5 November 2012

Millennium bcp earnings release as at 30 September 2012

CAPITAL

- **Core tier I reaches 12.8%* according to BoP and 10.3%* according to EBA, in line with capitalisation plan**
- **Successful conclusion of rights issue: demand 163% of offer**

LIQUIDITY

- **Commercial gap improvement: commercial gap reduction by Euro 7.3 billion from September 2011, with loan to deposit ratio (BoP) at 138% and net loan to balance sheet customer funds standing at 121%**
- **Balance sheet customer funds up by 4.8% versus September 2011**
- **Loans to customers growth in line with liquidity plan: -5.9% versus September 2011**

PROFITABILITY

- **Accumulated net income reaching Euro -796.3 million, penalised by impairment for estimated losses and results associated with the Greek operation in the amount of Euro -531.6 million**
- **Increase of net income in Poland, Mozambique and Angola**
- **Cost reduction, mainly benefiting from the performance in Portugal. Restructuring programme in Portugal, in line with the new business model and the current environment**
- **Reinforcement of impairment charges in Portugal by Euro 813.0 million. Implementation of a new model for granting, monitoring and loan recovery**

With the conclusion of the capitalisation process and results in line with the plan, despite more demanding macroeconomic context, we are better prepared for the future and to support the economy

* Includes Euro 500 million rights issue concluded in October 2012. Excluding this impact the ratios are 11.9% (BoP) and 9.4% (EBA).

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Financial Highlights

Euro million	30 Sep. 12	30 Sep. 11	Change 12 / 11
Balance sheet			
Total assets	89,274	95,932	-6.9%
Loans to customers (gross) (1)	69,069	73,379	-5.9%
Total customer funds (1)	66,535	64,552	3.1%
Balance sheet customer funds (1)	53,838	51,351	4.8%
Customer deposits (1)	47,272	45,312	4.3%
Loans to customers, net / Customer deposits (2)	139%	154%	
Loans to customers, net / Customer deposits (3)	138%	152%	
Results			
Net income	(796.3)	97.6	
Net interest income	770.9	1,196.8	-35.6%
Net operating revenues	1,652.1	1,983.6	-16.7%
Operating costs	1,031.0	1,065.9	-3.3%
Loan impairment charges (net of recoveries)	1,236.6	764.0	61.9%
Other impairment and provisions	184.4	167.0	10.4%
Income taxes			
Current	52.8	57.1	-7.5%
Deferred	(112.1)	(231.8)	-
Profitability			
Net operating revenues / Average net assets (2)	2.4%	2.7%	
Return on average assets (ROA) (4)	-1.1%	0.2%	
Income before taxes and non-controlling interests / Average net assets (2)	-1.2%	0.0%	
Return on average equity (ROE)	-30.4%	3.5%	
Income before taxes and non-controlling interests / Average equity (2)	-26.2%	-0.4%	
Credit quality			
Overdue and doubtful loans / Total loans (2)	8.4%	6.2%	
Overdue and doubtful loans, net / Total loans, net (2)	2.6%	2.2%	
Credit at risk / Total loans (2)	13.4%	9.5%	
Credit at risk, net / Total loans, net (2)	7.9%	5.7%	
Impairment for loan losses / Overdue loans by more than 90 days	95.1%	95.5%	
Efficiency ratios (2) (5)			
Operating costs / Net operating revenues	66.1%	56.1%	
Operating costs / Net operating revenues (Portugal)	67.9%	54.0%	
Staff costs / Net operating revenues	37.0%	31.0%	
Capital (6)			
Own funds	6,693	5,161	
Risk weighted assets	54,847	57,424	
Core Tier I (2)	11.9%	9.1%	
Tier I (2)	11.2%	8.4%	
Total (2)	12.2%	9.0%	
Branches			
Portugal activity	861	882	-2.4%
Foreign activity	851	848	0.4%
Employees			
Portugal activity	9,866	10,043	-1.8%
Foreign activity	11,456	11,551	-0.8%

Note: the values presented for 2011 include the adjustment to the accounts from 1 January 2010.
(1) Adjusted for a Repo operation of Euro 2,256 million on 30 September 2011.
(2) According to Instruction no. 23/2011 from the Bank of Portugal.
(3) Calculated in accordance with the definition from the Bank of Portugal.
(4) Considering net income before non-controlling interests.
(5) Excludes the impact of specific items.
(6) On 30 September 2011 includes liability management operation on preference shares.

RESULTS AND ACTIVITY IN THE FIRST NINE MONTHS OF 2012

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

Following the analysis of the several alternatives allowed by International Accounting Standards (IAS) 19 for Employee Benefits, the Group chose to recognise actuarial deviations in the period on equity. Previously, the Group proceeded with the deferral of actuarial deviations determined in accordance with the corridor method, in which gains and losses which exceeded 10% of the greater between the current value of the liabilities and the fair value of the Fund's assets were recorded in results by the value of the remaining estimated useful life of the active employees.

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

RESULTS

Millennium bcp's **consolidated net income** was negative by Euro 796.3 million in the first nine months of 2012, compared with a profit of Euro 97.6 million posted in the first nine months of 2011 (restated according to the change in the accounting policy).

The evolution of consolidated net income was hindered by the reinforcement of impairment and provision charges posted in the activity in Portugal in the first nine months of 2012, in the amount of Euro 813.0 million, and by the accounting of impairment for estimated losses together with the net losses posted by the subsidiary in Greece, in the global amount of Euro 531.6 million. In the international activity, net income was restrained by the activity developed in Greece, despite the favourable performance of Bank Millennium in Poland, excluding the foreign exchange effect of the zloty against the euro, and of Banco Millennium Angola.

In the first nine months of 2012, operating costs excluding specific items reduced 1.8%, benefiting mostly from the activity in Portugal (-3.5%).

Net income for the first nine months of 2012 comprises:
- the impairment charges posted in the activity in Portugal, totalling Euro 813.0 million;
- the accounting of impairment for estimated losses and the negative net income of the operation in Greece totalling Euro 531.6 million, as mentioned above;
- the unfavourable impact on net interest income of the liability management operations, completed in 2011, in the amount of Euro 144.0 million, and of the issuance in 2012 of hybrid securities subscribed by the Portuguese State, in the amount of Euro 67.4 million;
- the accounting of a cost in the amount of Euro 51.1 million associated with commissions from the issuance of debt securities guaranteed by the Portuguese Republic;
- the repurchase of own debt securities which led to a capital gain of Euro 184.3 million;
- the gains associated with Portuguese sovereign debt classified as held for trading of Euro 42.7 million; and
- the favourable impact from the legislative change related to the mortality allowance of Euro 64.0 million.

Net income for the first nine months of 2011 includes:
- the losses associated with Portuguese sovereign debt classified as held for trading of Euro 126.1 million;
- the reversal of provisions related to the pension fund of former members of the Executive Board of Directors and to the complementary plan of employees, of Euro 48.3 million; and
- the recognition of deferred tax benefit in the amount of Euro 132.5 million in the scope of the restructuring process of the Group's shareholdings.

Net interest income totalled Euro 770.9 million in the first nine months of 2012, compared with Euro 1,196.8 million in the same period of 2011.

Net interest income in the activity in Portugal reflects the impact of the unfavourable interest rate effect, driven by the increase in the funding cost, and of the negative business volume effect, influenced by the performance of the portfolio of loans to customers. In the third quarter of 2012, net interest income includes the impact associated with the issuance of hybrid securities subscribed by the Portuguese State in the scope of the Bank's capitalisation process. In the international activity, net interest income reflects the evolution posted by Millennium bank in Greece, despite the increases observed in Millennium bank in Poland and in Banco Millennium Angola.

The net interest margin stood at 1.22% in the first nine month of 2012, which compares with 1.75% in the same period in 2011, determined by the impact of the liability management operations completed in the second half of 2011 and of the issuance in 2012 of hybrid securities subscribed by the Portuguese State and by the higher costs associated with term deposits, while, benefitting from the credit *repricing* effort.

AVERAGE BALANCES

Euro million

	30 Sep.12		30 Sep.11	
	Balance	**Yield %**	**Balance**	**Yield %**
Deposits in banks	4,669	1.33	4,198	1.66
Financial assets	10,813	4.46	12,631	4.06
Loans and advances to customers	67,227	4.54	73,461	4.31
Interest earning assets	**82,709**	**4.35**	**90,290**	**4.15**
Non-interest earning assets	8,702		7,700	
	91,411		**97,990**	
Amounts owed to credit institutions	17,478	1.53	20,207	1.69
Amounts owed to customers	48,220	3.30	46,732	2.79
Debt issued and financial liabilities	15,916	3.61	20,192	2.36
Subordinated debt	2,242	6.84	1,608	2.89
Interest bearing liabilities	**83,856**	**3.08**	**88,739**	**2.44**
Non-interest bearing liabilities	3,302		3,620	
Shareholders' equity and non-controlling interests	4,253		5,631	
	91,411		**97,990**	
Net interest margin		1.22		1.75

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

Net commissions totalled Euro 516.0 million in the first nine months of 2012, which compares with Euro 594.5 million in the same period of 2011. In the activity in Portugal, excluding the effect of commissions associated with the guarantee granted by the Portuguese State, net commissions decreased by 6.7% from the same period in 2011. In the international activity commissions increased 0.4%, benefiting from the performance of most line items of commissions in the subsidiary companies in Mozambique and Angola.

Net commissions reflected:

- a lower level of net commissions related with the banking business (-2.2%);
- a drop in commissions related with the financial markets (-17.7%), as a result of the persistence of uncertainty factors in capital markets, leading to an unfavourable performance in the management of financial investments; and
- the cost associated with the issuance of debt securities by the Bank guaranteed by the Portuguese Republic, in the amount of Euro 51.1 million, posted in the first nine months of 2012.

The net trading income totalled Euro 358.8 million in the first nine months of 2012, which compares with Euro 181.2 million in the same period of 2011, reflecting the impact of the capital gain from the repurchase of debt securities issued by the Bank of Euro 184.3 million, posted in the activity in Portugal. In the international activity, net trading income was essentially influenced by the performance of trading and derivative operations, despite the higher results from foreign exchange activity.

The evolution of net trading income in the activity in Portugal, from the same period in 2011, was boosted by the higher gains related to the repurchase of debt securities issued by the Bank and to the Portuguese sovereign debt securities classified as available for trading, despite the unfavourable evolution in financial instruments at fair value option.

Other net operating income was negative by Euro 40.4 million in the first nine months of 2012, compared with gains of Euro 7.6 million in the first nine months of 2011.

In the activity in Portugal, the evolution of other net operating income was influenced by the higher losses associated with the re-evaluation of assets (including repossessed assets), in the amount of Euro 13.4 million, compared to the first nine months of 2011, together with the higher level of tax posted, of Euro 5.9 million, compared to the same period in 2011. In the first nine months of 2011, other net operating income comprised the positive impact from the adjustment of insurance premiums related with pensions, in the amount of Euro 18.9 million.

The performance of other net operating income in the international activity benefited from the growth achieved in the subsidiary companies in Poland and Angola.

Equity accounted earnings increased to Euro 42.9 million in the first nine months of 2012, from Euro 2.1 million posted in the same period in 2011, benefiting from the higher appropriation of results from the 49% shareholding in Millenniumbcp Ageas.

OTHER NET INCOME

Euro million

	30 Sep. 12	30 Sep. 11	Change 12/11
Net commissions	**516.0**	**594.5**	**-13.2%**
Banking commissions	490.6	501.6	-2.2%
Cards	134.1	138.8	-3.4%
Credit and guarantees	129.4	135.8	-4.7%
Bancassurance	52.9	55.4	-4.5%
Other commissions	174.2	171.6	1.5%
Market related commissions	76.5	92.9	-17.7%
Securities	44.4	55.9	-20.6%
Asset management	32.1	37.0	-13.3%
Commissions related with the State guarantee	(51.1)	-	
Net trading income	**358.8**	**181.2**	98.0%
Other net operating income	**(40.4)**	**7.6**	**-**
Dividends from equity instruments	**3.8**	**1.4**	**-**
Equity accounted earnings	**42.9**	**2.1**	**-**
Total other net income	**881.2**	**786.8**	**12.0%**
Other net income / Net operating revenues	53.3%	39.7%	

Operating costs totalled Euro 1,031.0 million in the first nine months of 2012, which compares with Euro 1,065.9 million accounted in the same period of 2011.

The evolution of operating costs includes: (i) the favourable impact of the legislative change related to mortality allowance, in the amount of Euro 64.0 million, accounted in the second quarter of 2012; (ii) the reversal of provisions related to the pension fund of former members of the Executive Board of Directors and the complementary plan of employees, in the global amount of Euro 48.3 million, posted in the first nine months of 2011; and (iii) the accounting of costs for early retirements of Euro 2.7 million in the first nine months of 2012 (Euro 1.8 million in the same period of 2011).

Excluding these impacts, operating costs were down by 1.8%, reflecting the 11.5% reduction in depreciation, together with the decreases of 0.6% in staff costs and of 1.9% in other administrative costs.

In the activity in Portugal, operating costs excluding the mentioned effects decreased 3.5% from the first nine months of 2011, as a result of the reductions posted in depreciation (-15.2%), other administrative costs (-3.5%) and staff costs (-2.5%).

In the international activity, operating costs increased 0.9% from the first nine months of 2011, determined by the activity in the subsidiary companies in Angola and Mozambique, reflecting the reinforcement of the operational infrastructure and the support for the organic growth strategy underway in those markets, despite the savings achieved in the operations in Greece and Poland.

The consolidated cost-to-income ratio, excluding specific items, stood at 66.1% in the first nine months of 2012 (56.1% in the same period of 2011), while the activity in Portugal stood at 67.9% in the first nine months of 2012 (54.0% in the same period in 2011).

Staff costs stood at Euro 550.7 million in the first nine months of 2012 (Euro 569.2 million in the same period of 2011). However, staff costs excluding the previously mentioned impacts stood at Euro 612.0 million in the first nine months of 2012, evidencing a decrease of 0.6% from Euro 615.7 million posted in the same period of 2011.

The evolution of staff costs were influenced by the 2.5% decrease in the activity in Portugal, despite the increase of 3.1% in the international activity.

In the international activity, staff costs reflect the increase posted by the subsidiary company in Poland, excluding the foreign exchange rate effect of the zloty against the euro, together with the increases showed by the operations developed in Mozambique and Angola, driven by the rise in the number of employees, from the end of September 2011, in these two operations, to reinforce their competences and operational capabilities.

Other administrative costs decreased 1.9% to Euro 418.0 million in the first nine months of 2012, from Euro 426.3 million posted in the same period of 2011, as a result of the efforts carried out to rationalise and contain costs, highlighting the savings achieved in costs associated with rents, advertising and outsourcing.

Other administrative costs reduced by 3.5% in the activity in Portugal and, simultaneously, showed a reduction of 0.1% in the international activity. The higher expenses evidenced by the subsidiary companies in Mozambique and Angola were offset by the reductions in administrative costs in Millennium bank in Greece and Bank Millennium in Poland.

Depreciation costs fell 11.5% to Euro 62.3 million in the first nine months of 2012, from Euro 70.4 million posted in the same period in 2011.

In the activity in Portugal, depreciation costs decreased 15.2% from the same period of 2011, favourably influenced by the reduction in the level of depreciation on the whole line items. In the international activity depreciation costs fell by 7.4%, over the same period, benefiting from the reduction in depreciation costs posted by the subsidiary companies in Poland, Greece and Romania, despite the increase showed by Banco Millennium in Angola and Millennium bim in Mozambique, due to the ongoing investments as part of the business plans underway in these geographies.

OPERATING COSTS

Euro million

	30 Sep. 12	30 Sep. 11	Change 12/11
Staff costs (1)	612.0	615.7	-0.6%
Other administrative costs	418.0	426.3	-1.9%
Depreciation	62.3	70.4	-11.5%
	1,092.3	**1,112.4**	**-1.8%**
Legislative change related to mortality allowance	(64.0)	-	
Reversal of provision associated with pensions	-	(48.3)	
Costs with early retirements	2.7	1.8	
	1,031.0	**1,065.9**	**-3.3%**
Of which:			
Portugal activity	589.6	628.3	-6.2%
Foreign activity	441.4	437.6	0.9%
Operating costs / Net operating revenues (2) (3)	67.9%	54.0%	

(1) Excludes the impacts of the legislative change related to mortality allowance in the second quarter of 2012 (Euro 64.0 million), the reversal of provisions associated with pensions in the first nine months of 2011 (Euro 48.3 million) and the costs associated with early retirements (Euro 2.7 million in the first nine months of 2012 and Euro 1.8 million in the first nine months of 2011).

(2) Activity in Portugal. According to Instruction no. 23/2011 from the Bank of Portugal.

(3) Excludes the impact of specific items.

Impairment for loan losses (net of recoveries) stood at Euro 1,236.6 million in the first nine months of 2012, which compares with Euro 764.0 million in the same period of 2011. This evolution reflects the impact of impairment charges for loan losses related with the subsidiary company in Greece, which totalled Euro 543.5 million in the first nine months of 2012, compared with Euro 50.9 million in the same period of 2011.

In the activity in Portugal, the performance of impairment for loan losses (net of recoveries) reflects the persistence of an adverse macroeconomic and financial framework and consequently the worsening of the economical and financial situation of Portuguese households and companies.

In the international activity, impairment for loan losses (net of recoveries) reflects essentially the reinforcement of impairment charges in the subsidiary companies in Greece and Poland.

The cost of risk stood at 239 basis points in the first nine months of 2012, compared with 135 basis points in the same period in 2011.

Other impairment and provisions totalled Euro 184.4 million in the first nine months of 2012, which compares with Euro 167.0 million in the same period of 2011.

The evolution of other impairment and provisions reflects mostly the reinforcement of provision charges in the activity in Portugal, in particular, related to repossessed assets, which, in the process of regular re-evaluation of these assets, showed a decline in the respective market value, as well as the rise in charges for provisions related to other risks and commitments.

Income tax (current and deferred) totalled Euro -59.3 million in the first nine months of 2012, which compares with Euro -174.7 million in the same period of 2011.

In the first nine months of 2012, the income tax item includes the cost of current tax in the amount of Euro 52.8 million (Euro 57.1 million in the same period of 2011) and a deferred tax benefit in the amount of Euro 112.1 million (tax benefit of Euro 231.8 million in the same period of 2011, reflecting the accounting of a benefit of Euro 132.5 million in deferred tax assets in the scope of the restructuring of the Group's shareholdings).

BALANCE SHEET

Total assets stood at Euro 89,274 million as at 30 September 2012, which compares with Euro 95,932 million as at 30 September 2011.

Loans to customers (gross), adjusted for a repo operation of Euro 2,256 million on 30 September 2011, decreased 5.9%, to Euro 69,069 million as at 30 September 2012, from Euro 73,379 million on the same date in 2011.

The decrease in the loan portfolio, from the end of September 2011, reflects the reduction of 8.0% in the activity in Portugal. In the international activity, the loan portfolio grew 1.1%, from 30 September 2011, partly influenced by the foreign exchange rate effect of the appreciation of the zloty against the euro. Excluding the foreign exchange rate effect, loans to customers in the international activity decreased in most subsidiaries, despite the growth shown by Banco Millennium Angola and Millennium bim in Mozambique.

The evolution of the loans portfolio was influenced by both loans to companies (-8.7%) and loans to individuals (-2.8%), as a result of the gradual and progressive deleveraging process underway.

Between the end of September 2011 and the end of September 2012, the structure of the loans to customers' portfolio registered identical levels of diversification, with loans to companies representing 51% of total loans to customers as at 30 September 2012, while loans to individuals represented 49% of total loans.

LOANS TO CUSTOMERS (GROSS)

Euro million

	30 Sep. 12	30 Sep. 11	Change 12/11
Individuals	**34,142**	**35,141**	**-2.8%**
Mortgage loans	29,795	30,592	-2.6%
Consumer loans	4,347	4,549	-4.4%
Companies (1)	**34,927**	**38,238**	**-8.7%**
Services (1)	14,271	15,219	-6.2%
Commerce	3,688	4,440	-16.9%
Construction	4,613	5,500	-16.1%
Other	12,355	13,079	-5.5%
Total (1)	**69,069**	**73,379**	**-5.9%**
Of which:			
Portugal activity (1)	51,776	56,280	-8.0%
Foreign activity	17,293	17,099	1.1%

(1) Adjusted for a Repo operation of Euro 2,256 million on 30 September 2011.

Credit quality, measured by the loans overdue by more than 90 days as a percentage of total loans, stood at 6.3% as at 30 September 2012 (4.3% as at 30 September 2011), influenced by the portfolio of loans to companies.

The coverage ratio for loans overdue by more than 90 days stood at 95.1% as at 30 September 2012, compared to 95.5% on the same date in 2011. In the same period, the coverage ratio of the total loan portfolio to impairments increased to 5.9% as at 30 September 2012 (4.1% at the end of September 2011).

The overdue and doubtful loans stood at 8.4% of total loans as at 30 September 2012, compared to 6.2% posted on the same date in 2011 and credit at risk stood at 13.4% of total loans as at 30 June 2012 (9.5% at the end of September 2011).

OVERDUE LOANS BY MORE THAN 90 DAYS AND IMPAIRMENTS AS AT 30 SEPTEMBER 2012

Euro million

	Overdue loans by more than 90 days	Impairment for loan losses	Overdue loans by more than 90 days /Total loans	Coverage ratio (Impairment/ Overdue >90 days)
Individuals	**1,034**	**933**	**3.0%**	**90.2%**
Mortgage loans	277	301	0.9%	108.7%
Consumer loans	757	632	17.4%	83.5%
Companies	**3,285**	**3,176**	**9.4%**	**96.7%**
Services	850	1,208	6.0%	142.2%
Commerce	428	351	11.6%	82.1%
Construction	1,362	716	29.5%	52.6%
Other	645	901	5.2%	139.6%
Total	**4,319**	**4,109**	**6.3%**	**95.1%**

Total customer funds increased 3.1%, adjusted for a repo operation of Euro 2,256 million on 30 September 2011, achieving Euro 66,535 million as at 30 September 2012, which compares with Euro 64,552 million on the same date on 2011.

The growth of total customer funds was boosted by an increase of 4.8% in balance sheet customer funds, benefiting from both customer deposits (+4.3%) and in debt securities (+8.7%). Off-balance sheet customer funds fell by 3.8% to Euro 12,697 million as at 30 September 2012, from Euro 13,201 million as at 30 September 2011, reflecting the evolution of capitalisation products and assets under management.

In the activity in Portugal, total customer funds remained stable, totalling Euro 48,703 million as at 30 September 2012 (Euro 48,695 million on the same date in 2011). In the international activity, total customer funds were up by 12.5%, benefiting from the increase in both balance sheet customer funds and off-balance sheet customer funds, sustained by the performance of the subsidiary companies in Poland, Mozambique, Romania and Angola.

As at 30 September 2012, the structure of total customer funds comprised mostly balance sheet customer funds, which represented 81% of total customer funds, highlighting the component of customer deposits, which represented 71% of total customer funds, while off-balance sheet customer funds represented 19% of total customer funds.

TOTAL CUSTOMER FUNDS

Euro million

	30 Sep. 12	30 Sep. 11	Change 12/11
Balance sheet customer funds (1)	**53,838**	**51,351**	**4.8%**
Deposits (1)	47,272	45,312	4.3%
Debt securities	6,566	6,039	8.7%
Off-balance sheet customer funds	**12,697**	**13,201**	**-3.8%**
Assets under management	3,642	3,767	-3.3%
Capitalisation products	9,055	9,434	-4.0%
Total (1)	**66,535**	**64,552**	**3.1%**
Of which:			
Portugal activity (1)	48,703	48,695	0.0%
Foreign activity	17,832	15,857	12.5%

(1) Adjusted for a Repo operation of Euro 2,256 million on 30 September 2011.

The **securities portfolio** stood at Euro 12,756 million as at 30 September 2012, up slightly from Euro 12,433 million posted on 30 September 2011.

This evolution was influenced, on the one hand, by the increase in financial assets available for sale and, on the other, by the reduction of financial assets held to maturity, reflecting the lower exposure to Portuguese and Greek sovereign debt and the repayment of bonds issued by Portuguese private issuers.

LIQUIDITY MANAGEMENT

During the third quarter of 2012, the Bank continued the implementation of the Liquidity Plan, emphasising the optimisation of the management of eligible assets for monetary policy operations with the ECB (European Central Bank). Accordingly, one of the measures involved a new covered bond issuance, which strengthened the pool of eligible assets by Euro 1.6 billion (after haircuts). Globally, the operations to optimise the management of eligible assets for monetary policy operations with the ECB mainly explained the growth of Euro 1.5 billion, to Euro 19.5 billion, in eligible assets, shown by the pool of monetary policy operations from 30 June 2012, which also represents a growth of Euro 3.8 billion since the beginning of 2012.

During the first nine months of 2012, the reduction of the commercial gap and the inflow of Euro 3.0 billion concerning the issuance of capital Core Tier I instruments subscribed by the State led to the reimbursement of Euro 5.4 billion of medium- and long-term debt placed in the markets, an amount that, comprising the anticipated repurchase of debt in advantageous terms, exceeded the initial forecast of the Funding Plan. At the same time, the ECB net exposure showed a reduction to Euro 13.1 billion as at 30 September 2012, when compared with Euro 15.3 billion as at 30 September 2011. Until the end of 2012, the amount of medium- and long-term debt to be refinanced is not significant, with the deleveraging effort expected to continue as well as, whenever justified, actions concerning the optimisation of the portfolio of eligible assets with the ECB

CAPITAL

Following the request submitted by Millennium bcp, the Bank of Portugal formally authorised the adoption of methodologies based on Internal Rating models (IRB) for the calculation of capital requirements for credit and counterparty risk, covering a substantial part of the risk from the activity in Portugal as from 31 December 2010. In the scope of the gradual adoption of the IRB methodologies for the calculation of capital requirements for credit and counterparty risk and following the request submitted by Millennium bcp, the Bank of Portugal formally authorised the extension of this methodology to the subclasses of risk “Renewable Retail Positions” and “Other Retail Positions” in Portugal with effect as from 31 December 2011.

The Core Tier I ratio stood at 11.9% in accordance with the Bank of Portugal rules and at 9.4% in accordance with EBA rules (12.1% and 9.7%, respectively, at the end of June 2012), reflecting the decrease of Core Tier I in the third quarter of 2012 (Euro 216 million in accordance with Bank of Portugal rules and Euro 240 million with EBA rules), as well as the decrease is risk weighted assets (Euro 793 million).

The decrease of Core Tier I was mainly influenced by the net loss in the quarter and by the amortisation of the deferred impacts permitted by the Bank of Portugal, despite the favourable contribution of the increases in fair value reserves of Millenniumbcp Ageas, in non-controlling interests and of positive exchange rate differences. The decrease of risk weighted assets was mainly influenced by the efforts related to the deleveraging process and to the optimisation and reinforcement of collaterals registered in the third quarter of 2012.

In the scope of the Bank’s Capitalisation Plan, the share capital increase was successfully implemented, through the issue of ordinary shares in the amount of Euro 500 million. Considering the impact of this operation, the Core Tier I as of 30 September 2012 reaches 12.8% in accordance with the Bank of Portugal rules and 10.3% in accordance with EBA rules.

SOLVENCY		*Euro million*
	30 Sep. 12	**30 Jun. 12**
Own Funds		
Core Tier I	6,522	6,738
Preference shares and Perpetual subordinated debt securities with conditional coupons	172	172
Other deduction (1)	(540)	(515)
Tier I Capital	6,154	6,394
Tier II Capital	678	675
Deductions to Total Regulatory Capital	(139)	(139)
Total Regulatory Capital	**6,693**	**6,930**
Risk Weighted Assets	**54,847**	**55,640**
Solvency Ratios		
Core Tier I	11.9%	12.1%
Tier I	11.2%	11.5%
Tier II	1.0%	1.0%
Total	12.2%	12.5%
Core Tier I ratio EBA (2)	9.4%	9.7%

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

(2) Core Tier I ratio in accordance with the criteria of EBA. In this scope, Core Tier I in accordance with the rules of the Bank of Portugal was deducted of the "Other deductions (1)" and of the buffer to sovereign risks (Euro 848 million); the risk weighted assets do not have adjustments.

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

RESTRUCTURING PROGRAMME

The current economic environment requires improvements of the productivity gap comparing to the average productivity of the Iberian institutions, of the balance between commercial and non-commercial functions and of the weight of staff with management functions, which justifies a restructuring program with a medium-term impact in costs, summarised as follows:

Targets

- Adjustment of the Bank's structure to new environment – "lower volumes, lower credit, lower margin"
- Span-of-control improvement to maximise the use of resources
- Reduce fragmentation in the various departments to eliminate interfaces and increase empowerment
- Lighten the central support structure to improve efficiency
- Socially responsible process

Guidelines

- Resize staff in line with goals set in the capitalisation plan and the sector's average productivity benchmarks
- Retail network management structure optimisation and reinforcement and focus in Marketing
- New management model in Companies segment to simplify the structure and integration with Marketing to boost business
- Adjustment of Corporate banking and international model to enhance synergies between businesses and geographies
- Rationalisation of central support and corporate areas ensuring the capture of functional synergies

NEW CREDIT MANAGEMENT MODEL

Implementation of a new credit management model to face the current macroeconomic environment, focusing the following aspects:

Granting

- Increase in commercial areas empowerment
- Transfer of analysis and approval of credit to clients in default to Credit Department

Monitoring

- Change in EWS model to enhance leading
- Prevention and collection in commercial networks with regional networks capacity utilisation

Recovery

- Organisational specialisation by type of assets / process phases
- Client transfer to recovery areas
- Performance metrics to minimise expected losses
- Reinforcement of 180 FTEs in recovery areas

SIGNIFICANT EVENTS

The completion of the operations to increase own funds set out in the Capitalisation Plan through the issuance of shares reserved for shareholders in the amount of Euro 500 million, the continuation of the deleveraging process, contributing to reducing wholesale funding, the concretisation of the most relevant initiatives included in the Management Agenda, including those related with financial strength, risk management and streamlining the organisation/efficiency and the preparation of the Restructuring Plan to be submitted to the European Commission as a consequence of the State support, were the most significant events in the Bank's activity in the 3rd quarter of 2012. For this period, it is worth mentioning the following:

- In implementing the Bank's Capitalisation Plan, the share capital increase was successfully completed, through the issue of ordinary shares in the amount of Euro 500 million, through subscription reserved for shareholders exercising their legal preference right, of 12.5 billion new shares.
- Completion of or implementation of the main initiatives of the Management Agenda, namely related to: (i) reinforcing financial strength, particularly the Capitalisation Plan, the Liquidity Plan, the Domestic Organic Deleveraging Plan and the Business Plan for 2013-2015; (ii) risk management, in particular the implementation of the new standardised credit recovery operating model definition, specialised credit recovery operational program, setting a model to resort to external agents in credit recovery and updating and adjusting risk models; (iii) simplification of the organisation /increased efficiency; (iv) the optimisation of the business mix, including the revision and updating of business plans for Mozambique and Angola and the revaluation of structural options for Greece and Romania and (v) enhancement of the position and profitability of the business in Portugal, in particular the completion of Project M and the materialisation of the network optimisation and objective business model for SMEs and Business and Corporate and Investment Banking.
- Pre-launch of an “M Imóveis” (M Real Estate) page on “millenniumbcp.pt”, including a new application for smartphones.
- Launch of a new “Personal Finance Manager” application for Millennium bcp.
- In the scope of the International Day of Persons with Disabilities, Millennium bcp granted the Microcredit Award for Microentrepreneurs with Disabilities, aiming to support the creation of a viable business presented by a disabled person without access to bank credit.
- Included in its social responsibility policy, Millennium bcp launched, in partnership with Continente retail group, a contest with the theme “Back to School” for fans of the Millennium Sugere page on Facebook. This supported Portuguese families, by awarding five prizes worth Euro 100 each, payable via Continente cards for use in the purchase of school supplies.
- As part of the São João Festivities of Oporto in July, Millennium bcp, in partnership with the Youth Foundation, launch the “Hammers of St. John” exhibition, featuring a display of 150 original ideas that were based on hammers, the symbol of the São João festivities. São João is the patron saint of Porto.
- As part of the “More Mozambique for Me” Social Responsibility programme, Millennium bim ran the second “Clean-up operation”, which took place in Praia da Costa do Sol and in some major streets and avenues in the city of Maputo, as part of the “Clean City for Me 2012” project.
- In keeping with the mission of promoting socio-economic and cultural development in Mozambique, Millennium bim has established a new partnership with Lusomundo Mozambique, enabling a wide range of benefits for customers.
- Banco Millennium Angola signed a Memorandum of Understanding with the Ministries of Economy and Finance as part of the “Angola Invests” programme aiming to encourage national entrepreneurs and featuring an overall credit line of USD 1.5 billion, divided among 19 banks operating in the market.
- Participation of Banco Millennium Angola in the 29th edition of the Luanda International Fair on the theme “Challenges for Attracting Investment”.
- For the 3rd year in a row, Banco Millennium Angola took part in the Elite Angola Careers Recruitment Fair.

- Bank Millennium in Poland started to provide the option of access to term deposits for its mobile banking customers.
- For the fourth consecutive time Bank Millennium was included the RESPECT Index - Central and Eastern Europe's first index of socially responsible companies, which includes the companies listed on the Warsaw Stock Exchange's Primary Market that comply with highest standards for corporate governance, information governance and investor relations, as well as environmental, community and employee relations.
- As part of a social responsibility project, Bank Millennium's employees participated for the 3rd time in a Habitat building site in partnership with "Habitat for Humanity" in order to help twelve families in need of a home.
- Millennium bcp was distinguished by ConsumerChoice - the Centre for Evaluation of Consumer Satisfaction, making the bank the first brand to win the "Consumer Choice" prize in the banking category.
- The ranking of Portuguese foundations, recently published by a working group appointed by the Portuguese government, placed the Millennium bcp Foundation in first place in the banking sector in Portugal and first among the foundations of all the companies listed on the Portuguese stock exchange, standing out for its relevance, efficiency and sustainability.
- Three awards were granted to ActivoBank by Global Finance magazine in the "World's Best Internet Banks in Europe 2012": "Best Consumer Internet Bank" in Portugal, "Best Website Design" in Europe and "Best in Social Media" in Europe. ActivoBank was picked for the first time on this last award and for the 2nd time in the first two awards.
- The "Best Banking Group in Mozambique" award was granted to Millennium bim for the 3rd consecutive year under a survey organised by World Finance magazine.
- Nomination of Banco Millennium Angola as the "Best majority foreign-owned bank" in Angola by EMEA Finance magazine for the 2nd consecutive time.
- Bank Millennium was recognised as the best and friendliest Internet bank in Poland in Newsweek's "Friendly Bank – Internet Banking" ranking.
- Bank Millennium was recognised as "Best Consumer Internet Bank" in Poland and "Best Online Deposit, Credit and Investment Product Offer" in Central and Eastern Europe by Global Finance magazine.
- Bank Millennium has been ranked by Wprost weekly among "Medal-winning Banks" – top-scoring institutions in the Service Quality Programme.
- Bank Millennium has been ranked second by Forbes Magazine for the best banking services on offer to companies.
- Following the assessment of the implications of the recent recapitalisation measures taken by Portuguese banks, Standard & Poor's decided on July 11 to keep the main credit ratings (Long- and Short-term "B+"/"B", respectively) and a negative outlook for BCP.
- Fitch announced on 17 July the upgrade of the BCP's Viability Rating from "cc" to "b", of the Subordinated Debt (Lower Tier 2) from "C" to "B-" and of Preference shares from "C" to "CC". Long-term and short-term ratings were affirmed at "BB+"/"B", keeping the negative outlook.

Events after the end of the 3rd quarter of 2012

- Announcement on October 3 by the European Banking Authority (EBA) and by the Bank of Portugal, regarding the final assessment of the capital exercise and fulfilment of the EBA's December 2011 Recommendation, informing that Banco Comercial Português surpassed the minimum requirement of 9% Core Tier I ratio including the sovereign buffer as stated in the EBA recommendation.
- "Best Banking Group in Mozambique" award was granted to Millennium bim, for the 4th consecutive year by EMEA Finance magazine.

MACROECONOMIC ENVIRONMENT

The world economic activity continued to lose strength during the third quarter in a broad manner, as emerging countries started to be affected more meaningfully by further slack in world trade. According to IMF's latest projections, global GDP will expand by 3.3% this year and 3.6% in the next, with a significant wedge persisting between the performance expected in the emerging countries (growth above 5%) and in the advanced countries as a group (less than 2%).

Over the next few months, the election's outcome in the US and decisions at the institutional level in the European Union (a revision of the aid program to Greece, the Spanish financial system support package and the architecture of supervision of the banking system and of monitoring of national budgets) represent sources of risk. In the medium term, mending excessive indebtedness in advanced countries and creating alternative sustained growth drivers in the emerging countries remain the main policy challenges.

Central banks moved further with unconventional measures to counteract the limitations of fiscal policy in an excessive debt environment and to ensure proper monetary transmission, particularly in the euro area. In this context, a highlight is the ECB's decision for undertaking Outright Monetary Transactions in the secondary market for government securities, subject to a strict conditionality for the countries concerned, namely the existence of a global or preventive macroeconomic adjustment program. The transactions will mainly focus on sovereign bonds with maturities ranging between one to three years.

The bold steps taken by the monetary authorities, despite the lingering uncertainty, helped improve the confidence climate, leading to cyclical assets improving and an overall reduction of the risk premia. This was helpful for the euro periphery, contributing to reduce the borrowing costs of Portugal and for the issuance of debt by Portuguese companies. The ECB's main refinancing rate was kept unchanged at 0.75% but the Euribor interest rates converged to new lows (0.2% for the 3-month Euribor). Despite the reduction in interest rate differentials, the European currency strengthened, chiefly against the U.S. dollar (1.30 dollars per euro), interrupting the depreciation trend that had persisted since mid-2011.

The easing of tensions at the EU level compensated somewhat Portugal's deteriorating macroeconomic environment over the period. Portuguese GDP decreased 1.2% quarter-on-quarter in the second quarter - in line with the projected decline of close to 3.0% for the whole year but failing to extend the good results posted at the beginning of the year - and the unemployment rate rose to above 15% of the labour force. Notwithstanding the upward revision for the budget deficit targets to 5.0% and 4.5% of GDP in 2012 and 2013 respectively, fiscal austerity will remain extreme, concentrated on direct taxes, thus constraining both the ability and willingness to spend. In these circumstances, the recession will extend into 2013, driven by weak domestic demand. The indirect impact of measures on economic activity and the direct effects, through taxation on financial products and companies, as included in the budget proposal, add to the challenging environment that banks are facing.

Economic activity has slowed as well in Poland, driven by softer external demand, fiscal consolidation and the petering out of specific one-time events that supported demand at higher levels. The recent decision to relax some requirements associated with lending to households and the growing bias towards a more expansionary monetary policy will tend to minimise some of these effects, thus rendering still reasonable economic growth at above 2% for the period 2012/2013. In Greece, the extension and revision of the rescue package, as is currently being negotiated, will most likely not prevent another recession in 2013. The IMF estimates GDP will contract by 6.0% in 2012 and by a further 4.0% in 2013, completing a full six year period in a recessionary environment.

The sub-Saharan region has displayed a remarkable capacity to withstand the adverse contagions effects stemming from the outside, maintaining robust growth at above 5%. Mozambique has been successful in combining strong economic growth (over 7%) with aggressive disinflation (inflation at below 2% in September). In Angola, the government program as endorsed by the general elections of August ("Angola 25") aims at reinforcing macroeconomic stability by combating inflation, improving competitiveness and promoting sound public finances. The measures to support adequate funding to companies and the development of the capital markets will contribute to further diversification of economic activity and have a positive bearing on prospective banking business.

GLOSSARY

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

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

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

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

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

Equity accounted earnings - results appropriated by the Group related to the consolidation of entities where, despite having a significant influence, the Group does not control the financial and operational policies.

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

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

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

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

Other impairment and provisions - other financial assets impairment, other assets impairment, in particular provision charges related to assets received as payment in kind not fully covered by collateral, goodwill impairment and other provisions.

Other net income – net commissions, net trading income, other net operating income, dividends from equity instruments and equity accounted earnings.

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

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

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

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

First nine months figures for 2011 and 2012 not audited.

CONSOLIDATED INDICATORS: ACTIVITY IN PORTUGAL AND INTERNATIONAL ACTIVITY

Euro million

	Consolidated			Activity in Portugal			International activity		
	30 Sep. 12	30 Sep. 11	Change 12/11	30 Sep. 12	30 Sep. 11	Change 12/11	30 Sep. 12	30 Sep. 11	Change 12/11
Income statement									
Net interest income	770.9	1,196.8	-35.6%	365.8	762.0	-52.0%	405.1	434.8	-6.8%
Dividends from equity instruments	3.8	1.4	-	2.8	0.8	-	1.0	0.5	-
Net fees and commission income	516.0	594.5	-13.2%	340.3	419.6	-18.9%	175.7	174.9	0.4%
Other operating income	(40.4)	7.6	-	(42.5)	7.4	-	2.1	0.2	-
Net trading income	358.8	181.2	98.0%	251.4	58.4	-	107.4	122.8	-12.5%
Equity accounted earnings	42.9	2.1	>200%	41.2	1.9	>200%	1.8	0.2	>200%
Net operating revenues	**1,652.1**	**1,983.6**	**-16.7%**	**959.0**	**1,250.1**	**-23.3%**	**693.1**	**733.5**	**-5.5%**
Staff costs	550.7	569.2	-3.3%	336.5	361.6	-6.9%	214.1	207.6	3.1%
Other administrative costs	418.0	426.3	-1.9%	222.1	230.1	-3.5%	195.9	196.2	-0.1%
Depreciation	62.3	70.4	-11.5%	31.0	36.5	-15.2%	31.4	33.9	-7.4%
Operating costs	**1,031.0**	**1,065.9**	**-3.3%**	**589.6**	**628.3**	**-6.2%**	**441.4**	**437.7**	**0.9%**
Operating profit before impairment	**621.1**	**917.7**	**-32.3%**	**369.4**	**621.8**	**-40.6%**	**251.6**	**295.8**	**-14.9%**
Loans impairment (net of recoveries)	809.4	764.0	5.9%	627.9	639.6	-1.8%	181.5	124.4	45.8%
Other impairment and provisions	184.4	167.0	10.4%	185.1	168.2	10.1%	(0.7)	(1.2)	-
Profit before income tax	**(372.8)**	**(13.3)**	**-**	**(443.6)**	**(185.9)**	**-**	**70.8**	**172.6**	**-59.0%**
Income tax	(59.3)	(174.7)	-	(58.0)	(211.5)	-	(1.3)	36.8	-
Non-controlling interests	55.6	63.8	-12.8%	(8.0)	1.7	-	63.6	62.1	2.5%
Net income before imp. estimated losses	**(369.1)**	**97.6**	**-**						
Impairment for estimated losses (*)	427.2	-							
Net income	**(796.3)**	**97.6**	**-**	**(377.6)**	**23.9**	**-**	**8.5**	**73.7**	**-88.5%**
Balance sheet and activity indicators									
Total assets	**89,274**	**95,933**	**-6.9%**	**66,998**	**73,650**	**-9.0%**	**22,276**	**22,283**	**-0.0%**
Total customer funds (1)	**66,535**	**64,552**	**3.1%**	**48,703**	**48,695**	**0.0%**	**17,832**	**15,857**	**12.5%**
Balance sheet customer funds (1)	**53,838**	**51,351**	**4.8%**	**37,083**	**36,324**	**2.1%**	**16,755**	**15,027**	**11.5%**
Deposits (1)	47,272	45,312	4.3%	30,651	30,401	0.8%	16,620	14,911	11.5%
Debt securities	6,566	6,039	8.7%	6,431	5,923	8.6%	135	116	16.6%
Off-balance sheet customer funds	**12,697**	**13,201**	**-3.8%**	**11,620**	**12,371**	**-6.1%**	**1,077**	**830**	**29.8%**
Assets under management	3,642	3,767	-3.3%	2,915	3,214	-9.3%	727	553	31.5%
Capitalisation products	9,055	9,434	-4.0%	8,705	9,157	-4.9%	350	277	26.3%
Loans to customers (gross) (1)	**69,069**	**73,379**	**-5.9%**	**51,776**	**56,280**	**-8.0%**	**17,293**	**17,099**	**1.1%**
Individuals	**34,142**	**35,141**	**-2.8%**	**23,551**	**24,746**	**-4.8%**	**10,591**	**10,395**	**1.9%**
Mortgage loans	29,795	30,592	-2.6%	20,994	22,005	-4.6%	8,801	8,587	2.5%
Consumer loans	4,347	4,549	-4.4%	2,557	2,741	-6.7%	1,790	1,809	-1.0%
Companies (1)	**34,927**	**38,238**	**-8.7%**	**28,225**	**31,534**	**-10.5%**	**6,702**	**6,704**	**-0.0%**
Services (1)	14,271	15,219	-6.2%	12,250	13,225	-7.4%	2,021	1,994	1.4%
Commerce	3,688	4,440	-16.9%	2,441	3,195	-23.6%	1,247	1,245	0.1%
Construction	4,613	5,500	-16.1%	3,714	4,710	-21.1%	899	790	13.9%
Other	12,355	13,079	-5.5%	9,820	10,403	-5.6%	2,535	2,675	-5.2%
Credit quality									
Total overdue loans	4,589	3,541	29.6%	3,632	2,808	29.3%	957	733	30.6%
Overdue loans by more than 90 days	4,319	3,247	33.0%	3,419	2,565	33.3%	900	682	31.9%
Overdue loans by more than 90 days /Total loans	6.3%	4.3%		6.6%	4.4%		5.2%	4.0%	
Total impairment (balance sheet)	4,109	3,102	32.4%	2,880	2,449	17.6%	802	653	22.7%
Total impairment (balance sheet) /Total loans	5.9%	4.1%		5.6%	4.2%		4.6%	3.8%	
Total impairment (balance sheet) /Overdue loans by more than 90 days	95.1%	95.5%		84.2%	95.5%		89.1%	95.7%	
Cost of risk (net of recoveries, in b.p.)	239	135		162	146		140	97	

(1) Adjusted for a Repo operation of Euro 2,256 million on 30 September 2011.

(*) Impairment charges related to the estimated losses in the subsidiary company in Greece, which, together with the reinforcement of impairments posted in the subsidiary's P&L, showed an increase in the level of impairment from the previous quarter achieving Euro 543.5 million in the first nine months of 2012.

BANCO COMERCIAL PORTUGUÊS

Consolidated Income Statement
for the nine months period ended 30 September, 2012 and 2011

	30 September 2012	30 September 2011
	(Thousands of Euros)	
Interest and similar income	2,770,427	2,984,471
Interest expense and similar charges	(1,999,514)	(1,787,684)
Net interest income	770,913	1,196,787
Dividends from equity instruments	3,820	1,354
Net fees and commission income	516,025	594,540
Net gains / losses arising from trading and hedging activities	349,003	154,895
Net gains / losses arising from available for sale financial assets	(5,705)	26,004
Net gains / (losses) arising from financial assets held to maturity	15,510	284
Other operating income	(39,861)	(1,826)
	1,609,705	1,972,038
Other net income from non banking activity	15,456	14,916
Total operating income	1,625,161	1,986,954
Staff costs	550,664	569,225
Other administrative costs	418,006	426,290
Depreciation	62,337	70,415
Operating costs	1,031,007	1,065,930
Operating net income before provisions and impairments	594,154	921,024
Loans impairment	(1,236,615)	(764,000)
Other financial assets impairment	(28,820)	(142,514)
Other assets impairment	(121,745)	(61,672)
Other provisions	(33,872)	37,192
Operating net income	(826,898)	(9,970)
Share of profit of associates under the equity method	42,921	2,133
Gains / (losses) from the sale of subsidiaries and other assets	(15,986)	(5,498)
Net income before income tax	(799,963)	(13,335)
Income tax		
Current	(52,791)	(57,076)
Deferred	112,075	231,802
Net income after income tax	(740,679)	161,391
Attributable to:		
Shareholders of the Bank	(796,306)	97,601
Non-controlling interests	55,627	63,790
Net income for the period	(740,679)	161,391
Earnings per share (in euros)		
Basic	(0.15)	0.01
Diluted	(0.15)	0.01

BANCO COMERCIAL PORTUGUÊS

Consolidated Balance Sheet as at 30 September, 2012 and 2011 and 31 December, 2011

	30 September 2012	31 December 2011	30 September 2011
		(Thousands of Euros)	
Assets			
Cash and deposits at central banks	2,535,908	2,115,945	1,790,255
Loans and advances to credit institutions			
Repayable on demand	749,492	1,577,410	1,552,278
Other loans and advances	2,505,275	2,913,015	1,773,647
Loans and advances to customers	64,960,446	68,045,535	72,532,358
Financial assets held for trading	1,670,516	2,145,330	3,172,950
Financial assets available for sale	7,391,544	4,774,114	3,699,834
Assets with repurchase agreement	34,239	495	55,205
Hedging derivatives	232,048	495,879	560,754
Financial assets held to maturity	3,659,790	5,160,180	5,505,407
Investments in associated companies	475,004	305,075	306,906
Non current assets held for sale	1,126,481	1,104,650	1,065,713
Investment property	559,092	560,567	514,403
Property and equipment	605,831	624,599	615,606
Goodwill and intangible assets	248,971	251,266	397,048
Current tax assets	26,300	52,828	27,785
Deferred tax assets	1,614,215	1,564,538	1,272,787
Other assets	878,867	1,790,650	1,089,564
	89,274,019	93,482,076	95,932,500
Liabilities			
Amounts owed to credit institutions	16,093,927	17,723,419	19,656,038
Amounts owed to customers	47,271,348	47,516,110	47,567,701
Debt securities	14,267,987	16,236,202	14,799,553
Financial liabilities held for trading	1,360,622	1,478,680	1,440,934
Other financial liabilities at fair value through profit and loss	221,221	2,578,990	3,451,504
Hedging derivatives	302,651	508,032	539,801
Provisions for liabilities and charges	277,532	246,100	218,601
Subordinated debt	4,327,995	1,146,543	1,090,510
Current income tax liabilities	2,366	24,037	10,823
Deferred income tax liabilities	3,118	2,385	1,803
Other liabilities	1,312,924	1,647,208	1,474,051
Total Liabilities	85,441,691	89,107,706	90,251,319
Equity			
Share capital	3,000,000	6,065,000	6,065,000
Treasury stock	(13,965)	(11,422)	(77,396)
Share premium	71,722	71,722	71,722
Preference shares	171,175	171,175	1,000,000
Other capital instruments	9,853	9,853	9,853
Fair value reserves	(87,235)	(389,460)	(374,082)
Reserves and retained earnings	871,749	(1,241,490)	(1,639,928)
Net income for the period attributable to Shareholders	(796,306)	(848,623)	97,601
Total Equity attributable to Shareholders of the Bank	3,226,993	3,826,755	5,152,770
Non-controlling interests	605,335	547,615	528,411
Total Equity	3,832,328	4,374,370	5,681,181
	89,274,019	93,482,076	95,932,500