In accordance with Article 10 of the CMVM Regulation nr.5/2008 we are pleased to transcribe the

1ST QUARTER 2011 ACTIVITY REPORT

BANCO COMERCIAL PORTUGUÊS, S.A.

a public company (Sociedade Aberta)
having its registered office at Praça D. João I, 28, Oporto, registered at the Commercial Registry of
Oporto, with the single commercial and tax identification number 501 525 882 and the share capital of EUR 4,694,600,000.00.

Financial Highlights

Euro million	31 Mar. 11	31 Mar. 10	Change 11 / 10
Balance sheet			
Total assets	96,629	96,660	
Loans to customers	75,315	77,137	-2.4%
Loans to customers (net)	72,690	75,035	-3.1%
Total customer funds (1)	66,605	67,446	-1.2%
Balance sheet customer funds	51,195	50,661	1.1%
Customer deposits	44,867	45,978	-2.4%
Results			
Net income	77.7	96.4	-19.4%
Net interest income	401.6	340.6	17.9%
Net operating revenues (2)	657.6	700.7	-6.2%
Operating costs (3)	356.2	382.2	-6.8%
Loan impairment charges (net of recoveries)	166.6	164.8	1.1%
Other impairment and provisions	28.6	21.8	31.2%
Income taxes			
Current	25.3	13.4	89.0%
Deferred	(15.6)	8.6	
Non-controlling interests	18.8	13.5	39.0%
Profitability			
Net operating revenues / Average net assets (4)	2.7%	2.9%	
Return on average assets (ROA) (5)	0.4%	0.5%	
Income before taxes and non-controlling interests / Average net assets (4)	0.4%	0.6%	
Return on average equity (ROE)	6.6%	7.9%	
Income before taxes and non-controlling interests / Average equity (4)	8.1%	9.9%	
Credit quality			
Overdue loans according to Bank of Portugal / Total loans (4)	5.0%	3.8%	
Overdue loans according to Bank of Portugal, net/ Total loans, net (4)	1.5%	1.1%	
Impairment for loan losses / Overdue loans by more than 90 days	103.8%	108.9%	
Impairment for loan losses / Overdue loans	91.8%	98.3%	
Efficiency ratios			
Operating costs / Net operating revenues (4)	58.9%	54.5%	
Operating costs / Net operating revenues (Portugal) (4)	56.4%	50.6%	
Staff costs / Net operating revenues (4)	34.0%	29.8%	
Capital (6)			
Own funds	5,997	7,294	
Risk weighted assets	58,400	64,610	
Tier I	9.2%	9.3%	
Total	10.3%	11.3%	
Branches			
Portugal activity	891	912	-2.3%
Foreign activity	843	897	-6.0%
Employees			
Portugal activity	10,121	10,254	-1.3%
Foreign activity	11,266	11,562	-2.6%

Note: values in Euro million, excluding percentages, number of branches and number of employees.

(1) Amounts due to customers (including securities), assets under management and capitalisation products.

(2) Net interest income, dividends from equity instruments, net commissions, net trading income, equity accounted earnings, other net operating income (rule 16/2004 from the Bank of Portugal).

(3) Staff costs, other administrative costs and depreciation.

(4) According to rule 16/2004 from the Bank of Portugal.

(5) Considering net income before non-controlling interest.

(6) Capital ratios based on the IRB approach on 31 March 2011 and in accordance with the standard approach on 31 March 2010.

Considering the conclusion of the sale of 95% of shareholding in Millennium bank in Turkey, on 27 December 2010, and the sale of all the branches of Millennium bcpbank in the United States of America (USA), the respective deposits portfolio and part of the loan portfolio, on 15 October 2010, the consolidated financial statements are not directly comparable for the first quarter of 2011 and the first quarter of 2010. However, the impact of these transactions is considered not materially relevant for the Group's profit and loss account and balance sheet given the small dimension of these operations in the consolidated activity.

RESULTS

Millennium bcp's consolidated net income totalled Euro 77.7 million in the first quarter of 2011, compared to Euro 96.4 million in the first quarter of 2010. The evolution of net income was hindered by the lower level of net trading income, yet benefited from the favourable performance in net interest income, driven by the activity in Portugal and the international activity, and from the reduction in operating costs.

Consolidated net income in the first quarter of 2011 was sustained by the positive performance in both the activity in Portugal and the international activity. Net income from the activity in Portugal stood at Euro 60.9 million in the first quarter of 2011 (Euro 72.3 million in the first quarter of 2010), restrained by the lower net trading income, in particular results from financial instruments held for trading, and, to a lesser extent, by the higher level of impairment charges for loan losses (net of recoveries) and for other impairment and provisions. This was partially offset by the increase in net interest income and other net operating income, as wells as by the reduction in operating costs, in particular staff costs together with other administrative costs and depreciation costs.

Net income from the international activity stood at Euro 16.8 million in the first quarter of 2011 (Euro 24.1 million in the first quarter of 2010), which was influenced by the evolution in net trading income and net commissions, despite the growth in net interest income and the lower level of operating costs and of impairment charges for loan losses (net of recoveries). In the international activity, the major contributions were provided by the operations developed in Poland, Mozambique and Angola.

Net interest income increased 17.9%, to Euro 401.6 million in the first quarter of 2011, from Euro 340.6 million in the first quarter of 2010, benefiting from the favourable volume and interest rate effects.

The increase in net interest income was boosted by the activity in Portugal and by the international activity. In the activity in Portugal, the evolution in net interest income was underpinned by the positive interest rate effect, in particular by the revision of spreads for loans operations, notwithstanding the increased costs with term deposits. In the international activity, the growth in net interest income was determined by the positive interest rate effect, reflecting the increase in interest rates from operations with customers, as well as the favourable volume effect, benefiting from the growth in the business volumes, in both loans to customers and balance sheet customer funds, driven by the performance of Bank Millennium in Poland, Banco Millennium Angola and Millennium bim in Mozambique, as well as Banca Millennium in Romania.

Net interest margin stood at 1.78% in the first quarter of 2011, a favourable evolution compared to 1.58% in the first quarter of 2010, as a result of initiatives carried out focused on the adjustment of spreads to customer risk profiles, in the scope of the spreads revision for loans to customers.

AVERAGE BALANCES

Euro million	1Q 11 Balance	1Q 11 Yield %	1Q 10 Balance	1Q 10 Yield %
Deposits in banks	3,970	1.52	4,465	1.08
Financial assets	13,000	3.65	6,453	4.02
Loans and advances to customers	73,101	4.10	74,678	3.45
	90,071		85,596	
Non current assets held for sale	-		835	7.30
Interest earning assets	90,071	3.92	86,431	3.41
Non interest earning assets	8,888		10,013	
	98,959		96,444	
Amounts owed to credit institutions	19,717	1.48	8,881	1.56
Amounts owed to customers	45,402	2.52	46,039	1.93
Debt issued and financial liabilities	21,595	2.03	29,634	1.51
Subordinated debt	1,980	2.55	2,361	2.90
	88,694		86,915	
Non current liabilities held for sale	-		756	4.78
Interest bearing liabilities	88,694	2.17	87,671	1.80
Non interest bearing liabilities	3,022		1,460	
Shareholders' equity and non-controlling interests	7,243		7,313	
	98,959		96,444	
Net interest margin (1)		1.78		1.58

(1) Net interest income as a percentage of average interest earning assets.
Note: Interests related to hedge derivatives were allocated, in March 2011 and March 2010, to the

Net commissions totalled Euro 195.4 million in the first quarter of 2011, which compares with Euro 202.2 million euros posted in the first quarter of 2010. This evolution was hindered by commissions related to financial markets, in particular commissions associated with securities operations, as the commissions more directly associated with the banking business grew by 1.8% from the first quarter of 2010, benefiting from the positive performance in most line items, highlighting the commissions associated with the cards business and with loans and guarantees.

The evolution in net commissions was influenced by the activity in Portugal and by the international activity. In the activity in Portugal, commissions associated with securities operations showed a decrease from the first quarter of 2010, determined by the lower amount of commissions originated by the structuring of operations, despite the positive performance in the remaining line items, emphasising to the rise of 5.8% in commissions more directly associated with the banking business, sustained by commissions associated to loans and guarantees and to banking services provided. In the international activity, the evolution of net commissions was influenced by the lower volumes of commissions posted by the operations in Greece and Switzerland, despite the growth in net commissions from the activities developed in Angola, Mozambique and Poland.

Net trading income, which includes net gains arising from trading and hedging activities and net gains arising from available for sale financial assets, amounted to Euro 23.7 million in the first quarter of 2011, compared to Euro 135.4 million in the first quarter of 2010, reflecting mainly the evolution in results from trading and hedging activities, in particular operations associated with financial instruments at fair value through profit and loss, of which, financial instruments held for trading and financial instruments at fair value option, despite the favourable evolution of results arising from available for sale financial assets.

The behaviour of net trading income was mostly influenced by the activity in Portugal, which comprises the accounting of gains in the amount of Euro 19.2 million in the first quarter of 2011 (Euro 37.2 million in the first quarter of 2010) related to the deterioration of the Bank's own credit risk, due to the increase in market spreads for operations with risk similar to that of Millennium bcp. In the international activity, net trading income was influenced by the lower results posted by the operations in Mozambique and Poland, despite the increases showed by the subsidiary companies in Greece and Angola.

Other net operating income, which includes other operating income, other net income from non-banking activities and gains from the sale of subsidiaries and other assets, totalled Euro 20.2 million in the first quarter of 2011, compared to Euro 5.0 million in the first quarter of 2010. This evolution reflects, on the one hand, the accounting, in March 2011, of an adjustment related to insurance premiums associated with pensions in the activity in Portugal, and on the other, the positive contribution from Millennium bim in Mozambique.

Equity accounted earnings, which include results appropriated by the Group related to the consolidation of entities where, despite having a significant influence, the Group does not control the financial and operational policies, stood at Euro 16.7 million in the first quarter of 2011, similar to the amount posted in the first quarter of 2010, comprising essentially the earnings associated with the 49% shareholding in Millenniumbcp Ageas.

OTHER NET INCOME

Euro million	1Q 11	1Q 10	Change 11/10
Net commissions			
Banking commissions			
Cards	44.8	43.6	2.8%
Credit and guarantees	42.9	41.8	2.7%
Bancassurance	19.2	18.7	2.6%
Other commissions	55.8	55.6	0.2%
Subtotal banking commissions	162.7	159.7	1.8%
Market related commissions			
Securities	19.8	29.5	-32.5%
Asset management	12.9	13.0	-0.7%
Subtotal market related commissions	32.7	42.5	-22.8%
Total net commissions	195.4	202.2	-3.3%
Net trading income	23.7	135.4	-82.5%
Other net operating income	20.2	5.0	
Dividends from equity instruments	0.0	0.9	
Equity accounted earnings	16.7	16.7	-0.2%
Total other net income	256.0	360.2	-28.9%
Other income / Net operating revenues (1)	38.9%	51.4%	

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

Operating costs, which include staff costs, other administrative costs and depreciation, reduced 6.8%, to Euro 356.2 million in the first quarter of 2011 (Euro 382.2 million in the first quarter of 2010). This evolution benefited essentially from the reduction in the activity in Portugal (-10.4%), as a result of the savings achieved in all line items, in particular in staff costs, due to lower pension costs, as well as in other administrative costs, highlighting the lower costs with advisory and consultancy services and legal fees.

Additionally, in the international activity, operating costs showed a favourable evolution in the first quarter of 2011, from the same period in 2010, mainly due to the impact of operating costs posted in the first quarter of 2010 related to the subsidiary companies in Turkey and in the United States of America, the sales of which were completed at the end of 2010. This positive impact more than offset the increase in operating costs in the operations developed in Poland, Angola and Mozambique, reflecting the strategy of organic growth implemented in these last two markets mentioned.

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The consolidated cost-to-income ratio, on a comparable basis, stood at 58.9% in the first quarter of 2011 (54.5% in the first quarter of 2010), while in the activity in Portugal stood at 56.4% in the first quarter of 2011 (50.6% in the same period in 2010).

Staff costs totalled Euro 192.0 million in the first quarter of 2011, showing a drop of 8.1% from Euro 208.8 million posted in the first quarter of 2010. The reduction in staff costs was essentially determined by the lower staff costs in the activity in Portugal, in particular pension costs, driven by the agreements established with former members of the Executive Board of Directors that led to the reversal of provisions, in the amount of Euro 31.4 million, booked in the Bank's balance sheet. In the international activity, staff costs registered a slight increase (+1.1%), between the first quarter of 2010 and the first quarter of 2011, influenced by the growth in costs in most foreign operations, in particular in Poland, reflecting the rise in salaries, as well as in Angola and in Mozambique, due to the increase in the number of employees, with an additional 169 and 152 employees, respectively, as part of the expansion plans underway in those markets.

Other administrative costs reduced 5.6% to Euro 139.4 million in the first quarter of 2011, from Euro 147.7 million in the first quarter of 2010. This reduction in other administrative costs benefited from the savings reached, in particular from the lower expenses associated with advisory and consultancy services and legal fees. The evolution of other administrative costs reflects mostly the performance of the activity in Portugal, which registered a drop of 7.3% from the first quarter of 2010, reflecting the initiatives implemented focused on the rationalisation and containment of operating costs.

In the international activity, other administrative costs reduced 3.3%, to Euro 62.1 million, compared to Euro 64.2 million in the first quarter of 2010, benefiting, on the one hand, from the partial sale of the operations in Turkey and in the United States of America at the end of 2010, and, on the other, from the reduction of costs achieved by Millennium bank in Greece and by Banca Millennium in Romania, despite the increases in Poland, Angola and Mozambique.

Depreciation costs stood at Euro 24.8 million in the first quarter of 2011, which compares to Euro 25.7 million in the first quarter of 2010. The evolution in depreciation costs reflects mostly the lower level of depreciation posted in the activity in Portugal, in particular depreciation related to equipment and buildings, driven by the progressive end of the period of depreciation of investments, which more than offset the increase in depreciation associated with software, as a result of the continuous effort to improve technology. In the international activity, depreciation costs showed an increase, reflecting the investments carried out to support the expansion of the activity in the subsidiary companies in Mozambique, Angola and Romania, despite the reduction in depreciation costs in Bank Millennium in Poland, in particular depreciation related to buildings.

OPERATING COSTS

Euro million	1Q 11	1Q 10	Change 11/10
Staff costs	192.0	208.8	-8.1%
Other administrative costs	139.4	147.7	-5.6%
Depreciation	24.8	25.7	-3.6%
	356.2	382.2	-6.8%
Of which:			
Portugal activity	213.3	238.1	-10.4%
Foreign activity	142.9	144.1	-0.8%
Operating costs / Net operating revenues (1)	56.4%	50.6%	

(1) Activity in Portugal. Calculated according to rule 16/2004 from the Bank of Portugal.

Impairment for loan losses (net of recoveries) stood at Euro 166.6 million in the first quarter of 2011, compared to Euro 164.8 million in the first quarter of 2010, reflecting essentially the reinforcement of credit impairment charges in the activity in Portugal, in a particularly adverse economic framework for various sectors of activity, despite the focus on strengthening mechanisms of prevention, control and risk management. In the international activity, the impairment for loan losses (net of recoveries) showed a favourable evolution from the first quarter of 2010, mainly influenced by the activity in Poland.

The cost of risk, measured by the ratio of impairment charges (net of recoveries) to the loan portfolio, stood at 88 basis points in the first quarter of 2011 (85 basis points in the first quarter of 2010).

Other impairment and provisions, which include other asset impairment, in particular provision charges related to assets received as payment in kind not fully covered by collateral, and other provisions, stood at Euro 28.6 million in the first quarter of 2011, compared to Euro 21.8 million in the first quarter of 2010. This evolution was mainly influenced by the activity in Portugal, as a result of the reinforcement of impairment charges associated with other provisions for liabilities and charges, in particular real estate, resulting from the termination of loan contracts with customers. In the international activity, other impairment and provisions registered an increase, reflecting the provisioning levels posted by the subsidiary companies in Mozambique and Angola, despite the reduction showed by Bank Millennium in Poland.

BALANCE SHEET

Total assets totalled Euro 96,629 million as at 31 March 2011, compared to Euro 96,660 million as at 31 March 2010.

Loans to customers (gross) stood at Euro 75,315 million as at 31 March 2011 (-2.4%), from Euro 77,137 million as at 31 March 2010. This evolution was mostly influenced by the activity in Portugal, which registered a decrease of 3.5% from the end of March 2010, despite the increase of 1.7% in loans to customers in the international activity, supported by the performance of the subsidiary companies in Poland, Mozambique and Angola.

The performance of loans to customers was mostly driven by the decrease in loans to companies, which stood at Euro 39,926 million as at 31 March 2011 (-6.1%), but which nevertheless continued to be the main component of the loans to customers' portfolio, with a weight of 53% of the total loans. Loans to individuals showed an increase of 2.2% from the end of March 2010, sustained by the growth of 3.8% in mortgage loans, benefiting from the performance in both the activity in Portugal and the international activity.

LOANS TO CUSTOMERS (GROSS)

Euro million	**31 Mar. 11**	**31 Mar. 10**	**Change 11 / 10**
Individuals			
Mortgage loans	30,667	29,543	3.8%
Consumer loans	4,722	5,097	-7.4%
	35,389	34,640	2.2%
Companies			
Services	15,832	16,509	-4.1%
Commerce	4,639	4,975	-6.7%
Construction	5,304	5,160	2.8%
Other	14,151	15,853	-10.7%
	39,926	42,497	-6.1%
Total	**75,315**	**77,137**	**-2.4%**
Of which:			
Portugal activity	58,231	60,334	-3.5%
Foreign activity	17,084	16,803	1.7%

Credit quality, measured by the non-performing loan indicators, in particular overdue loans by more than 90 days as a percentage of total loans, stood at 3.4% as at 31 March 2011 (2.5% on the same date in 2010), reflecting the worsening economic and financial conditions of households and companies. The coverage ratio for loans overdue by more than 90 days stood at 103.8% as at 31 March 2011.

OVERDUE LOANS BY MORE THAN 90 DAYS AND IMPAIRMENTS AT 31 MARCH 2011

Euro million	Overdue loans by more than 90 days	Impairment for loan losses	Overdue loans by more than 90 days / Total loans	Coverage ratio (Impairment/ Overdue >90 days)
Individuals				
Mortgage loans	194	175	0.6%	90.5%
Consumer loans	510	421	10.8%	82.4%
	704	596	2.0%	84.6%
Companies				
Services	531	646	3.4%	121.8%
Commerce	332	266	7.1%	80.3%
Construction	487	345	9.2%	70.9%
Other	475	772	3.4%	162.4%
	1,825	2,029	4.6%	111.2%
Total	**2,529**	**2,625**	**3.4%**	**103.8%**

Total customer funds amounted to Euro 66,605 million as at 31 March 2011 (-1.2%) from Euro 67,446 million on the same date in 2010. This evolution was hindered by the off-balance sheet customer funds (-8.2%), influenced by the assets under management and by the capitalisation products, despite being partially offset by the 1.1% growth in balance sheet customer funds.

In the activity in Portugal, total customer funds totalled Euro 50,633 million as at 31 March 2011, almost stabilised from Euro 50,902 million posted at the of March 2010, supported mainly by the increase in balance sheet customer funds. In the international activity, total customer funds stood at Euro 15,972 million as at 31 March 2011 (-3.5%), influenced by the activity developed in Greece. It is worth noting the positive performance in Bank Millennium in Poland, in both balance sheet and off-balance sheet customer funds, as well as in Millennium bim in Mozambique and in Banco Millennium Angola, these last focused on further increasing customer deposits.

TOTAL CUSTOMER FUNDS

Euro million	31 Mar. 11	31 Mar. 10	Change 11 / 10
Balance sheet customer funds			
Deposits	44,867	45,978	-2.4%
Debt securities (1)	6,328	4,683	35.1%
	51,195	50,661	1.1%
Off-balance sheet customer funds			
Assets under management	4,373	5,073	-13.8%
Capitalisation products (2)	11,037	11,712	-5.8%
	15,410	16,785	-8.2%
Total	**66,605**	**67,446**	**-1.2%**
Of which:			
Portugal activity	50,633	50,902	-0.5%
Foreign activity	15,972	16,544	-3.5%

(1) Debt securities issued by the Bank and placed with customers.
(2) Includes Unit Linked and Retirement savings

LIQUIDITY MANAGEMENT

In the first quarter of 2011 the access to the institutional market of wholesale funding continued to be strongly conditioned by the effects of sovereign debt crisis that has affected some countries, particularly the European peripheral countries, including Portugal, hindering the mobilisation of financial resources from financial institutions. The access to debt securities markets remained very limited, in the medium- and long-term component (MTN and covered bonds) and in the short-term component (IMM and commercial paper), although with signs of greater dynamism in the latter component, keeping the use of the exceptional liquidity conditions from the European Central Bank (ECB) as an alternative to finance the activity.

The liquidity management of Millennium bcp for 2011 has, on the one hand, the objective to significantly reduce the financing needs of the commercial activity, aiming at reducing the commercial gap, either by strengthening the balance sheet customer funds or by containing the volume of loans to customers, and, on the other, a greater concentration of wholesale funding activity in short-term operations, together with the plan to strengthen collateral elegible for operations with the ECB.

In these first months of 2011, additionally to the use of liquidity-providing operations with the ECB profile maturities up to three months, it was possible for Millennium bcp to continue to gradually reduce the dependence on this source of funding, through an increased involvement in the repo market, where the total amounted to Euro 1.5 billion at the end of March 2011, with a substantial increase in the number of counterparties and a diversification of maturities and amounts.

The strengthening of eligible assets as collateral for financing transactions with the ECB continued in the first quarter of 2011, through a new issue of covered bonds in the amount of Euro 1.0 billion, materialising the securitisation of a portfolio of mortgage loans. However, following the change in assets eligibility criteria and the revision of haircuts on collaterals, the portfolio of securities eligible as collateral in financing transactions with Central Banks stood at Euro 20.1 billion including an operation that has ceased to be integrated into the pool at the end of March 2011 and entered during the month of April 2011.

CAPITAL

Following the request submitted by Millennium bcp, the Bank of Portugal formally authorised the adoption of methodologies based on Internal Rating models (IRB) for the calculation of capital requirements for credit and counterparty risk, covering a substantial part of the risks from the activity in Portugal as from 31 December 2010.

At the end of the first quarter of 2011, consolidated Core Tier I reached 6.7% and the Tier I and Total ratios stood at 9.2% and 10.3% respectively, at the same level as at the end of 2010.

The ratio Core Tier I improved 3 basis points in the first quarter of 2011, due to the reduction in risk weighted assets and to the retained earnings, despite the negative effect, on Core Tier I, of the amortisation of the deferred impacts authorised by the Bank of Portugal associated with transition adjustments to IFRS, the 2005 mortality table and the 2008 actuarial losses.

The risk weighted assets decreased by Euro 1.2 billion from the end of 2010, reflecting the reduction of the activity associated with the deleveraging underway, in particular in terms of the exposure to loans to customers and financial institutions, as well as the maintenance of the optimisation effort focused on the reinforcement of collaterals and the reduction in capital requirements for market risk.

SOLVENCY

Euro million	31 Mar. 11	31 Dec. 10
Own Funds		
Tier I Capital	5,392	5,455
of which: Preference shares and Perpetual subordinated debt securities with conditional coupons	1,933	1,935
Other deduction (1)	(446)	(446)
Tier II Capital	722	774
Deductions to Total Regulatory Capital	(117)	(113)
Total Regulatory Capital	**5,997**	**6,116**
Risk Weighted Assets	**58,400**	**59,564**
Solvency Ratios		
Core Tier I	6.7%	6.7%
Tier I	9.2%	9.2%
Tier II	1.1%	1.1%
Total	10.3%	10.3%

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

Note: The Bank received authorisation from the Bank of Portugal (BoP) to adopt IRB approaches for the calculation of capital requirements for credit risks, as from 31 December 2010. Estimates of the probability of default and the lost given default (IRB Advanced) were used for retail exposures to small companies and collateralised by commercial and residential real state, and estimates of the probability of default (IRB Foundation) for corporate exposures, in Portugal, excluding property development loans and entities from the simplified rating system. In the 1st semester of 2009, the Bank received authorisation from BoP to adopt the advanced approaches (internal models) to the generic market risk and the standard method for the operational risk.

SEGMENTAL REPORTING

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

Segment description

The Retail Banking segment includes: (i) the Retail Bank in Portugal, where the strategic approach is to target "Mass Market" customers, those who appreciate a value proposition based on innovation and speed, as well as Prestige and Small Business customers, whose specific characteristics, financial assets or income imply a value proposition based on innovation and personalisation, requiring a dedicated Account Manager; and (ii) ActivoBank, a bank focused on clients who are young in spirit, intensive users of new communication technologies and who prefer a banking relationship based on transparency, featuring simple, modern products and services. Retail Banking operates under the strategy of cross-selling, using the Group as a distribution channel for products and services of other Group companies.

The Companies segment, in Portugal, covers the financial needs of companies with an annual turnover between Euro 7.5 million and Euro 100 million, and focuses on innovation, offering a wide range of traditional banking products complemented by specialised financing. Within the scope of the cross-selling strategy, the Companies segment also acts as a distribution channel for financial products and services of the Millennium bcp business areas as a whole.

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

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

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

The Foreign Business segment, in terms of the business segments, comprises the Group operations outside of Portugal referred to above, excluding Banque Privée BCP in Switzerland and Millennium bcp Bank & Trust in the Cayman Islands, which are included in the Private Banking & Asset Management segment.

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

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Business segment activity

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

As the process of capital allocation follows the regulatory criteria of solvency in place, the risk weighted assets and, consequently, the business segments' capital allocation, were determined in accordance with the Basel II framework, applying: i) in the first quarter of 2010 the standard approach for calculating capital requirements for credit risks; and ii) in the first quarter of 2011 IRB Advanced for credit risk Retail portfolio related to small retail business or collateralised by residential or commercial real estate, and Foundation IRB for corporate loans in Portugal, excluding property developers and other entities' simplified rating system. The capital allocation for each segment, in the first quarter of 2011 and 2010, resulted from the application of 6.5% to the risks managed by each segment.

In 2009, subsequent to authorisation from the Bank of Portugal, the Bank adopted the standard approach for operational risk and the internal models approach for general market risk and foreign exchange risk, for the perimeter managed centrally from Portugal. Each operation is balanced through internal transfers of funds, with no impact on consolidated accounts.

To ensure comparability, changes in 2010 in the organisation of the segments were reflected in the figures for the first quarter of 2010: Retail Banking and Companies were individualised, the Corporate network became part of the Corporate & Investment Banking segment and Interfundos, which was part of Private Banking & Asset Management, joined Companies.

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

Retail Banking

The net contribution from Retail Banking in Portugal reached Euro 7.3 million in the first quarter of 2011, compared to Euro 37.0 million in the first quarter of 2010. The performance of this segment reflects the impact of the unfavourable evolution in impairment charges for loan losses, in net interest income and other operating costs, which were partially offset by the growth in other net income.

The performance of net interest income in the first quarter of 2011 was influenced by the lower volume in loans granted and by the reduction in the interest rate margin for loans operations, despite the increase in interest rate margin for both repayable on demand and term deposits.

The increase in other net income in the first quarter of 2011, from the same period in 2010, was determined by the rise in commissions, in particular commissions associated with loans, saving insurance and brokerage operations.

Impairment charges registered an increase in the first quarter of 2011, compared to the first quarter of 2010, as a result of the impairment indicators of the loans portfolio following the deterioration of the economic and financial conditions for companies and individuals.

The increase in operating costs is due to higher pension costs, in particular, the amortization of the actuarial changes above the corridor, and to other administrative costs associated with the loan recovery activity.

Total customer funds, reflecting the commercial effort to further increase and retain customer funds, remained practically unchanged at Euro 36,043 million as at 31 March 2011, from Euro 36,181 million as at 31 March 2010. Loans to customers reduced 3.5%, to Euro 33,221 million as at 31 March 2011, compared to Euro 34,439 million posted on the same date in 2010, influenced by the reduction in mortgage loans, loans to property development, consumer credit, loans to companies and real estate leasing.

Euro million	**31 Mar.11**	**31 Mar. 10**	**Change 11 / 10**
Profit and loss account			
Net interest income	111.4	133.4	-16.5%
Other net income	117.4	109.6	7.2%
	228.8	243.0	-5.8%
Operating costs	173.5	165.1	5.1%
Impairment	45.0	27.6	63.2%
Contribution before income taxes	10.4	50.4	-79.4%
Income taxes	3.1	13.4	-76.9%
Net contribution	7.3	37.0	-80.3%
Summary of indicators			
Allocated capital	986	1,319	-25.2%
Return on allocated capital	3.0%	11.4%	
Risk weighted assets	15,177	20,297	-25.2%
Cost to income ratio	75.8%	67.9%	
Loans to customers (1)	33,221	34,439	-3.5%
Total customer funds	36,043	36,181	-0.4%

(1) Includes commercial paper.
Note: Loans to customers and customer funds on monthly average balances.

Companies

The Companies segment in Portugal posted a net contribution of Euro 8.7 million in the first quarter of 2011, compared with a net contribution of Euro 12.8 million in the first quarter of 2010. The performance of this segment was determined by the reduction in other net income in the sequence of the decrease in net commissions associated with financial services provided and with the business of non-resident companies.

The evolution of net interest income reflects the effect from the reduction in business volumes and the increase in interest rates margin for customer funds repayable on demand and for loans to customers, following the pricing alignment of the new operations with customers in order to adjust prices to customer risk profile.

The reduction of impairment charges in the first quarter of 2011, compared to the first quarter of 2010, was driven by the monitoring effort carried out and shows the reinforcement of coverage impairment indicators of the loans portfolio in 2010.

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

Total customer funds amounted to Euro 2,797 million as at 31 March 2011, compared to Euro 3,026 million posted on 31 March 2010 and reflect, essentially, the performance of assets under management.

Loans to customers decreased 4.5%, to Euro 9,894 million as at 31 March 2011, compared to Euro 10,364 million on the same date in 2010, determined by the reduction in national currency loans, in commercial paper and in loans to property development.

Euro million	**31 Mar.11**	**31 Mar. 10**	**Change 11 / 10**
Profit and loss account			
Net interest income	42.0	44.1	-4.8%
Other net income	18.0	26.2	-31.3%
	60.0	70.3	-14.7%
Operating costs	14.6	15.2	-4.3%
Impairment	33.2	37.7	-12.0%
Contribution before income taxes	12.3	17.4	-29.5%
Income taxes	3.5	4.6	-23.1%
Net contribution	8.7	12.8	-31.8%
Summary of indicators			
Allocated capital	616	659	-6.5%
Return on allocated capital	5.7%	7.9%	
Risk weighted assets	9,477	10,133	-6.5%
Cost to income ratio	24.3%	21.6%	
Loans to customers (1)	9,894	10,364	-4.5%
Total customer funds	2,797	3,026	-7.6%

(1) Includes commercial paper.
Note: Loans to customers and customer funds on monthly average balances.

Corporate & Investment Banking

The Corporate & Investment Banking segment showed a net contribution of Euro 22.8 million in the first quarter of 2011, compared to Euro 26.5 million posted in the same period in 2010. This evolution was determined by the increase in impairment charges for loan losses and by the decrease in net interest income, despite the good performance in other net income and the control of operating costs.

The evolution in net interest income was hindered by the unfavourable interest rate effect, as a result of the decrease in spreads from repayable on demand deposits, despite the focus on profitability, in particular, by the reinforcement of the repricing process for loan operations, in order to adjust prices to customer risk profile.
The rise in other net income was driven by the increase in commissions from the Corporate network, in line with the strategic priority to focus on collecting fees, highlighting the commissions associated with loans, financial services provided and derivatives, despite the reduction in net trading income.

The level of customer funds and loans to customers, in accordance with the strategic priority of deleveraging, continued to assist in the first quarter of 2011 to the limitation of new loan operations to customers and in the effort to raise customer funds. Total customer funds grew 19.5%, to Euro 13,928 million as at 31 March 2011, compared to Euro 11,656 million on 31 March 2010. Loans to customers stood at Euro 12,860 million as at 31 March 2011, decreasing by 1.0% from Euro 12,985 million as at the end of March 2010, as a result of the national currency loans and syndicated loans.

Euro million	**31 Mar.11**	**31 Mar. 10**	**Change 11 / 10**
Profit and loss account			
Net interest income	51.0	53.7	-5.0%
Other net income	46.7	46.1	1.4%
	97.7	99.8	-2.0%
Operating costs	18.3	18.4	-0.4%
Impairment	47.3	45.3	4.3%
Contribution before income taxes	32.2	36.1	-10.9%
Income taxes	9.3	9.6	-2.5%
Net contribution	22.8	26.5	-13.9%
Summary of indicators			
Allocated capital	1,103	930	18.6%
Return on allocated capital	8.4%	11.6%	
Risk weighted assets	16,970	14,309	18.6%
Cost to income ratio	18.8%	18.4%	
Loans to customers (1)	12,860	12,985	-1.0%
Total customer funds	13,928	11,656	19.5%

(1) Includes commercial paper.
Note: Loans to customers and customer funds on monthly average balances.

Private Banking & Asset Management

The Private Banking & Asset Management segment, considering the geographical segmentation criteria, posted a net income of Euro 0.1 million in the first quarter of 2011, a favourable evolution from the net loss of Euro 5.0 million posted in the same period in 2010. This performance shows, essentially, the reduction in impairment charges and the increase in other net income, which offset the decrease in net interest income.

The reduction in net interest income reflects the decrease in business volumes as well as in interest rates margin for term customer funds and for loans to customers, despite the effort to implement the revision of pricing, focused on reflecting risk and refinancing costs, and the increase of interest rates margin for repayable on demand customer funds.

The increase in other net income by 32.7% reflects the pricing revision focused on its adequacy to the Bank's value proposition and results from the activity of Private Banking in Portugal, mostly due to the increase of commissions associated with third-party funds and with investment funds.

The reduction in impairment charges shows the strategy followed in the management of the loan portfolio quality, in particular through the strengthening of collaterals, also benefiting from the decrease in the loan portfolio.

Total customer funds reached Euro 5,676 million as at 31 March 2011, compared to Euro 5,990 million as at 31 March 2010.

Loans to customers totalled Euro 1,309 million as at 31 March 2011, a decrease of 28.6% from 31 March 2010, as a result of the reduction in loans to customers in the Private Banking network in Portugal.

Euro million	**31 Mar.11**	**31 Mar. 10**	**Change 11 / 10**
Profit and loss account			
Net interest income	4.3	7.1	-39.2%
Other net income	7.1	5.3	32.7%
	11.4	12.4	-8.3%
Operating costs	8.1	8.2	-0.1%
Impairment	3.2	11.2	-71.4%
Contribution before income taxes	0.0	(7.0)	
Income taxes	(0.1)	(1.9)	
Net contribution	0.1	(5.0)	
Summary of indicators			
Allocated capital	53	85	-38.1%
Return on allocated capital	0.7%	-24.0%	
Risk weighted assets	810	1,309	-38.1%
Cost to income ratio	71.8%	65.9%	
Loans to customers	1,309	1,833	-28.6%
Total customer funds	5,676	5,990	-5.2%

Note: Loans to customers and customer funds on monthly average balances.

Foreign Business

The net contribution of the Foreign Business segment, considering the geographical segmentation criteria, amounted to Euro 32.1 million in the first quarter of 2011, compared to Euro 34.6 million in the same period in 2010, determined by the performance of the activity developed in Greece.

The increase in net interest income by 8.0%, from the first quarter of 2010 benefited from the evolution posted overall by the international operations, with the exception of the Greek operation, and was influenced by the volume effect as well as by the interest rate effect, associated with the increase in interest rates in operations with customers. The good performance of net interest income was sustained by the operations developed in Poland, Angola, Mozambique and Romania.

The decrease in other net income was driven by the lower income from foreign exchange operations, highlighting the operations in Poland and in Mozambique, and by the performance of net commissions posted by the activity in Greece and in Switzerland, despite the positive contribution of commissions generated from the operations developed in Angola, Mozambique and Poland.

The reduction in operating costs in the first quarter of 2011, from the same period in 2010, reflects, in part, the operating costs posted in the first quarter of 2010 related to the subsidiary companies in Turkey and in the United States of America, the sales of which were completed at the end of 2010. This gain offset the increase in operating costs in the operations developed in Poland, Angola and Mozambique, reflecting the strategy of organic growth implemented in these last two markets mentioned.

The decrease in impairment charges and provisions by 15.0%, from the first quarter of 2010, is associated with the lower provisioning level posted by all international activities with the exception of the Greek operation.

Loans to customers grew 1.3% to Euro 16,512 million as at 31 March 2011, benefiting from the performance in loans to individuals, reflecting the growth evidenced in the operations developed in Poland, Mozambique, and Angola.

Total customer funds increased 1.7% to Euro 15,996 million as at 31 March 2011, despite the favourable performance in capitalisation products.

Euro million	**31 Mar.11**	**31 Mar. 10**	**Change 11 / 10**
Profit and loss account			
Net interest income	136.4	126.3	8.0%
Other net income	82.6	99.8	-17.2%
	219.1	226.1	-3.1%
Operating costs	143.0	144.1	-0.8%
Impairment and provisions	34.2	40.2	-15.0%
Contribution before income taxes	41.9	41.8	0.3%
Income taxes	9.8	7.2	-36.4%
Net contribution	32.1	34.6	-7.2%
Summary of indicators			
Allocated capital	1,242	1,360	-8.7%
Return on allocated capital	10.5%	10.3%	
Risk weighted assets	14,353	14,474	-0.8%
Cost to income ratio	65.3%	63.7%	
Loans to customers	16,512	16,303	1.3%
Total customer funds	15,996	16,270	-1.7%

SIGNIFICANT EVENTS

The implementation of a number of initiatives under the strategy of liquidity management, including the effort to increase on-balance sheet customer funds, the reduction of loans to customers and reallocation of the balance sheet, the continuous adjustment of pricing compared to the cost of funding, supporting the positive evolution of core income and the adoption of additional measures to control operating costs, the policy of proximity to customers and promoting innovation as a decisive competitive advantage were the most significant events in the activity of Millennium bcp during the first quarter of 2011. Worthy of special note:

- Celebration of ActivoBank's first anniversary with the inauguration of the 5th branch in the Centro Comercial Vasco da Gama in Lisbon. To commemorate the date, ActivoBank also launched new term deposits with attractive rates, along with innovative products and services for new technologies.
- Board Meeting of the European Microfinance Network, in Lisbon, hosted by Millennium bcp microcredit.
- Launching a new version of the Millennium App for the iPad tablet, thereby adding to the presence of Millennium bcp in mobile banking applications, which already covers the iPhone and iPod Touch devices, BlackBerry, Android and Java smartphones.
- Launching of the Millennium Movement, an initiative promoted by the Expresso Newspaper and Millennium bcp to anticipate answers on topics of great importance for the country, stimulating a public debate on the main pillars of society: Business, Democracy, Consumption and Cities.
- Partnership with AESE - School of Management and Business, ENTRAJUDA and Millennium bcp Foundation for the joint organisation of one more program of Management of Social Organisations, a course designed for leaders of social sector institutions, sponsored by Millennium bcp.
- Celebration in partnership with Microsoft Portugal of "Safe Internet Day", which brought together 156 volunteers from the Bank, EPIS and Microsoft. They travelled to 71 schools to teach Internet safety and promote ethical practices and safe behaviour online, with children from 1st and 2nd cycles, high-school students and their parents.
- Opening of the exhibition "Shared Art Millennium bcp – Abstraction", comprising 74 works of abstraction from Portuguese and foreign artists.
- Exhibition of archaeological finds of amphorae that marked Lisbon's cosmopolitan Roman Empire, on display at Rua Augusta in Lisbon, in the same space that housed the exhibition "Bones that have history", which was visited by more than 20,000 people.
- Launching of a new Banking access channel in Poland, for Mobile banking, through a secure and transparent system that enables customers to access to the Bank at any hour.
- Launching of a new product, completely innovative in the Mozambican market – called NetSh@p. This product targets Companies and Entrepreneurs and includes a business concept through the Internet. Millennium bim provides a platform of electronic payments for online sales, with total security in all the phases, including the payment.
- Partnership between Millennium bim and Vodacom with specific cooperation and partnership areas, to explore synergies that will enable the two companies to launch technological solutions for Mobile Banking and to engage in other commercial actions together.
- Launching by Millennium bank in Greece, in partnership with Interamerican S.A., of a new bancassurance program aimed at Personal Goods Coverage, designed to create a product that would meet the needs of Mass-market customers.
- Launching of a new business line for Affluent customers in Romania, with exclusive products and services, including a dedicated branch and customer managers network.
- "Best Private Bank", in Portugal, awarded by Euromoney magazine to Millennium bcp.
- "Best Demonstrated Practice" related to Employees' involvement in organisation, awarded to The Thousand Ideas Program in Portugal by the Corporate Executive Board, through CLC Human Resources. The Thousand Ideas portal was included in the "Building Engagement Capital" research performed by CLC Human Resources.
- "Best Sustainability Deal 2010" awarded by EMEA Finance Magazine to the Windfarm Project Margonin, a project finance deal by Bank Millennium in which Millennium investment banking participated as financial advisor.
- "Best Bank in Mozambique" awarded by Global Finance.
- Following the announcement of placing the rating on CrediWatch negative on December 1, 2010, and immediately after the resignation of the Prime Minister, on March 25, 2011, S&P reduced the Portuguese

Republic's rating for long-term by two notches, from "A-" to "BBB". Following this change, S&P on 28 March 2011 lowered the long-term rating of Banco Comercial Português, S.A., also by two notches from "BBB+" to "BBB-". The short-term rating was revised from "A-2" to "A-3". Both the long-term and short-term ratings remain on CreditWatch negative, reflecting the possibility of additional downgrades of the Portuguese Republic and their indirect impact on the credit risk of BCP.

- Following the announcement of the reduction of the Portuguese Republic's rating for long-term debt, from "A3" to "Baa1", Moody's announced on 6 April 2011 the revision of the rating of Banco Comercial Português, S.A. from "A3" to "Baa3", while the short-term rating was revised from "P-2" to "P-3". The Bank Financial Strength Rating (BFSR) was revised from "D+" to "D". These ratings remain on review for a possible further downgrade with the exception of the preference shares and BFSR, which have a negative outlook.
- Following the announcement of the reduction of the Portuguese Republic's rating for long-term debt by 3 notches, from "A-" to "BBB", Fitch announced on 5 April 2011 the revision of the long-term rating of Banco Comercial Português, S.A., by two notches, from "BBB+" to "BBB-", while the short-term rating was revised from "F2" to "F3".
- On April 18, 2011, the Annual General Meeting of Banco Comercial Português, S.A. took place in Porto, attended by shareholders holding 53.39% of the Bank's shares. The main resolutions are the following: Approval of the annual report, balance sheet and individual and consolidated accounts for the year 2010; Approval of the proposed appropriation of profits; Adoption of new By laws, allowing Millennium bcp to adjust and harmonise its By laws to changes that have taken place in the Companies Code and the Securities Market Code; Approval of a share capital increase operation, in the amount that may vary between Euro 1.12 billion and Euro 1.37 billion, and Election of new Corporate Bodies of the Bank.

ECONOMIC ENVIRONMENT

The global economic recovery benefited in the first quarter of 2011 from a greater contribution of the advanced economies to global growth. According to the latest macroeconomic projections of the IMF, global GDP should grow at around 4.5% in the 2011-2012 period, close to its long term trend. The risk of a return to a recessionary environment eased. On the other hand, inflationary pressures increased and in some countries signs of overheating are becoming more common.Economic policy will become progressively more restrictive on global terms, as it moves toward the normalisation of monetary conditions and the sustainability of public finances in the long term, albeit with different intensities according to the economic areas. In the EU, fiscal consolidation has gained ground, whereas the US authorities have chosen for the prolongation of stimulus measures in order to sustain stronger growth in nominal GDP. Both options carry risks: for the economic recovery or the sustainability of debt in the medium term. As such, the consolidation of economic recovery still faces important challenges whose resolution will determine the overall success of the policies used to overcome the financial and economic crisis of recent years.Confidence levels have improved in financial markets, promoting stronger demand for cyclical financial assets such as equities, emerging market assets and credit securities. Interest rates increased significantly in response to stronger economic activity, rising inflationary pressures and the materialisation of the expectations of change in central banks' rates. The European Central Bank raised interest rates by 25 b.p. to 1.25% in April and further upward adjustments in the main refinancing rate are likely, to nearly 2.0% at the end of the year, according to the futures market. The evolution of the interest rate differentials between the U.S. and the EMU contributed to the depreciation of the US dollar. In the euro area the exponential increase in sovereign risk premiums for investors to hold the public debt of Greece, Ireland and Portugal reflects some skepticism about the success of the financial aid plans available, arguing for a more comprehensive response by European Institutions to deal with the complexity posed by the growing financial and economic asymmetry within the euro area.The more adverse financial conditions faced by the Portuguese State in international markets, the heightened domestic political uncertainty and the sudden and sharp reduction of the ratings of the Republic and of other domestic issuers, led the Portuguese Government to formally ask the European authorities and the IMF for the design and implementation of an economic and financial adjustment program. A program of this nature tends to operate in three areas: the consolidation of public finances, raising potential growth and providing for financial stabilisation in order to assure the regular financing of the economy. It will have many implications in several areas of the Portuguese economy and society, it will be highly demanding in its implementation and it will potentially cause disruption and tension. The correction of the fiscal imbalances and the reduction of the external deficit of the Portuguese economy will, in all likelihood, determine a pronounced slowdown in domestic demand and a consequent return to a recessionary environment in the near future. These trends are already under way: in the first quarter of 2011, consumption expenditure probably recorded a significant drop whereas the external component strengthened. In the first months of 2011, new loans granted to the private sector decreased on annual terms, particularly so in the large corporate and housing segments.This context should continue to adversely affect the development and profitability of the banking business in Portugal, through the inevitability of the process of deleveraging, the overall cost and scarcity of available funding and the pressure on asset quality. The financial strength, as measured by capital levels and access to liquidity, the responsibility in the correct allocation of resources and the flexibility and capacity to adjust to the changing environment should be seen as key factors driving customer and investor confidence in financial institutions.In Greece the economic environment should remain unfavorable, with recurrent financial instability. In Romania there are some tentative signs of improvement of economic activity. On a distinctively different level, the Polish economy should keep its virtuous cycle of strong economic growth and lower unemployment this year. The National Bank of Poland increased interest rates to 4.0%, constituting an additional supportive factor for the stability of the currency. The economies of Angola and Mozambique should continue to benefit from the robustness of the global cycle of raw materials and the adoption of a policy mix aiming at greater economic and financial stabilisation.

INDIVIDUAL/CONSOLIDATED QUARTERLY INFORMATION (Not Audited)
(Model applicable to companies subject to the Accounting Plan for Banks/Leasing/Factoring companies)

Company: Banco Comercial Português, S.A.

Main Offices: Praça D. João I, 28 - 4000-295 Porto **NIPC: 501 525 882**

Period of Reference: **Reference values in 000Esc** ☐ **in Euros** ☒

Quarter 1 ☒ **Quarter 3** ☐ **Quarter 5 (1)** ☐ **Start: 01/01/2011 End: 31/03/2011**

Balance Sheet Items	Individual			Consolidated		
	n (NCA)	n-1 (NCA)	Var. (%)	n (IAS)	n-1 (IAS)	Var. (%)
ASSETS (NET)						
Loans to other credit institutions (2)	8,622,759,187	10,032,898,979	-14.06%	2,179,477,946	3,158,883,260	-31.00%
Loans to clients	52,320,284,678	55,231,230,578	-5.27%	72,689,673,359	75,034,670,703	-3.13%
Fixed income securities	25,215,926,792	15,211,017,659	65.77%	12,642,141,493	6,793,821,863	86.08%
Variable yield securities	1,648,678,103	2,784,994,613	-40.80%	1,057,910,623	2,229,908,547	-52.56%
Investments	3,903,943,117	3,897,261,772	0.17%	364,341,909	461,461,604	-21.05%
SHAREHOLDER'S AND EQUIVALENT EQUITY						
Equity Capital	4,694,600,000	4,694,600,000	0.00%	4,694,600,000	4,694,600,000	0.00%
Nº of ordinary shares	4,694,600,000	4,694,600,000	-	4,694,600,000	4,694,600,000	-
Nº of other shares	0	0	-			-
Value of own shares	2,648,256	4,552,040	-41.82%	15,884,393	23,611,407	-32.73%
Nº of voting shares	4,334,938	5,487,664	-	27,314,342	28,617,964	-
Nº of preferred, non voting shares	0	0	-			-
Subordinate loans	2,740,091,997	3,608,281,347	-24.06%	1,352,633,135	2,195,229,307	-38.38%
Minority interests	0	0	-	482,646,764	460,388,295	4.83%
LIABILITIES						
Amounts owed to credit institutions	26,971,868,904	17,186,595,065	56.94%	19,408,731,690	11,588,562,616	67.48%
Amounts owed to clients	30,750,386,414	31,441,137,810	-2.20%	44,866,924,684	45,978,455,070	-2.42%
Debt securities	13,931,756,553	16,715,093,810	-16.65%	17,098,509,642	21,789,893,201	-21.53%
TOTAL ASSETS (NET)	99,533,118,985	94,599,099,418	5.22%	96,628,718,845	96,660,247,688	-0.03%
TOTAL SHAREHOLDER'S EQUITY	6,500,670,872	6,723,333,856	-3.31%	6,724,489,457	6,963,207,903	-3.43%
TOTAL LIABILITIES	93,032,448,113	87,875,765,562	5.87%	89,421,582,624	89,236,651,490	0.21%

P & L Items	Individual			Consolidated		
	n	n-1	Var. (%)	n	n-1	Var. (%)
Financial margin (3)	230,515,170	191,105,948	20.62%	401,564,194	340,591,834	17.90%
Commissions and other oper. revenue (net)	168,225,012	-8,298,962	-2127.06%	215,618,614	207,191,804	4.07%
Securities yield and profits from financial transactions (net)	-47,605,515	378,378,386	-112.58%	23,764,981	136,223,663	-82.55%
Banking Income	351,134,667	561,185,372	-37.43%	640,947,789	684,007,301	-6.30%
Personnel, administ. and other costs	-206,943,948	-227,614,713	-9.08%	-331,401,880	-356,495,928	-7.04%
Amortizations	-10,483,897	-11,472,604	-8.62%	-24,828,425	-25,750,240	-3.58%
Provisions (net of adjustments)	-175,252,177	-248,370,201	-29.44%	-195,183,162	-186,577,194	4.61%
Extraordinary profit	0	0	n.a.	0	0	n.a.
Profit before taxes	-41,545,355	73,727,854	-156.35%	89,534,322	115,183,939	-22.27%
Income tax (4)	16,668,228	55,624,133	-70.03%	-9,723,907	-22,006,485	-55.81%
Minority interests and income excluded from consolidation	0	0	-	-2,080,618	3,226,511	-164.49%
Net profit / loss for the quarter	-24,877,127	129,351,987	-119.23%	77,729,797	96,403,965	-19.37%
Net profit / loss per share for the quarter	-0.0053	0.0276	-119.23%	0.0166	0.0205	-19.37%
Self financing (5)	160,858,947	389,194,792	-58.67%	297,741,384	308,731,399	-3.56%

(1) Aplicable to the first economic period of companies adopting a fiscal year different from the calendar year (Art.65.º - A of the Portuguese Commercial Company Code)

(2) Includes repayable on demand to credit institutions

(3) Financial margin = Interest income - Interest expense

(4) Estimated income tax

(5) Self financing = Net profits + amortization + provision

BANCO COMERCIAL PORTUGUÊS

Consolidated Income Statement
for the three months period ended 31 March, 2011 and 2010

	31 March 2011	31 March 2010
	(Thousands of Euros)	
Interest income	946,874	795,917
Interest expense	(545,310)	(455,325)
Net interest income	401,564	340,592
Dividends from equity instruments	27	865
Net fees and commission income	195,425	202,153
Net gains / losses arising from trading and hedging activities	(741)	130,449
Net gains / losses arising from available for sale financial assets	24,479	4,910
Other operating income	18,324	3,969
	639,078	682,938
Other net income from non banking activity	5,104	4,200
Total operating income	644,182	687,138
Staff costs	191,994	208,835
Other administrative costs	139,408	147,661
Depreciation	24,828	25,750
Operating costs	356,230	382,246
	287,952	304,892
Loans impairment	(166,567)	(164,758)
Other assets impairment	(25,092)	(15,607)
Other provisions	(3,524)	(6,211)
Operating profit	92,769	118,316
Share of profit of associates under the equity method	16,697	16,738
Gains / (losses) from the sale of subsidiaries and other assets	(3,234)	(3,133)
Profit before income tax	106,232	131,921
Income tax		
Current	(25,291)	(13,381)
Deferred	15,567	(8,625)
Profit after income tax	96,508	109,915
Attributable to:		
Shareholders of the Bank	77,730	96,404
Non-controlling interests	18,778	13,511
Profit for the period	96,508	109,915
Earnings per share (in euros)		
Basic	0.05	0.06
Diluted	0.05	0.06

BANCO COMERCIAL PORTUGUÊS

Consolidated Balance Sheet as at 31 March, 2011 and 2010 and 31 December, 2010

	31 March 2011	31 December 2010	31 March 2010
	(Thousands of Euros)		
Assets			
Cash and deposits at central banks	1,564,141	1,484,262	1,742,502
Loans and advances to credit institutions			
Repayable on demand	949,217	1,259,025	811,113
Other loans and advances	1,230,261	2,343,972	2,347,771
Loans and advances to customers	72,689,673	73,905,406	75,034,671
Financial assets held for trading	4,052,975	5,136,299	3,678,290
Financial assets available for sale	2,879,766	2,573,064	3,051,393
Assets with repurchase agreement	20,726	13,858	6,882
Hedging derivatives	352,787	476,674	403,856
Financial assets held to maturity	6,746,586	6,744,673	2,287,165
Investments in associated companies	364,342	397,373	461,462
Non current assets held for sale	1,005,750	996,772	1,863,149
Investment property	515,251	404,734	425,135
Property and equipment	592,891	617,240	626,705
Goodwill and intangible assets	398,532	400,802	530,844
Current tax assets	29,200	33,946	36,146
Deferred tax assets	717,918	688,630	584,548
Other assets	2,518,703	2,533,009	2,768,622
	96,628,719	100,009,739	96,660,254
Liabilities			
Amounts owed to credit institutions	19,408,731	20,076,556	8,312,044
Amounts owed to customers	44,866,925	45,609,115	45,978,455
Debt securities	17,098,510	18,137,390	21,789,893
Financial liabilities held for trading	870,348	1,176,451	1,199,006
Other financial liabilities at fair value			
through profit and loss	4,078,118	4,038,239	6,734,427
Hedging derivatives	232,003	346,473	94,413
Non current liabilities held for sale	-	-	912,406
Provisions for liabilities and charges	238,141	235,333	234,813
Subordinated debt	1,352,633	2,039,174	2,195,229
Current income tax liabilities	8,666	11,960	10,379
Deferred income tax liabilities	-	344	4,040
Other liabilities	1,267,507	1,091,228	1,771,553
Total Liabilities	89,421,582	92,762,263	89,236,658
Equity			
Share capital	4,694,600	4,694,600	4,694,600
Treasury stock	(83,223)	(81,938)	(89,080)
Share premium	192,122	192,122	192,122
Preference shares	1,000,000	1,000,000	1,000,000
Other capital instruments	1,000,000	1,000,000	1,000,000
Fair value reserves	(241,545)	(166,361)	102,301
Reserves and retained earnings	84,806	(190,060)	(33,139)
Profit for the period attributable to Shareholders	77,730	301,612	96,404
Total Equity attributable to Shareholders of the Bank	6,724,490	6,749,975	6,963,208
Non-controlling interests	482,647	497,501	460,388
Total Equity	7,207,137	7,247,476	7,423,596
	96,628,719	100,009,739	96,660,254

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

31 March
2 0 1 1

Banco Comercial Português, S.A., a public company (sociedade aberta) having its registered office at Praça D. João I, 28, Oporto, registered at the Commercial Registry of Oporto, with the single commercial and tax identification number 501 525 882 and the share capital of EUR 4,694,600,000.00.

BANCO COMERCIAL PORTUGUÊS

Consolidated Income Statement
for the three months period ended 31 March, 2011 and 2010

	Notes	31 March 2011	31 March 2010
		(Thousands of Euros)	
Interest and similar income	3	946,874	795,917
Interest expense and similar charges	3	(545,310)	(455,325)
Net interest income		401,564	340,592
Dividends from equity instruments	4	27	865
Net fees and commissions income	5	195,425	202,153
Net gains / (losses) arising from trading and hedging activities	6	(741)	130,449
Net gains / (losses) arising from available for sale financial assets	7	24,479	4,910
Other operating income	8	18,324	3,969
		639,078	682,938
Other net income from non banking activities		5,104	4,200
Total operating income		644,182	687,138
Staff costs	9	191,994	208,835
Other administrative costs	10	139,408	147,661
Depreciation	11	24,828	25,750
Operating expenses		356,230	382,246
		287,952	304,892
Loans impairment	12	(166,567)	(164,758)
Other assets impairment	26, 28 and 31	(25,092)	(15,607)
Other provisions	13	(3,524)	(6,211)
Operating profit		92,769	118,316
Share of profit of associates under the equity method	14	16,697	16,738
Gains / (losses) from the sale of subsidiaries and other assets	15	(3,234)	(3,133)
Profit before income tax		106,232	131,921
Income tax			
Current	16	(25,291)	(13,381)
Deferred	16	15,567	(8,625)
Profit after income tax		96,508	109,915
Attributable to:			
Shareholders of the Bank		77,730	96,404
Non-controlling interests	44	18,778	13,511
Profit for the period		96,508	109,915
Earnings per share (in Euros)	17		
Basic		0.05	0.06
Diluted		0.05	0.06

CHIEF ACCOUNTANT

THE EXECUTIVE BOARD OF DIRECTORS

BANCO COMERCIAL PORTUGUÊS

Consolidated Balance Sheet as at 31 March, 2011 and 2010 and 31 December, 2010

	Notes	31 March 2011	31 December 2010
		(Thousands of Euros)	
Assets			
Cash and deposits at central banks	18	1,564,141	1,484,262
Loans and advances to credit institutions			
Repayable on demand	19	949,217	1,259,025
Other loans and advances	20	1,230,261	2,343,972
Loans and advances to customers	21	72,689,673	73,905,406
Financial assets held for trading	22	4,052,975	5,136,299
Financial assets available for sale	22	2,879,766	2,573,064
Assets with repurchase agreement		20,726	13,858
Hedging derivatives	23	352,787	476,674
Financial assets held to maturity	24	6,746,586	6,744,673
Investments in associated companies	25	364,342	397,373
Non current assets held for sale	26	1,005,750	996,772
Investment property	27	515,251	404,734
Property and equipment	28	592,891	617,240
Goodwill and intangible assets	29	398,532	400,802
Current income tax assets		29,200	33,946
Deferred income tax assets	30	717,918	688,630
Other assets	31	2,518,703	2,533,009
		96,628,719	100,009,739
Liabilities			
Deposits from credit institutions	32	19,408,731	20,076,556
Deposits from customers	33	44,866,925	45,609,115
Debt securities issued	34	17,098,510	18,137,390
Financial liabilities held for trading	35	870,348	1,176,451
Other financial liabilities at fair value			
through profit or loss	36	4,078,118	4,038,239
Hedging derivatives	23	232,003	346,473
Provisions for liabilities and charges	37	238,141	235,333
Subordinated debt	38	1,352,633	2,039,174
Current income tax liabilities		8,666	11,960
Deferred income tax liabilities	30	-	344
Other liabilities	39	1,267,507	1,091,228
Total Liabilities		89,421,582	92,762,263
Equity			
Share capital	40	4,694,600	4,694,600
Treasury stock	43	(83,223)	(81,938)
Share premium		192,122	192,122
Preference shares	40	1,000,000	1,000,000
Other capital instruments	40	1,000,000	1,000,000
Fair value reserves	42	(241,545)	(166,361)
Reserves and retained earnings	42	84,806	(190,060)
Profit for the period attributable to Shareholders		77,730	301,612
Total Equity attributable to Shareholders of the Bank		6,724,490	6,749,975
Non-controlling interests	44	482,647	497,501
Total Equity		7,207,137	7,247,476
		96,628,719	100,009,739

CHIEF ACCOUNTANT

THE EXECUTIVE BOARD OF DIRECTORS

See accompanying notes to the interim consolidated financial statements

BANCO COMERCIAL PORTUGUÊS

Consolidated Cash Flows Statement
for the three months period ended 31 March, 2011 and 2010

	31 March 2011	31 March 2010
	(Thousands of Euros)	
Cash flows arising from operating activities		
Interest income received	842,718	768,164
Commissions income received	232,206	228,864
Fees received from services rendered	49,298	11,325
Interest expense paid	(516,019)	(441,587)
Commissions expense paid	(42,005)	(35,642)
Recoveries on loans previously written off	5,559	1,961
Net earned premiums	5,802	6,173
Claims incurred	(1,761)	(1,738)
Payments to suppliers and employees	(417,609)	(443,272)
	158,189	94,248
Decrease / (increase) in operating assets:		
Loans and advances to credit institutions	14,215	(323,658)
Deposits with Central Banks under monetary regulations	927,054	462,515
Loans and advances to customers	1,169,925	161,858
Short term trading account securities	751,030	165,083
Increase / (decrease) in operating liabilities:		
Deposits from credit institutions repayable on demand	(102,711)	52,228
Deposits from credit institutions with agreed maturity date	(358,514)	(1,917,507)
Deposits from clients repayable on demand	(192,141)	(452,663)
Deposits from clients with agreed maturity date	(563,483)	237,758
	1,803,564	(1,520,138)
Income taxes (paid) / received	(7,954)	6,171
	1,795,610	(1,513,967)
Cash flows arising from investing activities		
Dividends received	27	865
Interest income from available for sale financial assets	59,774	31,966
Proceeds from sale of available for sale financial assets	5,463,735	16,298,513
Available for sale financial assets purchased	(6,020,071)	(23,140,718)
Proceeds from available for sale financial assets on maturity	127,225	6,470,761
Acquisition of fixed assets	(10,108)	(40,051)
Proceeds from sale of fixed assets	8,661	22,509
Increase / (decrease) in other sundry assets	7,981	(542,616)
	(362,776)	(898,771)
Cash flows arising from financing activities		
Issuance of subordinated debt	114,925	-
Reimbursement of subordinated debt	(760,415)	(10,983)
Issuance of debt securities	45,988	1,665,926
Reimbursement of debt securities	(898,026)	(1,356,727)
Issuance of commercial paper	287,413	4,103,333
Reimbursement of commercial paper	(508,564)	(2,267,523)
Increase / (decrease) in other sundry liabilities and non-controlling interests	(106,037)	207,379
	(1,824,716)	2,341,405
Exchange differences effect on cash and equivalents	(11,001)	3,187
Net changes in cash and equivalents	(402,883)	(68,146)
Cash and equivalents at the beginning of the period	1,952,447	1,523,026
Cash (note 18)	600,347	643,767
Other short term investments (note 19)	949,217	811,113
Cash and equivalents at the end of the period	1,549,564	1,454,880

See accompanying notes to the interim consolidated financial statements

BANCO COMERCIAL PORTUGUÊS

Consolidated Statement of Changes in Equity
for the three months period ended 31 March, 2011 and 2010

(Amounts expressed in thousands of Euros)

							Other comprehensive income					
	Total equity	Share capital	Preference shares	Other capital instruments	Share premium	Legal and statutory reserves	Fair value and Cash Flow hedged reserves	Other	Other reserves and retained earnings	Goodwill	Treasury stock	Non-controlling interests
Balance on 31 December, 2009	7,220,801	4,694,600	1,000,000	1,000,000	192,122	435,410	93,760	(96,478)	2,526,210	(2,883,580)	(85,548)	344,305
Costs related to the issue of perpetual subordinated Instruments	(6)	-	-	-	-	-	-	-	(6)	-	-	-
Interest charge related to the issue of perpetual subordinated Instruments	(21,000)	-	-	-	-	-	-	-	(21,000)	-	-	-
Tax related to the costs and interest charge on the issue of perpetual subordinated instruments	5,251	-	-	-	-	-	-	-	5,251	-	-	-
Profit for the period attributable to Shareholders of the Bank	96,404	-	-	-	-	-	-	-	96,404	-	-	-
Profit for the period attributable to Non-controlling interests (note 44)	13,511	-	-	-	-	-	-	-	-	-	-	13,511
Treasury stock	(3,532)	-	-	-	-	-	-	-	-	-	(3,532)	-
Exchange differences arising on consolidation	3,187	-	-	-	-	-	-	3,187	-	-	-	-
Fair value reserves (note 42)												
Financial instruments available for sale	2,905	-	-	-	-	-	2,905	-	-	-	-	-
Cash-flow hedge	5,636	-	-	-	-	-	5,636	-	-	-	-	-
Non-controlling interests (note 44)	102,572	-	-	-	-	-	-	-	-	-	-	102,572
Other reserves arising on consolidation (note 42)	(2,133)	-	-	-	-	-	-	-	(2,133)	-	-	-
Balance on 31 March, 2010	7,423,596	4,694,600	1,000,000	1,000,000	192,122	435,410	102,301	(93,291)	2,604,726	(2,883,580)	(89,080)	460,388
Transfers to reserves (note 42):												
Legal reserve	-	-	-	-	-	20,632	-	-	(20,632)	-	-	-
Statutory reserve	-	-	-	-	-	10,000	-	-	(10,000)	-	-	-
Dividends paid in 2010	(89,095)	-	-	-	-	-	-	-	(89,095)	-	-	-
Costs related to the issue of perpetual subordinated Instruments	6	-	-	-	-	-	-	-	6	-	-	-
Interest charge related to the issue of perpetual subordinated Instruments	(49,000)	-	-	-	-	-	-	-	(49,000)	-	-	-
Tax related to the costs and interest charge on the issue of perpetual subordinated instruments	12,275	-	-	-	-	-	-	-	12,275	-	-	-
Profit for the period attributable to Shareholders of the Bank	205,208	-	-	-	-	-	-	-	205,208	-	-	-
Profit for the period attributable to non-controlling interests (note 44)	45,796	-	-	-	-	-	-	-	-	-	-	45,796
Dividends on preference shares	(48,910)	-	-	-	-	-	-	-	(48,910)	-	-	-
Treasury stock	7,142	-	-	-	-	-	-	-	-	-	7,142	-
Exchange differences arising on consolidation	15,239	-	-	-	-	-	-	15,239	-	-	-	-
Fair value reserves (note 42)												
Financial instruments available for sale	(248,997)	-	-	-	-	-	(248,997)	-	-	-	-	-
Cash-flow hedge	(19,665)	-	-	-	-	-	(19,665)	-	-	-	-	-
Non-controlling interests (note 44)	(8,683)	-	-	-	-	-	-	-	-	-	-	(8,683)
Other reserves arising on consolidation (note 42)	2,564	-	-	-	-	-	-	-	2,564	-	-	-
Balance on 31 December, 2010	7,247,476	4,694,600	1,000,000	1,000,000	192,122	466,042	(166,361)	(78,052)	2,607,142	(2,883,580)	(81,938)	497,501
Interest charge related to the issue of perpetual subordinated Instruments	(21,000)	-	-	-	-	-	-	-	(21,000)	-	-	-
Tax related to the interest charge on the issue of perpetual subordinated instruments	5,272	-	-	-	-	-	-	-	5,272	-	-	-
Profit for the period attributable to Shareholders of the Bank	77,730	-	-	-	-	-	-	-	77,730	-	-	-
Profit for the period attributable to non-controlling interests (note 44)	18,778	-	-	-	-	-	-	-	-	-	-	18,778
Treasury stock	(1,285)	-	-	-	-	-	-	-	-	-	(1,285)	-
Exchange differences arising on consolidation	(11,001)	-	-	-	-	-	-	(11,001)	-	-	-	-
Fair value reserves (note 42)												
Financial instruments available for sale	(67,230)	-	-	-	-	-	(67,230)	-	-	-	-	-
Cash-flow hedge	(7,954)	-	-	-	-	-	(7,954)	-	-	-	-	-
Non-controlling interests (note 44)	(33,632)	-	-	-	-	-	-	-	-	-	-	(33,632)
Other reserves arising on consolidation (note 42)	(17)	-	-	-	-	-	-	-	(17)	-	-	-
Balance on 31 March, 2011	7,207,137	4,694,600	1,000,000	1,000,000	192,122	466,042	(241,545)	(89,053)	2,669,127	(2,883,580)	(83,223)	482,647

BANCO COMERCIAL PORTUGUÊS

Statement of Comprehensive income
for the three months period ended 31 March, 2011 and 2010

	Notes	31 March 2011	31 March 2010
		(Thousands of Euros)	
Fair value reserves			
Financial assets available for sale	42	(72,931)	406
Cash-Flow hedge	42	(9,820)	7,632
Taxes			
Financial assets available for sale	42	5,701	2,499
Cash-Flow hedge	42	1,866	(1,996)
		(75,184)	8,541
Exchange differences arising on consolidation	42	(11,001)	3,187
Comprehensive income recognised directly in Equity after taxes		(86,185)	11,728
Profit for the period		96,508	109,915
Total Comprehensive income for the period		10,323	121,643
Attributable to:			
Shareholders of the Bank		(8,455)	108,132
Non-controlling interests		18,778	13,511
Total Comprehensive income for the period		10,323	121,643

See accompanying notes to the interim consolidated financial statements

1. Accounting policies

a) Basis of presentation

Banco Comercial Português, S.A. Sociedade Aberta (the 'Bank') is a public bank, established in Portugal in 1985. It started operations on 5 May, 1986, and these consolidated financial statements reflect the results of the operations of the Bank and all its subsidiaries (together referred to as the 'Group') and the Group's interest in associates, for the three months period ended 31 March, 2011 and 2010.

In accordance with Regulation (EC) no. 1606/2002 from the European Parliament and the Council, of 19 July 2002, and as transposed into Portuguese Law through Decree-Law no. 35/2005, of 17 February and Regulation no. 1/2005 from the Bank of Portugal, the Group's consolidated financial statements are required to be prepared in accordance with International Financial Reporting Standards ('IFRS') as endorsed by the European Union ('EU') since the year 2005. IFRS comprise accounting standards issued by the International Accounting Standards Board ('IASB') as well as interpretations issued by the International Financial Reporting Interpretations Committee ('IFRIC') and their predecessor bodies. The consolidated financial statements presented were approved on 26 April 2011 by the Bank's Executive Board of Directors. The financial statements are presented in thousands of euros, rounded to the nearest thousand.

The Group adopted the IFRS standards and interpretations for which application is mandatory for accounting periods beginning on 1 January 2010. In accordance with the transition dispositions of these standards and interpretations, comparative figures are presented in these financial statements for additional disclosures required.

The consolidated financial statements for the three months period ended 31 March, 2011 have been prepared in terms of recognition and measurement in accordance with the IFRS, effective and adopted by EU.

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

The Group's financial statements are prepared under the historical cost convention, as modified by the application of fair value for derivative financial instruments, financial assets and liabilities at fair value through profit or loss (trading and fair value option) and available for sale assets, except those for which a reliable measure of fair value is not available. Financial assets and liabilities that are hedged under hedge accounting are stated at fair value in respect of the risk that is being hedged, if applicable. Other financial assets and liabilities and non-financial assets and liabilities are stated at amortized cost or historical cost. Non-current assets and disposal groups held for sale are stated at the lower of carrying amount or fair value less costs to sell. The liability for defined benefit obligations is recognised as the present value of the defined benefit obligation net of the value of the fund and deducted from the actuarial losses not recognised.

The accounting policies set out below have been applied consistently throughout the Group entities and for all periods presented in these consolidated financial statements.

The preparation of the financial statements in accordance with IFRS requires the Executive Board of Directors to make judgments, estimates and assumptions that affect the application of the accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The issues involving a higher degree of judgment or complexity or where assumptions and estimates are considered to be significant are presented in note 1 ac).

b) Basis of consolidation

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

Investments in subsidiaries

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

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

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

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

Investments in associates

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

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

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

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

Goodwill

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

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

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

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

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

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

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

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

Purchases and diluition of non-controlling interests

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

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

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

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

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

Special Purpose Entities (‘SPE’)

The Group fully consolidates SPE resulting from securitization operation with assets from Group entities (as referred in note 21), when the substance of the relation with those entities indicates that the Group exercises control over its activities, independently of the percentage of the equity held. Besides these SPE resulting from securitization operations, no additional SPE have been consolidated considering that they do not meet the criteria established on SIC 12 as described below.

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

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

Investment fund management

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

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

Investments in foreign subsidiaries and associates

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

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

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

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

Investments in jointly controlled entities

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

Transactions eliminated on consolidation

Intragroup balances and any unrealized gains and losses arising from intragroup transactions, are eliminated in the preparation of the consolidated financial statements. Unrealized gains and losses arising from transactions with associates and jointly controlled entities are eliminated to the extent of the Group's interest in the entity.

c) Loans and advances to customers

Loans and advances to customers includes loans and advances originated by the Group which are not intended to be sold in the short term and are recognised when cash is advanced to borrowers.

The derecognition of these assets occurs in the following situations: (i) the contractual rights of the Group have expired; or (ii) the Group transferred substantially all the associated risks and rewards.

Loans and advances to customers are initially recognized at fair value plus any directly attributable transaction costs and fees and are subsequently measured at amortized cost using the effective interest method, less impairment losses.

Impairment

The Group’s policy consists in a regular assessment of the existence of objective evidence of impairment in the loan portfolios. Impairment losses identified are charged against results and subsequently the charge is reversed, if there is a reduction of the estimated impairment loss, in a subsequent period.

After initial recognition, a loan or a loan portfolio, defined as a group of loans with similar credit risk characteristics, may be classified as impaired when there is objective evidence of impairment as a result of one or more events and when the loss event has an impact on the estimated future cash flows of the loan or of the loan portfolio that can be reliably estimated.

According to IAS 39, there are two basic methods of calculating impairment losses: (i) individually assessed loans; and (ii) collective assessment.

(i) Individually assessed loans

Impairment losses on individually assessed loans are determined by an evaluation of the exposures on a case-by-case basis. For each loan considered individually significant, the Group assesses, at each balance sheet date, the existence of any objective evidence of impairment. In determining such impairment losses on individually assessed loans, the following factors are considered:

- Group's aggregate exposure to the customer and the existence of overdue loans;
- The viability of the customer's business and capability to generate sufficient cash flow to service their debt obligations in the future;
- The existence, nature and estimated value of the collaterals;
- A significant downgrading in the client rating;
- The assets available on liquidation or insolvency;
- The ranking of all creditor claims;
- The amount and timing of expected receipts and recoveries.

Impairment losses are calculated by comparing the present value of the expected future cash flows, discounted at the original effective interest rate of the loan, with its current carrying value and the amount of any loss is charged in the income statement. The carrying amount of impaired loans is reduced through the use of an allowance account. For loans with a variable interest rate, the discount rate used corresponds to the effective annual interest rate, which was applicable in the period that the impairment was determined.

Individual loans that are not identified as having an objective evidence of impairment are grouped on the basis of similar credit risk characteristics, and assessed collectively.

(ii) Collective assessment

Impairment losses are calculated on a collective basis under two different scenarios:

- for homogeneous groups of loans that are not considered individually significant; or
- in respect of losses which have been incurred but have not yet been identified ('IBNR') on loans for which no objective evidence of impairment is identified (see section (i)).

The collective impairment loss is determined considering the following factors:

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

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

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

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

d) Financial instruments

(i) Classification, initial recognition and subsequent measurement

1) Financial assets and liabilities at fair value through profit and loss

1a) Financial assets held for trading

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

The interest from debt instruments are recognized as interest margin.

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

1b) Other financial assets and liabilities at fair value through profit and loss ("Fair Value Option")

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

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

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

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

2) Financial assets available for sale

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

3) Financial assets held-to-maturity

The financial assets held-to-maturity include non-derivative financial assets with fixed or determinable payments and fixed maturity, that the Group has the intention and capacity to maintain until the maturity of the assets and that were not included in the category of financial assets at fair value through profit and loss or financial assets available for sale. These financial assets are initially recognised at fair value and subsequently measured at amortized cost. The interest is calculated using the effective interest rate method and recognised in Net interest income. The impairment losses are recognised in profit and loss when identified.

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

4) Loans and receivables - Loans represented by securities

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

In addition to loans granted, the Group recognises in this category unquoted bonds and commercial paper. The financial assets recognised in this category are initially accounted at fair value and subsequently at amortized cost net of impairment. The incremental direct transaction costs are included in the effective interest rate for these financial instruments. The interest accounted based on the effective interest rate method are recognised in Net interest income.

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

5) Other financial liabilities

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

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

The financial gains or losses calculated in the time of the repurchase of other financial liabilities are recognised as Net gains from trading, hedging and available for sale financial activities when occurred.

(ii) Impairment

An assessment is made at each balance sheet date as to whether there is any objective evidence of impairment, namely circumstances where an adverse impact on estimated future cash flows of the financial asset or group of financial assets can be reliably estimated or based on a significant or prolonged decrease in the fair value, below the acquisition cost.

If an available for sale asset is determined to be impaired, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the profit or loss) is removed from fair value reserves and recognised in profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurred after the impairment loss was recognised in the profit or loss, the impairment loss is reversed through the income statement. The impairment losses recognised in equity instruments classified as available for sale, when reversed, are recognised against fair value reserves.

(iii) Embedded derivatives

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

e) Derivatives hedge accounting

(i) Hedge accounting

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

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

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

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

(ii) Fair value hedge

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

(iii) Cash flow hedge

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

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

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

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

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

(iv) Hedge effectiveness

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

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

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

f) Reclassifications between financial instruments categories

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

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

The Group adopted this possibility for a group of financial assets, as disclosed in note 22.

Transfer of financial assets recognized in the category of Financial assets available-for-sale to Loans and receivables - Loans represented by securities and Financial assets held-to-maturity are permitted.

Transfers from and to Financial assets and financial liabilities at fair value through profit and loss by decision of the entity ("Fair value option") are prohibited.

g) Derecognition

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

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

h) Equity instruments

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

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

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

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

i) Compound financial instruments

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

j) Securities borrowing and repurchase agreement transactions

(i) Securities borrowing

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

(ii) Repurchase agreements

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

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

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

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

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

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

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

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

The fair value is determined based on the expected selling price estimated through periodic valuations performed by the Group.

The subsequent accounting of these assets is determined based on the lower of the carrying amount and the corresponding fair value net of expenses. In case of unrealized losses, these should be recognised as impairment losses against results.

l) Finance lease transactions

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

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

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

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

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

m) Interest income and expense

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

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

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

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

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

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

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

n) Fee and commission income

Fees and commissions are recognised according to the following criteria:

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

Fees and commissions that are an integral part of the effective interest rate of a financial instrument, are recognised in margin.

o) Financial results (Results arising from trading and hedging activities and available for sale financial assets)

Financial results includes gains and losses arising from financial assets and financial liabilities at fair value through profit and loss, that is, fair value changes and interest on trading derivatives and embedded derivatives), as well as the corresponding dividends received. This caption also includes the impairment losses, dividends and gains and losses arising from the sale of available for sale financial assets. The changes in fair value of hedging derivatives and hedged items, when fair value hedge is applicable, are also recognised in this caption.

p) Fiduciary activities

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

q) Property and equipment

Property and equipment are stated at acquisition cost less accumulated depreciation and impairment losses. Subsequent costs are recognised as a separate asset only when it is probable that future economic benefits will result to the Group. All other repairs and maintenance expenses are charged to the income statement during the financial period in which they are incurred.

The Group performs impairment testing whenever events or circumstances indicate that the book value exceeds the highest between the value in use and the recoverable amount, being the difference charged to the profit and loss.

Depreciation is calculated on a straight-line basis, over the following periods which correspond to their estimated useful life:

	Number of years
Premises	50
Expenditure on freehold and leasehold buildings	10
Equipment	4 to 12
Other fixed assets	3

Whenever there is an indication that a fixed tangible asset might be impaired, its recoverable amount is estimated and an impairment loss shall be recognised if the net value of the asset exceeds its recoverable amount.

The recoverable amount is determined as the highest between the sale price net of sale costs and its value in use calculated based on the present value of future cash-flows estimated to be obtained from the continued use of the asset and its sale at the end of the useful life.

The impairment losses of the fixed tangible assets are recognised in profit and loss.

r) Investment property

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

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

s) Intangible Assets

Research and development expenditure

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

Software

The Group accounts as intangible assets the costs associated to software acquired from external entities and depreciates them on a linear basis by an estimated period of three years. The Group does not capitalize internal costs arising from software development.

t) *Cash and cash equivalents*

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months' maturity from the balance sheet date, including cash and deposits with banks.

Cash and cash equivalents exclude restricted balances with central banks.

u) *Offsetting*

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when the Group has a legally enforceable right to offset the recognised amounts and the transactions are intended to be settled on a net basis.

v) *Foreign currency transactions*

Transactions in foreign currencies are translated into the respective functional currency of the operation at the foreign exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies, are translated into the respective functional currency of the operation at the foreign exchange rate at the reporting date. Foreign exchange differences arising on translation are recognized in the profit and loss. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated into the respective functional currency of the operation at the foreign exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated into the respective functional currency of the operation at the foreign exchange rate at the date that the fair value was determined against profit and loss, except for financial assets available-for-sale, for which the difference is recognized against equity.

w) *Employee benefits*

Defined benefit plans

The Group has the responsibility to pay to their employees retirement pensions and widow and orphan benefits and permanent disability pensions, in accordance with the agreement entered with the collective labor agreements. These benefits are estimated in the pensions plans 'Plano ACT' and 'Plano ACTQ' of the Pension Plan of BCP Group, which corresponds to the referred collective labor agreements (the conditions are estimated in the private social security of the banking sector for the constitution of the right to receive a pension).

As for the benefits estimated in the two previous pensions plans, the Group also assumes the responsibility, if some conditions are met in each year, of the attribution of a complementary plan to the employees of the Group, after due consideration of the requirements of the collective labor agreements applicable to each sector (complementary plan).

The Group's net obligation in respect of pension plans (defined benefit pensions plan) is calculated on an half year basis at 31 December and 30 June of each year.

Starting on 1 January 2011, banks' employees will be integrated in the General Social Healthcare System which will guarantee protection to the employees for maternity, paternity, adoption and old age issues. The Banks maintain the liability to guarantee the protection in illness, disability, survival and death (Decree-Law no. 1-A/2011, from 3 January).

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

The Group opted at the IFRS transition date, as at 1 January 2004, for the retrospective application of IAS 19, performing the recalculation of the pension obligations and the corresponding actuarial gains and losses which will be deferred under the corridor method as defined in IAS 19. The calculation is made using the projected unit credit method and following actuarial and financial assumptions in line with the parameters required by IAS 19.

The current services cost plus the interest cost on the unwinding of the Pension liabilities less the expected return on the Plan assets are recorded in operational costs.

The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. The benefit is discounted in order to determine its present value, using a discount rate determined by reference to interest rates of high-quality corporate bonds that have maturity dates approximating the terms of the Group's obligations. The net obligations are determined after the deduction of the fair value of the assets of the Pension Plan.

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

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

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

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

Defined contributions plans

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

Share based compensation plan

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

Variable remuneration paid to employees

The Executive Board of Directors decides on the most appropriate criteria of allocation among employees.

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

x) Income taxes

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

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

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

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

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

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

y) Segmental reporting

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

A business operational segment is a distinguishable component of the Group that is engaged in providing an individual product or service or a group of related products or services, in a specific economic environment and that is subject to risks and returns that are different from those of other business segments, which operates in different economic environments. The Group controls its activity through the following major segments:

Portugal

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

Foreign activity

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

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

z) Provisions

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

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

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

aa) Earnings per share

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

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

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

ab) Insurance contracts

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

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

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

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

Premiums

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

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

Provision for unearned premiums from direct insurance and reinsurance premiuns ceded

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

ac) Accounting estimates and judgements in applying accounting policies

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

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

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

Impairment of available for-sale equity investments

The Group determines that available-for-sale equity investments are impaired when there has been a significant or prolonged decrease in the fair value below its acquisition cost. This determination of what is significant or prolonged requires judgment. In making this judgment, the Group evaluates among other factors, the volatility in the prices of the financial assets.

In addition, valuations are generally obtained through market quotation or valuation models that may require assumptions or judgment in making estimates of fair value.

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

Impairment losses on loans and advances to customers

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

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

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

Fair value of derivatives

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

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

Securitizations and special purpose entities (SPE)

The Group sponsors the formation of SPE primarily for asset securitization transactions for liquidity purposes and/or capital management.

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

Income taxes

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

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

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

Pension and other employees' benefits

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

Changes in these assumptions could materially affect these values.

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

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

The amount of this account is comprised of:

	Mar 2011 Euros '000	Mar 2010 Euros '000
Net interest income	401,564	340,592
Net gains from trading, hedging and AFS activities	23,738	135,359
	425,302	475,951

3. Net interest income

The amount of this account is comprised of:

	Mar 2011 Euros '000	Mar 2010 Euros '000
Interest and similar income		
Interest on loans and advances	720,104	640,007
Interest on trading securities	35,785	24,985
Interest on other financial assets valued at fair value through profit and loss account	-	42
Interest on available for sale financial assets	34,598	25,499
Interest on held to maturity financial assets	48,175	15,006
Interest on hedging derivatives	71,753	53,260
Interest on derivatives associated to financial instruments through profit and loss account	21,228	24,521
Interest on deposits and other investments	15,231	12,597
	946,874	795,917
Interest expense and similar charges		
Interest on deposits and inter-bank funding	361,634	263,926
Interest on securities sold under repurchase agreement	2,934	5,222
Interest on securities issued	130,810	130,127
Interest on hedging derivatives	10,449	5,848
Interest on derivatives associated to financial instruments through profit and loss account	6,651	1,721
Interest on other financial liabilities valued at fair value through profit and loss account	32,832	48,481
	545,310	455,325
Net interest income	401,564	340,592

The balance of Interest on loans and advances includes the amount of Euros 11,639,000 (31 March 2010: Euros 7,590,000) related to commissions and other gains / losses which are accounted for under the effective interest method, as referred in the accounting policy, note 1 c).

4. Dividends from equity instruments

The amount of this account is comprised of:

	Mar 2011 Euros '000	Mar 2010 Euros '000
Dividends from available for sale financial assets	27	864
Other	-	1
	27	865

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

5. Net fees and commissions income

The amount of this account is comprised of:

	Mar 2011 Euros '000	Mar 2010 Euros '000
Fees and commissions income		
From guarantees	24,594	22,755
From credit and commitments	115	110
From banking services	138,779	143,889
From insurance activity	209	174
From other services	63,419	64,122
	227,116	231,050
Fees and commissions expenses		
From guarantees	848	306
From banking services	19,865	19,760
From insurance activity	236	156
From other services	10,742	8,675
	31,691	28,897
Net fees and commission income	195,425	202,153

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

The amount of this account is comprised of:

	Mar 2011 Euros '000	Mar 2010 Euros '000
Gains arising on trading and hedging activities		
Foreign exchange activity	2,302,206	1,078,959
Financial instruments associated to financial instruments through profit and loss account		
Held for trading		
Securities portfolio		
Fixed income	7,849	25,390
Variable income	4,011	1,042
Certificates and structured securities issued	15,152	11,578
Derivatives associated to financial instruments through profit and loss account	40,557	73,570
Other financial instruments derivatives	607,742	1,068,839
Other financial instruments through profit and loss account	55,033	38,500
Repurchase of debt securities issued	39,483	4,834
Hedging accounting		
Hedging derivatives	182,195	108,892
Hedged item	174,532	11,372
Other activity	883	3,226
	3,429,643	2,426,202
Losses arising on trading and hedging activities		
Foreign exchange activity	2,275,928	1,047,666
Financial instruments associated to financial instruments through profit and loss account		
Held for trading		
Securities portfolio		
Fixed income	128,786	11,338
Variable income	537	824
Certificates and structured securities issued	19,846	12,610
Derivatives associated to financial instruments through profit and loss account	25,235	65,518
Other financial instruments derivatives	576,151	1,036,798
Other financial instruments through profit and loss account	52,127	4,653
Repurchase of debt securities issued	1,002	1,589
Hedging accounting		
Hedging derivatives	338,378	19,402
Hedged item	8,790	94,897
Other activity	3,604	458
	3,430,384	2,295,753
Net gains / (losses) arising from trading and hedging activities	(741)	130,449

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

The amount of this account is comprised of:

	Mar 2011 Euros '000	Mar 2010 Euros '000
Gains arising from available for sale financial assets		
Fixed income	3,170	756
Variable income	24,975	5,515
Losses arising from available for sale financial assets		
Fixed income	(3,666)	(448)
Variable income	-	(913)
Net gains / (losses) arising from available for sale financial assets	24,479	4,910

8. Other operating income

The amount of this account is comprised of:

	Mar 2011 Euros '000	Mar 2010 Euros '000
Operating income		
Income from services	8,150	9,932
Checks and others	4,484	4,932
Other operating income	24,148	3,610
	36,782	18,474
Operating costs		
Indirect taxes	7,034	7,725
Donations and quotizations	1,297	1,504
Other operating expenses	10,127	5,276
	18,458	14,505
	18,324	3,969

9. Staff costs

The amount of this account is comprised of:

	Mar 2011 Euros '000	Mar 2010 Euros '000
Salaries and remunerations	148,715	150,783
Mandatory social security charges	32,040	49,309
Voluntary social security charges	9,587	6,672
Other staff costs	1,652	2,071
	191,994	208,835

10. Other administrative costs

The amount of this account is comprised of:

	Mar 2011 Euros '000	Mar 2010 Euros '000
Water, electricity and fuel	4,694	4,883
Consumables	1,961	1,685
Rents	37,569	38,189
Communications	9,082	10,886
Travel, hotel and representation costs	3,333	3,407
Advertising	10,462	10,560
Maintenance and related services	9,197	9,154
Credit cards and mortgage	3,147	4,322
Advisory services	2,944	6,761
Information technology services	6,053	6,424
Outsourcing	21,153	22,446
Other specialised services	7,610	6,701
Training costs	451	733
Insurance	4,396	4,348
Legal expenses	2,272	2,188
Transportation	2,523	2,419
Other supplies and services	12,561	12,555
	139,408	147,661

11. Depreciation

The amount of this account is comprised of:

	Mar 2011 Euros '000	Mar 2010 Euros '000
Intangible assets:		
Software	3,888	4,094
Other intangible assets	85	2
	3,973	4,096
Property and equipment:		
Land and buildings	11,069	10,852
Equipment		
Furniture	1,132	972
Office equipment	718	869
Computer equipment	4,467	5,125
Interior installations	1,003	1,122
Motor vehicles	797	815
Security equipment	647	713
Other tangible assets	1,022	1,186
	20,855	21,654
	24,828	25,750

12. Loans impairment

The amount of this account is comprised of:

	Mar 2011 Euros '000	Mar 2010 Euros '000
Loans and advances to credit institutions:		
For overdue loans and credit risks		
Impairment for the period	-	3,223
Write-back for the period	(271)	(1,570)
	(271)	1,653
Loans and advances to customers:		
For overdue loans and credit risks		
Impairment for the period	251,839	345,292
Write-back for the period	(79,442)	(180,226)
Recovery of loans and interest charged-off	(5,559)	(1,961)
	166,838	163,105
	166,567	164,758

The balance Loans impairment is related to an estimate of the incurred losses determined according with the methodology for a regular evaluation of objective evidence of impairment, as described in note 1 c).

13. Other provisions

The amount of this account is comprised of:

	Mar 2011 Euros '000	Mar 2010 Euros '000
Provision for other pensions benefits		
Charge for the period	191	213
Write-back for the period	-	(49)
Provision for guarantees and other commitments		
Charge for the period	5,065	4,585
Write-back for the period	(3,198)	(3,467)
Other provisions for liabilities and charges		
Charge for the period	1,859	5,038
Write-back for the period	(393)	(109)
	3,524	6,211

14. Share of profit of associates under the equity method

The main contribution of the investments accounted for under the equity method to the Group's profit are analysed as follows:

	Mar 2011 Euros '000	Mar 2010 Euros '000
Millenniumbcp Ageas Group	18,404	15,173
Other companies	(1,707)	1,565
	16,697	16,738

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

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

16. Income tax

The charge for the years 2011 and 2010, is comprised as follows:

	Mar 2011 Euros '000	Mar 2010 Euros '000
Current tax	25,291	13,381
Deferred tax		
Temporary differences	(24,457)	18,185
Effect of changes in tax rate	-	(3,314)
Tax losses reportable	8,890	(6,246)
	(15,567)	8,625
	9,724	22,006

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

	Mar 2011		Mar 2010	
	%	Euros '000	%	Euros '000
Profit before income taxes		106,232		131,921
Current tax rate	29.0%	(30,807)	26.5%	(34,959)
Foreign tax rate effect and in "Zona Franca da Madeira"	-4.3%	4,531	-1.6%	2,174
Deductions for the calculation of taxable income	2.5%	(2,648)	6.5%	(8,548)
Accruals for the calculation of taxable income	-17.8%	18,882	-16.1%	21,268
Fiscal incentives	-1.7%	1,797	-0.3%	454
Losses brought forward	0.8%	(900)	0.4%	(544)
Tax rate effect	0.0%	1	1.4%	(1,853)
Previous years corrections	0.2%	(216)	0.2%	(280)
Autonomous tax and tax suported in foreign subsidiaries	0.3%	(364)	-0.2%	282
	9.0%	(9,724)	16.8%	(22,006)

For the years 2011 and 2010, the amount of deferred taxes in the Income Statement is attributable to temporary differences arising from the following balances:

	Mar 2011 Euros '000	Mar 2010 Euros '000
Intangible assets	37	16
Other tangible assets	(106)	(1,126)
Impairment losses	(19,279)	(715)
Pensions	11,993	7,184
Tax losses carried forward	5,961	(8,348)
Allocation of profits	(14,526)	(7,226)
Others	1,250	19,019
Deferred taxes	(15,567)	8,625

17. Earnings per share

The earnings per share are calculated as follows:

	Mar 2011 Euros '000	Mar 2010 Euros '000
Profit for the period attributable to shareholders of the Bank	77,730	96,404
Dividends on other capital instruments	(24,485)	(24,923)
Adjusted profit	53,245	71,481
Average number of shares	4,690,068,334	4,685,696,935
Basic earnings per share (Euros)	0.05	0.06
Diluted earnings per share (Euros)	0.05	0.06

The average number of shares indicated above, results from the number of existing shares at the beginning of each year, adjusted by the number of shares repurchased or issued in the period weighted by a time factor. During the year of 2009, Banco Comercial Português, S.A. issued three series of its program of perpetual subordinated debt securities in the total amount of Euros 1,000,000,000, which were considered as capital instruments as established in the accounting policy note 1 h), in accordance with the IAS 32.

The balance Dividends on other capital instruments includes the dividends distributed from the following issues:

a) Two issues by BCP Finance Company Ltd which considering the rules established in IAS 32 and in accordance with the accounting policy presented in note 1 h), were considered as equity instruments. The issues are analysed as follows:

- 5,000,000 Perpetual Non-cumulative Guaranteed Non-voting Preference Shares with par value of Euros 100 each, issued on 9 June, 2004, amounting to Euros 500,000,000, issued to redeem the 8,000,000 Non-cumulative Guaranteed Non-voting Preference Shares, with par value of Euros 50 each, issued by BCP Finance Company on 14 June, 1999, amounting to Euros 400,000,000.

- 10,000 preference shares with par value of Euros 50,000 perpectual each without voting rights issued in 13 October 2005, in the amount of Euros 500,000,000, to redeem the 6,000,000 preference shares, of Euros 100 each, without voting rights, in the amount of Euros 600,000,000, issued by BCP Finance Company at 28 September 2000.

b) Three issues of perpetual subordinated debt securities analysed as follows:

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

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

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

18. Cash and deposits at central banks

This balance is analysed as follows:

	Mar 2011 Euros '000	Dec 2010 Euros '000
Cash	600,347	693,422
Central banks	963,794	790,840
	1,564,141	1,484,262

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

19. Loans and advances to credit institutions repayable on demand

This balance is analysed as follows:

	Mar 2011 Euros '000	Dec 2010 Euros '000
Credit institutions in Portugal	3,027	3,044
Credit institutions abroad	743,473	879,207
Amounts due for collection	202,717	376,774
	949,217	1,259,025

The balance Amounts due for collection represents essentially cheques due for collection on other financial institutions.

20. Other loans and advances to credit institutions

This balance is analysed as follows:

	Mar 2011 Euros '000	Dec 2010 Euros '000
Bank of Portugal	-	1,100,008
Credit institutions in Portugal	41,068	78,744
Credit institutions abroad	1,189,194	1,165,220
	1,230,262	2,343,972
Overdue loans - less than 90 days	-	-
Overdue loans - more than 90 days	13,487	13,759
	1,243,749	2,357,731
Impairment for other loans and advances to credit institutions	(13,488)	(13,759)
	1,230,261	2,343,972

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

	Mar 2011 Euros '000	Mar 2010 Euros '000
Balance on 1 January	13,759	20,494
Impairment for the period	-	3,223
Write-back for the period	(271)	(1,570)
Balance on 31 March	13,488	22,147

21. Loans and advances to customers

This balance is analysed as follows:

	Mar 2011 Euros '000	Dec 2010 Euros '000
Public sector	816,020	860,074
Asset-backed loans	44,784,878	44,889,345
Personal guaranteed loans	12,195,191	13,469,564
Unsecured loans	4,494,375	4,597,598
Foreign loans	4,186,861	3,782,085
Factoring	1,234,771	1,413,609
Finance leases	4,742,279	4,899,018
	72,454,375	73,911,293
Overdue loans - less than 90 days	331,872	210,260
Overdue loans - more than 90 days	2,528,698	2,289,739
	75,314,945	76,411,292
Impairment for credit risk	(2,625,272)	(2,505,886)
	72,689,673	73,905,406

As at 31 March 2011, the balance Loans and advances to customers includes the amount of Euros 8,777,965,000 (31 December 2010: Euros 8,751,236,000) regarding mortgage loans which are a collateral for seven asset-back securities, of which three were issued during 2010.

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

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

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

	Mar 2011 Euros '000	Dec 2010 Euros '000
Loans not represented by securities		
Discounted bills	627,731	646,735
Current account credits	5,139,288	5,443,721
Overdrafts	2,180,229	2,066,538
Loans	21,317,398	21,958,366
Mortgage loans	32,947,466	33,367,782
Factoring	1,234,771	1,413,609
Finance leases	4,742,279	4,899,018
	68,189,162	69,795,769
Loans represented by securities		
Commercial paper	2,583,132	2,377,757
Bonds	1,682,081	1,737,767
	4,265,213	4,115,524
	72,454,375	73,911,293
Overdue loans - less than 90 days	331,872	210,260
Overdue loans - more than 90 days	2,528,698	2,289,739
	75,314,945	76,411,292
Impairment for credit risk	(2,625,272)	(2,505,886)
	72,689,673	73,905,406

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

	Mar 2011 Euros '000	Dec 2010 Euros '000
Agriculture	688,648	737,533
Mining	522,349	521,886
Food, beverage and tobacco	533,433	550,666
Textiles	552,319	549,817
Wood and cork	277,494	273,946
Printing and publishing	324,596	328,841
Chemicals	949,767	884,825
Engineering	1,262,161	1,267,796
Electricity, water and gas	832,003	911,403
Construction	5,303,711	5,091,181
Retail business	1,853,090	1,906,458
Wholesale business	2,785,767	2,696,972
Restaurants and hotels	1,366,683	1,353,510
Transports and communications	2,151,365	2,138,944
Services	15,831,983	16,040,979
Consumer credit	4,721,894	4,845,927
Mortgage credit	30,667,111	31,036,269
Other domestic activities	1,011,482	1,031,408
Other international activities	3,679,089	4,242,931
	75,314,945	76,411,292
Impairment for credit risk	(2,625,272)	(2,505,886)
	72,689,673	73,905,406

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

	Traditional	
	Mar 2011 Euros '000	Dec 2010 Euros '000
Mortgage loans	6,612,535	6,677,879
Consumer loans	619,621	692,598
Leases	1,302,028	1,333,884
Commercial paper	504,931	310,189
Corporate loans	4,869,561	4,560,432
	13,908,676	13,574,982

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

	Mar 2011 Euros '000	Dec 2010 Euros '000
Gross amount	5,586,690	5,696,498
Interest not yet due	(844,411)	(797,480)
Net book value	4,742,279	4,899,018

The loans portfolio includes restructured loans that have been formally negotiated with the clients, in order to reinforce collaterals, defer the maturity date or change the interest rate. The analysis of restructured loans by sector of activity is as follows:

	Mar 2011 Euros '000	Dec 2010 Euros '000
Agriculture	6,987	6,412
Mining	630	632
Food, beverage and tobacco	4,147	3,690
Textiles	5,712	10,944
Wood and cork	16,836	8,058
Printing and publishing	1,238	1,448
Chemicals	2,685	6,394
Engineering	35,460	36,599
Electricity, water and gas	2,922	3,066
Construction	29,380	27,750
Retail business	10,143	10,619
Wholesale business	40,359	50,573
Restaurants and hotels	2,406	2,525
Transports and communications	23,272	23,097
Services	218,126	220,183
Consumer credit	212,961	194,308
Mortgage credit	99,599	64,254
Other domestic activities	242	489
Other international activities	7,759	5,805
	720,864	676,846

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

	Mar 2011 Euros '000	Dec 2010 Euros '000
Agriculture	26,044	20,255
Mining	9,618	9,070
Food, beverage and tobacco	56,499	51,205
Textiles	51,475	39,999
Wood and cork	28,420	37,418
Printing and publishing	18,627	14,102
Chemicals	18,925	17,316
Engineering	113,612	116,740
Electricity, water and gas	3,391	2,970
Construction	529,614	457,274
Retail business	94,286	83,667
Wholesale business	260,714	238,036
Restaurants and hotels	59,379	49,236
Transports and communications	65,433	58,908
Services	689,938	522,894
Consumer credit	533,655	496,640
Mortgage credit	217,079	216,450
Other domestic activities	18,224	18,383
Other international activities	65,637	49,436
	2,860,570	2,499,999

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

	Mar 2011 Euros '000	Mar 2010 Euros '000
Impairment for overdue loans and for other credit risks:		
Balance on 1 January	2,505,886	2,157,094
Transfers resulting from changes in the Group's structure	-	(11,520)
Other transfers	(222)	(9,914)
Impairment for the period	251,839	345,292
Write-back for the period	(79,442)	(180,226)
Loans charged-off	(43,003)	(212,377)
Exchange rate differences	(9,786)	14,330
Balance on 31 March	2,625,272	2,102,679

If the impairment loss decreases on a subsequent period to its initial accounting and this decrease can be objectively associated to an event that occurred after the recognition of the loss, the impairment in excess is reversed through profit and loss.

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

	Mar 2011 Euros '000	Dec 2010 Euros '000
Agriculture	53,886	51,530
Mining	11,455	11,041
Food, beverage and tobacco	59,500	60,444
Textiles	52,571	52,535
Wood and cork	24,667	27,501
Printing and publishing	22,274	16,920
Chemicals	13,449	12,609
Engineering	99,765	100,236
Electricity, water and gas	6,837	7,413
Construction	345,434	300,512
Retail business	72,881	67,136
Wholesale business	193,398	185,403
Restaurants and hotels	49,694	45,663
Transports and communications	42,470	43,655
Services	646,477	604,839
Consumer credit	420,811	384,521
Mortgage credit	175,227	173,962
Other domestic activities	10,483	11,399
Other international activities	323,993	348,567
	2,625,272	2,505,886

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

	Mar 2011 Euros '000	Mar 2010 Euros '000
Agriculture	1,098	3,429
Mining	-	4,287
Food, beverage and tobacco	750	3,568
Textiles	158	381
Wood and cork	2,716	6,379
Printing and publishing	160	409
Chemicals	92	17,140
Engineering	3,943	13,066
Electricity, water and gas	-	11,810
Construction	2,490	9,755
Retail business	264	6,401
Wholesale business	3,065	68,639
Restaurants and hotels	3,236	7,410
Transports and communications	345	270
Services	1,325	40,969
Consumer credit	5,497	14,490
Mortgage credit	170	835
Other domestic activities	8	591
Other international activities	17,686	2,548
	43,003	212,377

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

The analysis of recovered loans and interest, during 2011 and 2010, by sector of activity, is as follows:

	Mar 2011 Euros '000	Mar 2010 Euros '000
Agriculture	2	17
Mining	1	11
Food, beverage and tobacco	20	6
Textiles	602	344
Wood and cork	3	5
Printing and publishing	77	55
Chemicals	25	-
Engineering	85	-
Construction	857	168
Retail business	207	3
Wholesale business	1,717	227
Restaurants and hotels	4	25
Transports and communications	11	6
Services	1,385	608
Consumer credit	556	482
Mortgage credit	2	-
Other domestic activities	3	4
Other international activities	2	-
	5,559	1,961

22. Financial assets held for trading and available for sale

The balance Financial assets held for trading and available for sale is analysed as follows:

	Mar 2011 Euros '000	Dec 2010 Euros '000
Bonds and other fixed income securities		
Issued by public entities	4,743,720	5,319,583
Issued by other entities	1,131,110	1,105,750
	5,874,830	6,425,333
Overdue securities	4,925	4,925
Impairment for overdue securities	(4,925)	(4,925)
	5,874,830	6,425,333
Shares and other variable income securities	245,472	207,656
	6,120,302	6,632,989
Trading derivatives	812,439	1,076,374
	6,932,741	7,709,363

The portfolio of financial instruments held for trading and available for sale securities, as at 31 March 2011, is analysed as follows:

	Securities		
	Trading Euros '000	Available for sale Euros '000	Total Euros '000
Fixed income:			
Bonds issued by public entities			
Portuguese issuers	832,609	238,748	1,071,357
Foreign issuers	242,490	680,751	923,241
Bonds issued by other entities			
Portuguese issuers	120,173	122,238	242,411
Foreign issuers	139,196	754,428	893,624
Treasury bills and other Government bonds	1,851,302	897,820	2,749,122
	3,185,770	2,693,985	5,879,755
Variable income:			
Shares in Portuguese companies	8,035	60,603	68,638
Shares in foreign companies	27,048	47,298	74,346
Investment fund units	19,683	82,805	102,488
	54,766	190,706	245,472
Impairment for overdue securities	-	(4,925)	(4,925)
	3,240,536	2,879,766	6,120,302
Trading derivatives	812,439	-	812,439
	4,052,975	2,879,766	6,932,741

The trading portfolio is stated in accordance with the accounting policy 1 d) at fair value.

As referred in the accounting policy presented in note 1 d), the available for sale securities are presented at market value with fair value accounted for in shareholder's equity (fair value reserves), as referred in note 42. The negative amount of fair value reserve of Euros 240,170,000 is presented net of impairment losses in the amount of Euros 54,163,000.

The portfolio of financial instruments held for trading and available for sale securities, as at 31 December 2010, is analysed as follows:

	Securities		
	Trading Euros '000	Available for sale Euros '000	Total Euros '000
Fixed income:			
Bonds issued by public entities			
Portuguese issuers	909,880	22,431	932,311
Foreign issuers	262,977	893,063	1,156,040
Bonds issued by other entities			
Portuguese issuers	118,340	106,590	224,930
Foreign issuers	149,808	735,937	885,745
Treasury bills and other Government bonds	2,567,070	664,162	3,231,232
	4,008,075	2,422,183	6,430,258
Variable income:			
Shares in Portuguese companies	9,123	46,671	55,794
Shares in foreign companies	23,347	47,469	70,816
Investment fund units	19,380	61,666	81,046
	51,850	155,806	207,656
Impairment for overdue securities	-	(4,925)	(4,925)
	4,059,925	2,573,064	6,632,989
Trading derivatives	1,076,374	-	1,076,374
	5,136,299	2,573,064	7,709,363

As referred in the accounting policy presented in note 1 d), the available for sale securities are presented at market value with the respective fair value accounted against fair value reserves, as referred in note 42. The negative amount of fair value reserves of Euros 167,239,000is presented net of impairment losses in the amount of Euros 52,410,000.

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

The analysis of the securities portfolio included in the financial assets held for trading and available for sale, by sector of activity, as at 31 March 2011 is analysed as follows:

	Bonds Euros '000	Shares Euros '000	Other Financial Assets Euros '000	Overdue Securities Euros '000	Gross Total Euros '000
Mining	-	78	-	-	78
Food, beverage and tobacco	-	35	-	-	35
Textiles	-	1	-	-	1
Wood and cork	-	-	-	361	361
Printing and publishing	91	3,530	-	998	4,619
Chemicals	-	12,897	-	-	12,897
Engineering	-	67	-	-	67
Electricity, water and gas	-	1,480	-	-	1,480
Construction	11,189	2,137	-	2,560	15,886
Retail business	-	27	-	-	27
Wholesale business	-	1,914	-	475	2,389
Restaurants and hotels	-	51	-	-	51
Transport and communications	9,639	2,819	-	529	12,987
Services	1,110,191	117,685	102,488	2	1,330,366
Other international activities	-	263	-	-	263
	1,131,110	142,984	102,488	4,925	1,381,507
Government and Public securities	1,994,598	-	2,749,122	-	4,743,720
Impairment for overdue securities	-	-	-	(4,925)	(4,925)
	3,125,708	142,984	2,851,610	-	6,120,302

The analysis of the securities portfolio included in the financial assets held for trading and available for sale, by sector of activity, as at 31 December 2010 is analysed as follows:

	Bonds Euros '000	Shares Euros '000	Other Financial Assets Euros '000	Overdue Securities Euros '000	Gross Total Euros '000
Mining	-	205	-	-	205
Food, beverage and tobacco	-	2	-	-	2
Textiles	-	1,387	-	-	1,387
Wood and cork	-	3,674	-	361	4,035
Printing and publishing	90	19,488	-	998	20,576
Chemicals	-	17,171	-	-	17,171
Engineering	-	5,278	-	-	5,278
Electricity, water and gas	-	2,028	-	-	2,028
Construction	11,177	3,615	-	2,560	17,352
Retail business	-	179	-	-	179
Wholesale business	-	3,371	-	475	3,846
Restaurants and hotels	-	51	-	-	51
Transport and communications	14,740	2,064	-	529	17,333
Services	1,079,743	67,854	81,046	2	1,228,645
Other international activities	-	243	-	-	243
	1,105,750	126,610	81,046	4,925	1,318,331
Government and Public securities	2,088,351	-	3,231,232	-	5,319,583
Impairment for overdue securities	-	-	-	(4,925)	(4,925)
	3,194,101	126,610	3,312,278	-	6,632,989

23. Hedging derivatives

This balance is analysed as follows:

	Mar 2011 Euros '000	Dec 2010 Euros '000
Hedging instruments		
Assets:		
Swaps	352,787	476,674
Liabilities:		
Swaps	232,003	346,473

24. Financial assets held to maturity

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

	Mar 2011 Euros '000	Dec 2010 Euros '000
Bonds and other fixed income securities		
Issued by Government and public entities	3,297,084	3,284,953
Issued by other entities	3,449,502	3,459,720
	6,746,586	6,744,673

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

	Mar 2011 Euros '000	Dec 2010 Euros '000
Transport and communications	170,931	169,693
Services	3,278,571	3,290,027
	3,449,502	3,459,720
Government and Public securities	3,297,084	3,284,953
	6,746,586	6,744,673

25. Investments in associated companies

This balance is analysed as follows:

	Mar 2011 Euros '000	Dec 2010 Euros '000
Portuguese credit institutions	24,294	24,340
Foreign credit institutions	22,211	21,880
Other Portuguese companies	309,808	343,156
Other foreign companies	8,029	7,997
	364,342	397,373

The balance Investments in associated companies is analysed as follows:

	Mar 2011 Euros '000	Dec 2010 Euros '000
Banque BCP, S.A.S.	18,127	17,571
Banque BCP (Luxembourg), S.A.	4,084	4,309
Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A.	291,053	323,219
SIBS - Sociedade Interbancária de Serviços, S.A.	16,307	15,610
Unicre - Cartão Internacional de Crédito, S.A.	24,294	24,340
Other	10,477	12,324
	364,342	397,373

These investments correspond to unquoted companies, consolidated by the equity method. The investment held in the associated company Millenniumbcp Ageas Grupo Segurador, S.G.P.S. corresponds to 49% of the share capital of the company. The Group companies included in the consolidation perimeter are presented in note 47.

26. Non current assets held for sale

This balance is analysed as follows:

	Mar 2011 Euros '000	Dec 2010 Euros '000
Subsidiaries acquired exclusively with the purpose of short-term sale	64,716	37,459
Investments arising from recovered loans	1,170,308	1,186,983
	1,235,024	1,224,442
Impairment	(229,274)	(227,670)
	1,005,750	996,772

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

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

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

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

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

The balance Subsidiaries acquired exclusively with the view of short-term sale corresponds to a real estate company acquired by the Group within the restructuring of a loan exposure, that the Group intends to sell in less than one year. As the actual market conditions, it is not possible in some situations, make real these sells in the expected time. Until the date of sale, the Group continues to consolidate in reserves and income, any changes occurred in the net assets of the subsidiary.

The balance Investments arising from recovered loans includes buildings and other assets resulting from the foreclosure of contracts of loans to customers, originated by (i) delivery of the assets, with option to repurchase or leasing, accounted with the celebration of the contract or the promise to delivery the asset and the respective irrevocable power of attorney issued by the customer in the name of the Bank; or (ii) the adjudication of the assets as a result of a judicial process of guarantees execution, accounted with the title of adjudication or following the adjudication request after the record of the first pawn (payment prosolvency).

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

This balance includes buildings and other assets for which the Group has already established contracts for the sale in the amount of Euros 132,902,000 (31 December 2010: Euros 138,775,000).

27. Investment property

The balance Investment property includes the amount of Euros 507,468,000 (31 December 2010: Euros 396,957,000) related to buildings accounted in the "Fundo de Investimento Imobiliário Imosotto Acumulação", "Fundo de Investimento Imobiliário Gestão Imobiliária", "Fundo de Investimento Imobiliário Imorenda" and "Fundo Especial de Investimento Imobiliário Oceânico II", which in accordance with SIC 12, are consolidated under the full consolidation method as referred in the accounting policy presented in note 1 b).

The buildings are valuated in accordance with the accounting policy presented in note 1 r).

28. Property and equipment

This balance is analysed as follows:

	Mar 2011 Euros '000	Dec 2010 Euros '000
Land and buildings	950,583	955,574
Equipment		
Furniture	96,750	96,742
Machines	56,080	56,905
Computer equipment	315,824	317,413
Interior installations	141,393	141,238
Motor vehicles	19,231	20,392
Security equipment	80,983	80,437
Work in progress	64,330	68,516
Other tangible assets	51,991	52,222
	1,777,165	1,789,439
Accumulated depreciation		
Charge for the period	(20,855)	(92,505)
Accumulated charge for the previous periods	(1,159,220)	(1,075,495)
	(1,180,075)	(1,168,000)
Impairment	(4,199)	(4,199)
	592,891	617,240

29. Goodwill and intangible assets

This balance is analysed as follows:

	Mar 2011 Euros '000	Dec 2010 Euros '000
Intangible assets		
Software	136,128	134,377
Other intangible assets	59,605	60,578
	195,733	194,955
Accumulated depreciation		
Charge for the period	(3,973)	(17,726)
Accumulated charge for the previous periods	(154,687)	(137,893)
	(158,660)	(155,619)
	37,073	39,336
Goodwill		
Millennium Bank, Societé Anonyme (Greece)	294,260	294,260
Bank Millennium, S.A. (Poland)	164,040	164,040
Banco de Investimento Imobiliário, S.A.	40,859	40,859
Unicre - Cartão de Crédito Internacional, S.A.	7,436	7,436
Others	1,994	2,001
	508,589	508,596
Impairment		
Millennium Bank, Societé Anonyme (Greece)	(147,130)	(147,130)
	361,459	361,466
	398,532	400,802

30. Deferred income tax assets and liabilities

Deferred income tax assets and liabilities as at 31 March 2011 and 31 December 2010 generated by temporary differences are analysed as follows:

	Mar 2011		Dec 2010	
	Assets Euros '000	Liabilities Euros '000	Assets Euros '000	Liabilities Euros '000
Intangible assets	313	-	374	-
Other tangible assets	2,843	6,033	2,557	5,850
Impairment losses	277,526	25,359	260,970	26,098
Pensions	287,645	-	299,620	-
Financial assets available for sale	106,037	76,722	77,822	57,519
Derivatives	-	2,156	-	3,068
Allocation of profits	60,047	-	45,521	-
Tax losses carried forward	155,632	-	156,083	-
Others	54,543	116,398	55,276	117,058
	944,586	226,668	898,223	209,593
Deferred tax assets	717,918		688,630	
Others	-	-	-	344
Deferred tax liabilities		-		344
Net deferred tax	717,918		688,286	

31. Other assets

This balance is analysed as follows:

	Mar 2011 Euros '000	Dec 2010 Euros '000
Debtors	189,420	220,449
Amounts due for collection	17,353	34,440
Recoverable tax	92,576	87,785
Recoverable government subsidies on interest on mortgage loans	22,393	19,816
Associated companies	21,239	1,190
Interest and other amounts receivable	44,006	37,392
Prepayments and deferred costs	1,768,883	1,776,741
Amounts receivable on trading activity	114,445	5,791
Amounts due from customers	120,278	133,565
Reinsurance technical provision	3,622	3,469
Sundry assets	163,894	246,125
	2,558,109	2,566,763
Impairment for other assets	(39,406)	(33,754)
	2,518,703	2,533,009

32. Deposits from credit institutions

This balance is analysed as follows:

	Mar 2011 Euros '000	Dec 2010 Euros '000
Central Banks	14,716,020	16,279,127
Credit institutions in Portugal	400,325	627,714
Credit institutions abroad	4,292,386	3,169,715
	19,408,731	20,076,556

33. Deposits from customers

This balance is analysed as follows:

	Mar 2011 Euros '000	Dec 2010 Euros '000
Deposits from customers:		
Repayable on demand	13,758,941	13,951,061
Term deposits	28,877,174	29,417,052
Saving accounts	1,682,662	1,850,058
Treasury bills and other assets sold under repurchase agreement	265,429	94,527
Others	282,719	296,417
	44,866,925	45,609,115

34. Debt securities issued

This balance is analysed as follows:

	Mar 2011 Euros '000	Dec 2010 Euros '000
Bonds	16,911,813	17,723,943
Commercial paper	62,847	321,955
Others	123,850	91,492
	17,098,510	18,137,390

35. Financial liabilities held for trading

The balance is analysed as follows:

	Mar 2011 Euros '000	Dec 2010 Euros '000
FRA	451	415
Swaps	773,519	1,064,721
Futures	38	66
Options	65,829	61,815
Embedded derivatives	5,039	2,831
Forwards	25,472	46,603
	870,348	1,176,451

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

The balance is analysed as follows:

	Mar 2011 Euros '000	Dec 2010 Euros '000
Deposits from credit institutions	443,275	232,760
Deposits from customers	4,454	3,919
Bonds	3,630,389	3,776,017
Commercial paper and other liabilities	-	25,543
	4,078,118	4,038,239

37. Provisions for liabilities and charges

This balance is analysed as follows:

	Mar 2011 Euros '000	Dec 2010 Euros '000
Provision for guarantees and other commitments	82,497	80,906
Technical provision for the insurance activity:		
For direct insurance and reinsurance accepted:		
Unearned premium / reserve	10,700	9,626
Life insurance	43,351	42,780
Bonuses and rebates	924	1,195
Other technical provisions	7,876	7,738
Provision for pension costs	3,882	3,691
Other provisions for liabilities and charges	88,911	89,397
	238,141	235,333

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

	Mar 2011 Euros '000	Mar 2010 Euros '000
Balance on 1 January	80,906	88,257
Other transfers	-	(131)
Charge for the period	5,065	4,585
Write-back for the period	(3,198)	(3,467)
Exchange rate differences	(276)	(41)
Balance on 31 March	82,497	89,083

38. Subordinated debt

This balance is analysed as follows:

	Mar 2011 Euros '000	Dec 2010 Euros '000
Bonds	1,352,633	2,039,174

As at 31 March 2011, the characteristics of subordinated debt issued are analysed as follows:

Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
Non Perpetual Bonds					
Banco Comercial Português:					
BCP September 2011	September 2001	September 2011	Fixed rate of 6.15%	119,942	120,100
Mbcp Ob Cx Sub 1 Serie 2008-2018	September 2008	September 2018	See reference (i)	266,768	266,768
Mbcp Ob Cx Sub 2 Serie 2008-2018	October 2008	October 2018	See reference (i)	73,846	73,846
Bcp Ob Sub June 2020 - Emtn 727	June 2010	June 2020	See reference (ii)	92,215	89,577
Bcp Ob Sub Aug 2020 - Emtn 739	August 2010	August 2020	See reference (iii)	56,155	54,389
Bcp Ob Sub Aug 2020 - Emtn 739	August 2010	August 2020	See reference (iii)	114,000	114,000
Bank Millennium:					
Bank Millennium	December 2001	December 2011	Fixed rate of 6.360%	80,146	80,146
Bank Millennium 2007	December 2007	December 2017	Fixed rate of 6.337%	149,928	149,928
Banco de Investimento Imobiliário:					
BII 2004	December 2004	December 2014	See reference (iv)	14,983	14,983
BCP Finance Bank:					
BCP Fin. Bank Ltd EMTN -295	December 2006	December 2016	See reference (v)	313,551	313,612
Magellan n.º 3:					
Magellan n.º 3 Series 3 Class F	June 2005	May 2058	-	44	44
					1,277,393
Perpetual Bonds					
BCP - Euro 200 millions	June 2002	-	See reference (vi)	85	33
BPA 1997	June 1997	-	Euribor 3 months + 0.95%	37,915	37,915
TOPS BPSM 1997	December 1997	-	Euribor 6 months + 0.4%	22,995	23,778
BCP Leasing 2001	December 2001	-	See reference (vii)	4,986	4,986
					66,712
Accruals					8,528
					1,352,633

References :

(i) - 1st year 6%; 2nd to 5th year Euribor 6 months + 1%; and following 6th year Euribor 6 months + 1.4%
(ii) - Until the 5th year fixed rate of 3.25%; 6th year and following years Euribor 6 months + 1.0%
(iii) - 1st year: 3%; 2nd year 3.25%; 3rd year 3.5%; 4th year 4%; 5th year 5%; 6th year and following Euribor 6 months + 1.25%
(iv) - Euribor 3 months + 3.75% per year
(v) - Until 10th cupon Euribor 6 months + 0.4%; After 10th coupon Euribor 6 months + 0.9%
(vi) - Euribor 3 months + 0.3% (0.8% after December 2011)
(vii) - Until 40th coupon 6.130625%; After 40th coupon Euribor 3 months + 2.4%
(viii) - Until 40th coupon Euribor 3 months + 1.75%; After 40th coupon Euribor 3 months + 2.25%

39. Other liabilities

This balance is analysed as follows:

	Mar 2011 Euros '000	Dec 2010 Euros '000
Creditors:		
Suppliers	39,568	29,177
From factoring operations	5,160	7,413
Associated companies	683	1,689
Other creditors	411,310	398,228
Public sector	71,649	76,178
Other amounts payable	70,058	72,672
Deferred income	3,686	3,577
Holiday pay and subsidies	58,465	71,995
Other administrative costs payable	1,800	2,177
Amounts payable on trading activity	131,479	23,249
Other liabilities	473,649	404,873
	1,267,507	1,091,228

40. Share capital, preference shares and other capital instruments

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

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

- 5,000,000 Perpetual Non-cumulative Guaranteed Non-voting Preference Shares with par value Euros 100 each, issued on 9 June, 2004, amounting to Euros 500,000,000, issued to redeem the 8,000,000 Non-cumulative Guaranteed Non-voting Preference Shares of par value Euros 50 each, issued by BCP Finance Company on 14 June, 1999, amounting to Euros 400,000,000.

- 10,000 preference shares with par value of Euros 50,000 each without voting rights issued in 13 October 2005, in the amount of Euros 500,000,000, issued to finance the early redemption of the 6,000,000 preference shares of Euros 100 each, in the amount of Euros 600,000,000, issued by BCP Finance Company at 28 September 2000.

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

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

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

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

41. Legal reserve

Under Portuguese legislation, the Bank is required to set-up annually a legal reserve equal to a minimum of 10 percent of annual profits until the reserve equals the share capital. Such reserve is not normally distributable in cash. In accordance with the proposal for application of the results approved in the General Shareholders meeting held on 12 April, 2010, the Bank increased the Legal reserves in the amount of Euros 20,632,635. As referred in note 42, and in accordance with the proposed for application of results of 2009, part of this amount was transferred to the balance Other reserves and retained earnings.

In accordance with current legislation, the Group companies must set-up annually a reserve with a minimum percentage between 5 and 20 percent of their net annual profits depending on the nature of their economic activity.

42. Fair value reserves, other reserves and retained earnings

This balance is analysed as follows:

	Mar 2011 Euros '000	Dec 2010 Euros '000
Other comprehensive income		
Exchange differences arising on consolidation	(89,053)	(78,052)
Fair value reserves		
Financial assets available for sale	(240,170)	(167,239)
Cash-flow hedge	(27,300)	(17,480)
Tax		
Financial assets available for sale	20,738	15,037
Cash-flow hedge	5,187	3,321
	(330,598)	(244,413)
Other reserves and retained earnings:		
Legal reserve	446,042	446,042
Statutory reserve	20,000	20,000
Other reserves and retained earnings	2,753,902	2,468,018
Goodwill arising on consolidation	(2,883,580)	(2,883,580)
Other reserves arising on consolidation	(162,505)	(162,488)
	173,859	(112,008)

The legal reserve changes are analysed in note 41. The Fair value reserves correspond to the accumulated fair value changes of the financial assets available for sale and Cash flow hedge, in accordance with the accounting policy presented in note 1 d).

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

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

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

43. Treasury stock

This balance is analysed as follows:

	Banco Comercial Português, S.A. shares		Other treasury stock	Total
Mar 2011				
Net book value (Euros '000)	15,884		67,339	83,223
Number of securities	27,314,342	(*)		
Average book value (Euros)	0.58			
Dec 2010				
Net book value (Euros '000)	17,266		64,672	81,938
Number of securities	28,795,443	(*)		
Average book value (Euros)	0.60			

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

(*) As at 31 March 2011, this balance includes 22,979,404 shares (31 December 2010: 23,261,904 shares) owned by clients which were financed by the Bank. Considering the fact that for these clients there is evidence of impairment, under the IAS 32/39 the shares of the Bank owned by these clients were, only for accounting purposes and in respect for this standard, considered as treasury stock.

44. Non-controlling interests

This balance is analysed as follows:

	Balance		Income Statement	
	Mar 2011 Euros '000	Dec 2010 Euros '000	Mar 2011 Euros '000	Mar 2010 Euros '000
Bank Millennium, S.A.	344,696	354,930	8,336	5,952
BIM - Banco Internacional de Moçambique	64,968	67,700	7,026	5,237
Banco Millennium Angola, S.A.	64,333	66,196	3,437	2,310
Other subsidiaries	8,650	8,675	(21)	12
	482,647	497,501	18,778	13,511

45. Guarantees and future commitments

This balance is analysed as follows:

	Mar 2011 Euros '000	Dec 2010 Euros '000
Guarantees granted	8,663,352	8,862,015
Guarantees received	30,385,658	31,164,239
Commitments to third parties	11,445,010	11,877,095
Commitments from third parties	12,479,264	12,909,483
Securities and other items held for safekeeping on behalf of customers	159,873,243	163,291,551
Securities and other items held under custody by the Securities Depository Authority	164,345,004	169,114,150
Other off balance sheet accounts	176,049,626	178,988,845

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

	Mar 2011 Euros '000	Dec 2010 Euros '000
Guarantees granted:		
Guarantees	8,034,884	8,146,414
"Stand-by" letter of credit	321,107	350,171
Open documentary credits	229,453	283,554
Bails and indemnities	77,877	81,733
Other liabilities	31	143
	8,663,352	8,862,015
Commitments to third parties		
Irrevocable commitments		
Term deposits contracts	87,087	116,689
Irrevocable credit lines	2,450,300	2,258,969
Securites subscription	78,944	64,844
Other irrevocable commitments	315,742	309,020
Revocable commitments		
Revocable credit lines	6,711,599	7,043,685
Bank overdraft facilities	1,734,852	2,018,575
Other revocable commitments	66,486	65,313
	11,445,010	11,877,095

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

Stand-by letters and open documentary credits aim to ensure the payment to third parties from commercial deals with foreign entities and therefore financing the shipment of the goods. Therefore the credit risk of these transactions is limited once they are collateralized by the shipped goods and are generally short term operations.

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

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

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

46. Segmental reporting

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

Segments description

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

Retail Banking segment includes: (i) the Retail Bank in Portugal, where the strategic approach is to target “Mass Market” customers, those who appreciate a value proposition based on innovation and speed, as well as Prestige and Small Business customers, whose specific characteristics, financial assets or income imply a value proposition based on innovation and personalisation, requiring a dedicated Account Manager; and (ii) ActivoBank, a bank focused on clients who are young in spirit, intensive users of new communication technologies and who prefer a banking relationship based on simplicity, modern products and services. Retail Banking operates under the strategy of cross-selling, using the Group as a distribution channel for products and services of other Group companies.

Companies segment, in Portugal, covers the financial needs of companies with an annual turnover between Euro 7.5 million and Euro 100 million, and focuses on innovation, offering a wide range of traditional banking products complemented by specialised financing. Within the scope of the cross-selling strategy, the Companies segment also acts as a distribution channel for financial products and services of the Millennium bcp business areas as a whole.

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

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

Foreign Business segment, for purposes of the geographical segments, comprises the operations outside Portugal, in particular Bank Millennium in Poland, Millennium bank in Greece, Banque Privée BCP in Switzerland, Banca Millennium in Romania, BIM - Banco Internacional de Moçambique in Mozambique, Banco Millennium Angola in Angola, Millennium bcp Bank & Trust in the Cayman Islands, Millennium bank in Turkey (operation sold on 27 December 2010) and Millennium bcpbank in the United States of America (operation sold on 15 October 2010).

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

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

Business segments activity

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

As the process of capital allocation follows the regulatory criteria of solvency in place, the risk weighted assets and, consequently, the business segments' capital allocation, were determined in accordance with the Basel II framework, applying: (i) in the first quarter of 2010 the standard approach for calculating capital requirements for credit risks; and (ii) in the first quarter of 2011 Advanced IRB for credit risk portfolio for small retail business or collateralised by residential or commercial real estate, and Foundation IRB for corporate loans in Portugal, property developers and entities other than the simplified rating system.

In 2009, subsequent to authorisation from the Bank of Portugal, the Bank adopted the standard approach for operational risk and the internal models approach for general market risk and foreign exchange risk, for the perimeter managed centrally from Portugal. Each operation is balanced through internal transfers of funds, with no impact on consolidated accounts.

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

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

To ensure comparability, changes in 2010 in the organisation of the segments were reflected in the figures for in the first quarter of 2010: Retail Banking and Corporate Banking were individualized, the Corporate network became part of the Corporate & Investment Banking segment and Interfundos, which was part of Private Banking & Asset Management, joined Companies.

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

Geographical Segments

The Group operates with special emphasis in the Portuguese market, and also in a few affinity markets and in markets of recognised growth potential. Considering this, the geographical segments include Portugal, Poland, Greece, Mozambique, Angola and Other. The segment Portugal reflects, essentially, the activities carried out by Banco Comercial Português in Portugal, ActivoBank and Banco de Investimento Imobiliário. The segment Poland includes the business carried out by Bank Millennium (Poland); the segment Greece contains the activity of Millennium Bank (Greece), while the segment Mozambique contains the activity of BIM - Banco Internacional de Moçambique (Mozambique) and the segment Angola contains the activity of Banco Millennium Angola (Angola). The segment Other comprises the Group's operations not included in the remaining segments, namely the activities developed in other countries, such as Banque Privée BCP in Switzerland, Banca Millennium in Romania, Millennium bcp Bank & Trust in the Cayman Islands, Millennium Bank in Turkey (operation sold on 27 December 2010) and Millennium bcpbank in the United States of America (operation sold on 15 October 2010).

As at 31 March 2011, the net contribution of the major business segments is analysed as follows:

	Commercial Banking				Private Banking and Asset Management	Corporate and Investment Banking	Other	Consolidated
	Retail Banking	Companies	Foreign Business	Total				
Income statement								
Interest income	265,883	101,127	290,156	657,166	32,064	132,438	125,206	946,874
Interest expense	(154,523)	(59,164)	(156,773)	(370,460)	(24,743)	(81,432)	(68,675)	(545,310)
Net interest income	111,360	41,963	133,383	286,706	7,321	51,006	56,531	401,564
Commissions and other income	122,193	18,318	73,482	213,993	16,556	39,445	6,359	276,353
Commissions and other costs	(4,705)	(326)	(18,223)	(23,254)	(4,705)	(837)	(28,677)	(57,473)
Net commissions and other income	117,488	17,992	55,259	190,739	11,851	38,608	(22,318)	218,880
Net gains arising from trading activity	(43)	-	22,499	22,456	95	8,143	(6,956)	23,738
Staff costs and administrative costs	172,986	14,528	125,983	313,497	13,052	18,300	(13,447)	331,402
Depreciations	474	23	12,007	12,504	78	27	12,219	24,828
Operating costs	173,460	14,551	137,990	326,001	13,130	18,327	(1,228)	356,230
Impairment and provisions	(44,979)	(33,152)	(30,786)	(108,917)	(6,581)	(47,254)	(32,431)	(195,183)
Share of profit of associates under the equity method	-	-	-	-	-	(19)	16,716	16,697
Net gain from the sale of other assets	-	-	-	-	-	-	(3,234)	(3,234)
Profit before income tax	10,366	12,252	42,365	64,983	(444)	32,157	9,536	106,232
Income tax	(3,091)	(3,540)	(8,937)	(15,568)	(818)	(9,326)	15,988	(9,724)
Non-controlling interests	-	-	(18,348)	(18,348)	-	-	(430)	(18,778)
Profit after income tax	7,275	8,712	15,080	31,067	(1,262)	22,831	25,094	77,730
Income between segments	17,488	10,198	-	27,686	3	(27,689)	-	-
Balance sheet								
Cash and Loans and advances to credit institutions	3,085,747	2,058,302	2,852,625	7,996,674	3,631,357	5,412,389	(13,296,801)	3,743,619
Loans and advances to customers	33,221,439	9,894,028	15,498,360	58,613,827	2,321,764	12,859,557	(1,105,475)	72,689,673
Financial assets	1,149	-	2,349,637	2,350,786	29,991	3,426,363	8,224,974	14,032,114
Other assets	590,220	27,430	507,660	1,125,310	30,232	153,214	4,854,557	6,163,313
Total Assets	36,898,555	11,979,760	21,208,282	70,086,597	6,013,344	21,851,523	(1,322,745)	96,628,719
Deposits from other credit institutions	5,858,944	3,771,836	4,925,835	14,556,615	3,216,659	6,964,072	(5,328,615)	19,408,731
Deposits from customers	20,416,253	1,483,403	13,611,293	35,510,949	2,551,309	7,649,006	(844,339)	44,866,925
Debt securities issued	7,190,630	4,640,882	804,339	12,635,851	-	4,462,635	24	17,098,510
Other financial liabilities held for trading at fair value through profit or loss	2,011,111	1,297,985	229,531	3,538,627	28,276	1,248,132	133,431	4,948,466
Other financial liabilities	69,280	43,260	276,572	389,112	11,578	72,329	1,111,617	1,584,636
Other liabilities	173,655	6,401	380,080	560,136	8,540	137,408	808,230	1,514,314
Total Liabilities	35,719,873	11,243,767	20,227,650	67,191,290	5,816,362	20,533,582	(4,119,652)	89,421,582
Equity and non-controlling interests	1,178,682	735,993	980,632	2,895,307	196,982	1,317,941	2,796,907	7,207,137
Total Liabilities, Equity and non-controlling interests	36,898,555	11,979,760	21,208,282	70,086,597	6,013,344	21,851,523	(1,322,745)	96,628,719

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

	Commercial Banking				Private Banking and Asset Management	Corporate and Investment Banking	Other	Consolidated
	Retail Banking	Companies	Foreign Business	Total				
Income statement								
Interest income	239,498	84,225	273,473	597,196	31,384	102,082	65,255	795,917
Interest expense	(106,082)	(40,163)	(150,493)	(296,738)	(20,980)	(48,394)	(89,213)	(455,325)
Net interest income	133,416	44,062	122,980	300,458	10,404	53,688	(23,958)	340,592
Commissions and other income	114,099	26,553	79,477	220,129	16,116	37,802	(8,553)	265,494
Commissions and other costs	(4,563)	(357)	(18,016)	(22,936)	(4,977)	(535)	(25,859)	(54,307)
Net commissions and other income	109,536	26,196	61,461	197,193	11,139	37,267	(34,412)	211,187
Net gains arising from trading activity	40	-	31,508	31,548	1,027	8,723	94,061	135,359
Staff costs and administrative costs	164,650	15,184	127,346	307,180	13,092	18,368	17,856	356,496
Depreciations	402	26	11,759	12,187	99	25	13,439	25,750
Operating costs	165,052	15,210	139,105	319,367	13,191	18,393	31,295	382,246
Impairment and provisions	(27,560)	(37,671)	(45,334)	(110,565)	(6,053)	(45,296)	(24,662)	(186,576)
Share of profit of associates under the equity method	-	-	-	-	-	92	16,646	16,738
Net gain from the sale of other assets	-	-	-	-	-	-	(3,133)	(3,133)
Profit before income tax	50,380	17,377	31,510	99,267	3,326	36,081	(6,753)	131,921
Income tax	(13,367)	(4,606)	(5,654)	(23,627)	347	(9,561)	10,835	(22,006)
Non-controlling interests	-	-	(12,798)	(12,798)	-	-	(713)	(13,511)
Profit after income tax	37,013	12,771	13,058	62,842	3,673	26,520	3,369	96,404
Income between segments	3,403	465	-	3,868	(1,035)	(2,833)	-	-
Balance sheet								
Cash and Loans and advances to credit institutions	5,135,632	3,122,090	2,349,555	10,607,277	4,298,909	5,811,105	(15,815,905)	4,901,386
Loans and advances to customers	34,439,382	10,364,248	14,906,976	59,710,606	3,228,551	12,984,569	(889,055)	75,034,671
Financial assets	1,327	-	3,268,605	3,269,932	60,418	1,747,331	4,343,023	9,420,704
Other assets	669,978	36,733	1,465,135	2,171,846	38,058	53,828	5,039,761	7,303,493
Total Assets	40,246,319	13,523,071	21,990,271	75,759,661	7,625,936	20,596,833	(7,322,176)	96,660,254
Deposits from other credit institutions	4,897,455	3,056,448	2,991,648	10,945,551	5,467,600	5,073,936	(13,175,043)	8,312,044
Deposits from customers	20,554,205	1,573,390	15,138,756	37,266,351	1,488,874	6,255,517	967,713	45,978,455
Debt securities issued	9,170,083	5,737,142	975,752	15,882,977	224,291	5,682,640	(15)	21,789,893
Other financial liabilities held for trading at fair value through profit or loss	3,270,303	2,046,022	244,513	5,560,838	137,538	2,026,364	208,693	7,933,433
Other financial liabilities	407,304	203,340	333,451	944,095	54,518	291,719	999,310	2,289,642
Other liabilities	190,792	29,985	1,175,660	1,396,437	18,048	30,170	1,488,536	2,933,191
Total Liabilities	38,490,142	12,646,327	20,859,780	71,996,249	7,390,869	19,360,346	(9,510,806)	89,236,658
Equity and non-controlling interests	1,756,177	876,744	1,130,491	3,763,412	235,067	1,236,487	2,188,630	7,423,596
Total Liabilities, Equity and non-controlling interests	40,246,319	13,523,071	21,990,271	75,759,661	7,625,936	20,596,833	(7,322,176)	96,660,254

As at 31 March 2011, the net contribution of the major geographic segments is analysed as follows:

	Portugal											
	Retail Banking	**Companies**	**Private Banking and Asset Management**	**Corporate and Investment Banking**	**Other**	**Total**	**Poland**	**Greece**	**Angola**	**Mozambique**	**Other**	**Consolidated**
Income statement												
Interest income	265,883	101,127	14,939	132,438	125,206	639,593	154,860	61,469	21,388	42,515	27,049	946,874
Interest expense	(154,523)	(59,164)	(10,651)	(81,432)	(68,675)	(374,445)	(92,448)	(41,475)	(6,678)	(11,028)	(19,236)	(545,310)
Net interest income	111,360	41,963	4,288	51,006	56,531	265,148	62,412	19,994	14,710	31,487	7,813	401,564
Commissions and other income	122,193	18,318	10,434	39,445	6,359	196,749	44,671	8,313	4,691	14,317	7,612	276,353
Commissions and other costs	(4,705)	(326)	(3,367)	(837)	(28,677)	(37,912)	(8,079)	(3,586)	(553)	(5,428)	(1,915)	(57,473)
Net commissions and other income	117,488	17,992	7,067	38,608	(22,318)	158,837	36,592	4,727	4,138	8,889	5,697	218,880
Net gains arising from trading activity	(43)	-	(4)	8,143	(6,956)	1,140	8,932	2,468	7,008	3,612	578	23,738
Staff costs and administrative costs	172,986	14,528	8,150	18,300	(13,447)	200,517	63,715	25,827	12,262	15,187	13,894	331,402
Depreciations	474	23	-	27	12,219	12,743	4,376	2,496	1,546	1,665	2,002	24,828
Operating costs	173,460	14,551	8,150	18,327	(1,228)	213,260	68,091	28,323	13,808	16,852	15,896	356,230
Impairment and provisions	(44,979)	(33,152)	(3,196)	(47,254)	(32,431)	(161,012)	(9,433)	(12,722)	(3,277)	(2,258)	(6,481)	(195,183)
Share of profit of associates under the equity method	-	-	-	(19)	16,716	16,697	-	-	-	-	-	16,697
Net gain from the sale of other assets	-	-	-	-	(3,234)	(3,234)	-	-	-	-	-	(3,234)
Profit before income tax	10,366	12,252	5	32,157	9,536	64,316	30,412	(13,856)	8,771	24,878	(8,289)	106,232
Income tax	(3,091)	(3,540)	86	(9,326)	15,988	117	(6,701)	2,659	(1,609)	(4,506)	316	(9,724)
Non-controlling interests	-	-	-	-	(430)	(430)	(8,178)	-	(3,386)	(6,784)	-	(18,778)
Profit after income tax	7,275	8,712	91	22,831	25,094	64,003	15,533	(11,197)	3,776	13,588	(7,973)	77,730
Income between segments	17,488	10,198	3	(27,689)	-	-	-	-	-	-	-	-
Balance sheet												
Cash and Loans and advances to credit institutions	3,085,747	2,058,302	189,361	5,412,389	(13,296,801)	(2,551,002)	789,079	1,485,332	232,553	258,349	3,529,308	3,743,619
Loans and advances to customers	33,221,439	9,894,028	1,308,579	12,859,557	(1,105,475)	56,178,128	9,044,817	4,910,525	444,277	797,837	1,314,089	72,689,673
Financial assets	1,149	-	1,593	3,426,363	8,224,974	11,654,079	1,434,463	364,966	271,532	147,574	159,500	14,032,114
Other assets	590,220	27,430	16,645	153,214	4,854,557	5,642,066	164,158	136,406	80,987	95,154	44,542	6,163,313
Total Assets	36,898,555	11,979,760	1,516,178	21,851,523	(1,322,745)	70,923,271	11,432,517	6,897,229	1,029,349	1,298,914	5,047,439	96,628,719
Deposits from other credit institutions	5,858,944	3,771,836	84,383	6,964,072	(5,328,615)	11,350,620	1,278,072	3,022,705	303,942	93,486	3,359,906	19,408,731
Deposits from customers	20,416,253	1,483,403	1,356,821	7,649,006	(844,339)	30,061,144	8,902,563	2,869,137	602,788	944,252	1,487,041	44,866,925
Debt securities issued	7,190,630	4,640,882	-	4,462,635	24	16,294,171	259,688	520,944	-	23,707	-	17,098,510
Other financial liabilities held for trading at fair value through profit or loss	2,011,111	1,297,985	-	1,248,132	133,431	4,690,659	132,540	96,375	1	-	28,891	4,948,466
Other financial liabilities	69,280	43,260	3,697	72,329	1,111,617	1,300,183	231,606	33,193	4,380	6,015	9,259	1,584,636
Other liabilities	173,655	6,401	8,377	137,408	808,230	1,134,071	167,828	34,755	43,718	129,128	4,814	1,514,314
Total Liabilities	35,719,873	11,243,767	1,453,278	20,533,582	(4,119,652)	64,830,848	10,972,297	6,577,109	954,829	1,196,588	4,889,911	89,421,582
Equity and non-controlling interests	1,178,682	735,993	62,900	1,317,941	2,796,907	6,092,423	460,220	320,120	74,520	102,326	157,528	7,207,137
Total Liabilities, Equity and non-controlling interests	36,898,555	11,979,760	1,516,178	21,851,523	(1,322,745)	70,923,271	11,432,517	6,897,229	1,029,349	1,298,914	5,047,439	96,628,719

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

	Portugal											
	Retail Banking	**Companies**	**Private Banking and Asset Management**	**Corporate and Investment Banking**	**Other**	**Total**	**Poland**	**Greece**	**Angola**	**Mozambique**	**Other**	**Consolidated**
Income statement												
Interest income	239,498	84,225	15,096	102,082	65,255	506,156	144,286	61,933	14,373	27,991	41,178	795,917
Interest expense	(106,082)	(40,163)	(8,043)	(48,394)	(89,213)	(291,895)	(91,404)	(32,077)	(4,218)	(7,589)	(28,142)	(455,325)
Net interest income	133,416	44,062	7,053	53,688	(23,958)	214,261	52,882	29,856	10,155	20,402	13,036	340,592
Commissions and other income	114,099	26,553	9,222	37,802	(8,553)	179,123	44,623	13,902	3,464	12,806	11,575	265,493
Commissions and other costs	(4,563)	(357)	(3,901)	(535)	(25,859)	(35,215)	(7,900)	(2,717)	(261)	(5,874)	(2,339)	(54,306)
Net commissions and other income	109,536	26,196	5,321	37,267	(34,412)	143,908	36,723	11,185	3,203	6,932	9,236	211,187
Net gains arising from trading activity	40	-	2	8,723	94,061	102,826	14,114	(767)	6,428	10,923	1,835	135,359
Staff costs and administrative costs	164,650	15,184	8,157	18,368	17,856	224,215	58,216	26,707	9,976	13,648	23,734	356,496
Depreciations	402	26	-	25	13,439	13,892	4,868	2,540	1,080	1,346	2,024	25,750
Operating costs	165,052	15,210	8,157	18,393	31,295	238,107	63,084	29,247	11,056	14,994	25,758	382,246
Impairment and provisions	(27,560)	(37,671)	(11,171)	(45,296)	(24,662)	(146,360)	(20,811)	(10,591)	(3,808)	(4,686)	(320)	(186,576)
Share of profit of associates under the equity method	-	-	-	92	16,646	16,738	-	-	-	-	-	16,738
Net gain from the sale of other assets	-	-	-	-	(3,133)	(3,133)	-	-	-	-	-	(3,133)
Profit before income tax	50,380	17,377	(6,952)	36,081	(6,753)	90,133	19,824	436	4,922	18,577	(1,971)	131,921
Income tax	(13,367)	(4,606)	1,910	(9,561)	10,835	(14,789)	(4,052)	(2)	(125)	(3,288)	250	(22,006)
Non-controlling interests	-	-	-	-	(713)	(713)	(5,440)	-	(2,267)	(5,091)	-	(13,511)
Profit after income tax	37,013	12,771	(5,042)	26,520	3,369	74,631	10,332	434	2,530	10,198	(1,721)	96,404
Income between segment	3,403	465	(1,035)	(2,833)	-	-	-	-	-	-	-	-
Balance sheet												
Cash and Loans and advances to credit institutions	5,135,632	3,122,090	235,747	5,811,105	(15,815,905)	(1,511,331)	552,927	1,327,380	142,814	182,858	4,206,738	4,901,386
Loans and advances to customers	34,439,382	10,364,248	1,832,549	12,984,569	(889,055)	58,731,693	8,527,692	5,139,003	348,414	636,007	1,651,862	75,034,671
Financial assets	1,327	-	1,682	1,747,331	4,343,023	6,093,363	2,440,625	333,017	224,414	149,673	179,612	9,420,704
Other assets	669,978	36,733	20,471	53,828	5,039,761	5,820,771	163,220	105,147	66,439	73,294	1,074,622	7,303,493
Total Assets	40,246,319	13,523,071	2,090,449	20,596,833	(7,322,176)	69,134,496	11,684,464	6,904,547	782,081	1,041,832	7,112,834	96,660,254
Deposits from other credit institutions	4,897,455	3,056,448	148,497	5,073,936	(13,175,043)	1,293	2,005,398	2,121,403	220,033	44,600	3,919,317	8,312,044
Deposits from customers	20,554,205	1,573,390	1,488,874	6,255,517	967,713	30,839,699	8,436,755	3,502,381	463,474	784,654	1,951,492	45,978,455
Debt securities issued	9,170,083	5,737,142	224,291	5,682,640	(15)	20,814,141	281,956	693,796	-	-	-	21,789,893
Other financial liabilities held for trading at fair value through profit or loss	3,270,303	2,046,022	79,988	2,026,364	208,693	7,631,370	177,738	66,730	43	-	57,552	7,933,433
Other financial liabilities	407,304	203,340	26,261	291,719	999,310	1,927,934	159,282	114,926	15,277	23,139	49,084	2,289,642
Other liabilities	190,792	29,985	9,308	30,170	1,488,536	1,748,791	112,492	41,103	17,385	89,671	923,749	2,933,191
Total Liabilities	38,490,142	12,646,327	1,977,219	19,360,346	(9,510,806)	62,963,228	11,173,621	6,540,339	716,212	942,064	6,901,194	89,236,658
Equity and non-controlling interests	1,756,177	876,744	113,230	1,236,487	2,188,630	6,171,268	510,843	364,208	65,869	99,768	211,640	7,423,596
Total Liabilities, Equity and non-controlling interests	40,246,319	13,523,071	2,090,449	20,596,833	(7,322,176)	69,134,496	11,684,464	6,904,547	782,081	1,041,832	7,112,834	96,660,254

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

Description of the relevant items of reconciliation:

	Mar 2011 Euros '000	Mar 2010 Euros '000
Net income (excluding Non-controlling Interests)		
Retail Banking	7,275	37,013
Companies	8,712	12,771
Corporate and Investment Banking	22,831	26,520
Private Banking e Asset Management	91	(5,042)
Foreign Business	32,075	34,571
	70,984	105,833
Impact on the Net interest income of the allocation of capital (1)	3,173	4,460
	67,811	101,373
Amounts not allocated to segments		
Non-controlling interests (2)	(18,778)	(13,511)
Operating expenses (3)	1,227	(31,293)
Loan impairment and other provisions (4)	(32,431)	(24,663)
Dividends from equity instruments	865	27
Equity accounted earnings	16,738	16,697
Instruments measured at FVO (Own Credit Risk)	19,224	36,270
Accounting for hedging interest rate risk (5)	-	36,600
Correction of the sale of the investment held in Eureko	24,480	-
Others (6)	(1,406)	(25,096)
Total not allocated to segments	9,919	(4,969)
Consolidated net income	77,730	96,404

(1) Represents the impact on net interest income due to allocation of capital. The balance sheet items of each subsidiary and each business unit are recalculated considering the replacement of accounting equity by the amounts assigned through the allocation within the strict fulfilment of solvency regulatory criteria.
(2) Corresponds mainly to the income attributable to third parties related to the subsidiaries in Poland, in Mozambique and in Angola.
(3) Includes operating costs not allocated to business segments, namely those connected with corporate areas and strategic projects.
(4) Includes provisions for property in kind, administrative infractions, various contingencies and other unallocated to commercial networks.
(5) Net trading income associated with the economic strategy of hedging interest rate risk associated with fixed rate liabilities through interest rate swaps, in result from the discontinuance of an hedging relationship, in sequence of an effectiveness valuation of the hedging.
(6) Includes funding for non interest bearing assets and the financial strategies as well as tax effect associated with the other impacts.

47. BCP Group list of companies

As at 31 March 2011 the Banco Comercial Português Group's subsidiary companies included in the consolidated accounts using the purchase method according, were as follows:

					Group		Bank
Subsidiary companies	**Head office**	**Share capital**	**Currency**	**Activity**	**% control**	**% held**	**% held**
Millennium bcp Gestão de Activos - Sociedade Gestora de Fundos de Investimento, S.A.	Oeiras	6,720,691	EUR	Investment fund management	100.0	100.0	100.0
Interfundos - Gestão de Fundos de Investimento Imobiliários, S.A.	Lisbon	1,500,000	EUR	Investment fund management	100.0	100.0	100.0
BII Investimentos International, S.A.	Luxembourg	150,000	EUR	Investment fund management	100.0	100.0	–
BCP Capital - Sociedade de Capital de Risco, S.A.	Lisbon	28,500,000	EUR	Venture capital	100.0	100.0	100.0
Banco de Investimento Imobiliário, S.A.	Lisbon	157,000,000	EUR	Banking	100.0	100.0	100.0
BII Internacional, S.G.P.S., Lda.	Funchal	25,000	EUR	Holding company	100.0	100.0	–
BII Finance Company	George Town	25,000	USD	Investment	100.0	100.0	–
Banco ActivoBank, S.A.	Lisbon	23,500,000	EUR	Banking	100.0	100.0	–
BIM - Banco Internacional de Moçambique, S.A.	Maputo	1,500,000,000	MZN	Banking	66.7	66.7	–
Banco Millennium Angola, S.A.	Luanda	3,809,398,820	AOA	Banking	52.7	52.7	52.7
Bank Millennium, S.A.	Warsow	1,213,116,777	PLN	Banking	65.5	65.5	65.5
Millennium TFI - Towarzystwo Funduszy	Warsow	10,300,000	PLN	Investment fund management	100.0	65.5	–
Millennium Dom Maklerski, S.A.	Warsow	16,500,000	PLN	Broker	100.0	65.5	–
Millennium Leasing, Sp.z o.o.	Warsow	43,400,000	PLN	Leasing	100.0	65.5	–
Millennium Lease, Sp.z o.o.	Warsow	40,655,778	PLN	Leasing	100.0	65.5	–
BBG Finance BV	Rotterdam	18,000	EUR	Investment	100.0	65.5	–
TBM Sp.z o.o.	Warsow	500,000	PLN	Advisory and services	100.0	65.5	–
MB Finance AB	Stockholm	500,000	SEK	Investment	100.0	65.5	–
Millennium Service, Sp.z o.o.	Warsow	1,000,000	PLN	Services	100.0	65.5	–
Millennium Telecomunication, Sp.z o.o.	Warsow	100,000	PLN	Broker	100.0	65.5	–
BG Leasing, S.A.	Gdansk	1,000,000	PLN	Leasing	74.0	48.5	–
Banque Privée BCP (Suisse) S.A.	Geneve	70,000,000	CHF	Banking	100.0	100.0	–
Millennium Bank, Societe Anonyme	Athens	184,905,000	EUR	Banking	100.0	100.0	–

Subsidiary companies	Head office	Share capital	Currency	Activity	Group % control	Group % held	Bank % held
Millennium Fin Commerce of Vehicles, Vessels, Devices and Equipment, Societe Anonyme	Athens	589,980	EUR	Investment	100.0	100.0	–
Millennium Mutual Funds Management Company, Societe Anonyme	Athens	1,176,000	EUR	Investment fund management	100.0	100.0	–
Banca Millennium S.A.	Bucarest	519,390,000	RON	Banking	100.0	100.0	–
Millennium bcp Participações, S.G.P.S., Sociedade Unipessoal, Lda.	Funchal	25,000	EUR	Holding company	100.0	100.0	100.0
Bitalpart, B.V.	Rotherdam	19,370	EUR	Holding company	100.0	100.0	100.0
BCP Investment B.V.	Amsterdam	620,774,050	EUR	Holding company	100.0	100.0	100.0
bcp holdings (usa), Inc.	Newark	250	USD	Holding company	100.0	100.0	–
MBCP REO I, LLC	Delaware	370,174	USD	Real-estate management	100.0	100.0	–
MBCP REO II, LLC	Delaware	924,804	USD	Real-estate management	100.0	100.0	–
Millennium bcp Bank & Trust	George Town	340,000,000	USD	Banking	100.0	100.0	–
BCP Finance Bank, Ltd.	George Town	246,000,000	USD	Banking	100.0	100.0	–
BCP Finance Company	George Town	1,031,000,704	EUR	Investment	100.0	3.0	–
Millennium BCP - Escritório de Representações e Serviços, Ltda.	Sao Paulo	30,700,000	BRL	Financial Services	100.0	100.0	100.0
Millennium BCP - Serviços de Comércio Electrónico, S.A.	Lisbon	50,004	EUR	Videotex services	100.0	100.0	100.0
Caracas Financial Services, Limited	George Town	25,000	USD	Financial Services	100.0	100.0	100.0
Banpor Consulting S.R.L.	Bucarest	1,750,000	RON	Services	100.0	100.0	100.0
Millennium bcp Imobiliária, S.A.	Lisbon	50,000	EUR	Real-estate management	99.9	99.9	99.9
Millennium bcp - Prestação de Serviços, A. C. E.	Lisbon	331,000	EUR	Services	91.5	92.2	73.5
Servitrust - Trust Managment Services S.A.	Funchal	100,000	EUR	Trust services	100.0	100.0	100.0
Imábida - Imobiliária da Arrábida, S.A. Services S.A.	Oeiras	1,750,000	EUR	Real-estate management	100.0	100.0	100.0
Aquapura Investment, S.A.	Lisbon	50,000	EUR	Advisory and services	100.0	100.0	100.0

As at 31 March 2011 the associated companies, were as follows:

Associated companies	Head office	Share capital	Currency	Activity	Group % control	Group % held	Bank % held
Academia Millennium Atlântico	Luanda	47,500,000	AOA	Education	33.0	17.4	–
Baía de Luanda - Promoção, Montagem e Gestão de Negócios, S.A.	Luanda	19,200,000	USD	Services	10.0	10.0	–
Banque BCP, S.A.S.	Paris	65,000,000	EUR	Banking	19.9	19.9	19.9
Banque BCP (Luxembourg), S.A.	Luxembourg	12,500,000	EUR	Banking	19.9	19.9	–
Constellation, S.A.	Maputo	1,053,500,000	MZN	Real-estate	20.0	12.0	–
Luanda Waterfront Corporation	George Town	9,804	USD	Services	10.0	10.0	–
Lubuskie Fabryki Mebli, S.A.	Swiebodzin	13,400,050	PLN	Furniture manufacturer	50.0	32.8	–
Pomorskie Hurtowe Centrum Rolno - Spozywcze S.A.	Gdansk	21,357,000	PLN	Wholesale business	38.4	25.2	–
Nanium, S.A.	Vila do Conde	15,000,000	EUR	Electronic equipments	41.1	41.1	41.1
SIBS - Sociedade Interbancária de Serviços, S.A.	Lisbon	24,642,300	EUR	Banking services	21.9	21.9	21.5
UNICRE - Instituição Financeira de Crédito, S.A.	Lisbon	10,000,000	EUR	Credit cards	32.0	32.0	31.7
VSC - Aluguer de Veículos Sem Condutor, Lda.	Lisbon	12,500,000	EUR	Long term rental	50.0	50.0	–

As at 31 March 2011 the Banco Comercial Português Group's subsidiary and associated insurance companies included in the consolidated accounts under the purchase method and equity method were as follows:

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

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