BANCO BPI, S.A. – Publicly held company
Share capital: € 900 000 000
Registered in Oporto C.R.C. and corporate body no. 501 214 534
Head Office: Rua Tenente Valadim, no.284, Porto, Portugal

Earnings release

Banco BPI's consolidated results for the 1st half of 2010

(Unaudited)

Porto, 21 July 2010

- **Consolidated net profit of 99.5 M.€ in the 1st half 2010 increases 11.8% comparing to 89.0 M.€ in the same period of 2009;**
- **Net operating revenue decreased 2.9% yoy;**
- **Commissions grew 9.1% yoy;**
- **Costs decreased 2.3%, excluding costs with early-retirements;**
- **Unit trust funds and other similar Customer resources increased 15% (0.7 Bi.€), yoy;**
- **Total Customer resources increased 1.2% yoy;**
- **Loans to Customers increased 4.8% (+1.4 Bi.€): +4.9% in the domestic activity and 3.1% in BFA;**
- **Loans in arrears ratio (for more than 90 days) decreased from 1.8% to 1.7%;**
- **Cost of credit risk at 0.45% (annualised);**
- **BPI's pension liabilities 105% covered;**
- **Capital ratios: Tier I of 8.6%, Core Tier I of 8.1% and total ratio of 10.8%.**

Net profit of 99.5 million euro – BANCO BPI (Euronext Lisbon - Reuters BBPI.LS; Bloomberg BPI PL) earned a consolidated net profit of 99.5 million euro (M.€) in the 1st half 2010, which represents a 11.8% increase relative to the 1st half 2009 consolidated net profit of 89.0 M.€. Earnings per share (Basic EPS) of 0.11 euro increased 11.9% relative to the same period of 2009 (0.10 euro).

The return on average Shareholders' equity (ROE) was 9.6% in the 1st half 2010.

Consolidated overview

Net profit

BPI earned a consolidated net profit of 99.5 million euro (M.€) in the 1st half 2010, which corresponds to a 11.8% increase relative to the 1st half 2009 net profit of 89.0 M.€.

Income statement

Amounts in M.€

	1º Q 09	2º Q 09	1º H 09	3º Q 09	4º Q 09	2009	1º Q 10	2º Q 10	1º H 10	Chg.% 1H09 / 1H10
Net interest income	183.3	146.0	329.3	138.3	149.5	617.1	158.6	161.4	320.0	-2.8%
Technical results of insurance contracts	1.4	3.6	5.0	2.9	3.9	11.8	2.9	3.2	6.1	23.7%
Commissions and other similar income (net)	68.8	76.3	145.1	79.6	86.7	311.4	77.3	81.1	158.3	9.1%
Gains and losses in financial operations	23.0	47.9	70.9	68.2	76.0	215.0	26.9	48.3	75.2	6.0%
Operating income and charges	17.7	-2.3	15.4	-4.7	-1.2	9.4	-4.5	-5.6	-10.2	-166.1%
Net operating revenue	**294.2**	**271.4**	**565.7**	**284.3**	**314.9**	**1,164.8**	**261.2**	**288.3**	**549.5**	**-2.9%**
Personnel costs	103.3	97.5	200.9	98.4	101.0	400.3	97.2	115.4	212.5	5.8%
Other administrative expenses	58.4	59.7	118.2	60.3	43.5	222.0	60.1	61.3	121.4	2.7%
Depreciation of fixed assets	13.9	13.4	27.3	13.2	12.2	52.7	11.9	11.6	23.5	-14.2%
Operating costs	**175.7**	**170.7**	**346.4**	**171.9**	**156.7**	**675.0**	**169.1**	**188.2**	**357.4**	**3.2%**
Operating profit before provisions	**118.5**	**100.8**	**219.3**	**112.4**	**158.2**	**489.8**	**92.0**	**100.1**	**192.1**	**-12.4%**
Recovery of loans written-off	4.2	4.8	9.0	3.2	8.9	21.2	5.1	4.6	9.6	6.9%
Loan provisions and impairments	37.3	25.7	63.0	28.9	74.5	166.4	19.1	39.7	58.8	-6.5%
Other impairments and provisions	9.9	10.4	20.3	8.6	14.7	43.6	6.8	8.8	15.6	-23.1%
Profits before taxes	**75.6**	**69.5**	**145.0**	**78.1**	**77.9**	**301.0**	**71.2**	**56.2**	**127.3**	**-12.2%**
Corporate income tax	2.2	7.2	9.4	17.8	18.2	45.4	1.9	-11.3	-9.4	-200.7%
Equity-accounted results of subsidiaries	3.8	2.4	6.2	5.2	6.9	18.3	5.7	8.6	14.3	131.3%
Minority shareholders' share of profit	27.1	25.8	52.8	23.9	22.2	98.9	29.9	21.7	51.6	-2.3%
Net Profit	**50.1**	**38.9**	**89.0**	**41.6**	**44.4**	**175.0**	**45.1**	**54.3**	**99.5**	**11.8%**

Own funds and own funds requirements

At 30 June 2010, the own funds requirements ratio was situated at 10.8%, Tier I at 8.6% and core Tier I at 8.1%, calculated according to Basel II[1].

Risk weighted assets stood at 26.8 Bi.€ at the end of June 2010, which corresponds to an increase of 3.0% relative to December 2009.

Own funds and own funds requirements Amounts in M.€

	30 Jun. 09	31 Dec. 09	30 Jun. 10 [1)]
Basis own funds	2,291.5	2,245.3	2,304.6
Core capital	2,080.8	2,040.8	2,179.8
Preference shares	285.4	272.8	246.1
Deductions relating to shareholdings in credit institutions and insurance companies	-74.7	-68.2	-121.3
Complementary own funds and other deductions	625.3	621.4	606.9
Complementary own funds, before deductions	705.1	692.0	731.6
Deductions relating to shareholdings in credit institutions and insurance companies	-74.7	-68.2	-121.3
Other deductions	-5.1	-2.4	-3.4
Total own funds	**2,916.8**	**2,866.7**	**2,911.5**
Own funds requirements	2,054.1	2,084.8	2,147.7
Risk weighted assets [2)]	**25,675.9**	**26,059.9**	**26,845.7**
Own funds requirements ratio	**11.4%**	**11.0%**	**10.8%**
Core capital	8.1%	7.8%	8.1%
Tier I	8.9%	8.6%	8.6%
Tier II	2.4%	2.4%	2.3%
Preference shares as a % of Tier I, before deductions relating to shareholdings in credit institutions and insurance companies	12.1%	11.8%	10.1%

1) Considers the unaudited 1st half 2010 result, net of dividends.
2) Own funds requirements x 12.5.

Liquidity

Liquidity management in BPI during the first half of 2010 was restrained by the growing restrictions on Portuguese banks' funding with recourse to the international markets.

In a background of strong restraints in accessing international financing, BPI showed in June 2010, and comparing to the end of 2009, a reduction from 2.5 Bi.€ to 2 Bi.€ in net ECB financing. On 30 June 2010, the Bank held a positive net position on the Interbank Money Market of 0.4 M.€, position which in the middle of July has reached 0.8 M.€.

In the 1st half 2010, BPI issued 1 982 M.€ of medium and long term debt (of which 1 000 M.€ of mortgage covered bonds, 200 M.€ of EIB financing, 590 M.€ of senior bonds and 192 M.€ of medium and long term loans). On the other hand, 1 495 M.€. of medium and long term debt was redeemed.

1) BPI adopted the standard method for calculating own funds requirements for covering credit risk and the basic indicator method for calculating requirements for covering operational risk.

Further medium and long term debt redemptions to be carried out until the end of 2010 amount to 1 054 M.€.

Rating

BPI long term debt rating notations are A2, A and A- (given by Moody's, Fitch Ratings and Standard & Poors', respectively).

Customer resources and loans

Consolidated total Customer resources expanded by 1.2% (+0.4 Bi.€) relative to June 2009. In the domestic activity, total Customer resources grew by 0.8% (+0.3 Bi.€) – with a decrease of 1.9% (-0.5 Bi.€) in on-balance sheet resources and an increase of 15% (+0.7 Bi.€) in off-balance sheet resources. In the international activity, Customers resources at BFA increased by 4.0% (+0.2 Bi.€).

The consolidated Customer loans portfolio expanded by 4.8% (+1.4 Bi.€) relative to June 2009. In domestic activity, which represents 96% of the consolidated portfolio, growth was of 4.9% (+1.4 Bi.€), with a 4.3% increase in the corporate, project finance and institutional banking loan portfolio and a 5.8% increase in mortgage loans portfolio. In the international activity, the loan portfolio increased by 3.1% relative to June 2009.

Revenues and costs

Consolidated net operating revenue decreased by 2.9% (-16.2 M.€) in relation to the 1st half of 2009. As regards its principal components:

- net interest income decreased by 2.8% (-9.3 M.€) relative to the 1st half 2009. In relation to the 2nd half 2009, net interest income increased by 11.2% (+32.2 M.€);
- commissions grew by 9.1% (+13.2 M.€) year-on-year;
- profits from financial operations increased 6.0% (+4.3 M.€), from 70.9 M.€ in the 1st half 2009 to 75.2 M.€ in the 1st half 2010;
- other operating income decreased from 15.4 M.€ in the 1st half 2009 to -10.2 M.€ in the 1st half 2010.

Consolidated operating costs, excluding early-retirement costs, decreased by 2.3% (-7.9 M.€) relative to the 1st half 2009. In the domestic activity, operating costs (excluding early-retirement costs) decreased by 3.1% (-9.1 M.€) yoy.

Consolidated operating costs, as reported (which include 17.7 M.€ in early-retirement costs in the 1st half 2010), increased by 3.2% (+11.0 M.€), yoy.

The efficiency ratio - "operating costs[1] as a percentage of net operating revenue" for the last 12 months was situated at 58.1%.

Credit risk cost

Loan impairment charges (specific and collective) booked in the 1st half 2010 amounted to 58.8 M.€. and, additionally, 18.2 M.€ from the extraordinary impairment charge recorded in December 2009 (of 33.2 M.€) were used, thus making a total of allocated impairments in the semester of 77.1 M.€. This figure, which represented 0.51% of the average performing loan portfolio, in annualised terms, includes 26 M.€ booked in anticipation of corporate loans portfolio's specific impairment charges calendar.

On the other hand, 9.6 M.€ in arrear loans and interest previously written off were recovered, which represented 0.06% of the loan portfolio, in annualised terms.

Hence, allocated loan impairments in the semester (77.1 M.€), net of arrear loans recovered, amounted to 67.4 M.€ and corresponded to 0.45% of the average performing loan portfolio, in annualised terms.

Loan portfolio quality

Amounts in M.€

	30 Jun. 09	30 Jun. 10
Loan impairments in the period (as reported)	63.0	58.8
Loan impairments in the period (adjusted)[1]	63.0	77.1 (1)
As % of the loan portfolio 2)	0.43%	0.51%
Loan impairments in the period (adjusted)[1], after deducting the recovery of loans and interest in arrears written-off	54.0	67.4 (1)
As % of the loan portfolio 2)	0.37%	0.45%
Change in loans in arrears (+90d) adjusted by write-offs and after deducting the recovery of loans and interest in arrears written-off	172.6	19.1
As % of the loan portfolio 2)	0.94%	0.13%
Gross loan portfolio	29,489.8	31,108.0
Loans in arrears (+90 days)	514.6	566.3
Ratio of loans in arrears (+ 90 days)	1.7%	1.8%
Loans impairments (in the balance sheet)	477.9	586.1
Loan impairments (in the balance sheet) as % of gross loan portfolio	1.6%	1.9%
Write offs (since beginning of the year)	24.2	22.3

1) Considering the loan impairment charges in the period plus the use in the 1st half 2010 of 18.2M.€ from the extraordinary impairment charge recorded in December 2009 (of 33.2 M.€).

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

1) Operating costs, excluding early-retirement costs, as percentage of net operating revenue.

Domestic activity

Net profit

Net profit from domestic activity in the 1st half 2010 reached 51.6 M.€ which corresponds to a 22.5% (+9.5 M.€) year-on-year decrease.

The return on the average Shareholders' equity allocated to the domestic activity (ROE), excluding revaluation reserves, stood at 5.7% in the 1st half 2010.

Income statement

Amounts in M.€

	1º Q 09	2º Q 09	1º H 09	3º Q 09	4º Q 09	2009	1º Q 10	2º Q 10	1º H 10	Chg.% 1H09 / 1H10
Net interest income	127.7	108.1	235.7	100.6	116.9	453.1	112.8	116.9	229.8	-2.5%
Technical results of insurance contracts	1.4	3.6	5.0	2.9	3.9	11.8	2.9	3.2	6.1	23.7%
Commissions and other similar income (net)	57.2	64.3	121.4	67.3	73.7	262.5	66.6	69.1	135.7	11.8%
Gains and losses in financial operations	10.2	19.4	29.5	30.3	32.8	92.7	4.2	31.4	35.6	20.7%
Operating income and charges	17.9	-2.2	15.7	-4.1	-2.0	9.6	-4.3	-5.2	-9.5	-160.5%
Net operating revenue	**214.3**	**193.1**	**407.4**	**197.0**	**225.4**	**829.7**	**182.4**	**215.4**	**397.7**	**-2.4%**
Personnel costs	92.8	86.7	179.5	87.8	89.4	356.7	85.6	102.5	188.1	4.8%
Other administrative expenses	47.9	48.9	96.8	49.7	34.9	181.3	49.7	50.5	100.2	3.5%
Depreciation of fixed assets	10.3	9.9	20.2	9.7	9.5	39.5	9.2	8.7	17.9	-11.2%
Operating costs	**151.0**	**145.5**	**296.6**	**147.2**	**133.8**	**577.5**	**144.5**	**161.8**	**306.3**	**3.3%**
Operating profit before provisions	**63.3**	**47.6**	**110.8**	**49.8**	**91.6**	**252.2**	**37.8**	**53.6**	**91.4**	**-17.5%**
Recovery of loans written-off	3.8	3.7	7.5	2.7	8.1	18.2	4.1	4.1	8.2	10.5%
Loan provisions and impairments	31.4	21.6	53.1	20.6	61.6	135.3	14.3	32.9	47.2	-11.2%
Other impairments and provisions	7.7	8.4	16.1	6.6	11.9	34.6	6.1	8.0	14.1	-12.5%
Profits before taxes	**27.9**	**21.2**	**49.1**	**25.2**	**26.1**	**100.5**	**21.6**	**16.8**	**38.5**	**-21.7%**
Corporate income tax	0.5	4.6	5.1	7.6	6.2	18.9	7.3	-12.7	-5.5	-207.6%
Equity-accounted results of subsidiaries	2.3	1.2	3.5	4.0	5.2	12.7	4.1	7.1	11.2	220.7%
Minority shareholders' share of profit	3.3	2.2	5.5	1.8	1.6	8.8	1.4	2.1	3.6	-34.4%
Net Profit	**26.4**	**15.7**	**42.1**	**19.8**	**23.6**	**85.5**	**17.0**	**34.6**	**51.6**	**22.5%**

Customer resources and loans

Resources

In the domestic activity, total Customer resources increased by 0.8% (+0.3 Bi.€) when comparing to June 2009.

On-balance sheet Customer resources decreased by 1.9% (-0.5 Bi.€) yoy, due to a 11.6% fall in deposits (-2.2 Bi.€). Insurance capitalisation and bonds placed with Customers portfolio recorded a positive evolution with year-on-year increases of 36% (+1.0 Bi.€) and 23% (+0.8 Bi.€), respectively.

Off-balance sheet resources (unit trust funds, PPR and PPA and pension funds) have recorded a 15% increase (+0.7 Bi.€) relative to June 2009. Unit trust funds have increased by 51%, year-on-year.

Customers resources

Amounts in M.€

	30 Jun. 09	31 Dec. 09	30 Jun. 10	Chg.% Jun.09/ Jun.10
On-balance sheet resources				
Customers' deposits	19,121.1	17,563.6	16,907.5	-11.6%
Capitalisation insurance and PPR (BPI Vida)	2,698.0	3,028.3	3,673.2	36.1%
Bonds placed in Customers	3,456.3	3,911.6	4,261.7	23.3%
Subordinated bonds placed in Customers	255.6	241.8	233.6	-8.6%
Preference shares placed in Customers	39.3	26.7		-100.0%
On-balance sheet resources [1]	**25,570.4**	**24,772.0**	**25,076.0**	**-1.9%**
Off-balance sheet resources [1]				
Unit trust funds	1,057.6	1,934.9	1,597.7	51.1%
PPR and PPA	900.6	966.8	939.8	4.4%
Hedge Funds	35.4	26.0	44.3	24.9%
Pension funds [2]	2,957.6	3,185.4	3,112.7	5.2%
Off-balance sheet resources [1]	**4,951.2**	**6,113.0**	**5,694.5**	**15.0%**
Total Customer resources [1]	**30,521.6**	**30,885.0**	**30,770.5**	**0.8%**

1) Total resources corrected for double recording (unit trust funds' placements in deposits and bonds and pension funds' placements in deposits, bonds and unit trust funds).
2) Pension funds managed by BPI Pensões.

Customer loans

The domestic activity's Customer loans portfolio rose by 4.9% (+1.4 Bi.€) year-on-year, reaching 30 Bi.€. by the end of June 2010. The mortgage loans portfolio increased by 5.8% (+674 M.€), and corporate, institutionals and Project Finance loans have increased by 4.3% (+532 M.€), while small businesses loans have recorded an year-on-year decrease of 3.1% (-79 M.€).

Loans to Customers

Amounts in M.€

	30 Jun. 09	31 Dec. 09	30 Jun. 10	Chg.% Jun.09/ Jun.10
Loans to Individuals and small businesses	15,426.8	15,721.3	16,082.1	4.2%
Mortgage loans[1]	11,628.4	11,894.0	12,302.5	5.8%
Other loans to individuals	1,285.5	1,331.5	1,345.9	4.7%
Loans to small businesses	2,512.9	2,495.8	2,433.7	-3.1%
Loans to corporates and institutionals	12,420.7	13,027.7	12,953.1	4.3%
Other[2]	785.7	890.5	999.6	27.2%
Total loan portfolio (net) [1]	**28,633.1**	**29,639.5**	**30,034.8**	**4.9%**

1) For comparison purposes, securitised mortgage loans which were derecognised from assets, were added back (939 M.€ in Jun.09, 900 M.€ in Dec.09 and 860 M.€ in Jun.10).
2) Includes other performing loans, loans in arrears net of impairments, interest and other amounts receivable / payable.

Net operating revenue

The domestic activity's net operating revenue stood at 397.7 in the 1st half 2010, corresponding to a 2.4% (-9.6 M.€) decrease when compared to the same period of 2009.

Net interest income decreased by 2.5% (-6.0 M.€) and other operating income decreased from 15.7 M.€, in the 1st half 2009, to -9.5 M.€, in the 1st half 2010.

Commissions (net) have increased by 11.8% (+14.3 M.€), when compared to the same period of 2009, to 135.7 M.€. Commercial banking commissions grew by 3.6% (+3.4 M.€) year-on-year, commissions from asset management grew by 34% (+6.5 M.€) and investment banking commissions have grew by 66% (+4.3 M.€).

Net commissions

Amounts in M.€

	30 Jun. 09	30 Jun. 10	Chg. M.€	Chg.%
Commercial banking [1)]	95.7	99.1	+3.4	3.6%
Asset management	19.2	25.7	+6.5	34.0%
Investment banking [1)]	6.6	10.9	+4.3	65.9%
Total	**121.4**	**135.7**	**+14.3**	**11.8%**

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

Domestic activity's profits from financial operations stood at 35.6 M.€. in the 1st half 2010 (+6.1 M.€ relative to the same period of 2009).

The most relevant contributions came from gains on interest-rate hedging positions of 4.4 M.€, currency gains of 4.2 M.€ resulting from the currency margin on operations entered into by the commercial network with Customers, the financial income from pensions[1] of 7.1 M.€, mainly reflecting

1) The financial income from pensions corresponds to the expected pension fund return net of the interest-cost with pensions.

the existence of a surplus in the financing of Employees pension liabilities, and a gain of 21.8 M.€ due to the revaluation of the investment in Unicre.

4.8 M.€ of capital losses in the sale of bonds (available-for-sale portfolio) were recorded in the 1st half 2010.

Other operating income were -9.5 M.€ in the 1st half 2010 (15.7 M.€ in the 1st half 2009).

Operating costs

Operating costs, excluding costs with early retirements, decreased 3.1% (-9.1 M.€) relative to the 1st half 2009. Operating costs as reported, which include costs with early-retirements of 17.7 M.€ in the 1st half 2010, increased by 3.3% (+9.7 M.€) year-on-year. The afore-said early-retirement programme involves 162 Employees.

Personnel costs, excluding costs with early retirements, have decreased by 10.3 M.€ (-5.7%) year-on-year, which is mostly explained by:

- the 8.1 M.€ reduction in pension costs resulting from the fact that no cost relating to the amortisation of negative actuarial variances is recognised in the 1st half 2010, as these negative deviations were fully recorded within the accounting corridor at the end of December 2009[1];
- the fact that the accounting cost of variable remuneration recorded in the 1st half 2009 includes variable remuneration of 3.4 M.€ relating to 2008.

The average staff complement decreased by 2.2% year-on-year, to 7 454[2] in the 1st half 2010. The staff complement at the end of June 2010 ascended to 7 487[2], a 0.3% drop when comparing to the end of June 2009.

Outside supplies and services have registered a 3.5% increase (+3.4 M.€) in relation to the 1st half 2009 and depreciations and amortisations have decreased by 11% (-2.3 M.€) year-on-year.

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1) The accounting recognition of the pension funds' net asset position and the liabilities' cover is updated in December and subsequently in June.
2) Excludes temporary work.

Operating costs

Amounts in M.€

	30 Jun. 09	30 Jun. 10	Chg. M.€	Chg.%
Personnel Costs[1]	180.7	170.4	- 10.3	-5.7%
Other administrative expenses	96.8	100.2	+3.4	3.5%
Amortisation and depreciation	20.2	17.9	- 2.3	-11.2%
Subtotal	**297.7**	**288.6**	**- 9.1**	**-3.1%**
Costs with early retirements	-1.2	17.7	+18.9	
Total operating costs	**296.6**	**306.3**	**+9.7**	**3.3%**
Operating costs as a % of net operating income[2] (last 12 months)	76.8%	69.3%		

1) Personnel costs excluding early-retirement costs.

2) Operating costs, excluding early-retirement costs, as percentage of net operating revenue.

The operating costs[1] as percentage of net operating revenue indicator stood at 69.3% for the last 12 months ending June 2010.

Equity-accounted results of subsidiaries

Equity-accounted results from subsidiaries in the domestic activity increased from 3.5 M.€, in the 1st half 2009, to 11.2 M.€, in the 1st half 2010. The insurance units' contribution stood at 7.8 M.€ (7.3 M.€ from Allianz Portugal and 0.6 M.€ from Cosec).

Equity-accounted earnings

Amounts in M.€

	30 Jun. 09	30 Jun. 10
Insurance companies	3.4	7.8
Allianz Portugal	3.6	7.3
Cosec	-0.2	0.6
Viacer	0.3	1.6
Finangeste	-0.3	1.8
Other	0.09	
Total	**3.5**	**11.2**

Credit risk cost

Total allocated impairments amounted to 65.4 M.€, in the 1st half 2010, which represented 0.45% of the average performing loan portfolio, in annualised terms. That figure includes 26 M.€ booked in anticipation of impairment charges calendar for specific loan operations in the corporate segment.

Recoveries of arrear loans and interest previously written off totalled 8.2 M.€ in the 1st half 2010.

1) Excludes costs with early retirements.

The cost of credit risk (impairment losses allocated in the period after deducting recoveries of arrear loans written off) amounted to 57.1 M.€ in the 1st half 2010, which corresponds to 0.40% of the average loan portfolio, in annualised terms.

Loan portfolio quality

Amounts in M.€

	30 Jun. 09	30 Jun. 10
Loan impairments in the period (as reported)	53.1	47.2
Loan impairments in the period (adjusted)[1]	53.1	65.4 (1)
As % of the loan portfolio 2)	0.38%	0.45%
Loan impairments in the period (adjusted)[1], after deducting the recovery of loans and interest in arrears written-off	45.6	57.1 (1)
As % of the loan portfolio 2)	0.33%	0.40%
Change in loans in arrears (+90d) adjusted by write-offs and after deducting the recovery of loans and interest in arrears written-off	162.3	-2.0
As % of the loan portfolio 2)	0.91%	-0.01%
Gross loan portfolio	28,099.3	29,640.4
Loans in arrears (+90 days)	493.5	518.3
Ratio of loans in arrears (+ 90 days)	1.8%	1.7%
Loans impairments (in the balance sheet)	409.9	483.2
Loan impairments (in the balance sheet) as % of gross loan portfolio	1.5%	1.6%
Write offs (since beginning of the year)	24.2	22.3

1) Considering the loan impairment charges in the period plus the use in the 1st half 2010 of 18.2M.€ from the extraordinary impairment charge recorded in December 2009 (of 33.2 M.€).

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

At 30 June 2010, the ratio of Customer loans in arrears for more than 90 days was situated at 1.7%.

While the ratio of loans in arrears added with falling due loans associated with loans in default, indicator that encompasses the full exposure to credit with capital or interests in arrears, was of 2.2%. The following table shows the above mentioned indicator for the three main credit segments.

Loans in arrears ratios

	30 Jun. 09	31 Dec. 09	30 Jun. 10
Loans in arrears (> 90 days)	**1.8%**	**1.8%**	**1.7%**
Corporate banking	1.3%	1.3%	1.3%
Mortgage loans	1.8%	1.9%	1.8%
Small businesses	3.1%	3.6%	3.9%
Loans in arrears (> 90 days) + falling due loans	**2.4%**	**2.3%**	**2.2%**
Corporate banking	1.7%	1.6%	1.7%
Mortgage loans	2.9%	2.6%	2.3%
Small businesses	4.1%	4.6%	4.6%

Impairments for property repossessed through loans recovery

Banco BPI makes use of especially prudent criteria when calculating impairments on property collected from loan recoveries, detailed below.

In property collected on mortgage loan operations, the impairment value equals the difference, if positive, between the gross value and the assessment value (once subjected to certain discount factors).

Property acquisition date (AD) in years	Impairment
AD ≤ 1 year	25%
1 year < DA ≤ 2 years	50%
2 years < DA ≤ 3 years	75%
AD > 3 years, rented or no sale possible	100%

The following minimum impairments are booked for the remaining property, if the recurrent property assessments do not impose higher impairment levels:

Age of property (AD) in years	Minimum impairment
2 years < AD ≤ 5 years	30% GV
AD > 5 years	50% GV
No sale possible	100% GV

GV = Gross Value

At 30 June 2010 the accumulated impairments for property repossessed through loans recovery amounted to 33.6 M.€, thus covering 34% of the 99.8 M.€. balance sheet value of that property.

Real estate loans recovery at 30 Jun. 2010

Amounts in M.€

	Gross value	Impairment	Net value	Appraisal
Mortgage	38.2	12.0	**26.3**	48.1
Other	61.5	21.6	**39.9**	62.5
Total	**99.8**	**33.6**	**66.2**	**110.6**

Pension liabilities

At 30 June 2010 the Employees' pension funds covered 105% of the amount of pension liabilities to Employees.

At the end of June 2010, BPI had 238.2 M.€ of negative actuarial variances recorded within the 10% accounting corridor envisaged in the IAS/IFRS rules (of 238.9 M.€), while outside the corridor there was a negative deviation of 29.4 M.€.

It is worth noting that the facility of the transitional widening of the corridor provided for in Bank of Portugal Notice 11/2008[1] permitted the accommodation in full of the above mentioned negative actuarial deviation falling outside of the accounting corridor (of 29.4 M.€) without giving rise to any impact in capital, while still holding, at 30 June 2010, a 257 M.€ margin available for use.

Financing of pension liabilities

Amounts in M.€

	30 Jun. 09	31 Dec. 09	30 Jun. 10
Pension obligations	2 330.0	2 274.6	2 268.9
Pension funds	2 315.5	2 463.8	2 389.2
Financing surplus	(14.5)	189.2	120.3
Cover of pension obligations	**99%**	**108%**	**105%**
Maximum corridor	233.0	246.4	238.9
Negative deviations recorded in the corridor	(232.6)	(207.0)	(238.2)
Positive deviations recorded in the corridor			
Available margin	0.4	39.4	0.7
Amount outside the corridor	(200.3)	0.3	(29.4)
Pension fund return (year-to-date)	5.0% (1)	14.7%	-0.5% (1)

1) Non-annualised return.

1) Bank of Portugal Notice 11/2008 laid down a transitional regime for recognising, in a phased manner over 4 years, part of the actuarial and financial variances of the pension funds which occurred in 2008.

Under Notice 11/2008, for purposes of determining the amount of the negative actuarial deviations to be deducted from own funds, the accounting "corridor" is added of the negative actuarial variances recorded in 2008, after deducting the pension funds' expected income in that year. This addition will be gradually reduced over the next 4 years.

Taking into account that in 2008, BPI registered in a negative actuarial variance of 541 M.€ in the Employees' pension funds, this figure, after deducting 160 M.€, corresponding to the expected income of the Employees' pension funds in 2008, is 381 M.€. Pursuant to Notice 11/2008, 75% of 381 M.€ (which makes 286 M.€) will be added to the accounting corridor at 30 June 2010 (239 M.€). Accordingly, at the end of June 2010, the relevant corridor for calculating the impact of the negative actuarial variances in own funds amounts to 525 M.€.

International activity

Net profit

The international activity's net profit in the 1st half 2010, expressed in euros, totalled 47.9 M.€ , which corresponds to a 2.1% increase relative to the same period of 2009.

The contribution of BFA to the Group's consolidated profit, which corresponds to a 50.1% appropriation of BFA's net profit by BPI, ascended to 45.1 M.€[1] in the 1st half 2010, 1.4% higher than the contribution in the same period of 2009. Minority interests of 48.0 M.€ were recognised in BFA's net profit for the 1st half 2010 (47.4 M.€ in the 1st half 2009).

The contribution to the consolidated net profit of the 30% participating interest in BCI Mozambique (equity accounted) stood at 2.8 M.€ in the 1st half 2010, up 14.7% year-on-year.

Income statement

Amounts in M.€

	1º Q 09	2º Q 09	1º H 09	3º Q 09	4º Q 09	2009	1º Q 10	2º Q 10	1º H 10	Chg.% 1H09 / 1H10
Net interest income	55.7	37.9	93.6	37.7	32.7	164.0	45.8	44.5	90.2	-3.6%
Technical results of insurance contracts										
Commissions and other similar income (net)	11.6	12.0	23.7	12.3	13.0	49.0	10.6	12.0	22.6	-4.5%
Gains and losses in financial operations	12.8	28.6	41.4	37.9	43.1	122.3	22.6	16.9	39.5	-4.4%
Operating income and charges	-0.2	-0.2	-0.4	-0.6	0.8	-0.2	-0.2	-0.4	-0.6	-65.1%
Net operating revenue	**79.9**	**78.3**	**158.3**	**87.3**	**89.5**	**335.1**	**78.8**	**73.0**	**151.8**	**-4.1%**
Personnel costs	10.5	10.8	21.3	10.6	11.6	43.5	11.6	12.8	24.4	14.5%
Other administrative expenses	10.5	10.9	21.4	10.6	8.7	40.7	10.3	10.8	21.2	-1.0%
Depreciation of fixed assets	3.6	3.5	7.1	3.4	2.7	13.3	2.7	2.8	5.5	-22.6%
Operating costs	**24.7**	**25.1**	**49.8**	**24.7**	**23.0**	**97.5**	**24.6**	**26.5**	**51.1**	**2.5%**
Operating profit before provisions	**55.2**	**53.2**	**108.5**	**62.6**	**66.5**	**237.6**	**54.2**	**46.5**	**100.7**	**-7.2%**
Recovery of loans written-off	0.5	1.1	1.6	0.5	0.9	3.0	0.9	0.5	1.4	-10.4%
Loan provisions and impairments	5.9	4.0	9.9	8.3	12.9	31.0	4.9	6.8	11.7	18.3%
Other impairments and provisions	2.2	2.0	4.2	2.0	2.8	9.0	0.7	0.8	1.5	-63.6%
Profits before taxes	**47.7**	**48.2**	**95.9**	**52.9**	**51.7**	**200.6**	**49.6**	**39.3**	**88.9**	**-7.4%**
Corporate income tax	1.7	2.6	4.3	10.2	12.0	26.5	-5.4	1.4	-4.0	-192.6%
Equity-accounted results of subsidiaries	1.5	1.1	2.7	1.2	1.7	5.5	1.6	1.5	3.1	14.7%
Minority shareholders' share of profit	23.8	23.6	47.4	22.1	20.6	90.0	28.4	19.6	48.0	1.4%
Net Profit	**23.7**	**23.2**	**46.9**	**21.8**	**20.8**	**89.6**	**28.2**	**19.8**	**47.9**	**2.1%**

1) Contribution of BFA to the Group's consolidated profit, net of taxes on dividends.

Customer resources and loans

Total Customer resources, in the international activity, amounted to 3 962.1 at the end of June 2010, which corresponds to a 4%[1] year-on-year increase.

When expressed in American dollars, Customer resources declined 9.9% in relation to June 2009

Customers resources

Amounts in M.€

	30 Jun. 09	31 Dec. 09	30 Jun. 10	Chg.% Jun.09/ Jun.10
Sight deposits	2,009.4	1,806.7	1,887.8	-6.1%
Term deposits	1,019.8	1,680.4	2,074.3	103.4%
Securities sold with repurchase agreements	778.7			-100.0%
Total	**3,808.0**	**3,487.1**	**3,962.1**	**4.0%**

The loans to Customers portfolio increased 3.1%[1] yoy in the international activity, from 1 329.7 M.€, in June 2009, to 1 371.2 M.€, in June 2010. When expressed in American dollars, the loan portfolio declined 10.7% year-on-year.

Loans to Customers

Amounts in M.€

	30 Jun. 09	31 Dec. 09	30 Jun. 10	Chg.% Jun.09/ Jun.10
Performing loans	1,348.8	1,247.6	1,405.7	4.2%
Loans in arrears	34.0	31.9	52.7	55.0%
Loan impairments	-60.8	-69.9	-96.4	58.5%
Interests and other	7.7	6.0	9.1	19.0%
Total	**1,329.7**	**1,215.7**	**1,371.2**	**3.1%**
Guarantees	229.7	218.1	239.0	4.0%

[1] The local currency is the Kwanza; however, the Angolan economy's high utilisation of the dollar explains why the major share of business with Banco de Fomento Angola's Customers, namely credit and deposits, is expressed in American dollars.

Securities portfolio

At 30 June 2010, BFA's securities portfolio totalled 1 954 M.€, or 42% of the Bank's assets.

The portfolio of short-term securities, comprising Treasury Bills and Central Bank Securities, amounted to 595 M.€ and the portfolio of Treasury Bonds amounted to 1 358 M.€.

Customers

The number of Customers rose 17%, from 618 thousand, in June 2009, to 726 thousand, in June 2010.

Physical distribution network

The distribution network in Angola increased 16% when compared to June 2009. During this period 17 new branches and 1 corporate centre were opened. At the end of June 2010, the distribution network comprised 118 branches, 5 investment centres and 11 corporate centres.

BFA has been developing an expansion programme, involving the opening of branches, an expressive increase in the headcount and staff skills, the launching of innovative products and services onto the market, and a segmented approach to Customers aimed at harnessing the huge potential for growth in the Angolan market.

Cards

BFA holds a prominent position in the debit and credit cards with a 32% market share in June 2010 in terms of valid debit cards. At the end of June 2010, BFA had some 600 thousand valid debit cards (Multicaixa cards) and 7 961 active credit cards (Gold and Classic cards).

Automatic and virtual channels

In relation to the automatic and virtual channels, we emphasize the growing use of electronic banking (107 thousand subscribers of BFA NET in June 2010, of which 103 thousand are individuals). As regards terminals, (ATM and POS), BFA occupied first place in both, in June 2010, with a market share of 24% for ATM's (246 ATM), and a market share of 33% in regards to active point-of-sale terminals (POS) in the EMIS network, with 1 500 active terminals.

Number of employees

BFA's workforce at the end of June 2010 stood at 1 879, which represents an increase in staff of 124 (7%) relative to the staff complement in June 2009. At the end of June 2010, BFA's workforce represented approximately 20% of the Group's total employees.

Revenues and costs

Net operating revenue was down by 4.1% (-6.5 M.€) in the international activity, from 158.3 M.€, in the 1st half 2009, to 151.8 M.€, in the 1st half 2010.

As regards the evolution, relative to the 1st half 2009, of its principal components:

- net interest income decreased by 3.6% (-3.4 M.€), to 90.2 M.€ in the 1st half 2010.
- profits from financial operations have decreased by 4.4% (-1.8 M.€), to 39.5 M.€;
- commissions have decreased by 4.5% (-1.1 M.€), to 22.6 M.€.

Operating costs increased by 2.5% year-on-year.

Personnel costs have increased by 14.5% (+3.1 M.€) year-on-year. The investment programme for the expansion of BFA's presence in Angola has been a determinant factor for this evolution. BFA average staff complement was 1 858 in the 1st half 2010, 14.2% higher than in the same period of 2009.

Outside supplies and services have registered a 1.0% decrease (-0.2 M.€) and depreciation and amortisation have posted a 22.6% decrease (-1.6 M.€), when comparing with 1st half 2009.

The ratio "operating costs as percentage of net operating revenue" stood at 30.1% in the last 12 months (June 2009 to June 2010).

Cost of credit risk

In the international activity, loan provision charges totalled 11.7 M.€ in the 1st half 2010, corresponding to 1.75% of the loan portfolio's average balance, in annualised terms.

On the other hand, 1.4 M.€ of loans and interests in arrears, previously written-off, were recovered.

Loan impairments, deducted from recoveries of loans in arrears, have thus reached 10.3 M.€ in the 1st half 2010, which corresponded to 1.54% of the average performing loan portfolio, in annualised terms.

Loan portfolio quality

Amounts in M.€

	30 Jun. 09	30 Jun. 10
Loan impairments in the period	9.9	11.7
As % of the loan portfolio [1]	1.44%	1.75%
Loan impairments in the period, after deducting the recovery of loans and interest in arrears written-off	8.3	10.3
As % of the loan portfolio [1]	1.21%	1.54%
Change in loans in arrears (+90d) adjusted by write-offs and after deducting the recovery of loans and interest in arrears written-off	10.4	21.1
As % of the loan portfolio [1]	1.51%	3.16%
Gross loan portfolio	1,390.5	1,467.6
Loans in arrears (+90 days)	21.1	48.0
Ratio of loans in arrears (+ 90 days)	1.5%	3.3%
Loans impairments (in the balance sheet)	68.0	102.9
Total loan provisions as % of loans in arrears (+ 90 days)	322.0%	214.3%

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

At 30 June 2010, the ratio of Customer loans in arrears for more than 90 days reached 3.3%.

The provisioning coverage of loans in arrears for more than 90 days ascended, at the end of June 2010, to 214%.

Equity-accounted results of subsidiaries

In the international activity, the equity-accounted earnings of subsidiaries in the 1st half 2010 totalled 3.1 M.€[1] (+14.7% relative to the 1st half 2009), and refer to the appropriation of 30% of the net profit earned by BCI, a commercial bank operating in Mozambique and in which BPI owns a 30% participating interest.

1) BCI's total contribution to consolidated net profit was of 2.5 M.€, in the 1st half 2009 and 2.8 M.€ in the 1st half 2010, given that, besides the equity-accounted results, deferred tax relating to the distributable earnings of BCI is recorded in the caption "Corporate income tax" (0.2 M.€ in the 1st half 2009 and 0.3 M.€ in the 1st half 2010).

BCI recorded a 42% growth in net total assets, relative to June 2009. Customer deposits increased by 21%, to 664.8 M.€ at the end of June 2010 while the Customer loan portfolio expanded by 55% to 680.7 M.€.

In May 2010, BCI had market shares of 34.6% in loans (32.5% in June 2009) and 26.3% in deposits (25.0% in June 2009).

At the end of June 2010, BCI had 1 244 Employees, corresponding to an annual increase of 31% and a distribution network with 76 branches (19 more than one year earlier).

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Annexes

Leading indicators

Amounts in M.€

	Domestic activity			International activity			Consolidated		
	Jun.09	Jun.10	Chg.%	Jun.09	Jun.10	Chg.%	Jun.09	Jun.10	Chg.%
Net profit (as reported)	42.1	**51.6**	22.5%	46.9	**47.9**	2.1%	89.0	**99.5**	11.8%
Net profit per share (EPS)	0.047	**0.058**	22.7%	0.053	**0.054**	2.2%	0.100	**0.111**	11.9%
Weighted average number of shares [1)]	894	**892**	-0.1%	894	**892**	-0.1%	894	**892**	-0.1%
Efficiency ratio (last 12 months)	76.8%	**69.3%**		28.6%	**30.1%**		62.6%	**58.1%**	
ROE	4.9%	**5.7%**		40.5%	**37.0%**		9.1%	**9.6%**	
Net total assets	39,116	**44,807**	14.5%	4,415	**4,674**	5.9%	43,532	**49,481**	13.7%
Loans to Customers [2)]	28,633	**30,035**	4.9%	1,330	**1,371**	3.1%	29,963	**31,406**	4.8%
On-balance sheet Customer resources	25,570	**25,076**	-1.9%	3,808	**3,962**	4.0%	29,378	**29,038**	-1.2%
Total Customer resources	30,522	**30,770**	0.8%	3,808	**3,962**	4.0%	34,330	**34,733**	1.2%
Loans in arrears for more than 90 days	493	**518**	5.0%	21	**48**	127.3%	515	**566**	10.1%
Ratio of loans in arrears [3)]	1.8%	**1.7%**		1.5%	**3.3%**		1.7%	**1.8%**	
Cost of credit risk [4)]	0.33%	**0.40%** [5)]		1.21%	**1.54%**		0.37%	**0.45%** [5)]	
Employees pension funds assets	2,316	**2,389**	3.2%				2,316	**2,389**	3.2%
Cover of pension obligations [6)]	99%	**105%**					99%	**105%**	
Shareholders' equity and minority interests	1,766	**1,477**	-16.4%	367	**439**	19.5%	2,134	**1,916**	-10.2%
Own funds							2,917	**2,911**	-0.2%
Risk weighted assets							25,676	**26,846**	4.6%
Capital ratio							11.4%	**10.8%**	
Tier I							8.9%	**8.6%**	
Core Tier I							8.1%	**8.1%**	
Distribution network [7)]	824	**816**	-1.0%	116	**134**	15.5%	940	**950**	1.1%
BPI Group staff [8)]	7,662	**7,659**	0.0%	1,755	**1,879**	7.1%	9,417	**9,538**	1.3%

1) Average outstanding number of shares, deducted of treasury stock.
2) To ensure comparability, securitised mortgage loans written off from the balance sheet were added back (939 M.€ in Jun.09 and 860 M.€ in Jun.10).
3) Loans in arrears for more than 90 days.
4) Loan impairments in the period (P&L account), net of arrear loans recovered, as percentage of the average performing loan portfolio, in annualised terms.
5) Considering the loan impairment charges in the period plus the use in the 1st half 2010 of 18.2M.€ from the extraordinary impairment charge recorded in December 2009 (of 33.2 M.€).
6) Cover of pension obligations by the pension funds assets.
7) Includes traditional branches, housing shops, investment centres, corporate centres, Institutionals and one Project Finance centre. Domestic activity distribution network includes branches in Paris (11 branches).
8) Includes temporary workers.

Consolidated income statement

Amounts in M.€

	1Q. 09	2Q. 09	1H. 09	3Q. 09	4Q. 09	2009	1Q. 10	2Q. 10	1H. 10	Chg.% 1H09 / 1H10
Net interest income (narrow sense)	177.1	134.6	311.7	131.7	140.9	584.3	150.6	148.0	298.6	-4.2%
Unit linked gross margin	0.8	0.7	1.5	0.8	0.9	3.3	1.0	1.1	2.1	36.2%
Income from securities (variable yield)	0.0	4.7	4.7	0.0	0.2	4.9	0.1	3.5	3.6	-22.8%
Commissions related to deferred cost (net)	5.4	6.0	11.4	5.7	7.5	24.7	6.9	8.8	15.7	37.1%
Net interest income	**183.3**	**146.0**	**329.3**	**138.3**	**149.5**	**617.1**	**158.6**	**161.4**	**320.0**	**-2.8%**
Technical results of insurance contracts	1.4	3.6	5.0	2.9	3.9	11.8	2.9	3.2	6.1	23.7%
Commissions and other similar income (net)	68.8	76.3	145.1	79.6	86.7	311.4	77.3	81.1	158.3	9.1%
Gains and losses in financial operations	23.0	47.9	70.9	68.2	76.0	215.0	26.9	48.3	75.2	6.0%
Of which: Financial result with pensions	-1.2	-1.2	-2.5	-0.7	-0.7	-3.9	3.5	3.5	7.1	384.3%
Operating income and charges	17.7	-2.3	15.4	-4.7	-1.2	9.4	-4.5	-5.6	-10.2	-166.1%
Net operating revenue	**294.2**	**271.4**	**565.7**	**284.3**	**314.9**	**1,164.8**	**261.2**	**288.3**	**549.5**	**-2.9%**
Personnel costs	103.3	97.5	200.9	98.4	101.0	400.3	97.2	115.4	212.5	5.8%
Of which: Early-retirements costs	-1.1	0.0	-1.2		1.2	0.0	0.0	17.7	17.7	
Other administrative expenses	58.4	59.7	118.2	60.3	43.5	222.0	60.1	61.3	121.4	2.7%
Depreciation of fixed assets	13.9	13.4	27.3	13.2	12.2	52.7	11.9	11.6	23.5	-14.2%
Operating costs	**175.7**	**170.7**	**346.4**	**171.9**	**156.7**	**675.0**	**169.1**	**188.2**	**357.4**	**3.2%**
Operating profit before provisions	**118.5**	**100.8**	**219.3**	**112.4**	**158.2**	**489.8**	**92.0**	**100.1**	**192.1**	**-12.4%**
Recovery of loans written-off	4.2	4.8	9.0	3.2	8.9	21.2	5.1	4.6	9.6	6.9%
Loan provisions and impairments	37.3	25.7	63.0	28.9	74.5	166.4	19.1	39.7	58.8	-6.5%
Other impairments and provisions	9.9	10.4	20.3	8.6	14.7	43.6	6.8	8.8	15.6	-23.1%
Profits before taxes	**75.6**	**69.5**	**145.0**	**78.1**	**77.9**	**301.0**	**71.2**	**56.2**	**127.3**	**-12.2%**
Corporate income tax	2.2	7.2	9.4	17.8	18.2	45.4	1.9	-11.3	-9.4	-200.7%
Equity-accounted results of subsidiaries	3.8	2.4	6.2	5.2	6.9	18.3	5.7	8.6	14.3	131.3%
Minority shareholders' share of profit	27.1	25.8	52.8	23.9	22.2	98.9	29.9	21.7	51.6	-2.3%
Net Profit	**50.1**	**38.9**	**89.0**	**41.6**	**44.4**	**175.0**	**45.1**	**54.3**	**99.5**	**11.8%**

Consolidated balance sheet

Amounts in M.€

	30 Jun. 09	31 Dec. 09	30 Jun. 10	Chg.% Jun.09/ Jun.10
Assets				
Cash and deposits at central banks	1,549.5	1,443.3	1,456.2	-6.0%
Amounts owed by credit institutions repayable on demand	622.1	296.7	416.7	-33.0%
Loans and advances to credit institutions	2,315.6	2,347.8	3,736.9	61.4%
Loans and advances to Customers	29,023.4	29,955.6	30,546.2	5.2%
Financial assets held for dealing	1,669.6	1,791.1	1,594.4	-4.5%
Financial assets available for sale	5,779.9	8,935.0	8,282.9	43.3%
Financial assets held to maturity	698.7	803.1	1,123.9	60.9%
Hedging derivatives	287.6	316.5	420.2	46.1%
Investments in associated companies and jointly controlled entities	141.7	158.9	186.4	31.6%
Other tangible assets	262.4	253.6	260.9	-0.6%
Intangible assets	12.4	9.7	6.7	-46.3%
Tax assets	218.1	213.5	423.5	94.2%
Other assets	950.8	924.4	1,026.4	7.9%
Total assets	**43,531.8**	**47,449.2**	**49,481.1**	**13.7%**
Liabilities and shareholders' equity				
Resources of central banks	1,505.3	2,773.4	3,716.9	146.9%
Credit institutions' resources	2,107.8	4,702.7	4,992.7	136.9%
Customers' resources and other loans	24,642.8	22,617.9	22,650.6	-8.1%
Debts evidenced by certificates	7,093.3	9,083.6	9,174.3	29.3%
Technical provisions	1,911.4	2,139.4	2,832.1	48.2%
Financial liabilities associated to transferred assets	1,887.5	1,764.6	1,663.0	-11.9%
Hedging derivatives	327.6	423.8	674.6	105.9%
Provisions	85.8	89.7	104.7	22.0%
Tax liabilities	34.9	61.2	51.0	46.0%
Instruments representing capital	29.4	11.8	20.2	-31.5%
Other subordinated loans	702.0	652.4	699.7	-0.3%
Other liabilities	1,070.5	826.1	985.6	-7.9%
Share capital	900.0	900.0	900.0	
Share premium account and reserves	710.2	784.6	448.1	-36.9%
Other equity instruments	10.3	10.5	9.6	-7.2%
Treasury stock	-21.7	-23.0	-23.6	-8.7%
Net profit	89.0	175.0	99.5	11.8%
Minority interests	445.7	455.7	482.3	8.2%
Shareholders' equity	**2,133.6**	**2,302.7**	**1,915.9**	**-10.2%**
Total liabilities and shareholders' equity	**43,531.8**	**47,449.2**	**49,481.1**	**13.7%**

Domestic Operations income statement

Amounts in M.€

	1Q. 09	2Q. 09	1H. 09	3Q. 09	4Q. 09	2009	1Q. 10	2Q. 10	1H. 10	Chg.% 1H09 / 1H10
Net interest income (narrow sense)	121.4	96.7	218.1	94.0	108.3	420.3	104.9	103.5	208.4	-4.4%
Unit linked gross margin	0.8	0.7	1.5	0.8	0.9	3.3	1.0	1.1	2.1	36.2%
Income from securities (variable yield)	0.0	4.7	4.7	0.0	0.2	4.9	0.1	3.5	3.6	-22.8%
Commissions related to deferred cost (net)	5.4	6.0	11.4	5.7	7.5	24.7	6.9	8.8	15.7	37.1%
Net interest income	**127.7**	**108.1**	**235.7**	**100.6**	**116.9**	**453.1**	**112.8**	**116.9**	**229.8**	**-2.5%**
Technical results of insurance contracts	1.4	3.6	5.0	2.9	3.9	11.8	2.9	3.2	6.1	23.7%
Commissions and other similar income (net)	57.2	64.3	121.4	67.3	73.7	262.5	66.6	69.1	135.7	11.8%
Gains and losses in financial operations	10.2	19.4	29.5	30.3	32.8	92.7	4.2	31.4	35.6	20.7%
Of which: Financial result with pensions	-1.2	-1.2	-2.5	-0.7	-0.7	-3.9	3.5	3.5	7.1	384.3%
Operating income and charges	17.9	-2.2	15.7	-4.1	-2.0	9.6	-4.3	-5.2	-9.5	-160.5%
Net operating revenue	**214.3**	**193.1**	**407.4**	**197.0**	**225.4**	**829.7**	**182.4**	**215.4**	**397.7**	**-2.4%**
Personnel costs	92.8	86.7	179.5	87.8	89.4	356.7	85.6	102.5	188.1	4.8%
Of which: Early-retirements costs	-1.1	0.0	-1.2		1.2	0.0	0.0	17.7	17.7	
Other administrative expenses	47.9	48.9	96.8	49.7	34.9	181.3	49.7	50.5	100.2	3.5%
Depreciation of fixed assets	10.3	9.9	20.2	9.7	9.5	39.5	9.2	8.7	17.9	-11.2%
Operating costs	**151.0**	**145.5**	**296.6**	**147.2**	**133.8**	**577.5**	**144.5**	**161.8**	**306.3**	**3.3%**
Operating profit before provisions	**63.3**	**47.6**	**110.8**	**49.8**	**91.6**	**252.2**	**37.8**	**53.6**	**91.4**	**-17.5%**
Recovery of loans written-off	3.8	3.7	7.5	2.7	8.1	18.2	4.1	4.1	8.2	10.5%
Loan provisions and impairments	31.4	21.6	53.1	20.6	61.6	135.3	14.3	32.9	47.2	-11.2%
Other impairments and provisions	7.7	8.4	16.1	6.6	11.9	34.6	6.1	8.0	14.1	-12.5%
Profits before taxes	**27.9**	**21.2**	**49.1**	**25.2**	**26.1**	**100.5**	**21.6**	**16.8**	**38.5**	**-21.7%**
Corporate income tax	0.5	4.6	5.1	7.6	6.2	18.9	7.3	-12.7	-5.5	-207.6%
Equity-accounted results of subsidiaries	2.3	1.2	3.5	4.0	5.2	12.7	4.1	7.1	11.2	220.7%
Minority shareholders' share of profit	3.3	2.2	5.5	1.8	1.6	8.8	1.4	2.1	3.6	-34.4%
Net Profit	**26.4**	**15.7**	**42.1**	**19.8**	**23.6**	**85.5**	**17.0**	**34.6**	**51.6**	**22.5%**

Domestic Operations balance sheet

Amounts in M.€

	30 Jun. 09	31 Dec. 09	30 Jun. 10	Chg.% Jun.09/ Jun.10
Assets				
Cash and deposits at central banks	596.4	601.1	597.2	0.1%
Amounts owed by credit institutions repayable on demand	245.3	239.6	326.5	33.1%
Loans and advances to credit institutions	1,999.8	2,062.4	3,482.3	74.1%
Loans and advances to Customers	27,693.7	28,739.9	29,175.0	5.3%
Financial assets held for dealing	1,418.4	1,388.0	1,585.4	11.8%
Financial assets available for sale	4,751.3	7,761.7	6,338.2	33.4%
Financial assets held to maturity	698.7	803.1	1,123.9	60.9%
Hedging derivatives	287.6	316.5	420.2	46.1%
Investments in associated companies and jointly controlled entities	124.7	140.9	166.1	33.2%
Other tangible assets	163.5	153.4	141.7	-13.3%
Intangible assets	11.4	9.2	6.3	-44.9%
Tax assets	218.1	213.5	423.5	94.2%
Other assets	907.6	916.0	1,020.9	12.5%
Total assets	**39,116.5**	**43,345.2**	**44,807.1**	**14.5%**
Liabilities and shareholders' equity				
Resources of central banks	1,505.3	2,773.4	3,716.9	146.9%
Credit institutions' resources	2,067.2	4,659.0	4,917.5	137.9%
Customers' resources and other loans	20,757.7	19,032.6	18,579.3	-10.5%
Debts evidenced by certificates	7,093.3	9,083.6	9,174.3	29.3%
Technical provisions	1,911.4	2,139.4	2,832.1	48.2%
Financial liabilities associated to transferred assets	1,887.5	1,764.6	1,663.0	-11.9%
Hedging derivatives	327.6	423.8	674.6	105.9%
Provisions	64.1	63.6	75.0	17.1%
Tax liabilities	30.1	36.2	46.3	53.7%
Instruments representing capital	29.4	11.8	20.2	-31.5%
Other subordinated loans	702.0	652.4	699.7	-0.3%
Other liabilities	974.5	795.1	931.1	-4.5%
Shareholders' equity attributable to the shareholders of BPI	1,500.2	1,647.1	1,208.8	-19.4%
Minority interests	266.3	262.6	268.5	0.8%
Shareholders' equity	**1,766.4**	**1,909.7**	**1,477.2**	**-16.4%**
Total liabilities and shareholders' equity	**39,116.5**	**43,345.2**	**44,807.1**	**14.5%**

Note:

The balance sheet relating to domestic operations presented above has been corrected for the balances resulting from operations with the "International Operations" geographical segment.

International activity income statement

Amounts in M.€

	1Q. 09	2Q. 09	1H. 09	3Q. 09	4Q. 09	2009	1Q. 10	2Q. 10	1H. 10	Chg.% 1H09 / 1H10
Net interest income (narrow sense)	55.7	37.9	93.6	37.7	32.7	164.0	45.8	44.5	90.2	-3.6%
Unit linked gross margin										
Income from securities (variable yield)										
Commissions related to deferred cost (net)										
Net interest income	**55.7**	**37.9**	**93.6**	**37.7**	**32.7**	**164.0**	**45.8**	**44.5**	**90.2**	**-3.6%**
Technical results of insurance contracts										
Commissions and other similar income (net)	11.6	12.0	23.7	12.3	13.0	49.0	10.6	12.0	22.6	-4.5%
Gains and losses in financial operations	12.8	28.6	41.4	37.9	43.1	122.3	22.6	16.9	39.5	-4.4%
Operating income and charges	-0.2	-0.2	-0.4	-0.6	0.8	-0.2	-0.2	-0.4	-0.6	-65.1%
Net operating revenue	**79.9**	**78.3**	**158.3**	**87.3**	**89.5**	**335.1**	**78.8**	**73.0**	**151.8**	**-4.1%**
Personnel costs	10.5	10.8	21.3	10.6	11.6	43.5	11.6	12.8	24.4	14.5%
Other administrative expenses	10.5	10.9	21.4	10.6	8.7	40.7	10.3	10.8	21.2	-1.0%
Depreciation of fixed assets	3.6	3.5	7.1	3.4	2.7	13.3	2.7	2.8	5.5	-22.6%
Operating costs	**24.7**	**25.1**	**49.8**	**24.7**	**23.0**	**97.5**	**24.6**	**26.5**	**51.1**	**2.5%**
Operating profit before provisions	**55.2**	**53.2**	**108.5**	**62.6**	**66.5**	**237.6**	**54.2**	**46.5**	**100.7**	**-7.2%**
Recovery of loans written-off	0.5	1.1	1.6	0.5	0.9	3.0	0.9	0.5	1.4	-10.4%
Loan provisions and impairments	5.9	4.0	9.9	8.3	12.9	31.0	4.9	6.8	11.7	18.3%
Other impairments and provisions	2.2	2.0	4.2	2.0	2.8	9.0	0.7	0.8	1.5	-63.6%
Profits before taxes	**47.7**	**48.2**	**95.9**	**52.9**	**51.7**	**200.6**	**49.6**	**39.3**	**88.9**	**-7.4%**
Corporate income tax	1.7	2.6	4.3	10.2	12.0	26.5	-5.4	1.4	-4.0	-192.6%
Equity-accounted results of subsidiaries	1.5	1.1	2.7	1.2	1.7	5.5	1.6	1.5	3.1	14.7%
Minority shareholders' share of profit	23.8	23.6	47.4	22.1	20.6	90.0	28.4	19.6	48.0	1.4%
Net Profit	**23.7**	**23.2**	**46.9**	**21.8**	**20.8**	**89.6**	**28.2**	**19.8**	**47.9**	**2.1%**

International Operations balance sheet

Amounts in M.€

	30 Jun. 09	31 Dec. 09	30 Jun. 10	Chg.% Jun.09/ Jun.10
Assets				
Cash and deposits at central banks	953.1	842.2	859.0	-9.9%
Amounts owed by credit institutions repayable on demand	376.8	57.1	90.2	-76.1%
Loans and advances to credit institutions	315.8	285.4	254.6	-19.4%
Loans and advances to Customers	1,329.7	1,215.7	1,371.2	3.1%
Financial assets held for dealing	251.2	403.1	9.0	-96.4%
Financial assets available for sale	1,028.5	1,173.2	1,944.7	89.1%
Financial assets held to maturity				
Hedging derivatives				
Investments in associated companies and jointly controlled entities	17.0	18.1	20.3	19.7%
Other tangible assets	98.9	100.2	119.2	20.4%
Intangible assets	1.1	0.6	0.4	-61.1%
Tax assets				
Other assets	43.2	8.3	5.5	-87.3%
Total assets	**4,415.4**	**4,103.9**	**4,674.1**	**5.9%**
Liabilities and shareholders' equity				
Resources of central banks				
Credit institutions' resources	40.6	43.7	75.2	85.1%
Customers' resources and other loans	3,885.1	3,585.3	4,071.3	4.8%
Debts evidenced by certificates				
Technical provisions				
Financial liabilities associated to transferred assets				
Hedging derivatives				
Provisions	21.7	26.1	29.6	36.7%
Tax liabilities	4.8	25.0	4.7	-2.6%
Instruments representing capital				
Other subordinated loans				
Other liabilities	96.0	30.9	54.5	-43.2%
Shareholders' equity attributable to the shareholders of BPI	187.7	199.9	224.8	19.8%
Minority interests	179.5	193.0	213.9	19.2%
Shareholders' equity	**367.1**	**393.0**	**438.7**	**19.5%**
Total liabilities and shareholders' equity	**4,415.4**	**4,103.9**	**4,674.1**	**5.9%**

Note:

The balance sheet relating to international operations presented above has been corrected for the balances resulting from operations with the "Domestic Operations" geographical segment.

Profitability, efficiency, loan quality and solvency

Consolidated indicators according to the Bank of Portugal Notice 16/2004

	30 Jun. 09	31 Dec. 09	30 Jun. 10
Net operating revenue and results of equity accounted subsidiaries / ATA	2.7%	2.7%	2.3%
Profit before taxation and minority interests / ATA	0.7%	0.7%	0.6%
Profit before taxation and minority interests / average shareholders' equity (including minority interests)	14.7%	14.7%	13.0%
Personnel costs / net operating revenue and results of equity accounted subsidiaries [1]	35.3%	33.8%	34.6%
Operating costs / net operating revenue and results of equity accounted subsidiaries [1]	60.8%	57.1%	60.2%
Loans in arrears for more than 90 days + doubtful loans / loan portfolio (gross)	1.8%	1.9%	1.8%
Loans in arrears for more than 90 days + doubtful loans, net of specific loan provisions / loan portfolio (net)	0.6%	0.4%	0.3%
Total capital ratio (according to Bank of Portugal rules)	11.4%	11.0%	10.6% (2)
Tier I (according to Bank of Portugal rules)	8.9%	8.6%	8.3% (2)

1) Excluding early-retirement costs.

2) Does not include the result for the 1st half 2010 (unaudited) nor the corresponding minority interests.

ATA = Average total assets.