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

1ST QUARTER 2010 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. 10	31 Mar. 09	Change 10 / 09
Balance sheet			
Total assets	96,660	93,085	3.8%
Loans to customers [(1)]	77,137	76,967	0.2%
Loans to customers (net) [(1)]	75,035	75,096	-0.1%
Total customer funds [(1)] [(2)]	67,446	63,230	6.7%
Balance sheet customer funds [(1)]	50,661	49,105	3.2%
Customer deposits [(1)]	45,978	42,597	7.9%
Results			
Net interest income	340.6	373.8	-8.9%
Net operating revenues [(3)]	700.7	739.5	-5.2%
Operating costs [(4)]	382.2	400.7	-4.6%
Loan impairment charges (net of recoveries)	164.8	160.1	2.9%
Income taxes	22.0	28.9	-23.8%
Minority interests	13.5	6.3	113.5%
Net income	96.4	106.7	-9.6%
Profitability			
Net operating revenues / Average net assets [(5)]	2.9%	3.2%	
Return on average assets (ROA) [(6)]	0.5%	0.5%	
Income before taxes and minority interests / Average net assets [(5)]	0.6%	0.6%	
Return on average equity (ROE)	7.9%	8.7%	
Income before taxes and minority interests / Average equity [(5)]	9.9%	10.9%	
Credit quality			
Overdue loans according to Bank of Portugal / Total loans [(5)]	3.8%	2.0%	
Overdue loans according to Bank of Portugal, net/ Total loans, net [(5)]	1.1%	-0.4%	
Impairment for loan losses / Overdue loans by more than 90 days	108.9%	161.2%	
Impairment for loan losses / Overdue loans	98.3%	132.6%	
Efficiency ratios			
Operating costs / Net operating revenues [(5)] [(7)]	54.5%	55.8%	
Operating costs / Net operating revenues (Portugal) [(5)] [(7)]	50.6%	50.7%	
Staff costs / Net operating revenues [(5)] [(7)]	29.8%	32.3%	
Capital			
Total regulatory capital	7,294	6,577	
Risk weighted assets	64,610	66,184	
Tier I solvency ratio [(5)]	9.3%	6.8%	
Total solvency ratio [(5)]	11.3%	9.9%	
Branches			
Portugal activity	912	917	-0.5%
Foreign activity [(1)]	862	851	1.3%
Employees			
Portugal activity	10,254	10,516	-2.5%
Foreign activity [(1)]	11,070	11,164	-0.8%

(1) Adjusted from the impact of the operations in Turkey and in USA, in accordance with the sale agreements established.
(2) Amounts due to customers (including securities), assets under management and capitalisation insurance.
(3) Net interest income, dividends from equity instruments, net commissions, net trading income, equity accounted earnings, other net operating income (according to rule 16/2004 from the Bank of Portugal).
(4) Staff costs, other administrative costs and depreciation.
(5) According to rule 16/2004 from the Bank of Portugal.
(6) Considering net income before minority interest.
(7) Excludes the impact of specific items.

In accordance with the agreement established for the sale of 95% of Millennium Bank AS in Turkey and the sale of all the branches and the respective deposits portfolio of Millennium bcpbank in the United States of America (USA), and in accordance with IFRS 5, as at 31 March 2010 the total assets and liabilities of these subsidiary companies will be presented, respectively, in the item of "Non current assets held for sale" and "Non current liabilities held for sale" in the Consolidated balance sheet, while the total expenses and income for the year will be represented line by line in the consolidated income statement. Until the date of sale, the Group continues to consolidate, in reserves and income, any changes occurred in the net assets of Millennium bank Turkey and Millennium bcpbank USA.

RESULTS

Millennium bcp's consolidated net income totalled Euro 96.4 million in the first quarter of 2010, compared Euro 106.7 million in the same period of 2009. Net income in the first quarter of 2009 includes the gain accounted from the entry of new shareholders in Banco Millennium Angola's share capital, amounting to Euro 21.2 million. Excluding this impact, net income increased 12.8%, favourably influenced by the reduction in operating costs and by the increases in net commissions and equity accounted earnings, which more than offset the lower net interest income, reflecting the more narrow spreads on customer deposits. The reduction in operating costs benefited most from the decrease in staff costs, due to lower pension fund costs.

Quarterly, consolidated net income was up, continuing a trend that started in the third quarter of the previous year, driven by the rise in net operating revenues, which was sustained by the performance achieved in net trading income, in net commissions, and net interest income. This, together with the control of operating costs, offset the evolution in income tax and in loans impairment charges (net of recoveries).

Net income in Portugal stood at Euro 72.3 million in the first quarter of 2010, compared to Euro 113.5 million in the first quarter of 2009. The evolution in net income in Portugal, from the same period of 2009, benefited from the increase in net commissions (+15.9%), influenced by both commissions more directly associated with the banking business and commissions related with financial markets. Net income in Portugal also benefited from the reduction in operating costs (-11.0%), in particular staff costs, due to the lower pension fund costs. The decline in net interest income hindered the evolution of net income in Portugal, which since the second quarter of 2009 has showed sustained increases on a quarterly basis.

Net income from international activity totalled Euro 24.1 million in the first quarter of 2010, showing a favourable evolution compared to any of the quarters in 2009. Net income in international activity benefited from successive increases in net operating revenues, mainly driven by the performance achieved in net interest income and in net commissions, though this was partially offset by the growth in operating costs, influenced by the activity at Banco Millennium Angola and Millennium bim in Mozambique, associated with the expansion plans carried out in these markets, as well as the foreign exchange effect of the Polish zloty's appreciation against the Euro, which led to an increase in operating costs at Bank Millennium in Poland.

Net interest income amounted to Euro 340.6 million in the first quarter of 2010 (Euro 373.8 million in the first quarter of 2009), showing an increase of 1.4% from the fourth quarter of 2009. The performance of net interest income mainly reflects the decrease in customers' interest rates, following the declining trend of reference market interest rates, leading to an unfavourable interest rate effect, which was partially offset by the positive volume effect. In Portugal, net interest income was also restrained by the unfavourable interest rate effect, though it nevertheless benefited from the positive volume effect, in particular the increase in customer deposits. Net interest income in the international activity was favourable influenced by the positive interest rate effect, mostly sustained by the performance achieved by Bank Millennium in Poland.

The net interest margin stood at 1.59% in the first quarter of 2010, showing a favourable evolution from 1.56% in the fourth quarter of 2009, benefiting from the improvement in spreads from customer operations, measured by the difference between average interest rates from loans to customers and average interest rates from customer funds, in particular in the activity in Portugal, which improved from 1.36% in the previous quarter to 1.49% in the first quarter of 2010. On a quarterly basis, net interest income has been improving since the second quarter of 2009, benefiting from the progressive repricing carried out in the loans to customers operations, reflecting the adjustment in the implicit cost of risk of loans granted.

AVERAGE BALANCES

	1Q 10		1Q 09	
Euro million	**Balance**	**Yield %**	**Balance**	**Yield %**
Deposits in banks	4,516	1.14	4,123	2.46
Financial assets	6,492	4.04	4,018	6.08
Loans and advances to customers	74,943	3.53	74,991	5.35
Interest earning assets	85,951	3.44	83,132	5.24
Non interest earning assets	10,493		10,809	
	96,444		93,941	
Amounts owed to credit institutions	8,898	1.70	8,869	3.90
Amounts owed to customers	46,353	1.97	43,094	3.15
Debt issued and financial liabilities	29,634	1.55	29,864	3.46
Subordinated debt	2,361	2.90	2,625	4.83
Interest bearing liabilities	87,246	1.83	84,452	3.39
Non interest bearing liabilities	1,885		3,262	
Shareholders’ equity and minority interests	7,313		6,227	
	96,444		93,941	
Net interest margin (1)		1.59		1.80

(1) Net interest income as a percentage of average interest earning assets.
Note: Interest related to hedge derivatives were allocated, in the first quarter of 2010 and in the first quarter of 2009, to the respective balance item.

Net commissions were up by 19.8% to Euro 202.2 million in the first quarter of 2010, from Euro 168.7 million in the first quarter of 2009. The increase in net commissions benefited from the performance in net commissions more directly associated with the banking business, in particular commissions related to the distribution of insurance products through the Bank’s commercial networks (bancassurance), as well as from the increase in net commissions related with financial markets. The favourable evolution in net commissions reflects the growth in both the activity in Portugal (+15.9%) and the international activity (+29.3%), in particular in the subsidiary companies in Poland, Greece, Angola and Switzerland.

Net trading income, which includes net gains arising from trading and hedging activities and net gains arising from available for sale financial assets, totalled Euro 135.4 million in the first quarter of 2010, compared with Euro 149.8 million posted in the same period of 2009. The evolution in net trading income was, mostly, influenced by the favourable performance of the activity in Portugal (+1.5%) and by the unfavourable impact of the revaluation of financial instruments posted by Bank Millennium in Poland, despite the improvement registered by the subsidiary companies in Mozambique and in Angola, boosted by foreign exchange activity. On a quarterly analysis, net trading income reflects the positive effect booked in the first quarter of 2010, in the amount of Euro 36.3 million (Euro 20.5 million in the first quarter of 2009), related to the revaluation of instruments recorded at fair value option, as a result of the unfavourable evolution of the funding conditions in the financial market, which resulted in a deterioration of Millennium bcp’s own credit risk.

Other net operating income, which includes other operating income, other net income from non banking activities and gains from the sale of subsidiaries and other assets, amounted to Euro 5.0 million in the first quarter of 2010, compared to Euro 35.1 million in the same period of 2009. In the first quarter of 2009, other net income in the activity in Portugal includes the gain related to the dispersal of 49.9% of Banco Millennium Angola's share capital, in the amount of Euro 21.2 million. Excluding this impact, despite the lower net operating income in Portugal, the evolution in consolidated net operating income was positively influenced by the performance of the international activity.

Equity accounted earnings totalled Euro 16.7 million in the first quarter of 2010, showing an increase of 45.6% from Euro 11.5 million posted in the same period of 2009. This evolution reflects essentially the appropriation of comparatively higher earnings associated to the 49% shareholding in Millenniumbcp Fortis.

OTHER NET INCOME

Euro million	1Q 10	1Q 09	Change 10/09
Net commissions			
Banking commissions			
Cards	43.6	44.8	-2.8%
Credit and guarantees	41.8	43.9	-4.6%
Bancassurance	18.7	12.0	55.6%
Other commissions	55.6	37.8	47.1%
Subtotal banking commissions	159.7	138.5	15.3%
Market related commissions			
Securities	29.5	19.5	50.8%
Asset management	13.0	10.7	21.7%
Subtotal market related commissions	42.5	30.2	40.5%
Total net commissions	202.2	168.7	19.8%
Net trading income	135.4	149.8	-9.6%
Other net operating income (1)	5.0	35.1	-85.7%
Dividends from equity instruments	0.9	0.6	44.0%
Equity accounted earnings	16.7	11.5	45.6%
Total other net income	360.2	365.7	-1.5%
Other income / Net operating revenues (2)	51.4%	49.5%	

(1) Includes in the first quarter of 2009 the gain booked related to the dispersal of 49.9% of Bank Millennium Angola's share capital, amounting to Euro 21.2 million.
(2) Calculated according to rule 16/2004 from the Bank of Portugal.

Operating costs, which include staff costs, other administrative costs and depreciation, dropped 4.6% to Euro 382.2 million in the first quarter of 2010 compared to Euro 400.7 million in the same period of 2009, driven by smaller staff and depreciation costs. The decrease in operating costs resulted from the savings achieved in the activity in Portugal, which more than offset the performance of the international activity. In Portugal, the decrease by 11.0% in operating costs reflects the reduction in all items, in particular 15.8% in staff costs, 9.6% in depreciation and 1.9% in other administrative costs, reflecting the implementation of initiatives to simplify and streamline the organisational structure. In the international activity, the evolution of operating costs was mainly determined by the increases in Banco Millennium Angola and in Millennium bim in Mozambique, as a result of the organic growth strategy in place in these markets, which was partially offset by smaller operating costs posted by Bank Millennium in Poland, excluding the impact of foreign exchange of the Polish zloty against the euro, by Millennium bank in Greece and by Banca Millennium in Romania.

In the first quarter of 2010, the consolidated cost-to-income ratio, on a comparable basis, stood at 54.5%, improving from 55.8% in the first quarter of 2009, and also improving 6.7 p.p. from the fourth quarter of

2009. In the activity in Portugal, the cost-to-income ratio stood at 50.6%, almost at the same level of the same period of 2009, but improving 7.9 p.p. from the fourth quarter of 2009.

Staff costs reduced by 10.0%, totalling Euro 208.8 million in the first quarter of 2010 (Euro 231.9 million in the same period of 2009). The evolution of staff costs was determined by lower social charges, in particular the pension fund cost, posted in the first quarter of 2010. The reduction of staff costs was driven mainly by the 15.8% decrease in the activity in Portugal, which more than offset the 5.2% increase in the international activity, in particular at Bank Millennium in Poland, mostly influenced by the impact of foreign exchange of the Polish zloty against the euro, and at Banco Millennium Angola, notwithstanding the decrease in Millennium bank in Greece and in Banca Millennium in Romania.

Other administrative costs totalled Euro 147.7 million in the first quarter of 2010, showing an increase by 3.6% from Euro 142.6 million in the first quarter of 2009, despite the 1.9% reduction in the activity in Portugal. Other administrative costs in the international activity increased by 11.6%, influenced by higher costs with specialised services, advertising and rents, reflecting the strategy of organic growth in Angola and Mozambique, notwithstanding the decrease in Bank Millennium in Poland, excluding the impact of foreign exchange of the Polish zloty against the euro, reflecting the impact of initiatives aimed at improving operating efficiency. The reduction in other administrative costs in the activity in Portugal benefited from savings in most items, in particular specialised services, travel, advertising and communication costs.

Depreciation costs stood at Euro 25.7 million in the first quarter of 2010, compared with Euro 26.2 million in the first quarter of 2009. The reduction by 1.7% in depreciation reflects, on one hand, the lower depreciation costs accounted in the activity in Portugal, mostly related with equipments and buildings, and, on the other hand, the increase in the international activity due to the expansion plans in place in Angola, Mozambique and Romania.

OPERATING COSTS

Euro million	1Q 10	1Q 09	Change 10/09
Staff costs	208.8	231.9	-10.0%
Other administrative costs	147.7	142.6	3.6%
Depreciation	25.7	26.2	-1.7%
	382.2	400.7	-4.6%
Of which:			
Portugal activity	238.1	267.7	-11.0%
Foreign activity	144.1	133.0	8.3%
Operating costs / Net operating revenues (1) (2)	50.6%	50.7%	

(2) Activity in Portugal. Calculated according to rule 16/2004 from the Bank of Portugal.
(2) Excludes the impact of specific items.

Impairment for loan losses (net of recoveries) amounted to Euro 164.8 million in the first quarter of 2010, compared with Euro 160.1 million in the same period of 2009. The evolution of impairment for loan losses (net of recoveries) continued to be constrained by the current phase of the economic cycle, with particular impact in the reinforcement of impairment charges in the activity in Portugal, aiming to cover the impairment indicators in the loan portfolio. In the international activity, despite the higher level of impairment charges at Millennium bim and at Banco Millennium Angola, as a result of the increase in the business volume, impairment for loan losses showed a favourable evolution from the same period of 2009, in particular at the operations in Switzerland and Poland.

The cost of risk, measured by the ratio of impairment charges (net of recoveries) in the loan portfolio, stood at 85 b.p. in the first quarter of 2010 (82 b.p. in the first quarter of 2009).

Other provisions, include other asset impairment and other provisions, in particular provision charges related to assets received as payment in kind not fully covered by collateral, and provisions charged for several risks and contingencies. Other provisions totalled Euro 21.8 million in the first quarter of 2010, compared to Euro 36.8 million in the first quarter of 2009. This evolution was sustained by the activity in Portugal, benefiting from the reduction in provisions charged for several contingencies, as well from the lower level impairment charges associated with real estate, resulting from the termination of loan contracts with customers.

BALANCE SHEET

Total assets rose to Euro 96,660 million as at 31 March 2010, compared to Euro 93,085 million booked on the same date in 2009.

Loans to customers reached to Euro 77.137 million as at 31 March 2010, showing a growth of 0.2% from Euro 76,967 million (on a comparable basis) posted on 31 March 2009, sustained by the performance in loans to individuals, which were up by 4.2% from the same date in 2009, to Euro 34,640 million as at 31 March 2010, boosted by mortgage loans (+4.5%). Loans to companies stood at Euro 42,497 million as at 31 March 2010, showing a drop of 2.8% from 31 March 2009, mainly due to the lower exposure to the construction sector.

The structure of the loan portfolio remained stable and diversified, between 31 March 2009 and 31 March 2010, with loans to companies representing the main component of loans to customers' portfolio (55.1% of total loans), while loans to individuals represented 44.9% of total loans to customers.

The increase in loans to customers was boosted by the international activity (+10.2%), in particular by Bank Millennium in Poland, benefiting from the impact of foreign exchange of the Polish zloty against the euro, and from the performance in the subsidiary companies in Greece, Mozambique and Angola, mainly supported by loans to companies. In the activity in Portugal, the evolution in loans to customers (-2.2%) was hindered by the performance in loans to customers, despite the growth in loans to individuals, in particular mortgage loans.

LOANS TO CUSTOMERS

Euro million	31 Mar. 10	31 Mar. 09	Change 10 / 09
Individuals			
Mortgage loans	29,543	28,279	4.5%
Consumer loans	5,097	4,954	2.9%
	34,640	33,233	4.2%
Companies			
Services	16,509	16,092	2.6%
Commerce	4,975	5,316	-6.4%
Other	21,013	22,326	-5.9%
	42,497	43,734	-2.8%
Subtotal	**77,137**	**76,967**	**0.2%**
Of which:			
Portugal activity	60,334	61,716	-2.2%
Foreign activity	16,803	15,251	10.2%
Loans associated with assets in the process of sale (1)	--	857	
Total	77,137	77,824	

(1) Millennium bank Turkey and Millennium bcpbank USA.

Credit quality, measured by the non-performing loan indicators, in particular the overdue loans by more than 90 days as a percentage of total loans, stood at 2.5% as at 31 March 2010, within the range expected given the current phase of the economic cycle. The coverage ratio of overdue loans by more than 90 days stood at 108.9% as at 31 March 2010.

OVERDUE LOANS BY MORE THAN 90 DAYS AND IMPAIRMENTS AT 31 MARCH 2010

Euro million	Overdue loans by more than 90 days	Impairment for loan losses	Overdue loans by more than 90 days / Total loans	Coverage ratio
Individuals				
Mortgage loans	154	183	0.5%	118.3%
Consumer loans	356	330	7.0%	92.8%
	510	513	1.5%	100.5%
Companies				
Services	464	480	2.8%	103.6%
Commerce	269	259	5.4%	96.3%
Other	689	851	3.3%	123.5%
	1,422	1,590	3.3%	111.8%
Total	**1,932**	**2,103**	**2.5%**	**108.9%**

Total customer funds were up by 6.7%, on a comparable basis, to Euro 67,446 million as at 31 March 2010, from Euro 63,230 million posted on the same date in 2009, boosted by the increases of 18.8% in off-balance sheet customer funds and of 3.2% in balance sheet customer funds. The growth in off-balance sheet customer funds was driven by the performance achieved in both assets under management (+17.8%) and capitalisation insurance (+19.3%), benefiting from the gradual re-establishment of capital market conditions and from the signs of recovery in investor confidence. The favourable evolution in balance sheet customer funds was determined by the increase in customer deposits (+7.9%), benefiting from the customer preference for financial applications with lower risk, in particular for traditional term deposits, which more than offset the lower amount in debt securities from the same date in 2009, notwithstanding the rise from the end of the previous quarter.

The evolution in total customer funds, from 31 March 2009, was positively influenced by the activity in Portugal, mainly sustained by off-balance sheet customer funds (+15.6%) and by customer deposits (+4.1%), benefiting from the growth in customer funds from the Retail Banking & Companies segment. In the international activity, total customer funds were up by 20.3%, boosted by the performance achieved in most of the international operations, in particular in Poland, Greece, Switzerland, Angola and Mozambique.

TOTAL CUSTOMER FUNDS

Euro million	31 Mar. 10	31 Mar. 09	Change 10 / 09
Balance sheet customer funds			
Deposits	45,978	42,597	7.9%
Debt securities	4,683	6,508	-28.0%
	50,661	49,105	3.2%
Off-balance sheet customer funds			
Assets under management	5,073	4,306	17.8%
Capitalisation insurance	11,712	9,819	19.3%
	16,785	14,125	18.8%
Subtotal	**67,446**	**63,230**	**6.7%**
Of which:			
Portugal activity	50,902	49,478	2.9%
Foreign activity	16,544	13,752	20.3%
Customer funds related to assets in the process of sale (1)	--	939	
Total	67,446	64,169	

(1) Millennium bank Turkey and Millennium bcpbank USA.

LIQUIDITY MANAGEMENT

The liquidity management of Millennium bcp, in the first three months of 2010, within the strategic guidelines defined, was centred on prudential criteria and on agility of action, ensuring the Bank could (i) take advantage of access to alternative sources of funding, (ii) optimise the cost of funding in the wholesale funding market, focused on medium- and long-term instruments with relatively favourable pricing conditions, (iii) diversify the sources and maturities of funding, suited to the balance sheet structure and (iv) reinforce the effort to retain and further increase balance sheet customer funds.

The consolidated commercial gap, measured by the coverage of loans to customers by balance sheet customer funds, remained stable from the end of 2009, driven by the ability to retain and further increase balance sheet customer funds and benefiting from the balanced growth in loans to customers. The growth in customer deposits continued to be particularly important as a funding instrument and also to support the loan granting business, which together with the execution of the Group's financing plan, established for the first quarter of 2010 for wholesale funding, contributed for the preservation of adequate liquidity levels, sustaining the development of the intermediation activity and, therefore, satisfying the financial needs of the customer base.

In the first quarter of 2010, the Group kept following its loans portfolio securitisation policy through a new operation called "Tagus Leasing", in the amount of Euro 1.2 billion, and successfully placed a 2-year fixed rate debt issue in the amount of Euro 750 million and a 3-year floating rate debt issue in the amount of Euro 300 million, both under the Euro Medium Term Notes (EMTN) programme. The pool of assets eligible as collateral in potential refinancing operations with Central Banks amounted to Euro 11.3 billion, as at 31 March 2010, compared with Euro 10.6 billion as at 31 December 2009.

CAPITAL

The capital ratios of the Group as at 31 March 2010 were determined in accordance with the Basel II guidelines, with the calculation of capital requirements following the standardised approach in respect to credit risk. During 2009, subsequent to the authorization from the Bank of Portugal, the Group applied the standard approach for operational risk and the internal models approach for generic market and foreign exchange risk, in the perimeter centrally managed from Portugal.

The **consolidated solvency ratio**, as at 31 March 2010, stood at 11.3%, with Tier I standing at 9.3%, well above the minimum limit of 8% recommended by the Bank of Portugal. The Core Tier I stood at 6.4% on the same date.

In the scope of the application of Basel II methodologies for the calculation of capital requirements, adopted by the European Union through the EU directives, and transposed to Portuguese national law in 2007, the BCP Group requested a formal authorisation from the Bank of Portugal to implement the IRB approach for credit and counterparty risk.

Regarding the stage of the process under review by the Bank of Portugal concerning the use of the IRB approach, Millennium bcp calculated pro forma capital ratios according to the mentioned IRB approach. According to this approach the estimated Core Tier I stood at 7.3% and Tier I and total capital ratios reached 9.7% and 11.0%, respectively, as at 31 March 2010, increasing 21 b.p., 45 b.p. and 41 b.p., respectively, from the end of 2009.

Core Tier I was positively influenced by the impacts of (i) the increase of minority interests related to the capital increase of Bank Millennium in Poland, (ii) the increase of the remaining minority interests, mainly in Poland (excluding the capital increase related), (iii) the positive revaluation of the investment in Eureko, and (iv) retained earnings, based on a pay-out ratio of 40%, mitigated by the impacts from the increase of the deduction related to the gap between the stock of regulatory provisions and the respective credit impairment, only applicable to the standardised approach, from the increase of the amount of own credit risk on liabilities evaluated at fair value, and from the adverse effect of the deferred adjustments authorised by the Bank of Portugal, related to the transition to IFRS, the mortality table of 2005 and the actuarial losses of 2008. The capital ratios presented do not include the effects related to the sale of the operations in Turkey and USA.

Additionally, risk weighted assets contributed favourably for the performance of capital ratios, given that they fell between 31 December 2009 and 31 March 2010, benefiting from the measures implemented to optimize and reinforce collaterals.

SOLVENCY

Euro million	Standardised		Pro forma IRB [1]	
	31 Mar. 10 [2]	31 Dec.09	31 Mar. 10 [2]	31 Dec. 09 [2]
Own Funds				
Tier I Capital	6,019	6,102	5,869	5,642
of which: Preference shares and Perpetual subordinated debt securities with conditioned coupons	1,935	1,934	1,935	1,934
Other deduction [3]	(19)	(19)	508	(641)
Tier II Capital	1,403	1,566	913	943
Deductions to Total Regulatory Capital	(127)	(127)	(127)	(127)
Total Regulatory Capital	**7,294**	**7,541**	**6,655**	**6,458**
Risk Weighted Assets	**64,610**	**65,769**	**60,723**	**61,240**
Solvency Ratios				
Core Tier I	6.4%	6.4%	7.3%	7.1%
Tier I	9.3%	9.3%	9.7%	9.2%
Tier II	2.0%	2.2%	1.3%	1.3%
Total	11.3%	11.5%	11.0%	10.5%

(1) The presented pro forma ratios were calculated in accordance with the IRB methods, taking into consideration the revision process, by the Bank of Portugal (BoP), of the submission of the proposal to adopt these methods. Had been considered estimates of the probability of default and the lost given default (IRB Advanced) for the retail portfolio collateralized by commercial and residential real state, and estimates of the probability of default (IRB Foundation) for corporate portfolio, in Portugal. In the 1st semester of 2009, the Bank received authorization from BoP to adopt the advanced approaches (internal models) to the generic market risk and the adoption of the standard approach for the operational risk.

(2) The amounts and the ratios presented do not include the impacts from the sale of 95% of Millennium bank AS in Turkey, which will have an estimated impact on Tier I of around +6 b.p., and from the sale of the operation in the USA.

(3) Includes, in particular, deductions related to the shareholdings in Millenniumbcp Fortis and Banque BCP (France and Luxembourg).

SEGMENTAL REPORTING

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

Segment description

The Retail Banking and Companies segment, in Portugal, has two parts: (i) the Retail Bank, for which the strategic approach is to target "Mass Market" customers, those who appreciate a value proposition based on innovation and speed, as well as Prestige and Small business customers, whose specific characteristics, financial assets or income imply a value proposition based on innovation and personalisation, requiring a dedicated Account Manager; and (ii) the Companies network, which covers the financial needs of companies with an annual turnover between Euro 7.5 million and Euro 100 million, focused on innovation and offering a wide range of traditional banking products complemented by specialised financing. Retail Banking and Companies also includes ActivoBank, a bank focused on clients with a young spirit, intensive users of new communication technologies who prefer a banking relationship based on transparency, and featuring simple, modern products and services. Within the scope of the cross-selling strategy, Retail Banking and Companies also acts as a distribution channel for financial products and services of the Millennium bcp business areas as a whole.

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

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

The Foreign Business segment comprises the operations outside Portugal, in particular Bank Millennium in Poland, Millennium bank in Greece, Banque Privée BCP in Switzerland, the Banca Millennium in Romania, Millennium bim in Mozambique, Banco Millennium Angola in Angola and Millennium bcp Bank & Trust in the Cayman Islands. Millennium bank in Turkey and Millennium bcpbank in the United States of America are in the process of being sold.

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

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

To ensure comparability for this information the structural changes that occurred in the second half of 2009 in the organisation of the segments were reflected in the 2009 figures: Companies were incorporated in the Retail Banking and Companies segment, Corporate became part of the Corporate and Investment Banking segment, while Banque Privée BCP and Millennium bcp Bank Trust have been incorporated into Foreign Business, having previously been a part of the Private Banking and Asset Management segment. A capital allocation of each business segment in the first quarter of 2010 was 6.5% and was taking, for comparative purposes, the same percentage of capital allocation as in the same period of 2009.

Each segment's net contribution reflects the individual results achieved by its business units, independent of the percentage held by the Group. The following information is based on financial statements prepared according to IFRS and on the organisational model in place for the Group, as at 31 March 2010.

Retail Banking and Companies

The net contribution of Retail Banking and Comapnies in Portugal stood at Euro 49.3 million in the first quarter of 2010, compared with Euro 51.0 million in the first quarter of 2009. The reduction in net interest income on deposits and credit was determined by the reduction of spreads and interest rate transactions with customers, following the trend of market reference rates. In the previous quarter, net interest income showed an upward trend as a result of the repricing of operations. The reduction in impairment charges is associated with the reduction of the loan portfolio with impairment signs.

Net commissions registered a favourable evolution over the first quarter of 2009, particularly the commissions related to cards, direct credit and risk insurance. Operating costs registered a sustained decline, in the first quarter of 2009 compared to previous quarters, as a result of the impact of initiatives aimed at simplifying the organisation and improving procedures, which led to a reduction in the number of employees.

Customer funds were up by 9.3% supported by the strategy defined to further increase customer funds, either on demand and term, offsetting the reduction in debt securities and leading to an increase of 6.3% in total customer funds, from Euro 35,724 million as at 31 March 2009, to Euro 37,992 million as at 31 March 2010.

Loans to customers fell 2.9% to Euro 44,804 million as at 31 March 2010, compared to Euro 46,162 million recorded on the same date in 2009, sustained by the reduction of lending for property development and finance in local currency.

Euro million	31 Mar.10	31 Mar. 09	Change 10 / 09
Profit and loss account			
Net interest income	177.5	259.5	-31.6%
Other net income	134.5	113.7	18.3%
	312.0	373.2	-16.4%
Operating costs	179.7	200.0	-10.1%
Impairment	65.2	103.9	-37.2%
Contribution before income taxes	67.1	69.3	-3.3%
Income taxes	17.8	18.3	-3.0%
Net contribution	49.3	51.0	-3.3%
Summary of indicators			
Allocated capital	1,978	2,128	-7.0%
Return on allocated capital	10.1%	9.7%	
Risk weighted assets	30,431	32,733	-7.0%
Cost to income ratio	57.6%	53.6%	
Loans to customers	44,804	46,162	-2.9%
Total customer funds	37,992	35,724	6.3%

Corporate and Investment Banking

The Corporate and Investment Banking segment net contribution amounted to Euro 26.5 million in the first quarter of 2010, compared to Euro 33.8 million posted in the first quarter of 2009. The performance of this segment was determined by the higher impairment charges in the Corporate network, due to the increase in the loan portfolio with signs of impairment.

Net operating income showed a favourable trend and grew 2.3%, benefiting from the increase in both net interest income and other net income. Net interest income reflects the discipline in the pricing policy and in risk management, in order to reflect the increased cost of risk in new loans granted. The rise in other net income includes the increase in fees associated with credit, bonds and commercial paper.

Operating costs also showed a favourable evolution, decreasing over the first quarter of 2009, showing sustained savings, as well as synergies associated with the process of merging Banco Millennium bcp Investimento into Banco Comercial Português.

Total customer funds decreased 1.2% to Euro 11,656 million at 31 March 2010, compared to Euro 11,802 million posted on 31 March 2009, as a result of the performance in debt securities.

Loans to customers amounted to Euro 12,985 million at end of March 2010, decreasing 1.9% from Euro 13,230 million as at end of March 2009, due to the loans reallocation in relation to the merging of Banco Millennium bcp Investmento into Banco Comercial Português, despite the increase in syndicated loans and commercial paper.

Euro million	31 Mar.10	31 Mar. 09	Change 10 / 09
Profit and loss account			
Net interest income	53.7	53.1	1.1%
Other net income	46.1	44.4	3.8%
	99.8	97.5	2.3%
Operating costs	18.4	21.4	-14.2%
Impairment	45.3	29.7	52.7%
Contribution before income taxes	36.1	46.4	-22.2%
Income taxes	9.6	12.5	-23.8%
Net contribution	26.5	33.8	-21.6%
Summary of indicators			
Allocated capital	930	969	-4.0%
Return on allocated capital	11.6%	18.4%	
Risk weighted assets	14,309	14,913	-4.0%
Cost to income ratio	18.4%	22.0%	
Loans to customers	12,985	13,230	-1.9%
Total customer funds	11,656	11,802	-1.2%

Private Banking and Asset Management

The Private Banking and Asset Management segment posted a net loss of Euro 4.5 million in the first quarter of 2010 compared with a net loss of Euro 3.9 million in the first quarter of 2009. This evolution reflects the decrease in net interest income due to the reduction in spreads of deposits and credit to customers, and the reduction of other net income, arising from the performance of the International Private Banking associated with a reduction of funding in national and foreign currencies.

The impairment charges in the first three months of 2010 decreased by 22.0% from the same period in 2009, due to reduction in the loan portfolio with signs of impairment, particularly in Private Banking in Portugal. Operating costs showed a favourable performance benefiting from the decrease in staff costs and in other administrative costs.

The total customer funds were up 12.9% from 31 March 2009, supported by the growth of 11.2% in deposits and of 25.6% in debt securities.

Loans to customers amounted to Euro 1,833 million at 31 March 2010, compared to Euro 2,290 million as at 31 March 2009, as a result of the reduction in loan to customers from the Private Banking in Portugal associated, in part, to the transfer of customers to the Corporate network.

Euro million	**31 Mar.10**	**31 Mar. 09**	**Change 10 / 09**
Profit and loss account			
Net interest income	7.1	11.0	-35.4%
Other net income	6.6	6.8	-3.1%
	13.7	17.8	-23.0%
Operating costs	8.7	9.3	-6.2%
Impairment	11.2	14.3	-22.0%
Contribution before income taxes	(6.2)	(5.8)	-6.3%
Income taxes	(1.7)	(2.0)	13.7%
Net contribution	(4.5)	(3.9)	-16.6%
Summary of indicators			
Allocated capital	85	99	-14.0%
Return on allocated capital	-21.6%	-15.8%	
Risk weighted assets	1,309	1,522	-14.0%
Cost to income ratio	63.7%	52.3%	
Loans to customers	1,833	2,290	-20.0%
Total customer funds	7,204	6,380	12.9%

Foreign Business

The net contribution of the Foreign Business segment totalled Euro 34.6 million compared to Euro 4.4 million in the first quarter of 2009. This evolution reflects the increase in net operating revenues, boosted mainly by the increase of 50.1% in net interest income, with particular emphasis on Poland, and it is also worth noting the positive evolution in Greece, Angola and Romania. The growth in margin in Poland was essentially due to the effect of the reducing of negative term deposits margin as well as the growth in business volumes.

The improvement of the net contribution of the foreign business was driven by the performance in most operations, namely in Greece, which showed increases both in customer funds and in loans to customers, up 15.5% and 7.0% respectively, driving the rise in net interest income by 12.8% and in commissions by 28.0%, which, in addition to the reduction of operating costs led to an increase of net income.

The reduction of 14.6% in impairment charges resulted from lower impairments charges posted in Poland, at Banque Privée and at Bank & Trust.

Operating costs evidenced an increase, associated with the growth in staff costs and administrative costs in Angola and Mozambique, mainly related to the strategy of organic growth carried out in these markets, which was partially mitigated by lower operating costs in Poland, excluding the exchange effect of the Polish zloty against the euro, as well as in Greece and Romania.

Loans to customers were up by 9.4% to Euro 16,303 million as at 31 March 2010, boosted by the performance of loans to individuals, and reflecting the growth evidenced in most foreign operations, in particular Angola, Mozambique and Greece.

Total customer funds increased 21.9% to Euro 16,544 million as at 31 March 2010, driven by a 18.3% increase in customer deposits and the increase in assets under management.

Euro million	31 Mar.10	31 Mar. 09	Change 10 / 09
Profit and loss account			
Net interest income	126.3	84.2	50.1%
Other net income	99.8	99.6	0.2%
	226.1	183.7	23.1%
Operating costs	144.1	133.0	8.3%
Impairment and provisions	40.2	47.1	-14.6%
Contribution before income taxes	41.8	3.6	–
Income taxes	7.2	(0.8)	–
Net contribution	34.6	4.4	–
Summary of indicators			
Allocated capital	1,360	1,331	2.2%
Return on allocated capital	10.3%	1.7%	
Risk weighted assets	14,474	14,244	1.6%
Cost to income ratio	63.7%	72.4%	
Loans to customers	16,303	14,904	9.4%
Total customer funds (1)	16,544	13,575	21.9%

(1) Excludes Millennium bank Turkey and Millennium bcpbank USA in 2010 and in 2009.

SIGNIFICANT EVENTS

The agreements to sell the operations in Turkey and the United States of America, the turnaround and share capital increase of Euro 258 million in Poland, the evaluation of business models in Greece and Romania, the expansion in Mozambique and Angola, and the sustained and profitable strengthening of commercial dynamics in Portugal, including the reorganisation and the new system of incentives for Retail alongside the launch of an all-new banking concept (ActivoBank) with innovation as the main differentiating factor to provide a service of excellence to customers, were the main events in the first quarter of 2010. Of particular note were:

- Agreement to sell 95% of Millennium Bank A.S. in Turkey to Credit Europe Bank, N.V., a wholly owned subsidiary of Fiba Holding, A.S., having agreed with the buyer a put and call mechanism to sell the remaining stake for a price per share no lower than the price agreed for the majority stake;
- Purchase and assumption agreement with Investors Savings Bank to sell all the branches of Millennium bcpbank in the United States of America and respective deposits. Following the purchase and assumption agreement, the parties intend to enter into a Loan Purchase agreement under which Investors Saving Bank will purchase a portion of Millennium bcpbank's loan portfolio. Millennium bcp has also established a cooperation agreement with the buyer for financial remittances from the USA. As a result of this transaction, still subject to regulatory approval, Millennium bcp will no longer develop new retail commercial activities in the USA;
- Successful completion of Banco Comercial Português' subsidiary Bank Millennium's capital increase through a rights issue of 363,935,033 new shares with a subscription price of PLN 2.9 per share, in which, Banco Comercial Português, S.A. exercised its pre-emptive rights. The proceeds of the capital increase amount to PLN 1,055 million (approximately Euro 258 million) and will allow Bank Millennium to support its strategy of growth in Poland;
- ActivoBank by Millennium debuted, with an all-new concept of banking designed for young-at-heart clients who are active users of new communication technology, and who value a banking relationship based on simplicity;
- Reorganisation of the Retail business area, enhancing customer relationships and increasing the tailoring of the banking services distribution system to each customer's profile;
- Revision of the system of incentives for Retail, with the aim of increasing the focus of the Retail network on profitability of operations and particularly on the net interest income generated by each transaction;
- Banco Comercial Português' long- and short-term ratings were affirmed at "A+" and at "F1" by Fitch Ratings, which simultaneously announced the revision of the Outlook from "Stable" to "Negative";
- Promotion of an unprecedented initiative, the "Open Door" workshop, with a view to sharing and discussing initiatives in innovation as well as programs and projects of the organizations invited, with the attendance of leaders of the areas of innovation of enterprises of different sectors and University teachers;
- Millennium bcp sponsored the Conference "Building a New Financial Architecture", which was attended by several European experts in the Financial Sector and the European Parliament that have discussed the Capital Requirements Directive and the proposed amendments to that Directive, as well as on the new system for Financial Supervision and Cross-Border Crisis Management in the banking sector;
- Millennium bcp sponsored the 4th Eurofinance Conference on Financial Management, Treasury and Risk for Companies in Portugal, focusing on the dissemination of updated information on key trends and best practices of the market to specialised business partners;
- Extension of existing partnership with the AESE - School of Management and Business on the drafting, discussion and dissemination of management case studies based on Millennium bcp;

- Millennium Meeting in Viseu on March 10 and 11, part of the strategy of strengthening the institutional and commercial dynamism of Millennium bcp, and the inauguration of the "Shared Art Millennium bcp" exhibition at the Grão Vasco Museum;
- Millennium bcp opened a solidarity account to collect funds to support victims of the ferocious storms that battered Madeira Island, causing numerous deaths and severe destruction;
- Signature of a cooperation protocol by Millennium bcp's microcredit network with the Portuguese Red Cross - Delegation of Faro, aiming to expand access to microcredit to more citizens in financial need;
- Distinction of the Millennium brand as the private bank with the most valuable brand in the ranking of the 40 brands with highest market value in Portugal, according to a study by Brand Finance, a global leader in brand consulting and valuation;
- "Latin America Power Deal of the Year 2009" award for Project finance operation "Porto de Pecém 1", implemented with the support of Millennium Investment Banking, granted by Project Finance magazine, from Euromoney Group;
- Bank Millennium distinguished among the "most valuable brands on the Polish market", according to the study "Polish Brands in 2009" by *Rzeczpospolita* newspaper, positioning itself in the 21st position (up six places from the previous year). In the category of "financial institutions" Bank Millennium came in 9th place;
- Best Bank of Mozambique, for the 3rd consecutive year, in the 8th edition of the "Survey of the Banking Sector in Mozambique", according to the recent survey by the Mozambican Association of Banks and KPMG;
- In April, Millennium bim was named "Best Bank of Mozambique 2010" by Global Finance magazine;
- In April, Moody's Investor Service downgraded its ratings on certain Portuguese hybrid securities, in line with its revised Guidelines for Rating Bank Hybrids and Subordinated Debt, published in November 2009, which removed the previous assumptions regarding systemic support, namely from the Portuguese Republic. Regarding Banco Comercial Português (BCP) and bearing in mind that its adjusted BCA (Baseline Credit Assessment) is "Baa3", the rating on non-cumulative preferred securities, issued by BCP Finance Company, guaranteed by BCP, was downgraded to "Ba3" from "Baa1" and the rating on perpetual subordinated securities with conditional coupons was downgraded to "Ba3" from "Baa1". The outlook for all the affected instruments is negative, in line with the negative outlook for BCP's "D+" BFSR (Bank Financial Strength Rating) and corresponding "Baa3" BCA;
- Also in April, the Standard & Poor's Ratings Services, after the downgrade in the rating on the Portuguese Republic by two notches from "A +" to "A-", lowered the ratings assigned to various Portuguese banks and subsidiaries in Portugal of foreign banks, assigning them all a negative outlook. The long-term counterparty credit rating on Banco Comercial Português, S.A. was lowered to "BBB +" from "A-", while the short-term counterparty credit rating was affirmed at "A-2".

ECONOMIC ENVIRONMENT

The world economic activity is estimated to have posted an increasingly positive trend over the first quarter, as reflected in the revised IMF projections for world growth to 4.25% for the period 2010-2011. The contributions to economic growth vary widely according to the economic areas, with the dynamism of the developing countries, particularly in Asia and Latin America, contrasting with the shallow recovery in the developed countries. The consolidation of the recovery path still depends on the scope of some commitments being achieved: at a global level, agreement on the responsibility and role of each country to contribute according to its economic condition for the mitigation of the global macroeconomic imbalances; at a domestic level, to engineer a smooth transition from a public sector driven recovery to an economic expansion increasingly supported by the private sector and to restore financial stability, factors that are vital to promote a sustainable growth trajectory over time, but in a way as not to undermine the nascent economic recovery. Achieving such commitments represent a real challenge for the design of strategies for fiscal consolidation and for the review of the supervisory architecture and regulation of the financial and banking systems that is currently underway.

These early months of the year also highlight a new facet of the crisis, characterized by the tensions arising from the inevitable limits to public finances. Given the increasing fears of potential liquidity problems surfacing in some member states, the disclosures of end of the year figures for public accounts and the Governments' stability and growth programmes were closely scrutinised. The risk of contagion and potentially hazardous consequences for the whole euro zone encouraged the design and implementation of a bilateral financial facility among the euro area members that is now expected to tone down investors' fears. The state of public finances, the private sector indebtedness levels, and the efects of the financial crisis will affect the countries' short-term growth prospects. In this way, Greece will not be able to avert a recessionary period again in 2010; Portugal's economic growth will remain below potential; in Poland the expansionary cycle will likely be reinforced by the improving external environment, and Romania will start benefiting from the stabilization measures put into action over the previous years. The growth in world trade is materializing in the form of an acceleration of economic activity in Mozambique and Angola.

The perception of the end of the recession supported the gradual reappraisal of the price of risk in the financial markets. Financial assets more correlated with the cycle, such as the stock markets, corporate debt securities or emerging markets, have seen their valuation greatly improved, with the return to the markets of sovereign issuers that have been absent for about ten years due to debt default among the noteworthy developments. Conversely, some euro area member states faced a brutal escalation of their risk premiums, namely in Greece and in a much lesser degree in Portugal, that also impacted on the euro's overall performance. Monetary policy is proceeding at different speeds, with the developing world's central banks already delivering more restrictive measures, through specific regulation or higher interest rates, whereas in the case of the EMU or the U.S. central banks do not expect a change in interest rates soon, as they are still assessing the impacts on the interbank and credit markets of the recent changes in the their lending procedures.

Despite the significant progress, financial markets' full normalization is still far from complete. The access to long-term funds remains uneven and selective, by issuer and by type of instrument, affecting the availability and the price of credit for real activity, particularly in the countries where financial imbalances are greater. Overall, the results of financial institutions, from the end of 2009 to Q1, have been improving, though primarily benefiting from the good performance of financial markets while the traditional lines of business tended to show a more subdued performance, hampered by the pressure on the financial margin, moderate growth in business volumes and high impairment costs. The weakness feebleness of the economic and financial environment is a central issue for the evaluation, calibration and implementation of the recent proposals for changes to the Capital Requirements Directive. These changes will have far reaching consequences in the management of capital and liquidity of the financial institutions, and consequently in the economy's financing conditions, particularly so in those countries where the banking relationship is the strongest.

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: 01/01/2010 End: 31/03/2010**

Balance Sheet Items	Individual			Consolidated		
	n (NCA)	n-1 (NCA)	Var. (%)	n (IAS)	n-1 (IAS)	Var. (%)
ASSETS (NET)						
Loans to other credit institutions	10,032,898,979	9,011,395,380	11.34%	3,158,883,260	2,238,595,016	41.11%
Loans to clients	55,231,230,578	56,886,516,997	-2.91%	75,034,670,703	75,939,980,642	-1.19%
Fixed income securities	15,211,017,659	13,290,790,551	14.45%	6,793,821,863	4,652,754,876	46.02%
Variable yield securities	2,784,994,613	2,691,647,304	3.47%	2,229,908,547	2,368,366,169	-5.85%
Investments	3,897,261,772	3,991,144,336	-2.35%	461,461,604	348,561,200	32.39%
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	4,552,040	26,639,837	-	23,611,407	33,545,969	-29.61%
Nº of voting shares	5,487,664	42,728,884	-	28,617,964	53,557,637	-
Nº of preferred, non voting shares	0	0	-			-
Subordinate loans	3,608,281,347	3,876,946,954	-6.93%	2,195,229,307	2,538,536,867	-13.52%
Minority interests	0	0	-	460,388,295	334,635,054	37.58%
LIABILITIES						
Amounts owed to credit institutions	17,186,595,065	21,751,194,027	-20.99%	11,588,562,616	9,519,130,874	21.74%
Amounts owed to clients	31,441,137,810	30,888,603,589	1.79%	45,978,455,070	43,427,278,489	5.87%
Debt securities	16,715,093,810	10,905,018,411	53.28%	21,789,893,201	19,105,309,967	14.05%
TOTAL ASSETS (NET)	94,599,099,418	92,400,629,867	2.38%	96,660,247,688	93,084,817,326	3.84%
TOTAL SHAREHOLDER'S EQUITY	6,723,333,856	5,467,043,193	22.98%	6,963,207,903	5,712,861,971	21.89%
TOTAL LIABILITIES	87,875,765,562	86,933,586,674	1.08%	89,236,651,490	87,037,320,301	2.53%

P & L Items	Individual			Consolidated		
	n	n-1	Var. (%)	n	n-1	Var. (%)
Financial margin (2)	191,105,948	246,969,198	-22.62%	340,591,834	373,809,125	-8.89%
Commissions and other oper. revenue (net)	-8,298,962	124,799,457	-106.65%	207,191,804	203,835,177	1.65%
Securities yield and profits from financial transactions (net)	378,378,386	100,512,184	276.45%	136,223,663	150,374,043	-9.41%
Banking Income	561,185,372	472,280,839	18.82%	684,007,301	728,018,345	-6.05%
Personnel, administ. and other costs	-227,614,713	-249,026,512	-8.60%	-356,495,928	-374,533,001	-4.82%
Amortizations	-11,472,604	-12,009,805	-4.47%	-25,750,240	-26,183,822	-1.66%
Provisions (net of adjustments)	-248,370,201	-167,934,968	47.90%	-186,577,194	-196,929,128	-5.26%
Extraordinary profit	0	0	n.a.	0	0	n.a.
Profit before taxes	73,727,854	43,309,554	70.23%	115,183,939	130,372,394	-11.65%
Income tax (3)	55,624,133	-8,605,526	-746.38%	-22,006,485	-28,866,243	-23.76%
Minority interests and income excluded from consolidation	0	0	-	3,226,511	5,171,106	-37.61%
Net profit / loss for the quarter	129,351,987	34,704,028	272.73%	96,403,965	106,677,257	-9.63%
Net profit / loss per share for the quarter	0.0276	0.0074	272.73%	0.0205	0.0227	-9.63%
Self financing (4)	389,194,792	214,648,801	81.32%	308,731,399	329,790,207	-6.39%

(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) Financial margin = Interest income - Interest expense;

(3) Estimated income tax

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

BANCO COMERCIAL PORTUGUÊS

Consolidated Income Statement
for the three months period ended 31 March, 2010 and 2009

	31 March 2010	31 March 2009
	(Thousands of Euros)	
Interest income	795,917	1,102,089
Interest expense	(455,325)	(728,280)
Net interest income	340,592	373,809
Dividends from equity instruments	865	600
Net fees and commission income	202,153	168,713
Net gains / losses arising from trading and hedging activities	130,449	149,382
Net gains / losses arising from available for sale financial assets	4,910	392
Other operating income	3,969	9,518
	682,938	702,414
Other net income from non banking activity	4,200	4,238
Total operating income	687,138	706,652
Staff costs	208,835	231,940
Other administrative costs	147,661	142,593
Depreciation	25,750	26,184
Operating costs	382,246	400,717
	304,892	305,935
Loans impairment	(164,758)	(160,083)
Other assets impairment	(15,607)	(16,634)
Other provisions	(6,211)	(20,212)
Operating profit	118,316	109,006
Share of profit of associates under the equity method	16,738	11,499
Gains / (losses) from the sale of subsidiaries and other assets	(3,133)	21,366
Profit before income tax	131,921	141,871
Income tax		
Current	(13,381)	(37,062)
Deferred	(8,625)	8,196
Profit after income tax	109,915	113,005
Attributable to:		
Shareholders of the Bank	96,404	106,677
Minority interests	13,511	6,328
Profit for the year	109,915	113,005

BANCO COMERCIAL PORTUGUÊS

Consolidated Balance Sheet as at 31 March, 2010 and 2009 and 31 December, 2009

	31 March 2010	31 December 2009	31 March 2009
		(Thousands of Euros)	
Assets			
Cash and deposits at central banks	1,742,502	2,244,724	1,373,422
Loans and advances to credit institutions			
Repayable on demand	811,113	839,552	686,794
Other loans and advances	2,347,771	2,025,834	1,551,801
Loans and advances to customers	75,034,671	75,191,116	75,939,981
Financial assets held for trading	3,678,290	3,356,929	3,825,295
Financial assets available for sale	3,051,393	2,698,636	1,679,747
Assets with repurchase agreement	6,882	50,866	81,176
Hedging derivatives	403,856	465,848	233,327
Financial assets held to maturity	2,287,165	2,027,354	1,434,903
Investments in associated companies	461,462	438,918	348,561
Non current assets held for sale	1,863,149	1,343,163	834,001
Investment property	425,135	429,856	431,773
Property and equipment	626,705	645,818	721,143
Goodwill and intangible assets	530,844	534,995	539,046
Current tax assets	36,146	24,774	22,976
Deferred tax assets	584,548	584,250	584,900
Other assets	2,768,622	2,647,777	2,795,971
	96,660,254	95,550,410	93,084,817
Liabilities			
Amounts owed to central banks	2,517,763	3,409,031	2,181,674
Amounts owed to others credit institutions	5,794,281	6,896,641	7,337,457
Amounts owed to customers	45,978,455	46,307,233	43,427,278
Debt securities	21,789,893	19,953,227	19,105,310
Financial liabilities held for trading	1,199,006	1,072,324	1,754,048
Other financial liabilities held for trading			
at fair value through results	6,734,427	6,345,583	8,392,124
Hedging derivatives	94,413	75,483	146,103
Non current liabilities held for sale	912,406	435,832	-
Provisions for liabilities and charges	234,813	233,120	238,745
Subordinated debt	2,195,229	2,231,714	2,538,537
Current income tax liabilities	10,379	10,795	3,109
Deferred income tax liabilities	4,040	416	371
Other liabilities	1,771,553	1,358,210	1,912,564
Total Liabilities	89,236,658	88,329,609	87,037,320
Equity			
Share capital	4,694,600	4,694,600	4,694,600
Treasury stock	(89,080)	(85,548)	(83,986)
Share premium	192,122	192,122	183,368
Preference shares	1,000,000	1,000,000	1,000,000
Other capital instruments	1,000,000	1,000,000	-
Fair value reserves	102,301	93,760	26,629
Reserves and retained earnings	(33,139)	(243,655)	(214,426)
Profit for the year attributable to Shareholders	96,404	225,217	106,677
Total Equity attributable to Shareholders of the Bank	6,963,208	6,876,496	5,712,862
Minority interests	460,388	344,305	334,635
Total Equity	7,423,596	7,220,801	6,047,497
	96,660,254	95,550,410	93,084,817

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

31 March
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BANCO COMERCIAL PORTUGUÊS

Consolidated Income Statement
for the three months period ended 31 March, 2010 and 2009

	Notes	31 March 2010	31 March 2009
		(Thousands of Euros)	
Interest and similar income	3	795,917	1,102,089
Interest expense and similar charges	3	(455,325)	(728,280)
Net interest income		340,592	373,809
Dividends from equity instruments	4	865	600
Net fees and commissions income	5	202,153	168,713
Net gains / (losses) arising from trading and hedging activities	6	130,449	149,382
Net gains / (losses) arising from available for sale financial assets	7	4,910	392
Other operating income	8	3,969	9,518
		682,938	702,414
Other net income from non banking activities		4,200	4,238
Total operating income		687,138	706,652
Staff costs	9	208,835	231,940
Other administrative costs	10	147,661	142,593
Depreciation	11	25,750	26,184
Operating expenses		382,246	400,717
		304,892	305,935
Loans impairment	12	(164,758)	(160,083)
Other assets impairment	26, 28 and 31	(15,607)	(16,634)
Other provisions	13	(6,211)	(20,212)
Operating profit		118,316	109,006
Share of profit of associates under the equity method	14	16,738	11,499
Gains / (losses) from the sale of subsidiaries and other assets	15	(3,133)	21,366
Profit before income tax		131,921	141,871
Income tax			
Current	16	(13,381)	(37,062)
Deferred	16	(8,625)	8,196
Profit after income tax		109,915	113,005
Attributable to:			
Shareholders of the Bank		96,404	106,677
Minority interests	44	13,511	6,328
Profit for the period		109,915	113,005
Earnings per share (in euros)	17		
Basic		0.06	0.08
Diluted		0.06	0.08

CHIEF ACCOUNTANT THE BOARD OF DIRECTORS

See accompanying notes to the interim consolidated financial statements

BANCO COMERCIAL PORTUGUÊS

Consolidated Balance Sheet as at 31 March, 2010 and 31 December, 2009

	Notes	31 March 2010	31 December 2009
		(Thousands of Euros)	
Assets			
Cash and deposits at central banks	18	1,742,502	2,244,724
Loans and advances to credit institutions			
Repayable on demand	19	811,113	839,552
Other loans and advances	20	2,347,771	2,025,834
Loans and advances to customers	21	75,034,671	75,191,116
Financial assets held for trading	22	3,678,290	3,356,929
Financial assets available for sale	22	3,051,393	2,698,636
Assets with repurchase agreement		6,882	50,866
Hedging derivatives	23	403,856	465,848
Financial assets held to maturity	24	2,287,165	2,027,354
Investments in associated companies	25	461,462	438,918
Non current assets held for sale	26	1,863,149	1,343,163
Investment property	27	425,135	429,856
Property and equipment	28	626,705	645,818
Goodwill and intangible assets	29	530,844	534,995
Current income tax assets		36,146	24,774
Deferred income tax assets	30	584,548	584,250
Other assets	31	2,768,622	2,647,777
		96,660,254	95,550,410
Liabilities			
Deposits from central banks		2,517,763	3,409,031
Deposits from other credit institutions	32	5,794,281	6,896,641
Deposits from customers	33	45,978,455	46,307,233
Debt securities issued	34	21,789,893	19,953,227
Financial liabilities held for trading	35	1,199,006	1,072,324
Other financial liabilities held for trading			
at fair value through profit or loss	36	6,734,427	6,345,583
Hedging derivatives	23	94,413	75,483
Non current liabilities held for sale	26	912,406	435,832
Provisions for liabilities and charges	37	234,813	233,120
Subordinated debt	38	2,195,229	2,231,714
Current income tax liabilities		10,379	10,795
Deferred income tax liabilities	30	4,040	416
Other liabilities	39	1,771,553	1,358,210
Total Liabilities		89,236,658	88,329,609
Equity			
Share capital	40	4,694,600	4,694,600
Treasury stock	43	(89,080)	(85,548)
Share premium		192,122	192,122
Preference shares	40	1,000,000	1,000,000
Other capital instruments	40	1,000,000	1,000,000
Fair value reserves	42	102,301	93,760
Reserves and retained earnings	42	(33,139)	(243,655)
Profit for the period attributable to Shareholders		96,404	225,217
Total Equity attributable to Shareholders of the Bank		6,963,208	6,876,496
Minority interests	44	460,388	344,305
Total Equity		7,423,596	7,220,801
		96,660,254	95,550,410

CHIEF ACCOUNTANT THE 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, 2010 and 2009

	31 March 2010	31 March 2009
	(Thousands of Euros)	
Cash flows arising from operating activities		
Interest income received	768,164	1,125,584
Commissions income received	228,864	220,663
Fees received from services rendered	11,325	68,086
Interest expense paid	(441,587)	(805,760)
Commissions expense paid	(35,642)	(77,232)
Recoveries on loans previously written off	1,961	7,867
Net earned premiums	6,173	5,145
Claims incurred	(1,738)	(1,560)
Payments to suppliers and employees	(443,272)	(433,069)
	94,248	109,724
Decrease / (increase) in operating assets:		
Loans and advances to credit institutions	(323,658)	984,400
Deposits with Central Banks under monetary regulations	462,515	878,412
Loans and advances to customers	161,858	(602,987)
Short term trading account securities	165,083	101,124
Increase / (decrease) in operating liabilities:		
Deposits from credit institutions repayable on demand	52,228	81,353
Deposits from credit institutions with agreed maturity date	(1,917,507)	499,294
Deposits from clients repayable on demand	(452,663)	(661,682)
Deposits from clients with agreed maturity date	237,758	(659,992)
	(1,520,138)	729,646
Income taxes (paid) / received	6,171	4,851
	(1,513,967)	734,497
Cash flows arising from investing activities		
Proceeds from sale of shares in subsidiaries and associated companies	-	83,408
Dividends received	865	34
Interest income from available for sale financial assets	31,966	24,244
Proceeds from sale of available for sale financial assets	16,298,513	10,390,022
Available for sale financial assets purchased	(23,140,718)	(18,152,756)
Proceeds from available for sale financial assets on maturity	6,470,761	7,309,280
Acquisition of fixed assets	(40,051)	(22,842)
Proceeds from sale of fixed assets	22,509	8,453
Increase / (decrease) in other sundry assets	(542,616)	(146,642)
	(898,771)	(506,799)
Cash flows arising from financing activities		
Issuance of subordinated debt	-	356
Reimbursement of subordinated debt	(10,983)	(62,069)
Issuance of debt securities	1,665,926	1,669,620
Reimbursement of debt securities	(1,356,727)	(2,158,703)
Issuance of commercial paper	4,103,333	6,655,406
Reimbursement of commercial paper	(2,267,523)	(6,196,244)
Increase / (decrease) in other sundry liabilities and minority interests	207,379	(598,113)
	2,341,405	(689,747)
Exchange differences effect on cash and equivalents	3,187	(62,097)
Net changes in cash and equivalents	(68,146)	(524,146)
Cash and equivalents at the beginning of the period	1,523,026	1,732,239
Cash (note 18)	643,767	521,299
Other short term investments (note 19)	811,113	686,794
Cash and equivalents at the end of the period	1,454,880	1,208,093

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, 2010 and 2009

(Amounts expressed in thousands of Euros)

	Total equity	Share capital	Preference shares	Other capital instruments	Share premium	Legal and statutory reserves	Other comprehensive income: Fair value and Cash Flow hedged reserves	Other comprehensive income: Other	Other reserves and retained earnings	Goodwill	Treasury stock	Minority interests
Balance on 31 December, 2008	6,248,234	4,694,600	1,000,000	-	183,368	380,291	214,593	(61,731)	2,491,580	(2,883,580)	(58,631)	287,744
Transfers to reserves:												
Legal reserve	-	-	-	-	-	45,119	-	-	(45,119)	-	-	-
Statutory reserve	-	-	-	-	-	10,000	-	-	(10,000)	-	-	-
Dividends paid in 2008	(79,808)	-	-	-	-	-	-	-	(79,808)	-	-	-
Profit for the year attributable to Shareholders of the Bank	106,677	-	-	-	-	-	-	-	106,677	-	-	-
Profit for the year attributable to minority interests (note 43)	6,328	-	-	-	-	-	-	-	-	-	-	6,328
Treasury stock	(25,355)	-	-	-	-	-	-	-	-	-	(25,355)	-
Exchange differences arising on consolidation	(62,097)	-	-	-	-	-	-	(62,097)	-	-	-	-
Fair value reserves (note 41)												
Financial instruments available for sale	(210,249)	-	-	-	-	-	(210,249)	-	-	-	-	-
Cash-flow hedge	22,285	-	-	-	-	-	22,285	-	-	-	-	-
Minority interests (note 43)	40,563	-	-	-	-	-	-	-	-	-	-	40,563
Other reserves arising on consolidation (note 41)	919	-	-	-	-	-	-	-	919	-	-	-
Balance on 31 March, 2009	6,047,497	4,694,600	1,000,000	-	183,368	435,410	26,629	(123,828)	2,464,249	(2,883,580)	(83,986)	334,635
Dividends paid in 2008	700	-	-	-	-	-	-	-	700	-	-	-
Issue of perpetual subordinated Instruments (note 40)	1,000,000	-	-	1,000,000	-	-	-	-	-	-	-	-
Costs related to the issue of perpetual subordinated Instruments	(9,597)	-	-	-	-	-	-	-	(9,597)	-	-	-
Interest charge related to the issue of perpetual subordinated Instruments	(10,500)	-	-	-	-	-	-	-	(10,500)	-	-	-
Tax related to the costs and interest charge on the issue of perpetual subordinated	5,168	-	-	-	-	-	-	-	5,168	-	-	-
Profit for the period attributable to Shareholders of the Bank	118,540	-	-	-	-	-	-	-	118,540	-	-	-
Profit for the period attributable to minority interests (note 44)	17,757	-	-	-	-	-	-	-	-	-	-	17,757
Costs related with the issue increase in share capital April 2008	8,754	-	-	-	8,754	-	-	-	-	-	-	-
Dividends on preference shares	(48,910)	-	-	-	-	-	-	-	(48,910)	-	-	-
Treasury stock	(1,562)	-	-	-	-	-	-	-	-	-	(1,562)	-
Exchange differences arising on consolidation	27,350	-	-	-	-	-	-	27,350	-	-	-	-
Fair value reserves (note 42)												
Financial instruments available for sale	94,252	-	-	-	-	-	94,252	-	-	-	-	-
Cash-flow hedge	(27,121)	-	-	-	-	-	(27,121)	-	-	-	-	-
Minority interests (note 44)	(8,087)	-	-	-	-	-	-	-	-	-	-	(8,087)
Other reserves arising on consolidation (note 42)	6,560	-	-	-	-	-	-	-	6,560	-	-	-
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 minority 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	-	-	-	-	-
Minority 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

See accompanying notes to the interim consolidated financial statements

BANCO COMERCIAL PORTUGUÊS

Statement of Comprehensive income
for the three months period ended 31 March, 2010 and 2009

	Notes	31 March 2010	31 March 2009
		(Thousands of Euros)	
Fair value reserves			
Financial assets available for sale	42	406	(213,243)
Cash-Flow hedge	42	7,632	27,512
Taxes			
Financial assets available for sale	42	2,499	2,994
Cash-Flow hedge	42	(1,996)	(5,227)
		8,541	(187,964)
Exchange differences arising on consolidation	42	3,187	(62,097)
Comprehensive income recognized directly in Equity after taxes		11,728	(250,061)
Profit for the period		109,915	113,005
Total Comprehensive income for the period		121,643	(137,056)
Attributable to:			
Shareholders of the Bank		108,132	(143,384)
Minority interests		13,511	6,328
Total Comprehensive income for the period		121,643	(137,056)

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, 2010 and 2009.

In accordance with Regulation (EC) no. 1606/2002 from the European Parliament and the Counsel, of 19 July 2002, and as transposed into Portuguese Law through Decree-Law no. 35/2005, of 17 February and Regulation no. 1/2005 from the Bank of Portugal, the Group’s consolidated financial statements are required to be prepared in accordance with International Financial Reporting Standards (‘IFRS’) as endorsed by the European Union ('EU') since the year 2005. IFRS comprise accounting standards issued by the International Accounting Standards Board (‘IASB’) as well as interpretations issued by the International Financial Reporting Interpretations Committee (‘IFRIC’) and their predecessor bodies. The consolidated financial statements presented were approved by the Bank's Executive Board of Directors on April 2010. 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 2009. 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, 2010 have been prepared in terms of recognition and measurement in accordance with Group's IFRS, effective and adopted by EU at that date.

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

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

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

b) Basis of consolidation

Investments in subsidiaries

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

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

Investments in associates

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

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

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

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

Goodwill

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

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

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

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

Special Purpose Entities (‘SPE’)

The Group fully consolidates SPE’s resulting from securitization operation with assets from Group entities (as referred in note 22), when the substance of the relation with those entities indicates that the Group exercises control over its activities, independently of the percentage of the equity held. Besides these SPE resulting from securitization operations, no additional SPE’s have been consolidated considering that they do not meet the criteria established on SIC 12 as described below.

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

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

Investment fund management

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

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

Investments in foreign subsidiaries and associates

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

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

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

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

Investments in jointly controlled entities

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

Transactions with minority interests

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

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

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

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

Transactions eliminated on consolidation

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

c) Loans and advances to customers

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

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

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

Impairment

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

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

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

(i) Individually assessed loans

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

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

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

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

(ii) Collective assessment

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

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

The collective impairment loss is determined considering the following factors:

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

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

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

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

d) Financial instruments

(i) Classification, initial recognition and subsequent measurement

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

1a) Financial assets held for trading

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

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

1b) By decision of the entity ("Fair Value Option")

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

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

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

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

2) Financial assets available for sale

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

3) Financial assets held-to-maturity

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

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

4) Loans and receivables - Loans represented by securities

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

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

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

5) Other financial liabilities

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

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

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

(ii) Impairment

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

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

(iii) Embedded derivatives

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

e) Derivatives hedge accounting

(i) Hedge accounting

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

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

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

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

(ii) Fair value hedge

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

(iii) Cash flow hedge

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

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

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

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

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

(iv) Hedge effectiveness

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

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

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

f) Reclassifications between financial instruments categories

In October 2008, the IASB issued a change to IAS 39 – Reclassification of Financial Assets (Amendments to IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7: Financial Instruments Disclosures). This change allowed an entity to transfer Financial assets from Financial assets at fair value through profit and loss – trading to Financial assets available for sale, to Loans and Receivables - Loans represented by securities or to financial assets held-to-maturity, as long as these financial assets comply with the characteristics of each category. The Group adopted this possibility for a group of financial assets, as disclosed in note 22.

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

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

g) Derecognition

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

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

h) Equity instruments

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

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

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

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

i) Compound financial instruments

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

j) Securities borrowing and lending business and repurchase agreement transactions

(i) Securities borrowing and lending

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

(ii) Repurchase agreements

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

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

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

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

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

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

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

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

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

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

l) Finance lease transactions

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

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

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

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

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

m) Interest income and expense

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

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

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

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

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

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

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

n) Fee and commission income

Fees and commissions are recognized according to the following criteria:

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

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

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

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

p) Fiduciary activities

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

q) Property and equipment

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

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

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

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

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

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

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

r) Investment property

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

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

s) Intangible Assets

Research and development expenditure

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

Software

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

t) Cash and cash equivalents

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

Cash and cash equivalents exclude restricted balances with central banks.

u) Offsetting

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

v) Foreign currency transactions

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

w) Employee benefits

Defined benefit plans

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

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

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

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

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

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

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

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

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

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

Defined contributions plans

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

Share based compensation plan (stock options)

As at 31 December 2009 there are no share based compensation plans in force.

Variable remuneration paid to employees

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

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

x) *Income taxes*

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

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

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

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

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

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

y) *Segmental reporting*

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

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

Portugal

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

Foreign activity

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

z) *Provisions*

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

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

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

aa) *Earnings per share*

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

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

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

ab) Insurance contracts

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

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

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

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

Premiums

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

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

Provision for unearned premiums from direct insurance and reinsurance premiuns ceded

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

ac) Accounting estimates and judgements in applying accounting policies

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

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

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

Impairment of available for-sale equity investments

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

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

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

Impairment losses on loans and advances to customers

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

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

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

Fair value of derivatives

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

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

Securitizations and special purpose entities

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

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

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

In the scope of the application of this accounting policy and in accordance with note 21, the following SPE's resulting from securitization transactions were included in the consolidation perimeter: NovaFinance n. 3 and 4, Magellan n.5 and n.6, Kion and Orchis Sp zo.o. The Group did not consolidate the following SPE's also resulting from securitization transactions: Magellan n. 1, 2, 3 and 4. For these SPE's, which are not recognized in the balance, the Group concluded that the main risks and the benefits were transferred, as the Group does not hold detain any security issued by the SPE's, that are exposed to the majority of the residual risks, neither is exposed to the performance of the credit portfolios.

Income taxes

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

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

The Portuguese Tax Authorities are entitled to review the Bank and its subsidiaries' determination of its annual taxable earnings, for a period of four years or six years in case there are tax losses brought forward. Hence, it is possible that some additional taxes may be assessed, mainly as a result of differences in interpretation of the tax law which for its probability, the Executive Board of Directors considers that there is no relevant material efect at the level of the Financial Statements. However, the Executive Board of Directors of the Bank, and those of its subsidiaries domiciled in Portugal are confident that material tax assessments do not have impact in the financial statements.

Pension and other employees' benefits

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

Changes in these assumptions could materially affect these values.

Goodwill

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

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

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

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

The amount of this account is comprised of:

	Mar 2010 Euros '000	Mar 2009 Euros '000
Net interest income	340,592	373,809
Net gains from trading, hedging and AFS activities	135,359	149,774
	475,951	523,583

3. Net interest income

The amount of this account is comprised of:

	Mar 2010 Euros '000	Mar 2009 Euros '000
Interest and similar income		
Interest on loans and advances	640,007	982,199
Interest on trading securities	24,985	32,839
Interest on other financial assets valued at fair value through profit and loss account	42	-
Interest on available for sale financial assets	25,499	16,508
Interest on held to maturity financial assets	15,006	11,721
Interest on hedging derivatives	53,260	24,422
Interest on derivatives associated to financial instruments through profit and loss account	24,521	8,811
Interest on deposits and other investments	12,597	25,589
	795,917	1,102,089
Interest expense and similar charges		
Interest on deposits and inter-bank funding	263,926	409,467
Interest on securities sold under repurchase agreement	5,222	9,940
Interest on securities issued	130,127	216,123
Interest on hedging derivatives	5,848	9,267
Interest on derivatives associated to financial instruments through profit and loss account	1,721	11,301
Interest on other financial liabilities valued at fair value through profit and loss account	48,481	72,182
	455,325	728,280
Net interest income	340,592	373,809

The balance of Interest on loans and advances includes the amount of Euros 7,590,000 (31 March 2009: Euros 353,000) related to commissions which are accounted for under the effective interest method, as referred in the accounting policy, note 1 c).

4. Dividends from equity instruments

The amount of this account is comprised of:

	Mar 2010 Euros '000	Mar 2009 Euros '000
Dividends from available for sale financial assets	864	600
Other	1	-
	865	600

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 2010 Euros '000	Mar 2009 Euros '000
Fees and commissions income		
From guarantees	22,755	19,899
From credit and commitments	110	100
From banking services	143,889	132,560
From insurance activity	174	179
From other services	64,121	55,443
	231,049	208,181
Fees and commissions expenses		
From guarantees	306	189
From banking services	19,760	27,466
From insurance activity	155	354
From other services	8,675	11,459
	28,896	39,468
Net fees and commission income	202,153	168,713

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

The amount of this account is comprised of:

	Mar 2010 Euros '000	Mar 2009 Euros '000
Gains arising on trading and hedging activities		
Foreign exchange activity	1,078,959	3,055,537
Financial instruments associated to financial instruments through profit and loss account		
Held for trading		
Securities portfolio		
Fixed income	25,390	16,748
Variable income	1,042	815
Certificates and VME issued	11,578	17,594
Derivatives associated to financial instruments through profit and loss account	73,570	89,035
Other financial instruments derivatives	1,068,839	425,562
Other financial instruments through profit and loss account	38,500	82,403
Repurchase of debt securities issued	4,834	12,670
Headging accounting		
Hedging derivatives	108,892	217,476
Hedged item	11,372	42,326
Other activity	3,226	1,074
	2,426,202	3,961,240
Losses arising on trading and hedging activities		
Foreign exchange activity	1,047,666	3,049,350
Financial instruments associated to financial instruments through profit and loss account		
Held for trading		
Securities portfolio		
Fixed income	11,338	14,685
Variable income	824	1,775
Certificates and VME issued	12,610	12,947
Derivatives associated to financial instruments through profit and loss account	65,518	108,521
Other financial instruments derivatives	1,036,798	372,468
Other financial instruments through profit and loss account	4,653	36,880
Repurchase of debt securities issued	1,589	-
Headging accounting		
Hedging derivatives	19,402	118,387
Hedged item	94,897	85,598
Other activity	458	11,247
	2,295,753	3,811,858
Net gains / (losses) arising from trading and hedging activities	130,449	149,382

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

The amount of this account is comprised of:

	Mar 2010 Euros '000	Mar 2009 Euros '000
Gains arising from available for sale financial assets		
Fixed income	756	8,726
Variable income	5,515	587
Losses arising from available for sale financial assets		
Fixed income	(448)	(2,924)
Variable income	(913)	(5,997)
Net gains / (losses) arising from available for sale financial assets	4,910	392

8. Other operating income

The amount of this account is comprised of:

	Mar 2010 Euros '000	Mar 2009 Euros '000
Operating income		
Income from services	9,932	12,440
Cheques and others	4,932	6,367
Other operating income	3,610	3,208
	18,474	22,015
Operating costs		
Indirect taxes	7,725	7,126
Donations and quotizations	1,504	724
Other operating expenses	5,276	4,647
	14,505	12,497
	3,969	9,518

9. Staff costs

The amount of this account is comprised of:

	Mar 2010 Euros '000	Mar 2009 Euros '000
Salaries and remunerations	150,783	143,304
Mandatory social security charges	49,309	74,937
Voluntary social security charges	6,672	11,704
Other staff costs	2,071	1,995
	208,835	231,940

10. Other administrative costs

The amount of this account is comprised of:

	Mar 2010 Euros '000	Mar 2009 Euros '000
Water, electricity and fuel	4,883	4,835
Consumables	1,685	2,035
Rents	38,189	35,829
Communications	10,886	11,569
Travel, hotel and representation costs	3,407	4,279
Advertising	10,560	9,612
Maintenance and related services	9,154	9,288
Credit cards and mortgage	4,322	4,283
Advisory services	6,761	7,001
Information technology services	6,424	5,521
Outsourcing	22,446	18,884
Other specialised services	6,701	6,822
Training costs	733	868
Insurance	4,348	3,833
Legal expenses	2,188	1,946
Transportation	2,419	2,640
Other supplies and services	12,555	13,348
	147,661	142,593

11. Depreciation

The amount of this account is comprised of:

	Mar 2010 Euros '000	Mar 2009 Euros '000
Intangible assets:		
Software	4,094	3,182
Other intangible assets	2	126
	4,096	3,308
Property and equipment:		
Land and buildings	10,852	10,905
Equipment		
Furniture	972	1,306
Office equipment	869	1,083
Computer equipment	5,125	6,180
Interior installations	1,122	1,734
Motor vehicles	815	489
Security equipment	713	736
Other tangible assets	1,186	443
	21,654	22,876
	25,750	26,184

12. Loans impairment

The amount of this account is comprised of:

	Mar 2010 Euros '000	Mar 2009 Euros '000
Loans and advances to credit institutions:		
For overdue loans and credit risks		
Impairment for the period	3,223	4,045
Write-back for the period	(1,570)	(8,030)
	1,653	(3,985)
Loans and advances to customers:		
For overdue loans and credit risks		
Impairment for the period	345,292	252,147
Write-back for the period	(180,226)	(80,212)
Recovery of loans and interest charged-off	(1,961)	(7,867)
	163,105	164,068
	164,758	160,083

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 2010 Euros '000	Mar 2009 Euros '000
Provision for other pensions benefits		
Charge for the year	213	186
Write-back for the year	(49)	-
Provision for guarantees and other commitments		
Charge for the year	4,585	3,088
Write-back for the year	(3,467)	(4,515)
Other provisions for liabilities and charges		
Charge for the year	5,038	21,490
Write-back for the year	(109)	(37)
	6,211	20,212

14. Share of profit of associates under the equity method

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

	Mar 2010 Euros '000	Mar 2009 Euros '000
Millenniumbcp Fortis Group	15,173	13,437
Amortization of value in force (VIF) for Millennium bcp Fortis Group	-	(4,522)
Other companies	1,565	2,584
	16,738	11,499

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

The amount of this account is comprised of:

	Mar 2010 Euros '000	Mar 2009 Euros '000
Dilution of the share capital of Bank		
Millennium Angola	-	21,183
Other assets	(3,133)	183
	(3,133)	21,366

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

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

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

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

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

16. Income tax

The charge for the three months period ended 31 March, 2010 and 2009 is comprised as follows:

	Mar 2010 Euros '000	Mar 2009 Euros '000
Current tax	13,381	37,062
Deferred tax		
Temporary diferences	18,185	(80,197)
Effect of changes in tax rate	(3,314)	(3,266)
Tax losses utilized	(6,246)	75,267
	8,625	(8,196)
	22,006	28,866

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

	Mar 2010		Mar 2009	
	%	Euros '000	%	Euros '000
Profit before income taxes		131,921		141,871
Current tax rate	26.5%	(34,959)	26.5%	(37,596)
Foreign tax rate effect (i)	-1.6%	2,174	-0.7%	992
Non deductible expenses (ii)	6.5%	(8,548)	20.2%	(28,690)
Tax exempt income (iii)	-16.1%	21,268	-24.8%	35,352
Fiscal incentives (iv)	-0.3%	454	-1.3%	1,786
Losses brought forward	0.4%	(544)	0.3%	(430)
Tax rate effect	1.4%	(1,853)	0.0%	5
Previous years corrections	0.2%	(280)	0.0%	(44)
Autonomous tax and tax suported in foreign				
subsidiaries (v)	-0.2%	282	0.2%	(241)
	16.8%	(22,006)	20.4%	(28,866)

As at 31 March 2010 and 2009, the amount of deferred taxes in the Income Statement is attributable to temporary differences arising from the following balances:

	Mar 2010 Euros '000	Mar 2009 Euros '000
Intangible assets	16	41
Other tangible assets	(1,126)	1,174
Impairment losses	(715)	(65,529)
Pensions	7,184	9,615
Derivatives	(179)	(4,923)
Utilization of losses brought forward	(7,226)	75,267
Allocation of profits	(8,348)	(13,740)
Others	19,019	(10,101)
Deferred taxes	8,625	(8,196)

17. Earnings per share

The earnings per share are calculated as follows:

	Mar 2010 Euros '000	Mar 2009 Euros '000
Profit for the year attributable to shareholders of the Bank	96,404	106,677
Dividends on other capital instruments	(24,923)	(12,060)
Adjusted profit	71,481	94,617
Average number of shares	4,685,696,935	4,678,076,680
Basic earnings per share (Euros)	0.06	0.08
Diluted earnings per share (Euros)	0.06	0.08

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 analized as follows:

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

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

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

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

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

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

18. Cash and deposits at central banks

This balance is analysed as follows:

	Mar 2010 Euros '000	Dec 2009 Euros '000
Cash	643,767	683,474
Central banks	1,098,735	1,561,250
	1,742,502	2,244,724

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

19. Loans and advances to credit institutions repayable on demand

This balance is analysed as follows:

	Mar 2010 Euros '000	Dec 2009 Euros '000
Credit institutions in Portugal	1,692	837
Credit institutions abroad	527,174	407,766
Amounts due for collection	282,247	430,949
	811,113	839,552

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

20. Other loans and advances to credit institutions

This balance is analysed as follows:

	Mar 2010 Euros '000	Dec 2009 Euros '000
Credit institutions in Portugal	229,394	201,302
Credit institutions abroad	2,123,429	1,827,186
	2,352,823	2,028,488
Overdue loans - less than 90 days	-	1
Overdue loans - more than 90 days	17,095	17,839
	2,369,918	2,046,328
Impairment for other loans and advances to credit institutions	(22,147)	(20,494)
	2,347,771	2,025,834

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

	Mar 2010 Euros '000	Mar 2009 Euros '000
Balance on 1 January	20,494	9,049
Impairment for the period	3,223	4,045
Write-back for the period	(1,570)	(8,030)
Balance on 31 March	22,147	5,064

21. Loans and advances to customers

This balance is analysed as follows:

	Mar 2010 Euros '000	Dec 2009 Euros '000
Public sector	653,208	667,282
Asset-backed loans	43,411,939	43,144,253
Personal guaranteed loans	14,954,310	15,284,915
Unsecured loans	5,570,824	5,576,052
Foreign loans	3,933,020	3,947,356
Factoring	1,313,131	1,483,839
Finance leases	5,160,820	5,212,390
	74,997,252	75,316,087
Overdue loans - less than 90 days	208,393	219,343
Overdue loans - more than 90 days	1,931,705	1,812,780
	77,137,350	77,348,210
Impairment for credit risk	(2,102,679)	(2,157,094)
	75,034,671	75,191,116

As at 31 March 2010, the balance Loans and advances to customers includes the amount of Euros 5,003,783,000 (31 December 2009: Euros 4,973,000,000) regarding mortgage loans which are a collateral for four asset-back securities. The last asset-back security program was issued during 2009.

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

Since 2009, following "Carta-circular" no. 15/2009 from the Bank of Portugal, the Bank only writes-off overdue loans fully provided which after an economic analysis, are considered uncollectable on the basis that there are no perspectives of recovery. The application of this criteria resulted in an increase in the amount of overdue loans recognized in the balance sheet, in the amount of Euros 241,000,000.

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

	Mar 2010 Euros '000	Dec 2009 Euros '000
Loans not represented by securities		
Discounted bills	750,722	828,880
Current account credits	6,149,624	6,053,858
Overdrafts	2,104,629	2,065,403
Loans	23,165,317	23,596,519
Mortgage loans	32,055,658	31,690,518
Factoring	1,313,131	1,483,839
Finance leases	5,160,820	5,212,390
	70,699,901	70,931,407
Loans represented by securities		
Commercial paper	2,555,829	2,711,682
Bonds	1,741,522	1,672,998
	4,297,351	4,384,680
	74,997,252	75,316,087
Overdue loans - less than 90 days	208,393	219,343
Overdue loans - more than 90 days	1,931,705	1,812,780
	77,137,350	77,348,210
Impairment for credit risk	(2,102,679)	(2,157,094)
	75,034,671	75,191,116

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

	Mar 2010 Euros '000	Dec 2009 Euros '000
Agriculture	736,914	700,500
Mining	543,029	390,322
Food, beverage and tobacco	648,459	764,556
Textiles	561,047	604,422
Wood and cork	305,052	314,996
Printing and publishing	365,313	339,582
Chemicals	989,520	1,012,677
Engineering	1,333,464	1,317,710
Electricity, water and gas	1,265,074	977,141
Construction	5,160,354	5,492,989
Retail business	2,060,863	2,208,398
Wholesale business	2,913,671	3,021,443
Restaurants and hotels	1,356,391	1,357,873
Transports and communications	2,176,520	2,018,918
Services	16,508,950	16,578,852
Consumer credit	5,096,827	5,088,656
Mortgage credit	29,542,852	29,068,536
Other domestic activities	1,031,802	1,013,079
Other international activities	4,541,248	5,077,560
	77,137,350	77,348,210
Impairment for credit risk	(2,102,679)	(2,157,094)
	75,034,671	75,191,116

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

	Mar 2010		
	Traditional Euros '000	Synthetic Euros '000	Total Euros '000
Mortgage credit	6,163,813	-	6,163,813
Consumer credit	682,960	-	682,960
Finance Leases	1,339,881	-	1,339,881
Commercial paper	665,125	-	665,125
Loans to companies	2,009,201	-	2,009,201
	10,860,980	-	10,860,980

	Dec 2009		
	Traditional Euros '000	Synthetic Euros '000	Total Euros '000
Mortgage credit	5,845,786	-	5,845,786
Consumer credit	684,596	-	684,596
Finance Leases	185,618	-	185,618
Commercial paper	484,146	-	484,146
Loans to companies	2,013,156	-	2,013,156
	9,213,302	-	9,213,302

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

	Mar 2010 Euros '000	Dec 2009 Euros '000
Gross amount	5,876,123	5,936,249
Interest not yet due	(715,303)	(723,859)
Net book value	5,160,820	5,212,390

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 2010 Euros '000	Dec 2009 Euros '000
Agriculture	3,913	5,825
Mining	607	101
Food, beverage and tobacco	4,932	8,324
Textiles	16,258	15,362
Wood and cork	6,044	4,188
Printing and publishing	4,530	4,035
Chemicals	7,557	9,208
Engineering	21,103	26,635
Electricity, water and gas	336	208
Construction	39,516	27,987
Retail business	7,580	8,332
Wholesale business	25,951	10,720
Restaurants and hotels	1,715	1,636
Transports and communications	20,081	28,943
Services	194,476	18,101
Consumer credit	150,427	121,171
Mortgage credit	135,720	107,410
Other domestic activities	545	617
Other international activities	7,213	12,001
	648,504	410,804

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

	Mar 2010 Euros '000	Dec 2009 Euros '000
Agriculture	14,308	13,727
Mining	6,205	5,549
Food, beverage and tobacco	46,151	47,638
Textiles	39,183	40,472
Wood and cork	47,063	49,460
Printing and publishing	22,617	19,254
Chemicals	15,525	12,198
Engineering	90,727	92,652
Electricity, water and gas	1,202	536
Construction	353,335	286,556
Retail business	85,409	86,651
Wholesale business	205,169	263,277
Restaurants and hotels	64,483	54,371
Transports and communications	46,062	45,023
Services	523,611	475,769
Consumer credit	379,614	353,402
Mortgage credit	161,729	145,237
Other domestic activities	18,782	16,013
Other international activities	18,923	24,338
	2,140,098	2,032,123

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

	Mar 2010 Euros '000	Mar 2009 Euros '000
Impairment for overdue loans and for other credit risks:		
Balance on 1 January	2,157,094	1,480,456
Transfers resulting from changes in the Group's structure	(11,520)	-
Other transfers	(9,914)	252,946
Impairment for the period	345,292	252,147
Write-back for the period	(180,226)	(80,212)
Loans charged-off	(212,377)	(8,303)
Exchange rate differences	14,330	(13,442)
Balance on 31 March	2,102,679	1,883,592

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

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

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

	Mar 2010 Euros '000	Dec 2009 Euros '000
Agriculture	48,342	52,959
Mining	13,790	23,250
Food, beverage and tobacco	48,852	43,695
Textiles	41,709	45,557
Wood and cork	28,991	29,538
Printing and publishing	18,665	17,110
Chemicals	14,020	17,287
Engineering	91,134	106,959
Electricity, water and gas	6,377	5,002
Construction	196,180	193,204
Retail business	71,803	79,465
Wholesale business	187,647	277,736
Restaurants and hotels	40,215	35,942
Transports and communications	42,390	44,700
Services	480,360	454,294
Consumer credit	329,581	317,216
Mortgage credit	182,715	159,805
Other domestic activities	8,091	7,278
Other international activities	251,817	246,097
	2,102,679	2,157,094

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

	Mar 2010 Euros '000	Mar 2009 Euros '000
Agriculture	3,429	6
Mining	4,287	-
Food, beverage and tobacco	3,568	423
Textiles	381	461
Wood and cork	6,379	796
Printing and publishing	409	195
Chemicals	17,140	28
Engineering	13,066	42
Electricity, water and gas	11,810	-
Construction	9,755	490
Retail business	6,401	651
Wholesale business	68,639	479
Restaurants and hotels	7,410	23
Transports and communications	270	48
Services	40,969	1,025
Consumer credit	14,490	2,008
Mortgage credit	835	168
Other domestic activities	591	-
Other international activities	2,548	1,460
	212,377	8,303

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

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

	Mar 2010 Euros '000	Mar 2009 Euros '000
Agriculture	17	219
Mining	11	191
Food, beverage and tobacco	6	203
Textiles	344	122
Wood and cork	5	9
Printing and publishing	55	5
Chemicals	-	25
Engineering	-	117
Electricity, water and gas	-	84
Construction	168	1,346
Retail business	3	702
Wholesale business	227	1,618
Restaurants and hotels	25	108
Transports and communications	6	236
Services	608	587
Consumer credit	482	2,106
Mortgage credit	-	120
Other domestic activities	4	67
Other international activities	-	2
	1,961	7,867

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 2010 Euros '000	Dec 2009 Euros '000
Bonds and other fixed income securities		
Issued by public entities	3,069,939	2,423,924
Issued by other entities	1,429,836	1,747,880
	4,499,775	4,171,804
Overdue securities	4,925	4,925
Impairment for overdue securities	(4,925)	(4,925)
	4,499,775	4,171,804
Shares and other variable income securities	736,147	736,871
	5,235,922	4,908,675
Trading derivatives	1,493,761	1,146,890
	6,729,683	6,055,565

The portfolio of financial instruments for trading and available for sale securities, as at 31 March 2010, is analyzed as follows:

	Securities		
	Trading Euros '000	Available for sale Euros '000	Total Euros '000
Fixed income:			
Bonds issued by public entities			
Portuguese issuers	332,903	1,821	334,724
Foreign issuers	715,399	577,988	1,293,387
Bonds issued by other entities			
Portuguese issuers	284,421	727,530	1,011,951
Foreign issuers	343,637	79,173	422,810
Treasury bills and other Government bonds	467,581	974,247	1,441,828
	2,143,941	2,360,759	4,504,700
Variable income:			
Shares in Portuguese companies	10,814	85,455	96,269
Shares in foreign companies	7,840	289,017	296,857
Investment fund units	21,183	321,087	342,270
Other securities	751	-	751
	40,588	695,559	736,147
Impairment for overdue securities	-	(4,925)	(4,925)
	2,184,529	3,051,393	5,235,922
Trading derivatives	1,493,761	-	1,493,761
	3,678,290	3,051,393	6,729,683

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 fair value reserve in the amount of Euros 101,735,000 is presented net of impairment losses in the amount of Euros 53,240,000.

The balance Financial assets available for sale - variable income securities - shares in foreign companies, includes the amount of Euros 229,198,000 related to the investment held in Eureko B.V. This investment is measured annually based on independent valuations obtain in the first quarter of each year. As referred in note 42, the fair value reserve associated to this investment amounts to Euro 77,951,000 as at 31 March 2010.

The portfolio of financial instruments for trading and available for sale securities, as at 31 December 2009, is analyzed as follows:

	Securities		
	Trading Euros '000	Available for sale Euros '000	Total Euros '000
Fixed income:			
Bonds issued by public entities			
Portuguese issuers	146,895	1,816	148,711
Foreign issuers	615,799	468,525	1,084,324
Bonds issued by other entities			
Portuguese issuers	625,094	551,837	1,176,931
Foreign issuers	458,402	117,472	575,874
Treasury bills and other Government bonds	324,988	865,901	1,190,889
	2,171,178	2,005,551	4,176,729
Variable income:			
Shares in Portuguese companies	8,556	115,241	123,797
Shares in foreign companies	7,325	264,091	271,416
Investment fund units	20,842	318,678	339,520
Other securities	2,138	-	2,138
	38,861	698,010	736,871
Impairment for overdue securities	-	(4,925)	(4,925)
	2,210,039	2,698,636	4,908,675
Trading derivatives	1,146,890	-	1,146,890
	3,356,929	2,698,636	6,055,565

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 fair value reserve in the amount of Euros 101,329,000 is presented net of impairment losses in the amount of Euros 56,785,000.

The balance Financial assets available for sale - variable income securities - shares in foreign companies, includes the amount of Euros 212,359,000 related to the investment held in Eureko B.V. This investment is measured annually based on independent valuations obtain in the first quarter of each year. As referred in note 42, the fair value reserve associated with this investment amounts to Euro 61,113,000 as at 31 December 2009.

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 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	-	81	-	-	81
Textiles	-	1	-	-	1
Wood and cork	2,962	-	-	361	3,323
Printing and publishing	41	6,731	-	998	7,770
Chemicals	-	736	-	-	736
Engineering	612	958	-	-	1,570
Electricity, water and gas	-	2,376	-	-	2,376
Construction	-	32,884	-	2,560	35,444
Retail business	-	3	241	-	244
Wholesale business	-	2,437	-	475	2,912
Restaurants and hotels	-	51	-	-	51
Transport and communications	89,246	14,716	-	529	104,491
Services	1,335,344	331,906	342,728	2	2,009,980
Other international activities	1,631	246	52	-	1,929
	1,429,836	393,126	343,021	4,925	2,170,908
Government and Public securities	1,628,111	-	1,441,828	-	3,069,939
Impairment for overdue securities	-	-	-	(4,925)	(4,925)
	3,057,947	393,126	1,784,849	-	5,235,922

The analysis of the securities portfolio included in the financial assets held for trading and available for sale, by sector of activity, as at 31 December 2009 is analysed as follows:

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

23. Hedging derivatives

This balance is analysed as follows:

	Mar 2010 Euros '000	Dec 2009 Euros '000
Hedging instruments		
Assets:		
Swaps	403,856	465,848
Liabilities:		
Swaps	94,413	75,483

24. Financial assets held to maturity

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

	Mar 2010 Euros '000	Dec 2009 Euros '000
Bonds and other fixed income securities		
Issued by Government and public entities	1,301,193	1,247,255
Issued by other entities	985,972	780,099
	2,287,165	2,027,354

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

	Mar 2010 Euros '000	Dec 2009 Euros '000
Transport and communications	97,450	97,141
Services	888,522	682,958
	985,972	780,099
Government and Public securities	1,301,193	1,247,255
	2,287,165	2,027,354

25. Investments in associated companies

This balance is analysed as follows:

	Mar 2010 Euros '000	Dec 2009 Euros '000
Portuguese credit institutions	22,206	21,155
Foreign credit institutions	21,464	20,767
Other Portuguese companies	414,245	393,589
Other foreign companies	3,547	3,407
	461,462	438,918

The balance Investments in associated companies is analysed as follows:

	Mar 2010 Euros '000	Dec 2009 Euros '000
Banque BCP, S.A.S.	17,369	16,802
Banque BCP (Luxembourg), S.A.	4,095	3,965
Millenniumbcp Fortis Grupo Segurador, S.G.P.S., S.A.	400,453	380,110
SIBS - Sociedade Interbancária de Serviços, S.A.	13,792	13,356
Unicre - Cartão Internacional de Crédito, S.A.	22,206	21,155
VSC - Aluguer de Veículos Sem Condutor, Lda.	-	123
Other	3,547	3,407
	461,462	438,918

These investments correspond to unquoted companies, consolidated by the equity method. The investment held in the associated company Millenniumbcp Fortis Grupo Segurador, S.G.P.S. corresponds to 49% of the share capital of the company. The Group companies included in the consolidation perimeter are presented in note 48.

26. Non current assets and liabilities held for sale

This balance is analysed as follows:

	Mar 2010 Euros '000	Dec 2009 Euros '000
Discontinued operations (Millennium Bank, AS - Turkey) and Millennium bcpbank, national association - USA)	1,026,726	495,151
Subsidiaries acquired exclusively with the purpose of short-term sale	14,473	14,473
Investments arising from recovered loans	1,012,085	1,019,356
	2,053,284	1,528,980
Impairment	(190,135)	(185,817)
	1,863,149	1,343,163

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

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

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

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

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

	Mar 2010			Dec 2009
	Millennium Bank Anonim Sirketi Euros '000	Millennium bcpbank national association Euros '000	Total Euros '000	Millennium Bank Anonim Sirketi Euros '000
Assets				
Loans and advances to credit institutions	58,391	16	58,407	83,010
Loans and advances to customers	347,635	392,456	740,091	336,665
Other assets	84,929	143,299	228,228	75,476
	490,955	535,771	1,026,726	495,151
Liabilities				
Deposits from credit institutions	70,104	7,955	78,059	97,772
Deposits from customers	338,976	471,554	810,530	315,263
Other liabilities	20,897	2,920	23,817	22,797
	429,977	482,429	912,406	435,832
Equity				
Share capital, reserves and retained earnings	62,293	54,912	117,205	66,490
Profit for the period	(1,315)	(1,570)	(2,885)	(7,171)
	60,978	53,342	114,320	59,319
	490,955	535,771	1,026,726	495,151

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

	Mar 2010			Dec 2009
	Millennium Bank Anonim Sirketi Euros '000	Millennium bcpbank national association Euros '000	Total Euros '000	Millennium Bank Anonim Sirketi Euros '000
Net interest income	2,086	4,121	6,207	1,028
Net fees and commissions income	650	1,321	1,971	3,721
Net gains on trading	194	42	236	8,966
Other operating income	425	48	473	(79)
Total operating income	3,355	5,532	8,887	13,636
Staff costs	2,874	2,830	5,704	12,250
Other administrative costs	1,908	1,998	3,906	8,228
Depreciation	336	416	752	1,088
Operating expenses	5,118	5,244	10,362	21,566
Other results	-	11	11	-
Loans and other assets impairment and other provisions	135	(1,867)	(1,732)	(475)
Operating loss	(1,628)	(1,568)	(3,196)	(8,405)
Income tax	313	(2)	311	1,234
Loss for the year	(1,315)	(1,570)	(2,885)	(7,171)

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

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

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

This balance includes buildings and other assets for which the Group has already established contracts for the sale in the amount of Euros 138,205,000 (31 December 2009: Euros 138,847,000).

27. Investment property

The balance Investment property includes the amount of Euros 417,970,000 (31 December 2009: 422,691,000) related to buildings accounted in the "Fundo de Investimento Imobiliário Imosotto Acumulação", "Fundo de Investimento Imobiliário Gestão Imobiliária" and "Fundo de Investimento Imobiliário Imorenda", which in accordance with SIC 12, are consolidated under the full consolidation method as referred in the accounting policy presented in note 1 b).

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

28. Property and equipment

This balance is analysed as follows:

	Mar 2010 Euros '000	Dec 2009 Euros '000
Land and buildings	947,390	958,453
Equipment		
Furniture	95,683	97,412
Office equipment	55,797	57,711
Computer equipment	305,479	305,874
Interior installations	140,896	141,144
Motor vehicles	20,245	20,552
Security equipment	77,919	76,844
Work in progress	58,192	55,039
Other tangible assets	50,707	46,302
	1,752,308	1,759,331
Accumulated depreciation		
Charge for the year	(21,654)	(90,510)
Accumulated charge for the previous years	(1,099,750)	(1,018,804)
	(1,121,404)	(1,109,314)
Impairment	(4,199)	(4,199)
	626,705	645,818

29. Goodwill and intangible assets

This balance is analysed as follows:

	Mar 2010 Euros '000	Dec 2009 Euros '000
Intangible assets		
Software	136,707	136,752
Other intangible assets	60,359	57,603
	197,066	194,355
Accumulated depreciation		
Charge for the year	(4,096)	(14,226)
Accumulated charge for the previous years	(163,822)	(146,893)
	(167,918)	(161,119)
	29,148	33,236
Goodwill		
Millennium Bank, Societé Anonyme (Greece)	294,260	294,260
Bank Millennium, S.A. (Poland)	164,040	164,040
Banco de Investimento Imobiliário, S.A.	40,859	40,859
Others	2,537	2,600
	501,696	501,759
	530,844	534,995

30. Deferred income tax assets and liabilities

Deferred income tax assets and liabilities as at 31 March 2010 and 31 December 2009 are analysed as follows:

	Mar 2010		Dec 2009	
	Assets Euros '000	Liabilities Euros '000	Assets Euros '000	Liabilities Euros '000
Intangible assets	279	116	288	116
Other tangible assets	2,228	6,722	1,950	7,404
Impairment losses	192,462	14,513	190,358	15,372
Pensions	289,292	-	296,152	-
Financial assets available for sale	246	18,984	235	4,348
Derivatives	-	4,063	-	4,002
Allocation of profits	52,904	-	44,556	-
Others	74,491	145,684	60,118	110,000
Tax losses carried forward	162,728	-	131,835	-
	774,630	190,082	725,492	141,242
Deferred tax assets	584,548		584,250	
Available for sale assets	-	3,672	-	-
Others	-	368	-	416
Deferred tax liabilities		4,040		416
Net deferred tax	580,508		583,834	

31. Other assets

This balance is analysed as follows:

	Mar 2010 Euros '000	Dec 2009 Euros '000
Debtors	188,216	171,480
Amounts due for collection	19,265	27,413
Recoverable tax	77,082	77,596
Recoverable government subsidies on interest on mortgage loans	28,362	27,231
Associated companies	25,130	18,322
Other amounts receivable	42,690	33,101
Prepayments and deferred costs	1,648,036	1,660,532
Amounts receivable on trading activity	390,851	159,165
Amounts due from customers	139,396	163,141
Reinsurance technical provision	-	-
Sundry assets	242,660	336,506
	2,801,688	2,674,487
Impairment for other assets	(33,066)	(26,710)
	2,768,622	2,647,777

32. Deposits from other credit institutions

This balance is analysed as follows:

	Mar 2010 Euros '000	Dec 2009 Euros '000
Credit institutions in Portugal	780,478	1,261,417
Credit institutions abroad	5,013,803	5,635,224
	5,794,281	6,896,641

33. Deposits from customers

This balance is analysed as follows:

	Mar 2010 Euros '000	Dec 2009 Euros '000
Deposits from customers:		
Repayable on demand	14,122,391	14,577,945
Term deposits	28,879,876	28,210,357
Saving accounts	2,435,390	2,942,325
Treasury bills and other assets sold under repurchase agreement	233,974	241,002
Other	306,824	335,604
	45,978,455	46,307,233

In the terms of the law, the Deposit Guarantee Fund was established to guarantee the reimbursement of funds deposited in Credit Institutions. The criteria to calculate the annual contributions to the referred fund are defined in the Regulation n. 11/94 of the Bank of Portugal.

34. Debt securities issued

This balance is analysed as follows:

	Mar 2010 Euros '000	Dec 2009 Euros '000
Bonds	17,484,718	17,502,050
Commercial paper	4,207,247	2,376,154
Other	97,928	75,023
	21,789,893	19,953,227

35. Financial liabilities held for trading

The balance is analysed as follows:

	Mar 2010 Euros '000	Dec 2009 Euros '000
Short selling securities	-	4,741
FRA	305	68
Swaps	1,113,804	953,083
Futures	4,395	3,423
Options	46,357	76,347
Embedded derivatives	13,059	15,439
Forwards	21,086	19,223
	1,199,006	1,072,324

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

The balance is analysed as follows:

	Mar 2010 Euros '000	Dec 2009 Euros '000
Deposits from credit institutions	1,404,836	1,281,460
Deposits from customers	15,040	12,005
Bonds	5,247,813	5,000,180
Commercial paper and other liabilities	66,738	51,938
	6,734,427	6,345,583

37. Provisions for liabilities and charges

This balance is analysed as follows:

	Mar 2010 Euros '000	Dec 2009 Euros '000
Provision for guarantees and other commitments	89,083	88,257
Technical provision for the insurance activity:		
For direct insurance and reinsurance accepted:		
Unearned premium / reserve	8,037	7,958
Life insurance	36,661	38,654
Bonuses and rebates	898	1,824
Other technical provisions	6,417	6,995
Provision for pension costs	3,219	3,067
Other provisions for liabilities and charges	90,498	86,365
	234,813	233,120

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

	Mar 2010 Euros '000	Mar 2009 Euros '000
Balance on 1 January	88,257	77,729
Transfers	(131)	87
Charge for the period	4,585	3,088
Write-back for the period	(3,467)	(4,515)
Amounts charged-off	(120)	-
Exchange rate differences	(41)	(598)
Balance on 31 March	89,083	75,791

38. Subordinated debt

This balance is analysed as follows:

	Mar 2010 Euros '000	Dec 2009 Euros '000
Bonds	2,193,054	2,229,266
Other subordinated debt	2,175	2,448
	2,195,229	2,231,714

As at 31 March 2010, the characteristics of subordinated debt issued are analysed as follows:

Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
Non Perpetual Bonds					
Banco Comercial Português:					
BCP March 2011	June 2001	March 2011	Fixed rate of 6.35%	149,300	151,719
BCP September 2011	September 2001	September 2011	Fixed rate of 6.15%	120,000	123,871
Mbcp Ob Cx Sub 1 Serie 2008-2018	September 2008	September 2018	See reference (i)	279,745	279,745
Mbcp Ob Cx Sub 2 Serie 2008-2018	October 2008	October 2018	See reference (i)	77,202	77,202
Bank Millennium:					
Bank Millennium	December 2001	December 2011	Fixed rate of 6.360%	79,933	79,933
Bank Millennium 2007	December 2007	December 2017	Fixed rate of 6.337%	149,763	149,763
Banco de Investimento Imobiliário:					
BII 2004	December 2004	December 2014	See reference (ii)	15,000	14,979
BCP Finance Bank:					
EMTN 44 Issue - 1 Tranche	March 2001	March 2011	Fixed rate of 6.25%	397,188	408,227
EMTN 44 Issue - 2 Tranche	May 2001	March 2011	Fixed rate of 6.25%	198,594	204,113
BCP Fin. Bank Ltd EMTN -295	December 2006	December 2016	See reference (iii)	314,000	313,473
BCP Fin. Bank Ltd 2005	May 2005	June 2015	See reference (iv)	250,710	250,510
					2,053,535
Perpetual Bonds					
BCP - Euro 200 millions	June 2002	-	See reference (v)	85	28
BPA 1997	June 1997	-	Euribor 3 months + 0.95%	46,915	46,915
TOPS's BPSM 1997	December 1997	-	Euribor 6 months + 0.4%	70,665	71,552
BCP Leasing 2001	December 2001	-	See reference (vi)	4,986	4,986
					123,481
Other subordinated debt					
BIM	December 2000	-	50% Discount rate of B.Mozambique	2,146	2,146
Accruals					16,067
					2,195,229

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

39. Other liabilities

This balance is analysed as follows:

	Mar 2010 Euros '000	Dec 2009 Euros '000
Creditors:		
Suppliers	42,570	72,731
From factoring operations	18,049	22,501
Associated companies	5,045	13,064
Other creditors	687,766	629,605
Public sector	67,802	62,306
Other amounts payable	62,492	63,997
Deferred income	1,800	2,086
Holiday pay and subsidies	53,369	69,264
Other administrative costs payable	1,033	1,188
Amounts payable on trading activity	444,218	156,659
Other liabilities	387,409	264,809
	1,771,553	1,358,210

40. Share capital, preference shares and other capital instruments

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

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

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

- 10,000 preference shares with par value of Euros 50,000 each without voting rights issued 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 note 1h), 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 30 March, 2009, the Bank increased the Legal reserves in the amount of Euros 45,119,000. As referred in note 42, and in accordance with the proposed for application of results of 2008, part of this amount was transferred to the balance Other reserves and retained earnings.

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

42. Fair value reserves, other reserves and retained earnings

This balance is analysed as follows:

	Mar 2010 Euros '000	Dec 2009 Euros '000
Other comprehensive income		
Exchange differences arising on consolidation	(93,291)	(96,478)
Fair value reserves		
Financial assets available for sale	101,735	101,329
Cash-flow hedge	7,472	(160)
Tax		
Financial assets available for sale	(4,940)	(7,439)
Cash-flow hedge	(1,966)	30
	9,010	(2,718)
Other reserves and retained earnings:		
Legal reserve	425,410	425,410
Statutory reserve	10,000	10,000
Other reserves and retained earnings	2,672,943	2,463,481
Goodwill arising on consolidation	(2,883,580)	(2,883,580)
Other reserves arising on consolidation	(164,621)	(162,488)
	60,152	(147,177)

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

The balance Statutory reserves correspond 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.

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 2010				
Net book value (Euros '000)	23,611		65,469	89,080
Number of securities	28,617,964	(*)		
Average book value (Euros)	0.83			
Dec 2009				
Net book value (Euros '000)	19,115		66,433	85,548
Number of securities	22,950,021	(*)		
Average book value (Euros)	0.83			

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

(*) As at 31 March 2010, this balance includes 23,130,300 shares (31 December 2009: 10,366,667 shares) owned by clients which were financed by the Bank. Considering that for these clients there is evidence of impairment, under the IAS 32/39 the shares of the Bank owned by these clients were, only for accounting purposes and in respect for this standard, considered as treasury stock.

44. Minority interests

This balance is analysed as follows:

	Balance		Income Statement	
	Mar 2010 Euros '000	Dec 2009 Euros '000	Mar 2010 Euros '000	Mar 2009 Euros '000
Bank Millennium, S.A.	348,917	234,198	5,952	911
BIM - Banco Internacional de Moçambique	53,618	55,516	5,237	5,360
Banco Millennium Angola, S.A.	55,343	52,090	2,310	544
Other subsidiaries	2,510	2,501	12	(487)
	460,388	344,305	13,511	6,328

45. Guarantees and future commitments

This balance is analysed as follows:

	Mar 2010 Euros '000	Dec 2009 Euros '000
Guarantees granted	8,673,238	8,519,462
Guarantees received	31,930,367	32,432,228
Commitments to third parties	15,343,940	14,045,340
Commitments from third parties	14,019,147	14,410,522
Securities and other items held for safekeeping on behalf of customers	166,294,758	163,465,691
Securities and other items held under custody by the Securities Depository Authority	156,113,310	151,596,727
Other off balance sheet accounts	160,324,899	161,721,899

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

	Mar 2010 Euros '000	Dec 2009 Euros '000
Guarantees granted:		
Guarantees	7,891,538	7,760,959
"Stand-by" letter of credit	223,725	212,438
Open documentary credits	460,087	441,369
Bails and indemnities	97,630	104,217
Other liabilities	258	479
	8,673,238	8,519,462
Commitments to third parties		
Irrevocable commitments		
Term deposits contracts	2,256,864	558,977
Irrevocable credit lines	3,490,005	3,477,010
Securites subscription	71,484	51,218
Other irrevocable commitments	254,767	277,743
Revocable commitments		
Revocable credit lines	6,929,452	7,283,037
Bank overdraft facilities	2,312,790	2,366,468
Other revocable commitments	28,578	30,887
	15,343,940	14,045,340

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

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

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

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

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

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

46. Relevant events occured during 2010

Banco Comercial Português informs about the agreement to sell 95% of Millennium Bank AS in Turkey

On 10 February 2010, an agreement was signed with the financial institution Credit Europe Bank, N.V., a wholly owned subsidiary of Fiba, Holding, A.S., in order to sell 95% of Millennium Bank AS in Turkey, by Banco Comercial Português Group, for a total price of approximately euro 61.8 million subject to a final adjustment when the transaction is completed. Banco Comercial Português will retain a 5% stake in the company, having agreed with the buyer a put and call mechanism to sell the remaining stake for a price per share no lower than the price agreed for the majority stake. This transaction, which is subject to regulatory approval from the supervisory authorities, will generate a capital gain, pre-tax, of approximately euro 5.4 million and have a positive impact of around 6 basis points on Banco Comercial Português' Tier I capital ratio.

Banco Comercial Português informs about the agreement to sell all the branches of Millennium bcpbank in the United States of America (USA)

On 30 March 2010, Banco Comercial Português informed that it had decided to exit the U.S. market. Pursuant to this objective, BCP has signed a purchase and assumption agreement with Investors Savings Bank to sell all the branches of Millennium bcpbank in the United States of America (USA) and deposits of approximately USD 600 million. Following the purchase and assumption agreement, the parties intend to enter into a Loan Purchase agreement under which Investors Saving Bank will purchase a portion of Millennium bcpbank 's loan portfolio. BCP has also established a cooperation agreement with the buyer for financial remittances from the USA. As a result of this transaction, BCP will no longer develop new retail commercial activities in the USA. This transaction, which has received approval from the Board of Directors of both companies, and is subject to regulatory approval, is expected to close during the quarter ending September 2010 and will have no material impact on BCP's capital ratios. BCP is deeply satisfied with this agreement with Investors Savings Bank, which will ensure the maintenance of an excellent service level for its USA clients.

47. Segmental reporting

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

Segments description

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

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

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

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

The Foreign Business segment comprises the operations outside Portugal, in particular Bank Millennium in Poland, Millennium bank in Greece, Banque Privée BCP in Switzerland, Banca Millennium in Romania, BIM - Banco Internacional de Moçambique in Mozambique, Banco Millennium Angola in Angola and Millennium bcp Bank & Trust in the Cayman Islands. Millennium bank in Turkey and Millennium bcpbank in the United States of America are in the process of sale.

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

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

Business segments activity

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

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

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

The allocation of this last set of costs is based on the application of previously defined criteria, related to the level of activity of each business area, like the number of current accounts, the number of customers or employees, the business volume and the space occupied.

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

To ensure comparability for this information, the structural changes that occurred in second half of 2009 in the organisation of the segments were reflected in the 2009 figures: The Companies segment was incorporated in the Retail Banking and Companies segment,the Corporate became part of the Corporate and Investment Banking segment, while BCP Banque Privée in Switzerland and Millennium bcp Bank & Trust in the Cayman Islands were framed under the Foreign Business, leaving part of the Private Banking and Asset Management. A capital allocation of each business segment in the first quarter of 2010 was 6.5% and was taking, for comparative purposes, the same percentage of capital allocation in the same period of 2009.

Each segment's net contribution reflects the individual results achieved by its business units, independent of the percentage held by the Group including the impacts of transfers of funds previously mentioned. The following information is based on financial statements prepared according to IFRS and on the organisational model in place for the Group as at 31 March 2010.

Geographical Segments

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

At 31 March 2010, the net contribution of the major business segments is analyzed as follows:

	Commercial Banking			Corporate and Investment Banking	Private Banking and Asset Management	Other	Consolidated
	Retail Banking and Companies	Foreign Business	Total				
Income statement							
Interest income	323,721	289,761	613,482	102,082	15,193	65,160	795,917
Interest expense	(146,239)	(163,430)	(309,669)	(48,394)	(8,108)	(89,154)	(455,325)
Net interest income	177,482	126,331	303,813	53,688	7,085	(23,994)	340,592
Commissions and other income	139,394	86,370	225,764	37,802	10,481	(8,553)	265,494
Commissions and other costs	(4,917)	(19,092)	(24,009)	(535)	(3,904)	(25,859)	(54,307)
Net commissions and other income	134,477	67,278	201,755	37,267	6,577	(34,412)	211,187
Net gains arising from trading activity	40	32,533	32,573	8,723	2	94,061	135,359
Staff costs and administrative costs	179,284	132,282	311,566	18,368	8,707	17,855	356,496
Depreciations	428	11,858	12,286	25	-	13,439	25,750
Operating costs	179,712	144,140	323,852	18,393	8,707	31,294	382,246
Impairment and provisions	(65,231)	(40,217)	(105,448)	(45,296)	(11,171)	(24,661)	(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	67,056	41,785	108,841	36,081	(6,214)	(6,787)	131,921
Income tax	(17,786)	(7,217)	(25,003)	(9,561)	1,715	10,843	(22,006)
Minority interests	-	(12,798)	(12,798)	-	-	(713)	(13,511)
Profit after income tax	49,270	21,770	71,040	26,520	(4,499)	3,343	96,404
Income between segments	3,867	-	3,867	(2,832)	(1,035)	-	-
Balance sheet							
Cash and Loans and advances to credit institutions	8,252,532	6,412,717	14,665,249	5,811,105	289,718	(15,864,686)	4,901,386
Loans and advances to customers	44,803,629	16,302,978	61,106,607	12,984,569	1,832,549	(889,054)	75,034,671
Financial assets	1,327	3,327,341	3,328,668	1,747,331	1,682	4,343,023	9,420,704
Other assets	706,037	1,482,722	2,188,759	53,828	21,146	5,039,760	7,303,493
Total Assets	53,763,525	27,525,758	81,289,283	20,596,833	2,145,095	(7,370,957)	96,660,254
Deposits from other credit institutions	7,951,170	8,310,751	16,261,921	5,073,936	160,937	(13,184,750)	8,312,044
Deposits from customers	22,127,595	15,138,756	37,266,351	6,255,517	1,488,874	967,713	45,978,455
Debt securities issued	14,907,225	975,752	15,882,977	5,682,640	224,291	(15)	21,789,893
Other financial liabilities held for trading at fair value through profit or loss	5,315,744	302,063	5,617,807	2,026,364	79,980	209,282	7,933,433
Other financial liabilities	610,643	361,708	972,351	291,719	33,836	991,736	2,289,642
Other liabilities	218,227	1,184,400	1,402,627	30,170	11,286	1,489,108	2,933,191
Total Liabilities	51,130,604	26,273,430	77,404,034	19,360,346	1,999,204	(9,526,926)	89,236,658
Equity and minority interests	2,632,921	1,252,328	3,885,249	1,236,487	145,891	2,155,969	7,423,596
Total Liabilities, Equity and minority interests	53,763,525	27,525,758	81,289,283	20,596,833	2,145,095	(7,370,957)	96,660,254

At 31 March 2009, the net contribution of the major business segments is analysed as follows:

	Commercial Banking			Corporate	Private		
	Retail Banking and Companies	Foreign Business	Total	and Investment Banking	Banking and Asset Management	Other	Consolidated
Income statement							
Interest income	611,167	326,025	937,192	169,727	28,878	(33,708)	1,102,089
Interest expense	(351,675)	(241,859)	(593,534)	(116,634)	(17,915)	(197)	(728,280)
Net interest income	259,492	84,166	343,658	53,093	10,963	(33,905)	373,809
Commissions and other income	119,262	71,539	190,801	36,080	10,656	7,240	244,777
Commissions and other costs	(5,558)	(20,390)	(25,948)	2,480	(3,867)	(34,373)	(61,708)
Net commissions and other income	113,704	51,149	164,853	38,560	6,789	(27,133)	183,069
Net gains arising from trading activity	(6)	48,431	48,425	6,831	1	94,517	149,774
Staff costs and administrative costs	199,585	122,240	321,825	21,382	9,281	22,045	374,533
Depreciations	401	10,810	11,211	66	-	14,907	26,184
Operating costs	199,986	133,050	333,036	21,448	9,281	36,952	400,717
Impairment and provisions	(103,894)	(47,087)	(150,981)	(29,663)	(14,318)	(1,967)	(196,929)
Share of profit of associates under the equity method	-	-	-	(984)	-	12,483	11,499
Net gain from the sale of other assets	-	-	-	-	-	21,366	21,366
Profit before income tax	69,310	3,609	72,919	46,389	(5,846)	28,409	141,871
Income tax	(18,334)	788	(17,546)	(12,543)	1,987	(764)	(28,866)
Minority interests	-	(6,357)	(6,357)	-	-	29	(6,328)
Profit after income tax	50,976	(1,960)	49,016	33,846	(3,859)	27,674	106,677
Income between segments	9,375	-	9,375	(9,743)	368	-	-
Balance sheet							
Cash and Loans and advances to credit institutions	9,356,673	5,848,530	15,205,203	6,525,594	392,869	(18,511,649)	3,612,017
Loans and advances to customers	46,162,096	15,748,779	61,910,875	13,230,289	2,289,662	(1,490,845)	75,939,981
Financial assets	1,426	2,715,276	2,716,702	2,777,976	1,689	1,676,905	7,173,272
Other assets	782,781	521,808	1,304,589	475,260	21,073	4,558,625	6,359,547
Total Assets	56,302,976	24,834,393	81,137,369	23,009,119	2,705,293	(13,766,964)	93,084,817
Deposits from other credit institutions	13,620,457	7,354,805	20,975,262	7,363,759	513,045	(19,332,935)	9,519,131
Deposits from customers	20,252,159	13,803,444	34,055,603	6,211,419	1,338,772	1,821,484	43,427,278
Debt securities issued	12,516,650	1,041,400	13,558,050	5,128,251	455,692	(36,683)	19,105,310
Other financial liabilities held for trading at fair value through profit or loss	6,572,097	723,407	7,295,504	2,435,056	239,270	176,342	10,146,172
Other financial liabilities	1,039,143	597,036	1,636,179	474,684	48,317	525,460	2,684,640
Other liabilities	267,476	428,773	696,249	468,808	15,577	974,155	2,154,789
Total Liabilities	54,267,982	23,948,865	78,216,847	22,081,977	2,610,673	(15,872,177)	87,037,320
Equity and minority interests	2,034,994	885,528	2,920,522	927,142	94,620	2,105,213	6,047,497
Total Liabilities, Equity and minority interests	56,302,976	24,834,393	81,137,369	23,009,119	2,705,293	(13,766,964)	93,084,817

At 31 March 2010, the net contribution of the major geographic segments is analyzed as follows:

	Portugal										
	Retail Banking and Companies	**Corporate and Investment Banking**	**Private Banking and Asset Managment**	**Other**	**Total**	**Poland**	**Greece**	**Mozambique**	**Angola**	**Other**	**Consolidated**
Income statement											
Interest income	323,721	102,082	15,193	65,160	506,156	144,286	61,933	14,373	27,991	41,178	795,917
Interest expense	(146,239)	(48,394)	(8,108)	(89,154)	(291,895)	(91,404)	(32,077)	(4,218)	(7,589)	(28,142)	(455,325)
Net interest income	177,482	53,688	7,085	(23,994)	214,261	52,882	29,856	10,155	20,402	13,036	340,592
Commissions and other income	139,394	37,802	10,481	(8,553)	179,124	44,623	13,902	3,464	12,806	11,575	265,494
Commissions and other costs	(4,917)	(535)	(3,904)	(25,859)	(35,215)	(7,900)	(2,717)	(261)	(5,874)	(2,340)	(54,307)
Net commissions and other income	134,477	37,267	6,577	(34,412)	143,909	36,723	11,185	3,203	6,932	9,235	211,187
Net gains arising from trading activity	40	8,723	2	94,061	102,826	14,114	(767)	6,428	10,923	1,835	135,359
Staff costs and administrative costs	179,284	18,368	8,707	17,855	224,214	58,216	26,707	9,976	13,648	23,735	356,496
Depreciations	428	25	-	13,439	13,892	4,868	2,540	1,080	1,346	2,024	25,750
Operating costs	179,712	18,393	8,707	31,294	238,106	63,084	29,247	11,056	14,994	25,759	382,246
Impairment and provisions	(65,231)	(45,296)	(11,171)	(24,661)	(146,359)	(20,811)	(10,591)	(3,808)	(4,686)	(321)	(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	67,056	36,081	(6,214)	(6,787)	90,136	19,824	436	4,922	18,577	(1,974)	131,921
Income tax	(17,786)	(9,561)	1,715	10,843	(14,789)	(4,052)	(2)	(125)	(3,288)	250	(22,006)
Minority interests	-	-	-	(713)	(713)	(5,440)	-	(2,267)	(5,091)	-	(13,511)
Profit after income tax	49,270	26,520	(4,499)	3,343	74,634	10,332	434	2,530	10,198	(1,724)	96,404
Income between segments	3,867	(2,832)	(1,035)	-	-	-	-	-	-	-	-
Balance sheet											
Cash and Loans and advances to credit institutions	8,252,532	5,811,105	289,718	(15,864,686)	(1,511,331)	552,927	1,327,380	142,814	182,858	4,206,738	4,901,386
Loans and advances to customers	44,803,629	12,984,569	1,832,549	(889,054)	58,731,693	8,527,692	5,139,003	348,414	636,007	1,651,862	75,034,671
Financial assets	1,327	1,747,331	1,682	4,343,023	6,093,363	2,440,625	333,017	224,414	149,673	179,612	9,420,704
Other assets	706,037	53,828	21,146	5,039,760	5,820,771	163,220	105,147	66,439	73,294	1,074,622	7,303,493
Total Assets	53,763,525	20,596,833	2,145,095	(7,370,957)	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	7,951,170	5,073,936	160,937	(13,184,750)	1,293	2,005,398	2,121,403	220,033	44,600	3,919,317	8,312,044
Deposits from customers	22,127,595	6,255,517	1,488,874	967,713	30,839,699	8,436,755	3,502,381	463,474	784,654	1,951,492	45,978,455
Debt securities issued	14,907,225	5,682,640	224,291	(15)	20,814,141	281,956	693,796	-	-	-	21,789,893
Other financial liabilities held for trading at fair value through profit or loss	5,315,744	2,026,364	79,980	209,282	7,631,370	177,738	66,730	43	-	57,552	7,933,433
Other financial liabilities	610,643	291,719	33,836	991,736	1,927,934	159,282	114,926	15,277	23,139	49,084	2,289,642
Other liabilities	218,227	30,170	11,286	1,489,108	1,748,791	112,492	41,103	17,385	89,671	923,749	2,933,191
Total Liabilities	51,130,604	19,360,346	1,999,204	(9,526,926)	62,963,228	11,173,621	6,540,339	716,212	942,064	6,901,194	89,236,658
Equity and minority interests	2,632,921	1,236,487	145,891	2,155,969	6,171,268	510,843	364,208	65,869	99,768	211,640	7,423,596
Total Liabilities, Equity and minority interests	53,763,525	20,596,833	2,145,095	(7,370,957)	69,134,496	11,684,464	6,904,547	782,081	1,041,832	7,112,834	96,660,254

At 31 March 2009, the net contribution of the major geografic segments is analysed as follows:

	Portugal										
	Retail Banking and Companies	**Corporate and Investment Banking**	**Private Banking and Asset Managment**	**Other**	**Total**	**Poland**	**Greece**	**Mozambique**	**Angola**	**Other**	**Consolidated**
Income statement											
Interest income	611,167	169,727	28,878	(33,708)	776,064	137,887	84,366	8,024	29,505	66,243	1,102,089
Interest expense	(351,675)	(116,634)	(17,915)	(197)	(486,421)	(111,989)	(58,704)	(3,929)	(7,085)	(60,152)	(728,280)
Net interest income	259,492	53,093	10,963	(33,905)	289,643	25,898	25,662	4,095	22,420	6,091	373,809
Commissions and other income	119,262	36,080	10,656	7,240	173,238	35,821	11,904	2,186	13,390	8,238	244,777
Commissions and other costs	(5,558)	2,480	(3,867)	(34,373)	(41,318)	(8,396)	(3,734)	(314)	(5,861)	(2,085)	(61,708)
Net commissions and other income	113,704	38,560	6,789	(27,133)	131,920	27,425	8,170	1,872	7,529	6,153	183,069
Net gains arising from trading activity	(6)	6,831	1	94,517	101,343	31,326	2,756	1,933	4,190	8,226	149,774
Staff costs and administrative costs	199,585	21,382	9,281	22,045	252,293	51,211	27,436	5,162	13,772	24,659	374,533
Depreciations	401	66	-	14,907	15,374	4,258	2,377	794	1,527	1,854	26,184
Operating costs	199,986	21,448	9,281	36,952	267,667	55,469	29,813	5,956	15,299	26,513	400,717
Impairment and provisions	(103,894)	(29,663)	(14,318)	(1,967)	(149,842)	(28,299)	(7,954)	(1,071)	(112)	(9,651)	(196,929)
Share of profit of associates under the equity method	-	(984)	-	12,483	11,499	-	-	-	-	-	11,499
Net gain from the sale of other assets	-	-	-	21,366	21,366	-	-	-	-	-	21,366
Profit before income tax	69,310	46,389	(5,846)	28,409	138,262	881	(1,179)	873	18,728	(15,694)	141,871
Income tax	(18,334)	(12,543)	1,987	(764)	(29,654)	119	275	978	(3,298)	2,714	(28,866)
Minority interests	-	-	-	29	29	(344)	-	(875)	(5,138)	-	(6,328)
Profit after income tax	50,976	33,846	(3,859)	27,674	108,637	656	(904)	976	10,292	(12,980)	106,677
Income between segments	9,375	(9,743)	368	-	-	-	-	-	-	-	-
Balance sheet											
Cash and Loans and advances to credit institutions	9,356,673	6,525,594	392,869	(18,511,649)	(2,236,513)	563,728	1,135,564	123,941	222,414	3,802,883	3,612,017
Loans and advances to customers	46,162,096	13,230,289	2,289,662	(1,490,845)	60,191,202	7,733,806	4,823,649	239,184	464,974	2,487,166	75,939,981
Financial assets	1,426	2,777,976	1,689	1,676,905	4,457,996	1,755,082	398,231	174,247	231,581	156,135	7,173,272
Other assets	782,781	475,260	21,073	4,558,625	5,837,739	215,874	111,991	41,024	68,889	84,030	6,359,547
Total Assets	56,302,976	23,009,119	2,705,293	(13,766,964)	68,250,424	10,268,490	6,469,435	578,396	987,858	6,530,214	93,084,817
Deposits from other credit institutions	13,620,457	7,363,759	513,045	(19,332,935)	2,164,326	1,690,208	1,951,402	189,573	51,079	3,472,543	9,519,131
Deposits from customers	20,252,159	6,211,419	1,338,772	1,821,484	29,623,834	6,943,680	3,080,645	320,115	747,234	2,711,770	43,427,278
Debt securities issued	12,516,650	5,128,251	455,692	(36,683)	18,063,910	201,459	839,941	-	-	-	19,105,310
Other financial liabilities held for trading at fair value through profit or loss	6,572,097	2,435,056	239,270	176,342	9,422,765	618,276	33,834	208	-	71,089	10,146,172
Other financial liabilities	1,039,143	474,684	48,317	525,460	2,087,604	286,552	165,155	17,825	33,780	93,724	2,684,640
Other liabilities	267,476	468,808	15,577	974,155	1,726,016	154,272	148,224	15,768	89,612	20,897	2,154,789
Total Liabilities	54,267,982	22,081,977	2,610,673	(15,872,177)	63,088,455	9,894,447	6,219,201	543,489	921,705	6,370,023	87,037,320
Equity and minority interests	2,034,994	927,142	94,620	2,105,213	5,161,969	374,043	250,234	34,907	66,153	160,191	6,047,497
Total Liabilities, Equity and minority interests	56,302,976	23,009,119	2,705,293	(13,766,964)	68,250,424	10,268,490	6,469,435	578,396	987,858	6,530,214	93,084,817

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

Description of the relevant items of reconciliation:

	Mar 2010 Euros '000	Mar 2009 Euros '000
Net income (excluding Minority Interests):		
Retail Banking and Companies	49,268	50,975
Corporate and Investment Banking	26,519	33,846
Private Banking e Asset Management	(4,498)	(3,859)
Foreign Business	34,568	4,398
	105,857	85,360
Impact on the Net interest income of the allocation of capital (1)	4,460	8,866
	101,397	76,494
Amounts not allocated to segments		
Minority interests	(13,511)	(6,328)
Operating expenses (2)	(31,293)	(37,046)
Loan impairment and other provisions	(24,663)	(1,967)
Gains established with the sale of assets (3)	-	21,183
Instruments measured at FVO (Own Credit Risk)	36,270	20,499
Accounting for hedging interest rate risk (4)	52,685	45,178
Others (5)	(24,480)	(11,336)
Total not allocated to segments	(4,992)	30,183
Consolidated net income	96,404	106,677

1) Represents the impact on Net interest income due to allocation of capital. The balance sheet items of each subsidiary and each business unit are recalculated considering the replacement of accounting equity by the amounts assigned through the allocation within the regulatory criteria for creditworthiness.

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

(3) Gains resulting from the spread to new shareholders of the share capital of Banco Millennium Angola.

(4) Results from financial operations 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 done regulary.

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

48. BCP Group list of companies

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

Subsidiary companies	Head office	Share capital	Currency	Activity	Group % control	Group % held	Bank % held
Millennium bcp Gestão de Activos - Sociedade Gestora de Fundos de Investimento, S.A.	Lisbon	6,720,691	EUR	Investment fund management	100.0	100.0	100.0
Interfundos - Gestão de Fundos de Investimento Imobiliários, S.A.	Lisbon	1,500,000	EUR	Investment fund management	100.0	100.0	100.0
BII Investimentos International, S.A.	Luxembourg	150,000	EUR	Investment fund management	100.0	100.0	–
BCP Capital - Sociedade de Capital de Risco, S.A.	Lisbon	28,500,000	EUR	Venture capital	100.0	100.0	100.0
Banco de Investimento Imobiliário, S.A.	Lisbon	157,000,000	EUR	Banking	100.0	100.0	100.0
BII Internacional, S.G.P.S., Lda.	Funchal	25,000	EUR	Holding company	100.0	100.0	–
BII Finance Company	George Town	25,000	USD	Investment	100.0	100.0	–
Banco ActivoBank (Portugal), S.A.	Lisbon	23,500,000	EUR	Banking	100.0	100.0	–
BIM - Banco Internacional de Moçambique, S.A.	Maputo	1,500,000,000	MZN	Banking	66.7	66.7	–
Banco Millennium Angola, S.A.	Luanda	3,809,398,820	AOA	Banking	52.7	52.7	52.7
Bank Millennium, S.A.	Warsow	1,213,116,773	PLN	Banking	65.5	65.5	65.5
Millennium TFI S.A.	Warsow	10,300,000	PLN	Investment fund management	100.0	65.5	–
Millennium Dom Maklerski S.A.	Warsow	16,500,000	PLN	Broker	100.0	65.5	–
Millennium Leasing Sp. z o.o.	Warsow	43,400,000	PLN	Leasing	100.0	65.5	–
Millennium Lease Sp.z o.o.	Warsow	86,318,000	PLN	Leasing	100.0	65.5	–
BBG Finance BV	Rotterdam	18,000	EUR	Investment	100.0	65.5	–
TBM Sp.z o.o.	Warsow	500,000	PLN	Advisory and services	100.0	65.5	–
MB Finance AB	Stockholm	500,000	SEK	Investment	100.0	65.5	–
Millennium Service Sp. z o.o	Warsow	1,000,000	PLN	Services	100.0	65.5	–
Millennium Telecomunication Sp. z o.o.	Warsow	100,000	PLN	Broker	100.0	65.5	–
Banque Privée BCP (Suisse) S.A.	Geneve	70,000,000	CHF	Banking	100.0	100.0	–
Millennium bcpbank, national association	Newark	2,500,000	USD	Banking	100.0	100.0	–
Millennium Bank, Societé Anonyme	Athens	184,905,000	EUR	Banking	100.0	100.0	–

Subsidiary companies	Head office	Share capital	Currency	Activity	Group % control	Group % held	Bank % held
Millennium Bank, Anonim Sirketi	Istanbul	202,535,316	TRY	Banking	100.0	100.0	–
Millennium Fin, Vehicles, Vessels, Appliances and Equipment Trading, Societé Anonyme	Athens	589,980	EUR	Investment	100.0	100.0	–
Millennium Mutual Funds Management Company, Societe Anonyme	Athens	1,176,000	EUR	Investment fund management	100.0	100.0	–
Banca Millennium S.A.	Bucarest	465,830,000	RON	Banking	100.0	100.0	–
BCP Internacional II, Sociedade Unipessoal, S.G.P.S., Lda.	Funchal	25,000	EUR	Holding company	100.0	100.0	100.0
Bitalpart, B.V.	Rotherdam	19,370	EUR	Holding company	100.0	100.0	100.0
BCP Investment B.V.	Amsterdam	620,774,050	EUR	Holding company	100.0	100.0	100.0
BCP holdings (usa), Inc.	Newark	250	USD	Holding company	100.0	100.0	–
MBCPPhoenix, LLC	Delaware	33,389,021	USD	Services	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	1,031,000,742	EUR	Investment	100.0	3.0	–
Millennium BCP - Escritório de Representações e Serviços, Ltda.	Sao Paulo	27,200,000	BRL	Financial Services	100.0	100.0	100.0
Millennium BCP Teleserviços - Serviços de Comércio Electrónico, S.A.	Lisbon	50,004	EUR	Videotex services	100.0	100.0	100.0
Caracas Financial Services, Limited	George Town	25,000	USD	Financial Services	100.0	100.0	100.0
Banpor Consulting S.R.L.	Bucarest	1,750,000	RON	Services	100.0	100.0	100.0
Comercial Imobiliária, S.A.	Lisbon	50,000	EUR	Real-estate management	99.9	99.9	99.9
Paço de Palmeira - Sociedade Agricola e Comercial, Lda	Braga	39,905	EUR	Agriculture industry	100.0	100.0	100.0
Millennium bcp - Prestação de Serviços, A. C. E.	Lisbon	330,250	EUR	Services	93.8	94.3	73.7
Servitrust - Trust Management and Services, S.A.	Funchal	100,000	EUR	Trust services	100.0	100.0	100.0
Imábida - Imobiliária da Arrábida, S A. Services, S.A.	Oporto	1,750,000	EUR	Real-estate management	100.0	100.0	100.0

As at 31 March 2010 the associated companies , were as follows:

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

As at 31 March 2010 the Banco Comercial Português Group's subsidiary and associated insurance companies included in the consolidated accounts under the purchase method and equity method were as follows:

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

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