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

3RD QUARTER 2011 ACTIVITY REPORT

BANCO COMERCIAL PORTUGUÊS, S.A.

a public company (Sociedade Aberta)
having its registered office at Praça D. João I, 28, Oporto, registered at the Commercial Registry of Oporto, with the single commercial and tax identification number 501 525 882 and the share capital of EUR 6,064,999,986

Financial Highlights

Euro million	Sep. 11	Sep. 10	11 / 10
Balance sheet			
Total assets	97,353	99,434	-2.1%
Loans to customers (gross) (1)	73,379	76,638	-4.3%
Total customer funds (1) (2)	64,552	66,971	-3.6%
Balance sheet customer funds (1)	51,351	50,082	2.5%
Customer deposits (1)	45,312	45,319	0.0%
Loans to customers, net / Customer deposits (3)	154%	165%	
Net income	59.4	217.4	-72.7%
Net interest income	1,196.8	1,091.8	9.6%
Net operating revenues (4)	1,841.0	2,147.3	-14.3%
Operating costs (5)	1,119.6	1,183.4	-5.4%
Loan impairment charges (net of recoveries)	764.0	549.9	38.9%
Other impairment and provisions	24.5	130.0	-81.2%
Income taxes			
Current	57.1	42.5	34.3%
Deferred	(247.4)	(18.4)	
Profitability			
Net operating revenues / Average net assets (3)	2.5%	2.9%	
Return on average assets (ROA) (6)	0.2%	0.4%	
Income before taxes and non-controlling interests / Average net assets (3)	-0.1%	0.4%	
Return on average equity (ROE)	1.5%	5.9%	
Income before taxes and non-controlling interests / Average equity (3)	-1.5%	7.0%	
Credit quality			
Overdue loans according to Bank of Portugal / Total loans (3)	6.4%	4.7%	
Overdue loans according to Bank of Portugal, net / Total loans, net (3)	2.2%	1.5%	
Credit at risk / Total loans (3)	9.5%	7.1%	
Credit at risk, net / Total loans, net (3)	5.7%	4.1%	
Impairment for loan losses / Overdue loans by more than 90 days	95.5%	100.2%	
Efficiency ratios			
Operating costs / Net operating revenues (3) (7)	63.1%	55.1%	
Operating costs / Net operating revenues (Portugal) (3) (7)	65.4%	48.7%	
Staff costs / Net operating revenues (3) (7)	36.2%	30.4%	
Capital (8)			
Own funds	5,463	6,353	
Risk weighted assets	57,424	62,107	
Core Tier I	8.3%	5.6%	
Tier I	9.0%	8.5%	
Total	9.5%	10.2%	
Branches			
Portugal activity	882	908	-2.9%
Foreign activity	848	891	-4.8%
Employees			
Portugal activity	10,043	10,198	-1.5%
Foreign activity	11,551	11,654	-0.9%

om a Repo operation, in the amount of Euro 2,256 million on 30 September 2011.
ıe to customers (including securities), assets under management and capitalisation products.
o Instruction no. 23/2011 from the Bank of Portugal.
t income, dividends from equity instruments, net commissions, net trading income, equity accounted earnings, other net operating income (Instruction no. 23/2011 from the Bank of Portugal).
other administrative costs and depreciation.
ı net income before non-controlling interests.
e impact of specific items.
ios based on the IRB approach on 30 September 2011 and in accordance with the standard approach on 30 September 2010.

RESULTS AND ACTIVITY IN THE FIRST NINE MONTHS OF 2011

Considering the conclusion of the sale of 95% of Millennium bank in Turkey (currently Fibabanka, Anonim Sirketi), on 27 December 2010, and the sale of all the branches of Millennium bcpbank in the United States of America (USA), the respective deposits portfolio and part of the loan portfolio, on 15 October 2010, the consolidated financial statements are not directly comparable for the nine months period ended 30 September 2010 and 2011. However, the impact of these transactions is considered not materially relevant for the Group's profit and loss account and balance sheet given the small dimension of these operations in the consolidated activity.

RESULTS

Millennium bcp's **consolidated net income** totalled Euro 59.4 million in the first nine months of 2011, compared to Euro 217.4 million in the same period of 2010, mainly reflecting the decrease in net trading income and the reinforcement of impairment charges for loan losses. The evolution of net income was positively influenced by the growths in net interest income, benefiting from the positive volume and interest rate effects, by the lower level of other impairment and provisions, by the impacts in income taxes reported, as well as by the reduction in operating costs posted in both Portugal and the international activity.

Despite the increase in net income from the international activity, consolidated net income was mainly influenced by the evolution in the activity in Portugal, which was hindered by lower net trading income, which includes the impact from the recognition of impairment losses associated with the Greek sovereign debt, as well as by the higher level of impairment for loan losses. These effects were partly offset by the increase in net interest income, by the lower level of impairment and provisions, by the income taxes reported in the scope of the Group's shareholding restructuring process and by the reduction in operating costs.

Net income from the international activity benefited from the increase in net operating revenues, in particular net interest income and net trading income, together with the reduction in operating costs. This performance was underpinned by the rise in net income in most subsidiary companies, sustained by the growths in business volumes and by efficiency gains despite the investments carried out, highlighting the levels of net income achieved by Bank Millennium in Poland, as well as by Millennium bim in Mozambique and by Banco Millennium Angola.

Net interest income was up by 9.6% to Euro 1,196.8 million in the first nine months of 2011, from Euro 1,091.8 million in the same period in 2010, benefiting from the favourable evolution of both volume and interest rate effects, which led to the increase of net interest income to 1.75% in the first nine months of 2011 (1.63% in the same period of 2010). This performance reflects, especially, the on going initiatives to adjust the price to the cost of the risk for loan operations with customers, in a context of strong restrictions in the access to sources of funding in wholesale markets and, consequently, to a greater selectivity in loans granted.

The evolution of net interest income was sustained by both the activity in Portugal and the international activity. In the activity in Portugal, net interest income benefited from the growth in interest earning assets and from the favourable interest rate effect, reflecting, on the one hand, the adjustment of pricing to customer risk profiles, and, on the other, the evolution of costs related to term deposits, in line with the effort to further attract customer funds from the customer base. Net interest income from the international activity was boosted by the interest rate effect and by the favourable volume effect, underpinned by the growth in business volumes, benefiting from the performance in most international operations, in particular in Bank Millennium in Poland, in Millennium bim in Mozambique and Banco Millennium Angola.

AVERAGE BALANCES

Euro million	Sep. 11 Balance	Sep. 11 Yield %	Sep. 10 Balance	Sep. 10 Yield %
Deposits in banks	4,198	1.66	3,838	1.21
Financial assets	12,631	4.06	8,670	3.59
Loans and advances to customers	73,461	4.31	74,886	3.47
	90,290		87,394	
Non current assets held for sale	-		943	6.55
Interest earning assets	90,290	4.15	88,337	3.42
Non interest earning assets	9,143		9,889	
	99,433		98,226	
Amounts owed to credit institutions	20,207	1.69	13,540	1.41
Amounts owed to customers	46,732	2.79	45,500	1.91
Debt issued and financial liabilities	20,192	2.36	26,363	1.56
Subordinated debt	1,608	2.89	2,284	3.03
	88,739		87,687	
Non current liabilities held for sale	-		854	4.20
Interest bearing liabilities	88,739	2.44	88,541	1.78
Non interest bearing liabilities	3,440		2,458	
Shareholders' equity and non-controlling interests	7,254		7,227	
	99,433		98,226	
Net interest margin (1)		1.75		1.63

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

Net commissions totalled Euro 594.5 million in the first nine months of 2011, compared to Euro 601.8 million posted in the same period of 2010. This evolution was mostly influenced by the unfavourable performance of commissions related to financial markets, in particular commissions related to securities operations, driven by the volatility and the particularly adverse conditions in capital markets. However, the commissions more directly associated with the banking business were up by 3.1%, underpinned by the growth in commissions associated with loans and guarantees, cards business and other commissions, in particular those related to account maintenance and the "Frequent Customer" solution.

The performance of net commissions was hindered, chiefly, by the evolution of the activity in Portugal, in particular commissions associated with securities operations, despite the increase of 4.1% in commissions more directly associated with the banking business, reflecting the positive evolution in commissions related to banking services provided and to loans and guarantees.

In the international activity, net commissions evidenced a favourable evolution from the same period in 2010, excluding the effect of commissions posted in the first nine months of 2010 by the operations in Turkey and in the United States of America, partly sold at the end of 2010, influenced by the performance achieved by the subsidiary companies in Mozambique, Poland and Angola, benefiting mostly from commissions more directly associated with the banking business.

Net trading income, which includes net gains arising from trading and hedging activities and net gains arising from available for sale financial assets, stood at Euro 38.7 million in the first nine months of 2011, which compares with Euro 345.4 million in the same period of 2010. This evolution reflects mostly the performance of results from trading and hedging activities, in particular the operations related to financial instruments at fair value through the profit and loss account, and the financial instruments recorded at fair value option, as well as the financial instruments held for trading related to the fixed-income securities portfolio.

The evolution in net trading income was mostly influenced by the activity in Portugal, reflecting the losses incurred in Portuguese sovereign debt securities posted in the first nine months of 2011, in the amount of Euro 126.1 million, as well as the recognition of impairment losses in Greek sovereign debt, in the amount of Euro 136.1 million in the third quarter of 2011. Simultaneously, net trading income includes, on the one hand, the accounting of a gain related to the repurchase of own issues and to the evolution of the Bank's own credit risk, and on the other the impact from losses posted related to the sale of loans operations, in the amount of Euro 69.5 million.

In the international activity, despite the lower gains from the activity of the subsidiary companies in Mozambique and in Poland, compared to the same period in 2010, net trading income showed a favourable evolution, sustained by the operations developed in Greece and, to a lesser extent, in Romania.

Other net operating income, which includes other operating income, other net income from non-banking activities and gains from the sale of subsidiaries and other assets, totalled Euro 7.6 million in the first nine months of 2011, compared to Euro 19.6 million in the same period of 2010. This performance was determined by the activity in Portugal, reflecting the impact from the specific banking sector contribution in 2011, yet partly offset by the accounting, in the first quarter of 2011, of an adjustment related to insurance premiums associated with pensions. Other net operating income were also influenced by the lower amount posted in the international activity, influenced by the subsidiary companies in Greece and in Poland, despite the positive contribution of Millennium bim in Mozambique.

Equity accounted earnings, which include results appropriated by the Group related to the consolidation of entities where, despite having a significant influence, the Group does not control the financial and operational policies, stood at Euro 2.0 million in the first nine months of 2011 (Euro 53.2 million in the first nine months of 2010). Equity accounted earnings comprise essentially the lower appropriation of results associated with the 49% shareholding in Millenniumbcp Ageas, mostly due to the accounting of impairments, which include impairments related to Greek sovereign debt.

OTHER NET INCOME

Euro million	Sep. 11	Sep. 10	*Change 11/10*
Net commissions			
ıking commissions			
Cards	138.8	136.0	2.1%
Credit and guarantees	135.8	130.3	4.2%
Bancassurance	55.4	55.8	-0.7%
Other commissions	171.6	164.6	4.3%
Subtotal banking commissions	501.6	486.7	3.1%
·ket related commissions			
Securities	55.9	75.4	-25.8%
Asset management	37.0	39.7	-6.8%
Subtotal market related commissions	92.9	115.1	-19.3%
Total net commissions	594.5	601.8	-1.2%
Net trading income	38.7	345.4	-88.8%
Other net operating income	7.6	19.6	-61.3%
Dividends from equity instruments	1.4	35.5	-96.2%
Equity accounted earnings	2.0	53.2	-96.2%
Total other net income	644.2	1,055.5	-39.0%
Other income / Net operating revenues (1)	35.0%	49.2%	

(1) According to Instruction no. 23/2011 from the Bank of Portugal.

Operating costs, which comprise staff costs, other administrative costs and depreciation, reduced 5.4% to Euro 1,119.6 million in the first nine months of 2011, from Euro 1,183.4 million in the same period of 2010. The reduction in operating costs was sustained by the strict cost control that has been undertaken in both the activity in Portugal and the international activity, which led to global decreases of 4.5% in other administrative costs, 4.7% in staff costs and 15.8% in depreciation costs. The consolidated cost-to-income ratio, on a comparable basis, stood at 63.1% in the first nine months of 2011 (55.1% in the same period of 2010), while in the activity in Portugal it stood at 65.4% in the first nine months of 2011 (48.7% in the same period in 2010).

In the activity in Portugal, the reduction of 5.8% in operating costs was favourable influenced by the savings achieved in other administrative costs, in particular advertising, advisory and consultancy services, outsourcing and other specialised services, together with the decrease in staff costs, influenced by the reversal of provisions related to the pension fund, and with the lower level of depreciation costs accounted in the first nine months of 2011. In the international activity, the reduction in operating costs reflects mostly the impact from the partial sale of the operations in Turkey and in the United States of America, completed at the end of 2010, which more than offset the increase in operating costs in the operations developed in Poland, Angola and Mozambique, reflecting the expansion plans underway.

Staff costs decreased 4.7%, to Euro 622.9 million in the first nine months of 2011, from Euro 653.4 million in the same period of 2010, reflecting the decrease of 4.6% in the activity in Portugal and of 4.8% in the international activity. In the activity in Portugal, staff costs were mostly influenced by the lower costs with the pensions fund, as a result of the reversal of provisions in the amount of Euro 46.2 million, of which Euro 31.4 million in the first quarter of 2011 and Euro 14.8 million in the third quarter of 2011. In the international activity, staff costs were influenced by the aforementioned impact from the sale of the operations in Turkey and in the United States of America, which more than offset the growth in the subsidiary companies in Poland, Angola and Mozambique, as a result of the increase in the number of employees, in particular in these last two operations by +139 and +230, respectively, between 30 September 2010 and 2011, as part of the strategy to reinforce the importance of the business in these markets as a platform to growth in Africa.

Other administrative costs reduced 4.5%, to Euro 426.3 million in the first nine months of 2011, from Euro 446.4 million posted in the same period of 2010. The reduction in other administrative costs benefited from the savings achieved in most line items, in particular in specialised services, advertising, outsourcing, communications and travel and representation costs, specially influenced by the activity in Portugal, which reduced by 7.1% from the first nine months of 2010, reflecting the impact of initiatives implemented focused on the rationalisation and containment of operating cost.

Simultaneously, operating costs in the international activity reduced 1.3%, to Euro 196.2 million in the first nine months of 2011 (Euro 198.8 million in the same period of 2010), due to the effect, previously mentioned, related to the sale of the operations in Turkey and in the United States of America, together with the lower costs posted by Bank Millennium in Greece, as a result of the resizing of the distribution network, despite the increase of other administrative costs in Bank Millennium in Poland, in Banco Millennium Angola and in Millennium bim in Mozambique, influenced by the strategy of focusing in geographies with high potential to support medium-term growth.

Depreciation costs decreased 15.8%, to Euro 70.4 million in the first nine months of 2011, from Euro 83.7 million in the same period of 2010, benefiting mostly from the lower level of depreciation recorded in the activity in Portugal (-11.2%), in particular the depreciation related to equipment and buildings, following the progressive end of the period of depreciation of investments carried out, despite the increase in depreciation associated with software, due to the continuous technological renewal.

In the international activity, depreciation costs totalled Euro 33.9 million in the first nine months of 2011 (Euro 42.5 million in the same period of 2010), representing 48% of the total consolidated depreciation costs. This evolution was influenced by the previously mentioned impact from the sale of the subsidiary companies in Turkey and in the United States of America and, simultaneously, by the reduction in the depreciation level posted by Bank Millennium in Poland, despite the increases in the subsidiary companies in Angola and Mozambique, as a result of the investments carried out in the scope of the expansion plans underway in these geographies.

OPERATING COSTS

Euro million	**Sep. 11**	**Sep. 10**	*Change 11/10*
Staff costs (1)	622.9	653.4	-4.7%
Other administrative costs	426.3	446.4	-4.5%
Depreciation	70.4	83.7	-15.8%
	1,119.6	1,183.4	-5.4%
Of which:			
Portugal activity	682.0	724.1	-5.8%
Foreign activity	437.6	459.3	-4.7%
Operating costs / Net operating revenues (2) (3)	65.4%	48.7%	

(1) Includes a reversal of provisions in the first nine months of 2011 associated with pensions, in the amount of Euro 46.2 million, and costs posted in the second quarter of 2011 associated with early retirements, in the amount of Euro 3.4 million.
(2) Activity in Portugal. According to Instruction no. 23/2011 from the Bank of Portugal.
(3) Excludes the impact of specific items.

Impairment for loan losses (net of recoveries) amounted to Euro 764.0 million in the first nine months of 2011, compared to Euro 549.9 million posted in the same period in 2010. This performance reflects mainly the reinforcement of credit impairment charges in the activity in Portugal, influenced by the behaviour of the loan portfolio with impairment indicators, driven by the particularly adverse economic and financial context affecting various sectors, despite the improvement and reinforcement of mechanisms of prevention, control and risk management. The international activity showed also higher credit impairment charges (net of recoveries), compared to the first nine months of 2010, as a result of the higher level of impairment charges posted by the subsidiary companies in Greece, Switzerland, Mozambique and Angola, despite the lower credit impairment charges posted by Bank Millennium in Poland.

The cost of risk, determined by the ratio of impairment charges (net of recoveries) to the loan portfolio, stood at 135 basis points in the first nine months of 2011 (96 basis points in the first nine months of 2010).

Other impairment and provisions, which comprise other assets impairment, in particular provision charges related to assets received as payment in kind not fully covered by collateral, goodwill impairment and other provisions, totalled Euro 24.5 million in the first nine months of 2011, compared to Euro 130.0 million in the period in 2010. This evolution was influenced, on the one hand, by the accounting of an impairment in the amount of Euro 73.6 million, posted in the second quarter of 2010, related to the goodwill of Millennium Bank in Greece, and, on the other, by the reduction of the net effect between the provisions charged and the reversal of provisions associated with assets received as payment in kind and other contingencies, in both the activity in Portugal and the international activity.

The current **income tax** stood at Euro 57.1 million in the first nine months of 2011, compared to Euro 42.5 million in the same period in 2010. The deferred income tax totalled Euro -247.4 million in the first nine months of 2011 (Euro -18.4 million in the same period in 2010) reflecting mostly the impact in tax income determined in the scope of the restructuring process of the Group's shareholdings.

BALANCE SHEET

Total assets totalled Euro 97,353 million as at 30 September 2011, compared to Euro 99,434 million as at 30 September 2010.

Loans to customers (gross), on a comparable basis (adjusted from a repo operation, in the amount of Euro 2,256 million), showed a reduction of 4.3% to Euro 73,379 million as at 30 September 2011, from Euro 76,638 million as at 30 September 2010. The performance of loans to customers reflects mostly the evolution in the activity in Portugal, which decreased by 5.5% from 30 September 2010, while the international activity evidenced a stabilisation (+0.2%) on the same period, influenced by the decline in loans to customers in most subsidiary companies, which was offset by the increases showed by the subsidiary in Poland and Angola.

The performance of loans to customers was mainly influenced by loans to companies, which, despite comprising the effect from the sale of loans operations and the decrease in loans granted, continued to be the main component of the loans to customers' portfolio, with a weight of 52% of the total loans, and totalled Euro 38,238 million on 30 September 2011 on a comparable basis (Euro 41,797 million on the same date in 2010). Loans to individuals amounted to Euro 35,141 million as at 30 September 2011 (+0.9%), which compares with Euro 34,841 million posted on the same date in 2010, mainly reflecting the evolution in mortgage loans (+1.9%), sustained in particular by the international activity, despite the positive but more moderate contribution of the activity in Portugal. Consumer loans reduced by 5.7%, from 30 September 2010, influenced by the decrease showed in both the activity in Portugal and the international activity.

LOANS TO CUSTOMERS (GROSS)

Euro million	Sep. 11	Sep. 10	ange / 10
Individuals			
Mortgage loans	30,592	30,014	1.9%
Consumer loans	4,549	4,827	-5.7%
	35,141	34,841	0.9%
Companies			
Services (1)	15,219	16,301	-6.6%
Commerce	4,440	4,860	-8.6%
Construction	5,500	4,939	11.4%
Other	13,079	15,697	-16.7%
	38,238	41,797	-8.5%
Total (1)	**73,379**	**76,638**	**-4.3%**
Of which:			
Portugal activity (1)	56,280	59,573	-5.5%
Foreign activity	17,099	17,065	0.2%

(1) Adjusted from a Repo operation, in the amount of Euro 2,256 million, on 30 September 2011.

Credit quality, measured by the non-performing loan indicators, in particular overdue loans by more than 90 days as a percentage of total loans, stood at 4.3% as at 30 September 2011 (3.1% on the same date in 2010), reflecting the worsening economic and financial conditions of households and companies in the persistently adverse context, with the mentioned ratio standing at 2.3% as at 30 September 2011 to individual customers, mostly determined by consumer loans, and standing at 6.0% for the companies segment. The coverage ratio for loans overdue by more than 90 days stood at 95.5% as at 30 September 2011.

OVERDUE LOANS BY MORE THAN 90 DAYS AND IMPAIRMENTS AT 30 SEPTEMBER 2011

Euro million	Overdue loans by more than 90 days	Impairment for loan losses	Overdue loans by more than 90 days / tal loans	Coverage ratio (Impairment/ Overdue >90 days)
Individuals				
Mortgage loans	214	190	0.7%	88.7%
Consumer loans	589	515	13.0%	87.4%
	803	705	2.3%	87.7%
Companies				
Services	656	749	3.8%	114.2%
Commerce	359	302	8.1%	84.0%
Construction	788	495	14.3%	62.8%
Other	641	851	4.9%	132.9%
	2,444	2,397	6.0%	98.1%
Total	**3,247**	**3,102**	**4.3%**	**95.5%**

Total customer funds on a comparable basis (adjusted for a Repo transaction, amounting to Euro 2,256 million as at 30 September 2011) amounted to Euro 64,552 million as at 30 September 2011, a decrease of 3.6%, from Euro 66,971 million on the same date in 2010. The evolution of total customer funds reflects mostly the performance in off-balance sheet customer funds (-21.8%), influenced by both capitalisation products and assets under management, despite the rise of 2.5% in balance sheet customer funds to Euro 51,351 million as at 30 September 2011 (Euro 50,082 million at the end of September 2010). Deposits from customers, despite the stabilisation in the analysed period, continued to be in the leader position among the other types of customer funds and represented 70% of total customers funds at the end of September 2011.

The evolution in total customer funds was chiefly influenced by the decrease of 3.9% in the activity in Portugal to Euro 48,695 million as at 30 September 2011 (Euro 50,676 million on the same date in 2010), determined by off-balance sheet customer funds, despite the 3.5% increase in balance sheet customer funds on the same period. The evolution of total customer funds in the international activity was partially hindered by the foreign exchange effect of the devaluation of zloty against the euro, and amounted to Euro 15,857 million as at 30 September 2011 (Euro 16,295 million on the same date of 2010). Excluding the foreign exchange effect, total customer funds from the international activity showed a positive performance, sustained by the activity of Bank Millennium in Poland, benefiting from the increase in balance sheet customer funds, and by the activity in Banco Millennium Angola and Millennium bim in Mozambique, underpinned in particular by the efforts to further increase customer deposits.

TOTAL CUSTOMER FUNDS

Euro million	30 Sep. 11	30 Sep. 10	Change 11 / 10
Balance sheet customer funds			
Deposits [1]	45,312	45,319	0.0%
Debt securities [2]	6,039	4,763	26.8%
	51,351	50,082	2.5%
Off-balance sheet customer funds			
Assets under management	3,767	4,855	-22.4%
Capitalisation products [3]	9,434	12,034	-21.6%
	13,201	16,889	-21.8%
Total [1]	**64,552**	**66,971**	**-3.6%**
Of which:			
Portugal activity [1]	48,695	50,676	-3.9%
Foreign activity	15,857	16,295	-2.7%

(1) Adjusted from a Repo operation, in the amount of Euro 2,256 million, on 30 September 2011.
(2) Debt securities issued by the Bank and placed with customers.
(3) Includes Unit linked and Retirement savings deposits.

LIQUIDITY MANAGEMENT

In the third quarter of 2011, the uncertainty and complexity to agree and to define instruments in order to mitigate the sovereign debt crisis in Europe, further eroded investors' sentiment, having negative consequences on markets' performance, in particular in the European money markets. Reacting to the deterioration of market sentiment, European Central Bank (ECB) and other Central Banks developed a set of measures for liquidity, with the ECB reactivating its exceptional lending facilities and reintroducing the covered bond purchase programme, in order to defend financial stability and economic sustainability in the euro area.

In this context, Millennium bcp pursues its pro-active liquidity management aiming to both improvement the commercial gap and the goals defined in the 2011 Liquidity Plan, in order to timely guarantee the refinancing needs forecasted for the year-end 2011. To this end, the Bank issued bonds, in the third quarter of 2011, in the amount of Euro 1.75 billion, guaranteed by the Portuguese State, contributing to the reinforcement of the collateral portfolio to use in eventual refinancing transactions with ECB.

At the end of September 2011, the exposure of Millennium bcp to the ECB totalled Euro 15.3 billion, standing in line with the amounts recorded in the end of the last quarter. In turn, reflecting the financial markets deterioration and the simultaneous revaluation of a set of assets, the portfolio of securities eligible for collateral in financing transactions with Central Banks stood at Euro 18.8 billion, including the re-entrance of an operation that has ceased to be integrated into the pool at the end of September 2011.

CAPITAL

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

At the end of the September 2011, the consolidated Core Tier I, including the liability management operations on preference shares closed in October, reached 9.1%, exceeding the 9% determined as the minimum for the year-end 2011, and increased by 58 basis points from the end of June 2011. This evolution was influenced by the positive impact from the successful liability management transaction previously mentioned for preference shares and debt securities, despite the impairment charge for the Greek sovereign debt and the deduction of the shortfall of impairment for regulatory provisions, related with the portfolios handled by the standardised approach, as well as by other restraints associated with the activity, highlighting the negative impact from the amortisation of the deferred adjustments related to the transition to IFRS, to the mortality table in 2005 and the actuarial losses recorded in 2008.

The risk weighted assets reduced by Euro 1,008 million, favourably influenced by the ongoing deleveraging process and the maintenance of the risk weighted assets optimization effort, in particular regarding the reinforcement of collateral, and by the application of the rules recently released by the Bank of Portugal with respect to the risk weight to be applied to Angola exposures.

SOLVENCY

Euro million	30 Sep. 11 Including Liability Management operation	30 Sep. 11	30 Jun. 11
Own Funds			
Tier I Capital	4,799	5,165	5,441
of which: Preference shares and Perpetual subordinated debt securities with conditional coupons	173	943	945
Other deduction (1)	(573)	(573)	(453)
Tier II Capital	495	431	810
Deductions to Total Regulatory Capital	(133)	(133)	(125)
Total Regulatory Capital	**5,161**	**5,463**	**6,125**
Risk Weighted Assets	**57,424**	**57,424**	**58,432**
Solvency Ratios			
Core Tier I	9.1%	8.3%	8.5%
Tier II	0.6%	0.5%	1.2%
Total	9.0%	9.5%	10.5%

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

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

SEGMENTAL REPORTING

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

Segment description

The Retail Banking activity includes the Retail activity of Banco Comercial Português in Portugal, operating as a distribution channel of products and services from other companies of the Group, and the Foreign business segment, operating through several banking operations in markets with affinity to Portugal and in countries with higher growth potential.

The Retail segment in Portugal includes: (i) the Retail network in Portugal, where the strategic approach is to target "Mass Market" customers, who appreciate a value proposition based on innovation and speed, as well as Prestige and Small Business customers, whose specific characteristics, financial assets or income imply a value proposition based on innovation and personalisation, requiring a dedicated Account Manager; and (ii) ActivoBank, a bank focused on clients who are young in spirit, intensive users of new communication technologies and who prefer a banking relationship based on simplicity, offering modern products and services.

The Companies Banking business includes the Companies network in Portugal, which operates as a distribution channel of products and services from other companies of the Group, and the Corporate & Investment Banking segment. The Companies network, in Portugal, covers the financial needs of companies with an annual turnover between Euro 7.5 million and Euro 100 million, and focuses on innovation, offering a wide range of traditional banking products complemented by specialised financing.

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

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

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

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

Business segment activity

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

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

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

Information related to the first nine months of 2010 is presented on a comparable basis with the information reported for the first nine months of 2011 reflecting the Group's business areas current organisational structure referred to in the Segment description described above.

The net contribution of each segment is not deducted, when applicable, from the non-controlling interests. Thus, the net contribution reflects the individual results achieved by its business units, independent of the percentage held by the Group, including the impact of movements of funds described above. The following information is based on financial statements prepared according to IFRS and on the organisational model in place for the Group, as at 30 September 2011.

Retail Banking

The Retail segment in Portugal posted a net contribution of Euro 18.1 million in the first nine months of 2011, compared to a net contribution of Euro 81.7 million in the same period in 2010, reflecting mostly the increase in impairment charges for loan losses.

The performance of net interest income in the first nine months of 2011 reflects, on the one hand, the lower volume of loans to customers, as a result of the increasing selectivity in loans granted and the decline in demand and, on the other, the reduction in net interest margin of loan operations. Despite the large increase in competition to further increase customer funds, the efforts carried out led to growth in the volume of term and demand deposits and to an increase in interest margin.

The evolution in other net income, compared to the first nine months of 2010, was hindered by the reduction in net commissions, in particular those related to loans and savings insurance, despite the rise in commissions related to demand deposits, structured products and risk insurance.

Impairment charges for loan losses showed an increase in the first nine months of 2011, compared with the same period in 2010, due to the increase in impairment indicators in the loan portfolio as a result of the deterioration in economic and financial conditions, in particular for companies in the construction and tourism sectors.

The increase in operating costs was mainly due to higher pension costs, in particular those related to the amortisation of the actuarial changes above the corridor, as well as to the higher costs associated with the loan recovery process.

Total customer funds decreased 0.4%, totalling Euro 35,357 million as at 30 September 2011, compared to Euro 35,508 million posted on the same date in 2010. However, customer deposits showed an increase of 9.1% on 30 September 2011, compared to the same date in 2010, reflecting the commercial effort to further increase customer funds. Loans to customers decreased 5.3%, totalling Euro 32,121 million as at 30 September 2011, compared to Euro 33,905 million posted on the same date in 2010.

Euro million	**30 Sep.11**	**30 Sep. 10**	**Change 11 / 10**
Profit and loss account			
Net interest income	352.3	398,2	-11.5%
Other net income	334.4	334,7	-0.1%
	686.7	732,9	-6.3%
Operating costs	512.2	502,9	1.9%
Impairment	148.7	118,8	25.2%
Contribution before income taxes	25.8	111,2	-76.8%
Income taxes	7.7	29,6	-73.9%
Net contribution	18.1	81,7	-77.9%
Summary of indicators			
Allocated capital	955	1.287	-25.8%
Return on allocated capital	2.5%	8,5%	
Risk weighted assets	14,686	19.801	-25.8%
Cost to income ratio	74.6%	68,6%	
Loans to customers (1)	32,121	33,905	-5.3%
Total customer funds	35,357	35,508	-0.4%

(1) Includes commercial paper.

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

Companies

The companies network recorded a net loss of Euro 29.5 million in the first nine months of 2011, compared to a net loss of Euro 6.9 million in the same period in 2010, mainly determined by the higher level of impairment charges for loan losses.

The good performance of net interest income reflects the effect of the increase in the interest margin for demand deposits and loans to customers, which more than offset the effect of the decrease in business volumes. This performance relied on the focus on profitability, through the strengthening of the repricing process for loan operations, aimed to adjust the price of products to customers' risk profiles.

The decrease in other net income resulted from the reduction in commissions associated with financial services and with non-resident companies, despite the rise in commissions related to loans.

The increase in impairment charges for loan losses in the first nine months of 2011, compared to the same period of 2010, was due to the devaluation of financial collateral and to the increase in impairment indicators in the loan portfolio following the deterioration in economic and financial conditions, in particular in companies in the construction and tourism sectors.

For the third consecutive quarter there was a reduction in operating costs. This was sustained by measures to simplify the organisation and optimise processes that have been consistently implemented, as seen in the reduction in other administrative costs.

Loans to customers decreased by 4.7%, amounting to Euro 9,625 million as at 30 September 2011, compared to Euro 10,096 million posted on the same date in 2010, driven by the reduction in national currency loans, real estate loans and commercial paper.

Total customer funds amounted to Euro 2,543 million as at 30 September 2011, compared to Euro 2,882 million as at 30 September 2010.

Euro million	**30 Sep.11**	**30 Sep. 10**	**Change 11 / 10**
Profit and loss account			
Net interest income	133.9	131.8	1,6%
Other net income	60.6	68.6	-11,7%
	194.5	200.4	-3,0%
Operating costs	42.1	45.2	-6,8%
Impairment	194.0	164.6	17,8%
Contribution before income taxes	(41.6)	(9.3)	-
Income taxes	(12.1)	(2.5)	-
Net contribution	(29.5)	(6.9)	-
Summary of indicators			
Allocated capital	648	642	1,0%
Return on allocated capital	-6.1%	-1.4%	
Risk weighted assets	9,976	9,875	1,0%
Cost to income ratio	21.7%	22.5%	
Loans to customers (1)	9,625	10,096	-4,7%
Total customer funds	2,543	2,882	-11,8%

(1) Includes commercial paper.

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

Corporate & Investment Banking

The Corporate & Investment Banking segment recorded a net contribution of Euro 22.2 million in the first nine months of 2011, compared to a net contribution of Euro 58.6 million on the same period in 2010, determined by the increase in impairment charges for loan losses and the reduction in other net income.

The good performance of net interest income, supported by the Corporate network, reflects the effect of the increase in the interest margin of demand deposits and of loans to customers as a result of the focus on profitability through the repricing process, promoting the adjustment of spreads to the risk of operations and strengthening the mitigation associated with these operations.

The decrease in net trading income in the Investment Banking segment determined the decrease in other net income, despite the increase in commissions in the Corporate network, especially the commissions associated with loans, risk insurances, non-resident business and demand deposits.

The higher level of impairment charges for loan losses posted in the first nine months of 2011, compared to the same period of 2010, was due to the devaluation of financial collateral and to the increase in impairment indicators in the loan portfolio following the deterioration in economic and financial conditions, in particular in companies in the construction and tourism sectors.

In accordance with the strategic priority of deleveraging, loans to customers decreased 9.1%, totalling Euro 12,341 million as at 30 September 2011, compared to Euro 13,578 million posted on the same date in 2010, determined by the reduction in local currency financing, credit syndication and leasing. Total customer funds rose 10.8% to Euro 11,718 million as at 30 September 2011, compared to Euro 10,577 million on 30 September 2010, driven by an increase in customer deposits.

Euro million	30 Sep.11	30 Sep. 10	Change 11 / 10
Profit and loss account			
Net interest income	172.9	147.4	17.3%
Other net income	115.7	137.8	-16.0%
	288.6	285.2	1.2%
Operating costs	57.7	54.6	5.7%
Impairment	199.6	150.8	32.4%
Contribution before income taxes	31.3	79.8	-60.8%
Income taxes	9.1	21.1	-57.1%
Net contribution	22.2	58.6	-62.1%
Summary of indicators			
Allocated capital	1,049	992	5.7%
Return on allocated capital	2.8%	7.9%	
Risk weighted assets	16,135	15,267	5.7%
Cost to income ratio	20.0%	19.1%	
Loans to customers (1)	12,341	13,578	-9.1%
Total customer funds	11,718	10,577	10.8%

(1) Includes commercial paper.

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

Private Banking & Asset Management

The Private Banking & Asset Management segment, considering the geographical segmentation criteria, posted a net loss of Euro 61.9 million in the first nine month of 2011, compared to a net loss of Euro 8.4 million in the same period of 2010, determined by the increase in impairment charges for loan losses.

The reduction in net interest income reflects the decrease in the volume of loans to customers as well as in interest margin for customer term deposits, despite the effort to implement the repricing designed to reflect the cost of risk and liquidity, as well as the increase in interest margin of demand deposits and loans to customers.

The increase of 34.8% in other net income resulted from the Private Banking business in Portugal and International Private Banking, and was mainly associated with the increase in commissions related to assets under management, which offset the drop in commissions related to investment funds, structured products and stock market transactions.

The rise in impairment charges for loan losses was due to the devaluation of financial collateral and to the increase in impairment indicators of the loan portfolio, mainly in International Private Banking.

Loans to customers amounted to Euro 1,313 million as at 30 September 2011, decreasing 5.5% from 30 September 2010, as a result of the reduction in loans granted by the Private Banking segment in Portugal.

Total customer funds amounted to Euro 4,960 million as at 30 September 2011, compared to Euro 5,629 million as at 30 September 2010, supported by the reduction in off-balance sheet customer funds, despite the increase of 15.0% in customer deposits.

Euro million	**30 Sep.11**	**30 Sep. 10**	**Change 11 / 10**
Profit and loss account			
Net interest income	15.7	16.0	-1.9%
Other net income	21.6	16.0	34.8%
	37.3	32.1	16.4%
Operating costs	24.1	23.7	1.7%
Impairment	100.4	20.1	-
Contribution before income taxes	(87.2)	(11.7)	-
Income taxes	(25.3)	(3.3)	-
Net contribution	(61.9)	(8.4)	-
Summary of indicators			
Allocated capital	56	58	-4.2%
Return on allocated capital	-147.8%	-19.2%	
Risk weighted assets	861	899	-4.2%
Cost to income ratio	64.5%	73.8%	
Loans to customers	1,313	1,389	-5.5%
Total customer funds	4,960	5,629	-11.9%

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

Foreign Business

The net contribution of the Foreign Business segment, considering the geographical segmentation criteria, amounted to Euro 119.6 million in the first nine months of 2011, compared to a net contribution of Euro 58.5 million in the same period of 2010. The increase of 104.2% compared to the same period was determined by the increase in net interest income and by the decrease in operating costs.

The increase in net interest income by 20.6% from the first nine months of 2010 benefited from the evolution posted by the international operations overall. The performance of operations developed in Poland, Mozambique and Angola deserve special mention.

The decrease in other net income reflects primarily the impacts posted in the first nine months of 2010 related to the activities in Turkey and the United States of America, which were partially sold, as well as the performance of operations developed in Poland, Switzerland and Greece.

Operating costs decreased 4.7% in the first nine months of 2011 over the same period in 2010, despite the increases in the subsidiary companies in Poland, Angola and Mozambique, mainly influenced by operating costs posted in the first nine months of 2010 related to the activities in Turkey and the United States of America.

The increase in impairment charges of credit, over the same period, is mainly associated with a higher level of provisioning recorded in the subsidiary companies in Greece and Switzerland partially offset by the decrease in Poland.

Total customer funds decreased 2.7% to Euro 15,857 million as at 30 September 2011, with emphasis on the favourable performance of customer deposits and unfavourable performance of assets under management.

Loans to customers decreased 0.4% to Euro 16,447 million as at 30 September 2011, benefiting from the performance of loans to individuals, reflecting the decrease in operations in the Cayman Islands, Greece and Switzerland, which was partially offset by the increases registered in Poland, Angola and Mozambique.

Euro million	**30 Sep.11**	**30 Sep. 10**	**Change 11 / 10**
Profit and loss account			
Net interest income	460.2	381.5	20,6%
Other net income	253.6	268.5	-5,6%
	713.8	650.0	9,8%
Operating costs	437.7	459.3	-4,7%
Impairment and provisions	123.2	115.4	6,8%
Contribution before income taxes	152.9	75.2	103,2%
Income taxes	33.3	16.7	99,6%
Net contribution	119.6	58.5	104,2%
Summary of indicators			
Allocated capital	1,265	1.441	-12,2%
Return on allocated capital	12.6%	5,4%	
Risk weighted assets	14,123	14.791	-4,5%
Cost to income ratio	61.3%	70,7%	
Loans to customers	16,447	16.514	-0,4%
Total customer funds	15,857	16.295	-2,7%

Note: In September 2010 the loans to customers and customer funds were adjusted from the impact related to the activities in Turkey and in the United States of America, which were partially sold during 2010.

SIGNIFICANT EVENTS

Millennium bcp's activity in the 3rd quarter of 2011 was characterised by the beginning of the implementation of the new strategic agenda, announced in July 2011, with the main guidelines focused on four key drivers: (i) to ensure solvency levels above regulatory requirements (9% of Core Tier I by the end of 2011 and 10% by the end of 2012); (ii) to manage the deleveraging process in order to stabilise balance sheet funding needs and structure; (iii) to recover profitability levels in Portugal, aiming at surpassing a 10% Return on Equity; and; (iv) to focus the international portfolio according to the attractiveness and availability of resources, electing as priority markets the affinity markets. Also worthy of special note during the 3rd quarter of 2011:

- Launch of an exchange offer for holders of perpetual debt instruments and preference shares, part of the proactive management of the Group's outstanding liabilities and capital structure, being one of the initiatives undertaken to achieve a regulatory Core Tier I ratio of 9% by the end of 2011.
- Signing of a partnership agreement with Banco Privado Atlântico, S.A. to create a bank in Brazil in order to access opportunities in the Brazilian market, in particular in the areas of corporate finance and trade finance, through partnerships.
- Nomination of António Ramalho as Vice-Chairman of the Executive Board of Directors of BCP.
- Nomination of Dimitrios Romossios as Chief Executive Officer of Millennium bank in Greece.
- Renewal of the Quality Certificate, as part of ISO 9001:2008, awarded by Bureau Veritas Certification. In addition to the 34 processes already certified, Millennium bcp has been certified with five more: Interbank Money Market – Trading, Confirmation and Registration of Operations, Custody and Events/Income, Loan Account, Current Accounts and Overdrafts, and Guarantees.
- Establishment of several partnership protocols between Millennium bcp's Microcredit network and the Social Security Institute, Beta-i - Association for the Promotion of Innovation and Entrepreneurship, the Institute of Accounting and Administration of Lisbon and the Faro Municipality, aiming to encourage and support the initiative skills and entrepreneurship.
- "Best Bank in Real Estate in Portugal" awarded by Euromoney magazine for the sixth year in a row.
- "Best Management Report 2010", awarded to Millennium bcp's 2009 Annual Report by the Portuguese Association for Corporate Communication.
- Distinction of ActivoBank by Global Finance with the awards under the "World's Best Internet Banks in Europe 2011" in four categories: "Best Consumer Internet Bank" in Portugal, "Best Integrated Consumer Bank Site", "Best Web Site Design" and "Best in Mobile Banking", in Europe.
- "Best Insurance Company in Portugal in 2011" awarded to Milleniumbcp Ageas by World Finance.
- "Best Local Bank in Africa" awarded, for the first time to a Mozambican bank, to Millennium bim by the African Banker magazine. The African Banker selected also Millennium bim as one of the top five banks in Africa in 2011 in the following categories: "Most Innovative Bank" and "Socially Responsible Bank".
- Nomination of Millennium bim (Mozambique) as "Brand of Excellence" by Superbrands.
- "Best Bank in Angola" awarded to Millennium Angola by Euromoney magazine.
- Inclusion, for the second year in a row, of Bank Millennium (Poland) in the "Respect Index" - the first index of Central and Eastern Europe of companies that are socially responsible.
- Award to Bank Millennium (Poland) of "Five stars" by monthly magazine Forbes and "Best Bank for Companies".
- Award to Bank Millennium (Poland) of important distinctions in terms of quality service offered to customers: the Bank is among the best in the "Newsweek Friendly Banks" ranking, in third position in the "Traditional Customer's Friendly Bank" and "Best Internet Bank" categories.

- "2010 EUR Straight - Through Processing" excellence award granted by Deutsche Bank to Millennium operation in Greece.
- Following the announcement of the downgrade of the Portuguese Republic's rating by four notches, from "Baa1" to "Ba2", Moody's rating agency announced, on July 7, the revision of the ratings for issues from the four Portuguese banks using the state guarantee. The rating of BCP's debt with the state guarantee was reduced from "Baa1" to "Ba2". As a result of the downgrade of Portuguese Republic's long-term rating, Moody's downgraded, on July 15, the ratings of various Portuguese banks. In this context, Moody's announced that the ratings of BCP were downgraded by one notch, from "Baa3/P-3" to "Ba1/NP", with all ratings remaining on "Rating Watch Negative".

Events subsequent to the third quarter of 2011

- Announcement of the results of the exchange offer directed to holders of the perpetual debt instruments and preference shares, on October 7, being worth mentioning the degree of acceptance of approximately 75% for the issues included in the offer.
- "Most Innovative Bank" award, for the second time, to Millennium Angola by EMEA Finance.
- As a result of the rating downgrade of Portugal from "BBB+" to "BBB-" and the placement of Portuguese banks ratings on "Rating Watch Negative", the Fitch rating agency announced on October 7 that it had reaffirmed the main ratings of BCP, namely the long- and short-term ratings ("BBB-/F3"), maintaining the "Rating Watch Negative" outlook.
- Moody's rating agency announced, on October 7, that it had concluded the review of Portuguese banks ratings initiated on July 15, following the downgrade of the Republic of Portugal rating from "Baa1" to "Ba2". In this context, the debt rating of BCP was reduced from "Ba1/NP" to "Ba3/NP" and the Standalone rating from "Ba2" to "B1". Ratings maintain a "Negative" outlook.
- On October 20, the DBRS rating agency announced, following the downgrade of the Republic of Portugal rating from BBB (High) to BBB, the confirmation or revision of the Portuguese banks ratings. In this context, BCP long-term rating was downgraded from BBB (High) to BBB, with "Negative Trend" (identical to the Republic of Portugal's rating), while the short-term rating was affirmed at R-2(High) with "Negative Trend".

ECONOMIC ENVIRONMENT

During the 3rd quarter, global economic activity decelerated meaningfully alongside a significant deterioration of confidence sentiment and increasing risks to global economic and financial stability. The developed economies have faced difficulties in devising and pursuing measures to address structural problems and excessive indebtedness that limit them from achieving their full economic potential. The rating actions on the US sovereign and the difficulty and complexity of agreeing on and defining instruments to mitigate the sovereign debt crisis in Europe, following the July summit, further eroded investor sentiment, with dire consequences for market performance, in particular in the European money markets. Emerging economies, while maintaining higher growth rates, were also impacted by the global economic activity slowdown with some evidence of a reflux of portfolio flows.

The global uncertainty and increased risk aversion provided for greater market volatility. Investors tended to reduce their exposure to stock markets, in exchange for risk free assets and some return to alternative assets like precious metals. The major global stock market indices lost around 15% on average in the quarter, US and German 10yr yields moved to below 2%, while the euro lost value vis-a-vis the US dollar, to around the 1.35 euro level.

The central banks' reaction to the deterioration of market sentiment and the economic downturn entailed a set of measures: exceptional lending, lower rates for longer periods and direct support to public debt markets. The ECB has suspended its cycle of rates normalisation, resumed long term lending facilities and reintroduced the covered bond purchase programme.

The broadening effects of the European sovereign debt crisis pressed European authorities to developed a more consistent approach in the defence of financial stability and economic sustainability in the euro area. July's summit resulted in a set of actions to strengthen the EU financial support mechanisms, redesign the supervisory and governance architecture and increase the commitment of each member state in the promotion of debt sustainability over the medium term. Nevertheless, the adversity of the economic context, the complexity of some of the underlying instruments and difficulty in achieving a common understanding protracted the uncertainty, damaging the economic climate, and that culminated in a new summit in October. This produced the proposal for a voluntary nominal discount of 50% of the outstanding Greek bonds held by the private sector, which is still in discussion, new stringent requirements on banks' capital that must be complied with by mid 2012, and the leveraging of the European Financial Stability Fund.

Portuguese economic activity has been influenced by the implementation of the economic and financial assistance plan, which received a positive first evaluation. Slippage in the budget execution during first half of 2011, as a result from lower expenditure control of Regional and Local Government and higher funding needs of state-owned companies, called for one-off corrective actions in the final months of 2011 (anticipation of changes in the VAT, a personal income tax surcharge, a speeding up of some concessions and the transfer of bank pension funds to the State) alongside strengthened surveillance procedures and commitment to significantly reduce government expenditure in 2012. The budget strategy for next year is highly demanding on private demand, and household expenditure in particular. The higher tax burden, fiscally driven inflation and the real devaluation stemming from lower wages will impact on households' ability to save. The decrease in domestic demand for 2011and 2012 will be sharp (more than a 5% drop in real terms), with very unfavourable impact on employment, which will continue to fall between 1% and a 2% per year.

The financial system has been affected by the adverse economic environment, with deterioration of credit quality and focus on capturing and retaining stable funding resources, pressuring profitability. The sector will remain constrained by the ongoing economic adjustment and the more demanding regulatory capital and specific liquidity requirements, which require great discipline to both ensure the financing of the economy and the banking system's solvency. The capital structure and the deleveraging objectives for the sector will be determined by the European decisions on the recapitalisation needs and the assessment of asset quality.

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: 01/07/2011 End: 30/09/2011**

Balance Sheet Items	Individual			Consolidated		
	n (NCA)	n-1 (NCA)	Var. (%)	n (IAS)	n-1 (IAS)	Var. (%)
ASSETS (NET)						
Loans to other credit institutions [2]	10.930.543.541	8.573.158.213	27,50%	3.325.925.008	2.283.265.479	45,67%
Loans to clients	52.263.458.715	54.314.251.817	-3,78%	72.532.357.897	74.254.392.604	-2,32%
Fixed income securities	22.390.890.161	20.892.799.863	7,17%	11.002.117.495	11.649.662.320	-5,56%
Variable yield securities	2.280.144.687	2.661.251.408	-14,32%	1.431.277.799	1.968.718.961	-27,30%
Investments	3.862.534.098	3.905.591.259	-1,10%	308.828.641	459.627.790	-32,81%
SHAREHOLDER'S AND EQUIVALENT EQUITY						
Equity Capital	6.064.999.986	4.694.600.000	29,19%	6.064.999.986	4.694.600.000	29,19%
Nº of ordinary shares	7.207.167.060	4.694.600.000	-	7.207.167.060	4.694.600.000	-
Nº of other shares	0	0	-			-
Value of own shares	6.235.013	4.803.115	29,81%	10.952.885	19.519.479	-43,89%
Nº of voting shares	20.328.598	6.985.803	-	44.522.815	30.016.107	-
Nº of preferred, non voting shares	0	0	-			-
Subordinate loans	2.717.224.537	3.398.882.072	-20,06%	1.090.510.483	2.043.097.090	-46,62%
Minority interests	0	0	-	528.411.163	467.559.182	13,01%
LIABILITIES						
Amounts owed to credit institutions	27.426.820.924	25.518.283.208	7,48%	19.656.037.708	18.419.387.771	6,71%
Amounts owed to clients	32.809.473.797	30.963.381.826	5,96%	47.567.701.272	45.319.369.376	4,96%
Debt securities	13.385.623.680	14.580.921.011	-8,20%	14.799.552.996	17.777.638.201	-16,75%
TOTAL ASSETS (NET)	100.134.577.583	97.688.041.303	2,50%	97.352.800.691	99.433.980.922	-2,09%
TOTAL SHAREHOLDER'S EQUITY	6.288.790.049	6.550.893.280	-4,00%	6.766.627.330	6.871.092.857	-1,52%
TOTAL LIABILITIES	93.845.787.534	91.137.148.024	2,97%	90.057.762.198	92.095.328.883	-2,21%

P & L Items	Individual			Consolidated		
	n	n-1	Var. (%)	n	n-1	Var. (%)
Financial margin [3]	686.083.390	652.083.805	5,21%	1.196.787.591	1.091.759.193	9,62%
Commissions and other oper. revenue (net)	456.210.900	312.757.358	45,87%	602.130.773	621.434.182	-3,11%
Securities yield and profits from financial transactions (n	-261.430.675	578.767.950	-145,17%	40.022.859	380.918.851	-89,49%
Banking Income	880.863.615	1.543.609.113	-42,93%	1.838.941.223	2.094.112.226	-12,19%
Personnel, administ. and other costs	-663.615.837	-703.018.686	-5,60%	-1.049.199.965	-1.099.748.933	-4,60%
Amortizations	-30.007.783	-33.653.102	-10,83%	-70.414.844	-83.656.797	-15,83%
Provisions (net of adjustments)	-753.584.881	-708.237.571	6,40%	-788.480.285	-679.907.040	15,97%
Extraordinary profit	0	0	n.a.	0	0	n.a.
Profit before taxes	-566.344.886	98.699.754	-673,81%	-69.153.871	230.799.456	-129,96%
Income tax [4]	264.342.437	78.319.352	237,52%	190.294.250	-24.107.558	-889,36%
Minority interests and income excluded from consolidati	0	0	-	-61.756.609	10.718.565	-676,16%
Net profit / loss for the quarter	-302.002.449	177.019.106	-270,60%	59.383.770	217.410.463	-72,69%
Net profit / loss per share for the quarter	-0,0498	0,0377	-232,06%	0,0082	0,0463	-82,21%
Self financing [5]	481.590.215	918.909.779	-47,59%	918.278.899	980.974.300	-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] Includes repayable on demand to credit institutions

[3] Financial margin = Interest income - Interest expense

[4] Estimated income tax

[5] Self financing = Net profits + amortization + provision

BANCO COMERCIAL PORTUGUÊS

Consolidated Income Statement
for the nine months period ended 30 September, 2011 and 2010

	30 September 2011	30 September 2010
	(Thousands of Euros)	
Interest income	2,984,471	2,497,103
Interest expense	(1,787,684)	(1,405,344)
Net interest income	1,196,787	1,091,759
Dividends from equity instruments	1,354	35,470
Net fees and commission income	594,540	601,823
Net gains / losses arising from trading and hedging activities	19,077	354,229
Net gains / losses arising from available for sale financial assets	19,592	(8,780)
Other operating income	(1,826)	12,291
	1,829,524	2,086,792
Other net income from non banking activity	14,916	12,439
Total operating income	1,844,440	2,099,231
Staff costs	622,910	653,351
Other administrative costs	426,290	446,398
Depreciation	70,415	83,657
Operating costs	1,119,615	1,183,406
	724,825	915,825
Loans impairment	(764,000)	(549,901)
Other assets impairment	(61,672)	(38,046)
Goodwill impairment	-	(73,565)
Other provisions	37,192	(18,395)
Operating profit	(63,655)	235,918
Share of profit of associates under the equity method	2,033	53,205
Gains / (losses) from the sale of subsidiaries and other assets	(5,498)	(5,118)
Profit before income tax	(67,120)	284,005
Income tax		
Current	(57,076)	(42,503)
Deferred	247,370	18,395
Profit after income tax	123,174	259,897
Attributable to:		
Shareholders of the Bank	59,384	217,410
Non-controlling interests	63,790	42,487
Profit for the period	123,174	259,897
Earnings per share (in euros)		
Basic	0.00	0.04
Diluted	0.00	0.04

BANCO COMERCIAL PORTUGUÊS

Consolidated Balance Sheet as at 30 September, 2011 and 2010 and 31 December, 2010

	30 September 2011	31 December 2010	30 September 2010
	(Thousands of Euros)		
Assets			
Cash and deposits at central banks	1,790,255	1,484,262	1,843,196
Loans and advances to credit institutions			
Repayable on demand	1,552,278	1,259,025	934,746
Other loans and advances	1,773,647	2,343,972	1,348,519
Loans and advances to customers	72,532,358	73,905,406	74,254,393
Financial assets held for trading	3,172,950	5,136,299	4,378,055
Financial assets available for sale	3,699,834	2,573,064	2,682,183
Assets with repurchase agreement	55,205	13,858	59,876
Hedging derivatives	560,754	476,674	712,603
Financial assets held to maturity	5,505,407	6,744,673	6,498,267
Investments in associated companies	308,829	397,373	459,628
Non current assets held for sale	1,065,713	996,772	1,801,482
Investment property	514,403	404,734	407,787
Property and equipment	615,606	617,240	613,318
Goodwill and intangible assets	397,048	400,802	472,892
Current tax assets	27,785	33,946	28,301
Deferred tax assets	989,675	688,630	625,550
Other assets	2,791,055	2,533,009	2,313,186
	97,352,802	100,009,739	99,433,982
Liabilities			
Amounts owed to credit institutions	19,656,038	20,076,556	18,419,388
Amounts owed to customers	47,567,701	45,609,115	45,319,369
Debt securities	14,799,553	18,137,390	17,777,638
Financial liabilities held for trading	1,440,934	1,176,451	1,349,789
Other financial liabilities at fair value through profit and loss	3,451,504	4,038,239	4,637,518
Hedging derivatives	539,801	346,473	172,593
Non current liabilities held for sale	-	-	874,770
Provisions for liabilities and charges	218,601	235,333	245,684
Subordinated debt	1,090,510	2,039,174	2,043,097
Current income tax liabilities	10,823	11,960	1,782
Deferred income tax liabilities	1,803	344	4,081
Other liabilities	1,280,496	1,091,228	1,249,620
Total Liabilities	90,057,764	92,762,263	92,095,329
Equity			
Share capital	6,065,000	4,694,600	4,694,600
Treasury stock	(77,396)	(81,938)	(85,767)
Share premium	71,722	192,122	192,122
Preference shares	1,000,000	1,000,000	1,000,000
Other capital instruments	9,853	1,000,000	1,000,000
Fair value reserves	(374,082)	(166,361)	43,475
Reserves and retained earnings	12,146	(190,060)	(190,746)
Profit for the period attributable to Shareholders	59,384	301,612	217,410
Total Equity attributable to Shareholders of the Bank	6,766,627	6,749,975	6,871,094
Non-controlling interests	528,411	497,501	467,559
Total Equity	7,295,038	7,247,476	7,338,653
	97,352,802	100,009,739	99,433,982

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

BANCO COMERCIAL PORTUGUÊS

Consolidated Income Statement
for the nine months period ended 30 September, 2011 and 2010

	Notes	30 September 2011	30 September 2010
		(Thousands of Euros)	
Interest and similar income	3	2,984,471	2,497,103
Interest expense and similar charges	3	(1,787,684)	(1,405,344)
Net interest income		1,196,787	1,091,759
Dividends from equity instruments	4	1,354	35,470
Net fees and commissions income	5	594,540	601,823
Net gains / (losses) arising from trading and hedging activities	6	19,077	354,229
Net gains / (losses) arising from available for sale financial assets	7	19,592	(8,780)
Other operating income	8	(1,826)	12,291
		1,829,524	2,086,792
Other net income from non banking activities		14,916	12,439
Total operating income		1,844,440	2,099,231
Staff costs	9	622,910	653,351
Other administrative costs	10	426,290	446,398
Depreciation	11	70,415	83,657
Operating expenses		1,119,615	1,183,406
		724,825	915,825
Loans impairment	12	(764,000)	(549,901)
Other assets impairment	26, 28 and 31	(61,672)	(38,046)
Goodwill impairment	29	-	(73,565)
Other provisions	13	37,192	(18,395)
Operating profit		(63,655)	235,918
Share of profit of associates under the equity method	14	2,033	53,205
Gains / (losses) from the sale of subsidiaries and other assets	15	(5,498)	(5,118)
Profit before income tax		(67,120)	284,005
Income tax			
Current	16	(57,076)	(42,503)
Deferred	16	247,370	18,395
Profit after income tax		123,174	259,897
Attributable to:			
Shareholders of the Bank		59,384	217,410
Non-controlling interests	44	63,790	42,487
Profit for the period		123,174	259,897
Earnings per share (in Euros)	17		
Basic		0,00	0.04
Diluted		0,00	0.04

CHIEF ACCOUNTANT THE EXECUTIVE BOARD OF DIRECTORS

See accompanying notes to the interim consolidated financial statements

BANCO COMERCIAL PORTUGUÊS

Consolidated Balance Sheet as at 30 September, 2011 and 31 December, 2010

	Notes	30 September 2011	31 December 2010
		(Thousands of Euros)	
Assets			
Cash and deposits at central banks	18	1,790,255	1,484,262
Loans and advances to credit institutions			
Repayable on demand	19	1,552,278	1,259,025
Other loans and advances	20	1,773,647	2,343,972
Loans and advances to customers	21	72,532,358	73,905,406
Financial assets held for trading	22	3,172,950	5,136,299
Financial assets available for sale	22	3,699,834	2,573,064
Assets with repurchase agreement		55,205	13,858
Hedging derivatives	23	560,754	476,674
Financial assets held to maturity	24	5,505,407	6,744,673
Investments in associated companies	25	308,829	397,373
Non current assets held for sale	26	1,065,713	996,772
Investment property	27	514,403	404,734
Property and equipment	28	615,606	617,240
Goodwill and intangible assets	29	397,048	400,802
Current income tax assets		27,785	33,946
Deferred income tax assets	30	989,675	688,630
Other assets	31	2,791,055	2,533,009
		97,352,802	100,009,739
Liabilities			
Deposits from credit institutions	32	19,656,038	20,076,556
Deposits from customers	33	47,567,701	45,609,115
Debt securities issued	34	14,799,553	18,137,390
Financial liabilities held for trading	35	1,440,934	1,176,451
Other financial liabilities at fair value through profit or loss	36	3,451,504	4,038,239
Hedging derivatives	23	539,801	346,473
Provisions for liabilities and charges	37	218,601	235,333
Subordinated debt	38	1,090,510	2,039,174
Current income tax liabilities		10,823	11,960
Deferred income tax liabilities	30	1,803	344
Other liabilities	39	1,280,496	1,091,228
Total Liabilities		90,057,764	92,762,263
Equity			
Share capital	40	6,065,000	4,694,600
Treasury stock	43	(77,396)	(81,938)
Share premium		71,722	192,122
Preference shares	40	1,000,000	1,000,000
Other capital instruments	40	9,853	1,000,000
Fair value reserves	42	(374,082)	(166,361)
Reserves and retained earnings	42	12,146	(190,060)
Profit for the period attributable to Shareholders		59,384	301,612
Total Equity attributable to Shareholders of the Bank		6,766,627	6,749,975
Non-controlling interests	44	528,411	497,501
Total Equity		7,295,038	7,247,476
		97,352,802	100,009,739

CHIEF ACCOUNTANT

THE EXECUTIVE BOARD OF DIRECTORS

See accompanying notes to the interim consolidated financial statements

BANCO COMERCIAL PORTUGUÊS

Consolidated Income Statement
for the three months period between 1 July and 30 September of 2011 and 2010

	Third quarter 2011	Third quarter 2010
	(Thousands of Euros)	
Interest and similar income	1,045,794	860,247
Interest expense and similar charges	(656,716)	(473,447)
Net interest income	389,078	386,800
Dividends from equity instruments	246	16,383
Net fees and commissions income	193,431	196,832
Net gains / (losses) arising from trading and hedging activities	28,097	34,249
Net gains / (losses) arising from available for sale financial assets	(10,453)	(3,357)
Other operating income	(6,759)	3,200
	593,640	634,107
Other net income from non banking activities	5,191	3,875
Total operating income	598,831	637,982
Staff costs	205,335	229,137
Other administrative costs	142,301	145,304
Depreciation	22,470	32,105
Operating expenses	370,106	406,546
	228,725	231,436
Loans impairment	(201,873)	(165,724)
Other assets impairment	(19,552)	(17,653)
Other provisions	(724)	1,871
Operating profit	6,576	49,930
Share of profit of associates under the equity method	(21,961)	24,318
Gains / (losses) from the sale of subsidiaries and other assets	(1,051)	(2,564)
Profit before income tax	(16,436)	71,684
Income tax		
Current	(14,892)	(13,995)
Deferred	25,863	11,634
Profit after income tax	(5,465)	69,323
Attributable to:		
Shareholders of the Bank	(29,014)	54,170
Non-controlling interests	23,549	15,153
Profit for the period	(5,465)	69,323

CHIEF ACCOUNTANT

THE EXECUTIVE BOARD OF DIRECTORS

BANCO COMERCIAL PORTUGUÊS

Consolidated Cash Flows Statement
for the nine months period ended 30 September, 2011 and 2010

	30 September 2011	30 September 2010
	(Thousands of Euros)	
Cash flows arising from operating activities		
Interest income received	2,684,122	2,380,640
Commissions income received	724,343	708,511
Fees received from services rendered	87,477	80,741
Interest expense paid	(1,688,636)	(1,419,300)
Commissions expense paid	(105,919)	(93,406)
Recoveries on loans previously written off	12,257	23,267
Net earned premiums	15,751	14,999
Claims incurred	(7,538)	(6,758)
Payments to suppliers and employees	(1,232,916)	(1,244,788)
	488,941	443,906
Decrease / (increase) in operating assets:		
Loans and advances to credit institutions	(515,505)	677,640
Deposits with Central Banks under monetary regulations	744,946	316,476
Loans and advances to customers	944,570	391,926
Short term trading account securities	2,032,474	(643,937)
Increase / (decrease) in operating liabilities:		
Deposits from credit institutions repayable on demand	175,616	(77,730)
Deposits from credit institutions with agreed maturity date	(797,078)	7,596,094
Deposits from clients repayable on demand	(615,305)	(29,514)
Deposits from clients with agreed maturity date	2,457,262	(840,255)
	4,915,921	7,834,606
Income taxes (paid) / received	(41,211)	(21,697)
	4,874,710	7,812,909
Cash flows arising from investing activities		
Proceeds from sale of shares in subsidiaries and associated companies	-	21,704
Acquisition of shares in subsidiaries and associated companies	-	(23,895)
Dividends received	7,692	41,595
Interest income from available for sale financial assets	305,980	133,991
Proceeds from sale of available for sale financial assets	13,851,772	47,336,994
Available for sale financial assets purchased	(19,782,967)	(62,266,759)
Proceeds from available for sale financial assets on maturity	4,407,866	14,388,685
Acquisition of fixed assets	(69,049)	(117,067)
Proceeds from sale of fixed assets	1,427	30,709
Increase / (decrease) in other sundry assets	891,180	(3,856,066)
	(386,099)	(4,310,109)
Cash flows arising from financing activities		
Issuance of subordinated debt	221,774	150,705
Reimbursement of subordinated debt	(1,134,311)	(315,449)
Issuance of debt securities	964,295	3,532,426
Reimbursement of debt securities	(4,850,915)	(4,394,769)
Issuance of commercial paper	1,103,710	5,426,920
Reimbursement of commercial paper	(866,634)	(7,633,045)
Share capital increase	250,050	-
Dividends paid	-	(89,095)
Dividends paid to non-controlling interests	(19,140)	(3,422)
Increase / (decrease) in other sundry liabilities and non-controlling interests	131,897	(156,031)
	(4,199,274)	(3,481,760)
Exchange differences effect on cash and equivalents	(45,153)	(10,898)
Net changes in cash and equivalents	244,184	10,142
Cash and equivalents at the beginning of the period	1,952,447	1,523,026
Cash (note 18)	644,353	598,422
Other short term investments (note 19)	1,552,278	934,746
Cash and equivalents at the end of the period	2,196,631	1,533,168

See accompanying notes to the interim consolidated financial statements

BANCO COMERCIAL PORTUGUÊS

Consolidated Statement of Changes in Equity
for the nine months period ended 30 September, 2011 and 2010

(Amounts expressed in thousands of Euros)

							Other comprehensive income					
	Total equity	**Share capital**	**Preference shares**	**Other capital instruments**	**Share premium**	**Legal and statutory reserves**	**Fair value and Cash Flow hedged reserves**	**Other**	**Other reserves and retained earnings**	**Goodwill**	**Treasury stock**	**Non-controlling interests**
Balance on 31 December, 2009	7,220,801	4,694,600	1,000,000	1,000,000	192,122	435,410	93,760	(96,478)	2,526,210	(2,883,580)	(85,548)	344,305
Transfers to reserves (note 42):												
Legal reserve	-	-	-	-	-	20,632	-	-	(20,632)	-	-	-
Statutory reserve	-	-	-	-	-	10,000	-	-	(10,000)	-	-	-
Dividends paid in 2010	(89,095)	-	-	-	-	-	-	-	(89,095)	-	-	-
Costs related to the issue of perpetual subordinated Instruments	(56,000)	-	-	-	-	-	-	-	(56,000)	-	-	-
Tax related to the costs and interest charge on the issue of perpetual subordinated instruments	14,025	-	-	-	-	-	-	-	14,025	-	-	-
Profit for the period attributable to Shareholders of the Bank	217,410	-	-	-	-	-	-	-	217,410	-	-	-
Profit for the period attributable to Non-controlling interests (note 44)	42,487	-	-	-	-	-	-	-	-	-	-	42,487
Dividends on preference shares	(27,715)	-	-	-	-	-	-	-	(27,715)	-	-	-
Treasury stock	(219)	-	-	-	-	-	-	-	-	-	(219)	-
Exchange differences arising on consolidation	(10,898)	-	-	-	-	-	-	(10,898)	-	-	-	-
Fair value reserves (note 42)												
Financial instruments available for sale	(44,103)	-	-	-	-	-	(44,103)	-	-	-	-	-
Cash-flow hedge	(6,182)	-	-	-	-	-	(6,182)	-	-	-	-	-
Non-controlling interests (note 44)	80,767	-	-	-	-	-	-	-	-	-	-	80,767
Other reserves arising on consolidation (note 42)	(2,625)	-	-	-	-	-	-	-	(2,625)	-	-	-
Balance on 30 September, 2010	7,338,653	4,694,600	1,000,000	1,000,000	192,122	466,042	43,475	(107,376)	2,551,578	(2,883,580)	(85,767)	467,559
Interest charge related to the issue of perpetual subordinated Instruments	(14,000)	-	-	-	-	-	-	-	(14,000)	-	-	-
Tax related to the costs and interest charge on the issue of perpetual subordinated instruments	3,501	-	-	-	-	-	-	-	3,501	-	-	-
Profit for the period attributable to Shareholders of the Bank	84,202	-	-	-	-	-	-	-	84,202	-	-	-
Profit for the period attributable to non-controlling interests (note 44)	16,820	-	-	-	-	-	-	-	-	-	-	16,820
Dividends on preference shares	(21,195)	-	-	-	-	-	-	-	(21,195)	-	-	-
Treasury stock	3,829	-	-	-	-	-	-	-	-	-	3,829	-
Exchange differences arising on consolidation	29,324	-	-	-	-	-	-	29,324	-	-	-	-
Fair value reserves (note 42)												
Financial instruments available for sale	(201,989)	-	-	-	-	-	(201,989)	-	-	-	-	-
Cash-flow hedge	(7,847)	-	-	-	-	-	(7,847)	-	-	-	-	-
Non-controlling interests (note 44)	13,122	-	-	-	-	-	-	-	-	-	-	13,122
Other reserves arising on consolidation (note 42)	3,056	-	-	-	-	-	-	-	3,056	-	-	-
Balance on 31 December, 2010	7,247,476	4,694,600	1,000,000	1,000,000	192,122	466,042	(166,361)	(78,052)	2,607,142	(2,883,580)	(81,938)	497,501
Transfers to reserves (note 42):												
Legal reserve	-	-	-	-	-	30,065	-	-	(30,065)	-	-	-
Statutory reserve	-	-	-	-	-	10,000	-	-	(10,000)	-	-	-
Share capital increase through the issue of shares, conversion of perpetual subordinated securities and incorporation of reserves (note 40)	259,853	1,370,400	-	(990,147)	(120,400)	-	-	-	-	-	-	-
Costs related to the capita increase	(9,803)	-	-	-	-	-	-	-	(9,803)	-	-	-
Interest charge related to the issue of perpetual subordinated Instruments	(21,345)	-	-	-	-	-	-	-	(21,345)	-	-	-
Tax related to the interest charge on the issue of perpetual subordinated instruments	5,358	-	-	-	-	-	-	-	5,358	-	-	-
Profit for the period attributable to Shareholders of the Bank	59,384	-	-	-	-	-	-	-	59,384	-	-	-
Profit for the period attributable to non-controlling interests (note 44)	63,790	-	-	-	-	-	-	-	-	-	-	63,790
Tax and issuance costs related with capital instruments	(100)	-	-	-	-	-	-	-	(100)	-	-	-
Dividends on preference shares	(27,715)	-	-	-	-	-	-	-	(27,715)	-	-	-
Treasury stock	4,542	-	-	-	-	-	-	-	-	-	4,542	-
Exchange differences arising on consolidation	(45,153)	-	-	-	-	-	-	(45,153)	-	-	-	-
Fair value reserves (note 42)												
Financial instruments available for sale	(225,343)	-	-	-	-	-	(225,343)	-	-	-	-	-
Cash-flow hedge	17,622	-	-	-	-	-	17,622	-	-	-	-	-
Non-controlling interests (note 44)	(32,880)	-	-	-	-	-	-	-	-	-	-	(32,880)
Other reserves arising on consolidation (note 42)	(648)	-	-	-	-	-	-	-	(648)	-	-	-
Balance on 30 September, 2011	7,295,038	6,065,000	1,000,000	9,853	71,722	506,107	(374,082)	(123,205)	2,572,208	(2,883,580)	(77,396)	528,411

See accompanying notes to the interim consolidated financial statements

BANCO COMERCIAL PORTUGUÊS

Statement of Comprehensive income
for the nine months period ended 30 September, 2011 and 2010

	Notes	30 September 2011	30 September 2010
		(Thousands of Euros)	
Fair value reserves			
Financial assets available for sale	42	(278,038)	(46,974)
Cash-Flow hedge	42	21,738	(7,633)
Taxes			
Financial assets available for sale	42	52,695	2,871
Cash-Flow hedge	42	(4,116)	1,451
		(207,721)	(50,285)
Exchange differences arising on consolidation	42	(45,153)	(10,898)
Comprehensive income recognised directly in Equity after taxes		(252,874)	(61,183)
Profit for the period		123,174	259,897
Total Comprehensive income for the period		(129,700)	198,714
Attributable to:			
Shareholders of the Bank		(193,490)	156,227
Non-controlling interests		63,790	42,487
Total Comprehensive income for the period		(129,700)	198,714

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 nine months period ended 30 September, 2011 and 2010.

In accordance with Regulation (EC) no. 1606/2002 from the European Parliament and the Council, of 19 July 2002, and as transposed into Portuguese Law through Decree-Law no. 35/2005, of 17 February and Regulation no. 1/2005 from the Bank of Portugal, the Group's consolidated financial statements are required to be prepared in accordance with International Financial Reporting Standards ('IFRS') as endorsed by the European Union ('EU') since the year 2005. IFRS comprise accounting standards issued by the International Accounting Standards Board ('IASB') as well as interpretations issued by the International Financial Reporting Interpretations Committee ('IFRIC') and their predecessor bodies. The consolidated financial statements presented were approved on 31 October 2011 by the Bank's Executive Board of Directors. The financial statements are presented in thousands of euros, rounded to the nearest thousand.

The Group adopted the IFRS standards and interpretations for which application is mandatory for accounting periods beginning on 1 January 2010.

The consolidated financial statements for the nine months period ended 30 September, 2011 have been prepared in terms of recognition and measurement in accordance with the IFRS, effective and adopted by EU as the disclosures presented in accordance with the requirements defined by IAS 34. The financial statements include also the statement of income for the third quarter of 2011 and the comparative figures for the third quarter of 2010. The financial statements for the nine months period ended 30 September 2011 do not include all the information to be published in the annual financial statements.

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

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

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

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

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b) Basis of consolidation

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

Investments in subsidiaries

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

As from 1 January, 2010, accumulated losses are attributed to non-controlling interests in the respective proportion, implying that the Group can recognise negative non-controlling interests. Previously, when the accumulated losses of a subsidiary attributable to the non-controlling interest exceed the equity of the subsidiary attributable to the non-controlling interest, the excess is attributed to the Group and charged to the income statement as it occurs. Profits subsequently reported by the subsidiary are recognised as profits of the Group until the prior losses attributable to non-controlling interest previously recognised by the Group have been recovered.

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

Investments in associates

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

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

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

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

Goodwill

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

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

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

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

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

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

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

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

Purchases and diluition of non-controlling interests

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

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

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

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

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

Special Purpose Entities (‘SPEs’)

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

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

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

Investment fund management

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

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

Investments in foreign subsidiaries and associates

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

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

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

On disposal of investments in foreign subsidiaries for which there is loss of control, exchange differences related to the investment in the foreign operation and to the associated hedge transaction previously recognised in reserves, are transferred to profit and loss as part of the gains or loss arising from the disposal.

Investments in jointly controlled entities

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

Transactions eliminated on consolidation

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

c) Loans and advances to customers

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

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

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

Impairment

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

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

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

(i) Individually assessed loans

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

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

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

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

(ii) Collective assessment

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

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

The collective impairment loss is determined considering the following factors:

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

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

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

In accordance with "Carta-Circular" no. 15/2009 of the Bank of Portugal, loans and advances to customers are charged-off when there are no realistic expectation, from an economic perspective, of recovering the loan amount. For collateralised loans, the charge-off occurs for the unrecoverable amount when the funds arising from the execution of the respective collaterals for the part of the loans which is collateralised is effectively received. This charge-off is

d) Financial instruments

(i) Classification, initial recognition and subsequent measurement

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

1a) Financial assets held for trading

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

The interest from debt instruments are recognized as interest margin.

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

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

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

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

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

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

2) Financial assets available for sale

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

3) Financial assets held-to-maturity

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

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

4) Loans and receivables - Loans represented by securities

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

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

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

5) Other financial liabilities

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

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

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

(ii) Impairment

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

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

(iii) Embedded derivatives

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

e) Derivatives hedge accounting

(i) Hedge accounting

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

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

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

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

(ii) Fair value hedge

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

(iii) Cash flow hedge

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

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

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

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

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

(iv) Hedge effectiveness

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

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

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

f) Reclassifications between financial instruments categories

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

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

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

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

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

g) Derecognition

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

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

h) Equity instruments

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

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

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

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

i) Compound financial instruments

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

j) Securities borrowing and repurchase agreement transactions

(i) Securities borrowing

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

(ii) Repurchase agreements

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

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

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

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

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

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

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

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

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

The subsequent accounting of these assets is determined based on the lower of the carrying amount and the corresponding fair value net of expenses. In case of

l) Finance lease transactions

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

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

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

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

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

m) Interest income and expense

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

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

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

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

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

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

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

n) Fee and commission income

Fees and commissions are recognised according to the following criteria:

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

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

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

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

p) Fiduciary activities

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

q) Property and equipment

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

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

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

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

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

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

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

r) Investment property

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

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

s) Intangible Assets

Research and development expenditure

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

Software

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

t) *Cash and cash equivalents*

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

Cash and cash equivalents exclude restricted balances with central banks.

u) *Offsetting*

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

v) *Foreign currency transactions*

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

w) *Employee benefits*

Defined benefit plans

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

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

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

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

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

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

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

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

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

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

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

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

Defined contributions plans

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

Share based compensation plan

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

Variable remuneration paid to employees

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

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

x) Income taxes

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

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

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

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

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

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

y) Segmental reporting

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

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

Portugal

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

Foreign activity

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

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

z) Provisions

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

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

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

aa) Earnings per share

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

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

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

ab) Insurance contracts

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

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

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

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

Premiums

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

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

Provision for unearned premiums from direct insurance and reinsurance premiuns ceded

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

ac) Accounting estimates and judgements in applying accounting policies

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

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

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

Impairment of available for-sale equity investments

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

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

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

Impairment losses on loans and advances to customers

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

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

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

Fair value of derivatives

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

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

Securitizations and special purpose entities (SPE)

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

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

Income taxes

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

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

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

Pension and other employees' benefits

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

Changes in these assumptions could materially affect these values.

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

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

The amount of this account is comprised of:

	Sep 2011 Euros '000	Sep 2010 Euros '000
Net interest income	1,196,787	1,091,759
Net gains from trading, hedging and AFS activities	38,669	345,449
	1,235,456	1,437,208

3. Net interest income

The amount of this account is comprised of:

	Sep 2011 Euros '000	Sep 2010 Euros '000
Interest and similar income		
Interest on loans and advances	2,294,229	1,954,800
Interest on trading securities	96,581	72,371
Interest on other financial assets valued at fair value through profit and loss account	-	42
Interest on available for sale financial assets	144,075	74,689
Interest on held to maturity financial assets	148,259	91,009
Interest on hedging derivatives	197,960	198,163
Interest on derivatives associated to financial instruments through profit and loss account	49,001	68,635
Interest on deposits and other investments	54,366	37,394
	2,984,471	2,497,103
Interest expense and similar charges		
Interest on deposits and inter-bank funding	1,254,064	826,479
Interest on securities sold under repurchase agreement	12,809	12,177
Interest on securities issued	390,687	394,391
Interest on hedging derivatives	20,334	36,872
Interest on derivatives associated to financial instruments through profit and loss account	10,522	10,512
Interest on other financial liabilities valued at fair value through profit and loss account	99,268	124,913
	1,787,684	1,405,344
Net interest income	1,196,787	1,091,759

The balance of Interest on loans and advances includes the amount of Euros 35,836,000 (30 September 2010: Euros 24,576,000) related to commissions and other gains / losses which are accounted for under the effective interest method, as referred in the accounting policy, note 1 c).

4. Dividends from equity instruments

The amount of this account is comprised of:

	Sep 2011 Euros '000	Sep 2010 Euros '000
Dividends from available for sale financial assets	1,320	35,435
Other	34	35
	1,354	35,470

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

As at 30 September 2010, the balance included the amount of Euros 28,603,000 related to dividends received from Eureko, B.V.

5. Net fees and commissions income

The amount of this account is comprised of:

	Sep 2011 Euros '000	Sep 2010 Euros '000
Fees and commissions income		
From guarantees	81,793	74,173
From credit and commitments	291	194
From banking services	414,936	421,559
From insurance activity	682	451
From other services	189,713	192,069
	687,415	688,446
Fees and commissions expenses		
From guarantees	3,687	1,531
From credit and commitments	-	4
From banking services	62,200	60,859
From insurance activity	658	618
From other services	26,330	23,611
	92,875	86,623
Net fees and commission income	594,540	601,823

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

The amount of this account is comprised of:

	Sep 2011 Euros '000	Sep 2010 Euros '000
Gains arising on trading and hedging activities		
Foreign exchange activity	16,720,661	7,116,632
Financial instruments associated to financial instruments through profit and loss account		
Held for trading		
Securities portfolio		
Fixed income	25,046	28,445
Variable income	5,731	4,986
Certificates and structured securities issued	32,078	27,928
Derivatives associated to financial instruments through profit and loss account	67,117	138,155
Other financial instruments derivatives	1,561,971	3,811,111
Other financial instruments through profit and loss account	183,881	264,745
Repurchase of debt securities issued	93,542	18,969
Hedging accounting		
Hedging derivatives	830,435	427,224
Hedged item	163,660	26,057
Other activity	113,097	5,551
	19,797,219	11,869,803
Losses arising on trading and hedging activities		
Foreign exchange activity	16,608,986	7,032,009
Financial instruments associated to financial instruments through profit and loss account		
Held for trading		
Securities portfolio		
Fixed income	151,089	30,665
Variable income	7,235	4,228
Certificates and structured securities issued	12,374	26,603
Derivatives associated to financial instruments through profit and loss account	146,049	182,249
Other financial instruments derivatives	1,594,370	3,809,838
Other financial instruments through profit and loss account	82,320	13,820
Repurchase of debt securities issued	2,718	3,533
Hedging accounting		
Hedging derivatives	747,907	205,191
Hedged item	229,971	205,268
Other activity	195,123	2,170
	19,778,142	11,515,574
Net gains / (losses) arising from trading and hedging activities	19,077	354,229

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

The amount of this account is comprised of:

	Sep 2011 Euros '000	Sep 2010 Euros '000
Gains arising from available for sale financial assets		
Fixed income	10,555	6,307
Variable income	30,478	5,107
Losses arising from available for sale financial assets		
Fixed income	(17,690)	(7,093)
Variable income	(3,751)	(13,101)
Net gains / (losses) arising from available for sale financial assets	19,592	(8,780)

The caption Results arising from financial assets available for sale – variable income includes, in 30 September 2011, the amount of Euros 24,480,000 related with the adjustment to the price of sale of the shares held in Eureko B.V., sold to the Pension Fund of BCP Group in 2010, as a result of the valuation performed during the first quarter of 2011, as established in the contract.

8. Other operating income

The amount of this account is comprised of:

	Sep 2011 Euros '000	Sep 2010 Euros '000
Operating income		
Income from services	23,764	27,668
Checks and others	12,860	14,501
Other operating income	28,347	9,694
	64,971	51,863
Operating costs		
Indirect taxes	22,982	20,624
Donations and quotizations	3,438	4,094
Other operating expenses	40,377	14,854
	66,797	39,572
	(1,826)	12,291

9. Staff costs

The amount of this account is comprised of:

	Sep 2011 Euros '000	Sep 2010 Euros '000
Salaries and remunerations	450,625	463,487
Mandatory social security charges	130,752	160,709
Voluntary social security charges	32,540	21,079
Other staff costs	8,993	8,076
	622,910	653,351

10. Other administrative costs

The amount of this account is comprised of:

	Sep 2011 Euros '000	Sep 2010 Euros '000
Water, electricity and fuel	16,720	15,376
Consumables	5,197	5,471
Rents	112,841	113,937
Communications	29,716	32,202
Travel, hotel and representation costs	9,564	10,896
Advertising	28,511	33,413
Maintenance and related services	28,942	29,662
Credit cards and mortgage	10,884	11,704
Advisory services	12,744	15,595
Information technology services	16,790	20,653
Outsourcing	64,612	66,781
Other specialised services	21,877	24,078
Training costs	1,753	2,216
Insurance	13,611	14,310
Legal expenses	8,940	5,831
Transportation	7,910	7,578
Other supplies and services	35,678	36,695
	426,290	446,398

11. Depreciation

The amount of this account is comprised of:

	Sep 2011 Euros '000	Sep 2010 Euros '000
Intangible assets:		
Software	11,482	13,547
Other intangible assets	270	7
	11,752	13,554
Property and equipment:		
Land and buildings	30,402	35,583
Equipment		
Furniture	3,396	4,479
Office equipment	2,156	2,103
Computer equipment	12,542	16,167
Interior installations	2,952	3,323
Motor vehicles	2,290	2,300
Security equipment	1,914	2,106
Other tangible assets	3,011	4,042
	58,663	70,103
	70,415	83,657

12. Loans impairment

The amount of this account is comprised of:

	Sep 2011 Euros '000	Sep 2010 Euros '000
Loans and advances to credit institutions:		
For overdue loans and credit risks		
Impairment for the period	-	1,791
Write-back for the period	(2,846)	-
	(2,846)	1,791
Loans and advances to customers:		
For overdue loans and credit risks		
Impairment for the period	1,001,028	922,260
Write-back for the period	(221,925)	(350,883)
Recovery of loans and interest charged-off	(12,257)	(23,267)
	766,846	548,110
	764,000	549,901

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 referred in the accounting policy, described in note 1 c).

13. Other provisions

The amount of this account is comprised of:

	Sep 2011 Euros '000	Sep 2010 Euros '000
Provision for other pensions benefits		
Charge for the period	572	730
Write-back for the period	-	(238)
Provision for guarantees and other commitments		
Charge for the period	6,588	7,867
Write-back for the period	(10,420)	(13,788)
Other provisions for liabilities and charges		
Charge for the period	2,928	28,860
Write-back for the period	(36,860)	(5,036)
	(37,192)	18,395

14. Share of profit of associates under the equity method

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

	Sep 2011 Euros '000	Sep 2010 Euros '000
Millenniumbcp Ageas Group	6,879	54,232
Other companies	(4,846)	(1,027)
	2,033	53,205

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

As at 30 September 2011 and 2010, the balance Other assets includes gains and losses arising from the sale of properties of the Group accounted as non current assets held for sale.

16. Income tax

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

	Sep 2011 Euros '000	Sep 2010 Euros '000
Current tax		
Actual year	57,030	42,503
Correction of previous period estimate	46	-
	57,076	42,503
Deferred tax		
Temporary differences	(244,341)	(67,337)
Effect of changes in tax rate	-	(3,446)
Tax losses reportable	(3,029)	52,388
	(247,370)	(18,395)
	(190,294)	24,108

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

	Sep 2011		Sep 2010	
	%	Euros '000	%	Euros '000
Profit before income taxes		(67,120)		284,005
Current tax rate	29.0%	19,465	26.5%	(75,261)
Local state tax	0.0%	-	0.2%	(565)
Foreign tax rate effect and in "Zona Franca da Madeira"	17.2%	11,560	-2.0%	5,717
Deductions for the calculation of taxable income	-68.1%	(45,688)	14.7%	(41,632)
Accruals for the calculation of taxable income	130.8%	87,804	-33.3%	94,559
Fiscal incentives	11.2%	7,512	-0.5%	1,321
Efect of the tax losses used / recognized	-0.7%	(502)	2.3%	(6,411)
Losses brought forward	173.4%	116,380	0.2%	(456)
Tax rate effect	-7.8%	(5,210)	0.2%	(562)
Previous years corrections	0.9%	590	0.0%	-
Autonomous tax and tax suported in foreign subsidiaries	-2.4%	(1,617)	0.3%	(818)
	283.5%	190,294	8.6%	(24,108)

As at 30 September 2011 and 2010, the amount of deferred taxes in the Income Statement is attributable to temporary differences arising from the following balances:

	Sep 2011 Euros '000	Sep 2010 Euros '000
Intangible assets	429	(313)
Other tangible assets	(6,414)	(1,885)
Impairment losses	(245,647)	(15,584)
Pensions	29,111	19,373
Derivatives	323	(879)
Tax losses carried forward	(3,029)	(32,350)
Allocation of profits	(21,391)	47,582
Others	(752)	(34,339)
Deferred taxes	(247,370)	(18,395)

17. Earnings per share

The earnings per share are calculated as follows:

	Sep 2011 Euros '000	Sep 2010 Euros '000
Profit for the period attributable to shareholders of the Bank	59,384	217,410
Dividends on other capital instruments	(40,373)	(75,170)
Adjusted profit	19,011	142,240
Average number of shares	5,939,064,865	5,050,428,156
Basic earnings per share (Euros)	0,00	0.04
Diluted earnings per share (Euros)	0,00	0.04

It was concluded in June 2011 the capital increase of the Banco Comercial Português, S.A. from Euros 4,694,600,000 to Euros 6,064,999,986 by the following steps:

(i) 120,400,000 euros, by share premium reserves, issuing 206,518,010 new ordinary and nominative shares without nominal value;

(ii) 990,147,000 euros, by entrance of 990,147 perpetual subordinated instruments with interests condicioned, by issuing 1,584,235,200 new ordinary and nominative shares without nominal value, that resulted in the conversion of the majority of the perpetual subordinated securities.

(iii) 259,852,986 euros, by the issue of 721,813,850 ordinary shares without nominal value, with the issue and subscribe value of 0.36 Euros, with preference reserve to the shareholders, in the exercise of the preference legal rights.

In accordance with Decree-law no. 49/2010 of 19 May, that allows share capital of a company to be represented by shares without nominal value, the General Shareholders meeting of Banco Comercial Português, S.A. approved that the share capital of Banco Comercial Português, S.A. would be represented by shares with no nominal value.

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

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

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

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

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

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

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

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

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

These issues were changed on the ambit of the public change offering of perpetual subordinated debt securities for shares, accounted in 2011. The value not changed in the amout of Euros 9,853,000.

The convertions of the referred instrumensts effected earnings per share untill the date of the shares convertion.

18. Cash and deposits at central banks

This balance is analysed as follows:

	Sep 2011 Euros '000	Dec 2010 Euros '000
Cash	644,353	693,422
Central banks	1,145,902	790,840
	1,790,255	1,484,262

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

19. Loans and advances to credit institutions repayable on demand

This balance is analysed as follows:

	Sep 2011 Euros '000	Dec 2010 Euros '000
Credit institutions in Portugal	2,779	3,044
Credit institutions abroad	1,307,163	879,207
Amounts due for collection	242,336	376,774
	1,552,278	1,259,025

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

20. Other loans and advances to credit institutions

This balance is analysed as follows:

	Sep 2011 Euros '000	Dec 2010 Euros '000
Bank of Portugal	-	1,100,008
Credit institutions in Portugal	234,218	78,744
Credit institutions abroad	1,540,316	1,165,220
	1,774,534	2,343,972
Overdue loans - less than 90 days	-	-
Overdue loans - more than 90 days	1,760	13,759
	1,776,294	2,357,731
Impairment for other loans and advances to credit institutions	(2,647)	(13,759)
	1,773,647	2,343,972

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

	Sep 2011 Euros '000	Sep 2010 Euros '000
Balance on 1 January	13,759	20,494
Transfers	887	-
Impairment for the period	-	1,791
Write-back for the period	(2,846)	-
Loans charged-off	(9,153)	(1)
Balance on 30 September	2,647	22,284

21. Loans and advances to customers

This balance is analysed as follows:

	Sep 2011 Euros '000	Dec 2010 Euros '000
Public sector	2,997,509	860,074
Asset-backed loans	44,545,731	44,889,345
Personal guaranteed loans	11,222,029	13,469,564
Unsecured loans	3,846,122	4,597,598
Foreign loans	3,709,127	3,782,085
Factoring	1,306,253	1,413,609
Finance leases	4,466,900	4,899,018
	72,093,671	73,911,293
Overdue loans - less than 90 days	293,608	210,260
Overdue loans - more than 90 days	3,247,240	2,289,739
	75,634,519	76,411,292
Impairment for credit risk	(3,102,161)	(2,505,886)
	72,532,358	73,905,406

As at 30 September 2011, the balance Loans and advances to customers includes the amount of Euros 9,183,173,000 (31 December 2010: Euros 8,751,236,000) regarding mortgage loans which are a collateral for eight asset-back securities, of which three were issued during 2010 and one during the year of 2011.

As referred in the previous paragraph, during 2011 Banco Investimento Imobiliário, S.A. performed the issue of one covered bonds in the amount of Euros 1,000,000,000 with maturity of 3 years. The referred issue occured in 19 January 2011 and had interest rate of 1M Euribor +0.75%. Addicionaly Banco Comercial Português, S.A. performed the issue of 3 covered bonds in the amount of Euros 1,750,000,000, Euros 1,000,000,000 and Euros 1,000,000,000 with maturities of 3, 10 and 8 years and 6 months, respectively. These issues occurred in May, July and October 2010 and had interest rates of 1M Euribor +0.75%, 1M Euribor +0.8% and 1M Euribor +0.75%, respectively.

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

	Sep 2011 Euros '000	Dec 2010 Euros '000
Loans not represented by securities		
Discounted bills	548,220	646,735
Current account credits	4,789,493	5,443,721
Overdrafts	2,109,366	2,066,538
Loans	22,663,899	21,958,366
Mortgage loans	32,433,126	33,367,782
Factoring	1,306,253	1,413,609
Finance leases	4,466,900	4,899,018
	68,317,257	69,795,769
Loans represented by securities		
Commercial paper	2,126,167	2,377,757
Bonds	1,650,247	1,737,767
	3,776,414	4,115,524
	72,093,671	73,911,293
Overdue loans - less than 90 days	293,608	210,260
Overdue loans - more than 90 days	3,247,240	2,289,739
	75,634,519	76,411,292
Impairment for credit risk	(3,102,161)	(2,505,886)
	72,532,358	73,905,406

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

	Sep 2011 Euros '000	Dec 2010 Euros '000
Agriculture	665,645	737,533
Mining	465,165	521,886
Food, beverage and tobacco	513,679	550,666
Textiles	534,196	549,817
Wood and cork	251,627	273,946
Printing and publishing	319,114	328,841
Chemicals	869,292	884,825
Engineering	1,233,023	1,267,796
Electricity, water and gas	987,244	911,403
Construction	5,500,050	5,091,181
Retail business	1,777,360	1,906,458
Wholesale business	2,662,758	2,696,972
Restaurants and hotels	1,400,788	1,353,510
Transports and communications	1,843,268	2,138,944
Services	17,474,700	16,040,979
Consumer credit	4,549,701	4,845,927
Mortgage credit	30,591,624	31,036,269
Other domestic activities	934,173	1,031,408
Other international activities	3,061,112	4,242,931
	75,634,519	76,411,292
Impairment for credit risk	(3,102,161)	(2,505,886)
	72,532,358	73,905,406

Loans and advances to customers includes the effect of traditional securitization transactions owned by Special Purpose Entities (SPE) consolidated under the full consolidation method following the application of SIC 12, in accordance with accounting policy 1 b).

Securitization transactions engaged by BCP Group refer to mortgage loans, consumer loans, leases, commercial paper and corporate loans. The traditional securitization transactions are set through specifically created SPE. As referred in accounting policy 1 b), when the substance of the relationships with the SPEs indicates that the Group holds control of its activities, the SPE are fully consolidated.

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

	Traditional	
	Sep 2011	**Dec 2010**
	Euros '000	**Euros '000**
Mortgage loans	5,845,117	6,677,879
Consumer loans	494,588	692,598
Leases	1,092,425	1,333,884
Commercial paper	107,680	310,189
Corporate loans	4,754,301	4,560,432
	12,294,111	13,574,982

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

	Sep 2011	**Dec 2010**
	Euros '000	**Euros '000**
Gross amount	5,394,906	5,696,498
Interest not yet due	(928,006)	(797,480)
Net book value	4,466,900	4,899,018

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

	Sep 2011	**Dec 2010**
	Euros '000	**Euros '000**
Agriculture	7,650	6,412
Mining	743	632
Food, beverage and tobacco	5,325	3,690
Textiles	3,187	10,944
Wood and cork	14,984	8,058
Printing and publishing	1,406	1,448
Chemicals	899	6,394
Engineering	33,267	36,599
Electricity, water and gas	2,699	3,066
Construction	31,093	27,750
Retail business	10,151	10,619
Wholesale business	56,929	50,573
Restaurants and hotels	2,653	2,525
Transports and communications	14,557	23,097
Services	203,576	220,183
Consumer credit	209,519	194,308
Mortgage credit	186,132	64,254
Other domestic activities	282	489
Other international activities	2,553	5,805
	787,605	676,846

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

	Sep 2011 Euros '000	Dec 2010 Euros '000
Agriculture	21,508	20,255
Mining	16,026	9,070
Food, beverage and tobacco	62,055	51,205
Textiles	45,751	39,999
Wood and cork	30,657	37,418
Printing and publishing	25,184	14,102
Chemicals	22,601	17,316
Engineering	103,314	116,740
Electricity, water and gas	5,030	2,970
Construction	896,769	457,274
Retail business	124,958	83,667
Wholesale business	252,112	238,036
Restaurants and hotels	159,348	49,236
Transports and communications	44,142	58,908
Services	715,370	522,894
Consumer credit	643,862	496,640
Mortgage credit	232,867	216,450
Other domestic activities	14,783	18,383
Other international activities	124,511	49,436
	3,540,848	2,499,999

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

	Sep 2011 Euros '000	Sep 2010 Euros '000
Impairment for overdue loans and for other credit risks:		
Balance on 1 January	2,505,886	2,157,094
Transfers resulting from changes in the Group's structure	-	(12,903)
Other transfers	(17,117)	(9,052)
Impairment for the period	1,001,028	922,260
Write-back for the period	(221,925)	(350,883)
Loans charged-off	(146,319)	(331,559)
Exchange rate differences	(19,392)	8,651
Balance on 30 September	3,102,161	2,383,608

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:

	Sep 2011 Euros '000	Dec 2010 Euros '000
Agriculture	57,375	51,530
Mining	15,363	11,041
Food, beverage and tobacco	62,133	60,444
Textiles	32,801	52,535
Wood and cork	26,018	27,501
Printing and publishing	26,856	16,920
Chemicals	17,356	12,609
Engineering	87,246	100,236
Electricity, water and gas	7,092	7,413
Construction	494,512	300,512
Retail business	97,575	67,136
Wholesale business	204,364	185,403
Restaurants and hotels	95,440	45,663
Transports and communications	35,677	43,655
Services	749,157	604,839
Consumer credit	514,967	384,521
Mortgage credit	189,940	173,962
Other domestic activities	2,713	11,399
Other international activities	385,576	348,567
	3,102,161	2,505,886

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

	Sep 2011 Euros '000	Sep 2010 Euros '000
Agriculture	1,113	3,080
Mining	369	11,339
Food, beverage and tobacco	773	6,918
Textiles	11,111	9,159
Wood and cork	3,195	7,993
Printing and publishing	345	889
Chemicals	359	681
Engineering	6,355	19,417
Electricity, water and gas	19	8
Construction	8,668	13,257
Retail business	1,028	8,020
Wholesale business	5,813	72,516
Restaurants and hotels	3,626	3,242
Transports and communications	2,590	3,425
Services	9,933	128,994
Consumer credit	27,045	33,811
Mortgage credit	170	209
Other domestic activities	122	669
Other international activities	63,685	7,932
	146,319	331,559

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

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

	Sep 2011 Euros '000	Sep 2010 Euros '000
Agriculture	49	168
Mining	32	11
Food, beverage and tobacco	684	241
Textiles	668	781
Wood and cork	1,063	764
Printing and publishing	113	268
Chemicals	56	10
Engineering	189	580
Construction	1,157	3,383
Retail business	293	539
Wholesale business	3,262	1,443
Restaurants and hotels	25	411
Transports and communications	20	492
Services	2,857	2,004
Consumer credit	1,763	12,082
Mortgage credit	2	-
Other domestic activities	19	61
Other international activities	5	29
	12,257	23,267

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:

	Sep 2011 Euros '000	Dec 2010 Euros '000
Bonds and other fixed income securities		
Issued by public entities	4,344,532	5,319,583
Issued by other entities	1,096,974	1,105,750
	5,441,506	6,425,333
Overdue securities	4,925	4,925
Impairment for overdue securities	(4,925)	(4,925)
	5,441,506	6,425,333
Shares and other variable income securities	256,051	207,656
	5,697,557	6,632,989
Trading derivatives	1,175,227	1,076,374
	6,872,784	7,709,363

The portfolio of financial instruments held for trading and available for sale securities, as at 30 September 2011, is analysed as follows:

	Securities		
	Trading Euros '000	**Available for sale Euros '000**	**Total Euros '000**
Fixed income:			
Bonds issued by public entities			
Portuguese issuers	102,479	855,095	957,574
Foreign issuers	112,796	371,800	484,596
Bonds issued by other entities			
Portuguese issuers	88,254	279,290	367,544
Foreign issuers	130,157	604,198	734,355
Treasury bills and other			
Government bonds	1,535,370	1,366,992	2,902,362
	1,969,056	3,477,375	5,446,431
Variable income:			
Shares in Portuguese companies	5,654	52,146	57,800
Shares in foreign companies	22,740	42,776	65,516
Investment fund units	273	132,462	132,735
	28,667	227,384	256,051
Impairment for overdue securities	-	(4,925)	(4,925)
	1,997,723	3,699,834	5,697,557
Trading derivatives	1,175,227	-	1,175,227
	3,172,950	3,699,834	6,872,784

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

As referred in the accounting policy presented in note 1 d), the available for sale securities are presented at market value with fair value accounted for in shareholder's equity (fair value reserves), as referred in note 42. The negative amount of fair value reserve of Euros 445,277,000 is presented net of impairment losses in the amount of Euros 58,556,000.

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

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

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

In 2010, Bitalpart BV, a company fully owned by BCP, sold its minority investment corresponding to 2.7% of the share capital of Eureko BV to the Pension Fund of Banco Comercial Português. The transfer value of the investment was determined by the valuation of Eureko BV established on 31 December 2009, assessed by independent international financial institution, less the value of the anticipated dividend received in the current year. The sale contract predicts an adjustment to the selling price, subject to some adjustments regarding the same valuation, using the same methodology, referring to 31 December 2010, which was done during the first quarter of 2011. As referred in note 7, during the first quarter of 2011 the Group recognized an additional gain in the amount of Euros 24,480,000 as a result of the adjustment to the sale price following the update of the valuation occurred in the first quarter of 2011, as established in the contract.

The analysis of the securities portfolio included in the financial assets held for trading and available for sale, by sector of activity, as at 30 September 2011 is analysed as follows:

	Bonds Euros '000	Shares Euros '000	Other Financial Assets Euros '000	Overdue Securities Euros '000	Gross Total Euros '000
Food, beverage and tobacco	-	7	-	-	7
Textiles	-	1	-	-	1
Wood and cork	-	-	-	361	361
Printing and publishing	91	1,725	-	998	2,814
Chemicals	-	7,193	-	-	7,193
Engineering	-	216	-	-	216
Electricity, water and gas	150,067	913	-	-	150,980
Construction	9,632	1,968	-	2,560	14,160
Retail business	-	161	-	-	161
Wholesale business	-	598	-	475	1,073
Restaurants and hotels	-	51	-	-	51
Transport and communications	9,605	777	-	529	10,911
Services	902,324	109,646	132,735	2	1,144,707
Other international activities	25,255	60	-	-	25,315
	1,096,974	123,316	132,735	4,925	1,357,950
Government and Public securities	1,442,170	-	2,902,362	-	4,344,532
Impairment for overdue securities	-	-	-	(4,925)	(4,925)
	2,539,144	123,316	3,035,097	-	5,697,557

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

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

23. Hedging derivatives

This balance is analysed as follows:

	Sep 2011 Euros '000	Dec 2010 Euros '000
Hedging instruments		
Assets:		
Swaps	560,754	476,674
Liabilities:		
Swaps	522,793	346,473

24. Financial assets held to maturity

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

	Sep 2011 Euros '000	Dec 2010 Euros '000
Bonds and other fixed income securities		
Issued by Government and public entities	3,000,662	3,284,953
Issued by other entities	2,640,848	3,459,720
	5,641,510	6,744,673
Impairment for overdue securities	(136,103)	-
	5,505,407	6,744,673

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

	Sep 2011 Euros '000	Dec 2010 Euros '000
Transport and communications	172,957	169,693
Services	2,467,891	3,290,027
	2,640,848	3,459,720
Government and Public securities	2,864,559	3,284,953
	5,505,407	6,744,673

25. Investments in associated companies

This balance is analysed as follows:

	Sep 2011 Euros '000	Dec 2010 Euros '000
Portuguese credit institutions	23,517	24,340
Foreign credit institutions	23,506	21,880
Other Portuguese companies	252,667	343,156
Other foreign companies	9,139	7,997
	308,829	397,373

The balance Investments in associated companies is analysed as follows:

	Sep 2011 Euros '000	Dec 2010 Euros '000
Banque BCP, S.A.S.	19,139	17,571
Banque BCP (Luxembourg), S.A.	4,368	4,309
Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A.	239,324	323,219
SIBS - Sociedade Interbancária de Serviços, S.A.	13,056	15,610
Unicre - Cartão Internacional de Crédito, S.A.	23,517	24,340
Other	9,425	12,324
	308,829	397,373

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

26. Non current assets held for sale

This balance is analysed as follows:

	Sep 2011 Euros '000	Dec 2010 Euros '000
Subsidiaries acquired exclusively with the purpose of short-term sale	64,680	37,459
Investments arising from recovered loans	1,248,418	1,186,983
	1,313,098	1,224,442
Impairment	(247,385)	(227,670)
	1,065,713	996,772

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

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

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

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

This balance includes buildings and other assets for which the Group has already established contracts for the sale in the amount of Euros 110,437,000 (31 December 2010: Euros 138,775,000 .

27. Investment property

The balance Investment property includes the amount of Euros 504,244,000 (31 December 2010: Euros 396,957,000) related to buildings accounted in the "Fundo de Investimento Imobiliário Imosotto Acumulação", "Fundo de Investimento Imobiliário Gestão Imobiliária", "Fundo de Investimento Imobiliário Imorenda" and "Fundo Especial de Investimento Imobiliário Oceânico II", which in accordance with SIC 12, are consolidated under the full consolidation method as referred in the accounting policy presented in note 1 b).

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

28. Property and equipment

This balance is analysed as follows:

	Sep 2011 Euros '000	Dec 2010 Euros '000
Land and buildings	959,549	955,574
Equipment		
Furniture	98,443	96,742
Machines	55,031	56,905
Computer equipment	317,037	317,413
Interior installations	144,372	141,238
Motor vehicles	20,904	20,392
Security equipment	82,542	80,437
Work in progress	93,101	68,516
Other tangible assets	49,166	52,222
	1,820,145	1,789,439
Accumulated depreciation		
Charge for the period	(58,663)	(92,505)
Accumulated charge for the previous periods	(1,141,677)	(1,075,495)
	(1,200,340)	(1,168,000)
Impairment	(4,199)	(4,199)
	615,606	617,240

29. Goodwill and intangible assets

This balance is analysed as follows:

	Sep 2011 Euros '000	Dec 2010 Euros '000
Intangible assets		
Software	138,894	134,377
Other intangible assets	55,488	60,578
	194,382	194,955
Accumulated depreciation		
Charge for the period	(11,752)	(17,726)
Accumulated charge for the previous periods	(147,144)	(137,893)
	(158,896)	(155,619)
	35,486	39,336
Goodwill		
Millennium Bank, Societé Anonyme (Greece)	294,260	294,260
Bank Millennium, S.A. (Poland)	164,040	164,040
Banco de Investimento Imobiliário, S.A.	40,859	40,859
Unicre - Cartão de Crédito Internacional, S.A.	7,436	7,436
Others	2,097	2,001
	508,692	508,596
Impairment		
Millennium Bank, Societé Anonyme (Greece)	(147,130)	(147,130)
	361,562	361,466
	397,048	400,802

30. Deferred income tax assets and liabilities

Deferred income tax assets and liabilities as at 30 September 2011 and 31 December 2010 generated by temporary differences are analysed as follows:

	Sep 2011		Dec 2010	
	Assets Euros '000	Liabilities Euros '000	Assets Euros '000	Liabilities Euros '000
Intangible assets	59	-	374	-
Other tangible assets	2,541	7	2,557	5,850
Impairment losses	477,450	3,896	260,970	26,098
Pensions	270,285	-	299,620	-
Financial assets available for sale	166,739	99,620	77,822	57,519
Derivatives	-	3,092	-	3,068
Allocation of profits	66,912	-	45,521	-
Tax losses carried forward	206,393	-	156,083	-
Others	38,542	132,631	55,276	117,058
	1,228,921	239,246	898,223	209,593
Deferred tax assets	989,675		688,630	
Intangible assets	-	1,803	-	-
Others	-	-	-	344
Deferred tax liabilities		1,803		344
Net deferred tax	987,872		688,286	

31. Other assets

This balance is analysed as follows:

	Sep 2011 Euros '000	Dec 2010 Euros '000
Debtors	187,765	220,449
Amounts due for collection	18,437	34,440
Recoverable tax	96,622	87,785
Recoverable government subsidies on interest on mortgage loans	27,398	19,816
Associated companies	23,095	1,190
Interest and other amounts receivable	37,133	37,392
Prepayments and deferred costs	1,741,042	1,776,741
Amounts receivable on trading activity	254,613	5,791
Amounts due from customers	160,254	133,565
Reinsurance technical provision	3,124	3,469
Sundry assets	289,939	246,125
	2,839,422	2,566,763
Impairment for other assets	(48,367)	(33,754)
	2,791,055	2,533,009

32. Deposits from credit institutions

This balance is analysed as follows:

	Sep 2011 Euros '000	Dec 2010 Euros '000
Central Banks	15,310,216	16,279,127
Credit institutions in Portugal	984,955	627,714
Credit institutions abroad	3,360,867	3,169,715
	19,656,038	20,076,556

33. Deposits from customers

This balance is analysed as follows:

	Sep 2011 Euros '000	Dec 2010 Euros '000
Deposits from customers:		
Repayable on demand	13,336,604	13,951,061
Term deposits	32,599,605	29,417,052
Saving accounts	1,202,980	1,850,058
Treasury bills and other assets sold under repurchase agreement	105,576	94,527
Others	322,936	296,417
	47,567,701	45,609,115

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:

	Sep 2011 Euros '000	Dec 2010 Euros '000
Bonds	14,147,835	17,723,943
Commercial paper	550,836	321,955
Others	100,882	91,492
	14,799,553	18,137,390

35. Financial liabilities held for trading

The balance is analysed as follows:

	Sep 2011 Euros '000	Dec 2010 Euros '000
Securities loans	5	-
FRA	310	415
Swaps	1,256,817	1,064,721
Futures	-	66
Options	77,090	61,815
Embedded derivatives	983	2,831
Forwards	33,174	46,603
Others	72,555	-
	1,440,934	1,176,451

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

The balance is analysed as follows:

	Sep 2011 Euros '000	Dec 2010 Euros '000
Deposits from credit institutions	41,698	232,760
Deposits from customers	22,702	3,919
Bonds	3,387,104	3,776,017
Commercial paper and other liabilities	-	25,543
	3,451,504	4,038,239

37. Provisions for liabilities and charges

This balance is analysed as follows:

	Sep 2011 Euros '000	Dec 2010 Euros '000
Provision for guarantees and other commitments	84,400	80,906
Technical provision for the insurance activity:		
For direct insurance and reinsurance accepted:		
Unearned premium / reserve	13,873	9,626
Life insurance	51,810	42,780
Bonuses and rebates	3,616	1,195
Other technical provisions	8,342	7,738
Provision for pension costs	4,263	3,691
Other provisions for liabilities and charges	52,297	89,397
	218,601	235,333

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

	Sep 2011 Euros '000	Sep 2010 Euros '000
Balance on 1 January	80,906	88,257
Transfers	7,033	(129)
Charge for the period	6,588	7,867
Write-back for the period	(10,420)	(13,788)
Amounts charged-off	(233)	(113)
Exchange rate differences	526	(151)
Balance on 30 September	84,400	81,943

38. Subordinated debt

This balance is analysed as follows:

	Sep 2011 Euros '000	Dec 2010 Euros '000
Bonds	1,090,510	2,039,174
	1,090,510	2,039,174

As at 30 September 2011, the characteristics of subordinated debt issued are analysed as follows:

Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
Non Perpetual Bonds					
Banco Comercial Português:					
Mbcp Ob Cx Sub 1 Serie 2008-2018	September 2008	September 2018	See reference (i)	259,589	259,589
Mbcp Ob Cx Sub 2 Serie 2008-2018	October 2008	October 2018	See reference (i)	72,505	72,505
Bcp Ob Sub June 2020 - Emtn 727	June 2010	June 2020	See reference (ii)	90,708	92,306
Bcp Ob Sub Aug 2020 - Emtn 739	August 2010	August 2020	See reference (iii)	55,233	56,394
Bcp Ob Sub Mar 2021 - Emtn 804	March 2011	August 2020	See reference (iv)	114,000	114,000
Bcp Ob Sub Apr 2021 - Emtn 809	April 2011	April 2021	See reference (iv)	64,100	64,100
Bcp Ob Sub 3S Apr 2021 - Emtn 812	April 2011	April 2021	See reference (iv)	35,000	35,000
Bcp Ob Sub 3 S Apr 2021 - Emtn 812	August 2011	August 2019	Fixed rate of 6.383%	7,500	7,619
Bank Millennium:					
Bank Millennium	December 2001	December 2011	Fixed rate of 6.360%	80,236	80,236
Bank Millennium 2007	December 2007	December 2017	Fixed rate of 6.337%	150,087	150,087
Banco de Investimento Imobiliário:					
BII 2004	December 2004	December 2014	See reference (iv)	15,000	14,986
BCP Finance Bank:					
BCP Fin. Bank Ltd EMTN -295	December 2006	December 2016	See reference (v)	71,209	71,198
Magellan No. 3:					
Magellan No. 3 Series 3 Class F	June 2005	May 2058	-	44	44
					1,018,064
Perpetual Bonds					
BCP - Euro 200 millions	June 2002	-	See reference (vi)	85	36
BPA 1997	June 1997	-	Euribor 3 months + 0.95%	37,915	37,915
TOPS BPSM 1997	December 1997	-	Euribor 6 months + 0.4%	22,690	23,414
BCP Leasing 2001	December 2001	-	See reference (vii)	4,986	4,986
					66,351
Accruals					6,095
					1,090,510

References :

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

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

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

(iv) - Euribor 3 months + 3.75% per year

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

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

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

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

39. Other liabilities

This balance is analysed as follows:

	Sep 2011 Euros '000	Dec 2010 Euros '000
Creditors:		
Suppliers	35,982	29,177
From factoring operations	8,026	7,413
Associated companies	75	1,689
Other creditors	288,486	398,228
Public sector	74,084	76,178
Other amounts payable	86,299	72,672
Deferred income	9,760	3,577
Holiday pay and subsidies	92,345	71,995
Other administrative costs payable	1,637	2,177
Amounts payable on trading activity	168,259	23,249
Other liabilities	515,543	404,873
	1,280,496	1,091,228

40. Share capital, preference shares and other capital instruments

The share capital of the Bank, amounts to Euros 6,064,999,986 and is represented by 7,207,167,060 nominate and ordinary shares without nominal value, which is fully paid.

It was concluded in June 2011 the capital increase of the Banco Comercial Português, S.A. from Euros 4,694,600,000 to Euros 6,064,999,986 by the following steps:

(i) 120,400,000 euros, by share premium reserves, issuing 206,518,010 new ordinary and nominative shares without nominal value;

(ii) 990,147,000 euros, by entrance of 990,147 perpetual subordinated instruments with interests condicioned, by issuing 1,584,235,200 new ordinary and nominative shares without nominal value, that resulted in the conversion of the majority of the perpetual subordinated securities.

(iii) 259,852,986 euros, by the issue of 721,813,850 ordinary shares without nominal value, with the issue and subscribe value of 0.36 Euros, with preference reserve to the shareholders, in the exercise of the preference legal rights.

In accordance with Decree-law no. 49/2010 of 19 May, that allows share capital of a company to be represented by shares without nominal value, the General Shareholders meeting of Banco Comercial Português, S.A. approved that the share capital of Banco Comercial Português, S.A. would be represented by shares with no nominal value.

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

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

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

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

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

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

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

The convertions of the referred instrumensts effected earnings per share untill the date of the shares convertion.

Following the share capital increase the majority of the issued perpetual subordinated securities were converted into ordinary shares.

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 18 April, 2011, the Bank increased the Legal reserves in the amount of Euros 30,064,794.

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:

	Sep 2011 Euros '000	Dec 2010 Euros '000
Other comprehensive income:		
Exchange differences arising on consolidation	(123,205)	(78,052)
Fair value reserves		
Financial assets available for sale	(445,277)	(167,239)
Cash-flow hedge	4,258	(17,480)
Tax		
Financial assets available for sale	67,732	15,037
Cash-flow hedge	(795)	3,321
	(497,287)	(244,413)
Other reserves and retained earnings:		
Legal reserve	476,107	446,042
Statutory reserve	30,000	20,000
Other reserves and retained earnings	2,675,529	2,467,587
Goodwill arising on consolidation	(2,883,580)	(2,883,580)
Other reserves arising on consolidation	(162,705)	(162,057)
	135,351	(112,008)

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

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

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

In accordance with the proposed for application of results of 2010, the Bank transferred the amount of Euros 167,157,000 to the balance Other reserves and retained earnings.

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
Sep 2011				
Net book value (Euros '000)	10,953		66,443	77,396
Number of securities	44,522,815	(*)		
Average book value (Euros)	0.25			
Dec 2010				
Net book value (Euros '000)	17,266		64,672	81,938
Number of securities	28,795,443	(*)		
Average book value (Euros)	0.60			

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

(*) As at 30 September 2011, this balance includes 24,194,217 shares (31 December 2010: 23,261,904 shares) owned by clients which were financed by the Bank. Considering the fact that for these clients there is evidence of impairment, under the IAS 32/39 the shares of the Bank owned by these clients were, only for accounting purposes and in respect for this standard, considered as treasury stock.

44. Non-controlling interests

This balance is analysed as follows:

	Balance		Income Statement	
	Sep 2011 Euros '000	Dec 2010 Euros '000	Sep 2011 Euros '000	Sep 2010 Euros '000
Bank Millennium, S.A.	347,177	354,930	30,783	19,896
BIM - Banco Internacional de Moçambique	96,620	67,700	22,015	15,129
Banco Millennium Angola, S.A.	75,793	66,196	10,715	7,594
Other subsidiaries	8,821	8,675	277	(132)
	528,411	497,501	63,790	42,487

45. Guarantees and future commitments

This balance is analysed as follows:

	Sep 2011 Euros '000	Dec 2010 Euros '000
Guarantees granted	8,392,921	8,862,015
Guarantees received	31,241,727	31,164,239
Commitments to third parties	10,227,742	11,877,095
Commitments from third parties	12,115,370	12,909,483
Securities and other items held for safekeeping on behalf of customers	128,342,002	163,291,551
Securities and other items held under custody by the Securities Depository Authority	141,638,589	169,114,150
Other off balance sheet accounts	174,290,434	178,988,845

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

	Sep 2011 Euros '000	Dec 2010 Euros '000
Guarantees granted:		
Guarantees	7,698,806	8,146,414
"Stand-by" letter of credit	424,770	350,171
Open documentary credits	201,263	283,554
Bails and indemnities	68,082	81,733
Other liabilities	-	143
	8,392,921	8,862,015
Commitments to third parties		
Irrevocable commitments		
Term deposits contracts	101,793	116,689
Irrevocable credit lines	2,327,573	2,258,969
Securites subscription	46,045	64,844
Other irrevocable commitments	352,138	309,020
Revocable commitments		
Revocable credit lines	5,964,180	7,043,685
Bank overdraft facilities	1,316,530	2,018,575
Other revocable commitments	119,483	65,313
	10,227,742	11,877,095

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

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

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

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

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

46. Relevant events occured during 2011

Capital increase of Banco Comercial Português, S.A. from Euros 4,694,600,000 to Euros 6,064,999,986

It was concluded in June 2011 the capital increase of the Banco Comercial Português, S.A. from Euros 4,694,600,000 to Euros 6,064,999,986 by the following steps:

(i) 120,400,000 euros, by share premium reserves, issuing 206,518,010 new ordinary and nominative shares without nominal value;

(ii) 990,147,000 euros, by entrance of 990,147 perpetual subordinated instruments with interests condicioned, by issuing 1,584,235,200 new ordinary and nominative shares without nominal value;

(iii) 259,852,986 euros, by the issue of 721,813,850 ordinary shares without nominal value, with an issue and subscription value of 0.36 Euros, with preference reserve to the shareholders, in the exercise of the preference legal rights.

In accordance with Decree-law no. 49/2010 of 19 May, that allows share capital of a company to be represented by shares without nominal value, the General Shareholders meeting of Banco Comercial Português, S.A. approved that the share capital of Banco Comercial Português, S.A. would be represented by shares with no nominal value.

Approval of 2010 results

In the General Shareholders Meeting held on 18 April 2011 was approved the following proposal for the results distribution:

a) Euros 30,064,794 for reinforcement of legal reserves;
b) Euros 10,000,000 for reinforcement of reserve for stability of dividends;
c) Euros 167,157,049 for other reserves;
d) Euros 93,426,096 for retained earnings.

General Assembly in 27 June, 2011

In 27 June 2011 the General Assembly of the Bank took place and the following decisions were taken:

- Change to article 5º of the Bank's By-Laws through the addition of article 6º regarding the process of obtaining State guarantees according to framework defined in Law 60-A/2008, from 20 of October.

- Elimination of the preference rights of the shareholders in the event of any share capital increases, namely through preference shares, to be decided by the Executive Board of Directors following the State guarantees legal framework mentioned in the previous paragraph.

Request for State guarantees for debt issues, following the framework defined in Law n.º 60-A/2008 from 20 of October

The Bank has decided to trigger the process to obtain a State guarantee for debt issues, following the framework defined in Law n.º 60-A/2008 from 20 of October. For this purpose, the Bank has presented a request to the Bank of Portugal, to obtain the approval for a State guarantee for an issue of unsubordinated debt notes, in the amount of Euros 1,750 million, with a spread to be determined based on market conditions and for a period up to three years.

This issue will be subject to a decision from the Executive Board of Directors regarding its final terms and to an approval from all the relevant entities according to the framework defined in the referred law.

Amortization of the subordinated perpetual notes with conditional interests

According to the authorisation granted by the Bank of Portugal, the Bank has amortised the 990,147 subordinated perpetual notes with conditional interests that were held following the general public acquisition offer launched by the Bank.

Offer for exchange of securities

In 22 September 2011, Banco Comercial Português, S.A launched an exchange offer for holders of perpetual debt instruments and preference shares, included on the proactive management of Group's outstanding liabilities and capital structure, being one of the initiatives undertaken to achieve a regulatory Core Tier I ratio of 9% by the end of 2011.

The securities that were the subject of this offering were as follows: BCP Finance Company Series C Perpetual Non-cumulative Guaranteed Non-voting Step-Up Preference Shares (ISIN: XS0194093844); BCP Finance Company Series D Perpetual Non-cumulative Guaranteed Non-voting Step-Up Preference Shares (ISIN: XS0231958520); BCP Finance Bank, Ltd. Floating Rate Subordinated Callable Step-Up Notes due December 2016 (ISIN: XS0278435226).

The exchange offer is intended to holders of instruments issued by its subsidiaries BCP Finance Bank Ltd. and BCP Finance Company and which are being exchanged for new debt securities issued under its Euro Note Programme together with cash payment in respect of accrued interest on the exchanged securities and also the fractional portion of the nominal amount of the new securities that will have a minimum denomination of Eur 50,000. Participants in the offer can elect to receive either 3-year senior debt securities with a 9.25%-coupon or 10-year subordinated securities with a 13%-coupon.

In 7 October 2011, , Banco Comercial Português, S.A announced the final results of the exchange mentioned above. The offer showed a degree of acceptance of approximately 75% for the issues comprehended in the offer. The aggregate nominal amount of senior debt to be issued on the settlement date, 13 October 2011, amounted to Euros 555,600,00, the aggregate nominal amount of subordinated debt to be issued on the settlement date amounted to Euros 95,600,000 and the amount to be paid to ineligible holders on the settlement date amounted to Euros 6,764,910.

47. Segmental reporting

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

Segments description

The Retail Banking activity includes the Retail activity of Banco Comercial Português in Portugal, operating as a distribution channel of products and services from other companies of the Group, and the Foreign business segment, operating through several banking operations in markets with affinity to Portugal and in countries with higher growth potential.

The Retail segment in Portugal includes: (i) the Retail network in Portugal, where the strategic approach is to target “Mass Market” customers, who appreciate a value proposition based on innovation and speed, as well as Prestige and Small Business customers, whose specific characteristics, financial assets or income imply a value proposition based on innovation and personalisation, requiring a dedicated Account Manager; and (ii) ActivoBank, a bank focused on clients who are young in spirit, intensive users of new communication technologies and who prefer a banking relationship based on transparency, featuring simple, modern products and services.

The Companies Banking business includes the Companies network in Portugal, which operates as a distribution channel of products and services from other companies of the Group, and the Corporate & Investment Banking segment.

The Companies network, in Portugal, covers the financial needs of companies with an annual turnover between Euro 7.5 million and Euro 100 million, and focuses on innovation, offering a wide range of traditional banking products complemented by specialised financing.

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

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

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

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

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

Business segments activity

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

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

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

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

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

Information related to the first half of 2010 is presented on a comparable basis with the information reported for the first nine months of 2011 reflecting the Group's business areas current organisational structure referred to in the Segment description described above.

The net contributions of each segment include, where applicable, the non-controlling interests. Thus, the net contribution reflects the individual results achieved by its business units, independent of the percentage held by the Group, including the impact of movements of funds described above. The following information is based on financial statements prepared according to IFRS and on the organisational model in place for the Group, as at 30 September 2011.

Geographical Segments

The Group operates with special emphasis in the Portuguese market, and also in a few affinity markets and in markets of recognised growth potential. Considering this, the geographical segments include Portugal, Poland, Greece, Mozambique, Angola and Other. The segment Portugal reflects, essentially, the activities carried out by Banco Comercial Português in Portugal, ActivoBank and Banco de Investimento Imobiliário. The segment Poland includes the business carried out by Bank Millennium (Poland); the segment Greece contains the activity of Millennium Bank (Greece), while the segment Mozambique contains the activity of BIM - Banco Internacional de Moçambique and the segment Angola contains the activity of Banco Millennium 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 and Millennium bcp Bank & Trust in the Cayman Islands. In the first half of 2010, this segment also included the Millennium bank Turkey (partially sold on 27 December 2010) and Millennium bcpbank in the United States of America (partially sold on 15 October 2010).

As at 30 September 2011, the net contribution of the major business segments is analysed as follows:

	Commercial Banking			Companies Banking			Private		
	Retail in Portugal	Foreign Business	Total	Companies	Corporate and Investment Banking	Total	Banking and Asset Management	Other	Consolidated
Income statement									
Interest income	847,270	967,516	1,814,786	331,222	459,513	790,735	110,692	268,258	2,984,471
Interest expense	(494,969)	(513,971)	(1,008,940)	(197,336)	(286,630)	(483,966)	(88,309)	(206,469)	(1,787,684)
Net interest income	352,301	453,545	805,846	133,886	172,883	306,769	22,383	61,789	1,196,787
Commissions and other income	348,717	220,258	568,975	61,530	132,543	194,073	48,274	(23,380)	787,942
Commissions and other costs	(14,333)	(57,494)	(71,827)	(962)	(2,174)	(3,136)	(13,784)	(90,211)	(178,958)
Net commissions and other income	334,384	162,764	497,148	60,568	130,369	190,937	34,490	(113,591)	608,984
Net gains arising from trading activity	43	77,137	77,180	-	(14,587)	(14,587)	565	(24,489)	38,669
Staff costs and administrative costs	510,740	388,408	899,148	42,046	57,621	99,667	39,438	10,947	1,049,200
Depreciations	1,447	33,591	35,038	69	77	146	278	34,953	70,415
Operating costs	512,187	421,999	934,186	42,115	57,698	99,813	39,716	45,900	1,119,615
Impairment and provisions	(148,732)	(116,294)	(265,026)	(193,982)	(199,643)	(393,625)	(107,356)	(22,473)	(788,480)
Share of profit of associates under the equity method	-	219	219	-	(38)	(38)	-	1,852	2,033
Net gain from the sale of other assets	-	-	-	-	-	-	-	(5,498)	(5,498)
Profit before income tax	25,809	155,372	181,181	(41,643)	31,286	(10,357)	(89,634)	(148,310)	(67,120)
Income tax	(7,727)	(35,047)	(42,774)	12,120	(9,073)	3,047	26,999	203,022	190,294
Non-controlling interests	-	(58,042)	(58,042)	-	-	-	-	(5,748)	(63,790)
Profit after income tax	18,082	62,283	80,365	(29,523)	22,213	(7,310)	(62,635)	48,964	59,384
Income between segments	17,045	-	17,045	7,390	(24,410)	(17,020)	(25)	-	-
Balance sheet									
Cash and Loans and advances to credit institutions	2,898,153	3,283,391	6,181,544	1,997,612	7,052,194	9,049,806	3,681,572	(13,796,742)	5,116,180
Loans and advances to customers	32,120,599	15,710,036	47,830,635	9,624,919	12,341,407	21,966,326	2,049,687	685,710	72,532,358
Financial assets	1,459	1,750,111	1,751,570	-	5,770,615	5,770,615	41,834	5,374,926	12,938,945
Other assets	1,226,492	595,614	1,822,106	54,486	322,255	376,741	47,258	4,519,214	6,765,319
Total Assets	36,246,703	21,339,152	57,585,855	11,677,017	25,486,471	37,163,488	5,820,351	(3,216,892)	97,352,802
Deposits from other credit institutions	7,111,817	4,606,445	11,718,262	4,653,730	10,161,909	14,815,639	2,894,849	(9,772,712)	19,656,038
Deposits from customers	21,118,851	13,613,943	34,732,794	1,303,143	6,655,622	7,958,765	2,663,997	2,212,145	47,567,701
Debt securities issued	4,965,703	698,862	5,664,565	3,672,399	5,462,398	9,134,797	-	191	14,799,553
Other financial liabilities held for trading at fair value through profit or loss	1,550,049	324,098	1,874,147	1,146,343	1,705,093	2,851,436	39,626	127,229	4,892,438
Other financial liabilities	(31,763)	564,206	532,443	(21,575)	(86,633)	(108,208)	(5,073)	1,211,149	1,630,311
Other liabilities	577,424	710,110	1,287,534	274,555	539,327	813,882	74,471	(664,164)	1,511,723
Total Liabilities	35,292,081	20,517,664	55,809,745	11,028,595	24,437,716	35,466,311	5,667,870	(6,886,162)	90,057,764
Equity and non-controlling interests	954,622	821,488	1,776,110	648,422	1,048,755	1,697,177	152,481	3,669,270	7,295,038
Total Liabilities, Equity and non-controlling interests	36,246,703	21,339,152	57,585,855	11,677,017	25,486,471	37,163,488	5,820,351	(3,216,892)	97,352,802

As at 30 September 2010, the net contribution of the major business segments is analysed as follows:

	Commercial Banking			Companies Banking			Private Banking and Asset Management	Other	Consolidated
	Retail in Portugal	Foreign Business	Total	Companies	Corporate and Investment Banking	Total			
Income statement									
Interest income	722,237	840,366	1,562,603	256,897	319,845	576,742	84,967	272,791	2,497,103
Interest expense	(324,073)	(468,209)	(792,282)	(125,073)	(172,431)	(297,504)	(59,618)	(255,940)	(1,405,344)
Net interest income	398,164	372,157	770,321	131,824	147,414	279,238	25,349	16,851	1,091,759
Commissions and other income	343,799	221,052	564,851	68,902	116,308	185,210	48,029	18,488	816,578
Commissions and other costs	(9,108)	(52,857)	(61,965)	(278)	(1,523)	(1,801)	(17,462)	(73,327)	(154,555)
Net commissions and other income	334,691	168,195	502,886	68,624	114,785	183,409	30,567	(54,839)	662,023
Net gains arising from trading activity	40	85,023	85,063	-	23,005	23,005	715	236,666	345,449
Staff costs and administrative costs	501,594	401,752	903,346	45,087	54,512	99,599	38,687	58,117	1,099,749
Depreciations	1,268	42,208	43,476	80	72	152	311	39,718	83,657
Operating costs	502,862	443,960	946,822	45,167	54,584	99,751	38,998	97,835	1,183,406
Impairment and provisions	(118,798)	(114,595)	(233,393)	(164,626)	(150,805)	(315,431)	(20,864)	(110,219)	(679,907)
Share of profit of associates under the equity method	-	-	-	-	(34)	(34)	-	53,239	53,205
Net gain from the sale of other assets	-	-	-	-	-	-	-	(5,118)	(5,118)
Profit before income tax	111,235	66,820	178,055	(9,345)	79,781	70,436	(3,231)	38,745	284,005
Income tax	(29,565)	(15,481)	(45,046)	2,473	(21,142)	(18,669)	2,040	37,567	(24,108)
Non-controlling interests	-	(39,085)	(39,085)	-	-	-	-	(3,402)	(42,487)
Profit after income tax	81,670	12,254	93,924	(6,872)	58,639	51,767	(1,191)	72,910	217,410
Income between segments	45,640	-	45,640	2,777	(36,470)	(33,693)	(11,947)	-	-
Balance sheet									
Cash and Loans and advances to credit institutions	3,737,632	2,549,991	6,287,623	2,178,921	7,814,017	9,992,938	3,617,815	(15,771,915)	4,126,461
Loans and advances to customers	33,905,041	15,334,737	49,239,778	10,095,768	13,577,566	23,673,334	2,568,324	(1,227,043)	74,254,393
Financial assets	1,266	2,165,248	2,166,514	-	3,833,669	3,833,669	61,034	8,209,891	14,271,108
Other assets	671,006	1,490,439	2,161,445	37,197	50,267	87,464	31,698	4,501,420	6,782,027
Total Assets	38,314,945	21,540,415	59,855,360	12,311,886	25,275,519	37,587,405	6,278,871	(4,287,647)	99,433,989
Deposits from other credit institutions	8,505,924	4,377,818	12,883,742	4,978,314	10,173,586	15,151,900	3,114,347	(12,730,601)	18,419,388
Deposits from customers	19,356,394	13,382,454	32,738,848	1,463,909	4,430,060	5,893,969	2,712,905	3,973,647	45,319,369
Debt securities issued	6,241,484	931,410	7,172,894	3,657,319	6,862,204	10,519,523	84,808	413	17,777,638
Other financial liabilities held for trading at fair value through profit or loss	2,067,154	221,006	2,288,160	1,211,289	2,272,734	3,484,023	87,579	127,545	5,987,307
Other financial liabilities	346,827	382,062	728,889	172,965	268,018	440,983	46,528	999,290	2,215,690
Other liabilities	192,414	1,189,406	1,381,820	27,792	31,634	59,426	17,420	917,278	2,375,944
Total Liabilities	36,710,197	20,484,156	57,194,353	11,511,588	24,038,236	35,549,824	6,063,587	(6,712,428)	92,095,336
Equity and non-controlling interests	1,604,748	1,056,259	2,661,007	800,298	1,237,283	2,037,581	215,284	2,424,781	7,338,653
Total Liabilities, Equity and non-controlling interests	38,314,945	21,540,415	59,855,360	12,311,886	25,275,519	37,587,405	6,278,871	(4,287,647)	99,433,989

As at 30 September 2011, the net contribution of the major geographic segments is analysed as follows:

	Portugal											
	Retail Banking	**Companies**	**Corporate and Investment Banking**	**Private Banking and Asset Management**	**Other**	**Total**	**Poland**	**Greece**	**Angola**	**Mozambique**	**Other**	**Consolidated**
Income statement												
Interest income	847,270	331,222	459,513	54,417	268,258	1,960,680	493,471	235,768	67,857	140,502	86,193	2,984,471
Interest expense	(494,969)	(197,336)	(286,630)	(38,703)	(206,469)	(1,224,107)	(291,674)	(143,441)	(24,194)	(39,592)	(64,676)	(1,787,684)
Net interest income	352,301	133,886	172,883	15,714	61,789	736,573	201,797	92,327	43,663	100,910	21,517	1,196,787
Commissions and other income	348,717	61,530	132,543	31,263	(23,380)	550,673	131,588	24,539	13,741	45,670	21,731	787,942
Commissions and other costs	(14,333)	(962)	(2,174)	(9,647)	(90,211)	(117,327)	(28,607)	(10,036)	(1,640)	(15,643)	(5,705)	(178,958)
Net commissions and other income	334,384	60,568	130,369	21,616	(113,591)	433,346	102,981	14,503	12,101	30,027	16,026	608,984
Net gains arising from trading activity	43	-	(14,587)	(5)	(24,489)	(39,038)	33,796	6,571	19,122	13,437	4,781	38,669
Staff costs and administrative costs	510,740	42,046	57,621	24,057	10,947	645,411	195,141	80,560	37,131	49,241	41,716	1,049,200
Depreciations	1,447	69	77	1	34,953	36,547	12,427	7,486	4,889	5,171	3,895	70,415
Operating costs	512,187	42,115	57,698	24,058	45,900	681,958	207,568	88,046	42,020	54,412	45,611	1,119,615
Impairment and provisions	(148,732)	(193,982)	(199,643)	(100,420)	(22,473)	(665,250)	(31,741)	(52,436)	(9,619)	(13,344)	(16,090)	(788,480)
Share of profit of associates under the equity method	-	-	(38)	-	1,852	1,814	219	-	-	-	-	2,033
Net gain from the sale of other assets	-	-	-	-	(5,498)	(5,498)	-	-	-	-	-	(5,498)
Profit before income tax	25,809	(41,643)	31,286	(87,153)	(148,310)	(220,011)	99,484	(27,081)	23,247	76,618	(19,377)	(67,120)
Income tax	(7,727)	12,120	(9,073)	25,282	203,022	223,624	(21,402)	(774)	(1,577)	(13,948)	4,371	190,294
Non-controlling interests	-	-	-	-	(5,748)	(5,748)	(26,930)	-	(10,243)	(20,869)	-	(63,790)
Profit after income tax	18,082	(29,523)	22,213	(61,871)	48,964	(2,135)	51,152	(27,855)	11,427	41,801	(15,006)	59,384
Income between segment	17,045	7,390	(24,410)	(25)	-	-	-	-	-	-	-	-
Balance sheet												
Cash and Loans and advances to credit institutions	2,898,153	1,997,612	7,052,194	223,110	(13,796,742)	(1,625,673)	1,330,419	1,293,120	309,960	276,749	3,531,605	5,116,180
Loans and advances to customers	32,120,599	9,624,919	12,341,407	1,313,027	685,710	56,085,662	9,248,020	4,746,113	450,424	941,126	1,061,013	72,532,358
Financial assets	1,459	-	5,770,615	1,704	5,374,926	11,148,704	544,016	478,682	398,673	254,584	114,286	12,938,945
Other assets	1,226,492	54,486	322,255	28,828	4,519,214	6,151,275	184,851	141,941	108,483	131,440	47,329	6,765,319
Total Assets	36,246,703	11,677,017	25,486,471	1,566,669	(3,216,892)	71,759,968	11,307,306	6,659,856	1,267,540	1,603,899	4,754,233	97,352,802
Deposits from other credit institutions	7,111,817	4,653,730	10,161,909	115,927	(9,772,712)	12,270,671	1,105,238	2,780,875	321,637	180,576	2,997,041	19,656,038
Deposits from customers	21,118,851	1,303,143	6,655,622	1,366,502	2,212,145	32,656,263	8,426,445	2,979,565	807,499	1,150,179	1,547,750	47,567,701
Debt securities issued	4,965,703	3,672,399	5,462,398	-	191	14,100,691	309,610	360,319	-	28,933	-	14,799,553
Other financial liabilities held for trading at fair value through profit or loss	1,550,049	1,146,343	1,705,093	-	127,229	4,528,714	205,536	118,357	-	-	39,831	4,892,438
Other financial liabilities	(31,763)	(21,575)	(86,633)	(1,863)	1,211,149	1,069,315	567,070	(1,331)	(1,820)	(2,780)	(143)	1,630,311
Other liabilities	577,424	274,555	539,327	30,123	(664,164)	757,265	297,066	153,231	85,512	163,440	55,209	1,511,723
Total Liabilities	35,292,081	11,028,595	24,437,716	1,510,689	(6,886,162)	65,382,919	10,910,965	6,391,016	1,212,828	1,520,348	4,639,688	90,057,764
Equity and non-controlling interests	954,622	648,422	1,048,755	55,980	3,669,270	6,377,049	396,341	268,840	54,712	83,551	114,545	7,295,038
Total Liabilities, Equity and non-controlling interests	36,246,703	11,677,017	25,486,471	1,566,669	(3,216,892)	71,759,968	11,307,306	6,659,856	1,267,540	1,603,899	4,754,233	97,352,802

As at 30 September 2010, the net contribution of the major geografic segments is analysed as follows:

	Portugal											
	Retail Banking	**Companies**	**Corporate and Investment Banking**	**Private Banking and Asset Management**	**Other**	**Total**	**Poland**	**Greece**	**Angola**	**Mozambique**	**Other**	**Consolidated**
Income statement												
Interest income	722,237	256,897	319,845	37,657	272,791	1,609,427	437,868	185,922	50,585	92,286	121,015	2,497,103
Interest expense	(324,073)	(125,073)	(172,431)	(21,633)	(255,940)	(899,150)	(274,625)	(108,937)	(16,726)	(25,178)	(80,728)	(1,405,344)
Net interest income	398,164	131,824	147,414	16,024	16,851	710,277	163,243	76,985	33,859	67,108	40,287	1,091,759
Commissions and other income	343,799	68,902	116,308	27,536	18,488	575,033	126,659	32,949	12,287	36,557	33,092	816,577
Commissions and other costs	(9,108)	(278)	(1,523)	(11,504)	(73,327)	(95,740)	(23,388)	(8,487)	(914)	(16,510)	(9,515)	(154,554)
Net commissions and other income	334,691	68,624	114,785	16,032	(54,839)	479,293	103,271	24,462	11,373	20,047	23,577	662,023
Net gains arising from trading activity	40	-	23,005	-	236,666	259,711	37,001	(623)	19,673	23,624	6,063	345,449
Staff costs and administrative costs	501,594	45,087	54,512	23,650	58,117	682,960	183,058	83,865	33,968	41,420	74,478	1,099,749
Depreciations	1,268	80	72	1	39,718	41,139	14,144	7,491	3,452	4,080	13,351	83,657
Operating costs	502,862	45,167	54,584	23,651	97,835	724,099	197,202	91,356	37,420	45,500	87,829	1,183,406
Impairment and provisions	(118,798)	(164,626)	(150,805)	(20,062)	(110,219)	(564,510)	(44,915)	(35,783)	(9,283)	(11,715)	(13,701)	(679,907)
Share of profit of associates under the equity method	-	-	(34)	-	53,239	53,205	-	-	-	-	-	53,205
Net gain from the sale of other assets	-	-	-	-	(5,118)	(5,118)	-	-	-	-	-	(5,118)
Profit before income tax	111,235	(9,345)	79,781	(11,657)	38,745	208,759	61,398	(26,315)	18,202	53,564	(31,603)	284,005
Income tax	(29,565)	2,473	(21,142)	3,259	37,567	(7,408)	(12,138)	4,296	(2,428)	(9,599)	3,169	(24,108)
Non-controlling interests	-	-	-	-	(3,402)	(3,402)	(16,989)	-	(7,456)	(14,640)	-	(42,487)
Profit after income tax	81,670	(6,872)	58,639	(8,398)	72,910	197,949	32,271	(22,019)	8,318	29,325	(28,434)	217,410
Income between segment	45,640	2,777	(36,470)	(11,947)	-	-	-	-	-	-	-	-
Balance sheet												
Cash and Loans and advances to credit institutions	3,737,632	2,178,921	7,814,017	165,825	(15,771,915)	(1,875,520)	710,169	1,303,269	221,258	210,614	3,556,671	4,126,461
Loans and advances to customers	33,905,041	10,095,768	13,577,566	1,388,772	(1,227,043)	57,740,104	8,927,819	4,999,471	398,517	721,985	1,466,497	74,254,393
Financial assets	1,266	-	3,833,669	1,756	8,209,891	12,046,582	1,381,867	363,694	243,543	92,186	143,236	14,271,108
Other assets	671,006	37,197	50,267	19,485	4,501,420	5,279,375	192,172	123,514	85,340	75,531	1,026,095	6,782,027
Total Assets	38,314,945	12,311,886	25,275,519	1,575,838	(4,287,647)	73,190,541	11,212,027	6,789,948	948,658	1,100,316	6,192,499	99,433,989
Deposits from other credit institutions	8,505,924	4,978,314	10,173,586	177,132	(12,730,601)	11,104,355	1,451,894	2,333,980	275,421	58,277	3,195,461	18,419,388
Deposits from customers	19,356,394	1,463,909	4,430,060	1,188,611	3,973,647	30,412,621	8,451,375	3,275,419	563,896	838,886	1,777,172	45,319,369
Debt securities issued	6,241,484	3,657,319	6,862,204	84,808	413	16,846,228	289,847	641,563	-	-	-	17,777,638
Other financial liabilities held for trading at fair value through profit or loss	2,067,154	1,211,289	2,272,734	28,088	127,545	5,706,810	155,126	64,482	-	-	60,889	5,987,307
Other financial liabilities	346,827	172,965	268,018	15,743	999,290	1,802,843	240,445	87,764	15,518	20,663	48,457	2,215,690
Other liabilities	192,414	27,792	31,634	8,615	917,278	1,177,733	139,238	63,760	22,022	86,882	886,309	2,375,944
Total Liabilities	36,710,197	11,511,588	24,038,236	1,502,997	(6,712,428)	67,050,590	10,727,925	6,466,968	876,857	1,004,708	5,968,288	92,095,336
Equity and non-controlling interests	1,604,748	800,298	1,237,283	72,841	2,424,781	6,139,951	484,102	322,980	71,801	95,608	224,211	7,338,653
Total Liabilities, Equity and non-controlling interests	38,314,945	12,311,886	25,275,519	1,575,838	(4,287,647)	73,190,541	11,212,027	6,789,948	948,658	1,100,316	6,192,499	99,433,989

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

Description of the relevant items of reconciliation:

	Sep 2011 Euros '000	Sep 2010 Euros '000
Net income (excluding Non-controlling Interests)		
Retail Banking	18,082	81,670
Companies	(29,523)	(6,872)
Corporate and Investment Banking	22,213	58,639
Private Banking e Asset Management	(61,871)	(8,398)
Foreign Business	119,561	58,546
	68,462	183,585
Impact on the Net interest income of the allocation of capital (1)	4,987	5,096
	63,475	178,489
Amounts not allocated to segments		
Non-controlling interests (2)	(63,790)	(42,487)
Operating expenses (3)	1,001	(97,836)
Loan impairment and other provisions (4)	(22,474)	(36,654)
Instruments measured at FVO (Own Credit Risk)	33,543	185,860
Accounting for hedging interest rate risk (5)	-	36,600
Debt public bonds and Goodwill impairment of Greece	(136,103)	(73,565)
Gains on liability managment operation	98,315	-
Correction of the sale of the investment held in Eureko	24,480	-
Others (6)	60,937	67,003
Total not allocated to segments	(4,091)	38,921
Consolidated net income	59,384	217,410

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

48. BCP Group list of companies

As at 30 September 2011 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.	Oeiras	6,720,691	EUR	Investment fund management	100.0	100.0	100.0
Interfundos - Gestão de Fundos de Investimento Imobiliários, S.A.	Lisbon	1,500,000	EUR	Investment fund management	100.0	100.0	100.0
BII Investimentos International, S.A.	Luxembourg	150,000	EUR	Investment fund management	100.0	100.0	–
BCP Capital - Sociedade de Capital de Risco, S.A.	Lisbon	28,500,000	EUR	Venture capital	100.0	100.0	100.0
Banco de Investimento Imobiliário, S.A.	Lisbon	157,000,000	EUR	Banking	100.0	100.0	100.0
BII Internacional, S.G.P.S., Lda.	Funchal	25,000	EUR	Holding company	100.0	100.0	–
BII Finance Company	George Town	25,000	USD	Investment	100.0	100.0	–
Banco ActivoBank, S.A.	Lisbon	23,500,000	EUR	Banking	100.0	100.0	–
BIM - Banco Internacional de Moçambique, S.A.	Maputo	4,500,000,000	MZN	Banking	66.7	66.7	–
Banco Millennium Angola, S.A.	Luanda	3,809,398,820	AOA	Banking	52.7	52.7	52.7
Bank Millennium, S.A.	Warsow	1,213,116,777	PLN	Banking	65.5	65.5	65.5
Millennium TFI - Towarzystwo Funduszy	Warsow	10,300,000	PLN	Investment fund management	100.0	65.5	–
Millennium Dom Maklerski, S.A.	Warsow	16,500,000	PLN	Broker	100.0	65.5	–
Millennium Leasing, Sp.z o.o.	Warsow	48,195,000	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	–
BG Leasing, S.A.	Gdansk	1,000,000	PLN	Leasing	74.0	48.5	–
Banque Privée BCP (Suisse) S.A.	Geneve	70,000,000	CHF	Banking	100.0	100.0	–
Millennium Bank, Societe Anonyme	Athens	184,905,000	EUR	Banking	100.0	100.0	–

Subsidiary companies	Head office	Share capital	Currency	Activity	Group % control	Group % held	Bank % held
Millennium Fin Commerce of Vehicles, Vessels, Devices and Equipment, Societe Anonyme	Athens	589,980	EUR	Investment	100.0	100.0	–
Millennium Mutual Funds Management Company, Societe Anonyme	Athens	1,176,000	EUR	Investment fund management	100.0	100.0	–
Banca Millennium S.A.	Bucarest	519,390,000	RON	Banking	100.0	100.0	–
Millennium bcp Participações, S.G.P.S., Sociedade Unipessoal, Lda.	Funchal	25,000	EUR	Holding company	100.0	100.0	100.0
Bitalpart, B.V.	Rotherdam	19,370	EUR	Holding company	100.0	100.0	100.0
BCP Investment B.V.	Amsterdam	620,774,050	EUR	Holding company	100.0	100.0	100.0
bcp holdings (usa), Inc.	Newark	250	USD	Holding company	100.0	100.0	–
MBCP REO I, LLC	Delaware	370,174	USD	Real-estate management	100.0	100.0	–
MBCP REO II, LLC	Delaware	924,804	USD	Real-estate management	100.0	100.0	–
Millennium bcp Bank & Trust	George Town	340,000,000	USD	Banking	100.0	100.0	–
BCP Finance Bank, Ltd.	George Town	246,000,000	USD	Banking	100.0	100.0	–
BCP Finance Company	George Town	1,031,000,692	EUR	Investment	100.0	3.0	–
Millennium BCP - Escritório de Representações e Serviços, Ltda.	Sao Paulo	36,520,000	BRL	Financial Services	100.0	100.0	100.0
Millennium BCP - Serviços de Comércio Electrónico, S.A.	Lisbon	50,004	EUR	Videotex services	100.0	100.0	100.0
Caracas Financial Services, Limited	George Town	25,000	USD	Financial Services	100.0	100.0	100.0
Millennium bcp Imobiliária, S.A.	Lisbon	50,000	EUR	Real-estate management	99.9	99.9	99.9
Millennium bcp - Prestação de Serviços, A. C. E.	Lisbon	331,000	EUR	Services	91.5	92.2	73.5
Servitrust - Trust Managment Services S.A.	Funchal	100,000	EUR	Trust services	100.0	100.0	100.0
Imábida - Imobiliária da Arrábida, S.A.	Oeiras	1,750,000	EUR	Real-estate management	100.0	100.0	100.0
QPR Investmentos, S.A.	Lisbon	50,000	EUR	Advisory and services	100.0	100.0	100.0

As at 30 September 2011 the associated companies, were as follows:

Associated companies	Head office	Share capital	Currency	Activity	Group % control	Group % held	Bank % held
Academia Millennium Atlântico	Luanda	47,500,000	AOA	Education	33.0	17.4	–
Baía de Luanda - Promoção, Montagem e Gestão de Negócios, S.A.	Luanda	19,200,000	USD	Services	10.0	10.0	–
Banque BCP, S.A.S.	Paris	76,104,114	EUR	Banking	19.9	19.9	19.9
Banque BCP (Luxembourg), S.A.	Luxembourg	13,750,000	EUR	Banking	19.9	19.9	–
Constellation, S.A.	Maputo	1,053,500,000	MZN	Real-estate	20.0	12.0	–
Beira Nave	Maputo	2,849,640	MZN	Electronic equipments	22.8	13.7	–
Luanda Waterfront Corporation	George Town	9,804	USD	Services	10.0	10.0	–
Lubuskie Fabryki Mebli, S.A.	Swiebodzin	13,400,050	PLN	Furniture manufacturer	50.0	32.8	–
Pomorskie Hurtowe Centrum Rolno - Spożywcze S.A.	Gdansk	21,357,000	PLN	Wholesale business	38.4	25.2	–
Nanium, S.A.	Vila do Conde	15,000,000	EUR	Electronic equipments	41.1	41.1	41.1
SIBS - Forward Payment Solutions, S.A.	Lisbon	24,642,300	EUR	Banking services	21.9	21.9	21.5
UNICRE - Instituição Financeira de Crédito, S.A.	Lisbon	10,000,000	EUR	Credit cards	32.0	32.0	31.7
VSC - Aluguer de Veículos Sem Condutor, Lda.	Lisbon	12,500,000	EUR	Long term rental	50.0	50.0	–

As at 30 September 2011 the Banco Comercial Português Group's subsidiary and associated insurance companies included in the consolidated accounts under the purchase method and equity method were as follows:

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

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