



## **Consolidated quarterly information (unaudited accounts)**

**Banco BPI**

**1<sup>st</sup> quarter 2012**

(in accordance with article 10 of CMVM Regulation 5 / 2008)

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## LEADING INDICATORS

Amounts in M.€

	Domestic activity			International activity			Consolidated		
	Mar.11	Mar.12	Chg.%	Mar.11	Mar.12	Chg.%	Mar.11	Mar.12	Chg.%
<b>Net profit, efficiency and profitability</b>									
Net profit (as reported)	20.7	<b>19.8</b>	(4.7%)	24.5	<b>19.5</b>	(20.4%)	45.3	<b>39.3</b>	(13.2%)
Net profit (as reported) per share (EPS)	0.021	<b>0.020</b>	(4.7%)	0.025	<b>0.020</b>	(20.4%)	0.046	<b>0.040</b>	(13.2%)
Weighted average number of shares <sup>1)</sup>	982	<b>983</b>	0.1%	982	<b>983</b>	0.1%	982	<b>983</b>	0.1%
Efficiency ratio (last 12 months) <sup>2)</sup>	72.5%	<b>81.8%</b>		33.7%	<b>39.1%</b>		61.0%	<b>68.3%</b>	
Return on average total assets (ROA)	0.2%	<b>0.2%</b>		4.0%	<b>2.9%</b>		0.6%	<b>0.5%</b>	
Return on Shareholders' equity (ROE)	4.4%	<b>5.6%</b>		32.6%	<b>22.8%</b>		8.3%	<b>9.0%</b>	
<b>Balance sheet</b>									
Net total assets <sup>3)</sup>	39 989	<b>40 093</b>	0.3%	4 805	<b>5 331</b>	11.0%	44 153	<b>44 754</b>	1.4%
Loans to Customers	28 455	<b>27 398</b>	(3.7%)	1 075	<b>1 001</b>	(6.9%)	29 529	<b>28 399</b>	(3.8%)
Deposits and retail bonds	22 545	<b>22 243</b>	(1.3%)	4 094	<b>4 573</b>	11.7%	26 639	<b>26 816</b>	0.7%
On-balance sheet Customer resources	26 206	<b>25 247</b>	(3.7%)	4 094	<b>4 573</b>	11.7%	30 299	<b>29 820</b>	(1.6%)
Off-balance sheet Customer resources <sup>4)</sup>	2 490	<b>1 922</b>	(22.8%)				2 490	<b>1 922</b>	(22.8%)
Total Customer resources <sup>5)</sup>	28 317	<b>26 846</b>	(5.2%)	4 094	<b>4 573</b>	11.7%	32 411	<b>31 419</b>	(3.1%)
<b>Asset quality</b>									
Loans in arrears for more than 90 days	585	<b>712</b>	21.7%	50	<b>68</b>	36.5%	635	<b>780</b>	22.8%
Ratio of loans in arrears <sup>6)</sup>	2.0%	<b>2.5%</b>		4.3%	<b>6.3%</b>		2.1%	<b>2.7%</b>	
Credit at risk <sup>7)</sup>	2.6%	<b>3.6%</b>		7.8%	<b>9.1%</b>		2.8%	<b>3.8%</b>	
Cost of credit risk <sup>8)</sup>	0.36%	<b>0.65%</b>		1.15%	<b>0.99%</b>		0.39%	<b>0.66%</b>	
<b>Pension liabilities</b>									
Employees pension liabilities	2 310	<b>844</b>					2 310	<b>844</b>	
Employees pension funds assets	2 414	<b>900</b>					2 414	<b>900</b>	
Cover of pension obligations <sup>9)</sup>	104.5%	<b>106.6%</b>					104.5%	<b>106.6%</b>	
<b>Capital</b>									
Shareholders' equity and minority interests	1 413	<b>571</b>	(59.6%)	527	<b>606</b>	15.0%	1 940	<b>1 177</b>	(39.3%)
Core Tier I							2 258	<b>2 349</b>	4.0%
Own funds							2 837	<b>2 364</b>	(16.6%)
Risk weighted assets							25 194	<b>24 972</b>	(0.9%)
Core Tier I							9.0%	<b>9.4%</b>	
Tier I							9.4%	<b>9.2%</b>	
Capital ratio							11.3%	<b>9.5%</b>	
<b>Distribution network and staff</b>									
Distribution network <sup>10)</sup>	815	<b>758</b>	(7.0%)	144	<b>159</b>	10.4%	959	<b>917</b>	(4.4%)
BPI Group staff <sup>11)</sup>	7 386	<b>6 821</b>	(7.6%)	2 028	<b>2 144</b>	5.7%	9 414	<b>8 965</b>	(4.8%)

1) Average outstanding number of shares, deducted of treasury stock.

2) Excluding non-recurring impacts. The efficiency ratio corresponds to operating costs, excluding costs with early-retirements, as % of net operating revenue.

3) The total assets for each of the geographical segments presented above has not been corrected for the balances resulting from operations between these segments.

4) Unit trust funds, PPR and PPA (excludes pension funds).

5) Corrected for double counting: placements of unit trust funds managed by BPI in the Group's deposits, structured products and unit trust funds.

6) Loans in arrears for more than 90 days.

7) Calculated in accordance with Bank of Portugal Instruction 23/2011. It includes loans in arrears for more than 90 days, falling-due loans associated, restructured loans (previously with instalments in arrears for more than 90 days), insolvencies that have not yet been included in loans in arrears for more than 90 days.

8) Loan impairments in the period (P&L account), net of arrear loans recovered, as percentage of the average performing loan portfolio, in annualised terms.

9) Cover of pension obligations by the pension funds assets.

10) Includes traditional branches, housing shops, investment centres, corporate centres, Institutions and one Project Finance centre. Domestic activity distribution network includes branches in Paris (12 branches).

11) Includes temporary workers.

## CONSOLIDATED OVERVIEW

Banco BPI earned a consolidated net profit of 39.3 million euro (M.€) in the 1<sup>st</sup> quarter 2012, a 13% decrease when compared to the 45.3 M.€ net profit posted in the same period of 2011. Pre-tax profit increased 1.3% year-on-year. Earnings per share (Basic EPS) was 0.040 € in the 1<sup>st</sup> quarter 2012 (0.046 € in same quarter of 2011).

The return on average Shareholders' equity was 9% in the 1<sup>st</sup> quarter 2012.

Consolidated net operating revenue increased by 4.1% (+11.4 M.€) relative to the 1<sup>st</sup> quarter of 2011, as a result of the 53.4 M.€ increase in profits from financial operations, to 88.6 M.€ which includes gains with the repurchase of own debt securities and interest rate risk hedging, and the 3.0 M.€ increase in commissions (+4.1%), which compensated for the 22% year-on-year drop in consolidated net interest income, pressed by the cost of term deposits and the low level of short term interest rates.

Consolidated operating costs were down by 3.2% relative to the 1<sup>st</sup> quarter of 2011. In the domestic activity, operating costs fell 6.5%, year-on-year.

The net credit loss, which corresponds to the amount of impairment charges recognised in the period, net of recoveries of arrear loans and interest written off, was 0.66% of the loan portfolio's average balance in the 1<sup>st</sup> quarter of 2012, in annualised terms. The ratio of non-performing loans ("credit at risk" indicator), calculated in accordance with Bank of Portugal Instruction 23 / 2011, was 3.8% at the end of March 2012.

Clients deposits grew by 6.6% year-on-year (+ 1.5 Bi.€), while the consolidated loan portfolio decreased 3.8% (-1.1 Bi.€) in the same period. In the consolidated accounts, the ratio of loans-to-Customer resources<sup>1</sup> was 107% at the end of March 2012.

At 31 March 2012, the core Tier I ratio stood at 9.4%.

The pension liabilities under the Bank's responsibility amounted to 844.1 M.€ at the end of March 2012 and were 107% covered by the pension fund assets.

Medium and long-term debt repayments from now until the end of 2016, net of redemptions of bonds held, are practically null: 100 M.€.

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1) Deposits and retail bonds.

## Net profit

Banco BPI earned a consolidated net profit of 39.3 million euro (M.€) in 1<sup>st</sup> quarter of 2012. Earnings per share (Basic EPS) was 0.040 € in the 1st quarter 2012 (0.046 € in the same quarter of 2011).

### Income statement

Amounts in M.€

	Mar.11	Mar. 12	Chg. M.€	Chg. %
Net interest income	160.0	124.6	( 35.5)	(22.2%)
Technical results of insurance contracts	3.8	6.4	2.6	69.5%
Commissions and other similar income (net)	72.8	75.7	3.0	4.1%
Gains and losses in financial operations	35.2	88.6	53.4	151.5%
Operating income and charges	8.3	( 3.9)	( 12.1)	(146.7%)
<b>Net operating revenue</b>	<b>280.1</b>	<b>291.4</b>	<b>11.4</b>	<b>4.1%</b>
Personnel costs	96.3	92.6	( 3.7)	(3.8%)
Outside supplies and services	58.8	58.6	( 0.2)	(0.4%)
Depreciation of fixed assets	9.9	8.5	( 1.4)	(13.9%)
<b>Operating costs</b>	<b>165.0</b>	<b>159.7</b>	<b>( 5.3)</b>	<b>(3.2%)</b>
<b>Operating profit before provisions</b>	<b>115.1</b>	<b>131.8</b>	<b>16.7</b>	<b>14.5%</b>
Recovery of loans written-off	5.0	4.0	( 1.0)	(19.5%)
Loan provisions and impairments	33.7	53.5	19.8	58.6%
Other impairments and provisions	11.4	6.4	( 5.1)	(44.4%)
<b>Profits before taxes</b>	<b>75.0</b>	<b>75.9</b>	<b>1.0</b>	<b>1.3%</b>
Corporate income tax	9.3	18.1	8.8	94.7%
Equity-accounted results of subsidiaries	6.5	1.5	( 5.0)	(76.5%)
Minority shareholders' share of profit	26.9	20.0	( 6.8)	(25.5%)
<b>Net Profit</b>	<b>45.3</b>	<b>39.3</b>	<b>( 6.0)</b>	<b>(13.2%)</b>

The return on shareholders' equity (ROE) was 9%.

### Capital allocation, recurring profit and ROE by business area in the 1<sup>st</sup> quarter 2012

Amounts in M.€

	Domestic activity				International activity Commercial Banking	BPI Group (consolidated)
	Commercial Banking	Investment Banking	Shareholdings and other	Total		
Capital allocated adjusted (M.€)	1 383.6	17.3	11.1	1 412.1	343.5	1 755.5
As % of total	78.8%	1.0%	0.6%	80.4%	19.6%	100.0%
Net profit (M.€)	19.5	0.0	0.3	19.8	19.5	39.3
<b>ROE</b>	<b>5.6%</b>	<b>-</b>	<b>10.7%</b>	<b>5.6%</b>	<b>22.8%</b>	<b>9.0%</b>

## Core Tier I ratio of 9.4%

Core Tier I ratio reached 9.4% in 31 March 2012, complying with the 9% core capital ratio required by Bank of Portugal.

### Own funds and own funds requirements

Amounts in M.€

	31 Mar. 11 <sup>1)</sup>	31 Dec. 11	31 Mar. 12 <sup>1)</sup>
<b>Basis own funds</b>	<b>2 359.8</b>	<b>2 272.5</b>	<b>2 302.2</b>
Core capital	2 258.3	2 320.7	2 349.3
Preference shares	236.6	53.4	51.5
Deductions relating to shareholdings in credit institutions and insurance companies	( 135.1)	( 101.6)	( 98.5)
<b>Complementary own funds and other deductions</b>	<b>476.7</b>	<b>76.9</b>	<b>62.1</b>
Complementary own funds, before deductions	617.5	184.7	162.5
Deductions relating to shareholdings in credit institutions and insurance companies	( 135.1)	( 101.6)	( 98.5)
Other deductions	( 5.6)	( 6.1)	( 1.9)
<b>Total own funds</b>	<b>2 836.5</b>	<b>2 349.4</b>	<b>2 364.3</b>
Own funds requirements	2 015.5	2 012.2	1 997.8
<b>Risk weighted assets<sup>2)</sup></b>	<b>25 193.8</b>	<b>25 152.2</b>	<b>24 972.1</b>
<b>Core capital</b>	<b>9.0%</b>	<b>9.2%</b>	<b>9.4%</b>
Tier I	9.4%	9.0%	9.2%
Own funds requirements ratio	11.3%	9.3%	9.5%

1) Considers the unaudited result for the 1st quarter.

2) Own funds requirements x 12.5.

In May 2011, Bank of Portugal established that banks should reach a Core Tier I capital ratio, on a consolidated basis, of 9% at the end of 2011 and 10% at the end of 2012.

According to European Banking Authority (EBA) recommendation of 8 December 2011 (EBA/REC/2011/1), supervisory authorities should require banks to constitute a temporary capital buffer that enables them to achieve a Core Tier 1 ratio of 9% on 30 June 2012, considering the exposures to sovereign debt valued at market prices. This recommendation was endorsed by Bank of Portugal Notice 5/2012. For purposes of determining the component of the temporary capital buffer designed to deal with the sovereign debt exposure valuation at market prices, the recommendation prescribes that the market prices at 30 September 2011 are the relevant prices to consider. In the case of Banco BPI, with reference to 30 September 30 2011, a capital buffer of 1389 million of euro was identified, of which 1 359 million euro relate to sovereign debt exposure.

### Customer resources and loans

The consolidated Customer loans portfolio stood at 28.4 Bi.€ at 31 March 2012, which corresponds to 4% yoy decline. Customer deposits went up by 7% yoy to 24.1 Bi.€

### Net funding from ECB of 4.0 Bi.€

At 31 March 2012, net funding from the ECB stood at 4.0 Bi. €

## Loans to Customer resources ratio

In the consolidated accounts, the “loans / deposits” ratio was 107%<sup>1</sup> at 31 March 2012. Therefore, BPI already meets the indicative threshold of 120% for Portuguese banks at the end of 2014.

## Revenues and costs

Consolidated **net operating revenue** increased 4% relative to the 1<sup>st</sup> quarter 2011, benefiting from gains with the repurchase of own debt, recorded in profits from financial operations, whereas net interest income fell 22% yoy.

Consolidated **operating costs** decreased 3% yoy, with a more significant fall in domestic activity: 6.5%.

The **efficiency ratio** - “operating costs<sup>2</sup> as a percentage of net operating revenue” – for the last 12 months stood at 68.3%, excluding non-recurring impacts recorded on that period.

## Loan portfolio quality

At 31 March 2012, the ratio of Customer **loans in arrears for more than 90 days** stood at 2.7% in the consolidated accounts.

The ratio of credit at risk<sup>3</sup> was 3.8% in the consolidated accounts. About half of the deterioration in the indicator relative to December (+0.6 p.p.) was explained by three cases of default in the quarter that led to a worsening in the ratio by 0.3 p.p.

### Loan portfolio quality – consolidated accounts

Amounts in M.€

	Mar.11		Dec.11		Mar.12	
	M.€	% of loan portfolio <sup>1)</sup>	M.€	% of loan portfolio <sup>1)</sup>	M.€	% of loan portfolio <sup>1)</sup>
Loans in arrears (+90 days)	635.2	2.1%	686.6	2.4%	780.3	2.7%
Loans in arrears (+ 90 days) + falling-due loans	828.0	2.7%	904.7	3.1%	1 084.8	3.7%
Credit at risk (Instruction 23/2011 BoP)	832.2	2.8%	923.9	3.2%	1 089.9	3.8%
Loans impairments (in the balance sheet)	610.7	2.0%	642.9	2.2%	694.0	2.4%
Write offs (in the period)	0.2		86.3		0.0	
Note:						
Gross loan portfolio	30 112.1		28 994.5		29 061.8	

1) As % of the gross loan portfolio

1) Calculated in accordance with Bank of Portugal Instruction 23 / 2011. Includes deposits of BPI Vida e Pensões.

2) Operating costs, excluding early-retirement costs, as percentage of net operating revenue.

3) Calculated in accordance with Bank of Portugal Instruction 23 / 2011. For purposes of calculating the non-performing ratio according, the perimeter of the Group subject to the Bank of Portugal supervision is taken into account which results, in the case of BPI, in the recognition of BPI Vida e Pensões using the equity method (whereas in accounting reporting, in accordance with IAS / IFRS, that subsidiary is consolidated in full).

### Credit risk cost

Loan impairment charges for credit risk booked in the 1<sup>st</sup> quarter 2012 amounted to 53.5 M.€ (0.72% of the loan portfolio). On the other hand, 4 M.€ in arrear loans and interest previously written off (0.06% of the loan portfolio) were recovered, hence, loan impairments net of the mentioned arrear loans recovered tallied 49.5 M.€, representing 0.66% of the loan portfolio.

### Loan portfolio quality

Amounts in M.€

	31 Mar. 11		31 Mar. 12	
	M.€	% of loan portfolio <sup>1)</sup>	M.€	% of loan portfolio <sup>1)</sup>
Loan impairments	33.7	0.46%	53.5	0.72%
Recovery of loans and interest in arrears written-off	5.0	0.07%	4.0	0.06%
<b>Loan impairments, after deducting the recovery of loans and interest in arrears written-off</b>	<b>28.7</b>	<b>0.39%</b>	<b>49.5</b>	<b>0.66%</b>

1) As percentage of the average balance of the performing loans portfolio. In annualised terms.

### Profitability, efficiency, loan quality and solvency

Consolidated indicators according to the Bank of Portugal Notice 23/2011

	31 Mar. 11 reported	31 Dec. 11 reported	31 Dec. 11 excl. non- recurring	31 Mar. 12 reported
Net operating revenue and results of equity accounted subsidiaries / ATA	2.5%	2.4%	2.4%	2.7%
Profit before taxation and minority interests / ATA	0.7%	-0.8%	0.5%	0.7%
Profit before taxation and minority interests / average shareholders' equity (including minority interests)	16.4%	-20.5%	13.0%	33.1%
Personnel costs / net operating revenue and results of equity accounted subsidiaries <sup>1)</sup>	33.6%	36.1%	36.8%	31.6%
Operating costs / net operating revenue and results of equity accounted subsidiaries <sup>1)</sup>	57.6%	61.6%	62.6%	54.5%
Loans in arrears for more than 90 days + doubtful loans / loan portfolio (gross)	2.2%	2.5%		2.8%
Loans in arrears for more than 90 days + doubtful loans, net of accumulated loan impairments / loan portfolio (net)	0.2%	0.3%		0.5%
Non-performing loans ratio <sup>2)</sup>	2.8%	3.2%		3.8%
Non-performing loans ratio <sup>2)</sup> , net of accumulated loan impairments / loan portfolio (net)	0.9%	1.1%		1.5%
Total capital ratio (according to Bank of Portugal rules)	11.3%	9.3%		9.3% <sup>(3)</sup>
Tier I (according to Bank of Portugal rules)	9.4%	9.0%		9.0% <sup>(3)</sup>
Core Tier I	9.0%	9.2%		9.2% <sup>(3)</sup>
Loans (net) to deposits ratio	119%	109%		107%

1) Excluding early-retirement costs.

2) Loans in arrears for more than 90 days + falling-due loans associated + restructured loans (previously with instalments in arrears for more than 90 days) + insolvencies that have not yet been included in loans in arrears for more than 90 days.

3) Does not include the result for the 1<sup>st</sup> quarter (unaudited) nor the corresponding minority interests.

ATA = Average total assets.

## DOMESTIC ACTIVITY

### Net profit

Net profit from domestic activity stood at 19.8 M.€ in the 1st quarter 2012, corresponding to a 5% decrease relative to the 1<sup>st</sup> quarter of 2011.

The return on the average Shareholders' equity<sup>1</sup> allocated to the domestic activity (ROE) was 5.6% in the 1<sup>st</sup> quarter 2012.

### Income statement

Amounts in M.€

	Mar.11	Mar. 12	Chg. M.€	Chg.%
Net interest income	106.0	78.7	( 27.3)	(25.7%)
Technical results of insurance contracts	3.8	6.4	2.6	69.5%
Commissions and other similar income (net)	62.3	62.8	0.5	0.8%
Gains and losses in financial operations	18.5	74.2	55.7	301.7%
Operating income and charges	8.4	( 3.9)	( 12.3)	(145.8%)
<b>Net operating revenue</b>	<b>198.9</b>	<b>218.2</b>	<b>19.3</b>	<b>9.7%</b>
Personnel costs	82.7	77.8	( 4.9)	(5.9%)
Outside supplies and services	47.4	45.3	( 2.1)	(4.5%)
Depreciation of fixed assets	7.3	5.4	( 1.9)	(26.4%)
<b>Operating costs</b>	<b>137.5</b>	<b>128.6</b>	<b>( 9.0)</b>	<b>(6.5%)</b>
<b>Operating profit before provisions</b>	<b>61.4</b>	<b>89.7</b>	<b>28.3</b>	<b>46.1%</b>
Recovery of loans written-off	3.9	3.3	( 0.6)	(14.9%)
Loan provisions and impairments	29.3	50.3	20.9	71.4%
Other impairments and provisions	10.7	5.6	( 5.1)	(47.6%)
<b>Profits before taxes</b>	<b>25.2</b>	<b>37.1</b>	<b>11.9</b>	<b>47.0%</b>
Corporate income tax	7.6	16.7	9.1	120.6%
Equity-accounted results of subsidiaries	5.1	( 0.1)	( 5.3)	(102.7%)
Minority shareholders' share of profit	2.1	0.5	( 1.6)	(77.5%)
<b>Net Profit</b>	<b>20.7</b>	<b>19.8</b>	<b>( 1.0)</b>	<b>(4.7%)</b>

1) Excluding revaluation reserves

## Customer resources and loans

### Resources

**Customer deposits** increased 5.5%, from 18.5 Bi.€ in the 1<sup>st</sup> quarter 2011 to 19.6 Bi.€ in the 1<sup>st</sup> quarter 2012.

**Total Customer resources**, which in addition to on-balance sheet also include unit trust funds, PPA and PPR, declined 5.2% yoy, to 26.8 Bi.€

### Customers resources

Amounts in M.€

	Mar.11	Dec.11	Mar.12	Chg.% Mar.11/Mar.12
<b>On-balance sheet resources</b>				
Customers' deposits	18 543.5	19 022.5	19 558.5	5.5%
Retail bonds	4 001.6	3 344.7	2 684.3	(32.9%)
Subtotal	22 545.0	22 367.1	22 242.8	(1.3%)
Capitalisation insurance and PPR (BPI Vida)	3 660.6	3 205.0	3 004.4	(17.9%)
<b>On-balance sheet resources</b>				
<b>26 205.6</b>	<b>25 572.1</b>	<b>25 247.2</b>		<b>(3.7%)</b>
Off-balance sheet resources <sup>1</sup>	2 489.8	1 913.2	1 922.0	(22.8%)
<b>Total Customer resources<sup>2</sup></b>	<b>28 317.2</b>	<b>27 273.3</b>	<b>26 846.1</b>	<b>(5.2%)</b>
Note:				
Net loan portfolio	28 454.7	27 297.7	27 398.4	
Loans-to-Customer resources ratio <sup>3</sup>	126%	122%	123%	

1) Unit trust funds, PPR and PPA.

2) Corrected for double counting.

3) Net loan portfolio as % of on-balance sheet Customer resources, excluding capitalisation insurance.

### Loans

The domestic activity's **Customer loans** portfolio decreased by 3.7% (-1.1 Bi.€) yoy. Roughly half of the overall contraction in the loan portfolio resulted from the 20% reduction in the Madrid branch loan portfolio (-0.5 Bi. €), while the corporate loan portfolio decreased 5.6% yoy and the public sector loan portfolio decreased 7.9% yoy. Loans to individuals and small businesses decreased 1% (-0.1 Bi.€) yoy; however its balance at the end of March 2012 includes 0.8 Bi.€ that were recognised in the balance sheet following the repurchase of 35% of the equity pieces of mortgage securitisation issues, and so, on a comparable basis, the decrease is 0.9 Bi.€.

Under the agreement for the partial transfer of Employees pension liabilities to the Social Security, the State committed to repay loans granted to the public sector amounting to 0.7 Bi.€, until June 2012.

## Loans to Customers

Amounts in M.€

	Mar.11	Dec.11	Mar.12	Chg.% Mar.11/Mar.12
<b>Corporate banking</b>	<b>6 029.6</b>	<b>5 907.9</b>	<b>5 694.7</b>	<b>(5.6%)</b>
Large companies	2 727.5	2 782.8	2 707.0	(0.7%)
Medium-sized companies	3 302.1	3 125.1	2 987.7	(9.5%)
<b>Project Finance - Portugal</b>	<b>1 160.2</b>	<b>1 225.3</b>	<b>1 238.1</b>	<b>6.7%</b>
<b>Madrid branch</b>	<b>2 395.6</b>	<b>1 972.6</b>	<b>1 924.0</b>	<b>(19.7%)</b>
Project Finance	844.1	799.1	769.5	(8.8%)
Corporates	1 551.5	1 173.5	1 154.5	(25.6%)
<b>Public Sector</b>	<b>2 697.7</b>	<b>2 466.5</b>	<b>2 484.0</b>	<b>(7.9%)</b>
Central Administration	137.7	128.1	127.7	(7.3%)
Regional and local administrations	1 145.0	1 096.9	1 051.7	(8.1%)
State Corporate Sector - in the budget perimeter	530.2	343.4	345.9	(34.8%)
State Corporate Sector - outside the budget perimeter	779.3	803.3	869.1	11.5%
Other Institutional	105.5	94.8	89.6	(15.0%)
<b>Individuals and Small Businesses Banking</b>	<b>15 148.7</b>	<b>14 546.5</b>	<b>15 034.1</b>	<b>(0.8%)</b>
Mortgage loans to individuals	11 553.6	11 354.0	12 015.4	4.0%
Consumer credit / other purposes	769.5	744.2	729.0	(5.3%)
Credit Cards	169.5	175.9	159.8	(5.7%)
Car financing	375.6	313.9	290.8	(22.6%)
Small businesses	2 280.5	1 958.4	1 839.0	(19.4%)
<b>Other</b>	<b>1 022.8</b>	<b>1 178.8</b>	<b>1 023.5</b>	<b>0.1%</b>
<b>Total</b>	<b>28 454.7</b>	<b>27 297.7</b>	<b>27 398.4</b>	<b>(3.7%)</b>

## Liquidity

At the end of March 2012, BPI's funding secured from the ECB totalled 4.1 Bi.€ and the Bank had 0.1 Bi.€ of deposits at the ECB, thus resulting in a 4 Bi.€ net funding from the ECB.

On that date, BPI had additional assets of 3.7 Bi.€ capable of transformation into liquidity in operations with the ECB, corresponding to 3.6 Bi.€<sup>1</sup> of eligible assets for refinancing with the ECB, available for immediate use, and 0.1 Bi.€ of deposits at the ECB.

It should be noted that medium and long-term debt repayments from now until the end of 2016, net of redemptions of bonds held, are practically null: 100 M.€.

## Securities portfolio

The portfolio of financial assets available for sale amounted to 7 317 M.€ (book value). The most important components of the available for sale portfolio correspond to Portuguese sovereign debt (4 671 M.€, of which 2 578 M.€ were Treasury Bonds and 2 093 M.€ were Treasury Bills), to sovereign debt of other euro zone countries (Italy 961 M.€ and Ireland 333 M.€) and corporate bonds (1 074 M.€).

1) Assets net of appreciation and regulatory haircuts and after portfolio drawings at that date for repo operations with the market or for funding from the ECB itself.

### Net operating revenue

Net operating revenue in the domestic activity for the 1<sup>st</sup> quarter 2012 increased 10% (+19.3 M.€) when compared to the net operating revenue in the 1<sup>st</sup> quarter of 2011, reflecting a substantial reduction in net interest income which, however, was offset by profits from financial operations, mainly non-recurring.

Net interest income decreased 25.7% (-27.3 M.€) yoy. The trend in net interest income was significantly affected by the increase in the average cost of resources, particularly time deposits, which have offset the positive effect on the interest margin from the continuing adjustment process of loan spreads. The increased competition in attracting Customer resources reflected itself in an increase in the average remuneration of time deposits, which went up from 0.8 percentage points above Euribor in the 1<sup>st</sup> quarter 2011 to 1.8 percentage points above Euribor in the 1<sup>st</sup> quarter 2012.

Net interest income remains under pressure by:

- The above mentioned increase in the cost of deposits;
- the continued framework of low market interest rates, which translates directly in a contraction on the margin of sight deposits (3-month Euribor annual average declined from 4.6 % in 2008 to 1.0% in the 1st quarter 2012).
- the loan portfolio reduction, generating negative volume effects..

Commissions and fees (net) in the 1st quarter 2012 were higher by 1% (0.5 M €) relative to the same period of 2011. Worth highlighting the 7.5% increase (+3.4 M €) in commissions and fees from Commercial Banking.

### Net commissions and fees

Amounts in M.€

	31 Mar. 11	31 Mar. 12	Chg. M.€	Chg.%
Commercial banking <sup>1)</sup>	45.6	49.0	+3.4	7.5%
Asset management	12.6	10.0	- 2.6	(20.8%)
Investment banking <sup>1)</sup>	4.0	3.8	- 0.3	(6.6%)
<b>Total</b>	<b>62.3</b>	<b>62.8</b>	<b>+0.5</b>	<b>0.8%</b>

1) Excluding commissions from unit trust, pension funds and Private Banking, which are presented, in aggregate terms, in the caption "Asset management".

Domestic activity's profits from financial operations were 74.2 M.€ in the 1st quarter 2012 and included gains of 73.0 M € with the repurchase of own debt and interest rate hedging.

### Equity-accounted results of subsidiaries

Equity-accounted results from subsidiaries in the domestic activity were negative by 0.1 M.€ and were penalized by the negative contribution of 1.4 M.€ from Allianz Portugal.

## Equity-accounted earnings

Amounts in M.€

	31 Mar. 11	31 Mar. 12	Chg. M.€
Insurance companies	4.5	( 0.6)	- 5.1
Allianz Portugal	3.6	( 1.4)	- 5.0
Cosec	0.9	0.8	- 0.1
Finangeste	0.3	0.0	- 0.3
Unicre	0.5	0.3	- 0.2
Viacer	( 0.2)		+0.2
Other	0.0	0.1	+0.1
<b>Total</b>	<b>5.1</b>	<b>( 0.1)</b>	<b>- 5.3</b>

## Operating costs

Operating costs<sup>1</sup> have decreased 6.5% (-9.0 M.€) relative to the 1st quarter of 2011.

Personnel costs<sup>1</sup>, have decreased by 5.9% (-4.9 M.€) yoy, which mainly resulted from the 8.6% reduction in domestic activity average staff, partly reflecting the execution of an early-retirement program in the 2nd half of 2011.

Outside supplies and services decreased 4.5% (-2.1 M.€) yoy and amortisation and depreciation have decreased by 26.4% (-1.9 M.€).

## Operating costs

Amounts in M.€

	31 Mar. 11	31 Mar. 12	Chg. M.€	Chg.%
Personnel Costs	82.7	77.8	- 4.9	(5.9%)
Outside supplies and services	47.4	45.3	- 2.1	(4.5%)
Amortisation and depreciation	7.3	5.4	- 1.9	(26.4%)
<b>Operating costs</b>	<b>137.5</b>	<b>128.6</b>	<b>- 9.0</b>	<b>(6.5%)</b>
Operating costs as a % of net operating revenue (last 12 months) <sup>1)</sup>	72.5%	81.8%		

1) Excluding non-recurring impacts.

## Credit risk cost

Total loan impairments booked in the 1<sup>st</sup> quarter 2012 amounted to 50.3 M.€, which corresponds to an increase of 20.9 M.€ relative to the 1st quarter 2011. The trend in impairments is partly influenced by non-recurring impacts associated with the repurchase of the equity piece in mortgage securitisations issues (4.3 M € of impairments). The indicator of loan impairments charges as percentage of the average loan portfolio stood at 0.70% in the 1st quarter 2012, in annualised terms (0.41% in the 1st quarter 2011).

Recoveries of arrear loans and interest previously written off totalled 3.3 M.€ (0.05% of the loan portfolio), and therefore loan impairments charges deducted of the abovementioned recoveries have totalled 47.0 M.€, representing 0.65% of the average loan portfolio, in annualised terms.

1) Excluding early retirement costs

## Loan portfolio quality

Amounts in M.€

	31 Mar. 11		31 Mar. 12	
	M.€	% of loan portfolio <sup>1)</sup>	M.€	% of loan portfolio <sup>1)</sup>
Loan impairments	29.3	0.41%	50.3	0.70%
Recovery of loans and interest in arrears written-off	3.9	0.05%	3.3	0.05%
<b>Loan impairments, after deducting the recovery of loans and interest in arrears written-off</b>	<b>25.5</b>	<b>0.36%</b>	<b>47.0</b>	<b>0.65%</b>

1) As percentage of the average balance of the performing loans portfolio. In annualised terms.

## Loan portfolio quality

At 31 March 2012, the ratio of Customer loans in arrears for more than 90 days stood at 2.5% in the domestic activity (increase of 0.3 p.p. relative to December 2012).

The ratio of loans in arrears added with falling due loans associated with loans in default, indicator that encompasses the full exposure to credit with capital or interests in arrears, stood at 3.5% on the same date.

The ratio of credit at risk calculated in accordance with Bank of Portugal Instruction 23 / 2011<sup>1</sup>, was 3.6%.

## Loans in arrears for more than 90 days, falling due loans associated, credit at risk and loan impairments

	Mar. 11		Dec. 11		Mar. 12	
	M.€	% of loan portfolio <sup>1)</sup>	M.€	% of loan portfolio <sup>1)</sup>	M.€	% of loan portfolio <sup>1)</sup>
Loans in arrears (+90 days)	585.2	2.0%	621.9	2.2%	712.1	2.5%
Loans in arrears (+ 90 days) + falling-due loans	738.2	2.5%	806.4	2.9%	987.1	3.5%
Credit at risk (Instruction 23/2011 BoP)	742.5	2.6%	825.6	3.0%	992.2	3.6%
Loans impairments (in the balance sheet)	527.3	1.8%	561.7	2.0%	612.0	2.2%
Write offs (in the period)	0.2		71.8		0.0	
<b>Note:</b>						
Gross loan portfolio	28 958.1		27 896.8		27 983.4	

1) As % of the gross loan portfolio

The following table shows for each credit segment the ratio of loans in arrears added with falling due loans associated.

1) For purposes of calculating the non-performing ratio according, the perimeter of the Group subject to the Bank of Portugal supervision is taken into account which results, in the case of BPI, in the recognition of BPI Vida e Pensões using the equity method (whereas in accounting reporting, in accordance with IAS / IFRS, that subsidiary is consolidated in full).

### Ratio of loans in arrears for more than 90 days added with falling due loans associated

	Mar. 11		Dec. 11		Mar. 12	
	M.€	% of loan portfolio <sup>1)</sup>	M.€	% of loan portfolio <sup>1)</sup>	M.€	% of loan portfolio <sup>1)</sup>
Corporate banking	275.9	2.2%	285.5	2.4%	420.9	3.6%
Individuals Banking	459.0	3.0%	516.6	3.5%	561.6	3.6%
Mortgage loans	292.6	2.5%	330.7	2.9%	365.0	3.0%
Other loans to individuals	42.1	3.1%	41.1	3.2%	46.3	3.8%
Small businesses	124.4	5.2%	144.8	6.9%	150.3	7.6%
Other	3.3	0.4%	4.3	0.4%	4.6	0.5%
<b>Domestic activity</b>	<b>738.2</b>	<b>2.5%</b>	<b>806.4</b>	<b>2.9%</b>	<b>987.1</b>	<b>3.5%</b>

1) As % of the gross loan portfolio

### Impairments for property repossessed through loans recovery

At 31 March 2012 the accumulated impairments for property repossessed through loans recovery amounted to 55.8 M.€, thus covering 39.2% of the 142.2 M.€ gross balance sheet value of that property.

### Real estate loans recovery at 31 March 2012

Amounts in M.€

	Gross value	Coverage by impairments		Net value	Appraisal
		Amount	%		
Mortgage	54.9	22.5	40.9%	32.4	68.4
Other	87.3	33.4	38.2%	54.0	87.0
<b>Total</b>	<b>142.2</b>	<b>55.8</b>	<b>39.2%</b>	<b>86.4</b>	<b>155.3</b>

### Pension liabilities

At 31 March 2012 the pension liabilities under the Bank's responsibility amount to 844.1 M.€ and were 107% covered by the pension fund assets.

## Financing of pension liabilities

Amounts in M.€

	31 Dec. 11			31 Mar. 12	
	31 Mar. 11	Before transf. to Social Sec.	Impact of the transfer to Social Sec.	After transf. to Social Sec.	31 Mar.12
Pension obligations	2 309.9	2 109.4	(1 273.6)	<b>835.8</b>	<b>844.1</b>
Pension funds <sup>1)</sup>	2 414.0	2 212.4	(1 373.2)	<b>839.1</b>	<b>899.7</b>
Financing surplus	104.1	103.0		<b>3.4</b>	<b>55.6</b>
<b>Cover of pension obligations</b>	<b>104.5%</b>	<b>104.9%</b>		<b>100.4%</b>	<b>106.6%</b>
Total prudential corridor	432.0	312.8		121.7	<b>126.2</b>
Total actuarial deviations <sup>2)</sup>	( 283.8)	( 316.7)	193.7	( 123.0)	( 70.5)
Deviations with impact in regulatory capital (outside the prudential corridor)			( 8.6)	2.8	( 5.8)
Pension fund return	0.1% <sup>3)</sup>	-7.2%			<b>8.0%<sup>3)</sup></b>

1) At 31 Dec.11, it includes 37.9 M.€ transferred to the pension funds in January 2012.

2) At the end of 2011, BPI adopted the method of recognizing actuarial gains and losses directly in Shareholders' equity (OCI - Other Comprehensive Income), in accordance with the revision of IAS19 which becomes mandatory from 1 Jan. 2013. At 31 March 2012, the negative actuarial deviations of 70.5 M.€ are recognised in shareholders' equity.

3) Year-to-date non-annualised return.

At the end of 2011, the Bank changed the salary growth rate from 3.0% to 2.0% and the pensions growth rate from 1.75% to 1.25%.

## Actuarial assumptions

	Dec.10	Jun.11	Dec.11	1 Jan.12	Mar.12
Discount rate - current employees	5.25%	5.50%	5.83%	5.83%	5.83%
Discount rate - retirees	5.25%	5.50%	5.00%	5.00%	5.00%
Salary growth rate	3.00%	3.00%	2.00%	2.00%	2.00%
Pensions growth rate	1.75%	1.75%	1.25%	1.25%	1.25%
Expected pension fund rate of return	5.50%	5.50%	5.50%	5.50%	5.50%
Mortality table			TV 73/77-M – 1 year <sup>(1)</sup>	TV 88/ 90-W – 1 year <sup>(1)</sup>	

1) Beneficiaries were assumed to be one year younger than their actual age, that procedure translating into a higher life expectancy.

## INTERNATIONAL ACTIVITY

### Net profit

The international activity's net profit for the 1<sup>st</sup> quarter 2012 stood at 19.5 M.€, down 20.4% relative to the 24.5 M.€ in the same period previously.

The return on the average Shareholders' equity allocated to the international activity (ROE) stood at 22.8% in the 1<sup>st</sup> quarter 2012.

BFA's contribution to the Group's consolidated profit, which corresponds to a 50.1% appropriation of BFA's net profit by BPI, has totalled 18.4 M.€<sup>1</sup> in the 1<sup>st</sup> quarter 2012, 21.2% lower than the contribution in the 1<sup>st</sup> quarter 2011 (23.3 M.€). Minority interests of 19.6 M.€ were recognised in BFA's net profit (24.8 M.€ in Q1 2011).

The contribution to the consolidated net profit of the 30% participating interest in BCI (Mozambique), which is equity-accounted, stood at 1.5 M.€, thus increasing 22.3% year-on-year.

### Income statement

Amounts in M.€

	Mar.11	Mar. 12	Chg. M.€	Chg.%
Net interest income	54.0	45.8	( 8.2)	(15.1%)
Technical results of insurance contracts				
Commissions and other similar income (net)	10.5	13.0	2.5	23.4%
Gains and losses in financial operations	16.8	14.4	( 2.3)	(14.0%)
Operating income and charges	( 0.1)	( 0.0)	0.1	91.8%
<b>Net operating revenue</b>	<b>81.1</b>	<b>73.2</b>	<b>( 7.9)</b>	<b>(9.8%)</b>
Personnel costs	13.5	14.8	1.2	9.0%
Outside supplies and services	11.4	13.3	1.9	16.6%
Depreciation of fixed assets	2.5	3.1	0.6	22.7%
<b>Operating costs</b>	<b>27.4</b>	<b>31.1</b>	<b>3.7</b>	<b>13.4%</b>
<b>Operating profit before provisions</b>	<b>53.7</b>	<b>42.1</b>	<b>( 11.6)</b>	<b>(21.6%)</b>
Recovery of loans written-off	1.1	0.7	( 0.4)	(35.0%)
Loan provisions and impairments	4.4	3.2	( 1.2)	(26.7%)
Other impairments and provisions	0.7	0.8	0.0	4.2%
<b>Profits before taxes</b>	<b>49.7</b>	<b>38.9</b>	<b>( 10.9)</b>	<b>(21.9%)</b>
Corporate income tax	1.7	1.4	( 0.3)	(18.3%)
Equity-accounted results of subsidiaries	1.4	1.7	0.3	22.3%
Minority shareholders' share of profit	24.8	19.6	( 5.3)	(21.2%)
<b>Net Profit</b>	<b>24.5</b>	<b>19.5</b>	<b>( 5.0)</b>	<b>(20.4%)</b>

1) Contribution of BFA to the Group's consolidated profit, net of taxes on dividends.

### Customer resources and loans

Total Customer resources in the international activity, measured in euro (consolidation currency), have increased 11.7%<sup>1</sup>, year-on-year, amounting to 4 572.9 M.€ at the end of March 2012.

#### Customers resources

Amounts in M.€

	Mar.11	Dec.11	Mar.12	Chg.% Mar.11/Mar.12
Sight deposits	1 961.1	2 404.8	2 229.9	13.7%
Term deposits	2 132.5	2 350.9	2 343.0	9.9%
<b>Total</b>	<b>4 093.6</b>	<b>4 755.7</b>	<b>4 572.9</b>	<b>11.7%</b>

BFA's market share in deposits reached (in February 2012) 16%, granting it the second post in the market ranking.

The loans to Customers portfolio, expressed in euro, declined 6.9%<sup>1)</sup> yoy, in the international activity, from 1 074.7 M.€, in March 2011, to 1 001.0 M.€ in March 2012.

#### Loans to Customers

Amounts in M.€

	Mar.11	Dec.11	Mar.12	Chg.% Mar.11/Mar.12
Performing loans	1 093.8	1 026.8	1 001.1	(8.5%)
Loans in arrears	54.2	66.4	70.2	29.5%
Loan impairments	( 79.3)	( 77.1)	( 77.3)	(2.5%)
Interests and other	6.0	4.5	7.0	17.5%
<b>Total</b>	<b>1 074.7</b>	<b>1 020.6</b>	<b>1 001.0</b>	<b>(6.9%)</b>
Guarantees	168.1	140.2	231.4	37.6%

### Securities portfolio

At 31 March 2012, BFA's securities portfolio totalled 2 051 M.€, or 39% of the Bank's assets. The portfolio of short-term securities, comprising Treasury Bills and Central Bank Securities, amounted to 803M.€ at the end of March 2012 (-113 M.€ relative to March 2011) and the Treasury Bonds portfolio amounted to 1 249 M.€ (+156 M.€ relative to March 2011).

### Customers

The number of Customers has increased by 17%, from 810 thousand, in March 2011, to 947 thousand, in March 2012.

1) When expressed in American dollars, Customer resources increased 5.8%, year-on-year and the loan portfolio declined 11.8% year-on-year. When analysing the evolution of BFA's commercial activity, one considers the financial figures translated to US dollars, since the largest share of Customer resources and loans is denominated in U.S. dollars, hence changes expressed in that currency are more representative of the business evolution in Angola.

### **Physical distribution network**

The distribution network in Angola increased 10.4%, when compared to March 2011. 12 new branches, 2 investment centre and 1 corporate centres were opened. At the end of March 2012, the distribution network comprised 137 branches, 8 investment centres and 14 corporate centres, representing a market share of nearly 17% as regards the number of branches.

BFA has been implementing an expansion programme, involving the opening of branches, an expressive increase in the headcount and staff skills, the launching of innovative products and services onto the market, and a segmented approach to Customers aiming at meeting and harnessing the huge potential for growth in the Angolan market.

### **Cards**

BFA holds a prominent position in the debit and credit cards with a 23% market share in March 2012 in terms of valid debit cards. At the end of March 2012, BFA had 569 thousand valid debit cards (Multicaixa cards) and 10 019 active credit cards (Gold and Classic cards).

### **Automatic and virtual channels**

As regards the automatic and virtual channels, we emphasize the growing use of electronic banking (238 thousand subscribers of BFA NET in March 2012, of which 232 thousand are individuals) and an extensive terminal network with 302 ATM and 3 111 active point-of-sale terminals connected to the EMIS network, in both cases conferring BFA top position with market shares of 19% and 31%, respectively.

### **Number of employees**

BFA's workforce at the end of March 2012 stood at 2 144 employees, which represents an increase in staff of 116 (+5.7%) relative to the staff complement in March 2011. At the end of March 2012, BFA's workforce represented approximately 24% of the Group's total number of Employees.

### **Revenues and costs**

**Net operating revenue** declined by 9.8% (-7.9 M.€), in the international activity, from 81.1 M.€ in 1st quarter 2011, to 73.2 M.€ in 1st quarter 2012.

The trend in net operating revenue is explained by the net interest income decrease of 8.2 M.€ (-15.1%), essentially due to the reduction of interest rates earned on short term securities issued by the Central Bank and the Angolan Treasury, while profits from financial operations decreased 2.3 M.€ (-14%), and commissions expanded by 2.5 M.€ (+23.4%).

**Operating costs** have increased by 13.4% in 1st quarter 2012 vs Q1 2011.

Personnel costs have increased by 9% (+1.2 M.€) in 1st quarter 2012 vs Q1 2011. The investment programme for the expansion of BFA's presence in Angola has been a determinant factor for this evolution.

Outside supplies and services have registered a 17% increase (+1.9 M.€) and depreciation and amortisation rose 23% (+0.6M.€).

The ratio "operating costs as percentage of net operating revenue" stood at 39.1% in the 12-month period from March 2011 to March 2102.

#### **Cost of credit risk**

In the international activity, loan provision charges have posted a 27% decrease, from 4.4 M.€ in 1st quarter 2011 to 3.2 M.€ in 1st quarter 2012.

The indicator of loan provision charges as percentage of the average loan portfolio stood at 1.29% in 1st quarter 2012 (1.55% in 1st quarter 2011).

On the other hand, 0.7 M.€ of loans and interests in arrears, previously written-off, were recovered.

Loan provisions, deducted from recoveries of loans in arrears, have thus reached 2.5 M.€ in 1st quarter 2012, corresponding to 0.99% of the average performing loan portfolio, when annualized.

#### **Loan portfolio quality**

Amounts in M.€

	31 Mar. 11		31 Mar. 12	
	M.€	% of loan portfolio <sup>1)</sup>	M.€	% of loan portfolio <sup>1)</sup>
Loan impairments	4.4	1.55%	3.2	1.29%
Recovery of loans and interest in arrears written-off	1.1	0.40%	0.7	0.30%
<b>Loan impairments, after deducting the recovery of loans and interest in arrears written-off</b>	<b>3.3</b>	<b>1.15%</b>	<b>2.5</b>	<b>0.99%</b>

1) As percentage of the average balance of the performing loans portfolio. In annualised terms.

At 31 March 2012, the ratio of Customer loans in arrears for more than 90 days stood at 6.3%. The provisioning coverage of loans in arrears for more than 90 days stood, at the end of March 2012, at 120%.

### Loans in arrears for more than 90 days and impairments

	Mar.11		Dec.11		Mar.12	
	M.€	% of loan portfolio <sup>1)</sup>	M.€	% of loan portfolio <sup>1)</sup>	M.€	% of loan portfolio <sup>1)</sup>
Loans in arrears (+90 days)	50.0	4.3%	64.7	5.9%	68.2	6.3%
Loans impairments (in the balance sheet)	83.4	7.2%	81.2	7.4%	82.0	7.6%
Write offs (in the period)			14.4			
Note:						
Gross loan portfolio	1 154.0		1 097.8		1 078.3	

1) As % of the gross loan portfolio

### Equity-accounted results of subsidiaries

In the international activity, the equity-accounted earnings of subsidiaries totalled 1.7 M.€ in the first quarter 2012 (+22.3% relative to 1st quarter 2011)<sup>1)</sup>, and refer to the appropriation of 30% of the net profit earned by **BCI**, a commercial bank operating in Mozambique and in which BPI holds a 30% participating interest.

BCI recorded a 38% increase in net total assets, relative to March 2011. Customer deposits have grown by 36% year-on-year, to 1 059 M.€ at the end of 1st quarter 2012, while the Customer loan portfolio has expanded by 26% year-on-year, to 868 M.€. BCI market shares in deposits and loans, at February 2012, reached 27.8% and 33%, respectively.

At the end of March 2012, BCI had a staff complement of 1 722 Employees, corresponding to an annual increase of 19% and a distribution network comprised 125 branches, i.e., 28 more than one year before, granting the bank a market share of 26% in branches.

1) BCI's total contribution to consolidated net profit was of 1.2 M.€ in Q1 2011 and 1.5 M.€ in Q1 2012 given that, besides the equity-accounted results, deferred tax relating to the distributable earnings of BCI is recorded in the caption "Corporate income tax" (0.1 M.€ in Q1 2011 and 0.1 M.€ in Q1 2012).

**Banco BPI, S.A.**

**Consolidated financial statements as of  
March 31, 2012 and 2011**

**BANCO BPI, S.A.**

**CONSOLIDATED BALANCE SHEETS AS OF MARCH 31, 2012, DECEMBER 31, 2011 AND MARCH 31, 2011 PRO FORMA**

(Translation of balance sheets originally issued in Portuguese - Note 5)

(Amounts expressed in thousands of Euro)

	Notes	Mar. 31, 12			Dec. 31, 11			Mar. 31, 11 Pro forma			Notes	Mar. 31, 12			Dec. 31, 11			Mar. 31, 11 Pro forma									
		Amounts before impairment, depreciation and amortisation		Impairment, depreciation and amortisation	Net	Net	Net	Impairment, depreciation and amortisation	Net	Net		Amounts before impairment, depreciation and amortisation	Impairment, depreciation and amortisation	Net	Impairment, depreciation and amortisation	Net	Net	Impairment, depreciation and amortisation	Net	Net							
		ASSETS	LIABILITIES												ASSETS	LIABILITIES											
Cash and deposits at central banks	4.1	1 125 961		1 125 961	1 145 118	1 418 799	Resources of central banks	4.14	4 166 820	2 499 197	409 451																
Deposits at other credit institutions	4.2	427 780		427 780	384 768	321 654	Financial liabilities held for trading	4.15/4.4	339 046	454 238	181 914																
Financial assets held for trading and at fair value through profit or loss	4.3/4.4	976 133		976 133	937 490	1 267 191	Resources of other credit institutions	4.16	2 257 161	2 071 520	4 546 764																
Financial assets available for sale	4.5	9 352 772	70 066	9 282 706	6 778 125	7 538 828	Resources of customers and other debts	4.17	25 056 175	24 671 328	23 659 253																
Loans and advances to credit institutions	4.6	1 817 684	702	1 816 982	2 337 591	945 044	Financial liabilities relating to transferred assets	4.19	1 893 236	1 414 597	1 539 844																
Loans and advances to customers	4.7	29 061 763	662 396	28 399 367	28 318 264	29 529 387	Hedging derivatives	4.4	667 824	661 904	371 120																
Held to maturity investments	4.8	598 954		598 954	766 190	1 102 726	Provisions	4.20	131 423	128 188	113 599																
Hedging derivatives	4.4	294 746		294 746	279 843	206 182	Technical provisions	4.21	2 445 688	2 625 181	2 888 298																
Other tangible assets	4.9	720 768	504 461	216 307	225 108	220 234	Tax liabilities	4.22	65 969	32 943	46 855																
Intangible assets	4.10	95 512	85 050	10 462	9 557	5 414	Participating bonds	4.23	4 360	4 637	6 590																
Investments in associated companies and jointly controlled entities	4.11	191 544		191 544	179 244	189 809	Subordinated debt	4.24	187 172	209 854	586 159																
Tax assets	4.12	798 078		798 078	903 529	531 391	Other liabilities	4.25/4.26	834 413	667 989	567 358																
Other assets	4.13/4.26	672 254	57 371	614 883	691 090	674 130	<b>Total Liabilities</b>		<b>43 576 786</b>	<b>42 133 529</b>	<b>42 213 199</b>																
							<b>SHAREHOLDERS' EQUITY</b>																				
							Subscribed share capital	4.27	990 000	990 000	900 000																
							Share premium account	4.28	128 432	128 432	441 306																
							Other equity instruments	4.29	8 075	8 030	8 223																
							Revaluation reserves	4.30	( 996 993)	( 1 251 533)	( 775 786)																
							Other reserves and retained earnings	4.31	668 977	900 312	625 831																
							(Treasury shares)	4.29	( 20 971)	( 21 020)	( 21 957)																
							Consolidated net income of the BPI Group	4.46	39 300	( 284 871)	45 388																
							<b>Shareholders' equity attributable to the shareholders of BPI</b>		<b>816 820</b>	<b>469 350</b>	<b>1 223 005</b>																
							Minority interests	4.32	360 297	353 038	514 585																
							<b>Total Shareholders' Equity</b>		<b>1 177 117</b>	<b>822 388</b>	<b>1 737 590</b>																
<b>Total Assets</b>		<b>46 133 949</b>	<b>1 380 046</b>	<b>44 753 903</b>	<b>42 955 917</b>	<b>43 950 789</b>	<b>Total Liabilities and Shareholders' Equity</b>		<b>44 753 903</b>	<b>42 955 917</b>	<b>43 950 789</b>																
<b>OFF BALANCE SHEET ITEMS</b>																											
Guarantees given and other contingent liabilities	4.7/4.33						2 480 673	2 540 652	2 905 934																		
Of which:																											
[Guarantees and sureties]							[2 330 650]	[2 378 533]	[2 731 504]																		
[Others]							[150 023]	[162 119]	[174 430]																		
Commitments	4.33						2 639 470	2 716 999	3 516 046																		

The accompanying notes form an integral part of these balance sheets.

The Accountant

The Executive Committee of the Board of Directors

**BANCO BPI, S.A.****CONSOLIDATED STATEMENTS OF INCOME FOR THE PERIODS ENDED MARCH 31, 2012 AND 2011 PRO FORMA**

(Translation of statements originally issued in Portuguese - Note 5)

(Amounts expressed in thousands of Euro)

	Notes	Mar. 31, 2012	Mar. 31, 2011 Pro forma
Interest and similar income		491 310	477 927
Interest and similar expenses		( 373 704)	( 326 141)
<b>Financial margin (narrow sense)</b>	4.34	<b>117 606</b>	<b>151 786</b>
Gross margin on unit links	4.35	721	1 039
Income from equity instruments	4.36	99	129
Net commission relating to amortised cost	4.37	6 154	7 080
<b>Financial margin</b>		<b>124 580</b>	<b>160 034</b>
Technical result of insurance contracts	4.38	6 420	3 787
Commissions received		76 603	72 509
Commissions paid		( 10 892)	( 11 687)
Other income, net		10 025	11 933
<b>Net commission income</b>	4.39	<b>75 736</b>	<b>72 755</b>
Gain and loss on operations at fair value		90 784	30 761
Gain and loss on assets available for sale		( 2 423)	1 744
Interest and financial gain and loss with pensions	4.26	220	2 711
<b>Net income on financial operations</b>	4.40	<b>88 581</b>	<b>35 216</b>
Operating income		2 091	13 787
Operating expenses		( 4 446)	( 4 038)
Other taxes		( 1 513)	( 1 470)
<b>Net operating income</b>	4.41	<b>( 3 868)</b>	<b>8 279</b>
<b>Operating income from banking activity</b>		<b>291 449</b>	<b>280 071</b>
Personnel costs	4.42	( 92 599)	( 96 106)
General administrative costs	4.43	( 58 573)	( 58 814)
Depreciation and amortisation	4.9/4.10	( 8 494)	( 9 864)
<b>Overhead costs</b>		<b>( 159 666)</b>	<b>( 164 784)</b>
Recovery of loans, interest and expenses		4 041	5 020
Impairment losses and provisions for loans and guarantees, net	4.20	( 53 522)	( 33 748)
Impairment losses and other provisions, net	4.20	( 6 352)	( 11 419)
<b>Net income before income tax</b>		<b>75 950</b>	<b>75 140</b>
Income tax	4.44	( 18 148)	( 9 372)
Earnings of associated companies (equity method)	4.45	1 524	6 485
<b>Global consolidated net income</b>		<b>59 326</b>	<b>72 253</b>
Income attributable to minority interests	4.32	( 20 026)	( 26 865)
<b>Consolidated net income of the BPI Group</b>	4.46	<b>39 300</b>	<b>45 388</b>
<b>Earnings per share (in Euro)</b>			
Basic		0.040	0.046
Diluted		0.040	0.046

The accompanying notes form an integral part of these statements.

The Accountant

The Executive Committee of the Board of Directors

**BANCO BPI, S.A.****CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIODS ENDED MARCH 31, 2012 AND 2011  
PRO FORMA**(Translation of statements originally issued in Portuguese - Note 5)  
(Amounts expressed in thousands of Euro)

	Mar. 31, 2012			Mar. 31, 2011 Pro forma		
	Attributable to shareholders' of the BPI Group	Attributable to minority interests	Total	Attributable to shareholders' of the BPI Group	Attributable to minority interests	Total
<b>Consolidated net income</b>	<b>39 300</b>	<b>20 026</b>	<b>59 326</b>	<b>45 388</b>	<b>26 865</b>	<b>72 253</b>
Foreign exchange translation differences	( 10 642)	( 8 574)	( 19 216)	( 17 049)	( 16 865)	( 33 914)
Revaluation reserves of financial assets available for sale:	372 249		372 249	( 62 527)		( 62 527)
Tax effect	( 107 067)		( 107 067)	20 664		20 664
Actuarial deviations	53 487		53 487	( 29 202)		( 29 202)
Tax effect	( 13 469)		( 13 469)	7 884		7 884
Valuation of assets of associated companies	17 935		17 935	( 15 633)		( 15 633)
Tax effect	( 5 110)		( 5 110)	4 912		4 912
<b>Income not included in the consolidated statements of income</b>	<b>307 383</b>	<b>( 8 574)</b>	<b>298 809</b>	<b>( 69 788)</b>	<b>( 16 865)</b>	<b>( 107 816)</b>
<b>Consolidated comprehensive income</b>	<b>346 683</b>	<b>11 452</b>	<b>358 135</b>	<b>( 24 400)</b>	<b>10 000</b>	<b>( 35 563)</b>

The accompanying notes form an integral part of these statements.

The Accountant

The Executive Committee of the Board of Directors

**BANCO BPI, S.A.****STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIODS ENDED  
MARCH 31, 2012 AND 2011 PRO FORMA**

(Translation of statements originally issued in Portuguese - Note 5)

(Amounts expressed in thousands of Euro)

	Subscribed share capital	Share premium account	Other equity instruments	Revaluation reserves	Other reserves and retained earnings	Treasury shares	Net income	Minority interests	Shareholders ' equity
<b>Balance at December 31, 2010</b>	<b>900 000</b>	<b>441 306</b>	<b>9 894</b>	<b>( 716 874)</b>	<b>649 153</b>	<b>( 21 699)</b>	<b>184 796</b>	<b>517 372</b>	<b>1 963 948</b>
Impact of the change in accounting policy (Note 2)					( 181 311)		383		( 180 928)
<b>Balance at December 31, 2010 Pro forma</b>	<b>900 000</b>	<b>441 306</b>	<b>9 894</b>	<b>( 716 874)</b>	<b>467 842</b>	<b>( 21 699)</b>	<b>185 179</b>	<b>517 372</b>	<b>1 783 020</b>
Net profit for 2010					185 179		( 185 179)		
Dividends paid on preference shares								( 1 695)	( 1 695)
Variable Remuneration Program (RVA)				( 1 671)					( 133)
Sale / purchase of treasury shares					875	663			( 921)
Sale / purchase of preference shares					3 983	( 921)			( 4 569)
Consolidation of BPI Alternative Fund								( 1 516)	( 1 516)
Consolidation of BPI Taxa Variável Fund								( 1 024)	( 1 024)
Comprehensive income for the first quarter of 2011				( 58 912)	( 32 039)		45 388	10 000	( 35 563)
Others					( 9)				( 9)
<b>Balances at March 31, 2011 Pro forma</b>	<b>900 000</b>	<b>441 306</b>	<b>8 223</b>	<b>( 775 786)</b>	<b>625 831</b>	<b>( 21 957)</b>	<b>45 388</b>	<b>514 585</b>	<b>1 737 590</b>
Appropriation of net income for 2010 to reserves									
Share capital increase by incorporation of reserves	90 000			( 312 874)					
Use of share premium account to cover negative retained earnings					( 90 000)	312 874			
Dividends paid to minority interests								( 5 542)	( 5 542)
Dividends paid on preference shares								( 57 287)	( 57 287)
Variable Remuneration Program (RVA)				( 193)					( 1 052)
Sale / purchase of treasury shares									1 788
Sale / purchase of preference shares								( 175 078)	( 105 238)
Consolidation of BPI Alternative Fund								( 5 567)	( 5 567)
Consolidation of BPI Taxa Variável Fund								( 4 546)	( 4 546)
Comprehensive income for the last nine months of 2011				( 475 747)	( 18 247)			( 330 259)	( 737 780)
Others					22				22
<b>Balance at December 31, 2011</b>	<b>990 000</b>	<b>128 432</b>	<b>8 030</b>	<b>( 1 251 533)</b>	<b>900 312</b>	<b>( 21 020)</b>	<b>( 284 871)</b>	<b>353 038</b>	<b>822 388</b>
Net profit for 2011					( 284 871)		284 871		
Dividends paid on preference shares								( 402)	( 402)
Variable Remuneration Program (RVA)				45					94
Sale / purchase of preference shares								( 1 948)	( 1 255)
Consolidation of BPI Alternative Fund								( 729)	( 729)
Consolidation of BPI Taxa Variável Fund								( 1 114)	( 1 114)
Comprehensive income for the first quarter of 2012					254 540	52 843		39 300	358 135
Others								11 452	
<b>Balances at March 31, 2012</b>	<b>990 000</b>	<b>128 432</b>	<b>8 075</b>	<b>( 996 993)</b>	<b>668 977</b>	<b>( 20 971)</b>	<b>39 300</b>	<b>360 297</b>	<b>1 177 117</b>

The accompanying notes form an integral part of these statements.

The Accountant

The Executive Committee of the Board of Directors

**BANCO BPI, S.A.****CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIODS ENDED MARCH 31, 2012 AND 2011 PRO FORMA**

(Translation of statements originally issued in Portuguese - Note 5)

	(Amounts expressed in thousands of Euro)	
	Mar. 31, 2012	Mar. 31, 2011 Pro forma
<b>Operating activities</b>		
Interest, commissions and similar income received	705 595	749 579
Interest, commissions and similar expenses paid	( 425 763)	( 426 996)
Recovery of loans and interest in arrears	4 041	5 020
Payments to personnel and suppliers	( 134 310)	( 133 613)
<b>Net cash flow from income and expenses</b>	<b>149 563</b>	<b>193 990</b>
Decrease (increase) in:		
Financial assets held for trading, available for sale and held to maturity	( 1 736 896)	502 981
Loans and advances to credit institutions	523 622	494 581
Loans and advances to customers	( 234 426)	538 868
Other assets	258 439	( 96 328)
<b>Net cash flow from operating assets</b>	<b>( 1 189 261)</b>	<b>1 440 102</b>
Increase (decrease) in:		
Resources of central banks and other credit institutions	1 846 612	( 1 014 960)
Resources of customers	174 156	295 611
Financial liabilities held for trading	( 115 192)	( 79 579)
Other liabilities	( 43 854)	( 253 892)
<b>Net cash flow from operating liabilities</b>	<b>1 861 722</b>	<b>( 1 052 820)</b>
Contributions to the Pension Funds	( 40 108)	( 1 375)
Income tax paid	55	
	<b>781 971</b>	<b>579 897</b>
<b>Investing activities</b>		
Purchase of other tangible assets and intangible assets	( 4 586)	( 2 077)
Sale of other tangible assets	8	17 910
Dividends received and other income	99	129
	<b>( 4 479)</b>	<b>15 962</b>
<b>Financing activities</b>		
Liability for assets not derecognised	477 589	( 31 123)
Issuance of debt securities and subordinated debt	78 101	455 186
Redemption of debt securities	( 1 359 585)	( 845 372)
Purchase and sale of own debt securities and subordinated debt	126 951	( 16 417)
Purchase and sale of preference shares	( 1 536)	( 3 141)
Interest on debt securities and subordinated debt	( 74 627)	( 78 470)
Dividends paid on preference shares	( 402)	( 1 695)
Purchase and sale of treasury shares	95	( 1 053)
	<b>( 753 414)</b>	<b>( 522 085)</b>
Net increase (decrease) in cash and equivalents	24 078	73 774
Cash and equivalents at the beginning of the period	1 529 469	1 666 269
<b>Cash and equivalents at the end of the period</b>	<b>1 553 547</b>	<b>1 740 043</b>

The accompanying notes form an integral part of these statements.

**The Accountant**

Alberto Pitôrra

**The Executive Committee of the Board of Directors**

*President* Fernando Ulrich  
*Vice-President* António Domingues  
*Members* António Farinha Morais  
 José Pena do Amaral  
 Manuel Ferreira da Silva  
 Maria Celeste Hagatong  
 Pedro Bissaia Barreto

**Banco BPI, S.A.**

**Notes to the consolidated financial statements as of  
March 31, 2012 and 2011**

(Unless otherwise indicated, all amounts are expressed in thousands of Euro – t. euro)

## 1. THE FINANCIAL GROUP

Banco BPI is the central entity of a multi-specialised financial group dedicated to banking, which provides a broad range of banking services and products to companies, institutional investors and private individuals. Banco BPI has been listed on the Stock Exchange since 1986.

The BPI Group started operating in 1981 with the foundation of SPI – Sociedade Portuguesa de Investimentos, S.A.R.L.. By public deed dated December 1984, SPI – Sociedade Portuguesa de Investimentos, S.A.R.L. changed its corporate name to BPI – Banco Português de Investimento, S.A., which was the first private investment bank created after the re-opening, in 1984, of the Portuguese banking sector to private investment. On November 30, 1995 BPI – Banco Português de Investimento, S.A. (BPI Investimentos) was transformed into BPI - SGPS, S.A., which operated exclusively as the BPI Group's holding company, and BPI Investimentos was founded to act as the BPI Group's investment banking company. On December 20, 2002, BPI SGPS, S.A. incorporated, by merger, the net assets and operations of Banco BPI and changed its corporate name to Banco BPI, S.A..

At March 31, 2012 the Group's banking operations were carried out principally through Banco BPI in the commercial banking area and through BPI Investimentos in the investment banking area. The BPI Group is also the holder of a 50.1% participation in Banco de Fomento, S.A. which operates as a commercial bank in Angola.

The vehicles through which the Bank's loan securitisation is carried out are recorded in the consolidated financial statements in accordance with the BPI Group's continuing involvement in these operations, based on the percentage held of the equity piece of the corresponding vehicles.

As from December 2010 a company incorporated in South Africa, named BPI Capital Africa (Proprietary), Limited, became part of the BPI Group. Having already been admitted as a member of the Johannesburg Stock Exchange (JSE), this company operates in the areas of brokerage and investment consultancy (research) of, among others, companies listed on the JSE. This company, which is wholly owned by the BPI Group, is consolidated by the full consolidation method.

In the first half of 2011 BPI Pensões – Sociedade Gestora de Fundos de Pensões, S.A. was merged into BPI Vida – Companhia de Seguros de Vida, S.A. both fully owned by Banco BPI, and BPI Vida change its name to BPI Vida e Pensões – Companhia de Seguros, S.A.

In 2011 Banco BPI changed its participation in Viacer – Sociedade Gestora de Participações Sociais, Lda from 25% to 14% through contribution in kind to the Banco BPI pension fund of 11% of the participation in that company. The participation currently held by the BPI Group is no longer recorded in accordance with the equity method of accounting, as it no longer has significant influence over that company's management and financial policy. At March 31, 2012 this participation is recorded in the financial assets available for sale portfolio as provided for in IAS 28 - Investments in associates (Note 4.5).

At March 31, 2012 the BPI Group was made up of the following companies:

	Head Office	Shareholders' equity	Total assets	Net income (loss) for the period	Direct participation	Effective participation	Consolidation / Recognition method
<b>Banks</b>							
Banco BPI, S.A.	Portugal	290 850	45 206 017	( 40 169)			
Banco Português de Investimento, S.A.	Portugal	62 273	3 629 932	( 307)	100.00%	100.00%	Full Consolidation
Banco Comercial e de Investimentos, S.A.R.L.	Mozambique	116 174	1 486 912	5 147	29.70%	30.00%	Equity Method
Banco de Fomento Angola, S.A.	Angola	580 176	5 307 486	39 088	50.08%	50.10%	Full Consolidation
Banco BPI Cayman, Ltd.	Cayman Islands	155 196	318 204	404		100.00%	Full Consolidation
<b>Specialised loan companies</b>							
BPI Locação de Equipamentos, Lda	Portugal	4 890	5 448	423	100.00%	100.00%	Full Consolidation
<b>Asset management companies and dealers</b>							
BPI Dealer – Sociedade Financeira de Corretagem (Moçambique), S.A.R.L.	Mozambique	79	107	( 1)	13.50%	92.65%	Full Consolidation
BPI Gestão de Activos – Gestão de Fundos de Investimento Mobiliários, S.A.	Portugal	26 466	33 265	2 256	100.00%	100.00%	Full Consolidation
BPI – Global Investment Fund Management Company, S.A.	Luxembourg	836	1 805	48	100.00%	100.00%	Full Consolidation
BPI (Suisse), S.A.	Switzerland	3 363	6 897	412		99.90%	Full Consolidation
BPI Alternative Fund: Iberian Equities Long/Short Fund	Portugal	71 930	100 510	161		86.32%	Full Consolidation
Fundo BPI Taxa Variável	Portugal	30 098	30 351	185		68.06%	Full Consolidation
<b>Venture capital companies</b>							
BPI Private Equity - Sociedade de Capital de Risco, S.A.	Portugal	28 269	31 830	( 1)	100.00%	100.00%	Full Consolidation
Inter-Risco – Sociedade de Capital de Risco, S.A.	Portugal	829	2 315	138		49.00%	Equity Method
TC Turismo Capital - SCR, S.A.	Portugal	6 456	6 550	174	25.00%	25.00%	Equity Method
<b>Insurance companies</b>							
BPI Vida e Pensões – Companhia de Seguros, S.A.	Portugal	144 872	3 217 372	4 646	100.00%	100.00%	Full Consolidation
Cosec – Companhia de Seguros de Crédito, S.A.	Portugal	44 376	108 294	1 648	50.00%	50.00%	Equity Method
Companhia de Seguros Allianz Portugal, S.A.	Portugal	212 054	1 214 868	( 4 048)	35.00%	35.00%	Equity Method
<b>Other</b>							
BPI Capital Finance Ltd. <sup>1</sup>	Cayman Islands	53 593	53 601	387	100.00%	100.00%	Full Consolidation
BPI Capital Africa (Proprietary) Limited	South Africa	670	2 484	( 341)		100.00%	Full Consolidation
BPI, Inc. <sup>2</sup>	U.S.A.	1 076	2 991	( 73)	100.00%	100.00%	Full Consolidation
BPI Madeira, SGPS, Unipessoal, S.A.	Portugal	152 857	154 887	( 12)	100.00%	100.00%	Full Consolidation
Finangeste – Empresa Financeira de Gestão e Desenvolvimento, S.A.	Portugal	82 060	88 691	143	32.78%	32.78%	Equity Method Proportional Method
Ulissipair ACE	Portugal	62	62	( 0)		50.00%	Method
Unicre - Instituição Financeira de Crédito, S.A.	Portugal	71 224	294 801	1 373	20.65%	21.01%	Equity Method

Note: Unless otherwise indicated, all amounts are as of March 31, 2012 (accounting balances before consolidation adjustments).

<sup>1</sup> Share capital is made up of 5 000 ordinary shares of 1 Euro each, and 53 427 000 non-voting preference shares of 1 euro each. The BPI Group's effective participation corresponds to 0.009% considering the preference shares.

<sup>2</sup> Amounts as of December 31, 2011 translated using the US dollar exchange rate as of March 31, 2012.

## 2. BASIS OF PRESENTATION AND MAIN ACCOUNTING POLICIES

### A) BASES OF PRESENTATION

The consolidated financial statements were prepared from the accounting records of Banco BPI and its subsidiary and associated companies in conformity with International Accounting Standards/International Financial Reporting Standards (IAS/IFRS), as endorsed by the European Union in accordance with Regulation (EC) 1606/2002 of July 19 of the European Parliament and Council, incorporated into Portuguese legislation through Bank of Portugal Notice 1/2005 of February 21.

### B) MAIN ACCOUNTING POLICIES

The following accounting policies are applicable to the consolidated financial statements of the BPI Group.

The accounting policies adopted by the BPI Group are consistent with those used in the preparation of the consolidated financial statements for the period ended December 31, 2011.

#### 2.1. Comparability of information

Until June 30, 2011, inclusive, the BPI Group used the corridor method to recognize actuarial and financial deviations relating to pension plans and other post-employment benefits under defined benefit plans, in accordance with paragraph 92 of IAS 19. In accordance with this method, actuarial gains and losses arising from changes in the actuarial and financial assumptions and differences between the actuarial and financial assumptions used and the actual amounts were recognized on the balance sheet caption "Other assets" or "Other liabilities" and a corridor was established to absorb accumulated actuarial and financial gains and losses of up to 10% of the higher of the present value of the past service liability or the amount of the pension fund. Amounts that exceed the corridor were amortised to the statement of income over the average period up to the expected retirement age of the employees covered by the plan. At December 31, 2011 Banco BPI changed its accounting policy for the recognition of actuarial and financial deviations relating to pension plans and other post-employment benefits under defined benefit plans, ceasing to use the corridor method and recording actuarial and financial gains and losses directly in the equity caption "Other reserves – actuarial deviations" (Statement of Comprehensive Income) in the period in which they occur, also in accordance with paragraph 93A of IAS 19. This voluntary change of accounting policy represents early adoption of the new version of IAS 19, which is in the process of approval by the European Union, and is expected to become mandatory for annual periods beginning on or after January 1, 2013.

Retrospective application of the accounting policy for recognizing actuarial and financial deviations relating to pension plans and other post-employment benefits under defined benefit plans, in accordance with IAS 8, had the following impact:

	Consolidated shareholders' equity at Dec 31, 2010 (including net income for the year)	Net income for the first quarter of 2011	Consolidated shareholders' equity at Mar 31, 2011 (including net income for the year)
Balances as reported (before retrospective application of the change in accounting policy)	1 963 948	45 261	1 939 554
Impact of the retrospective application of the accounting policy			
Accumulated actuarial and financial deviations as of January 1, 2011		( 254 252)	( 254 252)
Actuarial and financial deviations arising in the first quarter of 2011			( 29 742)
Reversal of the amortization of the excess of the corridor recorded in the first quarter of 2011		179	179
Tax effect	73 324	( 52)	81 851
Balances (pro forma)	( 180 928)	127	( 201 964)
	1 783 020	45 388	1 737 590

### 3. SEGMENT REPORTING

The BPI Group's segment reporting is made up as follows:

- Domestic operations: consist of banking services provided to domestic customers, including members of emigrant communities and subsidiaries of Portuguese companies, and include:
  - Commercial Banking
  - Investment Banking
  - Equity investments and others
- International operations: Consist of the operations in Angola carried out by Banco de Fomento Angola, S.A, in Mozambique by Banco Comercial de Investimentos, S.A.R.L. and BPI Dealer – Sociedade Financeira de Corretagem, S.A.R.L. and in South Africa by BPI Capital Africa (Proprietary) Limited.

#### **Commercial banking**

The BPI Group's operations are focused mainly on commercial banking. Commercial banking includes:

- Retail banking – Retail banking includes commercial operations with private clients, businesses and sole traders with turnover of up to 2.5 million euro through a multi-channel distribution network made up of commercial branches, investment centres, home banking services (BPI Net), telephone banking (BPI Directo), specialised branches and a network of external promoters.
- Corporate banking – Corporate banking includes commercial operations with private, public and municipal companies and public sector organisations (including the Central and Local Administration), as well as Foundations and Associations. Corporate banking also includes Project Finance and Public-Private Partnership operations in the commercial promotion area, structuring and organising financial operations and consultancy services relating to this area.

#### **Investment banking**

Investment banking covers the following business areas:

- Brokerage – includes brokerage (purchase and sale of securities) on account of customers;
- Private Banking – Private Banking is responsible for implementing strategies and investment proposals presented to customers and managing all or part of their financial assets under management mandates given to the Bank. In addition, Private Banking provides asset management, tax information and business consulting services.
- Corporate finance – This includes rendering consultancy services relating to the analysis of investment projects and decisions, market privatisation operations and the structuring of merger and acquisition processes.

#### **Equity investments and others**

This segment includes essentially Financial Investments and Private Equity activities. The BPI Group Private Equity area invests essentially in unlisted companies with the following objectives: the development of new products and technologies, financing of investments in working capital, acquisitions and the strengthening of financial autonomy.

This segment also includes the Bank's residual activity, such segments representing individually less than 10% of total income, net profit and the Group's assets.

Inter-segment operations are presented based on the effective conditions of the operations and application of the accounting policies used to prepare the BPI Group's consolidated financial statements.

The reports used by Management consist essentially of accounting information based on IFRS.

The BPI Group's balance sheet as of March 31, 2012 and investments made in tangible and intangible assets during the period, by segment, are as follows:

	Domestic operations					International operations			Inter segment operations	BPI Group
	Commercial banking	Investment banking	Equity investments and others	Inter segment operations	Total	Angola	Mozambique	Total		
<b>ASSETS</b>										
Cash and deposits at Central Banks	274 153	235			274 388	851 573		851 573		1 125 961
Loans and advances to other credit institutions repayable on demand	571 837	161 663	4 241	( 337 033)	400 708	42 966	41	43 007	( 15 935)	427 780
Financial assets held for trading and at fair value through profit or loss	790 704	142 493		( 42 977)	890 220	85 849	64	85 913		976 133
Financial assets available for sale	7 244 316	27 743	43 983	701	7 316 743	1 965 963		1 965 963		9 282 706
Loans and advances to credit institutions	2 837 275	3 309 829	2 893	( 4 857 799)	1 292 198	1 176 762	2 055	1 178 817	( 654 033)	1 816 982
Loans and advances to customers	27 273 434	112 891		12 034	27 398 359	1 001 008		1 001 008		28 399 367
Held to maturity investments	621 155	44 394		( 66 595)	598 954					598 954
Hedging derivatives	297 156	300		( 2 710)	294 746					294 746
Other tangible assets	90 524	1 934	1		92 459	123 535	313	123 848		216 307
Intangible assets	8 620	65			8 685	1 772	5	1 777		10 462
Investment in associated companies and jointly controlled entities	75 820		80 874	( 1)	156 693	34 851		34 851		191 544
Tax assets	795 151	3 127	( 291)		797 987	6	85	91		798 078
Other assets	643 726	30 463	570	( 104 132)	570 627	44 217	39	44 256		614 883
<b>TOTAL ASSETS</b>	<b>41 523 871</b>	<b>3 835 137</b>	<b>132 271</b>	<b>( 5 398 512)</b>	<b>40 092 767</b>	<b>5 293 651</b>	<b>37 453</b>	<b>5 331 104</b>	<b>( 669 968)</b>	<b>44 753 903</b>
<b>LIABILITIES</b>										
Resources of central banks	4 166 820				4 166 820					4 166 820
Financial liabilities held for trading	350 900	24 054		( 35 908)	339 046					339 046
Resources of other credit institutions	6 249 359	20 092	16 415	( 3 360 204)	2 925 662	1 467		1 467	( 669 968)	2 257 161
Resources of customers and other debts	18 912 711	3 341 979		( 1 830 549)	20 424 141	4 632 034		4 632 034		25 056 175
Debt securities	5 606 282	30		( 78 813)	5 527 499					5 527 499
Financial liabilities relating to transferred assets	1 896 872			( 3 636)	1 893 236					1 893 236
Hedging derivatives	668 393	9		( 578)	667 824					667 824
Provisions	95 803	93			95 896	35 527		35 527		131 423
Technical provisions	2 282 554	163 134			2 445 688					2 445 688
Tax liabilities	54 395	3 802	( 1 909)		56 288	9 681		9 681		65 969
Participating bonds	4 360				4 360					4 360
Subordinated debt	248 970	6 622		( 68 420)	187 172					187 172
Other liabilities	621 919	183 036	3 561	( 20 404)	788 112	44 447	1 854	46 301		834 413
<b>TOTAL LIABILITIES</b>	<b>41 159 338</b>	<b>3 742 851</b>	<b>18 067</b>	<b>( 5 398 512)</b>	<b>39 521 744</b>	<b>4 723 156</b>	<b>1 854</b>	<b>4 725 010</b>	<b>( 669 968)</b>	<b>43 576 786</b>
<b>SHAREHOLDERS' EQUITY</b>										
Shareholders' equity attributable to the shareholders of BPI	313 206	72 829	114 204		500 239	280 987	35 594	316 581		816 820
Minority interest	51 327	19 457			70 784	289 508	5	289 513		360 297
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>364 533</b>	<b>92 286</b>	<b>114 204</b>		<b>571 023</b>	<b>570 495</b>	<b>35 599</b>	<b>606 094</b>		<b>1 177 117</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>41 523 871</b>	<b>3 835 137</b>	<b>132 271</b>	<b>( 5 398 512)</b>	<b>40 092 767</b>	<b>5 293 651</b>	<b>37 453</b>	<b>5 331 104</b>	<b>( 669 968)</b>	<b>44 753 903</b>
<b>Investments made in:</b>										
Property						89		89		89
Equipment and other tangible assets	196	5			201	2 820		2 820		3 021
Intangible assets	1 176	1			1 177	300		300		1 477

The BPI Group's income statement for the period ended March 31, 2012, by segment, is as follows:

	Domestic operations					International operations			Inter segment operations	BPI Group
	Commercial banking	Investment banking	Equity investments and others	Inter segment operations	Total	Angola	Mozambique	Total		
<b>Financial margin (narrow sense)</b>	<b>72 064</b>	<b>421</b>	<b>( 728)</b>		<b>71 757</b>	<b>45 845</b>	<b>4</b>	<b>45 849</b>		<b>117 606</b>
Gross margin on unit links	223	498			721					721
Income from equity instruments	99				99					99
Net commission relating to amortised cost	6 154				6 154					6 154
<b>Financial margin</b>	<b>78 540</b>	<b>919</b>	<b>( 728)</b>		<b>78 731</b>	<b>45 845</b>	<b>4</b>	<b>45 849</b>		<b>124 580</b>
Technical result of insurance contracts	6 344	76			6 420					6 420
Commissions received	65 724	8 959		( 6 175)	68 508	8 390	18	8 408	( 313)	76 603
Commissions paid	( 13 890)	( 2 135)	( 1)	6 175	( 9 851)	( 1 354)	( 1 354)	( 5 909)	313	( 10 892)
Other income, net	4 089	27			4 116					10 025
<b>Net commission income</b>	<b>55 923</b>	<b>6 851</b>	<b>( 1)</b>		<b>62 773</b>	<b>12 945</b>	<b>18</b>	<b>12 963</b>		<b>75 736</b>
Gain and loss on operations at fair value	75 328	1 045	1		76 374	14 410		14 410		90 784
Gain and loss on assets available for sale	( 2 484)		61		( 2 423)					( 2 423)
Interest and financial gain and loss with pensions	185	35			220					220
<b>Net income on financial operations</b>	<b>73 029</b>	<b>1 080</b>	<b>62</b>		<b>74 171</b>	<b>14 410</b>		<b>14 410</b>		<b>88 581</b>
Operating income	1 855	32			1 887	204		204		2 091
Operating expenses	( 4 295)	( 97)	( 1)		( 4 393)	( 53)		( 53)		( 4 446)
Other taxes	( 1 054)	( 298)			( 1 352)	( 161)		( 161)		( 1 513)
<b>Net operating income</b>	<b>( 3 494)</b>	<b>( 363)</b>	<b>( 1)</b>		<b>( 3 858)</b>	<b>( 10)</b>		<b>( 10)</b>		<b>( 3 868)</b>
<b>Operating income from banking activity</b>	<b>210 342</b>	<b>8 563</b>	<b>( 668)</b>		<b>218 237</b>	<b>73 190</b>	<b>22</b>	<b>73 212</b>		<b>291 449</b>
Personnel costs	( 72 412)	( 5 386)	( 45)		( 77 843)	( 14 507)	( 249)	( 14 756)		( 92 599)
General administrative costs	( 42 770)	( 2 522)	( 11)		( 45 303)	( 13 173)	( 97)	( 13 270)		( 58 573)
Depreciation and amortisation	( 5 075)	( 332)			( 5 407)	( 3 068)	( 19)	( 3 087)		( 8 494)
<b>Overhead costs</b>	<b>( 120 257)</b>	<b>( 8 240)</b>	<b>( 56)</b>		<b>( 128 553)</b>	<b>( 30 748)</b>	<b>( 365)</b>	<b>( 31 113)</b>		<b>( 159 666)</b>
Recovery of loans, interest and expenses	3 298				3 298	743		743		4 041
Impairment losses and provisions for loans and guarantees, net	( 50 312)	18			( 50 294)	( 3 228)		( 3 228)		( 53 522)
Impairment losses and other provisions, net	( 5 590)	( 11)			( 5 601)	( 751)		( 751)		( 6 352)
<b>Net income before income tax</b>	<b>37 481</b>	<b>330</b>	<b>( 724)</b>		<b>37 087</b>	<b>39 206</b>	<b>( 343)</b>	<b>38 863</b>		<b>75 950</b>
Income tax	( 16 788)	( 153)	211		( 16 730)	( 1 277)	( 141)	( 1 418)		( 18 148)
Earnings of associated companies (equity method)	( 1 346)		1 207		( 139)	1 663	1 663			1 524
<b>Global consolidated net income</b>	<b>19 347</b>	<b>177</b>	<b>694</b>		<b>20 218</b>	<b>37 929</b>	<b>1 179</b>	<b>39 108</b>		<b>59 326</b>
Income attributable to minority interest	( 380)	( 82)			( 462)	( 19 564)		( 19 564)		( 20 026)
<b>Consolidated net income of the BPI Group</b>	<b>18 967</b>	<b>95</b>	<b>694</b>		<b>19 756</b>	<b>18 365</b>	<b>1 179</b>	<b>19 544</b>		<b>39 300</b>
Cash flow after taxes	79 944	420	694		81 058	25 412	1 198	26 610		107 668

The BPI Group's balance sheet as of December 31, 2011 and investments made in tangible and intangible assets during the year, by segment, are as follows:

	Domestic operations					International operations			Inter segment operations	BPI Group
	Commercial banking	Investment banking	Equity investments and others	Inter segment operations	Total	Angola	Mozambique	Total		
<b>ASSETS</b>										
Cash and deposits at Central Banks	223 705	199			223 904	921 214		921 214		1 145 118
Loans and advances to other credit institutions repayable on demand	659 825	92 082	4 417	( 415 651)	340 673	66 773	50	66 823	( 22 728)	384 768
Financial assets held for trading and at fair value through profit or loss	831 832	143 252		( 49 099)	925 985	11 437	68	11 505		937 490
Financial assets available for sale	4 514 534	29 203	41 532	1 212	4 586 481	2 191 644		2 191 644		6 778 125
Loans and advances to credit institutions	3 438 111	2 730 212	2 892	( 4 090 013)	2 081 202	1 075 209	626	1 075 835	( 819 446)	2 337 591
Loans and advances to customers	27 190 928	126 583		( 19 858)	27 297 653	1 020 611		1 020 611		28 318 264
Held to maturity investments	840 079	55 212		( 129 101)	766 190					766 190
Hedging derivatives	282 355	259		( 2 771)	279 843					279 843
Other tangible assets	95 363	2 027	1		97 391	127 393	324	127 717		225 108
Intangible assets	7 752	69			7 821	1 730	6	1 736		9 557
Investment in associated companies and jointly controlled entities	65 468		78 822		144 290		34 954	34 954		179 244
Tax assets	900 523	3 158	( 240)		903 441	6	82	88		903 529
Other assets	771 970	34 295	739	( 136 620)	670 384	20 681	25	20 706		691 090
<b>TOTAL ASSETS</b>	<b>39 822 445</b>	<b>3 216 551</b>	<b>128 163</b>	<b>( 4 841 901)</b>	<b>38 325 258</b>	<b>5 436 698</b>	<b>36 135</b>	<b>5 472 833</b>	<b>( 842 174)</b>	<b>42 955 917</b>
<b>LIABILITIES</b>										
Resources of central banks	2 499 197				2 499 197					2 499 197
Financial liabilities held for trading	465 536	24 182		( 35 480)	454 238					454 238
Resources of other credit institutions	5 807 482	27 559	( 43 287)	( 2 878 099)	2 913 655	39		39	( 842 174)	2 071 520
Resources of customers and other debts	18 683 548	2 845 976		( 1 658 177)	19 871 347	4 799 981		4 799 981		24 671 328
Debt securities	6 841 269	36		( 149 352)	6 691 953					6 691 953
Financial liabilities relating to transferred assets	1 418 177			( 3 580)	1 414 597					1 414 597
Hedging derivatives	662 811	18		( 925)	661 904					661 904
Provisions	92 825	103			92 928	35 260		35 260		128 188
Technical provisions	2 463 289	161 892			2 625 181					2 625 181
Tax liabilities	23 100	3 275	( 1 857)		24 518	8 425		8 425		32 943
Participating bonds	4 637				4 637					4 637
Subordinated debt	271 976	6 297		( 68 419)	209 854					209 854
Other liabilities	611 485	56 147	3 868	( 47 869)	623 631	43 268	1 090	44 358		667 989
<b>TOTAL LIABILITIES</b>	<b>39 845 332</b>	<b>3 125 485</b>	<b>( 41 276)</b>	<b>( 4 841 901)</b>	<b>38 087 640</b>	<b>4 886 973</b>	<b>1 090</b>	<b>4 888 063</b>	<b>( 842 174)</b>	<b>42 133 529</b>
<b>SHAREHOLDERS' EQUITY</b>										
Shareholders' equity attributable to the shareholders of BPI	( 76 183)	69 848	169 439		163 104	271 207	35 039	306 246		469 350
Minority interest	53 296	21 218			74 514	278 518	6	278 524		353 038
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>( 22 887)</b>	<b>91 066</b>	<b>169 439</b>		<b>237 618</b>	<b>549 725</b>	<b>35 045</b>	<b>584 770</b>		<b>822 388</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>39 822 445</b>	<b>3 216 551</b>	<b>128 163</b>	<b>( 4 841 901)</b>	<b>38 325 258</b>	<b>5 436 698</b>	<b>36 135</b>	<b>5 472 833</b>	<b>( 842 174)</b>	<b>42 955 917</b>
<b>Investments made in:</b>										
Property	65				65	7 859		7 859		7 924
Equipment and other tangible assets	8 125	285			8 410	17 270	404	17 674		26 084
Intangible assets	4 319	51			4 370	1 619	9	1 628		5 998

The BPI Group's income statement for the period ended March 31, 2011 Pro forma, by segment, is as follows:

	Domestic operations				International operations			Inter segment operations	BPI Group
	Commercial banking	Investment banking	Equity investments and others	Inter segment operations	Total	Angola	Mozambique	Total	
<b>Financial margin (narrow sense)</b>	<b>96 701</b>	<b>1 615</b>	<b>( 556)</b>		<b>97 760</b>	<b>54 024</b>	<b>2</b>	<b>54 026</b>	<b>151 786</b>
Gross margin on unit links	300	739			1 039				1 039
Income from equity instruments	115		14		129				129
Net commission relating to amortised cost	7 080				7 080				7 080
<b>Financial margin</b>	<b>104 196</b>	<b>2 354</b>	<b>( 542)</b>		<b>106 008</b>	<b>54 024</b>	<b>2</b>	<b>54 026</b>	<b>160 034</b>
Technical result of insurance contracts	3 745	42			3 787				3 787
Commissions received	65 047	10 712		( 8 296)	67 463	5 359		5 359	( 313)
Commissions paid	( 15 823)	( 3 272)		8 296	( 10 799)	( 1 201)		( 1 201)	313
Other income, net	5 572	17			5 589	6 344		6 344	11 933
<b>Net commission income</b>	<b>54 796</b>	<b>7 457</b>			<b>62 253</b>	<b>10 502</b>		<b>10 502</b>	<b>72 755</b>
Gain and loss on operations at fair value	11 638	2 370			14 008	16 753			30 761
Gain and loss on assets available for sale	1 745	( 1)			1 744				1 744
Interest and financial gain and loss with pensions	2 694	17			2 711				2 711
<b>Net income on financial operations</b>	<b>16 077</b>	<b>2 386</b>			<b>18 463</b>	<b>16 753</b>		<b>16 753</b>	<b>35 216</b>
Operating income	13 430	215			13 645	142		142	13 787
Operating expenses	( 3 694)	( 89)			( 3 783)	( 255)		( 255)	( 4 038)
Other taxes	( 1 214)	( 230)			( 1 444)	( 26)		( 26)	( 1 470)
<b>Net operating income</b>	<b>8 522</b>	<b>( 104)</b>			<b>8 418</b>	<b>( 139)</b>		<b>( 139)</b>	<b>8 279</b>
<b>Operating income from banking activity</b>	<b>187 336</b>	<b>12 135</b>	<b>( 542)</b>		<b>198 929</b>	<b>81 140</b>	<b>2</b>	<b>81 142</b>	<b>280 071</b>
Personnel costs	( 77 102)	( 5 425)	( 43)		( 82 570)	( 13 533)	( 3)	( 13 536)	( 96 106)
General administrative costs	( 44 750)	( 2 656)	( 24)		( 47 430)	( 11 384)		( 11 384)	( 58 814)
Depreciation and amortisation	( 7 011)	( 338)			( 7 349)	( 2 515)		( 2 515)	( 9 864)
<b>Overhead costs</b>	<b>( 128 863)</b>	<b>( 8 419)</b>	<b>( 67)</b>		<b>( 137 349)</b>	<b>( 27 432)</b>	<b>( 3)</b>	<b>( 27 435)</b>	<b>( 164 784)</b>
Recovery of loans, interest and expenses	3 877				3 877	1 143		1 143	5 020
Impairment losses and provisions for loans and guarantees, net	( 29 256)	( 91)			( 29 347)	( 4 401)		( 4 401)	( 33 748)
Impairment losses and other provisions, net	( 10 717)	11	8		( 10 698)	( 721)		( 721)	( 11 419)
<b>Net income before income tax</b>	<b>22 377</b>	<b>3 636</b>	<b>( 601)</b>		<b>25 412</b>	<b>49 729</b>	<b>( 1)</b>	<b>49 728</b>	<b>75 140</b>
Income tax	( 6 701)	( 1 108)	172		( 7 637)	( 1 619)	( 116)	( 1 735)	( 9 372)
Earnings of associated companies (equity method)	3 574		1 551		5 125	1 360		1 360	6 485
<b>Global consolidated net income</b>	<b>19 250</b>	<b>2 528</b>	<b>1 122</b>		<b>22 900</b>	<b>48 110</b>	<b>1 243</b>	<b>49 353</b>	<b>72 253</b>
Income attributable to minority interest	( 1 639)	( 411)			( 2 050)	( 24 815)		( 24 815)	( 26 865)
<b>Consolidated net income of the BPI Group</b>	<b>17 611</b>	<b>2 117</b>	<b>1 122</b>		<b>20 850</b>	<b>23 295</b>	<b>1 243</b>	<b>24 538</b>	<b>45 388</b>
Cash flow after taxes	64 595	2 535	1 114		68 244	30 932	1 243	32 175	100 419

## 4. NOTES

### 4.1. Cash and deposits at Central Banks

This caption is made up as follows:

	Mar. 31, 12	Dec. 31, 11
Cash	264 409	319 814
Demand deposits at the Bank of Portugal	109 373	36 496
Demand deposits at foreign Central Banks	752 048	788 490
Accrued interest	131	318
	<b>1 125 961</b>	<b>1 145 118</b>

The caption "Demand deposits at the Bank of Portugal" includes deposits made to comply with the minimum cash reserve requirements of the European Central Bank System (ECBS). These deposits bear interest and correspond to 1% of the amount of customers' deposits and debt securities maturing in up to 2 years, excluding deposits and debt securities of entities subject to the ECBS minimum cash reserves regime.

### 4.2. Deposits at other Credit Institutions

This caption is made up as follows:

	Mar. 31, 12	Dec. 31, 11
Domestic Credit Institutions		
Demand deposits	82 692	2 877
Checks for collection	70 136	97 799
Other	443	1 800
Foreign Credit Institutions		
Demand deposits	267 384	277 871
Checks for collection	7 062	4 322
Accrued interest	63	99
	<b>427 780</b>	<b>384 768</b>

Cheques for collection from domestic Credit Institutions correspond to cheques drawn by third parties against domestic credit institutions, which in general do not remain in this account for more than one business day.

#### 4.3. Financial assets held for trading and at fair value through profit or loss

This caption is made up as follows:

	Mar. 31, 12	Dec. 31, 11
<b><u>Financial assets held for trading</u></b>		
<b>Debt Instruments</b>		
Bonds issued by Portuguese government entities	4 681	3 387
Bonds issued by foreign government entities	93 146	23 031
Bonds issued by other Portuguese entities		
Non-subordinated debt	4 340	1 960
Bonds issued by other foreign entities		
Non-subordinated debt	16 696	14 760
Subordinated debt	3 114	3 524
	<b>121 977</b>	<b>46 662</b>
<b>Equity instruments</b>		
Shares issued by Portuguese entities	94 798	96 063
Shares issued by foreign entities	54 977	51 600
	<b>149 775</b>	<b>147 663</b>
<b>Other securities</b>		
Participating units	97	92
	<b>97</b>	<b>92</b>
	<b>271 849</b>	<b>194 417</b>
<b><u>Financial assets at fair value through profit or loss</u></b>		
<b>Debt Instruments</b>		
Bonds issued by Portuguese government entities	12 669	72 805
Bonds issued by foreign government entities	110 657	81 648
Bonds issued by other Portuguese entities		
Non-subordinated debt	9 843	21 241
Bonds issued by foreign financial entities	752	730
Bonds issued by other foreign entities		
Non-subordinated debt	49 306	60 294
Subordinated debt	1 887	2 082
	<b>185 114</b>	<b>238 800</b>
<b>Equity instruments</b>		
Shares issued by Portuguese entities	437	403
Shares issued by foreign entities	21 971	21 973
	<b>22 408</b>	<b>22 376</b>
<b>Other securities</b>		
Participating units issued by Portuguese entities	18 370	11 936
Participating units issued by foreign entities	131 810	127 387
	<b>150 180</b>	<b>139 323</b>
	<b>357 702</b>	<b>400 499</b>
<b>Derivative instruments with positive fair value (Note 4.4)</b>	<b>346 582</b>	<b>342 574</b>
	<b>976 133</b>	<b>937 490</b>

This caption includes the following assets hedging capitalisation insurance products issued by BPI Vida:

	Mar. 31, 12	Dec. 31, 11
<b>Debt Instruments</b>		
Of public entities	123 326	154 453
Other entities	61 800	84 362
<b>Equity Instruments</b>	6 033	5 919
<b>Other securities</b>	150 277	139 323
<b>Derivative instruments with positive fair value</b>	303	747
	<b>341 739</b>	<b>384 804</b>

#### 4.4. Derivatives

The caption "Derivative instruments held for trading" (Notes 4.3 and 4.15) is made up as follows:

	Mar. 31, 12			Dec. 31, 11		
	Notional value <sup>1</sup>	Book value		Notional value <sup>1</sup>	Book value	
	Assets	Liabilities		Assets	Liabilities	
<b>Exchange rate contracts</b>						
Futures	239 448			239 448		
Options				1 087	6	
Exchange forwards and swaps	1 294 235	559	134	1 266 768	1 329	487
<b>Interest rate contracts</b>						
Futures	196 000		43	92 568	1 172	6
Options	550 533	5 433	5 028	965 982	7 992	7 578
Swaps	8 321 018	233 827	233 590	8 561 116	228 439	221 283
<b>Contracts over shares</b>						
Futures	38 856	277		38 378	5	239
Swaps	223 110	7 491	211	235 541	6 663	2 724
Options	188 310	2 236	397	219 316	1 934	429
<b>Contracts over other underlying items</b>						
Futures	155 732			165 204		
<b>Others</b>						
Options <sup>2</sup>	1 498 761	96 077	97 562	1 566 524	94 412	94 562
Others <sup>3</sup>	2 293 068		2 081	2 346 662		590
<b>Overdue derivatives</b>		682			622	
	<b>14 999 071</b>	<b>346 582</b>	<b>339 046</b>	<b>15 698 594</b>	<b>342 574</b>	<b>327 898</b>

<sup>1</sup> In the case of swaps and forwards only the asset amounts were considered.

<sup>2</sup> Parts of operations that are autonomous for accounting purposes, commonly referred to as "embedded derivatives".

<sup>3</sup> Corresponds to derivatives associated to Financial liabilities relating to transferred assets (Note 4.19).

The caption "Derivative instruments held for hedging" is made up as follows:

	Mar. 31, 12			Dec. 31, 11		
	Notional value <sup>1</sup>	Book value		Notional value <sup>1</sup>	Book value	
		Assets	Liabilities		Assets	Liabilities
<b>Exchange rate contracts</b>						
Exchange forwards and swaps	134 509	38		45 835	20	2
<b>Interest rate contracts</b>						
Futures	379 307	475	238	1 981 482	450	5 727
Swaps	16 595 203	251 116	618 524	17 073 707	234 657	604 522
<b>Contracts over shares</b>						
Swaps	347 973	11	7 076	366 449	46	9 546
<b>Contracts over credit events</b>						
Swaps	48 730	183	341	48 730	272	588
<b>Contracts over other underlying items</b>						
Swaps	64 535	2 433	1 155	72 976	4 212	1 333
<b>Others</b>						
Options <sup>2</sup>	704 109	40 490	40 490	716 726	40 186	40 186
	<b>18 274 366</b>	<b>294 746</b>	<b>667 824</b>	<b>20 305 905</b>	<b>279 843</b>	<b>661 904</b>

<sup>1</sup> In the case of swaps and forwards only the asset amounts were considered.

<sup>2</sup> Parts of operations that are autonomous for accounting purposes, commonly referred to as "embedded derivatives".

The BPI Group's operations include carrying out derivative transactions to manage its own positions based on expectations regarding market evolution (trading), meet the needs of its customers or hedge positions of a structural nature (hedging).

All derivatives (embedded or autonomous) are recorded at market value.

Derivatives are also recorded as off balance sheet items by their theoretical value (notional value). Notional value is the reference value for purposes of calculating the flow of payments and receipts resulting from the operation.

Market value (fair value) corresponds to the value of the derivatives if they were traded on the market on the reference date. Changes in the market value of derivatives are recognised in the appropriate balance sheet accounts and have an immediate effect on net income.

#### 4.5. Financial assets available for sale

This caption is made up as follows:

	Mar. 31, 12	Dec. 31, 11
<b>Debt instruments</b>		
Bonds issued by Portuguese government entities	4 670 855	2 068 275
Bonds issued by foreign government entities	3 259 695	3 354 008
Bonds issued by other Portuguese entities		
Non-subordinated debt	82 867	152 001
Bonds issued by other foreign entities		
Non-subordinated debt	308 359	295 366
Subordinated debt	684 383	628 200
Impairment	( 1 482)	( 1 530)
	<b>9 004 677</b>	<b>6 496 320</b>
<b>Equity instruments</b>		
Shares	71 774	75 708
Impairment	( 26 979)	( 26 968)
Quotas	48 161	48 161
Shares issued by foreign entities	33 080	31 884
Impairment	( 18 192)	( 18 221)
	<b>107 844</b>	<b>110 564</b>
<b>Other securities</b>		
Participating units issued by Portuguese entities	169 016	170 130
Impairment	( 3 954)	( 3 571)
Participating units issued by foreign entities	1 258	960
	<b>166 320</b>	<b>167 519</b>
<b>Loans and other receivables</b>		
	22 247	22 105
Impairment	( 18 382)	( 18 383)
	<b>3 865</b>	<b>3 722</b>
Overdue securities	1 077	1 077
Impairment	( 1 077)	( 1 077)
	<b>9 282 706</b>	<b>6 778 125</b>

Banco BPI holds a portfolio of fixed rate bonds, issued by national and international entities, in which the interest rate risk is hedged by derivative instruments.

The caption "Loans and other receivables" corresponds to shareholders' loans to, and supplementary capital contributions in, companies classified as financial assets available for sale.

In the review made by the Bank, no impaired securities were identified, other than the amounts already recognised.

The changes in impairment losses and provisions in the first quarters of 2012 and 2011 are shown in Note 4.20.

#### 4.6. Loans and advances to credit institutions

This caption is made up as follows:

	Mar. 31, 12	Dec. 31, 11
<b>Loans and advances to Bank of Portugal</b>	80 000	500 000
Loans and advances to other Portuguese credit institutions		
Very short term loans and advances	2 740	141 850
Deposits	1 500	3 000
Securities	100 092	107 846
Other loans	37 164	30 017
Securities purchased with resale agreements	18 717	15 412
Other advances	57 366	3 828
Accrued interest	3 599	3 193
	<b>221 178</b>	<b>305 146</b>
Loans and advances to other foreign Central Banks	510 863	247 246
Loans and advances to international financial organisations	64 116	64 430
Loans and advances to other foreign credit institutions		
Very short term loans and advances	139 000	350 981
Deposits	34 665	35 347
Loans	11 230	11 230
Securities purchased with resale agreements		122 967
Other loans and advances	744 632	691 535
Accrued interest	11 951	8 666
	<b>1 516 457</b>	<b>1 532 402</b>
Correction of the amount of hedged assets	55	83
Commission relating to amortised cost (net)	( 6)	( 37)
	<b>49</b>	<b>46</b>
	<b>1 817 684</b>	<b>2 337 594</b>
<b>Impairment</b>	<b>( 702)</b>	<b>( 3)</b>
	<b>1 816 982</b>	<b>2 337 591</b>

The changes in impairment losses and provisions in the first quarters of 2012 and 2011 are presented in Note 4.20.

#### 4.7. Loans and advances to customers

This caption is made up as follows:

	Mar. 31, 12	Dec. 31, 11
<b>Loans</b>		
Domestic loans		
Companies		
Discount	156 939	160 850
Loans	5 393 500	5 490 768
Commercial lines of credit	1 270 509	1 233 680
Demand deposits - overdrafts	409 771	415 704
Invoices received - factoring	648 304	777 982
Finance leasing	322 417	349 498
Real estate leasing	497 675	517 850
Other loans	22 678	22 519
Loans to individuals		
Housing	12 120 447	11 459 966
Consumer	890 851	919 141
Other loans	543 934	571 571
Foreign loans		
Companies		
Discount	948	1 564
Loans	2 410 913	2 498 083
Commercial lines of credit	261 946	332 740
Demand deposits - overdrafts	25 461	26 607
Invoices received - factoring	1 796	2 555
Finance leasing	1 417	1 363
Real estate leasing	1 058	1 081
Other loans	295 771	296 315
Loans to individuals		
Housing	160 088	162 516
Consumer	342 261	283 484
Other loans	69 690	75 710
Accrued interest	94 493	62 998
Deferred interest	( 161)	( 161)
	<b>25 942 706</b>	<b>25 664 545</b>
<b>Securities</b>		
Issued by Portuguese government entities	161 694	199 785
Issued by other Portuguese entities		
Non subordinated debt securities		
Bonds	705 612	694 672
Commercial paper	1 173 998	1 227 081
Issued by foreign government entities	39 307	185 427
Issued by other foreign entities		
Non subordinated debt securities		
Bonds	155 386	225 849
Subordinated debt securities	24 720	4 500
Accrued interest	11 886	31 666
Deferred interest	( 1 031)	( 3 629)
	<b>2 271 572</b>	<b>2 565 351</b>
Correction of the amount of hedged assets	40 426	35 888
Commission relating to amortised cost (net)	( 3 215)	295
	<b>28 251 489</b>	<b>28 266 079</b>
Overdue loans and interest	810 274	728 436
Loan impairment	( 662 396)	( 676 251)
	<b>28 399 367</b>	<b>28 318 264</b>

The caption "Loans to customers" includes the following non-derecognised securitised assets:

	Mar. 31, 12	Dec. 31, 11
<b>Non-derecognised securitised assets <sup>1</sup></b>		
Loans		
Housing	5 004 176	5 047 434
Loans to SME's	3 264 699	3 291 880
Ceded risk / benefit	( 762 157)	
Accrued interest	22 203	21 732
	<b>8 291 078</b>	<b>7 598 889</b>

The loans subject to securitisation operations carried out by Banco BPI were not derecognised from the Bank's balance sheet and are recorded under the caption "Loans". The amounts received by Banco BPI from these operations are recorded under the caption "Liabilities relating to assets not derecognised in securitisation operations" (Note 4.19).

During the first quarter of 2012, Banco BPI repurchased 35% of the equity pieces related to housing loans securitisation operations, which caused an increase of loans and advances to customers in the amount of 761 072 t. euro (in February 2012).

At March 31, 2012 and December 31, 2011 the caption "Loans to Customers" also included operations allocated to the Cover Pool given as collateral for Covered Bonds issued by Banco BPI (Note 4.18), namely:

- 5 610 018 t. euro e 5 423 645 t. euro, respectively, allocated as collateral to mortgage bonds,
- 493 183 t. euro e 530 848 t. euro, respectively, allocated as collateral to public sector bonds.

The securities portfolio includes the following assets to cover capitalization insurance contracts issued by BPI Vida:

	Mar. 31, 12	Dec. 31, 11
<b>Debt instruments</b>		
Issued by Portuguese government entities	161 694	199 785
Issued by other Portuguese entities	61 014	67 565
Issued by other foreign entities	140 070	185 167
	<b>362 778</b>	<b>452 517</b>

The changes in impairment losses and provisions in the first quarters of 2012 and 2011 are presented in Note 4.20.

#### 4.8 Held to maturity investments

This caption is made up as follows:

	Mar. 31, 12	Dec. 31, 11
<b>Debt Instruments</b>		
Bonds issued by other Portuguese entities		
Non-subordinated debt	252 526	278 946
Subordinated debt	5 450	5 450
Bonds issued by foreign government entities	59 913	213 181
Bonds issued by other foreign entities		
Non-subordinated debt	263 863	365 742
Subordinated debt	11 152	10 977
Impairment		( 117 733)
Accrued interest	6 050	9 627
	<b>598 954</b>	<b>766 190</b>

The portfolio of held to maturity investments includes assets to cover capitalization insurance contracts issued by BPI Vida.

#### 4.9. Other tangible assets

The changes in other tangible assets in the first quarter of 2012 were as follows:

	Gross						Depreciation						Net		
	Balance at Dec. 31, 11	Purch- ases	Sales and write-offs	Trans-fers and others	Foreign exchange differences	Balance at Mar. 31, 12	Balance at Dec. 31, 11	Depreciation for the period	Sales and write-offs	Transfers and others	Foreign exchange differences	Balance at Mar. 31, 12	Balance at Mar. 31, 12	Balance at Dec. 31, 11	
<b>Property</b>															
Property for own use	130 653				( 2 704)	127 949	24 318	595			( 237)	24 676	103 273	106 335	
Other property	314					314	159	1				160	154	155	
Leasehold improvements	114 522	89		923	( 1 223)	114 311	99 142	911			( 831)	99 222	15 089	15 380	
	<b>245 489</b>	<b>89</b>		<b>923</b>	<b>( 3 927)</b>	<b>242 574</b>	<b>123 619</b>	<b>1 507</b>			<b>( 1 068)</b>	<b>124 058</b>	<b>118 516</b>	<b>121 870</b>	
<b>Equipment</b>															
Furniture and fixtures	52 086	259	( 46)		( 316)	51 983	42 795	478	( 38)	( 2)	( 131)	43 102	8 881	9 291	
Machinery and tools	13 821	117	( 1)		( 94)	13 843	12 020	183			( 63)	12 140	1 703	1 801	
Computer hardware	187 311	400	( 301)	453	( 654)	187 209	173 131	2 284	( 297)		( 466)	174 652	12 557	14 180	
Interior installations	161 255	192	( 40)	77	( 185)	161 299	109 023	2 667	( 32)		( 85)	111 573	49 726	52 232	
Vehicles	9 542	439	( 423)		( 245)	9 313	6 490	434	( 423)	2	( 163)	6 340	2 973	3 052	
Security equipment	27 288	6	( 6)	45	( 158)	27 175	21 806	320	( 4)		( 49)	22 073	5 102	5 482	
Other equipment	746	2			( 17)	731	244	2				246	485	502	
	<b>452 049</b>	<b>1 415</b>	<b>( 817)</b>	<b>575</b>	<b>( 1 669)</b>	<b>451 553</b>	<b>365 509</b>	<b>6 368</b>	<b>( 794)</b>		<b>( 957)</b>	<b>370 126</b>	<b>81 427</b>	<b>86 540</b>	
Tangible assets in progress	13 533	1 606		( 1 535)	( 327)	13 277							13 277	13 533	
Other tangible assets	13 369		( 5)			13 364	10 204	73				10 277	3 087	3 165	
	<b>26 902</b>	<b>1 606</b>	<b>( 5)</b>	<b>( 1 535)</b>	<b>( 327)</b>	<b>26 641</b>	<b>10 204</b>	<b>73</b>				<b>10 277</b>	<b>16 364</b>	<b>16 698</b>	
	<b>724 440</b>	<b>3 110</b>	<b>( 822)</b>	<b>( 37)</b>	<b>( 5 923)</b>	<b>720 768</b>	<b>499 332</b>	<b>7 948</b>	<b>( 794)</b>		<b>( 2 025)</b>	<b>504 461</b>	<b>216 307</b>	<b>225 108</b>	

The changes in other tangible assets in the first quarter of 2011 were as follows:

	Gross						Depreciation						Net	
	Balance at Dec. 31, 10 Pro forma	Purcha- ses	Sales and write-offs	Trans- fers and others	Foreign exchange differences	Balance at Mar. 31, 11 Pro forma	Balance at Dec. 31, 10 Pro forma	Depreciation for the period	Sales and write-offs	Transfers and others	Foreign exchange differences	Balance at Mar. 31, 11 Pro forma	Balance at Mar. 31, 11 Pro forma	Balance at Dec. 31, 10 Pro forma
<b>Property</b>														
Property for own use	155 281	149	( 31 242)	770	( 5 072)	119 886	39 032	567	( 14 756)	2	( 419)	24 426	95 460	116 249
Other property	455					455	200	1				201	254	255
Leasehold improvements	118 612	51	( 392)		( 2 616)	115 655	99 971	997	( 392)	( 1)	( 1 668)	98 907	16 748	18 641
	<b>274 348</b>	<b>200</b>	<b>( 31 634)</b>	<b>770</b>	<b>( 7 688)</b>	<b>235 996</b>	<b>139 203</b>	<b>1 565</b>	<b>( 15 148)</b>	<b>1</b>	<b>( 2 087)</b>	<b>123 534</b>	<b>112 462</b>	<b>135 145</b>
<b>Equipment</b>														
Furniture and fixtures	50 674	82	( 3)	41	( 611)	50 183	41 039	490	( 3)	2	( 226)	41 302	8 881	9 635
Machinery and tools	14 011	54	( 52)	9	( 185)	13 837	11 782	203	( 52)		( 120)	11 813	2 024	2 229
Computer hardware	181 569	858	( 193)	563	( 1 210)	181 587	164 424	3 169	( 181)		( 807)	166 605	14 982	17 145
Interior installations	162 572	368	( 4 281)	584	( 336)	158 907	103 174	2 764	( 2 917)		( 172)	102 849	56 058	59 398
Vehicles	8 567	285	( 210)	64	( 486)	8 220	6 037	319	( 105)	( 60)	( 326)	5 865	2 355	2 530
Security equipment	26 769	23	( 29)	15	( 311)	26 467	21 015	327	( 28)		( 78)	21 236	5 231	5 754
Other equipment	748				( 36)	712	238	2		( 1)	( 2)	237	475	510
	<b>444 910</b>	<b>1 670</b>	<b>( 4 768)</b>	<b>1 276</b>	<b>( 3 175)</b>	<b>439 913</b>	<b>347 709</b>	<b>7 274</b>	<b>( 3 286)</b>	<b>( 59)</b>	<b>( 1 731)</b>	<b>349 907</b>	<b>90 006</b>	<b>97 201</b>
Tangible assets in progress	16 250	181		( 1 342)	( 726)	14 363							14 363	16 250
Other tangible assets	13 800		( 75)	6		13 731	10 319	78	( 69)			10 328	3 403	3 481
	<b>30 050</b>	<b>181</b>	<b>( 75)</b>	<b>( 1 336)</b>	<b>( 726)</b>	<b>28 094</b>	<b>10 319</b>	<b>78</b>	<b>( 69)</b>			<b>10 328</b>	<b>17 766</b>	<b>19 731</b>
	<b>749 308</b>	<b>2 051</b>	<b>( 36 477)</b>	<b>710</b>	<b>( 11 589)</b>	<b>704 003</b>	<b>497 231</b>	<b>8 917</b>	<b>( 18 503)</b>	<b>( 58)</b>	<b>( 3 818)</b>	<b>483 769</b>	<b>220 234</b>	<b>252 077</b>

#### 4.10. Intangible assets

The changes in intangible assets in the first quarter of 2012 were as follows:

	Gross				Depreciation				Net		
	Balance at Dec. 31, 11	Purchases	Transfers and others	Foreign exchange differences	Balance at Mar. 31, 12	Balance at Dec. 31, 11	Depreciation for the period	Foreign exchange differences	Balance at Mar. 31, 12	Balance at Mar. 31, 12	Balance at Dec. 31, 11
Software	60 371	500	505	( 104)	61 272	56 770	533	( 52)	57 251	4 021	3 601
Other intangible assets	30 553			( 48)	30 505	27 834	13	( 48)	27 799	2 706	2 719
	<b>90 924</b>	<b>500</b>	<b>505</b>	<b>( 152)</b>	<b>91 777</b>	<b>84 604</b>	<b>546</b>	<b>( 100)</b>	<b>85 050</b>	<b>6 727</b>	<b>6 320</b>
Intangible assets in progress	3 237	977	( 479)		3 735					3 735	3 237
	<b>94 161</b>	<b>1 477</b>	<b>26</b>	<b>( 152)</b>	<b>95 512</b>	<b>84 604</b>	<b>546</b>	<b>( 100)</b>	<b>85 050</b>	<b>10 462</b>	<b>9 557</b>

The changes in intangible assets in the first quarter of 2011 were as follows:

	Gross				Depreciation				Net		
	Balance at Dec. 31, 10 Pro forma	Purcha- ses	Transfers and others	Foreign exchange differen- ces	Balance at Mar. 31, 11 Pro forma	Balance at Dec. 31, 10 Pro forma	Deprecia- tion for the period	Foreign exchange differences	Balance at Mar. 31, 11 Pro forma	Balance at Mar. 31, 11 Pro forma	Balance at Dec. 31, 10 Pro forma
Software	57 659	15	607	( 122)	58 159	54 671	539	( 87)	55 123	3 036	2 988
Other intangible assets	31 152		( 1)	( 106)	31 045	29 446	408	( 101)	29 753	1 292	1 706
	<b>88 811</b>	<b>15</b>	<b>606</b>	<b>( 228)</b>	<b>89 204</b>	<b>84 117</b>	<b>947</b>	<b>( 188)</b>	<b>84 876</b>	<b>4 328</b>	<b>4 694</b>
Intangible assets in progress	1 684	11	( 609)		1 086					1 086	1 684
	<b>90 495</b>	<b>26</b>	<b>( 3)</b>	<b>( 228)</b>	<b>90 290</b>	<b>84 117</b>	<b>947</b>	<b>( 188)</b>	<b>84 876</b>	<b>5 414</b>	<b>6 378</b>

#### 4.11. Investments in associated companies and jointly controlled entities

Investments in associated companies and jointly controlled entities, recorded in accordance with the equity method, are as follows:

	Effective participation (%)		Book value	
	Mar. 31, 12	Dec. 31, 11	Mar. 31, 12	Dec. 31, 11
Banco Comercial e de Investimentos, S.A.R.L.	30.0	30.0	34 850	34 954
Companhia de Seguros Allianz Portugal, S.A.	35.0	35.0	74 219	63 937
Cosec – Companhia de Seguros de Crédito, S.A.	50.0	50.0	24 224	22 828
F. Turismo – Capital de Risco, S.A.	25.0	25.0	1 601	1 530
Finangeste – Empresa Financeira de Gestão e Desenvolvimento, S.A.	32.8	32.8	26 901	26 858
Inter-Risco - Sociedade de Capital de Risco, S.A.	49.0	49.0	578	527
Unicre - Instituição Financeira de Crédito, S.A.	21.0	21.0	29 171	28 610
			<b>191 544</b>	<b>179 244</b>

#### 4.12. Tax assets

This caption is made up as follows:

	Mar. 31, 12	Dec. 31, 11
<b>Current tax assets</b>		
Corporate income tax recoverable	5 306	6 312
Others	2 487	2 463
	<b>7 793</b>	<b>8 775</b>
<b>Deferred tax assets</b>		
Due to temporary differences	682 774	784 846
Due to tax losses carried forward	107 511	109 908
	<b>790 285</b>	<b>894 754</b>
	<b>798 078</b>	<b>903 529</b>

Details of deferred tax assets are presented in Note 4.42.

#### 4.13. Other assets

This caption is made up as follows:

	Mar. 31, 12	Dec. 31, 11
<b>Debtors, other applications and other assets</b>		
Debtors for future operations	11 284	15 461
Collateral accounts	3 555	3 411
Other applications	3 648	8 334
VAT recoverable		5 332
Debtors for loan interest subsidy receivable	9 010	7 688
Other debtors	150 066	156 805
Overdue debtors and other applications	361	337
Impairment	( 391)	( 381)
<b>Other assets</b>		
Gold	93	61
Other available funds and other assets	810	814
	<b>178 436</b>	<b>197 862</b>
<b>Tangible assets available for sale</b>	<b>148 826</b>	<b>145 725</b>
Impairment	( 56 980)	( 54 663)
	<b>91 846</b>	<b>91 062</b>
<b>Accrued income</b>		
For irrevocable commitments assumed in relation to third parties	250	255
For banking services rendered to third parties	3 073	2 944
Other accrued income	14 787	27 114
	<b>18 110</b>	<b>30 313</b>
<b>Deferred expenses</b>		
Insurance	38	20
Rent	2 094	2 106
Contributions to the Deposit Guarantee Fund	2	
Other deferred expenses	12 961	7 374
	<b>15 095</b>	<b>9 500</b>
<b>Liability for pensions and other benefits</b>	<b>55 382</b>	<b>69</b>
<b>Other accounts</b>		
Foreign exchange transactions pending settlement	26 058	43 194
Stock exchange transactions pending settlement		1 963
Non stock exchange transactions pending settlement		1 057
Operations on assets pending settlement	229 956	316 070
	<b>256 014</b>	<b>362 284</b>
	<b>614 883</b>	<b>691 090</b>

The caption "Other debtors" at March 31, 2012 and December 31, 2011 includes 127 305 t. euro and 131 407 t. euro, respectively, relating to instalments receivable from the sale in 2008 of 49.9% of the share capital of Banco de Fomento (Angola). The selling price was 365 671 t. euro, part of the proceeds from the sale being paid in eight annual instalments, from 2009 to 2016, plus compensation due to monetary correction.

The changes in tangible assets available for sale in the first quarter of 2012 were as follows:

	Balance at Dec. 31, 11			Aquisi- tions and transfers	Sales and write-offs		Increase / Reversals of impairment	Balance at Mar. 31, 12		
	Gross	Impair- ment	Net		Gross	Impair- ment		Gross	Impair- ment	Net
<b>Assets received in settlement of defaulting loans</b>										
Real estate	139 198	( 53 561)	85 637	12 524	( 9 487)	1 820	( 4 071)	142 235	( 55 812)	86 423
Equipment	2 151	( 838)	1 313	1 085	( 1 021)	94	( 160)	2 215	( 904)	1 311
Others	61	( 61)						61	( 61)	
<b>Other tangible assets</b>										
Real estate	4 315	( 203)	4 112					4 315	( 203)	4 112
	<b>145 725</b>	<b>( 54 663)</b>	<b>91 062</b>	<b>13 609</b>	<b>( 10 508)</b>	<b>1 914</b>	<b>( 4 231)</b>	<b>148 826</b>	<b>( 56 980)</b>	<b>91 846</b>

The changes in tangible assets available for sale in the first quarter of 2011 were as follows:

	Balance at Dec. 31, 10 Pro forma			Aquisi- tions and transfers	Sales and write-offs		Increase / Reversals of impairment	Balance at Mar. 31, 11 Pro forma		
	Gross	Impair- ment	Net		Gross	Impair- ment		Gross	Impair- ment	Net
<b>Assets received in settlement of defaulting loans</b>										
Real estate	114 396	( 39 985)	74 411	9 440	( 6 898)	1 119	( 4 379)	116 938	( 43 245)	73 693
Equipment	2 423	( 818)	1 605	1 346	( 1 250)	95	( 208)	2 519	( 931)	1 588
Others	61	( 61)						61	( 61)	
<b>Other tangible assets</b>										
Real estate	408	( 94)	314				( 107)	408	( 201)	207
	<b>117 288</b>	<b>( 40 958)</b>	<b>76 330</b>	<b>10 786</b>	<b>( 8 148)</b>	<b>1 214</b>	<b>( 4 694)</b>	<b>119 926</b>	<b>( 44 438)</b>	<b>75 488</b>

The caption "Stock and Non stock exchange transactions pending settlement" at December 31, 2011 refers to the sale of securities only settled in the following month.

The caption "Operations on assets pending settlement" at March 31, 2012 and December 31, 2011 includes 15 960 t. euro relating to taxes to be settled, of which 11 977 t. euro, relates to taxes under litigation which were paid under the provisions of Decree-Law 248-A / 02 of November 14.

In addition, at March 31, 2012 and December 31, 2011 this caption also includes 175 502 t. euro and 202 787 t. euro, respectively, relating to securitisation operations carried out by the BPI Group (Notes 4.7 and 4.19), resulting from temporary differences between settlement of the securitised loans and settlement of the liability for assets not derecognized.

The changes in impairment losses and provisions in the first quarters of 2012 and 2011 are presented in Note 4.20.

#### 4.14. Resources of Central Banks

This caption is made up as follows:

	Mar. 31, 12	Dec. 31, 11
Resources of the Bank of Portugal		
Deposits	4 139 354	2 300 000
Accrued interest	7 350	879
Resources of other Central Banks		
Deposits	20 000	196 817
Accrued interest	116	1 501
	<b>4 166 820</b>	<b>2 499 197</b>

During the first quarter of 2012 and in 2011, Banco BPI took funds from the EuroSystem, using part of its portfolio of eligible assets for this purpose (Note 4.32).

#### 4.15. Financial liabilities held for trading

This caption is made up as follows:

	Mar. 31, 12	Dec. 31, 11
<b>Short selling</b>		
Debt instruments		
Bonds issued by foreign government entities	126 340	
<b>Derivative instruments with negative fair value (Note 4.4)</b>	339 046	327 898
	<b>339 046</b>	<b>454 238</b>

#### 4.16. Resources of other credit institutions

This caption is made up as follows:

	Mar. 31, 12	Dec. 31, 11
<b>Resources of Portuguese credit institutions</b>		
Very short term resources	133 718	
Deposits	50 322	52 251
Loans	35	36
Debt securities sold with repurchase agreements	19 072	15 469
Other resources	6 630	6 211
Accrued interest	602	237
	<b>210 379</b>	<b>74 204</b>
<b>Resources of foreign credit institutions</b>		
Deposits of international financial organisations	404 688	404 688
Very short term resources	41 320	7 878
Deposits	296 666	406 209
Debt securities sold with repurchase agreements	1 148 945	1 072 632
Other resources	146 744	98 767
Accrued interest	472	2 106
	<b>2 038 835</b>	<b>1 992 280</b>
Correction of the amount of hedged liabilities	8 869	8 793
Commission relating to amortised cost	( 922)	( 3 757)
	<b>2 257 161</b>	<b>2 071 520</b>

#### 4.17. Resources of customers and other debts

This caption is made up as follows:

	Mar. 31, 12	Dec. 31, 11
Demand deposits	7 328 022	7 535 773
Term deposits	16 482 534	15 913 407
Savings deposits	305 969	313 498
Compulsory deposits	9 672	9 785
Cheques and orders payable	53 823	49 365
Other resources of customers	60 408	55 613
Capitalisation insurance products - Unit links	369 066	373 264
Capitalisation insurance products - guaranteed rate	189 665	206 543
Accrued interest	217 924	186 726
	25 017 083	24 643 974
Correction of the amount of hedged liabilities	39 092	27 354
	<b>25 056 175</b>	<b>24 671 328</b>

The caption "Resources of customers" at March 31, 2012 included 317 141 t. euro and 390 496 t. euro, respectively, relating to deposits of investment funds and pension funds managed by the BPI Group (205 545 t. euro and 275 092 t. euro, respectively, at December 31, 2011).

#### 4.18. Debt securities

This caption is made up as follows:

	Mar. 31, 12			Average interest rate	Dec. 31, 11			Average interest rate
	Issued	Repurchased	Balance		Issued	Repurchased	Balance	
<b>Deposit Certificates</b>								
EUR	22	22	22	3.5%	27	27	27	3.5%
	<b>22</b>	<b>22</b>	<b>22</b>		<b>27</b>	<b>27</b>	<b>27</b>	
<b>Commercial Paper</b>								
EUR	44 740		44 740	3.3%	29 716		29 716	2.8%
	<b>44 740</b>		<b>44 740</b>		<b>29 716</b>		<b>29 716</b>	
<b>Covered Bonds</b>								
EUR	4 525 000	(1 990 600)	2 534 400	2.5%	4 525 000	(1 909 500)	2 615 500	2.7%
	<b>4 525 000</b>	<b>(1 990 600)</b>	<b>2 534 400</b>		<b>4 525 000</b>	<b>(1 909 500)</b>	<b>2 615 500</b>	
<b>Fixed rate cash bonds</b>								
EUR	2 323 931	( 377 347)	1 946 584	3.5%	3 004 862	( 470 019)	2 534 843	3.5%
CHF	826	( 58)	768	2.3%	819	( 58)	761	2.3%
USD	145 788	( 20 803)	124 985	3.2%	150 487	( 20 315)	130 172	2.8%
CAD	22 744	( 3 065)	19 679	3.3%	22 910	( 3 000)	19 910	3.3%
JPY	36 510		36 510	2.5%	39 920		39 920	2.5%
	<b>2 529 799</b>	<b>( 401 273)</b>	<b>2 128 526</b>		<b>3 218 998</b>	<b>( 493 392)</b>	<b>2 725 606</b>	
<b>Variable rate cash bonds</b>								
EUR	502 344	( 359 496)	142 848	2.3%	1 087 217	( 487 633)	599 584	2.5%
USD	7 487	( 696)	6 791	3.0%	7 729		7 729	3.0%
	<b>509 831</b>	<b>( 360 192)</b>	<b>149 639</b>		<b>1 094 946</b>	<b>( 487 633)</b>	<b>607 313</b>	
<b>Variable income cash bonds</b>								
EUR	797 509	( 292 035)	505 474		828 209	( 304 529)	523 680	
USD	90 371	( 72 939)	17 432		93 284	( 74 854)	18 430	
	<b>887 880</b>	<b>( 364 974)</b>	<b>522 906</b>		<b>921 493</b>	<b>( 379 383)</b>	<b>542 110</b>	
	<b>8 497 272</b>	<b>( 3 117 039)</b>	<b>5 380 233</b>		<b>9 790 180</b>	<b>( 3 269 908)</b>	<b>6 520 272</b>	
Accrued interest			49 927					80 076
Correction of the amount of hedged liabilities			113 624					111 119
Premiums and commission (net)			( 16 285)					( 19 514)
			147 266					171 681
			<b>5 527 499</b>					<b>6 691 953</b>

The changes in the bonds issued by the BPI Group during the first quarter of 2012 were as follows:

	Deposit Certificates	Commercial Paper	Covered Bonds	Fixed rate bonds	Variable rate bonds	Variable income bonds	Total
Balance at December 31, 2011	27	29 716	2 615 500	2 725 606	607 313	542 110	6 520 272
Bonds issued during the year		44 740		33 360			78 100
Bonds redeemed	( 5)	( 29 716)		( 714 291)	( 584 873)	( 30 700)	( 1 359 585)
Repurchases (net of resales)			( 81 100)	91 462	127 440	12 071	149 873
Exchange difference				( 7 611)	( 241)	( 575)	( 8 427)
Balance at March 31, 2012	22	44 740	2 534 400	2 128 526	149 639	522 906	5 380 233

The changes in the bonds issued by the BPI Group in 2011 were as follows:

	Deposit Certificates	Commercial Paper	Covered Bonds	Fixed rate bonds	Variable rate bonds	Variable income bonds	Total
Balance at December 31, 2010 Pro forma	76	990	2 465 250	3 224 334	1 126 049	831 582	7 648 281
Bonds issued during the year		29 716	800 000	1 020 174	27 729	121 829	1 999 448
Bonds redeemed	( 49)	( 990)		(1 324 008)	( 649 355)	( 642 333)	( 2 616 735)
Repurchases (net of resales)			( 649 750)	( 202 445)	102 890	230 075	( 519 230)
Exchange difference				7 551		957	8 508
Balance at December 31, 2011	27	29 716	2 615 500	2 725 606	607 313	542 110	6 520 272

Bonds issued by the BPI Group at March 31, 2012, by maturity date, are as follows:

	Maturity					
	2012	2013	2014	2015-2018	> 2018	Total
<b>Deposit Certificates</b>						
EUR	13	9				22
	13	9				22
<b>Commercial Paper</b>						
EUR	44 740					44 740
	44 740					44 740
<b>Covered Bonds</b>						
EUR	937 000			1 597 400		2 534 400
	937 000			1 597 400		2 534 400
<b>Fixed rate bonds</b>						
EUR	530 273	800 040	377 904	192 172	46 195	1 946 584
CHF		768				768
USD		114 394	10 591			124 985
CAD		19 679				19 679
JPY				36 510		36 510
	530 273	934 881	388 495	192 172	82 705	2 128 526
<b>Variable rate bonds</b>						
EUR	30 736	12 112	100 000			142 848
USD		6 791				6 791
	30 736	18 903	100 000			149 639
<b>Variable income bonds</b>						
EUR	90 626	272 519	124 781	17 548		505 474
USD	11 184	4 511	1 737			17 432
	101 810	277 030	126 518	17 548		522 906
<b>Total</b>	<b>1 644 572</b>	<b>1 230 823</b>	<b>615 013</b>	<b>1 807 120</b>	<b>82 705</b>	<b>5 380 233</b>

Bonds issued by the BPI Group at December 31, 2011 by maturity date, are as follows:

	Maturity					
	2012	2013	2014	2015-2018	> 2018	Total
<b>Deposit Certificates</b>						
EUR	18	9				27
	18	9				27
<b>Commercial Paper</b>						
EUR	29 716					29 716
	29 716					29 716
<b>Covered Bonds</b>						
EUR	937 050			1 678 450		2 615 500
	937 050			1 678 450		2 615 500
<b>Fixed rate bonds</b>						
EUR	1 125 790	813 319	352 597	198 094	45 043	2 534 843
CHF		761				761
USD		119 120	11 052			130 172
CAD		19 910				19 910
JPY				39 920	39 920	
	1 125 790	953 110	363 649	198 094	84 963	2 725 606
<b>Variable rate bonds</b>						
EUR	486 796	12 788	100 000			599 584
USD		7 729				7 729
	486 796	20 517	100 000			607 313
<b>Variable income bonds</b>						
EUR	99 574	278 878	126 251	18 977		523 680
USD	11 904	4 656	1 870			18 430
	111 478	283 534	128 121	18 977		542 110
<b>Total</b>	<b>2 690 848</b>	<b>1 257 170</b>	<b>591 770</b>	<b>1 895 521</b>	<b>84 963</b>	<b>6 520 272</b>

#### 4.19. Financial liabilities relating to transferred assets

This caption is made up as follows:

	Mar. 31, 12	Dec. 31, 11
<b>Liabilities relating to assets not derecognised in securitisation operations (Note 4.7)</b>		
Loans		
Housing loans	5 162 178	5 169 563
Loans to SME's	3 455 761	3 509 032
Liabilities held by the BPI Group	(6 726 660)	(6 492 311)
Risk / benefit on housing loans ceded		( 772 593)
Accrued costs	5 143	4 141
Commission relating to amortised cost (net)	( 3 186)	( 3 235)
	<b>1 893 236</b>	<b>1 414 597</b>

During the first quarter of 2012, Banco BPI repurchased 35% of the equity piece related to securitisation operations DOURO Mortgages Nº 1, DOURO Mortgages No. 2 and DOURO Mortgages No. 3, in the amount of 770 416 t.euro (in February 2012).

#### 4.20. Provisions and impairment losses

The changes in provisions and impairment losses of the Group during the first quarter of 2012 were as follows:

	Balance at Dec. 31, 11	Increases	Decreases and reversals	Utilisation	Exchange differences and others	Balance at Mar. 31, 12
<b>Impairment losses on loans and advances to credit institutions (Note 4.6)</b>	3	709			( 10)	702
<b>Impairment losses on loans and advances to customers (Note 4.7)</b>	676 251	56 335	( 6 224)	( 61 425)	( 2 541)	662 396
<b>Impairment losses on financial assets available for sale (Note 4.5)</b>						
Debt instruments	2 607		( 48)			2 559
Equity instruments	45 189	11			( 29)	45 171
Other securities	3 571	383				3 954
Loans and other receivables	18 383				( 1)	18 382
<b>Impairment losses on financial assets held to maturity (Note 4.8)</b>						
Debt instruments	117 733			( 117 733)		
<b>Impairment losses on other assets (Note 4.13)</b>						
Tangible assets held for sale	54 663	14 530	( 10 299)	( 1 914)		56 980
Debtors, other applications and other assets	381	9		1		391
<b>Impairment losses and provisions for guarantees and commitments</b>	35 009	3 421	( 10)		( 84)	38 336
<b>Other provisions</b>	93 179	1 087	( 30)	( 787)	( 362)	93 087
	<b>1 046 969</b>	<b>76 485</b>	<b>( 16 611)</b>	<b>( 181 858)</b>	<b>( 3 027)</b>	<b>921 958</b>

During the first quarter of 2012, the increases in impairment losses on loans and advances to customers include 4 250 t.euro associated to loans recognized on the repurchase, by Banco BPI, of the 35% of the equity piece related to securitisation operations (Notes 4.7 and 4.19).

The changes in provisions and impairment losses of the Group during the first quarter of 2011 were as follows:

	Balance at Dec. 31, 10 Pro forma	Increases	Decreases and reversals	Utilisation	Exchange differences and others	Balance at Mar. 31, 11 Pro forma
<b>Impairment losses on loans and advances to credit institutions</b>	382			( 371)	( 8)	3
<b>Impairment losses on loans and advances to customers</b>	553 932	63 178	( 28 895)	( 172)	( 5 323)	582 720
<b>Impairment losses on financial assets available for sale</b>						
Debt instruments	2 558		( 87)			2 471
Equity instruments	42 158				( 48)	42 110
Other securities	3 221	138				3 359
Loans and other receivables	5 283	1 308			( 2)	6 589
<b>Impairment losses on other assets</b>						
Tangible assets held for sale	40 958	7 353	( 2 659)	( 1 214)		44 438
Debtors, other applications and other assets	970		( 31)			939
<b>Impairment losses and provisions for guarantees and commitments</b>	35 018	659	( 1 194)		( 163)	34 320
<b>Other provisions</b>	75 555	5 430	( 33)	( 151)	( 1 522)	79 279
	<b>760 035</b>	<b>78 066</b>	<b>( 32 899)</b>	<b>( 1 908)</b>	<b>( 7 066)</b>	<b>796 228</b>

#### 4.21. Technical provisions

This caption is made up as follows:

	Mar. 31, 12	Dec. 31, 11
Immediate Life Annuity / Individual	5	5
Immediate Life Annuity / Group	42	42
Family Savings	44	43
BPI New Family Savings	1 314 981	1 454 899
BPI Retirement Guaranteed	105 138	105 954
BPI Retirement Savings	907 542	943 852
BPI Non Resident Savings	108 187	110 651
Planor	4 958	4 860
PPR BBI Life	3 569	3 662
Savings Investment Plan / Youths	1 128	1 123
South PPR	94	90
	<b>2 445 688</b>	<b>2 625 181</b>

The technical provisions were computed on a prospective actuarial basis, contract by contract, in accordance with the technical bases of the products.

#### Immediate income

Individual	Interest Rate 6%
	Mortality Table PF 60/64
Group	Interest Rate 6%
	Mortality Table PF 60/64

#### Deferred capital with Counterinsurance with Participation in Results

Group	Interest Rate 4% and 0%
	Mortality Table PF 60/64, TV 73-77 and GRF 80

The technical provisions also include a provision for rate commitments, which is recorded when the effective profitability of the assets that represent the mathematical provisions of a determined product is lower than the technical interest rate used to calculate the mathematical provisions.

The BPI New Family Savings, BPI Retirement Savings PPR and BPI Non Resident Savings are capitalisation products with guaranteed capital and participation in the results.

#### 4.22. Tax liabilities

This caption is made up as follows:

	Mar. 31, 12	Dec. 31, 11
<b>Current Tax Liability</b>		
Corporate income tax payable	10 477	4 337
Other	915	767
	<b>11 392</b>	<b>5 104</b>
<b>Deferred Tax Liability</b>		
On temporary differences	54 577	27 839
	<b>54 577</b>	<b>27 839</b>
	<b>65 969</b>	<b>32 943</b>

Details of the deferred tax liability are presented in Note 4.42.

#### 4.23. Participating bonds

This caption is made up as follows:

	Mar. 31, 12			Average interest rate	Dec. 31, 11			Average interest rate
	Issued	Repurchased	Balance		Issued	Repurchased	Balance	
<b>Participating bonds</b>								
EUR	28 081	( 23 785)	4 296	2.4%	28 081	( 23 486)	4 595	2.4%
	<b>28 081</b>	<b>( 23 785)</b>	<b>4 296</b>		<b>28 081</b>	<b>( 23 486)</b>	<b>4 595</b>	
Accrued interest			64				42	
			<b>4 360</b>				<b>4 637</b>	

The changes in debt issued by the BPI Group during the first quarter of 2012 were as follows:

#### Participating bonds

Balance at December 31, 2011	4 595
Repurchases (net of resales)	( 299)
Balance at March 31, 2012	4 296

The changes in debt issued by the BPI Group during 2011 were as follows:

#### Participating bonds

Balance at December 31, 2010 Pro forma	7 122
Repurchases (net of resales)	( 2 527)
Balance at December 31, 2011	4 595

The participating bonds can be redeemed at par at the request of the participants with the approval of the Bank or at the initiative of the Bank with six months notice.

#### 4.24. Subordinated debt

This caption is made up as follows:

	Mar. 31, 12			Average interest rate	Dec. 31, 11			Average interest rate
	Issued	Repurchased	Balance		Issued	Repurchased	Balance	
<b>Perpetual bonds</b>								
EUR	420 000	( 360 000)	60 000	2.4%	420 000	( 360 000)	60 000	2.9%
JPY	68 456	( 68 456)		2.9%	74 850	( 74 850)		0.3%
	<b>488 456</b>	<b>( 428 456)</b>	<b>60 000</b>		<b>494 850</b>	<b>( 434 850)</b>	<b>60 000</b>	
<b>Other Bonds</b>								
EUR	404 200	( 277 357)	126 843	2.0%	404 200	( 254 733)	149 467	2.5%
JPY	159 730	( 159 730)		2.8%	174 651	( 174 651)		2.8%
	<b>563 930</b>	<b>( 437 087)</b>	<b>126 843</b>		<b>578 851</b>	<b>( 429 384)</b>	<b>149 467</b>	
Accrued interest			241				209 467	
Correction of the amount of hedged liabilities			94				99	
Premiums (net)			( 6)				( 8)	
			<b>329</b>				<b>387</b>	
				187 172				209 854

The changes in debt issued by the BPI Group during the first quarter of 2012 were as follows:

	Perpetual bonds	Other bonds	Total
Balance at December 31, 2011	60 000	149 467	209 467
Bonds redeemed			
Repurchases (net of resales)		( 22 624)	( 22 624)
Exchange difference			
Balance at March 31, 2012	60 000	126 843	186 843

The changes in debt issued by the BPI Group during 2011 were as follows:

	Perpetual bonds	Other bonds	Total
Balance at December 31, 2010 Pro forma	129 029	483 399	612 428
Bonds redeemed		( 30 000)	( 30 000)
Repurchases (net of resales)	( 74 850)	( 317 515)	( 392 365)
Exchange difference	5 821	13 583	19 404
Balance at December 31, 2011	60 000	149 467	209 467

Debt issued by the BPI Group at March 31, 2012 is made up as follows, by residual term to maturity:

	Maturity					
	2012	2013	2014	2015-2018	> 2018	Total
<b>Perpetual Bonds</b>						
EUR <sup>1</sup>	60 000					60 000
	60 000					60 000
<b>Other Bonds</b>						
EUR		2 369		124 474		126 843
		2 369		124 474		126 843
<b>Total</b>	<b>60 000</b>	<b>2 369</b>	<b>124 474</b>	<b>124 474</b>	<b>186 843</b>	

<sup>1</sup> Date of the call option (September 2012); after that date, if the option is not exercised, the remuneration is stepped up.

Debt issued by the BPI Group at December 31, 2011 is made up as follows, by residual term to maturity:

	Maturity					
	2012	2013	2014	2015-2018	> 2018	Total
<b>Perpetual Bonds</b>						
EUR <sup>1</sup>	60 000					60 000
	60 000					60 000
<b>Other Bonds</b>						
EUR		2 369		147 098		149 467
		2 369		147 098		149 467
<b>Total</b>	<b>60 000</b>	<b>2 369</b>	<b>147 098</b>	<b>147 098</b>	<b>209 467</b>	

<sup>1</sup> Date of the call option (September 2012); after that date, if the option is not exercised, the remuneration is stepped up.

#### 4.25. Other liabilities

This caption is made up as follows:

	Mar. 31, 12	Dec. 31, 11
<b>Creditors and other resources</b>		
Creditors for futures operations	5 923	6 510
Consigned resources	32 576	13 543
Captive account resources	6 556	6 798
Subscription account resources		
Guarantee account resources	14 252	15 090
State administrative sector		
Value Added Tax (VAT) payable	4 369	5 482
Tax withheld at source	18 150	17 852
Social Security contributions	4 414	4 584
Other	146	282
Contributions to other health systems	1 392	1 432
Creditors for factoring contracts	11 414	14 177
Creditors for the supply of assets	4 196	7 623
Contributions owed to the Pension Fund		
Pensioners and employees	37 888	
Directors	2 806	
Other creditors	123 467	119 078
Deferred costs	( 351)	( 85)
	226 504	253 060
<b>Liability for pensions and other benefits</b>		38 278
<b>Accrued costs</b>		
Creditors and other resources	344	303
Personnel costs	120 885	105 278
General administrative costs	33 296	32 041
Contributions to the Investors Indemnity System	1 084	6 914
Others	2 424	2 123
	158 033	146 659
<b>Deferred income</b>		
On guarantees given and other contingent liabilities	5 093	5 324
Others	4 975	4 589
	10 068	9 913
<b>Other accounts</b>		
Stock exchange transactions pending settlement	118 733	
Non stock exchange transactions pending settlement	4 154	
Liabilities pending settlement	290 600	188 151
Other operations pending settlement	26 321	31 928
	439 808	220 079
	<b>834 413</b>	<b>667 989</b>

The amounts recorded under the captions "Stock and Non stock exchange transactions pending settlement" at March 31, 2012 correspond to securities purchased which were only settled in the following month.

The caption "Liabilities pending settlement" at March 31, 2012 and December 31, 2011 includes:

- 72 934 t. euro and 75 429 t. euro, respectively, relating to electronic interbank transfer transactions;
- 31 780 t. euro and 31 292 t. euro, respectively, relating to loan securitisation fund transactions;
- 14 467 t. euro and 13 993 t. euro, respectively, relating to ATM/POS transactions to be settled with SIBS;
- 606 t euro and 26 362 t. euro, respectively, relating to transfers made through the "SPGT".

#### 4.26. Capital

On April 27, 2011, the Shareholders' General Meeting approved a subscribed share capital increase of Banco BPI from 900 000 t. euro to 990 000 t. euro through the issuance of 90 000 000 ordinary shares of 1 euro by incorporation of reserves.

#### 4.27. Share Premium account

The changes in the share premium account in 2011 were as follows:

<b>Balance at December 31, 2010 Proforma</b>	441 306
Use of share premiums to cover negative retained earnings	(312 874)
<b>Balance at December 31, 2011</b>	128 432

The Shareholders' General Meeting held on April 27, 2011, approved the use of 312 874 t. euro of share premiums to cover negative retained earnings.

During the first quarter of 2012 there were no changes on this caption.

In accordance with Ministerial Order 408/99 of June 4, published in Diário da República – 1st B Series, nº 129, the share premium account may not be used to pay dividends or to acquire treasury shares.

#### 4.28. Other equity instruments and treasury shares

These captions are made up as follows:

	Mar. 31, 12	Dec. 31, 11
<b>Other equity instruments</b>		
Cost of shares to be made available to Group employees		
RVA 2008	49	
RVA 2009	6	12
RVA 2010	73	65
RVA 2011	4	3
RVA 2012	1	
Costs of options not exercised (premiums)		
RVA 2007	5 725	5 725
RVA 2008	828	828
RVA 2009	814	814
RVA 2010	425	401
RVA 2011	166	133
RVA 2012	33	
	8 075	8 030
<b>Treasury shares</b>		
Shares to be made available to Group employees		
RVA 2008	43	
RVA 2009	8	14
RVA 2010	6	6
Shares hedging RVA options		
RVA 2005		
RVA 2007	14 619	14 619
RVA 2008	3 045	3 045
RVA 2009	3 147	3 147
RVA 2010	146	146
	20 971	21 020

The caption "Other equity instruments" includes accrued share-based payment program (RVA) costs relating to shares to be made available and options not yet exercised.

#### 4.29. Revaluation reserves

This caption is made up as follows:

	Mar. 31, 12	Dec. 31, 11
<b>Revaluation reserves</b>		
Reserves resulting from valuation to fair value of financial assets available for sale		
(Note 4.5):		
Debt Instruments		
Securities	( 898 965)	(1 293 028)
Hedging derivatives	( 482 552)	(460 053)
Equity Instruments	18 557	16 565
Other	6 587	7 890
Reserve for foreign exchange difference on investments in foreign entities		
Subsidiary or associated companies	( 37 818)	( 27 176)
Equity instruments available for sale	( 104)	( 100)
Legal revaluation reserve	703	703
	<b>(1 393 592)</b>	<b>(1 755 199)</b>
<b>Deferred tax reserve</b>		
Resulting from valuation to fair value of financial assets available for sale:		
Tax assets	404 055	506 770
Tax liabilities	( 7 456)	( 3 104)
	<b>396 599</b>	<b>503 666</b>
	<b>(996 993)</b>	<b>(1 251 533)</b>

Deferred taxes have been calculated in accordance with current legislation and correspond to the best estimate of the impact of recognising the unrealized gains and losses included in the caption "Revaluation Reserves".

#### 4.30. Other reserves and retained earnings

This caption is made up as follows:

	Mar. 31, 12	Dec. 31, 11
<b>Legal reserve</b>		
Merger reserve		
Consolidation reserves and retained earnings		
Other reserves		
Actuarial deviations	( 263 570)	( 317 054)
Taxes related to actuarial deviations	78 065	91 534
Loss on treasury shares	( 4 508)	( 5 165)
Taxes relating to gain on treasury shares	1 132	1 318
	<b>668 977</b>	<b>900 312</b>

In accordance with Article 97 of the General Regime for Credit Institutions and Financial Companies, approved by Decree-Law 298/91 of December 31 and amended by Decree-Law 201/2002 of September 25, Banco BPI must appropriate at least 10% of its net income each year to a legal reserve until the amount of the reserve equals the greater of the amount of share capital or the sum of the free reserves plus retained earnings.

The Shareholders' General Meeting held on April 27, 2011 approved the incorporation of 90 000 t.euro of the legal reserve into share capital (Note 4.26).

During the first half of 2011, share premiums were used to cover negative retained earnings in the amount of 312 874 t. euro (Note 4.27).

In 2011 the Bank changed its accounting policy for the recognition of actuarial deviations relating to the pension plans and other post-employment benefits under defined benefit plans, ceasing to use the corridor method and recording actuarial gains and losses directly in equity. The tax rules relating to this change, included in Law 64-B/2011 of December 30, State Budget for 2012, establishes that negative changes in equity recorded in the 2011 tax year, resulting from changes in the accounting policy for recognition of actuarial

deviations will be tax deductible, in equal amounts, in the tax period beginning on or after January 1, 2012 and in the subsequent nine tax years, and so the corresponding deferred tax asset was recognized (Note 4.44.).

#### 4.31. Minority interests

This caption is made up as follows:

	Balance sheet		Statement of income	
	Mar. 31, 12	Dec. 31, 11	Mar. 31, 12	Mar. 31, 11 Proforma
Minority shareholders in:				
Banco de Fomento Angola, S.A.	289 507	278 517	19 564	24 814
BPI Capital Finance Ltd	51 327	53 296	381	1 640
BPI Alternative Fund	9 841	10 548	22	106
Fundo BPI Taxa Variável	9 613	10 668	59	304
BPI Dealer - Sociedade financeira de Corretagem (Moçambique), S.A.R.L.	6	6		
BPI (Suisse), S.A.	3	3		1
	<b>360 297</b>	<b>353 038</b>	<b>20 026</b>	<b>26 865</b>

Minority interests in BPI Capital Finance at March 31, 2012 and December 31, 2011 includes 51 174 t. euro and 53 122 t. euro, respectively, relating to preference shares:

	Mar. 31, 12			Dec. 31, 11		
	Issued	Repurchased	Balance	Issued	Repurchased	Balance
"C" Series Shares	250 000	( 198 826)	51 174	250 000	( 196 878)	53 122
	250 000	( 198 826)	51 174	250 000	( 196 878)	53 122

#### 4.32. Off balance sheet items

This caption is made up as follows:

	Mar. 31, 12	Dec. 31, 11
Guarantees given and other contingent liabilities		
Guarantees and sureties	2 330 650	2 378 533
Transactions with recourse	17 500	17 500
Stand-by letters of credit	13 501	26 349
Documentary credits	118 947	118 195
Sureties and indemnities	75	75
	<b>2 480 673</b>	<b>2 540 652</b>
Assets given as collateral	<b>10 177 140</b>	<b>7 830 857</b>
Commitments to third parties		
Irrevocable commitments		
Options on assets	54 778	54 780
Irrevocable credit lines	2 594	1 934
Securities subscription	216 140	179 400
Term commitment to make annual contributions to the deposit Guarantee Fund	38 714	38 714
Commitment to the Investor Indemnity System		
Commitment to the Investor Indemnity System	10 668	11 587
Other irrevocable commitments	707	707
Revocable commitments	<b>2 315 869</b>	<b>2 429 877</b>
	<b>2 639 470</b>	<b>2 716 999</b>
Responsibility for services provided		
Deposit and safeguard of assets	23 306 590	23 562 945
Amounts for collection	142 505	150 374
Assets managed by the institution	3 304 665	5 182 981
	<b>26 753 760</b>	<b>28 896 300</b>

The caption "Assets given as collateral" at March 31, 2012 includes:

- 861 949 t. euro relating to captive credit and 8 758 447 t. euro relating to securities eligible for funding from the European Central Bank (ECB);
- 486 670 t. euro relating to securities given in guarantee to the European Investment Bank;
- 6 340 t. euro relating to securities given in guarantee to the Securities Market Commission (Comissão do Mercado de Valores Mobiliários - CMVM) under the Investor Indemnity System (Sistema de Indemnização aos Investidores);
- 63 734 t. euro relating to securities given in guarantee to the Deposit Guarantee Fund.

At March 31, 2012 the BPI Group managed the following third party assets:

Investment Funds and PPRs	1 921 954
Pension Funds <sup>1</sup>	1 706 064

<sup>1</sup> Includes the Group companies' Pension Funds.

#### 4.33. Financial margin (narrow sense)

This caption is made up as follows:

	Mar. 31, 12	Mar. 31, 11 Pro forma
<b>Interest and similar income</b>		
Interest on deposits with banks	637	1 125
Interest on placements with credit institutions	7 373	4 366
Interest on loans to customers	183 613	177 233
Interest on credit in arrears	2 775	1 982
Interest on securities held for trading and available for sale	95 127	116 831
Interest on securitised assets not derecognised	63 887	41 433
Interest on derivatives	134 495	130 696
Interest on securities held to maturity	236	332
Interest on debtors and other applications	1 096	991
Other interest and similar income	2 071	2 938
	<b>491 310</b>	<b>477 927</b>
<b>Interest and similar expense</b>		
Interest on resources		
Of central banks	7 649	3 470
Of other credit institutions	8 436	14 483
Deposits and other resources of customers	159 831	107 127
Debt securities	46 118	53 859
Interest from short selling	1 488	54
Interest on derivatives	141 972	136 598
Interest on liabilities relating to assets not derecognised on securitised operations	6 933	6 191
Interest on subordinated debt	1 260	4 081
Other interest and similar expenses	17	278
	<b>373 704</b>	<b>326 141</b>

#### 4.34. Gross margin on unit links

This caption is made up as follows:

	Mar. 31, 12	Mar. 31, 11 Pro forma
<b>Income from financial instruments</b>		
Interest	953	877
Gains and losses on financial instruments	10 648	258
Gains and losses on capitalisation insurance - unit links	( 11 601)	( 1 132)
Management and redemption comision	721	1 036
	<b>721</b>	<b>1 039</b>

#### 4.35. Net commission relating to amortised cost

This caption is made up as follows:

	Mar. 31, 12	Mar. 31, 11 Pro forma
<b>Commission received relating to amortised cost</b>		
Loans to customers	7 852	8 940
Others	455	529
<b>Commission paid relating to amortised cost</b>		
Loans to customers	( 1 662)	( 1 924)
Others	( 491)	( 465)
	<b>6 154</b>	<b>7 080</b>

#### 4.36. Technical result of insurance contracts

This caption is made up as follows:

	Mar. 31, 12	Mar. 31, 11 Pro forma
Premiums	68 217	113 730
Income from financial instruments	23 392	19 955
Cost of claims, net of reinsurance	(277 549)	(242 678)
Changes in technical provisions, net of reinsurance	208 974	128 770
Participation in results	(16 614)	(15 990)
	<b>6 420</b>	<b>3 787</b>

This caption includes the result of capitalisation insurance with a discretionary participation feature (IFRS 4). Participation in the results of capitalisation insurance is attributed at the end of each year and is calculated in accordance with the technical bases of each product, duly approved by the Portuguese Insurance Institute.

#### 4.37. Net commission income

This caption is made up as follows:

	Mar. 31, 12	Mar. 31, 11 Pro forma
<b>Commissions received</b>		
On guarantees provided	5 944	6 322
On commitments to third parties	472	317
On banking services rendered	66 609	59 121
On operations realised on behalf of third parties	2 900	4 344
Other	678	2 405
	<b>76 603</b>	<b>72 509</b>
<b>Commissions paid</b>		
On guarantees received	1	78
On commitments to third parties		3
On financial instrument operations	185	232
On banking services rendered by third parties	9 481	10 102
On operations realised by third parties	1 173	1 134
Other	52	138
	<b>10 892</b>	<b>11 687</b>
<b>Other income, net</b>		
Refund of expenses	5 934	7 323
Income from banking services	6 786	6 895
Charges similar to fees	(2 695)	(2 285)
	<b>10 025</b>	<b>11 933</b>

#### 4.38. Net income on financial operations

This caption is made up as follows:

	Mar. 31, 12	Mar. 31, 11 Pro forma
<b>Gain and loss on operations at fair value</b>		
Foreign exchange gain, net	16 147	18 836
Gain and loss on financial assets held for trading		
Debt instruments	2 544	1 168
Equity instruments	( 1 431)	19 594
Other securities	5	( 1)
Gain and loss on trading derivative instruments	( 3 599)	14 674
Gain and loss on other financial assets valued at fair value through profit or loss	351	425
Gain and loss on financial liabilities held for trading	( 12 317)	2 182
Gain and loss on the revaluation of assets and liabilities hedged by derivatives	34 954	( 30 940)
Gain and loss on hedging derivative instruments	( 21 090)	4 281
Other gain and loss on financial operations	75 220	542
	<b>90 784</b>	<b>30 761</b>
<b>Gain and loss on assets available for sale</b>		
Gain and loss on the sale of loans and advances to customers	( 477)	463
Gain and loss on financial assets available for sale		
Debt instruments	465	989
Equity instruments	202	79
Others		213
Other realized gains and losses	( 2 613)	
	<b>( 2 423)</b>	<b>1 744</b>
<b>Interest and financial gain and loss with pensions</b>		
Interest cost	( 11 577)	( 29 930)
Expected fund income	11 797	32 641
	<b>220</b>	<b>2 711</b>

At March 31, 2012 the BPI Group recorded gains on the repurchase of debt in the amount of 73 129 t. euro, of which 76 013 t. euro relates to financial liabilities on securitisation operations (included in caption "Other gain and loss on financial operations") and - 2 613 t. euro relates to the repurchase of 35% of the equity piece related to securitisation operations (included in caption "Other realized gains and losses").

#### 4.39. Net operating expenses

This caption is made up as follows:

	Mar. 31, 12	Mar. 31, 11 Pro forma
<b>Operating income</b>		
Gain on tangible assets held for sale	234	237
Gain on other tangible assets	829	10 897
Other operating income	1 028	2 653
	<b>2 091</b>	<b>13 787</b>
<b>Operating expenses</b>		
Subscriptions and donations	1 078	1 221
Contributions to the Deposit Guarantee Fund	1 084	877
Contributions to the Investors Indemnity System	3	
Loss on tangible assets held for sale	662	111
Loss on other tangible and intangible assets	873	1 209
Other operating expenses	746	620
	<b>4 446</b>	<b>4 038</b>
<b>Other taxes</b>		
Indirect taxes	1 185	1 188
Direct taxes	328	282
	<b>1 513</b>	<b>1 470</b>

The caption "Gain on other tangible assets" at March 31, 2011 includes 9 649 t. euro relating to contributions in kind (properties) to Banco BPI's Pension Fund (Note 4.9).

#### 4.40. Personnel costs

This caption is made up as follows:

	Mar. 31, 12	Mar. 31, 11 Pro forma
<b>Remuneration</b>		
Long service premium	765	813
Pension costs	18 826	19 321
Early retirements		39
Other personnel costs	2 306	2 573
	<b>92 599</b>	<b>96 106</b>

#### 4.41. Administrative Costs

This caption is made up as follows:

	Mar. 31, 12	Mar. 31, 11 Pro forma
Administrative costs		
Supplies		
Water, energy and fuel	3 254	2 621
Consumable material	1 707	1 695
Other	337	351
Services		
Rent and leasing	12 730	12 749
Communications and computer costs	10 487	11 068
Travel, lodging and representation	2 028	1 932
Publicity	4 774	5 469
Maintenance and repairs	4 488	4 486
Insurance	1 304	1 210
Fees	1 101	929
Legal expenses	633	595
Security and cleaning	2 911	2 693
Information services	1 028	995
Temporary labour	1 072	755
Studies, consultancy and auditing	1 056	1 294
SIBS	5 001	4 900
Other services	4 662	5 072
	<b>58 573</b>	<b>58 814</b>

#### 4.42. Income tax

At March 31, 2012 and 2011, the income tax recognised in the statements of income, as well as the tax burden, measured by the relationship between the tax charge and profit before tax, are as follows:

	Mar. 31, 12	Mar. 31, 11 Pro forma
Current income tax		
For the year	4 210	6 421
Correction of prior years	( 73)	
	<b>4 138</b>	<b>6 421</b>
Deferred tax		
Recognition and reversal of temporary differences	8 141	( 4 652)
On tax losses carried forward	2 397	3 788
	<b>10 538</b>	<b>( 863)</b>
Contribution over the banking sector	<b>3 472</b>	<b>3 814</b>
<b>Total tax charged to the statement of income</b>	<b>18 148</b>	<b>9 372</b>
Net income before income tax <sup>1</sup>	75 949	75 140
Tax burden	23.9%	12.5%

<sup>1</sup> Considering net income of the BPI Group plus income tax and income attributable to minority interests less the earnings of associated companies (equity method).

Reconciliation between the nominal rate of income tax and the tax burden on the first quarter of 2012 and 2011, as well as between the tax cost/income and the product of the accounting profit times the nominal tax rate are as follows:

	Mar. 31, 12	Mar. 31, 11 Pro forma		
	Tax rate	Amount	Tax rate	Amount
Net income before income tax		75 949		75 140
Income tax computed based on the nominal tax rate	32.1%	24 403	32.4%	24 347
Effect of tax rates applicable to foreign branches	1.7%	1 264	-0.1%	( 69)
Income exempt from income tax (SFE's)			-0.5%	( 410)
Capital gain and impairment of investments (net)	-0.4%	( 314)	0.4%	263
Capital gain of tangible assets (net)	0.0%	11	-3.2%	( 2 407)
Income on Angolan public debt	-13.2%	( 10 034)	-15.4%	( 11 545)
Tax on dividends of subsidiary and associated companies	1.9%	1 427	2.3%	1 755
Tax benefits	-0.7%	( 520)	-0.6%	( 459)
Impairment and provision for loans	-0.2%	( 173)	-0.4%	( 327)
Interest recognised on minority interests	-0.1%	( 112)	-0.6%	( 476)
Correction of prior year taxes	-0.1%	( 73)		
Differential of tax rate on tax losses	2.9%	2 236		
Utilisation of tax losses	-4.9%	( 3 688)	-8.0%	( 6 013)
Contribution over the financial sector	4.6%	3 472	5.1%	3 814
Minimum tax collection			0.9%	640
Autonomous taxation	0.7%	494	0.4%	278
Other non taxable income and expenses	-0.3%	( 245)	0.0%	( 19)
	<b>23.9%</b>	<b>18 148</b>	<b>12.5%</b>	<b>9 372</b>

Current taxes are calculated based on the nominal tax rates legally in force in the countries in which the Bank operates.

Deferred tax assets and liabilities correspond to the amount of tax recoverable and payable in future periods resulting from temporary differences between the amount of assets and liabilities on the balance sheet and their tax base. Deferred tax assets are also recognised on tax losses carried forward and tax credits.

Profits distributed to Banco BPI by subsidiary and associated companies in Portugal are not taxed in Banco BPI as a result of applying the regime established in article 46 of the Corporate Income Tax Code, which eliminates double taxation of profits distributed.

Deferred tax assets and liabilities are calculated using the tax rates decreed for the periods in which they are expected to reverse.

Deferred tax assets and liabilities at March 31, 2012 and 2011 are as follows:

	Mar. 31, 12		Mar. 31, 11 Pro forma	
	Deferred taxes Assets	Liabilities	Deferred taxes Assets	Liabilities
Pension liabilities	31 174		28 652	
Early retirements	22 092		28 375	
Long service premium	6 931		7 327	
Tax deferral of the impact of the partial transfer of liabilities with pensions to Social Security	28 371			
Loan impairment	98 230	( 4 027)	79 079	( 12 354)
Revaluation of tangible fixed assets		( 772)		( 867)
Revaluation of assets and liabilities hedged by derivatives		( 394)		( 1 588)
Financial instruments available for sale		( 4 911)		( 230)
Dividends to be distributed by subsidiary and associated companies		( 9 681)		( 9 581)
Repurchase of debt		( 25 823)		
Tax losses	107 511		6 439	
Advertising campaigns	198		747	
Other	1 253	( 1 513)	1 374	( 3 221)
<b>Deferred taxes recognised in the income statement</b>	<b>295 760</b>	<b>( 47 121)</b>	<b>151 992</b>	<b>( 27 841)</b>
Deferred taxes recognised in the fair value reserve	404 055	( 7 456)	294 918	( 3 461)
Deferred taxes recognised in other reserves	90 469		81 851	
<b>Total deferred taxes</b>	<b>790 285</b>	<b>( 54 577)</b>	<b>528 760</b>	<b>( 31 302)</b>

Deferred tax assets are recognised up to the amount expected to be realised through future taxable profits.

The BPI Group does not recognise deferred tax assets and liabilities on temporary taxable differences relating to investments in subsidiary and associated companies as it is improbable that such differences will revert in the foreseeable future, except as follows:

- deferred tax liabilities relating to estimated dividends that Banco de Fomento Angola is expected to pay to the BPI Group companies in the following year out of profit for the year, are recognized;
- deferred tax liabilities relating to all the distributable net income (including the undistributed part) of Banco Comercial e de Investimentos are recognized.

#### 4.43. Earnings of associated companies (equity method)

This caption is made up as follows:

	Mar. 31, 12	Mar. 31, 11 Pro forma
Banco Comercial e de Investimentos, S.A.R.L.	1 662	1 359
Companhia de Seguros Allianz Portugal, S.A.	( 1 417)	3 592
Cosec – Companhia de Seguros de Crédito, S.A.	824	917
TC Turismo Capital - SCR, S.A.	71	( 17)
Finangeste – Empresa Financeira de Gestão e Desenvolvimento, S.A.	44	299
Inter-Risco - Sociedade de Capital de Risco, S.A.	51	30
Unicre - Instituição Financeira de Crédito, S.A.	289	519
Viacer - Sociedade Gestora de Participações Sociais, Lda		( 214)
	<b>1 524</b>	<b>6 485</b>

#### 4.44. Consolidated net income of the BPI Group

The contribution of Banco BPI and subsidiary and associated companies to consolidated net income on the first quarters of 2012 and 2011 is as follows:

	Mar. 31, 12	Mar. 31, 11 Pro forma
<b>Banks</b>		
Banco BPI, S.A. <sup>1</sup>	11 581	6 582
Banco Português de Investimento, S.A. <sup>1</sup>	378	564
Banco de Fomento S.A. (Angola) <sup>1</sup>	18 365	23 295
Banco Comercial e de Investimentos, S.A.R.L. <sup>1</sup>	1 522	1 244
Banco BPI Cayman, Ltd	404	920
<b>Specialised credit</b>		
BPI Locação de Equipamentos, Lda	32	31
<b>Asset management and brokerage</b>		
BPI Dealer - Sociedade Financeira de Corretagem (Moçambique), S.A.R.L.	( 1)	( 1)
BPI Gestão de Activos - Sociedade Gestora de Fundos de Investimento Mobiliários, S.A.	2 256	2 918
BPI - Global Investment Fund Management Company, S.A.	47	208
BPI Pensões - Sociedade Gestora de Fundos de Pensões, S.A. <sup>2</sup>		697
BPI (Suisse), S.A. <sup>1</sup>	412	610
BPI Alternative Fund: Iberian Equities Long/Short Fund <sup>1</sup>	139	406
Fundo BPI Taxa Variável <sup>1</sup>	90	410
<b>Venture capital / development</b>		
TC Turismo Capital - SCR, S.A.	71	( 17)
BPI Private Equity - Sociedade de Capital de Risco, S.A.	( 1)	( 3)
Inter-Risco - Sociedade de Capital de Risco, S.A.	51	30
<b>Insurance</b>		
BPI Vida - Companhia de Seguros de Vida, S.A.	4 646	2 349
Cosec - Companhia de Seguros de Crédito, S.A. <sup>1</sup>	824	917
Companhia de Seguros Allianz Portugal, S.A. <sup>1</sup>	( 1 417)	3 592
<b>Others</b>		
BPI, Inc <sup>1</sup>	( 77)	30
BPI Madeira, SGPS, Unipessoal, S.A.	( 12)	2
BPI Capital Finance		
BPI Capital Africa	( 343)	
Finangeste - Empresa Financeira de Gestão e Desenvolvimento, S.A. <sup>1</sup>	44	299
Unicre - Instituição Financeira de Crédito, S.A.	289	519
Viacer - Sociedade Gestora de Participações Sociais, Lda <sup>1</sup>	( 214)	
	<b>39 300</b>	<b>45 388</b>

<sup>1</sup>Adjusted net income.

<sup>2</sup> In the first half of 2011 BPI Pensões – Sociedade Gestora de Fundos de Pensões, S.A. was merged into BPI Vida e Pensões – Companhia de Seguros, S.A.

#### 4.51. Related parties

The BPI Group's related parties at March 31, 2012 were as follows:

Name of related entity	Head Office	Effective participation	Direct participation
<b>Associated and jointly controlled entities of Banco BPI</b>			
Banco Comercial e de Investimentos, S.A.R.L.	Mozambique	30.0%	29.7%
Companhia de Seguros Allianz Portugal, SA	Portugal	35.0%	35.0%
Cosec - Companhia de Seguros de Crédito, SA	Portugal	50.0%	50.0%
Inter-Risco – Sociedade de Capital de Risco, S.A.	Portugal	49.0%	
TC Turismo Capital - SCR, S.A.	Portugal	25.0%	25.0%
Finangeste – Empresa Financeira de Gestão e Desenvolvimento, SA	Portugal	32.8%	32.8%
Ulissipair ACE	Portugal	50.0%	
Unicre - Instituição Financeira de Crédito, SA	Portugal	21.0%	20.7%
<b>Pension fund of Employees and Directors of the BPI Group</b>			
Fundo de Pensões Banco BPI	Portugal	100.0%	
Fundo de Pensões Aberto BPI Ações	Portugal	16.1%	
Fundo de Pensões Aberto BPI Valorização	Portugal	34.1%	
Fundo de Pensões Aberto BPI Segurança	Portugal	31.7%	
Fundo de Pensões Aberto BPI Garantia	Portugal	16.4%	
<b>Shareholders of Banco BPI</b>			
Grupo Itaú	Brazil	18.9%	
Grupo La Caixa	Spain	30.1%	
<b>Members of the Board of Directors of Banco BPI</b>			
Artur Santos Silva			
Carlos da Câmara Pestana			
Fernando Ulrich			
Alfredo Rezende de Almeida			
António Domingues			
António Farinha Morais			
António Lobo Xavier			
Armando Leite de Pinho			
Carlos Moreira da Silva			
Edgar Alves Ferreira			
Henri Penchas			
Allianz Europe Ltd. - Representada por Herbert Walter			
Ignacio Alvarez-Rendueles			
Isidro Fainé Casas			
José Pena do Amaral			
Juan Nin Génova			
Klaus Duhrkop			
Manuel Ferreira da Silva			
Marcelino Armenter Vidal			
Maria Celeste Hagatong			
Mário Leite da Silva			
Pedro Bissaia Barreto			
Ricardo Vilhena Marino			
Tomaz Jervell			

In accordance with IAS 24, related parties are those in which the Bank has significant influence (direct or indirect) in decisions relating to their financial and operating policies – associated and jointly controlled companies and pension funds – and entities which have significant influence on the management policy of the Bank – shareholders and members of Banco BPI's Board of Directors.

The total assets, liabilities, income and off-balance sheet responsibilities relating to operations with associated and jointly controlled companies and pension funds of employees of the BPI Group at March 31, 2012 are as follows:

	Associated and jointly controlled companies	Pension funds of Employees of the BPI Group	Total
<b>Assets</b>			
Financial applications held for trading	3		3
Loans	41 521		41 521
Other assets	17		17
	<b>41 541</b>		<b>41 541</b>
<b>Liabilities</b>			
Financial liabilities held for trading and derivatives	2		2
Deposits and technical provisions	101 822	354 608	456 430
Other financial resources		60 067	60 067
Other liabilities	60		60
	<b>101 884</b>	<b>414 675</b>	<b>516 559</b>
<b>Off balance sheet items</b>			
Guarantees given and other contingent liabilities			
Guarantees and sureties	11 085		11 085
Responsabilities for services rendered			
Deposit and safeguard of assets	795 436	972 549	1 767 985
Foreign exchange operations and derivatives instruments			
Purchases	3 850		3 850
Sales	( 3 793)		( 3 793)
	<b>806 578</b>	<b>972 549</b>	<b>1 779 127</b>

The total assets, liabilities, income and off balance sheet responsibilities relating to operations with shareholders, members of the Board of Directors and companies in which members of the Board of Directors have significant influence at March 31, 2012 are as follows:

	Shareholders of Banco BPI <sup>1</sup>	Members of the Board of Directors of Banco BPI <sup>2</sup>	Companies in which Members of the Board of Directors of Banco BPI have significant influence	Total
<b>Assets</b>				
Financial applications	23 369			23 369
Financial assets held for trading and at fair value through profit or loss	2 328			2 328
Financial assets available for sale			8	8
Loans	24	11 144	246 266	257 434
Held-to-maturity investments	5 453			5 453
Derivatives	8 363			8 363
Other amounts receivable	21		20	41
	<b>39 558</b>	<b>11 144</b>	<b>246 294</b>	<b>296 996</b>
<b>Liabilities</b>				
Deposits and technical provisions	45 149	7 897	9 644	62 690
Derivatives	2 062			2 062
Other liabilities	157	25	125	307
	<b>47 368</b>	<b>7 922</b>	<b>9 769</b>	<b>65 059</b>
<b>Off balance sheet items</b>				
Guarantees given and other contingent liabilities				
Guarantees and sureties	94	93	81 734	81 921
Commitments to third parties				
Irrevocable commitments			6 510	6 510
Responsabilities for services rendered				
Deposit and safeguard of assets	240 476	18 669	172 226	431 371
Other			112 906	112 906
Foreign exchange operations and derivatives instruments				
Purchases	400 000		59 919	459 919
Sales	( 400 000)		( 59 931)	( 459 931)
	<b>240 570</b>	<b>18 762</b>	<b>373 364</b>	<b>632 696</b>

<sup>1</sup> With significant influence on the BPI Group's management policy. It is assumed that there is significant influence when the participation in capital exceeds 20%

<sup>2</sup> In individual name.

The total assets, liabilities, income and off balance sheet responsibilities relating to operations with associated and jointly controlled companies and pension funds of employees of the BPI Group at December 31, 2011 are as follows:

	Associated and jointly controlled companies	Pension funds of Employees of the BPI Group	Total
<b>Assets</b>			
Financial assets held for trading and at fair value through profit or loss	15		15
Loans	35 866		35 866
Other assets	17		17
	<b>35 898</b>		<b>35 898</b>
<b>Liabilities</b>			
Financial liabilities held for trading and derivatives	11		11
Deposits and technical provisions	26 269	251 446	277 715
Other financial resources		60 088	60 088
Other liabilities	63		63
	<b>26 343</b>	<b>311 534</b>	<b>337 877</b>
<b>Off balance sheet items</b>			
Guarantees given and other contingent liabilities			
Guarantees and sureties	11 973		11 973
Responsabilities for services rendered			
Deposit and safeguard of assets	846 396	958 134	1 804 530
Foreign exchange operations and derivatives instruments			
Purchases	13 967		13 967
Sales	( 14 356)		( 14 356)
	<b>857 980</b>	<b>958 134</b>	<b>1 816 114</b>

The total assets, liabilities, income and off balance sheet responsibilities relating to operations with shareholders, members of the Board of Directors and companies in which members of the Board of Directors have significant influence at December 31, 2011 are as follows:

	Shareholders of Banco BPI <sup>1</sup>	Members of the Board of Directors of Banco BPI <sup>2</sup>	Companies in which Members of the Board of Directors of Banco BPI have significant influence	Total
<b>Assets</b>				
Financial applications	54 134			54 134
Financial assets held for trading and at fair value through profit or loss	1 977			1 977
Financial assets available for sale			8	8
Loans	440	11 112	259 657	271 209
Held-to-maturity investments	5 453			5 453
Derivatives	5 270			5 270
Other amounts receivable	30		67	97
	<b>67 304</b>	<b>11 112</b>	<b>259 732</b>	<b>338 148</b>
<b>Liabilities</b>				
Deposits and technical provisions	130 771	8 041	11 369	150 181
Derivatives	5 153			5 153
Other liabilities	222	25	122	369
	<b>136 146</b>	<b>8 066</b>	<b>11 491</b>	<b>155 703</b>
<b>Off balance sheet items</b>				
Guarantees given and other contingent liabilities				
Guarantees and sureties	94	93	69 875	70 062
Responsabilities for services rendered				
Deposit and safeguard of assets	233 204	17 982	169 904	421 090
Foreign exchange operations and derivatives instruments				
Purchases	400 000		50 241	450 241
Sales	( 400 000)		( 50 275)	( 450 275)
	<b>233 298</b>	<b>18 075</b>	<b>239 745</b>	<b>491 118</b>

<sup>1</sup> With significant influence on the BPI Group's management policy. It is assumed that there is significant influence when the participation in capital exceeds 20%

<sup>2</sup> In individual name.

Total income and costs relating to operations with associated and jointly controlled companies and pension funds of employees and directors of the BPI Group at March 31, 2012 are as follows:

	Associated and jointly controlled companies	Pension funds of Employees of the BPI Group	Total
<b>Net income</b>			
Financial margin (narrow sense)	16	( 736)	( 720)
Net comission income	22	2	24
General administrative costs	( 231)	( 4 178)	( 4 409)
	<b>( 193)</b>	<b>( 4 912)</b>	<b>( 5 105)</b>

Total income and costs relating to operations with shareholders, members of the Board of Directors and companies in which members of the Board of Directors have significant influence at March 31, 2012 are as follows:

	Shareholders of Banco BPI <sup>1</sup>	Members of the Board of Directors of Banco BPI <sup>2</sup>	Companies in which Members of the Board of Directors of Banco BPI have significant influence	Total
<b>Net income</b>				
Financial margin (narrow sense)	292	( 36)	843	1 099
Net commission income	8	2	2	12
	<b>300</b>	<b>( 34)</b>	<b>845</b>	<b>1 111</b>

<sup>1</sup> With significant influence on the BPI Group's management policy. It is assumed that there is significant influence when the participation in capital exceeds 20%

<sup>2</sup> In individual name.

Total income and costs relating to operations with associated and jointly controlled companies and pension funds of employees and directors of the BPI Group at March 31, 2011 are as follows:

	Associated and jointly controlled companies	Pension funds of Employees of the BPI Group	Total
<b>Net income</b>			
Financial margin (narrow sense)	195	( 682)	( 487)
Net commission income	8	43	51
General administrative costs	( 358)	( 3 659)	( 4 017)
	<b>( 155)</b>	<b>( 4 298)</b>	<b>( 4 453)</b>

Total income and costs relating to operations with shareholders, members of the Board of Directors and companies in which members of the Board of Directors have significant influence at March 31, 2011 are as follows:

	Shareholders of Banco BPI <sup>1</sup>	Members of the Board of Directors of Banco BPI <sup>2</sup>	Companies in which Members of the Board of Directors of Banco BPI have significant influence	Total
<b>Net income</b>				
Financial margin (narrow sense)	876	( 11)	( 511)	354
Net commission income	1	4	1	6
Net income on financial operations	( 3 563)			( 3 563)
	<b>( 2 686)</b>	<b>( 7)</b>	<b>( 510)</b>	<b>( 3 203)</b>

<sup>1</sup> With significant influence on the BPI Group's management policy. It is assumed that there is significant influence when the participation in capital exceeds 20%

<sup>2</sup> In individual name.

## 5. NOTE ADDED FOR TRANSLATION

These consolidated financial statements are a translation of financial statements originally issued in Portuguese in conformity with the International Financial Reporting Standards as adopted by the European Union, some of which may not conform to or be required by generally accepted accounting principles in other countries. In the event of discrepancies, the Portuguese language version prevails.



## **Banco BPI**

**Publicly held company**

Head Office: Rua Tenente Valadim, no.284, Porto, Portugal

Share capital: € 990 000 000

Registered in Oporto C.R.C. and corporate body no. 501 214 534