



Consolidated quarterly information (unaudited accounts)

Banco BPI

1st quarter 2013

(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.12	Mar.13	Chg.%	Mar.12	Mar.13	Chg.%	Mar.12	Mar.13	Chg.%
Net profit, efficiency and profitability									
Net profit (as reported)	19.8	21.2	7.4%	19.5	19.3	(1.3%)	39.3	40.5	3.1%
Net profit (as reported) per share (EPS) ¹⁾	0.020	0.015	(22.0%)	0.019	0.014	(28.4%)	0.039	0.029	(25.2%)
Weighted average number of shares ^{1), 2)}	1.004	1.384	37.8%	1.004	1.384	37.8%	1.004	1.384	37.8%
Efficiency ratio ³⁾ (last 12 months)	76.8%	47.1%		39.1%	41.9%		66.0%	45.9%	
Efficiency ratio excl. non-recurring impacts (last 12 months)	81.6%	71.0%		39.1%	41.9%		68.1%	62.2%	
Return on average total assets (ROA)	0.2%	0.2%		2.9%	2.5%		0.5%	0.5%	
Return on Shareholders' equity (ROE)	5.6%	4.4%		22.8%	20.7%		9.0%	7.1%	
Balance sheet									
Net total assets ⁴⁾	40 093	38 261	(4.6%)	5 331	6 089	14.2%	44 754	43 129	(3.6%)
Loans to Customers	27 398	26 095	(4.8%)	1 001	1 098	9.7%	28 399	27 193	(4.2%)
Deposits	19 558	18 853	(3.6%)	4 573	5 246	14.7%	24 131	24 099	(0.1%)
Deposits and retail bonds	22 243	20 439	(8.1%)	4 573	5 246	14.7%	26 816	25 685	(4.2%)
On-balance sheet Customer resources	25 247	23 148	(8.3%)	4 573	5 246	14.7%	29 820	28 394	(4.8%)
Off-balance sheet Customer resources ⁵⁾	2 682	3 067	14.3%				2 682	3 067	14.3%
Total Customer resources ⁶⁾	27 504	25 622	(6.8%)	4 573	5 246	14.7%	32 077	30 868	(3.8%)
Asset quality									
Loans in arrears for more than 90 days	712	871	22.3%	68	57	(16.2%)	780	928	18.9%
Ratio of loans in arrears ⁷⁾	2.5%	3.2%		6.3%	4.9%		2.7%	3.3%	
Credit at risk ⁸⁾	3.6%	4.6%		9.1%	7.6%		3.8%	4.7%	
Cost of credit risk ⁹⁾	0.65%	0.98%		0.99%	0.52%		0.66%	0.96%	
Pension liabilities									
Employees pension liabilities	844	940	11.3%				844	940	11.3%
Employees pension funds assets	900	1 033	14.9%				900	1 033	14.9%
Cover of pension obligations ¹⁰⁾	106.6%	109.9%					106.6%	109.9%	
Capital									
Shareholders' equity and minority interests	571	1 491	161.1%	606	674	11.2%	1 177	2 165	83.9%
Core Tier I							2 349	3 545	50.9%
Own funds							2 364	3 525	49.1%
Risk weighted assets							24 972	23 611	(5.4%)
Core Tier I								9.4%	15.0%
Tier I								9.2%	14.8%
Capital ratio								9.5%	14.9%
Core Tier I (EBA)									9.6%
Distribution network and staff									
Distribution network ¹¹⁾	758	745	(1.7%)	159	171	7.5%	917	916	(0.1%)
BPI Group staff ¹²⁾	6 641	6 378	(4.0%)	2 146	2 331	8.6%	8 787	8 709	(0.9%)

1) Figures adjusted for the capital increase through cash injection in August 2012.

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

3) Operating costs as % of net operating revenue.

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

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

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

7) Loans in arrears for more than 90 days.

8) 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.

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

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

11) 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).

12) Excludes temporary workers.

CONSOLIDATED OVERVIEW

At 31 March 2013, the core Tier I ratio stood at 15.0% according to Bank of Portugal rules and at 9.6% according to EBA rules.

Banco BPI's Board of Directors decided to request from the Portuguese State permission to redeem in advance an additional 100 M.€ of contingent convertible subordinated bonds (CoCo); with this redemption, the amount of CoCo will be reduced from 1 000 M.€ to 900 M.€

Taking into consideration the ruling market prices in March 2013 would allow for a reduction of the CoCos outstanding to 260 M. €

Banco BPI earned a consolidated net profit of 40.5 million euro (M.€) in the 1st quarter 2013, up 3.1% relative to the 1st quarter 2012 net profit. Earnings per share (Basic EPS) was 0.029 € in the 1st quarter 2013 (0.039 € in 1st quarter of 2012).

The return on average Shareholders' equity was 7.1% in the 1st quarter 2013.

Consolidated net operating revenue increased by 18% (+53.1 M.€) relative to the 1st quarter of 2012, as a result of the 67.0 M.€ increase in profits from financial operations, to 155.6 M.€ (137.3 M.€ in the domestic activity), which offset the 6.8% fall in net interest income, principally pressured by the cost of the contingent convertible subordinated bonds, and the 5.2% drop in commissions.

Consolidated operating costs decrease 2.4% year-on-year benefiting from a 4.5% fall in costs in domestic activity.

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 0.96% of the loan portfolio's average balance in the 1st quarter of 2013, in annualised terms.

Loan impairment charges amounted to 69.8 M.€ in the 1st quarter of 2013. In addition, BPI booked 46.5 M.€ of impairment charges for other purposes.

The consolidated credit at risk ratio (non-performing loans), calculated in accordance with Bank of Portugal Instruction 23 / 2011, was 4.7% at the end of March 2013. The accumulated impairment allowances in the balance sheet covered the credit at risk at 72% (without considering the coverage by associated collaterals).

Customer deposits have stabilised (-0.1% year-on-year) at 24.1 Bi.€. The analysis of the behaviour of Customer resources should take into account the placing with the bank's Customer base of 984 M.€ of Portuguese corporate bonds from March 2012 up till March 2013. The consolidated Customer loans portfolio contracted by 4.2% year-on-year. At 31 March 2013, in the consolidated accounts, the transformation ratio of deposits into loans was 104%.

The pension liabilities under the Bank's responsibility amounted to 939.9 M.€ at the end of March 2013 and were 110% covered by the pension fund assets.

I. CAPITAL

Core Tier I capital according to the EBA's rules of EBA 9.6%

At 31 March 2013, the **Core Tier I ratio** envisaged in the European Banking Authority's (EBA) published Recommendation and in Bank of Portugal Notice 5/2012, considering the valuation of the sovereign debt exposures at market prices ruling on 30 September 2011, stood at 9.6% complying with the 9% requirement laid down in those regulations.

Core Tier I ratio according to EBA rules

Amounts in M.€

M.€	30 Jun. 12	31 Dec.12	31 Mar. 13
Core Tier I (Bank of Portugal)	3 640	3 684	3 545
Deductions of shareholdings in credit inst. and insurance	(91)	(91)	(93)
Temporary capital needs			
EBA temporary buffer	(1 359)	(1 359)	(1 359)
Amount recognised in P&L account (Greece)	175	175	175
Temporary capital needs	(1 184)	(1 184)	(1 184)
Core Tier I (EBA)	2 365	2 409	2 268
Risk weighted assets	25 186	24 512	23 611
Core Tier I ratio (EBA)	9.4%	9.8%	9.6%

Note - temporary needs amounted to 1 184 M. €, being 175 M. € lower than the amount calculated with reference to 30 September 2011, as 175 M. € of impairments for the Greek sovereign debt were recorded in 2011 results.

Early redemption of a further 100 M.€ of CoCo

On 13 March 2013 Banco BPI repurchased from the Portuguese State 200 million euro of contingent convertible subordinated bonds (CoCo) ahead of the indicative timetable envisaged in Banco BPI's Recapitalisation Plan.

At the present date, Banco BPI's Board of Directors decided to request permission from the Portuguese State to redeem another 100 M.€ of contingent convertible subordinated bonds ahead of the indicative timetable envisaged in Banco BPI's Recapitalisation Plan. Following this redemption, the amount of CoCo held by the State will be reduced to 900 M.€.

Recalculation of the EBA's capital buffer

If the EBA's temporary capital buffer for sovereign debt, which, at 30 September 2011, was calculated at 1 184 M.€, was to be updated based on Banco BPI's current exposure and at market prices ruling on 31 March 2013, the respective value would decline to 544 M.€.

The above mentioned recalculation would allow for a reduction of the buffer in 640 M.€ and would permit the repayment of the same amount of CoCo. Considering the outstanding amount of CoCo of 900 M.€ (following the repayment of 100 M.€ requested on this date), the amount of outstanding CoCo could then be reduced to 260 M.€.

Recalculation of the capital buffer to sovereign debt exposure

Amounts in M.€

M.€	30 Sep. 11				31 Mar. 13			
	Nominal value	EBA temporary buffer ¹⁾			Nominal value	Recalculation of temporary capital needs for sovereign debt exposure ¹⁾		
		Securitie s	Derivative s	Total		Securities	Derivatives	Total
Sovereign bonds (after tax)	4 576	- 822	- 256	- 1 078	5 870	- 83	- 338	- 421
Portugal	2 766	- 582	- 125	- 708	4 560	- 100	- 188	- 288
Of which								
Portug. Govt. Bonds acquired until 31 Dec.11	2 732	- 582	- 125	- 708	1 702	- 114	- 188	- 303
Treasury bills	34	-	-	-	2 858	15		15
Italy	975	- 66	- 73	- 139	975	1	- 117	- 116
Ireland	355	- 37	- 19	- 56	335	16	- 33	- 17
Greece	480	- 136	- 39	- 175				
Local governments	1 058			- 281	913			- 123 ²⁾
Capital buffer for sovereign risk exposures				-1 359				- 544
Amount recognised in results (Greece)				175				
Temporary capital needs				-1 184				- 544

1) Includes hedging of interest rate risk.

2) Exposures as of 31 Dez.12 and applying average haircuts per maturity estimated by BPI based on 31 Mar.13 market prices.

Core Tier I ratio according to the Basel III rule

The core Tier I capital ratio calculated according to the Basel III rules envisaged for 2014¹⁾ stands at 13.0%, which corresponds to a capital surplus of 2 253 M.€ relative to the 4% minimum ratio.

Considering the rules envisaged for 2019¹⁾ (after the projected transition period), the core Tier I ratio is situated at 9.7%, which corresponds to a capital surplus of 550 M.€ relative to the 7% minimum ratio.

1) Calculations according to BPI's interpretation of the Basel III rules, based on information known by the Bank at today's date.

Core Tier I ratio according to Bank of Portugal rules of 15.0%

The Core Tier I ratio attained 15.0% on 31 March 2013, comfortably complying with the 10% core capital requirement prescribed by the Bank of Portugal. Even if the CoCo's (in the amount of 1 000 M.€) were not considered in the core capital, BPI would present a Core Tier I ratio of 10.8%, thus continuing to comply with the above mentioned requirement.

Own funds and own funds requirements

Amounts in M.€

	31 Mar. 12	31 Dec. 12	31 Mar. 13
Basis own funds	2 302.2	3 643.7	3 503.4
Core capital	2 349.3	3 683.8	3 545.1
Preference shares	51.5	51.3	51.3
Deductions relating to shareholdings in credit institutions and insurance companies	(98.5)	(91.4)	(93.0)
Complementary own funds and other deductions	62.1	30.9	21.9
Complementary own funds, before deductions	162.5	125.5	118.2
Deductions relating to shareholdings in credit institutions and insurance companies	(98.5)	(91.4)	(93.0)
Other deductions	(1.9)	(3.2)	(3.3)
Total own funds	2 364.3	3 674.6	3 525.3
Risk weighted assets²⁾	24 972.1	24 511.8	23 611.2
Core capital	9.4%	15.0%	15.0%
Tier I	9.2%	14.9%	14.8%
Own funds requirements ratio	9.5%	15.0%	14.9%

1) Own funds requirements x 12.5.

II. THE BPI GROUP'S CONSOLIDATED RESULTS

Net profit of 40.5 million euro – BANCO BPI (Euronext Lisboa - Reuters BBPI.LS; Bloomberg BPI PL) posted in the 1st quarter of 2013 a consolidated net profit of 40.5 million euro (M.€). Earnings per share (Basic EPS) were 0.029 € (0.039 € in the 1st quarter of 2012).

Income statement

Amounts in M.€

	1Q 12	2Q 12	3Q 12	4Q 12	2012	1Q 13	Chg. M.€ 1Q12/ 1Q13	Chg.% 1Q12/ 1Q13
Net interest income	124.6	167.5	147.9	142.6	582.6	116.2	(8.4)	(6.8%)
Technical results of insurance contracts	6.4	5.8	5.9	4.9	23.0	5.7	(0.8)	(11.7%)
Commissions and other similar income (net)	75.7	81.1	98.3	77.1	332.3	71.8	(3.9)	(5.2%)
Gains and losses in financial operations	88.6	89.5	43.9	179.4	401.4	155.6	67.0	75.7%
Operating income and charges	(3.9)	(2.5)	(3.3)	0.4	(9.3)	(4.7)	(0.8)	(21.7%)
Net operating revenue	291.4	341.4	292.7	404.4	1 330.0	344.6	53.1	18.2%
Personnel costs, excluding non-recurring costs	92.6	94.2	93.3	101.2	381.3	92.5	(0.1)	(0.1%)
Outside supplies and services	58.6	60.9	62.9	51.1	233.4	58.5	(0.0)	(0.1%)
Depreciation of fixed assets	8.5	8.4	8.1	8.0	33.1	8.1	(0.4)	(5.1%)
Operating costs, excluding non-recurring costs	159.7	163.5	164.3	160.3	647.8	159.1	(0.6)	(0.4%)
Non-recurring costs		(7.3)	(0.1)	(1.1)	(8.5)	(3.3)	(3.3)	
Operating costs	159.7	156.2	164.2	159.2	639.3	155.8	(3.9)	(2.4%)
Operating profit before provisions	131.8	185.2	128.5	245.2	690.7	188.8	57.0	43.3%
Recovery of loans written-off	4.0	3.6	3.7	4.2	15.5	5.3	1.2	30.4%
Loan provisions and impairments	53.5	92.9	66.9	56.0	269.4	69.8	16.2	30.3%
Other impairments and provisions	6.4	28.2	9.4	(7.2)	36.8	46.5	40.2	632.7%
Profits before taxes	75.9	67.8	55.8	200.6	400.1	77.8	1.8	2.4%
Corporate income tax	18.1	9.2	8.3	52.6	88.3	24.4	6.3	34.6%
Equity-accounted results of subsidiaries	1.5	7.2	6.4	8.7	23.8	5.7	4.1	272.0%
Minority shareholders' share of profit	20.0	20.0	21.9	24.6	86.5	18.5	(1.5)	(7.7%)
Net Profit	39.3	45.8	32.0	132.1	249.1	40.5	1.2	3.1%

The return on shareholders' equity (ROE) was 7.1% in the 1st quarter of 2013.

Capital allocation, recurring profit and ROE by business area in the 1Q13

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⁾	1 868.9	32.8	13.9	1 915.6	371.9	2 287.5
As % of total	81.7%	1.4%	0.6%	83.7%	16.3%	100.0%
Net profit (M.€) ²⁾	20.2	1.2	(0.1)	21.2	19.3	40.5
ROE	4.3%	14.7%	neg.	4.4%	20.7%	7.1%

1) The average capital considered in the calculation of ROE excludes revaluation reserves. The allocated capital to each individual area of domestic activity, excluding revaluation reserves, is adjusted to reflect a capital employment equal to the average capital employed in the domestic activity. Accounting capital (also excluding revaluation reserves) is used in the international activity.

2) The contribution for consolidated profit of the domestic activity business areas has been adjusted by the capital reallocation.

Loans and resources

At 31 March 2013, the net consolidated **Customer loans portfolio** amounted to 27.2 Bi.€, which corresponds to a year-on-year contraction of 4.2%. **Customer deposits** have stabilised (-0.1% year-on-year) at 24.1 Bi.€

Recourse to the European Central Bank of 4.0 Bi.€

At 31 March 2013, BPI's recourse to the ECB amounted to 4.0 Bi.€

Transformation ratio of deposits into loans

At 31 March 2013, in the consolidated accounts, the transformation ratio of deposits into loans is 104%¹.

Income and costs

Consolidated **net operating revenue** rose by 18.2% (+53.1 M.€) relative to the 1st quarter of 2012, benefiting from the 67.0 M.€ climb in profits from financial operations which include in the 1st quarter of 2013 gains of 129.3 M.€ realised on the sale of T-Bonds. Net interest income, under pressure from the low level of short-term interest rates, the cost of deposits and of contingent convertible subordinated bonds, was down 6.8% (-8.4 M.€), year-on-year, while commissions fell by 5.2% (-3.9 M.€).

Consolidated operating costs declined by a year-on-year 2.4%, benefiting from the 4.5% drop seen in domestic activity. If one excludes non-recurring items, the aforesaid declines are -0.4% and -1.9%, respectively.

The consolidated efficiency ratio – operating costs as a percentage of net operating revenue –, calculated based on the income and costs recorded in the last 12 months, was 45.9%.

Excluding the non-recurring impacts on both costs and income, the consolidated efficiency ratio over the last 12 months stood at 62.2%.

Quality of the loan portfolio

At 31 March 2013, the ratio of **Customer loans in arrears for more than 90 days** was situated at 3.3% in the consolidated accounts. The **credit at risk**² ratio stood at 4.7% in the consolidated accounts.

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

2) 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).

Loan portfolio quality – consolidated accounts

Amounts in M.€

	Mar.12		Dec. 12		Mar.13	
	M.€	% of loan portfolio ¹⁾	M.€	% of loan portfolio ¹⁾	M.€	% of loan portfolio ¹⁾
Loans in arrears (+90 days)	780.3	2.7%	891.9	3.2%	928.0	3.3%
Credit at risk (Instruction 23/2011 BoP)	1 089.9	3.8%	1 157.2	4.2%	1 253.4	4.7%
Loans impairments (in the balance sheet)	694.0	2.4%	824.4	2.9%	896.5	3.2%
Write offs (in the period)	0.0		81.3			
Note:						
Gross loan portfolio	29 061.8		28 128.6		28 042.3	

1) As % of the gross loan portfolio

Cost of credit risk

In the 1st quarter of 2013 loan impairment charges of 69.8 M.€ were recorded (1.04% of the loan portfolio in annual equivalent terms). On the other hand, arrear loans and interest previously written off of 5.3 M.€ were recovered (0.08% of the loan portfolio), with the result that impairments after deducting the abovementioned recoveries amounted to 64.5 M.€, which represents 0.96% of the loan portfolio in annualised terms.

Loan portfolio quality

Amounts in M.€

	31 Mar. 12		31 Mar. 13	
	M.€	% of loan portfolio ¹⁾	M.€	% of loan portfolio ¹⁾
Loan impairments	53.5	0.72%	69.8	1.04%
Recovery of loans and interest in arrears written-off	4.0	0.06%	5.3	0.08%
Loan impairments, after deducting the recovery of loans and interest in arrears written-off	49.5	0.66%	64.5	0.96%

1) As percentage of the average balance of the performing loans portfolio. Annualised figure.

Profitability, efficiency, loan quality and solvency

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

	31 Mar. 12	31 Mar. 13
Net operating revenue and results of equity accounted subsidiaries / ATA	2.7%	3.2%
Profit before taxation and minority interests / ATA	0.7%	0.8%
Profit before taxation and minority interests / average shareholders' equity (including minority interests)	33.1%	15.5%
Personnel costs / net operating revenue and results of equity accounted subsidiaries ¹	31.6%	25.5%
Operating costs / net operating revenue and results of equity accounted subsidiaries ¹	54.5%	44.5%
Loans in arrears for more than 90 days + doubtful loans / loan portfolio (gross)	2.8%	3.5%
Loans in arrears for more than 90 days + doubtful loans, net of accumulated loan impairments / loan portfolio (net)	0.5%	0.3%
Non-performing loans ratio ²	3.8%	4.7%
Non-performing loans ratio ² , net of accumulated loan impairments / loan portfolio (net)	1.5%	1.6%
Total capital ratio (according to Bank of Portugal rules)	9.5%	14.7% ⁽³⁾
Tier I (according to Bank of Portugal rules)	9.2%	14.6% ⁽³⁾
Core Tier I	9.4%	14.8% ⁽³⁾
Loans (net) to deposits ratio	107%	104%

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 1st quarter (unaudited) nor the corresponding minority interests.

ATA = Average total assets.

DOMESTIC OPERATIONS

Net profit

The **net profit** from domestic operations in the 1st quarter of 2013 was 21.2 M.€, which corresponds to a 7.4% improvement when compared with the net profit reported in the 1st quarter of 2012.

The **return on average shareholders' equity**¹ allocated to domestic operations (ROE) was 4.4% in the 1st quarter of 2013.

Income statement

Amounts in M.€

	1Q 12	2Q 12	3Q 12	4Q 12	2012	1Q 13	Chg. M.€ 1Q12/ 1Q13	Chg.% 1Q12/ 1Q13
Net interest income	78.7	119.3	104.9	98.4	401.3	73.4	(5.3)	(6.7%)
Technical results of insurance contracts	6.4	5.8	5.9	4.9	23.0	5.7	(0.8)	(11.7%)
Commissions and other similar income (net)	62.8	70.2	84.6	64.2	281.9	58.9	(3.9)	(6.2%)
Gains and losses in financial operations	74.2	71.6	21.1	158.7	325.7	137.3	63.1	85.1%
Operating income and charges	(3.9)	(2.6)	(3.3)	(3.9)	(13.7)	(4.7)	(0.8)	(21.4%)
Net operating revenue	218.2	264.4	213.2	322.4	1 018.2	270.5	52.3	24.0%
Personnel costs, excluding non-recurring costs	77.8	77.9	76.9	85.9	318.5	76.2	(1.7)	(2.1%)
Outside supplies and services	45.3	46.6	48.4	39.6	179.9	45.1	(0.2)	(0.4%)
Depreciation of fixed assets	5.4	5.2	5.0	4.8	20.4	4.8	(0.6)	(11.3%)
Operating costs, excluding non-recurring costs	128.6	129.7	130.2	130.3	518.8	126.1	(2.5)	(1.9%)
Non-recurring costs		(7.3)	(0.1)	(1.1)	(8.5)	(3.3)	(3.3)	
Operating costs	128.6	122.4	130.1	129.2	510.3	122.8	(5.8)	(4.5%)
Operating profit before provisions	89.7	142.0	83.0	193.2	507.9	147.8	58.1	64.8%
Recovery of loans written-off	3.3	3.1	3.0	3.4	12.8	4.6	1.3	39.9%
Loan provisions and impairments	50.3	89.1	63.6	51.4	254.4	67.7	17.4	34.6%
Other impairments and provisions	5.6	27.4	8.6	(7.9)	33.7	45.8	40.2	717.4%
Profits before taxes	37.1	28.6	13.7	153.2	232.6	38.9	1.8	4.8%
Corporate income tax	16.7	7.7	6.7	50.7	81.9	19.9	3.2	18.9%
Equity-accounted results of subsidiaries	(0.1)	4.9	3.9	4.9	13.6	2.6	2.7	
Minority shareholders' share of profit	0.5	0.3	0.6	0.3	1.7	0.4	(0.1)	(23.4%)
Net Profit	19.8	25.5	10.3	107.1	162.6	21.2	1.5	7.4%

1) Excluding revaluation reserves.

Resources and loans

Resources

Customer deposits decreased by 3.6%, from 19.6 Bi.€ in March 2012 to 18.9 Bi.€ in March 2013.

Total Customer resources, which in addition to resources carried in the balance sheet include unit trust funds, PPR and PPA (retirement and equity savings plans), fell by a year-on-year 6.8% to 25.6 Bi.€.

The analysis of the behaviour of Customer resources should take into account the placing with the bank's Customer base of 984 M.€ of Portuguese corporate bonds from March 2012 up till March 2013.

Customers resources

Amounts in M.€

	Mar.12	Dec. 12	Mar.13	Chg.% Mar.12/ Mar.13
On-balance sheet resources				
Customers' deposits	19 558.5	18 530.2	18 853.4	(3.6%)
Retail bonds	2 684.3	1 941.7	1 585.5	(40.9%)
Subtotal	22 242.8	20 471.9	20 438.9	(8.1%)
Capitalisation insurance and PPR (BPI Vida)	3 004.4	2 723.7	2 709.4	(9.8%)
On-balance sheet resources				
Off-balance sheet resources¹⁾	2 682.3	2 913.3	3 066.8	14.3%
Total Customer resources²⁾				
Note:				
Amount of corporate bonds placed	210.0	1 127.6	1 194.4	

1) Unit trust funds, PPR and PPA.

2) Corrected for double counting.

Loans

The **Customer loans portfolio** in domestic operations contracted by 4.8% (-1.3 Bi.€), in year-on-year terms.

The corporate loans portfolio declined by 15.8% (-0.9 Bi.€), loans domiciled at the Madrid branch fell by 10.7% (-0.2 Bi.€) and loans to the public sector decreased by 12.5% (-0.3 Bi.€).

On the other hand, the loans to individuals and small businesses portfolio presents a year-on-year decline of 5.4% (-0.8 Bi.€), with decreases of 2.8% (-0.3 Bi.€) in mortgage loans and of 16.9% (-0.3 Bi.€) in loans to small businesses.

Meanwhile, BPI has assisted Portuguese companies in accessing the capital market through the issue of bonds as a strong financing alternative. Of the total of 9 issues realised between December 2011 until the end of March 2013 of 2 250 M.€, BPI placed 1 194 M.€, which represents a market share of 53% of the total issued, making the Bank the undisputed leader amongst placing institutions.

It is worth noting that within the scope of the agreed transfer of part of the pension liabilities to the social security system, the State undertook to buy from Banco BPI loans advanced to the Public Sector of 0.7 Bi.€, an operation which has not yet taken place.

Loans to Customers

Amounts in M.€

	Mar.12	Dec. 12	Mar.13	Chg.% Mar.12/ Mar.13
Corporate banking	5 694.7	5 302.2	4 796.3	(15.8%)
Large companies	2 707.0	2 503.7	2 123.5	(21.6%)
Medium-sized companies	2 987.7	2 798.6	2 672.8	(10.5%)
Project Finance - Portugal	1 238.1	1 201.3	1 204.0	(2.8%)
Madrid branch	1 924.0	1 750.1	1 718.6	(10.7%)
Project Finance	769.5	749.6	744.7	(3.2%)
Corporates	1 154.5	1 000.5	973.9	(15.6%)
Public Sector	2 484.0	2 208.0	2 173.2	(12.5%)
Central Administration	127.7	115.1	115.1	(9.8%)
Regional and local administrations	1 051.7	916.5	891.6	(15.2%)
State Corporate Sector - in the budget perimeter	345.9	189.8	189.8	(45.1%)
State Corporate Sector - outside the budget perimeter	869.1	909.9	910.3	4.7%
Other Institutional	89.6	76.7	66.3	(26.0%)
Individuals and Small Businesses Banking	15 034.1	14 386.0	14 224.7	(5.4%)
Mortgage loans to individuals	12 015.5	11 739.0	11 675.6	(2.8%)
Consumer credit / other purposes	729.0	677.7	665.8	(8.7%)
Credit Cards	160.1	162.3	145.6	(9.0%)
Car financing	293.2	230.3	210.9	(28.1%)
Small businesses	1 836.3	1 576.8	1 526.8	(16.9%)
BPI Vida	362.8	771.1	1 364.9	276.2%
Loans in arrears net of impairments	155.0	151.9	125.4	(19.1%)
Other	505.7	492.5	488.0	(3.5%)
Total	27 398.4	26 263.2	26 095.1	(4.8%)

Liquidity

At the close of March 2013, the resources raised by BPI from the European Central Bank (ECB) amounted to 4.0 Bi.€. On the same date, BPI still had 5.8 Bi.€ of additional assets (net of haircuts) capable of being transformed into liquidity via operations with the ECB.

It must also be noted that the refinancing needs for medium and long-term debt up till the end of 2018, net of the maturities of bonds held, are minimal (0.9 Bi.€) while in 2019 3 Bi.€ of the MLT debt held by BPI in portfolio will be redeemed.

Securities portfolio

The portfolio of available-for-sale assets totalled 7 280 M.€ (balance sheet value). The most important components of the portfolio of available-for-sale assets corresponded to Portuguese public-debt securities (4 563 M.€, of which 1 699 M.€ were Treasury Bonds and 2 865 M.€ were Treasury Bills), Italian (998 M.€) and Irish (370 M.€) and corporate bonds (941 M.€).

Net operating revenue

Net operating revenue generated by domestic operations rose by 24.0% (+52.3 M.€), year-on-year. This is explained by the increased profits from financial operations of 63.1 M.€, stemming essentially from gains with the sale of bonds, which offset the 6.7% fall in net interest income (-5.3 M.€) and the 6.2% drop in commissions (-3.9 M.€).

Net interest income continued to be penalised by:

- The contraction in the average margin on sight deposits, a direct consequence of the downward movement in market interest rates;
- The increase in the average cost of time deposits, the remuneration of which climbed from 1.77% above Euribor in the 1st quarter of 2012 to 1.90% in the 1st quarter of 2013. It should be mentioned however that as from the 1st quarter of 2012 the margin on time deposits evidences relative stability, being situated at an interval of close to 1.90%;
- Cost of the contingent convertible subordinated bonds. In the 1st quarter of 2013 interest costs relating to those bonds were recorded in the amount of 24.0 M.€.

Meanwhile, those negative effects were partially offset by the gradual adjustment to the spreads on new loans, above all in the corporate segment, and by the acquisition since the beginning of 2012 of a portfolio of treasury bills, financed with recourse to funding obtained from the ECB.

Commissions (net) were down by 6.2% (-3.9 M.€), when compared with the 1st quarter of 2012. Commercial Banking commissions fell by 8.3% (-4.1 M.€), commission from asset management by 2.6% (-0.3 M.€), while Investment Banking commissions advanced by 11.2% (+0.4 M.€).

Net commissions and fees

Amounts in M.€

	31 Mar. 12	31 Mar. 13	Chg. M.€	Chg. %
Commercial banking ¹⁾	49.0	44.9	- 4.1	(8.3%)
Asset management	10.0	9.8	- 0.3	(2.6%)
Investment banking ¹⁾	3.8	4.2	+0.4	11.2%
Total	62.8	58.9	- 3.9	(6.2%)

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

Profits from financial operations in domestic operations totalled 137.3 M.€ in the 1st quarter of 2013, and include gains of 129.3 M.€ realised on the sale of Treasury Bonds acquired in 2012.

Equity-accounted results of subsidiaries

The equity-accounted results of subsidiaries in domestic operations amounted to 2.6 M.€, which corresponds to a year-on-year increase of +2.7 M.€, and is attributable to the positive behaviour of the contribution from Allianz Portugal, from -1.4 M.€ in the 1st quarter of 2012 to 2.3 M.€ in the 1st quarter of 2013.

Equity-accounted earnings

Amounts in M.€

	31 Mar. 12	31 Mar. 13	Chg. M.€
Insurance companies	(0.6)	2.8	+3.4
Allianz Portugal	(1.4)	2.3	+3.7
Cosec	0.8	0.5	- 0.3
Finangeste	0.0	(0.2)	- 0.2
Unicre	0.3	(0.0)	- 0.3
Other	0.1	0.0	- 0.1
Total	(0.1)	2.6	+2.7

Operating costs

Operating costs decreased by 4.5% relative to the 1st quarter of 2012 (-5.8 M.€).

Personnel costs were down 6.4% (-5.0 M.€) relative to the 1st quarter of 2012. Excluding a non-recurring gain of 3.3 M.€¹ registered in the 1st quarter of 2013, personnel costs declined by a year-on-year 2.1%, which chiefly resulted from the 3.8% reduction (y-o-y) in the average headcount engaged in domestic operations, reflecting in part the execution of early retirement programmes.

Third-party supplies and services registered a 0.4% decline (-0.2 M.€), while depreciation and amortization decreased 11.3% (-0.6 M.€), relative to the 1st quarter of 2012.

1) Resulting from changes in the calculation of the death subsidy, following the publication of Decree-Law 13/2013 of 25 January, which gave rise to a decrease in liabilities of 3 M.€

Operating costs

Amounts in M.€

	31 Mar. 12	31 Mar. 13	Chg. M.€	Chg.%
Personnel costs, excluding non-recurring costs	77.8	76.2	- 1.7	(2.1%)
Outside supplies and services	45.3	45.1	- 0.2	(0.4%)
Depreciation of fixed assets	5.4	4.8	- 0.6	(11.3%)
Operating costs, excluding non-recurring costs	128.6	126.1	- 2.5	(1.9%)
Non-recurring costs		-3.3	- 3.3	
Operating costs	128.6	122.8	- 5.8	(4.5%)
Operating costs as a % of net operating revenue (last 12 months)	76.8%	47.1%		
Operating costs as a % of net operating revenue (last 12 months) ¹⁾	81.6%	71.0%		

1) Excluding non-recurring impacts in costs and revenues.

The efficiency ratio in domestic operations – operating costs as a percentage of net operating revenue – was situated at 47.1% in the period March 2012 to March 2013 (12 months).

Excluding non-recurring impacts on both costs and income, the efficiency ratio in domestic activity was 71.0% in the last 12 months.

Cost of credit risk

In the 1st quarter of 2013 loan impairment charges of 67.7 M.€ were recorded in the domestic activity accounts, which corresponds to an increase of 17.4 M.€ relative to the corresponding quarter of 2012. The indicator loan impairment allowances as a % of the loan portfolio's average balance was situated at 1.05% in the 1st quarter of 2013, in annualised terms (0.70% in the 1st quarter of 2012).

On the other hand, arrear loans and interest of 4.6 M.€ and previously written off were recovered (0.07% of the loan portfolio), with the result that impairments after deducting the abovementioned recoveries amounted to 63.1 M.€ in the 1st quarter of 2013, which represents 0.98% of the loan portfolio in annualized terms.

Credit risk cost

Amounts in M.€

	31 Mar. 12		31 Mar. 13	
	M.€	% of loan portfolio ¹⁾	M.€	% of loan portfolio ¹⁾
Loan impairments	50.3	0.70%	67.7	1.05%
Recovery of loans and interest in arrears written-off	3.3	0.05%	4.6	0.07%
Loan impairments, after deducting the recovery of loans and interest in arrears written-off	47.0	0.65%	63.1	0.98%

1) As percentage of the average balance of the performing loans portfolio. Annualised figure.

Quality of the loan portfolio

At 31 March 2013, the ratio of **Customer loans in arrears for more than 90 days** stood at 3.2% in the domestic operations' accounts.

Cover for loans in arrears for more than 90 days by accumulated impairment allowances in the balance sheet (without considering cover from associated guarantees) was situated at 93% in March 2013.

The **credit at risk** ratio, calculated in accordance with Bank of Portugal¹⁾ Instruction 23/2011 was 4.6% on that date. The accumulated impairment allowances in the balance sheet represented 70% of the credit at risk.

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

	Mar.12		Dec.12		Mar.13	
	M.€	% of loan portfolio ¹⁾	M.€	% of loan portfolio ¹⁾	M.€	% of loan portfolio ¹⁾
Loans in arrears (+90 days)	712.1	2.5%	838.8	3.1%	870.8	3.2%
Credit at risk (Instruction 23/2011 BoP)	992.2	3.6%	1 082.2	4.1%	1 164.1	4.6%
Loans impairments (in the balance sheet)	612.0	2.2%	745.4	2.8%	813.1	3.0%
Write offs (in the period)			65.5			
Note:						
Gross loan portfolio	27 983.4		26 973.4		26 866.9	

1) As % of the gross loan portfolio

The following table details by major credit segments the credit at risk ratio, calculated in accordance with Bank of Portugal Instruction 23/2011.

Credit at risk ratios (according to the Bank of Portugal Instruction 23/2011)

	Mar. 12		Dec. 12		Mar. 13	
	M.€	% of loan portfolio ¹⁾	M.€	% of loan portfolio ¹⁾	M.€	% of loan portfolio ¹⁾
Corporate banking	424.3	3.6%	454.7	4.2%	535.6	5.2%
Individuals Banking	563.2	3.6%	620.7	4.2%	621.8	4.2%
Mortgage loans	365.0	3.0%	411.5	3.4%	401.8	3.4%
Other loans to individuals	46.3	3.8%	45.6	4.1%	47.6	4.5%
Small businesses	151.9	7.7%	163.7	9.5%	172.4	10.3%
Other	4.6	0.9%	6.8	1.4%	6.7	1.4%
Domestic activity	992.2	3.6%	1 082.2	4.1%	1 164.1	4.6%

1) As % of the gross loan portfolio

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).

Impairments for foreclosure properties

At 31 March 2013 the accumulated amount of impairment allowances for foreclosed properties amounted to 66.1 million euro, corresponding to 40.7% of their balance sheet value of 162.3 M.€.

Real estate loans recovery at 31 March 2013

Amounts in M.€

	Gross value	Coverage by impairments		Net value	Appraisal
		Amount	%		
Mortgage	63.0	28.0	44.4%	35.1	77.2
Other	99.3	38.1	38.4%	61.2	93.0
Total	162.3	66.1	40.7%	96.2	170.2

Employee pension liabilities

At 31 March 2013 BPI's pension liabilities amounted to 939.9 M.€ and are 110% covered by the pension fund.

Financing of pension liabilities

Amounts in M.€

	31 Mar.12	31 Dec.12	31 Mar.13
Pension obligations	844.1	937.1	939.9
Pension funds	899.7	987.4	1 033.3
Financing surplus	55.6	50.3	93.4
Cover of pension obligations	106.6%	105.4%	109.9%
Total prudential corridor	126.2	97.1	101.7
Total actuarial deviations ¹⁾	(70.5)	(89.4)	(50.7)
Deviations with impact in regulatory capital (outside the prudential corridor)	0.0	0.0	0.0
Pension fund return ²⁾	8.0%	20.0%	5.0%

1) 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 2013, the negative actuarial deviations of 50.7 M.€ are recognised in shareholders' equity.

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

In the 1st quarter of 2013, the Bank's pension funds registered a non-annualised return of 5.0%.

It should be pointed out that, up till the end of March 2013, the actual return achieved by Banco BPI's pension fund since its creation in 1991 was 9.2% per annum, and that in the last ten, five and three years, the actual annual returns were 7.4%, 4.1% and 6.1%, respectively.

BPI altered with effect from 1 January 2013, the pension fund's assumed return from 5.5% to 4.5%.

The assumed return of 4.5% is the same as the average discount rate¹ equivalent to the use of the discount rates of 4.83% and 4.00% for the population of current employees and retired employees, respectively.

Actuarial assumptions

	Dec.11	Jun.12	Dec.12	Mar.13
Discount rate - current employees	5.83%	5.83%	4.83%	4.83%
Discount rate - retirees	5.00%	5.00%	4.00%	4.00%
Salary growth rate	2.00%	2.00%	1.50%	1.50%
Pensions growth rate	1.25%	1.25%	1.00%	1.00%
Expected pension fund rate of return	5.50%	5.50%	5.50%	4.50%
Mortality table	TV 73/77-M – 1 year ⁽¹⁾ TV 88/ 90-W – 1 year ⁽¹⁾			

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

1) The amount of pension liabilities that result from the use of discount rates for current and retirees employees of 4.83% and 4.00%, respectively, is similar to the one obtained in the case a unique global discount rate of 4.5% was used for the total population.

INTERNATIONAL ACTIVITY

Net profit

The international activity's **net profit** stood at 19.3 M.€ in the 1st quarter 2013 (-1.3% over the 19.5 M.€ obtained in the same period last year).

The **return on the average Shareholders' equity** allocated to the international activity (ROE) stood at 20.7% in 31 March 2013.

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 17.0 M.€¹, 7.2% lower than the contribution in the same period of last year (18.4 M.€). Minority interests of 18.1 M.€ were recognised in BFA's net profit (19.6 M.€ in the same period of 2012).

The contribution to the consolidated net profit of the 30% participating interest in BCI (Mozambique), which is equity-accounted, stood at 2.8 M.€ (1.5M.€ in the first quarter of 2012).

Income statement

Amounts in M.€

	1Q 12	2Q 12	3Q 12	4Q 12	2012	1Q 13	Chg. M.€ 1Q12/ 1Q13	Chg.% 1Q12/ 1Q13
Net interest income	45.8	48.2	43.1	44.2	181.3	42.7	(3.1)	(6.8%)
Technical results of insurance contracts								
Commissions and other similar income (net)	13.0	10.9	13.7	12.9	50.4	13.0	(0.0)	(0.1%)
Gains and losses in financial operations	14.4	17.9	22.8	20.6	75.7	18.3	3.9	27.3%
Operating income and charges	(0.0)	0.1	0.0	4.3	4.4	(0.0)	(0.0)	
Net operating revenue	73.2	77.0	79.5	82.0	311.8	74.0	0.8	1.1%
Personnel costs	14.8	16.3	16.4	15.3	62.8	16.3	1.5	10.4%
Outside supplies and services	13.3	14.3	14.5	11.5	53.5	13.4	0.1	1.1%
Depreciation of fixed assets	3.1	3.2	3.2	3.2	12.7	3.3	0.2	5.8%
Operating costs	31.1	33.8	34.1	30.0	129.0	33.0	1.9	6.0%
Operating profit before provisions	42.1	43.3	45.5	52.0	182.8	41.0	(1.1)	(2.5%)
Recovery of loans written-off	0.7	0.5	0.7	0.7	2.7	0.7	(0.1)	(12.0%)
Loan provisions and impairments	3.2	3.8	3.3	4.6	14.9	2.0	(1.2)	(36.7%)
Other impairments and provisions	0.8	0.8	0.8	0.8	3.1	0.8	0.0	1.3%
Profits before taxes	38.9	39.2	42.1	47.3	167.5	38.9	0.0	0.1%
Corporate income tax	1.4	1.5	1.6	1.9	6.4	4.5	3.1	220.6%
Equity-accounted results of subsidiaries	1.7	2.3	2.5	3.8	10.3	3.1	1.4	85.1%
Minority shareholders' share of profit	19.6	19.7	21.3	24.3	84.8	18.1	(1.4)	(7.3%)
Net Profit	19.5	20.3	21.7	24.9	86.5	19.3	(0.3)	(1.3%)

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 14.7%¹, reaching 5 245.8 M.€ in March 2013.

Customers resources

Amounts in M.€

	Mar.12	Dec. 12	Mar.13	Chg.% Mar.12/ Mar.13
Sight deposits	2 229.9	2 808.6	2 781.9	24.8%
Term deposits	2 343.0	2 459.1	2 463.9	5.2%
Total	4 572.9	5 267.7	5 245.8	14.7%

BFA's market share in deposits reached 16.0% in February 2013, granting it the second post in the Angolan market ranking.

The loans to Customers portfolio, expressed in euro, expanded 9.7%¹⁾, from 1 001.0 M.€ in March 2012, to 1 097.9 M.€ in March 2013.

Loans to Customers

Amounts in M.€

	Mar.12	Dec. 12	Mar.13	Chg.% Mar.12/ Mar.13
Performing loans	1 001.1	1 091.9	1 105.8	10.5%
Loans in arrears	70.2	55.2	60.8	(13.4%)
Loan impairments	(77.3)	(72.9)	(77.4)	0.1%
Interests and other	7.0	8.0	8.8	25.8%
Total	1 001.0	1 082.3	1 097.9	9.7%
Guarantees	231.4	317.7	216.5	(6.4%)

Securities portfolio

At 31 March 2013, BFA's securities portfolio totalled 1 939 M.€, or 32% of the Bank's assets. The portfolio of short-term securities, comprising Treasury Bills and Central Bank Securities, amounted to 399 M.€ at the end of March (-404 M.€ relative to the 1st quarter of 2012) and the Treasury Bonds portfolio amounted to 1 537 M.€ (+289 M.€ relative to the 1st quarter of 2012).

Customers

The number of Customers has increased by 17%, from 947 thousand, in March 2012, to 1 106 thousand, in March 2013.

1) When expressed in American dollars, Customer resources increased 10.1% yoy and the loan portfolio increased 5.2% yoy. 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 7.5% over March 2012. Three new branches and one corporate centre were opened during the first quarter of 2013. At the end of March 2013, the distribution network comprised 147 branches, 8 investment centres and 16 corporate centres, representing a market share of 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 25% market share in March 2013 in terms of valid debit cards. At the end of March 2013, BFA had 900 thousand valid debit cards (Multicaixa cards) and 14 702 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 (377 thousand subscribers of BFA NET in March 2013, of which 369 thousand are individuals) and an extensive terminal network with 330 ATM and 3 997 active point-of-sale (POS) terminals connected to the EMIS network, corresponding to market shares of 18% (ranking 2nd) and 28% (ranking 1st), respectively.

Number of employees

BFA's workforce at the end of March 2013 stood at 2 320 employees, which represents an increase in staff of 176 (+8.2%) relative to the staff complement in March 2012. At the end of March 2013, BFA's workforce represented approximately 27% of the Group's total number of Employees.

Revenues and costs

Net operating revenue in the international activity reached 74.0 M.€ in the first quarter of 2013 (+1.1% over the same period last year).

The increase in profits from financial operations (+3.9 M.€) compensated the decrease in net interest income (-3.1 M.€), which was particularly penalized by the reduction of interest rates earned on short term securities issued by the Central Bank and the Angolan Treasury.

Operating costs have increased by 6.0% (+1.9 M.€) over the first quarter of 2012.

Personnel costs increased 10.4% (+1.5 M.€) yoy. The investment programme for the expansion of BFA's presence in Angola has been a determinant factor for this evolution.

The ratio "operating costs as percentage of net operating revenue" stood at 41.9% over the last 12 months.

Cost of credit risk

In the international activity, loan provision charges were 2.0 M.€ in the first quarter of 2013, which corresponded to 0.76% of the average performing loan portfolio, in annualised terms.

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 1.4 M.€ in the first quarter of 2013, corresponding to 0.52% of the average performing loan portfolio.

Loan portfolio quality

Amounts in M.€

	31 Mar. 12		31 Mar. 13	
	M.€	% of loan portfolio ¹⁾	M.€	% of loan portfolio ¹⁾
Loan impairments	3.2	1.29%	2.0	0.76%
Recovery of loans and interest in arrears written-off	0.7	0.30%	0.7	0.24%
Loan impairments, after deducting the recovery of loans and interest in arrears written-off	2.5	0.99%	1.4	0.52%

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

At 31 March 2013, the ratio of Customer loans in arrears for more than 90 days stood at 4.9%. The provisioning coverage of loans in arrears for more than 90 days stood, at the end of March 2013, at 146%.

Loans in arrears for more than 90 days and impairments

	Mar.12		Dec.12		Mar.13	
	M.€	% of loan portfolio ¹⁾	M.€	% of loan portfolio ¹⁾	M.€	% of loan portfolio ¹⁾
Loans in arrears (+90 days)	68.2	6.3%	53.0	4.6%	57.2	4.9%
Credit a risk (Instruction 23/2011 BoP)	97.7	9.1%	74.9	6.5%	89.3	7.6%
Loans impairments (in the balance sheet)	82.0	7.6%	79.1	6.8%	83.4	7.1%
Write offs (in the period)			15.9			
Note:						
Gross loan portfolio	1 078.3		1 155.2		1 175.4	

1) As % of the gross loan portfolio

Equity-accounted results of subsidiaries

In the international activity, the equity-accounted earnings of subsidiaries amounted to 3.1 M.€ in the 1st quarter of 2013 (+85% over the first quarter 2012)¹, 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 28.5% yoy increase in net total assets. Customer deposits have grown by 31.3% year-on-year, to 1 391 M.€ at the end of March 2013, while the Customer loan portfolio has expanded by 12.3% year-on-year, to 975 M.€. BCI market shares in deposits and loans, at the end of March 2013, reached 28.8% and 30.3%, respectively.

At the end of March 2013, BCI served 596 thousand clients (+34% relative to March 2012) through a network of 129 branches (+6 than one year before), representing 25.7% of the total Mozambican banking system distribution network. The staff complement reached 1 940 Employees at 31 March 2013 (+12.7% than in March 2012).

1) BCI's total contribution to consolidated net profit was of 1.5 M.€ in the first quarter of 2012 and 2.8 M.€ in the first quarter of 2013, 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 the first quarter of 2012 and 0.3 M.€ in the first quarter of 2013).

Banco BPI, S.A.

**Consolidated financial statements as of
March 31, 2013 and 2012**

BANCO BPI, S.A.

CONSOLIDATED BALANCE SHEETS AS OF MARCH 31, 2013 AND DECEMBER 31, 2012

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

(Amounts expressed in thousands of Euro)

		Mar. 31, 13		Dec. 31, 12					
	Notes	Amounts before impairment, depreciation and amortisation	Impairment, depreciation and amortisation	Net	Net		Notes	Mar. 31, 13	Dec. 31, 12
ASSETS									
Cash and deposits at central banks	4.1	1 407 951		1 407 951	1 269 365	LIABILITIES	4.14	4 123 399	4 270 918
Deposits at other credit institutions	4.2	312 062		312 062	453 438	Resources of central banks	4.15/4.4	307 377	340 164
Financial assets held for trading and at fair value through profit or loss	4.3/4.4	1 168 852		1 168 852	1 111 646	Financial liabilities held for trading			
Financial assets available for sale	4.5	9 205 806	84 349	9 121 457	10 252 882	Resources of other credit institutions	4.16	1 562 056	2 568 421
Loans and advances to credit institutions	4.6	1 735 517	3	1 735 514	1 710 727	Resources of customers and other debts	4.17	25 030 639	24 621 139
Loans and advances to customers	4.7	28 042 250	849 203	27 193 047	27 345 473	Debt securities	4.18	3 378 905	3 787 627
Held to maturity investments	4.8	276 242		276 242	445 298	Financial liabilities relating to transferred assets	4.19	1 551 138	1 590 984
Hedging derivatives	4.4	236 392		236 392	280 737	Hedging derivatives	4.4	754 821	814 983
Other tangible assets	4.9	731 504	522 393	209 111	210 689	Provisions	4.20	173 164	138 398
Intangible assets	4.10	101 579	87 257	14 322	14 017	Technical provisions	4.21	2 223 837	2 255 364
Investments in associated companies and jointly controlled entities	4.11	210 642		210 642	202 255	Tax liabilities	4.22	103 058	120 176
Tax assets	4.12	565 478		565 478	617 692	Contingent convertible subordinated bonds	4.23	1 020 817	1 200 279
Other assets	4.13	745 773	67 489	678 284	650 362	Other subordinated debt and participating bonds	4.24	148 825	156 331
						Other liabilities	4.25	586 057	639 153
						Total Liabilities	40 964 093	42 503 937	
Total Assets		44 740 048	1 610 694	43 129 354	44 564 581	SHAREHOLDERS' EQUITY			
						Subscribed share capital	4.26	1 190 000	1 190 000
						Other equity instruments	4.27	3 084	8 558
						Revaluation reserves	4.28	(499 430)	(507 614)
						Other reserves and retained earnings	4.29	1 068 440	786 175
						(Treasury shares)	4.27	(17 487)	(18 272)
						Consolidated net income of the BPI Group	4.43	40 511	249 135
						Shareholders' equity attributable to the shareholders of BPI	1 785 118	1 707 982	
						Minority interests	4.30	380 143	352 662
						Total Shareholders' Equity	2 165 261	2 060 644	
						Total Liabilities and Shareholders' Equity	43 129 354	44 564 581	
OFF BALANCE SHEET ITEMS									
Guarantees given and other contingent liabilities	4.7/4.31			2 205 472	2 390 359				
Of which:									
[Guarantees and sureties]				[2 033 292]	[2 185 640]				
[Others]				[172 179]	[204 719]				
Commitments	4.31			2 535 965	2 546 845				

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

The Accountant

Banco BPI | 1st quarter 2013 | Consolidated financial statements

The Executive Committee of the Board of Directors

BANCO BPI, S.A.**CONSOLIDATED STATEMENTS OF INCOME FOR THE PERIODS ENDED MARCH 31, 2013 AND 2012**(Translation of statements originally issued in Portuguese - Note 5)
(Amounts expressed in thousands of Euro)

	Notes	Mar. 31, 2013	Mar. 31, 2012
Interest and similar income		368 935	491 310
Interest and similar expenses		(260 013)	(373 704)
Financial margin (narrow sense)	4.32	108 922	117 606
Gross margin on unit links	4.33	650	721
Income from equity instruments		64	99
Net commission relating to amortised cost	4.34	6 531	6 154
Financial margin		116 167	124 580
Technical result of insurance contracts	4.35	5 668	6 420
Commissions received		70 785	76 603
Commissions paid		(9 552)	(10 892)
Other income, net		10 591	10 025
Net commission income	4.36	71 824	75 736
Gain and loss on operations at fair value		23 419	90 784
Gain and loss on assets available for sale		131 145	(2 423)
Interest and financial gain and loss with pensions		1 042	220
Net income on financial operations	4.37	155 606	88 581
Operating income		2 367	2 091
Operating expenses		(5 505)	(4 446)
Other taxes		(1 570)	(1 513)
Net operating income	4.38	(4 708)	(3 868)
Operating income from banking activity		344 557	291 449
Personnel costs	4.39	(89 160)	(92 599)
General administrative costs	4.40	(58 533)	(58 573)
Depreciation and amortisation	4.9/4.10	(8 065)	(8 494)
Overhead costs		(155 758)	(159 666)
Recovery of loans, interest and expenses		5 269	4 041
Impairment losses and provisions for loans and guarantees, net	4.20	(69 765)	(53 522)
Impairment losses and other provisions, net	4.20	(46 543)	(6 352)
Net income before income tax		77 760	75 950
Income tax	4.41	(24 433)	(18 148)
Earnings of associated companies (equity method)	4.42	5 672	1 524
Global consolidated net income		58 999	59 326
Income attributable to minority interests	4.30	(18 488)	(20 026)
Consolidated net income of the BPI Group	4.43	40 511	39 300
Earnings per share (in Euro)			
Basic		0.029	0.039
Diluted		0.029	0.039

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, 2013 AND 2012**(Translation of statements originally issued in Portuguese - Note 5)
(Amounts expressed in thousands of Euro)

	Mar. 31, 2013			Mar. 31, 2012		
	Attributable to shareholders' of the BPI Group	Attributable to minority interests	Total	Attributable to shareholders' of the BPI Group	Attributable to minority interests	Total
Consolidated net income	40 511	18 488	58 999	39 300	20 026	59 326
Foreign exchange translation differences	9 064	8 781	17 845	(10 642)	(8 574)	(19 216)
Revaluation reserves of financial assets available for sale:	(1 554)		(1 554)	372 249		372 249
Tax effect	674		674	(107 067)		(107 067)
Actuarial deviations	39 238		39 238	53 487		53 487
Tax effect	(12 155)		(12 155)	(13 469)		(13 469)
Valuation of assets of associated companies	2 943		2 943	17 935		17 935
Tax effect	(506)		(506)	(5 110)		(5 110)
Income not included in the consolidated statements of income	37 704	8 781	46 485	307 383	(8 574)	298 809
Consolidated comprehensive income	78 215	27 269	105 484	346 683	11 452	358 135

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,
2013 AND 2012**

(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
Balance at December 31, 2011	990 000	128 432	8 030	(1 251 533)	900 312	(21 020)	(284 871)	353 038	822 388
Net profit for 2011					(284 871)		284 871	(402)	(402)
Dividends paid on preference shares									94
Variable Remuneration Program (RVA)			45		693	49		(1 948)	(1 255)
Sale / purchase of preference shares								(729)	(729)
Consolidation of BPI Alternative Fund								(1 114)	(1 114)
Consolidation of BPI Taxa Variável Fund				254 540	52 843		39 300	11 452	358 135
Comprehensive income for the first quarter of 2012									
Others									
Balances at March 31, 2012	990 000	128 432	8 075	(996 993)	668 977	(20 971)	39 300	360 297	1 177 117
Use of share premium account to cover negative retained earnings					128 432				
Share capital increase by incorporation of reserves	200 000	(128 432)							200 000
Dividends paid to minority interests								(64 181)	(64 181)
Dividends paid on preference shares								(917)	(917)
Variable Remuneration Program (RVA)									3 182
Sale / purchase of own shares									(2 445)
Sale / purchase of preference shares					483		2 699		630
Consolidation of BPI Alternative Fund								(2 376)	(2 376)
Consolidation of BPI Obrigações Mundiais Fund (ex-BPI Taxa Variável Fund)								(9 554)	(9 554)
Comprehensive income for the last nine months of 2012					489 379			209 835	759 128
Others					(9 596)			69 510	60
					60				
Balance at December 31, 2012	1 190 000		8 558	(507 614)	786 175	(18 272)	249 135	352 662	2 060 644
Net profit for 2012					249 135		(249 135)		
Dividends paid on preference shares								(231)	(231)
Variable Remuneration Program (RVA)				(5 474)					(1 086)
Consolidation of BPI Alternative Fund					3 603		785		443
Comprehensive income for the first quarter of 2013								40 511	443
Others					8 184		29 520		27 269
							7		105 484
									7
Balance at March 31, 2013	1 190 000		3 084	(499 430)	1 068 440	(17 487)	40 511	380 143	2 165 261

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, 2013 AND 2012**

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

(Amounts expressed in thousands of Euro)

	Mar. 31, 2013	Mar. 31, 2012
Operating activities		
Interest, commissions and similar income received	567 469	705 595
Interest, commissions and similar expenses paid	(324 726)	(425 763)
Recovery of loans and interest in arrears	5 269	4 041
Payments to personnel and suppliers	(136 796)	(134 310)
Net cash flow from income and expenses	111 216	149 563
Decrease (increase) in:		
Financial assets held for trading, available for sale and held to maturity	1 447 771	(1 736 896)
Loans and advances to credit institutions	(23 096)	523 622
Loans and advances to customers	88 749	(234 426)
Other assets	(79 448)	258 439
Net cash flow from operating assets	1 433 976	(1 189 261)
Increase (decrease) in:		
Resources of central banks and other credit institutions	(1 161 397)	1 846 612
Resources of customers	378 604	174 156
Financial liabilities held for trading	(32 787)	(115 192)
Other liabilities	(56 029)	(43 854)
Net cash flow from operating liabilities	(871 609)	1 861 722
Contributions to the Pension Funds	(2 974)	(40 108)
Income tax paid	(818)	55
	669 791	781 971
Investing activities		
Purchase of other tangible assets and intangible assets	(4 031)	(4 586)
Sale of other tangible assets	32	8
Dividends received and other income	64	99
	(3 935)	(4 479)
Financing activities		
Liability for assets not derecognised	(39 181)	477 589
Issuance of contingent convertible subordinated bonds	12 823	
Redemption of contingent convertible subordinated bonds	(200 000)	
Issuance of debt securities and subordinated debt		78 101
Redemption of debt securities	(505 358)	(1 359 585)
Purchase and sale of own debt securities and subordinated debt	111 938	126 951
Purchase and sale of preference shares		(1 536)
Interest on contingent convertible subordinated bonds	(23 961)	
Interest on debt securities and subordinated debt	(23 583)	(74 627)
Dividends paid on preference shares	(231)	(402)
Purchase and sale of treasury shares	(1 086)	95
	(668 639)	(753 414)
Net increase (decrease) in cash and equivalents	(2 783)	24 078
Cash and equivalents at the beginning of the period	1 722 717	1 529 469
Cash and equivalents at the end of the period	1 719 934	1 553 547

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, 2013 and 2012

(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, 2013 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.

In 2012 the BPI Group reduced its participation in Fundo BPI Taxa Variável - Fundo de Investimento Aberto de Obrigações de Taxa Variável (Fundo BPI Taxa Variável), a fund managed by BPI Gestão de Activos, to a participation of less than 50%. According to the Group's accounting policy, the investment funds are consolidated only if the Group has control, i.e., when the Group holds more than 50% of the participating units. Thus, the participation in this fund was reclassified to the financial assets available for sale portfolio, and is no longer recorded in accordance with the full consolidation method. In December 2012 Fundo BPI Taxa Variável changed its name to BPI Obrigações Mundiais – Fundo de Investimento Aberto (Fundo BPI Obrigações Mundiais).

In 2012 TC Turismo Capital – SCR, S.A. and Aicep Capital were merged by incorporation into Inovcapital – Sociedade de Capital de Risco, S.A., the corporate name of which was changed to Portugal Capital Ventures – Sociedade de Capital de Risco, S.A. The BPI Group ceased to have participations of 25% in TC Turismo Capital – SCR, S.A. and 4.4% in Inovcapital – Sociedade de Capital de Risco, S.A. and now has a 6.4% participation in Portugal Capital Ventures, that has been recorded in the financial assets available for sale portfolio.

In 2012 the BPI Group dissolved and liquidated Ulissipair ACE, a consortium of companies, 50% of which was held by Banco Português de Investimento, S.A.

In January 2013, the BPI Alternative Fund: Iberian Equities Long/Short Fund (Luxemburgo) was established. On March 31, 2013 the BPI Group held 100% of the fund's participating units through BPI Investimentos, the financial statements of the fund being fully consolidated in the financial statements of the BPI Group.

At March 31, 2013 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
Banks							
Banco BPI, S.A.	Portugal	1 174 328	42 614 722	(17 007)			
Banco Português de Investimento, S.A.	Portugal	68 245	1 992 517	946	100.00%	100.00%	Full Consolidation
Banco Comercial e de Investimentos, S.A.R.L.	Mozambique	143 764	1 911 386	9 706	29.70%	30.00%	Equity Method
Banco de Fomento Angola, S.A.	Angola	642 509	6 054 893	37 437	50.08%	50.10%	Full Consolidation
Banco BPI Cayman, Ltd.	Cayman Islands	156 703	188 008	455		100.00%	Full Consolidation
Specialised loan companies							
BPI Locação de Equipamentos, Lda	Portugal	6 590	7 188	431	100.00%	100.00%	Full Consolidation
Asset management companies and dealers							
BPI Dealer – Sociedade Financeira de Corretagem (Moçambique), S.A.R.L.	Mozambique	(780)	512	(238)	13.50%	92.65%	Full Consolidation
BPI Gestão de Activos – Gestão de Fundos de Investimento Mobiliários, S.A.	Portugal	21 110	26 117	2 111	100.00%	100.00%	Full Consolidation
BPI – Global Investment Fund Management Company, S.A.	Luxembourg	867	1 654	92	100.00%	100.00%	Full Consolidation
BPI (Suisse), S.A.	Switzerland	5 687	6 363	712		99.90%	Full Consolidation
BPI Alternative Fund: Iberian Equities Long/Short Fund	Portugal	58 451	76 867	824		86.23%	Full Consolidation
BPI Alternative Fund: Iberian Equities Long/Short Fund (Lux)	Luxembourg	15 034	15 091	9		100.00%	Full Consolidation
Venture capital companies							
BPI Private Equity - Sociedade de Capital de Risco, S.A.	Portugal	27 002	29 927	(3)	100.00%	100.00%	Full Consolidation
Inter-Risco – Sociedade de Capital de Risco, S.A.	Portugal	903	2 094	41		49.00%	Equity Method
Insurance companies							
BPI Vida e Pensões – Companhia de Seguros, S.A.	Portugal	203 517	2 993 129	34 616	100.00%	100.00%	Full Consolidation
Cosec – Companhia de Seguros de Crédito, S.A.	Portugal	45 337	113 136	1 164	50.00%	50.00%	Equity Method
Companhia de Seguros Allianz Portugal, S.A.	Portugal	240 032	1 160 557	6 516	35.00%	35.00%	Equity Method
Other							
BPI Capital Finance Ltd. ¹	Cayman Islands	53 563	53 572	244	100.00%	100.00%	Full Consolidation
BPI Capital Africa (Proprietary) Limited	South Africa	(1 280)	2 234	(361)		100.00%	Full Consolidation
BPI, Inc.	U.S.A.	1 151	9 337	21	100.00%	100.00%	Full Consolidation
BPI Madeira, SGPS, Unipessoal, S.A.	Portugal	152 893	157 335	23	100.00%	100.00%	Full Consolidation
Finangeste – Empresa Financeira de Gestão e Desenvolvimento, S.A.	Portugal	80 469	84 229	(511)	32.78%	32.78%	Equity Method
Unicre - Instituição Financeira de Crédito, S.A.	Portugal	81 881	304 468	2 858	20.65%	21.01%	Equity Method

Note: Unless otherwise indicated, all amounts are as of March 31, 2013 (accounting balances before consolidation adjustments).

¹ 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.

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, 2012.

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, 2013 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		
ASSETS										
Cash and deposits at Central Banks	416 304	140			416 444	991 506	1	991 507		1 407 951
Loans and advances to other credit institutions repayable on demand	426 851	51 651	4 193	(188 159)	294 536	26 849	5	26 854	(9 328)	312 062
Financial assets held for trading and at fair value through profit or loss	971 728	126 531		(27 439)	1 070 820	97 971	61	98 032		1 168 852
Financial assets available for sale	7 199 377	28 216	51 004	1 873	7 280 470	1 840 987		1 840 987		9 121 457
Loans and advances to credit institutions	1 585 877	1 711 573	2 894	(2 196 233)	1 104 111	1 837 106	1 946	1 839 052	(1 207 649)	1 735 514
Loans and advances to customers	25 939 359	179 048		(23 300)	26 095 107	1 097 940		1 097 940		27 193 047
Held to maturity investments	297 027	19 700		(40 485)	276 242					27 624 242
Hedging derivatives	238 969	325		(2 902)	236 392					236 392
Other tangible assets	74 064	1 628	1		75 693	132 871	547	133 418		209 111
Intangible assets	11 790	49			11 839	2 481	2	2 483		14 322
Investment in associated companies and jointly controlled entities	84 012		83 502		167 514		43 128	43 128		210 642
Tax assets	562 522	3 414	(1 108)		564 828	565	85	650		565 478
Other assets	732 245	27 507	331	(93 184)	666 899	14 787	177	14 964	(3 579)	678 284
TOTAL ASSETS	38 540 125	2 149 782	140 817	(2 569 829)	38 260 895	6 043 063	45 952	6 089 015	(1 220 556)	43 129 354
LIABILITIES										
Resources of central banks	4 123 399				4 123 399					4 123 399
Financial liabilities held for trading	309 636	24 751		(27 010)	307 377					307 377
Resources of other credit institutions	4 521 342	37 611	27 969	(1 821 659)	2 765 263	12 531	1 239	13 770	(1 216 977)	1 562 056
Resources of customers and other debts	18 505 207	1 806 367		(586 540)	19 725 034	5 305 605		5 305 605		25 030 639
Debt securities	3 424 660	6		(45 761)	3 378 905					3 378 905
Financial liabilities relating to transferred assets	1 551 952			(814)	1 551 138					1 551 138
Hedging derivatives	755 331	(6)		(504)	754 821					754 821
Provisions	149 424	1 133		(968)	149 589	23 575		23 575		173 164
Technical provisions	2 085 516	138 321			2 223 837					2 223 837
Tax liabilities	89 321	5 623	(1 397)		93 547	9 522	(11)	9 511		103 058
Contingent convertible subordinated bonds	1 020 817				1 020 817					1 020 817
Other subordinated debt and participating bonds	210 850	3 736		(65 761)	148 825					148 825
Other liabilities	504 588	40 435	2 924	(20 812)	527 135	58 844	3 657	62 501	(3 579)	586 057
TOTAL LIABILITIES	37 252 043	2 057 977	29 496	(2 569 829)	36 769 687	5 410 077	4 885	5 414 962	(1 220 556)	40 964 093
SHAREHOLDERS' EQUITY										
Shareholders' equity attributable to the shareholders of BPI	1 236 935	83 364	111 321		1 431 620	312 374	41 124	353 498		1 785 118
Minority interest	51 147	8 441			59 588	320 612	(57)	320 555		380 143
TOTAL SHAREHOLDERS' EQUITY	1 288 082	91 805	111 321		1 491 208	632 986	41 067	674 053		2 165 261
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	38 540 125	2 149 782	140 817	(2 569 829)	38 260 895	6 043 063	45 952	6 089 015	(1 220 556)	43 129 354
Investments made in:										
Property						287		287		287
Equipment and other tangible assets	123	2			125	2 540	69	2 609		2 734
Intangible assets	410	6			416	594		594		1 010

The BPI Group's income statement for the period ended March 31, 2013, 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		
Financial margin (narrow sense)	65 332	1 353	(348)		66 337	42 653	(68)	42 585		108 922
Gross margin on unit links	187	463			650					650
Income from equity instruments	64				64					64
Net commission relating to amortised cost	6 375				6 375	156		156		6 531
Financial margin	71 958	1 816	(348)		73 426	42 809	(68)	42 741		116 167
Technical result of insurance contracts	5 604	64			5 668					5 668
Commissions received	59 646	10 067		(6 791)	62 922	8 120	56	8 176	(313)	70 785
Commissions paid	(12 303)	(2 698)			6 791	(8 210)	(1 655)	(1 655)	313	(9 552)
Other income, net	4 133	25			4 158	6 433		6 433		10 591
Net commission income	51 476	7 394			58 870	12 898	56	12 954		71 824
Gain and loss on operations at fair value	2 580	2 494			5 074	18 345		18 345		23 419
Gain and loss on assets available for sale	131 145				131 145					131 145
Interest and financial gain and loss with pensions	1 025	17			1 042					1 042
Net income on financial operations	134 750	2 511			137 261	18 345		18 345		155 606
Operating income	1 615	126			1 741	623	3	626		2 367
Operating expenses	(5 068)	(215)			(5 283)	(222)		(222)		(5 505)
Other taxes	(1 037)	(103)			(1 140)	(426)	(4)	(430)		(1 570)
Net operating income	(4 490)	(192)			(4 682)	(25)	(1)	(26)		(4 708)
Operating income from banking activity	259 298	11 593	(348)		270 543	74 027	(13)	74 014		344 557
Personnel costs	(67 480)	(5 348)	(43)		(72 871)	(15 896)	(393)	(16 289)		(89 160)
General administrative costs	(42 191)	(2 920)	(7)		(45 118)	(13 270)	(145)	(13 415)		(58 533)
Depreciation and amortisation	(4 469)	(328)			(4 797)	(3 236)	(32)	(3 268)		(8 065)
Overhead costs	(114 140)	(8 596)	(50)		(122 786)	(32 402)	(570)	(32 972)		(155 758)
Recovery of loans, interest and expenses	4 615				4 615	654		654		5 269
Impairment losses and provisions for loans and guarantees, net	(67 328)	(393)			(67 721)	(2 044)		(2 044)		(69 765)
Impairment losses and other provisions, net	(45 787)	5			(45 782)	(761)		(761)		(46 543)
Net income before income tax	36 658	2 609	(398)		38 869	39 474	(583)	38 891		77 760
Income tax	(18 836)	(1 176)	126		(19 886)	(4 284)	(263)	(4 547)		(24 433)
Earnings of associated companies (equity method)	2 281		313		2 594		3 078	3 078		5 672
Global consolidated net income	20 103	1 433	41		21 577	35 190	2 232	37 422		58 999
Income attributable to minority interest	(234)	(120)			(354)	(18 151)	17	(18 134)		(18 488)
Consolidated net income of the BPI Group	19 869	1 313	41		21 223	17 039	2 249	19 288		40 511
Cash flow after taxes	137 453	2 029	41		139 523	23 080	2 281	25 361		164 884

The BPI Group's balance sheet as of December 31, 2012 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		
ASSETS										
Cash and deposits at Central Banks	233 053	165			233 218	1 036 147		1 036 147		1 269 365
Loans and advances to other credit institutions repayable on demand	518 207	77 887	4 703	(222 421)	378 376	94 472	7	94 479	(19 417)	453 438
Financial assets held for trading and at fair value through profit or loss	862 043	127 621		(31 832)	957 832	153 753	61	153 814		1 111 646
Financial assets available for sale	8 306 461	37 383	47 517	1 861	8 393 222	1 859 660		1 859 660		10 252 882
Loans and advances to credit institutions	2 129 309	2 116 581	2 894	(3 057 305)	1 191 479	1 622 650	637	1 623 287	(1 104 039)	1 710 727
Loans and advances to customers	26 137 119	147 839		(21 794)	26 263 164	1 082 309		1 082 309		27 345 473
Held to maturity investments	443 280	30 289		(28 271)	445 298					445 298
Hedging derivatives	284 304	389		(3 956)	280 737					280 737
Other tangible assets	78 782	1 713	1		80 496	129 675	518	130 193		210 689
Intangible assets	11 835	50			11 885	2 129	3	2 132		14 017
Investment in associated companies and jointly controlled entities	80 653		82 711		163 364		38 891	38 891		202 255
Tax assets	614 509	4 091	(1 007)		617 593	10	89	99		617 692
Other assets	714 510	32 088	383	(104 519)	642 462	26 660	194	26 854	(18 954)	650 362
TOTAL ASSETS	40 414 065	2 576 096	137 202	(3 468 237)	39 659 126	6 007 465	40 400	6 047 865	(1 142 410)	44 564 581
LIABILITIES										
Resources of central banks	4 270 918				4 270 918					4 270 918
Financial liabilities held for trading	341 601	28 017		(29 454)	340 164					340 164
Resources of other credit institutions	5 846 931	34 006	25 240	(2 215 307)	3 690 870		96	911	1 007	(1 123 456)
Resources of customers and other debts	18 162 190	2 229 409		(1 084 609)	19 306 990	5 314 149		5 314 149		24 621 139
Debt securities	3 823 024	12		(35 409)	3 787 627					3 787 627
Financial liabilities relating to transferred assets	1 591 811			(827)	1 590 984					1 590 984
Hedging derivatives	815 880			(897)	814 983					814 983
Provisions	104 455	215			104 670	33 728		33 728		138 398
Technical provisions	2 111 112	144 252			2 255 364					2 255 364
Tax liabilities	108 521	4 778	(1 219)		112 080	8 035	61	8 096		120 176
Contingent convertible subordinated bonds	1 200 279				1 200 279					1 200 279
Other subordinated debt and participating bonds	218 248	3 842		(65 759)	156 331					156 331
Other liabilities	570 650	46 988	3 432	(35 975)	585 095	70 957	2 055	73 012	(18 954)	639 153
TOTAL LIABILITIES	39 165 620	2 491 519	27 453	(3 468 237)	38 216 355	5 426 965	3 027	5 429 992	(1 142 410)	42 503 937
SHAREHOLDERS' EQUITY										
Shareholders' equity attributable to the shareholders of BPI	1 197 301	76 698	109 749		1 383 748	286 821	37 413	324 234		1 707 982
Minority interest	51 144	7 879			59 023	293 679	(40)	293 639		352 662
TOTAL SHAREHOLDERS' EQUITY	1 248 445	84 577	109 749		1 442 771	580 500	37 373	617 873		2 060 644
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	40 414 065	2 576 096	137 202	(3 468 237)	39 659 126	6 007 465	40 400	6 047 865	(1 142 410)	44 564 581
Investments made in:										
Property		7			7	9 279	94	9 373		9 380
Equipment and other tangible assets	3 607	127			3 734	15 737	270	16 007		19 741
Intangible assets	4 809	6			4 815	1 378		1 378		6 193

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	
Financial margin (narrow sense)	72 064	421	(728)		71 757	45 845	4	45 849	117 606
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
Financial margin	78 540	919	(728)		78 731	45 845	4	45 849	124 580
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)
Commissions paid	(13 890)	(2 135)	(1)	6 175	(9 851)	(1 354)	(1 354)	(1 354)	313
Other income, net	4 089	27			4 116	5 909		5 909	(10 892)
Net commission income	55 923	6 851	(1)		62 773	12 945	18	12 963	75 736
Gain and loss on operations at fair value	75 328	1 045	1		76 374	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
Net income on financial operations	73 029	1 080	62		74 171	14 410		14 410	88 581
Operating income	1 855	32			1 887	204			2 091
Operating expenses	(4 295)	(97)	(1)		(4 393)	(53)			(4 446)
Other taxes	(1 054)	(298)			(1 352)	(161)			(1 513)
Net operating income	(3 494)	(363)	(1)		(3 858)	(10)		(10)	(3 868)
Operating income from banking activity	210 342	8 563	(668)		218 237	73 190	22	73 212	291 449
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)
Overhead costs	(120 257)	(8 240)	(56)		(128 553)	(30 748)	(365)	(31 113)	(159 666)
Recovery of loans, interest and expenses	3 298				3 298	743			743
Impairment losses and provisions for loans and guarantees, net	(50 312)	18			(50 294)	(3 228)			(3 228)
Impairment losses and other provisions, net	(5 590)	(11)			(5 601)	(751)			(6 352)
Net income before income tax	37 481	330	(724)		37 087	39 206	(343)	38 863	75 950
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
Global consolidated net income	19 347	177	694		20 218	37 929	1 179	39 108	59 326
Income attributable to minority interest	(380)	(82)			(462)	(19 564)			(20 026)
Consolidated net income of the BPI Group	18 967	95	694		19 756	18 365	1 179	19 544	39 300
Cash flow after taxes	79 944	420	694		81 058	25 412	1 198	26 610	107 668

4. NOTES

4.1. Cash and deposits at Central Banks

This caption is made up as follows:

	Mar. 31, 13	Dec. 31, 12
Cash	355 540	367 092
Demand deposits at the Bank of Portugal	181 152	19 367
Demand deposits at foreign Central Banks	871 177	882 821
Accrued interest	82	85
	1 407 951	1 269 365

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, 13	Dec. 31, 12
Domestic Credit Institutions		
Demand deposits	3 394	3 684
Checks for collection	49 677	77 607
Other	330	994
Foreign Credit Institutions		
Demand deposits	247 674	366 594
Checks for collection	10 990	4 558
Accrued interest	(3)	1
	312 062	453 438

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, 13	Dec. 31, 12
Financial assets held for trading		
Debt Instruments		
Bonds issued by Portuguese government entities	9 392	3 712
Bonds issued by foreign government entities	97 572	153 801
Bonds issued by other Portuguese entities		
Non-subordinated debt	6 581	4 833
Bonds issued by other foreign entities		
Non-subordinated debt	4 294	3 970
Subordinated debt	101	189
	117 940	166 505
Equity instruments		
Shares issued by Portuguese entities	98 286	108 913
Shares issued by foreign entities	55 107	58 944
	153 393	167 857
Other securities		
Participating units issued by Portuguese entities	153	152
Participating units issued by foreign entities	88	85
	241	237
	271 574	334 599
Financial assets at fair value through profit or loss		
Debt Instruments		
Bonds issued by Portuguese government entities	119 851	119 435
Bonds issued by foreign government entities	97 529	89 164
Bonds issued by other Portuguese entities		
Non-subordinated debt	138 080	19 015
Bonds issued by foreign financial entities		744
Bonds issued by other foreign entities		
Non-subordinated debt	46 574	51 298
Subordinated debt	1 896	1 685
	403 930	281 341
Equity instruments		
Shares issued by Portuguese entities	788	489
Shares issued by foreign entities	24 905	21 993
	25 693	22 482
Other securities		
Participating units issued by Portuguese entities	8 945	12 426
Participating units issued by foreign entities	153 059	131 771
	162 004	144 197
	591 627	448 020
Derivative instruments with positive fair value (Note 4.4)	305 651	329 027
	1 168 852	1 111 646

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

	Mar. 31, 13	Dec. 31, 12
Debt Instruments		
Of public entities	217 380	208 599
Other entities	186 550	72 742
Equity Instruments	8 289	6 186
Other securities	162 004	144 197
Derivative instruments with positive fair value	286	
	574 223	432 010

4.4. Derivatives

The caption "Derivative instruments held for trading" (Notes 4.3 and 4.14) is made up as follows:

	Mar. 31, 13			Dec. 31, 12		
	Notional value ¹	Book value		Notional value ¹	Book value	
	Assets	Liabilities		Assets	Liabilities	
Exchange rate contracts						
Futures	239 448			239 448		
Options						
Exchange forwards and swaps	2 226 888	711	60	1 816 008	1 172	112
Interest rate contracts						
Futures	190 756	22	18	184 067	29	113
Options	577 987	5 160	5 417	594 164	5 333	5 545
Swaps	7 152 958	263 528	269 570	7 527 215	285 208	286 338
Contracts over shares						
Futures	35 568	697		33 924	15	55
Swaps	253 030	3 019	431	221 830	2 837	13 367
Options	58 924	999	210	177 680	1 124	253
Contracts over other underlying items						
Futures	192 603			185 687		
Others						
Options ²	885 076	30 425	31 040	1 198 581	32 415	33 210
Others ³	2 112 990		525	2 157 136		938
Overdue derivatives		1 090			894	
	13 926 228	305 651	307 271	14 335 740	329 027	339 931

¹ In the case of swaps and forwards only the asset amounts were considered.

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

³ 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, 13			Dec. 31, 12		
	Notional value ¹	Book value		Notional value ¹	Book value	
		Assets	Liabilities		Assets	Liabilities
Exchange rate contracts						
Exchange forwards and swaps						
Interest rate contracts						
Futures	230 370	3	254	137 358	350	248
Swaps	16 200 409	202 539	719 258	15 467 042	244 327	778 369
Contracts over shares						
Swaps	217 161	1 073	4 445	298 384	764	4 370
Contracts over credit events						
Swaps	15 164	71		15 164	33	1
Contracts over other underlying items						
Swaps	29 870	2 398	556	32 786	3 808	540
Others						
Options ²	613 460	30 308	30 308	622 712	31 455	31 455
	17 306 434	236 392	754 821	16 573 446	280 737	814 983

¹ In the case of swaps and forwards only the asset amounts were considered.

² 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, 13	Dec. 31, 12
Debt instruments		
Bonds issued by Portuguese government entities	4 563 320	5 493 710
Bonds issued by foreign government entities	3 232 043	3 249 288
Bonds issued by other Portuguese entities		
Non-subordinated debt	74 087	79 826
Bonds issued by other foreign entities		
Non-subordinated debt	156 206	303 848
Subordinated debt	712 184	753 087
Impairment	(1 546)	(1 501)
	8 736 294	9 878 258
Equity instruments		
Shares issued by Portuguese entities	59 536	59 063
Impairment	(27 940)	(27 933)
Quotas	46 335	46 335
Shares issued by foreign entities	36 817	36 180
Impairment	(18 181)	(18 156)
	96 567	95 489
Other securities		
Participating units issued by Portuguese entities	299 857	289 922
Impairment	(15 557)	(15 068)
Participating units issued by foreign entities	1 547	1 535
	285 847	276 389
Loans and other receivables		
	21 765	22 722
Impairment	(19 016)	(19 976)
	2 749	2 746
Overdue securities	2 109	1 087
Impairment	(2 109)	(1 087)
	9 121 457	10 252 882

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 2013 and 2012 are shown in Note 4.20.

4.6. Loans and advances to credit institutions

This caption is made up as follows:

	Mar. 31, 13	Dec. 31, 12
Loans and advances to Bank of Portugal	14 500	
Loans and advances to other Portuguese credit institutions		
Deposits	327 789	50 000
Other loans	25 000	34 800
Other advances	19 875	4 122
Accrued interest	1 030	650
	373 694	89 572
Loans and advances to other foreign Central Banks	373 049	435 756
Loans and advances to international financial organisations		2 541
Loans and advances to other foreign credit institutions		
Very short term loans and advances	36 535	135 305
Deposits	35 308	23 746
Loans	40	40
Other loans and advances	911 528	1 005 629
Accrued interest	5 364	4 590
	1 361 824	1 607 607
Commission relating to amortised cost (net)	(1)	
	(1)	
	1 735 517	1 711 679
Impairment	(3)	(952)
	1 735 514	1 710 727

The changes in impairment losses and provisions in the first quarters of 2013 and 2012 are presented in Note 4.20.

4.7. Loans and advances to customers

This caption is made up as follows:

	Mar. 31, 13	Dec. 31, 12
Loans		
Domestic loans		
Companies		
Discount	119 058	125 101
Loans	5 111 354	5 163 276
Commercial lines of credit	1 022 935	1 052 342
Demand deposits - overdrafts	284 866	325 973
Invoices received - factoring	458 308	536 779
Finance leasing	246 035	265 261
Real estate leasing	420 171	438 986
Other loans	21 048	23 628
Loans to individuals		
Housing	11 679 550	11 743 141
Consumer	786 777	828 012
Other loans	538 106	550 503
Foreign loans		
Companies		
Discount	1 239	1 423
Loans	2 504 941	2 377 834
Commercial lines of credit	239 335	228 415
Demand deposits - overdrafts	25 544	26 571
Invoices received - factoring	1 348	1 040
Finance leasing	399	504
Real estate leasing	959	985
Other loans	293 188	293 771
Loans to individuals		
Housing	162 951	161 429
Consumer	248 998	305 101
Other loans	79 755	77 889
Accrued interest	77 444	64 618
Deferred interest	(142)	(142)
	24 324 167	24 592 582
Securities		
Issued by Portuguese government entities	199 870	199 863
Issued by other Portuguese entities		
Non subordinated debt securities		
Bonds	987 896	957 446
Commercial paper	1 195 972	1 181 053
Issued by foreign government entities	27 301	
Issued by other foreign entities		
Non subordinated debt securities		
Bonds	271 534	198 575
Subordinated debt securities	24 720	24 720
Accrued interest	17 078	13 671
Deferred interest	(2 525)	(1 334)
	2 721 846	2 573 994
Correction of the amount of hedged assets	44 397	49 156
Commission relating to amortised cost (net)	(6 139)	(4 501)
	27 084 271	27 211 231
Overdue loans and interest	957 979	917 399
Loan impairment	(849 203)	(783 157)
	27 193 047	27 345 473

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

	Mar. 31, 13	Dec. 31, 12
Non-derecognised securitised assets¹		
Loans		
Housing	4 791 016	4 832 928
Loans to SME's	3 216 812	3 223 577
Accrued interest	16 655	17 727
	8 024 483	8 074 232

¹ Excludes overdue loans and interest.

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, 2013 and December 31, 2012 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:

- 5 712 160 t. euro and 5 701 444 t. euro, respectively, allocated as collateral to mortgage bonds,
- 688 123 t. euro and 660 991 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, 13	Dec. 31, 12
Debt instruments		
Issued by Portuguese government entities	199 870	199 863
Issued by other Portuguese entities	848 253	380 005
Issued by other foreign entities	310 689	191 201
	1 358 812	771 069

The changes in impairment losses and provisions in the first quarters of 2013 and 2012 are presented in Note 4.20.

4.8 Held to maturity investments

This caption is made up as follows:

	Mar. 31, 13	Dec. 31, 12
Debt Instruments		
Bonds issued by other Portuguese entities		
Non-subordinated debt	127 601	160 650
Subordinated debt		
Bonds issued by foreign government entities	59 942	69 867
Bonds issued by other foreign entities		
Non-subordinated debt	84 094	201 073
Subordinated debt	1 900	11 349
Accrued interest	2 705	2 359
	276 242	445 298

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 2013 were as follows:

	Gross					Depreciation					Net		
	Balance at Dec. 31, 12	Purcha- ses	Sales and write- offs	Transfers and others	Foreign exchange differences	Balance at Mar. 31, 13	Balance at Dec. 31, 12	Depreciation for the period	Sales and write-offs	Foreign exchange differences	Balance at Mar. 31, 13	Balance at Mar. 31, 13	Balance at Dec. 31, 12
Property													
Property for own use	136 800	72	(74)	3 075	2 685	142 558	26 172	667	270	27 109	115 449	110 628	
Other property	104					104	35			35	69	69	
Leasehold improvements	112 360	215	(4)	185	1 179	113 935	97 543	604	(3)	804	98 948	14 987	
	249 264	287	(78)	3 260	3 864	256 597	123 750	1 271	(3)	1 074	126 092	130 505	125 514
Equipment													
Furniture and fixtures	52 835	122	(143)	21	327	53 162	44 001	482	(142)	152	44 493	8 669	8 834
Machinery and tools	14 203	77	(263)	7	106	14 130	12 405	162	(262)	67	12 372	1 758	1 798
Computer hardware	187 920	681	(1 509)	69	663	187 824	178 735	1 803	(1 499)	534	179 573	8 251	9 185
Interior installations	160 475	261	(1 140)	29	202	159 827	116 553	2 603	(574)	92	118 674	41 153	43 922
Vehicles	10 758	219	(158)	70	259	11 148	7 301	509	(128)	181	7 863	3 285	3 457
Security equipment	27 692	107	(32)	17	163	27 947	22 704	281	(29)	63	23 019	4 928	4 988
Other equipment	620				15	635	133	2		1	136	499	487
	454 503	1 467	(3 245)	213	1 735	454 673	381 832	5 842	(2 634)	1 090	386 130	68 543	72 671
Tangible assets in progress	9 624	1 267		(3 851)	207	7 247						7 247	9 624
Other tangible assets	12 991		(4)			12 987	10 111	63	(3)		10 171	2 816	2 880
	22 615	1 267	(4)	(3 851)	207	20 234	10 111	63	(3)		10 171	10 063	12 504
	726 382	3 021	(3 327)	(378)	5 806	731 504	515 693	7 176	(2 640)	2 164	522 393	209 111	210 689

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	Transfers 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
Property														
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	
	245 489	89		923	(3 927)	242 574	123 619	1 507		(1 068)	124 058	118 516	121 870	
Equipment														
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	
	452 049	1 415	(817)	575	(1 669)	451 553	365 509	6 368	(794)		(957)	370 126	81 427	86 540
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
	26 902	1 606	(5)	(1 535)	(327)	26 641	10 204	73				10 277	16 364	16 698
	724 440	3 110	(822)	(37)	(5 923)	720 768	499 332	7 948	(794)		(2 025)	504 461	216 307	225 108

4.10. Intangible assets

The changes in intangible assets in the first quarter of 2013 were as follows:

	Gross					Balance at Mar. 31, 13	Depreciation				Net	
	Balance at Dec. 31, 12	Purchases	Sales and write-offs	Transfers and others	Foreign exchange differences		Balance at Dec. 31, 12	Depreciation for the period	Sales and write-offs	Foreign exchange differences	Balance at Mar. 31, 13	Balance at Mar. 31, 13
Software	65 116	600		790	154	66 660	59 089	886		79	60 054	6 606
Other intangible assets	30 144		(303)		43	29 884	27 460	3	(303)	43	27 203	2 681
	95 260	600	(303)	790	197	96 544	86 549	889	(303)	122	87 257	9 287
Intangible assets in progress	5 306	410		(681)		5 035						5 035
	100 566	1 010	(303)	109	197	101 579	86 549	889	(303)	122	87 257	14 322
												14 017

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

	Gross					Balance at Mar. 31, 12	Depreciation				Net	
	Balance at Dec. 31, 11	Purchases	Transfers and others	Foreign exchange differences	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	
	90 924	500	505	(152)	91 777	84 604	546	(100)	85 050	6 727	6 320	
Intangible assets in progress	3 237	977	(479)		3 735					3 735	3 237	
	94 161	1 477	26	(152)	95 512	84 604	546	(100)	85 050	10 462	9 557	

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, 13	Dec. 31, 12	Mar. 31, 13	Dec. 31, 12
Banco Comercial e de Investimentos, S.A.R.L.	30.0	30.0	43 128	38 891
Companhia de Seguros Allianz Portugal, S.A.	35.0	35.0	84 012	80 654
Cosec – Companhia de Seguros de Crédito, S.A.	50.0	50.0	25 150	24 594
Finangeste – Empresa Financeira de Gestão e Desenvolvimento, S.A.	32.8	32.8	26 379	26 560
Inter-Risco - Sociedade de Capital de Risco, S.A.	49.0	49.0	614	595
Unicre - Instituição Financeira de Crédito, S.A.	21.0	21.0	31 359	30 961
			210 642	202 255

4.12. Tax assets

This caption is made up as follows:

	Mar. 31, 13	Dec. 31, 12
Current tax assets		
Corporate income tax recoverable	2 613	7 162
Others	1 906	2 047
	4 519	9 209
Deferred tax assets		
Due to temporary differences	515 194	536 549
Due to tax losses carried forward	45 765	71 934
	560 959	608 483
	565 478	617 692

Details of deferred tax assets are presented in Note 4.41.

4.13. Other assets

This caption is made up as follows:

	Mar. 31, 13	Dec. 31, 12
Debtors, other applications and other assets		
Debtors for future operations	8 750	10 492
Collateral accounts	6 171	3 727
Other applications	7 968	7 183
VAT recoverable	106	115
Debtors for loan interest subsidy receivable	5 494	6 811
Other debtors	122 277	129 068
Overdue debtors and other applications	416	432
Impairment	(390)	(395)
Other assets		
Gold	45	49
Other available funds and other assets	820	814
	151 657	158 296
Tangible assets available for sale	170 300	169 397
Impairment	(67 099)	(64 707)
	103 201	104 690
Accrued income		
For irrevocable commitments assumed in relation to third parties	271	226
For banking services rendered to third parties	2 628	2 484
Other accrued income	14 671	28 380
	17 570	31 090
Deferred expenses		
Insurance	297	3
Rent	3 894	1 946
Other deferred expenses	12 253	7 313
	16 444	9 262
Liability for pensions and other benefits	92 445	46 373
Other accounts		
Foreign exchange transactions pending settlement	49 017	
Stock exchange transactions pending settlement	35 323	17 761
Non stock exchange transactions pending settlement		21 393
Operations on assets pending settlement	212 627	261 497
	296 967	300 651
	678 284	650 362

The caption "Other debtors" at March 31, 2013 and December 31, 2012 includes 105 428 t. euro and 102 319 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 2013 were as follows:

	Balance at Dec. 31, 12			Aquisi-		Sales and write-		Increase /	Foreign	Balance at Mar. 31, 13		
	Gross	Impair-	Net	tions and	transfers	Gross	Impair-	Reversals of	exchan-	Gross	Impair-	Net
Assets received in settlement of defaulting loans												
Real estate	162 320	(63 418)	98 902	10 527	(8 739)	1 265		(3 903)	54	164 162	(66 056)	98 106
Equipment	2 701	(1 025)	1 676	1 025	(1 574)	169		(120)	5	2 157	(976)	1 181
Others	61	(61)								61	(61)	
Other tangible assets												
Real estate	4 315	(203)	4 112			(395)	197			3 920	(6)	3 914
	169 397	(64 707)	104 690	11 552	(10 708)	1 631	(4 023)	59	170 300	(67 099)	103 201	

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

	Balance at Dec. 31, 11			Aquisi-		Sales and write-		Increase /	Foreign	Balance at Mar. 31, 12		
	Gross	Impair-	Net	tions and	transfers	Gross	Impair-	Reversals of	exchan-	Gross	Impair-	Net
Assets received in settlement of defaulting loans												
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)		
Other tangible assets												
Real estate	4 315	(203)	4 112						4 315	(203)	4 112	
	145 725	(54 663)	91 062	13 609	(10 508)	1 914	(4 231)	148 826	(56 980)	91 846		

The caption "Operations on assets pending settlement" at March 31, 2013 and December 31, 2012 includes 13 634 t. euro and 15 960 t. euro, respectively, relating to taxes to be settled, of which 9 610 t. euro and 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, 2013 and December 31, 2012 this caption also includes 162 588 t. euro and 194 994 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 captions "Stock and Non stock exchange transactions pending settlement" refer to the sale of securities only settled in the following month.

The changes in impairment losses and provisions in the first quarters of 2013 and 2012 are presented in Note 4.20.

4.14. Resources of Central Banks

This caption is made up as follows:

	Mar. 31, 13	Dec. 31, 12
Resources of the Bank of Portugal		
Deposits	4 072 363	4 217 432
Accrued interest	40 574	33 073
Resources of other Central Banks		
Deposits	10 419	20 323
Accrued interest	43	90
	4 123 399	4 270 918

During the first quarter of 2013 and in 2012, Banco BPI took funds from the EuroSystem, using part of its portfolio of eligible assets for this purpose (Note 4.31).

4.15. Financial liabilities held for trading

This caption is made up as follows:

	Mar. 31, 13	Dec. 31, 12
Short selling		
Debt instruments		
Bonds issued by foreign government entities	106	233
Derivative instruments with negative fair value (Note 4.4)	307 271	339 931
	307 377	340 164

4.16. Resources of other credit institutions

This caption is made up as follows:

	Mar. 31, 13	Dec. 31, 12
Resources of Portuguese credit institutions		
Interbank money market	115 000	150 000
Very short term resources	105 428	11 369
Deposits	113 780	109 266
Loans	35	35
Other resources	7 780	7 174
Accrued interest	488	187
	342 511	278 031
Resources of foreign credit institutions		
Deposits of international financial organisations	192 928	192 997
Very short term resources	15 006	57 979
Deposits	199 115	173 119
Debt securities sold with repurchase agreements	677 485	1 714 249
Other resources	124 694	140 881
Accrued interest	554	1 185
	1 209 782	2 280 410
Correction of the amount of hedged liabilities	9 897	10 505
Commission relating to amortised cost	(134)	(525)
	1 562 056	2 568 421

4.17. Resources of customers and other debts

This caption is made up as follows:

	Mar. 31, 13	Dec. 31, 12
Demand deposits	7 718 655	7 811 054
Term deposits	16 189 955	15 745 657
Savings deposits	181 872	229 449
Compulsory deposits	7 315	7 210
Cheques and orders payable	56 538	75 776
Debt securities sold with repurchase agreements	118 424	
Other resources of customers	50 442	54 291
Capitalisation insurance products - Unit links	358 726	323 885
Capitalisation insurance products - Guaranteed Rate and Guaranteed Retirement	126 816	144 409
Accrued interest	184 932	185 564
	24 993 675	24 577 295
Correction of the amount of hedged liabilities	36 964	43 844
	25 030 639	24 621 139

The caption “Resources of customers” at March 31, 2013 included 505 979 t. euro and 265 933 t. euro, respectively, relating to deposits of investment funds and pension funds managed by the BPI Group (414 394 t. euro and 104 507 t. euro, respectively, at December 31, 2012).

4.18. Debt securities

This caption is made up as follows:

	Mar. 31, 13			Dec. 31, 12			Average interest rate	
	Issued	Repurcha-sed	Balance	Average interest rate	Issued	Repurcha-sed	Balance	
Deposit Certificates								
EUR	4		4	3.6%	9		9	3.6%
	4	4	4		9	9	9	
Commercial Paper								
EUR	9 880		9 880	2.1%	19 889		19 889	2.2%
	9 880	9 880	9 880		19 889	19 889	19 889	
Covered Bonds								
EUR	4 325 000	(2 764 250)	1 560 750	1.6%	4 325 000	(2 752 600)	1 572 400	1.6%
	4 325 000	(2 764 250)	1 560 750		4 325 000	(2 752 600)	1 572 400	
Fixed rate cash bonds								
EUR	1 482 846	(286 171)	1 196 675	3.9%	1 655 548	(318 274)	1 337 274	3.9%
CHF	816	(62)	754	3.3%	824	(62)	762	3.3%
USD	85 310	(21 363)	63 947	3.6%	147 579	(29 438)	118 141	3.6%
CAD	23 251	(1 962)	21 289	4.5%	23 046	(1 945)	21 101	4.5%
JPY	33 093		33 093	2.5%	35 208		35 208	2.5%
	1 625 316	(309 558)	1 315 758		1 862 205	(349 719)	1 512 486	
Variable rate cash bonds								
EUR	192 000	(92 000)	100 000	0.9%	212 000	(101 050)	110 950	1.2%
USD	7 809	(3 413)	4 396	2.3%	7 579	(3 085)	4 494	2.4%
	199 809	(95 413)	104 396		219 579	(104 135)	115 444	
Variable income cash bonds								
EUR	456 809	(178 712)	278 097		668 959	(248 288)	420 671	
USD	44 904	(27 329)	17 575		56 465	(38 461)	18 004	
	501 713	(206 041)	295 672		725 424	(286 749)	438 675	
	6 661 722	(3 375 262)	3 286 460		7 152 106	(3 493 203)	3 658 903	
Accrued interest			24 664					44 022
Correction of the amount of hedged liabilities			76 441					96 008
Premiums and commission (net)			(8 660)					(11 306)
			92 445					128 724
			3 378 905					3 787 627

The changes in the bonds issued by the BPI Group during the first quarter of 2013 were as follows:

	Deposit Certificates	Commercial Paper	Covered Bonds	Fixed rate bonds	Variable rate bonds	Variable income bonds	Total
Balance at December 31, 2012	9	19 889	1 572 400	1 512 486	115 444	438 675	3 658 903
Bonds issued during the year		9 880		2 943			12 823
Bonds redeemed	(5)	(19 889)		(240 430)	(20 000)	(225 035)	(505 359)
Repurchases (net of resales)			(11 650)	40 789	8 815	81 514	119 468
Exchange difference				(30)	137	518	625
Balance at March 31, 2013	4	9 880	1 560 750	1 315 758	104 396	295 672	3 286 460

The changes in the bonds issued by the BPI Group during 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		19 889	800 000	54 739		62 767	937 395
Bonds redeemed	(18)	(29 716)	(1 000 000)	(1 404 053)	(875 217)	(258 320)	(3 567 324)
Repurchases (net of resales)			(843 100)	143 298	383 498	92 244	(224 060)
Exchange difference				(7 104)	(150)	(126)	(7 380)
Balance at December 31, 2012	9	19 889	1 572 400	1 512 486	115 444	438 675	3 658 903

Bonds issued by the BPI Group at March 31, 2013, by maturity date, are as follows:

	2013	2014	2015	2016-2019	> 2019	Total
Deposit Certificates						
EUR		4				4
		4				4
Commercial Paper						
EUR		9 880				9 880
		9 880				9 880
Covered Bonds						
EUR			835 750	725 000		1 560 750
			835 750	725 000		1 560 750
Fixed rate cash bonds						
EUR	623 715	373 486	67 562	111 912	20 000	1 196 675
CHF		754				754
USD	54 427		9 520			63 947
CAD		21 289				21 289
JPY					33 093	33 093
	700 185	383 006	67 562	111 912	53 093	1 315 758
Variable rate cash bonds						
EUR			100 000			100 000
USD		4 396				4 396
	4 396		100 000			104 396
Variable income cash bonds						
EUR	147 079	109 014	14 403	7 601		278 097
USD	2 507	1 749	13 319			17 575
	149 586	110 763	27 722	7 601		295 672
Total	864 051	593 769	931 034	844 513	53 093	3 286 460

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

	2013	2014	2015-2018	> 2018	Total
Deposit Certificates					
EUR	9				9
	9				9
Commercial Paper					
EUR	19 889				19 889
USD					
	19 889				19 889
Covered Bonds					
EUR		1 572 400			1 572 400
		1 572 400			1 572 400
Fixed rate cash bonds					
EUR	761 751	377 644	177 879	20 000	1 337 274
CZK					
CHF	762				762
USD	108 523	9 618			118 141
CAD	21 101				21 101
JPY			35 208		35 208
	892 137	387 262	177 879	55 208	1 512 486
Variable rate cash bonds					
EUR	10 950	100 000			110 950
USD	4 494				4 494
	15 444	100 000			115 444
Variable income cash bonds					
EUR	260 422	121 543	38 706		420 671
USD	3 380	1 698	12 926		18 004
	263 802	123 241	51 632		438 675
Total	1 191 281	610 503	1 801 911	55 208	3 658 903

4.19. Financial liabilities relating to transferred assets

This caption is made up as follows:

	Mar. 31, 13	Dec. 31, 12
Liabilities relating to assets not derecognised in securitisation operations (Note 4.7)		
Loans		
Housing loans	4 944 500	4 996 234
Loans to SME's	3 366 686	3 385 632
Liabilities held by the BPI Group	(6 759 309)	(6 790 808)
Accrued costs	2 158	2 898
Commission relating to amortised cost (net)	(2 897)	(2 972)
	1 551 138	1 590 984

During the first quarter of 2012, Banco BPI repurchased 35% of the equity piece related to securitisation operations DOURO Mortgages N° 1, DOURO Mortgages N° 2 and DOURO Mortgages N° 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 2013 were as follows:

	Balance at Dec. 31, 12	Increases	Decreases and reversals	Utilisation	Exchange differences and others	Balance at Mar. 31, 13
Impairment losses on loans and advances to credit institutions (Note 4.6)	952		(538)	(394)	(17)	3
Impairment losses on loans and advances to customers (Note 4.7)	783 157	68 682	(1 868)	(3 002)	2 234	849 203
Impairment losses on financial assets available for sale (Note 4.5)						
Debt instruments	2 588	45			1 022	3 655
Equity instruments	46 089	7			25	46 121
Other securities	15 068	489				15 557
Loans and other receivables	19 976	62			(1 022)	19 016
Impairment losses on financial assets held to maturity (Note 4.8)						
Debt instruments						
Impairment losses on other assets (Note 4.13)						
Tangible assets held for sale	64 707	7 857	(3 834)	(1 631)		67 099
Debtors, other applications and other assets	395		(5)			390
Impairment losses and provisions for guarantees and commitments	48 106	3 321	(370)		163	51 220
Other provisions	90 292	45 133	(2 673)	(19 616)	8 808	121 944
	1 071 330	125 596	(9 288)	(24 643)	11 213	1 174 208

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
Impairment losses on loans and advances to credit institutions	3	709			(10)	702
Impairment losses on loans and advances to customers	676 251	56 335	(6 224)	(61 425)	(2 541)	662 396
Impairment losses on financial assets available for sale						
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
Impairment losses on financial assets held to maturity						
Debt instruments	117 733			(117 733)		
Impairment losses on other assets						
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
Impairment losses and provisions for guarantees and commitments	35 009	3 421	(10)		(84)	38 336
Other provisions	93 179	1 087	(30)	(787)	(362)	93 087
	1 046 969	76 485	(16 611)	(181 858)	(3 027)	921 958

4.21. Technical provisions

This caption is made up as follows:

	Mar. 31, 13	Dec. 31, 12
Immediate Life Annuity / Individual	5	5
Immediate Life Annuity / Group	26	27
Family Savings	38	38
BPI New Family Savings	1 140 007	1 167 097
BPI Retirement Guaranteed	118 335	112 092
BPI Retirement Savings	850 082	863 190
BPI Non Resident Savings	105 754	103 005
Planor	5 280	5 236
PPR BBI Life	3 027	3 394
Savings Investment Plan / Youths	1 199	1 187
South PPR	84	93
	2 223 837	2 255 364

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, 13	Dec. 31, 12
Current Tax Liability		
Corporate income tax payable	48 229	29 229
Other	1 641	1 132
	49 870	30 361
Deferred Tax Liability		
On temporary differences	53 188	89 815
	53 188	89 815
	103 058	120 176

Details of the deferred tax liability are presented in Note 4.41.

4.23. Contingent convertible subordinated bonds

This caption is made up as follows:

	Mar. 31, 13			Dec. 31, 12			Average interest rate	
	Issued	Redem- ption	Balance	Issued	Redem- ption	Balance		
Contingent convertible subordinated bonds								
EUR	1 200 000	(200 000)	1 000 000	8.5%	1 500 000	(300 000)	1 200 000	8.5%
Accrued interest	1 200 000	(200 000)	1 000 000		1 500 000	(300 000)	1 200 000	
			20 817				279	
			1 020 817				1 200 279	

In the beginning of June, 2012 Banco BPI's Board of Directors approved the Recapitalisation Plan for reinforcing Core Tier 1 own funds, in order to comply with the minimum ratios defined by the European Banking Authority and the Bank of Portugal.

The Recapitalisation Plan, in the amount of 1 500 000 t. euro, includes:

- a share capital increase of 200 000 t. euro, with shareholders' preemptive rights;
- the issuance of debt instruments eligible for own funds, subscribed for by the Portuguese State, in the amount of 1 300 000 t. euro.

On June 29, 2012 the Portuguese State subscribed for debt instruments eligible for Core Tier 1 own funds (contingent convertible subordinated bonds), in the amount of 1 500 000 t. euro. The features of these instruments are defined in Law 63 – A/2008 of November 24, as republished by Law 4/2012 of January 11 (Bank Recapitalisation Law), in Ministerial Order 150-A/2012 of May 17 and in the Terms and Conditions established in Order 8840-A/2012 of the Portuguese Minister of State and Finance of June 28, 2012. The investment period of the instrument is five years from the date of issue, and the Recapitalisation Plan of the Bank establishes partial repayments over the period of the instrument. On August 10, 2012 the Bank completed the capital increase of 200 000 t. euro, with shareholders' preemptive rights (Note 4.27). The amount received was used in August 13, 2012 by the Bank to repay part of the contingent convertible subordinated bonds, the par value of which was reduced to 1 300 000 t. euro.

On December 4, 2012 the Bank reimbursed to the Portuguese State 100 000 t. euro relating to contingent convertible subordinated bonds, reducing the nominal amount to 1 200 000 t. euro.

On March 13, 2013 the Bank reimbursed to the Portuguese State 200 000 t. euro relating to contingent convertible subordinated bonds, reducing the nominal amount to 1 000 000 t. euro.

The contingent convertible subordinated bonds bear interest payable half yearly, at an effective annual interest rate of 8.5% in the first year, increasing 0.25% per year in the first two years and 0.5% in each of the following years.

These instruments are convertible into Banco BPI shares on the occurrence of any one of the events listed in the Terms and Conditions established in Order 8840-A/2012 of the Portuguese Minister of State and Finance of June 28, 2012. Briefly the conversion events are as follows:

- termination of the term of 5 years without the instruments having been fully repurchased (under Section 8.5. of the Terms and Conditions);
- occurrence of an event qualified as a material breach under Section 8.3. of the Terms and Conditions;
- occurrence of the event defined in Section 9.1. of the Terms and Conditions (viability event);
- occurrence of the event defined in Section 10 of the Terms and Conditions (regulatory event – the instrument is no longer qualified as Core Tier I) and the other alternatives provided for under this Section are not possible;
- occurrence of an event qualified as change in control under Section 9.2. of the Terms and Conditions;
- exclusion of Banco BPI shares from listing on a regulated market, under Section 9.2. of the Terms and Conditions.

If the conversion into Banco BPI shares referred to above occurs, it will be made through delivery of a number of shares that cannot be determined prior to the occurrence of the event that determines the conversion, since (i) the definition of the Conversion Price contained in Section 1.1. of the Terms and Conditions states that the price depends on the price / market value of the shares in the period prior to the occurrence of the event and (ii) the determination of the number of shares is made based on the Conversion Price.

The Terms and Conditions included an additional conversion event (if on October 1, 2012 the amount of instruments issued exceeds 1 300 000 t. euro), which will no longer occur because, as mentioned above, in August, 2012, Banco BPI repurchased 200 000 t. euro of these instruments, reducing on that date the amount to 1 300 000 t. euro.

4.24. Other Subordinated debt and participating bonds

This caption is made up as follows:

	Mar. 31, 13			Average interest rate	Dec. 31, 12			Average interest rate		
	Issued	Repurcha-sed	Balance		Issued	Repurcha-sed	Balance			
Other subordinated debt										
Perpetual bonds										
EUR	420 000	(360 000)	60 000	1.7%	420 000	(360 000)	60 000	1.7%		
JPY	62 050	(62 050)		2.9%	66 015	(66 015)		2.9%		
	482 050	(422 050)	60 000		486 015	(426 015)	60 000			
Other Bonds										
EUR	404 200	(319 704)	84 496	1.7%	404 200	(312 237)	91 963	1.3%		
JPY	144 784	(144 784)		2.8%	154 036	(154 036)		2.8%		
	548 984	(464 488)	84 496		558 236	(466 273)	91 963			
	1 031 034	(886 538)	144 496		1 044 251	(892 288)	151 963			
Participating bonds										
EUR	28 081	(24 026)	4 055	1.2%	28 081	(23 962)	4 119	1.2%		
	28 081	(24 026)	4 055		28 081	(23 962)	4 119			
Accrued interest			244					200		
Correction of the amount of hedged liabilities			31					51		
Premiums and commission (net)			(1)					(2)		
			274					249		
			148 825					156 331		

The changes in debt issued by the BPI Group during the first quarter of 2013 were as follows:

	Perpetual bonds	Other bonds	Participating bonds	Total
Balance at December 31, 2012	60 000	91 963	4 119	156 082
Repurchases (net of resales)		(7 467)	(64)	(7 531)
Balance at March 31, 2013	60 000	84 496	4 055	148 551

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

	Perpetual bonds	Other bonds	Participating bonds	Total
Balance at December 31, 2011	60 000	149 467	4 595	214 062
Repurchases (net of resales)		(57 504)	(476)	(57 980)
Balance at December 31, 2012	60 000	91 963	4 119	156 082

Debt issued by the BPI Group at March 31, 2013 is made up as follows, by residual term to maturity:

	2013	2014	2016	2016-2019	> 2019	Total
Perpetual bonds						
EUR ¹		60 000				60 000
Other bonds						
EUR		2 369		82 127		84 496
Total		62 369		82 127		144 496

¹ In September 2012 the call option was not exercised, so these bonds now have a quarterly call option. In September 2012 the remuneration had a step-up due to the fact that the option was not exercised.

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

	2013	2014	2015-2018	> 2018	Total
Perpetual bonds					
EUR ¹	60 000				60 000
Other bonds					
EUR	2 369		89 594		91 963
Total	62 369		89 594		151 963

¹ In September 2012 the call option was not exercised, so these bonds now have a quarterly call option. In September 2012 the remuneration had a step-up due to the fact that the option was not exercised.

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.

4.25. Other liabilities

This caption is made up as follows:

	Mar. 31, 13	Dec. 31, 12
Creditors and other resources		
Creditors for futures operations	6 104	5 419
Consigned resources	27 804	28 783
Captive account resources	6 671	7 670
Subscription account resources		23
Guarantee account resources	11 985	12 670
State administrative sector		
Value Added Tax (VAT) payable	9 677	7 274
Tax withheld at source	19 719	30 980
Social Security contributions	4 565	7 230
Other	155	175
Contributions to other health systems	1 410	1 420
Creditors for factoring contracts	14 672	8 401
Creditors for the supply of assets	3 000	2 810
Contributions owed to the Pension Fund		
Pensioners and employees		500
Directors		2 475
Other creditors	163 420	167 064
Deferred costs	(331)	(95)
	268 851	282 799
Accrued costs		
Creditors and other resources	420	366
Personnel costs	103 454	90 162
General administrative costs	36 999	35 535
Contributions to the Deposit Guarantee Fund	1 063	
Contributions to the Resolution Fund	889	
Others	4 930	2 598
	147 755	128 661
Deferred income		
On guarantees given and other contingent liabilities	4 356	4 874
Others	5 049	4 650
	9 405	9 524
Other accounts		
Foreign exchange transactions pending settlement		7 739
Non stock exchange transactions pending settlement	6 011	
Liabilities pending settlement	134 566	177 968
Other operations pending settlement	19 469	32 462
	160 046	218 169
	586 057	639 153

The amounts recorded under the caption "Non stock exchange transactions pending settlement" correspond to securities purchased which were only settled in the following month.

The caption "Liabilities pending settlement" at March 31, 2013 and December 31, 2012 includes:

- 67 364 t. euro and 72 274 t. euro, respectively, relating to electronic interbank transfer transactions;
- 12 300 t. euro and 47 266 t. euro, respectively, relating to loan securitisation fund transactions; e
- 13 999 t. euro and 12 660 t. euro, respectively, relating to ATM/POS transactions to be settled with SIBS.

4.26. Capital

The Shareholders' General Meeting held on May 31, 2012 authorised Banco BPI's Board of Directors to do the following (valid for 18 months):

- a) to purchase treasury shares of up to 10% of Banco BPI's share capital, provided that:
 - i) the treasury shares are purchased on a market registered by the Securities Market Commission (Comissão do Mercado de Valores Mobiliários - CMVM), at a price between 120% and 80% of the weighted daily average prices of Banco BPI shares on the 10 official price market sessions managed by Euronext Lisboa - Sociedade Gestora de Mercados Regulamentados, S.A. (Euronext) preceding the date of purchase; or
 - ii) the purchases result from assets received in payment agreements, to settle obligations emerging from contracts entered into by Banco BPI, provided that the value attributed, for that purpose, to the shares does not exceed the value determined by application of the criteria defined in (i) above, with reference to the settlement agreement date;
- b) to sell Banco BPI shares provided that:
 - i) the shares and options to purchase shares of Banco BPI are sold to employees and Directors of Banco BPI and subsidiaries, as share-based payments under the terms and conditions established in the Variable Remuneration Program (RVA) regulations; or
 - ii) the shares are sold to third parties under the following conditions:
 1. the shares are sold in a market registered at the Securities Market Commission (CMVM); and
 2. the shares are sold at a price not less than 80% of the weighted average of the daily weighted average prices of Banco BPI shares on the 10 official price market sessions managed by Euronext preceding the date of sale;
- c) Carry out repurchase or resale agreements or the loan of shares of Banco BPI, provided that such operations are conducted with qualified investors that meet the requirements to be eligible counterparties of Banco BPI, in accordance with articles 30 and 317-D of the Securities Code (Código dos Valores Mobiliários).

On June 27, 2012, the Shareholders' General Meeting approved the conversion of Banco BPI shares into shares with no par value.

On July 10, 2012, under the authority introduced into Banco BPI's Statutes at the Shareholders' General Meeting of June 27, 2012, the Board of Directors decided to increase share capital from 990 000 t. euro to 1 190 000 t. euro, in cash and with shareholders' pre-emptive rights, which decision was taken considering the Recapitalisation Plan approved in that Shareholders' General Meeting, aimed at reinforcing Core Tier 1 own funds, in order to comply with the minimum ratios defined by the European Banking Authority and the Bank of Portugal (Notes 4.23 and 4.50). The share capital increase was made through the issuance of 400 million ordinary shares with no par value, at an issue price of 0.5 euro. The share capital increase was concluded on August 10, 2012, all the shares offered for subscription being fully subscribed for and so Banco BPI's share capital is now 1 190 000 t. euro represented by 1 390 000 nominative dematerialized ordinary shares, with no par value.

Also at the Shareholders' General Meeting held on June 27, 2012:

- iii) Under the framework of approval of the issuance of financial instruments eligible for Core Tier 1 own funds (Contingent Convertible Subordinated bonds), with a total par value of 1 500 000 t. euro, approval was given for the share capital increases deemed necessary on the occurrence of any conversion event established in the related Terms and Conditions (in accordance with Order 8840-A/2012, of the Portuguese Minister of State and Finance of June 28);
- iv) Authority was given to the Board of Directors to decide the capital increases necessary to realize the matter established in Section 6.4 of those Terms and Conditions relating to the payment in shares of the remuneration of the above mentioned instruments;
- v) It was decided to suppress shareholders' pre-emptive rights in the subscription for the instruments referred to in a) and in the share capital increases referred to in b);
- vi) Authorisation was given to the Board of Directors to use Banco BPI's treasury shares to pay remuneration of the instruments referred to above.

4.27. Other equity instruments and treasury shares

These captions are made up as follows:

	Mar. 31, 13	Dec. 31, 12
Other equity instruments		
Cost of shares to be made available to Group employees		
RVA 2009	7	
RVA 2010	103	95
RVA 2011	2	2
RVA 2012	18	14
RVA 2013	7	
Costs of options not exercised (premiums)		
RVA 2007	5 725	
RVA 2008	828	828
RVA 2009	814	814
RVA 2010	518	496
RVA 2011	61	89
RVA 2012	611	488
RVA 2013	122	
	3 084	8 558
Treasury shares		
Shares to be made available to Group employees		
RVA 2009	7	
RVA 2010	4	4
RVA 2011	2	2
RVA 2012	40	40
Shares hedging RVA options		
RVA 2007	8 076	11 348
RVA 2008	3 045	3 045
RVA 2009	3 147	3 147
RVA 2010	107	118
RVA 2011	2 638	133
RVA 2012	428	428
	17 487	18 272

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.

4.28. Revaluation reserves

This caption is made up as follows:

	Mar. 31, 13	Dec. 31, 12
Revaluation reserves		
Reserves resulting from valuation to fair value of financial assets available for sale		
(Note 4.5):		
Debt Instruments		
Securities	(118 765)	(52 155)
Hedging derivatives	(573 194)	(637 218)
Equity Instruments	18 189	17 053
Other	2 325	2 431
Reserve for foreign exchange difference on investments in foreign entities		
Subsidiary or associated companies	(27 608)	(36 672)
Equity instruments available for sale	(2)	(4)
Legal revaluation reserve	703	703
	(698 352)	(705 862)
Deferred tax reserve		
Resulting from valuation to fair value of financial assets available for sale:		
Tax assets	207 683	244 037
Tax liabilities	(8 761)	(45 789)
	198 922	198 248
	(499 430)	(507 614)

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".

4.29. Other reserves and retained earnings

This caption is made up as follows:

	Mar. 31, 13	Dec. 31, 12
Legal reserve	68 377	68 377
Merger reserve	(2 463)	(2 463)
Consolidation reserves and retained earnings	724 196	472 617
Other reserves	456 056	456 056
Actuarial deviations		
Associated with the transferred liabilities	(193 538)	(193 538)
Associated with the liabilities that remain with the Bank	(51 587)	(90 825)
Taxes related to actuarial deviations	68 679	80 834
Loss on treasury shares	(1 847)	(6 912)
Taxes relating to gain on treasury shares	567	2 029
	1 068 440	786 175

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.

4.30. Minority interests

This caption is made up as follows:

	Balance sheet		Statement of income	
	Mar. 31, 13	Dec. 31, 12	Mar. 31, 13	Mar. 31, 12
Minority shareholders in:				
Banco de Fomento Angola, S.A.	320 611	293 679	18 151	19 564
BPI Capital Finance Ltd	51 147	51 144	234	381
BPI Alternative Fund	8 436	7 874	119	22
Fundo BPI Obrigações Mundiais (ex-Fundo BPI Taxa Variável)				59
BPI Dealer - Sociedade financeira de Corretagem (Moçambique), S.A.R.L.	(57)	(40)	(17)	
BPI (Suisse), S.A.	6	5	1	
	380 143	352 662	18 488	20 026

Minority interests in BPI Capital Finance at March 31, 2013 and December 31, 2012 include 51 021 t. euro relating to preference shares:

	Mar. 31, 13			Dec. 31, 12		
	Issued	Repurchased	Balance	Issued	Repurchased	Balance
"C" Series Shares	250 000	(198 979)	51 021	250 000	(198 979)	51 021
	250 000	(198 979)	51 021	250 000	(198 979)	51 021

4.31. Off balance sheet items

This caption is made up as follows:

	Mar. 31, 13	Dec. 31, 12
Guarantees given and other contingent liabilities		
Guarantees and sureties	2 033 292	2 185 640
Transactions with recourse		
Stand-by letters of credit	79 066	13 635
Documentary credits	79 835	177 805
Sureties and indemnities	79	79
Other guarantees given and other contingent liabilities	13 200	13 200
	2 205 472	2 390 359
Assets given as collateral	14 370 537	15 166 739
Commitments to third parties		
Irrevocable commitments		
Options on assets	10 455	55 047
Irrevocable credit lines	1 914	1 582
Securities subscription	216 280	206 070
Term commitment to make annual contributions to the deposit		
Guarantee Fund	38 714	38 714
Commitment to the Investor Indemnity System	10 107	9 944
Other irrevocable commitments	707	707
Revocable commitments	2 257 788	2 234 781
	2 535 965	2 546 845
Responsibility for services provided		
Deposit and safeguard of assets	25 552 080	24 869 361
Amounts for collection	131 859	131 737
Assets managed by the institution	5 085 081	4 924 016
	30 769 020	29 925 114

The caption "Assets given as collateral" at March 31, 2013 includes:

- 4 076 723 t. euro relating to captive credit and 9 369 191 t. euro relating to securities eligible for funding from the European Central Bank (ECB);
- 650 914 t. euro relating to securities given in guarantee to the European Investment Bank;
- 5 842 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);
- 50 517 t. euro relating to securities given in guarantee to the Deposit Guarantee Fund.

At March 31, 2013 the BPI Group managed the following third party assets:

Investment Funds and PPRs	2 076 342
Pension Funds ¹	1 986 620

¹ Includes the Group companies' Pension Funds.

4.32. Financial margin (narrow sense)

This caption is made up as follows:

	Mar. 31, 13	Mar. 31, 12
Interest and similar income		
Interest on deposits with banks	484	637
Interest on placements with credit institutions	8 312	7 373
Interest on loans to customers	136 507	183 613
Interest on credit in arrears	1 738	2 775
Interest on securities held for trading and available for sale	101 789	95 127
Interest on securitised assets not derecognised	43 238	63 887
Interest on derivatives	73 387	134 495
Interest on securities held to maturity	61	236
Interest on debtors and other applications	850	1 096
Other interest and similar income	2 569	2 071
	368 935	491 310
Interest and similar expense		
Interest on resources		
Of central banks	7 864	7 649
Of other credit institutions	3 699	8 436
Deposits and other resources of customers	107 782	159 831
Debt securities	26 578	46 118
Interest from short selling	106	1 488
Interest on derivatives	83 438	141 972
Interest on liabilities relating to assets not derecognised or securitised operations	5 751	6 933
Interest on contingent convertible subordinated debt	23 961	
Interest on subordinated debt	752	1 260
Other interest and similar expenses	82	17
	260 013	373 704

4.33. Gross margin on unit links

This caption is made up as follows:

	Mar. 31, 13	Mar. 31, 12
Income from financial instruments		
Interest	773	953
Gains and losses on financial instruments	6 757	10 648
Gains and losses on capitalisation insurance - unit links	(7 530)	(11 601)
Management and redemption commission	650	721
	650	721

4.34. Net commission relating to amortised cost

This caption is made up as follows:

	Mar. 31, 13	Mar. 31, 12
Commission received relating to amortised cost		
Loans to customers	7 905	7 852
Others	346	455
Commission paid relating to amortised cost		
Loans to customers	(1 433)	(1 662)
Others	(287)	(491)
	6 531	6 154

4.35. Technical result of insurance contracts

This caption is made up as follows:

	Mar. 31, 13	Mar. 31, 12
Premiums	67 842	68 217
Income from financial instruments	17 092	23 392
Cost of claims, net of reinsurance	(127 467)	(277 549)
Changes in technical provisions, net of reinsurance	59 710	208 974
Participation in results	(11 508)	(16 614)
	5 668	6 420

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.

4.36. Net commission income

This caption is made up as follows:

	Mar. 31, 13	Mar. 31, 12
Commissions received		
On guarantees provided	5 988	5 944
On commitments to third parties	408	472
On banking services rendered	60 348	66 609
On operations realised on behalf of third parties	3 358	2 900
Other	683	678
	70 785	76 603
Commissions paid		
On guarantees received	7	1
On commitments to third parties		
On financial instrument operations	63	185
On banking services rendered by third parties	9 024	9 481
On operations realised by third parties	680	1 173
Other	(222)	52
	9 552	10 892
Other income, net		
Refund of expenses	6 452	5 934
Income from banking services	6 619	6 786
Charges similar to fees	(2 480)	(2 695)
	10 591	10 025

4.37. Net income on financial operations

This caption is made up as follows:

	Mar. 31, 13	Mar. 31, 12
Gain and loss on operations at fair value		
Foreign exchange gain, net	19 864	16 147
Gain and loss on financial assets held for trading		
Debt instruments	1 331	2 544
Equity instruments	3 782	(1 431)
Other securities	3	5
Gain and loss on trading derivative instruments	(4 637)	(3 599)
Gain and loss on other financial assets valued at fair value through profit or loss	687	351
Gain and loss on financial liabilities held for trading	751	(12 317)
Gain and loss on the revaluation of assets and liabilities hedged by derivatives	(27 244)	34 954
Gain and loss on hedging derivative instruments	28 310	(21 090)
Other gain and loss on financial operations	572	75 220
	23 419	90 784
Gain and loss on assets available for sale		
Gain and loss on the sale of loans and advances to customers	3 452	(477)
Gain and loss on financial assets available for sale		
Debt instruments	127 693	465
Equity instruments		202
Other realized gains and losses	(2 613)	
	131 145	(2 423)
Interest and financial gain and loss with pensions		
Interest cost	(10 538)	(11 577)
Expected fund income	11 580	11 797
	1 042	220

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").

At March 31, 2013 the caption "Gain and loss on financial assets available for sale – debt instruments" includes 129 389 t. euro relating to the sale of Treasury Bonds and Treasury Bills issued by the Portuguese State.

4.38. Net operating expenses

This caption is made up as follows:

	Mar. 31, 13	Mar. 31, 12
Operating income		
Gain on tangible assets held for sale	157	234
Gain on other tangible assets	807	829
Other operating income	1 403	1 028
	2 367	2 091
Operating expenses		
Subscriptions and donations	879	1 078
Contributions to the Deposit Guarantee Fund	1 951	1 084
Contributions to the Investors Indemnity System	8	3
Loss on tangible assets held for sale	1 009	662
Loss on other tangible and intangible assets	985	873
Other operating expenses	673	746
	5 505	4 446
Other taxes		
Indirect taxes	1 366	1 185
Direct taxes	204	328
	1 570	1 513

4.39. Personnel costs

This caption is made up as follows:

	Mar. 31, 13	Mar. 31, 12
Remuneration	71 623	70 702
Long service premium	834	765
Pension costs	17 505	18 826
Other mandatory social charges	(3 317)	
Other personnel costs	2 515	2 306
	89 160	92 599

4.40. Administrative Costs

This caption is made up as follows:

	Mar. 31, 13	Mar. 31, 12
Administrative costs		
Supplies		
Water, energy and fuel	3 429	3 254
Consumable material	1 297	1 707
Other	226	337
Services		
Rent and leasing	12 624	12 730
Communications and computer costs	10 383	10 487
Travel, lodging and representation	1 887	2 028
Publicity	4 269	4 774
Maintenance and repairs	5 050	4 488
Insurance	1 237	1 304
Fees	1 175	1 101
Legal expenses	1 080	633
Security and cleaning	2 860	2 911
Information services	1 256	1 028
Temporary labour	1 041	1 072
Studies, consultancy and auditing	1 362	1 056
SIBS	4 585	5 001
Other services	4 772	4 662
	58 533	58 573

4.41. Income tax

At March 31, 2013 and 2012, 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, 13	Mar. 31, 12
Current income tax		
For the year	17 802	4 210
Correction of prior years	(11)	(73)
	17 791	4 138
Deferred tax		
Recognition and reversal of temporary differences	(22 798)	8 141
On tax losses carried forward	26 169	2 397
	3 371	10 538
Contribution over the banking sector	3 271	3 472
Total tax charged to the statement of income	24 433	18 148
Net income before income tax ¹	77 760	75 949
Tax burden	31.4%	23.9%

¹ 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 2013 and 2012, 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, 13	Mar. 31, 12		
	Tax rate	Amount	Tax rate	Amount
Net income before income tax		77 760		75 949
Income tax computed based on the nominal tax rate	32.6%	25 356	32.1%	24 403
Effect of tax rates applicable to foreign branches	0.0%	(18)	1.7%	1 264
Capital gain and impairment of investments (net)	0.6%	435	-0.4%	(314)
Capital gain of tangible assets (net)	0.0%	10	0.0%	11
Income on Angolan public debt	-15.0%	(11 631)	-13.2%	(10 034)
Tax on dividends of subsidiary and associated companies	1.9%	1 446	1.9%	1 427
Tax benefits	-0.5%	(409)	-0.7%	(520)
Impairment and provision for loans	3.9%	3 016	-0.2%	(173)
Non tax deductible pension costs	0.9%	738		
Interest recognised on minority interests	-0.1%	(69)	-0.1%	(112)
Correction of prior year taxes	0.0%	(11)	-0.1%	(73)
Differential of tax rate on tax losses			2.9%	2 236
Utilisation of tax losses			-4.9%	(3 688)
Contribution over the financial sector	4.2%	3 271	4.6%	3 472
Autonomous taxation	0.4%	312	0.7%	494
Other income and expenses	2.6%	1 988	-0.3%	(245)
	31.4%	24 433	23.9%	18 148

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, 2013 and 2012 are as follows:

	Mar. 31, 13	Mar. 31, 12
	Deferred taxes	Deferred taxes
	Assets	Liabilities
Pension liabilities	4 403	22 092
Early retirements	30 244	31 174
Long service premium	6 264	6 931
Tax deferral of the impact of the partial transfer of liabilities with pensions to Social Security	26 773	28 371
Loan impairment	156 638	98 230 (4 027)
Revaluation of tangible fixed assets	(720)	(772)
Revaluation of assets and liabilities hedged by derivatives	(588)	(394)
Financial instruments available for sale	(3 993)	(4 911)
Dividends to be distributed by subsidiary and associated companies	(9 522)	(9 681)
Repurchase of debt	(27 260)	(25 823)
Tax losses	45 765	107 511
Advertising campaigns	69	198
Other	2 227	(2 344) 1 253 (1 513)
Deferred taxes recognised in the income statement	272 382	(44 427) 295 760 (47 121)
Deferred taxes recognised in the fair value reserve	207 683	(8 761) 404 055 (7 456)
Deferred taxes recognised in other reserves	80 893	90 469
Total deferred taxes	560 959	(53 188) 790 285 (54 577)

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.

4.42. Earnings of associated companies (equity method)

This caption is made up as follows:

	Mar. 31, 13	Mar. 31, 12
Banco Comercial e de Investimentos, S.A.R.L.	3 078	1 662
Companhia de Seguros Allianz Portugal, S.A.	2 281	(1 417)
Cosec – Companhia de Seguros de Crédito, S.A.	490	824
TC Turismo Capital - SCR, S.A.		71
Finangeste – Empresa Financeira de Gestão e Desenvolvimento, S.A.	(181)	44
InterRisco - Sociedade de Capital de Risco, S.A.	19	51
Unicre - Instituição Financeira de Crédito, S.A.	(15)	289
	5 672	1 524

4.43. 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 2013 and 2012 is as follows:

	Mar. 31, 13	Mar. 31, 12
Banks		
Banco BPI, S.A. ¹	(20 361)	11 581
Banco Português de Investimento, S.A. ¹	241	378
Banco de Fomento Angola, S.A. ¹	17 039	18 365
Banco Comercial e de Investimentos, S.A.R.L. ¹	2 817	1 522
Banco BPI Cayman, Ltd	455	404
Specialised credit		
BPI Locação de Equipamentos, Lda	12	32
Asset management and brokerage		
BPI Dealer - Sociedade Financeira de Corretagem (Moçambique), S.A.R.L.	(214)	(1)
BPI Gestão de Activos - Sociedade Gestora de Fundos de Investimento Mobiliários, S.A.	2 111	2 256
BPI - Global Investment Fund Management Company, S.A.	92	47
BPI (Suisse), S.A.	707	412
BPI Alternative Fund: Iberian Equities Long/Short Fund	705	139
BPI Alternative Fund: Iberian Equities Long/Short Fund Luxemburgo	9	
Fundo BPI Obrigações Mundiais (ex-Fundo BPI Taxa Variável) ¹		90
Venture capital / development		
TC Turismo Capital - SCR, S.A. ¹		71
BPI Private Equity - Sociedade de Capital de Risco, S.A.	(3)	(1)
Inter-Risco - Sociedade de Capital de Risco, S.A. ¹	19	51
Insurance		
BPI Vida e Pensões - Companhia de Seguros, S.A.	34 616	4 646
Cosec - Companhia de Seguros de Crédito, S.A. ¹	490	824
Companhia de Seguros Allianz Portugal, S.A.	2 281	(1 417)
Others		
BPI, Inc ¹	21	(77)
BPI Madeira, SGPS, Unipessoal, S.A.	23	(12)
BPI Capital Finance		
BPI Capital Africa ¹	(353)	(343)
Finangeste - Empresa Financeira de Gestão e Desenvolvimento, S.A. ¹	(181)	44
Unicre - Instituição Financeira de Crédito, S.A. ¹	(15)	289
	40 511	39 300

¹Adjusted net income.

4.44. Related parties

The BPI Group's related parties at March 31, 2013 were as follows:

Name of related entity	Head Office	Effective	Direct
		participation	participation
Associated and jointly controlled entities of Banco BPI			
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%	
Finangeste – Empresa Financeira de Gestão e Desenvolvimento, SA	Portugal	32.8%	32.8%
Unicre - Instituição Financeira de Crédito, SA	Portugal	21.0%	20.7%
Pension fund of Employees and Directors of the BPI Group			
Fundo de Pensões Banco BPI	Portugal	100.0%	
Fundo de Pensões Aberto BPI Ações	Portugal	14.5%	
Fundo de Pensões Aberto BPI Valorização	Portugal	43.7%	
Fundo de Pensões Aberto BPI Segurança	Portugal	29.3%	
Fundo de Pensões Aberto BPI Garantia	Portugal	12.8%	
Shareholders of Banco BPI¹			
Grupo La Caixa	Espanha	46.22%	
Members of the Board of Directors of Banco BPI¹			
Artur Santos Silva			
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			
Allianz Europe Ltd. - Representada por Herbert Walter			
Ignacio Alvarez-Rendueles			
Isidro Fainé Casas			
José Pena do Amaral			
Juan María Nin Génova			
Klaus Duhrkop			
Manuel Ferreira da Silva			
Marcelino Armenter Vidal			
Maria Celeste Hagatong			
Mário Leite da Silva			
Pedro Barreto			
Tomaz Jervell			

¹ On May 3, 2012 the La Caixa Group purchased a 18.9% participation, previously held by the Itaú Group. The tables presented for March 2012 include the operations with the Itaú Group, as well as information relating to the members of the Board of Directors appointed by the Itaú Group (Carlos Camera Pestana, Henri Penchas and Ricardo Villela Marino).

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 (it is assumed that there is significant influence when the participation in capital exceeds 20%) 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, 2013 are as follows:

	Associated and jointly controlled companies	Pension funds of Employees of the BPI Group	Total
Assets			
Financial applications	2 909		2 909
Financial assets held for trading and at fair value through profit or loss	3	153	156
Loans	42 777		42 777
	45 689	153	45 842
Liabilities			
Financial liabilities held for trading and derivatives	2		2
Deposits and technical provisions	28 325	256 613	284 938
Other financial resources		60 077	60 077
Other liabilities	217		217
	28 544	316 690	345 234
Off balance sheet items			
Guarantees given and other contingent liabilities			
Guarantees and sureties	10 940		10 940
Responsabilities for services rendered			
Deposit and safeguard of assets	993 260	643 214	1 636 474
Foreign exchange operations and derivatives instruments			
Purchases	8 400		8 400
Sales	(8 518)		(8 518)
	1 004 082	643 214	1 647 296

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, 2013 are as follows:

	Shareholders of Banco BPI ¹	Board of Directors of Banco BPI ²	Companies in which Members of the Board of Directors of Banco BPI have significant influence	Total
Assets				
Financial applications	2 251			2 251
Financial assets held for trading and at fair value through profit or loss	362			362
Financial assets available for sale			8	8
Loans	1 484	11 152	190 839	203 475
Derivatives			1	1
Other assets			2	2
	4 097	11 152	190 850	206 099
Liabilities				
Financial liabilities held for trading and derivatives	1		1	2
Deposits and technical provisions	7 957	8 955	12 183	29 095
Other liabilities	15	25	111	151
	7 973	8 980	12 295	29 248
Off balance sheet items				
Guarantees given and other contingent liabilities				
Guarantees and sureties	18 507	496	72 893	91 896
Commitments to third parties				
Irrevocable commitments	209		62 000	62 209
Responsibilities for services rendered				
Deposit and safeguard of assets	633 468	21 097	172 442	827 007
Other			75 364	75 364
Foreign exchange operations and derivatives instruments				
Purchases	435 619		60 428	496 047
Sales	(430 823)		(57 489)	(488 312)
	656 980	21 593	385 638	1 064 211

¹ 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%.

² 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, 2012 are as follows:

	Associated and jointly controlled companies	Pension funds of Employees of the BPI Group	Total
Assets			
Financial applications	2 823		2 823
Financial assets held for trading and at fair value through profit or loss	7	152	159
Loans	34 929		34 929
	37 759	152	37 911
Liabilities			
Financial liabilities held for trading and derivatives	5		5
Deposits and technical provisions	31 352	70 582	101 934
Other financial resources		60 077	60 077
Other liabilities	168		168
	31 525	130 659	162 184
Off balance sheet items			
Guarantees given and other contingent liabilities			
Guarantees and sureties	10 576		10 576
Responsibilities for services rendered			
Deposit and safeguard of assets	942 694	780 900	1 723 594
Foreign exchange operations and derivatives instruments			
Purchases	16 850		16 850
Sales	(16 532)		(16 532)
	953 588	780 900	1 734 488

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, 2012 are as follows:

	Shareholders of Banco BPI ¹	Members of the Board of Directors of Banco BPI ²	Companies in which Members of the Board of Directors of Banco BPI have significant influence	Total
Assets				
Financial applications	17 295			17 295
Financial assets held for trading and at fair value through profit or loss	387			387
Financial assets available for sale			8	8
Loans	1 715	11 168	229 550	242 433
Other assets			32	32
	19 397	11 168	229 590	260 155
Liabilities				
Deposits and technical provisions	5 132	8 576	27 452	41 160
Other liabilities	490	25	111	626
	5 622	8 601	27 563	41 786
Off balance sheet items				
Guarantees given and other contingent liabilities				
Guarantees and sureties	18 414	496	78 987	97 897
Commitments to third parties				
Irrevocable commitments	207		2 000	2 207
Responsibilities for services rendered				
Deposit and safeguard of assets	605 842	21 270	166 577	793 689
Other			135 364	135 364
Foreign exchange operations and derivatives instruments				
Purchases	540 022		57 457	597 479
Sales	(549 300)		(57 495)	(606 795)
	615 185	21 766	382 890	1 019 841

¹ 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%.

² 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, 2013 are as follows:

	Associated and jointly controlled companies	Pension funds of Employees of the BPI Group	Total
Net income			
Financial margin (narrow sense)	7	(304)	(297)
Net comission income	4	7	11
General administrative costs	(238)	(4 209)	(4 447)
	(227)	(4 506)	(4 733)

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, 2013 are as follows:

	Members of the Shareholders of Banco BPI ¹	Board of Directors of Banco BPI ²	Companies in which Members of the Board of Directors of Banco BPI have significant influence	Total
Net income				
Financial margin (narrow sense)	350	(14)	153	489
Net comission income		5	2	7
	350	(9)	155	496

¹ 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%

² 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
Net income			
Financial margin (narrow sense)	16	(736)	(720)
Net comission income	22	2	24
General administrative costs	(231)	(4 178)	(4 409)
	(193)	(4 912)	(5 105)

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:

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

¹ 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%

² 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: € 1 190 000 000

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