2009
Annual Report

Volume II

Millennium bcp

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Report of the Supervisory Board

Functions of the Supervisory Board

Banco Comercial Português, SA has adopted, since 2006, a governance model, usually referred to as the two-tier model, which consecrates the existence of an Executive Board of Directors, a Supervisory Board and a Statutory Auditor.

According to the model adopted, the legal and statutory powers of the Supervisory Board are: to supervise the activities of the Executive Board of Directors, review the effectiveness of the Risk Management, Internal Control and Internal Audit, propose to the General Meeting the appointment of the Statutory Auditors and external auditors and monitor their activities and independence; verify the accounting policies and valuation criteria adopted by the company for a proper evaluation of assets and results; assess the accuracy of the accounting books, accounting records and supporting documents and the preparation and dissemination of financial information, although it is the role of the Statutory Auditor to oversee this area; issue its opinion on the annual report and year-end accounts, advise on the general strategy and policy for the future, issue its opinion on any eventual projects that the Executive Board of Directors may have on the share capital and the issue of bonds; issue its opinion when asked about the appointment of members of the corporate bodies of the Bank and of the Group's companies, and employees of the Bank that report directly to the Executive Board of Directors; receive the communications stating irregularity reports presented by shareholders, company employees and others; follow-up and appraise matters concerning corporate governance, sustainability, ethics, codes of conduct and systems for the evaluation and settlement of conflict of interests.

The powers of the Supervisory Board of Banco Comercial Portuguese are in accordance with the latest recommendations of the CMVM (January 2010) on corporate governance and ensure compliance with the best practices, ensuring total independence between the management, supervisory supervision / monitoring and audit.

In the course of its duties, the Supervisory Board ensures the supervision and follow-up of the Executive Board of Directors' activities, acting in cooperation with the EBD and the other corporate bodies in pursuing the interests of the company, of its shareholders and of remaining stakeholders.

Composition

The Supervisory Board in office, was elected at the Annual General Meeting held on March 30th, 2009, to fulfil the mandate from 2009 to 2010 and is composed of 13 members, surpassing the number of 7 members of the Executive Board of Directors.

Chairman:

- Luís de Melo Champalimaud (58 years old) (Independent)

Vice Chairman:

- Manuel Domingos Vicente (53 years old) (Not Independent for being related to an entity owning a qualifying holding)
- Pedro Maria Calaínho Teixeira Duarte (55 years old) (Not Independent for being related to an entity owning a qualifying holding)

Members:

- Josep Oliu Creus (60 years old) (Not Independent for being related to an entity owning a qualifying holding)
- António Luís Guerra Nunes Mexia (52 years old) (Not Independent for being related to an entity owning a qualifying holding)
- Patrick Huen Wing Ming, representing the company Sociedade de Turismo e Diversões de Macau S.A (68 years old) (Not Independent representing a company owning a qualifying holding)
- António Víctor Martins Monteiro (66 years old) (Independent)
- João Manuel de Matos Loureiro (50 years old) (Independent)
- José Guilherme Xavier de Basto (71 years old) (Independent)
- José Vieira dos Reis (62 years old) (Independent)
- Manuel Alfredo da Cunha José de Mello (61 years old) (Independent)
- Thomaz de Mello Paes de Vasconcelos (52 years old) (Independent)
- Vasco Esteves Fraga (60 years old) (Independent)

The Supervisory Board works in plenary meetings and through specialized committees.

The Audit Committee

Chairman: João Manuel de Matos Loureiro (Independent)

Members:	José Guilherme Xavier de Basto (Independent)
	José Vieira dos Reis (Independent)
	Thomaz de Mello Paes Vasconcelos (Independent)

Sustainability and Corporate Governance Committee

Chairman:	Luís de Melo Champalimaud (Independent)
Members:	Josep Oliu Creus (Not Independent)
	António Luís Guerra Nunes Mexia (Not Independent)

The Nominations Committee

Chairman:	Manuel Alfredo da Cunha José de Mello (Independent)
Members:	António Víctor Martins Monteiro (Independent)
	Vasco Esteves Fraga (Independent)

Functioning

The internal functions of the Supervisory Board are governed by Regulations, as well as by established rules of conduct, and procedures.

The Regulations of the Supervisory Board are available either in the internal site, the Bank's website or the Internet, with the following address:

http://www.millenniumbcp.pt/pubs/pt/investidores/governacaocorporativa/normas/regimentoca/

Members of the Executive Board of Directors attended all the meetings of the Supervisory Board, and the representatives of the governing bodies of the Group, Managers and coordinators, Statutory Auditors and External Auditors also took part, whenever their presence was deemed necessary due to the issues addressed.

In 2009, there were eleven plenary meetings of the Supervisory Board, with an average attendance of 87.1%. The absences were all previously justified to the Chairman of the Supervisory Board.

The Company's Secretary attended all the meetings, and their respective Minutes were dully drawn.

The Supervisory Board has its own exclusive Support Office, comprising of one Coordinate Director, a Senior Technical staff 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's Secretary's Office.

Permanent activity

Meetings

At the first meeting after their election, the Supervisory Board pronounced on crucial issues for the good and prudent exercise of its powers to monitor and supervise the Bank, including:

- Relatively to each of its members, issued an opinion on who are the ones that fill the legal qualitative requirements of independence:
- Approved a set of alterations to the Regulations of the Supervisory Board:
- In compliance with the Article 443 of the Companies Code, elected the Chairman of the Supervisory Board and the Chairman of the Audit Committee to bind the Bank in its relations with the Executive Board:
- Resolved on the composition of its specialized committees, namely the Audit Committee (formerly known as the Audit and Risk Committee), the Sustainability and Corporate Governance Committee and the Nominations Committee;
- Relatively to the remuneration of the Executive Board of Directors, it ruled that this issue should be a task of the Remuneration and Welfare Committee, elected by the General Meeting in 2008, thus congregating in the same corporate body the ability to resolve on the remuneration of all the corporate bodies.

In the course of 2009, the Supervisory Board inquired regularly and pronounced when needed, on all issues, which under the law, required its opinion or its supervision, namely on the following:

- Approve the Regulations of the Supervisory Board;
- Monitoring the independence requirements of the SB;
- Appraise documents relating to individual and consolidated accounts;
- Maintenance of the dividend policy and non-payment of the interim dividend for the 2009 financial year;
- The 2010 budget and its management policy to be adopted for the future years;
- Areas of special responsibility for each member of the EB;
- Assess the Group’s structure and priority strategies;
- Report on the Internal Control System in accordance with Notice nº5/2008 of Banco de Portugal;
- Follow the liquidity management of the Group;
- Monitor the process for the adoption of the principles of Basel II;
- Follow the activities of the bank’s subsidiaries abroad;
- Approve the general guidelines of a sustainability system, and issues related to the Corporate Governance of the bank;

- Monitoring and analysing the financial impact of the administrative and judicial proceedings in progress, as well as the conclusion of the mediation process with the small shareholders;
- Re-assessment of the retirement scheme of the former Directors;
- Appointment of members designated for social bodies of companies or Group, or managers of the bank that report directly to the board;
- Resolve on a request for suspension of a Board Member and the appointment of a replacement during the period of suspension;
- Participation in the comments on the new Corporate Governance Code proposed by CMVM.

Activities of the Specialized Committees

Audit Committee

This committee is foreseen in paragraph nr. 2 of Article 444 of the Companies Code and, in compliance with that legal requirement and the Regulations of the Supervisory Board, handles issues related with Risk Management Systems, Internal Control and Internal Audit; issues opinions on the management report and the financial statements, advising the SB on the on the issuance of its opinion; assesses the accuracy of the accounting books, accounting records and supporting documents and the preparation and dissemination of financial information; proposes to the SB the appointment of the Statutory Auditors and external auditors and monitor their activities and their independence, namely regarding additional services provided; supervises the activities of the Internal Audit and receives communications of irregularities presented by shareholders, employees or others, ensuing that they are followed by the Internal Audit or the Ombudsman.

This Committee is also responsible for the issue of opinions on contracts, with special emphasis on loans granted in any form or modality, including guarantees, by the Bank or any of the Group's subsidiary companies, to members of their governing bodies, shareholders with more than 5%of the share capital of the Bank, as well as to entities that, under the legal framework of Credit Institution and Financial Companies, are related with them.

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 Internal Control Department, having the power to summon any Director it wishes to hear.

In accordance with the article 432 of the Companies Code, the Audit Committee attended the meetings of the Executive Board of Directors that approved the quarterly, half-year and annual reports.

Given its characteristics, this Committee prepares a separate report on its activities, which will be published with the rest of the financial documents relative to the 2009 financial year.

During the 2009 financial year, the Audit Committee met eighteen times, having drawn the minutes of all the meetings. The meeting's secretary was the Head of the Supervisory Board Support Office.

Sustainability and Corporate Governance

This Committee advises the Supervisory Board on matters concerning the policies on Corporate Governance and its primary function is to coordinate the reflection work on the governance model of the Bank in order to recommend the best corporate governance solutions to adapt to their management needs, culture and strategy, including those arising from the international best practices, and also pronounces on the political sustainability of the Group.

The Committee's most relevant activities are: suggestion for further improvement of the Regulation of the Supervisory Board, Rules and procedures of the Executive Board of Directors, the Code of Conduct of the Group, and an opinion on the regulatory changes relative to Good Governance, having contributed to the development of a public consultation promoted by CMVM on the Draft of the Corporate Governance Code. During this financial year, the Committee presented a proposal to the Supervisory Board on the acceptance of a suspension requested by a Director and Vice Chairman of the EBD, until the fact finding process underway and of which he is allegedly accused, is completed. The Committee also took note and appraised the 2010-2012 Sustainability Plan.

During the 2009 financial year, the Sustainability and Corporate Governance Committee met four times, and minutes of all meetings were prepared. This Committee's Secretary is the Company Secretary. Expert Members, Miguel Galvao Teles and Paulo Olavo Cunha were present at the meetings.

Nominations Committee

This Committee assists and advises the Supervisory Board on matters relating to the determination of the competency profile and composition of the structures and internal bodies, creates lists for members of the corporate bodies of the Bank and formulates an opinion on the annual 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 Directors (reporting directly to the EBD), on individuals e designated for management or supervisory functions in the subsidiary companies, whether controlled or not, and, finally, on the prior issuing of favourable proposals for board members to accept social positions in entities outside the Group.

During the 2009 financial year, the Committee pronounced on the nominations for corporate bodies of the subsidiaries, and on the appointment of the Senior Managers that report directly to the Executive Board of Directors, having accepted several proposals of the Executive Board concerning appointments to the Bank's corporate bodies. It also issued an opinion on the appointment / election of Executive Directors to work in the corporate bodies of subsidiaries and other entities outside the Group, and on the suspension request made by an EBD member, and on the appointment of an EBD member by the Supervisory Board for his replacement during the period of suspension.

The Nominations Committee met seven times in 2009, and minutes of all the meetings were drawn. This Committee's secretary is the Company's 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, for the identification of themes and issues considered a priority, a better approach and a consequent increase in work efficiency.

The methodology used for self-assessment include, in addition to the consideration developed throughout time, an analysis of the individual responses given by the members of the Supervisory Board to a specific questionnaire, which focused, among other things, the commitment of the Supervisory Board towards its mission and its responsibilities, the participation and pro-activeness of the members of the Supervisory Board and the working methods in the respective meetings and those of the various specialized committees.

The evaluation concludes that the overall balance of the activity is positive and strictly ensures impartiality and professionalism to the mission entrusted by the Law and the Articles of Association of Banco Comercial Português.

The process of self-assessment of the Supervisory Board enabled also the identification of some improvement areas, being the most relevant:

- The need to, with safety, accelerate the way the information is provided to the members of the Supervisory Board;
- The need to, on a regular and systematic basis, make a more in-depth analysis on global risk management and on strategic issues;

In conclusion, the process of self-assessment of the Supervisory Board, made in accordance with best international practices in terms of its methodology and scope, provided not only an overview of the work developed, which proved positive, and also confirmed that the Supervisory Board meets the conditions necessary to properly perform its supervisory functions. It also identified the points to focus in the near future to further enhance the effectiveness of their work.

Acknowledgments

- During the 2009 financial year a special distinction must be given to the institutional relationship between the Supervisory Board and its Specialized Committees with the Executive Board of Directors, which was especially straightforward and positive, leading to greater efficiency in the evaluation and treatment of the various issues analyzed. A thank you is 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 Chairman of the General Meeting, António Menezes Cordeiro, a word of appreciation for his willingness to participate in various meetings of the Supervisory Board, and whose experience and expertise contributed to achieve greater security on the assessment of some complex cases.

- To the Statutory Auditor and External Auditors a word of thanks for the constructive and independent way according to which they interacted with this Board and its Audit Committee.
- To the members of the Support Office of the Supervisory Board and the other employees of the Group, our gratitude for their attitude and commitment, which unequivocally contributed to the effective functioning of the Supervisory Board.

Opinion of the Supervisory Board including statement of compliance

1. The opinion of the Supervisory Board regards the financial information, including the individual and consolidated financial statements and the directors' report, presented by the Executive Board of Directors of Banco Comercial Português, SA, regarding the financial year ended on 31 December 2009.

2. The Supervisory Board periodically met with the Executive Board of Directors and was timely informed of the resolutions adopted by it.

3. Throughout the year, and whenever the matters under debate so required, the Supervisory Board met with the Statutory Auditor, the External Auditors, the Coordinating Managers in charge of providing the documentation submitted to it and the members of the management bodies of the most significant operations outside Portugal.

4. During the financial year the Chairman of the Supervisory Board was always informed by the Executive Board of Directors of all relevant matters.

5. The Specialized Committees (Audit Committee, Sustainability and Corporate Governance Committee and the Nominations Committee) provided the Supervisory Board with all the information and data required by the latter to perform its functions, including, when deemed appropriate and timely, verifying compliance with the legal standards and regulations applicable.

6. The Supervisory Board received an opinion to issue a favourable opinion on the 2009 Annual Report and Financial Statements drawn up by the Executive Board of Directors from the Audit

Committee, and also appraised the Legal Certifications / Audit Reports made by KPMG & Associados - SROC, S.A., regarding the individual and consolidated financial statements. The Supervisory Board, within the scope of its powers, agrees with the contents of these documents.

7. The Supervisory Board appraised and adopted the opinion/recommendation issued by the Audit Committee and issues a favourable opinion on the Annual Report and Financial Statements of the financial year ended on 31 December 2009 drawn up by the Executive Board of Directors, proposing their approval by the Annual General Meeting of Shareholders.

8. The signatories, members of the Supervisory Board, hereby declare that, to the best of their knowledge, the information mentioned in article 245 (1) (a) of the Securities Code, object of this opinion, was drawn up in full compliance with the applicable accounting standards, and translates a true and fair view of the assets and liabilities, financial situation and earnings of Banco Comercial Português, S.A. and of the companies included within its consolidation group, and that the directors report faithfully portrays the business, performance and status of Banco Comercial Português, S.A. and of the consolidated companies, describing the main risks and uncertainties faced by them.

Lisbon, 10 February 2010

Luís de Melo Champalimaud

Manuel Domingos Vicente	Pedro Maria Calaínho Teixeira Duarte
Josep Oliu Creus	António Luís Guerra Nunes Mexia
António Vítor Martins Monteiro	Huen Wing Ming Patrick
João Manuel de Matos Loureiro	José Guilherme Xavier de Basto
José Vieira dos Reis	Manuel Alfredo da Cunha José de Mello
Thomaz de Mello Paes de Vasconcelos	Vasco Esteves Fraga

Annual Report of the Audit Committee

I.- Introduction

The Audit Committee (AC) of Banco Comercial Português, SA (Bank), formerly known as the Audit and Risk Committee (ARC), established under the Supervisory Board (SB) and whose current members were appointed at the SB meeting held on 16th. April 2009, hereby presents its annual report on the supervisory actions, prepared in compliance with Article 444 (4) of the Companies Code.

In compliance with legal requirements and statutory provisions, it is the competence of the AC to perform, among others, the following functions:

- Verify the accuracy of the accounting books, accounting records and supporting documents as well as the status of any values or securities owned by the Company in any capacity;

- Verify the accounting policies and valuation criteria adopted by the company leading to a proper evaluation of assets and returns;

- Issue its opinion on the management report and the financial statements;

- Review the effectiveness of the risk management, internal control and internal audit;

- Receive communications stating irregularities reports presented by shareholders, company employees and others;

- Verify the accuracy of the accounting books and supporting documents and the preparation and dissemination of financial information;

- Provide the SB with all that is necessary to propose to the General Meeting, the appointment of the Statutory Auditor and the External Auditor;

- Review the audit documents for the accountability in the company;

- Verify the independence of the Statutory Auditor and the External Auditor, namely regarding the provision of additional services;

- Issue opinions on contracts, with special emphasis on the credit granted in any form or way, including the provision of guarantees, that the bank, or any of its subsidiary companies, celebrates with members of their corporate bodies, holding more than 5% of Bank's share capital, as well as with entities that, according to the legal framework of Credit Institutions and Financial Companies, are related with them.

II.- Activities

To carry out its activities, the Committee met regularly with the Chief Financial Officer, the Statutory Auditor and the Internal Auditor, Risk Officer, Compliance Officer, the Head of Internal Audit and the Head of Planning and Control Department. The Committee has the power to summon any Director it wishes to listen. Based on this prerogative, the Committee met during the year 2009, with the Heads of the Accounting and Consolidation Department, Tax Office, Research Office, Private Banking, Rating, Treasury and Markets, with the Company's Secretary, members of the Executive Board of Directors of Millennium bim (Mozambique), with the CEO of Pensõesgere - Management of the Pension Fund and with the Board of F & C Portugal - Asset Management.

Throughout 2009 the AC met 14 times, previously the ARC had met 4 times, having been drawn-up the minutes of all the meetings. In compliance with Article 432 of the Companies Code, the Committee attended the meetings of the Executive Board of Directors (EBD), which approved the quarterly, bi-annual and the annual reports.
To perform effectively their duties, the Committee sought and obtained all the information and clarification to this effect, which included those considered appropriate and adequate in compliance with the bylaws and legal provisions and regulations, and have not encountered any constraint on their actions. The Committee kept the SB informed regularly on its activities.

The Committee has developed specifically, the following activities:

Supervision of the preparation and dissemination of financial information

The Committee examined the main accounting policies and changes in the scope of IAS / IFRS, as well as proposals under discussion, particularly those that, potentially, could have a serious impact on the financial statements of the Bank and its subsidiaries.

The Committee also verified the changes introduced in the policies and criteria relatively to the derecognition of credits in the balance sheet, pursuant to an understanding transmitted by the Circular Letter of Banco de Portugal No 15/09/DSBDR dated 28th January 2009. The Committee monitored regularly the largest credit exposures and impairment of the Group.

The Committee also examined the information on the Pension Fund of the BCP Group and the assumptions used in determining the liabilities for pensions and the tax contingencies and deferred tax assets and liabilities of the Group and the administrative and judicial litigation concerning tax issues.
Based on the information available, the Committee also reviewed the monthly financial statements on an individual and consolidated basis, and the results of the key financial indicators

of the Group's companies. It also examined periodically the liquidity, cost-to income and solvency ratios of the Bank.
With reference to the end of the financial year, the AC reviewed the Management and Accounts Report prepared by the EBD and the Legal Certification of Accounts and Audit Reports from KPMG & Associados - SROC, SA, on the financial statements on an individual and consolidated issued.

Taking into account the results of work done, the AC recommended the SB the issuing of a favourable opinion on the Management and Accounts Report of Banco Comercial Português SA, prepared by the EBD, which includes the financial statements on an individual and consolidated basis relating to the year ended 31 December 2009..

Concerning 2010, the AC reviewed the Management Report and the Budget of the Bank for that period, focusing on the assumptions relating to the evolution of the expected results and activity indicators, risk factors, market shares, investments, and the evolution of its own capital and the thereto related Liquidity Plan.

Fiscalization on the effectiveness of risk management, internal control and internal audit

The AC followed the drafting of the Internal Control Reports, which is a responsibility of the EBD - with the contribution of the Risk Office, Compliance Office and Internal Audit - and prepared proposals of the SB reports, sent to the Bank of Portugal. Since then, the AC has been monitoring the implementation of the recommendations contained in those reports.

The Committee monitored the activity of the Risk Office, evaluated in particular the reports on risk exposures, impairments and major credits. The AC also analysed the classification process of the Bank's customers in terms of risk, carried out by the Rating Department.

The Committee reviewed the Activity Plans of the Internal Audit for the year 2009, as well as the quarterly activity reports and the Strategic Plan for 2010/2013. The Head of the Internal Audit informed the Committee regarding the inspection process carried out by the Supervisors of the various markets where the Group operates.

The Committee also monitored the activity of the Compliance Office, namely through the assessment of the Activities Plan for 2009 and quarterly activity reports.
The Committee assessed regularly correspondence exchanged between the Bank and the supervisory entities.

Monitoring of the activities of the Statutory Auditor and the External Auditor
The AC examined the conclusions on the financial statements for the year 2008, on individual and consolidated basis, provided by the Statutory Auditor and the External Auditor. Throughout 2009, the AC periodically reviewed the findings of the Desktop Review on the financial statements and the Limited Review on the interim financial statements of the 1st half. During the year 2010, the AC analyzed the conclusion of the audit work relating to the financial statements for the year 2009, on an individual and consolidated basis, provided by the Statutory and External Auditor.

The AC also reviewed the conclusions of the bi-annual impairment report and the Internal System Control submitted by the Statutory Auditors and the External Auditor.

Relatively to the independence of the Statutory Auditors and the External Auditor, the Committee approved the guidelines to be adopted by BCP for the hiring of additional services.
The Committee also appraised the letter from KPMG & Associados - Sociedade de Revisores Oficiais de Contas, SA, issued in legal terms in compliance with the law that governs their activity, which contains a summary of the services provided, (including additional services) to the BCP Group during the period January 1st, to December 31st, 2009, in Portugal and abroad, as well as their fees and the confirmation of independence.

Given the legal requirement for the rotation of audit firms in Mozambique and Angola, during 2009, the AC recommended the appointment of PricewaterhouseCoopers for Banco Millennium bim (Mozambique) and recommended likewise, the same company for Banco Millennium Angola. These recommendations were issued as the result of a selection process carried out by these subsidiaries and on the objective information provided by them.

Issuing of opinions on loans granted to members of the corporate bodies and holders of qualifying shares

The Committee assessed the credit exposure of the Bank to members of the SB and qualifying shareholders and their related entities. The AC also issued opinions legally required for credit operations approved by the EBD involving members of the SB and qualified shareholders.

The Committee also welcomed the decision of the EBD on the update and consolidation of the credit rules on credit to be granted to members of the corporate bodies and qualifying holdings.

Irregularities reports presented by shareholders, company employees or others

The Committee regularly took note of the irregularities reports presented by clients and sent to the Ombudsman and Direct Banking.

III. – Final

The AC hereby expresses its gratitude to the Specialized Committees and the bank's services it has contacted, and in particular the Head of the Support Office of the SB, for all for their cooperation in helping to carry out their duties.

Lisbon, March 2nd, 2010

João Matos Loureiro (Chairman)

José Xavier de Bastos (Member)

José Vieira dos Reis (Member)

Thomaz Paes de Vasconcellos (Member)

Opinion of the Audit Committee

1. The Audit Committee regularly informed the Supervisory Board about the work carried out and the conclusion drawn in relation to the supervisory action taken throughout 2009.

2. In complying with its competences, the Audit Committee appraised the annual report and accounts referring to the 2009 financial year written by the Executive Board of Directors, the Legal Certificates and Audit Reports written by KPMG & Associados - SROC, S.A., about the financial statements, on an individual and consolidated basis, issued without reservations or emphasis.

3. In order to prepare the recommendation formulated hereinafter, the Audit Committee discussed and analyzed the annual report and accounts with the Executive Board of Directors, with the Chief Financial Officer, with those in charge of the competent management of the Bank, particularly the Accounts and Consolidation Department, the Internal Audit, the Risk Office, the Compliance Office, the Planning and Budget Control, as well as the external auditors, requesting all the information and clarifications relevant to their functions, which included the verifications of compliance with the applicable legal rules and statuses deemed timely and adequate.

4. The underwriters declare to the best of their knowledge that the analyzed financial information was created in compliance with the applicable accounting standards, giving a true and appropriate image of the assets and liability, the financial situation and the results of Banco Comercial Português, S.A. and the companies within its sphere of consolidation, and that the annual report truthfully shows the evolution of the businesses, performance and position of Banco Comercial Português, S.A. and the companies within its sphere of consolidation, containing a description of the main risks and uncertainties they face.

5. Considering the result of the work carried out, the Audit Committee recommends that the Supervisory Board issue an assent on the annual report and accounts of Banco Comercial Português, S.A., which includes the financial statements, on an individual and consolidated basis, of the financial year ended on the 31 December 2009, written by the Executive Board of Directors.

Lisbon, 10 February 2010

João Matos Loureiro

José Xavier de Basto

José Vieira dos Reis

Thomaz Paes de Vasconcellos

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BANCO COMERCIAL PORTUGUÊS

Consolidated Income Statement
for the years ended 31 December, 2009 and 2008

	Notes	2009	2008
		(Thousands of Euros)	
Interest and similar income	3	3,639,479	5,269,597
Interest expense and similar charges	3	(2,305,324)	(3,548,549)
Net interest income		1,334,155	1,721,048
Dividends from equity instruments	4	3,336	36,816
Net fees and commissions income	5	731,731	740,417
Net gains / (losses) arising from trading and hedging activities	6	249,827	280,203
Net gains / (losses) arising from available for sale financial assets	7	(24,457)	(262,104)
Other operating income	8	41,137	57,580
		2,335,729	2,573,960
Other net income from non banking activities		16,233	17,390
Total operating income		2,351,962	2,591,350
Staff costs	9	865,337	915,307
Other administrative costs	10	570,177	642,641
Depreciation	11	104,736	112,843
Operating expenses		1,540,250	1,670,791
		811,712	920,559
Loans impairment	12	(560,029)	(544,699)
Other assets impairment	26, 28 and 31	(70,485)	(60,024)
Other provisions	13	(26,871)	15,500
Operating profit		154,327	331,336
Share of profit of associates under the equity method	14	66,262	19,080
Gains / (losses) from the sale of subsidiaries and other assets	15	74,930	(8,407)
Profit before income tax		295,519	342,009
Income tax			
Current	16	(65,634)	(44,001)
Deferred	16	19,417	(39,997)
Profit after income tax		249,302	258,011
Attributable to:			
Shareholders of the Bank		225,217	201,182
Minority interests	44	24,085	56,829
Profit for the year		249,302	258,011
Earnings per share (in euros)	17		
Basic		0.03	0.03
Diluted		0.03	0.03

CHIEF ACCOUNTANT THE BOARD OF DIRECTORS

See accompanying notes to the consolidated financial statements

BANCO COMERCIAL PORTUGUÊS

Consolidated Balance Sheet as at 31 December, 2009 and 2008

	Notes	2009	2008
		(Thousands of Euros)	
Assets			
Cash and deposits at central banks	18	2,244,724	2,064,407
Loans and advances to credit institutions			
Repayable on demand	19	839,552	1,048,348
Other loans and advances	20	2,025,834	2,892,345
Loans and advances to customers	21	75,191,116	75,165,014
Financial assets held for trading	22	3,356,929	3,903,267
Financial assets available for sale	22	2,698,636	1,714,178
Assets with repurchase agreement		50,866	14,754
Hedging derivatives	23	465,848	117,305
Financial assets held to maturity	24	2,027,354	1,101,844
Investments in associated companies	25	438,918	343,934
Non current assets held for sale	26	1,343,163	826,276
Investment property	27	429,856	436,480
Property and equipment	28	645,818	745,818
Goodwill and intangible assets	29	534,995	540,228
Current income tax assets		24,774	18,127
Deferred income tax assets	30	584,250	586,952
Other assets	31	2,647,777	2,904,447
		95,550,410	94,423,724
Liabilities			
Deposits from central banks		3,409,031	3,342,301
Deposits from other credit institutions	32	6,896,641	5,997,066
Deposits from customers	33	46,307,233	44,907,168
Debt securities issued	34	19,953,227	20,515,566
Financial liabilities held for trading	35	1,072,324	2,138,815
Other financial liabilities held for trading			
at fair value through profit or loss	36	6,345,583	6,714,323
Hedging derivatives	23	75,483	350,960
Non current liabilities held for sale	26	435,832	-
Provisions for liabilities and charges	37	233,120	221,836
Subordinated debt	38	2,231,714	2,598,660
Current income tax liabilities		10,795	4,826
Deferred income tax liabilities	30	416	336
Other liabilities	39	1,358,210	1,383,633
Total Liabilities		88,329,609	88,175,490
Equity			
Share capital	40	4,694,600	4,694,600
Treasury stock	43	(85,548)	(58,631)
Share premium		192,122	183,368
Preference shares	40	1,000,000	1,000,000
Other capital instruments	40	1,000,000	-
Fair value reserves	42	93,760	214,593
Reserves and retained earnings	42	(243,655)	(274,622)
Profit for the year attributable to Shareholders		225,217	201,182
Total Equity attributable to Shareholders of the Bank		6,876,496	5,960,490
Minority interests	44	344,305	287,744
Total Equity		7,220,801	6,248,234
		95,550,410	94,423,724

CHIEF ACCOUNTANT THE BOARD OF DIRECTORS

See accompanying notes to the consolidated financial statements

BANCO COMERCIAL PORTUGUÊS

Consolidated Cash Flows Statement
for the years ended 31 December, 2009 and 2008

	2009	2008
	(Thousands of Euros)	
Cash flows arising from operating activities		
Interest income received	3,829,296	4,867,373
Commissions income received	910,649	910,858
Fees received from services rendered	144,841	309,533
Interest expense paid	(2,386,489)	(3,375,082)
Commissions expense paid	(186,152)	(261,117)
Recoveries on loans previously written off	33,365	92,788
Net earned premiums	18,228	17,967
Claims incurred	(7,249)	(10,707)
Payments to suppliers and employees	(1,548,724)	(1,797,471)
	807,765	754,142
Decrease / (increase) in operating assets:		
Loans and advances to credit institutions	490,621	2,530,573
Deposits with Central Banks under monetary regulations	169,285	973,967
Loans and advances to customers	(1,094,948)	(7,288,663)
Short term trading account securities	(4,994)	258,565
Increase / (decrease) in operating liabilities:		
Deposits from credit institutions repayable on demand	(11,009)	(154,200)
Deposits from credit institutions with agreed maturity date	365,656	2,008,265
Deposits from clients repayable on demand	1,018,466	(630,704)
Deposits from clients with agreed maturity date	422,015	6,194,006
	2,162,857	4,645,951
Income taxes (paid) / received	34,295	36,772
	2,197,152	4,682,723
Cash flows arising from investing activities		
Proceeds from sale of shares in subsidiaries and associated companies	151,700	-
Acquisition of shares in subsidiaries and associated companies	-	(1,994)
Dividends received	11,570	41,137
Interest income from available for sale financial assets	116,464	201,810
Proceeds from sale of available for sale financial assets	24,136,062	41,011,019
Available for sale financial assets purchased	(36,764,051)	(71,346,564)
Proceeds from available for sale financial assets on maturity	12,003,971	29,237,121
Acquisition of fixed assets	(139,546)	(225,083)
Proceeds from sale of fixed assets	51,427	75,228
Increase / (decrease) in other sundry assets	(538,033)	(915,398)
	(970,436)	(1,922,724)
Cash flows arising from financing activities		
Issuance of subordinated debt	951	377,038
Reimbursement of subordinated debt	(661,474)	(463,578)
Issuance of debt securities	6,647,684	4,745,710
Reimbursement of debt securities	(6,876,847)	(4,396,962)
Issuance of commercial paper	18,959,485	16,664,374
Reimbursement of commercial paper	(18,863,944)	(20,744,783)
Share capital increase	-	1,083,270
Issuance of perpetual subordinated debt securities	1,000,000	-
Share premium	-	183,368
Dividends paid	(79,108)	-
Dividends paid to minority interests	(3,849)	(19,505)
Increase / (decrease) in other sundry liabilities and minority interests	(1,524,080)	154,283
	(1,401,182)	(2,416,785)
Exchange differences effect on cash and equivalents	(34,747)	(85,567)
Net changes in cash and equivalents	(209,213)	257,647
Cash and equivalents at the beginning of the year	1,732,239	1,474,592
Cash (note 18)	683,474	683,891
Other short term investments (note 19)	839,552	1,048,348
Cash and equivalents at the end of the year	1,523,026	1,732,239

See accompanying notes to the consolidated financial statements

BANCO COMERCIAL PORTUGUÊS

Consolidated Statement of Changes in Equity
for the years ended 31 December, 2009 and 2008

(Amounts expressed in thousands of Euros)

							Other comprehensive income					
	Total equity	Share capital	Preference shares	Other capital instruments	Share premium	Legal and statutory reserves	Fair value and Cash Flow hedged reserves	Other	Other reserves and retained earnings	Goodwill	Treasury stock	Minority interests
Balance on 31 December, 2007	4,899,255	3,611,330	1,000,000	-	881,707	561,202	218,498	23,836	1,263,125	(2,883,580)	(58,436)	281,573
Transfers of reserves (note 42):												
Share premium	-	-	-	-	(881,707)	-	-	-	881,707	-	-	-
Legal reserve	-	-	-	-	-	(96,911)	-	-	96,911	-	-	-
Statutory reserve	-	-	-	-	-	(84,000)	-	-	84,000	-	-	-
Profit for the year attributable to Shareholders of the Bank	201,182	-	-	-	-	-	-	-	201,182	-	-	-
Profit for the year attributable to minority interests (note 44)	56,829	-	-	-	-	-	-	-	-	-	-	56,829
Increase in share capital by the issue of 1,083,270,433 shares (note 40)	1,299,924	1,083,270	-	-	216,654	-	-	-	-	-	-	-
Costs related with the issue increase in share capital April 2008	(33,286)	-	-	-	(33,286)	-	-	-	-	-	-	-
Dividends on preference shares	(48,910)	-	-	-	-	-	-	-	(48,910)	-	-	-
Treasury stock	(195)	-	-	-	-	-	-	-	-	-	(195)	-
Exchange differences arising on consolidation	(85,567)	-	-	-	-	-	-	(85,567)	-	-	-	-
Fair value reserves (note 42)												
Financial instruments available for sale	(8,831)	-	-	-	-	-	(8,831)	-	-	-	-	-
Cash-flow hedge	4,926	-	-	-	-	-	4,926	-	-	-	-	-
Minority interests (note 44)	(50,658)	-	-	-	-	-	-	-	-	-	-	(50,658)
Other reserves arising on consolidation (note 42)	13,565	-	-	-	-	-	-	-	13,565	-	-	-
Balance on 31 December, 2008	6,248,234	4,694,600	1,000,000	-	183,368	380,291	214,593	(61,731)	2,491,580	(2,883,580)	(58,631)	287,744
Transfers to reserves (note 42):												
Legal reserve	-	-	-	-	-	45,119	-	-	(45,119)	-	-	-
Statutory reserve	-	-	-	-	-	10,000	-	-	(10,000)	-	-	-
Dividends paid in 2009	(79,108)	-	-	-	-	-	-	-	(79,108)	-	-	-
Issue of perpetual subordinated Instruments (note 40)	1,000,000	-	-	1,000,000	-	-	-	-	-	-	-	-
Costs related to the issue of perpetual subordinated Instruments	(9,597)	-	-	-	-	-	-	-	(9,597)	-	-	-
Interest charge related to the issue of perpetual subordinated Instruments	(10,500)	-	-	-	-	-	-	-	(10,500)	-	-	-
Tax related to the costs and interest charge on the issue of perpetual subordinated Instruments	5,168	-	-	-	-	-	-	-	5,168	-	-	-
Profit for the year attributable to Shareholders of the Bank	225,217	-	-	-	-	-	-	-	225,217	-	-	-
Profit for the year attributable to minority interests (note 44)	24,085	-	-	-	-	-	-	-	-	-	-	24,085
Tax and issuance costs related with capital instruments	8,754	-	-	-	8,754	-	-	-	-	-	-	-
Dividends on preference shares	(48,910)	-	-	-	-	-	-	-	(48,910)	-	-	-
Treasury stock	(26,917)	-	-	-	-	-	-	-	-	-	(26,917)	-
Exchange differences arising on consolidation	(34,747)	-	-	-	-	-	-	(34,747)	-	-	-	-
Fair value reserves (note 42)												
Financial instruments available for sale	(115,997)	-	-	-	-	-	(115,997)	-	-	-	-	-
Cash-flow hedge	(4,836)	-	-	-	-	-	(4,836)	-	-	-	-	-
Minority interests (note 44)	32,476	-	-	-	-	-	-	-	-	-	-	32,476
Other reserves arising on consolidation (note 42)	7,479	-	-	-	-	-	-	-	7,479	-	-	-
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

BANCO COMERCIAL PORTUGUÊS

Statement of Comprehensive income
for the years ended 31 December, 2009 and 2008

	Notes	2009	2008
		(Thousands of Euros)	
Fair value reserves			
Financial assets available for sale	42	(100,306)	(18,117)
Cash-Flow hedge	42	(5,970)	6,082
Taxes			
Financial assets available for sale	42	(15,691)	9,286
Cash-Flow hedge	42	1,134	(1,156)
		(120,833)	(3,905)
Exchange differences arising on consolidation	42	(34,747)	(85,567)
Comprehensive income recognized directly in Equity after taxes		(155,580)	(89,472)
Profit for the year		249,302	258,011
Total Comprehensive income for the year		93,722	168,539
Attributable to:			
Shareholders of the Bank		69,637	111,710
Minority interests		24,085	56,829
Total Comprehensive income for the year		93,722	168,539

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, 2009 and 2008.

In accordance with Regulation (EC) no. 1606/2002 from the European Parliament and the Counsel, 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 by the Bank's Executive Board of Directors on 9 February 2010. The financial statements are presented in thousands of euros, rounded to the nearest thousand.

For 2009, the Group adopted the IFRS standards and interpretations for which application is mandatory for accounting periods beginning on 1 January 2009. These standards are detailed in note 55. In accordance with the transition dispositions of these standards and interpretations, comparative figures are presented in these financial statements for additional disclosures required.

The consolidated financial statements for the year ended 31 December, 2009 have been prepared in terms of recognition and measurement in accordance with Group's IFRS, effective and adopted by EU at that date.

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 amortized 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 recognized as the present value of the defined benefit obligation net of the value of the fund and deducted from the actuarial losses not recognized.

The accounting policies set out below have been applied consistently throughout the Group 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 ad).

b) Basis of consolidation

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 shareholding is less than 50%.

When the accumulated losses of a subsidiary attributable to the minority interest exceed the equity of the subsidiary attributable to the minority interest, the excess is attributed to the Group and charged to the income statement as it occurs. Profits subsequently reported by the subsidiary are recognized as profits of the Group until the prior losses attributable to minority interest previously recognized by the Group have been recovered.

Investments in associates

Investments in associated companies are consolidated by the equity method since the date the Group acquires significant influence until the date it ceases. Associates are those entities, in which the Group has significant influence, but not control, over the financial and operating policy decisions of the investee. It is assumed that the Group has significant influence when it holds, directly or indirectly, 20% or more of the voting rights of the investee. Conversely, if the Group holds, directly or indirectly less than 20% of the voting rights of the investee, it is presumed that the Group does not have significant influence, unless such influence can be clearly demonstrated.

The existence of significant influence by the Group is usually evidenced in one or more of the following ways:

- representation on the 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 occurred after 1 January 2004 are accounted for using the purchase method of accounting. The acquisition cost corresponds to the fair value determined on the acquisition date of the assets given and liabilities incurred or assumed including the costs directly associated with the transaction. Goodwill arising on the acquisition of subsidiaries and associates is defined as the difference between the cost of the investment and the corresponding share of the fair value of the net assets acquired.

Since the transition date to IFRS, which was on 1 January, 2004, positive goodwill arising from acquisitions is recognized as an asset and carried at cost and is not amortized. The value of recoverable goodwill is assessed annually or whenever impairment triggers are identified, regardless of the existence of any indication of any impairment. Impairment losses are recognized in the income statement.

Negative goodwill arising on an acquisition is recognized directly to the income statement in the period when the business combination occurs.

Special Purpose Entities ('SPE')

The Group fully consolidates SPE's 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 SPE resulting from securitization operations, no additional SPE's 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 analyzed 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.

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 recognized in reserves - exchange differences.

On disposal of a foreign operation, exchange differences related to the investment in the foreign operation and to the associated hedge transaction previously recognized 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 with minority interests

As established in IAS 27, IFRS allow alternative accounting treatments in what concerns transactions with minority interests (acquisitions/sales) including the dilution effect of an investment. In accordance with the standards, the difference between the amount of the transaction and the amount of equity attributable to minority interests can be accounted for in accordance with the accounting policy elected by the entity, following two alternative treatments:

- against Reserves; or
- against Goodwill (acquisitions) and Results (disposals).

IFRS define that after adopting the accounting policy for transactions with minority interests, it has to be applied on a consistent basis for all type of transactions with the same nature.

The Group has adopted consistently in previous acquisitions of minority interests, the recognition against goodwill of the differences between the acquisition cost and the disposals carrying amount of the equity acquired. For disposals and in consistency with the accounting policy for disposals to minority interests, the differences are recognized against profit and loss.

Transactions eliminated on consolidation

Intragroup balances and any unrealized gains and losses arising from intragroup transactions, are eliminated in the preparation of the consolidated financial statements. Unrealized 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 recognized at fair value plus any directly attributable transaction costs and fees and are subsequently measured at amortized cost using the effective interest method, less impairment losses.

Impairment

The Group’s policy consists in a regular assessment of the existence of objective evidence of impairment in 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 identified (‘IBNR’) on loans for which no objective evidence of impairment is identified (see section (i)).

The collective impairment loss is determined considering the following factors:

- historical loss experience in portfolios of similar risk characteristics;
- knowledge of the current economic and credit conditions and its impact on the historical losses level;
- the estimated period between a loss occurring and a loss being identified.

The methodology and assumptions used to estimate the future cash flows are reviewed regularly by the Group in order to monitor the differences between estimated and real losses.

Loans which have been individually assessed and for which no evidence of impairment has been identified, are grouped together based on similar credit risk characteristics for calculating a collective impairment loss. This loss covers loans that are impaired at the balance sheet date but which will not be individually identified as such until some time in the future.

In accordance with "Carta-Circular" no. 15/2009 of the Bank of Portugal, loans and advances to customers are charged-off when there 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 that is an effective hedge instrument) are classified as trading. The dividends associated to these portfolios are accounted in gains arising on trading and hedging activities.

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) By decision of the entity (“Fair Value Option”)

The Group has adopted the Fair Value Option for certain own bond issues, loans and time deposits performed since 2007 that contain embedded derivatives or with related hedge 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 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 recognized in profit and loss and subsequently measured at fair value through profit and loss. Dividends related to assets at Fair Value Option are recognized in Net gains / (losses) arising from trading and hedging activities. The accrual of interest and premium/discount (when applicable) is recognized in Net interest income according with the effective interest rate of each transaction, as well as 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 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 recognized as fair value reserves are recognized under Net gains / (losses) arising from available for sale financial assets. Interest income from debt instruments is recognized in Net interest income based on the effective interest rate. If the financial assets include a premium or discount, this premium or discount is included in the calculation of the effective interest rate. Dividends are recognized 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 recognized at fair value and subsequently measured at amortized cost. The interest is calculated using the effective interest rate method and recognized in Net interest income. The impairment losses are recognized 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 recognizes in this category unquoted bonds and commercial paper. The financial assets recognized in this category are initially accounted at fair value and subsequently at amortized 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 recognized in Net interest income.

The impairment losses are recognized in profit and loss when identified.

5) Other financial liabilities

The other financial liabilities are all financial liabilities that are not recognized 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.

This financial liabilities are initially recognized at fair value and subsequently at the amortized cost. The related transaction costs are included in the effective interest rate. The interest calculated at the effective interest rate is recognized in Net interest income.

The financial gains or losses calculated in the time of the repurchase of other financial liabilities are recognized as Net gains from trading, hedging and available for sale financial 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 recognized in the profit or loss) is removed from fair value reserves and recognized 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 recognized in the profit or loss, the impairment loss is reversed through the income statement. The impairment losses recognized in equity instruments classified as available for sale, when reversed, are recognized 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 recognized at fair value with changes through profit and loss.

e) Derivatives hedge accounting

(i) Hedge accounting

The Group designates derivatives and non-financial instruments to hedge its exposure to interest rate and foreign exchange risk, resulting from financing and investment activities. Derivatives not qualified for hedging accounting are accounted for as trading instruments.

Derivative hedging instruments are stated at fair value and gains and losses on re-measurement are recognized 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 net 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 recognized 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 recognized in profit and loss, together with changes in the fair value of the asset or liability or group of assets and liabilities that are attributable to the hedged risk. If the hedge relationship no longer meets the criteria for hedge accounting, the cumulative gains and losses recognized until the discontinuance of the hedge accounting are amortized 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 recognized in equity. Any gain or loss relating to the ineffective portion of the hedge is immediately recognized 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
- Recognized 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 recognized in equity at that time remains in equity until the forecasted transaction is ultimately recognized 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 recognized 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 recognized in equity; the gain or loss relating to the ineffective portion is immediately recognized 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 these financial assets comply with the characteristics of each category. The Group adopted this possibility for a group of financial assets, as disclosed in note 22.

Transfer of financial assets recognized 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 derecognizes 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 derecognizes financial liabilities when these are discharged, cancelled or extinguished.

h) Equity instruments

An instrument is classified as an equity instrument when there is no contractual obligation at settlement to deliver cash or another financial asset to another entity, independently from its legal form, 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 recognized in equity as a deduction to the amount issued. Amounts paid or received related to sales or acquisitions of equity instruments are recognized 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 recognized 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 amortized cost through the effective interest rate method. The interests are recognized in Net interest income.

j) Securities borrowing and lending business and repurchase agreement transactions

(i) Securities borrowing and lending

Securities lent under securities lending arrangements continue to be recognized in the balance sheet and are measured in accordance with the applicable accounting policy. Cash collateral received in respect of securities lent is recognized as a financial liability. Securities borrowed under securities borrowing agreements are not recognized. Cash collateral placements in respect of securities borrowed are recognized under loans and advances to either banks or customers. Income and expenses arising from the securities borrowing and lending business are recognized on an accrual basis over the period of the transactions and are included in interest income or expense.

(ii) Repurchase agreements

The Group performs acquisition/sell 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 recognized on the balance sheet. The amounts paid are recognized in loans to either financial institutions or customers. The receivables are collateralized by the related securities. Securities sold through repurchase agreements continue to be recognized 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 with either financial institutions or customers.

The difference between the acquisition/sale and reselling/repurchase conditions is recognized 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 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 formalized.

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 unrealized losses, these should be recognized as impairment losses against results.

l) Finance lease transactions

Finance lease transactions for a lessee are recorded at the inception date of the lease as an asset and liability, at the fair value of the leased asset, which is equivalent to the present value of the future lease payments.

Lease rentals are a combination of the finance charge and the amortization of the capital outstanding. The financial charge is allocated to the periods during the lease term so as to produce a constant periodic rate of interest on the remaining liability balance for each period.

Assets held under finance leases for a lessor are recorded in the balance sheet as a receivable at an amount equal to the net investment in the lease.

Lease rentals are 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 amortized cost are recognized in the interest income or expenses (net interest income) using the effective interest rate method. The interest related to financial assets available for sale calculated at the effective interest rate method are also recognized on the net interest income.

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.

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 recognized 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 recognized 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 recognized in the Fair Value Option category, the interest component of the changes in their fair value is recognized under interest income or expense (Net interest income).

n) Fee and commission income

Fees and commissions are recognized according to the following criteria:

- Fees and commissions which are earned as services are provided are recognized 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 recognized 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 recognized in the net margin.

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 (including fair value changes and interest on derivatives and embedded derivatives), as well as the corresponding dividends. This caption includes also the impairment losses, dividends 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 recognized in this caption.

p) Fiduciary activities

Assets held in the scope of fiduciary activities are not recognized in the Group'sconsolidated financial statements. Fees and commissions arising from this activity are recognized in the income statement in the year to which they relate.

q) Property and equipment

Property and equipment are stated at acquisition cost less accumulated depreciation and impairment losses. Subsequent costs are recognized as a separate asset only when it is probable that future economic benefits will result to 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 show that the book value exceeds the highest between the value in use and the recoverable amount, 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 recognized if the net value of the asset exceeds its recoverable amount.

The recoverable amount is determined as the highest between the sale price net of sale costs 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 recognized 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 recognized 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 recognized in results as Other operating income.

s) Intangible Assets

Research and development expenditure

The Group does not capitalize any research and development costs. All expenses are recognized 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 linear basis by an estimated period 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 recognized 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 recognized 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 recognized 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 labor agreements. These benefits are estimated in the pensions plans 'Plano ACT' and 'Plano ACTQ' of the Pension Plan of BCP Group, which corresponds to the referred collective labor agreements (the conditions are estimated in the private social security of the banking sector for the constitution of the right to receive a pension).

As for the benefits estimated in the two previous pensions plans, the Group also assumes 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 labor 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.

The Group 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. 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.

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 Pensions Plan.

Employee benefits, other than pension plans, namely post retirement health care benefits and benefits for widow and sons for death before retirement are also included in the benefit plan calculation.

Costs arising from early retirements, as well as the corresponding actuarial gains and losses are recognized in the income statement on the year in which the early retirement is approved and announced.

Under the 'corridor' method, actuarial gains and losses not recognized, exceeding 10% of the greater of the present value of the defined benefit obligation and the fair value of plan assets, are recognized in the income statement over a period of 20 years, corresponding to the expected remaining working life of the employees participating in the plan.

The funding policy of the Plan is to make annual contributions by each Group company so as to cover the projected benefits obligations, including the non-contractual projected benefits. The minimum level required for the funding is 100% regarding the liability with pensioners and 95% regarding the employees in service.

Defined contributions plans

For the defined Contributions Plan for the Complementary non-contractual retirement benefit attributable to the employees of the Group, obligations are recognized as an expense in profit and loss when they are due.

Share based compensation plan (stock options)

As at 31 December 2009 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. Additionaly, 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 prabability 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 recognized in the income statement, except to the extent that it relates to items recognized directly to reserves in which case it is recognized in reserves. Deferred taxes arising from the revaluation of financial assets available for sale and cash flow hedging derivatives are recognized in shareholders' equity and are recognized in the profit and loss in the year the results that originated the deferred taxes are recognized.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred taxes are calculated in accordance with the liability method based on the balance sheet, considering temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes using the tax rates approved or substantially approved at balance sheet date and that is expected to be applied when the temporary difference is reversed.

Deferred taxes assets are recognized 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 compensates, as established in IAS 12, paragraph 74 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.

A business 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 segments:

Portugal

- Retail Banking and Companies;
- Private Banking and Asset Management;
- Corporate Banking and Investment Banking.

Foreign activity

- Poland;
- Greece;
- Mozambique;
- Angola.

z) *Provisions*

Provisions are recognized 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 derecognized 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

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 recognized and measured in accordance with the accounting policies applicable to insurance contracts. A contract issued by the Group that transfers only financial risk, without discretionary participating features, is classified as an investment contract and accounted for as a financial instrument.

The financial assets held by the Group to cover the liabilities arising under insurance and investment contracts are classified and accounted for in the same way as other financial assets.

Insurance contracts and investment contracts with discretionary participating features are recognized and measured as follows:

Premiums

Gross premiums written are recognized for as income in the period to which they respect 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.

ac) 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 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 were 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 available for-sale equity investments

The Group 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 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 recognized 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

The Group sponsors the formation of special purpose entities (SPE's) primarily for asset securitization transactions and for liquidity purposes and/or capital management.

The Group does not consolidate SPE's that it does not control. As it can sometimes be difficult to determine whether the Group does control a SPE, a judgment is made about the exposure to the risks and rewards, as well as about its ability to make operational decisions for the SPE in question (See Note 1 b)).

The determination of the SPE's that needs to be consolidated by the Group requires the use of estimates and assumptions in determining the respective expected residual gains and losses and which party retains the majority of such residual gains and losses. Different estimates and assumptions, as for example for credit risks, anticipated liquidation and interest rate, could lead the Group to a different scope of consolidation with a direct impact in net income.

In the scope of the application of this accounting policy and in accordance with note 21, the following SPE's resulting from securitization transactions were included in the consolidation perimeter: NovaFinance n. 3 and 4, Magellan n.5 and n.6, Kion and Orchis Sp zo.o. The Group did not consolidate the following SPE's also resulting from securitization transactions: Magellan n. 1, 2, 3 and 4. For these SPE's, which are not recognized in the balance, the Group concluded that the main risks and the benefits were transferred, as the Group does not hold detain any security issued by the SPE's, 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, recognized 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. However, the Executive Board of Directors of the Bank, and those of its subsidiaries domiciled in Portugal are confident that material tax assessments do not have impact in the financial statements.

Pension and other employees' benefits

Determining pension liabilities requires the use of assumptions and estimates, including the use of actuarial projections, estimated returns on investment, and other factors that could impact the cost and liability of the pension plan.

Changes in these assumptions could materially affect these values.

Goodwill

On an annual basis, the Group performs an evaluation of the recoverable amount of the consolidation differences, based on the value in use or the fair value. According with IAS 36, the value in use should be determined based on the evaluation of the future estimated cash-flows, using all available information, which requires the use of judgment.

The assumptions made for these assessments may change with the change in economic and market conditions. The Group estimates that are not expected significant changes on a medium or long term in these assumptions, which could lead to the recoverable amount to be reduced to a level below the book value.

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:

	2009 Euros '000	2008 Euros '000
Net interest income	1,334,155	1,721,048
Net gains from trading, hedging and AFS activities	225,370	18,099
	1,559,525	1,739,147

3. Net interest income

The amount of this account is comprised of:

	2009 Euros '000	2008 Euros '000
Interest and similar income		
Interest on loans and advances	3,083,953	4,496,220
Interest on trading securities	111,328	143,645
Interest on other financial assets valued at fair value through profit and loss account	141	19,103
Interest on available for sale financial assets	90,959	180,855
Interest on held to maturity financial assets	42,568	12,670
Interest on hedging derivatives	167,499	82,935
Interest on derivatives associated to financial instruments through profit and loss account	69,549	13,500
Interest on deposits and other investments	73,482	320,669
	3,639,479	5,269,597
Interest expense and similar charges		
Interest on deposits and inter-bank funding	1,330,297	1,922,155
Interest on securities sold under repurchase agreement	29,441	27,299
Interest on securities issued	654,522	1,340,239
Interest on hedging derivatives	26,591	54,088
Interest on derivatives associated to financial instruments through profit and loss account	19,208	41,268
Interest on other financial liabilities valued at fair value through profit and loss account	245,265	163,500
	2,305,324	3,548,549
Net interest income	1,334,155	1,721,048

The balance of Interest on loans and advances includes the amount of Euros 28,363,000 (2008: Euros 26,744,000) related to commissions which are accounted for under the effective interest method, as referred in the accounting policy, note 1 c).

4. Dividends from equity instruments

The amount of this account is comprised of:

	2009 Euros '000	2008 Euros '000
Dividends from available for sale financial assets	3,286	36,759
Other	50	57
	3,336	36,816

The balance of Dividends from available for sale financial assets includes dividends and income from investment fund units received during the year.

5. Net fees and commissions income

The amount of this account is comprised of:

	2009 Euros '000	2008 Euros '000
Fees and commissions income		
From guarantees	89,207	79,152
From credit and commitments	200	254
From banking services	537,432	551,683
From insurance activity	744	483
From other services	237,954	265,578
	865,537	897,150
Fees and commissions expenses		
From guarantees	782	841
From banking services	94,318	110,325
From insurance activity	336	513
From other services	38,370	45,054
	133,806	156,733
Net fees and commission income	731,731	740,417

6. Net gains / (losses) arising from trading and hedging activities

The amount of this account is comprised of:

	2009 Euros '000	2008 Euros '000
Gains arising on trading and hedging activities		
Foreign exchange activity	7,586,934	8,310,077
Financial instruments associated to financial instruments through profit and loss account		
Held for trading		
Securities portfolio		
Fixed income	53,422	65,349
Variable income	7,108	6,047
Certificates and VME issued	34,008	49,414
Derivatives associated to financial instruments through profit and loss account	292,460	285,670
Other financial instruments derivatives	4,035,764	2,232,445
Other financial instruments through profit and loss account	10,956	152,938
Repurchase of debt securities issued	42,879	2,590
Headging accounting		
Hedging derivatives	220,996	2,057,561
Hedged item	116,321	143,625
Other activity	3,762	25,980
	12,404,610	13,331,696
Losses arising on trading and hedging activities		
Foreign exchange activity	7,518,118	8,226,252
Financial instruments associated to financial instruments through profit and loss account		
Held for trading		
Securities portfolio		
Fixed income	11,574	54,891
Variable income	3,247	25,545
Certificates and VME issued	46,806	9,087
Derivatives associated to financial instruments through profit and loss account	239,470	321,814
Other financial instruments derivatives	3,854,065	2,185,578
Other financial instruments through profit and loss account	163,062	48,776
Repurchase of debt securities issued	1,729	17
Headging accounting		
Hedging derivatives	193,645	1,895,290
Hedged item	110,123	270,594
Other activity	12,944	13,649
	12,154,783	13,051,493
Net gains / (losses) arising from trading and hedging activities	249,827	280,203

The balance Net gains arising from trading and hedging activities includes for the year ended 31 December 2009, for the financial instruments through profit and loss account a loss of Euros 106,089,000 (2008: Gain of Euros 88,273,000) which reflects the fair value changes arising from changes in the credit risk (spread) of own operations.

The balance Net gains arising from trading and hedging activities - Financial instruments associated to financial instruments through profit and loss account - held for trading - other financial instruments derivatives, also includes the amount of Euros 46,500,000 (2008: Euros 118,400,000) which corresponds to the gain accounted in the first quarter of 2009 of the discontinuance of the interest rate hedging of a mortgage backed security issue of Euros 1,500,000,000. In September 2008, following the ineffectiveness of the hedge, the Executive Board of Directors decided, in accordance with paragraph 91, c) of IAS 39, the discontinuances 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 1st April, 2009 the hedge accounting was reestablished.

The result of repurchases of own issues is determined in accordance with the accounting policy described in note 1 d).

7. Net gains / (losses) arising from available for sale financial assets

The amount of this account is comprised of:

	2009 Euros '000	2008 Euros '000
Gains arising from available for sale financial assets		
Fixed income	12,026	28,455
Variable income	21,971	1,901
Losses arising from available for sale financial assets		
Fixed income	(16,847)	(7,024)
Variable income	(41,607)	(285,436)
Net gains / (losses) arising from available for sale financial assets	(24,457)	(262,104)

The balance Losses arising from available for sale financial assets variable income includes in 2009, the net amount of Euros 26,986,000 related with the recognition of impairment losses related with Investment Fund Units held by the Group. This balance included for 2008, the amount of Euros 268,076,000 related with impairment losses for the investment that the Group held in Banco BPI, S.A. recognized as a result of a significant decrease in the share price of this entity, during 2008, and which was recognized in accordance with the accounting policy described in note 1 d).

As referred in note 22, Banco Comercial Português S.A. established in December 2008 a contract for the sale of 87,214,836 shares, or 9.69%, of Banco BPI. As a result of the execution of this contract Banco Comercial Português ceased to hold a qualified position in Banco BPI, S.A.

8. Other operating income

The amount of this account is comprised of:

	2009 Euros '000	2008 Euros '000
Operating income		
Income from services	48,207	59,887
Cheques and others	24,015	26,834
Other operating income	36,479	34,693
	108,701	121,414
Operating costs		
Indirect taxes	39,230	38,770
Donations and quotizations	3,504	5,116
Other operating expenses	24,830	19,948
	67,564	63,834
	41,137	57,580

The balance Other operating expenses, includes, as at 31 December 2009, the positive effect, in the amount of Euros 17,981,000 arising from the write-back of costs related to other benefits payable, excluding pensions, to former members of the Executive Board of Directors. As referred in note 50, this write-back occurred following the decision by the Executive Board of Directors based on the recommendation from the Remunerations Commission.

9. Staff costs

The amount of this account is comprised of:

	2009 Euros '000	2008 Euros '000
Salaries and remunerations	583,172	623,595
Mandatory social security charges	236,052	236,076
Voluntary social security charges	35,111	41,824
Other staff costs	11,002	13,812
	865,337	915,307

As referred in note 50, the balance Mandatory social security charges includes, for 2009, the amount of Euros 137,063,000 (2008: Euros 143,678,000) related to the pension cost for the year. The referred amount also includes, for 2009, the amount of Euros 3,943,000 (2008: Euros 7,789,000) related to early retirements during the year.

The above mentioned balance also includes, with respect to 2009, the amount of Euros 6,000,000 (2008: Euros 40,071,000) related with the provisions for the costs with the complementary plan, as described in notes 39 and 50.

The remunerations paid to the members of the Executive Board of Directors in 2009 amounted to Euros 3,605,000 (2008: Euros 3,413,000), with Euros 293,000 (2008: Euros 367,000) paid by subsidiaries or companies whose governing bodies represent interests in the Group. During 2009 and 2008, 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 later case, the net amount of the remunerations annually received by each member are deducted to the fixed annual remuneration attributed by the Bank.

During 2009, the costs with Social Security and the contributions to the Pension Fund for members of the Executive Board of Directors amounted to Euros 1,109,000 (2008: Euros 1,031,000).

The average number of employees by professional category, at service in the Group, is analysed as follows by category:

	2009	2008
Portugal		
Management	1,322	1,293
Managerial staff	1,959	1,932
Staff	3,459	3,380
Other categories	3,690	4,182
	10,430	10,787
Abroad	11,571	11,303
	22,001	22,090

10. Other administrative costs

The amount of this account is comprised of:

	2009 Euros '000	2008 Euros '000
Water, electricity and fuel	19,925	21,353
Consumables	7,690	9,940
Rents	147,607	146,354
Communications	44,361	50,762
Travel, hotel and representation costs	16,228	21,869
Advertising	39,742	53,609
Maintenance and related services	40,201	46,237
Credit cards and mortgage	14,796	21,664
Advisory services	20,015	26,488
Information technology services	27,153	26,193
Outsourcing	77,150	93,706
Other specialised services	29,909	27,965
Training costs	2,949	3,313
Insurance	14,625	15,632
Legal expenses	7,827	9,073
Transportation	11,192	11,896
Other supplies and services	48,807	56,587
	570,177	642,641

The balance Rents includes the amount of Euros 126,993,000 (2008: Euros 121,844,000) related to rents paid regarding buildings used by the Group as leaser.

11. Depreciation

The amount of this account is comprised of:

	2009 Euros '000	2008 Euros '000
Intangible assets:		
Software	13,845	14,114
Other intangible assets	381	1,656
	14,226	15,770
Property and equipment:		
Land and buildings	44,051	47,928
Equipment		
Furniture	4,166	6,284
Office equipment	3,084	5,294
Computer equipment	23,638	22,580
Interior installations	5,441	7,935
Motor vehicles	3,015	1,877
Security equipment	2,913	3,087
Other tangible assets	4,202	2,088
	90,510	97,073
	104,736	112,843

12. Loans impairment

The amount of this account is comprised of:

	2009 Euros '000	2008 Euros '000
Loans and advances to credit institutions:		
For overdue loans and credit risks		
Impairment for the year	17,776	19,178
Write-back for the year	(6,331)	(13,025)
	11,445	6,153
Loans and advances to customers:		
For overdue loans and credit risks		
Impairment for the year	1,068,044	959,675
Write-back for the year	(486,095)	(328,341)
Recovery of loans and interest charged-off	(33,365)	(92,788)
	548,584	538,546
	560,029	544,699

The balance 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 provisions

The amount of this account is comprised of:

	2009 Euros '000	2008 Euros '000
Provision for other pensions benefits		
Charge for the year	703	573
Write-back for the year	(53)	(23)
Provision for guarantees and other commitments		
Charge for the year	23,144	22,240
Write-back for the year	(12,387)	(16,736)
Other provisions for liabilities and charges		
Charge for the year	20,245	29,701
Write-back for the year	(4,781)	(51,255)
	26,871	(15,500)

14. 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 is as follows:

	2009 Euros '000	2008 Euros '000
Millenniumbcp Fortis Group	62,375	30,647
Amortization of value in force (VIF) for Millennium bcp Fortis Group	(4,522)	(18,088)
Other companies	8,409	6,521
	66,262	19,080

15. Gains / (losses) from the sale of subsidiaries and other assets

The amount of this account is comprised of:

	2009 Euros '000	2008 Euros '000
Parcial sale of the investment in the Baia de Luanda project	57,196	-
Dilution of the share capital of Bank Millennium Angola	21,183	-
Other assets	(3,449)	(8,407)
	74,930	(8,407)

The balance Partial sale of the investment in the “Projecto Baía de Luanda” corresponds to the gain arising from the sale of a portion of the investment held by the Group in the Baía de Luanda Project, as referred in notes 48 and 56.

The investment was sold to Finicapital - Investimentos e Gestão, S.A. an Angolan company by the amount of USD 100,000,000. Following the sale, the Group detains a 10% investment in the above mentioned Project. 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.

The balance Dilution of the share capital of Bank Millennium Angola, corresponds to the gain arising from the dilution of the share capital of the Bank Millennium Angola through the entrance of new shareholders, as referred in note 48. In accordance with IAS 27, the impact of this transaction resulted in a reduction of the percentage held by the Group from 100% to 50.1%, since the Group did not subscribe the capital increase of Millennium Angola. The dilution effect is similar to a partial sale of the investment in the subsidiary, considering that BCP maintains the control over Millennium Angola after this sale, with the related effect on the minority interests.

Until 31 December 2009, IFRS allows alternative accounting treatments in what concerns transactions with minority interests (acquisitions/disposals) including the dilution effect of an investment. In accordance with the standards, the difference between the amount of the transaction and the amount of equity attributable to minority interests can be accounted for in accordance with the accounting policy elected by the entity, following two alternative treatments, which have to be consistently applied:

- against Reserves; or
- against Goodwill (acquisitions) and Results (disposals)

IFRS defines that after adopting the accounting policy for transactions with minority interests, it has to be applied on a consistent basis for all type of transactions with the same nature. In consistency with the accounting policy adopted, as established in accounting policy note 1 b), in previous acquisitions in which the accounting procedure adopted for the differences between the acquisition cost and the fair value of the equity acquired was booked against goodwill, for this dilution (similar to a disposal) the referred difference was recognized against profit and loss.

The caption Other assets includes gains and losses arising from the sale of buildings.

16. Income tax

The charge for the years ended 31 December, 2009 and 2008 is comprised as follows:

	2009 Euros '000	2008 Euros '000
Current tax	65,634	44,001
Deferred tax		
Temporary diferences	(9,624)	124,672
Effect of changes in tax rate	474	28
Tax losses utilized	(10,267)	(84,703)
	(19,417)	39,997
	46,217	83,998

The charge for income tax amounted to Euros 46,217,000 (2008: Euros 83,998,000), which represents an average tax rate of 15.6% of the consolidated net income before income tax (2008: 24.6%).

The caption on temporary differences include the amount related to provisions that were disallowed for tax purposes and subject to tax in previous years whose recognition for tax purposes occured during the year and the deduction of dividends added in previous years.

The main adjustments made to the accounting profit for the calculation of the net taxable profit arising from timing differences are as follows:

- Changes arising from recognition in retained earnings of Pension Fund obligations and health care in the transition to IFRS, which are deducted annualy for tax purpose, as well as the recognition of fair value reserves in AFS securities;

- Loan impairment which, under the applicable legislation, were not considered for tax purposes in the current year, in the amount of Euros 89,869,000 (2008: Euros 84,081,000);

- The difference between the charges of the year, which will be allowable for tax purposes in future periods, and the costs with early retirements accounted for prior years, which are deductible in the calculation of the net taxable income for the year, in accordance with aplicable tax regulations. The net amount to be deducted to taxable income is Euros 150,914,000 (2008: Euros 81,412,000).

The main adjustments to net income to calculate the net taxable income, with a permanent nature, are explained in the table bellow and corresponding references:

	2009		2008	
	%	Euros '000	%	Euros '000
Profit before income taxes		295,519		342,009
Current tax rate	26.5%	(78,312)	26.5%	(90,632)
Foreign tax rate effect (i)	-0.6%	1,696	-3.7%	12,664
Non deductible expenses (ii)	10.9%	(32,136)	23.4%	(80,073)
Tax exempt income (iii)	-21.4%	62,766	-28.3%	97,013
Fiscal incentives (iv)	-2.6%	7,823	-1.3%	4,510
Losses brought forward	1.5%	(4,332)	3.2%	(10,780)
Tax rate effect	0.3%	(760)	1.5%	(5,121)
Previous years corrections	0.8%	(2,237)	3.0%	(10,419)
Autonomous tax and tax suported in foreign subsidiaries (v)	0.2%	(725)	0.3%	(1,160)
	15.6%	(46,217)	24.6%	(83,998)

References:

(i) - Difference between the tax rates applicable to non-resident companies and the standard tax rate in Portugal;
(ii) - Corresponds to tax associated to non deductible provisions and Pensions expenses in excess of the limit on staff costs in accordance with the applicable legislation;
(iii) - Tax associated with the following tax exempted or non-taxable income:
a) Profit from the "Zona Franca da Madeira" branches, and net income of non-resident companies, in the amount of Euros 23,080,000 (Tax: Euros 6,116,000);
b) Net income of associated companies consolidated under the equity method, in the net amount of Euros 66,310,000 (Tax: Euros 17,572,000);
c) Net gains arising from the sale of investments in subsidiaries in the amount of Euros 58,925,000 (Tax: Euros 15,615,000);
d) Adjustment on impairment charges, on consolidated basis, for investments in the amount of Euros 16,576,000 (Tax: Euros 6,377,000);
(iv) - Includes tax benefits resulting from granting employment to people under the age of 30, as well as on interest income of bonds issued by state entities in Mozambique and Angola in the amount of Euros 26,446,000 (Tax: Euros 7,823,000);
(v) - Corresponds to autonomous taxation, according with the current legislation, of representation and non-deductible vehicle costs;

For the years 2009 and 2008, the amount of deferred taxes in the Income Statement is attributable to temporary differences arising from the following balances:

	2009	2008
	Euros '000	Euros '000
Intangible assets	(222)	446
Other tangible assets	1,923	4,430
Impairment losses	(23,671)	106,865
Pensions	42,273	(26,614)
Derivatives	(6,284)	-
Utilization of losses brought forward	(10,268)	(91,656)
Allocation of profits	(7,709)	16,202
Others	(15,459)	30,324
Deferred taxes	(19,417)	39,997

17. Earnings per share

The earnings per share are calculated as follows:

	2009 Euros '000	2008 Euros '000
Profit for the year attributable to shareholders of the Bank	225,217	201,182
Dividends on other capital instruments	(68,661)	(48,910)
Adjusted profit	156,556	152,272
Average number of shares	4,661,931,692	4,460,655,866
Basic earnings per share (Euros)	0.03	0.03
Diluted earnings per share (Euros)	0.03	0.03

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.

In April 2008, following the decision of the General Assembly of Shareholders, Banco Comercial Português, S.A. increased its share capital from Euros 3,611,329,567 to Euros 4,694,600,000 through the issue of 1,083,270,433 shares pursuant to the exercise of shareholders proportional rights with a nominal value of 1 Euro per share and a subscription price of Euros 1.2 per share. This fact was also considered when doing the average number of shares for the calculation of the basic and diluted earnings per share for the year 2008.

The balance Dividends on 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 analized 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 perpectual each without voting rights issued in 13 October 2005, in the amount of Euros 500,000,000, to redeem the 6,000,000 preference shares of Euros 100 each without voting rights, in the amount of Euros 600,000,000, issued by BCP Finance Company at 28 September 2000.

b) Three issued of perpetual subordinated debt securities analised as follows:

- In June 2009, as referred in notes 40 and 48, the Bank has 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 notes 40 and 48, the Bank has 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 notes 40 and 48, the Bank has 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.

18. Cash and deposits at central banks

This balance is analysed as follows:

	2009 Euros '000	2008 Euros '000
Cash	683,474	683,891
Central banks	1,561,250	1,380,516
	2,244,724	2,064,407

The balance Central banks includes deposits with central banks of the countries where the group operates to satisfy the legal requirements to maintain a cash reserve 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.

19. Loans and advances to credit institutions repayable on demand

This balance is analysed as follows:

	2009 Euros '000	2008 Euros '000
Credit institutions in Portugal	837	1,373
Credit institutions abroad	407,766	496,793
Amounts due for collection	430,949	550,182
	839,552	1,048,348

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:

	2009 Euros '000	2008 Euros '000
Bank of Portugal	-	350,019
Credit institutions in Portugal	201,302	898,614
Credit institutions abroad	1,827,187	1,642,574
	2,028,489	2,891,207
Overdue loans - less than 90 days	1	10,186
Overdue loans - more than 90 days	17,838	1
	2,046,328	2,901,394
Impairment for other loans and advances to credit institutions	(20,494)	(9,049)
	2,025,834	2,892,345

This balance is analysed by the period to maturity, as follows:

	2009 Euros '000	2008 Euros '000
Up to 3 months	1,626,569	2,515,723
3 to 6 months	145,913	178,372
6 to 12 months	25,811	48,874
1 to 5 years	4,239	129,282
More than 5 years	225,957	18,956
Undetermined	17,839	10,187
	2,046,328	2,901,394

Concerning derivative financial transactions with institutional counterparties, and according to the signed agreements, the Group has, as of 31 December 2009, the amount of Euro 399,380,000 (31 December 2008: Euros 319,460,000) of Loans and advances to credit institutions granted as collateral on the mentioned transactions.

The movements for impairment for other loans and advances to credit institutions for the Group is analysed as follows:

	2009 Euros '000	2008 Euros '000
Balance on 1 January	9,049	3,109
Transfers	-	(183)
Impairment for the year	17,776	19,178
Write-back for the year	(6,331)	(13,025)
Exchange rate differences	-	(30)
Balance on 31 December	20,494	9,049

21. Loans and advances to customers

This balance is analysed as follows:

	2009 Euros '000	2008 Euros '000
Public sector	667,282	569,981
Asset-backed loans	43,144,253	42,135,232
Personal guaranteed loans	15,284,915	15,263,492
Unsecured loans	5,576,052	5,812,190
Foreign loans	3,947,356	4,663,056
Factoring	1,483,839	1,687,351
Finance leases	5,212,390	5,663,027
	75,316,087	75,794,329
Overdue loans - less than 90 days	219,343	151,580
Overdue loans - more than 90 days	1,812,780	699,561
	77,348,210	76,645,470
Impairment for credit risk	(2,157,094)	(1,480,456)
	75,191,116	75,165,014

As at 31 December 2009, the balance Loans and advances to customers includes the amount of Euros 4,973,000,000 (2008: Euros 3,708,740,000) regarding mortgage loans which are a collateral for four asset-back securities. The last asset-back security program was issued during 2009 as referred in note 34.

As referred in the previous paragraph, Banco Comercial Português, S.A. performed in September 2009 the fourth issue of covered bonds in the amount of Euros 1,000 million and maturity of seven years. This issue was performed under the BCP Covered Bonds Programme, established in June 2007. The interest rate is 3.75%.

Since 2009, following "Carta-circular" no. 15/2009 from the Bank of Portugal, 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. The application of this criteria resulted in an increase in the amount of overdue loans recognized in the balance sheet, in the amount of Euros 241,000,000.

The analysis of loans and advances to customers, by type of credit, is as follows:

	2009 Euros '000	2008 Euros '000
Loans not represented by securities		
Discounted bills	828,880	1,306,516
Current account credits	6,053,858	5,414,334
Overdrafts	2,065,403	2,358,634
Loans	23,596,519	25,384,802
Mortgage loans	31,690,518	31,183,421
Factoring	1,483,839	1,687,351
Finance leases	5,212,390	5,663,027
	70,931,407	72,998,085
Loans represented by securities		
Commercial paper	2,711,682	2,487,178
Bonds	1,672,998	309,066
	4,384,680	2,796,244
	75,316,087	75,794,329
Overdue loans - less than 90 days	219,343	151,580
Overdue loans - more than 90 days	1,812,780	699,561
	77,348,210	76,645,470
Impairment for credit risk	(2,157,094)	(1,480,456)
	75,191,116	75,165,014

The analysis of loans and advances to customers, by sector of activity, is as follows:

	2009 Euros '000	2008 Euros '000
Agriculture	700,500	681,364
Mining	390,322	307,761
Food, beverage and tobacco	764,556	808,888
Textiles	604,422	644,174
Wood and cork	314,996	339,421
Printing and publishing	339,582	428,908
Chemicals	1,012,677	1,243,709
Engineering	1,317,710	1,297,634
Electricity, water and gas	977,141	933,782
Construction	5,492,989	5,613,245
Retail business	2,208,398	2,222,174
Wholesale business	3,021,443	3,177,078
Restaurants and hotels	1,357,873	1,318,438
Transports and communications	2,018,918	2,199,364
Services	16,578,852	15,174,564
Consumer credit	5,088,656	4,877,090
Mortgage credit	29,068,536	28,537,840
Other domestic activities	1,013,079	933,139
Other international activities	5,077,560	5,906,897
	77,348,210	76,645,470
Impairment for credit risk	(2,157,094)	(1,480,456)
	75,191,116	75,165,014

The analysis of loans and advances to customers, by maturity date and by sector of activity as at 31 December, 2009, 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	273,735	168,081	244,957	13,727	700,500
Mining	184,657	116,514	83,602	5,549	390,322
Food, beverage and tobacco	409,284	137,971	169,663	47,638	764,556
Textiles	251,917	123,041	188,992	40,472	604,422
Wood and cork	150,167	63,875	51,494	49,460	314,996
Printing and publishing	149,469	104,621	66,238	19,254	339,582
Chemicals	500,861	313,824	185,794	12,198	1,012,677
Engineering	583,607	272,419	369,032	92,652	1,317,710
Electricity, water and gas	238,679	95,181	642,745	536	977,141
Construction	3,029,390	1,276,131	900,912	286,556	5,492,989
Retail business	956,138	555,079	610,530	86,651	2,208,398
Wholesale business	1,621,999	574,267	561,900	263,277	3,021,443
Restaurants and hotels	330,538	254,643	718,321	54,371	1,357,873
Transports and communications	552,422	584,298	837,175	45,023	2,018,918
Services	7,876,807	3,485,998	4,740,277	475,770	16,578,852
Consumer credit	1,714,325	1,669,953	1,350,976	353,402	5,088,656
Mortgage credit	58,956	261,126	28,603,217	145,237	29,068,536
Other domestic activities	553,664	158,621	284,781	16,013	1,013,079
Other international activities	1,525,177	1,414,328	2,113,717	24,338	5,077,560
	20,961,792	11,629,971	42,724,323	2,032,124	77,348,210

The analysis of loans and advances to customers, by type of credit and by maturity date as at 31 December, 2009, 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	538,921	76,959	51,402	1,852	669,134
Asset-backed loans	9,780,836	6,703,860	26,659,556	863,516	44,007,768
Personal guaranteed loans	3,660,098	1,073,546	10,551,271	433,662	15,718,577
Unsecured loans	4,444,458	556,642	574,952	606,773	6,182,825
Foreign loans	783,115	1,268,708	1,895,533	856	3,948,212
Factoring	1,483,839	-	-	1,124	1,484,963
Finance leases	270,525	1,950,256	2,991,609	124,341	5,336,731
	20,961,792	11,629,971	42,724,323	2,032,124	77,348,210

The analysis of loans and advances to customers, by maturity date and by sector of activity as at 31 December, 2008, 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	284,640	141,395	250,143	5,186	681,364
Mining	148,447	83,071	73,174	3,069	307,761
Food, beverage and tobacco	455,443	169,572	179,405	4,468	808,888
Textiles	355,691	90,821	167,137	30,525	644,174
Wood and cork	221,203	60,638	48,848	8,732	339,421
Printing and publishing	200,228	112,520	112,709	3,451	428,908
Chemicals	688,689	294,848	254,964	5,208	1,243,709
Engineering	677,882	272,787	317,075	29,890	1,297,634
Electricity, water and gas	198,266	65,956	669,399	161	933,782
Construction	2,894,865	1,402,963	1,141,079	174,338	5,613,245
Retail business	1,102,752	501,613	586,263	31,546	2,222,174
Wholesale business	1,857,828	545,984	694,111	79,155	3,177,078
Restaurants and hotels	315,828	291,652	691,695	19,263	1,318,438
Transports and communications	889,603	657,960	629,386	22,415	2,199,364
Services	7,475,409	3,344,014	4,245,899	109,242	15,174,564
Consumer credit	1,644,906	1,840,576	1,219,154	172,454	4,877,090
Mortgage credit	58,723	320,445	28,037,693	120,979	28,537,840
Other domestic activities	510,432	177,919	238,436	6,352	933,139
Other international activities	1,918,319	1,295,093	2,668,778	24,707	5,906,897
	21,899,154	11,669,827	42,225,348	851,141	76,645,470

The analysis of loans and advances to customers, by type of credit and by maturity date as at 31 December, 2008, 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	526,778	32,031	11,172	2,427	572,408
Asset-backed loans	7,686,528	5,462,957	28,985,747	380,371	42,515,603
Personal guaranteed loans	5,627,009	437,543	9,198,940	153,837	15,417,329
Unsecured loans	4,571,270	687,072	553,848	207,639	6,019,829
Foreign loans	1,498,628	2,704,555	459,873	16,224	4,679,280
Factoring	1,687,351	-	-	5,863	1,693,214
Finance leases	301,590	2,345,669	3,015,768	84,780	5,747,807
	21,899,154	11,669,827	42,225,348	851,141	76,645,470

Loans and advances to customers includes the effect of traditional securitization transactions owned by Special Purpose Entities (SPEs) consolidated under the full consolidation method 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 SPEs. 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 SPEs are fully consolidated.

The balance Loans and advances to customers includes the following amounts related to securitization transactions, presented by type of transaction:

	Traditional		Synthetic		Total	
	2009	2008	2009	2008	2009	2008
	Euros '000	Euros '000	Euros '000	Euros '000	Euros '000	Euros '000
Mortgage loans	5,845,786	2,480,593	-	-	5,845,786	2,480,593
Consumer loans	684,596	699,024	-	-	684,596	699,024
Leases	185,618	193,544	-	-	185,618	193,544
Commercial paper	484,146	510,198	-	-	484,146	510,198
Corporate loans	2,013,156	1,961,842	-	2,430,546	2,013,156	4,392,388
	9,213,302	5,845,201	-	2,430,546	9,213,302	8,275,747

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 3,480,278,000, 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 3,635,866,000, 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 1,493,083,000, 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 1,529,250,000, 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 276,761,000, 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 230,202,000, 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 595,665,000, 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 500,323,000, are fully held by the Group and consequently are eliminated when preparing the Consolidated Financial Statements.

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 684,596,000, 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 703,004,000, are fully held 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 185,618,000 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 185,618,000, are fully held by the Group and consequently are eliminated when preparing the Consolidated Financial Statements.

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 2,013,156,000 (corporate loans) and Euros 484,146,000 (commercial paper) 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 3,087,996,000, are fully owned by the Group and consequently are eliminated when preparing the Consolidated Financial Statements.

With effect in 6 July 2009, Banco Comercial Português, S.A. exercised the option to cancel the swaps engaged in 2004 with Kreditanstalt für Wiederaufbau (KfW) and the European Investment Fund, regarding the synthetic securitization transaction Promise Caravela 2004, consequently proceeding to the anticipated reimbursement of the securities issued by the SPE "Promise Caravela 2004 PLC", in that date.

The Group's credit portfolio splitted between impaired credit and credit not impaired is analysed as follows:

	2009 **Euros '000**	**2008** **Euros '000**
Total of loans	85,867,672	85,259,222
Loans and advances to customers with impairment		
Individually significant		
Gross amount	7,129,930	5,202,415
Impairment	(1,464,723)	(947,648)
Net book amount	5,665,207	4,254,767
Parametric analysis		
Gross amount	4,007,979	3,868,240
Impairment	(463,588)	(325,464)
Net book amount	3,544,391	3,542,776
Loans and advances to customers without impairment	74,729,763	76,188,567
Impairment (IBNR)	(317,040)	(285,073)
	83,622,321	83,701,037

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 45), in the amount of Euros 8,519,462,000 (31 December 2008: Euros 8,613,752,000).

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 commitments to third parties (see note 37), in the amount of Euros 88,257,000 (31 December 2008: Euros 77,729,000).

The fair values of collaterals related to the loan portfolios, is analysed as follows:

	2009 Euros '000	2008 Euros '000
Loans and advances to customers with impairment		
Individually significant		
Securities and other financial assets	1,039,810	735,853
Home mortgages	963,610	421,820
Other real-estate	1,438,978	1,133,833
Other guarantees	334,899	197,759
	3,777,297	2,489,265
Parametric analysis		
Securities and other financial assets	108,587	77,619
Home mortgages	2,418,124	2,335,618
Other real-estate	326,485	362,265
Other guarantees	174,427	242,085
	3,027,623	3,017,587
Loans and advances to customers without impairment		
Securities and other financial assets	4,665,217	3,692,000
Home mortgages	26,011,739	25,070,764
Other real-estate	6,860,818	6,455,773
Other guarantees	6,127,210	5,900,779
	43,664,984	41,119,316
	50,469,904	46,626,168

According to Group's risk management policy, the amounts above do not include the fair value of the personal guarantees received from clients with low risk ratings.

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 2009, additional physical and financial collaterals with some customers.

The balance Loans and advances to customers includes the following amounts related to finance leases contracts:

	2009 Euros '000	2008 Euros '000
Gross amount	5,936,249	7,273,580
Interest not yet due	(723,859)	(1,610,553)
Net book value	5,212,390	5,663,027

The analysis of the financial lease contracts by type of client, is presented as follows:

	2009 Euros '000	2008 Euros '000
Individuals		
Home	144,081	153,298
Consumer	95,922	120,184
Others	308,455	328,543
	548,458	602,025
Companies		
Mobiliary	1,873,510	2,233,908
Mortgage	2,790,422	2,827,094
	4,663,932	5,061,002
	5,212,390	5,663,027

Regarding operational leasing, the Group does not present relevant contracts as leaser.

In accordance with note 10, the balance Rents, includes as at 31 December 2009 the amount of Euros 126,993,000 (31 December 2008: Euros 121,844,000), corresponding to rents paid regarding buildings used by the Group as leaser.

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:

	2009 Euros '000	2008 Euros '000
Agriculture	5,825	5,339
Mining	101	1,033
Food, beverage and tobacco	8,324	5,235
Textiles	15,362	15,391
Wood and cork	4,188	3,464
Printing and publishing	4,035	4,043
Chemicals	9,208	5,726
Engineering	26,635	20,036
Electricity, water and gas	208	29
Construction	27,987	11,742
Retail business	8,332	5,679
Wholesale business	10,720	11,496
Restaurants and hotels	1,636	1,484
Transports and communications	28,943	28,597
Services	18,101	22,044
Consumer credit	121,171	40,385
Mortgage credit	107,410	13,323
Other domestic activities	617	893
Other international activities	12,001	3,588
	410,804	199,527

The analysis of the overdue loans by sector of activity is as follows:

	2009 Euros '000	2008 Euros '000
Agriculture	13,727	5,186
Mining	5,549	3,069
Food, beverage and tobacco	47,638	4,468
Textiles	40,472	30,525
Wood and cork	49,460	8,732
Printing and publishing	19,254	3,451
Chemicals	12,198	5,208
Engineering	92,652	29,890
Electricity, water and gas	536	161
Construction	286,556	174,338
Retail business	86,651	31,546
Wholesale business	263,277	79,155
Restaurants and hotels	54,371	19,263
Transports and communications	45,023	22,415
Services	475,769	109,242
Consumer credit	353,402	172,454
Mortgage credit	145,237	120,979
Other domestic activities	16,013	6,352
Other international activities	24,338	24,707
	2,032,123	851,141

The analysis of the overdue loans, by type of credit, is as follows:

	2009 Euros '000	2008 Euros '000
Public sector	1,852	2,427
Asset-backed loans	863,515	380,371
Personal guaranteed loans	433,662	153,837
Unsecured loans	606,773	207,639
Foreign loans	856	16,224
Factoring	1,124	5,863
Finance leases	124,341	84,780
	2,032,123	851,141

The movements of impairment for credit risk are analysed as follows:

	2009 Euros '000	2008 Euros '000
Impairment for overdue loans and for other credit risks:		
Balance on 1 January	1,480,456	1,222,332
Transfers resulting from changes in the Group's structure	(3,743)	-
Other transfers	251,031	7,574
Impairment for the year	1,068,044	959,675
Write-back for the year	(486,095)	(328,341)
Loans charged-off	(153,849)	(368,891)
Exchange rate differences	1,250	(11,893)
Balance on 31 December	2,157,094	1,480,456

As refered, the balance Other transfers includes the effect of the adoption of "Carta-circular" no. 15/2009 of the Bank of Portugal.

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 table below presents the analysis of the overdue loans and the impairment for credit risk by classes of overdue, as at 31 December, 2009:

	Classes of overdue					
	Up to 3 months Euros '000	3 months to 6 months Euros '000	6 months 12 months Euros '000	12 months to 3 years Euros '000	over 3 years Euros '000	Total Euros '000
Secured overdue loans	145,064	211,567	341,783	563,113	163,823	1,425,350
Impairment	15,626	31,083	89,677	281,557	163,823	581,766
Unsecured overdue loans	74,279	88,861	123,014	267,092	53,527	606,773
Impairment	2,296	20,995	61,360	267,031	53,527	405,209
Overdue loans	219,343	300,428	464,797	830,205	217,350	2,032,123
Impairment for overdue loans	17,922	52,078	151,037	548,588	217,350	986,975
Impairment for outstanding capital related to overdue loans and other credits						1,170,119
Impairment for credit risks						2,157,094

The analysis of the impairment, by sector of activity, is as follows:

	2009 Euros '000	2008 Euros '000
Agriculture	52,959	42,487
Mining	23,250	16,872
Food, beverage and tobacco	43,695	31,140
Textiles	45,557	38,883
Wood and cork	29,538	13,097
Printing and publishing	17,110	5,987
Chemicals	17,287	7,346
Engineering	106,959	62,368
Electricity, water and gas	5,002	4,133
Construction	193,204	167,407
Retail business	79,465	50,931
Wholesale business	277,736	118,756
Restaurants and hotels	35,942	25,474
Transports and communications	44,700	32,372
Services	454,294	322,698
Consumer credit	317,216	205,550
Mortgage credit	159,805	208,789
Other domestic activities	7,278	7,794
Other international activities	246,097	118,372
	2,157,094	1,480,456

The impairment for credit risk, by type of credit, is analysed as follows:

	2009 Euros '000	2008 Euros '000
Public sector	4,738	1,505
Asset-backed loans	1,034,026	874,849
Personal guaranteed loans	348,043	165,631
Unsecured loans	727,233	310,468
Foreign loans	3,968	94,109
Factoring	808	3,192
Finance leases	38,278	30,702
	2,157,094	1,480,456

The analysis of the loans charged-off, by sector of activity, is as follows:

	2009 Euros '000	2008 Euros '000
Agriculture	158	2,111
Mining	-	3,255
Food, beverage and tobacco	27,911	7,634
Textiles	12,434	17,961
Wood and cork	1,654	1,751
Printing and publishing	308	3,014
Chemicals	2,236	4,887
Engineering	27,910	7,456
Electricity, water and gas	179	83
Construction	8,198	38,391
Retail business	4,874	15,452
Wholesale business	16,936	66,288
Restaurants and hotels	358	4,729
Transports and communications	2,962	16,114
Services	24,472	42,318
Consumer credit	15,000	63,440
Mortgage credit	262	37,619
Other domestic activities	1,393	5,898
Other international activities	6,604	30,490
	153,849	368,891

In compliance with the accounting policy described in note 1 c), loans and advances to customers are charged-off when there are no 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 is 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:

	2009 Euros '000	2008 Euros '000
Asset-backed loans	77,918	135,610
Personal guaranteed loans	28,850	84,126
Unsecured loans	39,333	140,490
Foreign loans	13	4,317
Factoring	-	452
Finance leases	7,735	3,896
	153,849	368,891

The analysis of recovered loans and interest, during 2009 and 2008, by sector of activity, is as follows:

	2009 Euros '000	2008 Euros '000
Agriculture	236	1,390
Mining	390	2,882
Food, beverage and tobacco	664	3,392
Textiles	904	9,079
Wood and cork	234	369
Printing and publishing	675	1,233
Chemicals	148	482
Engineering	613	3,024
Electricity, water and gas	102	4
Construction	10,932	11,642
Retail business	1,030	5,045
Wholesale business	4,859	12,846
Restaurants and hotels	161	2,205
Transports and communications	917	1,763
Services	3,093	6,660
Consumer credit	7,004	21,888
Mortgage credit	152	6,149
Other domestic activities	213	1,011
Other international activities	1,038	1,724
	33,365	92,788

The analysis of recovered loans and interest during 2009 and 2008, by type of credit, is as follows:

	2009 Euros '000	2008 Euros '000
Asset-backed loans	2,797	28,006
Personal guaranteed loans	1,888	20,629
Unsecured loans	28,604	41,200
Foreign loans	-	1,853
Factoring	76	101
Finance leases	-	999
	33,365	92,788

As detailed in note 53, the Group, as a part of the management 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 loans and advances to customers.

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:

	2009 Euros '000	2008 Euros '000
Bonds and other fixed income securities		
Issued by public entities	2,423,924	2,303,898
Issued by other entities	1,747,880	655,991
	4,171,804	2,959,889
Overdue securities	4,925	5,427
Impairment for overdue securities	(4,925)	(5,427)
	4,171,804	2,959,889
Shares and other variable income securities	736,871	855,787
	4,908,675	3,815,676
Trading derivatives	1,146,890	1,801,769
	6,055,565	5,617,445

The balance Trading derivatives includes, the valuation of the embedded derivatives separated from the host contract in accordance with the accounting policy 1 d) in the amount of Euros 9,987,000 (31 December 2008: Euros 15,900,000).

The analysis of the financial assets held for trading and available for sale by the type of asset is as follows:

	2009			2008		
	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	146,895	1,816	148,711	305,346	2,001	307,347
Foreign issuers	615,799	468,525	1,084,324	648,409	562,376	1,210,785
Bonds issued by other entities						
Portuguese issuers	625,094	551,837	1,176,931	108,040	52,776	160,816
Foreign issuers	458,402	117,472	575,874	456,240	43,611	499,851
Treasury bills and other Government bonds	324,988	865,901	1,190,889	548,783	236,983	785,766
Other securities	-	-	-	751	-	751
	2,171,178	2,005,551	4,176,729	2,067,569	897,747	2,965,316
of which:						
Quoted financial assets	1,707,794	1,267,862	2,975,656	1,689,913	760,496	2,450,409
Unquoted financial assets	463,384	737,689	1,201,073	377,656	137,251	514,907
Variable income:						
Shares in Portuguese companies	8,556	115,241	123,797	2,457	77,300	79,757
Shares in foreign companies	7,325	264,091	271,416	6,214	407,387	413,601
Investment fund units	20,842	318,678	339,520	25,258	337,171	362,429
Other securities	2,138	-	2,138	-	-	-
	38,861	698,010	736,871	33,929	821,858	855,787
of which:						
Quoted financial assets	38,655	325,690	364,345	33,367	466,495	499,862
Unquoted financial assets	206	372,320	372,526	562	355,363	355,925
Impairment for overdue securities	-	(4,925)	(4,925)	-	(5,427)	(5,427)
	2,210,039	2,698,636	4,908,675	2,101,498	1,714,178	3,815,676
Trading derivatives	1,146,890	-	1,146,890	1,801,769	-	1,801,769
	3,356,929	2,698,636	6,055,565	3,903,267	1,714,178	5,617,445
of which:						
Level 1	1,806,262	1,038,462	2,844,724	3,492,790	734,403	4,227,193
Level 2	1,345,781	1,294,426	2,640,207	133,542	825,526	959,068
Level 3	-	88,747	88,747	-	83,435	83,435
Financial assets at cost	204,886	277,001	481,887	276,935	70,814	347,749

The trading portfolio, is recorded at fair value in accordance with accounting policy 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.

Financial assets at cost includes the amount of Euros 441,229,000 (31 December 2008: Euros 325,586,000) regarding Angola's and Mozambique's Government Bonds.

Quoted financial assets includes securities measured with stock market's quotations, provider's prices and securities admitted to quotation in other organized markets.

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 42. The amount of fair value reserves of Euros 101,329,000 (31 December 2008: Euros 201,635,000) is presented net of impairment losses in the amount of Euros 56,785,000 (31 December 2008: Euros 42,085,000). As referred in note 7, during 2009 the Group set up impairment losses for Investment Funds Units held by the Group in the net amount of Euros 26,986,000.

The balance Financial assets available for sale - variable income securities - shares in foreign companies, includes the amount of Euros 212,359,000 (31 December 2008: Euros 380,114,000) related to the investment held in Eureko B.V. This investment is measured annually based on independent valuations obtained in the first quarter of each year. As referred in note 42, the fair value reserve associated with this participation amounts to Euros 61,113,000 (31 December 2008: Euros 256,715,000).

As referred in note 7, Banco Comercial Português S.A. made an agreement in December 2008 under a contract for the sale of 87,214,836 shares, representing 9.69%, of Banco BPI share capital. As a result of the execution of this contract Banco Comercial Português ceased to hold a qualified position in Banco BPI, S.A.

In 2008, the Bank analised this sale within the scope of IAS 39 with the objective of assessing the conditions for derecognition and concluded that the transaction could be qualified as a true sale. This decision was based on the following aspects: (i) existence of an irrevocable contract for the sale of the shares; (ii) transfer of all risks and rewards associated with the shares, including dividends and voting rights; (iii) communication of the transaction to supervisory authorities; and (iv) existence of a deposit in the amount of Euros 30,000,000 as a collateral.

As established in the agreement during 2009, a loan was granted to finance the transaction in the amount corresponding to the difference between the value of the sale and Euros 50,000,000 corresponding to amount of the deposit established as collateral and the share capital of the acquirer. The settlement of the transaction occurred in 2009.

During 2009 and the second semester of 2008, the Group reclassified non-derivative financial assets, from the available for sale portfolio to the held to maturity and loans and advances to customers - loans represented by securities portfolios and from the held for trading portfolio to the available for sale and held to maturity portfolios (note 24).

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.

As at 31 December 2009 these reclassifications are analised as follows:

	At the reclassification date		December 2009		
	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 (October 08)	28,682	28,682	29,301	29,301	-
Financial assets held to maturity (July 08)	194,855	194,855	195,441	190,376	(5,065)
Financial assets held to maturity (October 08)	549,001	549,001	552,746	550,122	(2,624)
Financial assets held to maturity (October 09)	176,117	176,117	175,400	172,089	(3,311)
Financial assets held to maturity (November 09)	336,556	336,556	335,964	328,423	(7,541)
Financial assets held to maturity (December 09)	160,125	160,125	160,042	156,466	(3,576)
From Financial assets available for sale to:					
Loans represented by securities (October 08)	277,994	277,994	259,664	225,932	(33,732)
Loans represented by securities (December 08)	2,435,530	2,435,530	26,607	26,807	200
			1,735,165	1,679,516	(55,649)

The amounts accounted in Profits and losses and in fair value reserves, in December 2009 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**
At the reclassification date					
From Financial assets held for trading to:					
Financial assets held to maturity (October 09)	3,404	1,720	5,124	-	5,124
Financial assets held to maturity (November 09)	2,603	4,010	6,613	-	6,613
Financial assets held to maturity (December 09)	6,337	11,268	17,605	-	17,605
	12,344	16,998	29,342	-	29,342
After the reclassification					
From Financial assets held for trading to:					
Financial assets available for sale (October 08)	1,776	-	1,776	1,107	2,883
Financial assets held to maturity (July 08)	5,012	-	5,012	-	5,012
Financial assets held to maturity (October 08)	25,703	-	25,703	-	25,703
Financial assets held to maturity (October 09)	1,931	-	1,931	-	1,931
Financial assets held to maturity (November 09)	2,094	-	2,094	-	2,094
Financial assets held to maturity (December 09)	588	-	588	-	588
From Financial assets available for sale to:					
Loans represented by securities (October 08)	9,437	-	9,437	220	9,657
Loans represented by securities (December 08)	1,130	-	1,130	-	1,130
	47,671	-	47,671	1,327	48,998

If the reclassifications described previously had not occurred, the additional amounts recognized in results and in equity during 2009, would be as follows:

	Interest Euros '000	Fair value changes Euros '000	P&L Euros '000
Impact in P&L without reclassifications			
From Financial assets held for trading to:			
Financial assets available for sale (October 08)	-	1,107	1,107
Financial assets held to maturity (July 08)	-	82	82
Financial assets held to maturity (October 08)	-	(2,153)	(2,153)
Financial assets held to maturity (October 09)	-	(3,311)	(3,311)
Financial assets held to maturity (November 09)	-	(7,541)	(7,541)
Financial assets held to maturity (December 09)	-	(3,576)	(3,576)
From Financial assets available for sale to:			
Loans represented by securities (October 08)	220	-	220
Loans represented by securities (December 08)	-	-	-
	220	(15,392)	(15,172)

	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 (October 08)	1,107	(716)	(391)	-
Financial assets held to maturity (July 08)	82	(5,147)	-	(5,065)
Financial assets held to maturity (October 08)	(2,153)	(471)	-	(2,624)
Financial assets held to maturity (October 09)	(3,311)	-	-	(3,311)
Financial assets held to maturity (November 09)	(7,541)	-	-	(7,541)
Financial assets held to maturity (December 09)	(3,576)	-	-	(3,576)
From Financial assets available for sale to:				
Loans represented by securities (October 08)	220	53	(34,005)	(33,732)
Loans represented by securities (December 08)	-	-	200	200
	(15,172)	(6,281)	(34,196)	(55,649)

As at 31 December 2008, this reclassification is analised as follows:

	At the reclassification date		December 2008		
	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 (October 08)	28,682	28,682	28,545	28,545	-
Financial assets held to maturity (July 08)	194,855	194,855	195,053	189,906	(5,147)
Financial assets held to maturity (October 08)	549,001	549,001	549,661	549,190	(471)
From Financial assets available for sale to:					
Loans represented by securities (October 08)	277,994	277,994	272,420	234,212	(38,208)
Loans represented by securities (December 08)	2,435,530	2,435,530	1,277,945	1,277,945	-
			2,323,624	2,279,798	(43,826)

The amounts accounted in Profits and losses and in fair value reserves, in 2008 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
At the reclassification date					
From Financial assets held for trading to:					
Financial assets available for sale (October 08)	1,637	(290)	1,347	-	1,347
Financial assets held to maturity (July 08)	3,371	(5,168)	(1,797)	-	(1,797)
Financial assets held to maturity (October 08)	15,838	(8,908)	6,930	-	6,930
From Financial assets available for sale to:					
Loans represented by securities (October 08)	6,918	-	6,918	(1,688)	5,230
Loans represented by securities (December 08)	21,850	-	21,850	-	21,850

	P&L			Changes	
	Interest Euros '000	Fair value changes Euros '000	Total Euros '000	Fair value reserves Euros '000	Equity Euros '000
After the reclassification					
From Financial assets held for trading to:					
Financial assets available for sale (October 08)	573	-	573	(716)	(143)
Financial assets held to maturity (July 08)	5,218	-	5,218	-	5,218
Financial assets held to maturity (October 08)	6,437	-	6,437	-	6,437
From Financial assets available for sale to:					
Loans represented by securities (October 08)	3,937	-	3,937	53	3,990
Loans represented by securities (December 08)	9,680	-	9,680	-	9,680

If the reclassifications described previously had not occurred, the additional amounts recognized in results and in fair value reserves during 2008, would be as follows:

	P&L			Changes	
	Interest Euros '000	Fair value changes Euros '000	Total Euros '000	Fair value reserves Euros '000	Equity Euros '000
Without considering the reclassifications					
From Financial assets held for trading to:					
Financial assets available for sale (October 08)	-	(716)	(716)	716	-
Financial assets held to maturity (July 08)	-	(5,147)	(5,147)	-	(5,147)
Financial assets held to maturity (October 08)	-	(471)	(471)	-	(471)
From Financial assets available for sale to:					
Loans represented by securities (October 08)	53	-	53	(38,261)	(38,208)
Loans represented by securities (December 08)	-	-	-	-	-
	53	(6,334)	(6,281)	(37,545)	(43,826)

The movements of the impairment of the financial assets available for sale are analised as follows:

	2009 Euros '000	2008 Euros '000
Balance on 1 January	42,085	126,726
Transfers	(1,798)	(3,060)
Impairment for the year	30,857	276,440
Write-back for the year	(1,663)	(5,620)
Write-back against fair value reserves	(8,382)	(4,821)
Loans charged-off	(4,346)	(347,580)
Exchange rate differences	32	-
	56,785	42,085

The Group recognizes 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.

During 2008, as referred in note 7 and in accordance with the criteria mentioned above, impairment losses were recognized in the amount of Euros 276,440,000, of which Euros 268,076,000 related to the investment held in Banco BPI, S.A.

As at 31 December 2008, in accordance with the agreement established for the sale of the position held in Banco BPI, S.A., the impairment loss was recognized at the selling date.

The analysis of financial assets held for trading and available for sale by maturity date as at 31 December 2009 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	-	2	148,709	-	148,711
Foreign issuers	24,882	298,956	760,486	-	1,084,324
Bonds issued by other entities					
Portuguese issuers	-	71	1,171,935	4,925	1,176,931
Foreign issuers	75,192	115,001	385,681	-	575,874
Treasury bills and other					
Government bonds	717,918	419,809	53,162	-	1,190,889
	817,992	833,839	2,519,973	4,925	4,176,729
of which:					
Quoted financial assets	25,143	733,713	2,216,800	-	2,975,656
Unquoted financial assets	792,849	100,126	303,173	4,925	1,201,073
Variable income:					
Companies shares					
Portuguese companies				123,797	123,797
Foreign companies				271,416	271,416
Investment fund units				339,520	339,520
Other securities				2,138	2,138
				736,871	736,871
of which:					
Quoted financial assets				364,345	364,345
Unquoted financial assets				372,526	372,526
Impairment for overdue securities				(4,925)	(4,925)
	817,992	833,839	2,519,973	736,871	4,908,675

The analysis of financial assets held for trading and available for sale by maturity date as at 31 December 2008 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	-	330	307,017	-	307,347
Foreign issuers	134,745	160,532	915,508	-	1,210,785
Bonds issued by other entities					
Portuguese issuers	-	139	155,250	5,427	160,816
Foreign issuers	26,654	227	472,970	-	499,851
Treasury bills and other					
Government bonds	286,308	427,839	71,619	-	785,766
Other securities	-	-	751	-	751
	447,707	589,067	1,923,115	5,427	2,965,316
of which:					
Quoted financial assets	215,437	531,275	1,703,697	-	2,450,409
Unquoted financial assets	232,270	57,792	219,418	5,427	514,907
Variable income:					
Companies shares					
Portuguese companies				79,757	79,757
Foreign companies				413,601	413,601
Investment fund units				362,429	362,429
				855,787	855,787
of which:					
Quoted financial assets				499,862	499,862
Unquoted financial assets				355,925	355,925
Impairment for overdue securities				(5,427)	(5,427)
	447,707	589,067	1,923,115	855,787	3,815,676

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 2009 is analysed as follows:

	Bonds Euros '000	Shares Euros '000	Other Financial Assets Euros '000	Overdue Securities Euros '000	Gross Total Euros '000
Mining	-	73	-	-	73
Food, beverage and tobacco	-	234	-	-	234
Textiles	-	1	-	-	1
Wood and cork	2,444	-	-	361	2,805
Printing and publishing	41	7,090	-	998	8,129
Chemicals	-	45	-	-	45
Engineering	105	1,095	-	-	1,200
Electricity, water and gas	25,053	1,178	-	-	26,231
Construction	-	32,998	-	2,560	35,558
Retail business	-	-	241	-	241
Wholesale business	-	2,627	-	475	3,102
Restaurants and hotels	-	51	-	-	51
Transport and communications	91,018	14,839	-	529	106,386
Services	1,627,635	334,773	341,365	2	2,303,775
Other international activities	1,584	209	52	-	1,845
	1,747,880	395,213	341,658	4,925	2,489,676
Government and Public securities	1,233,035	-	1,190,889	-	2,423,924
Impairment for overdue securities	-	-	-	(4,925)	(4,925)
	2,980,915	395,213	1,532,547	-	4,908,675

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 2008 is analysed as follows:

	Bonds Euros '000	Shares Euros '000	Other Financial Assets Euros '000	Overdue Securities Euros '000	Gross Total Euros '000
Mining	-	73	-	-	73
Food, beverage and tobacco	-	83	-	-	83
Textiles	-	81	-	1,037	1,118
Wood and cork	806	1,204	-	126	2,136
Printing and publishing	146	3,751	-	-	3,897
Chemicals	-	35	-	-	35
Engineering	-	125	-	187	312
Electricity, water and gas	4,650	3,525	-	-	8,175
Construction	-	12,129	-	645	12,774
Retail business	1,188	-	-	-	1,188
Wholesale business	-	101	-	63	164
Restaurants and hotels	-	51	-	-	51
Transport and communications	-	1,333	-	18	1,351
Services	646,860	470,663	363,130	3,351	1,484,004
Other international activities	1,590	204	50	-	1,844
	655,240	493,358	363,180	5,427	1,517,205
Government and Public securities	1,518,132	-	785,766	-	2,303,898
Impairment for overdue securities	-	-	-	(5,427)	(5,427)
	2,173,372	493,358	1,148,946	-	3,815,676

As detailed in note 53, the Group, as a part of the management 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 include fixed income securities.

The analysis of the trading derivatives by maturity as at 31 December 2009 is as follows:

	2009					
	Notional (remaining term)				Fair values	
	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	49,527	184,326	37,200	271,053	62	68
Interest rate Swaps	2,803,262	5,208,635	27,524,333	35,536,230	838,987	770,559
Interest rate Options (purchase)	879,328	377,330	1,046,805	2,303,463	27,908	-
Interest rate Options (sale)	899,328	366,668	993,507	2,259,503	-	27,171
Other interest rate contracts	2,001	272,820	1,486,816	1,761,637	54,244	50,597
	4,633,446	6,409,779	31,088,661	42,131,886	921,201	848,395
Stock Exchange transactions:						
Interest rate futures	61,149	-	-	61,149	3,648	3,423
Currency Derivatives:						
OTC Market:						
Forward exchange contract	1,499,089	182,809	485	1,682,383	32,364	19,223
Currency Swaps	5,017,193	399,821	3,861	5,420,875	94,025	47,057
Currency Options (purchase)	174,415	229,472	7,439	411,326	23,506	-
Currency Options (sale)	178,341	234,446	658	413,445	-	43,844
	6,869,038	1,046,548	12,443	7,928,029	149,895	110,124
Stock Exchange transactions:						
Currency futures	2,082	-	-	2,082	-	-
Share Derivatives:						
OTC Market:						
Shares/indexes Swaps	115,364	235,763	286,567	637,694	11,793	57,466
Shares/indexes Options (purchase)	103,725	84,989	2,067	190,781	5,412	-
Shares/indexes Options (sale)	103,880	45,000	-	148,880	-	117
Shares/indexs Forwards	-	-	50,000	50,000	-	-
Shares/indexes futures	2,558	-	-	2,558	-	-
	325,527	365,752	338,634	1,029,913	17,205	57,583
Stock Exchange transactions:						
Shares futures	34,902	-	-	34,902	-	-
Shares/indexes Options (purchase)	-	-	100,476	100,476	3,606	-
Shares/indexes Options (sale)	-	-	24,197	24,197	-	5,215
	34,902	-	124,673	159,575	3,606	5,215
Stock Exchange transactions:						
Commodities futures	94,002	4	-	94,006	-	-
Credit derivatives:						
OTC Market:						
Credit Default Swaps	3,471	37,463	2,240,114	2,281,048	41,348	27,404
Other credit derivatives (purchase)	4,818	-	-	4,818	-	-
Other credit derivatives (sale)	4,818	-	90,999	95,817	-	-
	13,107	37,463	2,331,113	2,381,683	41,348	27,404
Total financial instruments traded in:						
OTC Market	11,841,118	7,859,542	33,770,851	53,471,511	1,129,649	1,043,506
Stock Exchange	192,135	4	124,673	316,812	7,254	8,638
Embedded derivatives					9,987	15,439
	12,033,253	7,859,546	33,895,524	53,788,323	1,146,890	1,067,583

The analysis of the trading derivatives by maturity as at 31 December 2008 is as follows:

	2008					
	Notional (remaining term)				Fair values	
	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	-	227,000	-	227,000	565	424
Interest rate Swaps	7,325,168	9,546,161	40,045,642	56,916,971	1,487,421	1,167,171
Interest rate Options (purchase)	57,381	350,717	1,371,791	1,779,889	22,940	-
Interest rate Options (sale)	57,381	350,682	1,370,838	1,778,901	-	22,924
Other interest rate contracts	3,445	188,890	1,856,857	2,049,192	67,782	65,811
	7,443,375	10,663,450	44,645,128	62,751,953	1,578,708	1,256,330
Stock Exchange transactions:						
Interest rate Futures	148,004	43,225	-	191,229	-	-
Currency Derivatives:						
OTC Market:						
Forward exchange contract	393,918	58,129	3,617	455,664	6,731	23,184
Currency Swaps	9,091,382	1,336,913	18,747	10,447,042	143,407	689,089
Currency Options (purchase)	54,695	5,188	-	59,883	1,696	-
Currency Options (sale)	54,695	5,304	-	59,999	-	1,750
	9,594,690	1,405,534	22,364	11,022,588	151,834	714,023
Share Derivatives:						
OTC Market:						
Shares/indexes Swaps	112,271	256,680	582,421	951,372	18,147	136,496
Shares/indexes Options (purchase)	157	-	40,000	40,157	500	-
Shares/indexes Options (sale)	1,750	-	-	1,750	-	-
	114,178	256,680	622,421	993,279	18,647	136,496
Stock Exchange transactions:						
Shares futures	22,488	-	-	22,488	-	-
Shares/indexes Options (purchase)	387,335	39,495	-	426,830	-	-
Shares/indexes Options (sale)	387,400	39,500	-	426,900	-	46
	797,223	78,995	-	876,218	-	46
Stock Exchange transactions:						
Commodities futures	37,384	-	-	37,384	-	-
Credit derivatives:						
OTC Market:						
Credit Default Swaps	10,599	54,661	4,622,851	4,688,111	36,680	19,997
Other credit derivatives (purchase)	-	-	14,286	14,286	-	-
Other credit derivatives (sale)	4,640	33,954	96,811	135,405	-	-
	15,239	88,615	4,733,948	4,837,802	36,680	19,997
Total financial instruments traded in:						
OTC Market	17,167,482	12,414,279	50,023,861	79,605,622	1,785,869	2,126,846
Stock Exchange	982,611	122,220	-	1,104,831	-	46
Embedded derivatives					15,900	11,923
	18,150,093	12,536,499	50,023,861	80,710,453	1,801,769	2,138,815

23. Hedging derivatives

This balance is analysed as follows:

	2009 Euros '000	2008 Euros '000
Hedging instruments		
Assets:		
Swaps	465,848	117,305
Liabilities:		
Swaps	75,483	350,960

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.

Since 1 January 2005, for the hedging relationships which comply with the hedging requirements of IAS 39, the Group 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 Group performs periodical effectiveness tests of the hedging relationships. For this year an amount of Euros 14,087,000 (2008: negative amount of Euros 830,000), was recorded against the results, corresponding to the ineffective part of the fair value hedge relationships. The Group also adopted fair value hedge to cover interest rate risk for a specific portfolio with fixed interest rate loans with maturity of more than one year for which adopted an hedging policy for those portfolios, resulting from changes originated by interest rate variations. For the referred hedging relationships, the ineffective part of the fair value hedge amounted to a negative value of Euros 59,000 (2008: positive value of Euros 2,778,000). The Group designated in 2008 a group of future transactions in foreign currency, for which adopted fair value hedge model for exchange rate risk. The referred hedging relationships ended in 2009 and as at 31 December 2008 the ineffective portion amounted to a positive value of Euros 134,000. The Group has adopted a dynamic dual currency cash flow hedge for variable interest rate loans and deposits and a policy of hedging changes in cash flows for mortgage credit in foreign currency. For the mentioned hedging relationships, the ineffective portion amounted to Euros 52,000 in the period.

As referred in note 6, in 2008 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 the break of its effectiveness. Following the decision from the Executive Board of Directors and in accordance with IAS 39, on 1 April, 2009 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:

	2009 Euros '000	2008 Euros '000
Hedged item		
Loans	57,164	75,942
Deposits / Loans	(2,535)	(15,443)
Debt issued	(144,970)	(138,331)
Financial assets available for sale	-	(344)
	(90,341)	(78,176)

The analysis of the hedging derivatives by maturity as at 31 December 2009 is as follows:

	2009					
	Notional (remaining term)				Fair values	
	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	152,302	877,859	10,299,742	11,329,903	393,090	48,358
Cash flow hedge derivatives with interest rate risk:						
OTC Market:						
Interest rate Swaps	710,000	1,488,584	3,151,520	5,350,104	72,758	27,125
Total financial instruments						
Traded by:						
OTC Market	862,302	2,366,443	13,451,262	16,680,007	465,848	75,483
	862,302	2,366,443	13,451,262	16,680,007	465,848	75,483

The analysis of the hedging derivatives by maturity as at 31 December 2008 is as follows:

	2008					
	Notional (remaining term)				Fair values	
	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	239,976	168,337	5,085,993	5,494,306	117,305	75,162
Stock Exchange transactions:						
Interest rate Futures	840,804	167,912	-	1,008,716	-	-
Cash flow hedge derivatives with interest rate risk:						
OTC Market:						
Interest rate Swaps	189,556	964,251	1,790,404	2,944,211	-	275,798
Total financial instruments						
Traded by:						
OTC Market	429,532	1,132,588	6,876,397	8,438,517	117,305	350,960
Stock Exchange	840,804	167,912	-	1,008,716	-	-
	1,270,336	1,300,500	6,876,397	9,447,233	117,305	350,960

24. Financial assets held to maturity

The balance Financial assets held to maturity is analysed as follows:

	2009 Euros '000	2008 Euros '000
Bonds and other fixed income securities		
Issued by Government and public entities	1,247,255	519,379
Issued by other entities	780,099	582,465
	2,027,354	1,101,844

The balance Financial assets held to maturity also includes, as at 31 December 2009, the amount of Euros 1,419,593,000 (31 December 2008: Euros 744,714,000) related to non derivatives financial assets (bonds) reclassified, during 2009 and 2008, from financial assets held for trading caption to financial assets held to maturity caption, as referred in the accounting policy note 1 f) and note 22.

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 2009 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	-	-	261,516	-	261,516
Foreign issuers	15,554	-	970,185	-	985,739
Bonds issued by other entities					
Portuguese issuers	-	45,073	135,748	-	180,821
Foreign issuers	-	196,283	402,995	-	599,278
	15,554	241,356	1,770,444	-	2,027,354
of which:					
Quoted financial assets	13,868	241,081	1,406,276	-	1,661,225
Unquoted financial assets	1,686	275	364,168	-	366,129

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 2008 is as follows:

	Due within 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	-	-	98,387	-	98,387
Foreign issuers	1,719	-	419,273	-	420,992
Bonds issued by other entities					
Portuguese issuers	-	-	181,588	-	181,588
Foreign issuers	-	-	400,877	-	400,877
	1,719	-	1,100,125	-	1,101,844
of which:					
Quoted financial assets	-	-	963,654	-	963,654
Unquoted financial assets	1,719	-	136,471	-	138,190

The analysis of the securities portfolio included in the Financial assets held to maturity, by sector of activity, is analysed as follows:

	2009 Euros '000	2008 Euros '000
Transport and communications	97,141	97,118
Services	682,958	485,347
	780,099	582,465
Government and Public securities	1,247,255	519,379
	2,027,354	1,101,844

As detailed in note 53, the Group, as a part of the management 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.

25. Investments in associated companies

This balance is analysed as follows:

	2009 Euros '000	2008 Euros '000
Portuguese credit institutions	21,155	16,646
Foreign credit institutions	20,767	20,606
Other Portuguese companies	393,589	306,682
Other foreign companies	3,407	-
	438,918	343,934

The balance Investments in associated companies is analysed as follows:

	2009 Euros '000	2008 Euros '000
Banque BCP, S.A.S.	16,802	16,713
Banque BCP (Luxembourg), S.A.	3,965	3,893
Millenniumbcp Fortis Grupo Segurador, S.G.P.S., S.A.	380,110	288,319
SIBS - Sociedade Interbancária de Serviços, S.A.	13,356	15,039
Unicre - Cartão Internacional de Crédito, S.A.	21,155	16,646
VSC - Aluguer de Veículos Sem Condutor, Lda.	123	3,324
Other	3,407	-
	438,918	343,934

These investments correspond to unquoted companies, consolidated by the equity method. The investment held in the associated company Millenniumbcp Fortis 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 58.

The main indicators of the associated companies are analysed as follows:

	Total Assets Euros '000	Total Liabilities Euros '000	Total Income Euros '000	Profit for the year Euros '000
2009				
Millenniumbcp Fortis Grupo Segurador, S.G.P.S., S.A.	13,301,376	12,012,365	1,381,222	96,786
SIBS - Sociedade Interbancária de Serviços, S.A. (*)	138,169	69,520	156,362	7,288
Unicre - Cartão Internacional de Crédito, S.A. (*)	338,938	238,419	286,361	13,872
VSC - Aluguer de Veículos Sem Condutor, Lda.	173,996	173,749	54,684	(6,400)
2008				
Millenniumbcp Fortis Grupo Segurador, S.G.P.S., S.A.	11,617,559	10,493,968	1,121,719	28,432
SIBS - Sociedade Interbancária de Serviços, S.A.	124,198	64,813	147,287	7,951
Unicre - Cartão Internacional de Crédito, S.A.	307,499	235,586	259,761	25,690
VSC - Aluguer de Veículos Sem Condutor, Lda.	212,305	205,658	60,458	(4,711)

(*) - estimated values.

The Group limits the exposure in investments in foreign subsidiares, through funding of the net investment in foreign operations with loans in the same currencies, to eliminate the mitigate risk of currency exchange rate. The information on net investments, held by the Group, in foreign institutions and the funding used to hedge these investments, are as follows:

Companies	Currency	Net Investment Currency '000	Funding debt Currency '000	Net Investment Euros '000	Funding debt Euros '000
Banque Privée BCP (Suisse) S.A.	CHF	123,497	123,497	83,241	83,241
BCP Bank & Trust Company Ltd.	USD	340,000	340,000	236,013	236,013
BCP Finance Bank Ltd	USD	561,000	561,000	389,421	389,421
BCP Finance Company, Ltd	USD	1	1	1	1
Millennium BCPBank	USD	73,668	73,668	51,137	51,137
BII Finance Company Limited	USD	25	25	17	17
Bank Millennium S.A.	PLN	750,000	750,000	182,726	182,726

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, are presented in the statement of changes in equity.

Regarding the investment held in Bank Millennium S.A., the Group decided to apply a partial hedge in the amount of PLN 750,000,000. The total net investment amounts to PLN 2,657,878,000.

The ineffectiveness generated in the hedging operations is recognized in the statement of income, as refered in accounting policy 1 e).

26. Non current assets and liabilities held for sale

This balance is analysed as follows:

	2009 Euros '000	2008 Euros '000
Discontinued operations (Millennium Bank, AS - Turquia)	495,151	-
Subsidiaries acquired exclusively with the purpose of short-term sale	14,473	-
Investments arising from recovered loans	1,019,356	971,139
	1,528,980	971,139
Impairment	(185,817)	(144,863)
	1,343,163	826,276

The assets included in this balance are accounted for in accordance with the accounting policy note 1 k).

The balance Discontinued operations corresponds to the Turkish subsidiary of the Group that in accordance with the current negotiations and the expectation of the Executive Board of Directors will be sold in less than 1 year.

In accordance with IFRS 5, the subsidiary referred in previous paragraphs, is accounted for under the following criteria:

- The total of assets and liabilities attributed to the Group, will be presented in two separated lines in the balance sheet, and the total expenses and income for the year, attributed to the Group, will be represented separately line by line in the consolidated income statement;
- Until the date of sale, the Group continues to consolidate in reserves and income, any changes occurred in the net assets of the subsidiary.

The financial information concerning the subsidiary classified as Non current assets held for sale, is analysed as follows:

	2009 Millennium Bank, Anonim Sirketi Euros '000
Assets	
Loans and advances to credit institutions	83,010
Loans and advances to customers	336,665
Other assets	75,476
	495,151
Liabilities	
Deposits from credit institutions	97,772
Deposits from customers	315,263
Other liabilities	22,797
	435,832
Equity	
Share capital, reserves and retained earnings	66,490
Profit for the year	(7,171)
	59,319
	495,151

The financial information of income statement concerning the subsidiary, is analysed as follows:

	2009 Millennium Bank, Anonim Sirketi Euros '000
Net interest income	1,028
Net fees and commissions income	3,721
Net gains on trading	8,966
Other operating income	(79)
Total operating income	13,636
Staff costs	12,250
Other administrative costs	8,228
Depreciation	1,088
Operating expenses	21,566
Loans and other assets impairment and other provisions	(475)
Operating loss	(8,405)
Income tax	1,234
Loss for the year	(7,171)

The balance Subsidiaries acquired exclusively with the view of short-term sale corresponds to a real estate company acquired by the Group within the restructuring of a loan exposure, that the Group intends to sell in less than 1 year. Until the date of sale, the Group continues to consolidate in reserves and income, any changes occurred in the net assets of the subsidiary.

The balance Investments 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 (payment prosolvency).

These assets are available for sale in a period less than 1 year and the Group as a strategy for its sale.

This balance includes buildings and other assets for which the Group has already established contracts for the sale in the amount of Euros 138,847,000 (31 December 2008: Euros 100,856,000).

The movements for impairment for non current assets held for sale are analysed as follows:

	2009 Euros '000	2008 Euros '000
Balance on 1 January	144,863	88,810
Transfers	60	17,744
Impairment for the year	65,546	56,167
Write-back for the year	(66)	(2)
Loans charged-off	(24,586)	(17,856)
Balance on 31 December	185,817	144,863

27. Investment property

The balance Investment property includes the amount of Euros 422,691,000 (31 December 2008: 436,480,000) related to buildings accounted in the "Fundo de Investimento Imobiliário Imosotto Acumulação", "Fundo de Investimento Imobiliário Gestão Imobiliária" and "Fundo de Investimento Imobiliário Imorenda", which in accordance with SIC 12, are consolidated under the full consolidation method 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).

28. Property and equipment

This balance is analysed as follows:

	2009 Euros '000	2008 Euros '000
Land and buildings	958,453	944,790
Equipment		
Furniture	97,412	104,615
Office equipment	57,711	55,291
Computer equipment	305,874	301,293
Interior installations	141,144	139,670
Motor vehicles	20,552	22,753
Security equipment	76,844	74,396
Work in progress	55,039	112,297
Other tangible assets	46,302	44,044
	1,759,331	1,799,149
Accumulated depreciation		
Charge for the year	(90,510)	(97,073)
Accumulated charge for the previous years	(1,018,804)	(956,258)
	(1,109,314)	(1,053,331)
Impairment	(4,199)	-
	645,818	745,818

The Property and equipment movements during 2009 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	944,790	54,528	(34,773)	3,370	(9,462)	958,453
Equipment:						
Furniture	104,615	4,610	(1,319)	(9,510)	(984)	97,412
Office equipment	55,291	4,988	(1,732)	(142)	(694)	57,711
Computer equipment	301,293	15,441	(7,105)	(902)	(2,853)	305,874
Interior installations	139,670	2,899	(291)	(64)	(1,070)	141,144
Motor vehicles	22,753	1,860	(3,063)	281	(1,279)	20,552
Security equipment	74,396	3,886	(645)	12	(805)	76,844
Work in progress	112,297	28,130	(81,527)	-	(3,861)	55,039
Other tangible assets	44,044	4,287	(1,269)	(854)	94	46,302
	1,799,149	120,629	(131,724)	(7,809)	(20,914)	1,759,331
Accumulated depreciation:						
Land and buildings	444,722	44,051	(9,493)	467	(656)	479,091
Equipment:						
Furniture	87,900	4,166	(1,203)	(5,690)	(478)	84,695
Office equipment	39,281	3,084	(1,560)	(86)	(95)	40,624
Computer equipment	258,098	23,638	(6,305)	(1,356)	(1,821)	272,254
Interior installations	119,450	5,441	(262)	9	(598)	124,040
Motor vehicles	11,538	3,015	(2,151)	229	(779)	11,852
Security equipment	62,416	2,913	(639)	12	(294)	64,408
Other tangible assets	29,926	4,202	(1,250)	(681)	153	32,350
	1,053,331	90,510	(22,863)	(7,096)	(4,568)	1,109,314

The movement of impairment for other tangible assets is analysed as follows:

	2009 Euros '000
Balance on 1 January	-
Impairment for the year	4,199
Balance on 31 December	4,199

29. Goodwill and intangible assets

This balance is analysed as follows:

	2009 Euros '000	2008 Euros '000
Intangible assets		
Software	136,752	131,620
Other intangible assets	57,603	61,798
	194,355	193,418
Accumulated depreciation		
Charge for the year	(14,226)	(15,770)
Accumulated charge for the previous years	(146,893)	(143,647)
	(161,119)	(159,417)
	33,236	34,001
Goodwill		
Millennium Bank, Societé Anonyme (Greece)	294,260	294,260
Bank Millennium, S.A. (Poland)	164,040	164,040
Banco de Investimento Imobiliário, S.A.	40,859	40,859
Others	2,600	7,068
	501,759	506,227
	534,995	540,228

The Intangible assets movements during 2009 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	131,620	16,447	(236)	(9,983)	(1,096)	136,752
Other intangible assets	61,798	2,470	(4,590)	(2,629)	554	57,603
	193,418	18,917	(4,826)	(12,612)	(542)	194,355
Goodwill	506,227	-	(4,385)	-	(83)	501,759
	699,645	18,917	(9,211)	(12,612)	(625)	696,114
Accumulated depreciation:						
Software	104,110	13,845	(117)	(8,891)	(707)	108,240
Other intangible assets	55,307	381	(636)	(2,743)	570	52,879
	159,417	14,226	(753)	(11,634)	(137)	161,119

According to the accounting policy 1 b), the recoverable amount of the Goodwill is annually evaluated during the second semester of each year, regardless the existence of impairment signs.

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 recorded - 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 assumptions and bear 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 may change with the change in economic conditions and market. The Group estimates that are 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 impairment test of the consolidation differences accounted for Millennium Bank in Poland considered the market value of the bank's shares in the Warsaw Stock Exchange. According with IAS 36, whenever there is an active market for the asset, like a Stock Exchange, the market value of the shares is the best evidence of the fair value. Therefore and considering the evolution of the share price, there is no indication of impairment for the consolidation differences arising from this investment.

Millennium Bank, Societé Anonyme (Greece)

Concerning the value of use, the Executive Board of Directors believes that Millennium Bank has distinctive features which will support the achievement of its strategic goals, despite the challenging economic conditions of the Greek market.

Concerning the fair value less costs to sell, the Executive Board of Directors reasons that Millennium Bank's relative position in terms of market share and the overall atractiveness of the operation, justify the value of the investment.

The Executive Board of Directors, considers that under normal market conditions, Price to Book Value multiples should recover to values at least higher than the minimum registered prior to the financial crisis. The fair value less costs to sell, determined using the minimum of the Price to Book Value multiple considering estimates for the Greek market, is higher than the book value registered in BCP consolidated financial statements.

Banco Investimento Imobiliário, S.A

The valuation takes into consideration the specific characteristics of the business of the Bank and its relationship with the Group, including the fact that no new production is, for example, all new contracts attracted to the Banco Comercial Português, S.A. by payment of a fee-raising. It was etimated, however, the value of the business associated to the mortgage credit, originated in the real estate agents network.

The estimated cash flows from activities were projected based on current operating results and assuming the business plan approved by the Executive Board of Directors for a period of 3 years and projections for related activities, assuming a Tier I ratio of 8% in line with new standards set by the Bank of Portugal. The discount rate used was 9,75%, based on the average expected rate of return on the market for this activity.

30. Deferred income tax assets and liabilities

Deferred income tax assets and liabilities as at 31 December 2009 and 2008 are analysed as follows:

	2009		2008	
	Assets **Euros '000**	**Liabilities** **Euros '000**	**Assets** **Euros '000**	**Liabilities** **Euros '000**
Intangible assets	288	116	61	77
Other tangible assets	1,950	7,404	2,015	5,168
Impairment losses	190,358	15,372	214,173	60,514
Pensions	296,152	-	339,010	-
Financial assets available for sale	235	4,348	810	10,547
Derivatives	-	4,002	-	10,554
Allocation of profits	44,556	-	36,847	-
Others	60,118	110,000	66,329	123,756
Tax losses carried forward	131,835	-	138,323	-
	725,492	141,242	797,568	210,616
Deferred tax assets	584,250		586,952	
Others	-	416	-	336
Deferred tax liabilities		416		336
Net deferred tax	583,834		586,616	

Deferred tax related to the losses carried forward are recognised only if it is probable the existence of future taxable profits. 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.

As referred in the accounting policy note 1 x), the compensation is performed at each subsidiary, and therefore the consolidated financial statements reflect in its assets the sum of the deferred tax of subsidiaries that have deferred tax assets and in its liabilities the sum of the deferred tax of subsidiaries that have deferred tax liabilities.

The net deferred tax asset movement is analysed as follows:

	2009 Euros '000	2008 Euros '000
Balance on 1 January	586,616	650,590
Transfers	-	(21,762)
Charged to profit	19,417	(39,997)
Charged to equity	(14,557)	8,130
Exchange rate differences	(7,642)	(10,345)
Balance on 31 December	583,834	586,616

The variation in the net deferred tax does not correspond to the deferred tax expense for the year considering that there are a number of situations where changes in deferred tax are charged directly to shareholders' equity, namely: (i) potential gains and losses resulted form the re-valuation of financial assets available for sale (ii) deferred tax assets and liabilities of currency translations on foreign subsidiaries and (iii) acquisition and disposal of subsidiaries.

As at 31 December 2009, the amount of unrecognized temporary differences refers mainly to tax losses carried forward in the amount of Euros 150,196,000 (31 December 2008: Euros 3,556,000) in foreign operations. The referred amounts were not recognised considering the degree of uncertainty and remaining period for recovery. Except for the tax losses carried forward, the remaining temporary differences do not have a maturity date.

The maturity date of recognised tax losses carried forward is presented as follows:

Maturity date	2009 Euros '000	2008 Euros '000
2009	-	9,361
2010	1,838	2,315
2011	23,368	15,509
2012	937	3,015
2013	722	12,617
2014	81,576	85,138
2015 and followings	23,394	10,368
	131,835	138,323

31. Other assets

This balance is analysed as follows:

	2009 Euros '000	2008 Euros '000
Debtors	171,480	383,088
Amounts due for collection	27,413	26,386
Recoverable tax	77,596	61,513
Recoverable government subsidies on interest on mortgage loans	27,231	47,055
Associated companies	18,322	8,515
Other amounts receivable	33,101	49,958
Prepayments and deferred costs	1,660,532	1,783,982
Amounts receivable on trading activity	159,165	163,918
Amounts due from customers	163,141	203,588
Reinsurance technical provision	-	478
Sundry assets	336,506	202,236
	2,674,487	2,930,717
Impairment for other assets	(26,710)	(26,270)
	2,647,777	2,904,447

As at 31 December 2009 the balance Prepayments and deferred costs includes the amount of Euros 552,575,000 (31 December 2008: Euros 572,291,000) referring to the corridor value of deferred actuarial losses, and an amount of Euros 961,070,000 (31 December 2008: Euros 1,567,654,000) in excess of the corridor, in accordance with the accounting policy presented in note 1 w).

The deferred costs related to pensions, included in Prepayments and deferred costs are, analysed as follows:

	2009 Euros '000	2008 Euros '000
Projected benefit obligations		
Obligations covered by the Pension Fund	(5,034,533)	(5,332,373)
Other benefits not covered by the Pension Fund	(375,349)	(390,536)
Value of the Pension Fund	5,530,471	5,322,224
	120,589	(400,685)
Actuarial losses		
Corridor	552,575	572,291
Amount in excess of the corridor	961,070	1,567,654
	1,513,645	2,139,945
	1,634,234	1,739,260

The obligations related with other benefits not covered by the Pension Fund are fully provided for as described in note 50.

The movement of impairment for other assets is analysed as follows:

	2009 Euros '000	2008 Euros '000
Balance on 1 January	26,270	53,150
Transfers	173	(29,781)
Impairment for the year	1,510	5,477
Write back for the year	(704)	(1,618)
Amounts charged-off	-	(532)
Exchange rate differences	(539)	(426)
Balance on 31 December	26,710	26,270

32. Deposits from other credit institutions

This balance is analysed as follows:

	2009			2008		
	Non interest bearing Euros '000	Interest bearing Euros '000	Total Euros '000	Non interest bearing Euros '000	Interest bearing Euros '000	Total Euros '000
Credit institutions in Portugal	92,880	1,168,537	1,261,417	135,694	674,300	809,994
Credit institutions abroad	80,349	5,554,875	5,635,224	48,718	5,138,354	5,187,072
	173,229	6,723,412	6,896,641	184,412	5,812,654	5,997,066

This balance is analysed by the maturity date, as follows:

	2009 Euros '000	2008 Euros '000
Up to 3 months	4,273,420	2,903,404
3 to 6 months	927,698	703,668
6 to 12 months	532,135	980,332
1 to 5 years	760,917	1,030,628
More than 5 years	402,471	379,034
	6,896,641	5,997,066

Concerning derivative financial transactions with institutional counterparties, and according to the signed agreements, the Group has, as of 31 December 2009, the amount of Euros 475,990,000 (31 December 2008: Euros 279,990,000) of Deposits from other credit institutions received as collateral of the mentioned transactions.

33. Deposits from customers

This balance is analysed as follows:

	2009			2008		
	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	14,005,596	572,349	14,577,945	12,603,263	942,415	13,545,678
Term deposits	-	28,210,357	28,210,357	-	25,990,051	25,990,051
Saving accounts	-	2,942,325	2,942,325	-	4,781,069	4,781,069
Treasury bills and other assets sold under repurchase agreement	-	241,002	241,002	-	213,191	213,191
Other	-	335,604	335,604	-	377,179	377,179
	14,005,596	32,301,637	46,307,233	12,603,263	32,303,905	44,907,168

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:

	2009 Euros '000	2008 Euros '000
Deposits from customers repayable on demand:	14,577,945	13,545,678
Term deposits and saving accounts from customers:		
Up to 3 months	21,263,094	23,583,096
3 to 6 months	6,150,184	4,031,067
6 to 12 months	3,366,935	2,812,098
1 to 5 years	260,102	227,279
More than 5 years	112,367	117,580
	31,152,682	30,771,120
Treasury bills and other assets sold under repurchase agreement:		
Up to 3 months	186,576	190,100
3 to 6 months	20,325	18,734
6 to 12 months	34,101	4,357
	241,002	213,191
Other:		
Up to 3 months	192,479	9,537
More than 3 months	143,125	367,642
	335,604	377,179
	46,307,233	44,907,168

34. Debt securities issued

This balance is analysed as follows:

	2009 Euros '000	2008 Euros '000
Bonds	17,502,050	17,784,038
Commercial paper	2,376,154	2,682,127
Other	75,023	49,401
	19,953,227	20,515,566

The balance Bonds includes issues for which the embedded derivative was separated from the host contract, in accordance with note 22 and accounting policy 1 d).

The characteristics of the bonds and commercial paper issued by the Group, as at 31 December, 2009 are analysed as follows:

Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
Bonds issued :					
Banco Comercial Português:					
EMTN BCP-SFE 21ª Em.	May, 2000	May, 2010	Fixed rate of 5.2%	65,000	65,419
BCP 4.9% Nov 01/11-2ª Em.	November, 2001	November, 2011	Fixed rate of 4.9%	21,655	22,263
BCP 5.4% Nov 01/11-1ª Em.	November, 2001	November, 2011	Fixed rate of 5.4%	174,000	180,357
BCP 5.34% March-02/Mar-12	March, 2002	March, 2012	Fixed rate of 5.34%	160,551	167,840
BCP Ob Cx Sep 2003/2011	September, 2003	September, 2011	Fixed rate of 4.37%	114,678	116,517
BCP Mill. Ind. Mun. Mar 05/10	March, 2005	March, 2010	Indexed to a portfolio of indexes	8,861	8,861
BCP Super Inv.Mill. 05/10	April, 2005	December, 2010	Indexed to a portfolio of funds	29,162	28,481
BCP Ob Cx Aex Aug 05/10	August, 2005	August, 2010	Indexed to Aex index	10,000	9,912
BCP Ob Cx Sp/Mib Aug 05/10	August, 2005	August, 2010	Indexed to Mib index	10,000	9,912
BCP Ob Cx Dj euroxx50	August, 2005	August, 2010	Indexed to Down Jones euroxx50 index	10,000	9,912
BCP Ob Cx Cac 40	August, 2005	August, 2010	Indexed to Cac 40 index	10,000	9,912
BCP Ob Cx Ibex 35	August, 2005	August, 2010	Indexed to Ibex 35 index	10,000	9,912
BCP Ob Cx Triplo R. Sep 05/10	September, 2005	September, 2010	Indexed to DJ Global Titans 50 index	7,804	7,716
BCP Ob Cx Rend. Real Nov 10	November, 2005	November, 2010	Indexed to IPC index	15,000	14,678
BCP Ob Cx E. Gr. S. Dec 05/15	December, 2005	December, 2015	Indexed to Down Jones euroxx50 index	2,427	2,280
BCP Ob Cx M.S. Act. Jan 05/11	January, 2006	January, 2011	Indexed to a portfolio of indexes	7,041	6,994
BCP Ob Cx I. Glob.12 Feb 06/11	February, 2006	February, 2011	Indexed to a portfolio of indexes	13,389	13,389
BCP Ob Cx E. I. S. Mar 06/16	March, 2006	March, 2016	Index to Down Jones EuroStoxx 50 index	1,082	1,015
BCP Ob Cx M. Oport Mar 06/10	March, 2006	March, 2010	Index to a portfolio of indexes	8,278	8,243
BCP Ob Cx. 3.84% Apr 2016	April, 2006	April, 2016	Fixed rate 3.84 %	1,000	1,063
BCP Ob Cx R. Global 06/11	November, 2006	November, 2011	Index to Down Jones EuroStoxx 50 index	7,864	7,650
BCP Ob Cx R. Global II 06/11	December, 2006	December, 2011	Index to Down Jones EuroStoxx 50 index	940	919
BCP Ob Cx R. Global II 2E 06/11	December, 2006	December, 2011	Index to Down Jones EuroStoxx 50 index	10,000	9,776
BCP FRN May 07/14	May, 2007	May, 2014	Euribor 3M + 0.15%	1,203,578	1,202,351
BCP FRN May 07/11	May, 2007	May, 2011	Euribor 3M + 0.115%	385,000	385,000
BCP Cov Bonds Jun 07/17	June, 2007	June, 2017	Fixed rate of 4.75%	1,500,000	1,500,053
BCP FRN Sep 12	August, 2007	September, 2012	Euribor 3M + 0.10%	310,000	309,389
BCP Cov Bonds Oct 07/14	October, 2007	October, 2014	Fixed rate of 4.75%	1,000,000	1,092,686
BCP FRN Mar 17	December, 2007	March, 2017	Euribor 3M + 0.18%	100,000	99,942
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%	211,609	211,609
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%	46,747	46,747
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%	21,835	21,835
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%	3,666	3,666
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%	247,623	247,624

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Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
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%	15,074	15,074
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%	3,865	3,865
BCP Frn May 2010 / Emtn 468	May, 2008	May, 2010	Euribor 3M + 0.75%	1,250,000	1,249,484
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%	204,541	204,541
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%	9,368	9,368
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%	2,064	2,064
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%	53,528	53,528
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%	6,452	6,452
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%	1,614	1,614
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 1.500%	178,351	178,351
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 1.500%	15,450	15,450
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 1.500%	2,565	2,565
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 1.500%	108,963	108,963
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 1.500%	6,921	6,921
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 0.50%; 4th year 0.750%; 5th year 1.500%	1,243	1,243
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 0.50%; 4th year 0.750%; 5th year 1.500%	130,943	130,943
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 0.50%; 4th year 0.750%; 5th year 1.500%	7,417	7,417
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 0.50%; 4th year 0.750%; 5th year 1.500%	1,568	1,568
BCP S Aforro Ser B Fev 2009/14	February, 2009	February, 2014	Euribor 3M + Remain Prize: 1st year 0.125%; 2nd year 0.250%; 3rd year 0.50%; 4th year 0.750%; 5th year 1.000%	142,961	142,961
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 0.50%; 4th year 0.750%; 5th year 1.000%	106,414	106,414
BCP 5.625 % -Book Entry Note Synd	April, 2009	April, 2014	Fixed rate of 5.625%	1,000,000	1,001,478
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 0.50%; 4th year 0.750%; 5th year 1.250%	43,551	43,551
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 0.50%; 4th year 0.750%; 5th year 1.250%	8,651	8,651

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Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
BCP Rend Mais 09/19.05.2012	May, 2009	May, 2012	1st Sem.=2.25%; 2nd Sem.=2.50%; 3rd Sem.=2.75%; 4th Sem.=3.00%; 5th Sem.=3.50%; 6th Sem.=4.00%;	15,702	15,787
BCP FRN 09/20.05.2011	May, 2009	May, 2011	Euribor 3M + Remain Prize: 1st Quart. 0.05%; 2nd Quart. 0.15%; 3rd Quart. 0.3%; 4th Quart. 0.60%; 5th Quart. 1.10%; 6th Quart. 1.60%; 7th Quart. 2.20%; 8th Quart. 2.80%)	155,000	154,897
BCP - 3.75 % Jun 2011	June, 2009	June, 2011	Fixed rate of 3.750%	1,000,000	996,717
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 0.50%; 4th year 0.750%; 5th year 1.250%	29,579	29,579
BCP Rend. Mais Jun/2012	June, 2009	June, 2012	1st Sem.=2.25%; 2nd Sem.=2.50%; 3rd Sem.=2.75%; 4th Sem.=3.00%; 5th Sem.=3.50%; 6th Sem.=4.00%;	74,280	74,990
BCP - FRN - Emtn 608	July, 2009	July, 2012	Euribor 6M + 1.75%	25,000	24,933
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 0.50%; 4th year 0.750%; 5th year 1.250%	34,129	34,129
BCP Investimento Total Nov 2012	August, 2009	November, 2012	Fixed rate of 3.07692%	59,250	59,182
BCP - FRN - Emtn 625	August, 2009	August, 2012	Euribor 3M + 1.21%	200,000	199,784
BCP Li Puttable Frn - Emtn 635	September, 2009	September, 2010	Euribor 6 month + 0.05 per cent.	400,000	400,000
BCP Inv Total Dec 2012 - Emtn 609	September, 2009	December, 2012	Fixed rate 3.07692%	128,033	128,120
BCP Cov Bonds Oct 09/16	October, 2009	October, 2016	Fixed rate of 3.75%	1,000,000	991,737
BCP Rend. Trim.Nov 2009/14	November, 2009	November, 2014	1st year=2.50%; 2nd year=2.75%; 3rd year=3.00%; 4th year=3.50%; 5th year=4.50%	55,004	55,157
BCP Emissão Sindicada - Emtn 668	December, 2009	February, 2013	Euribor 3M	500,000	498,288
BCP Rend. Trim.09/22.12.2014	December, 2009	December, 2014	1st year=2.50%; 2nd year=2.75%; 3rd year=3.00%; 4th year=3.50%; 5th year=4.25%	68,996	68,625
Bank Millennium:					
Orchis Sp. z o.o. - G. S. Inv. Bond	December, 2007	December, 2016	WIBOR 1 month + 26.0 bp	74,583	74,583
Orchis Sp. z o.o. - EIB S. Inv. Bond	December, 2007	December, 2016	WIBOR 1 month + 26.0 bp	102,428	102,428
Orchis Sp. z o.o. - M. Inv. Bond	December, 2007	December, 2016	WIBOR 1 month + 15.0 bp	8,607	8,607
Bank Millennium - BM_2010/07	July, 2008	July, 2010	Usdrub (Curncy) 55%; Eurrub (Curncy) 45%	1,901	1,901
Bank Millennium - BM_2010/07A	July, 2008	July, 2010	Usdrub (Curncy) 55%; Eurrub (Curncy) 45%	1,515	1,515
Bank Millennium - BM_2010/09	September, 2008	September, 2010	Spdtp (Index)	290	290
Bank Millennium - BM_2010/09A	September, 2008	September, 2010	Spdtp (Index)	484	484
Bank Millennium - BM_2010/12	December, 2008	December, 2010	Goldplnpm (Comdty)	1,271	1,271
Bank Millennium - BM_2010/12A	December, 2008	December, 2010	Goldplnpm (Comdty)	230	230
Bank Millennium - BM_2011/02	February, 2008	February, 2011	Rdxusd (Index)	627	627
Bank Millennium - BM_2011/03_1	March, 2008	March, 2011	Spbnm10E (Index)	1,051	1,051
Bank Millennium - BM_2011/03_2	March, 2008	March, 2011	Spbnm10E (Index)	740	740
Bank Millennium - BM_2011/04	April, 2008	April, 2011	Egidx (Index)	1,729	1,729
Bank Millennium - BM_2011/05	May, 2008	May, 2011	Goldplnpm (Comdty) 25 %; Pltmlnpm (Comdty) 25 %; Api21Mon (Comdty) 25 %; Hp1(Comdty) 25 %	2,098	2,098
Bank Millennium - BM_2011/05A	May, 2008	May, 2011	Goldplnpm (Comdty) 25 %; Pltmlnpm (Comdty) 25 %; Api21Mon (Comdty) 25 %; Hp1(Comdty) 25 %	1,613	1,613
Bank Millennium - BM_2011/11	November, 2008	November, 2011	Eurpln (Crncy)	1,216	1,216
Bank Millennium - BM_2011/11A	November, 2008	November, 2011	Eurpln (Crncy)	1,414	1,414
Bank Millennium - BM_2012/01	December, 2008	January, 2012	Tpsa Pw (Equity) 25%; Pko Pw (Eqty) 25%; Kgh Pw (Eqty) 25%; Pkn Pw (Eqty) 25%	1,447	1,447
Bank Millennium - BM_2012/01A	December, 2008	January, 2012	Tpsa Pw (Equity) 25%; Pko Pw (Eqty) 25%; Kgh Pw (Eqty) 25%; Pkn Pw (Eqty) 25%	1,637	1,637
Bank Millennium - BM_2012/04	March, 2008	April, 2012	Rdxusd (Index) 33.3333%; Meimduba (Index) 33.3333%; Ewz Us (Index) 33.3333%	2,107	2,107
Bank Millennium - BM_2012/06	June, 2008	June, 2012	Sismeaa Lx (Equity) 50%; Jbafeub Lx (Aquity) 50%	1,173	1,173

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Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
Bank Millennium - BM_2012/02	January, 2009	February, 2012	Pko Pw (Eqt) 20%, Mcd Us (Eqt) 20%, Bmw Gy (Eqt) 20%, Msft Us (Eqt) 20%, Vod Ln (Eqt) 20%	1,706	1,706
Bank Millennium - BM_2011/03	March, 2009	March, 2011	Cez Cp (Eqt) 10%, Otp Hb (Eqt) 10%, Pko Pw (Eqt) 10%, Tps Pw (Eqt) 10%, Peo Pw (Eqt) 10%, Sptt Cd (Eqt) 10%, Komb Cd (Eqt) 10%, Mol Hb (Eqt) 10%, Kgh Pw (Eqt) 10%, Pkn Pw (Eqt) 10%	1,650	1,650
Bank Millennium - BM_2011/04A	March, 2009	April, 2011	Cez Cp (Eqt) 10%, Otp Hb (Eqt) 10%, Pko Pw (Eqt) 10%, Tps Pw (Eqt) 10%, Peo Pw (Eqt) 10%, Sptt Cd (Eqt) 10%, Komb Cd (Eqt) 10%, Mol Hb (Eqt) 10%, Kgh Pw (Eqt) 10%, Pkn Pw (Eqt) 10%	617	617
Bank Millennium - BM_2012/05	April, 2009	May, 2012	Loahdy (Comdty) 25%, Lopbdy (Cmdty) 25%, Locady (Comdty) 25%, Lonidy (Cmdty) 25%	657	657
Bank Millennium - BM_2010/06	May, 2009	June, 2010	Tps Pw (Eqt) 20%, Pko Pw (Eqt) 20%, Kgh Pw (Eqt) 20%, Pkn Pw (Eqt) 20%, Peo Pw (Eqt) 20%	907	907
Bank Millennium - BM_2012/07A	May, 2009	July, 2012	Goldlnpm (Comdty) 100%	1,771	1,771
Bank Millennium - BM_2012/07	May, 2009	June, 2010	Goldlnpm (Comdty) 100%	2,477	2,477
Bank Millennium - BM_2012/08	July, 2009	August, 2012	Xom Us (Eqt) 25%, Cvx Us (Eqt) 25%, Rdsa Ln (Eqt) 25%, Bp/Ln Ln (Eqt) 25%	1,403	1,403
Bank Millennium - BM_2012/09E	July, 2009	August, 2012	Locady (Comdty) 100%	412	412
Bank Millennium - BM_2012/09B	July, 2009	August, 2012	939 Hk (Eqt) 20%, 1800 Hk (Eqt) 20%, 489 Hk (Eqt) 20%, 2628 Hk (Eqt) 20%, 1088 Hk (Eqt) 20%	597	597
Bank Millennium - BM_2012/09A	July, 2009	August, 2012	939 Hk (Eqt) 20%, 1800 Hk (Eqt) 20%, 489 Hk (Eqt) 20%, 2628 Hk (Eqt) 20%, 1088 Hk (Eqt) 20%	1,047	1,047
Bank Millennium - BM_2012/09C	July, 2009	August, 2012	Locady (Comdty) 100%	1,160	1,160
Bank Millennium - BM_2012/09D	July, 2009	August, 2012	Locady (Comdty) 100%	1,177	1,177
Bank Millennium - BM_2012/09	July, 2009	August, 2012	939 Hk (Eqt) 20%, 1800 Hk (Eqt) 20%, 489 Hk (Eqt) 20%, 2628 Hk (Eqt) 20%, 1088 Hk (Eqt) 20%	1,363	1,363
Bank Millennium - BM_2012/08A	July, 2009	August, 2012	Xom Us (Eqt) 25%, Cvx Us (Eqt) 25%, Rdsa Ln (Eqt) 25%, Bp/Ln Ln (Eqt) 25%	2,313	2,313
Bank Millennium - BM_2011/10A	September, 2009	August, 2012	Nok1V Fh (Eqt) 20%, Aapl Uq (Eqt) 20%, Msft Uq (Eqt) 20%, 7751 Jp (Eqt) 20%, 6758 Jp (Eqt) 20%	1,674	1,674
Bank Millennium - BM_2013/10A	September, 2009	October, 2011	Ogzd Li (Eqt) 20%, Sber Ru (Eqt) 20%, Lkod Li (Eqt) 20%, Mnod Li (Eqt) 20%, Vtbr Li (Eqt) 20%	734	734
Bank Millennium - BM_2011/10B	September, 2009	October, 2013	Ewz Us (Eqt) 100%	1,111	1,111
Bank Millennium - BM_2013/10	September, 2009	October, 2011	Ogzd Li (Eqt) 20%, Sber Ru (Eqt) 20%, Lkod Li (Eqt) 20%, Mnod Li (Eqt) 20%, Vtbr Li (Eqt) 20%	1,730	1,730
Bank Millennium - BM_2011/10	September, 2009	October, 2011	Nok1V Fh (Eqt) 20%, Aapl Uq (Eqt) 20%, Msft Uq (Eqt) 20%, 7751 Jp (Eqt) 20%, 6758 Jp (Eqt) 20%	1,909	1,909
Bank Millennium - BM_2012/11B	October, 2009	November, 2012	Cl1 (Comdty) 100%	805	805
Bank Millennium - BM_2012/11C	October, 2009	November, 2012	Cl1 (Comdty) 100%	314	314
Bank Millennium - BM_2012/11	October, 2009	November, 2012	941 Hk (Eqt) 20%, Aapl Uq (Eqt) 20%, Fp Fp (Eqt) 20%, Nok1V Fh (Eqt) 20%, Pep Un (Eqt) 20%	1,497	1,497
Bank Millennium - BM_2012/11A	October, 2009	November, 2012	941 Hk (Eqt) 20%, Aapl Uq (Eqt) 20%, Fp Fp (Eqt) 20%, Nok1V Fh (Eqt) 20%, Pep Un (Eqt) 20%	1,908	1,908
Bank Millennium - BM_2012/12	November, 2009	December, 2012	Cat Un (Eqt) 16.67%, Cvx Un (Eqt) 16.67%, Goog Uq (Eqt) 16.67%, Ibm Un (Eqt) 16.67%, Jnj Un (Eqt) 16.67%, T Un (Eqt) 16.67%	1,739	1,739
Bank Millennium - BM_2012/12A	November, 2009	December, 2012	Cat Un (Eqt) 16.67%, Cvx Un (Eqt) 16.67%, Goog Uq (Eqt) 16.67%, Ibm Un (Eqt) 16.67%, Jnj Un (Eqt) 16.67%, T Un (Eqt) 16.67%	1,632	1,632
Bank Millennium - BM_2012/12B	November, 2009	December, 2012	Cat Un (Eqt) 16.67%, Cvx Un (Eqt) 16.67%, Goog Uq (Eqt) 16.67%, Ibm Un (Eqt) 16.67%, Jnj Un (Eqt) 16.67%, T Un (Eqt) 16.67%	1,508	1,508

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Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
Bank Millennium - BM_2014/01	December, 2009	January, 2014	Bzw Pw (Eqt) 20%, Kgh Pw (Eqt) 20%, Pgea Pw (Eqt) 20%, Pkn Pw (Eqt) 20%, Pko Pw (Eqt) 20%	1,244	1,244
Bank Millennium - BM_2014/01A	December, 2009	January, 2014	Bzw Pw (Eqt) 20%, Kgh Pw (Eqt) 20%, Pgea Pw (Eqt) 20%, Pkn Pw (Eqt) 20%, Pko Pw (Eqt) 20%	1,794	1,794
Bank Millennium - BM_2012/01C	December, 2009	January, 2012	Pltmlnpm (Comdty) 100%	1,260	1,260
Bank Millennium - BM_2012/01B	December, 2009	January, 2012	Pltmlnpm (Comdty) 100%	1,288	1,288
Banco de Investimento Imobiliário:					
FRN's BII Finance Company	September, 1996	September, 2011	Euribor 3 m + 1.75%	83,962	83,497
BCP Finance Bank:					
BCP Fin.Bank - Euros 15 m	November, 2001	November, 2011	Zero coupon	15,000	13,623
BCP Fin.Bank - Euros 6.1 m	May, 2003	May, 2010	Fixed rate 1.74% + Max (CPI UE; 0%)	3,244	3,244
BCP Fin.Bank - Euros 90 m	June, 2003	June, 2013	Euribor 360 3 months + 0.35%	90,000	90,000
BCP Fin.Bank - Euros 20 m	December, 2003	December, 2023	Fixed rate of 5.31%	20,000	19,014
BCP Fin.Bank - EUR 10 m	March, 2004	March, 2024	Fixed rate of 5.01%	10,000	9,487
BCP Fin.Bank - EUR 50 m	September, 2004	September, 2014	Euribor 3 months + 0.2%	50,000	49,894
BCP Fin.Bank - EUR 20 m	December, 2004	December, 2014	Euribor 6 months + 0.22%	20,000	19,983
BCP Fin.Bank - EUR 650 m	January, 2005	January, 2010	Euribor 6 months + 0.15%	636,175	636,185
BCP Fin.Bank - EUR 2.9 m	February, 2005	February, 2015	1st year 9.7% *n/N; 2nd year and followir Formar coupon *n/N; (n: n. of days USD Euribor 6 months <= Barrier)	991	991
BCP Fin.Bank - EUR 5 m	March, 2005	March, 2010	(USD Libor 6M + 1,50%) *n/N; (n: number of days USD Libor 6M<= Barrier)	4	4
BCP Fin.Bank - EUR 20 m	April, 2005	April, 2015	Euribor 3 months + 0.18%	20,000	19,981
BCP Fin.Bank - EUR 300 m	April, 2005	April, 2010	Euribor 3 months + 0.125%	295,000	294,994
BCP Fin.Bank - EUR 3.5 m	April, 2005	April, 2015	1st year 6% *n/N; 2nd year and following Formar coupon *n/N; (n: n. of days Euribor 3 months <= Barrier)	2,336	1,962
BCP Fin.Bank - USD 6.55 m	April, 2005	April, 2012	1st Sem. 9.5%; 2nd Sem. and following Former coupon *n/N; (n: n. of days USD Libor 6 months <= Barrier)	3,744	3,473
BCP Fin.Bank - USD 55 m	July, 2005	July, 2010	1st year 6.25%; 2nd year and following Former coupon *n/N (n: number of days USD Libor 3 months <= Barrier)	17,196	16,862
BCP Fin.Bank - USD 36 m	August, 2005	August, 2010	1st year 6.25%; 2nd year and following Former coupon *n/N (n: number of days USD Libor 3 months <= Barrier) (n: number of days Euribor 3 months <= Barrier)	9,374	9,279
BCP Fin.Bank - USD 1.025 m	December, 2005	December, 2010	Indexed to Dow Jones Global Titans 50 Index	712	683
BCP Fin.Bank - EUR 222 m	December, 2005	December, 2013	Euribor 3 months + 50 bp	213,727	213,736
BCP Fin.Bank - EUR 500 m	February, 2006	February, 2011	Euribor 3 months + 0.1%	482,000	481,741
BCP Fin.Bank - EUR 200 m	April, 2006	April, 2010	Euribor 3 months + 0.125%	200,000	200,000
BCP Fin.Bank - EUR 13.45 m	May, 2006	May, 2014	Euribor 6 months + 37 bp	5,349	5,349
BCP Fin.Bank - EUR 5.65 m	May, 2006	May, 2014	Euribor 6 months + 32 bp	12,660	12,660
BCP Fin.Bank - EUR 11 m	June, 2006	June, 2014	Euribor 6 months + 35 bp	10,983	10,983
BCP Fin.Bank - GBP 14.6 m	July, 2006	July, 2011	Fixed rate of 5.3525%	16,440	17,388
BCP Fin.Bank - USD 3 m	July, 2006	July, 2016	USD Libor 6 months + 0.75% *n/N; (n: n. of days USD Libor 6 months< Barrier)	2,082	1,462
BCP Fin.Bank - CZK 500 m	December, 2006	December, 2011	Pribor 3 months+0.09%	18,887	18,861
BCP Fin.Bank - EUR 20 m	December, 2006	June, 2015	Index to Nikkei 225 index	19,925	19,925
BCP Fin.Bank - EUR 100 m	January, 2007	January, 2017	Euribor 3 months + 0.175%	100,000	100,000
BCP Fin.Bank - EUR 1000 m	February, 2007	February, 2012	Euribor 3 months + 0.125%	955,000	954,854
BCP Fin.Bank - EUR 32.1 m	June, 2008	June, 2016	Euribor 6 months + 0.5%	31,850	31,850
BCP Fin.Bank - EUR 31.35 m	October, 2008	October, 2016	Euribor 6M + 0.60%	30,600	30,600
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 1.0%)	5,488	5,488
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 1.0%)	3,071	3,071

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Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
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 1.00%; 5th year 1.250%)	1,078	1,078
BCP Finance Bank - EUR 44 m	May, 2009	May, 2014	Euribor 3M + 2.65%	44,000	44,000
BCP Finance Bank - EUR 57 m	May, 2009	May, 2014	Euribor 3M + 3.693%	57,000	57,000
BCP Finance Bank - EUR 64 m	May, 2009	May, 2014	Euribor 3M + 3.0144%	64,000	64,000
BCP Finance Bank - EUR 1.5 m	May, 2009	May, 2014	Euribor 3M + 1.45%	1,500	1,500
BCP Finance Bank - EUR 3.5 m	May, 2009	May, 2014	Euribor 3M + 1.84%	3,500	3,500
BCP Finance Bank - EUR 5 m	May, 2009	May, 2017	Euribor 3M + 0.89%	4,500	4,500
BCP Finance Bank - EUR 5 m	May, 2009	May, 2017	Euribor 3M + 0.93%	5,000	5,000
BCP Finance Bank - EUR 10 m	May, 2009	May, 2017	Euribor 3M + 1.29%	10,000	10,000
BCP Finance Bank - EUR 12.5 m	May, 2009	May, 2017	Euribor 3M + 1.49%	12,500	12,500
BCP Finance Bank - EUR 17.5 m	May, 2009	May, 2017	Euribor 3M + 1.81%	17,500	17,500
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 1.0%; 5th year 1.250%)	282	282
BCP Finance Bank - EUR 1.855 m	May, 2009	May, 2012	1st sem.=2.25%; 2nd sem.=2.5%; 3rd sem.=2.75%; 4th sem.=3.0%; 5th sem.=3.5%; 6th sem. =4.500%	1,759	1,769
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 1.0%; 5th year 1.250%)	540	540
BCP Finance Bank - EUR 5.857 m	June, 2009	June, 2012	1st sem.=2.25%; 2nd sem.=2.5%; 3rd sem.=2.75%; 4th sem.=3.0%; 5th sem.=3.5%; 6th sem. =4.0%	5,694	5,748
BCP Finance Bank - EUR 3.75 m	July, 2009	July, 2017	Euribor 3M + 2.07%	3,750	3,750
BCP Finance Bank - EUR 3.75 m	July, 2009	July, 2017	Euribor 3M + 1.91%	3,750	3,750
BCP Finance Bank - EUR 8.75 m	July, 2009	July, 2017	Euribor 3M + 2.22%	8,750	8,750
BCP Finance Bank - EUR 8.75 m	July, 2009	July, 2017	Euribor 3M + 2.72%	8,750	8,750
BCP Finance Bank - EUR 8.75 m	July, 2009	July, 2017	Euribor 3M + 2.3%	8,750	8,750
BCP Finance Bank - EUR 15 m	July, 2009	July, 2017	Euribor 3M + 2.5%	15,000	15,000
BCP Finance Bank - EUR 26.25 m	July, 2009	July, 2017	Euribor 3M + 2.43%	26,250	26,250
BCP Finance Bank - EUR 5 m	August, 2009	August, 2017	Euribor 3M + 1.260%	5,000	5,000
BCP Finance Bank - EUR 15 m	August, 2009	August, 2017	Euribor 3M + 1.720%	15,000	15,000
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 1.00%; 5th year 1.250%)	964	964
BCP Finance Bank - EUR 6.879 m	August, 2009	November, 2012	Fixed Rate of 3.07692%	6,849	6,842
BCP Finance Bank - EUR 3.5 m	September, 2009	September, 2014	Euribor 3M + 1.77%	3,500	3,500
BCP Finance Bank - EUR 6.5 m	September, 2009	September, 2014	Euribor 3M + 1.65%	6,500	6,500
BCP Finance Bank - EUR 8 m	September, 2009	September, 2014	Euribor 3M + 1.81%	8,000	8,000
BCP Finance Bank - EUR 15 m	September, 2009	September, 2014	Euribor 3M + 1.91%	15,000	15,000
BCP Finance Bank - EUR 26 m	September, 2009	September, 2014	Euribor 3M + 2.1462%	26,000	26,000
BCP Finance Bank - EUR 36 m	September, 2009	September, 2014	Euribor 3M + 2.5611%	36,000	36,000
BCP Finance Bank - EUR 19.881 m	September, 2009	December, 2012	Fixed Rate of 3.07692%	19,793	19,807
BCP Finance Bank - EUR 3 m	September, 2009	September, 2017	Euribor 3M + 1.62%	3,000	3,000
BCP Finance Bank - EUR 3 m	September, 2009	September, 2017	Euribor 3M + 1.53%	3,000	3,000
BCP Finance Bank - EUR 4 m	September, 2009	September, 2017	Euribor 3M + 2.18%	4,000	4,000
BCP Finance Bank - EUR 4.5 m	October, 2009	September, 2017	Euribor 3M + 1.30%	4,500	4,500
BCP Finance Bank - EUR 4.5 m	October, 2009	October, 2014	Euribor 3M + 1.45%	4,500	4,500
BCP Finance Bank - EUR 15 m	October, 2009	October, 2017	Euribor 3M + 1.40%	15,000	15,000
BCP Finance Bank - EUR 4.5 m	October, 2009	October, 2014	Euribor 3M + 1.28%	4,500	4,500
BCP Finance Bank - EUR 6 m	October, 2009	October, 2014	Euribor 3M + 2.02%	6,000	6,000
BCP Finance Bank - EUR 10 m	October, 2009	October, 2017	Euribor 3M + 1.28%	9,750	9,750
BCP Finance Bank - EUR 25 m	October, 2009	October, 2017	Euribor 3M + 1.6%	25,000	25,000
BCP Finance Bank - EUR 15.492 m	November, 2009	November, 2014	1st year=2.50%; 2nd year=2.75%; 3rd year=3.00%; 4th year=3.50%; 5th year=4.50%	15,468	15,511
BCP Finance Bank - EUR 5 m	December, 2009	March, 2015	Euribor 3M + 2.25%	5,000	5,000
BCP Finance Bank - EUR 12.951 m	December, 2009	December, 2014	1st year=2.50%; 2nd year=2.75%; 3rd year=3.00%;4th year=3.50%; 5th year=4.25%	12,946	12,876
BCP Finance Bank - EUR 52 m	December, 2009	December, 2017	Euribor 3M + 1.2969%	52,000	52,000
BCP Finance Bank - EUR 6 m	December, 2009	December, 2017	Euribor 3M +1.66%	6,000	6,000
BCP Finance Bank - EUR 8 m	December, 2009	December, 2017	Euribor 3M +1.26%	8,000	8,000

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Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
Bank Millennium (Greece):					
Kion 2006-1 A	December, 2006	July, 2051	Euribor 3 months + 0.15%	183,891	183,891
Kion 2006-1 B	December, 2006	July, 2051	Euribor 3 months + 0.27%	28,261	28,261
Kion 2006-1 C	December, 2006	July, 2051	Euribor 3 months + 0.55%	18,050	18,050
					17,354,372
Accruals					147,678
					17,502,050
Commercial paper:					
Banco Comercial Português:					
Bcp Sfi Dealer Bcp 29Mar10	December, 2009	March, 2010	Fixed Rate of 0.72%	20,000	19,965
BCP Finance Bank:					
BCP Finance Bank - EUR 2 m	January, 2009	January, 2010	Fixed Rate of 2.39%	2,000	1,996
BCP Finance Bank - EUR 5 m	April, 2009	January, 2010	Fixed Rate of 1.8%	5,000	4,999
BCP Finance Bank - EUR 5 m	June, 2009	June, 2010	Fixed Rate of 1.73%	5,000	4,961
BCP Finance Bank - EUR 100 m	July, 2009	July, 2010	Fixed Rate of 1.46%	100,000	99,191
BCP Finance Bank - EUR 10 m	July, 2009	June, 2010	Fixed Rate of 1.46%	10,000	9,931
BCP Finance Bank - EUR 15 m	July, 2009	January, 2010	Fixed Rate of 1.2%	15,000	14,987
BCP Finance Bank - USD 6 m	August, 2009	February, 2010	Fixed Rate of 1.12%	4,165	4,161
BCP Finance Bank - EUR 7 m	August, 2009	February, 2010	Fixed Rate of 1.07%	7,000	6,988
BCP Finance Bank - EUR 1 m	September, 2009	March, 2010	Fixed Rate of 1.04%	1,000	998
BCP Finance Bank - EUR 11 m	September, 2009	March, 2010	Fixed Rate of 1.09%	4,000	3,978
BCP Finance Bank - EUR 7 m	September, 2009	March, 2010	Fixed Rate of 1.05%	7,000	6,986
BCP Finance Bank - EUR 15 m	September, 2009	March, 2010	Fixed Rate of 1.04%	15,000	14,965
BCP Finance Bank - EUR 20 m	September, 2009	March, 2010	Fixed Rate of 1.03%	20,000	19,950
BCP Finance Bank - EUR 60 m	September, 2009	February, 2010	Fixed Rate of 0.95%	60,000	59,911
BCP Finance Bank - EUR 15 m	October, 2009	January, 2010	Fixed Rate of 0.76%	15,000	14,998
BCP Finance Bank - EUR 12 m	October, 2009	April, 2010	Fixed Rate of 1.03%	12,000	11,967
BCP Finance Bank - EUR 15 m	October, 2009	January, 2010	Fixed Rate of 0.75%	15,000	14,997
BCP Finance Bank - EUR 84 m	October, 2009	January, 2010	Fixed Rate of 0.76%	84,000	83,982
BCP Finance Bank - USD 5 m	October, 2009	March, 2010	Fixed Rate of 0.78%	3,471	3,466
BCP Finance Bank - EUR 25 m	October, 2009	April, 2010	Fixed Rate of 1.04%	25,000	24,927
BCP Finance Bank - USD 5 m	October, 2009	January, 2010	Fixed Rate of 0.51%	3,471	3,470
BCP Finance Bank - EUR 17 m	October, 2009	April, 2010	Fixed Rate of 1.05%	17,000	16,949
BCP Finance Bank - EUR 50 m	October, 2009	January, 2010	Fixed Rate of 0.76%	50,000	49,982
BCP Finance Bank - EUR 50 m	October, 2009	January, 2010	Fixed Rate of 0.76%	50,000	49,982
BCP Finance Bank - EUR 50 m	October, 2009	January, 2010	Fixed Rate of 0.76%	50,000	49,982
BCP Finance Bank - EUR 25 m	October, 2009	January, 2010	Fixed Rate of 0.75%	25,000	24,990
BCP Finance Bank - EUR 15 m	October, 2009	January, 2010	Fixed Rate of 0.75%	15,000	14,993
BCP Finance Bank - EUR 60 m	October, 2009	January, 2010	Fixed Rate of 0.755%	60,000	59,974
BCP Finance Bank - EUR 400 m	October, 2009	January, 2010	Fixed Rate of 0.73%	400,000	399,919
BCP Finance Bank - EUR 10 m	October, 2009	April, 2010	Fixed Rate of 1.04%	10,000	9,967
BCP Finance Bank - EUR 25 m	October, 2009	January, 2010	Fixed Rate of 0.75%	25,000	24,986
BCP Finance Bank - EUR 30 m	October, 2009	January, 2010	Fixed Rate of 0.725%	30,000	29,984
BCP Finance Bank - EUR 101 m	October, 2009	January, 2010	Fixed Rate of 0.73%	101,000	100,943
BCP Finance Bank - EUR 30 m	October, 2009	January, 2010	Fixed Rate of 0.72%	30,000	29,983
BCP Finance Bank - USD 6 m	October, 2009	January, 2010	Fixed Rate of 0.58%	4,165	4,163
BCP Finance Bank - EUR 10 m	November, 2009	February, 2010	Fixed Rate of 0.72%	10,000	9,993
BCP Finance Bank - EUR 20 m	November, 2009	February, 2010	Fixed Rate of 0.72%	20,000	19,985
BCP Finance Bank - EUR 20 m	November, 2009	February, 2010	Fixed Rate of 0.72%	20,000	19,985
BCP Finance Bank - EUR 40 m	November, 2009	February, 2010	Fixed Rate of 0.73%	40,000	39,968
BCP Finance Bank - EUR 50 m	November, 2009	February, 2010	Fixed Rate of 0.73%	50,000	49,959
BCP Finance Bank - EUR 50 m	November, 2009	February, 2010	Fixed Rate of 0.74%	50,000	49,944

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Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
BCP Finance Bank - EUR 4 m	November, 2009	February, 2010	Fixed Rate of 0.7%	4,000	3,997
BCP Finance Bank - EUR 30 m	November, 2009	February, 2010	Fixed Rate of 0.72%	30,000	29,975
BCP Finance Bank - EUR 100 m	November, 2009	February, 2010	Fixed Rate of 0.73%	100,000	99,909
BCP Finance Bank - EUR 200 m	November, 2009	February, 2010	Fixed Rate of 0.75%	200,000	199,804
BCP Finance Bank - EUR 15 m	November, 2009	May, 2010	Fixed Rate of 1%	15,000	14,944
BCP Finance Bank - EUR 25 m	November, 2009	February, 2010	Fixed Rate of 0.72%	25,000	24,976
BCP Finance Bank - EUR 11 m	November, 2009	February, 2010	Fixed Rate of 0.7%	11,000	10,990
BCP Finance Bank - USD 3 m	November, 2009	February, 2010	Fixed Rate of 0.42%	2,082	2,081
BCP Finance Bank - EUR 50 m	November, 2009	February, 2010	Fixed Rate of 0.72%	50,000	49,947
BCP Finance Bank - EUR 3 m	November, 2009	January, 2010	Fixed Rate of 0.53%	3,000	2,999
BCP Finance Bank - EUR 10 m	November, 2009	February, 2010	Fixed Rate of 0.72%	10,000	9,989
BCP Finance Bank - EUR 40 m	November, 2009	February, 2010	Fixed Rate of 0.72%	40,000	39,957
BCP Finance Bank - EUR 10 m	November, 2009	February, 2010	Fixed Rate of 0.72%	10,000	9,989
BCP Finance Bank - EUR 10 m	November, 2009	May, 2010	Fixed Rate of 1.01%	10,000	9,960
BCP Finance Bank - EUR 50 m	November, 2009	February, 2010	Fixed Rate of 0.75%	50,000	49,943
BCP Finance Bank - EUR 30 m	November, 2009	May, 2010	Fixed Rate of 1.02%	30,000	29,876
BCP Finance Bank - EUR 10 m	November, 2009	May, 2010	Fixed Rate of 1.02%	10,000	9,959
BCP Finance Bank - EUR 100 m	December, 2009	March, 2010	Fixed Rate of 0.74%	100,000	99,875
BCP Finance Bank - EUR 20 m	December, 2009	March, 2010	Fixed Rate of 0.72%	20,000	19,974
BCP Finance Bank - EUR 75 m	December, 2009	March, 2010	Fixed Rate of 0.74%	75,000	74,898
BCP Finance Bank - EUR 13 m	December, 2009	June, 2010	Fixed Rate of 0.98%	13,000	12,943
BCP Finance Bank - EUR 10 m	December, 2009	June, 2010	Fixed Rate of 1.01%	10,000	9,955
BCP Finance Bank - EUR 3.5 m	December, 2009	March, 2010	Fixed Rate of 0.69%	3,500	3,495
BCP Finance Bank - EUR 22.5 m	December, 2009	June, 2010	Fixed Rate of 1.01%	22,500	22,391
BCP Finance Bank - EUR 25 m	December, 2009	March, 2010	Fixed Rate of 0.72%	25,000	24,959
BCP Finance Bank - EUR 10 m	December, 2009	March, 2010	Fixed Rate of 0.725%	10,000	9,982
BCP Finance Bank - EUR 10 m	December, 2009	March, 2010	Fixed Rate of 0.72%	10,000	9,982
					2,376,154

This balance is analysed by the period to maturity, as follows:

	2009 Euros '000	2008 Euros '000
Bonds:		
Up to 3 months	653,293	1,774,487
3 to 6 months	1,816,525	109,733
6 to 12 months	532,950	2,706,853
1 to 5 years	10,824,672	8,284,560
More than 5 years	3,526,932	4,768,792
	17,354,372	17,644,425
Accruals	147,678	139,613
	17,502,050	17,784,038
Commercial paper:		
Up to 3 months	2,088,233	2,015,159
3 to 6 months	188,730	518,903
6 to 12 months	99,191	148,065
	2,376,154	2,682,127
Other:		
Up to 3 months	-	4,793
3 to 6 months	10,818	-
6 to 12 months	8,268	1,553
1 to 5 years	30,208	38,666
More than 5 years	25,729	4,389
	75,023	49,401
	19,953,227	20,515,566

35. Financial liabilities held for trading

The balance is analysed as follows:

	2009 Euros '000	2008 Euros '000
Short selling securities	4,741	-
FRA	68	424
Swaps	953,083	2,078,564
Futures	3,423	-
Options	76,347	24,720
Embedded derivatives	15,439	11,923
Forwards	19,223	23,184
	1,072,324	2,138,815
of which:		
Level 1	8,638	46
Level 2	1,063,686	2,138,769
Level 3	-	-

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 techiques 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 contract in accordance with the accounting policy presented in note 1 d), in the amount of Euros 15,439,000 (31 December 2008: Euros 11,923,000). This note should be analysed with note 22.

36. Other financial liabilities held for trading at fair value through profit or loss

The balance is analysed as follows:

	2009 Euros '000	2008 Euros '000
Deposits from credit institutions	1,281,460	1,935,354
Deposits from customers	12,005	35,522
Bonds	5,000,180	3,922,153
Commercial paper and other liabilities	51,938	821,294
	6,345,583	6,714,323

Other financial liabilities held for trading 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 held for trading at fair value through profit or loss account includes an negative amount of Euros 106,089,000 (31 December 2008: Euros 88,273,000) related to the fair value changes resulting from variations in the credit risk (spread) of the Group BCP, as referred in the accounting policy presented in note 1 d).

The characteristics of the bonds and commercial paper issued by the Group at fair value through profit or loss as at 31 December, 2009 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 MR Dax Feb 2007/10	February, 2007	February, 2010	Indexed to DAX 30 index	12,392	13,121
BCP Ob Cx R.G.III Feb 2007/12	February, 2007	February, 2012	Indexed to DJ EuroStoxx 50 index	20,196	19,546
BCP Ob Cx Op 4%+ Mar 2007/10	March, 2007	March, 2010	Indexed to portfolio of shares	19,331	19,265
BCP Ob Cx RGIv Mar 2007/12	March, 2007	March, 2012	Indexed to DJ EuroStoxx 50 index	12,280	11,880
BCP Ob Cx RGIv 2Em Mar 2007/12	March, 2007	March, 2012	Indexed to DJ EuroStoxx 50 index	11,546	11,081
BCP Ob Cx I. M. May 2010	May, 2007	May, 2010	Indexed to portfolio of indexes	6,065	6,098
BCP Ob Cx RGV 2Em May 2007/12	May, 2007	May, 2012	Indexed to DJ EuroStoxx 50 index	5,000	4,417
BCP Ob Cx RGV May 2007/12	May, 2007	May, 2012	Indexed to DJ EuroStoxx 50 index	11,510	11,076
BCP Ob Cx Obr 10 E-J Jun 2007/10	June, 2007	June, 2010	Indexed to portfolio of indexes	5,441	5,437

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Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
BCP Ob Cx RGVi Jun 2007/12	June, 2007	June, 2012	Indexed to portfolio of indexes	13,845	13,382
BCP Ob Cx RGVii Aug2007/12	August, 2007	August, 2012	Indexed to portfolio of indexes	12,040	11,832
BCP Ob Cx M.C. Sep 2007/10	September, 2007	September, 2010	1st Sem. 4.00%; 2nd Sem. 4.05%; 3rd Sem. 4.10%; 4th Sem. 4.15%; 5th Sem. 4.20%; 6th Sem. 4.25%	34,797	35,531
BCP SFI Ob Cx M.C. Sep 2007/10	September, 2007	September, 2010	1st Sem. 4.00%; 2nd Sem. 4.05%; 3rd Sem. 4.10%; 4th Sem. 4.15%; 5th Sem. 4.20%; 6th Sem. 4.25%	8,018	8,185
Ob Cx BCP RGViii Sep 2007/12	September, 2007	September, 2012	Indexed to portfolio of indexes	6,500	6,245
BCP Ob Cx RGViii 2E Sep 2007/12	September, 2007	September, 2012	Indexed to portfolio of indexes	6,408	6,091
BCP Ob Cx M.C. Aug 2010	September, 2007	August, 2010	1st Sem. 3.5%; 2nd Sem. 3.625%; 3rd Sem. 3.750%; 4th Sem. 4.0%; 5th Sem. 4.250%; 6th Sem. (5 months)=4.5%	21,806	22,277
BCP SFI Ob Cx M.C. Aug 2010	September, 2007	August, 2010	1st Sem. 3.5%; 2nd Sem. 3.625%; 3rd Sem. 3.750%; 4th Sem. 4.0%; 5th Sem. 4.250%; 6th Sem. (5 months)=4.5%	12,833	13,111
BCP SFE Ob Cx M.C. Sep 2007/10	September, 2007	September, 2010	1st Sem. 4.0%; 2nd Sem. 4.05%; 3rd Sem. 4.10%; 4th Sem. 4.15%; 5th Sem. 4.20%; 6th Sem. 4.25%	299	306
BCP SFE Ob Cx M.C. Aug 2010	September, 2007	August, 2010	1st Sem. 3.5%; 2nd Sem. 3.625%; 3rd Sem. 3.750%; 4th Sem. 4.0%; 5th Sem. 4.250%; 6th Sem. (5 months)=4.5%	309	316
BCP Ob Cx RGIx Oct 2007/12	October, 2007	October, 2012	Indexed to DJ EuroStoxx 50 index	3,217	3,396
BCP Ob Cx M.C. Jan 2010	October, 2007	January, 2010	1st Sem. 3.50%; 2nd Sem. 3.60%; 3rd Sem. 4.0%; 4th Sem. 4.10%; 5th Sem. (3 months)=4.50%	45,648	45,737
BCP SFI Ob Cx M.C. Jan 2010	October, 2007	January, 2010	1st Sem. 3.50%; 2nd Sem. 3.60%; 3rd Sem. 4.0%; 4th Sem. 4.10%; 5th Sem. (3 months)=4.50%	28,082	28,136
BCP Ob Cx M.R.Eur. Oct2010	October, 2007	October, 2010	Indexed to DJ EuroStoxx 50 index	11,879	13,134
BCP SFE Ob Cx M.C. Jan 2010	October, 2007	January, 2010	1st Sem. 3.50%; 2nd Sem. 3.60%; 3rd Sem. 4.0%; 4th Sem. 4.10%; 5th Sem. (3 months)=4.50%	1,899	1,902
BCP Ob Cx RGX Dec 2007/12	December, 2007	November, 2012	Indexed to DJ EuroStoxx 50 index	2,372	2,489
BCPOb Cx Inv Men Feb 08/10	February, 2008	February, 2010	1st month 3.85%; 2nd to 23th month: last month interest rate + 0.05%; 24th month 12.0%	140,169	141,580
BCPsfi Ob Cx Inv Men Feb2008	February, 2008	February, 2010	1st month 3.85%; 2nd to 23th month: last month interest rate + 0.05%; 24th month 12.0%	15,632	15,789
BCPsfe Ob Cx Inv Men Feb 2008	February, 2008	February, 2010	1st month 3.85%; 2nd to 23th month: last month interest rate + 0.05%; 24th month 12.0%	1,999	2,019
BCPOb Cx Sup Inv 2008 Feb 08/11	February, 2008	February, 2011	1st Sem. 4.0%; 2nd Sem. 4.25%; 3rd Sem 4.5%; 4th Sem. 5%; 5th Sem. 5.5%; 6th Sem. 6%	46,348	48,080
BCPOb Cx Inv Cab Mu Feb 08/11	February, 2008	February, 2011	Indexed to portfolio of 3 indexes	8,652	8,646
BCPOb Cx Inv Mercad Mar 08/11	March, 2008	March, 2011	Indexed to portfolio of 3 Commodities	16,756	16,847
BCPOb Cx Inv Agua May 08/11	May, 2008	May, 2011	Indexed to S&P Global Water	13,079	13,083
BCPCovered Bonds - 4.875 Pct	May, 2008	May, 2010	Fixed rate of 4.875%	1,000,000	1,013,724
BCPOb Cx Inv Ener Ren Jun 08/11	June, 2008	June, 2011	Indexed to portfolio of 4 shares	17,054	17,155
BCPOb Cx Inv Saude July 08/11	July, 2008	July, 2011	Indexed to portfolio of 5 shares	5,538	5,472
BCPOb Cx Inv Plus Sep 08/11	September, 2008	September, 2011	1st Quart.=5%; 2nd Quart.=5%; 3rd Quart.=5.25%; 4th Quart.=5.25%; 5th Quart.=5.5%; 6th Quart.=5.75%	86,558	91,932
BCPOb Cx Inv Iber Sep 2008/11	September, 2008	September, 2011	Indexed to portfolio of indexes	3,528	3,508
BCPSfi Ob Cx Inv Plus Sep 08/11	September, 2008	September, 2011	1st Quart.=5%; 2nd Quart.=5%; 3rd Quart.=5.25%; 4th Quart.=5.25%; 5th Quart.=5.5%; 6th Quart.=5.75%	26,109	27,734
BCPSfe Ob Cx Inv Plus Sep 08/11	September, 2008	September, 2011	1st Quart.=5%; 2nd Quart.=5%; 3rd Quart.=5.25%; 4th Quart.=5.25%; 5th Quart.=5.5%; 6th Quart.=5.75%	2,731	2,901
BCPOb Cx Inv Plus Oct 08/11	October, 2008	October, 2011	1st e 2nd Sem.=4.75% ; 3rd e 4th Sem.=5.0% ; 5th e 6th Sem.=5.25%	53,984	57,590
BCPSfi Ob Cx Inv Plus Oct 08/11	October, 2008	October, 2011	1st e 2nd Sem.=4.75% ; 3rd e 4th Sem.=5.0% ; 5th e 6th Sem.=5.25%	20,270	21,624
BCPOb Cx Inv Petroleo Oct 08/11	October, 2008	October, 2011	Indexed to portfolio of shares	3,017	3,286
BCPSfe Ob Cx Inv Plus Oct 08/11	October, 2008	October, 2011	1st e 2nd Sem.=4.75% ; 3rd e 4th Sem.=5.0% ; 5th e 6th Sem.=5.25%	3,664	3,909
Bcp - 3.625 Per Cent FRN	January, 2009	January, 2012	Fixed rate of 3.625%	1,500,000	1,539,851

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Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
Bcp Rend Mais Mar2009/12	March, 2009	March, 2012	1st Sem.=2.5%; 2nd Sem.=2.75%; 3rd Sem.=3.0%; 4th Sem.=3.25%; 5th Sem.=3.5%; 6th Sem.=4.25%	120,165	120,922
Bcp Rend Mais Abr 2009/12	April, 2009	April, 2012	1st Sem.=2.25%; 2nd Sem.=2.50%; 3rd Sem.=2.75%; 4th Sem.=3.00%; 5th Sem.=3.50%; 6th Sem.=4.00%	98,702	99,595
Bcp Inv Merc Mund 09/22.09/12	September, 2009	September, 2012	Fixed rate of 1% year + portfolio of 6 indexes until maturity	960	965
Bcp Inv. Cab Energia Nov 2012	November, 2009	November, 2012	Indexed to portfolio of 5 shares	2,653	2,631
BCP Finance Bank:					
MTN - EUR 1 Millions	February, 2007	February, 2010	Indexed to portfolio of 2 shares	920	127
MTN - EUR 1.7 Millions	February, 2007	February, 2010	Indexed to portfolio of 2 shares	1,477	42
MTN - EUR 1.405 Millions	February, 2007	February, 2010	Indexed to portfolio of 3 shares	1,405	1,387
MTN - EUR 1.1 Millions	February, 2007	February, 2010	Indexed to portfolio of 2 shares	1,100	147
MTN - USD 1.4 Millions	March, 2007	March, 2010	Indexed to portfolio of 3 indexes	972	925
MTN - EUR 5.7 Millions	March, 2007	March, 2010	Indexed to portfolio of 3 shares	5,250	5,193
MTN - EUR 2.505 Millions	March, 2007	March, 2010	Indexed to portfolio of 5 shares	2,255	2,255
MTN - EUR 3.62 Millions	March, 2007	March, 2010	Indexed to portfolio of 3 shares	3,009	2,974
MTN - EUR 1 Millions	March, 2007	March, 2011	Indexed to portfolio DJ EuroStoxx 50	1,000	963
MTN - USD 1.25 Millions	April, 2007	April, 2010	Fixed rate of 8.04%	868	856
MTN - USD 1.32 Millions	April, 2007	April, 2010	Indexed to portfolio of 3 indexes	916	872
MTN - USD 1.33 Millions	April, 2007	April, 2010	Fixed rate of 8.04%	923	893
MTN - EUR 1 Millions	April, 2007	April, 2010	Fixed rate of 4.5%	950	954
MTN - EUR 5 Millions	April, 2007	April, 2010	Indexed to portfolio of 3 shares	4,713	4,573
MTN - USD 5.86 Millions	May, 2007	May, 2010	Indexed to portfolio of 3 shares	3,778	3,662
MTN - EUR 8.4 Millions	May, 2007	May, 2011	6M Euribor + 1.30%	5,112	5,131
MTN - JPY 4100 Millions	May, 2007	October, 2010	3M JPY LIBOR	30,790	30,618
MTN - EUR 4.24 Millions	July, 2007	July, 2010	Indexed to portfolio of 3 shares	4,215	4,131
MTN - EUR 5.1 Millions	July, 2007	July, 2010	Indexed to portfolio of 2 shares	4,991	22
MTN - CAD 50 Millions	July, 2007	July, 2010	3M CDOR	33,051	33,171
MTN - USD 1.05 Millions	August, 2007	August, 2010	Indexed to portfolio of 3 indexes	659	309
MTN - EUR 1.3 Millions	August, 2007	August, 2010	Indexed to portfolio of 3 indexes	1,300	607
MTN - EUR 1.695 Millions	August, 2007	August, 2010	Indexed to portfolio of commodities	1,595	1,759
MTN - EUR 2.03 Millions	August, 2007	August, 2010	Indexed to portfolio of 2 shares	2,030	2,543
MTN - EUR 2.075 Millions	October, 2007	October, 2011	Fixed rate of 6%	2,000	1,458
MTN - EUR 18.26 Millions	October, 2007	October, 2010	Indexed to portfolio of 3 indexes	17,975	11,366
MTN - USD 4 Millions	October, 2007	February, 2010	Fixed rate of 4.2857143%	2,102	2,119
MTN - USD 3.95 Millions	October, 2007	October, 2010	Indexed to portfolio of 3 indexes	2,682	1,614
MTN - EUR 3.425 Millions	October, 2007	October, 2010	Indexed to portfolio of 3 indexes	2,788	1,487
MTN - EUR 1.41 Millions	October, 2007	October, 2010	Indexed to portfolio of 3 shares	1,360	1,312
MTN - USD 2.8 Millions	November, 2007	November, 2010	Indexed to portfolio of 3 indexes	1,903	1,159
MTN - EUR 2.65 Millions	November, 2007	November, 2010	Indexed to portfolio of 3 indexes	2,650	1,648
MTN - EUR 8.2 Millions	November, 2007	November, 2010	Indexed to portfolio of 3 indexes	7,520	4,780
MTN - EUR 8.29 Millions	November, 2007	November, 2010	Indexed to portfolio of 3 indexes	8,174	5,039
MTN - USD 2.1 Millions	November, 2007	November, 2010	Indexed to portfolio of 3 indexes	1,458	1,027
MTN - USD 3 Millions	November, 2007	June, 2010	Fixed rate of 4.6451613%	1,954	1,990
MTN - EUR 21 Millions	December, 2007	December, 2010	Indexed to portfolio of 3 indexes	21,000	15,540
MTN - EUR 2.9 Millions	December, 2007	December, 2010	Indexed to portfolio of 3 indexes	2,900	2,070
MTN - USD 7.488 Millions	December, 2007	December, 2010	Indexed to portfolio of 3 indexes	4,894	3,375
MTN - EUR 12.962 Millions	December, 2007	December, 2010	Indexed to portfolio of 3 indexes	10,671	6,760
MTN - USD 0.84 Millions	December, 2007	December, 2010	Indexed to portfolio of 3 indexes	583	372
MTN - EUR 16.312 Millions	December, 2007	December, 2010	Indexed to portfolio of 3 indexes	14,496	9,588
MTN - EUR 1 Millions	January, 2008	January, 2011	Indexed to portfolio of 3 shares	1,000	953
MTN - EUR 11 Millions	January, 2008	January, 2011	Indexed to portfolio of 3 indexes	11,000	8,162
MTN - EUR 5.872 Millions	January, 2008	January, 2011	Indexed to portfolio of 3 indexes	5,722	4,393
MTN - EUR 2.96 Millions	February, 2008	February, 2011	Indexed to portfolio of 3 Commodities	2,895	2,699
MTN - EUR 1.5 Millions	March, 2008	March, 2011	Indexed to portfolio of 3 indexes	1,400	1,130
MTN - EUR 2.5 Millions	March, 2008	March, 2011	Indexed to portfolio of 3 indexes	2,500	2,023
MTN - EUR 2.5 Millions	March, 2008	March, 2011	Indexed to portfolio of 3 indexes	2,500	2,424
MTN - EUR 1.325 Millions	March, 2008	March, 2010	Indexed to index S&P5000	1,325	1,326
MTN - EUR 5.275 Millions	March, 2008	March, 2010	Indexed to portfolio of 4 shares	5,275	5,041
MTN - EUR 9 Millions	March, 2008	March, 2016	Euribor 3M + 2.80%	9,000	9,126
MTN - EUR 9 Millions	March, 2008	March, 2016	Euribor 3M + 2.80%	9,000	9,250
MTN - EUR 12 Millions	March, 2008	March, 2016	Euribor 3M + 2.8042%	12,000	12,981
MTN - EUR 15 Millions	March, 2008	March, 2016	Euribor 3M + 2.25%	7,500	7,631

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Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
MTN - EUR 15 Millions	March, 2008	March, 2016	Euribor 3M + 2.334%	15,000	11,712
MTN - EUR 15 Millions	March, 2008	March, 2016	Euribor 3M + 2.35%	15,000	13,206
MTN - EUR 25 Millions	March, 2008	March, 2016	Euribor 3M + 2.34%	25,000	26,180
MTN - EUR 45 Millions	March, 2008	March, 2016	Euribor 3M + 2.65%	45,000	47,562
MTN - EUR 1 Millions	March, 2008	March, 2011	Indexed to portfolio of 3 indexes	1,000	880
MTN - EUR 1.147 Millions	March, 2008	March, 2011	Indexed to portfolio of 3 Commodities	1,090	1,045
MTN - EUR 20 Millions	April, 2008	April, 2016	Euribor 3M + 2.50%	17,300	18,254
MTN - EUR 20 Millions	April, 2008	April, 2016	Euribor 3M + 2.50%	20,000	20,956
MTN - EUR 20 Millions	April, 2008	April, 2016	Euribor 3M + 2.45%	20,000	21,118
MTN - EUR 20 Millions	April, 2008	April, 2016	Euribor 3M + 2.78%	20,000	21,817
MTN - EUR 20 Millions	April, 2008	April, 2016	Euribor 3M + 2.88%	20,000	21,962
MTN - EUR 20 Millions	April, 2008	April, 2016	Euribor 3M + 2.58%	20,000	21,228
MTN - EUR 20 Millions	April, 2008	April, 2016	Euribor 3M + 2.58%	20,000	21,261
MTN - EUR 3 Millions	April, 2008	April, 2011	Indexed to portfolio of 3 indexes	3,000	2,611
MTN - EUR 10 Millions	April, 2008	April, 2016	Euribor 3M + 2.12%	10,000	10,161
MTN - EUR 10 Millions	April, 2008	April, 2016	Euribor 3M + 2.12%	10,000	10,155
MTN - EUR 15 Millions	April, 2008	April, 2016	Euribor 3M + 2.22%	15,000	15,565
MTN - USD 2.95 Millions	April, 2008	April, 2010	Indexed to portfolio	1,875	1,844
MTN - EUR 12.5 Millions	May, 2008	May, 2016	Euribor 3M + 2.20%	12,350	12,668
MTN - EUR 12.5 Millions	May, 2008	May, 2016	Euribor 3M + 2.20%	12,500	12,778
MTN - EUR 15 Millions	May, 2008	May, 2016	Euribor 3M + 2.35%	15,000	15,934
MTN - EUR 21 Millions	May, 2008	May, 2016	Euribor 3M + 1.40%	21,000	20,444
MTN - EUR 4 Millions	June, 2008	June, 2011	Indexed to portfolio of 3 indexes	4,000	2,946
MTN - EUR 9 Millions	June, 2008	June, 2013	Indexed to portfolio DB SALSA Sectors	8,726	10,369
MTN - EUR 1.02 Millions	June, 2008	June, 2011	Indexed to portfolio of 3 indexes	1,020	1,010
MTN - EUR 13 Millions	June, 2008	June, 2016	Euribor 3 M + 1.45%	13,000	12,964
MTN - EUR 13 Millions	June, 2008	June, 2016	Euribor 3 M + 1.45%	13,000	12,812
MTN - EUR 21 Millions	June, 2008	June, 2016	Euribor 3 M + 2.25%	21,000	20,460
MTN - EUR 8 Millions	July, 2008	July, 2016	Euribor 3 M + 1.57%	8,000	7,896
MTN - EUR 8 Millions	July, 2008	July, 2016	Euribor 3 M + 1.55%	8,000	7,949
MTN - EUR 8 Millions	July, 2008	July, 2016	Euribor 3 M + 1.57%	8,000	7,925
MTN - EUR 8 Millions	July, 2008	July, 2016	Euribor 3 M + 1.55%	8,000	7,956
MTN - EUR 8 Millions	July, 2008	July, 2016	Euribor 3 M + 1.50%	8,000	7,790
MTN - EUR 1.64 Millions	July, 2008	July, 2011	Indexed to portfolio of 3 indexes	1,640	1,523
MTN - EUR 2.51 Millions	July, 2008	January, 2010	Indexed to portfolio of 3 shares	2,510	2,458
MTN - EUR 7.5 Millions	July, 2008	July, 2013	Euribor 3 M + 2.30%	7,500	7,593
MTN - EUR 7.5 Millions	July, 2008	July, 2013	Euribor 3 M + 2.06%	7,500	7,867
MTN - EUR 7.5 Millions	July, 2008	July, 2013	Euribor 3 M + 2.05%	7,500	7,701
MTN - EUR 7.5 Millions	July, 2008	July, 2013	Euribor 3 M + 2.05%	7,500	7,739
MTN - EUR 7.5 Millions	July, 2008	July, 2013	Euribor 3 M + 1.85%	7,500	7,624
MTN - EUR 5 Millions	July, 2008	July, 2011	Euribor 3 M + 2.25%	5,000	5,068
MTN - EUR 1.15 Millions	July, 2008	July, 2011	Indexed to Financial Select Sector SPDR Fund	1,150	1,191
MTN - EUR 9.6 Millions	July, 2008	July, 2016	Euribor 3 M + 1.50%	9,400	9,150
MTN - EUR 9.6 Millions	July, 2008	July, 2016	Euribor 3 M + 1.57%	9,250	9,145
MTN - EUR 9.6 Millions	July, 2008	July, 2016	Euribor 3 M + 1.57%	9,600	9,519
MTN - EUR 9.6 Millions	July, 2008	July, 2016	Euribor 3 M + 1.62%	9,600	9,601
MTN - EUR 9.6 Millions	July, 2008	July, 2016	Euribor 3 M + 1.62%	9,600	9,598
MTN - EUR 1 Millions	August, 2008	August, 2011	Indexed to portfolio of 3 indexes	950	914
MTN - EUR 1.5 Millions	August, 2008	February, 2010	Indexed to portfolio of 3 indexes	1,400	1,405
MTN - EUR 7 Millions	August, 2008	August, 2013	Euribor 3 M + 2.9471%	7,000	7,153
MTN - EUR 24 Millions	August, 2008	August, 2013	Euribor 3 M + 2.12%	24,000	25,231
MTN - EUR 4.5 Millions	August, 2008	August, 2016	Euribor 3 M + 1.95%	4,500	4,549
MTN - EUR 10 Millions	August, 2008	August, 2016	Euribor 3 M + 1.905%	10,000	10,174
MTN - EUR 10 Millions	August, 2008	August, 2016	Euribor 3 M + 1.93%	10,000	10,298
MTN - EUR 12.5 Millions	August, 2008	August, 2016	Euribor 3 M + 2.336%	12,500	13,456
MTN - EUR 1 Millions	September, 2008	September, 2013	Euribor 3 M + 1.33%	650	663
MTN - EUR 2.5 Millions	September, 2008	September, 2013	Euribor 3 M + 1.67%	2,500	2,557
MTN - USD 4.248 Millions	September, 2008	September, 2010	Fixed rate of 3.5%	2,828	2,895
MTN - EUR 3.3 Millions	September, 2008	September, 2016	Euribor 3 M + 1.8%	3,300	3,384
MTN - EUR 10 Millions	September, 2008	September, 2013	Euribor 3 M + 1.804%	10,000	10,304
MTN - EUR 10.3 Millions	September, 2008	September, 2016	Euribor 3 M + 1.8551%	10,300	10,571
MTN - EUR 25.5 Millions	September, 2008	September, 2013	Euribor 3 M + 1.8961%	25,500	26,340
MTN - EUR 9 Millions	October, 2008	October, 2013	Euribor 3M + 2.08%	9,000	9,494
MTN - EUR 9 Millions	October, 2008	October, 2013	Euribor 3M + 2.07%	9,000	9,506
MTN - EUR 9 Millions	October, 2008	October, 2016	Euribor 3M + 2.12%	9,000	9,644
MTN - EUR 9 Millions	October, 2008	October, 2016	Euribor 3M + 2.13%	9,000	9,615

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Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
MTN - EUR 7 Millions	November, 2008	November, 2013	Euribor 3M + 1.27%	7,000	7,373
MTN - EUR 8 Millions	November, 2008	November, 2016	Euribor 3M + 1.32%	8,000	8,498
MTN - EUR 1.9 Millions	December, 2008	June, 2010	Indexed to portfolio of 3 indexes	1,900	1,906
MTN - EUR 1.9 Millions	December, 2008	December, 2011	Euribor 3M + 1.5%	1,900	1,994
MTN - EUR 1.5 Millions	December, 2008	December, 2013	Euribor 3M + 1.25%	1,500	1,560
MTN - EUR 2.5 Millions	December, 2008	December, 2013	Euribor 3M + 2.1%	2,500	2,535
MTN - EUR 2.5 Millions	December, 2008	December, 2013	Euribor 3M + 1.4%	2,500	2,640
MTN - EUR 3.5 Millions	December, 2008	December, 2013	Euribor 3M + 1.65%	3,500	3,709
MTN - EUR 4 Millions	December, 2008	December, 2016	Euribor 3M + 1.35%	4,000	4,170
MTN - EUR 5 Millions	December, 2008	December, 2016	Euribor 3M + 1.5%	5,000	5,335
MTN - EUR 10.5 Millions	December, 2008	December, 2016	Euribor 3M + 1.9514%	10,500	11,389
MTN - EUR 10.5 Millions	December, 2008	December, 2016	Euribor 3M + 2.5195%	10,500	10,784
MTN - EUR 10 Millions	February, 2009	February, 2014	Euribor 3M + 1.95%	10,000	10,224
MTN - EUR 10 Millions	February, 2009	February, 2014	Euribor 3M + 2.95%	10,000	9,967
MTN - EUR 10 Millions	February, 2009	February, 2017	Euribor 3M + 1.79%	9,800	10,140
MTN - EUR 90 Millions	February, 2009	February, 2017	Euribor 3M + 2.0089%	90,000	92,573
MTN - EUR 1 Millions	February, 2009	February, 2014	Euribor 3M + 1.6%	1,000	1,019
MTN - EUR 11.695 Millions	March, 2009	March, 2012	1st Sem.=2.5%; 2nd Sem.=2.75%; 2rd Sem.=3.0%; 4th Sem.=3.25%; 5th Sem.=3.5%; 6th Sem.=4.25%	11,448	11,520
MTN - EUR 7.5 Millions	April, 2009	April, 2014	Euribor 3M + 1.634%	7,500	7,574
MTN - EUR 7.5 Millions	April, 2009	April, 2014	Euribor 3M + 2.0080%	7,500	7,775
MTN - EUR 10 Millions	April, 2009	April, 2014	Euribor 3M + 1.98%	10,000	10,259
MTN - EUR 10 Millions	April, 2009	April, 2017	Euribor 3M + 1.74%	10,000	10,129
MTN - EUR 10 Millions	April, 2009	April, 2017	Euribor 3M + 1.68%	10,000	10,303
MTN - EUR 20 Millions	April, 2009	April, 2017	Euribor 3M + 1.73%	20,000	20,701
MTN - EUR 20 Millions	April, 2009	April, 2017	Euribor 3M + 2.68%	20,000	19,632
MTN - EUR 40 Millions	April, 2009	April, 2017	Euribor 3M + 1.99%	40,000	41,299
MTN - EUR 5.5 Millions	April, 2009	April, 2017	Euribor 3M + 1.30%	5,500	5,506
MTN - EUR 5.5 Millions	April, 2009	April, 2017	Euribor 3M + 1.20%	5,500	5,384
MTN - EUR 8.625 Millions	April, 2009	April, 2012	1st Sem.=2.25%; 2nd Sem.=2.50%; 2rd Sem.=2.75%; 4th Sem.=3.00%; 5th Sem.=3.50%; 6th Sem.=4.00%	7,872	7,943
MTN - EUR 1.49 Millions	August, 2009	February, 2011	Indexed to portfolio of 4 shares	1,490	1,762
MTN - USD 1 Millions	September, 2009	January, 2010	Indexed to portfolio of shares	694	680
MTN - USD 1 Millions	September, 2009	January, 2010	Indexed to portfolio of shares	694	680
MTN - EUR 0.27 Millions	September, 2009	September, 2012	Fixed rate of 1% ano + portfolio of 6 indexes untill maturity	270	271
MTN - USD 1 Millions	October, 2009	January, 2010	Indexed to portfolio of shares	694	680
MTN - EUR 1.406 Millions	October, 2009	February, 2010	Indexed to portfolio of shares	1,406	1,376
MTN - EUR 2.8 Millions	October, 2009	February, 2010	Indexed to portfolio of shares	2,800	2,750
MTN - EUR 1.06 Millions	November, 2009	May, 2011	Indexed to portfolio of shares	1,060	1,016
MTN - EUR 1.145 Millions	November, 2009	November, 2012	Indexed to portfolio of shares	1,145	1,138
MTN - EUR 0.296 Millions	November, 2009	November, 2012	Indexed to portfolio of shares	296	294
MTN - EUR 1.28 Millions	November, 2009	March, 2010	Indexed to portfolio of shares	1,280	1,253
MTN - EUR 1.075 Millions	November, 2009	November, 2014	Indexada ao Down Jones EuroStoxx 50	1,075	1,066
MTN - EUR 1.61 Millions	November, 2009	March, 2010	Indexed to portfolio of shares	1,610	1,585
MTN - EUR 1 Millions	November, 2009	May, 2011	Indexed to portfolio of 3 shares	1,000	999
MTN - EUR 2.287 Millions	December, 2009	June, 2011	Indexed to portfolio of 3 shares	2,287	2,268
MTN - USD 1 Millions	December, 2009	April, 2010	Indexed to portfolio of shares	694	694
MTN - EUR 1 Millions	December, 2009	March, 2010	Indexed to portfolio of shares	1,000	1,000
MTN - EUR 2.98 Millions	December, 2009	April, 2010	Indexed to portfolio of shares	2,980	2,980
MTN - EUR 1.995 Millions	December, 2009	June, 2011	Indexed to commodities	1,995	1,965
MTN - EUR 1.5 Millions	December, 2009	March, 2010	Fixed rate of 27.20%	1,500	1,500
MTN - EUR 3.9 Millions	December, 2009	December, 2016	Euribor 3M +margin between 2.5% e 5%	3,900	3,900
Commercial paper:					
Subordinated debt:					
BCP Finance Bank - USD 45 Millions	December, 2009	April, 2010	Fixed rate of 0.7%	31,237	31,185
BCP Finance Bank - USD 30 Millions	December, 2009	June, 2010	Fixed rate of 0.89%	20,825	20,753
					4,955,775
Accruals					96,343
					5,052,118

This balance is analysed by the period to maturity, as follows:

	2009 Euros '000	2008 Euros '000
Bonds issued:		
Up to 3 months	304,452	189,237
3 to 6 months	1,046,483	447,338
6 to 12 months	236,052	422,952
1 to 5 years	2,470,702	2,235,883
More than 5 years	846,148	570,481
	4,903,837	3,865,891
Accruals	96,343	56,262
	5,000,180	3,922,153
Commercial paper and other liabilities:		
Up to 3 months	-	512,445
3 to 6 months	51,938	10,678
More than 6 months	-	293,648
	51,938	816,771
Accruals	-	4,523
	51,938	821,294

37. Provisions for liabilities and charges

This balance is analysed as follows:

	2009 Euros '000	2008 Euros '000
Provision for guarantees and other commitments	88,257	77,729
Technical provision for the insurance activity:		
For direct insurance and reinsurance accepted:		
Unearned premium / reserve	7,958	6,147
Life insurance	38,654	40,161
Bonuses and rebates	1,824	1,217
Other technical provisions	6,995	4,527
Provision for pension costs	3,067	3,048
Other provisions for liabilities and charges	86,365	89,007
	233,120	221,836

Changes in Provision for guarantees and other commitments are analysed as follows:

	2009 Euros '000	2008 Euros '000
Balance on 1 January	77,729	73,705
Transfers	132	(869)
Charge for the year	23,144	22,240
Write-back for the year	(12,387)	(16,736)
Exchange rate differences	(361)	(611)
Balance on 31 December	88,257	77,729

Changes in Other provisions for liabilities and charges are analysed as follows:

	2009 Euros '000	2008 Euros '000
Balance on 1 January	89,007	126,588
Transfers resulting from changes in the Group's structure	(419)	-
Other transfers	(2,486)	12,618
Charge for the year	20,245	29,701
Write-back for the year	(4,781)	(51,255)
Amounts charged-off	(14,924)	(28,461)
Exchange rate differences	(277)	(184)
Balance on 31 December	86,365	89,007

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.

38. Subordinated debt

This balance is analysed as follows:

	2009 Euros '000	2008 Euros '000
Bonds	2,229,266	2,595,812
Other subordinated debt	2,448	2,848
	2,231,714	2,598,660

As at 31 December 2009, the characteristics of subordinated debt issued are analysed as follows:

Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
Non Perpetual Bonds					
Banco Comercial Português:					
BCP March 2011	June 2001	March 2011	Fixed rate of 6.35%	149,300	152,360
BCP September 2011	September 2001	September 2011	Fixed rate of 6.15%	120,000	123,634
Mbcp Ob Cx Sub 1 Serie 2008-2018	September 2008	September 2018	See reference (i)	283,025	283,025
Mbcp Ob Cx Sub 2 Serie 2008-2018	October 2008	October 2018	See reference (i)	77,644	77,644
Bank Millennium:					
Bank Millennium	December 2001	December 2011	Fixed rate of 6.360%	80,100	80,100
Bank Millennium 2007	December 2007	December 2017	Fixed rate of 6.337%	150,107	150,107
Banco de Investimento Imobiliário:					
BII 2004	December 2004	December 2014	See reference (ii)	15,000	14,977
BCP Finance Bank:					
EMTN 44 Issue - 1 Tranche	March 2001	March 2011	Fixed rate of 6.25%	399,386	411,447
EMTN 44 Issue - 2 Tranche	May 2001	March 2011	Fixed rate of 6.25%	199,693	205,723
BCP Fin. Bank Ltd EMTN -295	December 2006	December 2016	See reference (iii)	316,000	315,426
BCP Fin. Bank Ltd 2005	May 2005	June 2015	See reference (iv)	250,735	250,526
					2,064,969
Perpetual Bonds					
BCP - Euro 200 millions	June 2002	-	See reference (v)	85	26
BPA 1997	June 1997	-	Euribor 3 months + 0.95%	47,915	47,915
TOPS's BPSM 1997	December 1997	-	Euribor 6 months + 0.4%	71,094	72,006
BCP Leasing 2001	December 2001	-	See reference (vi)	4,986	4,986
					124,933

(continuation)

Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
Other subordinated debt					
BIM	December 2000	-	50% Discount rate of B.Mozambique	2,444	2,444
Accruals					39,368
					2,231,714

References :
(i) - 1st year 6%; 2nd to 5th year Euribor 6 months + 1%; after 6th year Euribor 6 months + 1.4%
(ii) - Until 10th cupon Euribor 6 months + 0.40%; After 10th coupon Euribor 6 months + 0.90%
(iii) - Euribor 3 months + 0.3% (0.8% after December 2011)
(iv) - Euribor 3 months + 0.35% (0.85% after June 2010)
(v) - Until 40th coupon 6.130625%; After 40th coupon Euribor 3 months + 2.4%
(vi) - Until 40th coupon Euribor 3 months + 1.75%; After 40th coupon Euribor 3 months + 2.25%

The analysis of the subordinated debt by the period to maturity, is as follows:

	2009 Euros '000	2008 Euros '000
1 to 5 years	988,241	973,854
More than 5 years	1,076,728	912,847
Undetermined	127,377	670,553
	2,192,346	2,557,254
Accruals	39,368	41,406
	2,231,714	2,598,660

39. Other liabilities

This balance is analysed as follows:

	2009 Euros '000	2008 Euros '000
Creditors:		
Suppliers	72,731	66,436
From factoring operations	22,501	29,372
Associated companies	13,064	8,453
Other creditors	629,605	338,353
Public sector	62,306	85,636
Other amounts payable	63,997	103,741
Deferred income	2,086	1,750
Holiday pay and subsidies	69,264	66,330
Other administrative costs payable	1,188	5,583
Amounts payable on trading activity	156,659	179,384
Other liabilities	264,809	498,595
	1,358,210	1,383,633

The balance Other creditors includes the amount of Euros 40,996,000 (31 December 2008: Euros 73,540,000), related to the obligations with retirement benefits already recognised in Staff costs, payable to previous members of the Board of Directors. The referred obligations are not covered by the Pension Fund of the Group, and therefore correspond to amounts payable by the Group.

The movements of the obligations with retirement benefits to pay to previous members of the Executive Board of Directors are presented in note 50.

The balance Other creditors also includes, as at 31 December 2009, the amount of Euros 6,000,000 related with the costs with the Complementary plan, as described in notes 9 and 50.

40. Share capital, preference shares and other capital instruments

The share capital of the Bank, amounts to Euros 4,694,600,000 and is represented by 4,694,600,000 shares with a nominal value of 1 Euro each, which is fully paid.

In April 2008, the Banco Comercial Português, S.A. increased its share capital from Euros 3,611,329,567 to Euros 4,694,600,000 through the issue of 1,083,270,433 shares pursuant to the exercise of shareholders proportional rights with a nominal value of 1 Euro per share and a subscription price of 1.2 Euros per share.

The balance Preference shares corresponds to two issues by BCP Finance Company which according to IAS 32 and, in accordance with the accounting policy presented in note 1 h), were considered equity instruments. The issues are analized as follows:

- 5,000,000 Perpetual Non-cumulative Guaranteed Non-voting Preference Shares with par value Euros 100 each, issued 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.

During 2009, and as referred in note 48, 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 note 1h), as capital instruments under IAS 32. The tranches 3 issued in 2009 are analysed as follows:

- In June 2009, as referred in note 48, 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, as referred in note 48, 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, as referred in note 48, the Bank has issued Euros 100,000,000 of perpetual subordinated debt securities with conditional coupons presenting a nominal value of Euros 1,000.

41. Legal reserve

Under Portuguese legislation, the Bank is required to set-up annually a legal reserve equal to a minimum of 10 percent of annual profits until the reserve equals the share capital. Such reserve is not normally distributable in cash. In accordance with the proposal for application of the results approved in the General Shareholders meeting held on 30 March, 2009, the Bank increased the Legal reserves in the amount of Euros 45,119,000. As referred in note 42, and in accordance with the proposed for application of results of 2008, part of this amount was transferred to the balance Other reserves and retained earnings.

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.

42. Fair value reserves, other reserves and retained earnings

This balance is analysed as follows:

	2009 Euros '000	2008 Euros '000
Other comprehensive income		
Exchange differences arising on consolidation	(96,478)	(61,731)
Fair value reserves		
Financial assets available for sale	101,329	201,635
Cash-flow hedge	(160)	5,810
Tax		
Financial assets available for sale	(7,439)	8,252
Cash-flow hedge	30	(1,104)
	(2,718)	152,862
Other reserves and retained earnings:		
Legal reserve	425,410	380,291
Statutory reserve	10,000	-
Other reserves and retained earnings	2,463,481	2,460,365
Goodwill arising on consolidation	(2,883,580)	(2,883,580)
Other reserves arising on consolidation	(162,488)	(169,967)
	(147,177)	(212,891)

The legal reserve changes are analysed in note 41. 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 correspond to a reserve to stabilise dividends that, according with the bank's by-laws can be distributed.

In accordance with the proposal for application of the results approved in the General Shareholders meeting held on 27 May, 2008, the balances Share Premium in the amount of Euros 881,707,000, Other reserves in the amount of Euros 1,176,854,000, Statutory reserves in the amount of Euros 84,000,000 and the amount of Euros 130,795,000 from Legal reserves were allocated to Other reserves and retained earnings.

The balance Reserves and Retained Earnings includes, as at 1 January 2006, a restatement in the amount of Euros 220,500,000 (net of deferred tax) resulting from the decision taken by the Executive Board of Directors regarding an asset booked on the consolidated financial statements.

The balance Other comprehensive income includes profit and loss that in accordance with IAS/IFRS are recognised in equity.

The movements in Fair value reserves for financial assets available for sale, during 2009 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**
Eureko, B.V.	256,715	(195,602)	-	-	61,113
Other investments	(55,080)	112,165	29,194	(46,063)	40,216
	201,635	(83,437)	29,194	(46,063)	101,329

As referred in note 22 the position held in Eureko B.V. is re-valuated on an annual basis considering independent and external valuations obtained in the first quarter of each year.

The balance Other investments includes a positive amount of Euros 5,998,000 (31 December 2008: negative amount of Euros 27,864,000) related to the appropriation of 49% of the fair value reserves of Millenniumbcp Fortis.

As referred in notes 7 and 22, the balance impairment in profit and loss includes the net amount of Euros 26,986,000 related to impairment of Investment Funds Units held by the Group.

The movements in Fair value reserves for financial assets available for sale, during 2008 are analysed as follows:

	Balance on 1 January Euros '000	**Revaluation Euros '000**	**Impairment in results Euros '000**	**Sales Euros '000**	**Balance on 31 December Euros '000**
Eureko, B.V.	249,488	7,227	-	-	256,715
Other investments	(29,736)	(16,800)	2,744	(11,288)	(55,080)
	219,752	(9,573)	2,744	(11,288)	201,635

43. Treasury stock

This balance is analysed as follows:

	Banco Comercial Português, S.A. shares		**Other treasury stock**	**Total**
2009				
Net book value (Euros '000)	19,115		66,433	85,548
Number of securities	22,950,021	(*)		
Average book value (Euros)	0.83			
2008				
Net book value (Euros '000)	13,248		45,383	58,631
Number of securities	15,820,158	(*)		
Average book value (Euros)	0.84			

Treasury stock refers to own securities held by the companies included in the consolidation perimeter. These securities are held within the limits established by the by laws and "Código das Sociedades Comerciais".

(*) As at 31 December 2009, this balance includes 10,366,667 shares (31 December 2008: 10,332,555 shares) owned by clients which were financed by the Bank. Considering that for these clients there is evidence of impairment, under the IAS 32/39 the shares of the Bank owned by these clients were, only for accounting purposes and in respect for this standard, considered as treasury stock.

44. Minority interests

This balance is analysed as follows:

	Balance		Income Statement	
	2009	**2008**	**2009**	**2008**
	Euros '000	**Euros '000**	**Euros '000**	**Euros '000**
Bank Millennium, S.A.	234,198	233,722	286	40,668
BIM - Banco Internacional de Moçambique	55,516	49,702	17,920	17,668
Banco Millennium Angola, S.A.	52,090	-	6,416	-
Other subsidiaries	2,501	4,320	(537)	(1,507)
	344,305	287,744	24,085	56,829

The movements of the minority interests are analysed as follows:

	2009	**2008**
	Euros '000	**Euros '000**
Balance on 1 January	287,744	281,573
Exchange differences	(23,441)	(36,039)
Net income attributable to minority interests	24,085	56,829
Sale of 49.9% of Banco Millennium Angola	62,225	-
Dividends	(3,849)	(19,505)
Other	(2,459)	4,886
	344,305	287,744

45. Guarantees and future commitments

This balance is analysed as follows:

	2009	**2008**
	Euros '000	**Euros '000**
Guarantees granted	8,519,462	8,613,752
Guarantees received	32,432,228	26,814,666
Commitments to third parties	14,045,340	12,923,843
Commitments from third parties	14,410,522	12,694,394
Securities and other items held for safekeeping on behalf of customers	163,465,691	139,668,817
Securities and other items held under custody by the Securities Depository Authority	151,596,727	126,742,438
Other off balance sheet accounts	161,721,899	149,920,250

The amounts of Guarantees granted and Commitments to third parties are analysed as follows:

	2009	**2008**
	Euros '000	**Euros '000**
Guarantees granted:		
Guarantees	7,760,959	7,849,130
"Stand-by" letter of credit	212,438	258,779
Open documentary credits	441,369	368,324
Bails and indemnities	104,217	137,519
Other liabilities	479	-
	8,519,462	8,613,752
Commitments to third parties		
Irrevocable commitments		
Term deposits contracts	558,977	404,475
Irrevocable credit lines	3,477,010	3,480,464
Securites subscription	51,218	44,191
Other irrevocable commitments	277,743	373,346
Revocable commitments		
Revocable credit lines	7,283,037	6,743,785
Bank overdraft facilities	2,366,468	1,864,466
Other revocable commitments	30,887	13,116
	14,045,340	12,923,843

Within its normal business, the Group offers certain financial products that traditionally include credit related instruments accounted in off-balance sheet accounts.

The guarantees granted by the Group may or may not 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 collateralized by the shipped goods and are generally short term operations.

Irrevocable commitments are non-used parts of credit facilities granted to corporate or retail customers. Many of these transactions have a fixed term and a variable interest rate and therefore the credit and interest rate risk is limited.

The financial instruments accounted as Guarantees and other commitments are subject to the same approval and control procedures applied to the credit portfolio, namely regarding the analysis of objective evidence of impairment, as described in note 1c). The maximum credit exposure is represented by the nominal value that could be lost related to guarantees and commitments undertaken by the group in the event of default by the respective counterparties, without considering potential recoveries or collaterals.

Considering their nature, as described above, no material losses are anticipated as a result of these transactions.

46. Assets under management and custody

In accordance with article 29 of Decree-Law 252/2003 of October 17, which regulates colective 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:

	2009 Euros '000	2008 Euros '000
Banco Comercial Português, S.A.	394,956	348,944
Millennium bcp Gestão de Activos - Sociedade Gestora de Fundos de Investimento, S.A.	2,012,622	2,257,207
BII Investimentos International, S.A.	260,882	332,464
Interfundos Gestão de Fundos de Investimento Imobiliários, S.A.	1,205,945	1,143,160
Millennium TFI S.A.	594,770	412,909
	4,469,175	4,494,684

The Group provides custody, trustee, corporate administration, investment management and advisory services to third parties, which involve the Group making allocation and purchase and sale decisions in relation to a wide range of financial instruments. Those assets held in a fiduciary capacity are not included in the financial statements. For certain services are set objectives and levels of return for assets under management and custody. The total assets under management by Group companies is analysed as follows:

	2009 Euros '000	2008 Euros '000
Investment funds	2,868,274	3,002,580
Real-estate investment funds	1,205,945	1,143,160
Wealth management	394,956	348,944
Assets under deposit	156,460,847	132,075,555
	160,930,022	136,570,239

47. Distribution of profit

The distribution of profit to shareholders, is analysed as follows:

	2009 Euros '000	2008 Euros '000
Dividends paid by Banco Comercial Português, S.A.		
Dividends declared and paid related to previous year	79,108	-
Interim dividend for the year	-	-
	79,108	-

48. Relevant events occured during 2009

Sale of Banco BPI shares

Banco Comercial Português, S.A., following the contracts established in December 2008, obtained in March 2009, the declaration of non-opposition from the Bank of Portugal, the sale of 87,214,836 shares representing a 9.69% stake in the share capital of Banco BPI, SA, at a price per share of 1.88 Euro, in a transaction outside the stock market.

Banco Millennium Angola, conclusion of the partnership agreements established with Sonangol and Banco Privado Atlântico

Following the strategic partnership agreement established with Sonangol - Sociedade Nacional de Combustíveis de Angola, Empresa Pública (Sonangol) and Banco Privado Atlântico, S.A. (BPA), Banco Comercial Português, S.A., finalized, in February 2009 the financial transactions related with the agreements to increase the share capital of Banco Millennium Angola (BMA) in the amount of 1,800,442,195 Kwanzas (USD 105,752,497). Following the share capital increase, Sonangol currently holds a 29.9% stake and BPA a 20% stake in BMA share capital. BMA acquired a 10% stake in BPA.

This transactions had a positive impact of Euros 21,183,000 in the consolidated financial statements of Banco Comercial Português, S.A., as referred in note 15.

Issue of fixed rate debt guaranteed by the Portuguese Republic in the amount of Euros 1,500 million

Banco Comercial Português issued, in January 2009, fixed rate debt (Euros Fixed Rate Notes) with 3 year maturity guaranteed by the Portuguese Republic in the amount of Euros 1,500 million. The issue was placed at a price equivalent to the mid-swaps rate plus 100 b.p. This issue was rated AA- by Standard & Poor's, Aa2 by Moody's and AA by Fitch Ratings.

Fourth issue of Covered Bonds

Banco Comercial Português, S.A. performed in October 2009 the fourth issue of covered bonds in the amount of Euros 1,000 million and maturity of seven years. This issue was performed under the BCP Covered Bonds Programme, established in June 2007. The interest rate is 3.75%.

Issue of Euros 300,000,000 of Subordinated Perpetual Instruments under the Program of Issue of Valores Mobiliários Representative of Debt up to the amount of Euros 7,500,000,000.

In June 2009, Banco Comercial Português, S.A. concluded the issue of Séries 1 of the Program of Issue of Valores Mobiliários Representative of Debt, in the amount of Euros 300,000,000 of Subordinated Perpetual Valores Mobiliários Representative of Debt with conditioned interest with a nominal amount of Euros 1,000 corresponding to 300,000 titles.

This issue considering its characteristics was classified as capital, as referred in note 40.

Issue of Euros 600,000,000 of Subordinated Perpetual Instruments under the Program of Issue of Valores Mobiliários Representative of Debt up to the amount of Euros 7,500,000,000.

In August 2009, Banco Comercial Português, S.A. concluded the issue of Séries 2 and 3 of the Program of Issue of Valores Mobiliários Representative of Debt, in the amounts of Euros 200,000,000 and Euros 400,000,000, respectively, of Subordinated Perpetual Valores Mobiliários Representative of Debt with conditioned interest with a nominal amount of Euros 1,000 corresponding a total of 600,000 titles.

These issues considering its characteristics were classified as capital, as referred in note 40.

Issue of Euros 100,000,000 of Subordinated Perpetual Instruments under the Program of Issue of Valores Mobiliários Representative of Debt up to the amount of Euros 7,500,000,000.

In December 2009, Banco Comercial Português, S.A. concluded the issue of Séries 4 of the Program of Issue of Valores Mobiliários Representative of Debt, in the amount of Euros 100,000,000 of Subordinated Perpetual Valores Mobiliários Representative of Debt with conditioned interest with a nominal amount of Euros 1,000 corresponding to 100,000 titles.

This issue considering its characteristics was classified as capital, as referred in note 40.

Approval of 2008 results

In the General Shareholders Meeting held in 30 March 2009 the following proposal for distribution of results:

a) Euros 45,119,000 for reinforcement of legal reserves;
b) Euros 10,000,000 for reinforcement of reserve for stability of dividends;
c) Euros 79,808,200 for distribution of dividends;
d) Euros 316,256,163 for retained earnings.

Its was also approved the following application of the results:

a) To each share corresponds a dividend of 0.017 euros;
b) Not to be paid, registered as retained earnings, the amount corresponding to the shares that in the first day of the period of payment of dividends, that are owned by the Bank.

Merger by incorporation of Banco Millennium bcp Investimento, S.A.

In May 2009, the Board of Directors of each of the companies approved the merger by incorporation of the Bank fully owned by Banco Comercial Português, S.A. by the global transfer of the assets of Banco Millennium bcp Investimento, S.A. to BCP (incorporating company) and extinction of the incorporated Bank, in accordance with the nr. 1 and nr. 4 a) of the article 97º and article 116º, both from Código das Sociedades Comerciais, without obligation of shareholders meeting of the involved entities.

The merger was concluded on 31 August 2009, date that extinguished the Banco Milennium bcp Investimento, S.A.

Reduction of the investment held in Baía de Luanda Project

As referred in note 15, Banco Comercial Português S.A., 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 investment in the project to 10%, through the sale to the Angolan company Finicapital - Investimentos e Gestão S.A.. This sale generated a cash inflow of USD 100,000,000 and a gain on an consolidated basis of Euros 57,196,000.

Banco Comercial Português considers that the participation that will be maintained by the Group in the Baía de Luanda project will allow to keep a relevant presence in a highly important project to Angola.

49. 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, necessarily have some degree of judgement and reflect exclusively the value attributed to different financial instruments. However it does not consider prospective factors, like the future business evolution. 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 and Amounts owed to other credit institutions

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 from Inter-bank Money Market transactions 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.

The discount rate used reflects the current conditions applied by the Group in identical instruments for each of the different residual maturities. The discount rate include the market rates for the residual maturity date (rates from the monetary market or from the interest rate swap market, at the end of the year). As at 31 December 2009, the average discount rate was 3.42% for loans and advances and 1.43% for the deposits. As at 31 December 2008 the rates were 3.22% and 3.08%, 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 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 disseminated by the suppliers of content financial - Reuters and Bloomberg - more specifically as a result of prices of interest rate swaps. The values for the very short-term rates are obtained from similar source but regarding interbank money market. The interest rate curve obtained is 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) considering the volatility areas applicable are used. 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, it is applied specific quotations supplied by an external entity, typically a counterparty of the business.

In case of shares not listed, they are recognized at historical cost when there is no available market value and it is not possible to determine reliably its fair value.

Financial assets held to maturity

These financial instruments are accounted at amortized 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 those that are quoted in organised markets it is used its market price. As for derivatives traded " Over-the-counter", it is applied methods based on numerical cash-flow discounting techniques and models for assessment of options considering variables of the market, particularly the interest rates on the instruments in question, and where necessary, their volatilities.

Interest rates are determined based on information disseminated by the suppliers of content financial - Reuters and Bloomberg - more specifically as a result of prices of interest rate swaps. The values for the very short-term rates are obtained from similar source but regarding interbank money market. The interest rate curve obtained is 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 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 31 December 2009, the average discount rate was 5.67% and for December 2008 was 4.83% assuming the projection of the variable rates according to the evolution of the forward rates implicit in the interest rate curves. The calculations also includes the credit risk spread.

Loans and advances to customers without defined maturity date

Considering the short maturity of these financial instruments, the conditions of the 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 identical 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 interes 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 prodution of the last three months of the year. For 31 December 2009, average discount rate was of 2.27% and for December 2008 was 4.11%.

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. For instruments that are at fixed rate and for which the Group adopts "hedge-accounting", the fair value related to the interest rate risk is already recorded.

For the fair value calculation, it were considered other components of risk in addition to the interest rate risk already recorded. The fair value is based on market prices, whenever these are available. If market prices are not available, fair value is estimated through numerical models based on cash-flow discounting techniques, using the interest rate curve adjusted by associated factors, predominantly the credit risk and trading margin, the latter only in the case of issues placed for non-institutional customers of the Group.

As original reference, the Group applies the curves resulting from the interest rate swaps markets for each specific currency. The credit risk (spread credit) is represented by an 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 emissions placed among non institutional costumers of the Group, it was added one more differential (spread trade), which represents the margin between the financing cost in the institutional market and the cost obtained by distributing the respective instrument in the commercial network owned.

The average reference rates of the curve of income obtained from quotations of the market in EUR and used in the calculation of the fair value of debt issued was 5.28% (31 December 2008: 6.39%) for subordinated issues and 3.05% (31 December 2008: 4.82%) senior and collateralized issues.

For financial liabilities with embedded derivatives separable and for which the Group makes revaluation, the calculation of fair value focused on all the components of these instruments, so that the difference found as at 31 December 2009 was an increase in the amount of Euros 24,119,000 (31 December 2008: an decrease in the amount of Euros 358,543,000), corresponding an increase in financial liabilities. The values previouly refered includes a payable amount of Euros 5,452,000 (31 December 2008: a receivable amount of Euros 3,977,000) which are recorded in financial assets and liabilities held for trading and reflect the fair value of derivatives embedded.

As at 31 December 2009, the following table presents the values of the interest rates used in the definition of the interest rate curves of major currencies, including 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	0.26%	0.19%	0.48%	3.46%
7 days	0.32%	0.35%	0.53%	3.46%
1 month	0.41%	0.35%	0.60%	3.66%
2 months	0.51%	0.42%	0.66%	3.90%
3 months	0.66%	0.56%	0.78%	4.17%
6 months	0.96%	0.77%	1.01%	4.29%
9 months	1.10%	0.88%	1.11%	4.37%
1 year	1.32%	1.01%	1.35%	4.53%
2 years	1.86%	1.41%	1.99%	5.08%
3 years	2.26%	2.05%	2.65%	5.43%
5 years	2.81%	2.96%	3.39%	5.75%
7 years	3.21%	3.51%	3.77%	5.76%
10 years	3.60%	3.96%	4.09%	5.79%
15 years	3.96%	4.34%	4.37%	5.74%
20 years	4.07%	4.46%	4.36%	5.58%
30 years	3.95%	4.51%	4.22%	5.26%

The next table shows the financial assets and liabilities of the Group that represent its fair value:

	31 December 2009					
	At fair value through profit or loss Euros '000	**Available for sale Euros '000**	**Amortized cost Euros '000**	**Others Euros '000**	**Book value Euros '000**	**Fair value Euros '000**
Cash and deposits at central banks	-	-	2,244,724	-	2,244,724	2,244,724
Loans and advances to credit institutions						
Repayable on demand	-	-	839,552	-	839,552	839,552
Other loans and advances	-	-	2,025,834	-	2,025,834	2,004,234
Loans and advances to customers	-	-	75,191,116	-	75,191,116	73,173,088
Financial assets held for trading	3,356,929	-	-	-	3,356,929	3,356,929
Financial assets available for sale	-	2,698,636	-	-	2,698,636	2,698,636
Assets with repurchase agreement	-	-	50,866	-	50,866	50,866
Hedging derivatives	465,848	-	-	-	465,848	465,848
Held to maturity financial assets	-	-	2,027,354	-	2,027,354	1,998,051
Investments in associated companies	-	-	-	438,918	438,918	438,918
	3,822,777	2,698,636	82,379,446	438,918	89,339,777	87,270,846
Deposits from central banks	-	-	3,409,031	-	3,409,031	3,409,031
Deposits from other credit institutions	-	-	6,896,641	-	6,896,641	6,849,076
Amounts owed to customers	-	-	46,307,233	-	46,307,233	46,302,798
Debt securities	-	-	19,953,227	-	19,953,227	19,977,346
Financial liabilities held for trading	1,072,324	-	-	-	1,072,324	1,072,324
Other financial liabilities held for trading at fair value through profit or loss	6,345,583	-	-	-	6,345,583	6,345,583
Hedging derivatives	75,483	-	-	-	75,483	75,483
Subordinated debt	-	-	2,231,714	-	2,231,714	2,160,649
	7,493,390	-	78,797,846	-	86,291,236	86,192,290

	31 December 2008					
	At fair value through profit or loss Euros '000	Available for sale Euros '000	Amortized cost Euros '000	Others Euros '000	Book value Euros '000	Fair value Euros '000
Cash and deposits at central banks	-	-	2,064,407	-	2,064,407	2,064,407
Loans and advances to credit institutions						
Repayable on demand	-	-	1,048,348	-	1,048,348	1,048,348
Other loans and advances	-	-	2,892,345	-	2,892,345	2,903,292
Loans and advances to customers	-	-	75,165,014	-	75,165,014	74,324,137
Financial assets held for trading	3,903,267	-	-	-	3,903,267	3,903,267
Financial assets available for sale	-	1,714,178	-	-	1,714,178	1,714,178
Assets with repurchase agreement	-	-	14,754	-	14,754	14,754
Hedging derivatives	117,305	-	-	-	117,305	117,305
Held to maturity financial assets	-	-	1,101,844	-	1,101,844	1,083,727
Investments in associated companies	-	-	-	343,934	343,934	343,934
	4,020,572	1,714,178	82,286,712	343,934	88,365,396	87,517,349
Deposits from central banks	-	-	3,342,301	-	3,342,301	3,342,301
Deposits from other credit institutions	-	-	5,997,066	-	5,997,066	6,007,949
Amounts owed to customers	-	-	44,907,168	-	44,907,168	44,932,678
Debt securities	-	-	20,515,566	-	20,515,566	20,157,023
Financial liabilities held for trading	2,138,815	-	-	-	2,138,815	2,138,815
Other financial liabilities held for trading at fair value through profit or loss	6,714,323	-	-	-	6,714,323	6,714,323
Hedging derivatives	350,960	-	-	-	350,960	350,960
Subordinated debt	-	-	2,598,660	-	2,598,660	2,361,892
	9,204,098	-	77,360,761	-	86,564,859	86,005,941

50. Pensions

The Group assumed the liability to pay to their employees pensions on retirement or disabilities and other obligations. These liabilities also comply with the terms of the 'Acordo Colectivo de Trabalho do Sector Bancário' (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. At 31 December, 2009 and 2008 the number of participants covered by this pension plan is analysed as follows:

	2009	2008
Number of participants		
Pensioners	15,637	15,591
Employees	10,390	10,668
	26,027	26,259

In accordance with the accounting policy, described in note 1 w), the pension obligation and the respective funding for the Group as at 31 December 2009 and 2008 based on an actuarial valuation made using the projected unit credit method are analysed as follows:

	2009 Euros '000	2008 Euros '000	2007 Euros '000	2006 Euros '000	2005 Euros '000
Projected benefit obligations					
Pensioners	4,197,436	4,415,254	4,525,481	4,466,823	4,256,913
Employees	1,212,446	1,307,655	1,353,257	1,248,536	1,182,435
	5,409,882	5,722,909	5,878,738	5,715,359	5,439,348
Seniority premium	54,958	54,916	53,723	51,526	52,670
Value of the Pension Fund	(5,530,471)	(5,322,224)	(5,616,436)	(5,578,010)	(5,015,958)
Provisions for defined contributions complementary plan	-	(12,812)	-	-	-
Liabilities not financed by the Pension Fund	(65,631)	442,789	316,025	188,875	476,060
Liabilities covered by the Extra Fund	(430,307)	(445,452)	(456,598)	(461,376)	(429,796)
(Surplus) / Deficit coverage	(495,938)	(2,663)	(140,573)	(272,501)	46,264

As at 31 December 2009, the value Projected benefit obligations includes the amount of Euros 297,623,000 (31 December 2008: Euros 319,826,000) related to the obligations with past services for the Complementary Plan which are fully funded.

Following the decision of the Executive Board of Directors dated 21 September 2006, the ‘Complementary Pension Plan’ which was established in the ‘Plano de Pensões do Fundo de Pensões do Grupo Banco Comercial Português’ (Defined benefit), will be funded through a defined contribution. However, the employees hired until the reference date of this decision maintain the benefits that they were entitled to under the previous plan (‘Defined Benefit’). This defined benefit is guaranteed by the Group's companies to which they are contractually related at the date of retirement. On this basis, Group companies have, annually, to fund the Pension Fund in order to cover this 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 39 and in accordance with accounting policy note 1 w), the Group assumed the responsibility to pay retirement complements to employees, if some specific conditions are met during each year on the Group’s financial performance. 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 its performance, the Group’s practise until 2008 was to make the referred contributions on an annual basis, considering that the criteria defined were verified. During 2009, and considering that the conditions for the applicability of the Complementary Plan were not verified in 2008 and that the estimates for 2009 allowed to conclude that the conditions would not be met again, CAE performed a reassessment of the estimate of costs related to this liability. Based on the above mentioned assessment, the Group reviewed the calculation of the amount to be accounted for each year. On this basis, the Group booked, as at 31 December 2009, a cost of approximately Euros 6,000,000 related with the Complementary plan. In the future, these criteria and the related estimates will be reassessed on annual basis by the Executive Board of Directors. The difference between the estimated amounts and effective amounts will be accounted as an actuarial gain or loss.

The change in the present value of obligations during 2009 and 2008 is analysed as follows:

	2009				2008
		Extra-Fund			
	Pension benefit obligations Euros '000	Seniority premium Euros '000	Other retirement benefits Euros '000	Total Euros '000	Total Euros '000
Balance as at 1 January	5,332,373	54,916	390,536	5,777,825	5,932,461
Service cost	37,002	3,175	1,412	41,589	90,117
Interests costs	288,742	2,860	21,183	312,785	303,344
Actuarial (gains) and losses					
Not related with changes in actuarial assumptions	(66,570)	-	(3,232)	(69,802)	27,308
Arising from changes in actuarial assumptions	(287,539)	-	(11,012)	(298,551)	(289,948)
Payments	(284,721)	(3,224)	(24,027)	(311,972)	(311,016)
Early retirement programmes	1,341	-	489	1,830	5,725
Contributions of employees	11,325	-	-	11,325	11,210
Other charges	2,580	(2,769)	-	(189)	8,624
Balance at the end of the year	5,034,533	54,958	375,349	5,464,840	5,777,825

As at 31 December 2009 the value of the pensions paid by the Pension Fund, excluding the Extra-fund and the Seniority premium, amounted to Euros 284,721,000 (31 December 2008: Euros 285,217,000).

The elements of the assets of the Pension Fund are analysed as follows:

	2009 Euros '000	2008 Euros '000
Variable income securities:		
Shares	1,239,032	1,075,404
Bonds	1,021,138	959,183
Fixed income securities	1,797,029	1,156,162
Properties	380,920	382,697
Investment fund units	992,898	921,521
Loans and advances to credit institutions and others	99,454	827,257
	5,530,471	5,322,224

The balance Premises includes the buildings owned by the Fund and used by the Group companies that as at 31 December 2009, amounted to Euros 378,845,000 (31 December 2008: Euros 379,206,000).

The securities issued by companies of the Group accounted in the portfolio of the Fund are analysed as follows:

	2009 Euros '000	2008 Euros '000
Fixed income securities	349,864	364,388
Variable income securities	39,104	61,497
	388,968	425,885

The change in the fair value of assets of the Fund during 2009 and 2008 is analysed as follows:

	2009 Euros '000	2008 Euros '000
Balance as at 1 January	5,322,224	5,616,436
Expected return on plan assets	278,756	293,182
Actuarial gains / (losses)	188,354	(1,090,002)
Contributions to the Fund	11,953	776,602
Payments	(284,721)	(285,217)
Contributions of employees	11,325	11,210
Other charges	2,580	13
Balance at the end of the year	5,530,471	5,322,224

The contributions made by the Group to the Pension Fund during 2008 did not result in any actuarial gain or loss, since they were made in cash.

The evolution of the fair value of the securities related with those asset contributions made in 2006 and 2005 that resulted in significant actuarial gains or losses in 2007 and 2006 is presented as follows:

			Potential and realized Gains/(Losses)			
			2007		2006	
Issuer	Contribution year	Contribution value	Year Euros'000	Acumulated Euros'000	Year Euros'000	Acumulated Euros'000
Friends Provident PLC (i)	2005	82,531,602	(32,333)	(10,428)	14,873	21,905
Comercial Imobiliária (ii)	2005	200,000,000	(2,866)	(115,866)	(113,000)	(113,000)
EDP - Energia de Portugal (i)	2005	164,228,497	49,742	188,705	97,905	138,963
Banca Intesa Spa (i)	2005	486,656,411	(54,799)	187,128	171,248	241,927
EDP - Energia de Portugal (i)	2006	44,225,000	9,135	20,590	17,980	11,455
Banco Sabadell (i)	2006	20,467,500	(803)	(14,910)	2,205	(14,108)
Banco Sabadell (i)	2006	83,079,500	(2,622)	(64,925)	7,203	(62,304)
			(34,546)	190,294	198,414	224,838

Type:
(i) - shares
(ii) - commercial paper

As referred in note 56, the Pensions Fund registered an actuarial loss in the approximate amount of Euros 115.000.000 related to the commercial paper issued by Comercial Imobiliária. The amount of the actuarial loss, net of amortizations, as at 31 December 2009 is Euros 92,000,000. The amount will continue to be amortized by the remaining term of 16 years with an annual amortization of approximatly Euros 5,750,000.

The change in the amounts payable to the Pension Fund related with the obligations during 2009 and 2008 is analysed as follows:

	(Surplus) / Deficit				
	2009				2008
		Extra-Fund			
	Pension benefit obligations Euros '000	Seniority premium Euros '000	Other retirement benefits Euros '000	Total Euros '000	Total Euros '000
Balance as at 1 January	(2,663)	54,916	390,536	442,789	316,025
Service cost	37,002	3,175	1,412	41,589	90,117
Interest costs	288,742	2,860	21,183	312,785	303,344
Cost with early retirement programs	1,341	-	489	1,830	17,187
Expected return on plan assets	(278,756)	-	-	(278,756)	(293,182)
Actuarial (gains) and losses					
Not related with changes in actuarial assumptions					
Return on Plan assets	(188,354)	-	-	(188,354)	1,090,002
Diferrence between the expect and the efective obligations	(66,570)	-	(3,232)	(69,802)	27,308
Arising from changes in actuarial assumptions	(287,539)	-	(11,012)	(298,551)	(289,948)
Contributions to the Fund	(11,953)	-	-	(11,953)	(776,602)
Benefits paid	-	(3,224)	(24,027)	(27,251)	(25,799)
Provisions for Complementary Defined Contribution Plan	12,812	-	-	12,812	(12,812)
Other charges	-	(2,769)	-	(2,769)	(2,851)
Balance at the end of the year	(495,938)	54,958	375,349	(65,631)	442,789

The contributions to the Pension Fund, made by the companies of the Group, are analysed as follows:

	2009 Euros '000	2008 Euros '000
Other securities	11,953	-
Cash	-	776,602
	11,953	776,602

In accordance with IAS 19, deferred actuarial losses, including the corridor, as at 31 December 2009 are analysed as follows:

	Actuarial losses	
	Corridor Euros '000	Amount in excess of the corridor Euros '000
Balance as at 1 January 2009	572,291	1,567,654
Actuarial gains and losses		
Not related with changes in actuarial assumptions	-	(258,156)
Arising from changes in actuarial assumptions	-	(298,551)
Amortisation of actuarial gains and losses	-	(67,480)
Other variations	-	(2,113)
Variation in the corridor	(19,716)	19,716
Balance as at 31 December 2009	552,575	961,070

As at 31 December 2009, considering the value of the actuarial gains and losses registered in the calculation of the benefit obligations and in the value of the Fund, the value of the corridor calculated in accordance with paragraph 92 of IAS 19, amounted to Euros 552,575,000 (31 December 2008: Euros 572,291,000).

As at 31 December 2009, the net actuarial gains and losses in excess of the corridor amounted to Euros 961,070,000 (31 December 2008: Euros 1,567,654,000) and will be amortized against results over a 20 year period, as referred in the accounting policy presented in note 1 w).

As at 31 December 2009, the Group accounted as pension costs the amount of Euros 144,272,000 (31 December 2008: Euros 154,940,000), which is analysed as follows:

	2009			2008
	Pension and other benefits costs Euros '000	Seniority premium Euros '000	Total Euros '000	Total Euros '000
Service cost	38,414	3,175	41,589	90,117
Interest costs	309,925	2,860	312,785	303,344
Expected return on plan assets	(278,756)	-	(278,756)	(293,182)
Amortization of actuarial gains and losses	67,480	-	67,480	38,260
Costs with early retirement programs	1,830	-	1,830	5,725
Reversal of the actuarial losses from the responsibilities of early retirement ('curtailment')	2,113	-	2,113	2,064
Other charges	-	(2,769)	(2,769)	8,612
Cost of the year	141,006	3,266	144,272	154,940

As at 31 December 2008, the balance Other charges includes the amount of 11,462,000 Euros relating to the transfer of responsibilities in the Bank's balance sheet as retirement benefits and related members of the previous Executive Board of Directors who were retired in 2007. This transfer did not cause any increase in costs in the profit and loss account of the year in 2008 as it had already been accrued for in 2007.

In accordance with the remuneration policy for Board Members, the Group has the responsibility of supporting the cost with the retirement pensions of former Group's Board Members, as well as the Complementary Plan for these members in accordance with the aplicable rules, funded through the Pension Fund and insurance policy. Based on the actuarial calculations prepared annually the Group recognises a provision to cover the effect of the annual Pension increase rate. As at 31 December 2009, the Group had a provision of Euros 40,996,000 (31 December 2008: Euros 73,540,000).

The movement of the amounts of the responsibilities with retirement pensions payable to former members of the Board of Directors, included in the balance Other liabilities (note 39), is analysed as follows:

	Euros '000
Balance as at 31 December 2008	73,540
Write-back	(17,981)
Changes in actuarial assumptions	(13,131)
Payments	(1,432)
Balance as at 31 December 2009	40,996

As referred in note 8 the balance Charge-offs corresponds, as at 31 December 2009, to the write back of costs related to other benefits payable, excluding pensions, to former members of the Board of Directors. This write-back occurred following the decision by the Executive Board of Directors, based on the recommendation from the Remunerations Commission.

The caption Changes in actuarial assumptions, refers to the effect of the update of the responsibilities with retirement pensions payable to former members of the Board of Directors. This update is performed on a annual basis, based on actuarial calculations in accordance with the actuarial analysis performed by PensõesGere.

Considering the market indicators, particularly the estimations of the inflation and the long term interest rate for Euro Zone as well as the demographic characteristics of the participants, the Group changed the actuarial assumptions used for the calculation of the liabilities for the pension obligations with reference to 31 December 2009. The comparative analysis of the actuarial assumptions is analyzed as follows:

	Banco Comercial Português Fund	
	2009	**2008**
Increase in future compensation levels	2.50%	3.25%
Pensions increase rate	1.65%	2.25%
Projected rate of return of fund assets	5.5%	5.5%
Discount rate	5.50%	5.75%
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	6.5%	6.5%

The assumptions used in the calculation of the pension liabilities are in accordance with the requirements of IAS 19. No disability decreases are considered in the calculation of the total liabilities.

The projected rate of return of the Plan assets was determined on a consistent way according with current market conditions and with the nature and return of the plan assets.

Net actuarial gains related to the diference between the actuarial assumptions used for the estimation of the pension liabilities and the actual liabilities as well as the impact of changing assumptions, for the year ended 31 December 2009 amounted to Euros 556,707,000 (31 December 2008: actuarial losses of Euros 827,363,000) and are analysed as follows:

	Actuarial (gains) / losses			
	2009		**2008**	
	%	**Euros '000**	**%**	**Euros '000**
Deviation between				
expected and actual liabilities				
Increase in future compensation levels	2.67%	(20,236)	3.76%	(6,493)
Pensions increase rate	1.50%	(31,683)	2.52%	11,760
Disability	0.10%	5,618	0.08%	4,718
Turnover	-0.13%	(7,282)	-0.10%	(5,603)
Mortality deviations	0.32%	18,140	0.11%	6,519
Others	-0.60%	(34,359)	0.29%	16,407
Changes on the assumptions:				
Discount rate	5.50%	173,564	5.75%	(402,314)
Increase in future compensation levels	2.50%	(143,542)	-	-
Pensions increase rate	1.65%	(328,573)	-	-
Mortality tables		-		112,367
Return on Plan assets	9.43%	(188,354)	-13.99%	1,090,002
		(556,707)		827,363

Health benefit costs have a significant impact in pension costs. Considering this impact we produced a sensitivity analysis to a positive one percent variation in health benefit costs (from 6.5% to 7.5% in 2009) and a negative variation (from 6.5% to 5.5% in 2009) of one percent in health benefit costs, whose impact is analysed as follows:

	Positive variation of 1% (6.5% to 7.5%)		**Negative variation of 1% (6.5% to 5.5%)**	
	2009	**2008**	**2009**	**2008**
	Euros '000	**Euros '000**	**Euros '000**	**Euros '000**
Pension cost impact	433	547	(433)	(547)
Liability impact	42,042	44,168	(42,042)	(44,168)

The liabilities with health benefits are fully covered by the Pension Fund and corresponds, in 2009, in the amount to Euros 273,271,000 (31 December 2008: Euros 287,092,000). The estimated value of contributions to the pension plan in 2010 is Euros 113,125,000.

51. 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, 2009, loans to members of the Executive Board of Directors and their direct family members amounted to Euros 918,000 (31 December 2008: Euros: 754,000), which represented 0.01% of shareholders' equity (31 December 2008: 0.01%).

As at 31 December 2009, the principal loans and guarantees (excluding interbank and money market transactions) the Group has made to shareholders holding, together with their affiliates, 2% or more of the share capital whose holdings in aggregate, together with their affiliates, represent 43.8% of the share capital as of 31 December 2009 (31 December 2008: 51.2%) described in the Executive Board of Directors report, amounted to approximately Euros 2,404,250,000 (31 December 2008: Euros 2,219,572,000). Each of these loans was made in the ordinary course of business, on substantially the same terms as those prevailing at the time for comparable transactions with other persons.

Remunerations to the Executive Board of Directors

The remunerations paid to the members of the Executive Board of Directors in 2009 amounted to Euros 3,605,000 (2008: Euros 3,413,000), with Euros 293,000 (2008: Euros 367,000) paid by subsidiaries or companies whose governing bodies represent interests in the Group. During 2009 and 2008 no variable remuneration was attributed to the members of the Executive Board of Directors.

Therefore, considering that the remuneration of members of the Executive Board of Directors intend 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 later case, the net amount of the remunerations annualy received by each member are deducted to the fixed annual remuneration atributed by the Bank.

During 2009, the costs with Social Security and the contributions to the Pension Fund for members of the Executive Board of Directors amounted to Euros 1,109,000 (2008: Euros 1,031,000).

Transactions with the Pension Fund

In 2009, the Group made contributions to the Pension Fund in the amount of Euros 11,953,000 related to the economic rights of four motorways concessionaires.

During the year 2008, the contributions from the Group were all in cash. During the first semester of 2008, BCP Group repurchased from the Pension Fund, BII Finance Company bonds issued on 25 September 1996 and with maturity on 25 September 2011, in the amount of Euros 232,000,000.

The shareholder and bondholder position of members of the Boards is as follows:

Shareholders / Bondholders	Security	Number of securities at 31/12/2009	Number of securities at 31/12/2008	Changes during 2009 Acquisitions	Changes during 2009 Disposals	Date	Unit Price Euros
Members of Executive Board							
Paulo José de Ribeiro Moita Macedo	BCP shares	259,994	259,994				
Vítor Manuel Lopes Fernandes	BCP shares	20,000	20,000				
Luis Maria França de Castro Pereira Coutinho	BCP shares	247,288	247,288				
José João Guilherme	BCP shares	51,000	51,000				
Nelson Ricardo Bessa Machado	BCP shares	259,992	259,992				
Miguel Maya Dias Pinheiro	BCP shares	150,000	150,000				
Armando Vara (suspended)	BCP shares	10,000	10,000				
Members of Supervisory Board							
Luís de Melo Champalimaud	BCP shares	20,000	20,000				
António Luís Guerra Nunes Mexia	BCP shares	1,299	1,299				
Manuel Domingos Vicente	BCP shares	1,000	0	1,000		12-Mar-09	0.613
Pedro Maria Calaínho Teixeira Duarte	BCP shares	1,456	1,456				
	BCP shares (f)	200,000	0	189,163		30-Jul-09	0.728
				10,837		30-Jul-09	0.726
Josep Oliu Creus	BCP shares	13,000	13,000				
Manuel Alfredo Cunha José de Mello	BCP shares	236,701	11,701	50,000		02-Apr-09	0.614
					50,000	03-Apr-09	0.656
				50,000		14-Apr-09	0.658
				50,000		14-Apr-09	0.660
					50,000	20-Apr-09	0.743
				50,000		21-Apr-09	0.714
				50,000		29-Apr-09	0.701
				50,000		30-Apr-09	0.723
				50,000		06-May-09	0.740
					125,000	07-May-09	0.833
					50,000	12-May-09	0.836
				50,000		12-May-09	0.770
				100,000		19-Jun-09	0.770
	BCP Finance Bank MTN 6.25 (29.3.2011)	200	0	200		17-Feb-09	101.00
	BCP Fin Iln World Bk Enhan Nt Oct 2010	200	200				
	BCP Ob Cx Subordinadas 1ª S (2008/2018)	1,000	1,000				
	BCP Fin Iln Bask Enhan X Eur Dec/10	200	200				
	BCP Fin Iln Bask Enhan XI Eur Dec/10	80	80				
	BCP Fin E Iberica Autocall VII/09 Feb/11	20	0	20 (b)		05-Aug-09	10,000.00
	BCP Fin Bk RC Allianz X/09 Eur Feb/2010	30	0	30 (b)		23-Oct-09	10,000.00
	BCP Fin Bk RC BG Gr Plc X/09 Eur Feb/10	300	0	300 (b)		23-Oct-09	1,000.00
	BCP Fin Renascimen. Fin XI/09 Eur Var05/1	40	0	40 (b)		30-Oct-09	5,000.00
	BCP Fin Bk Camale. 125% XI/09 (11/2014)	150	0	150 (b)		24-Nov-09	1,000.00
	BCP Fin Sel Ac Eur Ret 2 Fontes XI(05/11)	100	0	100 (b)		25-Nov-09	1,000.00
	BCP Fin Bk Rc Nokia XII/09 Eur (04/10)	20	0	20 (b)		15-Dec-09	10,000.00
	BCP Fin Selec BrasilL XII/09 Eur (06/11)	329	0	329 (b)		21-Dec-09	1,000.00
	BCP F Iln Brazilian Bl Ch IV A-C Eur /09	0	50		50 (c)	18-Nov-09	736.16
	BCP Ob Cx Invest Especial 07/09 2ª Em.	0	4,000		4,000 (c)	04-Dec-09	50.00
	BCP Fin Iln Wr Bask Enhanc X Eur Dec/10	100	100				
	BCP F Iln Portfol Slt 4 A-Call Eur 03/10	50	50				
	BCP-Financ Bank MTN 6,25 (29.03.2011)	100	0	40 (b)		29-Apr-09	102.00
				60 (b)		13-May-09	102.00
	BCP/2009-Eur 1000M 5,625 (04/2014)	3	0	3 (b)		23-Apr-09	99.707
	BCP Fin Select Canarinha XII/09(06/2011)	50	0	50 (b)		08-Dec-09	1,000.00
António Vítor Martins Monteiro	BCP shares	2,078	2,078				
	BCP Finance Bank MTN 6.25 (29.3.2011)	50	50				
João Manuel Matos Loureiro	BCP shares	1,500	0	1,500		12-Mar-09	0.611
José Guilherme Xavier de Basto	BCP shares	1,188	428	760		13-Mar-09	0.648
	BCP Ob Cx Eurostoxx 50 Feb 2007/09	0	70		70 (c)	13-Feb-09	50.00
	Obrig Cx Aforro 8% Feb 2007/2009	0	200		200 (c)	13-Feb-09	50.00
	Bcp Ob Cx Multi-Rend Dax Feb 2007/10	100	100				

Shareholders / Bondholders	Security	Number of securities at 31/12/2009	Number of securities at 31/12/2008	Changes during 2009 Acquisitions	Disposals	Date	Unit Price Euros
José Vieira dos Reis	BCP shares	16,074	16,074				
	BCP Ob Cx Inv Água May 08/2011	340	340				
	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	20	0	50 (b)		16-Feb-09	1,000.00
					30 (e)	24-Jun-09	1,000.00
	BCP Rendimento Mais April 2012	100	0	100 (b)		27-Apr-09	1,000.00
	Millennium BCP Valor Capital 2009	20	0	20 (b)		26-Jun-09	1,000.00
	BCP Inv Total November 2012	100	0	100 (b)		10-Aug-09	1,000.00
	BCP Inv Cabaz Eenergia Nov 2	50	0	50 (b)		02-Nov-09	1,000.00
	Certific BCPI S&P 500	2,850	0	2,850 (d)		10-Jul-09	8.77
	Certific BCPI Eurostoxx 50	820	0	470 (d)		20-Aug-09	26.58
				350 (d)		09-Oct-09	28.82
	Certific BCPI PSI 20	160	0	160 (d)		20-Aug-09	77.20
Thomaz de Mello Paes de Vasconcelos	BCP shares	1,000	0	1,000		12-Mar-09	0.613
Vasco Esteves Fraga	BCP shares	1,000	0	1,000		11-Mar-09	0.629
Huen Wing Ming Patrick	BCP shares	2,746,076	2,746,076				
Spouse and Dependent Children							
Luís Maria Salazar Couto Champalimaud	BCP shares	12,000	12,000				
Ana Maria Almeida M Castro José de Mello	BCP shares	4,980	4,980				
	BCP F Eln Fin Waxing CBT Nt V/8 Eur 6/09	0	30		30 (c)	12-Jun-09	1,000.00
	BCP Ob Cx Subordinadas 1ª S (2008/2018)	400	400				
	BCP Fin Iln World Bk Enhan Nt Oct 2010	100	100				
	BCP Fin Iln Wr Bask Enh X Eur Dec/10	100	100				
	BCP Fin Otv Income Builder Tel Acv 2012	0	0	20 (b)		27-May-09	1,000.00
					20 (c)	30-Nov-09	1,000.00
	BCP Fin Bk RC BG GR Plc X/09 Eur Feb/10	20	0	20 (b)		23-Oct-09	1,000.00
	BCP F Bk RC Allianz X/09 Eur Feb/2010	2	0	2 (b)		23-Oct-09	10,000.00
Isabel Maria V. L. P. Martins Monteiro	BCP Ob Cx Inv Especial 2007/2009 2ª E	0	2,000		2,000 (c)	04-Dec-09	50.00
	BCP Fin Bk Cln José de Mello May 2009	0	140		140 (c)	26-May-09	1,000.00
	BCP Fin Iln World Bk Enh II Eur 10/10	50	50				
Maria Emília Neno R. T. Xavier de Basto	BCP shares	376	376				
Plautila Amélia Lima Moura Sá	BCP shares	2,754	2,754				
	Super Aforro Mille Sr B Feb 2009/14	0	0	130 (b)		16-Feb-09	1,000.00
					30 (c)	08-Apr-09	1,000.00
					100 (c)	22-Apr-09	1,000.00
	BCP Ob Cx EuroStoxx 50 Feb 2007/09	0	350		350 (c)	13-Feb-09	50.00
	BCP Ob Cx Inv Global 12% Feb 06/11	500	500				
	BCP Ob Cx Multi-Rend Dax Feb 07/10	400	400				
	BCP Ob Cx Inv Mundial May 2010	700	700				
	BCP Ob Cx Invest 16 Aug 07/09	0	200		200 (c)	31-Jul-09	50.00
	BCP Ob Cx Invest Europa Set 07/09	0	350		350 (c)	04-Sep-09	50.00
	BCP Ob Cx Multi-Rend Europa Oct 2010	0	300		300 (e)	16-Sep-09	108.15
	BCP Ob Cx Invest Prémio Nov 2009	0	200		200 (c)	27-Nov-09	50.00
	BCP Ob Cx Invest Cabaz Mund Feb 08/11	400	400				
	BCP Ob Cx Invest Mensal Feb 08/10	1,000	1,000				
	BCP Cx Inv Energias Renov Jun 2011	400	400				
	BCP Ob Cx Invest Plus Sep 2008/11	300	300				
	Certific BCPI Eurostoxx 50 (04/2010)	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) Transfer / Deposit.
(b) Subscription.
(c) Reimbursement.
(d) Purchase.
(e) Sell.
(f) BCP shares owned indirectely through the company "PACIM - Sociedade Gestora de Participações Sociais, S.A."

As at 31 December 2009, the Bank's credits over subsidiaries and the Millennium bcp Fortis Group, represented or not by securities, included in the items of Loans and advances to credit institutions and to customers and financial assets held for trading and available for sale, are analysed as follows:

	Loans and advances		Financial assets		
	Credit Institutions Euros '000	Customers Euros '000	Trading Euros '000	Available for sale Euros '000	Total Euros '000
Banco de Investimento Imobiliário, S.A.	2,338,376	-	-	570,994	2,909,370
Banque Privée BCP (Suisse) S.A.	543,338	-	-	-	543,338
BCP Bank & Trust Company (Cayman) Limited	1,339,523	-	-	-	1,339,523
BCP Finance Bank Ltd	606,574	-	32,189	202,238	841,001
Banca Millennium S.A.	150,106	-	-	-	150,106
Bank Millennium (Poland) Group	701,187	-	-	-	701,187
Millennium Bank (Greece) Group	1,056,797	-	60,413	483,775	1,600,985
Banco Millennium Angola, S.A.	182,252	-	-	-	182,252
BCP Holdings (USA), Inc.	-	25,059	-	-	25,059
Millennium bcp Fortis Group	-	783	-	-	783
Others	339	-	-	-	339
	6,918,492	25,842	92,602	1,257,007	8,293,943

As at 31 December 2009 the Bank had credits over associated companies, represented or not by securities, included in the items of Loans and advances to credit institutions and to customers, and financial assets held for trading and available for sale in the amount of Euros 128,417,000.

As at 31 December 2009 the Bank's liabilities with subsidiaries and the Millennium bcp Fortis Group, represented or not by securities, included in items Deposits from credit institutions and to customers, Debt securities issued and in Subordinated debt are analysed as follows:

	Deposits from				
	Credit Institutions Euros '000	Customers Euros '000	Debt Securities Issued Euros '000	Subordinated Debt Euros '000	Total Euros '000
Banco ActivoBank (Portugal), S.A.	202,361	-	-	-	202,361
Banco de Investimento Imobiliário, S.A.	1,847	1,392	418,088	15,409	436,736
Bank Millennium (Poland) Group	17,122	-	-	-	17,122
Banque Privée BCP (Suisse) S.A.	88,527	-	-	-	88,527
BCP Bank & Trust Company (Cayman) Limited	2,436,917	-	-	-	2,436,917
BCP Finance Bank Ltd	8,229,391	-	-	1,790,665	10,020,056
BCP Finance Company, Ltd	-	3,694	-	1,020,569	1,024,263
BCP Internacional II, S.G.P.S. Sociedade Unipessoal, Lda.	-	79,672	-	-	79,672
BCP Investment, B.V.	-	41,348	-	-	41,348
BIM - Banco Internacional de Moçambique, S.A.R.L.	102,894	-	-	-	102,894
Millennium Bank (Greece) Group	836,833	-	-	-	836,833
Millennium bcp Gestão de Activos - Sociedade Gestora de Fundos de Investimento, S.A.	-	12,971	-	-	12,971
Comercial Imobiliária, S.A.	-	1,957	-	-	1,957
Seguros e Pensões Gere, S.G.P.S., S.A.	-	1,229,691	-	-	1,229,691
Banco Millennium Angola, S.A.	32,455	-	-	-	32,455
Millennium bcp - Prestação de Serviços, A.C.E.	-	8,994	-	-	8,994
BCP Capital - Sociedade de Capital de Risco, S.A.	-	18,049	-	-	18,049
Millennium bcp Fortis Group	-	1,040,434	-	-	1,040,434
Others	808	1,057	-	-	1,865
	11,949,155	2,439,259	418,088	2,826,643	17,633,145

As at 31 December 2009 the Bank's liabilities with associated companies, represented or not by securities, included in items Deposits from credit institutions and to customers, Debt securities issued and in Subordinated debt in the amount of Euros 15,731,000.

As at 31 December 2009, the income generated by the Bank on inter-company transactions with subsidiaries, included in the items of Interest income, Commissions, Other operating income and Gains arising from trading activity, are analysed as follows:

	Interest income Euros '000	Commissions income Euros '000	Other operating income Euros '000	Gains arising from trading activity Euros '000	Total Euros '000
Banco Activobank (Portugal), S.A.	-	215	-	-	215
Banca Millennium S.A (Romania)	4,551	-	-	183	4,734
Banco de Investimento Imobiliário, S.A.	63,514	1,988	-	343	65,845
Bank Millennium (Poland) Group	8,315	-	-	4,265	12,580
Banque Privée BCP (Suisse) S.A.	12,002	-	-	-	12,002
BCP Bank & Trust Company (Cayman) Limited	28,883	648	-	47,527	77,058
BCP Finance Bank Ltd	11,907	-	-	407,707	419,614
Millennium Bank, Anonim Sirketi (Turkey)	1,232	-	-	15,939	17,171
Bitalpart, B.V.	2,087	-	-	-	2,087
BIM - Banco Internacional de Moçambique, S.A.R.L.	-	-	6,173	-	6,173
Millennium bcp Investimento Group	14,309	-	61	10,910	25,280
Millennium Bank (Greece) Group	31,552	-	-	22,910	54,462
Millennium bcp Gestão de Activos - Sociedade Gestora de Fundos de Investimento, S.A.	-	9,746	-	-	9,746
Comercial Imobiliária, S.A.	725	12	-	-	737
Banco Millennium Angola, S.A.	1,086	-	233	-	1,319
Millennium bcp - Prestação de Serviços, A.C.E.	163	-	10,960	-	11,123
Millennium bcp Fortis Group	9,677	59,478	3,372	2,060	74,587
Others	18	1	213	-	232
	190,021	72,088	21,012	511,844	794,965

As at 31 December 2009, the costs incurred by the Bank on inter-company transactions with subsidiaries, included in items Interest expense, Commissions, Administrative costs and Losses arising from trading activity, are analysed as follows:

	Interest expense Euros '000	Commissions costs Euros '000	Administrative costs Euros '000	Losses arising from trading activity Euros '000	Total Euros '000
Banco ActivoBank (Portugal), S.A.	4,845	1,744	110	-	6,699
Banca Millennium S.A (Romania)	15	-	-	2,768	2,783
Banco de Investimento Imobiliário, S.A.	1,369	8,937	-	748	11,054
Bank Millennium (Poland) Group	140	-	-	12,657	12,797
Banque Privée BCP (Suisse) S.A.	737	-	-	-	737
BCP Bank & Trust Company (Cayman) Limited	41,244	-	-	15,253	56,497
BCP Finance Bank Ltd	254,722	-	-	507,972	762,694
BCP Finance Company, Ltd	49,589	-	-	-	49,589
BCP Internacional II, S.G.P.S. Sociedade Unipessoal, Lda.	246	-	-	-	246
BCP Investment, B.V.	569	-	-	-	569
Millennium Bank, Anonim Sirketi (Turkey)	177	-	-	5,473	5,650
BIM - Banco Internacional de Moçambique, S.A.R.L.	688	-	-	-	688
Millennium bcp Investimento Group	13,440	6,699	523	10,557	31,219
Millennium Bank (Greece) Group	11,810	-	-	10,910	22,720
Seguros e Pensões Gere, S.G.P.S., S.A.	2,986	-	-	-	2,986
Banco Millennium Angola, S.A.	109	-	-	-	109
Millennium bcp - Prestação de Serviços, A.C.E.	10	-	101,750	-	101,760
Millennium bcp Fortis Group	-	-	573	3,321	3,894
Others	693	-	83	-	776
	383,389	17,380	103,039	569,659	1,073,467

The inter-company balances and transactions are eliminated on consolidation, as referred in note 1 b).

52. Segmental reporting

The segments presented, concerning business and geographic segments, are in accordance with IFRS 8. In conformity with the management model of Millennium bcp Group, the primary segment corresponds to segments used for Executive Board of Directors' management purposes. Millennium 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

Commercial Banking is the core business in the Group’s activity, both in terms of volumes and contribution to results. Commercial Banking activity includes Banco Comercial Português network in Portugal, operating as a distribution channel targeting the segments of Retail Banking and Companies, focusing the activity on satisfying customers’ financial needs, both for individuals and small and medium enterprises. Commercial Banking also includes the Foreign Business segment, operating through several banking operations in markets with affinity to Portugal and in markets of recognised growth potential.

Retail Banking and Companies segment presents two specific approaches: (i) the Retail Banking in Portugal, targeting “Mass market” customers, who appreciate a value proposition based on innovation and speed, as well as Prestige and Small Businesses customers, whose specific characteristics, financial assets or income imply a value proposition based on innovation and personalisation, requiring a dedicated Account Manager; (ii) the Companies network in Portugal, which covers the financial needs of companies with an annual turnover between Euro 7.5 million and Euro 100 million, focused on innovation and offering a wide range of traditional banking products complemented by specialised financing. Within the scope of the cross-selling strategy, Retail Banking and Companies also acts as a distribution channel for financial products and services of the Millennium bcp's business as a whole.

Corporate and 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 specialised in capital markets, providing strategic and financial advisory, specialised financial services as Project finance, Corporate finance, Securities brokerage and Equity research, as well as in structuring risk-hedging derivatives products; and (iii) the activity of the Bank's International Division.

Private Banking and Asset Management activity comprises the Private Banking network in Portugal and subsidiary companies specialised in the investments funds management business. Private Banking and Asset Management also include ActivoBank7, an online global services bank, specialised on brokerage and the selection and advisory of long-term investment products.

The Foreign Business segment 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 bank in Turkey, BIM - Banco Internacional de Moçambique in Mozambique, Banco Millennium Angola in Angola, Millennium bcp Bank & Trust in the Cayman Islands and Millennium bcpbank in the United States of America.

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 based on innovative products and services and in Switzerland by Banque Privée BCP, a platform of Private Banking under Swiss law, while the activity developed in Turkey is performed through an operation focused on the Upper market, Affluent and Business customers, 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 both companies and individual customers, in Angola by a bank focused on private customers and companies and public and private institutions, in the Cayman Islands by Millennium bcp Bank & Trust, a bank designed for international services in the area of Private Banking clients with high net worth (Affluent segment), and in the United States of America by a global bank that serves the local population and, in particular the Portuguese-speaking community.

Other segment includes the centralized management of shareholdings and the remaining corporate activities and operations that are excluded in the business segments, namely the bancassurance activity, a joint-venture with the Belgian-Dutch Group Fortis, and the remaining amounts not allocated to the segments.

Business segments activity

The figures reported for each business segment result from aggregating the subsidiaries and business units integrated in each segment, including the impact of capital allocation and balancing process of each entity, both at balance sheet and income statement, based on average figures. Balance sheet headings for each subsidiary and business unit are re-calculated, given the replacement of their original shareholders' equity by the outcome of the capital allocation process, according to regulatory solvency criteria.

As the process of capital allocation follows the regulatory criteria of solvency in place, the risk weighted assets and, consequently, the business segments' capital allocation, were determined in accordance with the Basel II framework, applying the standard approach for calculating capital requirements for credit risks. In 2009, subsequent to the authorisation from the Bank of Portugal, the Bank 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. Each operation is balanced through internal transfers of funds, with no impact on consolidated accounts.

Operating costs determined for each business area rely on the amounts accounted directly in the respective cost centres, on one hand, and on the amounts resulting from internal cost allocation processes, on the other hand. For example, in the first set of costs are included costs related to phone communication, to travel, hotel and representation expenses and to advisory services, and in the second set are included costs related to mail, to water and electricity and to rents related to spaces occupied by organic units, among other.

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.

To ensure comparability for this information, the structural changes occurred in 2009 regarding the segments organisation in the Group were reflected in 2008 figures. The Companies segment was incorporated in the Retail Banking and Companies segment, while Corporate became part of the Corporate and Investment Banking segment. Also, for those purposes, ActivoBank7 was transferred from Retail Banking to Private Banking and Asset Management and BCP Banque Privée in Switzerland and Millennium bcp Bank & Trust in the Cayman Islands were framed under the Foreign Business, leaving part of the Private Banking and Asset Management.

Each segment's net contribution reflects the individual results achieved by its business units, independent of the percentage held by the Group including the impacts of transfers of funds previously mentioned. 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 2009.

Geographical Segments

The Group operates with special emphasis in the Portuguese, 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, ActivoBank7 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 (Mozambique) and the segment Angola contains the activity of Banco Millennium Angola (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, Millennium Bank in Turkey, Millennium bcp Bank & Trust in the Cayman Islands and Millennium bcpbank in the United States.

At 31 December 2009, the net contribution of the major business segments is analyzed as follows:

	Commercial Banking				Private		
	Retail Banking and Companies	Corporate and Investment Banking	Foreign Business	Total	Banking and Asset Management	Other	Consolidated
Income statement							
Interest income	1,769,916	521,362	1,194,154	3,485,432	96,999	57,048	3,639,479
Interest expense	(955,407)	(311,978)	(793,091)	(2,060,476)	(59,668)	(185,180)	(2,305,324)
Net interest income	814,509	209,384	401,063	1,424,956	37,331	(128,132)	1,334,155
Commissions and other income	509,037	170,605	300,825	980,467	47,772	(4,284)	1,023,955
Commissions and other costs	(23,692)	(5,829)	(79,585)	(109,106)	(15,823)	(106,589)	(231,518)
Net commissions and other income	485,345	164,776	221,240	871,361	31,949	(110,873)	792,437
Net gains arising from trading activity	-	39,297	160,358	199,655	12	25,703	225,370
Staff costs and administrative costs	773,362	72,995	516,864	1,363,221	42,226	30,067	1,435,514
Depreciations	1,574	191	44,710	46,475	79	58,182	104,736
Operating costs	774,936	73,186	561,574	1,409,696	42,305	88,249	1,540,250
Impairment and provisions	(272,950)	(135,099)	(193,554)	(601,603)	(20,440)	(35,342)	(657,385)
Share of profit of associates under the equity method	-	(2,131)	1,605	(526)	-	66,788	66,262
Net gain from the sale of other assets	-	-	-	-	-	74,930	74,930
Profit before income tax	251,968	203,041	29,138	484,147	6,547	(195,175)	295,519
Income tax	(66,772)	(54,457)	(17,367)	(138,596)	(1,614)	93,993	(46,217)
Minority interests	-	-	(22,476)	(22,476)	-	(1,609)	(24,085)
Profit after income tax	185,196	148,584	(10,705)	323,075	4,933	(102,791)	225,217
Income between segments	42,427	(39,645)	-	2,782	(2,782)	-	-
Balance sheet							
Cash and Loans and advances to credit institutions	7,365,945	6,070,790	6,282,734	19,719,469	499,245	(15,108,604)	5,110,110
Loans and advances to customers	45,369,208	12,962,184	16,269,993	74,601,385	2,237,253	(1,647,522)	75,191,116
Financial assets	-	2,163,023	2,856,202	5,019,225	3,056	3,526,486	8,548,767
Other assets	700,255	51,484	980,458	1,732,197	29,955	4,938,265	6,700,417
Total Assets	53,435,408	21,247,481	26,389,387	101,072,276	2,769,509	(8,291,375)	95,550,410
Deposits from other credit institutions	10,669,412	6,729,471	7,886,377	25,285,260	399,141	(15,378,729)	10,305,672
Deposits from customers	22,014,805	4,960,550	14,929,709	41,905,064	1,627,868	2,774,301	46,307,233
Debt securities issued	12,684,991	5,856,681	980,089	19,521,761	431,447	19	19,953,227
Other financial liabilities held for trading at fair value through profit or loss	4,639,257	2,141,953	296,451	7,077,661	157,792	182,454	7,417,907
Other financial liabilities	681,977	322,272	383,416	1,387,665	30,202	889,330	2,307,197
Other liabilities	220,087	28,439	720,847	969,373	11,242	1,057,758	2,038,373
Total Liabilities	50,910,529	20,039,366	25,196,889	96,146,784	2,657,692	(10,474,867)	88,329,609
Equity and minority interests	2,524,879	1,208,115	1,192,498	4,925,492	111,817	2,183,492	7,220,801
Total Liabilities, Equity and minority interests	53,435,408	21,247,481	26,389,387	101,072,276	2,769,509	(8,291,375)	95,550,410

At 31 December 2008, the net contribution of the major business segments is analysed as follows:

	Commercial Banking				Private		
	Retail Banking and Companies	Corporate and Investment Banking	Foreign Business	Total	Banking and Asset Management	Other	Consolidated
Income statement							
Interest income	2,994,363	828,639	1,571,371	5,394,373	135,284	(260,060)	5,269,597
Interest expense	(1,900,381)	(683,108)	(1,061,688)	(3,645,177)	(95,193)	191,821	(3,548,549)
Net interest income	1,093,982	145,531	509,683	1,749,196	40,091	(68,239)	1,721,048
Commissions and other income	493,242	142,433	324,344	960,019	61,196	97,179	1,118,394
Commissions and other costs	(27,530)	39,339	(85,092)	(73,283)	(26,986)	(165,922)	(266,191)
Net commissions and other income	465,712	181,772	239,252	886,736	34,210	(68,743)	852,203
Net gains arising from trading activity	-	10,789	142,550	153,339	(29)	(135,211)	18,099
Staff costs and administrative costs	800,637	89,541	593,412	1,483,590	48,811	25,547	1,557,948
Depreciations	1,480	271	46,236	47,987	82	64,774	112,843
Operating costs	802,117	89,812	639,648	1,531,577	48,893	90,321	1,670,791
Impairment and provisions	(266,889)	(100,997)	(103,587)	(471,473)	(26,903)	(90,847)	(589,223)
Share of profit of associates under the equity method	-	(2,356)	-	(2,356)	-	21,436	19,080
Net gain from the sale of other assets	-	(4)	10,031	10,027	-	(18,434)	(8,407)
Profit before income tax	490,688	144,923	158,281	793,892	(1,524)	(450,359)	342,009
Income tax	(130,032)	(40,967)	(35,158)	(206,157)	1,888	120,271	(83,998)
Minority interests	-	-	(52,531)	(52,531)	-	(4,298)	(56,829)
Profit after income tax	360,656	103,956	70,592	535,204	364	(334,386)	201,182
Income between segments	36,109	(26,785)	-	9,324	(9,324)	-	-
Balance sheet							
Cash and Loans and advances to credit institutions	7,875,758	6,390,161	6,275,066	20,540,985	541,381	(15,077,266)	6,005,100
Loans and advances to customers	45,709,854	13,130,871	16,166,047	75,006,772	2,025,451	(1,867,209)	75,165,014
Financial assets	-	2,098,165	2,758,470	4,856,635	3,044	1,976,915	6,836,594
Other assets	775,746	274,411	485,410	1,535,567	30,164	4,851,285	6,417,016
Total Assets	54,361,358	21,893,608	25,684,993	101,939,959	2,600,040	(10,116,275)	94,423,724
Deposits from other credit institutions	12,797,078	7,968,564	6,516,578	27,282,220	402,531	(18,345,384)	9,339,367
Deposits from customers	19,965,748	4,045,242	14,776,732	38,787,722	1,472,934	4,646,512	44,907,168
Debt securities issued	12,947,027	6,089,128	1,088,422	20,124,577	390,971	18	20,515,566
Other financial liabilities held for trading at fair value through profit or loss	5,156,997	2,175,781	1,175,354	8,508,132	155,730	189,276	8,853,138
Other financial liabilities	1,131,585	528,559	844,881	2,505,025	58,470	386,125	2,949,620
Other liabilities	266,419	155,448	319,566	741,433	11,075	858,123	1,610,631
Total Liabilities	52,264,854	20,962,722	24,721,533	97,949,109	2,491,711	(12,265,330)	88,175,490
Equity and minority interests	2,096,504	930,886	963,460	3,990,850	108,329	2,149,055	6,248,234
Total Liabilities, Equity and minority interests	54,361,358	21,893,608	25,684,993	101,939,959	2,600,040	(10,116,275)	94,423,724

At 31 December 2009, the net contribution of the major geographic segments is analyzed as follows:

	Portugal										
	Retail Banking and Companies	Corporate and Investment Banking	Private Banking and Asset Managment	Other	Total	Poland	Greece	Mozambique	Angola	Other	Consolidated
Income statement											
Interest income	1,769,916	521,362	96,999	57,048	2,445,325	544,180	288,910	110,169	39,753	211,142	3,639,479
Interest expense	(955,407)	(311,978)	(59,668)	(185,180)	(1,512,233)	(412,015)	(167,284)	(27,477)	(13,845)	(172,470)	(2,305,324)
Net interest income	814,509	209,384	37,331	(128,132)	933,092	132,165	121,626	82,692	25,908	38,672	1,334,155
Commissions and other income	509,037	170,605	47,772	(4,284)	723,130	150,882	48,610	48,534	12,725	40,074	1,023,955
Commissions and other costs	(23,692)	(5,829)	(15,823)	(106,589)	(151,933)	(34,984)	(13,163)	(19,736)	(1,241)	(10,461)	(231,518)
Net commissions and other income	485,345	164,776	31,949	(110,873)	571,197	115,898	35,447	28,798	11,484	29,613	792,437
Net gains arising from trading activity	-	39,297	12	25,703	65,012	77,864	9,666	22,537	21,060	29,231	225,370
Staff costs and administrative costs	773,362	72,995	42,226	30,067	918,650	213,793	116,216	53,711	37,116	96,028	1,435,514
Depreciations	1,574	191	79	58,182	60,026	18,260	9,599	5,880	3,440	7,531	104,736
Operating costs	774,936	73,186	42,305	88,249	978,676	232,053	125,815	59,591	40,556	103,559	1,540,250
Impairment and provisions	(272,950)	(135,099)	(20,440)	(35,342)	(463,831)	(100,107)	(24,719)	(11,617)	(5,030)	(52,081)	(657,385)
Share of profit of associates under the equity method	-	(2,131)	-	66,788	64,657	1,605	-	-	-	-	66,262
Net gain from the sale of other assets	-	-	-	74,930	74,930	-	-	-	-	-	74,930
Profit before income tax	251,968	203,041	6,547	(195,175)	266,381	(4,628)	16,205	62,819	12,866	(58,124)	295,519
Income tax	(66,772)	(54,457)	(1,614)	93,993	(28,850)	874	(9,447)	(11,413)	1,210	1,409	(46,217)
Minority interests	-	-	-	(1,609)	(1,609)	1,295	-	(17,118)	(6,653)	-	(24,085)
Profit after income tax	185,196	148,584	4,933	(102,791)	235,922	(2,459)	6,758	34,288	7,423	(56,715)	225,217
Income between segments	42,427	(39,645)	(2,782)	-	-	-	-	-	-	-	-
Balance sheet											
Cash and Loans and advances to credit institutions	7,365,945	6,070,790	499,245	(15,108,604)	(1,172,624)	703,357	1,266,271	228,731	159,230	3,925,145	5,110,110
Loans and advances to customers	45,369,208	12,962,184	2,237,253	(1,647,522)	58,921,123	8,158,103	5,083,215	673,185	309,962	2,045,528	75,191,116
Financial assets	-	2,163,023	3,056	3,526,486	5,692,565	1,845,063	342,371	234,899	224,241	209,628	8,548,767
Other assets	700,255	51,484	29,955	4,938,265	5,719,959	204,181	106,244	68,373	52,747	548,913	6,700,417
Total Assets	53,435,408	21,247,481	2,769,509	(8,291,375)	69,161,023	10,910,704	6,798,101	1,205,188	746,180	6,729,214	95,550,410
Deposits from other credit institutions	10,669,412	6,729,471	399,141	(15,378,729)	2,419,295	1,921,343	1,987,723	74,273	218,850	3,684,188	10,305,672
Deposits from customers	22,014,805	4,960,550	1,627,868	2,774,301	31,377,524	7,844,540	3,472,601	916,135	428,914	2,267,519	46,307,233
Debt securities issued	12,684,991	5,856,681	431,447	19	18,973,138	249,564	730,525	-	-	-	19,953,227
Other financial liabilities held for trading at fair value through profit or loss	4,639,257	2,141,953	157,792	182,454	7,121,456	166,206	72,363	-	-	57,882	7,417,907
Other financial liabilities	681,977	322,272	30,202	889,330	1,923,781	159,179	122,722	28,686	16,546	56,283	2,307,197
Other liabilities	220,087	28,439	11,242	1,057,758	1,317,526	91,325	74,053	79,889	20,613	454,967	2,038,373
Total Liabilities	50,910,529	20,039,366	2,657,692	(10,474,867)	63,132,720	10,432,157	6,459,987	1,098,983	684,923	6,520,839	88,329,609
Equity and minority interests	2,524,879	1,208,115	111,817	2,183,492	6,028,303	478,547	338,114	106,205	61,257	208,375	7,220,801
Total Liabilities, Equity and minority interests	53,435,408	21,247,481	2,769,509	(8,291,375)	69,161,023	10,910,704	6,798,101	1,205,188	746,180	6,729,214	95,550,410

At 31 December 2008, the net contribution of the major geografic segments is analysed as follows:

	Portugal										
	Retail Banking and Companies	**Corporate and Investment Banking**	**Private Banking and Asset Managment**	**Other**	**Total**	**Poland**	**Greece**	**Mozambique**	**Angola**	**Other**	**Consolidated**
Income statement											
Interest income	2,994,363	828,639	135,284	(260,060)	3,698,226	710,529	378,876	100,284	21,219	360,463	5,269,597
Interest expense	(1,900,381)	(683,108)	(95,193)	191,821	(2,486,861)	(446,325)	(258,570)	(26,140)	(9,251)	(321,402)	(3,548,549)
Net interest income	1,093,982	145,531	40,091	(68,239)	1,211,365	264,204	120,306	74,144	11,968	39,061	1,721,048
Commissions and other income	493,242	142,433	61,196	97,179	794,050	178,207	50,725	48,571	6,967	39,874	1,118,394
Commissions and other costs	(27,530)	39,339	(26,986)	(165,922)	(181,099)	(36,767)	(16,838)	(21,065)	(1,454)	(8,968)	(266,191)
Net commissions and other income	465,712	181,772	34,210	(68,743)	612,951	141,440	33,887	27,506	5,513	30,906	852,203
Net gains arising from trading activity	-	10,789	(29)	(135,211)	(124,451)	99,380	7,936	14,333	5,844	15,057	18,099
Staff costs and administrative costs	800,637	89,541	48,811	25,547	964,536	315,265	117,192	47,555	15,469	97,931	1,557,948
Depreciations	1,480	271	82	64,774	66,607	20,089	9,089	6,741	1,683	8,634	112,843
Operating costs	802,117	89,812	48,893	90,321	1,031,143	335,354	126,281	54,296	17,152	106,565	1,670,791
Impairment and provisions	(266,889)	(100,997)	(26,903)	(90,847)	(485,636)	(39,155)	(16,744)	(2,472)	(2,877)	(42,339)	(589,223)
Share of profit of associates under the equity method	-	(2,356)	-	21,436	19,080	-	-	-	-	-	19,080
Net gain from the sale of other assets	-	(4)	-	(18,434)	(18,438)	2,727	7,304	-	-	-	(8,407)
Profit before income tax	490,688	144,923	(1,524)	(450,359)	183,728	133,242	26,408	59,215	3,296	(63,880)	342,009
Income tax	(130,032)	(40,967)	1,888	120,271	(48,840)	(27,939)	(8,206)	(10,529)	654	10,862	(83,998)
Minority interests	-	-	-	(4,298)	(4,298)	(36,319)	-	(16,212)	-	-	(56,829)
Profit after income tax	360,656	103,956	364	(334,386)	130,590	68,984	18,202	32,474	3,950	(53,018)	201,182
Income between segments	36,109	(26,785)	(9,324)	-	-	-	-	-	-	-	-
Balance sheet											
Cash and Loans and advances to credit institutions	7,875,758	6,390,161	541,381	(15,077,266)	(269,966)	814,395	1,182,570	275,284	110,665	3,892,152	6,005,100
Loans and advances to customers	45,709,854	13,130,871	2,025,451	(1,867,209)	58,998,967	8,125,242	4,793,701	484,069	212,602	2,550,433	75,165,014
Financial assets	-	2,098,165	3,044	1,976,915	4,078,124	2,217,168	74,423	213,015	116,223	137,641	6,836,594
Other assets	775,746	274,411	30,164	4,851,285	5,931,606	159,678	140,037	70,023	29,519	86,153	6,417,016
Total Assets	54,361,358	21,893,608	2,600,040	(10,116,275)	68,738,731	11,316,483	6,190,731	1,042,391	469,009	6,666,379	94,423,724
Deposits from other credit institutions	12,797,078	7,968,564	402,531	(18,345,384)	2,822,789	1,254,189	1,501,154	47,025	131,322	3,582,888	9,339,367
Deposits from customers	19,965,748	4,045,242	1,472,934	4,646,512	30,130,436	7,712,772	3,234,430	804,175	279,449	2,745,906	44,907,168
Debt securities issued	12,947,027	6,089,128	390,971	18	19,427,144	223,275	865,147	-	-	-	20,515,566
Other financial liabilities held for trading at fair value through profit or loss	5,156,997	2,175,781	155,730	189,276	7,677,784	1,059,227	54,309	-	-	61,818	8,853,138
Other financial liabilities	1,131,585	528,559	58,470	386,125	2,104,739	521,902	170,706	39,266	15,813	97,194	2,949,620
Other liabilities	266,419	155,448	11,075	858,123	1,291,065	104,378	106,306	79,176	13,127	16,579	1,610,631
Total Liabilities	52,264,854	20,962,722	2,491,711	(12,265,330)	63,453,957	10,875,743	5,932,052	969,642	439,711	6,504,385	88,175,490
Equity and minority interests	2,096,504	930,886	108,329	2,149,055	5,284,774	440,740	258,679	72,749	29,298	161,994	6,248,234
Total Liabilities, Equity and minority interests	54,361,358	21,893,608	2,600,040	(10,116,275)	68,738,731	11,316,483	6,190,731	1,042,391	469,009	6,666,379	94,423,724

Reconciliation of net income of reportable segments with the net result of the Group

Description of the relevant items of reconciliation:

	2009 Euros '000	2008 Euros '000
Net income of reportable segments (excluding Minority Interests):		
Retail Banking and Companies	185,196	360,656
Corporate and Investment Banking	148,584	103,956
Private Banking e Asset Management	4,933	364
Foreign Business	11,771	123,123
	350,484	588,099
Impact on the Net interest income of the allocation of capital (1)	4,388	51,495
	346,096	536,604
Amounts not allocated to segments		
Minority interests	(24,085)	(56,829)
Operating expenses (2)	(88,249)	(90,321)
Loan impairment and other provisions	(35,342)	(90,847)
BPI impairment	-	(268,076)
Gains established with the sale of assets (3)	78,379	-
Accounting for hedging interest rate risk (4)	46,500	118,400
Instruments measured at FVO (Own Credit Risk)	(106,089)	88,273
Others (5)	8,007	(36,022)
Total not allocated to segments	(120,879)	(335,422)
Consolidated net income	225,217	201,182

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 regulatory criteria for creditworthiness.

(2) Includes operating costs not allocated to business segments, including those related to the areas with corporate and strategic projects.

(3) Gains resulting from the spread to new shareholders of the share capital of Banco Millennium Angola, the gain obtained with the partial sale of the investment in the Baía de Luanda project and other gains arising from the sale of assets.

(4) Results from financial operations associated with the economic strategy of hedging interest rate risk associated with fixed rate liabilities through interest rate swaps. As a result of the volatility observed in the markets, tests for evaluating the effectiveness of hedge accounting in accordance with IAS 39 requirements, concluded that the hedge was broken. The Group decided to interrupt the hedge relation. Following the decision of the Executive Board of Directors and in accordance with IAS 39 on 1st April 2009 the hedging relationship was reestablished.

(5) Includes funding for non interest bearing assets and the financial strategies as well as tax effect associated with the other impacts.

53. 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 as well as 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 Risk Office 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 Office takes part.

Risk Evaluation and Management 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.

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.

The Group adopts a continuous monitoring policy towards its decision processes, promoting changes and improvements in those processes whenever it considers necessary, in order to ensure a greater consistency and efficiency in decision taking.

To quantify the credit risk at the level of the various portfolios, the Group has developed a model based on an actuarial approach, which provides the 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 Group's exposure to credit risk as at 31st of December 2009 is presented in the following table:

	2009 Euros '000	2008 Euros '000
Loans and advances to credit institutions		
Repayable on demand	839,552	1,048,348
Other loans and advances	2,025,834	2,542,326
Loans and advances to customers	75,191,116	75,165,014
Financial assets held for trading and available for sale	5,318,694	4,761,658
Assets with repurchase agreement	50,866	14,754
Hedging derivatives	465,848	117,305
Financial assets held to maturity	2,027,354	1,101,844
Investments in associated companies	438,918	343,934
Other assets	987,245	1,120,465
Guarantees granted	8,519,462	8,613,752
Irrevocable commitments	4,364,948	4,302,476
Credit default swaps (notional)	489,896	90,000
	100,719,733	99,221,876

Market Risks

The main measure used by the Group in evaluating the market risk is the VaR (Value at Risk). The VaR is calculated on the basis of the analysis approximation defined in the methodology developed by the RiskMetrics. It is calculated considering a 10-working day time horizon and 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.

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.

Two other complementary measures are used: a measure for the non-linear risk, at a confidence level of 99%, and a standard measure for the commodities risk.

The following table shows these major trading book indicators for 2009:

	Euros '000				
	2009.12.31	Average	Maximum	Minimum	2009.01.01
Generic Risk (VaR)	4,178	4,267	8,938	1,833	9,162
Interest Rate Risk	1,684	2,460	5,271	1,588	5,460
FX Risk	3,551	3,192	7,023	1,616	7,132
Equity Risk	354	368	469	375	500
Diversification effects	*1,411*	*1,751*	*3,825*	*1,746*	*3,930*
Specific Risk	1,539	1,025	3,959	419	508
Non Linear Risk	77	221	1,103	58	718
Commodities Risk	2	5	16	0	3
Global Risk	5,796	5,518	10,170	2,586	10,391

Evaluation of the interest rate risk originated by the banking portfolio is performed via a risk sensitivity analysis process carried out every month for all operations included in the Group's consolidated balance sheet.

In this analysis consideration is given to the financial characteristics of the contracts available on the information systems. On the basis of these data the respective expected cash flows are projected in accordance with the repricing dates.

Aggregation of the expected cash flows for each time interval for each of the currencies under analysis allows determination of the interest rate gaps per repricing period.

The interest rate sensitivity of the balance 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 2009		Euros '000
Moeda	**- 200 pb**	**- 100 pb**	**+ 100 pb**	**+ 200 pb**
CHF	3,370	1,823	910	1,915
EUR	9,361	(14,024)	22,254	43,129
PLN	8,339	4,090	(3,941)	(7,738)
USD	4,136	1,834	(2,157)	(5,176)
TOTAL	25,206	(6,277)	17,066	32,130

		31 December 2008		Euros '000
Moeda	**- 200 pb**	**- 100 pb**	**+ 100 pb**	**+ 200 pb**
CHF	(4,717)	(2,350)	2,332	4,646
EUR	(91,243)	(44,907)	41,735	78,644
PLN	(796)	(424)	474	993
USD	8,858	4,599	(4,983)	(10,507)
TOTAL	(87,898)	(43,082)	39,558	73,776

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 this period another fundamental vector of the Group's intervention in terms of mitigating liquidity risk has been the increase of the pool of discountable assets that can be used in funding operations with the European Central Bank and other Central Banks of the countries where the Group operates, as an element of prevention against any event of disruption in the financing markets.

The eligible pool of assets for funding operations in the European Central Bank and other Central Banks is detailed as follows:

	Dec 09	Dec 08
European Central Bank		
Securites	9,406,122	5,568,180
Loans and advances to costumers	28,167	98,000
Other Central Banks		
Securites	1,469,615	1,509,945
	10,903,904	7,176,125

As at 31 December 2009, the amount borrowed from the European Central Bank and from the Other Central Banks amounted to Euros 2,925,000,000 and Euros 119,000,000 respectively (31 December 2008: Euros 2,950,000,000 and Euros: 273,000,000).

The amount of eligible assets for funding operations in the European Central Banks includes securities issued by SPE's 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.

During 2009 the main liquidity ratios of the Group, according to the definitions and measurments made with respect to the Instruction n.º 13/2009 of the Bank of Portugal, had the following evolution:

	Mar 09	Jun 09	Sep 09	Dec 09
Cummulative Mismatch up to one year (1)	2%	0%	-2%	-1%
Liquidity gap as a % of iliquid assets	-19%	-16%	-16%	-12%
Transformation Ratio (Crédit / Deposits)	156%	153%	152%	151%
Coverage ratio of Wholesale funding by HLA (2)				
(up to 1 Month)	102%	211%	164%	149%
(up to 3 Months)	71%	113%	98%	109%
(up to 1 Year)	50%	62%	64%	75%

(1) In % of Total Accounting Liabilities.

(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 are usually applied by each rating agency in a standardized way to all the securitization transactions involving the same type of loans. Generally, changes in the Group’s interventions of a financial nature consist of pledging collaterals or nominating a substitute or a guarantor that complies with the established rating criteria and in the Group’s interventions as a mere services provider consist of substituting the services provider for an alternative one. In what regards the Group’s securitization transactions where the underlying loans were derecognized, only the Group’s intervention as loans’ manager and as interest rate swap’s counterparty is subject to changes. In case Group stops complying with the established rating criteria, regarding its participation as loans’ manager, a substitute loans’ manager must be nominated and in case it stops complying with the referred criteria regarding its participation as interest rate swap’s counterparty, a collateral must be pledged, an alternative counterparty must be nominated or the right to early liquidate the swap must be conferred to the counterparty, depending on the transaction or the rating in analysis.

The only securitization transaction to which changes to the terms of the Group's intervention could be necessary, in result of the downgrade of a single grade of the medium and long term rating, is Caravela SME No. 1, in a hypothetic scenario of Moody's "A1" rating's downgrade and even in this scenario the only necessary change to the transaction's structure would be the establishment of a contingent liquidity line. In the Group's securitization transactions where the underlying loans were derecognized, the downgrade of a rating grade would not imply any change to the terms of the Group's intervention, because even after the downgrade of a rating grade Group would still be in compliance with the minimum rating criteria.

The portfolio of assets of the covered bonds issued by BCP encompasses interest rate derivatives, whose counterparties should have a minimal rate of "A2" by Moddy's and "F-1" and "A" by Fitch for short term and long term respectively. Presently, these derivatives are contracted with Group companies which imply that the failure to meet any of these criteria would determine the need of additional guarantee or contracting the mentioned derivatives with external eligible counterparties.

54. Solvency

Consolidated own funds of Banco Comercial Português are determined according to the applicable regulatory rules, namely the Regulation 12/92 from the Bank of Portugal. The own funds result from the adding the core own funds (Tier 1) with the complementary own funds (Tier 2) and subtracting the component of Deductions.

The Tier 1 comprises the steadiest components of the own funds. This heading includes the paid-up capital and the share premium, the reserves and the retained earnings, the minority interests related to the share capital not held on fully consolidated companies and the deferred impacts related to the transition adjustments to the International Financial Reporting Standards. Preference shares and other hybrid instruments are also included within the Tier 1, after the Bank of Portugal's approval and as long as they do not exceed the regulatory limits defined by that entity versus the total amount of Tier 1, determined before the deduction related to the qualified investments.

Furthermore, the following are negative components of Tier 1: own shares, goodwill and other intangible assets, deferred costs related with actuarial variations in excess of the Pension Fund's corridor, the provisioning shortage if credit impairment, determined in accordance with the International Financial Reporting Standards stands below the amount of credit provisions defined by Regulation 3/95 from the Bank of Portugal on an unconsolidated basis, and the deduction related to the qualified investments. This deduction refers to the investments owned in financial institutions, on one hand, and in insurance companies, on the other, above 10% and not below 20% of their share capital, respectively, as long as they are not fully consolidated. This deduction, which is done in equal parts to Tier 1 and Tier 2, is also applied to the part of the aggregate amount of investments on financial institutions, individually representing up to 10% of their share capital, that exceed the respective regulatory limit.

Tier 1 can also be influenced by the existence of revaluation differences on available for sale securities and other assets, on cash-flow hedge transactions or on financial liabilities at fair value through profits and losses, to the extent related to own credit risk, by the existence of a fund for general banking risks and/or net profits arising from the capitalization of future revenues from securitized assets.

If the amount of preference shares and other elegible hybrid instruments approved by the Bank of Portugal to increase the Tier 1 exceeds the respective limits, this excess is deducted to this heading and added to the Tier 2.

In 2008, the Bank of Portugal introduced some changes to the own funds calculation. Thus, through the new Regulation 6/2008, similarly to credit and other receivables, potential gains and losses arising from available for sale debt securities were excluded from the own funds, to the portion exceeding the impact of related hedging transactions. The obligation of deducting to the Tier 1 the positive revaluation reserves representing non realized gains on available for sale equity instruments (net of taxes), in excess to the potential related impaired amounts is maintained.

Simultaneously, through Regulation 7/2008, the Bank of Portugal extended, for three additional years, the amortization plan of the transition adjustments to the International Financial Reporting Standards that were not fully recognized in the own funds of June 30, 2008, concerning post-retirement health benefits and liabilities of the pension fund. On the other hand, the Bank of Portugal published Regulation 11/2008 which allowed, for regulatory purposes, the enlargement of the pension fund corridor up to the amount of the actuarial losses of 2008, excluding the expected return of the fund's assets in 2008, to be amortized steadily through the next four years.

Finally, the Bank of Portugal increased the limit of preference shares and other elegible hybrid instruments within the Tier 1, from 20% to 35%, as long as it corresponds to perpetual instruments, with no incentives to redeem, and suspended the 10% limit applied to the amount of deferred tax assets that could be included in the Tier 1.

The complementary own funds include the subordinated debt and 45% of the unrealized gains in available for sale equity securities and other assets, as well as the amounts related to preference shares and other hybrid instruments that have been deducted to the 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 1and b) the Lower Tier 2 cannot surpass 50% of the Tier 1. Additionally, non-perpetual subordinated loans should be amortized at a 20% annual rate, along their last five years to maturity. The Tier 2 is also subject to the deduction of 50% of investments owned in financial institutions and insurance companies, as already mentioned. 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 recognized in the Bank's accounts, and the potential excess of exposure to risk limits in the scope of Bank of Portugal published Regulation 6/2007.

Capital requirements have been determined in accordance with the Basel II framework since the beginning of 2008. In this scope, the Bank timely filed with the Bank of Portugal a formal request, regarding the use of the internal ratings based approach for credit risk and the internal models approach for market risk, as well as the standard approach for calculating operational risk requirements, which had some developments during the first semester of 2009.

Therefore, the Bank of Portugal authorized BCP Group to use the standard approach to calculate capital requirements for operational risk, instead of the basic-indicator approach, and 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.

As at December 2009, capital requirements for credit risk were determined taking into account the risks recorded both on balance and off-balance sheet weighted based on the type of counterparties, the maturity of transactions and the existing collaterals, as defined by the Regulation 5/2007 from the Bank of Portugal for the standard approach. The requirements for securitized assets were determined in accordance with the Regulation 7/2007 from the Bank of Portugal. Capital requirements for operational risk were calculated following the standard approach described in the Regulation 9/2007 from the Bank of Portugal. Additionally, capital requirements for the trading portfolio were also calculated, according to the Regulation 8/2007 from the Bank of Portugal, namely for the specific risk, while capital requirements for the generic risk were calculated in accordance to the internal models approach.

The confirmation that an entity has an amount of own funds not below the amount of its capital requirements assures the adequacy of its capital, reflected on a solvency ratio - represented by the percentage of total own funds to the result of 12.5 times the capital requirements - of at least the regulatory minimum of 8%. Additionally, the Bank of Portugal released a recommendation in order to, by September 30, 2009, the financial groups submitted to its supervision, as well as the respective mother-companies, strengthen their Tier 1 ratios to a figure not below 8%.

	2009 **Euros '000**	**2008** **Euros '000**
Core own funds		
Paid-up capital and share premium	4,886,722	4,877,968
Reserves and retained earnings	(58,184)	(63,214)
Minority interests	340,117	283,475
Preference shares	1,933,566	954,617
Intangible assets	(534,934)	(540,157)
Net impact of accruals and deferrals and other regulatory adjustments	(465,517)	(733,032)
	6,101,770	4,779,657
Complementary own funds		
Upper Tier 2	135,455	675,725
Lower Tier 2	1,430,372	1,682,112
	1,565,827	2,357,837
Deductions to total own funds	(127,015)	(80,345)
Total own funds	7,540,582	7,057,149
Own funds requirements		
Requirements from Regulation 5/2007	4,884,722	4,947,614
Trading portfolio	27,996	34,918
Operacional risk	348,789	411,522
	5,261,507	5,394,054
Capital ratios		
Tier 1	9.3%	7.1%
Tier 2 (*)	2.2%	3.4%
Solvency ratio	11.5%	10.5%

(*) Includes deductions to total own funds

55. Accounting standards recently issued

Standards, changes and interpretations effective since 1 January 2009

The new standards and interpretation that have been issued that are already effective and that the Group has applied on its Financial Statements can be analyzed as follows:

IAS 1 (amendment) – Presentation of Financial Statements

The International Accounting Standards Board (IASB) has issued in September 2007 an amendment to IAS 1 - Presentation of Financial Statements, which is applicable from 1 January, 2009, although allowing for an early adoption.

Changes regarding the current text of IAS 1:

- The presentation of the financial position statement (balance sheet) is required for current and comparative periods. According with changed IAS 1, the financial position statement should also be presented for the beginning of the comparative period whenever an entity restates the comparatives following a change in an accounting policy, a correction of an error or the reclassification of an item in the financial statements. In theses cases, three statements of the financial position will be presented, comparatively to the other two required statements.

- Following the changes required by this standard, the users of the financial statements will be able to distinguish, in an easier way, the variations in the equity of the Group on transactions with shareholders, as shareholders (ex. dividends, transactions with own shares) and transactions with third parties, that are summarized in the comprehensive income statement.

Given the nature of these changes (disclosures) the impact was exclusively related to the presentation.

IAS 23 (amendment) – Borrowing costs

The International Accounting Standards Board (IASB) has issued in March, 2007 an amendment to IAS 23 - Borrowing costs, which is applicable from 1 January, 2009, although early adoption was permitted.

This standard requires the capitalization of borrowing costs that are directly related to the acquisition, production or construction of a qualifying asset, as part of the cost of that asset. As a result, the option to recognize such borrowing costs as an expense in the period which they arise was eliminated.

The Group did not obtain any significant impact from the adoption of this amendment.

IAS 32 (amendment) - Financial Instruments: Presentation - Puttable Financial Instruments and obligations arising from liquidation

The International Accounting Standards Board (IASB) has issued in February 2008 an amendment to IAS 32 - Financial Instruments: Presentation - Puttable financial instruments and obligations arising from liquidation, which is applicable from 1 January 2009.

According with the previous requirements of IAS 32, if an issuer can be required to make a payment in money or in other financial asset in exchange for the redemption or repurchase of the financial instrument, the instrument is classified as a financial liability. As a result of this review, some financial instruments that currently comply with the definition of a financial liability will be classified as an equity instrument if (i) represent a residual interest in the net assets of the entity; (ii) are included in a class of instruments subordinated to any other class of instruments issued by the entity; and (iii) if all instruments in the class have the same terms and conditions. A change in IAS 1 Presentation of Financial Statements was also performed to add a new presentation requirement for puttable financial instruments and obligations arising from liquidation.

The Group did not obtain any significant impact from the adoption of this amendment.

IFRS 2 (amendment) - Share-based payment: Acquisition conditions

The International Accounting Standards Board (IASB) has issued in January, 2008 an amendment to IFRS 2 - Share-based payment: Acquisition conditions, which is applicable from 1 January, 2009, although early adoption was permitted.

This change to IFRS 2 allowed clarifying that: (i) the acquisition conditions of the inherent rights for a share-based payment plan are limited to service or performance conditions and that (ii) any cancellation of these programmes, by the entity itself or by third parties, has the same accounting treatment.

At 31 December 2009, the Group does not have any share-based payment plan and therefore the issue of this amendment does not have any impact in the financial statements of the Group.

IFRS 7 (amendment) – Financial instruments: Disclosures

The International Accounting Standards Board (IASB) has issued in March 2009 an amendment to IFRS 7 – Financial instruments: Disclosures, for obligatory application in 1 January 2009.

This amendment to IFRS 7 requires additional information in the disclosures related to fair value measurement, namely that these amounts should be presented in three hierarquical levels defined in the interpretation and related to liquidity risk.

Given the nature of these changes the impact in the Group financial statements was exclusively related to the disclosures.

IFRS 8 – Operational segments

The International Accounting Standards Board (IASB) has issued on 30 November 2006 the IFRS 8-Operational segments, which was endorsed by the European Commission on 21 November, 2007. This standard is mandatorily applicable to periods from or on 1 January, 2009.

IFRS 8 sets out the requirements for disclosures of information about an entity's operational segments and also about services and products, geographical areas where the entity operates and its major clients. This standard specifies how an entity should disclose its information in the annual financial statements and, as a consequential amendment to IAS 34 - Interim Financial Reporting, regarding the information to be disclosed in the interim financial reporting. Each entity should also provide a description of the segmental information disclosed namely profit or loss and of assets, as well as a brief description of how the segmental information is produced.

Given the nature of these changes (disclosures) the impact was exclusively related to the presentation.

IFRIC 13 – Customer Loyalty Programmes

The International Financial Reporting Interpretations Committee (IFRIC) has issued in July 2007 the IFRIC 13 - Customer Loyalty Programmes with effective date of application for the financial years starting from 1 July 2008, although allowing for an early adoption.

This interpretation is applicable to customer loyalty programmes and addresses how companies grant their customers loyalty award credits (often called 'points') when buying goods or services, allowing them to exchange these credits, in the future, by free goods or services or with a discount.

The Group did not obtain any significant impact from the adoption of this interpretation.

IFRIC 15 - Agreements for the Construction of Real Estate

The IFRIC 15 - Agreements for the Construction of Real Estate is effective for the years started from 1 January 2009.

This interpretation includes guidance that allows determining if a contract for the construction of real estate is within the scope of IAS 18 - Revenue or IAS 11 - Construction Contracts. Is expected that IAS 18 will be applied to a larger number of transactions.

The Group did not obtain any impact on its financial statements from this interpretation.

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

The International Financial Reporting Interpretations Committee (IFRIC) issued in July, 2008, IFRIC 16 – Hedges of a Net Investment in a Foreign Operation, with mandatory application date for years started after 1 October 2008, although an early adoption was permitted.

This interpretation intends to clarify that:

• The hedge of a net investment in a foreign operation can only be applied to exchange differences resulting from the foreign subsidiaries' financial statements conversion from its functional currency to the parent company's functional currency and only for an amount equal or smaller to the subsidiary's net assets;
• The hedge instrument can be contracted by any of the Group's entities, except by the entity that is being hedged; and
• At the moment of the hedged subsidiary's sale the accumulated gain or loss related to the effective hedge component is reclassified to profit and loss.

This interpretation allows an entity that uses the step by step consolidation method to choose an accounting policy that allows determining the accumulated foreign exchange conversion adjustment that is reclassified to profit and loss when the subsidiary is sold, as it would do if applying the direct consolidation method. This interpretation has a prospective application.

The Group did not obtain any significant impact on its financial statements from the adoption of this interpretation.

Annual Improvement Project

In May, 2008 the IASB published the Annual Improvement Project that implied changes to the standards in force. The effective date of the referred changes depends on the specific standard, although the majority is mandatory for the Group in 2009, as follows:

• Changes to IAS 1 - Financial Statements presentation, which is applicable from 1 January 2009. The change clarifies that only some financial instruments classified as trading instruments are an example of current assets and liabilities.

The Group did not obtain any significant impact from the adoption of this amendment.

• Changes to IAS 16 - Property, Plant and Equipment, which is applicable from 1 January 2009. The change that occurred establishes classification rules (i) for the income originated by the sale of rented assets subsequently sold and (ii) for these assets during the period between the date of termination of the rental agreement and the date of the sale agreement.

The Group did not obtain any significant impact from the adoption of this amendment.

• Changes to IAS 19 - Employee Benefits, which is applicable from 1 January 2009. The changes allowed clarifying (i) the concept of negative costs associated to past services resulting from changes in the defined benefit plan, (ii) the interaction between the expected return from the assets and the costs of managing the plan, and (iii) the distinction between short, medium and long term benefits.

The Group did not obtain any significant impact from the adoption of this amendment.

• Changes to IAS 20 - Accounting for government grants and disclosure of government assistance, which is applicable from 1 January 2009. This change established that the benefit arising from obtaining a government loan at rates below market rates should be measured as the difference between the fair value of the liability at granting date, determined according with IAS 39 - Financial Instruments: Recognition and Measurement and the amount received. This benefit should be subsequently accounted according with IAS 20.

The Group did not obtain any significant impact from the adoption of this amendment.

• Changes to IAS 23 - Borrowing Costs, applicable from 1 January 2009. The concept of borrowing costs was changed to clarify that these costs should be determined according with the effective interest rate as defined in IAS 39 - Financial Instruments: Recognition and Measurement, thus eliminating the inconsistency between IAS 23 and IAS 39.

The Group did not obtain any significant impact from the adoption of this amendment.

• Changes to IAS 27 - Consolidated and separate financial statements, applicable from 1 January 2009. The change to this standard determines that in the cases when an investment in a subsidiary is accounted at fair value in the individual accounts, according with IAS 39 - Financial Instruments: Recognition and Measurement and qualifies for classification as a non-current asset held for sale according with IFRS 5 - Non-current assets held for sale and discontinued operations, the investment should continue to be measured as defined in IAS 39.

The Group did not obtain any significant impact from the adoption of this amendment.

• Change to IAS 28 - Investments in Associates, applicable from 1 January 2009. The changes to IAS 28 - Investments in Associates had the objective of clarifying (i) that an investment in an associate should be treated as a single asset for impairment testing purposes under the scope of IAS 36 - Impairment of assets, (ii) that any impairment loss to be recognized shouldn't be allocated to specific assets namely to goodwill and (iii) that the impairment write-backs are accounted as an adjustment to the carrying amount of the associate as long as and to the extent that the recoverable amount of the investment increases.

The Group did not obtain any significant impact from the adoption of this amendment.

• Change to IAS 38 - Intangible Assets, applicable from 1 January 2009. This change determined that an incurred deferred expense related with advertising or promotional activities can only be recognized in the balance sheet if an advance payment was made regarding goods and services that will be received in a future date. The recognition in profit and loss should occur when the entity has the right to receive the goods and services.

The Group did not obtain any significant impact from the adoption of this amendment.

• Changes to the IAS 39 - Financial Instruments: Recognition and Measurement, applicable from 1 January 2009. This change includes mainly in (i) the clarification that it is possible to perform transfers from and to the category of fair value through profit and loss regarding derivatives, whenever these start or end an hedge relationship in cash-flows hedge models or net investment in an associate or subsidiary, (ii) the change to the definition of financial instruments at fair value through profit and loss in what relates the trading portfolio, determining that in the case of financial instrument portfolios jointly managed and for which there is evidence of a recent and real model of short-term profit taking, these should be classified as trading on initial recognition; (iii) the change to the documentation requirements and the effectiveness tests of the hedge relationship for the operational segments defined under the scope of IFRS 8 - Operating Segments; and (iv) the clarification that the measurement of a financial liability at amortized cost, after the interruption of the respective fair value hedge relationship, should be performed based on the new effective rate calculated at the interruption date.

The Group did not obtain any significant impact from the adoption of this amendment.

• Change to IAS 40 - Investment Properties, applicable from 1 January 2009. Following this change, the properties under construction or development for subsequent use as investment properties are included under the scope of IAS 40 (before they were included under the scope of IAS 16 Property, Plant and Equipment). These properties under construction can be accounted at fair value except if they cannot be reliably measured in which case they should be accounted at acquisition cost.

The Group did not obtain any significant impact from the adoption of this amendment.

Standards, changes and interpretations issued but not effective for the Group

IAS 39 (amendment) - Financial Instruments: Recognition and measurement – Eligible hedged items

The International Accounting Standards Board (IASB) has issued an amendment to IAS 39 - Financial Instruments: Recognition and measurement – Eligible hedged items, which is for mandatory application from 1 July 2009.

This change clarifies the application of the existing principles that determine what risks or which cash-flows can be designated as a hedged item.

The Group is evaluating the impact of adopting this standard in its financial statements.

IFRS 1 (amendment) - First time adoption of the International Financial Reporting Standards and IAS 27 - Consolidated and Separate Financial Statements

The changes in the IFRS 1 - First time adoption of the International Financial Reporting Standards and IAS 27 - Consolidated and Separated Financial Statements are effective from 1 July 2009.

These changes allowed entities adopting IFRS for the first time in the preparation of the individual accounts to use as deemed cost of the investments in subsidiaries, joint-ventures and associated companies, the respective fair value at the transition date to the IFRS or the carrying amount determined based on the previous accounting framework.

The Group does not expect any significant impact from the adoption of this amendment.

IFRS 3 (amendment) - Business combinations and IAS 27 (amendment) Consolidated and separate Financial statements

The International Accounting Standards Board (IASB) has issued in January 2008 an amendment to IFRS 3 (amendment) - Business Combinations, with mandatory application for finacial years beginning after 1 July 2009, although early adoption is permitted.

The main impacts of the changes to these standards are: (i) the treatment of partial acquisitions where the non-controlling interests (previously defined as minority interests) will be measured at fair value (which implies also the recognition of goodwill attributable to non-controlling interests) or as an alternative allows for the attributable to non controlling interest of the fair value of the net assets acquired (as currently required) to be measured at fair value; (ii) the step acquisition that require, at the time when the goodwill is determined, the revaluation against profit and loss, of the fair value of any non-controlling interest held previously to the acquisition when control is passed; (iii) the costs directly related with the acquisition of a subsidiary will be accounted in profit and loss; (iv) the changes in the estimates of the contingent prices are accounted in profit and loss and do not affect goodwill; and (v) the changes in percentages of subsidiaries held that do not result in a loss in control are accounted as equity changes.

Additionally, following the changes to IAS 27, the accumulated losses in a subsidiary will be attributed to the non-controlling interests (recognition of negative non-controlling interests) and when a subsidiary is sold with a subsequent loss of control, the remaining non-controlling interests are measured at the fair value determined at the date of the transaction.

The Group does not expect any significant impact from the adoption of this amendment.

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 for mandatory application for the financial years starting on 1 January 2013, although early adoption is permitted. 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 amortized cost or at fair value. This decision should be defined at initial recognition of the financial assets. Its classification depends on the entity, business model for managing its financial instruments and the contractual cash flows associated to each financial asset;

- Only debt instruments could be measured at amortized cost when the contractual cash-flows respresent only payments of principal and interest, which means that contains only the basic loan features, and for which an entity holds the asset to collect the contractual cash flows. All the other debt instruments are recognized at fair value; and

- Equity instruments issued by third parties are recognized at fair value with subsequent changes recognised in the profit and loss. Although, for equity instruments an entity could make an irrevocable election at initial recognition for fair value changes to be recognized in fair value reserves. Gains and losses recognized on fair value reserves cannot be recycled to profit and loss. This is a discretionary decision, not implying that all the equity instruments should be treated on this basis. The dividends received are recognized as income for the year.

The Group is evaluating the impact from the adoption of this standard.

IFRIC 12 – Service Concession Arrangements

The International Financial Reporting Interpretations Committee (IFRIC) has issued in July 2007 IFRIC 12 – Service Concession Arrangement. The EU endorsement was at 25 March 2009. This interpretation is mandatory for annual periods beginning on or after 29 March 2009. The IFRIC 12 applies to public-to-private service concession arrangements. This interpretation will be applicable only when a) the grantor controls or regulates what services the operator must provide and b) the grantor controls any significant residual interest in the infrastructure at the term of the arrangement.

Considering the nature of the contracts considered under this interpretation, the Group does not expect any significant impact from its adoption in the financial statements.

IFRIC 17 – Distributions of Non-cash Assets to Owners

The International Financial Reporting Interpretations Committee (IFRIC) issued in November 2008, IFRIC 17 – Distributions of Non-cash Assets to Owners, with effective application date to years started after 1 July 2009, early adopting being allowed.

This interpretation intends to clarify the accounting treatment of non-cash assets distribution to owners. It establishes that non-cash assets distributions must be accounted at fair value and the difference to the distributed assets carrying amount recognized in profit and loss in the period of the distribution.

The Group does not expect any significant impact from the adoption of this interpretation in the financial statements.

IFRIC 18 – Transfers of Assets from Customers

The International Financial Reporting Interpretations Committee (IFRIC) issued in November 2008, IFRIC 18 – Transfers of Assets from Customers, with effective application date to years started after 1 July 2009, early adoption being allowed.

This interpretation intends to clarify the accounting treatment of agreements through which an entity receives assets from customers for its own use and with the intent of establishing a future connection of the clients to a network or of granting continued access to the supply of services and goods to customers.

The interpretation clarifies:

• The conditions in which an asset is within the scope of this interpretation;
• The assets recognition and initial measurement;
• The identification of the identifiable services (one or more services in exchange for the transferred asset);
• Revenue recognition; and
• Accounting of money transfers from customers.

The Group does not expect any significant impact from the adoption of this interpretation in the financial statements.

Annual Improvement Project

In May, 2008, as referred previously IASB published the Annual Improvement Project, that implied changes to the standards in force. However, the effective date of the referred changes depends on each specific standard.

• Changes to IFRS 5 – Non-current assets held for sale and discontinued operations, effective for years starting after 1 July 2009. This change clarifies that all the assets and liabilities of a subsidiary must be classified as non-current assets held for sale in accordance with IFRS 5 if a plan for the partial sale of the subsidiary, that will imply losing the subsidiary's control, exists.

This standard will be adopted prospectively by the Group.

56. 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 57, the Bank promoted from that date an internal investigation in relation to the transactions realized with offshore 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, occurred in March 2004, having been assumed by a group whose main activity, developed through the company Edifícios Atlântico, S.A., consists on the development of real estate projects (from now on referred to as “GI”). Following this restructuring, GI assumed net liabilities amounting to 450 million euros, net of the reimbursement of the Notes occurred in December 2004. On the same date, the Bank sold to GI an entity named Comercial Imobiliária, for 26 million euros, and a real estate portfolio for 61 million euros.

Regarding the above mentioned restructuring, GI, through Comercial 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. As referred in note 50, after this contribution, and as a result of the communication by Comercial 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 Comercial Imobiliária. The total amount net of amortizations, as at 31 December 2009 as referred in note 50, in accordance with the accounting policy described in note 1 w), is Euros 92,000,000. The amount will continue to be amortized by the remaining term of 16 years with a annual amortization of approximatly Euros 5,750,000.

Considering the significant exposure of the Bank towards GI and the real-estate sector in which this entity operates, in 2005, the Bank allocated a provision, in the amount of 85 million euros, to the existing loans resulting from the above referred transactions.

In June 2006, the Bank, which previously had acquired a minority shareholding of 11.5% in Comercial Imobiliária, granted shareholders loans to this entity, in the amount of 300 million euros, in order to allow Comercial Imobiliária to acquire, from another GI subsidiary, an indirect majority shareholding in an Angolan entity which owned the so called Baia de Luanda Project. This entity had obtained, in October 2005, the concession, for 60 years, of the Baia de Luanda leasehold. With the proceeds from this transaction, GI repaid to BCP an additional portion of the loan, corresponding to 305 million euros.

Considering the significance of the Project, the additional financing requirements for its development and the extent of GI's indebtedness with BCP, this entity proposed and BCP accepted, a holding of 68.34% of Comercial Imobiliária share capital 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 61 million euros, 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 Comercial 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 Bank 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 300 million euros with effect at 1 January 2006, with a net impact of 220.5 million euros after considering the tax effect.

As referred to in note 57, 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 57, as at 12 December 2008, the Bank 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 years ended 31 December 2009 and 2008 include, in all material respects the disclosures regarding the impact on the financial position of the Group of the referred matters, as disclosed in notes 50, 56 and 57. The Executive Board of Directors has maintained contacts with Supervisory Authorities regarding this matter.

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

As referred in notes 15 and 48, 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 Millenniumbcp Group 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, originating 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 that will be maintained by Millenniumbcp Group in the Baía de Luanda project will allow to keep a relevant presence in a highly important project to Angola and maintains the expectation that the Baia de Luanda Project will generate results in the future, which will be register against results of the Bank in the years that are generated.

57. Administrative proceedings

1. At the end of the year of 2007, the Bank received a formal notice dated 27 December 2007 informing that administrative proceeding no. 24/07/CO was being brought by the Bank of Portugal against the Bank, *"based in preliminary evidence of administrative offences foreseen in the General Framework of credit Institutions and Financial Companies (approved by Decree-Law no. 298/92, of December 31), in particular with respect to breach of accounting rules, provision of false or incomplete information to the Bank of Portugal, in particular in what respect to the amount of own funds and breach of prudential obligations"*.

A press release issued by the Bank of Portugal on 28 December 2007 mentioned that such administrative proceeding was brought *"based in facts related with 17 off shore entities, which nature and activities were always hidden from the Bank of Portugal, in particular in previous inspections carried out"*.

On 12 December 2008, the Bank was notified of an accusation under the process of administrative proceeding no. 24/07/CO instructed by the Bank of Portugal.

In March 2009, the Bank did not accept the charges or accusations made against it, and provided defense under this process of administrative proceeding within their term.

2. On 12 December 2008, the Bank was notified by the CMVM of accusation under the process of administrative proceeding no No. 41/2008.

The Bank did not accept the accusation made against it and has provided, on 27 January 2009, defense under the process of administrative proceeding in question, having sustained a total rejection of the accusation.

3. 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 off shore entities responsible for investments in securities issued by BCP Group or related entities. Despite the process of supervision being in progress, in particular in order to obtain a complete and final description of the situation and of the market behaviour of those entities, as well as to determine the relevant liabilities (including personal liabilities), the CMVM came to the following preliminary findings:

a) The mentioned off shore entities have constituted securities portfolios – which included almost exclusively shares of BCP – with financing obtained from Banco Comercial Português, and there is, in general, no evidence that such entities were financed for this purpose by any other significant transfer from an entity external to the BCP Group;

b) It is already known that part of the debts was eliminated through the assignment of credits to third parties for a residual consideration;

c) The conditions of these financings and the governance of such entities give the appearance that BCP has assumed all the risk concerning those off shore entities, and that it had power to control the life and business of such entities;

d) Thus, such transactions are in fact the financing for the acquisition of own shares not reported as such. This configuration is also present in a transaction made with a financial institution, which lead this institution to disclose a qualified shareholding, even though the economic interest and the possibility of exercising the voting rights remained within BCP;

e) Pursuant to the described circumstances, it may be concluded that the information given to the authorities and to the market, in the past, was not always complete and/or true, in particular in what concerns the amount of BCP's own funds and its owners; 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 the Bank of Portugal within the framework of Bank of Portugal's powers."

4. In the process mentioned in 1. above, the Bank of Portugal charges the Bank against the practice of six administrative proceedings referred in g) and three administrative proceedings referred in r), both of article 211 of the General Framework of Credit Institutions and Financial Companies ("RGICSF) .

The administrative proceedings, in case the types of conduct listed in the accusation are demonstrated, would be the following:

a) the breach of accounting rules or procedures set forth in the law or by the Bank of Portugal which does not cause a serious harm to the knowledge of the patrimonial and financial standing of the Institution constitutes an administrative offence foreseen in article 210, f), of RGICSF, punished, in the case of companies, with a fine between Euros 750 and Euros 750,000. If, on the other hand, the relevant conduct causes such serious harm, that may constitute an administrative offence foreseen in article 211, g), of RGICSF, punished, in the case of companies, with a fine between Euros 2,500 and Euros 2,494,000; and

b) The (i) omission of information and communications due to the Bank of Portugal, within the defined deadlines, or (ii) the provision of incomplete information, constitute an administrative offence foreseen in article 210, h) (now i)), of RGICSF, punished, in the case of companies, with a fine between Euros 750 and Euros 750,000. On the other hand, the provision to the Bank of Portugal of (i) false information, or (ii) incomplete information, capable of leading to erroneous conclusions with identical or similar effect to that of the provision of false information on the matter constitute an administrative offence foreseen in article 211, r), of RGICSF, punished, in the case of companies, with a fine between Euros 2,500 and Euros 2,494,000.

According to the accusation, each of the administrative proceedings are punished by a fine between Euros 2,493.99 and Euros 2,493,989.49, which, according to the rule of the contest of offenses foreseen in the article 19º, no. 1 and 2 of the General of the Administrative Proceedings, in case of conviction of several administrative proceedings in contest, there can only be one fine, of which the upper limit can not exceed twice the highest limit of administrative proceedings in contest.

5. In the accusation notified to the Bank in the administrative proceeding no. 41/2008 CMVM referred in 2. above, the Bank was charged against seven administrative proceeding for alleged violation of article 7. Portuguese Securities Code ("CVM") and article 389, paragraph 1, a) of the CVM.

Pursuant to article 7 of the CVM, the information relating to financial instruments, organized trading, financial intermediation activities, settlement and clearing of transactions, public offers and issuers should be complete, truthful, up-to-date, clear, objective and lawful.

According to the accusation, each of the administrative proceedings can be punished by a fine between Euros 25,000 and Euros 2,500,000, which, according to the rule of the contest of offenses foreseen in the article 19º, no. 1 and 2 of the General of the Administrative Proceedings, in case of conviction of several administrative proceedings in contest, there can only be one fine, of which the upper limit can not exceed twice the highest limit of administrative proceedings in contest, in the maximum amount of Euros 5,000,000.

Banco Comercial Português, S.A. received on 26 of June, a notification regarding the CMVM's decision concerning the process 41/2008, that resulted in a single fine of 5,000,000 euros, with partial suspension of 2,500,000 euros over a 2 year period proceeding to the full fine if there is an infraction of the CMVM Regulation (Código de Valores Mobiliários).

On 24 of July, Banco Comercial Português, S.A. did not accept this decision and decided to appeal against the CMVM's decision.

6. In 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 56, 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, presented 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.

58. BCP Group list of companies

As at 31 December 2009 the Banco Comercial Português Group's subsidiary companies included in the consolidated accounts using the purchase method according, were as follows:

Subsidiary companies	Head office	Share capital	Currency	Activity	Group % control	Group % held	Bank % held
Millennium bcp Gestão de Activos - Sociedade Gestora de Fundos de Investimento, S.A.	Lisbon	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	157,000,000	EUR	Banking	100.0	100.0	100.0
BII Internacional, S.G.P.S., Lda.	Funchal	25,000	EUR	Holding company	100.0	100.0	–
BII Finance Company	George Town	25,000	USD	Investment	100.0	100.0	–
Banco ActivoBank (Portugal), S.A.	Lisbon	23,500,000	EUR	Banking	100.0	100.0	–
BIM - Banco Internacional de Moçambique, S.A.	Maputo	1,500,000,000	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.	Warsow	849,181,744	PLN	Banking	65.5	65.5	65.5
Millennium TFI S.A.	Warsow	10,300,000	PLN	Investment fund management	100.0	65.5	–
Millennium Dom Maklerski S.A.	Warsow	16,500,000	PLN	Broker	100.0	65.5	–
Millennium Leasing Sp. z o.o.	Warsow	43,400,000	PLN	Leasing	100.0	65.5	–
Millennium Lease Sp.z o.o.	Warsow	86,318,000	PLN	Leasing	100.0	65.5	–
BBG Finance BV	Rotterdam	18,000	EUR	Investment	100.0	65.5	–
TBM Sp.z o.o.	Warsow	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	Warsow	1,000,000	PLN	Services	100.0	65.5	–
Millennium Telecomunication Sp. z o.o.	Warsow	100,000	PLN	Broker	100.0	65.5	–
Banque Privée BCP (Suisse) S.A.	Geneve	70,000,000	CHF	Banking	100.0	100.0	–
Millennium bcpbank, national association	Newark	2,500,000	USD	Banking	100.0	100.0	–
Millennium Bank, Societé Anonyme	Athens	184,905,000	EUR	Banking	100.0	100.0	–

Subsidiary companies	Head office	Share capital	Currency	Activity	Group % control	Group % held	Bank % held
Millennium Bank, Anonim Sirketi	Istanbul	202,535,316	TRY	Banking	100.0	100.0	–
Millennium Fin, Vehicles, Vessels, Appliances and Equipment Trading, Societé Anonyme	Athens	589,980	EUR	Investment	100.0	100.0	–
Millennium Mutual Funds Management Company, Societe Anonyme	Athens	1,176,000	EUR	Investment fund management	100.0	100.0	–
Banca Millennium S.A.	Bucarest	370,460,000	RON	Banking	100.0	100.0	–
BCP Internacional II, Sociedade Unipessoal, S.G.P.S., Lda.	Funchal	25,000	EUR	Holding company	100.0	100.0	100.0
Bitalpart, B.V.	Rotherdam	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
BCP holdings (usa), Inc.	Newark	250	USD	Holding company	100.0	100.0	–
Seguros e Pensões Gere, S.G.P.S., S.A.	Lisbon	380,765,000	EUR	Holding company	100.0	100.0	89.0
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	1,031,000,694	EUR	Investment	100.0	3.0	–
Millennium BCP - Escritório de Representações e Serviços, Ltda.	Sao Paulo	27,200,000	BRL	Financial Services	100.0	100.0	100.0
Millennium BCP Teleserviços - Serviços de Comércio Electrónico, S.A.	Lisbon	50,004	EUR	Videotex services	100.0	100.0	100.0
Caracas Financial Services, Limited	George Town	25,000	USD	Financial Services	100.0	100.0	100.0
Banpor Consulting S.R.L.	Bucarest	1,750,000	RON	Services	100.0	100.0	100.0
Comercial Imobiliária, S.A.	Lisbon	50,000	EUR	Real-estate management	99.9	99.9	99.9
Paço de Palmeira - Sociedade Agricola e Comercial, Lda	Braga	39,905	EUR	Agriculture industry	100.0	100.0	100.0
Millennium bcp - Prestação de Serviços, A. C. E.	Lisbon	330,250	EUR	Services	93.8	94.3	73.2
Servitrust - Trust Management and Services, S.A.	Funchal	100,000	EUR	Trust services	100.0	100.0	100.0
Imábida - Imobiliária da Arrábida, S A. Services, S.A.	Oporto	1,750,000	EUR	Real-estate management	100.0	100.0	100.0

As at 31 December 2009 the associated companies , were as follows:

Associated companies	Head office	Share capital	Currency	Activity	Group % control	Group % held	Bank % held
Baía de Luanda	Luanda	19,200,000	USD	Services	10.0	10.0	–
Banque BCP, S.A.S.	Paris	65,000,000	EUR	Banking	19.9	19.9	19.9
Banque BCP (Luxembourg), S.A.	Luxembourg	12,500,000	EUR	Banking	19.9	19.9	–
Luanda Waterfront Corporation	George Town	9,804	USD	Services	10.0	10.0	–
SIBS - Sociedade Interbancária de Serviços, S.A.	Lisbon	24,642,300	EUR	Banking services	21.9	21.9	21.5
Unicre - Cartão de Crédito Internacional, S.A.	Lisbon	10,000,000	EUR	Credit cards	30.3	30.3	30.0
VSC - Aluguer de Veículos Sem Condutor, Lda.	Lisbon	12,500,000	EUR	Long term rental	50.0	50.0	–

As at 31 December 2009 the Banco Comercial Português Group's subsidiary and associated insurance companies included in the consolidated accounts under the purchase method and equity method were as follows:

Subsidiary companies	Head office	Share capital	Currency	Activity	Group % control	Group % held	Bank % held
Millennium Insurance Agent Unipersonal Limited Liability Company	Athens	18,000	EUR	Insurace broker	100.0	100.0	–
S&P Reinsurance Limited	Dublin	1,500,000	EUR	Life reinsurance	100.0	100.0	–
SIM - Seguradora Internacional de Moçambique, S.A.R.L.	Maputo	147,500,000	MZN	Insurance	89.9	60.0	–

Associated companies	Head office	Share capital	Currency	Activity	Group % control	Group % held	Bank % held
Millenniumbcp Fortis Grupo Segurador, S.G.P.S., S.A.	Lisbon	1,000,002,375	EUR	Holding company	49.0	49.0	–
Companhia Portuguesa de Seguros de Saúde, S.A.	Lisbon	12,000,000	EUR	Health insurance	49.0	49.0	–
Ocidental - Companhia Portuguesa de Seguros de Vida, S.A.	Lisbon	22,375,000	EUR	Life insurance	49.0	49.0	–
Ocidental - Companhia Portuguesa de Seguros, S.A.	Lisbon	12,500,000	EUR	Non-life insurance	49.0	49.0	–
Pensõesgere, Sociedade Gestora Fundos de Pensões, S.A.	Lisbon	1,200,000	EUR	Pension fund management	49.0	49.0	–

Banco Comercial Português, S.A.

BANCO COMERCIAL PORTUGUÊS, S.A.

Income Statement
for the years ended 31 December, 2009 and 2008

	Notes	2009	2008
		(Thousands of Euros)	
Interest and similar income	3	2,733,931	4,206,114
Interest expense and similar charges	3	(1,902,519)	(3,154,278)
Net interest income		831,412	1,051,836
Dividends from equity instruments	4	556,084	609,689
Net fees and commission income	5	491,111	463,176
Net gains / (losses) arising from trading and hedging activities	6	76,308	57,716
Net gains / (losses) arising from available for sale financial assets	7	(70,132)	(300,721)
Other operating income	8	71,193	79,824
Total operating income		1,955,976	1,961,520
Staff costs	9	588,079	560,561
Other administrative costs	10	347,144	398,922
Depreciation	11	47,968	50,806
Operating expenses		983,191	1,010,289
		972,785	951,231
Loans impairment	12	(890,943)	(413,472)
Other assets impairment	26 and 30	(54,771)	(47,380)
Other provisions	13	62,573	(1,977)
Operating profit		89,644	488,402
Gains/(losses) from the sale of subsidiaries and other assets	14	(6,723)	(17,163)
Profit before income tax		82,921	471,239
Income tax			
Current	15	(165)	16,567
Deferred	15	123,570	(36,623)
Profit for the year		206,326	451,183
Earnings per share (in euros)	16		
Basic		0.05	0.10
Diluted		0.05	0.10

CHIEF ACCOUNTANT THE BOARD OF DIRECTORS

See accompanying notes to the individual financial statements

BANCO COMERCIAL PORTUGUÊS, S.A.

Balance Sheet as at 31 December, 2009 and 2008

	Notes	2009	2008
		(Thousands of Euros)	
Assets			
Cash and deposits at central banks	17	1,154,246	1,046,774
Loans and advances to credit institutions			
Repayable on demand	18	1,101,009	971,333
Other loans and advances	19	8,673,113	9,865,971
Loans and advances to customers	20	55,700,740	55,673,236
Financial assets held for trading	21	2,791,244	2,495,847
Other financial assets held for trading			
at fair value through profit or loss	22	60,413	60,755
Financial assets available for sale	21	11,726,323	8,061,960
Hedging derivatives	23	344,403	108,974
Financial assets held to maturity	24	1,780,256	1,095,769
Investments in associated companies	25	4,635,062	3,958,477
Non current assets held for sale	26	696,438	669,960
Property and equipment	27	385,905	418,963
Intangible assets	28	9,973	9,985
Current income tax assets		13,225	7,623
Deferred income tax assets	29	633,518	491,727
Other assets	30	4,105,020	4,088,043
		93,810,888	89,025,397
Liabilities			
Deposits from central banks		2,930,343	3,062,886
Deposits from other credit institutions	31	17,357,511	20,722,531
Deposits from customers	32	33,251,606	31,713,736
Debt securities issued	33	13,522,836	10,425,895
Financial liabilities held for trading	34	1,296,231	1,466,781
Other financial liabilities held for trading			
at fair value through profit or loss	35	5,018,449	5,716,381
Hedging derivatives	23	11,445	36,547
Provisions for liabilities and charges	36	776,484	834,074
Subordinated debt	37	3,597,601	3,858,383
Current income tax liabilities		100	81
Other liabilities	38	9,388,165	5,638,522
Total Liabilities		87,150,771	83,475,817
Equity			
Share capital	39	4,694,600	4,694,600
Treasury stock	42	(10,355)	(4,387)
Share premium		192,122	183,368
Other capital instruments	39	1,000,000	-
Fair value reserves	41	11,787	(48,669)
Reserves and retained earnings	41	565,637	273,485
Profit for the year		206,326	451,183
Total Equity		6,660,117	5,549,580
		93,810,888	89,025,397

CHIEF ACCOUNTANT THE 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, 2009 and 2008

	2009	2008
	(Thousands of Euros)	
Cash flows arising from operating activities		
Interest income received	2,750,453	3,605,612
Commissions income received	618,951	587,174
Fees received from services rendered	143,114	288,461
Interest expense paid	(2,083,983)	(3,166,903)
Commissions expense paid	(110,021)	(196,831)
Recoveries on loans previously written off	28,026	80,225
Payments to suppliers and employees	(889,668)	(1,021,544)
	456,872	176,194
Decrease / (increase) in operating assets:		
Loans and advances to credit institutions	(198,121)	2,317,706
Deposits with Central Banks under monetary regulations	273,160	1,325,276
Loans and advances to customers	(1,367,316)	(6,946,666)
Short term trading account securities	(461,479)	142,158
Increase / (decrease) in operating liabilities:		
Deposits from credit institutions repayable on demand	(73,689)	(469,085)
Deposits from credit institutions with agreed maturity date	(4,404,958)	(3,619,796)
Deposits from clients repayable on demand	185,786	(443,349)
Deposits from clients with agreed maturity date	1,411,442	3,008,469
	(4,178,303)	(4,509,093)
Income taxes (paid) / received	581	3,036
	(4,177,722)	(4,506,057)
Cash flows arising from investing activities		
Proceeds from sale of shares in subsidiaries and associated companies	4,197	-
Acquisition of shares in subsidiaries and associated companies	(840,034)	(50,229)
Dividends received	556,084	609,689
Interest income from available for sale financial assets	228,435	313,610
Proceeds from sale of available for sale financial assets	9,179,446	6,896,790
Available for sale financial assets purchased	(11,392,768)	(32,458,254)
Proceeds from available for sale financial assets on maturity	3,734,328	24,147,470
Acquisition of fixed assets	(32,714)	(106,816)
Proceeds from sale of fixed assets	18,290	31,321
Increase / (decrease) in other sundry assets	(725,510)	(176,814)
	729,754	(793,233)
Cash flows arising from financing activities		
Issuance of subordinated debt	-	376,000
Reimbursement of subordinated debt	(524,389)	(400,000)
Issuance of debt securities	6,781,216	5,554,587
Reimbursement of debt securities	(3,093,960)	(2,168,000)
Share capital increase	-	1,083,270
Issuance of perpetual subordinated debt securities	1,000,000	-
Share premium	-	183,368
Dividends paid	(79,109)	-
Increase / (decrease) in other sundry liabilities and minority interests	(475,502)	274,274
	3,608,256	4,903,499
Net changes in cash and equivalents	160,288	(395,791)
Cash and equivalents balance at the beginning of the year	1,371,964	1,767,755
Cash (Note 17)	431,243	400,631
Other short term investments (note 18)	1,101,009	971,333
Cash and equivalents balance at the end of the year	1,532,252	1,371,964

See accompanying notes to the individual financial statements

BANCO COMERCIAL PORTUGUÊS, S.A.

Statement of Changes in Equity
for the years ended 31 December, 2009 and 2008

(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, 2007	3,975,114	3,611,330	-	881,707	561,202	(16,508)	(1,062,617)	-
Transfers of reserves:								
Share premium	-	-	-	(881,707)	-	-	881,707	-
Legal reserve	-	-	-	-	(96,911)	-	96,911	-
Statutory reserve	-	-	-	-	(84,000)	-	84,000	-
Profit for the year	451,183	-	-	-	-	-	451,183	-
Increase in share capital by the issue of 1,083,270,433 shares (note 39)	1,299,924	1,083,270	-	216,654	-	-	-	-
Registration costs related with the share capital increase	(33,286)	-	-	(33,286)	-	-	-	-
Treasury stock	(4,387)	-	-	-	-	-	-	(4,387)
Fair value reserves (note 41)	(44,735)	-	-	-	-	(44,735)	-	-
Reserves arising from the merger by incorporation of BCP Participações Financeiras S.G.P.S.	(57,517)	-	-	-	-	-	(57,517)	-
Amortization of the transition adjustment to pensions (Regulation no.12/01)	(71,603)	-	-	-	-	-	(71,603)	-
Deferred taxes related to balance sheet changes charged against reserves	31,031	-	-	-	-	12,574	18,457	-
Other reserves (note 41)	3,856	-	-	-	-	-	3,856	-
Balance on 31 December, 2008	5,549,580	4,694,600	-	183,368	380,291	(48,669)	344,377	(4,387)
Transfers to reserves:								
Legal reserve	-	-	-	-	45,119	-	(45,119)	-
Statutory reserve	-	-	-	-	10,000	-	(10,000)	-
Dividends paid in 2009	(79,108)	-	-	-	-	-	(79,108)	-
Profit for the year	206,326	-	-	-	-	-	206,326	-
Issue of perpetual subordinated Instruments (note 39)	1,000,000	-	1,000,000	-	-	-	-	-
Costs related to the issue of perpetual subordinated Instruments	(9,597)	-	-	-	-	-	(9,597)	-
Income related to the issue of perpetual subordinated Instruments	(10,500)	-	-	-	-	-	(10,500)	-
Tax related to the costs and interests of the issue of perpetual subordinated Instruments	5,168	-	-	-	-	-	5,168	-
Tax and issuance costs related with capital instruments	8,754	-	-	8,754	-	-	-	-
Treasury stock	(5,968)	-	-	-	-	-	-	(5,968)
Fair value reserves (note 41)	80,030	-	-	-	-	80,030	-	-
Reserves arising from the merger by incorporation of Millennium BCP Investimento, S.A.	(42,131)	-	-	-	-	-	(42,131)	-
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	(9,070)	-	-	-	-	(19,574)	10,504	-
Other reserves (note 41)	7,258	-	-	-	-	-	7,258	-
Balance on 31 December, 2009	6,660,117	4,694,600	1,000,000	192,122	435,410	11,787	336,553	(10,355)

See accompanying notes to the individual financial statements

BANCO COMERCIAL PORTUGUÊS, S.A.

Statement of Comprehensive income
for the years ended 31 December, 2009 and 2008

	Notes	2009	2008
		(Thousands of Euros)	
Fair value reserves			
Financial assets available for sale	41	80,030	(44,735)
Taxes			
Financial assets available for sale	41	(19,574)	12,574
Comprehensive income recognized directly in Equity after taxes		60,456	(32,161)
Profit for the year		206,326	451,183
Total Comprehensive income for the year		266,782	419,022

See accompanying notes to the individual 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 financial statements reflect the results of the operations of the Bank, for the years ended 31 December, 2009 and 2008.

In accordance with Regulation (EC) no. 1606/2002 from the European Parliament and the Counsel, 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 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). 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 Executive Board of Directors approved these financial statements on 9 February 2010. The financial statements are presented in thousands of euros, rounded to the nearest thousand.

For 2009, the Bank adopted the IFRS standards and interpretations for which application is mandatory for accounting periods beginning on 1 January 2009. These standards are detailed in note 51. In accordance with the transition dispositions of these standards and interpretations, comparative figures are presented in these financial statements for additional disclosures required.

To ensure comparability of the individual financial statements of Banco Comercial Português, S.A., should be considered in 2009 the impact of the merger by incorporation of Banco Millennium bcp Investimento, S.A. in Banco Comercial Português, S.A., which the notarial deed occurred on 31 August 2009.

The Bank's financial statements for the year ended 31 December, 2009 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.

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 amortized 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 recognized as the present value of the defined benefit obligation net of the value of the fund and deducted from the actuarial losses not recognized.

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 judgements, 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 judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The issues involving a higher degree of judgement or complexity or where assumptions and estimates are considered to be significant are presented in note 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 recognized 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 recognized at fair value plus any directly attributable transaction costs and fees and are subsequently measured at amortized cost using the effective interest method, less impairment losses.

Impairment

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 of 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 8 February 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 of 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 of 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 that is an effective hedge instrument) are classified as trading. The dividends associated to these portfolios are accounted in gains arising on trading and hedging activities.

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) By decision of the entity ("Fair Value Option")

The Bank has adopted the Fair Value Option for certain own bond issues, loans and time deposits performed since 2007 that contain embedded derivatives or with related hedge derivatives. The variations of the credit risk of the Bank 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 recognized in profit and loss and subsequently measured at fair value through profit and loss. Dividends related to assets at Fair Value Option are recognized in Net gains / (losses) arising from trading and hedging activities. The accrual of interest and premium/discount (when applicable) is recognized in Net interest income according with the effective interest rate of each transaction, as well as 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 recognized as fair value reserves are recognized under Net gains / (losses) arising from available for sale financial assets. Interest income from debt instruments is recognized in Net interest income based on the effective interest rate. If the financial assets include a premium or discount, this premium or discount is included in the calculation of the effective interest rate. Dividends are recognized 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 recognized at fair value and subsequently measured at amortized cost. The interest is calculated using the effective interest rate method and recognized in Net interest income. The impairment losses are recognized 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 recognizes in this category unquoted bonds and commercial paper. The financial assets recognized in this category are initially accounted at fair value and subsequently at amortized 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 recognized in Net interest income.

The impairment losses are recognized in profit and loss when identified.

5) Other financial liabilities

The other financial liabilities are all financial liabilities that are not recognized 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.

This financial liabilities are initially recognized at fair value and subsequently at the amortized cost. The related transaction costs are included in the effective interest rate. The interest calculated at the effective interest rate is recognized in Net interest income.

The financial gains or losses calculated in the time of the repurchase of other financial liabilities are recognized as Net gains from trading, hedging and available for sale financial 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 recognized in the profit or loss) is removed from fair value reserves and recognized 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 recognized in the profit or loss, the impairment loss is reversed through the income statement. The impairment losses recognized in equity instruments classified as available for sale, when reversed, are recognized 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 recognized 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 not qualified for hedging accounting are accounted for as trading instruments.

Derivative hedging instruments are stated at fair value and gains and losses on re-measurement are recognized 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 net 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 recognized 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 recognized in profit and loss, together with changes in the fair value of the asset or liability or group of assets and liabilities that are attributable to the hedged risk. If the hedge relationship no longer meets the criteria for hedge accounting, the cumulative gains and losses recognized until the discontinuance of the hedge accounting are amortized 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 recognized in equity. Any gain or loss relating to the ineffective portion of the hedge is immediately recognized 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
- Recognized 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 recognized in equity at that time remains in equity until the forecasted transaction is ultimately recognized 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 recognized 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 recognized in equity; the gain or loss relating to the ineffective portion is immediately recognized 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 these financial assets comply with the characteristics of each category. The Bank adopted this possibility for a group of financial assets, as disclosed in note 21.

Transfer of financial assets recognized 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 derecognizes 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 derecognition of financial assets is largely applied to the securitization operations issued by the Bank, through Special Purpose Entities (‘SPE’).

The evaluation of the existence of control is determined based on the criteria established by SIC 12, which can be analyzed 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 derecognizes 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 recognized in equity as a deduction to the amount issued. Amounts paid or received related to sales or acquisitions of equity instruments are recognized 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 recognized 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 amortized cost through the effective interest rate method. The interests are recognized in Net interest income.

i) Securities borrowing and lending business and repurchase agreement transactions

(i) Securities borrowing and lending

Securities lent under securities lending arrangements continue to be recognized in the balance sheet and are measured in accordance with the applicable accounting policy. Cash collateral received in respect of securities lent is recognized as a financial liability. Securities borrowed under securities borrowing agreements are not recognized. Cash collateral placements in respect of securities borrowed are recognized under loans and advances to either banks or customers. Income and expenses arising from the securities borrowing and lending business are recognized on an accrual basis over the period of the transactions and are included in interest income or expense.

(ii) Repurchase agreements

The Bank performs acquisition/sell 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 recognized on the balance sheet. The amounts paid are recognized in loans to either financial institutions or customers. The receivables are collateralized by the related securities. Securities sold through repurchase agreements continue to be recognized 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 with either financial institutions or customers.

The difference between the acquisition/sale and reselling/repurchase conditions is recognized 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 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 formalized.

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 recognized as impairment losses against results.

k) Finance lease transactions

Finance lease transactions for a lessee are recorded at the inception date of the lease as an asset and liability, at the fair value of the leased asset, which is equivalent to the present value of the future lease payments.

Lease rentals are a combination of the finance charge and the amortization of the capital outstanding. The financial charge is allocated to the periods during the lease term so as to produce a constant periodic rate of interest on the remaining liability balance for each period.

Assets held under finance leases for a lessor are recorded in the balance sheet as a receivable at an amount equal to the net investment in the lease.

Lease rentals are 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.

l) Interest income and expense

Interest income and expense for financial instruments measured at amortized cost are recognized in the interest income or expenses (net interest income) using the effective interest rate method. The interest related to financial assets available for sale calculated at the effective interest rate method are also recognized on the net interest income.

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.

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 recognized 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 recognized 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 recognized in the Fair Value Option category, the interest component of the changes in their fair value is recognized under interest income or expense (Net interest income).

m) Fee and commission income

Fees and commissions are recognized according to the following criteria:

- Fees and commissions which are earned as services are provided are recognized 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 recognized 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 recognized in the 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 (including fair value changes and interest on derivatives and embedded derivatives), as well as the corresponding dividends. This caption includes also the impairment losses, dividends 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 recognized in this caption.

o) Fiduciary activities

Assets held in the scope of fiduciary activities are not recognized in the Bank’s financial statements. Fees and commissions arising from this activity are recognized 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 recognized as a separate asset only when it is probable that future economic benefits will result to 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 show that the book value exceeds the highest between the value in use and the recoverable amount, 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 recognized if the net value of the asset exceeds its recoverable amount.

The recoverable amount is determined as the highest between the sale price net of sale costs 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 recognized in profit and loss.

q) Intangible Assets

Research and development expenditure

The Bank does not capitalize any research and development costs. All expenses are recognized 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 linear basis by an estimated period 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 recognized 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 recognized 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 recognized 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 agreements. 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 agreements (the conditions are estimated in the private social security of the banking sector for the constitution of the right to receive a pension).

As for the benefits estimated in the two previous pensions plans, the Bank also assumes 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.

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. 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 of 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	7 years
Liabilities for death before retirement	5 years
Cost of early retirement	5 years
Actuarial losses charged-off related with early retirement	5 years
Increase of deferred actuarial losses	5 years
Reversal of amortization of actuarial losses in accordance with local GAAP	5 years

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 Pensions Plan.

Employee benefits, other than pension plans, namely post retirement health care benefits and benefits for widow and sons for death before retirement are also included in the benefit plan calculation.

Costs arising from early retirements, as well as the corresponding actuarial gains and losses are recognized in the income statement on the year in which the early retirement is approved and announced.

Under the 'corridor' method, actuarial gains and losses not recognized, exceeding 10% of the greater of the present value of the defined benefit obligation and the fair value of plan assets, are recognized in the income statement over a period of 20 years, corresponding to the expected remaining working life of the employees participating in the plan.

The funding policy of the Plan is to make annual contributions by 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 contributions plans

For the defined Contributions Plan for the Complementary non-contractual retirement benefit attributable to the employees of the Bank, obligations are recognized as an expense in profit and loss when they are due.

Share based compensation plan (stock options)

As at 31 December 2009 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. 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 recognized in the income statement, except to the extent that it relates to items recognized directly to reserves in which case it is recognized in reserves. Deferred taxes arising from the revaluation of financial assets available for sale and cash flow hedging derivatives are recognized in shareholders’ equity and are recognized in the profit and loss in the year the results that originated the deferred taxes are recognized.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred taxes are calculated in accordance with the liability method based on the balance sheet, considering temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes using the tax rates approved or substantially approved at balance sheet date and that is expected to be applied when the temporary difference is reversed.

Deferred taxes assets are recognized 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 compensates, as established in IAS 12, paragraph 74 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 6 of IAS 14, the Bank is dismissed to present individual information regarding Segmental Reporting.

x) *Provisions*

Provisions are recognized 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 derecognized 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 were 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 recognized 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

The Bank sponsors the formation of special purpose entities (SPE's) primarily for asset securitization transactions and for liquidity purposes and/or capital management.

The Bank does not consolidate SPE's that it does not control. As it can sometimes be difficult to determine whether the Bank does control a SPE, a judgment is made about the exposure to the risks and rewards, as well as about its ability to make operational decisions for the SPE in question.

The determination of the SPE's that needs to be consolidated by the Bank requires the use of estimates and assumptions in determining the respective expected residual gains and losses and which party retains the majority of such residual gains and losses. Different estimates and assumptions, as for example for credit risks, anticipated liquidation and interest rate, could lead the Bank to a different scope of consolidation with a direct impact in net income.

Accordingly, the securitization operations NovaFinance n. 4, Magellan Mortgages n. 5, Magellan Mortgages n. 6 and Caravela SME n. 1 were not derecognised in the Bank's financial statements, as referred in note 20.

The Bank derecognised the following SPEs also resulted from operations of securitization: NovaFinance n. 3, Magellan Mortgages n. 1, 2, 3 and 4. For these SPEs, 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's, 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, recognized 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. However, the Executive Board of Directors of the Bank, and those of its subsidiaries domiciled in Portugal are confident that material tax assessments do not have impact in the financial statements.

Pension and other employees' benefits

Determining pension liabilities requires the use of assumptions and estimates, including the use of actuarial projections, estimated returns on investment, and other factors that could impact the cost and liability of the pension plan.

Changes in these assumptions could materially affect these values.

Goodwill

On an annual basis, the Bank performs an evaluation of the recoverable amount of the consolidation differences, based on the value in use or the fair value. According with IAS 36, the value in use should be determined based on the evaluation of the future estimated cash-flows, using all available information, which requires the use of judgment.

2. Net interest income and net gains arising from trading, hedging and available for sale activities

IFRS requires separate disclosure of net interest income and net gains from trading, hedging and available for sale (AFS) activities, as presented in notes 3, 6 and 7. A particular business activity can generate impact in net interest income and net gains arising from trading, hedging and AFS activities. This required disclosure, however, does not demonstrate that net interest margin and net gains from trading, hedging and AFS activities are generated by a range of different business activities.

The amount of this account is comprised of:

	2009 Euros '000	2008 Euros '000
Net interest income	831,412	1,051,836
Net gains from trading, hedging and AFS activities	6,176	(243,005)
	837,588	808,831

As refered in note 7, as at 31 December 2008, the caption Net gains from trading, hedging and AFS activities includes the amount of Euros 268,076,000 related with the recognition of impairment in the investment held by the Group in Banco BPI, S.A. at that time.

3. Net interest income

The amount of this account is comprised of:

	2009 Euros '000	2008 Euros '000
Interest and similar income		
Interest on loans and advances	2,118,645	3,174,949
Interest on trading securities	44,573	51,920
Interest on other financial assets valued at fair value through profit and loss account	141	19,103
Interest on available for sale financial assets	203,123	292,909
Interest on held to maturity financial assets	42,369	12,425
Interest on hedging derivatives	75,631	20,768
Interest on derivatives associated to financial instruments through profit and loss account	69,618	13,575
Interest on deposits and other investments	179,831	620,465
	2,733,931	4,206,114
Interest expense and similar charges		
Interest on deposits and inter-bank funding	1,160,237	2,270,772
Interest on securities issued	515,297	687,474
Interest on hedging derivatives	7,572	36,541
Interest on derivatives associated to financial instruments through profit and loss account	19,297	41,291
Interest on other financial liabilities valued at fair value trhough profit and loss	200,116	118,200
	1,902,519	3,154,278
Net interest income	831,412	1,051,836

The balance Interest on loans and advances includes the amount of Euros 27,594,000 (2008: Euros 22,877,000) related to commissions which are accounted 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:

	2009 Euros '000	2008 Euros '000
Dividends from available for sale financial assets	8,609	22,568
Dividends from subsidiaries and associated companies	547,475	587,121
	556,084	609,689

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 2009, the balance Dividends from subsidiaries and associated companies includes the amount of Euros 434,662,000 related to the distribution of dividends and reserves from the company Seguros & Pensões Gere, S.G.P.S., S.A.

The balance Dividends from subsidiaries and associated companies includes the amount of Euros 175,971,000 related to the distribution, at 31 January 2008, by BCP Participações Financeiras, S.G.P.S., Sociedade Unipessoal, Lda of net income, reserves and retained earnings. The referred balance also includes the amount of Euros 232,482,000 related to dividends received from subsidiaries and associated companies that were transferred to Banco Comercial Português, S.A. following the merger with BCP Participações Financeiras, S.G.P.S., Sociedade Unipessoal, Lda.

5. Net fees and commission income

The amount of this account is comprised of:

	2009 Euros '000	2008 Euros '000
Fees and commissions income:		
From guarantees	74,108	65,652
From credit and commitments	200	249
From banking services	350,487	327,679
From other services	169,593	167,459
	594,388	561,039
Fees and commissions expenses:		
From guarantees	265	222
From banking services	78,118	74,429
From other services	24,894	23,212
	103,277	97,863
Net fees and commission income	491,111	463,176

6. Net gains / (losses) arising from trading and hedging activities

The amount of this account is comprised of:

	2009 Euros '000	2008 Euros '000
Gains arising on trading and hedging activities:		
Foreign exchange activity	790,255	2,195,979
Financial instruments associated to financial instruments through profit and loss account		
Held for trading		
Securities portfolio		
Fixed income	27,823	26,631
Variable income	2,786	138
Certificates and VME issued	12,444	-
Derivatives associated to financial instruments through profit and loss account	117,282	133,087
Other financial instruments derivatives	1,705,977	3,314,258
Other financial instruments through profit and loss account	10,906	20,186
Repurchase of debt securities issued	26,379	2,567
Hedge accounting		
Hedging derivatives	191,003	422,281
Hedged item	56,424	60,761
Other activity	1,820	6,486
	2,943,099	6,182,374
Losses arising on trading and hedging activities:		
Foreign exchange activity	781,281	2,230,843
Financial instruments associated to financial instruments through profit and loss account		
Held for trading		
Securities portfolio		
Fixed income	1,682	19,904
Variable income	192	131
Certificates and VME issued	23,165	-
Derivatives associated to financial instruments through profit and loss account	113,559	82,235
Other financial instruments derivatives	1,629,338	3,240,972
Other financial instruments through profit and loss account	71,524	48,776
Repurchase of debt securities issued	1,721	-
Hedge accounting		
Hedging derivatives	193,222	339,362
Hedged item	41,944	161,384
Other activity	9,163	1,051
	2,866,791	6,124,658
Net gains / (losses) arising from trading and hedging activities	76,308	57,716

The balance Net gains / (losses) arising from trading and hedging activities, includes for the year ended at 31 December 2009, for the financial instruments through profit and loss, the amount of Euros 59,594,000 (2008: Euros 40,036,000) which reflects the fair value changes arising from changes in the credit risk (spread) of operations.

The balance Net gains arising from trading and hedging activities - Financial instruments associated to financial instruments through profit and loss account - held for trading - other financial instruments derivatives, also includes the amount of Euros 46,500,000 (2008: Euros 118,400,000) which corresponds to the gain accounted in the first quarter of 2009 of the discontinuance of the interest rate hedging of a mortgage backed security issue of Euros 1,500,000,000. The discontinuance was decided in September 2008, by the Executive Board of Directors, in accordance with paragraph 91, c) of IAS 39. Following the decision of the Executive Board of Directors and in accordance with IAS 39, on 1st April, 2009 the hedging relationship was reestablished.

The result of repurchases of own issues is determined in accordance with the accounting policy described in note 1 c).

7. Net gains / (losses) arising from available for sale financial assets

The amount of this account is comprised of:

	2009 Euros '000	2008 Euros '000
Gains arising from available for sale financial assets		
Fixed income	4,213	1,426
Variable income	13,662	1,899
Losses arising from available for sale financial assets		
Fixed income	(16,756)	(1,134)
Variable income	(71,251)	(302,912)
Net gains / (losses) arising from available for sale financial assets	(70,132)	(300,721)

The balance Losses arising from available for sale financial assets includes the amount of Euros 26,021,000 (31 December 2008: Euros 29,071,000) related to provisions to securities associated to securitization operations not unrecognized in accordance with the Bank of Portugal.

The balance Losses arising from available for sale financial assets variable income includes in 2009, the net amount of Euros 38,626,000 related with the recognition of impairment losses related with Investment Fund Units held by the Group. This balance included for 2008, the amount of Euros 268,076,000 related with impairment losses for the investment that the Group held in Banco BPI, S.A. recognized as a result of a significant decrease in the share price of this entity, during 2008, and which was recognized in accordance with the accounting policy described in note 1 c).

As referred in note 21, Banco Comercial Português S.A. established in December 2008 a contract for the sale of 87,214,836 shares, or 9.69%, of Banco BPI. As a result of the execution of this contract Banco Comercial Português ceased to hold a qualified position in Banco BPI, S.A.

8. Other operating income

The amount of this account is comprised of:

	2009 Euros '000	2008 Euros '000
Operating income		
Income from services	35,941	41,721
Cheques and others	20,504	23,300
Other operating income	34,043	33,108
	90,488	98,129
Operating costs		
Indirect taxes	7,453	3,922
Donations and quotizations	2,801	4,510
Other operating expenses	9,041	9,873
	19,295	18,305
	71,193	79,824

The balance Other operating expenses, includes, as at 31 December 2009, the positive effect, in the amount of Euros 17,981,000 arising from the write-back of costs related to other benefits payable, excluding pensions, to former members of the Executive Board of Directors. As referred in note 47, this write-back occurred following the decision by the Executive Board of Directors based on the recommendation from the Remunerations Commission.

9. Staff costs

The amount of this account is comprised of:

	2009 Euros '000	2008 Euros '000
Salaries and remunerations	359,148	341,766
Mandatory social security charges	192,296	176,412
Voluntary social security charges	31,955	37,687
Other staff costs	4,680	4,696
	588,079	560,561

As referred in note 47, the balance Mandatory social security charges includes, for 2009, the amount of Euros 134,792,000 (2008: Euros 137,933,000) related to the pension cost for the year. The referred amount also includes, for 2009, the amount of Euros 3,943,000 (2008: Euros 7,789,000) related to early retirements during the year.

The above mentioned balance also includes, with respect to 2009, the amount of Euros 6,000,000 (2008: Euros 37,804,000) related with the provisions for the costs with the complementary plan, as described in notes 38 and 47.

Therefore, considering that the remuneration of members of the Executive Board of Directors intend 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 later case, the net amount of the remunerations annually received by each member are deducted to the fixed annual remuneration attributed by the Bank.

The remunerations paid to the members of the Executive Board of Directors in 2009 amounted to Euros 3,605,000 (2008: Euros 3,413,000), with Euros 293,000 (2008: Euros 367,000) paid by subsidiaries or companies whose governing bodies represent interests in the Group. During 2009 and 2008, no variable remuneration was attributed to the members of the Executive Board of Directors.

During 2009, the costs with Social Security and the contributions to the Pension Fund for members of the Executive Board of Directors amounted to Euros 1,109,000 (2008: Euros 1,031,000).

The average number of employees by professional category, at service in the Bank, is analysed as follows by category:

	2009	2008
Management	1,250	1,181
Managerial staff	1,921	1,889
Staff	3,337	3,194
Other categories	3,612	4,011
	10,120	10,275

10. Other administrative costs

The amount of this account is comprised of:

	2009 Euros '000	2008 Euros '000
Water, electricity and fuel	11,313	12,918
Consumables	3,267	4,915
Rents	47,623	49,095
Communications	18,649	21,491
Travel, hotel and representation costs	8,230	11,812
Advertising	19,799	21,843
Maintenance and related services	19,124	19,665
Credit cards and mortgage	7,150	10,914
Advisory services	11,710	19,672
Information technology services	13,227	12,025
Outsourcing	140,214	160,262
Other specialised services	13,592	13,657
Training costs	1,805	1,978
Insurance	6,510	7,432
Legal expenses	4,196	5,641
Transports	7,617	9,008
Other supplies and services	13,118	16,594
	347,144	398,922

The balance Rents, includes the amount of Euros 42,786,000 (2008: 44,402,000), related to rents paid regarding buildings used by the Bank as leaser.

11. Depreciation

The amount of this account is comprised of:

	2009 Euros '000	2008 Euros '000
Intangible assets:		
Software	3,775	2,741
Other intangible assets	-	24
	3,775	2,765
Property and equipment:		
Land and buildings	25,860	29,700
Equipment		
Furniture	2,052	3,219
Office equipment	153	184
Computer equipment	12,043	9,726
Interior installations	1,839	2,615
Motor vehicles	242	341
Security equipment	1,983	2,243
Other tangible assets	21	13
	44,193	48,041
	47,968	50,806

12. Loans impairment

The amount of this account is comprised of:

	2009 Euros '000	2008 Euros '000
Loans and advances to credit institutions:		
For overdue loans and credit risks		
Impairment for the year	17,735	103
Loans and advances to customers:		
For overdue loans and credit risks		
Impairment for the year	901,687	493,608
Write-back for the year	(454)	(14)
Recovery of loans and interest charged-off	(28,025)	(80,225)
	873,208	413,369
	890,943	413,472

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 provisions

The amount of this account is comprised of:

	2009 Euros '000	2008 Euros '000
Provision for credit risks		
Charge for the year	-	3,300
Write-back for the year	(80,040)	(66,697)
Provision for country risk		
Charge for the year	14,451	89,124
Write-back for the year	(9,428)	(2,550)
Other provisions for liabilities and charges		
Charge for the year	12,444	24,369
Write-back for the year	-	(45,569)
	(62,573)	1,977

The balance Provision for country risk - Charge for the year includes the amount of Euros 5,062,000 (2008: Euros 72,847,000) related to loans and advances to entities residents in Angola, Turkey and Belize, in accordance with the increase in the volume of transactions with entities of these countries.

14. Gains from the sale of subsidiaries and other assets

The amount of this account is comprised of:

	2009 Euros '000	2008 Euros '000
Sale of subsidiaries	(6,613)	(253)
Sale of other assets	(110)	(16,910)
	(6,723)	(17,163)

The balance Sale of other assets corresponds to gains arising from the sale of buildings.

15. Income tax

The charge for the years of 2009 and 2008 is comprised as follows:

	2009 Euros '000	2008 Euros '000
Current tax	165	(16,567)
Deferred tax		
Temporary diferences	(112,751)	97,978
Effect of changes in tax rate	(87)	5,108
Tax losses utilized	(10,732)	(66,463)
	(123,570)	36,623
	(123,405)	20,056

The charge for income tax amounted to a negative amount of Euros 123,405,000 (2008: Euros 20,056,000), which represents an average tax rate of -148.8% of the net income before income tax (2008: 4.3%).

The balance Deferred tax - Temporary differences includes the recognition of deferred taxes related to taxable provisions of the year. It also includes the effect of the deduction of the dividends that were distributed this year, but made available on the previous year.

The main adjustments made 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, was not considered for tax purposes in the current year, in the amount of Euros 307,983,000 (2008: Euros 208,564,928), and will be deductible in future years when the losses are realised;

- The difference between the charges of the year, which will be allowable for tax purposes in future periods, and the costs with early retirements accounted for prior years, which are deductible in the calculation of the net taxable income for the year, in accordance with apllicable tax regulations. The net amount to be deducted to taxable income is Euros 100,209,000 (2008: Euros 82,027,000);

- Deduction of profits of not resident companies, added for the purpose of calculating the net taxable income, which will be distributed during the following years, in the amount of Euros 28,793,000 (2008: Euros 79,556,000).

The main adjustments to net income to calculate the net taxable income, with a permanent nature, are explained in the table bellow and corresponding references:

	2009		2008	
	%	Euros '000	%	Euros '000
Profit before income taxes		82,921		471,239
Current tax rate	26.5%	(21,974)	26.5%	(124,878)
Non deductible expenses (i)	19.1%	(15,807)	9.6%	(45,323)
Tax exempt income (ii)	-178.0%	147,663	-34.2%	161,386
Fiscal incentives (iii)	-1.4%	1,128	-0.2%	1,100
Losses brought forward	-15.4%	12,793	0.0%	(136)
Tax rate effect (iv)	0.2%	(188)	1.1%	(5,108)
Previous years corrections	1.3%	(1,090)	1.3%	(6,060)
Autonomous tax (v)	-1.1%	880	0.2%	(1,037)
	-148.8%	123,405	4.3%	(20,056)

References :

(i) - Corresponds to tax associated to non deductible provisions in accordance with the applicable legislation;
(ii) - Tax associated with dividends received which are not considered under the double taxation agreement, in the amount of Euros 548,079,000 (Tax: Euros 145,241.000);
(iii) - Includes tax benefits resulting from granting employment to people under the age of 30 in the amount of Euros 4,258,000 (Tax: Euros 1,128,000);
(iv) - The difference between the tax associated to the temporary differences and the tax applicable to losses brought forward;
(v) - Corresponds to autonomous taxation, according with the current legislation, of representation and non-deductible vehicle costs.

For the years 2008 and 2007, the amount of deferred taxes in the Income Statement is attributable to temporary differences arising from the following balances:

	2009 Euros '000	2008 Euros '000
Intangible assets	39	185
Other tangible assets	(82)	142
Provisions	(126,841)	72,223
Pensions	29,348	(3,024)
Utilization of losses brought forward	(10,732)	(66,463)
Other	(15,302)	33,560
Deferred taxes	(123,570)	36,623

16. Earnings per share

The earnings per share are calculated as follows:

	2009 Euros '000	2008 Euros '000
Profit for the year	206,326	451,183
Dividends from other capital instruments	19,751	-
Adjusted profit	226,077	451,183
Average number of shares	4,674,972,558	4,461,172,816
Basic earnings per share (Euros)	0.05	0.10
Diluted earnings per share (Euros)	0.05	0.10

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 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.

In April 2008, following the decision of the General Assembly of Shareholders, Banco Comercial Português, S.A. increased its share capital from Euros 3,611,329,567 to Euros 4,694,600,000 through the issue of 1,083,270,433 shares pursuant to the exercise of shareholders proportional rights with a nominal value of 1 Euro per share and a subscription price of Euros 1.2 per share. This fact was also considered when doing the average number of shares for the calculation of the basic and diluted earnings per share for the year 2008.

The balance Dividends on other capital instruments includes the dividends distributed from three issues of perpetual subordinated debt securities, and is analised as follows:

- In June 2009, as referred in notes 39 and 45, the Bank has 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 notes 39 and 45, the Bank has 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 notes 39 and 45, the Bank has 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.

17. Cash and deposits at central banks

This balance is analysed as follows:

	2009 Euros '000	2008 Euros '000
Cash	431,243	400,631
Central banks	723,003	646,143
	1,154,246	1,046,774

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.

18. Loans and advances to credit institutions repayable on demand

This balance is analysed as follows:

	2009 Euros '000	2008 Euros '000
Credit institutions in Portugal	361	740
Credit institutions abroad	684,021	441,480
Amounts due for collection	416,627	529,113
	1,101,009	971,333

The balance Amounts due for collection represents essentially cheques due for collection on other financial institutions.

19. Other loans and advances to credit institutions

This balance is analysed as follows:

	2009 Euros '000	2008 Euros '000
Bank of Portugal	-	350,020
Credit institutions in Portugal	2,538,185	4,311,002
Credit institutions abroad	6,134,928	5,194,866
	8,673,113	9,855,888
Overdue loans - less than 90 days	-	10,186
Overdue loans - more than 90 days	17,838	-
	8,690,951	9,866,074
Impairment for other loans and advances to credit institutions	(17,838)	(103)
	8,673,113	9,865,971

This balance is analysed by the period to maturity, as follows:

	2009 Euros '000	2008 Euros '000
Up to 3 months	5,050,530	5,316,669
3 to 6 months	350,469	353,299
6 to 12 months	1,032,625	859,770
1 to 5 years	1,535,213	2,659,095
More than 5 years	704,276	667,055
Undetermined	17,838	10,186
	8,690,951	9,866,074

Concerning derivative financial transactions with institutional counterparties, and according to the signed agreements, the Bank has, as of 31 December 2009, the amount of Euro 399,380,000 (31 December 2008: Euros 319,460,000) of Loans and advances to credit institutions granted as collateral on the mentioned transactions.

Impairment for credit risks in credit institutions for the Bank is analysed as follows:

	2009 Euros '000	2008 Euros '000
Balance on 1 January	103	-
Impairment for the year	17,735	103
Balance on 31 December	17,838	103

20. Loans and advances to customers

This balance is analysed as follows:

	2009 Euros '000	2008 Euros '000
Public sector	472,015	525,024
Asset-backed loans	28,400,405	27,758,581
Personal guaranteed loans	14,638,104	14,026,236
Unsecured loans	2,876,297	3,435,560
Foreign loans	3,760,413	3,752,803
Factoring	1,328,679	1,541,003
Finance leases	4,408,520	4,732,933
	55,884,433	55,772,140
Overdue loans - less than 90 days	173,322	100,634
Overdue loans - more than 90 days	1,281,142	421,707
	57,338,897	56,294,481
Impairment for credit risk	(1,638,157)	(621,245)
	55,700,740	55,673,236

As at 31 December 2009, the balance Loans and advances to customers includes the amount of Euros 4,973,000,000 (2008: Euros 3,708,740,000) regarding mortgage loans which are a collateral for four asset-back securities. The last asset-back security program was issued during 2009 as referred in note 33.

As referred in the previous paragraph, Banco Comercial Português, S.A. performed in September 2009 the fourth issue of covered bonds in the amount of Euros 1,000 million and maturity of seven years. This issue was performed under the BCP Covered Bonds Programme, established in June 2007. The interest rate is 3.75%.

Since 2009, following "Carta-circular" no. 15/2009 from the Bank of Portugal, the Bank only writes-off overdue loans fully provided that after an economic analysis, are considered uncollectable since there are no perspectives of recovery. The application of this criteria resulted in an increase in the amount of overdue loans recognized in the balance sheet, in the amount of Euros 235,000,000.

The analysis of loans and advances to customers, by type of credit, is as follows:

	2009 Euros '000	2008 Euros '000
Loans not represented by securities		
Discounted bills	815,698	1,299,922
Current account credits	5,446,754	4,872,000
Overdrafts	1,555,353	1,801,393
Loans	18,002,023	18,659,663
Mortgage loans	21,004,206	20,189,449
Factoring	1,328,679	1,541,003
Finance leases	4,408,520	4,732,933
	52,561,233	53,096,363
Loans represented by securities		
Commercial paper	2,711,682	2,487,178
Bonds	611,518	188,599
	3,323,200	2,675,777
	55,884,433	55,772,140
Overdue loans - less than 90 days	173,322	100,634
Overdue loans - more than 90 days	1,281,142	421,707
	57,338,897	56,294,481
Impairment for credit risk	(1,638,157)	(621,245)
	55,700,740	55,673,236

The analysis of loans and advances to customers by sector of activity is as follows:

	2009 Euros '000	2008 Euros '000
Agriculture	568,015	570,528
Mining	328,141	257,845
Food, beverage and tobacco	539,247	594,241
Textiles	577,018	610,667
Wood and cork	265,249	292,218
Printing and publishing	277,067	322,728
Chemicals	827,842	1,041,665
Engineering	1,020,460	1,048,363
Electricity, water and gas	908,022	896,572
Construction	4,363,111	4,260,491
Retail business	1,762,159	1,871,379
Wholesale business	2,338,900	2,570,882
Restaurants and hotels	1,235,581	1,142,751
Transports and communications	1,442,124	1,612,775
Services	14,235,818	12,988,155
Consumer credit	3,249,152	3,103,274
Mortgage credit	19,344,420	18,591,761
Other domestic activities	998,799	920,879
Other international activities	3,057,772	3,597,307
	57,338,897	56,294,481
Impairment for credit risk	(1,638,157)	(621,245)
	55,700,740	55,673,236

The analysis of loans and advances to customers, by maturity date and by sector of activity as at 31 December, 2009 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	196,582	136,771	223,034	11,628	568,015
Mining	164,806	79,159	79,284	4,892	328,141
Food, beverage and tobacco	326,017	77,505	94,763	40,962	539,247
Textiles	231,371	119,447	188,316	37,884	577,018
Wood and cork	127,596	44,526	46,546	46,581	265,249
Printing and publishing	119,240	82,923	58,330	16,574	277,067
Chemicals	400,391	249,874	170,509	7,068	827,842
Engineering	413,174	209,645	341,615	56,026	1,020,460
Electricity, water and gas	189,661	87,562	630,516	283	908,022
Construction	2,383,084	1,017,793	760,484	201,750	4,363,111
Retail business	743,208	455,807	493,504	69,640	1,762,159
Wholesale business	1,158,101	454,813	482,905	243,081	2,338,900
Restaurants and hotels	314,872	227,384	642,529	50,796	1,235,581
Transports and communications	350,367	327,050	732,446	32,261	1,442,124
Services	6,632,703	3,109,216	4,178,083	315,816	14,235,818
Consumer credit	1,181,774	1,017,816	851,203	198,359	3,249,152
Mortgage credit	27,094	153,133	19,064,281	99,912	19,344,420
Other domestic activities	539,910	158,619	284,649	15,621	998,799
Other international activities	379,700	1,076,198	1,596,544	5,330	3,057,772
	15,879,651	9,085,241	30,919,541	1,454,464	57,338,897

The analysis of loans and advances to customers, by type of credit and by maturity date as at 31 December, 2009 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	472,015	-	-	-	472,015
Asset-backed loans	7,042,403	5,632,849	15,725,153	605,285	29,005,690
Personal guaranteed loans	3,397,006	800,876	10,440,222	424,819	15,062,923
Unsecured loans	2,876,297	-	-	424,360	3,300,657
Foreign loans	757,590	1,135,208	1,867,615	-	3,760,413
Factoring	1,328,679	-	-	-	1,328,679
Finance leases	5,661	1,516,308	2,886,551	-	4,408,520
	15,879,651	9,085,241	30,919,541	1,454,464	57,338,897

The analysis of loans and advances to customers, by maturity date and by sector of activity as at 31 December, 2008 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	212,615	125,468	228,455	3,990	570,528
Mining	136,501	54,649	64,534	2,161	257,845
Food, beverage and tobacco	383,926	101,700	106,119	2,496	594,241
Textiles	330,035	85,579	166,268	28,785	610,667
Wood and cork	199,312	38,930	46,289	7,687	292,218
Printing and publishing	166,658	84,854	68,779	2,437	322,728
Chemicals	571,436	227,351	239,906	2,972	1,041,665
Engineering	544,360	189,964	289,717	24,322	1,048,363
Electricity, water and gas	192,397	46,172	657,892	111	896,572
Construction	2,261,368	1,055,130	875,788	68,205	4,260,491
Retail business	919,263	396,863	533,796	21,457	1,871,379
Wholesale business	1,467,457	417,283	616,334	69,808	2,570,882
Restaurants and hotels	277,522	277,713	570,430	17,086	1,142,751
Transports and communications	693,546	398,846	505,728	14,655	1,612,775
Services	6,357,992	2,786,746	3,759,140	84,277	12,988,155
Consumer credit	1,064,592	1,083,417	885,562	69,703	3,103,274
Mortgage credit	33,242	153,767	18,323,838	80,914	18,591,761
Other domestic activities	500,505	175,602	238,436	6,336	920,879
Other international activities	657,109	934,116	1,991,143	14,939	3,597,307
	16,969,836	8,634,150	30,168,154	522,341	56,294,481

The analysis of loans and advances to customers, by type of credit and by maturity date as at 31 December, 2008 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	525,024	-	-	-	525,024
Asset-backed loans	5,072,685	4,225,050	18,460,846	260,921	28,019,502
Personal guaranteed loans	5,422,213	4,756	8,599,267	136,727	14,162,963
Unsecured loans	3,435,560	-	-	109,766	3,545,326
Foreign loans	957,693	2,611,934	183,176	14,927	3,767,730
Factoring	1,541,003	-	-	-	1,541,003
Finance leases	15,658	1,792,410	2,924,865	-	4,732,933
	16,969,836	8,634,150	30,168,154	522,341	56,294,481

Loans and advances to customers includes the effect of traditional securitization transactions realized by the Bank, regarding consumer loans, mortgage, commercial paper and corporate loans. The referred securitizations are performed through Special Purpose Entities (SPE's).

The balance Loans and Advances to customers includes the following amounts related to securitization transactions, by type of transaction:

	Traditional		Synthetic		Total	
	2009 Euros '000	2008 Euros '000	2009 Euros '000	2008 Euros '000	2009 Euros '000	2008 Euros '000
Consumer credit	684,596	699,024	-	-	684,596	699,024
Mortgage credit	4,973,360	1,490,629	-	-	4,973,360	1,490,629
Commercial Paper	484,146	510,198	-	-	484,146	510,198
Loans to companies	2,013,156	1,961,842	-	2,430,546	2,013,156	4,392,388
	8,155,258	4,661,693	-	2,430,546	8,155,258	7,092,239

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 3,480,278,000, 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 3,633,033,000.

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, in the amount of Euros 1,493,083,000, 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 1,525,213,000.

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, in the amount of Euros 684,596,000, 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 685,508,000.

Caravela SME No. 1

On 28 November 2008, the Bank transferred a pool of corporate loans and commercial paper 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, in the amount of Euros 2,013,156,000 (corporate loans) and Euros 484,146,000 (commercial paper) 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 3,071,712,000.

With effect in 6 July 2009, Banco Comercial Português, S.A. exercised the option to cancel the swaps engaged in 2004 with Kreditanstalt für Wiederaufbau (KfW) and the European Investment Fund, regarding the synthetic securitization transaction Promise Caravela 2004, consequently proceeding to the anticipated reimbursement of the securities issued by the SPE "Promise Caravela 2004 PLC", in that date.

The balance Loans and advances to customers includes the following amounts related with finance leases contracts:

	2009 Euros '000	2008 Euros '000
Gross value	5,010,485	6,209,227
Interest not yet due	(601,965)	(1,476,294)
Net book value	4,408,520	4,732,933

The analysis of the financial leasing contracts by type of client, is presented as follows:

	2009 Euros '000	2008 Euros '000
Individuals		
Home	123,744	132,794
Consumer	95,670	108,022
Others	293,642	328,097
	513,056	568,913
Companies		
Mobiliary	1,129,080	1,361,974
Mortgage	2,766,384	2,802,046
	3,895,464	4,164,020
	4,408,520	4,732,933

Regarding the Operational Leasing, the Bank does not present significant contracts as leaser.

In accordance with note 10, the balance Rents, includes as at 31 December 2009, the amount of Euros 42,786,000 (2008: Euros 44,402,000), corresponding to rents paid regarding buildings used by the Bank as leaser.

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:

	2009 Euros '000	2008 Euros '000
Agriculture	3,118	3,822
Mining	101	726
Food, beverage and tobacco	688	910
Textiles	8,658	9,826
Wood and cork	124	534
Printing and publishing	550	97
Chemicals	58	124
Engineering	1,087	3,246
Construction	5,527	5,243
Retail business	3,972	5,122
Wholesale business	4,752	4,733
Restaurants and hotels	998	1,475
Transports and communications	329	244
Services	9,125	10,884
Consumer credit	16,039	17,916
Other domestic activities	617	893
Other international activities	51	-
	55,794	65,795

The analysis of overdue loans by sector of activity for the Bank is as follows:

	2009 Euros '000	2008 Euros '000
Agriculture	11,628	3,990
Mining	4,892	2,161
Food, beverage and tobacco	40,962	2,496
Textiles	37,884	28,785
Wood and cork	46,581	7,687
Printing and publishing	16,574	2,437
Chemicals	7,068	2,972
Engineering	56,026	24,322
Electricity, water and gas	283	111
Construction	201,750	68,205
Retail business	69,640	21,457
Wholesale business	243,081	69,808
Restaurants and hotels	50,796	17,086
Transports and communications	32,261	14,655
Services	315,816	84,277
Consumer credit	198,359	69,703
Mortgage credit	99,912	80,914
Other domestic activities	15,621	6,336
Other international activities	5,330	14,939
	1,454,464	522,341

The analysis of overdue loans, by type of credit, for the Bank is as follows:

	2009 Euros '000	2008 Euros '000
Asset-backed loans	605,285	260,921
Personal guaranteed loans	424,819	136,727
Unsecured loans	424,360	109,766
Foreign loans	-	14,927
	1,454,464	522,341

The movements of impairment for credit risk are analysed as follows:

	2009 Euros '000	2008 Euros '000
Impairment for overdue loans and for other credit risks:		
Balance on 1 January	621,245	417,449
Transfers	236,951	6,930
Impairment for the year	901,687	493,608
Write-back for the year	(454)	(14)
Loans charged-off	(121,272)	(296,728)
Balance on 31 December	1,638,157	621,245

As refered, the balance Transfers includes the effect of the adoption of "Carta-circular" no. 15/2009 of the Bank of Portugal.

The analysis of the impairment, by sector of activity, is as follows:

	2009 Euros '000	2008 Euros '000
Agriculture	11,309	16,294
Mining	9,740	6,889
Food, beverage and tobacco	12,639	10,917
Textiles	63,736	19,042
Wood and cork	20,939	5,706
Printing and publishing	10,078	2,232
Chemicals	4,739	2,713
Engineering	51,934	29,714
Electricity, water and gas	457	2,290
Construction	140,131	50,177
Retail business	56,469	22,281
Wholesale business	203,868	56,184
Restaurants and hotels	41,104	14,129
Transports and communications	28,520	8,204
Services	278,143	141,323
Consumer credit	453,398	58,799
Mortgage credit	235,515	81,598
Other domestic activities	12,383	4,461
Other international activities	3,055	88,292
	1,638,157	621,245

The impairment for credit risk, by type of credit, is analysed as follows:

	2009 Euros '000	2008 Euros '000
Asset-backed loans	524,988	364,781
Personal guaranteed loans	291,428	81,203
Unsecured loans	821,741	124,849
Foreign loans	-	50,412
	1,638,157	621,245

The analysis of the loans charged-off, by sector of activity, is as follows:

	2009 Euros '000	2008 Euros '000
Agriculture	151	1,865
Mining	-	3,255
Food, beverage and tobacco	27,904	5,485
Textiles	12,434	16,831
Wood and cork	750	1,743
Printing and publishing	99	2,927
Chemicals	477	2,575
Engineering	24,210	7,370
Electricity, water and gas	29	48
Construction	5,774	28,873
Retail business	3,523	14,140
Wholesale business	16,363	65,603
Restaurants and hotels	355	4,555
Transports and communications	1,738	15,923
Services	16,898	37,523
Consumer credit	9,174	52,561
Mortgage credit	-	26,591
Other domestic activities	1,393	5,898
Other international activities	-	2,962
	121,272	296,728

In compliance with the accounting policy described in note 1 b), loans and advances to customers are charged-off when there are no expectations, from an economic point of view, of recovering the loan amount and for collateralized loans, when the funds arising from the execution of the respective collaterals was already received. This charge-off is carried out for loans that are fully provided.

The analysis of the loans charged-off, by type of credit, is as follows:

	2009 Euros '000	2008 Euros '000
Asset-backed loans	67,510	81,676
Personal guaranteed loans	28,351	79,829
Unsecured loans	25,411	132,261
Foreign loans	-	2,962
	121,272	296,728

The analysis of recovered loans and overdue interest, during 2009 and 2008, by sector of activity, is as follows:

	2009 Euros '000	2008 Euros '000
Agriculture	228	1,049
Mining	390	2,710
Food, beverage and tobacco	595	3,245
Textiles	868	8,957
Wood and cork	234	365
Printing and publishing	675	1,225
Chemicals	5	377
Engineering	573	2,936
Electricity, water and gas	84	-
Construction	9,996	9,367
Retail business	688	4,312
Wholesale business	4,106	11,920
Restaurants and hotels	161	1,662
Transports and communications	917	1,571
Services	2,435	4,477
Consumer credit	5,764	20,597
Mortgage credit	94	3,672
Other domestic activities	212	777
Other international activities	-	1,006
	28,025	80,225

The analysis of recovered loans and interest during 2009 and 2008, by type of credit, is as follows:

	2009 Euros '000	2008 Euros '000
Asset-backed loans	1,986	23,264
Personal guaranteed loans	1,343	17,721
Unsecured loans	24,696	38,234
Foreign loans	-	1,006
	28,025	80,225

As detailed in note 49, the Bank, as a part of the management 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 loans and advances to customers.

21. Financial assets held for trading and available for sale

The balance Financial assets held for trading and available for sale is analysed as follows:

	2009 Euros '000	2008 Euros '000
Bonds and other fixed income securities		
Issued by public entities	309,859	384,544
Issued by other entities	11,886,488	7,716,474
	12,196,347	8,101,018
Overdue securities	4,925	5,427
Impairment for overdue securities	(4,925)	(5,427)
	12,196,347	8,101,018
Shares and other variable income securities	952,511	879,530
	13,148,858	8,980,548
Trading derivatives	1,368,709	1,577,259
	14,517,567	10,557,807

The balance Trading derivatives includes the valuation of the embedded derivatives separated from the host contract in accordance with the accounting policy presented in note 1 c) in the amount of Euros 78,000 (31 December 2008: Euros 1,756,000).

The analysis of the financial assets held for trading and available for sale by the type of asset is as follows:

	2009			2008		
	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	146,895	254	147,149	304,792	464	305,256
Foreign issuers	32,462	-	32,462	32,010	-	32,010
Bonds issued by other entities						
Portuguese issuers	625,094	851,413	1,476,507	107,669	871,604	979,273
Foreign issuers	469,194	9,945,712	10,414,906	425,264	6,317,364	6,742,628
Treasury bills and other Government bonds	130,248	-	130,248	47,278	-	47,278
	1,403,893	10,797,379	12,201,272	917,013	7,189,432	8,106,445
of which:						
Quoted financial assets	1,168,971	6,779,355	7,948,326	802,410	6,313,388	7,115,798
Unquoted financial assets	234,922	4,018,024	4,252,946	114,603	876,044	990,647
Variable income:						
Shares in Portuguese companies	8,556	106,129	114,685	-	49,266	49,266
Shares in foreign companies	7,015	13,762	20,777	-	2,661	2,661
Investment fund units	3,071	813,978	817,049	1,575	826,028	827,603
	18,642	933,869	952,511	1,575	877,955	879,530
of which:						
Quoted financial assets	18,642	820,934	839,576	1,575	843,793	845,368
Unquoted financial assets	-	112,935	112,935	-	34,162	34,162
Impairment for overdue securities	-	(4,925)	(4,925)	-	(5,427)	(5,427)
	1,422,535	11,726,323	13,148,858	918,588	8,061,960	8,980,548
Trading derivatives	1,368,709	-	1,368,709	1,577,259	-	1,577,259
	2,791,244	11,726,323	14,517,567	2,495,847	8,061,960	10,557,807
of which:						
Level 1	1,247,915	987,499	2,235,414	875,788	880,399	1,756,187
Level 2	1,543,329	1,249,450	2,792,779	1,620,059	1,269,087	2,889,146
Level 3	-	546,888	546,888	-	562,013	562,013
Financial assets at cost	-	8,942,486	8,942,486	-	5,350,461	5,350,461

The trading portfolio is recorded at fair value with changes through profit and loss, in accordance with accounting policy 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 8,915,466.000 (31 de December de 2008: Euros 5,325,706.000) refered to securities of securitization operations not unrecognized 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 organized 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 positive amount of fair value reserves of Euros 15,882,000 (31 December 2008: negative amount of Euros 64,148,000) is presented net of impairment losses in the amount of Euros 117,618,000 (31 December 2008: Euros 60,041,000). As referred in note 7, during 2009 the Group set up impairment losses for Investment Funds Units held by the Group in the net amount of Euros 38,696,000.

As referred in note 7, Banco Comercial Português S.A. made an agreement in December 2008 for the sale of 87,214,836 shares, representing 9.69%, of Banco BPI share capital. As a result of the execution of this contract Banco Comercial Português ceased to hold a qualified position in Banco BPI, S.A.

The Bank analised this sale within the scope of IAS 39 with the objective of assessing the conditions for derecognition and concluded that the transaction could be qualified as a true sale. This decision was based on the following aspects: (i) existence of an irrevocable contract for the sale of the shares; (ii) transfer of all risks and rewards associated with the shares, including dividends and voting rights; (iii) communication of the transaction to supervisory authorities; and (iv) existence of a deposit in the amount of Euros 30.000.000 as a collateral.

Additionally, it is expected that the Bank grants a loan for financing the transaction in the amount corresponding to the difference between the value of the sale and Euros 50.000.000 corresponding to the amount of the deposit established as collateral and the share capital of the acquirer. The settlement of the transaction occurred in 2009.

During 2009 and the second semester of 2008, the Bank reclassified non-derivative financial assets, from the available for sale portfolio to the held to maturity and loans and advances to customers - loans represented by securities portfolios and from the held for trading portfolio to the available for sale and held to maturity portfolios (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.

As at 31 December 2009 these reclassifications are analised as follows:

	At the reclassification date		December 2009		
	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 held to maturity (July 08)	194,855	194,855	195,441	190,376	(5,065)
Financial assets held to maturity (October 08)	549,001	549,001	552,746	550,122	(2,624)
Financial assets held to maturity (October 09)	176,117	176,117	175,400	172,089	(3,311)
Financial assets held to maturity (November 09)	336,556	336,556	335,964	328,423	(7,541)
Financial assets held to maturity (December 09)	160,125	160,125	160,042	156,466	(3,576)
From Financial assets available for sale to:					
Loans represented by securities (October 08)	156,750	156,750	141,281	126,801	(14,480)
Loans represented by securities (December 08)	2,435,530	2,435,530	26,607	26,807	200
			1,587,481	1,551,084	(36,397)

The amounts accounted in Profits and losses and in fair value reserves, in December 2009 related to reclassified financial assets are analised as follows:

	P&L			Changes	
	Interest Euros '000	Fair value changes Euros '000	Total Euros '000	Fair value reserves Euros '000	Equity Euros '000
At the reclassification date					
From Financial assets held for trading to:					
Financial assets held to maturity (October 09)	3,404	1,720	5,124	-	5,124
Financial assets held to maturity (November 09)	2,603	4,010	6,613	-	6,613
Financial assets held to maturity (December 09)	6,337	11,268	17,605	-	17,605
	12,344	16,998	29,342	-	29,342
After the reclassification					
From Financial assets held for trading to:					
Financial assets held to maturity (July 08)	5,012	-	5,012	-	5,012
Financial assets held to maturity (October 08)	25,703	-	25,703	-	25,703
Financial assets held to maturity (October 09)	1,931	-	1,931	-	1,931
Financial assets held to maturity (November 09)	2,094	-	2,094	-	2,094
Financial assets held to maturity (December 09)	588	-	588	-	588
From Financial assets available for sale to:					
Loans represented by securities (October 08)	5,658	-	5,658	215	5,873
Loans represented by securities (December 08)	1,130	-	1,130	-	1,130
	42,116	-	42,116	215	42,331

If the reclassifications described previously had not occurred, the additional amounts recognized in results and in equity during 2009, would be as follows:

	Interest Euros '000	Fair value changes Euros '000	P&L Euros '000
Impact in P&L without reclassifications			
From Financial assets held for trading to:			
Financial assets held to maturity (July 08)	-	82	82
Financial assets held to maturity (October 08)	-	(2,153)	(2,153)
Financial assets held to maturity (October 09)	-	(3,311)	(3,311)
Financial assets held to maturity (November 09)	-	(7,541)	(7,541)
Financial assets held to maturity (December 09)	-	(3,576)	(3,576)
From Financial assets available for sale to:			
Loans represented by securities (October 08)	215	-	215
Loans represented by securities (December 08)	-	-	-
	215	(16,499)	(16,284)

	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 held to maturity (July 08)	82	(5,147)	-	(5,065)
Financial assets held to maturity (October 08)	(2,153)	(471)	-	(2,624)
Financial assets held to maturity (October 09)	(3,311)	-	-	(3,311)
Financial assets held to maturity (November 09)	(7,541)	-	-	(7,541)
Financial assets held to maturity (December 09)	(3,576)	-	-	(3,576)
From Financial assets available for sale to:				
Loans represented by securities (October 08)	215	53	(14,748)	(14,480)
Loans represented by securities (December 08)	-	-	200	200
	(16,284)	(5,565)	(14,548)	(36,397)

As at 31 December 2008, this reclassification is analised as follows:

	At the reclassification date		December 2008		
	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 held to maturity (July 08)	194,855	194,855	195,053	189,906	(5,147)
Financial assets held to maturity (October 08)	549,001	549,001	549,661	549,190	(471)
From Financial assets available for sale to:					
Loans represented by securities (October 08)	156,750	156,750	153,468	136,257	(17,211)
Loans represented by securities (December 08)	2,435,530	2,435,530	1,277,945	1,277,945	-
			2,176,127	2,153,298	(22,829)

The amounts accounted in Profits and losses and in fair value reserves, in 2008 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
At the reclassification date					
From Financial assets held for trading to:					
Financial assets held to maturity (July 08)	3,371	(5,168)	(1,797)	-	(1,797)
Financial assets held to maturity (October 08)	15,838	(8,908)	6,930	-	6,930
From Financial assets available for sale to:					
Loans represented by securities (October 08)	3,142	-	3,142	(1,636)	1,506
Loans represented by securities (December 08)	21,850	-	21,850	-	21,850

	P&L			Changes	
	Interest Euros '000	Fair value changes Euros '000	Total Euros '000	Fair value reserves Euros '000	Equity Euros '000
After the reclassification					
From Financial assets held for trading to:					
Financial assets held to maturity (July 08)	5,218	-	5,218	-	5,218
Financial assets held to maturity (October 08)	6,437	-	6,437	-	6,437
From Financial assets available for sale to:					
Loans represented by securities (October 08)	2,210	-	2,210	52	2,262
Loans represented by securities (December 08)	9,680	-	9,680	-	9,680

If the reclassifications described previously had not occurred, the additional amounts recognized in profit and loss and in fair value reserves during 2008, would be as follows:

	P&L			Changes	
	Interest Euros '000	Fair value changes Euros '000	Total Euros '000	Fair value reserves Euros '000	Equity Euros '000
Without considering the reclassifications					
From Financial assets held for trading to:					
Financial assets held to maturity (July 08)	-	(5,147)	(5,147)	-	(5,147)
Financial assets held to maturity (October 08)	-	(471)	(471)	-	(471)
From Financial assets available for sale to:					
Loans represented by securities (October 08)	52	-	52	(17,263)	(17,211)
Loans represented by securities (December 08)	-	-	-	-	-
	52	(5,618)	(5,566)	(17,263)	(22,829)

The movements of the impairment of the financial asstes available for sale are analised as follows:

	2009 Euros '000	2008 Euros '000
Balance on 1 January	60,041	110,543
Transfers	6,585	2,121
Impairment for the year	66,341	301,232
Write-back for the year	-	(1,120)
Write-back against fair value reserves	(11,004)	(4,821)
Loans charged-off	(4,345)	(347,914)
	117,618	60,041

The Bank recognizes 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.

During 2008, as referred in note 7 and in accordance with the criteria mentioned above, impairment losses were recognized in the amount of Euros 301,232,000, of which Euros 268,076,000 related to the investment held in Banco BPI, S.A.

As at 31 December 2008, in accordance with the agreement established for the sale of the position held in Banco BPI, S.A., the impairment loss was recognized at the selling date.

The analysis of financial assets held for trading and available for sale by maturity date as at 31 December 2009, is as follows:

	Up to 3 months Euros '000	3 months to 1 year Euros '000	Over 1 year Euros '000	Undetermined Euros '000	Total Euros '000
Fixed income:					
Bonds issued by public entities					
Portuguese issuers	-	2	147,147	-	147,149
Foreign issuers	-	-	32,462	-	32,462
Bonds issued by other entities					
Portuguese issuers	-	71	1,471,511	4,925	1,476,507
Foreign issuers	94,593	158,217	10,162,096	-	10,414,906
Treasury bills and other					
Government bonds	-	130,248	-	-	130,248
	94,593	288,538	11,813,216	4,925	12,201,272
of which:					
Quoted financial assets	38,951	245,527	7,663,848	-	7,948,326
Unquoted financial assets	55,642	43,011	4,149,368	4,925	4,252,946
Variable income:					
Shares in Portuguese companies				114,685	114,685
Shares in foreign companies				20,777	20,777
Investment fund units				817,049	817,049
				952,511	952,511
of which:					
Quoted financial assets				839,576	839,576
Unquoted financial assets				112,935	112,935
Impairment for overdue securities				(4,925)	(4,925)
	94,593	288,538	11,813,216	952,511	13,148,858

The analysis of financial assets held for trading and available for sale by maturity date as at 31 December 2008, is as follows:

	Up to 3 months Euros '000	3 months to 1 year Euros '000	Over 1 year Euros '000	Undetermined Euros '000	Total Euros '000
Fixed income:					
Bonds issued by public entities					
Portuguese issuers	-	229	305,027	-	305,256
Foreign issuers	-	-	32,010	-	32,010
Bonds issued by other entities					
Portuguese issuers	-	-	973,846	5,427	979,273
Foreign issuers	-	13,465	6,729,163	-	6,742,628
Treasury bills and other					
Government bonds	11,304	35,974	-	-	47,278
	11,304	49,668	8,040,046	5,427	8,106,445
of which:					
Quoted financial assets	9,287	36,202	7,070,309	-	7,115,798
Unquoted financial assets	2,017	13,466	969,737	5,427	990,647
Variable income:					
Shares in Portuguese companies				49,266	49,266
Shares in foreign companies				2,661	2,661
Investment fund units				827,603	827,603
				879,530	879,530
of which:					
Quoted financial assets				845,368	845,368
Unquoted financial assets				34,162	34,162
Impairment for overdue securities				(5,427)	(5,427)
	11,304	49,668	8,040,046	879,530	8,980,548

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 2009 is as follows:

	Bonds Euros '000	Shares Euros '000	Other financial assets Euros '000	Overdue Securities Euros '000	Gross Total Euros '000
Mining	-	73	-	-	73
Food, beverage and tobacco	-	234	-	-	234
Textiles	-	1	-	361	362
Wood and cork	-	-	-	998	998
Printing and publishing	41	7,090	-	-	7,131
Engineering	105	1,079	-	-	1,184
Electricity, water and gas	12	1,178	-	-	1,190
Construction	-	33,013	-	2,560	35,573
Wholesale business	-	2,618	-	475	3,093
Restaurants and hotels	-	51	-	-	51
Transport and communications	91,018	14,833	-	529	106,380
Services	11,795,312	75,292	817,049	2	12,687,655
	11,886,488	135,462	817,049	4,925	12,843,924
Government and Public securities	179,611	-	130,248	-	309,859
Impairment for overdue securities	-	-	-	(4,925)	(4,925)
	12,066,099	135,462	947,297	-	13,148,858

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 2008 is as follows:

	Bonds Euros '000	Shares Euros '000	Other financial assets Euros '000	Overdue Securities Euros '000	Gross Total Euros '000
Mining	-	73	-	-	73
Textiles	-	81	-	1,037	1,118
Wood and cork	-	-	-	126	126
Printing and publishing	-	3,518	-	-	3,518
Engineering	-	2	-	187	189
Electricity, water and gas	-	3,003	-	-	3,003
Construction	-	11,879	-	645	12,524
Wholesale business	-	1	-	63	64
Restaurants and hotels	-	51	-	-	51
Transport and communications	-	-	-	17	17
Services	7,716,474	33,319	827,603	3,352	8,580,748
	7,716,474	51,927	827,603	5,427	8,601,431
Government and Public securities	337,266	-	47,278	-	384,544
Impairment for overdue securities	-	-	-	(5,427)	(5,427)
	8,053,740	51,927	874,881	-	8,980,548

As detailed in note 49, the Bank, as a part of the management 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 include fixed income securities.

The analysis of the trading derivatives by maturity as at 31 December 2009, is as follows:

	2009					
	Notional (remaining term)				**Fair values**	
	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	1,600	37,200	39,600	15	55
Interest rate Swaps	1,300,892	6,459,390	45,926,293	53,686,575	1,096,851	1,050,608
Interest rate Options (purchase)	879,328	377,330	1,046,805	2,303,463	28,334	-
Interest rate Options (sale)	899,328	366,668	1,046,805	2,312,801	-	28,270
Other interest rate contracts	5,471	345,831	6,624,358	6,975,660	55,225	51,221
	3,085,819	7,550,819	54,681,461	65,318,099	1,180,425	1,130,154
Stock Exchange transactions:						
Interest rate Futures	6,388	-	-	6,388	-	-
Currency Derivatives:						
OTC Market:						
Forward exchange contract	121,466	131,234	152	252,852	8,890	1,963
Currency Swaps	4,684,228	367,549	-	5,051,777	47,817	19,329
Currency Options (purchase)	25,938	31,580	-	57,518	1,640	-
Currency Options (sale)	25,933	33,080	-	59,013	-	1,682
	4,857,565	563,443	152	5,421,160	58,347	22,974
Share Derivatives:						
OTC Market:						
Shares/indexes Swaps	155,654	376,666	349,700	882,020	66,372	60,390
Shares/indexes Options (purchase)	103,725	84,989	-	188,714	5,412	-
Shares/indexes Options (sale)	103,880	45,000	-	148,880	-	117
Preference shares forwards	-	-	50,000	50,000	-	5,259
	363,259	506,655	399,700	1,269,614	71,784	65,766
Stock Exchange transactions:						
Shares/indexes futures	34,902	-	-	34,902	-	-
	34,902	-	-	34,902	-	-
Stock Exchange transactions:						
Commodities futures	94,002	4	-	94,006	-	-
Credit derivatives:						
OTC Market:						
Credit Default Swaps	3,471	37,463	4,112,914	4,153,848	58,075	69,710
Others credit derivatives (purchase)	-	-	-	-	-	-
Others credit derivatives (sale)	-	-	72,751	72,751	-	-
	3,471	37,463	4,185,665	4,226,599	58,075	69,710
Total financial instruments traded in:						
OTC Market	8,310,114	8,658,380	59,266,978	76,235,472	1,368,631	1,288,604
Stock Exchange	135,292	4	-	135,296	-	-
Embedded derivatives					78	7,627
	8,445,406	8,658,384	59,266,978	76,370,768	1,368,709	1,296,231

The analysis of the trading derivatives by maturity as at 31 December 2008, is as follows:

	2008					
	Notional (remaining term)				Fair values	
	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	-	227,000	-	227,000	565	424
Interest rate Swaps	4,161,777	5,255,856	41,518,128	50,935,761	1,133,685	943,125
Interest rate Options (purchase)	57,381	339,792	1,371,791	1,768,964	22,926	-
Interest rate Options (sale)	57,381	339,792	1,371,791	1,768,964	-	22,925
Other interest rate contracts	6,890	198,321	5,808,617	6,013,828	71,772	72,832
	4,283,429	6,360,761	50,070,327	60,714,517	1,228,948	1,039,306
Stock Exchange transactions:						
Interest rate Futures	77,600	-	-	77,600	-	-
Currency Derivatives:						
OTC Market:						
Forward exchange contracts	250,522	78,990	3,617	333,129	12,413	23,173
Currency Swaps	4,992,521	779,738	-	5,772,259	137,663	183,927
Currency Options (purchase)	54,695	5,188	-	59,883	1,696	-
Currency Options (sale)	54,095	5,304	-	59,399	-	1,745
	5,351,833	869,220	3,617	6,224,670	151,772	208,845
Share Derivatives:						
OTC Market:						
Shares/indexes Swaps	151,970	345,925	821,856	1,319,751	130,730	140,124
Preference shares forwards	-	-	50,000	50,000	-	6,896
	151,970	345,925	871,856	1,369,751	130,730	147,020
Stock Exchange transactions:						
Shares/indexes Options (purchase)	220,000	-	-	220,000	-	-
Shares/indexes Options (sale)	220,000	-	-	220,000	-	-
	440,000	-	-	440,000	-	-
Credit derivatives:						
OTC Market:						
Credit Default Swaps	10,599	91,661	5,761,651	5,863,911	64,053	60,606
Other credit derivatives (purchase)	-	-	14,286	14,286	-	-
Other credit derivatives (sale)	4,269	30,748	81,824	116,841	-	-
	14,868	122,409	5,857,761	5,995,038	64,053	60,606
Total financial instruments traded in:						
OTC Market	9,802,100	7,698,315	56,803,561	74,303,976	1,575,503	1,455,777
Stock Exchange	517,600	-	-	517,600	-	-
Embedded derivatives	-	-	-	-	1,756	11,004
	10,319,700	7,698,315	56,803,561	74,821,576	1,577,259	1,466,781

22. Other financial assets held for trading at fair value trough profit or loss

The balance Other financial assets held for trading at fair value trough profit or loss corresponds to Loans and advances to credit institutions (Millennium Bank, Societe Anonyme - Greece).

23. Hedging derivatives

This balance is analysed as follows:

	2009 Euros '000	2008 Euros '000
Assets:		
Swaps	344,403	108,974
Liabilities:		
Swaps	11,445	36,547

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 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 and 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 14,848,000 (31 December 2008: negative amount of Euros 1,655,000) was accounted against profit and loss, corresponding to the ineffective part of the fair value hedge relationships. The Bank also 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. For the referred hedging relationships, the ineffective part of the fair value hedge amounted to a negative value of Euros 1,967,000 (31 December 2008: positive amount of Euros 165,000).

As referred in note 6, in September 2008 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 the break of its effectiveness. Following the decision from the Executive Board of Directors and in accordance with IAS 39, on 1 April, 2009 the hedging relationship was reestablished.

The adjustment on financial risks covered performed on the assets and liabilities which includes hedged items is analysed as follows:

	2009 Euros '000	2008 Euros '000
Hedged item		
Loans	32,877	41,867
Deposits / Loans	(2,535)	(15,504)
Debt issued	(127,536)	(116,815)
Financial assets available for sale	-	(344)
	(97,194)	(90,796)

The analysis of the hedging derivatives by maturity as at 31 December 2009, is as follows:

	2009					
	Notional (remaining term)				Fair values	
	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	-	11,500	6,751,134	6,762,634	344,403	11,445
	-	11,500	6,751,134	6,762,634	344,403	11,445

The analysis of the hedging derivatives by maturity as at 31 December 2008, is as follows:

	2008					
	Notional (remaining term)				Fair values	
	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	228,928	23,000	2,861,301	3,113,229	108,974	36,547
	228,928	23,000	2,861,301	3,113,229	108,974	36,547

24. Financial assets held to maturity

The balance Financial assets held to maturity is analysed as follows:

	2009 Euros '000	2008 Euros '000
Bonds and other fixed income securities		
Issued by Government and public entities	1,001,542	513,304
Issued by other entities	778,714	582,465
	1,780,256	1,095,769

The balance Financial assets held to maturity includes, as at 31 December 2009, the amount of Euros 1,419,593,000 (31 December 2008: Euros 744,714,000) related to non derivatives financial assets (bonds) reclassified, during 2009 and 2008, from financial assets held for trading caption to financial assets held to maturity caption, as referred in the accounting policy note 1 e) and note 21.

The analysis of the securities portfolio included in the Financial assets held to maturity, by maturity date, as at 31 December 2009, 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	-	-	261,516	-	261,516
Foreign issuers	-	-	740,026	-	740,026
Bonds issued by other entities					
Portuguese issuers	-	45,073	135,748	-	180,821
Foreign issuers	-	196,008	401,885	-	597,893
	-	241,081	1,539,175	-	1,780,256
of which:					
Quoted financial assets	-	241,081	1,403,427	-	1,644,508
Unquoted financial assets	-	-	135,748	-	135,748

The analysis of the securities portfolio included in the Financial assets held to maturity, by maturity date as at 31 December 2008, 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	-	-	98,238	-	98,238
Foreign issuers	-	-	415,066	-	415,066
Bonds issued by other entities					
Portuguese issuers	-	-	181,588	-	181,588
Foreign issuers	-	-	400,877	-	400,877
	-	-	1,095,769	-	1,095,769
of which:					
Quoted financial assets	-	-	959,448	-	959,448
Unquoted financial assets	-	-	136,321	-	136,321

The analysis of the securities portfolio included in the Financial assets held to maturity, by sector of activity, is analysed as follows:

	2009 Euros '000	2008 Euros '000
Transport and communications	97,141	97,118
Services	681,573	485,347
	778,714	582,465
Government and Public securities	1,001,542	513,304
	1,780,256	1,095,769

25. Investments in associated companies

This balance is analysed as follows:

	2009 Euros '000	2008 Euros '000
Portuguese credit institutions	202,464	377,206
Foreign credit institutions	754,684	742,527
Other Portuguese companies	1,345,141	1,314,369
Other foreign companies	4,148,535	3,319,316
	6,450,824	5,753,418
Impairment for investments in associated companies		
In subsidiary companies	(1,815,762)	(1,794,941)
	4,635,062	3,958,477
Quoted	708,402	696,245
Unquoted	5,742,422	5,057,173

The balance Investments in associated companies is analysed as follows:

	2009 Euros '000	2008 Euros '000
Banca Millennium S.A.	4	4
Banco de Investimento Imobiliário, S.A.	200,235	200,235
Bank Millennium S.A.	708,402	696,245
Banque BCP, S.A.S.	12,949	12,949
Banco Millennium Angola, S.A.	33,329	33,329
Banco Millennium BCP Investimento, S.A	-	174,742
BCP Capital Finance Limited	-	10,806
BCP Capital - Sociedade de Capital de Risco, S.A.	30,773	-
BCP Investment, BV	2,112,532	1,301,303
BCP Internacional II, Sociedade Unipessoal, S.G.P.S., Lda.	25	25
BitalPart, B.V.	2,027,671	1,999,825
Banpor Consulting, S.R.L.	500	500
Comercial Português Ireland Limited	-	10
Interfundos Gestão de Fundos de	1,500	1,500
Millennium bcp - Escritório de representações e Serviços, S/C Lda.	7,804	6,845
Millennium bcp - Gestão de Fundos de Investimento, S.A.	28,009	28,009
Seguros & Pensões Gere, S.G.P.S., S.A.	935,993	935,993
Caracas Financial Services, Limited	27	27
Comercial Imobiliária, S.A.	341,088	341,088
Millennium bcp -Serviços de Comércio Electrónica, S.A.	885	885
Paço de Palmeira - Sociedade Agrícola e Comercial, Lda.	68	68
Servitrust - Trust Management Services S.A.	100	100
SIBS - Sociedade Interbancária de Serviços, S.A.	6,700	6,700
UNICRE - Cartão Internacional de Crédito, S.A.	2,230	2,230
	6,450,824	5,753,418
Impairment for investments in associated companies	(1,815,762)	(1,794,941)
	4,635,062	3,958,477

The movements for impairment for investments in associated companies are analysed as follows:

	2009 Euros '000	2008 Euros '000
Impairment for investments in associated companies		
Balance on 1 January	1,794,941	182,526
Transfers	20,821	1,612,415
Balance on 31 December	1,815,762	1,794,941

The Bank companies are presented in note 54.

The investment owned in the company Comercial Imobiliária, S.A. has a provision allocated in the amount of Euros 333,346,000. This provision was established following: (i) the transfer, during 2008, from the Balance Impairment for other assets, of the amount of Euros 312,524,000 as a result of the conversion of supplementary capital contributions into share capital following the measures implemented under art. 35º of the Commercial Companies Code, as referred in note 30, and (ii) the transfer, during 2009, from the balance Impairment of other assets and impairment of loans to customers, of the amount of Euros 20,821,000.

The investment in BitalPart, B.V. has an impairment loss allocated, accounted in previous years, in the amount of Euros 1,482,016,000 (31 December 2008: Euros 1,320,000,000), which, as referred in note 30, was transferred during 2008 to Impairment for investments in associated companies following the merge process of BCP Participações Financeiras in BCP, S.A.

26. Non current assets and liabilities held for sale

This balance is analysed as follows:

	2009 Euros '000	2008 Euros '000
Subsidiaries acquired exclusively with the purpose of short-term sale	14,473	-
Investments arising from recovered loans	846,195	796,287
	860,668	796,287
Impairment	(164,230)	(126,327)
	696,438	669,960

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 view of short-term sale corresponds to a real estate company acquired by the Group under the restructuring of a loan exposure, that the Group intends to sell within 1 year.

The balance Investments 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 (payment prosolvency).

These assets are available for sale in a period less than 1 year and the Bank as a strategy for its sale.

This balance includes buildings and other assets for which the Group has already established contracts for the sale in the amount of Euros 103,020,000 (31 December 2008: Euros 70,072,000).

The movements for impairment for non current assets held for sale are analysed as follows:

	2009 Euros '000	2008 Euros '000
Balance on 1 January	126,327	75,009
Transfers	16	17,743
Impairment for the year	55,202	47,155
Write-back for the year	(16)	-
Loans charged-off	(17,299)	(13,580)
Balance on 31 December	164,230	126,327

27. Property and equipment

This balance is analysed as follows:

	2009 Euros '000	2008 Euros '000
Land and buildings	690,219	688,838
Equipment		
Furniture	69,912	67,516
Office equipment	15,580	15,119
Computer equipment	147,163	139,869
Interior installations	97,255	92,378
Motor vehicles	3,616	3,691
Security equipment	64,395	63,555
Work in progress	30,991	35,147
Other tangible assets	3,336	3,219
	1,122,467	1,109,332
Accumulated depreciation		
Charge for the year	(44,193)	(48,041)
Accumulated charge for the previous years	(692,369)	(642,328)
	(736,562)	(690,369)
	385,905	418,963

The Property and equipment movements during 2009 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	688,838	12,720	(12,929)	1,590	-	690,219
Equipment:						
Furniture	67,516	568	(674)	2,504	(2)	69,912
Office equipment	15,119	72	(210)	599	-	15,580
Computer equipment	139,869	7,578	(3,319)	3,036	(1)	147,163
Interior installations	92,378	1,035	(101)	3,943	-	97,255
Motor vehicles	3,691	6	(327)	247	(1)	3,616
Security equipment	63,555	1,148	(645)	337	-	64,395
Work in progress	35,147	5,771	(9,950)	23	-	30,991
Other tangible assets	3,219	41	(2)	78	-	3,336
	1,109,332	28,939	(28,157)	12,357	(4)	1,122,467
Accumulated depreciation:						
Land and buildings	347,985	25,860	(5,202)	1,039	-	369,682
Equipment:						
Furniture	60,975	2,052	(642)	2,494	(2)	64,877
Office equipment	14,484	153	(198)	600	-	15,039
Computer equipment	118,337	12,043	(2,890)	3,036	(1)	130,525
Interior installations	85,492	1,839	(85)	3,928	-	91,174
Motor vehicles	2,902	242	(105)	249	(1)	3,287
Security equipment	57,120	1,983	(634)	336	-	58,805
Other tangible assets	3,074	21	(1)	79	-	3,173
	690,369	44,193	(9,757)	11,761	(4)	736,562

The balance transfers includes the effect from the merger by incorporation of Banco Millenniumbcp Investimento S.A., as at 30 June 2009, as referred in note 45.

28. Intangible assets

This balance is analysed as follows:

	2009 Euros '000	2008 Euros '000
Software	16,423	10,935
Other intangible assets	3,895	4,990
	20,318	15,925
Accumulated depreciation		
Charge for the year	(3,775)	(2,765)
Accumulated charge for the previous years	(6,570)	(3,175)
	(10,345)	(5,940)
	9,973	9,985

The Intangible assets movements during 2009 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	10,935	4,853	-	635	-	16,423
Other intangible assets	4,990	1,622	(2,696)	(21)	-	3,895
	15,925	6,475	(2,696)	614	-	20,318
Accumulated depreciation						
Software	5,152	3,775	-	630	-	9,557
Other intangible assets	788	-	-	-	-	788
	5,940	3,775	-	630	-	10,345

The balance Transfers includes the effect from the merger by incorporation of Banco Millenniumbcp Investimento S.A., as at 30 June 2009, as referred in note 45.

29. Deferred income tax assets

Deferred income tax assets and liabilities as at 31 December, 2009 and 2008 are analysed as follows:

	2009		2008	
	Assets Euros '000	Liabilities Euros '000	Assets Euros '000	Liabilities Euros '000
Intangible assets	-	116	-	77
Other tangible assets	-	3,298	-	3,381
Impairment losses	286,363	14,262	204,037	59,840
Pensions	251,442	-	277,997	-
Allocation of profits	44,183	-	36,553	-
Others	39,776	82,487	25,732	87,617
Tax losses carried forward	111,917	-	98,323	-
	733,681	100,163	642,642	150,915
Net deferred tax	633,518		491,727	

Deferred tax related to the losses carried forward are recognised only if it is probable the existence of future taxes profits. 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:

	2009 Euros '000	2008 Euros '000
Balance on 1 January	491,727	497,323
Charged to profit	123,570	(36,623)
Charged to equity	18,221	31,027
Balance on 31 December	633,518	491,727

The variation in the net deferred tax does not corresponds to the deferred tax expense for the year considering that the potential gains and losses resulted from the re-valuation of financial assets held for sale are charged directly to shareholders' equity.

30. Other assets

This balance is analysed as follows:

	2009 Euros '000	2008 Euros '000
Debtors	337,619	374,024
Shareholders' loans	17,580	69,167
Other financial investments	58,886	48,664
Amounts due for collection	27,376	24,640
Recoverable tax	54,138	53,921
Recoverable government subsidies on interest on mortgage loans	22,105	34,022
Associated companies	5,311	8,427
Other amounts receivable	63,429	29,515
Prepayments and deferred costs	1,799,205	1,937,238
Amounts receivable on trading activity	148,136	98,137
Amounts due from customers	160,829	199,493
Suplementary capital contributions	1,217,939	1,119,454
Sundry debtors	206,896	113,177
	4,119,449	4,109,879
Impairment for other assets	(14,429)	(21,836)
	4,105,020	4,088,043

As at 31 December 2009, the balance Prepayments and deferred costs includes the amount of Euros 550,336,000 (31 December 2008: Euros 563,439,000) related to the corridor value and deferred actuarial losses in the amount of Euros 955,243,000 (31 December 2008: Euros 1,535,360,000), in accordance with the accounting policy presented in note 1 u).

The deferred costs related to pensions, included in Prepayments and deferred costs are, analysed as follows:

	2009 Euros '000	2008 Euros '000
Projected benefit obligations		
Obligations covered by the Pension Fund	(5,010,683)	(5,251,515)
Other benefits not covered by the Pension Fund	(373,739)	(382,876)
Value of the Pension Fund	5,503,361	5,239,077
	118,939	(395,314)
Actuarial losses		
Corridor	550,336	563,439
Amount in excess of the corridor	955,243	1,535,359
	1,505,579	2,098,798
	1,624,518	1,703,484

The obligations related with other benefits not covered by the Pension Fund are fully provided for as described in note 47.

The balance Suplementary capital contributions is analysed as follows:

	2009 Euros '000	2008 Euros '000
BCP Finance Bank Ltd.	490,491	403,104
BCP Internacional II, S.G.P.S., Lda.	15,441	382,135
BCP Bank & Trust Company Ltd.	194,363	244,306
Others	517,644	89,909
	1,217,939	1,119,454

The movement of impairment for other assets is analysed as follows:

	2009 Euros '000	2008 Euros '000
Balance on 1 January	21,836	1,656,247
Other transfers	(6,992)	(1,634,110)
Impairment for the year	-	225
Write back for the year	(415)	-
Amounts charged-off	-	(526)
Balance on 31 December	14,429	21,836

As referred in note 25, due to the conversion in capital of the supplementary capital contributions of Comercial Imobiliária, S.A., the impairment associated in the amount of Euros 312,524,000, was transferred during 2008 to the Impairment for investments in associated companies account.

As referred in note 25, following the merge of the company BCP Participações Financeiras, S.G.P.S., Sociedade Unipessoal, Lda in Banco Comercial Português, S.A., the Bank now holds a direct investment in BitalPart, B.V. Therefore, the impairment in the amount of Euros 1,320,000,000 associated to this investment was transferred to the Impairment for investments in associated companies account.

31. Deposits from other credit institutions

This balance is analysed as follows:

	2009			2008		
	Non interest bearing Euros '000	Interest bearing Euros '000	Total Euros '000	Non interest bearing Euros '000	Interest bearing Euros '000	Total Euros '000
Credit institutions in Portugal	157,346	1,306,432	1,463,778	469,187	1,179,245	1,648,432
Credit institutions abroad	1,267,954	14,625,779	15,893,733	1,029,976	18,044,123	19,074,099
	1,425,300	15,932,211	17,357,511	1,499,163	19,223,368	20,722,531

This balance is analysed by the maturity date, as follows:

	2009 Euros '000	2008 Euros '000
Up to 3 months	8,995,659	10,011,316
3 to 6 months	2,612,781	1,725,311
6 to 12 months	807,158	3,137,107
1 to 5 years	3,281,534	4,497,377
More than 5 years	1,660,379	1,351,420
	17,357,511	20,722,531

Concerning derivative financial transactions with institutional counterparties, and according to the signed agreements, the Bank has, as of 31 December 2009, the amount of Euros 475,990,000 (31 December 2008: Euros 279,990,000) of Deposits from other credit institutions received as collateral of the mentioned transactions.

32. Deposits from customers

This balance is analysed as follows:

	2009			2008		
	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	11,470,817	572,349	12,043,166	10,915,009	942,415	11,857,424
Term deposits	-	17,944,590	17,944,590	-	14,782,008	14,782,008
Saving accounts	-	2,937,438	2,937,438	-	4,755,144	4,755,144
Other	-	326,412	326,412	-	319,160	319,160
	11,470,817	21,780,789	33,251,606	10,915,009	20,798,727	31,713,736

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 n. 11/94 of the Bank of Portugal.

This balance is analysed by the period to maturity, as follows:

	2009 Euros '000	**2008 Euros '000**
Deposits from customers repayable on demand:	12,043,166	11,857,424
Term deposits and saving accounts from customers:		
Up to 3 months	13,277,685	15,559,207
3 to 6 months	5,249,234	2,651,904
6 to 12 months	2,059,224	1,172,239
1 to 5 years	183,830	39,905
More than 5 years	112,055	113,897
	20,882,028	19,537,152
Other:		
Up to 3 months	191,923	-
More than 3 months	134,489	319,160
	326,412	319,160
	33,251,606	31,713,736

33. Debt securities issued

This balance is analysed as follows:

	2009 Euros '000	**2008 Euros '000**
Bonds	13,427,833	10,425,895
Commercial paper	19,965	-
Other	75,038	-
	13,522,836	10,425,895

The balance Bonds includes issues for which the embedded derivative was separated from the host contract, in accordance with note 21 and accounting policy 1 c).

The characteristics of the bonds issued by the Bank as at 31 December, 2009, are analysed as follows:

Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
Bonds issued :					
EMTN BCP-SFE 21ª Em.	May, 2000	May, 2010	Fixed rate of 5.2%	65,000	65,419
BCP 4.9% Nov 01/11-2ª Em.	November, 2001	November, 2011	Fixed rate of 4.9%	21,655	22,263
BCP 5.4% Nov 01/11-1ª Em.	November, 2001	November, 2011	Fixed rate of 5.4%	174,000	180,357
BCP 5.34% March-02/Mar-12	March, 2002	March, 2012	Fixed rate of 5.34%	160,551	167,840
BCP Ob Cx Sep 2003/2011	September, 2003	September, 2011	Fixed rate of 4.37%	114,678	116,517
BCP Mill. Ind. Mun. Mar 05/10	March, 2005	March, 2010	Indexed to a portfolio of indexes	8,861	8,861
BCP Super Inv.Mill. 05/10	April, 2005	December, 2010	Indexed to a portfolio of funds	29,162	28,481
BCP Ob Cx Aex Aug 05/10	August, 2005	August, 2010	Indexed to Aex index	10,000	9,912
BCP Ob Cx Sp/Mib Aug 05/10	August, 2005	August, 2010	Indexed to Mib index	10,000	9,912
BCP Ob Cx Dj euroxx50	August, 2005	August, 2010	Indexed to Down Jones euroxx50 index	10,000	9,912
BCP Ob Cx Cac 40	August, 2005	August, 2010	Indexed to Cac 40 index	10,000	9,912
BCP Ob Cx Ibex 35	August, 2005	August, 2010	Indexed to Ibex 35 index	10,000	9,912
BCP Ob Cx Triplo R. Sep 05/10	September, 2005	September, 2010	Indexed to DJ Global Titans 50 index	7,804	7,716
BCP Ob Cx Rend. Real Nov 10	November, 2005	November, 2010	Indexed to IPC index	15,000	14,678
BCP Ob Cx E. Gr. S. Dec 05/15	December, 2005	December, 2015	Indexed to Down Jones euroxx50 index	2,427	2,280
BCP Ob Cx M.S. Act. Jan 05/11	January, 2006	January, 2011	Indexed to a portfolio of indexes	7,041	6,994
BCP Ob Cx I. Glob.12 Feb 06/11	February, 2006	February, 2011	Indexed to a portfolio of indexes	13,389	13,389
BCP Ob Cx E. I. S. Mar 06/16	March, 2006	March, 2016	Index to Down Jones EuroStoxx 50 index	1,082	1,015
BCP Ob Cx M. Oport Mar 06/10	March, 2006	March, 2010	Index to a portfolio of indexes	8,278	8,243
BCP Ob Cx. 3.84% Apr 2016	April, 2006	April, 2016	Fixed rate 3.84 %	1,000	1,063
BCP Ob Cx R. Global 06/11	November, 2006	November, 2011	Index to Down Jones EuroStoxx 50 index	7,864	7,645
BCP Ob Cx R. Global II 06/11	December, 2006	December, 2011	Index to Down Jones EuroStoxx 50 index	940	919
BCP Ob Cx R. Global II 2E 06/11	December, 2006	December, 2011	Index to Down Jones EuroStoxx 50 index	10,000	9,776
BCP FRN May 07/14	May, 2007	May, 2014	Euribor 3M + 0.15%	1,203,578	1,202,343
BCP FRN May 07/11	May, 2007	May, 2011	Euribor 3M + 0.115%	385,000	385,000
BCP Cov Bonds Jun 07/17	June, 2007	June, 2017	Fixed rate of 4.75%	1,500,000	1,500,575
BCP FRN Sep 12	August, 2007	September, 2012	Euribor 3M + 0.10%	310,000	309,389
BCP Cov Bonds Oct 07/14	October, 2007	October, 2014	Fixed rate of 4.75%	1,000,000	1,092,725
BCP FRN Mar 17	December, 2007	March, 2017	Euribor 3M + 0.18%	100,000	99,942
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%	286,050	286,050
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%	62,374	62,374
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%	26,423	26,423
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%	4,695	4,695
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%	330,923	330,923
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%	17,661	17,661
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%	4,928	4,928
BCP Frn May 2010 / Emtn 468	May, 2008	May, 2010	Euribor 3M + 0.75%	1,250,000	1,249,469
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%	278,180	278,180
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%	11,450	11,450
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%	2,539	2,539
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%	75,498	75,498

(continuation)

Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
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%	8,044	8,044
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%	1,920	1,920
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 1.500%	235,019	235,019
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 1.500%	18,255	18,255
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 1.500%	2,954	2,954
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 1.500%	146,338	146,338
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 1.500%	8,517	8,517
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 0.50%; 4th year 0.750%; 5th year 1.500%	1,581	1,581
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 0.50%; 4th year 0.750%; 5th year 1.500%	164,491	164,491
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 0.50%; 4th year 0.750%; 5th year 1.500%	9,033	9,033
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 0.50%; 4th year 0.750%; 5th year 1.500%	2,304	2,304
BCP S Aforro Ser B Fev 2009/14	February, 2009	February, 2014	Euribor 3M + Remain Prize: 1st year 0.125%; 2nd year 0.250%; 3rd year 0.50%; 4th year 0.750%; 5th year 1.000%	142,961	142,961
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 0.50%; 4th year 0.750%; 5th year 1.000%	106,414	106,414
BCP 5.625 % -Book Entry Note Synd	April, 2009	April, 2014	Fixed rate of 5.625%	1,000,000	1,001,468
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 0.50%; 4th year 0.750%; 5th year 1.250%	43,551	43,551
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 0.50%; 4th year 0.750%; 5th year 1.250%	8,651	8,651
BCP Rend Mais 09/19.05.2012	May, 2009	May, 2012	1st Sem.=2.25%; 2nd Sem.=2.50%; 3rd Sem.=2.75%; 4th Sem.=3.00%; 5th Sem.=3.50%; 6th Sem.=4.00%;	15,702	15,787
BCP FRN 09/20.05.2011	May, 2009	May, 2011	Euribor 3M + Remain Prize: 1st Quart. 0.05%; 2nd Quart. 0.15%; 3rd Quart. 0.3%; 4th Quart. 0.60%; 5th Quart. 1.10%; 6th Quart. 1.60%; 7th Quart. 2.20%; 8th Quart. 2.80%	155,000	154,897
BCP - 3.75 % Jun 2011	June, 2009	June, 2011	Fixed rate of 3.750%	1,000,000	996,706
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 0.50%; 4th year 0.750%; 5th year 1.250%	29,579	29,579
BCP Rend. Mais Jun/2012	June, 2009	June, 2012	1st Sem.=2.25%; 2nd Sem.=2.50%; 3rd Sem.=2.75%; 4th Sem.=3.00%; 5th Sem.=3.50%; 6th Sem.=4.00%;	74,280	74,990
BCP - FRN - Emtn 608	July, 2009	July, 2012	Euribor 6M + 1.75%	25,000	24,933
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 0.50%; 4th year 0.750%; 5th year 1.250%	34,129	34,129
BCP Investimento Total Nov 2012	August, 2009	November, 2012	Fixed rate of 3.07692%	59,250	59,182
BCP - FRN - Emtn 625	August, 2009	August, 2012	Euribor 3M + 1.21%	200,000	199,784
BCP Li Puttable Frn - Emtn 635	September, 2009	September, 2010	Euribor 6 month + 0.05%.	400,000	400,000

(continuation)

Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
BCP Inv Total Dec 2012 - Emtn 609	September, 2009	December, 2012	Fixed rate of 3.07692%	128,033	128,120
BCP Cov Bonds Oct 09/16	October, 2009	October, 2016	Fixed rate of 3.75%	1,000,000	991,737
BCP Rend. Trim.Nov 2009/14	November, 2009	November, 2014	1st year=2.50%; 2nd year=2.75%; 3rd year=3.00%; 4th year=3.50%; 5th year=4.50%	55,004	55,157
BCP Emissão Sindicada - Emtn 668	December, 2009	February, 2013	Euribor 3M	500,000	498,288
BCP Rend. Trim.09/22.12.2014	December, 2009	December, 2014	1st year=2.50%; 2nd year=2.75%; 3rd year=3.00%; 4th year=3.50%; 5th year=4.25%	68,996	68,626
					13,286,596
Accruals					141,237
					13,427,833
Commercial paper:					
Bcp Sfi Dealer Bcp 29Mar10	December, 2009	March, 2010	Fixed Rate of 0.72%	20,000	19,965
					19,965

This balance is analysed by the period to maturity, as follows:

	2009 Euros '000	2008 Euros '000
Bonds:		
Up to 3 months	17,104	102,786
3 to 6 months	1,314,888	10,267
6 to 12 months	500,434	657,375
1 to 5 years	8,857,558	5,637,230
More than 5 years	2,596,612	3,930,974
	13,286,596	10,338,632
Accruals	141,237	87,263
	13,427,833	10,425,895
Commercial paper:		
Up to 3 months	19,965	-
	19,965	-
Other:		
3 to 12 months	10,834	-
6 to 12 months	8,268	-
1 to 5 years	30,208	-
More than 5 years	25,728	-
	75,038	-
	13,522,836	10,425,895

34. Financial liabilities held for trading

The balance is analysed as follows:

	2009 Euros '000	2008 Euros '000
FRA	55	424
Swaps	1,251,258	1,400,614
Preference shares forwards	5,259	6,896
Options	30,069	1,745
Embedded derivatives	7,627	11,004
Currency forwards	1,963	46,098
	1,296,231	1,466,781

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 contract in accordance with the accounting policy presented in note 1 c), in the amount of Euros 7,627,000 (31 December 2008: Euros 11,004,000). This note should be analysed with note 21.

35. Other financial liabilities held for trading at fair value through profit or loss

The balance is analysed as follows:

	2009 Euros '000	2008 Euros '000
Deposits from credit institutions	1,333,399	2,458,477
Deposits from customers	12,005	35,522
Bonds and other liabilities	3,673,045	3,222,382
	5,018,449	5,716,381

Other financial liabilities held for trading 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 recognized for 2009, a negative amount of Euros 59,594,000 (31 December 2008: positive Euros 40,036,000) 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, 2009, are analysed as follows:

Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
Bonds issued :					
BCP Ob Cx MR Dax Feb 2007/10	February, 2007	February, 2010	Indexed to DAX 30 index	12,392	13,121
BCP Ob Cx R.G.III Feb 2007/12	February, 2007	February, 2012	Indexed to DJ EuroStoxx 50 index	20,196	19,526
BCP Ob Cx Op 4%+ Mar 2007/10	March, 2007	March, 2010	Indexed to portfolio of shares	19,331	19,265
BCP Ob Cx RGIv Mar 2007/12	March, 2007	March, 2012	Indexed to DJ EuroStoxx 50 index	12,280	11,880
BCP Ob Cx RGIv 2Em Mar 2007/12	March, 2007	March, 2012	Indexed to DJ EuroStoxx 50 index	11,546	11,077
BCP Ob Cx I. M. May 2010	May, 2007	May, 2010	Indexed to portfolio of indexes	6,065	6,098
BCP Ob Cx RGV 2Em May 2007/12	May, 2007	May, 2012	Indexed to DJ EuroStoxx 50 index	5,000	4,417
BCP Ob Cx RGV May 2007/12	May, 2007	May, 2012	Indexed to DJ EuroStoxx 50 index	11,510	11,068
BCP Ob Cx Obr 10 E-J Jun 2007/10	June, 2007	June, 2010	Indexed to portfolio of indexes	5,441	5,437
BCP Ob Cx RGVi Jun 2007/12	June, 2007	June, 2012	Indexed to portfolio of indexes	13,845	13,369
BCP Ob Cx RGVii Aug2007/12	August, 2007	August, 2012	Indexed to portfolio of indexes	12,040	11,832
BCP Ob Cx M.C. Sep 2007/10	September, 2007	September, 2010	1st Sem. 4.00%; 2nd Sem. 4.05%; 3rd Sem. 4.10%; 4th Sem. 4.15%; 5th Sem. 4.20%; 6th Sem. 4.25%	34,816	35,551
BCP SFI Ob Cx M.C. Sep 2007/10	September, 2007	September, 2010	1st Sem. 4.00%; 2nd Sem. 4.05%; 3rd Sem. 4.10%; 4th Sem. 4.15%; 5th Sem. 4.20%; 6th Sem. 4.25%	8,018	8,185
Ob Cx BCP RGViii Sep 2007/12	September, 2007	September, 2012	Indexed to portfolio of indexes	6,500	6,245
BCP Ob Cx RGViii 2E Sep 2007/12	September, 2007	September, 2012	Indexed to portfolio of indexes	6,408	6,091
BCP Ob Cx M.C. Aug 2010	September, 2007	August, 2010	1st Sem. 3.5%; 2nd Sem. 3.625%; 3rd Sem. 3.750%; 4th Sem. 4.0%; 5th Sem. 4.250%; 6th Sem. (5 months)=4.5%	21,827	22,299
BCP SFI Ob Cx M.C. Aug 2010	September, 2007	August, 2010	1st Sem. 3.5%; 2nd Sem. 3.625%; 3rd Sem. 3.750%; 4th Sem. 4.0%; 5th Sem. 4.250%; 6th Sem. (5 months)=4.5%	12,833	13,111
BCP SFE Ob Cx M.C. Sep 2007/10	September, 2007	September, 2010	1st Sem. 4.0%; 2nd Sem. 4.05%; 3rd Sem. 4.10%; 4th Sem. 4.15%; 5th Sem. 4.20%; 6th Sem. 4.25%	299	306
BCP SFE Ob Cx M.C. Aug 2010	September, 2007	August, 2010	1st Sem. 3.5%; 2nd Sem. 3.625%; 3rd Sem. 3.750%; 4th Sem. 4.0%; 5th Sem. 4.250%; 6th Sem. (5 months)=4.5%	309	316
BCP Ob Cx RGIx Oct 2007/12	October, 2007	October, 2012	Indexed to DJ EuroStoxx 50 index	3,275	3,457
BCP Ob Cx M.C. Jan 2010	October, 2007	January, 2010	1st Sem. 3.50%; 2nd Sem. 3.60%; 3rd Sem. 4.0%; 4th Sem. 4.10%; 5th Sem. (3 months)=4.50%	45,799	45,889
BCP SFI Ob Cx M.C. Jan 2010	October, 2007	January, 2010	1st Sem. 3.50%; 2nd Sem. 3.60%; 3rd Sem. 4.0%; 4th Sem. 4.10%; 5th Sem. (3 months)=4.50%	28,151	28,206
BCP Ob Cx M.R.Eur. Oct 2010	October, 2007	October, 2010	Indexed to DJ EuroStoxx 50 index	11,991	13,258
BCP SFE Ob Cx M.C. Jan 2010	October, 2007	January, 2010	1st Sem. 3.50%; 2nd Sem. 3.60%; 3rd Sem. 4.0%; 4th Sem. 4.10%; 5th Sem. (3 months)=4.50%	1,899	1,902
BCP Ob Cx RGX Dec 2007/12	December, 2007	November, 2012	Indexed to DJ EuroStoxx 50 index	2,372	2,489
BCPOb Cx Inv Men Feb 08/10	February, 2008	February, 2010	1st month 3.85%; 2nd to 23th month: previous month interest rate + 0.05%; 24th month 12.0%	142,818	144,256

(continuation)

Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
BCPsfi Ob Cx Inv Men Feb 2008	February, 2008	February, 2010	1st month 3.85%; 2nd to 23th month: previous month interest rate + 0.05%; 24th month 12.0%	15,852	16,012
BCPsfe Ob Cx Inv Men Feb 2008	February, 2008	February, 2010	1st month 3.85%; 2nd to 23th month: previous month interest rate + 0.05%; 24th month 12.0%	1,999	2,019
BCPOb Cx Sup Inv 2008 Feb 08/11	February, 2008	February, 2011	1st Sem. 4.0%; 2nd Sem. 4.25%; 3rd Sem. 4.5%; 4th Sem. 5%; 5th Sem. 5.5%; 6th Sem. 6%	47,435	49,208
BCPOb Cx Inv Cab Mu Feb 08/11	February, 2008	February, 2011	Indexed to portfolio of 3 indexes	8,841	8,835
BCPOb Cx Inv Mercad Mar 08/11	March, 2008	March, 2011	Indexed to portfolio of 3 Commodities	17,180	17,274
BCPOb Cx Inv Agua May 08/11	May, 2008	May, 2011	Indexed to S&P Global Water	13,213	13,216
BCPCovered Bonds - 4.875 Pct	May, 2008	May, 2010	Fixed rate of 4.875%	1,000,000	1,013,724
BCPOb Cx Inv Ener Ren Jun 08/11	June, 2008	June, 2011	Indexed to portfolio of 4 shares	17,789	17,895
BCPOb Cx Inv Saude July 08/11	July, 2008	July, 2011	Indexed to portfolio of 5 shares	5,613	5,547
BCPOb Cx Inv Plus Sep 08/11	September, 2008	September, 2011	1st Quart.=5%; 2nd Quart.=5%; 3rd Quart.=5.25%; 4th Quart.=5.25%; 5th Quart.=5.5%; 6th Quart.=5.75%	87,947	93,407
BCPOb Cx Inv Iber Sep 2008/11	September, 2008	September, 2011	Indexed to portfolio of indexes	3,571	3,551
BCPSfi Ob Cx Inv Plus Sep 08/11	September, 2008	September, 2011	1st Quart.=5%; 2nd Quart.=5%; 3rd Quart.=5.25%; 4th Quart.=5.25%; 5th Quart.=5.5%; 6th Quart.=5.75%	26,345	27,984
BCPSfe Ob Cx Inv Plus Sep 08/11	September, 2008	September, 2011	1st Quart.=5%; 2nd Quart.=5%; 3rd Quart.=5.25%; 4th Quart.=5.25%; 5th Quart.=5.5%; 6th Quart.=5.75%	2,755	2,927
BCPOb Cx Inv Plus Oct 08/11	October, 2008	October, 2011	1st e 2nd Sem.=4.75% ; 3rd e 4th Sem.=5.0% ; 5th e 6th Sem.=5.25%	54,997	58,670
BCPSfi Ob Cx Inv Plus Oct 08/11	October, 2008	October, 2011	1st e 2nd Sem.=4.75% ; 3rd e 4th Sem.=5.0% ; 5th e 6th Sem.=5.25%	20,553	21,926
BCPOb Cx Inv Petroleo Oct 08/11	October, 2008	October, 2011	Indexed to portfolio of shares	3,058	3,331
BCPSfe Ob Cx Inv Plus Oct 08/11	October, 2008	October, 2011	1st e 2nd Sem.=4.75% ; 3rd e 4th Sem.=5.0% ; 5th e 6th Sem.=5.25%	3,670	3,915
Bcp - 3.625 Per Cent FRN	January, 2009	January, 2012	Fixed rate of 3.625%	1,500,000	1,539,848
Bcp Rend Mais Mar2009/12	March, 2009	March, 2012	1st Sem.=2.5%; 2nd Sem.=2.75%; 3rd Sem.=3.0%; 4th Sem.=3.25%; 5th Sem.=3.5%; 6th Sem.=4.25%	120,165	120,922
Bcp Rend Mais Abr 2009/12	April, 2009	April, 2012	1st Sem.=2.25%; 2nd Sem.=2.50%; 3rd Sem.=2.75%; 4th Sem.=3.00%; 5th Sem.=3.50%; 6th Sem.=4.00%	98,702	99,595
Bcp Inv Merc Mund 09/22.09/12	September, 2009	September, 2012	Fixed rate of 1% year + portfolio of 6 indexes until maturity	960	965
Bcp Inv. Cab Energia Nov 2012	November, 2009	November, 2012	Indexed to portfolio of 5 shares	2,653	2,628
					3,582,050
Accruals					90,995
					3,673,045

This balance is analysed by the period to maturity, as follows:

	2009 Euros '000	2008 Euros '000
Bonds issued and other liabilities:		
Up to 3 months	270,670	358,982
3 to 6 months	1,025,259	203,521
6 to 12 months	93,026	420,930
1 to 5 years	2,193,095	1,893,404
More than 5 years	-	293,648
	3,582,050	3,170,485
Accruals	90,995	51,897
	3,673,045	3,222,382

36. Provisions for liabilities and charges

This balance is analysed as follows:

	2009 Euros '000	2008 Euros '000
General provision for loan losses	596,414	657,397
Provision for country risk	113,031	108,008
Other provisions	67,039	68,669
	776,484	834,074

Changes in General provision for loan losses are analysed as follows:

	2009 Euros '000	2008 Euros '000
General provision for loans		
Balance on 1 January	445,725	422,991
Transfers	19,048	25,425
Impairment for the year	-	3,300
Write-back for the year	(37,164)	(4,673)
Amounts charged-off	-	(1,488)
Exchange rate differences	-	170
Balance on 31 December	427,609	445,725
General provision for guarantees		
Balance on 1 January	211,672	273,696
Transfers	9	-
Write-back for the year	(42,876)	(62,024)
Balance on 31 December	168,805	211,672
	596,414	657,397

The General provision for loan losses, was calculated in accordance with Regulation n. 3/95, n. 2/99 and n. 8/03 of the Bank of Portugal, as referred in accounting policy 1 b).

Changes in Provision for country risk are analysed as follows:

	2009 Euros '000	2008 Euros '000
Balance on 1 January	108,008	21,434
Impairment for the year	14,451	89,124
Write-back for the year	(9,428)	(2,550)
Balance on 31 December	113,031	108,008

The balance Provision for country risk includes the amount of Euros 95,498,000 (31 December 2008: Euros 92,352,000) regarding provisions to loans granted to resident entities in Angola, Macau, Turkey and Belize.

Changes in Other provisions are analysed as follows:

	2009 Euros '000	2008 Euros '000
Balance on 1 January	68,669	105,427
Transfers	1,014	491
Impairment for the year	12,444	24,369
Write-back for the year	-	(45,569)
Amounts charged-off	(15,088)	(16,049)
Balance on 31 December	67,039	68,669

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:

	2009 Euros '000	2008 Euros '000
Bonds	3,597,601	3,858,383

As at 31 December 2009, the characteristics of subordinated debt issued are analysed as follows:

Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
Non Perpetual Bonds					
Banco Comercial Português:					
BCP 2001 - March 2001	March 2001	March 2011	Euribor 6 months + 1.03%	400,000	400,000
BCP 2001 - May 2001	May 2001	March 2011	Euribor 6 months + 0.98%	200,000	200,000
BCP 2001 - June 2001	June 2001	March 2011	Fixed rate of 6.35%	149,300	152,360
BCP September 2011	September 2001	September 2011	Fixed rate of 6.15%	120,000	123,634
Mbcp Ob Cx Sub 1 Serie 2008	September 2008	September 2018	See reference (i)	295,000	295,000
Mbcp Ob Cx Sub 2 Serie 2008	October 2008	October 2018	See reference (i)	81,000	81,000
Emp.sub.BCP Finance Bank	May 2005	May 2015	See reference (ii)	300,000	300,000
Emp.sub.BCP Finance Bank	Dezembro 2006	Dezembro 2016	See reference (iii)	399,400	399,400
					1,951,394
Perpetual Bonds					
BCP 2000	January 2000	-	Euribor 3 months + 0.2075%	486,949	486,949
BCP - Euro 200 millions	June 2002	-	See reference (iv)	85	85
BCP - Euro 500 millions	June 2004	-	See reference (vi)	500,000	500,000
BPA 1997	June 1997	-	Euribor 3 months + 0.95%	47,915	47,915
TOPS's BPSM 1997	December 1997	-	Euribor 6 months + 0.4%	71,094	71,094
BCP Leasing 2001	December 2001	-	See reference (vii)	4,986	4,986
Subord.debt BCP Finance Company	October 2005	-	See reference (viii)	500,000	500,000
					1,611,029
Accruals					35,178
					3,597,601

References :

(i) - 1st year 6%; 2nd to 5th year Euribor 6 months + 1%; after 6th year Euribor 6 months + 1.4%
(ii) - Euribor 3 months + 0.35% (0.85% after June 2010)
(iii) - Until December 2011 Euribor 3 months + 0.335%; After December 2011 Euribor 3 months + 0.8%
(iv) - Until 40th coupon 6.130625%; After 40th coupon Euribor 3 months + 2.4%
(v) - Until 40th coupon 5.41%; After 40th coupon Euribor 3 months + 2.4%
(vi) - Until June 2014 fixed rate of 5.543%; After July 2014 Euribor 6 months + 2.07%
(vii) - Until 40th coupon Euribor 3 months + 1.75%; After 40th coupon Euribor 3 months + 2.25%
(viii) - Until October 2015 fixed rate of 4.239%; After November 2015 Euribor 3 months + 1.95%

The analysis of the subordinated debt by the period to maturity, is as follows:

	2009 Euros '000	2008 Euros '000
1 to 5 years	875,994	876,236
More than 5 years	1,075,400	779,656
Undetermined	1,611,029	2,154,984
	3,562,423	3,810,876
Accruals	35,178	47,507
	3,597,601	3,858,383

38. Other liabilities

This balance is analysed as follows:

	2009 Euros '000	2008 Euros '000
Creditors:		
Suppliers	61,560	31,917
From factoring operations	22,501	29,372
Associated companies	4,263	340
Other creditors	520,398	208,134
Public sector	47,530	66,206
Other amounts payable	24,878	17,492
Deferred income	286	405
Holiday pay and subsidies	54,974	52,725
Amounts payable on trading activity	148,274	102,332
Other liabilities	8,503,501	5,129,599
	9,388,165	5,638,522

The balance Other creditors includes the amount of Euros 40,996,000 (31 December 2008: Euros 73,540,000), related to the obligations with retirement benefits already recognised in Staff costs, payable to previous members of the Board of Directors. The referred obligations are not covered by the Pension Fund of the Group, and therefore correspond to amounts payable by the Bank.

The movements of the obligations with retirement benefits to pay to previous members of the Executive Board of Directors are presented in note 47.

The balance Other creditors also includes, as at 31 December 2009, the amount of Euros 6,000,000 related with the costs with the Complementary plan, as described in notes 9 and 47.

The balance Other liabilities includes the amount of Euros 8,297,953,000 (31 December 2008: Euros 4,678,682,000) related to the loans portfolio securitized in operations Nova Finance 4, Magellan 5, Caravela SME and Magellan 6.

39. Share capital and other capital instruments

The share capital of the Bank, amounts to Euros 4,694,600,000 and is represented by 4,694,600,000 shares with a nominal value of 1 Euro each, which is fully paid.

In April 2008, the Banco Comercial Português, S.A. increased its share capital from Euros 3,611,329,567 to Euros 4,694,600,000 through the issue of 1,083,270,433 shares pursuant to the exercise of shareholders proportional rights with a nominal value of 1 Euro per share and a subscription price of 1.2 Euros per share.

During 2009, and as referred in note 45, 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 note 1h), as capital instruments under IAS 32. The tranches 3 issued in 2009 are analysed as follows:

- In June 2009, as referred in note 45, 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, as referred in note 45, 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, as referred in note 48, the Bank has issued Euros 100,000,000 of perpetual subordinated debt securities with conditional coupons presenting a nominal value of Euros 1,000.

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 cash. In accordance with the proposal for application of the results approved in the General Shareholders meeting held on 30 March, 2009, the Bank increased the Legal reserves in the amount of Euros 45,119,000. As referred in note 41, and in accordance with the proposed for application of results of 2008, part of this amount was transferred to the balance Other reserves and retained earnings.

41. Fair value reserves, other reserves and retained earnings

This balance is analysed as follows:

	2009 Euros '000	2008 Euros '000
Other comprehensive income:		
Fair value reserves	15,882	(64,148)
Deferred tax (AFS)	(4,095)	15,479
	11,787	(48,669)
Reserves and retained earnings:		
Legal reserve	425,410	380,291
Statutory reserve	10,000	-
Other reserves and retained earnings	130,227	(106,806)
	565,637	273,485

The legal reserve changes are analysed in note 41. 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 c).

The balance Statutory reserve correspond to a reserve to stabilise dividends that, according with the Bank's by-laws can be distributed.

In accordance with the proposal for application of the results approved in the General Shareholders meeting held on 27 May, 2008, the balances Share Premium in the amount of Euros 881,707,000, Other reserves in the amount of Euros 1,176,854,000, Statutory reserves in the amount of Euros 84,000,000 and the amount of Euros 130,795,000 from Legal reserves were allocated to Other reserves and retained earnings.

As referred in notes 7 and 21, the balance impairment in results includes the net amount of Euros 38,626,000.

The movements in Fair value reserves for financial instruments available for sale, during 2009 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	(64,148)	60,754	40,320	(21,044)	15,882

The movements in Fair value reserves for financial instruments available for sale, during 2009 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	(19,414)	(74,812)	32,036	(1,958)	(64,148)

42. Treasury stock

This balance is analysed as follows:

	2009			2008		
	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	10,355	12,583,354	0.82	4,387	5,120,094	0.86

Treasury stock refers to own shares held by Banco Comercial Português, S.A. These shares are held within the limits established by the by-laws and "Código das Sociedades Comerciais".

43. Guarantees and future commitments

This balance is analysed as follows:

	2009 Euros '000	2008 Euros '000
Guarantees granted	17,990,052	22,343,166
Guarantees received	28,866,101	24,111,197
Commitments to third parties	11,616,249	10,605,372
Commitments from third parties	14,068,868	12,168,725
Securities and other items held for safekeeping on behalf of customers	156,061,921	129,602,496
Securities and other items held under custody by the Securities Depository Authority	149,264,300	122,983,489
Other off balance sheet accounts	122,882,886	100,186,626

The amounts of Guarantees granted and Commitments to third parties are analysed as follows:

	2009 Euros '000	2008 Euros '000
Guarantees granted:		
Guarantees	9,759,358	11,065,884
Open documentary credits	347,881	287,958
Bails and indemnities	103,049	139,618
Other liabilities	7,779,764	10,849,706
	17,990,052	22,343,166
Commitments to third parties		
Irrevocable commitments		
Term deposits contracts	582,454	750,835
Irrevocable credit lines	2,203,488	2,001,858
Other irrevocable commitments	157,076	246,101
Revocable commitments		
Revocable credit lines	6,340,377	5,771,938
Bank overdraft facilities	2,332,854	1,834,640
	11,616,249	10,605,372

Within its normal business, the Bank offers certain financial products that traditionally include credit related instruments accounted in off-balance sheet accounts.

The guarantees granted by the Bank might or not might 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 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.

44. Distribution of profit

The distribution of profit to shareholders is analysed as follows:

	2009 Euros '000	2008 Euros '000
Dividends paid by Banco Comercial Português, S.A.		
Dividends declared and paid related to last year	79,108	-
Dividends antecipaded for the current year	-	-
	79,108	-

45. Relevant events occured during 2009

Sale of Banco BPI shares

Banco Comercial Português, S.A., following the contracts established in December 2008, obtained in March 2009, the declaration of non-opposition from the Bank of Portugal, the sale of 87,214,836 shares representing a 9.69% stake in the share capital of Banco BPI, SA, at a price per share of 1.88 Euro, in a transaction outside the stock market.

Banco Millennium Angola, conclusion of the partnership agreements established with Sonangol and Banco Privado Atlântico

Following the strategic partnership agreement established with Sonangol - Sociedade Nacional de Combustíveis de Angola, Empresa Pública (Sonangol) and Banco Privado Atlântico, S.A. (BPA), Banco Comercial Português, S.A., finalized, in February 2009 the financial transactions related with the agreements to increase the share capital of Banco Millennium Angola (BMA) in the amount of 1,800,442,195 Kwanzas (USD 105,752,497). Following the share capital increase, Sonangol currently holds a 29.9% stake and BPA a 20% stake in BMA share capital. BMA acquired a 10% stake in BPA.

This transactions had a positive impact of Euros 21,183,000 in the consolidated financial statements of Banco Comercial Português, S.A.

Issue of fixed rate debt guaranteed by the Portuguese Republic in the amount of Euros 1,500 million

Banco Comercial Português issued, in January 2009, fixed rate debt (Euros Fixed Rate Notes) with 3 year maturity guaranteed by the Portuguese Republic in the amount of Euros 1,500 million. The issue was placed at a price equivalent to the mid-swaps rate plus 100 b.p. This issue was rated AA- by Standard & Poor's, Aa2 by Moody's and AA by Fitch Ratings.

Fourth issue of Covered Bonds

Banco Comercial Português, S.A. performed in October 2009 the fourth issue of covered bonds in the amount of Euros 1,000 million and maturity of seven years. This issue was performed under the BCP Covered Bonds Programme, established in June 2007. The interest rate is 3.75%.

Issue of Euros 300,000,000 of Subordinated Perpetual Instruments under the Program of Issue of Valores Mobiliários Representative of Debt up to the amount of Euros 7,500,000,000.

In June 2009, Banco Comercial Português, S.A. concluded the issue of Séries 1 of the Program of Issue of Valores Mobiliários Representative of Debt, in the amount of Euros 300,000,000 of Subordinated Perpetual Valores Mobiliários Representative of Debt with conditioned interest with a nominal amount of Euros 1,000 corresponding to 300,000 titles.

This issue considering its characteristics was classified as capital, as referred in note 39.

Issue of Euros 600,000,000 of Subordinated Perpetual Instruments under the Program of Issue of Valores Mobiliários Representative of Debt up to the amount of Euros 7,500,000,000.

In August 2009, Banco Comercial Português, S.A. concluded the issues of Séries 2 and 3 of the Program of Issue of Valores Mobiliários Representative of Debt, in the amount of Euros 200,000,000 and Euros 400,000,000, respectively, of Subordinated Perpetual Valores Mobiliários Representative of Debt with conditioned interest with a nominal amount of Euros 1,000 corresponding a total of 600,000 titles.

These issues considering its characteristics were classified as capital, as referred in note 39.

Issue of Euros 100,000,000 of Subordinated Perpetual Instruments under the Program of Issue of Valores Mobiliários Representative of Debt up to the amount of Euros 7,500,000,000.

In December 2009, Banco Comercial Português, S.A. concluded the issue of Séries 4 of the Program of Issue of Valores Mobiliários Representative of Debt, in the amount of Euros 100,000,000 of Subordinated Perpetual Valores Mobiliários Representative of Debt with conditioned interest with a nominal amount of Euros 1,000 corresponding to 100,000 titles.

This issue considering its characteristics was classified as capital, as referred in note 39.

Approval of 2008 results

In the General Shareholders Meeting held in 30 March 2009 the following proposal for distribution of results:

a) Euros 45,119,000 for reinforcement of legal reserves;
b) Euros 10,000,000 for reinforcement of reserve for stability of dividends;
c) Euros 79,808,200 for distribution of dividends;
d) Euros 316,256,163 for retained earnings.

Its was also approved the following application of the results:

a) To each share corresponds a dividend of 0.017 euros;
b) Not to be paid, registered as retained earnings, the amount corresponding to the shares that in the first day of the period of payment of dividends, that are owned by the Bank.

Merger by incorporation of Banco Millennium bcp Investimento, S.A.

In May 2009, the Board of Directors of each of the companies approved the merger by incorporation of the Bank fully owned by Banco Comercial Português, S.A. by the global transfer of the assets of Banco Millennium bcp Investimento, S.A. to BCP (incorporating company) and extinction of the incorporated Bank, in accordance with the nr. 1 and nr. 4 a) of the article 97º and article 116º, both from Código das Sociedades Comerciais, without obligation of shareholders meeting of the involved entities.

The merger was concluded on the 31 August, date that extinguished the Banco Milennium bcp Investimento, S.A.

46. Fair value

Fair value is based on market prices, whenever these are available. If market prices are note available, as it happens regarding many products sold to clients, fair value is estimated through internal models based on cash-flow discounting techniques. Cash-flows for the different instruments sold are calculated according with its financial characteristics and the discount rates used include both the interest rate curve and the current conditions of the pricing policy in the Bank.

Therefore, the fair value obtained is influenced by the parameters used in the evaluation model that, necessarily have some degree of judgement and reflect exclusively the value attributed to different financial instruments. However it does not consider prospective factors, like the future business evolution. Under these conditions, the values presented cannot be understood as an estimate of the economic value of the Bank.

The main methods and assumptions used in estimating the fair value for the assets and liabilities of the Bank are presented as follows:

Cash and deposits at central banks, Loans and advances to credit institutions repayable on demand and Amounts owed to other credit institutions

Considering the short maturity of these financial instruments, the amount in the balance sheet is a reasonable estimate of its fair value.

Other loans and advances to credit institutions, Amounts owed to other credit institutions from Inter-bank Money Market transactions and Assets with repurchase agreement

The fair value of these financial instruments is calculated discounting the expected principal and interest future cash flows for these instruments, considering that the payments of the instalments occur in the contractually defined dates.

The discount rate used reflects the current conditions applied by the Bank in identical instruments for each of the different maturities.

The discount rate include the market rates for the residual maturity date (rates from the monetary market or from the interest rate swap market, at the end of the year). As at 31 December 2009, the average discount rate was 1.35% for loans and advances and 1.60% for the deposits. As at 31 December 2008 the rates were 3.08% and 2.92%, 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 trough profit

These financial instruments are accounted at fair value. Fair value is based on market prices, whenever these are available. If market prices are not available, fair value is estimated through numerical models based on cash-flow discounting techniques, using the interest rate curve adjusted for factors associated, predominantly the credit risk and liquidity risk, determined in accordance with the market conditions and time frame.

Market interest rates are determined based on information disseminated by the suppliers of content financial - Reuters and Bloomberg - more specifically as a result of prices of interest rate swaps. The values for the very short-term rates are obtained from similar source but regarding interbank money market. The interest rate curve obtained is still calibrated against the values of interest rate short-term futures. Interest rates for specific periods of the cash flows are determined by appropriate interpolation methods. The same interest rate curves are used in the projection of the cash flows non-deterministic such as indexes.

When optionality is involved, the standard templates (Black - Scholes, Black, Ho and others) considering the volatility areas applicable are used. 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, it is applied specific quotations supplied by an external entity, typically a counterparty of the business.

In case of shares not listed, they are recognized at historical cost when there is not available a market value and it is not possible to determine reliably its fair value.

Financial assets held to maturity

These financial instruments are accounted at amortized 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 those who are quoted in organised markets it is used its market price. As for derivatives traded " Over-the-counter", it is applied methods based on numerical cash-flow discounting techniques and models for assessment of options considering variables of the market, particularly the interest rates on the instruments in question, and where necessary, their volatities.

Market interest rates are determined based on information disseminated by the suppliers of content financial - Reuters and Bloomberg - more specifically as a result of prices of interest rate swaps. The values for the very short-term rates are obtained from similar source but regarding interbank money market. The interest rate curve obtained is still calibrated against the values of interest rate short-term futures. Interest rates for specific periods of the cash flows are determined by appropriate interpolation methods. The interest rate curves are used in the projection of the cash flows not deterministic such as indexes.

Loans and advances to customers with defined maturity date

The fair value of these instruments is calculated discounting the expected principal and interest future cash flows for these instruments, considering that the payments of the instalments occur in the contractually defined dates. The discount rate used reflects the current conditions applied by the Bank in similar instruments for each of the homogeneous classes of this type of instrument and with similar maturity. The discount rate includes the market rates for the residual maturity date (rates from the monetary market or from the interest rate swap market, at the end of the year) and the actual spread of the Bank, which was calculated from the average production of the last three months of the year. For 31 December 2009, the average discount rate was 5.68% and for December 2008 was 4.72% assuming the projection of the variable rates according to the evolution of the forward rates implicit in the interest rate curves. The calculations also includes the credit risk spread.

Loans and advances to customers without defined maturity date

Considering the short maturity of these financial instruments, the conditions of the 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 identical instruments with a similar residual maturity. 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 actual spread of the Bank at the date of report, which was calculated from the average prodution of the last three months of the year. For 31 December 2009, average discount rate was of 1.55% and for December 2008 was 3.22%.

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. The instruments that are at fixed rate and for which the Bank adopts an accounting policy of "hedge-accounting", the fair value related to the interest rate risk is already recorded.

For the fair value calculation, it were considered other components of risk in addition to the interest rate risk already recorded. The fair value is based on market prices, whenever these are available. If market prices are not available, fair value is estimated through numerical models based on cash-flow discounting techniques, using the interest rate curve adjusted by associated factors, predominantly the credit risk and trading margin, the latter only in the case of issues placed for non-institutional customers of the Bank.

As original reference, the Bank applies the curves resulting from the interest rate swaps markets for each specific currency. The credit risk (spread credit) 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 emissions placed among non institutional costumers of the Bank, it was added one more differential (spread trade), which represents the margin between the financing cost in the institutional market and the cost obtained by distributing the respective instrument in the commercial network owned.

The average reference rates of the curve of income obtained from quotations of the market in EUR and used in the calculation of the fair value of treasury stock was 5.11% for subordinated issues (31 December 2008: 6.48%) and 3.06% senior and collateralized issues (31 December 2008: 4.71%).

For financial liabilities with embedded derivatives separable and for which the Bank makes revaluation, the calculation of fair value focused on all the components of these instruments, so that the difference found as at 31 December 2009, was an increase of Euros 53,588,000 (31 December 2008: a decrease of Euro 256,677,000), corresponding to an decrease in financial liabilities. The values previouly refered includes a payable amount of Euros 7,549,000 (31 December 2008: a payable amount of Euros 9,248,000) which are recorded in Financial assets and liabilities held for trading and reflect the fair value of derivatives embedded.

As at 31 December 2009, the following table presents the values of the interest rates used in the definition of the interest rate curves of major currencies, including 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	0.26%	0.19%	0.48%	3.46%
7 days	0.32%	0.35%	0.53%	3.46%
1 month	0.41%	0.35%	0.60%	3.66%
2 months	0.51%	0.42%	0.66%	3.90%
3 months	0.66%	0.56%	0.78%	4.17%
6 months	0.96%	0.77%	1.01%	4.29%
9 months	1.10%	0.88%	1.11%	4.37%
1 year	1.32%	1.01%	1.35%	4.53%
2 years	1.86%	1.41%	1.99%	5.08%
3 years	2.26%	2.05%	2.65%	5.43%
5 years	2.81%	2.96%	3.39%	5.75%
7 years	3.21%	3.51%	3.77%	5.76%
10 years	3.60%	3.96%	4.09%	5.79%
15 years	3.96%	4.34%	4.37%	5.74%
20 years	4.07%	4.46%	4.36%	5.58%
30 years	3.95%	4.51%	4.22%	5.26%

The next table shows, for each group of financial assets and liabilities of the Bank its fair values:

	31 December 2009					
	At fair value through profit or loss Euros '000	**Available for sale Euros '000**	**Amortized cost Euros '000**	**Others Euros '000**	**Book value Euros '000**	**Fair value Euros '000**
Cash and deposits at central banks	-	-	1,154,246	-	1,154,246	1,154,246
Loans and advances to credit institutions						
Repayable on demand	-	-	1,101,009	-	1,101,009	1,101,009
Other loans and advances	-	-	8,673,113	-	8,673,113	8,625,555
Loans and advances to customers	-	-	55,700,740	-	55,700,740	53,882,555
Financial assets held for trading	2,791,244	-	-	-	2,791,244	2,791,244
Other financial assets held for trading at fair value through results	60,413	-	-	-	60,413	60,413
Financial assets available for sale	-	11,726,323	-	-	11,726,323	11,726,323
Hedging derivatives	344,403	-	-	-	344,403	344,403
Held to maturity financial assets	-	-	1,780,256	-	1,780,256	1,754,271
Investments in associated companies	-	-	-	4,635,062	4,635,062	4,635,062
	3,196,060	11,726,323	68,409,364	4,635,062	87,966,809	86,075,081
Deposits from central banks	-	-	2,930,343	-	2,930,343	2,930,343
Deposits from other credit institutions	-	-	17,357,511	-	17,357,511	17,164,402
Amounts owed to customers	-	-	33,251,606	-	33,251,606	33,237,230
Debt securities	-	-	13,522,836	-	13,522,836	13,616,339
Financial liabilities held for trading	1,296,231	-	-	-	1,296,231	1,296,231
Other financial liabilities held for trading at fair value through results	5,018,449	-	-	-	5,018,449	5,018,449
Hedging derivatives	11,445	-	-	-	11,445	11,445
Subordinated debt	-	-	3,597,601	-	3,597,601	3,470,176
	6,326,125	-	70,659,897	-	76,986,022	76,744,615

	31 December 2008					
	At fair value through profit or loss Euros '000	**Available for sale Euros '000**	**Amortized cost Euros '000**	**Others Euros '000**	**Book value Euros '000**	**Fair value Euros '000**
Cash and deposits at central banks	-	-	1,046,774	-	1,046,774	1,046,774
Loans and advances to credit institutions						
Repayable on demand	-	-	971,333	-	971,333	971,333
Other loans and advances	-	-	9,865,971	-	9,865,971	9,873,841
Loans and advances to customers	-	-	55,673,236	-	55,673,236	54,490,432
Financial assets held for trading	2,495,847	-	-	-	2,495,847	2,495,847
Other financial assets held for trading at fair value through results	60,755	-	-	-	60,755	60,755
Financial assets available for sale	-	8,061,960	-	-	8,061,960	8,061,960
Hedging derivatives	108,974	-	-	-	108,974	108,974
Held to maturity financial assets	-	-	1,095,769	-	1,095,769	1,077,652
Investments in associated companies	-	-	-	3,958,477	3,958,477	3,958,477
	2,665,576	8,061,960	68,653,083	3,958,477	83,339,096	82,146,045
Deposits from central banks	-	-	3,062,886	-	3,062,886	3,062,886
Deposits from other credit institutions	-	-	20,722,531	-	20,722,531	20,689,353
Amounts owed to customers	-	-	31,713,736	-	31,713,736	31,723,447
Debt securities	-	-	10,425,895	-	10,425,895	10,169,218
Financial liabilities held for trading	1,466,781	-	-	-	1,466,781	1,466,781
Other financial liabilities held for trading at fair value trough results	5,716,381	-	-	-	5,716,381	5,716,381
Hedging derivatives	36,547	-	-	-	36,547	36,547
Subordinated debt	-	-	3,858,383	-	3,858,383	3,328,152
	7,219,709	-	69,783,431	-	77,003,140	76,192,765

47. Pensions

The Bank assumed the liability to pay to their employees, pensions on retirement or disabilities and other obligations. These liabilities also comply with the terms of the 'Acordo Colectivo de Trabalho do Sector Bancário' (ACT). The Group's pension obligations and other liabilities are covered through the Banco Comercial Português Pension Fund managed by PensõesGere - Sociedade Gestora de Fundo de Pensões, S.A. At 31 December, 2009 and 2008 the number of participants covered by this pension plan is analysed as follows:

	2009	2008
Number of participants		
Pensioners	15,606	15,504
Employees	10,232	10,263
	25,838	25,767

In accordance with the accounting policy, described in note 1 w), the pension obligation and the respective funding for the Bank as at 31 December, 2009 and 2008 based on an actuarial valuation made using the projected unit credit method are analysed as follows:

	2009 Euros '000	2008 Euros '000	2007 Euros '000	2006 Euros '000	2005 Euros '000
Projected benefit obligations					
Pensioners	4,189,336	4,382,647	4,493,727	4,458,474	4,223,479
Employees	1,195,086	1,251,744	1,296,028	1,166,107	750,031
	5,384,422	5,634,391	5,789,755	5,624,581	4,973,510
Seniority premium	54,071	52,076	50,941	48,572	49,455
Value of the Pension Fund	(5,503,361)	(5,239,077)	(5,535,037)	(5,493,903)	(4,654,625)
Provisions for defined contributions complementary plan	-	(12,188)	-	-	-
Liabilities not financed by the Pension Fund	(64,868)	435,202	305,659	179,250	368,340
Liabilities covered by the Extra Fund	(427,810)	(434,952)	(446,028)	(449,817)	(394,094)
(Surplus) / Deficit coverage	(492,678)	250	(140,369)	(270,567)	(25,754)

As at 31 December 2009, the value Projected benefit obligations includes the amount of Euros 292,828,000 (31 December 2008: Euros 300,224,000) related to the obligations with past services for the Complementary Plan which are fully funded.

Following the decision of the Executive Board of Directors dated 21 September 2006, the 'Complementary Pension Plan' which was established in the 'Plano de Pensões do Fundo de Pensões do Grupo Banco Comercial Português' (Defined benefit), will be funded through a defined contribution. However, the employees hired until the reference date of this decision maintain the benefits that they were entitled to under the previous plan ('Defined Benefit'). This defined benefit is guaranteed by the Group company to which they are contractually related at the date of retirement. On this basis, Group companies have, annually, to fund the Pension Fund in order to cover this benefit, in case of a deficit. The amount will be determined in accordance with the actuarial valuation performed each year, and funding will be performed annually.

As referred in notes 9 and 38 and in accordance with accounting policy note 1 u), the Bank assumed the responsibility to pay retirement complements to employees, if some specific conditions are met during each year on the Group's financial performance. 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 its performance, the Bank's practise until 2008 was to make the referred contributions on an annual basis, considering that the criteria defined were verified. During 2009, and considering that the conditions for the applicability of the Complementary Plan were not verified in 2008 and that the estimates for 2009 allowed to conclude that the conditions would not be met again, CAE performed a reassessment of the estimate of costs related to this liability. Based on the above mentioned assessment, the Bank reviewed the calculation of the amount to be accounted for each year. On this basis, the Bank booked, as at 31 December 2009, a cost of approximately Euros 6,000,000 related with the Complementary plan. In the future, these criteria and the related estimates will be reassessed on annual basis by the Executive Board of Directors. The difference between the estimated amounts and effective amounts will be accounted as an actuarial gain or loss.

The change in the present value of obligations during 2009 and 2008 is analysed as follows:

	2009				2008
		Extra-Fund			
	Pension benefit obligations Euros '000	Seniority premium Euros '000	Other retirement benefits Euros '000	Total Euros '000	Total Euros '000
Balance as at 1 January	5,251,515	52,076	382,876	5,686,467	5,840,696
Service cost	35,967	3,061	1,376	40,404	85,554
Interests costs	285,922	2,765	20,930	309,617	298,620
Actuarial (gains) and losses					
Not related with changes in actuarial assumptions	(69,469)	-	(3,229)	(72,698)	26,031
Arising from changes in actuarial assumptions	(280,745)	-	(10,768)	(291,513)	(282,534)
Payments	(283,727)	(3,126)	(23,690)	(310,543)	(308,840)
Early retirement programmes	1,341	-	489	1,830	5,725
Contributions of employees	11,023	-	-	11,023	10,708
Other charges	58,856	(705)	5,755	63,906	10,507
Balance at the end of the year	5,010,683	54,071	373,739	5,438,493	5,686,467

As at 31 December 2009, the value of the pensions paid by the Pension Fund, excluding the Extra-Fund and the Seniority premium, amounted to Euros 283,727,000 (31 December 2008: Euros 283,651,000).

The elements of the assets of the Pension Fund are analysed:

	2009 Euros '000	2008 Euros '000
Variable income securities:		
Shares	1,233,050	1,058,801
Bonds	1,016,100	944,186
Fixed income securities	1,788,160	1,137,803
Properties	379,084	376,793
Investment fund units	988,006	907,082
Loans and advances to credit institutions and others	98,961	814,412
	5,503,361	5,239,077

The balance Properties includes the buildings owned by the Fund and used by the Bank companies that as at 31 December 2009, amounted to Euros 377,018,000 (31 December 2008: Euros 373,302,000).

The securities issued by the Bank accounted in the portfolio of the Fund are analysed as follows:

	2009 Euros '000	2008 Euros '000
Fixed income securities	348,178	358,767
Variable income securities	38,916	60,548
	387,094	419,315

The change in the fair value of assets of the Fund during 2009 and 2008 is analysed as follows:

	2009 Euros '000	2008 Euros '000
Balance as at 1 January	5,239,077	5,535,037
Expected return on plan assets	275,976	288,803
Actuarial gains / (losses)	190,203	(1,073,724)
Contributions to the Fund	11,953	760,208
Payments	(283,727)	(283,651)
Contributions of employees	11,023	10,708
Other charges	58,856	1,696
Balance at the end of the year	5,503,361	5,239,077

The contributions made by the Bank to the Pension Fund during 2008 did not result in any actuarial gain or loss, since they were made in cash.

The evolution of the fair value of the securities related with those asset contributions made in 2006 and 2005 that resulted in significant actuarial gains or losses in 2007 and 2006 is presented as follows:

			Potential and realized Gains/(Losses)			
			2007		2006	
Issuer	Contribution Year	Contribution Value	Year Euros'000	Acumulated Euros'000	Year Euros'000	Acumulated Euros'000
Friends Provident PLC (i)	2005	82,531,602	(32,333)	(10,428)	14,873	21,905
Comercial Imobiliária (ii)	2005	200,000,000	(2,866)	(115,866)	(113,000)	(113,000)
EDP - Energia de Portugal (i)	2005	164,228,497	49,742	188,705	97,905	138,963
Banca Intesa Spa (i)	2005	486,656,411	(54,799)	187,128	171,248	241,927
EDP - Energia de Portugal (i)	2006	44,225,000	9,135	20,590	17,980	11,455
Banco Sabadell (i)	2006	20,467,500	(803)	(14,910)	2,205	(14,108)
Banco Sabadell (i)	2006	83,079,500	(2,622)	(64,925)	7,203	(62,304)
			(34,546)	190,294	198,414	224,838

Type:
(i) - shares
(ii) - commercial paper

As referred in note 52, the Pensions Fund registered an actuarial loss in the approximate amount of Euros 115,000,000 related to the commercial paper issued by Comercial Imobiliária. The amount of the actuarial loss, net of amortizations, as at 31 December 2009 is Euros 92,000,000. The amount will continue to be amortized by the remaining term of 16 years with an annual amortization of approximatly Euros 5,750,000.

The change in the amounts payable to the Pension Fund related with the obligations during 2009 and 2008 is analysed as follows:

	(Surplus) / Deficit				
	2009				2008
		Extra-Fund			
	Pension benefit obligations Euros '000	Seniority premium Euros '000	Other retirement benefits Euros '000	Total Euros '000	Total Euros '000
Balance as at 1 January	250	52,076	382,876	435,202	305,659
Service cost	35,967	3,061	1,376	40,404	85,554
Interests costs	285,922	2,765	20,930	309,617	298,620
Cost with early retirement programs	1,341	-	489	1,830	17,187
Expected return on plan assets	(275,976)	-	-	(275,976)	(288,803)
Actuarial gains and losses					
Not related with changes in actuarial assumptions					
Return on Plan assets	(190,203)	-	-	(190,203)	1,073,724
Diferrence between the expect and the efective obligations	(69,469)	-	(3,229)	(72,698)	26,031
Arising from changes in actuarial assumptions	(280,745)	-	(10,768)	(291,513)	(282,534)
Contributions to the Fund	(11,953)	-	-	(11,953)	(760,208)
Benefits paid	-	(3,126)	(23,690)	(26,816)	(25,189)
Provisions for Complementary Defined Contribution Plan	12,188	-	-	12,188	(12,188)
Other charges	-	(705)	5,755	5,050	(2,651)
Balance at the end of the year	(492,678)	54,071	373,739	(64,868)	435,202

The contributions to the Pension Fund, made by the Bank, are analysed as follows:

	2009 Euros '000	2008 Euros '000
Other securities	11,953	-
Cash	-	760,208
	11,953	760,208

In accordance with IAS 19, deferred actuarial losses, including the corridor, as at 31 December 2009 are analysed as follows:

	Actuarial losses	
	Corridor Euros '000	Amount in excess of the Corridor Euros '000
Balance as at 1 January 2008	563,439	1,535,359
Actuarial gains and losses		
Not related with changes in actuarial assumptions	-	(262,901)
Arising from changes in actuarial assumptions	-	(291,513)
Amortisation of actuarial gains and losses	-	(66,573)
Transfers	-	29,881
Other variations	-	(2,113)
Variation in the corridor	(13,103)	13,103
Balance as at 31 December 2009	550,336	955,243

As at 31 December 2009, considering the value of the actuarial gains and losses registered in the calculation of the benefit obligations and in the value of the Fund, the value of the corridor calculated in accordance with paragraph 92 of IAS 19, amounted to Euros 550,336,000 (31 December 2008: Euros 563,439,000).

As at 31 December 2009, the net actuarial gains and losses in excess of the corridor amounted to Euros 955,243,000 (31 December 2008: Euros 1,535,359,000) and will be amortized against results over a 20 year period considering considering the year-end balance of the previous year, as referred in the accounting policy presented in note 1 u).

As at 31 December 2009, the Bank accounted as pension costs the amount of Euros 143,856,000 (31 December 2008: Euros 149,083,000), which is analysed as follows:

	2009			2008
	Pension and other Benefits Costs Euros '000	Seniority premium Euros '000	Total Euros '000	Total Euros '000
Service cost	37,343	3,061	40,404	85,554
Interest costs	306,852	2,765	309,617	298,620
Expected return on plan assets	(275,976)	-	(275,976)	(288,803)
Amortization of actuarial gains and losses	66,573	-	66,573	37,088
Costs with early retirement programs	1,830	-	1,830	5,725
Reversal of the actuarial losses from the responsibilities of early retirement ('curtailment')	2,113	-	2,113	2,064
Other charges	-	(705)	(705)	8,835
Cost of the year	138,735	5,121	143,856	149,083

As at 31 December 2008, the balance Other charges includes the amount of 11,462,000 Euros relating to the transfer of responsibilities in the Bank's balance sheet as retirement benefits and related members of the Executive Board of Directors who were retired in 2007. This transfer did not cause any increase in costs in the profit and loss account of the year in 2008 as it had already been accrued for in 2007.

In accordance with the remuneration policy for Board Members, the Bank has the responsibility of supporting the cost with the retirement pensions of former Group's Board Members, as well as the Complementary Plan for these members in accordance with the aplicable rules, funded through the Pension Fund and insurance policy. Based on the actuarial calculations prepared annually the Bank recognises a provision to cover the effect of the annual Pension increase rate. As at 31 December 2009, the Bank had a provision of Euros 40,996,000 (31 December 2008: Euros 73,540,000).

The movement of the amounts of the responsibilities with retirement pensions payable to former members of the Board of Directors, included in the balance Other liabilities (note 38), is analysed as follows

	Euros '000
Balance as at 31 December 2008	73,540
Write-back	(17,981)
Changes in actuarial assumptions	(13,131)
Payments	(1,432)
Balance as at 31 December 2009	40,996

As referred in note 8 the balance Charge-offs corresponds, as at 31 December 2009, to the write back of costs related to other benefits payable, excluding pensions, to former members of the Board of Directors. This write-back occurred following the decision by the Executive Board of Directors, based on the recommendation from the Remunerations Commission.

The balance Changes in actuarial assumptions, refers to the effect of the update of the responsibilities with retirement pensions payable to former members of the Board of Directors. This update is performed on a annual basis, based on actuarial calculations in accordance with the actuarial analysis performed by PensõesGere.

Considering the market indicators, particulary the estimations of the inflation and the long term interest rate for Euro Zone as well as the demografic carachteristics of the participants, the Bank changed the actuarial assumptions used for the calculation of the liabilities for the pension obligations with reference to 31 December 2009. The comparative analysis of the actuarial assumptions is analysed as follows:

	Banco Comercial Português Fund	
	2009	**2008**
Increase in future compensation levels	2.50%	3.25%
Pensions increase rate	1.65%	2.25%
Projected rate of return of fund assets	5.5%	5.5%
Discount rate	5.5%	5.75%
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	6.5%	6.5%

The assumptions used in the calculation of the pension liabilities are in accordance with the requirements of IAS 19. No disability decreases are considered in the calculation of the total liabilities.

The projected rate of return of the Plan assets was determined on a consistent way according with current market conditions and with the nature and return of the plan assets.

Net actuarial gains related to the diference between the actuarial assumptions used for the estimation of the pension liabilities and the actual liabilities as well as the impact of changing assumptions, for the year ended 31 December 2009 amounted to Euros 554,414,000 (31 December 2008: actuarial losses of Euros 817,222,000) and are analysed as follows:

	Actuarial (gains) / losses			
	2009		**2008**	
	%	**Euros '000**	**%**	**Euros '000**
Deviation between				
expected and actual liabilities:				
Increase in future compensation levels	2.67%	(20,007)	3.76%	(5,901)
Pensions increase rate	1.50%	(31,488)	2.52%	11,678
Disability	0.10%	5,618	0.08%	4,718
Turnover	-0.13%	(7,184)	-0.09%	(5,121)
Mortality deviations	0.31%	17,350	0.10%	5,820
Others	-0.66%	(36,987)	0.26%	14,838
Changes on the assumptions:				
Discount rate	5.50%	172,236	5.75%	(392,822)
Increase in future compensation levels	2.50%	(139,093)		-
Pensions increase rate	1.65%	(324,656)		-
Mortality tables		-		110,288
Return on Plan assets	9.43%	(190,203)	-13.99%	1,073,724
		(554,414)		817,222

Health benefit costs have a significant impact in pension costs. Considering this impact we produced a sensitivity analysis to a positive one percent variation in health benefit costs (from 6.5% to 7.5% in 2009) and a negative variation (from 6.5% to 5.5% in 2009) of one percent in health benefit costs, whose impact is analysed as follows:

	Positive variation of 1% (6.5% to 7.5%)		**Negative variation of 1% (6.5% to 5.5%)**	
	2009 Euros '000	**2008 Euros '000**	**2009 Euros '000**	**2008 Euros '000**
Pension cost impact	417	524	(417)	(524)
Liability impact	41,861	43,571	(41,861)	(43,571)

The liabilities with health benefits are fully covered by the Pension Fund and corresponds, in 2009, to Euros 272,097,000 (31 December 2008: Euros 283,214,000). The estimated value of contributions to the pension plan in 2010 is Euros 111,742,000.

48. 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 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, 2009, loans to members of the Executive Board of Directors and their direct family members amounted to Euros 918,000 (31 December 2008: Euros: 754,000), which represented 0.01% of shareholders' equity (31 December 2008: 0.01%).

As at 31 December 2009, the principal loans and guarantees (excluding interbank and money market transactions) the Group has made to shareholders holding, together with their affiliates, 2% or more of the share capital whose holdings in aggregate, together with their affiliates, represent 43.8% of the share capital as of 31 December 2009 (31 December 2008: 51.2%) described in the Executive Board of Directors report, amounted to approximately Euros 2,404,250,000 (31 December 2008: Euros 2,219,572,000). Each of these loans was made in the ordinary course of business, on substantially the same terms as those prevailing at the time for comparable transactions with other persons.

Remunerations to the Executive Board of Directors

The remunerations paid to the members of the Executive Board of Directors in 2009 amounted to Euros 3,605,000 (2008: Euros 3,413,000), with Euros 293,000 (2008: Euros 367,000) paid by subsidiaries or companies whose governing bodies represent interests in the Group. During 2009 and 2008 no variable remuneration was attributed to the members of the Executive Board of Directors.

Therefore, considering that the remuneration of members of the Executive Board of Directors intend 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 later case, the net amount of the remunerations annualy received by each member are deducted to the fixed annual remuneration atributed by the Bank.

During 2009, the costs with Social Security and the contributions to the Pension Fund for members of the Executive Board of Directors amounted to Euros 1,109,000 (2008: Euros 1,031,000).

Transactions with the Pension Fund

In 2009, the Bank made contributions to the Pension Fund in the amount of Euros 11,953,000 related to the economic rights of four motorways concessionaires.

During the year 2008, the contributions from the Group were all in cash. During the first semester of 2008, BCP Group repurchased from the Pension Fund, BII Finance Company bonds issued on 25 September 1996 and with maturity on 25 September 2011, in the amount of Euros 232,000,000.

The shareholder and bondholder position of members of the Boards, is as follows:

Shareholders / Bondholders	Security	Number of securities at 31/12/2009	Number of securities at 31/12/2008	Changes during 2009 Acquisitions	Changes during 2009 Disposals	Changes during 2009 Date	Changes during 2009 Unit Price Euros
Members of Executive Board							
Paulo José de Ribeiro Moita Macedo	BCP shares	259,994	259,994				
Vítor Manuel Lopes Fernandes	BCP shares	20,000	20,000				
Luis Maria França de Castro Pereira Coutinho	BCP shares	247,288	247,288				
José João Guilherme	BCP shares	51,000	51,000				
Nelson Ricardo Bessa Machado	BCP shares	259,992	259,992				
Miguel Maya Dias Pinheiro	BCP shares	150,000	150,000				
Armando Vara (suspended)	BCP shares	10,000	10,000				
Members of Supervisory Board							
Luís de Melo Champalimaud	BCP shares	20,000	20,000				
António Luís Guerra Nunes Mexia	BCP shares	1,299	1,299				
Manuel Domingos Vicente	BCP shares	1,000	0	1,000		12-Mar-09	0.613
Pedro Maria Calaínho Teixeira Duarte	BCP shares	1,456	1,456				
	BCP shares (f)	200,000	0	189,163		30-Jul-09	0.728
				10,837		30-Jul-09	0.726
Josep Oliu Creus	BCP shares	13,000	13,000				
Manuel Alfredo Cunha José de Mello	BCP shares	236,701	11,701	50,000		02-Apr-09	0.614
					50,000	03-Apr-09	0.656
				50,000		14-Apr-09	0.658
				50,000		14-Apr-09	0.660
					50,000	20-Apr-09	0.743
				50,000		21-Apr-09	0.714
				50,000		29-Apr-09	0.701
				50,000		30-Apr-09	0.723
				50,000		06-May-09	0.740
					125,000	07-May-09	0.833
					50,000	12-May-09	0.836
				50,000		12-May-09	0.770
				100,000		19-Jun-09	0.770
	BCP Finance Bank MTN 6.25 (29.3.2011)	200	0	200		17-Feb-09	101.00
	BCP Fin Iln World Bk Enhan Nt Oct 2010	200	200				
	BCP Ob Cx Subordinadas 1ª S (2008/2018)	1,000	1,000				
	BCP Fin Iln Bask Enhan X Eur Dec/10	200	200				
	BCP Fin Iln Bask Enhan XI Eur Dec/10	80	80				
	BCP Fin E Iberica Autocall VII/09 Feb/11	20	0	20 (b)		05-Aug-09	10,000.00
	BCP Fin Bk RC Allianz X/09 Eur Feb/2010	30	0	30 (b)		23-Oct-09	10,000.00
	BCP Fin Bk RC BG Gr Plc X/09 Eur Feb/10	300	0	300 (b)		23-Oct-09	1,000.00
	BCP Fin Renascimen. Fin XI/09 Eur Var05/1	40	0	40 (b)		30-Oct-09	5,000.00
	BCP Fin Bk Camale. 125% XI/09 (11/2014)	150	0	150 (b)		24-Nov-09	1,000.00
	BCP Fin Sel Ac Eur Ret 2 Fontes XI(05/11)	100	0	100 (b)		25-Nov-09	1,000.00
	BCP Fin Bk Rc Nokia XII/09 Eur (04/10)	20	0	20 (b)		15-Dec-09	10,000.00
	BCP Fin Selec BrasilL XII/09 Eur (06/11)	329	0	329 (b)		21-Dec-09	1,000.00
	BCP F Iln Brazilian Bl Ch IV A-C Eur /09	0	50		50 (c)	18-Nov-09	736.16
	BCP Ob Cx Invest Especial 07/09 2ª Em.	0	4,000		4,000 (c)	04-Dec-09	50.00
	BCP Fin Iln Wr Bask Enhanc X Eur Dec/10	100	100				
	BCP F Iln Portfol Slt 4 A-Call Eur 03/10	50	50				
	BCP-Financ Bank MTN 6.25 (29.03.2011)	100	0	40 (b)		29-Apr-09	102.00
				60 (b)		13-May-09	102.00
	BCP/2009-Eur 1000M 5.625 (04/2014)	3	0	3 (b)		23-Apr-09	99.707
	BCP Fin Select Canarinha XII/09(06/2011)	50	0	50 (b)		08-Dec-09	1,000.00
António Vítor Martins Monteiro	BCP shares	2,078	2,078				
	BCP Finance Bank MTN 6.25 (29.3.2011)	50	50				
João Manuel Matos Loureiro	BCP shares	1,500	0	1,500		12-Mar-09	0.611
José Guilherme Xavier de Basto	BCP shares	1,188	428	760		13-Mar-09	0.648
	BCP Ob Cx Eurostoxx 50 Feb 2007/09	0	70		70 (c)	13-Feb-09	50.00
	Obrig Cx Aforro 8% Feb 2007/2009	0	200		200 (c)	13-Feb-09	50.00
	Bcp Ob Cx Multi-Rend Dax Feb 2007/10	100	100				

Shareholders / Bondholders	Security	Number of securities at 31/12/2009	Number of securities at 31/12/2008	Changes during 2009 Acquisitions	Changes during 2009 Disposals	Date	Unit Price Euros
José Vieira dos Reis	BCP shares	16,074	16,074				
	BCP Ob Cx Inv Água May 08/2011	340	340				
	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	20	0	50 (b)		16-Feb-09	1,000.00
					30 (e)	24-Jun-09	1,000.00
	BCP Rendimento Mais April 2012	100	0	100 (b)		27-Apr-09	1,000.00
	Millennium BCP Valor Capital 2009	20	0	20 (b)		26-Jun-09	1,000.00
	BCP Inv Total November 2012	100	0	100 (b)		10-Aug-09	1,000.00
	BCP Inv Cabaz Eenergia Nov 2	50	0	50 (b)		02-Nov-09	1,000.00
	Certific BCPI S&P 500	2,850	0	2,850 (d)		10-Jul-09	8.77
	Certific BCPI Eurostoxx 50	820	0	470 (d)		20-Aug-09	26.58
				350 (d)		09-Oct-09	28.82
	Certific BCPI PSI 20	160	0	160 (d)		20-Aug-09	77.20
Thomaz de Mello Paes de Vasconcelos	BCP shares	1,000	0	1,000		12-Mar-09	0.613
Vasco Esteves Fraga	BCP shares	1,000	0	1,000		11-Mar-09	0.629
Huen Wing Ming Patrick	BCP shares	2,746,076	2,746,076				
Spouse and Dependent Children							
Luís Maria Salazar Couto Champalimaud	BCP shares	12,000	12,000				
Ana Maria Almeida M Castro José de Mello	BCP shares	4,980	4,980				
	BCP F Eln Fin Waxing CBT Nt V/8 Eur 6/09	0	30		30 (c)	12-Jun-09	1,000.00
	BCP Ob Cx Subordinadas 1ª S (2008/2018)	400	400				
	BCP Fin Iln World Bk Enhan Nt Oct 2010	100	100				
	BCP Fin Iln Wr Bask Enh X Eur Dec/10	100	100				
	BCP Fin Otv Income Builder Tel Acv 2012	0	0	20 (b)		27-May-09	1,000.00
					20 (c)	30-Nov-09	1,000.00
	BCP Fin Bk RC BG GR Plc X/09 Eur Feb/10	20	0	20 (b)		23-Oct-09	1,000.00
	BCP F Bk RC Allianz X/09 Eur Feb/2010	2	0	2 (b)		23-Oct-09	10,000.00
Isabel Maria V. L. P. Martins Monteiro	BCP Ob Cx Inv Especial 2007/2009 2ª E	0	2,000		2,000 (c)	04-Dec-09	50.00
	BCP Fin Bk Cln José de Mello May 2009	0	140		140 (c)	26-May-09	1,000.00
	BCP Fin Iln World Bk Enh II Eur 10/10	50	50				
Maria Emília Neno R. T. Xavier de Basto	BCP shares	376	376				
Plautila Amélia Lima Moura Sá	BCP shares	2,754	2,754				
	Super Aforro Mille Sr B Feb 2009/14	0	0	130 (b)		16-Feb-09	1,000.00
					30 (c)	08-Apr-09	1,000.00
					100 (c)	22-Apr-09	1,000.00
	BCP Ob Cx EuroStoxx 50 Feb 2007/09	0	350		350 (c)	13-Feb-09	50.00
	BCP Ob Cx Inv Global 12% Feb 06/11	500	500				
	BCP Ob Cx Multi-Rend Dax Feb 07/10	400	400				
	BCP Ob Cx Inv Mundial May 2010	700	700				
	BCP Ob Cx Invest 16 Aug 07/09	0	200		200 (c)	31-Jul-09	50.00
	BCP Ob Cx Invest Europa Set 07/09	0	350		350 (c)	04-Sep-09	50.00
	BCP Ob Cx Multi-Rend Europa Oct 2010	0	300		300 (e)	16-Sep-09	108.15
	BCP Ob Cx Invest Prémio Nov 2009	0	200		200 (c)	27-Nov-09	50.00
	BCP Ob Cx Invest Cabaz Mund Feb 08/11	400	400				
	BCP Ob Cx Invest Mensal Feb 08/10	1,000	1,000				
	BCP Cx Inv Energias Renov Jun 2011	400	400				
	BCP Ob Cx Invest Plus Sep 2008/11	300	300				
	Certific BCPI Eurostoxx 50 (04/2010)	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) Transfer / Deposit.
(b) Subscription.
(c) Reimbursement.
(d) Purchase.
(e) Sell.
(f) BCP shares owned indirectely through the company "PACIM - Sociedade Gestora de Participações Sociais, S.A."

As at 31 December 2009, the Bank's credits over subsidiaries and the Millennium bcp Fortis Group, represented or not by securities, included in the items of Loans and advances to credit institutions and to customers and financial assets held for trading and available for sale, are analysed as follows:

	Loans and advances		Financial assets		
	Credit Institutions Euros '000	Customers Euros '000	Trading Euros '000	Available for sale Euros '000	Total Euros '000
Banco de Investimento Imobiliário, S.A.	2,338,376	-	-	570,994	2,909,370
Banque Privée BCP (Suisse) S.A.	543,338	-	-	-	543,338
BCP Bank & Trust Company (Cayman) Limited	1,339,523	-	-	-	1,339,523
BCP Finance Bank Ltd	606,574	-	32,189	202,238	841,001
Banca Millennium S.A.	150,106	-	-	-	150,106
Bank Millennium Group (Poland)	701,187	-	-	-	701,187
Millennium Bank (Greece) Group	1,056,797	-	60,413	483,775	1,600,985
Banco Millennium Angola, S.A.	182,252	-	-	-	182,252
BCP Holdings (USA), Inc.	-	25,059	-	-	25,059
Millennium bcp Fortis Group	-	783	-	-	783
Others	339	-	-	-	339
	6,918,492	25,842	92,602	1,257,007	8,293,943

As at 31 December 2009, the Bank's credits over associated companies, represented or not by securities, included in the items of Loans and advances to credit institutions and to customers, and Financial assets held for trading and available for sale, in the amount of Euros 128,417,000.

As at 31 December 2009, the Bank's liabilities with subsidiaries and the Millennium bcp Fortis Group, represented or not by securities, included in items Deposits from credit institutions and to customers, Debt securities issued and in Subordinated debt, are analysed as follows:

	Deposits from				
	Credit Institutions Euros '000	Customers Euros '000	Debt Securities Issued Euros '000	Subordinated Debt Euros '000	Total Euros '000
Banco ActivoBank (Portugal), S.A.	202,361	-	-	-	202,361
Banco de Investimento Imobiliário, S.A.	1,847	1,392	418,088	15,409	436,736
Bank Millennium Group (Poland)	17,122	-	-	-	17,122
Banque Privée BCP (Suisse) S.A.	88,527	-	-	-	88,527
BCP Bank & Trust Company (Cayman) Limited	2,436,917	-	-	-	2,436,917
BCP Finance Bank Ltd	8,229,391	-	-	1,790,665	10,020,056
BCP Finance Company, Ltd	-	3,694	-	1,020,569	1,024,263
BCP Internacional II, S.G.P.S. Sociedade Unipessoal, Lda.	-	79,672	-	-	79,672
BCP Investment, B.V.	-	41,348	-	-	41,348
BIM - Banco Internacional de Moçambique, S.A.R.L.	102,894	-	-	-	102,894
Millennium Bank (Greece) Group	836,833	-	-	-	836,833
Millennium bcp Gestão de Activos - Sociedade Gestora de Fundos de Investimento, S.A.	-	12,971	-	-	12,971
Comercial Imobiliária, S.A.	-	1,957	-	-	1,957
Seguros e Pensões Gere, S.G.P.S., S.A.	-	1,229,691	-	-	1,229,691
Banco Millennium Angola, S.A.	32,455	-	-	-	32,455
Millennium bcp - Prestação de Serviços, A.C.E.	-	8,994	-	-	8,994
BCP Capital - Sociedade de Capital de Risco, S.A.	-	18,049	-	-	18,049
Millennium bcp Fortis Group	-	1,040,434	-	-	1,040,434
Others	808	1,057	-	-	1,865
	11,949,155	2,439,259	418,088	2,826,643	17,633,145

As at 31 December 2009, the Bank's liabilities with associated companies, represented or not by securities, included in items Deposits from credit institutions and to customers, Debt securities issued and in Subordinated debt, in the amount of Euros 15,731,000.

As at 31 December 2009, the income generated by the Bank on inter-company transactions with subsidiaries, included in the items of Interest income, Commissions, Other operating income and Gains arising from trading activity, are analysed as follows:

	Interest income Euros '000	Commissions income Euros '000	Other operating income Euros '000	Gains arising from trading activity Euros '000	Total Euros '000
Banco ActivoBank (Portugal), S.A.	-	215	-	-	215
Banca Millennium S.A (Romania)	4,551	-	-	183	4,734
Banco de Investimento Imobiliário, S.A.	63,514	1,988	-	343	65,845
Bank Millennium (Poland) Group	8,315	-	-	4,265	12,580
Banque Privée BCP (Suisse) S.A.	12,002	-	-	-	12,002
BCP Bank & Trust Company (Cayman) Limited	28,883	648	-	47,527	77,058
BCP Finance Bank Ltd	11,907	-	-	407,707	419,614
Millennium Bank, Anonim Sirketi (Turkey)	1,232	-	-	15,939	17,171
Bitalpart, B.V.	2,087	-	-	-	2,087
BIM - Banco Internacional de Moçambique, S.A.R.L.	-	-	6,173	-	6,173
Millennium bcp Investimento Group	14,309	-	61	10,910	25,280
Millennium Bank (Greece) Group	31,552	-	-	22,910	54,462
Millennium bcp Gestão de Activos - Sociedade Gestora de Fundos de Investimento, S.A.	-	9,746	-	-	9,746
Comercial Imobiliária, S.A.	725	12	-	-	737
Banco Millennium Angola, S.A.	1,086	-	233	-	1,319
Millennium bcp - Prestação de Serviços, A.C.E.	163	-	10,960	-	11,123
Millennium bcp Fortis Group	9,677	59,478	3,372	2,060	74,587
Others	18	1	213	-	232
	190,021	72,088	21,012	511,844	794,965

As at 31 December 2009, the costs incurred by the Bank on inter-company transactions with subsidiaries, included in items Interest expense, Commissions, Administrative costs and Losses arising from trading activity, are analysed as follows:

	Interest expense Euros '000	Commissions costs Euros '000	Administrative costs Euros '000	Losses arising from trading activity Euros '000	Total Euros '000
Banco Activobank (Portugal), S.A.	4,845	1,744	110	-	6,699
Banca Millennium S.A (Romania)	15	-	-	2,768	2,783
Banco de Investimento Imobiliário, S.A.	1,369	8,937	-	748	11,054
Bank Millennium (Poland) Group	140	-	-	12,657	12,797
Banque Privée BCP (Suisse) S.A.	737	-	-	-	737
BCP Bank & Trust Company (Cayman) Limited	41,244	-	-	15,253	56,497
BCP Finance Bank Ltd	254,722	-	-	507,972	762,694
BCP Finance Company, Ltd	49,589	-	-	-	49,589
BCP Internacional II, S.G.P.S. Sociedade Unipessoal, Lda.	246	-	-	-	246
BCP Investment, B.V.	569	-	-	-	569
Millennium Bank, Anonim Sirketi (Turkey)	177	-	-	5,473	5,650
BIM - Banco Internacional de Moçambique, S.A.R.L.	688	-	-	-	688
Millennium bcp Investimento Group	13,440	6,699	523	10,557	31,219
Millennium Bank (Greece) Group	11,810	-	-	10,910	22,720
Seguros e Pensões Gere, S.G.P.S., S.A.	2,986	-	-	-	2,986
Banco Millennium Angola, S.A.	109	-	-	-	109
Millennium bcp - Prestação de Serviços, A.C.E.	10	-	101,750	-	101,760
Millennium bcp Fortis Group	-	-	573	3,321	3,894
Others	693	-	83	-	776
	383,389	17,380	103,039	569,659	1,073,467

49. 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 as well as 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 Risk Office 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 Office takes part.

Risk Evaluation and Management 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.

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.

The Bank adopts a continuous monitoring policy towards its decision processes, promoting changes and improvements in those processes whenever it considers necessary, in order to ensure a greater consistency and efficiency in decision taking.

To quantify the credit risk at the level of the various portfolios, the Bank 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.

Market Risks

The main measure used by the Bank in evaluating the market risk is the VaR (Value at Risk). The VaR is calculated on the basis of the analysis approximation defined in the methodology developed by the RiskMetrics. It is calculated considering a 10-working day time horizon and 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.

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.

Two other complementary measures are used: a measure for the non-linear risk, at a confidence level of 99%, and a standard measure for the commodities risk.

The following table shows these major trading book indicators for 2009:

	Euros '000	
	2009.12.31	**2008.12.31**
Generic Risk (VaR)	3,499	2,500
Specific Risk	868	112
Non Linear Risk	38	18
Commodities Risk	2	0
Global Risk	4,407	2,630

Evaluation of the interest rate risk originated by the banking portfolio is performed via a risk sensitivity analysis process carried out every month for all operations included in the Bank's balance sheet.

In this analysis consideration is given to the financial characteristics of the contracts available on the information systems. On the basis of these data the respective expected cash flows are projected in accordance with the repricing dates.

Aggregation of the expected cash flows for each time interval for each of the currencies under analysis allows determination of the interest rate gaps per repricing period.

The interest rate sensitivity of the balance in each currency is calculated through the difference between the present value of the interest rate mismatch after discounting the market interest rates and the discounted value of the same cash flows simulating parallel shifts of the market interest rate curves.

The following table shows the expected impact on the Banking Book Economic Value due to parallel shifts of the yield curve by +/- 100 and +/- 200 basis points, on each of the main currencies:

		December 2009		Euros '000
Currency	**- 200 pb**	**- 100 pb**	**+ 100 pb**	**+ 200 pb**
CHF	612	602	(848)	(1,677)
EUR	4,119	(17,417)	25,435	49,379
PLN	11,796	5,840	(5,728)	(11,347)
USD	4,823	5,051	(4,903)	(9,756)
TOTAL	21,350	(5,924)	13,956	26,599

		December 2008		Euros '000
Currency	**- 200 pb**	**- 100 pb**	**+ 100 pb**	**+ 200 pb**
CHF	1,514	750	(737)	(1,461)
EUR	(78,815)	(38,765)	35,734	66,779
PLN	10,905	5,397	(5,291)	(10,478)
USD	14,176	7,073	(6,936)	(13,754)
TOTAL	(52,220)	(25,545)	22,770	41,086

Each month the Bank 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 calculate 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 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, with a view to decisions being taken leading to the upkeep of financing conditions adequate to the continuation of the business. In adition, the Market and Liquidity Risks Sub-Committee is responsible for controlling the liquidity risk. This control is reinforced with the monthly execution of stress tests, to characterize the Bank's risk profile and to ensure that the Group and each of its subsidiaries, fulfil its obligations in the event of a liquidity crisis. These tests are also used to support the liquidity contingency plan and management decisions.

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.

	Dec 09 Euros '000	Dec 08 Euros '000
European Central Bank		
Securities	9,058,065	5,666,180
Loans and advances to costumers	28,167	98,000
	9,086,232	5,764,180

As at 31 December 2009, the amount borrowed from the European Central Bank amounted to Euros 2,600,000,000 (31 December 2008: Euros 2,950,000,000).

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 BCP's participation in securitization operations involving its own assets are subject to mandatory changes in case the Bank 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 are usually applied by each rating agency in a standardized way to all the securitization transactions involving the same type of loans. Generally, changes in the Group's interventions of a financial nature consist of pledging collaterals or nominating a substitute or a guarantor that complies with the established rating criteria and in the BCP's interventions as a mere services provider consist of substituting the services provider for an alternative one. In what regards the BCP's securitization transactions where the underlying loans were derecognized, only the BCP's intervention as loans' manager and as interest rate swap's counterparty is subject to changes. In case BCP stops complying with the established rating criteria, regarding its participation as loans' manager, a substitute loans' manager must be nominated and in case it stops complying with the referred criteria regarding its participation as interest rate swap's counterparty, a collateral must be pledged, an alternative counterparty must be nominated or the right to early liquidate the swap must be conferred to the counterparty, depending on the transaction or the rating in analysis.

The only securitization transaction to which changes to the terms of the BCP's intervention could be necessary, in result of the downgrade of a single grade of the medium and long term rating, is Caravela SME No. 1, in a hypothetic scenario of Moody's "A1" rating's downgrade and even in this scenario the only necessary change to the transaction's structure would be the establishment of a contingent liquidity line. In the BCP's securitization transactions where the underlying loans were derecognized, the downgrade of a rating grade would not imply any change to the terms of the BCP's intervention, because even after the downgrade of a rating grade BCP would still be in compliance with the minimum rating criteria.

The portfolio of assets of the covered bonds issued by BCP encompasses interest rate derivatives, whose counterparties should have a minimal rate of "A2" by Moddy's and "F-1" and "A" by Fitch for short term and long term respectively. Presently, these derivatives are contracted with Group companies which imply that the failure to meet any of these criteria would determine the need of additional guarantee or contracting the mentioned derivatives with external eligible counterparties.

50. Solvency

The own funds of Banco Comercial Português are determined according to the applicable regulatory rules, namely the Regulation 12/92 from the Bank of Portugal. The own funds result from the adding the core own funds (Tier 1) to the complementary own funds (Tier 2) and subtracting the component of Deductions.

The Tier 1 comprises the steadiest components of the own funds. This heading includes the paid-up capital and the share premium, the reserves, the retained earnings and the deferred impacts related to the transition adjustments to the presently applicable reporting standards. Hybrid instruments are also included within the Tier 1, after the Bank of Portugal's approval and as long as they do not exceed the limits defined by that entity versus the total amount of Tier 1, determined before the deduction related to the qualified investments.

Furthermore, the following are negative components of Tier 1: own shares, intangible assets, deferred costs related with actuarial variations in excess of the Pension Fund's corridor, in accordance with Bank of Portugal, and the deduction related to the qualified investments. This deduction refers to the investments owned in financial institutions, on one hand, and in insurance companies, on the other, above 10% and 20% of their share capital, respectively, as long as they are not fully consolidated. This deduction, which is done in equal parts to Tier 1 and Tier 2, is also applied to the part of the aggregate amount of investments on financial institutions, individually representing up to 10% of their share capital, that exceed the respective regulatory limit.

Tier 1 can also be influenced by the existence of revaluation differences on available for sale securities and other assets, on cash-flow hedge transactions or on financial liabilities at fair value through profits and losses, to the extent related to own credit risk, by the existence of a fund for general banking risks and/or net profits arising from the capitalization of future revenues from securitized assets.

If the amount of eligible hybrid instruments approved by the Bank of Portugal to increase the Tier 1 exceeds the respective limits, this excess is deducted to this heading and added to the Tier 2.

In 2008, the Bank of Portugal introduced some changes to the own funds calculation. Thus, through the new Regulation 6/2008, similarly to credit and other receivables, potential gains and losses arising from available for sale fixed rate securities were excluded from the own funds, to the portion exceeding the impact of related hedging transactions. The obligation of excluding from the Tier 1 the positive revaluation reserves representing non realized gains on available for sale equity instruments (net of taxes), in excess to the potential related impaired amounts is maintained.

Simultaneously, through Regulation 7/2008, the Bank of Portugal extended, for three additional years, the amortization plan of the transition adjustments to the presently applicable reporting standards that were not fully recognized in the own funds of June 30, 2008, concerning post-retirement health benefits and liabilities of the pension fund. On the other hand, the Bank of Portugal published the Regulation 11/2008, which allowed, for regulatory purposes, the enlargement of the pension fund corridor up to the amount of the actuarial losses of 2008, excluding the expected return of the fund's assets in 2008, to be amortized steadily through the next four years.

On the other hand, the Bank of Portugal increased the limit of preference shares and other elegible hybrid instruments within the Tier 1, from 20% to 35%, as long as it corresponds to perpetual instruments, with no incentives to redeem, and eliminated the 10% limit applied to the amount of deferred tax assets that could be included in the Tier 1.

The complementary own funds include the subordinated debt and the provisions for general credit risks, as well as 45% of the unrealized gains in available for sale equity securities and other assets, as well as the amounts related to preference shares and other hybrid instruments that have been deducted to the 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 stay within 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 amortized at a 20% yearly rate, along their last five years to maturity. The Tier 2 is also subject to the deduction of 50% of investments owned in financial institutions and insurance companies, as already mentioned. 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 recognized in the Bank's accounts, and the potential excess of exposure to risk limits in the scope of Bank of Portugal published Regulation 6/2007.

Capital requirements have been determined in accordance with the Basel II framework since the beginning of 2008. In this scope, the Bank timely filed with the Bank of Portugal a formal request, regarding the use of the internal ratings based approach for credit risk and the internal models approach for market risk, as well as the standard approach for calculating operational risk requirements, which had some developments during the first semester of 2009.

Therefore, the Bank of Portugal authorized the BCP Group to use the standard approach to calculate capital requirements for operational risk, instead of the basic indicator approach, and 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.

As of the end of December 2009, capital requirements for credit risk were determined taking into account the risks recorded both on balance and off-balance sheet, weighted based on the type of counterparties, the maturity of transactions and the existing collaterals, as defined by the Regulation 5/2007 from the Bank of Portugal for the standard approach. The requirements for securitized assets were determined in accordance with the Regulation 7/2007 from the Bank of Portugal. Capital requirements for operational risk were calculated following the standard approach described in the Regulation 9/2007 from the Bank of Portugal. Additionally, capital requirements for the trading portfolio were also calculated, according to the Regulation 8/2007 from the Bank of Portugal, namely for the specific risk, while capital requirements for the generic risk were calculated in accordance to the internal models approach.

The confirmation that an entity has an amount of own funds not below the amount of its capital requirements assures the adequacy of its capital, reflected on a solvency ratio - represented by the percentage of total own funds to the result of 12.5 times the capital requirements - of at least the regulatory minimum of 8%. Additionally, the Bank of Portugal released a recommendation in order to, by September 30, 2009, the financial groups submitted to its supervision, as well as the respective mother-companies, strengthen their Tier 1 ratios to a figure not below 8%.

	2009 **Euros '000**	**2008** **Euros '000**
Core own funds		
Paid-up capital and share premium	4,886,722	4,877,968
Other capital instruments	1,000,000	-
Reserves and retained earnings	688,405	566,541
Intangible assets	(9,973)	(9,985)
Net impact of accruals and deferrals	(424,374)	(835,384)
Other regulatory adjustments	(26,385)	(20,012)
	6,114,395	4,579,128
Complementary own funds		
Upper Tier 2	1,617,106	2,157,463
Lower Tier 2	1,409,768	1,581,266
	3,026,874	3,738,729
Deductions to total own funds	(798,316)	(1,557,187)
Total own funds	8,342,953	6,760,670
Own fund requirements		
Requirements from Regulation 5/2007	4,506,942	4,433,103
Trading portfolio	13,631	8,680
Operacional risk	207,180	248,618
	4,727,753	4,690,401
Capital ratios		
Tier 1	10.3%	7.8%
Tier 2 (*)	3.8%	3.7%
Solvency ratio	14.1%	11.5%

(*) Includes deductions to total own funds

51. Accounting standards recently issued

<u>Standards, changes and interpretations effective since 1 January 2009</u>

The new standards and interpretation that have been issued that are already effective and that the Bank has applied on its Financial Statements can be analyzed as follows:

IAS 1 (amendment) – Presentation of Financial Statements

The International Accounting Standards Board (IASB) has issued in September 2007 an amendment to IAS 1 - Presentation of Financial Statements, which is applicable from 1 January, 2009, although allowing for an early adoption.

Changes regarding the current text of IAS 1:

- The presentation of the financial position statement (balance sheet) is required for current and comparative periods. According with changed IAS 1, the financial position statement should also be presented for the beginning of the comparative period whenever an entity restates the comparatives following a change in an accounting policy, a correction of an error or the reclassification of an item in the financial statements. In theses cases, three statements of the financial position will be presented, comparatively to the other two required statements.

- Following the changes required by this standard, the users of the financial statements will be able to distinguish, in an easier way, the variations in the equity of the Bank on transactions with shareholders, as shareholders (ex. dividends, transactions with own shares) and transactions with third parties, that are summarized in the comprehensive income statement.

Given the nature of these changes (disclosures) the impact was exclusively related to the presentation.

IAS 23 (amendment) – Borrowing costs

The International Accounting Standards Board (IASB) has issued in March, 2007 an amendment to IAS 23 - Borrowing costs, which is applicable from 1 January, 2009, although early adoption was permitted.

This standard requires the capitalization of borrowing costs that are directly related to the acquisition, production or construction of a qualifying asset, as part of the cost of that asset. As a result, the option to recognize such borrowing costs as an expense in the period which they arise was eliminated.

The Bank did not obtain any significant impact from the adoption of this amendment.

IAS 32 (amendment) - Financial Instruments: Presentation - Puttable Financial Instruments and obligations arising from liquidation

The International Accounting Standards Board (IASB) has issued in February 2008 an amendment to IAS 32 - Financial Instruments: Presentation - Puttable financial instruments and obligations arising from liquidation, which is applicable from 1 January 2009.

According with the previous requirements of IAS 32, if an issuer can be required to make a payment in money or in other financial asset in exchange for the redemption or repurchase of the financial instrument, the instrument is classified as a financial liability. As a result of this review, some financial instruments that currently comply with the definition of a financial liability will be classified as an equity instrument if (i) represent a residual interest in the net assets of the entity; (ii) are included in a class of instruments subordinated to any other class of instruments issued by the entity; and (iii) if all instruments in the class have the same terms and conditions. A change in IAS 1 Presentation of Financial Statements was also performed to add a new presentation requirement for puttable financial instruments and obligations arising from liquidation.

The Bank did not obtain any significant impact from the adoption of this amendment.

IFRS 2 (amendment) - Share-based payment: Acquisition conditions

The International Accounting Standards Board (IASB) has issued in January, 2008 an amendment to IFRS 2 - Share-based payment: Acquisition conditions, which is applicable from 1 January, 2009, although early adoption was permitted.

This change to IFRS 2 allowed clarifying that: (i) the acquisition conditions of the inherent rights for a share-based payment plan are limited to service or performance conditions and that (ii) any cancellation of these programmes, by the entity itself or by third parties, has the same accounting treatment.

At 31 December 2009, the Bank does not have any share-based payment plan and therefore the issue of this amendment does not have any impact in the financial statements of the Bank.

IFRS 7 (amendment) – Financial instruments: Disclosures

The International Accounting Standards Board (IASB) has issued in March 2009 an amendment to IFRS 7 – Financial instruments: Disclosures, for obligatory application in 1 January 2009.

This amendment to IFRS 7 requires additional information in the disclosures related to fair value measurement, namely that these amounts should be presented in three hierarquical levels defined in the interpretation and related to liquidity risk.

Given the nature of these changes the impact in the Bank's financial statements was exclusively related to the disclosures.

IFRS 8 – Operational segments

The International Accounting Standards Board (IASB) has issued on 30 November 2006 the IFRS 8-Operational segments, which was endorsed by the European Commission on 21 November, 2007. This standard is mandatorily applicable to periods from or on 1 January, 2009.

IFRS 8 sets out the requirements for disclosures of information about an entity's operational segments and also about services and products, geographical areas where the entity operates and its major clients. This standard specifies how an entity should disclose its information in the annual financial statements and, as a consequential amendment to IAS 34 - Interim Financial Reporting, regarding the information to be disclosed in the interim financial reporting. Each entity should also to provide a description of the segmental information disclosed namely profit or loss and of assets, as well as a brief description of how the segmental information is produced.

Given the nature of these changes (disclosures) the impact was exclusively related to the presentation.

IFRIC 13 – Customer Loyalty Programmes

The International Financial Reporting Interpretations Committee (IFRIC) has issued in July 2007 the IFRIC 13 - Customer Loyalty Programmes with effective date of application for the financial years starting from 1 July 2008, although allowing for an early adoption.

This interpretation is applicable to customer loyalty programmes and addresses how companies grant their customers loyalty award credits (often called 'points') when buying goods or services, allowing them to exchange these credits, in the future, by free goods or services or with a discount.

The Bank did not obtain any impact from the adoption of this interpretation.

IFRIC 15 - Agreements for the Construction of Real Estate

The IFRIC 15 - Agreements for the Construction of Real Estate is effective for the years started from 1 January 2009.

This interpretation includes guidance that allows determining if a contract for the construction of real estate is within the scope of IAS 18 - Revenue or IAS 11 - Construction Contracts. Is expected that IAS 18 will be applied to a larger number of transactions.

The Bank did not obtain any impact on its financial statements from this interpretation.

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

The International Financial Reporting Interpretations Committee (IFRIC) issued in July, 2008, IFRIC 16 – Hedges of a Net Investment in a Foreign Operation, with mandatory application date for years started after 1 October 2008, although an early adoption was permitted.

This interpretation intends to clarify that:

• The hedge of a net investment in a foreign operation can only be applied to exchange differences resulting from the foreign subsidiaries' financial statements conversion from its functional currency to the parent company's functional currency and only for an amount equal or smaller to the subsidiary's net assets;
• The hedge instrument can be contracted by any of the Bank's entities, except by the entity that is being hedged; and
• At the moment of the hedged subsidiary's sale the accumulated gain or loss related to the effective hedge component is reclassified to profit and loss.

This interpretation allows an entity that uses the step by step consolidation method to choose an accounting policy that allows determining the accumulated foreign exchange conversion adjustment that is reclassified to profit and loss when the subsidiary is sold, as it would do if applying the direct consolidation method. This interpretation has a prospective application.

The Bank did not obtain any significant impact on its financial statements from the adoption of this interpretation.

Annual Improvement Project

In May, 2008 the IASB published the Annual Improvement Project that implied changes to the standards in force. The effective date of the referred changes depends on the specific standard, although the majority is mandatory for the Bank in 2009, as follows:

• Changes to IAS 1 - Financial Statements presentation, which is applicable from 1 January 2009. The change clarifies that only some financial instruments classified as trading instruments are an example of current assets and liabilities.

The Bank did not obtain any significant impact from the adoption of this amendment.

• Changes to IAS 16 - Property, Plant and Equipment, which is applicable from 1 January 2009. The change that occurred establishes classification rules (i) for the income originated by the sale of rented assets subsequently sold and (ii) for these assets during the period between the date of termination of the rental agreement and the date of the sale agreement.

The Bank did not obtain any significant impact from the adoption of this amendment.

• Changes to IAS 19 - Employee Benefits, which is applicable from 1 January 2009. The changes allowed clarifying (i) the concept of negative costs associated to past services resulting from changes in the defined benefit plan, (ii) the interaction between the expected return from the assets and the costs of managing the plan, and (iii) the distinction between short, medium and long term benefits.

The Bank did not obtain any significant impact from the adoption of this amendment.

• Changes to IAS 20 - Accounting for government grants and disclosure of government assistance, which is applicable from 1 January 2009. This change established that the benefit arising from obtaining a government loan at rates below market rates should be measured as the difference between the fair value of the liability at granting date, determined according with IAS 39 - Financial Instruments: Recognition and Measurement and the amount received. This benefit should be subsequently accounted according with IAS 20.

The Group did not obtain any significant impact from the adoption of this amendment.

• Changes to IAS 23 - Borrowing Costs, applicable from 1 January 2009. The concept of borrowing costs was changed to clarify that these costs should be determined according with the effective interest rate as defined in IAS 39 - Financial Instruments: Recognition and Measurement, thus eliminating the inconsistency between IAS 23 and IAS 39.

The Bank did not obtain any significant impact from the adoption of this amendment.

• Changes to IAS 27 - Consolidated and separate financial statements, applicable from 1 January 2009. The change to this standard determines that in the cases when an investment in a subsidiary is accounted at fair value in the individual accounts, according with IAS 39 - Financial Instruments: Recognition and Measurement and qualifies for classification as a non-current asset held for sale according with IFRS 5 - Non-current assets held for sale and discontinued operations, the investment should continue to be measured as defined in IAS 39.

The Bank did not obtain any significant impact from the adoption of this amendment.

• Change to IAS 28 - Investments in Associates, applicable from 1 January 2009. The changes to IAS 28 - Investments in Associates had the objective of clarifying (i) that an investment in an associate should be treated as a single asset for impairment testing purposes under the scope of IAS 36 - Impairment of assets, (ii) that any impairment loss to be recognized shouldn't be allocated to specific assets namely to goodwill and (iii) that the impairment write-backs are accounted as an adjustment to the carrying amount of the associate as long as and to the extent that the recoverable amount of the investment increases.

The Bank did not obtain any significant impact from the adoption of this amendment.

• Change to IAS 38 - Intangible Assets, applicable from 1 January 2009. This change determined that an incurred deferred expense related with advertising or promotional activities can only be recognized in the balance sheet if an advance payment was made regarding goods and services that will be received in a future date. The recognition in profit and loss should occur when the entity has the right to receive the goods and services.

The Bank did not obtain any significant impact from the adoption of this amendment.

• Changes to the IAS 39 - Financial Instruments: Recognition and Measurement, applicable from 1 January 2009. This change includes mainly in (i) the clarification that it is possible to perform transfers from and to the category of fair value through profit and loss regarding derivatives, whenever these start or end an hedge relationship in cash-flows hedge models or net investment in an associate or subsidiary, (ii) the change to the definition of financial instruments at fair value through profit and loss in what relates the trading portfolio, determining that in the case of financial instrument portfolios jointly managed and for which there is evidence of a recent and real model of short-term profit taking, these should be classified as trading on initial recognition; (iii) the change to the documentation requirements and the effectiveness tests of the hedge relationship for the operational segments defined under the scope of IFRS 8 - Operating Segments; and (iv) the clarification that the measurement of a financial liability at amortized cost, after the interruption of the respective fair value hedge relationship, should be performed based on the new effective rate calculated at the interruption date.

The Bank did not obtain any significant impact from the adoption of this amendment.

• Change to IAS 40 - Investment Properties, applicable from 1 January 2009. Following this change, the properties under construction or development for subsequent use as investment properties are included under the scope of IAS 40 (before they were included under the scope of IAS 16 Property, Plant and Equipment). These properties under construction can be accounted at fair value except if they cannot be reliably measured in which case they should be accounted at acquisition cost.

The Bank did not obtain any significant impact from the adoption of this amendment.

Standards, changes and interpretations issued but not effective for the Bank

IAS 39 (amendment) - Financial Instruments: Recognition and measurement – Eligible hedged items

The International Accounting Standards Board (IASB) has issued an amendment to IAS 39 - Financial Instruments: Recognition and measurement – Eligible hedged items, which is for mandatory application from 1 July 2009.

This change clarifies the application of the existing principles that determine what risks or which cash-flows can be designated as a hedged item.

The Bank is evaluating the impact of adopting this standard in its financial statements

IFRS 1 (amendment) - First time adoption of the International Financial Reporting Standards and IAS 27 - Consolidated and Separate Financial Statements

The changes in the IFRS 1 - First time adoption of the International Financial Reporting Standards and IAS 27 - Consolidated and Separated Financial Statements are effective from 1 July 2009.

These changes allowed entities adopting IFRS for the first time in the preparation of the individual accounts to use as deemed cost of the investments in subsidiaries, joint-ventures and associated companies, the respective fair value at the transition date to the IFRS or the carrying amount determined based on the previous accounting framework.

The Bank does not expect any significant impact from the adoption of this amendment.

IFRS 3 (amendment) - Business combinations and IAS 27 (amendment) Consolidated and separate Financial statements

The International Accounting Standards Board (IASB) has issued in January 2008 an amendment to IFRS 3 (amendment) - Business Combinations, with mandatory application from 1 July 2009, although early adoption is permitted.

The main impacts of the changes to these standards are: (i) the treatment of partial acquisitions where the non-controlling interests (previously defined as minority interests) will be measured at fair value (which implies also the recognition of goodwill attributable to non-controlling interests) or as an alternative allows for the attributable to non controlling interest of the fair value of the net assets acquired (as currently required) to be measured at fair value; (ii) the step acquisition that require, at the time when the goodwill is determined, the revaluation against profit and loss, of the fair value of any non-controlling interest held previously to the acquisition; (iii) the costs directly related with the acquisition of a subsidiary will be accounted in profit and loss; (iv) the changes in the estimates of the contingent prices are accounted in profit and loss and do not affect goodwill; and (v) the changes in percentages of subsidiaries held that do not result in a loss in control are accounted as equity changes.

Additionally, following the changes to IAS 27, the accumulated losses in a subsidiary will be attributed to the non-controlling interests (recognition of negative non-controlling interests) and when a subsidiary is sold with a subsequent loss of control, the remaining non-controlling interests are measured at the fair value determined at the date of the transaction.

The Bank does not expect any significant impact from the adoption of this amendment.

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 for mandatory application for the financial years starting on 1 January 2013, although early adoption is permitted. 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 amortized cost or at fair value. This decision should be defined at initial recognition of the financial assets. Its classification depends on the entity, business model for managing its financial instruments and the contractual cash flows associated to each financial asset;

- Only debt instruments could be measured at amortized cost when the contractual cash-flows respresent only payments of principal and interest, which means that contains only the basic loan features, and for which an entity holds the asset to collect the contractual cash flows. All the other debt instruments are recognized at fair value; and

- Equity instruments issued by third parties are recognised at fair value with subsequent changes recognised in the profit and loss. Although, for equity instruments an entity could make an irrevocable election at initial recognition to recognise fair value changes are recognized in fair value reserves. Gains and losses recognised on fair value reserves cannot be recycled to profit and loss. This is a discretionary decision, not implying that all the equity instruments should be treated on this basis. The dividends received are recognised as income for the year.

The Bank is evaluating the impact from the adoption of this standard.

IFRIC 12 – Service Concession Arrangements

The International Financial Reporting Interpretations Committee (IFRIC) has issued in July 2007 IFRIC 12 – Service Concession Arrangement. The EU endorsement was at 25 March 2009. This interpretation is mandatory for annual periods beginning on or after 29 March 2009. The IFRIC 12 applies to public-to-private service concession arrangements. This interpretation will be applicable only when a) the grantor controls or regulates what services the operator must provide and b) the grantor controls any significant residual interest in the infrastructure at the term of the arrangement.

Considering the nature of the contracts considered under this interpretation, the Bank does not expect any significant impact from its adoption in the financial statements.

IFRIC 17 – Distributions of Non-cash Assets to Owners

The International Financial Reporting Interpretations Committee (IFRIC) issued in November 2008, IFRIC 17 – Distributions of Non-cash Assets to Owners, with effective application date to years started after 1 July 2009, early adopting being allowed.

This interpretation intends to clarify the accounting treatment of non-cash assets distribution to owners. It establishes that non-cash assets distributions must be accounted at fair value and the difference to the distributed assets carrying amount recognized in profit and loss in the period of the distribution.

The Bank does not expect any significant impact from the adoption of this interpretation in the financial statements.

IFRIC 18 – Transfers of Assets from Customers

The International Financial Reporting Interpretations Committee (IFRIC) issued in November 2008, IFRIC 18 – Transfers of Assets from Customers, with effective application date to years started after 1 July 2009, early adopting being allowed.

This interpretation intends to clarify the accounting treatment of agreements through which an entity receives assets from customers for its own use and with the intent of establishing a future connection of the clients to a network or of granting continued access to the supply of services and goods to customers.

The interpretation clarifies:

• The conditions in which an asset is within the scope of this interpretation;
• The assets recognition and initial measurement;
• The identification of the identifiable services (one or more services in exchange for the transferred asset);
• Revenue recognition; and
• Accounting of money transfers from customers.

The Bank does not expect any significant impact from the adoption of this interpretation in the financial statements.

Annual Improvement Project

In May, 2008, as referred previously IASB published the Annual Improvement Project, that implied changes to the standards in force. However, the effective date of the referred changes depends on each specific standard.

• Changes to IFRS 5 – Non-current assets held for sale and discontinued operations, effective for years starting after 1 July 2009. This change clarifies that all the assets and liabilities of a subsidiary must be classified as non-current assets held for sale in accordance with IFRS 5 if a plan for the partial sale of the subsidiary, that will imply losing the subsidiary's control, exists.

This standard will be adopted prospectively by the Bank.

52. 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 53, the Bank promoted from that date an internal investigation in relation to the transactions realized with offshore 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, occurred in March 2004, having been assumed by a group whose main activity, developed through the company Edifícios Atlântico, S.A., consists on the development of real estate projects (from now on referred to as “GI”). Following this restructuring, GI assumed net liabilities amounting to 450 million euros, net of the reimbursement of the Notes occurred in December 2004. On the same date, the Bank sold to GI an entity named Comercial Imobiliária, for 26 million euros, and a real estate portfolio for 61 million euros.

Regarding the above mentioned restructuring, GI, through Comercial 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. As referred in note 47, after this contribution, and as a result of the communication by Comercial 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 Comercial Imobiliária. The total amount net of amortizations, as at 31 December 2009 in accordance with the accounting policy described in note 1 u), is Euros 92,000,000. The amount will continue to be amortized by the remaining term of 16 years with a annual amortization of approximatly Euros 5,750,000.

Considering the significant exposure of the Bank towards GI and the realestate sector in which this entity operates, in 2005, the Bank allocated a provision, in the amount of 85 million euros, to the existing loans resulting from the above referred transactions.

In June 2006, the Bank, which previously had acquired a minority shareholding of 11.5% in Comercial Imobiliária, granted shareholders loans to this entity, in the amount of 300 million euros, in order to allow Comercial Imobiliária to acquire, from another GI subsidiary, an indirect majority shareholding in an Angolan entity which owned the so called Baia de Luanda Project. This entity had obtained, in October 2005, the concession, for 60 years, of the Baia de Luanda leasehold. With the proceeds from this transaction, GI repaid to BCP an additional portion of the loan, corresponding to 305 million euros.

Considering the significance of the Project, the additional financing requirements for its development and the extent of GI’s indebtedness with BCP, this entity proposed and BCP accepted, a holding of 68.34% of Comercial Imobiliária share capital 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 61 million euros, 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 Comercial Imobiliária share capital and, indirectly, of 54% of the future economic benefits of the above mentioned project.

Considering the existing indications arising from the ongoing investigations conducted by the supervisory authorities regarding a more thorough review of the economic substance of the above referred transactions, the Bank decided to consider a more prudent interpretation, regarding the risks identified, the nature of the transactions and restructurings which occurred, and recorded an adjustment of 300 million euros with effect at 1 January 2006, with a net impact of 220.5 million euros after considering the tax effect.

As referred to in note 53, 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 53, as at 12 December 2008, the Bank 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 years ended 31 December 2009 and 2008 include, in all material respects the disclosures regarding the impact on the financial position of the Group of the referred matters, as disclosed in notes 47, 52 and 53. The Executive Board of Directors has maintained contacts with Supervisory Authorities regarding this matter.

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

The Group, during 2009, after analysing the market conditions and the development perspectives of the Luanda Bay Urban Requalification Project ("Baía de Luanda Project"), it has decided to reduce the Millenniumbcp Group 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, originating 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 that will be maintained by Millenniumbcp Group in the Baía de Luanda project will allow to keep a relevant presence in a highly important project to Angola and maintains the expectation that the Baia de Luanda Project will generate results in the future, which will be register against results of the Bank in the years that are generated.

53. Administrative proceedings

1. At the end of the year of 2007, the Bank received a formal notice dated 27 December 2007 informing that administrative proceeding no. 24/07/CO was being brought by the Bank of Portugal against the Bank, *"based in preliminary evidence of administrative offences foreseen in the General Framework of credit Institutions and Financial Companies (approved by Decree-Law no. 298/92, of December 31), in particular with respect to breach of accounting rules, provision of false or incomplete information to the Bank of Portugal, in particular in what respect to the amount of own funds and breach of prudential obligations"*.

A press release issued by the Bank of Portugal on 28 December 2007 mentioned that such administrative proceeding was brought *"based in facts related with 17 off shore entities, which nature and activities were always hidden from the Bank of Portugal, in particular in previous inspections carried out"*.

On 12 December 2008, the Bank was notified of an accusation under the process of administrative proceeding no. 24/07/CO instructed by the Bank of Portugal.

In March 2009, the Bank did not accept the charges or accusations made against it, and provided defense under this process of administrative proceeding within their term.

2. On 12 December 2008, the Bank was notified by the CMVM of accusation under the process of administrative proceeding no No. 41/2008.

The Bank did not accept the accusation made against it and has provided, on 27 January 2009, defense under the process of administrative proceeding in question, having sustained a total rejection of the accusation.

3. 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 off shore entities responsible for investments in securities issued by BCP Group or related entities. Despite the process of supervision being in progress, in particular in order to obtain a complete and final description of the situation and of the market behaviour of those entities, as well as to determine the relevant liabilities (including personal liabilities), the CMVM came to the following preliminary findings:

a) The mentioned off shore entities have constituted securities portfolios – which included almost exclusively shares of BCP – with financing obtained from Banco Comercial Português, and there is, in general, no evidence that such entities were financed for this purpose by any other significant transfer from an entity external to the BCP Group;

b) It is already known that part of the debts was eliminated through the assignment of credits to third parties for a residual consideration;

c) The conditions of these financings and the governance of such entities give the appearance that BCP has assumed all the risk concerning those off shore entities, and that it had power to control the life and business of such entities;

d) Thus, such transactions are in fact the financing for the acquisition of own shares not reported as such. This configuration is also present in a transaction made with a financial institution, which lead this institution to disclose a qualified shareholding, even though the economic interest and the possibility of exercising the voting rights remained within BCP;

e) Pursuant to the described circumstances, it may be concluded that the information given to the authorities and to the market, in the past, was not always complete and/or true, in particular in what concerns the amount of BCP's own funds and its owners; 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 the Bank of Portugal within the framework of Bank of Portugal's powers."

4. In the process mentioned in 1. above, the Bank of Portugal charges the Bank against the practice of six administrative proceedings referred in g) and three administrative proceedings referred in r), both of article 211 of the General Framework of Credit Institutions and Financial Companies ("RGICSF) .

The administrative proceedings, in case the types of conduct listed in the accusation are demonstrated, would be the following:

a) the breach of accounting rules or procedures set forth in the law or by the Bank of Portugal which does not cause a serious harm to the knowledge of the patrimonial and financial standing of the Institution constitutes an administrative offence foreseen in article 210, f), of RGICSF, punished, in the case of companies, with a fine between Euros 750 and Euros 750,000. If, on the other hand, the relevant conduct causes such serious harm, that may constitute an administrative offence foreseen in article 211, g), of RGICSF, punished, in the case of companies, with a fine between Euros 2,500 and Euros 2,494,000; and

b) The (i) omission of information and communications due to the Bank of Portugal, within the defined deadlines, or (ii) the provision of incomplete information, constitute an administrative offence foreseen in article 210, h) (now i)), of RGICSF, punished, in the case of companies, with a fine between Euros 750 and Euros 750,000. On the other hand, the provision to the Bank of Portugal of (i) false information, or (ii) incomplete information, capable of leading to erroneous conclusions with identical or similar effect to that of the provision of false information on the matter constitute an administrative offence foreseen in article 211, r), of RGICSF, punished, in the case of companies, with a fine between Euros 2,500 and Euros 2,494,000.

According to the accusation, each of the administrative proceedings are punished by a fine between Euros 2,493.99 and Euros 2,493,989.49, which, according to the rule of the contest of offenses foreseen in the article 19º, no. 1 and 2 of the General of the Administrative Proceedings, in case of conviction of several administrative proceedings in contest, there can only be one fine, of which the upper limit can not exceed twice the highest limit of administrative proceedings in contest.

5. In the accusation notified to the Bank in the administrative proceeding no. 41/2008 CMVM referred in 2. above, the Bank was charged against seven administrative proceeding for alleged violation of article 7. Portuguese Securities Code ("CVM") and article 389, paragraph 1, a) of the CVM.

Pursuant to article 7 of the CVM, the information relating to financial instruments, organized trading, financial intermediation activities, settlement and clearing of transactions, public offers and issuers should be complete, truthful, up-to-date, clear, objective and lawful.

According to the accusation, each of the administrative proceedings can be punished by a fine between Euros 25,000 and Euros 2,500,000, which, according to the rule of the contest of offenses foreseen in the article 19º, no. 1 and 2 of the General of the Administrative Proceedings, in case of conviction of several administrative proceedings in contest, there can only be one fine, of which the upper limit can not exceed twice the highest limit of administrative proceedings in contest, in the maximum amount of Euros 5,000,000.

Banco Comercial Português, S.A. received on 26 of June, a notification regarding the CMVM's decision concerning the process 41/2008, that resulted in a single fine of 5,000,000 euros, with partial suspension of 2,500,000 euros over a 2 year period proceeding to the full fine if there is an infraction of the CMVM Regulation (Código de Valores Mobiliários).

On 24 of July, Banco Comercial Português, S.A. did not accept this decision and decided to appeal the CMVM's decision.

6. In 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 52, 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, presented 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.

54. BCP list of subsidiary and associated companies

As at 31 December 2009, 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.	Warsow	849,181,744	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	157,000,000	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
BCP Internacional II, Sociedade Unipessoal, S.G.P.S., Lda.	Funchal	25,000	EUR	Holding company	100.0
Banpor Consulting S.R.L.	Bucharest	1,750,000	RON	Services	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 Imobiliários, S.A.	Lisbon	1,500,000	EUR	Investment fund management	100.0
Millennium BCP - Escritório de Representações e Serviços, Ltda.	Sao Paulo	27,200,000	BRL	Financial Services	100.0
Millennium bcp Gestão de Activos - Sociedade Gestora de Fundos de Investimento, S.A.	Lisbon	6,720,691	EUR	Investment fund management	100.0
Millennium bcp - Prestação de Serviços, A. C. E.	Lisbon	330,250	EUR	Services	73.2
Millennium BCP Teleserviços - Serviços de Comércio Electrónico, S.A.	Lisbon	50,004	EUR	Videotex services	100.0
Paço de Palmeira - Sociedade Agrícola e Comercial, Lda	Braga	39,905	EUR	Agriculture industry	100.0
Servitrust - Trust Management and Services, S.A.	Funchal	100,000	EUR	Trust services	100.0
Comercial Imobiliária, S.A.	Lisbon	50,000	EUR	Real-estate management	99.9
Seguros e Pensões Gere, S.G.P.S., S.A.	Lisbon	380,765,000	EUR	Holding company	89.0
Imábida - Imobiliária da Arrábida, S A.	Oporto	1,750,000	EUR	Real-estate management	100.0

As at 31 December 2009, the associated companies, were as follows:

Associated companies	Head office	Share capital	Currency	Activity	% held
Banque BCP, S.A.S.	Paris	65,000,000	EUR	Banking	19.9
SIBS - Sociedade Interbancária de Serviços, S.A.	Lisbon	24,642,300	EUR	Banking services	21.5
Unicre - Cartão de Crédito Internacional, S.A.	Lisbon	10,000,000	EUR	Credit cards	30.0

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Declaration of Compliance

Millennium
bcp

Administração

DECLARATION OF COMPLIANCE

This is to declare that, to the best of our knowledge, the individual and consolidated financial statements of Banco Comercial Português, S.A. ("BCP" or "Bank"), which include (i) the individual and consolidated balance sheet as at 31 December 2009, (ii) the individual and consolidated income statements for the year ended on 31 December 2009, (iii) the individual and consolidated statements of changes in equity, cash flows and other comprehensive income for the year ended on 31 December 2009, (iv) a summary of the significant accounting policies and (v) the notes to the individual and consolidated accounts, give a true and appropriate image, in all material aspects, of the individual and consolidated financial position of the Bank as at 31 December 2009 and of the individual and consolidated income of its operations, the individual and consolidated changes in its equity, its individual and consolidated cash flows and other comprehensive income individual and consolidated for the year ended on that date according to the Adjusted Accounting Standards (NCA) as defined by the Bank of Portugal and the International Financial Reporting Standards (IFRS) as endorsed by the European Union, respectively.

The individual and consolidated financial statements of the Bank for the year ended on 31 December 2009 were approved by the Executive Board of Directors on 9 February 2010.

This is also to declare that, to the best of our knowledge, the 2009 management report of BCP accurately describes the evolution of the businesses, of the performance and position of the Bank and its subsidiaries included in the consolidation perimeter, and contains a description of the main risks and uncertainties that they face. The management report was approved by the Executive Board of Directors on 9 February 2010.

Porto Salvo, 9 February 2010

Carlos Santos Ferreira
(Chairman)

Vítor Fernandes
(Vice-Chairman)

Paulo Macedo
(Vice-Chairman)

José João Guilherme
(Member)

Nelson Machado
(Member)

Luís Pereira Coutinho
(Member)

Miguel Maya
(Member)

External Auditors' Report

KPMG & Associados - Sociedade de Revisores Oficiais de Contas, S.A.
Edifício Monumental
Av. Praia da Vitória, 71 - A, 11º
1069-006 Lisboa
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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 Executive Board of Directors and in the accompanying consolidated financial statements as at and for the year ended 31 December, 2009 of **Banco Comercial Português Group** which comprise the consolidated balance sheet as at 31 December, 2009 (showing total assets of 95,550,410 thousand Euros and total equity attributable to the equity holders of the Bank of 6,876,496 thousand Euros, including a net profit attributable to the equity holders of the Bank of 225,217 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 Executive 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.

KPMG

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 Executive 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 Annual Report of the Executive Board of Directors is consistent with the consolidated financial statements presented.

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, 2009, 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.

Lisbon, 10 February, 2010

KPMG & Associados
Sociedade de Revisores Oficiais de Contas, S.A. (nº 189)
represented by
Vitor Manuel da Cunha Ribeirinho (ROC nº 1081)

KPMG & Associados - Sociedade de Revisores Oficiais de Contas, S.A.
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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 Executive Board of Directors and in the accompanying financial statements as at and for the year ended 31 December, 2009 of **Banco Comercial Português, S.A.** which comprise the balance sheet as at 31 December, 2009 (showing total assets of 93,810,888 thousand Euros and total equity of 6,660,117 thousand Euros, including a net profit of 206,326 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 Executive 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 Executive 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 Annual Report of the Executive Board of Directors is consistent with the financial statements presented.

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, 2009, 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.

Lisbon, 10 February, 2010

KPMG & Associados
Sociedade de Revisores Oficiais de Contas, S.A. (nº 189)
represented by
Vitor Manuel da Cunha Ribeirinho (ROC nº 1081)

Market Discipline Report

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1. Declaration of responsibility of the Executive Board of Directors

I. This statement of responsibility issued by the Executive Board of the Banco Comercial Português, S.A. (hereinafter "Bank" or "Millennium bcp") focuses on the "Market Discipline" report, in compliance with the requirements described in Bank of Portugal's Notice No. 10/2007.

II. With the publication on April 3, 2007 of the Decree-Law No. 103/2007 and 104/2007, which transposed into national law the Directive No. 49/2006 (Directive on Capital Adequacy) and No. 48/2006 (Codified Banking Directive), respectively, the prudential framework for credit institutions and investment firms in Portugal began to incorporate the provisions proposed in the Revised Capital Accord, commonly referred to as "Basel II", which established a new framework regulatory capital adequacy of financial institutions.

III. The system of Basel II is based on three distinct and complementary pillars:

a) the Pillar I consisting of rules for determining the minimum capital to cover credit risks, market and operational;

b) Pillar II covers the fundamental principles of the process of supervision and management of risks, including the process of self-assessment of the adequacy of capital;

c) Pillar III is complementary to the previous pillars with the demand for reporting on the financial position and solvency of credit institutions, establishing requirements for the disclosure of processes and systems of risk management and capital in order to strengthen market discipline.

IV. The report, "Market Discipline" has therefore been prepared under Pillar III and it is the second time that the Bank undertakes the preparation and publication in accordance with the provisions of current legislation and in line with the practices of major international banks.

V. Since there was no provision in the regulations, this report has not been audited by the Bank's Statutory Auditor. However, includes information already presented in the consolidated Financial Statements, reported in the Annual Report and Accounts 2009, which will be discussed and subject to approval at the Annual General Meeting to be held on April 12, 2010.

VI. The report is structured in the following chapters:

1. Declaration of responsibility of the Executive Board of Directors
2. Scope
3. Risk Management in the BCP Group
4. Capital Adequacy
5. Credit risk and counterparty credit risk
6. Securitization operations
7. Capital requirements of the trading
8. Own funds requirements of the trading book
9. Own funds requirements for operational risk
10. Interest rate risk in the banking book

VII. With regard to information presented in the "Market Discipline" report, the Board of Directors:

- certify that were developed all the procedures deemed necessary and that, to the best of his knowledge, all information disclosed is true and accurate;
- ensures the quality of any information disclosed, including that on or originate from entities encompassed by the economic group in which the institution belongs, and
- undertakes to disclose promptly any significant changes that occur during the year following that to which this report refers.

Porto Salvo, February 9, 2010

The Executive Board of Directors of Banco Comercial Português, S.A.,

2. Scope

2.1. Identification of Banco Comercial Português, S.A.

Millennium bcp is a public traded company with share capital open to public investment (public company), with registered office at Praça D. João I, 28, in Porto, registered at the Porto Commercial Registry under the unique registry and tax number 501525882, registered at Bank of Portugal with code 33, at the Securities Market Commission as a Financial Intermediary under registration number 105 and at the Insurance Institute of Portugal as a Tied Insurance Intermediary, under number 207074605.

The current share capital of the Bank is 4,694,600,000 euros, fully paid up and represented by 4,694,600,000 shares with the nominal value of 1 euro each. Ordinary, book-entry and nominal shares are registered in the centralised system managed by Interbolsa – Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A..

The Bank is a public company, established in Portugal by public deed on 25 June 1985, parent company of a number of companies with which it has a controlling or group relationship, under the terms of article 21 of the Securities Code (henceforth designated as "Group" or "BCP Group"), and is subject to Bank of Portugal supervision, on both an individual and consolidated basis, in accordance with the General Regime of Credit Institutions and Financial Companies (Regime Geral das Instituições de Crédito e Sociedades Financeiras).

The Bank's Articles of Association and the individual and consolidated Annual Reports are at the public's disposal, for consultation, at the Bank's registered office and on its website, at www.millenniumbcp.pt.

2.2. Bases and perimeters of consolidation for accounting and prudential purposes

The information disclosed within the present document reflects the consolidation perimeter for prudential purposes, under the terms of Bank of Portugal Notice no. 10/2007, which differs from the consolidation perimeter of the BCP Group accounts.

The main differences in the consolidation perimeter for prudential purposes, relative to the consolidation perimeter of the BCP Group accounts, are related with the treatment of companies whose activity is of a different nature and incompatible with the provisions of the General Regime of Credit Institutions and Financial Companies, with reference to supervision on a consolidated basis, in accordance with Bank of Portugal Notice no. 8/94, namely in relation to commercial, industrial, agricultural or insurance companies.

Companies included in the previous paragraph are excluded from consolidation for prudential purposes. Notwithstanding, and according to the same Notice, Bank of Portugal may order the inclusion of some of these companies in the prudential consolidation perimeter, if and when it considers this the most appropriate solution in terms of supervision objectives.

In addition, shareholdings excluded from consolidation for prudential purposes that are recorded in the Financial Statements for the purposes of supervision on a consolidated basis under the equity method, can be deducted from consolidated own funds, totally or partially, under the terms defined by Bank of Portugal Notice no. 12/92.

There are no subsidiaries not included in the consolidation perimeter for prudential purposes, whose own funds are lower than the required minimum level. Under the terms of article 4 of Decree-Law no. 104/2007, of April 3, there are also no subsidiaries included in the consolidation perimeter for prudential purposes, regarding which the obligations relative to the minimum level of own funds and limits to large exposures are not applicable. On the other hand, there is no significant, current or foreseen, impediment to the prompt transfer of own funds or repayment of liabilities among the Bank and its subsidiaries, although, with reference to Angola and Mozambique, the procedures in force may condition the fluidity of fund transfers, but without any potentially significant impacts at Group level.

Table I describes the entities included in BCP Group as at December 31, 2009, indicating the consolidation method to which they are subject to and their respective treatment for prudential purposes.

Table I

Consolidation methods and prudential treatment

	31-Dec-09				
	Perimeter		Head office	Economic activity	% control
	Accounting (Full)	Prudential (Financial)			
Consolidated by the full consolidation method					
Millennium bcp Gestão de Activos - Sociedade Gestora de Fundos de Investimento, S.A.	X	X	Portugal	Investment fund management	100.0%
Interfundos - Gestão de Fundos de Investimento Imobiliários, S.A.	X	X	Portugal	Real estate investment fund management	100.0%
BII Investimentos International, S.A.	X	X	Luxembourg	Investment fund management	100.0%
BCP Capital - Sociedade de Capital de Risco, S.A.	X	X	Portugal	Venture capital	100.0%
Banco de Investimento Imobiliário, S.A.	X	X	Portugal	Banking	100.0%
BII Internacional, S.G.P.S., Lda.	X	X	Portugal	Holding company	100.0%
BII Finance Company	X	X	Cayman Islands	Investment	100.0%
Banco ActivoBank (Portugal), S.A.	X	X	Portugal	Banking	100.0%
BIM - Banco Internacional de Moçambique, S.A.	X	X	Mozambique	Banking	66.7%
Banco Millennium Angola, S.A.	X	X	Angola	Banking	52.7%
Bank Millennium, S.A.	X	X	Poland	Banking	65.5%
Millennium TFI S.A.	X	X	Poland	Investment fund management	100.0%
Millennium Dom Maklerski S.A.	X	X	Poland	Broker	100.0%
Millennium Leasing Sp. z o.o.	X	X	Poland	Leasing	100.0%
Millennium Lease Sp.z o.o.	X	X	Poland	Leasing	100.0%
BBG Finance BV	X	X	Holland	Investment	100.0%
TBM Sp.z o.o.	X	X	Poland	Advisory and services	100.0%
MB Finance AB	X	X	Sweden	Investment	100.0%
Millennium Service Sp. z o.o	X	X	Poland	Services	100.0%
Millennium Telecomunication Sp. z o.o.	X	X	Poland	Broker	100.0%
Banque Privée BCP (Suisse) S.A.	X	X	Switzerland	Banking	100.0%
Millennium bcpbank, national association	X	X	USA	Banking	100.0%
Millennium Bank, Societé Anonyme	X	X	Greece	Banking	100.0%
Millennium Bank, Anonim Sirketi	X	X	Turkey	Banking	100.0%
Millennium Fin, Vehicles, Vessels, Aplliances and Equipment Trading, Societé Anonyme	X	X	Greece	Investment	100.0%
Millennium Mutual Funds Management Company, Societe Anonyme	X	X	Greece	Investment fund management	100.0%
Banca Millennium S.A.	X	X	Romania	Banking	100.0%
BCP Internacional II, Sociedade Unipessoal, S.G.P.S., Lda.	X	X	Portugal	Holding company	100.0%
BitalPart, B.V.	X	X	Holland	Holding company	100.0%
BCP Investment, BV	X	X	Holland	Holding company	100.0%
BCP Holding (USA), Inc.	X	X	USA	Holding company	100.0%
Seguros e Pensões Gere, S.G.P.S., S.A.	X	X	Portugal	Holding company	100.0%
Millennium bcp Bank & Trust	X	X	Cayman Islands	Banking	100.0%
BCP Finance Bank, Ltd.	X	X	Cayman Islands	Banking	100.0%
BCP Finance Company	X	X	Cayman Islands	Investment	100.0%
Millennium BCP - Escritório de Representações e Serviços, Ltda.	X	X	Brazil	Financial services	100.0%
Millennium BCP Teleserviços - Serviços de Comércio Electrónico, S.A.	X	X	Portugal	Videotex services	100.0%
Caracas Financial Services, Limited	X	X	Cayman Islands	Financial services	100.0%
Banpor Consulting S.R.L.	X	X	Romania	Services	100.0%
Comercial Imobiliária, S.A.	X	X	Portugal	Real estate management	99.9%
Paço da Palmeira - Sociedade Agrícola e Comercial, Lda.	X	X	Portugal	Agriculture industry	100.0%

	31-Dec-09				
	Perimeter		Head office	Economic activity	% control
	Accounting (Full)	Prudential (Financial)			
Millennium bcp - Prestação de Serviços, A.C.E.	X	X	Portugal	Services	93.8%
Servitrust - Trust Managment Services S.A.	X	X	Portugal	Trust services	100.0%
Millennium Insurance Agent Unipersonal Limited Liability Company	X	(1)	Greece	Insurance broker	100.0%
S&P Reinsurance Limited	X	(2)	Ireland	Life reinsurance	100.0%
SIM - Seguradora Internacional de Moçambique, S.A.R.L.	X	(2)	Mozambique	Insurance	89.9%
Kion Mortgage Finance PLC I	X	X	United Kingdom	Special Purpose Entities (SPE)	100.0%
Nova Finance nº4	X	X	Ireland	Special Purpose Entities (SPE)	100.0%
Orchis Sp zo.o.	X	X	Poland	Special Purpose Entities (SPE)	100.0%
Magellan Mortgages No.5	X	X	Ireland	Special Purpose Entities (SPE)	100.0%
Magellan Mortgages No.6	X	X	Ireland	Special Purpose Entities (SPE)	100.0%
Kion Mortgage Finance PLC II	X	X	United Kingdom	Special Purpose Entities (SPE)	100.0%
Caravela SME nº1	X	X	Ireland	Special Purpose Entities (SPE)	100.0%
Imábida - Imobiliária da Arrábida, S A.	X	(1)	Portugal	Real estate management	100.0%
Fundo de Investimento Capital de Risco M Inovação	X	(1)	Portugal	Real estate investment funds	60.7%
Fundo de Investimento Gestão Imobiliária	X	(1)	Portugal	Real estate investment funds	100.0%
Fundo de Investimento Imobiliário Imorenda	X	(1)	Portugal	Real estate investment funds	100.0%
Fundo Imosotto Acumulação	X	(1)	Portugal	Real estate investment funds	100.0%
Consolidated under the equity method					
Baia de Luanda	X	(1)	Angola	Services	10.0%
Banque BCP, S.A.S.	X	(2)	France	Banking	19.9%
Banque BCP (Luxembourg), S.A.	X	(2)	Luxembourg	Banking	19.9%
Luanda Waterfront Corporation	X	(1)	Cayman Islands	Services	10.0%
SIBS - Sociedade Interbancária de Serviços, S.A.	X	(2)	Portugal	Banking services	21.9%
UNICRE - Cartão Internacional de Crédito, S.A.	X	(2)	Portugal	Credit cards	30.3%
Millenniumbcp Fortis Grupo Segurador, S.G.P.S., S.A.	X	(2)	Portugal	Holding company	49.0%
VSC - Aluguer de Veículos Sem Condutor, Lda.	X	(1)	Portugal	Long term rental	50.0%

(1) Entities excluded from consolidation for prudential purposes, whose impact on solvency indicators results from assessment of capital requirements.

(2) Entities excluded from consolidation for prudential purposes, which are subject to deduction from own funds under the terms of Bank of Portugal Notice no. 12/92.

The consolidation methods used for accounting purposes and the respective selection criteria in force in the Group are described in Note 1. Accounting policies, of Volume II of the 2009 Annual Report.

The treatment of holdings held by the Group in insurance companies consolidated under the full consolidation method was changed, for prudential purposes, with the objective of reflecting the recording of these subsidiaries under the equity method, for the purposes of supervision on a consolidated basis.

In addition, the Group manages assets held by investment funds, whose participation units are held by third parties. The Financial Statements of these entities are not consolidated by the Group, except when the Group holds more than 50% of the participation units. However, the entities consolidated for accounting purposes are excluded from the consolidation for prudential purposes, with their impact being reflected in the determination of own funds requirements.

2.3. Eligibility and composition of the financial conglomerate

Directive 2002/87/CE, of December 16, 2002, of the European Parliament and Council, transposed to Portuguese law by Decree-Law no. 145/2006, of July 31, established a fully integrated prudential supervision regime for credit institutions, insurance companies and investment companies that, provided certain conditions are met, belong to financial conglomerates.

The abovementioned Decree-Law establishes the conditions to identify financial conglomerates. Eligible groups are those groups that are headed by, or part of, an authorised regulated entity in the European Union of a relevant size, as defined in accordance with its Balance Sheet, which, cumulatively, includes at least one entity from the insurance subsector and another from the banking or investment services subsector, and provided the activities developed by these two subgroups are significant.

An activity is considered significant if, for each subsector, the average between the weight of its Balance Sheet in the total Group's financial Balance Sheet and the weight of its solvency requirements in the total requirements of the Group's financial sector exceeds 10%, or if the Balance Sheet of the Group's smallest subsector exceeds 6 billion euros.

BCP Group was defined as a financial conglomerate by the National Council of Financial Supervisors (Conselho Nacional de Supervisores Financeiros) for fulfilling the condition foreseen in article 3, no. 2, subparagraph b, ii), of Decree-Law no. 145/2006, reflecting a Balance Sheet of the insurance subsector, the Group's smallest subsector, in excess of 6 billion euros.

On the other hand, and not withstanding the relative weight of the insurance subsector below the previously mentioned 10% level, the National Council of Financial Supervisors also considered that BCP Group does not meet the requirements for exclusion from the complementary supervision regime, under the terms of no. 1 of article 5 of the same Decree-Law no. 145/2006.

As at December 31, 2009, total net assets of the insurance subsector stood at 6,575 million euros, with a relative weight of 6.2%. At the same date, BCP Group, as a financial conglomerate, was composed by the entities included in the Financial Statements for the purposes of supervision on a consolidated basis, in conformity with the prudential perimeter indicated in Table I, on the one hand, and by the insurance companies, namely Seguradora Internacional de Moçambique, S.A.R.L., S&P Reinsurance – Irlanda and the subsidiaries of Millenniumbcp Fortis Grupo Segurador, SGPS, S.A., as shown in Table II.

Table II

Composition of the financial conglomerate

	31-Dec-09			
	Consolidation method	Head office	Economic activity	% control
Banking activity				
Millennium bcp Gestão de Activos - Sociedade Gestora de Fundos de Invest	Full	Portugal	Investment fund management	100.0%
Interfundos - Gestão de Fundos de Investimento Imobiliários, S.A.	Full	Portugal	Real estate investment fund management	100.0%
BII Investimentos International, S.A.	Full	Luxembourg	Investment fund management	100.0%
BCP Capital - Sociedade de Capital de Risco, S.A.	Full	Portugal	Venture capital	100.0%
Banco de Investimento Imobiliário, S.A.	Full	Portugal	Banking	100.0%
BII Internacional, S.G.P.S., Lda.	Full	Portugal	Holding company	100.0%
BII Finance Company	Full	Cayman Islands	Investment	100.0%
Banco ActivoBank (Portugal), S.A.	Full	Portugal	Banking	100.0%
BIM - Banco Internacional de Moçambique, S.A.	Full	Mozambique	Banking	66.7%
Banco Millennium Angola, S.A.	Full	Angola	Banking	52.7%
Bank Millennium, S.A.	Full	Poland	Banking	65.5%
Millennium TFI S.A.	Full	Poland	Investment fund management	100.0%
Millennium Dom Maklerski S.A.	Full	Poland	Broker	100.0%
Millennium Leasing Sp. z o.o.	Full	Poland	Leasing	100.0%
Millennium Lease Sp.z o.o.	Full	Poland	Leasing	100.0%
BBG Finance BV	Full	Holland	Investment	100.0%
TBM Sp.z o.o.	Full	Poland	Advisory and services	100.0%
MB Finance AB	Full	Sweden	Investment	100.0%
Millennium Service Sp. z o.o	Full	Poland	Services	100.0%
Millennium Telecomunication Sp. z o.o.	Full	Poland	Broker	100.0%
Banque Privée BCP (Suisse) S.A.	Full	Switzerland	Banking	100.0%
Millennium bcpbank, national association	Full	USA	Banking	100.0%
Millennium Bank, Societé Anonyme	Full	Greece	Banking	100.0%
Millennium Bank, Anonim Sirketi	Full	Turkey	Banking	100.0%
Millennium Fin, Vehicles, Vessels, Aplliances and Equipment Trading, Societé Anonyme	Full	Greece	Investment	100.0%
Millennium Mutual Funds Management Company, Societe Anonyme	Full	Greece	Investment fund management	100.0%
Banca Millennium S.A.	Full	Romania	Banking	100.0%
BCP Internacional II, Sociedade Unipessoal, S.G.P.S., Lda.	Full	Portugal	Holding company	100.0%
BitalPart, B.V.	Full	Holland	Holding company	100.0%
BCP Investment, BV	Full	Holland	Holding company	100.0%
BCP Holding (USA), Inc.	Full	USA	Holding company	100.0%
Seguros e Pensões Gere, S.G.P.S., S.A. (1)	Full	Portugal	Holding company	100.0%
Millennium bcp Bank & Trust	Full	Cayman Islands	Banking	100.0%

	31-Dec-09			
	Consolidation method	Head office	Economic activity	% control
BCP Finance Bank, Ltd.	Full	Cayman Islands	Banking	100.0%
BCP Finance Company	Full	Cayman Islands	Investment	100.0%
Millennium BCP - Escritório de Representações e Serviços, Ltda.	Full	Brazil	Financial services	100.0%
Millennium BCP Teleserviços - Serviços de Comércio Electrónico, S.A.	Full	Portugal	Videotex services	100.0%
Caracas Financial Services, Limited	Full	Cayman Islands	Financial services	100.0%
Banpor Consulting S.R.L.	Full	Romania	Services	100.0%
Comercial Imobiliária, S.A.	Full	Portugal	Real estate management	99.9%
Paço da Palmeira - Sociedade Agrícola e Comercial, Lda.	Full	Portugal	Agriculture industry	100.0%
Millennium bcp - Prestação de Serviços, A.C.E.	Full	Portugal	Services	93.8%
Servitrust - Trust Managment Services S.A.	Full	Portugal	Trust services	100.0%
Millennium Insurance Agent Unipersonal Limited Liability Company	Equity method	Greece	Insurance broker	100.0%
Kion Mortgage Finance PLC I	Full	United Kingdom	Special Purpose Entities (SPE)	100.0%
Nova Finance nº4	Full	Ireland	Special Purpose Entities (SPE)	100.0%
Orchis Sp zo.o.	Full	Poland	Special Purpose Entities (SPE)	100.0%
Magellan Mortgages No.5	Full	Ireland	Special Purpose Entities (SPE)	100.0%
Magellan Mortgages No.6	Full	Ireland	Special Purpose Entities (SPE)	100.0%
Kion Mortgage Finance PLC II	Full	United Kingdom	Special Purpose Entities (SPE)	100.0%
Caravela SME nº1	Full	Ireland	Special Purpose Entities (SPE)	100.0%
Baia de Luanda	Equity method	Angola	Services	10.0%
Banque BCP (Luxembourg), S.A.	Equity method	Luxembourg	Banking	19.9%
Banque BCP, S.A.S.	Equity method	France	Banking	19.9%
Luanda Waterfront Corporation	Equity method	Cayman Islands	Services	10.0%
SIBS - Sociedade Interbancária de Serviços, S.A.	Equity method	Portugal	Banking services	21.9%
UNICRE - Cartão Internacional de Crédito, S.A.	Equity method	Portugal	Credit cards	30.3%
VSC - Aluguer de Veículos Sem Condutor, Lda.	Equity method	Portugal	Long term rental	50.0%
Insurance activity				
S&P Reinsurance Limited		Ireland	Life reinsurance	100.0%
SIM - Seguradora Internacional de Moçambique, S.A.R.L.		Mozambique	Insurance	89.9%
Millenniumbcp Fortis Grupo Segurador, S.G.P.S., S.A.		Portugal	Holding company	49.0%
Ocidental - Companhia Portuguesa de Seguros, S.A.		Portugal	Insurance	49.0%
Ocidental - Companhia Portuguesa de Seguros de Vida, S.A.		Portugal	Insurance	49.0%
Companhia Portuguesa de Seguros de Saúde, S.A.		Portugal	Insurance	49.0%
Pensõesgere, Sociedade Gestora Fundos de Pensões, S.A.		Portugal	Pension Fund Management	49.0%

(1) Included in the banking activity consolidation perimeter, as per indication of Bank of Portugal.

3. Risk management in BCP Group

The principles, policies and internal organisation of the BCP Group, defined within the scope of its risk management - involving a number of activities and processes that permit the identification, evaluation, monitoring and control of risks -, are described in the chapter Risk Management, included in Volume I of the 2009 Annual Report.

4. Capital adequacy

4.1. Components and main characteristics of regulatory own funds and own funds requirements

The description of the components and main characteristics underlying the determination of regulatory own funds and own funds requirements is included in Note 54. Solvency, of Volume II of the 2009 Annual Report.

4.2. Method of assessment of the adequacy of own funds at the level of the financial conglomerate

BCP Group uses the accounting consolidation method established in Decree-Law no. 145/2006 for the purposes of calculating the adequacy of own funds at the level of the financial conglomerate.

According to this method, the adequacy of own funds corresponds to the difference between the own funds of the financial conglomerate, calculated based on its consolidated position, and the sum of the solvency requirements of the banking and insurance subsectors that compose the conglomerate, which must not be negative.

The adequacy of own funds is calculated based on the consolidated accounts, as mentioned previously, taking into account the applicable sectorial rules with reference to the form and scope of consolidation.

Within the scope of determining the adequacy of own funds, the proportional part held by the Bank in associated companies, in accordance with the percentages used to prepare its consolidated accounts, is considered. On the other hand, the eligible elements for calculation that would result in them being used twice are eliminated, so as to avoid the inadequate creation of own funds at the level of the financial conglomerate.

4.3. Own funds and capital adequacy as at December 31, 2009 and 2008

The Group's own funds amounted to 7,541 million euros and 7,057 million euros, as at December 31, 2009 and 2008, respectively, as shown in Table III.

Table III

Own funds		Euro thousand
	31/12/2009	31/12/2008
1. Total own funds for solvency purposes (1.1.+ 1.2. + 1.4.)	**7,540,582**	**7,057,149**
1.1. Original own funds (=S(1.1.1. a 1.1.5.)-1.3a.)	6,101,770	4,779,657
1.1.1. Eligible capital (=S(1.1.1.1. a 1.1.1.4.))	6,801,173	5,819,338
1.1.1.1. Paid-up capital [(1)]	5,694,600	5,694,600
1.1.1.2. (-) Own shares	-85,548	-58,631
1.1.1.3. Share premium	192,122	183,368
1.1.1.4. Other instruments eligible as capital [(2)]	1,000,000	
1.1.2. Eligible reserves and profits and losses (=S(1.1.2.1. a 1.1.2.5.))	281,933	220,261
1.1.2.1. Reserves	-267,030	-75,579
1.1.2.2. Eligible minority interests	340,117	283,475
1.1.2.3. Profits and losses from the previous financial year and preliminary profits and losses from the current financial year [(3)]	208,846	12,366
1.1.2.4. (-) Net gains from capitalisation of future margin income from securitised assets		
1.1.2.5. Valuation differences eligible as original own funds		
1.1.3. Funds for general banking risks		
1.1.4. Other items eligible as original own funds (1.1.4.1.+1.1.4.2.)	156,613	197,489
1.1.4.1. Impact on the transition into IAS/AAS (negative impact)	156,613	197,489
1.1.4.2. Other items eligible as original own funds		
1.1.5. (-) Other deductions from original own funds (=S(1.1.5.1. a 1.1.5.3.))	-1,119,352	-1,397,002
1.1.5.1. (-) Intangible fixed assets	-534,934	-540,157
1.1.5.2. (-) Items included in original own funds exceeding the eligibility limits		
1.1.5.3. (-) Other deductions to original own funds [(4)]	-584,418	-856,844
1.2. Additional own funds (=S(1.2.1. a 1.2.3.)-1.3b.)	1,565,827	2,357,838
1.2.1. Core additional own funds - Upper Tier 2	135,455	675,725
1.2.2. Supplementary additional own funds - Lower Tier 2	1,448,969	1,742,542
1.2.3. (-) Deductions from additional own funds		
1.3. Deductions from original and additional own funds	-37,195	-120,858
1.3a. Of which: (-) from original own funds	-18,597	-60,429
1.3b. Of which: (-) from additional own funds	-18,597	-60,429
1.4. (-) Deductions from total own funds [(5)]	-127,015	-80,345
1.5. Total additional own funds specific to cover market risks		
1.6. Memorandum items		
1.6.1. (+) Excess of/(-) shortfall provisions in risk-weighted exposures under the Internal Ratings Based Approach (IRB)		
1.6.1.1. Amount of provisions for IRB		
1.6.1.2. (-) IRB measurement of expected losses		
1.6.2. Gross amount of subordinated loan capital recognised as a positive item of own funds	2,305,566	2,813,751
1.6.3. Minimum initial capital requirements	10,000	10,000
1.6.4. Reference own funds for the purpose of limits to large exposures	7,540,582	7,057,149

(1) Includes the share capital of the Bank, fully paid-in, represented by 4,694,600,000 shares with a nominal value of 1 euro each, and preferential shares in the amount of 1 trillion euros, as at December 31, 2009 and 2008, corresponding to two issues of 500 million euros each made by BCP Finance Company, which according to IAS 32 rules and the Group's accounting policies, were considered as capital instruments.

(2) Perpetual Subordinated Securities with Conditioned Interest (Securities) issued by Banco Comercial Português, S.A. under its Securities Issue Programme up to the amount of 7.5 billion euros. Following the analysis of the characteristics of this financial instrument, Bank of Portugal authorized its eligibility for additional own funds up to a maximum limit of 35% of the value of this aggregate.

(3) Comprises retained net income, considering the amount provisioned for payable ordinary dividends and the periodic yield of preferential shares and Securities for the year 2009, but payable only in 2010, and the adjustment related to the results subject to prudential filters, namely due to the impact of changes in own credit risk for liabilities appraised at fair value via results.

(4) Includes the value of actuarial differences in excess of the corridor related to the Pension Fund, and, in 2009, also includes the deduction of the recorded difference between individually ascertained regulatory provisions, and the respective impairment, in the amount of 162,818 thousand euros.

(5) Includes deductions associated with the value of properties received as payment which exceeded the regulatory term for their permanence in assets, and the provisions for securitised assets related to securitisation operations that fail to meet the prudential criteria that define a significant transfer of risks, for non-booked amounts.

As at April 13, 2009, BCP Group received authorisation from Bank of Portugal to use the standardised approach to calculate own funds requirements for operational risk, with effect from March 31, 2009, in substitution of the basic indicator approach, according to which the Group determined its own funds requirements at the end of 2008.

Subsequently, through a communication dated April 30, 2009, Bank of Portugal authorised BCP Group to use the internal models approach to calculate own funds requirements for generic market risk of the trading book and for exchange rate risks, including the sub-portfolios that are part of the perimeter that is centrally managed from Portugal.

It is also worth mentioning that own funds requirements on those dates are not directly comparable in terms of operational risk, trading book risks and exchange rate risks.

Table IV breaks down own funds requirements, which stood at 5,262 millions of euros as at December 31, 2009 and at 5,394 million euros at the end of 2008, by type of risk.

Table IV

Capital requirements		Euro thousand
	31/12/2009	31/12/2008
2. Capital requirements	5,261,507	5,394,054
2.1. For credit, counterparty credit and dilution risks and free deliveries	4,884,721	4,947,614
2.1.1 Standardised approach exposure classes, excluding securitisation positions	4,875,864	4,905,229
2.1.1.1 Claims or contingent claims on Central Governments or Central Banks	52,577	47,242
2.1.1.2 Claims or contingent claims on Regional Governments or Local Authorities	9,520	12,029
2.1.1.3 Claims or contingent claims on Administrative bodies and non-profit Organisations or Local Authorities	22,947	7,162
2.1.1.4 Claims or contingent claims on Multilateral Development Banks		
2.1.1.5 Claims or contingent claims on International Organisations		
2.1.1.6 Claims or contingent claims on Institutions	131,992	118,493
2.1.1.7 Claims or contingent claims on Corporates	2,302,774	2,410,819
2.1.1.8 Retail claims or contingent Retail claims	546,992	638,935
2.1.1.9 Claims or contingent claims secured on real estate property	1,136,517	1,087,245
2.1.1.10 Past due items	293,770	207,084
2.1.1.11 Items belonging to regulatory high-risk categories		
2.1.1.12 Claims on covered bonds		
2.1.1.13 Claims on Collective Investment Undertakings (CIUs)	65,802	67,050
2.1.1.14 Other items	312,973	309,170
2.1.2 Securitisation positions under the standardised approach	8,857	42,385
2.2. Settlement risk	20	0
2.3. Capital requirements for position, foreign-exchange and commodities risks	27,977	34,918
2.3.1 Standardised approach	16,292	34,918
2.3.1.1 Traded debt instruments	15,597	22,716
2.3.1.2 Equity	683	493
2.3.1.3 Foreign exchange risks		11,706
2.3.1.4 Commodities risks	12	4
2.3.2 Internal models method	11,684	
2.4. Capital requirements for operational risk	348,789	411,522
2.4.1 Basic indicator approach		411,522
2.4.2 Standardised approach	348,789	
2.5. Capital requirements - Fixed overhead		
2.6. Other and transitional capital requirements		

At the end of 2009 and 2008, BCP Group had an excess of own funds, in relation to the respective own funds requirements, of 2,147 and of 1,663 million euros, respectively, and of 2,279 and 1,606 million euros at the level of the financial conglomerate, as shown in Table V.

Table V

Capital adequacy		Euro thousand
	31/12/2009	31/12/2008
Surplus (+)/ Deficit (-) of own funds	2,279,076	1,663,095
Solvency Ratio (%)	11.5%	10.5%
Own funds adequacy to the financial conglomerate level		
Own funds of the financial conglomerate	7,540,638	7,136,374
Own funds requiremenmts of the financial conglomerate	5,394,085	5,530,613
Surplus (+)/ deficit (-) of the conglomerate's own funds	2,146,553	1,605,761

The events with a major impact on consolidated own funds and own funds requirements in 2009 are mentioned in the sub-chapter Capital Management, included in the Financial Reporting chapter of Volume I of the 2009 Annual Report.

4.4. Events with a material impact on own funds and own funds requirements in 2010

On 8 February 2010, Bank Millennium, S.A., the subsidiary of Millennium bcp in Poland, has successfully completed a capital increase through a rights issue of 363,935,033 new shares with a subscription price of 2.9 zlotys per share.

The Bank exercised its pre-emptive rights related to the 65.5% held on the share capital of Bank Millennium, S.A., the rights issue of minority shareholders having also been fully subscribed. This transaction will increase minority interests of approximately 87 million euros, thus determining a positive impact of the same amount on the consolidated Core Tier I.

On 10 February 2010, the Bank announced that it has signed an agreement to sell 95% of Millennium Bank, A.S. in Turkey to Credit Europe Bank, N.V., a wholly owned subsidiary of Fiba Holding, A.S., for a total price of approximately 61,8 million euros subject to a final adjustment when the transaction is completed. The Group will retain a 5% stake in Millennium Bank, A.S., having agreed with the buyer a put and call mechanism to sell the remaining stake for a price per share no lower than the price agreed for the majority stake.

This transaction, which is subject to regulatory approval from the supervisory authorities, will generate positive impacts, both on the consolidated Core Tier I and on the capital requirements, of approximately 7 and 26 million euros, respectively.

4.5. Internal Capital Adequacy Assessment Process (ICAAP)

The description of the principles and methodologies for calculating the Group's economic capital needs, within the scope of the Internal Capital Adequacy Assessment Process (ICAAP) is found in the Risk Management chapter, included in Volume I of the 2009 Annual Report.

The global risk position of the Group as at December 31, 2008 and 2009, represented by the internal capital needs determined by the abovementioned process, is presented in Table VI.

Table VI

Economic capital — **Euro thousand**

	31/12/2009		31/12/2008	
	Amount	%	Amount	%
Credit risk	1,790,027	35.5%	1,480,343	32.3%
Market risks	1,320,836	26.2%	1,158,182	25.3%
Trading book	24,283	0.5%	104,832	2.3%
Banking book interest rate	468,723	9.3%	351,622	7.7%
Shares	603,939	12.0%	589,430	12.9%
Real estate	223,891	4.4%	112,298	2.5%
Pension fund risk	956,841	19.0%	732,539	16.0%
Operational risk	436,466	8.7%	442,384	9.7%
Liquidity risk	250,400	5.0%	363,801	7.9%
Business and Strategic Risk	287,298	5.7%	400,771	8.8%
Non-diversified economic capital	5,041,867	100.0%	4,578,019	100.0%
Diversification effect	-1,140,376		-1,115,437	
Diversified economic capital	**3,901,492**		**3,462,583**	

From the analisys of this table, it is important to highlight the increase of economic capital for credit risk from 2008, due to the worsening of the economical and financial status of individuals and companies that ocurred in 2009, as well as the improvement of the access conditions to the funding markets, especially in the second-half of the year, which come to determine the decrease in the economical capital for liquidity risk, compared to 2008.

5. Credit risk and counterparty credit risk

5.1. Definitions and policies for determining losses and coverage

Credit risk is associated with losses or the degree of uncertainty of expected returns, as a result of the inability either of the borrower - and the guarantor, if any - or of the issuer of a security or of the counterparty to an agreement, to fulfil their obligations.

The definitions of an accounting nature and the policies in force for determining losses and coverage in BCP Group are described in Note 1. Accounting policies, of Volume II of the 2009 Annual Report.

Impairment and provision charges and recoveries with an impact on the consolidated income statement of 2009 and 2008 are shown in table VII.

Table VII

Impact of impairment and provision charges and recoveries on results — **Euro thousand**

Impairment and provisions	2009	2008
Charges net of reversions and annulments	691,356	973,912
Recoveries	-33,365	-92,788
Charges net of recoveries	**657,991**	**881,124**

Note: Impairment and provision amounts result from amounts ascertained during financial consolidation, including those related to loans and advances to customers, other loans and advances to credit institutions, financial assets available for sale, other assets, warranties and other liabilities.

5.2. Characterisation of exposures

The exposures considered for the purposes of calculating own funds requirements for credit risk and counterparty credit risk include banking book exposures recorded in the consolidated Balance Sheet and in off Balance Sheet accounts, associated namely with loans and advances to customers, other loans and advances to credit institutions, holding other assets, guarantees and commitments undertaken and hedging derivatives. These risk positions do not include, in addition to the exposures within the scope of the trading book, those relative to securitisation operations carried out by the Group, regarding which there has been observed a significant transfer of the credit risk, in conformity with Bank of Portugal Notice no. 7/2007.

Total original exposures, which correspond to the respective gross value of impairments and depreciation, came to 123,037 and 120,225 million euros, respectively, as at December 31, 2009 and 2008. Table VIII presents the breakdown of this amount by risk class, as defined by the Basel II Accord.

Table VIII

Exposures by risk class		**Euro thousand**
Risk classes	**Original exposure**	
	31/12/2009	**31/12/2008**
CL I - Central Governments or Central Banks	4,861,240	4,676,772
CL II - Regional Governments or Local Authorities	421,655	599,701
CL III - Administrative and non-profit Organisations	2,637,381	932,802
CL IV - Multilateral Development Banks	77,743	78,359
CL V - International Organizations		
CL VI - Institutions	8,288,209	7,457,737
CL VII - Corporates	43,507,906	46,612,180
CL VIII - Retail portfolio	14,829,452	15,519,649
CL IX - Positions guaranteed by real estate	35,648,647	34,367,936
CL X – Past due items	4,569,745	2,745,693
CL XI - Covered bonds		
CL XII - Exposures on Collective Investment Undertakings (CIUs)	849,515	842,043
CL XIII - Other items	7,345,082	6,392,352
TOTAL	**123,036,576**	**120,225,224**

Note: The total original exposures on year-end 2009, in the amount of 123,036,576 thousand euros (120,225,224 thousand euros on year-end 2008), gross of impairment and amortization amounts, is comprised by 96,305,658 thousand euros recorded in the consolidated Balance Sheet (94,368,597 thousand euros in 2008), 23,094,484 thousand euros for off Balance Sheet exposure (22,317,735 thousand euros in 2008), 3,022,243 thousand euros for derivative instruments (3,033,484 thousand euros in 2008), and the remainder corresponding to repurchase operations. The most significant risk class for the total original exposures are Corporates, followed by positions guaranteed by real estate. For the Corporates class, the item emphasized in the Balance Sheet represents about 63% and the off Balance Sheet positions, about 35%, comparing to 64% and 33%, respectively, on 31 December 2008. In the real estate guaranteed positions class, the portion emphasized in the Balance Sheet maintained a relative weight of 99% of the total exposure.

Tables IX, X and XI characterise the Group's positions at the end of 2009 and 2008, in weight (percentage) relative to original exposures, in terms of their geographic and sectorial distribution and by residual maturity.

Table IX

Geographic distribution of exposure (as a % of the original exposure)

Exposure classes	Portugal		Poland		Greece		Other	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008	31/12/2009	31/12/2008	31/12/2009	31/12/2008
CL I - Central Governments or Central Banks (1)	28.3%	54.5%	28.6%	17.1%	17.0%	12.5%	26.1%	15.9%
CL II - Regional Governments or Local Authorities	72.3%	89.6%	25.7%	10.4%	1.9%		0.0%	
CL III - Administrative and non-profit Organisations	96.9%	98.8%	3.1%	1.2%			0.0%	0.0%
CL IV - Multilateral Development Banks (2)							100.0%	100.0%
CL V - International Organizations								
CL VI - Institutions (3)	46.8%	43.2%	1.8%	5.3%	1.2%	4.1%	50.2%	47.4%
CL VII - Corporates	75.5%	76.2%	5.0%	4.9%	5.7%	5.1%	13.8%	13.9%
CL VIII - Retail portfolio	68.1%	62.1%	14.9%	20.0%	7.3%	8.8%	9.6%	9.1%
CL IX - Positions guaranteed by real estate	72.7%	75.0%	14.6%	13.1%	6.9%	6.1%	5.8%	5.8%
CL X – Past due items	80.8%	81.1%	7.5%	4.8%	7.2%	7.5%	4.6%	6.6%
CL XI - Covered bonds								
CL XII - Exposures on Collective Investment Undertakings (CIUs)	100.0%	99.5%						0.5%
CL XIII - Other items	91.2%	89.2%	3.0%	4.5%	1.9%	2.8%	3.8%	3.5%
Percentage of total original exposure	**71.7%**	**72.3%**	**9.6%**	**9.6%**	**6.0%**	**5.9%**	**12.6%**	**12.2%**

Note: all the countries under 'Other' have an individual representativeness of less than 1%.

(1) The amount reported under 'Other' regarding 'Central governments or central banks' results from exposures to this risk class in Mozambique, Angola, Switzerland, Turkey, the USA and, in 2009, also in Romania and Ireland.

(2) Represents an exposure to the BEI, based in Luxembourg.

(3) The 50.2% reported under 'Institutions' classified in 'Other' correspond basically to exposures on Banks headquartered in the United Kingdom, with a weight of about 25% of the total exposure, followed by France with 13%, and Germany, Belgium and Spain, each of them with 12% of total exposure. All other countries included under 'Other' have a relative weight below 10%. In 2008, the main concentration was on Banks headquartered in the United Kingdom and Belgium (with each of these two geographies assuming a weight of about 20% of the total exposure), followed by Germany with 16%, and the USA with 12%.

Table X

Sectorial distribution of exposures (as a % of the original exposure)

Exposure classes	31-Dec-09							
	Mortgage credit	Services	Consumer credit	Construction	Other activ. - national	Other activ. - international	Wholesale business	Other
CL I - Central Governments or Central Banks		100.0%			0.0%	0.0%		
CL II - Regional Governments or Local Authorities		100.0%						
CL III - Administrative and non-profit Organisations (1)		18.6%		4.9%	15.6%	0.0%	1.2%	59.6%
CL IV - Multilateral Development Banks		100.0%						
CL V - International Organizations								
CL VI - Institutions		100.0%						
CL VII - Corporates (2)		30.7%	5.5%	13.3%	19.2%	7.8%	4.3%	19.3%
CL VIII - Retail portfolio (3)		7.2%	44.4%	6.3%	14.7%	2.3%	6.2%	18.8%
CL IX - Positions guaranteed by real estate	82.1%	5.8%	1.5%	2.1%	3.7%	0.6%	0.6%	3.7%
CL X - Past due items	33.7%	12.4%	9.4%	7.8%	12.7%	3.3%	6.2%	14.6%
CL XI - Covered bonds								
CL XII - Exposures on Collective Investment Undertakings (CIUs) (4)								100.0%
CL XIII - Other items								100.0%
Percentage of total original exposure	**25.0%**	**25.3%**	**8.1%**	**6.5%**	**10.4%**	**3.3%**	**2.7%**	**18.6%**

Exposure classes	31-Dec-08							
	Mortgage credit	Services	Consumer credit	Construction	Other activ. - national	Other activ. - international	Wholesale business	Other
CL I - Central Governments or Central Banks		100.0%			0.0%	0.0%		
CL II - Regional Governments or Local Authorities		100.0%						
CL III - Administrative and non-profit Organisations (1)		13.7%			1.1%	0.1%		85.1%
CL IV - Multilateral Development Banks		100.0%						
CL V - International Organizations								
CL VI - Institutions		100.0%						
CL VII - Corporates (2)		31.4%	4.1%	16.2%	12.5%	9.5%	5.1%	21.2%
CL VIII - Retail portfolio (3)		6.9%	45.4%	6.4%	13.9%	3.1%	6.4%	17.9%
CL IX - Positions guaranteed by real estate	82.0%	5.8%	1.4%	2.0%	2.3%	0.8%	0.6%	4.9%
CL X - Past due items	50.5%	7.3%	8.3%	5.2%	8.5%	3.2%	4.7%	12.4%
CL XI - Covered bonds								
CL XII - Exposures on Collective Investment Undertakings (CIUs) (4)								100.0%
CL XIII - Other items								100.0%
Percentage of total original exposure	**24.6%**	**25.7%**	**8.1%**	**7.8%**	**7.5%**	**4.4%**	**3.1%**	**18.9%**

(1) The amounts recorded under 'Other' are due basically to the 'Transport and Communication' industry, both in 2008 and 2009.

(2) Among the amounts under 'Other' in the risk class 'Corporates' the following activity sectors stand out: 'Retail trade' and 'Electricity, Water and Gas', each of them representing about 15% of the total of this sub-exposure, both in 2009 and 2008, followed by the 'Engineering' and 'Chemicals' industries, each with about 10% of this amount under analysis (about 13% each in 2008).

(3) Among the amounts under 'Other' in the risk class 'Retail portfolio' the 'Retail trade' sector stands out, representing 36% of the total of this sub-exposure (about 35% in 2008).

(4) The amounts contained in this heading correspond to Participation Units in Investment Funds.

Table XI

Distribution of exposures by residual maturity (RM) (as a percentage of the original exposure)

Exposure classes	RM > 1 year		1 year < RM < 5 years		5 years < RM < 10 years		RM > 10 years	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008	31/12/2009	31/12/2008	31/12/2009	31/12/2008
CL I - Central Governments or Central Banks	61.9%	66.9%	22.7%	15.7%	13.5%	16.1%	1.9%	1.2%
CL II - Regional Governments or Local Authorities	20.8%	18.3%	20.3%	7.3%	20.1%	11.3%	38.8%	63.0%
CL III - Administrative and non-profit Organisations	56.3%	53.0%	14.3%	26.5%	14.5%	14.5%	14.9%	6.1%
CL IV - Multilateral Development Banks			67.2%	66.0%	0.0%	0.0%	32.8%	34.0%
CL V - International Organizations								
CL VI - Institutions	61.7%	63.7%	16.6%	14.5%	6.3%	1.6%	15.5%	20.3%
CL VII - Corporates	58.0%	63.0%	20.5%	15.9%	12.0%	10.9%	9.6%	10.3%
CL VIII - Retail portfolio	44.1%	50.4%	40.2%	27.3%	8.5%	8.1%	7.1%	14.1%
CL IX - Positions guaranteed by real estate	5.9%	7.0%	5.5%	4.6%	6.1%	6.1%	82.5%	82.3%
CL X - Past due items	36.0%	21.1%	12.8%	12.8%	6.5%	7.0%	44.7%	59.1%
CL XI - Covered bonds								
CL XII - Exposures on Collective Investment Undertakings (CIUs)			89.2%	40.8%			10.8%	59.2%
CL XIII - Other items	28.7%	25.2%	9.6%	40.7%	6.4%	2.8%	55.3%	31.3%
Percentage of total original exposure	**38.5%**	**41.8%**	**17.8%**	**15.5%**	**9.0%**	**8.2%**	**34.8%**	**34.5%**

Past due exposures and those subject to impairment analysis, as well as the balance of impairments and provisions, with reference to December 31, 2009 and 2008, are shown in Table XII, broken down by main economic sectors and geographic areas to which the Group is exposed.

Table XII

Breakdown of past due and impaired exposures						Euro thousand
	Past due exposures		Impaired exposures		Impairment and provisions	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008	31/12/2009	31/12/2008
Total exposures	**4,569,745**	**2,745,693**	**15,127,515**	**9,057,692**	**2,742,981**	**1,771,825**
Breakdown by main economic sectors						
Mortgage credit	1,539,058	1,385,338	2,874,457	2,668,541	217,278	225,321
Services	566,660	199,339	4,221,087	2,077,649	381,031	261,979
Consumer credit	429,245	227,860	751,135	445,345	328,222	201,150
Construction	356,262	142,183	1,922,910	980,775	197,797	94,999
Other activ. - national	579,021	233,994	1,365,313	549,679	306,011	139,094
Other activ. - international	151,935	87,475	1,287,062	724,766	214,413	237,535
Wholesale business	282,665	128,868	612,022	325,872	191,219	61,733
Other	664,899	340,637	2,093,529	1,285,064	907,010	550,015
Breakdown by main geographic areas						
Portugal	3,690,578	2,319,556	12,466,648	8,017,593	2,046,322	1,337,256
Poland	342,331	132,356	503,124	290,710	289,406	153,355
Greece	327,156	112,279	508,120	252,368	71,612	52,084
Other	209,679	181,502	1,649,624	497,020	335,642	229,130

Table XIII shows the movements, in 2009 and 2008, for the items that justify the difference between the value of the original exposures and the net value at which they are recorded in the consolidated Balance Sheet: impairments and provisions, on the one hand, and amortisations, on the other. The performance of these items is explained by charges, uses, reversions and annulments and other adjustments.

Table XIII

Impairments, provisions and amortisations				Euro thousand
	Impairment and provisions	Amortisations	Total	
			31/12/2009	31/12/2008
Opening balance	**1,988,169**	**1,046,657**	**3,034,826**	**2,656,943**
Charges	1,206,824	84,857	1,291,682	1,434,596
Uses	-182,781		-182,781	-739,680
Re-adjustments/Cancellations	-515,468	-22,719	-538,187	-477,261
Other adjustments:	246,237	-1,594	244,643	-51,622
- Adjustment for exchange rate differences	382	5,533	5,915	-32,579
- Transfers of provisions	249,598	-7,127	242,471	-8,639
- Business combinations				
- Acquisitions and disposals of subsidiaries	-3,743		-3,743	
- Other				-10,403
Closing balance	**2,742,981**	**1,107,201**	**3,850,182**	**2,822,977**

Note: The impairment and other provision amounts result from the amounts ascertained during financial consolidation, including those related to loans and advances to customers, other loans and advances to credit institutions, financial assets available for sale, other assets, warranties and other liabilities. The aforementioned impairment and other provisions, as well as the amortisations related to tangible assets, are deducted from the original exposures, during the calculation of own funds requirements.

5.3. Own funds requirements for credit risk and counterparty credit risk

As at December 31, 2009 and 2008, BCP Group determined the own funds requirements for credit risk and counterparty credit risk in accordance with the standardised approach.

In this approach, the original exposures are classified in line with regulatory risk classes according to the nature of the counterparty, to which specific weights are applied after carrying out some adjustments, due to the application of credit conversion factors (CCF) - namely, in the case of off-Balance Sheet exposures - and those resulting from risk mitigation.

In the capital requirements calculation process, credit ratings of issuers or issues are used, provided they have been attributed by external credit rating agencies Standard & Poor's, Moody's or Fitch Ratings.

For the purposes of allocating rating notations to exposures, whenever the same issuer has two or more risk evaluations, the second best rating attributed is used. The credit rating of the issuer is applicable to all of its operations, whereas the rating for a specific issue is only considered for that same issue.

Table XIV

Own funds requirements for credit risk and counterparty credit risk — Euro thousand

	31-Dec-09								
	Risk weights								Total
	0%	10%	20%	35%	50%	75%	100%	150%	
1. Original exposure									
CL I - Central Governments or Central Banks	4,165,594		42,752				652,895		4,861,240
CL II - Regional Governments or Local Authorities	8,157		306,501		106,997				421,655
CL III - Administrative and non-profit Organisations	713,318		1,842,333		81,731		0		2,637,381
CL IV - Multilateral Development Banks	77,743								77,743
CL V - International Organizations									
CL VI - Institutions			8,165,442		55,775		66,992		8,288,209
CL VII - Corporates	13,594		140,547		1,503,435		41,850,331		43,507,906
CL VIII - Retail portfolio						14,793,525	35,927		14,829,452
CL IX - Positions guaranteed by real estate				28,636,610	4,308,945	1,561,647	1,141,445		35,648,647
CL X - Past due items							3,551,225	1,018,519	4,569,745
CL XI - Covered bonds									
CL XII - Exposures on Collective Investment Undertakings (CIUs)							849,515		849,515
CL XIII - Other items	1,618,370		587,160				5,139,552		7,345,082
Total original exposures	6,596,775		11,084,735	28,636,610	6,056,883	16,355,172	53,287,882	1,018,519	123,036,576
2. Exposure (reserve base of risk weights)									
CL I - Central Governments or Central Banks	4,267,407		42,752				648,661		4,958,820
CL II - Regional Governments or Local Authorities	8,157		307,298		84,160		15,465		415,080
CL III - Administrative and non-profit Organisations	314,163		1,270,277		65,565		0		1,650,005
CL IV - Multilateral Development Banks	77,743								77,743
CL V - International Organizations	1,953								1,953
CL VI - Institutions	380,420		7,780,154		54,788		66,472		8,281,835
CL VII - Corporates	262,335		125,937		486,139		28,516,415		29,390,826
CL VIII - Retail portfolio	67,760					9,116,541			9,184,301
CL IX - Positions guaranteed by real estate	37			28,456,970	4,169,309	1,397,328	1,113,875		35,137,520
CL X - Past due items							2,625,454	697,780	3,323,234
CL XI - Covered bonds									
CL XII - Exposures on Collective Investment Undertakings (CIUs)							822,526		822,526
CL XIII - Other items	1,618,370		587,160				3,794,729		6,000,259
Total exposures	6,998,346		10,113,578	28,456,970	4,859,962	10,513,869	37,603,597	697,780	99,244,102
3. TOTAL capital requirements (=Σ (2. * risk weights) * 8%)									
CL I - Central Governments or Central Banks			684				51,893		52,577
CL II - Regional Governments or Local Authorities			4,917		3,366		1,237		9,520
CL III - Administrative and non-profit Organisations			20,324		2,623		0		22,947
CL IV - Multilateral Development Banks									
CL V - International Organizations									
CL VI - Institutions			124,482		2,192		5,318		131,992
CL VII - Corporates			2,015		19,446		2,281,313		2,302,774
CL VIII - Retail portfolio						546,992			546,992
CL IX - Positions guaranteed by real estate				796,795	166,772	83,840	89,110		1,136,517
CL X - Past due items							210,036	83,734	293,770
CL XI - Covered bonds									
CL XII - Exposures on Collective Investment Undertakings (CIUs)							65,802		65,802
CL XIII - Other items			9,395				303,578		312,973
TOTAL CAPITAL REQUIREMENTS			161,817	796,795	194,398	630,832	3,008,288	83,734	4,875,864

Note: The original exposures reflect the total reported in Table VIII - Exposures, while the own funds requirements shown in this table correspond to the items in 2.1.1 of Table IV - Own funds requirements.

5.4. Additional information on counterparty credit risk

The total exposure limit for counterparties with access to Treasury products is divided into two components: one for traditional credit operations and another for Treasury products.

In the manual Credit Regulations for Sovereigns and Financial Institutions, the Group defines the way in which the consumptions of the counterparty credit risk limits are determined. This calculation is based on the market value of the operations, to which a factor arising from the future potential variation of that same value is added, being an adjustment related to the temporal scope of the probability of default (which increases over time) also made.

The Group has a policy of closing bilateral contracts to guarantee exposures resulting from derivatives contracted with banks under ISDA – International Swaps and Derivatives Association - negotiation agreements.

On the other hand, the Credit Support Annexes (CSA) contracts guarantee the constitution, by the entity with net values payable in the future, of financial collaterals from the other party to guarantee the payment of these contractual obligations. In these contracts, the Bank only accepts deposits in euros as collateral.

For the purposes of reducing counterparty credit risk, the Group uses the financial collateral comprehensive method, as established in Annex VI to Bank of Portugal Notice no. 5/2007.

According to the mark-to-market method applied by the Group, as defined in Part 3 of Annex V to the abovementioned Notice, the necessary values to calculate the exposure in the relevant positions only has two components: (i) the market value of each operation and (ii) the percentage of the nominal to be applied as an add-on to that market value.

The market values of the operations are collected directly from the front-end application (Kondor+) of the Group, in which the management and evaluation of the operations is carried out, whilst the add-on values to be applied are directly identifiable in table I of Stage b) of Part 3 of Annex V to Bank of Portugal Notice no. 5/2007.

Table XV shows own funds requirements determined for counterparty credit risk at the end of 2009 and 2008. The value of the exposure of operations subject to counterparty credit risk was calculated in accordance with the market price evaluation method (mark-to-market) as established in Part 3 of Annex V to Bank of Portugal Notice no. 5/2007.

Table XV

Own funds requirements for counterparty credit risk — Euro thousand

	Original exposure, net of impairment	Credit risk mitigation techniques with substitution effects in the original net exposure [(a)]	CRM techniques with substitution effect on the net exposure amount [(b)]	Fully adjusted exposure value	Capital requirements	
					31/12/2009	31/12/2008
Repurchase transactions, securities or commodities lending or borrowing transactions, long settlement transactions and margin lending transactions	611,166		590,291	20,875	771	62
Derivatives	3,019,604		478,157	2,541,447	77,262	102,373
Contractual cross-product netting						

(a) Substitution effects in the exposure, corresponding to the net balance of "outflows" and "inflows".

(b) Funded credit protection - comprehensive financial collateral approach.

Note: Own funds requirements shown in this table are emphasized in the scope of item 2.1.1 of Table IV - Own funds requirements.

As at December 31, 2009 and 2008, BCP Group had no formal credit risk coverage operation involving credit derivatives underway, having benefited, however, from credit risk protection obtained within the scope of the Promise Caravela 2004 synthetic securitisation operation during 2008 and the first half of 2009. On those dates, the Group was exposed to other financial instruments with credit risk arising from intermediation activities, namely credit linked notes and credit default swaps, which correspond, essentially, to a number of structured products originated by the Bank and their associated informal coverage operations. These exposures are shown in Table XVI.

Table XVI

Credit derivatives				Euro thousand
Credit derivative transactions	**Long positions**		**Short positions**	
	31/12/2009	**31/12/2008**	**31/12/2009**	**31/12/2008**
I. Credit portfolio (total):				
a) Credit default swaps	7,567	94,872		
b) Total return swaps				
c) Credit linked notes				
d) Other credit derivatives				
II. Intermediation activities (total):				
a) Credit default swaps	23,872	40,902	2,222,575	1,052,593
b) Total return swaps	37,539			
c) Credit linked notes	1,766,400	1,009,000		
d) Other credit derivatives				

Long-term positions - theoretical value of the acquired protection

Short-term positions - theoretical value of the protection sold

Notes:

The credit default swaps shown in item I.a) of this table don't include those related to the acquired protection within the synthetic securitisation Promise Caravela 2004, which was canceled in 2009 (the respective total amount on December 31, 2008 was 3,438,682 thousand euros).

The intermediation activities mostly involve net protection sales via credit default swaps, to secure coverage for the credit risk related to credit linked notes and other financial instruments issued by the Group.

The exposures listed in this table impact at the level of own funds requirements for counterparty risk, based on market value plus an add-on, with the respective amounts reflected in table XV - Own funds requirements for counterparty credit risk.

5.5. Management of concentration risk

The principles and methodologies of identification, evaluation, monitoring and control of concentration risks are described in the Risk Management chapter, included in Volume I of the 2009 Annual Report.

5.6. Credit risk mitigation techniques

5.6.1. Eligibility and type of mitigation instruments

Within the scope of the implementation of the Basel II Accord, the internal rules and procedures relative to credit risk mitigation were revised, so as to fulfil the operational requirements defined in Bank of Portugal Notice no. 5/2007 and to promote an improved collateralisation of credit operations, seeking to ensure that transactions are guaranteed by mitigation instruments that provide an adequate protection against risks incurred.

The eligibility criteria stipulated by the Bank reflect, in addition to the requirements of the Notice, the experience of the Credit Recovery Department and the opinion of the Legal Department with respect to the binding character of the various mitigation instruments.

The collateral and guarantees are grouped in the following categories:

a) financial collateral, real estate collateral and other collateral;

b) values receivable;

c) first demand guarantees, issued by banks or other entities with Risk Degree 7 or higher in the Rating Master Scale;

d) personal guarantees, when the guarantors are classified as Risk Degree 7 or better;

e) credit derivatives.

Financial collateral must also observe the following rules:

a) be transacted in a recognised stock exchange, that is, in an organised, liquid and transparent secondary market, with bid and offer prices, located in European Union countries, the United States of America, Japan, Canada, Hong Kong or Switzerland.

b) be listed on a main index: PSI 20, DAX, FTSE 100, CAC 40, Dow Jones Industrial Average, S&P 500, Nasdaq, DJ Stoxx 50, IBEX 35, MIB 30, Amsterdam Exchanges Index, OMX 30 Stockolm, OMX 20 Copenhagen, OMX 25 Helsinki, ATX Austrian SE, TTSE 20 Athens SE, WIG 20 Warsow SE, Swiss Market Index, Nikkei 225 and Hang Seng.

In this context, it is important to mention that Banco Comercial Português shares are not accepted as financial collateral for new credit operations, only being accepted within the scope of guarantees in already existing credit operations or within the scope of restructuring processes associated with credit recovery.

Regarding credit guarantees and derivatives the principle of substitution of the customer's degree of risk for the protection provider's degree of risk, provided the latter's is better than the former's, is applied when:

a) there are State guarantees, Mutual Guarantee Companies or financial institutions guarantees;

b) personal guarantees or bails are provided (or, in the case of leasing operations, there is a supporting contractor);

c) mitigation is carried out through credit derivatives.

In derivative product operations carried out in financial markets, with banking counterparties, the Bank has to, as a principle, support the same counterparties in bilateral compensation agreements (ISDA). In addition, the Bank has followed the policy of complementing these agreements with Credit Support Annexes (CSA), which guarantee an effective reduction in the counterparty risk of the transactions, by demanding collateralisation with financial instruments of the net amounts payable by one of the counterparties.

5.6.2. Protection levels

For all credit operations, at the moment of credit decision, a protection level is attributed, taking into consideration the credit amount and the value and type of collateral involved. The protection level corresponds to the evaluation of the loss reduction in case of default based on the various types of collateral, considering the relationship between the market value of the collateral and the amount of exposure associated.

In the case of financial collateral, an adjustment of the value of protection is carried out through the application of a set of haircuts, so as to reflect the volatility of the price of the financial instruments. The haircuts considered are the following: (i) specific haircut of the collateral type (differentiating debt instruments according to maturity and the issuer risk or the shares included in a main index versus the shares listed in a recognised stock exchange, for example); (ii) seniority haircut of the instrument (senior debt, subordinated debt and highly subordinated debt and preferential shares; (iii) exchange rate haircut (when the currency of the collateral differs from the exposure currency); and (iv) fixed interest rate debt securities haircut (according to residual maturity).

5.6.3. Collateral revaluation

Financial collateral

The market value of the financial collateral is automatically updated on a daily basis, through the existing computer connection between the collateral management system and information of the relevant financial markets.

Real estate: home mortgages, commercial mortgages and others

Mortgages designed to guarantee credit risks for home acquisition, including those granted through leasing, as well as commercial spaces, are not considered within the specific scope of credit risk reduction techniques, but play a part in the verification of the criteria that determine the attribution of the relevant weights to calculate the respective own funds requirements, or the deduction of the value of the real estate received as payment towards own funds.

The procedures with respect to evaluation of the real estate portfolio are identical throughout the Bank and are based on the concept of value in terms of a mortgage guarantee, being centralised at the Evaluation Unit, regardless of the customer area - credit concession, credit recovery, real estate received as payment and leasing, among others.

The evaluations and respective revisions/revaluations are, in general, carried out by external evaluation entities and ratified by the Bank's Evaluation Unit, and can also be carried out by an internal evaluation expert, irrespective of customer areas. In any case, they are the object of a written report, in standardised digital format, taking into consideration the methods applied - income, cost and reversion and/or market comparison. The value obtained within the scope of the concept of market value and for the purposes of mortgage guarantee, according to the type of real estate in question, is also considered. Evaluations have been subject to a declaration/certification of the evaluation expert since 2008, as required by Bank of Portugal Notice no. 5/2007.

Relative to real estate for housing, in conformity with Bank of Portugal Notices no. 5/2006 and no. 5/2007, the Bank verifies the respective values through indices or revision by an external evaluation expert within the established requirements:

a) if the value of the guarantee is in excess of 500,000 euros, the value is revised by an evaluation expert, every three years;

b) if the value of the guarantee is below 500,000 euros, the value is verified every three years, through indices, in those cases in which their use is possible. The non-existence of indices implies the intervention of an evaluation expert.

For all other real estate, outside the scope of housing, there are no available indices yet. As a result, real estate related with industry - namely factories -, real estate related with housing development processes or even rustic buildings are evaluated by external evaluators. In this context, the Bank is commited to the development of an adequate solution for the annual verification of the value of non-housing real estate, without prejudice to the review of the value of these guarantees, when in excess of 1 billion euros, by an expert evaluator, every three years.

The indices currently used to verify housing real estate, are provided to the Bank by a specialised external entity, which has for more than a decade been collecting and handling the data on which the respective elaboration is based.

The indices are applied for the purposes of verification of the evaluation values and the revision of the evaluation values, according to the requirements of Bank of Portugal Notice no. 4/2007, are carried out by external and internal evaluation experts, in this case supported by value revision algorithms developed by the Bank.

The Bank does not use any automated systems to obtain evaluation values - such as simulators -, all evaluations being carried out by evaluation experts.

To control the verifications of the evaluations carried out through indices, an alert map of devaluations in excess of a specific percentage (currently 10%) is produced in the Bank's central system, which supports analyses of guarantee devaluations or the detection of errors in the input of values, subject to immediate correction.

Table XVII summarises the impact, with reference to December 31, 2009, of the credit risk reduction techniques used by the Group within the scope of the standardised approach, in terms of the substitution of exposures and the actual amount of exposures, by risk class.

Table XVII

Credit risk mitigation techniques								Euro thousand
	Net exposure	CRM techniques with substitution effect on the original net exposure					CRM techniques with substitution effect on the net exposure amount: funded credit protection (a)	
		Personal credit protection: fully adjusted value of the protection (GA)		Funded credit protection		Substitution effect on the exposure (net of outflows and inflows)	Volatility adjustment to the exposure amount	Financial collateral: amounts adjusted by volatility and any discrepancy between expiration periods (Cvam) (-)
		Guarantees	Credit derivatives	Simple method: financial collaterals	Other forms of real credit protection			
Total exposures	119,186,393	997,233	7,526	658,609	10,573	0		3,667,915
CL I - Central Governments or Central Banks	4,859,087					106,856		
CL II - Regional Governments or Local Authorities	419,083	2,195				42,924		3
CL III - Administrative and non-profit Organisations	2,635,724	128,513				-92,991		5,369
CL IV - Multilateral Development Banks	77,743							
CL V - International Organizations						1,953		
CL VI - Institutions	8,267,928	4,982				1,149,114		529,780
CL VII - Corporates	42,669,853	334,701	7,526	20,872	10,573	-121,646		2,775,395
CL VIII - Retail portfolio	14,644,124	451,875		637,700		-1,021,814		339,289
CL IX - Positions guaranteed by real estate	35,379,203			37		10,573		5,419
CL X - Past due items	3,410,861	74,968				-74,968		12,659
CL XI - Covered bonds								
CL XII - Exposures on Collective Investment Undertakings (CIUs)	822,526							
CL XIII - Other items	6,000,259							

(a) Comprehensive financial collateral method. Exposure amount shall mean the net exposure after the substitution effect.

Credit risk mitigation techniques are analysed in Table XVIII, taking into consideration the main sectors of activity focused on.

Table XVIII

Concentration analysis: unfunded and funded credit protection										Euro thousand
	Unfunded credit protection				Funded credit protection - Simple method				Funded credit protection - Comprehensive financial collateral method	
	Guarantees		Credit derivatives - Simple method		Eligible (financial) collateral		Other forms of funded credit protection		Eligible (financial) collateral	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008	31/12/2009	31/12/2008	31/12/2009	31/12/2008	31/12/2009	31/12/2008
Total positions covered	997,233	553,840	7,526	2,396,882	658,609	607,822	10,573		3,667,915	2,762,096
Mortgage credit		165			37	410			5,092	6,447
Services	243,615	193,149		706,239					1,790,907	1,019,223
Consumer credit	77,411	74,603			658,572	607,412	10,573		269,798	265,209
Construction	147,976	40,416		422,315					148,865	125,777
Other activ. - national	82,622	13,340		88,608					342,040	152,714
Other activ. - international	61,317	92,079							335,450	261,772
Wholesale business	81,405	23,404		257,171					50,020	60,594
Other	302,887	116,683	7,526	922,549					725,743	870,360

Note: The variation of the amount of credit derivatives between 31 December 2008 and 2009 was determined by the cancellation of the synthetic securitisation Promise Caravela 2004.

5.7. Equity exposures in banking book

BCP Group holds equity exposures in the banking book, characterised by stability and with the objective of creating value. The holding of these positions complies with at least one of the following objectives:

- the development of entities or projects of strategic interest for the Group;
- generating a return or opportunities of growth of the banking business;
- the development of entities with valuation potential;
- making entities with the capacity to recover viable, including namely shares received as payment or by converting credits into capital.

The accounting policies in force in the BCP Group relative to recognition, fair value changes, recording of gains and losses and recognition of dividends of the shares of the banking book are described in Note 1. Accounting policies, of Volume II of the 2009 Annual Report.

Table XIX

Equity exposures in the banking book						Euro thousand
	Listed shares		Unlisted shares Private equity		TOTAL	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008	31/12/2009	31/12/2008
Acquisition cost / Notional amount (1)	15,414	33,781	782,168	691,466	797,582	725,247
Fair value	7,062	46,346	369,764	508,446	376,826	554,791
Market price						
Gains or losses arising from sales and settlements in the period (2)					14,062	-267,688
Total unrealised gains or losses (3)					84,494	268,110
Total latent revaluation gains or losses (4)					-420,757	-170,456

Note: Equity issued by own institution and their derivatives are not included

(1) Acquisition cost / Notional amount: the capital stake in Eureko (private equity) is recorded in consolidated assets, in the portfolio of securities available for sale, in the amount of the respective equity pick-up on its last consolidation date (under the equity method). In this map this amount was adjusted to incorporate the goodwill previously ascertained and deducted from the reserves consolidated in the acquisition cost of the shareholding, in line with its prudential treatment.

(2) Gains or losses arising from sales and settlements in the period: results before taxes; in 2008 it includes the capital losses ascertained in the divestment of the stake in Banco BPI, S.A.

(3) Total unrealised gains or losses: reports the amount of the fair value reserves in this portfolio on the analysis date, doesn't therefore incorporate eventual impairments or goodwill related to the respective securities; corresponds to potential capital gains/losses accounting for this portfolio, booked to the profit and loss account in case of divestment.

(4) Total latent revaluation gains or losses: difference between the fair value and the acquisition cost of the securities in the portfolio on the analysis date. Reflects the total gains/losses underlying the bank shares portfolio; however, part of the potential losses may have already been recognized, via results or reserves (namely by impairment or goodwill).

6. Securitisation operations

6.1. Description of the Group's activities and securitisation operations

The Group sponsors the establishment of special purpose entities (SPE) with the main objective of carrying out asset securitisation operations for reasons related with its liquidity management and/or capital management.

The objective, the form, the degree of involvement and the existence, if any, of a significant transfer of the credit risk of each of the securitisation operations in which the Group was involved, as at December 31, 2009, are summarised in Table XX.

Table XX

Description of securitisation operations

	MAGELLAN 1
Identification of the securitisation operation	Magellan Mortgages No. 1 Limited
Initial objective of the securitisation operation	Securing funding and risk management
Form of the securitisation operation	Traditional securitisation
Level of involvement in the respective process	Credit lender (Banco Comercial Português, S.A. and Banco de Investimento Imobiliário, S.A.) Manager of the assigned credits Escrow bank of the Securitisation Credit Fund Transaction Manager [Counterparty to the interest rate back-to-back swap]
Start date	December 18, 2001
Legal maturity	December 15, 2036
Step-up clause (date)	December 15, 2008
Revolving (years)	N.A
Securitised assets (in millions of euros)	1,000.0
Significant credit risk transfer (3)	No

	NOVA 3 (1)
Identification of the securitisation operation	Nova Finance No. 3 Limited
Initial objective of the securitisation operation	Securing funding and risk management
Form of the securitisation operation	Traditional securitisation
Level of involvement in the respective process	Credit lender Manager of the assigned credits Escrow bank of the Securitisation Credit Fund Transaction Manager [Counterparty to the interest rate back-to-back swap]
Start date	November 19, 2002
Legal maturity	October 15, 2011
Step-up clause (date)	N.A
Revolving (years)	3 years
Securitised assets (in millions of euros)	320.0
Significant credit risk transfer (3)	Yes

	MAGELLAN 2
Identification of the securitisation operation	Magellan Mortgages No. 2 Limited
Initial objective of the securitisation operation	Securing funding and risk management
Form of the securitisation operation	Traditional securitisation
Level of involvement in the respective process	Credit lender Manager of the assigned credits Escrow bank of the Securitisation Credit Fund Transaction Manager [Counterparty to the interest rate back-to-back swap]
Start date	October 24, 2003
Legal maturity	July 18, 2036
Step-up clause (date)	October 18, 2010
Revolving (years)	N.A
Securitised assets (in millions of euros)	1,000.0
Significant credit risk transfer (3)	No

	MAGELLAN 3
Identification of the securitisation operation	Magellan Mortgages No. 3 Limited
Initial objective of the securitisation operation	Securing funding and risk management
Form of the securitisation operation	Traditional securitisation
Level of involvement in the respective process	Credit lender Manager of the assigned credits Escrow bank of the Securitisation Credit Fund Transaction Manager [Counterparty to the interest rate back-to-back swap]
Start date	June 30, 2005
Legal maturity	May 15, 2058
Step-up clause (date)	August 15, 2012
Revolving (years)	N.A
Securitised assets (in millions of euros)	1,500.0
Significant credit risk transfer (3)	No

	MAGELLAN 4
Identification of the securitisation operation	Magellan Mortgages No. 4 Limited
Initial objective of the securitisation operation	Securing funding and risk management
Form of the securitisation operation	Traditional securitisation
Level of involvement in the respective process	Credit lender Manager of the assigned credits Escrow bank of the Securitisation Credit Fund Transaction Manager [Counterparty to the interest rate back-to-back swap]
Start date	July 13, 2006
Legal maturity	July 20, 2059
Step-up clause (date)	July 20, 2015
Revolving (years)	N.A
Securitised assets (in millions of euros)	1,500.0
Significant credit risk transfer (3)	No

	KION 1
Identification of the securitisation operation	Kion Mortgage Finance PLC
Initial objective of the securitisation operation	Securing funding and risk management
Form of the securitisation operation	Traditional securitisation
Level of involvement in the respective process	Credit lender (Millennium Bank, S.A., a branch of Banco Comercial Português, S.A. in Greece) Manager of the assigned credits (Millennium Bank, S.A., a branch of Banco Comercial Português, S.A. in Greece) Counterparty to the interest rate back-to-back swap (Millennium Bank, S.A., a branch of Banco Comercial Português, S.A. in Greece)
Start date	December 7, 2006
Legal maturity	July 15, 2051
Step-up clause (date)	January 15, 2014
Revolving (years)	N.A
Securitised assets (in millions of euros)	599.9
Significant credit risk transfer (3)	No

	NOVA 4
Identification of the securitisation operation	Nova Finance No. 4 Limited
Initial objective of the securitisation operation	Reinforce the Bank's portfolio of eligible assets (2)
Form of the securitisation operation	Traditional securitisation
Level of involvement in the respective process	Credit lender Manager of the assigned credits Escrow bank of the Securitisation Credit Fund Transaction Manager Counterparty of the interest rate swap (Millennium bcp Bank & Trust) Guarantor of the interest rate swap (Banco Comercial Português, S.A., SFI) Escrow bank for the Fund accounts (Fund Account & Fund Operating Reserve Account)
Start date	December 21, 2007
Legal maturity	March 22, 2019
Step-up clause (date)	N.A
Revolving (years)	3 years
Securitised assets (in millions of euros)	700.0
Significant credit risk transfer (3)	No

	ORCHIS
Identification of the securitisation operation	Orchis Sp. z o.o.
Initial objective of the securitisation operation	Securing funding and risk management
Form of the securitisation operation	Traditional securitisation
Level of involvement in the respective process	Credit lender (Millennium Leasing Sp. z o.o, held by Bank Millennium, S.A., in turn a branch of Banco Comercial Português, S.A. in Poland) Manager of the assigned credits (Millennium Leasing Sp. z o.o, held by Bank Millennium, S.A. in turn a branch of Banco Comercial Português, S.A. in Poland) Receiver within the Collateralised and Protected Deposit (Bank Millennium, S.A.) Guarantor of the warranty pledged under the Support Agreement (Bank Millennium, S.A.) Counterparty of the interest rate swap (Bank Millennium, S.A.) Guarantor of the obligations of Bank Millennium, S.A. under the Support Agreement (Banco Comercial Português, S.A.)
Start date	December 20, 2007
Legal maturity	December 20, 2016
Step-up clause (date)	N.A.
Revolving (years)	3 years
Securitised assets (in millions of euros)	209.0
Significant credit risk transfer (3)	No

	MAGELLAN 5
Identification of the securitisation operation	Magellan Mortgages No. 5 Limited
Initial objective of the securitisation operation	Reinforce the Bank's portfolio of eligible assets (2)
Form of the securitisation operation	Traditional securitisation
Level of involvement in the respective process	Credit lender Manager of the assigned credits Escrow bank of the Securitisation Credit Fund Transaction Manager Counterparty of the interest rate swap (Millennium bcp Bank & Trust) Guarantor of the interest rate swap (Banco Comercial Português, S.A., SFI) [Counterparty to the interest rate back-to-back swap]
Start date	June 26, 2008
Legal maturity	November 20, 2064
Step-up clause (date)	N.A
Revolving (years)	3 years
Securitised assets (in millions of euros)	1,529.3
Significant credit risk transfer (3)	No

	KION 2
Identification of the securitisation operation	Kion Mortgage Finance No. 2 PLC
Initial objective of the securitisation operation	Reinforce the Bank's portfolio of eligible assets (2)
Form of the securitisation operation	Traditional securitisation
Level of involvement in the respective process	Credit lender (Millennium Bank, S.A., a branch of Banco Comercial Português, S.A. in Greece) Manager of the assigned credits Counterparty to the interest rate back-to-back swap (Millennium Bank, S.A., a branch of Banco Comercial Português, S.A. in Greece)
Start date	July 18, 2008
Legal maturity	June 20, 2053
Step-up clause (date)	September 20, 2015
Revolving (years)	N.A
Securitised assets (in millions of euros)	585.1
Significant credit risk transfer (3)	No

	SME 1
Identification of the securitisation operation	Caravela SME No. 1 Limited
Initial objective of the securitisation operation	Reinforce the Bank's portfolio of eligible assets (2)
Form of the securitisation operation	Traditional securitisation
Level of involvement in the respective process	Assigner of the securitised assets Manager of the securitised assets Escrow bank of the Securitisation Credit Fund Transaction Manager Counterparty of the interest rate swap (Millennium bcp Bank & Trust) Guarantor of the interest rate swap (Banco Comercial Português, S.A., SFI) Custodian bank for the Fund accounts (Fund Account & Fund Operating Reserve Account) [Counterparty to the interest rate back-to-back swap]
Start date	November 28, 2008
Legal maturity	June 20, 2038
Step-up clause (date)	N.A
Revolving (years)	3 years
Securitised assets (in millions of euros)	3,000.0
Significant credit risk transfer (3)	No

	CARAVELA [(4)]
Identification of the securitisation operation	Promise Caravela 2004 Plc
Initial objective of the securitisation operation	Risk management
Form of the securitisation operation	Synthetic securitisation
Level of involvement in the respective process	Assigner of the securitised assets Manager of the securitised assets
Start date	December 6, 2004
Legal maturity	October 5, 2019
Step-up clause (date)	October 5, 2008
Revolving (years)	4 years
Securitised assets (in millions of euros)	3,500.0
Significant credit risk transfer (3)	Yes

	MAGELLAN 6
Identification of the securitisation operation	Magellan Mortgages No. 6 Limited
Initial objective of the securitisation operation	Reinforce the Bank's portfolio of eligible assets (2)
Form of the securitisation operation	Traditional securitisation
Level of involvement in the respective process	Credit lender Manager of the assigned credits Escrow bank of the Securitisation Credit Fund Transaction Manager Counterparty of the interest rate swap (Millennium bcp Bank & Trust) Guarantor of the interest rate swap (Banco Comercial Português, S.A., SFI) [Counterparty to the interest rate back-to-back swap]
Start date	March 20, 2009
Legal maturity	January 17, 2062
Step-up clause (date)	N.A.
Revolving (years)	3 years
Securitised assets (in millions of euros)	3,525.1
Significant credit risk transfer (3)	No

(1) On January 15, 2009, and as per the terms of the respective documentation, Nova Finance No. 3 Limited exercised the early repayment option for the operation (clean up call), which was supported by the repurchase, by Banco Comercial Português, S.A. from Fundo Nova Finance Nº 3, of all outstanding risk positions. Such repurchase was made on January 13, 2009 in the global amount of 20,449 thousand euros.

(2) Assets that may be pledged by the Bank as collateral within the Eurosystem financing operations.

(3) For prudential effects.

(4) Banco Comercial Português, S.A. exercised, effective on July 6, 2009, the option to cancel the swaps negotiated in 2004 with Kreditanstalt für Wiederaufbau (KfW) and the European Investment Fund, within this operation, having carried out the consequent early repayment of the securities issued by Promise Caravela 2004 PLC on that same date.

Table XXI

Main characteristics of the securitisation operations

	Traditional								
	MAGELLAN 1		NOVA 3 (*)	MAGELLAN 2		MAGELLAN 3		MAGELLAN 4	
	31/12/2009	31/12/2008	31/12/2008	31/12/2009	31/12/2008	31/12/2009	31/12/2008	31/12/2009	31/12/2008
Information on the transactions									
Amounts in debt (in millions of euros)	323.9	369.1	23.0	353.3	438.5	750.0	880.4	831.5	951.0
Information on the involvement of the lender institution									
Implicit support situations	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Assets assigned (per institution)/Securitised assets (total) (%)	3%	3%	0%	3%	4%	7%	8%	7%	9%
Initial gains/Value of first loss positions held	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

	Traditional							
	KION 1		NOVA 4		ORCHIS		MAGELLAN 5	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008	31/12/2009	31/12/2008	31/12/2009	31/12/2008
Information on the transactions								
Amounts in debt (in millions of euros)	276.2	329.0	684.6	677.0	190.6	197.0	1,493.1	1,490.6
Information on the involvement of the lender institution								
Implicit support situations	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Assets assigned (per institution)/Securitised assets (total) (%)	2%	3%	6%	6%	2%	2%	13%	14%
Initial gains/Value of first loss positions held	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

	Traditional						Sintética
	KION 2		SME 1		MAGELLAN 6		CARAVELA (*)
	31/12/2009	31/12/2008	31/12/2009	31/12/2008	31/12/2009	31/12/2008	31/12/2009
Information on the transactions							
Amounts in debt (in millions of euros)	594.6	602.5	2,497.3	2,470.9	3,480.3	-	2,438.7
Information on the involvement of the lender institution							
Implicit support situations	N.A.	N.A.	N.A.	N.A.	N.A.	-	N.A.
Assets assigned (per institution)/Securitised assets (total) (%)	5%	6%	22%	23%	30%	-	22%
Initial gains/Value of first loss positions held	N.A.	N.A.	N.A.	N.A.	N.A.	-	N.A.

N.A. - Not Applicable

(*) Early repayment carried out during 2009.

6.2. Accounting policies of BCP Group relative to the treatment of securitisation operations

Information on the accounting policies of BCP Group relative to the treatment of securitisation operations is included in Note 1. Accounting policies, of Volume II of the 2009 Annual Report.

6.3. Calculation methods and own funds requirements for securitisation operations

Own funds requirements of securitisation operations reported to the end of 2009 and 2008, presented in Table XXII, were calculated by the standardised approach in conformity with Annex III of the Bank of Portugal Notice no. 7/2007.

External Credit Assessment Institutions (ECAI's) were not used to calculate own funds requirements of securitisation operations, considering that the positions held in the banking book had no rating attributed.

Table XXII

Own funds requirements for securitisation operations — Euro thousand

Traditional securitisation	Total amount of the originated securitised exposure (for the lender institution)	Fully adjusted exposure value		Breakdown of the exposure amounts subject to weighting (2+3) by a risk weight in excess of or equal to 100%					Capital requirements	
				Position subject to notation		1250%		Position not subject to notation		
			Amounts deducted from own funds (-)	100%	350%	Position subject to notation	Position not subject to notation		31/12/2009	31/12/2008
Total exposures (=A+B+C)		**547,358**					**101**		**8,857**	**935**
A - Lender entity: total exposures										935
A.1 - Balance sheet items										935
Most senior										
Mezzanine										
First loss										935
A.2 - Off-balance sheet items and derivatives										
A.3 - Early amortization										
B - Investor: total exposures		547,358					101		8,857	
B.1 - Balance sheet items		547,358					101		8,857	
Most senior		547,258							8,756	
Mezzanine										
First loss		101					101		101	
B.2 - Off-balance sheet items and derivatives										
C - Sponsor: total exposures										
A.1 - Balance sheet items										
A.2 - Off-balance sheet items and derivatives										

Note: In late 2009 BCP Grupo was not subject to capital requirements for synthetic securitisation operations, while on December 31, 2008, the capital requirements corresponding to the Promise Caravela 2004 operation came to 41,450 thousand euros, of which 41,402 thousand euros were relative to first loss positions, and the remaining to off-balance sheet items and derivatives.
The own funds requirements shown in this table correspond to those in item 2.1.2 of Table IV - Own funds requirements.

6.4. Analysis of losses and other elements relative to securitisation operations

Table XXIII shows losses recognised by the Group until December 31, 2009 and 2008, relative to the traditional and synthetic securitisation operations included within the scope of this chapter, as well as the gains and losses recorded following the sales of tranches held by the Group.

Table XXIII

Securitisation operations: loss analysis							Euro thousand
	Amounts in debt for the securitised exposure			Losses recognised by the institution		Gains/Losses recognised in sales	
	31/12/2009	Of which: related to impaired or past due exposures	31/12/2008	31/12/2009	31/12/2008	2009	2008
Traditional securitisation (total)	0	0	30,293	0	1,808	0	0
On-balance sheet items			9,365		1,808		
Most senior							
Mezzanine							
First loss			9,365		1,808		
Off-balance sheet items and derivatives			20,928				
Synthetic securitisation (total)	0	0	411,740	0	27,198	0	0
On-balance sheet items			68,600		27,198		
Most senior							
Mezzanine							
First loss			68,600		27,198		
Off-balance sheet items and derivatives			343,140				

Note: Reflects securitisation positions as lender entity: in 2008 included the operations Nova Finance No. 3 and Promise Caravela 2004, which were subject to early repayment during 2009; the past due credit reflects the amounts recorded to the consolidated base, with the respective impairments limited by the amounts of the first loss tranches held. The recognized losses correspond to the provisioning recorded to the Group's accounts, regarding the securitisation operations. It is worth noting that securitisation vehicles adopt their own criteria for loss recognition, which don't match the actual loss levels of the respective credit portfolios.

As at December 31, 2009 and 2008 there were no additional risk-weighted exposure amounts relative to securitisation operations of renewable exposures with an early redemption clause, according to points 13 to 23 of no. 5 of Annex III of Bank of Portugal Notice no. 7/2007.

7. Own funds requirements of the trading book

The trading book is composed of positions held with the purpose of obtaining short-term gains, via sales or revaluations. It is actively managed and rigorously and frequently evaluated.

As at December 31, 2008, the own funds requirements for market risks of the Group's trading book were calculated in accordance with the standardised approach, both in terms of generic risk and specific risk.

Through a communication dated April 30, 2009, Bank of Portugal authorised BCP Group to use the internal models approach to calculate own funds requirements for generic market risk of the trading book.

This authorisation encompassed all the sub-portfolios of the trading book that are part of the perimeter that is centrally managed from Portugal, which includes all the trading operations related with financial markets and products, namely those carried out by Banco Comercial Português, S.A., Banco ActivoBank (Portugal), S.A., Banco de Investimento Imobiliário, S.A., Millennium bcp Bank & Trust, BCP Finance Bank Ltd., BCP Finance Company, BCP Investment B.V. and BitalPart, B.V..

Thus, as at December 31, 2009, own funds requirements for generic market risks of the Group's trading book were calculated in accordance with the internal models approach for generic risk, within the universe of entities centrally managed from Portugal; for the remaining entities, the own funds requirements were calculated in accordance with the standardised approach. With regards to specific risk, the standardised approach was used for all eligible positions.

Table XXIV shows own funds requirements associated with the BCP Group's trading book as at December 31, 2009 and 2008, by type of risk.

Table XXIV

Own funds requirements for the trading book		Euro thousand
	31/12/2009	31/12/2008
TOTAL trading book risks (=Σ(1.a 3.))	**19,468**	**23,209**
1. Exposure risk (1.1.+1.2.)	**19,448**	**23,208**
1.1. Standardised approach for the trading book (=Σ(1.1.1. a 1.1.6.))	16,280	23,208
1.1.1. Debt instruments	15,597	22,716
1.1.1.1. Specific risk	9,315	9,179
1.1.1.2. General risk	6,282	13,537
1.1.2. Equity securities	683	493
1.1.2.1. Specific risk	683	421
1.1.2.2. General risk	0	71
1.1.3. Collective investment undertakings (CIUs)		
1.1.4. Exchange-traded futures and options		
1.1.5. Futures and options traded in OTC markets		
1.1.6. Other		
1.2. Internal Models approach for the trading book	3,168	
2. Counterparty credit risk (=Σ(2.1.a 2.3.))	**0**	**0**
2.1. Sales/purchases with repurchase/resale agreement, securities or commodities lending or borrowing transactions, long-term settlement transactions and margin lending transactions		
2.2. Derivative instruments		
2.3. Contractual cross-product netting		
3. Settlement risk	**20**	**0**

Note: Own funds requirements shown in this table correspond to those in items 2.2., 2.3.1.1 and 2.3.1.2, and, partly, in item 2.3.2 of Table IV - Own funds requirements.

The calculation of own funds requirements for generic market risk, via the standardised approach, was based on the following methodologies, according to the specific type of financial instrument:

(i) Debt instruments

In this portfolio, own funds requirements for generic market risk were calculated in accordance with the Duration approach - in conformity with point 5 of Section II-B of Annex II to Bank of Portugal Notice no. 8/2007 - and with the treatment of positions included in Section I of the same Annex.

(ii) Capital instruments

For this portfolio, own funds requirements for generic market risk were calculated in accordance with the methodology described in Section III-B and II-C of Part 2 of Annex II to Bank of Portugal Notice no. 8/2007.

On the other hand, for the purposes of application of the internal models approach, the Group applies a VaR (Value-at-risk) methodology to measure generic market risk – including interest rate risk, foreign exchange risk and equity risk – for all sub-portfolios covered by the previously mentioned internal modelling authorisation. VaR is calculated based on the parametric approximation defined in the methodology developed by RiskMetrics, considering a 10-working day time horizon and a significance level of 99%.

The Group carries out verifications *a posteriori* of the results of this model (back-tests), in relation to the theoretical results obtained by the target portfolio of the calculation, unchanged between 2 consecutive working days and revalued at market prices of the second day. In parallel, the Group has a complementary process to verify the results of the model in relation to the actual results obtained (currently undergoing validation), excluding the effects of operations carried out via intermediation (at different market prices).

The evaluation of financial assets and liabilities included in the trading book is carried out by a Middle-Office unit, which is totally independent from the negotiation of those assets, and the control of the evaluations is assured by the Model Control Unit, part of the Group's Risk Office. The evaluation and control procedures are documented in the Group's internal regulations. The segregation between position-taking and position-evaluation duties is also contemplated at the level of information technology systems that intervene in the entire process involving the management, evaluation, settlement and recording of operations.

With regards to verification of the results of the model carried out *a posteriori*, the number of excesses recorded in 2007, 2008 and 2009, relative to the total trading book is shown in Table XXV.

Table XXV

Back-tests to the VaR approach applied to the market risks measurement

Year	Number of excesses occurred
2007	6
2008	0
2009	0

Note: The *a posteriori* verification model used focuses on both extremes of the distribution of profit, which results in an expected number of excesses - according to the level of significance applied - of 5 per year (2% x 250 annual observations). This verification, in the specific case of the global trading book, started on June 1, 2007, such that the 2007 data only includes the period from this date to December 31 of the same year.

Own funds requirements for specific market risk continued to be calculated in accordance with the standardised approach, including those of the sub-trading books regarding which Bank of Portugal authorised the use of the internal models approach to calculate the generic market risk, as previously mentioned.

These requirements were determined, for the total positions of the Group's trading book, pursuant to Sections II-A or III-A of Part 2 of Annex II to the Bank of Portugal Notice no. 8/2007, according to the type of financial instruments in question (debt instruments or capital instruments, respectively).

8. Own funds requirements for foreign exchange and commodities risks

As at December 31, 2009, own funds requirements for exchange rate risks were determined by using the internal models approach, authorised by Bank of Portugal simultaneously and in the same conditions as for the generic market risk of the trading book, previously mentioned, having been calculated in accordance with the standardised approach on the same date of 2008.

Own funds requirements for commodities risk, regarding the Group's banking and trading books, were calculated in accordance with the standardised approach for this risk type, at the end of 2009 and of 2008.

The market risk for the global exchange rate positions of Group entities subject to the use of the standardised approach, for the purposes of calculating own funds requirements, was evaluated in accordance with Annex V to Bank of Portugal Notice no. 8/2007.

On the other hand, the Group calculated own funds requirements for market risk in connection with the portfolio positions sensitive to commodities risk in accordance with the Maturity Ladder approach, pursuant to paragraphs 2 to 7 of Part 3 of Annex VI to Bank of Portugal Notice no. 8/2007.

Own funds requirements for exchange rate risks and commodities risks calculated by BCP Group, with reference to December 31, 2009 and 2008, are shown in Table XXVI.

Table XXVI

Own funds requirements for foreign exchange and commodities risks — Euro thousand

	31/12/2009	31/12/2008
1. Exchange rate risk (1.1.+1.2.)	**8,517**	**11,706**
1.1. Standardised approach		11,706
1.2. Internal models approach	8,517	
2. Commodities risk (=Σ(2.1.to 2.2.))	**12**	**4**
2.1. Standardised approach (=Σ(2.1.1.to 2.1.4.))	12	4
2.2.1. Maturity ladder approach or simplified approach	12	4
2.2.2. Futures and commodity options traded on the stock-exchange		
2.2.3. Futures and commodity options traded in OTC markets		
2.2.4. Other		
2.2. Internal models approach		

Note: The own funds requirements shown in this table correspond to those in items 2.3.1.3 and 2.3.1.4, and, partly, in item 2.3.2 of Table IV - Own funds requirements.

9. Own funds requirements for operational risk

As at December 31, 2008, the Group calculated own funds requirements for operational risk in accordance with the basic indicator approach, which reflects the application of a fixed weight to the gross income defined by the Bank of Portugal for this purpose. The framework for this calculation was provided by Notice no. 9/2007 and Instruction no. 23/2007, and also by additional clarifications provided by Bank of Portugal, namely with respect to the accounting items considered in the determination of the gross income.

The gross income results from the sum of net interest income, dividends received, with the exception of income from financial assets with an "almost capital" nature – shareholders' advances –, net commissions, profits and losses arising on financial transactions associated to trading operations and other operating income. From these last items, the following are excluded: those that result from the sale of shareholdings and other assets, those with reference to discontinued operations and those resulting from negative consolidation differences. On the other hand, the recoveries of interest in arrears and expenses, which, on a consolidated basis, are recorded in the reversions of impairment losses item, are added to the gross income.

In addition, neither the compensations received as a result of insurance contracts nor revenues from the insurance activity are added to the value of the gross income. On the other hand, other operating expenses can not contribute to the reduction of the gross income value, with exception of the costs resulting from outsourcing provided by external entities to the Group or by entities that are not subject to the provisions of Decree-Law no. 104/2007, of April 3.

The values thus obtained for the previously identified items were adjusted by the non-current amounts of the activity that were still included in the gross income. In this context, and for the 2006 to 2009 period included in this analysis, the commission costs supported within the scope of the merger project and the Takeover Bid for Banco BPI, S.A. were reversed, which added 103 million euros to the gross income of 2007.

Own funds requirements for operational risk coverage, calculated in accordance with the basic indicator approach, correspond to 15% of the average of the last three years of the annual gross income, when positive, covering the years 2006 to 2008 in the report as at December 31, 2008 and the years from 2007 to 2009 in the report as at December 31, 2009. If the gross income is negative or equal to zero for a particular year, it must be excluded from the calculation of the average of the last three years, both in terms of the numerator and denominator, according to Bank of Portugal Notice no. 9/2007 (Part I of Annex I).

Table XXVII

Gross income for operational risk — Euro thousand

Activities	Gross income (2009)			Memorandum items: advanced measurement method - reduction of own funds requirements (2009)	
	2007	2008	2009	Expected losses captured in business practices	Risk transfer mechanisms
1. Basic indicator approach					
2. Standardised approach	2,702,691	2,776,289	2,517,387		
- Corporate finance	35,821	38,219	30,064		
- Trading and sales	-125,537	43,949	123,054		
- Retail brokerage	41,362	27,300	25,815		
- Commercial banking	613,346	590,088	637,563		
- Retail banking	1,939,011	1,909,478	1,529,201		
- Payment and settlement	95,237	99,421	122,113		
- Agency services	56,843	40,179	30,752		
- Asset management	46,609	27,656	18,825		
Advanced measurement approach [(a)]					

Activities	Gross Income (2008)			Memorandum items: advanced measurement method - reduction of own funds requirements (2008)	
	2006	2007	2008	Expected losses captured in business practices	Risk transfer mechanisms
1. Basic indicator approach	2,569,516	2,733,181	2,927,747		
2. Standardised approach					
- Corporate finance					
- Trading and sales					
- Retail brokerage					
- Commercial banking					
- Retail banking					
- Payment and settlement					
- Agency services					
- Asset management					
Advanced measurement approach [(a)]					

(a) Information on the relevant indicator for activities subject to the advanced measurement approach

Note: The Gross Income of 2007 and 2008, with reference to the calculation of December 31, 2009, changed from the reporting of the previous year, following the specifications introduced by the Banco de Portugal, in the first quarter of 2009, with respect to the scope and accounting items to consider in the determination of the gross income.

On the other hand, as at December 31, 2009, BCP Group calculated own funds requirements for operational risk in accordance with the standardised approach, following authorisation received from Bank of Portugal, as previously mentioned, with effect from March 31, 2009.

This method also refers to the gross income, with the same definition established for the basic indicator approach, but broken down by activity segments, to which differentiated weights are applied. In this way, own funds requirements calculated in accordance with the standardised approach are determined by the average, over the last three years, of the sum of the risk-weighted gross income, calculated each year, relative to the activity segments and the risk weights that are defined in Part II of Annex I of Bank of Portugal Notice no. 9/2007, whose scope corresponds in general terms to the following:

- Corporate finance (subject to an 18% weight): underwriting activities and related services, investment analysis and other financial consulting activities;
- Trading and sales (subject to an 18% weight): dealing on own account and intermediation activities in monetary and financial instrument markets;
- Retail brokerage (subject to a 12% weight): placement of financial instruments without a firm underwriting and intermediation of orders relative to financial instruments, on behalf of private customers and small businesses;
- Commercial banking (subject to a 15% weight): taking deposits and credit and guarantee concession and undertaking other commitments to companies;
- Retail banking (subject to a 12% weight): taking deposits and credit and guarantee concession and undertaking other commitments to private customers and small businesses;
- Payment and settlement (subject to an 18% weight): payment operations and issue and management of means of payment activities;
- Agency services (subject to a 15% weight): services associated to the safekeeping and administration of financial instruments;
- Asset management (subject to a 12% weight): investment fund and individual portfolio management activities.

The risk-weighted gross income for a given segment may, in a specific year, be negative (counterbalancing positive weighted indicators associated with other segments). However, if in that year the sum of the relevant risk weighted indicators of all segments of activity is negative, the value to consider in the numerator will be zero, and that result must, likewise, be reflected in the denominator.

The gross income by segments of activity, on a consolidated basis, resulted from the aggregation of the values obtained for the perimeters of Portugal and those of each one of the Group's foreign operations, determined based on criteria that is homogeneous and common to all geographies.

The gross income by segments of activity for Portugal, Poland and Greece was calculated based on their Financial Statements, complemented with information collected from their management information systems, whereas for the other foreign operations, accounting information was used. With respect to Poland and Greece, the entire calculation process was conducted locally, taking into consideration that these are operations with a diversified activity and materially relevant, which require the contribution of own management information systems. On the other hand, the remaining foreign subsidiaries, which have a standardised activity concentrated in the Retail segment, were treated centrally.

The segmentation of the gross income of activity in Portugal, Poland and Greece, based itself on information by business segments, produced for the purposes of internal management and market disclosure. In a first phase, the business segments and operational risk segments that present the greatest perimeter similarities were identified. Subsequently the necessary transfers between the various segments, of zero sum, were carried out, to achieve a perimeter in line with what is required for the purposes of operational risk, in each segment.

In parallel, the calculation of the gross income by activity segments for the Group's foreign operations, excluding Poland and Greece, was based on the Financial Statements of each subsidiary, as previously mentioned. Bearing in mind that these subsidiaries develop a retail activity, they were allocated, in a first phase, to the Retail Banking segment, with exception of the values recorded in the Profits and losses arising on financial transactions item, which, by their nature, are immediately placed in the Trading and Sales segment, and subsequently the transfers for achieving a segmentation in line with the defined perimeter for the gross income are carried out. This calculation is carried out for the operations of Turkey, Romania, Switzerland, the USA, Angola, Mozambique and of Millennuim bcp Bank & Trust, with registered office in the Cayman Islands, in addition to ActivoBank, which, although it develops its activity in Portugal, verifies the same assumptions and, thus, follows the same methology.

Having concluded these procedures and the consolidation of the Group's activities, the segmented gross income was obtained in conformity with the requirements defined for the purposes of operational risk, to which the calculation methodology and the previously mentioned weights were applied, and the respective capital requirements were obtained.

As at December 31, 2009, BCP Group reported 349 million euros of own funds requirements for operational risk, calculated in accordance with the standardised approach, having reported 412 million euros as at December 31, 2008, determined in conformity with the basic indicator approach.

10. Interest rate risk in the banking book

The interest rate risk of the banking book reflects the potential loss that can be recorded as a result of adverse changes to interest rates.

The banking book includes all the positions not included in the trading book. Therefore, in addition to the operations carried out within the scope of commercial relations with Group customers, the banking book includes the positions resulting from institutional funding operations and in monetary markets, as well as investment portfolio securities.

Evaluation of the interest-rate risk originated by the banking portfolio is performed via a risk-sensitivity analysis process carried out every month involving all operations included in the Group's consolidated perimeter.

This analysis resorts to the financial characteristics of the contracts available in the information systems to project the respective expected cash-flows, in accordance with repricing dates, as well as the calculation of the impact on the Group's economic value resulting from several scenarios involving changes in market interest rate curves.

The risk positions of the commercial and structural areas not specifically hedged on the market are transferred, through in-house operations, to the market areas and, from then on, are considered a part of the respective portfolios. As such, they are evaluated daily based on the VaR methodology.

The fundamental assumptions used in this analysis are documented in internal regulations and consist, essentially, in establishing interest rate refixing maturities (for items regarding which there is no defined repricing date) or understanding expected early repayment behaviour.

For those items for which there are no defined repricing dates, the most adequate repricing periods for each case are applied, as follows:

- Nostro and Vostro accounts: assumption of repricing in 1 month;
- demand deposits at Central Banks: assumption of repricing in 1 month;
- roll-over credit (current accounts, credit cards and overdrafts): assumption of 60% repricing in 1 month, 30% in 3 months and 10% in 6 months;
- non interest bearing demand deposits and other deposits: assumption of 30% repricing in 1 month, 30% in 3 months and 40% in 1 year;
- interest earning demand deposits: assumption of 50% repricing in 1 month, 40% in 3 months and 10% in 6 months.

Regarding the expected behaviour of early repayment, certain assumptions are adopted in the portfolios in which they result in significant impacts at the level of analysed risk measures, namely in fixed interest rate loan portfolios. The assumptions are approved by the Risk Committee and are based on the fixed pre-payment percentages verified in the last year for each relevant portfolio or on dynamic models based on the interest rate differential comparison between the present moment and the moment in which the loan was granted.

Within the scope of the calculation of economic capital, correlations between the interest rate risk in the banking book and other types of risks were identified. These correlations were obtained by analysing the historical series of losses originated by different risks, with the strongest correlation observed in equity risk.

Stress tests are carried out for the banking book by applying standard shocks of parallel shifts to the yield curve. Stress tests are also carried out in different macroeconomic scenarios, contemplating several variables of analysis and total Group positions in which the interest rate risk of the banking book is a relevant component within the scope of analysis.

Stress tests are carried out every six months, with the objective of assessing the impact of extreme situations that can not be measured through VaR and BPV (Basis Point Value - analysis of positive and negative impacts as a result of interest rate variations) analyses.

Macroeconomic scenarios are designed based on the economic situation and the impact that the main risk analysis variables may suffer, namely, prices of transacted assets, interest rates, exchange rates, default probabilities and the capability of recovering non-performing loans.

Table XXVIII illustrates the impacts on the shareholders' equity of the Group as at December 31, 2009 and 2008, in value and percentage, as a result of shocks of +200 and –200 basis points (b.p.) in interest rates.

Table XXVIII

Sensitivity analysis of the interest rate risk in the banking book — **Euro thousand**

		31/12/2009	31/12/2008
Value	+200 bp	39,050	64,804
	-200 bp	25,206	-78,473
% Shareholders' equity	+200 bp	0.5%	1.0%
	-200 bp	0.3%	1.3%

Taking into consideration the historically low level of short term market rates of the main currencies in the Bank's consolidated Balance Sheet, the range of shocks considered for the purposes of this analysis (parallel variations of interest rate curves of +/- 200 b.p.) reflects itself in the assymetry of the impacts calculated as a consequence of the increase / decrease of interest rates in the economic value of the Group in 2009. These impacts are inclusively positive in both scenarios, namely in the decrease of interest rates (-200 b.p.), which is influenced by the restriction of the non-existence of negative interest rates and by the different sensitivities of the short term (net positions with a positive BPV variation) and medium and long term positions (net positions with a negative BPV variation) of the Group's Balance Sheet to interest rate risk.

Corporate Governance Report

Introduction

The present report aims to disclose, clearly and with as much detail as possible, the practices of Banco Comercial Português, S.A. (Company, Bank, BCP, Millennium bcp) linked to Corporate Governance and was drawn up taking into consideration all the alterations introduced to the Corporate Governance framework by the Regulation nr. 1/2010 of CMVM, published on 1/02/2010.

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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 subject itself, are available to the public

The Bank and the Group, together with all remaining legal requirements, comply in their in their activities with the rules of conduct established by the Banco de Portugal and by the Portuguese Securities Market Commission (CMVM) applicable to credit institutions and issuer entities and to the members of their corporate board members, and with specific rules ensuring that the management is based on the principle of risk diversification and the safety of the applications, taking into account the interests of the depositors, investors and other stakeholders. The same happens with the professional secrecy regime applicable to the members of the management or supervisory boards, employees, attorneys, or any service providers, who may not reveal or use any information relative to facts or elements involving the life of the institution or its relationship with customers.

During the financial year of 2009, the Bank adopted the Corporate Governance Code of the Portuguese Securities Market Commission in force, which can be consulted on the Complementary Legislation page relative to Supervision on the site www.cmvm.pt.

The Code of Conduct, Internal Regulations for Financial Intermediation Activities, the Regulations of the General and Supervisory Board and of the Executive Board of Directors, 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 employee and member of the management and supervisory boards of the Bank and Group, in the performance of their respective duties.

The Code of Conduct enumerates 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 and incompatibilities. This code is disclosed to all employees, who maintain a permanent access to it, through both the internal portal and site of the Bank on the Internet, on the page with the following direct address:

http://www.millenniumbcp.pt/pubs/pt/investidores/governacaocorporativa/normas/codigodeontologico/.

The Internal Regulations Related to the Activity of Financial Intermediation 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 is disclosed to the employees through the internal portal. It is also available both on the internal portal and site of the Bank on the Internet, on the page with the following direct address:

http://www.millenniumbcp.pt/pubs/pt/investidores/governacaocorporativa/normas/regulamentoaf/.

The Regulations of the Supervisory Board and of the Executive Board of Directors establish their respective competences and scope of action, and regulate the functioning of these boards, as well as the rules of conduct of the respective members, complementing the Bank's Articles of Association, the Group's Code of Conduct and the Internal Regulations Relative to Financial Intermediation Activities. Both are available on the internal portal as well as on the site of the Bank on the Internet, on the page with the following direct address:

http://www.millenniumbcp.pt/pubs/pt/investidores/governacaocorporativa/normas/regimentoca/.

These documents are provided to the members of each of these boards at the time of their election or appointment.

The **Compliance Manual** incorporates a set of policies whose objective is to ensure that all the members of the management and supervisory boards and other employees of the Group guide their action by the applicable laws and regulations, both in wording and spirit, whether internal or external, as well as by the business standards of conduct of the Bank and its associates, so as to prevent the risk of financial loss or damage to its image and reputation. This Manual is disclosed via the internal portal and in the Bank's website at:

http://www.millenniumbcp.pt/pubs/pt/governacao/article.jhtml?articleID/

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 integrant part. For this effect, recommendations that have not been fully complied with are herein described as non-adopted ones.

Recommendations of the CMVM contained in the Corporate Governance Code in force during the financial year of 2009	Statement of adoption	Development in the present 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/her needs, considering the economic situation of the company.	Adopted	Chapter I - Introduction
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 given in advance for the deposit or blocking of shares for participation in the general meeting imposed by the articles of association must not exceed 5 business days.	Adopted	Chapter I - I.4
I.2.2. In the case of the suspension of the general meeting, the company should not force the blocking to remain during the period until the session is resumed, with the ordinary period of time in advance required in the first session being sufficient.	Adopted	Chapter I - I.5
I.3 Voting and the exercise of voting rights I.3.1. The companies must not establish any statutory restriction on voting by correspondence.	Adopted	Chapter I - I.9
I.3.2. The statutory period of time in advance for the receipt of votes issued by correspondence must not be greater than 3 business days.	Adopted	Chapter I - I.11
I.3.3. The companies must establish, in their articles of association, that one share corresponds to one vote.	Not adopted	See note 1 to the present table
I.4 Quorum and resolutions I.4.1. The companies must not establish a constitutive or deliberative quorum greater than that established by law.	Not adopted	See note 2 to the present table

Recommendations of the CMVM contained in the Corporate Governance Code in force during the financial year of 2009	Statement of adoption	Development in the present Report
I.5 Minutes and information on the adopted deliberations I.5.1. The minutes of the meetings of the general meeting must be provided to the shareholders on the company's Internet site within the period of 5 days, since they are not considered inside information, under the terms of the law, and historical records on the lists of attendance, agendas and resolutions adopted at the meetings held should be maintained on this site relative to the previous 3 years, at least.	Adopted	Chapter I - I.1 and I.13
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.	Adopted	Chapter I - I.8
I.6.2. Any articles of association of companies which, respecting the principle of the previous sub-paragraph, 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 establish the commitment that every five years the maintenance or not of this statutory provision will be subject to a resolution by the General Meeting - without the requisites of a quorum larger than that legally established - and that in this resolution all the votes issued will count, without the application of that limitation.	Not adopted	Chapter I . I.19
I.6.3 Defensive measures must not be adopted if they cause an automatic 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 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 - Introduction
II.1.1.2. The companies should create internal control systems for the effective detection of risks arising from the company's activity, thereby helping to safeguard its assets and the transparency of its corporate governance.	Adopted	Chapter II - II.5
II.1.1.3. The management and supervisory boards must have functioning regulations, which must 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.	Adopted	See note 3 to the present table

Recommendations of the CMVM contained in the Corporate Governance Code in force during the financial year of 2009	Statement of adoption	Development in the present Report
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.	Adopted	See note 4 to the present table
II.1.3 Eligibility and nomination 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
II.1.4 Communication of irregularities policy II.4.1. The company must adopt a policy of communication of any alleged internal irregularities which 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 made of 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 company 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 so as to permit the alignment of their interests with the interests of the company. In this context: i) the remuneration of the directors which perform executive duties should include a component based on performance, which should take into consideration the performance assessment carried out periodically by the competent body or committee; ii) the variable component should be consistent with the maximisation of the long term performance of the company and dependent on the sustainability of the adopted performance variables; iii) when it is not the direct result of legal imposition, the remuneration of the non-executive members of the management board must be composed exclusively of a fixed amount.	Adopted	Chapter II - II.29 to II.34
II.1.5.2. The remuneration committee and the management board must submit a statement on the remuneration policy, respectively, of the management and supervisory board members and other directors for the assessment of the annual general meeting of shareholders, in observance of number 3 of article 248-B of the Securities Code. In this context, the criteria and main parameters proposed for the assessment of performance used to determine the variable component must be explained to the shareholders, whether this involves bonuses given in shares, share purchase options, annual bonuses or other components.	Adopted	Chapter II - II.30
II.1.5.3. At least one representative of the remuneration committee must be present in the annual general meeting of shareholders.	Adopted	Chapter I - I.15

Recommendations of the CMVM contained in the Corporate Governance Code in force during the financial year of 2009	Statement of adoption	Development in the present Report
II.1.5.4. The proposal regarding the approval of plans to allocate shares and/or share purchase options, or based on variations in the price of the shares, 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 an appropriate evaluation of the plan. The proposal should be accompanied by the regulations of the plan or, if it has not yet been prepared, of the general conditions the same must comply with. 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.	Not applicable	Chapter I - I.17 Chapter II – II.33 o)
II.1.5.5. The remuneration of the members of the management and supervisory boards must be disclosed annually, in individual terms, and whenever applicable, always distinguishing the different components received regarding the fixed remuneration and variable remuneration, as well as any remuneration received from other companies of the group of companies controlled by shareholders owning qualifying holdings.	Adopted	Chapter II - II.31
II.2 Executive 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 competences 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 business structure of the group; iii) decisions which should be considered strategic due to the amount involved, risk or special characteristics.	Adopted	See note 4 to the present table
II.2.3. Should the chairman of the board of directors perform executive functions, the board of directors must find efficient mechanisms to coordinate the work of the non-executive members, which 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 5 to the present table

Recommendations of the CMVM contained in the Corporate Governance Code in force during the financial year of 2009	Statement of adoption	Development in the present Report
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.	Adopted	See note 6 to the present table
II.2.5. The management board should promote a rotation of the member responsible for financial matters, at least at the end of every two mandates.	Adopted	See note 7 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 corporate boards, the directors who perform 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 General and Supervisory Board and of the Financial Matters Committee and opinions of the Chartered Accountant 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 8 to the present table
II.3.2. The chairman of the executive committee should send the chairman of the general and supervisory board and chairman of the financial matters committee, the notices of convocation and minutes of the respective meetings.	Adopted	Chapter II - II.1
II.3.3.The Chairman of the Executive Board of Directors should send to the chairman of the 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 to which it is committed, should also carry out an advisory role and ensure the follow-up and continuous evaluation 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 business structure of the group; iii) decisions which should be considered strategic due to their amount, risk or special characteristics.	Adopted	Chapter II - II.1
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 presentation of accounts.	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 General and Supervisory Board and of the Financial Matters Committee

Recommendations of the CMVM contained in the Corporate Governance Code in force during the financial year of 2009	Statement of adoption	Development in the present Report
II.4.4. The financial matters committee, 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 this service and its 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
II.4.5. The financial matters committee, audit committee and supervisory board, according to the applicable model, should assess the external auditor on an annual basis and propose his/her dismissal to the general meeting whenever there are fair grounds for the effect.	Adopted	Volume II - Report of the Financial Matters Committee
II.5 Specialised committees 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 committees 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 committees; ii) reflecting on the adopted governance system, verifying its effectiveness and proposing to the competent bodies any measures to be taken with a view to their improvement.	Adopted	Chapter II - II.2 and Report of the General and Supervisory Board, presented in Volume II of the present Annual Report
II.5.2. The members of the remuneration committee or equivalent should be independent from the members of the management board.	Adopted	Chapter II - II.1
II.5.3. All the committees should prepare minutes of the meetings they hold.	Adopted	Chapter II - II.7
III. Information and audits **III.1 General information duties** III.1.2. The companies should ensure the existence of a 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 office designed to assist investors.	Adopted	Chapter III - III.16
IIII.1.3. The following information available on the company's Internet site should be disclosed in English: a) The firm, its status as a public company and the other elements mentioned in article 171 of the Companies Code; b) Articles of Association; c) Identity of the members of the governing bodies and of the representative for market relations; d) Investor Support Office, respective functions and means of access; and) 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 the general meeting.	Adopted	See note 9 to the present table

Notes:

General Note

It is clear that, in many ways, the Corporate Governance Code made by CMVM is based i on the one tier or Anglo-Saxon model and only in a few cases considers (ex. by separating the recommendations II.3.2 and II.3.3) the specifications of the two-tier model, the one adopted by Banco Comercial Português.

Obviously, CMVM's option means that many of its recommendations cannot be applied to companies that have adopted the above-mentioned two-tier model.

However, there are some areas where some approximation seems possible. Namely, a large deal of the considerations on corporate governance and its specific issues regarding executive and non-executive directors is included in the Code (although with only that denomination) can be used as reference for the members of the executive management body and the supervisory body of the two-tier model - in Portugal called the Executive Board of Directors and the General and Supervisory Board.

Thus, and whenever possible we shall try to, in this report, take those circumstances under consideration in order to provide as much information as possible and to be transparent, namely by associating the references made in the Code to non-executive directors to the members of the supervisory board, whenever possible.

Note 1

Each 1,000 Euros of share capital corresponds to 1 vote, with the shares having a nominal value of 1 euro, hence, in practice, each 1,000 shares corresponds to one vote.

The principle one share-one vote is far from being consensual. In 2003 the European Committee, when of the publication of its "Action Plan ("Communication from the Commission to the Council and the European Parliament – Modernising Company Law and Enhancing Corporate Governance in the European Union – A Plan to Move Forward, Brussels, 21 May 2003) did not consider it necessary to include the principle within the scope of the adopted measures and recommendations and simply decided to study the same later on. Afterwards, the Commissioner in charge declared, in October 2007 that the European Union would not take any action on this matter, following the considerable number of studies and researches that evidenced that this was the best attitude to adopt.

These researches and orientations have centred mainly in other aspects of the principle, which CMVM calls proportionality (the so-called control enhancing mechanisms), but also emphasize this sub-aspect of the uniformity of the attribution of the voting right, i.e., that to one share corresponds one vote.

This way, the principle is evidently positive but also presents some disadvantages concerning namely: the minimum shareholding necessary to take part in general meetings; and the logistics required for the correct organization of the general meetings.

The negative aspects of this principle increase in cases such as that of the Banco Comercial Português considering the number of shareholders which are normally present at the General Meetings of the Bank - in the last 3 financial years over 1,045 shareholders were physically present and over 2,014 were represented, with an average of 533 shareholders in attendance in the last 3 years, and shareholders with less than 1,000 Euros of share capital can form groups and, in this way, participate in the Meeting.

The new Corporate Governance Code of CMVM, published in January 2010 no longer presents this recommendation, turning it into a mere suggestion, in recognition of the fact that, depending on the characteristics and shareholder profile of each company, the imposition of the principle of "one share one vote" could be damaging to the interests of the shareholders.

In view of an eventual legislative reform, one may admit the adoption of some measures, namely enabling the shareholders holding an amount of capital under the one established to vote by correspondence (besides the right to form groups).

Note 2

In the corporate governance model adopted by Banco Comercial Português – the two-tier model - the management and supervision of the activity of the executive directors is committed to an autonomous body called the Supervisory Board, which is mandatorily composed of non-executive members, in greater number than that of the Executive Board of Directors, and composed of a majority of independent members.

Note 3

In the governance model adopted by Banco Comercial Português, this recommendation should be considered as reported to the Supervisory Board, composed of a majority of independent members.

Note 4

Under the terms of the law and the Bank's articles of association, and as a result of the two-tier governance model adopted, the matters identified in sub-paragraphs i), ii) and iii) are necessarily submitted to the opinion of the Supervisory Board.

Note 5

In the companies that adopt the two-tier model, the majority of independent members of the Supervisory Board ensures compliance with the objective of this recommendation.

Note 6

The issues covered by the present recommendation are addressed in the Report of the Supervisory Board, published simultaneously with this Report.

Note 7

The member of the Executive Board of Directors responsible for financial matters has held this position since 15th January 2008 and is still exercising his first mandate. This recommendation was altered in the Corporate Governance Code published in 2010.

Note 8

Not being applicable to the governance system adopted by the Bank, the issues covered by the present recommendation are addressed by the recommendation II.3.3.

Note 9

All the information is available in English on the following site: www.millenniumbcp.pt/site/conteudos/en/.

0.3 Without prejudice to the provisions in the previous number, the company can also make an overall assessment, provided that there are reasonable grounds to do so, of the degree of adoption of groups of recommendations of interrelated subjects

Given the contents of the previous table and the detailed manner according to which the issues are handled in the following chapters, we do consider that the degree of adoption of the recommendations is widely comprehensive and complete.

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 adhered, the parts of each code which are not complied with or which the company considers are not applicable should be explained, as well as the respective grounds and other relevant observations, in addition to clear indication of the part of the Report where the description of this situation can be found

The contents of this paragraph have already been addressed in detail in the 3 previous paragraphs.

Notwithstanding, the relevance of this issue requires a more detailed explanation.

The Directive 2006/46/EC of the European parliament and of the Council, dated 14 June 2006, amended Directive 78/660/EEC and introduced in its article 46-A the principle "comply or explain" foreseeing an annual statement on the corporate governance that must "contain, at least, the following information":

"a) Reference to:

i) The corporate governance code to which the company is subject;

and/or

ii) The corporate governance code that the company may have voluntarily decided to apply;

and/or

iii) All relevant information about the corporate governance applied beyond the requirements under national law.

(…)

b) To the extent to which a company, in accordance with national law, departs from a corporate governance code referred to under points (a) (i) or (ii) an explanation by the company as to which parts of the corporate governance code it departs from and the reasons for doing so. Where the company has decided not to apply any provisions of a corporate governance code referred to under points (a) (i) or (ii) it shall explain its reasons for doing so;

(…)"

In effect, experience shows - not only in Portugal – that this comply or explain alternative formula has not been successfully applied, failing to translate its underlying equivalence, and this should definitely not happen. The compliance or submission became more used and recognized than the legitimate alternative explanation, a fact that also unbalances the compliance cost, as the formal compliance (with or without concordance) becomes much more simple and easy to do than the effort of explaining, more onerous and less useful.

This situation – worsened by the more or less mechanical surveys, scorings and rankings, deciding which companies comply more or simply do not comply – deeply jeopardizes the essence of the principle upon which the Corporate Governance Code is based and tends to eliminate the creativity and flexibility that it needs, tending to crystallize the recommendations, making them more rigid (regardless of their merit), more "common place", depriving them of their real meaning.

Furthermore, the Spanish "Informe Olivencia" (Spanish Corporate Governance Code) already stated in the nineties that recommendations couldn't be imposed to its addressees, not even indirectly through adopted control systems that may harm the voluntary nature of the Good Corporate Governance Code.

Nowadays, anyone wishing to base a group of recommendations upon the fundamental principle of comply or explain - as the above-mentioned Directive 2006/46/EC recommends and the majority of the corporate governance codes of international companies follow suit – cannot just state the principle without trying to contribute to preserve its real meaning.

It is, therefore, crucial to stress the importance of a firm application of the principle comply or explain in all its aspects, strongly underlining the real exchangeability of both possibilities.

CHAPTER I - General Meeting

The General Meeting of Shareholders is the highest governing body of the company, representing all shareholders. This body is responsible for electing and dissolving its own Board and the members of the management and supervisory boards, approving amendments to the articles of association, resolving on reports, accounts, proposals for the appropriation of profits and any matters submitted at the request of 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 corporate bodies.

Although the law does not determine a minimum number of attendances at the General Meetings for which no constitutive quorum or qualifying majority is required, Banco Comercial Português considers that, in the interests of its shareholders, the General Meeting cannot be held upon the first notice of convocation if a minimum number of shareholders are not present or represented. Therefore, the presence or representation of shareholders with over one third of the share capital is statutorily required for the Meeting to be held on the date of the first call notice. On the second date, which it should be recalled may take place 15 days after the first, then, if the shareholders continue to show the intention not to attend, the Meeting can be held independently of the number of shareholders, which are present or represented.

For the same reason, for Meetings which resolve on the merger, de-merger, transformation of the company or its dissolution, while the law requires only that, on the first notice of convocation, shareholders owning at least one third of the share capital must be present or represented, the articles of association of Banco Comercial Português require, at least, half of the share capital.

Regarding the deliberative quorum, and always within the spirit referred to above, the articles of association of Banco Comercial Português are more demanding than the law only in the case of resolutions on the merger, demerger and transformation of the company and alteration of the provisions which limit the voting rights of shareholders in a Group relation or interrelated shareholders, which requires three quarters of the votes cast in order to be approved. The resolutions to dissolve the company also require a majority corresponding to 75% of the fully paid-up capital.

The Chairman of the Board of the General Meeting is provided with the necessary supporting human and logistic resources, over the year, by the Company Secretary and respective Services and, at every General Meeting and in the respective preparatory period by a Working Party specifically constituted for the effect which, in addition to the Company Secretariat, includes employees of the Operations, IT, Direct Banking and Audit Departments. An International Audit firm is also specifically 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 for the first time on 15th January 2008;

Vice Chairman: Manuel António de Castro Portugal Carneiro da Frada (independent), elected for the first time on 15th January 2008;

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 maintains the historical record of the relevant information relative to the General Meetings of the last 5 years providing, namely: the number of shareholders present or represented, agendas, proposals submitted to vote, resolutions adopted and percentages of votes cast.

The abovementioned publication is available on the Bank's site, on the page with the following direct address:

http://www.millenniumbcp.pt/pubs/pt/governacao/article.jhtml?articleID=286308

Likewise, and independently of the number of shares owned, the Banks 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 records

I.2. Indication of the starting and ending date of the respective mandates

The mandate of the elected members of the Board of the General Meeting currently in office is in progress and started in 2008 and will end in 2010. It is expected that the list for the composition of the Board of the General Meeting for the following three years will be submitted to vote at the 2011 General Meeting.

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 EUR 150.000 and was established on 28 May 2007 by the Remuneration and Welfare Board elected by the General Meeting. This remuneration remained unaltered during the 2009 financial year.

Always in observance of the rules of independence, the Chairman of the Board, with his considerable and recognised technical knowledge and legal strictness, supported the different Corporate Boards and Bodies of the Bank, over the entire financial year, in all matters of corporate governance on which he was consulted.

I.4 Indication of the time in advance required for the blocking of shares for participation in the General Meeting

While no limiting date has been established for the blocking of shares, they must be blocked by a date which allows the information relative to the number of shares owned by each shareholder on the 5th business day prior to the date of the General Meeting to be received by the Bank by 17:00 hours of the second last business day prior to the day scheduled for the Meeting.

It has been the Bank’s policy to accept all formal requests for the cancellation of blocking received by 17:00 hours of the business day prior to the day scheduled for the Meeting.

I.5 Indication of the rules applicable to the blocking of shares in case the General Meeting is suspended

Since the certificate of the blocking of shares is valid only until the end of the day scheduled for the initial session of the General Meeting, whenever it is suspended to be continued on a subsequent date, the shares are unblocked on that same date.

As a consequence, shareholders who wish to participate in the continuation of the Meeting must send the Bank a new statement confirming their status as a shareholder by the 5th business day prior to the date scheduled for this continuation. This statement must be received by 17:00 hours of the second business day before the scheduled Meeting date.

Notwithstanding the fact that these rules are established by Banco Comercial Português for the shares representing its share capital, those rules are also complied with by the Bank as a registration entity, not pertaining to the Bank the issue of any opinion relative to any other registration entity where its shareholders may have their shares registered.

I.6. Number of shares corresponding to one vote

Each 1,000 Euros of share capital corresponds to one vote, with shareholders owning a number of shares less than those required being able to form a group so as to complete the minimum number required, which should then be represented by any person of their choice, provided that the person has full legal capacity.

Each share has the nominal value of 1 euro, hence, in practice, each 1,000 shares 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 related shareholders

Within the legal framework applicable to companies in general and specifically to credit institutions it is not possible to issue preferred shares without voting rights, if these do not confer to their holders minimum dividends corresponding to, at least, 5% to their nominal value to be paid for using the income of the financial year able of being appropriated.

Although Banco Comercial Português S.A. never issued preferred shares without voting rights, the ability to do so is regulated in article 5 of the Bank's Articles of Association, in accordance with the mandatory rulings of the Companies Code.

The preferred shares with such features (preferred shares without voting rights) may be issued by the company and allow the investors to abdicate from actively intervening in the management of the corporate business, in consideration for a minimum return on their investment. Therefore these shares cannot be freely compared with other ordinary shares, which bear the voting rights crucial to an effective control of the company.

Hence, one cannot conclude – when mentioning this type of shares or securities, just because they grant no voting rights – that those voting rights may affect the proportionality of the voting rights. Besides if, in accordance with the law, their preferential dividend is not paid for two consecutive financial years, these shares will gain voting rights, recalibrating the corporate balance and allowing their holders to actively participate in the company's life.

The recommendation of the CMVM (Portuguese Securities Regulator) towards the abolishment of the possibility of issuing preferred shares without voting rights would collide with the provisions established in section V of Chapter II of the Companies Code, namely with article 341 (1) and also ignores article 384 of the same Code.

Regarding the provisions in article 16 of the articles of association of BCP which determine that votes corresponding to more than 10% of the total share capital should not be counted when imputable to a single shareholder or Group, Banco Comercial Português considers that this article was created with the purpose of establishing limits to the voting power of the major shareholders, thus ensuring that the small and medium-sized shareholders have greater and more effective influence in any decisions that might be submitted to the General Meeting. The limits to voting rights enshrined in the articles of association – consisting of a maximum limitation – aimed, on one hand, to restrict the rights of the largest shareholders, defending the interests of the small- medium-sized shareholders, whose vote thus achieves greater weight and representativeness in final proportion, and, on the other hand, protected the company from hostile takeovers.

This proviso can be freely altered by the shareholders without the need to periodically submit its maintenance to the General Meeting. Therefore the Bank disagrees with the need to reappraise this limitation every five years, since the latter can be eliminated with the decisive contribution of the smaller shareholders.

Likewise, the proviso that establishes that to each 1,000 shares corresponds one vote and that the shareholders owning less than 1,000 shares may form a group and be represented at the general meeting by one of them, does not mean that there are shares without a vote or that the right to participate and vote in the general meetings is denied to shareholders holding less than 1,000 shares. What it simply means is that this right may be exercised through the ability of establishing groups with other shareholders in the same situation and be represented by one of them at the general meeting, assuring, as already mentioned in note 1 to point 0.2 above, an adequate management of the General Meeting.

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 ensure the rules for the exercise of voting rights.

Article 18 of the Articles of Association of the Bank establishes the requirement of a constitutive quorum of over one third of the share capital so that meeting can validly resolve on most matters. In the case of the general meeting wanting to resolve on the merger, demerger and transformation of the company, there must be a constitutive quorum corresponding to, at least, half the share capital.

Article 21 of the Articles of Association of the Bank establishes the requirement of a deliberative quorum of two thirds of the share capital issued whenever the resolutions refer to an amendment of the Articles of Association. Deliberations on the merger, demerger and transformation of the company require approval by three quarters of the votes cast.

The bank can only be dissolved by a majority of 75% of the paid-up capital.

With the exception mentioned in I.7, the articles of association do not establish limitations to the exercise of voting rights.

There are no special or other voting rights, with the shares representing the Bank’s share capital falling under a single category.

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:

- by sending the Shareholders appearing on the prepared list a copy of the respective call notice, referring to a date as close as possible to the date scheduled for the Meeting, as well as a letter from the Chairman of the Board of the General Meeting explaining the different possible ways to participate in the General Meeting (through attendance, through proxy, or voting by postal correspondence or through electronic means) and the forms to be used in each of these circumstances, with this documentation being accompanied by a "pre-paid" envelope previously addressed to the Bank, to be used to send the Bank the vote by correspondence;

- by providing, at least during the entire month prior to the date scheduled for the meeting, on the Bank's site, all the relevant information, such as the agenda, proposals and documents to be submitted to the Meeting, forms of the letter to request the blocking of shares for participation in the Meeting and of the representation letter, ballot papers for postal correspondence and how to use the electronic means. This information is placed on a specific page of the General Meeting created on the Bank's institutional site, where, complying with the legal deadlines, it is possible to consult and print all the documentation which, being known to the company, is prepared for appraisal by the shareholders, and 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;

The General Meeting call notice, prepared under the terms of the law and the Bank’s Articles of Association, indicates, in a clear and unequivocal manner, the possibility of the right to vote by correspondence or through electronic means.

Under the terms article 16 (13) of the Articles of Association of the Bank, the exercise of the right to vote by correspondence covers all the matters presented on the call notice, under the terms and conditions established therein.

The above-mentioned publications are available on the Bank's site, on the page with the following direct address:

http://www.millenniumbcp.pt/pubs/pt/governacao/article.jhtml?articleID=286308

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 site from the moment the General Meeting is called, being updated in accordance with the proposals received, such as any alteration in the agenda.

The ballot papers are also sent by postal mail together with the notice of convocation and provided at all branches of the Bank.

The instructions for voting through these means are published during the month prior to that of the date of the General Meeting on the Bank’s site, on the page with the following direct address:

http://www.millenniumbcp.pt/pubs/pt/governacao/direitosdoaccionista

I.11. Requirement of a period of time between the receipt of votes issued by correspondence and the date of the General Meeting

The Bank has established, as the deadline for the receipt of votes issued 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 General Meeting, namely the representation letters and statements for the blocking of shares.

I.12. Exercise of the right to vote through electronic means

Under the terms of article 16 (13) of the Articles of Association of the Bank, 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 reliability of votes issued in this manner.

Voting by correspondence through the use of electronic means, as defined by the Bank, can be exercised by Shareholders who have requested the respective code in due time between the fourth and second last day before the day scheduled for the General Meeting.

The instructions for voting by using these means are published during the month prior to that of the date of the General Meeting on the Bank's site, on the page with the following direct address:

http://www.millenniumbcp.pt/pubs/pt/governacao/direitosdoaccionista

I.13. Possibility of the shareholders accessing extracts of the minutes of the General Meetings on the company's Internet site during the five days after the General Meeting

The Bank publishes the constitutive quorum, agenda, text of the proposals and reports submitted to the General Meeting, contents of the resolutions adopted and results of the voting within the maximum period of 48 hours after the conclusion of the General Meeting.

The abovementioned publication is available on the Bank's site, on the page with the following direct address:

http://www.millenniumbcp.pt/pubs/pt/governacao/article.jhtml?articleID=286308

All these data are also used to draw up the minutes of the meeting and constitute an extract of the same regarding such matters. The minutes are written up following a duly established procedure that usually lasts more than five days.

I.14. Existence of an historical record on the company's Internet site, with the resolutions adopted in 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 maintains the historical record of the attendance, agendas, resolutions adopted and percentage of the votes issued at the General Meetings over the last 5 years.

The abovementioned publication is available on the Bank's site, on the page with the following direct address:

http://www.millenniumbcp.pt/pubs/pt/governacao/article.jhtml?articleID=286308

I.15. Indication of the representatives 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 are present at the General Meeting.

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 executives

At the Annual General Meeting held on 30th March 2009, the Chairman of the Board of the General Meeting resolved proceeding with the joint voting, not being of binding nature, under the terms of article 13 (5) of the articles of association, on the statement made by the Remuneration and Welfare Board and by the Nominations Committee (a committee appointed by the Supervisory Board, under the terms of article 13 (1) of the articles of association and of article 429 of the Companies Code) on the remuneration policy of the members of the corporate bodies approved by them, as well as on a statement on the Pensions Regulations adopted by the Supervisory Board for the three year period of 2009/2011.The Supervisory Board at its meeting held on 16 April 2009 resolved that, since the election of the Executive Board of Directors pertains to the General Meeting of Shareholders and not to the Supervisory Board, the establishment of the remuneration of the Directors as well as the approval of their retirement regime would become one of the competences of the Remunerations and Welfare Board.

The joint voting, while not binding, was supported by a majority of 99.66% of the votes cast. Its objective was to get to know the opinions of the shareholders on the company's remuneration policy and assessment of the performance of the members of the management board.

Apart from the members of the Supervisory Board and of the Executive Board of Directors, there are no other people who can be qualified as senior executives, as per article 248-B of the Securities Code, that is, people who, possessing regular access to privileged information, participate in the decision-making process on the company's management and business strategy.

The Annual General Meeting is responsible for making a general assessment of the company's management and supervision, with the amplitude established by law, using for the effect the recommendation resulting from the assessment made by the Supervisory Board in the report and opinion placed at the disposal of the shareholders together with the rest of the documentation related with the financial statements.

I.17. Information on the intervention of the General Meeting relative to the proposal on plans to allocate shares and/or share purchase options, or based on variations in the price of the shares, to members of the management and supervisory boards and remaining senior executives, complying with article 248-B (3)of the Securities Code, as well as on the elements provided to the General Meeting with a view to a correct assessment of these plans

The Bank does not have in progress, nor does it foresee having, any plans to allocate shares, and/or share purchase options or based on variations in the price of the shares.

I.18. Information on the intervention of the General Meeting regarding the approval of the main characteristics of the retirement benefits system extended to the members of the management and supervisory boards and other senior executives, complying with 248-B (3) of the Securities Code

As noted above, apart from the members of the management and supervisory boards, there are no other people who can be qualified as senior executives, in observance of article 248-B of the Securities Code.

The members of the supervisory bodies are not entitled to any retirement benefit.

The Retirement Regulation of the members of the Executive Board of Directors, transcribed below, was approved by the Remuneration and Welfare Board and submitted for consultation to the General Meeting, which approved it by 99.66% of the votes cast.

"Retirement Regulations for Executive Directors of Banco Comercial Português, S.A.

Article 1

Object

These Regulations set forth, in accordance with Art. 13 of the Articles of Association of Banco Comercial Português, S.A. (the Bank), the supplemental regime of benefits due to retirement, *disability or survivorship, granted based on the functions as Director in the Bank's executive management body.*

Article 2

Scope

1. *Are within the scope of these Regulations the Beneficiaries, included in the Social Security General Regime or in the Social Security Private Regime for the Banking Sector in Portugal, who were members of the Bank's Executive Board of Directors during the terms-of-office as of 2008/2010, for purposes of protection in case of disability or retirement.*

2. *These Regulations also comprise the beneficiaries of the survivorship pensions referred in Article 5.*

Article 3

Supplemental retirement and disability pension

1. *The right to the supplemental retirement or disability pension is granted if the beneficiary retires due to old age or disability, under the terms of the applicable social security regime.*

2. *The value of the supplemental pension results from the transformation of the capital accrued in the Individual Account of the Pension Fund, after deducting the applicable taxes, into a monthly pension for life.*

3. *The supplemental pension will be granted by purchasing a lifelong pension policy from an insurance company, being the Director responsible for choosing the annual growth rate and the pension conversion in case of death.*

Article 4

Capital redemption

As an alternative to the supplemental pension provided in Article 3, the Director may chose to redeem the capital under the terms and limits provided by law.

Article 5

Survivorship supplemental pension

If the Director is deceased before retirement, his/her legitimate heirs, if any, shall be entitled to the capital accrued in the Director's Individual Account, in accordance with the laws of inheritance.

Article 6

Financing

1. *The supplemental benefits plan regulated herein is financed through individual applications to an open pension fund.*

2. *The Bank's annual contribution to the plan established in these regulations equals, before applying any income tax deductions for individuals, 23% of the difference between the annual gross fixed remuneration of the Director for being a member of the Bank's Executive Board of Directors and the annual gross fixed remuneration used as base for the Bank's mandatory contributions to the welfare system applicable to the Director in case of disability, old age or death (Social Security General Regime; Social Security Private Regime for the Banking Sector and the supplemental Plan for Employees of Banco Comercial Português, S.A.).*

Article 7

Accumulation of retirement benefits and remunerations

The accumulation of retirement benefits due to old age and the remuneration earned as Director of the entity paying the pension is allowed, but while the Director remains in functions it will be deducted from his gross remuneration the net amount of the pension or the amount that would have been paid as an alternative to the capital redemption, without damaging the full payment of all amounts decided by the Remunerations and Welfare Board or Remunerations Committee in accordance with art. 13 of the Bank's Articles of Association, when applicable, as variable remuneration or premiums for the functions exercised.

Article 8

Application and Revision

1. *These Regulations, as adopted in 2008, shall apply to the benefits to grant after the date of their approval by the competent corporate body and approval by or notification to Instituto de Seguros de Portugal, as required.*

2. *These Regulations shall be interpreted and applied by the Remunerations Board or Committee referred in the previous article.*

3. *The Remunerations Board or Committee must submit any amendments to these Regulations to the appraisal of the Annual General Meeting."*

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 establishing the limitation of the number of votes which can be held or exercised by a single shareholder individually or in a concerted manner with other shareholders

There is no rule with the contents of the present paragraph in the Articles of Association of the Bank, with the inclusion of such a rule never having been requested by shareholders or members of corporate bodies.

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

There are no measures with these characteristics.

I.21. Significant agreements of which the company is a party and which enter into force, able of being altered or that cease to be in force 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 harm 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 Market Code which establish compensation in the case of resignation, dismissal without fair grounds or termination of the work relation following a change in the control of the company

There are no agreements with these characteristics.

CHAPTER II - Management and Supervisory Boards

Banco Comercial Português has developed consistent efforts to incorporate the criteria of the assessment of good corporate governance – equity, accountability and transparency, technical competence and internal alignment and loyalty and responsibility duties - simultaneously with the adoption of practices to ensure the achievement of the objectives of the best models of Corporate Governance – separation of duties, specialisation of supervision, financial and management control, risk control and monitoring, minimisation of conflicts of interests and orientation towards sustainability.

Hence, four 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 new model, the Executive Board of Directors considers that it has permitted a strict separation between the management and supervision, ensuring that the latter is carried out by non-executive members who are mostly independent in relation to the company, in accordance with the criteria established by the Companies Code. No constraints have been detected in its functioning, which is considered perfectly suitable to a Group with the size and object of the Millennium bcp Group, thereby leading the Executive Board of Directors to consider that there is no need to propose any measures of action aimed at altering the governance regime adopted in June 2006.

Section I – General Issues

II.1. Identification and composition of the governing bodies

In accordance with the two-tier corporate governance model adopted by Banco Comercial Português, its management and supervision is structured as follows:

- Executive Board of Directors;
- Supervisory Board;
- Statutory Auditor.

Since, in accordance with the Bank's bylaws, the establishment of the remuneration of the corporate bodies, including the one of the Executive Board of Directors, is not a responsibility of the Supervisory Board, the General Meeting delegated these competences on a Remuneration and Welfare Board, which is statutorily defined as a Governance Body.

The Group also uses a company of external auditors to carry out the audits of the individual and consolidated accounts of Banco Comercial Português and of the different companies controlled by it.

A) Executive Board of Directors

The Executive Board of Directors is responsible for the management of the company, being composed of an odd number of members, a minimum of seven and maximum of thirteen, elected by the General Meeting for a period of three years, who can be re-elected one or more times. In the present term-of-office the Board is composed of seven members.

The Executive Board of Directors has ample competence established in the law and articles of association of the company, which covers, amongst others, the following duties:

- managing the Bank, carrying out such acts and operations as may be pertinent to its corporate object;
- preparing the documents presenting the accounts;
- preparing the documents with projections of the Bank's activity and corresponding implementation reports;
- deciding freely, subject to any legal requirements, regarding the acquisition of holdings in companies that may have any object whatsoever and in companies governed by special legislation or in incorporated joint ventures or any other form of association of companies;
- mobilising financial resources and engaging in credit operations which are not prohibited by the law;
- appointing attorneys to carry out specific acts;
- complying and ensuring compliance with legal and statutory provisos and with General Meeting's resolutions;
- setting up the Bank's organisation and methods of work, drawing up regulations and issuing such instructions as it may deem fit;
- constituting new decision-making levels with competence to assess credit operations;
- representing the Bank in and out of judicature, as plaintiff or defendant;
- resolving or proposing, with due grounds, such share capital increases as may be necessary.

The current Executive Board of Directors of the Bank was elected at the General Meeting of Shareholders on 15th January 2008 and is composed of the following members:

Chairman:	Carlos Jorge Ramalho dos Santos Ferreira (61 years old)
Vice Chairmen:	Armando António Martins Vara (56 years old) (whose functions are suspended)*
	Paulo José de Ribeiro Moita de Macedo (46 years old)
Members:	Vítor Manuel Lopes Fernandes (46 years old)**
	José João Guilherme (52 years old)
	Nelson Ricardo Bessa Machado (50 years old)
	Luís Maria França de Castro Pereira Coutinho (48 years old)
	Miguel Maya Dias Pinheiro (45 years old)***

* On 3 November 2009 and pursuant to the disclosure of news on issues that led to his indictment, the Director and Vice-Chairman Mr. Armando António Martins Vara decided to request the suspension of his term-of-office until the facts were duly investigated and decided. The suspension resolution was adopted by the Supervisory Board at its meeting held on 11 November 2009.

** Following the suspension of Mr. Armando António Martins Vara, the Director Vítor Manuel Lopes Fernandes was appointed as Vice-Chairman for the duration of the suspension.

All the Directors show technical competence, knowledge and professional experience appropriate to the performance of their respective duties, employing therein the diligence of a careful and orderly manager, observing duties of loyalty, in the interest of the company, attending to the long term interests of the Shareholders and other stakeholders. For this effect, see the Curriculum attached to this report, presented on page 88 and following.

In accordance with the provisions of the Articles of Association of the Bank and in the Regulations of the Executive Board of Directors, all the Executive Directors undertake to observe a strict regime of exclusivity, and are prevented from performing duties of any nature by appointment to a corporate office or through a work contract, in any other commercial company in which the Group led by Banco Comercial Português has no interests, unless the explicit prior authorisation of the company has been obtained for such.

The current term-of-office of the Executive Board of Directors relates to the three year period 2008/2010.

B) Supervisory Board

The Supervisory Board is a supervision body, being responsible, under the terms established by the law and Articles of Association of the Bank 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 of the company;
- proceeding with the permanent follow-up 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 requisites of independence and other relations with the company, as well as the respective exoneration, a decision which, to the extent permitted by the law, will be binding, implying that the governing bodies must proceed in conformity;
- proceeding with the continuous follow-up of the systems and procedures relative to the company's financial reporting and risk management and regarding the activity of the Statutory Auditor and external auditor;
- 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 accounts of the financial year;
- 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 Supervisory Board is composed of thirteen permanent members. All the members of this Board are, by the nature of the actual governance model, non-executive and mostly

*** The Supervisory Board, at its meeting held on 11 November 2009, appointed Mr. Miguel Maya Dias Pinheiro to replace Mr. Armando António Martins Vara as member of the Executive Board of Directors for the duration of the suspension. This appointment will be submitted for ratification to the Annual General Meeting, in accordance with the law.

independent. Five of the members do not meet the requisites of independence due to being related to entities with holdings greater than 2% of the Bank's share capital. All the members comply with the rules on incompatibility established in number 1 of article 414-A, of the Companies Code including sub-paragraph f) and perform their respective duties observing the duties of accountability, in accordance with the high standards of professional diligence and duties of loyalty, in the interest of the company, provided for by law.

The Supervisory Board was elected at the General Meeting of 30th March 2009 and has the following composition:

Chairman: Luís de Melo Champalimaud (58 years old) (Independent)

Vice Chairmen: Manuel Domingos Vicente (53 years old) (Not Independent for being related to an entity owning a qualifying holding)

Pedro Maria Calaínho Teixeira Duarte (55 years old) (Not Independent for being related to an entity owning a qualifying holding)

Members: Josep Oliu Creus (60 years old) (Not Independent for being related to an entity owning a qualifying holding)

António Luís Guerra Nunes Mexia (52 years old) (Not Independent for being related to an entity owning a qualifying holding)

Patrick Huen Wing Ming, representing the company Sociedade de Turismo e Diversões de Macau S.A (68 years old) (Not Independent representing a company owning a qualifying holding)

António Víctor Martins Monteiro (66 years old) (Independent)

João Manuel de Matos Loureiro (50 years old) (Independent)

José Guilherme Xavier de Basto (71 years old) (Independent)

José Vieira dos Reis (62 years old) (Independent)

Manuel Alfredo da Cunha José de Mello (61 years old) (Independent)

Thomaz de Mello Paes de Vasconcelos (52 years old) (Independent)

Vasco Esteves Fraga (60 years old) (Independent)

The term-of-office of the Supervisory Board started on 30th March 2009 and will end on 31st December 2010.

The Reports of the Supervisory Board and of the Audit Committee, and the financial statements are disclosed on the Bank's site, on the page with the following address:

http://www.millenniumbcp.pt/pubs/pt/governacao/article.jhtml?articleID=286308

C) Statutory Auditor and External Auditors

In the two-tier system adopted by Banco Comercial Português the Statutory Auditor is elected by the General Meeting through a proposal of the Supervisory Board, for 3 year mandates, being responsible, namely, for:

- Verifying the regularity of the accounting ledgers and records;
- Verifying the accounting policies and worth measurement criteria adopted;
- Verifying the accuracy of the documents presenting the accounts;
- Preparing a monthly report on their supervisory action;
- Participating in the meetings of the Executive Board of Directors and of the Supervisory Board whenever their presence is requested, namely at the time of the approval of the company accounts.

The Statutory Auditors, permanent and alternate, elected at the General Meeting to perform duties for the three-year period of 2008/2010 are:

Permanent: KPMG & Associados – Sociedade de Revisores Oficiais de Contas, S.A., represented by their partner Vítor Manuel da Cunha Ribeirinho, ROC, number 1081

Alternate: KPMG & Associados – Sociedade de Revisores Oficiais de Contas, S.A., represented by their partner Ana Cristina Soares Valente Dourado, ROC number 1011.

The Annual General Meeting of 2008 also proceeded, under the statutory terms and through proposal of the Supervisory Board, with the election of KPMG & Associados – Sociedade de Revisores Oficiais de Contas, S.A. (SROC number 189) as External Auditor of the Group.

D) Remuneration and Welfare Board

The Remuneration and Welfare Board, in which the General Meeting delegated, for the three year period of 2008/2010, the competence to resolve on the remuneration of the members of the governing bodies of the Bank and, as from the resolution adopted by the Supervisory Board on 16 April 2009 to resolve on the remuneration of the Executive Board of Directors, has the following composition:

Chairman: José Manuel Rodrigues Berardo (66 years old)

Members: Luís de Melo Champalimaud (58 years old)

Manuel Pinto Barbosa (66 years old)

The members of the Remuneration and Welfare Board are independent from the members of the management board.

During the financial year of 2009, the Remuneration and Welfare Board met seven times.

At the request of their Chairman, the Chairman of the Board of the General Meeting and the Chairman of the Executive Board of Directors participated in some of their meetings.

The Remuneration and Welfare Board has André Luiz Gomes (Lawyer) as its Expert.

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 the supervision duties committed to it, the Supervisory Board created, at its meeting of 16th April 2009, in accordance with the law, the Bank's Articles of Association and its own Regulations, the following three specialised committees:

A) Audit Committee

This Committee is established by article 444 (2) of the Companies Code, being committed, in accordance with the abovementioned rule and the Regulations of the Supervisory Board, namely, to matters related to the supervision of the Management, financial reporting documents, and also the establishment of qualitative measures to improve the internal control systems, risk management policy and compliance policy, being also responsible for supervising the activities performed by the Audit Department, ensuring the independence of the Statutory Auditor and issuing a recommendation on the engagement of the External Auditor, formulation of the proposal for the election and contractual conditions of the provision of services by the latter and receive the communications on irregularities presented by shareholders, employees and others, ensuring their follow-up by the Internal Audit or Client Ombudsman. This Committee also analyses the risk classification of the bank's customers made by the Rating Department.

This Committee is also responsible for issuing opinions on loans granted under any form or modality, including the provision of guarantees, as well as on any other agreements that the Bank or any company of the Group enters into with members of its corporate bodies, owners of holdings greater than 5% of the share capital of the Bank, as well as with entities which, under the terms of the General Framework for Credit Institutions and Financial Companies, are related to any of them.

The Audit Committee is the receiver of the Reports of the internal Audit Department and of the Statutory Auditor and External Auditors, meeting regularly with the Director responsible for the Financial Area, the Risk Officer, the Compliance Officer and the Person Responsible for Internal Audits, being entitled to call on any Coordinating manager that it wishes to hear. The Audit Committee also recruits the Statutory Auditor and External Auditor, whose election and contracting are proposed to the General Meeting, by the Supervisory Board.

During the financial year of 2009, the Audit Committee met eighteen times.

The Audit Committee has the following composition:

Chairman:	João Manuel de Matos Loureiro (Independent)
Members:	José Guilherme Xavier de Basto (Independent)
	José Vieira dos Reis (Independent)
	Thomaz de Mello Paes Vasconcelos (Independent)

This Committee receives logistic and technical support from the Supporting Office of the Supervisory Board, with the secretarial services being administered by the Office Head.

João Manuel de Matos Loureiro is qualified as Independent and, as shown on the respective curriculum attached to the present Report, possesses the expertise and professional experience appropriate to the exercise of the respective position, these being characteristics which are also found in the respective curricula of the remaining members of this Committee.

B) Sustainability and Corporate Governance Committee

This Committee advises the Supervisory Board on matters relative to the Corporate Governance of the Company, with the essential function of coordinating the work of reflection on the Bank's governance model, so as to be able to recommend the solutions which are best suited to their management needs, culture and strategy, namely those arising from the international best practices, also issuing statements on the Group's sustainability policy.

The Sustainability and Corporate Governance Committee has the following composition:

Chairman:	Luís de Melo Champalimaud (Independent)
Members:	Josep Oliu Creus (Not Independent)
	António Luís Guerra Nunes Mexia (Not Independent)

This Committee has appointed as its Experts the law firm Morais Leitão, Galvão Teles, Soares da Silva & Associados, currently represented by João Soares da Silva, and by Paulo Olavo Cunha (Law Professor).

During the financial year of 2009, the Sustainability and Corporate Governance Committee met four times.

The secretary of this Committee is the Company Secretary.

C) Nominations Committee

The Nominations Committee assists and advises the Supervisory Board on matters relative to the filling of vacancies in the Bank's Executive Board of Directors and in the definition of the competence profiles and composition of the internal structures and bodies and formulation of the opinion on the annual vote of confidence in the members of the Management Body.

Likewise, it advises the Supervisory Board by issuing an opinion on the nomination of the Coordinating managers (reporting directly to the management), of people who are indicated for the performance of management or supervisory duties in companies in which the Bank has a stake, whether controlled or not, and, finally, on the issue of the necessary prior agreement for directors to accept corporate positions in entities outside the Group.

The Nominations Committee has the following composition:

Chairman: Manuel Alfredo da Cunha José de Mello (Independent)

Members: António Víctor Martins Monteiro (Independent)

Vasco Esteves Fraga (Independent)

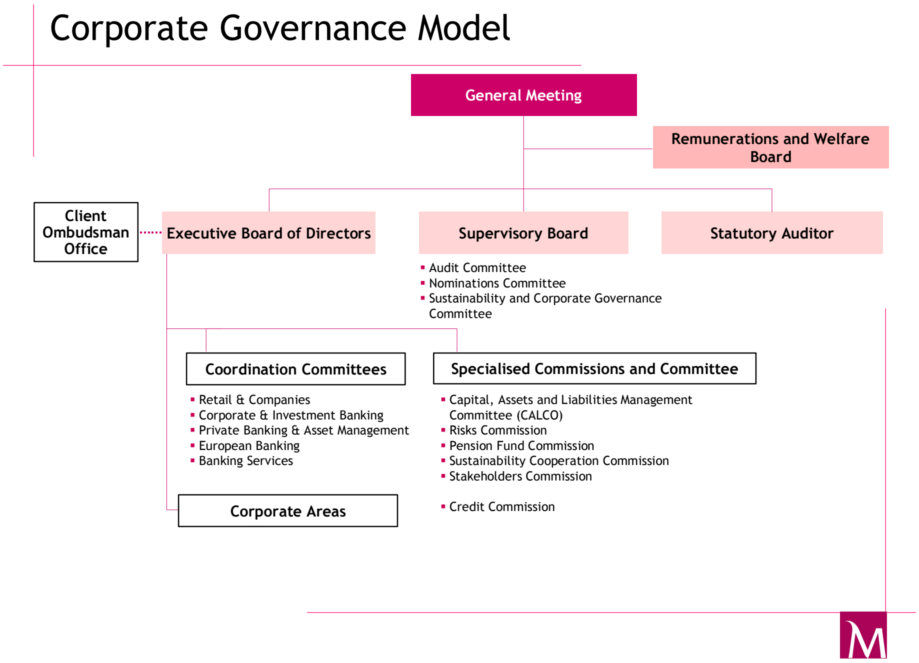
Its Expert is Mr. Hipólito Pires (entrepreneur).

During the financial year of 2009, the Nominations Committee met seven times.

The current secretary of the Committee is the Company Secretary.

All the specialised Committees prepare minutes of the meetings held, in accordance with the respective rules of procedure.

II.3. Organizational 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

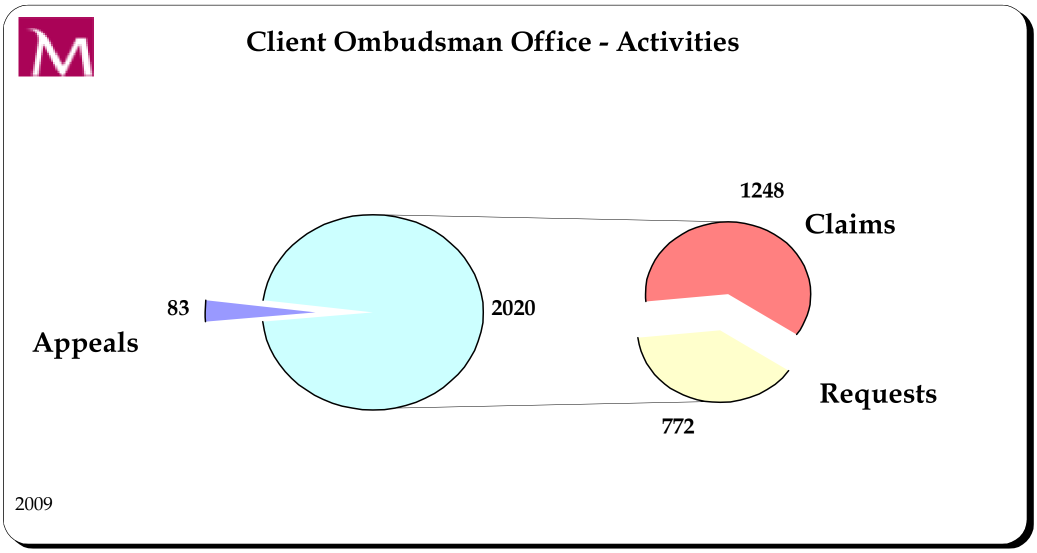


Since the competences of the General Meeting, the Supervisory Board and its specialised committees, as well as those of the Remuneration and Welfare Board have been addressed in detail in the numbers above, this one will describe the scope of action of the Ombudsman Office, the Distribution of Areas of Responsibility of the Executive Board of Directors and the main structures that report to them.

Client Ombudsman Office

The Client Ombudsman is an internal structure that is independent of the Bank's hierarchical structures and functions, namely, as a mediation agent in conflicts between the Customers and the institution, aimed at the defence and promotion of the legitimate rights, guarantees and interests of these Customers, recommending the adoption or alteration of practices or procedures, with its activity being disciplined by the Rules of Procedure of the Ombudsman Office and guided by the principles of impartiality, swiftness, gratuitousness and confidentiality.

During the financial year of 2009, the Ombudsman Office monitored the evolution of 2,020 files relative to claims and requests, the processing of which was ensured through collaboration with the Direct Banking Department. Acting as a board of appeal, the Ombudsman Office enabled the assessment of 83 appeals lodged by Customers.



The average time of response, for appeals and claim procedures, took sixteen and twenty-eight business days, respectively, with the overall average response time respecting the period established in the respective Rules of Procedure. 51% of the claims and 16% of the appeals were found to be admissible. In another twelve appeals which were successful it was not necessary for the relevant recommendations to be addressed to the Executive Board of Directors - since their nature was not excessively complex - and were implemented by the competent sectors of the Bank.

The mission of the Client Ombudsman is adequately disclosed on the Millennium bcp portal, through the Ombudsman's Office link, which provides information, namely, on the way claims or complaints should be presented, with there being direct access to the Rules of Procedure.

This internal structure has its own office and working structures with three full-time employees of the Bank, working exclusively for this office, providing technical, operational and administrative support.

Executive Board of Directors

The current distribution of areas of responsibility amongst members of the Executive Board of Directors is indicated in the chart presented below:

Executive Board of Directors

Areas of responsibility and Alternate Members

Carlos Santos Ferreira (CSF)

1. Office of the Chairman of the EBD
2. Company Secretary
3. Fundação Millennium bcp
4. Audit Department (B)
5. Staff Management Support Department (B)
6. Shareholding & Worth Measurement Dept.(A)
7. Optimization & Performance Project
8. Millennium Angola
9. Alfa Project

Paulo Macedo

1. Research Office
2. Planning & Budget Control Department
3. Accounting & Consolidation Department
4. Management Information Department
5. ALM Department (Assets & Liabilities Mgmt)
6. Investors Relations Department
7. Quality Department
8. Risk Office
9. Compliance Office
10. General Secretariat
11. Prevention and Safety Office
12. Communication Department

Vítor Fernandes

1. IT Department
2. Operations Department
3. Credit Department
4. Credit Recovery Department
5. Property & Logistics Department
6. Rating Department
7. Legal Department
8. Tax Advising Department
9. Litigations Department
10. Marketing Dept
11. Companies Marketing Dept

(B) Audit Department
(B) Staff Management Support Department

José João Guilherme

1. Retail Banking (South)
2. Retail Banking (Centre South)
3. Companies Banking (South)
4. International Department
5. Treasury & Markets Department
6. Direct Banking Department
7. Millennium bim

(A) Shareholdings & Worth Measurement Department

Nelson Machado

1. Retail Banking (North)
2. Retail Banking (Centre North)
3. Companies Banking (North)
4. Madeira Regional Department
5. Azores Regional Department
6. Network Support Department
7. Micro-credit Department
8. Asset Management.
9. Insurances
10. Banque BCP (France)
11. Real Estate Promotion Department

Luís Pereira Coutinho

1. Private Banking
2. Banque Privée BCP (Switzerland)
3. Bank Millennium (Poland)
4. Millennium Bank (Greece)
5. Millennium Bank (Turkey)
6. Banca Millennium (Romania)
7. Millennium bcpbank (USA)
8. Millennium bcp Bank & Trust (Cayman islands)

Miguel Maya

1. Corporate Department I
2. Corporate Department II
3. Investment Banking Dept
4. Specialized Credit Department
5. Credit Recovery Dept
6. ActivoBank7/Blue Project

(A) 1st in charge: José João Guilherme
(B) 1st in charge : Vitor Fernandes

Company Secretary

The Executive Board of Directors appoints the Company Secretary and his/her Alternate, with their duties ceasing upon the termination of the mandate of the Board that elected them. The current Company Secretary and Alternate Secretary were re-elected to their respective duties by the Executive Board of Directors in office. Both have Law degrees, recognised experience and merit to perform the duties required by the position. Their functions are, namely, to perform secretarial duties in meetings of the governing bodies, produce certificates of the actions of the governing bodies and powers of the respective members, meet the requests of the Shareholders relative to their right to information, produce certificates of copies of minutes and other company documents. The Company Secretary also provides legal counsel to the corporate bodies on corporate issues or any other that may be eventually requested.

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 of the company and decision-making structure, it is important to mention the existence of a series of Committees and Commissions which, apart from the

Directors who have been entrusted with the responsibility to specifically follow matters within their scope of action, also include the Employees of the Bank or Group who are the persons in charge of their respective areas.

Currently, there are five Coordination Committees, aiming at facilitating the articulation of current managerial decisions, involving the senior management of the units included in each of the Business Areas and Bank Service Units, with the mission of reconciling perspectives and supporting the managerial decision-making process of the Executive Board of Directors.

Retail and Companies Coordination Committee

This Committee is composed of fourteen members, including, apart from the Directors responsible for the related areas, Vítor Fernandes, José João Guilherme and Nelson Machado, the persons in charge of the Companies Banking Department, Companies Banking - North, Centre South Coordination Department, Centre-North Coordination Department, Centre South Coordination Department, Direct Banking Department, Management Information Department (MID), Marketing Department, Companies Marketing Department, Retail Coordination Departments – South and North and the Network Support Department.

Its department's mission is to coordinate the Bank's Retail business in Portugal, being responsible for defining the business strategy proposal and for its implementation in the different distribution channels. Some of the departments that are part of this committee are also responsible for serving, in Portugal, the customers of the Companies segment, making their personalized follow-up, capturing potential customers, developing competences in terms of design, management and support to the sale of the products and services, acting pro-actively to create instruments that allow the Bank to optimise customer management, so as to maximise the value added and the level of satisfaction.

This Committee submits proposals on the guidelines covering the management of the respective areas of action, being responsible for their articulation with the other functional areas of the Bank.

Corporate and Investment Banking Coordination Committee

This Committee is composed of eleven members, including, apart from the Directors responsible for the related areas, José João Guilherme and Miguel Maya, the persons in charge of the Corporate I and II Departments, International Department, Specialized Credit Department, Management Information Department (MID), Real-Estate Promotion Department, Treasury and Markets Department, Investment Banking Tax Advisory Department and the Investment Banking Department.

The mission of the departments part of this committee is to provide services for customers of the corporate and investment banking segments in Portugal. This Committee is also responsible, throughout the entire Group, for the follow-up and management of the international area and products for Leasing, Renting, Factoring, Real-Estate Promotion, Protocol Loans and/or Re-financing Loans, acting pro-actively to create instruments that allow the Bank to optimise customer management, so as to maximise the value added and the level of satisfaction. This Committee submits proposals on the guidelines covering the management of the respective areas of action.

It also manages the relations with the several Chambers of Commerce of which the Bank is an associate and the relations with Public Entities such as IAPMEI, AICEP and Mutual Guarantee Companies.

Private Banking and Asset Management Coordination Committee

This Committee is composed of seven members, including, apart from the Directors responsible for the related areas, Nelson Machado and Luís Pereira Coutinho, the persons in charge of the

Private Banking Department, Management Information Department – Commercial Areas, Millennium Banque Privée (Switzerland), Asset Management, Activobank7/Project Blue and the Wealth Management Unit (WMU). Also part of this Committee are the persons in charge of the companies in which the Bank has a stake which, at a national and multinational level, pursue their activity in areas of action of the Committee.

Its mission is to assess issues related with the areas under its supervision, especially business analysis, valuation of assets entrusted to the Bank, earnings and the analysis of sales and performance of investment funds. This Committee submits proposals on the guidelines covering the management of the respective areas of action.

European Business Coordination Committee

This Committee is composed of seven members, including, apart from the Directors with related areas of responsibility, Vítor Fernandes, Nelson Machado and Luís Pereira Coutinho, the persons in charge of the Group's Banks in Poland, Romania, Greece and Turkey (the sale of this operation has already been agreed).

Its mission is to monitor, coordinate and articulate the management of the subsidiary companies located in Europe and, within the scope of its competences, submit for decision-making, proposals on subjects related to the implementation of reporting procedures on activity and financial developments to allow for a systematic and harmonised approach to the follow-up of the different operations, in terms of control of budgetary implementation, financial activity and evolution, and relative to support to decision-making and subsequent implementation of resolutions on restructuring, investment and divestment.

Banking Services Coordination Committee

This Committee is composed of fourteen members, including, apart from the Directors with related areas of responsibility, Paulo Macedo and Vítor Fernandes, the persons in charge of the Budget Planning and Control Department, Operations Department, Property & Logistics Department, the Security and Prevention Office, Credit Department, Credit Recovery Department, Information Technology Department, Rating Department and Banking Service Departments of the Banks in Greece, Romania and Poland.

Its department’s mission is to serve Business Units in Portugal and in other geographic areas, contributing, in a sustained manner, to cut costs and improve service quality, ensuring a degree of innovation compatible with the Group's aspirations for growth. It analyses the information relative to the evolution of costs and main service levels of the Banking Services, as well as the proposals presented by the respective members and submits, for decision-making, proposals on subjects related to the management of the Credit Department, Credit Recovery, Operations, Property & Logistics, Security and Prevention, and IT Departments.

Commissions

There are six Commissions appointed by 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 actions of the Bank and Group.

Capital Assets and Liabilities Management Commission (CALCO)

The main duties of this Commission are the monitoring and management of the market risks associated to the asset and liability structure, the planning and allocation of capital and definition of the policies appropriate to liquidity and market risk management, for the Group as a whole.

All the members of the Executive Board of Directors are part of this Commission, as well as: the Heads of the Assets and Liabilities Management Department, the Treasury and Markets Department, the Management Information Department, the Budget Planning and Control Department, the Research Office, the Risk Office and the Chief Economist.

Risk Commission

This Commission is responsible for the follow-up of all overall risk levels (credit, market, liquidity and operating risk), ensuring that these are compatible with the objectives, 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, the Rating Department, Research Office, Assets and Liabilities Management Department and Credit Department are part of this Commission.

Within the scope of the Risk Commission there is also the Pension Fund Monitoring Sub-Commission responsible for monitoring the performance and risk of the Group’s Pension Funds and establishing appropriate investment policies and hedging strategies.

Apart from Carlos Santos Ferreira, Chairman of the Executive Board of Directors, Paulo Macedo, Vice Chairman of the Executive Board of Directors and Nelson Machado, the member of the Executive Board of Directors responsible for this area, this sub-commission also includes the Risk Officer, the Heads of the Staff Management Support, Budget Planning and Control Departments and also the General Manager of Pensões Gere (the company that manages the Pension Fund) and a representative of F&C (a funds management company advisor of the Pension Fund management company).

Pension Fund Monitoring Commission

The mission of this Commission is the follow-up of the management of the Pension Funds and issue opinion on the proposals to alter the pension plans and was established in accordance with the provisos of article 53 of the Pension Fund Law – Decree-Law 12/2006 of 20 January, in the wording given by Decree-law 180/2007 of 9 May. This Commission is responsible for the monitoring and management of the risk of the Group's Pension Funds, as well as for the establishment of hedging strategies and suitable investment policies.

Apart from the Vice-Chairman of the Executive Board of Directors, Paulo Macedo, this Commission also includes the Risk Officer, the Heads of the Staff Management Support Department and of the Assets and Liabilities Management Department and a representative of Pensões Gere (the pension fund's management company); the Bank also invited the Workers Commission to be part of this Commission, giving to it one of the seats the EBD is entitled to; in accordance with legal requirements are also part of this commission 3 representatives of the Banking Unions.

Sustainability Coordination Commission

Its mission is to define and render operational the Bank's initiatives and programmes under the scope of its competences, submit for decision-making, proposals on subjects related to the action plan underlying the sustainability policy.

This Committee is composed of Mr. Carlos Santos Ferreira, Chairman of the Executive Board of Directors, Paulo Macedo, Vice-Chairman of the Executive Board of Directors, and the Heads of the Communication Department, Quality Department, Assets and Logistics Department, Marketing Department, Staff Management Support Department and Fundação Millennium bcp.

Stakeholders Commission

This Commission is responsible for relations with stakeholders, functioning simultaneously as a privileged channel for the disclosure of internal company information and as a forum of debate and strategic advice for the Executive Board of Directors.

Its members are individuals of high merit and a publicly recognised prestige, without ties to the Bank, being invited amongst the main stakeholders, namely shareholders, employees, customers and civil society.

Are members of this Commission the Chairman of the Executive Board of Directors, the Chairman of the Board of the General Meeting, the representative of the Workers Commission, Luís Arezes, the representative of Fundação Millennium bcp, Luís Mota Freitas, in representation of the Customers, DECO, embodied by Jorge Morgado, in representation of the Suppliers, IBM, embodied by José Joaquim Oliveira, and in representation of the Universities, Luís Campos e Cunha.

Credit Commission

This Commission issues opinions on credit granting to customers or economic groups with overall high exposure to risk, namely in transactions involving the renewal or review of credit lines and limits, one-off operations or mid-term reviews of credit lines and limits which represent considerably increased exposure to risk. The competences of the Credit Commission cover other types of credit operations, namely, project finance operations, collateralised operations with financial assets from the sales networks of the Bank, operations funding real estate promotion, real estate and movable asset leasing operations, factoring operations and operations involving the restructuring of current liabilities at the Bank.

The Commission is composed of: a minimum of three members of the Executive Board of Directors and the Heads of: the Credit Department, the Credit Recovery Department, the Litigations Department, the Rating Department, the Legal Department and the Risk Officer of the Group. This Commission also includes, according to the specific operations to be assessed or their nature, the Coordinating Managers of the Commercial Areas and Investment Banking, the Specialised Credit, the Real Estate Promotion Department, the person in charge of the Corporate II Department, Level 3 Credit Managers and the Compliance Officer.

Business Areas and Support Units

The graphic below presents the Bank's organisation relative to business activity and support.

Business Areas and Support Units

Business Areas

Retail and Companies Banking
- Retail Banking (South, Centre South, Centre North, North)
- Madeira Regional Department and the Azores Regional Department
- Network Support Department
- Companies Banking (South, North)
- Direct Banking Department
- Micro-credit
- Marketing Department
- Companies Marketing Department

Corporate and Investment Banking
- Corporate I and II
- Investment Banking Department
- Treasury & Markets Department
- International Department
- Specialized Credit Department
- Real Estate Promotion Department
- Tax Advisory Services - Investment Banking

Private Banking e A.M.
- Private Banking
- Asset Management
- ActivoBank7

European Business
- Bank Millennium (Poland)
- Millennium Bank (Greece)
- Millennium Banque Privée (Switzerland)
- Banca Millennium (Romania)
- Millennium Bank (Turkey)

Other International Business
- Millennium bim (Mozambique)
- Millennium Angola
- Millennium bcpbank (USA)
- Millennium Bcp Bank & Trust (Cayman Islands)

Support Units

Banking Services
- IT Department
- Operations Department
- Credit Department
- Credit Recovery Department
- Property & Logistics Department
- Rating Department
- Prevention and Safety Office

Corporate Areas
- Risk Office
- Compliance Office
- Planning & Budget Control Department
- Research Office
- ALM Department (Assets & Liabilities Mgmt)
- Management Information Department
- Accounting & Consolidation Department
- Investors Relations Department
- Audit Department
- Legal Department
- Tax Advising Department
- Staff Management Support Department
- General Secretariat
- Fundação Millennium bcp
- Quality Department
- Communication Department
- Shareholding & Worth Measurement Dept
- Litigations Department
- Optimisation & Performance Project
- Company Secretary's Office
- Office of the Chairman of the EBD
- FBSU -Foreign Business Support Unit

In addition to those presented above, we consider that, in view of their functions, the following corporate areas deserve particular emphasis: 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 its associates. In the performance of its duties, the Compliance Office relates directly with the Executive Board of Directors, the Audit Committee of the Supervisory Board.

The main lines of action of the Compliance Office focus on the implementation of a culture of compliance in the different business units of the Banco Comercial Português Group, together with the development and implementation of internal policies which are adequate and comply with the regulations, involving Employee training, Customer monitoring, transactions and the implementation of the best practices in terms of Customer Due Diligence, Know Your Counterparts, Know Your Transactions and Know Your Processes (compliance risk control at the level of operating processes).

In all countries where the Group operates through a subsidiary company, a local Compliance Officer, working under the Group Compliance Officer, assures compliance with the legal requirements of the incorporation country.

Compliance Officer: Carlos António Torroaes Albuquerque.

Audit Department

The Audit Department is responsible for the Internal Audit function of Banco Comercial Português. The Department carries out its mission by adopting principles of internal auditing which are internationally recognised and accepted, aimed at assessing whether the processes of risk identification and management, internal control and governance of the Bank and Group are adequate, effective and designed to ensure that:

- the risks are duly identified and managed;
- the controls implemented are correct and proportional to the risks;
- 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 in due time;
- the safeguarding and security of the interests and assets of the Bank and Group or which were entrusted to them are duly ensured;
- the Employees perform their duties in conformity with the internal policies, rules and procedures and with the legislation and other applicable regulations;
- the resources are acquired economically, used efficiently and protected adequately;
- the programmes, plans and objectives defined by the management are followed;
- the overall quality of the organisation and its continuous improvement are fostered by the internal control procedures;
- the legal and regulatory matters of impact on the organisation are recognised, clearly understood and duly addressed.

The activity of the Audit Department contributes to the pursuit of the objectives defined in Notice number 5/2008 of the Banco de Portugal for the internal control system of the institutions covered by the General Framework for the 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 relates directly with the Executive Board of Directors and the Audit Committee of the Supervisory Board.

Person in Charge: António Pedro Nunes de Oliveira

Risk Office

The main function of the Risk Office is to support the Executive Board of Directors in developing and implementing risk management and control processes. This activity is described in greater detail in paragraph II.5.

In the performance of its duties, the Risk Office relates directly with the Executive Board of Directors and the Audit Committee of the Supervisory Board.

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 are disclosed on the company's Internet site, together with the documents presenting the accounts

The description of the supervisory activity carried out by the Supervisory Board and the Audit Committee are in the respective annual reports and opinions published together with the documents presenting the accounts, which are disclosed on the Bank's Internet site, on the page with the following direct address:

http://www.millenniumbcp.pt/pubs/pt/investidores/informacaofinanceira/apresentacaoderesultados

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 effectiveness

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:

- an efficient and profitable performance of the activity, in the medium and long term, which guarantees 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, the prudent and correct evaluation of the assets and liabilities, as well as the implementation of mechanisms for prevention and protection against non-authorised, intentional or negligent action;
- 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 financing of terrorism, as well as the professional and deontological standards and practices, internal and statutory rules, codes of conduct and of customer relations, guidelines of the governing bodies and recommendations of the Basel Banking Supervisory Committee and Committee of European Banking Supervisors (CEBS), 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 is based on the Compliance, Risk Management and Internal Audit functions, centralised and transversal across the Group, with the persons in charge being nominated by the Executive Board of Directors of BCP, after the Supervisory Board has been heard, and are directly related to the Audit Committee.

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 activities of the Group;
- 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 activity and of the institution's risks;
- an effective monitoring process, implemented with a view to ensuring the adequacy and effectiveness of the actual internal control system over time, which guarantees, namely, the immediate identification of any deficiencies (defined as the group of existing, potential or real insufficiencies, or of opportunities for the introduction of improvements to permit strengthening the internal control system).
- 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 and members of the management board in particular, also complying with the Group's Code of Professional Conduct and codes of conduct to which banking, financial, insurance and intermediation in securities or derivatives activities are subject.

The Risk Management, Information and Reporting systems

The Internal Control System covers two sub-systems of internal control: the Risk Management System and Information and Reporting System.

The Risk Management System is responsible for taking into consideration the risks related to credit, market, interest rate, exchange rate, liquidity, compliance, operating, information systems, strategy and reputation, as well as all other risks which, in view of the specific situation of the institutions of the Group, could materialise.

The activities that compose the Risk Management System are aimed at the evaluation, follow-up and control of risks, consisting of policies and procedures that are appropriate and clearly defined, with a view to ensuring that the objectives of the institution are achieved and that the necessary measures are taken to respond adequately to the previously identified risks.

The function of the Information and Reporting System is to ensure the existence of information which is substantive, up-to-date, understandable, consistent, timely and reliable, to permit an overall and encompassing vision of the financial situation, development of the business, compliance with the strategy and objectives which have been defined, risk profile of the institution and behaviour and prospects of evolution of the 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.

These two sub-systems of the Internal Control System are managed in the Risk Management area by the Risk Office and in the Information and Communication area by the Budget Planning and Control Department, by the Accounts and Consolidation Department and by the areas responsible for the accounts in the different subsidiary companies. The activity of the Risk Office is transversal across the Group and includes the coordination of the local risk management structures. The Accounting and Consolidation Department and the Budget Planning and Control Department receive and centralise the financial information of all the subsidiary companies.

In this way, the Risk Office, the Accounting and Consolidation Department and the Budget Planning and Control Department ensure the implementation of the procedures and means required for obtaining all the relevant information for the information consolidation process at the level of the Group – of accounting nature, as well as relative to management support and the follow-up and control of risks – 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 Executive Board of Directors, 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 coherent 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 terms and relative terms.

II.6. Responsibility of the management board and supervisory board in the creation and functioning of the company's internal control and risk management systems, as well as in the evaluation of their functioning 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 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, evaluate, follow and control these risks, as well as of 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 Executive Board of Directors is responsible for:

- defining and reviewing 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;
- approving policies and procedures which are specific, effective and adequate for the identification, evaluation, follow-up and control of the risks to which the institution is exposed, ensuring their implementation and fulfilment;
- approving, prior to their introduction, the new products and activities of the institution, as well as the respective risk management policies;
- verifying, in a regular manner, compliance with the risk tolerance levels and risk management policies and procedures, assessing their effectiveness and continuous adequacy to the institution's activity, so as to enable the detection and correction of any deficiencies;
- requesting the preparation and assessment of periodic reports, which are precise and complete, on the main risks to which the institution is exposed and reports that identify the control procedures implemented to manage these risks;
- ensuring the effective implementation of its guidelines and recommendations so as to introduce corrections and/or improvements in the Risk Management System;
- ensuring that the risk management activities have sufficient independence, status and visibility and are subject to periodic reviews;
- issuing opinions on the reports prepared by the Risk Management and Compliance functions, namely, on the recommendations for the adoption of corrective measures.

The Executive Board of Directors is also responsible for ensuring the implementation and maintenance of information and communication processes which are adequate to the institution's activity and risks, for defining the accounting policies to be adopted, for establishing the guidelines and for defining the options which, in the context of such policies, must be taken, also approving the outputs of the reporting or external dissemination produced by the Accounting and Consolidation Department and the Budget Planning and Control Department.

II.7. Indication of the existence of working regulations for the corporate bodies, or other rules relative to incompatibilities defined internally and the maximum number of positions which can be accumulated, and place where they can be consulted

The Supervisory Board and the Executive Board of Directors have their working Regulations, which can be consulted on the Bank's site, directly through the following address:

http://www.millenniumbcp.pt/pubs/pt/investidores/governacaocorporativa/normas/regimentoca/

Banco Comercial Português, apart from fully respecting the legal requirements on these matters, has in its own Articles of Association specific limitations in relation to this issue, contained in article 12, transcribed below:

"Article 12

Incompatibilities

1 – The exercise of functions in any governance body is incompatible:

a) with the exercise of functions, of any nature whatsoever, by appointment to corporate office or by employment contract, in another credit institution with a registered office in Portugal or with an affiliate or branch in Portugal in a controlling or group relationship with it; and

b) with direct or indirect ownership of a holding of more than 2% of the share capital or voting rights of another credit institution with a registered office in Portugal or with an affiliate or branch in Portugal.

2 - In case of a law firm or an audit firm, the incompatibility referred to in the previous paragraph refers only to the partner that represents the firm in the performance of duties.

3 – The position of member of any governance body is also incompatible:

a) with the status of competing company or person, whether individual or corporate entity, related to a company competing with the Bank.

b) with the nomination, even if not legally binding, for member of a governance body made by a competing company or by a person, whether individual or corporate entity, related to a company competing with the Bank.

4 – For the purposes of these Articles of Association, a person related to a competing company is:

a) the one whose voting rights are attributable to the latter under article 20 of the Securities Code or any provision that comes to modify or replace it;

b) the one that, either directly or indirectly, holds, in a competing company, in a company in control or group relation with the latter, as defined in article 21 of the Securities Code, or provision that comes to modify or replace it, or in a company, depending either directly or *indirectly on it, a holding equal to or above ten per cent of the voting rights corresponding to the share capital of the subsidiary.*

5 – The position of Director is further incompatible with the exercise of functions, of any nature whatsoever, by appointment to corporate office or by employment contract, in any other commercial company.

6 – The exercise of function in corporate bodies or ownership of holdings in companies in which Banco Comercial Português has a direct or indirect holding of more than 2% are excluded from the provisions of the foregoing paragraphs, provided that, in the event of exercise of corporate office, the appointment is made with the vote of the Bank or of a company controlled by the Bank, or that the Bank or such company previously express their agreement.

7 – The incompatibilities set forth in paragraphs 1 and 2 shall constitute impediment to the exercise of functions in Banco Comercial Português for which the person shall have been elected; the impediment lasting for six months, without an end having been put thereto, shall determine loss of office.

8 – The incompatibilities set forth in the foregoing paragraphs to this article may, to the extent permitted by law and subject to favourable and prior resolution of the General Meeting that proceeds to the election, not apply to the exercise of functions as an elected member of the Supervisory Board as long as, cumulatively:

a) the competing company or the person, whether individual or corporate body, related to the competing company does not have its registered office, domicile, delegation or representation in Portuguese territory, nor does it exercise there, by any means, a competing activity;

b) the competition relation is expressly referred and precisely identified in the election proposal;

c) the shareholder, i.e. competing corporate entity or person, whether individual or corporate entity, related to the competing corporate entity, or, necessarily, the ultimate corporate entity controlling the competing corporate entity when it is a company depending on another corporate entity, has entered into an agreement with the company in favour of the latter and of third parties, of which are beneficiaries the remaining shareholders of the company, under which he/she/it is bound, except in case of consent granted by favourable vote of more than half of the shares held by the beneficiaries, not to acquire or hold, either directly or indirectly, a holding corresponding to, under article 20 of the Securities Code, or any provision that comes to modify or replace it, a percentage above ten per cent of the voting rights of the company's share capital.

9 – The agreements mentioned in paragraph c) above shall be approved by the Supervisory Board as a requisite for the election to be effective, which is considered to be made under that suspensive condition;

10 – The member of the Supervisory Board elected in accordance with paragraph 8 above may not attend or take part in the meetings, or parts of meetings, in which matters with competitive risk or sensitivity, namely matters with incidence in the markets where there is competition with the company, are discussed, nor may have access to the correspondent information and documentation. The Supervisory Board, especially its Chairman, shall assure the compliance with this regulation.

11 – Apart from what is expressly determined in these Articles of Association, the legal and regulatory rules on prevention of conflicts of interest will always be applicable to all governance bodies."

Likewise, the matter of incompatibilities is also addressed in the Bank's Professional Code of Conduct, in article 20, transcribed below:

"Article 20

Exclusivity

1. Given the degree of responsibility and the demands of the individual duties and the rigour and transparency of the decisions underlying the business, work shall be provided on an exclusive basis.

2. The BCP Board of Directors shall be informed of any accumulation of jobs carried on within the Banco Comercial Português Group or on its behalf with duties or activities not related to the said Group, and the Board may determine the incompatibility of the latter duties or activities or not."

Furthermore, performance of duties in the Supervisory Board is subject to specific rules, established in article 4 of the respective regulations, transcribed below:

"Article 4

(Incompatibilities)

The exercise of the functions as member of the SB is subject to the incompatibilities regime established by the Law and the Bank's Articles of Association.

If, after his/her election occurs, or it is expected to occur, a change in the personal circumstances of any SB member that may eventually constitute an incompatibility in accordance with the conditions stated in the previous number, the SB member in question must immediately inform in writing the Chairman of the SB and the Company Secretary.

In accordance with nr.. 5 of article 414 of the Companies Code, the Board members that at the moment of his/her election are considered independent, must immediately issue the written statement referred to in the previous number in the event any circumstance that may affect this condition occurs or is expected to occur."

Section II – Board of Directors

As mentioned on page 63 in the General Note to this Report since the issues addressed in this section totally ignore the characteristics, functions and competences of the Executive Board of Directors, and are specifically applicable to companies with a one-tier or Anglo-Saxon type of governance model, it is considered that this section does not apply to the management board of Banco Comercial Português.

However and because, in accordance with the a.m. General Note, it is the objective of the present report to convey the governance rules of this company in a complete and transparent manner, we will endeavour to provide the information requested, with the necessary adaptations and within the listed constraints.

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 which ensure the independent and informed character of the decisions

In the two-tier model, which has been adopted by Banco Comercial Português, the Directors with executive functions are part of the Executive Board of Directors - with the Supervisory Board being entrusted with some of competences such as control and monitoring - which in the Anglo-Saxon or one tier model belong to the non-executive directors - besides the SB's specific competences.

Hence, in the two-tier model, different people, imperatively, perform the duties of the Chairman of the Executive Board of Directors and of the Supervisory Board, with the Audit Committee emanating from the Supervisory Board.

In the Anglo-Saxon model, the Board of Directors includes executive and non-executive directors, it only has one chairman and this chairman may also be the chairman of the Executive Committee and the Audit Committee is composed of members of that Board of Directors.

Comparing the two models, it must be concluded that in the two-tier model the mechanisms for the coordination of the work of the members of the Supervisory Board which ensure the independent and informed character of its decisions are inherent to the actual structure of the model and are certainly guaranteed by the fact that they have their own Chairman and an Audit Committee that is totally autonomous of the Executive Board of Directors and that, it must be recalled, is the first receiver of the audit reports.

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 Annual Report and Accounts for 2009, Vol.I - Risk Policy and Management.

II.10. Powers of the management board, namely with respect to the deliberations relative to increased share capital

Under the terms of the articles of association of the Bank, the Executive Board of Directors can, when it believes this to be convenient, after having obtained the favourable opinion of the Supervisory Board, increase the share capital, once or more times, until the total value of the increase corresponds to three quarters of the existing share capital on the date when the authorisation was granted or on the date of each of any of its renewals.

The authorisation to resolve on the increase of share capital was granted at the General Meeting held on 13th March 2006, and will expire, should it not be renewed, on 12th March 2011.

The authorisation to increase the share capital was used in 2006 and 2008, with the increases carried out in this manner having reached a total of 1,106,268,662 Euros, remaining 1,584,979,841 Euros left unused under the authorization granted.

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

Since the management teams are chosen as a whole according to the capacities, qualifications and professional experience of each member, and recognising that not all the Directors can carry out all the duties with the same capacity and level of performance, it is considered 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 on the characteristics and personal and professional experience of each member of the Executive Board of Directors, to proceed with the rotations considered suitable to safeguard the best interests of the company. Therefore, the rotation of areas of responsibility has occurred with some regularity that need to be submitted to the Supervisory Board, which require the opinion of the Nominations Committee for issuing that resolution.

The Chief Financial Officer has been in office since 15th January 2008.

The members of the Supervisory Board and the Statutory Auditor can be elected only at the General Meeting and in the event of the occurrence of vacancies which cannot be filled by the elected alternate members, only the General Meeting can proceed with their respective appointment through a new election. Therefore, any rotation pertains solely to the Shareholders.

Regarding the members of the Executive Board of Directors, which are also elected at the General Meeting, in the event of the absence or temporary impediment of any of them, it is the responsibility of the Executive Board of Directors to provide for their replacement, which should receive the favourable opinion of the Supervisory Board and later on be ratified at the next General Meeting.

II.12. Number of meetings of the management and supervisory boards, and reference to the drawing up of the minutes of these meetings

Please 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 remittance, 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 2009, the Supervisory Board met 11 times, with an attendance rate of 87.1%. All absences were duly and previously justified.

During the financial year of 2009, the Executive Board of Directors met 54 times, with an attendance rate of 88.6%. All absences were duly and previously justified with most being due to the need to travel for motives of performance of duties and representation of the Bank. As a rule, the Executive Board of Directors meets every Tuesday.

During the financial year of 2009, the Audit Committee, duly called to meeting, met 18 times, with an attendance rate of 93%.

Minutes are drawn up of all the meetings of the General and Supervisory Board, Executive Board of Directors and Financial Matters Committee.

The file relative to each meeting of the Executive Board of Directors, including draft minutes for approval, agenda and supporting documents, is sent by the Company Secretary, with the necessary time in advance, to the members of the Executive Board of Directors, to the Office Supporting the Supervisory Board, the structure providing support to the Supervisory Board, to its Chairman and, in particular, to the Audit Committee.

Since the management board is an executive body, there is no delegation of competences in the real sense of the term. There is, however, a clear distribution of areas of responsibility amongst the Directors, who are assisted by various committees and departments.

II.14. Distinction between the executive and non-executive members and, amongst them, discrimination between the members which would comply, if the rules of incompatibilities established in article 414-A (1) of the Companies Code were applicable to them, with the exception laid out in sub-paragraph b), and the criteria of independence established in article 414 (5), both in the Companies Code

The present paragraph is not applicable to the two-tier model adopted by Banco Comercial Português.

Taking into consideration that, as mentioned above, some corporate governance issues regarding non-executive directors of the one tier and Anglo-Saxon models are reported as being applicable to the members of the Supervisory Board, the description of the incompatibility rules and independence criteria is made in paragraph II.17 of this Report.

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

Not applicable to the two-tier model of corporate governance adopted by Banco Comercial Português. Regarding the Supervisory Board, the rules and criteria of independence adopted are those mentioned in article 414 (5) of the Companies Code and in nr. 2 of the Corporate Governance Recommendation made in the Circular-Letter of Banco de Portugal nr. 24/2009/DSB dated 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, there are no non-executive Directors; therefore the present point is not applicable.

It should be recalled that the members of the Supervisory Board must be elected at the General Meeting, through proposal formulated by the shareholder(s), who should provide the curricula of the proposed members for prior consultation by the shareholders, 15 days in advance of the date when the elective General Meeting will be held.

Furthermore, it should be added that, once elected, the members of this board cannot take up office until Banco de Portugal, the supervisory entity, has analysed the respective curricula and proceeded with the competent registration.

For all the reasons presented above, the impossibility of the executive directors interfering in this process is considered fully guaranteed.

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 have been detected

Once again and in view of the model of governance adopted by Banco Comercial Português, the present point is not applicable.

Since there are no non-executive directors, and considering the correspondence used to analyse the two tier model, the activities performed by the members of the Supervisory Board, including possible constraints (that did not occur), are described in the report and opinion of the Supervisory Board which are provided together with this Corporate Governance Report and are an integral part of the financial statements.

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 the first nomination and date of the end of mandate

Annexed to the present report (Annex I) is a description of the respective professional qualifications and activities carried out by the Executive Board of Directors over the past five years, as well as the number of company shares they own.

The Executive Board of Directors was elected for the mandate of 2008/2010, which ends on 31st December 2010, at the General Meeting held on 15th January 2008. Under the terms of the law, the Directors should remain in office until the General Meeting that will proceed with the election of the new members of the governing bodies, due to be held by the end of May 2011.

II.19. Positions that the members of the management board hold 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 are indicated in Annex I to the present Report.

In accordance with the Bank's Articles of Association, the position of Director is incompatible with the performance of duties, of any nature whatsoever, by appointment to a corporate office or through a work contract, in any other commercial company, unless the election has been carried out through vote at the Bank or company controlled by the Bank, or where one or the other have expressed prior agreement. This election must receive the favourable opinion of the Supervisory Board.

Section III – General and Supervisory Board, Financial Matters Committee, Audit Committee and Supervisory Board

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 within them for the effects of the assessment of the individual and overall performance of the executive directors, reflection on the system of governance adopted by the company and identification of potential candidates with the profile for the position of director

See point II.1 above.

II.26. Statement that the members comply with the rules on incompatibility established in number 1 of article 414-A, including sub-paragraph f), and the criteria on independence 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.

Based on the information gathered from the members of the Supervisory Board, the Sustainability and Corporate Governance Committee and Nominations Committee appraised the information provided in point II.1, which was approved by that corporate 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 nomination and date of the end of mandate

Annexed to the present report is a description of the respective professional qualifications and activities carried out by the Supervisory Board over the past five years and the number of company shares they own and in point II.1.B) the date of their first nomination and of their term-of office.

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 the annex 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 Market 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

There are no remuneration criteria that distinguish the senior executives from the remaining members of the Bank's Senior Management. Thus, the respective remuneration comprehends the base-remuneration corresponding to the level established in the collective work agreement and a supplement that varies depending on the individual statute and evolution of his/her professional career, i.e. on the professional category, the remuneration level, seniority degree, individual merit and the attributed level of responsibility. The individual differentiation, equally adopted in what concerns the remaining bank's employees, must comply with the following criteria: Level of Classification in the Collective Agreement, seniority degree, individual merit and attributed level of responsibility.

During the financial year of 2009 no variable part was included in the estimation of the remunerations of the Bank's workers at the Management level.

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 19th June

In the governance model adopted by the Bank, the Remuneration and Welfare Board establishes the remuneration of the Executive Directors. However, it is important to take into account the statutory provisions that determine that the remuneration of the Executive Board of Directors can be composed of a fixed part and a variable part, expressed in a participation that does not exceed 2% of the profit for the year.

The remuneration policy of the Executive Board of Directors was submitted for consultation at the Annual General Meeting of 2009, which approved it with a favourable expression of 99.6% of the votes.

However, during the financial year of 2009 and with a view to its simplification, the Remuneration and Welfare Board decided to review the Remuneration model of the Executive Board of Directors, which was then drawn up as follows:

"Remuneration Model of The Executive Board Of Directors

Considering that the remuneration policy of the Executive Board of Directors should be simple, transparent and reflect the competitive position of Millennium bcp as a reference at a national and international level, in addition to ensuring its necessary alignment with the overall retributive policy of the Institution, being focused on the creation of added value for the shareholder and on promoting and rewarding the achievement of the Bank's results, in the short and long term, supporting the implementation of prescribed sustained growth:

The main guidelines of the remuneration policy for the Executive Board of Directors are transcribed below.

I.

The remuneration of the Members of the Executive Board of Directors 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 companies, composed by companies listed in PSI-20 with size or features similar to those of Millennium bcp.

b) The Annual Variable Remuneration, paid only once to the members of the Executive Board of Directors in effect in the month of the payment of dividends approved at the Annual General Meeting. This definition of this remuneration depends on a benchmark based on the practices of the European financial sector; and

c) The Pluriannual Variable Remuneration, computed for the three year term-of-office, provisioned every year and paid all at once the year after the end of the term-of-office, in the month of the payment of dividends approved at the Annual General Meeting. This definition of this remuneration depends on a benchmark based on the practices of the European financial sector.

If a director takes on functions while a term-of-office is underway, the Pluriannual 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.

a) The three components of the remuneration listed above are approved by the Remuneration and Welfare Board;

b) Despite the computation and provisioning of the sums part of the Pluriannual Variable Remuneration, their effective payment requires the confirmation of the Remuneration and Welfare Board, according to paragraph VI (d and following), below.

III.

a) The Annual Variable Remuneration cannot surpass 130% of the Annual Fixed Remuneration, which totals the 14 months of the Monthly Fixed Remuneration;

b) The Pluriannual Variable Remuneration cannot surpass 130% of the Annual Fixed Remuneration for each year in office.

c) 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, considering that only seven members compose the present Executive Board of Directors. Any changes to its current number of members may imply a revision of the limit defined.

IV.

The approval of the Monthly Fixed Remuneration of the Members of the Executive Board of Directors obeys the following rules:

a) <u>Chairman</u> - autonomous remuneration;

b) <u>Vice-Chairmen</u> – amount computed based on a percentage of the Chairman's 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 undertaken by the Remuneration and Welfare Board pursuant to a proposal made by the Executive Board of Directors;

c) <u>Members</u> – 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 rises given to General Managers.

V.

The Annual Variable Remuneration of the Members of the Executive Board of Directors shall depend on the Group's earnings, resulting from the Group's economic performance, computed 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 downsizing 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.

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.

VI.

Pluriannual Variable Remuneration

a) This component of the Variable Remuneration aims to ensure the sustainability of Millennium bcp's performance and to continuously bind the members of the Executive Board of Directors Under these terms and conditions, this component shall not be paid in case of resignation or loss of mandate when caused by the member, except death or retirement on account of age or disability. Failure to be re-elected alone does not hurt the computation of the pluriannual remuneration. The amount of the Pluriannual Variable Remuneration shall be the result of the following computation:

Table 3

Performance Remuneration

Objectives for long-term incentives plan

Group Earnings

EBD's approach to integrated performance

Objective	Performance Indicator	Objective	Value	Evolution	Proportion
Growth	Operating income	Average fulfillment of the objectives in 2009 and 2010	15%		
Cost-to-income	Cost-to-income		15%		
Earnings	Net income		15%		If the percentage achieved is below 80% of the objective's evolution, it should be zero.
Profitability	ROE (1)		15%		
Value for the Shareholder	TSR (2)	Relative growth considering the market benchmark	40%	Earnings / BeBanks Performance	

(1) - This objective presumes a core Tier 1 ratio above 5.5%. Extraordinary situations, such as capital increases or downsizing 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.

b) As with the Annual Variable Remuneration, the figures reached for the Pluriannual Variable Remuneration, on a yearly-basis, for each Member of the Executive Board of Directors shall be computed based on the Group's earnings and applying the same formula, up to an annual limit of 130% of the Annual Fixed Remuneration;

c) Under the terms described in the previous paragraphs, the amounts of the Pluriannual Variable Remuneration calculated (and provisioned) every year, are credited to the respective Members of the Executive Board of Directors, with their effective payment being subject to the rules set forth below;

d) If, in a financial year, the value calculated for the Pluriannual Variable Remuneration is equal to zero, this will not affect, per se, the values provisioned in previous financial years, unless the calculation of the sums for the third year reveals a fulfilment degree under 80% for the three-year period, in which case the accrued sums will be lost in favour of Millennium bcp, unless as otherwise resolved by the Remuneration and Welfare Board;

e) As noted in 1.c), the Pluriannual Variable Remuneration will be paid only once in the financial year immediately after the term-of-office to which it refers, together with the Annual Variable Remuneration calculated for the year, however, the payment of that sum is subject to explicit confirmation in the resolution of the Remuneration and Welfare Board for the respective year;

f) The sums accrued shall be lost to the Bank in case of resignation or loss of mandate for any reason caused by the member, except retirement on account of age or disability, or any other type of termination of the member's employment at the Bank;

g) If a Member of the Executive Board of Directors ceases his functions due to death or retirement, on account of age or disability, the amounts accrued shall be fully paid in the month following that of the cessation.

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 (preferably from the last monthly payments of each year). 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 home loans, 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.

The Remunerations Policy applicable to the Millennium bcp's corporate bodies must be simple, transparent and competitive, thus ensuring the focus on the creation of added value for the shareholders and stakeholders.

Considering the functions of the Supervisory Board, its remuneration should, in addition, guarantee the full independence of its members from the Bank's executive bodies.

These remunerations shall be fixed and not accrue with any other remunerations for functions in other corporate and/or governance bodies of the Bank.

The Remuneration and Welfare Board also considered that the remunerations of the Supervisory Board should be established bearing in mind the greater effort to meet the interests of Millennium BCP's shareholders, obtained by substantially reducing the remunerations of the current Executive Board of Directors elected at the General Meeting of 15 January 2008.

Therefore, the Remuneration and Welfare Board foresees a significant decrease of the costs with the functioning of the Supervisory Board – estimated at around 50%-, without incurring the risk of disturbing the Supervisory Board's effective and efficient exercise of its functions.

Thus, bearing in mind the principles listed above, as well as the practices of large Portuguese companies, 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:

Chairman: autonomous remuneration;

Vice-Chairman, who is member of a Specialized Committee: between 50% and 75% of the Chairman's remuneration;

Chairman of the Audit Committee: between 50% and 75% of the Chairman's remuneration;

Vice-Chairman, who is not a member of a Specialized Committee: between 25% and 50% of the Chairman's remuneration;

Member, who is also member of a Specialized Committee: between 25% and 50% of the Chairman's remuneration;

Member, who is not a member of a Specialized Committee: between 10% and 25% of the Chairman's 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, mention of its different components, the part deferred and part which has already been paid

As mentioned above, the current Executive Board of Directors was elected in 2008, and on its own suggestion, was not attributed any annual variable remuneration in the 2008 and 2009 financial years.

The Supervisory Board is not entitled to any immediate or deferred variable remuneration as per article 440 (3) of the Companies Code.

The amounts paid to the members of the Executive Board of Directors and of the Supervisory Board are presented in detail in the table below.

Name	Remuneration from BCP				Remuneration from Shareholdings (Controlled or not)				Total Remuneration
	Fixed Remuneration		Variable Remuneration		Fixed Remuneration		Variable Remuneration		
	Annual	Pluriannual	Annual	Pluriannual	Annual	Pluriannual	Annual	Pluriannual	
Executive Board of Directors									
Carlos Jorge Ramalho dos Santos Ferreira	433.929,41				216.076,59				650.006,00
Armando António Martins Vara	520.002,00								520.002,00
Paulo José de Ribeiro Moita de Macedo	497.251,64				22.750,36				520.002,00
Vítor Manuel Lopes Fernandes	459.298,51				12.416,29				471.714,80
José João Guilherme	455.000,00								455.000,00
Nelson Ricardo Bessa Machado	434.083,71				20.916,29				455.000,00
Luís Maria França de Castro Pereira Coutinho	433.853,06				21.146,94				455.000,00
Miguel Maya Dias Pinheiro [a]	78.355,80								78.355,80
Supervisory Board									
Luís de Melo Champalimaud [b]	163.750,00								163.750,00
Manuel Domingos Vicente [b]	62.083,36								62.083,36
Pedro Maria Calaínho Teixeira Duarte	37.500,03								37.500,03
Josep Oliu Creus	37.500,03								37.500,03
António Luis Guerra Nunes Mexia	0,00								0,00
Patrick Huen Wing Ming	18.749,97								18.749,97
António Victor Martins Monteiro	37.500,03								37.500,03
José Guilherme Xavier de Basto	52.499,97								52.499,97
José Vieira dos Reis	52.499,97								52.499,97
Manuel Alfredo Cunha José de Mello	45.000,00								45.000,00
João Manuel Matos Loureiro	101.250,00								101.250,00
Thomaz de Mello Paes de Vasconcellos	52.499,97								52.499,97
Vasco Esteves Fraga	37.500,03								37.500,03

[a] Appointed as Member of the Executive Board of Directors on 11 November 2009; until this date he was remunerated as employee.
[b] Includes remuneration received as member of the Supervisory Board between 1 January 2009 and 30 March 2009, date of the election of the current Supervisory Board.

Since the Supervisory Board currently in office was only elected on 30th March 2009, an indicative table of the remunerations paid in the first quarter of the financial year to the former members of this Board is presented below.

Name	Remuneration from BCP				Remuneration from Shareholdings (Controlled or not)				Total
	Fixed Remuneration		Variable Remuneration		Fixed Remuneration		Variable Remuneration		
	Annual	Pluriannual	Annual	Pluriannual	Annual	Pluriannual	Annual	Pluriannual	
Supervisory Board in office until 30/03/2009									
Gijsbert J. Swalef	90.000,00								90.000,00
António Manuel Ferreira da Costa Gonçalves	37.500,00								37.500,00
Francisco de la Fuente Sanchez	37.500,00								37.500,00
João Alberto Pinto Basto	37.500,00								37.500,00
José Eduardo Faria Neiva dos Santos	37.500,00								37.500,00
Keith Satchell	37.500,00								37.500,00
Luís Francisco Valente de Olivieira	37.500,00								37.500,00
Mário Branco Trindade	28.750,00								28.750,00

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 the answer to 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 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 Sustainability and Corporate Governance Committee, the Nominations Committee and the Audit Committee.

c) Indication of the default 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 Articles of Association of Bank contain a limitation to the variable component of the remuneration of the Executive Board of Directors, according to which the same cannot exceed 2% of the profit for the year.

e) Indication of the deferral of the payment of the variable component of the remuneration, mentioning 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 shares to which the company has 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 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 the answer to 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 the answer to 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

Through proposal of the Executive Board of Directors, in 2009, as had occurred in 2008, there was no remuneration in this form.

l) Compensation paid or owed to former executive directors relative to their termination of office during the financial year

During 2009, no compensation was paid or are owed to former executive directors relative to their termination of office during the financial year

m) Reference to the contractual limitation established for the compensation payable for dismissal without fair grounds of a director and its relationship with the variable component of the remuneration

There are no agreements in effect and the Articles of Association of the Bank do not establish anything 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, and 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 nominated through indication or in representation of the Bank, will be deducted from the values of the respective annual fixed remuneration, as shown in the first table of point II.31.

o) Description of the main characteristics of the regimes for the supplementary pensions or early retirement of the directors, indicating if they were, or not, subject to the assessment of the General Meeting

The Retirement Regulations of the members of the Board of Directors were amended during 2008, having been submitted for consultation to the General Meeting of 2009 and received the consensus of 99.66% of the votes cast. After the introduction of some improvements during 2010, it will be submitted for the appraisal of the Annual General Meeting of 2010, with the current version of the Regulations being transcribed below:

"Retirement Regulation of the Executive Directors of Banco Comercial Português, S.A.

Article One

(Object)

The present Regulation establishes, under Article 13 of the Articles of Association of Banco Comercial Português, S.A. (Bank), the supplementary retirement benefits regime due to old-age or invalidity and survival attributed according to the performance of duties as Director in the executive management board of the Bank.

Article Two

(Personal scope)

1 - Beneficiaries, under the General Social Security Regime or Private Social Security Regime of the Bank Sector in Portugal, vested in the position of member of the Executive Board of Directors for the mandates 2008/2010 and following, are included under the personal scope of the present Regulation for the effects of protection in the case of invalidity and old age.

2 - Beneficiaries of the survival pensions referred to in Article Five are also covered by the present Regulation.

Article Three

(Pension supplement for retirement due to old-age or invalidity)

1 - The recognition of the right to a pension supplement for retirement due to old age or invalidity depends on the beneficiary retiring as a result of either of these cases, under the social security regime applicable to the case.

2 - The value of the retirement pension supplement results from the transformation of the accumulated capital in the Individual Account of the Pension Fund, after deduction of the applicable taxes, into a lifelong monthly annuity.

3 - The retirement pension supplement will be attributed through the acquisition of a lifelong annuity policy from an Insurer, with the Director being able to choose the annual growth rate and reversibility of the annuity in the case of death.

Article Four

(Capital repayment)

Alternatively to the pensions supplement established in Article Three, the Director can choose capital repayment, under the terms and with the limits established in the law.

Article Five

(Survival pension supplement)

In the case of the death of the Director before having reached the situation of retirement, the legitimate heirs, should there be any, are entitled to the reimbursement of the accumulated capital in the Individual Account of the Director, in accordance with the rules of succession established in the law.

Article Six

(Funding)

1 - The supplementary benefit plan established in this Regulation is funded through individual subscription to an open-end pension fund.

2 - The annual contribution of the Bank to the plan established in the present Regulation is equal to the value, before any applicable personal income tax deduction, corresponding to 23% of the difference between the annual gross fixed remuneration received by the Director in accordance with the performance of duties as member of the Bank's Executive Board of Directors and the annual gross fixed remuneration which is used as the base of incidence of the mandatory contributions of the Bank to the pension system applicable to the Director in the cases of invalidity, old-age and death (Social Security General Regime; Private Social Security Regime of the Bank Sector and Supplementary Plan of the Employees of Banco Comercial Português, S.A.).

Article Seven

(Accumulation of retirement benefits with remunerations)

The accumulation of old-age retirement benefits with income gained from a Director's salary from the entity owing the pension is permitted, but while the Director continues to hold the respective position the amount of the gross annuity attributed, or which has been attributed as an alternative to capital repayment, will be deducted from the gross remuneration gained, without prejudice to the full receipt of everything which might be decided by the Remuneration and Welfare Board or Remuneration Committee established in article 13 of the Articles of Association of the Bank, as applicable, as variable remuneration or premiums relative to the performance of duties.

Article Eight

(Application and review)

1 - The present Regulation, in the version adopted in 2008, applies to the benefits to be attributed after the date of its approval by the competent governing body and approval or notification to the Portuguese Insurance Institute, if applicable.

2 - The interpretation and application of the present Regulation is the responsibility of the Remuneration Board or Committee referred to in the previous article.

3 - The Remuneration Board or Committee should submit or request the submission to the Annual General Meeting any alterations made to the present Regulation."

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 to sign 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, it should be recalled, is the first receiver of the Internal and External Audit reports) provides mechanisms that are sufficient and adequate to the objective considered in this point.

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 articles of association of the Bank, 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)

By taking cognisance of any situation or behaviour that may show irregularities, any corporate body or employee will be responsible for reporting such events to the Head of the corporate unit of the perpetrator(s) and also to the Head of his/her unit. They will both assess the occurrence and resolve on its remittance to the Bank's Audit Department for the conduction of all diligences deemed necessary or its conclusion.

Whenever the detected irregularities concern employees part of the Audit Department, the reporting must be made directly to the Chairman of the Executive Board of Directors who will conduct all diligences deemed necessary by using means that do not belong to that department and will give cognisance of the same to the Supervisory Board.

With the purpose of adopting the best corporate governance practices and reinforce the compliance and responsibility culture that has always guided the Group's activities, the Executive Board of Directors has envisaged, for the situations where the communication via hierarchy is not able to meet the intended goals, a irregularity communication system that replaces the Employee and relieves him/her from reporting the irregularity to the head of the department of the perpetrator(s).

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 that are to be forwarded and managed by 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 of any of its specialised committees or commissions, it should be sent to the Chairman of the Supervisory Board through a specific electronic mail address (**presidente.cgs@millenniumbcp.pt**).

The Audit Committee articulates with the Audit Department the treatment given to the communications received, namely in what concerns the need to make additional research diligences or file 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 system of governance 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, described in Annex III, evidence their respective experience.

On this issue it should be noted that the Remuneration and Welfare Board, in order to resolve on the policy approved by it, based itself on the opinion of an independent expert company, the Hay Group.

II.39. Reference to the independence of the natural or legal persons contracted by the remuneration commission through a work or provision of services contract relative to the board of directors as well as, when applicable, to the fact that these persons having a current relationship with a consultant of the company

Neither the Hay Group nor any of its employees provided services to the Executive Board of Directors during the financial year of 2009.

CHAPTER III – Information and Audits

III.1. Structure of the share capital, including indication of the non-tradable shares, different categories of shares, their inherent rights and duties and percentage of share capital that each category represents.

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 Market Code.

As at 31 December 2009, the qualifying holdings in the share capital of Banco Comercial Português, calculated under the terms of article 20 of the Securities Code, in accordance with the information available to the Bank, were as follows:

Shareholders	Number of shares	% of capital	% of voting rights
			December 31, 2009
Sonangol	469,000,000	9.99%	10.00% [1]
Teixeira Duarte Group			
Teixeira Duarte - Sociedade Gestora de Participações Sociais, S.A.			
Teixeira Duarte - Gestão de Participações e Investimentos Imobiliarios, S.A.	304,989,864	6.50%	6.51%
Arenopor - Investimentos SGPS, S.A.	23,000,000	0.49%	0.49%
Others (Board Members)	2,231,565	0.05%	0.05%
Total	330,221,429	7.03%	7.05%
Fundação José Berardo [2]			
Fundação José Berardo	198,324,440	4.22%	4.24%
Fundação José Berardo (Equity Swap with Banco Espírito Santo)	29,710,526	0.63%	0.63%
Total	228,034,966	4.86%	4.87%
Metalgest - Sociedade de Gestão, SGPS, S.A. [2]			
Metalgest - Sociedade de Gestão, SGPS, S.A.	63,328,399	1.35%	1.35%
Kendon Properties	721,480	0.02%	0.02%
Moagens Associadas S.A.	13,245	0.00%	0.00%
Cotrancer - Comércio e transformação de cereais, S.A.	13,245	0.00%	0.00%
Bacalhôa, Vinhos de Portugal S.A.	10,596	0.00%	0.00%
Board Members of Metalgest, SGPS, S.A.	19,547	0.00%	0.00%
Total	64,106,512	1.37%	1.37%
Banco Sabadell			
Bansabadell Holding, SL	208,177,676	4.43%	4.45%
Total	208,177,676	4.43%	4.45%
EDP Group			
EDP -Imobiliária e Participações, S.A	123,509,341	2.63%	2.64%
Fundo de Pensões EDP	52,285,541	1.11%	1.12%
Board and fiscal members of EDP, S.A.	346,487	0.01%	0.01%
Total	176,141,369	3.75%	3.76%
Caixa Geral de Depósitos Group			
Caixa Geral de Depósitos, S.A. (carteira de investimento)	100,281,441	2.14%	2.14%
Companhia de Seguros Fidelidade-Mundial, S.A.	22,290,677	0.47%	0.48%
Caixa Geral de Depósitos, S.A. (carteira de negociação)	161,556	0.00%	0.00%
Companhia de Seguros Império-Bonança, S.A.	105,716	0.00%	0.00%
Fundo de Pensões CGD	5,087,835	0.11%	0.11%
Total	127,927,225	2.72%	2.73%
Sogema SGPS, S.A	124,375,417	2.65%	2.66%
Eureko Group			
Eureko BV	118,252,417	2.52%	2.53%
Total	118,252,417	2.52%	2.53%
Stanley Ho Group			
Sociedade de Diversões e Turismo de Macau, S.A .	76,112,854	1.62%	1.63%
Stanley Hung Sun Ho	30,142,080	0.64%	0.64%
Total	106,254,934	2.26%	2.27%
SFGP - Investimentos e Participações , SGPS, S.A.	43,574,742	0.93%	0.93%
IPG - Investimentos, Participações e Gestão SGPS, S.A.	58,488,113	1.25%	1.25%
Total	102,062,855	2.17%	2.18%
Total Qualified Shareholdings	**2,054,554,800**	**43.76%**	**43.88%**

Source: Information received from the Shareholders

[1] According number 10 a) of Article 16 of Banco Comercial Português Articles of Association, votes exceeding 10% of the share capital are not considered

[2] The shares and voting rights held by Fundação José Berardo and Metalgest are subject to reciprocal imputation

III.3. Identification of shareholders with special rights and description of those rights

There are no shareholders with special rights.

III.4. Any restrictions to the transmissibility 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 transmissibility of shares.

III.5. Shareholders' agreements that are known to the company and could lead to restrictions on matters of the transmission of securities or voting rights

The company is not aware of the existence of any shareholders' agreements that limit the ability to tranfer 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 18 of the Articles of Association

The General Meeting can only meet pursuant to the first call when the shareholders present or represented own over one third of the share capital. When the General Meeting intends to resolve on the merger, demerger and transformation of the company, the shareholders present or represented, on the first call, must own shares corresponding to at least half of the share capital.

On the second call, the General Meeting can meet and resolve independently of the number of shareholders present or represented and amount of share capital they correspond to.

B) Deliberative quorum - Article 21 of the Articles of Association

Whether the Meeting is held on the first or second call, any alterations to the articles of association must be approved by two thirds of the votes cast, with any resolutions on the merger, demerger and transformation of the company requiring the approval of three quarters of the votes cast.

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. No workers owning shares are discriminated, due to their capacity as such, and are equivalent to any other shareholder.

III.8. Description of the evolution of the prices of the shares 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 2009, 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 results;

The announcement of results is presented in Annex VIII "Notification of Results".

Furthermore, the main events which occurred during the financial year of 2009 and respective impact on the share price are presented below:

Nº	Date	Event	Chan. +1D	Chan. vs. PSI 20 (1D)	Chan. vs. DJS Banks (1D)	Chan. +5D	Chan. vs. PSI 20 (5D)	Chan. vs. DJS Banks (5D)
1	12-01-2009	Issued of fixed rate debt guaranteed by the Portuguese Republic	0.2%	0.8%	3.2%	-7.7%	-5.1%	13.8%
2	21-01-2009	Announcement regarding Millennium Bank AS in Turkey	-0.1%	-0.8%	-0.5%	6.4%	3.5%	-12.8%
3	29-01-2009	Announcement regarding Millennium BIM in Mozambique	-1.2%	-1.8%	-1.9%	-6.2%	-5.4%	-4.1%
4	04-02-2009	Relevant short position	-3.3%	-2.2%	-1.9%	-4.6%	-5.2%	-2.5%
5	17-02-2009	Release of the 2008 consolidated results and Announcement of the dividend for 2008	0.8%	0.5%	0.2%	-17.2%	-12.9%	-9.6%
6	18-02-2009	Announcement regarding possible alternatives to increase own funds	-5.3%	-4.7%	-5.6%	-17.0%	-11.4%	-10.6%
7	25-02-2009	Announcement that Banco Millennium Angola completes partnership agreement with Sonangol and Banco Privado Atlântico	6.4%	4.3%	-1.8%	-1.5%	-0.9%	4.5%
8	03-03-2009	Annoucement of sale of Banco BPI shares	-3.1%	-4.4%	-6.5%	-1.6%	-3.8%	-3.9%
9	09-03-2009	Relevant short position	5.4%	3.4%	-7.3%	9.4%	4.1%	-18.1%
10	30-03-2009	Conclusions of General Meeting of Shareholders	0.7%	-1.5%	-4.9%	7.8%	0.9%	-11.3%
11	01-04-2009	Reduction of relevant short position	2.6%	-0.8%	-6.7%	4.6%	0.8%	-2.7%
12	02-04-2009	Relevant short position	3.2%	3.5%	3.5%	2.1%	0.0%	-2.6%
13	07-04-2009	Moody's rating action	-1.7%	-2.0%	-2.8%	1.6%	-1.3%	-12.1%
14	15-04-2009	Reduction of relevant short position	4.4%	3.3%	1.1%	7.9%	8.2%	5.1%
15	30-04-2009	Announcement of authorization to use the internal model method	3.1%	0.1%	2.4%	17.6%	8.7%	7.5%
16	06-05-2009	Reduction of relevant short position	5.8%	4.0%	6.6%	-5.5%	-2.6%	1.5%
17	11-05-2009	Release of the 1st Quarter 2009 consolidated results	-8.9%	-6.2%	-6.3%	-8.4%	-6.7%	-6.3%
18	13-05-2009	Change in Eureko B.V qualified shareholding	4.3%	2.7%	3.0%	10.8%	5.5%	0.4%
19	15-07-2009	Announcement of the placement of 300.000 "Valores Mobiliários Perpétuos Subordinados" Perpectual Subordinated Securities	2.4%	2.7%	1.6%	4.0%	3.2%	1.6%
20	28-07-2009	Announcement by the Executive Board of Directors regarding five former bank's executives	0.4%	0.1%	-0.5%	10.4%	7.8%	3.2%
21	29-07-2009	Release of the 1st Half 2009 consolidated results	3.8%	3.5%	0.8%	7.6%	5.6%	0.8%
22	30-07-2009	Standard & Poor's rating action	-1.7%	-1.0%	-2.5%	9.3%	7.4%	2.7%
23	31-07-2009	Fitch re-affirms rating	3.1%	1.2%	0.1%	9.5%	6.9%	1.8%
24	24-08-2009	Announcement of Millennium bcpbank in USA	-2.5%	-2.5%	-2.7%	-2.0%	-1.2%	-2.5%
25	16-09-2009	Moody's change in rating	0.0%	-1.5%	-1.2%	1.1%	0.2%	0.2%
26	18-09-2009	Change in Privado Holding and JP Morgan qualified shareholding	0.0%	1.0%	1.6%	5.0%	5.6%	7.5%
27	29-09-2009	Decision to reduce its participation in the Baía de Luanda Project	-1.0%	-1.3%	0.1%	-1.1%	-2.8%	1.0%
28	29-10-2009	Statement by the Chairman of the Supervisory Board about the news in the press	-1.6%	0.2%	0.6%	-2.6%	-2.2%	-0.7%
29	03-11-2009	Statement by the Chairman of the Supervisory Board about the suspension of the mandate of Mr. Armando Vara	0.8%	-0.9%	-1.7%	-0.9%	-3.8%	-7.8%
30	11-11-2009	Release of the 3rd Quarter 2009 consolidated results and deliberations of the bank's Supervisory Board	-2.3%	-1.9%	-2.4%	-1.9%	-2.1%	-2.1%
31	13-11-2009	Appointment of Deputy Chairman of the Executive Board of Directors	2.1%	1.3%	0.6%	-0.1%	0.7%	3.5%
32	03-12-2009	Relevant short position	0.1%	0.0%	-1.1%	-8.9%	-6.0%	-6.7%
33	10-12-2009	Reduction of relevant short position	1.7%	1.0%	2.7%	-2.4%	-3.1%	-1.6%
34	23-12-2009	Announcement of Millennium bim in Mozambique	-0.9%	-1.1%	n.a.	3.9%	3.0%	3.9%

The graph below illustrates the performance of BCP shares during 2009:

c) The payment of dividends made by category of shares, indicating the net value per share

The values of the dividends distributed by the Bank 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	0.15	n.a.	n.a.	62.4%	2.65%
2001	2002	0.15	0.120	0.105	61.1%	3.30%
2002	2003	0.10	0.080	0.070	49,2% [4]	4.39%
2003	2004	0.06	0.051	0.045	44.7%	3.39%
2004						
Interim dividend	2004	0.030	0.02550	0.02250		
Final dividend	2005	0.035	0.02975	0.02623		
Total dividend		0.065	0.05525	0.04875	41.3%	3.44%
2005						
Interim dividend	2005	0.033	0.02805	0.02475		
Final dividend	2006	0.037	0.03145	0.02775		
Total dividend		0.070	0.05950	0.05250	31,9% [4]	3.00%
2006						
Interim dividend	2006	0.037	0.0296	0.0296		
Final dividend	2007	0.048	0.0384	0.0384		
Total dividend		0.085	0.0680	0.0680	39,0% [4]	3.04%
2007						
Interim dividend	2007	0.037	0.0296	0.0296		
Final dividend	2008	0.000	0.0000	0.0000		
Total dividend		0.037	0.0296	0.0296	23.7%	1.27%
2008	2009	0.017	0.0136	0.0136	39.7%	2.09%
2009 [5]	2010	0.019	0.0152	0.0152	39.6%	2.25%

[1] Payout ratio is the percentuge of net profit distributed to shareholders in the form of dividend;

[2] Dividend Yield is the annual return, as a percentage, expressed by dividing the amount of the gross dividend by the share price at the end of the year to which the dividend refers;

[3] Paid in the form of script dividend through the issue of new shares and their proportional distribution to shareholders holding shares representing the Bank's equity capital;

[4] On the basis of the net profit before setting aside general banking risk provisions in the sum of 200 Million euros;

[5] Proposal to be submitted to the Annual General meeting.

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

Maintaining the principles of discernment and prudence which characterise the income distribution policy adopted by the Bank, the Executive Board of Directors proposed, and the Supervisory Board issued a favourable opinion, the non-payment of interim dividends relative to the financial year of 2009, in view, on the one hand, of the high uncertainty relative to the evolution of the international financial circumstances and functioning of the markets and, on the other hand, the level of results created on a consolidated basis in the first three quarters, and recent guidelines relative to the base level of own funds issued by the Banco de Portugal.

In spite of this decision not to proceed with the distribution of interim dividends for 2009, the Bank's Executive Board of Directors reiterated the objective of maintaining the dividend distribution policy which had already been announced, having, as a principle, the objective of distributing about 40% of the net income, the proposal of which will be presented at the Annual General Meeting.

The dividends paid in the last ten financial years are listed in the table above.

III.10. Description of the main characteristics of the plans to attribute shares and of the 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 the shares and agreed 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

Indication:

a) Of the number of shares required for the exercise of the attributed options and of the number of shares required for the exercise of options which can be exercised, with reference to the beginning and end of the year

b) Of the number of options attributed, able to be exercised and extinct during the year

c) Of the assessment at the General Meeting of the characteristics of the plans which were adopted or were in force during the financial year in question

There are no plans to attribute shares or share purchase options.

III.11. Description of the main elements of the businesses 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 businesses 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.

III.12. Description of the fundamental elements of the businesses 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

There are no operations under these conditions.

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 Market 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 and in reports prepared by the Audit Department and subject to the opinion of the Audit Committee, a specialised committee of the Supervisory Board.

III.14. Description of the statistics (number, average value and maximum value) relative to the business subject to the prior intervention of the supervisory board

During 2009, the Audit Department issued opinions on twenty transactions for the purpose of requesting the Audit Committee for assessment on the signing of credit granting contracts with members of the Supervisory Board or owners of Qualifying Holdings and entities related to them, the average value of which was 48.3 million Euros and the maximum amount granted was 296.5 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 which have been detected, together with the presentation of accounts

The reports referred to in the present point are available on the Bank's site, on the page with the following direct address:

http://www.millenniumbcp.pt/pubs/pt/governacao/article.jhtml?articleID=286308

III.16. Reference to the existence of an Investor Support Office or other similar service, mentioning:

a) Duties of the Office

b) Type of information provided by the Office

c) Forms of access to the Office

d) The company's Internet site

e) Identification of the representative for market relations

The Investor Relations Department helps the Bank establish a permanent dialogue with the financial universe - 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:

- to promote a full, accurate, transparent, efficient and available relationship with investors and analists as well as with the financial markets in general and respective regulatory entities.
- monitor the trading of securities issued by the Group aiming to update the Bank's shareholder structure.
- cooperate with the areas responsible for the Group's debt issuances and investor relations areas of subsidiary companies, namely by providing information and coordinating activities.
- cooperate with the business areas and remaining units of the Bank in the provision of institutional information and disclosure of the activities developed by the Group.

b) Type of information provided by the Investor Relations Department

In 2009, the Bank developed a vast activity of communication with the market, adopting the recommendations of the Portuguese Securities Regulator (CMVM) and the best international practices in terms of financial and institutional communication.

For purposes of complying with the legal and regulatory obligations in terms of report, the Bank discloses data on its results and activities on a quarterly basis, holding press conferences and conference calls with Annalists and Investors in which the members of the Executive Board of Directors participated.

The Bank also discloses its Annual Report, a half-year report and financial statements quarterly information, publishing all the relevant and mandatory information through the information disclosure system of Comissão do Mercado de Valores Mobiliários and in Bank's site. In 2009, the Bank issued 781 press releases, of which 102 regarded insider information.

During 2009, the Bank took part in several events and promoted five roadshows after the disclosure of results in the largest world financial centres - London, New York and Paris – and participated in 11 investors' conferences and roadshows organized by other banks such as HSBC (London), Citigroup (London and Lisbon), KBW (London and Madrid), Cheuvreux (Paris), Santander (Lisbon), Morgan Stanley (London), Nomura (London), Merrill Lynch (London) and Millennium bcp Investimento (London) where it organized institutional presentations and one-to-one meetings with investors. The Bank held 154 meetings with investors in 2009.

The Bank also followed the analysts of the different domestic and international brokers that monitor the BCP share, trying to establish a full, accurate, transparent, efficient and available relationship with them. By means of several meetings, conference calls and e-mails, the Bank provided all the information requested in an attempt to ensure that the market is at all times informed of the Group's business, strategy and execution, financial and business evolution, pursuit of sector trends and other trends particular to Portugal and the Group, was well as of its prospects for the future. It is likewise provided information on the more significant risks and uncertainties for the Group and on how the Group handles them.

All the information of institutional nature that is public and relevant is available on the Bank's site, on the page with the following direct address:

http://www.millenniumbcp.pt/pubs/pt/grupobcp

As a matter of principle, after the disclosure of information to the market relative to Privileged Information, General Meetings, Presentations of Results and other notifications, the Bank immediately provides the documents and presentations in the institutional area of its portal.

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

Ana Sofia Costa Raposo Preto

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 and 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 legal accounts 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 Recommendation of the European Commission no. 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. is ensured by the Supervisory Board, through the Audit Committee, which is also responsible for proposing the election and appointment of the Group Auditor to the General Meeting, issuing its opinion on the Auditor's independence and other relations with the Group.

The abovementioned monitoring is achieved through regular contact with KPMG, allowing the Supervisory Board and the Audit Committee to discuss solutions and criteria arising from the audit work in a timely manner.

Remunerations

During the financial year of 2009, 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 7,136,385 Euros, distributed through the following different types of services provided:

Euros

	Portugal	Abroad	Total	%
Legal accounts review services	2,239,600	1,269,500	3,509,100	49%
Other guarantee and reliability services	1,527,295	538,780	2,066,075	29%
1.Total audit services	**3,766,895**	**1,808,280**	**5,575,175**	**78%**
Tax consultancy services	63,800	47,219	111,019	2%
Services other than legal accounts review	1,095,828	354,263	1,450,191	20%
2.Total other services	**1,159,728**	**401,482**	**1,561,210**	**22%**
	4,926,623	**2,209,762**	**7,136,385**	**100%**

Other information from KPMG

"A description is presented below of the main services included in each category of services provided by KPMG, relative to 31 December 2009.

1. Audit Services

Accounts legal review services

Includes the fees charged by KPMG relative to 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 relative to 31 December and the limited review relative to 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 associated to the auditing work and should, in many cases, be provided by statutory auditors, namely: issuance of comfort letters and opinions on specific subjects (internal control in accordance with the provisions in Notice number 5/2008 and services associated to securitisation operations and other accountancy services).

2. Other Services

Tax consultancy services

Includes the fees charged by KPMG relative to the support for tax purposes provided to the Group relative to the review of the tax obligations of the different companies in Portugal and abroad.

Services other than accounts legal review services

Includes the fees charged by KPMG relative to 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 avoid any conflicts of interest in the use of the services of the External Auditors. As auditor of the BCP Group, KPMG always complies with the rules on independence defined by the Group, including those established by the 8th Directive of the European Commission transposed into the Portuguese Legislation by Decree-Law nr. 224/2008 of 20 November in addition to the rules on independence defined by KPMG itself, by the International Standards on Auditing (ISA) issued by the International Federation of Accountants.

With the objective of safeguarding the independence of the Auditor, and taking into account the good practices and national and international standards, a series of regulatory principles was approved by Supervisory Board through the Audit Committee and by KPMG, as described below:

- KPMG and the companies or legal persons belonging to it ("Network") cannot provide services to the Bank or Group, which are considered forbidden;
- The contracting of the rest of the non-forbidden services, on the part of any Organic Unit of the Bank or company in which the Bank has a stake, implies its prior approval by the Bank's Audit Committee. The abovementioned approval is issued for a pre-defined set of services, for a renewable 12-month period. Specific approval by the Audit Committee is required for the rest of the services.

KPMG informed the Bank of the following internal rules applicable to its relation with the Bank and with the Group.

"***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 requisites of the auditor's independence are determined based on a combination of the BCP Group's policies on 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 the Audit Committee on all the measures established to safeguard its independence as auditor of the BCP Group.

KPMG has implemented a system on its intranet, 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 from which service is requested must obtain prior authorisation from the abovementioned Global Lead Partner. This request includes the presentation of justifications for the work requested, in particular, of the factors which enable evaluation 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", follow the service pre-approval rules and, when applicable, proceeding with the necessary diligences with the Audit Committee, in order to verify strict compliance with the applicable standards on independence.

All the employees of KPMG undertake to comply with the rules of independence defined in the Risk Management Manual of KPMG International, in addition 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.

Each KPMG professional is responsible for maintaining their independence, being obliged to review their financial interests, as well as their personal and professional relationships on a regular basis, so as to ensure strict compliance with the requisites of independence of KPMG and of the profession. It is forbidden for KPMG employees to collaborate with any other entities or organisations (customers or not), such as directors, executive members, 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 of independence, a search engine to access the list of restricted entities, in which its employees cannot own financial interests and a reporting system for the financial investments of its employees, where each professional records the name of the financial interests he/she owns. In this way, this application meets the requirements of AICPA 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 the activities performed, which essentially consists of the following aspects:

- *Review of each activity by the entire team involved, allowing identification of the 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 carried out 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 and, possibly, in latter stages.*

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 evaluation 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.

III.18. Reference to the rotation period of the external auditor

Pursuant to the 8th Directive of the European Commission transposed into the Portuguese legislation by Decree-law nr. 224/2008 of 20 November, in article 54 (2) the maximum period for the exercise of audit functions by the Partner responsible for the orientation or direct execution of the legal certification of accounts is seven years, starting on the date of his/her appointment. This partner may be appointed again provided that a minimum period of two years has elapsed.

Annexes to the Corporate Governance Report

ANNEX I

Curricula Vitae 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 of Banco Comercial Português, SA
- •Beginning of functions: 16 January 2008
- •Term-of-office: 2008/2010

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, SA (Poland)
- •Member of the Board of Directors of Banco Sabadell, as representative of Banco Comercial Português SA
- •Chairman of the Board of Directors of Banco Millennium Angola, S.A

Current positions outside the Group:

- •Member of the Supervisory Board of EDP – Energias de Portugal, S.A.

Direct Responsibilities within the Group's organization:

- •Audit Department
- •Shareholdings and Worth Measurement Department
- •Staff Management Support Department
- •"Fundação Millennium bcp"
- •Office of the Chairman of the EBD
- •Millennium Angola
- •Optimisation & Performance Project

- Company Secretary

Academic Education:

- 1971- Licentiate Degree in Law from the Faculty of Law of Universidade Clássica de Lisboa
- 1977 a 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 the Universidade Clássica de Lisboa, in the Faculty of Law of the Universidade Católica Portuguesa and in the Faculty of Economics of the Universidade Nova.

Professional Experience:

- 1972/1974 - 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.
- 1977/1987 - Member of the Management Board of the state-owned company Aeroportos e Navegação Aérea- ANA.
- 1984/1988 - Member of the Tax Reform Commission
- 1987/1989 - Chairman of the Board of Directors of Fundição de Oeiras.
- 1989/1991 - Chairman of the Board of Directors of Companhia do Aeroporto de Macau.~
- 1992/1999 - in Group Champalimaud, Director and subsequently Chairman of the Board of Directors of the Insurance Company Mundial Confiança and Chairman of the Board of the General Meeting of Banco Pinto & Sotto Mayor.
- 1992/2001 - Vice-Chairman of the Board of the General Meeting of Estoril- Sol.
- 1999/2003 - in Group BCP, Director of ServiBanca- Empresa de Prestação de Serviços, ACE; Vice-Chairman and Member of the Board of Directors of Seguros & Pensões Gere, SGPS, SA; Director and Chairman of the Board of Directors of Império Bonança, of PensõesGere – Sociedade Gestora de Fundos de Pensões, S.A., of the insurance companies Ocidental and Ocidental Vida, Seguro Directo, ICI- Império Comércio Indústria, Companhia Portuguesa de Seguros de Saúde , Autogere- Companhia Portuguesa de Seguros, S.A.
- 1999/2003 – Director of Eureko, BV
- 2003/2005 - Vice-Chairman of Estoril-Sol SGPS, SA, Vice-Chairman of Finansol- SGPS, SA and Non-executive Chairman of Willis Portugal - Corretores de Seguros, SA.
- 2003/2005 – Director of Varzim Sol – Turismo, Jogo e Animação, SA.
- 2005 - Director of the Seng Heng Bank
- 2005/2008- Chairman of the Board of Directors of Caixa Geral de Depósitos, SA
- 2005/2008- Chairman of Banco Nacional Ultramarino, SA (Macau)
- 2005/2008- Chairman of Caixa - Banco de Investimento, AS
- 2005/2008 - Chairman of Caixa Seguros, S.G.P.S., S.A.
- Member of the Board of the Steering and Strategy Committee of Foment Invest, SGPS, S. de Portugal, SA
- February to December 2008 - Manager of BCP Participações Financeiras, SGPS, Sociedade Unipessoal, Lda

- February 2008 / March 2009 - Manager of BCP Internacional II, Sociedade Unipessoal, SGPS, Lda
- February 2008 / March 2009 - Chairman of the Board of Directors of Millennium bcp - Prestação de Serviços, ACE

Armando António Martins Vara (suspended from the position of Director and Vice-Chairman, at his own request, since 11 November 2009)

Personal data:

- Date of Birth: 27 March 1954
- Place of Birth: Vinhais - Bragança
- Nationality: Portuguese
- Position: Suspended at his own request, since 11 November 2009
- Beginning of functions: 16 January 2008
- Term-of-office: 2008/2010

Academic Education:

- Licentiate Degree in International Relations UNI;
- Post Graduate Degree in Business Administration by ISCTE.

Professional Experience:

- Member of the corporate bodies of Instituto Luso – Árabe de Cooperação (Portuguese- Arab Cooperation Institute).
- Member of the Management of Instituto da Imprensa Democrática (Democratic Press Institute).
- Councillor of the Municipality of Amadora
- 1992/1996 - Chairman of the Board of Directors of Fundação José Fontana
- 1987/1991 - Member of the Parliamentary Assembly of the Council of Europe
- 1989/1991 - Member of the Parliamentary Assembly of the Western European Union
- Vice-Chairman of the Social Equipment and Youth Parliamentary Commissions
- Member of Parliament during the IV, V, VI and VII Legislatures.
- 1995/1997 - Secretary of State of the Internal Administration of the XIII Constitutional Government
- 1997/1999 - Deputy Secretary of State of the Internal Administration of the XIII Constitutional Government
- October 1999 / September 2000 - Deputy Minister to the Prime Minister of the XIV Constitutional Government
- September 2000 / December 2000- Minister of Youth and Sport of the XIV Constitutional Government
- 2001/2005 - Manager and Coordinator Manager at Caixa Geral de Depósitos, S.A.
- 2006/2008 - Member of the Board of Directors of Portugal Telecom, SGPS, S.A.
- 2005/2008- Member of the Board of Directors of CAIXATEC- Tecnologias de Comunicação, S.A
- 2005/2008 - Member of the Board of Directors of Caixa Participações, S.G.P.S., S.A.;
- 2005/2008 - Chairman of the Board of Directors of SOGRUPO, IV- Gestão de Imóveis, S.A

- 2005/2008 - Chairman of the Board of Directors of IMOCAIXA, S.A.
- 2005/2008 - Member of the Board of Directors of Caixa Geral de Depósitos, S.A.
- February to December 2008 - Manager of BCP Participações Financeiras, SGPS, Sociedade Unipessoal, Lda

Paulo José de Ribeiro Moita de Macedo

Personal data:

- Date of Birth: 14 July 1963
- Place of Birth: Lisbon
- Nationality: Portuguese
- Grand Officer of the Portuguese Order of Infante D. Henrique (2006).
- Position: Vice-Chairman of the Executive Board of Directors
- Beginning of functions: 16 January 2008
- Term-of-office: 2008/2010

Positions presently held in Companies of the Group:

In Portugal:

- Vice-Chairman of the Board of Directors of Fundação Millennium bcp.

Abroad:

- Member of the Supervisory Board of Bank Millennium, SA (Poland)
- Member of the Board of Directors of BCP Holdings (USA), Inc. (USA)

Current positions outside the Group:

- Member of the Supervisory Board of Euronext, N.V.
- Vice-Chairman of the Executive Committee of the Alumni Association of AESE – Associação de Estudos Superiores de Empresa
- Member of the Board of the School of Economics and Management

Functions within the organizational framework of the Group:

- Banking Services Coordination Committee

Direct Responsibilities:

- Compliance Office
- Assets and Liabilities Management Department (ALM)
- Communications Department
- Accounting and Consolidation Department
- Management Information Department
- Planning and Budget Control Department
- Quality Department
- Investor Relations Department

- Research Office
- Prevention and Safety Office
- Risk Office
- General Secretariat

Academic Education:

- 1986 – Licentiate Degree in Corporate Organization and Management at the School of Economics of Universidade Técnica de Lisboa
- 2001 – Corporate Senior Management Programme – AESE
- 1986/1991 – Trainee Lecturer at the Economics and Management Institute of Universidade Técnica de Lisboa
- 1991/1999 – Invited Lecturer at the Economics and Management Institute of Universidade Técnica de Lisboa, Management Department.
- Teacher of the Post-Graduate Degree on Tax Matters at the Instituto de Estudos Superiores Financeiros e Fiscais (School of Tax and Financial Studies).
- Teacher of the Post-Graduate Degree on Tax Management at the School of Economics and Management of Universidade Técnica de Lisboa.
- Teacher of the Post-Graduate Degree on Management of Banks and Insurance Companies at the School of Economics and Management of Universidade Técnica de Lisboa.
- Teacher of the MBA of AESE.
- Guest speaker in several seminars and conferences.

Professional Experience:

- September 1986 / September 1993 – Arthur Andersen (a company that, from August 2002 onwards merged its activities in Portugal with Deloitte, Portugal), Tax Advising Division, Senior Assistant and Manager.
- September 1993 / 1998 – Banco Comercial Português, S.A., having performed the following functions:

Manager - Strategic Marketing Unit;

Manager – Credit Cards Commercial Department;

Manager – Marketing - Trade and Entrepreneurs Network;

Manager in the Corporate Centre; Head of the Euro Cabinet

- 1994/1996 – Member of the Tax Reform Commission.
- 1997 – Member of the Work Group for the Re-assessment of Tax Benefits.
- 1998/2000 – Member of the Board of Directors of Comercial Leasing, S.A.
- 2000/2001 – Member of the Board of Directors of Interbanco, S.A.
- 2001/2004 – Member of the Board of Directors of Companhia Portuguesa de Seguros de Saúde, S.A (Médis).
- 2003/2004 – Member of the Managing Commission of Seguros e Pensões, SGPS, S.A.
- May 2004 / July 2007 - Tax General Director and Chairman of the Tax Administration Board.
- August 2007 / January 2008 - General Manager of Banco Comercial Português, S.A.

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
- •Beginning of functions: January 2008
- •Term-of-office: 2008/2010

Positions presently held in Companies of the Group:

In Portugal:

- •Manager of BCP Internacional II, Sociedade Unipessoal, SGPS, Lda.
- •Member of the Board of Directors of Fundação Millennium bcp.
- •Chairman of the Board of Directors of Millennium bcp - Prestação de Serviços, ACE

Abroad:

- •Member of the Board of Directors of Banca Millennium, S.A (Romania)
- •Member of the Board of Directors of BCP Holdings (USA), Inc. (USA)
- •Member of the Board of Directors of Millennium Bank, SA (Greece)
- •Member of the Supervisory Board of Bank Millennium, SA (Poland)

Current positions outside the Group:

- •Member of the Board of Directors of SIBS – Sociedade Interbancária de Serviços, S.A, as representative of Banco Comercial Português, SA

Functions within the organizational framework of the Group:

- •European Banking Coordination Committee
- •Banking Services Coordination Committee

Direct Responsibilities:

- •Administrative and Logistics Department
- •Tax Advisory Department
- •Audit Department (1st in charge)
- •Litigation Department
- •Credit Department
- •IT Department
- •Companies Marketing Department

- Marketing Department
- Operations Department
- Rating Department
- Staff Management Support Department (1st in charge)
- Legal Department

Academic Education:

- 1986 – Licentiate Degree in Business Management from the Faculty of Human Sciences of Universidade Católica Portuguesa (Portuguese Catholic University).
- Chartered Accountant since 1992, registered in the Ordem dos Revisores Oficiais de Contas (Portuguese Chartered Accountants Association).

Professional Experience:

- 1986/1992- Arthur Andersen, SA., as Manager between 1990 and 1992.
- 1992 / September 2002 – Insurance Company Mundial – Confiança:
- July to October 1992 – Advisor to the Board of Directors
- October 1992 / June 1993 – Audit Manager
- June 1993 / March 1995 - Technical General Manager
- 31 March 1995 / 17 June 1999 – Director
- June 1999 / June 2000 - Chairman
- June 2000 - Vice-Chairman
- April 2001 / September 2002 – Chairman
- April 2000 / March 2001- Director of the insurance company Fidelidade
- April 2001 / September 2002- Chairman of the insurance company Fidelidade
- June 2000 / December 2007 - Director of Caixa Geral de Depósitos, AS
- 2002/2007 - Chairman of the insurance company Fidelidade Mundial, SA
- January 2005 / December 2007 - Chairman of the insurance company Império Bonança-Companhia de Seguros, SA
- July 2005 / Decemebr 2007 - Vice- Chairman of Caixa Seguros, SGPS, SA
- January 2005 / December 2007 - Chairman of Império Bonança, SGPS, SA
- February 2006 / December 2007 - Chairman of SOGRUPO, S.G.P.S., S.A.;
- February to December 2008 - Manager of BCP Participações Financeiras, SGPS, Sociedade Unipessoal, Lda
- February 2008 / 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.,

José João Guilherme

Personal data:

- Date of Birth: 16 June 1957
- Place of Birth: Coruche
- Nationality: Portuguese
- Position: Member of the Executive Board of Directors
- Beginning of functions: 16 January 2008
- Term-of-office: 2008/2010

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 BCP Holdings (USA), Inc. (USA)
- Vice-Chairman of the Board of Directors of BIM - Banco Internacional de Moçambique, S.A.

Current positions outside the Group:

- Member of Executive Board of the "ELO- Associação Portuguesa para o Desenvolvimento Económico e a Cooperação" (Portuguese Association for the Economical Development and Cooperation), representing Banco Comercial Português, S.A.
- Member of the Board of Directors of the Fund PVCi-Portugal Venture Capital Initiative as representative of BCP Internacional II, Sociedade Unipessoal, S.G.P.S., Lda..

Functions within the organizational framework of the Group:

- Corporate and Investment Banking Coordination Committee
- Retail and Companies Coordination Committee

Direct Responsibilities:

- Companies Banking (South)
- Retail Banking (Centre South)
- Retail Banking (South)
- Direct Banking Department
- Shareholdings and Worth Measurement Department (1st in charge)
- Treasury and Markets Department
- International Department
- Millennium BIM (Mozambique)

Academic Education:

- 1976 / 1981 - Licentiate degree in Economics from the Universidade Católica Portuguesa (Portuguese Catholic University)

Professional Experience:

- 1981/1986 – Portuguese Finance Ministry (Institute for Conjuncture Analysis and Planning Research)
- 1986 - Joins BCP (Research and Planning Department)
- 1987/1988 - International and Financial Division
- 1988/1989 – Launching of the Capital Markets Department (launching of the first commercial bonds)
- 1989/1990 - Companies Branch Manager in Guimarães
- 1990/1991 - Private Branch Manager in Oporto
- 1991/1995 - Manager of CISF (latter named Banco Millennium bcp Investimento, SA)- in charge of the Financial Services Area
- 1991/1995 – Director of CISF Risco- Companhia de Capital de Risco, AS
- 1995/1998 – Coordinating Manager of Nova Rede
- 1998/2001 – Member of the Board of Directors of Big Bank Gdansk SA
- 2000 / 2001 – Member of the Supervisory Board of the company Polcard (Poland), in the credit card business.
- 2003/2005 - Member of the Board of Directors of Seguros & Pensões, S.G.P.S., S.A.;
- 2001/2005 - Member of the Board of Directors of Ocidental - Companhia de Seguros, S.A.
- 2001/2005 - Member of the Board of Directors of Ocidental Vida - Companhia de Seguros, S.A.
- 2002/2005 - Member of the Board of Directors of Seguro Directo - Companhia de Seguros, S.A.;
- 2005/2006 – Manager in charge of the Credit Recovery Department
- October 2007 / March 2008 – Manager in charge of the Commercial Innovation and Disclosure Department, Chairman of the Board of Directors of Millennium bcp Teleserviços – Serviços de Comércio Electrónico, S.A. and Member of the Board of Directors of Millennium bcp Gestão de Fundos de Investimento, SA
- February to December 2008 - Manager of BCP Participações Financeiras, SGPS, Sociedade Unipessoal, Lda
- February 2008 / March 2009 - Manager of BCP Internacional II, Sociedade Unipessoal, SGPS, Lda
- February 2008 / March 2009 - Member of the Board of Directors of Millennium bcp - Prestação de Serviços, ACE
- February 2008 / March 2009 - Chairman of the Board of Directors of Banco Millennium bcp Investimento, S.A.
- February 2008 / December 2009 - Member of the Board of Directors of Banco Activobank (Portugal), S.A., presently Banco ActivoBank, S.A.

Nelson Ricardo Bessa Machado

Personal data:

- •Date of Birth: 15 September 1959
- •Place of Birth: Oporto
- •Nationality: Portuguese
- •Position: Member of the Executive Board of Directors
- •Beginning of functions: 16 January 2008
- •Term-of-office: 2008/2010

Positions presently held in Companies of the Group:

In Portugal:

- •Chairman of the Board of Directors of Banco de Investimento Imobiliário, S.A.
- •Manager of BII Internacional, SGPS, Lda.
- •Vice-Chairman of the Board of Directors of Millennium bcp - Prestação de Serviços, ACE
- •Member of the Board of Directors of Fundação Millennium bcp.
- •Vice-Chairman of the Board of Directors of Millennium bcp Fortis 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 Pensões Gere- Sociedade Gestora de Fundos de Pensões, S.A.

Abroad:

- •Member of the Supervisory Board of Bank Millennium, SA (Poland)
- •Vice-Chairman of the "Conseil de Surveillance" of Banque BCP, S.A.S (France)
- •Member of the Board of Directors of Millennium Bank, SA (Greece)
- •Member of the Board of Directors of BCP Holdings (USA), Inc. (USA)
- •Member of the Board of Directors of Banca Millennium, S.A (Romania)

Functions within the organizational framework of the Group:

- •European Banking Coordination Committee
- •Private Banking and Asset Management Coordination Committee
- •Retail and Companies Coordination Committee
- •Direct Responsibilities:
- •Asset Management

•Companies Banking (North)

•Retail Banking (Centre North)

•Retail Banking (North)

•Banque BCP (France)

•Network Support Department

•Micro-credit Department

•Real-estate Promotion Department

•Madeira Regional Department

•Azores Regional Department

•Insurances

Academic Education:

•1982 – Licentiate Degree in Economics from the Faculty of Economics of Oporto.

•1982/1987 - Associate Professor at the School of Economics of Universidade do Porto.

•1987 - Guest lecturer in the Faculty of Engineering

Professional Experience:

•September 1982 / June 1983 - Department for Economic and Marketing Studies of Banco Português do Atlântico.

•June 1984 / February 1987 – Industrial Association of Oporto, in the Department for Economic Studies, between January and October 1986 as interim Deputy General Secretary.

•March 1987 - Returns to BPA to the Corporate Studies Department of DEMP.

•January 1988 - Commercial Manager of PRAEMIUM – Sociedade Gestora de Fundos de Pensões from the beginning, in charge of launching the Pension Funds.

•1991 – becomes Deputy Director of PRAEMIUM.

•1991 - Member of the Board of Directors of BPAVIDA, SA

•1996 - Head of the Direct Banking Department of BPA

•1996 - Head of the Project "In Store Banking" leading to the opening of Banco Expresso Atlântico.

•November 1996 - Coordinating Manager of NovaRede – North.

•October 1997 / October 2000 – additionally Head of Project NRSECXXI.

•December 2000 / February 2001 - Member of the Board of Directors of Crédibanco – Banco de Crédito Pessoal, S.A.

•October 2001 / February 2002 - Member of the Board of Directors of Leasefactor, S.G.P.S., S.A.

•March 2002 / June 2003 – Director of Interamerican Life Insurance Company – the largest life and health insurance company in Greece.

•July 2003 / July 2006 – Director and General Manager of NovaBank (later MillenniumBank) in Greece.

•July 2003 / July 2006 – Non-executive Director of Bank Europa (later MilenniumBank Turkey)

- August 2006 / January 2008 - General Manager of MillenniumBcp with the functions of Coordinating Manager of one of the retail coordination areas.
- February to December 2008 - Manager of BCP Participações Financeiras, SGPS, Sociedade Unipessoal, Lda
- February 2008 / March 2009 - Manager of BCP Internacional II, Sociedade Unipessoal, SGPS, Lda
- February 2008 / March 2009 - Member of the Board of Directors of Millennium bcp - Prestação de Serviços, ACE

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
- Beginning of functions: 16 January 2008
- Term-of-office: 2008/2010
-

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), SA (Switzerland)
- Vice-Chairman of the Board of Directors of Millennium Bank, SA (Greece)
- Chairman of the Board of Directors of BCP Holdings (USA), Inc. (USA)
- Member of the Supervisory Board of Bank Millennium, SA (Poland)
- Chairman of the Board of Directors of Banca Millennium, S.A (Romania)

Functions within the organizational framework of the Group:

- European Banking Coordination Committee
- Private Banking and Asset Management Coordination Committee

Direct Responsibilities:

- Banca Millennium (Romania)
- Bank Millennium (Poland)
- Banque Privée BCP (Switzerland)
- Millennium Bank (Greece):
- Millennium Bank (Turkey):
- Millennium bcpbank (United States of America)
- Private Banking

Academic Education:

- 1984 – Licentiate Degree in Economics, Universidade Católica Portuguesa.

Professional Experience:

- 1985/1988 – Responsible for the Dealing-Room of Credit Lyonnais (Portugal)
- 1988/1991 – General Manager, Treasury and Capital Markets - Banco Central Hispano
- 1991/1993 – Member of the Board of Directors of Geofinança – Sociedade de Investimentos
- 1993/1998 – Member of the Executive Committee and of the Board of Directors of Banco Mello, SA
- 1998/2000 – Vice-Chairman of the Executive Committee and Member of the Board of Directors of Banco Mello, SA
- 2000/2001 - General Manager of Banco Comercial Português, S.A.
- 2001/2003 – Head of the Office of the Chairman of the Board of Directors of Banco Comercial Português, S.A
- 2003 / February 2009 - Vice Chairman of the Executive Board of Directors of Bank Millennium (Poland)
- May 2003 / March 2009 - Member of the Supervisory Board of Millennium Leasing Sp. Z.o.o. (Poland)
- May 2003 / March 2009 - Member of the Supervisory Board of Millennium Dom Maklerski S.A. (Poland)
- May 2003 / March 2009 - Member of the Supervisory Board of Millennium Lease Sp. Z.o.o. (Poland)
- February to December 2008 - Manager of BCP Participações Financeiras, SGPS, Sociedade Unipessoal, Lda
- February 2008 / March 2009 - Manager of BCP Internacional II, Sociedade Unipessoal, SGPS, Lda
- February 2008 / March 2009 - Member of the Board of Directors of Millennium bcp - Prestação de Serviços, ACE
- February 2008 / December 2009 - Chairman of the Board of Directors of Banco Activobank (Portugal), S.A., presently Banco ActivoBank, S.A.,

Miguel Maya Dias Pinheiro

Personal data:

- Date of Birth: 16 June 1964
- Place of Birth: Lisbon
- Nationality: Portuguese
- Position: Member of the Executive Board of Directors
- Appointment: 11 November 2009
- Term-of-office: 2008/2010
-

Positions presently held in Companies of the Group:

In Portugal:

- Member of Fundação Millennium bcp
- Manager of VSC- Aluguer de Viaturas sem Condutor, Lda
- Chairman of the Board of Directors of Banco Activobank (Portugal), S.A. presently Banco ActivoBank, S.A.

Abroad:

- Member of the Board of Directors of Banco Millennium Angola (Angola)
- Member of the Board of Directors of BIM - Banco Internacional de Moçambique, S.A. (Mozambique).

Functions within the organizational framework of the Group:

- Retail and Companies Coordination Committee
- Corporate and Investment Banking Coordination Committee

Direct Responsibilities:

- Banco ActivoBank (Portugal) / Project Blue;
- Investment Banking Department
- Corporate I Department
- Corporate II Department
- Specialised Credit Department
- Credit Recovery Department

Academic Education:

- Licentiate Degree in Corporate Organization and Management at Instituto Superior das Ciências do Trabalho e da Empresa (ISCTE)
- Corporate Senior Management Programme - AESE

•Advanced Management Programme - INSEAD

Professional Experience:

•1987/1990 – Commercial and Financial functions in an industry sector SME;

•1990/1995 – Employee of Banco Português de Atlântico, with functions in the commercial and companies areas, in charge of coordinating the Economic and Financial Research Office. During this period of time, he was guest lecturer at IFB;

•Since 1996 – Employee of Grupo Banco Comercial Português, part of the teams that incorporated BPA into BCP, taking over the coordination of the integration project and the definition of the value proposal for the companies segment;

•1997/1999 - Banco Comercial Português, S.A. – Head of the Companies Marketing Department Cooperation with Directive Committees of Banco de Portugal

•1999/2000 - Banco Comercial Português - Coordinating Manager of NovaRede (Retail South). Cooperation with Directive Committees of Banco de Portugal

•2001/2003 – Sent to Barcelona, Spain, undertaking the functions of C.E.O. of Managerland, S.A. (Internet banking operations for Group BCP and Sabadell);

•Director of ActivoBank and ActivoBank7;

•2003/2005 - Banco Comercial Português / Servibanca – General Manager, in charge of the Contact Centre (Internet, Phone Banking and Customer Centre operations);

•Director of Millenniumbcp Teleserviços, Serviços de Comercio Electrónico, S.A.;

•2005/September 2007 - General Manager of Banco Comercial Português, S.A., member of the Retail Executive Committee

•Head of the Commercial Innovation and Disclosure Department

•Director of Millenniumbcp Gestão de Fundos de Investimentos, S.A.;

•Chairman of Millenniumbcp Teleserviços, Serviços de Comercio Electrónico, S.A.;

•Manager of AF Internacional, S.G.P.S. Sociedade Unipessoal, Lda.;

•Member of the Executive Commission of CISP;

•Since September 2007 – Head of the Office of the Chairman of the Executive Board of Directors of Banco Comercial Português, S.A

•Since 25 February 2009 - Member of the Board of Directors of Banco Millennium Angola, S.A.

ANNEX II

Curricula Vitae of the Members of the Supervisory Board of Banco Comercial Português, S.A.

Luís de Melo Champalimaud

Age: 58

Academic qualifications: Attended the course in Economics at Instituto Superior de Economia e Sociologia de Évora.

Current positions in the Group: 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, S.A.

Current positions outside the Group: Chairman of the Board of Directors of Confiança Participações, SGPS, S.A., Chairman of the Supervisory Board of Tracção, S.A. (Brasil), and Chairman of the Supervisory Board of the Empresa de Cimentos Liz, S.A. (Brazil) and Chairman of the Advisory Board of Empresa de Cimentos Liz, S.A..

Professional Experience:

- 1975/1982 - Sales Manager of Empresa de Cimentos Liz, S.A. (former Soeicom, S.A.);
- 1982/1992 - Deputy Manager of Empresa de Cimentos Liz, S.A. (former Soeicom, S.A.);
- 1992/2000 - Vice-Chairman of the Board of Directors Empresa de Cimentos Liz, S.A. (former Soeicom, S.A.), with non-executive functions;
- 1992/1993 - Director at the insurance company Mundial-Confiança, S.A.;
- 1993/1995 - 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, S.G.P.S., S.A.;
- 2006/2009 - Member of the Supervisory Board of Banco Comercial Português, S.A.

Manuel Domingos Vicente

Age: 53

Academic qualifications: Degree in Electronic Engineering specialised in power systems, from Universidade Agostinho Neto.

Current positions in the Group: Vice-Chairman of the Supervisory Board of Banco Comercial Português, S.A.

Current positions outside the Group: Chairman of the Board of Directors of Sonangol, E.P., Chairman of the Board of Directors of UNITEL, Chairman of the Management Board of Sonils, Lda., Chairman of the Board of Directors of Baía de Luanda, Vice-Chairman of Fundação Eduardo dos Santos (FESA)

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 (Cabinet for the development of the Midle Kwanza);
- 1987/1991 – College Professor;
- 1991/1999 - Deputy General Manager of Sonangol U.E.E.;
- 1991/1999 – Chairman of the Luanda Base Management Comittee;
- January 2008 / March 2009 - Member of the Supervisory Board of Banco Comercial Português S.A.

Pedro Maria Calaínho Teixeira Duarte

Age: 55

Academic qualifications: Licentiate degree in Business Administration from the Universidade Católica Portuguesa (Portuguese Catholic University) in 1977.

Current positions in the Group: Vice-Chairman of the Supervisory Board of Banco Comercial Português, S.A.

Current positions outside the Group: Chairman of the Board of Directors of Teixeira Duarte - Engenharia e Construções, S.A., Director of CIMPOR - S.G.P.S., S.A., Chairman of the Board of Directors of PASIM - Sociedade Imobiliária, S.A., Chairman of the Board of Directors of PACIM - S.G.P.S., S.A. and Chairman of the Board of Directors of Teixeira Duarte, S.A..

Professional Experience:

- Director of Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários S.A.;
- Director of Teixeira Duarte - Engenharia e Construções (Macau), Lda.;
- Director of CIMPOR - Cimentos de Portugal, SGPS, S.A.;
- Vice-Chairman of the Senior Board of Banco Comercial Português, S.A.;
- Member of the Remunerations and Welfare Board of Banco Comercial Português, S.A.;
- Member of the Supervisory Board of Millennium Bank, S.A. (Poland)
- Manager of F+P - Imobiliária, Lda.

Josep Oliu Creus

Age: 60

Academic qualifications: PhD in Economics from the University of Minesota, in 1978.

Current positions in the Group: Member of the Supervisory Board and of the Sustainability and Corporate Governance Committee of Banco Comercial Português, S.A..

Current positions outside the Group: Chairman of the Board of Directors of BancSabadell Holding S.L. Unipers, Member of the Management Committee of the Spanish "Fondo de Garantía de Depósitos" (Deposits Guarantee Fund), Vice-Chairman of Spanish Section of the ELEC (European League for Economic Cooperation), Member of the Spanish Committee of INSEAD, Chairman of FEDEA Fundación de Estudios de Economía Aplicada (Foundation for Studies in Applied Economics), Member of the Board of the Spanish Banking Association, Chairman of Fundación Banco Herrero and Member of the Governors Council of Fundación Principe de Girona.

Professional Experience:

- 1978/1982 - Associate Professor of Economics and Econometrics at Universidad Autónoma, Barcelona.
- 1982/1984 - Professor at the Universidad of Oviedo.
- 1983 - Director of Strategy Studies at the Spanish Institute of Industry.
- 1984/1986 - Planning General Director, Chief Executive of Financial Companies for Regional Development and advisor to the Spanish Institute of Industry.
- 1986 - Joins Banco Sabadell
- 2000/2008 – Member of the Senior Board of Banco Comercial Português, S.A.;
- 2002 – Appointed member of the Governors Council of Fundación Principe de Asturias.

António Luís Guerra Nunes Mexia

Age: 52

Academic qualifications: Licentiate degree in Economics from the University of Geneva in 1979.

Current positions in the Group: Member of the Supervisory Board and of the Sustainability and Corporate Governance Committee of Banco Comercial Português, S.A..

Current positions outside the Group: Chairman of the Executive Board of Directors of EDP – Energias de Portugal, EDP – Energias do Brasil, EDP – Estudos e Consultadoria, and non-executive Director of Aquapura – Hotels Resort & SPA.

Professional Experience:

- 1979/1981 - lecturer at the Department of Economics of the University of Geneva.
- 1985/1989 - post-graduate lecturer of European Studies at Universidade Católica and Regent at Universidade Nova and Universidade Católica where he lectured from 1982 to 1995;
- 1986/1989 - Deputy 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.
- Vice-Chairman of AIP – Associação Industrial Portuguesa.
- Chairman of the General Board of Ambelis
- Representative of the Portuguese Government to the European Union in the work group for the development of trans-European networks;
- 1992/1998 - Member of the Trilateral Committee;
- 1998 - appointed Chairman of the Boards of Directors of GDP – Gás de Portugal and Transgás.
- 1999/2002 – Chairman of APE – Associação Industrial Portuguesa de Energia;
- 2000 -Vice-Chairman of the Board of Directors of Galp Energia, SGPS, S.A.;
- 2001/2004 – Executive Chairman of the Board of Directors of Galp Energia, SGPS, S.A.;
- 2001/2004 - Chairman of the Boards of Directors of Petrogal – Petróleos de Portugal, S.A.
- 2001/2004 - Chairman of the Boards of Directors of GDP – Gás de Portugal, S.A.;
- 2001/2004- Chairman of the Board of Directors of Trangás;
- 2001/2004- Chairman of the Board of Directors of Trangás-Atlântico;
- 2004 - appointed Minister for Public Works, Transports and Communications of the XVI Constitutional Government.

Patrick Wing Ming Huen

Age: 68

Current positions in the Group: Member of the Supervisory Board of Banco Comercial Português, S.A., representing Sociedade de Turismo e Diversões de Macau, S.A..

Current positions outside the Group: Director of Estoril Sol, S.G.P.S., S.A., Director of Estoril Finansol, S.G.P.S., S.A., Chairman of the Board of Directors of Varzim Sol, S.A., Vice-Chairman of the Board of Directors of Estoril Sol (III), S.A., member of the UK Chartered Institute of Bankers, the Hong Kong Securities, the Economic Council of the Macau SAR Government and Honorary Chairman of Macau Association of Medical Practitioner.

Professional Experience:

- Until 1979 - Worked for 20 years in commercial banking, at HSBC and BNP.
- 1979 – Joins the Shun Tak – STDM Group, undertaking various management positions;
- 1991/2000 – Executive Director of the Seng Heng Bank Limited
- 1991/2009 - Executive Director of Shun Tak Holdings Limited.
- 2000/2008 – CEO of the Seng Heng Bank Limited
- Director of STDM Investimentos, S.G.P.S., S.A.;
- Director of Credicapital, S.G.P.S., S.A.;
- Director of Imapex, S.A.;
- Director of Imo-Oito, S.A.;
- Director of Brightask, S.A.;
- Director of Imo-Doze, S.A.;
- Manager of STDM - Gestão de Investimentos, Lda.;
- Manager of Guinchotel, Lda.;
- Member of the Audit Board of STDM, Investimentos Imobiliários, S.A..

António Víctor Martins Monteiro

Age: 66

Academic qualifications: Licentiate Degree in Law from the Law School of the University of Lisbon

Current positions in the Group: Member of the Supervisory Board of Banco Comercial Português, S.A.

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 and Chairman of the Board of Curators of Fundação Luso-Brasileira

Professional Experience:

- 1968 – joins the Ministry of Foreign Affairs
- 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 - Agência Portuguesa para o Investimento.
- 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.

João Manuel de Matos Loureiro

Age: 50

Academic qualifications: Licentiate Degree in Economics from the School of Economics of the University of Oporto. 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 Chairman of the Audit Committee of Banco Comercial Português, S.A., and Chairman of the Audit Board of Banco ActivoBank, S.A..

Current positions outside the Group:

Associate Professor at the School of Economics of Universidade do Porto. Lecturer in the disciplines of Licentiate, Masters, PHD and other post-graduate degrees in the respective specialization areas: Macroeconomics, Economic Politics, International Monetary Economics and International Financial Management.

Professional Experience:

- 1984 - Economist of the Planning Department of União de Bancos Portugueses.
- 1984/1992 - Associate Professor at the School of Economics of Universidade do Porto.
- 1986/1987 - Economist for the Economic Studies Department of Banco Português do Atlântico.
- 1987/1992 - research scholarship from the University of Gothenburg and from Junta Nacional de Investigação Científica e Tecnológica (Protuguese Scientific and Technological Research Institute).
- 1993 - Professor at the School of Economics of Universidade do Porto.
- 1996/2001 – Member of the Board of the School of Economics of Universidade do Porto.
- 1997/2002 - responsible for "Boletim de Conjuntura Internacional" (International Conjuncture Bulletin) of Soserfin/BPN.
- 2000/2008 he was responsible for the MBA in Finances of the School of Economics of Universidade do Porto.
- 2002/2008 he was a also Chairman of the Paedagogic Council of the School of Economics of Universidade do Porto.
- 2007/2008 – coordinator of the Budgeting per Programs Committee, Ministry of Finance.
- Since 2008 - member of the General Board of UPBS (University of Porto Business School)
- Since 2008- Head of the Post Graduate Degree in Company Management of EGP - UPBS.
- 2008 – Economic consultant for the assessment of the foreign exchange regime in Cape Verde.

José Guilherme Xavier de Basto

Age: 71

Academic qualifications: Licentiate Degree in Law from the Law School of Universidade de Coimbra and the Additional Course of Political-Economic Sciences.

Current positions in the Group: Member of the Supervisory Board and of the Audit Committee of Banco Comercial Português, S.A.

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).

Professional Experience:

- 1994 - Member of the Tax Reform Development Committee
- 1995/2000 - lecturer at the Law School of the University of Coimbra

José Vieira dos Reis

Age: 62

Academic qualifications: Licentiate Degree in Economy by Instituto Superior de Economia de Lisboa; Licentiate Degree in Law from the Lisbon Law School BSc in Accounting by Instituto Comercial de Lisboa. Statutory Auditor and Statutory Technician.

Current positions in the Group:

Member of the Supervisory Board and of the Audit Committee of Banco Comercial Português, S.A.

Current positions outside the Group: Chairman of the Audit Board of AEA - Auto-estradas do Atlântico, S.A., Member of the Audit Board of Portugália, S.A., Founding partner of Oliveira Reis & Associados, S.R.O.C. Lda. and Consultant.

Professional Experience:

- Finance Inspector;
- Tax Receiver;
- 1998/1999 - Chairman of the Chamber of Statutory Auditors;
- 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 Work Group on the Tax Impact of the Adoption of International Accounting Standards;
- Lecturer at Instituto Superior de Contabilidade e Administração de Lisboa, teaching the discipline of Financial General Accounting II.

Manuel Alfredo da Cunha José de Mello

Age: 61

Academic qualifications: Licentiate Degree in Finance by Instituto Superior de Economia de Lisboa in 1972.

Current positions in the Group: Member of the Supervisory Board and Chairman of the Nominations Committee of Banco Comercial Português, S.A

Current positions outside the Group:

- Chairman of the Board of Directors of Group NUTRINVESTE, SGPS, S.A.

Professional Experience:

- Until March 2009 – Member of the Senior Board of Banco Comercial Português, S.A.;

Thomaz de Mello Paes de Vasconcelos

Age: 52

Academic qualifications: Licentiate degree in Business Management from the Universidade Católica.

Current positions in the Group: Member of the Supervisory Board and of the Audit Committee of Banco Comercial Português, S.A.

Current positions outside the Group: Consultant of TPV, Lda., Chairman of Serfingest, S.G.P.S., S.A. and Statutory Auditor.

Professional Experience:

- Senior Manager at Arthur Andersen & Co.;
- Director of Group Santogal;
- Consultant in the Health, Teaching, Insurance and Financial sectors.

•Non-Executive Director of Portugal Telecom, S.G.P.S., S.A.;

Vasco Esteves Fraga

Age: 60

Academic qualifications: Licentiate Degree in Finance by Instituto Superior de Economia de Lisboa and Trainning Programs and Seminars at the London Business School, Insead, Universidade Nova and Universidade Católica.

Current positions in the Group: Member of the Supervisory Board and member of the Nominations Committee of Banco Comercial Português, S.A

Current positions outside the Group: Director of Estoril Sol, S.G.P.S., S.A., Varzim Sol - Turismo Jogo e Animação, S.A. and Estoril Sol (III), S.A..

Professional Experience:

•1999/2007 - Director of Sociedade de Empreendimentos Imobiliários Santa Susana, S.A.;

•1999/2007 - Director of Disco Sol - Hotelaria e Animação, S.A.;

•1999/2007 - Director of Estoril Sol Hotéis II - Actividades Hoteleiras;

•2001/2007 - Director of Mandarim-Sol - Restauração, S.A.;

•2002/2007 - Director of Imobiliária Casal S. José, S.A.;

•2002/2007 - Director of Imobiliária D. Luís, S.A.;

•2002/2006 - Director of Chão do Golf - Sociedade de Investimentos Imobiliários, S.A.;

•2002/2009 - Director of Estoril Sol (V);

•2002/2009 - Director of Estoril Sol – Investimentos S.A.;

•2002/2009 - Director of Chão do Parque - Soc. de Investimentos Imobiliários, S.A.;

•2002/2009 - Director of Estoril Sol e Mar – Investimentos Imobiliários, S.A.;

ANNEX III

Curricula Vitae of the Members of the Remuneration and Welfare Board of Banco Comercial Português, S.A.

José Manuel Rodrigues Berardo

Age: 65

Current positions in the Group: Chairman of the Remuneration and Welfare Board

Professional Experience: Since 1982, Chairman of the Board of the General Meeting of PATIO – Livros e Artes, S.A., 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, S.A., 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, S.A. and Chairman of the Board of Directors of Fundação José Berardo, I.P.S.S., since 1989, Chairman of the Board of Directors and Vice-Chairman of the Board of the General Meeting of RAMA – Rações para animais, S.A., since 1990, Chairman of the Board of Directors of Imobiliária Magnólia da Madeira, S.A., since 1992, Chairman of the Board of the General Meeting of SICEL – Sociedade Industrial de Cereais, S.A., since 1993, Chairman of the Board of Directors of METALGEST – Sociedade de Gestão, S.G.P.S., S.A., since 1995, Chairman of the Board of Directors and Chairman of the Board of the General Meeting of Bacalhôa Vinhos de Portugal, S.A. and Chairman of the Board of the General Meeting of Moagens Associadas, S.A., since 1996, Chairman of the Board of Directors and Chairman of the Board of the General Meeting of Sintra Modernarte – Arte e Cultura, S.A., Chairman of the Board of the General Meeting of Quinta do Lorde, S.A. 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, S.A. and Chairman of the Board of the General Meeting of PARFITEL, S.G.P.S., S.A., since 2000, Chairman of the Board of Directors and Vice-Chairman of the Board of the General Meeting of Aviatlântico – Avicultura,S.A. and Chairman of the Board of Directors da MATIZ – Sociedade Imobiliária, S.A., since 2002, Chairman of the Board of the General Meeting of Exploração Turística da Fajã da Pedra, S.A., since 2003, Chairman of the Board of Directors and Chairman of the Board of the General Meeting of ATRAM, S.A., since 2006, Manager of Bernardino Carmos e Filho, S.G.P.S., Lda. and since 2007, Chairman of the Board of Directors and Chairman of the Board of the General Meeting of Aliança Vinhos de Portugal, S.A. and Director Cumulus Wines, PTY Limited. He is also Chairman of the Board of the General Meeting of the following companies: Avipérola, Lda.; Caves Aliança Agrícola, S.A.; COTRANCER – Comércio e Transformação de Cereais, S.A.; D'Aguiar – Companhia Agrícola, S.A.; DISMADE –Distribuição da Madeira, S.A.; Forum Prior do Crato, Vinhos Seleccionados, S.A.; J.P. Viticultura; Quinta da Rigodeira, Casa Agrícola, S.A.; Quintas Aliança Alentejo, Sociedade Agrícola, S.A.; Quintas Aliança – Dão, Sociedade Agrícola, S.A.; Quintas Aliança – Douro, Sociedade Agrícola, S.A.; SILOMAD – Silos da Madeira, S.A.; SODIPRAVE - Sociedade Distribuidora de Produtos Avícolas; VIBORBA, S.A.; and Universidade Atlântica. He is also Chairman of the Board of Directors of Empresa Mineira do Cercal, S.A., Sociedade Agrícola Quinta do Carmo, S.A. and, together with the position of Chairman of the Board of the General Meeting, of Associação de Colecções and VITECAF – Fábrica de Rações da Madeira, S.A.. He is also Honorary Chairman of the Fundação de Arte Moderna e Contemporânea – Colecção Berardo.

Luís de Melo Champalimaud

Please see Annex II.

Manuel Pinto Barbosa

Age: 65

Current position in the Group: Member of the Remunerations and Welfare Board.

Academic qualifications: Licentiate degree in Finance by Instituto Superior de Ciências Economias e Financeiras of Universidade Técnica de Lisboa, MSc by Yale University, PhD by Yale University and Professorship by Universidade Nova de Lisboa..

Professional Experience: From 1978 to 1982 he was Member of the Founding Commission of FEUNL, from 1982 to 1983, Director of FEUNL, from 1984 to 2002 Professor at FEUNL, from 1986 to 1990, Vice-Chancellor of UNL, from 1990 to 1994 Chancellor of UNL, from 1995 to 1996, Vice-Chairman of UNICA, network of universities of European capitals, from 1996 to 1999 Member of the Founding Commission of FDUNL, from 1997 to 2000 Dean for International Affais of UGF. Since 1990 he is member of the European League for Economic Cooperation, since 1990, Founding Partner of the European Statistics Centre for Developing Countries, since 1997, Associate of Sociedade Científica da Universidade Católica Portuguesa and Correspondent of Academia das Ciências de Lisboa. Between 1967 and 1969 he was Officer of the Naval Reserve of the Portuguese Navy, from 1970 to 1972 he worked as consultant for Associação Industrial Portuguesa, from 1978 to 1983 Founding Associate of Associação para o Estudo das Relações Internacionais, from 1981 to 1984 member of the commission in charge of negotiating the Defence Accord Portugal-USA, in 1989 Member of the expert committee of the SPES programme (EEC), in 1989 Member of the Expert Commission of Fundação Tinker, in 1990 Member of the Expert Commission of the ACE programme (EEC), from 1992 to 1993 Vice-Chairman of the Economic and Social Council, from 1994 to 2006 Member of the Management Board of Fundação Luso-Americana, from 1995 to 1998 non-executive Director of Portucel Industrial, between 1996 and 1999 Member of the Advisory Committee of Barclays Bank, from 2002 to 2006 non-executive director of PTII and from 2004 to 2006 Chairman of the Board of Directors of TAP. He is presently Chairman of the Board of Directors of Nova Forum, since 2005, Chairman of the Supervisory Board of TAP, since 2007 and Chairman of the Remunerations Committee of Cimpor.

ANNEX IV

Press release disclosing the consolidated earnings of Banco Comercial Português, S.A., in 2009

Millennium bcp

Press-Release

Reuters>bcp.ls Exchange>MCP Bloomberg>bcp pl ISIN PTBCP0AM00007

10 February 2010

Millennium bcp earnings release as at 31 December 2009

- Consolidated net income of Euro 225 million in 2009
- Reinforcement of Core Tier I pro forma to 7.1% in accordance with IRB approach (*)

HIGHLIGHTS

- Consolidated net income of Euro 225 million in 2009, up by 12% from 2008;
- In accordance with IRB approach (*), the pro forma ratios Tier I and Core Tier I reached 9.2% and 7.1%, respectively, and the pro forma solvency ratio stood at 10.5%. In accordance with the standard approach Tier I increased to 9.3% and Core Tier I improved to 6.4% and total solvency ratio to 11.5%;
- Stabilisation of the commercial gap from the end of 2008, with improvement in the fourth quarter of 2009, and reinforcement of assets eligible as collateral in potential refinance operations with Central Banks;
- Medium- and long-term debt issued in 2009 exceeded the amount to be refinanced, thus partially anticipating the medium- and long-term financing needs for 2010, which were lower than the issues matured in 2009;
- Customer deposits increased 3.9%, growing 4.1% in Portugal and 3.5% in the international activity;
- Off-balance sheet customer funds up by 10.7%;
- Loans to customers grew 1.5% to Euro 77,348 million, with mortgage increasing by 2.7%, from 31 December 2008;
- Net interest income and net commissions with growths of 4.1% and 5.8%, respectively, in the 4th quarter from the previous quarter;
- Bank Millennium in Poland showed increases in net interest income and in net commissions, from the previous quarter, of 8.9% and 14.1%, respectively, improving the results of the quarter;
- Operating costs fell 7.8%. Operating costs decreased 5.1% in Portugal and 12.2% in the international activity. Other administrative costs fell 11.3%, decreasing 15.5% in Portugal;
- Overdue loans by more than 90 days stood at 2.3% of total loans, coverage ratio stood at 119.0%;
- Proposed dividend of Euro 0.019 per share, representing an increase of 12% from the previous year and a payout ratio of 40%.

(*) Considering the evolution of the revision process, by the Bank of Portugal, of the submission of the proposal to adopt the IRB approach, including estimates for the probability of default and of losses given default (IRB advanced) for the retail portfolio collateralized by commercial and residential real estate, and estimates of the probability of default (IRB Foundation) for the corporate portfolio, in Portugal, determined on a pro forma basis.

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SUMMARY

ECONOMIC ENVIRONMENT

Maintenance of a growing trend for world economic activity during the 4th quarter of 2009, growing consensus that the recessionary environment has ended.

The world economy continued to expand over the fourth quarter though with distinctively differing performances across the various economic areas. Indeed, while in the U.S. and China the economic performance strengthened, in Japan and in Europe it tended to weaken somewhat. The world economy still faces many risks going forward but there is a growing consensus that the recessionary environment of the past two years has ended. This positive expectation lies at the heart of the recurrent positive revisions of the growth scenarios for 2010 presented by the main supranational institutions.

Revision of monetary policies and potential removal of supportive measures for economic activity may imply appreciable risk of some turbulence returning to financial markets and harming the business climate.

This transition phase in the economic cycle might end up being a challenging situation for authorities. They will have to judge carefully the economic environment in order to assess whether it is appropriate to remove the supportive measures for economic activity and financial systems that were put in place during 2008 and 2009. In this sense, there is an appreciable risk of some turbulence returning to financial markets and harming the business climate, as central banks review their monetary policies and Governments withdraw part of the stimulus measures. In the euro area, the European Central Bank announced changes to the lending procedures that will eventually be reflected in short term interest rates moving higher and closer to the main refinancing rate of the ECB. That means slightly tighter financial conditions ahead.

Sustainability of public finances over the long run, after the efforts to steer economic activity and to rein in unemployment, restrains expansive policies.

At the same time, public finances have weakened due to the efforts committed to steering the economic activity and to rein in unemployment. Assessing the sustainability of public finances over the long run, plus an evaluation of the underlying competitiveness framework and the available financial slack of each country, have become a key issue for financial markets, pushing the initial concerns with private sector credit risks up to the sovereign level. In fact, while over the past months risk premiums charged on private sector debt have been declining, the opposite has happened to some sovereign issuers, particularly those countries where the indebtedness levels were higher, restraining the margin of manoeuvre for further accommodative fiscal measures.

Evolution of economic activity in Portugal and in Poland, in the second half of 2009, points to an improvement in the growth perspectives for 2010.

Economic activity in Portugal has also improved over the second half of 2009, as it has with other EMU countries. For the whole year, real GDP is estimated to have decreased slightly less than 3%. For 2010, it is expected that GDP will post a modest gain of 0.5% to 1% in real terms. Poland seems to have been the sole EU country to record positive GDP growth in 2009, and prospects for 2010 continue to improve. This positive environment has been highly favourable for the zloty while ending the monetary easing cycle of the National Bank of Poland. In Greece, the comprehensive fiscal consolidation path endorsed in the stability and growth plan and the more stringent financing conditions in the global market will probably weigh on the country's growth potential over the medium term. In Angola and Mozambique, the improvement of world trade and the vigour of the main importers of basic raw materials are supportive of a better outlook for 2010.

RESULTS

In a particularly complex and difficult environment, Millennium bcp showed a positive global performance in 2009, with the Core Tier I increasing to 6.4%, and according to the IRB approach, Core Tier I pro forma reached 7.1%.

In a complex and difficult environment for the financial and banking sector, Millennium bcp in 2009 was able to adapt and respond to the challenges, and was flexible enough to take advantage of market opportunities, aiming to strengthen the business portfolio and to achieve adequate levels of profitability. Consolidated net income in 2009 was favourably influenced by the resilience of the franchise in Portugal, offsetting the lower level of the contribution from the international activity. Volumes also showed a positive evolution, benefiting from both customer deposits and loans to customers, notwithstanding the slowdown in the growth of loans granted from the previous year. Despite the adverse environment, the focus of the Group on strict capital and liquidity management aimed at achieving adequate levels of liquidity and reinforcing capital ratios, led the consolidated solvency ratio to increase to 11.5%, the Tier I to improve to 9.3% and Core Tier I to 6.4%, as at 31 December 2009. In accordance with the IRB approach Tier I pro forma and Core Tier I pro forma reached, respectively, 9.2% and 7.1%.

Consolidated net income up by 12% to €225.2 million.

Millennium bcp's consolidated net income up by 11.9% to Euro 225.2 million in 2009, compared to Euro 201.2 million in 2008.

Evolution of net income positively influenced by the reduction in operating costs, despite the drop in net interest income.

The evolution of net income was positively influenced by the reduction in operating costs and by the rise in equity accounted earnings, despite the drop in net interest income, reflecting the increase in the cost of funding and the more narrow spreads on customer deposits, and the evolution in loan impairment charges (net of recoveries), as a result of the coverage of impairment indicators in the loan portfolio, as well as other provisions.

Reduction in operating costs materialise initiatives implemented to streamline and optimize the Bank's operations

The reduction in operating costs benefited from the decrease in most items, namely in other administrative costs and in staff costs, due to the initiatives implemented to streamline and optimize the Bank's operations, in particular in Bank Millennium in Poland and in the activity in Portugal.

BALANCE SHEET

Total assets reached Euro 95,550 million as at 31 December 2009, compared to Euro 94,424 million booked on the same date in 2008.

Customer deposits increased 3.9% and off-balance sheet customer funds grew 10.7%, sustained by the performance of total customer funds in 2009.

Total customer funds increased to Euro 67,002 million as at 31 December 2009, compared to Euro 65,803 million on the same date in 2008, on a comparable basis, sustained by the growth of 3.9% in customer deposits, highlighting the growth of 4.1% in deposits in Portugal, and the increase of 10.7% in off-balance sheet customer funds.

Loans to customers grew 1.5% to €77,348 million, with mortgage loans increasing 2.7%.

Loans to customers totalled Euro 77,348 million as at 31 December 2009, showing an increase of 1.5% from Euro 76,233 million, on a comparable basis, posted on 31 December 2008, sustained by the growth of 3.1% in loans to individuals, in particular mortgage (up by 2.7%), and by more moderate growth in loans to companies, restrained by the adverse economic environment and by the drop in private investment, reflecting the slowdown in loans granted in Portugal.

Financial Highlights

Euro million	31 Dec. 09	31 Dec. 08	Change 09 / 08
Balance sheet			
Total assets	95,550	94,424	1.2%
Loans to customers [1]	77,348	76,233	1.5%
Loans to customers (net) [1]	75,191	74,756	0.6%
Total customer funds [1] [2]	67,002	65,803	1.8%
Balance sheet customer funds [1]	50,993	51,336	-0.7%
Customer deposits [1]	46,307	44,561	3.9%
Results			
Net interest income	1,334.2	1,721.0	-22.5%
Net operating revenues [3]	2,493.2	2,602.0	-4.2%
Operating costs [4]	1,540.3	1,670.8	-7.8%
Loan impairment charges (net of recoveries)	560.0	544.7	2.8%
Income taxes	46.2	84.0	-45.0%
Minority interests	24.1	56.8	-57.6%
Net income	225.2	201.2	11.9%
Profitability			
Net operating revenues / Average net assets [5]	2.6%	2.8%	
Return on average assets (ROA)	0.2%	0.2%	
Income before taxes and minority interests / Average net assets [5]	0.3%	0.4%	
Return on average equity (ROE)	4.6%	4.5%	
Income before taxes and minority interests / Average equity [5]	6.1%	7.6%	
Credit Quality			
Overdue loans according to Bank of Portugal / Total loans [5]	3.4%	1.3%	
Overdue loans according to Bank of Portugal, net/ Total loans, net [5]	0.6%	-0.6%	
Impairment for loan losses / Overdue loans by more than 90 days	119.0%	211.6%	
Impairment for loan losses / Overdue loans	106.1%	173.9%	
Efficiency ratios			
Operating costs / Net operating revenues [5] [6]	63.6%	58.6%	
Operating costs / Net operating revenues (Portugal) [5] [6]	60.2%	54.0%	
Staff costs / Net operating revenues [5] [6]	35.7%	32.2%	
Capital			
Total regulatory capital	7,541	7,057	
Risk weighted assets	65,769	67,426	
Tier I solvency ratio [5]	9.3%	7.1%	
Total solvency ratio [5]	11.5%	10.5%	
Branches			
Portugal activity	911	918	-0.8%
Foreign activity [1]	880	868	1.4%
Employees			
Portugal activity	10,298	10,583	-2.7%
Foreign activity [1]	11,195	11,686	-4.2%

(1) Adjusted from the consolidation of Millennium bank Turkey.
(2) Amounts due to customers (including securities), assets under management and capitalisation insurance.
(3) Net interest income, dividends from equity instruments, net commissions, net trading income, equity accounted earnings, other net operating income (according to rule 16/2004 from the Bank of Portugal).
(4) Staff costs, other administrative costs and depreciation.
(5) According to rule 16/2004 from the Bank of Portugal.
(6) Excludes the impact of specific items.

At the 2009 earnings presentation, the Chairman of the Executive Board of Directors of Millennium bcp, Carlos Santos Ferreira, commented on the economic and financial environment in which the Portuguese banks operate and stressed that, despite the continuing turbulence, a significant group of economists suggests that the recovery has already begun and that 2010 will see a moderate recovery.

Commenting on the earnings, the Chairman said that:

"In 2009, consolidated net income totalled Euro 225 million, an increase of 12% compared with the results of 2008."

In addition, the Chairman highlighted a number of aspects of 2009 that deserved particular attention:

i) Loans to customers increased 1.5%, reaching Euro 77,348 million, with mortgage loans showing a positive growth of 2.7% when compared to 31 December 2008;

ii) Customer funds rose 1.8% with customer deposits growing 3.9%. In Portugal, deposits improved 4.1% when compared with 31 December 2008;

iii) Operating costs fell 7.8% overall, decreasing 5.1% in Portugal and 12.2% in international operations;

iv) Net interest income reversed its trend, starting on an upward path in the third quarter of 2009;

v) Commissions showed a recovery during the year, mainly in domestic activity, showing an increase of 2.0% compared with 2008;

vi) The capital ratios pro forma were further reinforced, with Core Tier I rising to 7.1% and Tier I to 9.2%, taking into consideration the evolution of the revision process, by the Bank of Portugal, of the submission of the proposal to adopt IRB approach for credit and counterparty risks. In accordance with the standard approach Tier I increased to 9.3% and Core Tier I improved to 6.4%, respectively;

vii) The Bank successfully placed Euro 1,000 million of perpetual subordinated debt securities and anticipated the funding plan for 2010, with Euro 5,600 million in medium- and long-term debt issued in 2009;

viii) The Bank achieved the highest index in customer satisfaction (80.3 index points) since the launch of the single Millennium brand (78.6 index points in the 4th quarter of 2004), well above the lowest value, registered at the end of 2007 (77.2 index points);

ix) The turn-around of the Polish operation, which reduced operating costs by 14.2% compared with the previous period and culminated with a successful capital increase, concluded in February 2010, of approximately Euro 258 million through a rights issue. The shares available to minority shareholders were almost four times oversubscribed;

x) The maintenance of expansion plans in Angola and Mozambique. Millennium Angola has by now 23 branches (an increase of 7 since December 2008) and Millennium bim has 116 branches (an increase of 16 since December 2008). Jointly these operations presented Euro 66.6 million of net income in 2009 (up 19.3% year-on-year)."

As for Millennium bcp's strategy for the medium term, the Chairman underlined that: "We will continue to focus on European markets that sustain a competitive presence and on affinity markets, while promoting transformation in Portugal, with initiatives to enhance our leadership in Retail banking."

The Chairman also announced that the Bank signed an agreement to sell 95% of Millennium Bank in Turkey, which fits the bank's strategy established to focus on priority markets.

Concluding the presentation, the Chairman stressed the purpose of distributing dividends every year, even in difficult environments and highlighted the proposed dividend of Euro 0.019 per share, which the Executive Board will submit to the Annual General Shareholders Meeting. This represents an increase of 12% compared with the dividend distributed in the previous year.

In accordance with the agreement established to the sale of 95% of Millennium Bank AS in Turkey and in accordance with IFRS 5, as at 31 December 2009, the total assets and liabilities of this subsidiary company will be presented, respectively, in the item of "Non current assets held for sale" and "Non current liabilities held for sale" in the Consolidated Balance sheet, while the total expenses and income for the year will be represented line by line in the consolidated income statement. Until the date of sale, the Group continues to consolidate, in reserves and income, any changes occurred in the net assets of Millennium bank Turkey.

In accordance with the business area restructuring in 2009, the subsidiary companies Millennium Banque Privée Switzerland and Millennium bcp Bank & Trust Cayman are no longer considered as complementary commercial networks of the activity in Portugal and will be included in the foreign business activity. To ensure comparability, the breakdown of the consolidated information, between activity in Portugal and international activity, was recalculated for the 2008 figures.

RESULTS

Millennium bcp's consolidated net income stood at Euro 225.2 million in 2009, compared to Euro 201.2 million in 2008. Net income in 2009 includes the gain accounted from the entry of new shareholders in Banco Millennium Angola's share capital, amounting to Euro 21.2 million, the gain related with the sale of assets, in the amount of Euro 57.2 million, and the accounting of costs related with early retirement of employees, in the sum of Euro 2.9 million (net of tax). Net income in 2008 includes the impacts related to the impairment losses determined by the devaluation of the shareholding in Banco BPI, S.A., in the amount of Euro 232.6 million (net of tax), the reduction of the variable remuneration already accrued in 2007, in the amount of Euro 13.2 million (net of tax), and the restructuring costs related with the early retirement of employees, in the sum of Euro 5.7 million (net of tax).

The evolution of net income, excluding the impacts previously mentioned, was positively influenced by the reduction in operating costs and by the rise in equity accounted earnings, despite the drop in net interest income, reflecting the increase in the cost of funding and the more narrow spreads on customer deposits, and by the evolution in loan impairment charges (net of recoveries), as a result of the coverage of impairment indicators in the loan portfolio, as well as other provisions. The reduction in operating costs benefited from the decrease in most items, namely in other administrative costs and in staff costs, due to the initiatives implemented to streamline and optimize the Bank's operations.

Net income in Portugal reached Euro 213.8 million in 2009 compared to Euro 116.7 million in 2008. This evolution reflects the growth of net operating revenues, led by higher net trading income - which includes in 2008 the impairment losses determined by the devaluation of Banco BPI, S.A. shares, which have since been sold. The growth of net income also benefited from the savings in operating costs, in particular the 15.5% reduction in other administrative costs, driven by the improvement in operating efficiency.

Net income from the international activity was determined by the evolution in net operating revenues and in the loan impairment charges in most international operations, led by the additional volume of loans to customers and by the need for coverage of impairment indicators in the loans portfolio. Net income from the international activity was favourably influenced by savings in operating costs, benefiting from the effort to streamline the organisational structure, highlighting the activity in Poland, which more than offset the increase in operating costs at Banco Millennium Angola and Millennium bim in Mozambique, related with the organic growth strategy in these markets.

Net interest income totalled Euro 1,334.2 million in 2009, compared to Euro 1,721.0 million in 2008. The evolution in net interest income was mainly determined by the decrease in customers' interest rates, in line with the reduction of reference market interest rates, causing an unfavourable impact from a higher reduction in average interest earning asset rates than in average interest bearing liabilities rates. Net interest margin stood at 1.57% in 2009 compared to 2.06% in 2008. This performance reflects the increase in the cost of funding, as a result of the instability and uncertainty in the financial markets, and also the

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 Euro 225.4 million in 2009, a favourable evolution from Euro 18.1 million in 2008, determined by the activity in Portugal. In 2008, net trading income included the impact of the accounting of impairment losses, in the amount of Euro 268.1 million, related to the shareholding in Banco BPI, S.A., which has since been sold. In the fourth quarter of 2008, net trading income includes the income related to the Bank's decision to interrupt the hedging strategy for the interest rate risk associated with a fixed-rate issue undertaken by the Bank through an interest rate swap, in accordance with IAS 39. In 2009 net trading income includes the negative impact of Euro 106.1 million, of which Euro 91.6 million booked in the second half of 2009, related to the improvement of Millennium bcp's own credit risk, as a result of the valuation of instruments recorded at fair value option.

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, amounted to Euro 132.3 million in 2009, when compared to Euro 66.6 million in 2008. Other net operating income was driven both by the increase in income and by reduction in costs, reflecting the improvement in other net operating income in the business in Portugal, which includes, in 2009, the amount of Euro 21.2 million related to the gain with the dispersal of 49.9% of Banco Millennium Angola's share capital and the amount of Euro 57.2 million, related to the gains from the sale of assets.

Dividends from equity instruments, which include dividends received on investments in the available for sale portfolio, totalled Euro 3.3 million in 2009, compared to Euro 36.8 million in 2008. Income accounted in this item includes dividends from shares and investment funds units. The sale of the stake of in Banco BPI, S.A. in the beginning of 2009 and the non-payment of dividends by Eureko determined the evolution of this item compared to 2008.

Equity accounted earnings include the results appropriated by the Group related to consolidation of companies over which the Group has significant influence, though without exercising control over their financial and operational policies. This item totalled Euro 66.3 million in 2009, compared to Euro 19.1 million booked in 2008. Equity accounted earnings essentially include the appropriation of earnings from the 49% shareholding in Millenniumbcp Fortis, a joint-venture between Millennium bcp and the Fortis Group that focuses on the bancassurance business, which reported an increase in net income in 2009 compared to the previous year, benefiting from the growth in insurance premiums both in the life and non-life business, comparing favourably with the overall Portuguese market.

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OTHER NET INCOME

Euro million	Dec. 09	Dec. 08	Change 09/08
Net commissions			
Banking commissions			
Cards	187.3	190.0	-1.4%
Credit and guarantees	170.4	172.9	-1.5%
Other commissions	249.9	204.9	22.0%
Subtotal banking commissions	607.6	567.8	7.0%
Market related commissions			
Securities	76.2	94.7	-19.5%
Asset management	47.9	77.9	-38.5%
Subtotal market related commissions	124.1	172.6	-28.1%
Total net commissions	731.7	740.4	-1.2%
Net trading income (1)	225.4	18.1	-
Other net operating income (2)	132.3	66.6	98.8%
Dividends from equity instruments	3.3	36.8	-90.9%
Equity accounted earnings	66.3	19.1	247.3%
Total other net income	1,159.0	881.0	31.6%
Other income / Net operating revenues (3)	46.5%	33.9%	

(1) Includes in 2008 the impairment losses related to the shareholding in Banco BPI, S.A. in the amount of Euro 268.1 million.
(2) Includes in 2009 the gain booked related to the dispersal of 49.9% of Bank Millennium Angola's share capital, amounting to Euro 21.2 million, and the gain associated with the sale of assets, in the amount of Euro 57.2 million .
(3) Calculated according to rule 16/2004 from the Bank of Portugal.

Operating costs, which include staff costs, other administrative costs and depreciation, fell by 7.8% to Euro 1,540.3 million in 2009 from Euro 1,670.8 million in 2008. This favourable performance resulted from the savings achieved in most items, in particular the other administrative costs and staff costs lines. Operating costs include, in 2009, the amount of Euro 3.9 million related with early retirement of employees and, in 2008, the Euro 18.0 million reduction in variable remuneration accrued in 2007 and restructuring costs amounting to Euro 7.8 million. Excluding these impacts, operating costs dropped 8.6%. The operating costs reduction was driven by the favourable performances achieved both in the activity in Portugal and the international activity.

In the activity in Portugal, operating costs dropped by 5.1%, reflecting lower administrative costs and depreciation, supported by the implementation of initiatives to simplify and streamline the organisational structure, focused in achieving superior levels of efficiency. Excluding the impacts previously mentioned operating costs in Portugal decreased 6.4% in 2009. In the international activity, operating costs dropped 12.2%, mainly influenced by the performance of Bank Millennium in Poland, which reflects the impact of the foreign exchange devaluation of the Polish zloty and, above all, the efforts to streamline the organisational structure and processes at this operation, with a reduction of 11.4% in the number of employees in this operation. The decrease of operating costs in Bank Millennium in Poland more than offset the evolution in operating costs in Banco Millennium Angola and in Millennium bim in Mozambique, as a result of the organic growth strategy in place in these markets.

In 2009, the consolidated cost-to-income ratio, on a comparable basis, stood at 63.6%, compared with 58.6% in 2008. In the activity in Portugal, the cost-to-income ratio stood at 60.2%, compared to 54.0% in 2008.

Staff costs totalled Euro 865.3 million in 2009, showing a reduction of 5.5% from Euro 915.3 million in 2008. Staff costs include, in 2009, the amount of Euro 3.9 million related with early retirements, and in 2008, the

Euro 18.0 million reduction in variable remuneration accrued in 2007 and Euro 7.8 million of restructuring costs. Excluding these impacts, staff costs decreased by 6.9%. The evolution of staff costs reflects the decrease in costs in most items, in particular remuneration of staff and of the corporate boards, despite the increase in pension costs, supported by cost control achieved in Portugal and above all by lower costs posted in the international activity. In Portugal, staff costs were influenced by lower remunerations, offsetting the evolution in pension costs, and globally dropped by 0.4% on a comparable basis. Staff costs in the international activity decreased by 19.1% mainly determined by Bank Millennium in Poland, supported by the reduction in the number of employees, and, to a lesser extent, by Millennium bank in Greece and by Millennium bcpbank in the United States of America, while the evolution in staff costs in the subsidiaries in Angola and Mozambique resulted from the expansion plans in these operations and the consequent increase in the number of employees.

Other administrative costs fell 11.3%, to Euro 570.2 million in 2009, compared to Euro 642.6 million in 2008. The reduction in other administrative costs benefited from savings in most items, in particular specialised services, advertising, consumables, maintenance, travel and independent labour. The decrease in other administrative costs was favourably influenced both by the activity in Portugal and by the international activity. In the activity in Portugal, other administrative costs dropped 15.5%, as a result of savings achieved in most items. Other administrative costs in the international activity were driven by the performance of Bank Millennium in Poland, favourably influenced by the review of the expansion plan and consequent adjustment of the cost structure to activity levels and by the currency effects of the Polish zloty against the euro, which more than offset the growth in Angola, Mozambique and Romania, in line with the strategy of organic growth carried out in these international operations.

Depreciation costs stood at Euro 104.8 million in 2009, a reduction of 7.2% from Euro 112.9 million in 2008, mainly determined by the activity in Portugal, but also by the international activity, notwithstanding the expansion plans in place, namely in Angola and in Mozambique, and by the devaluation against the euro posted by some foreign operations. Depreciation costs in Portugal fell 9.9%, supported by lower depreciation in most items, reflecting the gradual end of the period of depreciation of investments as well as the sale of assets.

OPERATING COSTS

Euro million	Dec. 09	Dec. 08	Change 09/08
Staff costs (1)	865.3	915.3	-5.5%
Other administrative costs	570.2	642.6	-11.3%
Depreciation	104.8	112.9	-7.2%
	1,540.3	1,670.8	-7.8%
Of which:			
Portugal activity	978.7	1,031.1	-5.1%
Foreign activity	561.6	639.7	-12.2%
Operating costs / Net operating revenues (2) (3)	60.2%	54.0%	

(1) Includes in 2009 Euro 3.9 million of costs with early retirements in Portugal. Includes in 2008 the Euro 18.0 million reduction in the variable remuneration already accrued in 2007 and Euro 7.8 million of restructuring costs in Portugal.
(2) Activity in Portugal. Calculated according to rule 16/2004 from the Bank of Portugal.
(3) Excludes the impact of specific items.

Impairment for loan losses (net of recoveries) totalled Euro 560.0 million in 2009, compared with Euro 544.7 million in 2008, despite the performance in the activity in Portugal, but still reflecting the difficulties of the economic cycle, and by the efforts undertaken in the prevention and management of risk. In most international operations, namely in Bank Millennium in Poland, impairment charges for bans to companies and consumer loans showed an increase, reflecting, on one hand, the deterioration of the financial situation in some companies and the decrease in the value of collateral in consumer loans, and on the other hand, the simultaneous review of the loan portfolio, including restructured cases due to foreign derivatives transactions, which triggered additional impairment charges (net of recoveries) aimed at covering further potential deterioration. The cost of risk, measured by the ratio of impairment charges (net of recoveries) in the loan portfolio, excluding loans represented by securities, stood at 76 b.p. in 2009, compared with 74 b.p. in 2008.

Other provisions, which comprise other asset impairment and other provisions, in particular provision charges related to assets received as payment in kind not fully covered by collateral, and provisions charged for several risks and contingencies. Other provisions amounted to Euro 97.4 million in 2009, compared to Euro 44.5 million in 2008, mostly reflecting the higher level of charges booked in Portugal, in particular, the charges related to impairment losses associated with real estate, resulting from the termination of loan contracts with customers, which subsequent to a regular process of revaluation, posted reductions from market valuations, and also includes the provisions charged for several contingencies.

BALANCE SHEET

Total assets reached Euro 95,550 million as at 31 December 2009, compared to Euro 94,424 million booked on the same date in 2008.

Loans to customers totalled Euro 77,348 million as at 31 December 2009, showing an increase of 1.5% from Euro 76,233 million (on a comparable basis) posted on 31 December 2008, benefiting from the performances in Portugal (+0.8%) and, most of all, from the international activity (+4.1%), in particular, from subsidiary companies in Greece, in Mozambique and in Poland.

The performance of mortgage loans benefited mostly from the activity in Portugal, which increased 3.0%, between 31 December 2008 and 31 December 2009, sustained by historically low market interest rates, despite the slowdown in mortgage loan demand. The international activity increased 2.0% in mortgage loans from 31 December 2008, highlighting the activity at Millennium bank in Greece. Consumer loans grew 5.3% to Euro 5,089 million as at 31 December 2009, sustained by the activity in Portugal, which rose 4.7%, and by the international activity, which increased 6.4%, benefiting from the performances at Bank Millennium in Poland and at Millennium bim in Mozambique. Loans to companies, the main component of the loans portfolio, stood at Euro 43,191 million, from Euro 43,105 million as at the end of 2008, which were restrained by the adverse economic framework and by the reduction in private investment. The performance in loans to companies was favourable influenced by the international activity, which registered a rise of 5.7%, highlighting the Millennium bank in Greece and Millennium bim in Mozambique. Loans to companies in Portugal remained at the same level, reflecting the lower exposure to Corporate companies and, simultaneously, the reinforcement in financing Small and Medium Enterprises (PME), through the growing support to entrepreneurship, in particular by the credit lines "PME Investe" available in commercial networks.

The structure of the loan portfolio remained stable and well balanced, between 31 December 2008 and 31 December 2009, with loans to companies representing the main component of loans to customers' portfolio (55.8% of total loans), while loans to individuals represented 44.2% of total loans to customers.

OTHER NET INCOME

Euro million	Dec. 09	Dec. 08	Change 09/08
Net commissions			
Banking commissions			
Cards	187.3	190.0	-1.4%
Credit and guarantees	170.4	172.9	-1.5%
Other commissions	249.9	204.9	22.0%
Subtotal banking commissions	607.6	567.8	7.0%
Market related commissions			
Securities	76.2	94.7	-19.5%
Asset management	47.9	77.9	-38.5%
Subtotal market related commissions	124.1	172.6	-28.1%
Total net commissions	731.7	740.4	-1.2%
Net trading income [1]	225.4	18.1	-
Other net operating income [2]	132.3	66.6	98.8%
Dividends from equity instruments	3.3	36.8	-90.9%
Equity accounted earnings	66.3	19.1	247.3%
Total other net income	1,159.0	881.0	31.6%
Other income / Net operating revenues [3]	46.5%	33.9%	

(1) Includes in 2008 the impairment losses related to the shareholding in Banco BPI, S.A. in the amount of Euro 268.1 million.
(2) Includes in 2009 the gain booked related to the dispersal of 49.9% of Bank Millennium Angola's share capital, amounting to Euro 21.2 million, and the gain associated with the sale of assets, in the amount of Euro 57.2 million .
(3) Calculated according to rule 16/2004 from the Bank of Portugal.

Operating costs, which include staff costs, other administrative costs and depreciation, fell by 7.8% to Euro 1,540.3 million in 2009 from Euro 1,670.8 million in 2008. This favourable performance resulted from the savings achieved in most items, in particular the other administrative costs and staff costs lines. Operating costs include, in 2009, the amount of Euro 3.9 million related with early retirement of employees and, in 2008, the Euro 18.0 million reduction in variable remuneration accrued in 2007 and restructuring costs amounting to Euro 7.8 million. Excluding these impacts, operating costs dropped 8.6%. The operating costs reduction was driven by the favourable performances achieved both in the activity in Portugal and the international activity.

In the activity in Portugal, operating costs dropped by 5.1%, reflecting lower administrative costs and depreciation, supported by the implementation of initiatives to simplify and streamline the organisational structure, focused in achieving superior levels of efficiency. Excluding the impacts previously mentioned operating costs in Portugal decreased 6.4% in 2009. In the international activity, operating costs dropped 12.2%, mainly influenced by the performance of Bank Millennium in Poland, which reflects the impact of the foreign exchange devaluation of the Polish zloty and, above all, the efforts to streamline the organisational structure and processes at this operation, with a reduction of 11.4% in the number of employees in this operation. The decrease of operating costs in Bank Millennium in Poland more than offset the evolution in operating costs in Banco Millennium Angola and in Millennium bim in Mozambique, as a result of the organic growth strategy in place in these markets.

In 2009, the consolidated cost-to-income ratio, on a comparable basis, stood at 63.6%, compared with 58.6% in 2008. In the activity in Portugal, the cost-to-income ratio stood at 60.2%, compared to 54.0% in 2008.

Staff costs totalled Euro 865.3 million in 2009, showing a reduction of 5.5% from Euro 915.3 million in 2008. Staff costs include, in 2009, the amount of Euro 3.9 million related with early retirements, and in 2008, the

OVERDUE LOANS BY MORE THAN 90 DAYS AND IMPAIRMENTS AT 31 DECEMBER 2009

Euro million	Overdue loans by more than 90 days	Impairment for loan losses	Overdue loans more than 90 days / Total loans	Coverage ratio
Individuals				
Mortgage loans	139	160	0.5%	114.8%
Consumer loans	330	317	6.5%	96.3%
	469	477	1.4%	101.8%
Companies				
Services	423	454	2.6%	107.3%
Commerce	311	357	5.9%	115.0%
Other	610	869	2.9%	142.3%
	1,344	1,680	3.1%	125.0%
Total	1,813	2,157	2.3%	119.0%

Total customer funds increased 1.8% to Euro 67,002 million as at 31 December 2009, compared to Euro 65,803 million on the same date in 2008, on a comparable basis. This evolution was influenced by the growth of 3.9% in customer deposits and of 15.2% in capitalisation insurance, partially offset by the decrease of 30.8% in debt securities. Total customer funds benefited from the performance in off-balance sheet customer funds, which increased 10.7%, boosted by the 15.2% rise in capitalisation insurance. Additionally, assets under management showed an inversion of the decreasing trend registered in the previous years, increasing 1.6%, reflecting the signs of recovery in investor confidence and growing dynamism in capital markets. Balance sheet customer funds totalled Euro 50,993 million (Euro 51,336 million at the end of 2008), due to the reduction in debt securities, despite the increase in customer deposits, reflecting the customer preference for financial solutions with lower risk, in particular for traditional term deposits. In the activity in Portugal, total customer funds showed a rise of 0.6% to Euro 50,803 million, mainly supported by the growth in the Corporate & Investment Banking and Retail Banking & Companies segments. In the international activity, total customer funds increased 5.9% to Euro 16,199 million at the end of 2009, highlighting the performance achieved by Bank Millennium in Poland and by Millennium bank in Greece.

TOTAL CUSTOMER FUNDS

Euro million	31 Dec. 09	31 Dec. 08	Change 09 / 08
Balance sheet customer funds			
Deposits	46,307	44,561	3.9%
Debt securities	4,686	6,775	-30.8%
	50,993	51,336	-0.7%
Off-balance sheet customer funds			
Assets under management	4,887	4,812	1.6%
Capitalisation insurance	11,122	9,655	15.2%
	16,009	14,467	10.7%
Subtotal	67,002	65,803	1.8%
Of which:			
Portugal activity	50,803	50,505	0.6%
Foreign activity	16,199	15,298	5.9%
Customer funds related to assets in the process of sale [1]	--	461	
Total	67,002	66,264	

(1) Millennium bank Turkey.

LIQUIDITY MANAGEMENT

The liquidity management of Millennium bcp, in 2009, continued to be centred on prudential criteria and on flexibility of action, in order to adapt the Bank to the capital and credit markets constraints, ensuring it could (i) take advantage of access to alternative sources of funding, (ii) optimise the cost of funding in the wholesale funding market, focused on medium- and long-term instruments with relatively favourable pricing conditions, (iii) diversify the sources and maturities of funding, suited to the balance sheet structure and (iv) reinforce the effort to retain and further increase balance sheet customer funds. The growth in customer deposits was particularly important as a funding instrument and also to support the loan granting business, simultaneous with the global execution of the Group's financing plan, established for 2009 for wholesale funding. This was established to maintain adequate liquidity levels and also to provide the sustainability in the future, as well as to support the development of the intermediation activity and, therefore, to broadly satisfy the financial needs of the customer base.

In 2009, the Group successfully placed a 3-year fixed-rate debt issue (Euro Fixed Rate Notes), guaranteed by the Portuguese Republic, in the amount of Euro 1.5 billion. Additionally, under the Euro Medium Term Notes (EMTN) the Bank successfully placed a 5-year and a 2-year fixed-rate debt issue, without the State guarantee, in April and in June 2009, respectively, in the total amount of Euro 2.0 billion, and three floating rate debt issues (3-year; 1-year and; 3-year and 3-months), without the State guarantee, in August, September and December, respectively, in the global amount of Euro 1.1 billion. In October 2009 the bank placed a Covered Bond issue, in the total amount of Euro 1.0 billion, with a 7-year maturity. In March 2009 Millennium bcp carried out an asset securitisation operation in Portugal, associated with the mortgage portfolio, in the sum of Euro 3.6 billion. The bank also issued a financial instrument, the "Perpetual Subordinated Debt Securities with Conditional Coupons", in the global amount of Euro 1.0 billion, under the Bank's "Debt Securities Programme", of which Euro 300 million were issued in June 2009, Euro 600 million were issued in August 2009 and Euro 100 million were issued in December 2009.

In addition, part of the funds obtained by the Group were mobilised to acquire securities to reinforce the pool of assets eligible as collateral in potential refinancing operations with Central Banks, which amounted to Euro 10.6 billion, as at 31 December 2009, compared with Euro 7.3 billion as at 31 December 2008.

CAPITAL

The capital ratios of the Group as at 31 December 2009 were determined in accordance with the Basel II guidelines, with the calculation of capital requirements following the standard approach in respect to credit risk. In 2009, subsequent to the authorization from the Bank of Portugal, the Group applied the standard approach for operational risk and the internal models approach for generic market and foreign exchange risk, in the perimeter centrally managed by Portugal.

The consolidated solvency ratio reached 11.5% as at 31 December 2009, with Tier I reaching 9.3%, well above the minimum limit recommended by the Bank of Portugal. The Core Tier I also improved to 6.4% compared with 5.8% at the end of 2008.

Concerning the application of Basel II methodology for the calculation of capital requirements, adopted by the European Union through the EU directives, and transposed to Portuguese national law in 2007, the BCP Group requested a formal authorisation from the Bank of Portugal to implement the IRB approach for credit and counterparty risk.

Regarding the process under review by the Bank of Portugal concerning the use of the IRB approach, Millennium bcp calculated pro forma capital ratios according to the mentioned IRB approach. According to this approach the estimated Core Tier I stood at 7.1% and Tier I and total solvency ratio at 9.2% and 10.5%, respectively, on 31 December 2009.

The improvement in solvency ratios in 2009 reflects the positive impact related to the performance of the pension fund, with the issue of perpetual subordinated debt securities with conditional coupons, with the sale of assets and with the organic generation of capital, notwithstanding the negative impacts in Core Tier I mainly related with the deferred adjustments related to the transition to IFRS authorised by the Bank of Portugal, with the devaluation of the investment in Eureko and with the deduction of the gap recorded between regulatory provisions and impairments.

The pension fund had a positive impact on capital ratios, due to actuarial gains booked, including the change in the corridor, and to the change in actuarial assumptions compared to 31 December 2008, in particular the change in the discount rate (from 5.75% to 5.50%) and the wage (from 3.25% to 2.50%) and pensions (from 2.25% to 1.65%) increase rates.

Tier I benefited from the issue of Euro 1.0 billion of perpetual subordinated debt securities with conditional coupons, approved by the Bank of Portugal to be included in Tier I up to 35% of the respective amount (+148 b.p. in Tier I and Total solvency ratio, but with no impact on the Core Tier I ratio).

Moreover, risk weighted assets also contributed to the favourable performance of capital ratios, showing a reduction in the amount of Euro 1,657 million in 2009, reflecting reinforced control over risk and efficient management of business expansion, in particular regarding loans collaterals, and the adoption of standardised approach for operational risk.

SOLVENCY

	Standardised		Pro forma IRB (1)
Euro million	31 Dec. 09 (2)	31 Dec.08	31 Dec. 09 (2)
Own Funds			
Tier I Capital	6,102	4,780	5,642
of which: Preference shares and Perpetual Subordinated Debt Securities with Conditioned Coupons	1,934	955	1,934
Other deduction (3)	(19)	(60)	(641)
Tier II Capital	1,566	2,358	943
Deductions to Total Regulatory Capital	(127)	(81)	(127)
Total Regulatory Capital	7,541	7,057	6,458
Risk Weighted Assets	65,769	67,426	61,240
Solvency Ratios			
Core Tier I	6.4%	5.8%	7.1%
Tier I	9.3%	7.1%	9.2%
Tier II	2.2%	3.4%	1.3%
Total	11.5%	10.5%	10.5%

(1) The presented pro forma ratios were calculated in accordance with the IRB methods, taking into consideration the revision process, by the Bank of Portugal (BdP), of the submission of the proposal to adopt these methods. They were considered estimates of the probability of default and the lost given default (IRB Advanced) for the retail portfolio collateralized by commercial and residential real state, and estimates of the probability of default (IRB Foundation) for corporate portfolio, in Portugal. At the 1st semester of 2009, the Bank received authorization from BdP to adopt the advance methods (internal model) to the generic market risk and the adoption of standard method for the operational risk.

(2) The amounts and the ratios presented do not include the impact from the sale of 95% of Millennium bank AS in Turkey and the capital increase in Bank Millennium in Poland, which have a global impact in Core Tier I of around 20 b.p..

(3) Includes, in particular, the deductions related to the shareholdings in Millenniumbcp Fortis and Banque BCP (France and Luxembourg).

SEGMENTAL REPORTING

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

Segment descriptions

The Retail Banking and Companies segment, in Portugal, has two parts: (i) the Retail Bank, for which the strategic approach is to target "Mass Market" customers, those 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) the Companies network in Portugal, which covers the financial needs of companies with an annual turnover between Euro 7.5 million and Euro 100 million, focused on innovation and offering a wide range of traditional banking products complemented by specialised financing. Within the scope of the cross-selling strategy, Retail Banking and Companies also acts as a distribution channel for financial products and services of the Millennium bcp business areas as a whole.

The Corporate and 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 specialised 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 comprises the Private Banking network in Portugal, and subsidiary companies specialised in the asset management business.

The Foreign Business segment comprises the operations outside Portugal, in particular Bank Millennium in Poland, Millennium bank in Greece, Banque Privée BCP in Switzerland, the Banca Millennium in Romania, Millennium bank in Turkey, Millennium bim in Mozambique, Banco Millennium Angola in Angola, Millennium bcp Bank & Trust in the Cayman Islands and Millennium bcpbank in the United States of America.

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 based on innovative products and services and in Switzerland by Banque Privée BCP, a platform of Private Banking under Swiss law, while the activity developed in Turkey is performed through an operation focused on the upper market, Affluent and Business customers, 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 both companies and individual customers, in Angola by a bank focused on private customers and companies and public and private institutions, in Cayman Islands by Millennium bcp Bank & Trust, a bank designed for international services in the area of Private Banking clients with high net worth (Affluent segment), and in the United States of America by a global bank that serves the local population and, in particular the Portuguese-speaking community.

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 balancing process of each entity, both at balance sheet and income statement, based on average figures. Balance sheet headings for each subsidiary and business unit are re-calculated, given the replacement of their original own funds by the outcome of the capital allocation process, according to regulatory solvency criteria.

As the process of capital allocation follows the regulatory criteria of solvency in place, the risk weighted assets and, consequently, the business segments' capital allocation, were determined in accordance with the Basel II framework, applying the standard approach for calculating capital requirements for credit risks. In 2009, subsequent to the authorisation from the Bank of Portugal, the Bank 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. Each operation is balanced through internal transfers of funds, with no impact on consolidated accounts.

To ensure comparability for this information the structural changes that occurred in 2009 in the organisation of the segments were reflected in the 2008 figures. Companies was incorporated in the Retail Banking and Companies segment, while Corporate became part of the Corporate and Investment Banking segment. Also, ActivoBank7 was transferred from Retail Banking to Private Banking and Asset Management and Banque Privée BCP and Millennium bcp Bank Trust have been incorporated into Foreign Business, having previously been a part of Private Banking and Asset Management segment.

Each segment's net contribution reflects the individual results achieved by its business units, independent of the percentage held by the Group. 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 2009.

Retail Banking and Companies

The net contribution of Retail Banking and Companies totalled Euro 185.2 million in 2009, compared with Euro 361.7 million in the same period of 2008, reflecting the reduction in net operating income, as a result of the decrease in net interest income from customer funds, following narrower spreads, and the reinforcement in impairment charges, due to the coverage of impairment indicators in the loan portfolio.

Simultaneously, the margin from loans showed a favourable evolution, benefiting from the growth in average spread, following the repricing implemented.

Net commissions registered a favourable evolution in 2009, compared with 2008, highlighting commissions associated with deposits repayable on demand, with cards, with guarantees and with risk insurance. Operating costs showed a decrease from 2008, as a result of the impact of initiatives implemented aimed at simplifying the organisation and improving procedures, which led to a reduction in the number of employees.

The strategy designed to further increase customer funds led to a growth of customer deposits by 10.3%, which mostly offset the decrease in assets under management, and determined an increase in total customer funds, from Euro 35,567 million as at 31 December 2008 to Euro 37,697 million as at 31 December 2009.

Loans to customers eased 0.7%, to Euro 45,369 million as at 31 December 2009 from Euro 45,710 million on the same date in 2008, influenced by the decrease of 1,8% in loans to companies.

The customer satisfaction index increased, compared to 2008, to 1.31 b.p., and it is worth noting the increase occurred in the Cross-Selling Index from 4.07 to 4.12 during the same period.

Euro million	31 Dec.09	31 Dec.08	Change 09 / 08
Profit and loss account			
Net interest income	814.5	1,094.0	-25.5%
Other net income	485.3	465.7	4.2%
	1,299.8	1,559.7	-16.7%
Operating costs	774.9	800.7	-3.2%
Impairment	272.9	266.9	2.3%
Contribution before income taxes	252.0	492.1	-48.8%
Income taxes	66.8	130.4	-48.8%
Net contribution	185.2	361.7	-48.8%
Summary of indicators			
Allocated capital	1,522	1,656	
Return on allocated capital	12.2%	21.8%	
Risk weighted assets	30,449	33,122	
Cost to income ratio	59.6%	51.3%	
Loans to customers	45,369	45,710	-0.7%
Total customer funds	37,697	35,567	6.0%

Corporate and Investment Banking

The Corporate and Investment Banking segment increased 42.1% to Euro 148.6 million in 2009, from Euro 104.6 million in 2008. The performance of this business segment was determined by the positive evolution in net interest income and in other net income, together with the cost reduction, which offset the impact of the higher level of impairment charges, as a result of the growth of impairment indicators in the loan portfolio.

The increase in net interest income reflects, on one hand, the rise in the volume of customer funds and, on the other hand, the discipline in the pricing policy and in risk management, in order to reflect the increased cost of risk in new loans granted. These are being implemented progressively, resulting in an improvement in net interest margin from loans and term deposits, which more than offset the negative impact in net interest margin as a result of lower margin from deposits repayable on demand. Other net income includes the positive performance in net commissions, determined by the growth in commissions from deposits repayable on demand, from international syndicated operations, from structured products and from commercial paper.

Operating costs contributed positively, down from last year and showing sustained reductions since 2008, as well as synergies related to the merger process of Banco Millennium bcp Investimento into Banco Comercial Português.

Total customer funds were up by 18.5%, to Euro 11,150 million as at 31 December 2009, from Euro 9,406 million as at 31 December 2008. The growth in customer funds was determined by the 22.6% increase in customer deposits.

Loans to customers amounted to Euro 12,962 million at the end of December 2009, with a decrease of 1.3% from Euro 13,131 million in the same date of 2008, due to reduction in factoring and guarantees.

Euro million	31 Dec.09	31 Dec.08	Change 09 / 08
Profit and loss account			
Net interest income	209.4	145.5	43.9%
Other net income	201.9	190.2	6.2%
	411.3	335.7	22.5%
Operating costs	73.2	89.0	-17.7%
Impairment	135.1	101.0	33.8%
Contribution before income taxes	203.0	145.7	39.3%
Income taxes	54.5	41.1	32.2%
Net contribution	148.6	104.6	42.1%
Summary of indicators			
Allocated capital	729	735	
Return on allocated capital	20.4%	14.2%	
Risk weighted assets	14,569	14,707	
Cost to income ratio	17.8%	26.5%	
Loans to customers	12,962	13,131	-1.3%
Total customer funds	11,150	9,406	18.5%

Private Banking and Asset Management

The Private Banking and Asset Management segment registered a net contribution of Euro 4.9 million in 2009, from Euro 0.4 million in 2008. The net contribution reflects lower impairment charges and the lower level of operating cost, benefiting in particular from the decrease in other administrative costs as a result of the impact of initiatives implemented aimed at simplifying the organisation and improving procedures.

The increase in net interest income, from the same period of 2008, reflects the increased cost of funding, as a result of the volatility and uncertainty evidenced by financial markets and the narrowing of spreads from deposits, due to the strong competitiveness to further increase customer funds. The reduction of the average spread for customer funds more than offset the increase in net interest income, which was influenced by the rise in the volume of loans to customers and by the rise in loans average spread. The lower level of commissions recorded in 2009 was hindered by the unfavourable volume effect related to commissions from asset management and investment funds and by lower trading commissions.

Customer deposits were up 10.5% from 31 December 2008, allowing an increase of 0.7% in total customer funds.

Loans to customers amounted to Euro 2,237 million as at 31 December 2009, a 10.5% growth from Euro 2,025 million as at 31 December 2008, sustained by the performance achieved in the Private Banking network in Portugal, following the efforts to expand the business base.

Euro million	31 Dec. 09	31 Dec. 08	Change 09 / 08
Profit and loss account			
Net interest income	37.3	40,1	-6.9%
Other net income	32.0	34,2	-6.5%
	69.3	74,3	-6.7%
Operating costs	42.3	48,9	-13.5%
Impairment	20.4	26,9	-24.0%
Contribution before income taxes	6.5	(1,5)	
Income taxes	1.6	(1,9)	
Net contribution	4.9	0,4	
Summary of indicators			
Allocated capital	67	86	
Return on allocated capital	7.3%	0.4%	
Risk weighted assets	1,348	1,711	
Cost to income ratio	61.1%	65.8%	
Loans to customers	2,237	2,025	10.5%
Total customer funds	7,328	7,277	0.7%

Foreign Business

The net contribution from the Foreign Business segment totalled Euro 11.8 million in 2009, from Euro 123.1 million in 2008. This evolution reflects the drop in net interest income, in particular in the activity in Poland, and the higher impairment and provisions charges in all international operations, reflecting the increase in the loans portfolio and the increased need for coverage of signs of impairment of the loans portfolio. Operating costs showed a reduction, as a result of the efforts made to streamline structures, in particular in the activity in Poland. Nevertheless, the results from international operations were positively influenced by the favourable evolution in net income in the subsidiary companies in Angola and in Mozambique.

The net interest income performance reflects the unfavourable interest rate effect, as a result of more narrow spreads for term deposits, mainly due to strong competition in capturing customer funds, and by the positive volume effect registered in most international operations, in particular customer deposits and loans to customers. Highlights include the rise in net interest income in the activities in Angola, in Mozambique, in Romania and in Greece, which was sustained by the increase in business volumes.

Operating costs showed a reduction, benefiting mostly from the reduction in staff costs and in administrative costs in the operations in Poland and in Turkey, which more than offset the higher operating costs in the activity in Angola and Mozambique, related to the strategy of organic growth carried out in these international operations, materialised in the expansion of the distribution network, and consequently in the increase in the number of employees.

Loans to customers were up by 3.3% to Euro 16,270 million as at 31 December 2009, boosted by the performance of loans to individuals, and reflecting the growth evidenced in most foreign operations, in particular Angola, Mozambique, Greece and Romania.

Total customer funds increased 5.9% to Euro 16,199 million as at 31 December 2009, driven by a 3.5% increase in customer deposits.

Euro million	31 Dec. 09	31 Dec. 08	Change 09 / 08
Profit and loss account			
Net interest income	401.1	509.7	-21.3%
Other net income	383.2	391.8	-2.2%
	784.3	901.5	-13.0%
Operating costs	561.6	639.6	-12.2%
Impairment and provisions	193.6	103.6	86.9%
Contribution before income taxes	29.1	158.3	-81.6%
Income taxes	17.3	35.2	-50.6%
Net contribution	11.8	123.1	-90.4%
Summary of indicators			
Allocated capital	1,081	1,056	
Return on allocated capital	1.1%	11.7%	
Risk weighted assets	14,381	15,221	
Cost to income ratio	71.6%	71.0%	
Loans to customers	16,270	15,758	3.3%
Total customer funds (1)	16,199	15,297	5.9%

(1) Excluding Millennium bank Turkey in 2009 and, for comparative purposes, also in 2008.

SIGNIFICANT EVENTS

The systematic process of adjustment of pricing conditions in Portugal and in international operations, seeking to reflect the real cost of credit and liquidity risk; the strict management of leakages/commercial exemptions, including net interest income and commissions, on all networks; the programs to expand business volumes and increase customer base retention across the Group's operations; increased efforts to reduce operating costs; integrated and prudent management of liquidity by focusing on optimising the funding cost in wholesale markets and the strengthening of customers' funds acquisition, and proactive risk and capital management, were the main events in the fourth quarter of 2009. Of particular note were:

- Already in 2010, an agreement was signed with the financial institution CREDIT EUROPE BANK, N.V., a wholly owned subsidiary of FIBA, HOLDING, A.S., in order to sale 95% of Millennium Bank AS in Turkey, by Banco Comercial Português Group;
- In February 2010 was successfully concluded the capital increase of Bank Millennium in Poland, of approximately Euro 258 million through a rights issue. The shares available to minority shareholders were almost four times oversubscribed;
- Conclusion of the Mediation Process, on November 9, organised by the Portuguese markets regulator, the "Comissão do Mercado de Valores Mobiliários" (CMVM), regarding disputes with shareholders over supposedly incorrect commercial approaches by the Bank's employees, in the so called "Shareholder Campaigns" in 2000 and 2001;
- Decision by the Supervisory Board of Banco Comercial Português, S.A., at a meeting held on 11 November 2009, to accept Mr. Armando Vara's request to suspend his mandate as Vice President of the Executive Board of Directors until the facts are established relating to investigation process, in which he is involved, as has been published in the media. The Supervisory Board also decided, in accordance with the law and its articles of association, to appoint Mr. Miguel Maya Dias Pinheiro as a Member of the Executive Board of Directors, as a substitute for Mr. Armando Vara;
- Nomination, on 13 November 2009, of the Board Member Mr. Vítor Manuel Lopes Fernandes as Deputy Chairman of the Executive Board of Directors, during the period of suspension of the mandate of Mr. Armando Vara, in addition to the Deputy Chairman of the Executive Board of Directors Mr. Paulo Macedo;
- Suspension of the negotiations with a Mozambican Group for the acquisition of a shareholding of up to 10% of Millennium bim, by mutual agreement;
- Millennium Meetings in Évora, on 14 and 15 October and in Funchal, on 16 and 17 November, as part of the strategy of strengthening the institutional and commercial dynamism of Millennium bcp, and inauguration of the exhibition "Shared Art Millennium bcp" at the Museum of Contemporary Art of Funchal;
- Participation of Millennium bcp in two new briefings, "ABC Markets", dedicated to Angola, organised by the Agency for Investment and External Commerce of Portugal;
- Participation of ActivoBank7 in the "Infovalor - 1st Savings and Investment Forum", to present the Bank's value proposition;
- Organisation by Millennium bcp of two conferences "Euro 2012 - Business opportunities in Poland and Ukraine", together with the Embassies of Poland and Ukraine, with the aim of presenting to Portuguese companies the projects related to European Football Championship in 2012 which will take place in these countries, and the investment opportunities arising from the event;
- Distinction of Millennium bcp as "Best Commercial Bank in Real Estate" in Portugal, by "Euromoney" magazine;
- Distinction of Millennium bcp as "Best Foreign Exchange Bank" in Portugal, by "Global Finance" magazine;

- Positioning of Millennium bcp in 35th place among the 55 largest European leasing companies, regarding to 2008 performance, making it the first Portuguese company in the ranking prepared by "Leaseurope";
- Distinction of Millennium bcp as 6th among the 25 largest companies in Portugal in the scope of the Portugal's Accountability Rating 2009, conducted by a leading consultancy firm in sustainable development;
- Distinction of Millennium bcp as "Leading Commended" in the category "Agent Banks in developed markets" in the annual survey conducted by "Global Custodian" magazine;
- Distinction of Ocidental Vida with the award "Great Life Insurance" in 2008, according to Exame magazine;
- Positioning of Bank Millennium in Poland in 18th place in the list of 50 largest Eastern banks, according to the study "Europe 500 - Major Companies in Central and Eastern Europe", organised by the daily newspaper "Rzeczpospolita" and consultants "Deloitte";
- Distinction of Millennium bank in Greece with the "Ermis Award", from the Greek Advertising & Communications Association, in the "Greek Advertising Festival 2009", for the Bank campaign dedicated to the product "Savings for All - Gnome";
- Nomination of Millennium bim as 74th among the 100 largest banks in Africa, being the only bank in Mozambique to join this list prepared by "African Business" magazine;
- Election of Millennium bim's brand by Mozambican consumers as the "Best Brand of Banking & Insurance", in a study promoted by GfK, a renowned international expert, confirming that Millennium bim is the Mozambican bank with most spontaneous brand awareness.

ECONOMIC ENVIRONMENT

The world economy continued to expand over the fourth quarter though with distinctively differing performances across the various economic areas. Indeed, while in the U.S. and China the economic performance strengthened, in Japan and in Europe it tended to weaken somewhat. The world economy still faces many risks going forward but there is a growing consensus that the recessionary environment of the past two years has ended. This positive expectation lies at the heart of the recurrent positive revisions of the growth scenarios for 2010 presented by the main supranational institutions.

This transition phase in the economic cycle might end up being a challenging situation for authorities. They will have to judge carefully the economic environment in order to assess whether it is appropriate to remove the supportive measures for economic activity and financial systems that were put in place during 2008 and 2009. In this sense, there is an appreciable risk of some turbulence returning to financial markets and harming the business climate, as central banks review their monetary policies and Governments withdraw part of the stimulus measures. In the euro area, the European Central Bank (ECB) announced changes to the lending procedures that will eventually be reflected in short term interest rates moving higher and closer to the main refinancing rate of the ECB. That means slightly tighter financial conditions ahead. At the same time, public finances have weakened due to the efforts committed to steering the economic activity and to rein in unemployment. Assessing the sustainability of public finances over the long run, plus an evaluation of the underlying competitiveness framework and the available financial slack of each country, have become a key issue for financial markets, pushing the initial concerns with private sector credit risks up to the sovereign level. In fact, while over the past months risk premiums charged on private sector debt have been declining, the opposite has happened to some sovereign issuers, particularly those countries where the indebtedness levels were higher, restraining the margin of manoeuvre for further accommodative fiscal measures. Within this context, the upward trend in stock markets halted and a mild correction ensued. The US dollar appreciated against the euro, benefiting from both a stronger relative growth dynamic and from the uncertainty that recently erupted involving EMU institutions.

Economic activity in Portugal has also improved over the second half of 2009, as it has with other EMU countries. For the whole year, real GDP is estimated to have decreased slightly less than 3%. For 2010, it is expected that GDP will post a modest gain of 0.5% to 1% in real terms. Poland seems to have been the sole EU country to record positive GDP growth in 2009, and prospects for 2010 continue to improve. This positive environment has been highly favourable for the zloty while ending the monetary easing cycle of the National Bank of Poland. In Greece, the comprehensive fiscal consolidation path endorsed in the stability and growth plan and the more stringent financing conditions in the global market will probably weigh on the country's growth potential over the medium term. In Angola and Mozambique, the improvement of world trade and the vigour of the main importers of basic raw materials are supportive of a better outlook for 2010.

The banking business continues to deal with the lagging effects of the economic and financial crisis, namely deteriorating asset quality and subdued business volumes. The underlying economic condition is weak enough to prevent investment spending to pick up meaningfully and there is great uncertainty on accessing medium-to-long term stable funding. As such, in the euro area, on average, credit granted to domestic residents decreased versus a year ago, whereas in Portugal credit dynamics proved slightly better as credit volumes were barely unchanged over the same period and some revival in mortgage loans took place late in the year. Currently there are several proposed amendments to the financial system's regulatory framework being considered predominantly targeting capital adequacy and liquidity. These proposals may have far reaching consequences for the banking industry, as they might bring about changes in risk-taking capacity, in the composition of capital and in liquidity management. They will be under careful examination and further calibration through the year and their final implementation is expected only to take place gradually over the next few years. The simultaneous profound changes in the regulatory and supervisory framework will surely be of relevance for the financial sector and might encourage institutional changes along with it.

"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 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 2008 and 2009 were subject to an audit by External Auditors.

BANCO COMERCIAL PORTUGUÊS

Consolidated Income Statement
for the years ended 31 December, 2009 and 2008

	2009	2008
	(Thousands of Euros)	
Interest income	3,639,479	5,269,597
Interest expense	(2,305,324)	(3,548,549)
Net interest income	1,334,155	1,721,048
Dividends from equity instruments	3,336	36,816
Net fees and commission income	731,731	740,417
Net gains / losses arising from trading and hedging activities	249,827	280,203
Net gains / losses arising from available for sale financial assets	(24,457)	(262,104)
Other operating income	41,137	57,580
	2,335,729	2,573,960
Other net income from non banking activity	16,233	17,390
Total operating income	2,351,962	2,591,350
Staff costs	865,337	915,307
Other administrative costs	570,177	642,641
Depreciation	104,736	112,843
Operating costs	1,540,250	1,670,791
	811,712	920,559
Loans impairment	(560,029)	(544,699)
Other assets impairment	(70,485)	(60,024)
Other provisions	(26,871)	15,500
Operating profit	154,327	331,336
Share of profit of associates under the equity method	66,262	19,080
Gains from the sale of subsidiaries and other assets	74,930	(8,407)
Profit before income tax	295,519	342,009
Income tax		
Current	(65,634)	(44,001)
Deferred	19,417	(39,997)
Profit after income tax	249,302	258,011
Attributable to:		
Shareholders of the Bank	225,217	201,182
Minority interests	24,085	56,829
Profit for the year	249,302	258,011

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 4,694,600,000.00.

ANNEX V

Shares and bonds held by the members of the Management and Supervision bodies of Banco Comercial Português, S.A.

The shareholder and bondholder position of members of the Boards is as follows:

Shareholders / Bondholders	Security	Number of securities at 31/12/2009	Number of securities at 31/12/2008	Changes during 2009 Acquisitions	Changes during 2009 Disposals	Changes during 2009 Date	Unit Price Euros
Members of Executive Board							
Paulo José de Ribeiro Moita Macedo	BCP shares	259,994	259,994				
Vitor Manuel Lopes Fernandes	BCP shares	20,000	20,000				
Luís Maria França de Castro Pereira Coutinh	BCP shares	247,288	247,288				
José João Guilherme	BCP shares	51,000	51,000				
Nelson Ricardo Bessa Machado	BCP shares	259,992	259,992				
Miguel Maya Dias Pinheiro	BCP shares	150,000	150,000				
Armando Vara (suspended)	BCP shares	10,000	10,000				
Members of Supervisory Board							
Luís de Melo Champalimaud	BCP shares	20,000	20,000				
António Luís Guerra Nunes Mexia	BCP shares	1,299	1,299				
Manuel Domingos Vicente	BCP shares	1,000	0	1,000		12-Mar-09	0.613
Pedro Maria Calainho Teixeira Duarte	BCP shares	1,456	1,456				
	BCP shares (f)	200,000	0	189,163		30-Jul-09	0.728
				10,837		30-Jul-09	0.726
Josep Oliu Creus	BCP shares	13,000	13,000				
Manuel Alfredo Cunha José de Mello	BCP shares	236,701	11,701	50,000		02-Apr-09	0.614
					50,000	03-Apr-09	0.656
				50,000		14-Apr-09	0.658
				50,000		14-Apr-09	0.660
					50,000	20-Apr-09	0.743
				50,000		21-Apr-09	0.714
				50,000		29-Apr-09	0.701
				50,000		30-Apr-09	0.723
				50,000		06-May-09	0.740
					125,000	07-May-09	0.833
					50,000	12-May-09	0.836
				50,000		12-May-09	0.770
				100,000		19-Jun-09	0.770
	BCP Finance Bank MTN 6.25 (29.3.2011)	200	0	200		17-Feb-09	101.00
	BCP Fin Iln World Bk Enhan Nt Oct 2010	200	200				
	BCP Ob Cx Subordinadas 1ª S (2008/2018)	1,000	1,000				
	BCP Fin Iln Bask Enhan X Eur Dec/10	200	200				
	BCP Fin Iln Bask Enhan XI Eur Dec/10	80	80				
	BCP Fin E Iberica Autocall VII/09 Feb/11	20	0	20 (b)		05-Aug-09	10,000.00
	BCP Fin Bk RC Allianz X/09 Eur Feb/2010	30	0	30 (b)		23-Oct-09	10,000.00
	BCP Fin Bk RC BG Gr Plc X/09 Eur Feb/10	300	0	300 (b)		23-Oct-09	1,000.00
	BCP Fin Renascimen. Fin XI/09 Eur Var05/'	40	0	40 (b)		30-Oct-09	5,000.00
	BCP Fin Bk Camale. 125% XI/09 (11/2014)	150	0	150 (b)		24-Nov-09	1,000.00
	BCP Fin Sel Ac Eur Ret 2 Fontes XI(05/11)	100	0	100 (b)		25-Nov-09	1,000.00
	BCP Fin Bk Rc Nokia XII/09 Eur (04/10)	20	0	20 (b)		15-Dec-09	10,000.00
	BCP Fin Selec BrasilL XII/09 Eur (06/11)	329	0	329 (b)		21-Dec-09	1,000.00
	BCP F Iln Brazilian Bl Ch IV A-C Eur /09	0	50		50 (c)	18-Nov-09	736.16
	BCP Ob Cx Invest Especial 07/09 2ª Em.	0	4,000		4,000 (c)	04-Dec-09	50.00
	BCP Fin Iln Wr Bask Enhanc X Eur Dec/10	100	100				
	BCP F Iln Portfol Slt 4 A-Call Eur 03/10	50	50				
	BCP-Financ Bank MTN 6,25 (29.03.2011)	100	0	40 (b)		29-Apr-09	102.00
				60 (b)		13-May-09	102.00
	BCP/2009-Eur 1000M 5,625 (04/2014)	3	0	3 (b)		23-Apr-09	99.707
	BCP Fin Select Canarinha XII/09(06/2011)	50	0	50 (b)		08-Dec-09	1,000.00
António Vítor Martins Monteiro	BCP shares	2,078	2,078				
	BCP Finance Bank MTN 6.25 (29.3.2011)	50	50				
João Manuel Matos Loureiro	BCP shares	1,500	0	1,500		12-Mar-09	0.611
José Guilherme Xavier de Basto	BCP shares	1,188	428	760		13-Mar-09	0.648
	BCP Ob Cx Eurostoxx 50 Feb 2007/09	0	70		70 (c)	13-Feb-09	50.00
	Obrig Cx Aforro 8% Feb 2007/2009	0	200		200 (c)	13-Feb-09	50.00
	Bcp Ob Cx Multi-Rend Dax Feb 2007/10	100	100				

Shareholders / Bondholders	Security	Number of securities at 31/12/2009	Number of securities at 31/12/2008	Changes during 2009 Acquisitions	Disposals	Date	Unit Price Euros
José Vieira dos Reis	BCP shares	16,074	16,074				
	BCP Ob Cx Inv Agua May 08/2011	340	340				
	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	20	0	50 (b)		16-Feb-09	1,000.00
					30 (e)	24-Jun-09	1,000.00
	BCP Rendimento Mais April 2012	100	0	100 (b)		27-Apr-09	1,000.00
	Millennium BCP Valor Capital 2009	20	0	20 (b)		26-Jun-09	1,000.00
	BCP Inv Total November 2012	100	0	100 (b)		10-Aug-09	1,000.00
	BCP Inv Cabaz Eenergia Nov 2	50	0	50 (b)		02-Nov-09	1,000.00
	Certific BCPI S&P 500	2,850	0	2,850 (d)		10-Jul-09	8.77
	Certific BCPI Eurostoxx 50	820	0	470 (d)		20-Aug-09	26.58
				350 (d)		09-Oct-09	28.82
	Certific BCPI PSI 20	160	0	160 (d)		20-Aug-09	77.20
Thomaz de Mello Paes de Vasconcelos	BCP shares	1,000	0	1,000		12-Mar-09	0.613
Vasco Esteves Fraga	BCP shares	1,000	0	1,000		11-Mar-09	0.629
Huen Wing Ming Patrick	BCP shares	2,746,076	2,746,076				
Spouse and Dependent Children							
Luís Maria Salazar Couto Champalimaud	BCP shares	12,000	12,000				
Ana Maria Almeida M Castro José de Mello	BCP shares	4,980	4,980				
	BCP F Eln Fin Waxing CBT Nt V/8 Eur 6/09	0	30		30 (c)	12-Jun-09	1,000.00
	BCP Ob Cx Subordinadas 1ª S (2008/2018)	400	400				
	BCP Fin Iln World Bk Enhan Nt Oct 2010	100	100				
	BCP Fin Iln Wr Bask Enh X Eur Dec/10	100	100				
	BCP Fin Otv Income Builder Tel Acv 2012	0	0	20 (b)		27-May-09	1,000.00
					20 (c)	30-Nov-09	1,000.00
	BCP Fin Bk RC BG GR Plc X/09 Eur Feb/10	20	0	20 (b)		23-Oct-09	1,000.00
	BCP F Bk RC Allianz X/09 Eur Feb/2010	2	0	2 (b)		23-Oct-09	10,000.00
Isabel Maria V. L. P. Martins Monteiro	BCP Ob Cx Inv Especial 2007/2009 2ª E	0	2,000		2,000 (c)	04-Dec-09	50.00
	BCP Fin Bk Cln José de Mello May 2009	0	140		140 (c)	26-May-09	1,000.00
	BCP Fin Iln World Bk Enh II Eur 10/10	50	50				
Maria Emília Neno R. T. Xavier de Basto	BCP shares	376	376				
Plautila Amélia Lima Moura Sá	BCP shares	2,754	2,754				
	Super Aforro Mille Sr B Feb 2009/14	0	0	130 (b)		16-Feb-09	1,000.00
					30 (c)	08-Apr-09	1,000.00
					100 (c)	22-Apr-09	1,000.00
	BCP Ob Cx EuroStoxx 50 Feb 2007/09	0	350		350 (c)	13-Feb-09	50.00
	BCP Ob Cx Inv Global 12% Feb 06/11	500	500				
	BCP Ob Cx Multi-Rend Dax Feb 07/10	400	400				
	BCP Ob Cx Inv Mundial May 2010	700	700				
	BCP Ob Cx Invest 16 Aug 07/09	0	200		200 (c)	31-Jul-09	50.00
	BCP Ob Cx Invest Europa Set 07/09	0	350		350 (c)	04-Sep-09	50.00
	BCP Ob Cx Multi-Rend Europa Oct 2010	0	300		300 (e)	16-Sep-09	108.15
	BCP Ob Cx Invest Prémio Nov 2009	0	200		200 (c)	27-Nov-09	50.00
	BCP Ob Cx Invest Cabaz Mund Feb 08/11	400	400				
	BCP Ob Cx Invest Mensal Feb 08/10	1,000	1,000				
	BCP Cx Inv Energias Renov Jun 2011	400	400				
	BCP Ob Cx Invest Plus Sep 2008/11	300	300				
	Certific BCPI Eurostoxx 50 (04/2010)	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) Transfer / Deposit.
(b) Subscription.
(c) Reimbursement.
(d) Purchase.
(e) Sell.
(f) BCP shares owned indirectly through the company "PACIM - Sociedade Gestora de Participações Sociais, S.A."

Property: Millennium bcp

www.millenniumbcp.pt

Banco Comercial Português, S.A., Public Company
Registered Office: Praça D. João I, 28 - 4000-295 Porto
Share Capital: 4,694,600,000 euros
Registered at the Porto Commercial Registry
under the unique registry and tax number 501 525 882