

3 February 2012

**Millennium bcp earnings release as at
31 December 2011****HIGHLIGHTS**

- The Core Tier I ratio stood at 9.4% as at 31 December 2011;
- Negative consolidated net income of Euro 786.2 million, influenced by the increase of impairment charges for loan losses and for other financial assets, and by costs associated with the partial transfer of liabilities with pensions to the general state healthcare system;
- Net income from the international activity doubled, boosted by the increase in results at the subsidiaries in Poland (+43%), Mozambique (+51%) and Angola (+52%), in local currency;
- Net interest income increased 4.1% from 2010, benefiting from both the activity in Portugal (+1.5%) and the international activity (+9.0%);
- Balance sheet customer funds increased 3.3% to Euro 53,060 million as at 31 December 2011, boosted by customer deposits;
- Customer deposits increased 4.2% to Euro 47,516 million; customer deposits in Portugal grew 7.2% from 31 December 2010;
- The loan portfolio decreased 6.4% to Euro 71,533 million as at 31 December 2011; customer loans in Portugal decreased 7.4% from the end of December 2010;
- The loans to deposits ratio showed a favourable evolution to 145% as at 31 December 2011 (164% on the same date in 2010);
- Overdue loans by more than 90 days stood at 4.5%, reflecting the current economic and financial environment, and the coverage ratio stood at 109.1%.

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The global economy slowed in the fourth quarter, particularly in the euro area

Intensification of the climate of risk aversion and spreading of the systemic effects of the European debt crisis

The ECB cut the main refinancing rate to 1% and introduced new measures to support liquidity

ECONOMIC ENVIRONMENT

The resurgence and spread of the systemic effects of the sovereign debt crisis in the euro area, the recurrent risk aversion and the slowdown in international trade all continued to affect the global economy, particularly in the European Union. The U.S.A. has been the exception, having benefited from some improvement in employment and a corresponding increase in private consumption. The latest indicators of economic activity have turned more positive, suggesting some stabilization in the underlying economic trends. However, forecasts continue to reflect the high level of uncertainty related to the overall indebtedness of developed economies and to the underlying robustness of growth in the emerging economies and developing countries. The slowdown in economic activity and the lower inflationary pressures allowed the maintenance - and in some cases the reinforcement - of accommodative monetary policy conditions in order to reinvigorate economic activity.

The climate of risk aversion prevailed but in a more uneven fashion. The deteriorating economic environment, the downgrades of several sovereign debt ratings and of related private sector issuers, particularly the banks, and the uncertainty pertaining the outcome of the reform of the European governance led to wider credit spreads, fostered further demand for safe haven assets and pushed the euro back below 1.30 per US dollar. The stock market has performed better, having benefited from the release of higher than expected earnings and more expansionary monetary policy. However, this recovery was insufficient to overcome the accumulated losses throughout 2011.

Facing the growing risks of development of a vicious cycle between sovereign risk, the banking system, the economy's financing needs and the worsening of conditions in the European money markets, the ECB cut interest rates to 1%, extended the maturities of the liquidity facilities up to three years, decreased the compulsory reserve ratio by half, eased the rating threshold for eligibility of some collateral, resumed the covered bonds program and continued its securities markets program purchasing debt in the secondary markets. These new monetary conditions, which will prevail at least through the early months of 2012, may reduce the liquidity risk affecting European banks and help ease strains in European sovereign debt markets.

The European Union is reforming its economic governance and instruments for financial stability

Resolving the Euro area sovereign debt crisis hinges on recovering investor's confidence in the sustainability of public finances. The proposals for the reform of the EU governance model did not achieve the necessary unanimity for a Treaty change but the proposed changes will be adopted by means of intergovernmental accords. These agreements include new fiscal rules, stronger monitoring and assessment of budgetary plans, mechanisms for automatic correction in case of deviations and safeguards that mitigate the risk of the negative pro-cyclicality inherent in the application of such strict and binding regulations. Furthermore, the European instruments for financial assistance have been strengthened and the Greek debt renegotiation with private creditors remains underway.

Deepening recession in Portugal due to severe retrenchment of private consumption

The contraction of the Portuguese economy is estimated at 1.6% in 2011, lower than originally anticipated but confirming a downward trajectory. Deviations in budget execution and reclassifications in public administration forced the adoption of one-off measures to meet the fiscal targets set out in the adjustment program. Among others, the partial transfer of the main banks' pension funds to the state allowed the deficit to fall well below the required level, but it did not solve the underlying structural imbalance. Thus, legacy effects will require greater budget discipline in 2012, affecting the financial condition of the households and corporates and contributing to the worsening of the economic environment through sharply weaker domestic demand.

Banking activity hampered by adverse economic conditions, recurrent instability in financial markets and additional capital requirements

The economic and financial uncertainty has hampered the performance of the national banking system - reduced business volumes, deterioration of credit quality indicators, lower profitability - and has hindered the fulfilment of the regulatory requirements for liquidity and recapitalization of banks. Greater focus has been given to raising customer' resources, prudent lending decisions and selection of the most competitive business segments, in order to simultaneously meet the goals of deleveraging and supporting economic growth in a broader context of extremely adverse funding conditions.

Resilient Eastern European and African countries though not immune to recurrent risks to growth

The growth of countries in Eastern Europe remained resilient during 2011 with the recovery process for 2012 expected to be negatively impacted by lower external dynamics coming out of the EU. The normalization of oil production in Angola and the expected development of the so-called "mega projects" in Mozambique, related to raw materials, are expected to support robust economic growth in 2012, contributing to economic stabilization and enhancing the further development of banking services in those countries.

Financial Highlights

	<i>Euro million</i>	31 Dec. 11	31 Dec. 10	Change 11 / 10
Balance sheet				
Total assets		93,545	98,547	-5.1%
Loans to customers (gross)		71,533	76,411	-6.4%
Total customer funds ⁽¹⁾		65,530	67,596	-3.1%
Balance sheet customer funds		53,060	51,342	3.3%
Customer deposits		47,516	45,609	4.2%
Loans to customers, net / Customer deposits ⁽²⁾		145%	164%	
Results				
Net income		(786.2)	344.5	
Net interest income		1,579.3	1,516.8	4.1%
Net operating revenues ⁽³⁾		2,569.6	2,902.4	-11.5%
Operating costs ⁽⁴⁾		1,634.2	1,543.2	5.9%
Loan impairment charges (net of recoveries)		1,331.9	713.3	86.7%
Other impairment and provisions		743.3	227.8	226.3%
Income taxes				
Current		66.9	54.2	23.4%
Deferred		(506.4)	(39.8)	
Profitability				
Net operating revenues / Average net assets ⁽²⁾		2.6%	3.0%	
Return on average assets (ROA) ⁽⁵⁾		-0.7%	0.4%	
Income before taxes and non-controlling interests / Average net assets ⁽²⁾		-1.2%	0.4%	
Return on average equity (ROE)		-20.4%	9.8%	
Income before taxes and non-controlling interests / Average equity ⁽²⁾		-26.1%	10.6%	
Credit quality				
Overdue and doubtful loans / Total loans ⁽²⁾		6.2%	4.5%	
Overdue and doubtful loans, net / Total loans, net ⁽²⁾		1.4%	1.2%	
Credit at risk / Total loans ⁽²⁾		10.1%	7.1%	
Credit at risk, net / Total loans, net ⁽²⁾		5.5%	4.0%	
Impairment for loan losses / Overdue loans by more than 90 days		109.1%	109.4%	
Efficiency ratios ^{(2) (6)}				
Operating costs / Net operating revenues		58.4%	54.1%	
Operating costs / Net operating revenues (Portugal)		59.9%	48.0%	
Staff costs / Net operating revenues		31.9%	29.0%	
Capital				
Own funds		5,313	6,116	
Risk weighted assets		55,254	59,564	
Core Tier I		9.4%	6.7%	
Tier I		8.8%	9.2%	
Total		9.6%	10.3%	
Branches				
Portugal activity		885	892	-0.8%
Foreign activity		837	852	-1.8%
Employees				
Portugal activity		9,959	10,146	-1.8%
Foreign activity		11,549	11,224	2.9%

Note: the values presented for 2011 and 2010 include the adjustment to the accounts from 1 January 2010.

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

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

(3) Net interest income, dividends from equity instruments, net commissions, net trading income, equity accounted earnings, other net operating income (Instruction no. 23/2011 from the Bank of Portugal).

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

(5) Considering net income before non-controlling interests.

(6) Excludes the impact of specific items.

At the 2011 earnings presentation, the Chairman of the Executive Board of Directors, Carlos Santos Ferreira, began by stressing that, in the past year, the Portuguese banking sector was particularly affected by the worsening of the sovereign debt crisis as well as by the austerity environment. Nevertheless, Millennium bcp showed robustness by successfully overcoming the European stress tests and complying with the European legislation requirements, in terms of capital and liquidity.

Given the current background, Millennium bcp reviewed its main guidelines, which translated into the reinforcement of the Bank's solvability and balance sheet strengthening and the deleveraging process management with the purpose of reducing financing needs. Among the various strategic initiatives carried out, one may highlight the following:

- i) The liability management operation on preference shares, concluded in October, the deleveraging process and the reinforcing of financial collaterals, which along with other measures implemented under the capital plan set out, enabled the Bank to improve the Core Tier I ratio. By the end of 2011, this ratio reached 9.4%, the highest level ever;
- ii) The initiatives of credit portfolio repricing and the focus on increasing balance-sheet customer funds resulted in a reduction of the commercial gap by Euro 7.8 billion. Loans to customers decreased by 6.4% while deposits rose 4.2%, with particular emphasis on domestic activity, which grew 7.2%, compared with 31 December 2010;
- iii) The ActivoBank project expansion, which opened eight branches in 2011, thus consolidating Millennium's leading position in the domestic market in terms of innovation;
- iv) The focus on providing excellent service to Customers resulted in a satisfaction index that achieved the highest value (81.2 index points) since the Millennium brand was created.

In 2011, consolidated net income was negative by Euro 786 million, penalized by extraordinary items with a total impact of Euro 972 million. Among these non recurrent items, we must point out the provisioning of Greek public debt and Portuguese sovereign debt, impairment recognition of remaining Greece goodwill, the cost relating to the Pension Fund transfer and the reinforcement of loan impairment, due to the Special Inspection Programme (SIP) under the scope of Portuguese financial and economic assistance program.

Despite these extraordinary negative items, it is important to highlight the Group's good performance in various areas, namely:

- i) Net interest margin growth, both in Portugal and in international operations, rising 4.1% in consolidated terms and 9.0% in international activity, compared with 2010;
- ii) The continued reduction of operating costs, which decreased 2.3% in consolidated terms, excluding the effect of non recurrent items, and also declined in the international activity, where it fell 3.9% despite the ongoing expansion plans and the opening of branches at the African operations;
- iii) Liquidity plan positive performance, translating into the reduction of ECB exposure in the amount of Euro 2.2 billion, compared with the figures of 2010;

Regarding the international operations, the Chairman underlined:

- i) The important contribution of net income from abroad that rose from Euro 51.8 million in 2010 to Euro 122.7 million in 2011, with particular distinction for the Polish and African operations which registered an impressive growth of 49.7% and presented historic profits;
- ii) The good results of Poland which posted, in 2011, a net profit of Euro 113.3 million, driven by the improvement of core income and the decline of the cost of risk;
- iii) The expansion plans in Africa, where Millennium Angola ended the past year with 61 branches, which allowed the coverage of all Angolan provinces, and Millennium bim exceeded the milestone of one million customers. Together, these operations presented a net result of Euro 122.8 million in 2011, corresponding to a remarkable growth of 60.8% compared with 2010.

The Chairman concluded his intervention by stressing the efforts undertaken with the purpose of implementing the measures agreed under the scope of international financial assistance program established with Portuguese authorities, and underlined the reduction of the Bank's Loan-to-Deposit ratio, the reduction of Group's exposure to the European Central Bank, even with demanding refinancing conditions, and the capitalization plan set up which will cover the capital needs, required by the new regulatory rules.

RESULTS AND ACTIVITY IN 2011

Considering the conclusion of the sale of 95% of Millennium bank in Turkey (currently Fibabanka, Anonim Sirketi), 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 loans portfolio, on 15 October 2010, the consolidated financial statements are not directly comparable for the periods ended on 31 December of 2011 and 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.

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

Following the analysis of the several alternatives allowed by the International Accounting Standard (IAS) 19 Employee Benefits, the Group chose to recognise actuarial deviations of the period on reserves. Previously, the Group proceeded with the deferral of actuarial deviations determined in accordance with the corridor method, in which gains and losses not recognised which exceeded 10% of the greater between the current value of the liabilities and the fair value of the Fund's assets were recorded in results by the value of the remaining estimated useful life of the active employees.

To reflect this change, in accordance with IAS, this change was performed with retroactive effect to 1 January 2010, and consequently the Group recognise in equity the total actuarial deviations deferred. In accordance with the standards, the Group performed the restatement of financial statements as at 1 January 2010 and 31 December 2010, for comparable purposes.

RESULTS

Millennium bcp's consolidated net income was negative by Euro 786.2 million in 2011, compared with a profit of Euro 344.5 million in 2010 (restated according to the change in the accounting policy), influenced by exceptional negative items related to the reinforce of impairment charges for loan losses, the recognition of goodwill impairment of Millennium bank in Greece, the increase in impairment charges for other financial assets, the effect of the partial transfer of pension liabilities for retired employees and pensioners to the General State Healthcare System and the mark-to-market of Portuguese sovereign debt.

Net income for 2011 includes the impact from the increase in impairment charges for loans as a result of the Special Inspections Program conducted under the Economic and Financial Adjustment Programme established with the Portuguese authorities and conducted with the largest Portuguese banking groups, in the amount of Euro 270.5 million net of tax, the recognition of the impairment related to the remaining goodwill of Millennium bank in Greece, of Euro 147.1 million (equal to the amount posted in 2010), the recognition of impairment losses on Greek sovereign debt securities, amounting to Euro 345.7 million net of tax, and the accounting in staff costs of the expenses associated with the partial transfer of pension liabilities for retired employees and pensioners to the Healthcare System, in the amount of Euro 117.0 million net of tax.

Additionally, net income in 2011 reflects the accounting of losses associated with the Portuguese sovereign debt, of Euro 90.9 million net of tax (Euro 13.2 million net of tax in 2010), the reversal of provisions related to the pension fund of former members of the Executive Board of Directors and of employees related to the complementary plan, of Euro 31.4 million net of tax, and the cost related to early retirements, of Euro 8.7 million net of tax (Euro 5.3 million after tax in 2010). In 2010, net profit also incorporated the accounting of the gain obtained with the sale of the shareholding in Eureko, B.V., of Euro 65.2 million.

Nevertheless, the consolidated net profit was favourably influenced by higher net interest income, supported by the positive effects of business volume and interest rates, as well as by the reduction of other

administrative costs, benefiting from the savings achieved in most item lines, and by the lower level of depreciation.

The evolution of profitability on a consolidated basis was determined by the performance of the activity in Portugal, while net income from the international activity showed an increase. The activity in Portugal has been conditioned by the aforementioned impacts, which were partly offset by the increase in net interest income, by the reduction in other administrative costs and by the lower level of depreciation.

The net result for international activity was driven by the higher level of net profit achieved in the majority of international subsidiaries, boosted by the growth in net operating revenues, driven by higher business volumes and efficiency gains despite the ongoing investment, with particular emphasis on the net income achieved by Bank Millennium in Poland, by Millennium bim in Mozambique and by Banco Millennium in Angola.

Net interest income increased 4.1% to Euro 1,579.3 million in 2011, compared to Euro 1,516.8 million in 2010, supported by the positive volume effect, in conjunction with the favourable interest rate effect.

The favourable interest rate effect benefited mostly from the performance of the loans to customers portfolio, supported by initiatives implemented focused on the appropriate pricing in light of the cost of risk of the operations with customers, and also, although in a lesser extent, on the positive effect related to the financial assets portfolio, despite the higher remuneration of customer deposits and the increase in interest rates of debt securities issued and financial liabilities.

The positive effect on business volume benefited, on the one hand, from the increase in financial assets, despite the reduction in the volume of loans to customers, and on the other, from the decrease in debt issued and financial liabilities, despite the growth in customer deposits, associated with the efforts undertaken in order to further increase balance sheet customer funds among the customer base, in the scope of the ongoing deleveraging process and the reinforcement of stable resources (stable funding) in the financing structure.

The increase in net interest income was boosted by both the activity in Portugal and the international activity. In the activity in Portugal, the growth in net interest income benefited from operations with customers, highlighting the positive interest rate effect, supported by the adjustment of spreads to customer risk profiles, despite the increase in interest expenses for demand deposits. Additionally, net interest income in Portugal was influenced by the positive volume effect, supported by the volume of business of operations associated with financial instruments.

In the international activity, the growth in net interest income was mainly boosted by the favourable interest rate effect, together with the positive business volumes effect, benefiting essentially from operations with customers. The increase in net interest income benefited from the activity in most foreign operations, in particular the subsidiaries in Poland, Mozambique and Angola.

The net interest margin stood at 1.74% in 2011, which compares favourably with 1.68% posted in 2010, benefiting from the performance in the activity in Portugal, supported by efforts to appropriately price loan operations based on customer risk profile, despite the simultaneous increase in the cost of customer deposits, and in the international activity, in particular in Bank Millennium in Poland and Millennium bim in Mozambique.

AVERAGE BALANCES

<i>Euro million</i>	Dec. 11		Dec. 10	
	Balance	Yield %	Balance	Yield %
Deposits in banks	4,363	1.67	3,823	1.21
Financial assets	12,247	4.16	9,587	3.53
Loans and advances to customers	72,783	4.45	74,644	3.57
	<u>89,393</u>		<u>88,054</u>	
Non current assets held for sale	-		818	6.39
Interest earning assets	<u>89,393</u>	4.27	<u>88,872</u>	3.49
Non interest earning assets	<u>7,841</u>		<u>8,497</u>	
	<u>97,234</u>		<u>97,369</u>	
Amounts owed to credit institutions	19,956	1.71	15,087	1.40
Amounts owed to customers	46,821	2.92	45,386	2.01
Debt issued and financial liabilities	19,732	2.55	25,286	1.53
Subordinated debt	1,504	3.18	2,254	2.96
	<u>88,013</u>		<u>88,013</u>	
Non current liabilities held for sale	-		740	4.17
Interest bearing liabilities	<u>88,013</u>	2.57	<u>88,753</u>	1.81
Non interest bearing liabilities	3,709		2,825	
Shareholders' equity and non-controlling interests	<u>5,512</u>		<u>5,791</u>	
	<u>97,234</u>		<u>97,369</u>	
Net interest margin ⁽¹⁾		1.74		1.68

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

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

Net commissions stood at Euro 789.4 million in 2011 compared to Euro 811.6 million in 2010. The evolution of net commissions was mostly influenced by the performance in commissions related to financial markets, partly offset by the favourable evolution in commissions more directly related to the banking business. Net commissions were conditioned by both the activity in Portugal, which decreased 2.0%, and the international activity, which reduced 4.5%, driven by the subsidiary companies in Greece and Switzerland, while in Poland was influenced by the foreign exchange effect of the devaluation of the zloty against the euro, despite the favourable contribution of Millennium bim in Mozambique and Banco Millennium Angola.

The commissions more directly related to the banking business were enhanced by the diversification and adaptation of the revenue sources to the economic and financial context, benefiting from the growth in commissions related to loans and guarantees and to banking services provided, materialising, in part, the pricing alignment to the evolution of the banking business, benefiting from the growth in commissions related to account management as well as fees associated with the solution "Frequent Customer", despite the lower performance of bancassurance commissions, conditioned by the adverse economic and financial environment. The commissions related to financial markets were influenced by the weaker activity in the financial markets, reflected in commissions associated with securities transactions and by commissions related to asset management, both conditioned by the persistence of a particularly adverse environment for the management of financial investments, determined by the uncertainty and volatility of financial markets.

The 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 207.6 million in 2011, from Euro 439.4 million in

2010. This reflects mainly the instability in financial markets, combined with the worsening of tensions related to the sovereign debt crisis in the euro area, with impact on the high volatility and depreciation of the portfolio of financial instruments more directly exposed to market risk, partially offset by the increase in income associated with foreign exchange transactions.

The results of operations in securities, derivatives and other, were mostly influenced by results from trading and hedging operations, in particular by the accounting in 2011, of losses associated with Portuguese sovereign debt, amounting to Euro 128.1 million (Euro 18.0 million in 2010), together with the losses on financial instruments at fair value option, in the amount of Euro 20.6 million (gains of Euro 204.6 million in 2010) and the impacts of the losses related to the sales of loan operations, only partially offset by gains associated with the repurchase of own debt issues.

The evolution of net trading income primarily reflects the performance of the activity in Portugal, as well as smaller gains recorded by the subsidiary companies in Poland and Mozambique, despite the generally favourable performance of the international activity, particularly in terms of net trading results with securities.

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, recorded net losses of Euro 22.7 million in 2011, compared with gains of Euro 31.0 million in 2010. The evolution of other net operating income was mostly influenced by the activity in Portugal, reflecting the impact on the costs component of the extraordinary tax contribution from the banking sector in 2011, in the amount of Euro 32.0 million, and the devaluation of assets, although mitigated by the accounting, in the first quarter of 2011, of an adjustment of insurance premiums related with pensions. In the international activity, the lower level of other net operating income posted by the subsidiary companies in Poland and Greece, more than offset the favourable contribution of Millennium bim in Mozambique.

OTHER NET INCOME

<i>Euro million</i>	Dec. 11	Dec. 10	Change 11/10
Net commissions			
Banking commissions			
Cards	184.5	185.3	-0.4%
Credit and guarantees	184.9	178.7	3.5%
Bancassurance	72.7	74.3	-2.2%
Other commissions	226.6	224.1	1.1%
Subtotal banking commissions	<u>668.7</u>	<u>662.4</u>	1.0%
Market related commissions			
Securities	73.8	96.6	-23.6%
Asset management	46.9	52.6	-10.9%
Subtotal market related commissions	<u>120.7</u>	<u>149.2</u>	-19.1%
Total net commissions	<u>789.4</u>	<u>811.6</u>	-2.7%
Net trading income ⁽¹⁾	207.6	439.4	-52.7%
Other net operating income	(22.7)	31.0	
Dividends from equity instruments	1.4	35.9	-96.2%
Equity accounted earnings	14.6	67.7	-78.4%
Total other net income	<u>990.3</u>	<u>1,385.6</u>	-28.5%
Other income / Net operating revenues ⁽²⁾	38.5%	47.7%	

(1) Includes in 2010 the gain associated with the sale of the 2.7% shareholding in Eureka, in the amount of Euro 65.2 million.

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

Dividends from equity instruments, which include dividends received from investments in financial assets available for sale, totalled Euro 1.4 million in 2011, compared with Euro 35.9 million in 2010. Dividends posted in 2011 are primarily related with the Group's investments in shares and in investment fund units, while the dividends from equity instruments accounted in 2010 were mostly represented by the dividends received related with the 2.7% stake in Eureko, B.V., which was sold on 31 December 2010.

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, amounted to Euro 14.6 million in 2011 compared with Euro 67.7 million in 2010. The evolution of equity accounted earnings was mostly influenced by the lower results appropriated from the 49% stake in Millenniumbcp Ageas, of which, in a context of great uncertainty and high volatility and worsening of conditions in financial markets, were particularly hindered by the recognition of impairment losses related to sovereign debt securities and the shares portfolio. However, despite the decrease in the insurance industry business volumes, Millenniumbcp Ageas outperformed the market, both in terms of mathematical provisions and of Life business and in all Non-Life businesses.

Operating costs, which comprise staff costs, other administrative costs and depreciation, totalled Euro 1,634.2 million in 2011 (Euro 1,543.2 million in 2010). Operating costs include, in 2011, the expenses associated with the partial transfer of liabilities with pensions of retired employees and pensioners to the General State Healthcare System, in the amount of Euro 164.8 million, the reversal of provisions related to the pension fund of former members of the Executive Board of Directors and to the complementary plan of employees, in the global amount of Euro 44.2 million, and costs for early retirements, in the amount of Euro 12.3 million (Euro 7.2 million in 2010). Operating costs reduced by 2.3%, excluding the mentioned impacts, sustained by the global decreases of 0.4% in staff costs, 2.9% in other administrative costs and 12.8% in depreciation costs, driven by the strict control of costs undertaken in both the activity in Portugal and in the international activity, supported in the continuous implementation of initiatives focused on the rationalisation and optimisation of operating costs.

The consolidated cost-to-income ratio, on a comparable basis, stood at 58.4% in 2011 (54.1% in 2010). The cost-to-income in the activity in Portugal stood at 59.9% in 2011 (48.0% in 2010), while in the international activity it stood at 56.3% in 2011 (66.8% in 2010).

In the activity in Portugal, operating costs were mostly influenced by staff costs, which comprise the impacts previously mentioned. Excluding those impacts, operating costs in the activity in Portugal fell 1.1% from 2010, reflecting the savings achieved in most item lines of other administrative costs, as well as the lower level of depreciation costs. In the international activity, the reduction in operating costs was mostly driven by the effect from the partial sale of the operations in Turkey and in the United States of America, completed at the end of 2010, which more than offset the increase in operating costs in the operations developed in Poland and Greece, associated with the distribution network rationalisation plans implemented, and in Angola and Mozambique, reflecting the support to the ongoing business plans in those operations and the strengthening of the operational base in those markets as a platform for growth in Africa.

Staff costs totalled Euro 953.6 million in 2011, from Euro 831.2 million in 2010. Staff costs include the previously mentioned impacts in the total amount of Euro 132.9 million in 2011 and of Euro 7.2 million in 2010. Excluding these impacts staff costs reduced by 0.4% from 2010.

In the international activity, staff costs reflect the effect from the partial sale of the operations in Turkey and in the United States of America at the end of 2010. The increase in staff costs in the subsidiary companies in Mozambique, Angola and Poland were influenced by the increase in the number of employees, in particular in those two first operations, in the scope of the reinforcement of their competences and operational capabilities. Millennium bank in Greece also evidenced an increase in staff costs due to the implementation of measures focused on the restructuring and redefinition of the activity, with a decrease in the number of employees by 258 and in the number of branches by 35. However, these performances were partly offset by the reduction in staff costs in the subsidiary companies in Switzerland and Romania.

Other administrative costs declined 2.9%, to Euro 584.5 million in 2011 (Euro 601.8 million in 2010), benefiting from the savings achieved in most item lines, in particular in advertising, IT services, communication, rents, maintenance, and other specialised services and outsourcing.

The reduction in other administrative costs was sustained by the drop of 3.8% in the activity in Portugal, favourably influenced by the lower costs posted in advertising, other specialised services, outsourcing, communication and maintenance and related services. This reduction in other administrative costs benefited from the impact of diverse initiatives designed to strictly control costs related to supplies and services from third parties, together with the optimization of the distribution network for a total of 885 branches as at 31 December 2011 (892 branches at the end of 2010), in the scope of the strategic focus in a multichannel platform that is more involved, integrated and transversal, allowing the reconfiguration of the branch network and the optimisation of resources.

In the international activity, other administrative costs showed a reduction of 1.7%, supported by the lower costs in IT services, rents, and communication. This reduction was due to the effect, previously mentioned, related to the sale of the operations in Turkey and in the United States of America, together with the reduction in costs posted by the subsidiary in Greece, which, as a whole, more than offset the increases at Bank Millennium in Poland, Banco Millennium Angola and Millennium bim in Mozambique. In the international activity, other administrative costs also reflected the impact from the resizing of the distribution network, from 852 branches at the end of 2010 to 837 branches as at 31 December 2011, in particular in Greece, Romania and Poland, in the scope of the redefinition of European operations, despite the expansion of the branch networks in the Angolan and Mozambican markets.

OPERATING COSTS

Euro million	Dec. 11	Dec. 10	Change 11/10
Staff costs ⁽¹⁾	953.6	831.2	14.7%
Other administrative costs	584.5	601.8	-2.9%
Depreciation	96.1	110.2	-12.8%
	<u>1,634.2</u>	<u>1,543.2</u>	5.9%
Of which:			
Portugal activity	1,040.4	925.3	12.4%
Foreign activity	593.8	617.9	-3.9%
Operating costs / Net operating revenues ^{(2) (3)}	59.9%	48.0%	

(1) Includes in 2011 expenses associated with the partial transfer of liabilities with pensions of retired employees and pensioners to the general social healthcare system (Euro 164.8 million), a reversal of provisions associated with pensions (Euro 44.2 million), and costs posted associated with early retirements (Euro 12.2 million). Includes in 2010 costs associated with early retirements (Euro 7.2 million).

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

(3) Excludes the impact of specific items.

Depreciation costs totalled Euro 96.1 million in 2011, which compares with Euro 110.2 million in 2010, benefiting from the lower level of depreciation posted in most item lines, in particular in depreciation associated with tangible assets. The reduction in depreciation costs was favourably influenced by both the activity in Portugal and the international activity. In the activity in Portugal, depreciation costs were down by 12.1% from 2010, showing, essentially, the evolution of depreciation associated with equipment and buildings, following the progressive end of the period of depreciation of investments carried out, despite the increase in depreciation associated with software.

Depreciation in the international activity dropped between 2010 and 2011, influenced by the previously mentioned impact from the sale of the subsidiary companies in Turkey and in the United States of America and, simultaneously, by the reduction in the depreciation level in the subsidiary companies in Poland, Romania and Mozambique, despite the increase in depreciation recorded in Millennium bank in Greece, related to the

depreciation of tangible assets associated with branches closed, and in Banco Millennium Angola, as a result of the investments carried out in the scope of the expansion plans underway in this geography.

Impairment for loan losses (net of recoveries) stood at Euro 1,331.9 million in 2011, compared to Euro 713.3 million in 2010, reflecting the evaluation of the loans portfolio in an adverse macroeconomic and financial context, with impact from the worsening financial situation of households and companies in diverse sectors of activity. Impairment for loan losses (net of recoveries) includes in 2011 the reinforcement of impairment charges, in the amount of Euro 381.0 million, resulting from the Special Inspection Programme, in scope of the Economic and Financial Assistance Programme for Portugal, to the major banking groups in Portugal.

The evolution of impairment for loan losses (net of recoveries) includes the reinforcement of impairment for loan losses in the activity in Portugal, which reflects the impact of the adjustment related to the inspection programme mentioned above and by the behaviour of the loan portfolio with impairment indicators, despite the implementation of initiatives aimed at mitigating the increase of the default levels. In the international activity, impairment for loan losses (net of recoveries) was influenced by the higher level of impairment charges in the subsidiary company in Greece, as a result of the worsening of the macroeconomic environment, in Switzerland, reflecting the devaluation of financial collaterals, and, to a lesser extent, in Mozambique and Angola, following the expansion of the business volumes. Nevertheless, impairment charges for loan losses at Bank Millennium in Poland showed a reduction from 2010, benefiting from the quality improvement of the loans portfolio.

The cost of risk, determined by the ratio of impairment charges (net of recoveries) to the loan portfolio, stood at 186 basis points in 2011 (93 basis points in 2010).

Other impairment and provisions comprise 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 impairment and provisions totalled Euro 743.3 million in 2011, from Euro 227.8 million in 2010. The amount of other impairment and provisions includes the recognition of impairment losses associated with Greek sovereign debt, totalling Euro 450.9 million, and the accounting of the remaining impairment related to the goodwill of Millennium Bank in Greece, in the amount of Euro 147.1 million, in the fourth quarter of 2011, in accordance with IAS 36 and the Group's accounting policy, considering the estimated impact of the deterioration of the Greek economic and financial situation.

At the same time, the performance of other impairment and provisions includes the evolution of impairment charges for assets received as payment in kind not fully covered by collateral in the activity in Portugal, which, in the process of regular re-evaluation of these assets, showed a decline in the respective market value, together with the increase in charges for provisions related to other commitments. In the international activity, other impairment and provisions reduced in most subsidiary companies, from 2010, in particular in Millennium bim in Mozambique, Banco Millennium Angola and Bank Millennium Poland.

Income tax (current and deferred) amounted to Euro -439.5 million in 2011, which compares with Euro 14.3 million in 2010. The referred income tax include the cost of current tax in the amount of Euro 66.9 million (Euro 54.2 million in 2010), net of deferred tax benefit in the amount of Euro 506.4 million (Euro 39.8 million in 2010). The deferred tax benefit calculated in 2011 comprises mainly the non-deductible impairment losses for the purposes of the calculation of the taxable income for 2011 and calculated tax losses for the year.

BALANCE SHEET

Total assets totalled Euro 93,545 million as at 31 December 2011, compared to Euro 98,547 million as at 31 December 2010.

Loans to customers (gross) decreased 6.4%, to Euro 71,533 million as at 31 December 2011, from Euro 76,411 million posted on the same date in 2010. This performance was determined mostly by the reduction in the activity in Portugal (-7.4%), and by the simultaneous decrease in the international activity from the end of 2010, despite the increase in the loans portfolio of Millennium Bank in Poland, which was offset by the foreign exchange effect of the devaluation of the zloty against the euro, of Banco Millennium Angola and of Banca Millennium in Romania.

The evolution in loans to customers reflects the decrease in loans to companies (-9.4%), which stood at Euro 36,728 million as at 31 December 2011, and also in loans to individuals (-3.0%), influenced, on the one hand, by the efforts underway to gradually deleverage and, on the other, by the worsening in the confidence of companies and households, resulting in lower investment in durable goods and a consequent decrease in the demand for loans.

The decrease in loans to individuals was determined by the decrease of both consumer loans and mortgage loans, while the reduction in loans to companies continued to occur mainly in the sectors of activity traditionally more dependent on domestic demand, as in the services, wholesale and construction.

Between 31 December 2010 and 31 December 2011, the structure of the loans to customers portfolio registered identical levels of diversification, with loans to companies representing 51.3% of total loans granted, while loans to individuals showed a weight of 48.7% of total loans.

LOANS TO CUSTOMERS (GROSS)

<i>Euro million</i>	31 Dec. 11	31 Dec. 10	Change 11 / 10
Individuals			
Mortgage loans	30,308	31,036	-2.3%
Consumer loans	4,497	4,846	-7.2%
	<u>34,805</u>	<u>35,882</u>	-3.0%
Companies			
Services	14,802	16,041	-7.7%
Commerce	4,254	4,603	-7.6%
Construction	4,991	5,091	-2.0%
Other	12,681	14,794	-14.3%
	<u>36,728</u>	<u>40,529</u>	-9.4%
Total	<u>71,533</u>	<u>76,411</u>	-6.4%
Of which:			
Portugal activity	54,552	58,917	-7.4%
Foreign activity	16,981	17,494	-2.9%

Credit quality, measured by the non-performing loan indicators, in particular loans overdue by more than 90 days as a percentage of total loans, stood at 4.5% as at 31 December 2011 (3.0% as at 31 December 2010), reflecting the progressive worsening of the economic and financial situation of households and companies leading to a growing materialisation of the credit risk during 2011, despite the reinforcement of prevention and risk control mechanisms and the efforts to carry out an integrated operational performance between the commercial areas and the loan recovery areas. The coverage ratio for loans overdue by more than 90 days

stood at 109.1% as at 31 December 2011, compared to 109.4% on the same date in 2010, showing coverage levels practically stable, from the end of 2010, in both the activity in Portugal and the international activity.

The overdue and doubtful loans, which, in accordance to the instruction no. 23/2011 from the Bank of Portugal, include the loans overdue by more than 90 days and the doubtful loans reclassified as overdue loans for provisioning purposes, stood at 6.2% of total loans as at 31 December 2011, compared to 4.5% as at 31 December 2010. Credit at risk, calculated in accordance to the previously mentioned instruction from the Bank of Portugal, stood at 10.1% of total loans as at 31 December 2011.

OVERDUE LOANS BY MORE THAN 90 DAYS AND IMPAIRMENTS AS AT 31 DECEMBER 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	222	257	0.7%	115.7%
Consumer loans	625	550	13.9%	88.1%
	<u>847</u>	<u>807</u>	2.4%	95.3%
Companies				
Services	711	964	4.8%	135.7%
Commerce	385	339	9.1%	88.0%
Construction	658	389	13.2%	59.0%
Other	595	989	4.7%	166.0%
	<u>2,349</u>	<u>2,681</u>	6.4%	114.1%
Total	<u>3,196</u>	<u>3,488</u>	4.5%	109.1%

Total customer funds reached Euro 65,530 million as at 31 December 2011, from Euro 67,596 million posted on the same date in 2010. This performance was determined by the evolution of assets under management and capitalisation products, despite the 3.3% increase in balance sheet customer funds.

In the activity in Portugal, total customer funds stood at Euro 49,615 million as at 31 December 2011, which compares to Euro 51,143 million as at 31 December 2010, yet, the increase of total customer funds in the Corporate network should be noted. In the international activity, total customer funds decreased 3.3%, to Euro 15,915 million as at the end of 2011, mostly due to the performance of Bank Millennium in Poland, additionally influenced by the foreign exchange effect of the devaluation of the zloty against the euro, and in Millennium bank in Greece, despite the growths posted by Millennium bim in Mozambique and by Banco Millennium in Angola, reflecting the emphasis to further increase customer deposits in these markets.

Balance sheet customer funds increased 3.3%, to Euro 53,060 million as at 31 December 2011, from Euro 51,342 million on the same date in 2010, boosted essentially by the increase in customer deposits (+4.2%), reflecting the emphasis on retaining and further increasing balance sheet customer funds, in order to reduce the commercial gap and, simultaneously, to gradually increase the funding component of loans to customers through the balance sheet customer funds.

Off-balance sheet customer funds stood at Euro 12,470 million as at 31 December 2011, which compared with Euro 16,254 million on the same date in 2010. This evolution was determined by the unfavourable performance of assets under management and of capitalisation products in 2011, reflecting, on the one hand, the uncertainty and volatility of capital markets and the consequent redirection of customers savings into assets not subject to market fluctuations and with lower risk, and, on the other, the aforementioned increased focus on further increase balance sheet customer funds.

TOTAL CUSTOMER FUNDS

<i>Euro million</i>	31 Dec. 11	31 Dec. 10	Change 11 / 10
Balance sheet customer funds			
Deposits	47,516	45,609	4.2%
Debt securities ⁽¹⁾	5,544	5,733	-3.3%
	<u>53,060</u>	<u>51,342</u>	3.3%
Off-balance sheet customer funds			
Assets under management	3,739	4,459	-16.2%
Capitalisation products ⁽²⁾	8,731	11,795	-26.0%
	<u>12,470</u>	<u>16,254</u>	-23.3%
Total	<u>65,530</u>	<u>67,596</u>	-3.1%
Of which:			
Portugal activity	49,615	51,143	-3.0%
Foreign activity	15,915	16,453	-3.3%

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

(2) Includes Unit linked and Retirement savings deposits.

The **securities portfolio**, which represents 13.0% of total assets, reduced in both the financial assets held to maturity, and the assets held for trading and available for sale portfolio. The financial assets held to maturity decreased 22.3%, to Euro 5,242 million as at 31 December 2011 (Euro 6,745 million at the end of 2010), reflecting the lower exposure to Portuguese sovereign debt and the impact on the balance sheet of the recognition of impairments associated with Greek sovereign debt, as well as the repayment of bonds issued by Portuguese private issuers. The portfolio of financial assets held for trading and financial assets available for sale decreased to Euro 6,919 million as at 31 December 2011 (Euro 7,709 million at the end of 2010), as a result of progressive decrease in the exposure to Portuguese sovereign debt, with focus on Treasury Bills and other securities, while the portfolio of Treasury Bonds and other public entities was strengthened in 2011, as well as the lower exposure to Polish sovereign debt.

LIQUIDITY MANAGEMENT

The deterioration of macroeconomic and financial framework in 2011, in a context of intensification and spread of the systemic effects of sovereign debt crisis in the euro area, led to increased risks to financial stability at the European level and rising challenges facing the Portuguese economy and financial system. In addition, the Economic and Financial Assistance Programme, despite contributing to the mitigation of risks to financial stability in Portugal, has introduced a new set of challenges to the national financial system, inseparable from the additional pressures on banks' capital ratios and from the deleveraging process required for the national economy and the banking sector.

In this context, Millennium bcp placed special emphasis on growing and retaining on-balance customer funds, contributing not only to achieve the imperatives of reducing the commercial gap and deleveraging, but also to strengthening the stable funding sources, given the persistent limitation on access to operations in the medium- and long-term wholesale debt markets.

In the first three months of 2011, the Group implemented the Liquidity Plan defined for the period, despite the closure of the commercial paper and capital markets, remained active in the interbank money market, reducing the net exposure to the European Central Bank (ECB) and reinforcing the pool of assets eligible as collateral, in particular through the issuance of covered bonds by the BII in the amount of Euro 0.9 billion.

In early April, in response to the emergence of a national political crisis, the rating downgrade for Portuguese Republic and, subsequently cut to the ratings of the Portuguese banks, Millennium bcp undertook a review of

the 2011 Liquidity Plan, giving particular emphasis to the acceleration of the goals of deleveraging and the strengthening of the portfolio of eligible assets, with significant effect during the second quarter, through, in particular, the selective sale of assets, the internalisation of off-balance sheet customer funds and the incorporation of the IRB loans in the pool of assets eligible for discount with ECB.

In the third quarter of 2011, in a context of worsening of the tensions related to the sovereign debt crisis in the peripheral countries of the euro area, Millennium bcp continued to proactively manage liquidity, to ensure the fulfilment of the planned refinancing needs in the short- and medium-term. In this context, two new bond issued by the Bank were integrated into the pool of eligible assets, the first guaranteed by the Portuguese Republic, amounting to Euro 1.75 billion, and the other a private placement, in the amount of Euro 500 million.

In the last quarter, in a context of a severe shortage of offers in the interbank money market, the Bank continued the strategy of deleveraging, based on reducing the commercial gap, on the one hand, and the progressive reduction of exposure to Portuguese sovereign debt started in June, on the other. At the same time, the Bank strengthened the portfolio of assets eligible as collateral through a bond issue guaranteed by the Portuguese Republic, in December 2011, amounting to Euro 1.35 billion.

The rigorous implementation of the policy of reducing funding needs throughout the year, has reduced the Group's exposure to the ECB to Euro 12.7 billion as at 31 December 2011 (Euro 15.3 billion at the end of September 2011). In addition, the Bank has lengthened the maturity of its operations with the ECB, by using the first three-year auction to provide liquidity to the banking system of the euro area. As at 31 December 2011, the portfolio of securities eligible for collateral in eventual financing transactions with Central Banks stood at Euro 16.3 billion.

CAPITAL

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

At the end of December 2011, the consolidated Core Tier I ratio stood at 9.4%, exceeding the minimum determined by the Bank of Portugal (9.0%) and showing an increase of 36 basis points compared to the pro forma ratio in September 2011 (including the liability management operation involving preferred shares completed in early October 2011).

The Core Tier I value determined on 31 December 2011 was in line with the pro forma amount posted on 30 September 2011, since the combination of the positive effects that resulted, either from the change in accounting policy for recognition of gains and losses of the pension fund or the neutralisation of prudential impacts of the transfer of the pension fund to Healthcare System and the Special Inspection Programme in accordance with the stipulations in the Notice from the Bank of Portugal no.1 to 3/2012, as well as the amortisation of goodwill of Bank Millennium in Greece, which was deducted from the Core Tier I, and other effects of the activity, offset the negative results in the fourth quarter of 2011.

The risk weighted assets decreased by Euro 2,171 million in the same period, favourably influenced by the extent of the IRB approach to retail exposures in Portugal, by the removal of a prudential add-on imposed by the Bank of Portugal when authorised the treatment of exposures of the class risk "Corporates" with the IRB method and the change of the risk weighting applicable to regional and local administrations, as well as the ongoing deleveraging and the maintenance of efforts to optimise risk weighted assets, in particular regarding the strengthening of collaterals.

SOLVENCY

Euro million	31 Dec. 11	30 Sep. 11 Including Liability Management operation	30 Sep. 11
Own Funds			
Core Tier I	5,199	5,199	4,795
Preference shares and Perpetual subordinated debt securities with conditional coupons	173	173	943
Other deduction ⁽¹⁾	(528)	(573)	(573)
Tier I Capital	4,844	4,799	5,165
Tier II Capital	606	495	431
Deductions to Total Regulatory Capital	(137)	(133)	(133)
Total Regulatory Capital	5,313	5,161	5,463
Risk Weighted Assets	55,254	57,424	57,424
Solvency Ratios			
Core Tier I	9.4%	9.1%	8.3%
Tier II	0.8%	0.6%	0.5%
Total	9.6%	9.0%	9.5%

(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 scope of the Roll-Out Plan for the calculation of capital requirements for credit and counterparty risk under IRB approaches and following the request submitted by the Bank, the Bank of Portugal formally authorised the extension of this methodology to the subclasses of risk "Renewable Retail Positions" and "Other Retail Positions" in Portugal with effect as from 31 December 2011. In the 1st half of 2009, the Bank received authorisation from BoP to adopt the advanced approaches (internal models) to the generic market risk and the standard method for the operational risk.

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 Millennium bcp in Portugal, operating as a distribution channel for products and services from other companies of the Group, and the Foreign business segment, operating through several banking operations in markets with affinity to Portugal and in countries with higher growth potential.

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

The Companies Banking business includes the 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. For part of 2010, this segment also included 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 to 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 the balancing process of each entity, both at balance sheet and income statement levels, based on average figures. Balance sheet headings for each subsidiary and business unit are re-calculated, given the replacement of their original own funds by the outcome of the capital allocation process, according to regulatory solvency criteria.

Considering that the capital allocation process complies with regulatory solvency criteria currently in place, the weighted risk, as well as the capital allocated to segments, are based on Basel II methodology, with the application in Portugal in 2010 and 2011 of the IRB Advanced method for the Retail portfolio in credit risk and the IRB Foundation method for loans to companies, excluding real estate promoters and entities of the simplified rating system. The capital allocation for each segment, in 2011 and 2010, resulted from the application of 10% to the risks managed by each segment.

Information related to 2010 is presented on a comparable basis with the information reported in 2011, except as regards the abovementioned component related to Millennium bank in Turkey and Millennium bcpbank in United States of America, reflecting the current organisational structure of the Group's business areas referred to in the characterization of the segments previously described.

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 31 December 2011.

Retail in Portugal

The Retail segment in Portugal posted a net loss of Euro 16.0 million in 2011, compared to a positive net contribution of Euro 112.7 million in 2010, reflecting mostly the increase in impairment charges for loan losses.

The performance of net interest income in 2011 reflects the rise in the cost of customer deposits and the increase in loans interest rate, together with the smaller income associated with the loans volume. The contraction of the volume of the loans portfolio is a result of the increasing selectivity in loans granted and the decline of demand for credit, affecting loans to individuals and small businesses.

The evolution in other net income in 2011, despite the effort to increase customer funds and the maintenance of high levels of cross-selling, was conditioned by the decrease in commissions, in particular those related to loans operations, saving insurance and unit-linked products, partly offset by commissions related to deposit accounts, structured products and risk insurance.

Impairment charges for loan losses showed an increase in 2011, due to the increase in impairment indicators in the loan portfolio as a result of the deterioration in economic and financial conditions for individuals and companies.

The increase in operating costs was mainly due to upper other administrative costs associated with the loan recovery process, induced by a higher number of processes that are being monitored with the aim to their regularisation.

Total customer deposits increased 8.1% compared with 31 December 2010, supported by the launch of various solutions, including extending the offer of structured products as well as the provision of scheduled savings solutions for medium- and long-term deposits. However, customer funds showed a decrease of 3.2% totalling Euro 34,992 million as at 31 December 2011, compared to Euro 36,133 million on the same date in 2010, determined by the reduction of insurance and debt securities.

Loans to customers decreased 6.4%, totalling Euro 31,384 million as at 31 December 2011, compared to Euro 33,547 million posted on the same date in 2010, following the ongoing strategy of balance sheet deleveraging and focusing on the reduction in mortgage loans, consumer loans and loans to small businesses.

<i>Euro million</i>	<u>31 Dec. 11</u>	<u>31 Dec. 10</u>	<u>Change 11 / 10</u>
Profit and loss account			
Net interest income	485.2	522.3	-7.1%
Other net income	443.0	452.6	-2.1%
	<u>928.2</u>	<u>974.9</u>	-4.8%
Operating costs	685.9	670.3	2.3%
Impairment	264.5	151.2	74.9%
Contribution before income taxes	<u>(22.3)</u>	153.3	--
Income taxes	<u>(6.2)</u>	40.7	--
Net contribution	<u>(16.0)</u>	<u>112.7</u>	--
Summary of indicators			
Allocated capital	1,324	1,608	-17.6%
Return on allocated capital	-1.2%	7.0%	
Risk weighted assets	13,243	16,076	-17.6%
Cost to income ratio	73.9%	68.8%	
Loans to customers ⁽¹⁾	31,384	33,547	-6.4%
Total customer funds	34,992	36,133	-3.2%

(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 86.3 million in 2011, compared to a net loss of Euro 11.0 million on the same period in 2010, mainly determined by the higher level of impairment charges for loan losses, despite the increase in net interest income.

Net interest income increased by 6.5%, reflecting the effect of the increase in demand deposits and loans on customers' interest margin, which more than offset the effect of the decrease in business volumes. The repricing process of loan operations, implemented in 2011 with the goal to appropriate the price of the products to the risk profile of each client, provided a favourable evolution of the loan interest margin. The contraction of business volumes reflects both the difficulty that companies have to generate cash surpluses and the increasing selectivity in granting loans centred on companies focused on the internationalisation and with a dynamic business model.

The reduction in other net income, despite the process to appropriate the commissions to the service provided, was determined by the decrease in commissions from financial services and from the business with non-resident companies, despite the rise in commissions from loans to customers and factoring operations.

The increase in impairment charges for loan losses, which in 2011 includes the reinforcement of impairment charges under the Special Inspection Programme, as well as the effect of the deterioration of financial collaterals and the increase in impairment indicators in the loan portfolio, as a result of the persistent adverse macroeconomic context and deterioration in economic and financial conditions, in particular in companies associated with the construction and tourism sectors of activity. In order to reverse this trend risk mitigation strategies have been adopted, either through a close monitoring of customers, or by the reinforce of collaterals in loans operations.

The reduction in operating costs 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 6.4%, amounting to Euro 9,378 million as at 31 December 2011, compared to Euro 10,024 million posted on the same date in 2010, driven by the reduction in loans, real estate loans, leasing and commercial paper.

Total customer funds amounted to Euro 2,609 million as at 31 December 2011, compared to Euro 2,982 million as at 31 December 2010.

<i>Euro million</i>	31 Dec. 11	31 Dec. 10	Change 11 / 10
Profit and loss account			
Net interest income	188.0	176.6	6.5%
Other net income	81.6	87.6	-6.9%
	<u>269.6</u>	<u>264.2</u>	2.1%
Operating costs	58.1	60.1	-3.3%
Impairment	333.0	189.0	76.2%
Contribution before income taxes	(121.5)	15.0	--
Income taxes	(35.2)	4.0	--
Net contribution	<u>(86.3)</u>	<u>11.0</u>	--
Summary of indicators			
Allocated capital	906	996	-9.0%
Return on allocated capital	-9.5%	1.1%	
Risk weighted assets	9,058	9,958	-9.0%
Cost to income ratio	21.5%	22.8%	
Loans to customers ⁽¹⁾	9,378	10,024	-6.4%
Total customer funds	<u>2,609</u>	<u>2,982</u>	-12.5%

(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 63.0 million in 2011, compared to a positive net contribution of Euro 82.9 million on the same period in 2010, determined by the increase in impairment charges for loan losses.

Net interest income increased 16,9%, supported by the Corporate network, reflecting the effect of repricing of loan operations, which aimed to adjust the spreads to the risk of operations and strengthened the mitigation associated with these operations, leading to an increase in the loans to customers interest rate margin and offset the reduction in the volume of loans to customers.

The growth in other net income is essentially due to the increase of commissions in the Corporate Network, in particular the commissions associated with loans to customers, demand deposits, risk insurance, financial services and assets under management.

The increase in impairment charges for loan losses, which in 2011 includes the reinforcement of impairment charges under the Special Inspection Programme, as well as the effect of the deterioration of financial collaterals and the increase in impairment indicators in the loan portfolio, as a result of the persistent adverse macroeconomic context and deterioration in economic and financial conditions, in particular in companies associated with the construction and tourism sectors of activity.

In accordance with the strategic priority to reduce the commercial gap, loans to customers decreased 7.9%, totalling Euro 12,199 million as at 31 December 2011, compared to Euro 13,245 million posted on the same date in 2010, determined by the reduction in loans, leasing and commercial paper.

Deposits showed an increase of 27.2% from 31 December 2010, reflecting the commercial effort in fundraising. The total customer funds decreased by 3.7%, amounting to Euro 10,822 million in 31 December 2011, compared with Euro 11,236 million in 31 December 2010, determined by the reduction observed in debt securities.

<i>Euro million</i>	31 Dec. 11	31 Dec. 10	Change 11 / 10
Profit and loss account			
Net interest income	240.9	206.0	16.9%
Other net income	180.7	159.8	13.1%
	421.7	365.8	15.3%
Operating costs	77.7	74.9	3.8%
Impairment	432.7	178.2	--
Contribution before income taxes	(88.7)	112.7	--
Income taxes	(25.7)	29.9	--
Net contribution	(63.0)	82.9	--
Summary of indicators			
Allocated capital	1,637	1,608	1.8%
Return on allocated capital	-3.8%	5.2%	
Risk weighted assets	16,370	16,082	1.8%
Cost to income ratio	18.4%	20.5%	
Loans to customers ⁽¹⁾	12,199	13,245	-7.9%
Total customer funds	10,822	11,236	-3.7%

(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 67.3 million in 2011, compared to a net loss of Euro 6.7 million in the same period of 2010, determined by the increase in impairment charges for loan losses, despite the rise of net operating revenues.

The increase of 13.9% in net interest income, due to the effort to implement the repricing designed to reflect the risk and liquidity costs, led to the increase the interest rate margin for loans to customers, despite the decrease in the volume of loans to customer and in the term deposits interest rate margin.

The increase of 21.2% in other net income resulted from the Private Banking business in Portugal, and was mainly associated with the increase in commissions related to assets under management and structured products.

The rise in impairment charges for loan losses was due to the devaluation of financial collaterals and to the increase of impairment indicators in the loan portfolio, as a result of the persistence of an adverse financial and macroeconomic context.

Loans to customers amounted to Euro 1,288 million as at 31 December 2011, decreasing 7.5% from 31 December 2010, as a result of the reduction in loans granted in the Private Banking segment in Portugal.

Total customer funds amounted to Euro 4,713 million as at 31 December 2011, compared to Euro 5,804 million as at 31 December 2010, supported by the reduction in off-balance sheet customer funds. Given the volatility and uncertainty of the markets, during 2011, there has been a greater readiness of customers to prefer more traditional conservative solutions, to the detriment of structured products, investment funds and discretionary management.

<i>Euro million</i>	31 Dec. 11	31 Dec. 10	Change 11 / 10
Profit and loss account			
Net interest income	22.3	19,6	13.9%
Other net income	27.7	22,8	21.2%
	50.0	42,4	17.8%
Operating costs	31.6	31,5	0.5%
Impairment	113.2	20,4	--
Contribution before income taxes	(94.8)	(9,4)	--
Income taxes	(27.6)	(2,8)	--
Net contribution	(67.3)	(6,7)	--
Summary of indicators			
Allocated capital	64	97	-34.0%
Return on allocated capital	-104.5%	-6,8%	
Risk weighted assets	643	975	34.0%
Cost to income ratio	63.3%	74.1%	
Loans to customers	1,288	1,391	-7.5%
Total customer funds	4,713	5,804	-18.8%

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 177.8 million in 2011, compared to a net contribution of Euro 101.5 million in 2010. The increase of 75.2% compared to the last year was determined by the increase in net operating revenues, powered by the growth in business volumes and by lower operational costs, with emphasis on the net contributions of operations in Poland, Mozambique and Angola.

The increase in net interest income by 23.3% was supported by the favourable interest rate effect and by the volume of customer deposits effect, despite the impact resulting from operations in Turkey and the United States of America, which were partially sold at the end of 2010. Highlight to the performance of the operations in Poland, in Mozambique and in Angola.

The decrease in other net income reflects mainly the impacts identified in 2010 related to the activities of the partially sold operations, as well as the performance of the operations in Switzerland, Greece and Poland, the latter due to exchange rate effect.

Operating costs decreased by 3.9% in 2011, compared with the previous year, influenced by the operating costs posted in 2010 related to the partially sold operations. This reduction offset the increases in Poland and Greece, in part influenced by the resizing of the distribution network, and in Angola and Mozambique, related to the ongoing expansion strategy.

The increase in impairment charges for loan losses, compared with 2010, was mainly associated with a higher level of provisioning recorded in the subsidiary companies in Greece and Switzerland partially offset by the decrease in Poland.

Total customer funds decreased 3.3% to Euro 15,914 million as at 31 December 2011, with emphasis on the favourable performance of assets under management, despite the favourable development in operations in Mozambique and Angola.

Loans to customers decreased 3.7% to Euro 16,306 million as at 31 December 2011, benefiting from the performance of loans to individuals, reflecting the decrease in operations in the Cayman Islands, Greece and Switzerland, partially offset by the increases registered in Angola and Mozambique.

<i>Euro million</i>	31 Dec. 11	31 Dec. 10	Change 11 / 10
Profit and loss account			
Net interest income	679.2	550.8	23.3%
Other net income	338.6	365.7	-7.4%
	<u>1,017.8</u>	<u>916.5</u>	11.0%
Operating costs	593.8	617.9	-3.9%
Impairment and provisions	198.5	171.0	16.0%
Contribution before income taxes	225.5	127.6	76.8%
Income taxes	47.7	26.1	82.8%
Net contribution	<u>177.8</u>	<u>101.5</u>	75.2%
Summary of indicators			
Allocated capital	1,795	1,740	3.2%
Return on allocated capital	9.9%	5.8%	
Risk weighted assets	14,285	14,272	0.1%
Cost to income ratio	58.3%	67.4%	
Loans to customers	16,306	16,926	-3.7%
Total customer funds	<u>15,914</u>	<u>16,453</u>	-3.3%

Note: In 2010 the net contribution was not adjusted from the impact related to the activities in Turkey and in the United States of America, which were partially sold during 2010.

SIGNIFICANT EVENTS

The continuation of the implementation of the measures agreed under the Adjustment Program, namely through: an ongoing process of deleveraging by reducing the loan portfolio and increasing customer funds, enabling Millennium bcp to reduce its commercial gap; the implementation of measures and the evaluation of alternatives to enable Millennium bcp to comply with the new solvency requirements; the gradual reduction of the exposure to sovereign debt, together with the continued repricing effort; the close control of the cost base; and the increased mobilization of the entire organization into the credit recovery effort were the main focus of the Bank in the 4th quarter of 2011. Also worthy of special note in the 4th quarter:

- Following an evaluation process of different scenarios in order to create value for the operation in Poland, and having thoroughly discussed several options, including those arising from offers of acquisition of a stake in Bank Millennium, the Bank reaffirmed on December 19, 2011 its commitment to the organic growth of Bank Millennium in Poland.
- Disclosure by the Bank of Portugal of the overall results for the first Special Inspection Program (SIP), conducted as part of the measures and actions agreed by the Portuguese authorities for the financial system under the Adjustment Program established with the IMF / EU / ECB in May 2011. The exercise focused on credits worth Euro 55.4 billion, covering 72% of the total loan portfolio of the BCP. This assessment concluded there was a need to increase impairment by Euro 381 million in the Group's consolidated accounts. This amount corresponds to 0.7% of the total amount of claims reviewed and 16.0% of the portfolio covered by the impairment analysis.
- Disclosure of the results regarding the capital exercise by the European Banking Authority (EBA). Following completion of the capital exercise conducted by the EBA in close cooperation with the Bank of Portugal, the exercise determined that Banco Comercial PortugêS S.A. has a capital shortfall of Euro 2,130 million which must be addressed by the end of June of 2012.
- Announcement of the results of the exchange offer directed to holders of perpetual debt instruments and preference shares, on October 7. The degree of acceptance was noteworthy, reaching approximately 75% for the issues included in the offer.
- Strengthening ActivoBank's customer proximity, by opening eight new branches.
- Celebration of the sixth anniversary of Millennium bcp's autonomous Microcredit network, a pioneer and leader in Portugal that has as its ultimate goal the creation of self-employment in an autonomous and proactive way. During its six years of activity Millennium Microcredit created 3.371 new jobs and advised on some 2.184 projects of economic entrepreneurs, representing funding of Euro 18 million.
- Extension of the geographical coverage of Banco Millennium Angola to all 18 provinces in the African country, after the inauguration of the N'Dalatando branch in the province of North Kwanza, making Millennium services available to customers at 61 branches throughout the country.
- Award to Bank Millennium (Poland) of important distinctions in terms of quality service offered to customers: the Bank is among the best in Newsweek magazine's "Friendly Banks" ranking, in third position in the "Traditional Customer's Friendly Bank" and "Best Internet Bank" categories.
- Nomination of Banco Millennium Angola as a "Brand of Excellence" by Superbrands.
- "Best Brand in Mozambique in the banking sector", awarded by GFK.
- The "Gold Prize", awarded to Millennium bcp, in the "Financial and Insurance Services Effectiveness Awards 2011," with the advertising case study based on the "Mourinho - Passion" campaign.
- Sponsorship of the Global Investment Challenge (GIC), a competition open to the general public that allows a simulated experience of investing in the stock market and promotes the increase of

knowledge about the mechanisms and functioning of the capital markets. The competition is organized by the Expresso newspaper and Simulators and Models (SDG).

- The Millennium bcp foundation and the Architecture Trienal of Lisbon, signed a protocol for the delivery of the Career Award, which aims to distinguish an architect whose work has become publicly known, as well as the Universities Prize Contest, for schools of Architecture and Landscape Architecture in Portugal and abroad.
- Launch of the second edition of the Microcredit Prize for Microentrepreneurs with disabilities.
- Recognition of Millennium bcp by the 2011 Engagement Rating, as one of the most transparent Portuguese companies in stakeholder communication on sustainability.
- As a result of the rating downgrade of Portugal from “BBB+” to “BBB-” and the placement of Portuguese banks’ ratings on “Rating Watch Negative”, the Fitch rating agency announced on October 7 that it had reaffirmed the main ratings of BCP, namely the long- and short-term ratings (“BBB-/F3”), while maintaining the “Rating Watch Negative” outlook.
- Moody’s rating agency announced, on October 7, that it had concluded the review of Portuguese banks ratings initiated on July 15, following the downgrade of the Republic of Portugal rating from “Baa1” to “Ba2”. In this context, the debt rating of BCP was reduced from “Ba1/NP” to “Ba3/NP” and the Standalone rating from “Ba2” to “B1”. Ratings maintain a “Negative” outlook.
- On October 20, the DBRS rating agency announced, following the downgrade of the Republic of Portugal rating from BBB (High) to BBB, the confirmation or revision of the Portuguese banks ratings. In this context, BCP long-term rating was downgraded from BBB (High) to BBB, with a “Negative Trend” (identical to the Republic of Portugal’s rating), while the short-term rating was affirmed at R-2(High) with a “Negative Trend”.
- Following the announcement of the reduction of the Portuguese Republic’s rating for long-term debt from “BBB-” to “BB+”, Fitch announced the revision of the ratings of several Portuguese banks. In this context, the long-term rating of Banco Comercial Português, S.A. (BCP) was reduced from “BBB-” to “BB+”, removed from Rating Watch Negative and assigned a Negative Outlook, while the short-term rating was revised from “F3” to “B” and removed from Rating Watch Negative.
- Following the announcement of the revision of rating criteria for the Portuguese banks, Standard & Poor’s announced on the 16th of December of 2011 the revision of the ratings of several Portuguese banks. In this context, the long-term rating of Banco Comercial Português, S.A. (BCP) was reduced from “BBB-” to “BB”, while the short-term rating was revised from “A-3” to “B” and removed from Rating Watch Negative.

Events after the end of 2011:

- Statement by the President of the Supervisory Board informing that he has been informed that Nuno Amado has accepted the invitation from shareholders to propose his name as Chief Executive Officer of Banco Comercial Português, S.A. on a list to be presented at an upcoming General Meeting of Shareholders.
- On January 31, 2012 DBRS downgraded the ratings of Banco Comercial Português, S.A. following the downgrade of the Republic of Portugal’s ratings from BBB to BBB (low). DBRS has downgraded BCP’s Senior Long-Term Debt & Deposit rating to BBB (low) from BBB and the Short-Term Debt & Deposit rating to R-2 (mid) from R-2 (high). The trend on all ratings remains Negative.

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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.

Figures for 2010 and 2011 were subject to an audit by External Auditors.

BANCO COMERCIAL PORTUGUÊS

Consolidated Income Statement
for the years ended 31 December, 2011 and 2010

	2011	2010
	(Thousands of Euros)	
Interest income	4,060,136	3,477,058
Interest expense	(2,480,862)	(1,960,223)
Net interest income	1,579,274	1,516,835
Dividends from equity instruments	1,379	35,906
Net fees and commission income	789,372	811,581
Net gains / losses arising from trading and hedging activities	204,379	367,280
Net gains / losses arising from available for sale financial assets	3,253	72,087
Other operating income	(22,794)	17,476
	2,554,863	2,821,165
Other net income from non banking activity	26,974	16,550
Total operating income	2,581,837	2,837,715
Staff costs	953,649	831,168
Other administrative costs	584,459	601,845
Depreciation	96,110	110,231
Operating costs	1,634,218	1,543,244
	947,619	1,294,471
Loans impairment	(1,331,910)	(713,256)
Other financial assets impairment	(468,066)	(10,180)
Other assets impairment	(128,565)	(71,115)
Goodwill impairment	(160,649)	(147,130)
Other provisions	13,979	635
Operating profit	(1,127,592)	353,425
Share of profit of associates under the equity method	14,620	67,661
Gains / (losses) from the sale of subsidiaries and other assets	(26,872)	(2,978)
Profit before income tax	(1,139,844)	418,108
Income tax		
Current	(66,858)	(54,158)
Deferred	506,404	39,814
Profit after income tax	(700,298)	403,764
Attributable to:		
Shareholders of the Bank	(786,151)	344,457
Non-controlling interests	85,853	59,307
Profit for the year	(700,298)	403,764
Earnings per share (in euros)		
Basic	(0.13)	0.05
Diluted	(0.13)	0.05

BANCO COMERCIAL PORTUGUÊS

Consolidated Balance Sheet as at 31 December 2011, 2010 and 1 January 2010

	2011	2010	1 jan 2010
	(Thousands of Euros)		
Assets			
Cash and deposits at central banks	2,115,945	1,484,262	2,244,724
Loans and advances to credit institutions			
Repayable on demand	1,577,410	1,259,025	839,552
Other loans and advances	2,913,015	2,343,972	2,025,834
Loans and advances to customers	68,045,535	73,905,406	75,191,116
Financial assets held for trading	2,145,330	5,136,299	3,356,929
Financial assets available for sale	4,774,114	2,573,064	2,698,636
Assets with repurchase agreement	495	13,858	50,866
Hedging derivatives	495,879	476,674	465,848
Financial assets held to maturity	5,241,963	6,744,673	2,027,354
Investments in associated companies	305,075	395,906	437,846
Non current assets held for sale	1,104,650	996,772	1,343,163
Investment property	560,567	404,734	429,856
Property and equipment	624,599	617,240	645,818
Goodwill and intangible assets	251,266	400,802	534,995
Current tax assets	52,828	33,946	24,774
Deferred tax assets	1,545,227	975,676	790,914
Other assets	1,790,651	784,446	1,134,132
	<u>93,544,549</u>	<u>98,546,755</u>	<u>94,242,357</u>
Liabilities			
Amounts owed to credit institutions	17,723,419	20,076,556	10,305,672
Amounts owed to customers	47,516,110	45,609,115	46,307,233
Debt securities	16,236,202	18,137,390	19,953,227
Financial liabilities held for trading	1,478,680	1,176,451	1,072,324
Other financial liabilities at fair value through profit and loss	2,578,990	4,038,239	6,345,583
Hedging derivatives	508,032	346,473	75,483
Non current liabilities held for sale	-	-	435,832
Provisions for liabilities and charges	246,100	235,333	233,120
Subordinated debt	1,146,543	2,039,174	2,231,714
Current income tax liabilities	24,037	11,960	10,795
Deferred income tax liabilities	2,385	344	416
Other liabilities	1,647,208	1,264,119	1,358,210
Total Liabilities	<u>89,107,706</u>	<u>92,935,154</u>	<u>88,329,609</u>
Equity			
Share capital	6,065,000	4,694,600	4,694,600
Treasury stock	(11,422)	(81,938)	(85,548)
Share premium	71,722	192,122	192,122
Preference shares	171,175	1,000,000	1,000,000
Other capital instruments	9,853	1,000,000	1,000,000
Fair value reserves	(389,460)	(166,361)	93,760
Reserves and retained earnings	(1,241,489)	(1,868,780)	(1,326,491)
Profit for the year attributable to Shareholders	(786,151)	344,457	-
Total Equity attributable to Shareholders of the Bank	<u>3,889,228</u>	<u>5,114,100</u>	<u>5,568,443</u>
Non-controlling interests	547,615	497,501	344,305
Total Equity	<u>4,436,843</u>	<u>5,611,601</u>	<u>5,912,748</u>
	<u>93,544,549</u>	<u>98,546,755</u>	<u>94,242,357</u>