

2008-05-12

**Millennium bcp earnings release
as at 31 March 2008**

- Consolidated net income of Euro 15 million in the first quarter of 2008. Excluding the impact of specific items, consolidated net income stood at Euro 134 million;
- Net income before taxes, excluding specific items, increased 40% compared with the last quarter of 2007 and decreased 21% y-o-y;
- Net income before taxes in the activity in Portugal, excluding specific items, grew 45% compared with the last quarter of 2007 and decreased 32% y-o-y;
- Net income from international operations up by 32% from the last quarter of 2007 and increased 14% y-o-y. Excluding the impact of the results in Romania, net income would increase 32% y-o-y;
- Net interest income grew 7% y-o-y, with net interest margin showing a favourable evolution from the last quarter of 2007;
- Operating costs in Portugal kept the same level as in the first quarter of 2007, on a comparable basis;
- Customers' funds up by 10%, with on-balance sheet customers' funds up by 20%, y-o-y;
- Customers' funds from international activity rose by 26% y-o-y;
- Loans to customers increased 14%, including securitised loans, and mortgage loans grew by 15%, y-o-y;
- Loans to customers in the international activity increased 47% y-o-y;
- Credit quality remained stable: loans overdue by more than 90 days stood at 0.8% of total loans; the coverage ratio stood at 238%;
- Solvency ratio, in the scope of Basel II stood at 8.9% (11.4% considering the share capital increase);
- Successful capital increase of Banco Comercial Português, S.A. through the issuance of 1,083,270,433 new ordinary shares to existing shareholders. New share capital of Euro 4,694,600,000.

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Banco Comercial Português, S.A., a public company (sociedade aberta) having its registered office at Praça D. João I, 28, Oporto, registered at the Commercial Registry of Oporto, with the single commercial and tax identification number 501 525 882 and the share capital of EUR 4.694.600.000.



Financial Highlights

<i>(Values in euro million)</i>	31 Mar. 08	31 Mar. 07	Change 08 / 07
Total Assets	87,885	78,932	11.3%
Loans to customers (net)	67,885	58,001	17.0%
Total Customers' funds ⁽¹⁾	63,098	57,302	10.1%
Net interest income	412.2	386.6	6.6%
Net operating revenues ⁽²⁾	517.3	674.7	-23.3%
Operating costs ⁽³⁾	385.5	376.6	2.4%
Loan impairment provision (net of recoveries)	69.8	45.3	53.9%
Income taxes	27.8	44.1	-37.1%
Minority interests	16.7	11.3	47.2%
Net income	14.7	191.3	-92.3%
Net income excluding specific items	134.2	191.3	-29.9%
Net operating revenues / Average net assets ⁽⁴⁾	2.3%	3.4%	
Return on average assets (ROA) ⁽⁵⁾	0.6%	0.9%	
Income before taxes and minority interests / Average net assets ⁽⁴⁾	0.3%	1.2%	
Return on average equity (ROE) ⁽⁵⁾	13.9%	19.7%	
Income before taxes and minority interests / Average equity ⁽⁴⁾	6.2%	25.5%	
Loans overdue/ Total loans ⁽⁴⁾	1.1%	1.1%	
Loans overdue, net / Total loans, net ⁽⁴⁾	-0.7%	-1.0%	
Impairment for loans losses / Loans overdue by more than 90 days	238.1%	267.0%	
Impairment for loan losses / Loans overdue	197.6%	230.1%	
Operating costs / Net operating revenues ^{(4) (5)}	60.2%	55.8%	
Operating costs / Net operating revenues (Portugal) ^{(4) (5)}	57.3%	52.3%	
Staff costs / Net operating revenues ^{(4) (5)}	34.4%	32.1%	
Total regulatory capital ⁽⁶⁾	5,828	5,694	
Risk-weighted assets ⁽⁶⁾	65,299	55,927	
Tier I Solvency ratio ⁽⁶⁾	5.1%	6.4%	
Total Solvency ratio ⁽⁶⁾	8.9%	10.2%	
Branches			
Portugal	899	863	4.2%
Foreign activity	772	628	22.9%
Employees			
Portugal	10,849	10,834	0.1%
Foreign activity	10,661	8,856	20.4%

(1) Amounts due to customers (including securities), Assets under management and Capitalisation insurance.

(2) Net interest income, Income from securities, Net commissions, Net gains from trading activity, Income arising from the equity method of consolidation, Other net operating income (according to rule 16/2004 from the Bank of Portugal).

(3) Staff costs, Other administrative costs and Depreciation.

(4) According to rule 16/2004 from the Bank of Portugal.

(5) Excludes the impact of one-off items.

(6) Indicators for 31 March 2008 determined in the scope of Basel II. Indicators for 31 March 2007 were recalculated, in accordance with the restatement of consolidated financial statements.

Commenting on Millennium bcp's earnings for the first quarter of 2008, the Chairman of the Executive Board of Directors, Mr. Carlos Santos Ferreira, said:

"Having closed the 2007 financial statements, the Executive Board of Directors focused on the Bank's share capital increase which was undertaken in order to reinforce the Bank's own funds levels and to finance our organic expansion plans across the different markets in which we operate. This rights issue was successfully concluded in April and, given its impact, our pro forma "Core Tier I" ratio would have stood at 6.2% at the end of the first quarter of 2008."

The Chairman underlined that *"at this moment, all international rating agencies that analyse the Group's activity attribute a "stable" outlook to the Bank, which is important to the new cycle that we started in January."*

Mr. Carlos Santos Ferreira went on to say: *"we are currently facing an economic, financial and competitive environment which is far more demanding than we experienced only a year ago. Nonetheless, compared with the first quarter of 2007, business volumes continued to grow at a sustained pace (credit +14% and customer funds + 10%), both in Portugal (+9% and +7%, respectively), and in our international operations, where we already have more than 2 million customers. Credit quality remained stable and loans overdue by more than 90 days stood at 0.8% of total loans."*

Commenting on the profitability of the Group in the first quarter of 2008, he said that *"recurrent net income - essentially excluding impairment losses from BPI shares - improved against the last two quarters of 2007, reaching Euro 134 million and benefiting from an improvement in net interest income and from operational costs control. However, it compares unfavourably with the first quarter of 2007 due to the difficult international financial environment."*

To conclude Mr. Carlos Santos Ferreira remarked that: *"having strengthened its capital base, the Bank is today better prepared to benefit from the significant potential of our franchise in Portugal and from the strong growth of our international operations. We are now focused on accelerating the development of our initiatives to improve efficiency and profitability."*

SIGNIFICANT EVENTS

The most significant events in Millennium bcp's activities in the first quarter of 2008 included: the definition of a new vision and strategic priorities for 2008-2010; the launching of a capital increase; the changes in the Coordination Committees and Commissions that report to the Executive Board of Directors; and the promotion of new commercial initiatives. Of particular note:

- Definition of a new vision and strategic priorities for the 2008-2010 period, following the Bank's strategic programme review, in February 2008;
- In April 2008, the conclusion of the Banco Comercial Português, S.A. share capital increase which saw the issuance of 1,083,270,433 ordinary shares with a par value of Euro 1 each fully subscribed. These shares were offered to existing Millennium bcp shareholders for subscription through the exercise of their pre-emptive subscription rights. 1,071,230,855 ordinary shares were subscribed to pursuant to the exercise of subscription rights, at the price of Euro 1.20, representing about 98.9% of the total number of ordinary shares issued pursuant to the Rights Offering. 12,039,578 ordinary shares were made available to satisfy oversubscription orders. Oversubscription orders totalled 1,292,988,792 ordinary shares. These new ordinary shares were admitted to trading on Eurolist by Euronext Lisbon on 6 May 2008;
- Approval of a proposal for the appropriation of the 2007 profits to be submitted to the General Meeting of Shareholders that will take place on 27 May 2008. The proposal provides that no additional dividend will be paid besides the interim dividend paid on 29 November 2007;

- Changes in the Coordination Committees and Specialised Commissions that report to the Executive Board of Directors. The current Coordination Committees are: Retail; Private Banking and Asset Management; Corporate and Companies; Banking Services; and European Businesses. The global coordination of operations in Africa and in America is held directly by the Members of the Executive Board of Directors of Millennium bcp responsible for those operations. The responsibility for Investment Banking is not covered by the Coordination Committees, as it has a specific governance model. The current Commissions are: Capital, Assets and Liabilities Management Committee; Risk Commission; Pension Fund Monitoring Commission; and Stakeholders Commission;
- Confirmation by Fitch Rating of the ratings of Banco Comercial Português and its investment banking subsidiary, Banco Millennium bcp investimento, of Long-term Issuer Default (IDR) "A+" with "Stable" outlook, Short-term IDR "F1", on 9 January 2008;
- On April 2008, Standard & Poor's revised its outlook to "stable" from "negative" on Banco Comercial Português, S.A.. At the same time, the "A/A-1" long-term and short-term counterparty credit ratings on Millennium bcp were affirmed;
- Launching by Millennium bcp, at 31 March 2008, of a new pricing list for Mortgage Credit, consisting in lowering the pricing on the general, special and emigrant regimes;
- Election of Millennium bcp, for the 4th year in a row, as "World's Best Developed Market Bank" in Portugal by Global Finance magazine;
- Distinction of the "Global Refinance" operation, aimed to refinancing and releverage a portfolio of wind farms, in which Millennium investment banking was Mandated Lead Arranger and Joint Bookrunner, with three "Deal of The Year 2007" awards, granted by media publications in the Project Finance field;
- Success of Millennium bank in Poland as the 7th most valuable brand according to the rankings of the most valuable brands in the Polish market as carried out by the British company "Brand Finance";
- Distinction of Millennium bank in Poland with the prestigious award "Top Rated Custodian in Poland" for the 4th consecutive time in a row by the "Global Custodian Magazine";
- Millennium bank in Poland rated as the "Business Friendly Bank" by the National Chamber of Commerce and the Polish-American Foundation for Counselling Small and Medium Business;
- Recognition of Millennium bcp as one of the entities that has best contributed to the integration of immigrants in Portuguese society, by the International Migrations Organization, High Commissariat for Integration and Intercultural Dialog and Luso-Americana Foundation for Development.

FINANCIAL REVIEW

BCP's financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union, in compliance with Regulation (EC) 1606/2002, of July 19th and in accordance with the reporting statements defined by the Bank of Portugal (Notice n.º 1/2005) following the adoption by the Portuguese legal system of the European Commission Directive 2003/51/EC from June 18th of the European Parliament and Council.

Financial statements as at 31 March 2007 have been restated so as to be comparable with 31 March 2008. As at 31 March 2007, the consolidated financial statements include the adjustment of Euro 300 million in the Shareholders' equity (Euro 220.5 million net of taxes) in Reserves and retained earnings.

Millennium bcp's **consolidated net income** stood at Euro 134.2 million in the first quarter of 2008, excluding the accounting of impairment losses amounting to Euro 132.7 million (net of tax) related to the portfolio of financial assets, mainly driven by the devaluation of the shareholding in Banco BPI, and the reduction of Euro 13.2 million (net of tax) in the variable remuneration accrued in 2007.

Net income for the first quarter of 2008 was unfavourably influenced by net trading income, due to the difficult capital markets conditions which determined the accounting of impairments in financial assets, and by impairment losses for credit risk (net of recoveries). Regulatory changes that occurred in Portugal in the first months of 2007, in particular: (i) the new rules for interest rate rounding applied to credit contracts; (ii) scheduling the value date for movements in deposit accounts and transfers; and (iii) limits on commissions paid for early amortisation of mortgage loans, also impacted negatively in net interest income and commissions' evolution. Nevertheless, net income in the first quarter of 2008, benefited from the performance of net interest income and staff costs compared to the first quarter of 2007.

Net income from international operations increased by 13.7%, from the first quarter of 2007, and would increase 31.5% excluding the impact of the results in Romania, highlighting the progress achieved by the operations in Poland and Mozambique. This evolution was supported by the increase of income items, in particular net interest income, commissions and trading, boosted by higher business volumes in the various countries in which the Group operates. Upper income more than offset the higher costs related to the expansion plans carried out, in particular staff costs (associated with the increase in the number of employees) and administrative costs (particularly rents and advertising).

Net interest income amounted to Euro 412.2 million in the first quarter of 2008, up 6.6% from the first quarter of 2007, benefiting from the positive impact of the volume effect supported by activity in Portugal and by international activity, boosted by an increase in business volumes in both loans to customers and customers' funds. The evolution of net interest income was hindered by the unfavourable impact of interest rate effect, influenced by the regulatory changes previously mentioned, by the financial markets framework, implying superior funding costs, and by the strong competition in the banking sector. Highlighting that, quarterly, net interest income in the first quarter of 2008 showed a positive evolution, from the last quarter of 2007, benefiting from both volume and interest rate effects. Net interest margin stood at 2.07% in the first quarter of 2008, compared with 2.18% in the first three months of 2007, showing an improvement from 2.01% registered in the last quarter of 2007.

Regarding assets and liabilities management and the deterioration of liquidity conditions in the interbank market, the Group repriced credit operations, aimed to adjust loans granted to the market framework, and, simultaneously, launched several initiatives focused on further increasing customers' deposits.

AVERAGE BALANCES

	31 Mar. 08		31 Mar. 07	
	Balance	Yield %	Balance	Yield %
<i>(Values in euro million, except yields)</i>				
Deposits in banks	7,832	5.69	7,952	4.81
Financial assets	5,408	5.49	5,832	4.97
Loans and advances to customers	66,268	6.32	57,021	5.76
Interest earning assets	79,508	6.20	70,805	5.59
Non interest earning assets	9,269		9,210	
	<u>88,777</u>		<u>80,015</u>	
Amounts owed to credit institutions	10,267	6.51	12,525	4.66
Amounts owed to customers	39,262	2.97	33,320	2.22
Debt securities	28,665	4.44	23,797	3.92
Subordinated debt	2,973	5.92	2,948	5.36
Interest bearing liabilities	81,167	4.04	72,590	3.32
Non interest bearing liabilities	2,780		2,469	
Shareholders' equity and minority interests	4,830		4,956	
	<u>88,777</u>		<u>80,015</u>	
Net interest margin ⁽¹⁾		2.07		2.18

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

Net commissions reached Euro 173.8 million in the first quarter of 2008, from Euro 179.3 million in the same period of 2007. The performance of net commissions was determined by the lower level of income related to asset management and securities, despite the rise in commissions associated with credit operations (+15.8%) and with the cards business (+8.6%). In Portugal, net commissions were restrained by regulatory changes, in particular by the settlement of a limit for early amortisation of mortgage loans and by the reduction of interchange fees associated with cards. Net commissions from international activities performed well across all items, enhanced by most international operations, in particular Poland and Greece. It is worth noting, despite their relative size, the progress made in operations in Turkey, Mozambique and Angola.

Net trading income comprises net gains arising from trading and hedging activities and net gains arising from available for sale financial assets. Net trading income in the first quarter of 2008 saw a loss of Euro 114.9 million, determined by the capital markets conditions, in particular by the accounting of impairment losses amounting to Euro 153.0 million, mainly driven by the devaluation of the shareholding in Banco BPI. Despite the impact of the activity in Portugal, this item line was positively influenced by the international activity, in particular in Poland, benefiting from higher net gains from foreign exchange operations.

Other net operating income includes other operating income, other net income from non banking activities and gains from the sale of subsidiaries and other assets. In the first quarter of 2008, other net operating income amounted to Euro 30.3 million, in line with the amount accounted in the first quarter of 2007 (Euro 30.7 million). Other net operating income was unfavourably influenced by the increase in expenses booked in this item line, in particular taxes, despite the higher level of income from services and from the intermediation activity of Millenniumbcp Fortis products.

Equity accounted earnings stood at Euro 14.3 million, in the first quarter of 2008, in line with the Euro 14.5 million accounted in the first quarter of 2007. However, it should be noted that equity accounted earnings are mostly composed by the earnings appropriation of the 49% shareholding in Millenniumbcp Fortis. This appropriation of results saw an increase of 5.3%, from Euro 11.7 million in the first quarter of 2007 to Euro

12.3 million in the first quarter of 2008, showing the same positive trend as net income recorded by the insurance company.

OTHER INCOME

<i>(Values in euro million)</i>	1Q 08	1Q 07	Change 08/07
Net commissions			
Cards	42.6	39.3	8.6%
Asset management and securities	49.7	59.1	-15.9%
Credit operations	36.6	31.6	15.8%
Other ⁽¹⁾	44.9	49.3	-9.1%
	<u>173.8</u>	<u>179.3</u>	-3.1%
Net trading income	(114.9)	61.4	
Other net operating income	30.3	30.7	-1.3%
Dividends	1.7	2.3	-26.3%
Equity accounted earnings	14.3	14.5	-1.3%
Total other income	<u>105.2</u>	<u>288.2</u>	-63.5%
Other income / Net operating revenues ⁽¹⁾	20.3%	42.7%	

(1) Calculated according to rule 16/2004 from the Bank of Portugal.

Operating costs (staff costs, other administrative costs and depreciation) totalled Euro 385.5 million in the first quarter of 2008, from Euro 376.6 million in the first quarter of 2007. This evolution reflects the 23.8% increase in the costs associated with the development of international activities, particularly in Poland, Romania and Greece. Operating costs in Portugal were down by 6.7% to Euro 246.7 million in the first quarter of 2008, benefiting from the lower staff costs and depreciations accounted.

Staff costs amounted to Euro 212.3 million in the first quarter of 2008 and to Euro 216.5 million in the same period of 2007. Staff costs in the first quarter of 2008 include the reduction of Euro 18.0 million in the variable remuneration accrued in 2007. The 2.0% decrease in consolidated staff costs was determined by the 13.4% reduction in Portugal, while in the international business grew 29.1%, reflecting an increase on 1,805 employees from 31 March 2007, as part of the branches network expansion plans carried out across the several markets.

Other administrative costs stood at Euro 146.9 million in the first quarter of 2008 compared to Euro 133.5 million in the first quarter of 2007. They were determined by a 21.5% rise in administrative costs in the international activity, specifically costs related to rents and advertising and sponsorship in Poland and Romania. In Portugal, other administrative costs were up by 4.2% driven by higher costs associated with specialised services, in particular studies and consulting.

Depreciation stood at Euro 26.3 million in the first quarter of 2007, which is slightly below the Euro 26.6 million booked in same period of 2007. This performance benefited from the lower depreciation level in the activity in Portugal, despite the rise of depreciation in the international activity.

OPERATING COSTS

<i>(Values in euro million)</i>	1Q 08	1Q 07	Change 08/07
Staff costs	212.3	216.5	-2.0%
Other administrative costs	146.9	133.5	10.0%
Depreciation	26.3	26.6	-0.9%
	<u>385.5</u>	<u>376.6</u>	2.4%
Of which:			
Activity in Portugal	246.7	264.5	-6.7%
Foreign activity	138.8	112.1	23.8%
Operating costs / Total income ^{(1) (2)}	57.3%	52.3%	

(1) According to rule 16/2004 from the Bank of Portugal.
(2) Excludes the impact of one-off items.

Impairment for loans losses (net of recoveries) totalled Euro 69.8 million in the first quarter of 2008 compared to Euro 45.3 million in the same period of 2007, which resulted from a combination of two factors: a higher level of impairment charges for credit risk, following the increase in the volume of loans to customers in Portugal and in the international activity, and the lower amount of credit recoveries from the first quarter of 2007. The provisioning levels in the total loans to customers, calculated as the proportion of impairment charges net of recoveries, stood at 40 b.p., in line with the Millennium 2010 Programme.

Loans to customers (including securitisation) reached Euro 72,110 million as of 31 March 2008, 14.3% up from Euro 63,094 million as of 31 March 2007. The growth of loans to customers was boosted by the increase of 14.6% in mortgage loans and the rise of 13.9% in loans to companies, reaching Euro 29,256 million and Euro 38,044 million at 31 March 2008, respectively. In Portugal, loans to customers were up by 9.1% from the same period in 2007, sustained by loans to companies and mortgage loans. The rise of 46.7% in loans to customers in the international activity was due to a strong performance across all international operations, but in particular due to an increase in mortgage loans in Poland and in loans to companies in Greece.

LOANS TO CUSTOMERS ⁽¹⁾

<i>(Values in euro million)</i>	31 Mar. 08	31 Mar. 07	Change 08 / 07
Individuals			
Mortgage loans	29,256	25,519	14.6%
Consumer loans	4,810	4,180	15.1%
	<u>34,066</u>	<u>29,699</u>	14.7%
Companies			
Services	12,198	10,482	16.4%
Commerce	5,300	4,751	11.6%
Other	20,546	18,162	13.1%
	<u>38,044</u>	<u>33,395</u>	13.9%
Total	<u>72,110</u>	<u>63,094</u>	14.3%
Of which:			
Activity in Portugal	59,433	54,454	9.1%
Foreign activity	12,677	8,640	46.7%

(1) Includes securitised loans.

Credit quality, evaluated by the non-performing loans indicators, kept stable compared to 31 March 2007, with the ratio of overdue loans by more than 90 days standing at 0.8% of total loans. The coverage ratio stood at 238.1% at 31 March 2008.

LOANS OVERDUE BY MORE THAN 90 DAYS AND IMPAIRMENTS AT 31 MARCH 2008

<i>(Values in euro million)</i>	Loans overdue by more than 90 days	Impairment for loan losses	Loans overdue > 90 days / Total Loans	Coverage ratio
Individuals				
Mortgage loans	88	218	0.3%	249.0%
Consumer loans	119	168	2.5%	140.9%
	<u>207</u>	<u>386</u>	0.7%	186.8%
Companies				
Services	46	186	0.4%	405.5%
Commerce	53	167	1.0%	315.9%
Other	213	496	1.0%	232.5%
	<u>312</u>	<u>849</u>	0.8%	272.0%
Total	<u><u>519</u></u>	<u><u>1,235</u></u>	0.8%	238.1%

Total customers' funds increased by 10.1% and reached to Euro 63,098 million at 31 March 2008, compared with Euro 57,302 million at 31 March 2007. Total customers' funds evolution reflects the favourable performance of the activity in Portugal and in the foreign business, which showed growths of 6.8% and 26.0%, respectively. The development of total customers' funds was boosted by the 20.0% rise of balance sheet customers' funds, supported by customers' deposits and debt securities. Off-balance sheet customers' funds were down 9.4%, from 31 March 2007, due to the reduction of assets under management regarding the actual conditions of capital markets, despite the increase of capitalisation insurance by 11.5%.

TOTAL CUSTOMERS' FUNDS

<i>(Values in euro million)</i>	31 Mar. 08	31 Mar. 07	Change 08 / 07
Balance sheet customers' funds			
Deposits	38,917	32,662	19.2%
Debt securities	6,739	5,392	25.0%
	<u>45,656</u>	<u>38,054</u>	20.0%
Off-balance sheet customers' funds			
Assets under management	7,518	10,346	-27.3%
Capitalisation insurance	9,924	8,902	11.5%
	<u>17,442</u>	<u>19,248</u>	-9.4%
Total	<u>63,098</u>	<u>57,302</u>	10.1%
Of which:			
Activity in Portugal	50,528	47,323	6.8%
Foreign activity	12,570	9,979	26.0%

The capital ratios of the BCP Group for 31 March 2008 were determined in the scope of Basel II framework and, for comparability purposes, also according to Basel I. Under Basel II, capital requirements calculation followed the standard approach in respect to credit risk and the basic indicator approach to the operational risk.

In the scope of Basel II was timely filed with the Bank of Portugal a formal request, which is currently in analysis, regarding the use of the internal ratings based approach for credit risk and the internal models approach for the general market risk requirements, as well as, the standard approach for calculating operational risk requirements.

The evolution of **solvency ratio** between 31 December 2007 and 31 March 2008 reflect: (i) the additional impairment charge on the BPI shareholding (Euro 131 million, net of taxes), reducing the Core Tier 1 ratio by 20 b.p.; (ii) the increase of risk weighted assets due to the transition to Basel II (Euro 2,176 million), as the lower level of credit related risks provided by the standard approach was not enough to offset the capital required in respect of operational risk, leading to a 14 b.p. decrease on Core Tier 1 ratio; (iii) the organic capital generation (including IFRS transition deductions and deferred tax assets impacts), that favourably contributed 4 b.p. to the performance of the Core Tier 1 ratio in this quarter. As at 31 March 2008 solvency ratio stood at 8.9% (Core Tier I 4.0%).

The solvency ratio pro forma, as at 31 March 2008, including the net amount from the share capital increase, through the issuance of 1,083,270,433 new ordinary shares, and the impacts related to the change of the existing surpluses on deferred tax assets, preference shares and subordinated debt, would be 11.4% (Core Tier I 6.2%).

SOLVENCY

(Values in euro million)

	31 Mar. 08		31 Dec. 07
	Basel II	Basel I	Basel I
Tier I Capital			
Core	2,637	2,637	2,674
Preference shares	685	685	688
Total	3,322	3,322	3,362
Tier II Capital			
Subordinated debt	2,532	2,532	2,557
Deductions	(26)	(26)	(22)
Total	2,506	2,506	2,535
Total Regulatory Capital	5,828	5,828	5,897
Risk Weighted Assets	65,299	63,124	61,687
Bank of Portugal ratios			
Core Tier I	4.0%	4.2%	4.3%
Tier I	5.1%	5.2%	5.5%
Tier II	3.8%	4.0%	4.1%
Total	8.9%	9.2%	9.6%

SEGMENTAL REPORTING

Millennium bcp offers a wide range of banking activities and financial services in Portugal and abroad, with special focus on Commercial Banking, Investment Banking and on Private Banking and Asset Management.

SEGMENTS DESCRIPTION

The strategic approach of Retail Banking in Portugal is to target "mass market" customers, who appreciate a value proposition based on innovation and speed, and "prestige" and "business" customers, who as a result of their specific interests, financial assets or income require a value proposition based on innovation and personalisation and a dedicated Account Manager. Retail Banking comprises also ActivoBank7, a universal Bank, which maintains a focus on brokerage and on the selection and counselling of long-term investment products. Within the scope of the Group's cross-selling strategy, Retail Banking acts as a distribution channel for financial products and services of Millennium bcp as a whole.

The Corporate and Companies segment includes the Corporate network in Portugal, dedicated to corporate and institutional customers with an annual turnover in excess of Euro 100 million, providing a complete range of value added products and services, and the Companies network in Portugal, which covers the financial needs of companies with an annual turnover between Euro 7.5 million and Euro 100 million, focused on innovation and on an overall offer of traditional banking products complemented by specialised financing, and also the International Division.

The Investment Banking business is undertaken essentially by Millennium investment banking, which develops activities in capital markets, in providing strategic and financial advisory, specialised financial services - project finance, corporate finance, securities brokerage and equity research - and in structuring risk-hedging derivatives products.

The Private Banking and Asset Management activity comprises the Private Banking network in Portugal, Millennium Banque Privée, a private banking platform incorporated under Swiss law, and the subsidiaries companies specialising in the asset management business.

The Foreign Business comprises several operations carried out outside Portugal, namely in Poland, Greece, Turkey, Romania, Mozambique, Angola and United States. In Poland the Group is represented by a universal bank, and in Greece by an operation based on the innovation of products and services. The activity in Turkey is performed through an operation focused on the provision of financial advise, and in Romania it is represented by a greenfield operation, which started its activity in 2007, focusing on the following segments: mass market and business, companies and affluent. All these operations develop their activities under the same commercial brand of Millennium bank. The Group is also represented in Mozambique by Millennium bim, a universal bank targeting both companies and individual customers, in Angola by Millennium Angola, a bank focused on individual customers and public and private sector companies and institutions, and in the United States by Millennium bcpbank, a local bank that serves the local population, namely, the Portuguese community.

BUSINESS SEGMENT ACTIVITY FOR THE FIRST QUARTER OF 2008

The figures reported for each segment result from combining subsidiaries and business units and include the impact of capital allocation and a balancing process for each entity in the balance sheet and in the profit and loss account, based on average figures.

Balance sheet headings for each subsidiary / business unit were re-calculated, through capital allocation, according to regulatory solvency criteria. Each operation is balanced through internal transfers of funds, which does not impact consolidated figures.

Each segment's net contribution included the impact of the transfers mentioned above and reflected the individual results of business units, independently from the percentage held by the Group, including the impacts of the transfers of funds.

The following information is based on financial statements prepared according to IFRS and to the organisational model for Millennium bcp's business areas.

To ensure comparability, one-off items were excluded and structural changes occurred during 2007 and in the first quarter of 2008 were reflected in the segments as of 31 March 2007. These changes resulted mainly from the allocation of Banco de investimento imobiliário business to each business area that manage the respective customers (Retail Banking, Corporate and Companies, and Private Banking and Asset Management) and the allocation of securities portfolios to new owners, in particular to the Corporate and Companies segment and the Corporate Areas, previously included in the Investment Banking segment. The Bank also implemented liquidity premiums to the business areas, since the beginning of 2008, in order to reflect properly the contractual maturities of transactions into the internal prices associated with the respective funds transference.

Retail Banking in Portugal

Retail Banking in Portugal registered a net contribution of Euro 86.0 million in the first three months of 2008, down from Euro 95.3 million in the same period of 2007. The performance of net contribution was impacted by unfavourable evolution of impairment and provisions charged and of net commissions, mainly commissions associated with early amortisation of mortgage loans and other credit commissions, despite the favourable performance of net interest income, which grew by 4.1%. The return on allocated capital stood at 28.0% as of 31 March 2008.

Loans to customers up by 8.6%, from Euro 31,399 at 31 March 2007 to Euro 34,099 million at 31 March 2008, benefited from the dynamism of the commercial activity, through the development of financial solutions tailored to customers needs.

Customers' funds reached Euro 34,237 million at 31 March 2008, showing an increase of 2.2% from Euro 33,503 million as of the same date in 2007, supported by the continuous launching of diversified investment and saving products and delivering attractive levels of return.

<i>(Values in euro million)</i>	31 Mar. 08	31 Mar. 07	Change 08 / 07
Profit and loss account			
Net interest income	244.3	234.7	4.1%
Other net income	95.8	104.6	-8.5%
	340.1	339.3	0.2%
Operating costs	181.2	177.7	1.9%
Impairment and provisions	41.9	31.9	31.3%
Contribution before income taxes	117.0	129.7	-9.7%
Income taxes	31.0	34.4	-9.7%
Net contribution	86.0	95.3	-9.8%
Summary of indicators			
Allocated capital	1,234	1,136	8.6%
Return on allocated capital	28.0%	34.0%	--
Risk weighted assets	24,745	22,770	8.7%
Cost to income ratio	53.3%	52.4%	--
Loans to customers	34,099	31,399	8.6%
Total customers' funds	34,237	33,503	2.2%

Corporate and Companies

Net contribution in the Corporate and Companies segment grew by 5.2%, reaching Euro 58.5 million in the first quarter of 2008, compared to Euro 55.5 million in the same period of 2007. The development of net contribution benefited from the good performance of net interest income, which increased by 14.4%, supported by the growth in business volumes, in both loans to customers and customers' deposits, in a context in which intermediation margin already shows signs of recovery. The return on allocated capital stood at 17.1% at 31 March 2008.

Customers' funds grew 46.3%, despite the strong competitive environment experienced in this business segment, and reached Euro 10,788 million at 31 March 2008, boosted by institutional customers' funds.

Loans to customers increased 13.5% to Euro 22,074 million at 31 March 2008, compared to Euro 19,440 million as of 31 March 2007. It is important to highlight that this strong performance occurred in an environment that requires a greater prudence in respect of the credit granted, combined with the operations repricing, which positively impacted in net interest income and in net contribution of this business segment.

<i>(Values in euro million)</i>	31 Mar. 08	31 Mar. 07	Change 08/ 07
Profit and loss account			
Net interest income	87.0	76.0	14.4%
Other net income	32.7	35.9	-8.8%
	119.7	111.9	7.0%
Operating costs	27.1	26.5	2.4%
Impairment and provisions	13.0	9.8	32.4%
Contribution before income taxes	79.5	75.6	5.2%
Income taxes	21.1	20.0	5.2%
Net contribution	58.5	55.5	5.2%
Summary of indicators			
Allocated capital	1,376	1,269	8.4%
Return on allocated capital	17.1%	17.8%	--
Risk weighted assets	27,627	25,210	9.6%
Cost to income ratio	22.7%	23.7%	--
Loans to customers ⁽¹⁾	22,074	19,440	13.5%
Total customers' funds	10,778	7,366	46.3%

(1) Includes commercial paper.

Investment Banking

Net contribution of Investment Banking segment, which amounted to Euro 13.0 million in the first quarter of 2008 was impacted by the performance of trading income and operating costs, despite the favourable evolution of net interest income, of fees received and of impairment and provisions. The return on allocated capital stood at 43.7% as at 31 March 2008.

Loans to customers showed an increase of 36.3% between 31 March 2007 and 31 March 2008, supported by the involvement of Millennium investment banking in operations associated with investments in project finance.

Millennium investment banking acted as the Mandated Lead Arranger and Joint Bookrunner in an innovative operation with a global reach, which was distinguished with three awards under the heading of "Deal of the Year 2007", by different specialist publications. The deal was the first project under the denomination of "Global Refinance" in terms of geographical cover. The objective was to refinance and re-leverage a portfolio of wind farms.

<i>(Values in euro million)</i>	<u>31 Mar. 08</u>	<u>31 Mar. 07</u>	<u>Change 08/ 07</u>
Profit and loss account			
Net interest income	2.1	1.4	46.9%
Other net income	26.4	35.0	-24.4%
	28.5	36.4	-21.6%
Operating costs	13.5	12.5	8.4%
Impairment and provisions	(2.7)	(0.8)	--
Contribution before income taxes	17.6	24.7	-28.5%
Income taxes	4.6	5.3	-13.1%
Net contribution	<u>13.0</u>	<u>19.3</u>	-32.8%
Summary of indicators			
Allocated capital	119	102	16.6%
Return on allocated capital	43.7%	76.5%	--
Risk weighted assets	2,569	2,240	14.7%
Cost to income ratio	47.5%	34.4%	--
Loans to customers	943	692	36.3%

Private Banking and Asset Management

Net contribution of the Private Banking and Asset Management segment amounted to Euro 7.2 million in the first quarter of 2008. This was negatively impacted by the higher level of impairment and provisions charged, and by the unfavourable evolution of commissions associated with asset management, compared to the same period of 2007, although the growth of 46.5% in net interest income. The return on allocated capital stood at 20.0% at the end of the first quarter of 2008.

The increase in revenues, together with the control on operating costs in the Private Banking and Asset Management segment led to an improvement in the efficiency ratio from 50.9% in the first quarter of 2007 to 48.0% in the first quarter of 2008.

Assets under management in this business segment were down by 12.9%, constrained by the adverse development of financial markets. Nevertheless, it is worth mentioning the performance of total customers' funds at Millennium Banque Privée, which rose 13.7%, as well as in the Private Banking network in Portugal, where total customers' funds grew 18.0% from 31 March 2007.

Loans to customers boosted 23.5%, from Euro 2,763 million at 31 March 2007 to Euro 3,412 million as at 31 March 2008, benefiting mostly from the increase of 43.1% in loans granted by Millennium Banque Privée.

<i>(Values in euro million)</i>	31 Mar. 08	31 Mar. 07	Change 08/ 07
Profit and loss account			
Net interest income	14.3	9.8	46.5%
Other net income	14.7	17.1	-13.9%
	29.0	26.9	8.1%
Operating costs	13.9	13.7	2.0%
Impairment and provisions	6.9	3.4	101.6%
Contribution before income taxes	8.2	9.8	-16.4%
Income taxes	1.0	1.8	-45.4%
Net contribution	<u>7.2</u>	<u>7.9</u>	-9.7%
Summary of indicators			
Allocated capital	144	117	22.9%
Return on allocated capital	20.0%	27.5%	--
Risk weighted assets	2,895	2,454	18.0%
Cost to income ratio	48.0%	50.9%	--
Loans to customers	3,412	2,763	23.5%
Assets under management	13,419	15,401	-12.9%

Foreign Business

Net contribution of the Foreign Business segment was 22.9% up, reaching Euro 40.3 million in the first quarter of 2008 from Euro 32.8 million in the same period of 2007, and leading to an improvement in the return on allocated capital to 20.0%.

The growth in net contribution benefited from the performances of most of the international operations, supported by higher revenues in both net interest income and other income. This more than offset the growth in operating costs associated with the expansion plans carried out in several regions, and the higher level of impairment and provisions charged, in line with the increase in business volumes in this segment.

The increase in the number of employees and the network expansion in the Foreign Business segment, in particular in Poland, Greece, Mozambique and Angola, and most recently in Romania, with the launch of a greenfield operation in the end of 2007, led to an increase of operating costs compared to the same period of 2007. Nevertheless, the efficiency ratio was maintained at the same level, and stood at 69.1% in the first quarter of 2008, showing the impact of the positive revenues development.

Loans to customers were up by 47.8%, between 31 March 2007 and 31 March 2008, boosted by the performances in Poland, Greece and also, but a lower pace, by the favourable developments in the remaining international operations. The growth in loans to customers benefited from the innovative offer of products and services adjusted to the customers needs in the several markets where the Group operates.

Total customers' funds showed a growth of 26.0%, sustained by the continuous launching of campaigns focused on acquiring customers' deposits and off-balance sheet funds. The contributions from Poland and Greece were key in this development, with increases of 33.3% and 18.9%, respectively.

<i>(Values in euro million)</i>	31 Mar. 08	31 Mar. 07	Change 08/ 07
Profit and loss account			
Net interest income	114.0	95.0	20.1%
Other net income	<u>86.7</u>	<u>67.4</u>	28.7%
	200.8	162.4	23.6%
Operating costs	138.8	112.2	23.8%
Impairment and provisions	<u>11.2</u>	<u>9.6</u>	17.2%
Contribution before income taxes	50.7	40.6	24.8%
Income taxes and minority interests	<u>10.5</u>	<u>7.9</u>	32.8%
Net contribution	<u><u>40.3</u></u>	<u><u>32.8</u></u>	22.9%
Summary of indicators			
Allocated capital	809	699	15.8%
Return on allocated capital	20.0%	19.1%	--
Risk weighted assets	12,200	8,254	47.8%
Cost to income ratio	69.1%	69.1%	--
Loans to customers	12,440	8,416	47.8%
Total customers' funds	12,570	9,979	26.0%

ECONOMIC ENVIRONMENT

The first months of 2008 continued to be characterised by high volatility in financial markets, growing risk aversion, more widespread evidence of softer global economic activity - the more so in developed economies than in emerging markets - and pervasive inflationary pressures. The persistence of this complex and highly uncertain environment led to significant downward revisions to the world's economic outlook. The turmoil in financial markets and subsequent negative impact on the global economy are expected to continue to impact banks' activity and income generation going forward.

Despite the scale of the adjustments that have already taken place within the financial sector, the lingering risk of secondary effects on economic activity and social welfare continue to drive policy measures that aim to restore economic stability, in some cases through direct intervention in the more troubled sectors and companies. Central banks have been reinforcing their regular lending facilities, by extending the maturity of loans, increasing auction amounts, expanding the range of securities accepted as collateral and broadening the access of other financial counterparties to open market operations in order to reduce the liquidity premium embedded in the more commonly used rate indexers and to prevent particular events from having disruptive "systemic" implications. Moreover, in the US and in the UK, central banks have cut their key rates this year, by 225 b.p. and 50 b.p. to 2.00% and 5.00%, respectively (end of April levels). The ECB, on the other hand, has kept interest rates unchanged at 4.0% mainly due to the widening gap between current headline inflation (3.3% year-on-year on April's flash estimate) and the "slightly lower than 2.0% rate" target, and also due to the lesser effects on the performance of the economy in the euro area during the first quarter. The rising interest rate differentials and the European economy's resilience have lent support to the euro, which strengthened against the Anglo-Saxon currencies. Despite the improvement since mid-March, the major stock indices still remain below end of last year levels, and are strongly correlated to the performance of the credit markets.

In its Spring World Economic Outlook, the IMF pointed to a sharp downshift in global economic growth, with world growth set to decelerate to 3.7% in 2008, 1.2 p.p. less than last year, owing to the near stagnation of the US economy (real GDP to expand by 0.5%) but also to sub-potential growth in the euro area (1.4%). Accordingly, Portuguese economic growth has been revised downwards to 1.3% from 1.9% in 2007. Economic data for the first quarter is not yet showing any weakness, but household and business confidence levels show a meaningful deterioration, stemming in particular from the expectations for the external environment. Banking activity data continue to develop in line with the past trends of strong credit growth to non-financial corporations and a gradual deceleration of loans to private individuals. The capital markets' turbulence and higher interest rates have had a positive influence on the growth of traditional deposits but has been detrimental to interest margins. Economic activity remains extremely buoyant in Poland, on brisk domestic demand. Due to heightened inflation pressures, the monetary policy turned more restrictive, pushing short-term interest rates to slightly above the 6% level. The Polish zloty has been appreciating steadily, profiting from good fundamentals. The inherent tightening of monetary conditions is expected, in due course, to bring growth to a more sustainable level and to soften the current rapid pace of the credit expansion. Greece has stood out as one of the fastest growing euro member states. The economic data for the first quarter has been mixed, in line with the developments seen in the euro area as whole, though continuing to exhibit an inflation rate significantly higher than the average. The surge in investment spending led to an acceleration of corporate loans. The turbulence in financial markets was particularly negative for performance of financial assets in Turkey and Romania over the past few months. The resulting higher foreign exchange volatility and the inversion of the interest rate cycle may hamper the strong growth foreseen for the current year. The favourable commodity cycle, so far little impacted by the lower demand outlook, continues to sustain the rapid expansion of Mozambique's and Angola's economies, allowing the expansion and enhancement of the financial services available to the population.

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BANCO COMERCIAL PORTUGUÊS

**Consolidated Income Statement
for the three months period ended 31 March, 2008 and 2007**

	31 March 2008	31 March 2007
	(Thousands of Euros)	
Interest income	1,232,456	989,772
Interest expense	(820,235)	(603,160)
Net interest income	412,221	386,612
Dividends from equity instruments	1,686	2,288
Net fees and commission income	173,751	179,265
Net gains arising from trading and hedging activities	38,193	63,062
Net gains arising from available for sale financial assets	(153,051)	(1,634)
Other operating income	25,274	27,376
	498,074	656,969
Other net income from non banking activity	4,108	4,519
Total operating income	502,182	661,488
Staff costs	212,262	216,543
Other administrative costs	146,892	133,515
Depreciation	26,359	26,589
Operating costs	385,513	376,647
	116,669	284,841
Loans impairment	(69,756)	(45,316)
Other assets impairment	(11,666)	(4,403)
Other provisions	8,771	(1,576)
Operating profit	44,018	233,546
Share of profit of associates under the equity method	14,265	14,459
Gains from the sale of subsidiaries and other assets	899	(1,219)
Profit before income tax	59,182	246,786
Income tax		
Current	(29,534)	(35,778)
Deferred	1,753	(8,370)
Profit after income tax	31,401	202,638
Attributable to:		
Shareholders of the Bank	14,709	191,296
Minority interests	16,692	11,342
Profit for the period	31,401	202,638

BANCO COMERCIAL PORTUGUÊS

Consolidated Balance Sheet as at 31 March, 2008 and 2007 and 31 December, 2007

	31 March 2008	31 December 2007	31 March 2007
	(Thousands of Euros)		
Assets			
Cash and deposits at central banks	1,699,441	1,958,239	1,639,424
Loans and advances to credit institutions			
Repayable on demand	630,063	820,699	608,849
Other loans and advances	4,677,337	6,482,038	4,645,064
Loans and advances to customers	67,885,174	65,650,449	58,001,282
Financial assets held for trading	2,797,320	3,084,892	3,177,272
Financial assets available for sale	4,488,304	4,418,534	4,896,921
Assets with repurchasing agreement	43,135	8,016	6,279
Hedging derivatives	169,749	131,069	180,551
Held to maturity	150	-	-
Investments in associated companies	319,461	316,399	302,358
Property and equipment	690,552	699,094	724,966
Goodwill and intangible assets	533,538	536,533	529,473
Current tax assets	21,848	29,913	22,470
Deferred tax assets	629,230	650,636	617,654
Other assets	3,299,472	3,379,650	3,579,562
	<u>87,884,774</u>	<u>88,166,161</u>	<u>78,932,125</u>
Liabilities			
Amounts owed to central banks	1,013,066	784,347	534,015
Amounts owed to others credit institutions	9,311,121	8,648,135	11,149,601
Amounts owed to customers	38,917,352	39,246,611	32,662,296
Debt securities	25,406,478	26,798,490	24,119,479
Financial liabilities held for trading	1,474,755	1,304,265	857,889
Other financial liabilities held for trading at fair value through results	2,124,477	1,755,047	-
Hedging derivatives	108,430	116,768	130,150
Provisions for liabilities and charges	233,233	246,949	207,711
Subordinated debt	2,921,679	2,925,128	2,871,086
Current income tax liabilities	34,014	41,363	38,534
Deferred income tax liabilities	518	46	77
Other liabilities	1,424,415	1,399,757	1,326,119
	<u>82,969,538</u>	<u>83,266,906</u>	<u>73,896,957</u>
Equity			
Share capital	3,611,330	3,611,330	3,611,330
Treasury stock	(55,887)	(58,436)	(37,920)
Share premium	881,707	881,707	881,707
Preference shares	1,000,000	1,000,000	1,000,000
Fair value reserves	207,447	218,498	452,724
Reserves and retained earnings	(1,040,727)	(1,598,704)	(1,288,210)
Profit for the period attributable to Shareholders	14,709	563,287	191,296
	<u>4,618,579</u>	<u>4,617,682</u>	<u>4,810,927</u>
Total Equity attributable to Shareholders of the Bank			
Minority interests	296,657	281,573	224,241
	<u>4,915,236</u>	<u>4,899,255</u>	<u>5,035,168</u>
Total Equity	<u>87,884,774</u>	<u>88,166,161</u>	<u>78,932,125</u>