

27 July 2011

Millennium bcp earnings release as at 30 June 2011**HIGHLIGHTS**

- Consolidated net income of Euro 88,4 million in the first half of 2011;
- Core Tier I stood at 8,5% and the total solvency ratio at 10,5%;
- Net interest income up by 14,6% from the first half of 2010, benefiting from the growth of 16,3% in the activity in Portugal and of 11,7% in the international activity;
- Banking commissions increased 3,9%, from the first half of 2010; total net commissions reduced 1,0%;
- Operating costs drop by 3,5% on a consolidated basis and 4,3% in the activity in Portugal, compared to the first half of 2010;
- Total customer funds increased 1,5%, on a comparable basis, to Euro 66.638 million as at 30 June 2011, with balance sheet customer funds rising 5,8%;
- Customer deposits grew 3,2%, from 30 June 2010, benefiting from the positive performances in Portugal and in the international activity;
- Loans to customers amounted to Euro 74.390 million as at 30 June 2011, on a comparable basis; loans to customers in Portugal reduced to Euro 56.863 million as at 30 June 2011 (Euro 61.040 million as at 30 June 2010);
- Overdue loans by more than 90 days stood at 3,8% of total loans and the coverage ratio stood at 101,5%;
- On the stress tests performed for the European Banks, Millennium bcp obtained, considering an adverse scenario, a Core Tier I of 5.4%, above the 5% requested.

Investor Relations

Sofia Raposo
Phone +351 211 131 084
investors@millenniumbcp.pt
sofia.raposo@millenniumbcp.pt
fvalente@millenniumbcp.pt
joaogodinho.duarte@millenniumbcp.pt

Media Contact

Erik T. Burns
Phone +351 211 131 242
Mobile +351 917 265 020
erik.burns@millenniumbcp.pt
cintia.barbas@millenniumbcp.pt
joana.seabra@millenniumbcp.pt



Lisbon, 27 July 2011

Higher volatility pressures for the continuation of exceptional economic policy measures.

Eastern Europe and African countries maintain good record of economic activity. Rating of Angola upgraded.

Economic slowdown stems in part from more restrictive economic policies.

ECONOMIC ENVIRONMENT

Volatility returned to financial markets during the second quarter of 2011 as a result of the recurrent signs of moderation in world economic activity and the ongoing sovereign debt crisis. The adoption of the plan of economic and financial adjustment, agreed in May, represents the beginning of a new cycle for the Portuguese economy subjected to the correction of excessive indebtedness, with direct implications on the evolution of the banking activity and on banks' business models. Eastern Europe has shown some resiliency to the turbulence in the periphery of the euro, allowing for the economic recovery to continue to develop at a reasonable pace. Economic growth in Poland has been particularly sustained, though with inflationary pressures becoming more relevant and leading to adjustments of monetary policy, and the economic cycle in Romania seems to be turning positive, though not without risks. The robust world demand for raw materials and the usual multipliers related to the process of economic development continue to support a more favourable economic climate in the African countries, and in the case of Angola led to its credit rating being upgraded.

The pace of world economic activity moderated somewhat during the second quarter, due to temporary issues, such as the impact on production capacity derived from the Tsunami in Japan; economic factors, including the gradual tightening of monetary policies; and more structural features, such as the consolidation of public finances in the developed world in order to provide for greater public debt sustainability over time. In its June update of the global economic outlook, the IMF projects strong growth in the global economy for the period 2011-2012 (from 4.0% to 4.5% per year) supported by the performance of emerging markets and, albeit at a substantially lower rate, the ongoing recovery of the developed countries. Despite the positive assessment, the IMF draws attention to a set of risks going forward, such as the response to inflationary pressures, signs of overheating in some asset prices in the emerging markets or the procedures taken to reduce indebtedness levels without significantly disrupting underlying economic activity.

Economic performance differs meaningfully across the European Union, with northern and eastern European countries showing positive developments

Asymmetry in economic performance among EU member states. Portugal returns to a recessionary environment.

Climate of risk aversion induced a reduction of high grade sovereign yields despite ECB's tightening of monetary policy.

Banking activity constrained by adverse financing conditions and the adoption of the plan of economic and financial adjustment for Portugal.

whereas southern countries are facing mounting difficulties. The Portuguese economy is undergoing a recessionary period that is likely to endure given the constraints associated to funding conditions detrimental to both public and private expenditure.

The combination of uncertainty related to the sustainability of economic growth, the European sovereign debt crisis and the risk of overvaluation in some countries led to higher risk aversion prompting investors to increase their exposure to more defensive asset classes. The major global equity indices declined about 5% over the quarter. The euro has remained relatively stable against the U.S. dollar but depreciated against the Swiss franc and the Japanese yen. Despite the ECB's decision to increase the main refinancing rate from 1.0% at the end of 2010 to 1.50% in July, on the back of the improvement in overall activity and higher inflation rates, high grade sovereign yields actually, fell benefiting from their safe haven status. The recurrence and intensity of sovereign ratings warnings and downgrades during the quarter also added to the overall climate of uncertainty and volatility. Sovereign risk premiums increased markedly, reflecting the concerns of imminent default, which led to the strengthening of the original plan of financial assistance to Greece, the request for aid in the case of Portugal and the revision of European institutional framework to prevent further deterioration in the sovereign crisis.

The implementation of the financial and economic adjustment plan for Portugal will affect the banking business over the medium term in an indirect way through the impact of the adjustment measures on overall economic activity and directly by the targeted initiatives for the financial sector. Among those, main factors include the very demanding objectives in terms of minimum capital ratios and stability of funding, as set out in the plans submitted by banks at the end of the quarter to the domestic authorities. Thus, no substantial changes are expected in credit policy over the foreseeable future, remaining highly selective, depending on the availability of financing, on capital utilisation and the type of economic activity, coupled with pressure on the net interest margin given the persistent expensive funding. The adjustment plan will likely have a negative bearing on credit dynamics, on funding strategy and on banks' management of their balance sheet. At the same time, it could contribute to rebuilding trust and to greater financial stability by making available exceptional funding instruments and recapitalisation funds to domestic financial institutions in case the regulatory requirements are not met by the usual private means.

Financial Highlights

	<i>Euro million</i>	30 Jun. 11	30 Jun. 10	Change 11 / 10
Balance sheet				
Total assets		99,717	98,993	0.7%
Loans to customers ⁽¹⁾		74,390	78,176	-4.8%
Loans to customers (net) ⁽¹⁾		71,453	75,920	-5.9%
Total customer funds ^{(1) (2)}		66,638	65,632	1.5%
Balance sheet customer funds ⁽¹⁾		51,791	48,955	5.8%
Customer deposits ⁽¹⁾		45,473	44,072	3.2%
Results				
Net income		88.4	163.2	-45.8%
Net interest income		807.7	705.0	14.6%
Net operating revenues ⁽³⁾		1,265.2	1,487.6	-15.0%
Operating costs ⁽⁴⁾		749.5	776.9	-3.5%
Loan impairment charges (net of recoveries)		562.1	384.2	46.3%
Other impairment and provisions		4.2	114.2	-96.3%
Income taxes				
Current		42.2	28.5	48.0%
Deferred		(221.5)	(6.8)	
Non-controlling interests		40.2	27.3	47.2%
Profitability				
Net operating revenues / Average net assets ⁽⁵⁾		2.6%	3.1%	
Return on average assets (ROA) ⁽⁶⁾		0.3%	0.4%	
Income before taxes and non-controlling interests / Average net assets ⁽⁵⁾		-0.1%	0.4%	
Return on average equity (ROE)		3.5%	6.6%	
Income before taxes and non-controlling interests / Average equity ⁽⁵⁾		-1.8%	7.9%	
Credit quality				
Overdue loans according to Bank of Portugal / Total loans ⁽⁵⁾		5.4%	4.1%	
Overdue loans according to Bank of Portugal, net/ Total loans, net ⁽⁵⁾		1.7%	1.2%	
Impairment for loan losses / Overdue loans by more than 90 days		101.5%	105.1%	
Impairment for loan losses / Overdue loans		94.3%	93.2%	
Efficiency ratios				
Operating costs / Net operating revenues ^{(5) (7)}		61.5%	52.2%	
Operating costs / Net operating revenues (Portugal) ^{(5) (7)}		61.8%	46.2%	
Staff costs / Net operating revenues ^{(5) (7)}		35.2%	28.5%	
Capital ⁽⁸⁾				
Own funds		6,125	6,254	
Risk weighted assets		58,432	62,359	
Tier I		9.3%	8.6%	
Total		10.5%	10.0%	
Branches				
Portugal activity		887	909	-2.4%
Foreign activity		842	898	-6.2%
Employees				
Portugal activity		10,083	10,236	-1.5%
Foreign activity		11,282	11,598	-2.7%

(1) Adjusted from a Repo operation, in the amount of Euro 2,256 million on 30 June 2011.

(2) Amounts due to customers (including securities), assets under management and capitalisation products.

(3) Net interest income, dividends from equity instruments, net commissions, net trading income, equity accounted earnings, other net operating income (Instruction no. 16/2004 from the Bank of Portugal).

(4) Staff costs, other administrative costs and depreciation.

(5) According to Instruction no. 16/2004 from the Bank of Portugal.

(6) Considering net income before non-controlling interest.

(7) Excludes the impact of specific items.

(8) Capital ratios based on the IRB approach on 30 June 2011 and in accordance with the standard approach on 30 June 2010.

At the earnings presentation for the first half of 2011, the Chairman of the Executive Board of Directors of Banco Comercial Português, Carlos Santos Ferreira underlined that given the current environment, the Bank conducted a redefinition of its strategy whose main guidelines are: reinforcement of solvability levels and strengthening of the balance sheet, management of the deleveraging process to stabilize the financing structure and needs, strengthening leadership and levels of profitability of the business in Portugal and a focus on international portfolio, with a strong commitment to African and other affinity markets along with a strategic repositioning of European operations.

Through June 2011 the consolidated net profit was Euro 88.4 million and it should be highlighted:

- i) The conclusion of the share capital increase operation in an amount of Euro 1.37 billion. It should also be emphasised the very high success rate of the conversion of Perpetual Subordinated Securities, 99%, and the levels of demand of 1.64 times higher than the supply for the share capital increase with preference reserve. This transaction, which was completed in less than three months, enabled an improvement in solvency ratios, with Core Tier I reaching 8.5 % and Tier I 9.3%, at 30 June 2011;
- ii) The positive development of the liquidity management plan translated into the reinforcement of assets eligible for discount at central banks attaining Euro 20.1 billion at 30 June 2011;
- iii) The deleveraging proceeding with loans to customers down 4.8% while on-balance sheet customer funds rose 5.8% allowing a reduction of Euro 6.6 billion in the commercial gap, when compared with the end of the first half of 2010;
- iv) The enhancement of provisions for loan impairments, due to the financial collateral devaluation, keeping the coverage ratio for non-performing loans (over 90 days) above 100%, reaching 101.5% at 30 June 2011;
- v) The improvement of core revenue with a 14.6% increase in net interest income, as a result of initiatives undertaken at credit repricing, together with a 3.5% drop in operating costs, over the same semester in 2010.

In what regards the international operations, the Chairman underlined:

- i) The growing contribution of the international activity for the Group's consolidated results, with net income from abroad rising from Euro 25.3 million in the first six months of 2010 to Euro 64.4 million in the same period of 2011;
- ii) The good results achieved by the Polish operation, which posted a net profit of Euro 54.7 million euros in the first half of 2011, driven by the growth in net interest income of 21.1% and in commissions of 3.5%, on a yearly basis;
- iii) The maintenance of expansion plans in Angola and Mozambique which together presented a net profit of Euro 57.0 million, 43.9% up from the same period of 2010.

Pertaining to the strategic agenda, the Chairman highlighted the repositioning of the Bank's actions, both for the domestic activity, where the main initiatives will focus on strengthening the leadership in Portugal by establishing a new business model along with restructuring the operational structure, and for the international activity with the exploration of new affinity markets.

Our operations in Angola and Mozambique are a privileged platform for growth in Africa, so we set out an even more ambitious expansion plan. This plan foresees the creation of a holding company, into which will be transferred Millennium Angola, and this holding company will evaluate new business opportunities in this and other African countries.

Under the strategic plan, Millennium bcp will also carry out a realignment of its European operations. This strategic review will focus on assessing the value creation potential of several possible options, enabling a future decision on the shareholdings.

RESULTS AND ACTIVITY IN THE FIRST HALF OF 2011

Considering the conclusion of the sale of 95% of Millennium bank in Turkey, on 27 December 2010, and the sale of all the branches of Millennium bcpbank in the United States of America (USA), the respective deposits portfolio and part of the loan portfolio, on 15 October 2010, the consolidated financial statements are not directly comparable for the first half of 2011 and the first half of 2010. However, the impact of these transactions is considered not materially relevant for the Group's profit and loss account and balance sheet given the small dimension of these operations in the consolidated activity.

RESULTS

Millennium bcp's consolidated net income amounted to Euro 88,4 million in the first half of 2011, compared to Euro 163,2 million in the first half of 2010. The evolution of net income was influenced by the decrease in net trading income and by the reinforcement of impairment charges for loan losses (net of recoveries). However, net income benefited from the lower level of other impairment and provisions, from the impacts in income taxes, as well as from the increase in net interest income and the reduction in operating costs, driven by both the activity in Portugal and the international activity.

The evolution of consolidated net income was hindered by the performance of the activity in Portugal, as the net income from international activity showed an increase from the first half of 2010. Net income from the activity in Portugal stood at Euro 24,0 million in the first half of 2011 (Euro 137,9 million in the same period of 2010), due to the decrease in net trading income, the reinforcement of impairment charges for loan losses (net of recoveries), the impacts in income taxes in the scope of the Group's shareholding restructuring process, the increase in net interest income and the reduction in operating costs.

Net income from the international activity was up to Euro 64,4 million in the first half of 2011 (Euro 25,3 million in the same period of 2010), boosted by net interest income, as well as by the lower level of impairment for loan losses (net of recoveries) and by the reduction in operating costs. This evolution benefited from the increase in business volumes despite the investments carried out, as net income showed a favourable performance in most international operations, from the first half of 2010, with the major contributions in the first half of 2011 provided by the subsidiary companies in Poland, Mozambique and Angola.

Net interest income grew by 14,6% to Euro 807,7 million in the first half of 2011, from Euro 705,0 million in the same period in 2010, supported by the favourable effects from both business volumes and interest rates. This performance led to an interest rate of 1,77% in the first half of 2011, a favourable evolution compared to 1,61% in the same period of 2010, reflecting the focus in the implementation of initiatives aimed to adjust pricing to customer risk profiles, in a context of limited access to sources of funding and therefore greater selectivity in loans granted.

Net interest income in the activity in Portugal showed a growth from the first half of 2010, sustained by the growth in interest earning assets and by the positive interest rate effect, following the adjustment of the price to the cost of the risk for loans operations with customers, despite the impact of the increased but manageable costs for term deposits, due to the effort to further attract customer funds from the customer base. The evolution of net interest income in the international activity benefited mostly from the positive interest rate effect, associated with the increase in interest rates of operations with customers, and from the growth in business volumes, underpinned by the performance in most international operations, in particular in Bank Millennium in Poland, Millennium bim in Mozambique and Banco Millennium Angola.

AVERAGE BALANCES

<i>Euro million</i>	1H 11		1H 10	
	Balance	Yield %	Balance	Yield %
Deposits in banks	4,041	1.52	3,883	1.21
Financial assets	12,954	3.87	7,482	3.77
Loans and advances to customers	73,729	4.17	74,852	3.43
	<u>90,724</u>		<u>86,217</u>	
Non current assets held for sale	-		924	6.84
Interest earning assets	<u>90,724</u>	4.01	<u>87,141</u>	3.40
Non interest earning assets	<u>8,986</u>		<u>9,969</u>	
	<u>99,710</u>		<u>97,110</u>	
Amounts owed to credit institutions	20,346	1.50	10,483	1.54
Amounts owed to customers	46,303	2.65	45,888	1.91
Debt issued and financial liabilities	20,990	2.15	28,306	1.46
Subordinated debt	<u>1,700</u>	2.72	<u>2,338</u>	2.94
	<u>89,339</u>		<u>87,015</u>	
Non current liabilities held for sale	-		838	4.33
Interest bearing liabilities	<u>89,339</u>	2.27	<u>87,853</u>	1.77
Non interest bearing liabilities	3,155		2,031	
Shareholders' equity and non-controlling interests	<u>7,216</u>		<u>7,226</u>	
	<u>99,710</u>		<u>97,110</u>	
Net interest margin ⁽¹⁾		1.77		1.61

(1) Net interest income as a percentage of average interest earning assets.

Note: Interests related to hedge derivatives were allocated, in June 2011 and June 2010, to the respective balance sheet item.

Net commissions stood at Euro 401,1 million in the first half of 2011, compared to Euro 405,0 million posted in the first half of 2010, reflecting the unfavourable evolution of net commissions related to financial markets, particularly commissions associated with securities operations, notwithstanding the 3,9% growth in commissions more directly associated with the banking business, which were boosted by the positive performance of most line items, in particular commissions associated with loans and guarantees, cards business and other commissions, in particular those related to accounts maintenance and "Frequent Customer" solution.

Net commissions were influenced by the lower level of commissions posted by the international activity, in particular by the subsidiary company in Greece, partially offset by the rise in net commissions posted by the operations in Poland, Mozambique and Angola, chiefly supported by commissions more directly associated with the banking business. Nevertheless, it is worth noting the positive performance of net commissions in Portugal, in particular commissions more directly associated with the banking business, underpinned by commissions related to banking services provided and to loans and guarantees.

Net trading income, which includes net gains arising from trading and hedging activities and net gains arising from available for sale financial assets, totalled Euro 21,0 million in the first half of 2011, which compares with Euro 314,6 million in the first half of 2010. This evolution reflects mostly the performance of results from trading and hedging activities, in particular the operations related to financial instruments at fair value through the profit and loss account, hindered by financial instruments recorded at fair value option, as well as by financial instruments held for trading related to the fixed-income securities portfolio.

The net trading income in the activity in Portugal includes the accounting of a gain related to the deterioration of the Bank's own credit risk, in the amount of Euro 44,3 million in the first half of 2011 (Euro 179,2 million in the first half of 2010), following the increase in market spreads for operations with risk similar to that of Millennium bcp. Additionally, net trading income in Portugal, for the first half of 2011, reflects the negative impact associated to the sale of loans, in the amount of Euro 26.0 million, as well as, the losses incurred in Treasury Bonds from the Portuguese Republic, in the amount of Euro 132.5 million. In the international activity, despite the evolution posted by the operations developed in Mozambique and Poland, net trading income showed a favourable performance, benefiting from the subsidiary companies in Greece and, to a lesser extent, in Romania.

Other net operating income, which includes other operating income, other net income from non-banking activities and gains from the sale of subsidiaries and other assets, stood at Euro 10,2 million in the first half of 2011, compared to Euro 15,1 million in the same period of 2010. This evolution, while influenced favourably by the activity in Portugal, as a result of the accounting, in the first quarter of 2011, of an adjustment related to insurance premiums associated with pensions, reflects mostly the performance of the international activity, despite the positive contribution from Millennium bim in Mozambique.

Equity accounted earnings, which include 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, totalled Euro 24,0 million in the first half of 2011 (Euro 28,9 million in the first half of 2010). Equity accounted earnings comprise essentially the appropriation of results associated with the 49% shareholding in Millenniumbcp Ageas, where net income, despite the devaluation in investment portfolios during the second quarter of 2011, showed a favourable evolution in the first half of 2011, compared to the first half of 2010.

OTHER NET INCOME

<i>Euro million</i>	1H 11	1H 10	Change 11/10
Net commissions			
Banking commissions			
Cards	91.5	89.8	1.8%
Credit and guarantees	89.9	85.4	5.3%
Bancassurance	37.7	37.2	1.2%
Other commissions	117.5	111.7	5.3%
Subtotal banking commissions	336.6	324.1	3.9%
Market related commissions			
Securities	38.8	54.3	-28.6%
Asset management	25.7	26.6	-3.3%
Subtotal market related commissions	64.5	80.9	-20.3%
Total net commissions	401.1	405.0	-1.0%
Net trading income	21.0	314.6	-93.3%
Other net operating income	10.2	15.1	-32.4%
Dividends from equity instruments	1.1	19.1	-94.2%
Equity accounted earnings	24.0	28.9	-16.9%
Total other net income	457.4	782.7	-41.5%
Other income / Net operating revenues ⁽¹⁾	36.2%	52.6%	

(1) Calculated according to Instruction no. 16/2004 from the Bank of Portugal.

Operating costs, which include staff costs, other administrative costs and depreciation, reduced 3,5% to Euro 749,5 million in the first half of 2011, from Euro 776,9 million in the same period of 2010. This reduction in operating costs reflects the savings of 5,7% in other administrative costs, of 1,6% in staff costs and of 7,0% in depreciation costs, benefiting from both the activity in Portugal and the international activity. The consolidated cost-to-income ratio, on a comparable basis, stood at 61,5% in the first half of 2011 (52,2% in the first half of 2010), while in the activity in Portugal stood at 61,8% in the first half of 2011 (46,2% in the same period in 2010).

In the activity in Portugal, operating costs reduced 4,3%, benefiting from the savings achieved in other administrative costs, highlighting the lower costs related to advisory and consultancy services, advertising, outsourcing, electricity, other specialised services and communications, as well as from the decrease in staff costs and the lower level of depreciation costs. In the international activity, operating costs also showed a favourable evolution, mostly due to the impact of operating costs posted in the first half of 2010 related to the subsidiary companies in Turkey and in the United States of America, the sales of which were completed at the end of 2010, which more than compensated for the higher operating costs posted by the subsidiary companies in Poland, Angola and Mozambique, in accordance with the business plans implemented in these markets.

Staff costs amounted to Euro 417,6 million in the first half of 2011, showing a decrease of 1,6%, from Euro 424,2 million in the first half of 2010. This evolution was favourably influenced by the 0,9% drop in the activity in Portugal, due to the lower pension costs, as a result of the reversal of provisions in the first quarter of 2011, in the amount of Euro 31,4 million, despite the accounting of costs for early retirements in the second quarter of 2011, in the amount of Euro 3,4 million. Staff costs in the international activity benefited from the effect of the partial sale of the operations in Turkey and in the United States of America at the end of 2010, which more than offset the growth in costs in the subsidiary companies in Poland, in Angola and in Mozambique, in these last two due to the increase in the number of employees, with an additional 157 and 166 employees, respectively, as part of the activity expansion plans underway in these geographies.

Other administrative costs were down by 5,7%, to Euro 284,0 million in the first half of 2011, from Euro 301,1 million in the first half of 2010, benefiting mostly from the savings achieved in costs associated with advertising, advisory and consultancy, communication, outsourcing, and other specialised services. Other administrative costs were influenced by the reduction of 8,9% in the activity in Portugal, from the first half of 2010, reflecting the impact of initiatives carried out aimed to improve efficiency, focused on the rationalisation and containment of operating costs.

In the international activity, other administrative costs dropped 1,4%, to Euro 128,7 million in the first half of 2011 (Euro 130,6 million in the same period of 2010), reflecting, on the one hand, the partial sale of the operations in Turkey and in the United States of America at the end of 2010, and, on the other, the reduction of costs achieved by Millennium bank in Greece, as a result of the resizing of the distribution network, which more than offset the increases in the subsidiary companies in Poland, Angola and Mozambique, due to the strategic focus in these markets, in particular the expansion plans underway in the affinity markets.

Depreciation costs reduced 7,0%, to Euro 47,9 million in the first half of 2011, from Euro 51,6 million in the same period of 2010, essentially as a result of the lower level of depreciation in the activity in Portugal (-9,8%), due to the progressive end of the period of depreciation of investments, in particular depreciation associated with equipment and buildings, which more than offset the higher level of depreciation related to software investments, following the dynamics of the technological renewal process.

In the international activity, depreciation costs stood at Euro 23,1 million in the first half of 2011, showing a reduction of 3,8%, from Euro 24,0 million in the first half of 2010. This evolution benefited from the lower level of depreciation in Bank Millennium in Poland, despite the increase in the subsidiary companies in Mozambique and Angola, driven by the investments carried out to support the expansion of the activity in these markets.

OPERATING COSTS

<i>Euro million</i>	1H 11	1H 10	Change 11/10
Staff costs ⁽¹⁾	417.6	424.2	-1.6%
Other administrative costs	284.0	301.1	-5.7%
Depreciation	47.9	51.6	-7.0%
	<u>749.5</u>	<u>776.9</u>	-3.5%
Of which:			
Portugal activity	459.5	480.0	-4.3%
Foreign activity	290.0	296.9	-2.3%
Operating costs / Net operating revenues ^{(2) (3)}	61.8%	46.2%	

(1) Includes a reversal of provisions in the first quarter of 2011 associated with pension charges, in the amount of Euro 31.4 million, and costs posted in the second quarter of 2011 associated with early retirements, in the amount of Euro 3.4 million.

(2) Activity in Portugal. Calculated according to Instruction no. 16/2004 from the Bank of Portugal.

(3) Excludes the impact of specific items.

Impairment for loan losses (net of recoveries) totalled Euro 562,1 million in the first half of 2011, compared to Euro 384,2 million in the same period of 2010, as a result of the reinforcement of credit impairment charges in the activity in Portugal, reflecting the adverse economic and financial context and affecting various sectors, with impact in the loan portfolio with impairment indicators due to the higher non-performing loan levels, despite the focus on mechanisms of prevention, control and risk management. The international activity, mainly influenced by the favourable performance in the subsidiary companies in Poland and Switzerland, showed, in the first half of 2011, a reduction in the impairment charges for loan losses (net of recoveries) from the first half of 2010.

The cost of risk, measured by the ratio of impairment charges (net of recoveries) to the loan portfolio, stood at 147 basis points in the first half of 2011 (98 basis points in the first half of 2010).

Other impairment and provisions, which include 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, stood at Euro 4,2 million in the first half of 2011, compared to Euro 114,2 million in the same period of 2010. The evolution of other impairment and provisions reflects the recognition of an impairment in the amount of Euro 73,6 million, posted in the second quarter of 2010, related to the goodwill of Millennium bank in Greece, and the net impact between the provisions charged and the reversal of provisions, in particular, those associated with assets received as payment in kind and other contingencies.

The current **income tax** totalled Euro 42,2 million in the first half of 2011, compared to Euro 28,5 million in the same period of 2010. The deferred income tax stood at Euro -221,5 million in the first half of 2011 (Euro -6,8 million in the same period in 2010), mostly due to the impact in tax income determined in the scope of the restructuring process of the Group's shareholdings.

BALANCE SHEET

Total assets stood at Euro 99.717 million as at 30 June 2011, compared to Euro 98.993 million as at 30 June 2010.

Loans to customers (gross), on a comparable basis (adjusted from a repo operation, in the amount of Euro 2.256 million, on 30 June 2011), totalled Euro 74.390 million as at 30 June 2011, a reduction of 4,8% from Euro 78.176 million as at 30 June 2010. The evolution in loans to customers reflects mostly the performance of the activity in Portugal, which declined by 6,8% from 30 June 2010, while the international activity posted an increase of 2,3% in loans to customers in the same period, mostly sustained by the performance of the subsidiary companies in Poland, Angola and Mozambique.

The performance of loans to customers was mainly influenced by loans to companies, which totalled Euro 38.793 million as at 30 June 2011 on a comparable basis (Euro 43.301 million on the same date in 2010), reflecting the sale of loans and the decrease in loans granted. However, the loans to companies continued to be the main component of the loans to customers portfolio, with a weight of 52% of the total loans. Loans to individuals showed an increase of 2,1% from the end of June 2010, totalling Euro 35.597 million as at 30 June 2011, reflecting the performance of mortgage loans (+3,3%), mainly driven by the international activity, but also by the activity in Portugal, while the consumer loans reduced by 5,3% from the end of June 2010, influenced by the decrease in the activity in Portugal.

LOANS TO CUSTOMERS (GROSS)

<i>Euro million</i>	30 Jun. 11	30 Jun. 10	Change 11 / 10
Individuals			
Mortgage loans	30,930	29,945	3.3%
Consumer loans	4,667	4,930	-5.3%
	<u>35,597</u>	<u>34,875</u>	2.1%
Companies			
Services ⁽¹⁾	15,313	17,408	-12.0%
Commerce	4,680	4,988	-6.2%
Construction	5,318	5,210	2.1%
Other	13,482	15,695	-14.1%
	<u>38,793</u>	<u>43,301</u>	-10.4%
Total ⁽¹⁾	<u>74,390</u>	<u>78,176</u>	-4.8%
Of which:			
Portugal activity ⁽¹⁾	56,863	61,040	-6.8%
Foreign activity	17,527	17,136	2.3%

(1) Adjusted from a Repo operation, in the amount of Euro 2,256 million, on 30 June 2011.

Credit quality, measured by the non-performing loan indicators, in particular overdue loans by more than 90 days as a percentage of total loans, stood at 3,8% as at 30 June 2011 (2,7% on the same date in 2010), reflecting the worsening economic and financial conditions of households and companies, as this ratio for the individuals segment stood at 2,2% as at 30 June 2011, mostly influenced by consumer loans, and for the companies segment stood at 5,2%. The coverage ratio for loans overdue by more than 90 days stood at 101,5% as at 30 June 2011.

OVERDUE LOANS BY MORE THAN 90 DAYS AND IMPAIRMENTS AT 30 JUNE 2011

<i>Euro million</i>	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				
Mortgage loans	224	185	0.7%	82.6%
Consumer loans	545	451	11.7%	82.8%
	<u>769</u>	<u>636</u>	2.2%	82.7%
Companies				
Services	660	789	3.8%	119.6%
Commerce	358	288	7.7%	80.4%
Construction	519	378	9.8%	72.8%
Other	587	845	4.4%	143.9%
	<u>2,124</u>	<u>2,300</u>	5.2%	108.3%
Total	<u>2,893</u>	<u>2,936</u>	3.8%	101.5%

Total customer funds increased 1,5% on a comparable basis (adjusted for a Repo transaction, amounting to Euro 2.256 million as at 30 June 2011) and amounted to Euro 66.638 million as at 30 June 2011 from Euro 65.632 million on the same date in 2010. This evolution benefited from the growth of 5,8% in balance sheet customer funds, driven by the behaviour of customer deposits (+3,2%), which accounted for 68% of total customer funds at the end of June 2011, and the debt securities more than offset the performance of off-balance sheet customer funds (-11,0%).

TOTAL CUSTOMER FUNDS

<i>Euro million</i>	30 Jun. 11	30 Jun. 10	Change 11 / 10
Balance sheet customer funds			
Deposits ⁽¹⁾	45,473	44,072	3.2%
Debt securities ⁽²⁾	6,318	4,883	29.4%
	<u>51,791</u>	<u>48,955</u>	5.8%
Off-balance sheet customer funds			
Assets under management	4,234	4,882	-13.3%
Capitalisation products ⁽³⁾	10,613	11,795	-10.0%
	<u>14,847</u>	<u>16,677</u>	-11.0%
Total ⁽¹⁾	<u>66,638</u>	<u>65,632</u>	1.5%
Of which:			
Portugal activity ⁽¹⁾	50,110	49,922	0.4%
Foreign activity	16,528	15,710	5.2%

(1) Adjusted from a Repo operation, in the amount of Euro 2,256 million, on 30 June 2011.

(2) Debt securities issued by the Bank and placed with customers.

(3) Includes Unit Linked and Retirement savings deposits.

The increase in total customer funds reflects the 5,2% increase in the international activity, reaching Euro 16.528 million as at 30 June 2011 (Euro 15.710 million on the same date in 2010), mostly influenced by the performance of Bank Millennium in Poland, sustained by both balance sheet customer funds and off-balance sheet customer funds, as well as by the increasing dynamism showed by Banco Millennium Angola and by Millennium bim in Mozambique to further increase customer deposits. Simultaneously, total customer funds in the activity in Portugal increased 0,4%, on a comparable basis, totalling Euro 50.110 million as at 30 June 2011 (Euro 49.922 million as at 30 June 2010), benefiting from the evolution in balance sheet customer funds, reflecting the effect of initiatives carried out focused to reinforce the Bank's stable funding component, together with the option by customers for traditional term deposits, in the context of strong uncertainty and volatility in the capital markets.

LIQUIDITY MANAGEMENT

The first half of 2011 has two distinct periods: the first one, up to the emergence of the national political crisis - coinciding in practice with the first quarter - that, in a context of relative macroeconomic stability, in which it was possible to achieve part of the Liquidity Plan for 2011; and a second period, in which access to markets for funding and management of collateral were strongly conditioned by the effects of the political crisis, in particular the Portuguese sovereign debt downgrade to BBB category, followed by the private debt (either financial institutions or corporates).

By the end of the first quarter of 2011, Millennium bcp had achieved its aim of diversifying funding sources, with the amount of repos (short term) reaching the target amount of Euro 1.5 billion (nil on 31 December 2010). Despite the persistent closure of the commercial paper and capital markets, making it not viable to pursue the objectives defined for debt issuance, the net exposure of Millennium bcp to the European Central Bank (ECB) was reduced to Euro 14.7 billion on 31 March 2011 (Euro 14.9 billion at end of 2010). The reinforcement and appropriate management of the pool of eligible collateral has more than offset the impact of changing criteria of haircuts and asset eligibility (joint reduction of Euro 0.7 billion), in particular by BII's covered bonds amounting to Euro 0.9 billion.

In early April, in response to the emergence of the political crisis, the Bank designed and implemented a new plan for liquidity, having as goals a more rapid reduction in financing needs on the market and the sustainability of the portfolio of eligible collateral with the ECB as a mitigating factor for liquidity risk, with significant effect in the second quarter, in particular the acceleration of the effort to deleverage and to improve the commercial gap (through the selective sale of assets and the internalisation of off-balance sheet resources) and the strengthening of eligible collateral with the ECB. At the same time, Millennium bcp has continued to pursue the objectives defined in the Liquidity Plan for 2011. Under the plan there were two innovative equity swaps in the second quarter of 2011, amounting to Euro 66 million.

The close of the short-term markets (with the exception of the interbank money market) resulted in a reduction of the use of repos and commercial paper at the end of the first half of the year, focusing exclusively on the use of the ECB for refinancing needs in the second quarter, which amounted to Euro 2.1 billion, with exposure to the ECB amounting to Euro 15.0 billion, remaining thus in line with the amount recorded at the end of the previous quarters, reflecting already the impact of contingency measures carried out. In turn, the portfolio of securities eligible for collateral in any financing transactions with Central Banks stood at Euro 20.1 billion as at 30 June 2011.

CAPITAL

Following the request submitted by Millennium bcp, the Bank of Portugal formally authorised the adoption of methodologies based on Internal Rating models (IRB) for the calculation of capital requirements for credit and counterparty risk, covering a substantial part of the risks from the activity in Portugal as from 31 December 2010.

At the end of the second quarter of 2011, consolidated Core Tier I reached 8,5% and the Tier I and Total ratios stood at 9,3% and 10,5% respectively.

The Core Tier I ratio improved 178 basis points in the second quarter of 2011, boosted by the share capital increase that took place during this period, in the total amount of Euro 1.25 billion, of which: (i) Euro 990.1 million, through the issuance of 1,584,235,200 new ordinary, book-entry shares, without nominal value, by means of new contributions in kind of 990,147 perpetual subordinated securities with conditional interest; (ii) Euro 259.9 million, through a capital increase with preference rights to the Bank's current shareholders.

The risk weighted assets stood in line with the previous quarter, despite the increase of about Euro 1.3 billion resulting from the Portuguese Republic rating downgrade, which was offset by the reduction of credit risk exposures related to the deleveraging underway.

SOLVENCY

<i>Euro million</i>	30 Jun. 11	31 Mar. 11
Own Funds		
Tier I Capital	5,441	5,392
of which: Preference shares and Perpetual subordinated debt securities with conditional coupons	945	1,933
Other deduction ⁽¹⁾	(453)	(446)
Tier II Capital	810	722
Deductions to Total Regulatory Capital	(125)	(117)
Total Regulatory Capital	6,125	5,997
Risk Weighted Assets	58,432	58,400
Solvency Ratios		
Core Tier I	8.5%	6.7%
Tier I	9.3%	9.2%
Tier II	1.2%	1.1%
Total	10.5%	10.3%

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

Note: The Bank received authorisation from the Bank of Portugal (BoP) to adopt IRB approaches for the calculation of capital requirements for credit risks, as from 31 December 2010. Estimates of the probability of default and the lost given default (IRB Advanced) were used for retail exposures to small companies and collateralised by commercial and residential real state, and estimates of the probability of default (IRB Foundation) for corporate exposures, in Portugal, excluding property development loans and entities from the simplified rating system. In the 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.

SEGMENTAL REPORTING

Millennium bcp offers a wide range of banking activities and financial services in Portugal and abroad, focusing on Retail Banking, Companies Banking and Private Banking & Asset Management.

Segment description

The Retail Banking activity includes the Retail activity of Banco Comercial Português in Portugal, operating as a distribution channel of 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 Companies network 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 network, in Portugal, covers the financial needs of companies with an annual turnover between Euro 7.5 million and Euro 100 million, and focuses on innovation, offering a wide range of traditional banking products complemented by specialised financing.

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 100 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 Private Banking and Asset Management 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, Millennium bank in Greece, 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. In the first half of 2010, this segment also included the Millennium bank Turkey (partially sold on 27 December 2010) and Millennium bcpbank in the United States of America (partially sold on 15 October 2010). The Foreign Business segment, in terms of the business segments, comprises the Group operations outside Portugal referred above, excluding Banque Privée BCP in Switzerland and Millennium bcp Bank & Trust in the Cayman Islands, which are included in the Private Banking & Asset Management 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 Greece by an operation focused on retail and based on offering innovative products and high service levels; 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).

Business segment 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 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.

As the process of capital allocation follows the regulatory criteria of solvency in place, the risk weighted assets and, consequently, the business segments' capital allocation, were determined in accordance with the Basel II framework, applying: (i) in the first half of 2010 the standard approach for calculating capital requirements for credit risks; and (ii) in the first half of 2011 IRB Advanced for credit risk Retail portfolio related to small retail business or collateralised by residential or commercial real estate, and Foundation IRB for corporate loans in Portugal, excluding property developers and other entities' simplified rating system. The capital allocation for each segment, in the first half of 2010 and 2011, resulted from the application of 6.5% to the risks managed by each segment.

In 2009, subsequent to authorisation from the Bank of Portugal, the Bank 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. Each operation is balanced through internal transfers of funds, with no impact on consolidated accounts.

Information related to the first half of 2010 is presented on a comparable basis with the information reported for the first half of 2011 reflecting the Group's business areas current organisational structure referred to in the Segment description described above.

The net contribution of each segment is not deducted, when applicable, from 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 30 June 2011.

Retail Banking

The Retail segment in Portugal posted a net loss of Euro 6.8 million in the first half of 2011, compared to a positive net contribution of Euro 78.4 million in the same period in 2010, reflecting mostly the increase in impairment charges for loan losses and the reduction in net interest income.

The increase in the volume of time deposits and the growth in margin interest rates of demand and time deposits did not offset the lower volume of loans to customers and the reduction in net interest margin of credit operations, determining the performance of the net interest income in the first half of 2011.

The decrease in other net income, compared to the first half of 2010, was driven by the reduction in net commissions, in particular those related to loans, despite the increase in commissions related to demand deposits, structured products and risk insurance.

The increase in impairment charges for loan losses in the first half of 2011, compared with the same period in 2010, was due to the increased impairment indicators in the loan portfolio as a result of the deterioration in economic and financial conditions, in particular for companies in the construction and tourism sectors.

The increase in operating costs was mainly due to higher pension costs, in particular those related to the amortisation of the actuarial changes above the corridor, as well as to the higher costs associated with the loan recovery process.

The commercial gap in the first half of 2011 showed an improvement, reflecting the ongoing deleveraging strategy and benefiting from the reduction in loans to customers by 4.3%. This decrease in loans to customers was influenced by the reduction in funding to companies, in mortgage loans, in consumer credit and in real estate leasing.

Total customer funds amounted to Euro 35,977 million on 30 June 2011, compared to Euro 36,262 million achieved in 30 June 2010. However, customer deposits showed an increase of 1.8% in 30 June 2011, compared to the same date in 2010, reflecting the commercial effort to further boost customer funds.

<i>Euro million</i>	<u>30 Jun. 11</u>	<u>30 Jun. 10</u>	<u>Change 11 / 10</u>
Profit and loss account			
Net interest income	227.9	265.2	-14.1%
Other net income	223.9	224.9	-0.4%
	451.8	490.1	-7.8%
Operating costs	343.9	335.3	2.6%
Impairment	117.2	48.0	144.3%
Contribution before income taxes	(9.3)	106.8	-
Income taxes	(2.5)	28.4	-
Net contribution	<u>(6.8)</u>	<u>78.4</u>	-
Summary of indicators			
Allocated capital	984	1,298	-24.2%
Return on allocated capital	-1.4%	12.2%	
Risk weighted assets	15,136	19,972	-24.2%
Cost to income ratio	76.1%	68.4%	
Loans to customers ⁽¹⁾	32,704	34,187	-4.3%
Total customer funds	35,977	36,262	-0.8%

(1) Includes commercial paper.

Note: Loans to customers and customer funds on monthly average balances.

Companies

The companies network recorded a net loss of Euro 47.4 million in the first half of 2011, compared to a positive net contribution of Euro 6.6 million in the same period in 2010, determined by the higher level of impairment charges for loan losses and the reduction in other net income.

The good performance of net interest income reflects the effect of the increase in the interest margin for demand deposits and loans to customers, which more than offset the effect of the decrease in business volumes. For this performance was crucial the focus on profitability, through the strengthening of the repricing process in loan operations, aimed to adjust the price of products to customers' risk profiles.

The decrease in other net income resulted from the reduction in commissions associated with financial services and non-resident companies, despite the increase in commissions related to signature credit.

The increase in impairment charges for loan losses in the first half of 2011, compared to the same period of 2010, was due to the increased impairment indicators in the loan portfolio following the deterioration in economic and financial conditions, in particular in companies in the construction and tourism sectors.

For the third consecutive quarter there was a reduction in operating costs. This was sustained by measures to simplify the organisation and optimise processes that have been consistently implemented, as seen in the reduction in other administrative costs.

Loans to customers decreased by 4.9%, amounting to Euro 9,715 million as at 30 June 2011, compared to Euro 10,214 million posted on the same date in 2010, determined by the reduction in national currency loans, real estate loans and commercial paper.

Total customer funds amounted to Euro 2,669 million as at 30 June 2011, compared to Euro 2,897 million as at 30 June 2010, and reflects, essentially, the unfavourable evolution of off-balance sheet customer funds.

<i>Euro million</i>	30 Jun. 11	30 Jun. 10	Change 11 / 10
Profit and loss account			
Net interest income	85.7	85.0	0.8%
Other net income	36.6	43.7	-16.1%
	122.3	128.6	-4.9%
Operating costs	28.4	30.7	-7.3%
Impairment	160.6	89.0	80.5%
Contribution before income taxes	(66.7)	9.0	-
Income taxes	(19.4)	2.4	-
Net contribution	(47.4)	6.6	-
Summary of indicators			
Allocated capital	635	643	-1.3%
Return on allocated capital	-15.0%	2.1%	
Risk weighted assets	9,764	9,892	-1.3%
Cost to income ratio	23.3%	23.8%	
Loans to customers ⁽¹⁾	9,715	10,214	-4.9%
Total customer funds	2,669	2,897	-7.9%

(1) Includes commercial paper.

Note: Loans to customers and customer funds on monthly average balances.

Corporate & Investment Banking

The Corporate & Investment Banking segment recorded a net loss of Euro 19.4 million in the first half of 2011, compared to a positive net contribution of Euro 14.9 million in the same period in 2010, determined by the increase in impairment charges for loan losses, the reduction in other net income and the increase in operating costs.

The good performance of net interest income reflects the effect of the increase in the margin interest rate of demand deposits and of loans to customers as a result of the focus on profitability through the repricing process, promoting the adjustment of spreads to the risk of operations and strengthening the mitigation associated with these operations.

The decrease in other net income resulted from a reduction in net trading income, despite the increase in commissions in the Corporate network, especially in commissions associated with commercial paper, loans and financial services.

The increase in operating costs was mainly due to higher pension costs, in particular, related to the amortisation of the actuarial changes above the corridor.

The higher level of impairment charges for loan losses posted in the first half of 2011, compared to the same period of 2010, was due to the increased impairment indicators in the loan portfolio following the deterioration in economic and financial conditions, in particular in companies in the construction and tourism sectors.

In accordance with the strategic priority of deleveraging, loans to customers decreased 7.8%, totalling Euro 12,392 million as at 30 June 2011, compared to Euro 13,445 million posted on the same date in 2010, determined by the reduction in local currency financing and loans for property development. Total customer funds rose 14.7% to Euro 12,587 million as at 30 June 2011, compared to Euro 10,970 million in 30 June 2010 determined by an increase of 42.9% in customer deposits.

<i>Euro million</i>	30 Jun. 11	30 Jun. 10	Change 11 / 10
Profit and loss account			
Net interest income	108.0	93.7	15.2%
Other net income	82.5	94.9	-13.1%
	190.4	188.7	0.9%
Operating costs	38.8	37.3	4.1%
Impairment	179.0	131.1	36.6%
Contribution before income taxes	(27.4)	20.3	-
Income taxes	(7.9)	5.4	-
Net contribution	(19.4)	14.9	-
Summary of indicators			
Allocated capital	1,030	924	11,5%
Return on allocated capital	-3.8%	3.3%	
Risk weighted assets	15,839	14,211	11,5%
Cost to income ratio	20.4%	19.8%	
Loans to customers ⁽¹⁾	12,392	13,445	-7.8%
Total customer funds	12,587	10,970	14.7%

(1) Includes commercial paper.

Note: Loans to customers and customer funds on monthly average balances.

Private Banking & Asset Management

The Private Banking & Asset Management segment, considering the geographical segmentation criteria, posted a net loss of Euro 15.8 million in the first half of 2011, compared to a net loss of Euro 10.4 million in the same period of 2010, determined by the increase in impairment charges for loan losses and by the decrease in net interest income.

The reduction in net interest income reflects the decrease in business volumes as well as in interest rate margin for customer term deposits and for loans to customers, despite the effort to implement the repricing aimed to reflect the cost of risk and liquidity, as well as the increase in net interest rates of demand deposits.

The increase of 43.5% in other net income resulted from the Private Banking business in Portugal and was mainly associated with the increase in commissions related to investment funds, which offset the drop in commissions related to structured products, assets under management and stock market transactions.

The rise in impairment charges for loan losses was due to the increase in impairment indicators of the loan portfolio, mainly in the Private Banking activity in Portugal.

Total customer funds amounted to Euro 5,578 million as at 30 June 2011, compared to Euro 5,809 million as at 30 June 2010, supported by the reduction in off-balance sheet customer funds, despite the increase of 2.0% in customer deposits.

Loans to customers amounted to Euro 1,288 million as at 30 June 2011, decreasing from 30 June 2010, as a result of the reduction in loans granted by the Private Banking segment in Portugal.

<i>Euro million</i>	30 Jun.11	30 Jun. 10	Change 11 / 10
Profit and loss account			
Net interest income	9.5	12.1	-21.5%
Other net income	15.1	10.5	43.5%
	24.6	22.6	8.8%
Operating costs	16.4	16.4	0.0%
Impairment	30.4	20.6	47.8%
Contribution before income taxes	(22.3)	(14.4)	-
Income taxes	(6.5)	(4.0)	-
Net contribution	(15.8)	(10.4)	-
Summary of indicators			
Allocated capital	56	59	-5.6%
Return on allocated capital	-57.3%	-35.6%	
Risk weighted assets	856	907	-5.6%
Cost to income ratio	66.7%	72.6%	
Loans to customers	1,288	1,307	-1.5%
Total customer funds	5,578	5,809	-4.0%

Note: Loans to customers and customer funds on monthly average balances.

Foreign Business

The net contribution of the Foreign Business segment, considering the geographical segmentation criteria, amounted to Euro 95.0 million in the first half of 2011, compared to a net contribution of Euro 46.1 million in the same period of 2010.

The increase in net interest income by 18.0% from the first half of 2010, benefited from the evolution posted by the international operations overall, with the exception of Millennium bcp Bank & Trust, incorporating the volume effect as well as the interest rate effect, associated with the increase in interest rates.

The decrease in other net income reflects primarily the lower income in net trading income, with particular emphasis on foreign exchange operations, as a reflection of the performance of the operations developed in Poland and Mozambique.

The decrease in operating costs in the first half of 2011, from the same period in 2010, reflects, in part, the operating costs posted in the first half of 2010 related to the subsidiary companies in Turkey and in the United States of America, which were partially sold, offsetting the increase in operating costs in most international operations, with the exception of Greece.

The reduction in impairment charges for loan losses, by 30.4% from the same period in 2010, was driven by the lower provisioning level posted in all geographies, with the exception of Greece.

The commercial gap improved compared to 30 June 2010, as the growth in customer deposits offset the increase in loans to customers. Total customer funds increased 6.8% to Euro 16,546 million as at 30 June 2011, with emphasis on the favourable performance of customer deposits and capitalisation products. Loans to customers rose 1.9% to Euro 16,907 million as at 30 June 2011, benefiting from the performance of loans to individuals, reflecting the growth in the most operations (with the exception of Greece, Banque Privée Switzerland and Millennium bcp Bank & Trust).

<i>Euro million</i>	30 Jun. 11	30 Jun. 10	Change 11 / 10
Profit and loss account			
Net interest income	297.0	251.8	18.0%
Other net income	166.8	189.7	-12.1%
	463.9	441.5	5.1%
Operating costs	290.0	296.9	-2.3%
Impairment and provisions	61.5	88.3	-30.4%
Contribution before income taxes	112.4	56.3	99.6%
Income taxes	17.4	10.2	69.9%
Net contribution	95.0	46.1	106.2%
Summary of indicators			
Allocated capital	1,293	1,406	-8.0%
Return on allocated capital	14.8%	6.6%	
Risk weighted assets	14,848	14,754	0.6%
Cost to income ratio	62.5%	67.3%	
Loans to customers	16,907	16,599	1.9%
Total customer funds	16,546	15,495	6.8%

SIGNIFICANT EVENTS

The implementation of a number of measures with the objective of strengthening the Bank's capital and improving its liquidity position, including the completion of a capital increase, the approval of a debt issuance with State guarantee of Euro 1.75 billion, the effort to raise on-balance sheet customer funds, the more strict management of loans to customers with the aim of reducing the loans-to-deposits ratio, the presentation of the capital and liquidity strategic management plan to the Bank of Portugal under the commitments taken in the scope of the Portuguese financial assistance program, on the one hand, and the continuation of initiatives to implement a new business model, the re-pricing in line with the risk increase and the raise in the cost of funding, the policy of proximity to customers and the promotion of innovation as a key strategic pillar and as a decisive competitive advantage, on the other, were the most relevant events in the activity of Millennium bcp during the second quarter of 2011. Of special note:

- On April 18, 2011, the Annual General Meeting of Banco Comercial Português, S.A. took place, with shareholders representing 53.39% of Bank's share capital in attendance. The main resolutions are the following: (1) Approval of the Annual Report and Accounts for the year 2010; (2) Approval of the proposal for the appropriation of results for the year 2010; (3) Adoption of new Bylaws, allowing Millennium bcp to adjust and harmonise its Bylaws to changes that have taken place in the Companies Code and the Securities Market Code; (4) Approval of a share capital increase operation, in the amount that may vary between Euro 1.12 billion and Euro 1.37 billion; and (5) Election of the new Corporate Bodies of the Bank.
- Successful conclusion of a share capital increase from Euro 4,694,600,000 to Euro 6,064,999,986, accomplished in three stages: (i) Euro 120,400,000, by incorporation of reserves of issue premium, through the issuance of 206,518,010 new ordinary shares without nominal value; (ii) Euro 990,147,000, through the issuance of 1,584,235,200 new ordinary, book-entry shares, without nominal value, by means of new contributions in kind of 990,147 perpetual subordinated securities with conditional interest; (iii) Euro 259,852,986, through a capital increase with preference rights to the Bank's current shareholders.
- Decision to implement the legal process in order to obtain a State guarantee for a debt issuance, pursuant to Portuguese Law no. 60-A/2008, of 20 October. For this purpose Millennium bcp submitted an application with the Bank of Portugal for the necessary approval of the Portuguese State guarantee to a non-subordinated bond issue of Euro 1.75 billion, with a spread to be determined with reference to prevailing market conditions and a three-year maturity.
- On 27 June 2011, an Extraordinary General Meeting took place, with 50.48% of the share capital represented. The following deliberations were taken: (1) Approval of the alteration of article 5 of the articles of association, by adding a new no. 6 relating to the provision of the State guarantee under the provisos of Law no. 60-A/2008, dated 20 October; (2) Approval of the suppression of the preference right of the shareholders in a possible increase or increases of share capital, namely through preference shares, to be resolved by the Executive Board of Directors within the scope of the legal regime ruling the provision of State guarantees mentioned in the previous item.
- Mr. Paulo José de Ribeiro Moita de Macedo tendered his resignation as Vice-Chairman of the Executive Board of Directors, as well as from all positions he held in the Group or as its representative, following his acceptance to join the Government of the Republic of Portugal as Health Minister.
- Partnership between Millennium bcp Microcredit and the Instituto Politécnico de Lisboa in order to identify, develop and promote an entrepreneurial spirit among students, leading them to choose the path of self-employment.
- "Best Bank in Portugal", awarded by EMEA Finance magazine to Millennium bcp.
- "Most Innovative Bank" in Portugal, awarded at the World Finance Banking Awards 2011 to ActivoBank.

- “MicroFinance Recognition Award” on the category of commitment to social and financial transparency, awarded to Millennium bcp Microcredit by Hanson Wade.
- “Best Social Media Advertising” to Millennium Bank, in Poland, at the “2010 Brand and Marketer” event, organised by the Polish magazine “Media & Marketing”.
- “Best Mozambican Banking Group 2011”, awarded by World Finance magazine to Millennium bim.
- “Best Banking Group in Angola 2011” awarded by World Finance magazine to Millennium Angola.
- “Effie” prize awarded to Millennium bank, in Romania, for its mortgage campaign “Happiness”, launched in the end of 2010.
- Following the downgrade of the Portuguese Republic’s rating for long-term debt by 3 notches, from “A-” to “BBB-”, Fitch announced on 5 April 2011 the revision of the long-term rating of Banco Comercial Português, S.A., by two notches, from “BBB+” to “BBB-”, while the short-term rating was revised from “F2” to “F3”.
- Following the downgrade of the Portuguese Republic’s rating for long-term debt, from “A3” to “Baa1”, Moody’s announced on 6 April 2011 the revision of the rating of Banco Comercial Português, S.A. from “A3” to “Baa3”, while the short-term rating was revised from “P-2” to “P-3”. The Bank Financial Strength Rating (BFSR) was revised from “D+” to “D”. These ratings remain under review for possible downgrade.
- The rating agency DBRS Inc. assigned BCP, on 14 June 2011, an initial long term rating of “BBB (high)” and a short term rating of “R-2” (high), with negative trend. DBRS also assigned BCP an intrinsic assessment of “BBB”.
- The rating agency Standard & Poor’s (S&P) announced on 15 June 2011 that BCP’s ratings were no longer on negative CreditWatch. S&P affirmed BCP’s long- and short-term ratings of “BBB-” and “A-3”, with negative outlook. Additionally, S&P downgraded BCP’s stand-alone credit profile to “bb+” from “bbb-”.

Events subsequent to the 2nd quarter of 2011

- “Best Management Report 2010”, awarded to Millennium bcp’s 2009 Annual Report by APCE (Portuguese Association for Corporate Communication).
- The brands Millennium bcp and Médis were given awards at the Superbrands Ceremony, where annually the most powerful, recognisable and trustworthy brands are identified.
- “Best Bank in Angola”, awarded by Euromoney magazine to Millennium Angola.
- Following the announcement of the downgrade of the Portuguese Republic’s rating by four notches, from “Baa1” to “Ba2”, Moody’s announced on 7 July 2011 the revision of the ratings for issues from the four Portuguese banks using the state guarantee. The rating of BCP’s debt with the state guarantee was reduced from “Baa1” to “Ba2”. As a result of the downgrade of the long-term term of the Portuguese Republic’s rating, Moody’s Investors Service downgraded, on 15 July 2011, the ratings of various Portuguese banks. In this context, Moody’s announced that the ratings of BCP were downgraded by one notch, from “Baa3/P-3” to “Ba1/NP” and all ratings remain on Rating Watch Negative.
- Publication of the results of the stress tests performed in 2011 within the European Union, led by the European Banking Authority, in cooperation with the Bank of Portugal, the European Central Bank, the European Commission and the European Committee of Systemic Risk. BCP’s estimated core Tier I was 5.4% at year-end 2012, considering an adverse scenario, which compares to 5.9% in late 2010. This result incorporates the effects of an announced share issue, concluded on June 2011, but does not includes BCP’s planned risk mitigation measures.

“Disclaimer”

This document is not an offer of securities for sale in the United States, Canada, Australia, Japan or any other jurisdiction, Securities may not be offered or sold in the United States unless they are registered pursuant to the US Securities Act of 1933 or are exempt from such registration. Any public offering of securities in the United States, Canada, Australia or Japan would be made by means of a prospectus that will contain detailed information about the company and management, including financial statements.

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.

First six months figures for 2010 and 2011 were subject to a limited revision by External Auditors.

BANCO COMERCIAL PORTUGUÊS

**Consolidated Income Statement
for the six months period ended 30 June, 2011 and 2010**

	30 June 2011	30 June 2010
	(Thousands of Euros)	
Interest income	1,938,677	1,636,856
Interest expense	(1,130,968)	(931,897)
Net interest income	807,709	704,959
Dividends from equity instruments	1,108	19,087
Net fees and commission income	401,109	404,991
Net gains / losses arising from trading and hedging activities	(9,020)	319,980
Net gains / losses arising from available for sale financial assets	30,045	(5,423)
Other operating income	4,933	9,091
	1,235,884	1,452,685
Other net income from non banking activity	9,725	8,564
Total operating income	1,245,609	1,461,249
Staff costs	417,575	424,214
Other administrative costs	283,989	301,094
Depreciation	47,945	51,552
Operating costs	749,509	776,860
	496,100	684,389
Loans impairment	(562,127)	(384,177)
Other assets impairment	(42,120)	(20,393)
Goodwill impairment	-	(73,565)
Other provisions	37,916	(20,266)
Operating profit	(70,231)	185,988
Share of profit of associates under the equity method	23,994	28,887
Gains / (losses) from the sale of subsidiaries and other assets	(4,447)	(2,554)
Profit before income tax	(50,684)	212,321
Income tax		
Current	(42,184)	(28,508)
Deferred	221,507	6,761
Profit after income tax	128,639	190,574
Attributable to:		
Shareholders of the Bank	88,398	163,240
Non-controlling interests	40,241	27,334
Profit for the period	128,639	190,574

BANCO COMERCIAL PORTUGUÊS

Consolidated Balance Sheet as at 30 June, 2011 and 2010 and 31 December, 2010

	30 June 2011	31 December 2010	30 June 2010
	(Thousands of Euros)		
Assets			
Cash and deposits at central banks	1,254,872	1,484,262	1,149,109
Loans and advances to credit institutions			
Repayable on demand	1,308,829	1,259,025	1,016,118
Other loans and advances	2,786,291	2,343,972	1,239,636
Loans and advances to customers	73,708,984	73,905,406	75,920,346
Financial assets held for trading	3,929,229	5,136,299	3,671,978
Financial assets available for sale	3,546,695	2,573,064	2,570,369
Assets with repurchase agreement	18,353	13,858	74,609
Hedging derivatives	328,074	476,674	581,780
Financial assets held to maturity	6,371,734	6,744,673	5,834,514
Investments in associated companies	333,662	397,373	428,233
Non current assets held for sale	1,012,735	996,772	1,922,777
Investment property	515,686	404,734	418,616
Property and equipment	596,410	617,240	625,690
Goodwill and intangible assets	396,791	400,802	463,403
Current tax assets	28,874	33,946	31,312
Deferred tax assets	961,459	688,630	605,886
Other assets	2,618,098	2,533,009	2,438,912
	<u>99,716,776</u>	<u>100,009,739</u>	<u>98,993,288</u>
Liabilities			
Amounts owed to credit institutions	20,659,486	20,076,556	16,779,325
Amounts owed to customers	47,728,831	45,609,115	44,072,444
Debt securities	15,070,178	18,137,390	19,573,724
Financial liabilities held for trading	1,069,437	1,176,451	1,495,234
Other financial liabilities at fair value through profit and loss	3,754,905	4,038,239	4,687,815
Hedging derivatives	447,704	346,473	395,806
Non current liabilities held for sale	-	-	969,040
Provisions for liabilities and charges	208,583	235,333	254,605
Subordinated debt	1,449,340	2,039,174	1,988,449
Current income tax liabilities	11,823	11,960	2,028
Deferred income tax liabilities	645	344	4,107
Other liabilities	1,948,814	1,091,228	1,471,084
Total Liabilities	<u>92,349,746</u>	<u>92,762,263</u>	<u>91,693,661</u>
Equity			
Share capital	6,065,000	4,694,600	4,694,600
Treasury stock	(79,508)	(81,938)	(88,721)
Share premium	71,722	192,122	192,122
Preference shares	1,000,000	1,000,000	1,000,000
Other capital instruments	9,853	1,000,000	1,000,000
Fair value reserves	(357,273)	(166,361)	46,965
Reserves and retained earnings	57,294	(190,060)	(165,128)
Profit for the period attributable to Shareholders	88,398	301,612	163,240
Total Equity attributable to Shareholders of the Bank	<u>6,855,486</u>	<u>6,749,975</u>	<u>6,843,078</u>
Non-controlling interests	511,544	497,501	456,549
Total Equity	<u>7,367,030</u>	<u>7,247,476</u>	<u>7,299,627</u>
	<u>99,716,776</u>	<u>100,009,739</u>	<u>98,993,288</u>