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

1ST QUARTER 2012 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 6,064,999,986.00.

Financial Highlights

Euro million	31 Mar. 12	31 Mar. 11	Change 12 / 11
Balance sheet			
Total assets	92,029	95,177	-3.3%
Loans to customers (gross) (1)	71,243	75,315	-5.4%
Total customer funds (1)	67,328	66,605	1.1%
Balance sheet customer funds (1)	54,525	51,195	6.5%
Customer deposits (1)	48,830	44,867	8.8%
Loans to customers, net / Customer deposits (2)	140%	164%	
Loans to customers, net / Customer deposits (3)	138%	162%	
Results			
Net income	40.8	90.1	-54.8%
Net interest income	317.5	401.6	-20.9%
Net operating revenues	677.4	660.4	2.6%
Operating costs	369.4	338.9	9.0%
Loan impairment charges (net of recoveries)	170.3	166.6	2.2%
Other impairment and provisions	46.3	31.4	47.6%
Income taxes			
Current	21.0	25.3	-17.0%
Deferred	11.2	(10.5)	-
Profitability			
Net operating revenues / Average net assets (2)	2.9%	2.7%	
Return on average assets (ROA) (4)	0.3%	0.5%	
Income before taxes and non-controlling interests / Average net assets (2)	0.4%	0.5%	
Return on average equity (ROE)	4.5%	11.5%	
Income before taxes and non-controlling interests / Average equity (2)	8.7%	13.6%	
Credit quality			
Overdue and doubtful loans / Total loans (2)	6.8%	5.0%	
Overdue and doubtful loans, net / Total loans, net (2)	1.9%	1.6%	
Credit at risk / Total loans (2)	10.9%	7.7%	
Credit at risk, net / Total loans, net (2)	6.2%	4.3%	
Impairment for loan losses / Overdue loans by more than 90 days	100.3%	103.8%	
Efficiency ratios (2) (5)			
Operating costs / Net operating revenues	54.5%	56.1%	
Operating costs / Net operating revenues (Portugal)	51.4%	52.1%	
Staff costs / Net operating revenues	30.5%	31.2%	
Capital			
Own funds	5,353	5,997	
Risk weighted assets	57,188	58,400	
Core Tier I (2)	9.2%	6.7%	
Tier I (2)	8.6%	9.2%	
Total (2)	9.4%	10.3%	
Branches			
Portugal activity	872	891	-2.1%
Foreign activity	840	843	-0.4%
Employees			
Portugal activity	9,944	10,121	-1.7%
Foreign activity	11,629	11,266	3.2%

Note: the values presented for 2011 and 2010 include the adjustment to the accounts from 1 January 2010.
(1) Adjusted from a Repo operation of Euro 697 million on 31 March 2012.
(2) According to Instruction no. 23/2011 from the Bank of Portugal.
(3) Calculated in accordance with the definition from the Bank of Portugal.
(4) Considering net income before non-controlling interests.
(5) Excludes the impact of specific items.

RESULTS AND ACTIVITY IN THE FIRST QUARTER OF 2012

At the end of the 2011, considering the agreement signed between the Portuguese Government, the Portuguese Banking Association and the unions of bank employees to transfer the pension liabilities for retired employees and pensioners to the General State Healthcare System, the Bank decided, just prior to the transfer, to change the accounting policy associated with the recognition of actuarial deviations.

Following the analysis of the several alternatives allowed by the International Accounting Standard (IAS) 19 for Employee Benefits, the Group chose to recognise actuarial deviations of the period on reserves. Previously, the Group proceeded with the deferral of actuarial deviations determined in accordance with the corridor method, in which gains and losses not recognised which exceeded 10% of the greater between the current value of the liabilities and the fair value of the Fund's assets were recorded in results by the value of the remaining estimated useful life of the active employees.

To reflect this change, in accordance with IAS, this change was performed with retroactive effect to 1 January 2010, and consequently the Group recognised in equity the total actuarial deviations deferred. In accordance with the standards, the Group performed the restatement of financial statements as at 1 January 2010 and 31 December 2010, as well as in relation to the months during the year 2011, for comparable purposes.

RESULTS

Millennium bcp's **consolidated net income** totalled Euro 40.8 million in the first quarter of 2012, compared with Euro 90.1 million in the first quarter of 2011 (restated according to the change in the accounting policy).

Net income for the first quarter of 2012 was influenced by the following exceptional factors:

- accounting of a cost in the amount of Euro 15.4 million associated with commissions from the issuance of debt securities guaranteed by the Portuguese Republic; and
- repurchase of covered bonds which led to a capital gain of Euro 68 million net of tax.

Net income for the first quarter of 2011 includes:

- the reversal of provisions related to the pension fund of former members of the Executive Board of Directors, of Euro 22.3 million net of tax.

Between the first quarter of 2011 and the first quarter of 2012 operating revenues showed an increase, sustained by net trading income, which offset the decrease in net interest income, together with the operating costs control, which dropped by 0.2%, excluding specific items.

The evolution of profitability on a consolidated basis was determined by the performance of the activity in Portugal, while net income from the international activity showed an increase. Net income from the international activity was boosted by the higher level of net results achieved in most foreign subsidiaries, in particular Bank Millennium in Poland and Banco Millennium Angola.

Net interest income stood at Euro 317.5 million in the first quarter of 2012, compared with Euro 401.6 million posted in the same period of 2011.

Net interest income in the activity in Portugal was influenced by the unfavourable volume and interest rate effects. In the international activity, net interest income was hindered by the performance of Millennium bank in Greece, despite the increases posted in subsidiary companies in Poland and Angola.

The net interest margin stood at 1.49% in the first quarter of 2012, which compares with 1.78% in the same period in 2011, reflecting the impact of the liability management operations completed in the second half of 2011 and the increase in the cost of term deposits, despite the credit *repricing* favourable effect.

AVERAGE BALANCES *Euro million*

	31 Mar.12		31 Mar.11	
	Balance	**Yield %**	**Balance**	**Yield %**
Deposits in banks	4,760	1.37	3,970	1.52
Financial assets	10,742	4.87	13,000	3.65
Loans and advances to customers	68,537	4.85	73,101	4.10
Interest earning assets	**84,039**	**4.65**	**90,071**	**3.92**
Non-interest earning assets	9,024		7,430	
	93,063		**97,501**	
Amounts owed to credit institutions	18,354	1.51	19,717	1.48
Amounts owed to customers	49,064	3.47	45,402	2.52
Debt issued and financial liabilities	16,807	3.63	21,595	2.03
Subordinated debt	1,147	5.27	1,980	2.55
Interest bearing liabilities	**85,372**	**3.11**	**88,694**	**2.17**
Non-interest bearing liabilities	3,286		3,192	
Shareholders' equity and non-controlling interests	4,405		5,615	
	93,063		**97,501**	
Net interest margin		1.49		1.78

Note: Interests related to hedge derivatives were allocated, in March 2012 and 2011, to the respective balance sheet item.

Net commissions stood at Euro 169.9 million in the first quarter of 2012, compared to Euro 195.4 million in the same period of 2011. In the activity in Portugal, commissions decreased 15.5% from the first quarter of 2011. In the international activity commissions declined 7.4%, influenced by the performance of Millennium Bank in Poland, driven by commissions related to financial markets, despite the favourable evolution in most line items showed by Millennium bim in Mozambique and Banco Millennium Angola.

Net commissions showed:

- a decrease in commissions related with the banking business, by 10.3%, restrained by costs posted in the first quarter of 2012 associated with the issuance of debt securities by the Bank guaranteed by the Portuguese Republic; and
- a reduction in commissions related with the financial markets, influenced by the persistence of a particularly adverse framework in the management of financial investments.

The **net trading income** totalled Euro 191.3 million in the first quarter of 2012, from Euro 26.5 million in the same period of 2011. This reflects mainly the evolution of the activity in Portugal. The performance of the international activity, despite the lower gains posted by the subsidiary in Poland, was in general favourable, benefiting from the foreign exchange activity and from the operations with securities.

The evolution of net trading income reflects the following impacts:

- capital gain from the repurchase of covered bonds in the amount of Euro 95,5 million, in the first quarter of 2012;
- the recognition of gains associated with Portuguese sovereign debt in the amount of Euro 11.3 million (loss of Euro 119.0 million in the first quarter of 2011); and
- losses on financial instruments at fair value option in the amount of Euro 19.4 million (gain of Euro 19.2 million in the first quarter of 2011).

Other net operating income were negative by Euro 14.5 million in the first quarter of 2012, compared with gains of Euro 20.2 million in the first quarter of 2011.

The activity in Portugal includes the unfavourable impacts in the first quarter of 2012, related to the extraordinary tax contribution from the banking sector, in the amount of Euro 8.5 million, and to losses from the devaluation of repossessed assets, while the first quarter of 2011 includes the positive impact from the adjustment of insurance premiums related with pensions.

The international activity reflects the lower level of other net operating income posted in the subsidiary in Greece and Mozambique, despite the favourable contribution from Banco Millennium Angola.

Equity accounted earnings totalled Euro 12.9 million in the first quarter of 2012, compared with Euro 16.7 million in the same period of 2011, determined by the lower results appropriated from the 49% stake in Millenniumbcp Ageas.

OTHER NET INCOME

Euro million

	31 Mar. 12	31 Mar. 11	Change 12/11
Net commissions	**169.9**	**195.4**	**-13.1%**
Banking commissions	146.0	162.7	-10.3%
Cards	43.5	44.8	-2.9%
Credit and guarantees	27.6	42.9	-35.6%
Bancassurance	17.9	19.2	-6.6%
Other commissions	56.9	55.8	2.0%
Market related commissions	24.0	32.7	-26.8%
Securities	13.4	19.8	-32.4%
Asset management	10.5	12.9	-18.2%
Net trading income	**191.3**	**26.5**	**-**
Other net operating income	**(14.5)**	**20.2**	
Dividends from equity instruments	**0.3**	**-**	**-**
Equity accounted earnings	**12.9**	**16.7**	**-23.2%**
Total other net income	**359.9**	**258.8**	**39.1%**
Other income / Net operating revenues	53.1%	39.2%	

Operating costs totalled Euro 369.4 million in the first quarter of 2012, which compares with Euro 338.9 million posted in the same period of 2011.

Operating costs include, in the first quarter of 2011, the reversal of provisions related to the pension fund of former members of the Executive Board of Directors, in the amount of Euro 31.4 million.

Excluding this impact, operating costs reduced 0.2%, as a result of the decrease in depreciation (-13.5%), the stabilisation of staff costs (+0.2%) and the control of other administrative costs (+1.4%).

In the activity in Portugal, operating costs excluding the mentioned effect fell by 1.1% from the first quarter of 2011, as a consequence of the decrease in depreciation and in staff costs.

In the international activity, operating costs increased 1.2%, from the first quarter of 2011, influenced by Banco Millennium in Angola and Millennium bim in Mozambique, reflecting the support for the business plans underway and the reinforcement of the operational infrastructure in those markets. Nevertheless, the cost-to-income ratio in the international activity improved to 60.3% in the first quarter of 2012 (63.9% in the same period of 2011).

The consolidated cost-to-income ratio, excluding specific items, stood at 54.5% in the first quarter of 2012 (56.1% in the same period of 2011), while in the activity in Portugal it stood at 51.4% in the first quarter of 2012 (52.1% in the same period in 2011).

Staff costs stood at Euro 206.6 million in the first quarter of 2012, compared to Euro 174.6 million in the first quarter of 2011.

Staff costs excluding the previously mentioned impact, in the amount of Euro 31.4 million in the first quarter of 2011, stabilised (+0.2%), influenced by the 1.6% decrease in the activity in Portugal, which practically offset the 4.0% increase in the international activity.

In the international activity, staff costs reflect the increase at the subsidiary companies in Mozambique, Angola and Poland, influenced by the rise in the number of employees, in particular in those two first operations, in the scope of the reinforcement of their competences and operational capabilities.

Other administrative costs totalled Euro 141.3 million in the first quarter of 2012, from Euro 139.4 million in the same period in 2011. This evolution reflects the increase in costs associated with communication, advisory services and water, electricity and fuel.

In the activity in Portugal, other administrative costs increased 1.8%, reflecting the expenses related to communication and water, electricity and fuel.

In the international activity, other administrative costs were up by 0.9%, due to the expenses associated with maintenance and specialised services, despite the lower costs posted in advertising and rents. This performance was influenced by the subsidiary companies in Mozambique and Angola, partially offset by the reduction in administrative costs in Millennium bank in Greece.

OPERATING COSTS

Euro million

	31 Mar. 12	31 Mar. 11	Change 12/11
Staff costs [1]	206.6	206.1	0.2%
Other administrative costs	141.3	139.4	1.4%
Depreciation	21.5	24.8	-13.5%
Operating costs	**369.4**	**370.3**	**-0.2%**
Reversal of provision associated with pensions		31.4	
Of which:			
Portugal activity	224.7	195.9	14.7%
Foreign activity	144.7	143.0	1.2%
Operating costs / Net operating revenues [2] [3]	51.4%	52.1%	

(1) Excludes a reversal of provisions in the first three months of 2011 associated with pensions, in the amount of Euro 31.4 million.
(2) Activity in Portugal. According to Instruction no. 23/2011 from the Bank of Portugal.
(3) Excludes the impact of specific items.

Depreciation costs stood at Euro 21.5 million in the first quarter of 2012, which compares with Euro 24.8 million in the same period of 2011.

In the activity in Portugal depreciation costs fell 13.8% from the first quarter of 2011, benefiting from the evolution in depreciation associated with equipment and buildings. In the international activity decreased 13.1% from the first quarter of 2011, influenced by the reduction in the depreciation level in the subsidiary companies in Romania, Poland and Greece, despite the higher depreciation posted by Banco Millennium in Angola and Millennium bim in Mozambique, as a result of the investments underway in the scope of the organic growth strategy implemented in these geographies.

Impairment for loan losses (net of recoveries) totalled Euro 170.3 million in the first quarter of 2012, compared to Euro 166.6 million in the same period in 2011.

The impairment for loan losses (net of recoveries) in the activity in Portugal stood slightly above the same period in 2011 (+1.0%), still influenced by the persistence of an adverse macroeconomic and financial environment, as a consequence of the worsening of the economical and financial situation of Portuguese households and companies.

In the international activity, impairment for loan losses (net of recoveries) mostly reflects the higher level of impairment charges posted by the subsidiary companies in Greece, Mozambique and Switzerland.

The cost of risk stood at 95 basis points in the first quarter of 2012, which compares with 88 basis points in the same period in 2011.

Other impairment and provisions amounted to Euro 46.3 million in the first quarter of 2012, which compares with Euro 31.4 million in the same period of 2011.

Other impairment and provisions comprise the evolution of provision charges related to repossessed assets in the activity in Portugal, which, in the process of regular re-evaluation of these assets, showed a decline in the respective market value, together with the increase in charges for provisions related to other commitments.

In the international activity, other impairment and provisions reduced in most subsidiary companies, from the first quarter of 2011, in particular at Millennium bim in Mozambique and Bank Millennium Poland.

Income tax (current and deferred) totalled Euro 32.2 million in the first quarter of 2012, which compares with Euro 14.8 million in the same period of 2011.

The income tax item includes the cost of current tax in the amount of Euro 21.0 million (Euro 25.3 million in the first quarter of 2011) and the cost of deferred tax in the amount of Euro 11.2 million (benefit of Euro 10.5 million in the first quarter of 2011).

BALANCE SHEET

Total assets stood at Euro 92,029 million as at 31 March 2012, compared to Euro 95,177 million as at 31 March 2011.

Loans to customers (gross), on a comparable basis (adjusted for a Repo operation, in the amount of Euro 697 million as at 31 March 2012), reduced 5.4% to Euro 71,243 million as at 31 March 2012, from the Euro 75,315 million on the same date in 2011.

This performance was determined by the reduction in the activity in Portugal (-7.3%) and by the slight increase in credit granted in the international activity (+0.9%), from the end of March 2011, which shows the rise in loans portfolio in Millennium Bank in Poland.

The evolution in loans to customers reflects the decrease in loans to companies (-8.5%) and loans to individuals (-1.9%), influenced by the impact of the efforts underway to gradually deleverage, with particular focus in the activity in Portugal.

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LOANS TO CUSTOMERS (GROSS)

Euro million

	31 Mar. 12	31 Mar. 11	Change 12/11
Individuals	**34,711**	**35,389**	**-1.9%**
Mortgage loans	30,254	30,667	-1.3%
Consumer loans	4,457	4,722	-5.6%
Companies (1)	**36,532**	**39,926**	**-8.5%**
Services (1)	15,400	15,832	-2.7%
Commerce	4,048	4,639	-12.7%
Construction	4,452	5,304	-16.1%
Other	12,632	14,151	-10.7%
Total (1)	**71,243**	**75,315**	**-5.4%**
Of which:			
Portugal activity (1)	53,998	58,231	-7.3%
Foreign activity	17,245	17,084	0.9%

(1) Adjusted from a Repo operation of Euro 697 million on 31 March 2012.

The structure of the loans to customers' portfolio registered identical levels of diversification, between 31 March 2011 and 31 March 2012, with loans to companies representing 51.3% of total loans granted, while loans to individuals showed a weight of 48.7% of total loans.

Credit quality, measured by the loans overdue by more than 90 days as a percentage of total loans, stood at 5.0% as at 31 March 2012 (3.4% as at 31 March 2011). The coverage ratio for loans overdue by more than 90 days stood at 100.3% as at 31 March 2012, compared to 103.8% on the same date in 2011.

The overdue and doubtful loans stood at 6.8% of total loans as at 31 March 2012, compared to 5.0% posted on the same date in 2011.

Credit at risk stood at 10.9% of total loans as at 31 March 2012.

OVERDUE LOANS BY MORE THAN 90 DAYS AND IMPAIRMENTS AS AT 31 MARCH 2012

Euro million

	Overdue loans by more than 90 days	Impairment for loan losses	Overdue loans by more than 90 days /Total loans	Coverage ratio (Impairment/ Overdue >90 days)
Individuals	**944**	**823**	**2.7%**	**87.2%**
Mortgage loans	240	258	0.8%	107.5%
Consumer loans	704	566	15.8%	80.3%
Companies	**2,654**	**2,786**	**7.1%**	**105.0%**
Services	594	1,056	3.7%	177.8%
Commerce	415	338	10.2%	81.5%
Construction	1,041	579	23.4%	55.7%
Other	605	812	4.8%	134.4%
Total	**3,598**	**3,609**	**5.0%**	**100.3%**

Total customer funds, on a comparable basis (adjusted from a Repo operation, in the amount of Euro 697 million as at 31 March 2012), were up by 1.1% to Euro 67,328 million as at 31 March 2012, which compares with Euro 66,605 million on the same date on 2011.

The increase in total customer funds benefited from the 6.5% growth in balance sheet customer funds, boosted by the 8.8% rise in customer deposits. Off-balance sheet customer funds decreased to Euro 12,803 million as at 31 March 2012 (Euro 15,410 million at the end of March 2011), as a result of the decreases in assets under management and capitalisation products.

TOTAL CUSTOMER FUNDS

Euro million

	31 Mar. 12	31 Mar. 11	Change 12/11
Balance sheet customer funds (1)	**54,525**	**51,195**	**6.5%**
Deposits (1)	48,830	44,867	8.8%
Debt securities	5,695	6,328	-10.0%
Off-balance sheet customer funds	**12,803**	**15,410**	**-16.9%**
Assets under management	3,942	4,373	-9.9%
Capitalisation products	8,861	11,037	-19.7%
Total (1)	**67,328**	**66,605**	**1.1%**
Of which:			
Portugal activity (1)	50,439	50,633	-0.4%
Foreign activity	16,889	15,972	5.7%

(1) Adjusted from a Repo operation of Euro 697 million on 31 March 2012.

In the activity in Portugal, total customer funds stood at Euro 50,439 million as at 31 March 2012, which compares with Euro 50,633 million as at 31 March 2011, though it is worth noting the 10.2% increase in customer deposits. In the international activity, total customer funds grew by 5.7%, sustained by the performance of most foreign operations, in particular in Poland, Angola, Mozambique and Greece.

The **securities portfolio** totalled Euro 12,250 million as at 31 March 2012, a reduction of 10.6% from the same date in 2011, and represented 13% of total assets (14% as at 31 March 2011).

The financial assets held to maturity, which represented 32% of the securities portfolio as at 31 March 2012, decreased 42.1% from the end of March 2011. This evolution reflects:

- the lower exposure to Portuguese sovereign debt;
- the impact on the balance sheet of the impairments associated with Greek sovereign debt; and
- repayment of bonds issued by Portuguese private issuers.

The portfolio of financial assets held for trading and of financial assets available for sale grew to Euro 8,333 million as at 31 March 2012 (Euro 6,933 million on the same date in 2011), which represented 9.1% of total assets (7.3% as at 31 March 2011), due to the increase, during the first quarter of 2012, of the component of assets available for sale.

LIQUIDITY MANAGEMENT

During the first quarter of 2012 there was some softening of risk aversion sentiment, despite the volatility that continued to characterize the economic and financial global environment. Tensions in the European interbank market eased as a result of three-year longer-term refinancing operations (LTROs) conducted by the European Central Bank in December 2011 and February 2012, representing an additional injection of liquidity into the European banking system, which was further reinforced by the expansion of the list of assets eligible as collateral in refinancing operations and by the reduction of the reserve ratio requirements, a set of measures that gives to the Portuguese Banks the opportunity to extend their funding maturities with the ECB.

In this context, Millennium bcp placed special emphasis on growing and retaining on-balance sheet customer funds, contributing not only to achieve the goals of reducing the commercial gap and deleveraging, but also to strengthening the stable funding sources, further reinforced by the taking of funds in those financing operations with the ECB, in order to overcome the persistent limitation on access to operations in the medium- and long-term wholesale debt markets.

Over the first quarter of 2012, the Group reached the reduction of funding requirements goals set out in the Liquidity Plan, owing mainly to an increased efficacy on the control of the commercial gap. The cancellation of the medium-long term debt exceeded by about Euro 1.0 billion the value of Euro 3.0 billion foreseen in the Liquidity Plan, due to the execution, at the end of the quarter, of a liability management operation. Notwithstanding, the amount of refinancing with ECB in the period was close to the planned level, as a result of the aforementioned deleveraging effort, with the Group's exposure to the ECB at Euro 14.7 billion as at 31 March 2012 (Euro 12.7 billion at the 2011 year end).

During the first quarter of 2012, the eligible asset pool owned by the Bank was enhanced with issues of bonds guaranteed by the Portuguese Republic, in the global amount of Euro 2.4 billion (after haircuts), and with credit assets, in the scope of the enlargement of the eligible collateral assets. Notwithstanding the simultaneous reduction in exposure to Portuguese public debt, the portfolio of securities eligible for collateral in eventual financing transactions with Central Banks amounted to Euro 19.1 billion in 31 March 2012 (Euro 16.3 billion as at 31 December 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 risk from the activity in Portugal as from 31 December 2010. In the scope of the Roll-Out Plan for the calculation of capital requirements for credit and counterparty risk under IRB approaches and following the request submitted by the Bank, the Bank of Portugal formally authorised the extension of this methodology to the subclasses of risk “Renewable Retail Positions” and “Other Retail Positions” in Portugal with effect as from 31 December 2011.

The Core Tier I ratio reached 9.22% at the end of March 2012, standing roughly in line with at 31 December 2011 (9.26%), as the impact of the positive performance of Core Tier I offset the higher level of risk weighted assets.

The increase in Core Tier I by Euro 137 million was mostly boosted by organic capital generation, driven by the net income and the neutralisation of the effect of the Bank’s own credit risk change, together with the increase in reserves and non-controlling interests, despite the amortisation of the deferred impacts authorized by the Bank of Portugal.

The increase in risk weighted assets by Euro 1,733 million was determined by the increase of the internal risk grade of customers exposures treated in accordance with the IRB approach, due to the worsening of the economic framework and following the annual revision that takes place in the first quarter, despite the benefit that resulted from the deleverage efforts during the period.

SOLVENCY

Euro million

	31 Mar. 12	31 Dec. 11
Own Funds		
Core Tier I	5,272	5,135
Preference shares and Perpetual subordinated debt securities with conditional coupons	173	173
Other deduction [1]	(552)	(521)
Tier I Capital	4,894	4,788
Tier II Capital	594	613
Deductions to Total Regulatory Capital	(135)	(137)
Total Regulatory Capital	**5,353**	**5,263**
Risk Weighted Assets	**57,188**	**55,455**
Solvency Ratios		
Core Tier I	9.2%	9.3%
Tier I	8.6%	8.6%
Tier II	0.8%	0.9%
Total	9.4%	9.5%

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

Note: The Bank received authorisation from the Bank of Portugal (BoP) to adopt IRB approaches for the calculation of capital requirements for credit risks, as from 31 December 2010. Estimates of the probability of default and the lost given default (IRB Advanced) were used for retail exposures to small companies and collateralised by commercial and residential real estate, and estimates of the probability of default (IRB Foundation) for corporate exposures, in Portugal, excluding property development loans and entities from the simplified rating system. In the scope of the Roll-Out Plan for the calculation of capital requirements for credit and counterparty risk under IRB approaches and following the request submitted by the Bank, the Bank of Portugal formally authorised the extension of this methodology to the subclasses of risk "Renewable Retail Positions" and "Other Retail Positions" in Portugal with effect as from 31 December 2011. In the 1st half of 2009, the Bank received authorisation from BoP to adopt the advanced approaches (internal models) to the generic market risk and the standard method for the operational risk.

SIGNIFICANT EVENTS

The continuation of the implementation of the measures agreed under the Adjustment Program, based on four key areas of action: guaranteed solvency levels above the regulatory requirements of Core Tier I of 9% in 2011 and 10% in 2012; management of the deleveraging process so as to stabilize funding requirements, having defined as an objective a Loan-to-Deposit ratio of 120% by 2014; recovery of the profitability levels of the business in Portugal and focusing of the international portfolio according to its attractiveness and available funds were the main focus of the Bank in the 1st quarter of 2012. Also worthy of special note in the 1st quarter:

- The conclusion on 28 February 2012, of Banco Comercial Português' General Meeting of Shareholders. The following deliberations were taken: Item One - Approval of the alteration and restructuring of the articles of association of the company aimed at the adoption of a single-tier management and supervision model, comprise of a Board of Directors, an Audit Committee and Chartered Accountant, as well as the creation of a Board for International Strategy; Item Two - Election of members for the Board of Directors (including the Chairman of the Executive Committee and Vice-Chairman of the Board of Directors, Nuno Manuel da Silva Amado), Audit Committee, Board for International Strategy and Welfare and Remunerations Board for the term of office 2012-2014.
- Following the General Meeting of Shareholders held on 28 February 2012, which elected the new members of Banco Comercial Português, S.A.'s Corporate Bodies, the Board of Directors of Banco Comercial Português elected on 1 March 2012 the Executive Committee and its First Vice-President, Miguel Maya Dias Pinheiro, and Second Vice-President, Miguel de Campos Pereira Bragança.
- Banco Comercial Português informed on 26 March 2012 that the offer to repurchase the covered bonds issued by the Bank ended on 23 March 2012. The investors tendered Euro 918,650,000 (face value), which Millennium bcp decided to accept in full. The purpose of the offer was to proactively manage the Bank's outstanding liability and capital structure.
- The announcement by Banco Comercial Português made on 1 March 2012 that the Bank of Portugal disclosed on that day the overall results of the third and final phase of the Special Inspections Program (SIP), within the scope of the Economic and Financial Assistance Program established with the IMF/EU/ECB in May 2011. The third phase of the SIP, now completed, was forward-looking and designed to assess the adequacy of the parameters and methodologies used by banking groups when preparing financial projections that support the assessment of their future solvency, as part of the stress test exercise. This assessment confirmed that BCP uses the appropriate parameters and methodologies.
- The announcement by the Chairman of the Supervisory Board of Banco Comercial Português that the Bank submitted to the Bank of Portugal a Capital Plan on 20 January 2012, as per the EBA's recommendation of 8 December 2011. The Capital Plan delivered involved two components: a) Increasing the share capital, with preference right, to be subscribed by private shareholders, so as to assure permanent own funds. b) Using the temporary State recapitalization line regulated by Law 63-A/2008.
- 7 February 2012 was "Secure Internet Day", an initiative of Microsoft in partnership with Millennium bcp, EPIS and Cascais Municipality (for the first time this year), with a conference for children and adults attended by 600 people, with the theme "Let's discover the digital world…safely".
- Support from Millennium bcp Foundation for the 2nd edition of the "Make it Possible" project, created by the AIESEC to promote the "Millennium Goals" in secondary schools. This initiative, in March, was directed at more than five thousand students with the support of 58 volunteers from 25 different countries.
- As part of the "Shared Art" project the city of Aveiro was host to the "Nets without a Sea" exhibition, featuring 13 tapestries from the Portalegre Tapestries Manufacture that belong to Millennium bcp.
- In the scope the Millennium bcp's social responsibility program, the Bank donated 100 paintings to the Health Ministry, with the aim of making hospitals in the National Health Service more welcoming spaces for their users, in a ceremony at San José Hospital, in the presence of Minister of Health, Paulo Macedo.

- Participation of a Microcredit Network Employee in the “Bankers without Borders” project, a volunteer program of the Grameen Foundation, with over 5 thousand professionals of all world who dedicate their time, experience and expertise to support microfinance institutions that work with the poorest people in the world.
- Within the “Come and Grow With Us” university students program, during the 1st quarter of 2012 two initiatives were carried out: i) in February, the Skill Seminar with the participation of 16 students of the Master in International Management (CEMS-MIM), of the Universidade Nova de Lisboa and ii) in March, the Banking *G@me*, played by 40 young people.
- As a result of a partnership between Millennium bcp Foundation and the National Confederation of Solidarity Institutions a study was presented that described, analysed and made suggestions regarding national Institutions of Social Solidarity (IPSS). The aim of the study is to promote the IPSS sustainability and improve the connection between their work and the needs of the population at large. Two sessions were held (in Lisbon and Oporto) to present the published study, with the participation of the Pedro Mota Soares, Minister for Solidarity and Social Security, at the Lisbon session.
- The Archaeological Centre of Rua dos Correeiros (NARC) participated in the international initiative “International Day of Monuments and Sites”, extending its opening hours until 10 p.m. This year featured a discussion of the conservation and enhancement of World Heritage under the subject “From World Heritage to Local Heritage; protect and manage the change”.
- Election of Médis for the fourth time as a Trusted Brand in the category of Health Insurance by readers of Reader’s Digest magazine.
- Announcement by Moody’s on 28 March 2012 that it has concluded the review of the ratings of the Portuguese banks, initiated on 15 February, following the revision of its rating for the Republic of Portugal from “Ba2” to “Ba3” on 13 February 2012. In this context, BCP long-term rating was confirmed at “Ba3” with Negative Outlook (identical to the rating of the Portuguese Republic), and the short-term rating was confirmed at Not Prime (NP). The Bank Financial Strength Rating (Baseline Credit Assessment) was revised from E+(B1) to E+(B2), with Negative Outlook.
- Following a downgrade of the Portuguese Republic’s rating, a revision of the Banking Industry Country Risk Assessment for Portugal, and in the context of a review of Portuguese banks’ ratings, Standard and Poor’s reduced on 14 February 2012 the long-term rating of Banco Comercial Português, S.A. from “BB” to “B+”, with Negative Outlook, while the short-term rating was confirmed at “B”.
- Following a downgrade of the rating of the Republic of Portugal, DBRS revised on 31 January 2012 the long-term rating of Banco Comercial Português, S.A. from BBB to BBB (low), with “Negative Trend”, and the short-term rating from R-2 (high) to R-2 (mid) with “Negative Trend”.

MACROECONOMIC ENVIRONMENT

During the first quarter of 2012 there was a slight improvement in the global economic activity and some softening of the risk aversion sentiment. Markets remain volatile, which makes even more noteworthy the significant reduction in the Portuguese sovereign debt spreads that took place during the period.

The IMF projects global growth around 3.5% for 2012 and a reacceleration to 4% in 2013, with emerging and developing economies maintaining a much better performance. Economic activity in the euro area tended to stabilize over the first quarter, but without changing the expectation of a mild recession in 2012 (GDP to drop by around 0.3%).

Monetary policies in the developed economies became even more expansive. In order to circumvent interest rates nearly down to zero, Central banks resorted to alternative measures, such as the purchase of public debt in the secondary markets, easing of liquidity conditions and more transparent communication about their intended monetary strategy.

Tensions in the European interbank market eased as a result of three-year longer-term refinancing operations (LTROs) conducted by the European Central Bank in December and February. The additional liquidity into the system amounted to €500 billion, with hundreds of banks bidding for these funds, a measure that was further reinforced by the expansion of the list of assets eligible as collateral in refinancing operations and by the reduction of the reserve ratio requirements, measures estimated to potentially add €300 billion to liquidity. Portuguese banks took the opportunity to extend their funding maturities with the ECB, with a marginal increase of their balances from €46 billion to €56 billion. The ECB's main refinancing rate has been kept at 1%. The abundant liquidity and the expectations that accommodative monetary conditions will be maintained over a long period have contributed to a downward trend in the Euribor interest rates across all maturities, both on current and future values.

The ECB's decisions and the agreement reached for the Greek financial assistance package, including the partial debt forgiveness from private investors, averted the risk of a collapse of highly significant systemic proportions. Financial markets overall posted positive performances, with implied volatility being reduced and gains in most of the cyclical assets, stock markets in particular. The euro rebounded to values slightly above 1.30 for the US Dollar. The perspective of an accommodative monetary stance proved to be favourable to the fixed income markets as well and to the reduction in credit risk premiums.

The impending elections in France and Greece along with renewed concerns related with the macroeconomic and financial outlook for some member states of the euro area led to the resurgence of the risk aversion climate. German sovereign yields resumed to historical lows. In this context, the significant decline in Portuguese sovereign yields was highly representative of the change for the better in the investors' assessment of the riskiness of Portugal.

The Portuguese economic outlook has been revised slightly lower (-3.4% of GDP in 2012, according to Bank of Portugal estimates) but the economic activity in the first quarter may have been less negative than expected. The external sector remains the main growth driver. The severity of the adjustment and the pervasive uncertainty continue to undercut employment prospects. The budget deficit reached 4.2% of GDP in 2011. Portugal's supplementary budget for 2012 maintains the target of a budget deficit at 4.5% of GDP for the current year.

The strengthening of Portuguese banks' capital ratios should take place by the end of the second quarter, as determined by the European Banking Authority. Some banks may resort to the public funds earmarked for recapitalization purposes. Weak economic activity and rising unemployment continue to put pressure on asset quality and contribute for soft credit demand.

The Eastern European economies growth prospects remain favourable. In Poland, despite a slight moderation in economic activity, the Monetary Council kept the bias for higher interest rates in the future, contributing to a slight appreciation of the Polish zloty. In Greece, the external assistance package provides for a long-term adjustment program for the Greek economy, highly demanding on fiscal policies and subject to execution risk. In African economies, the favourable evolution of world markets for raw materials, the completion of maintenance work and the beginning of regular operation of new petroleum projects, and the good weather conditions for both agricultural output and hydroelectric production provide an environment conducive to robust economic growth. The IMF projects a real GDP growth rate of 2.6% for Poland, -4.7% for Greece, 6.7% for Mozambique and 9.7% for Angola for 2012.

GLOSSARY

Capitalisation products - debt securities issued by the Bank and placed with customers.

Cost of risk - ratio of impairment charges (net of recoveries) to the loan portfolio.

Credit at risk – definition that, according to the Bank of Portugal, is broader than the overdue loans by more than 90 days + doubtful loans, including, in particular, the possibility of debtors with overdue payments still do not fulfil their responsibilities of credit. For detailed definition see instruction no. 23/2011 from the Bank of Portugal.

Debt securities - debt securities issued by the Bank and placed with customers.

Dividends from equity instruments - dividends received from investments in financial assets available for sale.

Equity accounted earnings - 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.

Net interest margin - net interest income as a percentage of average interest earning assets.

Net operating revenues - net interest income, dividends from equity instruments, net commissions, net trading income, equity accounted earnings and other net operating income.

Net trading income - net gains/losses arising from trading and hedging activities, net gains/losses arising from available for sale financial assets, net gains/losses arising from financial assets held to maturity.

Operating costs - staff costs, other administrative costs and depreciation.

Other impairment and provisions - other financial assets impairment, 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.

Other net operating income - other operating income, other net income from non-banking activities and gains from the sale of subsidiaries and other assets.

Overdue and doubtful loans - loans overdue by more than 90 days and the doubtful loans reclassified as overdue loans for provisioning purpose.

Securities portfolio - financial assets held for trading, financial assets available for sale, assets with repurchase agreement and financial assets held to maturity.

Total customer funds - amounts due to customers (including securities), assets under management and capitalisation products.

The financial information in this presentation has been prepared under the scope of the International Financial Reporting Standards ('IFRS') of BCP Group for the purposes of the preparation of the consolidated financial statements under Regulation (CE) 1606/2002.

First three months figures for 2011 and 2012 not audited.

CONSOLIDATED INDICATORS: ACTIVITY IN PORTUGAL AND INTERNATIONAL ACTIVITY *Euro million*

	Consolidated			Activity in Portugal			International activity		
	31 Mar. 12	31 Mar. 11	Change 12/11	31 Mar. 12	31 Mar. 11	Change 12/11	31 Mar. 12	31 Mar. 11	Change 12/11
Income statement									
Net interest income	317.5	401.6	-20.9%	177.5	260.3	-31.8%	140.0	141.2	-0.9%
Dividends from equity instruments	0.3	-	>200%	0.3	-	>200%	-	-	-
Net fees and commission income	169.9	195.4	-13.1%	114.6	135.7	-15.5%	55.3	59.8	-7.4%
Other operating income	(14.5)	20.2	-	(14.1)	19.9	-	(0.4)	0.3	-
Net trading income	191.3	26.5	>200%	147.1	3.9	>200%	44.2	22.6	95.7%
Equity accounted earnings	12.9	16.7	-23.2%	12.1	16.7	-27.7%	0.7	-	-
Net operating revenues	**677.4**	**660.4**	**2.6%**	**437.5**	**436.5**	**0.2%**	**240.0**	**223.9**	**7.2%**
Staff costs	206.6	174.6	18.3%	135.0	105.8	27.6%	71.5	68.8	4.0%
Other administrative costs	141.3	139.4	1.4%	78.7	77.3	1.8%	62.6	62.1	0.9%
Depreciation	21.5	24.8	-13.5%	11.0	12.7	-13.8%	10.5	12.1	-13.1%
Operating costs	**369.4**	**338.9**	**9.0%**	**224.7**	**195.9**	**14.7%**	**144.7**	**143.0**	**1.2%**
Operating profit before impairment	**308.0**	**321.6**	**-4.2%**	**212.7**	**240.7**	**-11.6%**	**95.3**	**80.9**	**17.8%**
Loans impairment (net of recoveries)	170.3	166.6	2.2%	133.2	131.8	1.0%	37.1	34.7	6.8%
Other impairment and provisions	46.3	31.4	47.6%	47.8	31.9	49.6%	(1.5)	(0.6)	-
Profit before income tax	**91.5**	**123.6**	**-26.0%**	**31.8**	**76.9**	**-58.6%**	**59.7**	**46.7**	**27.6%**
Income tax	32.2	14.8	-	19.9	4.1	-	12.3	10.7	-
Non-controlling interests	18.5	18.8	-1.3%	(2.6)	(0.5)	-	21.2	19.3	9.8%
Net income	**40.8**	**90.1**	**-54.8%**	**14.6**	**73.3**	**-80.1%**	**26.2**	**16.8**	**55.9%**
Balance sheet and activity indicators									
Total assets	**92,029**	**95,177**	**-3.3%**	**69,647**	**72,832**	**-4.4%**	**22,381**	**22,345**	**0.2%**
Total customer funds (1)	**67,328**	**66,605**	**1.1%**	**50,439**	**50,633**	**-0.4%**	**16,889**	**15,972**	**5.7%**
Balance sheet customer funds (1)	**54,525**	**51,195**	**6.5%**	**38,687**	**36,270**	**6.7%**	**15,838**	**14,925**	**6.1%**
Deposits (1)	48,830	44,867	8.8%	33,118	30,061	10.2%	15,711	14,806	6.1%
Debt securities	5,695	6,328	-10.0%	5,569	6,209	-10.3%	126	119	6.3%
Off-balance sheet customer funds	**12,803**	**15,410**	**-16.9%**	**11,752**	**14,362**	**-18.2%**	**1,051**	**1,048**	**0.3%**
Assets under management	3,942	4,373	-9.9%	3,200	3,695	-13.4%	742	678	9.5%
Capitalisation products	8,861	11,037	-19.7%	8,552	10,667	-19.8%	309	370	-16.5%
Loans to customers (gross) (1)	**71,243**	**75,315**	**-5.4%**	**53,998**	**58,231**	**-7.3%**	**17,245**	**17,084**	**0.9%**
Individuals	**34,711**	**35,389**	**-1.9%**	**24,141**	**25,214**	**-4.3%**	**10,570**	**10,175**	**3.9%**
Mortgage loans	30,254	30,667	-1.3%	21,510	22,376	-3.9%	8,744	8,292	5.5%
Consumer loans	4,457	4,722	-5.6%	2,631	2,839	-7.3%	1,826	1,883	-3.0%
Companies (1)	**36,532**	**39,926**	**-8.5%**	**29,857**	**33,016**	**-9.6%**	**6,675**	**6,910**	**-3.4%**
Services (1)	15,400	15,832	-2.7%	13,335	13,637	-2.2%	2,065	2,195	-5.9%
Commerce	4,048	4,639	-12.7%	2,781	3,458	-19.6%	1,267	1,181	7.3%
Construction	4,452	5,304	-16.1%	3,571	4,574	-21.9%	880	730	20.6%
Other	12,632	14,151	-10.7%	10,170	11,347	-10.4%	2,463	2,804	-12.2%
Credit quality									
Total overdue loans	3,915	2,861	36.8%	3,058	2,182	40.2%	857	679	26.2%
Overdue loans by more than 90 days	3,598	2,529	42.3%	2,802	1,915	46.4%	796	614	29.6%
Overdue loans by more than 90 days /Total loans	5.0%	3.4%		5.1%	3.3%		4.6%	3.6%	
Total impairment (balance sheet)	3,609	2,625	37.5%	2,903	2,052	41.4%	706	573	23.2%
Total impairment (balance sheet) /Total loans	5.0%	3.5%		5.3%	3.5%		4.1%	3.4%	
Total impairment (balance sheet) /Overdue loans by more than 90 days	100.3%	103.8%		103.6%	107.2%		88.8%	93.3%	
Cost of risk (net of recoveries, in b.p.)	95	88		97	91		86	81	

(1) Adjusted from a Repo operation of Euro 697 million on 31 March 2012.

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

Company: Banco Comercial Português, S.A.

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

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

Quarter 1 ☒ **Quarter 3** ☐ **Quarter 5** (1) ☐ **Start: 01/01/2012 End: 31/03/2012**

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)	15,174,150,123	8,622,759,187	75.98%	3,496,378,437	2,179,477,946	60.42%
Loans to clients	48,045,043,967	52,320,284,678	-8.17%	68,330,387,058	72,689,673,359	-6.00%
Fixed income securities	20,501,358,984	25,215,926,792	-18.70%	10,765,559,734	12,642,141,493	-14.84%
Variable yield securities	2,543,754,825	1,648,678,103	54.29%	1,484,408,404	1,057,910,623	40.32%
Investments	4,019,310,968	3,903,943,117	2.96%	386,442,234	362,722,909	6.54%
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%
N° of ordinary shares	7,207,167,060	4,694,600,000	-	7,207,167,060	4,694,600,000	-
N° of other shares	0	0	-			-
Value of own shares	886,186	2,648,256	-66.54%	3,759,686	15,884,393	-76.33%
N° of voting shares	3,938,072	4,334,938	-	24,610,734	27,314,342	-
N° of preferred, non voting shares	0	0	-			-
Subordinate loans	2,815,610,685	2,740,091,997	2.76%	1,160,119,027	1,352,633,135	-14.23%
Minority interests	0	0	-	568,609,790	482,646,764	17.81%
LIABILITIES						
Amounts owed to credit institutions	22,309,884,160	26,971,868,904	-17.28%	18,754,270,539	19,408,731,690	-3.37%
Amounts owed to clients	33,962,735,681	30,750,386,414	10.45%	49,526,287,547	44,866,924,684	10.38%
Debt securities	19,609,645,057	13,931,756,553	40.76%	14,560,815,267	17,098,509,642	-14.84%
TOTAL ASSETS (NET)	97,581,022,898	98,089,881,985	-0.52%	92,028,647,710	95,176,754,845	-3.31%
TOTAL SHAREHOLDER'S EQUITY	4,576,328,466	4,888,213,872	-6.38%	3,991,247,984	5,103,240,457	-21.79%
TOTAL LIABILITIES	93,004,694,432	93,201,668,113	-0.21%	87,468,789,936	89,590,867,624	-2.37%

P & L Items	Individual			Consolidated		
	n	n-1	Var. (%)	n	n-1	Var. (%)
Financial margin (3)	151,523,355	230,515,170	-34.27%	317,477,314	401,564,194	-20.94%
Commissions and other oper. revenue (net)	130,854,319	168,225,012	-22.21%	155,457,114	215,618,614	-27.90%
Securities yield and profits from financial transactions (net)	156,358,384	-47,605,515	-428.45%	190,815,577	23,764,981	702.93%
Banking Income	438,736,058	351,134,667	24.95%	663,750,005	640,947,789	3.56%
Personnel, administ. and other costs	-215,888,133	-189,664,948	13.83%	-347,900,351	-314,027,880	10.79%
Amortizations	-9,055,447	-10,483,897	-13.63%	-21,478,277	-24,828,425	-13.49%
Provisions (net of adjustments)	-269,636,944	-175,252,177	53.86%	-215,732,584	-195,183,162	10.53%
Extraordinary profit	0	0	n.a.	0	0	n.a.
Profit before taxes	-55,844,466	-24,266,355	130.13%	78,638,793	106,908,322	-26.44%
Income tax (4)	10,961,188	11,657,228	-5.97%	-32,189,703	-14,761,907	118.06%
Minority interests and income excluded from consolidation	0	0	-	-5,689,893	-2,047,618	177.88%
Net profit / loss for the quarter	-44,883,278	-12,609,127	255.96%	40,759,197	90,098,797	-54.76%
Net profit / loss per share for the quarter	-0.0074	-0.0027	175.53%	0.0057	0.0192	-70.53%
Self financing (5)	233,809,113	173,126,947	35.05%	277,970,058	310,110,384	-10.36%

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

(2) Includes repayable on demand to credit institutions

(3) Financial margin = Interest income - Interest expense

(4) Estimated income tax

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

BANCO COMERCIAL PORTUGUÊS

Consolidated Income Statement
for the three months period ended 31 March, 2012 and 2011

	31 March 2012	31 December 2011
	(Thousands of Euros)	
Interest income	1,012,647	946,874
Interest expense	(695,170)	(545,310)
Net interest income	317,477	401,564
Dividends from equity instruments	296	27
Net fees and commission income	169,921	195,425
Net gains / losses arising from trading and hedging activities	168,778	(742)
Net gains / losses arising from available for sale financial assets	7,048	27,221
Net gains / (losses) arising from financial assets held to maturity	15,510	-
Other operating income	(11,126)	18,325
	667,904	641,820
Other net income from non banking activity	4,719	5,104
Total operating income	672,623	646,924
Staff costs	206,552	174,620
Other administrative costs	141,348	139,408
Depreciation	21,478	24,828
Operating costs	369,378	338,856
Operating net income before provisions and impairments	303,245	308,068
Loans impairment	(170,264)	(166,567)
Other financial assets impairment	(816)	(2,742)
Other assets impairment	(36,955)	(25,092)
Other provisions	(8,513)	(3,524)
Operating net income	86,697	110,143
Share of profit of associates under the equity method	12,851	16,730
Gains / (losses) from the sale of subsidiaries and other assets	(8,058)	(3,234)
Net income before income tax	91,490	123,639
Income tax		
Current	(20,997)	(25,291)
Deferred	(11,193)	10,529
Net income after income tax	59,300	108,877
Attributable to:		
Shareholders of the Bank	40,759	90,099
Non-controlling interests	18,541	18,778
Net income for the period	59,300	108,877
Earnings per share (in euros)		
Basic	0.02	0.05
Diluted	0.02	0.05

BANCO COMERCIAL PORTUGUÊS

Consolidated Balance Sheet as at 31 March, 2012 and 2011 and 31 December, 2011

	31 March 2012	31 December 2011	31 March 2011
		(Thousands of Euros)	
Assets			
Cash and deposits at central banks	1,883,922	2,115,945	1,564,141
Loans and advances to credit institutions			
Repayable on demand	1,130,660	1,577,410	949,217
Other loans and advances	2,365,719	2,913,015	1,230,261
Loans and advances to customers	68,330,387	68,045,535	72,689,673
Financial assets held for trading	2,066,045	2,145,330	4,052,975
Financial assets available for sale	6,266,559	4,774,114	2,879,766
Assets with repurchase agreement	9,251	495	20,726
Hedging derivatives	471,523	495,879	352,787
Financial assets held to maturity	3,908,114	5,160,180	6,746,586
Investments in associated companies	386,442	305,075	362,723
Non current assets held for sale	1,096,777	1,104,650	1,005,750
Investment property	562,869	560,567	515,251
Property and equipment	608,427	624,599	592,891
Goodwill and intangible assets	249,317	251,266	398,532
Current tax assets	34,536	52,828	29,200
Deferred tax assets	1,540,229	1,564,538	1,002,367
Other assets	1,117,871	1,790,650	783,909
	92,028,648	93,482,076	95,176,755
Liabilities			
Amounts owed to credit institutions	18,754,271	17,723,419	19,408,731
Amounts owed to customers	49,526,288	47,516,110	44,866,925
Debt securities	14,560,815	16,236,202	17,098,510
Financial liabilities held for trading	1,265,779	1,478,680	870,348
Other financial liabilities at fair value through profit and loss	315,768	2,578,990	4,078,118
Hedging derivatives	376,021	508,032	232,003
Provisions for liabilities and charges	252,832	246,100	238,141
Subordinated debt	1,160,119	1,146,543	1,352,633
Current income tax liabilities	13,015	24,037	8,666
Deferred income tax liabilities	1,249	2,385	-
Other liabilities	1,242,633	1,647,208	1,436,792
Total Liabilities	87,468,790	89,107,706	89,590,867
Equity			
Share capital	6,065,000	6,065,000	4,694,600
Treasury stock	(11,448)	(11,422)	(83,223)
Share premium	71,722	71,722	192,122
Preference shares	171,175	171,175	1,000,000
Other capital instruments	9,853	9,853	1,000,000
Fair value reserves	(292,284)	(389,460)	(241,545)
Reserves and retained earnings	(2,063,529)	(1,241,490)	(1,548,812)
Net income for the period attributable to Shareholders	40,759	(848,623)	90,099
Total Equity attributable to Shareholders of the Bank	3,991,248	3,826,755	5,103,241
Non-controlling interests	568,610	547,615	482,647
Total Equity	4,559,858	4,374,370	5,585,888
	92,028,648	93,482,076	95,176,755

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 6,064,999,986.00.

Banco Comercial Português

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

31 March
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BANCO COMERCIAL PORTUGUÊS

Consolidated Income Statement
for the three months period ended 31 March, 2012 and 2011

	Notes	31 March 2012	31 March 2011
		(Thousands of Euros)	
Interest and similar income	3	1,012,647	946,874
Interest expense and similar charges	3	(695,170)	(545,310)
Net interest income		317,477	401,564
Dividends from equity instruments	4	296	27
Net fees and commissions income	5	169,921	195,425
Net gains / (losses) arising from trading and hedging activities	6	168,778	(742)
Net gains / (losses) arising from financial assets available for sale	7	7,048	27,221
Net gains / (losses) arising from financial assets held to maturity	8	15,510	-
Other operating income/costs	9	(11,126)	18,325
		667,904	641,820
Other net income from non banking activities		4,719	5,104
Total operating income		672,623	646,924
Staff costs	10	206,552	174,620
Other administrative costs	11	141,348	139,408
Depreciation	12	21,478	24,828
Operating expenses		369,378	338,856
Operating net income before provisions and impairment		303,245	308,068
Loans impairment	13	(170,264)	(166,567)
Other financial assets impairment	14	(816)	(2,742)
Other assets impairment	28, 30 and 33	(36,955)	(25,092)
Other provisions	15	(8,513)	(3,524)
Operating net income		86,697	110,143
Share of profit of associates under the equity method	16	12,851	16,730
Gains / (losses) from the sale of subsidiaries and other assets	17	(8,058)	(3,234)
Net income before income tax		91,490	123,639
Income tax			
Current	18	(20,997)	(25,291)
Deferred	18	(11,193)	10,529
Net income after income tax		59,300	108,877
Attributable to:			
Shareholders of the Bank		40,759	90,099
Non-controlling interests	46	18,541	18,778
Net income for the period		59,300	108,877
Earnings per share (in Euros)	19		
Basic		0.02	0.05
Diluted		0.02	0.05

CHIEF ACCOUNTANT THE EXECUTIVE BOARD OF DIRECTORS

BANCO COMERCIAL PORTUGUÊS

Consolidated Balance Sheet as at 31 March, 2012 and 31 December, 2011

	Notes	31 March 2012	31 December 2011
		(Thousands of Euros)	
Assets			
Cash and deposits at central banks	20	1,883,922	2,115,945
Loans and advances to credit institutions			
Repayable on demand	21	1,130,660	1,577,410
Other loans and advances	22	2,365,719	2,913,015
Loans and advances to customers	23	68,330,387	68,045,535
Financial assets held for trading	24	2,066,045	2,145,330
Financial assets available for sale	24	6,266,559	4,774,114
Assets with repurchase agreement		9,251	495
Hedging derivatives	25	471,523	495,879
Financial assets held to maturity	26	3,908,114	5,160,180
Investments in associated companies	27	386,442	305,075
Non current assets held for sale	28	1,096,777	1,104,650
Investment property	29	562,869	560,567
Property and equipment	30	608,427	624,599
Goodwill and intangible assets	31	249,317	251,266
Current income tax assets		34,536	52,828
Deferred income tax assets	32	1,540,229	1,564,538
Other assets	33	1,117,871	1,790,650
		92,028,648	93,482,076
Liabilities			
Deposits from credit institutions	34	18,754,271	17,723,419
Deposits from customers	35	49,526,288	47,516,110
Debt securities issued	36	14,560,815	16,236,202
Financial liabilities held for trading	37	1,265,779	1,478,680
Other financial liabilities at fair value			
through profit or loss	38	315,768	2,578,990
Hedging derivatives	25	376,021	508,032
Provisions for liabilities and charges	39	252,832	246,100
Subordinated debt	40	1,160,119	1,146,543
Current income tax liabilities		13,015	24,037
Deferred income tax liabilities	32	1,249	2,385
Other liabilities	41	1,242,633	1,647,208
Total Liabilities		87,468,790	89,107,706
Equity			
Share capital	42	6,065,000	6,065,000
Treasury stock	45	(11,448)	(11,422)
Share premium		71,722	71,722
Preference shares	42	171,175	171,175
Other capital instruments	42	9,853	9,853
Fair value reserves	44	(292,284)	(389,460)
Reserves and retained earnings	44	(2,063,529)	(1,241,490)
Net income for the period attributable to Shareholders		40,759	(848,623)
Total Equity attributable to Shareholders of the Bank		3,991,248	3,826,755
Non-controlling interests	46	568,610	547,615
Total Equity		4,559,858	4,374,370
		92,028,648	93,482,076

CHIEF ACCOUNTANT THE EXECUTIVE BOARD OF DIRECTORS

See accompanying notes to the interim consolidated financial statements

BANCO COMERCIAL PORTUGUÊS

Consolidated Cash Flows Statement
for the three months period ended 31 March, 2012 and 2011

	31 March 2012	31 March 2011
	(Thousands of Euros)	
Cash flows arising from operating activities		
Interest income received	873,369	842,718
Commissions income received	222,465	232,206
Fees received from services rendered	43,754	49,298
Interest expense paid	(636,820)	(516,019)
Commissions expense paid	(73,623)	(42,005)
Recoveries on loans previously written off	4,606	5,559
Net earned premiums	4,344	5,802
Claims incurred	(2,944)	(1,761)
Payments to suppliers and employees	(450,918)	(417,609)
	(15,767)	158,189
Decrease / (increase) in operating assets:		
Loans and advances to credit institutions	(54,000)	14,215
Deposits with Central Banks under monetary regulations	718,638	927,054
Loans and advances to customers	(305,155)	1,169,925
Short term trading account securities	(105,824)	751,030
Increase / (decrease) in operating liabilities:		
Deposits from credit institutions repayable on demand	3,523	(102,711)
Deposits from credit institutions with agreed maturity date	1,023,699	(358,514)
Deposits from clients repayable on demand	70,408	(192,141)
Deposits from clients with agreed maturity date	1,875,319	(563,483)
	3,210,841	1,803,564
Income taxes (paid) / received	(13,031)	(7,954)
	3,197,810	1,795,610
Cash flows arising from investing activities		
Dividends received	295	27
Interest income from available for sale financial assets	116,297	59,774
Proceeds from sale of available for sale financial assets	3,470,752	5,463,735
Available for sale financial assets purchased	(10,875,143)	(6,020,071)
Proceeds from available for sale financial assets on maturity	6,058,107	127,225
Acquisition of fixed assets	(17,374)	(10,108)
Proceeds from sale of fixed assets	6,721	8,661
Increase / (decrease) in other sundry assets	1,608,422	7,981
	368,077	(362,776)
Cash flows arising from financing activities		
Issuance of subordinated debt	16,326	114,925
Reimbursement of subordinated debt	(5,138)	(760,415)
Issuance of debt securities	2,677,353	45,988
Reimbursement of debt securities	(5,165,398)	(898,026)
Issuance of commercial paper and other securities	6,498	287,413
Reimbursement of commercial paper and other securities	(1,438,942)	(508,564)
Increase / (decrease) in other sundry liabilities and non-controlling interests	(244,776)	(106,037)
	(4,154,077)	(1,824,716)
Exchange differences effect on cash and equivalents	28,047	(11,001)
Net changes in cash and equivalents	(560,143)	(402,883)
Cash and equivalents at the beginning of the period	2,268,554	1,952,447
Cash (note 20)	577,751	600,347
Other short term investments (note 21)	1,130,660	949,217
Cash and equivalents at the end of the period	1,708,411	1,549,564

See accompanying notes to the interim consolidated financial statements

BANCO COMERCIAL PORTUGUÊS

Consolidated Statement of Changes in Equity
for the three months period ended 31 March, 2012 and 2011

(Amounts expressed in thousands of Euros)

	Total equity	Share capital	Preference shares	Other capital instruments	Share premium	Legal and statutory reserves	Other comprehensive income: Fair value and Cash Flow hedged reserves	Other comprehensive income: Other	Other reserves and retained earnings	Goodwill	Treasury stock	Non-controlling interests
Balance on 31 December, 2010	5,611,601	4,694,600	1,000,000	1,000,000	192,122	466,042	(166,361)	(1,756,772)	2,649,987	(2,883,580)	(81,938)	497,501
Costs related to the issue of perpetual subordinated instruments	(21,000)	-	-	-	-	-	-	-	(21,000)	-	-	-
Tax related to the interest charge on the issue of perpetual subordinated instruments	5,272	-	-	-	-	-	-	-	5,272	-	-	-
Actuarial losses for the period	2,257	-	-	-	-	-	-	2,257	-	-	-	-
Net income for the period attributable to Shareholders of the Bank	90,099	-	-	-	-	-	-	-	90,099	-	-	-
Net income for the period attributable to Non-controlling interests (note 46)	18,778	-	-	-	-	-	-	-	-	-	-	18,778
Treasury stock	(1,285)	-	-	-	-	-	-	-	-	-	(1,285)	-
Exchange differences arising on consolidation	(11,001)	-	-	-	-	-	-	(11,001)	-	-	-	-
Fair value reserves (note 44)												
Financial instruments available for sale	(67,230)	-	-	-	-	-	(67,230)	-	-	-	-	-
Cash-flow hedge	(7,954)	-	-	-	-	-	(7,954)	-	-	-	-	-
Non-controlling interests (note 46)	(33,632)	-	-	-	-	-	-	-	-	-	-	(33,632)
Other reserves arising on consolidation (note 44)	(17)	-	-	-	-	-	-	-	(17)	-	-	-
Balance on 31 March, 2011	5,585,888	4,694,600	1,000,000	1,000,000	192,122	466,042	(241,545)	(1,765,516)	2,724,341	(2,883,580)	(83,223)	482,647
Transfers to reserves (note 44):												
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 42)	259,853	1,370,400	-	(990,147)	(120,400)	-	-	-	-	-	-	-
Costs related to the capital increase	(9,862)	-	-	-	-	-	-	-	(9,862)	-	-	-
Exchange of debt instruments and perpetual preferred shares for new debt instruments	(388,390)	-	(828,825)	-	-	-	-	-	440,435	-	-	-
Actuarial losses for the period	(33,552)	-	-	-	-	-	-	(33,552)	-	-	-	-
Interest charge related to the issue of perpetual subordinated instruments	(595)	-	-	-	-	-	-	-	(595)	-	-	-
Tax related to the interest charge on the issue of perpetual subordinated instruments	149	-	-	-	-	-	-	-	149	-	-	-
Net income for the period attributable to Shareholders of the Bank	(938,722)	-	-	-	-	-	-	-	(938,722)	-	-	-
Net income for the period attributable to non-controlling interests (note 46)	67,075	-	-	-	-	-	-	-	-	-	-	67,075
Tax and issuance costs related with capital instruments	(102)	-	-	-	-	-	-	-	(102)	-	-	-
Dividends on preference shares	(56,553)	-	-	-	-	-	-	-	(56,553)	-	-	-
Treasury stock	71,801	-	-	-	-	-	-	-	-	-	71,801	-
Exchange differences arising on consolidation	(29,189)	-	-	-	-	-	-	(29,189)	-	-	-	-
Fair value reserves (note 44)												
Financial instruments available for sale	(179,850)	-	-	-	-	-	(179,850)	-	-	-	-	-
Cash-flow hedge	31,935	-	-	-	-	-	31,935	-	-	-	-	-
Non-controlling interests (note 46)	(2,107)	-	-	-	-	-	-	-	-	-	-	(2,107)
Other reserves arising on consolidation (note 44)	(3,409)	-	-	-	-	-	-	-	(3,409)	-	-	-
Balance on 31 December, 2011	4,374,370	6,065,000	171,175	9,853	71,722	506,107	(389,460)	(1,828,257)	2,115,617	(2,883,580)	(11,422)	547,615
Net income for the period attributable to Shareholders of the Bank	40,759	-	-	-	-	-	-	-	40,759	-	-	-
Net income for the period attributable to non-controlling interests (note 46)	18,541	-	-	-	-	-	-	-	-	-	-	18,541
Tax and issuance costs related with capital instruments	(9)	-	-	-	-	-	-	-	(9)	-	-	-
Treasury stock	(26)	-	-	-	-	-	-	-	-	-	(26)	-
Exchange differences arising on consolidation	28,047	-	-	-	-	-	-	28,047	-	-	-	-
Fair value reserves (note 44)												
Financial instruments available for sale	117,593	-	-	-	-	-	117,593	-	-	-	-	-
Cash-flow hedge	(20,417)	-	-	-	-	-	(20,417)	-	-	-	-	-
Non-controlling interests (note 46)	2,454	-	-	-	-	-	-	-	-	-	-	2,454
Other reserves arising on consolidation (note 44)	(1,454)	-	-	-	-	-	-	-	(1,454)	-	-	-
Balance on 31 March, 2012	4,559,858	6,065,000	171,175	9,853	71,722	506,107	(292,284)	(1,800,210)	2,154,913	(2,883,580)	(11,448)	568,610

See accompanying notes to the interim consolidated financial statements

BANCO COMERCIAL PORTUGUÊS

Statement of Comprehensive income
for the three months period ended 31 March, 2012 and 2011

	Notes	31 March 2012	31 March 2011
		(Thousands of Euros)	
Fair value reserves			
Financial assets available for sale	44	139,552	(72,931)
Cash-Flow hedge	44	(25,206)	(9,820)
Taxes			
Financial assets available for sale	44	(21,959)	5,701
Cash-Flow hedge	44	4,789	1,866
		97,176	(75,184)
Actuarial losses for the period			
Gross value		-	2,651
Taxes		-	(394)
		-	2,257
Exchange differences arising on consolidation	44	28,047	(11,001)
Comprehensive income recognised directly in Equity after taxes		125,223	(83,928)
Net income for the period		59,300	108,877
Total Comprehensive income for the period		184,523	24,949
Attributable to:			
Shareholders of the Bank		165,982	6,171
Non-controlling interests		18,541	18,778
Total Comprehensive income for the period		184,523	24,949

See accompanying notes to the nterim consolidated financial statements

1. Accounting policies

a) Basis of presentation

Banco Comercial Português, S.A. Sociedade Aberta (the 'Bank') is a public bank, established in Portugal in 1985. It started operations on 5 May, 1986, and these consolidated financial statements reflect the results of the operations of the Bank and all its subsidiaries (together referred to as the 'Group') and the Group's interest in associates, for the three months period ended 31 March, 2012 and 2011.

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 7 May 2012 by the Bank's Board of Directors. The financial statements are presented in thousands of euros, rounded to the nearest thousand.

All the references in this document relate to any normative always report to current version.

The Group adopted the IFRS standards and interpretations for which application is mandatory for accounting periods beginning on 1 January 2011.

The consolidated financial statements for the three months period ended 31 March, 2012 have been prepared in terms of recognition and measurement in accordance with the IFRS, effective and adopted by EU. The financial statements for the three months period ended 31 March 2012 do not include all the information to be published in the annual financial statements.

According to one of the options allowed by IAS 19 Employee Benefits, the Group decided in 2011 for a change in the accounting policy for recognition of actuarial gains and losses, starting to recognise the actuarial gains and losses of the year against reserves. In accordance with IAS 8, this change in accounting policy is presented for comparative purposes from 1 January 2010, recognising in all the deferred actuarial gains and losses determined at that date in equity. Thus, the balance Reserves and retained earnings includes, with effective date 1 January 2010, the restatement resulted from the referred change in the accounting policy.

Previously, the Group proceeded to the deferral of actuarial gains and losses determined in accordance with the corridor method. Under the corridor method, actuarial gains and losses not recognised that exceed 10% of the greater of the present value of the liabilities and the fair value of the Fund's assets are recorded in the income statement for the period corresponding to the estimated remaining useful life of the employees in service.

In 2011, the Group adopted the IFRS 7 - Financial Instruments: Disclosures - Transfers of financial assets and the "Annual Improvement Project" issued in May 2010. These standards whose application is mandatory, with reference to 1 January, 2011, have an impact in terms of addional disclosures relating to the group's assets and liabilities.

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 amortised 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.

The accounting policies set out below have been applied consistently throughout the Group's 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 date that the Group acquires significant influence and the ending date it ceases to exist. 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 total or corresponding share of the fair value of the net assets and contingent liabilities 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 recognised 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 recognised 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 recognised against reserves.

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

The same way, as from 1 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 22), when the substance of the relation with those entities indicates that the Group exercises control over its activities, independently of the percentage of the equity held. Besides these 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 unrealised gains and losses arising from intragroup transactions, are eliminated in the preparation of the consolidated financial statements. Unrealised 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 recognised at fair value plus any directly attributable transaction costs and fees and are subsequently measured at amortised 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 reported ('IBNR') on loans for which no objective evidence of impairment is identified (see paragraph (i)).

The collective impairment loss is determined considering the following factors:

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

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

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

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

d) Financial instruments

(i) Classification, initial recognition and subsequent measurement

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

1a) Financial assets held for trading

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

The interest from debt instruments are recognised as interest margin.

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

1b) Other financial assets and liabilities at fair 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 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 recognised in Net interest income based on the effective interest rate, including a premium or discount when applicable. Dividends are recognised in the income statement when the right to receive the dividends is attributed.

3) Financial assets held-to-maturity

The financial assets held-to-maturity include non-derivative financial assets with fixed or determinable payments and fixed maturity, that the 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 amortised 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 amortised 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.

These financial liabilities are initially recognised at fair value and subsequently at amortised 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 at the time of repurchase of other financial liabilities are recognised as Net gains/(losses) from trading and hedging activities, when occurred.

(ii) Impairment

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

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

(iii) Embedded derivatives

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

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 23.

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

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

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 amortised 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 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 collateralised 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 formalised.

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 unrealised losses, these should be recognised as impairment losses against results.

l) Finance lease transactions

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

Lease rentals are a combination of the finance charge and the amortisation 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 amortised cost are recognised in the interest income or expenses (net interest income) through the effective interest rate method. The interest related to financial assets available for sale calculated at the effective interest rate method are also recognised on the net interest income as well as those from assets and liabilities at fair value through profit and loss.

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

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

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

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

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

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

n) Fee and commission income

Fees and commissions are recognised according to the following criteria:

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

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

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 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 recognised 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 for 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 fair value less costs to sell, 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 fair value less costs to sell 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.

The expertises responsible for the valuation of the assets are properly certified for that purpose, being registered in CMVM.

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 straight line basis by an estimated lifetime 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 recognised in the profit and loss. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated into the respective functional currency of the operation at the foreign exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated into the respective functional currency of the operation at the foreign exchange rate at the date that the fair value was determined against profit and loss, except for financial assets available-for-sale, for which the difference is recognised against equity.

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 labour arrangements. 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 labour arrangements (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 assumed 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 labour 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.

From 1 January 2011, banks' employees were integrated in the General Social Security Scheme which now covers their maternity, paternity, adoption and pension benefits. However, the Banks remain liable for those benefits as concern illness, disability and life inurance (Decree-Law no. 1-A/2011, of 3 January).

The contributive rate is 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 was extinguished by the decree law referred above. As a consequence of this amendment the capability to receive pensions by the actual employees are covered by the General Social Security Scheme regime, considering the service period between 1 January 2011 and the retirement age. The Bank supports the remaining difference for the total pension assured in 'Acordo Colectivo de Trabalho'.

Following the approval by the Government of the DL 127/2011, which was published on 31 December, an agreement between the Government, the Portuguese Banking Association and the Banking Labour Unions was established that regulated the transfer of the liabilities related with pensions currently being paid to pensioners and retirees, to the Social Security.

This agreement established that the responsibilities to be transferred relate to the pensions in payment as at 31 December 2011 at fixed amounts (discount rate 0%) in the component established in the 'Instrumento de Regulação Colectiva de Trabalho (IRCT)' of the retirees and pensioners. The responsibilities related with the increase in pensions as well as any other complements namely, contributions to the Health System (SAMS), death benefit and death before retirement benefit continue to be under the responsibility of the Financial Institutions and being financed through the corresponding Pensions funds. The Decree-Law also establishes the terms and conditions under which the transfer was made by setting a discount rate of 4% to determine the liabilities to be transferred.

As referred in note 1a) and note 60, according to one of the options allowed by IAS 19 Employee Benefits, the Group decided in 2011 to change the accounting policy for recognition of actuarial gains and losses, starting to recognise the actuarial gains and losses of the year against reserves. In accordance with IAS 8, this change in accounting policy is presented for comparative purposes from 1 January 2010, recognizing in that date all the deferred actuarial gains and losses in equity.

Previously, the Group proceeded to the deferral of actuarial gains and losses determined in accordance with the corridor method. Under the corridor method, actuarial gains and losses not recognised that exceed 10% of the greater of the present value of the liabilities and the fair value of the Fund's assets are recorded in the income statement for the period corresponding to the estimated remaining useful life of the employees in service.

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 are recognised in the income statement on the year in which the early retirement is approved and announced.

Gains and losses for the year are recognised against reserves in the year they occur.

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 contribution plan

Defined Contribution Plan, when applicable, the responsibilities related to the benefits attributed to the Group's employees are recognised as expenses when incurred.

Share based compensation plan

As at 31 March 2012 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 when related to items recognised directly in equity, which implies its recognition in equity. Deferred taxes arising from the revaluation of financial assets available for sale and cash flow hedging derivatives are recognised in shareholders' equity and are recognised in the profit and loss in the year the results that originated the deferred taxes are recognised.

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

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

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

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

y) Segmental reporting

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

An 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 operating segments:

Portugal

- Retail Banking;
- Companies (which includes companies in Portugal, Corporate and Investment Banking);
- Private Banking and Asset Management.

Foreign activity

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

Others

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

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

Classification

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.

Recognition and measurement

Premiums of life insurance and investment contracts with discretionary participating features, which are considered as long-term contracts are recognised when due from the policyholders. The benefits and other costs are recognised concurrently with the recognition of income over the life of the contracts. This specialization is achieved through the establishment of provisions / liabilities of insurance contracts and investment contracts with discretionary participating features.

The responsibilities correspond to the present value of future benefits payable, net of administrative expenses directly associated with the contracts, less the theoretical premiums that would be required to comply with the established benefits and related expenses. The liabilities are determined based on assumptions of mortality, costs of management or investment at the valuation date.

For contracts where the payment period is significantly shorter than the period of benefit, premiums are deferred and recognised as income in proportion to the duration of risk coverage.

Regarding short-term contracts, including contracts of non-life insurance, premiums are recorded at the time of issue. The award is recognised as income acquired in a pro-rata basis during the term of the contract. The provision for unearned premiums represents the amount of premiums on risks not occurred.

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.

Liability adequacy test

At each reporting date, the Group evaluates the adequacy of liabilities arising from insurance contracts and investment contracts with discretionary participating features. The evaluation of the adequacy of responsibilities is made based on the projection of future cash flows associated with each contract, discounted at market interest rate without risk. This evaluation is done product by product or aggregate of products when the risks are similar or managed jointly. Any deficiency, if exists, is recorded in the Group's results as determined.

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 financial assets available for-sale

The Group determines that financial assets available for-sale 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 (SPEs)

The Group sponsors the formation of SPEs 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 22, the following SPEs resulting from securitization transactions were included in the consolidation perimeter: NovaFinance n.4, Magellan n.2, 3,5 and 6, 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 SPEs also resulting from securitization transactions: Magellan n. 1 and 4. For these SPEs, which are not recognised 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 and hedging activities, from financial assets available for sale and from financial assets held to maturity

IFRS requires separate disclosure of net interest income and net gains arising from trading and hedging activities, from financial assets available for sale and from financial assets held to maturity, as presented in notes 3, 6, 7 and 8. A particular business activity can generate impact in net interest income and net gains arising from trading and hedging, from financial assets available for sale and from financial assets held to maturity. This disclosure requirement demonstrates the contribution of the different business activities for the net interest margin and net gains from trading and hedging, from financial assets available for sale and from financial assets held to maturity

The amount of this account is comprised of:

	Mar 2012 Euros '000	Mar 2011 Euros '000
Net interest income	317,477	401,564
Net gains/(losses) from trading and hedging assets	168,778	(742)
Net gains/(losses) from financial assets available for sale	7,048	27,221
Net gains/(losses) from financial assets held to maturity	15,510	-
	508,813	428,043

3. Net interest income

The amount of this account is comprised of:

	Mar 2012 Euros '000	Mar 2011 Euros '000
Interest and similar income		
Interest on loans and advances	793,724	720,091
Interest on trading securities	12,663	35,785
Interest on available for sale financial assets	80,419	34,598
Interest on held to maturity financial assets	39,037	48,175
Interest on hedging derivatives	66,823	71,753
Interest on derivatives associated to financial instruments through profit and loss account	2,892	21,228
Interest on deposits and other investments	17,089	15,244
	1,012,647	946,874
Interest expense and similar charges		
Interest on deposits and inter-bank funding	497,073	357,531
Interest on securities sold under repurchase agreement	4,399	2,934
Interest on securities issued	180,418	134,913
Interest on hedging derivatives	4,542	10,449
Interest on derivatives associated to financial instruments through profit and loss account	450	6,651
Interest on other financial liabilities valued at fair value through profit and loss account	8,288	32,832
	695,170	545,310
Net interest income	317,477	401,564

The balance of Interest on loans and advances includes the amount of Euros 15,468,000 (31 March 2011: Euros 11,639,000) related to commissions and other gains / losses which are accounted for under the effective interest method, as referred in the accounting policy described in note 1 m).

4. Dividends from equity instruments

The amount of this account is comprised of:

	Mar 2012 Euros '000	Mar 2011 Euros '000
Dividends from financial assets available for sale	295	27
Other	1	-
	296	27

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

5. Net fees and commissions income

The amount of this account is comprised of:

	Mar 2012 Euros '000	Mar 2011 Euros '000
Fees and commissions income		
From guarantees	26,674	24,594
From credit and commitments	42	115
From banking services	130,556	138,779
From insurance activity	451	209
From other services	57,150	63,419
	214,873	227,116
Fees and commissions expenses		
From guarantees	16,847	848
From banking services	20,341	19,865
From insurance activity	351	236
From other services	7,413	10,742
	44,952	31,691
Net fees and commission income	169,921	195,425

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

The amount of this account is comprised of:

	Mar 2012 Euros '000	Mar 2011 Euros '000
Gains arising on trading and hedging activities		
Foreign exchange activity	491,304	2,302,206
Financial instruments associated to financial instruments through profit and loss account		
Held for trading		
Securities portfolio		
Fixed income	18,510	7,849
Variable income	3,749	4,011
Certificates and structured securities issued	4,936	15,152
Derivatives associated to financial instruments through profit and loss account	50,948	40,557
Other financial instruments derivatives	492,186	607,742
Other financial instruments through profit and loss account	6,875	55,033
Repurchase of debt securities issued	196,730	39,483
Hedging accounting		
Hedging derivatives	40,426	182,195
Hedged item	814	174,532
Other activity	10,476	883
	1,316,954	3,429,643
Losses arising on trading and hedging activities		
Foreign exchange activity	484,951	2,275,928
Financial instruments associated to financial instruments through profit and loss account		
Held for trading		
Securities portfolio		
Fixed income	944	128,786
Variable income	4,390	537
Certificates and structured securities issued	14,555	19,846
Derivatives associated to financial instruments through profit and loss account	26,903	25,235
Other financial instruments derivatives	466,395	576,151
Other financial instruments through profit and loss account	59,279	52,127
Repurchase of debt securities issued	495	1,002
Hedging accounting		
Hedging derivatives	24,652	338,378
Hedged item	51,580	8,790
Other activity	14,032	3,605
	1,148,176	3,430,385
Net gains / (losses) arising from trading and hedging activities	168,778	(742)

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

The amount of this account is comprised of:

	Mar 2012 Euros '000	Mar 2011 Euros '000
Gains arising from financial assets available for sale		
Fixed income	8,702	3,137
Variable income	74	24,975
Losses arising from financial assets available for sale		
Fixed income	(1,728)	(891)
Net gains / (losses) arising from financial assets available for sale	7,048	27,221

8. Net gains / (losses) arising from financial assets held to maturity

The amount of this account is comprised of:

	Mar 2012 Euros '000	Mar 2011 Euros '000
Gains arising from financial assets held to maturity	168,598	-
Losses arising from financial assets held to maturity	(153,088)	-
Net gains / (losses) arising from financial assets held to maturity	15,510	-

9. Other operating income

The amount of this account is comprised of:

	Mar 2012 Euros '000	Mar 2011 Euros '000
Operating income		
Income from services	8,690	8,150
Checks and others	3,895	4,484
Other operating income	3,012	24,148
	15,597	36,782
Operating costs		
Indirect taxes	8,348	7,034
Donations and quotizations	1,078	1,297
Specific contribution for the Banking Sector	8,461	5,000
Other operating expenses	8,836	5,126
	26,723	18,457
	(11,126)	18,325

10. Staff costs

The amount of this account is comprised of:

	Mar 2012 Euros '000	Mar 2011 Euros '000
Salaries and remunerations	156,155	148,715
Mandatory social security charges	36,617	14,666
Voluntary social security charges	12,445	9,587
Other staff costs	1,335	1,652
	206,552	174,620

11. Other administrative costs

The amount of this account is comprised of:

	Mar 2012 Euros '000	Mar 2011 Euros '000
Water, electricity and fuel	5,816	4,694
Consumables	1,829	1,961
Rents	36,670	37,569
Communications	11,820	9,082
Travel, hotel and representation costs	3,104	3,333
Advertising	7,875	10,462
Maintenance and related services	9,745	9,197
Credit cards and mortgage	4,712	3,147
Advisory services	4,223	2,944
Information technology services	5,215	6,053
Outsourcing	21,100	21,153
Other specialised services	7,923	7,610
Training costs	499	451
Insurance	4,196	4,396
Legal expenses	2,911	2,272
Transportation	2,716	2,523
Other supplies and services	10,994	12,561
	141,348	139,408

12. Depreciation

The amount of this account is comprised of:

	Mar 2012 Euros '000	Mar 2011 Euros '000
Intangible assets:		
Software	3,786	3,888
Other intangible assets	108	85
	3,894	3,973
Property, plant and equipment:		
Land and buildings	9,116	11,069
Equipment		
Furniture	979	1,132
Office equipment	647	718
Computer equipment	3,617	4,467
Interior installations	1,023	1,003
Motor vehicles	722	797
Security equipment	627	647
Other tangible assets	853	1,022
	17,584	20,855
	21,478	24,828

13. Loans impairment

The amount of this account is comprised of:

	Mar 2012 Euros '000	Mar 2011 Euros '000
Loans and advances to credit institutions:		
For overdue loans and credit risks		
Write-back for the period	(57)	(271)
	(57)	(271)
Loans and advances to customers:		
For overdue loans and credit risks		
Charge for the period	391,087	251,839
Write-back for the period	(216,160)	(79,442)
Recovery of loans and interest charged-off	(4,606)	(5,559)
	170,321	166,838
	170,264	166,567

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

14. Other financial assets impairment

The amount of this account is comprised of:

	Mar 2012 Euros '000	Mar 2011 Euros '000
Impairment for financial assets available for sale		
Charge for the period	764	2,775
Write-back for the period	(66)	(33)
Impairment for financial assets held to maturity		
Charge for the period	118	-
	816	2,742

15. Other provisions

The amount of this account is comprised of:

	Mar 2012 Euros '000	Mar 2011 Euros '000
Provision for other pensions benefits		
Charge for the period	183	191
Provision for guarantees and other commitments		
Charge for the period	11,708	5,065
Write-back for the period	(5,449)	(3,198)
Other provisions for liabilities and charges		
Charge for the period	2,075	1,859
Write-back for the period	(4)	(393)
	8,513	3,524

16. Share of profit of associates under the equity method

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

	Mar 2012 Euros '000	Mar 2011 Euros '000
Millenniumbcp Ageas Group	15,814	18,437
Other companies	(2,963)	(1,707)
	12,851	16,730

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

The caption Gains / (losses) from the sale of subsidiaries and other assets corresponds to the gains and losses arising from the sale and revaluation of assets of the Group classified as non current assets held for sale.

18. Income tax

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

	Mar 2012 Euros '000	Mar 2011 Euros '000
Current tax	(20,997)	(25,291)
Deferred tax		
Recognition and reversal of temporary differences	(90,138)	(9,430)
Effect of changes in tax rate	-	53,754
Tax losses carried forward	78,945	(33,795)
	(11,193)	10,529
	(32,190)	(14,762)

The reconciliation of the effective tax rate is analysed as follows:

	Mar 2012		Mar 2011	
	%	Euros '000	%	Euros '000
Net income before income taxes		91,490		123,639
Current tax rate	29.0%	(26,532)	29.0%	(35,845)
Foreign tax rate effect and in “Zona Franca da Madeira”	-4.1%	3,787	-3.7%	4,531
Accruals for the calculation of taxable income	20.1%	(18,345)	2.1%	(2,648)
Deductions for the calculation of taxable income	-12.3%	11,274	-15.3%	18,882
Fiscal incentives	-3.1%	2,857	-1.5%	1,797
Effect of the tax losses used / recognised	0.3%	(310)	0.7%	(900)
Effect of deferred tax losses not recognised previously	-0.4%	388	0.0%	-
Tax rate effect	3.7%	(3,340)	0.0%	1
Previous periods corrections	0.2%	(217)	0.2%	(216)
(Autonomous tax) / tax credits	1.9%	(1,752)	0.3%	(364)
	35.3%	(32,190)	11.8%	(14,762)

19. Earnings per share

The earnings per share are calculated as follows:

	Mar 2012 Euros '000	Mar 2011 Euros '000
Net income for the period attributable to shareholders of the Bank	40,759	90,099
Dividends from other capital instruments	(2,149)	(24,485)
Adjusted net income	38,610	65,614
Average number of shares	7,203,634,818	5,053,639,458
Basic earnings per share (Euros)	0.02	0.05
Diluted earnings per share (Euros)	0.02	0.05

In June 2011, a capital increase of the Banco Comercial Português, S.A. was performed, from Euros 4,694,600,000 to Euros 6,064,999,986 resulting from the following steps:

(i) Euros 120,400,000, by incorporation of share premium reserves, through the issuance of 206,518,010 new ordinary and nominative shares without nominal value;

(ii) Euros 990,147,000, by contribution in kind of 990,147 perpetual subordinated instruments with interests conditioned, 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) Euros 259,852,986, by the issue of 721,813,850 ordinary shares without nominal value, with the issue and subscribe value of Euros 0.36, with preference reserve to the shareholders, in the exercise of the preference legal rights.

In accordance with the 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 from 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 perpetual 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 42, 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 42, 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 42, 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 exchanged within the scope of the public change offering of perpetual subordinated securities for ordinary shares, performed in 2011. The amount not exchanged amounts to Euros 9,853,000 in 31 March, 2012.

20. Cash and deposits at central banks

This balance is analysed as follows:

	Mar 2012 Euros '000	Dec 2011 Euros '000
Cash	577,751	691,144
Central banks	1,306,171	1,424,801
	1,883,922	2,115,945

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.

21. Loans and advances to credit institutions repayable on demand

This balance is analysed as follows:

	Mar 2012 Euros '000	Dec 2011 Euros '000
Credit institutions in Portugal	3,078	2,970
Credit institutions abroad	967,931	1,251,177
Amounts due for collection	159,651	323,263
	1,130,660	1,577,410

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

22. Other loans and advances to credit institutions

This balance is analysed as follows:

	Mar 2012 Euros '000	Dec 2011 Euros '000
Bank of Portugal	-	600,008
Credit institutions in Portugal	504,166	846,856
Credit institutions abroad	1,862,096	1,466,731
	2,366,262	2,913,595
Overdue loans - more than 90 days	1,779	1,836
	2,368,041	2,915,431
Impairment for other loans and advances to credit institutions	(2,322)	(2,416)
	2,365,719	2,913,015

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

	Mar 2012 Euros '000	Mar 2011 Euros '000
Balance on 1 January	2,416	13,759
Transfers	(37)	-
Write-back for the period	(57)	(271)
Balance on 31 March	2,322	13,488

23. Loans and advances to customers

This balance is analysed as follows:

	Mar 2012 Euros '000	Dec 2011 Euros '000
Public sector	1,377,225	712,224
Asset-backed loans	43,296,509	43,337,792
Personal guaranteed loans	10,422,655	10,944,941
Unsecured loans	3,787,697	3,658,828
Foreign loans	3,858,719	3,835,789
Factoring	1,116,044	1,286,609
Finance leases	4,165,955	4,280,611
	68,024,804	68,056,794
Overdue loans - less than 90 days	316,945	280,211
Overdue loans - more than 90 days	3,597,714	3,196,072
	71,939,463	71,533,077
Impairment for credit risk	(3,609,076)	(3,487,542)
	68,330,387	68,045,535

As at 31 March 2012, the balance Loans and advances to customers includes the amount of Euros 10,464,156,000 (31 December 2011: Euros 10,508,017,000) regarding mortgage loans which are a collateral for seven asset-back securities, issued by the Group.

During 2011, Banco Investimento Imobiliário, S.A. issued one covered bond in the amount of Euros 1,000,000,000 with maturity of 3 years. The referred issue occurred in 19 January 2011 with an interest rate of 1M Euribor +0.75%. Additionally 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 have interest rates of 1M Euribor +0.75%, 1M Euribor +0.8% and 1M Euribor +0.75%, respectively.

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

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

	Mar 2012 Euros '000	Dec 2011 Euros '000
Loans not represented by securities		
Discounted bills	462,243	533,231
Current account credits	4,106,069	4,502,604
Overdrafts	1,915,155	1,867,652
Loans	20,930,465	19,994,269
Mortgage loans	31,899,011	32,036,068
Factoring	1,116,044	1,286,609
Finance leases	4,165,955	4,280,611
	64,594,942	64,501,044
Loans represented by securities		
Commercial paper	1,830,959	1,741,120
Bonds	1,598,903	1,814,630
	3,429,862	3,555,750
	68,024,804	68,056,794
Overdue loans - less than 90 days	316,945	280,211
Overdue loans - more than 90 days	3,597,714	3,196,072
	71,939,463	71,533,077
Impairment for credit risk	(3,609,076)	(3,487,542)
	68,330,387	68,045,535

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

	Mar 2012 Euros '000	Dec 2011 Euros '000
Agriculture	599,193	644,293
Mining	177,646	434,327
Food, beverage and tobacco	613,706	521,473
Textiles	570,203	491,557
Wood and cork	239,065	229,143
Printing and publishing	333,500	294,543
Chemicals	798,574	833,055
Engineering	1,044,561	1,177,560
Electricity, water and gas	1,094,147	951,045
Construction	4,451,602	4,991,080
Retail business	1,570,116	1,669,000
Wholesale business	2,477,482	2,584,655
Restaurants and hotels	1,633,001	1,411,024
Transports and communications	2,081,140	1,846,405
Services	16,096,766	14,802,022
Consumer credit	4,456,966	4,496,917
Mortgage credit	30,253,941	30,308,497
Other domestic activities	1,362,158	886,812
Other international activities	2,085,696	2,959,669
	71,939,463	71,533,077
Impairment for credit risk	(3,609,076)	(3,487,542)
	68,330,387	68,045,535

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

	Traditional	
	Mar 2012 Euros '000	Dec 2011 Euros '000
Mortgage loans	6,353,991	6,392,175
Consumer loans	387,743	417,771
Leases	929,017	992,600
Corporate loans	4,483,177	4,620,819
	12,153,928	12,423,365

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

	Mar 2012 Euros '000	Dec 2011 Euros '000
Gross amount	4,953,599	5,300,269
Interest not yet due	(787,644)	(1,019,658)
Net book value	4,165,955	4,280,611

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

	Mar 2012 Euros '000	Dec 2011 Euros '000
Agriculture	9,192	7,221
Mining	646	798
Food, beverage and tobacco	6,162	5,590
Textiles	3,114	3,155
Wood and cork	11,561	12,297
Printing and publishing	1,728	1,673
Chemicals	645	733
Engineering	42,039	31,988
Electricity, water and gas	2,451	3,168
Construction	36,434	45,256
Retail business	22,477	18,076
Wholesale business	47,411	55,622
Restaurants and hotels	3,059	3,441
Transports and communications	16,511	10,138
Services	227,443	222,727
Consumer credit	279,952	256,712
Mortgage credit	279,905	254,593
Other domestic activities	106	197
Other international activities	2,568	3,300
	993,404	936,685

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

	Mar 2012 Euros '000	Dec 2011 Euros '000
Agriculture	39,756	60,622
Mining	11,014	8,749
Food, beverage and tobacco	79,110	76,328
Textiles	55,682	51,128
Wood and cork	27,102	28,520
Printing and publishing	22,552	20,883
Chemicals	15,062	19,356
Engineering	106,253	100,655
Electricity, water and gas	1,917	2,874
Construction	1,123,221	708,428
Retail business	132,014	120,470
Wholesale business	317,880	292,686
Restaurants and hotels	172,877	149,387
Transports and communications	74,663	58,294
Services	704,038	795,634
Consumer credit	730,799	666,543
Mortgage credit	255,250	239,137
Other domestic activities	29,539	21,789
Other international activities	15,930	54,800
	3,914,659	3,476,283

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

	Mar 2012 Euros '000	Mar 2011 Euros '000
Impairment for overdue loans and for other credit risks:		
Balance on 1 January	3,487,542	2,505,886
Transfers	(3,140)	(222)
Impairment for the period	391,087	251,839
Write-back for the period	(216,160)	(79,442)
Loans charged-off	(60,393)	(43,003)
Exchange rate differences	10,140	(9,786)
Balance on 31 March	3,609,076	2,625,272

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

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

	Mar 2012 Euros '000	Dec 2011 Euros '000
Agriculture	63,672	65,288
Mining	10,367	6,726
Food, beverage and tobacco	64,281	55,707
Textiles	41,565	40,731
Wood and cork	30,309	23,097
Printing and publishing	34,138	34,717
Chemicals	32,498	13,994
Engineering	99,684	108,624
Electricity, water and gas	7,194	3,817
Construction	579,435	388,794
Retail business	97,544	90,795
Wholesale business	240,351	248,366
Restaurants and hotels	100,987	86,397
Transports and communications	70,266	66,641
Services	1,055,979	964,474
Consumer credit	565,556	549,750
Mortgage credit	257,864	257,238
Other domestic activities	23,575	10,531
Other international activities	233,811	471,855
	3,609,076	3,487,542

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

	Mar 2012 Euros '000	Mar 2011 Euros '000
Agriculture	1,248	1,098
Mining	2,079	-
Food, beverage and tobacco	827	750
Textiles	1,258	158
Wood and cork	805	2,716
Printing and publishing	391	160
Chemicals	29	92
Engineering	899	3,943
Construction	8,754	2,490
Retail business	573	264
Wholesale business	7,009	3,065
Restaurants and hotels	825	3,236
Transports and communications	812	345
Services	3,192	1,325
Consumer credit	23,171	5,497
Mortgage credit	697	170
Other domestic activities	196	8
Other international activities	7,628	17,686
	60,393	43,003

In compliance with the accounting policy described in note 1 c), loans and advances to customers are charged-off when there are no feasible expectations, 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 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 the first quarter of 2012 and 2011, by sector of activity, is as follows:

	Mar 2012 Euros '000	Mar 2011 Euros '000
Agriculture	153	2
Mining	23	1
Food, beverage and tobacco	11	20
Textiles	421	602
Wood and cork	209	3
Printing and publishing	78	77
Chemicals	39	25
Engineering	72	85
Electricity, water and gas	7	-
Construction	135	857
Retail business	110	207
Wholesale business	1,615	1,717
Restaurants and hotels	7	4
Transports and communications	37	11
Services	514	1,385
Consumer credit	1,123	556
Mortgage credit	-	2
Other domestic activities	51	3
Other international activities	1	2
	4,606	5,559

24. Financial assets held for trading and available for sale

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

	Mar 2012 Euros '000	Dec 2011 Euros '000
Bonds and other fixed income securities		
Issued by public entities	4,591,913	4,283,378
Issued by other entities	2,256,270	1,034,084
	6,848,183	5,317,462
Overdue securities	4,937	4,927
Impairment for overdue securities	(4,925)	(4,925)
	6,848,195	5,317,464
Shares and other variable income securities	311,529	282,318
	7,159,724	5,599,782
Trading derivatives	1,172,880	1,319,662
	8,332,604	6,919,444

The portfolio of financial instruments held for trading and available for sale securities, net of impairment, as at 31 March 2012, 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	109,523	1,078,262	1,187,785
Foreign issuers	299,113	782,608	1,081,721
Bonds issued by other entities			
Portuguese issuers	12,409	331,596	344,005
Foreign issuers	76,864	590,003	666,867
Treasury bills and other Government bonds	374,359	1,948,048	2,322,407
	872,268	5,980,852	6,853,120
Variable income:			
Shares in Portuguese companies	4,679	76,062	80,741
Shares in foreign companies	14,991	23,213	38,204
Investment fund units	516	191,357	191,873
	20,897	290,632	311,529
Impairment for overdue securities	-	(4,925)	(4,925)
	893,165	6,266,559	7,159,724
Trading derivatives	1,172,880	-	1,172,880
	2,066,045	6,266,559	8,332,604

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 44. The negative amount of fair value reserves of Euros 331,702,000 is presented net of impairment losses in the amount of Euros 62,384,000.

The portfolio of financial instruments held for trading and available for sale securities, net of impairment, as at 31 December 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	77,476	939,681	1,017,157
Foreign issuers	104,568	549,376	653,944
Bonds issued by other entities			
Portuguese issuers	37,865	347,215	385,080
Foreign issuers	76,164	577,767	653,931
Treasury bills and other			
Government bonds	499,738	2,112,539	2,612,277
	795,811	4,526,578	5,322,389
Variable income:			
Shares in Portuguese companies	4,741	66,972	71,713
Shares in foreign companies	24,846	41,348	66,194
Investment fund units	270	144,141	144,411
	29,857	252,461	282,318
Impairment for overdue securities	-	(4,925)	(4,925)
	825,668	4,774,114	5,599,782
Trading derivatives	1,319,662	-	1,319,662
	2,145,330	4,774,114	6,919,444

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 44. The negative amount of fair value reserves of Euros 471,254,000 is presented net of impairment losses in the amount of Euros 62,272,000.

The analysis of the securities portfolio included in the financial assets held for trading and available for sale, by sector of activity, as at 31 March 2012 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	-	2	-	12	14
Textiles	-	48	-	-	48
Wood and cork	-	501	-	361	862
Printing and publishing	39	93	-	998	1,130
Chemicals	-	2,546	-	-	2,546
Engineering	-	64	-	-	64
Electricity, water and gas	148,966	635	-	-	149,601
Construction	-	1,804	-	2,560	4,364
Retail business	-	42	-	-	42
Wholesale business	-	1,190	-	475	1,665
Restaurants and hotels	-	71	-	-	71
Transport and communications	33,144	9,897	-	529	43,570
Services	2,054,977	101,973	186,107	2	2,343,059
Other domestic activities	19,144	16	6,477	-	25,637
Other international activities	-	63	-	-	63
	2,256,270	118,945	192,584	4,937	2,572,736
Government and Public securities	2,269,506	-	2,322,407	-	4,591,913
Impairment for overdue securities	-	-	-	(4,925)	(4,925)
	4,525,776	118,945	2,514,991	12	7,159,724

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 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	-	3	-	2	5
Textiles	-	1	-	-	1
Wood and cork	-	501	-	361	862
Printing and publishing	86	15,281	-	998	16,365
Chemicals	-	7,625	-	-	7,625
Engineering	-	185	-	-	185
Electricity, water and gas	154,713	1,118	-	-	155,831
Construction	9,472	1,960	-	2,560	13,992
Retail business	-	437	-	-	437
Wholesale business	-	1,205	-	475	1,680
Restaurants and hotels	-	51	-	-	51
Transport and communications	23,350	774	-	529	24,653
Services	821,002	108,710	144,411	2	1,074,125
Other international activities	25,461	56	-	-	25,517
	1,034,084	137,907	144,411	4,927	1,321,329
Government and Public securities	1,671,101	-	2,612,277	-	4,283,378
Impairment for overdue securities	-	-	-	(4,925)	(4,925)
	2,705,185	137,907	2,756,688	2	5,599,782

25. Hedging derivatives

This balance is analysed as follows:

	Mar 2012 Euros '000	Dec 2011 Euros '000
Hedging instruments		
Assets:		
Swaps	470,898	495,879
Futures	625	-
	471,523	495,879
Liabilities:		
Swaps	376,021	508,032

26. Financial assets held to maturity

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

	Mar 2012 Euros '000	Dec 2011 Euros '000
Bonds and other fixed income securities		
Issued by Government and public entities	2,295,387	3,011,692
Issued by other entities	1,612,727	2,681,153
	3,908,114	5,692,845
Impairment for overdue securities	-	(532,665)
	3,908,114	5,160,180

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

	Mar 2012 Euros '000	Dec 2011 Euros '000
Transport and communications	171,693	170,333
Services	1,441,034	2,510,819
	1,612,727	2,681,152
Government and Public securities	2,295,387	2,479,028
	3,908,114	5,160,180

The Group, as part of the management process of the liquidity risk, holds a pool of eligible assets that can serve as collateral in funding operations with the European Central Bank and other Central Banks in countries were the Group operates, which include fixed income securities.

27. Investments in associated companies

This balance is analysed as follows:

	Mar 2012 Euros '000	Dec 2011 Euros '000
Portuguese credit institutions	24,180	24,863
Foreign credit institutions	24,700	24,104
Other Portuguese companies	328,065	247,053
Other foreign companies	9,497	9,055
	386,442	305,075

The balance Investments in associated companies is analysed as follows:

	Mar 2012 Euros '000	Dec 2011 Euros '000
Banque BCP, S.A.S.	20,235	19,696
Banque BCP (Luxembourg), S.A.	4,465	4,408
Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A.	312,994	233,441
SIBS - Sociedade Interbancária de Serviços, S.A.	13,568	13,312
Unicre - Cartão Internacional de Crédito, S.A.	24,179	24,863
Other	11,001	9,355
	386,442	305,075

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 50.

28. Non current assets held for sale

This balance is analysed as follows:

	Mar 2012 Euros '000	Dec 2011 Euros '000
Subsidiaries acquired exclusively with the purpose of short-term sale	48,865	48,884
Investments, properties and other assets arising from recovered loans	1,317,159	1,352,995
	1,366,024	1,401,879
Impairment	(269,247)	(297,229)
	1,096,777	1,104,650

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 two real estate companies acquired by the Group within the restructuring of a loan exposure, that the Group intends to sell in less than one year. However, taking into account the actual market conditions, it was not possible to conclude the sales in the expected time. Until the date of the sale, the Group continues to consolidate in reserves and income, any changes occurred in the net assets of the subsidiaries.

The balance Investments properties and other assets 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 has a strategy for its sale. However, taking into account the actual market conditions, it is not possible to conclude the sales in the expected time.

The referred balance includes buildings and other assets for which the Group has already established contracts for the sale in the amount of Euros 103,958,000 (31 December 2011: Euros 108,871,000).

29. Investment property

The balance Investment property includes the amount of Euros 552,099,000 (31 December 2011: Euros 550,237,000) related to buildings accounted in the "Fundo de Investimento Imobiliário Imosotto Acumulação", "Fundo de Investimento Imobiliário Gestão Imobiliária", "Fundo de Investimento Imobiliário Imorenda", "Fundo Especial de Investimento Imobiliário Oceânico II", "Fundo Especial de Investimento Imobiliário Fechado Stone Capital", "Fundo Especial de Investimento Imobiliário Fechado Sand Capital", "Fundo de Investimento Imobiliário Fechado Gestimo", "Fundo Especial de Investimento Imobiliário Fechado Intercapital", which 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).

30. Property and equipment

This balance is analysed as follows:

	Mar 2012 Euros '000	Dec 2011 Euros '000
Land and buildings	960,335	960,072
Equipment		
Furniture	98,281	98,511
Machines	55,393	53,291
Computer equipment	312,311	311,571
Interior installations	146,528	146,022
Motor vehicles	19,516	20,749
Security equipment	84,058	84,140
Work in progress	92,662	96,710
Other tangible assets	44,986	48,073
	1,814,070	1,819,139
Accumulated depreciation		
Charge for the year	(17,584)	(80,482)
Accumulated charge for the previous years	(1,188,059)	(1,114,058)
	(1,205,643)	(1,194,540)
	608,427	624,599

31. Goodwill and intangible assets

This balance is analysed as follows:

	Mar 2012 Euros '000	Dec 2011 Euros '000
Intangible assets		
Software	130,170	142,871
Other intangible assets	56,486	53,741
	186,656	196,612
Accumulated depreciation		
Charge for the year	(3,894)	(15,628)
Accumulated charge for the previous years	(147,856)	(144,172)
	(151,750)	(159,800)
	34,906	36,812
Goodwill		
Millennium Bank, Societé Anonyme (Greece)	294,260	294,260
Bank Millennium, S.A. (Poland)	164,040	164,040
Real estate and mortgage credit	40,859	40,859
Unicre - Cartão de Crédito Internacional, S.A.	7,436	7,436
Others	15,595	15,638
	522,190	522,233
Impairment		
Millennium Bank, Societé Anonyme (Greece)	(294,260)	(294,260)
Others	(13,519)	(13,519)
	(307,779)	(307,779)
	214,411	214,454
	249,317	251,266

32. Deferred income tax assets and liabilities

Deferred income tax assets and liabilities generated by temporary differences are analysed as follows:

	Mar 2012		Dec 2011	
	Assets Euros '000	Liabilities Euros '000	Assets Euros '000	Liabilities Euros '000
Intangible assets	59	-	59	-
Other tangible assets	4,597	3,884	4,014	3,813
Impairment losses	575,604	4,373	629,060	4,025
Benefits to employees	584,887	-	606,027	-
Financial assets available for sale	103,731	45,234	143,663	73,486
Derivatives	-	3,110	-	3,312
Allocation of profits	80,107	-	78,760	-
Tax losses carried forward	285,817	-	253,166	-
Others	62,170	100,142	39,134	104,709
	1,696,972	156,743	1,753,883	189,345
Deferred tax assets	1,540,229		1,564,538	
Impairment losses	-	1,731	-	1,917
Available for sale assets	297	336	405	1,479
Others	1,045	524	1,132	526
	1,342	2,591	1,537	3,922
Deferred tax liabilities		1,249		2,385
Net deferred tax	1,538,980		1,562,153	

33. Other assets

This balance is analysed as follows:

	Mar 2012 Euros '000	Dec 2011 Euros '000
Debtors	316,929	540,751
Amounts due for collection	15,576	20,413
Recoverable tax	110,713	110,816
Recoverable government subsidies on interest on mortgage loans	22,082	20,154
Associated companies	2,087	1,943
Interest and other amounts receivable	44,069	34,030
Prepayments and deferred costs	31,308	29,006
Amounts receivable on trading activity	260,125	566,814
Amounts due from customers	121,596	147,398
Reinsurance technical provision	4,218	3,188
Sundry assets	258,616	398,723
	1,187,319	1,873,236
Impairment for other assets	(69,448)	(82,586)
	1,117,871	1,790,650

34. Deposits from credit institutions

This balance is analysed as follows:

	Mar 2012 Euros '000	Dec 2011 Euros '000
Central Banks	15,062,319	13,670,434
Credit institutions in Portugal	372,146	1,087,311
Credit institutions abroad	3,319,806	2,965,674
	18,754,271	17,723,419

35. Deposits from customers

This balance is analysed as follows:

	Mar 2012 Euros '000	Dec 2011 Euros '000
Deposits from customers:		
Repayable on demand	13,871,190	13,800,706
Term deposits	33,779,817	31,976,867
Saving accounts	1,379,918	1,342,413
Treasury bills and other assets sold under repurchase agreement	99,894	113,847
Others	395,469	282,277
	49,526,288	47,516,110

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 no. 11/94 of the Bank of Portugal.

36. Debt securities issued

This balance is analysed as follows:

	Mar 2012 Euros '000	Dec 2011 Euros '000
Bonds	14,462,050	14,699,586
Commercial paper	-	1,439,407
Others	98,765	97,209
	14,560,815	16,236,202

37. Financial liabilities held for trading

The balance is analysed as follows:

	Mar 2012 Euros '000	Dec 2011 Euros '000
Derivatives		
FRA	9	27
Swaps	1,125,677	1,298,411
Forwards over preference shares	546	2,601
Options	36,729	29,739
Embedded derivatives	22,640	11,351
Forwards	9,306	13,250
Others	70,872	123,301
	1,265,779	1,478,680

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

The balance is analysed as follows:

	Mar 2012 Euros '000	Dec 2011 Euros '000
Deposits from credit institutions	15,516	14,510
Deposits from customers	6,534	5,834
Bonds	293,718	2,558,646
	315,768	2,578,990

39. Provisions for liabilities and charges

This balance is analysed as follows:

	Mar 2012 Euros '000	Dec 2011 Euros '000
Provision for guarantees and other commitments	109,840	100,708
Technical provision for the insurance activity:		
For direct insurance and reinsurance accepted:		
Unearned premium / reserve	14,886	13,663
Life insurance	51,741	56,039
Bonuses and rebates	2,537	2,866
Other technical provisions	8,395	9,095
Provision for pension costs	3,951	3,768
Other provisions for liabilities and charges	61,482	59,961
	252,832	246,100

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

	Mar 2012 Euros '000	Mar 2011 Euros '000
Balance on 1 January	100,708	80,906
Transfers	2,836	-
Charge for the year	11,708	5,065
Write-back for the year	(5,449)	(3,198)
Exchange rate differences	37	(276)
Balance on 31 March	109,840	82,497

40. Subordinated debt

This balance is analysed as follows:

	Mar 2012 Euros '000	Dec 2011 Euros '000
Bonds	1,160,119	1,146,543
	1,160,119	1,146,543

As at 31 Mach 2012, 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)	252,906	252,906
Mbcp Ob Cx Sub 2 Serie 2008-2018	October, 2008	October, 2018	See reference (i)	71,699	71,699
Bcp Ob Sub Jun 2020 - Emtn 727	June, 2010	June, 2020	See reference (ii)	87,992	90,702
Bcp Ob Sub Aug 2020 - Emtn 739	August, 2010	August, 2020	See reference (iii)	54,174	56,252
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 Sub 11/25.08.2019 - Emtn 823	August, 2011	August 2019	Fixed rate of 6.383%	7,500	7,793
Bcp Subord Sep 2019 - Emtn 826	October, 2011	September, 2019	Fixed rate of 9.31%	50,000	44,305
Bcp Subord Nov 2019 - Emtn 830	November, 2011	November, 2019	Fixed rate of 8.519%	40,000	33,187
Bcp Subord Nov 2019 - Emtn 833	December, 2011	December, 2019	Fixed rate of 7.150%	26,600	20,027
Mill Bcp Subord Jan 2020 - Emtn 834	January, 2012	January, 2020	Fixed rate of 7.010%	14,000	9,865
Bank Millennium:					
Bank Millennium 2007	December, 2007	December, 2017	Fixed rate of 6.337%	150,340	150,340
Banco de Investimento Imobiliário:					
BII 2004	December, 2004	December, 2014	See reference (v)	15,000	14,987
BCP Finance Bank:					
BCP Fin Bank Ltd EMTN - 295	December, 2006	December, 2016	See reference (vi)	71,209	71,192
BCP Fin Bank Ltd EMTN - 828	October, 2011	October, 2021	Fixed rate of 13.000%	79,500	49,329
Magellan No. 3:					
Magellan No. 3 Series 3 Class F	June, 2005	May, 2058	-	44	44
					1,085,728
Perpetual Bonds					
BCP - Euro 200 millions	June, 2002	-	See reference (vii)	85	39
BPA 1997	June, 1997	-	Euribor 3M + 0.950%	34,915	34,915
TOPS BPSM 1997	December, 1997	-	Euribor 6M + 0.900%	22,046	22,713
BCP Leasing 2001	December, 2001	-	See reference (viii)	4,986	4,986
					62,653
Accruals					11,738
					1,160,119

References :

(i) - 1st year 6.000%; 2nd to 5th year Euribor 6M + 1.000%; and following 6th year Euribor 6M + 1.400%

(ii) - Until the 5th year fixed rate of 3.250%; 6th year and following years Euribor 6M + 1.000%

(iii) - 1st year: 3.000%; 2nd year 3.250%; 3rd year 3.500%; 4th year 4.000%; 5th year 5.000%; 6th year and following Euribor 6M + 1.250%

(iv) - Euribor 3M + 3.750% per year

(v) - Until 10th coupon Euribor 6M + 0.400%; After 10th coupon Euribor 6M + 0.900%

(vi) - Euribor 3M + 0.300% (0.800% after December 2011)

(vii) - Until 40th coupon 6.131%; After 40th coupon Euribor 3M + 2.400%

(viii) - Until 40th coupon Euribor 3M + 1.750%; After 40th coupon Euribor 3M + 2.250%

41. Other liabilities

This balance is analysed as follows:

	Mar 2012 Euros '000	Dec 2011 Euros '000
Creditors:		
Suppliers	27,338	49,000
From factoring operations	4,357	2,839
Associated companies	2	457
Other creditors	380,777	423,983
Public sector	84,448	74,125
Interests and other amounts payable	94,687	83,948
Deferred income	5,856	8,948
Holiday pay and subsidies	60,414	75,863
Other administrative costs payable	1,513	2,214
Amounts payable on trading activity	90,550	316,625
Other liabilities	492,691	609,206
	1,242,633	1,647,208

42. 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) Euros 120,400,000, by incorporation of share premium reserves, through the issuance of 206,518,010 new ordinary and nominative shares without nominal value;

(ii) Euros 990,147,000, by contribution in kind of 990,147 perpetual subordinated instruments with interests conditioned, 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) Euros 259,852,986, by the issue of 721,813,850 ordinary shares without nominal value, with the issue and subscribe value of Euros 0.36, with preference reserve to the shareholders, in the exercise of the preference legal rights.

In accordance with the 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.

As at 31 December 2010, the balance Preference shares corresponded 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.

Within the scope of the exchange offer, the majority of the preference shares where exchanged for new debt instruments.

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.

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

43. 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 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.

44. Fair value reserves, other reserves and retained earnings

This balance is analysed as follows:

	Mar 2012 Euros '000	Dec 2011 Euros '000
Other comprehensive income:		
Actuarial losses for the year (net of taxes)	(1,710,015)	(1,710,015)
Exchange differences arising on consolidation	(90,195)	(118,242)
Fair value reserves		
Financial assets available for sale	(331,702)	(471,254)
Cash-flow hedge	(13,080)	12,126
Tax		
Financial assets available for sale	50,013	71,972
Cash-flow hedge	2,485	(2,304)
	(2,092,494)	(2,217,717)
Other reserves and retained earnings:		
Legal reserve	476,107	476,107
Statutory reserve	30,000	30,000
Other reserves and retained earnings	2,281,091	3,129,723
Goodwill arising on consolidation	(2,883,580)	(2,883,580)
Other reserves arising on consolidation	(166,937)	(165,483)
	(263,319)	586,767

The legal reserve changes are analysed in note 43. 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 steady dividends that, according with the bank's by-laws can be distributed.

The balance Reserves and Retained Earnings includes, as at 1 January 2010, a restatement in the amount of Euros 1,308,053,000 (net of deferred tax) resulting from the decision taken by the Executive Board of Directors of changing the accounting policy regarding the recognition of actuarial gains and losses.

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

The balance Other reserves and retained earnings included in 31 December, 2011 the amount of Euros 440,435,000 regarding the positive impact of the exchange of preference shares for new debt instruments.

45. Treasury stock

This balance is analysed as follows:

	Banco Comercial Português, S.A. shares		Other treasury stock	Total
Mar 2012				
Net book value (Euros '000)	3,760		7,688	11,448
Number of securities	24,610,734	(*)		
Average book value (Euros)	0.15			
Dec 2011				
Net book value (Euros '000)	3,803		7,619	11,422
Number of securities	25,127,258	(*)		
Average book value (Euros)	0.15			

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 by-laws and by "Código das Sociedades Comerciais".

(*) As at 31 March 2012, this balance includes 20,672,662 shares (31 December 2011: 20,695,482 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 39 the shares of the Bank owned by these clients were, only for accounting purposes and in accordance with this standard, considered as treasury stock.

46. Non-controlling interests

This balance is analysed as follows:

	Balance		Income Statement	
	Mar 2012 Euros '000	Dec 2011 Euros '000	Mar 2012 Euros '000	Mar 2011 Euros '000
Bank Millennium, S.A.	376,868	354,789	6,723	8,336
BIM - Banco Internacional de Moçambique	108,415	109,645	7,880	7,026
Banco Millennium Angola, S.A.	84,415	83,999	4,212	3,437
Other subsidiaries	(1,088)	(818)	(274)	(21)
	568,610	547,615	18,541	18,778

47. Guarantees and other commitments

This balance is analysed as follows:

	Mar 2012 Euros '000	Dec 2011 Euros '000
Guarantees granted	7,416,299	7,873,914
Guarantees received	30,162,244	30,238,624
Commitments to third parties	9,216,274	9,699,210
Commitments from third parties	16,089,593	13,483,634
Securities and other items held for safekeeping on behalf of customers	117,140,959	121,083,525
Securities and other items held under custody by the Securities Depository Authority	136,800,477	132,002,341
Other off balance sheet accounts	172,143,527	165,643,770

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

	Mar 2012 Euros '000	Dec 2011 Euros '000
Guarantees granted:		
Guarantees	5,785,278	6,127,839
Stand-by letter of credit	336,337	293,015
Open documentary credits	191,425	272,304
Bails and indemnities	1,103,259	1,180,756
	7,416,299	7,873,914
Commitments to third parties		
Irrevocable commitments		
Term deposits contracts	58,079	28,328
Irrevocable credit lines	2,162,258	2,145,275
Securities subscription	46,577	48,024
Other irrevocable commitments	376,292	364,725
Revocable commitments		
Revocable credit lines	5,279,415	5,664,922
Bank overdraft facilities	1,172,112	1,348,330
Other revocable commitments	121,541	99,606
	9,216,274	9,699,210

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 collateralised 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.

48. Relevant events occurred during 2012

Banco Comercial Português informs about results of the offer to repurchase covered bonds

Banco Comercial Português, S.A. informs that the offer to repurchase the covered bonds listed below, issued by the Bank, has terminated on 23th March 2012:

- Issue of Euros 1,500 millions due 22 June 2017 ("OH2017");

- Issue of Euros 1,000 millions due 29 October 2014 ("OH2014");

- Issue of Euros 1,000 millions due 8 October de 2016 ("OH2016").

The investors have tendered up to € 918,650,000 (face value), which Millennium bcp has decided to accept in full. The following table sets out the amounts tendered and accepted for each issue:

- "OH2017" - Euros 467,500,000, corresponding to 9,350 covered bonds ;

- "OH2014" - Euros 129,150,000, corresponding to 2,583 covered bonds ;

- "OH2016" - Euros 322,000,000, corresponding to 6,440 covered bonds .

The purpose of the offer was to proactively manage the Bank's outstanding liability and capital structure.

The settlement date is expected to occur on 29 March 2012.

49. Segmental reporting

The segments presented, concerning business and geographic segments, are in accordance with IFRS 8. In accordance 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 Millennium bcp in Portugal, operating as a distribution channel for 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 includes the Companies segment 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 in Portugal segment includes: (i) the Companies network, that covers the financial needs of companies with an annual turnover between Euros 7.5 million and Euros 100 million, and focuses on innovation, offering a wide range of traditional banking products complemented by specialised financing; (ii) the activity of the Real Estate Business Division.

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. 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).

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 business segment result from aggregating the subsidiaries and business units integrated in each segment, including the impact from capital allocation and the 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.

Considering that the capital allocation process complies with regulatory solvency criteria currently in place, the weighted risk, as well as the capital allocated to segments, are based on Basel II methodology, with the application in Portugal in 2011 and 2012 of the IRB Advanced method for the Retail portfolio in credit risk and the IRB Foundation method for loans to companies, excluding real estate promoters and entities of the simplified rating system. Additionally, it was 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. The capital allocation for each segment, in the first quarter of 2011 and 2012, resulted from the application of 10% to the risks managed by each segment. 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, travelling accommodation 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 2011 is presented on a comparable basis with the information reported in 2012, reflecting the current organisational structure of the Group's business areas referred to in the Segment description described above, and considering the effect of the transfer of clients and also the redeployment of cost of funds held under the rationalization of the business platform.

The net contributions of each segment include, where applicable, the non-controlling interests. Thus, the net contribution reflects the individual results achieved by its business units, independent of the percentage held by the Group, including the impact of movements of funds described above. The following information is based on financial statements prepared according to IFRS and on the organisational model in place for the Group, as at 31 March 2012.

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.

As at 31 March 2012, the net contribution of the major business segments is analysed as follows:

	Commercial Banking			Companies Banking					
	Retail in Portugal	Foreign Business	Total	Companies in Portugal	Corporate and Investment Banking in Portugal	Total	Private Banking and Asset Management	Other	Consolidated
Income statement									
Interest income	252,219	334,335	586,554	131,685	199,581	331,266	43,674	51,153	1,012,647
Interest expense	(184,776)	(203,058)	(387,834)	(68,105)	(125,678)	(193,783)	(33,983)	(79,570)	(695,170)
Net interest income	67,443	131,277	198,720	63,580	73,903	137,483	9,691	(28,417)	317,477
Commissions and other income	106,014	73,809	179,823	25,698	65,774	91,472	14,049	(41,542)	243,802
Commissions and other costs	(3,890)	(22,502)	(26,392)	(708)	(2,804)	(3,512)	(4,058)	(46,030)	(79,992)
Net commissions and other income	102,124	51,307	153,431	24,990	62,970	87,960	9,991	(87,572)	163,810
Net gains arising from trading activity	(4)	43,981	43,977	-	(13,160)	(13,160)	253	160,266	191,336
Staff costs and administrative costs	153,781	128,743	282,524	21,461	19,375	40,836	12,682	11,858	347,900
Depreciations	446	10,395	10,841	55	28	83	103	10,451	21,478
Operating costs	154,227	139,138	293,365	21,516	19,403	40,919	12,785	22,309	369,378
Impairment and provisions	(28,779)	(35,240)	(64,019)	(68,698)	(54,944)	(123,642)	(2,606)	(26,281)	(216,548)
Share of profit of associates under the equity method	-	747	747	-	(24)	(24)	-	12,128	12,851
Net gain from the sale of other assets	-	-	-	-	-	-	-	(8,058)	(8,058)
Net income before income tax	(13,443)	52,934	39,491	(1,644)	49,342	47,698	4,544	(243)	91,490
Income tax	3,824	(10,794)	(6,970)	488	(14,309)	(13,821)	(1,660)	(9,739)	(32,190)
Non-controlling interests	-	(19,665)	(19,665)	-	-	-	-	1,124	(18,541)
Net income after income tax	(9,619)	22,475	12,856	(1,156)	35,033	33,877	2,884	(8,858)	40,759
Income between segments	9,283	-	9,283	(1,553)	(6,513)	(8,066)	(1,217)	-	-
Balance sheet									
Cash and Loans and advances to credit institutions	2,069,422	2,532,291	4,601,713	1,253,309	7,873,192	9,126,501	3,396,253	(11,744,166)	5,380,301
Loans and advances to customers	27,758,294	15,983,018	43,741,312	10,503,220	13,530,300	24,033,520	1,636,335	(1,080,780)	68,330,387
Financial assets	1,527	2,432,146	2,433,673	-	5,698,488	5,698,488	31,655	4,548,425	12,712,241
Other assets	114,540	674,850	789,390	12,643	284,491	297,134	24,667	4,494,528	5,605,719
Total Assets	29,943,783	21,622,305	51,566,088	11,769,172	27,386,471	39,155,643	5,088,910	(3,781,993)	92,028,648
Deposits from other credit institutions	5,217,967	4,573,508	9,791,475	4,905,152	10,392,142	15,297,294	2,165,838	(8,500,336)	18,754,271
Deposits from customers	20,199,545	14,580,696	34,780,241	1,955,271	7,282,041	9,237,312	2,694,157	2,814,578	49,526,288
Debt securities issued	3,348,146	340,614	3,688,760	3,646,739	7,225,316	10,872,055	-	-	14,560,815
Other financial liabilities held for trading at fair value through profit or loss	333,053	188,689	521,742	362,755	718,729	1,081,484	30,230	(51,909)	1,581,547
Other financial liabilities	6,095	375,762	381,857	6,194	19,540	25,734	1,350	1,127,199	1,536,140
Other liabilities	(159,398)	232,120	72,722	(121,510)	(78,495)	(200,005)	(23,770)	1,660,782	1,509,729
Total Liabilities	28,945,408	20,291,389	49,236,797	10,754,601	25,559,273	36,313,874	4,867,805	(2,949,686)	87,468,790
Equity and non-controlling interests	998,375	1,330,916	2,329,291	1,014,571	1,827,198	2,841,769	221,105	(832,307)	4,559,858
Total Liabilities, Equity and non-controlling interests	29,943,783	21,622,305	51,566,088	11,769,172	27,386,471	39,155,643	5,088,910	(3,781,993)	92,028,648

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

	Commercial Banking			Companies Banking					
	Retail in Portugal	Foreign Business	Total	Companies in Portugal	Corporate and Investment Banking in Portugal	Total	Private Banking and Asset Management	Other	Consolidated
Income statement									
Interest income	252,255	290,388	542,643	113,982	140,264	254,246	31,997	117,988	946,874
Interest expense	(198,098)	(157,249)	(355,347)	(58,837)	(78,612)	(137,449)	(24,355)	(28,159)	(545,310)
Net interest income	54,157	133,139	187,296	55,145	61,652	116,797	7,642	89,829	401,564
Commissions and other income	113,112	73,482	186,594	23,684	42,797	66,481	16,918	6,361	276,354
Commissions and other costs	(4,705)	(18,223)	(22,928)	(326)	(837)	(1,163)	(4,705)	(28,677)	(57,473)
Net commissions and other income	108,407	55,259	163,666	23,358	41,960	65,318	12,213	(22,316)	218,881
Net gains arising from trading activity	(43)	22,499	22,456	-	8,143	8,143	95	(4,215)	26,479
Staff costs and administrative costs	158,974	125,983	284,957	15,899	17,864	33,763	12,641	(17,333)	314,028
Depreciations	474	12,007	12,481	23	27	50	78	12,219	24,828
Operating costs	159,448	137,990	297,438	15,922	17,891	33,813	12,719	(5,114)	338,856
Impairment and provisions	(39,659)	(30,786)	(70,445)	(48,531)	(44,738)	(93,269)	962	(35,173)	(197,925)
Share of profit of associates under the equity method	-	-	-	-	(19)	(19)	-	16,749	16,730
Net gain from the sale of other assets	-	-	-	-	-	-	-	(3,234)	(3,234)
Net income before income tax	(36,586)	42,121	5,535	14,050	49,107	63,157	8,193	46,754	123,639
Income tax	10,526	(8,900)	1,626	(4,061)	(14,242)	(18,303)	(3,333)	5,248	(14,762)
Non-controlling interests	-	(18,311)	(18,311)	-	-	-	-	(467)	(18,778)
Net income after income tax	(26,060)	14,910	(11,150)	9,989	34,865	44,854	4,860	51,535	90,099
Income between segments	17,488	-	17,488	10,198	(27,689)	(17,491)	(27,689)	-	(27,692)
Balance sheet									
Cash and Loans and advances to credit institutions	3,273,177	2,852,625	6,125,802	2,561,089	6,072,100	8,633,189	3,886,026	(14,901,398)	3,743,619
Loans and advances to customers	30,917,914	15,498,360	46,416,274	11,539,248	13,628,289	25,167,537	2,211,337	(1,105,475)	72,689,673
Financial assets	1,149	2,349,637	2,350,786	-	3,426,363	3,426,363	29,991	8,224,974	14,032,114
Other assets	590,220	507,659	1,097,879	34,133	153,212	187,345	30,231	3,395,894	4,711,349
Total Assets	34,782,460	21,208,281	55,990,741	14,134,470	23,279,964	37,414,434	6,157,585	(4,386,005)	95,176,755
Deposits from other credit institutions	5,006,264	4,623,440	9,629,704	3,889,979	6,928,678	10,818,657	3,159,095	(4,198,725)	19,408,731
Deposits from customers	19,096,992	13,611,293	32,708,285	2,151,058	8,154,463	10,305,521	2,697,458	(844,339)	44,866,925
Debt securities issued	7,057,888	804,339	7,862,227	5,500,079	4,822,679	10,322,758	-	(1,086,475)	17,098,510
Other financial liabilities held for trading at fair value through profit or loss	1,970,671	229,531	2,200,202	1,535,707	1,346,566	2,882,273	28,276	(162,285)	4,948,466
Other financial liabilities	63,367	276,572	339,939	45,118	76,608	121,726	11,354	1,111,617	1,584,636
Other liabilities	199,155	400,443	599,598	24,160	160,238	184,398	12,668	886,935	1,683,599
Total Liabilities	33,394,337	19,945,618	53,339,955	13,146,101	21,489,232	34,635,333	5,908,851	(4,293,272)	89,590,867
Equity and non-controlling interests	1,388,123	1,262,663	2,650,786	988,369	1,790,732	2,779,101	248,734	(92,733)	5,585,888
Total Liabilities, Equity and non-controlling interests	34,782,460	21,208,281	55,990,741	14,134,470	23,279,964	37,414,434	6,157,585	(4,386,005)	95,176,755

As at 31 March 2012, the net contribution of the major geographic segments is analysed as follows:

	Portugal											
	Retail Banking	Companies	Private Banking and Asset Management	Corporate and Investment Banking	Other	Total	Poland	Greece	Angola	Mozambique	Other	Consolidated
Income statement												
Interest income	252,219	131,685	28,316	199,581	51,153	662,954	182,532	61,398	24,878	57,361	23,524	1,012,647
Interest expense	(184,776)	(68,105)	(20,142)	(125,678)	(79,570)	(478,271)	(115,044)	(54,751)	(8,070)	(19,689)	(19,345)	(695,170)
Net interest income	67,443	63,580	8,174	73,903	(28,417)	184,683	67,488	6,647	16,808	37,672	4,179	317,477
Commissions and other income	106,014	25,698	8,748	65,774	(41,542)	164,692	40,509	7,369	6,004	18,394	6,834	243,802
Commissions and other costs	(3,890)	(708)	(2,417)	(2,804)	(46,030)	(55,849)	(10,036)	(3,957)	(675)	(7,415)	(2,060)	(79,992)
Net commissions and other income	102,124	24,990	6,331	62,970	(87,572)	108,843	30,473	3,412	5,329	10,979	4,774	163,810
Net gains arising from trading activity	(4)	-	-	(13,160)	160,266	147,102	7,359	21,633	6,990	6,911	1,341	191,336
Staff costs and administrative costs	153,781	21,461	7,267	19,375	11,858	213,742	63,411	21,337	14,877	20,917	13,616	347,900
Depreciations	446	55	-	28	10,451	10,980	3,366	1,975	2,197	2,106	854	21,478
Operating costs	154,227	21,516	7,267	19,403	22,309	224,722	66,777	23,312	17,074	23,023	14,470	369,378
Impairment and provisions	(28,779)	(68,698)	(2,199)	(54,944)	(26,281)	(180,901)	(9,038)	(18,454)	(2,347)	(5,202)	(606)	(216,548)
Share of profit of associates under the equity method	-	-	-	(24)	12,128	12,104	747	-	-	-	-	12,851
Net gain from the sale of other assets	-	-	-	-	(8,058)	(8,058)	-	-	-	-	-	(8,058)
Net income before income tax	(13,443)	(1,644)	5,039	49,342	(243)	39,051	30,252	(10,074)	9,706	27,337	(4,782)	91,490
Income tax	3,824	488	(1,436)	(14,309)	(9,739)	(21,172)	(6,594)	1,218	(1,164)	(4,911)	433	(32,190)
Non-controlling interests	-	-	-	-	1,124	1,124	(8,160)	-	(4,038)	(7,467)	-	(18,541)
Net income after income tax	(9,619)	(1,156)	3,603	35,033	(8,858)	19,003	15,498	(8,856)	4,504	14,959	(4,349)	40,759
Income between segments	9,283	(1,553)	(1,217)	(6,513)	-	-	-	-	-	-	-	-
Balance sheet												
Cash and Loans and advances to credit institutions	2,069,422	1,253,309	616,822	7,873,192	(11,744,166)	68,579	916,605	823,280	368,626	336,091	2,867,120	5,380,301
Loans and advances to customers	27,758,294	10,503,220	1,081,094	13,530,300	(1,080,780)	51,792,128	9,669,408	4,601,853	454,856	899,562	912,580	68,330,387
Financial assets	1,527	-	1,649	5,698,488	4,548,425	10,250,089	1,438,157	204,231	370,415	331,409	117,940	12,712,241
Other assets	114,540	12,644	5,146	284,491	4,494,528	4,911,349	166,628	185,206	157,380	137,237	47,919	5,605,719
Total Assets	29,943,783	11,769,173	1,704,711	27,386,471	(3,781,993)	67,022,145	12,190,798	5,814,570	1,351,277	1,704,299	3,945,559	92,028,648
Deposits from other credit institutions	5,217,967	4,905,152	79,677	10,392,142	(8,500,336)	12,094,602	1,644,135	2,111,589	409,824	175,536	2,318,585	18,754,271
Deposits from customers	20,199,545	1,955,271	1,563,712	7,282,041	2,814,578	33,815,147	9,230,487	3,020,178	817,693	1,217,279	1,425,504	49,526,288
Debt securities issued	3,348,146	3,646,739	-	7,225,316	-	14,220,201	172,567	140,357	-	27,690	-	14,560,815
Other financial liabilities held for trading at fair value through profit or loss	333,053	362,755	-	718,729	(51,909)	1,362,628	76,486	111,410	-	-	31,023	1,581,547
Other financial liabilities	6,095	6,194	405	19,540	1,127,199	1,159,433	363,827	8,400	592	803	3,085	1,536,140
Other liabilities	(159,398)	(121,509)	(5,383)	(78,495)	1,660,782	1,295,997	70,827	(16,225)	26,205	151,475	(18,550)	1,509,729
Total Liabilities	28,945,408	10,754,602	1,638,411	25,559,273	(2,949,686)	63,948,008	11,558,329	5,375,709	1,254,314	1,572,783	3,759,647	87,468,790
Equity and non-controlling interests	998,375	1,014,571	66,300	1,827,198	(832,307)	3,074,137	632,469	438,861	96,963	131,516	185,912	4,559,858
Total Liabilities, Equity and non-controlling interests	29,943,783	11,769,173	1,704,711	27,386,471	(3,781,993)	67,022,145	12,190,798	5,814,570	1,351,277	1,704,299	3,945,559	92,028,648

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

	Portugal											
	Retail Banking	**Companies**	**Private Banking and Asset Management**	**Corporate and Investment Banking**	**Other**	**Total**	**Poland**	**Greece**	**Angola**	**Mozambique**	**Other**	**Consolidated**
Income statement												
Interest income	252,255	113,982	14,873	140,264	117,988	639,362	154,860	61,702	21,388	42,515	27,047	946,874
Interest expense	(198,098)	(58,837)	(10,215)	(78,612)	(28,159)	(373,921)	(92,609)	(41,820)	(6,618)	(11,063)	(19,279)	(545,310)
Net interest income	54,157	55,145	4,658	61,652	89,829	265,441	62,251	19,882	14,770	31,452	7,768	401,564
Commissions and other income	113,112	23,684	10,797	42,797	6,361	196,751	44,671	8,313	4,691	14,317	7,611	276,354
Commissions and other costs	(4,705)	(326)	(3,367)	(837)	(28,677)	(37,912)	(8,079)	(3,586)	(553)	(5,428)	(1,915)	(57,473)
Net commissions and other income	108,407	23,358	7,430	41,960	(22,316)	158,839	36,592	4,727	4,138	8,889	5,696	218,881
Net gains arising from trading activity	(43)	-	(4)	8,143	(4,215)	3,881	8,932	2,468	7,008	3,612	578	26,479
Staff costs and administrative costs	158,974	15,899	7,738	17,864	(17,333)	183,142	63,715	25,827	12,262	15,187	13,895	314,028
Depreciations	474	23	-	27	12,219	12,743	4,376	2,496	1,546	1,665	2,002	24,828
Operating costs	159,448	15,922	7,738	17,891	(5,114)	195,885	68,091	28,323	13,808	16,852	15,897	338,856
Impairment and provisions	(39,659)	(48,531)	4,347	(44,738)	(35,173)	(163,754)	(9,433)	(12,722)	(3,277)	(2,258)	(6,481)	(197,925)
Share of profit of associates under the equity method	-	-	-	(19)	16,749	16,730	-	-	-	-	-	16,730
Net gain from the sale of other assets	-	-	-	-	(3,234)	(3,234)	-	-	-	-	-	(3,234)
Net income before income tax	(36,586)	14,050	8,693	49,107	46,754	82,018	30,251	(13,968)	8,831	24,843	(8,336)	123,639
Income tax	10,526	(4,061)	(2,429)	(14,242)	5,248	(4,958)	(6,671)	2,681	(1,630)	(4,500)	316	(14,762)
Non-controlling interests	-	-	-	-	(467)	(467)	(8,133)	-	(3,404)	(6,774)	-	(18,778)
Net income after income tax	(26,060)	9,989	6,264	34,865	51,535	76,593	15,447	(11,287)	3,797	13,569	(8,020)	90,099
Income between segments	17,488	10,198	3	(27,689)	-	-	-	-	-	-	-	-
Balance sheet												
Cash and Loans and advances to credit institutions	3,273,177	2,561,089	444,030	6,072,100	(14,901,398)	(2,551,002)	789,079	1,485,332	232,553	258,348	3,529,309	3,743,619
Loans and advances to customers	30,917,914	11,539,248	1,198,152	13,628,289	(1,105,475)	56,178,128	9,044,817	4,910,525	444,277	797,837	1,314,089	72,689,673
Financial assets	1,149	-	1,593	3,426,363	8,224,974	11,654,079	1,434,463	364,966	271,533	147,574	159,499	14,032,114
Other assets	590,220	34,133	16,644	153,212	3,395,894	4,190,103	164,157	136,407	80,985	95,156	44,541	4,711,349
Total Assets	34,782,460	14,134,470	1,660,419	23,279,964	(4,386,005)	69,471,308	11,432,516	6,897,230	1,029,348	1,298,915	5,047,438	95,176,755
Deposits from other credit institutions	5,006,264	3,889,979	68,165	6,928,678	(4,198,725)	11,694,361	1,136,155	2,923,991	280,962	61,932	3,311,330	19,408,731
Deposits from customers	19,096,992	2,151,058	1,502,971	8,154,463	(844,339)	30,061,145	8,902,563	2,869,137	602,788	944,252	1,487,040	44,866,925
Debt securities issued	7,057,888	5,500,079	-	4,822,679	(1,086,475)	16,294,171	259,688	520,944	-	23,707	-	17,098,510
Other financial liabilities held for trading at fair value through profit or loss	1,970,671	1,535,707	-	1,346,566	(162,285)	4,690,659	132,540	96,375	1	-	28,891	4,948,466
Other financial liabilities	63,367	45,118	3,473	76,608	1,111,617	1,300,183	231,606	33,193	4,380	6,015	9,259	1,584,636
Other liabilities	199,155	24,160	9,721	160,238	886,935	1,280,209	177,384	41,403	45,265	131,253	8,085	1,683,599
Total Liabilities	33,394,337	13,146,101	1,584,330	21,489,232	(4,293,272)	65,320,728	10,839,936	6,485,043	933,396	1,167,159	4,844,605	89,590,867
Equity and non-controlling interests	1,388,123	988,369	76,089	1,790,732	(92,733)	4,150,580	592,580	412,187	95,952	131,756	202,833	5,585,888
Total Liabilities, Equity and non-controlling interests	34,782,460	14,134,470	1,660,419	23,279,964	(4,386,005)	69,471,308	11,432,516	6,897,230	1,029,348	1,298,915	5,047,438	95,176,755

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

Description of the relevant items of reconciliation:

	Mar 2012 Euros '000	Mar 2011 Euros '000
Net income (*)		
Retail Banking in Portugal	(9,619)	(26,060)
Companies	(1,156)	9,989
Corporate and Investment Banking	35,033	34,865
Private Banking e Asset Management	3,603	6,264
Foreign Business	41,421	31,817
	69,282	56,875
Impact on the Net interest income of the allocation of capital (1)	1,430	2,681
	67,852	54,194
Amounts not allocated to segments		
Non-controlling interests (2)	(18,541)	(18,778)
Operating expenses (3)	(22,309)	(5,114)
Loan impairment and other provisions (4)	(26,281)	(35,173)
Equity accounted earnings	12,851	16,763
Own Credit Risk	(19,369)	19,224
Gain on repurchase of own issues (liability management)	95,575	38,481
Exchange rate differences of investments	(30,022)	7,560
Tax effects and others (5)	(18,997)	12,942
Total not allocated to segments	(27,093)	35,905
Consolidated net income	40,759	90,099

(*) The net income is not deducted, when applicable, from non-controlling interests.

(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 difference in costs allocated to the 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) Includes funding for non interest bearing assets and the financial strategies as well as tax effect associated with the items previously discriminated.

50. BCP list of subsidiary and associated companies

As at 31 March 2012 the Banco Comercial Português Group's subsidiary companies included in the consolidated accounts using the full consolidation method according, were as follows:

					Group		Bank
Subsidiary companies	**Head office**	**Share capital**	**Currency**	**Activity**	**% control**	**% held**	**% held**
Millennium bcp Gestão de Activos - Sociedade Gestora de Fundos de Investimento, S.A.	Oeiras	6,720,691	EUR	Investment fund management	100.0	100.0	100.0
Interfundos - Gestão de Fundos de Investimento Imobiliários, S.A.	Lisbon	1,500,000	EUR	Investment fund management	100.0	100.0	100.0
BII Investimentos International, S.A.	Luxembourg	150,000	EUR	Investment fund management	100.0	100.0	–
BCP Capital - Sociedade de Capital de Risco, S.A.	Lisbon	28,500,000	EUR	Venture capital	100.0	100.0	100.0
Banco de Investimento Imobiliário, S.A.	Lisbon	217,000,000	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	41,000,000	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.	Warsaw	1,213,116,777	PLN	Banking	65.5	65.5	65.5
Millennium TFI - Towarzystwo Funduszy Inwestycyjnych, S.A.	Warsaw	10,300,000	PLN	Investment fund management	100.0	65.5	–
Millennium Dom Maklerski, S.A.	Warsaw	16,500,000	PLN	Broker	100.0	65.5	–
Millennium Leasing, Sp.z o.o.	Warsaw	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.	Warsaw	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.	Warsaw	1,000,000	PLN	Services	100.0	65.5	–
Millennium Telecomunication, Sp.z o.o.	Warsaw	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	199,580,000	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	759,980	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.	Bucharest	303,195,000	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.	Rotterdam	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
ALO Investments B.V.	Amsterdam	18,000	EUR	Holding company	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	202,176,149	EUR	Investment	100.0	15.3	–
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	Videotext 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 Management 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
Propaço- Sociedade Imobiliária De Paço D'Arcos, Lda	Oeiras	5,000	EUR	Real-estate company	52.7	52.7	52.7

The Group also consolidates under full consolidation method the following Investment Funds: "Fundo de Investimento Imobiliário Imosotto Acumulação", "Fundo de Investimento Imobiliário Gestão Imobiliária", "Fundo de Investimento Imobiliário Imorenda", "Fundo Especial de Investimento Imobiliário Oceânico II", "Fundo Especial de Investimento Imobiliário Fechado Stone Capital", "Fundo Especial de Investimento Imobiliário Fechado Sand Capital", "Fundo de Investimento Imobiliário Fechado Gestimo, M Inovação - Fundo de Capital de Risco BCP Capital and "Fundo Especial de Investimento Imobiliário Fechado Intercapital", as referred in the accounting policy presented in note 1 b).

As at 31 March 2012 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	–
ACT-C-Indústria de Cortiças, S.A.	Sta.Maria Feira	17,923,625	EUR	Extractive industry	20.0	20.0	20.0
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	10,810,000	USD	Services	10.0	10.0	–
Lubuskie Fabryki Mebli, S.A.	Swiebodzin	13,400,050	PLN	Furniture manufacturer	50.0	32.8	–
Nanium, S.A.	Vila do Conde	15,000,000	EUR	Electronic equipments	41.1	41.1	41.1
Pomorskie Hurtowe Centrum Rolno - Spożywcze S.A.	Gdansk	21,357,000	PLN	Wholesale business	38.4	25.2	–
Quinta do Furão - Sociedade de Animação Turística e Agrícola de Santana, Lda	Funchal	1,870,492	EUR	Turism	31.3	31.3	–
SIBS - Forward Payment Solutions, S.A.	Lisbon	24,642,300	EUR	Banking services	21.9	21.9	21.5
Sicit - Sociedade de Investimentos e Consultoria em Infra-Estruturas de Transportes, S.A	Oeiras	50,000	EUR	Advisory and services	25.0	25.0	25.0
UNICRE - Instituição Financeira de Crédito, S.A.	Lisbon	10,000,000	EUR	Credit cards	32.0	32.0	31.7
VSC - Aluguer de Veículos Sem Condutor, Lda.	Lisbon	12,500,000	EUR	Long term rental	50.0	50.0	–

As at 31 March 2012 the Banco Comercial Português Group's subsidiary and associated insurance companies included in the consolidated accounts under the full consolidation 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.	Oeiras	1,000,002,375	EUR	Holding company	49.0	49.0	–
Médis - Companhia Portuguesa Seguros de Saúde, S.A.	Oeiras	12,000,000	EUR	Health insurance	49.0	49.0	–
Ocidental - Companhia Portuguesa de Seguros de Vida, S.A.	Oeiras	22,375,000	EUR	Life insurance	49.0	49.0	–
Ocidental - Companhia Portuguesa de Seguros, S.A.	Oeiras	12,500,000	EUR	Non-life insurance	49.0	49.0	–
Pensõesgere, Sociedade Gestora Fundos de Pensões, S.A.	Oeiras	1,200,000	EUR	Pension fund management	49.0	49.0	–