JULY 2011

Millennium bcp
Strategic agenda for the new context
Agenda

- Structural change in the market context
- Millennium bcp’s strategic agenda for the next three years
- Principles for the management model
Structural change in the market along three key variables

Portuguese banking sector

<table>
<thead>
<tr>
<th>Market stagnation</th>
<th>Negative funding costs</th>
<th>Increase in write-offs</th>
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</thead>
<tbody>
<tr>
<td>Annual growth of volumes. %</td>
<td>Spreads of term deposits over 3M Euribor. bps</td>
<td>NPLs. % total credit</td>
</tr>
<tr>
<td>9.1 1.2</td>
<td>0.45 -1.32</td>
<td>1.98 3.30</td>
</tr>
</tbody>
</table>


Combined impact on the profitability of the sector

Reduction in ROE from 18% in 2007 to 8% in 2010
Millennium’s response: key progress levers in the last three years

**Defense of leadership position in Portugal**
Larger client base, financial margin & distribution network (#1 bank in market share)

**Recovery of banking income**
Repricing of portfolios and increase in commissions (+113 bps spread in company’s credit portfolio and +250 bps spread in new production of mortgage)

**Improvement in operational efficiency levels**
Reduction of the cost base (-115M€ recurring costs in 2010 vs. 2007)

**Reinforcement of growth in Africa**
Launch of operation in Angola and sustained growth in Mozambique (operations in Africa with +70 branches & growth of +106% of banking revenues between 2007 and 2010)

**Turnaround of operation in Poland**
Transparent management (recognition of ~100M€ in impairments in 2009) and recovery of profitability (81M€ vs. -0€ in 2009)

**Reinforcement of risk management standards**
Conservative provisioning policies (recognition of 713M€ in impairments in 2010) and reduction of the funding gap (~1.6b€ in Portugal between 2007 and 2010)

**Improvement in capital ratios**
Capital increase in Portugal (1.30b€ in 2008 & 1.37b€ in 2011), Poland (258M€ in 2009), and Angola (83M€ in 2009); deleveraging and optimization of RWAs (~5b€ in 2010)

**Initiation of focus of international portfolio**
Divestment of operations in USA (sale of branches & deposits; partial sale of credit portfolio) and Turkey (sale of the operation)
June 2011: Market impositions (Troika & BdP)

Increase in Core Tier I (%)
- 6.7% in 1Q of 2011
- 9% by end of 2011
- 10% from 2012

Reduction of Loans to Deposits (%)
- 162% in 1Q of 2011
- 120% by end of 2014

Additional considerations
- Reduce dependency of ECB funding
- Ensure market based funding (progressively)
- Support productive sectors of the economy
Implications for the strategic agenda: four key business drivers

1. Ensure solvency ratios above regulatory requirements

2. Manage deleveraging process to stabilize balance sheet funding

3. Recover & improve profitability level of operation in Portugal

4. Focus international portfolio according to attractiveness & availability of resources

CT1
9% in 2011
10% in 2012

L/D
120% in 2014

ROE
>10% (after stabilization of the economic cycle)
A new corporate vision - “national champion with high standards of excellence”

Portugal
- Market leadership
- Culture of excellence
- Advantages from scale

Angola & Mozambique
- Reference bank
- Growth opportunities
- Strong commitment to country/region

Other “Affinity Markets”
- Natural partner of clients abroad
- Leverage of domestic franchise
- Relevant geographies: Africa, Brazil & China

Robustness of business platform in Portugal as base for the future

High potential geographies to support medium-term growth

Access to additional business opportunities through partnerships
Portugal: Reinforced leadership position

Restructuring initiatives in Portugal

Projecto M
New business model

- New service model for affluent & business segments, and improved proposition for younger & self-directed segment
- More efficient service model for Mass Market
- Distinctive multichannel platform, reconfiguration of branch network - capacity optimization

Restructuring of the operative model
Operational efficiency

- Process redesign in front and back office; implementation of “lean strategies”
- Capacity adjustment of new operating model
- Reinforced capacity and efficiency in credit recovery

Specialized partnerships
Growth platform

- Enhancement of banking business (real estate, leasing/factoring, insurance & investment banking)
- Broadening of “non banking” product and service offer (“beyond banking”)
Angola & Mozambique: platform for growth in Africa

- Reinforced operational base for growth in the region
- Increased importance of the business in Africa (from <5% of international portfolio net income in 2007 to >100% in 2010)
- Initiatives in progress
  - Expansion (in the short-term) to São Tomé & Príncipe and Namibia
  - Launch of mobile banking business (in analysis)
**New markets: growth in other “affinity markets”**

*Growth platform to pursue additional opportunities*

- **Creation of Holding** with 100% of BMA
- **Platform focused on growth** in new geographies with affinity with Portugal/Africa and new businesses
- **Proven track record & capabilities in Commercial Banking in international markets**
- **Initiatives underway to explore trade finance flows & direct investment**
  - Obtain banking license in Brazil
  - Reinforce physical presence in China
Management model in line with the new context

Robustness & Reputation
*Strengthening of the bank as pillar of the strategy and key differentiation element vis-à-vis competitors*

Agility & Performance
*Culture of innovation as key for transforming the business model ensuring satisfaction of clients and maximum efficiency of the platform*

Partnerships & Growth
*Partnerships as a way to leverage domestic franchise and know-how of the Bank with complementary skills and resources of international level*
European portfolio under evaluation - “non-core” in the new strategy

Evaluate opportunities to capture value

- Positive economic growth prospects (-3% in 2011), attractive banking sector with high potential (-7% growth in volumes)
- Market undergoing consolidation - interest of international operators
- Mbcp currently #6 player in the market; attractive operation with robust financials

Explore options to reduce exposure to Greek market

- Decline of GDP (4% in 2011) and increase in country risk (CDS 5y spread >1250 bps)
- Successive increase in credit risk (NPL ~10% in 2010) and stagnation of volumes growth
- Mbcp currently the #10 player in the market with increased dilution of results

Stabilize operation & reduce negative impact on results

- Recent recovery after severe economic crisis (-7% decline in GDP in 2009)
- High levels of credit risk (NPL ~12%)
- Mbcp currently #18 player in the market; break even expected in 3 years
Poland: Evaluate opportunities to capture value

- **Resilient banking sector** with robust performance levels (P/B 2.0x)

- **Sector under consolidation** with the involvement / interest of various local and international players

- **Demanding capital requirements** to (i) maintain solvency in line with market standards (top 10 with 14%) and (ii) significant volumes growth

- **Recent transactions with attractive multiples** (P/B 2.6x and 1.7x for WBK and Polbank respectively)

- **Mbcp operation well positioned** in competitive terms; strong potential to capture value

- **Options being analyzed** with the support from external advisors

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**Share of assets 3Q 2010**

- [1] PKO BANK POLSKI 15%
- [2] BANK PEKAO SA 12%
- [3] BRE BANK SA 7%
- [4] ING BANK ŚLĄSKI 5%
- [5] WZKK 5%
- [6] 4%
Greece: Explore options to reduce exposure

- **Option to integrate the operation through a merger with domestic player**

- **Value creation rational** supported on potential commercial synergies (at least 2x increase in footprint to >300 branches) and costs (reduction of opex >40M€/year)

- **Millennium bcp with a minority interest** in an established entity/banking group

- **Significant advantages in balance sheet management & risk** - book value (incl. goodwill) of ~510M€, ~4.1 m€ of RWAs, ~2,2 m€ of funding gap

- **Approach underway** with support of external advisors - high uncertainty regarding timings given current market context
Basis for the future of Millennium bcp...

- **leadership** in number of clients >2M & market share >20% in higher value segments
- largest network in terms of physical touchpoints (>900 sucursais)
- undisputed leadership in internet & mobile channels
- growth of ActivoBank to >100 thousand clients
- leadership in market share of customer funds >20% in line with market share of credit
- reference in terms of efficiency levels with C/I <50%
- attractive returns with ROE >10% (after stabilization of current cycle)
- solid balance sheet with CT1 >10% and L/D <120%
- presence in >4 African countries with strong growth prospects
- network of reference partnerships to explore new markets/business
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