FINAL TRANSCRIPT

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PRESENTATION

Operator

Good afternoon. Thank you for standing by and welcome to the bcp First Quarter 2008 Earnings Presentation Conference Call. (OPERATOR INSTRUCTIONS). I must advise you this conference is being recorded today, Tuesday, the 13th of May 2008.

I would now like to hand the conference over to your speaker today, Mr. Carlos Santos Ferreira. Please go ahead, sir.

Carlos Santos Ferreira - *Millennium bcp - Chairman*

Thank you very much. Well, good afternoon, ladies and gentlemen, and welcome and thank you for attending this conference call. I would like to begin by stressing some key message that I believe are important to a correct understanding of the activity of the bank in the first quarter 2008.

First of all, the rights issue of EUR1.3 billion was successfully complete, as you know with a strong support from our shareholders and given this impact, our pro forma Core Tier 1 ratio would have stood at EUR6.2 billion at the end of the first quarter of 2008. We are today better prepared to benefit from the significant potential of our franchise in Portugal and from the strong growth of our international operations.

Second, as from April, all the rating agencies have now established a stable outlook of the bank's rating. Third, net income for the first quarter of 2008 was EUR15 million being negatively influenced by the impact of the volatility of the financial markets, but especially by the booking of an impairment loss of EUR133 million associated with the depreciation of the stake in BPI [health] in our available for sale portfolio. However, consolidated recurrent net income improved from the last quarter of 2007 increasing 24% to EUR134 million, reflecting the recovery of net interest income, which benefits from re-pricing initiatives as well as cost control.

The credit portfolio remains of a high quality as indicated by non-performing loans more than 90 days overdue, which stood at [0.8%] of the portfolio and the high level of coverage standing at 238%. Business volumes continued to grow at this sustained pace. Credit increased 14% and customer funds increased 10% with on-balance sheet customer funds growing 20%, both in Portugal and in our international operations.

We have fine-tuned and implemented some new measures to face the current financial markets environment with already visible results. And having strengthened the capital base, we are now fully focused on accelerating the development of our initiatives to improve efficient and profitability.

May I ask now Mr. [Pedro Esperanca Martins] to start our presentation? Thank you very much.

Pedro Esperanca Martins - *Millennium bcp - Head, Investor Relations*

Thank you very much. Before starting the presentation and presenting the highlights of this quarter, I would like to stress the following. Bcp is now in a completely different environment than a year ago. One year ago, there was no clear signs of what was going to happen with the subprime and liquidity crisis in the financial markets. There were no negative revisions on the expected GDP gross rates. In Portugal, there was no impacts from the regulatory changes. They were being discussed, but still with no impact in P&L. And inside bcp, we were still in the BPI offer and that nothing could lead us to the facts that occurred during the year. And as the new management is in place since January, it seems fair to compare the performance of the first quarter with the performance of the fourth quarter of 2007.

So in terms of highlights, the pretax income from the Portuguese operation was up 45% when compared with the fourth quarter. The pretax income from international operations up 29% and the group pretax income up 40% from the fourth quarter. We completed the rights issue more than two times oversubscribed. We had a successful covered bond issue in good conditions in the difficult market environment. We took an [issue] against earnings on the devaluation of BPI stake. Anyhow, we have a sustained franchise growth in core markets. The expansion plans are on track and we reached more than 2 million clients in international operations of which 1 million in Poland.

Last February, we presented to you the five pillars of our strategy. Let's see other things are developing. Regarding the institutional reputation, I'd like to mention again the rights issue and the covered bonds. We already mentioned stable outlook from all the ratings agencies and also the recognition against earnings of the devaluation of the BPI stake. On the pricing, risk and capital discipline, we started the spread revision in the first quarter of 2007 with a detailed analysis per business segments and per clients. It's an implementation started this quarter with the first positive impact on margins. This is a lengthy process that will improve the profitability of the Portuguese operation. On the capital side, we have now a solid base for the sustained organic growth going forward.

On the cost side, we continue to have a cost contention policy. This is the second leg of turnaround that we are doing in Portugal that will have further developments during this year. On the retail operations, the volumes continue to grow, 10% in customer funds and 14% in customer loans. The expansion projects are going according to plan. We opened 43 new branches during the first quarter of which 14 in Portugal, 15 in Poland and nine in Greece. And international operation profitability continues to improve with a [17.7%] growth from Q1 '07 to Q1 '08.

And the last [feel] is refocus on clients. We have -- we stabilized a number of clients in Portugal, mainly with the captured efforts that were being done during this quarter. We have, more or less, 2.6 million clients in Portugal. Outside Portugal, we crossed the 2 million clients levels and we have more than 1 million retail clients in Portugal. This level was achieved this first quarter.

Let's now look at the figures. Year-on-year, we have a lower consolidated net income, but we are improving versus last quarter. The net income decreased almost 30% from last year. If we exclude the specific items, the impact from the BPI stake and also the reduction of variable remuneration accrued in 2007. If we consider the steady net income, the steady income was EUR14.7 million. On a quarter-on-quarter basis, we grew 23.7% on a consolidated basis. In Portugal, the -- when also looking at the quarter-on-quarter, the increase was 21.4%. Looking at international operations, quarter on quarter, 32% and compared with last year, we grew 13.7%. Excluding the impact from the -- our operation in Romania, the net income from the international operations would increase 31.5% year-on-year.

The group net interest income growth compensated to lower trading profits and also the lower commissions. The operating income is stable, a slight decrease of 0.6%. This is done basically with the growth of the net interest income that grew 6.6% year-on-year. We -- the commissions decreased 3.1% and the trading gain decreased 38% year-on-year. Anyhow, on a quarter-on-quarter basis, we start to see the improvements.

Regarding the efficiency, the jaws is opening. We have a stable revenue growth, but the operating costs are decreasing versus the Q4 '07 in spite of expansion projects that we have in all our geographies. We have improved the cost to income ratio when compared with last quarter, 5.3%. And the operating profits improved from last quarter almost 15%.

On the volume side on the balance sheet, we continue to show double-digit growth, both in private and customer funds. On the credit side, we grew 14%. The growth rate is almost similar in all the lines, around between 14% and 15%. On the customer funds, the growth rate was 10% and I would like to highlight the 20% growth on the balance sheet customer funds.

Moving to the credit quality of the -- we have -- the overdue ratio is stable at 0.8% as of last year. On the cost of risk, we are at 40 bps, in line with our expectation. I would like to highlight that the growth impairment charges decreased from last quarter. It's a slight decrease if you take out those [superlative] cases that we have at the end of year 2007. But anyhow, it decreased slightly.

Looking at the total overdue loans on total loans, the overall picture is stable. There has been some slight movements one way or the other, but the picture is stable. I would like to highlight again that we have no exposure to the U.S. subprime, no consumer credit issues and no exposure to insurance monoliners.

On the solvency and we show here the two -- the Basel I and Basel II for comparison reasons. If we look at quarter one ratio in December, it was 4.3%. It decreased on Basel II for March to 4%, which was mainly due to the impact of BPI, impairment of BPI that concerns the 20 bps of the Core Tier 1. We had a positive impact from the TVT of four bps. And then, the impact on the Basel II of 14 bps that shows us the 30 -- the 0.3% difference between December and March '08. And the Basel II, the capital requirements calculation follows the standardized approach in respect to the credit risk and the basic indicator approach to the operational risk.

The margin impact on the Basel II when compared with Basel I is the growth of the risk-weighted assets. The credit-related risks are driven by mortgage and retail exposure. This lower credit-related risk was not enough to offset the capital requirements from the operational risk, leading to an increase of risk-weighted assets of around EUR2 billion.

Going to the share capital increase that was successfully completed, we had a strong support from shareholders with a 98.9% take-up. The total demand was circa 218% of the total number of shares on the offer. So, there are very good numbers in the -- in the support from shareholders and in the demand for this -- for our capital increase. We've also had a strong share price performance during the process with a positive reaction from the market as shown by the share price performance from announcement to pricing that increased 10.8%.

On the ratings side, I already mentioned we have a stable outlook for all the three rating agencies. So, this is -- these are good news. Standard & Poor's revised the outlook from negative to stable. So, it shows the confidence that rating agencies continue to have in the bank.

On the liquidity side and we show here the -- this pro forma after March that already includes the impact from covered bonds that announced during the -- during May. And we can see that the short-term position improved a lot from March. It's more or less in line with the one that we had in December. The mid and long-term is also -- is at almost 57% of the total wholesale funding. Regarding the maturity profile, the profile is concentrated more than six months to one year time. I would like to highlight the loans to deposits that if you consider the on-balance sheet funds, the loans to -- on-balance sheet funds we have 151%. And if considered the loans to total customer funds, we have 110%.

Moving to the several operations and let's start with Portugal. The net income year-on-year decreased 37%, but it's clearly higher on the quarter on quarter with a growth rate of 21%. Let's look at some more details on this. The top line reflects the adverse market environment with the direct impact on trading and lower commissions year-on-year. But as we have been stressing, we are recovering from 4Q '07, as you can see in the bottom -- in the bottom graph where we show 2.3% growth on operating income.

On the financial margin, we had a positive impact from volumes and a positive pricing effect when compared with -- on a quarter-on-quarter basis. On the back office spreads revision, you can see what happened on the spreads on the graphs below. We -- on the corporate loans on return on SMEs, the spread is stable, 1.98%. We managed to improve the spreads on the corporate SMEs and also on the last corporates with -- and also on the spread on mortgage loans on this increasing spread is very material -- 11 bps on the new production on mortgage loans. The spreads on deposit are more or less stable. So, we have been able to increase the net interest income when compared with last year, 1.7%.

On the negative side, of course, we had some negatives also. There was the price effect when you compare the price effect year-on-year, the NIM decreased to 1.82% from 1.94% one year ago. There were the regulatory changes that I already mentioned that had a negative impact also on the financial margin. We have higher funding costs and there are -- there is a strong competition in the banking sector. Anyhow, the net interest income increased 1.7%, mainly from the improving spreads on loans and also on demand deposits.

On the commissions, there was decrease of 14.1%. We had lower commissions related to the asset management and securities. And also, you can see here the impacts from the regulatory changes. This is something that is deserving to the attention of the -- going forward. On the cost side, the costs in Portugal are stable -- 0.1% growth is almost nothing, benefiting from lower staff costs decrease of 2% and higher, even with the higher administrative costs mainly on the studies and consulting.

On the efficiency side on cost to income, also here the iaws is starting to open again. We have the stable revenues, but the costs are under tight control. So, we have an improvement on -- in the cost to income versus last quarter of 4.1% and operating profits also compared with last quarter grew almost 12%. On the balance sheet side, we continue to have strong growth both in loans and customer funds. In the loan side, the increase was 9% and we are celebrating the growth on the loans to companies.

On the mortgage, the growth was -- year-on-year growth was 7.5% and on loans to company was 10.4%. On the customer funds, the growth was 6.1%, but I think here we should highlight the growth on balance sheet customer funds there to 16.3%. There has been a strong effort from the bank to increase the -- on the balance sheet customer funds and this is feasible in these numbers.

Crossing the business segment, the growth has been everywhere. The retail banking grew on the loans to customer and also customer funds. On the corporate and companies, it is very material the growth on customer funds, 46.3%, but also on the loans it is 13.5%. Private banking, here, I need to explain this decrease of 12.9% on the customer funds. It is mainly the impact on the asset management portfolios and decrease of the -- in that we saw in the equity markets.

Credit quality in Portugal is also stable. The overdue ratio of more than 90 days stayed at 0.6%. On the back of sustained credit volume growth, the cost of risk is at 42%, in line with expectations. And in Portugal as well, we felt the lower amount of the credit recoveries. We have already the -- taken the matches to change these trends. But we will see what will happen in the next quarters.

On the credit quality and looking at the overdue, here also -- the picture stays stable. Just like the one that we saw in the consolidated figures. So, I move forward to show you what happens in terms of the branch opening during the last -- since 2000. From 2000 until 2005, Millennium bcp closed 474 branches. This was a normal situation in this -- during this time on Santander Totta increase and opened 104 branches. From 2005 to 2007, all the big banks in Portugal were opening branches -- new branches and only Millennium bcp was closing.

In the first quarter of 2008, we are starting the program that was announced to you during the last presentation. We already opened 14 new branches. We are following mainly the demographic moves that we are having in Portugal and also some commercial malls that have been opening around the -- in Portugal in the big cities.

Let's move to Poland. The net income is much higher than in the first Q of 2007, high as 50.8%, and slightly higher when compared with the first quarter of 2007 with 4.1%. We have been strengthening the operating income on the back of a sound core business. The financial margin conditions grew 30%. That allows -- and we had also a negative impact on the trading gains. But this allows operating income to grow 20% year-on-year.

Looking at the interest margin, there has been a strong growth supported by higher volumes and also higher NIM when compared with last year. The NIM decreased a little bit when compared with last quarter, mainly due to the strong competition that we have in Poland nowadays. In terms of commissions, we managed to grow 18%. There's -- there was -- is only one negative in the securities and asset management. This is mainly due to the lower contribution from mutual funds and I would like to highlight the growth that we are adding in the bank insurance commissions that grew more than 200% year-on-year.

On the operating cost side, we are growing at a slower pace than revenues. This growth -- and this is mainly due to the expansion projects that we are having and due to the branches that we opened in the last 12 months. As we [distribute] two items -- the revenues and costs -- we are improving the efficiency ratio despite the branch expansion impact. The -- we have a fast-paced revenues growth although at lower rates than in the fourth quarter of '07. The costs are under control. So, the cost to income continues to decrease slightly from last year. But the operating profit improves and grow and the growth rate is 15%.

On the volumes, we -- volume continues to see a very strong growth rate. Loans to customers grew almost 44% with mortgage book growing 60% and loans to companies 22%. The resale of the loans are the main driver of this growth with more than 57% year-on-year. And on the mortgage side, we are on the top three position in mortgage origination with a market share of around 10.4%.

On the customer side, that grew 33%. We have an excellent deposit growth to 49% year-on-year and 11% quarter on quarter. And we are growing much more than the market, so we are gaining market share either on the loans to customer and also on the customer funds. I would like to highlight that in the first Q of 2008, the loans reported ratio in Poland were below -- was below 100%.

On the credit quality, we are improving the impairment ratio decrease to 3.2% and the coverage increase to 75%. The cost of risk we also saw in the year an improvement, the net cost of risk is now -- it was 90 bps compared with 34 bps last quarter, last year. On the -- we have now the fourth biggest retail operation network in Poland with 425 branches. 85% of new branches to be opened in 2008 have already been reserved. Recruitment policy is advanced and I just have to mention that these new branches have been for this first quarter, for the first time a positive contribution to P&L.

Moving to Greece, the profitability suffers from the expansion efforts that we are doing also in Greece and also from the impact on the increased cost of risk. The net income decreased 7% compared -- when compared year-on-year. Anyhow, there was a strong top-line growth from core business. Financial margin commissions grew 25.6% and we had almost zero results from trading. But the core business is growing very healthy, 25% with -- on the back office solid interest income evolution despite the pressure that we are having on credit margins. The financial margins grew 17.7%.

Anyhow, we had a decrease in NIM from 3.4% in one year ago to 2.47% in this year. As you can see, the spreads decreased on the corporate loans. We are regaining and we managed to revert the trends on the mortgage loans. The spreads are now increasing. And we have also better spread on the current deposits. So on all, the margin has been improving and we are recommended to show some improvements on the spreads side.

On the cost -- on the efficiency -- on the efficiency for the Greek operation, the total revenues growth was hindered by almost zero trading profits. The costs are under control despite the aggressive expansion plan that we have. Any other cost income is still at high level due to the investment stage where we are. And effort to achieve the economies of scale, but it is improving. It decreased 4.7% and operating profits grew 40%.

On the volume side, the loans to customer growth rates was almost 40% on the back of a strong growth on loans to companies of growth rate of 55% year-on-year. And also on the mortgage group that continued to grow, which grew 23% year-on-year. On the customer funds, it's the most important one are the deposits that grew 26% year-on-year.

Just to mention that in April, we managed to have higher growth in deposits than in loans for the month of April. On the credit side, the increase -- the cost increase was mainly in customer credit. Something that is happening in all the Greek financial systems is being seen in all the Greek banks. But we already took some measures to revert these trends via the acceleration of a credit recovery. We started to use -- we normally outsource the collection of this -- of the overdue credit. We started to use another external collector for cars and car loans.

And we started also to use a new alert system using mobile phone messages after the survey of overdue to alert the clients that they need to repay. We are also daily monitoring all the external collectors' performance and setting clear objectives on a daily basis to these external collectors. In the mortgage front, we internalize the collection after 30 days past due with the new [TM debt] we just recruited. We already started to see the impact of these efforts in April with a decrease in impairments. On the branch network side, the geographic expansion proceeds with opening of nine new branches in the first Q. A large proportion of this branch is on the Prestige segment. This is mainly to focus on the gathering customer funds. We have now 174 branches all over Greece, so we have a very good presence in Greece.

Regarding the other expansion operations along these ones, we'll briefly look at each of the operations. Mozambique, we continue to be a market leader -- market leaders. The volumes growth on the customer side was impressive, 21% on customer funds. We continue to grow at 7.1%. The net profit even if it is a slow economy, we managed to grow 14%. And now, we have 87 branches in Mozambique. The return on equities is above 50% and the cost to income is at 42%.

U.S. operations is close to breakeven, mainly due to the cost control effort that we have been doing. This is a bank -- Community Bank, focused on the Portuguese, Greek and Brazilian ethnic groups. The operation is at breakeven nowadays, zero in term of net income. The growth has been seen mainly on the loans to customers, 2.4%, and we've been having some issues on the customer funds. We have now added new 80 branches in the U.S. We have not changed this. We saw some negative impact from dollar devaluation and there is some special negative impact expect from the U.S. economy recession.

In Turkey, we continue to see it is a possible option to benefit from a growth context. The main focus has been on cost control and re-balancing the loan portfolio. The loans to customers grew 28%. Anyhow, we still have -- we are -- continue to have some thorny markets on customer funds and we have a decrease of 23%. The net income stood at 1.9% -- EUR1.9 million negative, mainly due to trading results.

In Angola, we had a strong credit volume growth on the back of solid market performance. Loans to customers grew more than 100%. The result, the net profit of EUR1.1 million positive was affected by the expansion plan that we have. We have now 10 branches in Angola. We had three one year ago. And we continue to believe that Angola is one of the fastest growing economies in the world that will derive the growth in the -- of our operation in Angola and we expect to see the profitability growing very fast.

In Romania, we have encouraging initial figures and a very good market acceptance. We have now 42 branches. And we have EUR6 million net income that profits from this operation. Anyhow, this is -- the operation is developing according to plan and we have better results than we expected. But we are developing this Romanian operation according to what we saw when we launched the operation.

In conclusion, I would like to say that we improved the performance versus the fourth quarter of 2007. We took against earnings, the devaluation of BPI. The Portuguese business remains strong with a substantial upside potential via cost optimization and re-pricing. The international business has a strong and profitable growth. The expansion plans are on track and we have now a solid capital base to support our organic growth plans.

Thank you very much. I will pass on discussions to [JoAnna].

QUESTIONS AND ANSWERS

Operator

Question-and-answer ...

Carlos Santos Ferreira - *Millennium bcp - Chairman*

Well, gentlemen, perhaps you want to make some questions. Please go ahead.

Operator

Question-and-answer session. (OPERATOR INSTRUCTIONS).

Your first question comes from Antonio Ramirez from KBW.

Antonio Ramirez - *KBW - Analyst*

Hello. Good afternoon. I have basically three questions. One is regarding the EUR18 million personnel expenses that you recover. You explained that this comes from accrued variable compensation for 2007. My understanding is that you are not paying that variable compensation and that's why you are reverting that. So, the question is can you explain the nature of this recovery and also if we should consider this as something recurrent, so that means that's something that lowers the cost base in 2007. And therefore, when we should be forecasting costs for 2008, we should assume that this, let's say, is -- this recovery is not a one-off, so it's something that will lower the cost base looking forward. So, that's my first question.

My second question is regarding your international operations, you have mentioned that you may consider selling some of these operations in the future. You will review them. Can you tell us what is strategic and what's not strategic for you on the international business? My understanding is that the bank in the U.S. and probably the bank in Turkey are not strategic, but can you comment as well on Greece?

And then, my final question is regarding your [cross] holding your stake in BPI, which you have also said is not a financial investment. We have seen BPI diluting its stake in bcp not subscribing the rights and also selling some of the shares in the market. So, what should we expect from bcp doing with that stake? So, that's all from me. Thank you very much.

Pedro Esperanca Martins - *Millennium bcp - Head, Investor Relations*

Antonio, thank you very much for your questions. Regarding the first one, the EUR18 million. One, this is really a one-off. There was an act with the revision that we did in 2007 for the bonuses of the management and also of the employees that will be based in 2008. So, this is one-off. And will not be -- it is not recurrent and it should not be seen as a recurrent place. This happened once and is not going to happen again. This is decrease on the bonuses and that's it for 2007.

So, as you can imagine, we have a lower net income in 2007 and also the remuneration of the investors was lower than the previous year. So, when you do this [tool], you do it based with a -- based on the previous year net income. So, this is the one-off item that we are adding. We -- the payment of the bonuses is lower than the ones that those accrued for.

Antonio Ramirez - *KBW - Analyst*

Okay.

Pedro Esperanca Martins - *Millennium bcp - Head, Investor Relations*

Okay?

Antonio Ramirez - *KBW - Analyst*

Yes.

Pedro Esperanca Martins - *Millennium bcp - Head, Investor Relations*

Regarding the international operations, it was said by the president yesterday as -- that we have a methodology to analyze the international operations. We will do it -- and we will do it with all the operations and this is basically a look at the capital. So, this -- we will have this methodology of the evaluating the international operations. And also, this is not only for the international operations, this is for all operations of the bank.

And the main items is [all capital], the net income generated by the operation, the liquidity consumption and also the potential plus capital gains that we can have. So, all the operations of the bank, this is something that is not [only to do] is the portfolio management that we will do. And we will do this for all the international operations and also for the Portuguese operations where we can see that we can have some potential gains.

Antonio Ramirez - *KBW - Analyst*

But can you be more a little more specific because I understand that you may review all your businesses, but being realistic doesn't look you will sell the bank in Portugal, isn't it? So I guess some businesses are more strategic than others. So, can you tell us -- I would assume Poland is quite strategic for the group. So, can you tell us what looks like be more strategic and what looks like being less strategic for the group?

Pedro Esperanca Martins - *Millennium bcp - Head, Investor Relations*

Okay. What -- Antonio, what I can -- I can say that Portugal, the operations that we have in Africa and Poland are poor. That's what we've been saying since the beginning of the -- that we have this new management. These are the core operations. We will see the other ones. Of course, we are happy with the performance of the Greek operation. We -- you cannot value the Greek operations looking at one quarter of results. But we know where we are going. We know what the expected value that we have for the Greek operations.

So, we are analyzing all the operations. Even in Portugal, you remember that we sold several of the Portuguese operations that we had on the customer credit card loans and all of the things. All the operations need to be analyzed on a -- on this portfolio management that we are doing.

On the second BPI, as it was said during the last presentation, this is a financial investment. We have not sold any shares in BPI. We are waiting to see what are the conditions of the capital increase. Then, we will take a decision.

Antonio Ramirez - *KBW - Analyst*

Okay. Thank you.

Operator

Your next question comes from Carla Rebelo.

Carla Rebelo - *Banif Investimento - Analyst*

Hello. Good afternoon. I also have a couple of questions, the first of which relates to NII, which saw a reasonable performance versus Q4, especially in Portugal. But in the meantime, in your press release, you state that beginning in Q2, if I correctly understand, you decided to lower the pricing of mortgage credit. So, I was wondering if it's reasonable to expect a reversion of the trends we've seen in Q1 and also if you could elaborate a bit further on the reasons why you decided to lower the pricing.

Also in NII, should we expect further margin pressure in Greece because it appears that Q1 was a very competitive quarter for these items. The second question has to do with operational costs. On top of the issue relating to staff, which was mentioned in the previous question, I also noticed that there was a steep compression in admin costs, especially in Portugal and Poland. And I was wondering if this can be replicated over the coming quarters and if it's reasonable to expect a lower volume of operational costs versus the quarters in 2007. And that's all. Thank you.

Pedro Esperanca Martins - *Millennium bcp - Head, Investor Relations*

Carla, thank you very much. Regarding the NII performance and what was -- what is in the press release, what we are saying is that we will be more aggressive on the mortgages with low LTVs. But we'll compensate that with a higher spread on the mortgage loans with higher LTVs. On the margin pressure in Greece, you know that in Greece there is a phenomenon, a phenomenon that is different from all the other European countries. The mortgage book and we added -- and we saw that until the summer last year. The mortgage is -- the mortgage interest rate is linked to bcp interest rates and not to the rival.

So, some of our book is linked to the -- it is linked to bcp. The -- all the new production that we are having since fourth quarter last year is new productions of mortgages on the rival -- is linked to the rival instead of bcp. It's something that we are suffering when we have a difference between bcp and the rival of around 70 bps. We'll see what will happen in the future. Of course, in terms of the competition, we are seeing competition on the deposit side. Not so much on the credit side. Regarding the operational costs, we believe that this is -- these are the levels that we will foresee by -- we will foresee going forward. These are in line with our estimations. So, I don't see any big changes here going forward.

Carla Rebelo - *Banif Investimento - Analyst*

Thank you.

Operator

The next question comes from Lurdes Pinho.

Lurdes Pinho - *Banco BPI - Analyst*

Hello. Good afternoon. I have three questions. The first question on the domestic net interest income. I wonder if you could elaborate on the quarterly increase in the domestic mortgage book spread. Eleven basis points in the quarter seemed quite an impact on the whole over the book. Is this the impact of new business solely or has the back book also increased spreads? And if so, how? On solvency ratios, risk-weighted assets are calculated in their standardized approach. Will this be the calculation method going forward?

And lastly, on the potential decision to sell any of the international operations, can bcp sell just stakes in any of these operations or will it sell always 100% of the operations? So, would it be possible a solution under which bcp would sell 49% stake in Poland instead of 100%? That's all.

Pedro Esperanca Martins - *Millennium bcp - Head, Investor Relations*

Okay. Thank you. Thank you, Lurdes. Okay. Thank you very much for your questions. Regarding domestic mortgage, the spreads, as you saw in the presentation, are from new production. That's why you can see a change of 11 bps from one quarter to the other. On the solvency calculation, we are using nowadays some advice made for the credit risk. We -- this is the methodology that we have approved with the central bank. We will see if the central bank will allow us to use another methodology. You know that we have been applying to the internal rating through the IRB. We will see what will happen. For the time being, this is what we have. We have the standardized approach for the credit related risks and we have the basic indicators for the operational risk.

On international operations, this -- I think that's too early to discuss what we are going to sell and if that is going to happen, if we are going to sell just stakes or 100% of the operations. This is too early to start discussing these kind of issues. We are analyzing it. We did this several times. This is the portfolio analysis that we will continue to do. So, we are -- it's too early to discuss this 10%, 20% or whatever. Okay?

Lurdes Pinho - *Banco BPI - Analyst*

Okay. Thank you.

Operator

(OPERATOR INSTRUCTIONS). We have no further questions, sir.

Pedro Esperanca Martins - *Millennium bcp - Head, Investor Relations*

If there are no further questions, I would like to thank you very much for attending the conference call. If you have any other follow-up questions, we can -- you can call me. I will pass the word to Mr. Carlos Santos Ferreira.

Carlos Santos Ferreira - *Millennium bcp - Chairman*

It's only to thank you for attending the conference call. Mr. Pedro Esperanca Martins is at your disposal and we will hope that we will have not better because these ones are a reasonable, quite reasonable results. But another ones, in -- we attend this -- in this quarter. Thank you very much.

Operator

That does conclude our conference for today. Thank you all for participating and you may now disconnect.