

11 November 2009

Millennium bcp earnings release as at 30 September 2009

- Consolidated net income of Euro 178.1 million in the first nine months of 2009
- Reinforcement of Tier I ratio to 8.9%

HIGHLIGHTS

- Consolidated net income of Euro 178.1 million in the first nine months of 2009, up by 25.3% from the same period of 2008;
- Tier I up to 8.9%, Core Tier I stood at 6.2%, and the solvency ratio reached 11.2%;
- Customer deposits grew 2.8%. In Portugal deposits increased 6.3%;
- Loans to customers, excluding loans represented by securities, rose 2.0% to Euro 74,215 million. Loans in Portugal rose 2.1% while in international activity loans grew 1.8%;
- Net operating revenues grew 2.7% to Euro 1,899 million, with an increase of 16.7% in Portugal;
- Net trading income, in the third quarter of 2009, includes a negative impact of Euro 84.4 million, related to the improvement of Millennium bcp's own credit risk, driven by the valuation of instruments recorded at fair value option;
- Operating costs reduced 5.9%, with other administrative costs falling 9.9%;
- Overdue loans by more than 90 days were within the range expected given the current economic environment: 2.3% of total loans, coverage ratio stood at 118.7%.

Investor Relations
Sofia Raposo
Avenida Professor Doutor Cavaco Silva
(Parque das Tecnologias)
Edif1, Piso 0 B
2744-002 Porto Salvo
Tel +351 211 131 080
sofia.raposo@millenniumbcp.pt

Corporate Communication
Miguel Magalhães Duarte
Rua São Julião, 149, Piso 2
1100-063 Lisboa
Tel +351 211 131 840
miguel.duarte@millenniumbcp.pt

Lisbon, 11 November 2009

SUMMARY

ECONOMIC ENVIRONMENT

Improvement of economic indicators and better confidence sentiment suggest a turning point in the recessionary environment.

Persistence of major uncertainty factors may restrain an expansionary economic cycle.

The improvements in economic activity are spreading but are more clearly visible in the emerging and developing economies.

During the third quarter of 2009, economic indicators have improved, suggesting a turning point in the recessionary environment. The maintenance of accommodative economic policies at a global level has been determinant for the return of a stronger confidence climate, as evidenced by the brisk performance of the capital markets. Despite these positive developments being indicative of a decrease in the downside risks to global activity, many challenges persist. Main among these is the uncertainty regarding the vigour of domestic demand once the impact of the measures taken in support of economic activity start to fade, as governments and central banks actions are naturally limited by their remaining financial capacity or by the commitment to deliver price stability. On the whole, a sustained expansionary economic cycle will depend on the delicate interplay of the effects of the measures to support economic activity and the agents' confidence in the institutions, now subject to heightened scrutiny from market participants and regulators.

The improvements in economic activity are spreading but are more clearly visible in the emerging and developing economies. According to the preliminary estimates released, real GDP growth in the US in the third quarter topped 3.5% (annualized figures). For the euro area, the change is estimated at about 2.0%. For China, the change was 8.5% for the same period. In this sense, the economic crisis did not change the previous pattern of a growing importance of emerging Asia for global growth and for financial market behaviour.

Among the economies where Millennium bcp operates, it is worth highlighting latest trends in Poland and Portugal.

The speed and extent of the recovery seems to be unfolding unevenly, dependent on each country's underlying economic condition and competitiveness factors. Among the economies where Millennium operates, it is worth highlighting the latest trends in Poland and Portugal. This year, Poland is most likely to be the sole EU27 member avoiding recession (real GDP growth is estimated around 1.2%), whereas Portugal has been one of the few euro area members to record positive growth in the second quarter. The available preliminary data for the third quarter suggest these favourable developments have continued. In Greece, the need for heavy fiscal consolidation will restrain growth over the next few years. In Angola, by freeing the exchange rate and with oil markets recovering from early year depressed levels, the pressure on official reserves has eased significantly. The Mozambican economy continues to show a remarkable resiliency, recording robust growth rates and moderate inflationary pressures.

In a difficult economic environment, Millennium bcp showed a positive performance, with Tier I reaching 8.9% as at 30 September 2009.

RESULTS

In a particularly difficult context presenting major challenges to the financial sector, despite the first signs of recovery in the economic activity, net operating revenues of Millennium bcp increased 2.7% on a consolidated basis and 16.7% in the activity in Portugal, from the same period of 2008, while business volumes showed a positive performance, in both loans to customers and customer deposits, highlighting the growth of 6.3% in customers deposits in the activity in Portugal. In an adverse environment, the special focus on discipline in capital and liquidity management allowed the Group to achieve adequate levels of liquidity, as well as, strengthening own funds, as showed by the Tier I ratio of 8.9% as at 30 September 2009, higher than the recommendation from the Bank of Portugal to present a minimum Tier I of 8.0% on this date.

Consolidated net income was up by 25.3% to €178.1 million.

Millennium bcp's consolidated net income was up by 25.3% to Euro 178.1 million in the first nine months of 2009, from Euro 142.1 million in the same period of 2008.

Consolidated net operating revenues grew 2.7% and operating costs reduced 5.9%.

Net operating revenues increased 2.7%, despite the evolution in net interest income, following the trend of market reference interest rates, and, to a lesser extent, in net commissions, particularly commissions from asset management and securities operations, benefiting mostly from the performance of net trading income.

Operating costs reduced 5.9%, in particular driven by the savings achieved in other administrative costs and by the reduction in staff costs, despite the growth in pension costs in the activity in Portugal, benefiting from the efforts to streamline the organisation and optimise processes in several geographies, in particular in Poland and Portugal.

BALANCE SHEET

Total assets reached Euro 93,912 million as at 30 September 2009, compared to Euro 93,152 million booked on the same date in 2008.

Customer deposits with increases of 6.3% and 14.7%, respectively, in the activity in Portugal and in Greece.

Balance sheet customer funds reached Euro 50,980 million, sustained by the 2.8% increase in customer deposits, especially in the activity in Portugal and in the operation in Greece, with increases of 6.3% and 14.7%, respectively.

Consolidated loans to customers grew 2.0% to € 74,215 million, with mortgage increasing by 4.4%.

Loans to customers, excluding loans represented by securities, totalled Euro 74,215 million as at 30 September 2009, showing an increase of 2.0% from Euro 72,728 million booked on the same date in 2008, determined by the growth of 4.0% in loans to individuals, particularly in mortgage loans, which rose 4.4%, and also by the positive growth, though more moderate (+0.5%), in loans to companies.

Financial Highlights

<i>Euro million</i>	30 Sep. 09	30 Sep. 08	Change 09 / 08
Balance sheet			
Total assets	93,912	93,152	0.8%
Loans to customers - gross ⁽¹⁾	74,215	72,728	2.0%
Loans to customers (net) ⁽¹⁾	72,190	71,318	1.2%
Total customer funds ⁽²⁾	66,640	66,897	-0.4%
Balance sheet customer funds	50,980	50,971	0.0%
Customer deposits	45,400	44,160	2.8%
Results			
Net interest income	998.2	1,276.7	-21.8%
Net operating revenues ⁽³⁾	1,898.9	1,849.8	2.7%
Operating costs ⁽⁴⁾	1,172.4	1,246.5	-5.9%
Loan impairment charges (net of recoveries)	409.5	340.6	20.2%
Income taxes	51.3	56.3	-8.8%
Minority interests	12.2	50.9	-76.1%
Net income	178.1	142.1	25.3%
Profitability			
Net operating revenues / Average net assets ⁽⁵⁾	2.7%	2.7%	
Return on average assets (ROA)	0.2%	0.2%	
Income before taxes and minority interests / Average net assets ⁽⁵⁾	0.3%	0.4%	
Return on average equity (ROE)	4.9%	4.4%	
Income before taxes and minority interests / Average equity ⁽⁵⁾	6.7%	7.8%	
Credit Quality			
Overdue loans according to Bank of Portugal / Total loans ^{(1) (5)}	3.1%	1.2%	
Overdue loans according to Bank of Portugal, net/ Total loans, net ⁽¹⁾⁽⁵⁾	0.3%	-0.7%	
Impairment for loan losses / Overdue loans by more than 90 days ⁽¹⁾	118.7%	236.2%	
Impairment for loan losses / Overdue loans ⁽¹⁾	98.2%	171.2%	
Efficiency ratios			
Operating costs / Net operating revenues ^{(5) (6)}	64.4%	60.3%	
Operating costs / Net operating revenues (Portugal) ^{(5) (6)}	60.2%	57.2%	
Staff costs / Net operating revenues ^{(5) (6)}	36.6%	33.8%	
Capital			
Total regulatory capital	7,461	7,507	
Risk weighted assets	66,787	66,976	
Tier I solvency ratio ⁽⁵⁾	8.9%	7.8%	
Total solvency ratio ⁽⁵⁾	11.2%	11.2%	
Branches			
Portugal activity	916	920	-0.4%
Foreign activity	883	824	7.2%
Employees			
Portugal activity	10,462	10,735	-2.5%
Foreign activity	11,389	11,801	-3.5%

(1) Excludes loans represented by securities.

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

(3) Net interest income, dividends from equity instruments, 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) According to rule 16/2004 from the Bank of Portugal.

(6) Excludes the impact of specific items.

At the presentation of earnings for the third quarter of 2009, the Chairman of the Executive Board of Directors, Carlos Santos Ferreira, said:

“Consolidated net income totalled Euro 178.1 million in the first nine months of 2009, up 25.3% compared with the same period of 2008, benefiting from a generalised cost reduction, with total operating costs falling 5.9% compared with the same period of 2008, and a growth in operating income of 2.7% (16.7% in Portugal).

In addition, net interest income and net commissions improved in this quarter, when compared with the previous one, benefiting from the initiatives taken in the scope of the management priorities presented for 2009. The economic environment and the historically low reference interest rates naturally limited the evolution of net interest income and led to increased loan impairment provisions.

The Bank's solvency ratios were reinforced, with Tier I increasing from 8.2% in June to 8.9% at the end of September, exceeding the minimum level recommended by the Bank of Portugal, and the total solvency ratio reached 11.2%. The ratios do not yet include the IRB approach for credit risk, as part of the Basel II regulations, since the process of obtaining authorisation from the Bank of Portugal is not yet concluded.

In 30 September 2009 business volumes showed a growth of 2.8% in customer deposits (6.3% in Portugal) and a 2.0% increase in loans granted when compared with the same date in 2008. Regarding credit quality, non-performing loans more than 90 days overdue stood at 2.3% of total loans, in line with the levels expected given the economic cycle, and the coverage ratio for non-performing loans more than 90 days overdue stood at 118.7%.

In the scope of the Bank's strategy, I would underline the diverse initiatives implemented as a result of the management priorities defined for 2009, namely: a deepening commitment to our Clients, supported by opening some branches on Saturdays and the “Millennium Meetings” held in Portugal's main cities; increased efficiency thanks to the optimising of procedures and the simplification of the organisation, resulting in, among other gains, a significant reduction in the cost base (other administrative costs dropped 9.9% in the first nine months of 2009), with particular emphasis in Portugal and in Poland. I should also highlight the sustainability approach to the adjustment of business models and better discipline concerning capital allocation, as reflected, for example, in the reduction of the Group's shareholder participation in the real estate “Bay of Luanda Project” to 10%.

As for our international operations, I highlight the Polish operation, for two reasons: the first is that Bank Millennium promptly revealed an important ability to adjust its corporate strategy to the adverse economic and financial framework, visible in the costs management (operational costs were slashed 10.8% in the first nine months of 2009 compared with the same period of 2008) and in the readjustment of the business models; the second is that Bank Millennium presented a new strategic plan for the years 2010-2012 with business growth ambitions, in order to benefit from the high potential that the Polish market offers. To sustain this new strategic plan, Bank Millennium intends to increase its share capital, at the beginning of next year, and Millennium bcp will exercise its rights in full.

I would like, as well, to mention the results of our operations in Angola and Mozambique, which jointly, reached a net income of Euro 49.9 million in the first nine months of 2009 (an increase of 19.7% from the previous period). The business expansion plans in these operations, continue as planned, and I would also like to mention that Millennium bim won the “Best Bank in Mozambique” award while Millennium Angola won “Most Innovative Bank in Angola” from EMEA Finance Magazine.

The Chairman finished his speech by stressing that “on November 9, the Bank concluded the mediation process with investors, pertaining to divergences which resulted from the acquisition by these investors of BCP shares in 2000 and 2001.” The Chairman said “the result achieved represented a success for the Bank, for its Stakeholders and for the CMVM (securities market regulator) since it was possible to complete the process with everyone who proceeded in good faith”.

RESULTS

Millennium bcp's consolidated net income reached Euro 178.1 million in the first nine months of 2009, up from Euro 142.1 million in the same period of 2008. Consolidated net income, in the first nine months of 2009, includes the gain booked from the entry of new shareholders in Bank Millennium Angola's share capital, amounting to Euro 21.2 million, accounted in the first quarter of 2009, the gain related with the sale of assets, in the amount of Euro 57.2 million, booked in the third quarter of 2009, and the negative impact of Euro 98.3 million, of which Euro 84.4 million, accounted in the third quarter, associated with the improvement of the Millennium bcp's own credit risk, as a result of the valuation of the instruments recorded at fair value option. Consolidated net income, in the first nine months of 2008, includes the impact, net of taxes, related to impairment losses determined by the devaluation of Bank BPI shares, in the amount of Euro 214.2 million, partially offset by the reduction of the variable remuneration already accrued in 2007, in the amount of Euro 13.2 million.

Excluding these impacts, net income in the first nine months of 2009, was mostly influenced by the lower net interest income, and by the reinforcement of loan impairment charges (net of recoveries), as a result of the coverage of impairment indicators in the loan portfolio, as well as by other provisions. Nevertheless, the consolidated net income was positively influenced by lower operating costs, with savings in most items, in particular the reduction in other administrative costs (-9.9%), driven by the impact of the initiatives implemented aimed at streamlining the organisation and optimising processes in several geographies, especially in Portugal and Poland.

Net income from activity in Portugal stood at Euro 189.8 million in the first nine months of 2009, up from Euro 48.4 million in the same period of 2008. This performance benefited from the growth in net operating revenues, influenced by the rise in net trading income - which included in the first nine months of 2008 the impairment losses determined by the devaluation of Banco BPI shares, which has since been sold, and in the third quarter the negative impact related to the improvement of Millennium bcp's own credit risk, previously mentioned - as well as by the savings achieved in the operating costs, in particular other administrative costs (-13.4%).

Net income from international activity was conditioned, on one hand, by the drop in net operating revenues, in particular in the activity in Poland, and, on the other hand, by the reinforcement of loan impairment charges (net of recoveries) in most international operations, reflecting the increase in the volume of loans to customers and the coverage of impairment indicators, particularly in Bank Millennium, S.A.. Net income from international activity was favourably influenced by the reduction in operating costs, in particular staff costs and other administrative costs, highlighting the activity in Poland, and by the positive evolution of the activity in the operations in Angola and Mozambique.

Net interest income totalled Euro 998.2 million in the first nine months of 2009, compared with Euro 1,276.7 million in the same period of 2008, and showed a favourable performance in the third quarter of 2009 over the previous quarter. The evolution in net interest income was mostly determined by the unfavourable interest rate effect - following the continuous drop in the market reference interest rates, particularly since the end of 2008 - partially offset by the favourable volume effect, driven by the rise in customer deposits and in loans to customers. Net interest margin stood at 1.57% as at 30 September 2009, compared with 2.04% as at 30 September 2008, reflecting, on one hand, a higher reduction in average interest earning asset rates than in average interest bearing liabilities rates, and, on the other hand, the increase in spread from medium- and long-term wholesale funding, compared with the same period of 2008. The performance in net interest income in the activity in Portugal was influenced by a more narrow net interest margin, as a result of narrow spreads in customer deposits, partially offset by the repricing of loans to customers, reflecting the adjustment of the implicit cost of risk in loans granted, which will continue in the Corporate and Companies networks and which has been extended to the Retail network. In the international activity, in particular in the operation in Poland, the evolution in net interest income was determined by the unfavourable interest rate effect, driven by more narrow spreads in term deposits, influenced by the strong competition for the capture of customer funds, notwithstanding the fast repricing

carried out as a result of the drop in market interest rates. Net interest income in the international activity was also influenced by the favourable volume effect, benefiting from the increase in business volumes in most operations, in customer deposits, in particular in the subsidiary in Greece, and in loans to customers.

AVERAGE BALANCES

<i>Euro million</i>	30 Sep. 09		30 Sep. 08	
	Balance	Yield %	Balance	Yield %
Deposits in banks	3,856	2.11	8,079	4.46
Financial assets	4,705	5.03	5,969	6.10
Loans and advances to customers	75,374	4.26	68,161	6.32
Interest earning assets	83,935	4.45	82,209	6.23
Non interest earning assets	10,226		9,353	
	94,161		91,562	
Amounts owed to credit institutions	8,402	2.87	10,091	6.10
Amounts owed to customers	44,249	2.67	41,198	3.02
Debt securities	30,312	2.78	29,251	4.53
Subordinated debt	2,606	4.05	2,960	5.91
Interest bearing liabilities	85,569	2.83	83,500	4.13
Non interest bearing liabilities	2,220		2,482	
Shareholders' equity and minority interests	6,372		5,580	
	94,161		91,562	
Net interest margin ⁽¹⁾		1.57		2.04

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

Net commissions totalled Euro 533.8 million in the first nine months of 2009, compared with Euro 553.0 million in the same period of 2008 (-3.5%). The net commissions performance was mostly hindered by the reduction in asset management and securities operations commissions (-34.6%), and credit operations commissions (-3.4%), partly offset by the growth in card commissions (+0.1%) and other commissions (+20.5%), which reflects the repricing impact, in particular at the level of integrated services presented and in account maintenance. The evolution in net commissions was influenced by the decrease in the international activity (-13.4%), which however increased in the third quarter of 2009 over the previous quarter (+20.1%). In the international activity, net commissions were determined by commissions from asset management and securities operations, in particular in the operation in Poland, partially offset by the increases in net commissions achieved by the international activities in Mozambique and Angola. In the activity in Portugal, net commissions showed a favourable evolution (+0.4%, from the same period of 2008), despite the drop in commissions from asset management and securities operations, benefiting from increases in card commissions, loan commissions and other commissions.

Net trading income, which includes net gains arising from trading and hedging activities and net gains arising from available for sale financial assets, amounted to Euro 188.2 million in the first nine months of 2009, a favourable evolution from a loss of Euro 109.3 million in the same period of 2008, despite the negative effect in the amount of Euro 98.3 million, of which Euro 84.4 million, accounted in the third quarter of 2009, related to the improvement of the Millennium bcp's own credit risk, as a result of the valuation of the instruments recorded at fair value option. In the first nine months of 2008, net trading income included the impact of the accounting of impairment losses, in the amount of Euro 247.0 million,

related to the shareholding in Bank BPI, which has since been sold. Excluding this impact, net trading income grew by 36,6%, boosted by the favourable performance in the activity in Portugal. The positive evolution in net trading income was influenced by the favourable impact of the gradual reduction in interest rates in recent months, reflected in results from hedging instruments and derivatives.

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 126.6 million in the first nine months of 2009, when compared to Euro 64.4 million accounted in the same period of 2008. Other net operating income includes, in the first nine months of 2009, the amount of Euro 21.2 million related to the gain booked from the dispersal of 49.9% of Bank Millennium Angola's share capital and the amount of Euro 57.2 million, related to the gains from the sale of assets. Excluding these impacts, other net operating income showed a reduction, mostly due to the decrease in income - a consequence of the change in the accounting of bancassurance fees, which started to be registered under commissions in the second quarter of 2008 - and the increase in costs in the international activity, which was partially offset by lower costs in the activity in Portugal.

Dividends from equity instruments, which include dividends received on investments in the available for sale portfolio, totalled Euro 4.3 million in the first nine months of 2009, compared to Euro 29.1 million in the same period of 2008, of which Euro 26.7 million were dividends received from the shareholdings in Banco BPI, which has since been sold, and Eureko.

Equity accounted earnings totalled Euro 47.8 million in the first nine months of 2009, up by 33.4% from Euro 35.8 million in the same period of 2008. Equity accounted earnings essentially include the appropriation of earnings from the insurance business, in particular from the 49% shareholding in Millenniumbcp Fortis.

OTHER NET INCOME

<i>Euro million</i>	Sep. 09	Sep. 08	Change 09/08
Net commissions			
Cards	139.3	139.1	0.1%
Asset management and securities	93.5	142.9	-34.6%
Credit operations	103.0	106.6	-3.4%
Other	198.0	164.4	20.5%
	<u>533.8</u>	<u>553.0</u>	-3.5%
Net trading income ⁽¹⁾	188.2	(109.3)	
Other net operating income ⁽²⁾	126.6	64.4	96.6%
Dividends from equity instruments	4.3	29.1	-85.1%
Equity accounted earnings	47.8	35.8	33.4%
Total other net income	<u>900.7</u>	<u>573.0</u>	57.2%
Other income / Net operating revenues ⁽³⁾	47.4%	31.0%	

⁽¹⁾ Includes in the first nine months of 2008 the impairment losses related to the shareholding in Banco BPI in the amount of Euro 247.0 million.

⁽²⁾ Includes in the first nine months of 2009 the gain booked related to the dispersal of 49.9% of Bank Millennium Angola' share capital, amounting to Euro 21.2 million, and the gain associated with the sale of assets, in the amount of Euro 57.2 million.

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

Operating costs, which include staff costs, other administrative costs and depreciation, reduced by 5.9% to Euro 1,172.4 million (Euro 1,246.5 million in the first nine months of 2008), as a result of the savings achieved in most line items, in particular in the others administrative costs and staff costs. Operating costs include, in the first nine months of 2008, the Euro 18.0 million reduction in variable remuneration accrued in 2007. Excluding this impact, operating costs dropped 7.3%. The operating costs reduction benefited from the

positive performances reached in both the activity in Portugal and the international activity. In the activity in Portugal, operating costs decreased by 2.4% from the first nine months of 2008, reflecting lower administrative costs and depreciation, despite the increase in staff costs, driven by the growth in pension costs. Excluding the impact of the reduction in 2008 in variable remuneration accrued in 2007 and the effect of the increase in pension costs, in the amount of Euro 34.7 million in the first nine months of 2009, staff costs reduced from the same period of 2008 and operating costs in the activity in Portugal were down by 8.9%. In the international activity, operating costs dropped 12.0%, determined by the reductions in staff costs and other administrative costs, essentially influenced by the activity in Poland, which reflects the impact of the foreign exchange devaluation of the Polish zloty and, above all, the efforts to streamline the organisational structure and processes implemented in this operations.

The consolidated cost to income ratio, on a comparable basis, stood at 64.4%, in the first nine months of 2009, and at 60.2% in the activity in Portugal, which compares with 60.3% and 57.2%, respectively, in the homologous period.

Staff costs reduced by 3.4% to Euro 667.1 million in the first nine months of 2009 (Euro 690.6 million in the same period of 2008). Staff costs include, in the first nine months of 2008, the Euro 18.0 million reduction in variable remuneration previously mentioned. Excluding this impact, staff costs decreased by 5.9%. The evolution of staff costs reflects mainly the lower costs in the international activity, which decreased by 20.0% from the same period of 2008, mostly influenced by the operation in Poland, reflecting the staff-resizing and the productivity gains and improved efficiency achieved, and also, to a lesser extent, by the operations in Greece and United States. In the activity in Portugal, staff costs showed an increase of 5.2%, compared with the first nine months of 2008. Excluding the impacts of the aforementioned reduction in the variable remuneration in 2008 and the increase in pension costs in 2009, in the amount of Euro 34.7 million, staff costs in the activity in Portugal dropped by 6.2%, mostly influenced by lower variable remuneration.

Other administrative costs fell 9.9%, to Euro 426.7 million in the first nine months of 2009 (Euro 473.4 million in the same period of 2008). The reduction in other administrative costs benefited from the savings in most items, in particular advertising, specialised services, consumables, maintenance and travel. This evolution reflects the impact from a continuous effort to reduce costs, in particular through the initiatives carried out focused on simplifying and streamlining operational models at several operations of the Group, resulting in the decrease in other administrative costs in both the activity in Portugal and the international activity. In the activity in Portugal, other administrative costs dropped 13.4%, compared with the same period of 2008, as a result of the savings achieved in most items, in particular specialised services. In the international activity, other administrative costs were down 4.7%, driven by lower costs for advertising and maintenance, which more than offset the rise in specialised services and in costs from rents. In the international activity, administrative costs were driven by the activity in Poland, favourably influenced by the review of the expansion plan and consequent adjustment of the cost structure to activity levels, and by the currency effects of the Polish zloty against the euro, which more than offset the growth in the international operations in Angola, Mozambique, Greece and Romania, related to the strategy of organic growth carried out in some of these international operations, materialised in the expansion of the distribution network.

Depreciation costs stood at Euro 78.6 million in the first nine months of 2009, a reduction of 4.7% from Euro 82.5 million in the same period of 2008. The lower level of depreciation costs benefited from the activity in Portugal, which more than offset the increase in depreciation costs in the international activity. In the activity in Portugal, the drop in depreciation costs (-9.4%) was supported by lower depreciation of buildings, reflecting the gradual end of the period of depreciation of investments as well as the sale of assets.

OPERATING COSTS

<i>Euro million</i>	Sep. 09	Sep. 08	Change 09/08
Staff costs ⁽¹⁾	667.1	690.6	-3.4%
Other administrative costs	426.7	473.4	-9.9%
Depreciation	78.6	82.5	-4.7%
	<u>1,172.4</u>	<u>1,246.5</u>	-5.9%
Of which:			
Portugal activity	769.1	788.0	-2.4%
Foreign activity	403.3	458.5	-12.0%
Operating costs / Net operating revenues ^{(2) (3)}	60.2%	57.2%	

(1) Includes in the first nine months 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) amounted to Euro 409.4 million in the first nine months of 2009, compared with Euro 340.6 million in the same period of 2008. This evolution reflects, on one hand, the higher level of impairment charges in the period, aimed at reinforcing the coverage of impairment indicators in the loan portfolio and, on the other hand, the lower amount of loan recoveries compared with the same period in 2008. The performance of impairment for loan losses (net of recoveries) was mainly determined by the increases in impairment charges in the international operations, in particular in the activity in Poland, partially offset by the decrease in impairment charges in the activity in Portugal (-14.7%). The cost of risk, measured by the ratio of impairment charges (net of recoveries) in the loan portfolio, excluding loans represented by securities, stood at 74 b.p. in the first nine months of 2009, compared with 62 b.p. in the same period of 2008.

Other provisions, which comprise other asset impairment and other provisions, amounted to Euro 75.4 million in the first nine months of 2009, an amount that includes the impact of the provisions for assets received as payment in kind, which, subsequent to a regular process of revaluation, posted reductions from market valuations, and also includes the provisions charged for several contingencies.

BALANCE SHEET

Total assets reached Euro 93,912 million as at 30 September 2009, compared to Euro 93,152 million booked on the same date in 2008.

Loans to customers, excluding loans represented by securities, totalled Euro 74,215 million as at 30 September 2009, showing an increase of 2.0% from Euro 72,728 million booked on the same date in 2008, determined by the growth of 4.0% in loans to individuals, particularly in mortgage loans, which rose 4.4%, and also by the growth of 0.5% in loans to companies.

Until 31 December 2008, and in accordance with 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 adoption of this new requirement had an impact of Euro 241.1 million in the amount of overdue loans accounted in the Balance sheet. Excluding the impact of this change in overdue loans, loans to customers increased 1.7% from 30 September 2008.

The growth in loans to customers was determined by the performances achieved in the activity in Portugal and in the foreign activity, which showed increases of 2.1% and 1.8%, respectively. In the activity in Portugal, the activity benefited from the increase in loans to individuals (+4.1%), favourably influenced by the mortgage loan performance (+4.2%), and from the moderate increase in loans to companies (+0.7%). In the foreign activity, the positive evolution of loans to customers was supported by loans to individuals (+3.7%), boosted by mortgage loans (+4.8%), in particular by the operations in Poland, Greece and Romania, despite the decrease in loans to companies, mostly influenced by the impact of unfavourable currency effects of the Polish zloty against the euro, despite the favourable performance in loans to companies, in local currency, in the Polish operation, and the growths achieved by the associated companies in Greece, Angola, Mozambique and Romania.

The structure of the loan portfolio remained stable and well balanced, between 30 September 2008 and 30 September 2009, with loans to companies representing around 55% of total loans, excluding loans represented by securities, which continued to be the main component of loans to customers, while loans to individuals represented around 45% of total loans to customers portfolio.

LOANS TO CUSTOMERS ⁽¹⁾

<i>Euro million</i>	30 Sep. 09	30 Sep. 08	Change 09 / 08
Individuals			
Mortgage loans	29,089	27,872	4.4%
Consumer loans	5,036	4,948	1.8%
	<u>34,125</u>	<u>32,820</u>	4.0%
Companies			
Services	14,341	12,916	11.0%
Commerce	4,973	5,317	-6.5%
Other	20,776	21,675	-4.1%
	<u>40,090</u>	<u>39,908</u>	0.5%
Total	<u>74,215</u>	<u>72,728</u>	2.0%
Of which:			
Portugal activity	59,140	57,919	2.1%
Foreign activity	15,075	14,809	1.8%

(1) Excludes loans represented by securities.

Credit quality, measured by the non-performing loans indicators, in particular the overdue loans by more than 90 days as a percentage of total loans, excluding loans represented by securities, stood within the range expected given the current economic environment at 2.3%, as at 30 September 2009, reflecting additionally the effect of the change in the accounting of fully provisioned overdue loans that showed some probability of recovery (representing 0.3% of total loans), as previously explained. The coverage ratio of overdue loans by more than 90 days stood at 118.7% as at 30 September 2009.

OVERDUE LOANS BY MORE THAN 90 DAYS AND IMPAIRMENTS AT 30 SEPTEMBER 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	159	165	0.5%	103.4%
Consumer loans	304	290	6.0%	95.5%
	<u>463</u>	<u>455</u>	1.4%	98.2%
Companies				
Services	321	425	2.2%	132.6%
Commerce	290	289	5.8%	99.8%
Other	632	857	3.0%	135.3%
	<u>1,243</u>	<u>1,571</u>	3.1%	126.3%
Total	<u>1,706</u>	<u>2,026</u>	2.3%	118.7%

(1) Excludes loans represented by securities.

Total customer funds totalled Euro 66,640 million as at 30 September 2009, compared to Euro 66,897 million in the same date in 2008. Balance sheet customer funds were favourably influenced by the increase of 2.8% in customer deposits, reflecting the customer preference for financial solutions with lower risk, in particular for traditional term deposits, as a result of financial market uncertainty and instability, which restrained the off-balance sheet customer funds (-1.7%), notwithstanding the signs of recovery of confidence showed by the investors from the end of the previous quarter. Nevertheless, this evolution was mainly influenced by lower assets under management, despite the slight increase from the end of the previously quarter, and partially offset by the increase of 10.4% in capitalisation insurance from 30 September 2008. In the activity in Portugal, the 6.3% growth in customer deposits more than offset the drop in off-balance sheet customer funds, determined by assets under management, which led to a rise of 1.2% in total customer funds. The international activity performance was mostly restrained by the activity in Poland, reflecting the negative impact of the exchange rate of Polish zloty against euro. Excluding this effect, the total customer funds showed a favourable evolution, in particular in the operation in Greece, which showed increases of around 14% in both deposits and total customer funds.

Quarterly, total customer funds were up by 1.4%, compared with the amount of total customer funds recorded at the end of the second quarter of 2009, sustained by both balance sheet customer funds (+0.1%) and off-balance sheet customer funds (+5.9%).

TOTAL CUSTOMER FUNDS

<i>Euro million</i>	30 Sep. 09	30 Sep. 08	Change 09 / 08
Balance sheet customer funds			
Deposits	45,400	44,160	2.8%
Debt securities	5,580	6,811	-18.1%
	<u>50,980</u>	<u>50,971</u>	0.0%
Off-balance sheet customer funds			
Assets under management	4,854	6,136	-20.9%
Capitalisation insurance	10,806	9,790	10.4%
	<u>15,660</u>	<u>15,926</u>	-1.7%
Total	<u>66,640</u>	<u>66,897</u>	-0.4%
Of which:			
Portugal activity	52,104	51,486	1.2%
Foreign activity	14,536	15,411	-5.7%

LIQUIDITY MANAGEMENT

The liquidity management of Millennium bcp, in the first nine months of 2009, remained centred on taking advantage of access to alternative sources of funding, the optimisation of the cost of funding in the wholesale funding market and the reinforcement of the effort to retain and further increase balance sheet customer funds. The growth in customer deposits was particularly important as a funding instrument and also to support the loan granting business, to both individuals and companies, which simultaneously with the operation of capital increase of the Bank and the debt issues performed by the Group in 2008 and in 2009, provide adequate liquidity levels, despite the persistent uncertainty in financial markets.

In the first nine months of 2009, the Bank successfully 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 addition, the Bank successfully placed a 2-year and a 5-year fixed-rate debt issue, without the State guarantee, in April and in June 2009, respectively, in the total amount of Euro 2.0 billion, and a financial instrument "Perpetual Subordinated Debt Securities with Conditioned Coupons", in the total amount of Euro 900 million, under the Bank's "Debt Securities Programme", of which Euro 300 million were issued in June 2009 and Euro 600 million were issued in August 2009. The amount of assets eligible as collateral in refinancing operations with Central Banks reached Euro 10.1 billion.

CAPITAL

The capital ratios of the Group as at 30 September 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 authorisation from the Bank of Portugal, the standard approach for operational risk and the internal models approach for generic market risk.

In the scope of the adoption of advanced approaches (IRB) to calculate capital requirements to credit risk, Millennium bcp have been developing all the necessary efforts in order to quickly accomplish with the requirements set by the Bank of Portugal.

The **consolidated solvency ratio** as at 30 September 2009 stood at 11.2% and the Tier I ratio reached 8.9%, higher than the recommendation from the Bank of Portugal to present a minimum Tier I of 8.0% on this date, mostly as a result of the positive impact, in the third quarter, from the issue of the previously mentioned financial instrument in the amount of Euro 600 million. Core Tier I stood at 6.2%, in line with 30 June 2009.

The evolution of Core Tier I, in the third quarter of 2009, was influenced by the gains obtained from the sale of assets (+9 b.p.) and by the reversal of the losses booked, due to the change in the Bank's own credit risk in financial liabilities calculated at fair value (+13 b.p.). These positive impacts were partially offset by the negative effect related with the deferred transition adjustments to IFRS, associated with the mortality table in 2005 and with the actuarial losses recorded in 2008, as well as by the deduction from the increase of the difference between regulatory balance sheet provisions and loan impairment (total impact of -15 b.p.).

The Tier I ratio, excluding the impacts previously mentioned, was mainly influenced by the net operating income in the quarter, by the accrued dividends from both preference shares and Perpetual Securities previously mentioned, by the increase of the fair value reserves, by the reduction in own shares in the securities portfolio, and by the amortisation of actuarial changes above the corridor.

The performance recorded by the Tier II ratio between June and September 2009, reflects mainly the repurchase of subordinated debt in the amount of Euro 512 million that have contributed, positively, to the amount of the consolidated own funds.

In addition, the evolution of capital ratios was restrained by the increase in risk weighted assets, influenced by the cancellation of the synthetic securitisation operation "Promise Caravela", in July 2009, despite the reduction in risk weighted assets as a result of the decrease in the loans to customers portfolio from 30 June 2009.

SOLVENCY

<i>Euro million</i>	30 Sep. 09	30 Jun.09
Own Funds		
Tier I Capital	5,948	5,283
of which: Preference shares	1,834	1,256
Deductions on shareholdings ⁽¹⁾	(26)	(47)
Tier II Capital	1,626	2,156
Deductions to Total Regulatory Capital	(113)	(101)
Total Regulatory Capital	7,461	7,338
Risk Weighted Assets	66,787	65,931
Solvency Ratios		
Core Tier I	6.2%	6.2%
Tier I	8.9%	8.0%
Tier II	2.3%	3.1%
Total	11.2%	11.1%

(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 Retail Banking and Companies, Corporate and Investment Banking and Private Banking and Asset Management.

SEGMENTS DESCRIPTION

The Retail Banking and Companies segment comprise: (i) the Retail Bank, for which the strategic approach is to target "Mass Market" customers, who appreciate a value proposition based on innovation and speed, as well as Prestige and Small business customers, whose specific characteristics, financial assets or income imply a value proposition based on innovation and personalisation, requiring a dedicated Account Manager; and (ii) 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. Within the scope of the cross-selling strategy, Retail Banking and Companies also acts as a distribution channel for financial products and services of the Millennium bcp business areas as a whole.

The Corporate and Investment Banking segment includes: (i) the Corporate network in Portugal, targeting corporate and institutional customers with an annual turnover in excess of Euro 100 million, providing a complete range of value-added products and services; (ii) the Investment Banking unit specialised in capital markets, providing strategic and financial advisory, specialised financial services - Project Finance, Corporate Finance, Securities brokerage and Equity Research - as well as structuring risk-hedging derivatives products; and (iii) the activity of the Bank's International Division.

The Private Banking and Asset Management segment 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. Private Banking and Asset Management also includes ActivoBank7, an online global services bank, specialised in brokerage services and on the selection and advisory of long-term investment products.

The Foreign Business segment comprises the operations outside Portugal, namely in Poland, Greece, Turkey, Romania, Mozambique, Angola and the United States. The Group is represented by a universal bank in Poland and by an operation based on innovative products and services in Greece. The activity in Turkey is performed through an operation focused on the Up market, Affluent and Business clients, and in Romania it is represented through a greenfield operation, focused on Mass Market and Businesses, Companies and Affluent customers. 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 bank that serves the local population, in particular the Portuguese speaking community. All the above operations develop their activities under the same commercial brand of Millennium.

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 risk weighted assets were influenced by the calculation of capital requirements following the standard approach in respect to credit risk and, subsequent to authorisation from the Bank of Portugal, the standard approach for operational risk and the internal models approach for generic market risk. 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 for the Group, as at 30 September 2009. To ensure comparability for this information the structural changes that occurred in 2009 in the organisation of the segments were reflected in the 2008 figures. Companies was incorporated in the Retail Banking and Companies segment, while Corporate became part of the Corporate and Investment Banking segment. Also, ActivoBank7 was transferred from Retail Banking to Private Banking and Asset Management.

Retail Banking and Companies

The net contribution of Retail Banking and Companies totalled Euro 139.1 million in the first nine month of 2009, compared with Euro 285.2 million in the same period of 2008. This evolution was influenced by the decrease in net interest income and the reinforcement in impairment charges, due to the coverage of impairment indicators in the loan portfolio.

The loans margin showed a favourable evolution, benefiting from the growth in average spread, following the repricing implemented, though that was not sufficient to offset the drop in net interest income resulting from the evolution in total customer funds margin and from the effect of the decline of the European Central Bank interest rate, with impact, in particular, on deposits repayable on demand, and from the increasing weight of term deposits compared to deposits repayable on demand.

Net commissions registered a favourable evolution from the first nine months of 2008, highlighting commissions associated with deposits repayable on demand and with cards. Operating costs showed a decrease from the same period in 2008, as a result of the impact of initiatives aimed at simplifying the organisation and improving procedures, which led to a reduction in the number of employees.

The strategy to further increase the number of customers and customer funds led to a growth of customer deposits by 7.1%, which mostly offset the decrease of 37.4% in assets under management, and determined an increase of total customer funds, from Euro 36,230 million as at 30 September 2008, to Euro 37,094 million as at 30 September 2009.

Loans to customers grew 1.2%, to Euro 46,086 million as at 30 September 2009, from Euro 45,518 million on the same date in 2008, sustained by the increase in commercial paper, in bonds and in mortgage loans, despite the slowdown in the pace of growth.

<i>Euro million</i>	30 Sep.09	30 Sep.08	Change 09 / 08
Profit and loss account			
Net interest income	637.4	834.5	-23.6%
Other net income	355.7	347.0	2.5%
	<u>993.1</u>	<u>1,181.5</u>	-15.9%
Operating costs	584.9	603.7	-3.1%
Impairment	218.9	189.7	15.4%
Contribution before income taxes	<u>189.2</u>	<u>388.0</u>	-51.2%
Income taxes	50.1	102.8	-51.2%
Net contribution	<u>139.1</u>	<u>285.2</u>	-51.2%
Summary of indicators			
Allocated capital	1,607	1,633	
Return on allocated capital	11.6%	23.3%	
Risk weighted assets	32,149	32,663	
Cost to income ratio	58.9%	51.1%	
Loans to customers	46,086	45,518	1.2%
Total customer funds	37,094	36,230	2.4%

Corporate and Investment Banking

The Corporate and Investment Banking segment showed a net contribution of Euro 113.5 million in the first nine month, compared with Euro 77.1 million for the same period of 2008. The performance of this business segment was determined by the positive evolution in net interest income and in other net income, together with the cost reduction, which offset the impact of the higher level of impairment charges, as a result of the growth of impairment indicators in the loans' portfolio.

The increase in net interest income reflects, on one hand, the rise in business volumes, in both loans to customers and customer deposits and, on the other hand, the discipline in the repricing policy and in risk management, leading to an improvement in the loan margin, which more than offset the negative impact in net interest margin as a result of lower customer funds margin, in particular in deposits repayable on demand. Other net income includes the positive performance in net commissions, determined by the growth in commissions from international syndicated operations, from structuring securitisation operations, from structured products and from commercial paper.

Operating costs also contributed positively, down from the same period of 2008 and showing sustained reductions since 2008, as well as synergies related to the merger process of the Banco Millennium bcp Investimento in Banco Comercial Português.

Total customer funds were up by 26.4%, to Euro 11,216 million as at 30 September 2009, from Euro 8,877 million as at 30 September 2008. The growth in customer funds, despite the intense competition in this business segment, was determined by the 64.6% increase in customer deposits.

Loans to customers amounted to Euro 12,463 million at the end of September 2009, a growth of 2.0% from Euro 12,223 million in the same date of 2008. The favourable performance 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.

<i>Euro million</i>	30 Sep.09	30 Sep.08	Change 09 / 08
Profit and loss account			
Net interest income	151.6	107.2	41.3%
Other net income	146.5	132.9	10.2%
	<u>298.1</u>	<u>240.2</u>	24.1%
Operating costs	57.2	71.1	-19.5%
Impairment	85.5	63.1	35.4%
Contribution before income taxes	<u>155.4</u>	<u>105.9</u>	46.7%
Income taxes	41.9	28.8	45.7%
Net contribution	<u><u>113.5</u></u>	<u><u>77.1</u></u>	47.1%
Summary of indicators			
Allocated capital	727	773	
Return on allocated capital	20.9%	13.3%	
Risk weighted assets	14,530	15,460	
Cost to income ratio	19.2%	29.6%	
Loans to customers ⁽¹⁾	12,463	12,223	2.0%
Total customer funds	11,216	8,877	26.4%

(1) Includes commercial paper.

Private Banking and Asset Management

The Private Banking and Asset Management segment registered a net contribution of Euro 2.4 million in the first nine month of 2009, from Euro 2.9 million in the same period of 2008. The net contribution reflects the reinforcement of impairment charges and the lower level of commissions, hindered by the unfavourable volume effect related to commissions from asset management and from investment funds and lower trading commissions.

The increase in net interest income, from the same period of 2008, was determined by the rise in loans to customers and in the respective margin rate, driven by the repricing of operations. Operating cost showed a positive trend, falling by 10.6% from the same period of 2008, in particular the decrease in other operating costs as a result of the impact of implemented initiatives aimed at simplifying the organisation and improving procedures.

Customer deposits were up 9.6% from 30 September 2008. This increase did not offset the evolution in assets under management, which posted a 14.0% fall from the same date in 2008, driven by the adverse performance of capital markets.

Loans to customers amounted to Euro 3,568 million as at 30 September 2009, a 3.8% growth from Euro 3,438 million as at 30 September 2008, sustained by the performance achieved by the Private Banking network in Portugal, boosted by the efforts to expand the business base.

<i>Euro million</i>	30 Sep. 09	30 Sep. 08	Change 09 / 08
Profit and loss account			
Net interest income	50.9	43.1	18.2%
Other net income	38.0	41.0	-7.2%
	<u>88.9</u>	<u>84.0</u>	5.8%
Operating costs	45.4	50.8	-10.6%
Impairment	40.2	34.3	17.0%
Contribution before income taxes	3.4	(1.1)	---
Income taxes	1.0	(3.9)	---
Net contribution	<u>2.4</u>	<u>2.9</u>	-16.5%
Summary of indicators			
Allocated capital	114	115	
Return on allocated capital	2.8%	3.4%	
Risk weighted assets	2,271	2,296	
Cost to income ratio	51.0%	60.4%	
Loans to customers	3,568	3,438	3.8%
Total customer funds	11,370	12,689	-10.4%

Foreign Business

The net contribution from the Foreign Business segment decreased 105.1% to Euro 6.2 million in the first nine months of 2009, from Euro 122.6 million in the same period of 2008. This evolution reflects the higher impairment and provisions charges in all the operations and the drop in net interest income, mostly due to the activity in Poland. Despite these factors, the contribution of foreign business, reflected the positive performance of operating costs, mainly in staff costs and other administrative costs, in particular in Poland, and the net contribution of positive performance in Angola and Mozambique.

The net interest income performance was determined mainly by the interest rate negative effect, as a result of the tightening of spreads for term deposits, mainly due to the strong competition for customer funds, and by the positive effect on volume registered at most of the international operations, in particular customer deposits and loans to customers. Highlighting the rise in net interest income in Angola and Mozambique, which was sustained by the increase in business volumes.

Operating costs showed a reduction, benefiting mostly from the reduction in staff costs and in administrative costs in the operations in Poland and in Turkey, which more than offset the higher operating costs in the activity in Angola, Mozambique 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 were up by 1.0% to Euro 14,686 million as at 30 September 2009, boosted by the performance of loans to individuals, benefiting from the continuous launching of innovative products and services tailored to customer needs and risk profiles in all the foreign operations, in particular Angola, Mozambique, Greece and Romania.

Total customer funds decrease 5.7% to Euro 14,536 million as at 30 September 2009, boosted by a 4.7% decrease in customer deposits, due to the exchange depreciation in particular in Poland and Turkey.

<i>Euro million</i>	30 Sep. 09	30 Sep. 08	Change 09 / 08
Profit and loss account			
Net interest income	271.3	361.7	-25.0%
Other net income	261.5	297.8	-12.2%
	532.8	659.5	-19.2%
Operating costs	403.3	458.5	-12.0%
Impairment and provisions	128.1	46.2	--
Contribution before income taxes	1.4	154.8	-99.1%
Income taxes	7.7	32.3	-76.2%
Net contribution	(6.2)	122.6	-105.1%
Summary of indicators			
Allocated capital	984	991	
Return on allocated capital	-0.8%	16.5%	
Risk weighted assets	12,665	14,098	
Cost to income ratio	75.7%	69.5%	
Loans to customers	14,686	14,536	1.0%
Total customer funds	14,536	15,411	-5.7%

SIGNIFICANT EVENTS

The measures designed to simplify the organization and optimise procedures, implemented through the organisational restructuring with effect from the beginning of July 2009 onwards, with the aim of merging support areas in Portugal; the adjustment of business models in Poland, Romania and Private Banking area; the continued expansion of operations in Mozambique and Angola; initiatives to strengthen Tier I capital by issuing perpetual subordinated debt, and improving the Group's liquidity position, increasing eligible assets for discount with the European Central Bank and the control of the commercial gap in the main operations; the continuation of the efforts to adjust pricing, in Portugal and in international operations, as well as the programs to increase business volumes, create value and increase customer retention, in all the Group operations, were all part of Millennium bcp's activities in the third quarter of 2009. Of particular note were:

- The agreement to reduce the Millenniumbcp Group shareholder participation in the Luanda Bay Urban Renewal Project ("Luanda Bay Project"), to 10%, through a sale to the Angolan company Finicapital - Investimentos e Gestão S.A.;
- Merger by incorporation of its fully-owned subsidiary Banco Millennium bcp Investimento S.A. into Banco Comercial Português, S.A., through the transfer of 100% of the assets of this subsidiary to BCP and the subsequent cessation of activity under the Banco Millennium bcp Investimento S.A. brand;
- Agreement of Millennium bcpbank n.a., with the issue of a Consent Order from the Office of the Comptroller of the Currency of the United States of America, establishing a set of measures aimed at the redefinition of the strategic plan, reinforcement of the corporate government structures and capital ratios and the improvement of risk management;
- Release of a new credit line under the "PME Investe III" programme, specifically designed to support treasury operations for Tourism sector companies with headquarters in Portugal and with an annual turnover of less than Euro 150 million;
- Signing a cooperation protocol with the Portuguese Red Cross - Delegation of Lisbon, in the scope of the partnerships that the Bank has been developed with several entities, aimed at providing access to microcredit for a larger universe of people with entrepreneurial skills;
- Signing of a cooperation agreement with Industrial and Commercial Bank of China (ICBC) - Macau, ensuring that Millennium bcp's customers with operations in China can access the network of products and services offered by the world's largest financial institutions - the ICBC - thereby simplifying the process of internationalisation for Portuguese companies. Meanwhile, ICBC's clients will be able to carry out banking operations in countries where Millennium bcp operates;
- The Millennium Meeting in Aveiro on 8 and 9 July, part of the strategy of strengthening the institutional and commercial impulse of Millennium bcp;
- Downgrade of Banco Comercial Português' senior ratings, by Moody's, on 16 September 2009, together with the ratings of other Portuguese banks, from "Aa3/P-1" to "A1/P-1" and Bank Financial Strength Rating (BFSR) from "C+" to "D+". The outlook on the BFSR is "negative";
- Re-affirmation by Fitch Ratings, on 31 July 2009, of Banco Comercial Português, S.A.'s long-term Issuer Default Rating (IDR) at "A+" with Stable Outlook, and a downgrade of its Individual rating to "B/C" from "B". Re-affirmation of its Short-term IDR "F1", Support "2" and Support Rating Floor "BBB" keeping the "stable" Outlook;
- Revision by Standard & Poor's Ratings, on 30 July 2009, of the long- and short-term ratings for Banco Comercial Português, S.A., to "A-/A-2" from "A/A-1" with re-affirmation of the "stable" outlook;
- "Best Commercial Bank" award, in Portugal, to Millennium bcp in the area of credit to Real Estate Development, from Euromoney magazine;
- "Best Banking Group" award, in Portugal, to Millennium bcp, in the scope of the World Finance Banking Awards 2009, by World Finance magazine;

- The “millenniumbcp.pt” portal was elected as “Best Consumer Internet Bank”, in the scope of the World’s Best Internet Banks in Europe 2008, by Global Finance magazine;
- The “Best Financial Sector Annual Report” award, in 2008, in the scope of the Investor Relations and Governance (IRG) Awards 2009, by Deloitte, Semanário Económico and Diário Económico was awarded to Millennium bcp;
- The “Best Consumer Internet Bank” award, in Portugal, in the scope of the World’s Best Internet Banks in Europe 2008, was awarded to Millennium bcp by Global Finance magazine;
- Bank Millennium in Poland’s online platform directed at individual customers - Millenet - was elected as “Best Consumer Internet Bank”, for the fifth time, by Global Finance magazine;
- Bank Millennium took second place in the ranking of the best macro-economic analysts, in Poland, in the second quarter of 2009, according to the Parkiet daily newspaper;
- Millennium bim has been elected “The Best Bank in Mozambique” and Bank Millennium Angola has been elected “Most Innovative Bank” in Angola, in the scope of the African Banking Achievement Awards 2009, by EMEA Finance Magazine.

ECONOMIC ENVIRONMENT

During the third quarter of 2009, economic indicators have improved, suggesting a turning point in the recessionary environment. The maintenance of accommodative economic policies at a global level has been determinant for the return of a stronger confidence climate, as evidenced by the brisk performance of the capital markets. Despite these positive developments being indicative of a decrease in the downside risks to global activity, many challenges persist. Main among these is the uncertainty regarding the vigour of domestic demand once the impact of the measures taken in support of economic activity start to fade, as governments and central banks actions are naturally limited by their remaining financial capacity or by the commitment to deliver price stability. On the whole, a sustained expansionary economic cycle will depend on the delicate interplay of the effects of the measures to support economic activity and the agents' confidence in the institutions, now subject to heightened scrutiny from market participants and regulators.

The improvements in economic activity are spreading but are more clearly visible in the emerging and developing economies. According to the preliminary estimates released, real GDP growth in the US in the third quarter topped 3.5% (annualized figures) - the first positive change this year. For the euro area, the change is estimated at about 2.0%. For China, the change was 8.5% for the same period. In this sense, the economic crisis did not change the previous pattern of a growing importance of emerging Asia for global growth and for financial market behaviour. This perception remains supportive of the major commodity markets, particularly so for oil and gold. The former benefits from scarce resources in the emerging economies, the latter supported by investors concerns regarding the long-term impact of economic policy being deployed.

The economic downturn and intensity has been remarkably synchronized among the major economies, but the speed and extent of the recovery seems to be unfolding unevenly, dependent on each country's underlying economic condition and competitiveness factors. Among the economies where Millennium operates, it is worth highlighting the latest trends in Poland and Portugal. This year, Poland is most likely to be the sole EU27 member avoiding recession (real GDP growth is estimated around 1.2%), whereas Portugal has been one of the few euro area members to record positive growth in the second quarter. The available preliminary data for the third quarter suggest these favourable developments have continued. In Greece, the need for heavy fiscal consolidation will restrain growth over the next few years (public deficit this year estimated to hit 12.5% of GDP). Also, in Romania, fiscal policy is expected to be on the restrictive side, though its negative impact will be somewhat offset by a more expansionary monetary policy. In Turkey, the renewed stability in financial markets and associated decrease in the country's risk premium that has made it possible for the central bank to continue cutting interest rates, further reinforcing the resumption of domestic demand. In Angola, by freeing the exchange rate and with oil markets recovering from early year depressed levels, the pressure on official reserves has eased significantly. The Mozambican economy continues to show a remarkable resiliency, recording robust growth rates and moderate inflationary pressures.

Cyclical financial assets have had a strong performance over the quarter, as risk premiums retraced to year ago levels. Company earnings reports have surprised on the upside, though most of the gains have been related to cost-cutting initiatives. Some countries have decided to increase their official interest rates. In the US and in the euro area, the central banks are not expected to embark soon on interest rates hiking. However, some monetary tightening might ensue, as other non-conventional measures, such as special credit facilities to the economy, are likely to be reviewed soon. As such, current market conditions, characterized by amply available liquidity, might change in the foreseeable future, affecting the main indexing interest rates. Credit volumes in the euro area continued to moderate. Credit demand remains lacklustre and credit conditions are still broadly selective, but some easing has been recorded of late. Though easing, the deterioration in credit quality remains intense, impacting on provisioning levels and earnings at most banks. Concurrently, financial institutions have strengthened their capital bases and, in some cases, have decided for the early repayment of State aid funds.

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The information in this presentation has been prepared under the scope of the International Financial Reporting Standards ('IFRS') of BCP Group for the purposes of the preparation of the consolidated financial statements under Regulation (CE) 1606/2002.

The figures presented do not constitute any form of commitment by BCP in regard to future earnings.

First nine months figures for 2008 and 2009 were subject to a limited scope revision by External Auditors.

BANCO COMERCIAL PORTUGUÊS

**Consolidated Income Statement
for the nine months period ended 30 September, 2009 and 2008**

	30 September 2009	30 September 2008
	(Thousands of Euros)	
Interest income	2,832,111	3,899,653
Interest expense	<u>(1,833,928)</u>	<u>(2,622,955)</u>
Net interest income	998,183	1,276,698
Dividends from equity instruments	4,327	29,107
Net fees and commission income	533,781	553,044
Net gains / losses arising from trading and hedging activities	184,121	130,107
Net gains / losses arising from available for sale financial assets	4,029	(239,373)
Other operating income	<u>34,861</u>	<u>45,508</u>
	1,759,302	1,795,091
Other net income from non banking activity	<u>13,491</u>	<u>13,087</u>
Total operating income	1,772,793	1,808,178
Staff costs	667,098	690,591
Other administrative costs	426,671	473,407
Depreciation	<u>78,616</u>	<u>82,528</u>
Operating costs	<u>1,172,385</u>	<u>1,246,526</u>
	600,408	561,652
Loans impairment	(409,441)	(340,553)
Other assets impairment	(52,937)	(39,573)
Other provisions	<u>(22,497)</u>	<u>26,178</u>
Operating profit	115,533	207,704
Share of profit of associates under the equity method	47,813	35,830
Gains from the sale of subsidiaries and other assets	<u>78,276</u>	<u>5,810</u>
Profit before income tax	241,622	249,344
Income tax		
Current	(62,056)	(48,028)
Deferred	<u>10,734</u>	<u>(8,238)</u>
Profit after income tax	<u>190,300</u>	<u>193,078</u>
Attributable to:		
Shareholders of the Bank	178,135	142,136
Minority interests	<u>12,165</u>	<u>50,942</u>
Profit for the period	<u>190,300</u>	<u>193,078</u>

BANCO COMERCIAL PORTUGUÊS

Consolidated Balance Sheet as at 30 September, 2009 and 2008 and 31 December, 2008

	30 September 2009	31 December 2008	30 September 2008
	(Thousands of Euros)		
Assets			
Cash and deposits at central banks	2,036,784	2,064,407	1,959,931
Loans and advances to credit institutions			
Repayable on demand	664,702	1,048,348	735,052
Other loans and advances	1,352,101	2,892,345	4,002,821
Loans and advances to customers	75,570,522	75,165,014	71,317,957
Financial assets held for trading	4,228,096	3,903,267	3,609,450
Other financial assets held for trading at fair value through profit or loss	84,631	-	490,362
Financial assets available for sale	2,450,050	1,714,178	4,904,194
Assets with repurchase agreement	20,564	14,754	73,517
Hedging derivatives	274,954	117,305	134,955
Financial assets held to maturity	1,313,965	1,101,844	246,553
Investments in associated companies	424,145	343,934	310,121
Non current assets held for sale	76,182	19,558	22,779
Property and equipment	648,848	745,818	702,549
Goodwill and intangible assets	535,942	540,228	534,009
Current tax assets	18,006	18,127	23,163
Deferred tax assets	583,938	586,952	622,833
Other assets	3,628,219	4,147,645	3,461,873
	93,911,649	94,423,724	93,152,119
Liabilities			
Amounts owed to central banks	1,352,681	3,342,301	1,801,611
Amounts owed to others credit institutions	6,016,159	5,997,066	6,597,127
Amounts owed to customers	45,400,020	44,907,168	44,160,133
Debt securities	22,331,528	20,515,566	22,578,373
Financial liabilities held for trading	1,139,297	2,138,815	892,891
Other financial liabilities held for trading at fair value through results	6,834,208	6,714,323	5,880,593
Hedging derivatives	94,372	350,960	183,337
Provisions for liabilities and charges	229,467	221,836	219,379
Subordinated debt	2,292,954	2,598,660	3,184,020
Current income tax liabilities	2,037	4,826	1,706
Deferred income tax liabilities	474	336	639
Other liabilities	1,165,427	1,383,633	1,324,047
	86,858,624	88,175,490	86,823,856
Equity			
Share capital	4,694,600	4,694,600	4,694,600
Treasury stock	(80,117)	(58,631)	(50,129)
Share premium	183,276	183,368	183,369
Preference shares	1,000,000	1,000,000	1,000,000
Other capital instruments	900,000	-	-
Fair value reserves	70,941	214,593	184,979
Reserves and retained earnings	(222,228)	(274,622)	(153,891)
Profit for the period attributable to Shareholders	178,135	201,182	142,136
	6,724,607	5,960,490	6,001,064
Total Equity attributable to Shareholders of the Bank			
Minority interests	328,418	287,744	327,199
	7,053,025	6,248,234	6,328,263
Total Equity	93,911,649	94,423,724	93,152,119