2010

Annual Report
Volume II

Millennium bcp

25 YEARS

2010

Annual Report

Volume II


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Banco Comercial Português, S.A.


Millennium

REPORT OF THE SUPERVISORY BOARD

SUPERVISORY BOARD FUNCTIONS

The corporate governance model in effect since 2006, in accordance with the law and the articles of association, grants the Supervisory Board various competences, namely: supervising the activity of the Executive Board of Directors; monitoring the effectiveness of the risk management system, internal control system and internal audit system; proposing the election by the General Meeting of the Statutory Auditor and external auditor; proceeding with the permanent follow-up of their activity and independence; verifying the adequacy of accounting policies and the measurement and valuation criteria adopted by the company for a correct assessment of assets and earnings; regularly verifying the accuracy of the accounting books, accounting records and supporting documents, as well as the process for preparing and disclosing financial information, although the Statutory Auditor also plays a significant role; issuing opinions on the management report and accounts of the financial year; provide advice on the company's strategy and general policy for future financial years; issuing opinions on eventual projects of the Executive Board of Directors for increasing the share capital or issuing bonds; issuing an opinion, when so requested, through its specialized committee, the Nominations Committee, on the appointments of Members to the Corporate Bodies of the Bank and of the Group and of Employees directly reporting to the Executive Board of Directors; receive communications of irregularities presented by Shareholders, Employees and others; and monitoring and assessing issues relative to corporate governance, sustainability, codes of ethics and conduct and systems for the assessment and resolution of conflicts of interest.

The powers of the Supervisory Board of Banco Comercial Portuguese are in accordance with the latest recommendations of the Comissão do Mercado de Valores Mobiliários, other legislation and regulations on corporate governance and ensure compliance with the best practices, ensuring total independence between bodies with management, supervision/monitoring and audit duties.

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 all other 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 theerteen members, surpassing the number of the members of the Executive Board of Directors.

Chairman: Luís de Mello Champalimaud (59 years old) (Independent)

Vice-Chairmen: Manuel Domingos Vicente (54 years old) (Not Independent. Member of a company with a qualified holding.)
Pedro Maria Calaínho Teixeira Duarte (56 years old) (Not Independent. Member of a company with a qualified holding.)

Members: Josep Oliu Creus (61 years old) (Not Independent. Member of a company with a qualified holding.)
António Luís Guerra Nunes Mexia (53 years old) (Not Independent. Member of a company with a qualified holding.)
Patrick Huen Wing Ming, representing the Sociedade de Turismo e Diversões de Macau, S.A. (69 years old) (Not Independent. Member of a company with a qualified holding.)
António Vítor Martins Monteiro (67 years old) (Independent)
João Manuel de Matos Loureiro (51 years old) (Independent)
José Guilherme Xavier de Basto (72 years old) (Independent)

José Vieira dos Reis (63 years old) (Independent)
Manuel Alfredo da Cunha José de Mello (62 years old) (Independent)
Thomaz de Mello Paes de Vasconcelos (53 years old) (Independent)
Vasco Esteves Fraga (61 years old) (Independent)

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

AUDIT COMMITTEE

Chairman: João Manuel Matos Loureiro (Independent)

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

SUSTAINABILITY AND CORPORATE GOVERNANCE COMMITTEE

Chairman: Luís de Mello Champalimaud (Independent)

Members: Josep Oliu Creus (Not independent)
António Luís Guerra Nunes Mexia (Not independent)

NOMINATIONS COMMITTEE

Chairman: Manuel Alfredo da Cunha José de Mello (Independent)

Members: António Vítor Martins Monteiro (Independent)
Vasco Esteves Fraga (Independent)

FUNCTIONING

The internal functions and activities of the Supervisory Board are governed by Regulations that enshrine the guidelines for the work carried out, the 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, especially the Chief Economist, Risk Officer, Compliance Officer and the heads of the Treasury and Markets (Liquidity Management), Budget Planning and Control and Internal Audit areas, as well as the Statutory Auditor and the External Auditors.

In 2010, there were ten plenary meetings of the Supervisory Board, with an average attendance of 80.77%. Absences were all previously justified to the Chairman of the Supervisory Board, who deemed that they were duly grounded.

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 Coordinating 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 Secretary and of her Office.

PERMANENT ACTIVITY

MEETINGS

In 2010, the Supervisory Board monitored the development of the atipical circumstances that have surrounded the international financial markets since 2009 and whose unavoidable impact was felt by the banking system and by the Bank's management.

In the course of 2010, the Supervisory Board inquired regularly and with detail whenever necessary and issued timely opinions on all issues, which under the law required its opinion or its supervision, namely on the following:

- Verification of documents relating to individual and consolidated accounts;
- Monitoring the Group's liquidity management and the evolution of risk indicators, namely the impact of the current financial crisis and promoting debated on that subject;
- Following the preparation of the General Meeting;
- Monitoring the largest credit exposures of Shareholders with a qualified holding and of Members of Corporate Bodies and of other specific operations that affect the institutions results;
- Appraising the scope of the *Programa de Cultura de Rigor*, a program designed to increase the Employees' awareness of the correct conduct, the Code of Conduct, the Regulations on Financial Intermediation Activities and the Compliance Policies, applicable to all the Bank's Employees;
- Monitoring the independence requirements of the Members of the Supervisory Board;
- The 2011 budget and its management policy to be adopted for the future years;
- Areas of special responsibility for each member of the Executive Board of Directors;
- Assessing the Group's structure and strategic priorities;
- Report on the Internal Control System in accordance with Notice nr. 5/2008 of Banco de Portugal and assess its adequacy and efficiency in the Group;
- Implementation of the Basel II principles and appraising the application to use the internal ratings approach, monitoring the activity of the Bank's branches abroad, namely the decision made by the Executive Board of Directors to sell two operations abroad, Millennium bcpbank (USA) and Millennium bank (Turkey);
- Approval of issues related with the Bank's Corporate Governance;
- Conclusion of the reassessment of the retirement scheme of the Bank's former Directors;
- Appointment of members for corporate bodies of the Group's companies or of managers of the Bank that report directly to the Executive Board of Directors;
- Following the administrative and court proceedings underway;
- Resolving on the request made by a Director to rescind his employment agreement with the Bank;

- Appraisal of the activity report of the Client Ombudsman's Office;
- Appraisal of the targets and conclusions of the Quality Management Model and conclusions of the internal and external Customer Satisfaction Survey;
- Participating in the forum debates on the amendments to the Securities Code;
- Choosing the auditors to present a proposal to the Annual General Meeting.

The SB also undertook an evaluation model that ensures that the criteria for the continuous assessment of the EBD's performance are objective and independent, enabling the SB to conclude that the management body works in an efficient and adequate manner.

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 requirements 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 issuance of its opinion; assesses the accuracy of the accounting books, accounting records and supporting documents, the accounting policies, valuation criteria adopted and the preparation and disclosure of financial information; proposes to the SB the appointment of the Statutory Auditor 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-up by the Internal Audit or by the Client Ombudsman.

This Committee is also responsible for issuing opinions on contracts, especially loans granted in any form or modality, including guarantees, by the Bank or any of the Group's subsidiary companies, to members of their governance bodies, shareholders with more than 5% of the share capital, as well as to entities that, under the Legal Framework for Credit Institutions and Financial Companies, are related to them. Within this scope, the Audit Committee analysed 51 proposals for operations to be undertaken and issued opinions on them, thereby ensuring they are correct, transparent and compliant. The Audit Committee meets regularly with the Chief Financial Officer, Statutory Auditor, External Auditor, Risk Officer, Compliance Officer, Head of the Internal Audit and the Head of the Planning and Control area, having the power to summon any Coordinating Manager 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 of the 2010 financial year.

During the 2010 financial year, the Audit Committee met 20 times, having drawn the minutes of all the meetings. The Committee's secretary is the Head of the Supervisory Board Support Office.

SUSTAINABILITY AND CORPORATE GOVERNANCE COMMITTEE

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 the company's management needs, culture and strategy, including those arising from the international best practices, and it also issues its opinion on the political sustainability of the Group.

Of the activities undertaken by the Committee, one underlines the follow-up of the comments and debates on the amendments to the Companies Code and to the Securities Code, that led to the drawing up of a proposal to amend the articles of association that will be submitted to the Annual General Meeting of 2011.

During the 2010 financial year, the Sustainability and Corporate Governance Committee met three times, and minutes of all meetings were drawn. This Committee's Secretary is the Company Secretary. The Expert Members, Miguel Galvão Teles and Paulo Olavo Cunha were present at all the meetings.

NOMINATIONS COMMITTEE

This Committee assists and advises the Supervisory Board on matters relating to the determination of the competence 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.

It also advises the Supervisory Board, issuing an opinion on the appointment of Coordinating Managers (reporting directly to the Executive Board of Directors), on individuals appointed for management or supervisory functions in the subsidiary companies, whether controlled or not by Banco Comercial Português, as well as on the Head of the Office of the Chairman of the Executive Board of Directors, and finally on issuing a prior favourable opinion required for directors to accept positions in corporate bodies in entities outside the Group.

The Nominations Committee met nine times in 2010, and minutes of all the meetings were drawn. This Committee's Secretary is the Company Secretary.

ASSESSMENT OF THE ACTIVITY CARRIED OUT BY THE SUPERVISORY BOARD

The self-assessment of the members of the Supervisory Board is based on methodologies that have been developed and consolidated, and is a good practice that allows, due to the identification of subjects and issues considered a priority, a better approach and a consequent increase in work efficiency.

The methodology used for self-assessment included, 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, on the commitment of the Supervisory Board towards its mission and its responsibilities, the participation and pro-activeness of the Members of the Supervisory Board and the working methods observed 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 self-assessment process enabled the Supervisory Board to conclude that each Member, as well as the Board as a whole, considers that he is aware of his mission and responsibility and is comfortable with the reliability of the information provided, allowing each Member to fully exercise his duties.

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, but 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 2010 financial year, a special distinction must be given to the institutional relationship between the Supervisory Board and its Specialized Committees and the Executive Board of Directors, which was especially straightforward, transparent and positive, leading to greater efficiency in the evaluation and handling of the various issues analysed. Therefore, the Supervisory Board thanks 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 clarity, efficiency and security on the assessment of some complex cases.

- To the Company Secretary and her staff, for the competence, care and diligence with which they undertook their tasks and supported the Supervisory Board in its mission.

- 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.

Lisbon, 23 de March de 2011


ENCONTRE
O EQUILÍBRIO
DA SUA
PROTECÇÃO
Millennium

OPINION OF THE SUPERVISORY BOARD, INCLUDING THE COMPLIANCE STATEMENT

1. The Supervisory Board issued its opinion on the financial information, which includes the financial statements, both on a consolidated and individual basis, and the corresponding management report, prepared by the Executive Board of Directors of Banco Comercial Português, S.A., for the year ended on 31 December 2010.

2. The Supervisory Board held regular meetings with the Executive Board of Directors and was informed of its resolutions in a timely manner.

3. Over the year and whenever justified by the matters under debate, the Supervisory Board held meetings with the Statutory Auditor, the External Auditors and various Directors of the Bank and its subsidiaries, responsible for the preparation of the documentation submitted to it.

4. Over the year, the Chairman of the Supervisory Board was also informed by the Executive Board of Directors of all the facts considered relevant.

5. The Specialised Committees on Audit, Sustainability and Corporate Governance, and Nominations provided the Supervisory Board with all the information and clarifications regarding the performance of its duties, which included, namely, the verifications deemed timely and adequate for compliance with the applicable articles of association and legal rules.

6. In accordance with its duties, the Supervisory Board received a favourable opinion on the Management Report and Accounts for 2010 prepared by the Executive Board of Directors, issued by the Audit Committee, and also assessed the Legal Certifications of the Accounts and Audit Reports prepared by KPMG & Associados – SROC, S.A., regarding the financial statements, both on an individual and consolidated basis, and agrees with its contents.

7. The Supervisory Board appraised and adopted the opinion and recommendation of the Audit Committee and issues a favourable opinion on the Management Report and Accounts for the Year ended on 31 December 2010 prepared by the Executive Board of Directors, proposing its respective 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 established in sub-paragraph a) of number 1 of article 245 of the Securities Market Code, to which the present opinion refers, was drawn up in conformity with the applicable accounting rules, and provides 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 perimeter, and that the management report faithfully portrays the evolution of the business, performance and position of Banco Comercial Português, S.A. and of the companies included within its consolidation perimeter, describing the main risks and uncertainties faced by them.

Lisbon, 2 February 2011

Luís de Mello 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 (Committee) of Banco Comercial Português, S.A. (Bank), established under the Supervisory Board, hereby presents the annual report on its supervisory action, prepared in compliance, namely, with the provisos in number 4 of article 444 of the Companies Code.

Under the terms of the legal, regulatory and statutory provisions, the Committee is responsible for, amongst other duties, the following:

- Verify the accuracy of the supporting accounting books, accounting records and documents, as well as the status of any assets or securities owned by the company in any capacity;
- Verify if the accounting policies and valuation criteria adopted by the company lead to the correct evaluation of the assets and earnings;
- Issue an opinion on the management report and accounts of the financial year;
- Supervise the effectiveness of the risk management, internal control and internal audit systems;
- Receive communications stating irregularities presented by shareholders, company employees or others;
- Supervise the process of preparation and disclosure of financial information;
- Provide the Supervisory Board with everything required in order for the Supervisory Board to propose the appointment of the Statutory Auditor and External Auditor at the General Meeting;
- Supervise the review of the accounts of the documents presenting the company's accounts;
- Supervise the independence of the Statutory Auditor and External Auditor, namely with respect to the provision of additional services;
- Issue opinions on contracts, in particular loan contracts granted in any form or modality, including the provision of guarantees by the Bank or any company of the Banco Comercial Português Group (Group) to members of their governing bodies who own shareholdings over 5% of the Bank's share capital, as well as to entities which, under the terms of the Legal Framework of Credit Institutions and Financial Companies, are related to any of them.

II – ACTIVITIES

In the development of its activities, the Committee held regular meetings with the Chief Financial Officer, the Statutory Auditor and External Auditor, the Risk Officer, the Compliance Officer, the Head of Internal Audit and the Head of Planning and Control.

The Committee also has the power to summon any Director it wishes to hear. Based on this prerogative, during 2010, meetings were held with the Heads of the Accounting and Consolidation Department, Credit Department, Treasury and Markets Department, Corporate II Department, Direct Banking Department, International Division and Research Office.

Over 2010, the Committee held 20 meeting, with the minutes of all the meetings having been drawn up. In compliance with article 432 of the Companies Code, the members of the Committee attended the meetings of the Executive Board of Directors that approved the quarterly, half-year and annual reports.

During the effective development of its duties, the Committee sought and obtained all the relevant information and clarifications for the effect, which included, namely, any verification deemed timely and suitable for compliance with the articles of association and applicable legal and regulatory rules, and did not encounter any constraints on its action. The Committee regularly informed the Supervisory Board on its activities.

Over the year, the Committee specifically developed the following activities:

SUPERVISION OF THE PREPARATION AND DISCLOSURE OF THE FINANCIAL INFORMATION

The Committee examined the main accounting policies adopted, as well as proposals under discussion relative to the IAS/IFRS, in particular those that could have an impact on the financial statements of the Bank and its subsidiaries.

The Committee regularly monitored the greatest credit exposures and impairments of the Group.

The Committee reviewed the information relative to the Pensions Fund of the BCP Group and the actuarial assumptions used to determine the liabilities with retirement pensions, namely on the impact of the integration of all the Bank's workers in the General System of Social Security as of 1 January 2011.

Based on the available information, the Committee appraised the monthly financial statements, on an individual and consolidated basis, and the earnings and key financial indicators of the companies of the Group. It also periodically analysed the Bank's liquidity, cost to income and solvency ratios.

In the beginning of 2010, and with reference to 2009, the Committee appraised the Management Report and Accounts drawn up by the Executive Board of Directors and the Legal Certifications of the Accounts and Audit Reports prepared by KPMG & Associados – SROC, S.A., on the financial statements, on an individual and consolidated basis, issued without reservations or emphases. In the beginning of 2011, the same procedures were carried out in relation to 2010.

In view of the result of the work carried out, the Committee recommended to the Supervisory Board the issue of a favourable opinion on the Management Report and Accounts of Banco Comercial Português, S.A., which includes the financial statements, on an individual and consolidated basis, for the years ended on 31 December 2009 and 2010.

Concerning 2011, the Committee reviewed the Group's Management Policies and Budget for the period, examining the assumptions used in the forecast evolution of earnings and activity indicators, risk factors, market shares, investments, evolution of own capital and corresponding Liquidity Plan.

SUPERVISION OF THE EFFECTIVENESS OF THE RISK MANAGEMENT, INTERNAL CONTROL AND INTERNAL AUDIT SYSTEMS

The Committee followed the drafting of the Internal Control Reports under the responsibility of the Executive Board of Directors, with contributions from the Risk Office, Compliance Office, Internal Audit, and prepared the proposals of the opinions of the Supervisory Board on those Reports, which were sent to Banco de Portugal. It also regularly monitored the implementation of the recommendations in the abovementioned Reports.

The Committee followed the activity developed by the Risk Office, appraising, namely, the monthly reports on risks, impairment and major credit exposure. Furthermore, it analysed the new rules on risk, namely those establishing the main principles and guidelines to be observed in the calculation of impairment and main amendments to other existing rules on risk.

The Committee monitored the evolution and was kept informed on the potential impacts on the Bank of the amendments to the Basel Agreement, which could imply new rules to calculate own fund and capital requirements.

It assessed the Activity Plan of the Internal Audit for 2010, as well as the quarterly activity reports and new Regulation for the exercise of the Internal Audit function. The head of the Internal Audit regularly informed the Committee on the inspection actions carried out by the supervisory entities of the different markets in which the Group operates.

The Committee also monitored the activity developed by the Compliance Office, namely, appraising the Activity Plan for 2010 and quarterly activity reports. It also reviewed the information on the new internal regulations, namely, the updating of the Code of Conduct and Regulation of Financial Intermediation Activities and Compliance Policies.

The Committee was regularly informed on the correspondence exchanged between the Bank and supervisory entities.

SUPERVISION OF THE ACTIVITY OF THE STATUTORY AUDITOR AND EXTERNAL AUDITOR

In the beginning of 2010, the Committee analysed the conclusions of the audit work on the financial statements for 2009, on an individual and consolidated basis, carried out by the Statutory Auditor and External Auditor. Over 2010, it analysed the conclusions of the Desktop Review of the financial statements for the first and third quarters and of the Limited Review of the interim financial statements for the first semester. In 2011, it analysed the conclusions of the audit work on the financial statements for 2010, on an individual and consolidated basis, carried out by the Statutory Auditor and External Auditor.

It analysed the conclusions on the six-monthly Impairment Reports and on the Internal Control System presented by the Statutory Auditor and External Auditor.

The Committee, in collaboration with the Compliance Office, prepared a document, approved by the Supervisory Board, which formalised the policy on the contracting of services to be provided by the External Auditor, as well as new mechanisms for the identification and systematisation of these services. In view of the new regulations, it assessed various proposals for the adjudication of additional services.

In the beginning of 2010, the Committee also reviewed the contents of the letter of KPMG & Associados – Sociedade de Revisores Oficiais de Contas, S.A., issued under the legal terms and in compliance with the requirements ruling its activity, providing a summary of the services provided, including the additional services, to the BCP Group, relative to the period from 1 January to 31 December 2009, in Portugal and abroad, as well as the respective fees and confirmation of independence. In the beginning of 2011, the same procedures were carried out in relation to the period from 1 January to 31 December 2010.

The Committee supervised the independence of the Statutory Auditor and External Auditor and also proceeded, over the year in a continuous manner, with the assessment of their performance, having concluded that both adequately exercised the duties with which they were entrusted.

ISSUE OF OPINIONS ON LOANS GRANTED TO MEMBERS OF THE GOVERNING BODIES AND TO HOLDERS OF QUALIFYING SHARES

The Committee assessed the Bank's credit exposure arising from loans granted to members of the Supervisory Board, to holders of qualifying shareholdings and to entities related to them. It also prepared 51 legally required opinions on loan operations approved by the Executive Board of Directors to members of the Supervisory Board, to holders of qualifying shareholdings and to entities related to them.

RECEIPT OF COMMUNICATIONS STATING IRREGULARITIES PRESENTED BY SHAREHOLDERS, COMPANY EMPLOYEES OR OTHERS

The Committee was regularly informed on the treatment of complaints and claims from Customers by the Ombudsman and by the Direct Banking Department.

III – ACKNOWLEDGEMENTS

The Committee expresses its gratitude to the Governing Bodies and Services of the Bank it contacted, in particular, the Head of the Support Office of the Supervisory Board, for all the collaboration provided in the performance of its duties.

Lisbon, 23 February 2011

João Matos Loureiro (Chairman)	José Xavier de Basto (Member)
José Vieira dos Reis (Member)	Thomaz Paes de Vasconcellos (Member)

OPINION OF THE AUDIT COMMITTEE SUBMITTED TO THE SUPERVISORY BOARD

1. The Audit Committee regularly informed the Supervisory Board on the work carried out and conclusions obtained regarding its supervisory actions developed over 2010.

2. In accordance with its duties, the Audit Committee appraised the 2010 management report and accounts drawn up by the Executive Board of Directors, the Legal Certifications of the Accounts and Audit Reports prepared by KPMG & Associados – SROC, S.A. on the financial statements, on an individual and consolidated basis, issued without reservations or emphases.

3. For the preparation of the recommendation formulated below, the Audit Committee discussed and analysed the management report and accounts with the Executive Board of Directors, the Director responsible for financial matters, the persons responsible for the competent departments of the Bank, in particular the Accounting and Consolidation Department, the Audit Department, the Risk Office, the Compliance Office, the Planning and the Budget Control Department, as well as with the External Auditors, requesting all relevant information and clarifications for the performance of its duties, which included, namely, any verifications deemed opportune and suitable on the applicable articles of association and legal rules.

4. The signatories hereby declare that, to the best of their knowledge, the financial information analysed was prepared in conformity with the applicable accounting rules, and provides 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 perimeter, and that the management report faithfully portrays the evolution of the business, performance and position of Banco Comercial Português, S.A. and of the companies included within its consolidation perimeter, describing the main risks and uncertainties faced by them.

5. In view of the result of the work which was carried out, the Audit Committee recommends that the Supervisory Board issue a favourable opinion on the management report and accounts of Banco Comercial Português, S.A., which includes the financial statements, on an individual and consolidated basis, for the year ended on 31 December 2010, prepared by the Executive Board of Directors.

Lisbon, 2 February 2011

João Matos Loureiro (Chairman)

José Xavier de Basto (Member)

José Vieira dos Reis (Member)

Thomaz Paes de Vasconcellos (Member)


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COMPRAS
QUE VALEM DINHEIRO
Millennium

CONSOLIDATED INCOME STATEMENT FOR THE YEARS ENDED 31 DECEMBER, 2010 AND 2009

(Thousands of Euros)

	Notes	'10	'09
Interest and similar income	3	3,477,058	3,639,479
Interest expense and similar charges	3	(1,960,223)	(2,305,324)
Net interest income		**1,516,835**	**1,334,155**
Dividends from equity instruments	4	35,906	3,336
Net fees and commissions income	5	811,581	731,731
Net gains / (losses) arising from trading and hedging activities	6	367,280	249,827
Net gains / (losses) arising from available for sale financial assets	7	61,907	(24,457)
Other operating income	8	17,476	41,137
		2,810,985	**2,335,729**
Other net income from non banking activities		16,550	16,233
Total operating income		**2,827,535**	**2,351,962**
Staff costs	9	891,259	865,337
Other administrative costs	10	601,845	570,177
Depreciation	11	110,231	104,736
Operating expenses		**1,603,335**	**1,540,250**
		1,224,200	**811,712**
Loans impairment	12	(713,256)	(560,029)
Other assets impairment	26, 28 and 31	(71,115)	(70,485)
Goodwill impairment	29	(147,130)	-
Other provisions	13	635	(26,871)
Operating profit		**293,334**	**154,327**
Share of profit of associates under the equity method	14	67,481	66,262
Gains / (losses) from the sale of subsidiaries and other assets	15	(2,978)	74,930
Profit before income tax		**357,837**	**295,519**
Income tax			
Current	16	(54,158)	(65,634)
Deferred	16	57,240	19,417
Profit after income tax		**360,919**	**249,302**
Attributable to:			
Shareholders of the Bank		301,612	225,217
Non-controlling interests	44	59,307	24,085
Profit for the year		**360,919**	**249,302**
Earnings per share (in Euros)	17		
Basic		0.04	0.03
Diluted		0.04	0.03

Chief Accountant

The Executive Board of Directors

See accompanying notes to the consolidated financial statements

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER, 2010 AND 2009

(Thousands of Euros)

	Notes	'10	'09
Assets			
Cash and deposits at central banks	18	1,484,262	2,244,724
Loans and advances to credit institutions			
Repayable on demand	19	1,259,025	839,552
Other loans and advances	20	2,343,972	2,025,834
Loans and advances to customers	21	73,905,406	75,191,116
Financial assets held for trading	22	5,136,299	3,356,929
Financial assets available for sale	22	2,573,064	2,698,636
Assets with repurchase agreement		13,858	50,866
Hedging derivatives	23	476,674	465,848
Financial assets held to maturity	24	6,744,673	2,027,354
Investments in associated companies	25	397,373	438,918
Non current assets held for sale	26	996,772	1,343,163
Investment property	27	404,734	429,856
Property and equipment	28	617,240	645,818
Goodwill and intangible assets	29	400,802	534,995
Current income tax assets		33,946	24,774
Deferred income tax assets	30	688,630	584,250
Other assets	31	2,533,009	2,647,777
		100,009,739	**95,550,410**
Liabilities			
Deposits from credit institutions	32	20,076,556	10,305,672
Deposits from customers	33	45,609,115	46,307,233
Debt securities issued	34	18,137,390	19,953,227
Financial liabilities held for trading	35	1,176,451	1,072,324
Other financial liabilities at fair value through profit or loss	36	4,038,239	6,345,583
Hedging derivatives	23	346,473	75,483
Non current liabilities held for sale	26	-	435,832
Provisions for liabilities and charges	37	235,333	233,120
Subordinated debt	38	2,039,174	2,231,714
Current income tax liabilities		11,960	10,795
Deferred income tax liabilities	30	344	416
Other liabilities	39	1,091,228	1,358,210
Total Liabilities		**92,762,263**	**88,329,609**
Equity			
Share capital	40	4,694,600	4,694,600
Treasury stock	43	(81,938)	(85,548)
Share premium		192,122	192,122
Preference shares	40	1,000,000	1,000,000
Other capital instruments	40	1,000,000	1,000,000
Fair value reserves	42	(166,361)	93,760
Reserves and retained earnings	42	(190,060)	(243,655)
Profit for the year attributable to Shareholders		301,612	225,217
Total Equity attributable to Shareholders of the Bank		**6,749,975**	**6,876,496**
Non-controlling interests	44	497,501	344,305
Total Equity		**7,247,476**	**7,220,801**
		100,009,739	**95,550,410**

Chief Accountant

The Executive Board of Directors

See accompanying notes to the consolidated financial statements

CONSOLIDATED CASH FLOWS STATEMENT FOR THE YEARS ENDED 31 DECEMBER, 2010 AND 2009

(Thousands of Euros)

	'10	'09
Cash flows arising from operating activities		
Interest income received	3,291,908	3,829,296
Commissions income received	961,139	910,649
Fees received from services rendered	118,610	144,841
Interest expense paid	(1,972,908)	(2,386,489)
Commissions expense paid	(129,930)	(186,152)
Recoveries on loans previously written off	30,555	33,365
Net earned premiums	20,328	18,228
Claims incurred	(8,486)	(7,249)
Payments to suppliers and employees	(1,686,712)	(1,548,724)
	624,504	**807,765**
Decrease / (increase) in operating assets:		
Loans and advances to credit institutions	790,967	490,621
Deposits with Central Banks under monetary regulations	(329,598)	169,285
Loans and advances to customers	485,154	(1,094,948)
Short term trading account securities	(1,558,296)	(4,994)
Increase / (decrease) in operating liabilities:		
Deposits from credit institutions repayable on demand	11,022	(11,009)
Deposits from credit institutions with agreed maturity date	8,720,756	365,656
Deposits from clients repayable on demand	(635,063)	1,018,466
Deposits from clients with agreed maturity date	(19,342)	422,015
	8,090,104	**2,162,857**
Income taxes (paid) / received	(25,182)	34,295
	8,064,922	**2,197,152**
Cash flows arising from investing activities		
Proceeds from sale of shares in subsidiaries and associated companies	81,051	151,700
Acquisition of shares in subsidiaries and associated companies	(23,895)	-
Dividends received	42,031	11,570
Interest income from available for sale financial assets	188,323	116,464
Proceeds from sale of available for sale financial assets	48,068,277	24,136,062
Available for sale financial assets purchased	(61,360,877)	(36,764,051)
Proceeds from available for sale financial assets on maturity	13,330,707	12,003,971
Acquisition of fixed assets	(151,309)	(139,546)
Proceeds from sale of fixed assets	51,762	51,427
Increase / (decrease) in other sundry assets	(4,788,366)	(538,033)
	(4,562,296)	**(970,436)**
Cash flows arising from financing activities		
Issuance of subordinated debt	150,334	951
Reimbursement of subordinated debt	(324,423)	(661,474)
Issuance of debt securities	4,168,688	6,647,684
Reimbursement of debt securities	(4,425,979)	(6,876,847)
Issuance of commercial paper	5,596,366	18,959,485
Reimbursement of commercial paper	(7,936,414)	(18,863,944)
Issuance of perpetual subordinated debt securities	-	1,000,000
Dividends paid	(89,095)	(79,108)
Dividends paid to non-controlling interests	(3,468)	(3,849)
Increase / (decrease) in other sundry liabilities and non-controlling interests	(227,640)	(1,524,080)
	(3,091,631)	**(1,401,182)**
Exchange differences effect on cash and equivalents	18,426	(34,747)
Net changes in cash and equivalents	429,421	(209,213)
Cash and equivalents at the beginning of the year	1,523,026	1,732,239
Cash (note 18)	693,422	683,474
Other short term investments (note 19)	1,259,025	839,552
Cash and equivalents at the end of the year	**1,952,447**	**1,523,026**

See accompanying notes to the consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER, 2010 AND 2009

(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	Non-controlling interests
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 non-controlling interests (note 44)	24,085	-	-	-	-	-	-	-	-	-	-	24,085
Costs related with the issue increase in share capital April 2008	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)	-	-	-	-	-
Non-controlling 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
Transfers to reserves (note 42):												
Legal reserve	-	-	-	-	-	20,632	-	-	(20,632)	-	-	-
Statutory reserve	-	-	-	-	-	10,000	-	-	(10,000)	-	-	-
Dividends paid in 2010	(89,095)	-	-	-	-	-	-	-	(89,095)	-	-	-
Interest charge related to the issue of perpetual subordinated Instruments	(70,000)	-	-	-	-	-	-	-	(70,000)	-	-	-
Tax related to the interest charge on the issue of perpetual subordinated instruments	17,526	-	-	-	-	-	-	-	17,526	-	-	-
Profit for the year attributable to Shareholders of the Bank	301,612	-	-	-	-	-	-	-	301,612	-	-	-
Profit for the year attributable to non-controlling interests (note 44)	59,307	-	-	-	-	-	-	-	-	-	-	59,307
Dividends on preference shares	(48,910)	-	-	-	-	-	-	-	(48,910)	-	-	-
Treasury stock	3,610	-	-	-	-	-	-	-	-	-	3,610	-
Exchange differences arising on consolidation	18,426	-	-	-	-	-	-	18,426	-	-	-	-
Fair value reserves (note 42)												
Financial instruments available for sale	(246,092)	-	-	-	-	-	(246,092)	-	-	-	-	-
Cash-flow hedge	(14,029)	-	-	-	-	-	(14,029)	-	-	-	-	-
Non-controlling interests (note 44)	93,889	-	-	-	-	-	-	-	-	-	-	93,889
Other reserves arising on consolidation (note 42)	431	-	-	-	-	-	-	-	431	-	-	-
Balance on 31 December, 2010	7,247,476	4,694,600	1,000,000	1,000,000	192,122	466,042	(166,361)	(78,052)	2,607,142	(2,883,580)	(81,938)	497,501

See accompanying notes to the consolidated financial statements

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER, 2010 AND 2009

(Thousands of Euros)

	Notes	'10	'09
Fair value reserves			
Financial assets available for sale	42	(268,568)	(100,306)
Cash-Flow hedge	42	(17,320)	(5,970)
Taxes			
Financial assets available for sale	42	22,476	(15,691)
Cash-Flow hedge	42	3,291	1,134
		(260,121)	**(120,833)**
Exchange differences arising on consolidation	42	18,426	(34,747)
Comprehensive income recognised directly in Equity after taxes		**(241,695)**	**(155,580)**
Profit for the year		360,919	249,302
Total Comprehensive income for the year		**119,224**	**93,722**
Attributable to:			
Shareholders of the Bank		59,917	69,637
Non-controlling interests		59,307	24,085
Total Comprehensive income for the year		**119,224**	**93,722**

See accompanying notes to the consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 DECEMBER, 2010

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, 2010 and 2009.

In accordance with Regulation (EC) no. 1606/2002 from the European Parliament and the Council, of 19 July 2002, and as transposed into Portuguese Law through Decree-Law no. 35/2005, of 17 February and Regulation no. 1/2005 from the Bank of Portugal, the Group's consolidated financial statements are required to be prepared in accordance with International Financial Reporting Standards ('IFRS') as endorsed by the European Union ('EU') since the year 2005. IFRS comprise accounting standards issued by the International Accounting Standards Board ('IASB') as well as interpretations issued by the International Financial Reporting Interpretations Committee ('IFRIC') and their predecessor bodies. The consolidated financial statements presented were approved on 1 February 2011 by the Bank's Executive Board of Directors. The financial statements are presented in thousands of euros, rounded to the nearest thousand.

The Group adopted the IFRS standards and interpretations for which application is mandatory for accounting periods beginning on 1 January 2010. These accounting standards are described 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, 2010 have been prepared in terms of recognition and measurement in accordance with the IFRS, effective and adopted by EU.

In 2010, BCP Group adopted the IFRS 3 (revised) - Business combinations and IAS 27 (amendment) consolidated and separate Financial statements, IAS 39 (amendment) - Financial Instruments: Recognition and measurement – Eligible hedged items and IFRS 5 - Non-current assets held for sale and discontinued operations. These interpretations, which had to be applied with reference to 1 January, 2010 had impact on the assets and liabilities of the Group. According to the transition rules of these interpretations, the new disclosures required include comparative information.

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

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 ac).

b) Basis of consolidation

As from 1 January, 2010, the BCP Group applied IFRS 3 (revised) for the accounting of business combinations. The changes in the accounting policies resulting from the application of IFRS 3 (revised) are applied prospectively.

Investments in subsidiaries

Investments in subsidiaries where the Group holds control are fully consolidated from the date the Group assumes control over its financial and operational activities until the control ceases to exist. Control is presumed to exist when the Group owns more than half of the voting rights. Additionally, control exists when the Group has the power, directly or indirectly, to manage the financial and operating policies of an entity to obtain benefits from its activities, even if the percentage of capital held is less than 50%.

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

As from 1 January, 2010, accumulated losses are attributed to non-controlling interests in the respective proportion, implying that the Group can recognise negative non-controlling interests.

As from 1 January, 2010, on a step acquisition process resulting in the acquisition of control the revaluation of any participation previously acquired is booked against the profit and loss account, when goodwill is calculated. On a parcial disposal resulting in loss of control over a subsidiary, any participation retained is revalued at market value on the sale date and the gain or loss resulting from this revaluation is booked against the income statement.

Investments in associates
Investments in associated companies are consolidated by the equity method between the beginning date that the Group acquires significant influence and the ending 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. If the Group holds, directly or indirectly less than 20% of the voting rights of the investee, it is presumed that the Group does not have significant influence, unless such influence can be clearly demonstrated.

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

- representation on the Executive Board of Directors or equivalent governing body of the investee;
- participation in policy-making processes, including participation in decisions about dividends or other distributions;
- material transactions between the Group and the investee;
- interchange of the management team; or
- provision of essential technical information.

The consolidated financial statements include the part that is attributable to the Group of the total reserves and results of associated companies accounted on an equity basis. When the Group's share of losses exceeds its interest in an associate, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred in a legal or constructive obligation to assume those losses on behalf of an associate.

Goodwill
Goodwill arising from business combinations occurred prior to 1 January 2004 was charged against reserves.

Business combinations that occurred after 1 January 2004 are accounted for using the purchase method of accounting. The acquisition cost corresponds to the fair value, determined at the acquisition date, of the assets given and liabilities incurred or assumed including the costs directly attributable to the acquisition, for acquisitions up to 31 December, 2009.

As from 1 January, 2010 onwards, costs directly attributable to the acquisition of a subsidiary are booked directly in the income statement.

As from the transition date to IFRS (1 January 2004), positive goodwill arising from acquisitions is recognised as an asset carried at acquisition cost and is not subject to amortisation. Goodwill arising on the acquisition of subsidiaries and associates is defined as the difference between the cost of acquisition and the corresponding share of the fair value of the net assets acquired.

Goodwill arising on the acquisition of subsidiaries and associates is defined as the difference between the cost of acquisition and the total or corresponding share of the fair value of the net assets acquired, depending on the option taken.

Negative goodwill arising on an acquisition is recognised directly in the income statement in the year the business combination occurs.

The recoverable amount of the goodwill in subsidiaries is assessed annually, regardless of the existence of any impairment triggers. Impairment losses are recognised in the income statement. The recoverable amount is determined based on the value in use of the assets, calculated using valuation methodologies supported by discounted cash flow techniques, considering market conditions, the time value of money and the business risks.

Until 31 December 2009, contingent acquisition prices were determined based on the best estimate of probable future payments, being the future changes in the estimate booked against goodwill. As from 1 January 2010, goodwill is no longer adjusted due to changes in the initial estimate of the contingent purchase price and the difference is booked in the income statement.

Purchases and dilution of non-controlling interests
Until 31 December, 2009, when an interest in a subsidiary was disposed of, without a loss in control, the difference between the sale price and the book value of the net assets held by the Group, plus the carrying value of goodwill in that subsidiary, was recognised in the income statement of the period as a gain or loss resulting from the disposal. The dilution effect occurred when the percentage of interest in a subsidiary decreased without any sale of interest in that subsidiary, for example, if the Group did not participate proportionally in the share capital increase of that subsidiary. Until 31 December, 2009, the Group recognised the gains or losses resulting from a dilution of a subsidiary following a sale or capital increase in the income statement.

Also in an acquisition of non-controlling interests, until 31 December 2009, the difference between the fair value of the non-controlling interests acquired and the consideration paid, was accounted against goodwill. The acquisitions of non-controlling interests through written put options related with investments in subsidiaries held by non-controlling interests, were recorded as a financial liability for the present value of the best estimate of the amount payable, against non-controlling interests. The difference between the non-controlling interests acquired and the fair value of the liability, was recorded as goodwill. The fair value of the liability was determined based on the contractual price which may be fixed or variable. In case of a variable price, the changes in the liability are recognised as an adjustment to the cost of the business combination against goodwill and the effect of the financial discount of the liability (unwinding) was recognised as a financial expense in the consolidated income statement. This accounting treatment is maintained for all options contracted until 31 December 2009.

Since 1 January 2010, the acquisition of the non-controlling interests that does not impact the control position of a subsidiary is accounted as a transaction with shareholders and, therefore, is not recognized additional goodwill resulting from this transaction. The difference between the acquisition cost and the book value or fair value of non-controlling interests acquired is recognized directly in reserves. On this basis, the gains and losses resulting from the sale of non-controlling interests, that does not impact the control position of a subsidiary, are always recognized against reserves.

The gains and losses resulting from the dilution or sale of a financial position in a subsidiary, with loss of control, are recognized by the Group in results for the year.

The same way, as from 31 January 2010, the acquisitions of non-controlling interests through written put options related with investments in subsidiaries held by non-controlling interests, are recorded as a financial liability for the present value of the best estimate of the amount payable, against non-controlling interests. The fair value of the liability is determined based on the contractual price which may be fixed or variable. In case of a variable price, the changes in the liability are recognised against the income statement as well as the effect of the financial discount of the liability (unwinding). As from 1 January 2010 onwards, in an acquisition (dilution) of non-controlling interests not resulting in a loss of control, the difference between the fair value of the non-controlling interests acquired and the consideration paid, is accounted against reserves.

Special Purpose Entities ('SPE')

The Group fully consolidates SPE resulting from securitization operation with assets from Group entities (as referred in note 21), 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 have been consolidated considering that they do not meet the criteria established on SIC 12 as described below.

The evaluation of the existence of control is determined based on the criteria established by SIC 12, which can be analysed as follows:

- The activities of the SPE, in substance, are being conducted on behalf of the Group, in accordance with the specific needs of the Group's business, in order to obtain benefits from these activities;
- The Group has the decision-making powers to obtain the majority of the benefits of the activities of the SPE or, by setting up an "autopilot" mechanism, the Group has delegated these decision-making powers;
- The Group has the rights to obtain the majority of the benefits of the SPE and therefore may be exposed to risks inherent to the activities of the SPE;
- The Group retains the majority of the residual or ownership risks related to the SPE or its assets in order to obtain benefits from its activities.

Investment fund management

The Group manages the assets held by investment funds for which the participation units are held by third parties. The financial statements of these entities are not consolidated by the BCP Group, except when the Group has the control over these investment funds, namely when it holds more than 50% of the participation units.

When the Group consolidates real estate investment funds, the real estate property resulting from these funds are classified as investment property, as described in note 1 r).

Investments in foreign subsidiaries and associates

The financial statements of the foreign subsidiaries and associates of the Group are prepared in their functional currency, defined as the currency of the primary economic environment in which they operate or the currency in which the subsidiaries obtain their income or finance their activity. In the consolidation process, assets and liabilities, including goodwill, of foreign subsidiaries are converted into euros at the official exchange rate at the balance sheet date.

Regarding the investments in foreign operations that are consolidated in the Group accounts under the full consolidation, proportional consolidation or equity methods, for exchange differences between the conversion to Euros of the opening net assets at the beginning of the year and their value in Euros at the exchange rate ruling at the balance sheet date for consolidated accounts are charged against consolidated reserves. The exchange differences from hedging instruments related with foreign operations are eliminated from profit and loss in the consolidation process against the exchange differences booked in reserves resulting from those investments. Whenever the hedge is not fully effective, the ineffective portion is accounted against profit and loss of the year.

The income and expenses of these subsidiaries are converted to Euros at an aproximate rate of the rates ruling at the dates of the transactions. Exchange differences from the conversion to Euros of the profits and losses for the reporting period, arising from the difference between the exchange rate used in the income statement and the exchange rate prevailing at the balance sheet date, are recognised in reserves - exchange differences.

On disposal of a foreign operation, exchange differences related to the investment in the foreign operation and to the associated hedge transaction previously recognised in reserves, are transferred to profit and loss as part of the gains or loss arising from the disposal.

Investments in jointly controlled entities
Jointly controlled entities, consolidated under the proportional method, are entities where the Group has joint control, established by contractual agreement. The consolidated financial statements include, in the corresponding captions, the Group's proportional share of the entities' assets, liabilities, revenue and expenses, with items of a similar nature on a line by line basis, from the date that joint control started until the date that joint control ceases.

Transactions eliminated on consolidation
Intragroup balances and any 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; and
- the estimated period between a loss occurring and a loss being identified.

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

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

In accordance with "Carta-Circular" no. 15/2009 of the Bank of Portugal, loans and advances to customers are charged-off when there are no realistic expectation, from an economic perspective, of recovering the loan amount. For collateralised loans, the charge-off occurs for the unrecoverable amount when the funds arising from the execution of the respective collaterals for the part of the loans which is collateralised is effectively received. This charge-off is carried out only for loans that are considered not to be recoverable and fully provided.

d) Financial instruments

(i) Classification, initial recognition and subsequent measurement
1) Financial assets and liabilities at fair value through profit and loss
1a) Financial assets held for trading

The financial assets and liabilities acquired or issued with the purpose of sale or re-acquisition on the short term, namely bonds, treasury bills or shares or that are part of a financial instruments portfolio and for which there is evidence of a recent pattern of short-term profit taking or that can be included in the definition of derivative (except in the case of a derivative classified as hedging) are classified as trading. The dividends associated to these portfolios are accounted in gains arising on trading and hedging activities.

The interest from debt instruments are recognized as interest margin.

Trading derivatives with a positive fair value are included in the Financial assets held for trading and the trading derivatives with negative fair value are included in the Financial liabilities held for trading.

1b) Other financial assets and liabilities at fair value through profit and loss ("Fair Value Option")
The Group has adopted the Fair Value Option for certain own bond issues, loans and time deposits performed since 2007 that contain embedded derivatives or with related hedging derivatives. The variations of the credit risk of the Group related with financial liabilities accounted under the Fair Value Option are disclosed in "Net gains / (losses) arising from trading and hedging activities".

The designation of other financial assets and liabilities at fair value through profit and loss is performed whenever at least one of the requirements is fulfilled:

- the assets and liabilities are managed, evaluated and reported internally at its fair value;
- the designation eliminates or significantly reduces the accounting mismatch of the transactions;
- the assets and liabilities include derivatives that significantly change the cash-flows of the original contracts (host contracts).

The financial assets and liabilities at Fair Value Option are initially accounted at their fair value, with the expenses or income related to the transactions being recognised in profit and loss and subsequently measured at fair value through profit and loss. The accrual of interest and premium/discount (when applicable) is recognised in Net interest income according with the effective interest rate of each transaction, as well as for accrual of interest of derivatives associated to financial instruments classified as Fair Value Option.

2) Financial assets available for sale
Financial assets available for sale held with the purpose of being maintained by the Group, namely bonds, treasury bills or shares, are classified as available for sale, except if they are classified in another category of financial assets. The financial assets available for sale are initially accounted at fair value, including all expenses or income associated with the transactions. The financial assets available for sale are subsequently measured at fair value. The changes in fair value are accounted for against fair value reserves until they are sold or an impairment loss exists. In the sale of the financial assets available for sale, the accumulated gains or losses recognised as fair value reserves are recognised under Net gains / (losses) arising from available for sale financial assets. Interest income from debt instruments is recognized in Net interest income based on the effective interest rate, including a premium or discount when applicable. Dividends are recognised in the income statement when the right to receive the dividends is attributed.

3) Financial assets held-to-maturity
The financial assets held-to-maturity include non-derivative financial assets with fixed or determinable payments and fixed maturity, that the Group has the intention and capacity to maintain until the maturity of the assets and that were not included in the category of financial assets at fair value

through profit and loss or financial assets available for sale. These financial assets are initially recognised at fair value and subsequently measured at amortized cost. The interest is calculated using the effective interest rate method and recognised in Net interest income. The impairment losses are recognised in profit and loss when identified.

Any reclassification or sale of financial assets included in this category that does not occur close to the maturity of the assets will require the Group to reclassify the entire portfolio as Financial assets available for sale and the Group will not be allowed to classify any assets under this category for the following two years.

4) Loans and receivables - Loans represented by securities
Non-derivative financial assets with fixed or determined payments, that are not quoted in a market and which the Group does not intend to sell immediately or in a near future, may be classified in this category.

In addition to loans granted, the Group recognises in this category unquoted bonds and commercial paper. The financial assets recognised in this category are initially accounted at fair value and subsequently at 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 recognised in Net interest income.

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

5) Other financial liabilities
The other financial liabilities are all financial liabilities that are not recognised as financial liabilities at fair value through profit and loss. This category includes money market transactions, deposits from customers and from other financial institutions, issued debt, and other transactions.

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

The financial gains or losses calculated in the time of the repurchase of other financial liabilities are recognised 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 recognised in profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurred after the impairment loss was recognised in the profit or loss, the impairment loss is reversed through the income statement. The impairment losses recognised in equity instruments classified as available for sale, when reversed, are recognised against fair value reserves.

(iii) Embedded derivatives
Embedded derivatives should be accounted for separately as derivatives if the economic risks and benefits of the embedded derivative are not closely related to the host contract, unless the hybrid (combined) instrument is not initially measured at fair value with changes through profit and loss. Embedded derivatives are classified as trading and recognised at fair value with changes through profit and loss.

e) Derivatives hedge accounting

(i) Hedge accounting
The Group designates derivatives and other financial instruments to hedge its exposure to interest rate and foreign exchange risk, resulting from financing and investment activities. Derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative hedging instruments are stated at fair value and gains and losses on revaluation are recognised in accordance with the hedge accounting model adopted by the Group. A hedge relationship exists when:

- at the inception of the hedge there is formal documentation of the hedge;
- the hedge is expected to be highly effective;
- the effectiveness of the hedge can be reliably measured;
- the hedge is valuable in a continuous basis and highly effective throughout the reporting period; and
- for hedges of a forecasted transaction, the transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect profit or loss.

When a derivative financial instrument is used to hedge foreign exchange arising from monetary assets or liabilities, no hedge accounting model is applied. Any gain or loss associated to the derivative and to changes in foreign exchange risk related with the monetary items are recognised through profit and loss.

(ii) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedge instruments are recognised in profit and loss, together with changes in the fair value attributable to the hedged risk of the asset or liability or group of assets and liabilities. If the hedge relationship no longer meets the criteria for hedge accounting, the cumulative gains and losses recognised until the discontinuance of the hedge accounting are amortised through profit and loss over the residual period of the hedged item.

(iii) Cash flow hedge

In a hedge relationship, the effective portion of changes in fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity - cash flow hedge reserves. Any gain or loss relating to the ineffective portion of the hedge is immediately recognised in profit and loss when occurred.

Amounts accumulated in equity are reclassified to profit and loss in the periods in which the hedged item will affect profit or loss.

In case of hedging variability of cash-flows, when the hedge instrument expires or is disposed or when the hedging relationship no longer meets the criteria for hedge accounting, or when the hedge relation is revoked, the hedge relationship is discontinued on a prospective basis. Therefore, the fair value changes of the derivative accumulated in equity until the date of the discontinued hedge accounting can be:

- Deferred over the residual period of the hedged instrument; or
- Recognised immediately in results, if the hedged instrument is extinguished.

In the case of a discontinued hedge of a forecast transaction, the change in fair value of the derivative recognised in equity at that time remains in equity until the forecasted transaction is ultimately recognised in the income statement. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to profit and loss.

(iv) Hedge effectiveness

For a hedge relationship to be classified as such according to IAS 39, effectiveness has to be demonstrated. As such, the Group performs prospective tests at the beginning date of the initial hedge, if applicable and retrospective tests in order to demonstrate at each reporting period the effectiveness of the hedging relationships, showing that the changes in the fair value of the hedging instrument are hedged by the changes in the hedged item for the risk being covered. Any ineffectiveness is recognised immediately in profit and loss when incurred.

(v) Hedge of a net investment in a foreign operation

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in equity. The gain or loss relating to the ineffective portion is immediately recognised in the income statement. Gains and losses accumulated in equity related to the investment in a foreign operation and to the associated hedge operation are included in the income statement on the disposal of the foreign operation as part of the gain or loss from the disposal.

f) Reclassifications between financial instruments categories

In October 2008, the IASB issued a change to IAS 39 – Reclassification of Financial Assets (Amendments to IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7: Financial Instruments Disclosures). This change allowed an entity to transfer Financial assets from Financial assets at fair value through profit and loss – trading to Financial assets available for sale, to Loans and Receivables - Loans represented by securities or to financial assets held-to-maturity, as long as the requirements described in the Standard are met, namely:

- If a financial asset, at the date of reclassification present the characteristics of a debt instrument for which there is no active market; or
- When there is some event that is uncommon and highly improbable that will occur again in the short term, that is, the event can be classified as a rare circumstance.

The Group adopted this possibility for a group of financial assets, as disclosed in note 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 derecognises financial assets when all rights to future cash flows have expired. In a transfer of assets, derecognition can only occur either when risks and rewards have been substantially transferred or the Group does not maintain control over the assets.

The Group derecognises financial liabilities when these are discharged, cancelled or extinguished.

h) Equity instruments

An instrument is classified as an equity instrument when there is no contractual obligation at settlement to deliver cash or another financial asset to another entity, independently from its legal form, showing a residual interest in the assets of an entity after deducting all of its liabilities.

Transaction costs directly attributable to an equity instruments' issuance are recognised in equity as a deduction to the amount issued. Amounts paid or received related to sales or acquisitions of equity instruments are recognised in equity, net of transaction costs.

Preference shares issued by the Group are considered as an equity instrument when redemption of the shares is solely at the discretion of the issuer and dividends are paid at the discretion of the Group.

Income from equity instruments (dividends) are recognised when the right to receive this income is established and are deducted to equity.

i) Compound financial instruments

Financial instruments that contain both a liability and an equity component (example: convertible bonds) are classified as compound financial instruments. For those instruments to be considered as compound financial instruments, the terms of its conversion to ordinary shares (number of shares) can not change with changes in its fair value. The financial liability component corresponds to the present value of the future interest and principal payments, discounted at the market interest rate applicable to similar financial liabilities that do not have a conversion option. The equity component corresponds to the difference between the proceeds of the issue and the amount attributed to the financial liability. Financial liabilities are measured at amortized cost through the effective interest rate method. The interests are recognised in Net interest income.

j) Securities borrowing and repurchase agreement transactions

(i) Securities borrowing

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

(ii) Repurchase agreements

The Group performs acquisition/sale of securities under reselling/repurchase agreements of securities substantially equivalent in a future date at a predetermined price ('repos' / 'reverse repos'). The securities related to reselling agreements in a future date are not to be recognised on the balance sheet. The amounts paid are recognised in loans and advances to customers or loans and advances to credit institutions. The receivables are collateralized by the related securities. Securities sold through repurchase agreements continue to be recognised in the balance sheet and are revaluated in accordance with the applicable accounting policy. The amounts received from the proceeds of these securities are considered as deposits from customers and deposits from credit institutions.

The difference between the acquisition/sale and reselling/repurchase conditions is recognised on an accrual basis over the period of the transaction and is included in interest income or expenses.

k) Non-current assets held for sale and discontinued operations

Non current assets, groups of non-current assets held for sale (groups of assets together and related liabilities that include at least a non current asset) and discontinued operations are classified as held for sale when it is intention to sell the referred assets and liabilities, the referred assets are available for immediate sale and its sale is highly probable.

The Group also classifies as non-current assets held for sale those non-current assets or groups of assets acquired exclusively with a view to its subsequent disposal, that are available for immediate sale and its sale is highly probable.

Immediately before classification as held for sale, the measurement of the non-current assets or all assets and liabilities in a disposal group, is performed in accordance with the applicable IFRS. After their reclassification, these assets or disposal groups are measured at the lower of their cost and fair value less costs to sell.

Discontinued operations and the subsidiaries acquired exclusively with the purpose to sell in the short term, are consolidated until the disposal.

The Group also classifies as non-current assets held for sale the investments arising from recovered loans that are measured initially by the lower of its fair value net of expenses and the loan's carrying amount on the date that the recovery occurs or the judicial decision is 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 recognised as impairment losses against results.

l) Finance lease transactions

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

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

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

Lease rentals are a combination of the financial income and amortization of the capital outstanding.

Recognition of the financial result reflects a constant periodical return rate over the remaining net investment of the lessor.

m) Interest income and expense

Interest income and expense for financial instruments measured at amortized cost are recognised in the interest income or expenses (net interest income) through the effective interest rate method. The interest related to financial assets available for sale calculated at the effective interest rate method are also recognised on the net interest income as well as those from assets and liabilities at fair value through profit and loss.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument (or, when appropriate, for a shorter period), to the net carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial instrument (example: early payment options) but without considering future impairment losses. The calculation includes all fees paid or received considered as included in the effective interest rate, transaction costs and all other premiums or discounts directly related with the transaction except for assets and liabilities at fair value through profit and loss.

If a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Specifically regarding the accounting policy for interest on overdue loans' portfolio the following aspects are considered:

- Interest income for overdue loans with collaterals are accounted for as income up to the limit of the valuation of the collateral valued on a prudent basis. This income is registered against results in accordance with IAS 18, assuming that there is a reasonable probability of recoverability; and
- The interests accrued and not paid for overdue loans for more than 90 days that are not covered by collaterals are writen-off and are recognised only when they are received, in accordance with IAS 18, on the basis that its recoverability is considered to be remote.

For derivative financial instruments, except those classified as hedging instruments of interest rate risk, the interest component is not separated from the changes in the fair value and is classified under Net gains / (losses) from trading and hedging activities. For hedging derivatives of interest rate risk and those related to financial assets or financial liabilities recognised in the Fair Value Option category, the interest component of the changes in their fair value is recognised under interest income or expense (Net interest income).

n) Fee and commission income

Fees and commissions are recognised according to the following criteria:

- Fees and commissions which are earned, as services are provided, are recognised in income over the period in which the service is being provided;
- Fees and commissions that are earned on the execution of a significant act, are recognised as income when the service is completed.

Fees and commissions that are an integral part of the effective interest rate of a financial instrument, are recognised in 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, that is, fair value changes and interest on trading derivatives and embedded derivatives), as well as the corresponding dividends received. 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 recognised in this caption.

p) Fiduciary activities

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

q) Property and equipment

Property and equipment are stated at acquisition cost less accumulated depreciation and impairment losses. Subsequent costs are recognised as a separate asset only when it is probable that future economic benefits will result 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 indicate 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 recognised 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 recognised in profit and loss.

r) Investment property

Real estate properties, owned by the investment funds consolidated in the Group, are recognised as Investment properties considering that the main objective of these buildings is the capital appreciation on a long term basis and not its sale in a short term period or its maintenance for own use.

These investments are initially recognised at its acquisition cost, including the transaction costs and subsequently revaluated at its fair value. The fair value of the investment property should reflect the market conditions at the balance sheet date. Changes in fair value are recognised in results as Other operating income.

s) Intangible Assets

Research and development expenditure

The Group does not capitalize any research and development costs. All expenses are recognised as costs in the year in which they occur.

Software

The Group accounts as intangible assets the costs associated to software acquired from external entities and depreciates them on a 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 recognised amounts and the transactions are intended to be settled on a net basis.

v) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currency of the operation at the foreign exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies, are translated into the respective functional currency of the operation at the foreign exchange rate at the reporting date. Foreign exchange differences arising on translation are 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.

Starting on 1 January 2011, bank employees will be integrated in the General Social Healthcare System which will guarantee protection to the employees for maternity, paternity, adoption and old age issues. The Banks maintain the liability to guarantee the protection in illness, disability, survival and death (Decree-Law nr. 1-A/2011, from 3 January).

The contributive rate will be 26.6% divided between 23.6% supported by the employer and 3% supported by the employees, replacing the Banking Social Healthcare System ('Caixa de Abono de Família dos Empregados Bancários') which will be extinguished by the decree law referred above. As a consequence of this changing the capability to receive pensions by the actual employees will be covered by the General Social Healthcare System regime, considering the service period between 1 January 2011 and the retirement age. The Banks supports the remaining difference for the total pension assured in 'Acordo Colectivo de Trabalho'.

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 the spouse 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 recognised 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 recognised, exceeding 10% of the greater of the present value of the defined benefit obligation and the fair value of plan assets, are recognised in the income statement over the period 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 recognised as an expense in profit and loss when they are due.

Share based compensation plan
As at 31 December 2010 there are no share based compensation plans in force.

Variable remuneration paid to employees
The Executive Board of Directors decides on the most appropriate criteria of allocation among employees.

This variable remuneration is charged to income statement in the year to which it relates.

x) Income taxes
The Group is subject to the regime established by the Income Tax Code ("IRC"). Additionally, deferred taxes resulting from the temporary diferences between the accounting net income and the net income accepted by the Tax Authorities for Income Taxes calculation, are accounted for, whenever there is a reasonable probability that those taxes will be paid or recovered in the future.

Income tax on the income for the year comprises current and deferred tax effects. Income tax is recognised in the income statement, except to the extent that it relates to items recognised directly to reserves in which case it is recognised in reserves. Deferred taxes arising from the revaluation of financial assets available for sale and cash flow hedging derivatives are recognised in shareholders' equity and are recognised in the profit and loss in the year the results that originated the deferred taxes are recognised.

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

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

Deferred taxes assets are recognised to the extent when it is probable that future taxable profits, will be available to absorb deductible temporary differences for taxation purposes (including reportable taxable losses).

The Group, as established in IAS 12, paragraph 74, compensates the deferred tax assets and liabilities if, and only if: (i) has a legally enforceable right to set off current tax assets against current tax liabilities; and (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

y) Segmental reporting

The Group determines and presents the operational segments based on the management information prepared for internal purposes.

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

Foreign activity
- Poland;
- Greece;
- Angola:
- Mozambique.

The aggregate Others includes the activity not allocated to the segments mentioned above, namely the developed by subsidiaries in Romania, Switzerland, Cayman Islands, Turkey and USA.

z) Provisions

Provisions are recognised when (i) the Group has a present obligation (legal or resulting from past practices or published policies that imply the recognition of certain responsibilities), (ii) it is probable that an outflow of economic benefits will be required to settle a present legal or constructive obligation as a result of past events and (iii) a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at each balance sheet date and adjusted to reflect the best estimate, being reverted through profit and loss in the proportion of the payments that are probable.

The provisions are derecognised through their use for the obligations for which they were initially accounted or for the cases that the situations were not already observed.

aa) Earnings per share

Basic earnings per share are calculated by dividing net income available to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year, excluding the average number of ordinary shares purchased by the Group and held as treasury stock.

For the diluted earnings per share, the weighted average number of ordinary shares outstanding is adjusted to consider conversion of all dilutive potential ordinary shares, such as convertible debt and stock options granted to employees. Potential or contingent share issues are treated as dilutive when their conversion to shares would decrease net earnings per share.

If the earnings per share are changed as a result of an issue with premium or discount or other event that changed the potential number of ordinary shares or as a result of changes in the accounting policies, the earnings per share for all presented periods should be adjusted retrospectively.

ab) Insurance contracts

The Group issues contracts that contain insurance risk, financial risk or a combination of both insurance and financial risk. A contract, under which the Group accepts significant insurance risk from another party, by agreeing to compensate that party on the occurrence of a specified uncertain future event, is classified as an insurance contract.

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

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 recognised and measured as follows:

Premiums
Gross premiums written are recognised for as income in the period to which they respect independently from the moment of payment or receivable, in accordance with the accrual accounting principle.

Reinsurance premiums ceded are accounted for as expense in the year to which they respect in the same way as gross premiums written.

Provision for unearned premiums from direct insurance and reinsurance premiuns ceded
The provision for unearned gross premiums is based on the evaluation of the premiums written before the end of the year but for which the risk period continues after the year end. This provision is calculated using the pro-rata temporis method applied to each contract in force.

ac) Accounting estimates and judgements in applying accounting policies
IFRS set forth a range of accounting treatments that require the Executive Board of Directors and management to apply judgment and make estimates in deciding which treatment is most appropriate. The most significant of these accounting policies are discussed in this section in order to improve understanding of how their application affects the Group's reported results and related disclosure.

Considering that in some cases there are several alternatives to the accounting treatment chosen by management, the Group's reported results would differ if a different treatment was chosen. Management believes that the choices made are appropriate and that the financial statements present the Group's financial position and results fairly in all material aspects.

The alternative outcomes discussed below are presented solely to assist the reader in understanding the financial statements and are not intended to suggest that other alternatives or estimates would be more appropriate.

Impairment of 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 recognised with a consequent impact in the consolidated income statement of the Group.

Impairment losses on loans and advances to customers
The Group reviews its loan portfolios to assess impairment losses on a regularly basis, as described in Note 1 c).

The evaluation process in determining whether an impairment loss should be recorded in the income statement is subject to numerous estimates and judgments. The probability of default, risk ratings, value of associated collaterals recovery rates and the estimation of both the amount and timing of future cash flows, among other things, are considered in making this evaluation.

Alternative methodologies and the use of different assumptions and estimates could result in a different level of impairment losses with a consequent impact in the consolidated income statement of the Group.

Fair value of derivatives
Fair values are based on listed market prices if available, otherwise fair value is determined either by dealer price quotations (both for that transaction or for similar instruments traded) or by pricing models, based on net present value of estimated future cash flows which take into account market conditions for the underlying instruments, time value, yield curve and volatility factors. These pricing models may require assumptions or judgments in estimating their values.

Consequently, the use of a different model or of different assumptions or judgments in applying a particular model could result in different financial results for a particular period.

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

In the scope of the application of this accounting policy and in accordance with note 21, the following SPE resulting from securitization transactions were included in the consolidation perimeter: NovaFinance n.4, Magellan n.2, 3,5, Kion n.1 and 2, Orchis Sp zo.o, Caravela SME n.1 and 2 and Tagus Leasing. The Group did not consolidate the following SPE's also resulting from securitization transactions: Magellan n. 1, 2, 3 and 4. For these SPE, 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, that are exposed to the majority of the residual risks, neither is exposed to the performance of the credit portfolios.

Income taxes
The Group is subject to income taxes in numerous jurisdictions. Significant interpretations and estimates are required in determining the worldwide amount for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

Different interpretations and estimates would result in a different level of income taxes, current and deferred, recognised in the year.

The Portuguese Tax Authorities are entitled to review the Bank and its subsidiaries' determination of its annual taxable earnings, for a period of four years or six years in case there are tax losses brought forward. Hence, it is possible that some additional taxes may be assessed, mainly as a result of differences in interpretation of the tax law which for its probability, the Executive Board of Directors considers that there is no relevant material efect at the level of the Financial Statements.

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

Changes in these assumptions could materially affect these values.

2. Net interest income and net gains arising from trading, hedging and available for sale activities

IFRS requires separate disclosure of net interest income and net gains from trading, hedging and available for sale (AFS) activities, as presented in notes 3, 6 and 7. A particular business activity can generate impact in net interest income and net gains arising from trading, hedging and AFS activities. This disclosure requirement demonstrates the contribution of the different business activities for the net interest margin and net gains from trading, hedging and AFS activities.

The amount of this account is comprised of:

(Thousands of Euros)

	'10	'09
Net interest income	1,516,835	1,334,155
Net gains from trading, hedging and AFS activities	429,187	225,370
	1,946,022	1,559,525

3. Net interest income

The amount of this account is comprised of:

(Thousands of Euros)

	'10	'09
Interest and similar income		
Interest on loans and advances	2,672,156	3,083,953
Interest on trading securities	108,367	111,328
Interest on other financial assets valued at fair value through profit and loss account	42	141
Interest on available for sale financial assets	99,506	90,959
Interest on held to maturity financial assets	138,081	42,568
Interest on hedging derivatives	269,222	167,499
Interest on derivatives associated to financial instruments through profit and loss account	139,991	69,549
Interest on deposits and other investments	49,693	73,482
	3,477,058	3,639,479
Interest expense and similar charges		
Interest on deposits and inter-bank funding	1,166,199	1,330,297
Interest on securities sold under repurchase agreement	14,863	29,441
Interest on securities issued	530,585	654,522
Interest on hedging derivatives	41,323	26,591
Interest on derivatives associated to financial instruments through profit and loss account	43,034	19,208
Interest on other financial liabilities valued at fair value through profit and loss account	164,219	245,265
	1,960,223	2,305,324
Net interest income	1,516,835	1,334,155

The balance of Interest on loans and advances includes the amount of Euros 36,961,000 (2009: Euros 28,363,000) related to commissions and other gains / losses which are accounted for under the effective interest method, as referred in the accounting policy, note 1 c).

4. Dividends from equity instruments

The amount of this account is comprised of:

(Thousands of Euros)

	'10	'09
Dividends from available for sale financial assets	35,872	3,286
Other	34	50
	35,906	**3,336**

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

As at 31 December 2010, the balance includes the amount of Euros 28,603,000 related to dividends received from Eureko, B.V.

5. Net fees and commissions income

The amount of this account is comprised of:

(Thousands of Euros)

	'10	'09
Fees and commissions income		
From guarantees	102,474	89,207
From credit and commitments	221	200
From banking services	564,398	537,432
From insurance activity	699	744
From other services	260,811	237,954
	928,603	865,537
Fees and commissions expenses		
From guarantees	2,255	782
From banking services	81,430	94,318
From insurance activity	600	336
From other services	32,737	38,370
	117,022	**133,806**
Net fees and commission income	**811,581**	**731,731**

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

The amount of this account is comprised of:

(Thousands of Euros)

	'10	'09
Gains arising on trading and hedging activities		
Foreign exchange activity	9,805,895	7,586,934
Financial instruments associated to financial instruments through profit and loss account		
Held for trading		
Securities portfolio		
Fixed income	33,882	53,422
Variable income	6,395	7,108
Certificates and structured securities issued	31,848	34,008
Derivatives associated to financial instruments through profit and loss account	143,758	292,460
Other financial instruments derivatives	3,787,525	4,035,764
Other financial instruments through profit and loss account	344,113	10,956
Repurchase of debt securities issued	17,751	42,879
Hedging accounting		
Hedging derivatives	424,246	220,996
Hedged item	40,545	116,321
Other activity	6,094	3,762
	14,642,052	**12,404,610**
Losses arising on trading and hedging activities		
Foreign exchange activity	9,706,489	7,518,118
Financial instruments associated to financial instruments through profit and loss account		
Held for trading		
Securities portfolio		
Fixed income	54,073	11,574
Variable income	6,520	3,247
Certificates and structured securities issued	35,175	46,806
Derivatives associated to financial instruments through profit and loss account	257,852	239,470
Other financial instruments derivatives	3,749,478	3,854,065
Other financial instruments through profit and loss account	18,878	163,062
Repurchase of debt securities issued	4,161	1,729
Hedging accounting		
Hedging derivatives	370,187	193,645
Hedged item	68,589	110,123
Other activity	3,370	12,944
	14,274,772	**12,154,783**
Net gains / (losses) arising from trading and hedging activities	**367,280**	**249,827**

The balance Net gains arising from trading and hedging activities includes for the year ended 31 December 2010, for the financial liabilities instruments through profit and loss account, a gain of Euros 204,561,000 (2009: Loss of Euros 106,089,000) which reflects the fair value changes arising from changes in the own credit risk (spread) of own operations.

The balance Gains arising on trading and hedging activities - Financial instruments associated to financial instruments through profit and loss account - held for trading - other financial instruments derivatives, includes the amount of Euros 36,600,000 (2009: Euros 46,500,000) which corresponds to the gain accounted in the first quarter of 2010 of the discontinuance of the interest rate hedging of a mortgage backed security issue of Euros 1,500,000,000. In January 2010, following the ineffectiveness of the hedge, the Executive Board of Directors decided, in accordance with paragraph 91, c) of IAS 39, the discontinuance of the application of the hedge accounting. In accordance with the decision of the Executive Board of Directors and in accordance with IAS 39, on 1st April, 2010 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:

(Thousands of Euros)

	'10	'09
Gains arising from available for sale financial assets		
Fixed income	6,507	12,026
Variable income	80,172	21,971
Losses arising from available for sale financial assets		
Fixed income	(8,688)	(16,847)
Variable income	(16,084)	(41,607)
Net gains / (losses) arising from available for sale financial assets	**61,907**	**(24,457)**

The balance Gains arising from available for sale financial assets includes the amount of Euros 65,200,000 related with the gain generated, on a consolidated basis, from the sale of the investment held in Eureko B.V. to the Pension Fund of Banco Comercial Português Group, in December 2010, as referred in notes 22, 42 and 48.

The balance Losses arising from available for sale financial assets - Variable income includes as at 31 December 2010, the amount of Euros 10,180,000 (2009: Euros 26.986.000) related with the recognition of impairment losses related with shares and investment fund units held by the Group.

8. Other operating income

The amount of this account is comprised of:

(Thousands of Euros)

	'10	'09
Operating income		
Income from services	36,822	48,207
Checks and others	19,944	24,015
Other operating income	15,229	36,479
	71,995	**108,701**
Operating costs		
Indirect taxes	26,921	39,230
Donations and quotizations	5,120	3,504
Other operating expenses	22,478	24,830
	54,519	**67,564**
	17,476	**41,137**

The balance Other operating expenses, included, 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, heard the Supervisory Board and based on the recommendation from the Remunerations Commission, being in course diligences in order to reduce the charges of the former members of the Executive Board of Directors.

9. Staff costs

The amount of this account is comprised of:

(Thousands of Euros)

	'10	'09
Salaries and remunerations	619,691	583,172
Mandatory social security charges	231,612	236,052
Voluntary social security charges	29,329	35,111
Other staff costs	10,627	11,002
	891,259	**865,337**

As referred in note 50, the balance Mandatory social security charges includes, for 2010, the amount of Euros 103,935,000 (2009: Euros 137,063,000) related to the pension cost for the period. The referred balance also includes, for 2010, the amount of Euros 10,438,000 (2009: Euros 3,943,000) related to costs with early retirements.

As at 31 December 2010, the balance Mandatory social security charges, includes the amount of Euros 6,799,000 (2009: Euros 6,000,000) 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 2010 amounted to Euros 4,679,000 (2009: Euros 3,605,000), with Euros 321,000 (2009: Euros 293,000) paid by subsidiaries or companies whose governing bodies represent interests in the Group. During 2010 and 2009, 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 2010, the costs with Social Security and the contributions to the Pension Fund for members of the Executive Board of Directors amounted to Euros 1,650,000 (2009: Euros 1,109,000).

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

	'10	'09
Portugal		
Management	1,358	1,322
Managerial staff	1,948	1,959
Staff	3,561	3,459
Other categories	3,356	3,690
	10,223	**10,430**
Abroad	**11,551**	**11,571**
	21,774	**22,001**

10. Other administrative costs

The amount of this account is comprised of:

(Thousands of Euros)

	'10	'09
Water, electricity and fuel	21,231	19,925
Consumables	7,745	7,690
Rents	151,021	147,607
Communications	43,301	44,361
Travel, hotel and representation costs	14,835	16,228
Advertising	43,844	39,742
Maintenance and related services	41,379	40,201
Credit cards and mortgage	16,577	14,796
Advisory services	20,504	20,015
Information technology services	28,609	27,153
Outsourcing	92,024	77,150
Other specialised services	32,782	29,909
Training costs	2,895	2,949
Insurance	17,912	14,625
Legal expenses	8,277	7,827
Transportation	10,148	11,192
Other supplies and services	48,761	48,807
	601,845	**570,177**

The balance Rents includes the amount of Euros 129,420,000 (2009: Euros 126,993,000) related to rents paid regarding buildings used by the Group as lessee.

11. Depreciation

The amount of this account is comprised of:

(Thousands of Euros)

	'10	'09
Intangible assets:		
Software	17,554	13,845
Other intangible assets	172	381
	17,726	**14,226**
Property and equipment:		
Land and buildings	47,259	44,051
Equipment		
Furniture	5,638	4,166
Office equipment	2,801	3,084
Computer equipment	21,495	23,638
Interior installations	4,337	5,441
Motor vehicles	3,047	3,015
Security equipment	2,715	2,913
Other tangible assets	5,213	4,202
	92,505	**90,510**
	110,231	**104,736**

12. Loans impairment

The amount of this account is comprised of:

(Thousands of Euros)

	'10	'09
Loans and advances to credit institutions:		
For overdue loans and credit risks		
Impairment for the year	126	17,776
Write-back for the year	(3,446)	(6,331)
	(3,320)	**11,445**
Loans and advances to customers:		
For overdue loans and credit risks		
Impairment for the year	1,132,119	1,068,044
Write-back for the year	(384,988)	(486,095)
Recovery of loans and interest charged-off	(30,555)	(33,365)
	716,576	**548,584**
	713,256	**560,029**

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:

(Thousands of Euros)

	'10	'09
Provision for other pensions benefits		
Charge for the year	975	703
Write-back for the year	(310)	(53)
Provision for guarantees and other commitments		
Charge for the year	15,870	23,144
Write-back for the year	(23,068)	(12,387)
Other provisions for liabilities and charges		
Charge for the year	10,832	20,245
Write-back for the year	(4,934)	(4,781)
	(635)	**26,871**

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 are analysed as follows:

(Thousands of Euros)

	'10	'09
Millenniumbcp Ageas Group	69,474	62,375
Amortization of value in force (VIF) for Millenniumbcp Ageas Group	-	(4,522)
Other companies	(1,993)	8,409
	67,481	**66,262**

During 2009, it was completed the amortization of the Value in Force, established under the acquisition of the investment held by the Group in Millenniumbcp Ageas.

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

The amount of this account is comprised of:

(Thousands of Euros)

	'10	'09
Parcial sale of the investment in the Baía de Luanda project	-	57,196
Dilution of the share capital of Bank Millennium Angola	-	21,183
Sale of assets and liabilities of Millennium bcpbank National Association - EUA	459	-
Others	(3,437)	(3,449)
	(2,978)	**74,930**

The balance Sale of the assets and liabilities of Millennium bcpbank National Association corresponds to the gain arising from the sale of the investment held in Millennium bcpbank National Association, which was, as referred in note 48, finalized in October 2010.

The balance Partial sale of the investment in the "Projecto Baía de Luanda" corresponded, as at 31 December 2009, 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 note 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, accounted during 2009. 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 Bank 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 non-controlling interests.

Until 31 December 2009, IFRS allowed alternative accounting treatments in what concerns transactions with non-controlling interests (acquisitions/disposals) including the dilution effect of an investment. In accordance with the standards ruling at the date, the difference between the amount of the transaction and the amount of equity attributable to non-controlling interests could 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 non-controlling interests, it has to be applied on a consistent basis for all type of transactions with the same nature. According with the accounting policy adopted, in previous acquisitions until 31 December 2009, as established in accounting policy note 1 b), 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 recognised against profit and loss.

The balance Other assets includes gains and losses arising from the sale of properties.

16. Income tax

The charge for the years 2010 and 2009, is comprised as follows:

(Thousands of Euros)

	'10	'09
Current tax	**54,158**	**65,634**
Deferred tax		
Temporary diferences	(78,732)	(9,624)
Effect of changes in tax rate	(53,754)	474
Tax losses reportable	75,246	(10,267)
	(57,240)	**(19,417)**
	(3,082)	**46,217**

The charge for income tax totalize a negative amount of Euros 3,082,000 (2009: Euros 46,217,000).

The caption Deferred tax - temporary differences includes the amount related to provisions that were subject to tax in the current year. It also includes the deduction related with the recognition for tax purposes of the early retirement costs incurred in previous years.

The main adjustments 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, were not considered for tax purposes in the current year, but will be allowable for tax purposes in future years, in the amount of Euros 130,627,000 (2009: Euros 89,869,000);
- The difference between the charges of the year, which will be allowable for tax purposes in future years, 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 applicable tax regulations. The net amount to be deducted to taxable income is Euros 86,872,000 (2009: Euros 150,914,000).
- Allocation of profits of non-resident companies added for the purpose of calculation of taxable income and whose distribution will occur in future years, amounts to Euros 70,164,000 (2009: Euros 29,091,000);

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

- Deduction, for purpose of calculation of taxable income, of the losses arising from sale of investments, in the amount of Euros 195,437,000 (2009: Euros 58,925,000);
- Net income of non-residents companies, in the amount of Euros 134,894,000 (2009: Euros 33,092,000);
- Net income of associated companies consolidated by the equity method, in the amount of Euros 67,481,000 (2009: Euros 66,310,000);
- Impairment of goodwill, not deductible for tax purposes, in the amount of Euros 147,130,000 (2009: Euros 0);
- Provisions not deductible for tax purposes, in the amount of Euros 14,580,000 (2009: Euros 19,152,000);

The difference between the nominal tax rate for profit that the companies are subject and the effective tax rate, results from the adjustments considered for effects of the determination of the taxable profit, under the applicable legislation, and the effect of changing the nominal tax of deferred income taxes resulting from the state tax introduced by the Law n.º 12-A/2010, of 30 of June. The impact in deferred taxes of the increase of 2.5 p.p. in the nominal tax rate, due to this state tax, amounts to Euros 54,477,000.

The reconciliation of the standard tax rate, with a permanent nature, are explained in the table bellow and corresponding references:

(Thousands of Euros)

	'10		'09	
	%		%	
Profit before income taxes		357,837		295,519
Current tax rate	29.0%	(103,773)	26.5%	(78,312)
Foreign tax rate effect and in "Zona Franca da Madeira"	-3.2%	11,392	-0.6%	1,696
Deductions for the calculation of taxable income (i)	18.7%	(67,039)	10.9%	(32,136)
Accruals for the calculation of taxable income (ii)	-39.3%	140,493	-21.4%	62,766
Fiscal incentives (iii)	-1.8%	6,566	-2.6%	7,823
Losses brought forward	2.6%	(9,410)	1.5%	(4,332)
Tax rate effect (iv)	-14.4%	51,609	0.3%	(760)
Previous years corrections (v)	6.7%	(23,963)	0.8%	(2,237)
Autonomous tax and tax suported in foreign subsidiaries	0.8%	(2,793)	0.2%	(725)
	-0.9%	**3,082**	**15.6%**	**(46,217)**

References:
(i) - Corresponds, essentially, to tax associated with provisions and impairment of goodwill, not allowed for tax purposes;
(ii) - Tax associated with the following deductions allowed in the determination of the taxable income:
a) Losses arising from sale of investments, in the amount of Euros 195,437,000 (Tax: Euros 54,431,000);
b) Net income of non-residents companies, in the amount of Euros 134,894,000 (Tax: Euros 39,119,000);
c) Net income of associated companies consolidated under the equity method, in the net amount of Euros 67,481,000 (Tax: Euros 19,569,000);
(iii) - Includes interest income of bonds issued by state entities in Angola in the amount of Euros 14,782,000 (Tax: Euros 5,174,000) and tax benefits resulting from granting employment to people under the age of 30, in the negative amount of Euros 4,753,000 (Tax: Euros 1,379,000);
(iv) - Corresponds to the impact of the increase of 2.5 p.p. in the nominal tax rate, due to the state tax introduced by the Law n.º 12-A/2010, of 30 of June, in the amount of Euros 54,477,000;
(v) - Corresponds, essentially, to the adjustment to deferred tax related with the taxable income allocated in previous years, which are not deductible for tax purposes.

For the years 2010 and 2009, the amount of deferred taxes in the Income Statement is attributable to temporary differences arising from the following balances:

(Thousands of Euros)

	'10	'09
Intangible assets	(183)	(222)
Other tangible assets	(2,218)	1,923
Impairment losses	(57,085)	(23,671)
Pensions	(3,271)	42,273
Tax losses carried forward	66,851	(10,268)
Allocation of profits	(965)	(7,709)
Others	(60,369)	(21,743)
Deferred taxes	**(57,240)**	**(19,417)**

17. Earnings per share

The earnings per share are calculated as follows:

(Thousands of Euros)

	'10	'09
Profit for the year attributable to shareholders of the Bank	301,612	225,217
Dividends on other capital instruments	(100,360)	(68,661)
Adjusted profit	201,252	156,556
Average number of shares	4,687,597,726	4,661,931,692
Basic earnings per share (Euros)	0.04	0.03
Diluted earnings per share (Euros)	0.04	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.

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 analysed as follows:

- 5,000,000 Perpetual Non-cumulative Guaranteed Non-voting Preference Shares with par value of Euros 100 each, issued on 9 June, 2004, amounting to Euros 500,000,000, issued to redeem the 8,000,000 Non-cumulative Guaranteed Non-voting Preference Shares, with par value of Euros 50 each, issued by BCP Finance Company on 14 June, 1999, amounting to Euros 400,000,000.
- 10,000 preference shares with par value of Euros 50,000 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 issues of perpetual subordinated debt securities analysed as follows:

- In June 2009, as referred in note 40, the Bank issued Euros 300,000,000 of perpetual subordinated debt securities with conditional coupons presenting a nominal value of Euros 1,000, which were considered as capital instruments.
- In August 2009, as referred in note 40, the Bank issued Euros 600,000,000 of perpetual subordinated debt securities with conditional coupons presenting a nominal value of Euros 1,000, which were considered as capital instruments.
- In December 2009, as referred in note 40, the Bank issued Euros 100,000,000 of perpetual subordinated debt securities with conditional coupons presenting a nominal value of Euros 1,000, which were considered as capital instruments.

18. Cash and deposits at central banks

This balance is analysed as follows:

(Thousands of Euros)

	'10	'09
Cash	693,422	683,474
Central banks	790,840	1,561,250
	1,484,262	2,244,724

The balance Central banks includes deposits with central banks of the countries where the group operates in order to satisfy the legal requirements to maintain a cash reserve calculated based on the value of deposits and other liabilities. The cash reserve requirements, according with the European Central Bank System for Euro Zone, establishes the maintenance of a deposit with the Central Bank equivalent to 2% of the average value of deposits and other liabilities, during each reserve requirement period. The rate is different for countries outside the Euro Zone.

19. Loans and advances to credit institutions repayable on demand

This balance is analysed as follows:

(Thousands of Euros)

	'10	'09
Credit institutions in Portugal	3,044	837
Credit institutions abroad	879,207	407,766
Amounts due for collection	376,774	430,949
	1,259,025	839,552

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:

(Thousands of Euros)

	'10	'09
Bank of Portugal	1,100,008	-
Credit institutions in Portugal	78,744	201,302
Credit institutions abroad	1,165,220	1,827,187
	2,343,972	2,028,489
Overdue loans - less than 90 days	-	1
Overdue loans - more than 90 days	13,759	17,838
	2,357,731	2,046,328
Impairment for other loans and advances to credit institutions	(13,759)	(20,494)
	2,343,972	2,025,834

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

(Thousands of Euros)

	'10	'09
Up to 3 months	2,052,312	1,626,569
3 to 6 months	28,584	145,913
6 to 12 months	39,804	25,811
1 to 5 years	177,095	4,239
More than 5 years	46,177	225,957
Undetermined	13,759	17,839
	2,357,731	2,046,328

Concerning derivative financial transactions with institutional counterparties, and according to the signed agreements, the Group has, as of 31 December 2010, the amount of Euro 440,470,000 (31 December 2009: Euros 399,380,000) 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:

(Thousands of Euros)

	'10	'09
Balance on 1 January	**20,494**	**9,049**
Impairment for the year	126	17,776
Write-back for the year	(3,446)	(6,331)
Loans charged-off	(3,414)	-
Exchange rate differences	(1)	-
Balance on 31 December	**13,759**	**20,494**

21. Loans and advances to customers

This balance is analysed as follows:

(Thousands of Euros)

	'10	'09
Public sector	860,074	667,282
Asset-backed loans	44,889,345	43,144,253
Personal guaranteed loans	13,469,564	15,284,915
Unsecured loans	4,597,598	5,576,052
Foreign loans	3,782,085	3,947,356
Factoring	1,413,609	1,483,839
Finance leases	4,899,018	5,212,390
	73,911,293	**75,316,087**
Overdue loans - less than 90 days	210,260	219,343
Overdue loans - more than 90 days	2,289,739	1,812,780
	76,411,292	**77,348,210**
Impairment for credit risk	(2,505,886)	(2,157,094)
	73,905,406	**75,191,116**

As at 31 December 2010, the balance Loans and advances to customers includes the amount of Euros 8,751,236,000 (31 December 2009: Euros 4,973,000,000) regarding mortgage loans which are a collateral for seven asset-back securities, of which three were issued during 2010.

As referred in the previous paragraph, during 2010 Banco Comercial Português, S.A. performed the issue of 3 covered bonds in the amount of Euros 1,750,000,000, Euros 1,000,000,000 and Euros 1,000,000,000 with maturities of 3, 10 and 8 years and 6 months, respectively. These issues occurred in May, July and October 2010 and had interest rates of 1M Euribor +0.75%, 1M Euribor +0.8% and 1M Euribor +0.75%, respectively.

Starting from 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 recognised in the balance sheet, in the amount of Euros 241,000,000, and the respective impairment for the year of 2009.

As detailed in note 53, the Group, as part of the liquidity risk management, holds a pool of eligible assets that can serve as collateral in funding operations with the European Central Bank and other Central Banks in countries where the Group operates, which include loans and advances to customers.

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

(Thousands of Euros)

	'10	'09
Loans not represented by securities		
Discounted bills	646,735	828,880
Current account credits	5,443,721	6,053,858
Overdrafts	2,066,538	2,065,403
Loans	21,958,366	23,596,519
Mortgage loans	33,367,782	31,690,518
Factoring	1,413,609	1,483,839
Finance leases	4,899,018	5,212,390
	69,795,769	**70,931,407**
Loans represented by securities		
Commercial paper	2,377,757	2,711,682
Bonds	1,737,767	1,672,998
	4,115,524	**4,384,680**
	73,911,293	**75,316,087**
Overdue loans - less than 90 days	210,260	219,343
Overdue loans - more than 90 days	2,289,739	1,812,780
	76,411,292	**77,348,210**
Impairment for credit risk	(2,505,886)	(2,157,094)
	73,905,406	**75,191,116**

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

(Thousands of Euros)

	'10	'09
Agriculture	737,533	700,500
Mining	521,886	390,322
Food, beverage and tobacco	550,666	764,556
Textiles	549,817	604,422
Wood and cork	273,946	314,996
Printing and publishing	328,841	339,582
Chemicals	884,825	1,012,677
Engineering	1,267,796	1,317,710
Electricity, water and gas	911,403	977,141
Construction	5,091,181	5,492,989
Retail business	1,906,458	2,208,398
Wholesale business	2,696,972	3,021,443
Restaurants and hotels	1,353,510	1,357,873
Transports and communications	2,138,944	2,018,918
Services	16,040,979	16,578,852
Consumer credit	4,845,927	5,088,656
Mortgage credit	31,036,269	29,068,536
Other domestic activities	1,031,408	1,013,079
Other international activities	4,242,931	5,077,560
	76,411,292	**77,348,210**
Impairment for credit risk	(2,505,886)	(2,157,094)
	73,905,406	**75,191,116**

The analysis of loans and advances to customers, by maturity date and by sector of activity as at 31 December, 2010, is as follows:

(Thousands of Euros)

	Loans				
	Due within 1 year	1 year to 5 years	Over 5 years	Undetermied maturity	Total
Agriculture	290,413	184,143	242,722	20,255	737,533
Mining	248,451	108,834	155,531	9,070	521,886
Food, beverage and tobacco	285,667	101,845	111,949	51,205	550,666
Textiles	230,176	125,552	154,090	39,999	549,817
Wood and cork	118,685	61,792	56,051	37,418	273,946
Printing and publishing	131,239	94,236	89,264	14,102	328,841
Chemicals	395,245	284,698	187,566	17,316	884,825
Engineering	494,934	291,050	365,072	116,740	1,267,796
Electricity, water and gas	216,407	88,138	603,888	2,970	911,403
Construction	2,733,273	1,050,111	850,523	457,274	5,091,181
Retail business	786,960	480,843	554,988	83,667	1,906,458
Wholesale business	1,395,166	558,991	504,779	238,036	2,696,972
Restaurants and hotels	272,885	305,092	726,297	49,236	1,353,510
Transports and communications	754,061	577,565	748,410	58,908	2,138,944
Services	6,610,225	3,892,187	5,015,673	522,894	16,040,979
Consumer credit	1,553,070	1,668,359	1,127,858	496,640	4,845,927
Mortgage credit	49,620	305,160	30,465,039	216,450	31,036,269
Other domestic activities	394,148	238,805	380,072	18,383	1,031,408
Other international activities	1,351,389	1,413,624	1,428,482	49,436	4,242,931
	18,312,014	11,831,025	43,768,254	2,499,999	76,411,292

The analysis of loans and advances to customers, by type of credit and by maturity date as at 31 December, 2010, is as follows:

(Thousands of Euros)

	Loans				
	Due within 1 year	1 year to 5 years	Over 5 years	Undetermied maturity	Total
Public sector	622,480	99,871	137,723	1,554	861,628
Asset-backed loans	4,722,238	6,840,825	33,326,282	1,154,080	46,043,425
Personal guaranteed loans	7,028,234	1,241,508	5,199,822	465,328	13,934,892
Unsecured loans	3,502,607	463,623	631,368	752,236	5,349,834
Foreign loans	727,709	1,481,897	1,572,479	6,762	3,788,847
Factoring	1,413,609	-	-	1,436	1,415,045
Finance leases	295,137	1,703,301	2,900,580	118,603	5,017,621
	18,312,014	11,831,025	43,768,254	2,499,999	76,411,292

The analysis of loans and advances to customers, by maturity date and by sector of activity as at 31 December, 2009, is as follows:

(Thousands of Euros)

	Loans				
	Due within 1 year	1 year to 5 years	Over 5 years	Undetermied maturity	Total
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:

(Thousands of Euros)

	Loans				
	Due within 1 year	1 year to 5 years	Over 5 years	Undetermied maturity	Total
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**

Loans and advances to customers includes the effect of traditional securitization transactions owned by Special Purpose Entities (SPE) 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 SPE. As referred in accounting policy 1 b), when the substance of the relationships with the SPEs indicates that the Group holds control of its activities, the SPE are fully consolidated.

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

(Thousands of Euros)

	Traditional	
	'10	'09
Mortgage loans	6,677,879	5,845,786
Consumer loans	692,598	684,596
Leases	1,333,884	185,618
Commercial paper	310,189	484,146
Corporate loans	4,560,432	2,013,156
	13,574,982	**9,213,302**

During 2010, the Group issued two securitization transaction named as Tagus Leasing No.1 (leasing) and Caravela SME No.2 (loans to companies), both issued by Banco Comercial Português, S.A. During the first semester of 2009, the Group issued a securitization transaction named as Magellan n.º 6 (Mortgage loans) issued by Banco Comercial Português, S.A. Considering the characteristics of this securitization and according to accounting policy 1 g), this transaction was not derecognised from the Group's financial statements.

Magellan Mortgages No. 6

On 20 March 2009, the Group transferred a pool of mortgage loans owned by Banco Comercial Português, S.A. to the SPE "Magellan Mortgages No. 6 Limited". Considering that, given the characteristics of the transaction, the Group still holds the risks and benefits associated to the referred assets, in the amount of Euros 3,491,447,000, 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 3,634,054,000, are fully held by the Group and consequently are eliminated when preparing the Consolidated Financial Statements.

Magellan Mortgages No. 5

On 26 June 2008, the Group transferred a pool of mortgage loans owned by Banco Comercial Português, S.A. to the SPE "Magellan Mortgages No. 5 Limited". Considering that, given the characteristics of the transaction, the Group still holds the risks and benefits associated to the referred assets, in the amount of Euros 1,499,027,000, 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. 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 524,702,000, 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 427,683,000, 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 232,385,000, 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 206,026,000, are fully held by the Group and consequently are eliminated when preparing the Consolidated Financial Statements.

Magellan Mortgages No. 3

On 24 June 2005, the Group transferred a pool of mortgage loans owned by Banco Comercial Português, S.A. to the SPE "Magellan Mortgages No. 3 PLC". Considering that, by having adquired the total subordinated tranches during 2010, the Group holds the majority of the risks and benefits associated to the referred assets, the SPE is consolidated in the Group's Financial Statements, as established in the accounting policy 1 b). The total assets and liabilities of the SPE associated with this operation, as at 31 December 2010, amount to Euros 631,032,000 and to Euros 673,654,000, respectively.

Magellan Mortgages No. 2

On 20 October 2003, the Group transferred a pool of mortgage loans owned by Banco Comercial Português, S.A. and by Banco de Investimento Imobiliário, S.A. to the SPE "Magellan Mortgages No. 2 PLC". Considering that, by having adquired the total subordinated tranches during 2010, the Group holds the majority of the risks and benefits associated to the referred assets, the SPE is consolidated in the Group's Financial Statements, as established in the accounting policy 1 b). The total assets and liabilities of the SPE associated with this operation, as at 31 December 2010, amount to Euros 299,286,000 and to Euros 322,986,000, respectively.

Nova Finance No. 4

On 21 December 2007, the Group transferred a pool of consumer loans owned by Banco Comercial Português, S.A. to the SPE "Nova Finance No. 4 Limited". Considering that, given the characteristics of the transaction, the Group still holds the risks and benefits associated to the referred assets, in the amount of Euros 692,598,000, 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 700,250,000, are fully held by the Group and consequently are eliminated when preparing the Consolidated Financial Statements.

Tagus Leasing No. 1

On 26 February 2010, the Group transferred a pool of leasing loans owned by Banco Comercial Português, S.A. to the SPE "Tagus Leasing No. 1 Limited". Considering that given the characteristics of the transaction, the Group still holds the risks and benefits associated to the referred assets, in the amount of Euros 1,141,824,000, these, as established in the accounting policy defined in note 1 g), maintain the recognition in the Financial Statements of the Group, in the amount of Euros 1,233,699,000, are all detained by the Group, and thatfores are eliminated on the preparation of 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 192,060,000, 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 185,267,000, 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 2,287,737,000, 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 3,087,628,000, are fully owned by the Group and consequently are eliminated when preparing the Consolidated Financial Statements.

Caravela SME No. 2

On 16 Decembre 2010, the Group transferred a pool of corporate loans owned by Banco Comercial Português, S.A. to the SPE "Caravela SME No. 2 Limited". Considering that given the characteristics of the transaction, the Group still holds the risks and benefits associated to the referred assets, in the amount of Euros 2,582,882,000, these, as established in the accounting policy defined in note 1 g), maintain the recognition in the Financial Statements of the Group, in the amount of Euros 2,697,300,000, are all detained by the Group, and thatfores are eliminated on the preparation of 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 with 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, which includes loans to customers, also have the guarantees granted and commitments to third parties, is splitted between impaired credit and credit not impaired is analysed as follows:

(Thousands of Euros)

	'10	'09
Total of loans	**85,273,307**	**85,867,672**
Loans and advances to customers with impairment		
Individually significant		
Gross amount	8,811,588	7,129,930
Impairment	(1,783,787)	(1,464,723)
Net book amount	**7,027,801**	**5,665,207**
Parametric analysis		
Gross amount	3,844,915	4,007,979
Impairment	(583,207)	(463,588)
Net book amount	**3,261,708**	**3,544,391**
Loans and advances to customers without impairment	72,616,804	74,729,763
Impairment (IBNR)	(219,798)	(317,040)
	82,686,515	**83,622,321**

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 8,862,015,000 (31 December 2009: Euros 8,519,462,000).

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 80,906,000 (31 December 2009: Euros 88,257,000).

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

(Thousands of Euros)

	'10	'09
Loans and advances to customers with impairment		
Individually significant		
Securities and other financial assets	1,102,631	1,039,810
Home mortgages	1,370,816	963,610
Other real estate	1,580,096	1,438,978
Other guarantees	331,740	334,899
	4,385,283	**3,777,297**
Parametric analysis		
Securities and other financial assets	33,566	108,587
Home mortgages	2,365,152	2,418,124
Other real estate	227,281	326,485
Other guarantees	158,679	174,427
	2,784,678	**3,027,623**
Loans and advances to customers without impairment		
Securities and other financial assets	4,539,816	4,665,217
Home mortgages	27,260,166	26,011,739
Other real estate	6,764,762	6,860,818
Other guarantees	6,726,654	6,127,210
	45,291,398	**43,664,984**
	52,461,359	**50,469,904**

Considering the Group's risk management policy, the amounts shown do not include the fair value of personal guarantees provided by customers with lower risk notation.

The Group is applying physical collaterals and financial guarantees as instruments to mitigate the credit risk. The physical collaterals are mainly mortgages on residential buildings for the mortgage portfolio and other mortgages on other types of buildings related to other types of loans. In order to reflect the market value, these collaterals are regularly reviewed based on independent and certified valuation entities or through the application of evaluation coefficients that reflect the market trends for each specific type of building and geographical area. The financial guarantees are reviewed based on the market value of the respective assets, when available, with the subsequent application of haircuts that reflect the volatility of their prices.

Considering the current real estate and financial markets conditions, the Group negotiated, during 2010, additional physical and financial collaterals with some customers.

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

(Thousands of Euros)

	'10	'09
Gross amount	5,696,498	5,936,249
Interest not yet due	(797,480)	(723,859)
Net book value	**4,899,018**	**5,212,390**

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

(Thousands of Euros)

	'10	'09
Individuals		
Home	127,513	144,081
Consumer	102,423	95,922
Others	255,542	308,455
	485,478	**548,458**
Companies		
Mobiliary	1,877,332	1,873,510
Mortgage	2,536,208	2,790,422
	4,413,540	**4,663,932**
	4,899,018	**5,212,390**

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 2010 the amount of Euros 129,420,000 (31 December 2009: Euros 126,993,000), 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:

(Thousands of Euros)

	'10	'09
Agriculture	6,412	5,825
Mining	632	101
Food, beverage and tobacco	3,690	8,324
Textiles	10,944	15,362
Wood and cork	8,058	4,188
Printing and publishing	1,448	4,035
Chemicals	6,394	9,208
Engineering	36,599	26,635
Electricity, water and gas	3,066	208
Construction	27,750	27,987
Retail business	10,619	8,332
Wholesale business	50,573	10,720
Restaurants and hotels	2,525	1,636
Transports and communications	23,097	28,943
Services	220,183	18,101
Consumer credit	194,308	121,171
Mortgage credit	64,254	107,410
Other domestic activities	489	617
Other international activities	5,805	12,001
	676,846	**410,804**

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

(Thousands of Euros)

	'10	'09
Agriculture	20,255	13,727
Mining	9,070	5,549
Food, beverage and tobacco	51,205	47,638
Textiles	39,999	40,472
Wood and cork	37,418	49,460
Printing and publishing	14,102	19,254
Chemicals	17,316	12,198
Engineering	116,740	92,652
Electricity, water and gas	2,970	536
Construction	457,274	286,556
Retail business	83,667	86,651
Wholesale business	238,036	263,277
Restaurants and hotels	49,236	54,371
Transports and communications	58,908	45,023
Services	522,894	475,769
Consumer credit	496,640	353,402
Mortgage credit	216,450	145,237
Other domestic activities	18,383	16,013
Other international activities	49,436	24,338
	2,499,999	**2,032,123**

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

(Thousands of Euros)

	'10	'09
Public sector	1,554	1,852
Asset-backed loans	1,154,080	863,515
Personal guaranteed loans	465,328	433,662
Unsecured loans	752,236	606,773
Foreign loans	6,762	856
Factoring	1,436	1,124
Finance leases	118,603	124,341
	2,499,999	**2,032,123**

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

(Thousands of Euros)

	'10	'09
Impairment for overdue loans and for other credit risks:		
Balance on 1 January	**2,157,094**	**1,480,456**
Transfers resulting from changes in the Group's structure	(3,792)	(3,743)
Other transfers	(12,555)	251,031
Impairment for the year	1,132,119	1,068,044
Write-back for the year	(384,988)	(486,095)
Loans charged-off	(400,134)	(153,849)
Exchange rate differences	18,142	1,250
Balance on 31 December	**2,505,886**	**2,157,094**

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

(Thousands of Euros)

	'10	'09
Agriculture	51,530	52,959
Mining	11,041	23,250
Food, beverage and tobacco	60,444	43,695
Textiles	52,535	45,557
Wood and cork	27,501	29,538
Printing and publishing	16,920	17,110
Chemicals	12,609	17,287
Engineering	100,236	106,959
Electricity, water and gas	7,413	5,002
Construction	300,512	193,204
Retail business	67,136	79,465
Wholesale business	185,403	277,736
Restaurants and hotels	45,663	35,942
Transports and communications	43,655	44,700
Services	604,839	454,294
Consumer credit	384,521	317,216
Mortgage credit	173,962	159,805
Other domestic activities	11,399	7,278
Other international activities	348,567	246,097
	2,505,886	**2,157,094**

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

(Thousands of Euros)

	'10	'09
Public sector	1,797	4,738
Asset-backed loans	1,216,001	1,034,026
Personal guaranteed loans	358,935	348,043
Unsecured loans	876,503	727,233
Foreign loans	3,747	3,968
Factoring	1,473	808
Finance leases	47,430	38,278
	2,505,886	**2,157,094**

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

(Thousands of Euros)

	'10	'09
Agriculture	3,903	158
Mining	17,625	-
Food, beverage and tobacco	6,964	27,911
Textiles	11,699	12,434
Wood and cork	8,026	1,654
Printing and publishing	3,255	308
Chemicals	965	2,236
Engineering	24,813	27,910
Electricity, water and gas	10	179
Construction	33,209	8,198
Retail business	10,259	4,874
Wholesale business	100,258	16,936
Restaurants and hotels	3,596	358
Transports and communications	3,575	2,962
Services	118,002	24,472
Consumer credit	42,238	15,000
Mortgage credit	212	262
Other domestic activities	1,757	1,393
Other international activities	9,768	6,604
	400,134	**153,849**

In compliance with the accounting policy described in note 1 c), loans and advances to customers are charged-off when there are no feasable expectations, from an economic perspective, of recovering the loan amount. For collateralized loans, the charge-off occurs for the unrecoverable amount when the funds arising from the execution of the respective collaterals are effectively received. This charge-off is carried out only for loans that are considered not to be recoverable and fully provided.

The analysis of the loans charged-off, by type of credit, is as follows:

(Thousands of Euros)

	'10	'09
Public sector	-	-
Asset-backed loans	142,504	77,918
Personal guaranteed loans	69,388	28,850
Unsecured loans	178,879	39,333
Foreign loans	-	13
Factoring	-	-
Finance leases	9,363	7,735
	400,134	**153,849**

The analysis of recovered loans and interest, during 2010 and 2009, by sector of activity, is as follows:

(Thousands of Euros)

	'10	'09
Agriculture	428	236
Mining	11	390
Food, beverage and tobacco	272	664
Textiles	2,007	904
Wood and cork	1,010	234
Printing and publishing	268	675
Chemicals	43	148
Engineering	625	613
Electricity, water and gas	6	102
Construction	3,713	10,932
Retail business	577	1,030
Wholesale business	2,709	4,859
Restaurants and hotels	447	161
Transports and communications	494	917
Services	1,290	3,093
Consumer credit	16,585	7,004
Mortgage credit	-	152
Other domestic activities	61	213
Other international activities	9	1,038
	30,555	**33,365**

The analysis of recovered loans and interest during 2010 and 2009, by type of credit, is as follows:

(Thousands of Euros)

	'10	'09
Asset-backed loans	850	2,797
Personal guaranteed loans	301	1,888
Unsecured loans	29,177	28,604
Factoring	-	76
Finance leases	227	-
	30,555	**33,365**

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:

(Thousands of Euros)

	'10	'09
Bonds and other fixed income securities		
Issued by public entities	5,319,583	2,423,924
Issued by other entities	1,105,750	1,747,880
	6,425,333	**4,171,804**
Overdue securities	4,925	4,925
Impairment for overdue securities	(4,925)	(4,925)
	6,425,333	**4,171,804**
Shares and other variable income securities	207,656	736,871
	6,632,989	**4,908,675**
Trading derivatives	1,076,374	1,146,890
	7,709,363	**6,055,565**

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 98,844,000 (31 December 2009: Euros 9,987,000).

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

(Thousands of Euros)

	'10			'09		
	Securities			Securities		
	Trading	Available for sale	Total	Trading	Available for sale	Total
Fixed income:						
Bonds issued by public entities						
Portuguese issuers	909,880	22,431	932,311	146,895	1,816	148,711
Foreign issuers	262,977	893,063	1,156,040	615,799	468,525	1,084,324
Bonds issued by other entities						
Portuguese issuers	118,340	106,590	224,930	625,094	551,837	1,176,931
Foreign issuers	149,808	735,937	885,745	458,402	117,472	575,874
Treasury bills and other Government bonds	2,567,070	664,162	3,231,232	324,988	865,901	1,190,889
	4,008,075	**2,422,183**	**6,430,258**	**2,171,178**	**2,005,551**	**4,176,729**
of which:						
Quoted financial assets	3,976,873	1,219,521	5,196,394	1,707,794	1,267,862	2,975,656
Unquoted financial assets	31,202	1,202,662	1,233,864	463,384	737,689	1,201,073
Variable income:						
Shares in Portuguese companies	9,123	46,671	55,794	8,556	115,241	123,797
Shares in foreign companies	23,347	47,469	70,816	7,325	264,091	271,416
Investment fund units	19,380	61,666	81,046	20,842	318,678	339,520
Other securities	-	-	-	2,138	-	2,138
	51,850	**155,806**	**207,656**	**38,861**	**698,010**	**736,871**
of which:						
Quoted financial assets	50,210	32,292	82,502	38,655	325,690	364,345
Unquoted financial assets	1,640	123,514	125,154	206	372,320	372,526
Impairment for overdue securities	-	(4,925)	(4,925)	-	(4,925)	(4,925)
	4,059,925	**2,573,064**	**6,632,989**	**2,210,039**	**2,698,636**	**4,908,675**
Trading derivatives	1,076,374	-	1,076,374	1,146,890	-	1,146,890
	5,136,299	**2,573,064**	**7,709,363**	**3,356,929**	**2,698,636**	**6,055,565**
of which:						
Level 1	4,020,832	1,229,848	5,250,680	1,806,262	1,038,462	2,844,724
Level 2	1,114,004	1,253,896	2,367,900	1,345,781	1,294,426	2,640,207
Level 3	1,044	45,333	46,377	-	88,747	88,747
Financial assets at cost	419	43,987	44,406	204,886	277,001	481,887

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.

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 negative amount of fair value reserves of Euros 167,239,000 (31 December 2009: Euros 101,329,000) is presented net of impairment losses in the amount of Euros 52,410,000 (31 December 2009: Euros 56,785,000). As referred in note 7, the Group set up impairment losses for Investment Funds Units held by the Group in the net amount of Euros 10,180,000 (31 December 2009: Euros 26,986,000).

In 2010, Bitalpart BV, a company fully owned by BCP, sold its minority investment corresponding to 2.7% of the share capital of Eureko BV to the Pension Fund of Banco Comercial Português. The transfer value of the investment was determined by the valuation of Eureko BV established on 31 December 2009, assessed by independent international financial institution, less the value of the anticipated dividend received in the current year. The sale contract predicts an adjustment to the selling price, subject to some adjustments regarding the same valuation, using the same methodology, referring to 31 December 2010, which will be done during the first quarter of 2011.

As referred in note 7, the operation generated a gain before taxes of Euros 65,200,000. As mentioned in note 42, this amount was already subsumed in the fair value reserve, which was reversed through results on that date. The balance Financial assets available for sale - variable income securities - shares in foreign companies, includes the amount of Euros 212,359,000 related to the investment held in Eureko B.V. This investment is measured annually based on independent valuations obtain in the first quarter of each year. As referred in note 42, the fair value reserve associated with this investment amounted to Euro 61,113,000 as at 31 December 2009.

During 2010, the Group reclassified non-derivative financial assets, from the available for sale portfolio to the held to maturity and from the held for trading portfolio to the available for sale and to held to maturity portfolios (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, based on the following considerations:

• Market conditions in the first semester of 2010, for sovereign and financial institutions of peripherical Euro zone countries, that resulted in a strong increase in the volatility, credit spreads and difficulties of issuers to place their financial liabilities in the market;
• Underlying value of the portfolio (quality of the issuers expressed in investment grade ratings) and capacity of the Group to hold the assets in a stable portfolio with no short term profit objective, and intention and capacity to hold in the long term.

The reclassifications made until 31 December 2010 , are analysed as follows:

(Thousands of Euros)

	At the reclassification date		December 2010		
	Book value	Fair value	Book value	Fair value	Difference
From Financial assets held for trading to:					
Financial assets available for sale	225,482	225,482	43,882	43,882	-
Financial assets held to maturity	2,154,973	2,154,973	1,880,177	1,605,989	(274,188)
From Financial assets available for sale to:					
Loans represented by securities	2,713,524	2,713,524	287,884	257,248	(30,636)
Financial assets held to maturity	627,492	627,492	610,085	533,996	(76,089)
			2,822,028	**2,441,115**	**(380,913)**

The amounts accounted in Profits and losses and in fair value reserves, in December 2010 related to reclassified financial assets are analysed as follows:

(Thousands of Euros)

	P & L			Changes	
	Interest	Fair value changes	Total	Fair value reserves	Equity
Before the reclassification					
From Financial assets held for trading to:					
Financial assets available for sale	170	(3,048)	(2,878)	-	(2,878)
Financial assets held to maturity	2,955	5,175	8,130	-	8,130
From Financial assets available for sale to:					
Financial assets held to maturity	5,476	-	5,476	(9,510)	(4,034)
	8,601	**2,127**	**10,728**	**(9,510)**	**1,218**
After the reclassification					
From Financial assets held for trading to:					
Financial assets available for sale	1,786	-	1,786	-	1,786
Financial assets held to maturity	57,273	-	57,273	-	57,273
From Financial assets available for sale to:					
Loans represented by securities	6,528	-	6,528	245	6,773
Financial assets held to maturity	5,148	-	5,148	(168)	4,980
	70,735	**-**	**70,735**	**77**	**70,812**

If the reclassifications described previously had not occurred, the additional amounts recognised in results during 2010, would be as follows:

(Thousands of Euros)

	Interest	Fair value changes	Impact in P & L
Impact in P&L without reclassifications:			
Until 31 December 2009			
From Financial assets held for trading to:			
Financial assets held to maturity	-	(196,317)	(196,317)
From Financial assets available for sale to:			
Loans represented by securities	245	-	245
	245	**(196,317)**	**(196,072)**
After 1 January 2010			
From Financial assets held for trading to:			
Financial assets available for sale	-	(25,495)	(25,495)
Financial assets held to maturity	-	(55,754)	(55,754)
From Financial assets available for sale to:			
Financial assets held to maturity	(168)	-	(168)
	(168)	**(81,249)**	**(81,417)**
	77	**(277,566)**	**(277,489)**

If the reclassifications described previously had not occurred, the additional amounts recognised in equity during 2010, would be as follows:

(Thousands of Euros)

	P & L	Retained earnings	Fair value reserves	Equity
Impact in equity without reclassifications:				
Until 31 December 2009				
From Financial assets held for trading to:				
Financial assets available for sale	-	391	(391)	-
Financial assets held to maturity	(196,317)	(22,117)	-	(218,434)
From Financial assets available for sale to:				
Loans represented by securities	245	273	(31,154)	(30,636)
	(196,072)	**(21,453)**	**(31,545)**	**(249,070)**
After 1 January 2010				
From Financial assets held for trading to:				
Financial assets available for sale	(25,495)	-	25,495	-
Financial assets held to maturity	(55,754)	-	-	(55,754)
From Financial assets available for sale to:				
Financial assets held to maturity	(168)	-	(75,921)	(76,089)
	(81,417)	**-**	**(50,426)**	**(131,843)**
	(277,489)	**(21,453)**	**(81,971)**	**(380,913)**

As at 31 December 2009, this reclassification is analysed as follows:

(Thousands of Euros)

	At the reclassification date		December 2009		
	Book value	Fair value	Book value	Fair value	Difference
From Financial assets held for trading to:					
Financial assets available for sale	28,682	28,682	29,301	29,301	-
Financial assets held to maturity	1,416,654	1,416,654	1,419,593	1,397,476	(22,117)
From Financial assets available for sale to:					
Loans represented by securities	2,713,524	2,713,524	286,271	252,739	(33,532)
			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:

(Thousands of Euros)

	P & L			Changes	
	Interest	Fair value changes	Total	Fair value reserves	Equity
Before the reclassification					
From Financial assets held for trading to:					
Financial assets held to maturity	12,344	16,998	29,342	-	29,342
After the reclassification					
From Financial assets held for trading to:					
Financial assets available for sale	1,776	-	1,776	1,107	2,883
Financial assets held to maturity	35,328	-	35,328	-	35,328
From Financial assets available for sale to:					
Loans represented by securities	10,567	-	10,567	220	10,787
	47,671	**-**	**47,671**	**1,327**	**48,998**

If the reclassifications described previously had not occurred, the additional amounts recognised in results and in fair value reserves during 2009, would be as follows:

(Thousands of Euros)

	Interest	Fair value changes	Impact in P & L
Impact in P&L without reclassifications:			
Until 31 December 2008			
From Financial assets held for trading to:			
Financial assets available for sale	-	1,107	1,107
Financial assets held to maturity	-	(2,071)	(2,071)
From Financial assets available for sale to:			
Loans represented by securities	220	-	220
	220	**(964)**	**(744)**
Until 31 December 2009			
From Financial assets held for trading to:			
Financial assets held to maturity	-	(14,428)	(14,428)
	220	**(15,392)**	**(15,172)**

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

(Thousands of Euros)

	P & L	Retained earnings	Fair value reserves	Equity
Impact in equity without reclassifications:				
Until 31 December 2008				
From Financial assets held for trading to:				
Financial assets available for sale	1,107	(716)	(391)	-
Financial assets held to maturity	(2,071)	(5,618)	-	(7,689)
From Financial assets available for sale to:				
Loans represented by securities	220	53	(33,805)	(33,532)
	(744)	**(6,281)**	**(34,196)**	**(41,221)**
Until 31 December 2009				
From Financial assets held for trading to:				
Financial assets held to maturity	(14,428)	-	-	(14,428)
	(15,172)	**(6,281)**	**(34,196)**	**(55,649)**

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

(Thousands of Euros)

	'10	'09
Balance on 1 January	**56,785**	**42,085**
Transfers	5,992	(1,798)
Impairment for the year	10,180	30,857
Write-back for the year	-	(1,663)
Write-back against fair value reserves	(5,161)	(8,382)
Loans charged-off	(15,386)	(4,346)
Exchange rate differences	-	32
Balance on 31 December	**52,410**	**56,785**

The Group recognises impairment on financial assets available for sale when there is a significant or prolonged decrease in its fair value or when there is an impact on expected future cash flows of the assets. This valuation involves judgement in which the Group takes into consideration among other factors, the volatility of the prices of securities.

Thus, as a consequence of the low liquidity and significant volatility in financial markets, the following factors were taken into consideration in determining the existence of impairment:

- Equity instruments: (i) decreases more than 30% against the purchase price; or (ii) the market value below the purchase price for a period exceeding 12 months;
- Debt instruments: when there is objective evidence of events with impact on recoverable value of future cash flows of these assets.

The analysis of financial assets held for trading and available for sale by maturity date as at 31 December 2010 is as follows:

(Thousands of Euros)

	Up to 3 months	3 months to 1 year	More than 1 year	Undetermined	Total
Fixed income:					
Bonds issued by public entities					
Portuguese issuers	-	94,164	838,147	-	932,311
Foreign issuers	190	348,633	807,217	-	1,156,040
Bonds issued by other entities					
Portuguese issuers	-	49,262	170,743	4,925	224,930
Foreign issuers	104	545,537	340,104	-	885,745
Treasury bills and other Government bonds	1,616,320	1,586,739	28,173	-	3,231,232
	1,616,614	**2,624,335**	**2,184,384**	**4,925**	**6,430,258**
of which:					
Quoted financial assets	1,198,796	1,945,726	2,051,872	-	5,196,394
Unquoted financial assets	417,818	678,609	132,512	4,925	1,233,864
Variable income:					
Companies shares					
Portuguese companies				55,794	55,794
Foreign companies				70,816	70,816
Investment fund units				81,046	81,046
				207,656	**207,656**
of which:					
Quoted financial assets				82,502	82,502
Unquoted financial assets				125,154	125,154
Impairment for overdue securities				(4,925)	(4,925)
	1,616,614	**2,624,335**	**2,184,384**	**207,656**	**6,632,989**

The analysis of financial assets held for trading and available for sale by maturity date as at 31 December 2009 is as follows:

(Thousands of Euros)

	Up to 3 months	3 months to 1 year	More than 1 year	Undetermined	Total
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 the securities portfolio included in the financial assets held for trading and available for sale, by sector of activity, as at 31 December 20010 is analysed as follows:

(Thousands of Euros)

	Bonds	Shares	Other Financial Assets	Overdue Securities	Gross Total
Mining	-	205	-	-	205
Food, beverage and tobacco	-	2	-	-	2
Textiles	-	1,387	-	-	1,387
Wood and cork	-	3,674	-	361	4,035
Printing and publishing	90	19,488	-	998	20,576
Chemicals	-	17,171	-	-	17,171
Engineering	-	5,278	-	-	5,278
Electricity, water and gas	-	2,028	-	-	2,028
Construction	11,177	3,615	-	2,560	17,352
Retail business	-	179	-	-	179
Wholesale business	-	3,371	-	475	3,846
Restaurants and hotels	-	51	-	-	51
Transport and communications	14,740	2,064	-	529	17,333
Services	1,079,743	67,854	81,046	2	1,228,645
Other international activities	-	243	-	-	243
	1,105,750	126,610	81,046	4,925	1,318,331
Government and Public securities	2,088,351	-	3,231,232	-	5,319,583
Impairment for overdue securities	-	-	-	(4,925)	(4,925)
	3,194,101	126,610	3,312,278	-	6,632,989

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:

(Thousands of Euros)

	Bonds	Shares	Other Financial Assets	Overdue Securities	Gross Total
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**

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 2010 is as follows:

(Thousands of Euros)

	'10					
	Notional (remaining term)				Fair value	
	Up to 3 months	3 months to 1 year	More than 1 year	Total	Assets	Liabilities
Interest rate Derivatives:						
OTC Market:						
Forward rate agreement	1,145,454	1,838,878	3,200	2,987,532	368	415
Interest rate Swaps	8,317,622	7,655,609	30,115,688	46,088,919	840,120	728,092
Interest rate Options (purchase)	30,436	149,723	830,190	1,010,349	21,293	-
Interest rate Options (sale)	30,436	149,351	776,909	956,696	-	20,272
Other interest rate contracts	27,475	220,905	1,058,988	1,307,368	36,168	36,705
	9,551,423	**10,014,466**	**32,784,975**	**52,350,864**	**897,949**	**785,484**
Stock Exchange transactions:						
Interest rate futures	40,455	-	-	40,455	67	66
Currency Derivatives:						
OTC Market:						
Forward exchange contract	1,198,047	113,459	4,442	1,315,948	23,067	46,603
Currency Swaps	3,338,949	116,478	10,288	3,465,715	23,580	108,550
Currency Options (purchase)	41,723	29,472	-	71,195	3,910	-
Currency Options (sale)	1,896	21,896	-	23,792	-	23,727
	4,580,615	**281,305**	**14,730**	**4,876,650**	**50,557**	**178,880**
Share Derivatives:						
OTC Market:						
Shares/indexes Swaps	75,741	92,264	137,738	305,743	4,733	13,892
Shares/indexes Options (purchase)	108,655	189,197	55,221	353,073	18,595	-
Shares/indexes Options (sale)	63,022	817	9,474	73,313	-	17,816
Preference shares forwards	-	-	50,000	50,000	-	-
Shares/indexes futures	686	-	-	686	-	-
	248,104	**282,278**	**252,433**	**782,815**	**23,328**	**31,708**
Stock Exchange transactions:						
Shares futures	57,073	-	-	57,073	-	-
Commodity derivatives:						
Stock Exchange transactions:						
Commodities futures	70,714	4	-	70,718	-	-
Credit derivatives:						
OTC Market:						
Credit Default Swaps	-	82,474	2,134,902	2,217,376	9,629	177,482
Other credit derivatives (sale)	-	-	79,608	79,608	-	-
	-	**82,474**	**2,214,510**	**2,296,984**	**9,629**	**177,482**
Total financial instruments traded in:						
OTC Market	14,380,142	10,660,523	35,266,648	60,307,313	981,463	1,173,554
Stock Exchange	168,242	4	-	168,246	67	66
Embedded derivatives					94,844	2,831
	14,548,384	**10,660,527**	**35,266,648**	**60,475,559**	**1,076,374**	**1,176,451**

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

(Thousands of Euros)

	'09					
	Notional (remaining term)				Fair value	
	Up to 3 months	3 months to 1 year	More than 1 year	Total	Assets	Liabilities
Interest rate Derivatives:						
OTC Market:						
Forward rate agreements	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
Preference shares forwards	-	-	50,000	50,000	-	-
Other shares/indexes contracts	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**
Commodity derivatives:						
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**

23. Hedging derivatives

This balance is analysed as follows:

(Thousands of Euros)

	'10	'09
Hedging instruments		
Assets:		
Swaps	476,674	465,848
Liabilities:		
Swaps	346,473	75,483

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 15,010,000 (31 December 2009: Euros 14,087,000), 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 5,933,000 (31 December 2009: negative amount of Euros 59,000). The Group designated in 2010 a group of future transactions in foreign currency, for which adopted cash flow hedge model for exchange rate risk. It was not identified any ineffectiveness of the referred hedging relationships, as at 31 December 2010. 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 a positive amount of Euros 5,711,000 in the period (31 December 2009: positive amount of Euros 52,000).

As referred in note 6, in 2009 and 2010 the Group discontinued an interest rate hedging relationship of a mortgage backed security issue in the amount of Euros 1,500,000,000 in accordance with paragraph 91, c) of IAS 39, due to the break of its effectiveness. Following the decision from the Executive Board of Directors and in accordance with IAS 39, on 1 April, 2009 and 1 April 2010, respectively, the hedging relationship was reestablished.

The accumulated adjustment on financial risks covered performed on the assets and liabilities which includes hedged items is analysed as follows:

(Thousands of Euros)

	'10	'09
Hedged item		
Loans	22,155	57,164
Deposits / Loans	303	(2,535)
Debt issued	(182,256)	(144,970)
	(159,798)	**(90,341)**

The analysis of the portfolio of hedging derivatives by maturity as at 31 December 2010 is as follows:

(Thousands of Euros)

	'10					
	Notional (remaining term)				Fair value	
	Up to 3 months	3 months to 1 year	More than 1 year	Total	Assets	Liabilities
Fair value hedge derivatives with interest rate risk:						
OTC Market:						
Interest rate Swaps	708,000	707,711	7,518,586	8,934,297	474,556	38,126
Cash flow hedge derivatives with interest rate risk:						
OTC Market:						
Interest rate Swaps	932,806	90,615	-	1,023,421	2,118	283,313
Cash flow hedge derivatives with currency risk:						
OTC Market:						
Forward exchange contract	11,846	35,679	163,420	210,945	-	25,034
Total financial instruments						
Traded by:						
OTC Market	1,652,652	834,005	7,682,006	10,168,663	476,674	346,473
	1,652,652	**834,005**	**7,682,006**	**10,168,663**	**476,674**	**346,473**

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

(Thousands of Euros)

	'09					
	Notional (remaining term)				Fair value	
	Up to 3 months	3 months to 1 year	More than 1 year	Total	Assets	Liabilities
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**

24. Financial assets held to maturity

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

(Thousands of Euros)

	'10	'09
Bonds and other fixed income securities		
Issued by Government and public entities	3,284,953	1,247,255
Issued by other entities	3,459,720	780,099
	6,744,673	**2,027,354**

The balance Financial assets held to maturity also includes, as at 31 December 2010, the amount of Euros 1,880,177,000 (31 December 2009: Euros 1,419,593,000) related to non derivatives financial assets (bonds) reclassified from financial assets held for trading caption to financial assets held to maturity caption, of which Euros 660,536,000 are regarding from reclassifications occured in 2010, as referred in the accounting policy note 1 f) and note 22.

The balance Financial assets held to maturity also includes, as at 31 December 2010, the amount of Euros 610,085,000 related to non derivatives financial assets (bonds) reclassified, in 2010, from financial assets available for sale caption to financial assets held to maturity caption, as referred in the accounting policy note 1 f) and note 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 2010 is as follows:

(Thousands of Euros)

	Up to 3 months	3 months to 1 year	More than 1 year	Undetermined	Total
Fixed income:					
Bonds issued by public entities					
Portuguese issuers	-	233,654	2,049,994	-	2,283,648
Foreign issuers	-	21,715	979,590	-	1,001,305
Bonds issued by other entities					
Portuguese issuers	-	672,244	1,263,170	-	1,935,414
Foreign issuers	1,100,963	-	423,343	-	1,524,306
	1,100,963	**927,613**	**4,716,097**	**-**	**6,744,673**
of which:					
Quoted financial assets	-	254,962	4,470,881	-	4,725,843
Unquoted financial assets	1,100,963	672,651	245,216	-	2,018,830

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:

(Thousands of Euros)

	Up to 3 months	3 months to 1 year	More than 1 year	Undetermined	Total
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 sector of activity, is analysed as follows:

(Thousands of Euros)

	'10	'09
Transport and communications	169,693	97,141
Services	3,290,027	682,958
	3,459,720	**780,099**
Government and Public securities	3,284,953	1,247,255
	6,744,673	**2,027,354**

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:

(Thousands of Euros)

	'10	'09
Portuguese credit institutions	24,340	21,155
Foreign credit institutions	21,880	20,767
Other Portuguese companies	343,156	393,589
Other foreign companies	7,997	3,407
	397,373	**438,918**

The balance Investments in associated companies is analysed as follows:

(Thousands of Euros)

	'10	'09
Banque BCP, S.A.S.	17,571	16,802
Banque BCP (Luxembourg), S.A.	4,309	3,965
Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A.	323,219	380,110
SIBS - Sociedade Interbancária de Serviços, S.A.	15,610	13,356
Unicre - Cartão Internacional de Crédito, S.A.	24,340	21,155
VSC - Aluguer de Veículos Sem Condutor, Lda.	-	123
Other	12,324	3,407
	397,373	**438,918**

These investments correspond to unquoted companies, consolidated by the equity method. The investment held in the associated company Millenniumbcp Ageas Grupo Segurador, S.G.P.S. corresponds to 49% of the share capital of the company. The Group companies included in the consolidation perimeter are presented in note 58.

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

(Thousands of Euros)

	Total Assets	Total Liabilities	Total Income	Profit for the year
2010				
Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A.	13,160,060	12,014,976	1,368,605	114,097
SIBS - Sociedade Interbancária de Serviços, S.A. (*)	139,375	60,270	133,339	12,702
Unicre - Cartão Internacional de Crédito, S.A. (*)	289,887	202,064	238,744	15,153
VSC - Aluguer de Veículos Sem Condutor, Lda.	132,229	144,140	46,955	(12,159)
2009				
Millenniumbcp Ageas 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.	131,568	65,603	140,082	12,702
Unicre - Cartão Internacional de Crédito, S.A.	298,563	226,153	245,068	15,153
VSC - Aluguer de Veículos Sem Condutor, Lda.	173,996	173,749	54,684	(6,400)

(*) - estimated values.

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

		Currency '000		Euros '000	
Company	Currency	Net Investment	Hedging instruments	Net Investment	Hedging instruments
Banque Privée BCP (Suisse) S.A.	CHF	129,313	119,833	103,417	95,836
BCP Bank & Trust Company Ltd.	USD	340,000	340,000	254,453	254,453
BCP Finance Bank Ltd	USD	561,000	561,000	419,847	419,847
BCP Finance Company, Ltd	USD	1	1	1	1
BCP holdings (usa), Inc.	USD	62,817	62,817	47,012	47,012
BII Finance Company Limited	USD	25	25	19	19

The information on the gains and losses in exchange rates on the loans to cover the investments in foreign institutions, accounted for as exchange differences, is presented in the statement of changes in equity.

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

26. Non current assets held for sale

This balance is analysed as follows:

(Thousands of Euros)

	'10	'09
Discontinued operations (Millennium Bank, Anonim Sirketi - Turkey)	-	495,151
Subsidiaries acquired exclusively with the purpose of short-term sale	37,459	14,473
Investments arising from recovered loans	1,186,983	1,019,356
	1,224,442	**1,528,980**
Impairment	(227,670)	(185,817)
	996,772	**1,343,163**

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

The balance Discontinued operation, as at 31 December 2009, corresponded to the Turkish subsidiary of the Group that in accordance with the negotiations and the expectation at that moment of the Executive Board of Directors could be sold in less than 1 year.

In December 2010, Banco Comercial Português, S.A. has completed the sale of 95% of the share capital of Millennium Bank AS in Turkey to the financial institution Credit Europe Bank, NV, an entity owned by the financial group Fiba Holding AS, the overall price adjusted to 58.9 million euros.

As a result of this transaction, BCP maintained an investment of 5% s in the company, and have established with the buyer a mechanism of purchase and sale options, expecting the possibility of sale the remainder of the investment by a price per share not less than that was now received.

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 asset held for sale, is analysed as follows:

(Thousands of Euros)

	'09 Millennikum Bank Anonim Sirketi
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	(7,171)
	59,319
	495,151

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

(Thousands of Euros)

	'09 Millennikum Bank Anonim Sirketi
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
Total 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 one year. As the actual market conditions, it is not possible in some situations, make real these sells in the expected time. 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 pawn (payment prosolvency).

These assets are available for sale in a period less than one year and the Group as a strategy for its sale. As the actual market conditions, it is not possible in some situations, make real these sells in the expected time.

This balance includes buildings and other assets for which the Group has already established contracts for the sale in the amount of Euros 138,775,000 (31 December 2009: Euros 138,847,000).

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

(Thousands of Euros)

	'10	'09
Balance on 1 January	185,817	144,863
Transfers	7,200	60
Impairment for the year	73,836	65,546
Write-back for the year	-	(66)
Loans charged-off	(39,183)	(24,586)
Balance on 31 December	227,670	185,817

27. Investment property

The balance Investment property includes the amount of Euros 396,957,000 (31 December 2009: Euros 422,691,000) 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:

(Thousands of Euros)

	'10	'09
Land and buildings	955,574	958,453
Equipment		
Furniture	96,742	97,412
Machines	56,905	57,711
Computer equipment	317,413	305,874
Interior installations	141,238	141,144
Motor vehicles	20,392	20,552
Security equipment	80,437	76,844
Work in progress	68,516	55,039
Other tangible assets	52,222	46,302
	1,789,439	1,759,331
Accumulated depreciation		
Charge for the year	(92,505)	(90,510)
Accumulated charge for the previous years	(1,075,495)	(1,018,804)
	(1,168,000)	(1,109,314)
Impairment	(4,199)	(4,199)
	617,240	645,818

The Property and equipment movements during 2010 are analysed as follows:

(Thousands of Euros)

	Balance on 1 January	Acquisitions / Charge	Disposals / Charged-off	Transfers	Exchange differences	Balance on 31 December
Cost:						
Land and buildings	958,453	37,383	(35,915)	(8,424)	4,077	955,574
Equipment:						
Furniture	97,412	4,736	(539)	(4,968)	101	96,742
Machines	57,711	3,512	(6,819)	1,407	1,094	56,905
Computer equipment	305,874	21,187	(7,461)	(2,875)	688	317,413
Interior installations	141,144	4,381	(3,358)	(741)	(188)	141,238
Motor vehicles	20,552	3,974	(4,175)	(79)	120	20,392
Security equipment	76,844	4,246	(511)	-	(142)	80,437
Work in progress	55,039	32,418	(12,550)	(7,662)	1,271	68,516
Other tangible assets	46,302	9,597	(3,310)	(1,437)	1,070	52,222
	1,759,331	**121,434**	**(74,638)**	**(24,779)**	**8,091**	**1,789,439**
Accumulated depreciation:						
Land and buildings	479,091	47,259	(8,189)	(10,023)	2,469	510,607
Equipment:						
Furniture	84,695	5,638	(505)	(3,981)	25	85,872
Machines	40,624	2,801	(343)	1,443	621	45,146
Computer equipment	272,254	21,495	(4,625)	(2,646)	686	287,164
Interior installations	124,040	4,337	(1,096)	(556)	(134)	126,591
Motor vehicles	11,852	3,047	(2,776)	(69)	(23)	12,031
Security equipment	64,408	2,715	(507)	-	(81)	66,535
Other tangible assets	32,350	5,213	(3,104)	(1,107)	702	34,054
	1,109,314	**92,505**	**(21,145)**	**(16,939)**	**4,265**	**1,168,000**

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

(Thousands of Euros)

	'10	'09
Balance on 1 January	**4,199**	**-**
Impairment for the year	-	4,199
Balance on 31 December	**4,199**	**4,199**

29. Goodwill and intangible assets

This balance is analysed as follows:

(Thousands of Euros)

	'10	'09
Intangible assets		
Software	134,377	136,752
Other intangible assets	60,578	57,603
	194,955	**194,355**
Accumulated depreciation		
Charge for the year	(17,726)	(14,226)
Accumulated charge for the previous years	(137,893)	(146,893)
	(155,619)	**(161,119)**
	39,336	**33,236**
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
Unicre - Cartão de Crédito Internacional, S.A.	7,436	-
Others	2,001	2,600
	508,596	**501,759**
Impairment		
Millennium Bank, Societé Anonyme (Greece)	(147,130)	-
	361,466	**501,759**
	400,802	**534,995**

The Intangible assets movements during 2010 are analysed as follows:

(Thousands of Euros)

	Balance on 1 January	Acquisitions / Charge	Disposals / Charged-off	Transfers	Exchange differences	Balance on 31 December
Cost:						
Software	136,752	24,847	(24,202)	(4,677)	1,657	134,377
Other intangible assets	57,603	5,028	(3,111)	(659)	1,717	60,578
	194,355	**29,875**	**(27,313)**	**(5,336)**	**3,374**	**194,955**
Goodwill	501,759	7,531	(665)	-	(29)	508,596
	696,114	**37,406**	**(27,978)**	**(5,336)**	**3,345**	**703,551**
Accumulated depreciation:						
Software	108,240	17,554	(22,449)	(3,319)	1,256	101,282
Other intangible assets	52,879	172	(402)	-	1,688	54,337
	161,119	**17,726**	**(22,851)**	**(3,319)**	**2,944**	**155,619**

According to the accounting policy 1 b), the recoverable amount of the Goodwill is annually evaluated, regardless the existence of impairment signs or, in accordance with the paragraph 9 of the IAS 36, everytime there are indicators that the asset has impairment.

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) and Banco de Investimento Imobiliário, S.A.) which considered among other factors:

(i) an estimate of future cash flows generated by each entity;
(ii) an expectation of potential changes in the amounts and timing of cash flows;
(iii) the time value of money;
(iv) a risk premium associated with the uncertainty by holding the asset; and
(v) other factors associated with the current situation of financial markets.

The valuations were based on reasonable and sustainable assumptions representing the best estimate of the Executive Board of Directors on the economic conditions that affect each entity, the budgets and the latest projections approved by the Executive Board of Directors for those entities and their extrapolation to future periods.

The assumptions made for these assessments may vary with the change in economic and market conditions.

On this basis, and considering the deterioration of the economic situation in Greece, that started in the end of 2009 and worsened during 2010, a set of circumstances identified by the Executive Board of Directors resulted in the start of an in-depth review of the assumptions that support the Business Plan of Millennium Bank (Greece). The review incorporated the impacts resulting from the current economic conditions in Greece as well as the impact of the measures implemented with the support of EU and IMF and hence the effect that such measures may have on the projections for the Group's Greek operation.

In result of the reassessment of the Business Plan, the Executive Board of Directors concluded for the need to reflect in the consolidated financial statements as at December 31 2010, an impairment in the total value of the Goodwill associated to Millennium Bank (Greece) in the amount of Euros 147,130,000.

For the other entities, 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 Goodwill accounted for Bank Millennium (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)

The estimated cash flows of the business were projected based on current operating results and assuming the business plan and projections approved by the Executive Board of Directors and a perpetuity was considered based on the average long-term expected rate of return for this activity in the Greek market. For the entire period considered in the evolution was assumed a Core Tier I ratio of 7%. The discount rate applied to the perpetuity was 12,5% assuming the return to pre-financial crisis market conditions, following the execution of the Financial External Assistance Program (EFSF and IMF).

Banco Investimento Imobiliário, S.A

The valuation took into consideration the specific characteristics of the business of the Bank and its relationship with the Group, including the fact that theres is no longer new production, being, for example, all new contracts raised in Banco Comercial Português, S.A. by payment of a raising fee. It was estimated, 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, assuming Tier I ratios above 8% in line with the standards set by the Bank of Portugal. The discount rate used was 12%, 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 2010 and 2009 generated by temporary differences are analysed as follows:

(Thousands of Euros)

	'10		'09	
	Assets	Liabilities	Assets	Liabilities
Intangible assets	374	-	288	116
Other tangible assets	2,557	5,850	1,950	7,404
Impairment losses	260,970	26,098	190,358	15,372
Pensions	299,620	-	296,152	-
Financial assets available for sale	77,822	57,519	235	4,348
Derivatives	-	3,068	-	4,002
Allocation of profits	45,521	-	44,556	-
Tax losses carried forward	156,083	-	131,835	-
Others	55,276	117,058	60,118	110,000
	898,223	209,593	725,492	141,242
Deferred tax assets	688,630		584,250	
Others	-	344	-	416
Deferred tax liabilities		344		416
Net deferred tax	688,286		583,834	

Deferred tax related to the losses carried forward are recognised only if the existence of future taxable profits is probable. The uncertainty of the recoverability of the tax losses carried forward is considered in the deferred tax assets calculation.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when deferred taxes are related to the same tax.

The net deferred tax asset movement is analysed as follows:

(Thousands of Euros)

	'10	'09
Balance on 1 January	583,834	586,616
Charged to profit	57,240	19,417
Charged to equity	43,333	(14,557)
Exchange rate differences	3,879	(7,642)
Balance on 31 December	688,286	583,834

The variation in the net deferred tax does not correspond to the deferred tax expense for the period considering that there are a number of situations where changes in deferred tax are charged directly to shareholders' equity.

As at 31 December 2010, the amount of unrecognised temporary differences refers mainly to tax losses carried forward in the amount of Euros 101,896,000 (31 December 2009: Euros 150,196,000). 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:

(Thousands of Euros)

Maturity date	'10	'09
2010	-	1,838
2011	22,777	23,368
2012	-	937
2013	62	722
2014	92,001	81,576
2015	41,243	15,562
2016 and following years	-	7,832
	156,083	**131,835**

31. Other assets

This balance is analysed as follows:

(Thousands of Euros)

	'10	'09
Debtors	220,449	171,480
Amounts due for collection	34,440	27,413
Recoverable tax	87,785	77,596
Recoverable government subsidies on interest on mortgage loans	19,816	27,231
Associated companies	1,190	18,322
Interest and other amounts receivable	37,392	33,101
Prepayments and deferred costs	1,776,741	1,660,532
Amounts receivable on trading activity	5,791	159,165
Amounts due from customers	133,565	163,141
Reinsurance technical provision	3,469	-
Sundry assets	246,125	336,506
	2,566,763	**2,674,487**
Impairment for other assets	(33,754)	(26,710)
	2,533,009	**2,647,777**

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

(Thousands of Euros)

	'10	'09
Projected benefit obligations		
Obligations covered by the Pension Fund	(4,951,920)	(5,034,533)
Other benefits not covered by the Pension Fund	(369,678)	(375,349)
Value of the Pension Fund	5,148,707	5,530,471
	(172,891)	**120,589**
Actuarial losses		
Corridor	532,034	552,575
Amount in excess of the corridor	1,389,421	961,070
	1,921,455	**1,513,645**
	1,748,564	**1,634,234**

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:

(Thousands of Euros)

	'10	'09
Balance on 1 January	**26,710**	**26,270**
Transfers	9,897	173
Impairment for the year	5,797	1,510
Write back for the year	(8,518)	(704)
Exchange rate differences	(132)	(539)
Balance on 31 December	**33,754**	**26,710**

32. Deposits from credit institutions

This balance is analysed as follows:

(Thousands of Euros)

	'10			'09		
	Non interest bearing	Interest bearing	Total	Non interest bearing	Interest bearing	Total
Deposits from Central Banks	217	16,278,910	16,279,127	638	3,408,393	3,409,031
Deposits from credit institutions in Portugal	59,633	568,081	627,714	92,880	1,168,537	1,261,417
Deposits from credit institutions abroad	125,039	3,044,676	3,169,715	80,349	5,554,875	5,635,224
	184,889	**19,891,667**	**20,076,556**	**173,867**	**10,131,805**	**10,305,672**

The balance Deposits from Central Banks includes the amount of Euros 16,005,000,000 (31 December: 2,925,000,000) related to deposits obtained in the European Central Bank.

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

(Thousands of Euros)

	'10	'09
Up to 3 months	18,300,398	5,407,451
3 to 6 months	104,758	972,698
6 to 12 months	245,621	2,762,135
1 to 5 years	938,845	760,917
More than 5 years	486,934	402,471
	20,076,556	**10,305,672**

Concerning derivative financial transactions with institutional counterparties, and according to the signed agreements, the Group has, as of 31 December 2010, the amount of Euros 414,125,000 (31 December 2009: Euros 475,990,000) of Deposits from other credit institutions, received as collateral of the mentioned transactions.

33. Deposits from customers

This balance is analysed as follows:

(Thousands of Euros)

	'10			'09		
	Non interest bearing	Interest bearing	Total	Non interest bearing	Interest bearing	Total
Deposits from customers:						
Repayable on demand	13,466,386	484,675	13,951,061	14,005,596	572,349	14,577,945
Term deposits	-	29,417,052	29,417,052	-	28,210,357	28,210,357
Saving accounts	-	1,850,058	1,850,058	-	2,942,325	2,942,325
Treasury bills and other assets sold under repurchase agreement	-	94,527	94,527	-	241,002	241,002
Other	204,068	92,349	296,417	242,260	93,344	335,604
	13,670,454	**31,938,661**	**45,609,115**	**14,247,856**	**32,059,377**	**46,307,233**

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:

(Thousands of Euros)

	'10	'09
Deposits from customers repayable on demand:	**13,951,061**	**14,577,945**
Term deposits and saving accounts from customers:		
Up to 3 months	16,691,435	21,263,094
3 to 6 months	6,034,800	6,150,184
6 to 12 months	3,120,054	3,366,935
1 to 5 years	5,307,687	260,102
More than 5 years	113,134	112,367
	31,267,110	**31,152,682**
Treasury bills and other assets sold under repurchase agreement:		
Up to 3 months	87,517	186,576
3 to 6 months	2,572	20,325
6 to 12 months	4,438	34,101
	94,527	**241,002**
Other:		
Up to 3 months	176,546	192,479
More than 3 months	119,871	143,125
	296,417	**335,604**
	45,609,115	**46,307,233**

34. Debt securities issued

This balance is analysed as follows:

(Thousands of Euros)

	'10	'09
Bonds	17,723,943	17,502,050
Commercial paper	321,955	2,376,154
Others	91,492	75,023
	18,137,390	**19,953,227**

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, 2010 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 4.9% Nov 01/11-2ª Em.	November, 2001	November, 2011	Fixed rate of 4.9%	21,655	22,067
BCP 5.4% Nov 01/11-1ª Em.	November, 2001	November, 2011	Fixed rate of 5.4%	174,000	178,049
BCP 5.34% March-02/Mar-12	March, 2002	March, 2012	Fixed rate of 5.34%	160,551	165,757
BCP Ob Cx Sep 2003/2011	September, 2003	September, 2011	Fixed rate of 4.37%	114,678	115,423
BCP Ob Cx E. Gr. S. Dec 05/15	December, 2005	December, 2015	Indexed to Down Jones EuroStoxx 50	2,245	2,118
BCP Ob Cx M.S. Act. Jan 05/11	January, 2006	January, 2011	Indexed to a portfolio of indexes	7,351	7,351
BCP Ob Cx I. Glob.12 Feb 06/11	February, 2006	February, 2011	Indexed to a portfolio of indexes	12,685	12,685
BCP Ob Cx E. I. S. Mar 06/16	March, 2006	March, 2016	Indexed to Down Jones EuroStoxx 50	1,082	1,023
BCP Ob Cx R. Global 06/11	November, 2006	November, 2011	Indexed to Down Jones EuroStoxx 50	6,425	6,320
BCP Ob Cx R. Global II 06/11	December, 2006	December, 2011	Indexed to Down Jones EuroStoxx 50	8,713	8,595
BCP Ob Cx R. Global II 2E 06/11	December, 2006	December, 2011	Indexed to Down Jones EuroStoxx 50	34	23
BCP FRN May 07/14	May, 2007	May, 2014	Euribor 3M + 0.15%	1,196,578	1,195,681
BCP FRN May 07/11	May, 2007	May, 2011	Euribor 3M + 0.115%	359,970	359,970
BCP Cov Bonds Jun 07/17	June, 2007	June, 2017	Fixed rate of 4.75%	1,500,000	1,507,751
BCP FRN Sep 12	August, 2007	September, 2012	Euribor 3M + 0.10%	310,000	309,619
BCP Cov Bonds Oct 07/14	October, 2007	October, 2014	Fixed rate of 4.75%	1,000,000	1,093,992
BCP FRN Mar 17	December, 2007	March, 2017	Euribor 3M + 0.18%	100,000	99,952
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%	120,193	120,193
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%	25,793	25,793
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%	14,141	14,141
BCPsfe Ob Cx S Af 1E Mar 08/13	March, 2008	March, 2013	Euribor 3M + Remain Prize: 1st year 0.000%; 2nd year 0.125%; 3rd year 0.250%; 4th year 0.750%; 5th year 1.500%	2,538	2,538
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%	142,326	142,326
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%	10,006	10,006
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%	1,557	1,557
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%	113,559	113,559
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%	6,388	6,388
BCPsfe Ob Cx S Af 4E Jun 08/13	June, 2008	June, 2013	Euribor 3M + Remain Prize: 1st year 0.000%; 2nd year 0.125%; 3rd year 0.250%; 4th year 0.750%; 5th year 1.500%	1,208	1,208
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%	30,605	30,605

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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%	4,065	4,065
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%	1,132	1,132
BCP O Cx S A M B 1E Oct 08/13	October, 2008	October, 2013	Euribor 3M + Remain Prize: 1st year 0.125%; 2nd year 0.250%; 3rd year 0.50%; 4th year 0.750%; 5th year 1.00%	104,624	104,624
BCP Sfi O Cx S A M B 1E 08/13	October, 2008	October, 2013	Euribor 3M + Remain Prize: 1st year 0.125%; 2nd year 0.250%; 3rd year 0.50%; 4th year 0.750%; 5th year 1.00%	10,045	10,045
BCP Sfe O Cx S A M B1E Oct08/13	October, 2008	October, 2013	Euribor 3M + Remain Prize: 1st year 0.125%; 2nd year 0.250%; 3rd year 0.50%; 4th year 0.750%; 5th year 1.00%	1,646	1,646
BCP O Cx S A M B2E Nov 08/13	November, 2008	November, 2013	Euribor 3M + Remain Prize: 1st year 0.125%; 2nd year 0.250%; 3rd year 0.50%; 4th year 0.750%; 5th year 1.00%	64,795	64,795
BCP Sfi O Cx S A M B2E 08/13	November, 2008	November, 2013	Euribor 3M + Remain Prize: 1st year 0.125%; 2nd year 0.250%; 3rd year 0.50%; 4th year 0.750%; 5th year 1.00%	5,051	5,051
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 1.00%	877	877
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 1.00%	81,276	81,276
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 1.00%	4,727	4,727
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 1.00%	808	808
BCP S Aforro Ser B Feb 2009/14	February, 2009	February, 2014	Euribor 3M + Remain Prize: 1st year 0.125%; 2nd year 0.250%; 3rd year 0.50%; 4th year 0.750%; 5th year 1.00%	81,738	81,738
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 1.00%	61,023	61,023
BCP 5.625 % -Book Entry Note Synd	April, 2009	April, 2014	Fixed rate of 5.625%	1,000,000	1,020,365
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 0.75%; 4th year 1.00%; 5th year 1.250%	22,738	22,738
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 0.75%; 4th year 1.00%; 5th year 1.250%	4,430	4,430
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%;	14,484	14,703
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%)	500	437

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Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
BCP - 3.75 % Jun 2011	June, 2009	June, 2011	Fixed rate of 3.750%	980,613	980,990
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 0.75%; 4th year 1.00%; 5th year 1.250%	14,989	14,989
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%;	66,884	68,119
BCP - FRN - Emtn 608	July, 2009	July, 2012	Euribor 6M + 1.75%	25,000	24,951
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 0.75%; 4th year 1.00%; 5th year 1.250%	17,215	17,215
BCP Investimento Total Nov 2012	August, 2009	November, 2012	Fixed rate of 3.07692%	54,718	55,308
BCP - FRN - Emtn 625	August, 2009	August, 2012	Euribor 3M + 1.21%	200,000	199,844
BCP Inv Total Dec 2012 - Emtn 609	September, 2009	December, 2012	Fixed rate 3.07692%	116,482	118,036
BCP Cov Bonds Oct 09/16	October, 2009	October, 2016	Fixed rate of 3.75%	858,150	871,538
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%	51,122	52,748
BCP Emissão Sindicada - Emtn 668	December, 2009	February, 2013	Euribor 3M	485,000	483,823
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%	65,280	66,937
BCP Fixed Rate Note Inv Top Mais	January, 2010	January, 2015	1st year=2.5%; 2nd year=2.75%; 3rd year=3.25%; 4th year=4.125%; 5th year=5.0%	54,219	55,611
BCP Sup Rend Mar 2010 Fixed Rate Note	March, 2010	March, 2013	1st Sem.=2.25%; 2nd Sem.=2.50%; 3rd Sem.=2.75%; 4th Sem.=3.00%; 5th Sem.=3.25%; 6th Sem.=4.50%	163,484	165,126
BCP Rend Sem. Fixe Rate Note	March, 2010	March, 2013	1st Sem.=1.50%; 2nd Sem.=1.75%; 3rd Sem.=2.0%; 4th Sem.=2.25%; 5th Sem.=2.50%; 6th Sem.=3.50%	140,122	141,494
BCP Frn Mar 2013-Em Sind-Emtn 707	March, 2010	March, 2013	Euribor 3 months + 1.3% per year	300,000	299,243
BCP Fixed Rate Note Rd Ext-Emtn 685	April, 2010	April, 2015	1st Sem.=2.0%; 2nd Sem.=2.125%; 3rd Sem.=2.25%; 4th Sem.=2.375%; 5th Sem.=2.50%; 6th Sem.=2.75%; 7th Sem.=2.875% ; 8th Sem.=3.125%; 9th Sem.=3.50%; 10th Sem.=4.0%	115,918	117,389
BCP Fixed Rate Note Rend Top April	April, 2010	April, 2015	1st Sem.=2.25%; 2nd Sem.=2.5%; 3rd Sem.=2.60%; 4th Sem.=2.8%; 5th Sem.=3.0% ; 6th Sem.=3.150%; 7th Sem.=3.20%; 8th Sem.=3.50%; 9th Sem.=3.80%; 10th Sem.=4.50%	164,558	166,734
BCP Rend Plus-Emtn 697	April, 2010	April, 2014	1st Sem.=2.0%; 2nd Sem.=2.125%; 3rd Sem.=2.25%; 4th Sem.=2.375%; 5th Sem.=2.50%; 6th Sem.=2.625%; 7th Sem.=2.75% ;8th Sem.=3.25%	27,416	27,560
BCP Rend Mais-Emtn 699	April, 2010	April, 2014	1st Sem.=1.75%; 2nd Sem.=1.875%; 3rd Sem.=2.0%; 4th Sem.=2.125%; 5th Sem.=2.25%; 6th Sem.=2.375%; 7th Sem.=2.5% ;8th Sem.=3.0%	16,018	16,103
BCP Frn May 12-Emtn 717 Credit Agric	May, 2010	May, 2012	Euribor 3 months + 1.0% per year	100,000	99,934
BCP Cln Spain May 2018-Emtn 714	May, 2010	May, 2018	Euribor 3 months + 1.4% per year	39,947	39,947
BCP Frn May 2011-Emtn 728	May, 2010	May, 2011	Euribor 3 months + 0.50% per year	550,000	550,000
BCP Cln Edp June 2018-Emtn 725	June, 2010	June, 2018	Euribor 12 months + 2.40% per year	19,778	19,778
BCP Frn 27 Jun 2011-Emtn 740	June, 2010	June, 2011	Euribor 12 months + 0.50% per year	150,000	150,000

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Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
BCP Frn Rend Plus June 10/14-Emtn 718	June, 2010	June, 2014	1st Sem.=1.875%; 2nd Sem.=2.0%; 3rd Sem.=2.125%; 4th Sem.=2.25%; 5th Sem.=2.375% ; 6th Sem.=2.5%; 7th Sem.=2.625% ; 8th Sem.=3.25%	17,883	17,768
BCP Frn Rend Mais June 2014	June, 2010	June, 2014	1st Sem.=1.625%; 2nd Sem.=1.75%; 3rd Sem.=1.875%; 4th Sem.=2.0%; 5th Sem.=2.125%; 6th Sem.=2.25%; 7th Sem.=2.375% ; 8th Sem.=3.0%	13,080	12,996
BCP Frn Due Sept 2011-Emtn 745	June, 2010	September, 2011	Euribor 3 months + 1.05% per year	500,000	500,000
BCP Frn July 2011-Emtn 746	July, 2010	July, 2011	Euribor 12 months + 0.5% per year	280,000	280,000
BCP Rend Ext 1 Ser 2010-2015	August, 2010	August, 2015	1st Sem.=1.875%; 2nd Sem.=2.0%; 3rd Sem.=2.125%; 4th Sem.=2.25%; 5th Sem.=2.375% ; 6th Sem.=2.5%; 7th Sem.=2.75% ; 8th Sem.=2.875%; 9th Sem.=3.0%; 10th Sem.=3.50%	44,598	44,037
BCP Rend Ext 2 Ser 2010-15-Emtn 732	August, 2010	August, 2015	1st Sem.=2.125%; 2nd Sem.=2.3%; 3rd Sem.=2.425%; 4th Sem.=2.55%; 5th Sem.=2.8% ; 6th Sem.=3.05%; 7th Sem.=3.3% ; 8th Sem.=3.55%; 9th Sem.=3.8%; 10th Sem.=4.30%	84,929	83,934
BCP Rend Ext 1 Ser-Emtn 749	September, 2010	September, 2015	1st Sem.=1.875%; 2nd Sem.=2.0%; 3rd Sem.=2.125%; 4th Sem.=2.25%; 5th Sem.=2.375% ; 6th Sem.=2.5%; 7th Sem.=2.75% ; 8th Sem.=2.875%; 9th Sem.=3.0%; 10th Sem.=3.50%	52,230	51,479
BCP Rend Ext 2 Ser Sep 2010-2015	September, 2010	September, 2015	1st Sem.=2.175%; 2nd Sem.=2.3%; 3rd Sem.=2.425%; 4th Sem.=2.55%; 5th Sem.=2.8% ; 6th Sem.=3.05%; 7th Sem.=3.3% ; 8th Sem.=3.55%; 9th Sem.=3.8%; 10th Sem.=4.30%	95,595	94,286
BCP Rend Pr 1 Ser Apr 2013	October, 2010	April, 2013	1st Sem.=1.85%; 2nd Sem.=1.975%; 3rd Sem.=2.225%; 4th Sem.=2.475%; 5th Sem.=2.725%	10,085	10,094
BCP Rend Pr 2 Ser 26 Apr 2013	October, 2010	April, 2013	1st Sem.=2.3%; 2nd Sem.=2.425%; 3rd Sem.=2.675%; 4th Sem.=2.925%; 5th Sem.=3.425%	92,033	92,122
BCP Cln Edp Nov 2018-Emtn 771	November, 2010	November, 2018	Euribor 3 months + 3.135% per year	29,814	29,814
BCP Rend Pr 3 Serie-Emtn 767	November, 2010	May, 2013	1st Sem.=1.85%; 2nd Sem.=1.975%; 3rd Sem.=2.225%; 4th Sem.=2.475%; 5th Sem.=2.725%	2,800	2,798
BCP Rend Pr 4 Ser 2010-2013	November, 2010	May, 2013	1st Sem.=2.3%; 2nd Sem.=2.425%; 3rd Sem.=2.675%; 4th Sem.=2.925%; 5th Sem.=3.425%	21,707	21,690
BCP Mil Rend Pr Mais 1 Serie June 2014	December, 2010	June, 2014	1st Sem.=1.75%; 2nd Sem.=2.00%; 3rd Sem.=2.25%; 4th Sem.=2.50%; 5th Sem.=2.75% ; 6th Sem.=3.00%; 7th Sem.=3.25%	1,122	1,121
BCP Rend Pr Mais 2 Serie	December, 2010	June, 2014	1st Sem.=2.50%; 2nd Sem.=2.75%; 3rd Sem.=3.00%; 4th Sem.=3.25%; 5th Sem.=3.50% ; 6th Sem.=3.75%; 7th Sem.=4.00%	10,308	10,302
Bank Millennium:					
Orchis Sp. z o.o. - G. S. Inv. Bond	December, 2007	December, 2016	WIBOR 1 month + 26.0 bp	76,263	76,263

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Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
Orchis Sp. z o.o. - EIB S. Inv. Bond	December, 2007	December, 2016	WIBOR 1 month + 26.0 bp	100,116	100,116
Orchis Sp. z o.o. - M. Inv. Bond	December, 2007	December, 2016	WIBOR 1 month + 215.0 bp	8,888	8,888
Bank Millennium - BM_2011/02	February, 2008	February, 2011	Indexed to a portfolio of indexes, equities or commodities	398	398
Bank Millennium - BM_2012/04	March, 2008	April, 2012	Indexed to a portfolio of indexes, equities or commodities	1,752	1,752
Bank Millennium - BM_2011/03_1	March, 2008	March, 2011	Indexed to a portfolio of indexes, equities or commodities	893	893
Bank Millennium - BM_2011/03_2	March, 2008	March, 2011	Indexed to a portfolio of indexes, equities or commodities	706	706
Bank Millennium - BM_2011/04	April, 2008	April, 2011	Indexed to a portfolio of indexes, equities or commodities	1,802	1,802
Bank Millennium - BM_2011/05	May, 2008	May, 2011	Indexed to a portfolio of indexes, equities or commodities	2,115	2,115
Bank Millennium - BM_2011/05A	May, 2008	May, 2011	Indexed to a portfolio of indexes, equities or commodities	1,584	1,584
Bank Millennium - BM_2012/06	June, 2008	June, 2012	Indexed to a portfolio of indexes, equities or commodities	1,103	1,103
Bank Millennium - BM_2011/11	November, 2008	November, 2011	Indexed to a portfolio of indexes, equities or commodities	794	794
Bank Millennium - BM_2011/11A	November, 2008	November, 2011	Indexed to a portfolio of indexes, equities or commodities	856	856
Bank Millennium - BM_2012/01	December, 2008	January, 2012	Indexed to a portfolio of indexes, equities or commodities	891	891
Bank Millennium - BM_2012/01A	December, 2008	January, 2012	Indexed to a portfolio of indexes, equities or commodities	983	983
Bank Millennium - BM_2012/02	January, 2009	February, 2012	Indexed to a portfolio of indexes, equities or commodities	523	523
Bank Millennium - BM_2011/03	March, 2009	March, 2011	Indexed to a portfolio of indexes, equities or commodities	1,477	1,477
Bank Millennium - BM_2011/04A	March, 2009	April, 2011	Indexed to a portfolio of indexes, equities or commodities	520	520
Bank Millennium - BM_2012/05	April, 2009	May, 2012	Indexed to a portfolio of indexes, equities or commodities	256	256
Bank Millennium - BM_2012/07A	May, 2009	July, 2012	Indexed to a portfolio of indexes, equities or commodities	1,721	1,721
Bank Millennium - BM_2012/07	June, 2009	July, 2012	Indexed to a portfolio of indexes, equities or commodities	2,489	2,489
Bank Millennium - BM_2012/08	July, 2009	August, 2012	Indexed to a portfolio of indexes, equities or commodities	1,167	1,167
Bank Millennium - BM_2012/09E	July, 2009	August, 2012	Indexed to a portfolio of indexes, equities or commodities	348	348
Bank Millennium - BM_2012/09B	July, 2009	August, 2012	Indexed to a portfolio of indexes, equities or commodities	614	614
Bank Millennium - BM_2012/09A	July, 2009	August, 2012	Indexed to a portfolio of indexes, equities or commodities	959	959
Bank Millennium - BM_2012/09C	July, 2009	August, 2012	Indexed to a portfolio of indexes, equities or commodities	714	714
Bank Millennium - BM_2012/09D	July, 2009	August, 2012	Indexed to a portfolio of indexes, equities or commodities	296	296
Bank Millennium - BM_2012/09	July, 2009	August, 2012	Indexed to a portfolio of indexes, equities or commodities	1,395	1,395

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Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
Bank Millennium - BM_2012/08A	July, 2009	August, 2012	Indexed to a portfolio of indexes, equities or commodities	1,976	1,976
Bank Millennium - BM_2011/10A	September, 2009	August, 2012	Indexed to a portfolio of indexes, equities or commodities	1,740	1,740
Bank Millennium - BM_2013/10A	September, 2009	October, 2011	Indexed to a portfolio of indexes, equities or commodities	400	400
Bank Millennium - BM_2011/10B	September, 2009	October, 2013	Indexed to a portfolio of indexes, equities or commodities	1,175	1,175
Bank Millennium - BM_2013/10	September, 2009	October, 2011	Indexed to a portfolio of indexes, equities or commodities	1,119	1,119
Bank Millennium - BM_2011/10	September, 2009	October, 2011	Indexed to a portfolio of indexes, equities or commodities	2,018	2,018
Bank Millennium - BM_2012/11B	October, 2009	November, 2012	Indexed to a portfolio of indexes, equities or commodities	663	663
Bank Millennium - BM_2012/11C	October, 2009	November, 2012	Indexed to a portfolio of indexes, equities or commodities	317	317
Bank Millennium - BM_2012/11	October, 2009	November, 2012	Indexed to a portfolio of indexes, equities or commodities	1,449	1,449
Bank Millennium - BM_2012/11A	October, 2009	November, 2012	Indexed to a portfolio of indexes, equities or commodities	1,398	1,398
Bank Millennium - BM_2012/12	November, 2009	December, 2012	Indexed to a portfolio of indexes, equities or commodities	1,344	1,344
Bank Millennium - BM_2012/12A	November, 2009	December, 2012	Indexed to a portfolio of indexes, equities or commodities	1,069	1,069
Bank Millennium - BM_2012/12B	November, 2009	December, 2012	Indexed to a portfolio of indexes, equities or commodities	1,379	1,379
Bank Millennium - BM_2014/01	December, 2009	January, 2014	Indexed to a portfolio of indexes, equities or commodities	1,109	1,109
Bank Millennium - BM_2014/01A	December, 2009	January, 2014	Indexed to a portfolio of indexes, equities or commodities	1,737	1,737
Bank Millennium - BM_2012/01C	December, 2009	January, 2012	Indexed to a portfolio of indexes, equities or commodities	1,260	1,260
Bank Millennium - BM_2012/01B	December, 2009	January, 2012	Indexed to a portfolio of indexes, equities or commodities	1,103	1,103
Bank Millennium - BM_2012/02A	January, 2010	February, 2012	Indexed to a portfolio of indexes, equities or commodities	1,697	1,697
Bank Millennium - BM_2012/02B	January, 2010	February, 2012	Indexed to a portfolio of indexes, equities or commodities	1,475	1,475
Bank Millennium - BM_2013/02	January, 2010	February, 2013	Indexed to a portfolio of indexes, equities or commodities	1,772	1,772
Bank Millennium - BM_2013/02A	January, 2010	February, 2013	Indexed to a portfolio of indexes, equities or commodities	1,916	1,916
Bank Millennium - BM_2013/03	February, 2010	February, 2012	Indexed to a portfolio of indexes, equities or commodities	1,043	1,043
Bank Millennium - BM_2013/03A	February, 2010	March, 2013	Indexed to a portfolio of indexes, equities or commodities	433	433
Bank Millennium - BM_2013/03B	February, 2010	March, 2013	Indexed to a portfolio of indexes, equities or commodities	1,319	1,319
Bank Millennium - BM_2013/03C	February, 2010	March, 2013	Indexed to a portfolio of indexes, equities or commodities	1,439	1,439
Bank Millennium - BM_2013/03D	February, 2010	March, 2013	Indexed to a portfolio of indexes, equities or commodities	1,153	1,153

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Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
Bank Millennium - BM_2013/04	March, 2010	April, 2013	Indexed to a portfolio of indexes, equities or commodities	853	853
Bank Millennium - BM_2012/04A	March, 2010	April, 2012	Indexed to a portfolio of indexes, equities or commodities	745	745
Bank Millennium - BM_2012/04B	March, 2010	April, 2012	Indexed to a portfolio of indexes, equities or commodities	1,351	1,351
Bank Millennium - BM_2012/04C	March, 2010	April, 2012	Indexed to a portfolio of indexes, equities or commodities	1,433	1,433
Bank Millennium - BM_2013/04A	March, 2010	April, 2013	Indexed to a portfolio of indexes, equities or commodities	1,065	1,065
Bank Millennium - BM_2013/04B	March, 2010	April, 2013	Indexed to a portfolio of indexes, equities or commodities	373	373
Bank Millennium - BM_2013/05	April, 2010	May, 2013	Indexed to a portfolio of indexes, equities or commodities	1,458	1,458
Bank Millennium - BM_2013/05A	April, 2010	May, 2013	Indexed to a portfolio of indexes, equities or commodities	1,261	1,261
Bank Millennium - BM_2013/05B	April, 2010	May, 2013	Indexed to a portfolio of indexes, equities or commodities	795	795
Bank Millennium - BM_2013/05C	April, 2010	May, 2013	Indexed to a portfolio of indexes, equities or commodities	376	376
Bank Millennium - BM_2013/06	May, 2010	June, 2013	Indexed to a portfolio of indexes, equities or commodities	1,793	1,793
Bank Millennium - BM_2013/06A	May, 2010	June, 2013	Indexed to a portfolio of indexes, equities or commodities	2,136	2,136
Bank Millennium - BM_2013/06B	May, 2010	June, 2013	Indexed to a portfolio of indexes, equities or commodities	708	708
Bank Millennium - BM_2011/12	June, 2010	December, 2011	Indexed to a portfolio of indexes, equities or commodities	366	366
Bank Millennium - BPW_2013/07	June, 2010	July, 2013	Indexed to a portfolio of indexes, equities or commodities	2,413	2,413
Bank Millennium - BPW_2013/07A	June, 2010	July, 2013	Indexed to a portfolio of indexes, equities or commodities	932	932
Bank Millennium - BPW_2013/08	July, 2010	August, 2013	Indexed to a portfolio of indexes, equities or commodities	3,693	3,693
Bank Millennium - BPW_2013/09	August, 2010	September, 2013	Indexed to a portfolio of indexes, equities or commodities	2,247	2,247
Bank Millennium - BPW_2011/10	September, 2010	October, 2011	Indexed to a portfolio of indexes, equities or commodities	1,318	1,318
Bank Millennium - BPW_2013/10	September, 2010	October, 2013	Indexed to a portfolio of indexes, equities or commodities	2,809	2,809
Bank Millennium - BPW_2013/11	October, 2010	November, 2013	Indexed to a portfolio of indexes, equities or commodities	2,201	2,201
Bank Millennium - BPW_2013/12	November, 2010	December, 2013	Indexed to a portfolio of indexes, equities or commodities	3,856	3,856
Bank Millennium - BPW_2014/01	December, 2010	January, 2014	Indexed to a portfolio of indexes, equities or commodities	2,697	2,697
Banco de Investimento Imobiliário:					
FRN's BII Finance Company	September, 1996	September, 2011	Euribor 3 m + 1.75%	83,962	83,773
BCP Finance Bank:					
BCP Fin.Bank - Euros 15 m	November, 2001	November, 2011	Zero coupon	15,000	14,423
BCP Fin.Bank - Euros 90 m	June, 2003	June, 2013	Euribor 360 3 months + 0.35%	90,000	89,981

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Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
BCP Fin.Bank - Euros 20 m	December, 2003	December, 2023	Fixed rate of 5.31%	20,000	19,616
BCP Fin.Bank - EUR 10 m	March, 2004	March, 2024	Fixed rate of 5.01%	10,000	9,315
BCP Fin.Bank - EUR 50 m	September, 2004	September, 2014	Euribor 3 months + 0.2%	50,000	49,923
BCP Fin.Bank - EUR 20 m	December, 2004	December, 2014	Euribor 6 months + 0.22%	20,000	19,989
BCP Fin.Bank - EUR 2.9 m	February, 2005	February, 2015	1st year 9.7% *n/N;2nd year and following Former coupon *n/N; (n: n. of days USD Libor 6 months <= Barrier)	939	939
BCP Fin.Bank - EUR 20 m	April, 2005	April, 2015	Euribor 3 months + 0.18%	20,000	19,989
BCP Fin.Bank - EUR 3.5 m	April, 2005	April, 2015	1st year 6% *n/N; 2nd year and following Former coupon *n/N; (n: n. of days Euribor 3 months <= Barrier)	2,276	1,975
BCP Fin.Bank - EUR 222 m	December, 2005	December, 2013	Euribor 3 months + 50 bp	213,890	213,905
BCP Fin.Bank - EUR 500 m	February, 2006	February, 2011	Euribor 3 months + 0.1%	479,950	479,900
BCP Fin.Bank - EUR 13.45 m	May, 2006	May, 2014	Euribor 6 months + 37 bp	12,692	12,692
BCP Fin.Bank - EUR 5.65 m	May, 2006	May, 2014	Euribor 6 months + 32 bp	5,347	5,347
BCP Fin.Bank - EUR 11 m	June, 2006	June, 2014	Euribor 6 months + 35 bp	10,999	10,999
BCP Fin.Bank - GBP 14.6 m	July, 2006	July, 2011	Fixed rate of 5.3525%	16,962	17,326
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)	1,051	780
BCP Fin.Bank - CZK 500 m	December, 2006	December, 2011	Pribor 3 months+0.09%	19,951	19,988
BCP Fin.Bank - EUR 20 m	December, 2006	June, 2015	Index to Nikkei 225 index	19,992	19,992
BCP Fin.Bank - EUR 100 m	January, 2007	January, 2017	Euribor 3 months + 0.175%	100,000	99,925
BCP Fin.Bank - EUR 1000 m	February, 2007	February, 2012	Euribor 3 months + 0.125%	955,000	954,968
BCP Fin.Bank - EUR 32.1 m	June, 2008	June, 2016	Euribor 6 months + 0.5%	31,150	31,150
BCP Fin.Bank - EUR 31.35 m	October, 2008	October, 2016	Euribor 6 months + 0.60%	29,400	29,400
BCP Finance Bank - EUR 8.018 m	February, 2009	February, 2014	Euribor 3 months + Remain Prize: (1st year 0.125%; 2nd year 0.250%; 3rd year 0.500%; 4th year 0.750%; 5th year 1.0%)	3,980	3,980
BCP Finance Bank - EUR 4.484 m	March, 2009	March, 2014	Euribor 3 months + Remain Prize: (1st year 0.125%; 2nd year 0.250%; 3rd year 0.500%; 4th year 0.750%; 5th year 1.0%)	2,196	2,196
BCP Finance Bank - EUR 2.353 m	April, 2009	April, 2014	Euribor 3 months + Remain Prize: (1st year 0.125%; 2nd year 0.250%; 3rd year 0.750%; 4th year 1.00%; 5th year 1.250%)	847	847
BCP Finance Bank - EUR 44 m	May, 2009	May, 2014	Euribor 3 months + 2.65%	44,000	44,000
BCP Finance Bank - EUR 57 m	May, 2009	May, 2014	Euribor 3 months + 3.693%	57,000	57,000
BCP Finance Bank - EUR 64 m	May, 2009	May, 2014	Euribor 3 months + 3.0144%	64,000	64,000
BCP Finance Bank - EUR 1.5 m	May, 2009	May, 2014	Euribor 3 months + 1.45%	1,500	1,500
BCP Finance Bank - EUR 3.5 m	May, 2009	May, 2014	Euribor 3 months + 1.84%	3,500	3,500
BCP Finance Bank - EUR 5 m	May, 2009	May, 2017	Euribor 3 months + 0.89%	4,500	4,500
BCP Finance Bank - EUR 5 m	May, 2009	May, 2017	Euribor 3 months + 0.93%	5,000	5,000
BCP Finance Bank - EUR 10 m	May, 2009	May, 2017	Euribor 3 months + 1.29%	10,000	10,000
BCP Finance Bank - EUR 12.5 m	May, 2009	May, 2017	Euribor 3 months + 1.49%	12,500	12,500
BCP Finance Bank - EUR 17.5 m	May, 2009	May, 2017	Euribor 3 months + 1.81%	16,700	16,700
BCP Finance Bank - EUR 0.554 m	May, 2009	May, 2014	Euribor 3 months + Remain Prize: (1st year 0.125%; 2nd year 0.250%; 3rd year 0.750%; 4th year 1.0%; 5th year 1.250%)	123	123
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%	1,728	1,754
BCP Finance Bank - EUR 0.758 m	June, 2009	June, 2014	Euribor 3 months + Remain Prize: (1st year 0.125%; 2nd year 0.250%; 3rd year 0.750%; 4th year 1.0%; 5th year 1.250%)	324	324

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Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
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%	5,356	5,455
BCP Finance Bank - EUR 3.75 m	July, 2009	July, 2017	Euribor 3 months + 2.07%	3,700	3,700
BCP Finance Bank - EUR 3.75 m	July, 2009	July, 2017	Euribor 3 months + 1.91%	3,750	3,750
BCP Finance Bank - EUR 8.75 m	July, 2009	July, 2017	Euribor 3 months + 2.22%	8,750	8,750
BCP Finance Bank - EUR 8.75 m	July, 2009	July, 2017	Euribor 3 months + 2.72%	8,750	8,750
BCP Finance Bank - EUR 8.75 m	July, 2009	July, 2017	Euribor 3 months + 2.3%	8,750	8,750
BCP Finance Bank - EUR 15 m	July, 2009	July, 2017	Euribor 3 months + 2.5%	15,000	15,000
BCP Finance Bank - EUR 26.25 m	July, 2009	July, 2017	Euribor 3 months + 2.43%	26,250	26,250
BCP Finance Bank - EUR 5 m	August, 2009	August, 2017	Euribor 3 months + 1.260%	5,000	5,000
BCP Finance Bank - EUR 15 m	August, 2009	August, 2017	Euribor 3 months + 1.720%	15,000	15,000
BCP Finance Bank - EUR 1.648 m	August, 2009	August, 2014	Euribor 3 months + Remain Prize: (1st year 0.125%; 2nd year 0.250%; 3rd year 0.750%; 4th year 1.00%; 5th year 1.250%)	578	578
BCP Finance Bank - EUR 6.879 m	August, 2009	November, 2012	Fixed Rate of 3.07692%	6,667	6,742
BCP Finance Bank - EUR 3.5 m	September, 2009	September, 2014	Euribor 3 months + 1.77%	3,500	3,500
BCP Finance Bank - EUR 6.5 m	September, 2009	September, 2014	Euribor 3 months + 1.65%	6,500	6,500
BCP Finance Bank - EUR 8 m	September, 2009	September, 2014	Euribor 3 months + 1.81%	8,000	8,000
BCP Finance Bank - EUR 15 m	September, 2009	September, 2014	Euribor 3 months + 1.91%	15,000	15,000
BCP Finance Bank - EUR 26 m	September, 2009	September, 2014	Euribor 3 months + 2.1462%	26,000	26,000
BCP Finance Bank - EUR 36 m	September, 2009	September, 2014	Euribor 3 months + 2.5611%	36,000	36,000
BCP Finance Bank - EUR 19.881 m	September, 2009	December, 2012	Fixed Rate of 3.07692%	18,284	18,529
BCP Finance Bank - EUR 3 m	September, 2009	September, 2017	Euribor 3 months + 1.62%	3,000	3,000
BCP Finance Bank - EUR 3 m	September, 2009	September, 2017	Euribor 3 months + 1.53%	3,000	3,000
BCP Finance Bank - EUR 4 m	September, 2009	September, 2017	Euribor 3 months + 2.18%	4,000	4,000
BCP Finance Bank - EUR 4.5 m	October, 2009	September, 2017	Euribor 3 months + 1.30%	4,500	4,500
BCP Finance Bank - EUR 4.5 m	October, 2009	October, 2014	Euribor 3 months + 1.45%	4,100	4,100
BCP Finance Bank - EUR 15 m	October, 2009	October, 2017	Euribor 3 months + 1.40%	15,000	15,000
BCP Finance Bank - EUR 4.5 m	October, 2009	October, 2014	Euribor 3 months + 1.28%	4,500	4,500
BCP Finance Bank - EUR 6 m	October, 2009	October, 2014	Euribor 3 months + 2.02%	5,950	5,950
BCP Finance Bank - EUR 10 m	October, 2009	October, 2017	Euribor 3 months + 1.28%	9,750	9,750
BCP Finance Bank - EUR 25 m	October, 2009	October, 2017	Euribor 3 months + 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%	15,143	15,625
BCP Finance Bank - EUR 5 m	December, 2009	March, 2015	Euribor 3 months + 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%	12,178	12,487
BCP Finance Bank - EUR 52 m	December, 2009	December, 2017	Euribor 3 months + 1,2969%	52,000	52,000
BCP Finance Bank - EUR 6 m	December, 2009	December, 2017	Euribor 3 months +1,66%	6,000	6,000
BCP Finance Bank - EUR 8 m	December, 2009	December, 2017	Euribor 3 months +1,26%	8,000	8,000
BCP Finance Bank - EUR 8.424 m	January, 2010	January, 2015	1st year=2.5%; 2nd year=2.75%; 3rd year =3.25%; 4th year=4.125%; 5th year=5.0%	8,258	8,470
BCP Finance Bank - EUR 1.5 m	February, 2010	February, 2018	Euribor 3 months + 1.12% per year	1,050	1,050
BCP Finance Bank - EUR 1.5 m	February, 2010	February, 2018	Euribor 3 months + 1.27% per year	1,500	1,500
BCP Finance Bank - EUR 57 m	February, 2010	February, 2018	Euribor 3 months + 1.4279% per year	57,000	57,000
BCP Finance Bank - EUR 23.861 m	March, 2010	March, 2013	1st Sem.=2.25%; 2nd Sem.=2.50%; 3rd Sem.=2.75%; 4th Sem.=3.00%; 5th Sem.=3.25%; 6th Sem.=4.50%	22,981	23,212
BCP Finance Bank - EUR 8.283 m	March, 2010	March, 2013	1st Sem.=1.50%; 2nd Sem.=1.75%; 3rd Sem.=2.0%; 4th Sem.=2.25%; 5th Sem.=2.50%; 6th Sem.=3.50%	8,044	8,123
BCP Finance Bank - EUR 50 m	March, 2010	March, 2018	Euribor 3 months + 1.60% per year	50,000	50,000

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Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
BCP Finance Bank - EUR 4.64 m	April, 2010	April, 2015	1st Sem.=2.0%; 2nd Sem.=2.125%; 3rd Sem.=2.25%; 4th Sem.=2.375%; 5th Sem.=2.50%; 6th Sem.=2.75%; 7th Sem.=2.875% ;8th Sem.=3.125%; 9th Sem.=3.50%; 10th Sem.=4.0%	4,521	4,578
BCP Finance Bank - EUR 15.733 m	April, 2010	April, 2015	1st Sem.=2.25%; 2nd Sem.=2.5%; 3rd Sem.=2.60%; 4th Sem.=2.8%; 5th Sem.=3.0% ;6th Sem.=3.150%; 7th Sem.=3.20%; 8th Sem.=3.50%; 9th Sem.=3.80%; 10th Sem.=4.50%	15,361	15,564
BCP Finance Bank - EUR 0.785 m	April, 2010	April, 2014	1st Sem.=1.75%; 2nd Sem.=1.875%; 3rd Sem.=2.0%; 4th Sem.=2.125%; 5th Sem.=2.25%; 6th Sem.=2.375%; 7th Sem.=2.5% ;8th Sem.=3.0%	785	789
BCP Finance Bank - EUR 3.857 m	April, 2010	April, 2014	Indexed to portfolio of shares	3,806	3,826
BCP Finance Bank - USD 9.32 m	June, 2010	June, 2014	1st Sem.=2.0%; 2nd Sem.=2.125%; 3rd Sem.=2.25%; 4th Sem.=2.375%; 5th Sem.=2.50%; 6th Sem.=2.75%; 7th Sem.=3.0% ;8th Sem.=3.5%	6,254	6,318
BCP Finance Bank - EUR 3.635 m	June, 2010	June, 2014	1st Sem.=1.875%; 2nd Sem.=2.0%; 3rd Sem.=2.125%; 4th Sem.=2.25%; 5th Sem.=2.375% ; 6th Sem.=2.5%; 7th Sem.=2.625% ; 8th Sem.=3.25%	3,620	3,597
BCP Finance Bank - EUR 1.458 m	June, 2010	June, 2014	1st Sem.=1.625%; 2nd Sem.=1.75%; 3rd Sem.=1.875%; 4th Sem.=2.0%; 5th Sem.=2.125%; 6th Sem.=2.25%; 7th Sem.=2.375% ; 8th Sem.=3.0%	1,453	1,444
BCP Finance Bank - EUR 1.756 m	August, 2010	August, 2015	1st Sem.=1.875%; 2nd Sem.=2.0%; 3rd Sem.=2.125%; 4th Sem.=2.25%; 5th Sem.=2.375% ; 6th Sem.=2.5%; 7th Sem.=2.75% ; 8th Sem.=2.875% 9th Sem.=3.0%; 10th Sem.=3.50%	1,741	1,719
BCP Finance Bank - EUR 11.537 m	August, 2010	August, 2015	1st Sem.=2.125%; 2nd Sem.=2.3%; 3rd Sem.=2.425%; 4th Sem.=2.55%; 5th Sem.=2.8% ; 6th Sem.=3.05%; 7th Sem.=3.3% ; 8th Sem.=3.55%; 9th Sem.=3.8%; 10th Sem.=4.30%	11,224	11,093
BCP Finance Bank - USD 3.069 m	August, 2010	August, 2015	1st Sem.=1.875%; 2nd Sem.=2.0%; 3rd Sem.=2.125%; 4th Sem.=2.25%; 5th Sem.=2.375% ; 6th Sem.=2.5%; 7th Sem.=2.625% ; 8th Sem.=2.875%; 9th Sem.=3.25%; 10th Sem.=3.750%	2,297	2,275
BCP Finance Bank - EUR 3.547 m	September, 2010	September, 2015	1st Sem.=1.875%; 2nd Sem.=2.0%; 3rd Sem.=2.125%; 4th Sem.=2.25%; 5th Sem.=2.375% ; 6th Sem.=2.5%; 7th Sem.=2.75% ; 8th Sem.=2.875% 9th Sem.=3.0%; 10th Sem.=3.50%	3,541	3,490
BCP Finance Bank - EUR 19.203 m	September, 2010	September, 2015	1st Sem.=2.175%; 2nd Sem.=2.3%; 3rd Sem.=2.425%; 4th Sem.=2.55%; 5th Sem.=2.8% ; 6th Sem.=3.05%; 7th Sem.=3.3% ; 8th Sem.=3.55%; 9th Sem.=3.8%; 10th Sem.=4.30%	19,203	18,940

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Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
BCP Finance Bank - EUR 0.595 m	October, 2010	April, 2013	1st Sem.=1.85%; 2nd Sem.=1.975%; 3rd Sem.=2.225%; 4th Sem.=2.475%; 5th Sem.=2.725%	578	579
BCP Finance Bank - EUR 8.722 m	October, 2010	April, 2013	1st Sem.=2.3%; 2nd Sem.=2.425%; 3rd Sem.=2.675%; 4th Sem.=2.925%; 5th Sem.=3.425%	8,644	8,652
BCP Finance Bank - EUR 0.155 m	November, 2010	May, 2013	1st Sem.=1.85%; 2nd Sem.=1.975%; 3rd Sem.=2.225%; 4th Sem.=2.475%; 5th Sem.=2.725%	155	155
BCP Finance Bank - EUR 2.617 m	November, 2010	May, 2013	1st Sem.=2.3%; 2nd Sem.=2.425%; 3rd Sem.=2.675%; 4th Sem.=2.925%; 5th Sem.=3.425%	2,607	2,605
BCP Finance Bank - EUR 0.026 m	December, 2010	June, 2014	1st Sem.=1.75%; 2nd Sem.=2.00%; 3rd Sem.=2.25%; 4th Sem.=2.50%; 5th Sem.=2.75% ; 6th Sem.=3.00%; 7th Sem.=3.25%	26	26
BCP Finance Bank - EUR 1.078 m	December, 2010	June, 2014	1st Sem.=2.50%; 2nd Sem.=2.75%; 3rd Sem.=3.00%; 4th Sem.=3.25%; 5th Sem.=3.50% ; 6th Sem.=3.75%; 7th Sem.=4.00%	1,078	1,077
Bank Millennium (Greece):					
Kion 2006-1 A	December, 2006	July, 2051	Euribor 3 months + 0.15%	152,743	152,743
Kion 2006-1 B	December, 2006	July, 2051	Euribor 3 months + 0.27%	20,462	20,462
Kion 2006-1 C	December, 2006	July, 2051	Euribor 3 months + 0.55%	13,069	13,069
Magellan Mortgages Nº 2:					
SPV Magellan Nº 2 - Class A Notes	October, 2003	July, 2036	Euribor 3 months + 0.44%	214,525	214,525
SPV Magellan Nº 2 - Class D Notes	October, 2003	July, 2036	Euribor 3 months + 1.70%	3,500	3,500
SPV Magellan Nº 2 - Class B Notes	October, 2003	July, 2036	Euribor 3 months + 1.10%	40,000	40,000
SPV Magellan Nº 2 - Class C Notes	October, 2003	July, 2036	Euribor 3 months + 2.30%	25,000	25,000
Magellan Mortgages Nº 3:					
Mbs Magellan Mortgages S 3 Cl.A	June, 2005	May, 2058	Euribor 3 months + 0.13%	613,898	564,558
Mbs Magellan Mortgages S.3 Cl.B	June, 2005	May, 2058	Euribor 3 months + 0.19%	18,784	17,275
Mbs Magellan Mortgages S. 3 Cl.C	June, 2005	May, 2058	Euribor 3 months + 0.29%	8,766	8,061
Mbs Magellan Mortgages S. 3 Cl. D	June, 2005	May, 2058	Euribor 3 months + 0.53%	20,454	18,810
Millennium Leasing Sp. z o.o.:					
Millennium Leasing - B1	December, 2010	December, 2011	Fixed rate of 5.25%	5,039	5,039
BIM - Banco Internacional de Moçambique, S.A.:					
Obrigações BIM / 2010	October, 2010	October, 2015	Fixed rate of 19%	23,092	23,092
					17,552,634
Accruals					**171,309**
					17,723,943
Commercial Paper:					
Banco Comercial Português:					
Bcp Eucp 25Feb2011 Bcp Lis	February, 2010	February, 2011	Fixed rate of 1.28%	250,000	249,512
Bcp Sfi Eucp 19 Jan 2011 Bcp Lis	October, 2010	January, 2011	Fixed rate of 1.85%	50,000	49,954
Bcp Sfi Ecp Due 10Jan2011-Bcp Lis	December, 2010	January, 2011	Fixed rate of 1.73%	10,000	9,996
Bcp Sfi Ecp 13Jan2011-Bcp Lisbon	December, 2010	January, 2011	Fixed rate of 1.73%	10,000	9,994
BCP Finance Bank:					
BCP Finance Bank - EUR 2.5 M	October, 2010	January, 2011	Fixed rate of 1,73%	2,500	2,499
					321,955

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

(Thousands of Euros)

	'10	'09
Bonds:		
Up to 3 months	501,933	653,293
3 to 6 months	2,048,895	1,816,525
6 to 12 months	1,257,897	532,950
1 to 5 years	9,337,200	10,824,672
More than 5 years	4,406,709	3,526,932
	17,552,634	**17,354,372**
Accruals	171,309	147,678
	17,723,943	**17,502,050**
Commercial paper:		
Up to 3 months	321,955	2,088,233
3 to 6 months	-	188,730
6 to 12 months	-	99,191
	321,955	**2,376,154**
Other:		
Up to 3 months	5,042	-
3 to 6 months	15,234	10,818
6 to 12 months	-	8,268
1 to 5 years	10,363	30,208
More than 5 years	60,853	25,729
	91,492	**75,023**
	18,137,390	**19,953,227**

35. Financial liabilities held for trading

The balance is analysed as follows:

(Thousands of Euros)

	'10	'09
Short selling securities	-	4,741
FRA	415	68
Swaps	1,064,721	953,083
Futures	66	3,423
Options	61,815	76,347
Embedded derivatives	2,831	15,439
Forwards	46,603	19,223
	1,176,451	**1,072,324**
of which:		
Level 1	66	8,638
Level 2	1,176,385	1,063,686

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 2,831,000 (31 December 2009: Euros 15,439,000). This note should be analysed with note 22.

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

The balance is analysed as follows:

(Thousands of Euros)

	'10	'09
Deposits from credit institutions	232,760	1,281,460
Deposits from customers	3,919	12,005
Bonds	3,776,017	5,000,180
Commercial paper and other liabilities	25,543	51,938
	4,038,239	**6,345,583**

Other financial liabilities at fair value through profit or loss are measured in accordance with internal valuation techniques considering mainly observable market inputs. In accordance with the hierarchy of the valuation sources, as referred in IFRS 7, these instruments are classified in level 2.

The balance Other financial liabilities at fair value through profit or loss account includes an positive amount of Euros 204,561,000 (31 December 2009: negative amount of Euros 106,089,000) 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, 2010 are analysed as follows:

Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
Bonds issued:					
Banco Comercial Português:					
BCP Ob Cx R.G.III Feb 2007/12	February, 2007	February, 2012	Indexed to DJ EuroStoxx 50 index	15,995	15,693
BCP Ob Cx RGIv Mar 2007/12	March, 2007	March, 2012	Indexed to DJ EuroStoxx 50 index	12,280	11,999
BCP Ob Cx RGIv 2Em Mar 2007/12	March, 2007	March, 2012	Indexed to DJ EuroStoxx 50 index	6,690	6,368
BCP Ob Cx RGV 2Em May 2007/12	May, 2007	May, 2012	Indexed to DJ EuroStoxx 50 index	5,000	4,538
BCP Ob Cx RGV May 2007/12	May, 2007	May, 2012	Indexed to DJ EuroStoxx 50 index	8,039	7,728
BCP Ob Cx RGVi Jun 2007/12	June, 2007	June, 2012	Indexed to portfolio of indexes	11,073	10,798
BCP Ob Cx RGVii Aug2007/12	August, 2007	August, 2012	Indexed to portfolio of indexes	9,041	8,748
Ob Cx BCP RGViii Sep 2007/12	September, 2007	September, 2012	Indexed to portfolio of indexes	4,010	3,746
BCP Ob Cx RGIx Oct 2007/12	October, 2007	October, 2012	Indexed to DJ EuroStoxx 50 index	3,217	3,384
BCP Ob Cx RGX Dec 2007/12	December, 2007	November, 2012	Indexed to DJ EuroStoxx 50 index	2,373	2,487
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%	44,566	44,686
BCPOb Cx Inv Cab Mu Feb 08/11	February, 2008	February, 2011	Indexed to portfolio of 3 indexes	8,021	8,007
BCPOb Cx Inv Mercad Mar 08/11	March, 2008	March, 2011	Indexed to portfolio of 3 Commodities	15,507	15,468
BCPOb Cx Inv Agua May 08/11	May, 2008	May, 2011	Indexed to S&P Global Water	11,907	11,845
BCPOb Cx Inv Ener Ren Jun 08/11	June, 2008	June, 2011	Indexed to portfolio of 4 shares	15,414	15,319
BCPOb Cx Inv Saude July 08/11	July, 2008	July, 2011	Indexed to portfolio of 5 shares	5,299	5,231
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%	82,552	83,656
BCPOb Cx Inv Iber Sep 2008/11	September, 2008	September, 2011	Indexed to portfolio of indexes	3,145	3,097
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%	25,408	25,748
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%	2,616	2,651
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%	51,053	51,651

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Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
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%	19,585	19,815
BCPOb Cx Inv Petroleo Oct 08/11	October, 2008	October, 2011	Indexed to portfolio of shares	2,742	2,871
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%	3,583	3,625
Bcp - 3.625 Per Cent FRN	January, 2009	January, 2012	Fixed rate of 3.625%	1,500,000	1,478,544
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%	111,262	110,742
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%	90,259	90,004
Bcp Inv Merc Mund 09/22.09/12	September, 2009	September, 2012	Fixed rate of 1% year + portfolio of 6 indexes until maturity	888	871
Bcp Inv. Cab Energia Nov 2012	November, 2009	November, 2012	Indexed to portfolio of 5 shares	2,515	2,502
BCP FRN 2.375 Sindicada	January, 2010	January, 2012	Fixed rate of 2,375%	605,000	566,125
BCP Inv Telecoms March 2013	March, 2010	March, 2013	Indexed to portfolio of 3 shares	8,745	8,966
BCP Iln Euro Inv Abr 10/13	April, 2010	April, 2013	Indexed to portfolio of indexes	1,999	1,898
BCP Rend Diversificado Abr 10/13	April, 2010	April, 2013	Indexed to portfolio of 4 shares	1,961	1,818
BCP Cln Portugal - Emtn 726	June, 2010	June, 2018	Fixed rate of 4,72%	59,600	46,434
BCP Iln Inv Opc Tripla Jun 10/13	June, 2010	June, 2013	Indexed to portfolio of 4 shares	1,533	1,663
BCP Cabaz Mundial 26 Oct 10/14	October, 2010	October, 2014	Indexed to portfolio of 4 shares	439	406
BCP Eur Cln Port 2Emis Jun 10/18	November, 2010	June, 2018	Fixed rate of 4,45 %	14,600	11,388
BCP Eur Cln Portugal 10/15.06.20	November, 2010	June, 2020	Fixed rate of 4,80 %	30,000	22,818
BCP Iln Inv Indices Mundiais Xi	November, 2010	November, 2013	Indexed to portfolio of 3 indexes	1,830	1,830
BCP Rev Convertible Soc Generale	November, 2010	March, 2011	Indexed to the share price of (Société Générale)	3,840	3,733
BCP Iln Rev Convertible Alstom Xi	November, 2010	March, 2011	Indexed to the share price of (Alstom S.A)	1,720	1,687
BCP Iln Farmaceuticas Globais Xi	November, 2010	November, 2012	Indexed to portfolio of 4 shares	3,255	3,255
BCP Iln Dinamismo Financ Xii	December, 2010	December, 2011	Indexed to portfolio of 2 shares	3,042	2,788
BCP Iln Inv Indices Mundiais Xii	December, 2010	December, 2013	Indexed to portfolio of 3 indexes	4,100	4,100
BCP Finance Bank:					
MTN - EUR 1 Million	March, 2007	March, 2011	Indexed to portfolio DJ EuroStoxx 50	950	943
MTN - EUR 8.4 Millions	May, 2007	May, 2011	6M Euribor + 1.30% (CLN)	4,205	4,201
MTN - EUR 2.075 Millions	October, 2007	October, 2011	Fixed rate of 6%	1,975	1,222
MTN - EUR 1 Million	January, 2008	January, 2011	Indexed to portfolio of 3 shares	1,000	985
MTN - EUR 11 Millions	January, 2008	January, 2011	Indexed to portfolio of 3 indexes	11,000	7,960
MTN - EUR 5.872 Millions	January, 2008	January, 2011	Indexed to portfolio of 3 indexes	5,197	3,494
MTN - EUR 2.96 Millions	February, 2008	February, 2011	Indexed to portfolio of 3 Commodities	2,895	2,762
MTN - EUR 1.5 Millions	March, 2008	March, 2011	Indexed to portfolio of 3 indexes	1,400	1,076
MTN - EUR 2.5 Millions	March, 2008	March, 2011	Indexed to portfolio of 3 indexes	2,500	1,928
MTN - EUR 2.5 Millions	March, 2008	March, 2011	Indexed to portfolio of 3 indexes	2,500	2,547
MTN - EUR 9 Millions	March, 2008	March, 2016	Euribor 3M + 2.80% (CLN)	9,000	6,633
MTN - EUR 9 Millions	March, 2008	March, 2016	Euribor 3M + 2.80% (CLN)	9,000	6,577
MTN - EUR 12 Millions	March, 2008	March, 2016	Euribor 3M + 2.8042% (CLN)	12,000	11,265
MTN - EUR 15 Millions	March, 2008	March, 2016	Euribor 3M + 2.25% (CLN)	7,500	6,687
MTN - EUR 15 Millions	March, 2008	March, 2016	Euribor 3M + 2.334% (CLN)	15,000	6,571
MTN - EUR 15 Millions	March, 2008	March, 2016	Euribor 3M + 2.35% (CLN)	15,000	11,857
MTN - EUR 25 Millions	March, 2008	March, 2016	Euribor 3M + 2.34% (CLN)	25,000	24,039
MTN - EUR 45 Millions	March, 2008	March, 2016	Euribor 3M + 2.65% (CLN)	45,000	41,302

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Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
MTN - EUR 1 Million	March, 2008	March, 2011	Indexed to portfolio of 3 indexes	1,000	793
MTN - EUR 1.147 Millions	March, 2008	March, 2011	Indexed to portfolio of 3 Commodities	1,075	1,055
MTN - EUR 20 Millions	April, 2008	April, 2016	Euribor 3M + 2.50% (CLN)	17,300	16,255
MTN - EUR 20 Millions	April, 2008	April, 2016	Euribor 3M + 2.50% (CLN)	20,000	16,762
MTN - EUR 20 Millions	April, 2008	April, 2016	Euribor 3M + 2.45% (CLN)	20,000	17,559
MTN - EUR 20 Millions	April, 2008	April, 2016	Euribor 3M + 2.78% (CLN)	20,000	19,550
MTN - EUR 20 Millions	April, 2008	April, 2016	Euribor 3M + 2.88% (CLN)	20,000	19,066
MTN - EUR 20 Millions	April, 2008	April, 2016	Euribor 3M + 2.58% (CLN)	20,000	16,627
MTN - EUR 20 Millions	April, 2008	April, 2016	Euribor 3M + 2.58% (CLN)	20,000	16,795
MTN - EUR 3 Millions	April, 2008	April, 2011	Indexed to portfolio of 3 indexes	3,000	2,482
MTN - EUR 10 Millions	April, 2008	April, 2016	Euribor 3M + 2.12% (CLN)	10,000	8,021
MTN - EUR 10 Millions	April, 2008	April, 2016	Euribor 3M + 2.12% (CLN)	10,000	7,923
MTN - EUR 15 Millions	April, 2008	April, 2016	Euribor 3M + 2.22% (CLN)	15,000	13,511
MTN - EUR 12.5 Millions	May, 2008	May, 2016	Euribor 3M + 2.20% (CLN)	12,350	10,000
MTN - EUR 15 Millions	May, 2008	May, 2016	Euribor 3M + 2.35% (CLN)	14,650	13,513
MTN - EUR 12.5 Millions	May, 2008	May, 2016	Euribor 3M + 2.20% (CLN)	12,500	9,967
MTN - EUR 21 Millions	May, 2008	May, 2016	Euribor 3M + 1.40% (CLN)	21,000	16,954
MTN - EUR 4 Millions	June, 2008	June, 2011	Indexed to portfolio of 3 indexes	4,000	2,889
MTN - EUR 9 Millions	June, 2008	June, 2013	Indexed to portfolio DB SALSA Sectors	6,300	8,333
MTN - EUR 1.02 Millions	June, 2008	June, 2011	Indexed to portfolio of 3 indexes	920	795
MTN - EUR 21 Million	June, 2008	June, 2016	Euribor 3 M + 2.25% (CLN)	21,000	14,322
MTN - EUR 13 Millions	June, 2008	June, 2016	Euribor 3 M + 1.45% (CLN)	13,000	11,101
MTN - EUR 13 Millions	June, 2008	June, 2016	Euribor 3 M + 1.45% (CLN)	13,000	10,471
MTN - EUR 8 Millions	July, 2008	July, 2016	Euribor 3 M + 1.57% (CLN)	8,000	6,063
MTN - EUR 8 Millions	July, 2008	July, 2016	Euribor 3 M + 1.55% (CLN)	8,000	6,525
MTN - EUR 8 Millions	July, 2008	July, 2016	Euribor 3 M + 1.50% (CLN)	8,000	6,125
MTN - EUR 8 Millions	July, 2008	July, 2016	Euribor 3 M + 1.55% (CLN)	8,000	6,639
MTN - EUR 8 Millions	July, 2008	July, 2016	Euribor 3 M + 1.57% (CLN)	8,000	6,161
MTN - EUR 1.64 Millions	July, 2008	July, 2011	Indexed to portfolio of 3 indexes	1,625	1,661
MTN - EUR 7.5 Millions	July, 2008	July, 2013	Euribor 3 M + 2.05% (CLN)	7,500	7,000
MTN - EUR 7.5 Millions	July, 2008	July, 2013	Euribor 3 M + 1.85% (CLN)	7,500	7,123
MTN - EUR 7.5 Millions	July, 2008	July, 2013	Euribor 3 M + 2.05% (CLN)	7,500	7,286
MTN - EUR 7.5 Millions	July, 2008	July, 2013	Euribor 3 M + 2.06% (CLN)	7,500	7,466
MTN - EUR 7.5 Millions	July, 2008	July, 2013	Euribor 3 M + 2.30% (CLN)	7,500	7,010
MTN - EUR 5 Millions	July, 2008	July, 2011	Euribor 3 M + 2.25% (CLN)	5,000	4,988
MTN - EUR 1.15 Millions	July, 2008	July, 2011	Indexed to Financial Select Sector SPDR Fund	1,100	1,252
MTN - EUR 9.6 Millions	July, 2008	July, 2016	Euribor 3 M + 1.57% (CLN)	9,250	7,000
MTN - EUR 9.6 Millions	July, 2008	July, 2016	Euribor 3 M + 1.50% (CLN)	9,400	7,173
MTN - EUR 9.6 Millions	July, 2008	July, 2016	Euribor 3 M + 1.62% (CLN)	9,600	7,853
MTN - EUR 9.6 Millions	July, 2008	July, 2016	Euribor 3 M + 1.57% (CLN)	9,600	7,378
MTN - EUR 9.6 Millions	July, 2008	July, 2016	Euribor 3 M + 1.62% (CLN)	9,400	7,836
MTN - EUR 1 Million	August, 2008	August, 2011	Indexed to portfolio of 3 indexes	650	665
MTN - EUR 24 Millions	August, 2008	August, 2013	Euribor 3 M + 2.12% (CLN)	24,000	23,848
MTN - EUR 7 Millions	August, 2008	August, 2013	Euribor 3 M + 2.9471% (CLN)	7,000	5,969
MTN - EUR 12.5 Millions	August, 2008	August, 2016	Euribor 3 M + 2.336% (CLN)	12,500	12,214
MTN - EUR 4.5 Millions	August, 2008	August, 2016	Euribor 3 M + 1.95% (CLN)	4,500	3,905
MTN - EUR 10 Millions	August, 2008	August, 2016	Euribor 3 M + 1.93% (CLN)	9,850	8,949
MTN - EUR 10 Millions	August, 2008	August, 2016	Euribor 3 M + 1.905% (CLN)	10,000	8,266
MTN - EUR 1 Million	September, 2008	September, 2013	Euribor 3 M + 1.33% (CLN)	500	465
MTN - EUR 2.5 Millions	September, 2008	September, 2013	Euribor 3 M + 1.67% (CLN)	2,500	2,198
MTN - EUR 25.5 Millions	September, 2008	September, 2013	Euribor 3 M + 1.8961% (CLN)	25,500	22,829

(continue)

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Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
MTN - EUR 10 Millions	September, 2008	September, 2013	Euribor 3 M + 1.804% (CLN)	10,000	9,194
MTN - EUR 10.3 Millions	September, 2008	September, 2016	Euribor 3 M + 1.8551% (CLN)	10,300	8,000
MTN - EUR 3.3 Millions	September, 2008	September, 2016	Euribor 3 M + 1.8% (CLN)	3,300	2,705
MTN - EUR 9 Millions	October, 2008	October, 2013	Euribor 3M + 2.07% (CLN)	9,000	8,319
MTN - EUR 9 Millions	October, 2008	October, 2013	Euribor 3M + 2.08% (CLN)	9,000	8,067
MTN - EUR 9 Millions	October, 2008	October, 2016	Euribor 3M + 2.13% (CLN)	9,000	7,096
MTN - EUR 9 Millions	October, 2008	October, 2016	Euribor 3M + 2.12% (CLN)	9,000	7,520
MTN - EUR 7 Millions	November, 2008	November, 2013	Euribor 3M + 1.27% (CLN)	7,000	6,724
MTN - EUR 8 Millions	November, 2008	November, 2016	Euribor 3M + 1.32% (CLN)	8,000	7,276
MTN - EUR 1.9 Millions	December, 2008	December, 2011	Euribor 3M + 1.5% (CLN)	1,900	1,893
MTN - EUR 2.5 Millions	December, 2008	December, 2013	Euribor 3M + 1.4% (CLN)	2,500	2,405
MTN - EUR 1.5 Millions	December, 2008	December, 2013	Euribor 3M + 1.25% (CLN)	1,500	1,345
MTN - EUR 2.5 Millions	December, 2008	December, 2013	Euribor 3M + 2.1% (CLN)	2,500	1,870
MTN - EUR 3.5 Millions	December, 2008	December, 2013	Euribor 3M + 1.65% (CLN)	3,500	3,292
MTN - EUR 5 Millions	December, 2008	December, 2016	Euribor 3M + 1.5% (CLN)	5,000	4,604
MTN - EUR 4 Millions	December, 2008	December, 2016	Euribor 3M + 1.35% (CLN)	4,000	3,241
MTN - EUR 10.5 Millions	December, 2008	December, 2016	Euribor 3M + 1.9514% (CLN)	10,500	9,393
MTN - EUR 10.5 Millions	December, 2008	December, 2016	Euribor 3M + 2.5195% (CLN)	10,500	6,757
MTN - EUR 10 Millions	February, 2009	February, 2014	Euribor 3M + 2.95% (CLN)	10,000	7,606
MTN - EUR 10 Millions	February, 2009	February, 2014	Euribor 3M + 1.95% (CLN)	10,000	9,438
MTN - EUR 10 Millions	February, 2009	February, 2017	Euribor 3M + 1.79% (CLN)	9,650	9,071
MTN - EUR 90 Millions	February, 2009	February, 2017	Euribor 3M + 2.0089% (CLN)	90,000	80,157
MTN - EUR 1 Million	February, 2009	February, 2014	Euribor 3M + 1.6% (CLN)	1,000	967
MTN - EUR 11.695 Millions	March, 2009	March, 2012	1° Sem.=2.5%; 2° Sem.=2.75%; 3° Sem.=3.0%; 4° Sem.=3.25%; 5° Sem.=3.5%; 6° Sem.=4.25%	10,761	10,711
MTN - EUR 10 Millions	April, 2009	April, 2014	Euribor 3M + 1.98% (CLN)	10,000	9,445
MTN - EUR 7.5 Millions	April, 2009	April, 2014	Euribor 3M + 1.634% (CLN)	7,500	6,756
MTN - EUR 7.5 Millions	April, 2009	April, 2014	Euribor 3M + 2.0080% (CLN)	7,500	7,348
MTN - EUR 40 Millions	April, 2009	April, 2017	Euribor 3M + 1.99% (CLN)	40,000	35,683
MTN - EUR 10 Millions	April, 2009	April, 2017	Euribor 3M + 1.74% (CLN)	10,000	8,262
MTN - EUR 20 Millions	April, 2009	April, 2017	Euribor 3M + 1.73% (CLN)	20,000	18,772
MTN - EUR 20 Millions	April, 2009	April, 2017	Euribor 3M + 2.68% (CLN)	20,000	12,860
MTN - EUR 10 Millions	April, 2009	April, 2017	Euribor 3M + 1.68% (CLN)	10,000	9,346
MTN - EUR 5.5 Millions	April, 2009	April, 2017	Euribor 3M + 1.30% (CLN)	5,500	4,296
MTN - EUR 5.5 Millions	April, 2009	April, 2017	Euribor 3M + 1.20% (CLN)	5,500	4,991
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%	7,148	7,127
MTN - EUR 0.27 Millions	September, 2009	September, 2012	Fixed rate of 1% ano + portfolio of 6 indexes until maturity	270	265
MTN - EUR 1.145 Millions	November, 2009	November, 2012	Indexed to portfolio of shares	1,100	1,029
MTN - EUR 0.296 Millions	November, 2009	November, 2012	Indexed to portfolio of shares	296	295
MTN - EUR 1.075 Millions	November, 2009	November, 2014	Indexada ao Down Jones EuroStoxx 50	1,025	1,110
MTN - EUR 1 Millions	November, 2009	May, 2011	Indexed to portfolio of shares	1,000	981
MTN - EUR 2.287 Millions	December, 2009	June, 2011	Indexed to portfolio of 3 shares	2,287	1,844
MTN - EUR 1.995 Millions	December, 2009	June, 2011	Indexed to portfolio of 3 shares	1,801	1,017
MTN - EUR 3.9 Millions	December, 2009	December, 2016	Euribor 3M +margin between 2.5% e 5%	450	403
MTN - EUR 1.62 Millions	March, 2010	March, 2011	Indexed to portfolio of 4 shares	1,620	1,686
MTN - EUR 3.78 Millions	March, 2010	September, 2011	Indexed to portfolio of 4 shares	3,780	3,186
MTN - EUR 1.295 Millions	March, 2010	March, 2013	Indexed to portfolio of 3 indexes	1,295	1,219
MTN - EUR 4.15 Millions	April, 2010	April, 2011	Indexed to portfolio of 3 shares	4,120	4,235

(continue)

(continuation)

Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
MTN - EUR 2.9 Millions	April, 2010	April, 2011	Indexed to portfolio of 4 shares	2,900	2,951
MTN - EUR 1.135 Millions	June, 2010	June, 2012	Indexed to portfolio of 3 shares	1,075	997
MTN - EUR 1 Millions	June, 2010	June, 2013	Indexed to portfolio of 4 shares	1,000	1,107
MTN - EUR 1 Millions	August, 2010	August, 2013	Indexed to portfolio of 3 indexes	1,000	1,034
MTN - EUR 2.04 Millions	October, 2010	February, 2011	Indexed to portfolio of shares	2,040	2,035
MTN - EUR 1 Millions	October, 2010	January, 2011	Indexed to portfolio of shares	1,000	1,000
Commercial Paper:					
BCP Finance Bank - GBP 22 Millions	October, 2010	January, 2011	Fixed rate of 1.6525%	25,559	25,543
					3,723,845
Accruals					**77,715**
					3,801,560

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

(Thousands of Euros)

	'10	'09
Bonds issued:		
Up to 3 months	100,790	304,452
3 to 6 months	49,614	1,046,483
6 to 12 months	216,000	236,052
1 to 5 years	2,555,410	2,470,702
More than 5 years	776,488	846,148
	3,698,302	**4,903,837**
Accruals	77,715	96,343
	3,776,017	**5,000,180**
Commercial paper and other liabilities:		
Up to 3 months	25,543	-
3 to 6 months	-	51,938
	25,543	**51,938**
	3,801,560	**5,052,118**

37. Provisions for liabilities and charges

This balance is analysed as follows:

(Thousands of Euros)

	'10	'09
Provision for guarantees and other commitments	80,906	88,257
Technical provision for the insurance activity:		
For direct insurance and reinsurance accepted:		
Unearned premium / reserve	9,626	7,958
Life insurance	42,780	38,654
Bonuses and rebates	1,195	1,824
Other technical provisions	7,738	6,995
Provision for pension costs	3,691	3,067
Other provisions for liabilities and charges	89,397	86,365
	235,333	**233,120**

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

(Thousands of Euros)

	'10	'09
Balance on 1 January	88,257	77,729
Other transfers	(391)	132
Charge for the year	15,870	23,144
Write-back for the year	(23,068)	(12,387)
Exchange rate differences	238	(361)
Balance on 31 December	80,906	88,257

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

(Thousands of Euros)

	'10	'09
Balance on 1 January	86,365	89,007
Transfers resulting from changes in the Group's structure	(41)	(419)
Other transfers	511	(2,486)
Charge for the year	10,832	20,245
Write-back for the year	(4,934)	(4,781)
Amounts charged-off	(3,402)	(14,924)
Exchange rate differences	66	(277)
Balance on 31 December	89,397	86,365

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:

(Thousands of Euros)

	'10	'09
Bonds	2,039,174	2,229,266
Other subordinated debt	-	2,448
	2,039,174	2,231,714

As at 31 December 2010, 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	149,763
BCP September 2011	September 2001	September 2011	Fixed rate of 6.15%	119,956	122,026
Mbcp Ob Cx Sub 1 Serie 2008-2018	September 2008	September 2018	See reference (i)	269,373	269,373
Mbcp Ob Cx Sub 2 Serie 2008-2018	October 2008	October 2018	See reference (i)	74,426	74,426
Bcp Ob Sub June 2020 - Emtn 727	June 2010	June 2020	See reference (ii)	93,133	92,679
Bcp Ob Sub Aug 2020 - Emtn 739	August 2010	August 2020	See reference (iii)	56,672	56,146
Bank Millennium:					
Bank Millennium	December 2001	December 2011	Fixed rate of 6.360%	79,749	79,749
Bank Millennium 2007	December 2007	December 2017	Fixed rate of 6.337%	149,401	149,401
Banco de Investimento Imobiliário:					
BII 2004	December 2004	December 2014	See reference (iv)	14,982	14,982
BCP Finance Bank:					
EMTN 44 Issue - 1 Tranche	March 2001	March 2011	Fixed rate of 6.25%	399,356	402,576
EMTN 44 Issue - 2 Tranche	May 2001	March 2011	Fixed rate of 6.25%	199,678	201,288
BCP Fin. Bank Ltd EMTN -295	December 2006	December 2016	See reference (v)	313,709	313,766
Magellan n.º 3:					
Magellan n.º 3 Series 3 Class F	June 2005	May 2058	-	44	44
					1,926,219
Perpetual Bonds					
BCP - Euro 200 millions	June 2002	-	See reference (vi)	85	32
BPA 1997	June 1997	-	Euribor 3 months + 0.95%	37,915	37,915
TOPS BPSM 1997	December 1997	-	Euribor 6 months + 0.4%	29,872	30,683
BCP Leasing 2001	December 2001	-	See reference (vii)	4,986	4,986
					73,616
Accruals					**39,339**
					2,039,174

References: (i) - 1st year 6%; 2nd to 5th year Euribor 6 months + 1%; and following 6th year Euribor 6 months + 1.4%

(ii) - Until the 5th year fixed rate of 3.25%; 6th year and following years Euribor 6 months + 1.0%

(iii) - 1st year: 3%; 2nd year 3.25%; 3rd year 3.5%; 4th year 4%; 5th year 5%; 6th year and following Euribor 6 months + 1.25%

(iv) - Until 10th cupon Euribor 6 months + 0.4%; After 10th coupon Euribor 6 months + 0.9%

(v) - Euribor 3 months + 0.3% (0.8% after December 2011)

(vi) - Until 40th coupon 6.130625%; After 40th coupon Euribor 3 months + 2.4%

(vii) - Until 40th coupon Euribor 3 months + 1.75%; After 40th coupon Euribor 3 months + 2.25%

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

(Thousands of Euros)

	'10	'09
Up to 3 months	753,627	-
3 months to 1 year	201,775	-
1 to 5 years	14,982	988,241
More than 5 years	955,835	1,076,728
Undetermined	73,616	127,377
	1,999,835	**2,192,346**
Accruals	39,339	39,368
	2,039,174	**2,231,714**

39. Other liabilities

This balance is analysed as follows:

(Thousands of Euros)

	'10	'09
Creditors:		
Suppliers	29,177	72,731
From factoring operations	7,413	22,501
Associated companies	1,689	13,064
Other creditors	398,228	629,605
Public sector	76,178	62,306
Other amounts payable	72,672	63,997
Deferred income	3,577	2,086
Holiday pay and subsidies	71,995	69,264
Other administrative costs payable	2,177	1,188
Amounts payable on trading activity	23,249	156,659
Other liabilities	404,873	264,809
	1,091,228	**1,358,210**

The balance Other creditors includes the amount of Euros 40,996,000 (31 December 2009: Euros 40,996,000), related to the obligations with retirement benefits already recognised in Staff costs, payable to previous members of the Board of Directors. As described in note 50, 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 includes, as at 31 December 2010, the amount of Euros 12,799,000 (31 December 2009: Euros 6,000,000) related with the costs with the Complementary plan, as described in notes 9 and 50 and the amount of Euros 55,296,000 (31 December 2009: Euros 54,958,000) related with the seniority premium, as described in note 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.

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 on 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, Banco Comercial Português, S.A. issued 3 tranches of its perpetual subordinated debt securities which based on its characteristics are classified, in accordance with accounting policy presented in note 1 h), as capital instruments under IAS 32. The 3 tranches issued in 2009 are analysed as follows:

- In June 2009, the Bank has issued Euros 300,000,000 of perpetual subordinated debt securities with conditional coupons presenting a nominal value of Euros 1,000.
- In August 2009, the Bank has issued Euros 600,000,000 of perpetual subordinated debt securities with conditional coupons presenting a nominal value of Euros 1,000.
- In December 2009, the Bank has issued Euros 100,000,000 of perpetual subordinated debt securities with conditional coupons presenting a nominal value of Euros 1,000.

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 12 April, 2010, the Bank increased the Legal reserves in the amount of Euros 20,632,635. As referred in note 42, and in accordance with the proposed for application of results of 2009, 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:

(Thousands of Euros)

	'10	'09
Other comprehensive income		
Exchange differences arising on consolidation	(78,052)	(96,478)
Fair value reserves		
Financial assets available for sale	(167,239)	101,329
Cash-flow hedge	(17,480)	(160)
Tax		
Financial assets available for sale	15,037	(7,439)
Cash-flow hedge	3,321	30
	(244,413)	**(2,718)**
Other reserves and retained earnings:		
Legal reserve	446,042	425,410
Statutory reserve	20,000	10,000
Other reserves and retained earnings	2,467,587	2,463,481
Goodwill arising on consolidation	(2,883,580)	(2,883,580)
Other reserves arising on consolidation	(162,057)	(162,488)
	(112,008)	**(147,177)**

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 corresponds to a reserve to stabilise dividends that, according with the bank's by-laws can be distributed.

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 from transactions with non national off-shore entities.

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 2010 are analysed as follows:

(Thousands of Euros)

	Balance on 1 January	Revaluation	Impairment in profit and loss	Sales	Balance on 31 December
Eureko, B.V.	61,113	4,099	-	(65,200)	12
Other investments	40,216	(210,760)	10,180	(6,887)	(167,251)
	101,329	**(206,661)**	**10,180**	**(72,087)**	**(167,239)**

The balance Other investments includes a negative amount of Euros 120,434,000 (31 December 2009: positive amount of Euros 5,998,000) in relation to the share of 49% on the fair value reserves of Millenniumbcp Ageas.

As referred in notes 7 and 22, the balance Impairment in profit and loss includes the net amount of Euros 10,180,000 (31 December 2009: 26,986,000) related to the impairment of shares and investment funds units held by the Group.

The gross movements in Fair value reserves for financial instruments available for sale, during 2009 are analysed as follows:

(Thousands of Euros)

	Balance on 1 January	Revaluation	Impairment in profit and loss	Sales	Balance on 31 December
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**

43. Treasury stock

This balance is analysed as follows:

(Thousands of Euros)

	Banco Comercial Português, S.A. shares	Other treasury stock	Total
2010			
Net book value (Euros '000)	17,266	64,672	81,938
Number of securities	28,795,443 (*)		
Average book value (Euros)	0.60		
2009			
Net book value (Euros '000)	19,115	66,433	85,548
Number of securities	22,950,021 (*)		
Average book value (Euros)	0.83		

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

(*) As at 31 December 2010, this balance includes 23,261,904 shares (31 December 2009: 10,366,667 shares) owned by clients which were financed by the Bank. Considering the fact that for these clients there is evidence of impairment, under the IAS 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. Non-controlling interests

This balance is analysed as follows:

(Thousands of Euros)

	Balance		Income Statement	
	'10	'09	'10	'09
Bank Millennium, S.A.	354,930	234,198	30,109	286
BIM - Banco Internacional de Moçambique	67,700	55,516	18,087	17,920
Banco Millennium Angola, S.A.	66,196	52,090	11,144	6,416
Other subsidiaries	8,675	2,501	(33)	(537)
	497,501	**344,305**	**59,307**	**24,085**

The movements of the non-controlling interests are analysed as follows:

(Thousands of Euros)

	'10	'09
Balance on 1 January	344,305	287,744
Exchange differences	10,680	(23,441)
Sale of 49.9% of Banco Millennium Angola	-	62,225
Increase of share capital of Bank Millennium, S.A. (Poland)	89,193	-
Dividends	(3,468)	(3,849)
Other	(2,516)	(2,459)
	93,889	**32,476**
Net income attributable to non-controlling interests	59,307	24,085
	497,501	**344,305**

45. Guarantees and future commitments

This balance is analysed as follows:

(Thousands of Euros)

	'10	'09
Guarantees granted	8,862,015	8,519,462
Guarantees received	31,164,239	32,432,228
Commitments to third parties	11,877,095	14,045,340
Commitments from third parties	12,909,483	14,410,522
Securities and other items held for safekeeping on behalf of customers	163,291,551	163,465,691
Securities and other items held under custody by the Securities Depository Authority	169,114,150	151,596,727
Other off balance sheet accounts	178,988,845	161,721,899

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

(Thousands of Euros)

	'10	'09
Guarantees granted:		
Guarantees	8,146,414	7,760,959
"Stand-by" letter of credit	350,171	212,438
Open documentary credits	283,554	441,369
Bails and indemnities	81,733	104,217
Other liabilities	143	479
	8,862,015	**8,519,462**
Commitments to third parties:		
Irrevocable commitments		
Term deposits contracts	116,689	558,977
Irrevocable credit lines	2,258,969	3,477,010
Securites subscription	64,844	51,218
Other irrevocable commitments	309,020	277,743
Revocable commitments		
Revocable credit lines	7,043,685	7,283,037
Bank overdraft facilities	2,018,575	2,366,468
Other revocable commitments	65,313	30,887
	11,877,095	**14,045,340**

The guarantees granted by the Group may be related with loan transactions, where the Group grants a guarantee in connection with a loan granted to a client by a third entity. According with its specific characteristics it is expected that some of these guarantees expire without being executed and therefore these transactions do not necessarily represent a cash-outflow.

Stand-by letters and open documentary credits aim to ensure the payment to third parties from commercial deals with foreign entities and therefore financing the shipment of the goods. Therefore the credit risk of these transactions is limited once they are 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 c). The maximum credit exposure is represented by the nominal value that could be lost related to guarantees and commitments undertaken by the Group in the event of default by the respective counterparties, without considering potential recoveries or collaterals.

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

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:

(Thousands of Euros)

	'10	'09
Banco Comercial Português, S.A.	556,752	360,848
Millennium bcp Bank & Trust	30,308	34,108
Millennium bcp Gestão de Activos - Sociedade Gestora de Fundos de Investimento, S.A.	1,760,857	2,012,622
BII Investimentos International, S.A.	272,695	260,882
Interfundos Gestão de Fundos de Investimento Imobiliários, S.A.	1,123,279	1,205,945
Millennium TFI S.A.	631,860	594,770
Millennium Mutual Funds Management Company, Societé Anonyme	83,437	417,648
	4,459,188	**4,886,823**

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

(Thousands of Euros)

	'10	'09
Investment funds	2,345,857	3,285,922
Real-estate investment funds	1,526,271	1,205,945
Wealth management	587,060	394,956
Assets under deposit	156,965,030	156,460,847
	161,424,218	**161,347,670**

47. Distribution of profit

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

(Thousands of Euros)

	'10	'09
Dividends paid by Banco Comercial Português, S.A.		
Dividends declared and paid related to previous year	89,095	79,108
	89,095	**79,108**

48. Relevant events occured during 2010

Banco Comercial Português sells 95% of Millennium Bank AS in Turkey

On 10 February 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 sell 95% of Millennium Bank AS in Turkey, by Banco Comercial Português Group, for a total price of approximately Euros 61.8 million subject to a final adjustment as soon as the transaction is completed. Banco Comercial Português will retain a 5% stake in the company, 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 was finalised in December 2010, after the regulatory approval from the supervisory authorities.

Banco Comercial Português sells all the branches of Millennium bcpbank in the United States of America (USA)

On 30 March 2010, Banco Comercial Português informed that it had decided to change its presence in the U.S. market. Pursuant to this objective, BCP has signed a purchase and assumption agreement with Investors Savings Bank to sell all the branches of Millennium bcpbank in the United States of America (USA) and deposits of approximately USD 600 million. Following the purchase and assumption agreement, the parties intend to enter into a Loan Purchase agreement under which Investors Saving Bank will purchase a portion of Millennium bcpbank's loan portfolio. BCP has also established a cooperation agreement with the buyer for financial remittances from the USA. As a result of this transaction, BCP will no longer develop new retail commercial activities in the USA. This transaction, which has received approval from the Board of Directors of both companies, and was subject to regulatory approval, was finalized in October 2010.

Approval of 2009 results

In the General Shareholders Meeting held on 12 April 2010 was approved the following proposal for the results distribution:

a) Euros 20,632,635 for reinforcement of legal reserves;
b) Euros 10,000,000 for reinforcement of reserve for stability of dividends;
c) Euros 89,197,400 for distribution of dividends;
d) Euros 86,496,315 for retained earnings.

Its was also approved the following application of the results:

a) To each share corresponds a dividend of 0.019 Euros;
b) Not to be paid, and to be registered as retained earnings, the amount corresponding to the shares that in the first day of the period of payment of dividends, are owned by the Bank.

Share Capital increase of Bank Millennium (Poland) from PLN 849,181,744 to PLN 1,213,116,777

On February 2010 Bank Millennium (Poland) finalised the share capital increase, which corresponded to the issue of 363,935,033 ordinary shares with a nominal amount of 1 Zloty each. Following the share capital increase, Bank Millennium share capital amounts to PLN 1,213,116,777.

Banco Comercial Português Group sold 2.7% of the investment held in Eureko BV

Bitalpart BV, a company wholly owned by BCP, sold its minority investment representing 2.7% of the share capital of Eureko BV to the Pension Fund of Banco Comercial Português.

The transfer value of the share was determined by the valuation of Eureko BV established on 31 December 2009, as assessed by independent international financial institution in March 2010, less the value of the anticipated dividend received in the current year. The sale contract provides an adjustment to the selling price in according to the valuation, using the same methodology, referring to 31 December 2010, which will take place during the first quarter of 2011.

The value of the transaction amounted to Euros 216,439,000, generating a gain before taxes of Euro 65,200,000, as referred in note 7.

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, 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

Considering the short term of these financial instruments, the amount in the balance sheet is a reasonable estimate of its fair value.

Other loans and advances to credit institutions, Amounts owed to other credit institutions and Assets with repurchase agreements

The fair value of these financial instruments is calculated discounting the expected principal and interest future cash flows for these instruments, considering that the payments of the instalments occur in the contractually defined dates.

For Deposits from Central banks it was considered that the book value is a reasonable estimate of its fair value, given the nature of operations and the associated short-term. The rate of return of funding with the European Central Bank was 1% in December 2010 and 2009.

Regarding other loans and advances to credit institutions and other amounts owed to other credit institutions, the discount rate used reflects the current conditions applied by the Group on identical instruments for each of the different residual maturities. The discount rate includes the market rates for the residual maturity date (rates from the monetary market or from the interest rate swap market, at the end of the year). As at 31

December 2010, the average discount rate was 1.33% for loans and advances and 2.21% for the deposits. As at 31 December 2009 the rates were 3.42% and 1.43%, 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 released by the suppliers of financial content - Reuters and Bloomberg - more specifically as a result of prices of interest rate swaps. The values for the very short-term rates are obtained from similar sources but regarding interbank money market. The interest rate curve obtained is calibrated with the values of interest rate short-term futures. Interest rates for specific periods of the cash flows are determined by appropriate interpolation methods. The same interest rate curves are used in the projection of the non-deterministic cash flows such as indexes.

When optionality is involved, the standard templates (Black-Scholes, Black, Ho and others) are used considering the volatility areas applicable. Whenever there are no references in the market of sufficient quality or that the available models do not fully apply to meet the characteristics of the financial instrument, specific quotations supplied by an external entity are applied, typically a counterparty of the business.

Financial assets held to maturity

These financial instruments are accounted at amortised cost net of impairment. Fair value is based on market prices, whenever these are available. If market prices are not available, fair value is estimated through numerical models based on cash-flow discounting techniques, using the interest rate curve adjusted for factors associated, predominantly the credit risk and liquidity risk, determined in accordance with the market conditions and time frame.

Hedging and trading derivatives

All derivatives are recorded at fair value.

In case of derivative contracts that are quoted in organised markets their market prices are used. As for derivatives traded "Over-the-counter", it is applied methods based on numerical cash-flow discounting techniques and models for assessment of options considering variables of the market, particularly the interest rates on the instruments in question, and where necessary, their volatilities.

Interest rates are determined based on information disseminated by the suppliers of financial content - Reuters and Bloomberg - more specifically those resulting from prices of interest rate swaps. The values for the very short-term rates are obtained from a similar source but regarding interbank money market. The interest rate curve obtained is calibrated with the values of interest rate short-term futures. Interest rates for specific periods of the cash flows are determined by appropriate interpolation methods. The interest rate curves are used in the projection of the non-deterministic cash flows such as indexes.

Loans and advances to customers with defined maturity date

The fair value of these instruments is calculated by discounting the expected principal and interest future cash flows for these instruments, considering that the payments of the instalments occur in the contractually defined dates. The discount rate used reflects the current conditions applied by the Group in similar instruments for each of the homogeneous classes of this type of instrument and with similar residual maturity. The discount rate includes the market rates for the residual maturity date (rates from the monetary market or from the interest rate swap market, at the end of the year) and the spread used at the date of the report, which was calculated from the average production of the last three months of the year. For 31 December 2010, the average discount rate was 6.34% and for December 2009 it was 5.67% assuming the projection of the variable rates according to the evolution of the forward rates implicit in the interest rate curves. The calculations also include the credit risk spread.

Loans and advances to customers and deposits repayable on demand without defined maturity date

Considering the short maturity of these financial instruments, the conditions of the portfolio are similar to conditions used at the date of the report. Therefore the amount in the balance sheet is a reasonable estimate of its fair value.

Deposits from customers

The fair value of these financial instruments is calculated by discounting the expected principal and interest future cash flows, considering that payments occur in the contractually defined dates. The discount rate used reflects the current conditions applied by the Group in similar instruments with a similar maturity. The discount rate used reflects the actual rates of the Group to this type of funds and with similar residual maturity date. The discount rate includes the market rates of the residual maturity date (rates of monetary market or the interest rate swap market, at the end of the year) and the spread of the Group at the date of the report, which was calculated from the average prodution of the second quarter of 2010. For 31 December 2010, the average discount rate was of 3.41% and for December 2009 it was 2.27%.

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

As original reference, the Group applies the curves resulting from the interest rate swaps markets for each specific currency. The credit risk (credit spread) is represented by an excess from the curve of interest rate swaps established specifically for each term and class of instruments based on the market prices on equivalent instruments.

For own emissions placed among non institutional costumers of the Group, one more differential was added (trade spread), which represents the margin between the financing cost in the institutional market and the cost obtained by distributing the respective instrument in the 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 were 11.49% (31 December 2009: 5.28%) for subordinated issues and 7.02% (31 December 2009: 3.05%) for senior and collateralised issues.

For debt securities, the calculation of fair value focused on all the components of these instruments, so that the difference found as at 31 December 2010 was a decrease in the amount of Euros 1,801,515,000 (31 December 2009: an increase in the amount of Euros 24,119,000), corresponding to an increase in financial liabilities. The values previously referred include a receivable amount of Euros 92,013,000 (31 December 2009: a payable amount of Euros 5,452,000) which are recorded in financial assets and liabilities held for trading and reflect the fair value of derivatives embedded.

As at 31 December 2010, the following table presents the values of the interest rates used in the definition of the interest rate curves of main currencies, namely EUR, USD, GBP and PLN used to determine the fair value of the assets and liabilities of the Group:

	Currencies			
	EUR	USD	GBP	PLN
1 day	0.35%	0.38%	0.63%	3.38%
7 days	0.58%	0.53%	0.78%	3.38%
1 month	0.75%	0.65%	0.88%	3.56%
2 months	0.85%	0.73%	0.98%	3.70%
3 months	0.95%	0.78%	1.08%	3.85%
6 months	1.18%	0.89%	1.33%	4.06%
9 months	1.32%	1.02%	1.47%	4.23%
1 year	1.33%	0.43%	1.66%	4.46%
2 years	1.56%	0.78%	1.51%	4.86%
3 years	1.95%	1.26%	1.95%	5.15%
5 years	2.48%	2.16%	2.63%	5.46%
7 years	2.89%	2.80%	3.10%	5.58%
10 years	3.31%	3.37%	3.54%	5.62%
15 years	3.64%	3.83%	3.87%	5.45%
20 years	3.70%	4.01%	3.95%	5.24%
30 years	3.50%	4.11%	3.92%	4.72%

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

(Thousands of Euros)

	31 December 2010					
	At fair value through profit or loss	Available for sale	Amortised cost	Others	Book value	Fair value
Cash and deposits at central banks	-	-	1,484,262	-	1,484,262	1,484,262
Loans and advances to credit institutions						
Repayable on demand	-	-	1,259,025	-	1,259,025	1,259,025
Other loans and advances	-	-	2,343,972	-	2,343,972	2,333,582
Loans and advances to customers	-	-	73,905,406	-	73,905,406	70,230,958
Financial assets held for trading	5,136,299	-	-	-	5,136,299	5,136,299
Financial assets available for sale	-	2,573,064	-	-	2,573,064	2,573,064
Assets with repurchase agreement	-	-	13,858	-	13,858	13,858
Hedging derivatives	476,674	-	-	-	476,674	476,674
Held to maturity financial assets	-	-	6,744,673	-	6,744,673	6,212,832
Investments in associated companies	-	-	-	397,373	397,373	397,373
	5,612,973	**2,573,064**	**85,751,196**	**397,373**	**94,334,606**	**90,117,927**
Deposits from credit institutions	-	-	20,076,556	-	20,076,556	20,063,580
Amounts owed to customers	-	-	45,609,115	-	45,609,115	45,463,436
Debt securities	-	-	18,137,390	-	18,137,390	16,335,875
Financial liabilities held for trading	1,176,451	-	-	-	1,176,451	1,176,451
Other financial liabilities held for trading						
at fair value through profit or loss	4,038,239	-	-	-	4,038,239	4,038,239
Hedging derivatives	346,473	-	-	-	346,473	346,473
Subordinated debt	-	-	2,039,174	-	2,039,174	1,624,814
	5,561,163	**-**	**85,862,235**	**-**	**91,423,398**	**89,048,868**

(Thousands of Euros)

	31 December 2009					
	At fair value through profit or loss	Available for sale	Amortised cost	Others	Book value	Fair value
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 credit institutions	-	-	10,305,672	-	10,305,672	10,258,107
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**

50. Pensions

The Group assumed the liability to pay to their employees pensions on retirement or disabilities and other obligations. These liabilities 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 2010 and 2009 the number of participants covered by this pension plan is analysed as follows:

	'10	'09
Number of participants		
Pensioners	15,670	15,637
Employees	10,207	10,390
	25,877	**26,027**

In accordance with the new agreement established between the Portuguese Government, Banks and Trade Unions, the Bank employees currently integrated in CAFEB/ACT system were transferred to the general social healthcare system ('RGSS'). This transition is effective on 1 January 2011. Although, some benefits including illness, disability and death continue to be assured by the Pension Fund.

In accordance with this agreement, referring to the retirement pensions plan, the employees will maintain the current benefits as well as the future benefit that will be at least equivalent to the established in the ACTV. Additionally, the employers maintain the liability to pay the complementary pensions plan at the retirement day. On this basis, the exposure to the actuarial and financial risk related to these benefits does not suffer changes.

The integration resulted in an effective decrease of the actual value of the total benefits reported at the normal age of retirement (VABT) to be supported by the Pension Fund;

Taking into consideration that no reduction of benefits on the beneficiary perspective has occurred, at the initial moment of recognition the liabilities from past services does not change.

Considering that the basis of calculation for the benefits in the ACT and RGSS plans are based in different formulas, it is possible to recognize a gain, if the value of the covered liabilities by the Pension Fund at the retirement date is lower than the value of liabilities at that date. This gain should be deferred on a linear basis during the average period of working life until the normal retirement age.

Although, the Group did not register, in its financial statements, any impact in the actuarial calculation as at 31 December 2010.

In accordance with the accounting policy, described in note 1 w), the Group's pension obligation and the respective funding for the Group as at 31 December 2010 and 2009 based on an actuarial valuation made using the projected unit credit method are analysed as follows:

(Thousands of Euros)

	'10	'09	'08	'07	'06
Projected benefit obligations					
Pensioners	4,064,052	4,197,436	4,415,254	4,525,481	4,466,823
Employees	1,257,546	1,212,446	1,307,655	1,353,257	1,248,536
	5,321,598	**5,409,882**	**5,722,909**	**5,878,738**	**5,715,359**
Value of the Pension Fund	(5,148,707)	(5,530,471)	(5,322,224)	(5,616,436)	(5,578,010)
Provisions for defined contributions complementary plan	-	-	(12,812)	-	-
Liabilities not financed by the Pension Fund	**172,891**	**(120,589)**	**387,873**	**262,302**	**137,349**
Liabilities covered by the Extra Fund	(369,678)	(375,349)	(390,536)	(402,875)	(409,850)
(Surplus) / Deficit coverage	**(196,787)**	**(495,938)**	**(2,663)**	**(140,573)**	**(272,501)**

The liabilities related to seniority premium are not covered by the Group's Pension Fund, considering that does not refer to retirement liabilities. Therefore, the seniority premium is not included in this note.

The referred liabilities amounts to Euros 55,296,000 (31 December 2009: Euros 54,958,000) as at 31 December 2010 and are covered by provisions in the same amount, as referred in note 39.

As at 31 December 2010, the Projected benefit obligations caption includes the amount of Euros 287,653,000 (31 December 2009: Euros 297,623,000) related to the obligations with past services for the Complementary Plan which are fully funded by the value of the Pension Fund.

Following the decision of the Executive Board of Directors dated 21 September 2006, the 'Complementary Pension Plan' which was established in the 'Plano de Pensões do Fundo de Pensões do Grupo Banco Comercial Português' (Defined benefit), 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, the Group's companies have to assure the annual funding of the Fund, in order to cover the defined benefit, in case of a deficit. The amount is determined in accordance with the actuarial valuation performed each year, and funding will be performed annually.

As referred in notes 9 and 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 as defined by the Complementary Plan. The rules defined establish that if the conditions referred above are achieved for a financial year, the Bank should contribute to the Pension Fund the respective amounts for the eligible employees.

Considering that the conditions to attribute complementary pensions in 2010 were not accomplished, in line with 2009, the Executive Board of Directors reviewed the estimated cost of this liability. Therefore, based on the referred estimate, the Group booked a cost for the year of 2010 in the amount of Euros 6,799,000 (31 December: Euros 6,000,000) related to costs with the complementary plan. These criteria and the referred estimates are revaluated on an annual basis by the Executive Board of Directors. The difference between the estimated and the actual amounts are accounted as actuarial differences.

The change in the present value of obligations during 2010 and 2009 is analysed as follows:

(Thousands of Euros)

	'10			'09
	Pension benefit obligations	Extra-Fund	Total	Total
Balance as at 1 January	5,034,533	375,349	5,409,882	5,722,909
Service cost	34,699	1,277	35,976	38,414
Interest costs	268,928	19,857	288,785	309,925
Actuarial (gains) and losses				
Not related to changes in actuarial assumptions	(42,982)	1,073	(41,909)	(69,802)
Arising from changes in actuarial assumptions	(74,754)	(3,763)	(78,517)	(298,551)
Payments	(286,808)	(24,115)	(310,923)	(308,748)
Early retirement programmes	7,238	-	7,238	1,830
Contributions of employees	11,416	-	11,416	11,325
Other charges	(350)	-	(350)	2,580
Balance at the end of the year	**4,951,920**	**369,678**	**5,321,598**	**5,409,882**

As at 31 December 2010 the value of the pensions paid by the Pension Fund, excluding the Extra-fund, amounted to Euros 286,808,000 (31 December 2009: Euros 284,721,000).

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

(Thousands of Euros)

	'10	'09
Variable income securities:		
Shares	1,170,356	1,239,032
Bonds	916,079	1,021,138
Fixed income securities	630,180	1,797,029
Properties	381,719	380,920
Investment fund units	1,159,152	992,898
Loans and advances to credit institutions and others	891,221	99,454
	5,148,707	**5,530,471**

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

(Thousands of Euros)

	'10	'09
Fixed income securities	55,508	349,864
Variable income securities	360,692	39,104
	416,200	**388,968**

The balance Properties includes the buildings owned by the Fund and used by the Group companies which as at 31 December 2010, amounts to Euros 374,994,000 (31 December 2009: Euros 378,845,000).

The change in the fair value of assets of the Fund during 2010 and 2009 is analysed as follows:

(Thousands of Euros)

	'10	'09
Balance as at 1 January	5,530,471	5,322,224
Expected return on plan assets	277,717	278,756
Actuarial gains and (losses)	(588,322)	188,354
Contributions to the Fund	204,583	11,953
Payments	(286,808)	(284,721)
Contributions of employees	11,416	11,325
Other charges	(350)	2,580
Balance at the end of the year	**5,148,707**	**5,530,471**

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:

(Thousands of Euros)

			Potential and realised Gains/(Losses)			
			'07		'06	
Issuer	Contribution year	Contribution value	Year	Acumulated	Year	Acumulated
Friends Provident PLC (i)	2005	82,531,602	(32,333)	(10,428)	14,873	21,905
Millennium bcp 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)	(14,911)	2,205	(14,108)
Banco Sabadell (i)	2006	83,079,500	(2,622)	(64,926)	7,203	(62,304)
			(34,546)	**190,292**	**198,414**	**224,838**

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

As referred in note 56, the Pension Fund registered an actuarial loss in the approximate amount of Euros 115,000,000 related to the commercial paper issued by Millennium bcp Imobiliária. The amount of the actuarial loss, net of amortisations, as at 31 December 2010 is Euros 86,250,000 (31 December 2009: Euros 92,000,000). The amount will continue to be amortised by the remaining term of 15 years with an annual amortisation of approximately Euros 5,750,000.

The change in the amounts payable to the Pension Fund related to the obligations during 2010 and 2009 is analysed as follows:

(Thousands of Euros)

	(Surplus) / Deficit	
	'10	'09
Balance as at 1 January	(495,938)	(2,663)
Service cost	34,699	37,002
Interest costs	268,928	288,742
Cost with early retirement programs	7,238	1,341
Expected return on plan assets	(277,717)	(278,756)
Actuarial (gains) and losses		
Not related to changes in actuarial assumptions		
Return on Plan assets	588,322	(188,354)
Difference between the expect and the efective obligations	(42,982)	(66,570)
Arising from changes in actuarial assumptions	(74,754)	(287,539)
Contributions to the Fund	(204,583)	(11,953)
Provisions for Complementary Defined Contribution Plan	-	12,812
Balance at the end of the year	**(196,787)**	**(495,938)**

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

(Thousands of Euros)

	'10	'09
Shares	2,020	-
Other securities	201,054	11,953
Cash	1,509	-
	204,583	**11,953**

In accordance with IAS 19, deferred actuarial losses, including the corridor, as at 31 December 2010 are analysed as follows:

(Thousands of Euros)

	Actuarial losses	
	Corridor	Amount in excess of the corridor
Balance as at 1 January 2009	552,575	961,070
Actuarial gains and losses		
Not related with changes in actuarial assumptions	-	546,413
Arising from changes in actuarial assumptions	-	(78,517)
Amortisation of actuarial gains and losses above the corridor	-	(56,891)
Other variations	-	(3,200)
Variation in the corridor	(20,541)	20,541
Balance at the end of the year	**532,034**	**1,389,416**

As at 31 December 2010, 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 532,034,000 (31 December 2009: Euros 552,575,000).

As at 31 December 2010, the net actuarial gains and losses in excess of the corridor amounted to Euros 1,389,421,000 (31 December 2009: Euros 961,070,000) 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 2010, the Group accounted as pension costs the amount of Euros 114,373,000 (31 December 2009: Euros 141,006,000), which is analysed as follows:

(Thousands of Euros)

	'10	'09
Service cost	35,976	38,414
Interest costs	288,785	309,925
Expected return on plan assets	(277,717)	(278,756)
Amortization of actuarial gains and losses	56,891	67,480
Costs with early retirement programs	7,238	1,830
Reversal of the actuarial losses from the responsibilities of early retirement ('curtailment')	3,200	2,113
Cost of the year	**114,373**	**141,006**

The liabilities with health benefits are fully covered by the Pension Fund and corresponds, in December 2010, to the amount of Euros 269,929,000 (31 December 2009: Euros 273,271,000). The estimated value of contributions to the pension plan in 2011 is Euros 53,978,000.

The cost for the year of the seniority premium, for 2010 and 2009, is analysed as follows:

(Thousands of Euros)

	'10	'09
Service cost	3,246	3,175
Interest costs	2,896	2,860
Actuarial gains and losses	(924)	-
Other charges	-	(2,769)
Cost of the year	**5,218**	**3,266**

Regarding the coverage of some benefit obligations related to pensions, the Bank contracted with Ocidental Companhia Portuguesa de Seguros de Vida SA (Ocidental Vida) the aquisition of lifelong fixed return insurances for which the total expense as at 31 December 2010 amounts to Euros 111,011,000 in order to pay:

i) pensions of former Group's Board Members in accordance of the BCP Board Members Retirement Regulation.
ii) pensions and complementary pensions to pensioners in accordance to the Pension Fund of the BCP employees established in 28 December 1987, as also to pensioners, in accordance with other Pension Funds, that were incorporated after on the BCP Pension Fund and which were planed that the retirement benefits should be paid through acquisition of insurance, in order with the "Decreto-Lei" 12/2006. As at 31 December 2010 the number of employees were 60.

Ocidental Vida is owned by 100% by the Ageas Group and the Ageas Group is owned by 49% by the BCP Group, and that fore, in Group relation with BCP.

As the Board Members Retirement Regulation preview that the pensions are annually reviewed, and as it is not practiced on the insurance market the acquisition of income lifelong insurances that incorporates a reviewed factor, the Bank, observing the actuarial criteria, proceeded the verification and the accounting on its financial statements of the necessary amount to look for that review.

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 Executive Board Members, as well as the Complementary Plan for these members in accordance with the aplicable rules, funded through the Pension Fund, Extra-fund and lifelong insurances.

To cover the update of contracted responsibilities through lifelong insurances, based on the actuarial calculations, the Group recognises a provision as at 31December 2010 of Euros 40,996,000 (31 December 2009: Euros 40,996,000).

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:

(Thousands of Euros)

	'10	'09
Balance as at 31 December 2009	**40,996**	**73,540**
Purchase of insurance policies	-	-
Write-back	-	(17,981)
Changes in actuarial assumptions	-	(13,131)
Payments	-	(1,432)
Balance as at 31 December 2010	**40,996**	**40,996**

As referred in note 8 the balance Charge-offs corresponded, 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, heard the Supervisory Board and based on the recommendation from the Remunerations Commission, being in course diligences in order to reduce the charges of the former members of the Executive Board of Directors.

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 an annual basis, based on actuarial analysis performed by PensõesGere.

Considering the market indicators, particularly the estimations of the inflation rate and the long term interest rate for Euro Zone as well as the demographic characteristics of the employees, with the exception of the pensions' increase rate, the Group maintained the actuarial assumptions used for the calculation of the liabilities with pension obligations with reference to 31 December 2010. The comparative analysis of the actuarial assumptions is analysed as follows:

	Banco Comercial Português Fund	
	'10	'09
Increase in future compensation levels	2.50%	2.50%
Rate of pensions increase	1.50%	1.65%
Projected rate of return of fund assets	5.50%	5.50%
Discount rate	5.50%	5.50%
Mortality tables		
Men	TV 73/77 - 1 year	TV 73/77 - 1 year
Women	TV 88/90 - 2 years	TV 88/90 - 2 years
Disability rate	0%	0%
Turnover rate	0%	0%
Costs with health benefits increase rate	6.50%	6.50%

The deduction of one and two year on men and women tables, is related to the diference of life time over one and two years respectively.

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

The projected return rate of the Plan assets was determined according with current market conditions and with the nature and return of the Plan assets.

Net actuarial losses related to the diference between the actuarial assumptions used for the estimation of the pension liabilities and the actual liabilities as well as the impact of the change in the pensions' increase rate, for the year ended 31 December 2010 amounted to Euros 467,895,000 (31 December 2009: actuarial gains of Euros 556,707,000) and are analysed as follows:

(Thousands of Euros)

	Actuarial (gains)/losses			
	'10		'09	
	%	Euros '000	%	Euros '000
Deviation between expected and actual liabilities:				
Increase in future compensation levels	2.25%	(19,486)	2.67%	(20,236)
Pensions increase rate	1.00%	(26,840)	1.50%	(31,683)
Disability	0.15%	7,988	0.10%	5,618
Turnover	-0.12%	(6,234)	-0.13%	(7,282)
Mortality deviations	0.40%	21,839	0.32%	18,140
Others	-0.35%	(19,176)	-0.60%	(34,359)
Changes on the assumptions:				
Discount rate	5.50%	-	5.50%	173,564
Increase in future compensation levels	2.50%	-	2.50%	(143,542)
Pensions increase rate	1.50%	(78,518)	1.65%	(328,573)
Mortality tables	0.00%	-	0.00%	-
Return on Plan assets	-5.49%	588,322	9.43%	(188,354)
		467,895		**(556,707)**

Health benefit costs have a significant impact on 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 2010) and a negative variation (from 6.5% to 5.5% in 2010) of one percent in health benefit costs, which impact is analysed as follows:

(Thousands of Euros)

	Positive variation of 1% (6.5% to 7.5%)		Negative variation of 1% (6.5% to 5.5%)	
	'10	'09	'10	'09
Pension cost impact	458	433	(458)	(433)
Liability impact	41,527	42,042	(41,527)	(42,042)

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 2010, loans to members of the Executive Board of Directors and their direct family members amounted to Euros 616,000 (31 December 2009: Euros 918,000), which represented 0.01% of shareholders' equity (31 December 2009: 0.01%). These loans were granted in accordance with the applicable laws and regulations.

As at 31 December 2010, the principal loans and guarantees (excluding interbank and money market transactions) the Group has made to shareholders holding individually or together with their affiliates, 2% or more of the share capital whose holdings, in aggregate, represent 49.1% of the share capital as at 31 December 2010 (31 December 2009: 43.8%), described in the Executive Board of Directors report, amounted to approximately Euros 2,026,221,000 (31 December 2009: Euros 2,404,250,000). Each of these loans was made in the ordinary course of business, on substantially the same terms as those prevailing at the time for comparable transactions with other entities, being respected the legal formalities and regulations.

Remunerations to the Executive Board of Directors

The remunerations paid to the members of the Executive Board of Directors in 2010 amounted to Euros 4,679,000 (2009: Euros 3,605,000), with Euros 321,000 (2009: Euros 293,000) paid by subsidiaries or companies which governing bodies represent interests in the Group. The value subsumed in 2010 includes an amount related to the process of renouncing of the exercise of functions made by an administrator.

Therefore, considering that the remuneration of members of the Executive Board of Directors intends to compensate the functions that are performed in the Bank and in all other functions on subsidiaries or other companies for which they have been designated by indication of the Bank or representing it, the net amount of the remunerations annually received by each member is considered for calculating the fixed annual remuneration attributed by the Bank and set by the Remunerations Commission.

During 2010, the costs with Social Security and the contributions to the Pension Fund for members of the Executive Board of Directors amounted to Euros 1,650,000 (2009: Euros 1,109,000). The value subsumed in 2010 includes an adjustment arising from the difference between the actual values calculated for the term 2008 to 2010 and the estimates made in previous years.

Transactions with the Pension Fund

During 2010, the following transactions were made to the Group's Pension Fund:

(i) Contributions in assets to the Pension Fund in the amount of Euros 203 million, as referred in note 50, which included securities of the Group (Euros 96,000,000) related with participation units from Investment Funds;
(ii) Sale of the investment held in Eureko BV;
(iii) Contributions in cash to the Pension Fund in the amount of Euros 1,508,745.

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.

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

Shareholders/Bondholders	Security	Number of securities at		Changes during 2010			
		31/12/10	31/12/09	Acquisitions	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				
	BCP Investimento Telecoms March 2013	20	0	20 (a)		1-Mar-10	1,000.00
Luís 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				
	MillenniumBcp Valor Capital 2009	15	15				
António Manuel Palma Ramalho	BCP Shares	12,092	12,092				
	BPSM/97 Top's Perpétuas Subord 1/2 Serie	498,798	498,798				
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	1,000				
Pedro Maria Calaínho Teixeira Duarte	BCP Shares	1,456	1,456				
	BCP Shares (e)	8,200,000	200,000	235,164		24-Mar-10	0.801
				311,092		25-Mar-10	0.803
				4,453,744		31-Mar-10	0.819
				3,000,000		21-Apr-10	0.798
Josep Oliu Creus	BCP Shares	13,000	13,000				
Manuel Alfredo Cunha José de Mello	BCP Shares	186,701	236,701		50,000 (b)	20-Dec-10	0.621
	BCP Finance Bank MTN 6,25 (29.3.2011)	200	200				
	BCP Fin Iln World Bk Enhan Nt Oct 2010	0	200		200 (b)	8-Oct-10	577.48
	BCP Ob Cx Subordinadas 1ª S (2008/2018)	1,000	1,000				
	BCP Fin Iln Bask Enhan X Eur Dec/10	0	200		200 (b)	13-Dec-10	633.30
	BCP Fin Iln Bask Enhan XI Eur Dec/10	0	80		80 (b)	28-Dec-10	635.32
	BCP Fin E Iberica Autocall VII/09 Feb/11	0	20		20 (b)	4-Feb-10	10,000.00
	BCP Fin Bk RC Allianz X/09 Eur Feb/2010	0	30		30 (b)	25-Feb-10	10,000.00
	BCP Fin Bk RC BG Gr Plc X/09 Eur Fev/10	0	300		300 (b)	25-Feb-10	1,000.00
	BCP Fin Renascimen. Fin XI/09 Eur Var05/11	0	40		40 (b)	2-Feb-10	5,000.00
	BCP Fin Bk Camale. 125% XI/09 (11/2014)	150	150				
	BCP Fin Sel Ac Eur Ret 2 Fontes XI(05/11)	100	100				
	BCP Fin Bk Rc Nokia XII/09 Eur (04/10)	0	20		20 (b)	15-Apr-10	1,000.00
	BCP Fin Selec BrasilL XII/09 Eur (06/11)	329	329				
	BCP Fin Escolh Tripla Europeia IV/10 04/11	40	0	40 (a)		23-Apr-10	10,000.00
	BCP Fin Inv Bayer Autocall IV/10 04/12	0	0	40 (a)		29-Apr-10	10,000.00
					40 (b)	29-Oct-10	1,000.00
	BCP Fin Bk Rc BHP Billiton Plc.III(07/10)	0	0	100 (a)		4-Mar-10	1,000.00
					100 (b)	2-Jul-10	1,000.00
	BCP Fin Bk Rc BHP Billiton VII Eur Nov 10	0	0	50 (a)		19-Jul-10	1,000.00
					50 (b)	19-Nov-10	1,000.00
	BCP Fin Inv Mundial III (03/2011)	100	0	100 (a)		26-Mar-10	
	BCP Fin Rc Rio Tinto III/10 10,50 (07/2010)	0	0	100 (a)		30-Mar-10	1,000.00
					100 (b)	30-Jul-10	1,000.00
	BCP Fin Rc Xstrata Plc V/10 Eur (03-08-10)	0	0	200 (a)		3-May-10	1,000.00
					200 (b)	2-Aug-10	726.37
	BCP Fin Farmace Glob V/10 Eur (03-05-12)	0	0	200 (a)		3-May-10	1,000.00
					200 (b)	2-Nov-10	1,000.00
	BCP Fin Bk Rc Nokia VI/10 EUR (10/2010)	0	0	10 (a)		14-Jun-10	10,000.00
					10 (b)	14-Oct-10	10,000.00

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Shareholders/Bondholders	Security	Number of securities at		Changes during 2010			
		31/12/10	31/12/09	Acquisitions	Disposals	Date	Unit Price Euros
Manuel Alfredo Cunha José de Mello (cont.)	BCP Fin Bk Rc Soc Generale I/10 (05/2010)	0	0	20 (a)		7-Jan-10	10,000.00
					20 (b)	7-May-10	10,000.00
	Certific BCP I s/ Ouro Mar / 2011	0	0	400 (c)		17-May-10	126.00
					400 (d)	7-Oct-10	135.50
	Certific BCP I s/ Fut Ice Brent Cru Jun 2011	0	0	8,700 (c)		17-May-10	5.73
					8,700 (d)	4-Oct-10	5.60
	BCP Inv Ind Mundiais XI (11/2013)	120	0	120 (a)		17-Nov-10	1,000.00
	BCP Farmaceut Gl Autocall XI/10 (11/2012)	200	0	200 (a)		22-Nov-10	1,000.00
	BCP Rev Conv Alstom XI/10 (03/2011)	10	0	10 (a)		22-Nov-10	10,000.00
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	1,500				
José Guilherme Xavier de Basto	BCP Shares	1,188	1,188				
	Bcp Ob Cx Multi-Rend Dax Fev 2007/10	0	100		100 (b)	12-Feb-10	1,000.00
	BCP Mill Rend Semestral March	5	0	5 (a)		1-Mar-10	1,000.00
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	20				
	BCP Rendimento Mais April 2012	0	100		100 (d)	3-Sep-10	1,007.16
	Millennium BCP Valor Capital 2009	20	20				
	BCP Inv Total November 2012	100	100				
	BCP Inv Cabaz Eenergia Nov 2	50	50				
	BCP Mill Rendimento Plus Jun 2010/2014	50	0	50 (a)		28-Jun-10	1,000.00
	Millennium BCP Subordinadas 2010/2020	25	0	25 (a)		28-Jun-10	1,000.00
	Millennium BCP Subord. August 2020 Call	40	0	40 (a)		26-Aug-10	1,000.00
	BCP Mill Rend. Premium 2ª série 04/2013	40	0	40 (a)		25-Oct-10	1,000.00
	Certific BCPI S&P 500	0	2,850	2,065 (c)		15-Apr-10	12.10
					4,915 (d)	13-Dec-10	12.39
	Certific BCPI Eurostoxx 50	820	820				
	Certific BCPI PSI 20	0	160		160 (d)	27-Apr-10	73.50
Thomaz de Mello Paes de Vasconcelos	BCP Shares	1,000	1,000				
Vasco Esteves Fraga	BCP Shares	1,000	1,000				
Huen Wing Ming Patrick	BCP Shares	2,746,076	2,746,076				
Spouse and Dependent Children							
Luís Maria Salazar Couto Champalimaud	BCP Shares	20,000	12,000	8,000 (c)		8-Nov-10	0.636
Ana Maria Almeida M Castro José de Mello	BCP Shares	4,980	4,980				
	BCP Ob Cx Subordinadas 1ª S (2008/2018)	400	400				
	BCP Inv Ind Mundiais XI/10 (11/2013)	60	0	60 (a)		17-Nov-10	1,000.00
	BCP Farmaceut GL Autocall XI/10 (11/2012)	40	0	40 (a)		22-Nov-10	1,000.00
	BCP Fin Iln World Bk Enhan Nt Oct 2010	0	100		100 (b)	8-Oct-10	577.48
	BCP Fin Iln Wr Bask Enh X Eur Dec/10	0	100		100 (b)	13-Dec-10	633.30
	BCP Fin Bk RC BG GR Plc X/09 Eur Feb/10	0	20		20 (b)	25-Feb-10	1,000.00
	BCP F Bk RC Allianz X/09 Eur Feb/2010	0	2		2 (b)	25-Feb-10	10,000.00
	BCP Fin Escolh Tripla Europeia IV/10 04/11	3	0	3 (a)		23-Apr-10	10,000.00
	BCP Fin Bk Rc BHP Billiton Plc.III(07/10)	0	0	20 (a)		4-Mar-10	1,000.00
					20 (b)	2-Jul-10	1,000.00

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Shareholders/Bondholders	Security	Number of securities at		Changes during 2010			
		31/12/10	31/12/09	Acquisitions	Disposals	Date	Unit Price Euros
Ana Melo Castro José de Mello	BCP Shares	1,299	1,299				
	BCP Ob Cx Subordinadas 1ª Sr (2008/2018)	200	200				
	BCP Farmac Gl Autocall XI/10 (11/2012)	20	20				
	BCPF Escolha Tripla Europeia IV/10 04/11	5	0	5 (a)		23-Apr-10	10,000.00
	BCPF Bk Rc Allianz X/09 Eur Feb/2010	0	1		1 (b)	25-Feb-10	10,000.00
	BCPF Bk Bg Group Plc X/09 Eur Feb/10	0	10		10 (b)	25-Feb-10	1,000.00
	BCP Fin Bk Rc BHP Billiton Plc.III(07/10)	0	0	20 (a)		4-Mar-10	1,000.00
					20 (b)	2-Jul-10	1,000.00
Pedro Maria Cunha José de Mello	BCP Fin Iln Wr Bask Enhanc X Eur Dec/10	0	100		100 (b)	13-Dec-10	1,000.00
	BCP F Iln Portfol Slt 4 A-Call Eur 03/10	0	50		50 (b)	16-Mar-10	1,000.00
	BCP-Financ Bank MTN 6,25 (29.03.2011)	100	100				
	BCP/2009-Eur 1000M 5,625 (04/2014)	3	3				
	BCP Fin Select Canarinha XII/09(06/2011)	50	50				
	BCP Fin Saude Mundial Autocall IV/10 04/12	75	0	75 (a)		23-Apr-10	1,000.00
	BCP Fin Escolh Tripla Europeia IV/10 04/11	7	0	7 (a)		23-Apr-10	10,000.00
	BCP Fin Inv Bayer Autocall IV/10 04/12	0	0	5 (a)		29-Apr-10	10,000.00
					5 (b)	29-Oct-10	1,000.00
	BCP Fin Bk Rc BHP Billiton Plc.III(07/10)	0	0	50 (a)		4-Mar-10	1,000.00
					50 (b)	2-Jul-10	1,000.00
	BCP Fin Bk Rc BHP Billiton VII Eur Nov 10	0	0	50 (a)		19-Jul-10	1,000.00
					50 (b)	19-Nov-10	1,000.00
	BCP Fin Rio Tinto VIII/10 Eur Dec 2010	0	0	50 (a)		16-Aug-10	1,000.00
					50 (b)	16-Dec-10	1,000.00
	BCP Farmaceut Gl Autocall XI/10 (11/2012)	75	0	75 (a)		22-Nov-10	1,000.00
	BCP Rev Conv Alstom XI/10 (03/2011)	5	0	5 (a)		22-Nov-10	10,000.00
Isabel Maria V. L. P. Martins Monteiro	BCP Fin Iln World Bk Enh II Eur 10/10	0	50		50 (b)	18-Out-10	545.41
Maria Emília Neno R.T. Xavier de Basto	BCP Shares	376	376				
Plautila Amélia Lima Moura Sá	BCP Shares	2,754	2,754				
	BCP Ob Cx Inv Global 12% Feb 06/11	500	500				
	BCP Ob Cx Multi-Rend Dax Feb 07/10	0	400		400 (b)	12-Feb-10	50.00
	BCP Ob Cx Inv Mundial May 2010	0	700		700 (b)	7-May-10	50.00
	BCP Ob Cx Invest Cabaz Mund Feb 08/11	400	400				
	BCP Cx Inv Energias Renov Jun 2011	400	400				
	BCP Ob Cx Invest Plus Sep 2008/11	0	300		300 (d)	14-Jul-10	101.69
	Certific BCPI Eurostoxx 50 (04/2010)	0	240		240 (d)	18-Mar-10	29.31
	Certific BCPI Eurostoxx 50	240	0	240 (c)		18-Mar-10	29.31
	Certific BCPI S/DJ Stoxx Utili (10/2012)	2,125	2,125				
	Certific BCPI S/DJ Stoxx Basic (10/2012)	1,485	1,485				

(a) Subscription.
(b) Reimbursement.
(c) Purchase.
(d) Sale.
(e) BCP shares owned indirectly through the company "PACIM - Sociedade Gestora de Participações Sociais, S.A."

As at 31 December 2010, the Bank's credits over subsidiaries and the Millenniumbcp Ageas Group, represented or not by securities, included in the captions of Loans and advances to credit institutions and to customers and Financial assets held for trading and available for sale, are analysed as follows:

(Thousands of Euros)

	Loans and advances		Financial assets		
	Credit Institutions	Customers	Trading	Available for sale	Total
Banco de Investimento Imobiliário, S.A.	2,246,424	-	-	515,332	2,761,756
Banque Privée BCP (Suisse) S.A.	331,939	-	-	-	331,939
Millennium bcp Bank & Trust	1,185,602	-	-	-	1,185,602
BCP Finance Bank Ltd	976,483	-	13,751	105,129	1,095,363
Banca Millennium S.A.	150,134	-	-	-	150,134
Bank Millennium (Poland) Group	200,198	-	-	-	200,198
Millennium Bank (Greece) Group	1,715,011	-	-	238,941	1,953,952
Banco Millennium Angola, S.A.	242,224	-	-	-	242,224
BCP Holdings (USA), Inc.	-	195,773	-	-	195,773
Millenniumbcp Ageas Group	-	217,491	-	-	217,491
Others	-	2,587	-	50,924	53,511
	7,048,015	**415,851**	**13,751**	**910,326**	**8,387,943**

As at 31 December 2010 the Bank's had credits over associated companies, represented or not by securities, included in the captions of Loans and advances to credit institutions and to customers, and Financial assets held for trading and available for sale in the amount of Euros 99,715,000.

As at 31 December 2010 the Bank's liabilities with subsidiaries and the Millenniumbcp Ageas Group, represented or not by securities, included in the captions Deposits from credit institutions and to customers, Debt securities issued and in Subordinated debt are analysed as follows:

(Thousands of Euros)

	Deposits from				
	Credit Institutions	Customers	Debt Securities Issued	Subordinated Debt	Total
Banco ActivoBank, S.A.	214,252	-	-	-	214,252
Banco de Investimento Imobiliário, S.A.	39,435	1,676	740,911	28,834	810,856
Bank Millennium (Poland) Group	973	-	-	-	973
Banque Privée BCP (Suisse) S.A.	40,634	-	-	-	40,634
Millennium bcp Bank & Trust	2,466,076	-	-	-	2,466,076
BCP Finance Bank Ltd	5,044,407	-	-	1,002,936	6,047,343
BCP Finance Company, Ltd	966	-	-	1,020,569	1,021,535
Millennium bcp Participações, S.G.P.S., Sociedade Unipessoal, Lda.	-	24,080	-	-	24,080
BCP Investment, B.V.	-	137,717	-	-	137,717
BIM - Banco Internacional de Moçambique, S.A.R.L.	127,832	-	-	-	127,832
Millennium Bank (Greece) Group	1,037,162	-	-	-	1,037,162
Millennium bcp Gestão de Activos - Sociedade Gestora de Fundos de Investimento, S.A.	-	12,343	-	-	12,343
Millennium bcp Imobiliária, S.A.	-	203	-	-	203
Banco Millennium Angola, S.A.	36,653	-	-	-	36,653
Millennium bcp - Prestação de Serviços, A.C.E.	-	23,176	-	-	23,176
BCP Capital - Sociedade de Capital de Risco, S.A.	-	24,935	-	-	24,935
Millenniumbcp Ageas Group	-	490,560	-	-	490,560
Others	-	758,378	-	-	758,378
	9,008,390	**1,473,068**	**740,911**	**2,052,339**	**13,274,708**

As at 31 December 2010 the Bank's liabilities with associated companies, represented or not by securities, included in the captions Deposits from credit institutions and to customers, Debt securities issued and in Subordinated debt in the amount of Euros 44,367,000.

As at 31 December 2010, the income generated by the Bank on inter-company transactions with subsidiaries, included in the captions of Interest income, Commissions, Other operating income and Gains arising from trading activity, are analysed as follows:

(Thousands of Euros)

	Interest Income	Commissions Income	Other operating Income	Gains arising from trading activity	Total
Banco ActivoBank, S.A.	-	72	668	-	740
Banca Millennium S.A (Romania)	2,481	-	-	277	2,758
Banco de Investimento Imobiliário, S.A.	38,102	-	-	140	38,242
Bank Millennium (Poland) Group	9,253	-	-	14,961	24,214
Banque Privée BCP (Suisse) S.A.	4,292	-	-	-	4,292
Millennium bcp Bank & Trust	13,022	2,667	-	63,528	79,217
BCP Finance Bank Ltd	8,015	-	-	900,539	908,554
Millennium Bank, Anonim Sirketi (Turkey)	517	-	-	20,276	20,793
BIM - Banco Internacional de Moçambique, S.A.R.L.	-	-	7,140	-	7,140
Millennium Bank (Greece) Group	23,648	550	-	15,618	39,816
Millennium bcp Gestão de Activos - Sociedade Gestora de Fundos de Investimento, S.A.	-	9,277	59	-	9,336
Banco Millennium Angola, S.A.	3,343	-	620	-	3,963
Millennium bcp - Prestação de Serviços, A.C.E.	-	-	10,163	-	10,163
Millenniumbcp Ageas Group	2,717	74,165	3,711	-	80,593
Others	1,484	13,891	277	-	15,652
	106,874	**100,622**	**22,638**	**1,015,339**	**1,245,473**

As at 31 December 2010, the costs incurred by the Bank on inter-company transactions with subsidiaries, included in the captions Interest expense, Commissions, Administrative costs and Losses arising from trading activity, are analysed as follows:

(Thousands of Euros)

	Interest expense	Commissions costs	Administrative costs	Losses arising from trading activity	Total
Banco ActivoBank, S.A.	2,155	2,541	112	-	4,808
Banca Millennium S.A (Romania)	3	-	-	1,514	1,517
Banco de Investimento Imobiliário, S.A.	8,034	9,818	309	35	18,196
Bank Millennium (Poland) Group	1,923	-	-	28,021	29,944
Banque Privée BCP (Suisse) S.A.	384	-	-	-	384
Millennium bcp Bank & Trust	24,768	-	-	22,881	47,649
BCP Finance Bank Ltd	80,331	-	-	776,730	857,061
BCP Finance Company, Ltd	49,589	-	-	-	49,589
Millennium bcp Participações, S.G.P.S., Sociedade Unipessoal, Lda.	454	-	-	-	454
BCP Investment, B.V.	281	-	-	-	281
Millennium Bank, Anonim Sirketi (Turkey)	-	-	-	12,688	12,688
BIM - Banco Internacional de Moçambique, S.A.R.L.	433	-	-	-	433
Millennium Bank (Greece) Group	5,585	-	-	7,152	12,737
Seguros e Pensões Gere, S.G.P.S., S.A.	20	-	-	-	20
Banco Millennium Angola, S.A.	378	-	-	-	378
Millennium bcp - Prestação de Serviços, A.C.E.	28	-	54,051	-	54,079
Millenniumbcp Ageas Group	-	-	570	-	570
Others	3,206	6	13,821	-	17,033
	177,572	**12,365**	**68,863**	**849,021**	**1,107,821**

As at 31 December 2010, the off balance sheet accounts of the Bank on inter-company transactions with subsidiaries, included in the captions Guarantees granted and Commitments to third parties, are analysed as follows:

(Thousands of Euros)

	Guarantees granted	Commitments to third parties	Total
Banca Millennium S.A (Roménia)	13,631	-	13,631
Banco de Investimento Imobiliário, S.A.	-	300,000	300,000
Bank Millennium (Poland) Group	1,982	200,000	201,982
Banque Privée BCP (Suisse) S.A.	19,539	670,213	689,752
Millennium bcp Bank & Trust (*)	133,487	900	134,387
BCP Finance Bank Ltd	5,258,524	-	5,258,524
BCP Finance Company, Ltd	1,000,000	-	1,000,000
BIM - Banco Internacional de Moçambique, S.A.R.L.	12,539	17,878	30,417
Millennium Bank (Greece) Group	-	31,086	31,086
Banco Millennium Angola, S.A.	26,473	22,078	48,551
Millennium bcp Gestão de Activos - Sociedade Gestora de Fundos de Investimento, S.A.	172	-	172
Millennium bcp - Prestação de Serviços, A.C.E.	-	5,000	5,000
	6,466,347	**1,247,155**	**7,713,502**

(*) Guarantees granted by the Bank related to Loans and advances to customers granted by Millennium bcp Bank & Trust.

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

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

(Thousands of Euros)

	Loans and advances		Financial assets		
	Credit Institutions	Customers	Trading	Available for sale	Total
Banco de Investimento Imobiliário, S.A.	2,338,376	-	-	570,994	2,909,370
Banque Privée BCP (Suisse) S.A.	543,338	-	-	-	543,338
Millennium bcp Bank & Trust	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
Millenniumbcp Ageas 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 had credits over associated companies, represented or not by securities, included in the captions of Loans and advances to credit institutions and to customers, and Financial assets held for trading and available for sale, in the amount of Euros 128,417,000.

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

(Thousands of Euros)

	Deposits from				
	Credit Institutions	Customers	Debt Securities Issued	Subordinated Debt	Total
Banco ActivoBank, 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
Millennium bcp Bank & Trust	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
Millennium bcp Participações, 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
Millennium bcp 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
Millenniumbcp Ageas 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 the captions 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 captions of Interest income, Commissions, Other operating income and Gains arising from trading activity, are analysed as follows:

(Thousands of Euros)

	Interest income	Commissions income	Other operating income	Gains arising from trading activity	Total
Banco ActivoBank, 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
Millennium bcp Bank & Trust	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
Millennium bcp 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
Millenniumbcp Ageas 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 the captions Interest expense, Commissions, Administrative costs and Losses arising from trading activity, are analysed as follows:

(Thousands of Euros)

	Interest expense	Commissions costs	Administrative costs	Losses arising from trading activity	Total
Banco ActivoBank, 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
Millennium bcp Bank & Trust	41,244	-	-	15,253	56,497
BCP Finance Bank Ltd	254,722	-	-	507,972	762,694
BCP Finance Company, Ltd	49,589	-	-	-	49,589
Millennium bcp Participações, 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
Millenniumbcp Ageas Group	-	-	573	3,321	3,894
Others	693	-	83	-	776
	383,389	**17,380**	**103,039**	**569,659**	**1,073,467**

As at 31 December 2009, the off balance sheet accounts of the Bank on inter-company transactions with subsidiaries, included in the captions Guarantees granted and Commitments to third parties, are analysed as follows:

(Thousands of Euros)

	Guarantees granted	Commitments to third parties	Total
Banco ActivoBank, S.A.	26,789	-	26,789
Banco de Investimento Imobiliário, S.A.	1,178	-	1,178
BCP Finance Company, Ltd	1,000,000	-	1,000,000
Millennium bcp Bank & Trust (*)	437,915	-	437,915
Millennium Bank, Anonim Sirketi (Turquia)	536	-	536
Millennium bcp Bank (USA)	-	42,500	42,500
Banque Privée BCP (Suisse) S.A.	-	460,798	460,798
BCP Finance Bank Ltd	9,198,180	1,110	9,199,290
Millennium Bank (Greece) Group	11,153	11,265	22,418
Banco Millennium Angola, S.A.	-	30,000	30,000
BIM - Banco Internacional de Moçambique, S.A.R.L.	45,810	-	45,810
Millennium bcp Gestão de Activos - Sociedade Gestora de Fundos de Investimento, S.A.	1,488	-	1,488
Seguros e Pensões Gere, S.G.P.S., S.A.	6,972	-	6,972
Outras	2,285	2	2,287
	10,732,306	**545,675**	**11,277,981**

(*) Guarantees granted by the Bank related to Loans and advances to customers granted by Millennium bcp Bank & Trust.

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

52. Segmental reporting

The segments presented, concerning business and geographic segments, are in accordance with IFRS 8. In conformity with the BCP Group management model, the primary segment corresponds to segments used for Executive Board of Directors' management purposes. BCP Group offers a wide range of banking activities and financial services in Portugal and abroad, with a special focus on Commercial Banking, Corporate and Investment Banking and Private Banking and Asset Management.

Segments description

Commercial Banking is the core business of the Group's activity, in terms of both volume and contribution to net income. Commercial Banking activity includes the Banco Comercial Português network in Portugal, operating as a distribution channel of products and services from other companies of the Group targeting the segments of Retail and Corporate Banking and Foreign Business, operating through several banking operations in markets with affinity to Portugal and in countries with higher growth potential.

Retail Banking segment includes: (i) the Retail Bank in Portugal, where 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) ActivoBank, a bank focused on clients who are young in spirit, intensive users of new communication technologies and who prefer a banking relationship based on simplicity, modern products and services. Retail Banking operates under the strategy of cross-selling, using the Group as a distribution channel for products and services of other Group companies.

Corporate segment, in Portugal, covers the financial needs of companies with an annual turnover between Euro 7.5 million and Euro 100 million, and focuses on innovation, offering a wide range of traditional banking products complemented by specialised financing. Within the scope of the cross-selling strategy, the Companies segment also acts as a distribution channel for financial products and services of the Millennium bcp business areas 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, which specialises in capital markets, providing strategic and financial advisory, specialised financial services – Project finance, Corporate finance, Securities brokerage and Equity research - as well as structuring risk-hedging derivatives products; and (iii) the activity of the Bank's International Division.

Private Banking and Asset Management segment, for purposes of the geographical segments, comprises the Private Banking network in Portugal and subsidiary companies specialised in the asset management business in Portugal. In terms of business segments, it also includes the activities of the Banque Privée BCP and Millennium bcp Bank & Trust.

Foreign Business segment, for purposes of the geographical segments, comprises the operations outside Portugal, in particular Bank Millennium in Poland, Millennium bank in Greece, Banque Privée BCP in Switzerland, Banca Millennium in Romania, BIM - Banco Internacional de Moçambique in Mozambique, Banco Millennium Angola in Angola, Millennium bcp Bank & Trust in the Cayman Islands, Millennium bank in Turkey (operation sold on 27 December 2010) and Millennium bcpbank in the United States of America (operation sold on 15 October 2010). The Foreign Business segment, in terms of the business segments, comprises the Group operations outside of Portugal referred to above, excluding BCP Banque Privée in Switzerland and Millennium bcp Bank & Trust in the Cayman Islands, which are included in the Private Banking & Asset Management segment.

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

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

Business segments activity

The figures reported for each 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 levels, based on average figures. Balance sheet headings for each subsidiary and business unit are re-calculated, given the replacement of their original own funds by the outcome of the capital allocation process, according to regulatory solvency criteria.

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: (i) in 2009 the standard approach for calculating capital requirements for credit risks; and (ii) in the 2010 Advanced IRB for credit risk portfolio for small retail business or collateralised by residential or commercial real estate, and Foundation IRB for corporate loans in Portugal, property developers and entities other than the simplified rating system.

In 2009, subsequent to 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 one hand the amounts accounted directly in the respective cost centres, and on the other hand, the amounts resulting from internal cost allocation processes. For example, in the first set of costs are included costs related to phone communication, traveling accomodation and representation expenses and to advisory services, and in the second set are included costs related to correspondence, water and electricity and to rents related to spaces occupied by organic units, among others. The allocation of this last set of costs is based on the application of previously defined criteria, related to the level of activity of each business area, like the number of current accounts, the number of customers or employees, the business volume and the space occupied.

Financial flows generated by the business areas, in particular the placement of funds from new deposits and funding of loans granted, are processed at market prices, having the Bank's Treasury as counterparty. These market prices are determined according to the currency, the maturity of the transactions and their repricing periods. Additionally, all financial flows resulting from capital allocation are based on the average 6-month Euribor interest rate for each given period.

To ensure comparability, changes in the second half of 2009 and 2010 in the organisation of the segments were reflected in the figures for 2009: Retail Banking and Corporate Banking were individualized, the Corporate network became part of the Corporate & Investment Banking segment and Interfundos, which was part of Private Banking & Asset Management, joined Corporate Banking. The business of the Millennium bcp Bank & Trust in the Cayman Islands has been considered in the Foreign Business segment, rather than the segment Private Banking & Asset Management, as it was previously.

The net contributions of each segment include, where applicable, the non-controlling interests. Thus, the net contribution reflects the individual results achieved by its business units, independent of the percentage held by the Group, including the impact of movements of funds described above. The following information is based on financial statements prepared according to IFRS and on the organisational model in place for the Group, as at 31 December 2010.

Geographical Segments

The Group operates with special emphasis in the Portuguese market, and also in a few affinity markets and in markets of recognised potential growth. Considering this, the geographical segments include Portugal, Poland, Greece, Mozambique, Angola and Other. The segment Portugal reflects, essentially, the activities carried out by Banco Comercial Português in Portugal, ActivoBank and Banco de Investimento Imobiliário. The segment Poland includes the business carried out by Bank Millennium (Poland); the segment Greece contains the activity of Millennium Bank (Greece), while the segment Mozambique contains the activity of BIM - Banco Internacional de Moçambique (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 of America.

As at 31 December 2010, the net contribution of the major business segments is analysed as follows:

(Thousands of Euros)

	Commercial Banking				Corporate and Investment Banking	Private Banking and Asset Management	Other	Consolidated
	Retail Banking	Companies	Foreign Business	Total				
Income statement								
Interest income	982,769	353,430	1,156,555	2,492,754	458,818	112,641	412,845	3,477,058
Interest expense	(468,301)	(181,697)	(624,372)	(1,274,370)	(260,535)	(81,397)	(343,921)	(1,960,223)
Net interest income	**514,468**	**171,733**	**532,183**	**1,218,384**	**198,283**	**31,244**	**68,924**	**1,516,835**
Commissions and other income	472,173	89,048	298,031	859,252	169,369	65,200	(1,337)	1,092,484
Commissions and other costs	(19,637)	(1,492)	(70,340)	(91,469)	(2,736)	(22,236)	(94,530)	(210,971)
Net commissions and other income	**452,536**	**87,556**	**227,691**	**767,783**	**166,633**	**42,964**	**(95,867)**	**881,513**
Net gains arising from trading activity	51	-	116,149	116,200	(6,763)	1,786	317,964	429,187
Staff costs and administrative costs	668,604	59,998	541,985	1,270,587	74,762	51,663	96,092	1,493,104
Depreciations	1,714	105	55,334	57,153	102	413	52,563	110,231
Operating costs	**670,318**	**60,103**	**597,319**	**1,327,740**	**74,864**	**52,076**	**148,655**	**1,603,335**
Impairment and provisions	(151,206)	(189,004)	(166,042)	(506,252)	(178,229)	(25,402)	(220,983)	(930,866)
Share of profit of associates under the equity method	-	-	-	-	(58)	-	67,539	67,481
Net gain from the sale of other assets	-	-	-	-	-	-	(2,978)	(2,978)
Profit before income tax	**145,531**	**10,182**	**112,662**	**268,375**	**105,002**	**(1,484)**	**(14,056)**	**357,837**
Income tax	(38,594)	(2,718)	(23,752)	(65,064)	(27,826)	1,790	94,182	3,082
Non-controlling interests	-	-	(54,211)	(54,211)	-	-	(5,096)	(59,307)
Profit after income tax	**106,937**	**7,464**	**34,699**	**149,100**	**77,176**	**306**	**75,030**	**301,612**
Income between segments	17,033	5,689	-	22,722	(22,704)	(18)	-	-
Balance sheet								
Cash and Loans and advances to credit institutions	2,965,330	1,899,437	2,956,901	7,821,668	8,732,011	3,863,528	(15,329,948)	5,087,259
Loans and advances to customers	33,547,308	10,024,435	15,798,671	59,370,414	13,245,122	2,518,792	(1,228,922)	73,905,406
Financial assets	1,270	-	2,318,321	2,319,591	4,699,484	38,151	7,873,484	14,930,710
Other assets	667,405	36,303	482,594	1,186,302	51,697	35,104	4,813,261	6,086,364
Total Assets	**37,181,313**	**11,960,175**	**21,556,487**	**70,697,975**	**26,728,314**	**6,455,575**	**(3,872,125)**	**100,009,739**
Deposits from other credit institutions	7,999,152	4,751,358	4,679,955	17,430,465	10,562,972	3,450,167	(11,367,048)	20,076,556
Deposits from customers	19,856,041	1,663,234	13,957,472	35,476,747	4,923,161	2,698,691	2,510,516	45,609,115
Debt securities issued	6,005,308	3,614,045	862,373	10,481,726	7,650,654	4,978	32	18,137,390
Other financial liabilities held for trading at fair value through profit or loss	1,662,880	1,000,736	285,887	2,949,503	2,118,480	39,708	106,999	5,214,690
Other financial liabilities	98,253	60,861	422,256	581,370	80,973	16,511	1,706,793	2,385,647
Other liabilities	197,140	25,943	285,258	508,341	29,050	16,550	784,924	1,338,865
Total Liabilities	**35,818,774**	**11,116,177**	**20,493,201**	**67,428,152**	**25,365,290**	**6,226,605**	**(6,257,784)**	**92,762,263**
Equity and non-controlling interests	1,362,539	843,998	1,063,286	3,269,823	1,363,024	228,970	2,385,659	7,247,476
Total Liabilities, Equity and non-controlling interests	**37,181,313**	**11,960,175**	**21,556,487**	**70,697,975**	**26,728,314**	**6,455,575**	**(3,872,125)**	**100,009,739**

As at 31 December 2009, the net contribution of the major business segments is analysed as follows:

(Thousands of Euros)

	Commercial Banking				Corporate and Investment Banking	Private Banking and Asset Management	Other	Consolidated
	Retail Banking	Companies	Foreign Business	Total				
Income statement								
Interest income	1,331,564	444,471	1,084,143	2,860,178	521,362	200,890	57,049	3,639,479
Interest expense	(703,425)	(257,698)	(699,242)	(1,660,365)	(311,978)	(147,801)	(185,180)	(2,305,324)
Net interest income	**628,139**	**186,773**	**384,901**	**1,199,813**	**209,384**	**53,089**	**(128,131)**	**1,334,155**
Commissions and other income	455,486	64,174	275,840	795,500	170,605	62,134	(4,284)	1,023,955
Commissions and other costs	(21,741)	(2,291)	(74,739)	(98,771)	(5,829)	(20,329)	(106,589)	(231,518)
Net commissions and other income	**433,745**	**61,883**	**201,101**	**696,729**	**164,776**	**41,805**	**(110,873)**	**792,437**
Net gains arising from trading activity	15	-	157,422	157,437	39,297	2,933	25,703	225,370
Staff costs and administrative costs	723,936	57,823	499,718	1,281,477	72,995	50,975	30,067	1,435,514
Depreciations	1,546	106	44,302	45,954	191	409	58,182	104,736
Operating costs	**725,482**	**57,929**	**544,020**	**1,327,431**	**73,186**	**51,384**	**88,249**	**1,540,250**
Impairment and provisions	(130,604)	(141,883)	(168,638)	(441,125)	(135,099)	(45,818)	(35,343)	(657,385)
Share of profit of associates under the equity method	-	-	1,605	1,605	(2,131)	-	66,788	66,262
Net gain from the sale of other assets	-	-	-	-	-	-	74,930	74,930
Profit before income tax	**205,813**	**48,844**	**32,371**	**287,028**	**203,041**	**625**	**(195,175)**	**295,519**
Income tax	(54,428)	(12,946)	(19,879)	(87,253)	(54,457)	1,500	93,993	(46,217)
Non-controlling interests	-	-	(22,476)	(22,476)	-	-	(1,609)	(24,085)
Profit after income tax	**151,385**	**35,898**	**(9,984)**	**177,299**	**148,584**	**2,125**	**(102,791)**	**225,217**
Income between segments	47,267	(4,840)	-	42,427	(39,645)	(2,782)	-	-
Balance sheet								
Cash and Loans and advances to credit institutions	4,705,801	2,866,555	2,562,661	10,135,017	6,070,790	4,012,908	(15,108,605)	5,110,110
Loans and advances to customers	34,678,320	10,717,331	14,869,359	60,265,010	12,962,184	3,611,444	(1,647,522)	75,191,116
Financial assets	1,421	-	2,797,204	2,798,625	2,163,023	60,633	3,526,486	8,548,767
Other assets	672,004	37,907	967,407	1,677,318	51,484	33,349	4,938,266	6,700,417
Total Assets	**40,057,546**	**13,621,793**	**21,196,631**	**74,875,970**	**21,247,481**	**7,718,334**	**(8,291,375)**	**95,550,410**
Deposits from other credit institutions	6,537,523	4,152,998	4,450,927	15,141,448	6,729,471	3,813,482	(15,378,729)	10,305,672
Deposits from customers	20,590,099	1,636,102	13,402,364	35,628,565	4,960,550	2,943,816	2,774,302	46,307,233
Debt securities issued	7,752,503	4,932,488	980,089	13,665,080	5,856,681	431,447	19	19,953,227
Other financial liabilities held for trading at fair value through profit or loss	2,835,308	1,803,949	238,570	4,877,827	2,141,953	215,673	182,454	7,417,907
Other financial liabilities	456,848	226,984	349,634	1,033,466	322,272	62,130	889,329	2,307,197
Other liabilities	193,880	28,913	707,619	930,412	28,439	21,764	1,057,758	2,038,373
Total Liabilities	**38,366,161**	**12,781,434**	**20,129,203**	**71,276,798**	**20,039,366**	**7,488,312**	**(10,474,867)**	**88,329,609**
Equity and non-controlling interests	1,691,385	840,359	1,067,428	3,599,172	1,208,115	230,022	2,183,492	7,220,801
Total Liabilities, Equity and non-controlling interests	**40,057,546**	**13,621,793**	**21,196,631**	**74,875,970**	**21,247,481**	**7,718,334**	**(8,291,375)**	**95,550,410**

As at 31 December 2010, the net contribution of the major geographic segments is analysed as follows:

(Thousands of Euros)

	Portugal											
	Retail Banking	Companies	Private Banking and Asset Management	Corporate and Investment Banking	Other	Total	Poland	Greece	Angola	Mozambique	Other	Consolidated
Income statement												
Interest income	982,769	353,430	49,012	458,818	412,845	2,256,874	588,834	276,402	72,469	128,877	153,602	3,477,058
Interest expense	(468,301)	(181,697)	(29,808)	(260,535)	(343,921)	(1,284,262)	(364,914)	(151,029)	(22,242)	(34,684)	(103,092)	(1,960,223)
Net interest income	**514,468**	**171,733**	**19,204**	**198,283**	**68,924**	**972,612**	**223,920**	**125,373**	**50,227**	**94,193**	**50,510**	**1,516,835**
Commissions and other income	472,173	89,048	37,817	169,369	(1,337)	767,070	170,802	43,642	17,174	51,373	42,423	1,092,484
Commissions and other costs	(19,637)	(1,492)	(14,971)	(2,736)	(94,530)	(133,366)	(31,177)	(11,562)	(1,218)	(21,759)	(11,889)	(210,971)
Net commissions and other income	**452,536**	**87,556**	**22,846**	**166,633**	**(95,867)**	**633,704**	**139,625**	**32,080**	**15,956**	**29,614**	**30,534**	**881,513**
Net gains arising from trading activity	51	-	-	(6,763)	317,964	311,252	54,886	464	26,861	26,235	9,489	429,187
Staff costs and administrative costs	668,604	59,998	31,459	74,762	96,092	930,915	248,951	114,173	46,281	57,782	95,002	1,493,104
Depreciations	1,714	105	1	102	52,563	54,485	18,619	9,949	4,993	7,365	14,820	110,231
Operating costs	**670,318**	**60,103**	**31,460**	**74,864**	**148,655**	**985,400**	**267,570**	**124,122**	**51,274**	**65,147**	**109,822**	**1,603,335**
Impairment and provisions	(151,206)	(189,004)	(20,418)	(178,229)	(220,983)	(759,840)	(56,608)	(57,328)	(14,114)	(21,158)	(21,818)	(930,866)
Share of profit of associates under the equity method	-	-	-	(58)	67,539	67,481	-	-	-	-	-	67,481
Net gain from the sale of other assets	-	-	-	-	(2,978)	(2,978)	-	-	-	-	-	(2,978)
Profit before income tax	**145,531**	**10,182**	**(9,828)**	**105,002**	**(14,056)**	**236,831**	**94,253**	**(23,533)**	**27,656**	**63,737**	**(41,107)**	**357,837**
Income tax	(38,594)	(2,718)	2,877	(27,826)	94,182	27,921	(18,987)	6,030	(4,560)	(11,679)	4,357	3,082
Non-controlling interests	-	-	-	-	(5,096)	(5,096)	(25,960)	-	(10,916)	(17,335)	-	(59,307)
Profit after income tax	**106,937**	**7,464**	**(6,951)**	**77,176**	**75,030**	**259,656**	**49,306**	**(17,503)**	**12,180**	**34,723**	**(36,750)**	**301,612**
Income between segments	17,033	5,689	(18)	(22,704)	-	-	-	-	-	-	-	-
Balance sheet												
Cash and Loans and advances to credit institutions	2,965,330	1,899,437	177,379	8,732,011	(15,329,948)	(1,555,791)	889,698	1,479,004	219,436	275,841	3,779,071	5,087,259
Loans and advances to customers	33,547,308	10,024,435	1,391,350	13,245,122	(1,228,922)	56,979,293	9,242,386	4,996,810	447,252	807,816	1,431,849	73,905,406
Financial assets	1,270	-	1,625	4,699,484	7,873,484	12,575,863	1,514,083	335,597	257,301	117,430	130,436	14,930,710
Other assets	667,405	36,303	22,758	51,697	4,813,261	5,591,424	143,493	130,052	87,971	91,500	41,924	6,086,364
Total Assets	**37,181,313**	**11,960,175**	**1,593,112**	**26,728,314**	**(3,872,125)**	**73,590,789**	**11,789,660**	**6,941,463**	**1,011,960**	**1,292,587**	**5,383,280**	**100,009,739**
Deposits from other credit institutions	7,999,152	4,751,358	109,442	10,562,972	(11,367,048)	12,055,876	1,329,814	2,761,494	301,738	80,397	3,547,237	20,076,556
Deposits from customers	19,856,041	1,663,234	1,379,833	4,923,161	2,510,516	30,332,785	8,992,541	3,122,417	593,251	966,812	1,601,309	45,609,115
Debt securities issued	6,005,308	3,614,045	4,978	7,650,654	32	17,275,017	287,046	551,323	-	24,004	-	18,137,390
Other financial liabilities held for trading at fair value through profit or loss	1,662,880	1,000,736	1,379	2,118,480	106,999	4,890,474	202,348	80,702	1	-	41,165	5,214,690
Other financial liabilities	98,253	60,861	5,956	80,973	1,706,793	1,952,836	367,391	39,342	5,516	8,276	12,286	2,385,647
Other liabilities	197,140	25,943	8,925	29,050	784,924	1,045,982	104,455	44,223	34,968	98,332	10,905	1,338,865
Total Liabilities	**35,818,774**	**11,116,177**	**1,510,513**	**25,365,290**	**(6,257,784)**	**67,552,970**	**11,283,595**	**6,599,501**	**935,474**	**1,177,821**	**5,212,902**	**92,762,263**
Equity and non--controlling interests	1,362,539	843,998	82,599	1,363,024	2,385,659	6,037,819	506,065	341,962	76,486	114,766	170,378	7,247,476
Total Liabilities, Equity and non-controlling interests	**37,181,313**	**11,960,175**	**1,593,112**	**26,728,314**	**(3,872,125)**	**73,590,789**	**11,789,660**	**6,941,463**	**1,011,960**	**1,292,587**	**5,383,280**	**100,009,739**

As at 31 December 2009, the net contribution of the major geografic segments is analysed as follows:

(Thousands of Euros)

	Portugal											
	Retail Banking	Companies	Private Banking and Asset Management	Corporate and Investment Banking	Other	Total	Poland	Greece	Angola	Mozambique	Other	Consolidated
Income statement												
Interest income	1,331,564	444,471	90,879	521,362	57,049	2,445,325	544,180	288,910	39,753	110,169	211,142	3,639,479
Interest expense	(703,425)	(257,698)	(53,951)	(311,978)	(185,180)	(1,512,232)	(412,015)	(167,284)	(13,845)	(27,477)	(172,471)	(2,305,324)
Net interest income	**628,139**	**186,773**	**36,928**	**209,384**	**(128,131)**	**933,093**	**132,165**	**121,626**	**25,908**	**82,692**	**38,671**	**1,334,155**
Commissions and other income	455,486	64,174	37,149	170,605	(4,284)	723,130	150,882	48,610	12,725	48,534	40,074	1,023,955
Commissions and other costs	(21,741)	(2,291)	(15,483)	(5,829)	(106,589)	(151,933)	(34,984)	(13,163)	(1,241)	(19,736)	(10,461)	(231,518)
Net commissions and other income	**433,745**	**61,883**	**21,666**	**164,776**	**(110,873)**	**571,197**	**115,898**	**35,447**	**11,484**	**28,798**	**29,613**	**792,437**
Net gains arising from trading activity	15	-	(3)	39,297	25,703	65,012	77,864	9,666	21,060	22,537	29,231	225,370
Staff costs and administrative costs	723,936	57,823	33,829	72,995	30,067	918,650	213,793	116,216	37,116	53,711	96,028	1,435,514
Depreciations	1,546	106	1	191	58,182	60,026	18,260	9,599	3,440	5,880	7,531	104,736
Operating costs	**725,482**	**57,929**	**33,830**	**73,186**	**88,249**	**978,676**	**232,053**	**125,815**	**40,556**	**59,591**	**103,559**	**1,540,250**
Impairment and provisions	(130,604)	(141,883)	(20,902)	(135,099)	(35,343)	(463,831)	(100,107)	(24,719)	(5,030)	(11,617)	(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	**205,813**	**48,844**	**3,859**	**203,041**	**(195,175)**	**266,382**	**(4,628)**	**16,205**	**12,866**	**62,819**	**(58,125)**	**295,519**
Income tax	(54,428)	(12,946)	(1,011)	(54,457)	93,993	(28,849)	874	(9,447)	1,210	(11,413)	1,408	(46,217)
Non-controlling interests	-	-	-	-	(1,609)	(1,609)	1,295	-	(6,653)	(17,118)	-	(24,085)
Profit after income tax	**151,385**	**35,898**	**2,848**	**148,584**	**(102,791)**	**235,924**	**(2,459)**	**6,758**	**7,423**	**34,288**	**(56,717)**	**225,217**
Income between segments	47,267	(4,840)	(2,782)	(39,645)	-	-	-	-	-	-	-	-
Balance sheet												
Cash and Loans and advances to credit institutions	4,705,801	2,866,555	292,835	6,070,790	(15,108,605)	(1,172,624)	703,357	1,266,271	159,230	228,731	3,925,145	5,110,110
Loans and advances to customers	34,678,320	10,717,331	2,210,810	12,962,184	(1,647,522)	58,921,123	8,158,103	5,083,215	309,962	673,185	2,045,528	75,191,116
Financial assets	1,421	-	1,635	2,163,023	3,526,486	5,692,565	1,845,063	342,371	224,241	234,899	209,628	8,548,767
Other assets	672,004	37,907	20,298	51,484	4,938,266	5,719,959	204,181	106,244	52,747	68,373	548,913	6,700,417
Total Assets	**40,057,546**	**13,621,793**	**2,525,578**	**21,247,481**	**(8,291,375)**	**69,161,023**	**10,910,704**	**6,798,101**	**746,180**	**1,205,188**	**6,729,214**	**95,550,410**
Deposits from other credit institutions	6,537,523	4,152,998	378,032	6,729,471	(15,378,729)	2,419,295	1,921,343	1,987,723	218,850	74,273	3,684,188	10,305,672
Deposits from customers	20,590,099	1,636,102	1,416,472	4,960,550	2,774,302	31,377,525	7,844,540	3,472,601	428,914	916,135	2,267,518	46,307,233
Debt securities issued	7,752,503	4,932,488	431,447	5,856,681	19	18,973,138	249,564	730,525	-	-	-	19,953,227
Other financial liabilities held for trading at fair value through profit or loss	2,835,308	1,803,949	157,792	2,141,953	182,454	7,121,456	166,206	72,363	-	-	57,882	7,417,907
Other financial liabilities	456,848	226,984	28,348	322,272	889,329	1,923,781	159,179	122,722	16,546	28,686	56,283	2,307,197
Other liabilities	193,880	28,913	8,536	28,439	1,057,758	1,317,526	91,325	74,053	20,613	79,889	454,967	2,038,373
Total Liabilities	**38,366,161**	**12,781,434**	**2,420,627**	**20,039,366**	**(10,474,867)**	**63,132,721**	**10,432,157**	**6,459,987**	**684,923**	**1,098,983**	**6,520,838**	**88,329,609**
Equity and non--controlling interests	1,691,385	840,359	104,951	1,208,115	2,183,492	6,028,302	478,547	338,114	61,257	106,205	208,376	7,220,801
Total Liabilities, Equity and non--controlling interests	**40,057,546**	**13,621,793**	**2,525,578**	**21,247,481**	**(8,291,375)**	**69,161,023**	**10,910,704**	**6,798,101**	**746,180**	**1,205,188**	**6,729,214**	**95,550,410**

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

Description of the relevant items of reconciliation:

(Thousands of Euros)

	'10	'09
Net income (excluding Non-controlling Interests)		
Retail Banking	106,937	151,385
Companies	7,464	35,898
Corporate and Investment Banking	77,176	148,584
Private Banking e Asset Management	(6,951)	2,848
Foreign Business	96,167	11,769
	280,793	**350,484**
Impact on the Net interest income of the allocation of capital (1)	3,928	4,388
	276,865	**346,096**
Amounts not allocated to segments		
Non-controlling interests (2)	(59,307)	(24,085)
Operating expenses (3)	(138,218)	(88,249)
Loan impairment and other provisions (4)	(73,852)	(35,342)
Gains established with the sale of assets (5)	-	78,379
Dividends from equity instruments (6)	35,906	3,336
Equity accounted earnings	67,481	66,263
Instruments measured at FVO (Own Credit Risk)	204,561	(106,089)
Accounting for hedging interest rate risk (7)	36,600	46,500
Goodwill impairment of Greece (8)	(147,130)	-
Sale of the investment held in Eureko	65,200	-
Others (9)	33,506	(61,592)
Total not allocated to segments	**24,747**	**(120,879)**
Consolidated net income	**301,612**	**225,217**

(1) Represents the impact on net interest income due to allocation of capital. The balance sheet items of each subsidiary and each business unit are recalculated considering the replacement of accounting equity by the amounts assigned through the allocation within the strict fulfilment of solvency regulatory criteria.
(2) Corresponds mainly to the income attributable to third parties related to the subsidiaries in Poland, in Mozambique and in Angola.
(3) Includes operating costs not allocated to business segments, namely those connected with corporate areas and strategic projects.
(4) Includes provisions for property in kind, administrative infractions, various contingencies and other unallocated to commercial networks.
(5) Accounted gain obtained with the entry of new shareholders on Banco Millennium Angola's share capital and other gains obtained with assets sale.
(6) Includes Eureko dividends in 2010, amounting to Euros 28.6 millions.
(7) Net trading income associated with the economic strategy of hedging interest rate risk associated with fixed rate liabilities through interest rate swaps, in result from the discontinuance of an hedging relationship, in sequence of an effectiveness valuation of the hedging.
(8) Goodwill of Millennium bank in Greece in accordance with the Group accounting policy and the provisions of IAS 36.
(9) 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 and the respective volatility.

Liquidity – Liquidity risk reflects the Group's inability to meet its obligations at maturity without incurring in significant losses resulting from the deterioration of the funding conditions (funding risk) and/or from the sale of its assets below market value (market liquidity risk).

Operational – Operational risk is understood to be the potential loss resulting from failures or inadequacies in internal procedures, persons or systems, and also the potential losses resulting from external events.

Internal Organisation

The Banco Comercial Português Executive Board of Directors is responsible for the definition of the risk policy, including approval at the very highest level of the principles and rules to be followed in risk management, as well as the guidelines dictating the allocation of economic capital to the business lines.

The General and Supervisory Board, through the Financial Subjects Committee, ensures the existence of adequate risk control and of risk-management systems at the level both of the Group and of each entity. At the proposal of the Banco Comercial Português Executive Board of Directors, the General and Supervisory Board is also in charge of with approving the risk-tolerance level acceptable to the Group.

The Risk Committee is responsible for monitoring the overall levels of risk incurred, ensuring that they are compatible with the objectives and strategies approved for the business.

The Group Risk Officer is responsible for the control of risks in all the Group entities, in order to ensure that the risks are monitored on an overall basis and that there is alignment of concepts, practices and objectives. It must also keep the Risk Committee informed of the Group's level of risk, proposing measures to improve control and implementing the approved limits.

The activity of every entity included within the Banco Comercial Português consolidation perimeter is governed by the principles and decisions established centrally by the Risk Committee, and they are provided with Risk Office structures which are established in accordance with the risks inherent in their particular business. A Risk Control Committee has been set up at each subsidiary, responsible for the control of risks at local level, in which the Group Risk Officer takes part.

Risk Evaluation and Managment Model

For purposes of profitability analysis and risk quantification and control, each entity is divided into the following management areas:

- Trading: involves those positions whose objective is to obtain short-term gains through sale or revaluation. These positions are actively managed, are tradable without restriction and may be valued frequently and precisely, including the securities, the derivatives and the sales activities;
- Financing: involves the Bank's institutional financing and money market activity of the Group;
- Investment: includes those positions in securities to be held to maturity or during a longer period of time or those that are not tradable on liquid markets;
- Commercial: commercial activity with customers;
- Structural: deals with balance sheet elements or operations that, because of their nature, are not directly related with any of the other areas;
- ALM: is the function of managing assets and liabilities.

The definition of the management areas allows effective separation of the management of the trading and banking portfolios, as well a proper allocation of each operation to the area most appropriate management according to their context.

Risk assessment

Credit Risk

Credit granting is based on prior classification of the customers' risk and on thorough assessment of the level of protection provided by the underlying collateral. In order to do so, a single risk-notation system has been introduced, the Rating Master Scale. It is based on the expected probability of default, allowing greater discrimination in the assessment of the customers and better establishment of the hierarchies of the associated risk. The Rating Master Scale also identifies those customers showing worsening credit capacity and, in particular, those classified as being in default in keeping with the new Basel II Accord.

All the rating and scoring models used by the Group have been duly calibrated for the Rating Master Scale.

The protection-level concept has been introduced as a crucial element of evaluation of the effectiveness of the collateral in credit-risk mitigation, leading to more active collateralization of loans and more adequate pricing of the risk incurred.

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 gross Group's exposure to credit risk (original exposure), as at 31 December 2010 and 2009 is presented in the following table:

(Thousands of Euros)

Risk items	Original exposure	
	'10	'09
Central Governments or Central Banks	9,415,608	4,861,560
Regional Governments or Local Authorities	777,951	421,655
Administrative and non-profit Organisations	2,259,411	2,637,381
Multilateral Development Banks	127,270	77,743
Other Credit Institutions	8,637,694	8,290,267
Retail and Corporate customers	94,532,274	98,553,373
Other items	6,935,005	8,741,955
	122,685,213	**123,583,934**

Note: gross exposures of impairment and amortization, in accordance with the prudential consolidation perimeter. Includes securitization positions.

Market Risks

The Group in monitoring and control of market risk existing in the diverse portfolios uses an integrated risk measure that includes the main types of market risk identified by the Group: generic risk, specific risk, non linear risk and commodities risk.

The measure used in evaluating the generic market risk is the VaR (Value at Risk). The VaR is calculated on the basis of the analysis approximation defined in the methodology developed by the RiskMetrics. It is calculated considering a 10-working day time horizon and an unilateral statistical confidence interval of 99%. In calculating the volatility associated with each risk vector, the model assumes a greater weighting for the market conditions seen in the more recent days, thus ensuring more accurate adjustment to market conditions.

A specific risk evaluation model is also applied to securities and associated derivatives for which the performance is related to its value. With the necessary adjustments, this model follows regulatory standard methodology.

Complementary measures for the non-linear risk, at a confidence level of 99%, and a standard measure for the commodities risk are also used.

These measures were included in the indicator of market risk with the conservative assumption of perfect correlation between the various types of risk (the worst-case scenario).

Capital at risk values are determined both on an individual basis for each one of the position portfolios of those areas having responsibilities in risk taking and management, as well as in consolidated terms taking into account the effects of diversification between the various portfolios.

To ensure that the VaR model adopted is appropriate to the evaluation of the risks involved in the positions that have been assumed, a back testing process has been instituted. This is carried out on a daily basis and it confronts the VaR indicators with the actual results.

The following table shows these major trading book indicators for 2010:

(Thousands of Euros)

	2010.12.31	Average	Maximum	Minimum	2010.01.01
Generic Risk (VaR)	12,519	7,556	28,100	2,778	4,178
Interest Rate Risk	12,332	5,660	25,904	1,954	1,684
FX Risk	1,485	3,388	4,195	2,413	3,551
Equity Risk	610	691	1,030	368	354
Diversification effects	*1,908*	*2,183*	*3,029*	*1,958*	*1,411*
Specific Risk	2,180	1,540	2,980	902	1,539
Non Linear Risk	297	167	373	33	77
Commodities Risk	3	3	25	1	2
Global Risk	**14,999**	**9,266**	**30,166**	**4,247**	**5,796**

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:

(Thousands of Euros)

	31 December 2010			
Currency	- 200 b.p.	- 100 b.p.	+ 100 b.p.	+ 200 b.p.
CHF	26	(882)	3,573	7,164
EUR	191,906	74,118	(60,778)	(109,715)
PLN	19,434	9,546	(9,222)	(18,137)
USD	5,800	1,292	156	634
Total	**217,166**	**84,074**	**(66,271)**	**(120,054)**

(Thousands of Euros)

	31 December 2009			
Currency	- 200 b.p.	- 100 b.p.	+ 100 b.p.	+ 200 b.p.
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**

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 in Europe, net of haircuts, is detailed as follows:

(Thousands of Euros)

	'10	'09
European Central Bank	19,795,007	8,964,041
Other Central Banks	781,241	1,624,672
	20,576,248	**10,588,713**

As at 31 December 2010, the amount borrowed from the European Central Bank and from the Other Central Banks amounted to Euros 16,005,000,000 and Euros 0 respectively (31 December 2009: 2,925,000,000 and Euros 119,000,000).

The amount of eligible assets for funding operations in the European Central Banks includes securities issued by SPE concerning securitization operations in which the assets were not derecognised at a consolidated level, therefore the respective securities are not recognised in the securities portfolio.

During 2010 and 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	Dec 10
Cummulative Mismatch up to one year (1)	2%	0%	-2%	-1%	-6%
Liquidity gap as a % of iliquid assets	-19%	-16%	-16%	-12%	-8%
Transformation Ratio (Credit / Deposits)	156%	153%	152%	151%	152%
Coverage ratio of Wholesale funding by HLA (2)					
(up to 1 Month)	102%	211%	164%	149%	136%
(up to 3 Months)	71%	113%	98%	109%	114%
(up to 1 Year)	50%	62%	64%	75%	95%

(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 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 derecognised, 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 two-notch reduction of the long-term rating from "A1" to "A3" and the reduction of the short-term rating from "P-1" to "P-2" by Moody's, announced on 14 July, triggered the need to establish a contingent liquidity facility covering 6 months of interest on the notes for each of the securitizations Magellan Mortgages No3 and No4 (for which the loans have been derecognised), Kion Mortgages Finance No1and Caravela SME No.1. In addition, in operation Caravela SME No.1 (for which the loans have not be derecognised), the fund account should also be transferred to an alternative bank with a minimum short-term rating of "P-1" by Moody's and collateral should be posted for the interest rate swap.

In a hypothetic scenario of a further one-notch downgrade of the long-term rating by Moody's, as consequence would be needed to replace the counterpart of the vehicle in the swap interest rate or guaranteed by an eligible counterparty. The possible downgrade of short-term rating to "P-2" by Moody's, would result in the need for changes in the management of loans in the securitization Kion Mortgages Finance Nº2, which have not been derecognised. A downgrade of Bank Millennium S.A. to below "Baa2" would trigger the accelerated amortization of Orchis, in which the loans have not been derecognised.

Changes in the ratings of Standards & Poor's by one notch will not have a material impact in the credit securitizations operation in progress.

With respect to the BCP Mortgage Bonds program, the current levels of rating of the Bank determine the need for a collateral considering the changes in the fair value of the interest rate swaps included in the assets of the Program. If there is a downgrade of one notch in the rating given by Moody's to the Bank, it might be necessary to replace the counterparty of the Swaps, or in alternative obtain a guarantee by an eligible counterparty.

54. Solvency

The Bank of Portugal formally authorised the adoption of methodologies based on Internal Ratings (IRB) for the calculation of capital requirements for credit and counterparty risks, covering a substantial part of the risks arising from the activity in Portugal as from 31 December 2010. This authorisation led to several changes on the calculation of capital requirements and own funds with reference to the year-end 2010, as in previous periods these calculations were performed in accordance with the Standard approach.

Consolidated own funds of Banco Comercial Português are determined according to the applicable regulatory rules, namely the Regulation nº 6/2010 from the Bank of Portugal. The own funds result from adding Tier 1 with 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 non-controlling 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 deductions related to the qualified investments and expected losses, if applicable.

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 nº 3/95 from the Bank of Portugal on an unconsolidated basis, and the deduction related to the qualified investments and expected losses.

The deduction related to the qualified investments 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.

On the other hand, the adoption of IRB approaches to the credit portfolio from 31 December 2010 required the deduction of expected losses related to equities using the simple weight approach and the net amount of expected losses of other exposures that exceed the corresponding credit impairment, also in equal parts to Tier 1 and Tier 2 (unless expected losses are lower than impairment, when the resulting difference can be add to Tier 2 until the limit of 0.6% of risk weighted assets). At the same time, the deduction of 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 nº 3/95 from the Bank of Portugal on an unconsolidated basis) ended with the adoption of the IRB approaches.

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, net of taxes, 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 nº 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 nº 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 nº 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 31 December 2010, through the Regulation nº 6/2010, the Bank of Portugal changed the criteria used to evaluate the eligibility of hybrid instruments to the own funds, defining three tiers related to the inclusion of these instruments within Tier 1 according to the degree of subordination resulting from their specific features, allowing amounts surpassing those limits to be added to the Tier 2 and establishing a period of 30 years from 31 December 2010 to the phase out of deductible surpluses and instruments that ceased to be eligible to the own funds according to the new rules.

Tier 2 includes 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 and expected losses, 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 recognised in the Bank's accounts, and the potential excess of exposure to risk limits in the scope of Bank of Portugal published Regulation nº 7/2010.

Capital requirements have been determined in accordance with the Basel II framework since the beginning of 2008. In the scope of the approval pack filed with the Bank of Portugal with the aim of adopting 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, during the first semester of 2009 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 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 nº 5/2007 from the Bank of Portugal for the standard approach. The requirements for securitized assets were determined in accordance with the Regulation nº 7/2007 from the Bank of Portugal. Capital requirements for operational risk were calculated following the standard approach described in the Regulation nº 9/2007 from the Bank of Portugal. Additionally, capital requirements for the trading portfolio were also calculated, according to the Regulation nº 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.

As at December 2010, after the formal authorisation of the Bank of Portugal, the BCP Group adopted IRB approaches to calculate minimum capital requirements for credit risk arising from exposures in Portugal and continued to use the methods described above for the other risk types and geographies, in accordance with the Bank of Portugal regulations referred in the previous paragraph and the Regulation nº 8/2010 from the Bank of Portugal, which entered in force on 31 December 2010.

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%.

The own funds and capital requirements determined according to the methodologies previously referred, for 31 December 2009 and 2010, are the following:

(Thousands of Euros)

	'10	'09
Core own funds		
Paid-up capital and share premium	4,886,722	4,886,722
Reserves and retained earnings	(90,174)	(221,002)
Non-controlling interests	493,437	340,117
Preference shares	1,935,328	1,933,566
Intangible assets	(400,802)	(534,934)
Net impact of accruals and deferrals	(905,621)	(264,987)
Other regulatory adjustments	(463,748)	(37,712)
	5,455,142	**6,101,770**
Complementary own funds		
Upper Tier 2	77,802	135,455
Lower Tier 2	696,426	1,430,372
	774,228	**1,565,827**
Deductions to total own funds	(113,338)	(127,015)
Total own funds	**6,116,032**	**7,540,582**
Own funds requirements		
Requirements from Regulation nº 5/2007	4,374,526	4,884,722
Trading portfolio	48,601	27,996
Operacional risk	342,032	348,789
	4,765,159	**5,261,507**
Capital ratios		
Tier I	9.2%	9.3%
Tier 2 (*)	1.1%	2.2%
Solvency ratio	10.3%	11.5%

(*) Includes deductions to total own funds

55. Accounting standards recently issued

Standards, changes and interpretations effective since 1 January 2010

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 analysed as follows:

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

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

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

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 recognised in profit and loss in the period of the distribution.

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

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

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.

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

IFRS 9 - Financial instruments

The International Accounting Standards Board (IASB) has issued in November 2009, IFRS 9 - Financial instruments part I: Classification and measurement, which is for mandatory application for the financial years starting on 1 January 2013, although early adoption is permitted. The IFRS 9 has not yet been adopted by European Union. This standard was amended in October 2010.

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 for fair value changes to be recognised 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 exemption set out in IAS39 to hold equity instruments whose fair value cannot be determined, as well as derivatives related to such instruments, does not exist in IFRS 9;
- The portion of the fair value changes that is attributable to changes in own credit risk of financial liabilities classified in the Fair Value Option is recognised directly in other comprehensive income (OCI) and the remainder is recognised in profit or loss. The amount presented in OCI is never reclassified to profit or loss.

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

IFRS 7 (amendment) – Financial instruments: Disclosures

The International Accounting Standards Board (IASB) has issued in October 2010, IFRS 7 – Financial instruments: Disclosure - Financial assets transfers, which is for mandatory application for the financial years starting on 1 July 2011, although early adoption is permitted. This standard has not yet been adopted by European Union.

The amendments required for the disclosures regarding operations which involve the transfer of financial assets, namely, securitizations of financial assets, have the objective to allow the users of the financial statements to evaluate the impacts and risks associated with these operations in the financial statements.

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 off-shore entities.

This internal investigation identified that, between 1999 and 2002, BCP Group financed off-shore entities for the purposes of acquisition of shares issued by the Group. In November 2002, the referred offshore entities sold, to a financial institution, the BCP shares held, which represented 4.99% of the share capital of the Bank as at that date and, simultaneously acquired notes (Notes), issued by that financial institution, with an amount equivalent to 50% of the proceeds from the sale. This financial institution communicated to the market, on 9 December 2002, the acquisition of a qualified investment in the Bank.

The above referred loans were subject to a restructuring operation, occurred in March 2004, having been assumed by a group whose main activity consists on the development of real estate projects (from now on referred to as "GI"). Following this restructuring operation, GI assumed net liabilities amounting to 450 million euros, net of the reimbursement of the Notes occurred in December 2004. On the same date, the Bank sold to GI an entity named Millennium bcp Imobiliária (then named Comercial Imobiliária, S.A.), for 26 million euros, and a real estate portfolio for 61 million euros.

Regarding the above mentioned restructuring operation, GI, through Millennium bcp Imobiliária issued commercial paper in the amount of Euros 210 million subscribed by BCP Group and that in 2005 was contributed in kind to the Banco Comercial Português Group Pension Fund and together with shares issued by quoted companies. As referred in note 50, after this contribution, and as a result of the communication by Millennium bcp Imobiliária that it was not able to repay its debts, the Pension Fund registered an actuarial loss in the approximate amount of Euros 115,000,000 in 2006 and 2007 related to the commercial paper issued by Millennium bcp Imobiliária. The total amount net of amortizations, as at 31 December 2010 as referred in note 50, in accordance with the accounting policy described in note 1 w), is Euros 86,250,000 (31 December 2009: Euros 92,000,000). The amount will continue to be amortized by the remaining term of 15 years with a annual amortization of approximatly Euros 5,750,000.

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

In June 2006, the Group, which previously had acquired a minority shareholding of 11.5% in Millennium bcp Imobiliária, granted shareholders loans to this entity, in the amount of 300 million euros, in order to allow Millennium bcp Imobiliária to acquire, from another GI subsidiary, an indirect majority shareholding in an Angolan entity which owned the so called Baia de Luanda Project. This entity had obtained, in October 2005, the concession, for 60 years, of the Baia de Luanda leasehold. With the proceeds from this transaction, GI repaid to BCP an additional portion of the loan, corresponding to 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 Millennium bcp Imobiliária share capital which at that date held an economic interest of 54% in the Baia de Luanda Project, as a repayment of the residual loan, which amounted to 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 Millennium bcp Imobiliária share capital and, indirectly, of 54% of the future economic benefits of the above mentioned project, which were subject to full consolidation method in accordance with the accounting policy described in note 1 b).

Considering the existing indications arising from the ongoing investigations conducted by the supervisory authorities regarding a more thorough review of the economic substance of the above referred transactions, the Group decided to consider a more prudent interpretation, regarding the risks identified, the nature of the transactions and restructurings which occurred, and recorded an adjustment of 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 Group was notified for the administrative proceeding nº 24/07/CO constituted by the Bank of Portugal and for the administrative proceeding nº 41/2008 constituted by CMVM related to the inquiry processes referred above. The Bank maintains the position of contesting any infractions attributed to this matter considering the legal terms applicable. Notwithstanding this fact, the Executive Board of Directors considers that the financial statements for the periods between 2007 and 2010 include, in all material respects the disclosures regarding the impact on the financial position of the Group of the referred matters, as disclosed in notes 50, 56 and 57. The Executive Board of Directors remains in contact with the Supervision Authorities regarding this subject.

The above referred adjustment, recognised in accordance with IFRS and in the notes to the financial statements, can be analysed as follows:

(Thousands of Euros)

	Restated		
	Equity 31.12.2006	Net income 2006	Equity 01.01.2006
Previosly reported	**4,841,892**	**779,894**	**4,247,494**
Adjustments:			
Loan granted	(300,000)	-	(300,000)
Provision for loan losses	9,825	9,825	-
Deferred tax	76,896	(2,604)	79,500
	(213,279)	**7,221**	**(220,500)**
Restated	**4,628,613**	**787,115**	**4,026,994**

Banco Comercial Português, S.A. during 2009, after analysing the market conditions and the development perspectives of the Luanda Bay Urban Requalification Project ("Baía de Luanda Project"), decided to reduce the 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, giving place to a gain of Euros 57,196,000.

According to the characteristics of the agreement, and in accordance with the accounting policy described in note 1 b), the investment is now consolidated through the equity method.

Banco Comercial Português considers that the participation maintained in the Baía de Luanda project will allow the Group to keep a relevant presence in a highly important project to Angola. Additionally to that, the Group maintains the expectation that the Baia de Luanda Project will generate results in the future, which will be registered against results of the Bank in the years that are generated.

57. Administrative proceedings

1. At the end of the year of 2007, the Bank received a formal notice dated of 27 December 2007 informing that administrative proceedings no. 24/07/CO were brought by 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 respects to the amount of own funds and breach of prudential obligations".

A press release issued by Bank of Portugal on 28 December 2007 mentioned that such administrative proceedings were initiated "based in facts related with 17 off-shore entities, whose nature and activities were always hidden from Banco de Portugal, in particular in previous inspections carried out".

On 12 December 2008, the Bank was notified of an accusation under the administrative proceedings no. 24/07/CO instructed by Banco de Portugal, in which this Authority charges the Bank with the practice of six administrative offences regulated by paragraph g) and three administrative offences regulated by paragraph r) of article 211 of the Legal Framework for Credit Institutions and Financial Companies (LFCIFC).

The offences, should the charges be proven true, would be the following:

a) Failure to comply with the applicable accounting rules, determined by law or by Bank of Portugal, that do not cause serious damages to the knowledge of the company's assets and financial standing is an administrative offence regulated in article 210 (f) of the LFCIFC, whereby companies are punished by a fine between EUR 750 and EUR 750,000. However, if such conduct causes serious damages, it may become the offence regulated in article 211 (g) of the LFCIFC, whereby companies are punished by a fine between EUR 2,500 and EUR 2,494,000.
b) the (i) omission of information and communications to Bank of Portugal, within the due deadlines or (ii) the provision of incomplete information are offences regulated in article 210 (h – presently amended to i) of the LFCIFC, whereby companies are punished by a fine between EUR 750 and EUR 750,000. However, the (i) provision of false information or (ii) of incomplete information to Bank of Portugal that may lead to wrongful conclusions with the same or similar effect as false information regarding that subject are offences regulated in article 211 (r) of the LFCIFC, whereby companies are punished by a fine between EUR 2,500 and EUR 2,494,000.

According to the charges, each offence is punishable by a fine between Euros 2,493.99 and Euros 2,493,989.49, and pursuant to the rules on accrued offences, defined in article 19 (1 and 2), of the Portuguese regime on administrative offences (Regime Geral das Contra-ordenações), in case of conviction for several offences, there shall be a single fine, the maximum amount of which cannot surpass twice the highest limit of the accrued offences.

On March 2009, the Bank did not accept the charges or accusations made against it, and provided defence under these administrative proceedings within due term.

On 12 May 2010, the Bank was notified of the contents of the decision that, within the scope of the proceedings, was issued by the Board of Directors of Bank of Portugal, applying to it, as primary sanction, a single fine of EUR 5,000,000.

Different fines were applied to the remaining defendants as primary sanctions, globally amounting to EUR 4,470,000. The Board of Directors of Bank of Portugal decided to file the proceedings relating to a former Director and a Manager.

The Bank did not accept this decision and appealed the decision of the administrative authority on 15 July 2010.

On 20 October 2010, the Bank was notified of the decision to accept the legal objections made by all of the defendants.

2. On 12 December 2008, the Bank was notified by the CMVM of the accusation under the administrative proceedings No. 41/2008 wherein it was charged with seven administrative offences for the alleged violation of article 7 of the Securities Code (CVM) and of article 389 (1) (a) of that Code.

In accordance with article 7 of the CMVM the information relating to financial instruments, organized trading methods, the activities of financial intermediation, the settlement, clearing of operations, public offers of securities and issuers must be complete, true, updated, objective, clear and lawful.

The Bank did not accept the charges brought against it and has provided, on 27 January 2009, its defence under the administrative proceedings in question.

Banco Comercial Português was notified on 26 June 2009 of CMVM's decision, within the scope of the administrative offence proceedings nº 41/2008, to apply a single fine of EUR 5,000,000 with the partial suspension of the sentence's execution for EUR 2,500,000 for a two-year term. The fine would be applied in its full amount if, during the suspension time the bank practiced any criminal or administrative offence, as foreseen in the Securities Code and it was timely disclosed.

The Bank did not accept this accusation and opposed to it on 24 July 2009.

On 21 July 2010, the Tribunal de Pequena Instância de Lisboa (court of Lisbon for minor offences) pronounced the sentence on the proceedings partially approving the appeal regarding the suspension of EUR 2,500,000 for a two-year period and confirmed the CMVM's decision in all the remainder.

On 4 August 2010, the Bank appealed the decision made by the Tribunal de Pequena Instância de Lisboa (court of Lisbon for minor offences) before Tribunal da Relação de Lisboa (Lisbon appellate court). The Bank is presently waiting for the decision of Tribunal da Relação pursuant to the discussion hearing requested.

3. Previously, on 21 December 2007, CMVM had addressed a notice to the Bank, indicating that it should make public disclosure thereof, which the Bank did on 23 December 2007. The notice read as follows:

"The CMVM, pursuant to its powers, is now engaged in a supervision action on BCP (as a listed company), in order to determine the nature and the activities of several 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 a financing for the acquisition of own shares not reported as such. This configuration is also present in a transaction made with a financial institution, which lead this institution to disclose a qualified shareholding, even though the economic interest and the possibility of exercising the voting rights remained within BCP;
e) Pursuant to the described circumstances, it may be concluded that the information given to the authorities and to the market, in the past, was not always complete and/or true, in particular in what concerns the amount of BCP's own funds and its owners; and
f) Significant market transactions made by the mentioned entities were detected, involving significant considerations; these transactions require a deeper analysis, in order to find out about possible infringements of the market rules.

Thus, given the nature of these conclusions and the urgency of the matter, the CMVM, under article 360, no. 1, f) of the Portuguese Securities Code, asks BCP to immediately:

a) Inform the market about whether the financial information recently disclosed by it already reflects all the financial losses pursuant to the above-mentioned situation;
b) Inform about the existence of any other situations which were not disclosed, in order to allow the investors to make a properly reasoned judgment about the securities issued by BCP; and
c) Transcribe in its communication the full text of this CMVM notice; BCP may inform, if it deems appropriate, the fact that BCP was not yet formally heard about these conclusions.

The CMVM will continue the current process of supervision within its powers and with all its consequences, and will notify the appropriate authorities of any illegalities of different nature, and will further cooperate with the Bank of Portugal within the framework of Bank of Portugal's powers."

4. On July 2009, the Bank was notified of the accusation deducted by Public Ministry in a criminal process against five former members of the Board of Directors of the Bank, related mainly to the above mentioned facts and note 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, to present legal documentation regarding: (i) the recognition of its right, in a later period namely following the final identification of the facts, present a separate process in civil courts requesting an indemnity and (ii) additionally and cautiously, if the right to the request of a separate indemnity process in civil courts is not recognized, a civil indemnity according to the facts and terms mentioned in the accusation, if they are proven.

58. BCP Group list of companies

As at 31 December 2010 the Banco Comercial Português Group's subsidiary companies included in the consolidated accounts using the purchase method according, were as follows:

					Group		Bank
Subsidiary companies	Head office	Share capital	Currency	Activity	% control	% held	% held
Millennium bcp Gestão de Activos - Sociedade Gestora de Fundos de Investimento, S.A.	Oeiras	6,720,691	EUR	Investment fund management	100.0	100.0	100.0
Interfundos - Gestão de Fundos de Investimento Imobiliários, S.A.	Lisbon	1,500,000	EUR	Investment fund management	100.0	100.0	100.0
BII Investimentos International, S.A.	Luxembourg	150,000	EUR	Investment fund management	100.0	100.0	–
BCP Capital - Sociedade de Capital de Risco, S.A.	Lisbon	28,500,000	EUR	Venture capital	100.0	100.0	100.0
Banco de Investimento Imobiliário, S.A.	Lisbon	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, 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	1,213,116,777	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	40,655,778	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	–
BG Leasing S.A.	Gdansk	1,000,000	PLN	Leasing	74.0	48.5	–
Banque Privée BCP (Suisse) S.A.	Geneve	70,000,000	CHF	Banking	100.0	100.0	–
Millennium Bank, Societé Anonyme	Athens	184,905,000	EUR	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	465,830,000	RON	Banking	100.0	100.0	–
Millennium bcp Participações, S.G.P.S., Sociedade Unipessoal, Lda.	Funchal	25,000	EUR	Holding company	100.0	100.0	100.0
Bitalpart, B.V.	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	–
MBCP Reo I, LLC	Delaware	370,174	USD	Real-estate management	100.0	100.0	–
MBCP Reo II, LLC	Delaware	924,804	USD	Real-estate management	100.0	100.0	–
Millennium bcp Bank & Trust	George Town	340,000,000	USD	Banking	100.0	100.0	–
BCP Finance Bank, Ltd.	George Town	246,000,000	USD	Banking	100.0	100.0	–

(continue)

(continuation)

Subsidiary companies	Head office	Share capital	Currency	Activity	Group % control	Group % held	Bank % held
BCP Finance Company	George Town	1,031,000,748	EUR	Investment	100.0	3.0	–
Millennium BCP - Escritório de Representações e Serviços, Ltda.	Sao Paulo	30,700,000	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
Millennium bcp Imobiliária, S.A.	Lisbon	50,000	EUR	Real-estate management	99.9	99.9	99.9
Millennium bcp - Prestação de Serviços, A. C. E.	Lisbon	331,000	EUR	Services	91.5	92.2	73.5
Servitrust - Trust Management 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 2010 the associated companies, were as follows:

Associated companies	Head office	Share capital	Currency	Activity	Group % control	Group % held	Bank % held
Academia Millennium Atlântico	Luanda	47,500,000	AOA	Education	33.0	17.4	–
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	–
Constellation	Maputo	1,053,500,000	MZN	Real-estate	20.0	12.0	–
Luanda Waterfront Corporation	George Town	9,804	USD	Services	10.0	10.0	–
Lubuskie Fabryki Mebli S.A.	Swiebodzin	13,400,050	PLN	Furniture manufacturer	50.0	32.8	–
Pomorskie Hurtowe Centrum Rolno - Spożywcze S.A.	Gdansk	21,357,000	PLN	Wholesale business	38.4	25.2	–
Nanium, S.A.	Vila do Conde	15,000,000	EUR	Electronic equipments	41.1	41.1	41.1
SIBS - 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	32.0	32.0	31.7
VSC - Aluguer de Veículos Sem Condutor, Lda.	Lisbon	12,500,000	EUR	Long term rental	50.0	50.0	–

As at 31 December 2010 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:

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

					Group		Bank
Associated companies	Head office	Share capital	Currency	Activity	% control	% held	% held
Millenniumbcp Ageas 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	–

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INCOME STATEMENT FOR THE YEARS ENDED 31 DECEMBER, 2010 AND 2009

(Thousands of Euros)

	Notes	'10	'09
Interest and similar income	3	2,392,502	2,733,931
Interest expense and similar charges	3	(1,509,869)	(1,902,519)
Net interest income		**882,633**	**831,412**
Dividends from equity instruments	4	489,910	556,084
Net fees and commission income	5	569,206	491,111
Net gains / (losses) arising from trading and hedging activities	6	142,370	76,308
Net gains / (losses) arising from available for sale financial assets	7	(52,776)	(70,132)
Other operating income	8	54,610	71,193
Total operating income		**2,085,953**	**1,955,976**
Staff costs	9	587,385	588,079
Other administrative costs	10	359,714	347,144
Depreciation	11	44,632	47,968
Operating expenses		**991,731**	**983,191**
		1,094,222	**972,785**
Loans impairment	12	(762,800)	(890,943)
Other assets impairment	26 and 30	(57,846)	(54,771)
Other provisions	13	80,494	62,573
Operating profit		**354,070**	**89,644**
Gains / (losses) from the sale of subsidiaries and other assets	14	(151,681)	(6,723)
Profit before income tax		**202,389**	**82,921**
Income tax			
Current	15	(2,124)	(165)
Deferred	15	100,383	123,570
Profit for the year		**300,648**	**206,326**
Earnings per share (in euros)	16		
Basic		0.05	0.04
Diluted		0.05	0.04

Chief Accountant

The Executive Board of Directors

See accompanying notes to the individual financial statements

BALANCE SHEET AS AT 31 DECEMBER, 2010 AND 2009

(Thousands of Euros)

	Notes	'10	'09
Assets			
Cash and deposits at central banks	17	472,625	1,154,246
Loans and advances to credit institutions			
Repayable on demand	18	1,250,283	1,101,009
Other loans and advances	19	9,003,096	8,673,113
Loans and advances to customers	20	52,998,550	55,700,740
Financial assets held for trading	21	5,242,772	2,791,244
Other financial assets held for trading at fair value through profit or loss	22	-	60,413
Financial assets available for sale	21	15,148,523	11,726,323
Hedging derivatives	23	440,614	344,403
Financial assets held to maturity	24	6,480,525	1,780,256
Investments in associated companies	25	3,907,836	4,635,062
Non current assets held for sale	26	853,718	696,438
Property and equipment	27	359,357	385,905
Intangible assets	28	9,741	9,973
Current income tax assets		11,453	13,225
Deferred income tax assets	29	837,355	633,518
Other assets	30	5,127,539	4,105,020
		102,143,987	**93,810,888**
Liabilities			
Deposits from credit institutions	31	27,420,661	20,287,854
Deposits from customers	32	31,366,731	33,251,606
Debt securities issued	33	14,416,717	13,522,836
Financial liabilities held for trading	34	1,384,125	1,296,231
Other financial liabilities held for trading at fair value through profit or loss	35	3,079,851	5,018,449
Hedging derivatives	23	27,889	11,445
Provisions for liabilities and charges	36	733,635	776,484
Subordinated debt	37	3,388,038	3,597,601
Current income tax liabilities		703	100
Other liabilities	38	13,716,287	9,388,165
Total Liabilities		**95,534,637**	**87,150,771**
Equity			
Share capital	39	4,694,600	4,694,600
Treasury stock	42	(3,727)	(10,355)
Share premium		192,122	192,122
Other capital instruments	39	1,000,000	1,000,000
Fair value reserves	41	(174,419)	11,787
Reserves and retained earnings	41	600,126	565,637
Profit for the year		300,648	206,326
Total Equity		**6,609,350**	**6,660,117**
		102,143,987	**93,810,888**

Chief Accountant

The Executive Board of Directors

See accompanying notes to the individual financial statements

CASH FLOWS STATEMENT FOR THE YEARS ENDED 31 DECEMBER, 2010 AND 2009

(Thousands of Euros)

	'10	'09
Cash flows arising from operating activities		
Interest income received	2,048,893	2,750,453
Commissions income received	681,533	618,951
Fees received from services rendered	52,294	143,114
Interest expense paid	(1,440,610)	(2,083,983)
Commissions expense paid	(98,737)	(110,021)
Recoveries on loans previously written off	25,974	28,026
Payments to suppliers and employees	(1,121,534)	(889,668)
	147,813	**456,872**
Decrease / (increase) in operating assets:		
Loans and advances to credit institutions	835,637	(198,121)
Deposits with Central Banks under monetary regulations	(445,139)	273,160
Loans and advances to customers	1,966,814	(1,367,316)
Short term trading account securities	(2,235,580)	(461,479)
Increase / (decrease) in operating liabilities:		
Deposits from credit institutions repayable on demand	337,940	(73,689)
Deposits from credit institutions with agreed maturity date	5,730,913	(4,404,958)
Deposits from clients repayable on demand	(1,654,727)	185,786
Deposits from clients with agreed maturity date	(222,687)	1,411,442
	4,460,984	**(4,178,303)**
Income taxes (paid) / received	4,126	581
	4,465,110	**(4,177,722)**
Cash flows arising from investing activities		
Proceeds from sale of shares in subsidiaries and associated companies	21,704	4,197
Acquisition of shares in subsidiaries and associated companies	(196,127)	(840,034)
Dividends received	489,910	556,084
Interest income from available for sale financial assets	269,940	228,435
Proceeds from sale of available for sale financial assets	15,510,436	9,179,446
Available for sale financial assets purchased	(15,480,687)	(11,392,768)
Proceeds from available for sale financial assets on maturity	158,405	3,734,328
Acquisition of fixed assets	(28,595)	(32,714)
Proceeds from sale of fixed assets	6,182	18,290
Increase / (decrease) in other sundry assets	(4,617,141)	(725,510)
	(3,865,973)	**729,754**
Cash flows arising from financing activities		
Issuance of subordinated debt	95,000	-
Reimbursement of subordinated debt	(360,831)	(524,389)
Issuance of debt securities	3,319,868	6,781,216
Reimbursement of debt securities	(3,020,681)	(3,093,960)
Proceeds from issuance of commercial paper	4,106,647	-
Repayment of commercial paper	(4,077,418)	-
Issuance of perpetual subordinated debt securities	-	1,000,000
Dividends paid	(89,095)	(79,109)
Increase / (decrease) in other sundry liabilities and minority interests	(450,105)	(475,502)
	(476,615)	**3,608,256**
Net changes in cash and equivalents	122,522	160,288
Cash and equivalents balance at the beginning of the year	1,532,252	1,371,964
Cash (Note 17)	404,491	431,243
Other short term investments (note 18)	1,250,283	1,101,009
Cash and equivalents balance at the end of the year	**1,654,774**	**1,532,252**

See accompanying notes to the individual financial statements

STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER, 2010 AND 2009

(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, 2008	**5,549,580**	**4,694,600**	**-**	**183,368**	**380,291**	**(48,669)**	**344,377**	**(4,387)**
Transfers of 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	-	-	-	-	-
Registration costs related with the share capital increase	(9,597)	-	-	-	-	-	(9,597)	-
Costs 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)**
Transfers to reserves (note 41):								
Legal reserve	-	-	-	-	20,632	-	(20,632)	-
Statutory reserve	-	-	-	-	10,000	-	(10,000)	-
Dividends paid in 2010	(89,095)	-	-	-	-	-	(89,095)	-
Profit for the year	300,648	-	-	-	-	-	300,648	-
Interest charge related to the issue of perpetual subordinated Instruments	(70,000)	-	-	-	-	-	(70,000)	-
Tax related to the interests on the issue of perpetual subordinated Instruments	17,526	-	-	-	-	-	17,526	-
Treasury stock	6,628	-	-	-	-	-	-	6,628
Fair value reserves (note 41)	(186,206)	-	-	-	-	(186,206)	-	-
Amortization of the transition adjustment to pensions (Regulation no.12/01)	(40,625)	-	-	-	-	-	(40,625)	-
Deferred taxes related to balance sheet changes charged against reserves	10,504	-	-	-	-	-	10,504	-
Other reserves (note 41)	(147)	-	-	-	-	-	(147)	-
Balance on 31 December, 2010	**6,609,350**	**4,694,600**	**1,000,000**	**192,122**	**466,042**	**(174,419)**	**434,732**	**(3,727)**

See accompanying notes to the individual financial statements

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER, 2010 AND 2009

(Thousands of Euros)

	Notes	'10	'09
Fair value reserves			
Financial assets available for sale	41	(261,587)	80,030
Taxes			
Financial assets available for sale	41	75,381	(19,574)
Comprehensive income recognised directly in Equity after taxes		**(186,206)**	**60,456**
Profit for the year		300,648	206,326
Total Comprehensive income for the year		**114,442**	**266,782**

See accompanying notes to the individual financial statements

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS 31 DECEMBER, 2010

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, 2010 and 2009.

In accordance with Regulation (EC) no. 1606/2002 from the European Parliament and the Council, of 19 July 2002, and as transposed into Portuguese Law through Decree-Law no. 35/2005, of 17 February and Regulation no. 1/2005 from the Bank of Portugal, the Bank's financial statements are required to be prepared in accordance with "Normas de Contabilidade Ajustadas" (NCA's), issued by the Bank of Portugal, which are based in International Financial Reporting Standards ('IFRS') as endorsed by the European Union ('EU') since the year 2005, except regarding the issues defined at no.2 and no.3 of Regulation no.1/2005 and no.2 of Regulation 4/2005 from the Bank of Portugal. NCA's comprise accounting standards issued by the International Accounting Standards Board ('IASB') as well as interpretations issued by the International Financial Reporting Interpretations Committee ('IFRIC') and their predecessor bodies, with the exception of the issues referred in no. 2 and 3 of Regulation no. 1/2005 and no. 2 of Regulation no. 4/2005 of Bank of Portugal: i) maintenance of the actual requirements related with measurement and provision of loans and advances to customers, ii) employee benefits through the definition of a deferral period for the transition impact to IAS 19 and iii) restriction to the application of some issues established in IAS/IFRS. The Executive Board of Directors approved these financial statements on 1 February 2011. The financial statements are presented in thousands of euros, rounded to the nearest thousand.

The Bank adopted the IFRS standards and interpretations for which application is mandatory for accounting periods beginning on 1 January 2010. These accounting standards are described in note 52. In accordance with the transition dispositions of these standards and interpretations, comparative figures are presented in these financial statements for additional disclosures required.

The Bank's financial statements for the year ended 31 December, 2010 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.

In 2010, the Bank adopted the IAS 39 (amendment) - Financial Instruments: Recognition and measurement – Eligible hedged items and IFRS 5 - Non-current assets held for sale and discontinued operations. These interpretations, which had to be applied with reference to 1 January, 2010 had impact on the assets and liabilities of the Bank. According to the transition rules of these interpretations, the new disclosures required include comparative information.

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

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 recognised when cash is advanced to borrowers.

The derecognition of these assets occurs in the following situations: (i) the contractual rights of the Bank have expired; or (ii) the Bank transferred substantially all the associated risks and rewards.

Loans and advances to customers are initially recognised at fair value plus any directly attributable transaction costs and fees and are subsequently measured at 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 from the Bank of Portugal, the Bank adopted the same requirements for measurement and provision of loans and advances to customers used in the previous years, described as follows:

Specific provision for loan losses

The specific provision for loan losses is based on the appraisal of overdue loans including the related non overdue amounts and loans subject to restructuring, to cover specific credit risks. This provision is shown as a deduction against loans and advances to customers. The adequacy of this provision is reviewed regularly by the Bank, taking into consideration the existence of asset-backed guarantees, the overdue period and the current financial situation of the client.

The provision calculated under these terms, complies with the requirements established by the Bank of Portugal, in accordance with Regulations no. 3/95, of 30 June, no. 7/00, of 27 October and no. 8/03, of 30 January.

General provision for loan losses

This provision is established to cover latent bad and doubtful debts which are present in any loan portfolio, including guarantees or signature credits, but which have not been specifically identified as such. This provision is recorded under provision for liabilities and charges.

The general provision for loan losses is in accordance with Regulation no. 3/95, of 30 June, Regulation no. 2/99, of 15 January and Regulation no. 8/03, of 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 from the Bank of Portugal, and is based on the Instruction no. 94/96, of 17 June, of the Bank of Portugal, including the adoption of changes made to paragraph 2.4 of the referred Instruction published in October 1998.

Write-off of loans

In accordance with "Carta-Circular" no. 15/2009 of the Bank 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 classified as hedging) are classified as trading. The dividends associated to these portfolios are accounted in gains arising on trading and hedging activities.

The interest from debt instruments are recognised as interest margin.

Trading derivatives with a positive fair value are included in the Financial assets held for trading and the trading derivatives with negative fair value are included in the Financial liabilities held for trading.

1b) Other financial assets and liabilities at fair vaue through profit and loss ("Fair Value Option")

The Bank has adopted the Fair Value Option for certain own bond issues, loans and time deposits performed since 2007 that contain embedded derivatives or with related hedging 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 recognised in profit and loss and subsequently measured at fair value through profit and loss. Dividends related to assets at Fair Value Option are recognised in Net gains / (losses) arising from trading and hedging activities. The accrual of interest and premium/discount (when applicable) is recognised in Net interest income according with the effective interest rate of each transaction, as well as for the derivatives associated to financial instruments classified as Fair Value Option.

2) Financial assets available for sale

Financial assets available for sale held with the purpose of being maintained by the Bank, namely bonds, treasury bills or shares, are classified as available for sale, except if they are classified in another category of financial assets. The financial assets available for sale are initially accounted at fair value, including all expenses or income associated with the transactions. The financial assets available for sale are subsequently measured at fair value. The changes in fair value are accounted for against fair value reserves until they are sold or an impairment loss exists. In the sale of the financial assets available for sale, the accumulated gains or losses recognised as fair value reserves are recognised under Net gains / (losses) arising from available for sale financial assets. Interest income from debt instruments is recognised in Net interest income based on the effective interest rate, including a premium or discount when applicable. Dividends are recognised in the income statement when the right to receive the dividends is attributed.

3) Financial assets held-to-maturity

The financial assets held-to-maturity include non-derivative financial assets with fixed or determinable payments and fixed maturity, that the Bank has the intention and capacity to maintain until the maturity of the assets and that were not included in the category of financial assets at fair value through profit and loss or financial assets available for sale. These financial assets are initially recognised at fair value and subsequently measured at amortized cost. The interest is calculated using the effective interest rate method and recognised in Net interest income. The impairment losses are recognised in profit and loss when identified.

Any reclassification or sale of financial assets included in this category that does not occur close to the maturity of the assets will require the Bank to reclassify the entire portfolio as Financial assets available for sale and the Bank will not be allowed to classify any assets under this category for the following two years.

4) Loans and receivables - Loans represented by securities

Non-derivative financial assets with fixed or determined payments, that are not quoted in a market and which the Bank does not intend to sell immediately or in a near future, may be classified in this category.

In addition to loans granted, the Bank recognises in this category unquoted bonds and commercial paper. The financial assets recognised in this category are initially accounted at fair value and subsequently at 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 recognised in Net interest income.

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

5) Other financial liabilities

The other financial liabilities are all financial liabilities that are not recognised as financial liabilities at fair value through profit and loss. This category includes money market transactions, deposits from customers and from other financial institutions, issued debt, and other transactions.

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

The financial gains or losses calculated in the time of the repurchase of other financial liabilities are recognised 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 recognised in the profit or loss) is removed from fair value reserves and recognised in profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurred after the impairment loss was recognised in the profit or loss, the impairment loss is reversed through the income statement. The impairment losses recognised in equity instruments classified as available for sale, when reversed, are recognised against fair value reserves.

(iii) Embedded derivatives

Embedded derivatives should be accounted for separately as derivatives if the economic risks and benefits of the embedded derivative are not closely related to the host contract, unless the hybrid (combined) instrument is not initially measured at fair value with changes through profit and loss. Embedded derivatives are classified as trading and recognised at fair value with changes through profit and loss.

d) Derivatives hedge accounting

(i) Hedge accounting

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

Derivative hedging instruments are stated at fair value and gains and losses on re-measurement are recognised in accordance with the hedge accounting model adopted by the Bank. A hedge relationship exists when:

- at the inception of the hedge there is formal documentation of the hedge;
- the hedge is expected to be highly effective;
- the effectiveness of the hedge can be reliably measured;
- the hedge is valuable in a continuous basis and highly effective throughout the reporting period; and
- for hedges of a forecasted transaction, the transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect profit or loss.

When a derivative financial instrument is used to hedge foreign exchange arising from monetary assets or liabilities, no hedge accounting model is applied. Any gain or loss associated to the derivative and to changes in foreign exchange risk related with the monetary items are recognised through profit and loss.

(ii) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedge instruments are recognised in profit and loss, together with changes in the fair value attributable to the hedged risk of the asset or liability or group of assets and liabilities. If the hedge relationship no longer meets the criteria for hedge accounting, the cumulative gains and losses recognised until the discontinuance of the hedge accounting are amortised through profit and loss over the residual period of the hedged item.

(iii) Cash flow hedge

In a hedge relationship, the effective portion of changes in fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity cash flow hedge reserves. Any gain or loss relating to the ineffective portion of the hedge is immediately recognised in profit and loss when occurred.

Amounts accumulated in equity are reclassified to profit and loss in the periods in which the hedged item will affect profit or loss.

In case of hedging variability of cash-flows, when the hedge instrument expires or is disposed or when the hedging relationship no longer meets the criteria for hedge accounting, or when the hedge relation is revoked, the hedge relationship is discontinued on a prospective basis. Therefore, the fair value changes of the derivative accumulated in equity until the date of the discontinued hedge accounting can be:

- Deferred over the residual period of the hedged instrument; or
- Recognised immediately in results, if the hedged instrument is extinguished.

In the case of a discontinued hedge of a forecast transaction, the change in fair value of the derivative recognised in equity at that time remains in equity until the forecasted transaction is ultimately recognised in the income statement. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to profit and loss.

(iv) Hedge effectiveness

For a hedge relationship to be classified as such according to IAS 39, effectiveness has to be demonstrated. As such, the Bank performs prospective tests at the beginning date of the initial hedge, if applicable and retrospective tests in order to demonstrate at each reporting period the effectiveness of the hedging relationships, showing that the changes in the fair value of the hedging instrument are hedged by the changes in the hedged item for the risk being covered. Any ineffectiveness is recognised immediately in profit and loss when incurred.

(v) Hedge of a net investment in a foreign operation

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in equity. The gain or loss relating to the ineffective portion is immediately recognised in the income statement. Gains and losses accumulated in equity related to the investment in a foreign operation and to the associated hedge operation are included in the income statement on the disposal of the foreign operation as part of the gain or loss from the disposal.

e) Reclassifications between financial instruments categories

In October 2008, the IASB issued a change to IAS 39 – Reclassification of Financial Assets (Amendments to IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7: Financial Instruments Disclosures). This change allowed an entity to transfer Financial assets from Financial assets at fair value through profit and loss – trading to Financial assets available for sale, to Loans and Receivables - Loans represented by securities or to financial assets held-to-maturity, as long as the requirements described in the Standard are met, namely:

- If a financial asset, at the date of reclassification present the characteristics of a debt instrument for which there is no active market; or
- When there is some event that is uncommon and higly improbable that will occur again in the short term, that is, the event can be classified as a rare circumstance.

The Bank adopted this possibility for a group of financial assets, as disclosed in note 21.

Transfer of financial assets recognised in the category of Financial assets available-for-sale to Loans and receivables - Loans represented by securities and Financial assets held-to-maturity are permitted.

Transfers from and to Financial assets and financial liabilities at fair value through profit and loss by decision of the entity ("Fair value option") are prohibited.

f) Derecognition

The Bank 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 analised as follows:

- The activities of the SPE, in substance, are being conducted on behalf of the Bank, in accordance with the specific needs of the Bank's business, so as to obtain benefits from these activities;
- The Bank has the decision-making powers to obtain the majority of the benefits of the activities of the SPE or, by setting up an "autopilot" mechanism, the Bank has delegated these decision-making powers;
- The Bank has the rights to obtain the majority of the benefits of the SPE and therefore may be exposed to risks inherent to the activities of the SPE; or
- The Bank retains the majority of the residual or ownership risks related to the SPE or its assets in order to obtain benefits from its activities.

The Bank derecognises financial liabilities when these are discharged, cancelled or extinguished.

g) Equity instruments

An instrument is classified as an equity instrument when there is no contractual obligation at settlement to deliver cash or another financial asset to another entity, independently from its legal form, showing a residual interest in the assets of an entity after deducting all of its liabilities.

Transaction costs directly attributable to an equity instruments' issuance are recognised in equity as a deduction to the amount issued. Amounts paid or received related to sales or acquisitions of equity instruments are recognised in equity, net of transaction costs.

Preference shares issued by the Bank are considered as an equity instrument when redemption of the shares is solely at the discretion of the issuer and dividends are paid at the discretion of the Bank.

Income from equity instruments (dividends) are recognised when the right to receive this income is established and are deducted to equity.

h) Compound financial instruments

Financial instruments that contain both a liability and an equity component (example: convertible bonds) are classified as compound financial instruments. For those instruments to be considered as compound financial instruments, the terms of its conversion to ordinary shares (number of shares) can not change with changes in its fair value. The financial liability component corresponds to the present value of the future interest and principal payments, discounted at the market interest rate applicable to similar financial liabilities that do not have a conversion option. The equity component corresponds to the difference between the proceeds of the issue and the amount attributed to the financial liability. Financial liabilities are measured at amortized cost through the effective interest rate method. The interests are recognised in Net interest income.

i) Securities borrowing and repurchase agreement transactions

(i) Securities borrowing

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

(ii) Repurchase agreements

The Bank performs acquisition/sale of securities under reselling/repurchase agreements of securities substantially equivalent in a future date at a predetermined price ('repos' / 'reverse repos'). The securities related to reselling agreements in a future date are not recognised on the balance sheet. The amounts paid are recognised in loans and advances to customers or loans and advances to credit institutions. The receivables are collateralized by the related securities. Securities sold through repurchase agreements continue to be recognised in the balance sheet and are revaluated in accordance with the applicable accounting policy. The amounts received from the proceeds of these securities are considered as deposits from customers and deposits from credit institutions.

The difference between the acquisition/sale and reselling/repurchase conditions is recognised on an accrual basis over the period of the transaction and is included in interest income or expenses.

j) Non-current assets held for sale and discontinued operations

Non current assets, groups of non-current assets held for sale (groups of assets together and related liabilities that include at least a non current asset) and discontinued operations are classified as held for sale when it is intention to sell the referred assets and liabilities, the referred assets are available for immediate sale and its sale is highly probable.

The Bank also classifies as non-current assets held for sale those non-current assets or groups of assets acquired exclusively with a view to its subsequent disposal, that are available for immediate sale and its sale is highly probable.

Immediately before classification as held for sale, the measurement of the non-current assets or all assets and liabilities in a disposal group, is performed in accordance with the applicable IFRS. After their reclassification, these assets or disposal groups are measured at the lower of their cost and fair value less costs to sell.

Discontinued operations and the subsidiaries acquired exclusively with the purpose to sell in the short term, are consolidated until the disposal.

The Bank also classifies as non-current assets held for sale the investments arising from recovered loans that are measured initially by the lower of its fair value net of expenses and the loan's carrying amount on the date that the recovery occurs or the judicial decision is 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 recognised as impairment losses against results.

k) Finance lease transactions

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

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

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

Lease rentals are a combination of the financial income and amortization of the capital outstanding.

Recognition of the financial result reflects a constant periodical return rate over the remaining net investment of the lessor.

l) Interest income and expense

Interest income and expense for financial instruments measured at amortized cost are recognised in the interest income or expenses (net interest income) through the effective interest rate method. The interest related to financial assets available for sale calculated at the effective interest rate method are also recognised on the net interest income as well as those from assets and liabilities at fair value through profit and loss.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument (or, when appropriate, for a shorter period), to the net carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the Bank estimates future cash flows considering all contractual terms of the financial instrument (example: early payment options) but without considering future impairment losses. The calculation includes all fees paid or received considered as included in the effective interest rate, transaction costs and all other premiums or discounts directly related with the transaction except for assets and liabilities at fair value through profit and loss.

If a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Specifically regarding the accounting policy for interest on overdue loans' portfolio the following aspects are considered:

- Interest income for overdue loans with collaterals are accounted for as income up to the limit of the valuation of the collateral valued on a prudent basis. This income is registered against results in accordance with IAS 18, assuming that there is a reasonable probability of recoverability; and
- The interests accrued and not paid for overdue loans for more than 90 days that are not covered by collaterals are writen-off and are recognised only when they are received, in accordance with IAS 18, on the basis that its recoverability is considered to be remote.

For derivative financial instruments, except those classified as hedging instruments of interest rate risk, the interest component is not separated from the changes in the fair value and is classified under Net gains / (losses) from trading and hedging activities. For hedging derivatives of interest rate risk and those related to financial assets or financial liabilities recognised in the Fair Value Option category, the interest component of the changes in their fair value is recognised under interest income or expense (Net interest income).

m) Fee and commission income

Fees and commissions are recognised according to the following criteria:

- Fees and commissions which are earned as services are provided are recognised in income over the period in which the service is being provided;
- Fees and commissions that are earned on the execution of a significant act, are recognised as income when the service is completed.

Fees and commissions that are an integral part of the effective interest rate of a financial instrument, are recognised in margin.

n) Financial results (Results arising from trading and hedging activities and available for sale financial assets)

Financial results includes gains and losses arising from financial assets and financial liabilities at fair value through profit and loss, that is, fair value changes and interest on trading derivatives and embedded derivatives, as well as the corresponding dividends received. This caption 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 recognised in this caption.

o) Fiduciary activities

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

p) Property and equipment

Property and equipment are stated at acquisition cost less accumulated depreciation and impairment losses. Subsequent costs are recognised as a separate asset only when it is probable that future economic benefits will result 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 indicate 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 recognised 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 recognised in profit and loss.

q) Intangible Assets

Research and development expenditure

The Bank does not capitalize any research and development costs. All expenses are recognised as costs in the year in which they occur.

Software

The Bank accounts as intangible assets the costs associated to software acquired from external entities and depreciates them on a 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 recognised amounts and the transactions are intended to be settled on a net basis.

t) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currency of the operation at the foreign exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies, are translated into the respective functional currency of the operation at the foreign exchange rate at the reporting date. Foreign exchange differences arising on translation are recognised in the profit and loss. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated into the respective functional currency of the operation at the foreign exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated into the respective functional currency of the operation at the foreign exchange rate at the date that the fair value was determined against profit and loss, except for financial assets available-for-sale, for which the difference is recognised against equity.

u) Employee benefits

Defined benefit plans

The Bank has the responsibility to pay to their employees retirement pensions and widow and orphan benefits and permanent disability pensions, in accordance with the agreement entered with the collective labour 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.

Starting on 1 January 2011, bank employees will be integrated in the General Social Healthcare System which will guarantee protection to the employees for maternity, paternity, adoption and old age issues. The Banks maintain the liability to guarantee the protection in illness, disability, survival and death (Decree-Law nr. 1-A/2011, from 3 January).

The contributive rate will be 26.6% divided between 23.6% supported by the employer and 3% supported by the employees, replacing the Banking Social Healthcare System ('Caixa de Abono de Família dos Empregados Bancários') which will be extinguished by the decree law referred above. As a consequence of this changing the capability to receive pensions by the actual employees will be covered by the General Social Healthcare System regime, considering the service period between 1 January 2011 and the retirement age. The Banks support the remaining difference for the total pension assured in 'Acordo Colectivo de Trabalho'.

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 from the Bank of Portugal was established a deferral period for the transition impact to IAS 19 as at 1 January 2005 analysed as follows:

Balances	Deferral period
Obligations with healthcare benefits and other liabilities	10 years
Liabilities for death before retirement	8 years
Early retirement	8 years
Actuarial losses charged-off related with early retirement	8 years
Increase of deferred actuarial losses	8 years
Reversal of amortization of actuarial losses in accordance with local GAAP	8 years

In accordance with Regulation no. 7/2008 from the Bank of Portugal concerning the balances listed in the table above, it was authorized an additional period of three years against the deferral period defined initially.

The current services cost plus the interest cost on the unwinding of the Pension liabilities less the expected return on the Plan assets are recorded in operational costs.

The Bank's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. The benefit is discounted in order to determine its present value, using a discount rate determined by reference to interest rates of high-quality corporate bonds that have maturity dates approximating the terms of the Bank's obligations. The net obligations are determined after the deduction of the fair value of the assets of the Pension Plan.

Employee benefits, other than pension plans, namely post retirement health care benefits and benefits for 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 recognised 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 recognised, exceeding 10% of the greater of the present value of the defined benefit obligation and the fair value of plan assets, are recognised in the income statement over the period 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 recognised as an expense in profit and loss when they are due.

Share based compensation plan
As at 31 December 2010 there are no share based compensation plans in force.

Variable remuneration paid to employees

The Executive Board of Directors decides on the most appropriate criteria of allocation among employees.

This variable remuneration is charged to income statement in the year to which it relates.

v) Income taxes

The Bank is subject to the regime established by the Income Tax Code ("IRC"). Additionally, deferred taxes resulting from the temporary differences between the accounting net income and the net income accepted by the Tax Authorities for Income Taxes calculation, are accounted for, whenever there is a reasonable probability that those taxes will be paid or recovered in the future.

Income tax on the income for the year comprises current and deferred tax effects. Income tax is recognised in the income statement, except to the extent that it relates to items recognised directly to reserves in which case it is recognised in reserves. Deferred taxes arising from the revaluation of financial assets available for sale and cash flow hedging derivatives are recognised in shareholders' equity and are recognised in the profit and loss in the year the results that originated the deferred taxes are recognised.

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

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

Deferred taxes assets are recognised to the extent when it is probable that future taxable profits, will be available to absorb deductible temporary differences for taxation purposes (including reportable taxable losses).

The Bank as established in IAS 12, paragraph 74, compensates the deferred tax assets and liabilities if, and only if: (i) has a legally enforceable right to set off current tax assets against current tax liabilities; and (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

w) Segmental reporting

A geographical segment is a distinguishable component of the Bank that is engaged in providing an individual product or service or a group of related products or services, in a specific economic environment and that is subject to risks and returns that are different from those of other business segments, which operates in different economic environments.

Taking into consideration that the individual financial statements are present with the Group's report, in accordance with the paragraph 4 of IFRS 8, the Bank is dismissed to present individual information regarding Segmental Reporting.

x) Provisions

Provisions are recognised when (i) the Bank has a present obligation (legal or resulting from past practices or published policies that imply the recognition of certain responsibilities), (ii) it is probable that an outflow of economic benefits will be required to settle a present legal or constructive obligation as a result of past events and (iii) a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at each balance sheet date and adjusted to reflect the best estimate, being reverted through profit and loss in the proportion of the payments that are not probable.

The provisions are derecognised through their use for the obligations for which they were initially accounted or for the cases that the situations were not already observed.

y) Earnings per share

Basic earnings per share are calculated by dividing net income available to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the year, excluding the average number of ordinary shares purchased by the Bank and held as treasury stock.

For the diluted earnings per share, the weighted average number of ordinary shares outstanding is adjusted to consider conversion of all dilutive potential ordinary shares, such as convertible debt and stock options granted to employees. Potential or contingent share issues are treated as dilutive when their conversion to shares would decrease net earnings per share.

If the earnings per share are changed as a result of an issue with premium or discount or other event that changed the potential number of ordinary shares or as a result of changes in the accounting policies, the earnings per share for all presented periods should be adjusted retrospectively.

z) Accounting estimates and judgements in applying accounting policies

IFRS set forth a range of accounting treatments and require the Executive Board of Directors and management to apply judgment and make estimates in deciding which treatment is most appropriate. The most significant of these accounting policies are discussed in this section in order to improve understanding of how their application affects the Bank's reported results and related disclosure.

Considering that in some cases there are several alternatives to the accounting treatment chosen by management, the Bank's reported results would differ if a different treatment was chosen. Management believes that the choices made are appropriate and that the financial statements present the Bank's financial position and results fairly in all material aspects.

The alternative outcomes discussed below are presented solely to assist the reader in understanding the financial statements and are not intended to suggest that other alternatives or estimates would be more appropriate.

Impairment of available for-sale equity investments

The Bank determines that available-for-sale equity investments are impaired when there has been a significant or prolonged decrease in the fair value below its acquisition cost. This determination of what is significant or prolonged requires judgment. In making this judgment, the Bank evaluates among other factors, the volatility in the prices of the financial assets.

In addition, valuations are generally obtained through market quotation or valuation models that may require assumptions or judgment in making estimates of fair value.

Alternative methodologies and the use of different assumptions and estimates could result in a higher level of impairment losses recognised with a consequent impact in the income statement of the Bank.

Impairment losses on loans and advances to customers

The Bank reviews its loan portfolios to assess impairment losses on a regularly basis, as described in note 1 b).

The evaluation process in determining whether an impairment loss should be recorded in the income statement is subject to numerous estimates and judgments. The probability of default, risk ratings, value of associated collaterals recovery rates and the estimation of both the amount and timing of future cash flows, among other things, are considered in making this evaluation.

Alternative methodologies and the use of different assumptions and estimates could result in a different level of impairment losses with a consequent impact in the income statement of the Bank.

Fair value of derivatives

Fair values are based on listed market prices if available, otherwise fair value is determined either by dealer price quotations (both for that transaction or for similar instruments traded) or by pricing models, based on net present value of estimated future cash flows which take into account market conditions for the underlying instruments, time value, yield curve and volatility factors. These pricing models may require assumptions or judgments in estimating their values.

Consequently, the use of a different model or of different assumptions or judgments in applying a particular model could result in different financial results for a particular period.

Securitizations and special purpose entities (SPE)

The Bank sponsors the formation of SPE primarily for asset securitization transactions for liquidity purposes and/or capital management.

Therefore, the securitization operations Nova Finance nº 4, Magellan Mortgages nº 5 and 6, Caravela SME nº 1 and 2 and Tagus Leasing were not derecognised in the Bank's financial statements.

The Bank derecognised the following SPE also resulted from operations of securitization: NovaFinance nº 3, Magellan Mortgages nº 1, 2, 3 and 4. For these SPE, the Bank concluded that the main risks and the benefits were transferred, as the Bank does not hold any security issued by the SPE, that are exposed to the majority of the residual risks, neither is exposed to the performance of the credit portfolios.

Income taxes

Significant interpretations and estimates are required in determining the worldwide amount for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

Different interpretations and estimates would result in a different level of income taxes, current and deferred, recognised in the year.

The Portuguese Tax Authorities are entitled to review the Bank and its subsidiaries' determination of its annual taxable earnings, for a period of four years or six years in case there are tax losses brought forward. Hence, it is possible that some additional taxes may be assessed, mainly as a result of differences in interpretation of the tax law which for its probability, the Executive Board of Directors considers that there is no relevant material effect at the level of the Financial Statements.

Pension and other employees' benefits

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

Changes in these assumptions could materially affect these values.

2.Net interest income and net gains arising from trading, hedging and available for sale activities

IFRS requires separate disclosure of net interest income and net gains from trading, hedging and available for sale (AFS) activities, as presented in notes 3, 6 and 7. A particular business activity can generate impact in net interest income and net gains arising from trading, hedging and AFS activities. This disclosure requirement demonstrates the contribution of the different business activities for the net interest margin and net gains from trading, hedging and AFS activities.

The amount of this account is comprised of:

(Thousands of Euros)

	'10	'09
Net interest income	882,633	831,412
Net gains from trading, hedging and AFS activities	89,594	6,176
	972,227	**837,588**

3.Net interest income

The amount of this account is comprised of:

(Thousands of Euros)

	'10	'09
Interest and similar income		
Interest on loans and advances	1,690,167	2,118,645
Interest on trading securities	53,549	44,573
Interest on other financial assets valued at fair value through profit and loss account	42	141
Interest on available for sale financial assets	181,821	203,123
Interest on held to maturity financial assets	126,924	42,369
Interest on hedging derivatives	163,214	75,631
Interest on derivatives associated to financial instruments through profit and loss account	69,862	69,618
Interest on deposits and other investments	106,923	179,831
	2,392,502	**2,733,931**
Interest expense and similar charges		
Interest on deposits and inter-bank funding	841,847	1,160,237
Interest on securities issued	509,931	515,297
Interest on hedging derivatives	29,081	7,572
Interest on derivatives associated to financial instruments through profit and loss account	7,053	19,297
Interest on other financial liabilities valued at fair value through profit and loss	121,957	200,116
	1,509,869	**1,902,519**
Net interest income	**882,633**	**831,412**

The balance Interest on loans and advances includes the amount of Euros 33,289,000 (31 December 2009: Euros 27,594,000) related to commissions and other gains / losses which are accounted for under the effective interest method, as referred in the accounting policy, note 1 b).

4. Dividends from equity instruments

The amount of this account is comprised of:

(Thousands of Euros)

	'10	'09
Dividends from available for sale financial assets	8,389	8,609
Dividends from subsidiaries and associated companies	481,521	547,475
	489,910	**556,084**

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 2010, the balance Dividends from subsidiaries and associated companies includes the amount of Euros 318,817,000 related to the distribution of dividends and reserves from the company Seguros & Pensões Gere, S.G.P.S., S.A. (31 December 2009: Euros 434,662,000).

5. Net fees and commission income

The amount of this account is comprised of:

(Thousands of Euros)

	'10	'09
Fees and commissions income:		
From guarantees	88,929	74,108
From credit and commitments	221	200
From banking services	376,415	350,487
From other services	185,099	169,593
	650,664	**594,388**
Fees and commissions expenses:		
From guarantees	1,469	265
From banking services	62,520	78,118
From other services	17,469	24,894
	81,458	**103,277**
Net fees and commission income	**569,206**	**491,111**

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

The amount of this account is comprised of:

(Thousands of Euros)

	'10	'09
Gains arising on trading and hedging activities:		
Foreign exchange activity	553,474	790,255
Financial instruments associated to financial instruments through profit and loss account		
Held for trading		
Securities portfolio		
Fixed income	20,860	27,823
Variable income	3,100	2,786
Certificates and structured securities issued	31,848	12,444
Derivatives associated to financial instruments through profit and loss account	40,077	117,282
Other financial instruments derivatives	2,512,168	1,705,977
Other financial instruments through profit and loss account	167,081	10,906
Repurchase of debt securities issued	17,665	26,379
Headging accounting		
Hedging derivatives	413,138	191,003
Hedged item	19,138	56,424
Other activity	4,401	1,820
	3,782,950	2,943,099
Losses arising on trading and hedging activities:		
Foreign exchange activity	563,331	781,281
Financial instruments associated to financial instruments through profit and loss account		
Held for trading		
Securities portfolio		
Fixed income	43,486	1,682
Variable income	2,792	192
Certificates and structured securities issued	35,175	23,165
Derivatives associated to financial instruments through profit and loss account	57,691	113,559
Other financial instruments derivatives	2,504,022	1,629,338
Other financial instruments through profit and loss account	18,864	71,524
Repurchase of debt securities issued	2,211	1,721
Headging accounting		
Hedging derivatives	357,736	193,222
Hedged item	54,575	41,944
Other activity	697	9,163
	3,640,580	2,866,791
Net gains / (losses) arising from trading and hedging activities	142,370	76,308

The balance Net gains arising from trading and hedging activities includes for the year ended at 31 December 2010, for the financial instruments through profit and loss account, a gain of Euros 124,730,000 (2009: Loss of Euros 59,594,000) which reflects the fair value changes arising from changes in the own credit risk (spread) of operations.

The balance Gains arising on trading and hedging activities - Financial instruments associated to financial instruments through profit and loss account - held for trading - other financial instruments derivatives, includes the amount of Euros 36,600,000 (2009: Euros 46,500,000) which corresponds to the gain accounted in the first quarter of 2010 of the discontinuance of the interest rate hedging of a mortgage backed security issue of Euros 1,500,000,000. In January 2010, following the ineffectiveness of the hedge, the Executive Board of Directors decided, in accordance with paragraph 91, c) of IAS 39, the discontinuance of the application of the hedge accounting. In accordance with the decision of the Executive Board of Directors and in accordance with IAS 39, on 1st April, 2010 the hedge accounting 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:

(Thousands of Euros)

	'10	'09
Gains arising from available for sale financial assets		
Fixed income	2,735	4,213
Variable income	8,658	13,662
Losses arising from available for sale financial assets		
Fixed income	(47,332)	(42,777)
Variable income	(16,837)	(45,230)
Net gains / (losses) arising from available for sale financial assets	(52,776)	(70,132)

The balance Losses arising from available for sale financial assets includes in 2010, the amount of Euros 26,157,000 (31 December 2009: Euros 26,021,000), in which the amount of Euros 15,222,000 is related with securities provisions from securitization operations not derecognised in accordance with Bank of Portugal, and the amount of Euros 10,395,000 (31 December 2009: Euros 38,626,000) related with the recognition of impairment losses related with shares and investment fund units held by the Bank.

8. Other operating income

The amount of this account is comprised of:

(Thousands of Euros)

	'10	'09
Operating income		
Income from services	39,217	35,941
Checks and others	17,027	20,504
Other operating income	17,567	34,043
	73,811	90,488
Operating costs		
Indirect taxes	5,870	7,453
Donations and quotizations	4,527	2,801
Other operating expenses	8,804	9,041
	19,201	19,295
	54,610	71,193

The balance Other operating expenses, included, 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 48, this write-back occurred following the decision of the Executive Board of Directors, heard the Supervisory Board and based on the recommendation from the Remunerations Commission, being in course diligences in order to reduce the charges of the former members of the Executive Board of Directors.

9. Staff costs

The amount of this account is comprised of:

(Thousands of Euros)

	'10	'09
Salaries and remunerations	371,082	359,148
Mandatory social security charges	185,744	192,296
Voluntary social security charges	26,418	31,955
Other staff costs	4,141	4,680
	587,385	**588,079**

As referred in note 48, the balance Mandatory social security charges includes, for 2010, the amount of Euros 103,072,000 (2009: Euros 134,792,000) related to the pension cost for the year. The referred balance also includes, for 2010, the amount of Euros 10,438,000 (2009: Euros 3,943,000) related to costs with early retirements.

As at 31 December 2010, the balance Mandatory social security charges, includes the amount of Euros 6,691,000 (2009: Euros 6,000,000) related with the provisions for the costs with the complementary plan, as described in notes 38 and 48.

The remunerations paid to the members of the Executive Board of Directors in 2010 amounted to Euros 4,679,000 (2009: Euros 3,605,000), with Euros 321,000 (2009: Euros 293,000) paid by subsidiaries or companies whose governing bodies represent interests in the Group. During 2010 and 2009, 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 2010, the costs with Social Security and the contributions to the Pension Fund for members of the Executive Board of Directors amounted to Euros 1,650,000 (2009: Euros 1,109,000).

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

	'10	'09
Management	1,324	1,250
Managerial staff	1,908	1,921
Staff	3,483	3,337
Other categories	3,309	3,612
	10,024	**10,120**

10. Other administrative costs

The amount of this account is comprised of:

(Thousands of Euros)

	'10	'09
Water, electricity and fuel	12,838	11,313
Consumables	4,268	3,267
Rents	47,488	47,623
Communications	18,061	18,649
Travel, hotel and representation costs	7,625	8,230
Advertising	19,946	19,799
Maintenance and related services	21,849	19,124
Credit cards and mortgage	8,827	7,150
Advisory services	14,827	11,710
Information technology services	15,542	13,227
Outsourcing	135,315	140,214
Other specialised services	20,672	13,592
Training costs	1,821	1,805
Insurance	7,208	6,510
Legal expenses	4,851	4,196
Transportation	7,472	7,617
Other supplies and services	11,104	13,118
	359,714	347,144

The balance Rents, includes the amount of Euros 42,581,000 (2009: 42,786,000), related to rents paid regarding buildings used by the Bank as lessee.

11. Depreciation

The amount of this account is comprised of:

(Thousands of Euros)

	'10	'09
Intangible assets:		
Software	4,123	3,775
Property and equipment:		
Land and buildings	23,810	25,860
Equipment		
Furniture	1,442	2,052
Office equipment	120	153
Computer equipment	11,982	12,043
Interior installations	1,162	1,839
Motor vehicles	264	242
Security equipment	1,703	1,983
Other tangible assets	26	21
	40,509	44,193
	44,632	47,968

12. Loans impairment

The amount of this account is comprised of:

(Thousands of Euros)

	'10	'09
Loans and advances to credit institutions:		
For overdue loans and credit risks		
Impairment for the year	126	17,735
Write-back for the year	(791)	-
	(665)	**17,735**
Loans and advances to customers:		
For overdue loans and credit risks		
Impairment for the year	789,809	901,687
Write-back for the year	(370)	(454)
Recovery of loans and interest charged-off	(25,974)	(28,025)
	763,465	**873,208**
	762,800	**890,943**

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:

(Thousands of Euros)

	'10	'09
Provision for credit risks		
Write-back for the year	(71,353)	(80,040)
Provision for country risk		
Charge for the year	1,099	14,451
Write-back for the year	(16,586)	(9,428)
Other provisions for liabilities and charges		
Charge for the year	6,346	12,444
	(80,494)	**(62,573)**

The balance Provision for country risk - Write-back for the year results mainly from the reduction of loans and advances to resident entities in Turkey.

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

The amount of this account is comprised of:

(Thousands of Euros)

	'10	'09
Sale of subsidiaries	(149,572)	(6,613)
Sale of other assets	(2,109)	(110)
	(151,681)	**(6,723)**

The balance Sale of other assets includes, as at 31 December 2010, the loss in the amount of Euros 161,949,000 arising from liquidation of the company Seguros & Pensões S.G.P.S, S.A. The balance also includes, as at 31 December 2010, the gain arising from the sale of Unicre shares due to its shareholder reorganization, in the amount of Euros 12,642,000.

The balance Sale of other assets corresponds to gains and losses arising from the sale of buildings.

15. Income tax

The charge for the years of 2010 and 2009, is comprised as follows:

(Thousands of Euros)

	'10	'09
Current tax	**2,124**	**165**
Deferred tax		
Temporary diferences	(15,305)	(112,751)
Effect of changes in tax rate	(68,266)	(87)
Tax losses utilized	(16,812)	(10,732)
	(100,383)	**(123,570)**
	(98,259)	**(123,405)**

The charge for income tax totalize a negative amount of Euros 98,259,000 (2009: negative amount of Euros 123,405,000).

The caption Deferred tax - temporary differences include the amount related to provisions that were subject to tax in the current year. It also includes the deduction related with the recognition for tax purposes of the early retirement costs incurred in previous years.

The main adjustments 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, were not considered for tax purposes in the current year, but will be allowable for tax purposes in future years, in the amount of Euros 282,484,000 (2009: Euros 307,983,000);
- The difference between the charges of the year, which will be allowable for tax purposes in future years, 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 applicable tax regulations. The net amount to be deducted to taxable income is Euros 45,856,000 (2009: Euros 100,209,000);
- Allocation of profits of non-resident companies added for the purpose of calculation of taxable income and whose distribution will occur in future years, amounts to Euros 69,355,000 (2009: Euros 28,793,000).

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

- Dividends received which are not considered for calculating the net taxable profit, under the double taxation agreements, in the amount of Euros 484,538,000 (2009: Euros 548,079,000);
- The difference between economic losses and fiscal losses from the sale of subsidiaries, in the amount of Euros 25,347,000 (2009: Euros 4,059,000);
- Non deductible provisions, in the amount of Euros 13,610,000 (2009: Euros 12,611,000).

The difference between the nominal tax rate for profit that the companies are subject and the effective tax rate, results from the adjustments considered for effects of the determination of the taxable profit, under the applicable legislation, and the effect of changing the nominal tax of deferred income taxes resulting from the state tax introduced by the Law n.º 12-A/2010, of 30 of June. The impact in deferred taxes of the increase of 2.5 p.p. in the nominal tax rate, due to this state tax, amounts to Euros 68,266,000.

The reconciliation of the standard tax rate, with a permanent nature, are explained in the table bellow and corresponding references:

(Thousands of Euros)

	'10 %	'10	'09 %	'09
Profit before income taxes		202,389		82,921
Current tax rate	29.0%	(58,693)	26.5%	(21,974)
Accruals for the calculation of taxable income (i)	12.9%	(26,176)	19.1%	(15,807)
Deductions for the calculation of taxable income (ii)	-71.3%	144,265	-178.0%	147,663
Fiscal incentives (iii)	-0.7%	1,366	-1.4%	1,128
Losses brought forward	-0.3%	576	-15.4%	12,793
Tax rate effect (iv)	-30.6%	61,859	0.2%	(188)
Previous years corrections	11.8%	(23,839)	1.3%	(1,090)
Autonomous tax (v)	0.5%	(1,099)	-1.1%	880
	-48.7%	**98,259**	**-148.8%**	**123,405**

References:
(i) - Corresponds, essentially, to tax associated with provisions not allowed for tax purpose and excess charges with pension costs in reference to the staff costs limit; 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 484,538,000 (Tax: Euros 140,516,000);
(iii) - Includes tax benefits resulting from granting employment to people under the age of 30 in the amount of Euros 4,710,000 (Tax: Euros 1,366,000);
(iv) - Corresponds to the impact of the increase of 2.5 p.p. in the nominal tax rate, due to the state tax introduced by the Law n.° 12-A/2010, of 30 of June, in the amount of Euros 68,266,000;
(v) - Corresponds, essentially, to the adjustment to deferred tax related with the taxable income allocated in previous years, which are not deductible for tax purposes.

For the years 2010 and 2009, the amount of deferred taxes in the Income Statement is attributable to temporary differences arising from the following balances:

(Thousands of Euros)

	'10	'09
Intangible assets	(116)	39
Other tangible assets	231	(82)
Provisions	(108,713)	(126,841)
Pensions	(10,423)	29,348
Allocation of profits	(696)	(7,630)
Tax losses carried forward	16,812	(10,732)
Others	2,522	(7,672)
Deferred taxes	(100,383)	(123,570)

Fiscal Incentive System to Corporate Investigation and Development (SIFIDE)

During the years of 2006, 2007, 2008, 2009 and 2010, the Bank incurred in Investigation and Development costs (I&D) which can qualify for SIFIDE, an Investigation and Development incentive scheme in accordance with Law no. 40/2005, of 3 of August. In 2008 it was submited to the Fiscal Incentive to Corporate I&D Certifying Commission, the candidature to SIFIDE related to 2006. As at 2010, the Bank received the declaration issued by that Certifying Commission, which certificates that the Bank incurred in I&D activities with elegible costs, arising in a tax credit related to 2006 in the amount of Euros 1,177,000.

The applications for the years of 2007, 2008, 2009 and 2010 are being prepared and will be opportunely submited.

16. Earnings per share

The earnings per share are calculated as follows:

(Thousands of Euros)

	'10	'09
Profit for the year	300,648	206,326
Dividends on other capital instruments	(51,450)	(19,751)
Adjusted profit	249,198	186,575
Average number of shares	4,687,597,726	4,674,972,558
Basic earnings per share (Euros)	0.05	0.04
Diluted earnings per share (Euros)	0.05	0.04

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.

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 note 39, the Bank issued Euros 300,000,000 of perpetual subordinated debt securities with conditional coupons presenting a nominal value of Euros 1,000, which were considered as capital instruments.
- In August 2009, as referred in note 39, the Bank issued Euros 600,000,000 of perpetual subordinated debt securities with conditional coupons presenting a nominal value of Euros 1,000, which were considered as capital instruments.
- In December 2009, as referred in notes 39, the Bank issued Euros 100,000,000 of perpetual subordinated debt securities with conditional coupons presenting a nominal value of Euros 1,000, which were considered as capital instruments.

17. Cash and deposits at central banks

This balance is analysed as follows:

(Thousands of Euros)

	'10	'09
Cash	404,491	431,243
Central banks	68,134	723,003
	472,625	**1,154,246**

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, 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.

18. Loans and advances to credit institutions repayable on demand

This balance is analysed as follows:

(Thousands of Euros)

	'10	'09
Credit institutions in Portugal	95	361
Credit institutions abroad	910,338	684,021
Amounts due for collection	339,850	416,627
	1,250,283	**1,101,009**

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:

(Thousands of Euros)

	'10	'09
Bank of Portugal	1,100,008	-
Credit institutions in Portugal	2,340,181	2,538,185
Credit institutions abroad	5,562,907	6,134,928
	9,003,096	**8,673,113**
Overdue loans - more than 90 days	13,759	17,838
	9,016,855	**8,690,951**
Impairment for other loans and advances to credit institutions	(13,759)	(17,838)
	9,003,096	**8,673,113**

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

(Thousands of Euros)

	'10	'09
Up to 3 months	4,982,635	5,050,530
3 to 6 months	817,111	350,469
6 to 12 months	915,360	1,032,625
1 to 5 years	2,172,209	1,535,213
More than 5 years	115,781	704,276
Undetermined	13,759	17,838
	9,016,855	**8,690,951**

Concerning derivative financial transactions with institutional counterparties, and according to the signed agreements, the Bank has, as of 31 December 2010, the amount of Euros 440,470,000 (31 December 2009: Euros 399,380,000) 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 Bank is analysed as follows:

(Thousands of Euros)

	'10	'09
Balance on 1 January	**17,838**	**103**
Impairment for the year	126	17,735
Write-back for the year	(791)	-
Loans charged-off	(3,414)	-
Balance on 31 December	**13,759**	**17,838**

20. Loans and advances to customers

This balance is analysed as follows:

(Thousands of Euros)

	'10	'09
Public sector	613,187	472,015
Asset-backed loans	29,148,603	28,400,405
Personal guaranteed loans	12,655,323	14,638,104
Unsecured loans	2,080,608	2,876,297
Foreign loans	3,667,574	3,760,413
Factoring	1,278,975	1,328,679
Finance leases	4,030,176	4,408,520
	53,474,446	**55,884,433**
Overdue loans - less than 90 days	111,759	173,322
Overdue loans - more than 90 days	1,499,600	1,281,142
	55,085,805	**57,338,897**
Impairment for credit risk	(2,087,255)	(1,638,157)
	52,998,550	**55,700,740**

As at 31 December 2010, the balance Loans and advances to customers includes the amount of Euros 8,751,236,000 (31 December 2009: Euros 4,973,000,000) regarding mortgage loans which are a collateral for seven asset-back securities, of which three were issued during 2010.

As referred in the previous paragraph, during 2010 Banco Comercial Português, S.A. performed the issue of 3 covered bonds in the amount of Euros 1,750,000,000, Euros 1,000,000,000 and Euros 1,000,000,000 with maturities of 3, 10 and 8 years and 6 months, respectively. These issues occurred in May, July and October 2010 and had interest rates of 1M Euribor +0.75%, 1M Euribor +0.8% and 1M Euribor +0.75%, respectively.

Starting from 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 recognised in the balance sheet, in the amount of Euros 235,000,000, and the respective impairment for the year of 2009.

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

(Thousands of Euros)

	'10	'09
Loans not represented by securities		
Discounted bills	633,526	815,698
Current account credits	5,409,478	5,446,754
Overdrafts	1,464,436	1,555,353
Loans	16,491,118	18,002,023
Mortgage loans	21,216,777	21,004,206
Factoring	1,278,975	1,328,679
Finance leases	4,030,176	4,408,520
	50,524,486	**52,561,233**
Loans represented by securities		
Commercial paper	2,377,757	2,711,682
Bonds	572,203	611,518
	2,949,960	**3,323,200**
	53,474,446	**55,884,433**
Overdue loans - less than 90 days	111,759	173,322
Overdue loans - more than 90 days	1,499,600	1,281,142
	55,085,805	**57,338,897**
Impairment for credit risk	(2,087,255)	(1,638,157)
	52,998,550	**55,700,740**

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

(Thousands of Euros)

	'10	'09
Agriculture	569,764	568,015
Mining	469,464	328,141
Food, beverage and tobacco	327,224	539,247
Textiles	523,334	577,018
Wood and cork	219,188	265,249
Printing and publishing	265,113	277,067
Chemicals	765,311	827,842
Engineering	931,458	1,020,460
Electricity, water and gas	668,375	908,022
Construction	4,191,785	4,363,111
Retail business	1,555,373	1,762,159
Wholesale business	1,925,908	2,338,900
Restaurants and hotels	1,223,249	1,235,581
Transports and communications	1,580,432	1,442,124
Services	13,551,823	14,235,818
Consumer credit	2,865,864	3,249,152
Mortgage credit	19,449,162	19,344,420
Other domestic activities	1,014,204	998,799
Other international activities	2,988,774	3,057,772
	55,085,805	**57,338,897**
Impairment for credit risk	(2,087,255)	(1,638,157)
	52,998,550	**55,700,740**

The analysis of loans and advances to customers, by maturity date and by sector of activity as at 31 December, 2010 is as follows:

(Thousands of Euros)

	Loans				
	Due within 1 year	1 year to 5 years	Over 5 years	Undetermined maturity	Total
Agriculture	206,949	132,572	212,387	17,856	569,764
Mining	225,414	89,060	147,015	7,975	469,464
Food, beverage and tobacco	174,182	52,689	58,350	42,003	327,224
Textiles	216,832	122,576	149,261	34,665	523,334
Wood and cork	98,428	43,557	43,054	34,149	219,188
Printing and publishing	105,594	63,538	84,780	11,201	265,113
Chemicals	333,800	240,819	178,864	11,828	765,311
Engineering	316,173	216,260	347,251	51,774	931,458
Electricity, water and gas	167,187	13,474	486,927	787	668,375
Construction	2,341,990	801,678	748,269	299,848	4,191,785
Retail business	644,164	403,596	444,235	63,378	1,555,373
Wholesale business	892,925	431,554	405,231	196,198	1,925,908
Restaurants and hotels	250,769	277,070	651,855	43,555	1,223,249
Transports and communications	578,714	296,564	662,892	42,262	1,580,432
Services	5,506,391	3,553,946	4,146,993	344,493	13,551,823
Consumer credit	1,005,796	998,593	611,872	249,603	2,865,864
Mortgage credit	16,345	146,169	19,172,071	114,577	19,449,162
Other domestic activities	379,696	238,765	379,949	15,794	1,014,204
Other international activities	466,930	1,260,279	1,232,152	29,413	2,988,774
	13,928,279	**9,382,759**	**30,163,408**	**1,611,359**	**55,085,805**

The analysis of loans and advances to customers, by type of credit and by maturity date as at 31 December, 2010 is as follows:

(Thousands of Euros)

	Loans				
	Due within 1 year	1 year to 5 years	Over 5 years	Undetermined maturity	Total
Public sector	613,187	-	-	-	613,187
Asset-backed loans	2,471,368	5,817,311	20,859,924	705,011	29,853,614
Personal guaranteed loans	6,746,672	873,738	5,034,913	451,204	13,106,527
Unsecured loans	2,080,608	-	-	455,144	2,535,752
Foreign loans	730,083	1,417,197	1,520,294	-	3,667,574
Factoring	1,278,975	-	-	-	1,278,975
Finance leases	7,386	1,274,513	2,748,277	-	4,030,176
	13,928,279	**9,382,759**	**30,163,408**	**1,611,359**	**55,085,805**

The analysis of loans and advances to customers, by maturity date and by sector of activity as at 31 December, 2009 is as follows:

(Thousands of Euros)

	Loans				
	Due within 1 year	1 year to 5 years	Over 5 years	Undetermined maturity	Total
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:

(Thousands of Euros)

	Loans				
	Due within 1 year	1 year to 5 years	Over 5 years	Undetermined maturity	Total
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**

Loans and advances to customers includes the effect of traditional securitization transactions realized by the Bank, regarding consumer loans, mortgage, leasings, commercial paper and corporate loans. The referred securitizations are performed through Special Purpose Entities (SPE).

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

(Thousands of Euros)

	Traditional	
	'10	'09
Mortgage loans	5,920,792	4,973,360
Consumer loans	692,598	684,596
Leases	1,141,824	-
Commercial Paper	310,189	484,146
Corporate loans	4,560,432	2,013,156
	12,625,835	**8,155,258**

During 2010, the Bank issued two securitization transaction named as Tagus Leasing No.1 (leasing) and Caravela SME No.2 (loans to companies), both issued by Banco Comercial Português, S.A. During the first semester of 2009, the Bank issued a securitization transaction named as Magellan n.º 6 (Mortgage loans) issued by Banco Comercial Português, S.A. Considering the characteristics of this securitization and according to accounting policy 1 f), this transaction was not derecognised from the Bank's financial statements.

Magellan Mortgages No. 6

On 20 March 2009, the Bank transferred a pool of mortgage loans to the SPE "Magellan Mortgages No. 6 Limited". Considering that, given the characteristics of the transaction, the Bank still holds the risks and benefits associated to the referred assets, in the amount of Euros 3,491,447,000, 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 3,632,045,000.

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 1,499,027,000, 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 1,525,494,000.

Magellan Mortgages No. 3

On 24 June 2005, the Bank transferred a pool of mortgage loans owned by Banco Comercial Português, S.A. to the SPE "Magellan Mortgages No. 3 PLC". Considering that, by having adquired the total subordinated tranches during 2010, the Bank holds the majority of the risks and benefits associated to the referred assets, the SPE is consolidated in the Group's Financial Statements, as established in the accounting policy 1 f).

Magellan Mortgages No. 2

On 20 October 2003, the Bank transferred a pool of mortgage loans owned by Banco Comercial Português, S.A. and by Banco de Investimento Imobiliário, S.A. to the SPE "Magellan Mortgages No. 2 PLC". Considering that, by having adquired the total subordinated tranches during 2010, the Group holds the majority of the risks and benefits associated to the referred assets, the SPE is consolidated in the Group's Financial Statements, as established in the accounting policy 1 f).

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 692,598,000, 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 682,857,000.

Tagus Leasing No.1

On 26 February 2010, the Bank transferred a pool of leasing loans owned by Banco Comercial Português, S.A. to SPE "Tagus Leasing No. 1 Limited". Considering that given the characteristics of the transaction, the Bank still holds the risks and benefits associated to the referred assets, in the amount of Euros 1,141,824,000, these, as established in the accounting policy defined in note 1 f), maintain the recognition in the Financial Statements of the Group, in the amount of Euros 1,231,039,000, are all detained by the Bank.

Caravela SME No. 1

On 28 November 2008, the Bank transferred a pool of corporate loans and commercial paper owned by Banco Comercial Português, S.A. to the SPE "Caravela SME No. 1 Limited". Considering that, given the characteristics of the transaction, the Bank still holds the risks and benefits associated to the referred assets, in the amount of Euros 2,287,737,000 the transaction does not qualify for derecognition from the Group'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 3,072,911,000.

Caravela SME No. 2

On 16 December 2010, the Bank transferred a pool of corporate loans owned by Banco Comercial Português, S.A. to SPE "Caravela SME No. 2 Limited". Considering that given the characteristics of the transaction, the Bank still holds the risks and benefits associated to the referred assets, in the amount of Euros 2,582,885,000, the transaction does not qualify for derecognition from the Group's Financial Statements as established in the accounting policy 1 f). The related liabilities were fully subscribed by the Bank, and consequently are included in the balance Financial assets available for sale, in the amount of Euros 2,689,481,000.

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 with 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 to finance leases contracts:

(Thousands of Euros)

	'10	'09
Gross amount	4,709,851	5,010,485
Interest not yet due	(679,675)	(601,965)
Net book value	**4,030,176**	**4,408,520**

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

(Thousands of Euros)

	'10	'09
Individuals		
Home	105,443	123,744
Consumer	102,198	95,670
Others	255,148	293,642
	462,789	**513,056**
Companies		
Mobiliary	1,054,682	1,129,080
Mortgage	2,512,705	2,766,384
	3,567,387	**3,895,464**
	4,030,176	**4,408,520**

Regarding operational Leasing, the Bank does not present significant contracts as leaser.

In accordance with note 10, the balance Rents, includes as at 31 December 2010, the amount of Euros 42,581,000 (2009: Euros 42,786,000), 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:

(Thousands of Euros)

	'10	'09
Agriculture	2,866	3,118
Mining	516	101
Food, beverage and tobacco	813	688
Textiles	8,841	8,658
Wood and cork	6,094	124
Printing and publishing	201	550
Chemicals	421	58
Engineering	5,122	1,087
Construction	6,299	5,527
Retail business	3,674	3,972
Wholesale business	31,226	4,752
Restaurants and hotels	1,342	998
Transports and communications	476	329
Services	202,373	9,125
Consumer credit	51,406	16,039
Other domestic activities	489	617
Other international activities	39	51
	322,198	**55,794**

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

(Thousands of Euros)

	'10	'09
Agriculture	17,856	11,628
Mining	7,975	4,892
Food, beverage and tobacco	42,003	40,962
Textiles	34,665	37,884
Wood and cork	34,149	46,581
Printing and publishing	11,201	16,574
Chemicals	11,828	7,068
Engineering	51,774	56,026
Electricity, water and gas	787	283
Construction	299,848	201,750
Retail business	63,378	69,640
Wholesale business	196,198	243,081
Restaurants and hotels	43,555	50,796
Transports and communications	42,262	32,261
Services	344,493	315,816
Consumer credit	249,603	198,359
Mortgage credit	114,577	99,912
Other domestic activities	15,794	15,621
Other international activities	29,413	5,330
	1,611,359	**1,454,464**

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

(Thousands of Euros)

	'10	'09
Asset-backed loans	705,011	605,285
Personal guaranteed loans	451,204	424,819
Unsecured loans	455,144	424,360
	1,611,359	**1,454,464**

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

(Thousands of Euros)

	'10	'09
Impairment for overdue loans and for other credit risks:		
Balance on 1 January	**1,638,157**	**621,245**
Transfers	8,499	236,951
Impairment for the year	789,809	901,687
Write-back for the year	(370)	(454)
Loans charged-off	(348,840)	(121,272)
Balance on 31 December	**2,087,255**	**1,638,157**

As referred, the balance Transfers includes as at 31 December 2009 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 analysis of the impairment, by sector of activity, is as follows:

(Thousands of Euros)

	'10	'09
Agriculture	16,448	11,309
Mining	9,370	9,740
Food, beverage and tobacco	43,650	12,639
Textiles	34,719	63,736
Wood and cork	28,676	20,939
Printing and publishing	13,387	10,078
Chemicals	7,788	4,739
Engineering	57,687	51,934
Electricity, water and gas	1,626	457
Construction	232,988	140,131
Retail business	56,085	56,469
Wholesale business	173,971	203,868
Restaurants and hotels	39,219	41,104
Transports and communications	32,710	28,520
Services	384,280	278,143
Consumer credit	522,963	453,398
Mortgage credit	409,139	235,515
Other domestic activities	13,696	12,383
Other international activities	8,853	3,055
	2,087,255	**1,638,157**

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

(Thousands of Euros)

	'10	'09
Asset-backed loans	883,336	524,988
Personal guaranteed loans	356,911	291,428
Unsecured loans	847,008	821,741
	2,087,255	**1,638,157**

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

(Thousands of Euros)

	'10	'09
Agriculture	3,809	151
Mining	17,625	-
Food, beverage and tobacco	2,961	27,904
Textiles	11,378	12,434
Wood and cork	7,454	750
Printing and publishing	3,225	99
Chemicals	965	477
Engineering	13,581	24,210
Electricity, water and gas	10	29
Construction	29,969	5,774
Retail business	9,668	3,523
Wholesale business	96,482	16,363
Restaurants and hotels	3,560	355
Transports and communications	3,001	1,738
Services	114,426	16,898
Consumer credit	28,969	9,174
Other domestic activities	1,757	1,393
	348,840	**121,272**

In compliance with the accounting policy described in note 1 b), loans and advances to customers are charged-off when there are no feasable expectations, from an economic perspective, of recovering the loan amount. For collateralized loans, the charge-off occurs for the unrecoverable amount when the funds arising from the execution of the respective collaterals are effectively received.This charge-off is carried out only for loans that are considered not to be recoverable and fully provided.

The analysis of the loans charged-off, by type of credit, is as follows:

(Thousands of Euros)

	'10	'09
Asset-backed loans	118,789	67,510
Personal guaranteed loans	68,655	28,351
Unsecured loans	161,396	25,411
	348,840	**121,272**

The analysis of recovered loans and interest, during 2010 and 2009, by sector of activity, is as follows:

(Thousands of Euros)

	'10	'09
Agriculture	220	228
Mining	11	390
Food, beverage and tobacco	194	595
Textiles	1,984	868
Wood and cork	750	234
Printing and publishing	268	675
Chemicals	10	5
Engineering	624	573
Electricity, water and gas	-	84
Construction	2,854	9,996
Retail business	546	688
Wholesale business	2,400	4,106
Restaurants and hotels	447	161
Transports and communications	494	917
Services	518	2,435
Consumer credit	14,593	5,764
Mortgage credit	-	94
Other domestic activities	61	212
	25,974	**28,025**

The analysis of recovered loans and interest during 2010 and 2009, by type of credit, is as follows:

(Thousands of Euros)

	'10	'09
Asset-backed loans	-	1,986
Personal guaranteed loans	-	1,343
Unsecured loans	25,974	24,696
	25,974	**28,025**

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:

(Thousands of Euros)

	'10	'09
Bonds and other fixed income securities		
Issued by public entities	3,502,358	309,859
Issued by other entities	14,865,326	11,886,488
	18,367,684	**12,196,347**
Overdue securities	4,925	4,925
Impairment for overdue securities	(4,925)	(4,925)
	18,367,684	**12,196,347**
Shares and other variable income securities	576,031	952,511
	18,943,715	**13,148,858**
Trading derivatives	1,447,580	1,368,709
	20,391,295	**14,517,567**

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 8,437,000 (31 December 2009: Euros 78,000).

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

(Thousands of Euros)

	'10			'09		
	Securities			Securities		
	Trading	Available for sale	Total	Trading	Available for sale	Total
Fixed income:						
Bonds issued by public entities						
Portuguese issuers	909,880	21,023	930,903	146,895	254	147,149
Foreign issuers	32,900	-	32,900	32,462	-	32,462
Bonds issued by other entities						
Portuguese issuers	118,340	3,056,534	3,174,874	625,094	851,413	1,476,507
Foreign issuers	163,550	11,531,827	11,695,377	469,194	9,945,712	10,414,906
Treasury bills and other						
Government bonds	2,538,555	-	2,538,555	130,248	-	130,248
	3,763,225	**14,609,384**	**18,372,609**	**1,403,893**	**10,797,379**	**12,201,272**
of which:						
Quoted financial assets	3,727,468	11,125,300	14,852,768	1,168,971	6,779,355	7,948,326
Unquoted financial assets	35,757	3,484,084	3,519,841	234,922	4,018,024	4,252,946
Variable income:						
Shares in Portuguese companies	7,663	46,672	54,335	8,556	106,129	114,685
Shares in foreign companies	23,113	23,495	46,608	7,015	13,762	20,777
Investment fund units	1,191	473,897	475,088	3,071	813,978	817,049
	31,967	**544,064**	**576,031**	**18,642**	**933,869**	**952,511**
of which:						
Quoted financial assets	31,788	444,572	476,360	18,642	820,934	839,576
Unquoted financial assets	179	99,492	99,671	-	112,935	112,935
Impairment for overdue securities	-	(4,925)	(4,925)	-	(4,925)	(4,925)
	3,795,192	**15,148,523**	**18,943,715**	**1,422,535**	**11,726,323**	**13,148,858**
Trading derivatives	1,447,580	-	1,447,580	1,368,709	-	1,368,709
	5,242,772	**15,148,523**	**20,391,295**	**2,791,244**	**11,726,323**	**14,517,567**
of which:						
Level 1	3,743,741	816,835	4,560,576	1,247,915	987,499	2,235,414
Level 2	1,499,028	1,431,148	2,930,176	1,543,329	1,249,450	2,792,779
Level 3	-	47,082	47,082	-	546,888	546,888
Financial assets at cost	3	12,853,458	12,853,461	-	8,942,486	8,942,486

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 12,833,827,000 (31 December 2009: Euros 8,915,466,000) refered to securities of securitization operations not unrecognised and which are accounted at nominal value net of impairment.

Quoted financial assets includes securities measured with stock market's quotations, provider's prices and securities admitted to quotation in other 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 negative amount of fair value reserves of Euros 245,705,000 (31 December 2009: positive amount of Euros 15,882,000) is presented net of impairment losses in the amount of Euros 124,037,000 (31 December 2009: Euros 117,618,000).

During 2010, the Bank reclassified non-derivative financial assets, from the available for sale portfolio to the held to maturity and from the held for trading portfolio to the available for sale and to held to maturity portfolios (note 24).

As referred in the accounting policy note 1 e) these reclassifications were performed under the scope of IAS 39 – Financial Instruments: Recognition and Measurement (Reclassification of Financial Assets) revised in October 2008, based on the following considerations:

• Market conditions in the first semester of 2010, for sovereign and financial institutions of peripherical Euro zone countries, that resulted in a strong increase in the volatility, credit spreads and difficulties of issuers to place their financial liabilities in the market;
• Underlying value of the portfolio (quality of the issuers expressed in investment grade ratings) and capacity of the Bank to hold the assets in a stable portfolio with no short term profit objective, and intention and capacity to hold in the long term.

The reclassifications made until 31 December 2010 , are analysed as follows:

(Thousands of Euros)

	At the reclassification date		December 2010		
	Book value	Fair value	Book value	Fair value	Difference
From Financial assets held for trading to:					
Financial assets available for sale	196,800	196,800	13,450	13,450	-
Financial assets held to maturity	2,144,892	2,144,892	1,869,470	1,596,752	(272,718)
From Financial assets available for sale to:					
Loans represented by securities	2,592,280	2,592,280	169,359	156,459	(12,900)
Financial assets held to maturity	627,492	627,492	610,085	533,996	(76,089)
			2,662,364	**2,300,657**	**(361,707)**

The amounts accounted in Profits and losses and in fair value reserves, in December 2010 related to reclassified financial assets are analised as follows:

(Thousands of Euros)

		P&L		Changes	
		Fair value		Fair value	
Before the reclassification					
From Financial assets held for trading to:					
Financial assets available for sale	170	(3,048)	(2,878)	-	(2,878)
Financial assets held to maturity	2,955	5,623	8,578	-	8,578
From Financial assets available for sale to:					
Financial assets held to maturity	5,476	-	5,476	(9,510)	(4,034)
	8,601	**2,575**	**11,176**	**(9,510)**	**1,666**
After the reclassification					
From Financial assets held for trading to:					
Financial assets available for sale	1,786	-	1,786	-	1,786
Financial assets held to maturity	56,932	-	56,932	-	56,932
From Financial assets available for sale to:					
Loans represented by securities	4,119	-	4,119	240	4,359
Financial assets held to maturity	5,148	-	5,148	(168)	4,980
	67,985	**-**	**67,985**	**72**	**68,057**

If the reclassifications described previously had not occurred, the additional amounts recognised in results during 2010, would be as follows:

(Thousands of Euros)

	Interest	Fair value changes	P&L
Impact in P&L without reclassifications:			
Until 31 December 2009			
From Financial assets held for trading to:			
Financial assets held to maturity	-	(196,317)	(196,317)
From Financial assets available for sale to:			
Loans represented by securities	240	-	240
	240	**(196,317)**	**(196,077)**
After 1 January 2010			
From Financial assets held for trading to:			
Financial assets available for sale	-	(25,495)	(25,495)
Financial assets held to maturity	-	(54,284)	(54,284)
From Financial assets available for sale to:			
Financial assets held to maturity	(168)	-	(168)
	(168)	**(79,779)**	**(79,947)**
	72	**(276,096)**	**(276,024)**

If the reclassifications described previously had not occurred, the additional amounts recognised in equity during 2010, would be as follows:

(Thousands of Euros)

	P&L	Retained earnings	Fair value reserves	Equity
Impact in equity without reclassifications:				
Until 31 December 2009				
From Financial assets held for trading to:				
Financial assets held to maturity	(196,317)	(22,117)	-	(218,434)
From Financial assets available for sale to:				
Loans represented by securities	240	268	(13,408)	(12,900)
	(196,077)	**(21,849)**	**(13,408)**	**(231,334)**
After 1 January 2010				
From Financial assets held for trading to:				
Financial assets available for sale	(25,495)	-	25,495	-
Financial assets held to maturity	(54,284)	-	-	(54,284)
From Financial assets available for sale to:				
Financial assets held to maturity	(168)	-	(75,921)	(76,089)
	(79,947)	**-**	**(50,426)**	**(130,373)**
	(276,024)	**(21,849)**	**(63,834)**	**(361,707)**

As at 31 December 2009, this reclassification is analized as follows:

(Thousands of Euros)

	At the reclassification date		December 2009		
	Book value	Fair value	Book value	Fair value	Difference
From Financial assets held for trading to:					
Financial assets held to maturity	1,416,654	1,416,654	1,419,593	1,397,476	(22,117)
From Financial assets available for sale to:					
Loans represented by securities	2,592,280	2,592,280	167,888	153,608	(14,280)
			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 analysed as follows:

(Thousands of Euros)

	P&L			Changes	
	Interest	Fair value changes	Total	Fair value reserves	Equity
Before the reclassification					
From Financial assets held for trading to:					
Financial assets held to maturity	12,344	16,998	29,342	-	29,342
After the reclassification					
From Financial assets held for trading to:					
Financial assets held to maturity	35,328	-	35,328	-	35,328
From Financial assets available for sale to:					
Loans represented by securities	6,788	-	6,788	215	7,003
	42,116	**-**	**42,116**	**215**	**42,331**

If the reclassifications described previously had not occurred, the additional amounts recognised in profit and loss and in fair value reserves during 2009, would be as follows:

(Thousands of Euros)

	Interest	Fair value changes	P&L
Impact in equity without reclassifications:			
Until 31 December 2008			
From Financial assets held for trading to:			
Financial assets held to maturity	-	(2,071)	(2,071)
From Financial assets available for sale to:			
Loans represented by securities	215	-	215
	215	**(2,071)**	**(1,856)**
Until 31 December 2009			
From Financial assets held for trading to:			
Financial assets held to maturity	-	(14,428)	(14,428)
	-	**(14,428)**	**(14,428)**
	215	**(16,499)**	**(16,284)**

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

(Thousands of Euros)

	P&L	Retained earnings	Fair value reserves	Equity
Impact in equity without reclassifications:				
Until 31 December 2008				
From Financial assets held for trading to:				
Financial assets held to maturity	(2,071)	(5,618)	-	(7,689)
From Financial assets available for sale to:				
Loans represented by securities	215	53	(14,548)	(14,280)
	(1,856)	**(5,565)**	**(14,548)**	**(21,969)**
Until 31 December 2009				
From Financial assets held for trading to:				
Financial assets held to maturity	(14,428)	-	-	(14,428)
	(14,428)	**-**	**-**	**(14,428)**
	(16,284)	**(5,565)**	**(14,548)**	**(36,397)**

The movements of the impairment of the financial asstes available for sale are analized as follows:

(Thousands of Euros)

	'10	'09
Balance on 1 January	**117,618**	**60,041**
Transfers	(7,995)	6,585
Impairment for the year	26,157	66,341
Write-back against fair value reserves	4,112	(11,004)
Loans charged-off	(15,855)	(4,345)
Balance on 31 December	**124,037**	**117,618**

The Bank recognises impairment on financial assets available for sale when there is a significant or prolonged decrease in its fair value or when there is an impact on expected future cash flows of the assets.This valuation involves judgement, in which the Bank takes into consideration among other factors, the volatility of the prices of securities.

Thus, as a consequence of the low liquidity and significant volatility in financial markets, the following factors were taken into consideration in determining the existence of impairment:

- Equity instruments: (i) decreases of more than 30% against the purchase price; or (ii) the market value below the purchase price for a period exceeding 12 months;
- Debt instruments: when there is objective evidence of events with impact on the recoverable value of future cash flows of these assets.

The analysis of financial assets held for trading and available for sale by maturity date as at 31 December 2010, is as follows:

(Thousands of Euros)

	Up to 3 months	3 months to 1 year	More than 1 year	Undetermined	Total
Fixed income:					
Bonds issued by public entities					
Portuguese issuers	-	93,005	837,898	-	930,903
Foreign issuers	-	-	32,900	-	32,900
Bonds issued by other entities					
Portuguese issuers	-	49,262	3,120,687	4,925	3,174,874
Foreign issuers	20,905	803,776	10,870,696	-	11,695,377
Treasury bills and other Government bonds	1,172,070	1,366,485	-	-	2,538,555
	1,192,975	2,312,528	14,862,181	4,925	18,372,609
of which:					
Quoted financial assets	1,192,312	1,815,398	11,845,058	-	14,852,768
Unquoted financial assets	663	497,130	3,017,123	4,925	3,519,841
Variable income:					
Companies shares					
Portuguese companies				54,335	54,335
Foreign companies				46,608	46,608
Investment fund units				475,088	475,088
				576,031	576,031
of which:					
Quoted financial assets				476,360	476,360
Unquoted financial assets				99,671	99,671
Impairment for overdue securities				(4,925)	(4,925)
	1,192,975	2,312,528	14,862,181	576,031	18,943,715

The analysis of financial assets held for trading and available for sale by maturity date as at 31 December 2009, is as follows:

(Thousands of Euros)

	Up to 3 months	3 months to 1 year	More than 1 year	Undetermined	Total
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:					
Companies shares					
Portuguese companies				114,685	114,685
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 the securities portfolio included in the financial assets held for trading and available for sale, by sector of activity, as at 31 December 2010 is as follows:

(Thousands of Euros)

	Bonds	Shares	Other Financial Assets	Overdue Securities	Gross Total
Mining	-	205	-	-	205
Textiles	-	1,387	-	-	1,387
Wood and cork	-	3,674	-	361	4,035
Printing and publishing	90	19,488	-	998	20,576
Chemicals	-	17,160	-	-	17,160
Engineering	-	1,101	-	-	1,101
Electricity, water and gas	-	2,028	-	-	2,028
Construction	11,177	3,615	-	2,560	17,352
Retail business	-	27	-	-	27
Wholesale business	-	3,371	-	475	3,846
Restaurants and hotels	-	51	-	-	51
Transport and communications	13,617	2,058	-	529	16,204
Services	14,840,442	46,778	475,088	2	15,362,310
	14,865,326	100,943	475,088	4,925	15,446,282
Government and Public securities	963,803	-	2,538,555	-	3,502,358
Impairment for overdue securities	-	-	-	(4,925)	(4,925)
	15,829,129	100,943	3,013,643	-	18,943,715

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:

(Thousands of Euros)

	Bonds	Shares	Other Financial Assets	Overdue Securities	Gross Total
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

As detailed in note 50, 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 2010, is as follows:

(Thousands of Euros)

	'10					
	Notional (remaining term)				Fair values	
	Up to 3 months	3 months to 1 year	More than 1 year	Total	Assets	Liabilities
Interest rate Derivatives:						
OTC Market:						
Forward rate agreement	800	2,400	3,200	6,400	29	-
Interest rate Swaps	7,982,607	5,436,718	42,035,157	55,454,482	1,162,165	1,073,838
Interest rate Options (purchase)	30,436	149,723	830,190	1,010,349	21,293	-
Interest rate Options (sale)	30,436	149,351	830,190	1,009,977	-	21,288
Other interest rate contracts	31,582	222,605	10,097,729	10,351,916	36,820	36,800
	8,075,861	**5,960,797**	**53,796,466**	**67,833,124**	**1,220,307**	**1,131,926**
Stock Exchange transactions:						
Interest rate futures	12,502	-	-	12,502	-	-
Currency Derivatives:						
OTC Market:						
Forward exchange contract	127,042	49,819	711	177,572	4,555	2,803
Currency Swaps	2,648,491	-	-	2,648,491	33,055	34,555
Currency Options (purchase)	19,263	21,523	-	40,786	880	-
Currency Options (sale)	1,485	21,523	-	23,008	-	751
	2,796,281	**92,865**	**711**	**2,889,857**	**38,490**	**38,109**
Share Derivatives:						
OTC Market:						
Shares/indexes Swaps	106,773	123,883	157,318	387,974	16,151	17,458
Shares/indexes Options (purchase)	60,722	-	-	60,722	-	-
Shares/indexes Options (sale)	60,740	-	-	60,740	-	131
Preference shares forwards	-	-	50,000	50,000	-	8,566
	228,235	**123,883**	**207,318**	**559,436**	**16,151**	**26,155**
Stock Exchange transactions:						
Shares/indexes futures	57,073	-	-	57,073	-	-
Commodities futures	70,714	4	-	70,718	-	-
	127,787	**4**	**-**	**127,791**	**-**	**-**
Credit derivatives:						
OTC Market:						
Credit Default Swaps	-	97,774	4,099,602	4,197,376	164,195	187,680
Others credit derivatives (sale)	-	-	66,448	66,448	-	-
	-	**97,774**	**4,166,050**	**4,263,824**	**164,195**	**187,680**
Total financial instruments traded in:						
OTC Market	11,100,377	6,275,319	58,170,545	75,546,241	1,439,143	1,383,870
Stock Exchange	140,289	4	-	140,293	-	-
Embedded derivatives					8,437	255
	11,240,666	**6,275,323**	**58,170,545**	**75,686,534**	**1,447,580**	**1,384,125**

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

(Thousands of Euros)

	'09					
	Notional (remaining term)				Fair values	
	Up to 3 months	3 months to 1 year	More than 1 year	Total	Assets	Liabilities
Interest rate Derivatives:						
OTC Market:						
Forward rate agreement	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 contracts	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 futures	34,902	-	-	34,902	-	-
Commodities futures	94,002	4	-	94,006	-	-
	128,904	**4**	**-**	**128,908**	**-**	**-**
Credit derivatives:						
OTC Market:						
Credit Default Swaps	3,471	37,463	4,112,914	4,153,848	58,075	69,710
Other 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**

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:

(Thousands of Euros)

	'10	'09
Hedging instruments		
Assets:		
Swaps	440,614	344,403
Liabilities:		
Swaps	27,889	11,445

Hedging derivatives are measured in accordance with internal valuation techniques considering mainly observable market inputs. In accordance with the hierarchy of the valuation sources, as referred in IFRS 7 these derivatives are classified in level 2.

The Bank uses derivatives to hedge interest and exchange rate exposure risks. The accounting method depends on the nature of the hedged risk, namely if the Bank is exposed to fair value changes, variability in cash-flows or highly probable forecasted transactions.

Since 1 January 2005, for the hedging relationships which comply with the hedging requirements of IAS 39, the Bank adopted the hedge accounting method, namely through the fair value hedge model, and holds in its derivatives portfolio mainly interest rate swaps, which are hedging fair value changes in interest rate risk of Debt securities issued, Deposit, Loans of inter-bank money market and Financial assets available for sale.

The Bank performs periodical effectiveness tests of the hedging relationships. For this year a positive amount of Euros 14,838,000 (31 December 2009: positive amount of Euros 14,848,000) was recorded against the results, corresponding to the ineffective part of the fair value hedge relationships. The Bank designated a portfolio of fixed interest rate loans with maturity of more than one year for which adopted an hedging policy regarding the interest rate risk. For the referred hedging relationships, the ineffective part of the fair value hedge amounted to a negative value of Euros 1,967,000 at 31 December 2009.

As referred in note 6, in 2009 and 2010 the Bank discontinued an interest rate hedging relationship of a mortgage backed security issue in the amount of Euros 1,500,000,000 in accordance with paragraph 91, c) of IAS 39, due to the break of its effectiveness. Following the decision from the Executive Board of Directors and in accordance with IAS 39, on 1 April, 2009 and 1 April 2010, respectively, the hedging relationship was reestablished.

The accumulated adjustment on financial risks covered performed on the assets and liabilities which includes hedged items is analysed as follows:

(Thousands of Euros)

	'10	'09
Hedged item		
Loans	10,976	32,877
Deposits / Loans	303	(2,535)
Debt issued	(176,465)	(127,536)
	(165,186)	**(97,194)**

The analysis of the portfolio of hedging derivatives by maturity as at 31 December 2010 is as follows:

(Thousands of Euros)

	'10					
	Notional (remaining term)				Fair values	
	Up to 3 months	3 months to 1 year	More than 1 year	Total	Assets	Liabilities
Fair value hedge derivatives with interest rate risk:						
OTC Market:						
Interest rate Swaps	-	-	6,926,117	6,926,117	440,614	27,889
	-	**-**	**6,926,117**	**6,926,117**	**440,614**	**27,889**

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

(Thousands of Euros)

	'09					
	Notional (remaining term)				Fair values	
	Up to 3 months	3 months to 1 year	More than 1 year	Total	Assets	Liabilities
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**

24. Financial assets held to maturity

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

(Thousands of Euros)

	'10	'09
Bonds and other fixed income securities		
Issued by Government and public entities	3,022,597	1,001,542
Issued by other entities	3,457,928	778,714
	6,480,525	**1,780,256**

The balance Financial assets held to maturity includes, as at 31 December 2010, the amount of Euros 1,869,471,000 (31 December 2009: Euros 1,419,593,000) related to non derivatives financial assets (bonds) reclassified from financial assets held for trading caption to financial assets held to maturity caption, of which Euros 646,697,000 are regarding from reclassifications occured in 2010, as referred in the accounting policy note 1 e) and note 21.

The balance Financial assets held to maturity also includes, as at 31 December 2010, the amount of Euros 610,085,000 related to non derivatives financial assets (bonds) reclassified, in 2010, from financial assets available for sale caption to financial assets held to maturity caption, as referred in the accounting policy note 1 e) and note 21.

The analysis of the Bonds and other fixed income securities portfolio included in the Financial assets held to maturity, by maturity date, as at 31 December 2010 is as follows:

(Thousands of Euros)

	Up to 3 months	3 months to 1 year	More than 1 year	Total
Fixed income:				
Bonds issued by public entities				
Portuguese issuers	-	233,654	2,049,995	2,283,649
Foreign issuers	-	-	738,948	738,948
Bonds issued by other entities				
Portuguese issuers	-	672,244	1,263,170	1,935,414
Foreign issuers	1,100,963	-	421,551	1,522,514
	1,100,963	**905,898**	**4,473,664**	**6,480,525**
of which:				
Quoted financial assets	-	254,444	4,228,873	4,483,317
Unquoted financial assets	1,100,963	651,454	244,791	1,997,208

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:

(Thousands of Euros)

	Up to 3 months	3 months to 1 year	More than 1 year	Total
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 bonds and other fixed income securities portfolio included in the Financial assets held to maturity, by sector of activity, is analysed as follows:

(Thousands of Euros)

	'10	'09
Transport and communications	169,693	97,141
Services	3,288,235	681,573
	3,457,928	**778,714**
Government and Public securities	3,022,597	1,001,542
	6,480,525	**1,780,256**

As detailed in note 50, 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 fixed income securities.

25. Investments in associated companies

This balance is analysed as follows:

(Thousands of Euros)

	'10	'09
Portuguese credit institutions	217,348	202,464
Foreign credit institutions	937,596	754,684
Other Portuguese companies	415,239	1,345,141
Other foreign companies	4,165,865	4,148,535
	5,736,048	**6,450,824**
Impairment for investments in associated companies		
In subsidiary companies	(1,828,212)	(1,815,762)
	3,907,836	**4,635,062**
of which:		
Quoted	891,314	708,402
Unquoted	4,844,734	5,742,422

The balance Investments in associated companies is analysed as follows:

(Thousands of Euros)

	'10	'09
Banca Millennium S.A.	4	4
Banco de Investimento Imobiliário, S.A.	200,235	200,235
Bank Millennium S.A.	891,314	708,402
Banque BCP, S.A.S.	12,949	12,949
Banco Millennium Angola, S.A.	33,329	33,329
BCP Capital - Sociedade de Capital de Risco, S.A.	30,773	30,773
BCP Investment, BV	2,112,532	2,112,532
Millennium bcp Participações, S.G.P.S., Sociedade Unipessoal, Lda.	25	25
BitalPart, B.V.	2,027,671	2,027,671
Banpor Consulting, S.R.L.	500	500
Interfundos Gestão de Fundos de Investimento Imobiliários, S.A	1,500	1,500
Millennium bcp - Escritório de representações e Serviços, S/C Lda.	10,600	7,804
Millennium bcp Gestão de Activos - Sociedade Gestora de Fundos de Investimento, S.A.	28,009	28,009
Seguros & Pensões Gere, S.G.P.S., S.A.	-	935,993
S&P Reinsurance Limited	14,536	-
Caracas Financial Services, Limited	27	27
Millennium bcp Imobiliária, S.A.	341,088	341,088
Millennium bcp Teleserviços - Serviços de Comércio Electrónico, S.A.	885	885
Nanium, S.A.	6,158	-
Paço de Palmeira - Sociedade Agrícola e Comercial, Lda.	-	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.	17,113	2,230
	5,736,048	**6,450,824**
Impairment for investments in associated companies	(1,828,212)	(1,815,762)
	3,907,836	**4,635,062**

The movements for impairment for investments in associated companies are analysed as follows:

(Thousands of Euros)

	'10	'09
Impairment for investments in associated companies		
Balance on 1 January	**1,815,762**	**1,794,941**
Transfers	18,608	20,821
Write-back for the year	(6,158)	-
Balance on 31 December	**1,828,212**	**1,815,762**

The Bank companies are presented in note 55.

The investment owned in the company Millennium bcp 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.

26. Non current assets held for sale

This balance is analysed as follows:

(Thousands of Euros)

	'10	'09
Subsidiaries acquired exclusively with the purpose of short-term sale	14,473	14,473
Investments arising from recovered loans	1,045,256	846,195
	1,059,729	**860,668**
Impairment	(206,011)	(164,230)
	853,718	**696,438**

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

The balance Subsidiaries acquired exclusively with the purpose of a short-term sale corresponds to a real estate company acquired by the Bank under the restructuring of a loan exposure, that the Bank intends to sell within one year. Given the actual market conditions, it was not possible to sell this company in the expected time.

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 pawn (payment prosolvency).

These assets are available for sale for a period less than one year and the Bank has a strategy for its sale. Given the actual market conditions, it is not always possible to sell the assets within the expected time.

This balance includes buildings and other assets for which the Bank has already established contracts for the sale in the amount of Euros 101,051,000 (31 December 2009: Euros 103,020,000).

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

(Thousands of Euros)

	'10	'09
Balance on 1 January	**164,230**	**126,327**
Transfers	7,200	16
Impairment for the year	65,096	55,202
Write-back for the year	-	(16)
Loans charged-off	(30,515)	(17,299)
Balance on 31 December	**206,011**	**164,230**

27. Property and equipment

This balance is analysed as follows:

(Thousands of Euros)

	'10	'09
Land and buildings	688,477	690,219
Equipment		
Furniture	70,139	69,912
Machines	15,492	15,580
Computer equipment	155,924	147,163
Interior installations	95,949	97,255
Motor vehicles	2,590	3,616
Security equipment	66,585	64,395
Work in progress	28,517	30,991
Other tangible assets	3,342	3,336
	1,127,015	1,122,467
Accumulated depreciation		
Charge for the year	(40,509)	(44,193)
Accumulated charge for the previous years	(727,149)	(692,369)
	(767,658)	(736,562)
	359,357	385,905

The Property and equipment movements during 2010 are analysed as follows:

(Thousands of Euros)

	Balance on 1 January	Acquisitions / Charge	Disposals / Charged-off	Transfers	Exchange differences	Balance on 31 December
Cost:						
Land and buildings	690,219	5,262	(7,004)	-	-	688,477
Equipment:						
Furniture	69,912	441	(245)	31	-	70,139
Machines	15,580	14	(106)	4	-	15,492
Computer equipment	147,163	10,597	(2,066)	230	-	155,924
Interior installations	97,255	1,433	(2,739)	-	-	95,949
Motor vehicles	3,616	177	(1,206)	3	-	2,590
Security equipment	64,395	2,701	(511)	-	-	66,585
Work in progress	30,991	1,450	(4,502)	578	-	28,517
Other tangible assets	3,336	6	-	-	-	3,342
	1,122,467	22,081	(18,379)	846	-	1,127,015
Accumulated depreciation:						
Land and buildings	369,682	23,810	(4,848)	-	-	388,644
Equipment:						
Furniture	64,877	1,442	(232)	31	-	66,118
Machines	15,039	120	(106)	4	-	15,057
Computer equipment	130,525	11,982	(1,930)	229	-	140,806
Interior installations	91,174	1,162	(889)	-	-	91,447
Motor vehicles	3,287	264	(1,166)	3	-	2,388
Security equipment	58,805	1,703	(507)	-	-	60,001
Other tangible assets	3,173	26	(2)	-	-	3,197
	736,562	40,509	(9,680)	267	-	767,658

28. Intangible assets

This balance is analysed as follows:

(Thousands of Euros)

	'10	'09
Software	15,984	16,423
Other intangible assets	3,121	3,895
	19,105	**20,318**
Accumulated depreciation		
Charge for the year	(4,123)	(3,775)
Accumulated charge for the previous years	(5,241)	(6,570)
	(9,364)	**(10,345)**
	9,741	**9,973**

The Intangible assets movements during 2010 are analysed as follows:

(Thousands of Euros)

	Balance on 1 January	Acquisitions / Charge	Disposals / Charged-off	Transfers	Exchange differences	Balance on 31 December
Cost:						
Software	16,423	4,664	(5,105)	2	-	15,984
Other intangible assets	3,895	1,850	(2,042)	(582)	-	3,121
	20,318	**6,514**	**(7,147)**	**(580)**	**-**	**19,105**
Accumulated depreciation:						
Software	9,557	4,123	(5,105)	1	-	8,576
Other intangible assets	788	-	-	-	-	788
	10,345	**4,123**	**(5,105)**	**1**	**-**	**9,364**

29. Deferred income tax assets

Deferred income tax assets and liabilities as at 31 December, 2010 and 2009 are analysed as follows:

(Thousands of Euros)

	'10		'09	
	Assets	Liabilities	Assets	Liabilities
Intangible assets	-	-	-	116
Other tangible assets	-	3,528	-	3,298
Provision losses	415,412	22,695	286,363	14,262
Pensions	261,865	-	251,442	-
Financial assets available for sale	74,041	393	-	2,300
Allocation of profits	44,879	-	44,183	-
Tax losses carried forward	123,177	-	111,917	-
Others	24,983	80,386	39,776	80,187
	944,357	**107,002**	**733,681**	**100,163**
Net deferred tax	**837,355**		**633,518**	

Deferred tax related to the losses carried forward are recognised only if the existence of future taxable profits is probable. The uncertainty of the recoverability of the tax losses carried forward is considered in the deferred tax assets calculation.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when deferred taxes are related to the same tax.

The net deferred tax asset movement is analysed as follows:

(Thousands of Euros)

	'10	'09
Balance on 1 January	**633,518**	**491,727**
Charged to profit	100,383	123,570
Charged to equity	103,454	18,221
Balance on 31 December	**837,355**	**633,518**

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:

(Thousands of Euros)

	'10	'09
Debtors	1,326,464	337,619
Shareholders' loans	78,809	17,580
Other financial investments	50,980	58,886
Amounts due for collection	34,431	27,376
Recoverable tax	50,114	54,138
Recoverable government subsidies on interest on mortgage loans	16,036	22,105
Associated companies	137,350	5,311
Other amounts receivable	37,314	63,429
Prepayments and deferred costs	1,872,094	1,799,205
Amounts receivable on trading activity	5,791	148,136
Amounts due from customers	132,534	160,829
Suplementary capital contributions	1,261,160	1,217,939
Sundry debtors	143,958	206,896
	5,147,035	**4,119,449**
Impairment for other assets	(19,496)	(14,429)
	5,127,539	**4,105,020**

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

(Thousands of Euros)

	'10	'09
Projected benefit obligations		
Obligations covered by the Pension Fund	(4,925,957)	(5,010,683)
Other benefits not covered by the Pension Fund	(368,049)	(373,739)
Value of the Pension Fund	5,121,208	5,503,361
	(172,798)	**118,939**
Actuarial losses		
Corridor	529,401	550,336
Amount in excess of the corridor	1,382,290	955,243
	1,911,691	**1,505,579**
	1,738,893	**1,624,518**

The obligations related with other benefits not covered by the Pension Fund are fully provided for as described in note 48.

The balance Suplementary capital contributions is analysed as follows:

(Thousands of Euros)

	'10	'09
BCP Finance Bank Ltd.	505,605	490,491
Millennium bcp Participações, S.G.P.S., Sociedade Unipessoal, Lda.	15,607	15,441
Millennium bcp Bank & Trust	209,549	194,363
Millennium bcp Prestação de Serviços ACE	38,000	38,000
Others	492,399	479,644
	1,261,160	1,217,939

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

(Thousands of Euros)

	'10	'09
Balance on 1 January	14,429	21,836
Transfers	12,317	(6,992)
Impairment for the year	537	-
Write back for the year	(7,787)	(415)
Balance on 31 December	19,496	14,429

31. Deposits from credit institutions

This balance is analysed as follows:

(Thousands of Euros)

	'10			'09		
	Non interest bearing	Interest bearing	Total	Non interest bearing	Interest bearing	Total
Deposits from Central Banks	217	15,623,406	15,623,623	638	2,929,705	2,930,343
Deposits from Credit institutions in Portugal	136,259	745,142	881,401	157,346	1,306,432	1,463,778
Deposits from Credit institutions abroad	1,627,403	9,288,234	10,915,637	1,267,954	14,625,779	15,893,733
	1,763,879	25,656,782	27,420,661	1,425,938	18,861,916	20,287,854

The balance Deposits from Central Banks includes the amount of Euros 15,350,000,000 (31 December 2009: 2,600,000,000) related to deposits obtained in the European Central Bank.

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

(Thousands of Euros)

	'10	'09
Up to 3 months	21,652,585	9,926,002
3 to 6 months	315,226	2,612,781
6 to 12 months	668,489	2,807,158
1 to 5 years	3,139,606	3,281,534
More than 5 years	1,644,755	1,660,379
	27,420,661	20,287,854

Concerning derivative financial transactions with institutional counterparties, and according to the signed agreements, the Bank has, as of 31 December 2010, the amount of Euros 803,082,000 (31 December 2009: Euros 475,990,000) of Deposits from other credit institutions, received as collateral of the mentioned transactions.

32. Deposits from customers

This balance is analysed as follows:

(Thousands of Euros)

	'10			'09		
	Non interest bearing	Interest bearing	Total	Non interest bearing	Interest bearing	Total
Deposits from customers:						
Repayable on demand	9,903,764	484,675	10,388,439	11,470,817	572,349	12,043,166
Term deposits	-	19,051,120	19,051,120	-	17,944,590	17,944,590
Saving accounts	-	1,636,607	1,636,607	-	2,937,438	2,937,438
Other	198,483	92,082	290,565	233,349	93,063	326,412
	10,102,247	**21,264,484**	**31,366,731**	**11,704,166**	**21,547,440**	**33,251,606**

In the terms of the law, the Deposit Guarantee Fund was established to guarantee the reimbursement of funds deposited in Credit Institutions. The criteria to calculate the annual contributions to the referred fund are defined in Regulation nº 11/94 of the Bank of Portugal.

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

(Thousands of Euros)

	'10	'09
Deposits from customers repayable on demand	**10,388,439**	**12,043,166**
Term deposits and saving accounts from customers:		
Up to 3 months	9,151,687	13,277,685
3 to 6 months	4,524,633	5,249,234
6 to 12 months	1,928,720	2,059,224
1 to 5 years	4,970,132	183,830
More than 5 years	112,556	112,055
	20,687,728	**20,882,028**
Other:		
Up to 3 months	172,947	191,923
More than 3 months	117,617	134,489
	290,564	**326,412**
	31,366,731	**33,251,606**

33. Debt securities issued

This balance is analysed as follows:

(Thousands of Euros)

	'10	'09
Bonds	14,005,768	13,427,833
Commercial paper	319,456	19,965
Others	91,493	75,038
	14,416,717	**13,522,836**

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 and commercial paper issued by the Bank, as at 31 December, 2010 are analysed as follows:

Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
Bonds issued:					
BCP 4.9% Nov 01/11-2ª Em.	November, 2001	November, 2011	Fixed rate of 4.9%	21,655	22,067
BCP 5.4% Nov 01/11-1ª Em.	November, 2001	November, 2011	Fixed rate of 5.4%	174,000	178,049
BCP 5.34% March-02/Mar-12	March, 2002	March, 2012	Fixed rate of 5.34%	160,551	165,757
BCP Ob Cx Sep 2003/2011	September, 2003	September, 2011	Fixed rate of 4.37%	114,678	115,423
BCP Ob Cx E. Gr. S. Dec 05/15	December, 2005	December, 2015	Indexed to Down Jones EuroStoxx 50	2,245	2,118
BCP Ob Cx M.S. Act. Jan 05/11	January, 2006	January, 2011	Indexed to a portfolio of indexes	7,351	7,351
BCP Ob Cx I. Glob.12 Feb 06/11	February, 2006	February, 2011	Indexed to a portfolio of indexes	12,685	12,685
BCP Ob Cx E. I. S. Mar 06/16	March, 2006	March, 2016	Indexed to Down Jones EuroStoxx 50	1,082	1,023
BCP Ob Cx R. Global 06/11	November, 2006	November, 2011	Indexed to Down Jones EuroStoxx 50	6,425	6,320
BCP Ob Cx R. Global II 06/11	December, 2006	December, 2011	Indexed to Down Jones EuroStoxx 50	8,713	8,595
BCP Ob Cx R. Global II 2E 06/11	December, 2006	December, 2011	Indexed to Down Jones EuroStoxx 50	34	23
BCP FRN May 07/14	May, 2007	May, 2014	Euribor 3M + 0.15%	1,196,578	1,195,675
BCP FRN May 07/11	May, 2007	May, 2011	Euribor 3M + 0.115%	359,970	359,970
BCP Cov Bonds Jun 07/17	June, 2007	June, 2017	Fixed rate of 4.75%	1,500,000	1,508,203
BCP FRN Sep 12	August, 2007	September, 2012	Euribor 3M + 0.10%	310,000	309,619
BCP Cov Bonds Oct 07/14	October, 2007	October, 2014	Fixed rate of 4.75%	1,000,000	1,094,022
BCP FRN Mar 17	December, 2007	March, 2017	Euribor 3M + 0.18%	100,000	99,952
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%	222,697	222,697
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%	47,395	47,395
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%	20,144	20,144
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%	3,893	3,893
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%	275,484	275,484
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%	14,420	14,420
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%	3,508	3,508
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%	241,519	241,519
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%	10,216	10,216
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%	2,280	2,280
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%	68,755	68,755
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%	7,366	7,366

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Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
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%	1,653	1,653
BCP O Cx S A M B 1E Oct 08/13	October, 2008	October, 2013	Euribor 3M + Remain Prize: 1st year 0.125%; 2nd year 0.250%; 3rd year 0.50%; 4th year 0.750%; 5th year 1.00%	226,879	226,879
BCP Sfi O Cx S A M B 1E 08/13	October, 2008	October, 2013	Euribor 3M + Remain Prize: 1st year 0.125%; 2nd year 0.250%; 3rd year 0.50%; 4th year 0.750%; 5th year 1.00%	18,015	18,015
BCP Sfe O Cx S A M B1E Oct08/13	October, 2008	October, 2013	Euribor 3M + Remain Prize: 1st year 0.125%; 2nd year 0.250%; 3rd year 0.50%; 4th year 0.750%; 5th year 1.00%	2,954	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 1.00%	142,780	142,780
BCP Sfi O Cx S A M B2E 08/13	November, 2008	November, 2013	Euribor 3M + Remain Prize: 1st year 0.125%; 2nd year 0.250%; 3rd year 0.50%; 4th year 0.750%; 5th year 1.00%	8,390	8,390
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 1.00%	1,569	1,569
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 1.00%	164,486	164,486
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 1.00%	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 1.00%	2,304	2,304
BCP S Aforro Ser B Feb 2009/14	February, 2009	February, 2014	Euribor 3M + Remain Prize: 1st year 0.125%; 2nd year 0.250%; 3rd year 0.50%; 4th year 0.750%; 5th year 1.00%	81,738	81,738
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 1.00%	61,023	61,023
BCP 5.625 % -Book Entry Note Synd	April, 2009	April, 2014	Fixed rate of 5.625%	1,000,000	1,020,357
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%	22,738	22,738
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 0.75%; 4th year 1.00%; 5th year 1.250%	4,430	4,430
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%;	14,484	14,703
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%	500	437
BCP - 3.75 % Jun 2011	June, 2009	June, 2011	Fixed rate of 3.750%	980,613	980,987
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 0.75%; 4th year 1%; 5th year 1.250%	14,989	14,989

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Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
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%;	66,884	68,119
BCP - FRN - Emtn 608	July, 2009	July, 2012	Euribor 6M + 1.75%	25,000	24,951
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 0.75%; 4th year 1%; 5th year 1.250%	17,215	17,215
BCP Investimento Total Nov 2012	August, 2009	November, 2012	Fixed rate of 3.07692%	54,718	55,308
BCP - FRN - Emtn 625	August, 2009	August, 2012	Euribor 3M + 1.21%	200,000	199,844
BCP Inv Total Dec 2012 - Emtn 609	September, 2009	December, 2012	Fixed rate of 3.07692%	116,482	118,036
BCP Cov Bonds Oct 09/16	October, 2009	October, 2016	Fixed rate of 3.75%	858,150	871,538
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%	51,122	52,748
BCP Emissão Sindicada - Emtn 668	December, 2009	February, 2013	Euribor 3M	485,000	483,823
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%	65,280	66,937
BCP Fixed Rate Note Inv Top Mais	January, 2010	January, 2015	1st year=2.5%; 2nd year=2.75%; 3rd year= 3.25%; 4th year=4.125%; 5th year=5.0%	54,219	55,611
BCP Sup Rend Mar 2010 Fixed Rate Note	March, 2010	March, 2013	1st Sem.=2.25%; 2nd Sem.=2.50%; 3rd Sem.=2.75%; 4th Sem.=3.00%; 5th Sem.=3.25%; 6th Sem.=4.50%	163,484	165,126
BCP Rend Sem. Fixe Rate Note	March, 2010	March, 2013	1st Sem.=1.50%; 2nd Sem.=1.75%; 3rd Sem.=2.0%; 4th Sem.=2.25%; 5th Sem.=2.50%; 6th Sem.=3.50%	140,122	141,494
BCP Frn Mar 2013-Em Sind-Emtn 707	March, 2010	March, 2013	Euribor 3 months + 1.3% per year	300,000	299,243
BCP Fixed Rate Note Rd Ext-Emtn 685	April, 2010	April, 2015	1st Sem.=2.0%; 2nd Sem.=2.125%; 3rd Sem.=2.25%; 4th Sem.=2.375%; 5th Sem.=2.50%; 6th Sem.=2.75%; 7th Sem.=2.875% ; 8th Sem.=3.125%; 9th Sem.=3.50%; 10th Sem.=4.0%	115,918	117,389
BCP Fixed Rate Note Rend Top April	April, 2010	April, 2015	1st Sem.=2.25%; 2nd Sem.=2.5%; 3rd Sem.=2.60%; 4th Sem.=2.8%; 5th Sem.=3.0% ; 6th Sem.=3.150%; 7th Sem.=3.20%; 8th Sem.=3.50%; 9th Sem.=3.80%; 10th Sem.=4.50%	164,558	166,734
BCP Rend Plus-Emtn 697	April, 2010	April, 2014	1st Sem.=2.0%; 2nd Sem.=2.125%; 3rd Sem.=2.25%; 4th Sem.=2.375%; 5th Sem.=2.50%; 6th Sem.=2.625%; 7th Sem.=2.75% ;8th Sem.=3.25%	27,416	27,560
BCP Rend Mais-Emtn 699	April, 2010	April, 2014	1st Sem.=1.75%; 2nd Sem.=1.875%; 3rd Sem.=2.0%; 4th Sem.=2.125%; 5th Sem.=2.25%; 6th Sem.=2.375%; 7th Sem.=2.5% ;8th Sem.=3.0%	16,018	16,103
BCP Frn May 12-Emtn 717 Credit Agric	May, 2010	May, 2012	Euribor 3 months + 1.0% per year	100,000	99,934
BCP Cln Spain May 2018-Emtn 714	May, 2010	May, 2018	Euribor 3 months + 1.4% per year	39,947	39,947
BCP Frn May 2011-Emtn 728	May, 2010	May, 2011	Euribor 3 months + 0.50% per year	550,000	550,000
BCP Cln Edp June 2018-Emtn 725	June, 2010	June, 2018	Euribor 12 months + 2.40% per year	19,778	19,778
BCP Frn 27 Jun 2011-Emtn 740	June, 2010	June, 2011	Euribor 12 months + 0.50% per year	150,000	150,000
BCP Frn Rend Plus June 10/14-Emtn 718	June, 2010	June, 2014	1st Sem.=1.875%; 2nd Sem.=2.0%; 3rd Sem.=2.125%; 4th Sem.=2.25%; 5th Sem.=2.375% ; 6th Sem.=2.5%; 7th Sem.=2.625% ; 8th Sem.=3.25%	17,883	17,768

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(continuation)

Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
BCP Frn Rend Mais June 2014	June, 2010	June, 2014	1st Sem.=1.625%; 2nd Sem.=1.75%; 3rd Sem.=1.875%; 4th Sem.=2.0%; 5th Sem.=2.125%; 6th Sem.=2.25%; 7th Sem.=2.375% ; 8th Sem.=3.0%	13,080	12,996
BCP Frn Due Sept 2011-Emtn 745	June, 2010	September, 2011	Euribor 3 months + 1.05% per year	500,000	500,000
BCP Frn July 2011-Emtn 746	July, 2010	July, 2011	Euribor 12 months + 0.5% per year	280,000	280,000
BCP Rend Ext 1 Ser 2010-2015	August, 2010	August, 2015	1st Sem.=1.875%; 2nd Sem.=2.0%; 3rd Sem.=2.125%; 4th Sem.=2.25%; 5th Sem.=2.375% ; 6th Sem.=2.5%; 7th Sem.=2.75% ; 8th Sem.=2.875%; 9th Sem.=3.0%; 10th Sem.=3.50%	44,598	44,037
BCP Rend Ext 2 Ser 2010-15-Emtn 732	August, 2010	August, 2015	1st Sem.=2.125%; 2nd Sem.=2.3%; 3rd Sem.=2.425%; 4th Sem.=2.55%; 5th Sem.=2.8% ; 6th Sem.=3.05%; 7th Sem.=3.3% ; 8th Sem.=3.55%; 9th Sem.=3.8%; 10th Sem.=4.30%	84,929	83,934
BCP Rend Ext 1 Ser-Emtn 749	September, 2010	September, 2015	1st Sem.=1.875%; 2nd Sem.=2.0%; 3rd Sem.=2.125%; 4th Sem.=2.25%; 5th Sem.=2.375% ; 6th Sem.=2.5%; 7th Sem.=2.75% ; 8th Sem.=2.875%; 9th Sem.=3.0%; 10th Sem.=3.50%	52,230	51,479
BCP Rend Ext 2 Ser Sep 2010-2015	September, 2010	September, 2015	1st Sem.=2.175%; 2nd Sem.=2.3%; 3rd Sem.=2.425%; 4th Sem.=2.55%; 5th Sem.=2.8% ; 6th Sem.=3.05%; 7th Sem.=3.3% ; 8th Sem.=3.55%; 9th Sem.=3.8%; 10th Sem.=4.30%	95,595	94,287
BCP Rend Pr 1 Ser Apr 2013	October, 2010	April, 2013	1st Sem.=1.85%; 2nd Sem.=1.975%; 3rd Sem.=2.225%; 4th Sem.=2.475%; 5th Sem.=2.725%	10,085	10,094
BCP Rend Pr 2 Ser 26 Apr 2013	October, 2010	April, 2013	1st Sem.=2.3%; 2nd Sem.=2.425%; 3rd Sem.=2.675%; 4th Sem.=2.925%; 5th Sem.=3.425%	92,033	92,122
BCP Cln Edp Nov 2018-Emtn 771	November, 2010	November, 2018	Euribor 3 months + 3.135% per year	29,814	29,814
BCP Rend Pr 3 Serie-Emtn 767	November, 2010	May, 2013	1st Sem.=1.85%; 2nd Sem.=1.975%; 3rd Sem.=2.225%; 4th Sem.=2.475%; 5th Sem.=2.725%	2,800	2,798
BCP Rend Pr 4 Ser 2010-2013	November, 2010	May, 2013	1st Sem.=2.3%; 2nd Sem.=2.425%; 3rd Sem.=2.675%; 4th Sem.=2.925%; 5th Sem.=3.425%	21,707	21,690
BCP Mil Rend Pr Mais 1 Serie June 2014	December, 2010	June, 2014	1st Sem.=1.75%; 2nd Sem.=2.00%; 3rd Sem.=2.25%; 4th Sem.=2.50%; 5th Sem.=2.75% ; 6th Sem.=3.00%; 7th Sem.=3.25%	1,122	1,121
BCP Rend Pr Mais 2 Serie	December, 2010	June, 2014	1st Sem.=2.50%; 2nd Sem.=2.75%; 3rd Sem.=3.00%; 4th Sem.=3.25%; 5th Sem.=3.50% ; 6th Sem.=3.75%; 7th Sem.=4.00%	10,308	10,302
					13,843,874
Accruals					**161,894**
					14,005,768
Commercial paper:					
Bcp Eucp 25Feb2011 Bcp Lis	February, 2010	February, 2011	Fixed rate of 1.28%	250,000	249,512
Bcp Sfi Eucp 19 Jan 2011 Bcp Lis	October, 2010	January, 2011	Fixed rate of 1.85%	50,000	49,954
Bcp Sfi Ecp Due 10Jan2011-Bcp Lis	December, 2010	January, 2011	Fixed rate of 1.73%	10,000	9,996
Bcp Sfi Ecp 13Jan2011-Bcp Lisbon	December, 2010	January, 2011	Fixed rate of 1.73%	10,000	9,994
					319,456

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

(Thousands of Euros)

	'10	'09
Bonds:		
Up to 3 months	20,036	17,104
3 to 6 months	2,041,394	1,314,888
6 to 12 months	1,110,474	500,434
1 to 5 years	8,101,715	8,857,558
More than 5 years	2,570,255	2,596,612
	13,843,874	**13,286,596**
Accruals	161,894	141,237
	14,005,768	**13,427,833**
Commercial paper:		
Up to 3 months	319,456	19,965
	319,456	**19,965**
Others:		
Up to 3 months	5,042	-
3 to 12 months	15,234	10,834
6 to 12 months	-	8,268
1 to 5 years	10,363	30,208
More than 5 years	60,854	25,728
	91,493	**75,038**
	14,416,717	**13,522,836**

34. Financial liabilities held for trading

The balance is analysed as follows:

(Thousands of Euros)

	'10	'09
FRA	-	55
Swaps	1,350,331	1,251,258
Preference shares forwards	8,566	5,259
Options	22,170	30,069
Embedded derivatives	255	7,627
Currency forwards	2,803	1,963
	1,384,125	**1,296,231**

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 255,000 (31 December 2009: Euros 7,627,000). 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:

(Thousands of Euros)

	'10	'09
Deposits from credit institutions	258,304	1,333,399
Deposits from customers	3,919	12,005
Bonds and other liabilities	2,817,628	3,673,045
	3,079,851	**5,018,449**

Other financial liabilities at fair value through profit or loss are measured in accordance with internal valuation techniques considering mainly observable market inputs. In accordance with the hierarchy of the valuation sources, as referred in IFRS 7, these instruments are classified in level 2.

The financial liabilities included in this balance were revaluated against profit and loss, as referred in note 1 c), and was recognised for 2010, a positive amount of Euros 124,730,000 (31 December 2009: negative amount of Euros 59,594,000) 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, 2010, are analysed as follows:

Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
Bonds issued:					
BCP Ob Cx R.G.III Feb 2007/12	February, 2007	February, 2012	Indexed to DJ EuroStoxx 50 index	15,995	15,682
BCP Ob Cx RGIv Mar 2007/12	March, 2007	March, 2012	Indexed to DJ EuroStoxx 50 index	12,280	11,999
BCP Ob Cx RGIv 2Em Mar 2007/12	March, 2007	March, 2012	Indexed to DJ EuroStoxx 50 index	6,690	6,366
BCP Ob Cx RGV 2Em May 2007/12	May, 2007	May, 2012	Indexed to DJ EuroStoxx 50 index	5,000	4,538
BCP Ob Cx RGV May 2007/12	May, 2007	May, 2012	Indexed to DJ EuroStoxx 50 index	8,039	7,723
BCP Ob Cx RGVi Jun 2007/12	June, 2007	June, 2012	Indexed to portfolio of indexes	11,073	10,790
BCP Ob Cx RGVii Aug2007/12	August, 2007	August, 2012	Indexed to portfolio of indexes	9,041	8,748
Ob Cx BCP RGViii Sep 2007/12	September, 2007	September, 2012	Indexed to portfolio of indexes	4,010	3,746
BCP Ob Cx RGIx Oct 2007/12	October, 2007	October, 2012	Indexed to DJ EuroStoxx 50 index	3,275	3,445
BCP Ob Cx RGX Dec 2007/12	December, 2007	November, 2012	Indexed to DJ EuroStoxx 50 index	2,373	2,487
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%	45,832	45,955
BCPOb Cx Inv Cab Mu Feb 08/11	February, 2008	February, 2011	Indexed to portfolio of 3 indexes	8,238	8,224
BCPOb Cx Inv Mercad Mar 08/11	March, 2008	March, 2011	Indexed to portfolio of 3 Commodities	16,215	16,174
BCPOb Cx Inv Agua May 08/11	May, 2008	May, 2011	Indexed to S&P Global Water	12,267	12,203
BCPOb Cx Inv Ener Ren Jun 08/11	June, 2008	June, 2011	Indexed to portfolio of 4 shares	16,573	16,473
BCPOb Cx Inv Saude July 08/11	July, 2008	July, 2011	Indexed to portfolio of 5 shares	5,504	5,433
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%	86,627	87,785
BCPOb Cx Inv Iber Sep 2008/11	September, 2008	September, 2011	Indexed to portfolio of indexes	3,460	3,408
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%	26,114	26,463
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%	2,754	2,791
BCPOb Cx Inv Plus Oct 08/11	October, 2008	October, 2011	1st and 2nd Sem.=4.75% ; 3rd and 4th Sem.=5.0% ; 5th and 6th Sem.=5.25%	54,511	55,149
BCPSfi Ob Cx Inv Plus Oct 08/11	October, 2008	October, 2011	1st and 2nd Sem.=4.75% ; 3rd and 4th Sem.=5.0% ; 5th and 6th Sem.=5.25%	20,365	20,604
BCPOb Cx Inv Petroleo Oct 08/11	October, 2008	October, 2011	Indexed to portfolio of shares	3,029	3,171

(continue)

(continuation)

Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
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%	3,589	3,631
Bcp - 3.625 Per Cent FRN	January, 2009	January, 2012	Fixed rate of 3.625%	1,500,000	1,478,544
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%	111,262	110,746
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%	90,259	90,004
Bcp Inv Merc Mund 09/22.09/12	September, 2009	September, 2012	Fixed rate of 1% year + portfolio of 6 indexes until maturity	888	871
Bcp Inv. Cab Energia Nov 2012	November, 2009	November, 2012	Indexed to portfolio of 5 shares	2,515	2,502
BCP FRN 2.375 Sindicada	January, 2010	January, 2012	Fixed rate of 2.375%	605,000	566,126
BCP Inv Telecoms March 2013	March, 2010	March, 2013	Indexed to portfolio of 3 shares	8,745	8,966
BCP Iln Euro Inv Abr 10/13	April, 2010	April, 2013	Indexed to portfolio of indexes	1,999	1,898
BCP Rend Diversificado Abr 10/13	April, 2010	April, 2013	Indexed to portfolio of 4 shares	1,961	1,818
BCP Cln Portugal - Emtn 726	June, 2010	June, 2018	Fixed rate of 4.72%	59,600	46,434
BCP Iln Inv Opc Tripla Jun 10/13	June, 2010	June, 2013	Indexed to portfolio of 4 shares	1,533	1,663
BCP Cabaz Mundial 26 Oct 10/14	October, 2010	October, 2014	Indexed to portfolio of 4 shares	439	406
BCP Eur Cln Port 2Emis Jun 10/18	November, 2010	June, 2018	Fixed rate of 4.45 %	14,600	11,388
BCP Eur Cln Portugal 10/15.06.20	November, 2010	June, 2020	Fixed rate of 4.80 %	30,000	22,818
BCP Iln Inv Indices Mundiais Xi	November, 2010	November, 2013	Indexed to portfolio of 3 indexes	1,830	1,830
BCP Rev Convertible Soc Generale	November, 2010	March, 2011	Indexed to the share price of (Société Générale)	3,840	3,733
BCP Iln Rev Convertible Alstom Xi	November, 2010	March, 2011	Indexed to the share price of (Alstom S.A)	1,720	1,687
BCP Iln Farmaceuticas Globais Xi	November, 2010	November, 2012	Indexed to portfolio of 4 shares	3,255	3,255
BCP Iln Dinamismo Financ Xii	December, 2010	December, 2011	Indexed to portfolio of 2 shares	3,042	2,788
BCP Iln Inv Indices Mundiais Xii	December, 2010	December, 2013	Indexed to portfolio of 3 indexes	4,100	4,100
					2,744,565
Accruals					**73,063**
					2,817,628

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

(Thousands of Euros)

	'10	'09
Bonds issued and other liabilities:		
Up to 3 months	75,773	270,670
3 to 6 months	28,676	1,025,259
6 to 12 months	211,223	93,026
1 to 5 years	2,348,253	2,193,095
More than 5 years	80,640	-
	2,744,565	**3,582,050**
Accruals	73,063	90,995
	2,817,628	**3,673,045**

36. Provisions for liabilities and charges

This balance is analysed as follows:

(Thousands of Euros)

	'10	'09
General provision for loan losses	563,196	596,414
Provision for country risk	97,544	113,031
Other provisions	72,895	67,039
	733,635	**776,484**

Changes in General provision for loan losses are analysed as follows:

(Thousands of Euros)

	'10	'09
General provision for loans		
Balance on 1 January	**427,609**	**445,725**
Transfers	37,896	19,048
Write-back for the year	(68,458)	(37,164)
Exchange rate differences	239	-
Balance on 31 December	**397,286**	**427,609**
General provision for guarantees		
Balance on 1 January	**168,805**	**211,672**
Transfers	-	9
Write-back for the year	(2,895)	(42,876)
Balance on 31 December	**165,910**	**168,805**
	563,196	**596,414**

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:

(Thousands of Euros)

	'10	'09
Balance on 1 January	**113,031**	**108,008**
Impairment for the year	1,099	14,451
Write-back for the year	(16,586)	(9,428)
Balance on 31 December	**97,544**	**113,031**

The balance Provision for country risk includes the amount of Euros 88,217,000 (31 December 2009: Euros 106,007,000) regarding provisions to loans granted to resident entities in Angola, South Africa, Macau, Turkey and Belize.

Changes in Other provisions are analysed as follows:

(Thousands of Euros)

	'10	'09
Balance on 1 January	**67,039**	**68,669**
Transfers	5,355	1,014
Impairment for the year	6,346	12,444
Amounts charged-off	(5,845)	(15,088)
Balance on 31 December	**72,895**	**67,039**

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:

(Thousands of Euros)

	'10	'09
Bonds	**3,388,038**	**3,597,601**

As at 31 December 2010, 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					
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	149,763
BCP September 2011	September 2001	September 2011	Fixed rate of 6.15%	119,956	122,026
Emp.sub.BCP Finance Bank	December 2006	December 2016	See reference (i)	399,400	399,400
Mbcp Ob Cx Sub 1 Serie 2008	September 2008	September 2018	See reference (ii)	290,571	290,571
Mbcp Ob Cx Sub 2 Serie 2008	October 2008	October 2018	See reference (ii)	80,279	80,279
Bcp Obrigacoes Sub. June 2020	June 2010	June 2020	See reference (iii)	94,636	94,175
Bcp Obrigacoes Sub. Aug 2020	August 2010	August 2020	See reference (iv)	56,803	56,276
					1,792,490
Perpetual Bonds					
BPA 1997	June 1997	-	Euribor 3 months + 0.95%	37,915	37,915
TOPS BPSM 1997	December 1997	-	Euribor 6 months + 0.4%	29,872	29,872
BCP 2000	January 2000	-	Euribor 3 months + 0.2075%	486,949	486,949
BCP Leasing 2001	December 2001	-	Euribor 6 months + 1.75%	4,986	4,986
BCP - Euro 200 millions	June 2002	-	See reference (v)	85	85
BCP - Euro 500 millions	June 2004	-	See reference (vi)	500,000	500,000
Subord.debt BCP Finance Company	October 2005	-	See reference (vii)	500,000	500,000
					1,559,807
Accruals					**35,741**
					3,388,038

References: (i) - Until December 2011 Euribor 3 months + 0.335%; After December 2011 Euribor 3 months + 0.8%
(ii) - 1st year 6%; 2nd to 5th year Euribor 6 months + 1%; and following 6th year Euribor 6 months + 1.4%
(iii) - Until the 5th year fixed rate of 3.25%; 6th year and following years Euribor 6 months + 1.0%
(iv) - 1° year: 3%; 2° year 3.25%; 3° year 3.5%; 4° year 4%; 5° year 5%; 6° year and following Euribor 6 months + 1.25%
(v) - Until 40th coupon 6.130625%; After 40th coupon Euribor 3 months + 2.4%
(vi) - Until June 2014 fixed rate of 5.543%; After September 2014 Euribor 6 months + 2.07%
(vii) - 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:

(Thousands of Euros)

	'10	'09
Up to 3 months	749,763	-
3 months to 1 year	122,026	-
1 to 5 years	-	875,994
More than 5 years	920,701	1,075,400
Undetermined	1,559,807	1,611,029
	3,352,297	**3,562,423**
Accruals	35,741	35,178
	3,388,038	**3,597,601**

38. Other liabilities

This balance is analysed as follows:

(Thousands of Euros)

	'10	'09
Creditors:		
Suppliers	21,147	61,560
From factoring operations	7,413	22,501
Associated companies	98,611	4,263
Other creditors	306,124	520,398
Public sector	61,133	47,530
Other amounts payable	29,226	24,878
Deferred income	373	286
Holiday pay and subsidies	55,335	54,974
Amounts payable on trading activity	14,410	148,274
Other liabilities	13,122,515	8,503,501
	13,716,287	**9,388,165**

The balance Other creditors includes the amount of Euros 40,996,000 (31 December 2009: Euros 40,996,000), related to the obligations with retirement benefits already recognised in Staff costs, payable to previous members of the Board of Directors. As described in note 48, the referred obligations are not covered by the Pension Fund of the Bank, 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 48.

The balance Other creditors includes, as at 31 December 2010, the amount of Euros 12,691,000 (31 December 2009: Euros 6,000,000) related with the costs with the Complementary plan, as described in notes 9 and 48, and the amount of Euros 54,221,000 (31 de Dezembro de 2009: Euros 54,071,000) related with the seniority premium, as described in note 48.

The balance Other liabilities includes the amount of Euros 12,759,921,000 (31 December 2009: Euros 8,297,953,000) related to the loans portfolio securitized in operations Nova Finance 4, Magellan 5, Caravela SME, Caravela 2, Magellan 6 and Tagus Leasing.

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.

During 2009, Banco Comercial Português, S.A. issued 3 tranches of its perpetual subordinated debt securities which based on its characteristics are classified, in accordance with accounting policy note 1 g), as capital instruments under IAS 32. The 3 tranches issued in 2009 are analysed as follows:

- In June 2009, the Bank has issued Euros 300,000,000 of perpetual subordinated debt securities with conditional coupons presenting a nominal value of Euros 1,000.
- In August 2009, the Bank has issued Euros 600,000,000 of perpetual subordinated debt securities with conditional coupons presenting a nominal value of Euros 1,000.
- In December 2009, the Bank has issued Euros 100,000,000 of perpetual subordinated debt securities with conditional coupons presenting a nominal value of Euros 1,000.

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 12 April, 2010, the Bank increased the Legal reserves in the amount of Euros 20,632,635.

41. Fair value reserves, other reserves and retained earnings

This balance is analysed as follows:

(Thousands of Euros)

	'10	'09
Other comprehensive income:		
Fair value reserves	(245,705)	15,882
Deferred tax (AFS)	71,286	(4,095)
	(174,419)	**11,787**
Reserves and retained earnings:		
Legal reserve	446,042	425,410
Statutory reserve	20,000	10,000
Other reserves and retained earnings	134,084	130,227
	600,126	**565,637**

The legal reserve changes are analysed in note 40. 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 corresponds to a reserve to stabilise dividends that, according with the Bank's by-laws can be distributed.

The balance Other comprehensive income includes profit and loss that in accordance with NCA's are recognised in equity.

The movements in Fair value reserves for financial instruments available for sale, during 2010 are analysed as follows:

(Thousands of Euros)

	Balance on 1 January	Revaluation	Impairment in profit and loss	Sales	Balance on 31 December
Fair value reserves	15,882	(314,362)	26,157	26,618	(245,705)

The movements in Fair value reserves for financial instruments available for sale, during 2009 are analysed as follows:

(Thousands of Euros)

	Balance on 1 January	Revaluation	Impairment in profit and loss	Sales	Balance on 31 December
Fair value reserves	(64,148)	60,754	40,320	(21,044)	15,882

42. Treasury stock

This balance is analysed as follows:

(Thousands of Euros)

	'10			'09		
	Net book value	Number of securities	Average book value	Net book value	Number of securities	Average book value
Banco Comercial Português, S.A. shares	3,727	5,533,539	0.67	10,355	12,583,354	0.82

Treasury stock refers to own shares held by Banco Comercial Português, S.A. These shares are held within the limits established by the Bank's statutory laws and "Código das Sociedades Comerciais".

43. Guarantees and future commitments

This balance is analysed as follows:

(Thousands of Euros)

	'10	'09
Guarantees granted	13,968,035	17,990,052
Guarantees received	27,862,747	28,866,101
Commitments to third parties	10,281,138	11,616,249
Commitments from third parties	12,513,561	14,068,868
Securities and other items held for safekeeping on behalf of customers	156,864,095	156,061,921
Securities and other items held under custody by the Securities Depository Authority	166,568,876	149,264,300
Other off balance sheet accounts	140,674,425	122,882,886

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

(Thousands of Euros)

	'10	'09
Guarantees granted:		
Guarantees	7,305,382	9,759,358
"Stand-by" letter of credit	156,708	-
Open documentary credits	195,388	347,881
Bails and indemnities	80,092	103,049
Other liabilities	6,230,465	7,779,764
	13,968,035	**17,990,052**
Commitments to third parties:		
Irrevocable commitments		
Term deposits contracts	151,200	582,454
Irrevocable credit lines	1,094,672	2,203,488
Other irrevocable commitments	143,850	157,076
Revocable commitments		
Revocable credit lines	6,602,869	6,340,377
Bank overdraft facilities	2,288,547	2,332,854
	10,281,138	**11,616,249**

The guarantees granted by the Bank may be related with loan transactions, where the Bank grants a guarantee in connection with a loan granted to a client by a third entity. According with its specific characteristics it is expected that some of these guarantees expire without being demanded and therefore these transactions do no necessarily represent a cash-outflow.

Stand-by letters and open documentary credits aim to ensure the payment to third parties from commercial deals with foreign entities and therefore financing the shipment of the goods. Therefore the credit risk of these transactions is limited once they are collateralized by the shipped goods and are generally short term operations.

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

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

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

44. Assets under management and custody

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

(Thousands of Euros)

	'10	'09
Wealth management	556,752	360,848
Assets under deposit	153,454,055	152,634,332
	154,010,807	**152,995,180**

45. Distribution of profit

The distribution of profit to shareholders is analysed as follows:

(Thousands of Euros)

	'10	'09
Dividends paid by Banco Comercial Português, S.A.		
Dividends declared and paid related to previous year	89,095	79,108
	89,095	**79,108**

46. Relevant events occured during 2010

Approval of 2009 results

In the General Shareholders Meeting held on 12 April 2010 was approved the following proposal for the results distribution:

a) Euros 20,632,635 for reinforcement of legal reserves;
b) Euros 10,000,000 for reinforcement of reserve for stability of dividends;
c) Euros 89,197,400 for distribution of dividends;
d) Euros 86,496,315 for retained earnings.

It was also approved the following application of the results:

a) To each share corresponds a dividend of 0.019 Euros;
b) Not to be paid, and to be registered as retained earnings, the amount corresponding to the shares that in the first day of the period of payment of dividends, are owned by the Bank.

Share Capital increase of Bank Millennium (Poland) from PLN 849,181,744 to PLN 1,213,116,777

On February 2010 Bank Millennium (Poland) finalised the share capital increase, which corresponded to the issue of 363,935,033 ordinary shares with a nominal amount of 1 Zloty each. Following the share capital increase, Bank Millennium (Poland) share capital amounts to PLN 1,213,116,777.

47. Fair value

Fair value is based on market prices, whenever these are available. If market prices are not available, as occurs regarding many products sold to clients, fair value is estimated through internal models based on cash-flow discounting techniques. Cash-flows for the different instruments sold are calculated according with its financial characteristics and the discount rates used include both the interest rate curve and the current conditions of the pricing policy in the Bank.

Therefore, the fair value obtained is influenced by the parameters used in the evaluation model that, have some degree of judgement and reflect exclusively the value attributed to different financial instruments. However it does not consider prospective factors, like the future business evolution. Therefore the values presented cannot be understood as an estimate of the economic value of the Bank.

The main methods and assumptions used in estimating the fair value for the financial assets and financial liabilities of the Bank are presented as follows:

Cash and deposits at central banks, Loans and advances to credit institutions repayable on demand

Considering the short term of these financial instruments, the amount in the balance sheet is a reasonable estimate of its fair value.

Other loans and advances to credit institutions, Amounts owed to other credit institutions and Assets with repurchase agreements

The fair value of these financial instruments is calculated discounting the expected principal and interest future cash flows for these instruments, considering that the payments of the instalments occur in the contractually defined dates.

For Deposits from Central banks it was considered that the book value is a reasonable estimate of its fair value, given the nature of operations and the associated short-term. The rate of return of funding with the European Central Bank was 1% in December 2010 and 2009.

Regarding other loans and advances to credit institutions and other amounts owned to other credit institutions, the discount rate used reflects the current conditions applied by the Bank on identical instruments for each of the different residual maturities. The discount rate includes the market rates for the residual maturity date (rates from the monetary market or from the interest rate swap market, at the end of the year). As at 31 December 2010, the average discount rate was 1.53% for loans and advances and 1.97% for the deposits. As at 31 December 2009 the rates were 1.35% and 1.60%, respectively.

Financial assets held for trading (except derivatives), Financial liabilities held for trading (except derivatives), Financial assets available for sale and Other financial assets and liabilities held for trading at fair value through profit or loss

These financial instruments are accounted at fair value. Fair value is based on market prices, whenever these are available. If market prices are not available, fair value is estimated through numerical models based on cash-flow discounting techniques, using the interest rate curve adjusted for factors associated, predominantly the credit risk and liquidity risk, determined in accordance with the market conditions and time frame.

Market interest rates are determined based on information released by the suppliers of financial content - Reuters and Bloomberg - more specifically as a result of prices of interest rate swaps. The values for the very short-term rates are obtained from similar sources but regarding interbank money market. The interest rate curve obtained is calibrated with the values of interest rate short-term futures. Interest rates for specific periods of the cash flows are determined by appropriate interpolation methods. The same interest rate curves are used in the projection of the non-deterministic cash flows such as indexes.

When optionality is involved, the standard templates (Black-Scholes, Black, Ho and others) are used considering the volatility areas applicable. Whenever there are no references in the market of sufficient quality or that the available models do not fully apply to meet the characteristics of the financial instrument, specific quotations supplied by an external entity are applied, typically a counterparty of the business.

Financial assets held to maturity
These financial instruments are accounted at amortised cost net of impairment. Fair value is based on market prices, whenever these are available. If market prices are not available, fair value is estimated through numerical models based on cash-flow discounting techniques, using the interest rate curve adjusted for factors associated, predominantly the credit risk and liquidity risk, determined in accordance with the market conditions and time frame.

Hedging and trading derivatives
All derivatives are recorded at fair value.

In case of derivative contracts that are quoted in organised markets their market prices are used. As for derivatives traded "Over-the-counter", it is applied methods based on numerical cash-flow discounting techniques and models for assessment of options considering variables of the market, particularly the interest rates on the instruments in question, and where necessary, their volatilities.

Interest rates are determined based on information disseminated by the suppliers of financial content - Reuters and Bloomberg - more specifically those resulting from prices of interest rate swaps. The values for the very short-term rates are obtained from a similar source but regarding interbank money market. The interest rate curve obtained is calibrated with the values of interest rate short-term futures. Interest rates for specific periods of the cash flows are determined by appropriate interpolation methods. The interest rate curves are used in the projection of the non-deterministic cash flows such as indexes.

Loans and advances to customers with defined maturity date
The fair value of these instruments is calculated by discounting the expected principal and interest future cash flows for these instruments, considering that the payments of the instalments occur in the contractually defined dates. The discount rate used reflects the current conditions applied by the Bank in similar instruments for each of the homogeneous classes of this type of instrument and with similar residual maturity. The discount rate includes the market rates for the residual maturity date (rates from the monetary market or from the interest rate swap market, at the end of the year) and the spread used at the date of the report, which was calculated from the average production of the last three months of the year. For 31 December 2010, the average discount rate was 6.18% and for December 2009 it was 5.68% assuming the projection of the variable rates according to the evolution of the forward rates implicit in the interest rate curves. The calculations also include the credit risk spread.

Loans and advances to customers and deposits repayable on demand without defined maturity date
Considering the short maturity of these financial instruments, the conditions of the portfolio are similar to conditions used at the date of the report. Therefore the amount in the balance sheet is a reasonable estimate of its fair value.

Deposits from customers
The fair value of these financial instruments is calculated by discounting the expected principal and interest future cash flows, considering that payments occur in the contractually defined dates. The discount rate used reflects the current conditions applied by the Bank in similar instruments with a similar maturity. The discount rate used reflects the actual rates of the Bank to this type of funds and with similar residual maturity date. The discount rate includes the market rates of the residual maturity date (rates of monetary market or the interest rate swap market, at the end of the year) and the spread of the Bank at the date of the report, which was calculated from the average production of the last three months of the year. For 31 December 2010, the average discount rate was of 3.03% and for December 2009 it was 1.55%.

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 Bank adopts "hedge-accounting", the fair value related to the interest rate risk is already recorded.

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

As original reference, the Bank applies the curves resulting from the interest rate swaps markets for each specific currency. The credit risk (credit spread) is represented by an excess from the curve of interest rate swaps established specifically for each term and class of instruments based on the market prices on equivalent instruments.

For own emissions placed among non institutional costumers of the Bank, one more differential was added (trade spread), which represents the margin between the financing cost in the institutional market and the cost obtained by distributing the respective instrument in the 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 were 11.65% (31 December 2009: 5.11%) for subordinated issues and 7.21% (31 December 2009: 3.06%) for senior and collateralised issues.

For debt securities, the calculation of fair value focused on all the components of these instruments, so that the difference found as at 31 December 2010 was a decrease in the amount of Euros 1,265,407,000 (31 December 2009: an increase in the amount of Euros 93,503,000), corresponding to an increase in financial liabilities. The values previously referred include a receivable amount of Euros 8,182,000 (31 December 2009: a payable amount of Euros 7,549,000) which are recorded in financial assets and liabilities held for trading and reflect the fair value of derivatives embedded.

As at 31 December 2010, the following table presents the values of the interest rates used in the definition of the interest rate curves of main currencies, namely EUR, USD, GBP and PLN used to determine the fair value of the assets and liabilities of the Bank:

	Currencies			
	EUR	USD	GBP	PLN
1 day	0.35%	0.38%	0.63%	3.38%
7 days	0.58%	0.53%	0.78%	3.38%
1 month	0.75%	0.65%	0.88%	3.56%
2 months	0.85%	0.73%	0.98%	3.70%
3 months	0.95%	0.78%	1.08%	3.85%
6 months	1.18%	0.89%	1.33%	4.06%
9 months	1.32%	1.02%	1.47%	4.23%
1 year	1.33%	0.43%	1.66%	4.46%
2 years	1.56%	0.78%	1.51%	4.86%
3 years	1.95%	1.26%	1.95%	5.15%
5 years	2.48%	2.16%	2.63%	5.46%
7 years	2.89%	2.80%	3.10%	5.58%
10 years	3.31%	3.37%	3.54%	5.62%
15 years	3.64%	3.83%	3.87%	5.45%
20 years	3.70%	4.01%	3.95%	5.24%
30 years	3.50%	4.11%	3.92%	4.72%

The following table shows the financial assets and liabilities of the Bank that represent its fair value:

(Thousands of Euros)

	31 December 2010					
	At fair value through profit or loss	Available for sale	Amortised cost	Others	Book value	Fair value
Cash and deposits at central banks	-	-	472,625	-	472,625	472,625
Loans and advances to credit institutions						
Repayable on demand	-	-	1,250,283	-	1,250,283	1,250,283
Other loans and advances	-	-	9,003,096	-	9,003,096	8,987,980
Loans and advances to customers	-	-	52,998,550	-	52,998,550	50,265,267
Financial assets held for trading	5,242,772	-	-	-	5,242,772	5,242,772
Other financial assets held for trading at fair value						
Financial assets available for sale	-	15,148,523	-	-	15,148,523	15,148,523
Hedging derivatives	440,614	-	-	-	440,614	440,614
Held to maturity financial assets	-	-	6,480,525	-	6,480,525	5,984,529
Investments in associated companies	-	-	-	3,907,836	3,907,836	3,907,836
	5,683,386	**15,148,523**	**70,205,079**	**3,907,836**	**94,944,824**	**91,700,429**
Deposits from other credit institutions	-	-	27,420,661	-	27,420,661	27,367,623
Amounts owed to customers	-	-	31,366,731	-	31,366,731	31,227,819
Debt securities	-	-	14,416,717	-	14,416,717	13,151,310
Financial liabilities held for trading	1,384,125	-	-	-	1,384,125	1,384,125
Other financial liabilities held for trading at fair value through results	3,079,851	-	-	-	3,079,851	3,079,851
Hedging derivatives	27,889	-	-	-	27,889	27,889
Subordinated debt	-	-	3,388,038	-	3,388,038	2,769,347
	4,491,865	**-**	**76,592,147**	**-**	**81,084,012**	**79,007,964**

(Thousands of Euros)

	31 December 2009					
	At fair value through profit or loss	Available for sale	Amortised cost	Others	Book value	Fair value
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 other credit institutions	-	-	20,287,854	-	20,287,854	20,094,745
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 trough 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**

48. Pensions

The Bank assumed the liability to pay to their employees pensions on retirement or disabilities and other obligations. These liabilities comply with the terms of the 'Acordo Colectivo de Trabalho do Sector Bancário' (ACT). The Bank's pension obligations and other liabilities are mainly covered through the Banco Comercial Português Pension Fund managed by PensõesGere - Sociedade Gestora de Fundo de Pensões, S.A. At 31 December 2010 and 2009 the number of participants covered by this pension plan is analysed as follows:

	'10	'09
Number of participants		
Pensioners	15,639	15,606
Employees	10,020	10,232
	25,659	25,838

In accordance with the new agreement established between the Portuguese Government, Banks and Trade Unions, the Bank employees currently integrated in CAFEB/ACT system were transferred to the general social healthcare system ('RGSS'). This transition is effective on 1 January 2011. Although, some benefits including illness, disability and death continue to be assured by the Pensions Fund.

In accordance with this agreement, referring to the retirement pensions plan, the employees will maintain the current benefits as well as the future benefit that will be at least equivalent to the established in the ACT. Additionally, the employers maintain the liability to pay the complementary pensions plan at the retirement day. On this basis, the exposure to the actuarial and financial risk related to these benefits does not suffer changes.

The integration resulted in an effective decrease of the actual value of the total benefits reported at the normal age of retirement (VABT) to be supported by the Pensions Fund;

Taking into consideration that no reduction of benefits on the beneficiary perspective has occurred, at the initial moment of recognition the liabilities from past services does not change;

Considering that the basis of calculation for the benefits in the ACT and RGSS plans is based in different formulas, it is possible to recognize a gain, if the value of the covered liabilities by the pensions fund at the retirement date is lower than the value of liabilities at that date. This gain should be deferred on a linear basis during the average period of working life until the normal retirement age.

Although, the Bank did not register, in its financial statements, any impact in the actuarial calculation as at 31 December 2010.

In accordance with the accounting policy, described in note 1 u), the pension obligation and the respective funding for the Bank as at 31 December 2010 and 2009, based on an actuarial valuation made using the projected unit credit method, are analysed as follows:

(Thousands of Euros)

	'10	'09	'08	'07	'06
Projected benefit obligations					
Pensioners	4,056,369	4,189,336	4,382,647	4,493,727	4,458,474
Employees	1,237,637	1,195,086	1,251,744	1,296,028	1,166,107
	5,294,006	5,384,422	5,634,391	5,789,755	5,624,581
Value of the Pension Fund	(5,121,208)	(5,503,361)	(5,239,077)	(5,535,037)	(5,493,903)
Provisions for defined contributions complementary plan	-	-	(12,188)	-	-
Liabilities not financed by the Pension Fund	172,798	(118,939)	383,126	254,718	130,678
Liabilities covered by the Extra Fund	(368,049)	(373,739)	(434,952)	(446,028)	(449,817)
(Surplus) / Deficit coverage	(195,251)	(492,678)	(51,826)	(191,310)	(319,139)

The liabilities related to seniority premium are not covered by the Bank's Pension Fund, considering that does not refer to retirement liabilities. Therefore, the seniority premium is not included in this note.

The referred liabilities amounts to Euros 54,221,000 (31 December 2009: Euros 54,071,000) as at 31 December 2010 and are covered by provisions in the same amount, as referred in note 38.

As at 31 December 2010, the value Projected benefit obligations includes the amount of Euros 282,743,000 (31 December 2009: Euros 292,828,000) related to the obligations with past services for the Complementary Plan which are fully funded by the value of the Pension Fund.

Following the decision of the Executive Board of Directors dated 21 September 2006, the 'Complementary Pension Plan' which was established in the 'Plano de Pensões do Fundo de Pensões do Grupo Banco Comercial Português' (Defined benefit), 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, the Bank have to assure the annual funding of the Fund, in order to cover the defined benefit, in case of a deficit. The amount is determined in accordance with the actuarial valuation performed each year, and funding will be performed annually.

As referred in notes 9 and 38 and in accordance with accounting policy 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 Bank'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 that the conditions to attribute complementary pensions in 2010 were not accomplished, in line with 2009, the Executive Board of Directors reviewed the estimated cost of this liability. Therefore, based on the referred estimate, the Bank booked a cost for the year of 2010 in the amount of Euros 6,691,000 (31 December: Euros 6,000,000) related to costs with the complementary plan. This criteria and the referred estimates are revaluated on an annual basis by the Executive Board of Directors. The difference between the estimated and the actual amounts are accounted as actuarial differences.

The change in the present value of obligations during 2010 and 2009 is analysed as follows:

(Thousands of Euros)

	'10			'09
	Pension benefit obligations	Extra-Fund	Total	Total
Balance as at 1 January	5,010,683	373,739	5,384,422	5,634,391
Service cost	34,155	1,258	35,413	37,343
Interests costs	267,648	19,771	287,419	306,853
Actuarial (gains) and losses				
Not related with changes in actuarial assumptions	(42,457)	1,098	(41,359)	(72,698)
Arising from changes in actuarial assumptions	(74,332)	(3,749)	(78,081)	(291,513)
Payments	(286,394)	(24,026)	(310,420)	(307,417)
Early retirement programmes	7,238	-	7,238	1,830
Contributions of employees	11,226	-	11,226	11,023
Other charges	(1,810)	(42)	(1,852)	64,610
Balance at the end of the year	**4,925,957**	**368,049**	**5,294,006**	**5,384,422**

As at 31 December 2010, the value of the pensions paid by the Pension Fund, excluding the Extra-Fund, amounted to Euros 286,394,000 (31 December 2009: Euros 283,727,000).

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

(Thousands of Euros)

	'10	'09
Variable income securities:		
Shares	1,164,209	1,233,050
Bonds	911,158	1,016,100
Fixed income securities	626,630	1,788,160
Properties	379,715	379,084
Investment fund units	1,152,963	988,006
Loans and advances to credit institutions	876,584	99,203
Others	9,949	(242)
	5,121,208	**5,503,361**

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

(Thousands of Euros)

	'10	'09
Fixed income securities	55,202	348,178
Variable income securities	358,795	38,916
	413,997	**387,094**

The balance Properties includes the buildings owned by the Fund and used by the Bank's companies which, as at 31 December 2010, amounted to Euros 377,634,000 (31 December 2009: Euros 377,018,000).

The change in the fair value of assets of the Fund during 2010 and 2009 is analysed as follows:

(Thousands of Euros)

	'10	'09
Balance as at 1 January	5,503,361	5,239,077
Expected return on plan's assets	276,336	275,976
Actuarial gains and (losses)	(585,178)	190,203
Contributions to the Fund	203,667	11,953
Payments	(286,394)	(283,727)
Contributions of employees	11,226	11,023
Other charges	(1,810)	58,856
Balance at the end of the year	**5,121,208**	**5,503,361**

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:

(Thousands of Euros)

Issuer	Contribution year	Contribution value	Potential and realised Gains/(Losses)			
			'07		'06	
			Year	Acumulated	Year	Acumulated
Friends Provident PLC (i)	2005	82,531,602	(32,333)	(10,428)	14,873	21,905
Millennium bcp 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 53, the Pension Fund registered an actuarial loss in the approximate amount of Euros 115,000,000 related to the commercial paper issued by Millennium bcp Imobiliária. The amount of the actuarial loss, net of amortisations, as at 31 December 2010 is Euros 86,250,000 (31 December 2009: Euros 92,000,000). The amount will continue to be amortised by the remaining term of 15 years with an annual amortisation of approximatly Euros 5,750,000.

The change in the amounts payable to the Pension Fund related with the obligations during 2010 and 2009 is analysed as follows:

(Thousands of Euros)

	(Surplus) / Deficit	
	'10	'09
Balance as at 1 January	(492,678)	250
Service cost	34,155	35,967
Interests costs	267,648	285,922
Cost with early retirement programs	7,238	1,341
Expected return on plan assets	(276,336)	(275,976)
Actuarial (gains) and losses		
Not related to changes in actuarial assumptions	542,721	(259,672)
Arising from changes in actuarial assumptions	(74,332)	(280,745)
Contributions to the Fund	(203,667)	(11,953)
Provisions for Complementary Defined Contribution Plan	-	12,188
Balance at the end of the year	**(195,251)**	**(492,678)**

The contributions to the Pension Fund, made by the Bank, are analysed as follows:

(Thousands of Euros)

	'10	'09
Shares	2,020	-
Other securities	201,054	11,953
Cash	594	-
	203,668	**11,953**

In accordance with IAS 19, deferred actuarial losses, including the corridor, as at 31 December 2010, are analysed as follows:

(Thousands of Euros)

	Actuarial losses	
	Corridor	Amount in excess of the Corridor
Balance as at 1 January 2009	550,336	955,243
Actuarial (gains) and losses		
Not related with changes in actuarial assumptions	-	543,819
Arising from changes in actuarial assumptions	-	(78,081)
Amortisation of actuarial gains and losses	-	(56,576)
Transfers	-	150
Other variations	-	(3,200)
Variation in the corridor	(20,935)	20,935
Balance at the end of the year	**529,401**	**1,382,290**

As at 31 December 2010, 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 529,401,000 (31 December 2009: Euros 550,336,000).

As at 31 December 2010, the net actuarial gains and losses in excess of the corridor amounted to Euros 1,382,290,000 (31 December 2009: Euros 955,243,000) and will be amortized against results over a 20 year period considering the year-end balance of the previous year, as referred in the accounting policy presented in note 1 u).

As at 31 December 2010, the Bank accounted as pension costs the amount of Euros 113,510,000 (31 December 2009: Euros 138,735,000), which is analysed as follows:

(Thousands of Euros)

	'10	'09
Service cost	35,413	37,343
Interest costs	287,419	306,852
Expected return on plan assets	(276,336)	(275,976)
Amortization of actuarial gains and losses	56,576	66,573
Costs with early retirement programs	7,238	1,830
Reversal of the actuarial losses from the responsibilities of early retirement ('curtailment')	3,200	2,113
Cost of the year	**113,510**	**138,735**

The liabilities with health benefits are fully covered by the Pension Fund and corresponds, in December 2010, to the amount of Euros 268,616,000 (31 December 2009: Euros 272,097,000). The estimated value of contributions to the pension plan in 2011 is Euros 53,456,000.

The cost for the year of the seniority premium, for 2010 and 2009, is analysed as follows:

(Thousands of Euros)

	'10	'09
Service cost	3,190	3,061
Interest costs	2,846	2,765
Actuarial gains and losses	(922)	-
Other charges	(5)	(705)
Cost of the year	**5,109**	**5,121**

Regarding the coverage of some benefit obligations related to pensions, the Bank contracted with Ocidental Companhia Portuguesa de Seguros de Vida SA (Ocidental Vida) the aquisition of lifelong fixed return insurances for which the total expense as at 31 December 2010 amounts to Euros 111,011,000 in order to pay:

i) pensions of former Group's Board Members in accordance of the BCP Board Members Retirement Regulation.
ii) of pensions and complementary pension to pensioners in accordance to the Pension Fund of the BCP employees established in 28 December 1987, as also to pensioners, in accordance with other Pension Funds, that were incorporated after on the BCP Pension Fund and which were planed that the retirement benefits should be paid through acquisition of insurance, in order with the Decree-Law nº 12/2006. As at 31 December 2010 the number of employees were 60.

Ocidental Vida is owned 100% by the Ageas Group and the Ageas Group is owned 49% by the BCP Group, and therefore, in Group relation with BCP.

As the Board Members Retirement Regulation preview that the pensions are annually reviewed and as it is not practiced on the insurance market the acquisition of income lifelong insurances that incorporates a reviewed factor, the Bank, observing the actuarial criteria, proceeded the verification and the accounting on its financial statements of the necessary amount to look for that review.

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 Executive Board Members, as well as the Complementary Plan for these members in accordance with the aplicable rules, funded through the Pension Fund, Extra-fund and lifelong insurances.

To cover the update of contracted responsibilities through lifelong insurances, based on the actuarial calculations, the Bank recognises a provision as at 31December 2010 of Euros 40,996,000 (31 December 2009: Euros 40,996,000).

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:

(Thousands of Euros)

	'10	'09
Balance as at 31 December 2009	**40,996**	**73,540**
Write-back	-	(17,981)
Changes in actuarial assumptions	-	(13,131)
Payments	-	(1,432)
Balance as at 31 December 2010	**40,996**	**40,996**

As referred in note 8 the balance Charge-offs corresponded, 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, heard the Supervisory Board, based on the recommendation from the Remunerations Commission, being in course diligences in order to reduce the charges of the former members of the Executive Board of Directors.

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 an annual basis, based on the actuarial analysis performed by PensõesGere.

Considering the market indicators, particularly the estimations of the inflation rate and the long term interest rate for Euro Zone as well as the demographic characteristics of the employees, with the exception of the pensions' increase rate, the Bank maintained the actuarial assumptions used for the calculation of the liabilities with pension obligations with reference to 31 December 2010. The comparative analysis of the actuarial assumptions is analysed as follows:

	Banco Comercial Português Fund	
	'10	'09
Increase in future compensation levels	2.50%	2.50%
Rate of pensions increase	1.50%	1.65%
Projected rate of return of fund assets	5.50%	5.50%
Discount rate	5.50%	5.50%
Mortality tables		
Men	TV 73/77 - 1 year	TV 73/77 - 1 year
Women	TV 88/90 - 2 years	TV 88/90 - 2 years
Disability rate	0%	0%
Turnover rate	0%	0%
Costs with health benefits increase rate	6.50%	6.50%

The deduction of one and two year on men and women tables is related to the diference of life time over one and two years respectively.

The assumptions used on the calculation of the 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 return rate of the Plan assets was determined according with current market conditions and with the nature and return of the plan's assets.

Net actuarial losses 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 the change in the pensions' increase rate, for the year ended 31 December 2010 amounted to Euros 465,737,000 (31 December 2009: actuarial losses of Euros 554,414,000) and are analysed as follows:

	Actuarial (gains) / losses			
	'10		'09	
	%	Euros '000	%	Euros '000
Deviation between expected and actual liabilities:				
Increase in future compensation levels	2.24%	(19,258)	2.67%	(20,007)
Pensions increase rate	1.00%	(26,789)	1.50%	(31,488)
Disability	0.15%	7,988	0.10%	5,618
Turnover	-0.11%	(6,109)	-0.13%	(7,184)
Mortality deviations	0.41%	21,872	0.31%	17,350
Others	0.35%	(19,063)	-0.66%	(36,987)
Changes on the assumptions:				
Discount rate	5.50%	-	5.50%	172,236
Increase in future compensation levels	2.50%	-	2.50%	(139,093)
Pensions increase rate	1.50%	(78,081)	1.65%	(324,656)
Mortality tables	0.00%	-	0,00%	-
Return on plan's assets	-5.49%	585,178	9.43%	(190,203)
		465,738		**(554,414)**

Health benefit costs have a significant impact on 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 2010) and a negative variation (from 6.5% to 5.5% in 2010) of one percent in health benefit costs, which impact is analysed as follows:

(Thousands of Euros)

	Positive variation of 1% (6.5% to 7.5%)		Negative variation of 1% (6.5% to 5.5%)	
	'10	'09	'10	'09
Pension cost impact	450	417	(450)	(417)
Liability impact	41,325	41,861	(41,325)	(41,861)

49. Related parties

The Bank grants loans in the ordinary course of its business within the Group's companies and to other related parties. Under the Collective Agreement of Labour for Employees of the Portuguese Banking Sector which includes substantially all employees of banks operating in Portugal, the Bank grants loans to employees at interest rates fixed under the above referred agreement for each type of loan upon request by the employees.

As at 31 December, 2010, loans to members of the Executive Board of Directors and their direct family members amounted to Euros 616,000 (31 December 2009: Euros: 918,000), which represented 0.01% of shareholders' equity (31 December 2009: 0.01%). These loans were granted in accordance with the applicable laws and regulations.

As at 31 December 2010, the principal loans and guarantees (excluding interbank and money market transactions) the Group has made to shareholders, holding individually or together with their affiliates, 2% or more of the share capital whose holdings in aggregate, represent 49.1% of the share capital as of 31 December 2010 (31 December 2009: 43.8%), described in the Executive Board of Directors report, amounted to approximately Euros 2,026,221,000 (31 December 2009: Euros 2,404,250,000). Each of these loans was made in the ordinary course of business, on substantially the same terms as those prevailing at the time for comparable transactions with other entities, being respected the legal formalities and regulations.

Remunerations to the Executive Board of Directors

The remunerations paid to the members of the Executive Board of Directors in 2010 amounted to Euros 4,679,000 (2009: Euros 3,605,000), with Euros 321,000 (2009: Euros 293,000) paid by subsidiaries or companies which governing bodies represent interests in the Group. The value subsumed in 2010 includes an amount related to the process of renouncing of the exercise of functions made by an administrator.

Therefore, considering that the remuneration of members of the Executive Board of Directors intends to compensate the functions that are performed in the Bank and in other functions on subsidiaries or other companies for which they have been designated by indication of the Bank or representing it, the net amount of the remunerations annually received by each member is considered for calculating the fixed annual remuneration attributed by the Bank and set by the Remunerations Commission.

During 2010, the costs with Social Security and the contributions to the Pension Fund for members of the Executive Board of Directors amounted to Euros 1,650,000 (2009: Euros 1,109,000). The value subsumed in 2010 includes an adjustment arising from the difference between the actual values calculated for the term 2008 to 2010 and the estimates made in previous years.

Transactions with the Pension Fund

During 2010, the following transactions were made to the Group's Pension Fund:

(i) Contributions in assets to the Pension Fund in the amount of Euros 203 million, as referred in note 48, which included securities of the Group (Euros 96,000,000) related with participation units from Investment Funds;
(ii) Sale of the investment held in Eureko BV;
(iii) Contributions in cash to the Pension Fund in the amount of Euros 1,508,745.

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.

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

Shareholders/Bondholders	Security	Number of securities at		Changes during 2010			
		31/12/10	31/12/09	Acquisitions	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				
	BCP Investimento Telecoms March 2013	20	0	20 (a)		1-Mar-10	1,000.00
Luís 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				
	MillenniumBcp Valor Capital 2009	15	15				
António Manuel Palma Ramalho	BCP Shares	12,092	12,092				
	BPSM/97 Top's Perpétuas Subord 1/2 Serie	498,798	498,798				
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	1,000				
Pedro Maria Calaínho Teixeira Duarte	BCP Shares	1,456	1,456				
	BCP Shares(e)	8,200,000	200,000	235,164		24-Mar-10	0.801
				311,092		25-Mar-10	0.803
				4,453,744		31-Mar-10	0.819
				3,000,000		21-Apr-10	0.798
Josep Oliu Creus	BCP Shares	13,000	13,000				
Manuel Alfredo Cunha José de Mello	BCP Shares	186,701	236,701		50,000 (b)	20-Dec-10	0.621
	BCP Finance Bank MTN 6,25 (29.3.2011)	200	200				
	BCP Fin Iln World Bk Enhan Nt Oct 2010	0	200		200 (b)	8-Oct-10	577.48
	BCP Ob Cx Subordinadas 1ª S (2008/2018)	1,000	1,000				
	BCP Fin Iln Bask Enhan X Eur Dec/10	0	200		200 (b)	13-Dec-10	633.30
	BCP Fin Iln Bask Enhan XI Eur Dec/10	0	80		80 (b)	28-Dec-10	635.32
	BCP Fin E Iberica Autocall VII/09 Feb/11	0	20		20 (b)	4-Feb-10	10,000.00
	BCP Fin Bk RC Allianz X/09 Eur Feb/2010	0	30		30 (b)	25-Feb-10	10,000.00
	BCP Fin Bk RC BG Gr Plc X/09 Eur Fev/10	0	300		300 (b)	25-Feb-10	1,000.00
	BCP Fin Renascimen. Fin XI/09 Eur Var05/11	0	40		40 (b)	2-Feb-10	5,000.00
	BCP Fin Bk Camale. 125% XI/09 (11/2014)	150	150				
	BCP Fin Sel Ac Eur Ret 2 Fontes XI(05/11)	100	100				
	BCP Fin Bk Rc Nokia XII/09 Eur (04/10)	0	20		20 (b)	15-Apr-10	1,000.00
	BCP Fin Selec BrasilL XII/09 Eur (06/11)	329	329				
	BCP Fin Escolh Tripla Europeia IV/10 04/11	40	0	40 (a)		23-Apr-10	10,000.00
	BCP Fin Inv Bayer Autocall IV/10 04/12	0	0	40 (a)		29-Apr-10	10,000.00
					40 (b)	29-Oct-10	1,000.00
	BCP Fin Bk Rc BHP Billiton Plc.III(07/10)	0	0	100 (a)		4-Mar-10	1,000.00
					100 (b)	2-Jul-10	1,000.00
	BCP Fin Bk Rc BHP Billiton VII Eur Nov 10	0	0	50 (a)		19-Jul-10	1,000.00
					50 (b)	19-Nov-10	1,000.00
	BCP Fin Inv Mundial III (03/2011)	100	0	100 (a)		26-Mar-10	
	BCP Fin Rc Rio Tinto III/10 10,50 (07/2010)	0	0	100 (a)		30-Mar-10	1,000.00
					100 (b)	30-Jul-10	1,000.00
	BCP Fin Rc Xstrata Plc V/10 Eur (03-08-10)	0	0	200 (a)		3-May-10	1,000.00
					200 (b)	2-Aug-10	726.37
	BCP Fin Farmace Glob V/10 Eur (03-05-12)	0	0	200 (a)		3-May-10	1,000.00
					200 (b)	2-Nov-10	1,000.00
	BCP Fin Bk Rc Nokia VI/10 EUR (10/2010)	0	0	10 (a)		14-Jun-10	10,000.00
					10 (b)	14-Oct-10	10,000.00

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Shareholders/Bondholders	Security	Number of securities at 31/12/10	Number of securities at 31/12/09	Changes during 2010 Acquisitions	Changes during 2010 Disposals	Date	Unit Price Euros
Manuel Alfredo Cunha José de Mello (cont.)	BCP Fin Bk Rc Soc Generale I/10 (05/2010)	0	0	20 (a)		7-Jan-10	10,000.00
					20 (b)	7-May-10	10,000.00
	Certific BCP I s/ Ouro Mar / 2011	0	0	400 (c)		17-May-10	126.00
					400 (d)	7-Oct-10	135.50
	Certific BCP I s/ Fut Ice Brent Cru Jun 2011	0	0	8,700 (c)		17-May-10	5.73
					8,700 (d)	4-Oct-10	5.60
	BCP Inv Ind Mundiais XI (11/2013)	120	0	120 (a)		17-Nov-10	1,000.00
	BCP Farmaceut Gl Autocall XI/10 (11/2012)	200	0	200 (a)		22-Nov-10	1,000.00
	BCP Rev Conv Alstom XI/10 (03/2011)	10	0	10 (a)		22-Nov-10	10,000.00
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	1,500				
José Guilherme Xavier de Basto	BCP Shares	1,188	1,188				
	Bcp Ob Cx Multi-Rend Dax Feb 2007/10	0	100		100 (b)	12-Feb-10	1.000,00
	BCP Mill Rend Semestral March	5	0	5 (a)		1-Mar-10	1.000,00
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	20				
	BCP Rendimento Mais April 2012	0	100		100 (d)	3-Sep-10	1,007.16
	Millennium BCP Valor Capital 2009	20	20				
	BCP Inv Total November 2012	100	100				
	BCP Inv Cabaz Eenergia Nov 2	50	50				
	BCP Mill Rendimento Plus Jun 2010/2014	50	0	50 (a)		28-Jun-10	1,000.00
	Millennium BCP Subordinadas 2010/2020	25	0	25 (a)		28-Jun-10	1,000.00
	Millennium BCP Subord. August 2020 Call	40	0	40 (a)		26-Aug-10	1,000.00
	BCP Mill Rend. Premium 2ª série 04/2013	40	0	40 (a)		25-Oct-10	1,000.00
	Certific BCPI S&P 500	0	2,850	2,065 (c)		15-Apr-10	12.10
					4,915 (d)	13-Dec-10	12.39
	Certific BCPI Eurostoxx 50	820	820				
	Certific BCPI PSI 20	0	160		160 (d)	27-Apr-10	73.50
Thomaz de Mello Paes de Vasconcelos	BCP Shares	1,000	1,000				
Vasco Esteves Fraga	BCP Shares	1,000	1,000				
Huen Wing Ming Patrick	BCP Shares	2,746,076	2,746,076				
Spouse and Dependent Children							
Luís Maria Salazar Couto Champalimaud	BCP Shares	20,000	12,000	8,000 (c)		8-Nov-10	0,636
Ana Maria Almeida M Castro José de Mello	BCP Shares	4,980	4,980				
	BCP Ob Cx Subordinadas 1ª S (2008/2018)	400	400				
	BCP Inv Ind Mundiais XI/10 (11/2013)	60	0	60 (a)		17-Nov-10	1,000.00
	BCP Farmaceut GL Autocall XI/10 (11/2012)	40	0	40 (a)		22-Nov-10	1,000.00
	BCP Fin Iln World Bk Enhan Nt Oct 2010	0	100		100 (b)	8-Oct-10	577.48
	BCP Fin Iln Wr Bask Enh X Eur Dec/10	0	100		100 (b)	13-Dec-10	633.30
	BCP Fin Bk RC BG GR Plc X/09 Eur Feb/10	0	20		20 (b)	25-Feb-10	1,000.00
	BCP F Bk RC Allianz X/09 Eur Feb/2010	0	2		2 (b)	25-Feb-10	10,000.00
	BCP Fin Escolh Tripla Europeia IV/10 04/11	3	0	3 (a)		23-Apr-10	10,000.00
	BCP Fin Bk Rc BHP Billiton Plc.III(07/10)	0	0	20 (a)		4-Mar-10	1,000.00
					20 (b)	2-Jul-10	1,000.00

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Shareholders/Bondholders	Security	Number of securities at		Changes during 2010			
		31/12/10	31/12/09	Acquisitions	Disposals	Date	Unit Price Euros
Ana Melo Castro José de Mello	BCP Shares	1,299	1,299				
	BCP Ob Cx Subordinadas 1ª Sr (2008/2018)	200	200				
	BCP Farmac Gl Autocall XI/10 (11/2012)	20	20				
	BCPF Escolha Tripla Europeia IV/10 04/11	5	0	5 (a)		23-Apr-10	10,000.00
	BCPF Bk Rc Allianz X/09 Eur Feb/2010	0	1		1 (b)	25-Feb-10	10,000.00
	BCPF Bk Bg Group Plc X/09 Eur Feb/10	0	10		10 (b)	25-Feb-10	1,000.00
	BCP Fin Bk Rc BHP Billiton Plc.III(07/10)	0	0	20 (a)		4-Mar-10	1,000.00
					20 (b)	2-Jul-10	1,000.00
Pedro Maria Cunha José de Mello	BCP Fin Iln Wr Bask Enhanc X Eur Dec/10	0	100		100 (b)	13-Dec-10	1,000.00
	BCP F Iln Portfol Slt 4 A-Call Eur 03/10	0	50		50 (b)	16-Mar-10	1,000.00
	BCP-Financ Bank MTN 6,25 (29.03.2011)	100	100				
	BCP/2009-Eur 1000M 5,625 (04/2014)	3	3				
	BCP Fin Select Canarinha XII/09(06/2011)	50	50				
	BCP Fin Saude Mundial Autocall IV/10 04/12	75	0	75 (a)		23-Apr-10	1,000.00
	BCP Fin Escolh Tripla Europeia IV/10 04/11	7	0	7 (a)		23-Apr-10	10,000.00
	BCP Fin Inv Bayer Autocall IV/10 04/12	0	0	5 (a)		29-Apr-10	10,000.00
					5 (b)	29-Oct-10	1,000.00
	BCP Fin Bk Rc BHP Billiton Plc.III(07/10)	0	0	50 (a)		4-Mar-10	1,000.00
					50 (b)	2-Jul-10	1,000.00
	BCP Fin Bk Rc BHP Billiton VII Eur Nov 10	0	0	50 (a)		19-Jul-10	1,000.00
					50 (b)	19-Nov-10	1,000.00
	BCP Fin Rio Tinto VIII/10 Eur Dec 2010	0	0	50 (a)		16-Aug-10	1,000.00
					50 (b)	16-Dec-10	1,000.00
	BCP Farmaceut Gl Autocall XI/10 (11/2012)	75	0	75 (a)		22-Nov-10	1,000.00
	BCP Rev Conv Alstom XI/10 (03/2011)	5	0	5 (a)		22-Nov-10	10,000.00
Isabel Maria V. L. P. Martins Monteiro	BCP Fin Iln World Bk Enh II Eur 10/10	0	50		50 (b)	18-Oct-10	545.41
Maria Emília Neno R. T. Xavier de Basto	BCP Shares	376	376				
Plautila Amélia Lima Moura Sá	BCP Shares	2,754	2,754				
	BCP Ob Cx Inv Global 12% Feb 06/11	500	500				
	BCP Ob Cx Multi-Rend Dax Feb 07/10	0	400		400 (b)	12-Feb-10	50.00
	BCP Ob Cx Inv Mundial May 2010	0	700		700 (b)	7-May-10	50.00
	BCP Ob Cx Invest Cabaz Mund Feb 08/11	400	400				
	BCP Cx Inv Energias Renov Jun 2011	400	400				
	BCP Ob Cx Invest Plus Sep 2008/11	0	300		300 (d)	14-Jul-10	101.69
	Certific BCPI Eurostoxx 50 (04/2010)	0	240		240 (d)	18-Mar-10	29.31
	Certific BCPI Eurostoxx 50	240	0	240 (c)		18-Mar-10	29.31
	Certific BCPI S/DJ Stoxx Utili (10/2012)	2,125	2,125				
	Certific BCPI S/DJ Stoxx Basic (10/2012)	1,485	1,485				

(a) Subscription.
(b) Reimbursement.
(c) Purchase.
(d) Sale.
(e) BCP shares owned indirectly through the company "PACIM - Sociedade Gestora de Participações Sociais, S.A."

As at 31 December 2010, the Bank's credits over subsidiaries and the Millenniumbcp Ageas Group, represented or not by securities, included in the captions of Loans and advances to credit institutions and to customers and Financial assets held for trading and available for sale, are analysed as follows:

(Thousands of Euros)

	Loans and advances		Financial assets		
	Credit Institutions	Customers	Trading	Available for sale	Total
Banco de Investimento Imobiliário, S.A.	2,246,424	-	-	515,332	2,761,756
Banque Privée BCP (Suisse) S.A.	331,939	-	-	-	331,939
Millennium bcp Bank & Trust	1,185,602	-	-	-	1,185,602
BCP Finance Bank Ltd	976,483	-	13,751	105,129	1,095,363
Banca Millennium S.A.	150,134	-	-	-	150,134
Bank Millennium (Poland) Group	200,198	-	-	-	200,198
Millennium Bank (Greece) Group	1,715,011	-	-	238,941	1,953,952
Banco Millennium Angola, S.A.	242,224	-	-	-	242,224
BCP Holdings (USA), Inc.	-	195,773	-	-	195,773
Millenniumbcp Ageas Group	-	217,491	-	-	217,491
Others	-	2,587	-	50,924	53,511
	7,048,015	415,851	13,751	910,326	8,387,943

As at 31 December 2010 the Bank's credits over associated companies, represented or not by securities, included in the captions of Loans and advances to credit institutions and to customers, and Financial assets held for trading and available for sale in the amount of Euros 99,715,000.

As at 31 December 2010 the Bank's liabilities with subsidiaries and the Millenniumbcp Ageas Group, represented or not by securities, included in the captions Deposits from credit institutions and to customers, Debt securities issued and in Subordinated debt are analysed as follows:

(Thousands of Euros)

	Deposits from				
	Credit Institutions	Customers	Debt Securities Issued	Subordinated Debt	Total
Banco ActivoBank, S.A.	214,252	-	-	-	214,252
Banco de Investimento Imobiliário, S.A.	39,435	1,676	740,911	28,834	810,856
Bank Millennium (Poland) Group	973	-	-	-	973
Banque Privée BCP (Suisse) S.A.	40,634	-	-	-	40,634
Millennium bcp Bank & Trust	2,466,076	-	-	-	2,466,076
BCP Finance Bank Ltd	5,044,407	-	-	1,002,936	6,047,343
BCP Finance Company, Ltd	966	-	-	1,020,569	1,021,535
Millennium bcp Participações, S.G.P.S., Sociedade Unipessoal, Lda.	-	24,080	-	-	24,080
BCP Investment, B.V.	-	137,717	-	-	137,717
BIM - Banco Internacional de Moçambique, S.A.R.L.	127,832	-	-	-	127,832
Millennium Bank (Greece) Group	1,037,162	-	-	-	1,037,162
Millennium bcp Gestão de Activos - Sociedade Gestora de Fundos de Investimento, S.A.	-	12,343	-	-	12,343
Millennium bcp Imobiliária, S.A.	-	203	-	-	203
Banco Millennium Angola, S.A.	36,653	-	-	-	36,653
Millennium bcp - Prestação de Serviços, A.C.E.	-	23,176	-	-	23,176
BCP Capital - Sociedade de Capital de Risco, S.A.	-	24,935	-	-	24,935
Millenniumbcp Ageas Group	-	490,560	-	-	490,560
Others	-	758,378	-	-	758,378
	9,008,390	1,473,068	740,911	2,052,339	13,274,708

As at 31 December 2010 the Bank's liabilities with associated companies, represented or not by securities, included in the captions Deposits from credit institutions and to customers, Debt securities issued and in Subordinated debt in the amount of Euros 44,367,000.

As at 31 December 2010, the income generated by the Bank on inter-company transactions with subsidiaries, included in the captions of Interest income, Commissions, Other operating income and Gains arising from trading activity, are analysed as follows:

(Thousands of Euros)

	Interest income	Commissions income	Other operating income	Gains arising from trading activity	Total
Banco ActivoBank, S.A.	-	72	668	-	740
Banca Millennium S.A. (Roménia)	2,481	-	-	277	2,758
Banco de Investimento Imobiliário, S.A.	38,102	-	-	140	38,242
Bank Millennium (Poland) Group	9,253	-	-	14,961	24,214
Banque Privée BCP (Suisse) S.A.	4,292	-	-	-	4,292
Millennium bcp Bank & Trust	13,022	2,667	-	63,528	79,217
BCP Finance Bank Ltd	8,015	-	-	900,539	908,554
Millennium Bank, Anonim Sirketi (Turkey)	517	-	-	20,276	20,793
BIM - Banco Internacional de Moçambique, S.A.R.L.	-	-	7,140	-	7,140
Millennium Bank (Greece) Group	23,648	550	-	15,618	39,816
Millennium bcp Gestão de Activos - Sociedade Gestora de Fundos de Investimento, S.A.	-	9,277	59	-	9,336
Banco Millennium Angola, S.A.	3,343	-	620	-	3,963
Millennium bcp - Prestação de Serviços, A.C.E.	-	-	10,163	-	10,163
Millenniumbcp Ageas Group	2,717	74,165	3,711	-	80,593
Others	1,484	13,891	277	-	15,652
	106,874	**100,622**	**22,638**	**1,015,339**	**1,245,473**

As at 31 December 2010, the costs incurred by the Bank on inter-company transactions with subsidiaries, included in the captions Interest expense, Commissions, Administrative costs and Losses arising from trading activity, are analysed as follows:

(Thousands of Euros)

	Interest expenses	Commissions costs	Administrative costs	Losses arising from trading activity	Total
Banco ActivoBank, S.A.	2,155	2,541	112	-	4,808
Banca Millennium S.A. (Roménia)	3	-	-	1,514	1,517
Banco de Investimento Imobiliário, S.A.	8,034	9,818	309	35	18,196
Bank Millennium (Poland) Group	1,923	-	-	28,021	29,944
Banque Privée BCP (Suisse) S.A.	384	-	-	-	384
Millennium bcp Bank & Trust	24,768	-	-	22,881	47,649
BCP Finance Bank Ltd	80,331	-	-	776,730	857,061
BCP Finance Company, Ltd	49,589	-	-	-	49,589
Millennium bcp Participações, S.G.P.S., Sociedade Unipessoal, Lda.	454	-	-	-	454
BCP Investment, B.V.	281	-	-	-	281
Millennium Bank, Anonim Sirketi (Turkey)	-	-	-	12,688	12,688
BIM - Banco Internacional de Moçambique, S.A.R.L.	433	-	-	-	433
Millennium Bank (Greece) Group	5,585	-	-	7,152	12,737
Seguros e Pensões Gere, S.G.P.S., S.A.	20	-	-	-	20
Banco Millennium Angola, S.A.	378	-	-	-	378
Millennium bcp - Prestação de Serviços, A.C.E.	28	-	54,051	-	54,079
Millenniumbcp Ageas Group	-	-	570	-	570
Others	3,206	6	13,821	-	17,033
	177,572	**12,365**	**68,863**	**849,021**	**1,107,821**

As at 31 December 2010, the off balance sheet accounts of the Bank on inter-company transactions with subsidiaries, included in the captions Guarantees granted and Commitments to third parties, are analysed as follows:

(Thousands of Euros)

	Guarantees granted	Commitments to third parties	Total
Banca Millennium S.A. (Roménia)	13,631	-	13,631
Banco de Investimento Imobiliário, S.A.	-	300,000	300,000
Bank Millennium (Poland) Group	1,982	200,000	201,982
Banque Privée BCP (Suisse) S.A.	19,539	670,213	689,752
Millennium bcp Bank & Trust (*)	133,487	900	134,387
BCP Finance Bank Ltd	5,258,524	-	5,258,524
BCP Finance Company, Ltd	1,000,000	-	1,000,000
BIM - Banco Internacional de Moçambique, S.A.R.L.	12,539	17,878	30,417
Millennium Bank (Greece) Group	-	31,086	31,086
Banco Millennium Angola, S.A.	26,473	22,078	48,551
Millennium bcp Gestão de Activos - Sociedade Gestora de Fundos de Investimento, S.A.	172	-	172
Millennium bcp - Prestação de Serviços, A.C.E.	-	5,000	5,000
	6,466,347	**1,247,155**	**7,713,502**

(*) Guarantees granted by the Bank related to Loans and advances to customers granted by Millennium bcp Bank & Trust.

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

(Thousands of Euros)

	Loans and advances		Financial assets		
	Credit Institutions	Customers	Trading	Available for sale	Total
Banco de Investimento Imobiliário, S.A.	2,338,376	-	-	570,994	2,909,370
Banque Privée BCP (Suisse) S.A.	543,338	-	-	-	543,338
Millennium bcp Bank & Trust	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
Millenniumbcp Ageas 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 had credits over associated companies, represented or not by securities, included in the captions of Loans and advances to credit institutions and to customers, and Financial assets held for trading and available for sale, in the amount of Euros 128,417,000.

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

(Thousands of Euros)

	Deposits from				
	Credit Institutions	Customers	Debt Securities Issued	Subordinated Debt	Total
Banco ActivoBank, 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
Millennium bcp Bank & Trust	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
Millennium bcp Participações, 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
Millennium bcp 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
Millenniumbcp Ageas 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 the captions 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 captions of Interest income, Commissions, Other operating income and Gains arising from trading activity, are analysed as follows:

(Thousands of Euros)

	Interest income	Commissions income	Other operating income	Gains arising from trading activity	Total
Banco ActivoBank, S.A.	-	215	-	-	215
Banca Millennium S.A. (Roménia)	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
Millennium bcp Bank & Trust	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
Millennium bcp 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
Millenniumbcp Ageas 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 the captions Interest expense, Commissions, Administrative costs and Losses arising from trading activity, are analysed as follows:

(Thousands of Euros)

	Interest expenses	Commissions costs	Administrative costs	Losses arising from trading activity	Total
Banco ActivoBank, S.A.	4,845	1,744	110	-	6,699
Banca Millennium S.A. (Roménia)	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
Millennium bcp Bank & Trust	41,244	-	-	15,253	56,497
BCP Finance Bank Ltd	254,722	-	-	507,972	762,694
BCP Finance Company, Ltd	49,589	-	-	-	49,589
Millennium bcp Participações, 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 & 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
Millenniumbcp Ageas Group	-	-	573	3,321	3,894
Others	693	-	83	-	776
	383,389	**17,380**	**103,039**	**569,659**	**1,073,467**

As at 31 December 2009, the off balance sheet accounts of the Bank on inter-company transactions with subsidiaries, included in the captions Guarantees granted and Commitments to third parties, are analysed as follows:

(Thousands of Euros)

	Guarantees granted	Commitments to third parties	Total
Banco ActivoBank, S.A.	26,789	-	26,789
Banco de Investimento Imobiliário, S.A.	1,178	-	1,178
BCP Finance Company, Ltd	1,000,000	-	1,000,000
Millennium bcp Bank & Trust (*)	437,915	-	437,915
Millennium Bank, Anonim Sirketi (Turkey)	536	-	536
Millennium bcp Bank (USA)	-	42,500	42,500
Banque Privée BCP (Suisse) S.A.	-	460,798	460,798
BCP Finance Bank Ltd	9,198,180	1,110	9,199,290
Millennium Bank (Greece) Group	11,153	11,265	22,418
Banco Millennium Angola, S.A.	-	30,000	30,000
BIM - Banco Internacional de Moçambique, S.A.R.L.	45,810	-	45,810
Millennium bcp Gestão de Activos - Sociedade Gestora de Fundos de Investimento, S.A.	1,488	-	1,488
Seguros e Pensões Gere, S.G.P.S., S.A.	6,972	-	6,972
Others	2,285	2	2,287
	10,732,306	**545,675**	**11,277,981**

(*) Guarantees granted by the Bank related to Loans and advances to customers granted by Millennium bcp Bank & Trust.

50. Risk Management

The Bank is subject to several risks during the course of its business. The risks from different companies of the Group are managed centrally coordinating with the local departments and considering the specific risks of each business.

The Group's risk-management policy is designed to ensure adequate relationship at all times between its own funds and the business it carries on, and also to evaluate the risk/return profile by business line.

Monitoring and control of the main types of financial risk – credit, market, liquidity and operational – to which the Bank's business is subject are of particular importance.

Main Types of Risk

Credit – Credit risk is associated with the degree of uncertainty of the expected returns as a result of the inability either of the borrower (and the guarantor, if any) or of the issuer of a security or of the counterparty to an agreement to fulfils their obligations.

Market – Market risk reflects the potential loss inherent in a given portfolio as a result of changes in rates (interest and exchange) and/or in the prices of the various financial instruments that make up the portfolio, considering both the correlations that exist between them and the respective volatility.

Liquidity – Liquidity risk reflects the Group's inability to meet its obligations at maturity without incurring in significant losses resulting from the deterioration of the funding conditions (funding risk) and/or from the sale of its assets below market value (market liquidity risk).

Operational – Operational risk is understood to be the potential loss resulting from failures or inadequacies in internal procedures, persons or systems, and also the potential losses resulting from external events.

Internal Organisation

The Banco Comercial Português Executive Board of Directors is responsible for the definition of the risk policy, including approval at the very highest level of the principles and rules to be followed in risk management, as well as the guidelines dictating the allocation of economic capital to the business lines.

The General and Supervisory Board, through the Financial Subjects Committee, ensures the existence of adequate risk control and of risk-management systems at the level both of the Group and of each entity. At the proposal of the Banco Comercial Português Executive Board of Directors, the General and Supervisory Board is also in charge of with approving the risk-tolerance level acceptable to the Bank.

The Risk Committee is responsible for monitoring the overall levels of risk incurred, ensuring that they are compatible with the objectives and strategies approved for the business.

The Group Risk Officer is responsible for the control of risks in all the Group entities, in order to ensure that the risks are monitored on an overall basis and that there is alignment of concepts, practices and objectives. It must also keep the Risk Committee informed of the Group's level of risk, proposing measures to improve control and implementing the approved limits.

The activity of every entity included within the Banco Comercial Português consolidation perimeter is governed by the principles and decisions established centrally by the Risk Committee, and they are provided with Risk Office structures which are established in accordance with the risks inherent in their particular business. A Risk Control Committee has been set up at each subsidiary, responsible for the control of risks at local level, in which the Group Risk Officer takes part.

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, as well a proper allocation of each operation to the area most appropriate management according to their context.

Risk assessment

Credit Risk

Credit granting is based on prior classification of the customers' risk and on thorough assessment of the level of protection provided by the underlying collateral. In order to do so, a single risk-notation system has been introduced, the Rating Master Scale. It is based on the expected probability of default, allowing greater discrimination in the assessment of the customers and better establishment of the hierarchies of the associated risk. The Rating Master Scale also identifies those customers showing worsening credit capacity and, in particular, those classified as being in default in keeping with the new Basel II Accord.

All the rating and scoring models used by the Bank have been duly calibrated for the Rating Master Scale.

The protection-level concept has been introduced as a crucial element of evaluation of the effectiveness of the collateral in credit-risk mitigation, leading to more active collateralization of loans and more adequate pricing of the risk incurred.

To quantify the credit risk at the level of the various portfolios, the 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.

The Bank's exposure to credit risk as at 31 December 2010 and 2009 is presented in the following table:

(Thousands of Euros)

	Original exposure	
Risk items	'10	'09
Central Governments or Central Banks	7,000,604	2,897,107
Regional Governments or Local Authorities	488,405	304,922
Administrative and non-profit Organisations	2,251,981	2,555,196
Multilateral Development Banks	117,569	76,534
Other Credit Institutions	23,075,888	27,530,675
Retail and Corporate customers	72,813,692	75,460,360
Other items	10,667,781	11,540,788
	116,415,920	**120,365,582**

Note: gross exposures of provision and amortization. Includes securitization positions.

Market Risks

The Bank in monitoring and control of market risk existing in the diverse portfolios uses an integrated risk measure that includes the main types of market risk identified by the Group: generic risk, specific risk, non linear risk and commodities risk.

The measure used by in evaluating the generic market risk is the VaR (Value at Risk). The VaR is calculated on the basis of the analysis approximation defined in the methodology developed by the RiskMetrics. It is calculated considering a 10-working day time horizon and an unilateral statistical confidence interval of 99%. In calculating the volatility associated with each risk vector, the model assumes a greater weighting for the market conditions seen in the more recent days, thus ensuring more accurate adjustment to market conditions.

A specific risk evaluation model is also applied to securities and associated derivatives for which the performance is related to its value. With the necessary adjustments, this model follows regulatory standard methodology.

Complementary measures for the non-linear risk, at a confidence level of 99%, and a standard measure for the commodities risk are also used.

These measures were included in the indicator of market risk with the conservative assumption of perfect correlation between the various types of risk (the worst-case scenario).

Capital at risk values are determined both on an individual basis for each one of the position portfolios of those areas having responsibilities in risk taking and management, as well as in consolidated terms taking into account the effects of diversification between the various portfolios.

To ensure that the VaR model adopted is appropriate to the evaluation of the risks involved in the positions that have been assumed, a back testing process has been instituted. This is carried out on a daily basis and it confronts the VaR indicators with the actual results.

The following table shows these major trading book indicators for 2010:

(Thousands of Euros)

	'10	'09
Generic Risk (VaR)	12,038	3,499
Specific Risk	2,177	868
Non Linear Risk	291	38
Commodities Risk	3	2
Global Risk	**14,509**	**4,407**

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 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:

(Thousands of Euros)

	31 December 2010			
Currency	- 200 pb	- 100 pb	+ 100 pb	+ 200 pb
CHF	737	728	(924)	(1,829)
EUR	186,243	71,545	(58,292)	(104,883)
PLN	14,903	7,378	(7,234)	(14,328)
USD	8,904	4,482	(7,592)	(14,714)
Total	**210,787**	**84,133**	**(74,042)**	**(135,754)**

(Thousands of Euros)

	31 December 2009			
Currency	- 200 pb	- 100 pb	+ 100 pb	+ 200 pb
CHF	612	602	(848)	(1,461)
EUR	4,119	(17,417)	25,435	66,779
PLN	11,796	5,840	(5,728)	(10,478)
USD	4,823	5,051	(4,903)	(13,754)
Total	**21,350**	**(5,924)**	**13,956**	**41,086**

The Bank regularly undertakes hedging operations on the market aiming to reduce the interest rate mismatch of the risk positions associated with the portfolio of transactions of the commercial and structural areas.

Liquidity risk

Evaluation of the Bank's liquidity risk is carried out using indicators defined by the supervisory authorities on a regular basis and other internal metrics for which exposure limits are also defined.

The evolution of the Bank's liquidity situation for short-term time horizons (up to 3 months) is reviewed daily on the basis of two indicators defined in-house, immediate liquidity and quarterly liquidity. These measure the maximum fund-taking requirements that could arise on a single day, considering the cash-flow projections for periods of 3 days and of 3 months, respectively.

Calculation of these indicators involves adding to the liquidity position of the day under analysis the estimated future cash flows for each day of the respective time horizon (3 days or 3 months) for the transactions as a whole brokered by the markets areas, including the transactions with customers of the Corporate and Private networks that, for their dimension, have to be quoted by the Trading Room. The amount of assets in the Bank's securities portfolio considered highly liquid is added to the calculated value, leading to determination of the liquidity gap accumulated for each day of the period under review.

In parallel, the evolution of the Bank's liquidity position is calculated on a regular basis identifying all the factors that justify the variations that occur. This analysis is submitted to the Capital and Assets and Liabilities Committee (CALCO) for appraisal, in order to enable the decision making that leads to the maintenance of financing conditions adequate to the continuation of the business. In addition, the Risks Commission is responsible for controlling the liquidity risk.

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 in Europe, net of haircuts, is detailed as follows:

(Thousands of Euros)

	'10	'09
European Central Bank	19,127,828	8,614,006

As at 31 December 2010, the amount borrowed from the European Central Bank amounted to Euros 15,350,000,000 (31 December 2009: Euros 2,600,000,000).

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 Bank'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 usually applied by each rating agency in a standardized way to all the securitization transactions involving the same type of loans. Generally, the Bank's interventions as a mere services provider consist of substituting the services provider for an alternative one.

In what regards the Bank's securitization transactions where the underlying loans were derecognised, only the Bank's intervention as loans' manager and as interest rate swap's counterparty is subject to changes. In case Bank 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 two-notch reduction of the long-term rating from "A1" to "A3" and the reduction of the short-term rating from "P-1" to "P-2" by Moody's, announced on 14 July, triggered the need to establish a contingent liquidity facility covering 6 months of interest on the notes for each of the securitizations Magellan Mortgages No. 3 and No. 4 (for which the loans have been derecognised), Kion Mortgages Finance No. 1 and Caravela SME No. 1. In addition, in operation Caravela SME No.1 (for which the loans have not be derecognised), the fund account should also be transferred to an alternative bank with a minimum short-term rating of "P-1" by Moody's and collateral should be posted for the interest rate swap.

In a hypothetic scenario of a further one-notch downgrade of the long-term rating by Moody's, as consequence would be needed to replace the counterpart of the vehicle in the swap interest rate or guaranteed by an eligible counterparty. The possible downgrade of short-term rating to "P-2" by Moody's, would result in the need for changes in the management of loans in the securitization Kion Mortgages Finance No. 2, which have not been derecognised. A downgrade of Bank Millennium S.A. to below "Baa2" would trigger the accelerated amortization of Orchis, in which the loans have not been derecognised.

Changes in the ratings of Standards & Poor's by one notch will not have a material impact in the credit securitizations operation in progress.

With respect to the BCP Mortgage Bonds program, the current levels of rating of the Bank determine the need for a collateral considering the changes in the fair value of the interest rate swaps included in the assets of the Program. If there is a downgrade of one notch in the rating given by Moody's to the Bank, it might be necessary to replace the counterparty of the Swaps, or in alternative obtain a guarantee by an eligible counterparty.

51. Solvency

The Bank of Portugal formally authorised the adoption of methodologies based on Internal Ratings (IRB) for the calculation of capital requirements for credit and counterparty risks, covering a substantial part of the risks arising from the activity of Banco Comercial Português as from 31 December 2010. This authorisation led to several changes on the calculation of capital requirements and own funds with reference to the year-end 2010, as in previous periods these calculations were performed in accordance with the Standard approach.

The own funds of Banco Comercial Português are determined according to the applicable regulatory rules, namely the Regulation nº 6/2010 from the Bank of Portugal. The own funds result from the adding Tier 1 with 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 deductions related to the qualified investments and expected losses, if applicable.

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 and expected losses.

The deduction related to the qualified investments 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.

On the other hand, the adoption of IRB approaches to the credit portfolio from 31 December 2010 required the deduction of expected losses related to equities using the simple weight approach and the net amount of expected losses of other exposures that exceed the corresponding credit impairment, also in equal parts to Tier 1 and Tier 2 (unless expected losses are lower than impairment, when the resulting difference can be add to Tier 2 until the limit of 0.6% of risk weighted assets).

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, net of taxes, 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 nº 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 nº 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 recognised 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 nº 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 31 December 2010, through the Regulation nº 6/2010, the Bank of Portugal changed the criteria used to evaluate the eligibility of hybrid instruments to the own funds, defining three tiers related to the inclusion of these instruments within Tier 1 according to the degree of subordination resulting from their specific features, allowing amounts surpassing those limits to be added to the Tier 2 and establishing a period of 30 years from 31 December 2010 to the phase out of deductible surpluses and instruments that ceased to be eligible to the own funds according to the new rules.

Tier 2 includes 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 and expected losses, 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 recognised in the Bank's accounts, and the potential excess of exposure to risk limits in the scope of Bank of Portugal published Regulation nº 7/2010.

Capital requirements have been determined in accordance with the Basel II framework since the beginning of 2008. In the scope of the approval pack filed with the Bank of Portugal with the aim of adopting 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, during the first semester of 2009 the Bank of Portugal authorized the Bank 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, 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 nº 5/2007 from the Bank of Portugal for the standard approach. The requirements for securitized assets were determined in accordance with the Regulation nº 7/2007 from the Bank of Portugal. Capital requirements for operational risk were calculated following the standard approach described in the Regulation nº 9/2007 from the Bank of Portugal. Additionally, capital requirements for the trading portfolio were also calculated, according to the Regulation nº 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.

As at December 2010, after the formal authorisation of the Bank of Portugal, the Bank adopted IRB approaches to calculate minimum capital requirements for credit risk and continued to use the methods described above for the other risk types, in accordance with the Bank of Portugal regulations referred in the previous paragraph and the Regulation nº 8/2010 from the Bank of Portugal, which entered in force on 31 December 2010.

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%.

The own funds and capital requirements determined according to the methodologies previously referred, for 31 December 2009 and 2010, are the following:

(Thousands of Euros)

	'10	'09
Core own funds		
Paid-up capital and share premium	4,886,722	4,886,722
Other capital instruments	1,000,000	1,000,000
Reserves and retained earnings	812,041	688,405
Intangible assets	(9,741)	(9,973)
Net impact of accruals and deferrals	(1,020,214)	(424,374)
Other regulatory adjustments	(264,636)	(26,385)
	5,404,172	**6,114,395**
Complementary own funds		
Upper Tier 2	1,563,799	1,617,106
Lower Tier 2	834,150	1,409,768
	2,397,949	**3,026,874**
Deductions to total own funds	(84,167)	(798,316)
Total own funds	**7,717,954**	**8,342,953**
Own fund requirements		
Requirements from Regulation nº 5/2007	4,088,949	4,506,942
Trading portfolio	38,536	13,631
Operacional risk	207,289	207,180
	4,334,774	**4,727,753**
Capital ratios		
Tier I	10.0%	10.3%
Tier 2 (*)	4.3%	3.8%
Solvency ratio	14.2%	14.1%

(*) Includes deductions to total own funds

52. Accounting standards recently issued

Standards, changes and interpretations effective since 1 January 2010

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 analysed as follows:

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

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 did not obtain 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 financial 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 Bank does not expect any significant impact from the adoption of this amendment.

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

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 recognised in profit and loss in the period of the distribution.

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

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.

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

IFRS 9 - Financial instruments

The International Accounting Standards Board (IASB) has issued in November 2009, IFRS 9 - Financial instruments part I: Classification and measurement, which is for mandatory application for the financial years starting on 1 January 2013, although early adoption is permitted. The IFRS 9 has not yet been adopted by European Union. This standard was amended in October 2010.

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 recognised 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 for fair value changes to be recognised 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 exemption set out in IAS 39 to hold equity instruments whose fair value cannot be determined, as well as derivatives related to such instruments, does not exist in IFRS 9;
- The portion of the fair value changes that is attributable to changes in own credit risk of financial liabilities classified in the Fair Value Option is recognised directly in other comprehensive income (OCI) and the remainder is recognised in profit or loss. The amount presented in OCI is never reclassified to profit or loss.

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

IFRS 7 (amendment) – Financial instruments: Disclosures

The International Accounting Standards Board (IASB) has issued in October 2010, IFRS 7 – Financial instruments: Disclosure - Financial assets transfers, which is for mandatory application for the financial years starting on 1 July 2011, although early adoption is permitted. This standard has not yet been adopted by European Unit.

The amendments required for the disclosures regarding operations which involve the transfer of financial assets, namely, securitizations of financial assets, have the objective to allow the users of the financial statements to evaluate the impacts and risks associated with these operations in the financial statements.

53. Accounting impact arising from the inspection from the supervisory authorities

In the scope of the investigations carried out by the supervisory authorities since the end of 2007, which are described in note 54, the Bank promoted, from that date, an internal investigation in relation to the transactions realized with off-shore entities.

This internal investigation identified that, between 1999 and 2002, BCP Group financed off-shore entities for the purposes of acquisition of shares issued by the Group. In November 2002, the referred offshore entities sold, to a financial institution, the BCP shares held, which represented 4.99% of the share capital of the Bank as at that date and, simultaneously acquired notes (Notes), issued by that financial institution, with an amount equivalent to 50% of the proceeds from the sale. This financial institution communicated to the market, on 9 December 2002, the acquisition of a qualified investment in the Bank.

The above referred loans were subject to a restructuring operation, occurred in March 2004, having been assumed by a group whose main activity consists on the development of real estate projects (from now on referred to as "GI"). Following this restructuring operation, GI assumed net liabilities amounting to 450 million euros, net of the reimbursement of the Notes occurred in December 2004. On the same date, the Bank sold to GI an entity named Millennium bcp Imobiliária (then named Comercial Imobiliária, S.A.), for 26 million euros, and a real estate portfolio for 61 million euros.

Regarding the above mentioned restructuring operation, GI, through Millennium bcp Imobiliária issued commercial paper in the amount of Euros 210 million subscribed by BCP Group and that in 2005 was contributed in kind to the Banco Comercial Português Group Pension Fund and together with shares issued by quoted companies. As referred in note 48, after this contribution, and as a result of the communication by Millennium bcp Imobiliária that it was not able to repay its debts, the Pension Fund registered an actuarial loss in the approximate amount of Euros 115,000,000 in 2006 and 2007 related to the commercial paper issued by Millennium bcp Imobiliária. The total amount net of amortizations, as at 31 December 2010 as referred in note 48, in accordance with the accounting policy described in note 1 u), is Euros 86,250,000 (31 December 2009: Euros 92,000,000). The amount will continue to be amortized by the remaining term of 15 years with a annual amortization of approximately Euros 5,750,000.

Considering the significant exposure of the Group towards GI and the real-estate sector in which this entity operates, in 2005, the Bank allocated a provision, in the amount of 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 Millennium bcp Imobiliária, granted shareholders loans to this entity, in the amount of 300 million euros, in order to allow Millennium bcp Imobiliária to acquire, from another GI subsidiary, an indirect majority shareholding in an Angolan entity which owned the so called Baia de Luanda Project. This entity had obtained, in October 2005, the concession, for 60 years, of the Baia de Luanda leasehold. With the proceeds from this transaction, GI repaid to BCP an additional portion of the loan, corresponding to 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 Millennium bcp Imobiliária share capital which at that date held an economic interest of 54% in the Baia de Luanda Project, as a repayment of the residual loan, which amounted to 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 Millennium bcp 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 54, such decision does not represent any kind of recognition by the Bank of the existence of the alleged infractions which may be attributed to it. As referred also in note 54, as at 12 December 2008, the Group was notified for the administrative proceeding nº 24/07/CO constituted by the Bank of Portugal and for the administrative proceeding nº 41/2008 constituted by CMVM related to the inquiry processes referred above. The Bank maintains the position of contesting any infractions attributed to this matter considering the legal terms applicable. Notwithstanding this fact, the Executive Board of Directors considers that the financial statements for the periods between 2007 and 2010 include, in all material respects the disclosures regarding the impact on the financial position of the Group of the referred matters, as disclosed in notes 48, 53 and 54. The Executive Board of Directors remains in contact with the Supervision Authorities regarding this subject.

The above referred adjustment, recognised in accordance with IFRS and in the notes to the financial statements, can be analysed as follows:

(Thousands of Euros)

	Restated		
	Equity 31.12.2006	Net income 2006	Equity 01.01.2006
Previosly reported	**4,841,892**	**779,894**	**4,247,494**
Adjustments:			
Loan granted	(300,000)	-	(300,000)
Provision for loan losses	9,825	9,825	-
Deferred tax	76,896	(2,604)	79,500
	(213,279)	**7,221**	**(220,500)**
Restated	**4,628,613**	**787,115**	**4,026,994**

Banco Comercial Português, S.A. during 2009, after analysing the market conditions and the development perspectives of the Luanda Bay Urban Requalification Project ("Baía de Luanda Project"), decided to reduce the Group's shareholder participation in the project to 10%, through the sale to the angolan company Finicapital - Investimentos e Gestão S.A.. This sale will generate a cash inflow of approximately 100,000,000 USD, giving place to a gain of Euros 57,196,000.

According to the characteristics of the agreement, the investment is now consolidated through the equity method.

Banco Comercial Português considers that the participation maintained in the Baía de Luanda project will allow the Group to keep a relevant presence in a highly important project to Angola. Additionally to that, the Group maintains the expectation that the Baia de Luanda Project will generate results in the future, which will be registered against results of the Bank in the years that are generated.

54. Administrative proceedings

1. At the end of the year of 2007, the Bank received a formal notice dated of 27 December 2007 informing that administrative proceedings nº 24/07/CO were brought by 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 respects to the amount of own funds and breach of prudential obligations".

A press release issued by Bank of Portugal on 28 December 2007 mentioned that such administrative proceedings were initiated "based in facts related with 17 off-shore entities, whose nature and activities were always hidden from Banco de Portugal, in particular in previous inspections carried out".

On 12 December 2008, the Bank was notified of an accusation under the administrative proceedings nº 24/07/CO instructed by Banco de Portugal, in which this Authority charges the Bank with the practice of six administrative offences regulated by paragraph g) and three administrative offences regulated by paragraph r) of article 211 of the Legal Framework for Credit Institutions and Financial Companies (LFCIFC).

The offences, should the charges be proven true, would be the following:

a) Failure to comply with the applicable accounting rules, determined by law or by Bank of Portugal, that do not cause serious damages to the knowledge of the company's assets and financial standing is an administrative offence regulated in article 210 (f) of the LFCIFC, whereby companies are punished by a fine between EUR 750 and EUR 750,000. However, if such conduct causes serious damages, it may become the offence regulated in article 211 (g) of the LFCIFC, whereby companies are punished by a fine between EUR 2,500 and EUR 2,494,000.
b) the (i) omission of information and communications to Bank of Portugal, within the due deadlines or (ii) the provision of incomplete information are offences regulated in article 210 (h – presently amended to i) of the LFCIFC, whereby companies are punished by a fine between EUR 750 and EUR 750,000. However, the (i) provision of false information or (ii) of incomplete information to Bank of Portugal that may lead to wrongful conclusions with the same or similar effect as false information regarding that subject are offences regulated in article 211 (r) of the LFCIFC, whereby companies are punished by a fine between EUR 2,500 and EUR 2,494,000.

According to the charges, each offence is punishable by a fine between Euros 2,493.99 and Euros 2,493,989.49, and pursuant to the rules on accrued offences, defined in article 19 (1 and 2), of the Portuguese regime on administrative offences (Regime Geral das Contra-ordenações), in case of conviction for several offences, there shall be a single fine, the maximum amount of which cannot surpass twice the highest limit of the accrued offences.

On March 2009, the Bank did not accept the charges or accusations made against it, and provided defence under these administrative proceedings within due term.

On 12 May 2010, the Bank was notified of the contents of the decision that, within the scope of the proceedings, was issued by the Board of Directors of Bank of Portugal, applying to it, as primary sanction, a single fine of EUR 5,000,000.

Different fines were applied to the remaining defendants as primary sanctions, globally amounting to EUR 4,470,000. The Board of Directors of Bank of Portugal decided to file the proceedings relating to a former Director and a Manager.

The Bank did not accept this decision and appealed the decision of the administrative authority on 15 July 2010.

On 20 October 2010, the Bank was notified of the decision to accept the legal objections made by all of the defendants.

2. On 12 December 2008, the Bank was notified by the CMVM of the accusation under the administrative proceedings nº 41/2008 wherein it was charged with seven administrative offences for the alleged violation of article 7 of the Securities Code (CVM) and of article 389 (1) (a) of that Code.

In accordance with article 7 of the CMVM the information relating to financial instruments, organized trading methods, the activities of financial intermediation, the settlement, clearing of operations, public offers of securities and issuers must be complete, true, updated, objective, clear and lawful.

The Bank did not accept the charges brought against it and has provided, on 27 January 2009, its defence under the administrative proceedings in question.

Banco Comercial Português was notified on 26 June 2009 of CMVM's decision, within the scope of the administrative offence proceedings nº 41/2008, to apply a single fine of EUR 5,000,000 with the partial suspension of the sentence's execution for EUR 2,500,000 for a two-year term. The fine would be applied in its full amount if, during the suspension time the bank practiced any criminal or administrative offence, as foreseen in the Securities Code and it was timely disclosed.

The Bank did not accept this accusation and opposed to it on 24 July 2009.

On 21 July 2010, the Tribunal de Pequena Instância de Lisboa (court of Lisbon for minor offences) pronounced the sentence on the proceedings partially approving the appeal regarding the suspension of EUR 2,500,000 for a two-year period and confirmed the CMVM's decision in all the remainder.

On 4 August 2010, the Bank appealed the decision made by the Tribunal de Pequena Instância de Lisboa (court of Lisbon for minor offences) before Tribunal da Relação de Lisboa (Lisbon appellate court). The Bank is presently waiting for the decision of Tribunal da Relação pursuant to the discussion hearing requested.

3. Previously, on 21 December 2007, CMVM had addressed a notice to the Bank, indicating that it should make public disclosure thereof, which the Bank did on 23 December 2007. The notice read as follows:

"The CMVM, pursuant to its powers, is now engaged in a supervision action on BCP (as a listed company), in order to determine the nature and the activities of several 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 a financing for the acquisition of own shares not reported as such. This configuration is also present in a transaction made with a financial institution, which lead this institution to disclose a qualified shareholding, even though the economic interest and the possibility of exercising the voting rights remained within BCP;
e) Pursuant to the described circumstances, it may be concluded that the information given to the authorities and to the market, in the past, was not always complete and/or true, in particular in what concerns the amount of BCP's own funds and its owners; and
f) Significant market transactions made by the mentioned entities were detected, involving significant considerations; these transactions require a deeper analysis, in order to find out about possible infringements of the market rules.

Thus, given the nature of these conclusions and the urgency of the matter, the CMVM, under article 360, nº 1, f) of the Portuguese Securities Code, asks BCP to immediately:

a) Inform the market about whether the financial information recently disclosed by it already reflects all the financial losses pursuant to the above-mentioned situation;
b) Inform about the existence of any other situations which were not disclosed, in order to allow the investors to make a properly reasoned judgment about the securities issued by BCP; and
c) Transcribe in its communication the full text of this CMVM notice; BCP may inform, if it deems appropriate, the fact that BCP was not yet formally heard about these conclusions.

The CMVM will continue the current process of supervision within its powers and with all its consequences, and will notify the appropriate authorities of any illegalities of different nature, and will further cooperate with the Bank of Portugal within the framework of Bank of Portugal's powers."

4. On July 2009, the Bank was notified of the accusation deducted by Public Ministry in a criminal process against five former members of the Board of Directors of the Bank, related mainly to the above mentioned facts and note 53, and to present in this process a request for an indemnity.

Considering this notification, and although considering as reproduced the contents of the defence presented in the above mentioned administrative proceedings, the Bank decided, in order to avoid any risk of a future allegation of loss of the right to an indemnity that may occur if no recourse is presented in this process, to present legal documentation regarding: (i) the recognition of its right, in a later period namely following the final identification of the facts, present a separate process in civil courts requesting an indemnity and (ii) additionally and cautiously, if the right to the request of a separate indemnity process in civil courts is not recognised, a civil indemnity according to the facts and terms mentioned in the accusation, if they are proven.

55. BCP list of subsidiary and associated companies

As at 31 December 2010, 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	1,213,116,777	PLN	Banking	65.5
Banco Millennium Angola, S.A.	Luanda	3,809,398,820	AOA	Banking	52.7
Banco de Investimento Imobiliário, S.A.	Lisbon	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
Millennium bcp Participações, S.G.P.S., Sociedade Unipessoal, 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	30,700,000	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	331,000	EUR	Services	73.5
Millennium BCP Teleserviços - Serviços de Comércio Electrónico, S.A.	Lisbon	50,004	EUR	Videotex services	100.0
Servitrust - Trust Management and Services, S.A.	Funchal	100,000	EUR	Trust services	100.0
Millennium bcp Imobiliária, S.A.	Lisbon	50,000	EUR	Real-estate management	99.9
Imábida - Imobiliária da Arrábida, S A.	Oporto	1,750,000	EUR	Real-estate management	100.0

As at 31 December 2010, the associated companies, were as follows:

Associates companies	Head office	Share capital	Currency	Activity	% held
Banque BCP, S.A.S.	Paris	65,000,000	EUR	Banking	19.9
Nanium, S.A.	Vila do Conde	15,000,000	EUR	Electronic equipments	41.1
SIBS - Sociedade Interbancária de Serviços, S.A.	Lisbon	24,642,300	EUR	Banking services	21.5
Unicre - Cartão de Crédito Internacional, S.A.	Lisbon	10,000,000	EUR	Credit cards	31.8


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para si
Millennium

Millennium bcp

Administração

DECLARATION OF COMPLIANCE

It is declared, that in the extent of the knowledge of the below signed, the individual and consolidated financial statements of Banco Comercial Português, S.A. ("BCP" or "Bank"), which comprehend (i) the individual and consolidated balance sheet as at 31 December, 2010, (ii) the individual and consolidated income statements for the year ended 31 December, 2010, (iii) the changes in equity and the cash flow statement for the year ended 31 December, 2010, (iv) a summary of the significant accounting policies and (v) the notes to individual and consolidated accounts that give a true and appropriate image of the individual and consolidated financial position of the Bank as at 31 December, 2010 and of the individual and consolidated income of their operations and changes in the equity and of their individual and consolidated cash flow statements for the year ended in that date according to the Adjusted Accounting Standards (NCA) as defined by the Bank of Portugal and International Financial Reporting Standards (IFRS) as endorsed by the European Union.

The individual and consolidated financial statements of the Bank for the year ended 31 December, 2010 were approved by the Executive Board of Directors on 1st February, 2011.

It is also declared that the 2010 management report of BCP truly describes the evolution of the businesses, of the performance and position of the Bank and its subsidiaries included in the consolidation perimeter, and contains a description of the main risks and uncertainties that they face. The management report was approved by the Executive Board of Directors on 1st February, 2011.

Porto Salvo, 22 March, 2011

Carlos Santos Ferreira

(Chairman)

Vítor Fernandes

(Vice-Chairman)

Paulo Macedo

(Vice-Chairman)

António Ramalho (Member)

Miguel Maya (Member)

Nelson Machado (Member)

José João Guilherme (Member)

Luís Pereira Coutinho (Member)


victoria
TAP PORTUGAL
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CONQUISTE
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COMPRAS DE NATAL
Millennium

KPMG & Associados - Sociedade de Revisores Oficiais de Contas, S.A.
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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, 2010 of **Banco Comercial Português Group** which comprise the consolidated balance sheet as at 31 December, 2010 (showing total assets of 100,009,739 thousand Euros and total equity attributable to the equity holders of the Bank of 6,749,975 thousand Euros, including a net profit attributable to the equity holders of the Bank of 301,612 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.

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 Board of Directors report is consistent with the consolidated financial statements, as well as the verification of the disclosures required by numbers 4 and 5 of the article 451, of the Portuguese Companies Code ("Código das Sociedades Comerciais").

6 We believe that our audit provides a reasonable basis for our opinion.

Opinion

7 In our opinion, the referred consolidated financial statements present fairly, in all material respects, the consolidated financial position of **Banco Comercial Português Group**, as at 31 December, 2010, the consolidated results of its operations, the consolidated cash flows, the changes in equity and the comprehensive income for the year then ended, in accordance with IFRS as adopted by the European Union and the information contained therein is complete, true, current, clear, objective and lawful.

Report on Other Legal Requirements

8 It is also our opinion that the consolidated financial information included in the Executive Board of Directors report is consistent with the consolidated financial statements and that the Report on Corporate Governance includes the information required by the article 245.º-A of the Portuguese Securities Market Code ('CVM').

Lisbon, 2 February, 2011

KPMG & Associados
Sociedade de Revisores Oficiais de Contas, S.A. (nº 189)
represented by
Vitor Manuel da Cunha Ribeirinho (ROC nº 1081)

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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, 2010 of **Banco Comercial Português, S.A.** which comprise the balance sheet as at 31 December, 2010 (showing total assets of 102,143,987 thousand Euros and total equity of 6,609,350 thousand Euros, including a net profit of 300,648 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 Board of Directors report is consistent with the financial statements, as well as the verification of the disclosures required by numbers 4 and 5 of the article 451, of the Portuguese Companies Code ("Código das Sociedades Comerciais").

6 We believe that our audit provides a reasonable basis for our opinion.

Opinion

7 In our opinion, the referred financial statements present fairly, in all material respects, the financial position of **Banco Comercial Português, S.A.**, as at 31 December, 2010, the results of its operations, the cash flows, the statement of changes in equity and the comprehensive income for the year then ended, in accordance with NCA's as defined by the Bank of Portugal and the information contained therein is complete, true, current, clear, objective and lawful.

Report on Other Legal Requirements

8. It is also our opinion that the financial information included in the Executive Board of Directors report is consistent with the financial statements and that the Report on Corporate Governance includes the information required by the article 245.º-A of the Portuguese Securities Market Code ("CVM")

Lisbon, 2 February, 2011

KPMG & Associados
Sociedade de Revisores Oficiais de Contas, S.A. (nº 189)
represented by
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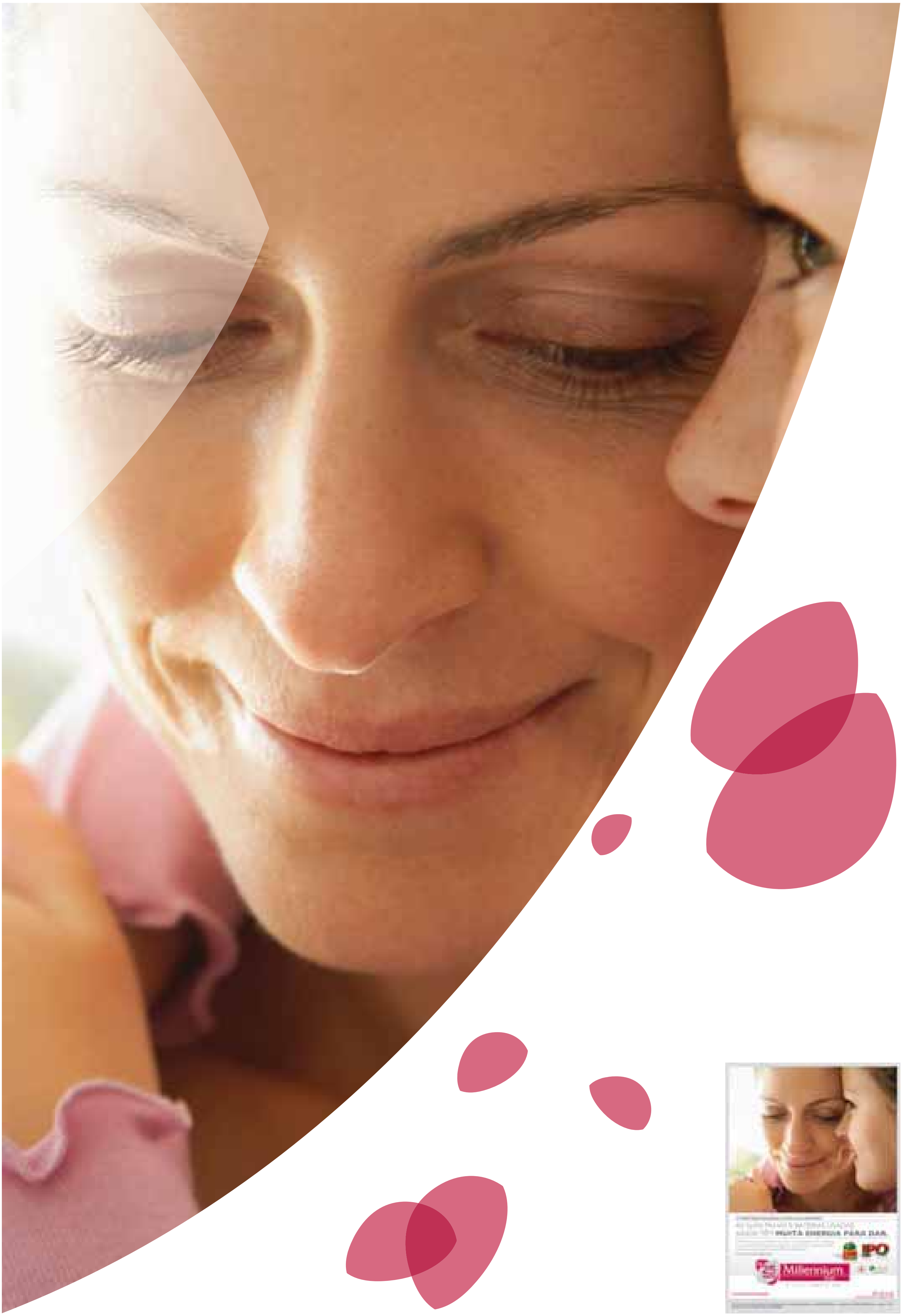

CORPORATE GOVERNANCE REPORT

INTRODUCTION

The present report aims to disclose, in a clear and transparent manner, the regulatory practices followed by Banco Comercial Português, S.A. (hereinafter "Company, Bank, BCP, Millennium bcp Group") linked to Corporate Governance and was drawn up in observance of the legal rules and regulations in force, namely the Companies Code, the Securities Code, Regulation of the Portuguese Stock Market Regulator (CMVM) number 1/2010 published on 1 February 2010 and the Corporate Governance Code of the CMVM, of January 2010 (Recommendations).

INDEX

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

In the pursuit of its corporate object, the Bank and other companies of the Group observe the applicable legal and regulatory rules, namely those issued by the Bank of Portugal and by the Portuguese Stock Market Regulator (CMVM), and also adopt specific rules ensuring that the management is based on the principle of risk diversification and safe investments, taking into account the interests of the depositors, investors and other Stakeholders.

The Bank complied in 2010 with the Corporate Governance Code of the CMVM/2010 (Recommendations) of January 2010 and Regulation 1/2010, of 1 February 2010, which may be consulted on the Legislation page through the following direct address: www.cmvm.pt/.

The Code of Conduct, Internal Regulations for Financial Intermediation Activities, the Regulations of the Supervisory Board and of the Executive Board of Directors and the Compliance Policies describe the duties and obligations applicable not only to the activities of Banco Comercial Português as a whole, 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 practices and regarding securities or derivatives traded in organised markets, namely with respect to matters of conflict of interests, secrecy, incompatibilities and cooperation with the supervisory authorities. This code is disclosed to all Employees, who have permanent access to it, through both the internal portal and Bank's Internet site, on the page with the following address:
http://www.millenniumbcp.pt/site/conteudos/en/.

The Internal Regulations Relative to Financial Intermediation Activities institutes the fundamental rules and procedures, in addition to the general rules of conduct to be observed in the activity pursued by the Bank as a financial intermediary, and are disclosed to the Employees through the internal portal. These regulations are available both on the Bank's Internet site, on the page with the following address:
http://www.millenniumbcp.pt/site/conteudos/en/.

The Regulations of the Executive Board of Directors and of the Supervisory Board establish their respective competences and scope of action, and regulate the functioning of these boards, as well as the rules of conduct of 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 Bank's Internet site, on the page with the following address:
http://www.millenniumbcp.pt/site/conteudos/en/.

These documents are also provided to the members of each of these bodies at the time of their election or appointment.

The Compliance Policies are composed of a series of sectorial documents addressing different matters with an extremely important impact on the services provided by the Bank, for the purpose of ensuring, at all levels and activities of the Group, the highest standards of quality, adequacy, proficiency and suitability, by the Organisation, Members of the Management and Supervisory Boards and other senior staff and Employees and, when applicable, the Shareholders, Customers and market in general.

During the year, the following documents of the Compliance Policies were reviewed, updated and approved by the Executive Board of Directors: Policy on Customer Acceptance; Policy on Customer Identification; Policy on the Analysis and Monitoring of High Risk Entities; Policy on the Management of Money Laundering and Terrorism Financing Risks; Policy on the Execution of Orders; Policy on Conflicts of Interest; and Policy on the Approval of New Products (General Principles).

The policy documents referred to above were also disclosed internally through the Bank's Intranet for all Employees, with the first six also being available to the general public at the following address:
http://www.millenniumbcp.pt/site/conteudos/en/.

With the approval and disclosure of these policy documents, the Bank has significantly strengthened the standards adopted on matters of transparency, information and high performance requirements.

It should also be noted that the Supervisory Board approved the "Policy on Approval of Audit Services".

0.2. List of the recommendations, adopted and not adopted, contained in the corporate governance code of the CMVM or other that the company has decided to adopt, under the terms of the regulation of which the present annex is an integral part. For this effect, recommendations that have not been fully complied with are described herein as non-adopted

Recommendations of the CMVM contained in the Corporate Governance Code in force during 2010	Compliance statement	Detailed information 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.	Compliant	Chapter I – General Meeting
I.1.2. The remuneration of the Chairman of the Board of the General Meeting must be disclosed in the Annual Report on Corporate Governance.	Compliant	Chapter I – I.3.
I.2. PARTICIPATION IN THE MEETING		
I.2.1. The period of time in advance given for the receipt, by the board, of the statements of deposit or blocking of shares for participation in the general meeting imposed by the articles of association must not exceed five business days.	Repealed by Dec.-Law number 49/2010, of 19 May	See note 1 to the present table
I.2.2. In the case of the suspension of the General Meeting, the company should not force the blocking to remain during the intermediate period until the session is resumed, with the ordinary period of time in advance required in the first session being sufficient.	Repealed by Dec.-Law number 49/2010, of 19 May	Chapter I – I.5.
I.3. VOTING AND THE EXERCISE OF VOTING RIGHTS		
I.3.1. The company must not establish any statutory restriction on voting by correspondence and, when adopted and admissible, on voting through electronic correspondence.	Compliant	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 three business days.	Compliant	Chapter I – I.II.
I.3.3. The company must ensure proportionality between voting rights and shareholding, preferably through statutory establishment that one share corresponds to one vote.	Compliant	See note 2 to the present table
I.4. DELIBERATIVE QUORUM		
I.4.1. The company must not establish a deliberative quorum greater than that laid down by law.	Not compliant	See note 1 to the present table

continues

continuation

Recommendations of the CMVM contained in the Corporate Governance Code in force during 2010	Compliance statement	Detailed information in the present Report
I.5. MINUTES AND INFORMATION ON DELIBERATIONS ADOPTED		
I.5.1. Extracts of minutes of General Meetings or documents with equivalent contents should be made available to shareholders on the company's Internet site within the period of five days, after the general meeting, even if they not constitute privileged information. The information disclosed should include the deliberations taken, the share capital represented and results of the voting. This information should be kept on the company's Internet site for at least three years.	Compliant	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.	Compliant	Chapter I – I.8.
I.6.1.1. 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 compliant	Chapter I – I.19. and see note 2 to the present table
I.6.2. 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.	Compliant	Chapter I – 1.20. and 1.21.
II. MANAGEMENT AND SUPERVISORY BOARDS		
II.1. GENERAL SUBJECTS		
II.1.1. Structure and competence II.1.1.1. The management board must assess the adopted model in its Annual Report on Corporate Governance, identifying any constraints to its functioning and proposing measures of action that are deemed suitable to overcome them.	Compliant	Chapter II – Management and Supervisory Boards
II.1.1.2. Companies should create internal control and risk management systems, safeguarding their value and increasing the transparency of their corporate Governance, enabling them to identify and manage risk. These systems should include at least the following components: i) defining the company's strategic goals in terms of risk taking; ii) identification of the main risk in connection with the activity carried out and events that may generate risks; iii) analysis and measurement of the potential risks' impact and probability of occurring; iv) risk management aiming at aligning the risks effectively taken with the risk strategy chosen by the company; v) mechanisms to control the execution of the risk management actions adopted and their efficiency; vi) adoption of internal mechanisms for information and communication on the various components of the risk system and warnings; vii) periodic assessment the system put in place and adoption of modifications deemed necessary.	Compliant	Capítulo II – II.5.
II.1.1.3. The management board should ensure the creation and functioning of the company's internal control and risk management systems, with the supervisory board being responsible for assessing the their functioning and proposing any adjustment to meet the company's needs.	Compliant	Chapter II – II.6.
II.1.1.4. The company should, in the Annual Report on Corporate Governance: i) identify the main economic, financial and legal risks to which the company is exposed during the exercise of its activity; ii) describe the action and effectiveness of the risk management system.	Compliant	Chapter II – II.5.
II.1.1.5. The management and supervisory boards must have work regulations, which must be disclosed on the company's Internet site.	Compliant	Chapter II – II.7.

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continuation

Recommendations of the CMVM contained in the Corporate Governance Code in force during 2010	Compliance statement	Detailed information in the present Report
II.1.2. Incompatibilities and independence		
II.1.2.1. The board of directors must include a sufficient number of non-executive members so as guarantee effective capacity to manage, supervise and assess the activities of the executive members.	Not compliant.	See note 3 to the present table
II.1.2.2. Amongst the non-executive directors, there should be an adequate number of independent directors, taking into consideration the size of the company and its shareholder structure, which cannot under any circumstances, be less than one quarter of the total number of directors.	Not compliant	See note 4 to the present table
II.1.2.3. The assessment made by the management board of the independence of its non-executive members should take into account the legal and regulatory rules in force on independence requirements and the rules on incompatibilities applicable to the members of the governing bodies, ensuring systematic consistency and coherence over time in the application of the independence criteria to the entire company. Directors should not be considered independent if, in another governing body, they could not hold this position through force of the applicable rules.	Not compliant	Chapter II – II.14. and II.15.
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.	Compliant	Chapter II – II.2. and Annex II
II.1.3.2. The selection of candidates for non-executive directors should be designed so as to ensure the non-interference of the executive directors in this process.	Not compliant	
II.1.4. Policy on the communication of irregularities		
II.1.4.1. 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.	Compliant	Chapter II – II.35.
II.1.4.2. The general guidelines of this policy must be disclosed in the company Governance Report.	Compliant	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 long-term interests of the company, be based on a performance evaluation and prevent excessive risk assumption. For that purposes remunerations should be structured as follows: i) The remuneration of directors exercising executive duties should include a variable component defined based on a performance evaluation carried out by the competent body or committee according to predetermined measurable criteria that take into consideration the company's actual growth and the wealth effectively generated for shareholders, its long-term sustainability and the risks taken, together with compliance with the rules applicable to the company's activity; ii) The variable component should be globally reasonable in comparison with the fixed portion of the remuneration and maximum ceilings must be established for all components; iii) A significant portion of the variable remuneration must be deferred for a period of more than three years and its payment must depend on the continuance of the company's positive performance throughout that period of time; iv) The members of the management board must not enter into agreements with company or third parties for purposes of mitigating the risk related with the variable nature of the remuneration attributed to them by the company;	Compliant	Chapter II – II.29. to II.34., inclusive

continues

continuation

Recommendations of the CMVM contained in the Corporate Governance Code in force during 2010	Compliance statement	Detailed information in the present Report
v) Up to end of their term-of-office the executive directors cannot sell the company shares they received through the variable remuneration scheme up to a limit of twice the amount of the totalannual remuneration, exception made to those that need to be sold to pay the taxes resulting from the benefits awarded by those shares;		
vi) Whenever the variable remuneration comprises stock options the beginning of the option term must be deferred for at least three years;		
vii) The company must create the legal instruments required to ensure that, should a director be laid off without cause, the remuneration established is not paid if the director is laid off due to inadequate performance;		
viii) The remuneration paid to non-executive directors must not include a component whose value depends on the company's performance or worth.		
II.1.5.2. The statement on the policy on the remuneration of the management and supervisory boards referred to in article 2 of Law number 28/2009, of 19 June should, in addition to the content referred to therein, contain sufficient information: i) on which groups of companies' remunerative policy and practices were used as a basis of comparison for the establishment of remuneration; iii) on payments relative to severance or termination through agreement of directorship positions.	Compliant	Chapter II – II.29., II.33. l)
II.1.5.3. The statement on the policy on the remuneration of the management and supervisory boards referred to in article 2 of Law number 28/2009 should also cover the remunerations of the directors in observance of number 3 of article 248 of the Securities Code and whose remuneration has a variable component. The statement should be detailed and the policy presented should take into account, namely, the long term performance of the company, compliance with the rules applicable to the company's activity and prudence in risk-taking.	Compliant	Chapter II – II.29.
II.1.5.4. The proposal regarding the approval of plans to allocate shares and/or share purchase options, or based on 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.	Compliant	Chapter I – I.17.
II.1.5.6. At least one representative of the remuneration committee must be present in the annual general meeting of shareholders.	Compliant	Chapter I – I.15.
II.1.5.7. The value of the remunerations received, as a whole and individually, from other companies of the group and the pension rights acquired during the year in question should be disclosed in the Annual Report on Corporate Governance.	Compliant	Chapter II – II.31.
II.2. BOARD OF DIRECTORS		
II.2.1. Within the limits established by the law for each management and supervisory structure, and unless as a result of the small size of the company, the board of directors must delegate the daily management of the company, with the delegated competences being identified in the Annual Corporate Governance Report.	Not compliant	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.	Not compliant	See note 5 to the present table

continues

continuation

Recommendations of the CMVM contained in the Corporate Governance Code in force during 2010	Compliance statement	Detailed information in the present Report
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 compliant	See note 6 to the present table
II.2.4. The annual management report should include a description of the activity developed by the non-executive directors referring, namely, to any constraints that have been encountered.	Not compliant	See note 7 to the present table
II.2.5. The company should describe its policy on the rotation of positions within the Board of Directors, namely of the person responsible for financial matters, and disclose this policy in the annual report on Corporate Governance.	Compliant	See note 8 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.	Compliant	Volume II – Reports of the Supervisory Board and of the Audit Committee and opinions of the Statutory Auditor and External Auditor
II.3.2. The chairman of the executive committee should send, respectively, to the Chairman of the Board of Directors and, when applicable, the chairman of the supervisory board or audit committee, the call notices and minutes of the respective meetings.	Not compliant	See note 9 to the present table
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.	Compliant	Chapter II – II.1.
II.4. GENERAL AND SUPERVISORY BOARD, FINANCIAL MATTERS COMMITTEE, AUDIT COMMITTEE AND SUPERVISORY BOARD		
II.4.1. The 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 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.	Compliant	Chapter II – II.1.
II.4.2. The annual reports on the activity developed by the supervisory board, financial matters committee, audit committee and supervisory board should be disclosed on the company's Internet site, together with the documents presenting the accounts.	Compliant	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.	Compliant	Volume II – Reports of the Supervisory Board and of the Audit Committee
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.	Compliant	Chapter II – II.2., see note 10 to the present table
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.	Compliant	Volume II – Report of the Audit Committee

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Recommendations of the CMVM contained in the Corporate Governance Code in force during 2010	Compliance statement	Detailed information in the present Report
II.4.6. The internal audit services and the services dedicated to ensuring compliance with the rules applied to the company (compliance services), should report their activities to the audit committee and supervisory board.	Compliant	Chapter II – II.3.
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 neces sary 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; iii) identifying in due time any potential candidates with the high-stan ding profile required for the holding of office as a director.	Compliant	Chapter II – II.2. and Report of the 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 and include at least one member with experience on matters of remuneration policy.	Compliant	Chapter II – II.1.
II.5.3. No natural or legal person may be contracted to support the remuneration committee who, over the last 3 years, has provided any services to any structure under the board of directors, the ac tual board of directors of the company or who is in any manner cur rently a consultant to the company. This recommendation is also ap plicable to any natural or legal person related to the above through a work contract or provides services.	Compliant	Chapter II – II.39.
II.5.4. All the committees should prepare minutes of the meetings they hold.	Compliant	Chapter II – II.7.
III. INFORMATION AND AUDITS		
III.1. GENERAL INFORMATION DUTIES		
III.1.1. 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.	Compliant	Chapter III – III.16.
IIII.1.2. The following information available on the company's Internet site should be disclosed in English: a) The firm, its status as a public company 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.	Compliant	See note 11 to the present table
III.1.3. The company should promote a rotation of the auditor at the end of every 2 or 3 mandates, according to whether the mandate is for 4 or 3 years. The maintenance of the auditor beyond this period should be based on a specific opinion issued by the supervisory board which explicitly considers the conditions of independence of the auditor and the advantages and costs of his replacement.	Compliant	Chapter III – III.18
III.1.4. The external auditor should, under its duties, verify the application of the remuneration policies and systems, the effectiveness and functioning of the internal control mechanisms and report any weaknesses to the company's supervisory board.	Compliant	See Auditors' Report, Vol. II of the Annual Report
III.1.5. The company should not contract any services other than audit services from the external auditor, or from any entities which own a stake in it, or which are part of the same network. Should there be reasons to contract such services – which should be approved by the supervisory body and described in its Annual Report on Corporate Governance – they cannot represent more than 30% of the total value of the services provided to the company.	Compliant	Chapter III – III.17.

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Recommendations of the CMVM contained in the Corporate Governance Code in force during 2010	Compliance statement	Detailed information in the present Report
IV. CONFLICT OF INTERESTS		
RELATIONS WITH SHAREHOLDERS		
IV.1. Company business with shareholders owning qualifying holdings or with entities that are in any relationship with such shareholders, under the terms of article 20 of the Securities Code, should be carried out under normal market conditions.	Compliant	Chapter III – III.14.
IV.1.2. Company business of significance importance with shareholders owning qualifying holdings or with entities that are in any relationship with such shareholders, under the terms of article 20 of the Securities Code, should be submitted to the prior opinion of the supervisory board. This board should establish the necessary procedures and criteria for the definition of the level of important significance of this business and other terms of its intervention.	Compliant	Chapter III – III.14.

PREAMBLE

When reading table above it is important to take account of the fact that Regulation 1/2010 of the CMVM, published on 1 February 2010, has not undergone any alteration as a consequence of the publication of Decree-Law number 49/2010, of 19 May, which amended, amongst others, the rules relative to the General Meetings, in particular the rules on prior information, the right to request the inclusion of points on the agenda, to right to present proposals and the right to participate in the General Meeting and vote at it, which is no longer assessed based on the proof of ownership of shares on the day of the General Meeting, and is now assessed based on proof of capacity of shareholder at 0 hours (GMT) on the 5th trading day prior to the General Meeting.

It should also be noted, in particular, that the Recommendations issued in the Corporate Governance Code drawn up by the Portuguese Stock Market Regulator (CMVM) are based on the one-tier or Anglo-Saxon model and only in a few cases consider the specifications of the two-tier model, which is the model adopted by Banco Comercial Português. This choice implies that many of the abovementioned recommendations are not applicable to companies that have adopted the said two-tier model, and there are gaps in relation to this latter model.

In order to cover these gaps, whenever possible, the present report seeks to point to the practices which ensure compliance with principles which, being contained in the recommendations applicable to the one-tier model, were ignored when the two-tier model was addressed.

NOTE 1

The Articles of Association are only more demanding than the Law where it concerns the merger, demerger, transformation of the company and amendment to the provisos limiting the votes of the Shareholders in a group relation or connected in another manner, since they require the approval of three quarters of the votes cast, as well as where it concerns the winding up of the company, which requires the approval of three quarters of the paid up share capital.

NOTE 2

In accordance with the Articles of Association, each 1,000 euros of share capital corresponds to one vote, with Shareholders owning a number of shares (all with no exceptions) less than the number 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, in order to exercise their legitimate voting rights.

Considering the small number of shares that, under the by-laws, confer one vote and, therefore, the right to individually attend the General Meeting, the Bank believes that the due proportion between the voting rights and Shareholders participation is ensured since the aforementioned rules take into consideration both the interests of the small Shareholders, who may group and thus exercise their voting rights, and the need to ensure that the General Meeting functions in the appropriate manner.

Each share has the nominal value of 1 euro, hence, in practice, each 1,000 shares corresponds to one vote.

NOTE 3

In the corporate governance model, under the terms of the provisions in article 278, number 1 c) of the Companies Code, adopted by Banco Comercial Português (two-tier model), the management and supervision of the activity of the executive directors is entrusted to an autonomous body called the Supervisory Board, which is statutorily composed of a number of members which is greater than that of the Executive Board of Directors, presently 13 members where the majority are independent members. In this way, the objectives of this recommendation are fully achieved, although the recommendation regards a corporate governance model different from the one adopted.

NOTE 4

Although this recommendation is not applicable to the governance model adopted by Banco Comercial Português, the present recommendation is observed by the Supervisory Board, composed of a majority of independent members.

NOTE 5

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 6

In companies that adopt the two-tier model, the majority of independent members of the Supervisory Board ensures compliance with this recommendation.

NOTE 7

The issues covered by the present recommendation are addressed in the Report of the Supervisory Board, published simultaneously with this Report.

NOTE 8

The Member and also Vice-Chairman of the Executive Board of Directors responsible for financial matters has been in office since 15 January 2008 and is holding his first mandate.

NOTE 9

Due to the governance model adopted by the Bank, the issues covered by the recommendation are addressed by the following recommendation: II.3.3.

NOTE 10

The Audit Committee is a specialized committee of the Supervisory Board (art. 12 of the Regulations of the Supervisory Board of Banco Comercial Português S.A.)

NOTE 11

The information relative to the present recommendation is available in English on the following site:
http://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

As results from the table above and the detailed manner in which the different issues are addressed in the following chapters, we consider that the degree of adoption of the recommendations is very comprehensive and complete, with this subject being addressed clearly and in detail over the entire Report.

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 answer to this point is included in the explanations provided in the answers to the three previous points. However, the importance of this issue justifies a more detailed explanation.

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 and indispensable equivalence, with the compliance (or mere submission) having become more highly valued and recognised than the legitimate alternative explanation, which also unbalances the respective compliance cost, making formal compliance (with or without concordance) more convenient and easy than the effort of explaining, which is more onerous and less useful.

This situation – worsened by the more or less mechanical surveys, scorings and rankings on which companies comply more or simply do not comply with – deeply jeopardises the essence of the comply or explain principle upon which the Corporate Governance Code is based and tends to eliminate the creativity and flexibility that it needs, tending to crystallise the recommendations, making them more rigid (regardless of their merit), and then even "common place", depriving them of their real meaning.

Nowadays, anyone wishing to base a group of recommendations upon the fundamental principle of comply or explain – as the abovementioned Directive 2006/46/EC recommends and is also predominant in most corporate governance codes of international companies – 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 functioning of the General Meeting of Banco Comercial Português, S.A., a company issuing shares listed for trading on regulated markets, is ruled by the respective statutory rules and by the specific provisions of the Companies Code and Securities Code. The various amendments introduced by Decree-Law 49/2010, of 19 May, to the imperative rules relative to shareholder rights and the functioning of the General Meeting, are not yet reflected in the Bank's articles of association, although it is expected that during the following Annual General Meeting a proposal will be approved aimed at, amongst other matters, accommodating the amendments in question.

Independently of this proposal, the preparation and holding of the next Annual General Meeting will respect all the legislative amendments referred to above.

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, deliberating on reports, accounts, proposals for the appropriation of profits and any matters submitted at the request of Management and Supervisory Bodies and, in general, deliberating on all matters specifically attributed by the law or articles of association, or which are not included in the attributions of other corporate bodies.

In view of the recent legislative amendment noted above, it is considered pertinent to list the main rules of the functioning of the General Meeting in this chapter, namely because the next General Meeting, as referred to above, will be structured accordingly.

Regarding the human and logistic resources provided to the Chairman of the Board of the General Meeting nothing has been altered, since he is provided with the support, over the entire year, of the Company Secretary and respective Services and, at every General Meeting and during the respective preparatory period, with the support of a Working Party specifically constituted for the effect which, in addition to those of the Company Secretary Office and of the Investors Relations Department, includes Employees of the Operations, Information and Technologies, 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 15 January 2008;

Vice-Chairman: Manuel António de Castro Portugal Carneiro da Frada (Independent), elected for the first time on 15 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 essential information relative to the General Meetings of the last five years providing, namely: the total number of votes issued, the represented percentage of share capital corresponding to the total number of votes issued, the number of shares corresponding to the total number of votes issued, the identification of the company, the name of the Chairman and Vice-Chairman of the Board, copy of the call notices, agendas, proposals and other documents submitted for voting.

The abovementioned publication is available on the Bank's site, on the page with the following address:
http://www.millenniumbcp.pt/pubs/en/governance/organization_model/article.jhtml?articleID=678232.

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 began in 2008 ended in 2010. These will remain in office until the next Annual General Meeting, when the proposal for the election of the Board of the General Meeting for the three-year period 2011/2013 is expected to be submitted for voting.

I.3. Indication of the remuneration of the Chairman of the Board of the General Meeting

The annual remuneration earned by the Chairman of the Board of the General Meeting amounts to 150,000 euros and was established on 28 May 2007 by the Remuneration and Welfare Board elected by the General Meeting. This remuneration remained unaltered during 2010.

Over the year, and always in observance of the rules of independence, the Chairman of the Board, with his considerable and recognised technical knowledge and legal rigour, supported the different Corporate Boards and Bodies of the Bank, 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

As a result of the amendments to the Securities Code approved by Decree-Law 249/2010 noted above, the Portuguese legal system adopted, for companies issuing shares listed for trading on regulated markets, the "registration date" rule.

This rule determines that capacity to participate and vote in the General Meeting is now assessed according to proof of Shareholding capacity at 0 hours (GMT) of the 5th trading day before the General Meeting. As of that time, Shareholders are free to sell their shares without this affecting their right to participate in the Meeting and exercise their voting rights therein. Should they sell shares during the period between the "registration date" and the date of the Meeting, and should they wish to participate in the Meeting, the Shareholders are only obliged to inform the CMVM and the Chairman of the Board of the Meeting of this fact.

Therefore, it no longer makes sense to speak of blocking shares since the sole purpose of this blockage was to produce evidence of the capacity as Shareholder on the day of the General Meeting and the action now required by Decree-Law 49/2010 is the prior registration set forth in article 23-C (3) of the Securities Code.

As mentioned before, this issue is specifically defined in the draft amendment to the Articles of Association to be submitted to the Annual General Meeting.

I.5. Indication of the rules applicable to the blocking of shares in case the General Meeting is suspended

The comments made in relation to the previous paragraph are valid for this paragraph.

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. has 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) allow financial investors to abdicate from actively intervening in the management of corporate business, against a guaranteed (minimum) return on their investment. Therefore these shares cannot be freely compared with other ordinary shares, which bear the voting rights crucial to the indispensable and necessary control of the company.

Hence, one cannot conclude – when mentioning this type of shares or securities, that just because they grant no voting rights – that this 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, restoring corporate balance and allowing their holders to actively participate in the company's life.

The recommendation of the CMVM (Portuguese Stock Market Regulator) should it be deemend to favour 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 20% of the total share capital should not be counted when imputable to a single Shareholder or Group, Banco Comercial Português considers that this article ensures that 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 to restrict the rights of the largest Shareholders, defending the interests of the small and medium-sized Shareholders, whose vote thus achieves greater weight and relative representativeness.

This statutory provision 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 provision under the Companies Code that establishes that every 1,000 shares correspond to one vote and that Shareholders owning less than 1,000 shares may form a group and be represented at the general meeting by one of them, does not imply that there are shares without vote, rather, what it means is that it organizes (and logistically rationalizes) the right to participate and vote in General Meetings, which, we stress, is not denied to the Shareholders with less than 1,000 shares. In accordance with that organizational rule, Shareholders owning less than 1,000 shares may group and be represented by one of them in 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 on its first call. 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 deliberations 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.

In accordance with art. 34 of the Articles of Association the company 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:

a) By sending the Shareholders on the prepared list and referring to the date as closest possible to the one scheduled for the Meeting, a copy of the respective call notice as well as a letter of the Chairman of the Board providing extensive information on the various forms of participation in the General Meeting and voting through attendance or by correspondence;

b) By providing on the Bank's site, as of the publication of the respective call notice, all the relevant information, such as the agenda, proposals and documents to be submitted to the Meeting, forms/e-mails of the letter stating participation, statement of deposit and representation, 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, as well as an explanatory note 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 call notice of the General Meeting indicates, under the terms of the law and Articles of Association of the Bank, in a clear and unequivocal manner, the possibility to exercise the right to vote through postal correspondence or using electronic means.

Under the terms of number 13 of article 16 of the Articles of Association of the Bank, the exercise of the right to vote by correspondence covers all the matters presented in 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/en/governance/organization_model/article.jhtml?articleID=678232.

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 provided at the Bank's registered Office, Branches 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 end of the term mentioned in article 23-B (2) of the Securities Code.

The instructions for voting using these means are published at the same time as the call notice of the General Meeting on the Bank's site, on the page with the following direct address:
http://www.millenniumbcp.pt/pubs/en/governance/organization_model/article.jhtml?articleID=678232.

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, 5 p.m. of the penultimate business day before the date scheduled for the General Meeting. This deadline corresponds to the one established for receiving the proxy letters, thus complying with the rules of the CMVM Regulation nr. 1/2010 – Corporate Governance for Listed Companies.

I.12. Exercise of the right to vote through electronic means

Under the terms of number 13 of article 16 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 last business day before the day scheduled for the General Meeting.

The instructions for voting using these means are published at the same time as the call notice of the General Meeting on the Bank's site, on the page with the following address:
http://www.millenniumbcp.pt/pubs/en/governance/organization_model/article.jhtml?articleID=678232.

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 always publishes the constitutive quorum, agenda, text of the proposals and reports submitted to the General Meeting, the contents of the resolutions adopted and results of the voting, indicating the number of Shareholders present at each voting, number of votes they correspond to, direction of each of the votes issued and results of the voting, within a period of time shorter that the recommended five days.

The abovementioned publication is available on the Bank's site, on the page with the following address:
http://www.millenniumbcp.pt/pubs/en/governance/organization_model/article.jhtml?articleID=678232.

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 three years

On its Internet site the Bank maintains the historical record of the attendance, agendas, resolutions adopted and percentage of the votes cast at the General Meetings over the last five years, as well as all the other information referred to in the previous number.

The abovementioned publication is available on the Bank's site, on the page with the following address: http://www.millenniumbcp.pt/pubs/en/governance/organization_model/article.jhtml?articleID=678232.

I.15. Indication of the representatives of the remuneration committee present at the General Meetings

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 12 April 2010, the Chairman of the Board of the General Meeting submitted to vote the statements relative to the policy on the remuneration of the Executive Board of Directors, Supervisory Board and Members of the Remuneration and Welfare Board. The voting was cast separately with a binding character, where the statement relative to the policy on the remuneration of the Executive Board of Directors, which covered the retirement system for Members of the Executive Board of Directors received the support of a majority of 93.59% of the votes cast.

The voting on the policy on the remuneration of the Supervisory received the approval of a majority if 96.74% of the votes cast.

The proposed policy on the remuneration of the Remuneration and Welfare Board was approved by a majority of 95.64% of the votes cast.

During 2010, the following were qualified as Senior Executives of the Bank: the Head of Office of the Chairman of the Executive Board of Directors, the Compliance Officer, the Group Treasurer, the Head of Investor Relations, the Risk Officer, the Company Secretary, the heads of the Internal Audit Department, Planning and Budget Control Department and the Office Supporting the Supervisory Board. The respective remuneration does not include a variable component, which is only attributed on a case-by-case and yearly basis, by the Executive Board of Directors and is not an acquired right. In 2010, no Senior Executive were granted variable remunerations as per the definition of article 248-B (3) of the Securities Code.

Since the policy for the establishment of the remuneration of these Senior Executives is no different from that practiced for the rest of the Coordinating Managers of the Bank and Group. At the General Meeting of 2011, the Shareholders will appraise a proposal for a mandatory Remuneration Policy for Heads of Function, Senior Executives and other Employees.

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 corresponding 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 regarding 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 other Directors, in observance of number 3 of article 248-b of the securities code, as well as the elements provided at the General Meeting with a view to the correct assessment of these plans

Currently, the Bank does not have any plans to allocate shares, and/or stock 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, in observance of number 3 of article 248-b of the securities code

The Members of the Supervisory Board are not entitled to any retirement benefit.

The system for the retirement or invalidity of the Members of the Management Board is established in article 13 of the Bank's Articles of Association, and in the Retirement Regulations of the Members of the Executive Board of Directors, approved by the Remuneration and Welfare Board, regarding which, and relative to the three-year period of 2008/2010, the Remuneration and Welfare Board adopted a resolution whose financial impact, which cannot be altered in any way, is detailed in the table in paragraph II.33.o) of this Report.

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, and the inclusion of such a rule has never having been requested by the Shareholders or Members of the Governing Bodies.

Under the terms of the law, any shareholder or Group of Shareholders owning 2% or more of the share capital may request, at any time, that the suppression of the limit established in number 10 of article 16 of the Bank's articles of association be submitted to vote at the General Meeting.

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 in the company's articles of association.

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 harmful for the company, except if the company is specifically obliged to disclose this information due to other legal requirements

The company has 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

The company has 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, five 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 continues to consider that it permitted a strict separation between the management and supervision, ensuring that the latter is carried out by Non-Executive Members who are mostly independent from 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.

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, S.A., its management and supervision is structured as follows:

- Executive Board of Directors;
- Supervisory Board;
- Statutory Auditor.

The General Meeting also decided to delegate the competences for the establishment of the remuneration of the Members of the Governing Bodies to a Remuneration and Welfare Board.

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, whose nomination was deliberated at the General Meeting through proposal undersigned by the Supervisory Board.

A) Executive Board of Directors

The Executive Board of Directors is responsible for the management of the company, currently being composed of eight members, with the statutory minimum being seven and maximum thirteen, elected by the General Meeting for a period of three years, who can be re-elected one or more times. The Chairman of the Executive Board of Directors has the casting vote.

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 all acts and operations under its corporate object;
- Acquiring, encumbering and selling any assets and rights, movable or immovable, whenever deemed convenient for the company;

- Deciding, subject to any legal requirements, on the company's stake in the share capital of companies that may have any object whatsoever, or which are regulated by special laws, or are in complementary associations of companies, or ar in any other manner associated to other companies;

- Contracting Employees, establishing their salaries, social and other pecuniary benefits and exercising the corresponding directive and disciplinary power;

- Preparing the documents presenting the accounts;

- Preparing the documents with projections of the Bank's activity and corresponding implementation reports;

- 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 provisions and with deliberations of the General Meeting;

- Setting up the Bank's organisation and methods of work, drawing up regulations and issuing such instructions as it may deem fit;

- Deliberating on decision-making levels with competence to assess loan operations;

- Representing the Bank in and out of the courts, as plaintiff or defendant;

- Resolving or proposing, with grounds, one or more times, increases in share capital, in the first case always in observance of the limits of the authorisation of the General Meeting and obtaining the prior opinion of the Supervisory Board.

The current Executive Board of Directors of the Bank was elected at the General Meeting of Shareholders on 15 January 2008 (1) and is composed of the following members:

Chairman:	Carlos Jorge Ramalho dos Santos Ferreira (62 years old)
Vice Chairmen:	Paulo José de Ribeiro Moita de Macedo (47 years old) Vítor Manuel Lopes Fernandes (47 years old)
Members:	José João Guilherme (53 years old) Nelson Ricardo Bessa Machado (51 years old) Luís Maria França de Castro Pereira Coutinho (49 years old) Miguel Maya Dias Pinheiro (46 years old) António Manuel Palma Ramalho (50 years old)

All the Directors show technical competence, knowledge and professional experience appropriate to the performance of their respective duties and areas of responsibility in the internal organisation, as can be concluded from the analysis of the curricula on Annex 1. All the Directors show the diligence of a careful and orderly manager, observing the duties of loyalty, acting in the interest of the company, and attending to the long term interests of the Shareholders and other Stakeholders.

(1) With the exception of the members Miguel Maya Dias Pinheiro and António Manuel Palma Ramalho, elected at the General Meeting of 12 April 2010.

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 explicit and founded prior authorisation has been obtained for such from the Supervisory Board.

The mandate for which of the Executive Board of Directors was elected was the triennal, 2008/2010, which ended on 31 December 2010. However, under the terms of the provisions in the Companies Code, the respective members 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 next April. The documents presenting the 2010 accounts will also be submitted at this General Meeting.

B) Supervisory Board

The Supervisory Board is a supervision body, responsible, under the legal and statutory terms for:

- Representing the company in its relations with the Directors;
- Supervising the activity of the Executive Board of Directors and offering it advice and assistance;
- Ensuring observance of the law and Articles of Association;
- 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, of the internal control system and of the 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.
- Contracting the provision of expert services to assist one or various members in the performance of their duties;
- Receiving the communications stating irregularity reports presented by Shareholders, company Employees and others;
- Preparing, on an annual basis, a report of its activity and presenting it to the Annual General Meeting.

The Supervisory Board is composed of thirteen permanent members. In view of the corporate governance model adopted by the Bank, all the members of this Board are Non-Executive and most are qualified as independent. With respect to the members who currently compose the Supervisory Board, five members do not meet the requirements 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, as referred by Article 434 (4), of the Companies Code and perform their respective duties observing the duties of accountability, diligence and loyalty, in accordance with high standards of professional diligence.

The Supervisory Board was elected at the General Meeting of 30 March 2009 and has the following composition:

Chairman:	Luís de Mello Champalimaud (59 years old) (Independent)
Vice Chairmen:	Manuel Domingos Vicente (54 years old) (Not Independent due to being related to an entity owning a qualifying holding) Pedro Maria Calaínho Teixeira Duarte (56 years old) (Not Independent due to being related to an entity owning a qualifying holding)
Members:	Josep Oliu Creus (61 years old) (Not Independent due to being related to an entity owning a qualifying holding) António Luís Guerra Nunes Mexia (53 years old) (Not Independent due to 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. (69 years old) (Not Independent due to representing a company owning a qualifying holding) António Vítor Martins Monteiro (67 years old) (Independent) João Manuel de Matos Loureiro (51 years old) (Independent) José Guilherme Xavier de Basto (72 years old) (Independent) José Vieira dos Reis (63 years old) (Independent) Manuel Alfredo da Cunha José de Mello (62 years old) (Independent) Thomaz de Mello Paes de Vasconcelos (53 years old) (Independent) Vasco Esteves Fraga (61 years old) (Independent)

The mandate of the Supervisory Board began on 30 March 2009 and ended on 31 December 2010. As noted above for the Members of the Executive Board of Directors, the Members of the Supervisory Board should remain in office until the General Meeting which will deliberate on the composition of this board for the mandate of 2011/2013, which was convened for April 2011.

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/site/conteudos/en/.

C) Statutory Auditor and External Auditors

In the corporate governance model adopted by Banco Comercial Português, the Statutory Auditor is elected by the General Meeting through a proposal of the Supervisory Board, for three year mandates, being responsible for proceeding with the examination of the company's accounts, as provided for under article 446 of the Companies Code, namely:

- Verifying the regularity of the accounting ledgers and records;
- Verifying that the accounting policies and worth measurement criteria adopted, provide a correct evaluation of the assets and earnings;
- Verifying the accuracy of the documents presenting the accounts;
- Auditing the accounts and other relevant services;
- 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 considered pertinent, 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 its partner Vítor Manuel da Cunha Ribeirinho, ROC, number 1081
Alternate:	KPMG & Associados – Sociedade de Revisores Oficiais de Contas, S.A., represented by its partner Ana Cristina Soares Valente Dourado, ROC, number 1011

As with the Members of the other Corporate Bodies of the Bank, the Statutory Auditor also undertakes to remain in office until the General Meeting which will elect the new Statutory Auditor.

External Auditor of the Group
Under the terms of competence conferred by article 30, number 7 of the Articles of Association of the Bank, the Supervisory Board proposed the election of KPMG & Associados – Sociedade de Revisores Oficiais de Contas, S.A. (SROC number 189) as External Auditor of the Group at the Bank's General Meeting, which approved this proposal in 2008.

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 deliberate on the remuneration of the Members of the Governing Bodies, has the following composition:

Chairman:	José Manuel Rodrigues Berardo (67 years old)
Members:	Luís de Mello Champalimaud (59 years old) Manuel Pinto Barbosa (67 years old)

The Members of the Remuneration and Welfare Board are independent from the Members of the Management Board as may be verified in the annexes to this report.

During 2010, the Remuneration and Welfare Board held five meetings.

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 and its secretary is the Company Secretary.

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 16 April 2009, in accordance with the law, the Bank's Articles of Association and its own Regulations, the following three specialised committees, and minutes were drafted of all their meetings:

A) Audit Committee

This Committee is established by number 2 of article 444 of the Companies Code, being entrusted, in accordance with the abovementioned rule and the Regulations of the Supervisory Board, namely, with 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, and is also responsible for supervising internal audit activities, and ensuring the independence of the Statutory Auditor and issuing a recommendation on the engagement of the External Auditor, formulating the respective proposal for the election and contractual conditions of the provision of services by the latter. This Committee is also responsible for receiving any communications of irregularities presented by Shareholders, Employees or others, ensuing that they are followed by the Internal Audit Department or by the Ombudsman.

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 governing bodies, owners of holdings equal to or greater than 2% 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 receives the Reports of the Internal Audit Department, Statutory Auditor and External Auditors. The Audit Committee meets regularly with the Director responsible for the Financial Area, the Risk Officer, the Compliance Officer and the Heads of Internal Audits and of the Planning and Budget Control Department, and has the power to summon any Director it wishes to hear. The Audit Committee also selects the Statutory Auditor and External Auditor, whose election and contracting are proposed at the General Meeting, by the Supervisory Board, and also approves the remunerations and conditions for the suitable performance of duties by the Statutory Auditor and External Auditors.

During 2010, the Audit Committee had the following composition:

Chairman:	João Manuel de Matos Loureiro (Independent)
Members:	José Guilherme Xavier de Basto (Independent) José Vieira dos Reis (Independent) Thomaz de Mello Paes de Vasconcelos (Independent)

All the members of this Committee are, pursuant to the legal and statutory criteria, qualified as independent, with the expertise and professional experience appropriate to the exercise of the respective position, as shown in the respective curricula attached to the present report.

This Committee receives logistic and technical support from the Support Office of the Supervisory Board, with the secretarial services being administered by the Office Head.

During 2010, the Audit Committee held twenty meetings.

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 Mello Champalimaud (Independent)
Members:	Josep Oliu Creus (Not Independent – due to being related to an entity owning a qualifying holding) António Luís Guerra Nunes Mexia (Not Independent due to being related to an entity owning a qualifying holding)

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 (university law professor).

The current secretary of the Committee is the Company Secretary.

During 2010, the Sustainability and Corporate Governance Committee held three meetings.

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 Board.

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 by the Group, 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 Vítor Martins Monteiro (Independent)
Vasco Esteves Fraga (Independent)

During 2010, the Nominations Committee held nine meetings.

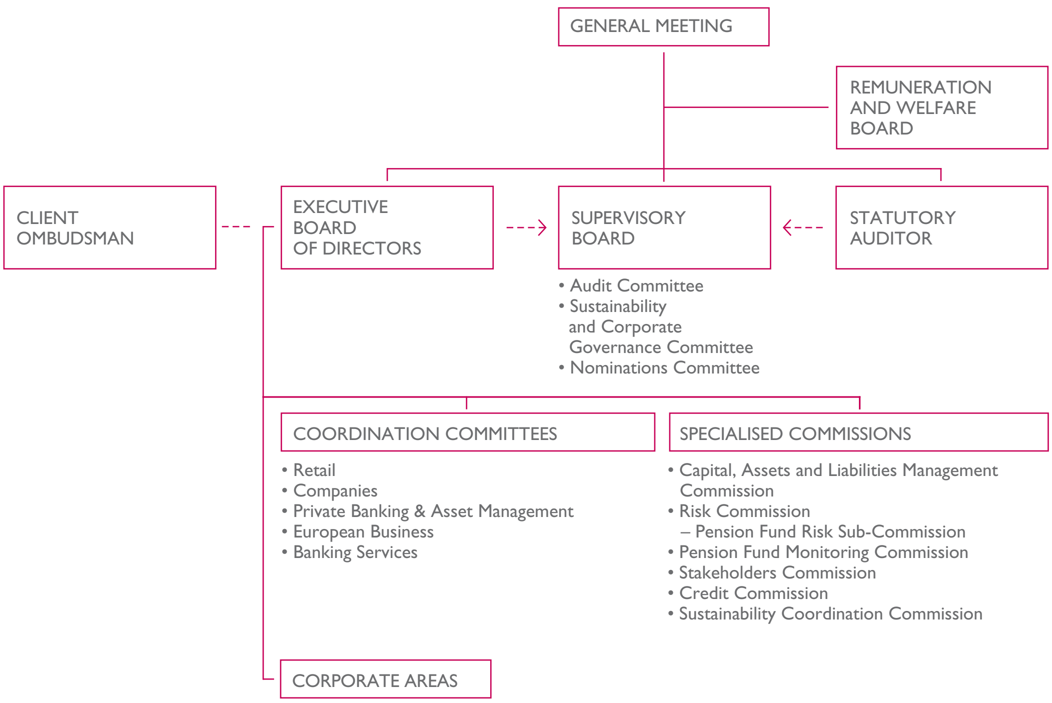
The current secretary of the Committee is the Company Secretary.

All the specialised Committees referred to above prepare minutes of the meetings held, in accordance with the respective rules of procedure.

II.3. Organisational charts or flowcharts relative to the distribution of competences between the different Governing Boards, Committees, Commissions and/or departments of the com of areas of responsibility amongst the Members of the Management or Supervisory Boards, and list of matters which are not able of being delegated and of competences effectively delegated

The following chart shows Millennium bcp's Corporate Governance Model.

CORPORATE GOVERNANCE MODEL



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.

OMBUDSMAN OFFICE

The Ombudsman is an entity which is independent of the hierarchical structure of the Bank whose action is developed in conformity with specific Regulations, defending and promoting the rights, guarantees and legitimate interests of all Millennium bcp Customers addressing it by recommending the adoption or alteration of practices or procedures.

During 2010, the activity of the Ombudsman included, in particular, the receipt of 1,716 communication sent by Customers, of which 56 were filed as appeals, with the Ombudsman having issued 52 opinions, 1,100 were recorded as claims, of which 1,007 are concluded, and 560 as requests, which, due to their nature and simplicity, are the exclusive competence of the Direct Banking Department.

Regarding the closing of cases, the rate of conclusion in due time stood at 93% of the appeals and 92% of the claims in relation to the number of outstanding cases. With respect to the assessment of the dossiers, the rate of admission recorded for the appeals was 21% and for claims 52%.

The average time of response, with respect to the areas involved from the receipt to the closing of appeal and claim cases, stood at 12 and 20 business days (equivalent to 17 and 28 calendar days), respectively, with the overall average response time having observed the statutory period.

OMBUDSMAN OFFICE (YEAR 2010)

1,716					
APPEALS		CLAIMS		REQUESTS	
Filed	56	Filed	1,100	Filed	560
Concluded	52	Concluded	1,007		
Rate of conclusion in due time	**93%**	**Rate of conclusion in due time**	**92%**		
Approved	11	Approved	520		
Dismissed	41	Dismissed	497		
Approval rate	**21%**	**Approval rate**	**52%**		

EXECUTIVE BOARD OF DIRECTORS

Since this is an Executive Corporate Body, no powers are actually delegated, the Directors are responsible for certain areas and are supported by the various committees and departments.

The distribution of areas of responsibility amongst members of the Executive Board of Directors, as at 31 December 2010, is as follows:

EXECUTIVE BOARD OF DIRECTORS

Areas of responsability and Alternate Members

CARLOS SANTOS FERREIRA (CSF)	
1. Office of the Chairman of the EBD	(PM)
2. Companay Secretary Office	(PM)
3. Fundação Millennium bcp	(PM)
4. Strategic Projects Nucleus	(PM)
5. Audit Department	(A)
6. Staff Management Support Dept.	(A)
7. Millennium Angola	(B)

PAULO MACEDO (PM)	
1. Research Office	(VF)
2. Planning & Budget Control Dept.	(VF)
3. Accounting & Consolidation Dept.	(VF)
4. Management Infomation Dept.	(VF)
5. Investors Relations Dept.	(VF)
6. Quality Department	(VF)
7. Risk Office	(VF)
8. Compliance Office	(VF)
9. General Secretariat	(VF)
10. Preventation and Stafety Office	(VF)

VÍTOR FERNANDES (VF)	
1. IT Department	(PM)
2. Operations Dept.	(PM)
3. Credit Dept.	(PM)
4. Rating Dept.	(PM)
5. Legal Department	(PM)
6. Tax Advisisng Dept.	(LPC)
7. Marketing Dept.	(MM)

JOSÉ JOÃO GUILHERME (JJG)	
1. Retail Banking (South)	(NM)
2. Retail banking (Centre South)	(NM)
3. Companies Banking (South)	(NM)
4. Specialized Credit Dept.	(NM)
5. Direct Baking Dept.	(NM)
6. Property & Logistics Department	(NM)
7. Millennium bim	(MM)

LUÍS PEREIRA COUTINHO (LPC)	
1. Private Banking	(AR)
2. Banque Privée BCP (Switzerland)	(AR)
3. Bank Millennium (Poland)	(NM)
4. Banca Millennium (Romania)	(NM)
5. BCP Holdings (USA)	(NM)

NELSON MACHADO (NM)	
1. Retail Banking (North)	(JJG)
2. Retail Banking(Centre North)	(JJG)
3. Compamies Banking (North)	(JJG)
4. Madeira Regional Department	(JJG)
5. Azores Regional Department	(JJG)
6. Network Support Department	(JJG)
7. Microcredit Department	(JJG)
8. Insurance	(JJG)
9. Banque BCP (France)	(JJG)
10. Millennium Bank (Greece)	(LPC)

MIGUEL MAYA (MM)	
1. Corporate Department I	(AR)
2. CorporateDepartment II	(AR)
3. Investment Banking Dept.	(AR)
4. Litigations Department	(VF)
5. Specialized Credit Recovery Dept.	(VF)
6. Standart Credit Recovery Dept.	(VF)
7. ActivoBank	(VF)
8. Projects Team	(D)

ANTÓNIO RAMALHO (AR)	
1. Treasury & Markets Dept.	(LPC)
2. Assets and Liabilities Management Dept.	(LPC)
3. International Dept.	(LPC)
4. Shareholding & Worth Measurement Dept.	(LPC)
5. Communication Dept.	(MM)
6. Asian Desk	(LPC)
7. Asset Management	(LPC)
8. Real Estate Business Dept.	(NM)
9. Cards Department	(C)

( ) – Alternante EBD Member.
(A) – 1st in charge: Vítor Fernandes
(B) – 1st in charge: Miguel Maya.
(C) – 1st in charge: to be appointed.
(D) – 1st in charge: to be appointed.

COMPANY SECRETARY

The Executive Board of Directors appoints the Company Secretary and 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 reelected 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.

The Company Secretary serves as the secretary at the meetings of the Governing Bodies, certifying the acts carried out in those meetings as well as the powers of the respective members. The Company Secretary also responds to requests from Shareholders for information, and certifies copies of meeting minutes and other company documents, and provides legal advice to the Governing Bodies with respect to corporate subjects or others which may requested on occasion.

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 Coordination Committee

This Committee is composed of fifteen 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 North Retail Coordination Department, Centre-North Retail Coordination Department, Centre-South Retail Coordination Department, South Retail Coordination Department, Management Information Department, Direct Banking Department, Marketing Department, Network Support Department and Communication Department as well as the Head of the Banking Services Departments in Poland, Greece and Romania.

This Committee ensures the coordination of the Bank's retail business in Portugal, being responsible for defining the commercial strategy and its implementation in the different distribution channels. The departments which are part of this Committee are responsible for serving the Retail Customers in Portugal, providing them with personalised management and attracting potential Customers, developing skills in terms of design, management and support to the sales of products and services, acting proactively in the creation of instruments to enable the optimisation of Customer management in order to maximise the value created and satisfaction levels.

This Committee submits proposals to the Executive Board of Directors for decision-making 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.

Companies Coordination Committee

The Companies Coordination Committee is composed of eight members, including, apart from the Directors responsible for the related areas, Vítor Fernandes and Nelson Machado, the persons in charge of the Marketing Department, North Companies Commercial Department, South Companies Commercial Department, Specialised Credit Department, Real Estate Business Department and Management Information Department.

This Committee ensures the coordination of the Bank's companies business in Portugal, being responsible for defining the commercial strategy and its implementation in the different distribution channels. This Committee is also responsible to serve the Customers of the Companies segment in Portugal, providing them with personalised management and attracting potential Customers, developing skills in terms of design, management and support to the sales of products and services, acting proactively in the creation of instruments to enable the optimisation of Customer management in order to maximise the value created and satisfaction levels. It is also responsible for monitoring and managing the offer of value in terms of Real Estate Promotion and Specialised Credit (Leasing, Factoring, Renting and Long Term Rental) across the Group, as well as the management of relations with public entities (namely IAPMEI, Turismo de Portugal, IFAP, AICEP and Mutual Guarantee Companies) under loan protocols.

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.

Private Banking and Asset Management Coordination Committee
This Committee is composed of six members, including, apart from the Directors responsible for the related areas, Luís Pereira Coutinho and António Ramalho, the persons in charge of the Private Banking Department, Management Information Department of the Commercial Areas, Banque Privée (Suisse) S.A., and the Asset Management and Wealth Management Unit.

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 six members, including, apart from the Directors with related areas of responsibility, Luís Pereira Coutinho and Nelson Machado, the Head and second person in charge of the Group's Bank in Poland, as well as the Head of the Group's Banks in Romania and Greece.

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 twelve members, including, apart from the Directors with related areas of responsibility, Vítor Fernandes and Miguel Maya, the persons in charge of the Information and Technology Department, Operations Department, Credit Department, Standardised Credit Recovery Department, Specialised Credit Recovery Department, Rating Department, Administrative and Logistics Department, Quality Department, Staff Management Support Department and the Planning and Budget Control Department.

The Departments which are part of this Committee serve the Business Units in Portugal and in other countries, contributing, in a sustained manner, to cost cutting, the improvement of service quality and the adoption of best practices, ensuring a degree of innovation compatible with the Group's aspirations. During monthly meetings, this Committee analyses the information relative to the evolution of costs, investments and main service levels of the Banking Services, debates specific topics related to the projects in progress and appraises specific proposals presented by the respective members and submits them to the Executive Board of Directors, whenever appropriate.

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.

This Commission is composed of five members of the Executive Board of Directors, including the two Vice Chairmen as well as the Heads of the Assets and Liabilities Management Department, Treasury and Markets Department, Management Information Department, Planning and Budget Control Department, Shareholdings and Worth Measurement Department, Corporate I Department, Companies Banking Department, Research Office, the Risk Office, the Compliance 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, Planning and Budget Control Department, Rating Department, Research Office, Assets and Liabilities Management Department, Credit Department and Shareholdings and Worth Measurement Department are part of this Commission.

The Pension Fund Monitoring Sub-Commission works under the scope of the Risk 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 and Vítor Fernandes, Vice Chairmen of the Executive Board of Directors and Nelson Machado and António Ramalho, members of the Executive Board of Directors, this sub-commission also includes the Risk Officer, the Heads of the Staff Management Support Department, Assets and Liabilities Management Department, Planning and Budget Control Department as well as the General Manager of Pensões Gere (the company managing 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 of opinions on proposals to alter the pension plans, established pursuant to the terms 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. Apart from the Vice Chairman of the Executive Board of Directors, Vítor Fernandes, 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 participate, for the effect assigning one of the seats of the Executive Board of Directors. Pursuant to the Law, 3 representatives of the Banking Unions are also part of this Commission.

Sustainability Coordination Commission
This Commission is responsible for: (i) submitting for decision-making proposals on topics related to the action plan underlying the sustainability policy; (ii) monitoring and reporting on the degree of implementation of the approved initiatives and (iii) guiding the preparation of the reports and other communications in this field.

This Committee is composed of Paulo Macedo, Vice Chairman of the Executive Board of Directors, and the Heads of the areas of Communication, Quality, Administration and Logistics, Marketing, Staff Management Support, the Research Office and a representative of the 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.

This Commission is composed of the Chairman and Vice Chairmen of the Executive Board of Directors, the Chairman of the Board of the General Meeting, a representative of the Workers Commission, Luís Arezes, a representative of the Fundação Millennium bcp Luís Mota Freitas, a representative of the Customers, DECO, embodied by Jorge Morgado, a representative of the Suppliers, IBM, embodied by José Joaquim Oliveira, and a representative of the Universities, Luís Campos e Cunha.

Credit Commission

This Commission resolves on loan concession to customers (integrated or not in economic groups) whenever an increase in exposure greater than 20 million euros is in question, or the Bank has an overall risk exposure above 50 million euros, whether concerning one-off operations or proposals for the renewal or review of credit lines and limits.

The Commission is composed of a minimum of three members of the Executive Board of Directors, the Heads of the Credit Department, Specialised Credit Recovery Department, Standardised Credit Recovery Department, Legal Department, Litigation Department, Rating Department and 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 and Real Estate Business Department, the Level 3 Credit Managers and the Compliance Officer.

This Committee's secretary is the Company Secretary.

BUSINESS AREAS AND SUPPORT UNITS

The diagram below presents the Bank's organisation relative to business activity and support.

BUSINESS AREAS AND SUPPORT UNITS

RETAIL BANKING	• Retail Banking (South, Centre South, Centre North, North) • Madeira Regional Dept. and Azores Regional Dept. • Network Support Department • Direct Banking • Marketing Department • Cards Department • ActivoBank
COMPANIES BANKING & SPECIALIZED CREDIT	• Companies Banking (South, North) • Micro-credit • Specialized Credit Department • Real Estate Business Department
CORPORATE & INVESTMENT BANKING	• Corporate I and II • Investment Banking Department • Tax Advisory Services – Investment Banking • Treasury & Markets Department • International Department
PRIVATE BANKING & A.M.	• Private Banking • Asset Management • Banque Privée BCP (Suíça) • Millennium bcp Bank and Trust (Cayman Islands)
EUROPEAN BUSINESS	• Bank Millennium (Poland) • Millennium Bank (Greece) • Banca Millennium (Romania)
OTHER INTERNATIONAL BUSINESS	• Millennium bim (Mozambique) • Millennium Angola • Asian Desk

BANKING SERVICES	• IT Department • Operations Department • Credit Department • Credit Recovery Department • Litigations Department • Administrative & Logistics Department • Prevention and Safety Office
CORPORATE AREAS	• Compliance Office • Planning & Budget Control Department • Research Office (includes the Strategic Projects Nucleus) • Management Information Department • Accounting & Consolidation Department • Investors Relations Department • Audit Department • Legal Department • Tax Advisory Department • General Secretariat • Millennium bcp Foundation • Communication Department • Company Secretary's Office • Office of the Chairman of the EBD • FBSU – Foreign Business Support Unit • Staff Management Support Department • Risk Office • Rating Department • Financial Holdings and Valuation Department • Quality Department • Assets and Liabilities Management Dept.

Amongst the corporate areas, due to their respective duties, it is considered important to present further details on the Compliance Department, Audit Department and Risk Office.

Compliance Office

The mission of the Compliance Office is to ensure that the Management Board, 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 with the Executive Board of Directors on which it depends, as well as the Audit Committee of the Supervisory Board to which it reports directly.

The Compliance Office pursues its objective of observance of the applicable legal and regulatory provisions, as well as the professional and ethical standards and practices, internal and statutory rules, codes of conduct and of Customer relations, guidelines of the governing bodies and recommendations of the banking and financial supervisory authorities, performing its duties in an independent, permanent and effective manner.

During the performance of its duties, the Compliance Office is responsible for the regular follow-up and appraisal of the adequacy of the effectiveness of the measures and procedures adopted to detect any risk of non-compliance with the legal requirements that the institution is subject to, the provision of advice to the management and supervisory boards, as well as the provision to these boards of information on indications of non compliance with legal requirements, rules on conduct and relations with Customers, which might imply the incurring of administrative offences on the part of the Institution. It is also responsible for the follow-up and appraisal of the internal control procedures and for the preparation and presentation to the Management and Supervisory Boards of a report, at least once a year, identifying any non-compliance observed and the measures adopted for its correction.

The Compliance Office also promotes the development and implementation of a culture of compliance, intervening and participating actively in the preparation of the Group's policies, such as the policy on the prevention of money laundering and the fight against terrorism financing, the policy on customer acceptance, policy on conflicts of interest, policy on Employee training, amongst others.

The policies, principles and procedures of the Compliance Office extend to all the international operations of the Group, through the action of the local Compliance Officers.

In the performance of its duties, the Compliance Office works with the Executive Board of Directors on which it depends, as well as with the Audit Committee of the Supervisory Board to which it reports directly.

Head of Group Compliance: 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, and issues recommendations based on the results of the appraisals which should add value to the organisation and improve the control and quality of its operations, contributing to the achievement of its strategic interests and ensuring that:

- The risks are duly identified and managed and the controls that are implemented are correct and proportional to the risks;
- The Bank's capital assessment system is adequate in relation to its level of exposure to risk;
- The different governing bodies interact in a suitable, effective and efficient manner;
- The operations are recorded correctly and the operational, financial and managerial information is accurate, reliable and in due time;
- The safeguarding and security of the interests and assets of the Bank and Group or of those 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 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 Bank of 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 works with the Executive Board of Directors on which it depends, as well as with the Audit Committee of the Supervisory Board to which it reports directly.

Head of Department: 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, as described in greater detail in point II.5.

In the performance of its duties, the Risk Office works with the Executive Board of Directors on which it depends, as well as with the Audit Committee of the Supervisory Board to which it reports directly.

Risk Officer: José Miguel Bensliman Schorcht da Silva Pessanha

II.4. Reference to the fact that the Annual Reports on the activity developed by the General and Supervisory Board, the Financial Matters Committee, Audit Committee and Supervisory Board include a description of the supervisory activity carried out, noting any constraints detected, and 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 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 address:
http://www.millenniumbcp.pt/site/conteudos/en/.

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, to ensure the effective use of the assets and resources, the continuity of the business and actual survival of the Group, namely through adequate management and control of the risks of the activity, prudent and correct evaluation of the assets and liabilities, and the implementation of mechanisms for prevention and protection against errors and fraud;

- The existence of financial and managerial information which is complete, pertinent, reliable and timely, to support decision-making and control processes, both at an internal and external level;

- Observance of the applicable legal and regulatory provisions issued by Banco de Portugal, including those relative to the prevention of money laundering and financing of terrorism, as well as the professional and ethical 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 instituted based on the three pillars of internal control, the Compliance function, the Risk Management function and the Internal Audit function, which are performed by centralised Departments with transversal action across the Group. The persons in charge of these three Departments are appointed by the Bank's Executive Board of Directors, with the prior favourable opinion of the Supervisory Board, with which the Audit Committee maintains direct and assiduous work relations.

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 weaknesses (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), ensuring the triggering of corrective measures; and

- Strict compliance with all the legal and regulatory provisions in force, by the Group's employees in general, and by the people who hold senior or management positions, including members of the management board, ensuring, in particular, compliance with the Group's Code of Conduct and codes of conduct to which banking, financial, insurance and intermediation in securities or derivatives activities are subject.

THE RISK MANAGEMENT, INFORMATION AND COMMUNICATION, AND INTERNAL CONTROL SYSTEM MONITORING SYSTEMS

The Internal Control System covers the following sub-systems: the Risk Management System, Information and Communication System, and the Monitoring Process of the Internal Control System.

The Risk Management System corresponds to the group of integrated and permanent processes enabling the identification, appraisal, follow-up and control of all the material risks to which the Group's Institutions are exposed, in order to maintain them at levels previously defined by the Management and Supervisory Boards, and takes into consideration the risks related to credit, market, interest rate, exchange rate, liquidity, compliance, operations, information systems, strategy and reputation, as well as all other risks which, in view of the specific situation of the Group's Institutions, could materialise.

This system should be duly planned, reviewed and documented, supported by processes of identification, evaluation, follow-up and control of risks, consisting of appropriate and clearly defined policies and procedures, aimed at ensuring that the objectives of the institution are achieved and that the necessary measures are taken to respond adequately to the previously identified risks.

The Information and Communication System should ensure the existence of information which is substantive, up-to-date, understandable, consistent, timely and reliable, to permit an overall and encompassing view of the financial situation, development of the business, compliance with the defined strategy and objectives, risk profile of the institution and behaviour and 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.

The Monitoring Process includes all the control actions and evaluations developed to ensure the effectiveness and adequacy of the internal control system, namely through the identification of weaknesses in the system, whether in its design, implementation or use. Executed on a continuous basis and as an integral part of the Group's routines, the control actions and monitoring are complemented with autonomous, periodic and extraordinary evaluations. Any weaknesses of material impact which may be detected through the control procedures are duly recorded, documented and reported to the appropriate management and supervisory boards.

In this context, the Internal Audit function is performed by the Audit Department with a permanent and independent character, appraising, at all times and in accordance with the established plan, the adequacy and effectiveness of the different components of the internal control system as a whole, issuing recommendations based on the results of the evaluations carried out.

These sub-systems of the Internal Control System are managed in the Risk Management area by the Risk Office and Compliance Office, and in the Information and Communication area by the Planning and Budget 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 activity of the Compliance Office is also transversal across all the Group's Institutions, in terms of applicable compliance policies and takes into account the legal specificities of each jurisdiction. The Accounting and Consolidation Department and the Planning and Budget Control Department receive and centralise the financial information of all the subsidiary companies. The Audit Department is responsible for the "in loco" monitoring function of the internal control system, performing its duties transversally.

In this way, the Risk Office, the Accounting and Consolidation Department, the Planning and Budget Control Department and the Audit Department ensure the implementation of the procedures and means required to obtain all the relevant information for the information consolidation process at the level of the Group – both of accounting nature and 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.

Thus, the Executive Board of Directors of Banco Comercial Português:

- Defines and reviews the overall objectives and specific objectives for each functional area, with respect to the risk profile, decision levels and degree of tolerance relative to risk;

- Approves policies and procedures which are specific, effective and adequate for the identification, evaluation, follow-up and control of the risks to which the institution is exposed, ensuring their implementation and fulfilment;

- Approves, prior to their introduction, the new products and activities of the institution, as well as the respective risk management policies;

- Verifies, in a regular manner, compliance with the risk tolerance levels and risk management policies and procedures, assessing their effectiveness and continuous adequacy to the institution's activity, so as to enable the detection and correction of any deficiencies;

- Requests and appraises 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;

- Ensures the effective implementation of its guidelines and recommendations so as to introduce corrections and/or improvements in the Risk Management System;

- Ensures that the risk management activities have sufficient independence, status and visibility and are subject to periodic reviews;

- Issues opinions on the reports prepared by the Risk Management and Compliance 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 the information and communication processes which are adequate to the institution's activity and risks, defining the accounting policies to be adopted, establishing the guidelines and defining the options which, in the context of such policies, must be taken, in order to ensure the reliability of the financial reporting. In this way and at a more operational level, it is responsible for approving the reporting outputs or external disclosures produced for this effect.

RESPONSIBILITIES OF THE AUDIT COMMITTEE IN THE CONTEXT OF THE INTERNAL CONTROL SYSTEM

Regarding Internal Control and pursuant to Notice number 5/08, the responsibilities of the Supervisory Board and Statutory Auditor are as follows:

On an individual basis to issue: i) a detailed opinion on the Supervisory Board on the effectiveness/adequacy of the Internal Control System; ii) an opinion of the coherence of the internal control system of subsidiary companies, including those abroad and offshore; iii) an opinion of the Statutory Auditor on the process of preparation and disclosure of individual financial information (Financial Reporting);

On a consolidated basis: to issue an opinion of the Supervisory Board of the parent company of the Group, concerning, at least: i) the effective control of the risks arising from the activities and functions at a Group level; ii) each of branches abroad; iii) the activity of the Group's entity pursed through establishments; and iv) opinion of the Statutory Auditor on the process of preparation an disclosure of individual financial information (Financial Reporting).

II.7. Indication of the existence of working regulations for the corporate bodies, or other rules relative to incompatibilities defined internally and the maximum number of positions which can be accumulated, and place where they can be consulted

In addition to the legal and regulatory rules on this matter which are observed by these bodies, the Members of the Supervisory Board and of the Executive Board of Directors have their working Regulations, which may be consulted on the Bank's site, directly through the following address:
http://www.millenniumbcp.pt/site/conteudos/en/.

In general terms, the regulations on incompatibilities established in the Companies Code, which, in accordance with the Bank's governance model, is applicable to the Supervisory Board, prevents persons who have interests in the company which might place in question the independence which should guide the action of the members of bodies with management supervisory duties from being members of this board.

Therefore, and pursuant to article 414-A of the Companies Code, membership of the Supervisory Board is not permitted to:

- Beneficiaries of particular advantages of the actual company;
- Persons holding management positions in the actual company;
- Members of the Management Boards of Companies controlled by the Bank or part of the same group as the supervised company;
- Partners of legal persons controlled by the Bank or part of the same group as the supervised company;
- Persons who, directly or indirectly, provide services or establish significant commercial relations with the supervised company or controlled by the Bank or part of the same group as the supervised company;
- Persons who hold positions in competitor companies and who act in representation on behalf of competitor companies or who are in any other manner bound to the interests of a competitor company;
- The spouses, parents and straight line relations and to the 3rd degree, inclusively, along the collateral line, of people prevented through the provisions in sub-paragraphs a), b), c), d) and f), as well as the spouses of people covered by the provisions in sub-paragraph e);
- Chartered accountants in relation to whom there are other incompatibilities established in the respective legislation;
- Persons who have been placed under judicial restraint, declared disabled, insolvent, bankrupt and condemned to sentences which imply disqualification, even if temporary, from the holding of public office;
- The members of the Audit Committee cannot hold management and supervisory positions in five companies, with the exception of law firms, chartered accountancy firms and chartered accountants.

Regarding the subject of independence, art.11 (1) of the Articles of Association also regulates that: "Whenever independent members of a governance body are mentioned in these Articles of Association, independence is regarded as the absence of relations with the company, its management body and important shareholders that may originate conflicts of interest capable of endangering the members' capacity of appraisal".

Furthermore, the 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)

1 – The exercise of the functions as Member of the Supervisory Board is subject to the incompatibilities regime established by the Law and the Bank's Articles of Association.

2 – If, after his/her election occurs, or it is expected to occur, a change in the personal circumstances of any Supervisory Board member that may eventually constitute an incompatibility in accordance with the conditions stated in the previous number, the Supervisory Board member in question must immediately inform in writing the Chairman of the Supervisory Board and the Company Secretary.

3 – In accordance with number 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

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 said two-tier governance model, which has been adopted by Banco Comercial Português, the Executive Board of Directors is composed exclusively of Executive Members, with some functions being entrusted to the Supervisory Board, in addition to its specific competences, such as control and monitoring, which in the Anglo-Saxon or one-tier model are entrusted to the Non-Executive Members of the Board of Directors.

Hence, at Banco Comercial Português, the duties of the Chairmen of the Executive Board of Directors and of the Supervisory Board are imperatively performed by different persons, 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.

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 2010, Volume I – Chapter – Risk 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 and 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 13 March 2006, and will expire, should it not be renewed, on 12 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, implying that more than half of the authorisation granted was unused.

Regarding the other duties of the Executive Board of Directors, see Chapter II.1. sub-paragraph A) of this Report where they are briefly listed.

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 and with specific focus on their respective cohesion, taking into consideration the skills, 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 15 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 requires the favourable opinion of the Supervisory Board. The cooptation of executive directors in the circumstances described above must, mandatorily, be ratified at the first General Meeting held after the cooptation.

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 2010, the Supervisory Board held 10 meetings, with an attendance rate of 80.77%. All absences were duly and previously justified.

During 2010, the Executive Board of Directors held 50 meetings, with an attendance rate of 87.05%. 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 2010, the Audit Committee, held 20 meetings, with an attendance rate of 94%. All absences were duly and previously justified.

Minutes are drawn up of all the meetings of the Supervisory Board, Executive Board of Directors and Audit 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, usually two days 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.

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 number 1 of article 414-a of the companies code were applicable to them, with the exception laid out in sub-paragraph b), and the criteria of independence established in number 5 of article 414, 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, it should be noted that the qualification of the respective independence is established in point II.1.B) of this Report. In this regard, it is important to note that the adopted qualification of independence incorporates all the requirements in number 5 of article 414 of the Companies Code, as well as in number 2 of the Corporate Governance Recommendation in circular letter of the Bank of Portugal number 24/2009/DSB, of 27 February 2009.

Regarding the Supervisory Board, the adopted rules and criteria on independence are those contained in the above-mentioned legal requirements. Therefore, most members are independent.

II.15. Indication of the legal and regulatory rules and other criteria underlying the assessment of the independence of its Members made by the Management Board

Not applicable to the two-tier model of corporate governance adopted by Banco Comercial Português. Regarding the Supervisory Board, the adopted rules and criteria on independence are those contained in number 5 of article 414 of the Companies Code and in number 2 of the Corporate Governance Recommendation in circular letter of the Bank of Portugal number 24/2009/DSB, of 27 February 2009.

II.16. Indication of the rules of the process of selection of candidates to Non-Executive Directors and way they ensure the non-interference of the Executive Directors in this process

In view of the two-tier model of governance adopted by Banco Comercial Português, there are no Non-Executive Directors; therefore the present point is not applicable.

II.17. Reference to the fact that the company's Annual Management Report should include a description of the activity developed by the Non-Executive Directors and any constraints which 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 in view of the correspondence indicated above, it should be clarified that the activities performed by the Members of the Supervisory Board, including any possible constraints (that did not occur), are described in the report and opinion of the Supervisory Board and Audit 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

Annexes I and V of the present report indicate the qualifications and professional experience of the members of the Executive Board of Directors, as well as the number of company shares they own.

The Members of the Executive Board of Directors were elected for the mandate of 2008/2010 at the General Meeting held on 15 January 2008, with the exception of two, Miguel Maya Dias Pinheiro and António Manuel Palma Ramalho, who were elected at the General Meeting of 12 April 2010 for a period corresponding to the mandate then in course, which ended on 31 December 2010. 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.

On 2 July 2010, Armando António Martins Vara with his mandate suspended upon his request since 2 November 2009, resigned from the position of member and Vice Chairman of the Executive Board of Directors.

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, inside and outside the Group, are indicated in Annex I of the present Report.

SECTION III – GENERAL AND SUPERVISORY BOARD, FINANCIAL MATTERS COMMITTEE, AUDIT COMMITTEE AND SUPERVISORY BOARD

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. and II.2. 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. and II.2. 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

Annexes II and V of the present report present the curricula of the different Members of the Supervisory Board, indicating their respective qualifications, professional experience and date of their first appointment, as well as the number of company shares they own.

II.28. Positions that the Members of the General and Supervisory Board and of other committees and commissions hold in other companies, detailing those held in other companies of the same group

The positions held by Members of the Supervisory Board in other companies are indicated in their respective curricula presented in Annex II of the present report.

II.29. Description of the policy on remuneration, 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

In May 2010, the Executive Board of Directors approved the remunerations policy for Area Managers and Senior Executives, as per the provisos of article 248 B (3) of the Securities Code and for other Employees in accordance with the principles established in the Circular Letter nr. 2/10/DSBDR of 1 February 2010 that states the recommendations and criteria to observe in the definition of the remuneration policy to be adopted by the institutions that are ruled by the provisos of article 1 (1) of the Notice of Banco de Portugal 1/2010.

In the meantime, the Bank reviewed and updated the underlying criteria to observe in the definition of the remuneration policy and will submit the same to the forthcoming Bank's General Meeting so that they are enforced in 2011. The information is disclosed in the General Meeting's webpage and applies to coordinating managers, heads of units that report directly to the Executive Board of Directors, Employees in the Audit, Risk and Compliance areas, and other Employees whose functions imply taking risk that may jeopardize the Bank.

In the 2010 financial year no remuneration criteria distinguished the Senior Executives from the remaining members of the Group's Senior Management. The policy approved comprehends the base-remuneration corresponding to the level established in the collective work agreement and a fixed supplement, part of the remuneration, 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.

SECTION IV – REMUNERATION

II.30. Description of the remuneration policy of the Management and Supervisory Boards referred to in article 2 of law number 28/2009, of 19 june

In the governance model adopted by the Bank, the Remuneration and Welfare Board establishes the remuneration of the Executive Directors. However, however, it is important to take into account the statutory and supervisory provisions (Notice of the Banco de Portugal number 1/2010), Circular Letter of the Banco de Portugal number 2/2010, of 1 February 2010) in force, as well as the statutory rules determining that the remuneration of the Executive Board of Directors may be composed of a fixed part and two variable parts, annually, and paid only once to the Members of the Executive Board of Directors, based on the practices in the European financial sector, and another multi-annual variable, calculated for the three-year mandate.

Considering that the policy on the remuneration of the Executive Board of Directors should be simple, transparent and reflect the competitive position of Millennium bcp 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 Remuneration and Welfare Board submitted the remuneration policy of the Executive Board of Directors, with a binding character, to the assessment of the Annual General Meeting of 2010, which approved the following with a favourable vote of 93.59% of the votes cast:

"REMUNERATION MODEL OF THE EXECUTIVE BOARD OF DIRECTORS

I.

The remuneration of the Members of the Executive Board of Directors is composed of:

A **Monthly Fixed Remuneration** paid on the basis of 14 months/year and defined based on the Bank's position in comparison with a benchmark of Portuguese companies, composed of companies listed in PSI-20 with size and features similar to those of Millennium bcp.

An **Annual Variable Remuneration** paid only once to the Members of the Executive Board of Directors in office during 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.

A **Multi-annual Variable Remuneration**, calculated for the three-year mandate, provisioned every year and paid once only in the year following the end of the mandate, during 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.

In the event of any of the Members taking office while a mandate is underway, the calculation of the Multi-annual Variable Remuneration shall be adjusted to the number of full months in office, out of the total number of months established for a full mandate.

II.

a) The three components of the remuneration listed above are approved by the Remuneration and Welfare Board;

b) Despite the calculation and provisioning of the sums of the Multi-annual Variable Remuneration, their effective payment requires explicit confirmation by the Remuneration and Welfare Board, under the terms of sub-paragraph d) and following of number VI.

III.

a) The Annual Variable Remuneration cannot surpass 130% of the Annual Fixed Remuneration, calculated based on 14 months of the Monthly Fixed Remuneration;

b) The Multi-annual 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 the current number of seven Members of the Executive Board of Directors. Any changes to the current number of Members of the Executive Board of Directors may imply a review of the defined percentage limit.

IV.

The approval of the Monthly Fixed Remuneration of the Members of the Executive Board of Directors complies with the following rules:

a) Chairman – autonomous sum;

b) Vice Chairmen – sum, calculated based on a percentage of the Chairman's Monthly Fixed Remuneration, varying between 70% and 80% of this remuneration. The Monthly Fixed Remuneration of each Vice Chairman may be the same or different, considering seniority in the position and the performance assessment of each, to be undertaken by the Remuneration and Welfare Board pursuant to a proposal made by the Executive Board of Directors;

c) Members – Sum, calculated based on a percentage of the Chairman's Monthly Fixed Remuneration, varying between 60% and 70% of this remuneration, calculated 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, calculated 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 calculated based on the level of achievement 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 I

PAYMENT FORMULA

VARIABLE REMUNERATION

GROUP'S EARNINGS

% of objectives 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 fulfillment falls bellow 80%, the Remuneration and Welfare Board may attribute a maximum premium of 50%.

In the case of the percentage achievement of objectives having been less than 80%, the Remuneration and Welfare Board may attribute a maximum bonus of 50%.

a) Net Income of the Group – for all the Members of the Executive Board of Directors.

a.1) The sums may vary between 0 and 130% of the Annual Fixed Remuneration, being calculated based on the percentage achievement of the financial 'Objectives' established for the year.

a.2) The assessment of each objective must take into consideration the achievement in relation to BEBANKS in terms of value for the Shareholder and in comparison with the budget for other indicators. The 'Objectives' variable for the Net Income of the Group is calculated 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 OBJECTIVES)	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 SHAREHOLDER	TSR (2)	Evolution of the BeBanks index with dividens	20%	Annual	BCP/BeBanks Index	

(1) This objective presumes a Core Tier I ratio above 5.5%. Extraordinary situations, such as capital increases or reserves not foreseen when the objectives were defined, and decisions made by Shareholders may not be computed.
(2) In case of extraordinary situations (i.e. public offerings) the TSR computation must be adjusted accordingly.

a.3) In case of extraordinary events, caused by factors beyond the control of the management, the annual objectives set forth may be reviewed pursuant to a proposal made by the Chairman of the Executive Board of Directors and its approval by the Remuneration and Welfare Board.

VI.
Multi-annual Variable Remuneration

a) This component of the Variable Remuneration aims to ensure the sustainability of Millennium bcp's performance and binding of the Members of the respective Executive Board of Directors. Under these terms, this component shall not be paid in the case of the resignation or loss of mandate for any motive imputable to the actual member, except death or retirement on account of age or disability. Failure to be reelected alone does not prevent the calculation of the multi-annual remuneration. The amount of the Multi-annual Variable Remuneration is calculated as follows:

TABLE 3

PERFORMANCE REMUNERATION
Objectives for short-term incentives plan

GROUP EARNINGS
EBD's approach to integrated performance

OBJECTIVE	PERFORMANCE INDICATOR	OBJECTIVE	VALUE	EVOLUTION (ON THE OBJECTIVE)	PROPORTION
GROWTH	Operating income	Average fulfillment of the objectives in 2009 and 2010	15%		If the percentage achived is below 80% of the objective's evolucion, it should be zero.
COST-TO-INCOME	Cost-to-income		15%		
EARNINGS	Net income		15%		
PROFITABILITY	ROE [1]		15%		
VALUE FOR SHAREHOLDER	TSR [2]	Relative growth considering the market benchmark	40%	Earnings/ BeBanks Performance	

(1) This objective presumes a Core Tier I ratio above 5.5%. Extraordinary situations, such as capital increases or downsizing reserves not foreseen when the objectives were defined, and decisions made by 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 calculated for the Multi-annual Variable Remuneration, on a yearly basis, for each Member of the Executive Board of Directors are based on the Group's Net Income, applying the same formula, up to an annual limit of 130% of the Annual Fixed Remuneration.

c) Under the terms described in the previous sub-paragraphs, the amounts of the Multi-annual 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 Multi-annual 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 is less than 80% of the provisioned values for the three-year period, in which case the accrued sums will be lost in favour of Millennium bcp, unless otherwise resolved by the Remuneration and Welfare Board.

e) As noted in 1.c), the Multi-annual Variable Remuneration will be paid only once in the financial year immediately after the three-year mandate to which it refers, together with the Annual Variable Remuneration calculated for the year, although the payment of this sum is subject to explicit confirmation in the deliberation of the Remuneration and Welfare Board for the respective year.

f) The sums accrued shall be lost to the Bank in the case of the resignation or loss of mandate for any motive imputable to the actual member, except retirement on account of age or disability, or any other type of termination of employment at the Bank.

g) If a Member of the Executive Board of Directors terminates office due to death or retirement, on account of age or disability, the accrued sums shall be paid in full in the month following that of the termination of office.

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, since 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 and any duties performed at companies or governing bodies to which they have been appointed through 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, with the Chairman of the Executive Board of Directors being responsible for authorising 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 governing bodies of Millennium bcp must be simple, transparent and competitive, thus ensuring the focus on the creation of added value for the shareholders and other Stakeholders.

Considering the duties 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 positions in other Corporate and/or Governing 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 drive towards better alignment with the interests of Millennium bcp's Shareholders, obtained through the substantial reduction of 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 in the costs related to 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, taking into account 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 sum;

Vice Chairman who is member of a Specialised 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 Specialised Committee: between 25% and 50% of the Chairman's remuneration;

Member who is also member of a Specialised Committee: between 25% and 50% of the Chairman's remuneration;

Member who is not a member of a Specialised 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

The current Executive Board of Directors was elected in 2008. During its mandate, the Board was not attributed any annual or multi-annual variable remuneration.

Pursuant to number 3 of article 440 of the Companies Code, the Supervisory Board is not entitled to any immediate or deferred variable remuneration.

The amounts paid to the members of the Executive Board of Directors and of the Supervisory Board are presented in detail in the table below.

€

Name	Fixed remuneration earned from BCP	Fixed remuneration earned from subsidiary companies	Total
EXECUTIVE BOARD OF DIRECTORS			
Carlos Jorge Ramalho dos Santos Ferreira	463,544	183,614	647,158
Paulo José de Ribeiro Moita de Macedo	490,577	54,425	545,002
Vitor Manuel Lopes Fernandes	504,104	15,898	520,002
José João Guilherme	455,000	0	455,000
Nelson Ricardo Bessa Machado	426,602	28,398	455,000
Luís Maria França de Castro Pereira Coutinho (a)	416,523	38,477	455,000
Miguel Maya Dias Pinheiro	455,000	0	455,000
António Manuel Palma Ramalho (b)	324,890	0	324,890
Armando António Martins Vara (c)	260,001	0	260,001
TOTAL	3,796,241	320,812	4,117,053
SUPERVISORY BOARD			
Luís de Mello Champalimaud	180,000	0	180,000
Manuel Domingos Vicente	50,000	0	50,000
Pedro Maria Calaínho Teixeira Duarte	50,000	0	50,000
António Luís Guerra Nunes Mexia	0	0	0
António Vítor Martins Monteiro	50,000	0	50,000
João Manuel Matos Loureiro	135,000	0	135,000
José Guilherme Xavier de Basto	70,000	0	70,000
José Vieira dos Reis	70,000	0	70,000
Josep Oliu Creus	50,000	0	50,000
Manuel Alfredo Cunha José de Mello	60,000	0	60,000
Patrick Wing Ming Huen	25,000	0	25,000
Thomaz de Mello Paes de Vasconcelos	70,000	0	70,000
Vasco Esteves Fraga	50,000	0	50,000
TOTAL	860,000	0	860,000

a) In 2010 he also received 16,553 € for 2007 and 2008, related with work credits for functions performed in Group companies headquartered abroad.
b) Appointed EBD member on 12 April 2010.
c) Remuneration earned as director in office.

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 the remuneration policy of the Executive Board of Directors, reproduced in the answer to 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 the answer to 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 the answer to point II.30.

Number 2 of article 12 of the Articles of Association of Bank present a limitation to the variable component of the remuneration of the Executive Board of Directors, according to which it 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 the answer to 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 the answer to 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 in the answer to 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

During this term-of-office, 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 2010 and in the context of the process of resignation from office which was presented by the executive director Armando António Martins Vara, based exclusively in the interest of the company and protection of the Bank's image, the Supervisory Board resolved on 16 June 2010, a resolution supported by the Remuneration and Welfare Board on 2 July 2010, to authorize the termination of the employment agreement of the director, establishing that he would be paid the remunerations which would have been received by him until the end of the mandate of the Executive Board of Directors to which he had been elected. Therefore Mr. Armando Vara received the amount of € 562,192.38 (five-hundred and sixty-two thousand, one-hundred and ninety-two euros and thirty-eighty cents).

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 contractual limitations on this matter.

N) Amounts paid, for any reason, by other companies controlled by the Bank or in the same group

In view of the provisions in the remuneration policy of the Executive Board of Directors transcribed above, 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 appointed through indication or in representation of the Bank, will be deducted from the values of the respective annual fixed remuneration, see the first table of point II.31. which clearly quantifies such deductions, when applicable.

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

Within the scope of the statement on the remuneration policy for the Executive Board of Directors approved by the General Meeting in 2010 under the provisos of Article 13 of the Bank's articles of association, enshrining the right to old age retirement pension supplement to be paid by means of insurance agreements or defined contributions to the pension fund, guaranteeing that the company will bear no additional costs, the Remunerations and Welfare Board resolved unanimously to set the contribution amount and model for the retirement supplement of the Directors for the full period of time the current Directors exercised their functions in the 2008/2010 term of office.

The costs borne by the Company with pension fund supplements amount to 1,909, 420.15 euros.

In 2008/2010 term of office, six Directors chose to make an insurance agreement and two Directors chose to make defined contributions to the pension fund.

The Retirement Regulation of the members of the Executive Board of Directors was submitted with a binding character to the General Meeting of 2010, which approved it by 98.84% of the votes cast, as transcribed below:

"Retirement Regulation of the Executive Directors of Banco Comercial Português, S.A.

ARTICLE ONE
(Object)

These Regulations set forth, in accordance with Article 13 of the Articles of Association of Banco Comercial Português, S.A. (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 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 – These Regulations also comprise the beneficiaries of the survivorship pensions referred in Article 5.

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 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 Remuneration and Welfare Board or Remuneration 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 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 from signing contracts which place in question the underlying rationale of the variable remuneration

The level of supervision of the activity of the Executive Board of Directors, both by the Supervisory Board and by its Audit Committee (which, 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)

When becoming aware 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 diligence deemed necessary or its conclusion.

Whenever any 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 diligence deemed necessary by using means that do not belong to that department and will inform the Supervisory Board.

In order to adopt the best corporate governance practices and reinforce the compliance and responsibility culture that has always guided the Group's action, the Executive Board of Directors has established, for situations where communication via hierarchy is not able to meet the intended goals, a system if communication of irregularities 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 e-mail address has been specifically created, (comunicar.irregularidade@millenniumbcp.pt), exclusively to receive the communication of any alleged irregularities 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 collaborates with the Audit Department on the treatment to be given to the communications received, namely concerning the need to undertake further research 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. and II.2.

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, provide evidence of their respective experience.

On this issue it should also be noted that the Remuneration and Welfare Board, in order to resolve on the policies approved by it and to be submitted to the next General Meeting, contracted the company Towers Watson, of recognised national and international reputation.

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

Regarding the contracting of Towers Watson promoted by the Remuneration and Welfare Board, the Executive Board of Directors resolved, in collaboration with the Remuneration and Welfare Board, to request this company to make an analysis of the policy on the remuneration of the Bank's Directors, which was carried out for the purpose of ensuring coherence in the policies to be implemented and the streamlining of costs related to consultants.

For this reason, and because Towers Watson did not provide any other service to the Bank, and Towers Watson or its staff do not maintain privileged relations with the Executive Board of Directors or with any of its members, it is considered that its engagement for the provision of services with the broader scope referred to in the previous paragraph does not damage the independence of this consultant in relation to the company or to its Executive Board of Directors.

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 2010, 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 Bank's information, were as follows:

December 31, 2010

Shareholder	Nr. shares	% Share capital	% Voting rights
Sonangol – Sociedade Nacional de Combustíveis de Angola, EP	685,138,638	14.59%	14.61%
Members of the Management and Supervisory Bodies	1,000	0.00%	0.00%
TOTAL OF THE SONANGOL GROUP	**685,139,638**	**14.59%**	**14.61%**
Teixeira Duarte – Sociedade Gestora de Participações Sociais, S.A.			
Teixeira Duarte – Gestão de Participações e Investimentos Imobiliarios, S.A.	305,000,000	6.50%	6.50%
Arenopor – Investimentos S.G.P.S., S.A.	27,000,000	0.58%	0.58%
Tedal – Sociedade Gestora de Participações Sociais, S.A.	19,900,000	0.42%	0.42%
Members of the Management and Supervisory Bodies	14,882,340	0.32%	0.32%
TOTAL OF THE TEIXEIRA DUARTE GROUP	**366,782,340**	**7.81%**	**7.82%**
José Berardo Foundation			
José Berardo Foundation	198,324,440	4.22%	4.23%
José Berardo Foundation (equity swap with Banco Espírito Santo)	29,710,526	0.63%	0.63%
Metalgest – Sociedade de Gestão, S.G.P.S., S.A.			
Metalgest – Sociedade de Gestão, S.G.P.S., 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%
Members of the Management and Supervisory Bodies	19,572	0.00%	0.00%
TOTAL OF THE BERARDO GROUP	**292,141,503**	**6.22%**	**6.23%**
Bansabadell Holding, S.L.	208,177,676	4.43%	4.44%
Members of the Management and Supervisory Bodies	13,000	0.00%	0.00%
TOTAL OF THE SABADELL GROUP	**208,190,676**	**4.43%**	**4.44%**
EDP – Imobiliária e Participações, S.A	123,509,341	2.63%	2.63%
EDP Pensions Fund	52,285,541	1.11%	1.12%
Members of the Management and Supervisory Bodies	121,182	0.00%	0.00%
TOTAL OF THE EDP GROUP	**175,916,064**	**3.75%**	**3.75%**

continues

continuation

December 31, 2010

Shareholder	Nr. shares	% Share capital	% Voting rights
Caixa Geral de Depósitos, S.A. (investment portfolio)	100,281,441	2.14%	2.14%
Companhia de Seguros Fidelidade-Mundial, S.A.	22,211,915	0.47%	0.47%
Caixa Geral de Depósitos, S.A. (trading book)	166,174	0.00%	0.00%
Companhia de Seguros Império-Bonança, S.A.	105,716	0.00%	0.00%
CGD Pensions Fund	3,283,218	0.07%	0.07%
TOTAL OF THE CAIXA GERAL DE DEPÓSITOS GROUP	126,048,464	2.68%	2.69%
SOGEMA S.G.P.S., S.A.	124,427,917	2.65%	2.65%
EUREKO BV	118,251,417	2.52%	2.52%
Sociedade de Diversões e Turismo de Macau, S.A.	76,112,854	1.62%	1.62%
Stanley Hung Sun Ho	30,142,080	0.64%	0.64%
TOTAL OF THE STANLEY HO GROUP	106,254,934	2.26%	2.27%
SFGP – Investimentos e Participações , S.G.P.S., S.A.	43,574,742	0.93%	0.93%
IPG – Investimentos, Participações e Gestão S.G.P.S., S.A.	58,488,113	1.25%	1.25%
TOTAL OF THE GOES FERREIRA GROUP	102,062,855	2.17%	2.18%
TOTAL QUALIFIED SHAREHOLDINGS	**2,305,215,808**	**49.10%**	**49.16%**

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 transfer the securities or condition the exercise of voting rights.

III.6. Rules applicable to the alteration of the articles of association of the company:

A) Constitutive quorum – Article 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 therefore benefit from exactly the same rights as any other shareholder.

III.8. Description of the evolution of the prices of the shares of the issuer, taking into account, namely:

A) Issuance of shares or other securities extending entitlement to the subscription or acquisition of shares

During 2010, no operations were carried out involving the issuance of shares or other securities granting entitlement to the subscription or acquisition of shares.

B) Announcement of net income

The announcement of net income is presented in Annex IV of the present report.

Furthermore, the main events which occurred during the financial year of 2010 and respective impact on the share price the next day, five days after and in comparison with the main benchmarks in those periods of time are presented below:

Nr.	Date	Event	Change +1D	Change vs. PSI20 (1D)	Change vs. DJS Banks (1D)	Change +5D	Change vs. PSI 20 (5D)	Change vs. DJS Banks (5D)
1	10-02-2010	Conclusion of Bank Millennium (Poland) capital increase	-1.8%	-3.6%	-4.4%	-4.5%	-5.0%	-7.5%
1	10-02-2010	Bank Millennium (Poland) 4th quarter earnings	-1.8%	-3.6%	-4.4%	-4.5%	-5.0%	-7.5%
1	10-02-2010	Agreement to sell Millennium Bank A.S. in Turkey	-1.8%	-3.6%	-4.4%	-4.5%	-5.0%	-7.5%
1	10-02-2010	Full year 2009 Consolidated Earnings	-1.8%	-3.6%	-4.4%	-4.5%	-5.0%	-7.5%
2	10-03-2010	Proposals submitted to AGM	0.0%	-1.5%	-1.2%	5.5%	3.5%	3.8%
3	17-03-2010	Amendment to the AGM Agenda	-2.0%	-3.9%	-3.6%	-3.9%	-4.7%	-4.4%
4	24-03-2010	Change in the Republic of Portugal rating by Fitch	1.5%	2.5%	1.5%	1.5%	0.7%	0.7%
5	30-03-2010	Fitch ratings	-0.5%	-0.3%	0.1%	0.2%	-0.1%	-0.6%
5	30-03-2010	Decision to leave the USA market	-0.5%	-0.3%	0.1%	0.2%	-0.1%	-0.6%
6	12-04-2010	AGM deliberations	-0.6%	-1.3%	-1.4%	-4.3%	-2.7%	-4.5%
7	22-04-2010	Change in hybrid debt ratings by Moody's	0.8%	3.4%	2.7%	-6.9%	4.9%	-1.4%
8	26-04-2010	Bank Millennium (Poland) 1st quarter earnings	-7.6%	-4.4%	-9.0%	-4.3%	0.8%	-1.0%
9	27-04-2010	Standard and Poor's rating decision	-1.9%	3.4%	2.5%	-2.8%	-0.9%	1.7%
10	28-04-2010	1st quarter 2010 Consolidated Earnings	6.1%	8.0%	7.3%	-2.9%	-2.1%	2.1%
11	12-05-2010	Bank of Portugal decision (application of a fine)	-3.6%	-6.5%	-4.5%	-9.4%	-7.8%	-6.1%
12	13-05-2010	Change in Moody's ratings	-5.7%	-4.9%	-5.0%	-9.3%	-3.1%	-1.8%
13	14-07-2010	Change in Moody's ratings	-1.4%	-0.7%	-1.0%	-2.4%	-0.1%	2.8%
14	21-07-2010	Change of ratings by Fitch	5.2%	5.5%	4.2%	12.7%	9.4%	1.4%
15	23-07-2010	Stress tests results	3.9%	4.4%	3.7%	4.9%	3.3%	-1.1%
16	27-07-2010	1st semester 2010 Earnings of Bank Millennium (Poland)	1.2%	-0.1%	-3.5%	1.9%	-1.1%	-5.3%
17	28-07-2010	1st semester 2010 Consolidated Earnings	-4.8%	-5.8%	-4.8%	0.0%	-2.0%	-2.3%
18	16-10-2010	Sale of the banking operation in the USA	1.8%	1.1%	2.2%	0.6%	-1.4%	-0.4%
19	26-10-2010	3rd quarter 2010 Earnings of Bank Millennium (Poland)	-2.8%	-3.4%	-2.3%	-5.7%	-7.4%	-3.5%
20	27-10-2010	3rd quarter 2010 Consolidated Earnings	-0.3%	0.9%	-0.2%	-4.0%	-5.2%	-2.5%
21	08-11-2010	Ratings change by Fitch ratings	-0.6%	-0.2%	-0.9%	0.3%	2.3%	1.3%
22	23-12-2010	Fitch rating decision	-0.3%	-0.1%	-0.2%	-4.4%	-3.0%	-3.1%
23	27-12-2010	Sale of 95% of Millennium Bank A.S. in Turkey	0.0%	1.2%	1.2%	-1.7%	1.8%	1.3%
24	31-12-2010	Sale of 2.7% stake in the share capital of Eureko BV	1.4%	2.2%	1.9%	-7.2%	-7.0%	-10.2%

The graph below illustrates the performance of BCP shares during 2010:

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	scrip (6)	n.a.	n.a.	n.a.	n.a.
2001	2002	0.150	0.120	0.105	61.05%	3.30%
2002	2003	0.100	0.080	0.070	49.22% (4)	4.39%
2003	2004	0.060	0.051	0.045	44.66%	3.39%
2004						
Interim Dividen	2004	0.030	0.026	0.023		
Final Dividend	2005	0.035	0.030	0.026		
Total Dividend		0.065	0.055	0.049	41.27%	3.44%
2005						
Interim Dividen	2005	0.033	0.028	0.025		
Final Dividend	2006	0.037	0.031	0.028		
Total Dividend		0.070	0.060	0.053	31.89%	3.00%
2006						
Interim Dividen	2006	0.037	0.030	0.030		
Final Dividend	2007	0.048	0.038	0.038		
Total Dividend		0.085	0.068	0.068	39.36%	3.04%
2007						
Interim Dividen	2007	0.037	0.030	0.030		
Final Dividend	2008	0.000	0.000	0.000		
Total Dividend		0.037	0.030	0.030	23.72%	1.27%
2008	2009	0.017	0.014	0.014	39.67%	2.09%
2009	2010	0.019	0.015	0.015	39.61%	2.25%
2010 (3)(5)	2011	scrip (7)	n.a.	n.a.	n.a.	n.a.

(1) The Payout Ratio is the percentage of net profit distributed to shareholders in the form of dividend.
(2) The Dividend Yield represents the annual return as a percentage, calculated by dividing the amount of gross dividend by share price at the end of the corresponding year.
(3) Paid as scrip dividend, through the issue of new shares and their proportional distribution to Shareholders holding shares representing the Bank's equity capital.
(4) Based on net profit calculated before setting aside general banking risk provisions in the sum of 200 million euros.
(5) Proposal to be submitted to the Annual General Meeting to be held on 18 April 2011.
(6) The script dividend corresponds to 0.150 euros per share, 62.36% of net income and 2.65% of the share price at the end of 2000.
(7) The script dividend corresponds to 0.026 euros per share, 39.79% of net income and 4.39% of the share price at the end of 2010.

III.9. Description of the policy on the distribution of dividends adopted by the company, identifying, namely, the value of the dividend per share distributed over the last three financial years

In keeping with the strict and prudent principles followed by Millennium bcp in its dividend pay-out decisions and bearing in mind the current macroeconomic environment, the Bank decided not to pay interim dividends in 2010, just as it did in 2009.

Notwithstanding this decision, the Bank confirmed its dividend pay-out policy aiming to distribute about 40% of net income.

Taking into consideration, on one hand, the principles of prudence in capital management, on the other hand, the schedule to put in place the new Basel III capital rules, Millennium bcp resolved to submit to the next General Meeting a proposal to grant to shareholders a scrip dividend resulting from a share capital increase by incorporation of reserves amounting to 120 million euros. This scrip dividend proposal represents the balance between the interests of the Shareholders and the need to preserve the Group's capital and liquidity.

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 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, and were, independently of their value, approved by the Executive Board of Directors and submitted to the assessment of the Audit Committee.

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

All the operations addressed in this number were carried out under normal market conditions for similar operations and are part of the current activity of the company, and were, independently of their value, approved by the Executive Board of Directors and submitted to the assessment of the Audit Committee.

III.13. Description of the procedures and criteria applicable to the intervention of the Supervisory Board for the effects of the prior evaluation of the business to be carried out between the company and carried out between the company and owners of the qualifying holdings or entities which are in any relationship with it, under the terms of article 20 of the securities market code

Any business to be carried out between the company and members of the governing bodies, owning qualifying holdings or entities which are in any relationship with them, are the object of exclusive assessment by the Executive Board of Directors, supported by analyses and technical opinions issued by the Credit Department and reports prepared by the Audit Department and subject to the opinion of the Audit Committee.

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 2010, the Audit Department issued opinions on proposals for loan agreements to be signed with members of the Supervisory Board or owners of qualifying holdings and entities related to them, for the that must be submitted to the Executive Board of Directors for approval and to the supervisory body, the Audit Committee, for a favourable opinion. During that period, the Executive Board of Directors approved 51 proposals on said credit loan operations and the Supervisory Board gave its opinion on them. All business was carried out under normal market conditions. The total average value of the 51 proposals was 103.1 million euros and the maximum value appraised was 5,257.3 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 address:
http://www.millenniumbcp.pt/site/conteudos/en/.

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 analysts 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;
- Collaborate with the areas responsible for the Group's debt issuances and investor relations areas of subsidiary companies, namely by providing information and coordinating activities;
- Collaborate 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 2010, 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 Analysts 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 the CMVM and on the Bank's site. In 2010, the Bank issued 677 press releases, of which 72 concerned privileged information.

During the year, the Bank participated in several events and promoted three road shows in two major world financial centres – London and Paris – and participated in eight investors' conferences organised by other banks such as HSBC (London), Morgan Stanley (London), Santander (Lisbon), BES (New York), Nomura (London), KBW (London), Bank of America/Merrill Lynch (London) and JP Morgan (New York) where it organised institutional presentations and one-to-one meetings with investors. During 2010, 202 meetings were held with investors, 31% more than the number held in 2009. There was a significant increase in contacts with BCP debt investors in 2010, which represent over 10% of the total.

All the information of institutional nature that is public and relevant is available on the Bank's site, on the page with the following address:
http://www.millenniumbcp.pt/site/conteudos/en/.

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 accounts legal review services.
If the auditor provides any of the services described in sub-paragraphs c) and d), a description should be made of the means to safeguard the independence of the auditor.
For the effects of this information, the concept of network is as defined in european commission recommendation number c (2002) 1873, of 16 may.

RELATIONS WITH THE INDEPENDENT AUDITORS

Activity monitoring
The monitoring of the activity of the Group's Auditor, KPMG & Associados, SROC, S.A. (KPMG) is ensured by the Supervisory Board, through the Audit Committee, which is also responsible for proposing its election and appointment, respectively, to the General Meeting, issuing its opinion on the Auditor's independence and other relations with the Group.

Consistent with the practice followed in previous years, 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.

Remuneration
During 2010, 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), whose fees reached a total of 6,616,143 euros, per each country where KPMG service provider is located and distributed over the following different types of services:

KPMG NETWORK

31 December 2010

	Euros			
	Portugal	Abroad	Total	%
Legal accounts review services	2,174,050	1,027,574	3,201,624	64%
Other guarantee and reliability services	1,500,004	295,568	1,795,572	36%
1.TOTAL AUDIT SERVICES	**3,674,054**	**1,323,142**	**4,997,196**	**76%**
Tax consultancy services	13,000	-	13,000	1%
Services other than legal accounts review	1,502,251	103,696	1,605,947	99%
2.TOTAL OTHER SERVICES	**1,515,251**	**103,696**	**1,618,947**	**24%**
TOTAL	**5,189,305**	**1,426,838**	**6,616,143**	

A description is presented below of the main services included in each category of services provided by KPMG, relative to 31 December 2010.

1.AUDIT SERVICES

Legal accounts 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: issue 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 legal accounts review
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 Portuguese Legislation by Decree-Law number 224/2008 of 20 November, in addition to the rules on independence defined by KPMG, through the application of the International Standards on Auditing issued by the International Federation of Accountants.

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 the Bank's Supervisory Board, through the Audit Committee and by KPMG, as described below:

- KPMG, companies or legal persons belonging to it ("Network") cannot provide services to the Bank or Group, which are considered forbidden under the rules referred to above;

- 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 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 which have not been pre-approved.

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 the service in question is requested must obtain previous authorisation from the Global Lead Partner referred to above. 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 service proposals presented through "Sentinel" comply with service pre-approval rules and, when applicable, proceeds with any necessary diligence before the Audit Committee, with a view to strict compliance with applicable independence rulings.

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 AICPA requirements 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:

- Revision of each activity by the team involved, allowing identification of areas requiring additional work on a particular component of the customer's financial demonstrations, 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, subsequently.

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.

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.

III.18. Reference to the rotation period of the external auditor

The Decree-law number 224/2008 of 20 November, in number 2 of article 54, defines that 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. On the other hand, the Corporate Governance Code of CMVM recommends that the maintenance of the External Auditor beyond the rotation period therein established must be based on a specific opinion made by the supervision body that expressly takes into consideration the independence conditions of the External Auditor and the costs and advantages of its replacement.

The supervision made by the Audit Committee to the independence of the External Auditor, namely in what concerns the provision of additional services, as well as the respective evaluation of the performance throughout the term-of-office, enabled to reach the conclusion that the functions of the External Auditor were exercised adequately and with professionalism and that it produced a quality work.

The Supervisory Board, after consulting its Audit Committee, and bearing in mind the best interest of the Bank and of the Group, will propose to the forthcoming General Meeting to maintain KPMG & Associados, SROC, S.A. as external auditor, after ensuring the rotation of the partner responsible for the Group's legal review of financial statements as well as the partner responsible for the functions of statutory auditor, a solution that will enable us to benefit from their accrued knowledge of the Bank's operations, which is considered a great advantage in the present economic framework, ensuring efficiency and less costs with a replacement and enable the Bank to take advantage of synergies.

In addition, the Executive Board of Directors, with the support of the Audit Committee, is currently trying to engage an international audit company to audit the internal control system of the Bank and of its subsidiary companies for the three-year period 2011/2013.


BEM-VINDO
À TERRA
DO SEU
CORAÇÃO!
Millennium

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;
- 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, S.A. (Poland);
- Chairman of the Board of Directors of Banco Millennium Angola, S.A.

Current positions outside the Group:
- Member of the Board of Directors of Banco Sabadell, representing Banco Comercial Português S.A.;
- Member of the Supervisory Board of EDP – Energias de Portugal, S.A.

Functions within the organisational framework of the Group:
- Risk Commission;
- Stakeholders Commission.

Direct responsibilities:
- Office of the Chairman of the Executive Board of Directors;
- Company Secretary Office;
- Fundação Millennium bcp;
- Strategic Project Centre;
- Audit Department;
- Staff Management Support Department;
- Millennium Angola.

Academic education and experience:

- 1971 – Licentiate Degree in Law from the Faculty of Law of Universidade Clássica de Lisboa;
- 1977/1988 – Lecturer in charge of overseeing the courses of Public Finances, Financial Law, International Economic Law and Currency and Credit in the Faculty of Law of Universidade Clássica de Lisboa, in the Faculty of Law of Universidade Católica Portuguesa and in the Faculty of Economics of Universidade Nova.

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;
- 1976/1977 – Member of Parliament for the Socialist Party and Deputy 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, S.G.P.S., S.A.; 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;
- 1999/2003 – Director of Eureko, BV;
- 2003/2005 – Vice-Chairman of Estoril-Sol S.G.P.S., S.A., Vice-Chairman of Finansol – S.G.P.S., S.A. and Non-Executive Chairman of Willis Portugal – Corretores de Seguros, S.A;
- 2003/2005 – Director of Varzim Sol – Turismo, Jogo e Animação, S.A.;
- 2005 – Director of the Seng Heng Bank;
- 2005/2008 – Chairman of the Board of Directors of Caixa Geral de Depósitos, S.A.;
- 2005/2008 – Chairman of Banco Nacional Ultramarino, S.A. (Macau);
- 2005/2008 Chairman of Caixa – Banco de Investimento, S.A.;
- 2005/2008 – Chairman of Caixa Seguros, S.G.P.S., S.A.;
- February/December 2008 – Manager of BCP Participações Financeiras, S.G.P.S., Sociedade Unipessoal, Lda.;
- February 2008/March 2009 – Manager of BCP Internacional II, Sociedade Unipessoal, S.G.P.S., Lda.;
- February 2008/March 2009 – Chairman of the Board of Directors of Millennium bcp – Prestação de Serviços, ACE.

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, S.A. (Poland).

Current positions outside the Group:
- Member of the Supervisory Board of Euronext, NV;
- 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 organisational framework of the Group:
- Capital Assets and Liabilities Management Commission (CALCO);
- Risk Commission;
- Pension Fund Risk Sub-Commission;
- Stakeholders Commission;
- Sustainability Coordination Commission.

Direct responsibilities:
- Research Office;
- Planning and Budget Control Department;
- Accounting and Consolidation Department;
- Management Information Department;
- Investor Relations Department;
- Quality Department;
- Risk Office;
- Compliance Office;

- General Secretariat;
- Prevention and Safety Office.

Academic education and experience:

- 1986 – Licentiate Degree in Corporate Organization and Management at the School of Economics of Universidade Técnica de Lisboa;
- 1986/1991 – Trainee Lecturer at the Economics and Management Institute of Universidade Técnica de Lisboa, Management Department;
- 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 Instituto de Estudos Superiores Financeiros e Fiscais;
- 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.
- 2001 – Corporate Senior Management Programme – AESE;

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 held the following positions:
  - Manager of the Strategic Marketing Unit;
  - Manager of the Credit Cards Commercial Department;
  - Manager of the Marketing of the Trade and Entrepreneurs Network;
  - Head of the Euro Cabinet in the Corporate Centre.
- 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, S.GP.S., S.A.;
- May 2004/July 2007 – Tax Director-General 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: 16 January 2008;
- Term-of-office: 2008/2010.

Positions presently held in companies of the Group:

In Portugal:

- Manager of Millennium bcp Participações, S.G.P.S., Sociedade Unipessoal, Lda., formerly named BCP Internacional II, Sociedade Unipessoal, S.G.P.S., 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 Millennium Bank, S.A. (Greece);
- Member of the Supervisory Board of Bank Millennium, S.A. (Poland).

Current positions outside the Group:

- Member of the Board of Directors of SIBS – Sociedade Interbancária de Serviços, S.A., representing Banco Comercial Português, S.A.;
- Member of the Remuneration Board of UNICRE – Instituição Financeira de Crédito, S.A., representing Banco Comercial Português, S.A.

Functions within the organisational framework of the Group:

- Retail Coordination Commission;
- Companies Coordination Committee;
- Banking Services Coordination Committee;
- Capital Assets and Liabilities Management Commission (CALCO);
- Risk Commission;
- Pension Fund Monitoring Commission;
- Pension Fund Risk Sub-Commission.

Direct responsibilities:

- Information Technology Department;
- Credit Department;

- Rating Department;
- Legal Department;
- Tax Advisory Services Department;
- Marketing Department;

Academic education and experience:

- 1986 – Licentiate Degree in Business Management from the Faculty of Human Sciences of Universidade Católica Portuguesa;
- Since 1992 – Chartered Accountant, registered in the Ordem dos Revisores Oficiais de Contas.

Professional experience:

- 1986/1992 – Arthur Andersen, S.A., Manager between 1990 and 1992;
- 1992/September 2002 – Insurance Company Mundial – Confiança:
  - July/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;
- June 2000/December 2007 – Director of Caixa Geral de Depósitos, S.A.;
- April 2001/September 2002 – Chairman of the insurance company Fidelidade;
- 2002/2007 – Chairman of the insurance company Fidelidade Mundial, S.A.;
- January 2005/December 2007 – Chairman of the insurance company Império Bonança – Companhia de Seguros, S.A.;
- January 2005/December 2007 – Chairman of Império Bonança, S.G.P.S., S.A.;
- July 2005/December 2007 – Vice-Chairman of Caixa Seguros, S.G.P.S., S.A.;
- February 2006/December 2007 – Chairman of SOGRUPO, S.G.P.S., S.A.;
- February/December 2008 – Manager of BCP Participações Financeiras, S.G.P.S., Sociedade Unipessoal, Lda.;
- February 2008/March 2009 – Member of the Board of Directors of Millennium bcp – Prestação de Serviços, ACE;
- July 2008/October 2010 – Member of the Board of Directors of BCP Holdings (USA), Inc. (United States of America);
- July/December 2009 – Member of the Board of Directors of Banco ActivoBank (Portugal), S.A., currently 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:
- 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 ELO – Associação Portuguesa para o Desenvolvimento Económico e a Cooperação (Portuguese Association for Economic Development and Cooperation), representing Banco Comercial Português, S.A.

Functions within the organisational framework of the Group:
- Retail Coordination Commission;
- Companies Coordination Committee;
- Risk Commission.

Direct responsibilities:
- Retail Banking (South);
- Retail Banking (Centre South);
- Companies Banking (South);
- Specialised Credit Department;
- Direct Banking Department;
- Administrative and Logistics Department;
- Millennium bim.

Academic education and experience:
- 1976/1981 – Licentiate degree in Economics from Universidade Católica Portuguesa.

Professional experience:

- 1981/1986 – Portuguese Finance Ministry (Institute for Economic Analysis and Planning Research);
- 1986 – Joined BCP (Research and Planning Department);
- 1987/1988 – International and Financial Division;
- 1988/1989 – Launch of the Capital Markets Department (launch of the first commercial bonds);
- 1989/1990 – Companies Branch Manager in Guimarães;
- 1990/1991 – Private Branch Manager in Porto;
- 1991/1995 – Manager of CISF (latter named Banco Millennium bcp Investimento, S.A.) – in charge of the Financial Services Area;
- 1991/1995 – Director of CISF Risco – Companhia de Capital de Risco, S.A.;
- 1995/1998 – Coordinating Manager of Nova Rede;
- 1998/2001 – Member of the Board of Directors of Big Bank Gdansk S.A.;
- 2000/2001 – Member of the Supervisory Board of the company Polcard (Poland), in the credit card business;
- 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 – Companhia de Seguros Vida, S.A.;
- 2002/2005 – Member of the Board of Directors of Seguro Directo – Companhia de Seguros, S.A.;
- 2003/2005 – Member of the Board of Directors of Seguros & Pensões, S.G.P.S., 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, S.A.;
- February/December 2008 – Manager of BCP Participações Financeiras, S.G.P.S., Sociedade Unipessoal, Lda.;
- February 2008/March 2009 – Manager of BCP Internacional II, Sociedade Unipessoal, S.G.P.S., 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 – Chairman of the Board of Directors of Banco ActivoBank (Portugal), S.A., currently Banco ActivoBank, S.A.;
- October 2008/June 2010 – Member of the Board of Directors of the Fund PVCi – Portugal Venture Capital Initiative, representing BCP Internacional II, Sociedade Unipessoal, S.G.P.S., Lda.;
- July 2008/October 2010 – Member of the Board of Directors of BCP Holdings (USA), Inc. (United States of America).

Nelson Ricardo Bessa Machado

Personal data:
- Date of Birth: 15 September 1959;
- Place of birth: Porto;
- 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;
- Vice-Chairman of the Board of Directors of Millennium bcp – Prestação de Serviços, ACE;
- Vice-Chairman of the Board of Directors of Millenniumbcp Ageas – Grupo Segurador S.G.P.S., S.A., formerly named Millennium bcp Fortis – Grupo Segurador, S.G.P.S., 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, S.A. (Poland);
- Vice-Chairman of the "Conseil de Surveillance" of Banque BCP, SAS (France);
- Chairman of the Board of Directors of Millennium Bank, S.A. (Greece);
- Member of the Board of Directors of Banca Millennium, S.A. (Romania).

Functions within the organisational framework of the Group:
- Retail Coordination Commission;
- Companies Coordination Committee;
- European Business Coordination Committee;
- Risk Commission;
- Pension Fund Risk Sub-Commission.

Direct responsibilities:
- Retail Banking (North);
- Retail Banking (Centre North);
- Companies Banking (North);
- Madeira Regional Department;
- Azores Regional Department;

- Network Support Department;
- Microcredit Department;
- Insurance;
- Banque BCP (France);
- Millennium Bank (Greece).

Academic education and experience:

- 1982 – Licentiate Degree in Economics from the Faculty of Economics of Porto;
- 1982/1987 – Associate Professor at the School of Economics of Universidade do Porto;
- 1987 – Guest lecturer in the Faculty of Engineering.

Professional experience:

- 1983/1987 – Economic and Marketing Research Department of Banco Português do Atlântico;
- June 1984/February 1987 – Industrial Association of Porto, in the Department for Economic Research, between January and October 1986 as interim Vice Secretary-General;
- March 1987 – Returned 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 – Chief Executive Officer (CEO) of PRAEMIUM;
- 1991 – Member of the Board of Directors of BPAVIDA, S.A.;
- 1996 – Head of the Direct Banking Department of BPA;
- 1996 – Head of the "In Store Banking" project leading to the opening of Banco Expresso Atlântico;
- November 1996 – Coordinating Manager of NovaRede – North;
- October 1997/October 2000 – Additionally, Head of the NRSECXXI project;
- December 2000/February 2002 – 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 Millennium bcp with the functions of Coordinating Manager of one of the retail coordination areas;
- February/December 2008 – Manager of BCP Participações Financeiras, S.G.P.S., Sociedade Unipessoal, Lda.;
- February 2008/March 2009 – Manager of BCP Internacional II, Sociedade Unipessoal, S.G.P.S., Lda.;
- February 2008/March 2009 – Member of the Board of Directors of Millennium bcp – Prestação de Serviços, ACE;
- December 2009/September 2010 – Chairman of the Board of Directors of Banco de Investimento Imobiliário, S.A.;
- July 2008/October 2010 – Member of the Board of Directors of BCP Holdings (USA), Inc. (United States of America);
- January/November 2010 – Manager of BII International, S.G.P.S., Lda.

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), S.A.;
- Member of the Board of Directors of Millennium Bank, S.A. (Greece);
- Member of the Supervisory Board of Bank Millennium, S.A. (Poland);
- Chairman of the Board of Directors of Banca Millennium, S.A. (Romania).

Functions within the organisational framework of the Group:
- European Business Coordination Committee;
- Private Banking and Asset Management Coordination Committee;
- Capital Assets and Liabilities Management Commission (CALCO);
- Risk Commission.

Direct responsibilities:
- Private Banking;
- Banque Privée BCP (Switzerland);
- Bank Millennium (Poland);
- Millennium Bank (Romania);
- Millennium Bank (Turkey).

Academic education and experience:
- 1984 – Licentiate degree in Economics from Universidade Católica Portuguesa.

Professional experience:
- 1985/1988 – Head of the Dealing-Room of Credit Lyonnais (Portugal);
- 1988/1991 – General Manager, Treasury and Capital Markets of Banco Central Hispano;
- 1991/1993 – Member of the Board of Directors of Geofinança – Sociedade de Investimentos, S.A.;
- 1993/1998 – Member of the Executive Committee and of the Board of Directors of Banco Mello, S.A.;
- 1998/2000 – Vice Chairman of the Executive Committee and Member of the Board of Directors of Banco Mello, S.A.;
- 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 Lease Sp Zoo (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 Zoo (Poland);
- February/December 2008 – Manager of BCP Participações Financeiras, S.G.P.S., Sociedade Unipessoal, Lda.;
- February 2008/March 2009 – Manager of BCP Internacional II, Sociedade Unipessoal, S.G.P.S., Lda.;
- February 2008/March 2009 – Member of the Board of Directors of Millennium bcp – Prestação de Serviços, ACE;
- February 2008/December 2009 – Member of the Board of Directors of Banco ActivoBank (Portugal), S.A., currently Banco ActivoBank, S.A.;
- May 2008/May 2010 – Vice-Chairman of the Executive Board of Directors of Millennium Bank, S.A. (Greece);
- July 2008/October 2010 – Member of the Board of Directors of BCP Holdings (USA), Inc. (United States of America).

Miguel Maya Dias Pinheiro

Personal Details:
- Date of Birth: 16 June 1964;
- Place of birth: Lisbon;
- Nationality: Portuguese;
- Position: Member of the Executive Board of Directors;
- Beginning of Functions: 26 November 2009;
- 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;
- 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 S.A. (Angola);
- Member of the Board of Directors of BIM – Banco Internacional de Moçambique, S.A. (Mozambique).

Functions within the organisational framework of the Group:
- Banking Services Coordination Committee;
- Capital Assets and Liabilities Management Commission (CALCO);
- Risk Commission.

Direct responsibilities:
- Corporate I Department;
- Corporate II Department;
- Investment Banking Department;
- Litigation Department;
- Specialised Credit Recovery Department;
- Standardised Credit Recovery Department;
- ActivoBank.

Academic education and experience:

- Licentiate Degree in Corporate Organization and Management at Instituto Superior das Ciências do Trabalho e da Empresa (ISCTE);
- Corporate Senior Management Programme (PADE) – 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 – Head of the Companies Marketing Department. Collaboration with Directive Committees of the Bank of Portugal;
- 1999/2000 – Banco Comercial Português, Coordinating Manager of NovaRede (Retail South). Collaboration with Directive Committees of the Bank of Portugal;
- 2001/2003 – Sent to Barcelona (Spain), undertaking the functions of CEO of Managerland, S.A. (Internet banking operations for the BCP Group 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 of BCP;
- Director of Millenniumbcp Gestão de Fundos de Investimentos, S.A.;
- Chairman of Millenniumbcp Teleserviços, Serviços de Comercio Electrónico, S.A.;
- Manager of AF Internacional, S.G.P.S. Sociedade Unipessoal, Lda;
- Member of the Executive Commission of CISP;
- August 2007/November 2009 – Head of the Office of the Chairman of the Executive Board of Directors of Millenniumbcp.

António Manuel Palma Ramalho

Personal data:

- Date of Birth: 20 August 1960;
- Place of birth: Lisbon;
- Nationality: Portuguese;
- Position: Member of the Executive Board of Directors;
- Beginning of Functions: 13 April 2010;
- Term-of-office: until the end of the present three-year period (2008/2010).

Positions presently held in companies of the Group:

In Portugal:

- Member of the Board of Directors of Fundação Millennium bcp;
- Chairman of the Board of Directors of Interfundos – Gestão de Fundos de Investimento Imobiliário, S.A.;
- Chairman of the Board of Directors of Millennium bcp Gestão de Activos – Sociedade Gestora de Fundos de Investimento, S.A.;
- Chairman of the Board of Directors of Banco de Investimento Imobiliário, S.A.;

Abroad:

- Member of the Board of Directors of the Fund PVCi – Portugal Venture Capital Initiative, representing Millennium bcp Participações, S.G.P.S., Sociedade Unipessoal, Lda, formerly named BCP Internacional II, Sociedade Unipessoal, S.G.P.S., Lda.

Current positions outside the Group:

- Member of the Board of Directors of the Visa Europe Association;
- Vice-Chairman of AIP – Associação Industrial Portuguesa;
- Member of the Management of CIP – Confederação Empresarial de Portugal;
- Member of the Remuneration Board of SIBS – Sociedade Interbancária de Serviços, S.A., representing Banco Comercial Português, S.A.;
- Non-Executive Member of the Board of Directors of UNICRE – Instituição Financeira de Crédito, S.A., representing Banco Comercial Português, S.A.

Functions within the organisational framework of the Group:

- Private Banking and Asset Management Coordination Committee;
- Capital Assets and Liabilities Management Commission (CALCO);
- Risk Commission;
- Pension Fund Risk Sub-Commission.

Direct responsibilities:

- Treasury and Markets Department;
- Assets and Liabilities Management Department;
- International Department;

- Shareholdings and Worth Measurement Department;
- Communication Department;
- Eastern Desk;
- Asset Management;
- Real Estate Business Centre;

Academic education and experience:
- Licentiate degree in Law from Universidade Católica Portuguesa;
- MSc (taught part) in International Law Studies from Universidade Católica Portuguesa;
- Post-graduate Degree in International Capital Markets from the International Finance Institute – St. Catherine's College, Oxford.

Professional experience:
- 1990/1997 – Employee of Banco Pinto & Sotto Mayor until 1993, in charge of the capital markets area and later financial manager, since 1993 Chief Financial Officer (CFO). Since 1995, in charge of strategic planning, management control, marketing and means of payment;
- 1995/2000 – Director and Chairman of the Board of Directors of Unicre, representing the Banks of the Mundial-Confiança Group;
- 1995/2000 – Director of SIBS, representing the Banks of the Mundial-Confiança Group;
- 1997/2000 – Director of the Banks of the Mundial-Confiança Group; Banco Pinto & Sotto Mayor, Banco Totta & Açores, Crédito Predial Português and Banco Chemical Finance (as of its acquisition in 1998), with responsibilities in the areas of strategic planning, operational marketing and management control;
- 2000/2003 – Director of the Santander & Totta Group;
- 2000/2003 – Member of the Executive Committee of the Santander & Totta Group in Portugal, directly responsible for the management of the commercial network of Crédito Predial Português In 2003, after the unification of the commercial networks of the entire Group, became responsible for the complementary networks and international retail network (non-residents);
- January 2004/September 2004 – Chief Financial Officer (CFO) of Rave, S.A., responsible for the entire financial area and the development of the business model for the implementation of high speed rail in Portugal;
- September 2004/July 2006 – Chairman of the Management Council (CEO) of CP – Companhia de Caminhos de Ferro Portugueses, E.P., directly responsible for planning and strategy and for the financial area (CFO);
- July 2006/August 2010 – Chairman of the Board of Directors of UNICRE – Instituição Financeira de Crédito, S.A., directly responsible for the areas of strategy and audit, general coordination and institutional relations;
- April 2008/April 2010 – Executive Director of Soares da Costa, S.G.P.S., S.A.;
- April 2009/April 2010 – Non-Executive Director of Portugal Telecom, S.A.

ANNEX II

CURRICULA VITAE OF THE MEMBERS OF THE SUPERVISORY BOARD OF BANCO COMERCIAL PORTUGUÊS, S.A.

Luís de Mello Champalimaud

Age:
59 years old.

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 Remuneration and Welfare Board of Banco Comercial Português, S.A.

Current positions outside the Group:
Chairman of the Board of Directors of Confiança Participações, S.G.P.S., S.A., Chairman of the Supervisory Board of Tracção, S.A. (Brazil), and Chairman of the Supervisory Board of 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. (formerly Soeicom, S.A.);
- 1982/1992 – Chief Executive Officer (CEO) of Empresa de Cimentos Liz, S.A. (formerly Soeicom, S.A.);
- 1992/2000 – Vice-Chairman of the Board of Directors Empresa de Cimentos Liz, S.A. (formerly 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:
54 years old.

Academic qualifications:
Licentiate 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 Council of Sonils, Lda, Chairman of the Board of Directors of Baía de Luanda, and 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 (Office of the Development of the Middle Kwanza);
- 1987/1991 – University Professor;
- 1991/1999 – Vice-General Manager of Sonangol U.E.E.;
- 1991/1999 – Chairman of the Management Committee of Kwanda Base;
- January 2008/March 2009 – Member of the Supervisory Board of Banco Comercial Português S.A.

Pedro Maria Calaínho Teixeira Duarte

Age:
56 years old.

Academic qualifications:
Licentiate degree in Business Administration from Universidade Católica Portuguesa 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, S.G.P.S., S.A.;
- Vice-Chairman of the Senior Board of Banco Comercial Português, S.A.;
- Member of the Remuneration 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:
61 years old.

Academic qualifications:
PhD in Economics from the University of Minnesota, 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 Banco de Sabadell, S.A., Chairman of the Board of Directors of BanSabadell Holding SL, Unipers, Chairman of the Advisory Council of Member of the Corporación EXEA, Chairman of FEDEA (Fundación de Estudios de Economía Aplicada – Foundation for Studies in Applied Economics), Member of the Management Committee of the Spanish Fondo de Garantía de Depósitos, Member of the Governors Council of Fundaçao Principe de Asturias, Member of the Governors Council of Fundación Principe de Girona, Vice Chairman of the Spanish Chapter of LECE (Liga Europea de Cooperación Económica – European League for Economic Cooperation), Member of the Spanish Council of INSEAD and Chairman of Fundação Banco Herrero.

Professional experience:
- 1978/1982 – Associate Professor of Economics and Econometrics at Universidad Autónoma, Barcelona;
- 1981/1983 – Professor at Universidad of Oviedo;
- 1983 – Director of Strategy Studies at the National Institute of Industry (Spain);
- 1984/1986 – Planning General Director, Chief Executive of Financial Companies for Regional Development and advisor to the Spanish Institute of Industry;
- 1986 – Joined Banco Sabadell;
- 2000/2008 – Member of the Senior Board of Banco Comercial Português, S.A.

António Luís Guerra Nunes Mexia

Age:
53 years old.

Academic qualifications:
Licentiate degree in Economics from the University of Geneva in 1979.

Current positions in the Group:
Member of the Supervisory Board and 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, S.A., Chairman of the Executive Board of Directors of EPD – Energias do Brasil, S.A., Chairman of the Executive Board of Directors of EDP – Estudos e Consultadoria, S.A. and Non-Executive Director of Aquapura – Hotels Resort & SPA, S.A.

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 – Vice Secretary of State for External Trade;
- 1989 – Vice Chairman of the Board of Directors of ICEP – Instituto do Comércio Externo, responsible for Foreign Investment;
- 1990/1998 – Director of Banco Espírito Santo de Investimento, responsible for the areas of capital markets, brokerage and project finance;

- 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 working group on the development of trans-European networks;
- 1992/1998 – Member of the Trilateral Committee;
- 1998 – Chairman of the Boards of Directors of GDP – Gás de Portugal and of Transgás;
- 1999/2002 – Chairman of APE – Associação Industrial Portuguesa de Energia;
- 2000 – Vice Chairman of the Board of Directors of Galp Energia, S.G.P.S., S.A.;
- 2001/2004 – Executive Chairman of the Board of Directors of Galp Energia, S.G.P.S., S.A.;
- 2001/2004 – Chairman of the Boards of Directors of Petrogal – Petróleos de Portugal, S.A.;
- 2001/2004 – Chairman of the Board of Directors of GDP – Gás de Portugal, S.A.;
- 2001/2004 – Chairman of the Board of Directors of Transgás;
- 2001/2004 – Chairman of the Board of Directors of Transgás-Atlântico;
- 2004 – Minister for Public Works, Transports and Communications of the XVI Constitutional Government.

Patrick Wing Ming Huen

Age:
69 years old.

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 Finansol, S.G.P.S., S.A., Chairman of the Board of Directors of Varzim Sol, S.A., Deputy Chairman of the Board of Directors of Estoril Sol (III), S.A., Member of the UK Chartered Institute of Bankers, Member of Hong Kong Securities, Member of the Economic Council of the Macau SAR Government, Honorary Chairman of the Macau Association of Medical Practitioners, Vice-Chairman of the Board of Directors of the Dr. Stanley Ho Medical Development Foundation and Member of the Board of Trustees of Shaw College of The Chinese University of Hong Kong.

Professional experience:
- Until 1979 – 20 years of experience in commercial banking, at HSBC and BNP;
- 1979 – Joined the Shun Tak – STDM Group, holding various management positions;
- 1989/2009 – Executive Director of CAM – Macau International Airport Co., Ltd.;
- 1991/2000 – Executive Director of Seng Heng Bank Limited;
- 1991/2009 – Executive Director of Shun Tak Holdings Limited;
- 2000/2008 – CEO of Seng Heng Bank Limited;

- 2006 – Vice-Chairman of the Board of Trustees and Directors of the Dr. Stanley Ho Medical Development Foundation;

- 2008 – Vice-Chairman of the Board of Directors of the Industrial and Commercial Bank of China (Macau) Limited (formerly Seng Heng Bank Limited);

- Member of the Audit Board of STDM, Investimentos Imobiliários, S.A.;

- 2010 – Member of the Trust Committee of the Science and Technology Development Fund of Macau SAR Government;

- 2010 – Chairman of the Board of Directors of the Macau Alzheimer's Disease Association.

António Vítor Martins Monteiro

Age:
67 years old.

Academic qualifications:
Licentiate Degree in Law from the Law School of Lisbon University.

Current positions in the Group:
Member of the Supervisory Board of Banco Comercial Português, S.A.

Member of the Nomination Committee.

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 Non Executive Member of the Board of Directors of Banco Privado do Atlântico – Angola, Chairman of the Board of Curators of Fundação Luso-Brasileira and Member of the United Nations Panel on the Sudan Referendum.

Professional experience:
- 1968 – Joined 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 of the Portuguese Investment Agency;
- 2003 – Member of the Advisory Board of the Oceans Strategic Committee;
- 2004/2005 – Minister of Foreign Affairs and of the Portuguese Communities;
- 2005/2006 – High Commissioner of the UN for the Elections in the Ivory Coast;
- 2006/2009 – Portugal's Representative to in the European Space Agency (ESA);
- 2006/2009 – Ambassador of Portugal in France.

João Manuel de Matos Loureiro

Age:
51 years old.

Academic qualifications:
Licentiate Degree in Economics from the Faculty of Economics of the University of Porto (1983). PhD in Economics (majoring in International Macroeconomics and Finance) from the University of Gothenburg, Sweden (1992).

Current positions in the Group:
Member of the Supervisory Board and Chairman of the Audit Committee of Banco Comercial Português, S.A., Chairman of the Audit Board of Banco ActivoBank, S.A., Chairman of the Audit Board of BII – Banco de Investimento Imobiliário, S.A.

Current positions outside the Group:
Professor at the School of Economics of the University of Porto and of EGP-UPBS and Researcher at CEF.UP.

Professional experience:
- Since 1984 – Professor at the School of Economics of the University of Porto;
- 1984 – Economist of the Planning Department of União de Bancos Portugueses;
- 1986/1987 – Economist for the Economic Studies Department of Banco Português do Atlântico;
- 1996/2001 – Member of the Steering Committee of the School of Economics of the University of Porto;
- 1997/2002 – Responsible for "Boletim de Conjuntura Internacional", published by Soserfin/BPN;
- 2000/2008 – Director of the MBA in Finance of the School of Economics of the University of Porto;
- 2002/2008 – Chairman of the Paedagogic Council of the School of Economics of the University of Porto;
- 2007/2008 – Coordinator of the Budgeting by Program Committee, Ministry of Finance;
- Since 2008 – Member of the General Board of UPBS (University of Porto Business School);
- Since 2008 – Director of the Post-graduation in Company Management of EGP – UPBS;

- 2008 – Consultant for the assessment of the foreign exchange system in Cape Verde;

- Since 2010 – Member of the Board of Representatives of the School of Economics of the University of Porto.

José Guilherme Xavier de Basto

Age:
72 years old.

Academic qualifications:
Licentiate Degree in Law from the Law School of Coimbra University 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, S.G.P.S., S.A., Member of the Audit Board of Portugal Telecom, S.G.P.S., S.A. and Member of the Studies Centre of the Chartered Accountants Association (CTOC).

Professional experience:
- 1995/2000 – Lecturer at the Law School of the University of Coimbra;

- 1994 – Member of the Tax Reform Development Committee.

José Vieira dos Reis

Age:
63 years old.

Academic qualifications:
Licentiate Degree in Economics from Instituto Superior de Economia de Lisboa; Licentiate Degree in Law from the Lisbon Law School; BSc in Accounting from Instituto Comercial de Lisboa; Statutory Auditor and Chartered Accountant.

Current position 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 Lojas Francas de Portugal S.A., Founding partner of Oliveira Reis & Associados, SROC Lda. and Consultant.

Professional experience:
- Finance Inspector;

- Tax Receiver;

- 1998/1999 – Chairman of the Chartered Accountants Association;

- 2000 – Member of the Committee for the Income Tax Reform;

- 2000/2005 – Chairman of the Statutory Auditors Association;

- 2006 – Chairman of the Work Group on the Tax Impact of the Adoption of International Accounting Standards;

- 2008/2009 – Chairman of the Working Group on the Tax Impact of the Adoption of International Accounting Standards;

- Lecturer at Instituto Superior de Contabilidade e Administração de Lisboa, for Financial General Accounting II.

Manuel Alfredo da Cunha José de Mello

Age:
62 years old.

Academic qualifications:
Licentiate Degree in Finance from Instituto Superior de Economia de Lisboa in 1972.

Current positions in the Group:
Member of the Supervisory Board and Chairman of the Nominations Committee of Banco Comercial Português, S.A.

Current positions outside the Group:
Chairman of the Board of Directors of Grupo Nutrinveste, S.G.P.S., 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:
53 years old.

Academic qualifications:
Licentiate degree in Business Management from 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. and Statutory Auditor.

Professional experience:
- Senior Manager at Arthur Andersen & Co.;

- Director of the Santogal Group;

- Consultant in the Health, Teaching, Insurance and Financial sectors;

- Non-Executive Director of Portugal Telecom, S.G.P.S., S.A.

Vasco Esteves Fraga

Age:
61 years old.

Academic qualifications:
Licentiate Degree in Finance by Instituto Superior de Economia de Lisboa and training programs and seminars at the London Business School, Insead, Universidade Nova and Universidade Católica.

Current positions in the Group:
Member of the Supervisory Board and Member of the Nominations Committee of Banco Comercial Português, S.A.

Current positions outside the Group:
Member of the Board of Directors of Estoril Sol, S.G.P.S., S.A., Member of the Board of Directors of Varzim Sol – Turismo Jogo e Animação, S.A. and Member of the Board of Directors of Estoril Sol (III), S.A. and Member of the Board of Directors of SGAL – Sociedade Gestora da Alta de Lisboa, S.A.

Professional experience:

- From 1973 to 1975 – Performed techninal functions in the Investement Projects Evaluation Nucleus of "Centro de Estudos e Planeamento" (Presidency of the Cabinet);

- From 1975 to 1980: Advisor for economic affairs of Civil Office of the president of the republic; Head of the Office of the Secretary of State for the Economic Coordination (1st Constitutional Government); Head of the Office of Minister of Finance and Plan (2nd Constitutional Government); Services manager of Office for the External Economic Transportation and Communications (5th Constitutional Government);

- From 1980-1986 – Director of Casa Hipólito S.A.;

- From 1987 to 1990 – General Manager of Casino Estoril;

- From 1990 to 1995 – Director of holding company and several media companies of Group P.E.I. – Projectos, Estudos e Informação, S.A.;

- From 1995 to 1995 –Executive Vice-Chairman of ESTA – Gestão de Hoteis S.A., a company owned by Estoril Sol and TAP Air Portugal with interests in the hotel management area in African Portuguese-speaking countries;

- Since June 1997 – Chairman of several companies of Group Estoril Sol.

ANNEX III

CURRICULA VITAE OF THE MEMBERS OF THE REMUNERATION AND WELFARE BOARD OF BANCO COMERCIAL PORTUGUÊS, S.A.

José Manuel Rodrigues Berardo

Age:
67 years old.

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, SA; since 1988 – Vice-Chairman of the Board of Directors and Chairman of the Board of the General Meeting of SIET – Sociedade Imobiliária de Empreendimentos Turísticos Savoi, S.A. and Chairman of the Board of Directors of Fundação José Berardo, IPSS; since 1989 – Chairman of the Board of Directors and Vice-Chairman of the Board of the General Meeting of RAMA – Rações para animais, 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 of 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 of Cumulus Wines, PTY Limited. He is also Chairman of the Board of the General Meeting of the following companies: Avipérola, Lda.; Caves Aliança Agrícola, 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, SA; 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 the 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 Fundação de Arte Moderna e Contemporânea – Colecção Berardo.

Luís de Mello Champalimaud

Please see Annex II of the Corporate Governance Report.

Manuel Pinto Barbosa

Age:
67 years old.

Academic qualifications:
Licentiate degree in Finance from Instituto Superior de Ciências Económicas e Financeiras of Universidade Técnica de Lisboa, MSc from Yale University, PhD from Yale University and Professorship from Universidade Nova de Lisboa.

Current position in the Group:
Member of the Remuneration and Welfare Board.

Professional experience:
1978/1982 – Member of the Installing Committee of FEUNL; 1982/1983 – Director in office of FEUNL; 1984/2002 – Full Professor at FEUNL; 1986/1990 – Deputy Regent of UNL; 1990/1994 – Regent at UNL; 1995/1996 –Vice-Chairman of UNICA, network of universities of European capitals; 1996/1999 – Member of the Installing Committee of FDUNL; 1997/2000 – Pro-Regent for International Affairs of UGF; and since 1990 – Member of the European League for Economic Cooperation; since 1990 – Founding Member of the European Statistics Centre for Developing Countries; since 1977 – Member of the Scientific Society of Universidade Católica Portuguesa; and since 1997 – Correspondent Academic of the Lisbon Science Academy. 1967/1969 – Reserve Official of the Portuguese Navy; 1970/1972 – Consultant of the Portuguese Industrial Association; 1978/1983 – Founding member of the Association of Studies on International Relations; 1981/1984 – Member of the Commission in charge of the negotiation of the Portugal-USA Defence Agreement; 1989 – Member of the Commission of experts of the SPES programme (EEC); 1989 – Member of the Commission of experts of the Tinker Foundation; 1990 – Member of the Commission of experts of the ACE programme (EEC); 1992/1993 – Vice Chairman of the Economic and Social Council; 1994/2006 – Member of the Steering Committee of Fundação Luso-Americana; 1995/1998 – Non-Executive Director of Portucel Industrial; 1996/1999 – Member of the Advisory Committee of Barclays Bank; 2002/2006 – Non-Executive Director of PTII; and 2004/2006 – Chairman of the Board of Directors of TAP. He is currently Chairman of the Board of Directors of Nova Forum, since 2005, Chairman of the Supervisory Board of TAP, since 2007, and Chairman of the Remuneration Committee of Cimpor.


Conta Passaporte
PARA POUPAR
NÃO HÁ FRONTEIRAS
Millennium

ANNEX IV

Millennium bcp

Earnings Press Release

Reuters>bcp.ls Exchange>MCP Bloomberg>bcp pl ISIN PTBCP0AM00007

2 February 2011

Millennium bcp earnings release as at 31 December 2010

HIGHLIGHTS

- Consolidated net income of Euro 301.6 million in 2010, up by 33.9% from 2009, boosted by the international activity, which more than quadrupled;
- The Tier I and solvency ratios reached 9.2% and 10.3%, respectively;
- Contribution from the international operations to consolidated net income reached Euro 51.8 million, with net interest income increasing by 27.9%;
- Net income of Bank Millennium in Poland rose to Euro 81.3 million, benefiting from higher net interest income and commissions;
- Net operating revenues increased 16.0% from 2009;
- Net interest income grew 13.7% and net commissions rise 10.9% Y-o-Y. Net interest income in Portugal had its best quarterly performance since the 2nd quarter of 2009;
- Total customer funds reached to Euro 67,596 million, benefiting from the growth in customer deposits in the fourth quarter, with capitalisation products achieving a historic maximum during 2010;
- Loans to customers in Portugal reduced from Euro 60,625 million as at 31 December 2009 to Euro 58,917 million as at 31 December 2010, while on a consolidated basis loans practically stabilised and amounted to Euro 76,411 million;
- Loans to customers and total customer funds from the international activity were up by 7.3% and 4.7%, respectively;
- Operating costs remained stable in Portugal. The cost-to-income ratio improved, in 2010, to 51.3% in Portugal and to 56.3% on a consolidated basis;
- Overdue loans by more than 90 days stood at 3.0% of total loans, in line with the expectations associated with the current economic and financial environment, and the coverage ratio stood at 109.4%;
- On 27 December 2010, the Bank concluded the transaction to sell the 95% of the share capital of Millennium bank in Turkey;
- Proposal to be submitted to the AGM to distribute new shares to the shareholders, as a result of the incorporation of reserves in the amount of Euro 120 million into share capital. The proposal of this scrip dividend reflects the balance between shareholder interests and the priority of preserving the Group's capital and liquidity in 2010.

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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.

Millennium bcp

Earnings Press Release

Reuters>bcp.ls Exchange>MCP Bloomberg>bcp pl ISIN PTBCP0AM00007

Lisbon, 2 February 2011

SUMMARY

ECONOMIC ENVIRONMENT

World Economic activity to continue expanding in 2011 albeit at a slower pace

The world economy improved in 2010 and there are good prospects for the global recovery to proceed, though more moderately, in 2011. The price of raw materials increased significantly, leading headline inflation rates higher, particularly in the emerging economies. Global financial conditions improved, financial markets became less volatile, equity indices moved higher and risk premiums tended to decrease, though with greater discrimination across issuers, particularly so in terms of sovereign risk.

Financial support to some euro area member states failed to restore markets confidence

The pervasiveness of the crisis that continues to affect several sovereign states of the periphery of the euro area, including Portugal, called for a decisive action through financial rescue plans aiming at stabilizing the economies and in support of the financial systems, first in Greece and more recently in Ireland. Notwithstanding the provision of these exceptional financing facilities and the terms negotiated, the climate of uncertainty persisted due to the recurring institutional disagreements among EU members and authorities as well as concerns related to the magnitude of the adjustment effort required for the States in distress. In that sense, the reformulation of the support measures may have a positive bearing on markets confidence. The European Central Bank (ECB) has been proceeding with the gradual normalization of monetary policy. Despite the ECB's growing concerns with inflationary pressures, the central bank is not expected to increase the main refinancing rate anytime soon from the current 1% level.

The Portuguese economy is likely to reenter into a recessionary phase in 2011 as deleveraging takes hold

The change in financial conditions and the scarcer financial flows to the Portuguese economy, because of fears relating to debt sustainability, problems stemming from the fiscal consolidation side and concerns with long term growth prospects, constitutes a strong incentive to reducing indebtedness levels, from both the public and private sectors, and to greater moderation in overall spending. After posting a GDP growth of around 1,4% in real terms in 2010, the Portuguese economy is projected to reenter a recession in 2011, despite the positive contribution from net external demand. In subsequent years, the return to a more normalized growth environment hinges, to a large extent, on the ambition and success of the corrective measures now implemented.

The economic, political and regulatory environment remains very challenging for financial institutions, particularly for those located in the periphery of the euro area

This environment is highly detrimental to Portuguese banks, banking business volumes, credit quality and the cost of funding, and it is all the more important at a time the strong risk aversion climate needs to be reversed as a demonstration of greater confidence in the State's and private issuers solvency. Given the external constraints and internal difficulties, it is imperative to pursue rigorous cost control measures, selective investment spending and judicious allocation of scarce resources, in order to sustain profitability, hold employment levels and restore market confidence. The profound changes to the regulatory framework and the market, social and political pressure towards an early implementation of the new requirements for capital and liquidity weigh on the regular management of financial institutions. Furthermore, special funds to support the financial system in periods of turbulence are being deployed, with the funding coming from special taxes or levies on financial institutions, acting as an additional burden specific to the financial sector.

Poland and African economies have shown a remarkable resiliency during the crisis by quickly returning to a strong growth environment

The social protests in Greece eased as the targets negotiated under the financial rescue plan have been progressively met. However, Greece remains in a deep recessionary environment, with rising unemployment and almost no access to funds in the international marketplace. In Poland, by contrast, economic activity has been strengthening. It is estimated that in the 2011/2012 the Polish economy will feature full employment, an expectation that led the Polish Central Bank to hike interest rates by 25 b.p. to 3.75%. The high public deficit seems the main obstacle to Poland joining the single currency in the near term. African economies have demonstrated a remarkable degree of resilience to the crisis, with the support of the export of raw materials, and quickly returned to a strong growth environment. The control of inflationary pressures, widespread access to basic goods and services and greater diversification of economic sectors remain key policy issues there in the medium term.

RESULTS

Consolidated net income stood at € 301.6 million.

In an adverse context for business volumes, credit quality and the cost of funds for the Portuguese banking sector, influenced by external constraints, Millennium bcp's net operating revenues increased 16.0% in 2010, from the previous year, on a consolidated basis and on the activity in Portugal, which, added to the stabilisation of operating costs in Portugal, led to an improvement in efficiency and profitability levels. The solvency ratio, in accordance with the IRB approach, stood at 10.3% and Tier I at 9.2% as at 31 December 2010.

Net income increased in 2010 sustained by the growth in net operating revenues, despite the reinforcement of impairment charges for loan losses (net of recoveries) and for other impairment.

Millennium bcp's consolidated net income was up 33.9% to Euro 301.6 million in 2010, from Euro 225.2 million in 2009, sustained by the increase in the international activity (+353%). The evolution in net income in 2010 was favourably influenced by the performance in net interest income, net commissions and net trading income, partially offset by the reinforcement of impairment charges for loan losses (net of recoveries) and for other impairment and provisions, as well as by the performance in operating costs in the international activity.

Impairment for loan losses (net of recoveries) stood at Euro 713.3 million in 2010, compared with Euro 560.0 million in 2009, reflecting the reinforcement of impairment charges, following the expectations associated with the extension of the adverse economic and financial framework.

Consolidated cost-to-income ratio stood at 56.3%, an improvement of 7.3 p.p., from 2009, benefiting from the performance in the activity in Portugal and in the international activity.

The consolidated cost-to-income ratio, on a comparable basis, stood at 56.3% in 2010, an improvement of 7.3 p.p. from 63.6% in 2009. This evolution reflects the efficiency improvements achieved in the activity in Portugal, were cost-to-income fell to 51.3% from 60.2% in 2009, as well as in the international activity, which reduced 3.8 p.p. from 2009, benefiting from the favourable performances in most foreign operations.

BALANCE SHEET

Total customer funds up by 1.6%, benefiting from the increase of 1.7% in balance sheet customer funds and of 6.0% in capitalisation products.

Total customer funds, on a comparable basis, reached Euro 67,596 million as at 31 December 2010, up by 1.6%, from Euro 66,516 million on the same date in 2009. The growth in total customer funds benefited from the focus on further increasing on-balance sheet customer funds, as a result of the increase in debt securities, reflecting essentially debt issued by the Bank placed with customers, as well as the good performance in capitalisation products.

Loans to customers stood at € 76,411 million and mortgage loans increased 7.2%.

Loans to customers (gross) reached Euro 76,411 million as at 31 December 2010, a slight reduction from Euro 76,935 million posted on the same date in 2009. The evolution in loans to customers was mostly influenced by loans to companies, as loans to individuals registered an increase of 5.4%, sustained by the 7.2% rise in mortgage loans.

Millennium bcp

Earnings Press Release

Reuters>bcp.ls Exchange>MCP Bloomberg>bcp pl ISIN PTBCP0AM00007

Financial Highlights

Euro million	31 Dec. 10	31 Dec. 09	Change 10 / 09
Balance sheet			
Total assets	100,010	95,550	4.7%
Loans to customers (1)	76,411	76,935	-0.7%
Loans to customers (net) (1)	73,905	74,789	-1.2%
Total customer funds (1) (2)	67,596	66,516	1.6%
Balance sheet customer funds (1)	51,342	50,507	1.7%
Customer deposits (1)	45,609	45,822	-0.5%
Results			
Net income	301.6	225.2	33.9%
Net interest income	1,516.8	1,334.2	13.7%
Net operating revenues (3)	2,892.0	2,493.2	16.0%
Operating costs (4)	1,603.3	1,540.3	4.1%
Loan impairment charges (net of recoveries)	713.3	560.0	27.4%
Other impairment and provisions	217.6	97.4	123.5%
Income taxes			
Current	54.2	65.6	
Deferred	(57.2)	(19.4)	
Minority interests	59.3	24.1	
Profitability			
Net operating revenues / Average net assets (5)	2.9%	2.6%	
Return on average assets (ROA) (6)	0.4%	0.3%	
Income before taxes and minority interests / Average net assets (5)	0.4%	0.3%	
Return on average equity (ROE)	6.1%	4.6%	
Income before taxes and minority interests / Average equity (5)	6.6%	5.7%	
Credit quality			
Overdue loans according to Bank of Portugal / Total loans (5)	4.5%	3.4%	
Overdue loans according to Bank of Portugal, net/ Total loans, net (5)	1.2%	0.6%	
Impairment for loan losses / Overdue loans by more than 90 days	109.4%	119.0%	
Impairment for loan losses / Overdue loans	100.2%	106.1%	
Efficiency ratios			
Operating costs / Net operating revenues (5) (7)	56.3%	63.6%	
Operating costs / Net operating revenues (Portugal) (5) (7)	51.3%	60.2%	
Staff costs / Net operating revenues (5) (7)	31.2%	35.7%	
Capital (IRB)			
Own funds	6,116		
Risk weighted assets	59,564		
Tier I	9.2%		
Total	10.3%		
Branches			
Portugal activity	892	911	-2.1%
Foreign activity (1)	852	863	-1.3%
Employees			
Portugal activity	10,146	10,298	-1.5%
Foreign activity (1)	11,224	10,987	2.2%

(1) Does not includes the subsidiary companies Millennium bank Turkey and Milennium bcpbank USA.
(2) Amounts due to customers (including securities), assets under management and capitalisation products.
(3) Net interest income, dividends from equity instruments, net commissions, net trading income, equity accounted earnings, other net operating income (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) Considering net income before minority interest.
(7) Excludes the impact of specific items.

Millennium bcp

Earnings Press Release

Reuters>bcp.ls Exchange>MCP Bloomberg>bcp pl ISIN PTBCP0AM00007

At the 2010 earnings presentation, Mr. Carlos Santos Ferreira, Chairman of the Executive Board of Directors of Banco Comercial Português, began by stressing that the past year was marked by the deterioration of the sovereign debt crisis and of the macro-economic conditions in Portugal, as well as by the debate on future regulatory requirements for capital and liquidity. Notwithstanding a challenging and difficult environment, Millennium bcp was able to develop a set of strategic initiatives throughout 2010, aiming at enhancing its profitability, solvency and liquidity profile.

Among the year's highlights are the repricing of the credit portfolio, the promotion of a Culture of Rigour and of Risk and Compliance policies, the decision to innovate by launching the ActivoBank project and the simplification of the international portfolio – with the sale of US and Turkish operations, the creation of a new platform for the strategic triangle between Europe, Portuguese-Speaking African Countries and China (by means of an onshore Branch in Macao) and the continue expansion in Angola and Mozambique.

Mentioning the bank's solvency, the Chairman emphasized the authorization granted by the Bank of Portugal for the adoption of the IRB approach for credit risk, with Tier I reaching 9.2% and Core Tier I 6.7% as of 31 December 2010.

Commenting on the 2010 results, the Chairman said that:

The Bank's consolidated net income totalled Euro 301.6 million, corresponding to a 33.9% rise versus 2009. The Bank's international operations provided an important contribution for these results, especially the Polish operation which posted an income of Euro 81.3 million.

The positive performance of net income also benefited from the consistent recovery of core banking income and of cost containment policy, more than offsetting the effort made to provision for the credit portfolio. The consolidated and domestic banking income registered growth of 16.0% and 15.9%, respectively.

Relating to the main aspects of 2010, the Chairman stress that:

i) Net interest income and Commissions maintained their quarterly growth trend, both domestically and internationally, growing 13.7% and 10.9%, respectively, on a consolidated basis, from 2009;

ii) Operating costs remained under control, particularly in Portugal, thus contributing to the improvement of the cost-to-income ratio, which reached 56.3% (consolidated) and 51.3% (Portugal);

iii) Impairments and loan provisions were reinforced, enabling a coverage ratio for loans past due for more than 90 days above 100%, reaching 109.4% as at 31 December 2010.

iv) The high quality of the Bank's assets, which translated into a better asset portfolio eligible for discounting at central banks, attaining Euro 20.6 billion, by the end of 2010;

v) Customers' Funds, which rose 1.6%, to Euro 67,596 million. In the international operations, Customers' funds grew 4.7%, compared with 31 December 2009;

vi) Loans to Customers fell 0.7% to Euro 76,411 million. In the international operations, loans to Customers grew 7.3%, compared with 31 December 2009;

vii) The Bank registered the highest Customer satisfaction level (80.4 index points) since the single brand was created in 2004.

Regarding the international operations in 2010, the Chairman underlined:

i) The successful turnaround of the Polish operation, driven by the rise in the net interest income and in Commissions, which were up 46.1% and 14.4%, respectively, year-on-year;

ii) The expansion plans in Africa, increasing the number of branches of Millennium Angola (+16 branches) and Millennium bim (+9 branches). All together, these operations attained net earnings amounting to Euro 76.4 million, 14.6% up year-on-year;

iii) The inauguration of Millennium bcp's onshore branch in Macao, materializing the Bank's strategy to have a stronger presence in the Asia-Pacific region, especially in China.

The Chairman concluded his presentation by stating that, taking into consideration, on one hand, the principles of prudent capital management, and, on the other, the calendar for the implementation of the new capital rules as defined by Basel III, Millennium bcp has decided to submit a proposal to the Annual General Meeting of Shareholders to distribute to the shareholders a scrip dividend as a result of a share capital increase through the incorporation of reserves, in the amount of Euro 120 million. The purposed scrip dividend reflects, in the opinion of the Executive Board of Directors, the effort to find a balance between Shareholder interests and the priority of preserving the Group's capital and liquidity.

Millennium bcp

Earnings Press Release

Reuters>bcp.ls Exchange>MCP Bloomberg>bcp pl ISIN PTBCP0AM00007

Considering the sale of 95% of shareholding in Millennium bank in Turkey, on 27 December 2010, and the sale of all the branches of Millennium bcpbank in the United States of America (USA), the respective deposits portfolio and part of the loan portfolio, on 15 October 2010, the consolidated financial statements are not directly comparable for 2010 and 2009.

RESULTS

Millennium bcp's consolidated net income totalled Euro 301.6 million in 2010, compared to Euro 225.2 million in 2009. Net income in 2010 includes the recognition of an impairment associated with the goodwill of Millennium bank in Greece booked in the second and in the fourth quarters, in the total amount of Euro 147.1 million, and the accounting in the fourth quarter of 2010 of a gain obtained from the sale of the shareholding in Eureko, in the amount of Euro 65.2 million, and of costs related with early retirement of employees, in the sum of Euro 7.7 million (net of taxes). Net income in 2009 was influenced by the gain accounted from the entry of new shareholders in Banco Millennium Angola's share capital, amounting to Euro 21.2 million, the gain of Euro 57.2 million obtained with the sale of assets, as well as the accounting of costs related with early retirement of employees, in the amount of Euro 2.9 million (net of taxes).

The increase in net income, between 2009 and 2010, benefited from the growth in net operating revenues, supported by net interest income, net commissions and net trading income, partially offset by the reinforcement of impairment charges for loan losses (net of recoveries) and for other impairment and provisions, as well as by the performance in operating costs in the international activity. The income taxes in the amount of Euro -3.1 million in 2010 reflects, mostly, the effect of the change in the nominal tax rate in 2010, due to the local state tax change, in assets and liabilities deferred taxes, partially offset by the cost associated with current taxes.

Net income from the activity in Portugal stood at Euro 249.8 million in 2010, compared to Euro 213.8 million in 2009, reflecting the growth in net operating revenues, sustained by net interest income, net commissions, net trading income and higher level of dividends received, together with the effect from the change in the fiscal framework in the activity in Portugal. Net income was also influenced by the operating costs control, driven by the reduction in depreciation and in staff costs, despite the increase in other administrative costs, together with the reinforcement of impairment charges for loan losses (net of recoveries) and the accounting of goodwill impairment, which is associated with the subsidiary company in Greece.

Net income from the international activity amounted to Euro 51.8 million in 2010, compared to Euro 11.4 million in 2009, favourably influenced by the performance in net operating revenues, boosted by the increase in net interest income and net commissions, despite the higher operating costs, in particular in the subsidiary companies in Angola and Mozambique, associated with the strategy of organic growth implemented in these markets, in Bank Millennium in Poland, mainly influenced by the exchange rate appreciation of the Zloty against the Euro, and by the impact of the depreciation of the residual value of assets excluded from the process of sale of Millennium bcpbank in the United States of America.

Net interest income rose to Euro 1,516.8 million in 2010, up by 13.7%, as compared to Euro 1,334.2 million in 2009. The increase in net interest income was sustained by the favourable volume and interest rate effects. The performance in net interest income reflects, on the one hand, the evolution of business volumes and in the portfolio of financial assets, and on the other, the effect from the progressive increase in interest rates from operations with customers since the second half of the year, despite standing below the levels recorded in 2009, following the trend of the market reference interest rates and leading to a favourable impact in the gap between the average interest earning asset rates and liabilities rate.

The increase in net interest income reflects the performance in both the activity in Portugal and the international activity. Net interest income from the activity in Portugal was favourably influenced by the increase in interest earning assets, notwithstanding the highly competitive and adverse environment, and was partially offset by narrower margins, influenced in part by the lag between changes in market interest rates to interest rates applied to transactions with customers. Nevertheless, the negative impact in the evolution in interest rates was offset by the progressive revision of spreads by the business areas for loan operations, aiming to reflect the increase in the cost of funding, arising from the instability in debt and in interbank markets and the consequent greater limitation on access to alternative funding sources. On a quarterly basis, net interest income in the activity in Portugal showed the best performance since the second quarter of 2009.

In the international activity, the increase in net interest income was boosted by the rise in interest rates applied, together with the increase in total assets, benefiting from the growth in business volumes, in both loans to customers and total customer funds. The evolution in net interest income was supported by the performance achieved in most foreign operations, in particular in Bank Millennium in Poland, as well as the subsidiary companies in Angola, Mozambique and Romania.

AVERAGE BALANCES

	Dec. 10		Dec. 09	
Euro million	**Balance**	**Yield %**	**Balance**	**Yield %**
Deposits in banks	3,823	1.21	3,733	1.97
Financial assets	9,587	3.53	5,012	4.82
Loans and advances to customers	74,644	3.57	75,325	4.15
	88,054		84,070	
Non current assets held for sale	818	6.39	--	--
Interest earning assets	88,872	3.49	84,070	4.09
Non interest earning assets	9,800		10,083	
	98,672		94,153	
Amounts owed to credit institutions	15,087	1.40	8,671	2.65
Amounts owed to customers	45,386	2.01	44,334	2.52
Debt issued and financial liabilities	25,286	1.53	30,051	2.27
Subordinated debt	2,254	2.96	2,553	3.73
	88,013		85,609	
Non current liabilities held for sale	740	4.17	--	--
Interest bearing liabilities	88,753	1.81	85,609	2.48
Non interest bearing liabilities	2,688		2,000	
Shareholders' equity and minority interests	7,231		6,544	
	98,672		94,153	
Net interest margin (1)		1.68		1.57

(1) Net interest income as a percentage of average interest earning assets.
Note: Interest related to hedge derivatives were allocated, in 2010 and in 2009, to the respective balance sheet item.

Net interest margin stood at 1.68% in 2010, a favourable evolution compared to 1.57% in 2009, reflecting the effect from the measures carried out, in the activity in Portugal and in the international activity. In the activity in Portugal, through the progressive spreads revision in credit operations with customers, aiming to adjust the spreads to customers risk profiles, together with the cost control for customer deposits, preventing a spiral of degradation of commercial margins with no benefits to the financial system as a whole. In the international activity, highlight to the performance of Bank Millennium in Poland, which also continued the effort to adjust spreads, in particular in time deposits, with relevant impact in consolidated net interest income. These measures led to successive increases in net interest margin, on a quarterly basis, since the second quarter of 2009.

Net commissions increased to Euro 811.6 million in 2010, up by 10.9% compared to Euro 731.7 million in 2009, benefiting from both commissions more directly associated with the banking business and commissions related to financial markets. The positive evolution in net commissions was sustained by the 9.7% growth in the activity in Portugal, together with the increase of 14.0% in the international activity, reflecting the performance achieved by most foreign operations, in particular in Poland, Angola, Romania and Switzerland.

Commissions more directly associated with the banking business were boosted by the favourable contribution of commissions related to distribution of insurance products, to loans and guarantees and to banking services provided, while commissions associated with the cards business reflected the effect of the exemption of annuities that have benefited cardholders who joined the integrated banking services provided ("Frequent Customer" and "Prestige Customer" solutions). Net commissions related to financial markets were supported by commissions associated with securities operations, in particular structured operations and securities custodian services, which offset the lower level of brokerage commissions, influenced by the instability in capital markets during the year, and benefited additionally from commissions associated with asset management, as a result of the performances in the activity in Portugal and abroad, in particular in Bank Millennium in Poland.

Net trading income, which includes net gains arising from trading and hedging activities and net gains arising from available for sale financial assets, totalled Euro 429.2 million in 2010, a positive evolution from Euro 225.4 million posted in 2009, mostly influenced by the performance in trading, derivatives and other items, which include the debt valuation adjustment, the results from the sale of shareholdings and of securities, as well as the revaluation of hedging operations. Additionally, in 2010 higher results from foreign exchange activity were achieved, centred in the international activity, taking advantage of business opportunities in foreign currency transactions. Net trading income includes, in 2010, the gain of Euro 65.2 million, associated with the sale of the shareholding of 2.7% in Eureko.

The revaluation of financial assets at fair value option in 2010 was influenced by the evolution in the financial markets conditions from 2009, and the consequent impact in the own credit risk of the Bank and of the Portuguese Republic. Therefore, gains were accounted in 2010 in the amount of Euro 204.6 million (losses of Euro 106.1 million in 2009) related to the increase in the own credit risk of the Bank, due to the higher market spreads for operations with similar risk to Millennium bcp.

The performance in net trading income benefited mostly from the activity in Portugal, while the international activity was mainly restrained by the impact from the revaluation of derivative financial instruments booked by Bank Millennium in Poland, partially offset by the positive effect from the gains in foreign exchange activity posted by Millennium bim in Mozambique and by Banco Millennium Angola.

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, stood at Euro 31.0 million in 2010, compared to Euro 132.3 million in 2009. Other net operating income include in 2009 the gain related to the dispersal of 49.9% of Banco Millennium Angola's share capital, in the amount of Euro 21.2 million, and the gain of Euro 57.2 million obtained with the disposal of assets. The evolution in other net operating income was essentially determined by the lower income from services provided and from the sale/revaluation of real estate.

Dividends from equity instruments, which include dividends received on investments in available for sale financial assets, were up to Euro 35.9 million, from Euro 3.3 million in 2009. This performance reflects mostly the effect from income received in 2010, associated with the shareholding of 2.7% in Eureko, which was meanwhile sold, as in 2009 dividends were not distributed. Dividends from equity instruments in 2009 mainly reflect dividends received from the investments of the Group in investment fund units and in shares.

Equity accounted earnings, which include results appropriated by the Group related to the consolidation of entities where, despite having a significant influence, the Group does not control the financial and operational policies, totalled Euro 67.5 million in 2010, up 1.8% from Euro 66.3 million posted in 2009. The performance in equity accounted earnings, despite the unfavourable evolution in results from the shareholdings in VSC and Nanium, benefited, fundamentally, from the earnings associated with the 49% shareholding in Millenniumbcp Ageas, which net income showed a rise in 2010, compared with 2009, despite the particularly adverse circumstances for the management of financial investments over the year.

OTHER NET INCOME

Euro million	Dec. 10	Dec. 09	Change 10/09
Net commissions			
Banking commissions			
Cards	185.3	187.3	-1.1%
Credit and guarantees	178.7	170.3	4.9%
Bancassurance	74.3	59.7	24.4%
Other commissions	224.1	190.3	17.9%
Subtotal banking commissions	662.4	607.6	9.0%
Market related commissions			
Securities	96.6	76.2	26.7%
Asset management	52.6	47.9	9.8%
Subtotal market related commissions	149.2	124.1	20.2%
Total net commissions	811.6	731.7	10.9%
Net trading income (1)	429.2	225.4	90.4%
Other net operating income (2)	31.0	132.3	-76.5%
Dividends from equity instruments	35.9	3.3	
Equity accounted earnings	67.5	66.3	1.8%
Total other net income	1,375.2	1,159.0	18.7%
Other income / Net operating revenues (3)	47.6%	46.5%	

(1) In 2010, includes the gain associated with the sale of the 2.7% shareholding in Eureko, in the amount of Euro 65.2 million.
(2) In 2009, includes the gain booked related to the dispersal of 49.9% of Banco 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, stood at Euro 1,603.3 million in 2010, representing an increase of 4.1% compared to Euro 1,540.3 million in 2009. The evolution in operating costs was essentially influenced by the performance of the international activity and by the costs control in the activity in Portugal. The operating costs include the accounting of costs related with early retirement of employees, in the sum of Euro 10.4 million, in 2010, and in the amount of Euro 3.9 million in 2009. Excluding these impacts operating costs increased 3.7% between 2009 and 2010.

In the activity in Portugal, operating costs were essentially stable, favourably influenced by the lower level of depreciation and staff costs, despite the increase in other administrative costs. The evolution in operating costs in the international activity mostly reflects the change in costs in Banco Millennium Angola and in Millennium bim in Mozambique, following the strategy of organic growth implemented in these two markets, and in Bank Millennium in Poland, in part influenced by the exchange rate appreciation of the Zloty against the Euro, as well as the depreciation of the residual value of assets excluded from the process of the sale of Millennium bcpbank in the USA. Nevertheless, operating costs from the international activity benefited from the drop in operating costs posted by Millennium bank in Greece and by Banca Millennium in Romania.

The consolidated cost-to-income ratio, on a comparable basis, stood at 56.3% in 2010, an improvement of 7.3 p.p. from 63.6% in 2009. This evolution reflects the efficiency improvements achieved in the activity in Portugal, which reached to 51.3% from 60.2% in 2009, reflecting the impact of initiatives carried out focused on restraining operating costs and increasing income, as well as in the international activity, by reducing 3.8 p.p. from 2009, benefiting from the favourable performances in most foreign operations.

Staff costs stood at Euro 891.3 million in 2010, an increase of 3.0% from Euro 865.3 million in 2009. Staff costs include accounting of costs related with early retirement of employees, in the sum of Euro 10.4 million and of Euro 3.9 million in 2010 and 2009, respectively. Excluding these impacts staff costs increased 2.3%.

The evolution in staff costs was determined by the 12.0% rise in the international activity, essentially due to the growth in the subsidiary companies in Angola and Mozambique, in both cases associated with the increase in the number of employees in the scope of the expansion plans underway, as well as in Bank Millennium in Poland, in part boosted by the exchange rate appreciation of the Zloty against the Euro. However, these performances were partially offset by the reduction in staff costs posted by Banca Millennium in Romania and by Millennium bank in Greece. In the activity in Portugal, staff costs, between 2009 and 2010, dropped by 0.9% (-2.0% excluding the impact of costs with early retirements previously mentioned), benefiting mostly from the reduction in costs related to the pension fund and to voluntary social security charges, despite the growth in salaries, mainly as a result of the annual process of salary reviews.

Other administrative costs stood at Euro 601.8 million in 2010, which compares with Euro 570.2 million in 2009 (+5.6%), reflecting mostly the behaviour in costs related to outsourcing - associated with the activity of credit recovery -, advertising, rent, insurance and other specialised services. Nevertheless, it is worth noting the savings achieved in costs associated with travel, communications and transportation. The evolution in other administrative costs reflects the performance in both the activity in Portugal and the international activity. In the activity in Portugal, other administrative costs were influenced fundamentally by costs for legal fees and outsourcing services, especially to support the activity of credit recovery, which were partially offset by the cost containment achieved in several line items, benefiting additionally from the resizing of the distribution network to a total of 892 branches as at 31 December 2010 (911 branches at the end of 2009).

In the international activity, materialising the strategy of focusing on European markets and keep following the investment in the affinity markets, the global distribution network reduced to 852 branches, at the end of 2010, reflecting the impact from the sale of the operations in Turkey and in the United States of America (-35 branches) and also from the rationalisation of the branch networks in Poland and Greece, associated with the revision of the respective expansion plans, despite the growth of the distribution networks implemented in the Angolan and Mozambican markets. The other administrative costs, in the international activity, grew 5.5%, between 2009 and 2010, as a result of higher costs related to specialised services, rent, advertising and insurance, mainly associated with the previously mentioned branch expansion in Angola and Mozambique. However, it is worth noting the costs control in Bank Millennium in Poland, excluding the exchange rate appreciation of the Zloty against the Euro, benefiting from the initiatives implemented focused on improving operating efficiency.

Depreciation costs totalled Euro 110.2 million in 2010, which compares with Euro 104.8 million posted in 2009. The evolution in depreciation was essentially determined by the higher level of depreciation posted by the international activity, in particular by the impact from the depreciation of the residual value of assets excluded from the process of sale of Millennium bcpbank in the USA, together with the increase of depreciation costs evidenced by Banco Millennium Angola and by Millennium bim in Mozambique, as a result of the investments carried out to support the expansion of the activity in both markets. Meanwhile, in the activity in Portugal depreciation dropped by 9.2%, mostly due to the lower level of depreciation related to equipment and buildings, driven by the progressive end of the period of depreciation of investments, which more than offset the increase in depreciation in software, as a consequence of the continuous effort to improve technology.

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OPERATING COSTS

Euro million	Dec. 10	Dec. 09	Change 10/09
Staff costs [1]	891.3	865.3	3.0%
Other administrative costs	601.8	570.2	5.6%
Depreciation	110.2	104.8	5.2%
	1,603.3	1,540.3	4.1%
Of which:			
Portugal activity	985.4	978.7	0.7%
Foreign activity	617.9	561.6	10.0%
Operating costs / Net operating revenues [2] [3]	51.3%	60.2%	

(1) Includes costs associated with early retirements in the amounts of Euro 10.4 million, in 2010, and of Euro 3.9 million, in 2009.
(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) stood at Euro 713.3 million in 2010, compared to Euro 560.0 million in 2009, reflecting the reinforcement of impairment charges, following the expectations associated with the extension of the adverse economic and financial framework. The cost of risk, measured by the ratio of impairment charges (net of recoveries) to the loan portfolio, stood at 93 basis points in 2010 (72 basis points in 2009).

The evolution of impairment charges for loan losses (net of recoveries) reflects fundamentally the performance of the activity in Portugal, influenced by the increase in the non-performing loan levels, despite the focus on strengthening prevention and procedures of control and risk management. In the international activity, the increase in impairment charges (net of recoveries) posted by Millennium bank in Greece and, to a lesser extent, by the operations developed in Switzerland, as a result of the devaluation of financial collaterals, and in Angola and Mozambique, following the expansion of the commercial activity, which were more than offset by the reduction in impairment charges booked in Bank Millennium in Poland, mainly as a result of the lower impairment associated with loans to companies.

Other impairment and provisions include other asset impairment, in particular provision charges related to assets received as payment in kind not fully covered by collateral, goodwill impairment and other provisions. Other impairment and provisions totalled Euro 217.6 million in 2010, compared to Euro 97.4 million in 2009, influenced essentially by the recognition of an impairment, in the sum of Euro 147.1 million, booked in the second and fourth quarters of 2010, associated with the goodwill of Millennium bank in Greece, in accordance with the Group's accounting policy and with IAS 36, considering the estimated impact of the deterioration of the economic situation in Greece. Additionally, the evolution in other impairment and provisions reflects the higher level of provisions posted by the international activity, in particular in Bank Millennium in Poland and Millennium bim in Mozambique. However, other impairment and provisions were influenced by the lower charges booked by the activity in Portugal, benefiting from the charges related to guarantees and other commitments and provisions charges for several risks and contingencies.

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BALANCE SHEET

Total assets reached Euro 100,010 million as at 31 December 2010, compared to Euro 95,550 million as at 31 December 2010.

Loans to customers (gross), on a comparable basis, reached Euro 76,411 million as at 31 December 2010, a slight reduction from Euro 76,935 million posted on the same date in 2009. The evolution in loans to customers was mostly hindered by loans to companies, which amounted to Euro 40,529 million as at 31 December 2010 (-5.5%), as loans to individuals registered an increase of 5.4%, sustained by the 7.2% rise in mortgage loans.

The evolution in loans to customers was essentially influenced by the activity in Portugal, which decreased 2.8%, while the international activity showed a favourable performance and increased by 7.3% from the end of 2009, boosted by good performances in the subsidiary companies in Poland, Angola and Mozambique, supported by innovative financial solutions tailored to the needs and profile of customers in these markets.

Between 31 December 2009 and 31 December 2010, the structure of the loan portfolio registered similar levels of diversification, with loans to companies continuing to represent the main component of loans to customers' portfolio, with a weight of 53% of the total loans portfolio, while loans to individuals represented 47% of total loans to customers.

LOANS TO CUSTOMERS (GROSS)

Euro million	31 Dec. 10	31 Dec. 09	Change 10 / 09
Individuals			
Mortgage loans	31,036	28,964	7.2%
Consumer loans	4,846	5,083	-4.7%
	35,882	34,047	5.4%
Companies			
Services	16,041	16,405	-2.2%
Commerce	4,603	5,205	-11.6%
Construction	5,091	5,453	-6.6%
Other	14,794	15,825	-6.5%
	40,529	42,888	-5.5%
Subtotal	**76,411**	**76,935**	**-0.7%**
Of which:			
Portugal activity	58,917	60,625	-2.8%
Foreign activity	17,494	16,310	7.3%
Loans associated with assets partially sold (1)	--	413	
Total	76,411	77,348	

(1) Millennium bcpbank USA.

Credit quality, measured by the non-performing loan indicators, in particular overdue loans by more than 90 days as a percentage of total loans, stood at 3.0% as at 31 December 2010 (2.3% as at 31 December 2009), reflecting the effects of the worsening economic and financial conditions of households and companies in 2010, despite efforts to control risk, aiming to reinforce prevention, review the loan granting operation and streamline credit recovery. The coverage ratio for loans overdue by more than 90 days stood at 109.4% as at

31 December 2010, compared to 119.0% on the same date in 2009. In the activity in Portugal the coverage ratio was essentially unchanged from the end of the previous year.

OVERDUE LOANS BY MORE THAN 90 DAYS AND IMPAIRMENTS AT 31 DECEMBER 2010

Euro million	Overdue loans by more than 90 days	Impairment for loan losses	Overdue loans by more than 90 days / Total loans	Coverage ratio
Individuals				
Mortgage loans	184	174	0.6%	94.7%
Consumer loans	460	385	9.5%	83.6%
	644	559	1.8%	86.7%
Companies				
Services	476	604	3.0%	127.2%
Commerce	293	252	6.4%	86.1%
Construction	423	301	8.3%	71.0%
Other	454	790	3.1%	173.9%
	1,646	1,947	4.1%	118.3%
Total	**2,290**	**2,506**	**3.0%**	**109.4%**

Total customer funds, on a comparable basis, reached Euro 67,596 million as at 31 December 2010, up by 1.6%, from Euro 66,516 million on the same date in 2009, benefiting from the increases in balance sheet customer funds, influenced by the rise in debt securities and capitalisation products (+6.0%).

In the activity in Portugal, total customer funds stood at Euro 51,143 million as at 31 December 2010, compared to Euro 50,803 million as at 31 December 2009, highlighting the stabilisation in customer funds from the Retail segment. In the international activity, total customer funds showed a favourable evolution (+4.7%) reaching Euro 16,453 million at the end of 2010. Highlights included the performance of Bank Millennium in Poland, in both balance sheet customer funds and off-balance sheet customer funds, benefiting additionally from the exchange rate appreciation of the Zloty against the Euro, as well as the growth achieved by Millennium bim in Mozambique and Banco Millennium Angola, sustained by the focus on further increase customer deposits.

Balance sheet customer funds totalled Euro 51,342 million as at 31 December 2010, compared to Euro 50,507 million at the end of 2009, influenced mostly by the rise in debt securities (+22.3%), reflecting the focus on further increasing medium- and long-term customer funds. Off-balance sheet customer funds grew by 1.5%, to Euro 16,254 million as at 31 December 2010 (Euro 16,009 million on the same date in 2009). The favourable trend for off-balance sheet customer funds seen since 2009, was key to the overall increase in total customer funds, as assets under management reduced 8.8% from 31 December 2009, with off-balance sheet customer funds boosted in particular by capitalisation products, which showed a favourable evolution (+6.0%), reaching an historic maximum of Euro 12 billion during 2010. The maintenance of historically low levels of market interest rates, despite the increase in the last quarter of 2010, led to a growing preference among customers for alternative financial solutions with attractive return and low risk, in particular capitalisation products. On a quarterly basis, customer deposits showed a favourable evolution between the second and the third quarters of 2010 (+0.6%), benefiting mostly from the performance in the international activity (+2.5%), in particular at Bank Millennium in Poland, together with the further increase in customer funds in Banco Millennium Angola and Millennium bim in Mozambique.

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TOTAL CUSTOMER FUNDS

Euro million	31 Dec. 10	31 Dec. 09	Change 10 / 09
Balance sheet customer funds			
Deposits	45,609	45,822	-0.5%
Debt securities (1)	5,733	4,685	22.3%
	51,342	50,507	1.7%
Off-balance sheet customer funds			
Assets under management	4,459	4,887	-8.8%
Capitalisation products (2)	11,795	11,122	6.0%
	16,254	16,009	1.5%
Subtotal	67,596	66,516	1.6%
Of which:			
Portugal activity	51,143	50,803	0.7%
Foreign activity	16,453	15,713	4.7%
Customer funds related to assets partially sold (3)	--	486	
Total	67,596	67,002	

(1) Debt securities issued by the Bank and placed with customers.
(2) Includes Unit Linked and Retirement savings deposits.
(3) Millennium bcpbank USA.

LIQUIDITY MANAGEMENT

The sovereign debt crisis began in the first quarter of 2010 in Greece, but then spread to other peripheral European markets, including Portugal, creating a new wave of instability, uncertainty and risk aversion in international financial markets, which made it difficult for financial institutions to mobilise funds and increased risk premiums.

In this context, however, Millennium bcp, was able to run the majority of operations under Liquidity Plan during the first quarter of 2010, including the market placement of two issues of Medium Term Notes (MTN), in the total amount of Euro 1.1 billion, the completion of the transaction “Tagus Leasing No.1” securitisation of car leasing, equipment and real estate amounting of Euro 1.2 billion, the performance of normal volume operations in the Interbank Money Market (IMM) and the significant strengthening of debt via commercial paper.

From April 2010, with the closing of the debt market for medium- and long-term issuance and significant reduction of the volume, timing and number of counterparties in the markets for short-term instruments (commercial paper and IMM), the European Central Bank (ECB), through the exceptional liquidity support system in place since 2008, remained as an alternative for funding the activity.

As part of strengthening the portfolio of eligible assets, in addition to the aforementioned Tagus Leasing No. 1, the operation Caravela EMS No.2 was completed in December 2010, resulting in the securitisation of a portfolio of accounts and secured current overdraft, contracted mostly with small- and medium-sized companies, in the total amount of Euro 2.7 billion. This was the first operation of its type in Portugal and one of the few completed in Europe to date, based solely on this type of investment (credit lines for short-term use patterns without specific client profiles or predefined amortisation schedules). With the same objective, the Bank also increased the use of its residential mortgage loan portfolio in the issuance of covered bonds, completing three new issues throughout the year, in the total amount of Euro 3.75 billion.

All those actions were part of multi-year plan for liquidity management, developed in the context of an extended absence of the regular functioning of markets. They were implemented in an environment of strict control of the financing needs of the business, aiming at reducing the commercial gap, and resulted, together with the incorporation of public debt (Treasury Bills and Treasury Bonds), in a strengthening of the portfolio of securities eligible for collateral in any future refinancing with central banks to Euro 20.6 billion at 31 December 2010, compared with Euro 17.8 billion in 30 September 2010.

CAPITAL

Following the request submited by Millennium Group, the Bank of Portugal formally authorised the adoption of methodologies based on Internal Rating models (IRB) for the calculation of capital requirements for credit and counterparty risk, covering a substantial part of the risks from the activity in Portugal as from 31 December 2010.

At the end of 2010, consolidated Core Tier I, calculated in accordance with IRB approach, reached 6.7%, a favourable evolution from the end of the previous year, in accordance with the standard method (6.4%), with the ratios Tier I and Total standing at 9.2% and 10.3% (9.3% and 11.5% respectively at the end of 2009).

The core capital performance was influenced in a significant way by a set of impacts, highlighting:

- the demonstrated ability to generate capital, reflected in both retained earnings and the decrease in capital requirements from the activity (+70 b.p.). The goodwill impairment charges associated with the activity in Greece and the gains from the sale of the shareholding in Eureko had no impact on Core Tier I;
- the effort developed in order to optimise and strengthen the collaterals of the exposure to credit risk, which resulted in capital requirements reduction (+57 b.p.);
- the increase in minority interests resulting from the corresponding share in the capital increase carried out by Bank Millennium in Poland (+14 b.p.).
- the impact from the sale of shareholdings in Turkey and United States of America (+4 b.p.);

These impacts were partially offset by the following unfavourable effects:

- the increase of the pension fund's actuarial differences above the corridor, as a consequence of the devaluation of the stock markets and also the perception of the sovereign risk increase, namely of Portuguese Republic (-65 b.p.);
- the depreciation of the deferred impacts of the transition adjustments to the IFRS, of the 2005 mortality table and of the 2008 actuarial losses (-32 b.p.);
- the payment and the legal provisioning of the 2010 return not yet paid concerning the hybrid instruments (-15 b.p.);
- the increase of the capital requirements related to the exposures held to national credit institutions, due to the rating devaluation of the Portuguese Republic (-9 b.p.).

The evolution in core capital was also influenced by changes in foreign currencies, minority interests driven by the activity of associated companies and by other effects that, in global terms, had a residual impact in 2010.

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SOLVENCY

Euro million	IRB 31 Dec. 10	Standardised 31 Dec. 09
Own Funds		
Tier I Capital	5,455	6,102
of which: Preference shares and Perpetual subordinated debt securities with conditional coupons	1,935	1,934
Other deduction [(1)]	(446)	(19)
Tier II Capital	774	1,566
Deductions to Total Regulatory Capital	(113)	(127)
Total Regulatory Capital	**6,116**	**7,541**
Risk Weighted Assets	**59,564**	**65,769**
Solvency Ratios		
Core Tier I	6.7%	6.4%
Tier I	9.2%	9.3%
Tier II	1.1%	2.2%
Total	10.3%	11.5%

(1) Includes, in particular, deductions related to the shareholdings in Millenniumbcp Ageas and Banque BCP (France and Luxembourg).
Note: The Bank received authorisation from the Bank of Portugal (BoP) to adopt IRB methods for the calculation of own funds requirements for credit risks, as from 31 December 2010. Estimates of the probability of default and the lost given default (IRB Advanced) for the retail exposure on small companies and collateralised by commercial and residential real state, and estimates of the probability of default (IRB Foundation) for the corporate portfolio were considered in Portugal, excluding real estate promotion segment and the simplified rating system. At the 1st semester of 2009, the Bank received authorisation from BoP to adopt the advanced methods (internal model) to the generic market risk and the adoption of standard method for the operational risk.

SEGMENTAL REPORTING

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

Segment description

The Retail Banking segment includes: (i) the Retail Bank in Portugal, where 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) ActivoBank, a bank focused on clients who are young in spirit, intensive users of new communication technologies and who prefer a banking relationship based on transparency, featuring simple, modern products and services. Retail Banking operates under the strategy of cross-selling, using the Group as a distribution channel for products and services of other Group companies.

The Companies segment, in Portugal, covers the financial needs of companies with an annual turnover between Euro 7.5 million and Euro 100 million, and focuses on innovation, offering a wide range of traditional banking products complemented by specialised financing. Within the scope of the cross-selling strategy, the Companies segment 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, which specialises in capital markets, providing strategic and financial advisory, specialised financial services – Project finance, Corporate finance, Securities brokerage and Equity research - as well as structuring risk-hedging derivatives products; and (iii) the activity of the Bank's International Division.

The Private Banking and Asset Management segment, for purposes of the geographical segments, comprises the Private Banking network in Portugal and subsidiary companies specialised in the asset management business in Portugal. In terms of business segments, it also includes the activities of the Banque Privée BCP and Millennium bcp Bank & Trust.

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

The Foreign Business segment, in terms of the business segments, comprises the Group operations outside of Portugal referred to above, excluding BCP Banque Privée in Switzerland and Millennium bcp Bank & Trust in the Cayman Islands, which are included in the Private Banking & Asset Management segment.

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

Business segment activity

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

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: i) in 2009 the standard approach for calculating capital requirements for credit risks; and ii) in the 2010 IRB Advanced for credit risk Retail portfolio related to small retail business or collateralised by residential or commercial real estate, and Foundation IRB for corporate loans in Portugal, excluding property developers and other entities simplified rating system.

In 2009, subsequent to 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, changes in the second half of 2009 and 2010 in the organisation of the segments were reflected in the figures for 2009: Retail Banking and Companies were individualised, the Corporate network became part of the Corporate & Investment Banking segment and Interfundos, which was part of Private Banking & Asset Management, joined Companies. The business of the Millennium bcp Bank & Trust in the Cayman Islands has been considered in the Foreign Business segment, rather than the segment Private Banking & Asset Management, as it was previously.

The capital allocation of each business segment in 2010 was 6.5%, and was considered, for comparative purposes, the same percentage of capital allocation as in 2009.

The net contributions of each segment include, where applicable, the minority interests. Thus, the net contribution reflects the individual results achieved by its business units, independent of the percentage held by the Group, including the impact of movements of funds described above. The following information is based on financial statements prepared according to IFRS and on the organisational model in place for the Group, as at 31 December 2010.

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Retail Banking

The net contribution from Retail Banking in Portugal stood at Euro 106.9 million in 2010 compared to Euro 151.4 million in 2009.

In line with the strategic priority of repricing transactions, adjustments to the pricing of spreads and commissions set for the Retail Banking, the other net income showed a favourable performance compared to 2009, underpinning the evolution of commissions associated with the Customer loyalty programmes, particularly those related to demand deposits and insurance risk.

The performance of net interest income in 2010 was influenced by the lower volume of loans to customers, despite the positive effect associated with the repricing of loans carried out.

Operating costs dropped from 2009, driven by the measures implemented to simplify the organisation and to optimize processes, as well as by the reduction in the number of employees. The increase in impairment charges posted in 2010 resulted from the higher levels of non-performing loans.

In 2010, Retail Banking reduced the commercial gap, in line with the strategic priority of expanding customer funds through an enhanced product portfolio for small savings and investment solutions with low risk. Thus, total customer funds, reflecting the commercial effort to further increase customer funds, remained stable and amounted to Euro 36,133 million as at 31 December 2010, compared to Euro 36,204 million as at 31 December 2009. Loans to customers fell 3.3% to Euro 33,547 million as at 31 December 2010, compared to Euro 34,678 million recorded on the same date in 2009, influenced by the reduction of mortgage loans, loans for property development, consumer credit and finance companies.

Euro million	31 Dec.10	31 Dec. 09	Change 10 / 09
Profit and loss account			
Net interest income	514.5	628.1	-18.1%
Other net income	452.6	433.8	4.3%
	967.1	1,061.9	-8.9%
Operating costs	670.3	725.5	-7.6%
Impairment	151.2	130.6	15.8%
Contribution before income taxes	145.5	205.8	-29.3%
Income taxes	38.6	54.4	-29.1%
Net contribution	106.9	151.4	-29.4%
Summary of indicators			
Allocated capital	1,045	1,326	
Return on allocated capital	10.2%	11.4%	
Risk weighted assets	16,076	20,397	
Cost to income ratio	69.3%	68.3%	
Loans to customers	33,547	34,678	-3.3%
Total customer funds	36,133	36,204	-0.2%

Note: Loans to customers and customer funds on monthly average balances.

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Companies

The Companies segment in Portugal posted a net contribution of Euro 7.5 million in 2010, compared with a net contribution of Euro 35.9 million in 2009. The performance of this segment was determined by higher impairment charges, despite the increase in operating income.

Other net income increased 41.5% from 2009, supported by the strategic priority to place products that generate fees, highlighting the favourable performance of commissions related to services of financial investment, direct credit and credit by signature, as a result of the strategy to reinforce client relationships and regular and systematic monitoring of customer activity. Highlights include the implementation of the program "Ainda Mais Próximo dos Clientes" (Even closer to customers). Net interest income on deposits registered a reduction, influenced by the decrease in spreads in operations with customers, as the volume effect was positive, simultaneously benefiting from the effect on pricing alignment on loan operations, aiming to reflect the cost of risk and refinancing to new operations with customers.

The increase in impairment charges recorded in 2010, compared with the amount booked in 2009, resulted from reinforcing the coverage of non-performing loans, mostly influenced by the adverse economic and financial framework in 2010.

The evolution in total customer funds reflects the performance of debt securities, as customer deposits, as a result of the strategy to further increase customer funds, rose by 1.7%.

Loans to customers fell 6.5% to Euro 10,024 million as at 31 December 2010, compared to Euro 10,717 million posted on the same date in 2009, determined by the reduction in national currency loans, commercial paper and factoring.

Euro million	31 Dec.10	31 Dec. 09	Change 10 / 09
Profit and loss account			
Net interest income	171.7	186.8	-8.1%
Other net income	87.6	61.9	41.5%
	259.3	248.7	4.3%
Operating costs	60.1	57.9	3.8%
Impairment	189.0	141.9	33.2%
Contribution before income taxes	10.2	48.8	-79.2%
Income taxes	2.7	12.9	-79.0%
Net contribution	7.5	35.9	-79.2%
Summary of indicators			
Allocated capital	647	659	
Return on allocated capital	1.2%	5.4%	
Risk weighted assets	9,958	10,134	
Cost to income ratio	23.2%	23.3%	
Loans to customers	10,024	10,717	-6.5%
Total customer funds	1,858	1,874	-0.8%

Note: Loans to customers and customer funds on monthly average balances.

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Corporate & Investment Banking

The Corporate & Investment Banking segment showed a net contribution of Euro 77.2 million in 2010 compared to Euro 148.6 million posted in the same period in 2009. The uncertainty surrounding the public finances of several euro zone countries led to an increase in risk premiums and a reduction in market liquidity and significantly affected the performance of this segment.

In this context, the net contribution of the Corporate & Investment Banking segment was determined by the strengthening of impairment charges in the Corporate network. Net interest income, in turn, was constrained by an unfavourable interest rate effect, resulting from lower spreads on deposits, despite the focus on profitability by improving the process of repricing, to reflect the cost of risk and liquidity.

The decrease in other net income due to lower results from financial operations, despite the increase in commissions in the Corporate Network, in line with the strategic priority of focusing on profitability through a systematic collection of fees, especially commissions associated with credit by signature, commercial paper, financial services and demand deposits. In the activities undertaken by the Investment Banking segment, it is worth noting the significant position of the Bank's brokerage activity on Euronext Lisbon, the pace set for organising and structuring commercial paper programmes, the several projects for corporate finance and equity capital markets and the active role in structured finance and project finance operations.

In terms of customer funds and loans to customers, and in accordance with the strategic priority of deleveraging, in 2010 there was a reduction in new ban operations, while the effort to further increase customer funds was reinforced. As a result, total customer funds increased 0.8% to Euro 11,236 million as at 31 December 2010, compared with Euro 11,150 million as at 31 December 2009. Loans to customers amounted to Euro 13,245 million at end December 2010, increasing 2.2% compared to Euro 12,962 million recorded at the end of December 2009, benefiting from the performance in national currency loans and commercial paper.

Euro million	31 Dec.10	31 Dec. 09	Change 10 / 09
Profit and loss account			
Net interest income	198.3	209.4	-5.3%
Other net income	159.8	201.9	-20.9%
	358.1	411.3	-12.9%
Operating costs	74.9	73.2	2.3%
Impairment	178.2	135.1	31.9%
Contribution before income taxes	105.0	203.0	-48.3%
Income taxes	27.8	54.5	-48.9%
Net contribution	77.2	148.6	-48.1%
Summary of indicators			
Allocated capital	1,045	947	
Return on allocated capital	7.4%	15.7%	
Risk weighted assets	16,082	14,569	
Cost to income ratio	20.9%	17.8%	
Loans to customers	13,245	12,962	2.2%
Total customer funds	11,236	11,150	0.8%

Note: Loans to customers and customer funds on monthly average balances.

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Private Banking & Asset Management

The Private Banking & Asset Management segment, considering the geographical segmentation criteria, posted a net loss of Euro 6.9 million in 2010, compared with a positive net contribution of Euro 2.8 million in 2009. This evolution includes the decrease in net interest income, reflecting the reduction in both the business volumes and the interest rates for customer funds and loans to customers, despite the effort to keep following the repricing process to reflect the cost of risk and liquidity.

The increase in other net income by 5.5%, results from the Private Banking business in Portugal and is associated with the increase in commissions related to securities custodian and to credit by signature, following the review of pricing in terms of its adequacy to the Bank's value proposition.

The decrease in impairment charges by 2.3% reflects the strategy followed in the management of the loan portfolio quality, including the strengthening of collaterals. Operating costs also showed a favourable evolution compared to 2009, evidencing reductions in other administrative costs related mainly with advisory services.

Total customer funds amounted to Euro 6,927 million, maintaining the same level as at 31 December 2009, supported by the good performance in capitalisation products which partially offset the evolution of customer deposits.

Loans to customers amounted to Euro 1,391 million as at 31 December 2010, compared to Euro 2,211 million as at 31 December 2009, as a result of the reduction in loans to customers from Private Banking in Portugal.

Euro million	31 Dec.10	31 Dec. 09	Change 10 / 09
Profit and loss account			
Net interest income	19.2	36.9	-48.0%
Other net income	22.8	21.7	5.5%
	42.1	58.6	-28.2%
Operating costs	31.5	33.8	-7.0%
Impairment	20.4	20.9	-2.3%
Contribution before income taxes	(9.8)	3.9	-
Income taxes	(2.9)	1.0	-
Net contribution	(6.9)	2.8	-
Summary of indicators			
Allocated capital	63	82	
Return on allocated capital	-11.0%	3.6%	
Risk weighted assets	975	1,266	
Cost to income ratio	74.8%	57.7%	
Loans to customers	1,391	2,211	-37.1%
Total customer funds	6,927	6,947	-0.3%

Note: Loans to customers and customer funds on monthly average balances.

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Foreign Business

The net contribution of the Foreign Business segment, considering the geographical segmentation criteria, totalled Euro 96.2 million in 2010, compared with a net contribution of Euro 11.8 million in 2009, benefiting from the rise in net operating revenues and the reduction in impairment charges.

The increase in net interest income by 35.7% from 2009, was driven by the performance achieved in most geographies, boosted essentially by the operation developed in Poland, due to the volume and interest rate effect, and by subsidiaries in Angola, Mozambique and Romania based on the growth in business volumes.

In other net income, highlights include the performance of commissions sustained by the contributions of the subsidiary company in Poland (related to the increase in fees associated with the cards business, account maintenance and investment funds), Angola (associated with the increase in the business volumes, in both loans to customers and customer funds) and Switzerland (supported in brokerage commissions). In the activity in Mozambique it is worth noting the gains associated with foreign exchange operations obtained in transactions with customers.

The decrease in impairment charges and provisions of 11.6%, from 2009, is associated with the lower provisioning level posted by the operation developed in Poland and Romania, which offset the increase in impairment charges booked in Greece, Angola and Mozambique.

Loans to customers rose 6.7% to Euro 16,926 million as at 31 December 2010, benefiting from the performance in loans to individuals, reflecting the growth evidenced in the operations developed in Angola, Mozambique, Poland and Romania.

Total customer funds increased 6.8% to Euro 16,483 million as at 31 December 2010, influenced by the performance in customer deposits, which grew 5.8%, as well as in capitalisation products.

Euro million	31 Dec.10	31 Dec. 09	Change 10 / 09
Profit and loss account			
Net interest income	544.2	401.1	35.7%
Other net income	365.7	383.2	-4.6%
	910.0	784.3	16.0%
Operating costs	617.9	561.6	10.0%
Impairment and provisions	171.0	193.6	-11.6%
Contribution before income taxes	121.0	29.1	-
Income taxes	24.8	17.4	43.0%
Net contribution	96.2	11.8	-
Summary of indicators			
Allocated capital	1,241	1,321	
Return on allocated capital	7.8%	0.9%	
Risk weighted assets	14,272	14,381	
Cost to income ratio	67.9%	71.6%	
Loans to customers (1)	16,926	15,868	6.7%
Total customer funds (1)	16,483	15,430	6.8%

(1) Does not includes the subsidiary companies Millennium bank Turkey and Milennium bcpbank USA.

25 ANOS Millennium bcp

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SIGNIFICANT EVENTS

The main events of the fourth quarter of 2010 included the execution of the strategy of focusing on the international portfolio, including the completion of the sale of the units in the United States and Turkey; the implementation of a set of measures included in the strategic plan of liquidity management, comprehending increasing on-balance sheet customer funds acquisition, reducing credit, the sale of non-strategic assets and balance sheet restructuring through the increase of the weight of highly liquid assets; the strengthening of cooperation with the Industrial and Commercial Bank of China, part of a new approach to the commercial triangle that links China, Africa and Europe; continuing the policy of proximity to customers through the implementation of the MP4 project, which aims to recover net operating revenues, increase efficiency and enhance credit recovery; the promotion of innovation as a key competitive advantage; and the initiatives to adjust the pricing to the increase in the cost of funding. Of special note:

- Completion, on 15 October 2010, of the transaction with Investors Savings Bank to sell all the branches of Millennium bcpbank in the United States of America, all of the deposits of approximately Euro 445 million and part of the loan portfolio of approximately Euro 145 million. As a result of this transaction, BCP no longer engages in the banking business in the USA.
- Completion, on 27 December 2010, of the sale of 95% of Millennium Bank AS in Turkey to the financial institution Credit Europe Bank, N.V., a wholly owned subsidiary of Fiba Holding, A.S., for a total adjusted price of Euro 58.9 million. As a result of this transaction, BCP retained a 5% stake in the company, 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 now received for the majority stake.
- Bitalpart BV, a wholly-owned subsidiary of BCP, agreed on 31 December 2010 to sell a minority shareholding corresponding to 2.7% of the share capital of Eureko BV to the Pension Fund of Group Banco Comercial Português. On 31 December 2009, Eureko Group registered Euro 10,127 million in shareholder's equity. The rating agency Standard & Poor's confirmed, on December 2010, the credit ratings of A+ for the main companies of Group Eureko and of A- for the holding company, improving the Outlook from Negative to Stable. The transaction will result in a gain before taxes of Euro 65 million, and does not impact the Group's equity.
- Signature of a memorandum of understanding that aims to strengthen cooperation between the Industrial and Commercial Bank of China and Millennium bcp. This agreement extends to other countries and regions, in addition to Portugal and China, covering the triangle connecting China/Macau, Angola and Mozambique, and Portugal.
- The fifth anniversary of Millennium's autonomous Microcredit network.
- Launch of information about Millennium bcp's Mobile Banking services on Facebook, to achieve a continuous sharing of information and the publication of news, providing information on the services the Bank offers. This innovative measure is designed to contribute to strengthening the relationship between Millennium bcp and its customers.
- Renewal of the exclusive contract with American Express for the issuance and management of American Express cards in Portugal through 2015, comprehending exclusive issuance of Centurion cards and guaranteeing also an exclusive acquiring agreement until 2017.
- Concerning the legal proceedings nr. 1557/08, item 3TFLSB relating to the shareholders campaigns carried out during BCP's share capital increases of 2000 and 2001, the Bank was acquitted of all charges brought against it, namely: (i) 1 very serious administrative offence for excessive intermediation; (ii) 41 very serious administrative offences for non-compliance with the duty of giving preference to the shareholder's interests; (iii) 57 serious administrative offences for non compliance with the obligation to keep records and documents; (iv) 1 serious administrative offence for providing the supervision authorities with information of insufficient quality. This decision was appealed by the District Attorney and CMVM.

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- Banco Comercial Português intended to alter the Retirement Pensions of its former Directors to comply with the limits set forth by article 402 (2) of the Companies Code, having reached an agreement with all the former Directors, except for one. Concerning the latter, the Bank initiated legal proceedings for that purpose.
- The 20th edition of Millennium Meetings, this time in the city of Viana do Castelo on 15 and 16 November 2010.
- Launch of Microcredit for the Handicapped as part of the initiatives to mark the International Day of People with Disabilities. In parallel, the Millennium bcp Foundation partnered with the Institute of Museums and Conservation with the public presentation of the project “Treasures from the National Tile Museum” with the support of audio guide that includes audio descriptions for visually impaired and video-guides in Sign Language for the hearing-impaired.
- Support to the Food Bank’s campaign to collect food for the needy.
- Opening of two simultaneous Millennium Art Shared exhibitions in Porto “100 Years of Portuguese Art” and “Abstraction”.
- Inauguration of the Art Exhibition “Untitled - A look at the Millennium bim Art Collection” as part of celebrations of Millennium bim’s 15th Anniversary.
- 4th edition of the “Uma Cidade Limpa pra Mim” (A Clean City for Me), under the social responsibility program “Mais Moçambique pra Mim” (More Mozambique for Me) of Millennium bim, with the participation of about 1,000 students from 20 primary schools and secondary cities Maputo, Matola, the Mayor of Maputo and several Bank employees.
- Realization of the Millennium bim Economic Conference in Maputo, with the theme “Poverty and Economic Development - Case of Mozambique”.
- Distinction of the program “Mil Ideias” (One Thousand Ideas) as “Best Demonstrated Practice” in the involvement of employees in the organization, by the Corporate Executive Board.
- Fitch Rating Agency announced, on 8 November 2010, the revision of the ratings for various Portuguese Banks. In this context, Fitch has revised the long-term rating of Banco Comercial Português to “BBB+” and the short-term rating to “F2” and maintained a negative outlook.
- Moody's rating agency placed all the ratings of the Portuguese Banks under review, on 9 December 2010, in order to evaluate the strategies of each Bank to tackle the current economic situation, with an impact on the bank’s profitability and asset quality, and the current situation of closure of wholesale funding markets, impacting the funding of the Banks and the consequent restrictions on lending.
- The Bank of Portugal formally authorised the adoption of the methodologies based on the IRB approach for the calculation of capital requirements for counterparty and credit risks, covering a substantial part of the risks from the activity in Portugal starting on 31 December 2010.

25 ANOS Millennium bcp

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PROPOSAL FOR THE APPROPRIATION OF PROFITS

The Supervisory Board, at today's meeting, formalised its agreement regarding the proposal for the application of the 2010 results into reserves that the Executive Board of Directors decided to submit to the General Meeting of Shareholders on 18 April 2011.

Considering the evolution of international financial markets and the Portuguese economy, as well as more demanding capital requirements as a result of the new Basel III accord, the Supervisory Board also agreed with the deliberation of the Executive Board of Directors to submit to the General Meeting of Shareholders a share capital increase proposal exclusively through the incorporation of reserves in the amount of Euro 120 million.

The proposal of this scrip dividend reflects the effort to find a balance between shareholder interests and the priority of preserving the Group's capital and liquidity.

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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 2009 and 2010 were subject to an audit by External Auditors.

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BANCO COMERCIAL PORTUGUÊS

Consolidated Income Statement
for the years ended 31 December, 2010 and 2009

	2010	2009
	(Thousands of Euros)	
Interest income	3,477,058	3,639,479
Interest expense	(1,960,223)	(2,305,324)
Net interest income	1,516,835	1,334,155
Dividends from equity instruments	35,906	3,336
Net fees and commission income	811,581	731,731
Net gains / losses arising from trading and hedging activities	367,280	249,827
Net gains / losses arising from available for sale financial assets	61,907	(24,457)
Other operating income	17,476	41,137
	2,810,985	2,335,729
Other net income from non banking activity	16,550	16,233
Total operating income	2,827,535	2,351,962
Staff costs	891,259	865,337
Other administrative costs	601,845	570,177
Depreciation	110,231	104,736
Operating costs	1,603,335	1,540,250
	1,224,200	811,712
Loans impairment	(713,256)	(560,029)
Other assets impairment	(71,115)	(70,485)
Goodwill impairment	(147,130)	-
Other provisions	635	(26,871)
Operating profit	293,334	154,327
Share of profit of associates under the equity method	67,481	66,262
Gains / (losses) from the sale of subsidiaries and other assets	(2,978)	74,930
Profit before income tax	357,837	295,519
Income tax		
Current	(54,158)	(65,634)
Deferred	57,240	19,417
Profit after income tax	360,919	249,302
Attributable to:		
Shareholders of the Bank	301,612	225,217
Minority interests	59,307	24,085
Profit for the year	360,919	249,302
Earnings per share (in euros)		
Basic	0.04	0.03
Diluted	0.04	0.03

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BANCO COMERCIAL PORTUGUÊS

Consolidated Balance Sheet as at 31 December, 2010 and 2009

	2010	2009
	(Thousands of Euros)	
Assets		
Cash and deposits at central banks	1,484,262	2,244,724
Loans and advances to credit institutions		
Repayable on demand	1,259,025	839,552
Other loans and advances	2,343,972	2,025,834
Loans and advances to customers	73,905,406	75,191,116
Financial assets held for trading	5,136,299	3,356,929
Financial assets available for sale	2,573,064	2,698,636
Assets with repurchase agreement	13,858	50,866
Hedging derivatives	476,674	465,848
Financial assets held to maturity	6,744,673	2,027,354
Investments in associated companies	397,373	438,918
Non current assets held for sale	996,772	1,343,163
Investment property	404,734	429,856
Property and equipment	617,240	645,818
Goodwill and intangible assets	400,802	534,995
Current tax assets	33,946	24,774
Deferred tax assets	688,630	584,250
Other assets	2,533,009	2,647,777
	100,009,739	95,550,410
Liabilities		
Amounts owed to credit institutions	20,076,556	10,305,672
Amounts owed to customers	45,609,115	46,307,233
Debt securities	18,137,390	19,953,227
Financial liabilities held for trading	1,176,451	1,072,324
Other financial liabilities at fair value through profit and loss	4,038,239	6,345,583
Hedging derivatives	346,473	75,483
Non current liabilities held for sale	-	435,832
Provisions for liabilities and charges	235,333	233,120
Subordinated debt	2,039,174	2,231,714
Current income tax liabilities	11,960	10,795
Deferred income tax liabilities	344	416
Other liabilities	1,091,228	1,358,210
Total Liabilities	92,762,263	88,329,609
Equity		
Share capital	4,694,600	4,694,600
Treasury stock	(81,938)	(85,548)
Share premium	192,122	192,122
Preference shares	1,000,000	1,000,000
Other capital instruments	1,000,000	1,000,000
Fair value reserves	(166,361)	93,760
Reserves and retained earnings	(190,060)	(243,655)
Profit for the year attributable to Shareholders	301,612	225,217
Total Equity attributable to Shareholders of the Bank	6,749,975	6,876,496
Minority interests	497,501	344,305
Total Equity	7,247,476	7,220,801
	100,009,739	95,550,410

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ANNEX V

SHARES AND BONDS HELD BY THE MEMBERS OF THE MANAGEMENT AND SUPERVISORY BOARDS OF BANCO COMERCIAL PORTUGUÊS, S.A.

Shareholder and Bondholder position of Members of the Management and Supervision Boards:

Shareholders/Bondholders	Security	Number of securities at		Changes during 2010			
		31/12/2010	31/12/2009	Acquisitions	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				
	BCP Investimento Telecoms March 2013	20	0	20 [(a)]		1-Mar-10	1,000.00
Luís 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				
	MillenniumBcp Valor Capital 2009	15	15				
António Manuel Palma Ramalho	BCP Shares	12,092	12,092				
	BPSM/97 Top's Perpétuas Subord 1/2 Serie	498,798	498,798				
MEMBERS OF SUPERVISORY BOARD							
Luís de Mello 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	1,000				
Pedro Maria Calaínho Teixeira Duarte	BCP Shares	1,456	1,456				
	BCP Shares [(e)]	8,200,000	200,000	235,164		24-Mar-10	0.801
				311,092		25-Mar-10	0.803
				4,453,744		31-Mar-10	0.819
				3,000,000		21-Apr-10	0.798
Josep Oliu Creus	BCP Shares	13,000	13,000				
Manuel Alfredo Cunha José de Mello	BCP Shares	186,701	236,701		50,000 [(b)]	20-Dec-10	0.621
	BCP Finance Bank MTN 6,25 (29.3.2011)	200	200				
	BCP Fin Iln World Bk Enhan Nt Oct 2010	0	200		200 [(b)]	08-Oct-10	577.48
	BCP Ob Cx Subordinadas 1ª S (2008/2018)	1,000	1,000				
	BCP Fin Iln Bask Enhan X Eur Dec/10	0	200		200 [(b)]	13-Dec-10	633.30
	BCP Fin Iln Bask Enhan XI Eur Dec/10	0	80		80 [(b)]	28-Dec-10	635.32
	BCP Fin E Iberica Autocall VII/09 Feb/11	0	20		20 [(b)]	04-Feb-10	10,000.00
	BCP Fin Bk RC Allianz X/09 Eur Feb/2010	0	30		30 [(b)]	25-Feb-10	10,000.00
	BCP Fin Bk RC BG Gr Plc X/09 Eur Feb/10	0	300		300 [(b)]	25-Feb-10	1,000.00
	BCP Fin Renascimen. Fin XI/09 Eur Var05/11	0	40		40 [(b)]	02-Feb-10	5,000.00
	BCP Fin Bk Camale. 125% XI/09 (11/2014)	150	150				

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Shareholders/Bondholders	Security	Number of securities at		Changes during 2010			
		31/12/2010	31/12/2009	Acquisitions	Disposals	Date	Unit Price euros
	BCP Fin Sel Ac Eur Ret 2 Fontes XI(05/11)	100	100				
	BCP Fin Bk Rc Nokia XII/09 Eur (04/10)	0	20		20 [b]	15-Apr-10	1,000.00
	BCP Fin Selec BrasilL XII/09 Eur (06/11)	329	329				
	BCP Fin Escolh Tripla Europeia IV/10 04/11	40	0	40 [a]		23-Apr-10	10,000.00
	BCP Fin Inv Bayer Autocall IV/10 04/12	0	0	40 [a]		29-Apr-10	10,000.00
					40 [b]	29-Oct-10	1,000.00
	BCP Fin Bk Rc BHP Billiton Plc.III(07/10)	0	0	100 [a]		04-Mar-10	1,000.00
					100 [b]	02-Jul-10	1,000.00
	BCP Fin Bk Rc BHP Billiton VII Eur Nov 10	0	0	50 [a]		19-Jul-10	1,000.00
				50 [b]		19-Nov-10	1,000.00
	BCP Fin Inv Mundial III (03/2011)	100	0	100 [a]		26-Mar-10	
	BCP Fin Rc Rio Tinto III/10 10,50 (07/2010)	0	0	100 [a]		30-Mar-10	1,000.00
					100 [b]	30-Jul-10	1,000.00
	BCP Fin Rc Xstrata Plc V/10 Eur (03-08-10)	0	0	200 [a]		03-May-10	1,000.00
					200 [b]	02-Aug-10	726.37
	BCP Fin Farmace Glob V/10 Eur (03-05-12)	0	0	200 [a]		03-May-10	1,000.00
					200 [b]	02-Nov-10	1,000.00
	BCP Fin Bk Rc Nokia VI/10 EUR (10/2010)	0	0	10 [a]		14-Jun-10	10,000.00
					10 [b]	14-Oct-10	10,000.00
	BCP Fin Bk Rc Soc Generale I/10 (05/2010)	0	0	20 [a]		07-Jan-10	10,000.00
					20 [b]	07-May-10	10,000.00
	Certific BCP I s/ Ouro Mar / 2011	0	0	400 [c]		17-May-10	126.00
					400 [d]	07-Oct-10	135.50
	Certific BCP I s/ Fut Ice Brent Cru Jun 2011	0	0	8.700 [c]		17-May-10	5.73
					8.700 [d]	04-Oct-10	5.60
	BCP Inv Ind Mundiais XI (11/2013)	120	0	120 (a)		17-Nov-10	1,000.00
	BCP Farmaceut Gl Autocall XI/10 (11/2012)	200	0	200 [a]		22-Nov-10	1,000.00
	BCP Rev Conv Alstom XI/10 (03/2011)	10	0	10 [a]		22-Nov-10	10,000.00
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	1,500				
José Guilherme Xavier de Basto	BCP Shares	1,188	1,188				
	Bcp Ob Cx Multi-Rend Dax Feb 2007/10	0	100		100 [b]	12-Feb-10	1.000,00
	BCP Mill Rend Semestral March	5	0	5 [a]		01-Mar-10	1.000,00
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				

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Shareholders/Bondholders	Security	Number of securities at		Changes during 2010			
		31/12/2010	31/12/2009	Acquisitions	Disposals	Date	Unit Price euros
	BCP Ob Cx Subordinadas 1.ª S (2008/2018)	1,100	1,100				
	Super Aforro Mille Sr B Feb 2009/14	20	20				
	BCP Rendimento Mais April 2012	0	100		100 (d)	03-Sep-10	1,007.16
	Millennium BCP Valor Capital 2009	20	20				
	BCP Inv Total November 2012	100	100				
	BCP Inv Cabaz Eenergia Nov 2	50	50				
	BCP Mill Rendimento Plus Jun 2010/2014	50	0	50 (a)		28-Jun-10	1.000,00
	Millennium BCP Subordinadas 2010/2020	25	0	25 (a)		28-Jun-10	1,000.00
	Millennium BCP Subord. August 2020 Call	40	0	40 (a)		26-Aug-10	1,000.00
	BCP Mill Rend. Premium 2.ª série 04/2013	40	0	40 (a)		25-Oct-10	1,000.00
	Certific BCPI S&P 500	0	2,850	2,065 (c)		15-Apr-10	12.10
					4.915 (d)	13-Dec-10	12.39
	Certific BCPI Eurostoxx 50	820	820				
	Certific BCPI PSI 20	0	160		160 (d)	27-Apr-10	73.50
Thomaz de Mello Paes de Vasconcelos	BCP Shares	1,000	1,000				
Vasco Esteves Fraga	BCP Shares	1,000	1,000				
Huen Wing Ming Patrick	BCP Shares	2,746,076	2,746,076				
SPOUSE AND DEPENDENT CHILDREN							
Luís Maria Salazar Couto Champalimaud	BCP Shares	20,000	12,000	8,000 (c)		08-Nov-10	0.636
Ana Maria Almeida M Castro José de Mello	BCP Shares	4,980	4,980				
	BCP Ob Cx Subordinadas 1.ª S (2008/2018)	400	400				
	BCP Inv Ind Mundiais XI/10 (11/2013)	60	0	60 (a)		17-Nov-10	1,000.00
	BCP Farmaceut GL Autocall XI/10 (11/2012)	40	0	40 (a)		22-Nov-10	1,000.00
	BCP Fin Iln World Bk Enhan Nt Oct 2010	0	100		100 (b)	08-Oct-10	577.48
	BCP Fin Iln Wr Bask Enh X Eur Dec/10	0	100		100 (b)	13-Dec-10	633.30
	BCP Fin Bk RC BG GR Plc X/09 Eur Feb/10	0	20		20 (b)	25-Feb-10	1,000.00
	BCP F Bk RC Allianz X/09 Eur Feb/2010	0	2		2 (b)	25-Feb-10	10,000.00
	BCP Fin Escolh Tripla Europeia IV/10 04/11	3	0	3 (a)		23-Apr-10	10,000.00
	BCP Fin Bk Rc BHP Billiton Plc.III(07/10)	0	0	20 (a)		04-Mar-10	1,000.00
					20 (b)	02-Jul-10	1,000.00
Ana Melo Castro José de Mello	BCP Shares	1,299	1,299				
	BCP Ob Cx Subordinadas 1.ª Sr (2008/2018)	200	200				
	BCP Farmac Gl Autocall XI/10 (11/2012)	20	20				
	BCPF Escolha Tripla Europeia IV/10 04/11	5	0	5 (a)		23-Apr-10	10,000.00
	BCPF Bk Rc Allianz X/09 Eur Fev/2010	0	1		1 (b)	25-Feb-10	10,000.00
	BCPF Bk Bg Group Plc X/09 Eur Fev/10	0	10		10 (b)	25-Feb-10	1,000.00

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Shareholders/Bondholders	Security	Number of securities at		Changes during 2010			
		31/12/2010	31/12/2009	Acquisitions	Disposals	Date	Unit Price euros
	BCP Fin Bk Rc BHP Billiton Plc.III(07/10)	0	0	20 (a)		04-Mar-10	1,000.00
					20 (b)	02-Jul-10	1,000.00
Pedro Maria Cunha José de Mello	BCP Fin Iln Wr Bask Enhanc X Eur Dec/10	0	100		100 (b)	13-Dec-10	1,000.00
	BCP F Iln Portfol Slt 4 A-Call Eur 03/10	0	50		50 (b)	16-Mar-10	1,000.00
	BCP – Financ Bank MTN 6,25 (29.03.2011)	100	100				
	BCP/2009 – Eur 1000M 5,625 (04/2014)	3	3				
	BCP Fin Select Canarinha XII/09 (06/2011)	50	50				
	BCP Fin Saude Mundial Autocall IV/10 04/12	75	0	75 (a)		23-Apr-10	1,000.00
	BCP Fin Escolh Tripla Europeia IV/10 04/11	7	0	7 (a)		23-Apr-10	10,000.00
	BCP Fin Inv Bayer Autocall IV/10 04/12	0	0	5 (a)		29-Apr-10	10,000.00
					5 (b)	29-Oct-10	1,000.00
	BCP Fin Bk Rc BHP Billiton Plc.III(07/10)	0	0	50 (a)		04-Mar-10	1,000.00
					50 (b)	02-Jul-10	1,000.00
	BCP Fin Bk Rc BHP Billiton VII Eur Nov 10	0	0	50 (a)		19-Jul-10	1,000.00
					50 (b)	19-Nov-10	1,000.00
	BCP Fin Rio Tinto VIII/10 Eur Dec 2010	0	0	50 (a)		16-Aug-10	1,000.00
					50 (b)	16-Dec-10	1,000.00
	BCP Farmaceut Gl Autocall XI/10 (11/2012)	75	0	75 (a)		22-Nov-10	1,000.00
	BCP Rev Conv Alstom XI/10 (03/2011)	5	0	5 (a)		22-Nov-10	10,000.00
Isabel Maria V. L. P. Martins Monteiro	BCP Fin Iln World Bk Enh II Eur 10/10	0	50		50 (b)	18-Oct-10	545.41
Maria Emília Neno R.T. Xavier de Basto	BCP Shares	376	376				
Plautila Amélia Lima Moura Sá	BCP Shares	2,754	2,754				
	BCP Ob Cx Inv Global 12% Feb 06/11	500	500				
	BCP Ob Cx Multi-Rend Dax Feb 07/10	0	400		400 (b)	12-Feb-10	50.00
	BCP Ob Cx Inv Mundial May 2010	0	700		700 (b)	07-May-10	50.00
	BCP Ob Cx Invest Cabaz Mund Feb 08/11	400	400				
	BCP Cx Inv Energias Renov Jun 2011	400	400				
	BCP Ob Cx Invest Plus Set 2008/11	0	300		300 (d)	14-Jul-10	101.69
	Certific BCPI Eurostoxx 50 (04/2010)	0	240		240 (d)	18-Mar-10	29.31
	Certific BCPI Eurostoxx 50	240	0	240 (c)		18-Mar-10	29.31
	Certific BCPI S/DJ Stoxx Utili (10/2012)	2,125	2,125				
	Certific BCPI S/DJ Stoxx Basic (10/2012)	1,485	1,485				

(a) Subscription.
(b) Reimbursement.
(c) Purchase.
(d) Sale.
(e) BCP shares owned indirectely through the company "PACIM – Sociedade Gestora de Participações Sociais, S.A."

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Volume II

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Public Company

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