

11 May 2009

Consolidated net income of Euro 106.7 million in the first quarter of 2009 compared with Euro 14.7 million in the first quarter of 2008**HIGHLIGHTS**

- Consolidated net income of Euro 106.7 million in the first quarter of 2009, up by 625% compared with the same period of 2008;
- Customer funds on the balance sheet increased 9.4% to Euro 49,935 million and customer deposits grew 11.6%;
- Loans to customers, excluding loans represented by securities, rose 8.2% to Euro 74,797 million. Loans in Portugal rose 6.6% while international loans grew 15.5%;
- Net operating revenues grew 42.9% (+7.4% on a comparable basis), to Euro 739.5 million;
- Operating costs remained under control, falling 0.7% on a comparable basis;
- Overdue loans by more than 90 days were within the range expected given the current economic environment: 1.6% of total loans, with the coverage ratio at 161%;
- Tier I stood at 6.8% and the solvency ratio at 9.9%. Considering the implementation of the IRB for credit risk the Tier I would reach 7.4% and the solvency ratio 10.4%.

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Risk aversion sentiment reduced from the last months of 2008.

Most recent data suggest that the pace of economic contraction eased.

However, prospects for private demand remain highly uncertain, thus pressuring for the pursuit of public policy initiatives.

The economic outlook remains uncertain in the main markets of Millennium bcp's operations.

Lisbon, 11 May 2009 - During the first quarter of 2009 world economic activity and global financial markets have shown an irregular performance. Decisive policy initiatives - on the fiscal, monetary and international cooperation fronts - have contributed to ease somewhat the high risk aversion sentiment that prevailed in the final months of 2008. The effectiveness of such measures in promoting a stronger private demand depends on the economic agents' confidence in a credible medium term framework.

The economic outlook remains dismal, as developed countries continue undergoing a severe downturn and the developing countries contribution to world growth is becoming more modest. The current expectation for the economic recovery to gain traction as we move into 2010 is mainly based on the assumption that the current policy stimulus will start having tangible effects on the underlying economic activity sometime in the second half of the year. The most recent data, namely from supply side figures, suggest that the pace of economic contraction eased. However, prospects for private demand remain highly uncertain, thus pressuring for the pursuit of public policy initiatives. Therefore, the importance of the public sector in the economy continues to increase. The stimulus packages that have been put forward, on average, amount to between 3% and 4% of GDP for the developed countries, though they involve different regional approaches.

The developments in the domestic economies have been broadly similar to the global trends, portraying a significant retrenchment in the economic activity over the past 6 months. Though, in relative terms, actual data continues to point to a slight economic outperformance of Poland, Greece and Romania vis-à-vis the euro average, the economic outlook remains uncertain. In Portugal, economic activity has weakened noticeably in the first quarter, particularly within the services sector, with negative implications for employment. Price pressures remain absent. Negative yearly inflation rates are likely to occur over the next months. Growth rates for Angola and Mozambique have been adjusted downwards, the more so in the former

country, due to its bigger dependence on oil production and revenue, leading to a change in the exchange rate level.

RESULTS

It was in this context that Millennium bcp's operating results improved considerably, reinforcing own funds and simultaneously loans to customers, which led to a significant growth in consolidated net income.

Consolidated net income totalled Euro 106.7 million in the first quarter of 2009, compared with Euro 14.7 million in the same period of 2008. Consolidated net income in the first quarter of 2009 includes the gain from the entry of new shareholders in Banco Millennium Angola's share capital, amounting to Euro 21.2 million. Consolidated net income in the first quarter of 2008 includes the accounting of specific items, net of taxes, related with impairment losses determined by the devaluation of Banco BPI shares, in the amount of Euro 131.2 million, and with the reduction of the variable remuneration already accrued in 2007, in the amount of Euro 13.2 million.

Net interest income stood at Euro 373.8 million in the first quarter of 2009, compared with Euro 412.2 million in the first quarter of 2008, mostly influenced by the unfavourable rate effect, despite the positive volume effect led by the growth of business volumes both in deposits and in loans to customers. Net interest income remained stable in Portugal.

BALANCE SHEET

Total assets reached Euro 93,085 million as at 31 March 2009, showing an increase of 5.9% from Euro 87,885 million booked on the same date in 2008.

Customer funds on the balance sheet increased 9.4% to Euro 49,935 million and customer deposits grew 11.6% to Euro 43,427 million. In Portugal, customer funds on the balance sheet grew 8.4% to Euro 37,845 million.

Improvement in own funds and in loans to customers.

Consolidated net income up 625% to €106.7 M.

Total assets reached € 93,085 M up 5.9% from the first quarter of 2008.

Customer funds on the balance sheet increased 9.4%.

**Loans to customers up
8.2% to € 74,797 M.**

**Mortgage loans up 5.1% in
Portugal.**

**Loans to customers up
15.5% in the international
activity.**

Loans to customers, excluding loans represented by securities transferred from financial assets available for sale, reached Euro 74,797 million as at 31 March 2009, up 8.2% from Euro 69,120 million accounted on the same date in 2008. The performance of loans to customers was driven by the growth in loans to companies and in loans to individuals, both rising 8.2%.

In Portugal, loans to customers increased by 6.6%, reflecting the growth of 7.7% in loans to companies and of 5.0% in loans to individuals, mainly due to the increase in mortgage loans (+5.1%). In the international activity, loans to customers grew by 15.5%, supported by the increase in loans to individuals (+17.8%), in particular mortgage loans, and in loans to companies (+11.9%). In the international activity, loans to customers reflect essentially the performance in Poland and Greece, and also, to a lesser extent, the performance in Romania, Mozambique and Angola. The structure of the loan portfolio remained stable and well balanced, between 31 March 2008 and 31 March 2009, with loans to individuals and loans to companies representing 45% and 55% of total loans, respectively, excluding loans represented by securities transferred from financial assets available for sale.

Financial Highlights

<i>Euro million</i>	31 Mar. 09	31 Mar. 08	Change 09 / 08
Balance sheet			
Total assets	93,085	87,885	5.9%
Loans to customers - gross ⁽¹⁾	74,797	69,120	8.2%
Loans to customers (net) ⁽¹⁾	72,917	67,885	7.4%
Total customer funds ⁽²⁾	64,169	63,098	1.7%
Balance sheet customer funds	49,935	45,656	9.4%
Results			
Net interest income	373.8	412.2	-9.3%
Net operating revenues ⁽³⁾	739.5	517.3	42.9%
Operating costs ⁽⁴⁾	400.7	385.5	3.9%
Loan impairment charges	168.0	83.2	101.9%
Loan recoveries	7.9	13.4	-41.5%
Income taxes	28.9	27.8	3.9%
Minority interests	6.3	16.7	-62.1%
Net income excluding specific items ⁽⁵⁾	85.5	132.7	-35.6%
Net income	106.7	14.7	625.2%
Profitability			
Net operating revenues / Average net assets ⁽⁶⁾	3.2%	2.3%	
Return on average assets (ROA) ⁽⁷⁾	0.3%	0.5%	
Income before taxes and minority interests / Average net assets ⁽⁶⁾	0.6%	0.3%	
Return on average equity (ROE) ⁽⁷⁾	6.1%	13.7%	
Income before taxes and minority interests / Average equity ⁽⁶⁾	11.1%	6.2%	
Credit Quality			
Overdue loans according to Bank of Portugal / Total loans ⁽¹⁾⁽⁶⁾	2.1%	1.1%	
Overdue loans according to Bank of Portugal, net/ Total loans, net ⁽¹⁾⁽⁶⁾	-0.4%	-0.7%	
Impairment for loan losses / Overdue loans by more than 90 days ⁽¹⁾	160.9%	238.1%	
Impairment for loan losses / Overdue loans ⁽¹⁾	132.3%	197.6%	
Efficiency ratios			
Operating costs / Net operating revenues ⁽⁶⁾⁽⁷⁾	55.8%	60.3%	
Operating costs / Net operating revenues (Portugal) ⁽⁶⁾⁽⁷⁾	51.0%	57.6%	
Staff costs / Net operating revenues ⁽⁶⁾⁽⁷⁾	32.3%	34.4%	
Capital			
Total regulatory capital	6,577	5,828	
Risk weighted assets	66,184	65,299	
Tier I solvency ratio ⁽⁶⁾	6.8%	5.1%	
Total solvency ratio ⁽⁶⁾	9.9%	8.9%	
Branches			
Portugal activity	917	899	2.0%
Foreign activity	886	772	14.8%
Employees			
Portugal activity	10,602	10,849	-2.3%
Foreign activity	11,623	10,661	9.0%

(1) Excludes loans represented by securities transferred from financial assets available for sale.

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

(3) Net interest income, income from securities, net commissions, net trading income, equity accounted earnings, other net operating income (according to rule 16/2004 from the Bank of Portugal).

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

(5) Specific items in the first quarter of 2009 amounted to Euro 21.2 million and in the first quarter of 2008 to Euro -118.0 million (net of tax).

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

(7) Excludes the impact of specific items.

During the presentation of First Quarter earnings for 2009, the Chairman of Millennium bcp's Executive Board of Directors, Carlos Santos Ferreira, began by noting the net profit of Euro 106.7 million achieved in the period, stressing that *"it isn't the 625% increase in profits that deserves special mention. What is important above all is the fact that we are back on the profit-generating path, supported by the Bank's recurrent activity as reflected in the 7.4% rise in consolidated net operating revenues and the 16.0% rise in Portugal."*

The Chairman added that *"it was possible to manage the net interest income, which remained stable in Portugal while the decline in net interest income at international operations was mitigated by rigorous cost control."*

Commenting on the economic backdrop and the difficult moment being faced by the business sector, Carlos Santos Ferreira said that *"the Group saw an 8.2% rise in loans granted, underpinned by the growth in deposits, with a 9.4% rise in on-balance sheet customer funds."* As for overdue loans by more than 90 days, he said *"these represented 1.6% of the total loan portfolio, well within the range expected, and reasonable given the current economic environment."* He also noted that the *"coverage ratio for overdue loans by more than 90 days was 161%."*

Carlos Santos Ferreira stressed management's focus on *"the strategic priorities defined for 2009, based on 6 key areas of action: (1) rigorous and proactive risk management; (2) prudent and integrated management of liquidity and capital; (3) strengthening of the commitment to clients and the maximization of value and funds-taking; (4) the acceleration of cost reduction and organizational streamlining; (5) the adjustment of business models and the focus on materialising growth opportunities; and (6) talent management and mobilization of the employees."*

Commenting on some of the initiatives developed as part of these strategic priorities, he noted *"the positive development of the liquidity management plan, with the successful issue of Euro 1.5 billion in bonds at the start of the year, guaranteed by the Portuguese State, and the issue, in April, of Euro 1 billion in variable rate 5-year bonds without recourse to the State guarantee. Together with the securitisation operations that have been carried out, these have provided the Bank with comfortable liquidity levels."*

Because of their impact on prior results of the Bank, the Chairman mentioned the *"significant reduction of the Bank's exposure to the equity market by way of the sale of the stake it held in Banco BPI."*

He also stressed *"the initiatives the Bank has taken to strengthen its commitment to clients,"* mentioning the decision *"to open some branches on Saturdays and the series of Millennium Meetings held with clients in various major cities around the country."*

Regarding Angola, the Chairman reported that the Bank had completed *"the strategic partnership agreements with Sonangol and Banco Privado Atlântico (BPA), by way of a rights issue at Banco Millennium Angola (BMA), carried out in February. Because of that capital increase, Sonangol and BPA became relevant shareholders in BMA. Banco Millennium Angola will accelerate its business plan, and expects to significantly expand its branch network over the next three years."*

The Chairman concluded his comments by noting that the Bank *"is as prepared as possible for the challenges the financial system will face from this difficult economic context, and will seek to provide its clients - both individuals and companies - with the appropriate financial solutions so that they too can overcome the difficulties of the economic climate and achieve their goals for 2009."*

RESULTS

Millennium 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 of June 18th of the European Parliament and Council.

Millennium bcp's consolidated net income totalled Euro 106.7 million in the first quarter of 2009, compared with Euro 14.7 million in the same period of 2008. Consolidated net income in the first quarter of 2009 includes the gain from the entry of new shareholders in Banco Millennium Angola's share capital, amounting to Euro 21.2 million. Consolidated net income in the first quarter of 2008 includes the accounting of specific items, net of taxes, related with impairment losses determined by the devaluation of Banco BPI shares, in the amount of Euro 131.2 million, and with the reduction of the variable remuneration already accrued in 2007, in the amount of Euro 13.2 million. Excluding specific items, net income of the first quarter of 2009 stood at Euro 85.5 million, compared to Euro 132.7 million in the same period of 2008. This evolution was determined by the higher level of loan impairment charges (net of recoveries), due to the continued revaluation of financial collaterals and to the identification of signs of impairment in the loan portfolio, as well as by other provisions, notwithstanding the favourable performances registered in net operating revenues, supported by net trading income, and in operating costs, driven by stable staff costs and by the decrease in other operating costs and in depreciation. Return on equity (ROE) stood at 6.1% at the end of March 2009.

Net income in Portugal, excluding specific items, totalled Euro 80.8 million in the first quarter of 2009, compared with Euro 102.8 million in the same period of 2008. This evolution reflects the rise in loan impairment charges and provisions and higher operating costs, partially offset by the improvement of net operating revenues, driven by higher net trading income and commissions. Net income of the international activity was determined by the reduction in net operating revenues and by the increase in loan impairment charges, despite the reduction of operating costs. The performance in net income from the international activity was conditioned by the results of the Polish and Greek operations, notwithstanding the improvements posted in Mozambique and Angola.

Net interest income stood at Euro 373.8 million in the first quarter of 2009, compared with Euro 412.2 million in the first quarter of 2008, mostly influenced by the unfavourable rate effect, despite the positive volume effect led by the growth of business volumes both in deposits and in loans to customers. Net interest margin stood at 1.80% as at 31 March 2009, down from 2.05% as at 31 March 2008. The performance of net interest income was mainly determined by the international activity, in particular Poland, as a result of more narrow spreads in term deposits, influenced by the strong competition for the capture of customer funds, despite the fast repricing carried out by Bank Millennium following the reduction of the market interest rates in the beginning of the year. In Portugal, net interest income showed a slight decrease (-0.8%).

AVERAGE BALANCES

<i>Euro million</i>	31 Mar. 09		31 Mar. 08	
	Balance	Yield %	Balance	Yield %
Deposits in banks	4,123	5.68	7,823	5.63
Financial assets	4,018	6.08	5,407	5.43
Loans and advances to customers	74,991	5.24	66,269	6.25
Interest earning assets	83,132	5.30	79,499	6.13
Non interest earning assets	10,809		9,271	
	<u>93,941</u>		<u>88,770</u>	
Amounts owed to credit institutions	8,869	4.52	10,261	6.44
Amounts owed to customers	43,094	3.15	39,260	2.93
Debt securities	29,864	3.44	28,657	4.39
Subordinated debt	2,625	4.83	2,973	5.85
Interest bearing liabilities	84,452	3.45	81,151	4.00
Non interest bearing liabilities	3,262		2,788	
Shareholders' equity and minority interests	6,227		4,831	
	<u>93,941</u>		<u>88,770</u>	
Net interest margin ⁽¹⁾		1.80		2.05

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

Net commissions amounted to Euro 168.7 million in the first quarter of 2009, compared with Euro 173.8 million in the same quarter of 2008 (-2.9%). The evolution of net commissions was driven by the decrease in asset management and securities operations commissions (-37.1%), and, to a lesser extent, by the reduction in loan commissions (-1.3%). The performance of these commissions was partially offset by improvements in card commissions (+5.2%) and in other commissions (+25.9%), which include bancassurance fees previously booked under other net operating income. In the activity in Portugal, net commissions rose by 4.5% from the first quarter of 2008, reflecting, on one hand, the change in the accounting of the fees received from Millenniumbcp Fortis for the distribution of insurance products by the Bank's network, and, on the other hand, the decrease in asset management and securities operations commissions, conditioned by the instability of the financial markets. These reductions were partially offset by the increase in cards and credit commissions. In the international activity, net commissions were down by 19.0%, mainly influenced by the decrease in asset management and securities operations commissions. However, net commissions in the international activity benefited from the improvement in commissions from Mozambique and Angola.

Net trading income, which includes net gains arising from trading and hedging activities and net gains arising from available for sale financial assets, totalled Euro 149.8 million in the first quarter of 2009, up from Euro 114.9 million in the same quarter of 2008. Net trading income included, in the first quarter of 2008, losses of Euro 151.3 million related to the shareholding in Banco BPI, which has since been sold. Excluding this impact, net trading income increased by Euro 113.3 million, benefiting from results both in Portugal and in the international activity. The favourable performance of net trading income was influenced by the decline in interest rates and by the rise of credit spreads, reflected in results from hedging instruments and derivatives, on one hand, and in trading derivatives, on the other.

Other net operating income, which includes other operating income, other net income from non banking activities and gains from the sale of subsidiaries and other assets, amounted to Euro 35.1 million in the first

quarter of 2009, compared to Euro 30.3 million in the same quarter of 2008. Other net operating income includes, in the first quarter of 2009, the amount of Euro 21.2 million related to the gain from the dispersal of 49.9% of Bank Millennium Angola' share capital. Excluding this impact, the evolution of other net operating income reflects the reduction in income - determined by the impact of the change in the accounting of bancassurance fees, which started to be registered under commissions in the second quarter of 2008 - which more than offset the reduction in costs.

Equity accounted earnings amounted to Euro 11.5 million in the first quarter of 2009, compared with Euro 14.3 million in the same period of 2008, mainly determined by the appropriation of earnings from the 49% shareholding in the insurance company Millenniumbcp Fortis.

OTHER NET INCOME

<i>Euro million</i>	1Q 09	1Q 08	Change 09/08
Net commissions			
Cards	44.8	42.6	5.2%
Asset management and securities	31.2	49.7	-37.1%
Credit operations	36.1	36.6	-1.3%
Other	56.6	44.9	25.9%
	<u>168.7</u>	<u>173.8</u>	-2.9%
Net trading income ⁽¹⁾	149.8	(114.9)	
Other net operating income ⁽²⁾	35.1	30.3	16.0%
Dividends from equity instruments	0.6	1.7	-64.4%
Equity accounted earnings	11.5	14.3	-19.4%
Total other net income	<u>365.7</u>	<u>105.2</u>	247.9%
Other income / Net operating revenues ⁽³⁾	49.5%	20.3%	

(1) Includes in the first quarter of 2008 the impairment losses related to the shareholding in Banco BPI in the amount of Euro 151.3 million.

(2) Includes in the first quarter of 2009 the gain related with the dispersal of 49.9% of Banco Millennium Angola' share capital, amounting to Euro 21.2 million.

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

Operating costs, which include staff costs, other administrative costs and depreciation, stood at Euro 400.7 million in the first quarter of 2009, compared to Euro 385.5 million booked in the first quarter of 2008. Operating costs, in the first quarter of 2008, included the Euro 18.0 million reduction in variable remuneration accrued in 2007, and, in the first quarter of 2009, the increase in pension costs, in the amount of Euro 16.3 million. Excluding these impacts, operating costs dropped by 4.7%. Operating costs in the activity in Portugal, excluding the impacts previously mentioned, decreased by 3.4%, supported by the reductions in staff costs, other administrative costs and depreciation. In the international activity, it is worth mentioning the decrease of 7.2% in operating costs driven by the reduction in staff costs, which more than offset the increases in other administrative costs and in depreciation. The consolidated cost to income ratio, on a comparable basis, improved by 4.5 p.p., from 60.3% in the first quarter of 2008 to 55.8% in the first quarter of 2009. The cost to income of the activity in Portugal also improved from 57.6% to 51.0%, in the same period, achieving an efficiency gain of 6.6 p.p.

Staff costs amounted to Euro 231.9 million in the first quarter of 2009, compared to Euro 212.3 million in the first quarter of 2008. Staff costs include in the first quarter of 2008 the Euro 18.0 million reduction in variable remuneration accrued in 2007. Excluding this impact staff costs remained at the same level of the previous year (+0.7%). Staff costs in Portugal reflect the impact of the increase in pension costs, in the amount of Euro 16.3 million. Excluding this effect, staff costs in Portugal fell by 1.0%. In the international activity, staff costs dropped 17.5%, benefiting from the activity in Poland.

Other administrative costs totalled Euro 142.6 million in the first quarter of 2009, down 2.9% from Euro 146.9 million registered in the first quarter of 2008. The decrease of other administrative costs was supported by the reductions in most items, in particular the savings on legal fees, specialised services, advertising, travel and communications, despite the increase in costs for rents and transportation of values. Other administrative costs were favourably influenced by the decrease of costs in Portugal (-6.6%), which more than offset the rise in the international activity (+3.3%). The performance of the international activity was driven by the expansion effort in some international operations, namely Romania, Mozambique and Angola, partly offset by the reduction in Poland, which showed decreases in advertising, maintenance and rents.

Depreciation costs amounted to Euro 26.2 million in the first quarter of 2009, remaining stable when compared with the same period of the previous year (-0.7%). This evolution was led by the reduction in Portugal, which more than offset the increase of depreciation costs in the international activity. The decrease of depreciation costs in Portugal reflects the reduction of depreciation in buildings, determined by the end of the period of depreciation of investments.

OPERATING COSTS

<i>Euro million</i>	1Q 09	1Q 08	Change 09/08
Staff costs ⁽¹⁾	231.9	212.3	9.3%
Other administrative costs	142.6	146.9	-2.9%
Depreciation	26.2	26.3	-0.7%
	<u>400.7</u>	<u>385.5</u>	3.9%
Of which:			
Portugal activity	271.9	246.7	10.2%
Foreign activity	128.8	138.8	-7.2%
Operating costs / Net operating revenues ^{(2) (3)}	51.0%	57.6%	

(1) Includes in the first quarter of 2008 the Euro 18.0 million reduction in the variable remuneration already accrued in 2007.

(2) Activity in Portugal. Calculated according to rule 16/2004 from the Bank of Portugal.

(3) Excludes the impact of specific items.

Impairment for loan losses (net of recoveries) stood at Euro 160.1 million in the first quarter of 2009, compared with Euro 69.8 million in the same period of 2008. The performance of impairment for loan losses (net of recoveries) was mainly determined by impairment charges in Portugal and in the international activity, as well as by the smaller amount of loan recoveries compared with the first quarter of 2008. The reinforcement of impairment charges aims to cover impairment signs in the loan portfolio, including the impact of the devaluation of financial collaterals, because of the persistent instability of the financial markets. The cost of risk, measured by the ratio of impairment charges (net of recoveries) in the loan portfolio, excluding loans represented by securities transferred from financial assets available for sale, stood at 86 b.p. (down from 111 b.p. in the fourth quarter of 2008).

Other provisions, which include other assets impairment and other provisions, totalled Euro 36.8 million in the first quarter of 2009, compared to Euro 2.9 million in the same period of 2008. The amount of other provisions in the first three months of 2009 includes provisions for assets received as payment in kind, which, subsequent to a regular process of revaluation, posted reductions from market valuations, as well as the reinforcement of provisions for several contingencies.

BALANCE SHEET

Total assets reached Euro 93,085 million as at 31 March 2009, showing an increase of 5.9% from Euro 87,885 million booked on the same date in 2008.

Loans to customers, excluding loans represented by securities transferred from financial assets available for sale, reached Euro 74,797 million as at 31 March 2009, up 8.2% from Euro 69,120 million accounted on the same date in 2008. The performance of loans to customers was driven by the growth in loans to companies and in loans to individuals, both rising 8.2%.

Until 31 December 2008, and according to the accounting procedures of the Group, fully provisioned overdue loans were written off from assets when impairment losses achieved 100%. In the first quarter of 2009, subsequent to the Circular Letter 15/2009 from the Bank of Portugal, the Bank started to write off from assets only fully provisioned overdue loans that after an economic analysis are considered uncollectible and without possibility of recovery. The implementation of this requirement had an impact of Euro 241 million in the amount of overdue loans accounted in the Balance sheet. Excluding the impact of this change in overdue loans, loans to customers grew by 7.8%.

In Portugal, loans to customers increased by 6.6%, reflecting the growth of 7.7% in loans to companies and of 5.0% in loans to individuals, mainly due to the increase in mortgage loans (+5.1%). In the international activity, loans to customers grew by 15.5%, supported by the increase in loans to individuals (+17.8%), in particular mortgage loans, and in loans to companies (+11.9%). In the international activity, loans to customers reflect essentially the performance in Poland and Greece, and also, to a lesser extent, the performance in Romania, Mozambique and Angola. The structure of the loan portfolio remained stable and well balanced, between 31 March 2008 and 31 March 2009, with loans to individuals and loans to companies representing 45% and 55% of total loans, respectively, excluding loans represented by securities transferred from financial assets available for sale.

LOANS TO CUSTOMERS ⁽¹⁾

<i>Euro million</i>	31 Mar. 09	31 Mar. 08	Change 09 / 08
Individuals			
Mortgage loans	28,643	26,266	9.1%
Consumer loans	4,984	4,810	3.6%
	<u>33,627</u>	<u>31,076</u>	8.2%
Companies			
Services	14,384	12,198	17.9%
Commerce	5,104	5,300	-3.7%
Other	21,682	20,546	5.5%
	<u>41,170</u>	<u>38,044</u>	8.2%
Total	<u>74,797</u>	<u>69,120</u>	8.2%
Of which:			
Portugal activity	60,157	56,443	6.6%
Foreign activity	14,640	12,677	15.5%

(1) Excludes loans represented by securities transferred from financial assets available for sale.

Credit quality, evaluated by the non-performing loans indicators, showed an unfavourable evolution compared to 31 March 2008. Overdue loans by more than 90 days as a percentage of total loans, excluding loans represented by securities transferred from financial assets available for sale, stood at 1.6% as at 31 March 2009. This performance includes the impact of the change in the accounting of fully provisioned overdue loans that showed some probability of recovery, as previously explained. The coverage ratio of overdue loans by more than 90 days stood at 160.9% as at 31 March 2009.

OVERDUE LOANS BY MORE THAN 90 DAYS AND IMPAIRMENTS AT 31 MARCH 2009 ⁽¹⁾

<i>Euro million</i>	Overdue loans by more than 90 days	Impairment for loan losses	Overdue loans more than 90 days / Total loans	Coverage ratio
Individuals				
Mortgage loans	136	176	0.5%	128.8%
Consumer loans	219	258	4.4%	117.8%
	<u>355</u>	<u>434</u>	1.1%	122.0%
Companies				
Services	229	419	1.6%	183.3%
Commerce	195	234	3.8%	119.9%
Other	390	793	1.8%	203.7%
	<u>814</u>	<u>1,446</u>	2.0%	177.8%
Total	<u>1,169</u>	<u>1,880</u>	1.6%	160.9%

(1) Excludes loans represented by securities transferred from financial assets available for sale

Total customer funds reached Euro 64,169 million as at 31 March 2009, up 1.7% from Euro 63,098 million on the same date in 2008. The evolution of customer funds was driven by the performance in balance sheet customer funds (+9.4%), in particular by the growth of 11.6% in deposits, which more than offset the decline in off balance sheet customer funds (-18.4%), mainly determined by assets under management, influenced by the impact of the markets, both through the devaluation of securities and through the increased supply and demand for traditional products of lower risk. The growth of total customer funds was driven by the increase of 1.4% in Portugal, led by the rise of 11.4% in deposits, and by the increase of 3.0% in the international activity, also led by deposits, in particular in Poland, Greece, Angola and Mozambique.

TOTAL CUSTOMER FUNDS

<i>Euro million</i>	31 Mar. 09	31 Mar. 08	Change 09 / 08
Balance sheet customer funds			
Deposits	43,427	38,917	11.6%
Debt securities	6,508	6,739	-3.4%
	<u>49,935</u>	<u>45,656</u>	9.4%
Off-balance sheet customer funds			
Assets under management	4,415	7,518	-41.3%
Capitalisation insurance	9,819	9,924	-1.1%
	<u>14,234</u>	<u>17,442</u>	-18.4%
Total	<u>64,169</u>	<u>63,098</u>	1.7%
Of which:			
Portugal activity	51,221	50,528	1.4%
Foreign activity	12,948	12,570	3.0%

Concerning the Group's **liquidity management**, given the especially unfavourable environment, which affected access to the money and inter-bank markets, the increase by 11.6% in customer deposits, from March 2008, was particularly important as a funding instrument and also to support the loan granting business. In addition the rights and debt issues performed by the Group within the last year provide comfortable liquidity levels. In the first quarter of 2009, the Bank placed a 3-year fixed rate debt issue (Euro Fixed Rate Notes), guaranteed by the Portuguese Republic, in the amount of Euro 1.5 billion. The amount that can still be used by the Group with the guarantee of the Portuguese Republic is estimated to be about Euro 3.5 billion.

In April 2009, the Bank successfully launched a 5-year variable rate debt issue, without the State guarantee, in the amount of Euro 1.0 billion. The amount of assets considered highly liquid and eligible as collateral in discount operations with the European Central Bank reached Euro 7.0 billion.

CAPITAL

The capital ratios of the Group as at 31 March 2009 were determined in accordance with the Basel II framework, with the calculation of capital requirements following the standard approach in respect to credit risk and, subsequent to the authorization from the Bank of Portugal, the standard approach for the operational risk (the basic indicator approach was used previously).

Consolidated solvency ratio as at 31 March 2009 stood at 9.9% and the Tier I ratio at 6.8%. The Core Tier I stood at 5.5% compared to 5.8% as at 31 December 2008.

The evolution of the Core Tier I from 31 December 2008 was unfavourably influenced (i) by the devaluation of the investment in Eureko (-27 b.p.); (ii) by negative foreign exchange differences, mainly in Poland and Mozambique, with impact on both equity and minority interests (-11 b.p.); (iii) by the impact of the deferred transition adjustments to IFRS from the mortality table in 2005 and from the actuarial losses recorded in 2008 (-7 b.p.); and (iv) by the increase in treasury shares in the amount of Euro 20 million (-3 b.p.) and by the reinforcement of regulatory provisioning in the amount of Euro 20 million (-3 b.p.).

Conversely, compared to 31 December 2008, the Core Tier I benefited from the sale of part of Banco Millennium Angola' share capital, reflected both in minority interests and in results (+12 b.p.), as well as from the positive impact of internal capital generation in the first quarter of 2009 (+5 b.p.) - including the regulatory adjustments related to the increase of Millennium bcp's own credit risk recorded in trading liabilities at fair value.

The evolution of the Core Tier I between 31 December 2008 and 31 March 2009 also benefited from the decrease in risk weighted assets, in the amount of Euro 1,242 million, of which Euro 838 million from the change on the method of calculating capital requirements to operational risk, namely the adoption of the standard approach, which had an impact of +7 b.p. on the Core Tier I ratio.

In the scope of Basel II "approval pack" filed with the Bank of Portugal, regarding the use of advanced methods for the calculation of capital requirements, namely the internal ratings based approach for credit risk in Portugal and for the retail exposures in Poland, it is estimated that its implementation will have a favourable impact in the Group's capital requirements, in particular, as at 31 March 2009, the solvency ratio would reach 11.2% and the Tier I ratio 7.9%. In a more conservative approach, considering an LGD (Loss Given Default) of 45% for corporate exposures in Portugal, those ratios would reach 10.4% and 7.4%, respectively.

SOLVENCY

<i>Euro million</i>	31 Mar. 09	31 Dec.08
Own Funds		
Tier I Capital	4,471	4,780
of which: Preference shares	906	955
Deductions on shareholdings ⁽¹⁾	(63)	(60)
Tier II Capital	2,194	2,358
Deductions to Total Regulatory Capital	(88)	(81)
Total Regulatory Capital	6,577	7,057
Risk Weighted Assets	66,184	67,426
Solvency Ratios		
Core Tier I	5.5%	5.8%
Tier I	6.8%	7.1%
Tier II	3.2%	3.4%
Total	9.9%	10.5%

(1) Includes, in particular, the deductions related to the shareholdings in Millenniumbcp Fortis and Banque BCP (France and Luxembourg).

SEGMENTAL REPORTING

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

SEGMENTS DESCRIPTION

Commercial Banking is the core business in the Group's activity, both in terms of volume and contribution to results. The Commercial Banking activity includes Millennium bcp's network in Portugal, operating as a distribution channel targeting the segments of Retail Banking and Corporate and Companies, focusing the activity on satisfying customers' financial needs, both for individuals and companies. Commercial Banking also includes the Foreign Business segment, operating through several banking operations in markets with affinity to Portugal and in markets of recognised growth potential, in Europe and in other regions.

The strategic approach of Retail Banking in Portugal is to target "Mass market" customers, who appreciate a value proposition based on innovation and speed, as well as Affluent and Small businesses customers, whose specific characteristics, financial assets or income imply a value proposition based on innovation and personalisation, requiring a dedicated Account Manager. Retail Banking also includes ActivoBank7, a universal bank, focusing on brokerage and on the selection and advisory of long-term investment products. Within the scope of the cross-selling strategy, Retail Banking also acts as a distribution channel for financial products and services of the Millennium bcp business as a whole.

The Corporate and Companies segment includes: (i) the Corporate network in Portugal, targeting corporate and institutional customers with an annual turnover in excess of Euro 100 million, providing a complete range of value added products and services; (ii) the 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 offering a wide range of traditional banking products complemented by specialised financing; and (iii) the activity of the Bank's International Division.

The Investment Banking business is undertaken essentially by Millennium investment banking, a company specialised in capital markets, providing strategic and financial advisory, specialised financial service - Project finance, Corporate finance, Securities brokerage and Equity research - as well as 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 subsidiary companies specialised in the asset management business.

The Foreign Business comprises the operations outside Portugal, namely in Poland, Greece, Turkey, Romania, Mozambique, Angola and United States. The Group is represented by a universal bank in Poland and by an operation based on the innovation of products and services in Greece. The activity in Turkey is performed through an operation focused on financial advising, and in Romania, it is represented through a greenfield operation, focused on the Mass market and Businesses, Companies and Affluent segments. All the above operations develop their activities under the Millennium brand. The Group is represented in Mozambique by Millennium bim, a universal bank targeting both companies and individual customers, in Angola by Millennium Angola, a bank focused on individuals and public and private sector companies and institutions, and in the United States by Millennium bcpbank, a local bank that serves the local population, in particular the Portuguese community.

BUSINESS SEGMENT ACTIVITY

The figures reported for each business segment result from aggregating the subsidiaries and business units integrated in each segment, including the impact from capital allocation and balancing process of each entity's level, both at balance sheet and income statement, based on average figures. Balance sheet headings for each subsidiary and business unit are re-calculated, given the replacement of their original own funds by the outcome of the capital allocation process, according to regulatory solvency criteria. As the process of capital allocation follows the regulatory criteria of solvency in place, the risk weighted assets and, consequently, the business segments' capital allocation, were determined in accordance with the Basel II framework. In 2009 the riskweighted assets were influenced by the calculation of capital requirements following the standard approach for operational risk, in accordance with the approval from the Bank of Portugal (these were previously calculated using the basic indicator approach). Each operation is balanced through internal transfers of funds, with no impact on consolidated accounts.

Each segment's net contribution reflects the individual results achieved by its business units, independent of the percentage held by the Group. The following information is based on financial statements prepared according to IFRS and on the organisational model in place in the Group.

Retail Banking in Portugal

The net contribution of Retail Banking in Portugal stood at Euro 48.5 million in the first quarter of 2009, compared with Euro 84.8 million in the same period of 2008. This evolution reflects the drop in net interest income, in particular in repayable-on-demand deposits, and the increasing weight of term deposits compared to deposits repayable on demand, despite the increase in credit spreads, following the efforts in the repricing of credit operations. The net contribution was also influenced by the growth in operating costs, driven by the opening of new branches and by the higher charges for impairment and provisions, due to the coverage of impairment indicators in loans portfolio and to the devaluation of financial collaterals.

The strategy to further increase the number of customers and customer funds led to an increase of 3.4% in customer deposits, which did not offset the 54.6% reduction in assets under management, leading to a drop of 1.0% in total customer funds to Euro 33,878 million as at 31 March 2009, from Euro 34,237 million as at 31 March 2008.

Loans to customers were up by 2.7%, to Euro 35,020 million as at 31 March 2009, from Euro 34,099 million on the same date in 2008, supported by the rise in mortgage loans, despite the slow down in the growth rate.

The cross-selling levels in the Retail Banking network in Portugal showed a favourable evolution from 4.03 products per customer at the end of March 2008 to 4.13 products per customer at the end of March 2009.

<i>Euro million</i>	<u>31 Mar.08</u>	<u>31 Mar.07</u>	<u>Change 09 / 08</u>
Profit and loss account			
Net interest income	204.2	242.7	-15.9%
Other net income	100.9	95.8	5.4%
	305.1	338.5	-9.8%
Operating costs	186.0	181.2	2.7%
Impairment and provisions	53.2	41.9	27.1%
Contribution before income taxes	65.9	115.4	-42.9%
Income taxes	17.4	30.6	-43.0%
Net contribution	<u>48.5</u>	<u>84.8</u>	-42.9%
Summary of indicators			
Allocated capital	1,060	1,061	-0.1%
Return on allocated capital	18.5%	32.2%	
Risk weighted assets	21,205	21,352	-0.7%
Cost to income ratio	61.0%	53.5%	
Loans to customers	35,020	34,099	2.7%
Total customer funds	33,878	34,237	-1.0%

Corporate and Companies

The Corporate and Companies segment showed a net contribution of Euro 19.7 million in the first quarter of 2009, from Euro 56.3 million in the same period of 2008. Despite the positive evolution in net interest income, the performance of this business segment was influenced by the higher charges for impairment and provisions, as a result of the increase of impairment indicators in the loans' portfolio, together with the devaluation of financial collaterals, following the decline in capital markets.

The increase in net interest income was driven, on one hand, by the rise in business volumes, in both loans to customers and customer deposits and, on the other hand, by the discipline in the repricing policy and in risk management, aiming to optimise the use of capital that led to an improvement in the margin rate for credit operations, which more than offset the decrease in net interest income due to the reduction in the customer funds rate margin, in particular in repayable on demand deposits. Operating costs also contributed positively, decreasing from the same period of 2008 and showing sustained reductions.

Total customer funds grew 26.6% and reached Euro 13,648 million as at 31 March 2009, from Euro 10,778 million as at 31 March 2008. The increase in customer funds, despite the intense competition in this business segment, was sustained by the rise in customer deposits (36,7%), assets under management and debt securities, despite the decrease in capitalisation insurance.

Loans to customers stood at Euro 23,218 million at the end of March 2009, up 5.2% from Euro 22,074 million posted on the same date of 2008. The favourable evolution in loans to customers occurred in a context of increasing restrictions on the access to funding sources and of a more selective credit approval policy, which resulted in additional pricing discipline. The growth in property leasing and guaranteed loans should be highlighted.

<i>Euro million</i>	31 Mar.09	31 Mar.08	Change 09 / 08
Profit and loss account			
Net interest income	99.7	84.1	18.6%
Other net income	31.7	32.7	-3.0%
	131.4	116.8	12.5%
Operating costs	24.4	27.1	-10.2%
Impairment and provisions	80.3	13.0	--
Contribution before income taxes	26.8	76.6	-65.1%
Income taxes	7.1	20.3	-65.1%
Net contribution	19.7	56.3	-65.1%
Summary of indicators			
Allocated capital	1,211	1,228	-1.4%
Return on allocated capital	6.6%	18.4%	
Risk weighted assets	24,215	24,560	-1.4%
Cost to income ratio	18.5%	23.2%	
Loans to customers ⁽¹⁾	23,218	22,074	5.2%
Total customer funds	13,648	10,778	26.6%

(1) Includes commercial paper.

Investment Banking

The net contribution of Investment Banking totalled Euro 16.7 million in the first quarter of 2009, up from Euro 12.9 million in the same period of 2008. This performance reflects mainly: the increase in net interest income, determined by the interest rate effect, associated to the gradual amortisation of bonds that were not replaced, and by the volume effect, as a result of the growth in the available for sale portfolio; the rise in net trading income, sustained by higher results from foreign exchange operations, by the revaluation of securities and derivative instruments and also by the adjustment in the value of financial liabilities related to hedging operations; and the increase in net commissions, driven by the growth in commissions from international syndicated operations, from structured products and from the structuring of securitisations operations, which more than offset the decrease in commissions related to unit linked products and brokerage operations.

Loans to customers were up by 19.0% between the end of March 2008 and end of March 2009, supported by the involvement of Millennium investment banking in major project finance and structured finance operations, in the framework of structural investment projects, in particular in the energy sector.

<i>Euro million</i>	31 Mar.09	31 Mar.08	Change 09 / 08
Profit and loss account			
Net interest income	8.7	2.0	--
Other net income	25.5	26.4	-3.6%
	34.1	28.4	20.3%
Operating costs	11.1	13.5	-18.3%
Impairment and provisions	0.0	(2.7)	--
Contribution before income taxes	23.0	17.5	31.7%
Income taxes	6.4	4.6	38.2%
Net contribution	16.7	12.9	29.4%
Summary of indicators			
Allocated capital	111	106	5.1%
Return on allocated capital	60.8%	49.0%	
Risk weighted assets	2,226	2,394	-7.0%
Cost to income ratio	32.4%	47.7%	
Loans to customers	1,122	943	19.0%

Private Banking and Asset Management

The Private Banking and Asset Management segment registered a negative net contribution of Euro 1.8 million in the first quarter of 2009, from a positive net contribution of Euro 6.9 million in the same period of 2008. This evolution resulted from the reinforcement of impairment and provisions charges, related to the devaluation of financial collaterals, influenced by the falling capital markets. Additionally, the net contribution was influenced by the lower level of commissions, hindered by the unfavourable volume effect related to commissions from asset management and from investment funds and by lower trading commissions (securities operations, brokerage and structured products).

Net interest income showed an increase from the same period of 2008, determined by the growth in loans to customers and in the respective margin rate, driven by the repricing of operations.

Term deposits in the Private Banking network in Portugal grew by 45.5% from 31 March 2008. This increase did not offset the evolution in assets under management, which amounted to Euro 9,925 million as at 31 March 2009, a 26.0% decline from the same date of 2008, as a result of the adverse performance of capital markets, mostly determined by the unfavourable performance in unit trust funds and in structured products.

Loans to customers reached to Euro 3,671 million as at 31 March 2009, an increase of 7.6% from Euro 3,412 million as at 31 March 2008, supported by the performance achieved by the Private Banking network in Portugal, which grew 26.6%, boosted by the efforts to expand the business base.

<i>Euro million</i>	31 Mar. 09	31 Mar. 08	Change 09 / 08
Profit and loss account			
Net interest income	18.0	14.0	28.3%
Other net income	8.1	14.7	-45.2%
	26.1	28.7	-9.4%
Operating costs	13.4	13.9	-3.9%
Impairment and provisions	17.5	6.9	152.2%
Contribution before income taxes	(4.9)	7.9	--
Income taxes	(3.1)	0.9	--
Net contribution	(1.8)	6.9	--
Summary of indicators			
Allocated capital	123	112	10.0%
Return on allocated capital	-5.9%	24.8%	
Risk weighted assets	2,467	2,278	8.3%
Cost to income ratio	51.4%	48.5%	
Loans to customers	3,671	3,412	7.6%
Assets under management	9,925	13,419	-26.0%

Foreign Business

In the Foreign Business segment, the net contribution declined 81.5% to Euro 7.4 million in the first quarter of 2009, from Euro 40.3 million in the same period of 2008. This evolution reflects the higher impairment charges, and the reduction in net interest income in most international operations, in particular in Poland.

The lower net interest income in Poland was determined mainly by the following factors: severe competition in the price of deposits, which led to a decrease to negative levels in margins of term deposits; increase in the cost of funding in foreign currencies; and the maintenance of an easing policy for reference interest rates from the Polish monetary authorities. The increase in net interest income in Angola and Mozambique was sustained by the growth in business volumes.

Operating costs showed a reduction, benefiting from lower staff costs and lower administrative costs in Poland and Turkey, which more than offset the increase in operating costs in Greece, Mozambique, Angola and Romania, related to the strategy of organic growth carried out in these international operations, materialised in the expansion of the distribution network, and consequently in the increase in the number of employees.

Loans to customers rose 15.2% to Euro 14,331 million as at 31 March 2009, benefiting from the performance of loans to individuals and loans to companies, boosted by the continuous launching of innovative products and services tailored to customers needs and risk profiles. This evolution reflects the growths achieved by all foreign operations, in particular Poland, Angola and Mozambique.

Total customer funds were up by 3.0% to Euro 12,948 million as at 31 March 2009, boosted by the increase in customer deposits (12.1%), in particular in Poland, Greece, Angola and Mozambique.

<i>Euro million</i>	31 Mar. 09	31 Mar. 08	Change 09 / 08
Profit and loss account			
Net interest income	80.8	114.0	-29.2%
Other net income	98.9	86.7	14.0%
	179.7	200.8	-10.5%
Operating costs	128.8	138.8	-7.2%
Impairment and provisions	43.1	11.2	--
Contribution before income taxes	7.7	50.7	-84.7%
Income taxes and minority interests	0.3	10.5	-97.1%
Net contribution	7.4	40.3	-81.5%
Summary of indicators			
Allocated capital	969	809	19.7%
Return on allocated capital	3.1%	20.0%	
Risk weighted assets	12,710	12,657	0.4%
Cost to income ratio	71.7%	69.1%	
Loans to customers	14,331	12,440	15.2%
Total customer funds	12,948	12,570	3.0%

SIGNIFICANT EVENTS

Millennium bcp laid the foundation to accelerate its business plan in Angola, based on the strategic partnership agreement established with Sonangol and Banco Privado Atlântico; in some business areas in Portugal the Bank adjusted business models to the new market environment; adjustment of the pricing to the cost of credit risk and of liquidity; promoted appropriate liquidity and capital management; as well as initiatives aimed to boost the customer base in all operations of the Group. Of particular note regarding Millennium bcp's activities in the first quarter of 2009 were:

- Completion of the financial transactions related to the strategic partnership agreement established with Sonangol and Banco Privado Atlântico (BPA), under which, through a rights issue by Banco Millennium Angola (BMA), Sonangol holds 29.9% of the share capital of BMA and BPA holds 20% of BMA, meanwhile, acquired a stake of 10% in the capital of BPA;
- Setting out new strategic priorities for 2009, with six priority action points: Proactive, rigorous risk management; Integrated and prudent liquidity and capital management; Deep commitment to customers and maximization of balance sheet customers' funds and value; Acceleration of cost reduction and organisational streamlining; Adjustment of business models and materialisation of growth opportunities; and Talent management and employees mobilisation;
- The Bank's Annual General Meeting took place on 30 March 2009. Shareholders approved the individual and consolidated annual report and accounts, and the proposed application of results for the financial year 2008. They also voted to eliminate the Senior Board and elected the Supervisory Board's members for the 2009/2010 term;
- The Bank issued Euro 1.5 billion in 3-year fixed rate bonds, guaranteed by the Portuguese Republic, under the Euro Medium Term Notes program;
- In April, a set of 28 Millennium bcp branches, located in urban centres and in the biggest shopping centres, started to open on Saturdays, with the aim of strengthening the relationship of proximity and trust with customers;
- Millennium investment banking organised several conferences aimed at sharing knowledge and experiences with customers and reflect on the equity market prospects for 2009;
- Millennium Meetings took place in Setúbal and Braga, design to strengthen Millennium bcp's commercial and institutional reputation;
- The Fitch Ratings agency affirmed Bank Millennium (Poland)'s long- and short-term credit rating of "A" and "F1", Individual "C/D" and Support "1", with a "stable" outlook;
- Millennium bcp was considered the best company in the banking sector in the study "Best Companies for Leaders Portugal", published by HayGroup, a management consultant;
- Millennium bcp was considered the favourite bank of foreign citizens residing in Portugal and of foreign companies operating in Portugal, according to a poll published by The Portugal News newspaper;
- Bank Millennium in Poland was considered a "Pearl of the Polish Economy" in the sixth edition of the ranking of the "Polish Entrepreneurs", prepared by the Polish Market Economic Magazine together with the Economics Institute of the Academy of Sciences;
- Millennium bim was awarded with the "Ernst & Young Entrepreneur of the Year" award, in the category "Multinational Enterprise Social Responsibility";
- Under the initiatives of sustainability and corporate social responsibility, Millennium bcp sponsored the "Creation of companies, entrepreneurship and innovation" awards; sponsored "The Lisbon MBA"; donated a collection of key documents to the Central Library of African Studies of the Instituto Superior de Ciências do Trabalho e da Empresa; organised a tree-planting initiative involving employees and families in partnership with environment groups Quercus and Cascais Natura; organised the Seminar on Banking and Financial Markets, for students; and became a partner of the Community of European Management Schools.

ECONOMIC ENVIRONMENT

During the first quarter of 2009 world economic activity and global financial markets have shown an irregular performance. Decisive policy initiatives - on the fiscal, monetary and international cooperation fronts - have contributed to ease somewhat the high risk aversion sentiment that prevailed in the final months of 2008. The effectiveness of such measures in promoting a stronger private demand depends on the economic agents' confidence in a credible medium term framework.

The economic outlook remains dismal, as developed countries continue undergoing a severe downturn and the developing countries contribution to world growth is becoming more modest. The current expectation for the economic recovery to gain traction as we move into 2010 is mainly based on the assumption that the current policy stimulus will start having tangible effects on the underlying economic activity sometime in the second half of the year. The most recent data, namely from supply side figures, suggest that the pace of economic contraction eased. However, prospects for private demand remain highly uncertain, thus pressuring for the pursuit of public policy initiatives. Therefore, the importance of the public sector in the economy continues to increase. The stimulus packages that have been put forward, on average, amount to between 3% and 4% of GDP for the developed countries, though they involve different regional approaches.

The financial markets remained volatile, even though market confidence slightly improved by the end of the quarter. The risk premia on some asset classes returned to close to the levels seen prior to the credit crunch that erupted in September last year. The major stock market indices have corrected from the current lows reached in the middle of the quarter. Having widened significantly at the beginning of the year, when investors had to deal with a significant amount of debt coming into markets, sovereign debt credit spreads have narrowed as well. The fears pertaining to the refinancing of maturing debt, in particular foreign currency denominated debt, fostered a high turbulence in Eastern European markets and led to significant weakening of Eastern European currencies. In the meantime, the joint strategies set out at European and World institutional meeting, in particular within the G20 framework, aim to provide the financial support to assist countries in need, make subsequent corrective moves possible.

Monetary policy remains broadly expansionary. As the marginal impact of lowering interest rates further became more constrained, the central banks have resorted more and more to non-conventional measures in order to keep the global interest rates at a low level and to contribute to the normalization of the credit cycle. The European Central Bank cut the main refinancing rate to 1.25% (to 1% already in May 2009). Consequently, the room for manoeuvre for additional cuts is becoming narrower. Such expectation has been influencing the behaviour of the main market indexers, supporting a softening in the past downtrend of the Euribor rates. In countries running autonomous monetary policies, the management of the interest rate has been subordinated to the prevailing market conditions.

The developments in the domestic economies have been broadly similar to the global trends, portraying a significant retrenchment in the economic activity over the past 6 months. Though, in relative terms, actual data continues to point to a slight economic outperformance of Poland, Greece and Romania vis-à-vis the euro average, the economic outlook remains uncertain. In Portugal, economic activity has weakened noticeably in the first quarter, particularly within the services sector, with negative implications for employment. Price pressures remain absent. Negative yearly inflation rates are likely to occur over the next months. Growth rates for Angola and Mozambique have been adjusted downwards, the more so in the former country, due to its bigger dependence on oil production and revenue, leading to a change in the exchange rate level.

The economic and financial environment remains challenging for banking activity in Europe, with flows of loans to the private sector remaining subdued along with some deterioration in asset quality. The sources for long term funding in international markets remain impaired keeping overall funding costs at high levels. Several financial institutions have been reinforcing their capital levels, either through retained earnings or share offerings that in some countries ended up with the state taking a controlling stake. The measures to alleviate the strains in financial markets have been tailored according to the underlying market conditions. Nevertheless, the liquidity conditions in the European money markets remain poor, with the bulk of transactions being executed on low volumes and of very short-term nature.

“Disclaimer”

This document may include certain sections or statements, in particular relating to the Banco Comercial Português (“BCP”) Group, that are neither reported financial results nor other historical information. These statements, which may include, without limitation, targets, forecasts, projections, statements regarding the possible development or possible assumed future results of operations and any statement preceded by, followed by or that includes the words “believes”, “expects”, “aims”, “intends”, “may”, “expect”, “estimate”, “project”, “anticipate”, “should”, “intend”, “plan”, “probability”, “risk”, “Value-at-Risk” (“VaR”), “target”, “goal”, “objective”, “will”, “endeavour”, “outlook”, “optimistic”, “prospects” or similar expressions or negatives or combinations thereof are or may constitute forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995, regulations and case law, or other applicable laws and regulations. By their nature, forward-looking statements are inherently predictive, speculative and are subject to risk and uncertainty. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by forward-looking statements. These factors include, but are not limited to, changes in economic condition in individual countries in which the BCP Group conducts its business and internationally, fiscal or other policies adopted by various governments and regulatory authorities of Portugal and other jurisdictions, levels of competition from other banks and financial services companies as well as movements in securities markets, currency exchange rates and interest rates, monetary policies, inability to hedge certain risks economically; the adequacy of loss reserves; acquisitions or restructurings; technological changes; changes in consumer spending and saving habits, changes in financial position or credit worthiness of our customers, obligors and counterparties, and the success of the Group in managing the risk involved in the foregoing.

BCP does not undertake to update or to release publicly any revision to any forward-looking statements included in this document, whether to reflect events, circumstances or unanticipated events occurring after the date hereof, or otherwise.

BANCO COMERCIAL PORTUGUÊS

Consolidated Income Statement
for the three months period ended 31 March, 2009 and 2008

	31 March 2009	31 March 2008
	(Thousands of Euros)	
Interest income	1,102,089	1,232,456
Interest expense	(728,280)	(820,235)
Net interest income	373,809	412,221
Dividends from equity instruments	600	1,686
Net fees and commission income	168,713	173,751
Net gains / losses arising from trading and hedging activities	136,711	38,193
Net gains / losses arising from available for sale financial assets	13,063	(153,051)
Other operating income	9,518	25,274
	702,414	498,074
Other net income from non banking activity	4,238	4,108
Total operating income	706,652	502,182
Staff costs	231,940	212,262
Other administrative costs	142,593	146,892
Depreciation	26,184	26,359
Operating costs	400,717	385,513
	305,935	116,669
Loans impairment	(160,083)	(69,756)
Other assets impairment	(16,634)	(11,666)
Other provisions	(20,212)	8,771
Operating profit	109,006	44,018
Share of profit of associates under the equity method	11,499	14,265
Gains from the sale of subsidiaries and other assets	21,366	899
Profit before income tax	141,871	59,182
Income tax		
Current	(37,062)	(29,534)
Deferred	8,196	1,753
Profit after income tax	113,005	31,401
Attributable to:		
Shareholders of the Bank	106,677	14,709
Minority interests	6,328	16,692
Profit for the period	113,005	31,401

BANCO COMERCIAL PORTUGUÊS

Consolidated Balance Sheet as at 31 March, 2009 and 2008 and 31 December, 2008

	31 March 2009	31 December 2008	31 March 2008
	(Thousands of Euros)		
Assets			
Cash and deposits at central banks	1,373,422	2,064,407	1,699,441
Loans and advances to credit institutions			
Repayable on demand	686,794	1,048,348	630,063
Other loans and advances	1,551,801	2,892,345	4,677,337
Loans and advances to customers	75,939,981	75,165,014	67,885,174
Financial assets held for trading	3,825,295	3,903,267	2,797,320
Financial assets available for sale	1,679,747	1,714,178	4,488,304
Assets with repurchase agreement	81,176	14,754	43,135
Hedging derivatives	233,327	117,305	169,749
Financial assets held to maturity	1,434,903	1,101,844	150
Investments in associated companies	348,561	343,934	319,461
Non current assets held for sale	41,138	19,558	26,122
Property and equipment	721,143	745,818	690,552
Goodwill and intangible assets	539,046	540,228	533,538
Current tax assets	22,976	18,127	21,848
Deferred tax assets	584,900	586,952	629,230
Other assets	4,020,607	4,147,645	3,273,350
	<u>93,084,817</u>	<u>94,423,724</u>	<u>87,884,774</u>
Liabilities			
Amounts owed to central banks	2,181,674	3,342,301	1,013,066
Amounts owed to others credit institutions	7,337,457	5,997,066	9,311,121
Amounts owed to customers	43,427,278	44,907,168	38,917,352
Debt securities	19,105,310	20,515,566	25,406,478
Financial liabilities held for trading	1,754,048	2,138,815	1,474,755
Other financial liabilities held for trading at fair value through results	8,392,124	6,714,323	2,124,477
Hedging derivatives	146,103	350,960	108,430
Provisions for liabilities and charges	238,745	221,836	233,233
Subordinated debt	2,538,537	2,598,660	2,921,679
Current income tax liabilities	3,109	4,826	34,014
Deferred income tax liabilities	371	336	518
Other liabilities	1,912,564	1,383,633	1,424,415
	<u>87,037,320</u>	<u>88,175,490</u>	<u>82,969,538</u>
Equity			
Share capital	4,694,600	4,694,600	3,611,330
Treasury stock	(83,986)	(58,631)	(55,887)
Share premium	183,368	183,368	881,707
Preference shares	1,000,000	1,000,000	1,000,000
Fair value reserves	26,629	214,593	207,447
Reserves and retained earnings	(214,426)	(274,622)	(1,040,727)
Profit for the period attributable to Shareholders	106,677	201,182	14,709
	<u>5,712,862</u>	<u>5,960,490</u>	<u>4,618,579</u>
Total Equity attributable to Shareholders of the Bank			
Minority interests	334,635	287,744	296,657
	<u>6,047,497</u>	<u>6,248,234</u>	<u>4,915,236</u>
Total Equity	<u>93,084,817</u>	<u>94,423,724</u>	<u>87,884,774</u>