

28 July 2014

## Millennium bcp earnings release as at 30 June 2014

### Capital

*strongly reinforced  
and above required*

- **Successful completion of the rights issue of Euro 2,242 million (total demand of Euro 2,734 million) in order to allow the total reimbursement of Euro 2,250 million of CoCos to the Portuguese State \***
- **Common equity tier I pro forma \*\* ratio at 12.5% in accordance with phased-in criteria**
- **Common equity tier I pro forma \*\* ratio at 9.0% in accordance with fully-implemented criteria**

### Liquidity

*comfortable*

- **Consistent customer funds base maintained, with an increase of 2.0% in deposits from 30 June 2013**
- **Continuation of the commercial gap improvement: reduction of Euro 3.2 billion in the commercial gap year-on-year, with the loans to deposits ratio (BdP) at 116%, comparing favourably with the 120% recommended, and the ratio of loans to BS customer funds at 106%**
- **Reduction in ECB funding usage to Euro 8.7 billion, with an additional reimbursement of a Euro 1 billion already in the 2Q14 to Euro 8 billion of the 3-year long-term refinancing operation (LTRO)**

### Profitability

*with consistent confirmation of positive trend*

- **Consolidated net income of Euro -62 million versus Euro -488 million in 1H13, with a quarterly consolidated net income of Euro -22 million, the best in the last 2 years**
- **Contribution of international operations (excluding Romania) to the consolidated net income of Euro 99 million, an increase of 12.8% versus 1H13**
- **Progressive improvement in banking income in all geographies, with a growth of 40.5% year-on-year, driven by the increase in net interest income which recorded the best quarter since the issue of the CoCos in June 2012**
- **Operating costs reduced by 3.2% at the consolidated level and 6.2% in Portugal versus 1H13**
- **New entries in NPL in Portugal in 1H14 decreased 63.5% versus 1Q13, consistent with the target of a sustained reduction in the cost of risk, but maintaining a high level of provisioning**

\* Of which Euro 400 million in May and Euro 1,850 million to be authorised by the Banco de Portugal in the third quarter.

\*\* Calculated based on a conservative interpretation of the proposed DTAs regulation published on 12 June 2014. Pro forma, includes the right issue of Euro 2,242 million, the repayment of Euro 1,850 million of CoCos and the deconsolidation of the Romania operation.

#### Investor Relations

Rui Coimbra  
Phone +351 211 131 084  
investors@millenniumbcp.pt  
rui.coimbrafernandes@millenniumbcp.pt  
joaogodinho.duarte@millenniumbcp.pt

#### Media Contact

Erik T. Burns  
Phone +351 211 131 242  
Mobile +351 917 265 020  
erik.burns@millenniumbcp.pt  
cintia.barbas@millenniumbcp.pt



**Financial Highlights**

|   | <i>Euro million</i> |            |                   |
|---|---------------------|------------|-------------------|
|   | 30 Jun. 14          | 30 Jun. 13 | Change<br>14 / 13 |
| <b>Balance sheet</b>  |                     |            |                   |
| Total assets  | 80,440              | 83,944     | -4.2%             |
| Loans to customers (gross) <sup>(1)</sup>   | 58,261              | 60,920     | -4.4%             |
| Total customer funds <sup>(1)</sup>   | 63,976              | 63,881     | 0.1%              |
| Balance sheet customer funds <sup>(1)</sup>   | 51,915              | 52,122     | -0.4%             |
| Customer deposits <sup>(1)</sup>  | 48,463              | 47,533     | 2.0%              |
| Loans to customers, net / Customer deposits <sup>(2)</sup>                            | 115%                | 122%       |                   |
| Loans to customers, net / Customer deposits <sup>(3)</sup>                            | 116%                | 122%       |                   |
| <b>Results</b>  |                     |            |                   |
| Net income  | (62.2)              | (488.2)    |                   |
| Net interest income   | 496.0               | 380.2      | 30.4%             |
| Net operating revenues  | 1,088.4             | 774.5      | 40.5%             |
| Operating costs   | 576.7               | 596.1      | -3.2%             |
| Loan impairment charges (net of recoveries)   | 371.6               | 474.0      | -21.6%            |
| Other impairment and provisions   | 114.0               | 234.4      | -51.4%            |
| Income taxes  |                     |            |                   |
| Current   | 62.5                | 35.9       |                   |
| Deferred  | (60.3)              | (165.8)    |                   |
| <b>Profitability</b>  |                     |            |                   |
| Net operating revenues / Average net assets <sup>(2)</sup>                            | 2.7%                | 1.8%       |                   |
| Return on average assets (ROA) <sup>(4)</sup>   | 0.0%                | -1.0%      |                   |
| Income before taxes and non-controlling interests / Average net assets <sup>(2)</sup> | 0.0%                | -1.3%      |                   |
| Return on average equity (ROE)  | -5.0%               | -32.3%     |                   |
| Income before taxes and non-controlling interests / Average equity <sup>(2)</sup>     | -0.5%               | -31.5%     |                   |
| <b>Credit quality</b>   |                     |            |                   |
| Overdue and doubtful loans / Total loans <sup>(2)</sup>                               | 9.4%                | 9.0%       |                   |
| Overdue and doubtful loans, net / Total loans, net <sup>(2)</sup>                     | 4.3%                | 3.4%       |                   |
| Credit at risk / Total loans <sup>(2)</sup>   | 11.9%               | 12.6%      |                   |
| Credit at risk, net / Total loans, net <sup>(2)</sup>                                 | 6.9%                | 7.3%       |                   |
| Impairment for loan losses / Overdue loans by more than 90 days <sup>(1)</sup>        | 73.1%               | 85.4%      |                   |
| <b>Efficiency ratios</b>  | (2) (5)             |            |                   |
| Operating costs / Net operating revenues  | 56.6%               | 76.5%      |                   |
| Operating costs / Net operating revenues (Portugal)                                   | 62.4%               | 105.0%     |                   |
| Staff costs / Net operating revenues  | 31.7%               | 43.0%      |                   |
| <b>Capital</b>  |                     |            |                   |
| Common equity tier I (CRD IV/CRR phase-in) <sup>(6)</sup>                             | 12.5%               | -          |                   |
| Common equity tier I (CRD IV/CRR fully-implemented) <sup>(6)</sup>                    | 9.0%                | -          |                   |
| Core tier I <sup>(2)</sup>  | -                   | 12.5%      |                   |
| Tier I <sup>(2)</sup>   | -                   | 11.9%      |                   |
| Total <sup>(2)</sup>  | -                   | 13.5%      |                   |
| <b>Branches</b>   |                     |            |                   |
| Portugal activity   | 740                 | 797        | -7.2%             |
| Foreign activity  | 730                 | 737        | -0.9%             |
| <b>Employees</b>  |                     |            |                   |
| Portugal activity   | 8,351               | 8,744      | -4.5%             |
| Foreign activity  | 10,054              | 10,048     | 0.1%              |

(1) Adjusted from the effect related to the classification of Millennium bank in Romania and Millennium bcp Gestão de Activos as discontinued operations.

(2) According to instruction from the Bank of Portugal no. 16/2004, as the currently existing version.

(3) Calculated in accordance with the definition from the Bank of Portugal.

(4) Considering net income before non-controlling interests.

(5) Excludes the impact of specific items: gains from the sale of the shareholdings associated with non-life insurance business (Euro 69.4 million in the first half of 2014), restructuring programme (Euro - 11.2 million in the first half of 2013) and legislative change related to mortality allowance (Euro 7.5 million in the first half of 2013).

(6) Calculated based on a conservative interpretation of the proposed DTAs regulation published on 12 June 2014. Pro forma, includes the right issue of Euro 2,242 million, the repayment of Euro 1,850 million of CoCos and the deconsolidation of the Romania operation.



**RESULTS AND ACTIVITY IN THE FIRST HALF OF 2014**

Considering the commitment agreed with the Directorate General for Competition of the European Commission (DG Comp) on the Bank's Restructuring Plan, in particular the sale of Millennium bcp's operation in Romania in the mid-term and the implementation of a new approach to the asset management business, and according to IFRS 5, the activities of Millennium bank in Romania and of Millennium bcp Gestão de Activos were classified as discontinued operations, during 2013, with the impact on results of these operations presented on a separate line item in the profit and loss account, defined as "income arising from discontinued operations". As part of this, and in accordance with the referred accounting standard, the profit and loss account was restated as at 30 June 2013, for comparative purposes. At the consolidated balance sheet level, the presentation of assets and liabilities of Millennium bank in Romania and of Millennium bcp Gestão de Activos remained in the criteria considered on the consolidated financial statements as at 30 June 2013.

However, for a better interpretation of the performance of the Group's financial indicators, and for the purposes of this analysis, some balance sheet indicators are presented on a comparable basis, or in other words, excluding discontinued operations - Millennium bank in Romania and Millennium bcp Gestão de Activos.

**RESULTS**

The **net income** of Millennium bcp was negative at Euro 62.2 million in the first half of 2014, comparing favourably with the net loss of Euro 488.2 million reported in the first half of 2013, benefiting from the trend of recovering profitability in Portugal and the growing contribution of international activities, in line with the Strategic Plan.

The performance of net income for the first half of 2014 primarily reflects the following impacts:

- The favourable trend in loan impairments and other impairments and provisions, which reduced 31.4% from the first half of 2013;
- The favourable performance of net interest income, both in Portugal and in international activity, increasing 30.4% from the first half of 2013;
- The gains in net trading income related to Portuguese sovereign debt;
- Gains related to the sale of the entire share of 49% in entities that operate exclusively in the area of non-life insurance.

Millennium bcp's profitability remains influenced by the negative impacts related with interest expense associated with the issuance of hybrid financial instruments (Euro -130.6 million in the first half of 2014), the cost of the Portuguese State guarantee to Bank's debt issues and the banking sector and guarantee/resolution funds contributions (Euro -43.5 million), as well as the liability management operations undertaken in 2011 (Euro -79.1 million). In the first half of 2014, all these effects represented a negative impact on the profitability of the semester of Euro 179.7 million net of taxes (Euro -211.4 million in the first half of 2013).

Net income for the first half of 2014 was hindered by the activity in Portugal, which still showed a negative result. However, when compared with the first half of 2013, the activity in Portugal improved by Euro 404.2 million, reflecting the positive change in impairments, net trading income, net interest income and operating costs, materialising a profitability recovery trend in Portugal, in line with the Strategic Plan.

Net income associated with international operations, excluding discontinued operations, showed a 12.8% growth, from the first half of 2013, boosted by an increase in net interest income in all geographies, benefiting mostly from the performance achieved in the activities in Poland, Angola and Mozambique.

**Net interest income** amounted to Euro 496.0 million in the first half of 2014, an increase of 30.4%, compared to Euro 380.2 million in the first half of 2013, determined by favourable net interest income in Portugal, due to the reduction in customer deposits cost, and also to the positive performance of net interest income in international activities, from the price effect on customer deposits cost and the volume effect on loans to customers.



The performance in net interest income, between the first half of 2013 and the first half of 2014, benefited from the price effect on customer deposits cost observed in Portugal, in line with the objective of income improvement from deposits laid down in the Strategic Plan. In the first half of 2014, the average customer deposit rate in Portugal declined by 70 basis points, from the same period in 2013.

This positive effect more than offset the unfavourable impact of the business volumes, reflecting the slowdown in credit demand from the same period in 2013, despite continued implementation by the bank of initiatives to stimulate loan granting to economically viable projects.

Net interest income from international operations increased 20.7% in the first half of 2014, compared with the first half of 2013, reflecting the reduction in the cost of customer deposits and the increased volume of loans to customers, supported by operations in Poland, Angola and Mozambique. In the first half of 2014, the interest rate for customer deposits in the international activity decreased 83 basis points, from the same period in 2013, mainly influenced by the performance registered in Poland.

Net interest margin for the first half of 2014 stood at 1.37% compared with 1.00% in the first half of 2013.

| AVERAGE BALANCES                                   |  | Euro million  |             |               |             |
|--|--|---------------|-------------|---------------|-------------|
|  |  | 30 Jun.14     |             | 30 Jun.13     |             |
|  |  | Balance       | Yield %     | Balance       | Yield %     |
| Deposits in banks                                  |  | 3,463         | 1.09        | 4,563         | 1.45        |
| Financial assets                                   |  | 12,790        | 3.43        | 13,316        | 3.48        |
| Loans and advances to customers                    |  | 55,707        | 3.84        | 57,840        | 3.96        |
| Interest earning assets                            |  | <b>71,960</b> | <b>3.64</b> | <b>75,719</b> | <b>3.72</b> |
| Discontinued operations <sup>(1)</sup>             |  | 434           |             | 3,302         |             |
| Non-interest earning assets                        |  | 9,436         |             | 9,123         |             |
|  |  | <b>81,830</b> |             | <b>88,144</b> |             |
| Amounts owed to credit institutions                |  | 12,750        | 0.72        | 14,542        | 1.11        |
| Amounts owed to customers                          |  | 48,271        | 1.75        | 46,441        | 2.37        |
| Debt issued  |  | 9,878         | 3.78        | 12,693        | 3.71        |
| Subordinated debt                                  |  | 4,244         | 7.61        | 4,328         | 7.61        |
| Interest bearing liabilities                       |  | <b>75,143</b> | <b>2.17</b> | <b>78,004</b> | <b>2.64</b> |
| Discontinued operations <sup>(1)</sup>             |  | 354           |             | 3,455         |             |
| Non-interest bearing liabilities                   |  | 2,977         |             | 2,834         |             |
| Shareholders' equity and non-controlling interests |  | 3,356         |             | 3,851         |             |
|  |  | <b>81,830</b> |             | <b>88,144</b> |             |
| Net interest margin                                |  |               | 1.37        |               | 1.00        |

Note: Interest related to hedge derivatives were allocated, in June 2014 and 2013, to the respective balance sheet item.

(1) Includes the activity of the subsidiaries in Greece, in Romania and of Millennium bcp Gestão de Ativos, as well as the respective consolidation adjustments.

**Net commissions** amounted to Euro 341.2 million in the first half of 2014, an increase of 2.5%, from the first half in 2013, determined by the international activity, which registered a 7.0% growth.

The performance of net commissions, in the first half of 2014, reflected:

- Increased commissions related to financial markets (+19.5%), from operations with securities and asset management, boosted by 28.8% growth in the activity in Portugal and 11.5% in international activities;
- The decrease in commissions related to the banking business (-1.2%), particularly in the activity in Portugal, reflecting an unfavourable effect induced by the legislative changes related to commissioning of overdrafts, despite the positive effect of a decrease in the cost with the guarantee granted by the Portuguese State to debt securities issued by the Bank and the 5.2% increase in the international activity.



**Net trading income** amounted to Euro 175.2 million in the first half of 2014, compared to Euro 53.1 million in the first half of 2013.

The positive trend in net trading income was determined by the activity in Portugal, especially from the favourable impact associated with higher income from Portuguese sovereign debt securities (Euro +81.8 million) and from the sale of credit operations which recorded a gain of Euro 18.3 million in the first half of 2014, compared to a loss of Euro 53.6 million in the first half of 2013.

In the international activity, net trading income grew from Euro 55.0 million in the first half of 2013, to Euro 43.5 million in the first half of 2014, hindered by the performance of derivative trading operations posted in Poland and foreign exchange operations in Angola and Mozambique.

|  | OTHER NET INCOME |               | Euro million<br>Change<br>14/13 |
|--|------------------|---------------|---------------------------------|
|  | 30 Jun. 14       | 30 Jun. 13    |                                 |
| <b>Net commissions</b>                       | <b>341.2</b>     | <b>332.9</b>  | <b>2.5%</b>                     |
| Banking commissions                          | 270.6            | 273.8         | -1.2%                           |
| Cards and transfers                          | 96.5             | 88.1          | 9.5%                            |
| Credit and guarantees                        | 79.9             | 74.6          | 7.1%                            |
| Bancassurance                                | 36.6             | 36.7          | -0.2%                           |
| Current account related                      | 38.8             | 62.9          | -38.3%                          |
| Commissions related with the State guarantee | (16.4)           | (35.4)        | -                               |
| Other commissions                            | 35.2             | 46.9          | -24.9%                          |
| Market related commissions                   | 70.6             | 59.1          | 19.5%                           |
| Securities                                   | 50.9             | 42.9          | 18.6%                           |
| Asset management                             | 19.7             | 16.2          | 21.8%                           |
| <b>Net trading income</b>                    | <b>175.2</b>     | <b>53.1</b>   | <b>-</b>                        |
| <b>Other net operating income</b>            | <b>47.4</b>      | <b>(23.8)</b> | <b>-</b>                        |
| <b>Dividends from equity instruments</b>     | <b>5.7</b>       | <b>1.5</b>    | <b>-</b>                        |
| <b>Equity accounted earnings</b>             | <b>23.0</b>      | <b>30.6</b>   | <b>-25.0%</b>                   |
| <b>Total other net income</b>                | <b>592.5</b>     | <b>394.3</b>  | <b>50.3%</b>                    |
| Other net income / Net operating revenues    | 54.4%            | 50.9%         |                                 |

**Other net operating income** amounted to Euro 47.4 million in the first half of 2014, compared to net losses of Euro 23.8 million in the first half of 2013. Performance of other net operating income was impacted by a gain of Euro 69.4 million related to the disposal of the stake of 49% in entities that operate exclusively in the area of non-life insurance. This item includes, in the activity in Portugal, contributions from the banking sector and for the resolution fund, both established in 2013, as well as for the deposits guarantee fund.

**Dividends from equity instruments**, which include dividends received from investments in financial assets available for sale, and **equity accounted earnings**, which include mainly the appropriation of results associated with the 49% stake in Millenniumbcp Ageas, amounted, on the whole, to Euro 28.7 million in the first half of 2014, compared with Euro 32.1 million in the first half of 2013.

**Operating costs** decreased 3.2% to Euro 576.7 million in the first half of 2014, compared to Euro 596.1 million in the first half of 2013, reflecting continued efforts to obtain savings in Portugal, in line with the goals outlined in the Strategic Plan.

In the activity in Portugal, excluding the effect of specific items as detailed in the table below, the operating costs of the first half of 2014 decreased by 5.2%, from the first half of 2013, induced by lower levels of other administrative costs (-7.1%), materialising the impact of rationalisation and cost containment initiatives, as well as by lower personnel costs (-3.9%), reflecting the observed decrease in the number of employees.

In the international activity, operating costs increased 1.7% in the first half of 2014, from the same period in 2013, mainly from advertising expenses posted in Poland and from the impact of the expansion plans underway in the subsidiaries in Angola and Mozambique.

| <b>OPERATING COSTS</b>                            |  | <i>Euro million</i> |                         |
|---|--|---------------------|-------------------------|
|   |  | 30 Jun. 14          | 30 Jun. 13              |
|   |  |                     | <b>Change<br/>14/13</b> |
| Staff costs                                       |  | 323.4               | 332.8                   |
| Other administrative costs                        |  | 221.5               | 226.1                   |
| Depreciation                                      |  | 31.8                | 33.3                    |
| <b>Subtotal <sup>(1)</sup></b>                    |  | <b>576.7</b>        | <b>592.3</b>            |
| Specific items                                    |  |                     |                         |
| Restructuring programme                           |  | -                   | 11.2                    |
| Legislative change related to mortality allowance |  | -                   | (7.5)                   |
| <b>Operating costs</b>                            |  | <b>576.7</b>        | <b>596.1</b>            |
| Of which:   |  |                     |                         |
| Portugal activity <sup>(1)</sup>                  |  | 351.1               | 370.6                   |
| Foreign activity                                  |  | 225.6               | 221.7                   |

<sup>(1)</sup> Excludes the impact of specific items presented in the table.

**Staff costs** stood at Euro 323.4 million in the first half of 2014, reflecting a decrease of 2.8% from the same period in 2013, excluding the effect of specific items described in the preceding table. This performance reflects the evolution of the activity in Portugal (-3.9%), where the number of employees decreased by 393 from the end of June 2013, together with a decline of 0.7% in the international activity, reflecting the effort towards resources rationalisation and optimisation.

**Other administrative costs** decreased 2.1%, to Euro 221.5 million in the first half of 2014, compared to Euro 226.1 million in the first half of 2013, induced by cost rationalisation and containment in Portugal, including resizing of the distribution network (-57 branches from 30 June 2013), under the restructuring plan in progress, despite the observed increase in international activities (+4.7%).

The evolution of other administrative costs benefited from the 7.1% decrease, from the first half of 2013, in the activity in Portugal, driven by savings obtained in most items, especially in rents, consulting, communication and outsourcing and independent work, despite the 4.7% increase observed in the international activity, especially from the increase in advertising in Poland.

**Depreciation costs** totalled Euro 31.8 million in the first half of 2014, decreasing 4.5% from the first half of 2013, as a result of the decrease determined in the activity in Portugal (-8.5%), benefiting from the reduction in depreciation related to equipment, arising mainly from the gradual end of the amortisation period of the corresponding investments.

In the international activity, depreciation stood at the same level, as the increases from subsidiaries in Mozambique and Angola were almost offset by the reduction in the Bank Millennium in Poland

**Impairment for loan losses (net of recoveries)** stood at Euro 371.6 million in the first half of 2014, compared with Euro 474.0 million in the first half of 2013.

In Portugal, credit impairment decreased by 24.8%, reflecting the positive effect of continued focus on control mechanism and risk management monitoring, and negatively, the persistence of an unfavourable economic environment, impacting the deteriorating economic and financial situation of households and companies. In the international activity, an increase of 18.7%, from the first half of 2013, was determined by the higher level of impairment in Bank Millennium in Poland.

The cost of risk, excluding discontinued operations, stood at 128 basis points, compared with 156 basis points calculated in the first half of 2013, reflecting a slowdown in the pace of impairment charges for loan losses, mainly in the activity in Portugal, in line with the Strategic Plan.

**Other impairment and provisions** totalled Euro 114.0 million in the first half of 2014, compared to Euro 234.4 million registered in the first half of 2013. This trend reflects mainly the reduction in other provisions for liabilities and charges that included, in the first half of 2013, Euro 80.0 million related to the subscription of shares of Piraeus Bank, regarding the sale of Millennium bank in Greece. Furthermore, this performance was influenced by the reduction in provisions for guarantees and other commitments and in impairments of other non-current financial assets, despite the increase in impairments of other financial assets.

**Income tax (current and deferred)** amounted to Euro 2.2 million in the first half of 2014, compared to Euro -129.8 million in the first half of 2013. These taxes include current tax costs of Euro 62.5 million (Euro 35.9 million in the first half of 2013) and deferred tax assets of Euro 60.3 million (Euro 165.8 million in the first half of 2013).

### BALANCE SHEET

**Total assets** stood at Euro 80,440 million as at 30 June 2014 (Euro 83,944 million as at 30 June 2013), which compares with Euro 82,007 million as at 31 December 2013, as a result of the effects related to the decrease in the loan portfolio in Portugal and the reduction of the line item of cash and deposits at central banks, partly offset by the increase in the securities portfolio.

**Loans to customers** (gross) stood at Euro 58,712 million as at 30 June 2014, which compares with Euro 61,401 million as at 30 June 2013.

Excluding the impact of the loans portfolio associated with the operation in Romania, classified as discontinued operation, loans to companies fell 4.4% from the end of June 2013, reflecting the lower demand for credit, despite the favourable evolution of economic activity during the first half of 2014.

The performance of the loans portfolio was influenced by the activity in Portugal (-7.6%), while international activity, excluding the impact from discontinued operations, saw a growth of 9.0% from the end of June 2013, reflecting the increases posted by the subsidiary companies in Poland, Angola and Mozambique. From 31 December 2013, loans to customers decrease 2.5%, reflecting the performance of the activity in Portugal (-4.4%), despite the increase in the international activity (+4.7%).

The change in loans to customers, from 30 June 2013, was determined by the decrease in loans to companies (-6.7%) and in loans to individuals (-2.0%), driven by the activity in Portugal. This decrease in loans to customers reveals the process underway to reduce the levels of indebtedness by households and companies, in addition to the limited private investment and consequent lower demand for credit. From 31 December 2013, loans to customers in the activity in Portugal showed decreases of 6.6% in loans to companies and of 1.8% in loans to individuals.

In this context, despite the maintenance of a strict selectivity criteria for credit risk assessment, Millennium bcp continued to support Portuguese companies in several sectors (agriculture, industry, commerce, tourism and services), in particular by supporting processes of growth, modernisation and competitiveness strengthening through promotion of a number of initiatives, with emphasis on boosting protocol credit facilities, especially credit lines for SMEs.

The structure of the loans to customers portfolio saw identical and stable levels of diversification, between the end of June 2013 and the end of June 2014, with loans to companies representing near 50% of total loans to customers, as at 30 June 2014.

| LOANS TO CUSTOMERS (GROSS) |  | Euro million  |                 |
|----------------------------|--|---------------|-----------------|
|                            |  | 30 Jun. 14    | 30 Jun. 13      |
|                            |  |               | Change<br>14/13 |
| <b>Individuals</b>         |  | <b>29,617</b> | <b>30,226</b>   |
| Mortgage                   |  | 26,043        | 26,671          |
| Consumer                   |  | 3,574         | 3,555           |
| <b>Companies</b>           |  | <b>28,643</b> | <b>30,694</b>   |
| Services                   |  | 11,857        | 12,502          |
| Commerce                   |  | 3,443         | 3,253           |
| Construction               |  | 4,050         | 5,027           |
| Other                      |  | 9,293         | 9,912           |
| <b>Subtotal</b>            |  | <b>58,261</b> | <b>60,920</b>   |
| Discontinued operations    |  | 452           | 481             |
| <b>Total</b>               |  | <b>58,712</b> | <b>61,401</b>   |
| Of which <sup>(1)</sup> :  |  |               |                 |
| Portugal activity          |  | 45,195        | 48,932          |
| Foreign activity           |  | 13,066        | 11,988          |

(1) Excludes the impact from discontinued operations (Millennium bank in Romania).

**Credit quality**, determined by loans overdue by more than 90 days as a percentage of total loans, adjusted for discontinued operations, stood at 7.3% as at 30 June 2014, compared with 7.1% as at 31 December 2013 (6.7% as at 30 June 2013), reflecting mostly the performance of the loans to companies portfolio, as a result of the continued uncertainty and slow recovery of the Portuguese economy, with impact on the materialisation of credit risk.

Considering the effect from the operations classified as discontinued, the coverage ratio for loans overdue by more than 90 days stood at 73.1% as at 30 June 2014, which compares with 80.1% as at the end of 2013 (85.4% as at 30 June 2013), and the coverage ratio of the total loans overdue portfolio to impairments stood at 70.3% as at 30 June 2014, compared with 77.8% as at 31 December 2013 (79.8% as at 30 June 2013).

Overdue and doubtful loans stood at 9.4% of total loans at 30 June 2014, which compares with 9.2% posted at the end of 2013 (9.0% as at 30 June 2013) and credit at risk stood at 11.9% of total loans as at 30 June 2014, compared with 11.9% at the end of 2013 (12.6% as at 30 June 2013). As at 30 June 2014, restructured loans stood at 11.2% of total loans (9.5% as at 31 December 2013) and restructured loans not included in credit at risk stood at 7.3% of total loans, as at 30 June 2014 (6.4% as at 31 December 2013).

OVERDUE LOANS BY MORE THAN 90 DAYS AND IMPAIRMENTS AS AT 30 JUNE 2014

|                                | Overdue<br>loans by<br>more than<br>90 days | Impairment<br>for loan<br>losses | Overdue<br>loans by<br>more than<br>90 days<br>/Total loans | Euro million<br>Coverage<br>ratio<br>(Impairment/<br>Overdue >90<br>days) |
|--------------------------------|---|----------------------------------|---|---|
| <b>Individuals</b>             | <b>869</b>                                  | <b>719</b>                       | <b>2.9%</b>   | <b>82.7%</b>  |
| Mortgage                       | 248   | 283                              | 1.0%  | 114.1%  |
| Consumer                       | 621   | 436                              | 17.4%   | 70.2%   |
| <b>Companies</b>               | <b>3,367</b>                                | <b>2,377</b>                     | <b>11.8%</b>  | <b>70.6%</b>  |
| Services                       | 1,112                                       | 861                              | 9.4%  | 77.4%   |
| Commerce                       | 415   | 276                              | 12.1%   | 66.5%   |
| Construction                   | 1,181                                       | 642                              | 29.2%   | 54.4%   |
| Other                          | 659   | 598                              | 7.1%  | 90.8%   |
| <b>Subtotal <sup>(1)</sup></b> | <b>4,235</b>                                | <b>3,096</b>                     | <b>7.3%</b>   | <b>73.1%</b>  |
| Discontinued operations        | 53  | 69                               | 11.8%   | 129.6%  |
| <b>Total</b>                   | <b>4,289</b>                                | <b>3,165</b>                     | <b>7.3%</b>   | <b>73.8%</b>  |

(1) Adjusted of the impacts associated with discontinued operations (Millennium bank in Romania).

**Total customer funds**, excluding the aforementioned effect from discontinued operations, totalled Euro 63,976 million, compared with Euro 63,881 million as at 30 June 2013. This evolution reflects mostly the increase in assets under management in the activity in Portugal and the effort to further increase customer deposits in the international activity.

Total customer funds at the end of the first half 2014, excluding discontinued operations, remained at essentially the same level as the amount posted at the end of the first half of 2013 (+0.1%) and materialised a favourable performance of:

- Customer deposits, which, grew 2.0% from the end of June 2013, leading to the reduction of commercial gap, as well as to the improvement of the loan to deposit ratio, which reduced to 116% at 30 June 2014;
- Assets under management, which increased 12.3% from the end of June 2013.

In the activity in Portugal, total customer funds stood at Euro 47,682 million as at 30 June 2014 (Euro 48,754 million as at 30 June 2013), and it is worth noting the above mentioned trend, which reflected assets under management growth of 14.8%, despite the decrease in customer deposits of 0.3% and balance sheet customer funds decrease of 3.3% from the end of the first half of 2013.

In international activity, total customer funds increased to Euro 16,293 million as at 30 June 2014 (+7.7% from 30 June 2013), benefiting from the growth in balance sheet customer funds and in off-balance sheet customer funds, as a result of the favourable performance in international operations, with highlight to the operations in Poland, Angola, Switzerland and Mozambique, excluding the foreign exchange rate effect of the devaluation of metical against euro, reflecting the emphasis on further increasing customer funds in these markets.

As at 30 June 2014, excluding discontinued operations, balance sheet customer funds represented 81% of total customer funds, with a highlight on customer deposits that increased their weight in total customer funds to 76% as at 30 June 2014 (74% as at 30 June 2013).



**TOTAL CUSTOMER FUNDS**

|   | 30 Jun. 14    | 30 Jun. 13    | <i>Euro million</i> |
|---|---------------|---------------|---------------------|
|   | 30 Jun. 14    | 30 Jun. 13    | Change<br>14/13     |
| <b>Balance sheet customer funds</b>     | <b>51,915</b> | <b>52,122</b> | <b>-0.4%</b>        |
| Deposits                                | 48,463        | 47,533        | 2.0%                |
| Debt securities                         | 3,451         | 4,590         | -24.8%              |
| <b>Off-balance sheet customer funds</b> | <b>12,061</b> | <b>11,759</b> | <b>2.6%</b>         |
| Assets under management                 | 3,463         | 3,085         | 12.3%               |
| Capitalisation products                 | 8,597         | 8,674         | -0.9%               |
| <b>Subtotal</b>                         | <b>63,976</b> | <b>63,881</b> | <b>0.1%</b>         |
| Discontinued operations                 | 1,897         | 1,636         |                     |
| <b>Total</b>                            | <b>65,872</b> | <b>65,517</b> | <b>0.5%</b>         |
| Of which <sup>(1)</sup> :               |               |               |                     |
| Portugal activity                       | 47,682        | 48,754        | -2.2%               |
| Foreign activity                        | 16,293        | 15,128        | 7.7%                |

(1) Excludes the impact from discontinued operations (Millennium bank in Romania and Millennium bcp Gestão de Activos).

The **securities portfolio** stood at Euro 14,757 million as at 30 June 2014, which compares with Euro 15,235 million as at 30 June 2013, representing 18.3% of total assets as at 30 June 2014, at broadly the same level as at 30 June 2013 (18.1% of total assets).

This change in the securities portfolio reflects the reduction of financial assets held to maturity, together with financial assets held for trading, influenced by the reduction in the portfolio of sovereign debt financial instruments.

**LIQUIDITY MANAGEMENT**

In the second quarter of 2014 the Bank continued to implement its 2014 Liquidity Plan, aimed at controlling funding needs, assuring dynamic management of the portfolio of eligible assets at the European Central Bank (ECB) and also monitoring and taking advantage of opportunities in the wholesale funding market.

During the first half of 2014 balance sheet customer funds showed a favourable performance compared with June 2013, contributing to an additional and sustained reduction of commercial gap.

Regarding the composition of wholesale funding composition, the Bank reimbursed medium-long term debt amounting to Euro 2.1 billion (from which Euro 2.0 billion in the second quarter, from a total of Euro 3.4 billion in 2014), including in May the early redemption of Euro 400 million of core tier I capital instruments (CoCos) subscribed by the Portuguese State. In February, favourable market conditions allowed the return of the Bank to the wholesale markets ahead of schedule, through an issue of senior debt amounting to Euro 500 million, which in the Liquidity Plan was expected to occur in the third quarter of 2014. As expected in the Liquidity Plan, the Bank pursued the diversification of its funding sources, in particular through the increase of the amount of repos with international financial institutions and collateralised by securities, which increased by Euro 1.0 billion in the second quarter, to Euro 1.5 billion.

The active and optimised management of eligible assets in the Eurosystem comprised, among others, the following actions, still in the first quarter: the unwinding of two securitisation transactions and re-allocation to the pool of the underlying assets in the form of additional credit rights; the implementation of a new mechanism that allowed the selection of a material amount of new credit assets that were posted to the pool and the adjustment of the terms and conditions of a retained issue of covered bonds, increasing its liquidity generation potential; already in the second quarter, the acceptance by the Bank of Portugal of IRB models applicable to credit portfolios, allowing a decrease of the related haircuts.

In spite of the reimbursement of Euro 2.1 billion of medium-long term debt and some growth of the securities portfolio during the first half of 2014, the Bank was able to decrease by Euro 1.4 billion (from which Euro 0.6



billion in the second quarter) the net funding in the Eurosystem, from Euro 10.0 billion as at 31 December 2013 to Euro 8.7 billion as at 30 June 2014), due to the sustained reduction of the commercial gap, the senior debt issue and the diversification of wholesale funding sources. At the same time, optimised management of eligible assets (totalling Euro 18.6 billion) led to the maintenance of a comfortable liquidity buffer (Euro 10.0 billion), even after the early redemption of a Euro 2.0 billion issue guaranteed by the State (Euro 1.8 billion after haircuts).

The above mentioned decrease of the net funding in the Eurosystem in the first half of 2014 involved the early redemption of additional Long-Term Refinancing Operation (LTRO) tranches of Euro 3 billion (from which Euro 2 billion in the second quarter, out of an original total of Euro 12 billion), reducing the current balance to Euro 8 billion and allowing greater flexibility in short term borrowing and therefore more efficient treasury management.

## CAPITAL

On 26 June 2013, the European Parliament and Council approved Directive 2013/36/EU and Regulation (EU) N. 575/2013 (Capital Requirements Directive IV/Capital Requirements Regulation - CRD IV/CRR) which established new and more demanding capital requirements for credit institutions, with effects as from 1 January 2014.

These stricter requirements result from more narrowly defined capital and risk weighted assets, together with the establishment of minimum ratios, including a capital conservation buffer, of 7% for Common Equity Tier 1 (CET1), of 8.5% for Tier 1 capital (T1) and of 10.5% for the Total Capital. The CRD IV/CRR also stipulates a transitional period (phased-in) in which institutions may accommodate the new requirements, both in terms of own funds and of compliance with minimum capital ratios.

Nevertheless, the Bank of Portugal, through Notice N. 6/2013 of 23 December, stipulated the obligation to ensure the maintenance of a CET1 ratio not lower than 7%, determining the adoption of capital conservation measures whenever this does not occur.

According to our interpretation of CRD IV/CRR to date, estimated CET1 ratios as at 30 June 2014 stood at 12.5% by phased-in standards, an increase of 60 basis points when compared to 11.9% in March 2014, and 9.0% on the fully implemented rules, 57 basis points above the 8.4% of the previous quarter (pro forma values considering the impacts related to the share capital increase of Euro 2,242 million completed in July 2014, the Euro 1,850 million reimbursement of CoCos and the sale of the subsidiary in Romania, in the capital ratios of June, and assuming the conservative interpretation of the legislation about the prudential treatment of the deferred tax assets on both periods).

This performance mainly reflects the positive impacts of the share capital increase, of the sale of the shareholdings held on the non-life business of Millenniumbcp Ageas, completed in June, and on the subsidiary in Romania, together with the placement of a synthetic credit securitisation in June, despite the unfavourable effects of the reimbursement of the first tranche of CoCos amounting to Euro 400 million, in May, and the additional amount of Euro 1,850 million.

CET1 ratios estimated in accordance with CRD IV/CRR compare unfavourably with the core tier 1 ratio of Bank of Portugal mainly due to the impact of deductions that apply additionally to the CET1, in respect to the shortfall of impairment to expected loss, to minority interests, to the pension fund corridor, to financial investments and deferred taxes, on the one hand, and to the worsening of risk weighted assets associated with deferred tax assets and financial investments not deducted to CET1, despite the more favourable treatment of the credit portfolio exposures to small and medium enterprises, on the other hand.

On 22 July 2013, the EBA issued a recommendation establishing the preservation of capital, in absolute value, necessary to meet the previously anticipated minimum ratio of 9%, with reference to the capital requirements as at 30 June 2012, including the same capital buffer for exposures with sovereign risk, in order to ensure a smooth transition to the minimum capital requirements imposed by the CRD IV/CRR.

This recommendation provides for some exceptions, particularly for institutions involved in the process of restructuring and orderly gradual deleveraging, for which the minimum nominal capital can be fixed with reference to the capital requirements determined in a later reference date, by means of request that institutions may submit to the Bank of Portugal and for which they obtain permission. In this context, Millennium bcp in due time made this request and in May 2014 the Bank of Portugal approved the waiver of the fulfilment of the nominal core tier I capital amount foreseen by that recommendation, given the deleveraging and restructuring plan in progress.

**SOLVENCY (CRD IV/CRR) (\*)**

|  | <i>Euro million</i> |                   |                          |                   |
|--|---------------------|-------------------|--------------------------|-------------------|
|  | <b>Phased-in</b>    |                   | <b>Fully implemented</b> |                   |
|  | <b>30 Jun. 14</b>   | <b>31 Mar. 14</b> | <b>30 Jun. 14</b>        | <b>31 Mar. 14</b> |
| <b>Own funds</b>                                 |                     |                   |                          |                   |
| Common equity tier I (CETI)                      | 5,462               | 5,460             | 3,858                    | 3,800             |
| Additional tier I                                | 5,462               | 5,460             | 3,909                    | 3,850             |
| <b>Total Capital</b>                             | <b>6,146</b>        | <b>6,013</b>      | <b>4,454</b>             | <b>4,370</b>      |
| <b>Risk weighted assets</b>                      | <b>43,773</b>       | <b>45,968</b>     | <b>43,100</b>            | <b>45,326</b>     |
| <b>Solvency ratios</b>                           |                     |                   |                          |                   |
| CET I  | 12.5%               | 11.9%             | 9.0%                     | 8.4%              |
| Tier I   | 12.5%               | 11.9%             | 9.1%                     | 8.5%              |
| <b>Total</b>                                     | <b>14.0%</b>        | <b>13.1%</b>      | <b>10.3%</b>             | <b>9.6%</b>       |
| <b>Core Tier I (Basel II / Bank of Portugal)</b> |                     |                   | <b>14.5%</b>             | <b>13.9%</b>      |

(\*) Estimate; proforma values considering the impacts related to the share capital increase of Euro 2,242 million completed in July 2014, the Euro 1,850 million reimbursement of CoCo and the sale of the subsidiary in Romania, in the capital ratios of June, and assuming the conservative interpretation of the legislation about the prudential treatment of the deferred tax assets on both periods.

**SIGNIFICANT EVENTS**

The strengthening of the Bank's capital position through a rights issue in the amount of Euro 2.24 billion, the sale of its 49% interest in the currently jointly owned insurance companies that operate exclusively in the non-life insurance business and the completion of a new securitisation transaction, are all part of the Strategic Plan, allowing the Bank to materially accelerate the repayment schedule of the State-subscribed hybrid capital instruments (CoCos), which together with the Annual General Meeting of Shareholders represented the most significant events in the Bank's activity in the second quarter of 2014. Highlights during this period include:

- Completion, in July, of the share capital increase, resulting in the issuance of 34,487,542,355 ordinary registered and book-entry shares, without nominal value, with the issuance and subscription price of Euro 0.065 each, offered to shareholders for subscription through the exercise of their pre-emptive subscription rights, following the announcement on 24 June 2014, as such, the current share capital of Millennium bcp is now of Euro 3,706,690,253.08, represented by 54,194,709,415 ordinary book-entry shares, without nominal value;
- Agreement with the international insurance group Ageas for a partial recasting of the strategic partnership agreements entered into in 2004, which includes the sale of its 49% interest in the (currently jointly owned) insurance companies that operate exclusively in the non-life insurance business, i.e., "Ocidental - Companhia Portuguesa de Seguros, S.A." and "Médis - Companhia Portuguesa de Seguros de Saúde, S.A.", subject to regulatory approval from the supervisory authorities, for a base price of Euro 122.5 million, subject to a medium term performance adjustment;
- Completion of a new securitisation transaction ("Caravela SME No. 4") concerning a pool of leasing contracts to companies and sole-partnerships, amounting to Euro 1.0 billion;
- Repayment of Euro 400 million of CoCos issued by the Portuguese State, after having received authorisation from the Bank of Portugal, based on the regulator's analysis of the evolution of BCP's capital ratios;
- Annual General Meeting of Shareholders of Banco Comercial Português, S.A. held on 30 May 2014 with 45.48% of the share capital represented. Among the main resolutions approved by the Annual General Meeting it is worth mentioning the approval of the Annual Report, Balance Sheet, and Individual and Consolidated Accounts for the year 2013, the approval of the proposed transfer of negative net income, on the individual balance sheet, to Retained Earnings, the election of the Statutory Auditors and their deputies for the triennium 2014/2016, the election of the Bank's External Auditor for the triennium 2014/2016, the alteration to the remuneration policy for members of the Executive Board and the change in equity capital through a reduction in capital stock;
- Millennium bcp held another Millennium Days for Companies event on 7 May 2014 in Leiria;
- Millennium bim inaugurated the Bank's new headquarters in Maputo on 16 May 2014;
- American Express helped the Ajuda de Berço charity for infants at risk with a multimedia campaign. Millennium bcp's American Express cardholders could help children supported by this institution by automatically donating one euro when using their card for the first time;
- Participation of Millennium Volunteers during the campaign to collect food run by the Banco Alimentar held on 1 June 2014 all over the country;
- Millennium bcp awarded for Social Responsibility Best Practices in the category of External Social Responsibility, given by the Portuguese Association of Contact Centres;
- ActivoBank achieved first place in the Marktest Reputation Index 2014, in the Online Banking category;
- Distinction for the fifth year in a row as the "Best Bank in Mozambique 2014" by Global Finance magazine;
- Already in July, Fitch Ratings upgraded the Viability Rating from "b" to "bb-" and Standard & Poor's placed BCP's long-term counterparty credit rating on Creditwatch with positive implications.

**MACROECONOMIC ENVIRONMENT**

According to the IMF, global activity growth has been strengthening, to a forecast 3.4% in 2014, due to the greater contribution of the most developed economies, namely the US (despite the weakness in the first quarter), where a more dynamic labor market is reflecting positively on consumption. After two years of recession, activity in the euro area is set to start growing again based on the recovery of domestic demand, supported by a loosening of the fiscal policy stance. More adverse financial conditions and the effects of some structural deficiencies should confine the GDP growth of the emerging economies to a pace below 5%. In China, the forecast expansion of 7.4% for the current year is in line with the government's target. The IMF has identified downward risks to global activity, such as the worsening of geopolitical tensions and the potentially adverse effects of the low inflation levels in the most advanced economies.

In the financial markets, the first six months of the year were characterised by the expressive appreciation of the main equity indices in the US and Europe. This evolution reflected the more favourable expectations regarding the expansion of corporate activity, but also benefited from the monetary policy accommodation of the main central banks. The environment of abundant liquidity and low interest rates were instrumental to the intensification of the downward trajectory of the yields on the public debt of the Southern European countries, including Portugal, enabling the latter to forego the credit facilities of the European Stability Mechanism after the conclusion of the Economic and Financial Adjustment Program. The appreciation of the emerging market assets has been modest, but still positive for the whole first half of the year.

In June, the ECB reduced its key interest rates and announced additional liquidity measures to the banking system, this time conditioned upon the expansion of lending to the economy. These initiatives aim at stimulating credit and, in this way, halting the disinflationary pressures stemming, to a great extent, from the financially restrictive context that still affects the countries in South Europe and which results in elevated real interest rates in these economies. The more accommodative stance of the ECB, together with improving economic conditions in the euro area's periphery have been mitigating the fragmentation of the banking system in the 18-countries zone and, consequently, promoting the convergence of interest rates within the EMU. In contrast to the other main central banks, which maintained their quite expansionary monetary policy stance, the US Federal Reserve has been reducing its monthly debt securities purchases program with the goal of normalising its monetary policy. The widening of the yield differential between the American and German government bonds reflected the different positioning of the respective central banks.

According to Statistics Portugal, the annual growth rate of Portuguese GDP decreased from 1.5% in the fourth quarter of 2013 to 1.3% in the first quarter of 2014. This slowdown stemmed from the deterioration of the contribution of net exports, since the domestic demand, both in what concerns private consumption and the gross formation of fixed capital, continued to recover. The main activity indicators pertaining to the second quarter suggest a robust performance of services exports, durable-goods consumption and some components of investment, developments that point to the sustainability of the Portuguese economy recovery trajectory, albeit at a relatively slow pace.

For 2014, the IMF forecasts a considerable acceleration of activity in Poland (3.1%) and a slowdown in Romania (2.2%). In both cases, domestic demand should supplant exports as the main contributor to growth. Notwithstanding the worsening of the tensions in Ukraine, both the Zloty and the Leu remained stable, which combined with the benign inflation expectations in both countries should allow the respective central banks to continue their expansionary monetary policy stances.

According to the IMF, the Mozambican economy should grow at a robust 8.3% yearly pace in 2014, supported by the foreign direct investment associated to the exploration of natural resources and the infrastructure development, in a context in which inflation remains controlled around the government's target of 5.6% for 2014.

In Angola, the slowdown in the oil activity has been compensated by greater vigour in public investment. Thus, the IMF expects a slight acceleration of the Angolan GDP from 4.1% in 2013 to 5.3% in 2014, in a context of gradual reduction of the inflation rate towards levels around 8%.

**GLOSSARY**

**Capitalisation products** - includes unit link and retirement saving plans.

**Cost of risk** - ratio of impairment charges (net of recoveries) on the period to the loan portfolio.

**Credit at risk** - definition that, according to the Bank of Portugal, is broader than the overdue loans by more than 90 days + doubtful loans, including, in particular, the possibility that debtors with overdue payments still do not fulfil their credit responsibilities. For detailed definition see instruction from the Bank of Portugal no. 16/2004, as the currently existing version.

**Debt securities** - debt securities issued by the Bank and placed with customers.

**Dividends from equity instruments** - dividends received from investments in financial assets available for sale.

**Equity accounted earnings** - results appropriated by the Group related to the consolidation of entities where, despite having a significant influence, the Group does not control the financial and operational policies.

**Net interest margin** - net interest income as a percentage of average interest earning assets.

**Net operating revenues** - net interest income, dividends from equity instruments, net commissions, net trading income, equity accounted earnings and other net operating income.

**Net trading income** - net gains/losses arising from trading and hedging activities, net gains/losses arising from available for sale financial assets, net gains/losses arising from financial assets held to maturity.

**Operating costs** - staff costs, other administrative costs and depreciation.

**Other impairment and provisions** - other financial assets impairment, other assets impairment, in particular provision charges related to assets received as payment in kind not fully covered by collateral, goodwill impairment and other provisions.

**Other net income** - net commissions, net trading income, other net operating income, dividends from equity instruments and equity accounted earnings.

**Other net operating income** - other operating income, other net income from non-banking activities and gains from the sale of subsidiaries and other assets.

**Overdue and doubtful loans** - loans overdue by more than 90 days and the doubtful loans reclassified as overdue loans for provisioning purposes.

**Securities portfolio** - financial assets held for trading, financial assets available for sale, assets with repurchase agreement and financial assets held to maturity.

**Total customer funds** - amounts due to customers (including securities), assets under management and capitalisation products.

**“Disclaimer”**

This document is not an offer of securities for sale in the United States, Canada, Australia, Japan or any other jurisdiction. Securities may not be offered or sold in the United States unless they are registered pursuant to the US Securities Act of 1933 or are exempt from such registration. Any public offering of securities in the United States, Canada, Australia or Japan would be made by means of a prospectus that will contain detailed information about the company and management, including financial statements.

The financial 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 six months figures for 2013 and 2014 not audited.

CONSOLIDATED INDICATORS: ACTIVITY IN PORTUGAL AND INTERNATIONAL ACTIVITY

*Euro million*

|  | Consolidated |           |              | Activity in Portugal |           |              | International activity |           |              |
|--|--------------|-----------|--------------|----------------------|-----------|--------------|------------------------|-----------|--------------|
|  | 30 Jun 14    | 30 Jun 13 | Change 14/13 | 30 Jun 14            | 30 Jun 13 | Change 14/13 | 30 Jun 14              | 30 Jun 13 | Change 14/13 |
| <b>Income statement</b>  |              |           |              |                      |           |              |                        |           |              |
| Net interest income  | 496.0        | 380.2     | 30.4%        | 207.7                | 141.4     | 46.9%        | 288.2                  | 238.9     | 20.7%        |
| Dividends from equity instruments  | 5.7          | 1.5       | >200%        | 2.2                  | 1.2       | 87.0%        | 3.5                    | 0.3       | >200%        |
| Net fees and commission income   | 341.2        | 332.9     | 2.5%         | 217.0                | 216.7     | 0.1%         | 124.2                  | 116.1     | 7.0%         |
| Other operating income   | 47.4         | (23.8)    | -            | 51.0                 | (35.2)    | -            | (3.6)                  | 11.4      | -            |
| Net trading income   | 175.2        | 53.1      | >200%        | 131.7                | (1.8)     | -            | 43.5                   | 55.0      | -20.9%       |
| Equity accounted earnings  | 23.0         | 30.6      | -25.0%       | 23.0                 | 30.6      | -25.0%       | -                      | -         | -            |
| Net operating revenues   | 1,088.4      | 774.5     | 40.5%        | 632.6                | 352.9     | 79.3%        | 455.9                  | 421.7     | 8.1%         |
| Staff costs  | 323.4        | 336.6     | -3.9%        | 214.0                | 226.4     | -5.5%        | 109.4                  | 110.2     | -0.7%        |
| Other administrative costs   | 221.5        | 226.1     | -2.1%        | 120.7                | 129.9     | -7.1%        | 100.8                  | 96.2      | 4.7%         |
| Depreciation   | 31.8         | 33.3      | -4.5%        | 16.5                 | 18.0      | -8.5%        | 15.4                   | 15.4      | 0.0%         |
| Operating costs  | 576.7        | 596.1     | -3.2%        | 351.1                | 374.3     | -6.2%        | 225.6                  | 221.7     | 1.7%         |
| Operating profit before impairment   | 511.7        | 178.5     | 186.7%       | 281.4                | (21.5)    | -            | 230.3                  | 199.9     | 15.2%        |
| Loans impairment (net of recoveries)   | 371.6        | 474.0     | -21.6%       | 330.6                | 439.4     | -24.8%       | 41.1                   | 34.6      | 18.7%        |
| Other impairment and provisions  | 114.0        | 234.4     | -51.4%       | 114.5                | 231.2     | -50.5%       | (0.5)                  | 3.1       | -            |
| Profit before income tax   | 26.1         | (529.9)   | -            | (163.6)              | (692.1)   | -            | 189.8                  | 162.2     | 17.0%        |
| Income tax   | 2.2          | (129.8)   | -            | (36.8)               | (160.8)   | -            | 39.0                   | 31.0      | 26.0%        |
| Income after income tax from continuing operations                                   | 24.0         | (400.0)   | -            | (126.8)              | (531.3)   | -            | 150.7                  | 131.2     | 14.9%        |
| Income arising from discontinued operations  | (33.6)       | (44.2)    | -            | -                    | -         | -            | -                      | -         | -            |
| Non-controlling interests  | 52.6         | 44.0      | 19.6%        | 0.4                  | 0.1       | -            | 52.2                   | 43.9      | 19.1%        |
| Net income   | (62.2)       | (488.2)   | -            | (127.1)              | (531.4)   | -            | 98.5                   | 87.4      | 12.8%        |
| <b>Balance sheet and activity indicators</b>   |              |           |              |                      |           |              |                        |           |              |
| Total assets   | 80,440       | 83,944    | -4.2%        | 60,927               | 65,725    | -7.3%        | 19,513                 | 18,218    | 7.1%         |
| Total customer funds <sup>(1)</sup>  | 63,976       | 63,881    | 0.1%         | 47,682               | 48,754    | -2.2%        | 16,293                 | 15,128    | 7.7%         |
| Balance sheet customer funds <sup>(1)</sup>  | 51,915       | 52,122    | -0.4%        | 36,974               | 38,221    | -3.3%        | 14,940                 | 13,902    | 7.5%         |
| Deposits   | 48,463       | 47,533    | 2.0%         | 33,631               | 33,739    | -0.3%        | 14,833                 | 13,794    | 7.5%         |
| Debt securities  | 3,451        | 4,590     | -24.8%       | 3,344                | 4,482     | -25.4%       | 107                    | 107       | -0.0%        |
| Off-balance sheet customer funds <sup>(1)</sup>                                      | 12,061       | 11,759    | 2.6%         | 10,708               | 10,533    | 1.7%         | 1,353                  | 1,226     | 10.3%        |
| Assets under management  | 3,463        | 3,085     | 12.3%        | 2,615                | 2,278     | 14.8%        | 848                    | 807       | 5.1%         |
| Capitalisation products  | 8,597        | 8,674     | -0.9%        | 8,093                | 8,255     | -2.0%        | 505                    | 419       | 20.3%        |
| Discontinued operations  | 1,897        | 1,636     | 16.0%        | 1,553                | 1,285     | 20.9%        | 343                    | 351       | -2.2%        |
| Loans to customers (gross) <sup>(1)</sup>  | 58,261       | 60,920    | -4.4%        | 45,195               | 48,932    | -7.6%        | 13,066                 | 11,988    | 9.0%         |
| Individuals <sup>(1)</sup>   | 29,617       | 30,226    | -2.0%        | 21,677               | 22,612    | -4.1%        | 7,941                  | 7,614     | 4.3%         |
| Mortgage   | 26,043       | 26,671    | -2.4%        | 19,532               | 20,232    | -3.5%        | 6,512                  | 6,439     | 1.1%         |
| Consumer   | 3,574        | 3,555     | 0.5%         | 2,145                | 2,380     | -9.9%        | 1,429                  | 1,175     | 21.6%        |
| Companies <sup>(1)</sup>   | 28,643       | 30,694    | -6.7%        | 23,518               | 26,320    | -10.6%       | 5,125                  | 4,374     | 17.2%        |
| Services   | 11,857       | 12,502    | -5.2%        | 10,992               | 11,593    | -5.2%        | 865                    | 910       | -4.9%        |
| Commerce   | 3,443        | 3,253     | 5.8%         | 2,205                | 2,318     | -4.9%        | 1,238                  | 934       | 32.5%        |
| Construction   | 4,050        | 5,027     | -19.4%       | 3,397                | 4,330     | -21.6%       | 653                    | 696       | -6.2%        |
| Other  | 9,293        | 9,912     | -6.2%        | 6,925                | 8,079     | -14.3%       | 2,368                  | 1,833     | 29.2%        |
| Discontinued operations  | 452          | 481       | -6.1%        | -                    | -         | -            | 452                    | 481       | -6.1%        |
| <b>Credit quality</b>  |              |           |              |                      |           |              |                        |           |              |
| Total overdue loans <sup>(1)</sup>   | 4,402        | 4,374     | 0.6%         | 4,100                | 4,081     | 0.5%         | 301                    | 293       | 2.9%         |
| Overdue loans by more than 90 days <sup>(1)</sup>                                    | 4,235        | 4,087     | 3.6%         | 3,949                | 3,813     | 3.6%         | 286                    | 274       | 4.5%         |
| Overdue loans by more than 90 days / Total loans <sup>(1)</sup>                      | 7.3%         | 6.7%      | -            | 8.7%                 | 7.8%      | -            | 2.2%                   | 2.3%      | -            |
| Total impairment (balance sheet) <sup>(1)</sup>                                      | 3,096        | 3,491     | -11.3%       | 2,659                | 3,065     | -13.3%       | 437                    | 426       | 2.7%         |
| Total impairment (balance sheet) / Total loans <sup>(1)</sup>                        | 5.3%         | 5.7%      | -            | 5.9%                 | 6.3%      | -            | 3.3%                   | 3.6%      | -            |
| Total impairment (balance sheet) / Overdue loans by more than 90 days <sup>(1)</sup> | 73.1%        | 85.4%     | -            | 67.3%                | 80.4%     | -            | 152.9%                 | 155.6%    | -            |
| Cost of risk (net of recoveries, in b.p.) <sup>(1)</sup>                             | 128          | 156       | -            | 146                  | 180       | -            | 63                     | 58        | -            |
| Restructured loans / Total loans <sup>(2)</sup>                                      | 11.2%        | -         | -            | -                    | -         | -            | -                      | -         | -            |
| Restructured loans not included in the credit at risk / Total loans <sup>(2)</sup>   | 7.3%         | -         | -            | -                    | -         | -            | -                      | -         | -            |

(1) Adjusted from the effect related to operations classified under the line item of discontinued operations.

(2) According to Instruction from the Bank of Portugal no. 32/2013, as the currently existing version.

BANCO COMERCIAL PORTUGUÊS

Consolidated Income Statement  
for the six months period ended 30 June, 2014 and 2013

|   | 30 June<br>2014 | 30 June<br>2013 |
|---|-----------------|-----------------|
| (Thousands of Euros)  |                 |                 |
| Interest and similar income   | 1,349,673       | 1,437,891       |
| Interest expense and similar charges                                | (853,714)       | (1,057,655)     |
| Net interest income   | 495,959         | 380,236         |
| Dividends from equity instruments                                   | 5,726           | 1,492           |
| Net fees and commission income                                      | 341,183         | 332,853         |
| Net gains / losses arising from trading and hedging activities      | 54,643          | (442)           |
| Net gains / losses arising from available for sale financial assets | 120,518         | 53,858          |
| Net gains / (losses) arising from financial assets held to maturity | -               | (278)           |
| Other operating income  | (25,955)        | (24,329)        |
|   | 992,074         | 743,390         |
| Other net income from non banking activity                          | 9,220           | 10,431          |
| Total operating income  | 1,001,294       | 753,821         |
| Staff costs   | 323,391         | 336,600         |
| Other administrative costs  | 221,495         | 226,140         |
| Depreciation  | 31,816          | 33,330          |
| Operating costs   | 576,702         | 596,070         |
| Operating net income before provisions and impairments              | 424,592         | 157,751         |
| Loans impairment  | (371,630)       | (473,968)       |
| Other financial assets impairment                                   | (39,129)        | (13,347)        |
| Other assets impairment   | (30,296)        | (67,650)        |
| Other provisions  | (44,529)        | (153,374)       |
| Operating net income  | (60,992)        | (550,588)       |
| Share of profit of associates under the equity method               | 22,994          | 30,643          |
| Gains / (losses) from the sale of subsidiaries and other assets     | 64,138          | (9,916)         |
| Net (loss) / income before income tax                               | 26,140          | (529,861)       |
| Income tax  |                 |                 |
| Current   | (62,504)        | (35,915)        |
| Deferred  | 60,318          | 165,750         |
| Net (loss) / income after income tax from continuing operations     | 23,954          | (400,026)       |
| Income arising from discontinued operations                         | (33,605)        | (44,206)        |
| Net income after income tax   | (9,651)         | (444,232)       |
| Attributable to:  |                 |                 |
| Shareholders of the Bank  | (62,247)        | (488,219)       |
| Non-controlling interests   | 52,596          | 43,987          |
| Net income for the period   | (9,651)         | (444,232)       |
| Earnings per share (in euros)                                       |                 |                 |
| Basic   | (0.01)          | (0.05)          |
| Diluted   | (0.01)          | (0.05)          |



**BANCO COMERCIAL PORTUGUÊS**

Consolidated Balance Sheet as at 30 June, 2014 and 2013 and 31 December, 2013

|  | 30 June<br>2014   | 31 December<br>2013 | 30 June<br>2013   |
|--|-------------------|---------------------|-------------------|
| (Thousands of Euros)                                   |                   |                     |                   |
| <b>Assets</b>  |                   |                     |                   |
| Cash and deposits at central banks                     | 1,927,947         | 2,939,663           | 1,735,451         |
| Loans and advances to credit institutions              |                   |                     |                   |
| Repayable on demand                                    | 720,556           | 1,054,030           | 1,359,274         |
| Other loans and advances                               | 1,012,571         | 1,240,628           | 1,444,654         |
| Loans and advances to customers                        | 55,547,340        | 56,802,197          | 57,866,204        |
| Financial assets held for trading                      | 1,446,531         | 1,290,079           | 1,588,389         |
| Financial assets available for sale                    | 10,490,124        | 9,327,120           | 10,300,758        |
| Assets with repurchase agreement                       | 76,748            | 58,268              | 123,942           |
| Hedging derivatives                                    | 80,318            | 104,503             | 113,460           |
| Financial assets held to maturity                      | 2,744,023         | 3,110,330           | 3,221,629         |
| Investments in associated companies                    | 443,223           | 578,890             | 530,941           |
| Non current assets held for sale                       | 1,570,787         | 1,506,431           | 1,277,903         |
| Investment property                                    | 179,632           | 195,599             | 539,920           |
| Property and equipment                                 | 728,803           | 732,563             | 561,436           |
| Goodwill and intangible assets                         | 249,373           | 250,915             | 251,215           |
| Current tax assets                                     | 39,056            | 41,051              | 28,146            |
| Deferred tax assets                                    | 2,194,305         | 2,181,405           | 1,856,943         |
| Other assets   | 989,101           | 593,361             | 1,143,311         |
|  | <b>80,440,438</b> | <b>82,007,033</b>   | <b>83,943,576</b> |
| <b>Liabilities</b>                                     |                   |                     |                   |
| Amounts owed to credit institutions                    | 13,080,280        | 13,492,536          | 14,570,792        |
| Amounts owed to customers                              | 48,806,841        | 48,959,752          | 47,883,794        |
| Debt securities  | 8,314,944         | 9,411,227           | 10,626,271        |
| Financial liabilities held for trading                 | 921,285           | 869,530             | 1,089,537         |
| Hedging derivatives                                    | 243,834           | 243,373             | 335,579           |
| Provisions for liabilities and charges                 | 415,881           | 365,960             | 399,193           |
| Subordinated debt                                      | 3,928,769         | 4,361,338           | 4,459,149         |
| Current income tax liabilities                         | 7,932             | 24,684              | 4,613             |
| Deferred income tax liabilities                        | 7,257             | 6,301               | 2,994             |
| Other liabilities                                      | 1,342,804         | 996,524             | 1,155,128         |
| Total Liabilities                                      | <b>77,069,827</b> | <b>78,731,225</b>   | <b>80,527,050</b> |
| <b>Equity</b>  |                   |                     |                   |
| Share capital  | 1,465,000         | 3,500,000           | 3,500,000         |
| Treasury stock   | (32,755)          | (22,745)            | (16,508)          |
| Preference shares                                      | 171,175           | 171,175             | 171,175           |
| Other capital instruments                              | 9,853             | 9,853               | 9,853             |
| Fair value reserves                                    | 187,521           | 22,311              | (34,341)          |
| Reserves and retained earnings                         | 921,526           | (356,937)           | (356,853)         |
| Net income for the period attributable to Shareholders | (62,247)          | (740,450)           | (488,219)         |
| Total Equity attributable to Shareholders of the Bank  | <b>2,660,073</b>  | <b>2,583,207</b>    | <b>2,785,107</b>  |
| Non-controlling interests                              | <b>710,538</b>    | <b>692,601</b>      | <b>631,419</b>    |
| Total Equity   | <b>3,370,611</b>  | <b>3,275,808</b>    | <b>3,416,526</b>  |
|  | <b>80,440,438</b> | <b>82,007,033</b>   | <b>83,943,576</b> |

