Millennium bcp

Earnings Press Release

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

8 February 2013

Millennium bcp earnings release as at 31 December 2012

- Initiated discussions of an exclusive nature with Piraeus Bank with regards to a potential sale of the Greek operation. No final decision has yet been made and therefore no investment decision should be made in reliance upon the outcome of these discussions

LIQUIDITY
significantly reinforced

- Commercial gap improvement: commercial gap reduction by Euro 7.3 billion from December 2011, with loan to deposits ratio (BoP) at 129% and net loans to balance sheet customer funds standing at 112%

- Balance sheet customer funds up 5.1% versus last year, with customer deposits growth in Portugal

- Loans to customers evolution in line with liquidity plan: -6.5% versus December 2011

CAPITAL
comfortably above requirements

- Core tier I reaches 12.4% according to BoP, already including the 2012 results, significantly higher than the 9.3% as at December 2011
  Core tier I reaches 9.8% according to EBA (11.4% adjusted for 31 December 2012 buffer values)

PROFITABILITY
showing signs of recovery

- Consolidated net income at Euro -1.219 million, penalised by impairment for estimated losses and results associated with the Greek operation in the amount of Euro -694 million

- Net income in Poland, Mozambique and Angola of Euro 236 million

- Creating the conditions to recover profitability in Portugal:
  - reversing net interest income trend
  - implementing the restructuring programme with future annual savings above Euro 30 million
  - lower past due loans entries

With the restructuring carried out (capital and liquidity reinforcement and organisation streamlining) we are better prepared for the future and to support the economy

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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 Dec. 12	31 Dec. 11	Change 12 / 11
Balance sheet			
Total assets	89,744	93,482	-4.0%
Loans to customers (gross)	66,861	71,533	-6.5%
Total customer funds	68,547	65,530	4.6%
Balance sheet customer funds	55,768	53,060	5.1%
Customer deposits	49,390	47,516	3.9%
Loans to customers, net / Customer deposits (1)	128%	145%	
Loans to customers, net / Customer deposits (2)	129%	143%	
Results			
Net income	(1,219.1)	(848.6)	
Net interest income	1,023.6	1,579.3	-35.2%
Net operating revenues	2,180.6	2,569.6	-15.1%
Operating costs	1,458.6	1,634.2	-10.7%
Loan impairment charges (net of recoveries)	1,684.2	1,331.9	26.4%
Other impairment and provisions	352.8	825.1	-57.2%
Income taxes			
Current	81.7	66.9	22.2%
Deferred	(259.5)	(525.7)	-
Profitability			
Net operating revenues / Average net assets (1)	2.4%	2.6%	
Return on average assets (ROA) (3)	-1.3%	-0.8%	
Income before taxes and non-controlling interests / Average net assets (1)	-1.4%	-1.3%	
Return on average equity (ROE)	-35.4%	-22.0%	
Income before taxes and non-controlling interests / Average equity (1)	-32.6%	-28.0%	
Credit quality			
Overdue and doubtful loans / Total loans (1)	8.1%	6.2%	
Overdue and doubtful loans, net / Total loans, net (1)	1.9%	1.4%	
Credit at risk / Total loans (1)	13.1%	10.1%	
Credit at risk, net / Total loans, net (1)	7.2%	5.5%	
Impairment for loan losses / Overdue loans by more than 90 days	101.6%	109.1%	
Efficiency ratios (1) (4)			
Operating costs / Net operating revenues	66.6%	58.6%	
Operating costs / Net operating revenues (Portugal)	69.1%	60.2%	
Staff costs / Net operating revenues	37.1%	32.1%	
Capital			
Own funds	6,773	5,263	
Risk weighted assets	53,271	55,455	
Core Tier I (1)	12.4%	9.3%	
Tier I (1)	11.7%	8.6%	
Total (1)	12.7%	9.5%	
Branches			
Portugal activity	839	885	-5.2%
Foreign activity	860	837	2.7%
Employees			
Portugal activity	8,982	9,959	-9.8%
Foreign activity	11,383	11,549	-1.4%

(1) According to Instruction no. 23/2011 from the Bank of Portugal.
(2) Calculated in accordance with the definition from the Bank of Portugal.
(3) Considering net income before non-controlling interests.
(4) Excludes the impact of specific items.

RESULTS AND ACTIVITY IN 2012

RESULTS

Millennium bcp's **consolidated net income** was negative by Euro 1,219.1 million in 2012, compared with a negative amount of Euro 848.6 million posted in 2011.

Consolidated net income was hindered by the accounting of impairment for estimated losses together with the net losses posted by the subsidiary in Greece, in the global amount of Euro 693.6 million. Excluding this impact, consolidated net income was Euro -525.4 million in 2012.

Consolidated net income was also penalised by the impairment and provision charged in the activity in Portugal, in the amount of Euro 1,236.0 million, which includes the reinforcement in impairment charges in 2012, in the scope of the On-site Inspections Programme ("OIP"), in the amount of Euro 290.0 million.

In the international activity, highlights include the favourable performance of Bank Millennium in Poland, excluding the foreign exchange effect of the zloty against the euro, and of Banco Millennium Angola.

Consolidated net income for 2012 also includes:

- the unfavourable impact on net interest income of the liability management operations, completed in 2011, in the amount of Euro 195.3 million, and of the issuance in 2012 of hybrid securities subscribed by the Portuguese State, in the amount of Euro 134.9 million;
- the accounting of a cost in the amount of Euro 69.2 million related to commissions from the issuance by the Bank of debt securities guaranteed by the Portuguese Republic;
- the accounting under staff costs of a component associated with the restructuring programme and early retirements, in the global amount of Euro 69.4 million, despite the favourable impact of the legislative change related to the mortality allowance, of Euro 64.0 million;
- the repurchase of own debt securities which led to a capital gain of Euro 184.3 million; and
- the gains associated with Portuguese sovereign debt of Euro 106.0 million.

Consolidated net income for 2011 comprises:

- the losses associated with the portfolio of Portuguese sovereign debt of Euro 128.2 million;
- the reinforcement of impairment charges, in the scope of the Special Inspections Programme ("SIP"), in the amount of Euro 381.0 million;
- the accounting recognition of impairment losses of Greek sovereign debt securities in the amount of Euro 533.5 million;
- the recognition of impairment relative to the remaining goodwill of Millennium bank in Greece of Euro 147.1 million;
- the costs associated to the partial transfer of liabilities with pensions of retired employees and pensioners to the General Social Security Scheme of Euro 164.8 million;
- the recording of early retirements costs of Euro 12.3 million;
- the reversal of provisions related to the pension fund of former members of the Executive Board of Directors and the complementary plan for employees, in the global amount of Euro 48.3 million; and
- the recognition of deferred tax assets in the amount of Euro 132.5 million in the scope of the restructuring process of the Group's shareholdings.

Net interest income totalled Euro 1,023.6 million in 2012, compared with Euro 1,579.3 million in 2011.

The performance of net interest income in the activity in Portugal was hindered (i) by the evolution in opposite directions of the 3-month Euribor interest rate and the average costs of customer deposits and (ii) by the negative business volume effect, reflecting mostly the performance of the portfolio of loans to customers.

In 2012, net interest income includes the impacts associated with the issuance of hybrid securities subscribed by the Portuguese State, with the liability management operation completed in the second half of 2011 and with the higher cost related to term deposits compared with the previous year, while, benefiting from the adjustment of credit pricing to customer risk profiles. However, in the fourth quarter of 2012, net interest income in Portugal showed a positive evolution when compared with the preceding quarter, reversing the trend seen in previous quarters, particularly because of the downward trend of the remuneration of term deposits during the year.

In the international activity, the performance of net interest income was hindered by Millennium bank in Greece, despite the favourable evolution evidenced in Bank Millennium in Poland and in Banco Millennium Angola.

The net interest margin stood at 1.23% in 2012, which compares with 1.74% in 2011.

AVERAGE BALANCES

Euro million

	31 Dec.12		31 Dec.11	
	Balance	Yield %	Balance	Yield %
Deposits in banks	4,458	1.36	4,363	1.67
Financial assets	11,080	4.36	12,247	4.16
Loans and advances to customers	66,355	4.48	72,783	4.45
Interest earning assets	**81,893**	**4.29**	**89,393**	**4.27**
Non-interest earning assets	8,736		7,838	
	90,629		**97,231**	
Amounts owed to credit institutions	17,048	1.41	19,956	1.71
Amounts owed to customers	47,747	3.18	46,821	2.92
Debt issued and financial liabilities	15,591	3.56	19,732	2.55
Subordinated debt	2,764	7.13	1,504	3.18
Interest bearing liabilities	**83,150**	**3.02**	**88,013**	**2.57**
Non-interest bearing liabilities	3,273		3,708	
Shareholders' equity and non-controlling interests	4,206		5,510	
	90,629		**97,231**	
Net interest margin		1.23		1.74

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

Net commissions totalled Euro 690.8 million in 2012, which compares with Euro 789.4 million 2011, reflecting the cost related to guarantee granted by the Portuguese State to debt securities issued by the Bank. Excluding this impact, net commissions decreased 3.7% from 2011.

The performance of net commissions in 2012 reflected essentially:
- a lower level of net commissions related with the banking business (-2.0%), influenced by the activity in Portugal, despite the increase of 10.6% in the international activity. Nevertheless, commissions associated with universal banking services provided showed a favourable evolution from the previous year, benefiting from the review of transactional pricing, including fees associated with overdrafts and intervention;
- a drop in commissions related with the financial markets (-13.0%), reflecting the evolution in both the activity in Portugal and the international activity due to the persistence of uncertainty in capital markets, leading to an unfavourable performance in the management of financial investments; and
- the cost associated with the issuance of debt securities by the Bank guaranteed by the Portuguese Republic, in the amount of Euro 69.2 million, posted in 2012.

The net trading income stood at Euro 462.8 million in 2012, which compares with Euro 207.6 million in 2011.

Net trading income in 2012 includes, fundamentally, the gains accounted in the activity in Portugal related to the capital gain from the repurchase of debt securities issued by the Bank, in the amount of Euro 184.3 million, and the gains associated with Portuguese sovereign debt securities of Euro 106.0 million. These impacts were partially offset by the losses related to financial instruments at fair value option, in the amount of Euro 30.0 million, and to the sales of loan operations, in the amount of Euro 25.6 million.

Net trading income in 2011 was influenced by the losses related to Portuguese sovereign debt securities (Euro 128.2 million), by the change in fair value related to credit risk of financial instruments at fair value option (Euro 20.6 million) and by the sales of loan operations (Euro 57.2 million), only partially offset by the gains from the repurchase operations of own debt securities issued.

In the international activity, net trading income went from Euro 243.7 million in 2011 to Euro 150.9 million in 2012, essentially reflecting the evolution of trading and derivative operations, despite the higher results from foreign exchange activity.

Other net operating income was negative by Euro 56.1 million in 2012, compared with net losses of Euro 22.7 million in the previous year. In 2011, other net operating income in Portugal comprised the positive impact from the adjustment of insurance premiums related with pensions, in the amount of Euro 18.9 million.

The evolution of other net operating income was mostly influenced by the activity in Portugal, due to the impact in the costs component of taxes determined in the amount of Euro 30.4 million in 2012 (Euro 22.0 million in 2011) and of the extraordinary tax contribution from the banking sector of Euro 33.9 million (Euro 32.0 million in 2011), in conjunction with the losses associated with the re-evaluation of assets (including repossessed assets), despite the favourable effect of gains obtained from banking services provided.

Equity accounted earnings were up to Euro 55.7 million in 2012 from Euro 14.6 million posted in 2011, driven by the favourable performance of Millenniumbcp Ageas and the consequent higher appropriation of results associated to the 49% shareholding in this insurance Group.

OTHER NET INCOME

Euro million

	31 Dec. 12	31 Dec. 11	Change 12/11
Net commissions	**690.8**	**789.4**	**-12.5%**
Banking commissions	655.0	668.7	-2.0%
Cards	182.6	184.5	-1.1%
Credit and guarantees	175.2	184.9	-5.2%
Bancassurance	60.4	72.7	-16.9%
Other commissions	236.9	226.6	4.5%
Market related commissions	104.9	120.7	-13.0%
Securities	62.3	73.8	-15.5%
Asset management	42.6	46.9	-9.1%
Commissions related with the State guarantee	(69.2)	-	
Net trading income	**462.8**	**207.6**	122.9%
Other net operating income	**(56.1)**	**(22.7)**	**-**
Dividends from equity instruments	**3.9**	**1.4**	**-**
Equity accounted earnings	**55.7**	**14.6**	**-**
Total other net income	**1,157.0**	**990.3**	**16.8%**
Other net income / Net operating revenues	53.1%	38.5%	

Operating costs declined 10.7% to Euro 1,458.6 million in 2012, from Euro 1,634.2 million accounted in 2011.

The evolution of operating costs includes: (i) the favourable impact of the legislative change related to the mortality allowance, in the amount of Euro 64.0 million, accounted in the second quarter of 2012; (ii) the accounting of costs associated with early retirements and mutually agreed exits, in particular as part of the restructuring programme, in the global amount of Euro 69.4 million in 2012 (Euro 12.3 million in 2011 related to early retirements costs); (iii) the reversal of provisions related to the pension fund of former members of the Executive Board of Directors and the complementary plan for employees, in the global amount of Euro 48.3

million, posted in 2011; and (iv) the expenses associated with the partial transfer of liabilities with pensions of retired employees and pensioners to the General Social Security Scheme, in the amount of Euro 164.8 million posted in 2011.

Excluding these impacts, operating costs were down by 3.5%, benefiting from the decreases of 3.3% in other administrative costs, of 18.8% in depreciation, and of 1.8% in staff costs.

In the activity in Portugal, operating costs include the effects previously mentioned. Excluding these effects, costs decreased 5.0% from 2011, reflecting the lower costs associated with other administrative costs (-6.4%), staff costs (-3.2%) and depreciation (-15.5%).

In the international activity, operating costs were down by 1.1% to Euro 587.1 million in 2012, compared to Euro 593.8 million in 2011, benefiting from the reduction of costs evidenced by the subsidiary companies in Greece and in Poland, which more than offset the increases in Millennium bim in Mozambique and in Banco Millennium Angola, reflecting the reinforcement of the operational infrastructure and the support for the organic growth strategy underway in these two markets.

The consolidated cost-to-income ratio, excluding specific items, stood at 66.6% in 2012, which compares with 58.6% in 2011, while the activity in Portugal stood at 69.1% in 2012, compared with 60.2% in 2011.

Staff costs stood at Euro 815.4 million in 2012 (Euro 953.6 million in 2011). However, staff costs excluding the previously mentioned impacts stood at Euro 810.0 million in 2012, evidencing a decrease of 1.8% from Euro 824.9 million posted in 2011.

This evolution of staff costs were influenced by the 3.2% decrease in the activity in Portugal, despite the increase of 1.0% in the international activity.

In the international activity, staff costs reflect the increase posted by the subsidiary companies in Mozambique, Angola and Poland, driven by the impact of the rise in the number of employees, from the end of 2011, in those two operations, aiming to reinforce their operational capabilities associated with expansion of the respective distribution networks.

Other administrative costs fell 3.3% to Euro 565.2 million in 2012, from Euro 584.5 million in 2011, benefiting from the efforts carried out by the Group to rationalise and contain costs and, especially, the resizing of the branch network in Portugal, highlighting the savings achieved in costs associated with outsourcing, insurance, rent, advertising and travelling.

In the activity in Portugal, other administrative costs declined 6.4%, in particular due to the effect aforementioned of the distribution network resizing, while in the international activity they rose slightly (+0.4%), reflecting the higher expenses evidenced by the subsidiary companies in Mozambique and Angola, following the expansion of the local distribution networks, an effect which was largely offset by the reductions in other administrative costs in Millennium bank in Greece and Bank Millennium in Poland.

Depreciation costs fell 18.8% to Euro 78.1 million in 2012, from Euro 96.1 million in 2011.

This evolution reflect the 15.5% decrease, from 2011, in depreciation costs posted in the activity in Portugal, benefiting from the reduction in the level of depreciation overall line items, in particular in depreciation associated with buildings and equipment.

In the international activity, depreciation costs fell by 22.0%, over the same period of 2011, as a result of the reduction in depreciation costs in the subsidiary companies in Poland, Greece and Romania, combined with the slowing down in the depreciation level posted by Banco Millennium Angola, despite the increase showed by Millennium bim in Mozambique.

OPERATING COSTS

Euro million

	31 Dec. 12	31 Dec. 11	Change 12/11
Staff costs (1)	810.0	824.9	-1.8%
Other administrative costs	565.2	584.5	-3.3%
Depreciation	78.1	96.1	-18.8%
	1,453.2	**1,505.4**	**-3.5%**
Legislative change related to mortality allowance and reversal of provisions	(64.0)	(48.3)	
Partial transfer of liabilities with pensions	-	164.8	
Restructuring programme and early retirements	69.4	12.3	
	1,458.6	**1,634.2**	**-10.7%**
Of which:			
Portugal activity	871.5	1,040.4	-16.2%
Foreign activity	587.1	593.8	-1.1%
Operating costs / Net operating revenues (2) (3)	69.1%	60.2%	

(1) Excludes the impacts of the legislative change related to mortality allowance in the second quarter of 2012 (Euro 64.0 million), the reversal of provisions associated with pensions in 2011 (Euro 48.3 million), the expenses associated with the partial transfer in 2011 of liabilities with pensions of retired employees and pensioners to the General Social Security Scheme (Euro 164.8 million) and the costs associated with early retirements and mutually agreed exits, in particular in the scope of the restructuring plan (Euro 69.4 million in 2012, of which: Euro 2.7 million with early retirements posted in the second quarter of 2012; Euro 12.3 million of early retirements in 2011).
(2) Activity in Portugal. According to Instruction no. 23/2011 from the Bank of Portugal.
(3) Excludes the impact of specific items.

Impairment for loan losses (net of recoveries) totalled Euro 1,684.2 million in 2012, which compares with Euro 1,331.9 million in 2011. This evolution was influenced by the impact of impairment charges for loan losses related with the subsidiary company in Greece, which reached Euro 702.4 million in 2012, compared with Euro 89.5 million in 2011, together with the reinforcement in impairment charges posted in the scope of the Inspections Programmes in the amount of Euro 290.0 million in 2012 as part of OIP (Euro 381.0 million in 2011 as part of SIP).

The performance of impairment for loan losses (net of recoveries) in the activity in Portugal reflects the persistence of an adverse macroeconomic and financial framework and consequently the worsening of the economic and financial situation of Portuguese households and companies, materialised in the aggravation of credit risk indicators and in the maintenance of high levels of loan impairment charges.

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

The cost of risk stood at 252 basis points in 2012, compared with 186 basis points in 2011.

Other impairment and provisions stood at Euro 352.8 million in 2012, which compares with Euro 825.1 million in 2011.

The other impairment and provisions posted in 2012 include mainly the reinforcement of provision charges in the activity in Portugal related to impairment losses of financial assets, in particular to repossessed assets, which, in the process of regular re-evaluation of these assets, showed a decline in their respective market values.

The evolution of other impairment and provisions, from the previous year, was essentially influenced by the recognition in 2011 of impairment losses associated with Greek sovereign debt securities, in the amount of Euro 533.5 million, together with the accounting of impairment related to the goodwill of Millennium bank in Greece, in the amount of Euro 147.1 million.

Income tax (current and deferred) totalled Euro -177.8 million in 2012, which compares with Euro -458.9 million in 2011.

The income tax item includes the expenses of current tax in the amount of Euro 81.7 million (Euro 66.9 million in 2011), net of a deferred tax asset in the amount of Euro 259.5 million (Euro 525.7 million in 2011), mainly due to the non-deductible impairment losses for the purposes of determining taxable income for 2012 and to the calculated tax losses for the year.

BALANCE SHEET

Total assets totalled Euro 89,744 million as at 31 December 2012, which compares with Euro 93,482 million as at 31 December 2011.

Loans to customers (gross) was down by 6.5% to Euro 66,861 million as at 31 December 2012, from Euro 71,533 million at the end of 2011.

The decrease in the loan portfolio, from the end of 2011, was determined by the 9.1% decrease posted by the activity in Portugal. In the international activity, the loan portfolio was up by 1.8%, from 31 December 2011, influenced by the foreign exchange rate effect of the appreciation of the zloty against the euro. Therefore, excluding the foreign exchange rate effect, loans to customers in the international activity reduced in most subsidiaries, despite the growth shown by Banco Millennium Angola and Millennium bim in Mozambique.

The evolution of the loans portfolio reflects the decrease in loans to companies (-9.9%) and in loans to individuals (-3.0%), driven by the ongoing process of balance sheet adjustment in order to gradually deleverage the financial intermediation activity.

Between the end of December 2011 and the end of December 2012, the structure of the loans to customers' portfolio showed identical levels of diversification, with loans to companies representing 49.5% of total loans to customers as at 31 December 2012, while loans to individuals represented 50.5% of total loans.

LOANS TO CUSTOMERS (GROSS)

Euro million

	31 Dec. 12	31 Dec. 11	Change 12/11
Individuals	**33,756**	**34,805**	**-3.0%**
Mortgage loans	29,509	30,308	-2.6%
Consumer loans	4,247	4,497	-5.6%
Companies	**33,105**	**36,728**	**-9.9%**
Services	13,524	14,802	-8.6%
Commerce	3,490	4,254	-17.9%
Construction and Other	16,091	17,672	-8.9%
Total	**66,861**	**71,533**	**-6.5%**
Of which:			
Portugal activity	49,581	54,552	-9.1%
Foreign activity	17,280	16,981	1.8%

Credit quality, measured by the loans overdue by more than 90 days as a percentage of total loans, stood at 6.2% as at 31 December 2012 (4.5% at the end of 2011), reflecting the impact of the evolution of the portfolio of loans to companies.

The coverage ratio for loans overdue by more than 90 days stood at 101.6% as at 31 December 2012, which compares with 109.1% at the end of 2011. The coverage ratio of the total loan portfolio to impairments increased to 6.3% as at 31 December 2012 (4.9% at the end of 2011).

The overdue and doubtful loans stood at 8.1% of total loans as at 31 December 2012, compared to 6.2% posted at the end of 2011 and credit at risk stood at 13.1% of total loans as at 31 December 2012 (10.1% as at 31 December 2011).

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

Euro million

	Overdue loans by more than 90 days	Impairment for loan losses	Overdue loans by more than 90 days /Total loans	Coverage ratio (Impairment/ Overdue >90 days)
Individuals	**1,056**	**936**	**3.1%**	**88.6%**
Mortgage loans	279	296	0.9%	106.0%
Consumer loans	777	640	18.3%	82.3%
Companies	**3,118**	**3,307**	**9.4%**	**106.1%**
Services	836	1,226	6.2%	146.7%
Commerce	451	381	12.9%	84.5%
Construction and Other	1,831	1,700	11.4%	92.8%
Total	**4,175**	**4,243**	**6.2%**	**101.6%**

Total customer funds grew 4.6% to Euro 68,547 million as at 31 December 2012, from Euro 65,530 million posted at the end of 2011.

The increase of total customer funds was sustained by the rise of 5.1% in balance sheet customer funds, from the end of 2011, benefiting from the performance of both customer deposits (+3.9%) and debt securities (+15.0%), reflecting the focus in retention and further increasing stable funding resources. Simultaneously, off-balance sheet customer funds increase 2.5%, from 31 December 2011, boosted by capitalisation products (+2.9%) and assets under management (+1.6%).

In the activity in Portugal, total customer funds grew 1.6% to Euro 50,386 million as at 31 December 2012 (Euro 49,615 million as at 31 December 2011). In the international activity, total customer funds increased 14.1% to Euro 18,161 million, supported by the increase in both balance sheet customer funds and off-balance sheet customer funds, benefiting from the favourable performance of the subsidiary companies in Poland, Mozambique, Angola and Romania.

As at 31 December 2012, the structure of total customer funds comprised mostly balance sheet customer funds, which represented 81% of total customer funds, highlighting the component of customer deposits, which represented 72% of total customer funds.

TOTAL CUSTOMER FUNDS

Euro million

	31 Dec. 12	31 Dec. 11	Change 12/11
Balance sheet customer funds	**55,768**	**53,060**	**5.1%**
Deposits	49,390	47,516	3.9%
Debt securities	6,378	5,544	15.0%
Off-balance sheet customer funds	**12,779**	**12,470**	**2.5%**
Assets under management	3,798	3,739	1.6%
Capitalisation products	8,981	8,731	2.9%
Total	**68,547**	**65,530**	**4.6%**
Of which:			
Portugal activity	50,386	49,615	1.6%
Foreign activity	18,161	15,915	14.1%

The **securities portfolio** totalled Euro 14,488 million as at 31 December 2012, up by Euro 2,407 million from Euro 12,080 million posted on 31 December 2011.

This evolution was mostly influenced by the increase in sovereign debt financial instruments, in particular, Portuguese and Polish sovereign debt securities, which offset the reduction in exposure to Greek sovereign debt securities.

LIQUIDITY MANAGEMENT

2012 was characterised by the widespread difficulty of Portuguese banks in accessing short-, medium- and long-term funding markets. Even so, in the second half there were modest improvements as demonstrated by the first issues made by some Portuguese banks on the international wholesale funding market, a situation which had not take place since the first quarter of 2010.

In December 2011, the Board of the European Central Bank ("ECB") approved a set of additional measures aimed at promoting liquidity and the normalisation of the monetary markets functioning within the Euro Zone, broadening, amongst others, the criteria for the determination of the eligibility of the assets to be used as collateral in the Eurosystem's monetary policy operations.

The main priorities defined in the Bank's Liquidity Plan for 2012 are based on the reinforcement and preservation of the portfolio of eligible assets for discount at the ECB, in order to mitigate and compensate the effects of the loss of eligibility of some securitisations and other assets. The achievement of this objective implied the development and implementation of the following actions:

I. Issue and incorporation of two new issues of debt guaranteed by the Portuguese State in the pool of eligible assets at the ECB: Euro 1.4 billion and Euro 1.5 billion, reaching a total amount of approximately Euro 2.4 billion after haircuts, carried out in the first half of 2012;

II. Incorporation, in the pool of assets, of credit accepted by the Bank of Portugal, benefiting from the temporary broadening of the acceptance criteria for eligible assets announced in December 2011 by the ECB;

III. Optimisation of the management of eligible assets, namely through a new issue of covered bonds.

The bank's Liquidity Plan also established the continuity of the deleveraging policy, implemented successfully through the reduction of the commercial gap by Euro 7.3 billion, in consolidated terms. This fact simultaneously enabled the amortisation of the medium- and long-term debt that was redeemed in 2012 (Euro 3.9 billion), the undertaking of two liability management operations (Euro 1.4 billion, in the first half of 2012) and other repurchases (Euro 0.2 billion), in the global amount of Euro 5.5 billion.

The issue of Euro 3 billion of hybrid capital instruments eligible as Core Tier I, underwritten by the Portuguese State, enabled the amortisation of wholesale debt with a material reduction in the net exposure to the ECB from Euro 12.7 billion at the end of 2011 to Euro 10.6 billion as at 31 December 2012, thus maintaining the amount of the non-pledged eligible assets at the ECB at comfortable levels.

Following the accomplishment of another of the main goals of the Liquidity Plan for 2012, the time-frame of the Bank's wholesale funding was extended, by resorting to a second ECB's long-term refinancing operation ("LTRO"), which enabled the Bank to increase the total amount borrowed for 3 years from Euro 5.1 billion at the end of 2011 to Euro 12.1 billion as at 31 December 2012.

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 12.4% in accordance with the Bank of Portugal rules and at 9.8% in accordance with EBA rules (11.9% and 9.4%, respectively, at the end of September 2012), reflecting the positive performance in the fourth quarter of 2012 of both Core Tier I (Euro 57 million in accordance with Bank of Portugal rules and Euro 67 million with EBA rules) and risk weighted assets (that decreased by Euro 1,577 million).

The increase of Core Tier I calculated by the rules of the Bank of Portugal was mainly due to the share capital increase concluded in October 2012 (Euro 500 million) and the increase of minority interests (Euro 20 million), whose impacts were in part offset by the net loss recorded in the quarter of 2012 (Euro 423 million) and by the amortisation of the deferred impacts permitted by the Bank of Portugal (Euro 40 million). The Core Tier I calculated by the rules of the EBA also benefited from the decrease of the deduction related to the significant investments and the shortfall of impairment to expected loss (Euro 10 million), that resulted from the positive effect of using own estimates of Credit Conversion Factors for exposures of the class of risk "Companies" on 31 December 2011.

The decrease of risk weighted assets mainly reflect the adoption of IRB methodologies in Poland (Euro -294 million), the decrease of the requirements to operational risk (Euro -281 million) and the effects of deleverage and optimisation of risk weighted assets that took place in this period, despite the negative impact of the market risk (Euro +124 million).

SOLVENCY

Euro million

	31 Dec. 12	30 Sep. 12
Own Funds		
Core Tier I	6,579	6,522
Preference shares and Perpetual subordinated debt securities with conditional coupons	173	172
Other deduction (1)	(530)	(540)
Tier I Capital	6,223	6,154
Tier II Capital	697	678
Deductions to Total Regulatory Capital	(146)	(139)
Total Regulatory Capital	**6,773**	**6,693**
Risk Weighted Assets	**53,271**	**54,847**
Solvency Ratios		
Core Tier I	12.4%	11.9%
Tier I	11.7%	11.2%
Tier II	1.0%	1.0%
Total	12.7%	12.2%
Core Tier I ratio EBA (2)	9.8%	9.4%

(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.

PENSIONS FUND

In 31 December 2012, pension liabilities were fully funded and kept at a higher level than minimum set by Bank of Portugal, with a 119% coverage rate. Pension liabilities reached Euro 2,293 million at the year-end 2012, against Euro 2,452 million in 31 December 2011. The positive 1.6% return of the pension fund registered in 2012 compared with a negative 0.7% return in 2011.

In 2012, the bank changed actuarial assumptions for the pension fund, leaving the discount rate at 4.5% (5.5% in 2011), the salary growth rate at 1% until 2016 and 1.75% after 2017 (2% in 2011) and the pension growth rate at 0% until 2016 and 0.75% after 2017 (1% in 2011). Actuarial differences in 2012, all financial, non-financial and resulting from assumption changes, reached Euro164 million (of which Euro 155 million recognised in the first half 2012).

Actuarial differences in 2012 had a negative impact after tax and after corridor impact of 25 basis points in the Group's Core Tier I ratio (no significant impact in the second half 2012). However, the impact in 2012 increases to 133 basis points considering negative effects from the transfer of pension liabilities to the Social Security (neutralised at the year-end 2011) and from depreciation of deferred impacts allowed by Bank of Portugal.

SIGNIFICANT EVENTS

The continuation of the 1st stage of the Bank's Strategic Plan, which is to be implemented by the end of 2013 and has as priorities to achieve comfortable capital ratios, improve liquidity position, reflected in the reduction of commercial gap, and strengthening the provisions, following the inspections programme carried out under the Economic and Financial Assistance Programme, and the preparation and submission to the Government of a restructuring plan required by national law and applicable European rules on State aid, which was formally submitted by the State to the European Commission were the most significant events in the Bank's activity in the 4th quarter of 2012. For this period, it is worth mentioning the following:

- In implementing the Bank's Capitalisation Plan, the share capital increase was successfully completed, through the issue of ordinary shares in the amount of Euro 500 million, through subscription reserved for shareholders exercising their legal preference right, of 12.5 billion new shares.
- Announcement on 3 October by the European Banking Authority ("EBA") and by the Bank of Portugal, regarding the final assessment of the capital exercise and fulfilment of the EBA December 2011 Recommendation, informing that Banco Comercial Português surpassed the minimum requirement of 9% Core Tier I ratio including the sovereign buffer as stated in the aforementioned EBA recommendation.
- Preparation and submission to the Government, on 19 October, of a restructuring plan required by national law and applicable European rules on State aid, which was formally submitted to the European Commission by the State respecting the maximum period of six months after the approval of the said Decision nr. 8840-B/2012 of the Minister of State and Finance of 28 June 2012, published in Diário da República Supplement, 2. series of 3 July 2012.
- The Government's appointment of two representatives in the Bank's corporate bodies, Bernardo Sottomayor, as first non-executive director, José Rodrigues Jesus, as second non-executive director (also member of the Audit Committee), as required by the Bank's recapitalisation operation and in accordance with article 14 (2) of Law 63-A/2008 (altered and republished by Law 4/2012) and Decision nr. 8840-B/2012, dated 28 June.
- The On-site Inspections Programme ("OIP") for the exposures to construction and real estate promotion sectors in Spain and Portugal, with reference to 30 June 2012, was completed. The Bank communicated the need to reinforce the recorded impairment by a total amount of Euro 290 million.
- Formalisation of accession to the European Progress Microfinance Facility, with the Bank becoming the 1st bank in Portugal to access this mechanism, which aims to ensure Microcredit operations through support to micro entrepreneurs and creation of self employment in Portugal.
- Conducting the first auction of properties across borders, through video conferencing, enabling the sale of 40 properties.
- Using the latest technologies to present its activity in two categories (Coin Museum and Shared Art Exhibit), the Millennium bcp Foundation launched the Millennium bcp Foundation "app" in December.
- Included in Social Responsibility policy of the Bank, the Millennium bcp Foundation and the Institute of Molecular Medicine ("IMM") signed a protocol, for three years, establishing the donation of a total amount of Euro 150 thousand, which will be used by a number of IMM Research and development efforts on the treatment of brain tumors.
- As part of the Social responsibility policy, the Millennium bcp Foundation signed a protocol for three years with the League of Friends of the Santa Marta Hospital, through which it will donate a total of Euro 180 thousand, for the purpose of developing of a project researching cases of congenital heart disease.
- Millennium bcp received the exhibition "Alegria Matta Alegria", at the Millennium Gallery, in partnership with the House of Latin America and the City of Lisbon. The exhibition ran until the end of December.
- The launch, in partnership with the Expresso newspaper, of the Conference Series "Windows to the World", to inform Portuguese entrepreneurs of the options for internationalisation in markets such as Mozambique, Angola, Poland and China.

- Launch by Banco Millennium Angola, the Subsidised Loans to Micro, Small and Medium Enterprises, in the scope of the program Angola Investe, aimed at funding investment in tangible assets and / or strengthening working capital.
- Promotion by Millennium bim of the lecture series “More Knowledge for All”, involving the participation of customers, business partners and employees, and covering topics of high importance for organisations such as Management, Organisational Culture and Leadership.
- Included in the program “More Sport for All”, Millennium bim organised another edition of the “Millennium bim Race” which attracted many participants including various emblematic figures in the world of sport Mozambique.
- Continuing the Social Responsibility Project “More Mozambique for Me”, Millennium bim promoted an action performed in the Provincial Hospital of Xai-Xai, for the renovation and provision of furniture and courseware and other materials, for two rooms in the pediatrics wing.
- Recognition of Millennium bcp site as “Best Online Banking Website” by the prestigious “PCGuia Readers Award”.
- Top Rated classifications for “Leading Clients” and “Crossborder” by the renowned magazine *Global Custodian*, the highest rating for International Institutional Custody.
- “Effectiveness of Communication 2012” awards by the Portuguese Association of Advertisers in the category of financial services, for the 2nd consecutive year, and recognition as a Portuguese Superbrand, a distinction of “Brands of Excellence in Portugal” which annually elects the best Portuguese brands.
- “Best Consumer Internet Bank in 2012” in Europe for ActivoBank from the prestigious international financial magazine Global Finance.
- Distinction of Bank Millennium in Poland, with 4 stars (second place) in the ranking of banks with best offer for companies by Forbes magazine.
- “Friendliest and Best Internet Bank” to Bank Millennium by Newsweek in the annual “Friendly Bank - Internet Banking” ranking.
- “Best Banking Group in Mozambique” award was granted to Millennium bim, for the 4th year in a row by EMEA Finance magazine.
- “Bank of the Year in Mozambique” in 2012, for the 7th consecutive year, from The Banker magazine.
- “Best Brand of Mozambique” in the banking sector for Millennium bim, for the 4th year in a row, resulting from a study conducted in all provinces by the company GFK-Intercampus.
- Reflecting the impact of credit risk deterioration resulting from the downwards revision of growth projections for the Portuguese economy in 2013, Moody’s Rating Agency downgraded BCP’s long term ratings from “Ba3” to “B1” on 4 December, maintaining the negative outlook.
- Following the confirmation of the long-term rating of the Portuguese Republic at “BBB (low)”, DBRS Rating Agency as affirmed, on 5 December, BCP’s long-term rating on senior debt and deposits at “BBB (low)” and BCP’s short-term deposits and debt at “R2 (middle)”, maintaining the negative trend.

MACROECONOMIC ENVIRONMENT

The world economy is expected to have slowed in the fourth quarter of 2012 due to the cooling of the most developed countries, while emerging markets exhibited tentative signs of strength. Notwithstanding, sentiment in financial markets denoted a favourable trend.

The IMF estimates that the World GDP growth rate will increase slightly from 3.2% in 2012 to 3.5 % in 2013, with a persisting wedge between the performance of emerging economies (expected expansion of 5.5%) and that of advanced economies (growth projected at 1.4%). The euro area economy, which absorbs more than 70% of Portuguese exports, is expected to contract.

Within the sphere of central banks it is worth highlighting the change introduced by the U.S. Federal Reserve in its monetary policy goals, namely by establishing quantified, albeit non-binding, thresholds for the inflation and unemployment rates. The significant gap still prevailing between the established targets and economic reality led the Federal Reserve to intensify its debt purchase program, which together with the expansionary measures adopted by other central banks, including those of several emerging market countries, contributed to extend the degree of accommodation of monetary conditions at the global scale.

During the fourth quarter two relevant decisions designed to dissipate the risks of disintegration of the European Monetary Union were taken. The first involved the renegotiation of the conditions of the Greek financial assistance programme, which resulted in a new restructuring of the Hellenic public debt. The second consisted of the formalisation of a banking union aimed at centralising the supervision of the credit institutions in the euro area and of those of the remaining countries of the European Union that eventually decide to participate.

The abundance of liquidity at the global level and the climate of greater confidence towards the euro area had a beneficial effect on financial markets, which translated into a generalised recovery of the main equity indices and in the compression of the spreads of the riskier debt securities in both the corporate and the sovereign segments, including the significant decline of Portuguese government debt yields. The improved risk aversion mood favoured the extension of the euro's rising trend against the US dollar.

The Bank of Portugal revised lower its projections for the growth of the Portuguese economy in 2013 from -1.6% to -1.9%, reflecting a less favourable appraisal of the behaviour of external demand. If confirmed, this scenario configures an attenuation of the economic contraction vis-à-vis 2012, something which is in line with the recent improvement of some activity indicators. The lagging nature of the labour market reaction to the underlying economic conditions hints at an additional worsening of unemployment in the coming quarters. The fiscal execution of the Portuguese state in the whole of 2012 should allow for the fulfilment of the target established in the economic and financial assistance programme (meanwhile revised from 4.5% to 5%), albeit at the expense of non-recurrent operations without which the deficit goal would not have been reached.

Despite the easing of restrictions in the access to liquidity and of the high level of capitalisation of domestic banks, total credit remained on a downward trajectory largely due to the weakness of demand intrinsic to the current recessive environment. The contraction of credit was widespread across households and firms, though regarding the latter the rise of loans extended to the exporting units is worth mentioning. The fragility of economic activity and the rise of unemployment continued to hinder the banks asset's quality.

The widening trend of the recession perimeter that took hold during 2012 in Europe acquired added relevance with the sudden weakening of activity in the Eastern European countries, a development that could be ascribed to the deterioration of external demand and the adverse effects on domestic demand coming from the on-going fiscal consolidation. This less favourable setting triggered a determined response from the Polish central bank in the form of a cut in the key interest rates, a movement not replicated in Romania due to the need to subordinate monetary policy to the control of inflation and the stability of the leu, a goal that was achieved at the end of the year. The resilience of the commodity markets that the economies of Angola and Mozambique rest upon has allowed these two countries to sustain a steady growth pace, which combined with the macroeconomic stabilisation and the improvement of the institutional framework has continued to encourage foreign direct investment, not only in the energy sector but also in infrastructures.

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.

GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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The financial information in this presentation has been prepared under the scope of the International Financial Reporting Standards ('IFRS') of BCP Group for the purposes of the preparation of the consolidated financial statements under Regulation (CE) 1606/2002.
The figures presented do not constitute any form of commitment by BCP in regard to future earnings.

CONSOLIDATED INDICATORS: ACTIVITY IN PORTUGAL AND INTERNATIONAL ACTIVITY

Euro million

	Consolidated			Activity in Portugal			International activity		
	31 Dec. 12	31 Dec. 11	Change 12/11	31 Dec. 12	31 Dec. 11	Change 12/11	31 Dec. 12	31 Dec. 11	Change 12/11
Income statement									
Net interest income	1,023.6	1,579.3	-35.2%	492.7	998.8	-50.7%	530.9	580.5	-8.5%
Dividends from equity instruments	3.9	1.4	-	2.8	0.8	-	1.0	0.5	-
Net fees and commission income	690.8	789.4	-12.5%	452.0	560.9	-19.4%	238.8	228.5	4.5%
Other operating income	(56.1)	(22.7)	-	(60.1)	(24.3)	-	4.0	1.6	-
Net trading income	462.8	207.6	122.9%	312.0	(36.1)	-	150.9	243.7	-38.1%
Equity accounted earnings	55.7	14.6	-	54.3	14.6	-	1.4	-	-
Net operating revenues	**2,180.6**	**2,569.6**	**-15.1%**	**1,253.6**	**1,514.7**	**-17.2%**	**927.0**	**1,054.9**	**-12.1%**
Staff costs	815.4	953.6	-14.5%	532.3	673.3	-20.9%	283.1	280.3	1.0%
Other administrative costs	565.2	584.5	-3.3%	298.7	319.2	-6.4%	266.4	265.3	0.4%
Depreciation	78.1	96.1	-18.8%	40.5	47.9	-15.5%	37.6	48.2	-22.0%
Operating costs	**1,458.6**	**1,634.2**	**-10.7%**	**871.5**	**1,040.4**	**-16.2%**	**587.1**	**593.8**	**-1.1%**
Operating profit before impairment	**722.0**	**935.4**	**-22.8%**	**382.1**	**474.3**	**-19.4%**	**339.8**	**461.1**	**-26.3%**
Loans impairment (net of recoveries)	1,257.0	1,331.9	-5.6%	889.0	1,136.7	-21.8%	368.0	195.2	88.5%
Other impairment and provisions	352.8	825.1	-57.2%	347.0	821.8	-57.8%	5.9	3.3	-
Profit before income tax	**(887.8)**	**(1,221.6)**	**-**	**(853.8)**	**(1,484.2)**	**-**	**(34.0)**	**262.6**	**-**
Income tax	(177.8)	(458.9)	-	(179.8)	(513.2)	-	2.0	54.3	-
Non-controlling interests	81.8	85.9	-4.7%	(5.1)	0.3	-	87.0	85.6	1.6%
Net income before imp. estimated losses	**(791.8)**	**(848.6)**	**-**						
Impairment for estimated losses (*)	427.2	-							
Net income	**(1,219.1)**	**(848.6)**	**-**	**(668.9)**	**(971.3)**	**-**	**(123.0)**	**122.7**	**-**
Balance sheet and activity indicators									
Total assets	**89,744**	**93,482**	**-4.0%**	**67,459**	**71,156**	**-5.2%**	**22,285**	**22,326**	**-0.2%**
Total customer funds	**68,547**	**65,530**	**4.6%**	**50,386**	**49,615**	**1.6%**	**18,161**	**15,914**	**14.1%**
Balance sheet customer funds	**55,768**	**53,060**	**5.1%**	**38,767**	**37,948**	**2.2%**	**17,001**	**15,112**	**12.5%**
Deposits	49,390	47,516	3.9%	32,604	32,522	0.3%	16,786	14,994	12.0%
Debt securities	6,378	5,544	15.0%	6,163	5,425	13.6%	215	119	81.1%
Off-balance sheet customer funds	**12,779**	**12,470**	**2.5%**	**11,619**	**11,668**	**-0.4%**	**1,161**	**802**	**44.7%**
Assets under management	3,798	3,739	1.6%	3,025	3,203	-5.6%	773	536	44.2%
Capitalisation products	8,981	8,731	2.9%	8,594	8,465	1.5%	387	266	45.5%
Loans to customers (gross)	**66,861**	**71,533**	**-6.5%**	**49,581**	**54,552**	**-9.1%**	**17,280**	**16,981**	**1.8%**
Individuals	**33,756**	**34,805**	**-3.0%**	**23,138**	**24,458**	**-5.4%**	**10,618**	**10,348**	**2.6%**
Mortgage loans	29,509	30,308	-2.6%	20,669	21,768	-5.1%	8,840	8,540	3.5%
Consumer loans	4,247	4,497	-5.6%	2,469	2,689	-8.2%	1,778	1,808	-1.6%
Companies	**33,105**	**36,728**	**-9.9%**	**26,443**	**30,094**	**-12.1%**	**6,662**	**6,634**	**0.4%**
Services	13,524	14,802	-8.6%	11,600	12,751	-9.0%	1,924	2,051	-6.2%
Commerce	3,490	4,254	-17.9%	2,313	3,036	-23.8%	1,178	1,218	-3.3%
Construction and Other	16,091	17,672	-8.9%	12,530	14,307	-12.4%	3,561	3,365	5.8%
Credit quality									
Total overdue loans	4,362	3,476	25.5%	3,318	2,696	23.1%	1,043	780	33.7%
Overdue loans by more than 90 days	4,175	3,196	30.6%	3,204	2,497	28.3%	971	699	38.9%
Overdue loans by more than 90 days /Total loans	6.2%	4.5%		6.5%	4.6%		5.6%	4.1%	
Total impairment (balance sheet)	4,243	3,488	21.7%	2,863	2,813	1.8%	953	675	41.2%
Total impairment (balance sheet) /Total loans	6.3%	4.9%		5.8%	5.2%		5.5%	4.0%	
Total impairment (balance sheet) /Overdue loans by more than 90 days	101.6%	109.1%		89.4%	112.6%		98.2%	96.6%	
Cost of risk (net of recoveries, in b.p.)	252	186		179	208		213	115	

(*) Impairment charges related to the estimated losses in the subsidiary company in Greece, which, together with the reinforcement of impairments posted in the subsidiary's P&L, showed an increase in the level of impairment from the previous year achieving Euro 702.4 million in 2012.

BANCO COMERCIAL PORTUGUÊS

Consolidated Income Statement
for the years ended 31 December 2012 and 2011

	2012	2011
	(Thousands of Euros)	
Interest and similar income	3,615,922	4,060,136
Interest expense and similar charges	(2,592,337)	(2,480,862)
Net interest income	1,023,585	1,579,274
Dividends from equity instruments	3,873	1,379
Net fees and commission income	690,776	789,372
Net gains / losses arising from trading and hedging activities	401,128	204,379
Net gains / losses arising from available for sale financial assets	46,206	3,253
Net gains / (losses) arising from financial assets held to maturity	15,513	-
Other operating income	(52,047)	(22,793)
	2,129,034	2,554,864
Other net income from non banking activity	20,093	26,974
Total operating income	2,149,127	2,581,838
Staff costs	815,413	953,649
Other administrative costs	565,161	584,459
Depreciation	78,065	96,110
Operating costs	1,458,639	1,634,218
Operating net income before provisions and impairments	690,488	947,620
Loans impairment	(1,684,179)	(1,331,910)
Other financial assets impairment	(74,699)	(549,850)
Other assets impairment	(260,655)	(128,565)
Goodwill impairment	-	(160,649)
Other provisions	(17,463)	13,979
Operating net income	(1,346,508)	(1,209,375)
Share of profit of associates under the equity method	55,659	14,620
Gains / (losses) from the sale of subsidiaries and other assets	(24,193)	(26,872)
Net income before income tax	(1,315,042)	(1,221,627)
Income tax		
Current	(81,696)	(66,857)
Deferred	259,529	525,714
Net income after income tax	(1,137,209)	(762,770)
Attributable to:		
Shareholders of the Bank	(1,219,053)	(848,623)
Non-controlling interests	81,844	85,853
Net income for the period	(1,137,209)	(762,770)
Earnings per share (in euros)		
Basic	(0.10)	(0.05)
Diluted	(0.10)	(0.05)

BANCO COMERCIAL PORTUGUÊS

Consolidated Balance Sheet as at 31 December 2012 and 2011

	2012	2011
	(Thousands of Euros)	
Assets		
Cash and deposits at central banks	3,580,546	2,115,945
Loans and advances to credit institutions		
Repayable on demand	829,684	1,577,410
Other loans and advances	1,887,389	2,913,015
Loans and advances to customers	62,618,235	68,045,535
Financial assets held for trading	1,690,926	2,145,330
Financial assets available for sale	9,223,411	4,774,114
Assets with repurchase agreement	4,288	495
Hedging derivatives	186,032	495,879
Financial assets held to maturity	3,568,966	5,160,180
Investments in associated companies	516,980	305,075
Non current assets held for sale	1,284,126	1,104,650
Investment property	554,233	560,567
Property and equipment	626,398	624,599
Goodwill and intangible assets	259,054	251,266
Current tax assets	34,037	52,828
Deferred tax assets	1,755,411	1,564,538
Other assets	1,124,323	1,790,650
	89,744,039	93,482,076
Liabilities		
Amounts owed to credit institutions	15,265,760	17,723,419
Amounts owed to customers	49,389,866	47,516,110
Debt securities	13,548,263	16,236,202
Financial liabilities held for trading	1,393,194	1,478,680
Other financial liabilities at fair value through profit and loss	329,267	2,578,990
Hedging derivatives	301,315	508,032
Provisions for liabilities and charges	253,328	246,100
Subordinated debt	4,298,773	1,146,543
Current income tax liabilities	15,588	24,037
Deferred income tax liabilities	2,868	2,385
Other liabilities	945,629	1,647,208
Total Liabilities	85,743,851	89,107,706
Equity		
Share capital	3,500,000	6,065,000
Treasury stock	(14,212)	(11,422)
Share premium	71,722	71,722
Preference shares	171,175	171,175
Other capital instruments	9,853	9,853
Fair value reserves	2,668	(389,460)
Reserves and retained earnings	850,021	(1,241,490)
Net income for the period attributable to Shareholders	(1,219,053)	(848,623)
Total Equity attributable to Shareholders of the Bank	3,372,174	3,826,755
Non-controlling interests	628,014	547,615
Total Equity	4,000,188	4,374,370
	89,744,039	93,482,076

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.