The current economic context experienced in Portugal implies the urgent need of the stimulation of the corporate structure and creation of employment, vital for the Portuguese economy and the self-sustainability of individuals. However, the uncertainty regarding the future continues to contribute to retraction in the creation/development of micro and small companies. In 2011, a great number of actions were implemented for the purpose of bringing the microcredit instrument closer to the most vulnerable population.

Specialised Credit

The main guidelines of Specialised Credit focus on the restriction and selectivity of new operations, the successive adjustment of pricing in view of the evolution of the cost of funding and strong effort of repricing the operations in portfolio in leasing and factoring products, with priority regarding the latter, due to their potential attraction of company treasury.

The following initiatives were developed, in particular:

- Certification of Specialised Credit Managers in Portugal, aimed at the sustained performance of excellent Customer service and the continuous improvement of this business area in the Bank;

- In the leasing business, preference will be given to small and medium-sized enterprises, with Customers showing best risk and the financing of goods with active secondary markets and for shorter periods. The alloc5,5ion of funds available under a European Investment Bank line, of the value of 30 million euros, has enabled the offer of equipment leasing to Customers of the Retail Network with special price conditions, thus ensuring support to SME investment;

- In car financing, the campaigns targeting Customers of the Retail Network was based on partnerships with car concessionaires, where the offer of the renting product was highlighted most. This is a product that, under the partnership established with the company SGald Automotive, a fleet management company integrated in the Société General Group, does not involve the consumption of capital of the Bank nor funding needs;

- The promotion of factoring products focused on Retail, with a campaign aimed at the expansion of the Customer base. There has also been greater selectivity in the type of offer, seeking to reduce the weight of operations without recourse, thus putting an end to the “Municipal Solution” offer and reconfiguring the products related to the health sector. Consistent with the objection of reduction of operating risk and improvement of control of overdue loans, a new factoring electronic platform is currently at a final stage of development, which is expected to become operational in the beginning of next year.

In 2012, the activity of the Companies Network will continue to be strongly influenced by the evolution of the Portuguese economy, whose performance will be greatly constrained by the implementation of the measures defined in the Memorandum of Understanding, and consequent maintenance of the recessive economic environment. In this context, the Network’s strategy of action will involve the maintenance of the guidelines followed in 2011, directing the commercial activity towards:

- Focus on the reduction of the liquidity gap, with a restrictive lending policy, in a new paradigm based on the establishment of an overall partnership with Companies, favouring loan concession to companies with which compensation has been negotiated in terms of treasury and which show greater capacity for success in the medium and long term, namely through their action in international markets of high potential growth;

- Strong commercial proactiveness, strengthening relations with Companies, a vital factor for the identification of new business opportunities in line with needs and strategy, also seeking to detect any possible signs of business difficulty, in order to define solutions suited to the respective characteristics and prevent the existence of overdue loans;
In 2011, the following projects were classified under the criteria applied by the International Finance Corporation (of the World Bank Group) which led to the Equator Principles:

**PROJECT FINANCE OPERATIONS APPROVED IN 2011**

<table>
<thead>
<tr>
<th>Project</th>
<th>Classification</th>
<th>Total Funding</th>
<th>Millennium bcp participation</th>
</tr>
</thead>
<tbody>
<tr>
<td>IBERWIND (PORTUGAL)</td>
<td>Repowering in 10 MW and overpowering in 2MW from Lagoa Funda’s wind farm</td>
<td>B</td>
<td>10 (*)</td>
</tr>
<tr>
<td>ELOS</td>
<td>Reform the Concession of Alta Velocidade Pocéirão-Caia</td>
<td>B</td>
<td>308.8 (***)</td>
</tr>
<tr>
<td>Meroicinha II</td>
<td>Financing the Meroicinha II Wind Farm - Alto do Marão</td>
<td>B</td>
<td>11.7</td>
</tr>
</tbody>
</table>

(*) It was not funding / additional exposure, but the conversion of an unused facility
(**) The amount shown represents the increase in the Reform held in February 2011.

For 2012, the strategic guidelines for the area of Investment Banking are based on the maintenance of the focus on products and structures that enable increasing and diversifying the Bank’s sources of financing; maintenance of its position as a reference institution in the national market; continuation of the activity’s international expansion, namely through the offer of advisory services in project and/or corporate finance, preferably in countries where Millennium bcp is already present, also exploring potential opportunities along the strategic axis of China/Macao - Portuguese-speaking Africa - Europe, to which Brazil is added, under the partnership agreement signed with Banco Privado Atlântico for the constitution/acquisition of a bank, aimed at the exploration of opportunities in the Brazilian market; and, finally, close monitoring of Customers and operations currently in the portfolio.

Find additional information to indicator, in: www.millenniumbcp.pt