ANNUAL REPORT 2009

BANCO BiG

BANCO DE INVESTIMENTO GLOBAL

FINANCIAL INDICATORS

T.1 €

Consolidated	2009	2008	2007
Net Interest Margin	11,918,085	9,690,611	9,500,662
Net Commissions and Fees	6,430,921	13,216,461	17,268,203
Net Treasury and Capital Markets	17,885,323	1,368,063	8,342,999
Other Income	289,242	72,368	-1,092,006
Operating Income	**36.523.571**	**24,347,503**	**34,019,858**
Personnel Expenses	-11,043,138	-8,357,235	-13,170,237
Other administrative costs	-5,495,786	-4,361,652	-5,481,828
Operating Expenses	**-16,538,924**	**-12,718,887**	**-18,652,065**
Operating Cash Flow	**19,984,647**	**11,628,616**	**15,367,793**
Amortizations	-1,248,472	-1,141,907	-1,163,283
Provisions	-12,480	1,795	-184,021
Imparities	-3,115,429	-1,242,555	-46,504
Other Expenses	0	0	0
Operating Results	**15,608,264**	**9,245,949**	**13,973,985**
Result of subsidiaries	-792,932	-404,110	51,127
Profit before Income Tax	**14,815,332**	**8,841,839**	**14,025,112**
Current Income Tax	-2,723,286	-2,453,172	-3,508,301
Deferred Tax	237,056	37,263	751,454
Net Income	**12,329,102**	**6,425,930**	**11,268,265**

Individual	2009	2008	2007
Net Income	**12,314,862**	**7,172,217**	**11,026,678**

Selected Indicators	2009	2008	2007
Total Net Assets	703,349,940	536,068,380	524,999,642
Shareholders Funds	128,685,719	107,369,380	102,406,985
Assets under supervision	1,264,422,249	1,031,417,800	1,409,769,843

*Assets under management, held in custody and client deposits

Profitability	2009	2008	2007
Return on Average Assets (ROA)	1.95%	1.18%	2.41%
Return on Average Equity (ROE)	10.45%	6.13%	11.40%
Operating Income / Average Net Assets	5.77%	4.48%	7.28%
NPA* / Total Assets	0.018%	0.020%	0.022%

* Non Performing Assets

Solvency	2009	2008	2007
TIER 1, risk-adjusted	35.70%	32.70%	34.70%
Risk-adjusted Capital Ratio	32.80%	31.00%	35.50%

Efficiency	2009	2008	2007
Net Interest Income / Earning Assets	1.82%	1.94%	2.07%
Operating Expense / Operating Income	48.70%	56.93%	58.25%
Personnel Expense / Operating Income	30.24%	34.32%	38.71%

Financial Indicators

Management discussion

Consolidated Financial Statements

Notes to the Consolidated Financial Statements

MANAGEMENT DISCUSSION

INTRODUCTION

Our Business

Banco de Investimento Global, S.A. (BiG, Banco BiG or the Bank) is a privately-held, specialized financial institution with headquarters in Lisbon, and is licensed to operate in all business areas open to the banking sector in Portugal.

The Bank focuses on savings, investment and commission-based advisory services for retail and wholesale clients as well as specialized credit services for specific client segments. In addition to traditional banking services, we place a number of trading platforms at the disposal of our client base and, thereby, seek to facilitate easy access by savers and investors to a number of major regulated markets and over the counter products. The Bank's major products and services include savings, brokerage, custody, wealth management and general banking and payment services for individual clients and market risk management, treasury, brokerage, custody, and corporate advisory, including debt and equity finance, for corporate and institutional customers. Our treasury and capital markets business concentrates on liquidity and balance sheet management and is central to our culture of managing market-related risks. The Bank also offers credit cards, specialized consumer and wholesale credit arrangements.

Most of the Bank's revenues are generated in Portugal and the Bank interacts with clients through a number of integrated channels. Retail clients are served by the online investment platform, www.BiGonline.pt, and financial advisors located in 11 offices in key central and regional locations, while sales and product teams based in Lisbon and Porto work with wholesale clients.

The Bank is a member of Euronext and maintains partnership arrangements with global financial services suppliers so as to provide access to our clients to many of the world's major stock, options and futures exchanges. BiG maintains a significant number of subscription and distribution agreements with major investment fund managers as well as in-house expertise to develop products and manage the needs and expectations of our clients.

BiG's objectives are to provide efficient and competitive financial services to our clients and to create long term value for our shareholders. The integration of technology with scalable processing is a key component of the business model and internal culture of the Bank. Together, they serve to maximize operating efficiency and help to maintain a competitive cost structure designed to benefit the end client. They are also essential to maintaining tight controls over market, credit and operating risks to which any financial institution is exposed. At the same time our model is flexible, periodically revised and heavily dependent on a frequent review of numbers and the quantitative performance of our businesses. We seek sustained growth and a balance between investment for the medium term and expected returns in the short term.

The Bank is a well-capitalized, independent savings and investment bank with operations subject to the rules of regulated markets.

Impact of the Global Financial Crisis on our Business in 2009

Throughout 2008 and 2009, the Bank weathered the banking crisis and the deep global economic turndown that followed reasonably well. As we expand existing or new lines of business, or seek to refocus in order to stay competitive, our fundamental views on creating a sustainable, profitable banking business, able both to respond to opportunities and to withstand the unexpected, have been a constant with us since well before the crisis. As they are part of our business culture, we believe they will continue to be a constant for the Bank well after the crisis abates. They feature the following basic concepts that guide our day to day activity:

- We traditionally operate with low leverage and a highly conservative client loans to deposits ratio: 19% at year end 2009 and 10% at year end 2008, respectively;
- We focus on building a base of stable retail deposits alongside our client trading platforms and advisory business;
- We manage our business and balance sheet so as to be largely independent of wholesale funding markets;
- We maintain a profile of structural, excess liquidity at all times;
- We run stress tests, using highly conservative scenarios, of all risk exposures on a daily basis;
- We work with levels of solvency well above regulatory guidelines;
- We acquire assets and deal in products that we can understand, and which our clients can also understand.

Market conditions improved somewhat during the latter part of 2009, but were still far from the levels seen in 2007. In general, volumes of transactions with clients rose, particularly from the third quarter on, as fears of a collapse of the global financial system began to dissipate, but also in response to record stimulus spending by many governments.

Banco de Investimento Global, S.A., as any financial institution, is sensitive to volatility in the markets and it is Management's responsibility to manage the institution through such conditions. The exceptional nature of the meltdown, which began in the sub-prime market in 2007 and then spread through every asset class, market segment and balance sheet, from Main Street to Wall Street, and to capitals of many sovereign issuers throughout the world, naturally posed challenges and opportunities. The crisis has affected our business, both positively and negatively, at different points in the cycle.

While the Bank was not exposed to any of the issues at the center of the crisis, the impact on financial markets and the related economic downturn nevertheless affected client volumes and our view of core activities in 2009: composition of assets, liability management, behavior of clients, volumes transacted, trading and investment strategies, risk management techniques, plans for expansion, product mix, controls over costs to compensate for the uncertainty of revenues and increased regulation, to name a few.

Banco de Investimento Global entered the crisis in an unusually strong position: with a large cushion of cash and capital, a high quality and liquid balance sheet, low gearing and no exposure to problematic asset classes. Having survived 2008 in robust health, the rebound in the markets in 2009 served to highlight the flexibility afforded by the Bank's strategy and balance sheet, which benefited from the general re-pricing of risk and process of de-leveraging underway in the markets.

Revenues

Net operating revenues rose by 50% in 2009. Net Interest Revenue for the year increased 23% to € 11.9 million, driven by higher average earnings assets, wider credit spreads on corporate bonds held for sale and to maturity and a lower overall cost of funding.

Credit to mainly retail clients also rose to € 57 million, or 19% of deposits, from € 29 million, or 10% of deposits at year end 2008. As loans are short term and collateralized by

margins of cash and securities, growth in this segment is indicative of a moderate rise in confidence by retail investors in the market, since the beginning of the current rally in March of 2009. However, client trading volumes, though improving, were still far from 2007 highs. The absence of commissions from block trades, which helped wholesale revenues in 2007 and 2008, combined with continued weak revenues from Corporate Advisory, led to a decline in overall commissions in 2009. Offsetting weaker client-related trading and advisory commissions were opportunities in the credit markets, the result of a general re-pricing of risk underway since the peak of the liquidity crisis, which began with the Lehman bankruptcy. Among other areas in the Bank's Treasury and Capital Markets division, revenues from fixed income investments were significantly higher than for the prior year.

Liquidity

In general, client deposits remained stable, ECB-sourced funding rose because of the liquidity/price advantage afforded by the Bank's high quality securities portfolio and the Bank remained independent of traditional wholesale funding.

Banco BiG was again in 2009 exclusively a provider of interbank funding in the domestic market. It is the Bank's policy to maintain significant levels of liquidity on hand to be able to respond to the most stressful market conditions. This has, as a basis, both a strategy of retail client funding and a conservative view on overall gearing. Gross leverage, measured by Net assets/Shareholder Funds remained low at 5.5 times at year end 2009, as compared with 5.2 times at year end 2008.

Public Guarantee Programs

Banco de Investimento Global at no time requested, needed, or received assistance in connection with any aspect of the financial crisis, either from the State, directly via public guarantee arrangements, or through its agents.

Capital

Higher net earnings, combined with a reversal in the value of some impaired assets registered 2008 against reserves, led to an increase of 18% in capital funds to € 129 million. The Bank's consolidated Tier 1 risk adjusted ratio was 35.7% at 31/12/09, versus 32.7% at 31/12/08.

Assets under Supervision (AUS)

AUS (deposits, assets under management, custody) rose 23% to € 1.3 billion, mainly as a result of increased investment activity by clients and a rise in the value of assets held by clients in their trading or custody accounts at the Bank.

Pension Fund

At year end 2009, the Bank's pension liabilities were funded in full.

Clients and Business Lines

Our clients are individuals who seek ideas and tools on how to manage their savings and investments, institutional clients for whom we provide risk coverage and manage assets, and corporations whom we advise in such areas as debt and equity finance.

Our three main business lines share a commitment to efficient use of capital, transparency, best execution, scalable processing and tight controls on risk:

Banco BiG - Business Segments	
Specialized retail	Brokerage, savings, asset management, credit & banking services
Wholesale clients	Corporate advisory, brokerage, risk and asset management
Treasury and capital markets	Liquidity, risk and balance sheet management

T.2 €/000

Summary of Bank-wide Results and Financial Condition for 2009	2009	2008	Var(%)	2007	Var(%)
Total net revenue	36,524	24,348	50%	34,020	-28%
Non interest expense	-20,915	-15,102	38%	-20,046	-25%
Taxes	-2,486	-2,416	3%	-2,757	-12%
Net income	12,329	6,426	92%	11,268	-43%
Shareholders funds	128,686	107,369	20%	102,407	5%
Total net assets	703,350	563,068	25%	525,000	7%
Loans	56,713	29,233	94%	73,149	-60%
Deposits	304,985	296,490	3%	282,238	5%
TIER 1, risk-adjusted	35.70%	32.70%	9%	34.70%	-6%
Risk-adjusted capital ratio	32.80%	31.00%	6%	35.50%	-13%

Summary of Bank-wide Results and Financial Condition for 2009

Consolidated Net Income for 2009 rose 92% to € 12.3 million, compared to € 6.4 million in 2008 and € 11.3 million in 2007.

Earnings per share were € 0.15 as compared to € 0.08 in 2008 and € 0.15 for 2007.

Individual results were € 12.3 million for 2009 against € 7.2 million for 2008. Consolidated results reflect (1) higher net interest margin associated with wider spreads on a larger portfolio of earning assets, (2) lower commissions from client business, particularly lower wholesale brokerage revenues and corporate advisory fees, (3) significantly higher revenues from treasury and fixed income trading, and the consolidation of results of BiG Capital, a minority-held subsidiary managing a small portfolio of private-equity related investments. Overall, earnings were lower from specialized retail and wholesale client businesses, which began to recover somewhat during the second half of 2009, although remaining still below pre-crisis levels. Offsetting continued depressed levels of client business was much greater level of trading and investment-related income deriving from the Bank's significantly expanded portfolio of credit and other fixed income securities, yielding historically high returns.

Having avoided issues such as toxic assets and excessive leverage in the run-up to the financial crisis, Banco de Investimento Global focused in 2009 on fundamentals: liquidity, organic growth, asset quality, capital preservation and controls on risks across the board. Management believes that these fundamentals remained exceptionally strong in what proved to be a still challenging environment for the financial sector and global markets.

The year provided a number of contrasts: with traditional banking models still struggling with the effects of the deep economic

T.3 €/000

Revenues	2009	Breakdown	Var (%)	2008	Breakdown	Var (%)	2007	Breakdown
Net interest margin	11,918	33%	23%	9,691	40%	2%	9,501	28%
Net commissions and fees	6,431	18%	-51%	13,216	54%	-23%	17,268	51%
Treasury and capital markets	17,885	49%	1207%	1,368	6%	-84%	8,343	25%
Other income	289	1%	302%	72	0%	-	-1,092	-3%
Total	**36,524**	**100%**	**50%**	**24,348**	**100%**	**-28%**	**34,020**	**100%**

turndown affecting real estate and their own policies on leverage and funding during the boom years, credit markets for high quality names were active with new issues and equity markets made a strong rebound following the sell-off of 2008. Trading volumes began to improve in line with the rally in equities following the prior year's disastrous declines. Retail and institutional clients regained some appetite for risk, as an alternative to historically low interest rates available in conventional deposits or treasuries. The domestic banking market featured competition for retail funding among banks with now limited access to wholesale markets, the relative decline of complex investment products, the gradual rise in non-performing loans and a steady flow of discussion, regulation and legislation surrounding the crisis and its excesses.

Total Net Revenues grew 50% in 2009 to over € 36.5 million, as compared with € 24 million in 2008.

For the year, net interest margin rose 23% to € 11.9 million, while Net Fees and Commissions declined 51% to € 6.4 million. Together, these two categories of revenues accounted for 50% of total income for 2009, as compared to 94% for the previous year, when market-related income was affected by the financial crisis. Revenues from Treasury and Capital Markets rebounded significantly in 2009 to nearly € 18 million, versus just € 1.4 million for the prior year. After presenting the lowest contribution to revenues in 2008, this business area presented the highest in 2009.

In general, the Bank's emphasizes executing retail trades, commission-based advisory services, assets under supervision and savings products, all of which generated somewhat higher volumes from a base of clients who continued generally cautious in their market outlook, following events of 2008. At the same time, the business strategy produced higher levels of liquidity and insignificant credit-related problems.

Management strives to maintain operating expenses fairly correlated with the growth and decline in revenues for a given year. The Bank's unique retail strategy is supported by a light operating structure, geared toward scalable processing. The mind-set with respect to use of capital and the management of risk is key to this flexibility in managing the expense base.

T.4 €/000

Costs	2009	Breakdown	Var (%)	2008	Breakdown	Var (%)	2007	Breakdown
Compensation	-11,043	53%	32%	-8,357	55%	-37%	-13,170	66%
Administrative expenses	-5,496	26%	26%	-4,362	29%	-20%	-5,482	27%
Amortization expenses	-1,248	6%	9%	-1,142	8%	-2%	-1,163	6%
Other costs	-3,115	15%	151%	-1,243	8%	2007%	-59	0%
Net provisions	-12	0%	-724%	2	0%	-101%	-172	1%
	-20,915	**100%**	**38%**	**-15,102**	**100%**	**-25%**	**-20,046**	**100%**

T.5 %

Efficiency	2009	2008	2007	2006	2005
Net Interest Income / Earning Assets	1.82%	1.94%	2.07%	0.46%	0.24%
Operating Expense / Operating Income	48.70%	56.93%	58.25%	61.16%	78.32%
Personnel Expense / Operating Income	30.24%	34.32%	38.71%	40.18%	48.76%

For 2008, the Bank had trimmed Salary and Administrative expenses by 32% in response to declining revenues. During 2009, the same figure grew by 30%, to € 16.5 million, but remained below the level of 2007. Generally, the division of the various expense categories was unchanged, with personnel-related expenses representing the largest portion. As a percentage of Total Operating Income, personnel costs continued to decline in 2009 to 30% of the total, as compared to 35% in 2008 and 39% in 2007.

The Bank's efficiency ratio, defined as Operating Costs less Net Provisions/Operating Income, improved for the fifth year in a row, to 48.7% as compared to 56.9% in 2008 and 58.2% in 2007.

Total Net Assets (TNA) include a rise in earning assets of 30% to € 650 million, or 92% of the TNA, versus € 498 million or 88% of the total at year-end 2008. Assets under Supervision, a significant measure of the Bank's overall activity and which combine deposits, assets under management and assets held in custody, increased by 23% to € 1.3 billion, due to a rise in client volumes and increasing the value of client assets held by the Bank.

Business Segments

The bank organizes its product, sales, investment, processing and control areas around three key businesses: Specialized Retail, Wholesale clients, combining Corporate and Institutional clients, and Treasury and Capital Markets.

Specialized Retail

Banco BiG serves a wide range of individual clients with varying needs and expectations with a bricks to clix strategy, featuring a

T.6 €

Selected indicators	2009	2008	2007
Total net assets	703,349,940	563,068,380	524,999,642
Shareholders funds	128,685,719	107,369,380	102,406,985
Assets under supervision*	1,264,422,249	1,031,417,800	1,409,769,843

*Assets under management, held in custody and clients deposits

T.7 €/000

Operating revenues by business segment	2009	Var (%)	2008	Var (%)	2007
Individual clients	6,884	-27%	9,412	-22%	12,099
Wholesale clients	2,751	-75%	10,827	-18%	13,201
Treasury and capital markets	23,470	2,373%	949	-87%	7,148

proprietary, multi-channel, integrated banking and trading platform plus a growing network of sales offices in the country's key geographic markets. A combination of electronic platforms specialized sales teams and financial advisors help clients execute banking transactions, manage their savings and invest through a variety of the world's most important regulated markets. This business provides banking services and solutions for clients ranging from the self-directed client, to clients seeking assisted investing, to the wealth management client requiring tailor-made solutions and preservation of capital. In 2009, this segment represented 19% of Total Net Revenues versus 39% in 2008.

Wholesale Clients

For institutional investors and middle market to large corporations, the Bank's professionals from a number of product areas design specific financial solutions, execute trading and investment strategies and help clients to manage their risks. The broad range of services we offer includes trading in regulated markets, structuring over the counter products, managing assets, covering market risks and resolving strategic, balance sheet and capital-related issues for clients seeking corporate advisory services. In 2009, this segment represented 8% of Total Net Revenues, versus 44% in 2008.

Treasury and Capital Markets

This business is central to the Bank's culture of managing and understanding market risks and focuses on liquidity and balance sheet management. The area focuses on the Bank's investment portfolio, provides expertise and information for internal consumption on markets, covers the market risk component of solutions sold to clients, is active in product design for both retail and wholesale customers and manages the treasury and risk positions of the Bank. In 2009, this segment represented 71% of Total Net Revenues, versus 4% in 2008.

Common to all of our businesses, which offer a broad range of financial services and access to global markets, is a culture that emphasizes a transparent and professional approach to advising, executing and building long-term business relationships with our clients.

Factors that Affect our Business

The Bank manages a number of risks inherent to the banking business. These include market, liquidity, credit, operational, legal, reputation and regulatory risks. Changing economic and political conditions affect the business. For 2009, equity markets rebounded strongly and debt markets were robust. On the other hand, the underlying real economies in the U.S and Europe continued in recession for most of the year and any kind of sustainable recovery is an uncertainty as we enter 2010. Slow economic growth, the nature of the competitive landscape and

structural imbalances in Portugal, relative to other markets, all affect the ability of the Bank to expand its businesses.

Deriving from these issues and events of 2008, regulation, accounting changes and the political environment should affect the financial markets in a significant manner going forward. How the world financial markets view Portugal's country rating, its economic prospects and the banking sector as a whole, can affect our business if counterparties reduce their exposure to the country's risk, irrespective of their views on individual banks. In addition, domestic legislation designed to levy special taxes on the banking sector, and applied indiscriminately, may affect our business if it becomes more difficult to retain staff and reward performance and merit, relative to other sectors of the economy.

In this environment, the composition of revenues may vary over time as the Bank mobilizes capital, invests in new businesses and in new markets. Typically, expected returns from higher, initial investments in our retail platform take longer to be realized, but also tend to be more predictable returns over a longer period than those associated with wholesale operations or market trading, which can be more significant, but non-recurring. BiG focuses on specific product lines for retail and wholesale client segments, and some of the businesses are highly correlated to the performance of the financial markets and our ability to anticipate or react to movements and opportunities. A key factor in how we invest in our business or in the markets is our focus on earnings at risk and our expected timing for results to materialize.

Regulatory Capital and Funding

At 31 December 2009, BiG's common equity was € 87,570,000, unchanged from the prior year and represented by 87,570,000 shares with a nominal value of € 1 per share. Shareholder Funds at 31 December 2009 were € 129 million versus € 107 million for 2008.

At 31 December 2009, the Bank's Tier 1 ratio, adjusted for risk, was 35.7%, as opposed to 32.7% at year-end 2008. The Bank's consolidated risk adjusted capital ratio was 32.8% at year end 2009 as compared to 31.0% for the prior-end. This high level of capital adequacy reflects, among other factors: the nature of our business, our appetite for market and credit risk, and a deliberate strategy of maintaining above average levels of capital adequacy and liquidity, especially given the still uncertain conditions following the meltdown in markets during 2008. Other factors include the competitive environment, the mix of assets we choose to allocate to the balance sheet and the need to ensure that risk-taking is compensated appropriately. During the year, the Bank was particularly active in rotating its mix of assets to ensure efficient use of capital and to take advantage of a general re-pricing of risk underway aggressively in the corporate credit market, and more gradually, in relation traditional lending to clients, which is not a major focus of the Bank.

During 2009, the Bank continued to appreciate the opportunity value of remaining liquid, even as markets began to show signs of improvement. The Bank does not rely on wholesale funding sources and prefers building a stable base of retail deposits as a matter of policy. This, combined with the nature of the Bank's business model, tends to translate to lower overall gearing, when compared to our peers. The quality and liquidity of our assets are major factors in providing flexibility and security in volatile markets. The Bank maintains an amount of liquid government and investment grade securities on hand at all times to cover the unlikely scenario of a short term reduction in deposits. This and scenarios used for stress testing are discussed in further detail the Liquidity Risk Management section of the Annual Report.

Dividends

For the past 11 years, since beginning operations in March 1999, the Bank has generated profits. In 2005, the Bank paid its first dividend in relation to 2004, a payout of 64%, and has paid dividends for each year since (see table T.8). In 2008, at the height of the financial crisis, Banco BiG maintained the same dividend payout as in 2007, or € 0.05 per share. For 2009, subject to approval by the General Assembly of Shareholders, Management is proposing a dividend of € 0.065 per share, a 30% increase over 2008 and equivalent to a payout ratio of approximately 46%. The Bank has no firm dividend policy and Management is free to propose, and shareholders are free to approve, either increases or decreases in the dividend payout for a given year, in accordance with results, prevailing market conditions, strategy for applying capital and legal limitations.

T.8

Dividends	2009	2008	2007	2006	2005	2004
Dividend per share	0.065€	0.050€	0.050€	0.040€	0.030€	0.025€
% Individual net income distributed	46%	61%	34%	42%	42%	64%

Composition of the Shareholder Base

At year end 2009, the Bank had approximately 120 shareholders of record. The distribution of the stock remained in line with the prior year and the shareholder base was fairly stable. At 31/12/09, 57% of the stock was held by private individuals, including the individual positions of the Bank's Management, while 43% was owned by a number of institutions and foundations. The Bank's largest single stockholder was a private individual holding a position of 12.3%. Of the shareholders of record at 31 December 2009, the largest 7 in aggregate owned slightly more than 55% of the stock, while the largest 11 shareholders, all with positions greater than 2% each, together held a total of 69%. The Bank's Management team represented a combined position of 13.7% of the capital. The above groupings are indicative as there are no agreements tying shareholders together.

Managing Risk

In broad terms, the Bank is in the business of assuming and managing risk. Policies and practices, which have been put to the test in the most stressful conditions over the past decade, are discussed further in the RISK MANAGEMENT section of the Bank's Annual Report.

In managing risk across the organization, Management reviews processes on a regular basis so as to ensure that they are well-designed, disciplined, independent, objective and quantitative. Our processes of managing risks associated with global markets, lending, processing, technology and general business risks require a comprehensive and integrated system of policies and controls to ensure the integrity of the Bank's business model and to enhance stability and profitability. Underlying these processes and systems is a culture of personal responsibility and mutual surveillance in the common interest.

The objective of the Bank is to generate revenues while at the same time operating within prudent and reasonable guidelines. These guidelines are updated regularly and any changes are communicated throughout the organization. They include, but are not limited to: the Bank's adherence to prudential guidelines and capacity to monitor transactions appropriately, our knowledge of clients and understanding of markets, the regulatory environment in which we operate, and our appetite from time to time for certain risks given market conditions. A key factor relates to confidence in our people and reliability of our systems to process operations on a continuous and relatively error-free basis. The process begins with identifying risk, then measuring, controlling

and eventually reporting risk internally and externally at appropriate intervals.

During 2009, client acquisition remained steady and volumes transacted rose, although remained below 2007 levels. Still volatile market conditions have tested the Bank's processes, controls and overall internal discipline in the face of unusual events, all of which proved to be more than adequate.

Bank-wide, we increased the number and scope of stress testing scenarios for all major asset classes and portfolios, the results of which are measured, generally, on a daily basis. These include scenarios, developed by Management and the Bank's market risk group, which coincide with or exceed those recommended by our regulators. Simultaneously, we monitor value at risk (VaR) and earnings at risk in real time throughout the day and use a number of non-statistical limits for market risk. These are inter-linked with basic credit-related measures and operational procedures to ensure over-lapping controls over all significant exposures.

Credit risks, associated with a significantly larger portfolio of listed earning assets, increased levels of margin lending to clients and counterparty exposures, grew with the recovery in markets during the year. Credit-related losses, as well as costs associated with operating risks were negligible for the year, owing to a business model that stresses product design, a focus on scale and automatic processing.

Product design and the technology necessary to support processing, accounting, control and delivery to the end client are essential components of our operating and risk management processes. Both involve senior management at the highest levels to ensure cost-effectiveness, appropriate levels of investment, proper internal controls and adherence to regulatory compliance.

Our Business Practices

BiG is run by experienced professionals who have a relevant stake in the organization's capital alongside other shareholders, many of whom are also co-founders of the Bank. Management believes that governance begins with a simple organizational structure and clearly-defined lines of responsibility for corporate bodies, Management and staff. There are no shareholder arrangements, our business model is deliberately transparent and we do not favor complex organizational charts. **The Bank does not operate offshore branches or special purpose entities.** Moreover, since the Bank's creation, we have sought to align the interests of shareholders and Management while striving to ensure a sensible separation between those that own and guide, on the one hand, and those who manage professionally and take day to day responsibility on the other.

We believe that the best form of governance for any organization begins with its underlying culture and the integrity of its people. The nature and extent of our disclosure of information also reflect a fundamental aspect of our internal culture and value proposition. In our relations with shareholders, clients, regulators and counterparties, we make it a point to communicate in a deliberately detailed manner not only what our business model is, but how it functions. Internally, the culture of the Bank stresses the exercise of corporate governance as a daily one in responsibility and accountability for each individual, team and business line. It is a concept that begins with the Executive Board and internal supervisory committees and operates and extends throughout the organization.

We operate in an increasingly complex, regulated environment. Accordingly, Management and individual responsibilities encompass an understanding of the organization's code of ethics, internal training on procedures, management information, policies and practices designed to identify and manage risks and independent oversight functions to ensure adherence to internal and external regulations. At all times, we focus on ensuring sound operating controls, encourage regulations that lead to greater responsibility and transparency in competitive practices and accept scrutiny of our business model. Management focuses at least as much time managing risks and building a culture of responsibility as we spend generating new business opportunities.

Competition

The Portuguese market features a large number of financial institutions offering services ranging from universal banking to specific areas such as brokerage, asset management and consumer finance. The market, domestically and internationally, is highly competitive and we expect it to remain so. Portugal, in particular, is a somewhat concentrated market, with 5 credit institutions, one of which is the state-owned Caixa Geral de Depósitos, together holding an approximately 70% share of the market, or about twice the EU average. Dozens of either domestic or foreign banks, of medium and small size, share the rest of the fragmented portion of the market. We therefore face competition in all of our business lines from a large number of domestic and, depending on the line of business, international players. In addition, the Bank faces intense competition from international auditing and consulting firms, whose services overlap ours in areas such as Corporate Advisory.

Management believes that the global financial and banking crisis and its affect on the Portuguese marketplace have provided a particularly striking opportunity to assess how well Banco BiG has performed relative to its peers. Since October 2008, while some banks in Portugal and globally survived relatively unscathed, a number of entities in Portugal accepted assistance in the form of state guarantees, were rescued with extraordinary measures, required intervention by the Bank of Portugal or had to be nationalized outright. Certain of these arrangements were private with regulatory assistance, but others involved highly public and still unresolved processes, featuring allegations of incompetence, gross mismanagement, accounting fraud, tax evasion and embezzlement. The cost to shareholders, clients and taxpayers is yet to be determined, but it is likely to involve some billions of euros, according to published reports. Such events affect the competitive landscape.

Given the structure of the Portuguese economy and its dependence on and intervention by the State, distortions in competition are not uncommon. As the largest single client of financial services, either directly or indirectly, the State also has the capacity to influence the competitive environment. The fact that relevant slices of the Portuguese economy are either owned, directly managed, or directly or indirectly influenced by the State, via golden shares or other arrangements, combined with the existence of cross-shareholdings among banks and the largest Portuguese companies, portions of whose boards are indicated or approved the government, tends to reduce transparency and business opportunities for the broader market, thus increasing competition further among niche players.

Management has yet to see evidence that the economic crisis and contagion to sovereign debt may lead to any significant structural changes in the competitive environment in the near term. As a result, we expect to continue to focus on organic growth domestically, while looking to more transparent markets for opportunities to expand our business and apply our capital.

Business Continuity and Information Security

We require that our business be able to operate under the most extenuating circumstances and that our information and systems be secure and reliable. This is an evolving process, requiring regular attention, review and upgrades as the Bank grows and as market conditions and the regulatory environment changes. The Bank was able to test a number of business recovery procedures in a real environment during 2009 when we moved our Head Office successfully to its current location during a single weekend. As with stress testing of the various trading and investment portfolios, we design assumptions as a basis for crisis management business recovery scenarios covering processing and key business functions. Key elements of the plan include alternative facilities for central functions, such as trading and operations, capacities for remote processing, systems and data recovery and redundancy, and improvements in systems security.

Compliance

In the aftermath of the financial crisis and, upon global review of some of the misguided policies that appear to have been

at its origin, new legislation and regulatory measures appear regularly, while scrutiny of compliance policies of the banking sector has intensified. As a banking and securities business competing with both domestic and global providers of financial services, respect for regulations and for the welfare of our clients is central to our business model. Compliance is both a key function within the bank and an integral part of the internal culture. We seek to make transparency, respect for regulations and responsible behavior competitive selling points for the Bank in dealing with clients.

Business Outlook for 2010

The general consensus as we enter 2010 is that, while a depression may have been averted during late 2008 and early 2009, the economic crisis is far from over. Policies of historic low interest rates have been instrumental in encouraging tepid economic growth, but the timing of future tightening could risk either another downturn, set the stage for higher inflation or lead to future asset bubbles. Moreover, much of the industrialized world - from households to governments - is only beginning an almost certainly long process of deleveraging. In major economies, through stimulus packages and guarantees, the burden of the crisis shifted to the public sector in 2009, exposing or exacerbating structural problems long present prior to the crisis.

Portugal is particularly exposed because of its long-uncorrected structural imbalances and general lack of competitiveness. As we enter 2010, the combination of a political crisis, ratings downgrades and the doubts about public sector accounts appear to be a recipe for slow economic growth and continued uncertainty.

On the other hand, the panic has subsided and some measure of confidence has returned to the markets. For 2010, we expect continued low base interest rates, with some volatility, pressure on the debt of weaker sovereign issuers, and the transmission of these factors to the real economy via higher credit spreads, possibly higher taxes, stagnating wages, low growth and the need for general sacrifice, beginning with the public sector.

We believe that the environment should be conducive to opportunities for a Bank with a proven track record in managing risks, a flexible and innovative business model, liquid balance sheet and healthy base of capital.

Events Following the Year-End 2009

Membership PEX

During the first quarter of 2010, the Bank became a member of the PEX Multilateral Trading System, managed by OPEX - SGSNM, S.A.. The goal is to provide an alternative trading platform for our clients to negotiate specific securities at a lower cost within another registered market. In a first phase, access will focus on trading or warrants issued by our partner, Commerzbank.

Brasil

The Bank began serious study of the Brazilian market with the aim of applying for license covering brokerage activity in that country. Contacts are underway with regulators and the Stock Exchange of São Paulo BM&F Bovespa.

USA Market - KBW

In January 2010, Banco BiG retained KBW - Keefe, Bruyette & Woods, a U.S. investment bank, to assist Management in identifying potential targets in the community banking segment in the Northeast region of the United States.

Portfolio HTM

During February 2010, the Bank sold a € 66.5 million in securities which had been classified as Held to Maturity (HTM) since July 2008, resulting in a realized gain of € 4.5 million. In accordance with IAS 39, the sale prior to maturity of assets classified as HTM implies their reclassification as Held for Sale with a consequent revaluation at fair value. The amount of securities reclassified as Held for Sale was € 47 million. The respective potential gains/(losses), equal to € 444,401, were recognized in the fair value reserve. In accordance with IAS 30, the Bank is unable to utilize its HTM portfolio for a period of 2 years.

ORGANIZATION

Banco de Investimento Global

↓

34.76%
BiG Capital, SGPS, SA
Business: Equity Stakes
Common stock: €16,000,000

↓

100%
BiG Capital, SCR, SA
Business: Private equity
Common stock: €750,000

↓

100%
BiG Serviços Financeiros, SA
Business: Real estate
and financial advisory
Common stock: €150,000

Legal Structure and Corporate Bodies

BiG's corporate structure is headed by the Bank. At year-end, the Bank owned 34.76% of one subsidiary, BiG Capital, SGPS, SA, which in turn held 100% of the capital of BiG Capital, SCR, SA.
The former entity is a holding for the Bank's equity investments and the latter manages a private equity fund, specializing in buy-outs, Lead Capital, *Fundo de Capital de Risco para Investidores Qualificados*. The Bank also owned directly BiG Serviços Financeiros, SA, which manages the Bank's real estate and performs financial advisory.

The Bank's model of retail distribution focuses on a proprietary internet-based platform, www.BiGonline.pt, and features fully-integrated sales teams located in Lisbon (3), Porto, Braga, Maia, Coimbra, Leiria, Évora, Carnaxide and Viseu. The Bank expects to expand its physical locations somewhat during 2010. Wholesale businesses are serviced by teams located in Lisbon and Porto.

The Bank does not operate offshore banking entities or Special Purpose Vehicles (SPVs) of any kind as part of its business model.

Properties occupied by the Bank are either leased or directly owned by the Bank. In October 2009, the Bank moved into its new head office building at Avenida 24 de Julho in Lisbon, which had been under construction since September 2007. The property is owned directly by the Bank.

The Bank's retail brand, BiGonline, refers to an internet investment service managed exclusively by BiG and has no separate legal identity. The complementary brand Banco BiG was introduced in 2006 to unify our image in anticipation of our launching a more mass-market approach to investment advisory via our physical branches.

BiG statutory supervisory bodies	
General Assembly	Chaired by a President and a Secretary, elected by shareholders for four year terms. Responsibility include presiding over annual and extraordinary meetings of the Banks's shareholders.
Advisory Board	Composed currently of 15 individuals, in the main shareholders of BiG, whose members and whose President are invited by the Chairman of the Board of Directors, who also has a seat on the Advisory Board. The Advisory Board meets on average three times per year and to discuss strategy and recommendations. The decisons of the Advisory Board are not formally binding on the internal Board of Directors.
Board of Directors	Consisted at the year end of five executive members, who manage the Bank directly on a day to day basis. Elected to four year terms, all members are experienced bank executives. While chosen based on their relevant experience, each is also a minority shareholder on an individual basis, independent of any specific shareholder interest. As all board members are executive, there is not a separate Executive Committee and the roles of Chairman and CEO rest with the same individual. The Board includes a Vice Chairman / COO.
Fiscal Board	Represented by an effective CPA firm and alternate and elected for four years terms, this body reports directly to the shareholders. Responsibility include periodic, independent audits of the accounts in accordance with international accounting policies and standards.

Corporate Governance

The logic of the Bank's internal organization and the entities we believe are needed in order to reach our objectives are a matter for regular review and are a function of Management's desire to maintain simplicity, transparency and reasonable operating control over the business. This philosophy encourages the efficient use of resources and a clear distribution of responsibility as to how these resources are used. Banco BiG, although not a listed firm, nevertheless seeks to follow, and in general complies with, recommendations of the OECD (*Resumo dos Princípios da OCDE sobre o Governo das Sociedades – 2004*) and the Portuguese CMVM (*Código de Governo das Sociedades da CMVM – 7/2007*) to the extent that they are practical and commensurate with the Bank's size.

Voting Rights

In accordance with the Bank's statutes, there are no restrictions on the voting rights of shareholders. Each share held corresponds to one vote, provided that each shareholder, or group of shareholders, holds at least 1000 shares.

External Advisors

The independent auditors of the Bank and subsidiaries are KPMG. In 2006, the Bank further established a policy to rotate auditors periodically, usually for periods not to exceed 8 years per mandate. It is the Bank policy to have independent external audit and tax functions. Deloitte is the Bank's tax advisor. The Bank retains the firm of J. A. Pinto Ribeiro & Assoc. as its main external legal advisor.

Internal Oversight

Functional management responsibilities, as noted above, rest with the executive members of the Bank's Board, to whom various heads of trading, front and back office report. Oversight functions for Accounting, Internal Audit, Internal Control and Compliance and the management of risks associated with Markets, Credit, Technology and Operations report directly to designated members of the Board. In addition to oversight functions by area, the Bank has established an All Risks Committee, which meets monthly with the Chief Operating Officer to enhance bank-wide understanding of control-related priorities, current regulations, and systems and procedures. Compensation for the executive Board of Directors is determined periodically by a separate Compensation Committee, consisting of independent shareholders, appointed by the General Assembly.

People

Our principal assets are our people, our capital and our reputation. These are inter-linked and inter-dependent. Since the development of our internal culture is essentially a top-down process, the recruitment, training and career development of our people begins with and involves senior management at the top levels. We see the development of our people as a key investment and we look for and reward talent at early stages. As a rule, we invite diversity but not in our core values. These include academic excellence, a sense of commitment, teamwork, energy, innovation, a respect for others and above all, integrity.

At year end 2009, the median age of BiG's staff was 32 years and 80% of the Bank's staff held university degrees.

For 2009, the average number of directly affiliated staff, excluding Management was 140, compared to 138 at year end 2008. During 2010, we expect a net increase in headcount associated with expanded sales and trading teams.

Regulation

Banco de Investimento Global, SA is an institution registered with and supervised by the Bank of Portugal and the Comissão do Mercado de Valores Mobiliários (CMVM), the two main bodies responsible for supervising financial activities in Portugal. Events in financial markets have led Regulators internationally and domestically to propose, and in some cases, implement significant changes to the functioning of the financial services industry. We expect this to be an evolving process going forward.

Banco de Portugal

Date of Special Registry with the Bank of Portugal: February 5, 1999 / under Code Number 61.
www.bportugal.pt

CMVM

Date of CMVM Authorization: March 8, 1999 / under Registry Number 263.
www.cmvm.pt

ISP

As a consequence of Decree Law nº 144/2006 of 31 July, which transposed Directive nº 2002/92/CE of the European Parliament and of the Council, as of 9 December, with respect to insurance intermediation, BiG registered with the Instituto de Seguros de Portugal as an adjunct insurance intermediator.
www.isp.pt

RESULTS OF OPERATIONS

Business Environment

The economic environment affects to a significant degree how our businesses perform. During 2009, the economies of the U.S., Europe and Japan were in recession. Business activity in Portugal, which is highly dependent on external factors, has been quite reduced since 2008 and there appear to be few reasons to expect a material turnaround in 2010. Although signs of economic recovery began to appear during the latter part of 2009, spending, saving, investing and trading by consumers has not recovered completely from pre-Lehman levels and business activity and confidence of corporate and institutional customers continued to be affected by the economic downturn for most of the year. Markets during 2009 were characterized by rising prices in equities and credit, somewhat lower volatility and generally more stable levels of liquidity.

Global Economy

The year 2009 was one of the most negative in terms of economic growth for some decades, marked by significant falls in GDP among developed nations which was aggravated by effects of the 2008 financial crisis on the real economy by the end of the past year. The world's financial sectors generally remained under pressure, the result of weakened capital bases and cumulative losses associated with exposures to structured assets linked to U.S. real estate. According to IMF data, world economic growth declined 1.06% in 2009, versus +2.99% in 2008, led be GDP drops in the USA (-2.73%) and the Euro Zone (-4.18%), which contrasted with economic expansion in the Middle East (+2.03%) and Emerging Asia (+6.20%). The Euro Zone suffered the worst declines in spite of the epicenter of the crisis having originated in the USA, the result of the significant dependence by Europe, in relation to GDP, on exports, which contracted strongly in the face of the contraction of international commerce. Portugal suffered a 12.5% decline in exports and a fall in GDP of 3 points in 2009, while public consumption grew by 2%.

The pattern of global economic growth varied through the year, with the low point having been felt in Q1 09, when political support for a bail-out of world-wide proportions became most obvious. State intervention to assist the financial sector, announced in 2008, coincided with economic stimulus plans and the adoption of expansionary monetary policies to ensure the maintenance of a low interest rate environment, credit lines to banks under special conditions and liberal repo conditions granted by the FED and the ECB in order to stimulate the private sector. While essentially transferring the risk to the public sector, the results were generally positive in terms of promoting some degree of confidence.

From March 2009, credit spreads began to tighten significantly from their highs and reached pre-Lehman levels. Simultaneously, industrial production began to recover, supported by a rebuilding of stocks. However, the real estate market remained fragile for the year and high levels of unemployment among developed nations inhibited any significant recuperation of private consumption. This combination of factors contributed to tentative signs of recovery by Q4 09.

T.9

Global Indicators	Gross Domestic Product			Consumer Price index	
	2008	2009	2010E	2009	2010E
United States	0.44%	-2.73%	1.51%	-0.39%	1.72%
Eurozone	0.71%	-4.18%	0.32%	0.31%	0.80%
Portugal	-0.04%	-3.00%	0.40%	-0.38%	0.96%
Africa	5.18%	1.69%	4.02%	9.05%	3.43%
The Middle East	5.37%	2.03%	4.24%	8.27%	6.55%
Asia (emerging)	7.58%	6.20%	7.34%	3.01%	3.42%
South America	4.18%	-2.53%	2.90%	6.12%	5.22%
World	**2.99%**	**-1.05%**	**3.10%**	**2.54%**	**2.89%**

Source: IMP

The strength of the downturn and the level of unemployment kept inflation in check in Europe and North America, with US inflation falling in spite of a rise in prices of raw materials throughout 2009.

With improving conditions, most financial assets rose in value during 2009. Foreign exchange rates were volatile, led by a rise in the US dollar in Q1 09, the result of its status as a point of refuge during the most critical stage of the financial crisis. This correction continued for the better part of 2009 and was inversely correlated with the rise in global equities and raw materials.

Outlook

The current economic context is more positive than in 2009, with the IMF pointing to an increase in global GDP in 2010 of 3.1%, led by Emerging Asia (+7.34%), the Middle East (+4.24%) and Africa (+4.02%). Developed nations should grow more slowly, with growth expected in the USA and the Euro Zone of 1.51% e 0.32%, respectively. Factors weighing on these expectations include the evolution of unemployment, the continuation or not of political support for stimulus packages, the deleveraging of the financial sector, and, especially, the level of public indebtedness among Western countries at present.

Guide to Presentation of Financials

The following summary reviews selected results based on the Bank's consolidated financials reported in accordance with International Accounting Standards (IAS), and should be read in conjunction with the Consolidated Financial Statements and attached Notes which follow the Management Discussion. In the section entitled Operating Results by Business Segments, results are presented on a management basis. This type of presentation of the same financials is used by Management to assess the performance of internal business areas, sales team or product groupings, among others, and to compare results internally against budgets and objectives.

Financial Summary

- 92% Rise in Consolidated Net Income to € 12.3 million in 2009 compared to € 6.4 million in 2008
- Individual Net Income of € 12.3 million against € 7.1 million for 2008
- Net Operating Income of € 36.5 million, up 50% against the prior year
- Rise in Net Interest Margin and Decline in Net Commissions
- Revenues from Treasury & Capital Markets of € 18 million, versus € 1 million the year before
- Improvement in Efficiency ratio to 48.7%, from 57% year on year
- Tier 1 ratio, adjusted for risk of 35.7% at 31/12/09

Banco de Investimento Global reported consolidated net income of € 12.3 million for 2009, a rise of 92% in relation to 2009. The results are indicative of the flexibility and diversification of the Bank's business model. They also reflect Management's views on risk-taking, leverage and liquidity, which are ingrained in our culture, and which positioned the Bank well going into the financial crisis in the first place.

The relative weight of contributions by business segment year on year had to do with the contrasting business environments in 2009 and 2008. Last year, equity markets recovered a large portion of 2008's disastrous declines and corporate issues of high quality senior debt, with unusually favorable risk-return profiles, were abundant. With the opportunity to increase credit assets offering higher returns, higher liquidity than conventional loans and lower risk, the Bank's interest and investment income rose significantly.

Meanwhile, the real economy suffered deeply and we believe will continue to do so at least into 2010. For our businesses, the uncertainty and decline in the value of assets across the board felt by clients translated into a general retreat by investors and businesses. This directly affected the level and nature of client revenue in 2009.

For 2009, Net Operating Revenues rose 50% to € 36.5 million.

The composition of revenues was different in relation to the prior year, owing to the major swings in markets and worse conditions for client business. Net interest margin increased 23% to € 11.9 million, Net Commissions dropped 51% and income from trading and investment activities improved substantially. Both net interest income and investment income benefited from the Bank's overweight position in corporate credit, as well as some improvement in client margin loans associated with a higher appetite for risk as equity markets rose from March 2009 onward. The decline in Net Commissions, if non-recurring block trades are excluded, was 20%. This includes an overall rise in net brokerage commissions, a decline asset management revenue, as assets under management began to rise only at year end, and a halving of corporate advisory revenue in a fairly inactive domestic market.

On a segment basis, the Bank's retail client business generated € 6.9 million or 27% of total net revenues in 2009, versus

T.10 €

Income	2009	2008	2007
Interest income	17,210,684	21,626,128	16,201,938
Interest expense	-5,292,599	-11,935,517	-6,701,276
Net interest margin	**11,918,085**	**9,690,611**	**9,500,662**
Income from capital instruments	1,322,547	887,313	503,000
Income from services and commissions	8,005,808	21,519,805	28,013,034
Expense associated with services and commissions	-1,574,887	-8,303,344	-10,744,831
Income from market trading	2,124,785	-7,242,155	7,146,586
Income from financial assets held for sale	12,612,148	4,416,762	592,869
Income from exchange revaluation	1,853,417	3,306,143	100,544
Income from the sale of other assets	-27,574	0	0
Other income	289,242	72,368	-1,092,006
Net operating income	**36,523,571**	**24,347,503**	**34,019,858**

€ 9.4 million, or 38% of total net revenues in 2008. More than half of retail revenues were from brokerage activities and from financial margin, deriving from treasury activities and lending to support trading by clients. While retail brokerage revenues improved 8% year on year to € 4.6 million, retail margin declined significantly in absolute terms because of the historically low interest rate environment. Wholesale client activities generated net revenues of € 2.8 million versus € 10.8 million for the prior year. Revenues for 2008 included block trades, as noted above, which were not repeated in 2009. Excluding this event, income from most product and sales areas declined as a result of the dearth of transactions in Portugal and general risk averse climate for the year among institutional investors. Revenues from this client segment contributed 8% of the total in 2009 as compared to 44% in 2008. Treasury and Capital Markets, which on a management basis is presented net of client business and margin, contributed € 18.0 million in net revenues in a more stable environment, or well above plan.

Overall, the trends by clients ranged from risk averse during the first half of the year to somewhat less tentative as the rally in equities had already begun to lose steam. The Bank took a more confident view in the opportunities available in the high quality fixed income market, as a proxy for credit de-

T.11 €

Expense	2009	2008	2007
Compensation expense	-11,043,138	-8,357,235	-13,170,237
General administrative expense	-5,495,786	-4,361,652	-5,481,828
Depreciation and amortization	-1,248,474	-1,141,907	-1,163,283
Net provisions	-12,480	1,795	-184,021
Imparity of credits net of reversals and recoveries	-23,142	-30,199	-52,599
Imparity of other financial assets net of reversals and recoveries	-2,580,134	-1,065,565	0
Imparity of other assets net of reversals and recoveries	-512,153	-146,791	6,095
Negative differences in consolidation	0	0	0
Other costs	0	0	0
Total costs	**-20,915,307**	**-15,101,554**	**-20,045,873**

mand by clients, which continued not only depressed, but was deemed by Management to be more risky and less profitable.

The Bank's overall Operating expenses are dominated by three categories: (i) compensation expense, (ii) running costs which are linked closely to headcount and (iii) our management of investments in the Bank's retail strategy, which involves investments in both systems and physical offices. A portion of compensation expenses represents discretionary bonuses linked to performance targets and may vary from year to year. For 2009, Salary and Administrative expenses rose by 30%, reflecting higher variable compensation linked to higher revenues and a rise in some expenses because of the move to the Bank's new Head Office. The level of Salary and Administrative expenses for 2009 was 11% lower than the levels of 2007 levels, following a drop of 32% in 2008. This provides an indication of the correlation of a reasonable portion of the expense base to revenues. When analyzed over the 2004-2009 five-year period, the average nominal rate of growth of expenses has been 16% compared to a 23% average nominal growth in revenues for the same period.

For the full year 2009, compensation expense alone rose by 32% after having declined by the same rate in 2008 over 2007. Headcount grew slightly as the Bank favored containment following the events of 2008. The variable portion of compensation may be either commissions paid to sales staff or accrued bonuses paid on an annual, discretionary basis. Excluding allocations to the Bank's fully funded pension plan, fixed component of salaries rose by 3%, versus 5% for 2008. Personnel costs as a percentage of

T.12

€

Results	2009	2008	2007
Operating results	15,608,264	9,245,949	13,973,985
Results of subsidiaries	-792,932	-404,110	51,127
Income before tax and minority interests	14,815,332	8,841,839	14,025,112
Current taxes	-2,732,286	-2,453,172	-3,508,301
Deferred taxes	237,056	37,263	751,454
Net income before minority interests	12,329,102	6,425,930	11,268,265
Minority interests	0	0	0
Net income	**12,329,102**	**6,425,930**	**11,268,265**

T.13

Profitability	2009	2008	2007
Return on average assets (ROA)	1.95%	1.18%	2.41%
Return on average equity (ROE)	10.45%	6.13%	11.40%
Operating Income / Average Net Assets	5.77%	4.48%	7.28%
NPA* / Total Assets	0.018%	0.020%	0.022%

*Non performing assets

T.14

Efficiency	2009	2008	2007
Net interest income / Earning assets	1.82%	1.94%	2.07%
Operating expense / Operating income	48.70%	56.93%	58.25%
Personnel expense / Operating income	30.24%	34.32%	38.71%

T.15

Solvency	2009	2008	2007
TIER1, risk-adjusted	35.70%	32.70%	34.70%
Risk-adjusted capital ratio	32.80%	31.00%	35.50%

Total Operating Income declined slightly to 31% in 2009, from 34% in 2008 and 39% in 2007.

Administrative expenses include communications, information services, publicity, license fees, arrangements with stock exchanges and related suppliers, occupancy and other expenses related to the normal functioning of the Bank. While they tend to be correlated closely with growth in personnel, costs in this category rose by 26% in 2009 to € 5.5 million after having declined by 20% in 2008. Expenses related to the move of the Bank's head office at Avenida 24 de Julho are not recurring and overall occupancy expense should not be significantly higher when compared to the Bank's previously rented premises. The average annual increase in administrative expenses over the period 2004-2009 was approximately 12%.

Amortization expenses at BiG are related principally to investments in hardware and other equipment, initial license fees and premises. The Bank makes investments and updates to its IT infrastructure to ensure quality execution, state of the art security and appropriate redundancy. We invest in outside IT solutions and equipment to

T.17 €/000

Institucionais & Empresas	2009	2008	2007
Net revenues	2.751	10.828	13.201
Operating expenses	-3.476	-2.865	-3.142
Pre-tax revenues	-725	7.963	10.059
% Operating revenues / Total	8%	43%	37%
% Operating expenses / Total	25%	24%	24%

T.16 €/000

Particulares	2009	2008	2007
Net revenues	6.884	9.580	12.099
Operating expenses	-8.293	-7.440	-7.606
Pre-tax revenues	-1.409	2.140	4.493
% Operating revenues / Total	20%	38%	34%
% Operating expenses / Total	61%	63%	59%

T.18 €/000

Tesouraria e Mercado de Capitais	2009	2008	2007
Net revenues	23.470	999	7.148
Operating expenses	-1.903	-1.568	-2.091
Pre-tax revenues	21.567	-569	5.057
% Operating revenues / Total	67%	4%	20%
% Operating expenses / Total	14%	13%	16%

support our infrastructure and also have dedicated resources to managing the infrastructure with in-house solutions.
In addition to technology, the Bank has been investing in its branch network, which also impacts this category. Year on year, amortization expense increased 9%, or approximately € 100,000, after having declined 2% in absolute terms during the previous year. Over the past five years, the average annual increase in this expense category was 4%.

Imparities of Financial Assets of € 3.1 million represent the negative market value of certain investment securities, notably EDP, REN and BCP, which Management has retained in portfolio in the belief that the market price will rise in the future.

In addition, Management made a prudential provision of € 512,000 against an outstanding claim for the return of client moneys associated with the bankruptcy of Lehman. Management expects that both amounts may be reversed in the future.

Pre-tax income was € 14.8 million in 2009, compared to € 8.9 million in 2008, and includes the negative effect of the consolidation of mark to market losses in BiG Capital, SGPS.

With improving revenues for 2009, and relatively lower growth in expenses for the year, the Bank's efficiency ratio improved for the fifth year in a row, to 49%. BiG's capital base and solvency ratios are strong, while profitability indicators show the effects of the market turn around in markets, in spite of a generally depressed level of activity for traditional client business and advisory services.

Operating Results by Business Segment

The Bank is managed on the basis of a matrix of Business Segments, which include global client areas, our Treasury and Capital Markets business and a number of product areas. This section reviews BiG's operating results based on an internal management presentation of our revenues and expenses associated with the main internal profit and loss divisions.

T.19 €/000

Retail	2009		2008		2007	
Net Commissions for services to third parties	4,333	63%	4,252	45%	6,369	53%
Margin	1,095	16%	3,995	42%	4,114	34%
Banking Commissions	651	9%	631	6%	517	4%
Trading / Sales	804	12%	602	6%	1,099	9%
Total	6,884	100%	9,412	100%	12,099	100%

T.20

Financial intermediation in 2009	Market Share (%)	Ranking	Market Volume (€/000) (except n.º of orders)	Var (%) 2008/2009
Internet financial intermediation				
Shares and warrants	15%	3rd	16,181,497	6.8%
Futures	47%	1st	14,820,204	-37.4%
Number of orders executed	14%	2nd	2,106,531	-2.0%
Total financial intermediation				
Shares	4%	6th	63,003,753	-27.2%
Warrants	28%	1st	551,696	-28.3%
Futures	5%	4th	139,731,405	-35.7%

Source: CMVM statistical report (Jan-Dec 2009)

T.21

Internet Financial Intermediation %	2009	2008	2007	2006	2005	2004	2003
% Individual net income distributed	79%	80%	65%	66%	57%	58%	56%

Specialized Retail

Revenues from this client segment are heavily dependent on trading volumes and margin-related on income. Other sources of revenue include banking commissions and the commercial margin associated with savings and investment products, such as investment funds and other asset management solutions. Net Operating Revenues for our retail business were € 6.9 million, a 27% decline over the previous year. The decline was due mainly to the effect of the low interest rate environment on net interest margin, as all other categories showed improvement year on year. Net Commissions from mainly brokerage activities were € 4.3 million or 63% of the total, versus 45% of the total in 2008.

During the year, the Bank did not add to its branch structure, as a cost saving measure. Meanwhile, Management closed or moved staff associated with three locations, sought opportunities to add to the ATM network and is planning for 2 additional offices during 2010. The Bank invested in its fund management platform and began plans and investments for a redesign of its web platform during 2010.

T.22 €/000

Wholesale	2009		2008		2007	
Net commissions for services to third parties	215	8%	6,537	60%	8,451	64%
Margin	46	2%	32	0%	25	0%
Banking commissions	631	23%	1,574	15%	1,243	9%
Trading / Sales	907	33%	1,080	10%	1,954	15%
Corporate Finance	952	35%	1,604	15%	1,527	12%
Total	**2,751**	**100%**	**10,827**	**100%**	**13,201**	**100%**

The Bank's retail business is a specialized trading and investment platform with a full service banking offering for the private individual, including checking accounts, debit and credit cards, payment services, credit arrangements, and a range of savings and investment products from general banking and credit arrangements to for the client requiring assistance to more sophisticated online trading and investment platforms for self-directed clients. These include platforms for trading in equities, warrants, futures, foreign exchange and mutual funds. We place a number of integrated approaches at the disposal of individual clients, including internet, via www.BiGonline.pt, telephone and personalized, assisted investment banking centers. A variety of product offerings and distribution approaches are designed to reach a large number of target clients with different investment profiles, appetites for risk and transaction needs profiles in an efficient manner.

While the relative weight of any product line may vary from year to year according to market conditions, the Bank sees itself as an overall manager of client assets. The business model stresses a mix of products, strategies, and sales channels, backed by well trained advisors and service representatives, where we believe that we can not only make a difference, but clearly differentiate ourselves from traditional and non-traditional competitors. The Bank's strategy is to grow this business as market conditions improve and to focus on client acquisition, client satisfaction and client retention.

Wholesale Clients

The product areas of the Bank's Wholesale client segment are similar to those offered on the retail side, with the exception of Corporate Advisory. Where the retail business involves integrated sales channels based on the BiGonline electronic platform, the Wholesale business relies on specialized sales teams and tailored solutions for corporate and institutional clients. Product areas include institutional brokerage, risk management, sales of investment products, and independent advisory services for corporate, banking and institutional clients. For 2009, this client segment generated net revenues of € 2.8 million, or 75% lower than for 2008.

Results in this segment were disappointing and below expectations across the board. To a large extent they reflect the uncertainty felt by corporate and institutional clients to

T.23 €/000

Trading	2009		2008		2007	
FX - FX e Fut/FX	408	18%	2,054	757%	1,647	27%
OF = FX + Options + Fut/FX	0	0%	0	0%	-3	0%
AF - Equity + Fut Equities/Indexes	-303	-13%	-459	-169%	2,035	33%
OB - Bonds + Fut/Bonds	0	0%	117	43%	-503	-8%
OA - Options on Equities and Indexes	374	16%	662	244%	2,080	34%
SJ - Interests rates Spreads	1,960	85%	-623	-229%	-251	-4%
TA - Trading Arbitrage	-127	-6%	-1,484	-547%	1,238	20%
TR - Equities Trading	0	0%	6	2%	-160	-3%
Total	**2,312**	**100%**	**271**	**100%**	**6,083**	**100%**

T.24 €/000

Investment	2009		2008		2007	
Interest rate - Capital	11,678	55%	1,339	184%	-43	-4%
Foreign public debt	0	0%	0	0%	0	0%
Equity - Capital	-52	0%	-2,755	-379%	1,547	145%
Commissions - Investment	-7	0%	-46	-6%	-12	-1%
Interest rates - Revenues	8,225	39%	2,187	301%	190	18%
Equities - Revenues	801	4%	-296	-41%	-108	-10%
Futures	557	3%	299	41%	-510	-48%
Total	**21,203**	**100%**	**728**	**100%**	**1,065**	**100%**

the tentative improvements in market conditions during 2009, as well as the general lack of business opportunities in Portugal, where the Bank's activities are focused. Brokerage commissions from block trades, which supported revenues in 2007 and 2008 were absent in 2009. Separately, revenues from Corporate Advisory declined with the general downturn of the real economy since the beginning of the financial crisis

In 2009, appetite by clients for transactions implying a range of underlyings, such as equities, indexes, commodities, FX, among others dropped further from their 2007 highs.

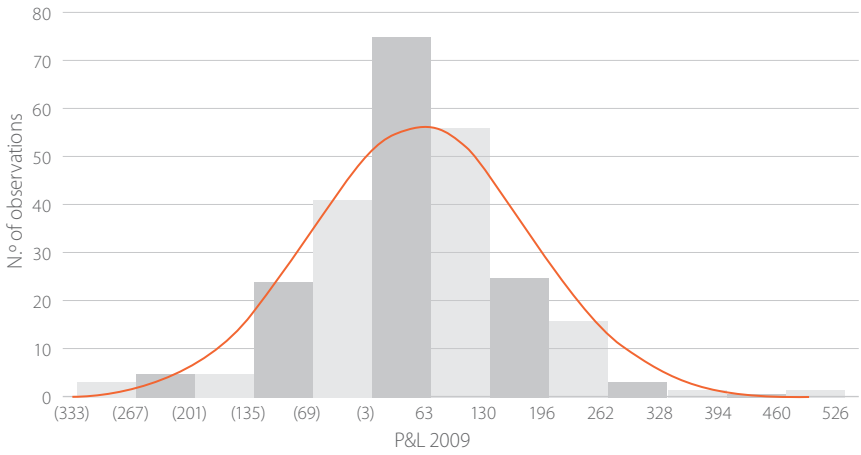
Treasury and Capital Markets

For 2009 and prior years, the breakdown of revenues by book and by Trading and Investment Portfolio can be seen in table T. 23 and T.24.

The Treasury and Capital Markets business segment seeks to generate revenues, while managing the exposure of the Bank and the

G.1 €/000

Profit and loss distribution



products sold to clients of the Bank in such areas as interest rates, foreign exchange, fixed income, equities and derivative instruments. In managing positions, generally the Bank invests in investment grade corporate and treasury bonds issued mainly by the U.S. and the Euro-zone, with relatively low exposure to Emerging or Asian markets. The Bank also trades in major foreign currency instruments, interest rate and equity futures, futures on major indices and a variety of options and similar instruments, mainly in connection with client business. In this report, the Bank presents trading gains in essentially two formats: (i) based on consolidated reporting (IAS or NIC), which includes trading margin and encompasses all client-related activity and (ii) as in this section, on a management basis, which deducts internal funding costs and extracts sales margins allocated to sales teams. In managing the various trading books, the activity of the Treasury and Capital Markets team touches on many areas internally and is a source of expertise, market risk management and consistent profitability for the organization.

For 2009, the area generated € 23.5 million in net revenues, excluding transactions with clients, as compared with just € 1.0 million on an equivalent basis for 2007. The generation of revenues, as indicated in the histogram, suggest a fairly normal distribution during the past and the prior years. Year on year, the components of revenue and the overall contribution of this area to Operating Results can change, as evidenced by the swings of 2009 and 2008.

T.25 €/000

Earning Assets	2009	2008	2007
Deposits with banks	142,407	259,020	245,173
Loans	56,713	29,233	73,149
Trading securities	10,871	7,915	31,769
Available for sale securities	297,818	67,218	106,948
Held to maturity	141,753	134,538	0
Total	**649,562**	**497,924**	**457,040**

T.26 €/000

Main liabilities and capital	2009	2008	2007
Interbank deposits	9,560	9,789	43,025
Clients deposits	304,985	296,490	282,238
Shareholders funds	128,686	107,369	102,407

Analysis of the Balance Sheet

Total net assets at year end 2009 were € 703 million or 25% higher than for the prior year period. The growth in earning assets, combined with some changes in the composition of main asset categories, reflected a number of factors present during the year deriving from opportunities in the credit markets and relative stability in the money markets. Unchanged, given the underlying weakness of the real economy, was Management's view on maintaining excess levels of structural liquidity, low leverage and high capital adequacy as a policy for the year. On an average basis, Management favored cash, short term exposures and high quality marketable securities.

Earning Assets of € 649 million at year end 2009 were 31% higher than at 31 December 2008. Loans are in the main margin accounts to retail clients, are short term in nature, structured to be self-liquidating in stressful conditions and were fully collateralized by liquid securities. At year end 2009, approximately 98% of the loan book was fully-collateralized and therefore low risk. Loans of this nature to clients tend to grow with a rising market and to decline in periods of stress. The Available for Sale and Held to Maturity portfolios contained a diversity of senior debt and other largely non complex, high quality credit issues acquired at the height of the credit crisis, with attractive returns. Factors that may affect the size of the portfolio include the opportunities for creating either margin or investment revenue during the year.

Main sources of funding were client deposits, relatively long term and stable funding via sale/repurchase agreements with the ECB at favorable rates, and shareholders capital. Client deposits are mainly retail in nature and rose to € 305 million, with growth tempered by two factors: (i) competition by banks willing to pay substantially above market rates to attract retail funding and (ii) the Bank's own comfortable position with respect to its liquidity needs.

Shareholder Funds at 31/12/09 were € 129 million as compared with € 107 million for the same date in 2007. At year end 2009, BiG's Tier 1, adjusted for risk was 35.7% and the risk-adjusted capital ratio was 32.8%, as compared to 32.7% and 31% respectively for the prior year-end.

INTERNAL CONTROL

The Bank faces a variety of risks that are inherent to our business, including market, liquidity, credit, operational, technology, compliance and reputational risks. While analyzed separately in this report, they are generally inter-related. To identify and manage these risks, Banco de Investimento Global's systems of internal control feature comprehensive and integrated policies and procedures. These are reviewed and approved by the Board, which oversees the respective risk management functions, either as a group or by delegation. Our systems and policies are designed, broadly, to ensure effective processing, reliable systems, appropriate risk taking, effective measurement of risks, independent reporting and responsible behavior. Policies and procedures on enforcement also seek to ensure respect for and adherence to internal, regulatory, legal and prudential guidelines designed to protect the interests of clients and shareholders, while preserving and protecting the reputation of the Bank. Additional information, including stress tests for reputational and correlation risks may be found in Note 36.

Governance Structure

Key components of the governance structure for internal control are the Board of Directors, the Bank's All Risks Committee, which combines the various individual control functions and committees overseeing Risk Management, discussed in detail below, and the Compliance and Internal Audit areas of the Bank.

Responsibility for monitoring risks throughout the Bank begins with the Board of Executive Directors. The Bank recognizes the role of the Board in overseeing risks and has always functioned with the belief that proper controls – both to avoid unnecessary losses and as a means to generate value for shareholders in a controlled environment – are fundamental to the institution's financial strength.

The Board provides guidance on strategy and risk appetite, and is responsible for maintaining an integrated view of risk exposures. Each of the internal risk committees - the Market Risk Committee, the Asset and Liability Committee, the Credit Risk Committee, the Investment Committee and other groups responsible for such areas as Internal Audit, Compliance, Operating risks and Technology risks - (see Note 36) includes individuals responsible for the day to day controls and each includes, besides the Vice Chairman, at least one other member of the Board. Within limits established by the Board, these committees have decision-making authority in their respective areas. Daily events of an exceptional nature usually require the approval of at least two Executive Directors. Major exposures or significant policy decisions falling outside of these limits require review and approval of the general Board of Directors. In addition, the Bank's All Risks Committee, which combines representatives of the above functional internal management functions, meets monthly, to ensure proper communication, regulatory compliance and understanding of the inter-relationship of risks across various areas of the Bank.

Management seeks to build a sound operating environment by frequent review of the

policies and procedures and communicating them clearly throughout the organization. Taken together, the governance structure for risk and the existence of clear policies aim to ensure that processes associated with identifying, measuring, controlling and reporting exposures to potential losses are implemented in accordance with best banking practices and regulatory standards. Internal communication of policies and their regular enforcement are key steps in the process, as well as the continuous review by the Board and Senior Executives of the Bank's business and operating areas of these potential exposures.

Risk Management

General Policies

BiG is in the business of managing risk to create value for shareholders. In broad terms, the Bank is exposed to risk as a direct result of taking positions with respect to a particular market or combination of markets, products or clients, or as a result of unexpected interruption to the Bank's systems, normal operations or errors in procedures.

In managing exposures to risk, the Bank is guided by the following basic principles:

- Frequent review of policies and procedures by Senior Management
- Formal definition of responsibilities for risk management in the Bank
- Existence of policies and procedures to promote independent oversight
- Policy of appropriate diversification of risks
- Systems of independent measurement and reporting
- Overlapping systems to measure and control risk
- Training to assist in identifying risk across business areas

Risk Measurement

In taking decisions and in managing risk across the organization, Management applies its business judgment in combination with a variety of quantitative tools and systems used to monitor and measure exposures. These are discussed in the following sections and include:

- Market Risk Limits based on VaR (Value at Risk)
- Non-statistical measures such as Scenario analyses, Stress Tests and Derivative Product Sensitivity ("greeks")
- Basis Point Values
- Limits by counterparty, family, asset class and portfolio
- Concentration Limits

Risk Measurement is an evolving process and is a daily focus of Management, especially as any single methodology is usually insufficient by itself to provide a complete picture of our exposures. As a policy, we seek to quantify the potential for losses associated with every aspect of our business, so as to have a reasonable prior estimate of potential damages in the event of unexpected events. These can range from those that are possible, based on recent historical data, to those that we deem to be highly unlikely, but which nevertheless can be estimated based on the assumption of certain extreme scenarios.

An evaluation of market risk involves a daily review of all of the above-mentioned measures. Credit risk generally focuses on nominal and fractional exposures, concentrations by borrower or group, sector or geography and stress testing. Managing liquidity, interest rate and currency risks combine a number of methodologies, among which basis point values and scenario analyses. Derivatives exposures are measured with sensitivity analyses of exposures measured in basis points. An assessment of the more subjective risks to which the Bank may be exposed, such as reputation risk and correlation risk, depends on scenario analyses in order arrive at quantitative estimates.

Market Risk

Market Risk represents the possible decline in the value of financial instruments as a result of changes in market conditions. Key risks that we manage in our trading businesses include:

- Liquidity Risk, which arises from the management of the Bank's assets and liabilities;
- Interest Rate Risk, resulting from exposure to changes in the level, slope and curvature of the yield curve, volatility of interest rates, duration and credit spreads;
- Equity Price Risk, resulting from exposures to changes in underlying prices and volatility;
- Currency Rate Risk, resulting from exposure to changes in spot prices, forward prices and volatility;
- Derivatives Risk, resulting from the management of our exposure to changes in the prices of underlying assets used to hedge client product and positions.

T.27 €

Trading VaR 2009 (vs 2008)	2009				2008			
	Dec	Average	Max	Min	Dec	Average	Max	Min
Currency risk	8,100	19,532	89,886	1,065	3,026	30,817	101,357	1,311
Interest rate risk	-	66,479	360,204	-	72,691	230,074	701,930	4,299
Shares	25,649	69,934	254,750	2,651	99,859	220,311	617,467	29,332
Goods	-	-	-	-	-	-	-	-
Options	67,106	95,070	404,006	9,247	77,026	286,448	2,080,265	20,420
Diversification effect	53%	59%	-	-	41%	39%	-	-
	47,865	**101,868**	**734,183**	**38,384**	**148,067**	**468,411**	**2,702,945**	**18,271**

In managing the risks, the Board delegates day to day oversight and control to its Market Risk Committee. This group is chaired by the CEO and includes other members of the Board, in addition to other business managers involved in trading and controls.

Jointly, they are responsible for reviewing methodologies for measuring risk and limits for all trading activities. They also control broad investment management decisions, review models and analytics associated with calculating value at risk limits within both Bank and client portfolios, and are responsible for conducting daily portfolio stress tests, as well as overseeing the independent control and enforcement of limits on risk taking by front office personnel. Market Risk also reviews and approves the risk component of new products designed to be sold to clients. In addition, the group seeks to ensure an efficient balance between risk and return, as well an appropriate level of volatility in operating results.

In its market and trading activities, BiG generates revenues while managing, on a continuous basis, its exposure to adverse changes in the value of financial instruments across various markets, products and portfolios. To manage and report risks, Management establishes and reviews, on a periodic basis, comprehensive procedures and systems designed to ensure levels of control commensurate with the Bank's capital and business objectives.

The Market Risk function, along with Management and Compliance, also reviews policies and procedures on product development to ensure that levels of risk assumed by clients, and as marketed by BiG, are appropriate in the circumstances. Members of the Market Risk Committee are also part of the Bank Investment Committee, which oversees trends, allocations and policies with respect to the management of third party assets, including responsibilities associated with advisory and discretionary mandates. The activities of this area, while separate from the Bank's own portfolio, are subject to the same type of control mechanisms and procedures as those exercised by the Bank in the management of its own capital. Both groups meet regularly and, as they normally include two or more Board members, have

T.28 €

Investment VaR 2009 (vs 2008)	2009				2008			
	Dec	Average	Max	Min	Dec	Average	Max	Min
Fixed rate	619,730	375,248	861,002	57,221	67,634	355,415	1,079,448	32,050
Shares	643,179	1,213,334	1,807,627	643,179	1,442,606	1,250,486	3,552,437	80,461
Diversification effect	43%	51%	-	-	54%	21%	-	-
	719,244	**777,790**	**1,331,659**	**462,860**	**695,968**	**1,275,047**	**4,054,286**	**164,796**

Summary of key terms used in this section:
VaR: Worst-case loss expected within the confidence level indicated; larger losses may be possible, but have a correspondingly lower probability of happening.
Back-testing: Process of validating a model by comparing its predictions to actual results.
Confidence level: Probability that actual losses will not exceed the estimated value at risk. The greater the confidence level, the higher the value at risk.
Diversification Effect: Represents the gain, in risk terms, of having a diversified portfolio.

the authority to decide on day to day issues. Major exposures or significant policies are generally put before the general Board of Directors for prior review.

Methodologies Used

The Bank utilizes a number of different methodologies to measure and control market-related exposures, which are analyzed in conjunction with information covering country and counterparty risks. Often risks are managed through a process of diversifying exposures, controlling position sizes, and establishing hedges in related securities or derivatives. Key quantitative tools used to measure and control exposures efficiently are:

Statistical measures

- Value at Risk (VaR)

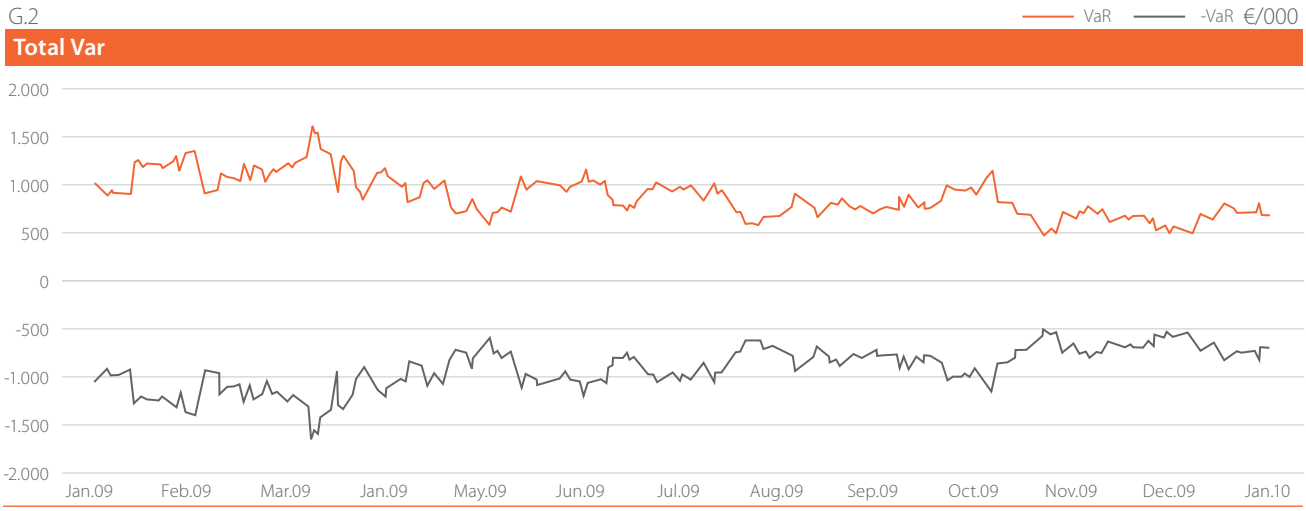
Non-statistical measures:

- Economic Value stress testing
- Earnings at Risk stress testing
- Basis point values
- Derivative Product sensitivity ("greeks")
- Inventory position limits (for selected underliers)

In managing market risk, BiG employs overlapping systems that include value at risk (VaR) measures and loss advisories, along with non-statistical measures, such as stress testing, basis point values, greek sensitivities and daily controls over concentrations of risk, which together are designed to ensure the integrity of the process in the event that one or more methodologies should fail, as a result of some extraordinary event occurring in the markets. These measures, and others added during the past year, proved robust during the most volatile market conditions in 2008 and 2009.

At the level of the individual product lines and client portfolios, statistical measures, such as VaR, which measures risk assuming normal market conditions, are combined with non-statistical measures, including stress testing, back testing and earnings at risk advisories, to ensure proper controls over expected returns by risk type under all market conditions. The Bank calculates VaR using a one-month time horizon (the previous 22 trading days) and a 99% confidence level. This means that the Bank would expect to incur losses greater than the predicted VaR estimates only once in every 100 trading days, or approximately 2.5 times

G.2



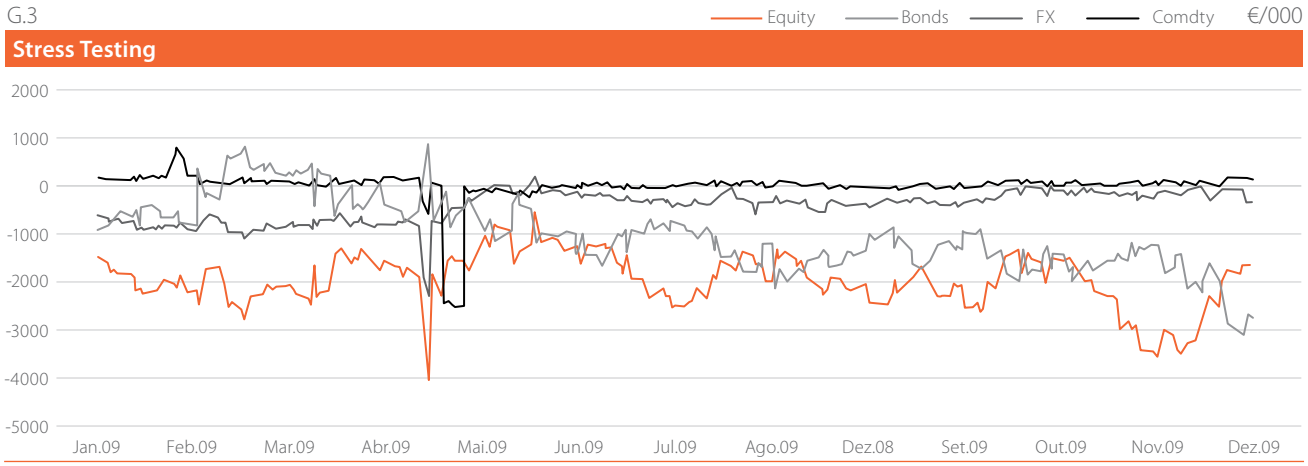
per year. Since VaR is a theoretical approach based on historical returns, the model has limitations and may not always produce accurate predictions of future market risk. Changes in VaR between reporting periods, for example, are due generally to changes in levels of exposure, volatility and correlation among securities.

Back testing of the trading book shows that during 2009, there were two trading days in which losses exceeded VaR levels. These occurred in the first semester of 2009, during periods of higher volatility than average during the year. On the other hand, trading activity was limited and represented just 0.09% of average shareholder funds for the year. On average, utilization of trading limits was 6%, as the Bank's markets related activity, limits usage and VaR were focused more on building and managing a much larger credit portfolio.

VaR for the Bank's Held to Maturity and Held for Sale portfolios represented the biggest portion of market risk during the year. This was due to the Bank's emphasis on building a larger credit portfolio as credit spreads for quality names widened significantly as a result of the events of 2008. As these portfolios encompasses both market and credit risk and represent the single biggest class of assets to which the Bank has been exposed over the past 18 months, the Bank measures the exposures by employing a combination of VaR analyses, reflected in this section, along with measures in basis points and a number of stress test scenarios discussed in this and the following section on Credit Risk. Total average daily VaR for 2009 was approximately € 879,000 or 0.75% of average shareholder funds. Overall, limits utilization during the year was 38% with limits associated with fixed income closer to full utilization versus extremely low utilization for variable income.

G.3

Stress Testing



Stress tests for market risk

These are complementary to VaR limits and are an essential tool for managing market risk. With economic value stress testing, the Bank seeks to estimate the potential losses associated with an instrument, book or portfolio under different scenarios. Earnings at risk stress testing give Management an estimate of the potential change in value of a given position, either current or contemplated, with the results of different scenarios used to take decisions on whether to assume, increase or close positions. On a daily basis, we perform tests on the Bank's portfolios assuming certain worst case historical market events or other scenarios to simulate our exposure and, in certain cases, the exposures of our clients to potential losses. When historical data are not available, underlying assets from identical classes and with a higher level of correlation may be used.

The Bank currently uses 16 different scenarios to stress test the various trading and investment positions daily.

T.29 €/000

Investment	Equity worst scenarios					Bond worst scenarios					FX worst scenarios				
	C1	C2	C3	C4	C5	C1	C2	C3	C4	C5	C1	C2	C3	C4	C5
Fixed rate	(14)	464	1.176	629	956	656	(2398)	(1359)	(1898)	(1760)	248	199	(349)	(444)	(1169)
Shares	(1352)	(1016)	190	(528)	(548)	99	(420)	253	(262)	559	(403)	232	120	(86)	(121)
Fixed rate - HTM	250	156	359	222	423	402	(932)	(401)	(642)	(783)	146	161	(79)	(45)	(557)
	(1365)	**(552)**	**1366**	**101**	**408**	**755**	**(2818)**	**(1105)**	**(2161)**	**(1201)**	**(155)**	**430**	**(229)**	**(530)**	**(1290)**

T.30 €/000

Trading	Equity worst scenarios					Bond worst scenarios					FX worst scenarios				
	C1	C2	C3	C4	C5	C1	C2	C3	C4	C5	C1	C2	C3	C4	C5
Shares	41	21	3	14	19	2	(29)	(19)	(7)	(30)	(4)	(10)	(1)	(12)	(8)
Options	(296)	(97)	(67)	(136)	(70)	15	104	101	(34)	38	1	48	(78)	(110)	(19)
Interest rate	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
FX	(10)	1	(8)	(3)	(6)	(6)	1	3	6	11	3	16	(12)	15	13
	(265)	**(75)**	**(71)**	**(125)**	**(57)**	**10**	**76**	**84**	**(36)**	**19**	**0**	**54**	**(90)**	**(108)**	**(14)**

	Equity worst scenarios	*Date*
C1	*US terrorist attack*	*11.09.2001*
C2	*Market fear (bear stock / bull bonds)*	*01.07.2002*
C3	*Low manufacturing figures*	*03.09.2002*
C4	*Walmart sales forecast cut*	*30.09.2002*
C5	*Iraq conflict*	*24.03.2003*

	FX worst scenarios	*Date*
C1	*Optimistic Japanese economic growth*	*31.03.2000*
C2	*FED to cut interest rates*	*03.01.2001*
C3	*Europe's economy to grow faster than US*	*03.04.2001*
C4	*European stocks down*	*23.07.2002*
C5	*May US rate boost view*	*07.05.2004*

	Bond worst scenarios	*Date*
C1	*Economic slow down / FED cuts interest rates*	*02.01.2001*
C2	*Economic slow down / FED stop cutting interest rates*	*05.12.2001*
C3	*Market fear (bull stock / bear bonds)*	*15.10.2002*
C4	*Fanniemae poor forecast / Greenspan speech*	*15.07.2003*
C5	*FED to boost interest rate target*	*02.04.2004*

	Commodity worst scenarios	*Date*
C1	*Petrol inventories rose (energy department)*	*01.12.2004*

T.31

Equity: Fall in major global stock markets				
Europe: 03 - 06 October 2008	**DAX**	**IBEX**	**SX5E**	**PSI20**
	-7.073%	-6.065%	-7.863%	-9.859%
USA: 06 - 07 October 2008		**SPX**		**NDX**
		-5.739%		-5.761%

T.32

Bonds: Lehman Brothers bankrupcy and AIG in high stress situation	
C1	**12 - 15 September 2008**
ITRXESE Index	Increase of 30.39%
ITRXEUE Index	Increase of 31.76%
ITRXEBE Index	Increase of 23.73%
ECB Rate	of 4.25%

T.33

FX: Devaluation of - 2.37% of USD towards the Euro	
C1	29-30 September 2009

T.34

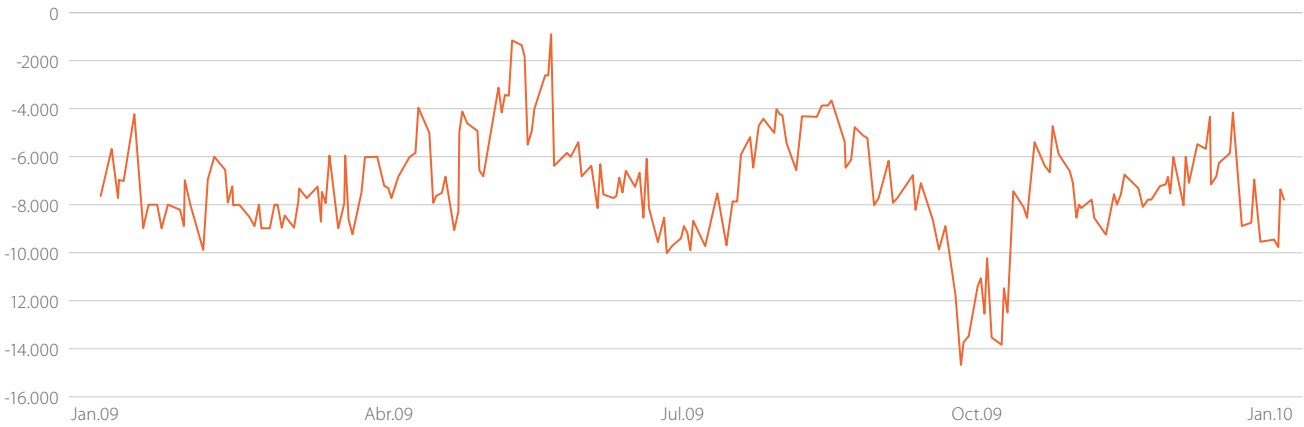
Commodities: Devaluation of crude oil in -12.25%	
C1	06-07 January 2009

Testing Extreme Scenarios:
Stress testing scenarios based on 2008 events suggest a slightly worse potential aggregate loss than the pre-2008 scenarios used above, with a peak in late April 2009, but still within acceptable limits.

In parallel with studies of the impact of simulated historical events on the Bank's trading and investment positions at any given time, Management employs an additional risk measure on a daily basis, called the Armageddon stress test. This test is designed to measure the theoretical impact on the Bank's various exposures in the highly unlikely event that indices of the various global economies – DAX in Europe and S&P in the U.S. – were to suffer dramatic falls of 50% and 33% respectively in a single trading day assuming asset correlations for one month. This scenario assumes an event several times worse than any low point registered during the credit crisis of 2008. Designed to be deliberately remote in the possibility of an occurrence, the objective is to test the survivability of the Bank's business model under extreme circumstances and, as a result, to maintain discipline on limits and risk taking accordingly. The average daily exposure to theoretical trading losses under this scenario was € 7.2 million, with a peak of € 14.8 million on a single day in October 2009.

G.4 €/000

Armageddon Stress Test



Máx *	Mín*	Average	Std. Dev.
-14.810	-947	-7.232	2.123

**maximum and minimum losses*
*** in thousands*

Liquidity and Funding Risk

The events of October 2008 confirmed the critical importance of liquidity to the survivability of banks in a crisis scenario. Many failures of financial institutions are the result of insufficient liquidity arising out of unexpected, adverse conditions.

BiG's policy on liquidity and funding is based on the following principles: (1) pre-funding of assets prior to their acquisition; (2) the requirement that the majority of the balance sheet be convertible to liquidity within a very short timeframe; and (3) the assumption of complete independence from wholesale funding markets. Adherence to these principles, in effect, defines the Bank's business model, which is commission and service-based, and implies an asset base composed largely of highly-liquid securities as opposed to illiquid loans. Moreover, the Bank focuses on building a stable retail base of deposits and holds more unencumbered debt securities than we require, to the extent that, during the past ten years and especially during the recent squeeze on liquidity, we occupy a fairly comfortable position as net placers of funding.

T.35 €

Exposure by maturity of assets and liabilities	At sight	Until 3 mos	Between 3 mos and 1 yr	Between 1 and 5 yrs	More than 5 yrs	Undeter-mined	Total
Assets							
Cash and deposits in central banks	4,822,680	-	-	-	-	-	4,822,680
Deposits in other credits institutions	73,103,466	-	-	-	-	-	73,103,466
Financial assets held for trading	-	57,459	208,788	586,171	-	10,018,193	10,870,611
Financial assets held for sale	-	18,513,398	11,746,362	94,962,047	145,831,109	26,764,727	297,817,643
Application in credits institutions	-	69,262,707	-	40,976	-	-	69,303,683
Loans to clients	-	46,361,296	1,557,874	3,086,402	5,756,015	129,345	56,890,932
Investments held to maturity	-	6,194,210	22,816,215	93,139,118	19,603,906	-	141,753,449
	77,926,146	**140,389,070**	**36,329,239**	**191,814,714**	**171,191,030**	**36,912,265**	**654,562,464**
Liabilities							
Funding from central banks	-	-	230,783,194	-	-	-	230,783,194
Financial liabilities held for trading	-	83,994	1,037,790	719,401	-	44,143	1,885,328
Funding from other credit institutions	-	9,560,027	-	-	-	-	9,560,027
Funding from clients	175,707,948	90,626,708	32,433,487	6,217,637	-	-	304,985,007
	175,707,948	**100,270,729**	**264,254,471**	**6,937,038**	**0**	**44,143**	**547,213,556**

Table T.35 provides a snapshot of assets and liabilities by stated maturity.

Scenario testing is an important tool used by the Bank to determine the appropriateness of the funding policy in normal and stressful conditions.

Interest Rate Risk

Defining interest rate risk as the probable occurrence of negative impacts on earnings or capital, results in adverse activity with interest rate factors in the bank's investment portfolio.

It can be through the release of maturities or re-fixing of interest rate terms, in the absence of the perfect correlation between interest received and paid on different instruments, or the existence of options embedded in financial instruments of balance sheet or off balance sheet accounts.

Banco BiG uses basis point values (bpvs) to measure interest rate risk. This risk factor represents the exposure for each base point (0.01%) and allows us to calculate the economic impact of the yield activity in the fixed income rate portfolio.

Table T.36 reflects assets and liabilities by maturity, as well as the respective average interest rates. For each maturity we have modified duration and basis point values.

A long or positive position in bpvs (basis point values) implies a long position in bonds funded with short term liquidity; a short or negative position means that the Bank has sold bonds in the expectation of covering or re-purchasing the position at a later date at a gain.

T.36 €

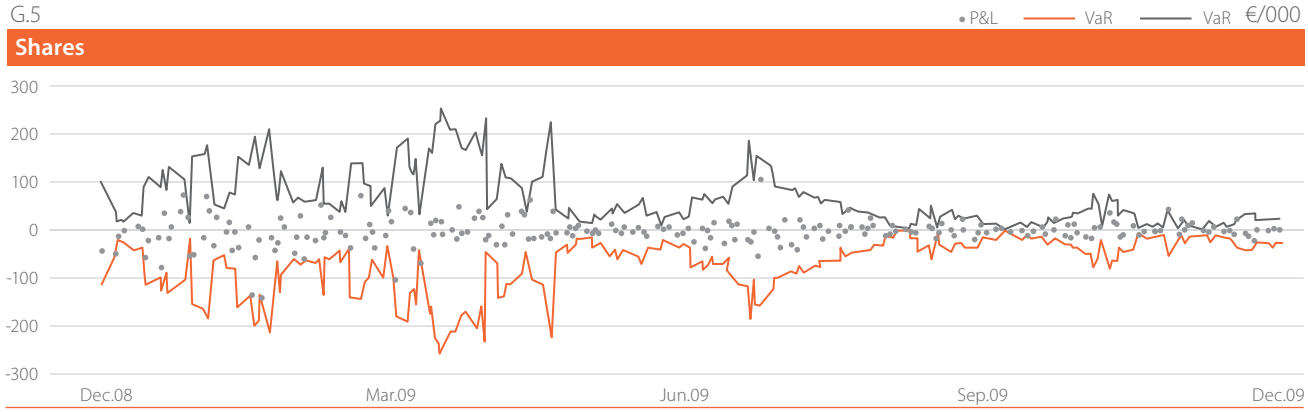
Interest Rate Risk									
Maturity	**Months**	**Assets**	**Avg Rate**	**Liabilities**	**Avg Rate**	**Net**	**Mdur**	**df**	**bpv's**
2.Jan.10	0.1	193,383,782	0.802%	234,944,261	0.490%	-41,560,479	0.00005528	0.99988160	**23**
2.Feb.10	1	52,330,617	1.725%	20,870,455	2.302%	31,460,162	0.00086888	0.99804780	**-273**
2.Mar.10	2	18,911,158	1.135%	19,589,049	2.120%	-677,891	0.00168647	0.99639430	**11**
2.Apr.10	3	38,082,683	1.697%	8,112,465	2.494%	29,970,218	0.00249338	0.99456690	**-747**
2.Mai.10	4	8,171,823	5.809%	5,347,191	1.974%	2,824,632	0.00332329	0.99280170	**-94**
2.Jun.10	5	12,385,573	5.371%	5,999,938	2.303%	6,385,635	0.00412719	0.99098080	**-264**
2.Jul.10	6	5,339,157	5.232%	122,098,071	1.086%	-116,758,914	0.00490396	0.98922190	**5.726**
2.Aug.10	7	3,484,510	2.003%	2,868,422	2.339%	616,088	0.00577172	0.98740770	**-36**
2.Sep.10	8	5,108,432	3.596%	43,104	1.518%	5,065,328	0.00658483	0.98559680	**-334**
2.Oct.10	9	811,198	7.901%	62,087,496	1.018%	-61,276,298	0.00733425	0.98384740	**4.494**
2.Nov.10	10	1,999,189	3.612%	2,093,815	1.590%	-94,626	0.00823558	0.98204300	**8**
2.Dec.10	11	1,486,647	5.569%	56,489,468	1.023%	-55,002,821	0.00904342	0.98030000	**4974**
2.Jan.11	12	29,769,224	5.246%	1,406,110	2.132%	28,363,114	0.00958247	0.97850210	**-2,718**
2.Jul.11	18	15,268,150	5.066%	2,435,075	2.090%	12,833,075	0.01420129	0.96807040	**-1,822**
2.Jan.12	24	17,944,383	4.208%	1,797,674	2.861%	16,146,709	0.01879589	0.95757980	**-3,035**
2.Jan.13	36	32,594,911	4.487%	590,274	0.599%	32,004,637	0.02791216	0.93714930	**-8,933**
2.Jan.14	48	33,985,042	3.993%	169,246	2.951%	33,815,796	0.03623992	0.91701330	**-12,255**
2.Jan.15	60	46,479,554	3.461%	22,339	3.000%	46,457,215	0.04499605	0.89740570	**-20,904**
2.Jan.16	72	39,445,873	3.578%	0	0.000%	39,445,873	0.05439502	0.87821740	**-21,457**
2.Jan.17	84	8,064,078	4.192%	0	0.000%	8,064,078	0.06168381	0.85938850	**-4,974**
2.Jan.18	96	0	0.000%	0	0.000%	0	0.08005556	0.84110130	**0**
2.Jan.19	108	24,653,966	3.657%	0	0.000%	24,653,966	0.07845394	0,82303050	**-19,342**
2.Jan.20	120	87,961	1.788%	0	0.000%	87,961	0.09215417	0.80543240	**-81**
2.Jan.25	180	9,023,927	5.292%	0	0.000%	9,023,927	0.11625923	0.72284250	**-10,491**
2.Jan.30	240	0	0.000%	0	0.000%	0	0.20005556	0.64875980	**0**
2.Jan.35	300	0	0.000%	0	0.000%	0	0.25005556	0.58226970	**0**
		598,811,837		**546,964,455**		**51,847,382**			**92,523**

Freq: Coupon frequency *df Discount factor*
Avg Rate Coupon average rate *bpv's Basis point value*
mdur Modified duration

T.37 €

December 2009					
Parallel increase of 200 bp	Parallel decrease of 200 bp	Parallel increase of 100 bp	Parallel decrease of 100 bp	Increase of 50 bp after 1 year	Decrease of 50 bp after 1 year
-18,513,801	17,244,019	9,256,901	8,622,099	4,628,450	4,311,005

G.5



Earnings at risk associated with movements in interest rates are measured by assuming a number of scenarios on a regular basis, a rise or decline of 20 bps in a day or a similar rise or decline of 50 bps in a week. Table T.37 measures the impact on pre-tax revenues from an unlikely parallel shift of 200 basis points (bps) during December 2009.

Equity Price Risk

The VaR management for the Equity, as with other business lines, was within established limits for 2009. Risk allocated to variable rate securities was quite low during the year, in part because of low opportunities for investment versus other classes and also because of the low level of client related business requiring hedging techniques. VaR rose in the early part of the year, declining for the most part in sync with the rally in equity markets that began in March 2009 and which provided opportunities for profit taking and exiting the asset class.

Currency Rate Risk (FX)

For the year, foreign exchange markets in general presented high levels of volatility, as a consequence of economic uncertainty in the various economic blocs. During the year, expectations regarding interest rates changed frequently in the main economies, with direct impact on exchange rates. Banco BiG does not speculate in foreign exchange and fairly low VaR limits reflect the Bank's strategy of limiting foreign exchange exposure to mainly client businesses and related flows.

T.38 %

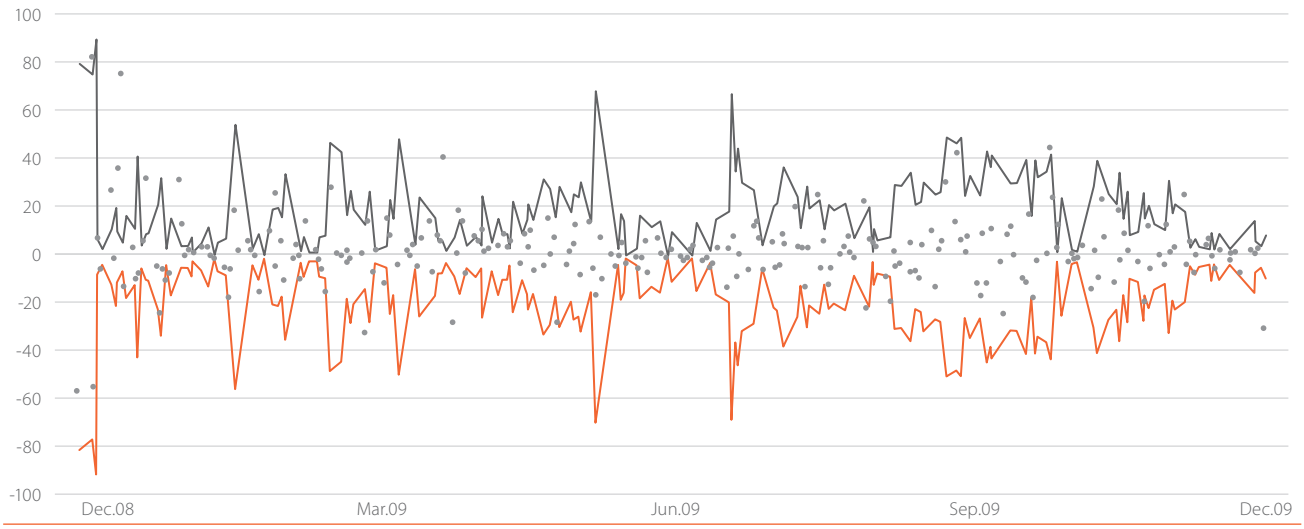
Performance for main indices 2003-2009

Year	PSI20	IBEX	SX5E	CAC	DAX	SPX	NDX	NKY
2003	15.84	28.17	15.68	16.12	37.08	26.38	49.12	24.45
2004	12.64	17.37	6.90	7.40	7.34	8.99	10.44	7.61
2005	13.40	18.20	21.28	23.40	27.07	3.00	1.49	40.24
2006	29.92	31.79	15.12	17.53	21.98	13.62	6.79	6.92
2007	16.27	7.32	6.79	1.31	22.29	3.53	18.67	-11.13
2008	-51.29	-39.43	-44.37	-42.68	-40.37	-38.49	-41.89	-42.12
2009	33.47	29.84	21.14	22.32	23.85	23.45	53.54	19.04
2003-2009*	**25.44**	**54.32**	**7.40**	**10.64**	**50.24**	**0.29**	**26.73**	**-1.22**

***from 31.12.2003 to 31.12.2009**

G.6 • P&L Var Var €/000

FX

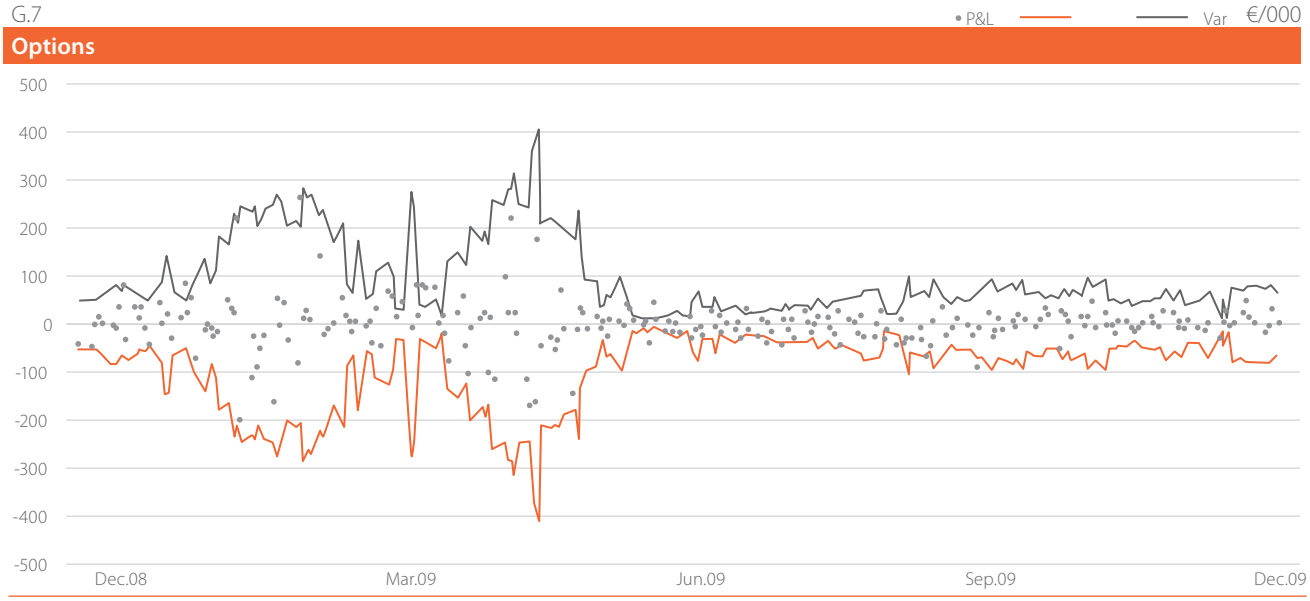


T.39 €

Greeks	Rho	Vega	Delta	Theta
Min	-115,727	-20,267	238,007	-19,261
Max	9,530	41,773	457,197	13,992
Average	-62,212	8,998	376,140	-875
Std Dev	24,228	13,937	44,460	3,964

Rho: Sensibility to interest rates
Vega: Sensibility to volatility
Delta: Sensibility to the underlying asset
Thera: Sensibility to time

G.7



Measuring market risk in derivatives

The measurement of risk of the derivative trading books of the Bank depends upon a number of market related variables, including the price of the underlying asset, volatility, interest rates and time to maturity. The Bank measures its exposures to these variables by running sensitivity analyses known as "greeks," which are mathematical terms defined in table T.39. Graph G.7 summarize the evolution of these exposures throughout the year. In general terms, implied volatility measured by the principal references indices (V2X Index and VIX Index for Europe and the USA, respectively) declined gradually during 2009, after starting the year at historically high levels, which reflected trends left over from the prior year. With the recovery in equity markets, the return of carry trade strategies and the relative normalization of credit markets.

Limits

Limits on trading activity are essential to the process and involve approved restrictions by class of product, by tenor, and by

individual trader. They may be measured via a combination of non-statistical measures, including basis point values (bpvs), and statistical measures, such as value at risk (VaR), discussed above. The volatility and dynamic nature of the financial markets require that the Market Risk function ensure continuous update, daily reporting, dialogue and review of assumptions and models. A number of criteria are used for determining appropriate limits on trading, including our current and historical analyses of markets, statistics on volatility and liquidity, fundamental and technical analysis, the level of experience and performance of traders and managers, and importantly, the Bank's appetite for risk in accordance with market conditions.

Approved limits specifying authorized exposures by type are reviewed regularly and are communicated formally and periodically to managers, traders and back office personnel. Trading units are responsible for adhering to approved limits, which are monitored by separate and independent back office functions to ensure that positions are valued and recorded accurately.

Reporting

On a daily basis, back offices compile and report positions to Management based on established statistical and non-statistical measures. Exceeded limits are reported to Senior Management immediately and action is taken to guarantee compliance with the limit. Such formal controls are enhanced by informal systems of monitoring position-taking and limits, including at least daily meetings by Senior Management with trading areas to review positions, evaluate trends and results, and to modify strategies accordingly.

Credit Risk

Credit Risk represents the loss the Bank would incur if a borrower, counterparty or issuer of securities or other instruments we hold failed to perform under its contractual obligations to us.

The Bank is exposed to credit risks associated with a number of its activities. These include, broadly, direct exposure to clients who have contracted loans, direct exposure to credit risks associated with securities issued by third parties and held as investment or trading assets of the bank, and market or settlement risk associated with trading activities by clients. Those credit risks arising from dealings with professional counterparties as well as issuers of quoted securities are assessed in combination with procedures for managing market risks discussed above in Market Risk.

In general, credit exposures at BiG may include loans, corporate bonds, full value and replacement value inter-bank risks, securities-related settlement risk, receivables under derivative and foreign exchange contracts, and lending-related commitments under guarantees and similar facilities (Note 36). In its process of analysis and approval, the Bank assesses these exposures at a number of levels: at the level of individual transaction, at the level of maximum exposure to the client and, separately, at the level of respective portfolios to measure concentration of risks in a given sector or industry. As a matter of policy, all exposures are assessed and processed for approval, whether on or off-balance sheet in nature. Controls over Market risk, as a result, often overlap with assessments of credit risk. In the course of the Bank's day to day activity, integrated systems to monitor exposures are an essential element in the process of credit risk management.

Since the Bank is in the business of actively assuming and managing risks, as opposed to avoiding them, Management views credit risk as an accepted part of our business model and fundamental to generating revenue and value for our shareholders. Given the importance of developing profitable business while taking risk and using capital prudently, the credit risk process aims to preserve the independence of the approval process, while allowing an effective integration with the management of business objectives. This process begins with the Board of Directors, which approves general policies and guidelines for credit risks. The Board then delegates in the Chief Credit Officer and to other members of the Credit Risk Committee and support personnel the day to day implementation of these policies and responsibilities, which include:

- Analysis and control of counterparty risks
- Quantitative and qualitative guidelines for credit reviews
- Control of client, family and "house limit" risks
- Documentation, control and filing systems
- Management and control of risk monitoring systems and procedures
- Maintenance of a credit scoring and approval matrix
- Attention to the integrity and independence of the approval process
- Adherence to regulatory guidelines
- Pricing policy

T.40 €/000

Nature of credit exposure	Cash and deposits in central banks	Financial assets held for trading	Deposits in other credit institutions	Loans to clients	Investments held to maturity	Off-Balance*	Total
31.Dec.2008	99,154	75,132	162,500	29,233	134,538	1,505	502,061
31.Dec.2009	77,926	308,688	69,304	56,713	141,753	1,406	655,790

Nature of credit exposures

The nature of credit risks varies from cycle to cycle. During 2009, the five main asset categories comprising direct credit risk shifted as credit spreads widened, thereby providing the opportunity for the Bank to increase exposures at wider credit spreads, while simultaneously improving the quality and credit rating of the portfolio. Cash on hand and interbank placements declined accordingly as the credit crisis began to ease during 2009.

In broad terms, the Bank's business strategy reduces credit risk to two broad categories:

- Secured facilities, which arise from our trading relationships with mainly retail clients and which represent the largest percentage of loans managed in simple numerical terms. As a percentage of total loans, this category of credit represented 98% of the total in 2009.

- Unsecured facilities, which arise out of our market trading activities with professional counterparties, portfolio investments in corporate or government issuers of debt, or on occasion, which include extensions of credit to corporate borrowers based on an objective analysis of quantitative and qualitative criteria regarding the standalone creditworthiness of the client. Given the size of the Bank's investment portfolio of corporate and sovereign senior bonds, this type of facility represents the largest portion of credit exposure for the Bank.

Other types of credit extension, such as consumer or commercial lending are a less significant part to the Bank's business. Moreover, lending to support advisory activities, or linked to investment banking or capital markets mandates is discouraged and is, in any case, subject to a separate decision.

Credit Procedures

In accordance with the Bank's Credit Policy, the basis for approving credit exposures, whether secured or unsecured, generally includes a determination of a risk score for the credit exposure, calculated based on primarily objective criteria. The results of the process of financial analysis and risk-scoring serve as the basis for deciding the returns associated with the risk assumed, including considerations on minimum pricing, acceptable structure, tenor and appropriate documentation.

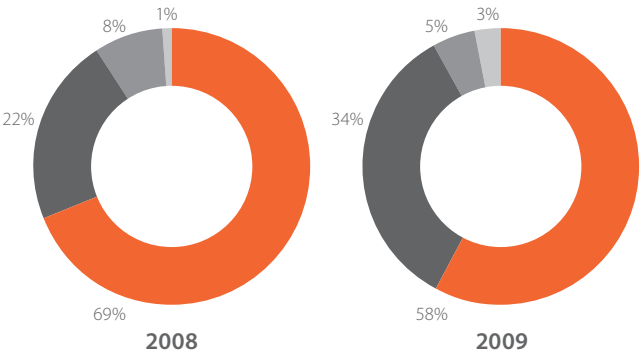
As part of the process of extending any type of credit exposure, the Bank follows a pre-established approval matrix, which combines the results of credit scoring, tenors, maximum levels of overall exposure including any transaction under consideration, and the pre-approved levels of lending authorities granted to members of the Credit Risk Committee. Other criteria for determining levels of signature include the existence and type of collateral underlying the full-value exposure.

Controls on margins

With respect to direct lending to clients, margin accounts comprised the largest portion of the Bank's relatively modest loan book. The Bank manages the inter-related market, operational and credit risks arising from margin accounts via an automatic system of controls over limits as well as mechanisms for automatic execution when pre-established levels of risk have been reached. This mechanism of control is based on a risk weighting allocated to different types of equities based on market volatility, as a basis for determining levels of leverage permitted in the loan account as a percentage of collateral. These levels are monitored on a real-time basis. The objective is to identify differences in lower and higher risk securities and to adjust, automatically, levels of potential exposure and eventual call and execution margins to the varying levels of risk. Our experience has been that

G.8 Rest of the world U.S.A. Other U.E. Portugal

Credit Risk Geographical Distribution



T.41 €/000

Overall credit exposure by maturity	Until 1 yr	Between 1 and 5 yrs	More than 5 yrs	Undetermined	Total
Assets					
Cash and deposits in central banks	77.9	-	-	-	77.9
Financial assets held for trading / sale	30.5	95.5	145.8	36.8	308.7
Application in credits institutions	69.3	0.0	-	-	69.3
Loans to clients	47.9	3.1	5.8	0.1	56.9
Investments held to maturity	29.0	93.1	19.6	-	141.8
Off Balance	1.2	0.2	-	-	1.4
Total	**255.8**	**192.0**	**171.2**	**36.9**	**655.9**

this type of lending can be a profitable use of capital and represents a relatively low risk to the Bank, based on empirical data. More importantly, this type of disciplined, secured lending has experienced negligible levels of credit-related losses, even under extreme market conditions experienced during the past year. (Note 20).

Mortgage, equity and auto loans are also available to our clients. Considering the nature of the credit cycle and extreme competition offered by specialized lenders, these loan products are seen currently as enhancements to our core offering and did not represent a significant portion of the loan portfolio in 2009.

Unsecured exposures

Such extensions of credit or related exposures that are not fully-collateralized, or where the collateral offered may not be liquid, require an objective review of historical financials and conservative projections as a basis for approving any type of facility. Other criteria used as part of the approval process include qualitative considerations, such as ownership, the quality and reputation of management, the borrower's positioning and performance within its peer group and other relevant information. In addition to in-house analysis, the Bank may rely, in part, on information and analysis provided by other independent sources, including international rating agencies, particularly in the case of non-domestic issuers and financial institutions.

T.42 €/000

Corporate and sovereign debt by maturity	Until 1 yr	Between 1 and 5 yrs	Between 5 and 10 yrs	More than 10yrs	Total
Government and other public entities	0.0	72.2	40.6	90	121.8
Mortgage securities	12.3	27.1	0.0	23.5	62.9
Corporate	18.7	65.1	21.2	0,0	105.0
Financial institutions	9.0	77.5	15.5	0,0	102.0
Commercial paper	18.5	0.0	0.0	0.0	18.5
Total	**58.5**	**241.9**	**77.3**	**32.5**	**410.2**

Principal full-value unsecured exposures are to financial institutions via the interbank money market, i.e. where the Bank acts as a lender to other banks, to the corporate and sovereign sector represented by quoted debt securities of varying maturities, and to retail and corporate clients in the form of consumer facilities, short term margin accounts and medium term loan arrangements, which represented less than 10% of earning assets at year end.

Stress testing the credit portfolio

As with other portfolios, whose risks are measured in a variety of manners on a daily basis, the Bank's corporate debt portfolio is subject to a number of daily stress tests in order to provide Management with an assessment of potential losses, assuming a number of different scenarios. The most extreme scenario, or Armageddon stress test, represents a daily measure of potential losses by portfolio, by largest individual potential loss, and by industrial sector. At year end, the average rating of the portfolio was AA-. Table T.43 provides the Moody's transition ratings matrix for a period equal to the modified duration of the Bank's bond portfolio, wich are used as a basis for simulations. Simulations then assume, as a base, the probability of default of an issuer, or issuers simultaneously, and the impact on the market's perception of credit risk, based on a significant widening of spreads and the assumption of extremely low recovery rates as low as 10%, which Management deems to be historically conservative. The objective of testing scenarios is to determine the extent to which earnings may be affected and shareholder funds may be depleted in theoretical circumstances, as a primary means to maintain discipline and control position taking or excessive concentrations.

Examples of the results of such tests on 31 December 2009 are described in Table T.44 and show that, under conditions projected to be several times worse than the lowest point of the 2008 credit crisis, the Bank would suffer mark to market losses that represent a fraction of shareholder funds, which at no time place the Bank's solvency at risk.

Credit Exposure to Derivatives

Derivatives contracts are instruments, such as futures, forwards, swaps and options, which derive their value from underlying assets, indices, or other financial concepts. BiG

T.43 %

Rating Transition Matrix	Aaa	Aa	A	Baa	Ba	B	Caa-C	Default	WR
Aaa	68.62	18.73	2.69	0.11	0.12	0.00	0.00	0.00	9.72
Aa	2.41	65.85	16.87	1.51	0.37	0.11	0.00	0.04	12.83
A	0.15	6.24	67.45	11.30	1.80	0.51	0.10	0.22	12.23
Baa	0.15	0.67	11.28	61.40	8.20	2.20	0.64	0.87	14.59
Ba	0.03	0.10	1.31	11.32	44.33	12.70	1.43	4.81	23.98
B	0.03	0.08	0.31	1.26	9.14	39.27	6.93	14.65	28.34
Caa-C	0.00	0.02	0.06	0.55	2.05	10.56	20.62	33.29	32.87
Probability of a bond moving from one rating to another in the time period of 3 years (average modified duration of the portfolio)									

Average three-years broad rating migration rates, 1970-2007

T.44 €

Stress testing the credit portfolio					
Largest 10 Stress Test		**Largest by Sector**		**BPV's by Sector**	
Ford Motor Co	-2,573,954	Basic materials	-186,250	Basic materials	-942
Banco Popular Español SA	-1,707,608	Communications	-1,450,072	Communications	-7,114
Caixa Geral de Depósitos SA	-1,671,104	Consumer, cyclical	-5,110,233	Consumer, cyclical	-5,900
British Airways PLC	-1,567,815	Consumer, non-cyclical	-1,147,240	Consumer, non-cyclical	-3,195
United States of America	-1,491,972	Energy	-39,664	Energy	-161
Portuguese Republic	-1,228,641	Financial	-7,476,688	Financial	-22,828
Banco Santander SA (Santander)	-1,158,753	Government	-2,819,197	Government	-61,999
SAGRES Sociedade de Titularizac (BPI)	-1,107,388	Industrial	-684,650	Industrial	-9,961
Banco Bilbao Vizcaya Argentari	-856,800	Mortgage securities	-4,311,011	Mortgage securities	-629
Lusitano Mortgages Plc (BES)	-836,828	Utilities	-128,423	Utilities	-1,749
Total	**-14,200,863**		**-23,353,429**		**-114,478**

utilizes derivative financial instruments and foreign exchange instruments to manage the Bank's exposures to the markets, to meet the financial needs of its customers and to generate revenues through its trading activities. In assessing risks, the Bank follows the same credit procedures for derivatives and foreign exchange-related exposures, as it does for traditional lending products described above. Credit limits for these products are calculated and controlled on the basis of potential exposure, which takes into consideration current market values and estimates of future movements in market rates based on statistical criteria. As part of the process, BiG calculates the cost of replacing a derivative or foreign exchange contract as the primary measure of exposure to credit risk. This is defined as the cost of replacing a contract at extreme market

T.45 €/000

Equity Swaps	Notional		< = 1 year	
	2009	2008	2009	2008
National banks	5,025	48,795	-	0.035
International banks	-	18,395	-	0.506
Total	**5,025**	**67,190**	**-**	**0.541**
RISK / Nominal				**0.805%**

T.46 €/000

Financial Options	Notional		< = 1 year	
	2009	2008	2009	2008
National banks	35,143	11,843	0.035	0.086
International banks	17,570	40,413	0.228	2.264
Total	**53,713**	**52,256**	**0.263**	**2.350**
RISK / Nominal				**4.497%**

conditions should a counterparty default prior to the date of settlement. The Bank uses mark to market procedures and Value at Risk measures to assess the cost of replacing a derivative or foreign exchange contract in the open market.

In managing its potential exposure, the Bank seeks to reduce overall risk by dealing to a large degree with investment grade financial institutions, with which the Bank generally exchanges Credit Support Agreements (CSA's). In the case of other clients with whom the Bank may close contracts from time to time in connection with its portfolio management activities, risk is further mitigated by the inclusion of collateral arrangements covering normally 100% of potential exposure.

A summary of notional derivatives exposure and related receivables under contracts with counterparties at 31 December 2009 shown in T.45 and T.46.

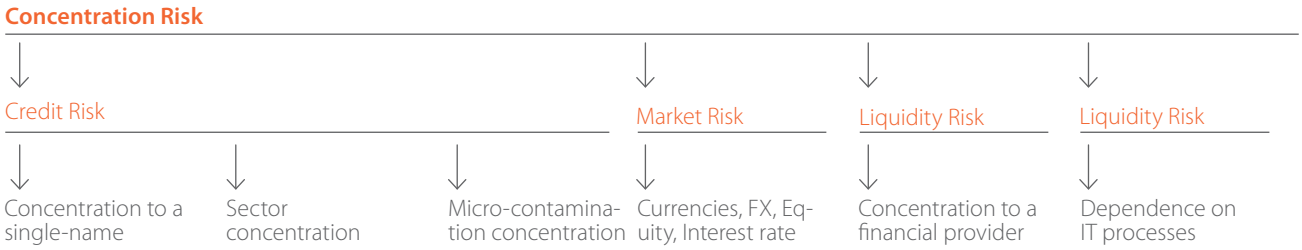
Managing Concentration of Risks

Globally, the Bank views its exposure to concentrations of risk across a number of areas, including credit risk, market risk, liquidity risk and operational risk. The management of non-credit risks is discussed in the relevant sections of this report.

In managing credit concentrations, Management and the Bank's risk area focuses on daily reports which summarize the largest concentrations of risk, including direct, indirect and contingent exposures. These are divided by financial and non-financial exposures. The reports among others serve as a management tool to monitor large exposures regularly and serve as a basis for periodic reporting of regulatory limits, including exposures equal to 10% of own funds and legal lending limits, representing 20% of consolidated capital funds (non-banks).

Provision for Credit Risks

The Bank's legal provision for credit risks is based on prudential criteria and Bank of Portugal regulations and is available to absorb potential losses deriving from the loan portfolio. Based on central bank regulation 3/95 of June 30, with alterations introduced by the Bank of Portugal under Avisos nº 2/99 and 8/03 of 26 and 30 January, respectively, the provision represents 1% of total loans and guarantees outstanding (1.5% in the



case of consumer loans and 0.5% for mortgage loans and real estate leasing, in both cases where the real estate is occupied by the mortgagee or lessee). Specific provisioning, as necessary, is subject to the same Aviso. Calculations for economic provisions are made periodically on specific risks deemed by Management to require special attention and are subject to an internally-produced model.

Operating Risk

Operating risk is part of our day to day business and our exposure to losses may arise as a result of inadequate procedures or systems, human risk or external events.

The Bank, given the nature of its business, has exposure to potential losses and/or risk to our reputation, as a result of human or systems-related operational errors, unexpected interruptions in business processing or insufficient execution on the part of third party suppliers of significant components of our complete business model. In the process of managing operating risks pro-actively to keep exposures to minimal levels, the Bank reviews its system of internal governance on a regular basis to ensure the smooth running of the business under both normal and unusual circumstances. These systems and procedures are designed to reduce the risks of fraud from internal or external sources, or of errors or breakdowns, which can be the result of unexpected events associated with the technology and systems infrastructure, procedures and telecommunications.

Responsibility for managing operating risks lies with the heads of individual business units. To monitor risks and the execution and enforcement of procedures throughout the Bank is a separate governance structure, consisting of the following internal oversight groups reporting to the Board:

- **Operational Risk**, which reviews the appropriateness of internal procedures, adequacy of human and systems support to conduct normal business functions and day to day risks to which the Bank is exposed, based on both self-assessment processes and planned internal and external audits.
- **Technology Risk**, which oversees the adequacy and security of the complex technical infrastructure supporting every aspect of the Bank's internal processing, reporting and links with third party suppliers of information and execution services.
- **Internal Control and Compliance**, combining members of the Board and head the of the Compliance department, whose responsibilities include monitoring the Bank's adherence to regulatory and legal issues, enforcement of internal operating procedures, code of ethics and related matters.

The internal committees also regularly conduct self-assessment exercises to identify and take action on risks associated with operations, technology, and regulatory compliance. The control processes include, as examples, continuous review of relevant operating procedures, adherence to regulatory guidelines, internal and external audits of operating departments, systems, commercial and trading areas, back-up procedures and the maintenance of outsourcing arrangements and an appropriate business

recovery plan to reduce the effects of any unforeseen interruption of the Bank's business activities.

While operating errors do occur on occasion, it is the aim of the above governance structure and internal departments to ensure adherence to established guidelines such that the costs of such errors are kept to levels commensurate with our capital and business strategy. To assist in this control, the Bank has internal procedures for reporting data associated with operational errors to Senior Management on a regular basis. Such analyses and reporting allow for problems to be identified at their source and amended accordingly.

Management believes that one of the main components in managing such risks, when combined with an evolving structure of governance, is the creation of a culture of risk identification and mitigation, which encourages both communication of potential problems to senior managers and their proactive resolution.
Taken together, the Bank seeks to limit operating risks to a reasonable degree, considering the Bank's capital, earnings flow and business environment, while improving execution, permitting scalability of key areas of our business and maintaining the integrity of our internal controls in a secure environment.

Processing and Systems

The Bank's IT team designs, installs and maintains BiG's technology and communications infra-structure, which is essential to the smooth running of the organization on a continuous basis. This area supports every business segment of the Bank, from internal information and basic communication services to the technology and programming supporting the Bank's complex, transactional online platform, BiGonline.

With a stable, efficient and sophisticated IT platform based on the latest technology, Management set as a priority for 2009 an enhancement of the security and operational efficiency of the processing of all transactions as well as a measurable increase of quality of service in compliance with internal controls and external reporting to clients, shareholders and regulators.

Reengineering of core components of the Bank's platforms led to a decrease of up to 82% of processing errors, bringing each class of errors to less than 10 a year. With a constant monitoring of all operational activity and its impact on P&L, the culture of compliance and controls implementation was further enhanced during 2009.

Innovative measures for controlling transaction risk, using SMS security tokens, were implemented providing unparalleled security to clients using the online services provided by the Bank.

The Bank's Information Technology team (IT) and Operations Support areas (Operations) are responsible for the efficient processing and related controls and together accounted for approximately 25% of total staff. Other support areas, such as Accounting and Internal Audit and Internal Control and Compliance, are also involved in the implementation of new systems, processing strategies and new products to guarantee efficient reporting and appropriate compliance with regulatory and statutory issues.

During 2009 the Bank launched and integrated with its systems architecture, a trading platform for CFD's allowing clients to access a new investment product and platform with full integration with the look and feel of the Bank's online product and service portfolio.

Migration to the latest platforms such as SQL 2008, Windows 2008 was started during 2009, with minimal impact in the banks operation, and leveraging the Bank's migration of its core components into a full .NET implementation, so that its platform has a clear evolution path for years to come.

Virtualization became pervasive within the bank's infrastructure allowing for a decrease in hardware costs, as a more efficient allocation of global processing power was achieved using this technology for all business systems.

Meanwhile, the Bank makes continuous updates to the trading platforms and to their security, designed to maintain the physical integrity of the infrastructure and to ensure an environment that is free from external contamination.
Going forward, the goal is to offer powerful, lighter, easy to maintain tools robust enough to support a wider range of client segments, backed by continuous updates to the security architecture.

Compliance Function

Compliance begins with a culture that encourages appropriate behavior, respect for rules and concern for the interests of clients, shareholders and counterparties of the Bank.

This function is responsible for (i) ensuring respect for applicable legal and regulatory requirements, including approved terms and standards of internal codes of conduct, (ii) promoting an environment of control and transparency in the organizational structure that is commensurate with the complexity of services offered and the size of the institution, (iii) monitoring the adequacy and efficiency of controls associated with banking risks, and, (iv) protecting the reputation of the Bank.

With respect to anti-money laundering and risks associated with financing of terrorism, the Bank's compliance function is responsible for controlling and detecting suspicious transactions and for monitoring the execution of duties in accordance with current legislation regarding the opening of bank accounts and "know your client" rules. This area centralizes reporting of, and interaction with, law enforcement and supervisory entities with respect to investigation and analysis of suspicious processes and transactions.

Compliance is also responsible for analysis and review of new products and services in the light of current regulation, promotes proactive management and prior validation of the risks of such services, and is active in identifying and preventing conflicts of interest.

The Bank's systems of internal control is based on a culture of compliance with legislation and rules that govern banking activity, combined with clear internal procedures and policies concerning contractual obligations, personal conduct and relations with clients. Together these systems and procedures seek to reduce the risk of financial loss associated with potential legal sanctions, limitations on business and expansion, non-enforcement of contracts and impairment of reputation deriving from non-compliance.

Internal Audit

Internal Audit plays a key role in the system of internal controls of the Bank and to the process of ensuring appropriate allocation of capital to operating risk. Regular inspections are based on priorities defined by the Board, in view of risks inherent to the Bank's various activities and businesses, and encompass the following:

- Examination and evaluation of the appropriateness and efficacy of systems of internal control;
- Review of procedures on risk management and methodologies associated with controls of various risks;
- Review of internal management information systems;
- Review of the accuracy of accounting registers and financial reporting;
- Review of procedures on safekeeping and custody of assets;
- Review of the system of capital adequacy in relation to risks assumed by the Bank;
- Tests of internal control procedures using transactions and specific processes;
- Review of systems designed to ensure compliance with (i) legal and regulatory requirements, (ii) codes of conduct and (iii) the adoption of policies and procedures;
- Tests on compliance with regulatory reporting deadlines;
- Analysis and treatment of complaints.

The Audit function is objective and impartial and, through its periodic analyses, plays an essential role in identifying any weaknesses in control processes and risk management policies, conformity to internal procedures and standards of integrity and quality defined by the Bank. Inspections cover all business and operating areas with results reported directly to the Board.

Lisbon, 17 March 2010

Board of Directors

KPMG

KPMG & Associados - Sociedade de Revisores Oficiais de Contas, S.A.
Edifício Monumental
Av. Praia da Vitória, 71 - A, 11°
1069-006 Lisboa
Portugal

Telephone: +351 210 110 000
Fax: +351 210 110 121
Internet: www.kpmg.pt

AUDITORS' REPORT

(This report is a free translation to English from the original Portuguese version)

Introduction

1. We have audited the consolidated financial statements of **Banco de Investimento Global, S.A.**, which comprise the consolidated balance sheet as at 31 December 2009 (showing total consolidated assets of Euro 703,349,940 and total equity of Euro 128,685,719, including a net profit of Euro 12,329,102), the consolidated statements of income, of comprehensive income, of changes in equity and of cash flows for the year then ended and the corresponding Notes to the accounts.

Responsibilities

2. The Board of Directors is responsible for the preparation of the consolidated financial statements in accordance with the International Financial Reporting Standards ("IFRS") as adopted by the European Union, that present fairly, in all material respects, the consolidated financial position of the Bank, the consolidated results of its operations, its comprehensive income, its cash flows and its changes in equity, for the adoption of adequate accounting policies and criteria and for maintaining an appropriate system of internal control.

3. Our responsibility is to issue a professional and independent report 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 misstatements. Accordingly our audit included:
   - verification that the financial statements of the companies included in the consolidation have been properly audited and, in those significant cases in which they were not, verification, on a test basis, of the information underlying the figures and its disclosures contained therein, and an assessment of the estimates, based on the judgements and criteria defined by the Board of Directors, used in the preparation of the referred financial statements;

- verification of the consolidation procedures and of the application of the equity method;
- evaluating the appropriateness of the accounting policies used and of their disclosure, taking into account the applicable circumstances;
- assessing the applicability of the going concern basis of accounting; and
- assessment of the appropriateness of the overall presentation of the financial statements.

5. Our audit also included the verification that the consolidated financial information contained in the Report of the Board of Directors is consistent with the financial statements presented.

6. We believe that our audit provides a reasonable basis for our opinion.

Opinion

7. In our opinion, the consolidated financial statements referred to above present fairly in all material respects, the consolidated financial position of **Banco de Investimento Global, S.A.** as at 31 December 2009, the consolidated results of its operations, its consolidated comprehensive income, its consolidated changes in equity and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union.

Lisbon, 26 March 2010

KPMG & Associados
Sociedade de Revisores Oficiais de Contas, S.A. (n.º 189)
Represented by
Inês Maria Bastos Viegas Clare Neves Girão de Almeida
(ROC n.º 967)

REPORT AND OPINION OF THE FISCAL BOARD ON THE CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of Banco de Investimento Global, SA:

In accordance with the law and company by-laws, the Fiscal Board hereby submits for your review the Report of its activity and its Opinion on the Consolidated Management Report and Financial Statements, presented by the Board of Directors of Banco de Investimento Global, SA, relating to the year ending on 31 December 2009, and also the report of the Fiscal Board on the legal certification of consolidated accounts, issued by the statutory auditor of Banco de Investimento Global, SA.

REPORT

1. The Fiscal Board analyzed the Consolidated Report of the Board of Directors and Financial Statements, comprising the consolidated Balance Sheet as at 31 December 2009, the consolidated Statement of Cash Flows and the respective Notes to the consolidated financial statements.

2. With respect to the consolidated Report of the Board of Directors, the Fiscal Board verified that its content is consistent with the consolidated Financial Statements, and that it satisfies legal and statutory requirements.

3. In reviewing the consolidated Financial Statements for the year, the Fiscal Board used, as a basis, the Legal certification and the Audit Report of the consolidated Accounts, prepared by the Statutory Auditor, with which we are in agreement.

4. As a consequence of its work, the Fiscal Board considers that the Consolidated Financial accounts are appropriate for the understanding of the financial condition of Banco de Investimento Global, SA, and its consolidated participations as at 31 December 2009, and with respect to the manner in which consolidated results were reached.

As a result of the above, the Fiscal Board is of the Opinion that the General Assembly approve the consolidated Report of the Board of Directors and the consolidated Financial Statements for the year ending 31 December 2009.

Lisbon, 30 March 2010

The Fiscal Board

José Fernando Catarino Galamba Oliveira
Ariadne Prata Arsénio Nunes
Alcino Cardoso

CONSOLIDATED FINANCIAL STATEMENTS

For the years ended 31 December 2009 and 2008
(Amounts in euros)

CONSOLIDATED PROFIT AND LOSS STATEMENT

For years ended 31 December 2009 and 2008

	Notes	2009	2008
Interest and similar income	4	17,210,684	21,626,128
Interest and similar costs	4	(5,292,599)	(11,935,517)
Net interest income		**11,918,085**	**9,690,611**
Income from capital instruments	5	1,322,547	887,313
Income from services and commissions	6	8,005,808	21,519,805
Charges with services and commissions	6	(1,574,887)	(8,303,344)
Profit / Loss of assets and liabilities held for trading	7	2,124,785	(7,242,155)
Profit / Loss of financial assets available for sale	8	12,612,148	4,416,762
Profit / Loss from exchange revaluation	9	1,853,417	3,306,143
Profit / Loss of disposal of other assets		(27,574)	-
Other operating results	10	289,242	72,368
Operating income		**36,523,571**	**24,347,503**
Staff costs	11	(11,043,138)	(8,357,235)
General administrative costs	13	(5,495,786)	(4,361,652)
Depreciation and amortization	23 e 24	(1,248,474)	(1,141,907)
Provisions net of cancellations	30	(12,480)	1,795
Impairment of credit net of reversals and recoveries	20	(23,142)	(30,199)
Impairment of other financial assets net of reversals and recoveries	18	(2,580,134)	(1,065,565)
Impairment of other assets net of reversals and recoveries	25 e 26	(512,153)	(146,791)
Operating costs		**(20,915,307)**	**(15,101,554)**
Operating result		**15,608,264**	**9,245,949**
Results from associated companies	25	(792,932)	(404,110)
Pre-tax profit		**14,815,332**	**8,841,839**
Taxation			
Current	31	(2,723,286)	(2,453,172)
Deferred	31	237,056	37,263
Net profit of the year		**12,329,102**	**6,425,930**
Earnings per basic share (in Euros)	14	0.15	0.08
Earnings per diluted share (in Euros)	14	0.15	0.08

The attached Notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For years ended 31 December 2009 and 2008

	Notes	2009	2008
Net Profit / Loss of the year		12,329,102	6,425,930
Other comprehensive income			
Change in fair value of financial assets available for sale		12,700,474	(13,417,083)
Actuarial gains and losses on the pension fund	12	649,406	(192,851)
Deferred tax	31	338,995	(607,784)
Current tax	31	(2,014,208)	2,429,650
		11,674,667	**(11,788,068)**
Comprehensive income recognised in the year		**24,003,769**	**(5,362,138)**
Attributable to:			
Shareholders of the Bank		24,003,769	(5,362,138)
		24,003,769	**(5,362,138)**

The attached Notes form part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

As at 31 December 2009 and 2008

	Notes	2009	2008
Assets			
Cash and deposits in central banks	15	4,822,680	2,633,391
Deposits in other banks	16	73,103,466	96,520,228
Financial assets held for trading	17	10,870,611	7,914,674
Financial assets available for sale	18	297,817,643	67,217,560
Applications in banks	19	69,303,683	162,499,861
Loans to clients	20	56,713,275	29,232,808
Investments held to maturity	21	141,753,449	134,538,441
Non-current assets held for sale	22	143,000	-
Tangible assets	23	18,538,539	11,747,327
Intangible assets	24	604,176	472,242
Investments in associated companies	25	4,794,425	5,614,917
Current tax assets		-	729,722
Deferred tax assets	31	417,455	-
Other assets	26	24,467,538	43,947,209
Total Assets		**703,349,940**	**563,068,380**
Liabilities			
Financing from central banks	27	203,783,194	84,011,667
Financial liabilities held for trading	17	1,885,328	5,346,592
Financing from other banks	28	9,560,027	9,788,544
Deposits from clients	29	304,985,007	296,489,764
Provisions	30	189,648	150,000
Current tax liabilities		2,741,184	-
Deferred tax liabilities	31	-	158,596
Other liabilities	32	24,519,833	59,753,837
Total Liabilities		**574,664,221**	**455,699,000**
Capital			
Capital	33	87,570,000	87,570,000
Issue premiums	33	8,886,393	8,886,393
Treasury stock	33	(433,261)	(2,116,274)
Fair value reserve	33	(2,917,071)	(13,942,332)
Other reserves and retained earnings	33	23,250,556	20,545,663
Net profit of the year		12,329,102	6,425,930
Total Capital		**128,685,719**	**107,369,380**
Total Liabilities and Capital		**703,349,940**	**563,068,380**

The attached Notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For years ended 31 December 2009 and 2008

	Capital	Prémios de emissão	Acções Próprias	Reserva de justo valor	Reserva legal	Outras reservas	Resultado líquido do exercício	Total de capital próprio
Balances on 31 December 2007	**75,082,920**	**5,756,889**	**(589,028)**	**(2,347,115)**	**2,072,430**	**11,162,624**	**11,268,265**	**102,406,985**
Other movements entered directly in equity								
Comprehensive income								
Alterations in fair value of financial assets available for sale	-	-	-	(13,417,083)	-	-	-	(13,417,083)
Actuarial gains and losses on the pension fund	-	-	-	-	-	(192,851)	-	(192,851)
Deferred tax	-	-	-	(607,784)	-	-	-	(607,784)
Current tax	-	-	-	2,429,650	-	-	-	2,429,650
Net Profit / Loss of the year	-	-	-	-	-	-	6,425,930	6,425,930
Total comprehensive income recognised in the year	**-**	**-**	**-**	**(11,595,217)**	**-**	**(192,851)**	**6,425,930**	**(5,362,138)**
Distribution of profit of the year 2007								
Transfer to reserves	-	-	-	-	1,102,668	6,429,646	(7,532,314)	-
Distribution of dividends	-	-	-	-	-	-	(3,735,951)	(3,735,951)
Change in equity	-	-	535,068	-	-	(49,104)	-	485,964
Change in loans and advances to employees for the acquisition of treasury stock	-	-	(2,062,314)	-	-	-	-	(2,062,314)
Employee stock options program	-	-	-	-	-	20,250	-	20,250
Increase in capital	12,487,080	3,129,504	-	-	-	-	-	15,616,584
Balances on 31 December 2009	**87,570,000**	**8,886,393**	**(2,116,274)**	**(13,942,332)**	**3,175,098**	**17,370,565**	**6,425,930**	**107,369,380**
Other movements entered directly in equity								
Comprehensive income								
Alterations in fair value of financial assets available for sale	-	-	-	12,700,474	-	-	-	12,700,474
Actuarial gains and losses on the pension fund	-	-	-	-	-	649,406	-	649,406
Deferred tax	-	-	-	338,995	-	-	-	338,995
Current tax	-	-	-	(2,014,208)	-	-	-	(2,014,208)
Net Profit / Loss of the year	-	-	-	-	-	-	12,329,102	12,329,102
Total comprehensive income recognised in the year	**-**	**-**	**-**	**11,025,261**	**-**	**649,406**	**12,329,102**	**24,003,769**
Distribution of profit of the year 2008								
Transfer to reserves	-	-	-	-	717,222	1,330,287	(2,047,509)	-
Distribution of dividends	-	-	-	-	-	-	(4,378,421)	(4,378,421)
Change in loans and advances to employees for the acquisition of treasury stock	-	-	1,683,013	-	-	-	-	1,683,013
Employee stock options program	-	-	-	-	-	7,978	-	7,978
Balances on 31 December 2009	**87,570,000**	**8,886,393**	**(433,261)**	**(2,917,071)**	**3,892,320**	**19,358,236**	**12,329,102**	**128,685,719**

The attached Notes form part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For years ended 31 December 2009 and 2008

	Notes	2009	2008
Cash flow from operating activities			
Interest and income received		18,633,632	21,361,094
Interest and costs paid		(5,516,637)	(11,237,599)
Services and commissions		6,437,324	13,250,263
Cash payments to employees and suppliers		(18,001,231)	(16,669,606)
Other costs and income paid/received		1,303,948	164,211
		2,857,036	**6,868,363**
Change in operating assets and liabilities:			
Deposits in central banks		(1,489,468)	(516,691)
Financial assets and liabilities held for trading		12,470,856	15,545,321
Applications in banks		92,010,803	26,291,725
Financing from central banks		146,000,000	84,000,000
Funding from banks		(235,234)	(33,231,192)
Loans to clients		(27,665,551)	43,952,753
Financing from clients		9,501,872	13,563,256
Other operating assets and liabilities		(17,486,888)	(17,135,608)
Cash flow net of the operating activities, before taxation on profits		**215,963,426**	**139,337,927**
Taxation on profits paid / received		750,465	(1,934,541)
		216,713,891	**137,403,386**
Cash flow from investment activities			
Acquisition of investments in subsidiary and associated companies		1,417,160	-
Dividends received		1,978,920	1,543,686
Financial assets available for sale		(222,830,864)	(86,236,049)
Investments held to maturity		(7,215,007)	(19,945,801)
Purchase of financial investments		(8,402,620)	(4,582,490)
		(235,052,411)	**(109,220,654)**
Cash flow from financing activities			
Treasury stock		-	485,965
Increase in capital		-	15,616,584
Dividends from ordinary shares paid		(4,378,421)	(3,735,951)
Cash flow net of financing activities		**(4,378,421)**	**12,366,598**
Net variation in cash and cash equivalents		**(22,716,941)**	**40,549,330**
Cash and cash equivalents at the beginning of the period		97,231,056	-
Cash and cash equivalents at the end of the period		74,514,115	97,231,056
		(22,716,941)	**97,231,056**
Cash and cash equivalents includes:			
Cash	15	1,410,649	710,828
Deposits in other banks	16	73,103,466	96,520,228
Total		**74,514,115**	**97,231,056**

The attached Notes form part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended 31 December 2009 and 2008
(Amounts in euros)

INTRODUCTION

The Banco de Investimento Global, S.A. (Bank or BiG) was created by public deed on 10 December 1998, and began its banking activity on 1 March 1999. The Bank is licensed to perform all transactions and provide all services allowed in the banking sector, with no legal restriction.

On 31 December 2008, the Bank held a shareholding of 41.01% in the share capital of B.I.G. Capital, S.G.P.S., S.A. (BiG Capital). During 2009 BiG sold 1,000,000 shares of BiG Capital, SGPS, SA. After this operation the Bank's investment in BiG Capital, SGPS, SA amounts to 5,562,138 Euros, corresponding to 2,781,069 ordinary shares and 2,781,069 non-voting preference shares, representing 34.76% of the share capital of BiG Capital. This company was founded on 29 November 1999, its main object being to manage shareholdings in other entities with the indirect purpose of exercising economic activities.

BiG Serviços Financeiros, S.A. fully owned by the Bank, was founded on 11 September 2008, and has the principal object of performing diverse financial services and activities.

NOTE 1 BASIS OF PRESENTATION

Pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council, of 19 July 2002, in its transposition into Portuguese legislation through Law no. 35/2005, of 17 February and of Notification no. 1/2005, of the Bank of Portugal, the consolidated financial statements of the Banco de Investimento Global, S.A. ("BiG" or "Group") are prepared in accordance with the International Financial Reporting Standards ("IFRS"), as adopted in the European Union.

The IFRS include the accounting standards issued by the International Accounting Standards Board (IASB) and the interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC), and by the respective preceding bodies.

The consolidated financial statements presented here relate to the year ended 31 December 2009 and were prepared in accordance with the IFRS, as adopted in the European Union up to 31 December 2009. The accounting policies used by the Group in the preparation of the financial statements reported on the 31 December 2009 are consistent with those used with reference to the 31 December 2008. The main standards and interpretations adopted in 2009 are mentioned in note 38.1. The main impact of the standards and interpretations was in terms of the presentation of the financial statements and of the disclosures with comparative values being presented in relation to the new disclosures required.

The financial statements are expressed in Euros. These were prepared in accordance with the historical cost principle, with the exception of assets and liabilities recorded at fair value, specifically derivative financial instruments, financial assets held for trading and financial assets available for sale.

The preparation of financial statements in accordance with the IFRS requires the Group to make judgements and estimates and uses assumptions which affect the application of accounting policies and amounts of revenues, costs, assets and liabilities. Alterations in these assumptions or differences between these and the actual situation can have an impact on the actual estimates and judgements. The areas which involve a greater degree of judgement or complexity, or where significant assumptions and estimates are used in the preparation of the financial statements are analysed in Note 3.

These financial statements were approved in a meeting of the Board of Directors on 17 March 2010.

NOTE 2 MAIN ACCOUNTING POLICIES

2.1. Consolidation principles

The consolidated financial statements presented here reflect the assets, liabilities and results of BiG and of its subsidiary companies and the results attributable to the Group referring to its shareholding in associated companies. The accounting policies were applied consistently to all of the companies in the Group.

Subsidiary companies

Subsidiary companies are classified as companies over which the Group exercises control. Control is normally presumed when the Group has the power to exercise the majority of the voting rights. Control may also exist when the Group has the power, directly or indirectly, to manage the financial and operational policy of a given company in order to obtain benefits from its activities, even if the percentage of equity that it holds is less than 50%. Subsidiary companies are fully consolidated from the moment that the Group assumes control over its activities until the time that this control ceases.

When the accumulated losses of a subsidiary exceed the minority interest in the equity of this subsidiary, the excess is attributable to the Group in the measure in which it was incurred. Subsequent profit obtained by this subsidiary is recognised as revenue of the Group until the losses previously absorbed are recovered.

Associated companies

Associated companies are classified as companies over which the Group has the power to exercise significant influence over financial and operational policy, although it may not have control. Normally it is presumed that the Group exercises significant influence when it has the power to exercise more than 20% of the voting rights of the associate company. Even when the voting rights are less than 20%, the Group may exercise significant influence through shareholding in the management of the associate company or in the composition of the Boards of Directors with executive powers. Investments in associated companies are recorded in the consolidated financial statements of the Bank by the equity pick-up method from the time that the Group acquires significant influence until the time this ends.

When the value of accumulated losses incurred by an associate company and attributable to the Group equals or exceeds the accounting value of the shareholding and of any other medium and long term interests in this associate company, the equity pick-up method is interrupted, except if the Group has the legal or constructive obligation to recognise these losses or has made payments in the name of the associate company.

Balances and transactions eliminated in consolidation

Balances and transactions between Group companies, including any unrealised gains or losses resulting from intra-group operations, are eliminated in the process of consolidation, except in the cases in which unrealised losses indicate that there is impairment which should be recognised in the consolidated accounts.

Unrealised gains resulting from transactions with associated entities are eliminated in the proportion of the Group's participation in them. Unrealised losses are also eliminated, but only in situations where they do not indicate that there is impairment.

2.2. Transactions in foreign currency

Transactions in foreign currency are converted at the rate of exchange in force on the date of the transaction. Monetary assets and liabilities expressed in foreign currency are converted into Euros at the rate of exchange in force on the date of the balance sheet. The exchange differences resulting from this conversion are recognised in profit and loss.

Non-monetary assets and liabilities recorded at historical cost expressed in foreign currency are converted at the rate of exchange on the date of the transaction. Non-monetary assets and liabilities expressed in foreign currency recorded at fair value are converted at the rate of exchange in force on the date on which the fair value was determined. The resulting exchange differences are recognised in profit and loss, except in respect of differences related with shares classified as financial assets available for sale, which are recorded in reserves.

2.3. Derivative financial instruments

Derivative financial instruments are recognised on the date on which they are traded, at their fair value. Subsequently, the fair value of these instruments is revaluated on a regular basis, with the gains or losses resulting from this revaluation being recorded directly in the results.

The fair value of derivative financial instruments corresponds to their market value, when available, or it is determined based on evaluation techniques including cash flow discount models and option evaluation models, as appropriate.

Embedded derivatives

Derivatives which are embedded in other financial instruments are treated separately when their economic characteristics and their risks are not related with the main instrument. These embedded derivatives are recorded at fair value with any variations being recognised in profit and loss.

2.4. Loans to clients

Loans to clients include loans originated by the Group, the intention of which is not their short term sale, and which are recorded on the date on which the amount of the loan is made available to the clients.

Loans to clients are not recognised in the balance sheet when (i) the contractual rights of the Group relating to the respective cash flow have expired, (ii) the Group substantially transferred all the risks and benefits associated with holding them, or (iii) notwithstanding the fact that the Group may have retained part, but not substantially all, of the risks and benefits associated with holding them, control over the assets was transferred.

Loans to clients are initially recognised at fair value plus transaction costs and are subsequently valued at amortised cost, based on the effective rate method, less impairment losses.

Impairment

The Group regularly assesses if there are objective signs of impairment in its credit portfolio. Impairment losses identified are charged against income and subsequently the charge is reversed if the amount of the estimated impairment loss is reduced in a later period.

A loan or loan portfolio, defined as a group of loans with similar risk characteristics, granted to clients may be classified as impaired when: (i) there is objective evidence of impairment resulting from one or more events which occurred after their initial recognition and (ii) when this event (or events) has an impact on the recoverable value of the future cash flow of this loan or loan portfolio, which can be reasonably estimated.

Initially, the Group evaluates if there exists objective evidence of impairment individually for each loan. For this evaluation and in the identification of loans with impairment on an individual basis, the Group uses the information input in the credit risk models implemented and considers the following factors, amongst others:

- the aggregate exposure to the client and if there are any overdue loans;

- the economic-financial viability of the client's business or professional activity and its capacity to generate sufficient cash flow to service its debt obligations in the future;
- the existence, nature and the estimated value of the collateral associated to each loan;
- if there are privileged creditors;
- the client's level of indebtedness in the financial sector;
- the amount and timing of estimated recovery.

If for a given loan there is no objective evidence of impairment on an individual basis, this loan is included in a group of loans with similar credit risk characteristics (credit portfolio), which is evaluated collectively – analysis of the impairment on a collective basis. Loans which are evaluated individually and for which an impairment loss is identified are not included in the collective evaluation.

If an impairment loss is identified on an individual basis, the amount of the loss to be recognised corresponds to the difference between the accounting value of the loan and the actual value of the estimated future cash flow (considering the recovery period) discounted at the effective original interest rate of the contract. The loan is presented in the balance sheet net of the impairment. For a loan with a variable interest rate, the discount rate to be used to determine the respective impairment loss is the effective current interest rate, determined by the rules in each contract.

The calculation of the present value of the estimated future cash flow of a guaranteed loan reflects the cash flow which might result from the recovery and sale of the collateral, less the costs inherent with its recovery and sale.

With regard to the analysis of impairment on a collective basis, loans are grouped together based on similar credit risk characteristics, according to the evaluation of risk defined by the Group. The future cash flow for a credit portfolio, the impairment of which is evaluated collectively, is estimated based on the contractual cash flow and on the historical loss experience. The methodology and the assumptions used to estimate the future cash flow are regularly revised by the Group in order to monitor the differences between loss estimates and the real losses. When the Group considers that a given loan cannot be collected, having recognised an impairment loss of 100%, this is written off from assets. Subsequent recoveries of loans previously written off in assets are recognised in profit and loss by the reduction in the amount of the impairment losses of the period.

2.5. Other financial assets

The Group classifies its other financial assets at the time of their acquisition considering the underlying intention, in accordance with the following categories:

- Financial assets held for trading
  This category includes financial assets for trading, which are those which are acquired with the main objective of being traded in the short term, or which are held as part of a portfolio of securities in relation to which there is evidence of recent activities which could lead to the making of short term gains.
- Investments held to maturity
  Investments held to maturity are financial assets with defined maturities and fixed or determinable payments, which the Group has the intention and capacity of holding to maturity.
- Financial assets available for sale
  Financial assets available for sale are non-derivative financial assets which the Group has the intention of keeping for an indefinite period, which are designated as available for sale at the time of their initial recognition or which are not classified in the above categories.

Initial recognition, measurement and non-recognition

The acquisition and disposal of financial assets held for trading and of financial assets available for sale is recognised on the date of the negotiation, or rather, on the date on which the Group undertakes to acquire or dispose of the assets (trade date).

Financial assets are initially recognised at their fair value plus transaction costs, except with regard to financial assets at fair value through profit & loss, in which case the transaction costs are recognised directly in profit and loss.

These assets are not recognised when (i) the contractual rights of the Group to receive their cash flow expire, (ii) the Group substantially transfers all the risks and benefits associated to their detention or (iii) notwithstanding the fact that it may keep part, but not substantially all the risks and benefits associated to their detention, the Group has transferred control over the assets.

Subsequent measurement

After their initial recognition, financial assets at fair value through profit & loss are evaluated at fair value, with any variations being recognised in profit and loss.

Financial assets held for sale are also recorded at fair value although respective variations are recognised in reserves until the financial assets are no longer recognised or an impairment loss is identified, at which time the accumulated value of the potential gains and losses recorded in reserves is transferred to profit and loss. Exchange variations associated to these financial assets are also recognised in reserves in the case of shares and in profit and loss in the case of debt instruments. Interest and dividends are also recognised in the profit and loss statement.

The fair value of listed financial assets is their current purchase price. If there is no listing, the Group estimates the fair value using (i) evaluation methodologies, such as the use of recent, similar transaction prices made in such market conditions, with discounted cash flow techniques and option evaluation models adapted so as to reflect the particular features and circumstances of the instrument, and (ii) evaluation assumptions based on market information.

Financial instruments for which it is not possible to reliably measure their fair value are recorded at acquisition cost net of impairment losses.

Transfers between categories

The Group makes the transfer of non-derivative financial assets with fixed or determinable payments and defined maturities from the category of financial assets available for sale to the category of financial assets held to maturity, provided it has the intention and the capacity to keep these financial assets to their maturity.

Transfers between these two categories are made based on the fair value of the assets transferred, determined on the date of the transfer. The difference between fair value and nominal value is recognised in profit and loss upon the maturity of the assets, based on the effective rate method, as well as the Fair Value Reserve on the date of the transfer.

Impairment

In line with the IFRS, the Group regularly assesses if there is objective evidence that financial assets, or a group of financial assets, show signs of impairment. For financial assets which show signs of impairment, the respective recoverable value is determined, with impairment losses being charged against income.

Financial assets, or a group of financial assets, are impaired whenever there is objective evidence of impairment resulting from one or more events which occur after their initial recognition, such as (i) for listed securities, a continued devaluation or significant drop in listed value, and (ii) for unlisted securities, when this event has an impact on the estimated value of the future cash flow of the financial assets, or group of financial assets, which may be reasonably estimated.

Impairment losses on investments held to maturity correspond to the difference between the book value of the assets and the current value of the estimated future cash flow, discounted at the original effective interest rate of the financial assets. In the case of variable interest rate assets, the discount rate to be used to determine the impairment loss is the effective current interest rate, based on the rules of each contract. If the amount of the impairment loss reduces in a subsequent period, and this reduction is related with an event which occurred after recognition of the impairment, this is reversed against the results of the year.

When there is evidence of impairment in the financial assets available for sale, the accumulated potential loss in reserves, corresponding to the difference between acquisition cost and the current fair value, less any impairment loss in the assets previously recognised in profit and loss, is transferred to profit and loss. If the amount of the impairment loss reduces in a subsequent period, the impairment loss previously recognised is reversed in the profit and loss of the year up to the reinstatement of the acquisition cost, except with regard to shares or other capital instruments, in which case the reversal of the impairment is recognised in reserves.

2.6. Financial liabilities

An instrument is classified as a financial liability when there is a contractual obligation for it to be settled by the payment of money or other financial assets, irrespective of its legal form.

Non-derivative financial liabilities include funding from credit institutions and clients, loans and short selling securities.

These financial liabilities are initially recorded for their fair value less the transaction costs incurred and subsequently at amortised cost, based on the effective rate method, with the exception of the short sales and of financial liabilities held for trading, which are recorded at fair value.

The fair value of liabilities quoted on a market is their quotation value. If this does not exist, the Group estimates the fair value using methods of assessment considering assumptions based on market information.

2.7. Capital instruments

An instrument is classified as a capital instrument when there is no contractual obligation for its settlement to be made by payment of money or any other financial asset, irrespective of its legal form, showing a residual interest in the assets of an entity after deduction of all liabilities.

Costs directly attributable to the issue of capital instruments are charged against equity capital as a deduction against the amount of the issue. Amounts paid and received for the purchase and sale of capital instruments are entered in equity capital, net of transaction costs.

Distributions made on behalf of capital instruments are deducted from equity capital as dividends when declared.

Treasury stock

Treasury Stock is entered in capital accounts at acquisition value and is not subject to revaluation. Capital gains and capital losses made on the sale of Treasury Stock are entered directly in equity capital without affecting the result for the year.

2.8. Compensation of financial instruments

Financial assets and liabilities are compensated and the net value is entered in the balance sheet when the Group has a legal right to compensate the amounts recognised and there is the intention to settle them at their net value, or to realise the asset and settle the liability at the same time.

2.9. Investments from credit recoveries

Investments from credit recoveries include property resulting from the resolution of clients' loan contracts. These assets are classified in the caption Non-current assets held for sale, and are stated at their initial recognition, for the lesser value between their fair value less the expected sale costs and the Balance Sheet value of the loan granted which was the object of recovery.

Fair value is based on market value, which is determined based on the expected sale price obtained through regular evaluations made by the Bank.

Subsequently, these assets are stated at the lower value between the value of their initial recognition and the corresponding current fair value less expected sale costs, and are not amortised. If there are unrealised losses, these are stated as impairment losses against the results of the year. The Bank obtains regular evaluations, made by specialists, of the investments from credit recoveries.

2.10. Assets with repurchase agreement

Securities sold with a repurchase agreement for a fixed price or for a price which is the same as the sale price plus interest inherent to the period of the operation are recognised in the balance sheet, being classified as assets given as guarantee. The corresponding liabilities are entered as amounts payable to other financial institutions or to clients, as appropriate.

Securities purchased with a resale agreement for a fixed price or for a price which is the same as the sale price plus interest inherent to the period of the operation are recognised in the balance sheet, with the purchase value being entered as a loan to other financial institutions.

2.11. Tangible assets

The tangible assets of the Group are valued at cost less the respective accumulated depreciation and impairment losses. The cost includes expenses which are directly attributable to the acquisition of the goods.

Subsequent costs with tangible assets are recognised only if it can be proven that future economic benefits will result from them for the Group. All expenses with maintenance and repairs are recognised as a cost, in accordance with the accrual accounting principle.

Land is not depreciated. The depreciation of other tangible assets is calculated using the straight-line method, at the following rates of depreciation which reflect the expected useful life of the goods:

	Years
Works on rented buildings	5
Furniture and material	8 and 10
Machines and tools	5 and 7
Computer equipment	3 to 4
Interior installations	4 to 8
Transport material	4
Safety Equipment	8
Buildings	50

When there is an indication that assets may be impaired, IAS 36 requires that their recoverable value be estimated, and that an impairment loss should always be recognised when the net value of an asset exceeds its recoverable value. Impairment losses are recognised in the profit and loss statement.

The recoverable value is determined as the higher of its net sale price and its usage value, which is calculated based on the current value of the estimated future cash flow which is expected to be obtained from the continued use of the assets and of their disposal at the end of their useful life.

2.12. Intangible assets

Intangible assets are recorded at cost and are depreciated linearly over the expected useful life of these assets, in this case 3 years.

2.13. Leasing

The Group classifies leasing operations as financial leasing or operational leasing, according to their substance and not their legal form, fulfilling the criteria defined in IAS 17 - Leasing. Operations in which the risks and benefits inherent to the ownership of assets are transferred to the lessee are classified as financial leasing. All other leasing operations are classified as operational leasing.

Operational leasing

Payments made by the Group under operational leasing contracts are entered in costs in the periods they relate to.

Financial leasing

As lessor

Financial leasing contracts are entered on their start date, in assets and in liabilities, at the acquisition cost of the property leased, which is equivalent to the current value of the lease instalments due. Instalment payments comprise (i) the financial charge which is debited in profit and loss and (ii) the financial amortization of the capital which is deducted from liabilities. Financial charges are recognised as costs through the period of the lease in order to produce a constant periodic rate of interest on the remaining balance of the liability in each period.

As lessee

Financial leasing contracts are entered in the balance sheet as loans granted for the value equivalent to the net investment made in the leased property. The interest included in the instalment payments debited to clients are entered as income while the amortizations of the capital also included in the instalment payments are deducted from the value of the loan granted to clients. The recognition of the interest reflects a constant periodic rate of return on the net remaining investment of the lessee.

2.14. Employee benefits

Employees under contract with Banco de Investimento Global are all registered with the Social Security.

The responsibilities of the Bank with pensions thereby consist of the payment of a contribution which will complement the eventual retirement payment from the Social Security system.

Up to 2005, the employees of the Bank and the members of the Board of Directors were covered by a Defined Contribution Plan.

On 8 April 2005, in the General Meeting of Shareholders, a proposal of the Remunerations Commission on the Retirement of the Directors was approved relating to the creation of a Defined Benefit Pensions Plan, which generically consists of the awarding of a retirement benefit for old age or disability, based on a percentage which increases according to the length of service in the Bank, of the last basic salary less the pension from the Social Security. The General Meeting delegated the formal establishment of this plan to the Board of Directors, as well as the specific definition of its terms.

On 29 December 2005 the Board of Directors of the Bank established the generically approved Plan, limiting the benefits and extending the Plan to the other employees of BiG, giving them the possibility of choosing, solely and unilaterally, between remaining in the Defined Contribution Plan or changing to the Defined Benefit Plan. This possibility for the others to choose was given in June 2006.

On this basis, the Bank has a Defined Contribution Plan and a Defined Benefit Plan in force.

Defined Contribution Plan

The contributions made are updated annually, based on eligible remunerations. Contributions made are recorded as a cost of the year in the caption Payroll Costs – Commitments with Pensions.

Defined Benefit Plan

Costs with past services, arising from the introduction of the Defined Benefit Plans in line with the decision of the Board of Directors of 29 December 2005, determined by independent actuaries based on the Projected Unit Credit Method and mutually compatible actuarial and financial assumptions, were recognised in accordance with IAS 19 – Employee Benefits as an asset and will be allocated to results over the remaining life of the services of the employees covered by

the plan, which on average is 11.5 years, on the date that the plan was introduced.

Liabilities with retirement pensions are calculated annually on the closing date of the accounts by independent actuaries based on the Projected Unit Credit Method. The discount rate used in this calculation is based on the market rates associated to obligations of highly rated companies, denominated in the currency in which the benefits will be paid and with a similar maturity on the date that the obligations of the plan end.

Actuarial gains and losses determined annually, resulting (i) from the differences between the actuarial and financial assumptions used and the values effectively verified and (ii) from the alterations in actuarial assumptions, are recognised in reserves.

Annually, the Bank recognises a total net value which includes the cost of the current service, the cost of the interest, the expected income from the assets of the fund, and an amount relating to the amortisation of the costs with past services deferred as a cost in its profit and loss statements.

The Bank makes payments to the funds in order to ensure their solvency, with the minimum levels being fixed as follows: full financing at the end of each year of the actuarial responsibilities for pensioners and a minimum financing of 95% of the actuarial value of the responsibilities for past services of employees in service.

On each balance sheet date the Bank evaluates the possibility of recovering any excess of the fund in relation to responsibilities with retirement pensions, based on an expectation of a reduction in future contributions necessary.

Stock option remuneration plan

The remuneration plan with stock options allows employees to acquire shares of the BiG at the option exercise price. Considering the terms and conditions of this plan, specifically the physical settlement of the options, this is accounted in accordance with IFRS 2, as an equity settled share based payment. On this basis, the fair value of the options attributed, determined on the date of attribution, is recognised in profit and loss as an entry against equity capital, during the vesting period.

Variable remunerations to Employees and Corporate Officers

In accordance with IAS 19 – Employees' Benefits, variable remunerations attributed to employees and to the corporate offices are accounted in the profit and loss of the year to which they relate.

2.15. Provisions

Provisions are recognised when (i) the Group has a present, legal or constructive obligation, (ii) it can be proven that payment will be required and (iii) when a reliable estimate of the value of this obligation can be made.

2.16. Taxation on profits

Taxation on profits includes current taxation and deferred taxation. Taxation on profits is recognised in the profit and loss statements, except when related with items which are moved in equity capital, a fact which implies their recognition in equity capital. Taxation on profits recognised in equity capital arising from the revaluation of financial assets available for sale is subsequently recognised in profit and loss at the time the gains and losses which gave rise to it were recognised in profit and loss.

Current taxation is that which is expected to be paid based on the taxable income calculated in accordance with the tax rules in force and using the tax rate in force.

Deferred taxation is calculated in accordance with the liability method based on the Balance Sheet, considering temporary differences between the accounting amounts of the assets and liabilities and the base amount used for tax purposes, using the tax rates in force and which are expected to be applied when the temporary differences are reversed.

2.17. Recognition of income from services and commissions

Income from services and commissions is recognised as follows:

- Income from services and commissions obtained in the execution of a significant act, for example such as commissions in the syndication of loans, are recognised in profit and loss when the significant act has been concluded.
- Income from services and commissions which are obtained as the services are provided is recognised in profit and loss in the period to which it relates.
- When income is part of the effective interest rate of a financial instrument it is stated in profit and loss by the effective interest rate method.

2.18. Recognition of interest

Results referring to interest from non-derivative financial instruments measured at amortised cost and held for trading, using the effective rate method, are recognised in Interest and Similar Income or Interest and Similar Costs. In relation to derivative financial instruments, the interest component inherent to the variation in fair value is not separated and is classified in results of assets and liabilities held for trading.

The effective interest rate is the rate which exactly discounts estimated future payments or receipts during the expected life of the financial instrument, or when appropriate, a shorter period, for the current net balance sheet value of the financial asset or liability. The effective interest rate is established upon the initial recognition of the financial assets and liabilities and is not subsequently revised.

For the calculation of the effective interest rate the future cash flow is estimated considering all the contractual terms of the instrument, but without considering, however, possible future credit losses. The calculation includes commissions which are an integral part of the effective interest rate, transaction costs and all the premiums and discounts directly related with the transaction.

In the case of financial assets or groups of similar financial assets for which impairment losses were recognised, the interest recorded in profit and loss is determined based on the interest rate used in the measurement of the impairment loss.

2.19. Earnings per share

Earnings per ordinary share are calculated by dividing the profit attributable to the shareholders of the Group by the average weighted number of ordinary shares in circulation, excluding the average number of Treasury Stock held by the Group.

For the calculation of results per diluted share, the average weighted number of ordinary shares in circulation is adjusted so as to reflect the effect of all potentially dilutive ordinary shares.

2.20. Cash and cash equivalents

For the purpose of the cash flow statement, cash and its equivalents include the amounts recorded in the balance sheet with a maturity of under three months as from the date of acquisition/contracting, where cash and deposits in other credit institutions are included.

Cash and cash equivalents exclude deposits of an obligatory nature made with central banks.

2.21. Standards and interpretations not yet adopted

The Standards and Interpretations not yet adopted by the Group are presented in Note 38.2.

2.22. Report by segments

Considering that the Bank does not have equity or debt securities which are traded publicly, in the light of paragraph 2 of the IFRS 8, the Bank does not present information relating to segments. The IFRS establish a series of accounting procedures and require management to make necessary judgements and estimates in order to decide the most appropriate accounting procedure. The main accounting estimates and judgements used by the Group in the application of the accounting principles are presented in this note with the objective of improving the understanding of how its application affects the results reported by the Group and their notification. A more detailed description of the main accounting policies used by the Group is presented in point 2.

NOTE 3 MAIN ESTIMATES AND JUDGMENTS USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS

3.1. Impairment of financial assets available for sale

The Group decides that there is impairment in its financial assets available for sale when there is a continued devaluation or significant drop in value in their fair value. The determination of a continued devaluation or significant drop in value requires judgement. In the judgement made, amongst other factors, the Group evaluates the normal volatility of the price of the shares. For the purpose and as a result of the high volatility and reduced liquidity of the markets during 2008, the following triggers for the existence of impairment were considered:

- Capital securities: devaluations in the acquisition value or market value of more than 30% lower than acquisition value for a period of over twelve months.
- Debt securities: whenever there is objective evidence of events which impact on the recoverable value of the future cash flow of these assets.

Furthermore, evaluations are obtained through market prices or evaluation models which require the use of given assumptions or judgements in the establishment of estimates of fair value.

Alternative methodologies and the use of different assumptions and estimates may result in a different level of impairment losses recognised, with the consequent impact on the results of the Group.

3.2. Fair value of derivative financial instruments

Fair value is based on market quotations, when available, and, in the absence of a quotation, it is based on recent, similar transaction prices made in market conditions, or based on evaluation methodologies, based on discounted future cash flow techniques considering market conditions, the temporal value, the profitability curve and volatility factors. These methodologies can require the use of assumptions or judgements in the estimate of fair value.

Consequently, the use of different methodologies or of different assumptions or judgements in the application of a certain model may lead to financial results different from those reported.

3.3. Impairment losses on loans and advances to clients

The process of evaluation of the credit portfolio in order to determine if an impairment loss should be recognised is subject to diverse estimates and judgments. This process includes factors such as the frequency of non-fulfillment, risk notations, rates of recovery of losses and estimates both of future cash flow and of the time of their receipt.

Alternative methodologies and the use of other assumptions and estimates may result in different levels of impairment losses recognised, with the consequent impact on the results of the Group.

3.4. Investments held to maturity

Investments held to maturity are financial assets with defined maturities and fixed or determinable payments which the Group has the intention and capacity to keep until their maturity, in accordance with the requisites of IAS 39.

The Group regularly assesses if there are objective signs of impairment in its portfolio of investments held to maturity. The use of alternative methodologies and different assumptions from those used in the calculations made could have a different impact on results.

3.5. Taxation on profits

The Group is subject to the payment of taxation on profits in diverse jurisdictions. The determination of the global amount of taxation on profits requires certain interpretations and estimates. There are diverse transactions and calculations for which the determination of the final amount of tax payable is uncertain during the normal business cycle.

Other interpretations and estimates may result in a different level of current and deferred taxation on profits recognised in the period.

The Tax Authorities are empowered to review the Group's calculation of its annual taxable earnings for a period of four or six years, in the case of there being tax losses brought forward. Thus, it is possible that there may be corrections to the annual taxable earnings resulting mainly from differences in the interpretation of tax law. However, the Board of Directors of the Group is confident that there will be no material corrections to the taxation on profits recorded in the financial statements.

3.6. Pensions and other employee benefits

Determining the responsibilities for defined benefit retirement pensions requires the use of assumptions and estimates, including the use of actuarial projections, the estimated profitability of investments and other factors which may have an impact on costs and on the responsibilities of the pensions plan.

Alterations in these assumptions could materially affect the values determined.

NOTE 4 NET INTEREST MARGIN

The value of this item is comprised by:

	2009			2008		
	From assets/ liabilities at amortised cost and assets available for sale	From assets/ liabilities at fair value through profit and loss	Total	From assets/ liabilities at amortised cost and assets available for sale	From assets/ liabilities at fair value through profit and loss	Total
Interest and similar income						
Interest from applications	1,776,404	-	1,776,404	7,611,366	-	7,611,366
Interest from securities available for sale	5,685,701	-	5,685,701	3,898,932	-	3,898,932
Interest from deposits	601,716	-	601,716	3,539,183	-	3,539,183
Interest from investments held to maturity	7,282,091	-	7,282,091	3,268,032	-	3,268,032
Interest from loans to clients	1,830,566	-	1,830,566	2,841,874	-	2,841,874
Interest from financial assets held for trading	-	12,158	12,158	-	4,600	4,600
Other interest and similar income	22,048	-	22,048	462,141	-	462,141
	17,198,526	**12,158**	**17,210,684**	**21,621,528**	**4,600**	**21,626,128**
Interest and similar costs						
Interest on deposits from clients	(3,728,922)	-	(3,728,922)	(10,039,564)	-	(10,039,564)
Interest from funding from banks	(47,363)	-	(47,363)	(1,125,567)	-	(1,125,567)
Interest from financing from central banks	(1,510,562)	-	(1,510,562)	(434,211)	-	(434,211)
Other interest and similar charges	(5,752)	-	(5,752)	(336,175)	-	(336,175)
	(5,292,599)	**-**	**(5,292,599)**	**(11,935,517)**	**-**	**(11,935,517)**
	11,905,927	**12,158**	**11,918,085**	**9,686,011**	**4,600**	**9,690,611**

NOTE 5 INCOME FROM CAPITAL INSTRUMENTS

On 31 December 2009, this caption, amounting to 1,322,547 Euros (31 December 2008: 887,313 Euros), comprises dividends from financial assets available for sale.

NOTE 6 RESULTS FROM SERVICES AND COMMISSIONS

The value of this item is comprised by:

	2009	2008
Income from services and commissions		
For transactions on behalf of third parties	4,682,317	15,955,658
For services rendered	1,553,603	2,137,340
For financial consultancy services	717,400	1,416,738
For commission sharing	435,225	574,775
For guarantees provided	7,388	251,037
For commitments before third parties	9,550	9,490
Other income from services and commissions	600,325	1,174,767
	8,005,808	**21,519,805**
Charges with services and commissions		
For transactions performed by third parties	(1,189,060)	(7,759,552)
For transactions on financial instruments	(217,635)	(278,498)
For banking services from third parties	(147,586)	(192,157)
Other charges with services and commissions	(19,371)	(72,913)
Other income from services and commissions	(1,235)	(224)
	(1,574,887)	**(8,303,344)**
	6,430,921	**13,216,461**

NOTE 7 PROFIT/LOSS OF ASSETS AND LIABILITIES HELD FOR TRADING

The value of this item is comprised by:

	2009			2008		
	Income	Costs	Total	Income	Costs	Total
Assets and liabilities held for trading						
Bonds and other fixed return securities						
From public issuers	1,850	-	1,850	37	-	37
From other issuers	657,674	(759)	656,915	939,310	(3,828)	935,482
Shares	17,563,849	(6,465,137)	11,098,712	24,163,279	(33,302,942)	(9,139,663)
Derivative financial instruments						
Contracts on exchange rates	3,837,436	(3,789,045)	48,391	112,411	(126,552)	(14,141)
Contracts on interest rates	-	(75,900)	(75,900)	811,500	(1,117,572)	(306,072)
Contracts on shares / indices	1,593,418	(2,701,503)	(1,108,085)	19,772,918	(13,358,469)	6,414,449
Contracts on credit events	-	-	-	905,952	(428,516)	477,436
Contracts on futures	10,967,929	(19,544,316)	(8,576,387)	29,078,050	(39,276,857)	(10,198,807)
Other	3,914,980	(3,835,691)	79,289	31,804,632	(27,215,508)	4,589,124
	38,537,136	**(36,412,351)**	**2,124,785**	**107,588,089**	**(114,830,244)**	**(7,242,155)**

NOTE 8 PROFIT/LOSS OF FINANCIAL ASSETS AVAILABLE FOR SALE

The value of this item is comprised by:

	2009			2008		
	Income	Costs	Total	Income	Costs	Total
Bonds and other fixed income securities						
From public issuers	2,837,079	(6,751)	2,830,328	4,823	(24,850)	(20,027)
From other issuers	8,426,879	(16,781)	8,410,098	1,854,560	(115,231)	1,739,329
Shares	1,443,162	(71,440)	1,371,722	2,980,230	(282,770)	2,697,460
	12,707,120	**(94,972)**	**12,612,148**	**4,839,613**	**(422,851)**	**4,416,762**

NOTE 9 PROFIT/LOSS OF EXCHANGE REVALUATION

On 31 December 2009, this caption comprises income amounting to 1,853,417 Euros (31 December 2008: 3,306,143 Euros).

This item includes the results arising from the exchange revaluation of monetary assets and liabilities expressed in foreign currency in accordance with the accounting policy described in Note 2.2.

NOTE 10 OTHER OPERATING RESULTS

The value of this item is comprised by:

	2009	2008
Other operating income		
Provision of diverse services	21,507	17,637
Repayment of expenses	7,169	12,612
Other	511,281	413,734
	539,957	**443,983**
Other operating costs		
Direct and indirect taxation	(117,078)	(105,436)
Contributions to deposit guarantee fund	(84,427)	(63,969)
Dues and donations	(31,748)	(23,430)
Other	(17,462)	(178,780)
	(250,715)	**(371,615)**
	289,242	**72,368**

NOTE 11 STAFF COSTS

The value of this item is comprised by:

	2009	2008
Remunerations	(8,690,079)	(6,032,510)
Costs with retirement pensions		
of defined Benefits (See Note 12)	(973,869)	(1,034,758)
of defined Contributions (See Note 12)	(171,888)	(93,950)
Obligatory social charges	(965,809)	(932,112)
Other payroll costs	(241,493)	(263,905)
	(11,043,138)	**(8,357,235)**

Costs with remunerations and other benefits attributed to the Corporate Officers on 31 December 2009 amounted to 4,172,536 Euros (31 December 2008: 3,227,187 Euros).

Costs with remunerations and other benefits attributed to key management staff with directive functions on 31 December 2009 amounted to 2,018,561 Euros (31 December 2008: 1,781,935 Euros).

By professional category, the average number of employees of BiG during 2009 and 2008 is shown as follows:

	2009	2008
Senior management functions	18	19
Middle management functions	25	25
Specific functions	82	81
Administrative functions	14	12
Auxiliary functions	1	1
	140	**138**

NOTE 12 EMPLOYEE BENEFITS

Retirement pensions

The main actuarial and financial assumptions used in the calculation of responsibilities for pensions are:

	Assumptions		Actual	
	2009	2008	2009	2008
Demographic assumptions				
Mortality table	TV 88/90	TV 88/90		
Invalidity table	Suisse Re 2001	Suisse Re 2001		
Financial assumptions				
Rate of return of the fund	5.5%	5.5%	11.0%	-11.3%
Rate of salary growth	3.0%	3.0%	0.0%	1.6%
Revaluation rate	2.0%	2.0%		
Discount rate	5.5%	5,5%		

In accordance with the accounting policy described in Note 2.14, the discount rate used to estimate liabilities with retirement pensions corresponds to the market rates in force on the date of the balance sheet, associated to obligations of companies with a high rating.

The participants in the Fund are 6 employees in service. In accordance with the terms of the Plan, the benefits defined are acquired by right after 60 years of age with a minimum of 10 years service.

With regards to the Defined Benefits Plan, the application of IAS 19 produces the following liabilities and levels of cover relating to 31 December 2009 and 2008:

	2009	2008
Responsibilities on 31 December	(7,243,402)	(6,479,179)
Balance of funds on 31 December	7,833,101	7,041,985
Excess cover (see Note 26)	**589,699**	**562,806**
Deferred costs with past services (see Note 26)	2,631,652	2,983,008
Net assets in balance sheet on 31 December	**3,221,351**	**3,545,814**
Accumulated actuarial differences deducted from reserves	**550,504**	**(98,902)**

As mentioned in Note 2.14., on 29 December 2005 the Bank introduced a defined benefit Pensions Plan for the employees who opted for this benefit.

On 31 December 2005, the Bank made its best estimate of its responsibility with defined benefit pensions, taking into consideration the number of employees it expected to opt for this benefit. The value of the responsibilities corresponding to past services, net of the value of the fund will be deferred over a period of 11.5 years, corresponding to the estimated period of service of these employees.

The evolution of responsibilities may be analysed as follows:

	2009	2008
Responsibilities on 1 January	**(6,479,179)**	**(6,433,081)**
Cost of current service	(650,653)	(720,178)
Cost of interest	(323,959)	(321,654)
Actuarial (gains) and losses with responsibilities	226,578	972,442
Payment of benefits and charges	-	23,292
Transfer of responsibilities	(16,189)	-
Responsibilities on 31 December	**(7,243,402)**	**(6,479,179)**

The evolution of the value of the pension funds in 2009 and 2008 can be analysed as follows:

	2009	2008
Balance of the fund on 1 January	**7,041,985**	**7,168,598**
Real income from the fund	774,927	(806,863)
Contributions from the Bank	-	703,542
Payment of benefits and charges	-	(23,292)
Transfer of acquired rights	16,189	-
Balance of the fund on 31 December	**7,833,101**	**7,041,985**

The assets of the pension fund can be analysed as follows:

	2009	2008
Public debt securities	3,757,037	3,365,073
Shares	1,685,449	1,187,005
Investment fund units	99,629	73,237
Other	2,290,986	2,416,670
Net assets in balance sheet	**7,833,101**	**7,041,985**

The evolution of the deferred cost of past services in the years 2009 and 2008 can be analysed as follows:

	2009	2008
Balance on 1 January	**2,983,008**	**3,334,364**
Amortization	(351,356)	(351,356)
Balance on 31 December	**2,631,652**	**2,983,008**

Actuarial differences recognised in reserves may be analysed as follows:

	2009	2008
Accumulated actuarial differences in reserves on 1 January	**(98,902)**	**93,949**
Actuarial (gains) and losses in the year:		
Responsibilities	226,578	972,442
Of the Fund	422,828	(1,165,293)
	649,406	**(192,851)**
Accumulated actuarial differences in reserves on 31 December	**550,504**	**(98,902)**

The costs of the year may be broken down as follows:

	2009	2008
Cost of current service	(650,653)	(720,178)
Cost of interest	(323,959)	(321,654)
Expected income from the fund	352,099	358,430
Amortisation of the year	(351,356)	(351,356)
Cost of the year	**(973,869)**	**(1,034,758)**

On 31 December 2009, the Bank recognised the amount 171,888 Euros (31 December 2008: 93,950 Euros) as a cost relating to the Defined Contribution Plan.

The evolution of net assets in the Balance Sheet can be analysed as follows:

	2009	2008
Net assets in the Balance Sheet on 1 January	**3,545,814**	**4,069,881**
Cost of the year	(973,869)	(1,034,758)
Actuarial gains / (losses) in reserves	649,406	(192,851)
Contributions in the year	-	703,542
Net assets in the Balance Sheet on 31 December	**3,221,351**	**3,545,814**

The evolution of the liabilities and balance of the fund in the last 5 years as well as (gains) / loss experience obtained is as follows:

	2009	2008	2007	2006	2005
Responsibilities	(7,243,402)	(6,479,179)	(6,433,081)	(5,934,306)	(4,917,825)
Balance of the funds	7,833,101	7,041,985	7,168,598	5,133,998	880,750
Under / over financed liabilities	**589,699**	**562,806**	**735,517**	**(800,308)**	**(4,037,075)**
(Gains) / Loss experience arising from liabilities	(9,276)	(423,796)	3,316	65,795	-
(Gains) / Loss experience arising from assets of the fund	(422,828)	(1,165,293)	308,124	67,878	-

Remuneration plan with shares

The main characteristics of each plan are presented as follows:

Plan	Expected date of the end of the plan	Number of options on the start date of the plan	Exercise price	Number of options on 31/12/09
1999	May-2012	4,000,000	1.00	23,450
2005	Nov-2018	9,000,000	1.15	7,934,000
2007	Mar-2020	1,824,000	1.26	1,090,060
2007	Mar-2020	66,800	1.34	50,696
2007	Mar-2020	15,600	1.35	12,036
2008	Jan-2018	7,425,000	1.36	610,000
2008	Mar-2021	9,000	1.36	9,000
2008	Mar-2021	55,000	1.35	55,000
2008	Mar-2019	100,000	1.15	100,000

NOTE 13 GENERAL ADMINISTRATIVE COSTS

The value of this item is comprised by:

	2009	2008
Rents	(893,855)	(897,843)
Supplies	(872,699)	(599,798)
Communications	(532,608)	(460,024)
Travel, hotel and representation costs	(347,523)	(310,844)
Advertising and publications	(388,975)	(288,607)
Specialised services		
Information Technology	(565,674)	(697,812)
Information	(320,870)	(364,883)
Other specialised services	(436,248)	(340,304)
Fees	(231,711)	(92,364)
Databases	(45,620)	(48,037)
Security and surveillance	(52,329)	(22,635)
Manual labour	(13,599)	(19,016)
Other	(794,075)	(219,485)
	(5,495,786)	**(4,361,652)**

The fees of the year 2009 and 2008 relating to the external auditors are detailed follows:

	2009	2008
Auditing and Legal Account Review Services	55,500	45,000
Other reliability guarantee services related with the Statutory Auditor	37,000	51,500
	92,500	**96,500**

NOTE 14 EARNINGS PER SHARE

Earnings per basic share are calculated by dividing the net income by the weighted average number of ordinary shares in circulation during the year.

Earnings per diluted share are calculated by adjusting the effect of all potential dilutive ordinary shares to the average weighted number of ordinary shares in circulation and to the net result attributable to the shareholders of the Bank.

	2009	2008
Net profit	12,329,102	6,425,930
Weighted average number of ordinary shares issued	80,718,750	80,718,750
Weighted average number of Treasury Stock in portfolio	(1,575)	(216,643)
Average number of ordinary shares in circulation	**80,717,175**	**80,502,107**
Earnings per share (in Euros)	**0.15**	**0.08**

Earnings per diluted share are no different from Earnings per ordinary share as there were no dilutive shares on 31 December 2009 and 2008.

NOTE 15 CASH AND DEPOSITS IN CENTRAL BANKS

On 31 December 2009 and 2008, this caption is broken down as follows:

	2009	2008
Cash	1,410,649	710,828
Demand deposits in central banks		
Bank of Portugal	3,412,031	1,922,563
	4,822,680	**2,633,391**

The caption demand deposits in central banks includes the deposits made to satisfy the requirements of the Minimum Reserve System of the European System of Central Banks (ESCB). These deposits are remunerated and correspond to 2% of deposits and 2 year debt securities, excluding deposits and institutional debt securities subject to the ESCB's regime of minimum reserves.

NOTE 16 DEPOSITS IN OTHER BANKS

On 31 December 2009 and 2008, this caption is broken down as follows:

	2009	2008
Deposits in other banks in Portugal		
Demand deposits	61,558,064	87,987,023
Deposits in other banks abroad		
Demand deposits	11,545,402	8,533,205
	73,103,466	**96,520,228**

The average interest rate during the year ending on 31 December 2009, was 0.75% (31 December 2008: 3.49%).

NOTE 17 ASSETS AND FINANCIAL LIABILITIES HELD FOR TRADING

On 31 December 2009 and 2008, this caption is broken down as follows:

	2009	2008
Financial assets held for trading		
Securities		
Bonds and other fixed income securities		
Other issuers	552,977	28,020
Shares	8,598,631	2,151,523
Other variable income securities	1,379,336	3,993,036
	10,530,944	**6,172,579**
Derivatives		
Derivative financial instruments with positive fair value	339,667	1,742,095
	10,870,611	**7,914,674**
Financial liabilities held for trading		
Short sales	-	2,981,649
Derivatives		
Derivative financial instruments with negative fair value	1,885,328	2,364,943
	1,885,328	**5,346,592**

In line with the accounting policy described in note 2.5. Securities held for trading are those acquired with the objective of being transacted in the short term, irrespective of their maturity.

On 31 December 2009 and 2008, the caption Financial assets held for trading - Securities was composed as follows with regard to listed and unlisted securities:

	2009			2008		
	Listed	Unlisted	Total	Listed	Unlisted	Total
Bonds and other fixed income securities						
Other issuers	552,977	-	552,977	28,020	-	28,020
Shares	8,598,631	-	8,598,631	2,151,523	-	2,151,523
Other variable income securities	1,379,336	-	1,379,336	3,993,036	-	3,993,036
	10,530,944	**-**	**10,530,944**	**6,172,579**	**-**	**6,172,579**

The caption Derivative financial instruments on 31 December 2009 and 2008 is analysed as follows:

	2009			2008		
	Notional	Fair value		Notional	Fair value	
		Assets	Liabilities		Assets	Liabilities
Derivatives held for trading						
Contracts on exchange rates						
Currency Options	7,638,623	187,419	192,694	6,375,848	112,848	148,195
	7,638,623	**187,419**	**192,694**	**6,375,848**	**112,848**	**148,195**
Contracts on interest rates						
Interest Rate Swaps	5,000,000	-	52,713	5,000,000	36,786	-
	5,000,000	**-**	**52,713**	**5,000,000**	**36,786**	**-**
Contracts on shares/indices						
Equity / Index Swaps	17,966,735	116,946	1,262,522	67,209,788	1,192,159	386,136
Equity / Index Options	27,132,824	35,302	377,399	45,879,897	400,302	1,830,612
	45,099,559	**152,248**	**1,639,921**	**113,089,685**	**1,592,461**	**2,216,748**
	57,738,182	**339,667**	**1,885,328**	**124,465,533**	**1,742,095**	**2,364,943**

On 31 December 2009 and 2008, the breakdown of financial assets held for trading - Securities by maturity is as follows:

	2009	2008
Securities		
From 1 to 5 years	552,977	28,020
Unspecified duration	9,977,967	6,144,559
	10,530,944	**6,172,579**

On 31 December 2009 and 2008, the breakdown of Derivative financial instruments by maturity is as follows:

	2009		2008	
	Notional	Fair Value	Notional	Fair Value
Derivative financial instruments				
Up to 3 months	7,134,016	(26,534)	-	-
3 months to one year	38,860,246	(829,002)	90,251,765	(959,071)
From one to five years	9,357,992	(686,209)	31,761,484	340,092
Unspecified duration	2,385,925	(3,916)	2,452,284	(3,869)
	57,738,182	**(1,545,661)**	**124,465,533**	**(622,848)**

NOTE 18 FINANCIAL ASSETS AVAILABLE FOR SALE

On 31 December 2009 and 2008 this caption is broken down as follows:

	Cost (1)	Fair value reserve		Impairment Losses	Balance Sheet Value
		Positive	Negative		
Bonds and other fixed income securities					
Public issuers	123,316,596	127,272	(1,653,164)	-	121,790,704
Other issuers	148,443,812	2,201,815	(1,383,415)	-	149,262,212
Shares	29,540,718	-	(195,687)	(2,580,304)	26,764,727
Balance on 31 December 2009	**301,301,126**	**2,329,087**	**(3,232,266)**	**(2,580,304)**	**297,817,643**
Bonds and other fixed income securities					
Public issuers	9,096,874	204,763	-	-	9,301,637
Other issuers	8,205,168	13,701	(101,262)	-	8,117,607
Shares	61,731,011	-	(10,866,960)	(1,065,735)	49,798,316
Balance on 31 December 2008	**79,033,053**	**218,464**	**(10,968,222)**	**(1,065,735)**	**67,217,560**

(1) amortised cost for debt securities and acquisition cost with regard to the shares.

The average interest rate during the year ended 31 December 2009, was 3.5% (31 December 2008: 4.05%).

In accordance with the accounting policy described in note 2.5., the Group regularly assesses whether there is objective evidence of impairment in its portfolio of assets available for sale following the criteria of judgement described in Note 3.1..

On 31 December 2009, the capital losses of the main exposures in financial assets available for sale were stated in the fair value reserves, as they did not meet the criteria of judgement for the recognition of impairment, namely they had not devalued by more than 30% from their acquisition value, nor were their market values lower than their acquisition value for a period of more than twelve months.

The securities in the Group's portfolio which are given by it as a guarantee are analysed in Note 34.

On 31 December 2008 and 2007, the caption "Financial assets available for sale" is made up as follows with regard to listed and unlisted securities:

	2009			2008		
	Listed	Unlisted	Total	Listed	Unlisted	Total
Bonds and other fixed income securities						
Public issuers	121,790,704	-	121,790,704	9,301,637	-	9,301,637
Other issuers	130,748,814	18,513,398	149,262,212	8,117,607	-	8,117,607
Shares	26,764,397	330	26,764,727	37,246,289	12,552,027	49,798,316
	279,303,915	**18,513,728**	**297,817,643**	**54,665,533**	**12,552,027**	**67,217,560**

During 2008 the Bank signed a contract with the TAP group, through which it was to acquire a 19.9% stake in SPdH – Serviços Portugueses de Handling, SA for the value of 12,551,697 Euros. In this same contract, the TAP Group undertook to acquire this holding, with an immediate pre-payment to the Bank of the full acquisition price of the shareholding. These securities were stated in the caption Shares and were sold to TAP in 2009.

On 31 December 2009 and 2008, the breakdown of the Financial assets available for sale by maturity is as follows:

	2009	2008
Up to 3 months	18,513,398	-
3 months to one year	5,093,432	722,601
From one to five years	80,822,810	16,696,643
Over 5 years	166,623,276	-
Unspecified duration	26,764,727	49,798,316
	297,817,643	**67,217,560**

The movements in impairment losses in financial assets available for sale are presented as follows:

	2009	2008
Opening balance	**1,065,735**	**170**
Additions	2,580,134	1,065,565
Used	(1,065,565)	-
Closing balance	**2,580,304**	**1,065,735**

During 2008 the Bank transferred securities from the portfolio of Assets available for sale to Investments held to maturity, amounting to 111,592,641 (note 21), in accordance with the alteration to IAS 39 – Financial instruments: Recognition and measurement issued in October 2008 and adopted by the European Union in this year.

On 31 December 2009, the amounts which would be recognised in the year if the reclassification had not been made are as follows:

	2009
Net change in Fair Value Reserve	6,142,027
Tax effect	(1,627,637)
	4,514,390

NOTE 19 APPLICATIONS IN BANKS

On 31 December 2009 and 2008, this caption is broken down as follows:

	2009	2008
Applications in banks in Portugal		
Deposits	65,097,764	141,201,238
Loans	40,976	19,582
	65,138,740	**141,220,820**
Applications in banks abroad		
Deposits	4,164,943	15,458,821
Operations with resale agreement	-	5,820,220
	4,164,943	**21,279,041**
	69,303,683	**162,499,861**

The average interest rate during the year ended 31 December 2009, was 2.61% (31 December 2008: 4.73%).

The residual periods of applications in banks was structured as follows:

	2009	2008
Up to 3 months	69,262,726	132,009,990
From 3 months to one year	-	30,470,289
From 1 to 5 years	40,957	19,582
	69,303,683	**162,499,861**

NOTE 20 LOANS TO CLIENTS

On 31 December 2009 and 2008, this caption is broken down as follows:

	2009	2008
Domestic loans		
To companies		
Loans	9,824,275	7,469,371
Loans at sight	10,373,501	2,959,499
Leasing	799,396	704,389
Overdrafts	28,753	535,625
Other specialised loans	42,971	19,515
To private individuals		
Loans at sight	27,670,259	10,081,358
Mortgages	4,741,505	4,348,023
Leasing	1,281,587	1,266,183
Overdrafts	118,048	327,691
Loans	-	55,131
Other specialised loans	1,308,664	1,433,600
	56,188,959	**29,200,385**
International loans		
To companies		
Overdrafts	2,390	502
Loans at sight	-	500
To private individuals		
Loans at sight	567,634	97,244
Overdrafts	2,604	2,099
	572,628	**100,345**
Past due loans and interest		
Over 90 days	129,345	113,761
	129,345	**113,761**
	56,890,932	**29,414,491**
Provisions for loan impairment	(177,657)	(181,683)
	56,713,275	**29,232,808**

The average interest rate during the year ended 31 December 2009, was 4.87% (31 December 2008: 6.9%).

On 31 December 2009 and 2008 the Loans At Sight caption reflects loans granted under margin accounts, which are collateralised with deposits or securities held in safekeeping by the Group.

On 31 December 2009, the credit portfolio of the Group included loans granted to a member of the Board of Directors for 424,161 Euros arising from staff policy, pursuant to no. 4 of art. 85 of the General Regime of Credit Institutions and Financial Companies (31 December 2008: 983,318 Euros).

The residual periods of the loans to clients, including past due loans and interest, was structured as follows:

	2009	2008
Up to 3 months	38,861,296	20,774,230
From 3 months to one year	1,557,874	46,723
From 1 to 5 years	10,586,402	3,351,208
Over 5 years	5,756,015	5,128,569
Unspecified duration	129,345	113,761
	56,890,932	**29,414,491**

The movements in the provisions for loan impairment are as follows:

	2009	2008
Opening balance	**181,683**	**170,374**
Additions	23,142	30,199
Used	-	(18,890)
Transfers	(27,168)	-
Closing balance	**177,657**	**181,683**

The distribution of Loans to clients by type of rate is as follows:

	2009	2008
Variable rate	55,798,634	28,338,346
Fixed rate	1,092,298	1,076,175
	56,890,932	**29,414,491**

The residual periods of leased capital were structured as follows:

	2009	2008
Installments and residual values due		
Up to 3 months	6,198	1,035
From 3 months to one year	26,998	11,572
From 1 to 5 years	1,928,378	1,805,458
Over 5 years	289,006	408,844
	2,250,580	**2,226,909**
Interest due		
Up to 3 months	12	6
From 3 months to one year	239	201
From 1 to 5 years	134,573	188,795
Over 5 years	34,773	67,335
	169,597	**256,337**
Capital due		
Up to 3 months	6,186	1,029
From 3 months to one year	26,759	11,371
From 1 to 5 years	1,793,805	1,616,663
Over 5 years	254,233	341,509
	2,080,983	**1,970,572**

On 31 December 2009 and 2008, impairment was broken down as follows as follows:

2009							
	Impairment calculated on an individual basis		Calculation of impairment based on portfolio		Total		
	Credit amount	Impairment	Credit amount	Impairment	Credit amount	Impairment	Credit net of impairment
Loans to companies	183,803	16,153	23,867,134	8,663	24,050,937	24,816	24,026,121
Loans to private individuals	406,942	116,942	32,433,053	35,899	32,839,995	152,841	32,687,154
Total	**590,745**	**133,095**	**56,300,187**	**44,562**	**56,890,932**	**177,657**	**56,713,275**

2008							
	Impairment calculated on an individual basis		Calculation of impairment based on portfolio		Total		
	Credit amount	Impairment	Credit amount	Impairment	Credit amount	Impairment	Credit net of impairment
Loans to companies	180,754	12,844	11,776,174	11,492	11,956,928	24,336	11,932,592
Loans to private individuals	537,407	92,147	16,920,156	65,200	17,457,563	157,347	17,300,216
Total	**718,161**	**104,991**	**28,696,330**	**76,692**	**29,414,491**	**181,683**	**29,232,808**

NOTE 21 INVESTMENTS HELD TO MATURITY

On 31 December 2009 and 2008, this caption is broken down as follows:

	Fair value reserve		Balance Sheet value
	Positive	Negative	
Bonds and other fixed income securities			
Other issuers	12,006	(2,819,653)	141,753,449
Balance on 31 December 2009	**12,006**	**(2,819,653)**	**141,753,449**
Bonds and other fixed income securities			
Other issuers	19,497	(4,783,600)	134,538,441
Balance on 31 December 2008	**19,497**	**(4,783,600)**	**134,538,441**

The periods in which the Investments held to maturity fall due is presented as follows:

	2009	2008
Up to 3 months	6,194,210	-
From 3 months to one year	17,181,435	5,789,405
From 1 to 5 years	85,285,209	111,862,493
Over 5 years	33,092,595	16,886,543
	141,753,449	**134,538,441**

The fair value of the portfolio of Investments held to maturity is presented in Note 36.

During 2008 the Bank transferred securities from the portfolio of Financial assets available for sale to Investments held to maturity, as per the following table:

	On the transfer date								
	Acquisition value	Balance Sheet value	Fair value reserve		Cash flows futures	Effective rate	Market value Dec 2008	Fair value reserve for depreciation Dec 2008	Impact on results
			Positive	Negative					
Bonds and other fixed income securities									
Other issuers	119,020,655	114,592,641	22,622	5,496,581	129,914,003	7%	108,165,482	5,337,168	(136,791)

The Bank regularly assesses if there is objective evidence of impairment in its portfolio of investments held to maturity, considering that there are no events which will affect the foreseeable amount of future cash flow.

The securities in the Group's portfolio which are given by it as a guarantee are analysed in Note 34.

NOTE 22 NON-CURRENT ASSETS HELD FOR SALE

On 31 December 2009 the value presented relates to a piece of real estate, which was given to the Bank as payment for a debt, resulting from a case under litigation.

NOTE 23 TANGIBLE ASSETS

On 31 December 2009 and 2008, this caption is broken down as follows:

	2009	2008
Buildings		
Improvements to buildings	2,231,809	2,219,741
For own use	14,281,243	1,148,353
	16,513,052	**3,368,094**
Equipment		
Computer equipment	4,191,222	3,954,593
Furniture and material	1,343,291	529,988
Installations and interiors	1,007,040	308,497
Security equipment	1,179,897	103,402
Machines and tools	102,311	91,836
Other equipment	206,250	-
Transportation material	3,514	-
	8,033,525	**4,988,316**
Fixed assets in progress		
Buildings for own use	829	8,520,414
	829	**8,520,414**
	24,547,406	**16,876,824**
Accumulated depreciation	(6,008,867)	(5,129,497)
	18,538,539	**11,747,327**

In 2008 the caption Fixed assets in progress related essentially to the new head office building which was under construction at that date.

The movement in this caption was the following:

	Buildings	Equipment	Fixed assets in progress	Total
Acquisition cost				
Balance on 1 January 2008	**2,275,885**	**4,664,824**	**5,470,185**	**12,410,894**
Additions	110,907	323,492	4,031,531	4,465,930
Transfers	981,302	-	(981,302)	-
Balance on 31 December 2008	**3,368,094**	**4,988,316**	**8,520,414**	**16,876,824**
Additions	606,547	797,986	6,349,440	7,753,973
Transfers	12,538,411	2,247,223	(14,869,025)	(83,391)
Balance on 31 December 2009	**16,513,052**	**8,033,525**	**829**	**24,547,406**
Depreciation				
Balance on 1 January 2008	**826,853**	**3,643,332**	**-**	**4,470,185**
Amortization of the year	259,011	400,301	-	659,312
Balance on 31 December 2008	**1,085,864**	**4,043,633**	**-**	**5,129,497**
Amortization of the year	385,885	493,485	-	879,370
Balance on 31 December 2009	**1,471,749**	**4,537,118**	**-**	**6,008,867**
Net balance on 31 December 2009	**15,041,303**	**3,496,407**	**829**	**18,538,539**
Net balance on 31 December 2008	**2,282,230**	**944,683**	**8,520,414**	**11,747,327**

NOTE 24 INTANGIBLE ASSETS

On 31 December 2009 and 2008, this caption is broken down as follows:

	2009	2008
Acquired from third parties		
Automatic data processing system	6,147,017	5,618,419
Other	586,747	586,747
	6,733,764	**6,205,166**
Fixed assets in progress	-	27,560
	6,733,764	**6,232,726**
Accumulated depreciation	(6,129,588)	(5,760,484)
	604,176	**472,242**

The movement in this caption was the following:

	Automatic data processing system	Other intangible assets	Total
Acquisition cost			
Balance on 1 January 2008	**5,501,859**	**614,307**	**6,116,166**
Acquired from third parties	116,560	-	116,560
Balance on 31 December 2008	**5,618,419**	**614,307**	**6,232,726**
Acquired from third parties	505,648	-	505,648
Transfers	22,950	(27,560)	(4,610)
Balance on 31 December 2009	**6,147,017**	**586,747**	**6,733,764**
Amortization			
Balance on 1 January 2008	**4,691,142**	**586,747**	**5,277,889**
Amortization of the year	482,595	-	482,595
Balance on 31 December 2008	**5,173,737**	**586,747**	**5,760,484**
Amortization of the year	369,104	-	369,104
Balance on 31 December 2009	**5,542,841**	**586,747**	**6,129,588**
Net balance on 31 December 2009	**604,176**	**-**	**604,176**
Net balance on 31 December 2008	**444,682**	**27,560**	**472,242**

NOTE 25 INVESTMENTS IN ASSOCIATED COMPANIES

On 31 December 2009 and 2008, this caption is broken down as follows:

2009					
	No. of shares	Direct Shareholding	Nominal value (euros)	Cost of participation	Balance Sheet Value
BiG Capital - SGPS, SA	5,562,138	34.76%	5,562,138	5,562,138	4,794,425

2008					
	No. of shares	Direct Shareholding	Nominal value (euros)	Cost of participation	Balance Sheet Value
BiG Capital - SGPS, SA	6,562,138	41.01%	6,562,138	6,562,138	5,614,917

On 31 December 2009 and 2008, the details of BiG Capital are presented as follows:

	2009			2008		
	Total assets	Total Equity	Net result for the year	Total assets	Total Equity	Net result for the year
BiG Capital - SGPS, SA	15,669,488	13,665,735	(2,226,770)	15,937,806	13,685,186	(811,982)

NOTE 26 OTHER ASSETS

On 31 December 2009 and 2008 this caption is broken down as follows:

	2009	2008
Margin applications	583,095	1,955,967
Debtors on futures trading	1,641,046	1,078,501
Debtors and other applications	61,599	425,491
Public sector	120,589	120,589
Other debtors	888,011	409,582
	3,294,340	**3,990,130**
Provision for impairment losses on other assets	(690,168)	(265,739)
	2,604,172	**3,724,391**
Income receivable	332,444	769,205
Expenses with deferred costs	258,815	771,409
Other accruals and deferrals		
Pending Stock Market transactions	17,733,669	34,847,598
Net assets relating to retirement pensions (Note 12)	589,699	562,806
Other operations pending	317,087	288,792
	18,640,455	**35,699,196**
Retirement pensions - costs with past services deferred (Note 12)	2,631,652	2,983,008
	24,467,538	**43,947,209**

Where securities sale and purchase operations were settled after the date of the Balance Sheet, these are recorded in the item Pending Stock Market transactions.

The movements in Provisions for impairment losses for other assets are presented as follows:

	2009	2008
Opening balance	**265,739**	**126,766**
Additions	568,016	146,791
Used	(70,270)	(7,818)
Reversals	(55,863)	-
Exchange	(17,454)	-
Closing balance	**690,168**	**265,739**

NOTE 27 FINANCING FROM CENTRAL BANKS

On 31 December 2009, this caption, amounting to 230,783,194 Euros (31 December 2008: 84,011,667 Euros), relates to funding from the European System of Central Banks, fully collateralised by securities in the portfolios of Financial assets available for sale and Investments held to maturity. The maturity period of this financing on 31 December 2009 is from 3 months to 1 year and in 2008 it was under one week.

The value of the securities provided as guarantee amounts to 273,151,284 Euros (31 December 2008: 87,336,914 Euros, see Note 34).

NOTE 28 FINANCING FROM OTHER BANKS

On 31 December 2009 and 2008, this caption is broken down as follows:

	2009	2008
Domestic		
Deposits	166,631	224,985
	166,631	**224,985**
Abroad		
Deposits	5,688,095	2,185,399
Resources at very short term	2,331,666	195,000
Other resources	1,373,635	7,183,160
	9,393,396	**9,563,559**
	9,560,027	**9,788,544**

The average interest rate during the year ended 31 December 2009 was 0.3% (31 December 2008: 4.25%).

The residual periods of Financing from other banks, were structured as follows:

	2009	2008
Up to 3 months	9,560,027	8,426,138
From 1 to 5 years	-	1,362,406
	9,560,027	**9,788,544**

NOTE 29 FINANCING FROM CLIENTS

On 31 December 2009 and 2008, this caption is broken down as follows:

	2009	2008
Demand deposits	175,707,948	127,782,004
Term deposits	109,993,780	135,769,083
Other	19,283,279	32,938,677
	304,985,007	**296,489,764**

The residual periods of Funding from clients, was structured as follows:

	2009	2008
Up to 3 months	266,333,883	254,568,459
From 3 months to one year	32,433,487	39,279,197
From 1 to 5 years	6,217,637	2,642,108
	304,985,007	**296,489,764**

NOTE 30 PROVISIONS

On 31 December 2009 and 2008, this caption is broken down as follows:

	Other provisions
Balance on 31 December 2007	**162,021**
Reintegration	(1,795)
Usage	(10,226)
Balance on 31 December 2008	**150,000**
Additions	12,480
Transfers	27,168
Balance on 31 December 2009	**189,648**

NOTE 31 TAXATION

The Bank and its subsidiary companies are subject to taxation pursuant to the regime of Corporation Tax (IRC) and corresponding local taxes. The calculation of the current tax of the years 2009 and 2008 was made by the Bank and its subsidiary companies based on a nominal tax and municipal surtax rate of 26.5%, in accordance with Law no. 2/2007, of 15 January. The calculation of the deferred tax for 2009 and 2008 was based on a rate of 26.5%, which was substantially approved on the date of the balance sheet after approval of the local finance law which changed the form of the calculation of the municipal surtax on corporate income tax as well as the respective rate to be applied.

The self-assessment declarations of the Bank and its subsidiary companies are subject to inspection and possible adjustment by the Tax Authorities for a period of four years. Thus, there is a possibility of there being additional tax payments due essentially to different interpretations of tax legislation. However, the Board of Directors of the Group is confident that there will be no material additional tax payments to be recorded in the financial statements.

The deferred tax assets and liabilities recognised in the Balance Sheet in 2009 and 2008 can be analysed as follows:

	2009	2008
Reportable tax losses	-	827,911
Provisions	424,277	345,539
Financial assets held for trading	(17,284)	(34,567)
Financial assets available for sale	(192,903)	(1,369,377)
Other	203,365	71,898
Net deferred tax assets / (liabilities)	**417,455**	**(158,596)**
Tax movement in the year	**576,051**	**(570,521)**

The movement of deferred tax in 2009 and 2008 is explained below:

	2009			2008		
	Recognised in results	Recognised in reserves	Total	Recognised in results	Recognised in reserves	Total
Reportable tax losses	-	(827,911)	(827,911)	-	827,911	827,911
Provisions	78,738	-	78,738	90,962	-	90,962
Financial assets held for trading	17,283	-	17,283	17,284	-	17,284
Financial assets available for sale	9,568	1,166,906	1,176,474	9,569	(1,435,695)	(1,426,126)
Other	131,467	-	131,467	(80,552)	-	(80,552)
	237,056	**338,995**	**576,051**	**37,263**	**(607,784)**	**(570,521)**

The tax on income reported in profit and loss and reserves is explained as follows:

	2009	2008
Recognised in reserves		
Current tax	(2,014,208)	2,429,650
Deferred tax	338,995	(607,784)
	(1,675,213)	**1,821,866**
Recognised in results		
Current tax		
Of the year	(2,729,181)	(2,507,846)
From previous years	5,895	54,674
	(2,723,286)	**(2,453,172)**
Deferred tax	237,056	37,263
	(2,486,230)	**(2,415,909)**
	(4,161,443)	**(594,043)**

The reconciliation of the tax rate for the years 2009 and 2008 can be analysed as follows:

	2009		2008	
	Tax Rate	Amount	Tax Rate	Amount
Pre-tax profit		14,815,332		8,841,839
Estimated tax charge	26.50%	3,926,063	26.50%	2,343,087
Pension fund	0.00%	-	3.15%	278,638
Tax exempt dividends	-9.85%	(1,459,719)	-1.35%	(119,090)
Corrections due to tax credits	0.09%	13,168	0.00%	-
Non-deductible costs for tax purposes	4.24%	628,764	0.64%	56,186
Tax benefits	-0.33%	(49,197)	-0.49%	(43,706)
Accounting and tax gains	-3.86%	(571,169)	0.00%	-
Autonomous taxation and double taxation	0.18%	27,407	-0.86%	(75,350)
Other	-0.20%	(29,087)	-0.27%	(23,856)
	16.78%	**2,486,230**	**27.32%**	**2,415,909**

NOTE 32 OTHER LIABILITIES

On 31 December 2009 and 2008 this caption is broken down as follows:

	2009	2008
Creditors and other dues		
On futures and options transactions	1,660,020	2,224,816
Other dues	828,750	835,000
Public sector	1,346,440	731,337
Securities transactions	3,207	3,839
Suppliers of goods	29,560	119
Other creditors	1,521	50
	3,869,498	**3,795,161**
Costs payable		
Costs payable	1,339,302	3,345,100
Staff charges	1,392,749	929,803
	2,732,051	**4,274,903**
Revenue from deferred income	469,384	742,339
Accruals and deferrals		
Pending securities transactions	16,938,169	37,070,298
Other pending transactions	510,731	13,871,136
	17,448,900	**50,941,434**
	24,519,833	**59,753,837**

The sale and purchase of securities transactions, which were settled after the date of the balance sheet, are recorded in the Pending Securities Transactions item.

NOTE 33 CAPITAL, ISSUE PREMIUMS, TREASURY STOCK AND RESERVES

Capital

On 31 December 2009 and 2008 the capital of the Group was represented by 87,570,000 shares with the nominal value of 1 Euro each, fully subscribed and paid up.

On 31 December 2009 and 2008, the shareholder structure of the Group was the following:

	2009	2008
António da Silva Rodrigues	12.34%	12.34%
Adger – SGPS, S.A.	10.98%	10.98%
Carlos Adolfo Coelho Figueiredo Rodrigues	8.44%	8.44%
WWC World Wide Capital - SPGS, SA	8.00%	4.99%
JRI – SGPS, S.A.	5.17%	5.17%
MSF – SGPS, S.A.	5.00%	5.00%
Edimo, Sociedade Internacional de Gestão SGPS, Unipessoal Lda	4.99%	0.00%
Carlos Pompeu Ramalhão Fortunato	4.69%	4.69%
Nicholas Leo Racich	4.54%	4.54%
José António de Melo Pinto Ribeiro	3.32%	3.32%
Alfredo Milne e Carmo	2.11%	2.11%
Manuel Domingos Vicente	0.00%	4.99%
Others	30.41%	33.43%
	100.00%	**100.00%**

During 2008 the Bank increased its capital from 75,082,920 Euros to 87,570,000 Euros through the issue of 12,487,080 ordinary registered shares with a nominal value of 1 Euro each, to take account of the exercise of options on share subscriptions.

Issue premiums

On 31 December 2009 and 2008, the issue premiums amounting to 8,886,393 Euros refer to the premiums paid by the shareholders in the capital increases made.

Treasury stock

The movement in treasury stock is as follows:

	2009		2008	
	No of shares	Value	No of shares	Value
Treasury stock				
Balance at start of year	**1,575**	**2,326**	**363,893**	**537,394**
Disposals	-	-	(362,318)	(535,068)
Balance at the year end	**1,575**	**2,326**	**1,575**	**2,326**
Loans for acquisition of treasury stock				
Balance at start of year	**1,818,808**	**2,113,948**	**39,718**	**51,634**
Movement	(1,453,663)	(1,683,013)	1,779,090	2,062,314
Balance at year end	**365,175**	**430,935**	**1,818,808**	**2,113,948**
Closing balance	**366,750**	**433,261**	**1,820,383**	**2,116,274**

Legal reserve

Pursuant to article 97 of the General Regime of Credit Institutions and Financial Companies approved by Law no. 298/91, of 31 December and altered by Law no. 201/2002, of 25 September, the Group should set aside a portion of net profits of not less than 10% for the creation of a legal reserve, up to a limit equal to the value of the share capital or to the sum of the free reserves set up and of the retained earnings, if greater.

Fair value reserve

Fair value reserves represent potential capital gains and losses relating to the portfolio of financial assets available for sale less impairment recognised in profit and loss. The value of this item is presented net of deferred taxation and current taxation.

The fair value reserve for the years ended 31 December 2009 and 2008 is analysed as follows:

	2009	2008
Cost of financial assets available for sale (1)	301,301,126	79,033,053
Impairment Losses	(2,580,304)	(1,065,735)
Market value of financial assets available for sale	297,817,643	67,217,560
Potential losses recognised in fair value of financial assets available for sale	(903,179)	(10,749,758)
Potential losses recognised in Fair Value Reserve of investments held to maturity	(2,807,647)	(4,764,103)
Fair value reserve of associated companies	43,693	(853,746)
Deferred tax	(183,335)	(522,330)
Current tax	933,397	2,947,605
	(2,917,071)	**(13,942,332)**

(1) amortised cost for debt securities and acquisition cost with regard to shares.

The movement of the fair value reserve, net of taxation, for the years 2009 and 2008 is analysed as follows:

	2009	2008
Balance on 1 January	**(13,942,332)**	**(2,347,115)**
Change in fair value	11,803,035	(12,833,091)
Fair Value Reserve of associated companies excluded from consolidation	897,439	(583,992)
Current tax recognised in the year in reserves	(2,014,208)	2,429,650
Deferred tax recognised in the year in reserves	338,995	(607,784)
	11,025,261	**(11,595,217)**
Balance on 31 December	**(2,917,071)**	**(13,942,332)**

NOTE 34 OFF-BALANCE SHEET ACCOUNTS

On 31 December 2009 and 2008, this caption was composed as follows:

	2009	2008
Guarantees provided and other liabilities		
Assets given as guarantee	286,195,514	100,862,104
Guarantees and sureties	1,405,739	1,504,541
	287,601,253	**102,366,645**
Guarantees received		
Personal guarantees		
Guarantees and sureties	1,520,010	258,455
Other	1,068,351	995,130
Real guarantees		
Securities	72,460,650	19,255,887
Loans	12,051,039	18,576,323
Real Estate	12,691,774	11,829,843
	99,791,824	**50,915,638**
Commitments before third parties		
Irrevocable commitments		
Term transactions	-	78,895
Potential liability to the Investor Compensation System	948,433	1,257,268
Revocable commitments		
Bank overdraft facilities	106,534,554	82,165,386
	107,491,987	**83,501,549**
Liabilities for services provided		
Asset custody and deposit	847,384,919	664,700,434
For asset administration	35,911,680	33,754,744
For collection of amounts	19,077	10,145
	883,315,676	**698,465,323**

On 31 December 2009 and 2008, the balance of the caption Assets Given as Guarantee includes:

- securities provided as a guarantee to the Bank of Portugal under the Large Transactions Payment System amounting to 7,345,730 Euros (31 December 2008: 7,000,000 Euros), these securities are classified in the balance sheet in the portfolio of Financial assets available for sale.
- securities provided as a guarantee to the Investor Compensation System for the amount of 1,093,500 Euros (31 December 2008: 700,000 Euros), these securities are classified in the balance sheet in the portfolio of Financial assets available for sale.
- securities provided as a guarantee to the European System of Central Banks for the amount of 273,151,284 Euros (31 December 2008: 87,336,914 Euros), these securities are classified in the Balance Sheet in the portfolio of Financial assets available for sale and Investments held to maturity
- securities provided as a guarantee to LCH.Clearnet for the amount of 4,605,000 Euros (31 December 2008: 5,825,190 Euros), these securities are classified in the Balance Sheet in the portfolio of Financial assets available for sale.

On 31 December 2009 and 2008, the balance of the caption Potential liability to the Investor Compensation System corresponds to the irrevocable obligation which the Group assumed, pursuant to the applicable law, to pay into that System, in the event of it being actioned, the amounts necessary for the payment of its share of any indemnities which may be due to the investors.

NOTE 35 RELATED PARTY TRANSACTIONS

In the years ending on 2009 and 2008, the total amounts of assets, liabilities, income and costs relating to transactions made with related entities were the following:

	2009				2008			
	Assets	Liabilities	Costs	Income	Assets	Liabilities	Costs	Income
Associated companies								
BiG Capital, SGPS, SA	1,974,217	1,010,251	(97,929)	217,719	(1,423)	1,953,343	(206,935)	140,125

NOTE 36 FAIR VALUE OF FINANCIAL INSTRUMENTS

On 31 December 2009 and 2008, the fair value of assets and financial liabilities is presented as follows:

	Fair Value					
	Listed market values	Evaluation models with parameters observable in the market	Evaluation models with no observable parameters in the market	**Others at amortised cost**	**Total Balance Sheet value**	**Fair Value**
31 December 2009						
Cash and deposits in central banks	-	-	-	4,822,680	4,822,680	4,822,680
Deposits in other banks	-	-	-	73,103,466	73,103,466	73,103,466
Financial assets held for trading	10,530,944	339,667	-	-	10,870,611	10,870,611
Financial assets available for sale	279,303,915	-	330	18,513,398	297,817,643	297,817,643
Applications in banks	-	-	-	69,303,683	69,303,683	69,303,683
Loans to clients	-	-	-	56,713,275	56,713,275	56,713,275
Investments held to maturity	-	-	-	141,753,449	141,753,449	146,533,402
Financial assets	**289,834,859**	**339,667**	**330**	**364,209,951**	**654,384,807**	**659,164,760**
Financing from central banks	-	-	-	230,783,194	230,783,194	230,783,194
Financial liabilities held for trading	-	1,885,328	-	-	1,885,328	1,885,328
Financing from other banks	-	-	-	9,560,027	9,560,027	9,560,027
Deposits from clients	-	-	-	304,985,007	304,985,007	304,985,007
	-	**1,885,328**	**-**	**545,328,228**	**547,213,556**	**547,213,556**
31 December 2008						
Cash and deposits in central banks	-	-	-	2,633,391	2,633,391	2,633,391
Deposits in other banks	-	-	-	96,520,228	96,520,228	96,520,228
Financial assets held for trading	6,172,579	1,742,095	-	-	7,914,674	7,914,674
Financial assets available for sale	54,665,533	-	-	12,552,027	67,217,560	67,217,560
Applications in banks	-	-	-	162,499,861	162,499,861	162,499,861
Loans to clients	-	-	-	29,232,808	29,232,808	29,232,808
Investments held to maturity	-	-	-	134,538,441	134,538,441	126,732,530
Financial assets	**60,838,112**	**1,742,095**	**-**	**437,976,756**	**500,556,963**	**492,751,052**
Financing from central banks	-	-	-	84,011,667	84,011,667	84,011,667
Financial liabilities held for trading	2,981,649	2,364,943	-	-	5,346,592	5,346,592
Financing from other banks	-	-	-	9,788,544	9,788,544	9,788,544
Deposits from clients	-	-	-	296,489,764	296,489,764	296,489,764
	2,981,649	**2,364,943**	**-**	**390,289,975**	**395,636,567**	**395,636,567**

The BiG Group's fair value assets and liabilities are valued in accordance with the following hierarchy:

Listed market values – this category includes the listed prices available in official markets and those publicised by entities which usually provide prices of transactions for these assets/liabilities traded on liquid markets.

Evaluation models with observable parameters/ prices in the market – consists of the use of internal evaluation models, specifically discounted cash flow models and option evaluation models, which imply the use of estimates and require judgements which vary according to the complexity of the products being assessed. However, the Group uses variables provided by the market as inputs in its models, such as interest rate curves, credit spreads, volatility and indices on quotations. It also includes instruments the valuation of which is obtained through quotations divulged by independent entities but in markets which have much less liquidity.

Evaluation models with non-observable parameters in the market – this total includes the valuations determined by the use of internal evaluation models or quotations provided by third parties but where the parameters used are not observable in the market.

During 2009 no transfers were made between the different evaluation levels of the assets and liabilities.

Presented below are the main methods and assumptions used in the estimate of the fair value of the assets and financial liabilities:

Cash and deposits in central banks, Deposits in other banks and Applications in banks
Considering the short terms associated to these financial instruments, the Balance Sheet value is a reasonable estimate of the respective fair value.

Assets and financial liabilities held for trading and Financial assets available for sale
These financial instruments are stated at fair value. Fair value is based on the listed prices available in official markets and those divulged by the main financial operators.

Derivatives held for trading

In the case of those which are listed on organised markets the respective market price is used. With regard to over the counter derivatives, evaluation models of options are applied considering market variables, namely the interest rates applicable to the instruments in question, as well as the respective volatilities.

Market interest rates are based on information provided by Bloomberg, namely resulting from the quotations of interest rate swaps. The values for short term interest rates are obtained in the Euro Money Market.

The main parameters used in the evaluation models were the following:

The interest rate curves of the main currencies for the years 2009 and 2008 may be analysed as follows:

	2009		2008	
(values in %)	EUR	USD	EUR	USD
Overnight	0.290	0.200	2.050	0.000
1 month	0.453	0.231	2.603	0.436
3 months	0.700	0.251	2.892	1.425
6 months	0.994	0.430	2.971	1.750
9 months	1.127	0.713	3.018	1.898
1 year	1.248	0.984	3.049	2.004
3 years	2.248	2.056	2.955	1.749
5 years	2.810	2.981	3.250	2.133
7 years	3.216	3.537	3.479	2.310
10 years	3.583	3.971	3.470	2.563
15 years	3.963	4.360	3.923	2.733
20 years	4.062	4.467	3.883	2.743
25 years	4.022	4.500	3.698	2.706
30 years	3.944	4.537	3.568	2.707

The 90 day volatility of interest rate instruments, calculated on the price of public debt instruments for the most liquid terms (bond futures), in the years 2009 and 2008 may be analysed as follows:

	2009		2008	
(%)	EUR	USD	EUR	USD
3 years	2.90	3.62	54.21	129.93
5 years	3.79	3.77	2.90	3.69
7 years	4.21	5.91	6.10	8.18
10 years	5.70	7.00	8.52	13.24

The evolution of the exchange rates of the main currencies for the years 2009 and 2008 and respective historic volatilities used in the evaluation of exchange derivatives may be analysed as follows:

	2009	2008	Volatilities		
			3 months	6 months	1 year
EUR/USD	1.441	1.397	8.213	10.093	14.453
EUR/GBP	0.888	0.955	9.260	9.343	13.192
EUR/JPY	133.160	126.700	11.972	13.674	21.269
EUR/CHF	1.484	1.493	2.459	3.714	6.256

The evolution of the main share indices for the years 2009 and 2008, and the respective volatilities used in the evaluation of derivatives on shares and share indices may be analysed as follows:

	List price			Historic volatility		Implied volatility	
	2009	2008	Variation	1 month	3 months	Call	Put
PSI20	8,463.85	6,341.34	33.5	15.36	16.57	18.05	18.05
Eurostoxx	2,964.96	2,447.62	21.1	20.46	20.64	21.67	21.89
DAX	5,957.43	4,810.20	23.8	20.27	20.90	21.10	21.14
S&P	1,115.10	903.25	23.5	12.36	16.09	18.16	18.16
Nasdaq 100	1,860.31	1,211.65	53.5	14.16	16.25	19.34	19.34
Dow Jones Ind.	10,428.00	8,776.39	18.8	11.33	14.16	16.05	16.05

Loans to clients
The fair value of loans to clients is an estimate based on the updated cash flow expected from capital and interest, considering that the provisions are paid on the contractually defined dates. The discount rates used are the current rates practised for loans with similar characteristics. Considering that the Group's credit portfolio is made up essentially from short term loans and loans commenced taken out recently, the balance sheet value is considered as a reasonable estimate of the fair value of loans to clients.

Financing from other banks
Considering the short terms associated to these financial instruments, the Balance Sheet value is a reasonable estimate of the respective fair value.

Financing from clients
The fair value of these financial instruments is estimated based on the updated cash flow expected from capital and interest, considering that the provisions occur on contractually defined dates. The discount rate used is that which reflects the current rates practised for instruments with similar characteristics. Considering that the interest rates applicable are variable in nature and the period of maturity of the deposits is substantially less than one year, there are no materially relevant differences in fair value.

NOTE 37 RISK MANAGEMENT

Background
The Bank seeks to manage the risks inherent to the banking business on a daily basis, specifically market, liquidity, credit, operational, technological, compliance and reputational risks. Additional information on this topic is available in the Management Discussion of this Report 2009.

As these risks are normally inter-related, the Bank has a system of overlapping internal controls and, through procedures, policies and other instruments of control, seeks to manage risks in a comprehensive and integrated manner. These procedures and policies are conceived to ensure effective processing, the existence of robust systems, the appropriate assumption of risk, independent reporting and responsible behaviour, as well as respect for regulatory, legal and prudential guidelines.

In managing its exposure to risk, the Group is guided by the following basic principles:
- Regular review of policies and procedures by the Board of Directors
- Formal establishment of responsibilities for Risk Management in the Group
- Independent process of surveillance of business units
- Policies and procedures intended to ensure an appropriate diversification of risk categories
- Maintenance of an appropriate system of internal reporting
- Evaluation and disciplined measurement of risks, including statistical and qualitative measures
- Training in the identification of risks in the diverse business units

Measurement of risk
The Bank uses a number of methodologies to measure and control the different types of exposure to risk, which are analysed together with information on the specific counterparty or country risk, specifically:
- Value at Risk (VaR)
- Limits per counterparty, family, class of assets or portfolio
- Limits of concentration
- Basis Point Values
- Non-statistical measures, such as stress tests (Economic Value and Earnings at Risk) and sensitivity analyses of the risk parameters of derivative products (greeks)
- Back testing

Risk measurement is an evolving process and is a daily focus of Management, especially as any single methodology is usually insufficient to provide a complete view of our exposure. As a policy, we seek to quantify the potential losses associated with all the aspects of our business in order for us to have a reasonable prior estimate of potential damages in the event of unexpected occurrences. These can range from those which are possible based on recent historic data, to those which we consider highly improbable, but which nevertheless can be estimated based on the assumption of certain extreme scenarios.

An assessment of market risk involves a daily review of all the measures mentioned above. Credit risk generally focuses on nominal and fractionated exposures, concentrations by borrower or group, sector or geography, and stress testing. Managing liquidity, liquidity, interest rate and currency risks combine a number of methodologies, which include basis point values and scenario analyses. Exposure to derivatives is measured with sensitivity analyses of exposures measured in basis points. An evaluation of the more subjective risks to which the bank may be exposed, such as the reputational risk and the correlation risk, depend on scenario analyses in order to arrive at quantitative estimates.

Market risk

Market Risk represents the possible loss in value of Financial Instruments as a result of changes in market conditions.

In terms of financial markets, the key risks to be managed are related with:

- Liquidity risk: resulting from treasury management and the different maturities of assets and liabilities.
- Interest rate risk: resulting from changes in the level, slope and curvature of interest rate curves, interest rate volatility and the duration of the credit margins.
- Equity price risk: resulting from exposure to changes in the price of the underlying assets and volatility.
- Exchange rate risk: resulting from exposure to changes in spot and future prices, and volatility.
- Derivative risk: resulting from the management of our exposure to changes in the price of the underlying assets used to hedge clients' positions and products.

VaR

In terms of the product lines and portfolios of private clients, statistical measures, such as VaR, are combined with non-statistical measures, including stress tests, back testing and measures of earnings-at-risk advisories, to ensure that there are adequate controls over the expected results by risk type in any market conditions. The Bank calculates VaR using a time horizon of one month (22 working days) and a confidence interval of 99%. This means that the Bank can expect to incur losses greater than the estimated VaR only once every 100 working days, or approximately 2.5 times per year. As the VaR is a theoretical approach based on historic data, the model has limitations and cannot always produce exact forecasts on the future market risk. Changes in VaR between reporting periods, for example, are generally due to changes in levels of exposure, volatility and the correlation between securities.

VaR for the years ended 31 December 2009 and 2008 is presented as follows:

	2009				2008			
	December	Annual average	Maximum	Minimum	December	Annual average	Maximum	Minimum
Exchange risk	8,100	19,532	89,886	1,065	3,026	30,817	101,357	1,311
Interest rate risk	-	66,479	360,204	-	72,691	230,074	701,930	4,299
Shares	25,649	69,934	254,750	2,651	99,859	220,311	617,467	29,332
Options	67,106	95,070	404,006	9,247	77,026	286,448	2,080,265	20,420
Effect of diversification	53%	59%			41%	39%		
	47,865	**101,868**	**734,183**	**38,384**	**148,067**	**468,411**	**2,702,945**	**18,271**

Stress Testing

These tests are complementary to VaR limits and are an essential tool for managing the market risk. By using economic stress testing, the Bank tries to estimate the potential losses associated with a given instrument, book or portfolio, under different scenarios. Stress tests of income at risk provide Management with an estimate of the potential variation in the value of a given position, whether current or contemplated, with results of different scenarios used to take decisions on whether to assume, increase or close positions. We perform tests on the Bank's portfolios on a daily basis assuming certain historic market events or other scenarios to simulate our exposure and, in certain cases, the exposure of ours Clients, to potential losses. When no historic data is available, underlying assets of classes of similar assets with a high level of correlation may be used.

Currently, the Bank uses 16 different scenarios to carry out daily stress tests on various trading and investment positions, which are presented and discussed in the Management Discussion of this Report.

Liquidity risk

One of the assumptions in the Bank's strategy is that of a reduced exposure to the liquidity risk. The basic principles of this strategy are (i) to pre-fund assets prior to their acquisition, (ii) to ensure that a major part of the Bank's Balance Sheet can be converted into liquidity in the short term and (iii) to be fully independent of the interbank and wholesale funding markets.

The management of the Bank's immediate resources is carried out so as to minimise the risk of an increase in lending activities which might imply a decrease in liquidity, or rather, a rate of growth in loans which is greater than that of resources.

The exposure by maturity of the Bank's Balance Sheet assets and liabilities are distributed in the following way for the year ended 31 December 2009:

2009	Spot	Up to 3 months	From 3 months to one year	Between 1 to 5 years	Over 5 years	Undefined	Total
Assets							
Cash and deposits in central banks	4,822,680	-	-	-	-	-	4,822,680
Deposits in other banks	73,103,466	-	-	-	-	-	73,103,466
Financial assets held for trading	-	57,459	208,788	586,171	-	10,018,193	10,870,611
Financial assets available for sale	-	18,513,398	11,746,362	94,962,047	145,831,109	26,764,727	297,817,643
Applications in banks	-	69,262,707	-	40,976	-	-	69,303,683
Loans to clients	-	46,361,296	1,557,874	3,086,402	5,756,015	129,345	56,890,932
Investments held to maturity	-	6,194,210	22,816,215	93,139,118	19,603,906	-	141,753,449
	77,926,146	**140,389,070**	**36,329,239**	**191,814,714**	**171,191,030**	**36,912,265**	**654,562,464**
Liabilities							
Financing from central banks	-	-	230,783,194	-	-	-	230,783,194
Financial liabilities held for trading	-	83,994	1,037,790	719,401	-	44,143	1,885,328
Financing from other banks	-	9,560,027	-	-	-	-	9,560,027
Deposits from clients	175,707,175	90,626,708	32,433,487	6,217,637	-	-	304,985,007
	175,707,175	**100,270,729**	**264,254,471**	**6,937,038**	**-**	**44,143**	**547,213,556**

2008	Spot	Up to 3 months	From 3 months to one year	Between 1 to 5 years	Over 5 years	Undefined	Total
Assets							
Cash and deposits in central banks	2,633,391	-	-	-	-	-	2,633,391
Deposits in other banks	96,520,228	-	-	-	-	-	96,520,228
Financial assets held for trading	-	-	1,248,219	481,171	-	6,185,284	7,914,674
Financial assets available for sale	-	-	722,601	16,696,643	-	49,798,316	67,217,560
Applications in banks	-	132,009,990	30,470,289	19,582	-	-	162,499,861
Loans to clients	-	20,774,230	46,723	3,351,208	5,128,569	113,761	29,414,491
Investments held to maturity	-	-	5,789,405	111,862,493	16,886,543	-	134,538,441
	99,153,619	**152,784,220**	**38,277,237**	**132,411,097**	**22,015,112**	**56,097,361**	**500,738,646**
Liabilities							
Financing from central banks	-	84,011,667	-	-	-	-	84,011,667
Financial liabilities held for trading	-	-	2,207,290	113,058	-	3,026,244	5,346,592
Financing from other banks	-	8,426,138	-	1,362,406	-	-	9,788,544
Deposits from clients	127,879,845	126,688,614	39,279,197	2,642,108	-	-	296,489,764
	127,879,845	**219,126,419**	**41,486,487**	**4,117,572**	**-**	**3,026,244**	**395,636,567**

Interest rate risk

Included in the non-statistical Basis Point Value indicators, the sensitivity to interest rate risk for the years ended 31 December 2009 and 2008 is presented as follows:

	2009				2008			
	Parallel shift upwards by 100 bps	Parallel shift downwards by 100 bps	Increase after 1 year of 50 bps	Reduction after 1 year of 50 bps	Parallel shift upwards by 100 bps	Parallel shift downwards by 100 bps	Increase after 1 year of 50 bps	Reduction after 1 year of 50 bps
On 31 December	(9,252,305)	7,601,206	(4,626,153)	3,800,603	(679,707)	672,910	(300,826)	294,809
On 30 June	(1,111,335)	1,081,902	(555,668)	540,951	(204,128)	202,087	(313,893)	307,615

Asset Re-pricing Risk

Included in the non-statistical Basis Point Value indicators, the sensitivity to interest rate risk for the years ended 31 December 2009 and 2008 is presented as follows:

2009						
	Balance Sheet value	Not sensitive	Up to 3 mos	From 3 mos to one yr	From 1 to 5 yrs	Over 5 yrs
Cash and deposits in central banks	4,822,680	4,822,680	-	-	-	-
Deposits in other banks	73,103,466	73,103,466	-	-	-	-
Financial assets held for trading	10,870,611	10,018,193	57,459	208,788	586,171	-
Financial assets available for sale	297,817,643	26,764,727	18,513,398	5,093,432	80,822,810	166,623,276
Applications in banks	69,303,683	-	69,262,726	-	40,957	-
Loans to clients	56,890,932	129,345	38,861,296	1,557,874	10,586,402	5,756,015
Investments held to maturity	141,753,449	141,753,449	-	-	-	-
	654,562,464	**256,591,860**	**126,694,879**	**6,860,094**	**92,036,340**	**172,379,291**
Financing from central banks	230,783,194	175,760,278	-	55,022,916	-	-
Financing from other banks	9,560,027	-	9,560,027	-	-	-
Deposits from clients	304,985,007	-	266,333,883	32,433,487	6,217,637	-
	545,328,228	**175,760,278**	**275,893,910**	**87,456,403**	**6,217,637**	**-**
GAP (Assets - Liabilities)	**109,234,236**	**80,831,582**	**(149,199,031)**	**(80,596,309)**	**85,818,703**	**172,379,291**

2008						
	Balance Sheet value	Not sensitive	Up to 3 mos	From 3 mos to one yr	From 1 to 5 yrs	Over 5 yrs
Cash and deposits in central banks	2,633,391	2,633,391	-	-	-	-
Deposits in other banks	96,520,228	96,520,228	-	-	-	-
Financial assets held for trading	7,914,674	6,144,559	-	1,248,219	481,170	40,726
Financial assets available for sale	67,217,560	49,798,316	-	722,601	16,696,643	-
Applications in banks	162,499,861	-	132,009,990	30,470,289	19,582	-
Loans to clients	29,414,491	113,761	20,774,230	46,723	3,351,208	5,128,569
Investments held to maturity	134,538,441	134,538,441	-	-	-	-
	500,738,646	**289,748,696**	**152,784,220**	**32,487,832**	**20,548,603**	**5,169,295**
Financing from central banks	84,011,667	84,011,667	-	-	-	-
Financing from other banks	9,788,544	-	8,426,138	-	1,362,406	-
Deposits from clients	296,489,764	127,879,845	126,688,614	39,279,197	2,642,108	-
	390,289,975	**211,891,512**	**135,114,752**	**39,279,197**	**4,004,514**	**-**
GAP (Assets - Liabilities)	**110,448,671**	**77,857,184**	**17,669,468**	**(6,791,365)**	**16,544,089**	**5,169,295**

The management of VaR for the equity portfolio was, in line with experience in other business areas, within the limits established for 2009. The risk allocated to this type of securities was fairly low during the year, partly due to the scarcity of investment opportunities compared with other classes of assets and also due to the low level of business related with Clients requiring hedging.

Exchange risk

The currency exchange markets were highly volatile during the year as a result of the uncertainty in the various economic blocks. During the year, expectations relating to interest rates changed frequently in the main economies, impacting directly on exchange rates. Bank BiG does not speculate in currency markets (FX) and the relatively low use of VaR limits reflects the Bank's strategy of limiting exposure to foreign currency fundamentally to its Clients' business and associated fluxes.

The distribution of the Balance Sheet by currency for the years ended 31 December 2009 and 2008 is presented as follows:

2008						
	Euros	North American Dollars	Pound Sterling	Japanese Yen	Other Foreign Currency	Total
Assets by currency						
Cash and deposits in central banks	4,800,481	19,235	2,961	-	3	4,822,680
Deposits in other banks	70,421,731	2,230,301	180,146	47,770	123,518	73,103,466
Financial assets held for trading	9,805,887	1,055,821	8,903	-	-	10,870,611
Financial assets available for sale	282,447,708	15,369,935	-	-	-	297,817,643
Applications in banks	65,138,740	4,164,943	-	-	-	69,303,683
Loans to clients	56,713,275	-	-	-	-	56,713,275
Investments held to maturity	135,861,254	3,872,398	2,019,797	-	-	141,753,449
Non-current assets held for sale	143,000	-	-	-	-	143,000
Tangible assets	18,538,539	-	-	-	-	18,538,539
Intangible assets	604,176	-	-	-	-	604,176
Investments in subsidiary companies and associated companies	4,794,425	-	-	-	-	4,794,425
Deferred tax assets	417,455	-	-	-	-	417,455
Other assets	17,772,621	6,522,898	141,352	22,806	7,861	24,467,538
Total Assets	**667,459,292**	**33,335,531**	**2,353,159**	**70,576**	**131,382**	**703,349,940**
Liabilities by currency						
Financing from central banks	230,783,194	-	-	-	-	230,783,194
Financial liabilities held for trading	1,788,391	86,243	10,694	-	-	1,885,328
Financing from other banks	5,567,820	3,990,270	-	-	1.937	9,560,027
Financing from clients	288,907,389	16,071,139	6,458	-	21	304,985,007
Provisions	189,648	-	-	-	-	189,648
Current tax liabilities	2,741,184	-	-	-	-	2,741,184
Other liabilities	17,282,702	7,106,602	128,009	1,635	885	24,519,833
Total Liabilities	**547,260,328**	**27,254,254**	**145,161**	**1,635**	**2,843**	**574,664,221**
Net assets - liabilities by currency	**120,198,964**	**6,081,277**	**2,207,998**	**68,941**	**128,539**	**128,685,719**
Total Equity	**129,094,074**	**(186,524)**	**(221,831)**	**-**	**-**	**128,685,719**
Net Exposure	**(8,895,110)**	**6,267,801**	**2,429,829**	**68,941**	**128,539**	**-**

2008						
	Euros	North American Dollars	Pound Sterling	Japanese Yen	Other Foreign Currency	Total
Assets by currency						
Cash and deposits in central banks	2,619,642	8,773	4,976	-	-	2,633,391
Deposits in other banks	90,395,281	5,103,859	699,797	69,541	251,750	96,520,228
Financial assets held for trading	7,873,949	32,424	8,301	-	-	7,914,674
Financial assets available for sale	65,597,211	1,620,349	-	-	-	67,217,560
Applications in banks	141,220,819	21,279,042	-	-	-	162,499,861
Loans to clients	28,678,831	553,917	-	60	-	29,232,808
Investments held to maturity	132,137,474	1,039,790	1,361,177	-	-	134,538,441
Tangible assets	11,747,327	-	-	-	-	11,747,327
Intangible assets	472,242	-	-	-	-	472,242
Investments in subsidiary companies and associated companies	5,614,917	-	-	-	-	5,614,917
Deferred tax assets	729,722	-	-	-	-	729,722
Other Assets	40,119,286	3,778,604	28,444	19,299	1,576	43,947,209
Total Assets	**527,206,701**	**33,416,758**	**2,102,695**	**88,900**	**253,326**	**563,068,380**
Liabilities by currency						
Financing from central banks	84,011,667	-	-	-	-	84,011,667
Financial liabilities held for trading	5,270,479	66,142	9,971	-	-	5,346,592
Financing from other banks	557,984	9,227,757	-	24	2,779	9,788,544
Financing from clients	283,478,262	13,004,448	7,033	-	21	296,489,764
Provisions	150,000	-	-	-	-	150,000
Current tax liabilities	158,596	-	-	-	-	158,596
Other liabilities	53,909,033	5,417,066	360,975	66,763	-	59,753,837
Total Liabilities	**427,536,021**	**27,715,413**	**377,979**	**66,787**	**2,800**	**455,699,000**
Net assets - liabilities by currency	**99,670,680**	**5,701,345**	**1,724,716**	**22,113**	**250,526**	**107,369,380**
Total Equity	**108,211,750**	**(621,420)**	**(220,950)**	**-**	**-**	**107,369,380**
Net Exposure	**(8,541,070)**	**6,322,765**	**1,945,666**	**22,113**	**250,526**	**-**

Derivatives risk

The measurement of risk of the Bank's book of derivative products depends on a number of market-related variables, including the price of underlying assets, volatility, interest rates and time to maturity. The Bank quantifies its exposure to these variables by carrying out sensitivity analyses known as "greeks" which are mathematical terms defined below. The graphs below summarise the evolution of these exposures during the year. In general terms, the implicit volatility measured by the main reference indices (V2K Index and VIX Index in Europe and in the USA respectively) fell gradually during 2009, after starting the year at historically high levels, which reflected the trends carrying over from the previous year, with the recovery in the stock markets, the return of carry trade strategies and the relative normalization of the credit markets.

2009				
	Rho	Vega	Delta	Theta
Min	(115,727)	(20,267)	238,007	(19,261)
Max	9,530	41,773	457,197	13,992
Average	(62,212)	8,998	376,140	(875)
Standard Deviation	24,228	13,937	44,460	3,964

2008				
	Rho	Vega	Delta	Theta
Min	(70,632)	(120,657)	(274,934)	(177,263)
Max	33,435	147,117	864,691	65,701
Average	(18,466)	12,861	349,056	(2,641)
Standard Deviation	21,975	48,161	155,303	19,372

Rho	*Interest rate sensitivity*
Vega	*Sensitivity of volatility*
Delta	*Sensitivity of the underlying stock*
Theta	*Sensitivity to time*

Limits and Reporting

Limits on trading activity are essential to the process, and involve approved limits by class of product, tenor, content and by individual trader. They are be calculated using a combination of non-statistical measures, including BPV's (Basis Point Value), and statistical measures, such as VaR (Value at Risk), discussed above. Reports are prepared for the Management on daily based on established statistical and non-statistical measures.

Credit risk

Credit Risk is the risk of loss as a result of a default by a borrower or counterparty.

The Group is exposed to credit risks in a number of its activities. These necessarily include direct exposure to clients who have contracted loans, direct exposure to credit risks associated with securities issued by third parties and held as investment or trading assets of the Group, and market or settlement risks associated with trading activities by clients.

Credit risk arising from dealings with professional counterparties as well as issuers of quoted securities, is assessed in combination with procedures for managing market risks discussed above in Market Risk.

In its process of analysis and approval, the Bank assesses its exposure in terms of individual transactions, in terms of the maximum exposure per client and, separately, in terms of the respective portfolios, to ensure an adequate control over risk concentrations in each sector or industry. As a matter of policy, all exposures are assessed and processed for approval, whether on or off-balance sheet in nature. Controls over Market risk, as a result, often overlap with assessments of credit risk. In the course of the Bank's day to day activity, integrated systems to monitor exposures are an essential element in the process of credit risk management.

The Credit Risk Management process begins with the Board of Directors, which approves general policies and guidelines for credit risks. The Board then delegates in the Chief Credit Officer and to other members of the Credit Risk Committee and support personnel the day to day implementation of these policies and responsibilities, which include:

- Analysis and control of counterparty risks
- Quantitative and qualitative guidelines for credit reviews
- Control and monitoring of client, family and "house limit" risks
- Documentation, control and filing systems
- Management and control of risk monitoring systems and procedures
- Maintenance of a credit scoring and approval matrix
- Attention to the integrity and independence of the approval process
- Strict adherence to regulatory guidelines
- Pricing policy

BiG's exposure to the credit risk can include the granting of loans to clients, investments in corporate bonds, interbank full value and replacement value risks, settlement risk associated with securities, amounts receivable under derivatives and foreign currency contracts, and commitments assumed under guarantees or commercial paper programs.

The distribution by sector of activity for the years ended 31 December 2009 and 2008 is presented as follows:

2009						
	Loans to clients		Financial assets held for trading	Financial assets available for sale	Investments held to maturity	Guarantees and sureties provided
	Gross value	Provision	Gross value	Gross value	Gross value	
Agriculture and silviculture	37,428	-	-	-	-	-
Mining industries	-	-	1,806,866	-	-	-
Food, drink and tobacco	25,401	1,315	-	4,500,000	8,285,194	60,000
Paper, graphics and editorials	-	-	-	-	7,973,475	-
Chemical industry	-	-	613,305	-	3,143,055	-
Manufacture of machines and equipment	2,149,644	-	-	-	-	-
Transport machines and material	-	-	-	-	11,160,485	-
Electricity, water and gas	-	-	2,906,465	19,452,905	6,253,211	-
Construction and public works	309,370	10,946	-	-	4,736,658	-
Bulk and retail trade	1,628,776	-	-	41,832	11,132,364	-
Transports and communications	7,597,689	-	1,906,470	21,788,066	22,581,240	-
Financial activity	56,796	-	3,053,915	120,388,629	62,361,736	722,000
Real estate	4,615,776	-	-	-	-	-
Other service companies	7,045,251	405	506,778	4,002,927	4,126,031	27,168
Administration and public services	-	-	-	127,643,284	-	-
Other collective services	105,170	-	-	-	-	-
Mortgages	4,741,505	-	-	-	-	-
Loans to private individuals	28,492,536	164,879	77,812	-	-	596,571
Other	85,590	112	-	-	-	-
	56,890,932	**177,657**	**10,870,611**	**297,817,643**	**141,753,449**	**1,405,739**

2008						
	Loans to clients		Financial assets held for trading	Financial assets available for sale	Investments held to maturity	Guarantees and sureties provided
	Gross value	Provision	Gross value	Gross value	Gross value	
Agriculture and silviculture	9,492	-	219	-	-	-
Mining industries	-	-	265,667	-	4,883,460	-
Food, drink and tobacco	8,842	736	15	-	8,147,630	60,000
Paper, graphics and editorials	-	-	86,331	1,833,591	6,066,388	-
Chemical industry	-	-	-	2,078,200	5,155,263	-
Manufacture of machines and equipment	79,108	-	-	-	-	-
Transport machines and material	-	-	-	1,215,000	11,965,111	-
Electricity, water and gas	-	-	1,668,895	15,135,791	6,262,556	-
Construction and public works	337,637	8,261	66	1,169,996	1,832,643	-
Bulk and retail trade	17,706	-	11	519,915	16,240,572	-
Transports and communications	-	-	51,295	12,868,827	9,714,870	-
Financial activity	107	-	4,903,512	15,529,839	52,343,226	744,500
Real estate	4,216,507	-	6	-	-	-
Other service companies	6,609,128	97	122,598	7,564,764	11,926,722	-
Administration and public services	-	-	-	9,301,637	-	-
Other collective services	-	-	6	-	-	-
Mortgages	4,348,023	-	-	-	-	-
Loans to private individuals	13,711,848	-	816,053	-	-	700,041
Other	76,093	172,589	-	-	-	-
	29,414,491	**181,683**	**7,914,674**	**67,217,560**	**134,538,441**	**1,504,541**

The geographic distribution for the years ended 31 December 2009 and 2008 is as follows:

	2009	2008
Portugal	58%	69%
Other EU	34%	22%
United States	5%	8%
Rest of the World	3%	1%
Balance at the end of the year	**100%**	**100%**

Operating risk

Operating risk is part of our day to day business and may arise as a result of inadequate procedures or systems, human risk or external events.

Given the nature of its business, the Bank is exposed to potential losses or reputational risk as a result of human error, system breakdown, processing failures, unexpected interruptions in activity or stoppages, or poor execution by third party suppliers or providers of services.

To monitor the risks and the effective fulfillment of the procedures throughout the Bank, Management reviews its system of internal governance, meaning the appropriateness of procedures, systems and human resources in order to ensure the normal running of business under both usual and unusual circumstances.

The objective of this structure is to ensure that the Bank adheres to established procedures and limits and so that any costs associated with operational errors may be kept within controlled levels, commensurate with the Bank's capital and business strategy. Management believes that one of the main components in managing such risks, when combined with an evolving structure of governance, is the nurturing of a culture of risk detection and mitigation, which encourages the proactive resolution of problems based on their early identification.

The Bank has a project in hand to reformulate the Operational Risk Measurement and Management System, in line with the indications of the Basle Accord, and with the objective of creating the conditions necessary for the eventual implementation of advanced measurement methods, given that currently the Bank calculates its capital requirements for hedging the operational risk based on the Basic Indicator Approach.

Capital and solvency ratio management

Equity Funds for the years ended 31 December 2009 and 2008 are presented as follows:

		2009	2008
A - Equity Funds			
Ordinary paid-up capital, issue premiums and treasury stock		96,023,132	94,340,120
Results and reserves formed from retained earnings		23,250,556	20,545,663
Contributions to pension funds still not entered as costs		(2,631,652)	(2,983,008)
Revaluation differences of other assets available for sale		(195,687)	(11,720,707)
Intangible assets		(604,176)	(472,242)
Equity Funds to determine the Ratio Core Tier I	**(A1)**	**115,842,173**	**99,709,826**
Deductions from core equity		(9,391,144)	(5,166,795)
Core Tier I	**(A2)**	**106,451,029**	**94,543,031**
Eligible Equity Funds	**(A3)**	**106,451,029**	**94,543,031**
B - Equivalent-Risk Assets			
Calculated in accordance with Notification 5/2007 (Banking Portfolio risks)		257,551,175	249,223,425
Calculated in accordance with Notification 8/2007 (Trading Portfolio risks)		6,395,925	3,040,013
Calculated in accordance with Notification 9/2007 (Operating Risk)		60,417,963	52,481,950
Total Equivalent-Risk Assets	**(B)**	**324,365,063**	**304,745,388**
C - Capital Ratios			
Core Tier 1 Ratio	(A1/B)	35.7%	32.7%
Tier 1 Ratio	(A2/B)	32.8%	31.0%
Solvency Ratio	(A3/B)	32.8%	31.0%

The movement in Equity Funds for the years ended 31 December 2009 and 2008 is presented as follows:

	2009	2008
Opening Balance	**94,543,031**	**88,557,268**
Ordinary paid-up capital, issue premiums and treasury stock	1,683,012	14,089,339
Results and reserves formed from retained earnings	2,704,893	7,310,609
Contributions to pension funds still not entered as costs	351,356	351,356
Revaluation differences of other assets available for sale	11,525,020	(8,954,350)
Intangible assets	(131,934)	366,034
Deductions from core equity	(4,224,349)	(5,166,795)
Supplementary Equity Funds	-	(1,971,916)
45% of positive fair value revaluation reserves	-	(38,514)
Closing Balance	**106,451,029**	**94,543,031**

Other Risks and their measurement

Reputational Risk

Reputation Risk is defined as the possibility of a negative impact on results or on capital arising from a negative perception of the public image of the institution, whether founded or not, by the different stakeholders, the press or by public opinion in general. To measure reputational risk, BiG runs stress tests which assume the partial or total withdrawal of deposits by clients, either on the same day or within the period of one week, and which assess the impact on earnings associated with the sale of liquid assets required to meet such withdrawals.

Correlation Risk

The different types of risk: liquidity, credit, reputation, counterparty, market concentration, interest rate, market, etc, are correlated. This correlation is more evident in some pairs of risks than others. Examples:

Liquidity risk versus Reputation Risk:

The decline in the reputation of a financial institution can lead to a lack of trust of clients and of investors in general. This situation can lead to the liquidity risk for the institution with regard to its immediate liabilities.

Liquidity risk versus Reputation Risk versus Market risk:

Reputation risk versus liquidity risk is analysed above. We can also assume under extreme circumstances that there may be an unusual and simultaneous variation in the value of financial instruments in the market.

Liquidity risk versus Reputation Risk versus Credit risk:

In this case, as in the previous example, we allow for scenarios where there is Reputation Risk and Liquidity Risk and the simultaneous possibility of default of certain assets, as well as the impact of the change in spreads in the estimation of potential loss.

a) Liquidity risk versus Reputation Risk versus Market risk at 31/12/09:

(50% drop in the Dax and 33% in the SPX indices)

- Scenario 1 - 50% of clients want to withdraw their Demand Deposits in the period of one day.
  Immediately available liquidity: 133,032,147 Euros.
  Liabilities: 86,395,053 Euros.
  It would not be necessary to sell assets; however, under estimated market conditions, BiG would have a loss of 7,762,030 Euros.

- Scenario 2 - All Demand Deposits are withdrawn in the period of one week
  Liquidity available in the period of one week: 144,644,440 Euros.
  Liabilities: 172,791,796 Euros.
  It would be necessary to assets in an amount of 28,147,356 Euros; however, under estimated market conditions, BiG would have a loss of 7,762,030 Euros.

- Scenario 3 - All Demand Deposits and Term Deposits are withdrawn in the period of one week
  Liquidity available in the period of one week: 144,644,440 Euros.
  Liabilities: 275,714,150 Euros.
  It would be necessary to sell assets in an amount of 131,069,710 Euros; however, under estimated market conditions, BiG would have a loss of 7,762,030 Euros.

Liquidity risk versus Reputation Risk versus Credit risk at 31/12/09:

(Armageddon Stress Test Debt)

- Scenario 1 - 50% of clients want to withdraw their Demand Deposits in the period of one day.
  Immediately available liquidity: 133,032,147 Euros.
  Liabilities: 86,395,053 Euros.
  It would not be necessary to sell assets; however, under estimated market conditions of simultaneous credit defaults and/or drastic decline in value, BiG would have a loss of 23,353,429 Euros.

- Scenario 2 - All Demand Deposits are withdrawn in the period of one week
  Liquidity available in the period of one week: 144,644,440 Euros.
  Liabilities: 172,791,796 Euros.
  It would be necessary to sell assets in an amount of 28,147,356 Euros; however, under estimated market conditions of simultaneous credit losses and/or drastic decline in value, BiG would have a loss of 23,353,429 Euros.

- Scenario 3 - All Demand Deposits and Term Deposits are withdrawn in the period of one week
  Liquidity available in the period of one week: 144,644,440 Euros.
  Liabilities: 275,714,150 Euros.
  It would be necessary to sell assets in an amount of 131,069,710 Euros; however, under estimated market conditions of simultaneous defaults and/or drastic decline of value, BiG would have a loss of 23,353,429 Euros.

NOTE 38 RECENTLY ISSUED ACCOUNTING STANDARDS AND INTERPRETATIONS

38.1. Recently issued accounting standards and interpretations adopted by the Bank

In the preparation of the financial statements relating to 31 December 2009, the Bank adopted the following accounting standards and interpretations the application of which is mandatory as from 1 January 2009:

IFRS 2 (altered) - Payment based on shares: conditions of acquisition

In January 2008 the International Accounting Standards Board (IASB) issued an alteration to the IFRS 2 which became effective as of 1 January 2009. This alteration to the IFRS 2 (i) clarified that of acquisition of the rights inherent to a share-based payments plan are limited to conditions of service or performance, (ii) introduces the concept of non-vesting conditions and (iii) determines that any cancellation of such programs, either by the employer or by third parties, has the same treatment in terms of accounting.

The adoption of this standard had no impact on the financial statements of the Bank.

IFRS 7 (altered) - Financial instruments: Disclosures

In March 2009 the International Accounting Standards Board (IASB) issued the IFRS 7 (altered) - Financial instruments: Disclosures, which became obligatory as from 1 January 2009. This alteration to the IFRS 7 requires additional information in disclosures on (i) the measurement of fair value, specifically establishing that these should be presented in three defined hierarchical levels in the standard itself and (ii) on the liquidity risk.

In view of the nature of these alterations the impact on the financial statements of the Bank was exclusively in terms of disclosures.

IFRS 8 – Operating Segments

On 30 November 2006 the International Accounting Standards Board (IASB) issued IFRS 8 - Operating Segments, which was adopted for use in the European Union on 21 November 2007. The application of this standard is mandatory as from 1 January 2009. IFRS 8 - Operating Segments defines the presentation of the information on Operating Segments of an entity. This standard specifies how an entity should report its information in the annual financial statements, and as a consequence altered IAS 34 - Interim Financial Reporting, with regard to the information to be selected for interim financial reporting. An entity will also have to make a description of the information presented by segment, specifically, results and operations, as well as a brief description of how the segments are made up.

The adoption of this standard had no impact as the Bank is waived from presenting the report by segments on a consolidated basis, in accordance with note 2.22. - Reporting by segments.

IAS 1 (altered) - Presentation of the financial statements

In September 2007 the International Accounting Standards Board (IASB) issued the IAS 1 (altered) Presentation of financial statements which became mandatory as from 1 January 2009. The IAS 1 (altered) requires that financial information be aggregated in the preparation of the financial statements, according to its basic characteristics and introduces the comprehensive income statement. Following alterations imposed by this standard the users of financial statements can more easily distinguish variations in the equity of the Group arising from transactions with shareholders, as shareholders (e.g. dividends, transactions with Treasury Stock) and transactions with third parties, which are summarised in the comprehensive income statement.

Furthermore, whenever comparative information is rewritten or reclassified, namely following the introduction of new accounting standards, it becomes necessary to include a Balance Sheet reported as at the start date of the comparative period in the financial statements.

The alterations imposed by the IAS 1 only affected the presentation of the financial statements of the Bank.

IAS 23 (altered) - Cost of loans obtained

In March 2007 the International Accounting Standards Board (IASB) issued the IAS 23 (altered) – Borrowing costs, which became mandatory as from 1 January 2009. This standard requires entities to capitalise the cost of loans obtained which is directly attributable to the acquisition cost, construction or production of qualifiable assets, as an integral part of the acquisition cost, construction or production of these assets. The option to record such costs directly in profit and loss is therefore eliminated. Qualifiable assets are those which need a substantial period of time to be ready for their intended use of for sale.

The adoption of this standard had no impact on the financial statements of the Bank.

Alteration to IAS 32 - Financial instruments: presentation – Redeemable financial instruments and bonds arising on liquidation

In February 2008 the International Accounting Standards Board (IASB) issued an alteration to IAS 32 - Financial Instruments: Presentation – Redeemable Financial Instruments and obligations arising on liquidation, the application of which is mandatory as of 1 January 2009. This alteration affects the classification of Redeemable Financial Instruments and of obligations arising on liquidation. In accordance with the current requirements of IAS 32, Financial Instruments (i) repayable in cash or through other financial assets or (ii) which grant the holder a right to require the issuer to re-acquire them ('puttable' instruments), are classified as financial liabilities. This alteration to this standard which became effective as from 1 January 2009, implies that some instruments which qualified as financial liabilities in accordance with the previous IAS 32, are now to be recognised as capital instruments, if these have certain characteristics, namely that: (i)

they represent the last residual interest in the net assets of an entity, (ii) they form part of a class of instruments subordinated to any other class of instruments issued by the entity and that (iii) all the instruments of this class have the same terms and conditions. The IASB also altered the IAS 1 Presentation of financial statements including additional requirements on disclosure relating to this type of instrument.

The adoption of this standard had no impact on the financial statements of the Bank.

IFRIC 13 - Customer loyalty programs

IFRIC 13 Customer loyalty programs was issued in July 2007, came into force for years beginning from 1 July 2008, and is only relevant for the Group as from 1 January 2009. This interpretation applies to customer loyalty programs where loans are adjudicated to clients as part of a sale or provision of services and the client may exchange these loans, in the future, for free or discounted services or goods.

The adoption of this standard had no material impact on the financial statements of the Bank.

IFRIC 15 – Agreements for the construction of real estate

IFRIC 15 - Agreements for the construction of real estate came into force for years starting from 1 January 2009. This Interpretation provides guidance on how to determine whether an agreement for the construction of real estate is within the scope of IAS 18 Recognition of revenue or IAS 11 Construction Contracts. It is expected that IAS 18 will apply to a greater number of transactions.

The adoption of this interpretation had no impact on the financial statements of the Bank.

Annual Improvement Project

In May 2008 the IASB published the Annual Improvement Project which altered certain standards in force at that time. The alterations which affect the Bank in 2009 are as follows:

(a) Alteration to IAS 1 - Presentation of financial statements, effective from 1 January 2009. The alteration clarifies that only some, and not all, financial instruments classified in the trading category are examples of current assets and liabilities.

The adoption of this alteration had no impact on the financial statements of the Bank.

(b) Alteration to IAS 16 - Fixed tangible assets, effective from 1 January 2009. The alteration establishes rules of classification (i) of revenue from the disposal of assets held for rental, which are subsequently sold and (ii) of these assets during the time which passes between the date of the cession of the rental and the date of its disposal.

The adoption of this alteration had no impact on the financial statements of the Bank.

(c) Alteration to IAS 19 – employee benefits, effective from 1 January 2009. The alterations made help to clarify (i) the concept of negative costs with past services arising from the alteration of the defined benefit plan (ii) the interaction between the expected return of the assets and the administrative costs of the plan, and (iii) the distinction between short, medium and long term benefits.

The adoption of this alteration had no impact on the financial statements of the Bank.

(d) Alteration to IAS 20 – Accounting of government subsidies and disclosure of government support, effective from 1 January 2009. This alteration establishes that the benefit arising from the obtaining of a loan from the government with lower rates than those practised on the market, should be measured as the difference between the fair value of the liabilities on the date they were contracted, determined in accordance with IAS 39 Financial instruments: recognition and measurement and the value received. This benefit should be subsequently stated in accordance with IAS 20.

The adoption of this alteration had no impact on the financial statements of the Bank.

(e) Alteration to IAS 23 – Cost of loans obtained, effective from 1 January 2009. The concept of the cost of loans obtained was altered so as to clarify that these should be determined in accordance with the effective rate method established in IAS 39 Financial instruments: recognition and measurement, thereby eliminating the inconsistency between IAS 23 and IAS 39.

The adoption of this alteration had no impact on the financial statements of the Bank.

(f) Alteration to IAS 38 - Intangible assets, effective from 1 January 2009. The amendment clarifies that an expense with deferred cost, incurred in relation to advertising and promotional activities, may only be recognised in the Balance Sheet when advance payment has been made in relation to goods or services which will be received at a future date. The recognition in profit and loss should occur when the entity has the right of access to the goods and the services when received.

The adoption of this alteration had no impact on the financial statements of the Bank.

(g) Alteration to IAS 39 - Financial instruments: recognition and measurement, effective from 1 January 2009. These alterations fundamentally consist of (i) clarifying that it is possible to make transfers from and to the category of Fair Value through profit and loss in relation to derivatives whenever these begin or end a hedge relationship in cash flow hedge models or of a net investment in an associate or subsidiary company, (ii) altering the definition of financial instruments at fair value through Profit and Loss with regard to the category of trading, in order to establish that in the case of portfolios of financial instruments managed jointly and in relation to which there is evidence of recent activities which would likely generate short term gains, these should be classified as trading when initially recognised, (iii) altering the requisites concerning documentation and effectiveness tests in the hedge relationships established in terms of the operational segments determined under the application of IFRS 8 operating segments, and (iv) clarifying that the measurement of financial liabilities at amortised cost, after interruption of the respective fair value hedge, should be based on the new rate effective calculated on the date of the interruption of the hedge relationship.

The adoption of this alteration had no impact on the financial statements of the Bank.

(h) Alteration to IAS 40 – Investment property, effective from 1 January 2009. Following this alteration, property under construction or development for future use as an investment property will be included under IAS 40 (previously covered by IAS 16 Fixed tangible assets). Such property under construction may be recorded at fair value except if it cannot be reliably measured, in which case it should be recorded at acquisition cost.

The adoption of this alteration had no impact on the financial statements of the Bank.

38.2. Accounting standards and interpretations recently issued not adopted by the Bank

Accounting standards and interpretations which were recently issued, but which have not yet come into force and which the Bank has not yet applied in the preparation of its financial statements, may be analysed as follows. The Bank will adopt these standards when they become mandatory.

IFRS 1 (altered) – First time adoption of the international financial reporting standards and IAS 27 – Consolidated and separate financial statements

The alterations to IFRS 1 - First time adoption of the international financial reporting standards and IAS 27 - Consolidated and separate financial statements are effective for years which begin after 1 July 2009.

These alterations meant that entities which are adopting the IFRS for the first time in the preparation of their individual accounts, adopt as a deemed cost of their investments in subsidiary companies, joint and associated undertakings, the respective fair value on the date of the transition to the IFRS or the Balance Sheet value based on the previous accounting reference.

The Bank does not expect any material impact from the adoption of this standard.

IFRS 9 - Financial instruments

In November 2009 the International Accounting Standards Board (IASB) issued IFRS 9 - Financial instruments part I: Classification and measurement, which is mandatory for years which start from 1 January 2013, although it may be adopted before this date. This standard was not yet adopted by the European Union.

This standard is part of the first stage of the IASB's global project to replace IAS 39 and approach the topics of the classification and measurement of financial assets. The main aspects considered are the following:

- Financial assets are to be classified in two categories: at amortised cost or at fair value. This decision will be made upon the initial recognition of the financial assets. Their classification depends on how an entity presents these financial assets in the business management model and the contractual characteristics of the financial fluxes associated to each financial asset;

- Only debt instruments the contracted financial fluxes of which only represent capital and interest may be measured at amortised cost, or rather, those which only contain basic debt characteristics, and the entity, in the business management model, holds these financial assets with the objective of only gaining the respective financial flows. All other debt instruments are recognised at fair value;

- Capital instruments issued by third parties are recognised at fair value with subsequent variations being entered in the results of the year. However, an entity can irrevocably choose capital instruments for which variations in fair value and capital gains or losses are recognised in reserves. Gains and losses thus recognised may not be recognized as the results of the year. This decision is discretionary and does not imply that all capital instruments be handled in this manner. Dividends received are recognised in the results of the year.

The Bank is evaluating the impact of the adoption of this standard.

IAS 39 (Altered) – Financial instruments: recognition and measurement – eligible hedged assets and liabilities

The International Accounting Standards Board (IASB) issued an alteration to IAS 39 Financial instruments: recognition and measurement – eligible hedged assets and liabilities the application of which is mandatory for years starting from 1 July 2009.

This alteration clarifies the application of the principles which determine the risks or cash flows which are eligible for inclusion in a hedging operation.

The Bank is evaluating the impact of the adoption of this standard with regard to its financial statements.

IFRIC 12 – Service Concession Contracts

In July 2007 the International Financial Reporting Interpretations Committee (IFRIC) issued IFRIC 12 - Service Concession Contracts, the application of which is mandatory as from 1 January 2008, although it may be adopted before this date. This interpretation was only adopted by the European Union in 2009 and therefore it is only mandatory for the Bank as from 1 January 2010.

IFRIC 12 applies to public-private service concession contracts and only contemplates situations where the grantor (i) controls or regulates the services provided by the operator, and (ii) controls the residual interests of the infrastructures upon the maturity of the contract.

In view of the nature of the contracts covered by this interpretation no material impact is expected in terms of the financial statements of the Bank.

IFRIC 17 – Distributions of non-cash assets to shareholders

IFRIC 17 – Distributions of non-cash assets to shareholders comes into force for years starting from 1 July 2009.

This interpretation aims to clarify the accounting treatment of distributions of non-cash assets to shareholders. It thereby establishes that distributions of non-cash assets should be recorded at the fair value of the assets distributed with the difference in the respective Balance Sheet value being recognised in Profit and Loss upon distribution.

The Bank does not expect this interpretation to have a significant impact on its financial statements.

IFRIC 18 – Transfers of assets from customers

IFRIC 18 – Transfers of assets from customers comes into force for years starting from 1 July 2009.

This interpretation aims to clarify the accounting treatment in agreements entered into by which an entity receives assets from clients for its own use and with the intention of subsequently connecting the client to a network or granting the client ongoing access to the supply of goods or services.
The Interpretation clarifies:
• the conditions in which assets come within the scope of this interpretation;
• the recognition of the assets and their initial measurement;
• the identification of identifiable services (one or more services in exchange for the transferred assets);
• the recognition of income;
• the accounting of cash transfers by clients.

The Bank does not expect this interpretation to have a significant impact on its financial statements.

Annual Improvement Project

In May 2008, as mentioned above, the IASB published the Annual Improvement Project which altered certain standards in force at that time, of which only the following alteration is still to be adopted by the Bank:

- Alteration to IFRS 5 - Non-current assets held for sale and discontinued operating units, effective for years starting from 1 July 2009. This alteration clarified that all the assets and liabilities of a subsidiary should be classified as non-current assets held for sale in accordance with IFRS 5 if there is a partial sale plan of the subsidiary which would lead to a loss of control. This standard will be adopted prospectively by the Bank in 2010.

NOTE 39 SUBSEQUENT EVENTS

During the month of February, the Bank sold a significant amount of financial assets for the total amount of 66,544,289 Euros which were entered in the portfolio of Investments held to maturity since July 2008. In accordance with IAS 39, the sale before maturity of any financial assets classified as Investments held to maturity requires the reclassification of all of the other assets of this portfolio to the portfolio of financial assets available for sale.

SUPERVISORY BOARDS

General Shareholders Assembly

President
Diogo Pereira Duarte

Secretary
João Manuel de Jesus Rufino

Board of Directors

Chairman and Chief Executive Officer
Carlos Adolfo Coelho Figueiredo Rodrigues

Vice-Chairman and Chief Operati
ng Officer
Nicholas Leo Racich

Executive Directors
Mário João Abreu Galhardo Bolota
Diogo Batista Russo Pereira da Cunha
Paulo José Caramelo de Figueiredo

Fiscal Board

José Fernando Catarino Galamba Oliveira
Ariadne Prata Arsénio Nunes
Alcino Cardoso

Effective Portuguese Statutory Auditor

KPMG & Associados, SROC, S.A., represented by
Inês Maria Bastos Viegas Clare Neves Girão de Almeida

Alternate Portuguese Statutory Auditor

Ana Cristina Soares Valente Dourado

CONTACTS IN BUSINESS AREAS

Online Services		707 244 707	www.BiGonline.pt
Client Contact Center		213 305 327/9	apoio@Banco BiG.pt
Clients – General			
Corporate and Institutional	Mário Bolota	213 305 305	mbolota@Banco BiG.pt
Specialized Retail	Diogo Cunha	213 305 306	dcunha@Banco BiG.pt
Business Areas			
Markets			
Treasury/Fixed Income	Ricardo Pinho (head)	213 305 309	rpinho@Banco BiG.pt
Equities	João Vaz Velho	213 305 344	jvazvelho@Banco BiG.pt
Foreign Exchange	Fernando Quadros	213 305 334	fquadros@Banco BiG.pt
Options/Structured Products	Sérgio Magalhães	213 305 304	smagalhaes@Banco BiG.pt
Corporate and Institutional Clients	Diogo Costa	213 305 384	dcosta@Banco BiG.pt
	Cláudio Sousa	226 156 700	csousa@Banco BiG.pt
High Net Worth Clients	Pedro Cardoso	213 305 553	pcardoso@Banco BiG.pt
Affluent Clients	Tiago Eusébio	213 305 392	teusebio@Banco BiG.pt
	Paula Gil	213 305 577	pgil@Banco BiG.pt
	Gonçalo Moreira	226 156 700	gmoreira@Banco BiG.pt
Brokerage	João Cotrim	213 305 547	jcotrim@Banco BiG.pt
Asset Management	Rui Broega	213 305 343	rbroega@Banco BiG.pt
Corporate Finance	Ana Rita Gil	213 305 318	agil@Banco BiG.pt
Research	João Lampreia	213 305 542	jlampreia@Banco BiG.pt
Specialized Credit	Miguel Mira	213 305 513	mmira@Banco BiG.pt
Support Areas			
Operations	Paulo Campos	213 305 333	pcampos@Banco BiG.pt
IT	Paulo Figueiredo	213 305 311	pfigueiredo@Banco BiG.pt
IT – BackOffice Systems	Carla Rosa	213 305 322	crosa@Banco BiG.pt
IT Development	Vitor Luís	213 305 359	vluis@Banco BiG.pt
Accounting	Dora Moreira	213 305 518	dmoreira@Banco BiG.pt
Compliance	Francisco Passaradas	213 305 366	fpassaradas@Banco BiG.pt
Audit	Luís Penaguião	213 305 502	lpenaguiao@bancoBiG.pt
Human Resources	Paula Moreira	213 305 385	pmoreira@Banco BiG.pt
Marketing	Alexandre Martins	213 305 555	amartins@Banco BiG.pt
Credit	Teresa Raimundo	213 305 314	traimundo@Banco BiG.pt
Head Office			
Av. 24 de Julho, n.º 74 - 76, 1200 - 869 Lisboa		213 305 300	