Millennium bcp

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2013

Activity Report

1st Quarter

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

1st QUARTER 2013 ACTIVITY REPORT

BANCO COMERCIAL PORTUGUÊS, S.A.

a public company (Sociedade Aberta)
having its registered office at Praça D. João I, 28, Oporto, registered at the Commercial Registry of Oporto, with the single commercial and tax identification number 501 525 882 and the share capital of EUR 3,500,000,000.00.

Financial Highlights

Euro million	**31 Mar. 13**	**31 Mar. 12**	**Change 13 / 12**
Balance sheet			
Total assets	89,474	92,029	-2.8%
Loans to customers (gross) (1)	66,507	71,243	-6.6%
Total customer funds (1)	70,622	67,328	4.9%
Balance sheet customer funds (1)	57,434	54,525	5.3%
Customer deposits (1)	51,873	48,830	6.2%
Loans to customers, net / Customer deposits (2)	121%	140%	
Loans to customers, net / Customer deposits (3)	121%	138%	
Results			
Net income	(152.0)	40.8	
Net interest income	183.0	309.4	-40.9%
Net operating revenues	426.6	648.7	-34.2%
Operating costs	305.0	346.2	-11.9%
Loan impairment charges (net of recoveries)	188.4	152.3	23.7%
Other impairment and provisions	50.8	45.8	10.9%
Income taxes			
Current	15.2	21.0	-27.7%
Deferred	(43.2)	13.0	-
Profitability			
Net operating revenues / Average net assets (2)	2.0%	2.8%	
Return on average assets (ROA) (4)	-0.6%	0.3%	
Income before taxes and non-controlling interests / Average net assets (2)	-0.7%	0.4%	
Return on average equity (ROE)	-19.7%	4.5%	
Income before taxes and non-controlling interests / Average equity (2)	-17.3%	8.9%	
Credit quality			
Overdue and doubtful loans / Total loans (2)	8.8%	6.8%	
Overdue and doubtful loans, net / Total loans, net (2)	2.4%	1.9%	
Credit at risk / Total loans (2)	13.8%	10.9%	
Credit at risk, net / Total loans, net (2)	7.8%	6.2%	
Impairment for loan losses / Overdue loans by more than 90 days	96.3%	100.3%	
Efficiency ratios (2)			
Operating costs / Net operating revenues	71.5%	53.4%	
Operating costs / Net operating revenues (Portugal)	86.8%	50.9%	
Staff costs / Net operating revenues	39.8%	30.0%	
Capital			
Own funds	6,750	5,353	
Risk weighted assets	53,625	57,188	
Core tier I (2)	12.1%	9.2%	
Tier I (2)	11.5%	8.6%	
Total (2)	12.6%	9.4%	
Branches			
Portugal activity	802	872	-8.0%
Foreign activity	860	840	2.4%
Employees			
Portugal activity	8,954	9,944	-10.0%
Foreign activity	11,251	11,629	-3.3%

(1) Adjusted for a Repo operation of Euro 697 million on 31 March 2012.
(2) According to Instruction nr. 16/2004 from the Bank of Portugal, as the currently existing version.
(3) Calculated in accordance with the definition from the Bank of Portugal.
(4) Considering net income before non-controlling interests.

RESULTS AND ACTIVITY IN THE FIRST QUARTER OF 2013

Following the signature on 22 April 2013 of a definitive agreement with Piraeus Bank regarding the sale of the entire share capital of Millennium bank in Greece, it is expected that the transactions related to this agreement shall be completed in the second quarter of 2013, subject to the final regulatory approvals.

In this context, and according to IFRS 5, Millennium bank in Greece is now classified as a discontinued operation, which continues to be consolidated by the full consolidation method in the financial statements as at 31 March 2013, with the impact on results presented on a separate line item in the profit and loss account, defined as income arising from discontinued operations. At the consolidated balance sheet level, the presentation of assets and liabilities of Millennium bank in Greece has not been changed compared to the criteria considered in the consolidated financial as at 31 December 2012.

RESULTS

Millennium bcp's **consolidated net income** was negative by Euro 152.0 million in the first quarter of 2013, compared with a gain of Euro 40.8 million posted in the first quarter of 2012.

Net income in the first quarter of 2013 includes the impact of results associated with the Greek operation, together with other unfavourable impacts, in particular:

- the impact on net interest income associated with the cost of the issuance of hybrid financial instruments, subscribed by the Portuguese State, in the amount of Euro 66.6 million; and
- the accounting of a cost in the amount of Euro 17.3 million related to commissions from the issuance, by the Bank, of debt securities guaranteed by the Portuguese Republic.

Comparing with the first quarter of 2012, consolidated net income was penalised by the activity in Portugal, reflecting the evolution of net operating revenues and the reinforcement of impairment charges for loan losses, despite the reduction in operating costs, determined by the performance in staff costs and other administrative costs.

Net income associated with the international activity, excluding the net income from discontinued operations, showed a favourable performance and rose by 12.0%, from the first quarter of 2012, benefiting from the increase in net operating revenues and from the reduction in operating costs.

Net interest income stood at Euro 183.0 million in the first quarter of 2013, which compares with Euro 309.4 million in the first quarter of 2012, penalised by the impact of the issuance of hybrid financial instruments subscribed by the Portuguese State, for which interest expenses posted in the first quarter of 2013 totalled Euro 66.6 million.

Additionally, net interest income was influenced by the unfavourable business volume effect, in particular in the activity in Portugal, reflecting the persistence of an adverse macroeconomic context, leading to a decline in demand by individuals and companies. Nevertheless, Millennium bcp continued to actively support customers with sustainable business plans in the long term, highlighting the support in the access to lines of credit focused on investment and on production in different sectors of the Portuguese economy.

The performance of net interest income was, also, restrained by the unfavourable interest rate effect, determined by the evolution of market interest rates, despite the continued efforts to reprice loans operations with customers, designed to adjust the financing cost to customer risk profiles, and the favourable effect from the reduction in the cost of term deposits.

In the international activity, the evolution of net interest income was hindered by the performance of the subsidiary companies in Poland and Mozambique.

The net interest margin stood at 0.96% in the first quarter of 2013, which compares with 1.51% in the same period in 2012.

AVERAGE BALANCES

Euro million

	31 Mar.13		31 Mar.12	
	Balance	**Yield %**	**Balance**	**Yield %**
Deposits in banks	4,762	1.47	6,381	1.71
Financial assets	12,890	3.66	10,494	4.88
Loans and advances to customers	58,336	4.01	63,918	4.85
Interest earning assets	**75,988**	**3.79**	**80,793**	**4.61**
Discontinued operations and non-current assets held for sale (1)	3,147		3,585	
Non-interest earning assets	9,068		8,685	
	88,203		**93,063**	
Amounts owed to credit institutions	14,694	1.19	18,543	1.42
Amounts owed to customers	45,482	2.53	46,058	3.40
Debt issued and financial liabilities	13,655	3.60	16,665	3.66
Subordinated debt	4,323	7.58	1,147	5.27
Interest bearing liabilities	**78,154**	**2.75**	**82,413**	**3.03**
Discontinued operations and non-current liabilities associated with assets held for sale (1)	3,395		3,144	
Non-interest bearing liabilities	2,730		3,101	
Shareholders' equity and non-controlling interests	3,924		4,405	
	88,203		**93,063**	
Net interest margin		0.96		1.51

Note: Interests related to hedge derivatives were allocated, in March 2013 and 2012, to the respective balance sheet item.
(1) Includes the activity of the Greek subsidiary and the consolidation adjustments.

Net commissions stood at Euro 163.1 million in the first quarter of 2013, which compares with Euro 165.1 million in the same period in 2012. Net commissions include the cost related to the guarantee granted by the Portuguese State to debt securities issued by the Bank. Excluding this impact, net commissions were stable between the first quarter of 2012 and the first quarter of 2013.

The performance of net commissions in the first quarter of 2013 shows essentially:

- a decrease in net commissions associated with the banking business (-0.9%), influenced by the lower levels of activity in Portugal, despite the growth of 12.1% in the international activity; and
- a rise in commissions related to the financial markets (+4.3%), reflecting the increase of 8.6% in the international activity, supported by the performance of overall international operations.

The net trading income totalled Euro 74.7 million in the first quarter of 2013, which compares with Euro 174.0 million in the same period in 2012.

The evolution of net trading income was mostly influenced by the activity in Portugal, in particular by results from trading and hedging activities, reflecting the gain posted in the first quarter of 2012 related to the repurchase of debt securities issued by the Bank, in the amount of Euro 95.5 million.

In the international activity, the increase of net trading income was boosted by the performance of results associated with derivative financial instruments, benefiting from the increase in the subsidiary company in Poland.

Other net operating income was negative by Euro 8.3 million in the first quarter of 2013, which compares with net losses of Euro 13.0 million in the same period of 2012.

The evolution of other net operating income was mostly influenced by the international activity, which posted a positive net amount of Euro 7.7 million in the first quarter of 2013 (Euro 1.0 million in the same period of 2012), benefiting from gains obtained on the sale of real estate during the quarter.

Equity accounted earnings, which essentially comprise the appropriation of results associated with the 49% shareholding in Millenniumbcp Ageas, stood at Euro 14.1 million in the first quarter of 2013 (Euro 12.9 million in the same period of 2012).

OTHER NET INCOME

Euro million

	31 Mar. 13	31 Mar. 12	Change 13/12
Net commissions	**163.1**	**165.1**	**-1.2%**
Banking commissions	151.0	152.4	-0.9%
Cards	44.6	42.9	3.8%
Credit and guarantees	36.1	43.7	-17.4%
Bancassurance	19.1	17.9	6.4%
Other commissions	51.2	47.9	7.1%
Market related commissions	29.3	28.1	4.3%
Securities	19.4	18.2	6.5%
Asset management	10.0	9.9	0.2%
Commissions related with the State guarantee	(17.3)	(15.4)	-
Net trading income	**74.7**	**174.0**	**-57.1%**
Other net operating income	**(8.3)**	**(13.0)**	**-**
Dividends from equity instruments	**0.0**	**0.3**	**-**
Equity accounted earnings	**14.1**	**12.9**	**9.7%**
Total other net income	**243.6**	**339.3**	**-28.2%**
Other net income / Net operating revenues	57.1%	52.3%	

Operating costs declined 11.9% to Euro 305.0 million in the first quarter of 2013, from Euro 346.2 million accounted in the first quarter of 2012.

In the activity in Portugal, operating costs decreased 17.3% from the first quarter of 2012, as a result of the lower expenses associated with staff costs, other administrative costs and depreciation.

In the international activity, operating costs reduced 1.8% from the first quarter of 2012, benefiting from the reduction of costs shown by the subsidiary company in Poland, which more than offset the increases in Millennium bim in Mozambique and in Banco Millennium Angola, reflecting the support to the business plans and to the organic growth strategy underway in those two markets.

Staff costs were down by 12.5% to Euro 170.0 million in the first quarter of 2012, from Euro 194.3 million in the same period in 2012.

This performance of staff costs was influenced by the 18.1% decrease in the activity in Portugal, despite the slight increase (+0.3%) in the international activity.

In the international activity, staff costs showed the increases posted by the subsidiary companies in Mozambique and Angola, following the reinforcement of their operational capabilities.

Other administrative costs reduced 11.1% to Euro 117.6 million in the first quarter of 2013, from Euro 132.4 million in the first quarter of 2012, reflecting the impact of the rationalisation and cost containment initiatives carried out by the Group, in particular the resizing of the branch network in Portugal (-70 branches, from the end of March 2012). From the same period in 2012, it is worth noting the savings achieved in most line items, highlighting the reduction in costs associated with special services, communication, advertising, rent and insurance.

In the activity in Portugal, other administrative costs decreased 16.1%, benefiting from the reductions in special services, communication, advertising and insurance, while in the international activity decreased 3.8%, influenced by the reduction in expenses posted by the subsidiary in Poland, despite the increases in Banco Millennium Angola and Millennium bim in Mozambique, influenced by the expansion of the local distribution networks.

Depreciation costs fell 10.8% to Euro 17.4 million in the first quarter of 2013, from Euro 19.5 million in the same period in 2012.

This evolution reflects the 16.1% reduction in depreciation costs in the activity in Portugal, from the first quarter of 2012, supported by the lower level of depreciation associated with buildings and equipment.

In the international activity, depreciation costs fell by 4.1%, from the first quarter of 2012, influenced by the reduction in depreciation costs in most of the international subsidiaries, in particular by the slowing down in the depreciation level posted by Banco Millennium Angola, despite the increases showed by Millennium bim in Mozambique and Bank Millennium in Poland.

OPERATING COSTS

Euro million

	31 Mar. 13	31 Mar. 12	Change 13/12
Staff costs	170.0	194.3	-12.5%
Other administrative costs	117.6	132.4	-11.1%
Depreciation	17.4	19.5	-10.8%
	305.0	**346.2**	**-11.9%**
Of which:			
Portugal activity	185.9	224.8	-17.3%
Foreign activity	119.1	121.3	-1.8%
Operating costs / Net operating revenues (1)	86.8%	50.9%	

(1) Activity in Portugal. According to Instruction nr. 16/2004 from the Bank of Portugal, as the currently existing version.

Impairment for loan losses (net of recoveries) totalled Euro 188.4 million in the first quarter of 2013, which compares with Euro 152.3 million in the same period in 2012. This evolution was determined by the reinforcement of impairment charges for loan losses in the activity in Portugal, reflecting the effect of a persistent recessive economic cycle, with impact on the deterioration of the financial situation of households and of companies in Portugal. In the international activity, the decrease of impairment for loan losses (net of recoveries) was mostly driven by the reduction in impairment charges posted in the operations developed in Poland and in Mozambique, despite the increases in the subsidiary companies in Angola and Romania.

The cost of risk stood at 122 basis points in the first quarter of 2013, compared with 91 basis points in the first quarter of 2012.

Other impairment and provisions stood at Euro 50.8 million in the first quarter of 2013, which compares with Euro 45.8 million in the same period in 2012.

This evolution of other impairment and provisions reflects the increase in impairment charges in the international activity. In fact, the activity in Portugal showed a stabilisation of charges for other impairment and provisions, from the same period in 2012, as the reinforcement of impairment charges for financial assets was offset by the lower impairment charges for repossessed assets and for guarantees.

Income tax (current and deferred) totalled Euro -28.0 million in the first quarter of 2013, which compares with Euro 34.0 million in the first quarter of 2012.

The income tax item includes the expenses of current tax in the amount of Euro 15.2 million (Euro 21.0 million in the first quarter of 2012), net of a deferred tax asset in the amount of Euro 43.2 million (Euro -13.0 million in the first quarter of 2012).

BALANCE SHEET

Total assets stood at Euro 89,474 million as at 31 March 2013, which compares with Euro 92,029 million as at 31 March 2012.

Loans to customers (gross), on a comparable basis (adjusted for a Repo operation, in the amount of Euro 697 million as at 31 March 2012), was down by 6.6% to Euro 66,507 million as at 31 March 2013, from Euro 71,243 million as at 31 March 2012.

This evolution of the loans portfolio was determined by the decrease in the activity in Portugal (-8.7%) and by the stabilisation in the international activity, from 31 March 2012, reflecting, on the one hand, the decrease in the loans portfolio in the subsidiaries in Greece, Switzerland and Cayman and, on the other, the increases in Millennium bim in Mozambique, Bank Millennium in Poland and Banco Millennium Angola.

The performance of the loans portfolio, excluding the operation in Greece, reflects the decrease in loans to companies (-9.7%) and in loans to individuals (-3.9%), in a persistently adverse macroeconomic context and a consequent decline in demand for credit by households and economic agents, as a reflection of the uncertainty about the beginning of the economic recovery and of the postponement of investment decisions. In this context, Millennium bcp continued to support customers, individuals and companies, including companies with sustainable business plans in the long term, especially for tradable goods, highlighting the support in the access to lines of credit focused on investment and on production in different sectors of the Portuguese economy.

The structure of the loans to customers' portfolio showed identical levels of diversification, between the end of March 2012 and the end of March 2013, with loans to companies representing slightly more than 50% of total loans to customers, excluding the operation in Greece, as at 31 March 2013.

LOANS TO CUSTOMERS (GROSS)

Euro million

	31 Mar. 13	31 Mar. 12	Change 13/12
Individuals	**30,879**	**32,146**	**-3.9%**
Mortgage loans	27,200	28,258	-3.7%
Consumer loans	3,679	3,888	-5.4%
Companies (1)	**30,961**	**34,270**	**-9.7%**
Services (1)	12,642	14,485	-12.7%
Commerce	3,273	3,686	-11.2%
Construction and Other	15,046	16,099	-6.5%
Total excluding Greece (1)	**61,840**	**66,416**	**-6.9%**
Millennium bank in Greece	4,666	4,827	-3.3%
Total (1)	**66,507**	**71,243**	**-6.6%**
Of which:			
Portugal activity (1)	49,295	53,998	-8.7%
Foreign activity	17,212	17,245	-0.2%
Of which: Millennium bank in Greece	4,666	4,827	-3.3%

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

Credit quality, measured by the loans overdue by more than 90 days as a percentage of total loans, stood at 6.8% as at 31 March 2013 (5.0% as at 31 March 2012), mostly influenced by the evolution of the portfolio of loans to companies.

The coverage ratio for loans overdue by more than 90 days stood at 96.3% as at 31 March 2013, which compares with 100.3% at the end of March 2012. The coverage ratio of the total loans overdue portfolio to impairments stood at 89.9% as at 31 March 2013 (92.2% on the same date in 2012).

Overdue and doubtful loans stood at 8.8% of total loans as at 31 March 2013, compared with 6.8% posted at the end of March 2012 and credit at risk stood at 13.8% of total loans as at 31 March 2013 (10.9% on the same date in 2012).

OVERDUE LOANS BY MORE THAN 90 DAYS AND IMPAIRMENTS AS AT 31 MARCH 2013

Euro million

	Overdue loans by more than 90 days	Impairment for loan losses	Overdue loans by more than 90 days /Total loans	Coverage ratio (Impairment/ Overdue >90 days)
Individuals	**1,110**	**971**	**3.3%**	**87.4%**
Mortgage loans	297	318	1.0%	107.1%
Consumer loans	814	653	19.3%	80.3%
Companies	**3,409**	**3,380**	**10.3%**	**99.2%**
Services	973	1,279	7.2%	131.5%
Commerce	517	403	14.3%	78.0%
Construction and Other	1,919	1,698	12.0%	88.5%
Total	**4,519**	**4,351**	**6.8%**	**96.3%**

Total customer funds, on a comparable basis (adjusted for a Repo operation, in the amount of Euro 697 million as at 31 March 2012), grew by 4.9% to Euro 70,622 million as at 31 March 2013, from Euro 67,328 million posted at the end of March 2012.

The increase of total customer funds, excluding the operation in Greece, benefited mostly from the 5.8% growth in balance sheet customer funds, boosted by the performance of customer deposits (+6.9%), reflecting the efforts carried out to further increase stable funding resources and to reduce commercial gap. Simultaneously, off-balance sheet customer funds also increased (+3.0%), from 31 March 2012, as a result of the growth posted in both assets under management (+4.3%) and capitalisation products (+2.4%).

In the activity in Portugal, total customer funds were up by 3.0%, to Euro 51,976 million as at 31 March 2013 (Euro 50,439 million as at 31 March 2012). In the international activity, total customer funds grew 10.4% to Euro 18,646 million, sustained by the increase in both balance sheet customer funds and off-balance sheet customer funds, driven by the favourable performance of the subsidiary companies in Poland, Mozambique and Romania.

Euro million

TOTAL CUSTOMER FUNDS

	31 Mar. 13	31 Mar. 12	Change 13/11
Balance sheet customer funds (1)	**54,514**	**51,505**	**5.8%**
Deposits (1)	48,953	45,809	6.9%
Debt securities	5,560	5,695	-2.4%
Off-balance sheet customer funds	**13,143**	**12,760**	**3.0%**
Assets under management	4,066	3,899	4.3%
Capitalisation products	9,076	8,861	2.4%
Total excluding Greece (1)	**67,656**	**64,265**	**5.3%**
Millennium bank in Greece	2,966	3,063	-3.2%
Total (1)	**70,622**	**67,328**	**4.9%**
Of which:			
Portugal activity (1)	51,976	50,439	3.0%
Foreign activity	18,646	16,889	10.4%
Of which: Millennium bank in Greece	2,966	3,063	-3.2%

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

As at 31 March 2013, balance sheet customer funds was the major component in the structure of total customer funds and represented 81% of total customer funds, excluding the operation in Greece, with special emphasis on the component of customer deposits, which represented 72% of total customer funds.

The **securities portfolio** totalled Euro 15,587 million as at 31 March 2013, which compares with Euro 12,250 million on the same date in 2012 (Euro 14,488 million 31 December 2012), representing 17.4% of total assets (13.3% as at 31 March 2012).

This evolution was influenced, on the one hand, by the increase in financial assets available for sale, evidencing mostly the increase in sovereign debt financial instruments, in particular, Portuguese and Polish sovereign debt securities, despite the simultaneously reduction in the exposure to Greek sovereign debt securities, and, on the other, by the reduction in financial assets held to maturity.

LIQUIDITY MANAGEMENT

The beginning of 2013 continued the narrowing of the divide between markets of the European countries in the “centre” and the markets of the “peripheral” countries, started during the last quarter of 2012. This allowed the return to the medium-long term debt markets of Portuguese issuers for the first time since the start of the sovereign debt crisis in the first quarter of 2010. However, this trend toward normalisation was mitigated by new signs of uncertainty, mainly the assistance program to Cyprus, which imposed significant losses on the depositors of the two major local credit institutions. Additionally, short-term markets continued to show low volumes, limited almost exclusively to maturities up to one week.

The assumption of the postponement of the return to the international medium-long term markets to 2014, considered by the Bank of Portugal in the scope of the 6th update of the Funding and Capital Plan, is one of the constraints considered in the Millennium bcp’s Liquidity Plan for 2013, which sets as main targets the execution of the goals defined in the Funding and Capital Plan agreed with the “troika” and the maintenance of a comfortable liquidity buffer. In this context, this goal is expected to be achieved by deleveraging, based mainly on the growth of on-balance sheet resources and in the optimisation of the portfolio of eligible collateral. This deleveraging effort may allow the Bank to consider the partial early redemption of the Bank’s own issues guaranteed by the State, with a consequent reduction in costs. In this regard, the European Central Bank announced at the end of the first quarter of 2013 that the term limit for the usage of own state-guaranteed issuances as eligible collateral would be 1 March 2015.

During the first quarter, the Bank reimbursed medium-long term debt amounting to Euro 1.0 billion, nearly the total to be amortised in 2013, as the commercial gap showed a favourable behaviour by decreasing Euro 8.5

billion from March 2012. Therefore, and in spite of some growth of the portfolio of the Portuguese sovereign debt, the net funding from the Eurosystem decreased by a further Euro 300 million from December 2012 (to Euro 10.3 billion) and the liquidity buffer (against total eligible collateral) strengthened by Euro 600 million, to Euro 12.3 billion.

The decrease of total funding needs enabled the early redemption of a tranche of Euro 1.0 billion from a total of Euro 12 billion originally borrowed from the Eurosystem through the long-term refinancing operations provided by the ECB, gaining flexibility in short-term liquidity management.

CAPITAL

Following the request submitted by Millennium bcp, the Bank of Portugal authorised the adoption of methodologies based on Internal Rating models ("IRB") for the calculation of capital requirements for credit and counterparty risk, covering a substantial part of the risk from the activity in Portugal as from 31 December 2010. In the scope of the gradual adoption of the IRB methodologies for the calculation of capital requirements for credit and counterparty risk, the Bank of Portugal authorised the extension of this methodology to the subclasses of risk "Renewable Retail Positions" and "Other Retail Positions" in Portugal with effect as from 31 December 2011. Afterwards, with effect as from 31 December 2012, the Bank of Portugal authorised the use of own estimates of Credit Conversion Factors ("CCF") for exposures of the class of risk "Companies" in Portugal and the adoption of IRB methodologies for "Loans secured by residential real estate" and "Renewable positions" of the Retail portfolio in Poland.

The core tier I ratio stood at 12.1% in accordance with the Bank of Portugal rules and at 9.6% in accordance with EBA rules (12.4% and 9.8%, respectively, at the end of 2012), reflecting the reduction o core tier I (by Euro 90 million in accordance with the Bank of Portugal rules and by Euro 56 million in accordance with EBA rules) and the increase in risk weighted assets (by Euro 355 million) in the first quarter of 2013.

The decrease of core tier I calculated by the rules of the Bank of Portugal was mainly influenced by negative net income posted in the period (Euro 152 million), despite the positive effects mostly associated with the lower deductions related to deposits with higher interest rates (Euro 26 million) and with the increases in non-controlling interests (Euro 24 million) and in fair value reserves of Millenniumbcp Ageas (Euro 15 million). Compared with the figures obtained in accordance with the Bank of Portugal rule, the figures determined by the EBA rules benefited from the decrease in the deductions related to significant investments and from the shortfall of impairment to expected loss (Euro 34 million).

The increase of risk weighted assets was mostly influenced by the unfavourable impacts associated with the deterioration of the credit risk of some customers and the increase of market risk, which more than offset the positive effect determined by the reduction in credit exposures observed over the period.

SOLVENCY

Euro million

	31 Mar. 13	31 Dec. 12
Own funds		
Core tier I	6,489	6,579
Preference shares and perpetual subordinated debt securities with conditional coupons	172	173
Other deduction (1)	(496)	(530)
Tier I capital	6,165	6,223
Tier II capital	730	697
Deductions to total regulatory capital	(146)	(146)
Total regulatory capital	**6,750**	**6,773**
Risk weighted assets	**53,625**	**53,271**
Solvency ratios		
Core tier I	12.1%	12.4%
Tier I	11.5%	11.7%
Tier II	1.1%	1.0%
Total	12.6%	12.7%
Core tier I ratio EBA (2)	9.6%	9.8%

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

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

Note: The Bank received authorisation from the Bank of Portugal (BoP) to adopt IRB approaches for the calculation of capital requirements for credit risks, as from 31 December 2010. In the scope of the gradual adoption of the IRB methodologies for the calculation of capital requirements for credit and counterparty risk, the Bank of Portugal authorised the extension of this methodology to the subclasses of risk "Renewable Retail Positions" and "Other Retail Positions" in Portugal with effect as from 31 December 2011. Afterwards, with effect as from 31 December 2012, the Bank of Portugal authorised the use of own estimates of Credit Conversion Factors ("CCF") for exposures of the class of risk "Companies" in Portugal and the adoption of IRB methodologies for "Loans secured by residential real estate" and "Renewable positions" of the Retail portfolio in Poland. In the 1st half of 2009, the Bank received authorisation from BoP to adopt the advanced approaches (internal models) to the generic market risk and the standard method for the operational risk.

SIGNIFICANT EVENTS

Despite continuing the process of deleveraging, Banco Comercial Português maintained its commitment to support the Portuguese economy, expressed in the number of transactions under the mutual guarantee system, in the funding granted under the "PME Crescimento 2013" and other credit lines and the "Millennium Businesses" Meetings. The Bank also continued the talks with the Directorate-General for Competition, in order to complete the Restructuring Plan, and concluded the negotiations with Piraeus Bank in order to sell its Greek subsidiary. For the 1st quarter of 2013, it is worth mentioning the following:

- Successful conclusion of the negotiations between BCP and Piraeus Bank resulting in the signing on 22 April of definitive agreements with Piraeus regarding: (i) the sale of the entire share capital of Millennium Bank (Greece) (MBG) and, (ii) the investment by BCP in the forthcoming capital increase of Piraeus Bank. This agreement falls within the framework that has been defined by the Bank of Greece and the Hellenic Financial Stability Fund (HFSF) for the restructuring of the Greek banking system and strengthening its financial stability. The terms and conditions of the transactions have been approved by the HFSF. The transactions are expected to be completed in the second quarter of 2013, subject in particular to the obtaining of final regulatory approvals.
- Following the commitment to support the Portuguese economy made by the Bank, Banco Comercial Português achieved leadership in the number of transactions with mutual guarantee companies, with a market share of 20.4%, resulting in new funding totalling more than Euro 39 million (market share of 17.6%) and approved new funding within the "PME Crescimento 2013" credit line amounting to Euro 72 million. Since the launch of the "PME Investe" / "PME Crescimento" credit lines, Millennium bcp has granted more than 20.3 thousand operations corresponding to a total amount of funding surpassing Euro 1.2 billion.
- Agreement with the IFAP (Institute for the Funding of Agriculture and Fisheries), for the opening of a credit line in the amount of Euro 150 million for projects approved under the official programmes PRODER (Rural Development Programme) and PROMAR (Operational Programme for Fisheries).
- Guimarães and Aveiro hosted "Millennium Businesses" meetings, an initiative that will tour the country in order to get closer to Portuguese companies, supporting their internationalisation and strengthening their competitiveness.
- Signing of a protocol with Saphety-Level Trusted Services S.A., allowing the provision of an electronic invoicing service to Companies Network Customers.
- Integrated into its strategy of Mobile Payment, ActivoBank launched a new feature available in its transactional App for smartphones, allowing bank customers to make transfers using the QR Code tool.
- ActivoBank launched an innovative offering intended to lease residential property to Portuguese families, through three new solutions: Banking Guarantee, Personal Credit Line and Salary Protection Insurance.
- Establishment of a cooperation agreement between Millennium bcp Microcredit and the Municipality of Odemira, with the objective of streamlining access to microcredit and boosting entrepreneurship in the region.
- Under the policy of social responsibility Millennium bcp Foundation opened the "Baixa in Real Time" exhibition to the public, a project of the Lusófona University of Humanities and Technologies's Department of Museology.
- Assignment of the Benefactor Member status to Millennium bcp Foundation, by the "World Monuments Fund" Portugal, for the support provided to emblematic National Heritage's spaces restoration projects in Belém Tower, Jerónimos Monastery Cloisters and Queluz Palace Gardens.
- As part of the Social Responsibility program "More Mozambique for Me", the project "Millennium bim Responsável" benefited again from the participation of the Bank's employees and their families in the rehabilitation of the Infant Jesus Centre in Manhiça.

- As part of the commitment to the development of Mozambican culture, Millennium bim has an agreement with the Center for Art and the Fund for Artistic and Cultural Development, in order to rehabilitate the Center for Art's exhibition room.
- Opening of the exhibition "Shared Art" in Camões - Portuguese Cultural Centre, in Luanda, with the purpose of sharing various works belonging to the private collection of the Bank with the Angolan community.
- Distinction of Millennium bcp, at the 2nd Edition of NYSE Euronext Lisbon Awards, as a financial institution that stood out for their contribution to the development of the Portuguese capital market, through the awarding of prizes in four categories: "Investment Fund / Open Pension Fund in Portuguese Stocks", "Market Member - Most Active Trading House in Certificates", "Market Member - Most Active Trading House in Compartments B and C Shares" and "Best Capital Market Event Promotion", for the Global Investment Challenge event.
- Chief Executive Officer Nuno Amado was named the 5th best CEO in Portugal by *Institutional Investor* magazine, being the only representative of the financial sector included in this list.
- Election of Médis as Trusted Brand in the Health Insurance category, for the 5th time (3rd time in a row), by the readers of Reader's Digest.
- Inclusion of Bank Millennium (Poland), for the 5th time, in the index of socially responsible companies - RESPECT Index.
- Recognition of Bank Millennium (Poland) as one of the 100 friendliest companies in the Polish market, an initiative voted on the website of the "Service Quality Stars", in the 6th Edition of the Quality Program Service performed in Poland, rewarding companies that are attentive to the quality of customer service.

MACROECONOMIC ENVIRONMENT

The information available for the first quarter of 2013 suggests a slowdown of some of the economies that have been sustaining global growth, namely China and the USA. In the Euro Area, the wedge between the "periphery" countries and those of the "core" has diminished somewhat, mainly due to the pronounced cooling of the latter as the former continue to denote worrying levels of weakness. Generically, the climate in financial markets has remained constructive despite the uncertainty induced by the Cyprus request for an international financial rescue, the political stalemate in Italy, and the absence of a clear direction of the fiscal consolidation process in the USA.

The International Monetary Fund (IMF) revised downward its projection for the 2013 growth rate of the world economy, from 3.5% to 3.3%, invoking a lesser dynamism of both the advanced economies and the emerging markets. Among the main economic blocks, the Euro Area is the only one with a forecast for a contraction of economic activity, estimated at 0.3%.

Monetary conditions have remained universally accommodative. In this domain it is worth highlighting the broadly anticipated decision by the Bank of Japan to intensify monetary stimulus in order to achieve the new inflation target of 2%. The expansionist stance of the global monetary policy favoured most financial asset classes, in particular fixed income securities and equity indices, mainly in the USA, where they have climbed to new historic highs. In spite of the deterioration of the European economic environment, the public debt market of the Euro Area countries continued to show signs of recovery, reflecting the possibility of the activation of the ECB's program of conditional purchases of public debt (OMT), as well as the inclination of the European authorities to relax the fiscal targets of the member-states with excessive deficits. Thus, the yields on the "peripheral" sovereign debt tracked the downward trend observed in the "core", especially in Germany, confirming a change in perception regarding the risk of the countries under programs of financial assistance.

During the first quarter there were modest improvements in the functioning of the euro's interbank money market, associated, in large measure, with the partial liquidation of the three-year refinancing operations (LTRO) carried out by the ECB at the end of 2011 and the start of 2012. However, since the reimbursements have not exceeded 23% of the LTRO-operations total outstanding, the liquidity levels have remained ample, leading to a stabilisation of Euribor interest rates for all maturities, in a context in which the ECB maintained its main refinancing rate at 0.75%. Regarding the Portuguese banks it should be mentioned the reduction of the liquidity taken from the ECB, especially in the shorter maturities, which resulted in a lengthening of the funding acquired through the central bank.

According to the National Statistics Institute (Instituto Nacional de Estatística - INE), Portuguese GDP recorded an annual contraction of 3.8% in the last quarter of 2012. Given the measures aiming at lowering public expenditure and raising the tax burden, with impact on consumption and investment, the recessive climate should extend to the first quarter of the current year, albeit with a lower intensity, according to the most recent activity indicators. In face of the worsening of the macroeconomic scenario, the "troika" decided during the seventh revision to the implementation of the Economic and Financial Adjustment Programme to award greater flexibility in the fulfilment of the fiscal objective, revising the targets for the deficit, from 4.5% to 5.5% in 2013, from 2.5% to 4.0% in 2014, and from 2.0% to 2.5% in 2015.

The Polish economy recorded significant loss of dynamism at the end of 2012, a development that might have extended to the first quarter of 2013. However, the considerable cuts in the reference rates made by the National Bank of Poland should mitigate the downward pressures of aggregate demand. The GDP of Greece contracted again in 2012, for the fifth consecutive year. The indications pertaining to the beginning of 2013 suggest a moderation in the recessive environment. Angola and Mozambique both showed robust growth in 2012, of 8.4% and 7.5% respectively, above the Sub-Saharan countries average (4.8%). According to the IMF's projections, in 2013 this dynamism is expected to continue, though in a more moderate way for Angola, due to a slowdown of the exporting activity.

GLOSSARY

Capitalisation products – includes unit link and retirement saving plans.

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

Credit at risk – definition that, according to the Bank of Portugal, is broader than the overdue loans by more than 90 days + doubtful loans, including, in particular, the possibility that debtors with overdue payments still do not fulfil their credit responsibilities. For detailed definition see instruction nr. 16/2004 from the Bank of Portugal, as the currently existing version.

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

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

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

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

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

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

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

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

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

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

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

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

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

CONSOLIDATED INDICATORS: ACTIVITY IN PORTUGAL AND INTERNATIONAL ACTIVITY

Euro million

	Consolidated			Activity in Portugal			International activity		
	31 Mar. 13	31 Mar. 12	Change 13/12	31 Mar. 13	31 Mar. 12	Change 13/12	31 Mar. 13	31 Mar. 12	Change 13/12
Income statement									
Net interest income	183.0	309.4	-40.9%	63.5	177.0	-64.1%	119.5	132.4	-9.8%
Dividends from equity instruments	–	0.3	-	–	0.3	-	–	–	-
Net fees and commission income	163.1	165.1	-1.2%	106.9	114.6	-6.7%	56.2	50.5	11.2%
Other operating income	(8.3)	(13.0)	-	(16.1)	(14.0)	-	7.7	1.0	-
Net trading income	74.7	174.0	-57.1%	45.6	151.4	-69.9%	29.2	22.6	29.0%
Equity accounted earnings	14.1	12.9	9.7%	14.1	12.1	16.4%	–	0.7	-
Net operating revenues	**426.6**	**648.7**	**-34.2%**	**214.0**	**441.4**	**-51.5%**	**212.6**	**207.3**	**2.5%**
Staff costs	170.0	194.3	-12.5%	110.5	135.0	-18.1%	59.5	59.3	0.3%
Other administrative costs	117.6	132.4	-11.1%	66.2	78.9	-16.1%	51.5	53.5	-3.8%
Depreciation	17.4	19.5	-10.8%	9.2	11.0	-16.1%	8.2	8.5	-4.1%
Operating costs	**305.0**	**346.2**	**-11.9%**	**185.9**	**224.8**	**-17.3%**	**119.1**	**121.3**	**-1.8%**
Operating profit before impairment	**121.6**	**302.5**	**-59.8%**	**28.2**	**216.6**	**-87.0%**	**93.5**	**86.0**	**8.7%**
Loans impairment (net of recoveries)	188.4	152.3	23.7%	169.6	133.2	27.4%	18.8	19.1	-1.9%
Other impairment and provisions	50.8	45.8	10.9%	47.8	47.8	0.0%	3.0	(2.0)	-
Profit before income tax	**(117.5)**	**104.4**	**-**	**(189.2)**	**35.7**	**-**	**71.7**	**68.8**	**4.2%**
Income tax	(28.0)	34.0	-	(41.4)	20.6	-	13.4	13.3	0.3%
Income after income tax from continuing operations	**(89.5)**	**70.5**	**-**	**(147.8)**	**15.0**	**-**	**58.3**	**55.4**	**5.1%**
Income arising from discontinued operations	(42.3)	(11.2)	-	–	–	-	–	–	
Non-controlling interests	20.1	18.5	8.6%	0.2	(2.6)	-	19.9	21.2	-6.0%
Net income	**(152.0)**	**40.8**	**-**	**(148.0)**	**17.7**	**-**	**38.4**	**34.3**	**12.0%**
Balance sheet and activity indicators									
Total assets	**89,474**	**92,029**	**-2.8%**	**66,997**	**69,647**	**-3.8%**	**22,478**	**22,381**	**0.4%**
Total customer funds (1)	**70,622**	**67,328**	**4.9%**	**51,976**	**50,439**	**3.0%**	**18,646**	**16,889**	**10.4%**
Balance sheet customer funds (1)	**54,514**	**51,505**	**5.8%**	**40,048**	**38,687**	**3.5%**	**14,466**	**12,817**	**12.9%**
Deposits (1)	48,953	45,809	6.9%	34,602	33,118	4.5%	14,351	12,691	13.1%
Debt securities	5,560	5,695	-2.4%	5,446	5,569	-2.2%	114	126	-9.7%
Off-balance sheet customer funds	**13,143**	**12,760**	**3.0%**	**11,928**	**11,752**	**1.5%**	**1,215**	**1,008**	**20.5%**
Assets under management	4,066	3,899	4.3%	3,260	3,200	1.9%	807	699	15.4%
Capitalisation products	9,076	8,861	2.4%	8,668	8,552	1.4%	408	309	32.0%
Millennium bank in Greece	2,966	3,063	-3.2%	–	–		2,966	3,063	-3.2%
Loans to customers (gross) (1)	**66,507**	**71,243**	**-6.6%**	**49,295**	**53,998**	**-8.7%**	**17,212**	**17,245**	**-0.2%**
Individuals	**30,879**	**32,146**	**-3.9%**	**22,860**	**24,141**	**-5.3%**	**8,019**	**8,005**	**0.2%**
Mortgage loans	27,200	28,258	-3.7%	20,438	21,510	-5.0%	6,762	6,748	0.2%
Consumer loans	3,679	3,888	-5.4%	2,422	2,631	-7.9%	1,257	1,258	-0.1%
Companies (1)	**30,961**	**34,270**	**-9.7%**	**26,435**	**29,857**	**-11.5%**	**4,526**	**4,413**	**2.6%**
Services (1)	12,642	14,485	-12.7%	11,663	13,335	-12.5%	979	1,150	-14.8%
Commerce	3,273	3,686	-11.2%	2,361	2,781	-15.1%	911	906	0.6%
Construction and Other	15,046	16,099	-6.5%	12,411	13,741	-9.7%	2,636	2,357	11.8%
Millennium bank in Greece	4,666	4,827	-3.3%	–	–		4,666	4,827	-3.3%
Credit quality									
Total overdue loans	4,838	3,915	23.6%	3,744	3,058	22.4%	1,093	857	27.6%
Overdue loans by more than 90 days	4,519	3,598	25.6%	3,463	2,802	23.6%	1,056	796	32.7%
Overdue loans by more than 90 days /Total loans	6.8%	5.0%		7.0%	5.1%		6.1%	4.6%	
Total impairment (balance sheet)	4,351	3,609	20.5%	2,942	2,903	1.4%	981	706	38.9%
Total impairment (balance sheet) /Total loans	6.5%	5.0%		6.0%	5.3%		5.7%	4.1%	
Total impairment (balance sheet) /Overdue loans by more than 90 days	96.3%	100.3%		85.0%	103.6%		92.9%	88.8%	
Cost of risk (net of recoveries, in b.p.)	122	91		138	97		60	62	

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

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

Company: Banco Comercial Português, S.A.

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

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

Quarter 1 ☒ **Quarter 3** ☐ **Quarter 5** [1] ☐ **Start: 01/01/2013 End: 31/03/2013**

nce Sheet Items	Individual			Consolidated		
	n (NCA)	n-1 (NCA)	Var. (%)	n (IAS)	n-1 (IAS)	Var. (%)
ASSETS (NET)						
Loans to other credit institutions [2]	13,208,745,416	15,174,150,123	-12.95%	2,507,585,850	3,496,378,437	-28.28%
Loans to clients	42,506,767,481	48,045,043,967	-11.53%	62,155,955,187	68,330,387,058	-9.04%
Fixed income securities	14,556,556,667	20,501,358,984	-29.00%	13,258,931,108	10,765,559,734	23.16%
Variable yield securities	2,685,681,221	2,543,754,825	5.58%	2,327,941,204	1,484,408,404	56.83%
Investments	3,491,287,703	4,019,310,968	-13.14%	524,975,774	386,442,234	35.85%
SHAREHOLDER'S AND EQUIVALENT EQUITY						
Equity Capital	3,500,000,000	6,064,999,986	-42.29%	3,500,000,000	6,064,999,986	-42.29%
Nº of ordinary shares	19,707,167,060	7,207,167,060	-	19,707,167,060	7,207,167,060	-
Nº of other shares	0	0	-			-
Value of own shares	0	886,186	-100.00%	7,566,758	3,759,686	101.26%
Nº of voting shares	0	3,938,072	-	79,650,089	24,610,734	-
Nº of preferred, non voting shares	0	0	-			-
Subordinate loans	5,999,092,816	2,815,610,685	113.07%	4,364,858,559	1,160,119,027	276.24%
Minority interests	0	0	-	641,386,347	568,609,790	12.80%
LIABILITIES						
Amounts owed to credit institutions	16,872,463,179	22,309,884,160	-24.37%	13,944,952,790	18,754,270,539	-25.64%
Amounts owed to clients	34,697,176,790	33,962,735,681	2.16%	51,873,398,020	49,526,287,547	4.74%
Debt securities	17,155,029,800	19,609,645,057	-12.52%	11,884,884,771	14,560,815,267	-18.38%
TOTAL ASSETS (NET)	84,475,689,641	97,581,022,898	-13.43%	89,474,369,960	92,028,647,710	-2.78%
TOTAL SHAREHOLDER'S EQUITY	3,449,495,252	4,576,328,466	-24.62%	3,227,079,296	3,991,247,984	-19.15%
TOTAL LIABILITIES	81,026,194,389	93,004,694,432	-12.88%	85,605,904,317	87,468,789,936	-2.13%

P & L Items	Individual			Consolidated		
	n	n-1	Var. (%)	n	n-1	Var. (%)
Financial margin [3]	41,995,309	151,523,355	-72.28%	182,998,412	309,384,400	-40.85%
Commissions and other oper. revenue (net)	118,111,397	130,854,319	-9.74%	112,494,126	140,994,298	-20.21%
Securities yield and profits from financial transaction	26,926,978	156,358,384	-82.78%	68,927,428	173,516,045	-60.28%
Banking Income	187,033,684	438,736,058	-57.37%	364,419,966	623,894,743	-41.59%
Personnel, administ. and other costs	-182,384,029	-215,888,133	-15.52%	-287,618,448	-326,677,851	-11.96%
Amortizations	-7,427,153	-9,055,447	-17.98%	-17,387,172	-19,503,146	-10.85%
Provisions (net of adjustments)	-426,221,138	-269,636,944	58.07%	-233,331,029	-197,279,083	18.27%
Extraordinary profit	0	0	n.a.	0	0	n.a.
Profit before taxes	-428,998,636	-55,844,466	668.20%	-173,916,683	80,434,663	-316.22%
Income tax [4]	104,350,368	10,961,188	852.00%	27,996,353	-33,985,665	-182.38%
Minority interests and income excluded from consoli	0	0	-	-6,041,967	-5,689,800	6.19%
Net profit / loss for the quarter	-324,648,268	-44,883,278	623.32%	-151,962,297	40,759,198	-472.83%
Net profit / loss per share for the quarter	-0.0928	-0.0074	1153.40%	-0.0077	0.0057	-236.35%
Self financing [5]	109,000,023	233,809,113	-53.38%	98,755,904	257,541,427	-61.65%

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

[2] Includes repayable on demand to credit institutions

[3] Financial margin = Interest income - Interest expense

[4] Estimated income tax

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

BANCO COMERCIAL PORTUGUÊS

Consolidated Income Statement
for the three months period ended 31 March, 2013 and 2012

	31 March 2013	31 March 2012
	(Thousands of Euros)	
Interest and similar income	730,463	965,327
Interest expense and similar charges	(547,464)	(655,943)
Net interest income	182,999	309,384
Dividends from equity instruments	38	295
Net fees and commission income	163,099	165,123
Net gains / losses arising from trading and hedging activities	33,890	167,771
Net gains / losses arising from available for sale financial assets	41,105	6,289
Net gains / (losses) arising from financial assets held to maturity	(278)	(22)
Other operating income	(11,681)	(9,631)
	409,172	639,209
Other net income from non banking activity	4,809	4,719
Total operating income	413,981	643,928
Staff costs	169,980	194,325
Other administrative costs	117,639	132,353
Depreciation	17,387	19,503
Operating costs	305,006	346,181
Operating net income before provisions and impairments	108,975	297,747
Loans impairment	(188,382)	(152,297)
Other financial assets impairment	(5,828)	(816)
Other assets impairment	(34,711)	(36,955)
Other provisions	(10,238)	(8,026)
Operating net income	(130,184)	99,653
Share of profit of associates under the equity method	14,094	12,851
Gains / (losses) from the sale of subsidiaries and other assets	(1,448)	(8,058)
Net income before income tax	(117,538)	104,446
Income tax		
Current	(15,190)	(20,997)
Deferred	43,186	(12,989)
Income after income tax from continuing operations	(89,542)	70,460
Income arising from discontinued operations	(42,285)	(11,160)
Net income after income tax	(131,827)	59,300
Attributable to:		
Shareholders of the Bank	(151,962)	40,759
Non-controlling interests	20,135	18,541
Net income for the period	(131,827)	59,300
Earnings per share (in euros)		
Basic	(0.03)	0.02
Diluted	(0.03)	0.02

BANCO COMERCIAL PORTUGUÊS

Consolidated Balance Sheet as at 31 March, 2013 and 2012 and 31 December, 2012

	31 March 2013	31 December 2012	31 March 2012
		(Thousands of Euros)	
Assets			
Cash and deposits at central banks	2,720,085	3,580,546	1,883,922
Loans and advances to credit institutions			
Repayable on demand	776,815	829,684	1,130,660
Other loans and advances	1,730,770	1,887,389	2,365,719
Loans and advances to customers	62,155,955	62,618,235	68,330,387
Financial assets held for trading	1,939,793	1,690,926	2,066,045
Financial assets available for sale	10,145,753	9,223,411	6,266,559
Assets with repurchase agreement	85,622	4,288	9,251
Hedging derivatives	173,535	186,032	471,523
Financial assets held to maturity	3,415,703	3,568,966	3,908,114
Investments in associated companies	524,976	516,980	386,442
Non current assets held for sale	1,308,406	1,284,126	1,096,777
Investment property	550,879	554,233	562,869
Property and equipment	620,922	626,398	608,427
Goodwill and intangible assets	255,545	259,054	249,317
Current tax assets	29,900	34,037	34,536
Deferred tax assets	1,809,746	1,755,411	1,540,229
Other assets	1,229,963	1,124,323	1,117,871
	89,474,368	89,744,039	92,028,648
Liabilities			
Amounts owed to credit institutions	13,944,952	15,265,760	18,754,271
Amounts owed to customers	51,873,398	49,389,866	49,526,288
Debt securities	11,884,885	13,548,263	14,560,815
Financial liabilities held for trading	1,256,315	1,393,194	1,265,779
Other financial liabilities at fair value through profit and loss	479,856	329,267	315,768
Hedging derivatives	267,047	301,315	376,021
Provisions for liabilities and charges	273,485	253,328	252,832
Subordinated debt	4,364,859	4,298,773	1,160,119
Current income tax liabilities	9,633	15,588	13,015
Deferred income tax liabilities	3,019	2,868	1,249
Other liabilities	1,248,453	945,629	1,242,633
Total Liabilities	85,605,902	85,743,851	87,468,790
Equity			
Share capital	3,500,000	3,500,000	6,065,000
Treasury stock	(16,448)	(14,212)	(11,448)
Share premium	71,722	71,722	71,722
Preference shares	171,175	171,175	171,175
Other capital instruments	9,853	9,853	9,853
Fair value reserves	18,670	2,668	(292,284)
Reserves and retained earnings	(375,930)	850,021	(2,063,529)
Net income for the period attributable to Shareholders	(151,962)	(1,219,053)	40,759
Total Equity attributable to Shareholders of the Bank	3,227,080	3,372,174	3,991,248
Non-controlling interests	641,386	628,014	568,610
Total Equity	3,868,466	4,000,188	4,559,858
	89,474,368	89,744,039	92,028,648

Reuters>bcp.ls Exchange>MCP Bloomberg>bcp pl ISIN PTBCP0AM0007

Banco Comercial Português

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2013

BANCO COMERCIAL PORTUGUÊS

Consolidated Income Statement
for the three months period ended 31 March 2013 and 2012

	Notes	31 March 2013	31 March 2012
		(Thousands of Euros)	
Interest and similar income	3	730,463	965,327
Interest expense and similar charges	3	(547,464)	(655,943)
Net interest income		182,999	309,384
Dividends from equity instruments	4	38	295
Net fees and commissions income	5	163,099	165,123
Net gains / (losses) arising from trading and hedging activities	6	33,890	167,771
Net gains / (losses) arising from financial assets available for sale	7	41,105	6,289
Net gains / (losses) arising from financial assets held to maturity	8	(278)	(22)
Other operating income / (costs)	9	(11,681)	(9,631)
		409,172	639,209
Other net income from non banking activities		4,809	4,719
Total operating income		413,981	643,928
Staff costs	10	169,980	194,325
Other administrative costs	11	117,639	132,353
Depreciation	12	17,387	19,503
Operating expenses		305,006	346,181
Operating net income before provisions and impairment		108,975	297,747
Loans impairment	13	(188,382)	(152,297)
Other financial assets impairment	14	(5,828)	(816)
Other assets impairment	27, 29 and 32	(34,711)	(36,955)
Other provisions	15	(10,238)	(8,026)
Operating net income		(130,184)	99,653
Share of profit of associates under the equity method	16	14,094	12,851
Gains / (losses) from the sale of subsidiaries and other assets	17	(1,448)	(8,058)
Net (loss) / income before income tax		(117,538)	104,446
Income tax			
Current	31	(15,190)	(20,997)
Deferred	31	43,186	(12,989)
Income after income tax from continuing operations		(89,542)	70,460
Income arising from discontinued operations		(42,285)	(11,160)
Net (loss) / income after income tax		(131,827)	59,300
Attributable to:			
Shareholders of the Bank		(151,962)	40,759
Non-controlling interests	45	20,135	18,541
Net (loss) / income for the period		(131,827)	59,300
Earnings per share (in Euros)	18		
Basic		(0.03)	0.02
Diluted		(0.03)	0.02

CHIEF ACCOUNTANT

THE EXECUTIVE COMMITTEE

See accompanying notes to the interim consolidated financial statements

BANCO COMERCIAL PORTUGUÊS

Consolidated Balance Sheet as at 31 March 2013 and 31 December 2012

	Notes	31 March 2013	31 December 2012
		(Thousands of Euros)	
Assets			
Cash and deposits at Central Banks	19	2,720,085	3,580,546
Loans and advances to credit institutions			
Repayable on demand	20	776,815	829,684
Other loans and advances	21	1,730,770	1,887,389
Loans and advances to customers	22	62,155,955	62,618,235
Financial assets held for trading	23	1,939,793	1,690,926
Financial assets available for sale	23	10,145,753	9,223,411
Assets with repurchase agreement		85,622	4,288
Hedging derivatives	24	173,535	186,032
Financial assets held to maturity	25	3,415,703	3,568,966
Investments in associated companies	26	524,976	516,980
Non current assets held for sale	27	1,308,406	1,284,126
Investment property	28	550,879	554,233
Property and equipment	29	620,922	626,398
Goodwill and intangible assets	30	255,545	259,054
Current income tax assets		29,900	34,037
Deferred income tax assets	31	1,809,746	1,755,411
Other assets	32	1,229,963	1,124,323
		89,474,368	89,744,039
Liabilities			
Deposits from credit institutions	33	13,944,952	15,265,760
Deposits from customers	34	51,873,398	49,389,866
Debt securities issued	35	11,884,885	13,548,263
Financial liabilities held for trading	36	1,256,315	1,393,194
Other financial liabilities at fair value			
through profit or loss	37	479,856	329,267
Hedging derivatives	24	267,047	301,315
Provisions for liabilities and charges	38	273,485	253,328
Subordinated debt	39	4,364,859	4,298,773
Current income tax liabilities		9,633	15,588
Deferred income tax liabilities	31	3,019	2,868
Other liabilities	40	1,248,453	945,629
Total Liabilities		85,605,902	85,743,851
Equity			
Share capital	41	3,500,000	3,500,000
Treasury stock	44	(16,448)	(14,212)
Share premium		71,722	71,722
Preference shares	41	171,175	171,175
Other capital instruments	41	9,853	9,853
Fair value reserves	43	18,670	2,668
Reserves and retained earnings	43	(375,930)	850,021
Net (loss) / income for the period attributable to Shareholders		(151,962)	(1,219,053)
Total Equity attributable to Shareholders of the Bank		3,227,080	3,372,174
Non-controlling interests	45	641,386	628,014
Total Equity		3,868,466	4,000,188
		89,474,368	89,744,039

CHIEF ACCOUNTANT THE EXECUTIVE COMMITTEE

See accompanying notes to the interim consolidated financial statements

BANCO COMERCIAL PORTUGUÊS

Consolidated Cash Flows Statement
for the three months period ended 31 March 2013 and 2012

	31 March 2013	31 March 2012
	(Thousands of Euros)	
Cash flows arising from operating activities		
Interest income received	665,110	873,369
Commissions income received	215,063	222,465
Fees received from services rendered	38,226	43,754
Interest expense paid	(375,563)	(636,820)
Commissions expense paid	(67,292)	(73,623)
Recoveries on loans previously written off	3,378	4,606
Net earned premiums	6,484	4,344
Claims incurred	(3,607)	(2,944)
Payments to suppliers and employees	(420,837)	(450,918)
	60,962	(15,767)
Decrease / (increase) in operating assets:		
Loans and advances to credit institutions	129,430	(54,000)
Deposits with Central Banks under monetary regulations	788,792	718,638
Loans and advances to customers	480,615	(305,155)
Short term trading account securities	(387,586)	(105,824)
Increase / (decrease) in operating liabilities:		
Deposits from credit institutions repayable on demand	(151,254)	3,523
Deposits from credit institutions with agreed maturity date	(1,178,588)	1,023,699
Deposits from clients repayable on demand	424,010	70,408
Deposits from clients with agreed maturity date	2,183,995	1,875,319
	2,350,376	3,210,841
Income taxes (paid) / received	(16,565)	(13,031)
	2,333,811	3,197,810
Cash flows arising from investing activities		
Dividends received	38	295
Interest income from available for sale financial assets and held to maturity financial assets	103,360	116,297
Proceeds from sale of financial assets available for sale	3,988,863	3,470,752
Purchase of financial assets available for sale	(23,388,748)	(10,875,143)
Proceeds from financial assets available for sale on maturity	18,539,948	6,058,107
Acquisition of fixed assets	(15,648)	(17,374)
Proceeds from sale of fixed assets	6,906	6,721
Decrease / (increase) in other sundry assets	(275,797)	1,608,422
	(1,041,078)	368,077
Cash flows arising from financing activities		
Issuance of subordinated debt	681	16,326
Reimbursement of subordinated debt	(660)	(5,138)
Issuance of debt securities	1,477,791	2,677,353
Reimbursement of debt securities	(3,277,140)	(5,165,398)
Issuance of commercial paper and other securities	71,996	6,498
Reimbursement of commercial paper and other securities	(8,662)	(1,438,942)
Dividends paid to non-controlling interests	(608)	-
Increase / (decrease) in other sundry liabilities and non-controlling interests	296,888	(244,776)
	(1,439,714)	(4,154,077)
Exchange differences effect on cash and equivalents	(4,318)	28,047
Net changes in cash and equivalents	(151,299)	(560,143)
Cash and equivalents at the beginning of the period	1,562,300	2,268,554
Cash (note 19)	634,186	577,751
Other short term investments (note 20)	776,815	1,130,660
Cash and equivalents at the end of the period	1,411,001	1,708,411

See accompanying notes to the interim consolidated financial statements

BANCO COMERCIAL PORTUGUÊS

Consolidated Statement of Changes in Equity
for the three months period ended 31 March 2013 and 2012

(Amounts expressed in thousands of Euros)

							Other comprehensive income				
	Total equity	Share capital	Preference shares	Other capital instruments	Share premium	Legal and statutory reserves	Fair value and cash flow hedged reserves	Other	Other reserves and retained earnings	Treasury stock	Non--controlling interests
Balance on 31 December, 2011	4,374,370	6,065,000	171,175	9,853	71,722	506,107	(389,460)	(1,828,257)	(767,963)	(11,422)	547,615
Net income for the period attributable to Shareholders of the Bank	40,759	-	-	-	-	-	-	-	40,759	-	-
Net income for the period attributable to Non-controlling interests (note 45)	18,541	-	-	-	-	-	-	-	-	-	18,541
Tax and issuance costs related with capital instruments	(9)	-	-	-	-	-	-	-	(9)	-	-
Treasury stock	(26)	-	-	-	-	-	-	-	-	(26)	-
Exchange differences arising on consolidation	28,047	-	-	-	-	-	-	28,047	-	-	-
Fair value reserves (note 43)	97,176	-	-	-	-	-	97,176	-	-	-	-
Non-controlling interests (note 45)	2,454	-	-	-	-	-	-	-	-	-	2,454
Other reserves arising on consolidation (note 43)	(1,454)	-	-	-	-	-	-	-	(1,454)	-	-
Balance on 31 March, 2012	4,559,858	6,065,000	171,175	9,853	71,722	506,107	(292,284)	(1,800,210)	(728,667)	(11,448)	568,610
Share capital increase through the issue of 12,500,000 new shares (note 41)	500,000	500,000	-	-	-	-	-	-	-	-	-
Costs related to the capital increase	(16,784)	-	-	-	-	-	-	-	(16,784)	-	-
Tax related to the registration costs regarding the capital increase	4,198	-	-	-	-	-	-	-	4,198	-	-
Reduction of the share capital (note 41)	-	(3,065,000)	-	-	-	123,893	-	-	2,941,107	-	-
Actuarial losses for the period	(133,733)	-	-	-	-	-	-	(133,733)	-	-	-
Net (loss) / income for the period attributable to Shareholders of the Bank	(1,259,812)	-	-	-	-	-	-	-	(1,259,812)	-	-
Net income for the period attributable to non-controlling interests (note 45)	63,303	-	-	-	-	-	-	-	-	-	63,303
Impact of selling 2.637% of Banco Millennium Angola	(782)	-	-	-	-	-	-	-	(782)	-	-
Treasury stock	(2,764)	-	-	-	-	-	-	-	-	(2,764)	-
Gains and losses on sale of treasury stock	(489)	-	-	-	-	-	-	-	(489)	-	-
Tax related to gains and losses on sale of treasury stock	122	-	-	-	-	-	-	-	122	-	-
Exchange differences arising on consolidation	(2,964)	-	-	-	-	-	-	(2,964)	-	-	-
Fair value reserves (note 43)	294,952	-	-	-	-	-	294,952	-	-	-	-
Non-controlling interests (note 45)	(3,899)	-	-	-	-	-	-	-	-	-	(3,899)
Other reserves arising on consolidation (note 43)	(1,018)	-	-	-	-	-	-	-	(1,018)	-	-
Balance on 31 December, 2012	4,000,188	3,500,000	171,175	9,853	71,722	630,000	2,668	(1,936,907)	937,875	(14,212)	628,014
Costs related to the capital increase	1,180	-	-	-	-	-	-	-	1,180	-	-
Actuarial losses for the period (note 50)	(3,744)	-	-	-	-	-	-	(3,744)	-	-	-
Net (loss) / income for the period attributable to Shareholders of the Bank	(151,962)	-	-	-	-	-	-	-	(151,962)	-	-
Net income for the period attributable to non-controlling interests (note 45)	20,135	-	-	-	-	-	-	-	-	-	20,135
Treasury stock	(2,236)	-	-	-	-	-	-	-	-	(2,236)	-
Exchange differences arising on consolidation	(4,319)	-	-	-	-	-	-	(4,319)	-	-	-
Fair value reserves (note 43)	16,002	-	-	-	-	-	16,002	-	-	-	-
Non-controlling interests (note 45)	(6,763)	-	-	-	-	-	-	-	-	-	(6,763)
Other reserves arising on consolidation (note 43)	(15)	-	-	-	-	-	-	-	(15)	-	-
Balance on 31 March, 2013	3,868,466	3,500,000	171,175	9,853	71,722	630,000	18,670	(1,944,970)	787,078	(16,448)	641,386

See accompanying notes to the interim consolidated financial statements

BANCO COMERCIAL PORTUGUÊS

Statement of Comprehensive income
for the three months period ended 31 March 2013 and 2012

	Notes	31 March 2013	31 March 2012
		(Thousands of Euros)	
Fair value reserves	43	15,549	114,346
Taxes	43	453	(17,170)
		16,002	97,176
Actuarial losses for the period			
Gross value		(1,796)	-
Taxes		(1,948)	-
		(3,744)	-
Exchange differences arising on consolidation	43	(4,319)	28,047
Comprehensive income recognised directly in Equity after taxes		7,939	125,223
Net (loss) / income for the period		(131,827)	59,300
Total Comprehensive income for the period		(123,888)	184,523
Attributable to:			
Shareholders of the Bank		(144,023)	165,982
Non-controlling interests		20,135	18,541
Total Comprehensive income for the period		(123,888)	184,523

See accompanying notes to the interim consolidated financial statements

1. Accounting policies

a) Basis of presentation

Banco Comercial Português, S.A. Sociedade Aberta (the 'Bank') is a public bank, established in Portugal in 1985. It started operations on 5 May, 1986, and these consolidated financial statements reflect the results of the operations of the Bank and all its subsidiaries (together referred to as the 'Group') and the Group's interest in associates, for the three months ended 31 March, 2013 and 2012.

In accordance with Regulation (EC) no. 1606/2002 from the European Parliament and the Council, of 19 July 2002, the Decree-Law no. 35/2005, of 17 February and Regulation no. 1/2005 from the Bank of Portugal, the Group's consolidated financial statements are required to be prepared in accordance with International Financial Reporting Standards ('IFRS') as endorsed by the European Union ('EU') since the year 2005. IFRS comprise accounting standards issued by the International Accounting Standards Board ('IASB') as well as interpretations issued by the International Financial Reporting Interpretations Committee ('IFRIC') and their predecessor bodies. The consolidated financial statements presented were approved on 6 May 2013 by the Bank's Executive Committee. The financial statements are presented in thousands of euros, rounded to the nearest thousand.

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

The consolidated financial statements for the three months ended 31 March, 2013 were prepared in terms of recognition and measurement in accordance with the IFRS adopted by the EU and effective on that date. The financial statements for the three months period ended 31 March 2013 do not include all the information to be published in the annual financial statements.

The Group has adopted IFRS and interpretations mandatory for accounting periods beginning on or after 1 January, 2013.

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

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

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

b) *Basis of consolidation*

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

Investments in subsidiaries

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

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

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

Investments in associates

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

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

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

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

Goodwill

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

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

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

As from the transition date to IFRS (1 January 2004), positive goodwill arising from acquisitions is recognised as an asset carried at acquisition cost and is not subject to amortisation.

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

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

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

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

Purchases and dilution of non-controlling interests

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

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

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

The gains and losses resulting from the dilution or sale of a financial position in a subsidiary, with loss of control, are recognised by the Group in the income statement.

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

Special Purpose Entities ('SPEs')

The Group fully consolidates SPEs resulting from securitization operations of assets from Group entities (as referred in note 22) and from operations regarding the sale of loans, when the substance of the relation with those entities indicates that the Group exercises control over its activities, independently of the percentage of the equity held. Besides these SPEs resulting from securitization and sale of loans operations, no additional SPEs have been consolidated considering that they do not meet the criteria established on SIC 12 as described below.

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

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

Investment fund management

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

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

Investments in foreign subsidiaries and associates

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

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

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

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

Transactions eliminated on consolidation

The balances and transactions between Group's companies, or any unrealised gains and losses arising from these transactions, are eliminated in the preparation of the consolidated financial statements. Unrealised gains and losses arising from transactions with associates and jointly controlled entities are eliminated in the proportion of the Group's investment in the entity.

c) Loans and advances to customers

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

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

Loans and advances to customers are initially recognised at fair value plus any directly attributable transaction costs and fees and are subsequently measured at amortised cost using the effective interest method, being presented in the balance sheet net of impairment losses.

Impairment

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

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

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

(i) Individually assessed loans

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

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

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

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

(ii) Collective assessment

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

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

The collective impairment loss is determined considering the following factors:

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

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

Loans for which no evidence of impairment has been identified, are grouped together based on similar credit risk characteristics for calculating a collective impairment loss. This analysis allows the Group's recognition of losses whose identification in terms individual only occur in future periods.

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

d) Financial instruments

(i) Classification, initial recognition and subsequent measurement

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

1a) Financial assets held for trading

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

The interest from debt instruments is recognised as net interest income.

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

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

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

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

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

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

2) Financial assets available for sale

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

3) Financial assets held-to-maturity

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

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

4) Loans and receivables - Loans represented by securities

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

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

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

5) Other financial liabilities

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

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

The financial gains or losses calculated at the time of repurchase of other financial liabilities are recognised as Net gains / (losses) from trading and hedging activities, when occurred.

(ii) Impairment

At each balance sheet date, an assessment of the existence of objective evidence of impairment, is made. A financial asset or group of financial assets are impaired when there is objective evidence of impairment resulting from one or more events that occurred after its initial recognition, such as: (i) for listed securities, a prolonged devaluation or a significant decrease in its quotation price, and (ii) for unlisted securities, when that event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be estimated reasonably. According to the Group's policies, a 30% depreciation in the fair value of an equity instrument is considered a significant devaluation and the 1year period is assumed to be a prolonged decrease in the fair value below the acquisition cost.

If an available for sale asset is determined to be impaired, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the profit or loss) is removed from fair value reserves and recognised in profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurred after the impairment loss was recognised in the profit or loss, the impairment loss is reversed through the income statement. Recovery of impairment losses on equity instruments classified as financial assets available for sale, is recognised as a gain in fair value reserves when it occurs (if there are no reversal in the income statement).

(iii) Embedded derivatives

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

e) Derivatives hedge accounting

(i) Hedge accounting

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

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

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

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

(ii) Fair value hedge

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

(iii) Cash flow hedge

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

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

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

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

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

(iv) Hedge effectiveness

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

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

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

f) Reclassifications between financial instruments categories

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

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

The Group adopted this possibility for a group of financial assets, as disclosed in note 23.

Transfers of financial assets recognised in the category of Financial assets available-for-sale to Loans and receivables - Loans represented by securities and to Financial assets held-to-maturity are allowed, in determined and specific circumstances.

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

g) Derecognition

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

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

h) Equity instruments

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

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

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

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

i) Compound financial instruments

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

j) Securities borrowing and repurchase agreement transactions

(i) Securities borrowing

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

(ii) Repurchase agreements

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

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

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

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

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

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

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

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

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

The subsequent accounting of these assets is determined based on the lower of the carrying amount and the corresponding fair value net of expenses. In case of unrealised losses, these should be recognised as impairment losses against results.

l) Finance lease transactions

At the lessee's perspective, finance lease transactions are recorded as an asset and liability at fair value of the leased asset, which is equivalent to the present value of the future lease payments. Lease rentals are a combination of the financial charge and the amortisation of the capital outstanding. The financial charge is allocated to the periods during the lease term to produce a constant periodic rate of interest on the remaining liability balance for each period.

At the lessor's perspective, assets held under finance leases are recorded in the balance sheet as a receivable at an amount equal to the net investment in the lease. Lease rentals are a combination of the financial income and amortization of the capital outstanding. Recognition of the financial result reflects a constant periodical return rate over the remaining net investment of the lessor.

m) Interest income and expense

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

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

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

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

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

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

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

n) Fee and commission income

Fees and commissions are recognised according to the following criteria:

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

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

o) Financial net gains / losses (Net gains / losses arising from trading and hedging activities, from financial assets available for sale and from financial assets held to maturity)

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

p) Fiduciary activities

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

q) Property and equipment

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

The Group performs impairment tests whenever events or circumstances indicate that the book value exceeds the highest between the value in use and the fair value less costs to sell, being the difference charged to the profit and loss.

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

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

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

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

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

r) Investment property

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

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

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

s) Intangible Assets

Research and development expenditure

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

Software

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

t) *Cash and cash equivalents*

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months' maturity from the balance sheet date, including cash and loans and advances to credit institutions.

Cash and cash equivalents exclude restricted balances with central banks.

u) *Offsetting*

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

v) *Foreign currency transactions*

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

w) *Employee benefits*

Defined benefit plans

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

Until 2011, along with the benefits provided in two planes above, the Group had assumed the responsibility, under certain conditions in each year, of assigning a complementary plan to the Group's employees hired before 21 September, 2006 (Complementary Plan). The Group at the end of 2012 decided to extinguish ("cut") the benefit of old age Complementary Plan. As at 14 December 2012, the ISP (Portuguese Insurance Institute) formally approved this change benefit plan of the Group with effect from 1 January 2012. The cut of the plan was made, having been assigned to the employees, individual rights acquired. On that date, the Group also proceed to the settlement of the related liability.

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

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

Following the approval by the Government of the Decree-Law no. 127/2011, which was published on 31 December, was established an agreement between the Government, the Portuguese Banking Association and the Banking Labour Unions in order to transfer, to the Social Security, the liabilities related with pensions currently being paid to pensioners and retirees, as at 31 December 2011.

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

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

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

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

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

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

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

The contributions to the funds are made annually by each Group company according to a certain plan contributions to ensure the solvency of the fund. The minimum level required for the funding is 100% regarding the pension payments and 95% regarding the past services of active employees.

Defined contribution plan

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

As at 31 December 2012, the Group has two defined contribution plans. One plan that covers employees who were hired before July 1, 2009. For this plan, called non-contributory, Group's contributions will be made annually and equal to 1% of the annual remuneration paid to employees in the previous year. Contributions shall only be made if the following requirements are met: (i) the Bank's ROE equals or exceeds the rate of government bonds of 10 years plus 5 percentage points and (ii) exist distributable profits or reserves in the accounts of Banco Comercial Português.

The other plan covers employees who have been hired after July 1, 2009. For this plan, designated contributory, monthly contributions will be made equal to 1.5% of the monthly remuneration received by employees in the current month, either by themselves or by the Group and employees.

Share based compensation plan

As at 31 March 2013 there are no share based compensation plans in force.

Variable remuneration paid to employees

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

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

x) Income taxes

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

Income tax registered in net income for the year comprises current and deferred tax effects. Income tax is recognised in the income statement, except when related to items recognised directly in equity, which implies its recognition in equity. Deferred taxes arising from the revaluation of financial assets available for sale and cash flow hedging derivatives are recognised in shareholders' equity and are recognised after in the income statement at the moment the profit and loss that originated the deferred taxes are recognised.

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

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

Deferred tax liabilities are recognised for all taxable temporary differences except for goodwill not deductible for tax purposes, differences arising on initial recognition of assets and liabilities that affect neither accounting nor taxable profit and differences relating to investments in subsidiaries to the extent that probably they will not reverse in the foreseeable future.

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

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

y) Segmental reporting

The Group adopted the IFRS 8 - Operating Segments for the purpose of disclosure financial information by operating segments. A business segment is a group of assets and operations that are subject to risks and returns different from other business segments. The results of the operating segments are periodically reviewed by the management with the aim of taking decisions. The Group prepares regular financial information concerning these segments, which is reported to Management. A geographical segment is a group of assets and operations located within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments. The Group controls its activity through the following major operating segments:

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

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

Others

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

z) Provisions

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

On the cases where the discount effect is material, the provision corresponds to the actual value of the expected future payments, discounted by a rate that considers the associated risk of the obligation.

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

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

aa) Earnings per share

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

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

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

ab) Insurance contracts

Classification

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

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

Recognition and measurement

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

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

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

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

Premiums

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

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

Provision for unearned premiums from direct insurance and reinsurance premiums ceded

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

Liability adequacy test

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

ac) Insurance or reinsurance mediation services

The Banco Comercial Português and Banco ActivoBank are entities authorized by the Insurance Institute of Portugal to practice the activity of insurance mediation in the category of Online Insurance Broker, in accordance with Article 8., Paragraph a), point i) of Decree-Law n. º 144/2006, of July 31, developing the activity of insurance intermediation in life and non-life.

Within the insurance mediation services, the banks perform the sale of insurance contracts. As compensation for services rendered for insurance mediation, the Banks receive commissions for arranging contracts of insurance and investment contracts, which are defined in the agreements / protocols established between the Banks and the Insurance Companies.

Commissions received by insurance mediation are recognised in accordance with the principle of accrual, so the commissions which payment occurs at different time period to which it relates, are subject to registration as an amount receivable under Other Assets.

ad) Accounting estimates and judgments in applying accounting policies

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

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

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

Impairment of financial assets available for-sale

The Group determines that financial assets available for-sale are impaired when there has been a significant or prolonged decrease in the fair value below its acquisition cost. This determination of what is significant or prolonged requires judgment. In making this judgment, the Group evaluates among other factors, the volatility in the prices of the financial assets. According to the Group's policies, a 30% depreciation in the fair value of an equity instrument is considered a significant devaluation and the 1year period is assumed to be a prolonged decrease in the fair value below the acquisition cost.

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

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

Impairment losses on loans and advances to customers

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

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

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

Fair value of derivatives

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

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

Held-to-maturity investments

The Group follows the guidance of IAS 39 on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgment. In making this judgment, the Group evaluates its intention and ability to hold such investments to maturity.

If the Group fails to keep these investments to maturity other than for the specific circumstances — for example, selling an insignificant amount close to maturity — it will be required to reclassify the entire class as available-for-sale. The investments would therefore be measured at fair value instead of amortised cost.

Held-to-maturity investments are subject to impairment tests made by the Group. The use of different assumptions and estimates could have an impact on the income statement of the Group.

Securitizations and special purpose entities (SPEs)

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

The Group does not consolidate SPEs that it does not control. As it can sometimes be difficult to determine whether the Group does control an SPE, it makes judgments about its exposure to the risks and rewards, as well as about its ability to make operational decisions for the SPE in question.

The determination of the SPEs that needs to be consolidated by the Group requires the use of estimates and assumptions in determining the respective expected residual gains and losses and which party retains the majority of such residual gains and losses. Different estimates and assumptions could lead the Group to a different scope of consolidation with a direct impact in net income.

In the scope of the application of this accounting policy and in accordance with note 22, the following SPEs resulting from securitization transactions were included in the consolidation perimeter: NovaFinance n.4, Magellan n.2 and 3, Kion n.1 and n.3, Kion CLO Finance n.1, Orchis Sp zo.o, Caravela SME n.2 and Tagus Leasing n.1. The Group did not consolidate the following SPEs also resulting from securitization transactions: Magellan n.1 and n.4. For these SPEs, which are not recognised in the balance sheet, the Group concluded that the main risks and the benefits were transferred, as the Group does not hold any security issued by the SPE that are exposed to the majority of the residual risks, neither is exposed to the performance of the credit portfolios.

Income taxes

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

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

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

Pension and other employees' benefits

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

Changes in these assumptions could materially affect these values.

Goodwill impairment

The goodwill recoverable amount recognised as a Group's asset, is revised annually regardless the existence of impairment losses.

For this purpose, the carrying amount of the business units of the Group for which goodwill has been recognised is compared with the respective recoverable amount. A goodwill impairment loss is recognised when the carrying amount of the business unit exceeds the respective recoverable amount.

In the absence of an available market value, the recoverable amount is determined using cash flows predictions, applying a discount rate that includes a risk premium appropriated to the business unit being tested. Determining the cash flows to discount and the discount rate, involves judgment.

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

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

The amount of this account is comprised of:

	Mar 2013 Euros '000	Mar 2012 Euros '000
Net interest income	182,999	309,384
Net gains/(losses) from trading and hedging assets	33,890	167,771
Net gains/(losses) from financial assets available for sale	41,105	6,289
Net gains/(losses) from financial assets held to maturity	(278)	(22)
	257,716	483,422

3. Net interest income

The amount of this account is comprised of:

	Mar 2013 Euros '000	Mar 2012 Euros '000
Interest and similar income		
Interest on loans and advances	553,200	738,040
Interest on trading securities	4,716	11,944
Interest on available for sale financial assets	81,597	80,087
Interest on held to maturity financial assets	31,527	37,380
Interest on hedging derivatives	39,739	66,823
Interest on derivatives associated to financial instruments through profit and loss account	915	2,892
Interest on deposits and other investments	18,769	28,161
	730,463	965,327
Interest expense and similar charges		
Interest on deposits and inter-bank funding	329,031	458,440
Interest on securities sold under repurchase agreement	2,884	4,397
Interest on securities issued	205,280	179,826
Interest on hedging derivatives	6,223	4,542
Interest on derivatives associated to financial instruments through profit and loss account	748	450
Interest on other financial liabilities valued at fair value through profit and loss account	3,298	8,288
	547,464	655,943
	182,999	309,384

The balance of Interest on loans and advances includes the amount of Euros 17,746,000 (31 March 2012: Euros 15,392,000) related to commissions and other gains which are accounted for under the effective interest method, as referred in the accounting policy described in note 1 m).

The balance Interest on securities issued includes the amount of Euros 66,640,000 related to costs with hybrid instruments qualify as core tier 1 (CoCos) underwritten by the Portuguese State.

4. Dividends from equity instruments

The amount of this account is comprised of:

	Mar 2013 Euros '000	Mar 2012 Euros '000
Dividends from financial assets available for sale	38	294
Other	-	1
	38	295

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

5. Net fees and commissions income

The amount of this account is comprised of:

	Mar 2013 Euros '000	Mar 2012 Euros '000
Fees and commissions received		
From guarantees	22,712	25,833
From credit and commitments	256	42
From banking services	119,297	127,242
From insurance activity	484	451
From other services	66,847	55,662
	209,596	209,230
Fees and commissions paid		
From guarantees	18,913	16,822
From banking services	21,512	20,060
From insurance activity	355	351
From other services	5,717	6,874
	46,497	44,107
	163,099	165,123

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

The amount of this account is comprised of:

	Mar 2013 Euros '000	Mar 2012 Euros '000
Gains arising on trading and hedging activities		
Foreign exchange activity	362,836	490,524
Transactions with financial instruments recognized at fair value through profit and loss		
Held for trading		
Securities portfolio		
Fixed income	8,952	18,608
Variable income	123	3,749
Certificates and structured securities issued	13,627	4,936
Derivatives associated to financial instruments through profit and loss	5,911	50,948
Other financial instruments derivatives	521,711	491,905
Other financial instruments through profit and loss	684	6,875
Repurchase of own issues	3,520	196,730
Hedging accounting		
Hedging derivatives	36,360	40,385
Hedged item	17,834	814
Other activity	20,390	10,422
	991,948	1,315,896
Losses arising on trading and hedging activities		
Foreign exchange activity	341,021	484,951
Transactions with financial instruments recognized at fair value through profit and loss		
Held for trading		
Securities portfolio		
Fixed income	4,342	1,295
Variable income	2,467	4,390
Certificates and structured securities issued	16,127	14,555
Derivatives associated to financial instruments through profit and loss	2,604	26,903
Other financial instruments derivatives	504,510	465,993
Other financial instruments through profit and loss	6,731	59,279
Repurchase of own issues	500	495
Hedging accounting		
Hedging derivatives	49,263	24,652
Hedged item	2,869	51,580
Other activity	27,624	14,032
	958,058	1,148,125
Net gains / (losses) arising from trading and hedging activities	33,890	167,771

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

The amount of this account is comprised of:

	Mar 2013 Euros '000	Mar 2012 Euros '000
Gains arising from financial assets available for sale		
Fixed income	47,818	8,013
Variable income	242	4
Losses arising from financial assets available for sale		
Fixed income	(6,498)	(1,728)
Variable income	(457)	-
	41,105	6,289

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

The amount of this account is comprised of:

	Mar 2013 Euros '000	Mar 2012 Euros '000
Losses arising from financial assets held to maturity	(278)	(22)
	(278)	(22)

9. Other operating income

The amount of this account is comprised of:

	Mar 2013 Euros '000	Mar 2012 Euros '000
Operating income		
Income from services	7,836	8,751
Cheques and others	3,595	3,895
Other operating income	1,449	1,436
	12,880	14,082
Operating costs		
Indirect taxes	6,899	7,130
Donations and quotizations	940	1,078
Specific contribution for the banking sector	8,473	8,461
Specific contribution for the resolution fund	873	-
Other operating expenses	7,376	7,044
	24,561	23,713
	(11,681)	(9,631)

10. Staff costs

The amount of this account is comprised of:

	Mar 2013 Euros '000	Mar 2012 Euros '000
Salaries and remunerations	130,164	146,488
Mandatory social security charges	27,468	34,287
Voluntary social security charges	9,269	12,215
Other staff costs	3,079	1,335
	169,980	194,325

11. Other administrative costs

The amount of this account is comprised of:

	Mar 2013 Euros '000	Mar 2012 Euros '000
Water, electricity and fuel	5,529	5,649
Consumables	1,396	1,796
Rents	33,074	34,280
Communications	7,914	11,446
Travel, hotel and representation costs	2,379	3,030
Advertising	6,235	7,624
Maintenance and related services	7,902	8,910
Credit cards and mortgage	1,003	4,550
Advisory services	3,862	3,205
Information technology services	5,236	5,125
Outsourcing	19,669	21,048
Other specialised services	7,543	7,779
Training costs	240	499
Insurance	1,519	2,631
Legal expenses	2,028	2,064
Transportation	2,707	2,671
Other supplies and services	9,403	10,046
	117,639	132,353

12. Depreciation

The amount of this account is comprised of:

	Mar 2013 Euros '000	Mar 2012 Euros '000
Intangible assets:		
Software	3,694	3,340
Other intangible assets	220	107
	3,914	3,447
Property, plant and equipment:		
Land and buildings	6,221	8,175
Equipment		
Furniture	694	832
Office equipment	639	647
Computer equipment	3,051	3,478
Interior installations	836	975
Motor vehicles	798	722
Security equipment	574	627
Other equipment	660	600
Other tangible assets	-	-
	13,473	16,056
	17,387	19,503

13. Loans impairment

The amount of this account is comprised of:

	Mar 2013 Euros '000	Mar 2012 Euros '000
Loans and advances to credit institutions:		
Loans granted		
Impairment for the period	55	-
Write-back for the period	-	(57)
	55	(57)
Loans and advances to customers:		
Loans granted		
Charge for the period	464,001	373,117
Write-back for the period	(272,305)	(216,161)
Recovery of loans and interest charged-off	(3,369)	(4,602)
	188,327	152,354
	188,382	152,297

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

14. Other financial assets impairment

The amount of this account is comprised of:

	Mar 2013 Euros '000	Mar 2012 Euros '000
Impairment for financial assets available for sale		
Charge for the period	5,828	764
Write-back for the period	-	(66)
	5,828	698
Impairment for financial assets held to maturity		
Charge for the period	-	118
	-	118
	5,828	816

15. Other provisions

The amount of this account is comprised of:

	Mar 2013 Euros '000	Mar 2012 Euros '000
Provision for guarantees and other commitments		
Charge for the period	12,964	11,707
Write-back for the period	(4,695)	(5,449)
	8,269	6,258
Other provisions for liabilities and charges		
Charge for the period	1,969	1,772
Write-back for the period	-	(4)
	1,969	1,768
	10,238	8,026

16. Share of profit of associates under the equity method

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

	Mar 2013 Euros '000	Mar 2012 Euros '000
Millenniumbcp Ageas Group	12,165	15,814
Other companies	1,929	(2,963)
	14,094	12,851

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

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

18. Earnings per share

The earnings per share are calculated as follows:

	Mar 2013 Euros '000	Mar 2012 Euros '000
Net income for the period attributable to shareholders of the Bank from continuing operations	(109,677)	51,919
Dividends from other capital instruments	-	(2,149)
Adjusted net income from continuing operations	(109,677)	49,770
Income arising from discontinued operations	(42,285)	(11,160)
Adjusted net income	(151,962)	38,610
Average number of shares	19,707,167,060	9,892,891,662
Basic earnings per share (Euros):		
from continuing operations	(0.02)	0.02
from discontinued operations	(0.01)	0,00
	(0.03)	0.02
Diluted earnings per share (Euros)		
from continuing operations	(0.02)	0.02
from discontinued operations	(0.01)	0,00
	(0.03)	0.02

Under the Bank’s Capitalisation Plan, the share capital increase was successfully completed, through the issue of ordinary shares in the amount of Euros 500,000,000, with the subscription reserved for shareholders in the exercise of their legal preference right, of 12,500,000,000 new shares. The share capital of the Bank, as at 31 December 2012, amounts to Euros 3,500,000,000 and is represented by 19,707,167,060 nominate and ordinary shares without nominal value, which is fully paid.

In June 2012, the Bank registered a decrease of the share capital from Euros 6,064,999,986 to Euros 3,000,000,000 without altering the number of existing shares without nominal value, being this decrease composed of two separate amounts: a) Euros 1,547,873,439.69, to cover losses recorded in the Bank's individual financial statements for 2011 and b) Euros 1,517,126,546.31, to reinforce future conditions for having funds that may be qualified, under the regulatory provisions, as distributable.

19. Cash and deposits at Central Banks

This balance is analysed as follows:

	Mar 2013 Euros '000	Dec 2012 Euros '000
Cash	634,186	732,616
Central Banks	2,085,899	2,847,930
	2,720,085	3,580,546

The balance Central banks includes deposits with central banks of the countries where the group operates in order to satisfy the legal requirements to maintain a cash reserve calculated based on the value of deposits and other liabilities. The cash reserve requirements, according with the European Central Bank System for Euro Zone, establishes the maintenance of a deposit with the Central Bank equivalent to 1% of the average value of deposits and other liabilities, during each reserve requirement period. The rate is different for countries outside the Euro Zone.

20. Loans and advances to credit institutions repayable on demand

This balance is analysed as follows:

	Mar 2013 Euros '000	Dec 2012 Euros '000
Credit institutions in Portugal	3,203	3,298
Credit institutions abroad	610,548	581,165
Amounts due for collection	163,064	245,221
	776,815	829,684

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

21. Other loans and advances to credit institutions

This balance is analysed as follows:

	Mar 2013 Euros '000	Dec 2012 Euros '000
Central Banks	215,477	242,238
Inter-bank Money Market	-	150,004
Credit institutions in Portugal	44,656	52,029
Credit institutions abroad	1,471,077	1,443,681
	1,731,210	1,887,952
Overdue loans - Over 90 days	1,849	1,795
	1,733,059	1,889,747
Impairment for other loans and advances to credit institutions	(2,289)	(2,358)
	1,730,770	1,887,389

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

	Mar 2013 Euros '000	Mar 2012 Euros '000
Balance on 1 January	2,358	2,416
Transfers	(110)	(37)
Impairment for the period	55	-
Write-back for the period	-	(57)
Exchange rate differences	(14)	-
Balance on 31 March	2,289	2,322

22. Loans and advances to customers

This balance is analysed as follows:

	Mar 2013 Euros '000	Dec 2012 Euros '000
Public sector	940,989	775,391
Asset-backed loans	39,803,782	40,770,529
Personal guaranteed loans	9,873,357	9,472,942
Unsecured loans	3,332,622	3,321,467
Foreign loans	3,219,502	3,402,736
Factoring	932,209	1,053,784
Finance leases	3,566,407	3,702,467
	61,668,868	62,499,316
Overdue loans - less than 90 days	318,743	187,056
Overdue loans - Over 90 days	4,519,018	4,174,588
	66,506,629	66,860,960
Impairment for credit risk	(4,350,674)	(4,242,725)
	62,155,955	62,618,235

As at 31 March 2013, the balance Loans and advances to customers includes the amount of Euros 13,617,162,000 (31 December 2012: Euros 12,920,510,000) regarding mortgage loans which are collaterals for seven asset-back securities, issued by the Group.

During 2012, Banco Comercial Português issued one covered bond in the amount of Euros 2,000,000,000, with a maturity of 3 years. This transaction occurred on 23 August 2012 with an interest rate of Euribor 1M + 0.5%.

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

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

	Mar 2013 Euros '000	Dec 2012 Euros '000
Loans not represented by securities		
Discounted bills	338,939	350,573
Current account credits	3,159,463	3,228,798
Overdrafts	1,698,890	1,619,125
Loans	18,516,355	18,531,143
Mortgage loans	30,145,601	30,730,140
Factoring	932,209	1,053,784
Finance leases	3,566,407	3,702,467
	58,357,864	59,216,030
Loans represented by securities		
Commercial paper	1,854,108	1,813,334
Bonds	1,456,896	1,469,952
	3,311,004	3,283,286
	61,668,868	62,499,316
Overdue loans - less than 90 days	318,743	187,056
Overdue loans - Over 90 days	4,519,018	4,174,588
	66,506,629	66,860,960
Impairment for credit risk	(4,350,674)	(4,242,725)
	62,155,955	62,618,235

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

	Mar 2013 Euros '000	Dec 2012 Euros '000
Agriculture	514,570	502,924
Mining	160,635	153,658
Food, beverage and tobacco	583,513	579,558
Textiles	454,358	448,794
Wood and cork	233,212	229,348
Printing and publishing	355,177	362,126
Chemicals	611,566	633,198
Engineering	981,360	1,005,529
Electricity, water and gas	1,091,518	1,086,650
Construction	4,110,112	4,104,356
Retail business	1,327,043	1,318,129
Wholesale business	2,280,916	2,172,270
Restaurants and hotels	1,389,957	1,379,669
Transports and communications	2,241,164	2,260,289
Services	13,544,990	13,523,937
Consumer credit	4,205,084	4,246,970
Mortgage credit	29,122,449	29,508,763
Other domestic activities	1,312,332	1,308,942
Other international activities	1,986,673	2,035,850
	66,506,629	66,860,960
Impairment for credit risk	(4,350,674)	(4,242,725)
	62,155,955	62,618,235

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

	Traditional	
	Mar 2013 Euros '000	Dec 2012 Euros '000
Mortgage loans	2,178,216	2,226,012
Consumer loans	195,816	231,944
Leases	654,818	709,032
Corporate loans	3,105,284	3,128,165
	6,134,134	6,295,153

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

	Mar 2013 Euros '000	Dec 2012 Euros '000
Gross amount	4,171,924	4,346,984
Interest not yet due	(605,517)	(644,517)
Net book value	3,566,407	3,702,467

The loan portfolio includes customer contracts that resulted in a formal restructuring with customers and the consequent establishment of new funding to replace the previous. The restructuring may result in the reinforce collaterals, and / or liquidation of the credit and involve an extension of maturities or changes in the interest rate. The analysis of restructured loans by sector of activity is as follows:

	Mar 2013 Euros '000	Dec 2012 Euros '000
Agriculture	26,722	24,341
Mining	715	205
Food, beverage and tobacco	2,890	3,165
Textiles	1,600	3,422
Wood and cork	20,343	20,718
Printing and publishing	4,663	2,245
Chemicals	8,247	6,105
Engineering	13,444	15,994
Electricity, water and gas	2,157	3,330
Construction	51,825	47,135
Retail business	29,226	20,713
Wholesale business	53,112	62,959
Restaurants and hotels	6,219	6,026
Transports and communications	10,158	11,445
Services	305,350	303,242
Consumer credit	215,337	208,357
Mortgage credit	379,673	382,617
Other domestic activities	82	198
Other international activities	3,678	2,543
	1,135,441	1,124,760

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

	Mar 2013 Euros '000	Dec 2012 Euros '000
Agriculture	40,705	29,951
Mining	14,852	10,744
Food, beverage and tobacco	51,776	48,165
Textiles	50,695	48,427
Wood and cork	44,902	43,676
Printing and publishing	26,671	19,051
Chemicals	16,719	20,257
Engineering	104,693	100,112
Electricity, water and gas	3,820	2,634
Construction	1,330,097	1,258,792
Retail business	163,710	150,756
Wholesale business	372,626	332,611
Restaurants and hotels	176,299	168,971
Transports and communications	98,848	90,961
Services	1,142,546	871,583
Consumer credit	839,924	824,155
Mortgage credit	309,012	290,763
Other domestic activities	35,572	35,473
Other international activities	14,294	14,562
	4,837,761	4,361,644

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

	Mar 2013 Euros '000	Mar 2012 Euros '000
Impairment for overdue loans and for other credit risks:		
Balance on 1 January	4,242,725	3,487,542
Transfers resulting from changes in the Group's structure	35,050	17,970
Transfers	(1,782)	(3,140)
Impairment for the period	464,001	373,117
Write-back for the period	(272,305)	(216,161)
Loans charged-off	(112,280)	(60,393)
Exchange rate differences	(4,735)	10,141
Balance on 31 March	4,350,674	3,609,076

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

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

	Mar 2013 Euros '000	Dec 2012 Euros '000
Agriculture	56,943	57,199
Mining	13,321	10,958
Food, beverage and tobacco	37,581	40,164
Textiles	27,098	25,423
Wood and cork	38,329	35,658
Printing and publishing	43,446	39,784
Chemicals	35,509	34,883
Engineering	59,759	86,963
Electricity, water and gas	34,152	34,542
Construction	791,406	751,142
Retail business	122,896	118,597
Wholesale business	280,195	262,646
Restaurants and hotels	127,651	125,659
Transports and communications	271,452	271,998
Services	1,279,186	1,225,651
Consumer credit	652,923	639,968
Mortgage credit	317,835	295,724
Other domestic activities	20,805	16,753
Other international activities	140,187	169,013
	4,350,674	4,242,725

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

	Mar 2013 Euros '000	Mar 2012 Euros '000
Agriculture	106	1,248
Mining	181	2,079
Food, beverage and tobacco	1,162	827
Textiles	1,329	1,258
Wood and cork	1,544	805
Printing and publishing	240	391
Chemicals	98	29
Engineering	33,323	899
Electricity, water and gas	2	-
Construction	3,830	8,754
Retail business	2,055	573
Wholesale business	4,117	7,009
Restaurants and hotels	1,000	825
Transports and communications	3,814	812
Services	15,736	3,192
Consumer credit	17,687	23,171
Mortgage credit	738	697
Other domestic activities	104	196
Other international activities	25,214	7,628
	112,280	60,393

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

The analysis of recovered loans and interest, during the first quarter of 2013 and 2012, by sector of activity, is as follows:

	Mar 2013 Euros '000	Mar 2012 Euros '000
Agriculture	3	153
Mining	-	23
Food, beverage and tobacco	15	11
Textiles	76	421
Wood and cork	6	209
Printing and publishing	3	78
Chemicals	15	39
Engineering	8	72
Electricity, water and gas	-	7
Construction	820	135
Retail business	41	110
Wholesale business	241	1,615
Restaurants and hotels	85	7
Transports and communications	29	37
Services	51	514
Consumer credit	1,341	1,119
Mortgage credit	5	-
Other domestic activities	137	51
Other international activities	493	1
	3,369	4,602

23. Financial assets held for trading and available for sale

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

	Mar 2013 Euros '000	Dec 2012 Euros '000
Bonds and other fixed income securities		
Issued by public entities	7,142,621	6,013,872
Issued by other entities	2,614,982	2,590,110
	9,757,603	8,603,982
Overdue securities	4,927	4,929
Impairment for overdue securities	(4,925)	(4,925)
	9,757,605	8,603,986
Shares and other variable income securities	1,050,606	962,186
	10,808,211	9,566,172
Trading derivatives	1,277,335	1,348,165
	12,085,546	10,914,337

The portfolio of financial instruments held for trading and available for sale securities, net of impairment, as at 31 March 2013, is analysed as follows:

	Securities		
	Trading Euros '000	Available for sale Euros '000	Total Euros '000
Fixed income:			
Bonds issued by public entities			
Portuguese issuers	172,699	1,685,761	1,858,460
Foreign issuers	372,366	1,273,586	1,645,952
Bonds issued by other entities			
Portuguese issuers	11,337	373,353	384,690
Foreign issuers	84,706	698,132	782,838
Treasury bills and other Government bonds	13,263	3,624,946	3,638,209
Commercial paper	-	1,452,381	1,452,381
	654,371	9,108,159	9,762,530
Impairment for overdue securities	-	(4,925)	(4,925)
	654,371	9,103,234	9,757,605
Variable income:			
Shares in Portuguese companies	310	66,702	67,012
Shares in foreign companies	5,268	24,522	29,790
Investment fund units	1,369	951,295	952,664
Other securities	1,140	-	1,140
	8,087	1,042,519	1,050,606
Trading derivatives	1,277,335	-	1,277,335
	1,939,793	10,145,753	12,085,546

As referred in the accounting policy presented in note 1 d), the available for sale securities are presented at market value with the respective fair value accounted against fair value reserves, as referred in note 43. The negative amount of fair value reserves of Euros 79,497,000 is presented net of impairment losses in the amount of Euros 136,480,000.

The portfolio of financial instruments held for trading and available for sale securities, net of impairment, as at 31 December 2012, is analysed as follows:

	Securities		
	Trading Euros '000	Available for sale Euros '000	Total Euros '000
Fixed income:			
Bonds issued by public entities			
Portuguese issuers	162,878	1,468,522	1,631,400
Foreign issuers	48,188	966,782	1,014,970
Bonds issued by other entities			
Portuguese issuers	12,621	465,585	478,206
Foreign issuers	84,541	580,030	664,571
Treasury bills and other			
Government bonds	24,259	3,343,243	3,367,502
Commercial paper	-	1,452,262	1,452,262
	332,487	8,276,424	8,608,911
Impairment for overdue securities	-	(4,925)	(4,925)
	332,487	8,271,499	8,603,986
Variable income:			
Companies' shares			
Portuguese companies	335	69,138	69,473
Foreign companies	7,302	23,905	31,207
Investment fund units	1,613	858,869	860,482
Other securities	1,024	-	1,024
	10,274	951,912	962,186
Trading derivatives	1,348,165	-	1,348,165
	1,690,926	9,223,411	10,914,337

As referred in the accounting policy presented in note 1 d), the available for sale securities are presented at market value with the respective fair value accounted against fair value reserves, as referred in note 43. As at 31 December 2012, the amount of fair value reserves of Euros 68,877,000 is presented net of impairment losses in the amount of Euros 130,945,000.

The analysis of financial assets held for trading and available for sale by maturity as at 31 March 2013 is as follows:

	Bonds Euros '000	Shares Euros '000	Other Financial Assets Euros '000	Overdue Securities Euros '000	Total Euros '000
Food, beverage and tobacco	-	-	-	2	2
Wood and cork	-	501	-	361	862
Printing and publishing	-	16	-	998	1,014
Chemicals	-	2	-	-	2
Engineering	-	7	-	-	7
Electricity, water and gas	-	6	-	-	6
Construction	-	1,655	-	2,560	4,215
Wholesale business	-	963	-	475	1,438
Restaurants and hotels	-	74	-	-	74
Transport and communications	81,938	7,020	-	529	89,487
Services	2,532,875	86,480	952,664	2	3,572,021
Other domestic activities	169	16	-	-	185
Other international activities	-	62	1,140	-	1,202
	2,614,982	96,802	953,804	4,927	3,670,515
Government and Public securities	3,504,412	-	3,638,209	-	7,142,621
Impairment for overdue securities	-	-	-	(4,925)	(4,925)
	6,119,394	96,802	4,592,013	2	10,808,211

The analysis of financial assets held for trading and available for sale by maturity as at 31 December 2012 is as follows:

	Bonds Euros '000	Shares Euros '000	Other Financial Assets Euros '000	Overdue Securities Euros '000	Total Euros '000
Food, beverage and tobacco	-	-	-	4	4
Wood and cork	-	501	-	361	862
Printing and publishing	-	33	-	998	1,031
Chemicals	-	2	-	-	2
Engineering	-	6	-	-	6
Electricity, water and gas	150,567	-	-	-	150,567
Construction	-	1,804	-	2,560	4,364
Wholesale business	-	898	-	475	1,373
Restaurants and hotels	-	74	-	-	74
Transport and communications	42,746	7,020	-	529	50,295
Services	2,396,011	90,262	856,354	2	3,342,629
Other domestic activities	786	16	5,152	-	5,954
Other international activities	-	64	-	-	64
	2,590,110	100,680	861,506	4,929	3,557,225
Government and Public securities	2,646,370	-	3,367,502	-	6,013,872
Impairment for overdue securities	-	-	-	(4,925)	(4,925)
	5,236,480	100,680	4,229,008	4	9,566,172

24. Hedging derivatives

This balance is analysed as follows:

	Mar 2013 Euros '000	Dec 2012 Euros '000
Hedging instruments		
Assets:		
Swaps	173,535	186,032
	173,535	186,032
Liabilities:		
Swaps	267,047	301,315
	267,047	301,315

25. Financial assets held to maturity

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

	Mar 2013 Euros '000	Dec 2012 Euros '000
Bonds and other fixed income securities		
Issued by public entities	2,108,041	2,093,921
Issued by other entities	1,307,662	1,475,045
	3,415,703	3,568,966

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

	Mar 2013 Euros '000	Dec 2012 Euros '000
Transport and communications	171,854	170,845
Services	1,135,808	1,304,200
	1,307,662	1,475,045
Government and Public securities	2,108,041	2,093,921
	3,415,703	3,568,966

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

26. Investments in associated companies

This balance is analysed as follows:

	Mar 2013 Euros '000	Dec 2012 Euros '000
Portuguese credit institutions	26,770	25,408
Foreign credit institutions	27,348	26,364
Other Portuguese companies	461,531	455,444
Other foreign companies	9,327	9,764
	524,976	516,980

The balance Investments in associated companies is analysed as follows:

	Mar 2013 Euros '000	Dec 2012 Euros '000
Banque BCP, S.A.S.	22,743	21,734
Banque BCP (Luxembourg), S.A.	4,605	4,630
Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A.	445,274	439,595
SIBS, S.G.P.S, S.A.	15,020	14,612
Unicre - Instituição Financeira de Crédito, S.A.	26,770	25,408
Other	10,564	11,001
	524,976	516,980

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

27. Non current assets held for sale

This balance is analysed as follows:

	Mar 2013 Euros '000	Dec 2012 Euros '000
Subsidiaries acquired exclusively with the purpose of short-term sale	49,101	49,119
Investments, properties and other assets arising from recovered loans	1,584,331	1,554,470
	1,633,432	1,603,589
Impairment	(325,026)	(319,463)
	1,308,406	1,284,126

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

The balance Investments properties and other assets arising from the settlement of credit agreements to customers and includes transactions resulting from (i) delivery of the assets, with an option to repurchase or leasing, accounted with the celebration of the contract or the promise of asset and the respective irrevocable power of attorney issued by the client on behalf of the Bank, or (ii) procurement of goods as a result of the judicial process of guarantees execution, accounted with the title of adjudication or following the adjudication request after the record of the first.

These assets are available for sale in a period less than one year and the Group has a strategy for its sale. However, taking into account the actual market conditions, it is not possible in all instances to conclude the sales in the expected time.

The strategy of alienation is consolidated in active search of buyers, with the Group having a website that advertises these properties, contracts with intermediaries for sales promotion and sales initiatives in real estate auction. Prices are periodically reviewed and adjusted for the continuous adaptation to the market.

The referred balance includes buildings and other assets for which the Group has already established contracts for the sale in the amount of Euros 103,340,000 (31 December 2012: Euros 103,063,000).

The balance Subsidiaries acquired exclusively with the view of short-term sale corresponds to two real estate companies acquired by the Group within the restructuring of a loan exposure and that the Group intends to sell in less than one year. However, taking into account the actual market conditions, it was not possible to conclude the sales in the expected time. Until the date of the sale, the Group continues to consolidate in reserves and income, any changes occurred in the financial situation of the subsidiaries.

28. Investment property

The balance Investment property includes the amount of Euros 540,489,000 (31 December 2012: Euros 544,142,000) related to buildings accounted in the "Fundo de Investimento Imobiliário Imosotto Acumulação", "Fundo de Investimento Imobiliário Gestão Imobiliária", "Fundo de Investimento Imobiliário Imorenda", "Fundo Especial de Investimento Imobiliário Oceânico II", "Fundo Especial de Investimento Imobiliário Fechado Stone Capital", "Fundo Especial de Investimento Imobiliário Fechado Sand Capital", "Fundo de Investimento Imobiliário Fechado Gestimo"and "Fundo Especial de Investimento Imobiliário Fechado Intercapital", which are consolidated under the full consolidation method, as referred in the accounting policy presented in note 1 b).

The buildings are valued in accordance with the accounting policy presented in note 1 r), based on independent assessments and compliance with legal requirements.

29. Property and equipment

This balance is analysed as follows:

	Mar 2013 Euros '000	Dec 2012 Euros '000
Land and buildings	968,252	971,143
Equipment		
Furniture	98,564	98,415
Machines	56,089	56,540
Computer equipment	313,838	316,939
Interior installations	148,454	148,097
Motor vehicles	22,457	20,584
Security equipment	84,571	84,180
Other equipment	44,302	44,886
Work in progress	118,536	115,786
Other tangible assets	462	455
	1,855,525	1,857,025
Accumulated depreciation		
Charge for the period	(13,473)	(56,627)
Accumulated charge for the previous periods	(1,221,130)	(1,174,000)
	(1,234,603)	(1,230,627)
	620,922	626,398

30. Goodwill and intangible assets

This balance is analysed as follows:

	Mar 2013 Euros '000	Dec 2012 Euros '000
Intangible assets		
Software	143,632	151,956
Other intangible assets	55,308	58,129
	198,940	210,085
Accumulated depreciation		
Charge for the period	(3,914)	(14,181)
Accumulated charge for the previous periods	(153,869)	(151,236)
	(157,783)	(165,417)
	41,157	44,668
Goodwill		
Millennium Bank, Societé Anonyme (Greece)	294,260	294,260
Bank Millennium, S.A. (Poland)	164,040	164,040
Real estate and mortgage credit	40,859	40,859
Unicre - Instituição Financeira de Crédito, S.A.	7,436	7,436
Others	15,572	15,570
	522,167	522,165
Impairment		
Millennium Bank, Societé Anonyme (Greece)	(294,260)	(294,260)
Others	(13,519)	(13,519)
	(307,779)	(307,779)
	214,388	214,386
	255,545	259,054

31. Income tax

The deferred income tax assets and liabilities, as at 31 March 2013, generated by temporary differences are analysed as follows:

	Mar 2013		
	Assets Euros '000	Liabilities Euros '000	Net Euros '000
Intangible assets	58	-	58
Other tangible assets	5,964	3,873	2,091
Impairment losses	752,888	5,341	747,547
Benefits to employees	543,988	-	543,988
Financial assets available for sale	8,740	36,089	(27,349)
Derivatives	-	2,798	(2,798)
Allocation of profits	69,504	-	69,504
Tax losses carried forward	549,324	-	549,324
Others	31,023	106,661	(75,638)
Total deferred taxes	1,961,489	154,762	1,806,727
Offset between deferred tax assets and deferred tax liabilities	(151,743)	(151,743)	-
Net deferred taxes	1,809,746	3,019	1,806,727

Deferred income tax assets and liabilities as at 31 December 2012, generated by temporary differences are analysed as follows:

	Dec 2012		
	Assets Euros '000	Liabilities Euros '000	Net Euros '000
Intangible assets	58	-	58
Other tangible assets	5,633	3,851	1,782
Impairment losses	775,176	4,750	770,426
Benefits to employees	565,917	-	565,917
Financial assets available for sale	9,433	37,559	(28,126)
Derivatives	-	2,784	(2,784)
Allocation of profits	68,634	-	68,634
Tax losses carried forward	448,681	-	448,681
Others	31,687	103,732	(72,045)
Total deferred taxes	1,905,219	152,676	1,752,543
Offset between deferred tax assets and deferred tax liabilities	(149,808)	(149,808)	-
Net deferred taxes	1,755,411	2,868	1,752,543

The impact of income taxes in Net (loss) / income and other captions of equity of the Group as at 31 March 2013, is analysed as follows:

	Mar 2013			
	Net (loss) / income Euros '000	Reserves and retained earnings Euros '000	Exchange differences Euros '000	Discontinued operations Euros '000
Deferred taxes				
Other tangible assets	364	-	(56)	-
Impairment losses	(33,809)	11,495	(1,295)	(297)
Benefits to employees	(6,203)	(15,359)	(66)	45
Financial assets available for sale	-	149	(192)	820
Derivatives	870	-	-	-
Allocation of profits	(85)	-	71	-
Tax losses carried forward	85,046	10,946	(42)	4,693
Others	(2,997)	(406)	282	210
	43,186	6,825	(1,298)	5,471
Current taxes				
Actual period	(15,244)	-	-	-
Correction of previous periods estimate	54	-	-	-
	(15,190)	-	-	-
	27,996	6,825	(1,298)	5,471

The impact of income taxes in Net (loss) / income and other captions of equity of the Group as at 31 December 2012, is analysed as follows:

	Dec 2012			
	Net (loss) / income Euros '000	Reserves and retained earnings Euros '000	Exchange differences Euros '000	Discontinued operations Euros '000
Deferred taxes				
Intangible assets	(1)	-	-	-
Other tangible assets	1,385	-	196	-
Impairment losses	156,291	(20,746)	3,136	9,654
Benefits to employees	(42,559)	1,515	533	56
Financial assets available for sale	-	(97,339)	484	(375)
Derivatives	(10,126)	-	-	-
Allocation of profits	821	-	(292)	-
Tax losses carried forward	139,945	21,513	4,629	29,427
Others	(33,268)	-	(5,481)	30,993
	212,488	(95,057)	3,205	69,755
Current taxes				
Actual period	(71,539)	2	-	-
Correction of previous periods estimate	(10,157)	-	-	-
	(81,696)	2	-	-
	130,792	(95,055)	3,205	69,755

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

	Mar 2013		Dec 2012	
	%	Euros '000	%	Euros '000
Net (loss) / income before income taxes		(117,538)		104,446
Current tax rate	29.0%	34,086	29.0%	(30,289)
Foreign tax rate effect and in "Zona Franca da Madeira"	4.9%	5,777	-4.5%	4,717
Accruals for the calculation of taxable income (i)	-11.7%	(13,783)	16.8%	(17,518)
Deductions for the calculation of taxable income (ii)	10.6%	12,467	-9.8%	10,215
Fiscal incentives (iii)	1.6%	1,869	-2.7%	2,857
Effect of the tax losses used / recognised	0.0%	(15)	0.3%	(310)
Effect of deferred tax losses not recognised previously	-0.1%	(127)	-0.4%	388
Tax rate effect (iv)	-10.0%	(11,755)	3.2%	(3,340)
Previous periods corrections	-0.1%	(68)	0.2%	(217)
(Autonomous tax) / tax credits	-0.4%	(455)	1.9%	(489)
	23.8%	27,996	34.0%	(33,986)

32. Other assets

This balance is analysed as follows:

	Mar 2013 Euros '000	Dec 2012 Euros '000
Debtors	222,281	301,878
Supplementary capital contributions	144,712	137,230
Amounts due for collection	16,229	20,671
Recoverable tax	124,042	122,851
Recoverable government subsidies on interest on mortgage loans	15,993	17,272
Associated companies	860	1,896
Interest and other amounts receivable	45,856	28,374
Prepayments and deferred costs	28,879	26,178
Amounts receivable on trading activity	437,784	209,924
Amounts due from customers	95,332	136,815
Reinsurance technical provision	4,533	3,165
Sundry assets	261,040	278,115
	1,397,541	1,284,369
Impairment for other assets	(167,578)	(160,046)
	1,229,963	1,124,323

33. Deposits from credit institutions

This balance is analysed as follows:

	Mar 2013 Euros '000	Dec 2012 Euros '000
Deposits from Central Banks	11,408,615	12,400,010
Deposits from credit institutions in Portugal	171,436	156,831
Deposits from credit institutions abroad	2,364,901	2,708,919
	13,944,952	15,265,760

34. Deposits from customers

This balance is analysed as follows:

	Mar 2013 Euros '000	Dec 2012 Euros '000
Deposits from customers:		
Repayable on demand	14,836,054	14,411,462
Term deposits	34,816,244	32,906,076
Saving accounts	1,791,463	1,750,451
Treasury bills and other assets sold under repurchase agreement	110,122	43,707
Others	319,515	278,170
	51,873,398	49,389,866

In the terms of the Law, the Deposit Guarantee Fund was established to guarantee the reimbursement of funds deposited in Credit Institutions. The criteria to calculate the annual contributions to the referred fund are defined in the Regulation no. 11/94 of the Bank of Portugal.

35. Debt securities issued

This balance is analysed as follows:

	Mar 2013 Euros '000	Dec 2012 Euros '000
Bonds	11,715,061	13,441,773
Others	169,824	106,490
	11,884,885	13,548,263

36. Financial liabilities held for trading

The balance is analysed as follows:

	Mar 2013 Euros '000	Dec 2012 Euros '000
Derivatives		
FRA	1,234	1,432
Swaps	1,111,034	1,169,446
Options	138,335	155,449
Embedded derivatives	946	693
Forwards	4,766	4,821
Others	-	61,353
	1,256,315	1,393,194

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

The balance is analysed as follows:

	Mar 2013 Euros '000	Dec 2012 Euros '000
Deposits from customers	163,968	14,532
Bonds	315,888	314,735
	479,856	329,267

38. Provisions for liabilities and charges

This balance is analysed as follows:

	Mar 2013 Euros '000	Dec 2012 Euros '000
Provision for guarantees and other commitments	118,028	107,470
Technical provision for the insurance activity:		
For direct insurance and reinsurance accepted:		
Unearned premium / reserve	14,321	11,403
Life insurance	52,703	50,814
Bonuses and rebates	2,653	2,286
Other technical provisions	10,797	9,962
Provision for pension costs	4,612	4,440
Other provisions for liabilities and charges	70,371	66,953
	273,485	253,328

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

	Mar 2013 Euros '000	Mar 2012 Euros '000
Balance on 1 January	107,470	100,708
Transfers	2,413	2,836
Charge for the period	12,964	11,707
Write-back for the period	(4,695)	(5,449)
Exchange rate differences	(124)	38
Balance on 31 March	118,028	109,840

39. Subordinated debt

This balance is analysed as follows:

	Mar 2013 Euros '000	Dec 2012 Euros '000
Bonds	4,364,859	4,298,773
	4,364,859	4,298,773

The caption Subordinated debt - Bonds included, as at 31 December 2012, the amount of Euros 3,000,000,000 related to the issue of hybrids subordinated debt instruments eligible as Core Tier I Capital (CoCos), in 29 June 2012 by Banco Comercial Português, S.A. and fully subscribed by the Portuguese State. The instruments are fully reimbursable by the Bank through a five years period and only in special conditions, such as not carry out or lack of payment, are susceptible to convert in Bank's shares.

The referred instruments were issued under the Bank's recapitalization program, using the Euros 12,000,000,000 line available by the Portuguese State, under the scope of the IMF intervention program, in accordance with the law n. 150-A/2012. These instruments are eligible to solvency effects as Core Tier I, allowing the Bank to fulfil the 10% limit of the Core Tier I ratio as at 31 December 2012. However, under the "IAS 32 - Financial Instruments: Presentation for accounting purposes", these instruments are classified as liability, according with its characteristics, namely: (i) obligation condition to pay capital and interests; and (ii) in case of settlement through the delivery of equity securities, the number of securities to delivery is depending on the market value at that date, in order to have the value of the bond settled.

Then, the classification as liability results from the fact that the investor, as holder of the instrument issue, is not exposed to the company equity instruments risk, as always will receive the equivalent amount of the invested value, in cash and in own institution securities in the same amount.

The operation has an interest rate beginning in 8.5% and ending at the maturity at 10% in 2017.

As at 31 March 2013, the characteristics of subordinated debt issued are analysed as follows:

Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
Non Perpetual Bonds					
Banco Comercial Português:					
Mbcp Ob Cx Sub 1 Serie 2008-2018	September, 2008	September, 2018	See reference (i)	251,440	251,440
Mbcp Ob Cx Sub 2 Serie 2008-2018	October, 2008	October, 2018	See reference (i)	70,802	70,802
Bcp Ob Sub Jun 2020 - Emtn 727	June, 2010	June, 2020	See reference (ii)	87,178	90,413
Bcp Ob Sub Aug 2020 - Emtn 739	August, 2010	August, 2020	See reference (iii)	53,298	56,060
Bcp Ob Sub Mar 2021 - Emtn 804	March, 2011	August, 2020	See reference (iv)	114,000	114,000
Bcp Ob Sub Apr 2021 - Emtn 809	April, 2011	April, 2021	See reference (iv)	64,100	64,100
Bcp Ob Sub 3S Apr 2021 - Emtn 812	April, 2011	April, 2021	See reference (iv)	35,000	35,000
Bcp Sub 11/25.08.2019 - Emtn 823	August, 2011	August, 2019	Fixed rate of 6.383%	7,500	8,099
Bcp Subord Sep 2019 - Emtn 826	October, 2011	September, 2019	Fixed rate of 9.310%	50,000	47,133
Bcp Subord Nov 2019 - Emtn 830	November, 2011	November, 2019	Fixed rate of 8.519%	40,000	35,759
Bcp Subord Nov 2019 - Emtn 833	December, 2011	December, 2019	Fixed rate of 7.150%	26,600	22,011
Mill Bcp Subord Jan 2020 - Emtn 834	January, 2012	January, 2020	Fixed rate of 7.010%	14,000	10,930
Mbcp Subord Feb 2020 - Vm Sr. 173	April, 2012	February, 2020	Fixed rate of 9.000%	23,000	19,695
Bcp Subord Apr 2020 - Vm Sr 187	April, 2012	April, 2020	Fixed rate of 9.150%	51,000	44,178
Bcp Subord 2 Serie Apr 2020 - Vm 194	April, 2012	April, 2020	Fixed rate of 9.000%	25,000	21,476
Bcp Subordinadas Jul 20-Emtn 844	July, 2012	July, 2020	Fixed rate of 9.000%	26,250	21,603
Bank Millennium:					
Bank Millennium 2007	December, 2007	December, 2017	Rate of 2.318%	149,892	149,892
Banco de Investimento Imobiliário:					
BII 2004	December, 2004	December, 2014	See reference (v)	15,000	14,990
BCP Finance Bank:					
BCP Fin Bank Ltd EMTN - 295	December, 2006	December, 2016	See reference (vi)	71,209	71,188
BCP Fin Bank Ltd EMTN - 828	October, 2011	October, 2021	Fixed rate of 13.000%	98,150	69,896
Magellan No. 3:					
Magellan No. 3 Series 3 Class F	June, 2005	May, 2058	-	44	44
					1,218,709

(continuation)

Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
Perpetual Bonds					
BCP - Euro 200 millions	June, 2002	-	See reference (vii)	86	46
TOPS BPSM 1997	December, 1997	-	Euribor 6M + 0.900%	22,201	22,752
BCP Leasing 2001	December, 2001	-	See reference (viii)	5,085	5,085
					27,883
CoCos					
Bcp Coco Bonds 12/29.06.2017	June, 2012	June, 2017	See reference (ix)	3,000,000	3,015,143
					3,015,143
Accruals					103,124
					4,364,859

References :

(i) - 1st year 6.000%; 2nd to 5th year Euribor 6M + 1.000%; 6th year and following Euribor 6M + 1.400%
(ii) - Until the 5th year fixed rate of 3.250%; 6th year and following years Euribor 6M + 1.000%
(iii) - 1st year: 3.000%; 2nd year 3.250%; 3rd year 3.500%; 4th year 4.000%; 5th year 5.000%; 6th year and following Euribor 6M + 1.250%
(iv) - Euribor 3M + 3.750% per year
(v) - Until 10th coupon Euribor 6M + 0.400%; After 10th coupon Euribor 6M + 0.900%
(vi) - Euribor 3M + 0.300% (0.800% after December 2011)
(vii) - Until 40th coupon 6.131%; After 40th coupon Euribor 3M + 2.400%
(viii) - Until 40th coupon Euribor 3M + 1.750%; After 40th coupon Euribor 3M + 2.250%
(ix) - 1st year: 8.500%; 2nd year 8.750%; 3rd year 9.000%; 4th year 9.500%; 5th year 10.000%

40. Other liabilities

This balance is analysed as follows:

	Mar 2013 Euros '000	Dec 2012 Euros '000
Creditors:		
Suppliers	29,773	50,388
From factoring operations	8,465	6,444
Associated companies	2	160
Other creditors	207,428	239,974
Public sector	72,715	86,934
Interests and other amounts payable	114,381	98,381
Deferred income	5,935	7,097
Holiday pay and subsidies	55,476	69,370
Other administrative costs payable	1,260	1,313
Amounts payable on trading activity	428,267	35,999
Other liabilities	324,751	349,569
	1,248,453	945,629

41. Share capital, preference shares and other capital instruments

The share capital of the Bank, amounts to Euros 3,500,000,000 and is represented by 19,707,167,060 nominate and ordinary shares without nominal value, which is fully paid.

Under the Bank's Capitalisation Plan, the share capital increase was successfully completed, through the issue of ordinary shares in the amount of Euros 500,000,000, with the subscription reserved for shareholders in the exercise of their legal preference right, of 12,500,000,000 new shares.

In accordance with the Shareholders General Meeting in 31 May of 2012, the Bank reduced the share capital from Euros 6,064,999,986 to Euros 3,000,000,000, without changing the number of shares without nominal value at this date. The reduction included two components: a) Euros 1,547,873,439.69 to cover losses on the individual accounts of the Bank occurred in the year 2011; b) Euros 1,517,126,546.31, to reinforce the future conditions in order to have funds that can be distribute.

42. Legal reserve

Under Portuguese legislation, the Bank is required to set-up annually a legal reserve equal to a minimum of 10 percent of annual profits until the reserve equals the share capital. Such reserve is not normally distributable. In accordance with the proposal of share capital reduction approved in the General Shareholders Meeting held on 31 May 2012, the Bank increase the legal reserves in the amount of Euros 123,892,877.

In accordance with current legislation, the Group companies must set-up annually a reserve with a minimum percentage between 5 and 20 percent of their net annual profits depending on the nature of their economic activity.

43. Fair value reserves, other reserves and retained earnings

This balance is analysed as follows:

	Mar 2013 Euros '000	Dec 2012 Euros '000
Actuarial losses (net of taxes)	(1,847,492)	(1,843,748)
Exchange differences arising on consolidation	(97,478)	(93,159)
Fair value reserves		
Financial assets available for sale		
Potential gains and losses recognised in fair value reserves	127,445	135,787
Fair value hedge adjustments	444	(2,222)
Loans represented by securities (*)	(29)	(30)
Financial assets held to maturity (*)	5,774	5,863
In associated companies and others	(54,137)	(70,521)
Cash-flow hedge	(28,195)	(33,124)
	51,302	35,753
Tax		
Financial assets available for sale		
Potential gains and losses recognised in fair value reserves	(36,194)	(38,331)
Fair value hedge adjustments	(129)	644
Loans represented by securities	8	9
Financial assets held to maturity	(1,674)	(1,700)
Cash-flow hedge	5,357	6,293
	(32,632)	(33,085)
	(1,926,300)	(1,934,239)
Other reserves and retained earnings:		
Legal reserve	600,000	600,000
Statutory reserve	30,000	30,000
Other reserves and retained earnings	1,107,377	2,325,250
Other reserves arising on consolidation	(168,337)	(168,322)
	1,569,040	2,786,928

(*) Refers to the amount not accrued the fair value reserve at the date of reclassification for securities subject to reclassification (see note 23).

The legal reserve changes are analysed in note 42. The Fair value reserves correspond to the accumulated fair value changes of the financial assets available for sale and Cash flow hedge, in accordance with the accounting policy presented in note 1 d).

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

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

44. Treasury stock

This balance is analysed as follows:

	Banco Comercial Português, S.A. shares		Other treasury stock	Total
Mar 2013				
Net book value (Euros '000)	7,566		8,882	16,448
Number of securities	79,650,089	(*)		
Average book value (Euros)	0.09			
Dec 2012				
Net book value (Euros '000)	6,377		7,835	14,212
Number of securities	85,018,572	(*)		
Average book value (Euros)	0.08			

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

(*) As at 31 March 2013, this balance includes 79,650,089 shares (31 December 2012: 85,018,572 shares) owned by clients which were financed by the Bank. Considering the fact that for these clients there is evidence of impairment, under the IAS 39 the shares of the Bank owned by these clients were, only for accounting purposes and in accordance with this standard, considered as treasury stock.

45. Non-controlling interests

This balance is analysed as follows:

	Balance Sheet		Income Statement	
	Mar 2013 Euros '000	Dec 2012 Euros '000	Mar 2013 Euros '000	Mar 2012 Euros '000
Bank Millennium, S.A.	408,652	408,371	9,656	6,723
BIM - Banco Internacional de Moçambique, SA	121,280	114,583	6,773	7,880
Banco Millennium Angola, S.A.	115,420	109,198	3,234	4,212
Other subsidiaries	(3,966)	(4,138)	472	(274)
	641,386	628,014	20,135	18,541

46. Guarantees and other commitments

This balance is analysed as follows:

	Mar 2013 Euros '000	Dec 2012 Euros '000
Guarantees granted	6,166,680	6,421,332
Guarantees received	28,445,923	29,223,557
Commitments to third parties	8,320,450	8,548,959
Commitments from third parties	16,261,902	16,079,980
Securities and other items held for safekeeping on behalf of customers	112,353,623	109,900,993
Securities and other items held under custody by the Securities Depository Authority	137,873,565	135,503,962
Other off balance sheet accounts	164,243,948	163,375,235

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

	Mar 2013 Euros '000	Dec 2012 Euros '000
Guarantees granted:		
Guarantees	4,854,419	5,065,783
Stand-by letter of credit	176,764	196,457
Open documentary credits	236,021	220,991
Bails and indemnities	899,476	938,101
	6,166,680	6,421,332
Commitments to third parties		
Irrevocable commitments		
Term deposits contracts	59,499	4,328
Irrevocable credit lines	1,913,738	2,078,741
Other irrevocable commitments	320,092	308,493
Revocable commitments		
Revocable credit lines	4,738,147	4,889,877
Bank overdraft facilities	1,117,474	1,137,876
Other revocable commitments	171,500	129,644
	8,320,450	8,548,959

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

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

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

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

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

47. Relevant events occurred during 2012

Banco Comercial Português informs about the sale of Millennium Bank in Greece

Successful conclusion of the negotiations between BCP and Piraeus Bank resulting in the signing on 22 April definitive agreements with Piraeus Bank regarding: (i) the sale of the entire share capital of Millennium Bank (Greece) ("MBG") and, (ii) the investment by BCP in the forthcoming capital increase of Piraeus Bank. This agreement falls within the framework that has been defined by the Bank of Greece and the Hellenic Financial Stability Fund ("HFSF") aiming at the restructuring of the Greek banking system and strengthening its financial stability. The terms and conditions of the transactions have been approved by the HFSF. The transactions are expected to be consummated in the second quarter of 2013, subject in particular to the obtaining of final regulatory approvals.

48. Segmental reporting

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

Segments description

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

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

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

The Companies in Portugal segment includes: (i) the Companies network, that covers the financial needs of companies with an annual turnover between Euros 2,500,000 and Euros 50,000,000, and focuses on innovation, offering a wide range of traditional banking products complemented by specialised financing; (ii) the activity of the Real Estate Business Division.

The Corporate & Investment Banking segment includes: (i) the Corporate network in Portugal, targeting corporate and institutional customers with an annual turnover in excess of Euro 50 million, providing a complete range of value-added products and services; (ii) the Investment Banking unit, which specialises in capital markets, providing strategic and financial advisory, specialised financial services – Project finance, Corporate finance, Securities brokerage and Equity research - as well as structuring risk-hedging derivatives products; and (iii) the activity of the Bank's International Division.

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

The Foreign Business segment, for the purpose of geographical segments, comprises the operations outside Portugal, in particular Bank Millennium in Poland, Banque Privée BCP in Switzerland, Banca Millennium in Romania, Millennium bim in Mozambique, Banco Millennium Angola and Millennium bcp Bank & Trust in the Cayman Islands. The Foreign Business segment, in terms of the business segments, comprises the Group operations outside Portugal referred to above, excluding Banque Privée BCP in Switzerland and Millennium bcp Bank & Trust in the Cayman Islands, which are included in the Asset Management and Private Banking segment.

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

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

Business segments activity

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

Considering that the capital allocation process complies with regulatory solvency criteria currently in place, the weighted risk, as well as the capital allocated to segments, are based on Basel II methodology. Following the request submitted by the Bank, the Bank of Portugal authorised the adoption of methodologies based on Internal Rating models (IRB) for the calculation of capital requirements for credit and counterparty risk, covering a substantial part of the risk from the activity in Portugal as from 31 December 2010. In the scope of the Roll-Out Plan for the calculation of capital requirements for credit and counterparty risk, the Bank of Portugal authorised the extension of that methodology to the subclasses of risk “Renewable Retail Positions” and “Other Retail Positions” in Portugal with effect as from 31 December 2011. Afterwards, with effect as from 31 December 2012, the Bank of Portugal authorised the use of own estimates of Credit Conversion Factors (CCF) for exposures of the class of risk “Corporate” in Portugal and the adoption of IRB methodologies for “Loans secured by residential real estate” and “Renewable positions” of the Retail portfolio in Poland.

Additionally, it was adopted the standard approach for operational risk and the internal models approach for general market risk and foreign exchange risk, for the perimeter managed centrally from Portugal. The capital allocation for each segment, resulted from the application of 10% to the risks managed by each segment. Each operation is balanced through internal transfers of funds, with no impact on consolidated accounts.

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

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

Information related to 2012 first quarter is presented on a comparable basis with the information reported in 2013 first quarter, reflecting the current organisational structure of the Group's business areas referred to in the Segment description described above.

The net contributions of each segment include, where applicable, the non-controlling interests. Thus, the net contribution reflects the individual results achieved by its business units, independent of the percentage held by the Group, including the impact of movements of funds described above. The following information is based on financial statements prepared according to IFRS and on the organisational model in place for the Group, as at 31 March 2013.

The Group operates with special emphasis in the Portuguese market, and also in a few affinity markets and in markets of recognised growth potential. Considering this, the geographical segments include Portugal, Poland, Mozambique, Angola and Other. The segment Portugal reflects, essentially, the activities carried out by Banco Comercial Português in Portugal, ActivoBank and Banco de Investimento Imobiliário. The segment Poland includes the business carried out by Bank Millennium (Poland); while the segment Mozambique contains the activity of BIM - Banco Internacional de Moçambique and the segment Angola contains the activity of Banco Millennium Angola. The segment Other, indicated within the geographical segment reporting, comprises the Group’s operations not included in the remaining segments, namely the activities developed in other countries, such as Banque Privée BCP in Switzerland, Banca Millennium in Romania and Millennium bcp Bank & Trust in the Cayman Islands.

Following the signature on 22 April 2013 of a definitive agreement with Piraeus Bank regarding the sale of the entire share capital of Millennium bank in Greece, it is expected that the transactions related to this agreement shall be completed in the second quarter of 2013, subject to the final regulatory approvals. In this context, and according to IFRS 5, Millennium bank in Greece is now classified as a discontinued operation. In segmental reporting, the impact on results is presented on a separate line item in the profit and loss account, defined as income arising from discontinued operations. At balance sheet level, the presentation of assets and liabilities of Millennium bank in Greece has not been changed compared to the criteria considered in previous periods.

As at 31 March, 2013, the net contribution of the major business segments is analysed as follows:

	Commercial Banking			Companies Banking					
	Retail in Portugal	Foreign Business (***)	Total	Companies in Portugal	Corporate and Investment Banking in Portugal	Total	Asset Management and Private Banking	Other	Consolidated
Income statement									
Interest income	137,603	243,387	380,990	95,027	175,539	270,566	30,599	48,308	730,463
Interest expense	(110,725)	(131,504)	(242,229)	(46,952)	(111,684)	(158,636)	(20,022)	(126,577)	(547,464)
Net interest income	26,878	111,883	138,761	48,075	63,855	111,930	10,577	(78,269)	182,999
Commissions and other income	94,741	78,684	173,425	22,250	38,140	60,390	13,884	(4,782)	242,917
Commissions and other costs	(3,217)	(19,364)	(22,581)	(718)	(3,890)	(4,608)	(3,942)	(55,521)	(86,652)
Net commissions and other income	91,524	59,320	150,844	21,532	34,250	55,782	9,942	(60,303)	156,265
Net gains arising from trading activity	8	29,072	29,080	-	277	277	90	45,270	74,717
Staff costs and administrative costs	132,090	105,921	238,011	16,250	16,016	32,266	10,108	7,234	287,619
Depreciations	493	8,094	8,587	66	31	97	79	8,624	17,387
Operating costs	132,583	114,015	246,598	16,316	16,047	32,363	10,187	15,858	305,006
Impairment and provisions	(74,503)	(21,853)	(96,356)	(45,314)	(62,298)	(107,612)	360	(35,551)	(239,159)
Share of profit of associates under the equity method	-	-	-	-	-	-	-	14,094	14,094
Net gain from the sale of other assets	-	5,974	5,974	-	-	-	-	(7,422)	(1,448)
Net income before income tax	(88,676)	70,381	(18,295)	7,977	20,037	28,014	10,782	(138,039)	(117,538)
Income tax	25,608	(12,467)	13,141	(2,304)	(5,811)	(8,115)	(2,157)	25,127	27,996
Income after income tax from continuing operations	(63,068)	57,914	(5,154)	5,673	14,226	19,899	8,625	(112,912)	(89,542)
Income arising from discontinued operations	-	(42,285)	(42,285)	-	-	-	-	-	(42,285)
Net (loss)/income after income tax	(63,068)	15,629	(47,439)	5,673	14,226	19,899	8,625	(112,912)	(131,827)
Non-controlling interests	-	(19,235)	(19,235)	-	-	-	-	(900)	(20,135)
Net (loss)/income after income tax	(63,068)	(3,606)	(66,674)	5,673	14,226	19,899	8,625	(113,812)	(151,962)
Income between segments	33,649	-	33,649	(5,353)	(23,904)	(29,257)	(4,392)	-	-
Balance sheet									
Cash and Loans and advances to credit institutions	2,402,881	2,187,103	4,589,984	1,157,422	12,403,951	13,561,373	2,489,145	(15,412,832)	5,227,670
Loans and advances to customers	24,818,628	15,827,547	40,646,175	10,216,489	12,335,770	22,552,259	1,430,542	(2,473,021)	62,155,955
Financial assets	1,948	3,349,857	3,351,805	-	6,774,618	6,774,618	32,308	5,516,053	15,674,784
Other assets (*)	117,961	905,480	1,023,441	13,021	227,338	240,359	19,392	5,132,767	6,415,959
Total Assets	27,341,418	22,269,987	49,611,405	11,386,932	31,741,677	43,128,609	3,971,387	(7,237,033)	89,474,368
Deposits from other credit institutions	5,444,349	3,401,667	8,846,016	6,730,654	11,181,620	17,912,274	992,790	(13,806,128)	13,944,952
Deposits from customers	19,653,718	16,226,922	35,880,640	1,543,056	9,256,850	10,799,906	2,763,307	2,429,545	51,873,398
Debt securities issued	1,255,896	326,356	1,582,252	1,972,653	8,347,316	10,319,969	12,038	(29,374)	11,884,885
Other financial liabilities held for trading at fair value through profit or loss	157,159	231,920	389,079	246,851	1,044,556	1,291,407	32,170	23,515	1,736,171
Other financial liabilities (**)	21,052	297,357	318,409	22,836	53,155	75,991	4,258	4,233,248	4,631,906
Other liabilities	18,709	444,370	463,079	13,367	65,372	78,739	6,967	985,805	1,534,590
Total Liabilities	26,550,883	20,928,592	47,479,475	10,529,417	29,948,869	40,478,286	3,811,530	(6,163,389)	85,605,902
Equity and non-controlling interests	790,535	1,341,395	2,131,930	857,515	1,792,808	2,650,323	159,857	(1,073,644)	3,868,466
Total Liabilities, Equity and non-controlling interests	27,341,418	22,269,987	49,611,405	11,386,932	31,741,677	43,128,609	3,971,387	(7,237,033)	89,474,368

(*) Includes financial assets held for trading, financial assets held to maturity, financial assets available for sale and hedging derivatives;
(**) Includes subordinated liabilities and hedging derivatives;
(***) The Millennium Bank in Greece is now classified as a discontinued operation, and the impact on results is presented on a separate line called Income arising from discontinued operations. In terms of balance, there was no change, maintaining the criterion considered in previous periods.

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

	Commercial Banking			Companies Banking					
	Retail in Portugal	Foreign Business (***)	Total	Companies in Portugal	Corporate and Investment Banking in Portugal	Total	Asset Management and Private Banking	Other	Consolidated
Income statement									
Interest income	239,940	272,937	512,877	135,883	207,996	343,879	54,416	54,155	965,327
Interest expense	(180,095)	(148,307)	(328,402)	(69,234)	(129,911)	(199,145)	(42,964)	(85,432)	(655,943)
Net interest income	59,845	124,630	184,475	66,649	78,085	144,734	11,452	(31,277)	309,384
Commissions and other income	102,919	66,440	169,359	24,827	68,811	93,638	14,994	(41,347)	236,644
Commissions and other costs	(3,732)	(18,544)	(22,276)	(797)	(2,846)	(3,643)	(4,087)	(46,132)	(76,138)
Net commissions and other income	99,187	47,896	147,083	24,030	65,965	89,995	10,907	(87,479)	160,506
Net gains arising from trading activity	(4)	22,348	22,344	-	(8,825)	(8,825)	253	160,266	174,038
Staff costs and administrative costs	153,781	107,405	261,186	21,461	19,375	40,836	12,682	11,974	326,678
Depreciations	446	8,420	8,866	55	28	83	104	10,450	19,503
Operating costs	154,227	115,825	270,052	21,516	19,403	40,919	12,786	22,424	346,181
Impairment and provisions	(25,239)	(16,786)	(42,025)	(121,116)	(40,338)	(161,454)	(1,661)	7,046	(198,094)
Share of profit of associates under the equity method	-	747	747	-	(24)	(24)	-	12,128	12,851
Net gain from the sale of other assets	-	-	-	-	-	-	-	(8,058)	(8,058)
Net income before income tax	(20,438)	63,010	42,572	(51,953)	75,460	23,507	8,165	30,202	104,446
Income tax	5,853	(12,013)	(6,160)	15,078	(21,883)	(6,805)	(2,282)	(18,739)	(33,986)
Income after income tax from continuing operations	(14,585)	50,997	36,412	(36,875)	53,577	16,702	5,883	11,463	70,460
Income arising from discontinued operations	-	(11,160)	(11,160)	-	-	-	-	-	(11,160)
Net (loss)/income after income tax	(14,585)	39,837	25,252	(36,875)	53,577	67,206	5,883	11,463	59,300
Non-controlling interests	-	(19,666)	(19,666)	-	-	-	-	1,125	(18,541)
Net (loss)/income after income tax	(14,585)	20,171	5,586	(36,875)	53,577	67,206	5,883	12,588	40,759
Income between segments	17,283	-	17,283	(3,020)	(12,027)	(15,047)	(2,236)	-	-
Balance sheet									
Cash and Loans and advances to credit institutions	2,062,002	2,532,291	4,594,293	1,245,528	7,991,815	9,237,343	4,106,604	(12,557,939)	5,380,301
Loans and advances to customers	27,814,731	15,983,018	43,797,749	10,531,813	13,725,303	24,257,116	1,355,263	(1,079,741)	68,330,387
Financial assets	1,527	2,432,146	2,433,673	-	5,698,488	5,698,488	31,655	4,548,425	12,712,241
Other assets (*)	110,071	674,850	784,921	12,167	289,015	301,182	25,210	4,494,406	5,605,719
Total Assets	29,988,331	21,622,305	51,610,636	11,789,508	27,704,621	39,494,129	5,518,732	(4,594,849)	92,028,648
Deposits from other credit institutions	5,596,759	4,573,508	10,170,267	5,056,318	10,435,169	15,491,487	2,183,193	(9,090,676)	18,754,271
Deposits from customers	19,600,663	14,580,696	34,181,359	1,847,051	7,579,548	9,426,599	3,103,305	2,815,025	49,526,288
Debt securities issued	3,556,518	340,614	3,897,132	3,632,386	7,162,090	10,794,476	-	(130,793)	14,560,815
Other financial liabilities held for trading at fair value through profit or loss	373,398	188,689	562,087	381,363	751,946	1,133,309	30,230	(144,079)	1,581,547
Other financial liabilities (**)	6,205	375,762	381,967	6,019	19,582	25,601	1,373	1,127,199	1,536,140
Other liabilities	(161,613)	232,120	70,507	(119,415)	(77,818)	(197,233)	(24,328)	1,660,783	1,509,729
Total Liabilities	28,971,930	20,291,389	49,263,319	10,803,722	25,870,517	36,674,239	5,293,773	(3,762,541)	87,468,790
Equity and non-controlling interests	1,016,401	1,330,916	2,347,317	985,786	1,834,104	2,819,890	224,959	(832,308)	4,559,858
Total Liabilities, Equity and non-controlling interests	29,988,331	21,622,305	51,610,636	11,789,508	27,704,621	39,494,129	5,518,732	(4,594,849)	92,028,648

(*) Includes financial assets held for trading, financial assets held to maturity, financial assets available for sale and hedging derivatives;
(**) Includes subordinated liabilities and hedging derivatives;
(***) The Millennium Bank in Greece is now classified as a discontinued operation, and the impact on results is presented on a separate line called Income arising from discontinued operations. In terms of balance, there was no change, maintaining the criterion considered in previous periods.

As at 31 March, 2013, the net contribution of the major geographic segments is analysed as follows:

	Portugal											
	Retail Banking	Companies	Asset Management and Private Banking	Corporate and Investment Banking	Other	Total	Poland	Greece (***)	Angola	Mozambique	Other	Consolidated
Income statement												
Interest income	137,603	95,027	19,212	175,539	48,308	475,689	170,457	-	22,113	42,144	20,060	730,463
Interest expense	(110,725)	(46,952)	(14,054)	(111,684)	(126,577)	(409,992)	(107,758)	-	(5,435)	(13,862)	(10,417)	(547,464)
Net interest income	26,878	48,075	5,158	63,855	(78,269)	65,697	62,699	-	16,678	28,282	9,643	182,999
Commissions and other income	94,741	22,249	7,636	38,140	(4,782)	157,984	43,712	-	7,298	25,563	8,359	242,916
Commissions and other costs	(3,217)	(718)	(2,306)	(3,890)	(55,521)	(65,652)	(10,572)	-	(798)	(7,511)	(2,118)	(86,651)
Net commissions and other income	91,524	21,531	5,330	34,250	(60,303)	92,332	33,140	-	6,500	18,052	6,241	156,265
Net gains arising from trading activity	8	-	-	277	45,270	45,555	16,286	-	6,810	4,702	1,364	74,717
Staff costs and administrative costs	132,090	16,250	5,067	16,016	7,234	176,657	61,138	-	15,767	21,351	12,706	287,619
Depreciations	493	66	1	31	8,624	9,215	3,446	-	1,791	2,282	653	17,387
Operating costs	132,583	16,316	5,068	16,047	15,858	185,872	64,584	-	17,558	23,633	13,359	305,006
Impairment and provisions	(74,503)	(45,314)	305	(62,298)	(35,551)	(217,361)	(12,630)	-	(4,573)	(3,191)	(1,404)	(239,159)
Share of profit of associates under the equity method	-	-	-	-	14,094	14,094	-	-	-	-	-	14,094
Net gain from the sale of other assets	-	-	-	-	(7,422)	(7,422)	610	-	10	5,354	-	(1,448)
Net income before income tax	(88,676)	7,976	5,725	20,037	(138,039)	(192,977)	35,521	-	7,867	29,566	2,485	(117,538)
Income tax	25,608	(2,304)	(1,632)	(5,811)	25,127	40,988	(7,126)	-	(1,525)	(4,213)	(128)	27,996
Income after income tax from continuing operations	(63,068)	5,672	4,093	14,226	(112,912)	(151,989)	28,395	-	6,342	25,353	2,357	(89,542)
Income arising from discontinued operations	-	-	-	-	-	-	-	(42,285)	-	-	-	(42,285)
Net (loss)/income after income	(63,068)	5,672	4,093	14,226	(112,912)	(151,989)	28,395	(42,285)	6,342	25,353	2,357	(131,827)
Non-controlling interests	-	-	-	-	(900)	(900)	(9,583)	-	(2,992)	(6,660)	-	(20,135)
Net income after income tax	(63,068)	5,672	4,093	14,226	(113,812)	(152,889)	18,812	(42,285)	3,350	18,693	2,357	(151,962)
Income between segments	33,649	(5,353)	(4,392)	(23,904)	-	-	-	-	-	-	-	-
Balance sheet												
Cash and Loans and advances to credit institutions	2,402,881	1,157,424	882,031	12,403,951	(15,412,832)	1,433,455	933,648	308,166	302,157	581,509	1,668,735	5,227,670
Loans and advances to customers	24,818,628	10,216,489	1,027,220	12,335,770	(2,473,021)	45,925,086	9,715,043	4,163,537	504,893	1,040,469	806,927	62,155,955
Financial assets (*)	1,948	-	1,614	6,774,618	5,516,053	12,294,233	2,569,012	136,523	338,839	211,054	125,123	15,674,784
Other assets	117,961	13,021	6,042	227,338	5,132,767	5,497,129	295,438	251,028	185,224	148,004	39,136	6,415,959
Total Assets	27,341,418	11,386,934	1,916,907	31,741,677	(7,237,033)	65,149,903	13,513,141	4,859,254	1,331,113	1,981,036	2,639,921	89,474,368
Deposits from other credit institutions	5,444,349	6,730,654	135,053	11,181,620	(13,806,128)	9,685,548	1,387,601	1,281,083	330,916	180,383	1,079,421	13,944,952
Deposits from customers	19,653,718	1,543,057	1,718,817	9,256,850	2,429,545	34,601,987	10,693,941	2,919,970	838,877	1,453,304	1,365,319	51,873,398
Debt securities issued	1,255,896	1,972,653	12,038	8,347,316	(29,374)	11,558,529	196,270	103,805	-	26,281	-	11,884,885
Other financial liabilities held for trading at fair value through profit or loss	157,159	246,852	1,506	1,044,556	23,515	1,473,588	155,121	76,109	-	-	31,353	1,736,171
Other financial liabilities (**)	21,052	22,836	1,168	53,155	4,233,248	4,331,459	274,323	12,459	2,895	4,068	6,702	4,631,906
Other liabilities	18,709	13,367	4,466	65,372	985,805	1,087,719	162,182	64,546	49,713	164,274	6,156	1,534,590
Total Liabilities	26,550,883	10,529,419	1,873,048	29,948,869	(6,163,389)	62,738,830	12,869,438	4,457,972	1,222,401	1,828,310	2,488,951	85,605,902
Equity and non-controlling interests	790,535	857,515	43,859	1,792,808	(1,073,644)	2,411,073	643,703	401,282	108,712	152,726	150,970	3,868,466
Total Liabilities, Equity and non-controlling interests	27,341,418	11,386,934	1,916,907	31,741,677	(7,237,033)	65,149,903	13,513,141	4,859,254	1,331,113	1,981,036	2,639,921	89,474,368

(*) Includes financial assets held for trading, financial assets held to maturity, financial assets available for sale and hedging derivatives;
(**) Includes subordinated liabilities and hedging derivatives;
(***) The Millennium Bank in Greece is now classified as a discontinued operation, and the impact on results is presented on a separate line called Income arising from discontinued operations. In terms of balance, there was no change, maintaining the criterion considered in previous periods.

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

	Portugal											
	Retail Banking	**Companies**	**Asset Management and Private Banking**	**Corporate and Investment Banking**	**Other**	**Total**	**Poland**	**Greece (***)**	**Angola**	**Mozambique**	**Other**	**Consolidated**
Income statement												
Interest income	239,940	135,883	39,058	207,996	54,155	677,032	182,532	-	24,878	57,361	23,524	965,327
Interest expense	(180,095)	(69,234)	(29,123)	(129,911)	(85,432)	(493,795)	(115,044)	-	(8,070)	(19,689)	(19,345)	(655,943)
Net interest income	59,845	66,649	9,935	78,085	(31,277)	183,237	67,488	-	16,808	37,672	4,179	309,384
Commissions and other income	102,919	24,827	9,694	68,811	(41,347)	164,904	40,509	-	6,004	18,394	6,834	236,645
Commissions and other costs	(3,732)	(797)	(2,447)	(2,846)	(46,132)	(55,954)	(10,036)	-	(675)	(7,415)	(2,059)	(76,139)
Net commissions and other income	99,187	24,030	7,247	65,965	(87,479)	108,950	30,473	-	5,329	10,979	4,775	160,506
Net gains arising from trading activity	(4)	-	-	(8,825)	160,266	151,437	7,359	-	6,990	6,911	1,341	174,038
Staff costs and administrative costs	153,781	21,461	7,267	19,375	11,974	213,858	63,410	-	14,877	20,917	13,616	326,678
Depreciations	446	55	1	28	10,450	10,980	3,366	-	2,197	2,106	854	19,503
Operating costs	154,227	21,516	7,268	19,403	22,424	224,838	66,776	-	17,074	23,023	14,470	346,181
Impairment and provisions	(25,239)	(121,116)	(1,254)	(40,338)	7,046	(180,901)	(9,038)	-	(2,347)	(5,202)	(606)	(198,094)
Share of profit of associates under the equity method	-	-	-	(24)	12,128	12,104	747	-	-	-	-	12,851
Net gain from the sale of other assets	-	-	-	-	(8,058)	(8,058)	-	-	-	-	-	(8,058)
Net income before income tax	(20,438)	(51,953)	8,660	75,460	30,202	41,931	30,253	-	9,706	27,337	(4,781)	104,446
Income tax	5,853	15,078	(2,059)	(21,883)	(18,739)	(21,750)	(6,594)	-	(1,164)	(4,911)	433	(33,986)
Income after income tax from continuing operations	(14,585)	(36,875)	6,601	53,577	11,463	20,181	23,659	-	8,542	22,426	(4,348)	70,460
Income arising from discontinued operations	-	-	-	-	-	-	-	(11,160)	-	-	-	(11,160)
Net (loss)/income after income	(14,585)	(36,875)	6,601	53,577	11,463	20,181	23,659	(11,160)	8,542	22,426	(4,348)	59,300
Non-controlling interests	-	-	-	-	1,125	1,125	(8,160)	-	(4,038)	(7,468)	-	(18,541)
Net income after income tax	(14,585)	(36,875)	6,601	53,577	12,588	21,306	15,499	(11,160)	4,504	14,958	(4,348)	40,759
Income between segments	17,283	(3,020)	(2,236)	(12,027)	-	-	-	-	-	-	-	-
Balance sheet												
Cash and Loans and advances to credit institutions	2,062,002	1,245,528	1,327,173	7,991,815	(12,557,939)	68,579	916,605	823,280	368,626	336,091	2,867,120	5,380,301
Loans and advances to customers	27,814,731	10,531,813	800,022	13,725,303	(1,079,741)	51,792,128	9,669,408	4,601,853	454,856	899,562	912,580	68,330,387
Financial assets	1,527	-	1,649	5,698,488	4,548,425	10,250,089	1,438,157	204,231	370,415	331,409	117,940	12,712,241
Other assets (*)	110,071	12,167	5,690	289,015	4,494,406	4,911,349	166,628	185,206	157,380	137,237	47,919	5,605,719
Total Assets	29,988,331	11,789,508	2,134,534	27,704,621	(4,594,849)	67,022,145	12,190,798	5,814,570	1,351,277	1,704,299	3,945,559	92,028,648
Deposits from other credit institutions	5,596,759	5,056,318	97,032	10,435,169	(9,090,676)	12,094,602	1,644,135	2,111,589	409,824	175,536	2,318,585	18,754,271
Deposits from customers	19,600,663	1,847,051	1,972,860	7,579,548	2,815,025	33,815,147	9,230,487	3,020,178	817,693	1,217,279	1,425,504	49,526,288
Debt securities issued	3,556,518	3,632,386	-	7,162,090	(130,793)	14,220,201	172,567	140,357	-	27,690	-	14,560,815
Other financial liabilities held for trading at fair value through profit or loss	373,398	381,363	-	751,946	(144,079)	1,362,628	76,486	111,410	-	-	31,023	1,581,547
Other financial liabilities (**)	6,205	6,019	428	19,582	1,127,199	1,159,433	363,827	8,400	592	803	3,085	1,536,140
Other liabilities	(161,613)	(119,415)	(5,940)	(77,818)	1,660,783	1,295,997	70,827	(16,225)	26,205	151,475	(18,550)	1,509,729
Total Liabilities	28,971,930	10,803,722	2,064,380	25,870,517	(3,762,541)	63,948,008	11,558,329	5,375,709	1,254,314	1,572,783	3,759,647	87,468,790
Equity and non-controlling interests	1,016,401	985,786	70,154	1,834,104	(832,308)	3,074,137	632,469	438,861	96,963	131,516	185,912	4,559,858
Total Liabilities, Equity and non-controlling interests	29,988,331	11,789,508	2,134,534	27,704,621	(4,594,849)	67,022,145	12,190,798	5,814,570	1,351,277	1,704,299	3,945,559	92,028,648

(*) Includes financial assets held for trading, financial assets held to maturity, financial assets available for sale and hedging derivatives;
(**) Includes subordinated liabilities and hedging derivatives;
(***) The Millennium Bank in Greece is now classified as a discontinued operation, and the impact on results is presented on a separate line called Income arising from discontinued operations. In terms of balance, there was no change, maintaining the criterion considered in previous periods.

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

Description of the relevant items of reconciliation:

	Mar 2013 Euros '000	Mar 2012 Euros '000
Net contribution (excluding minority interest effect)		
Retail Banking in Portugal	(63,068)	(14,585)
Companies	5,673	(36,875)
Corporate and Investment Banking	14,226	53,577
Asset Management and Private Banking	4,093	6,601
Foreign Business	20,162	39,119
of which: discontinued operations	(42,285)	(11,160)
	(18,914)	47,837
Impact on the Net interest income of the allocation of capital (1)	1,634	(1,369)
	(20,548)	49,206
Amounts included in the aggregate Others (not allocated to segments):		
Non-controlling interests (2)	(20,135)	(18,541)
Operating expenses (3)	(15,858)	(22,424)
Loan impairment and other provisions (4)	(35,551)	7,046
Equity accounted earnings	14,094	12,851
Own Credit Risk	(2,429)	(19,369)
Gains on repurchase of own issues (liability management)	-	95,575
Impact on net interest income of the liability management operations	(52,192)	(51,180)
Cost of debt issue with Stat Guarantee	(17,254)	(15,445)
Others (5)	(2,089)	3,040
Total not allocated to segments	(131,414)	(8,447)
Consolidated net income	(151,962)	40,759

(1) Represents the impact on net interest income due to allocation of capital. The balance sheet items of each subsidiary and each business unit are recalculated considering the replacement of accounting equity by the amounts assigned through the allocation within the strict fulfilment of solvency regulatory criteria.
(2) Corresponds mainly to the income attributable to third parties related to the subsidiaries in Poland, in Mozambique and in Angola.
(3) Includes difference in costs allocated to the segments, namely those connected with corporate areas and strategic projects.
(4) Includes provisions for property in kind, administrative infractions, various contingencies and other unallocated to commercial networks.
(5) Includes funding for non interest bearing assets and the financial strategies as well as tax effect associated with the items previously discriminated.

49. List of subsidiary and associated companies of Banco Comercial Português Group

As at 31 March 2013 the Banco Comercial Português Group's subsidiary companies included in the consolidated accounts using the full consolidation method were as follows:

Subsidiary companies	Head office	Share capital	Currency	Activity	Group % control	Group % held	Bank % held
Banco de Investimento Imobiliário, S.A.	Lisbon	217,000,000	EUR	Banking	100.0	100.0	100.0
Banco ActivoBank, S.A.	Lisbon	41,000,000	EUR	Banking	100.0	100.0	–
Banca Millennium S.A.	Bucharest	303,195,000	RON	Banking	100.0	100.0	–
Banco Millennium Angola, S.A.	Luanda	4,009,893,495	AOA	Banking	50.1	50.1	50.1
Bank Millennium, S.A.	Warsaw	1,213,116,777	PLN	Banking	65.5	65.5	65.5
Banque Privée BCP (Suisse) S.A.	Geneve	70,000,000	CHF	Banking	100.0	100.0	–
BIM - Banco Internacional de Moçambique, S.A.	Maputo	4,500,000,000	MZN	Banking	66.7	66.7	–
Millennium Bank, Societe Anonyme	Athens	219,479,300	EUR	Banking	100.0	100.0	–
Millennium bcp Bank & Trust	George Town	340,000,000	USD	Banking	100.0	100.0	–
BCP Finance Bank, Ltd.	George Town	246,000,000	USD	Banking	100.0	100.0	–
BCP Finance Company	George Town	202,176,181	EUR	Investment	100.0	15.3	–
Caracas Financial Services, Limited	George Town	25,000	USD	Financial Services	100.0	100.0	100.0
Millennium Fin Commerce of Vehicles, Vessels, Devices and Equipment, Societe Anonyme	Athens	960,000	EUR	Investment	100.0	100.0	–
MB Finance AB	Stockholm	500,000	SEK	Investment	100.0	65.5	–
Millennium BCP - Escritório de Representações e Serviços, Ltda.	Sao Paulo	40,596,536	BRL	Financial Services	100.0	100.0	100.0
ALO Investments B.V.	Amsterdam	18,000	EUR	Holding company	100.0	100.0	–
BCP Investment B.V.	Amsterdam	620,774,050	EUR	Holding company	100.0	100.0	100.0
bcp holdings (usa), Inc.	Newark	250	USD	Holding company	100.0	100.0	–
BII Internacional, S.G.P.S., Lda.	Funchal	25,000	EUR	Holding company	100.0	100.0	–
Bitalpart, B.V.	Rotterdam	19,370	EUR	Holding company	100.0	100.0	100.0
Millennium bcp Participações, S.G.P.S., Sociedade Unipessoal, Lda.	Funchal	25,000	EUR	Holding company	100.0	100.0	100.0
BCP Capital - Sociedade de Capital de Risco, S.A.	Lisbon	2,000,000	EUR	Venture capital	100.0	100.0	100.0
BG Leasing, S.A.	Gdansk	1,000,000	PLN	Leasing	74.0	48.5	–
BII Investimentos International, S.A.	Luxembourg	150,000	EUR	Investment fund management	100.0	100.0	–
Imábida - Imobiliária da Arrábida, S.A. (*)	Oeiras	1,750,000	EUR	Real-estate management	100.0	100.0	100.0
Interfundos - Gestão de Fundos de Investimento Imobiliários, S.A.	Lisbon	1,500,000	EUR	Investment fund management	100.0	100.0	100.0
Millennium bcp - Prestação de Serviços, A. C. E.	Lisbon	331,000	EUR	Services	93.8	94.3	75.8
Millennium Dom Maklerski, S.A.	Warsaw	16,500,000	PLN	Brokerage services	100.0	65.5	–

Subsidiary companies	Head office	Share capital	Currency	Activity	Group % control	Group % held	Bank % held
Millennium Leasing, Sp.z o.o.	Warsaw	48,195,000	PLN	Leasing	100.0	65.5	–
Millennium Service, Sp.z o.o.	Warsaw	1,000,000	PLN	Services	100.0	65.5	–
Millennium Telecomunication, Sp.z o.o.	Warsaw	100,000	PLN	Brokerage services	100.0	65.5	–
Millennium TFI - Towarzystwo Funduszy Inwestycyjnych, S.A.	Warsaw	10,300,000	PLN	Investment fund management	100.0	65.5	–
Millennium bcp Gestão de Activos - Sociedade Gestora de Fundos de Investimento, S.A.	Oeiras	6,720,691	EUR	Investment fund management	100.0	100.0	100.0
Millennium bcp Teleserviços - Serviços de Comércio Electrónico, S.A.	Lisbon	50,004	EUR	Videotext services	100.0	100.0	100.0
Millennium Mutual Funds Management Company, Societe Anonyme	Athens	1,176,000	EUR	Investment fund management	100.0	100.0	–
MBCP REO I, LLC	Delaware	370,174	USD	Real-estate management	100.0	100.0	–
MBCP REO II, LLC	Delaware	5,971,574	USD	Real-estate management	100.0	100.0	–
Millennium bcp Imobiliária, S.A.	Lisbon	50,000	EUR	Real-estate management	99.9	99.9	99.9
Propaço- Sociedade Imobiliária De Paço D'Arcos, Lda	Oeiras	5,000	EUR	Real-estate company	52.7	52.7	52.7
QPR Investmentos, S.A. (*)	Lisbon	50,000	EUR	Advisory and services	100.0	100.0	100.0
Servitrust - Trust Management Services S.A.	Funchal	100,000	EUR	Trust services	100.0	100.0	100.0
TBM Sp.z o.o.	Warsaw	500,000	PLN	Advisory and services	100.0	65.5	–

(*) - Companies classified as non-current assets held for sale

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

As at 31 March 2013 the associated companies, were as follows:

Associated companies	Head office	Share capital	Currency	Activity	Group % control	Group % held	Bank % held
Banque BCP, S.A.S.	Paris	84,164,803	EUR	Banking	19.9	19.9	19.9
Banque BCP (Luxembourg), S.A.	Luxembourg	16,000,000	EUR	Banking	19.9	19.9	–
Academia Millennium Atlântico	Luanda	47,500,000	AOA	Education	33.0	16.5	–
ACT-C-Indústria de Cortiças, S.A.	Sta.Maria Feira	17,923,625	EUR	Extractive industry	20.0	20.0	20.0
Baía de Luanda - Promoção, Montagem e Gestão de Negócios, S.A.	Luanda	19,200,000	USD	Services	10.0	10.0	–
Beira Nave	Maputo	2,849,640	MZN	Naval shipyards	22.8	13.7	–
Constellation, S.A.	Maputo	1,053,500,000	MZN	Property management	20.0	12.0	–
Luanda Waterfront Corporation	George Town	10,810,000	USD	Services	10.0	10.0	–

Associated companies	Head office	Share capital	Currency	Activity	Group % control	Group % held	Bank % held
Lubuskie Fabryki Mebli, S.A.	Swiebodzin	13,400,050	PLN	Furniture manufacturer	50.0	32.8	–
Nanium, S.A.	Vila do Conde	15,000,000	EUR	Electronic equipments	41.1	41.1	41.1
Pomorskie Hurtowe Centrum Rolno - Spożywcze S.A.	Gdansk	21,357,000	PLN	Wholesale business	38.4	25.2	–
Quinta do Furão - Sociedade de Animação Turística e Agrícola de Santana, Lda	Funchal	1,870,492	EUR	Turism	31.3	31.3	31.3
SIBS, S.G.P.S, S.A.	Lisbon	24,642,300	EUR	Banking services	21.9	21.9	21.5
Sicit - Sociedade de Investimentos e Consultoria em Infra-Estruturas de Transportes, S.A	Oeiras	50,000	EUR	Advisory and services	25.0	25.0	25.0
UNICRE - Instituição Financeira de Crédito, S.A.	Lisbon	10,000,000	EUR	Credit cards	32.0	32.0	31.7
VSC - Aluguer de Veículos Sem Condutor, Lda.	Lisbon	12,500,000	EUR	Long term rental	50.0	50.0	–

As at 31 March 2013 the Banco Comercial Português Group's subsidiary and associated insurance companies included in the consolidated accounts under the full consolidation method and equity method were as follows:

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

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