in operating costs was mostly driven by the effect from the partial sale of the operations in Turkey and in the United States of America, completed at the end of 2010, which more than offset the increase in operating costs in the operations developed in Poland and Greece, associated with the distribution network rationalisation plans implemented, and in Angola and Mozambique, reflecting the support to the ongoing business plans in those operations and the strengthening of the operational base in those markets as a platform for growth in Africa.

Staff costs totalled Euro 953.6 million in 2011, from Euro 831.2 million in 2010. Staff costs include the previously mentioned impacts in the total amount of Euro 132.9 million in 2011 and of Euro 7.2 million in 2010. Excluding these impacts staff costs reduced by 0.4% from 2010.

In the international activity, staff costs reflect the effect from the partial sale of the operations in Turkey and in the United States of America at the end of 2010. The increase in staff costs in the subsidiary companies in Mozambique, Angola and Poland were influenced by the increase in the number of employees, in particular in those two first operations, in the scope of the reinforcement of their competences and operational capabilities. Millennium bank in Greece also evidenced an increase in staff costs due to the implementation of measures focused on the restructuring and redefinition of the activity, with a decrease in the number of employees by 258 and in the number of branches by 35. However, these performances were partly offset by the reduction in staff costs in the subsidiary companies in Switzerland and Romania.

Other administrative costs declined 2.9%, to Euro 584.5 million in 2011 (Euro 601.8 million in 2010), benefiting from the savings achieved in most item lines, in particular in advertising, IT services, communication, rents, maintenance, and other specialised services and outsourcing.

The reduction in other administrative costs was sustained by the drop of 3.8% in the activity in Portugal, favourably influenced by the lower costs posted in advertising, other specialised services, outsourcing, communication and maintenance and related services. This reduction in other administrative costs benefited from the impact of diverse initiatives designed to strictly control costs related to supplies and services from third parties, together with the optimization of the distribution network for a total of 885 branches as at 31 December 2011 (892 branches at the end of 2010), in the scope of the strategic focus in a multichannel platform that is more involved, integrated and transversal, allowing the reconfiguration of the branch network and the optimisation of resources.

In the international activity, other administrative costs showed a reduction of 1.7%, supported by the lower costs in IT services, rents, and communication. This reduction was due to the effect, previously mentioned, related to the sale of the operations in Turkey and in the United States of America, together with the reduction in costs posted by the subsidiary in Greece, which, as a whole, more than offset the increases at Bank Millennium in Poland, Banco Millennium Angola and Millennium bim in Mozambique. In the international activity, other administrative costs also reflected the impact from the resizing of the distribution network, from 852 branches at the end of 2010 to 837 branches as at 31 December 2011, in particular in Greece, Romania and Poland, in the scope of the redefinition of European operations, despite the expansion of the branch networks in the Angolan and Mozambican markets.

OPERATING COSTS

Euro million	Dec. 11	Dec. 10	Change 11/10
Staff costs [1]	953.6	831.2	14.7%
Other administrative costs	584.5	601.8	-2.9%
Depreciation	96.1	110.2	-12.8%
	1,634.2	1,543.2	5.9%
Of which:			
Portugal activity	1,040.4	925.3	12.4%
Foreign activity	593.8	617.9	-3.9%
Operating costs / Net operating revenues [2] [3]	59.9%	48.0%	

(1) Includes in 2011 expenses associated with the partial transfer of liabilities with pensions of retired employees and pensioners to the general social healthcare system (Euro 164.8 million), a reversal of provisions associated with pensions (Euro 44.2 million), and costs posted associated with early retirements (Euro 12.2 million). Includes in 2010 costs associated with early retirements (Euro 7.2 million).

(2) Activity in Portugal. According to Instruction no. 23/2011 from the Bank of Portugal.

(3) Excludes the impact of specific items.

Depreciation costs totalled Euro 96.1 million in 2011, which compares with Euro 110.2 million in 2010, benefiting from the lower level of depreciation posted in most item lines, in particular in depreciation associated with tangible assets. The reduction in depreciation costs was favourably influenced by both the activity in Portugal and the international activity. In the activity in Portugal, depreciation costs were down by 12.1% from 2010, showing, essentially, the evolution of depreciation associated with equipment and buildings, following the progressive end of the period of depreciation of investments carried out, despite the increase in depreciation associated with software.

Depreciation in the international activity dropped between 2010 and 2011, influenced by the previously mentioned impact from the sale of the subsidiary companies in Turkey and in the United States of America and, simultaneously, by the reduction in the depreciation level in the subsidiary companies in Poland, Romania and Mozambique, despite the increase in depreciation recorded in Millennium bank in Greece, related to the depreciation of tangible assets associated with branches closed, and in Banco Millennium Angola, as a result of the investments carried out in the scope of the expansion plans underway in this geography.

Impairment for loan losses (net of recoveries) stood at Euro 1,331.9 million in 2011, compared to Euro 713.3 million in 2010, reflecting the evaluation of the loans portfolio in an adverse macroeconomic and financial context, with impact from the worsening financial situation of households and companies in diverse sectors of activity. Impairment for loan losses (net of recoveries) includes in 2011 the reinforcement of impairment charges, in the amount of Euro 381.0 million, resulting from the Special Inspection Programme, in scope of the Economic and Financial Assistance Programme for Portugal, to the major banking groups in Portugal.

The evolution of impairment for loan losses (net of recoveries) includes the reinforcement of impairment for loan losses in the activity in Portugal, which reflects the impact of the adjustment related to the inspection programme mentioned above and by the behaviour of the loan portfolio with impairment indicators, despite the implementation of initiatives aimed at mitigating the increase of the default levels. In the international activity, impairment for loan losses (net of recoveries) was influenced by the higher level of impairment charges in the subsidiary company in Greece, as a result of the worsening of the macroeconomic environment, in Switzerland, reflecting the devaluation of financial collaterals, and, to a lesser extent, in Mozambique and Angola, following the expansion of the business volumes. Nevertheless, impairment charges for loan losses at Bank Millennium in Poland showed a reduction from 2010, benefiting from the quality improvment of the loans portfolio.

The cost of risk, determined by the ratio of impairment charges (net of recoveries) to the loan portfolio, stood at 186 basis points in 2011 (93 basis points in 2010).

Other impairment and provisions comprise other financial assets impairment, other assets impairment, in particular provision charges related to assets received as payment in kind not fully covered by collateral, goodwill impairment and other provisions.

Other impairment and provisions totalled Euro 825.1 million in 2011, from Euro 227.8 million in 2010. The amount of other impairment and provisions includes the recognition of impairment losses associated with Greek sovereign debt, totalling Euro 533.5 million, and the accounting of the remaining impairment related to the goodwill of Millennium Bank in Greece, in the amount of Euro 147.1 million, in the fourth quarter of 2011, in accordance with IAS 36 and the Group's accounting policy, considering the estimated impact of the deterioration of the Greek economic and financial situation.

At the same time, the performance of other impairment and provisions includes the evolution of impairment charges for assets received as payment in kind not fully covered by collateral in the activity in Portugal, which, in the process of regular re-evaluation of these assets, showed a decline in the respective market value, together with the increase in charges for provisions related to other commitments. In the international activity, other impairment and provisions reduced in most subsidiary companies, from 2010, in particular in Millennium bim in Mozambique, Banco Millennium Angola and Bank Millennium Poland.

Income tax (current and deferred) amounted to Euro -458.9 million in 2011, which compares with Euro 14.3 million in 2010. The referred income tax include the cost of current tax in the amount of Euro 66.9 million (Euro 54.2 million in 2010), net of deferred tax benefit in the amount of Euro 525.7 million (Euro 39.8 million in 2010). The deferred tax benefit calculated in 2011 comprises mainly the non-deductible impairment losses for the purposes of the calculation of the taxable income for 2011 and calculated tax losses for the year.

BALANCE SHEET

Total assets totalled Euro 93,482 million as at 31 December 2011, compared to Euro 98,547 million as at 31 December 2010.

Loans to customers (gross) decreased 6.4%, to Euro 76,411 million as at 31 December 2011, from Euro 76,411 million posted on the same date in 2010. This performance was determined mostly by the reduction in the activity in Portugal (-7.4%), and by the simultaneous decrease in the international activity from the end of 2010, despite the increase in the loans portfolio of Millennium Bank in Poland, which was offset by the foreign exchange effect of the devaluation of the zloty against the euro, of Banco Millennium Angola and of Banca Millennium in Romania.

The evolution in loans to customers reflects the decrease in loans to companies (-9.4%), which stood at Euro 36,728 million as at 31 December 2011, and also in loans to individuals (-3.0%), influenced, on the one hand, by the efforts underway to gradually deleverage and, on the other, by the worsening in the confidence of companies and households, resulting in lower investment in durable goods and a consequent decrease in the demand for loans.

The decrease in loans to individuals was determined by the decrease of both consumer loans and mortgage loans, while the reduction in loans to companies continued to occur mainly in the sectors of activity traditionally more dependent on domestic demand, as in the services, wholesale and construction.

Between 31 December 2010 and 31 December 2011, the structure of the loans to customers portfolio registered identical levels of diversification, with loans to companies representing 51.3% of total loans granted, while loans to individuals showed a weight of 48.7% of total loans.

LOANS TO CUSTOMERS (GROSS)

Euro million	31 Dec. 11	31 Dec. 10	Change 11 / 10
Individuals			
Mortgage loans	30,308	31,036	-2.3%
Consumer loans	4,497	4,846	-7.2%
	34,805	35,882	-3.0%
Companies			
Services	14,802	16,041	-7.7%
Commerce	4,254	4,603	-7.6%
Construction	4,991	5,091	-2.0%
Other	12,681	14,794	-14.3%
	36,728	40,529	-9.4%
Total	**71,533**	**76,411**	**-6.4%**
Of which:			
Portugal activity	54,552	58,917	-7.4%
Foreign activity	16,981	17,494	-2.9%

Credit quality, measured by the non-performing loan indicators, in particular loans overdue by more than 90 days as a percentage of total loans, stood at 4.5% as at 31 December 2011 (3.0% as at 31 December 2010), reflecting the progressive worsening of the economic and financial situation of households and companies leading to a growing materialisation of the credit risk during 2011, despite the reinforcement of prevention and risk control mechanisms and the efforts to carry out an integrated operational performance between the commercial areas and the loan recovery areas. The coverage ratio for loans overdue by more than 90 days stood at 109.1% as at 31 December 2011, compared to 109.4% on the same date in 2010, showing coverage levels practically stable, from the end of 2010, in both the activity in Portugal and the international activity.

The overdue and doubtful loans, which, in accordance to the instruction no. 23/2011 from the Bank of Portugal, include the loans overdue by more than 90 days and the doubtful loans reclassified as overdue loans for provisioning purposes, stood at 6.2% of total loans as at 31 December 2011, compared to 4.5% as at 31 December 2010. Credit at risk, calculated in accordance to the previously mentioned instruction from the Bank of Portugal, stood at 10.1% of total loans as at 31 December 2011.

OVERDUE LOANS BY MORE THAN 90 DAYS AND IMPAIRMENTS AS AT 31 DECEMBER 2011

Euro million	Overdue loans by more than 90 days	Impairment for loan losses	Overdue loans by more than 90 days / Total loans	Coverage ratio (Impairment/ Overdue >90 days)
Individuals				
Mortgage loans	222	257	0.7%	115.7%
Consumer loans	625	550	13.9%	88.1%
	847	807	2.4%	95.3%
Companies				
Services	711	964	4.8%	135.7%
Commerce	385	339	9.1%	88.0%
Construction	658	389	13.2%	59.0%
Other	595	989	4.7%	166.0%
	2,349	2,681	6.4%	114.1%
Total	**3,196**	**3,488**	**4.5%**	**109.1%**

Total customer funds reached Euro 65,530 million as at 31 December 2011, from Euro 67,596 million posted on the same date in 2010. This performance was determined by the evolution of assets under management and capitalisation products, despite the 3.3% increase in balance sheet customer funds.

In the activity in Portugal, total customer funds stood at Euro 49,615 million as at 31 December 2011, which compares to Euro 51,143 million as at 31 December 2010, yet, the increase of total customer funds in the Corporate network should be noted. In the international activity, total customer funds decreased 3.3%, to Euro 15,915 million as at the end of 2011, mostly due to the performance of Bank Millennium in Poland, additionally influenced by the foreign exchange effect of the devaluation of the zloty against the euro, and in Millennium bank in Greece, despite the growths posted by Millennium bim in Mozambique and by Banco Millennium in Angola, reflecting the emphasis to further increase customer deposits in these markets.

Balance sheet customer funds increased 3.3%, to Euro 53,060 million as at 31 December 2011, from Euro 51,342 million on the same date in 2010, boosted essentially by the increase in customer deposits (+4.2%), reflecting the emphasis on retaining and further increasing balance sheet customer funds, in order to reduce the commercial gap and, simultaneously, to gradually increase the funding component of loans to customers through the balance sheet customer funds.

Off-balance sheet customer funds stood at Euro 12,470 million as at 31 December 2011, which compared with Euro 16,254 million on the same date in 2010. This evolution was determined by the unfavourable performance of assets under management and of capitalisation products in 2011, reflecting, on the one hand, the uncertainty and volatility of capital markets and the consequent redirection of customers savings into assets not subject to market fluctuations and with lower risk, and, on the other, the aforementioned increased focus on further increase balance sheet customer funds.

TOTAL CUSTOMER FUNDS

Euro million	31 Dec. 11	31 Dec. 10	Change 11 / 10
Balance sheet customer funds			
Deposits	47,516	45,609	4.2%
Debt securities (1)	5,544	5,733	-3.3%
	53,060	51,342	3.3%
Off-balance sheet customer funds			
Assets under management	3,739	4,459	-16.2%
Capitalisation products (2)	8,731	11,795	-26.0%
	12,470	16,254	-23.3%
Total	**65,530**	**67,596**	**-3.1%**
Of which:			
Portugal activity	49,615	51,143	-3.0%
Foreign activity	15,915	16,453	-3.3%

(1) Debt securities issued by the Bank and placed with customers.
(2) Includes Unit linked and Retirement savings deposits.

The **securities portfolio**, which represents 12.9% of total assets, reduced in both the financial assets held to maturity, and the assets held for trading and available for sale portfolio. The financial assets held to maturity decreased 23.5%, to Euro 5,160 million as at 31 December 2011 (Euro 6,745 million at the end of 2010), reflecting the lower exposure to Portuguese sovereign debt and the impact on the balance sheet of the recognition of impairments associated with Greek sovereign debt, as well as the repayment of bonds issued by Portuguese private issuers. The portfolio of financial assets held for trading and financial assets available for sale decreased to Euro 6,919 million as at 31 December 2011 (Euro 7,709 million at the end of 2010), as a result of progressive decrease in the exposure to Portuguese sovereign debt, with focus on Treasury Bills and other securities, while the portfolio of Treasury Bonds and other public entities was strengthened in 2011, as well as the lower exposure to Polish sovereign debt.

LIQUIDITY MANAGEMENT

The deterioration of macroeconomic and financial framework in 2011, in a context of intensification and spread of the systemic effects of sovereign debt crisis in the euro area, led to increased risks to financial stability at the European level and rising challenges facing the Portuguese economy and financial system. In addition, the Economic and Financial Assistance Programme, despite contributing to the mitigation of risks to financial stability in Portugal, has introduced a new set of challenges to the national financial system, inseparable from the additional pressures on banks' capital ratios and from the deleveraging process required for the national economy and the banking sector.

In this context, Millennium bcp placed special emphasis on growing and retaining on-balance customer funds, contributing not only to achieve the imperatives of reducing the commercial gap and deleveraging, but also to strengthening the stable funding sources, given the persistent limitation on access to operations in the medium- and long-term wholesale debt markets.

In the first three months of 2011, the Group implemented the Liquidity Plan defined for the period, despite the closure of the commercial paper and capital markets, remained active in the interbank money market, reducing the net exposure to the European Central Bank (ECB) and reinforcing the pool of assets eligible as collateral, in particular through the issuance of covered bonds by the BII in the amount of Euro 0.9 billion.

In early April, in response to the emergence of a national political crisis, the rating downgrade for Portuguese Republic and, subsequently cut to the ratings of the Portuguese banks, Millennium bcp undertook a review of the 2011 Liquidity Plan, giving particular emphasis to the acceleration of the goals of deleveraging and the strengthening of the portfolio of eligible assets, with significant effect during the second quarter, through, in particular, the selective sale of assets, the internalisation of off-balance sheet customer funds and the incorporation of the IRB loans in the pool of assets eligible for discount with ECB.

In the third quarter of 2011, in a context of worsening of the tensions related to the sovereign debt crisis in the peripheral countries of the euro area, Millennium bcp continued to proactively manage liquidity, to ensure the fulfilment of the planned refinancing needs in the short- and medium-term. In this context, two new bond issued by the Bank were integrated into the pool of eligible assets, the first guaranteed by the Portuguese Republic, amounting to Euro 1.75 billion, and the other a private placement, in the amount of Euro 500 million.

In the last quarter, in a context of a severe shortage of offers in the interbank money market, the Bank continued the strategy of deleveraging, based on reducing the commercial gap, on the one hand, and the progressive reduction of exposure to Portuguese sovereign debt started in June, on the other. At the same time, the Bank strengthened the portfolio of assets eligible as collateral through a bond issue guaranteed by the Portuguese Republic, in December 2011, amounting to Euro 1.35 billion.

The rigorous implementation of the policy of reducing funding needs throughout the year, has reduced the Group's exposure to the ECB to Euro 12.7 billion as at 31 December 2011 (Euro 15.3 billion at the end of September 2011). In addition, the Bank has lengthened the maturity of its operations with the ECB, by using the first three-year auction to provide liquidity to the banking system of the euro area. As at 31 December 2011, the portfolio of securities eligible for collateral in eventual financing transactions with Central Banks stood at Euro 16.3 billion.

CAPITAL

Following the request submitted by Millennium bcp, the Bank of Portugal formally authorised the adoption of methodologies based on Internal Rating models (IRB) for the calculation of capital requirements for credit and counterparty risk, covering a substantial part of the risk from the activity in Portugal as from 31 December 2010. In the scope of the Roll-Out Plan for the calculation of capital requirements for credit and counterparty risk under IRB approaches and following the request submitted by the Bank, the Bank of Portugal formally authorised the extension of this methodology to the subclasses of risk “Renewable Retail Positions” and “Other Retail Positions” in Portugal with effect as from 31 December 2011.

At the end of December 2011, the consolidated Core Tier I ratio stood at 9.3%, exceeding the minimum determined by the Bank of Portugal (9.0%) and showing an increase of 21 basis points compared to the pro forma ratio in September 2011 (including the liability management operation involving preferred shares completed in early October 2011).

The Core Tier I value determined on 31 December 2011 was in line with the pro forma amount posted on 30 September 2011, since the combination of the positive effects that resulted, either from the change in accounting policy for recognition of gains and losses of the pension fund or the neutralisation of prudential impacts of the transfer of the pension fund to Healthcare System and the Special Inspection Programme in accordance with the stipulations in the Notice from the Bank of Portugal no.1 to 3/2012, as well as the amortisation of goodwill of Bank Millennium in Greece, which was deducted from the Core Tier I, and other effects of the activity, offset the negative results in the fourth quarter of 2011.

The risk weighted assets decreased by Euro 1,968 million in the same period, favourably influenced by the extent of the IRB approach to retail exposures in Portugal, by the removal of a prudential add-on imposed by the Bank of Portugal when authorised the treatment of exposures of the class risk “Corporates” with the IRB method and the change of the risk weighting applicable to regional and local administrations, as well as the ongoing deleveraging and the maintenance of efforts to optimise risk weighted assets, in particular regarding the strengthening of collaterals.

SOLVENCY

Euro million	31 Dec. 11	30 Sep. 11 Including Liability Management operation	30 Sep. 11
Own Funds			
Core Tier I	5,135	5,199	4,795
Preference shares and Perpetual subordinated debt securities with conditional coupons	173	173	943
Other deduction (1)	(521)	(573)	(573)
Tier I Capital	4,788	4,799	5,165
Tier II Capital	613	495	431
Deductions to Total Regulatory Capital	(137)	(133)	(133)
Total Regulatory Capital	**5,263**	**5,161**	**5,463**
Risk Weighted Assets	**55,456**	**57,424**	**57,424**
Solvency Ratios			
Core Tier I	9.3%	9.1%	8.3%
Tier II	0.9%	0.6%	0.5%
Total	9.5%	9.0%	9.5%

(1) Includes deductions related to the shortfall of the stock of impairment to expected losses and to significant shareholdings in unconsolidated financial institutions, in particular to the shareholdings held in Millenniumbcp Ageas and Banque BCP (France and Luxembourg).

Note: The Bank received authorisation from the Bank of Portugal (BoP) to adopt IRB approaches for the calculation of capital requirements for credit risks, as from 31 December 2010. Estimates of the probability of default and the lost given default (IRB Advanced) were used for retail exposures to small companies and collateralised by commercial and residential real state, and estimates of the probability of default (IRB Foundation) for corporate exposures, in Portugal, excluding property development loans and entities from the simplified rating system. In the scope of the Roll-Out Plan for the calculation of capital requirements for credit and counterparty risk under IRB approaches and following the request submitted by the Bank, the Bank of Portugal formally authorised the extension of this methodology to the subclasses of risk "Renewable Retail Positions" and "Other Retail Positions" in Portugal with effect as from 31 December 2011. In the 1st half of 2009, the Bank received authorisation from BoP to adopt the advanced approaches (internal models) to the generic market risk and the standard method for the operational risk.

SEGMENTAL REPORTING

Millennium bcp offers a wide range of banking activities and financial services in Portugal and abroad, focusing on Retail Banking, Companies Banking and Private Banking & Asset Management.

Segment description

The Retail Banking activity includes the Retail activity of Millennium bcp in Portugal, operating as a distribution channel for products and services from other companies of the Group, and the Foreign business segment, operating through several banking operations in markets with affinity to Portugal and in countries with higher growth potential.

The Retail segment in Portugal includes: (i) the Retail network in Portugal, where the strategic approach is to target "Mass Market" customers, who appreciate a value proposition based on innovation and speed, as well as Prestige and Small Business customers, whose specific characteristics, financial assets or income imply a value proposition based on innovation and personalisation, requiring a dedicated Account Manager; and (ii) ActivoBank, a bank focused on clients who are young in spirit, intensive users of new communication technologies and who prefer a banking relationship based on simplicity, offering modern products and services.

The Companies Banking business includes the Companies network in Portugal, which operates as a distribution channel of products and services from other companies of the Group, and the Corporate & Investment Banking segment.

The Companies network, in Portugal, covers the financial needs of companies with an annual turnover between Euro 7.5 million and Euro 100 million, and focuses on innovation, offering a wide range of traditional banking products complemented by specialised financing.

The Corporate & Investment Banking segment includes: (i) the Corporate network in Portugal, targeting corporate and institutional customers with an annual turnover in excess of Euro 100 million, providing a complete range of value-added products and services; (ii) the Investment Banking unit, which specialises in capital markets, providing strategic and financial advisory, specialised financial services – Project finance, Corporate finance, Securities brokerage and Equity research - as well as structuring risk-hedging derivatives products; and (iii) the activity of the Bank's International Division.

The Private Banking and Asset Management segment, for purposes of the geographical segments, comprises the Private Banking network in Portugal and subsidiary companies specialised in the asset management business in Portugal. In terms of business segments, it also includes the activities of Banque Privée BCP and Millennium bcp Bank & Trust.

The Foreign Business segment, for the purpose of geographical segments, comprises the operations outside Portugal, in particular Bank Millennium in Poland, Millennium bank in Greece, Banque Privée BCP in Switzerland, Banca Millennium in Romania, Millennium bim in Mozambique, Banco Millennium Angola and Millennium bcp Bank & Trust in the Cayman Islands. For part of 2010, this segment also included Millennium bank Turkey (partially sold on 27 December 2010) and Millennium bcpbank in the United States of America (partially sold on 15 October 2010). The Foreign Business segment, in terms of the business segments, comprises the Group operations outside Portugal referred to above, excluding Banque Privée BCP in Switzerland and Millennium bcp Bank & Trust in the Cayman Islands, which are included in the Private Banking & Asset Management segment.

In Poland, the Group is represented by a universal bank offering a wide range of financial products and services to individuals and companies nationwide; in Greece by an operation focused on retail and based on offering innovative products and high service levels; in Switzerland by Banque Privée BCP, a Private Banking platform under Swiss law; and in Romania with an operation focused on individuals and small and medium-sized companies. Additionally, the Group is represented in Mozambique by a universal bank targeting companies and individual customers; in Angola by a bank focused on private customers and companies as well as public and private institutions; and in the Cayman Islands by Millennium bcp Bank & Trust, a bank designed for international services in the area of Private Banking to customers with high net worth (Affluent segment).

Business segment activity

The figures reported for each business segment result from aggregating the subsidiaries and business units integrated in each segment, including the impact from capital allocation and the balancing process of each entity, both at balance sheet and income statement levels, 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.

Considering that the capital allocation process complies with regulatory solvency criteria currently in place, the weighted risk, as well as the capital allocated to segments, are based on Basel II methodology, with the application in Portugal in 2010 and 2011 of the IRB Advanced method for the Retail portfolio in credit risk and the IRB Foundation method for loans to companies, excluding real estate promoters and entities of the simplified rating system. The capital allocation for each segment, in 2011 and 2010, resulted from the application of 10% to the risks managed by each segment.

Information related to 2010 is presented on a comparable basis with the information reported in 2011, except as regards the abovementioned component related to Millennium bank in Turkey and Millennium bcpbank in United States of America, reflecting the current organisational structure of the Group's business areas referred to in the characterization of the segments previously described.

The net contribution of each segment is not deducted, when applicable, from the non-controlling interests. Thus, the net contribution reflects the individual results achieved by its business units, independent of the percentage held by the Group, including the impact of movements of funds described above. The following information is based on financial statements prepared according to IFRS and on the organisational model in place for the Group, as at 31 December 2011.

Retail in Portugal

The Retail segment in Portugal posted a net loss of Euro 16.0 million in 2011, compared to a positive net contribution of Euro 112.7 million in 2010, reflecting mostly the increase in impairment charges for loan losses.

The performance of net interest income in 2011 reflects the rise in the cost of customer deposits and the increase in loans interest rate, together with the smaller income associated with the loans volume. The contraction of the volume of the loans portfolio is a result of the increasing selectivity in loans granted and the decline of demand for credit, affecting loans to individuals and small businesses.

The evolution in other net income in 2011, despite the effort to increase customer funds and the maintenance of high levels of cross-selling, was conditioned by the decrease in commissions, in particular those related to loans operations, saving insurance and unit-linked products, partly offset by commissions related to deposit accounts, structured products and risk insurance.

Impairment charges for loan losses showed an increase in 2011, due to the increase in impairment indicators in the loan portfolio as a result of the deterioration in economic and financial conditions for individuals and companies.

The increase in operating costs was mainly due to upper other administrative costs associated with the loan recovery process, induced by a higher number of processes that are being monitored with the aim to their regularisation.

Total customer deposits increased 8.1% compared with 31 December 2010, supported by the launch of various solutions, including extending the offer of structured products as well as the provision of scheduled savings solutions for medium- and long-term deposits. However, customer funds showed a decrease of 3.2% totalling Euro 34,992 million as at 31 December 2011, compared to Euro 36,133 million on the same date in 2010, determined by the reduction of insurance and debt securities.

Loans to customers decreased 6.4%, totalling Euro 31,384 million as at 31 December 2011, compared to Euro 33,547 million posted on the same date in 2010, following the ongoing strategy of balance sheet deleveraging and focusing on the reduction in mortgage loans, consumer loans and loans to small businesses.

Euro million	31 Dec.11	31 Dec. 10	Change 11 / 10
Profit and loss account			
Net interest income	485.2	522.3	-7.1%
Other net income	443.0	452.6	-2.1%
	928.2	974.9	-4.8%
Operating costs	685.9	670.3	2.3%
Impairment	264.5	151.2	74.9%
Contribution before income taxes	(22.3)	153.3	--
Income taxes	(6.2)	40.7	--
Net contribution	(16.0)	112.7	--
Summary of indicators			
Allocated capital	1,324	1,608	-17.6%
Return on allocated capital	-1.2%	7.0%	
Risk weighted assets	13,243	16,076	-17.6%
Cost to income ratio	73.9%	68.8%	
Loans to customers (1)	31,384	33,547	-6.4%
Total customer funds	34,992	36,133	-3.2%

(1) Includes commercial paper.

Note: Loans to customers and customer funds on monthly average balances.

Companies

The Companies network recorded a net loss of Euro 86.3 million in 2011, compared to a net loss of Euro 11.0 million on the same period in 2010, mainly determined by the higher level of impairment charges for loan losses, despite the increase in net interest income.

Net interest income increased by 6.5%, reflecting the effect of the increase in demand deposits and loans on customers' interest margin, which more than offset the effect of the decrease in business volumes. The repricing process of loan operations, implemented in 2011 with the goal to appropriate the price of the products to the risk profile of each client, provided a favourable evolution of the loan interest margin. The contraction of business volumes reflects both the difficulty that companies have to generate cash surpluses and the increasing selectivity in granting loans centred on companies focused on the internationalisation and with a dynamic business model.

The reduction in other net income, despite the process to appropriate the commissions to the service provided, was determined by the decrease in commissions from financial services and from the business with non-resident companies, despite the rise in commissions from loans to customers and factoring operations.

The increase in impairment charges for loan losses, which in 2011 includes the reinforcement of impairment charges under the Special Inspection Programme, as well as the effect of the deterioration of financial collaterals and the increase in impairment indicators in the loan portfolio, as a result of the persistent adverse macroeconomic context and deterioration in economic and financial conditions, in particular in companies associated with the construction and tourism sectors of activity. In order to reverse this trend risk mitigation strategies have been adopted, either through a close monitoring of customers, or by the reinforce of collaterals in loans operations.

The reduction in operating costs was sustained by measures to simplify the organisation and optimise processes that have been consistently implemented, as seen in the reduction in other administrative costs.

Loans to customers decreased by 6.4%, amounting to Euro 9,378 million as at 31 December 2011, compared to Euro 10,024 million posted on the same date in 2010, driven by the reduction in loans, real estate loans, leasing and commercial paper.

Total customer funds amounted to Euro 2,609 million as at 31 December 2011, compared to Euro 2,982 million as at 31 December 2010.

Euro million	31 Dec.11	31 Dec. 10	Change 11 / 10
Profit and loss account			
Net interest income	188.0	176.6	6.5%
Other net income	81.6	87.6	-6.9%
	269.6	264.2	2.1%
Operating costs	58.1	60.1	-3.3%
Impairment	333.0	189.0	76.2%
Contribution before income taxes	(121.5)	15.0	--
Income taxes	(35.2)	4.0	--
Net contribution	(86.3)	11.0	--
Summary of indicators			
Allocated capital	906	996	-9.0%
Return on allocated capital	-9.5%	1.1%	
Risk weighted assets	9,058	9,958	-9.0%
Cost to income ratio	21.5%	22.8%	
Loans to customers (1)	9,378	10,024	-6.4%
Total customer funds	2,609	2,982	-12.5%

(1) Includes commercial paper.

Note: Loans to customers and customer funds on monthly average balances.

Corporate & Investment Banking

The Corporate & Investment Banking segment recorded a net loss of Euro 63.0 million in 2011, compared to a positive net contribution of Euro 82.9 million on the same period in 2010, determined by the increase in impairment charges for loan losses.

Net interest income increased 16,9%, supported by the Corporate network, reflecting the effect of repricing of loan operations, which aimed to adjust the spreads to the risk of operations and strengthened the mitigation associated with these operations, leading to an increase in the loans to customers interest rate margin and offset the reduction in the volume of loans to customers.

The growth in other net income is essentially due to the increase of commissions in the Corporate Network, in particular the commissions associated with loans to customers, demand deposits, risk insurance, financial services and assets under management.

The increase in impairment charges for loan losses, which in 2011 includes the reinforcement of impairment charges under the Special Inspection Programme, as well as the effect of the deterioration of financial collaterals and the increase in impairment indicators in the loan portfolio, as a result of the persistent adverse macroeconomic context and deterioration in economic and financial conditions, in particular in companies associated with the construction and tourism sectors of activity.

In accordance with the strategic priority to reduce the commercial gap, loans to customers decreased 7.9%, totalling Euro 12,199 million as at 31 December 2011, compared to Euro 13,245 million posted on the same date in 2010, determined by the reduction in loans, leasing and commercial paper.

Deposits showed an increase of 27.2% from 31 December 2010, reflecting the commercial effort in fundraising. The total customer funds decreased by 3.7%, amounting to Euro 10,822 million in 31 December 2011, compared with Euro 11,236 million in 31 December 2010, determined by the reduction observed in debt securities.

Euro million	31 Dec.11	31 Dec. 10	Change 11 / 10
Profit and loss account			
Net interest income	240.9	206.0	16.9%
Other net income	180.7	159.8	13.1%
	421.7	365.8	15.3%
Operating costs	77.7	74.9	3.8%
Impairment	432.7	178.2	--
Contribution before income taxes	(88.7)	112.7	--
Income taxes	(25.7)	29.9	--
Net contribution	(63.0)	82.9	--
Summary of indicators			
Allocated capital	1,637	1,608	1.8%
Return on allocated capital	-3.8%	5.2%	
Risk weighted assets	16,370	16,082	1.8%
Cost to income ratio	18.4%	20.5%	
Loans to customers (1)	12,199	13,245	-7.9%
Total customer funds	10,822	11,236	-3.7%

(1) Includes commercial paper.

Note: Loans to customers and customer funds on monthly average balances.

Private Banking & Asset Management

The Private Banking & Asset Management segment, considering the geographical segmentation criteria, posted a net loss of Euro 67.3 million in 2011, compared to a net loss of Euro 6.7 million in the same period of 2010, determined by the increase in impairment charges for loan losses, despite the rise of net operating revenues.

The increase of 13.9% in net interest income, due to the effort to implement the repricing designed to reflect the risk and liquidity costs, led to the increase the interest rate margin for loans to customers, despite the decrease in the volume of loans to customer and in the term deposits interest rate margin.

The increase of 21.2% in other net income resulted from the Private Banking business in Portugal, and was mainly associated with the increase in commissions related to assets under management and structured products.

The rise in impairment charges for loan losses was due to the devaluation of financial collaterals and to the increase of impairment indicators in the loan portfolio, as a result of the persistence of an adverse financial and macroeconomic context.

Loans to customers amounted to Euro 1,288 million as at 31 December 2011, decreasing 7.5% from 31 December 2010, as a result of the reduction in loans granted in the Private Banking segment in Portugal.

Total customer funds amounted to Euro 4,713 million as at 31 December 2011, compared to Euro 5,804 million as at 31 December 2010, supported by the reduction in off-balance sheet customer funds. Given the volatility and uncertainty of the markets, during 2011, there has been a greater readiness of customers to prefer more traditional conservative solutions, to the detriment of structured products, investment funds and discretionary management.

Euro million	31 Dec.11	31 Dec. 10	Change 11 / 10
Profit and loss account			
Net interest income	22.3	19,6	13.9%
Other net income	27.7	22,8	21.2%
	50.0	42,4	17.8%
Operating costs	31.6	31,5	0.5%
Impairment	113.2	20,4	--
Contribution before income taxes	(94.8)	(9,4)	--
Income taxes	(27.6)	(2,8)	--
Net contribution	(67.3)	(6,7)	--
Summary of indicators			
Allocated capital	64	97	-34.0%
Return on allocated capital	-104.5%	-6,8%	
Risk weighted assets	643	975	34.0%
Cost to income ratio	63.3%	74.1%	
Loans to customers	1,288	1,391	-7.5%
Total customer funds	4,713	5,804	-18.8%

Note: Loans to customers and customer funds on monthly average balances.

Foreign Business

The net contribution of the Foreign Business segment, considering the geographical segmentation criteria, amounted to Euro 177.8 million in 2011, compared to a net contribution of Euro 101.5 million in 2010. The increase of 75.2% compared to the last year was determined by the increase in net operating revenues, powered by the growth in business volumes and by lower operational costs, with emphasis on the net contributions of operations in Poland, Mozambique and Angola.

The increase in net interest income by 23.3% was supported by the favourable interest rate effect and by the volume of customer deposits effect, despite the impact resulting from operations in Turkey and the United States of America, which were partially sold at the end of 2010. Highlight to the performance of the operations in Poland, in Mozambique and in Angola.

The decrease in other net income reflects mainly the impacts identified in 2010 related to the activities of the partially sold operations, as well as the performance of the operations in Switzerland, Greece and Poland, the latter due to exchange rate effect.

Operating costs decreased by 3.9% in 2011, compared with the previous year, influenced by the operating costs posted in 2010 related to the partially sold operations. This reduction offset the increases in Poland and Greece, in part influenced by the resizing of the distribution network, and in Angola and Mozambique, related to the ongoing expansion strategy.

The increase in impairment charges for loan losses, compared with 2010, was mainly associated with a higher level of provisioning recorded in the subsidiary companies in Greece and Switzerland partially offset by the decrease in Poland.

Total customer funds decreased 3.3% to Euro 15,914 million as at 31 December 2011, with emphasis on the favourable performance of assets under management, despite the favourable development in operations in Mozambique and Angola.

Loans to customers decreased 3.7% to Euro 16,306 million as at 31 December 2011, benefiting from the performance of loans to individuals, reflecting the decrease in operations in the Cayman Islands, Greece and Switzerland, partially offset by the increases registered in Angola and Mozambique.

Euro million	31 Dec.11	31 Dec. 10	Change 11 / 10
Profit and loss account			
Net interest income	679.2	550.8	23.3%
Other net income	338.6	365.7	-7.4%
	1,017.8	916.5	11.0%
Operating costs	593.8	617.9	-3.9%
Impairment and provisions	198.5	171.0	16.0%
Contribution before income taxes	225.5	127.6	76.8%
Income taxes	47.7	26.1	82.8%
Net contribution	177.8	101.5	75.2%
Summary of indicators			
Allocated capital	1,795	1,740	3.2%
Return on allocated capital	9.9%	5.8%	
Risk weighted assets	14,285	14,272	0.1%
Cost to income ratio	58.3%	67.4%	
Loans to customers	16,306	16,926	-3.7%
Total customer funds	15,914	16,453	-3.3%

Note: In 2010 the net contribution was not adjusted from the impact related to the activities in Turkey and in the United States of America, which were partially sold during 2010.

SIGNIFICANT EVENTS

The continuation of the implementation of the measures agreed under the Adjustment Program, namely through: an ongoing process of deleveraging by reducing the loan portfolio and increasing customer funds, enabling Millennium bcp to reduce its commercial gap; the implementation of measures and the evaluation of alternatives to enable Millennium bcp to comply with the new solvency requirements; the gradual reduction of the exposure to sovereign debt, together with the continued repricing effort; the close control of the cost base; and the increased mobilization of the entire organization into the credit recovery effort were the main focus of the Bank in the 4th quarter of 2011. Also worthy of special note in the 4th quarter:

- Following an evaluation process of different scenarios in order to create value for the operation in Poland, and having thoroughly discussed several options, including those arising from offers of acquisition of a stake in Bank Millennium, the Bank reaffirmed on December 19, 2011 its commitment to the organic growth of Bank Millennium in Poland.
- Disclosure by the Bank of Portugal of the overall results for the first Special Inspection Program (SIP), conducted as part of the measures and actions agreed by the Portuguese authorities for the financial system under the Adjustment Program established with the IMF / EU / ECB in May 2011. The exercise focused on credits worth Euro 55.4 billion, covering 72% of the total loan portfolio of the BCP. This assessment concluded there was a need to increase impairment by Euro 381 million in the Group's consolidated accounts. This amount corresponds to 0.7% of the total amount of claims reviewed and 16.0% of the portfolio covered by the impairment analysis.
- Disclosure of the results regarding the capital exercise by the European Banking Authority (EBA). Following completion of the capital exercise conducted by the EBA in close cooperation with the Bank of Portugal, the exercise determined that Banco Comercial Português S.A. has a capital shortfall of Euro 2,130 million which must be addressed by the end of June of 2012.
- Announcement of the results of the exchange offer directed to holders of perpetual debt instruments and preference shares, on October 7. The degree of acceptance was noteworthy, reaching approximately 75% for the issues included in the offer.
- Strengthening ActivoBank's customer proximity, by opening eight new branches.
- Celebration of the sixth anniversary of Millennium bcp's autonomous Microcredit network, a pioneer and leader in Portugal that has as its ultimate goal the creation of self-employment in an autonomous and proactive way. During its six years of activity Millennium Microcredit created 3.371 new jobs and advised on some 2.184 projects of economic entrepreneurs, representing funding of Euro 18 million.
- Extension of the geographical coverage of Banco Millennium Angola to all 18 provinces in the African country, after the inauguration of the N'Dalatando branch in the province of North Kwanza, making Millennium services available to customers at 61 branches throughout the country.
- Award to Bank Millennium (Poland) of important distinctions in terms of quality service offered to customers: the Bank is among the best in Newsweek magazine's "Friendly Banks" ranking, in third position in the "Traditional Customer's Friendly Bank" and "Best Internet Bank" categories.
- Nomination of Banco Millennium Angola as a "Brand of Excellence" by Superbrands.
- "Best Brand in Mozambique in the banking sector", awarded by GFK.
- The "Gold Prize", awarded to Millennium bcp, in the "Financial and Insurance Services Effectiveness Awards 2011," with the advertising case study based on the "Mourinho - Passion" campaign.
- Sponsorship of the Global Investment Challenge (GIC), a competition open to the general public that allows a simulated experience of investing in the stock market and promotes the increase of

knowledge about the mechanisms and functioning of the capital markets. The competition is organized by the Expresso newspaper and Simulators and Models (SDG).

- The Millennium bcp foundation and the Architecture Trienal of Lisbon, signed a protocol for the delivery of the Career Award, which aims to distinguish an architect whose work has become publicly known, as well as the Universities Prize Contest, for schools of Architecture and Landscape Architecture in Portugal and abroad.
- Launch of the second edition of the Microcredit Prize for Microentrepreneurs with disabilities.
- Recognition of Millennium bcp by the 2011 Engagement Rating, as one of the most transparent Portuguese companies in stakeholder communication on sustainability.
- As a result of the rating downgrade of Portugal from “BBB+” to “BBB-” and the placement of Portuguese banks’ ratings on “Rating Watch Negative”, the Fitch rating agency announced on October 7 that it had reaffirmed the main ratings of BCP, namely the long- and short-term ratings (“BBB-/F3”), while maintaining the “Rating Watch Negative” outlook.
- Moody's rating agency announced, on October 7, that it had concluded the review of Portuguese banks ratings initiated on July 15, following the downgrade of the Republic of Portugal rating from “Baa1” to “Ba2”. In this context, the debt rating of BCP was reduced from “Ba1/NP” to “Ba3/NP” and the Standalone rating from “Ba2” to “B1”. Ratings maintain a “Negative” outlook.
- On October 20, the DBRS rating agency announced, following the downgrade of the Republic of Portugal rating from BBB (High) to BBB, the confirmation or revision of the Portuguese banks ratings. In this context, BCP long-term rating was downgraded from BBB (High) to BBB, with a “Negative Trend” (identical to the Republic of Portugal's rating), while the short-term rating was affirmed at R-2(High) with a “Negative Trend”.
- Following the announcement of the reduction of the Portuguese Republic's rating for long-term debt from “BBB-” to “BB+”, Fitch announced the revision of the ratings of several Portuguese banks. In this context, the long-term rating of Banco Comercial Português, S.A. (BCP) was reduced from “BBB-” to “BB+”, removed from Rating Watch Negative and assigned a Negative Outlook, while the short-term rating was revised from “F3” to “B” and removed from Rating Watch Negative.
- Following the announcement of the revision of rating criteria for the Portuguese banks, Standard & Poor's announced on the 16th of December of 2011 the revision of the ratings of several Portuguese banks. In this context, the long-term rating of Banco Comercial Português, S.A. (BCP) was reduced from “BBB-” to “BB”, while the short-term rating was revised from “A-3” to “B” and removed from Rating Watch Negative.

Events after the end of 2011:

- Statement by the President of the Supervisory Board informing that he has been informed that Nuno Amado has accepted the invitation from shareholders to propose his name as Chief Executive Officer of Banco Comercial Português, S.A. on a list to be presented at an upcoming General Meeting of Shareholders.
- On January 31, 2012 DBRS downgraded the ratings of Banco Comercial Português, S.A. following the downgrade of the Republic of Portugal’s ratings from BBB to BBB (low). DBRS has downgraded BCP’s Senior Long-Term Debt & Deposit rating to BBB (low) from BBB and the Short-Term Debt & Deposit rating to R-2 (mid) from R-2 (high). The trend on all ratings remains Negative.

"Disclaimer"

This document is not an offer of securities for sale in the United States, Canada, Australia, Japan or any other jurisdiction, Securities may not be offered or sold in the United States unless they are registered pursuant to the US Securities Act of 1933 or are exempt from such registration. Any public offering of securities in the United States, Canada, Australia or Japan would be made by means of a prospectus that will contain detailed information about the company and management, including financial statements.
The financial information in this presentation has been prepared under the scope of the International Financial Reporting Standards ('IFRS') of BCP Group for the purposes of the preparation of the consolidated financial statements under Regulation (CE) 1606/2002.
The figures presented do not constitute any form of commitment by BCP in regard to future earnings.

Figures for 2010 and 2011 were subject to an audit by External Auditors.

BANCO COMERCIAL PORTUGUÊS

Consolidated Income Statement
for the years ended 31 December, 2011 and 2010

	2011	2010
	(Thousands of Euros)	
Interest income	4,060,136	3,477,058
Interest expense	(2,480,862)	(1,960,223)
Net interest income	1,579,274	1,516,835
Dividends from equity instruments	1,379	35,906
Net fees and commission income	789,372	811,581
Net gains / losses arising from trading and hedging activities	204,379	367,280
Net gains / losses arising from available for sale financial assets	3,253	72,087
Other operating income	(22,793)	17,476
	2,554,864	2,821,165
Other net income from non banking activity	26,974	16,550
Total operating income	2,581,838	2,837,715
Staff costs	953,649	831,168
Other administrative costs	584,459	601,845
Depreciation	96,110	110,231
Operating costs	1,634,218	1,543,244
Operating profit before provisions and impairments	947,620	1,294,471
Loans impairment	(1,331,910)	(713,256)
Other financial assets impairment	(549,850)	(10,180)
Other assets impairment	(128,565)	(71,115)
Goodwill impairment	(160,649)	(147,130)
Other provisions	13,979	635
Operating profit	(1,209,375)	353,425
Share of profit of associates under the equity method	14,620	67,661
Gains / (losses) from the sale of subsidiaries and other assets	(26,872)	(2,978)
Profit before income tax	(1,221,627)	418,108
Income tax		
Current	(66,857)	(54,158)
Deferred	525,714	39,814
Profit after income tax	(762,770)	403,764
Attributable to:		
Shareholders of the Bank	(848,623)	344,457
Non-controlling interests	85,853	59,307
Profit for the year	(762,770)	403,764
Earnings per share (in euros)		
Basic	(0.07)	0.05
Diluted	(0.07)	0.05

BANCO COMERCIAL PORTUGUÊS

Consolidated Balance Sheet as at 31 December, 2011, 2010 and 1 January 2010

	2011	2010	1 jan 2010
		(Thousands of Euros)	
Assets			
Cash and deposits at central banks	2,115,945	1,484,262	2,244,724
Loans and advances to credit institutions			
Repayable on demand	1,577,410	1,259,025	839,552
Other loans and advances	2,913,015	2,343,972	2,025,834
Loans and advances to customers	68,045,535	73,905,406	75,191,116
Financial assets held for trading	2,145,330	5,136,299	3,356,929
Financial assets available for sale	4,774,114	2,573,064	2,698,636
Assets with repurchase agreement	495	13,858	50,866
Hedging derivatives	495,879	476,674	465,848
Financial assets held to maturity	5,160,180	6,744,673	2,027,354
Investments in associated companies	305,075	395,906	437,846
Non current assets held for sale	1,104,650	996,772	1,343,163
Investment property	560,567	404,734	429,856
Property and equipment	624,599	617,240	645,818
Goodwill and intangible assets	251,266	400,802	534,995
Current tax assets	52,828	33,946	24,774
Deferred tax assets	1,564,538	975,676	790,914
Other assets	1,790,650	784,446	1,134,132
	93,482,076	98,546,755	94,242,357
Liabilities			
Amounts owed to credit institutions	17,723,419	20,076,556	10,305,672
Amounts owed to customers	47,516,110	45,609,115	46,307,233
Debt securities	16,236,202	18,137,390	19,953,227
Financial liabilities held for trading	1,478,680	1,176,451	1,072,324
Other financial liabilities at fair value through profit and loss	2,578,990	4,038,239	6,345,583
Hedging derivatives	508,032	346,473	75,483
Non current liabilities held for sale	-	-	435,832
Provisions for liabilities and charges	246,100	235,333	233,120
Subordinated debt	1,146,543	2,039,174	2,231,714
Current income tax liabilities	24,037	11,960	10,795
Deferred income tax liabilities	2,385	344	416
Other liabilities	1,647,208	1,264,119	1,358,210
Total Liabilities	89,107,706	92,935,154	88,329,609
Equity			
Share capital	6,065,000	4,694,600	4,694,600
Treasury stock	(11,422)	(81,938)	(85,548)
Share premium	71,722	192,122	192,122
Preference shares	171,175	1,000,000	1,000,000
Other capital instruments	9,853	1,000,000	1,000,000
Fair value reserves	(389,460)	(166,361)	93,760
Reserves and retained earnings	(1,241,490)	(1,868,780)	(1,326,491)
Profit for the year attributable to Shareholders	(848,623)	344,457	-
Total Equity attributable to Shareholders of the Bank	3,826,755	5,114,100	5,568,443
Non-controlling interests	547,615	497,501	344,305
Total Equity	4,374,370	5,611,601	5,912,748
	93,482,076	98,546,755	94,242,357

BANCO COMERCIAL PORTUGUÊS, S.A., a public company (sociedade aberta) having its registered office at Praça D. João I, 28, Oporto, registered at the Commercial Registry of Oporto, with the single commercial and tax identification number 501 525 882 and the share capital of EUR 6,064,999,986.00.

ANNEX V

SHARES AND BONDS HELD BY MEMBERS OF THE MANAGEMENT AND SUPERVISORY BOARDS OF BANCO COMERCIAL PORTUGUÊS, S.A.

The shares and bonds held by members of the Management and Supervisory Boards is as follows:

Shareholders/Bondholders	Security	Number of securities at		Changes in 2011			
		31/12/2011	31/12/2010	Acquisitions	Sales	Date	Price / Unit Euros
Members of Corporate Bodies							
Paulo José de Ribeiro Moita Macedo (h)	BCP shares	301,657	259,994	11.437 (c)		17/05/2011	0.58
				30.226 (d)		20/06/2011	0.36
Vítor Manuel Lopes Fernandes	BCP shares	23,412	20,000	879 (c)		17/05/2011	0.58
				2.533 (d)		20/06/2011	0.36
	BCP Investimento Telecoms Março 2013	20	20				
Luís Maria França de Castro Pereira Coutinho	BCP shares	286,914	247,288	10.878 (c)		17/05/2011	0.58
				28.748 (d)		20/06/2011	0.36
Miguel Maya Dias Pinheiro	BCP shares	210,000	150,000	30.598 (c)		17/05/2011	0.58
				7.845 (f)		15/06/2011	0.36
				21.557 (d)		20/06/2011	0.36
	MillenniumBcp Valor Capital 2009	0	15		15 (e)	20/06/2011	1,000.00
António Manuel Palma Ramalho	BCP shares	62,700	12,092	531 (c)		17/05/2011	0.58
				50.077 (d)		20/06/2011	0.36
	BPSM/97 Top's Perpétuas Subord 1/2 Serie	498,798	498,798				
José Jacinto Iglésias Soares (g)	BCP shares	80,743	20,000	7.663 (c)		17/05/2011	0.58
				3.080 (d)		20/06/2011	0.36
				50.000 (f)		28/06/2011	0.39
Rui Manuel da Silva Teixeira (g)	BCP shares	31,982	27,565	1.212 (c)		17/05/2011	0.58
				3.205 (d)		20/06/2011	0.36
Members of the Supervisory Board							
António Vítor Martins Monteiro	BCP shares	2,410	2,078	91 (c)		17/05/2011	0.58
				241 (d)		20/06/2011	0.36
	BCP Finance Bank MTN 6,25	0	50		50 (b)	29/04/2011	1,000.00
Manuel Domingos Vicente	BCP shares	1,159	1,000	43 (c)		17/05/2011	0.58
				116 (d)		20/06/2011	0.36
Luís de Melo Champalimaud	BCP shares	100,000	20,000	879 (c)		17/05/2011	0.58
				79.121 (d)		20/06/2011	0.36
António Henriques Pinho Cardão (g)	BCP shares	102,778	73,259	19.222 (c)		17/05/2011	0.58
				10.297 (d)		20/06/2011	0.36
Josep Oliu Creus	BCP shares	15,083	13,000	572 (c)		17/05/2011	0.58
				1.511 (d)		20/06/2011	0.36
Carlos José da Silva (g)	BCP shares	151,438	130,523	5.741 (c)		17/05/2011	0.58
				15.174 (d)		20/06/2011	0.36
António Luís Guerra Nunes Mexia	BCP shares	1,507	1,299	57 (c)		17/05/2011	0.58
				151 (d)		20/06/2011	0.36
João Manuel Matos Loureiro	BCP shares	1,753	1,500	65 (c)		17/05/2011	0.58
				188 (d)		20/06/2011	0.36
José Guilherme Xavier de Basto	BCP shares	1,376	1,188	51 (c)		17/05/2011	0.58
				137 (d)		20/06/2011	0.36
	BCP Mill Rend Semestral Março	5	5				
José Vieira dos Reis	BCP shares	54,700	16,074	32.707 (c)		17/05/2011	0.58
				5.919 (d)		20/06/2011	0.36
	BCP Ob Cx Inv Água Maio 08/2011	0	340		340 (b)	07/05/2011	1,000.00
	BCP Cx Invest Saúde Julho 2008/11	200	200				
	BCP Ob Cx Subordinadas 1ª S (2008/2018)	1,100	1,100				
	Super Aforro Mille Sr B Fev 2009/14	0	20		20 (b)	18/03/2011	1,000.00
	Millennium BCP Valor Capital 2009	0	20		20 (e)	20/06/2011	1,000.00
	BCP Inv Total Novembro 2012	100	100				
	BCP Inv Cabaz Energia Nov 2	50	50				
	BCP Mill Rendimento Plus Jun 2010/2014	50	50				
	Cerifica SP 500	188	0	188 (a)		22/02/2011	13.29
	Certific BCPCI DAX	34	0	34 (a)		24/02/2011	73.30
	Millennium Rend, Cresc 2011 4ª S	70	0	70 (a)		07/03/2011	10,000.00
	BCP Inv. Dupla Opção Europa	50	0	50 (a)		29/06/2011	1,000.00
	Millennium BCP Subordinadas 2010/2020	25	25				
	Millennium BCP Subord. Agosto 2020 Call	40	40				
	BCP Mill Rend. Premium 2ª série 04/2013	40	40				
	Certific BCPI Eurostoxx 50	820	820				
	BCP Investimento Duplo Eur Junho 2013	50	0	50 (a)		29/06/2011	1,000.00
	Millennium Rendimento Crescente /14	70	0	70 (a)		07/03/2011	1,000.00

Shareholders/Bondholders	Security	Number of securities at 31/12/2011	Number of securities at 31/12/2010	Changes in 2011 Acquisitions	Sales	Date	Price / Unit Euros
Manuel Alfredo Cunha José de Mello	BCP shares	216,617	186,701	8.212 (c)		17/05/2011	0.58
				21.704 (d)		20/06/2011	0.36
	BCP Finance Bank MTN 6,25	0	200		200 (b)	28/03/2011	1,000.00
	BCP Ob Cx Subordinadas 1ª S (2008/2018)	1,000	1,000				
	BCP Fin Bk Camale. 125% XI/09 (11/2014)	150	150				
	BCP Fin Sel Ac Eur Ret 2 Fontes XI(05/11)	0	100		100 (b)	25/05/2011	1,000.00
	BCP Fin Selec BrasilL XII/09 Eur (06/11)	0	329		329 (b)	21/06/2011	1,000.00
	BCP Fin Escolh Tripla Europeia IV/10 04/11	0	40		40 (b)	21/04/2011	1,000.00
	BCP Fin Inv Mundial III	0	100		100 (b)	28/03/2011	1,000.00
	BCP Inv Ind Mundiais XI (11/2013)	120	120				
	BCP Farmaceut Gl Autocall XI/10 (11/2012)	0	200		200 (b)	20/05/2011	1,000.00
	BCP Rev Conv Alstom XI/10	0	10		10 (b)	22/03/2011	1,000.00
	BCP Cabaz Consumo AC 01/2013	50	0	50 (a)		07/01/2011	1,000.00
	BCP Ações Europa AC 02/2014	100	0	100 (a)		03/02/2011	1,000.00
	BCP Ações Tecnologia EUA AC 04/2014	100	0	100 (a)		04/04/2011	1,000.00
	BCP Rev. Conv. Apple 10/2011	200	0	200 (a)		15/06/2011	1,000.00
	BCP Rev. Conv. AlstomXI/11	5	0	5 (a)		15/06/2011	10,000.00
	Indústria europeia AC 06/2013	200	0	200 (a)		15/06/2011	1,000.00
	BCP 2,375% (01/2012)	50,000	0	50.000 (a)		16/05/2011	0.95
	BCP FRN (02/2013)	100,000	0	100.000 (a)		21/12/2011	0.75
Thomaz de Mello Paes de Vasconcelos	BCP shares	1,159	1,000	43 (c)		17/05/2011	0.58
				116 (d)		20/06/2011	0.36
Vasco Esteves Fraga	BCP shares	1,159	1,000	43 (c)		17/05/2011	0.58
				116 (d)		20/06/2011	0.36
Spouse and dependent children							
Maria Helena Espassandim Catão (g)	BCP shares	253	218	9 (c)		17/05/2011	0.58
				26 (d)		20/06/2011	0.36
Isabel Maria V Leite P Martins Monteiro	BCP shares	1,854	1,854				
Maria da Graça dos Santos Fernandes de Pinho Cardão (f	BCP shares	3,835	3,308	144 (c)		17/05/2011	0.58
				383 (d)		20/06/2011	0.36
Ana Maria Almeida M Castro José de Mello	BCP shares	5,776	4,980	218 (c)		17/05/2011	0.58
				578 (d)		20/06/2011	0.36
	BCP Ob Cx Subordinadas 1ª S (2008/2018)	400	400				
	BCP Inv Ind Mundiais XI/10 (11/2013)	60	60				
	BCP Farmaceut GL Autocall XI/10 (11/2012)	0	40		40 (b)	20/05/2011	1,000.00
	BCP Fin Escolh Tripla Europeia IV/10	0	3		3 (b)	26/04/2011	1,000.00
	BCP Cabaz Consumo AC 01/2013	50	0	50 (a)		07/01/2011	1,000.00
	BCP Ações europa EUA AC 02/2014	30	0	30 (a)		03/02/2011	1,000.00
	BCP Ações Tecnologia EUA AC 04/2014	30	0	30 (a)		04/04/2011	1,000.00
	BCP Rev. Conv. Alstom 09/2011	2	0	2 (a)		15/06/2011	10,000.00
	BCP Rev. Conv. Apple 10/2011	20	0	20 (a)		15/06/2011	1,000.00
	Indústria Europeia AC 06/2013	60	0	60 (a)		15/06/2011	1,000.00
Ana Melo Castro José de Mello	BCP shares	1,507	1,299	57 (c)		17/05/2011	0.58
				151 (d)		20/06/2011	0.36
	BCP Ob Cx Subordinadas 1ª S (2008/2018)	200	200				
	BCP Farmaceut GL Autocall XI/10 (11/2012)	20	20				
	BCPF Escolha Tripla Europeia IV/10 04/11	5	5				
Maria Emília Neno R. T. Xavier de Basto	BCP shares	435	376	16 (c)		17/05/2011	0.58
				43 (d)		20/06/2011	0.36
Plautila Amélia Lima Moura Sá	BCP shares	3,223	2,754	121 (c)		17/05/2011	0.58
				348 (d)		20/06/2011	0.36
	BCP Ob Cx Inv Global 12% Fev	0	500		500 (b)	16/02/2011	1,000.00
	BCP Ob Cx Invest Cabaz Mund Fev 08/11	0	400		400 (b)	14/02/2011	1,000.00
	BCP Cx Inv Energias Renov Jun 2011	0	400		400 (b)	18/06/2011	1,000.00
	Certific BCPI Eurostoxx 50	240	240				
	Certific BCPI S/DJ Stoxx Utili (10/2012)	2,125	2,125				
	Certific BCPI S/DJ Stoxx Basic (10/2012)	1,485	1,485				

(a) Subscription

(b) Maturity

(c) Dividends of BCP shares.

(d) Subscription of BCP's share capital increase.

(e) Conversion into capital of MillenniumBcp Valor Capital 2009.

(f) Purchase

(g) The initial positon regards the securities held at the moment of the appointment, 18-04-2011, and not at 31-12-2010. the changes in 2011 regard operations carried out between the date of appointment and 30-06-2011.

(h) Renounced to the office on 20 June, due to being appointed as Health Minister

Annual Report for 2011
Volume II

www.millenniumbcp.pt

Banco Comercial Português, S.A.,
Public Company

Head Office:
Praça D. João I, 28
4000-295 Porto

Share Capital:
6,064,999,986 euros

Registered at
Porto Commercial Register
under the Single Registration and
Tax Identification number 501 525 882

Investor Relations
Av. Professor Doutor Cavaco Silva
Edifício 1 Piso 0 Ala B
2744-002 Porto Salvo
Telephone: (+351) 211 131 084
investors@millenniumbcp.pt

Communication Department
Av. Professor Doutor Cavaco Silva
Edifício 1 Piso 0 Ala B
2744-002 Porto Salvo
Telephone: (+351) 211 131 243
comunicar@millenniumbcp.pt