

# EARNINGS PRESENTATION

3M 2015

MAY 2015



Millennium  
bcp

# Disclaimer

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

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

■ First 3 months figures for 2014 and 2015 not audited

# Agenda

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- Highlights
- Group
  - Profitability
  - Liquidity
  - Capital
- Portugal
- International Operations
- Conclusions

# Highlights

## Profitability

*Return to profits*

- Return to profits.
- **Net profit at €70.4 million** in the 1<sup>st</sup> quarter of 2015, compared with €40.7 losses in the same period of 2014.
- **Core net income\* up by 89%** to €221.7 million in 1Q15 from €117.4 million in 1Q14, reflecting **increased net interest income** (up 39% from 1Q2014, including an **81% increase in Portugal**) and **lower operating costs** (down 2.5% overall and **8.7% in Portugal**).
- Impairment and provision charges of €275.7 million in the 3-month period to March 31, 2015, taking advantage of gains on sovereign debt to reinforce coverage.

## Liquidity

*Healthy balance sheet*

- **Customer deposits up by 3.7%** to €50.8 billion at March 31, 2015.
- **Commercial gap narrowed further**, with net loans as a percentage of deposits improving to 108% according to Bank of Portugal's criteria (116% at March 31, 2014; 120% recommended). This indicator **stood at 102%** if total on-balance sheet Customer funds are taken into account.
- ECB funding usage at €6.2 billion (€1.5 billion of which related to TLTRO), down from €9.2 billion at end-March 2014.

## Capital

*On course to European benchmark levels, reflecting profitability and specific measures*

- **Common equity tier 1 ratio at 11.8%** according to phased-in criteria, **9.9%** on a fully implemented\*\* basis.
- Capital boosted by improved recurring profitability, gains on sovereign debt and sale of a 15.4% shareholding in Bank Millennium (Poland); outcome of proposed Public Exchange Offer, submitted to the resolution of the General Meeting of Shareholders to be held on May 11, not yet included.

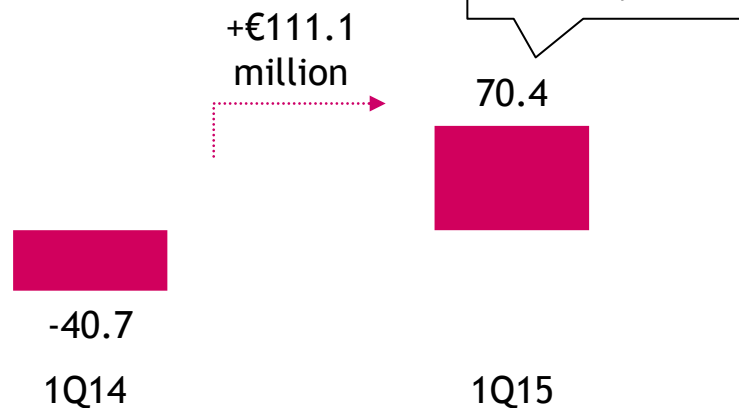
\* Core net income = net interest income + net fees and commission income - operating costs.

\*\* Including the impact of Law 61/2014 (special regime for DTAs), together with Notice 3/95 of the Bank of Portugal and 1Q2015 earnings.

# Highlights

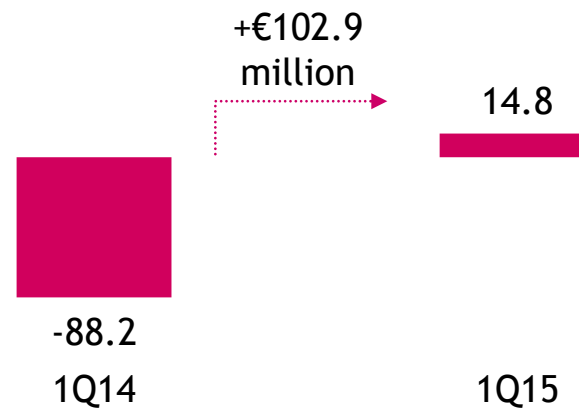
## Net income

(Million euros)



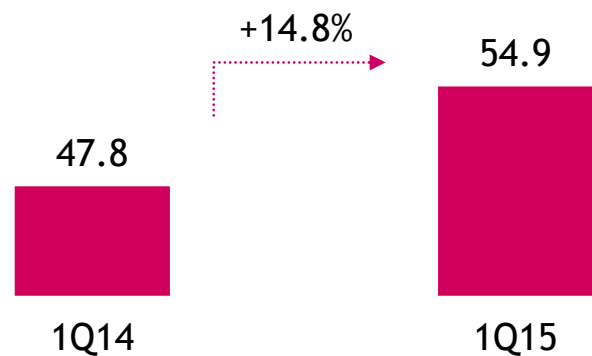
## Net income in Portugal

(Million euros)



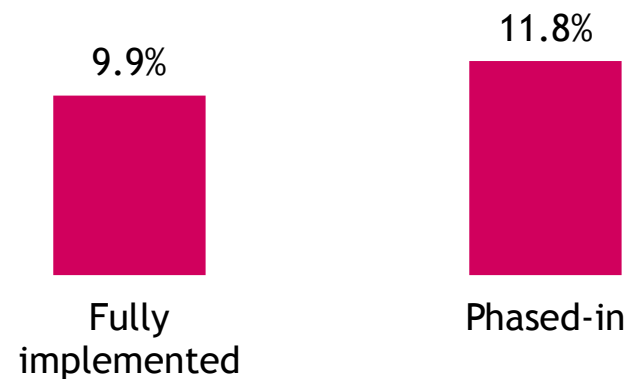
## Contribution of the international operations

(Million euros)



## Capital ratios (CET1 - CRD IV / CRR)\*

(%)

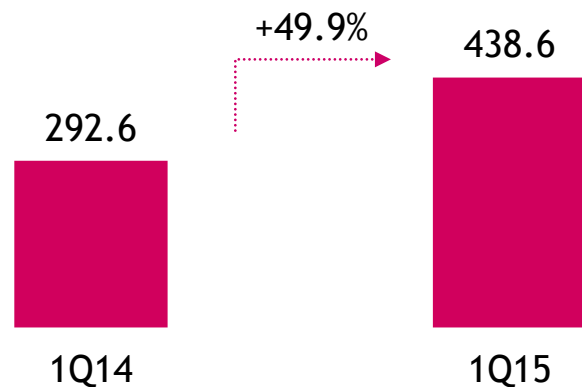


\* Including the impact of Law 61/2014 (special regime for DTAs), together with Notice 3/95 of the Bank of Portugal and 1Q2015 earnings.

# Highlights

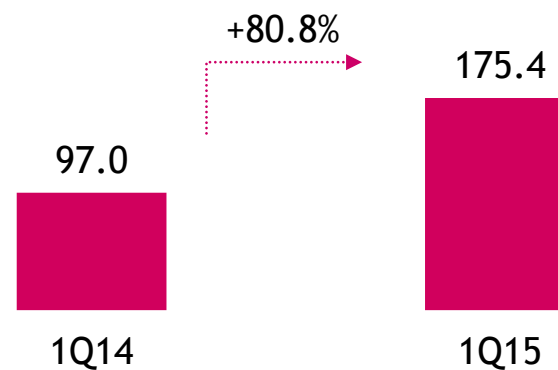
## Banking income in Portugal

(Million euros)



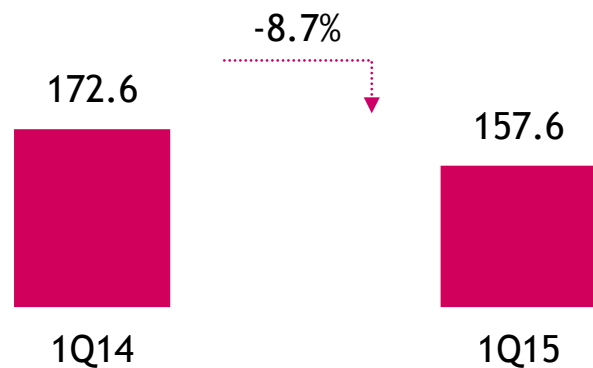
## Net interest income in Portugal

(Million euros)



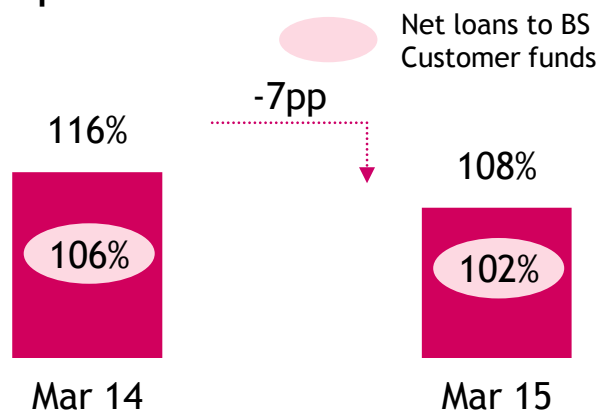
## Operating costs in Portugal

(Million euros)



## Loans to deposits ratio\*

(%)



\* Based on net loans and on Customer deposits (Bank of Portugal criteria).

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# 1Q15 earnings: return to profits...

(million euros)	1Q14	1Q15	Impact on earnings
Net interest income	236.4	328.4	+92.0
<i>Of which: costs related with hybrids instruments (CoCos)</i>	-66.2	-15.7	+50.5
Net fees and commissions	164.6	169.9	+5.3
Other operating income	113.2	190.1	+76.9
<b>Banking income</b>	<b>514.3</b>	<b>688.4</b>	<b>+174.1</b>
Staff costs	-160.2	-153.3	+6.9
Other administrative costs and depreciation	-123.4	-123.3	+0.1
<b>Operating costs</b>	<b>-283.6</b>	<b>-276.6</b>	<b>+7.0</b>
<b>Operating net income (before impairment and provisions)</b>	<b>230.7</b>	<b>411.8</b>	<b>+181.2</b>
Loans impairment (net of recoveries)	-191.7	-205.6	-13.9
Other impairment and provisions	-59.4	-70.1	-10.8
<b>Net income before income tax</b>	<b>-20.4</b>	<b>136.1</b>	<b>+156.5</b>
Income taxes	5.4	-36.3	-41.8
Non-controlling interests	-25.4	-30.1	-4.7
Net income from discontinued or to be discontinued operations	-0.3	0.8	+1.1
<b>Net income</b>	<b>-40.7</b>	<b>70.4</b>	<b>+111.1</b>

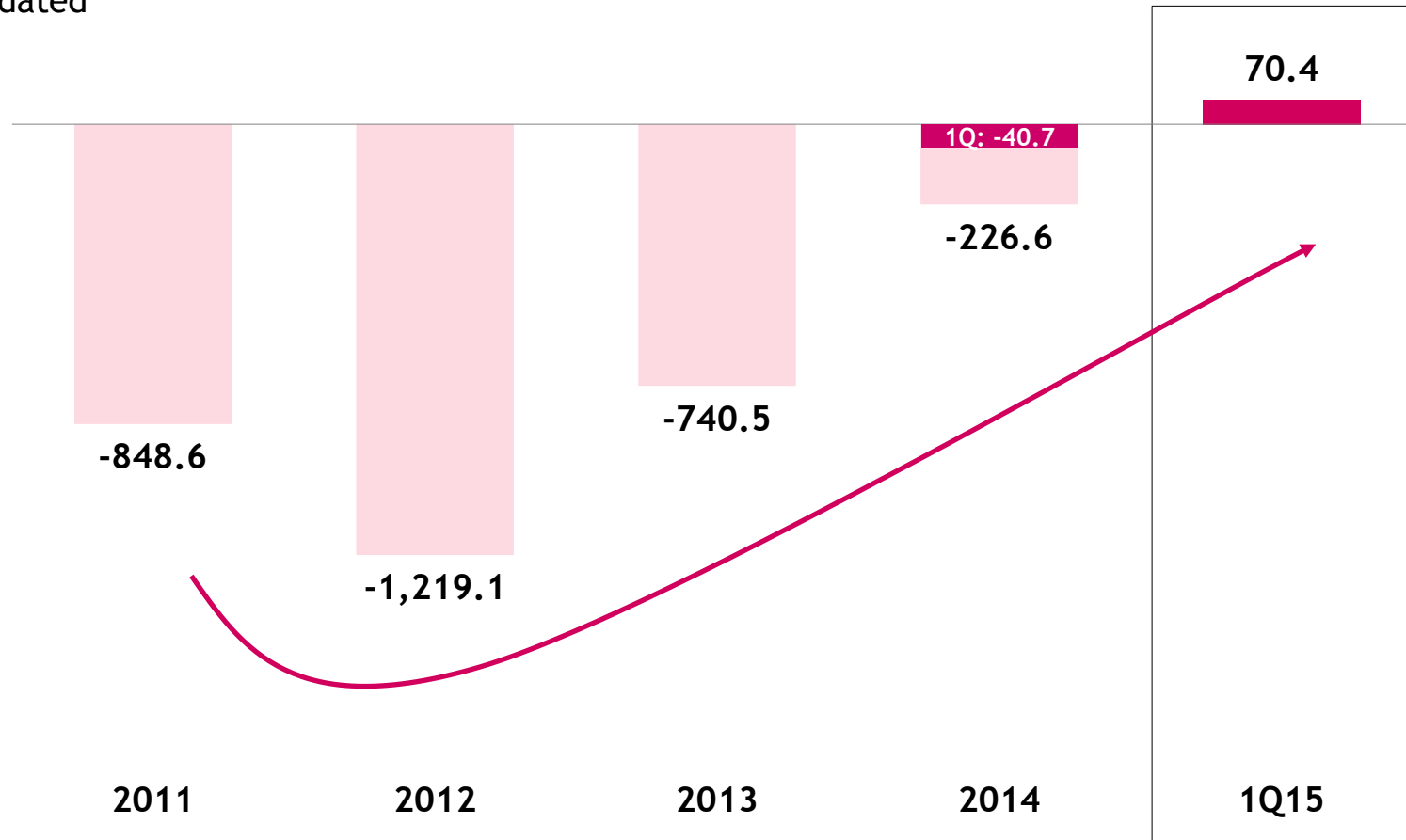


# ... after 4 years of losses

(Million euros)

## Net income

Consolidated

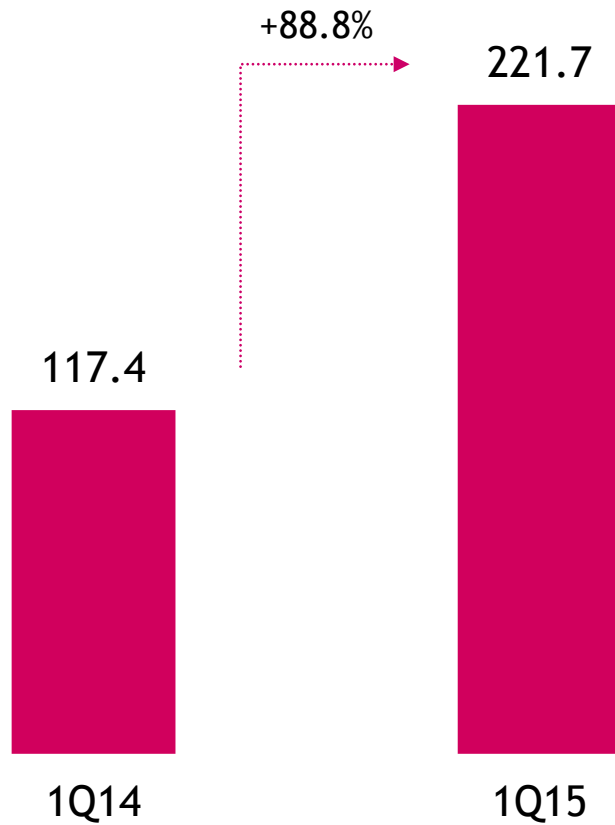


# Core net income\* improves, both in Portugal and in international operations

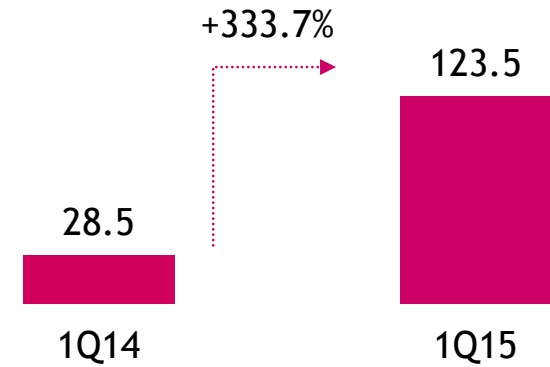
(Million euros)

## Core net income\*

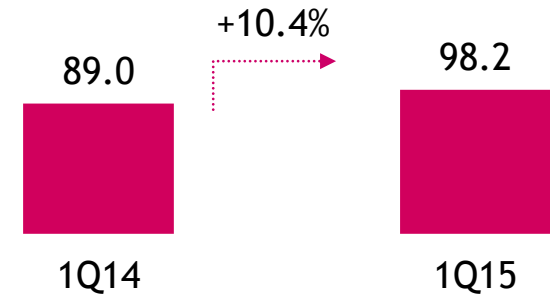
Consolidated



## Portugal



## International operations



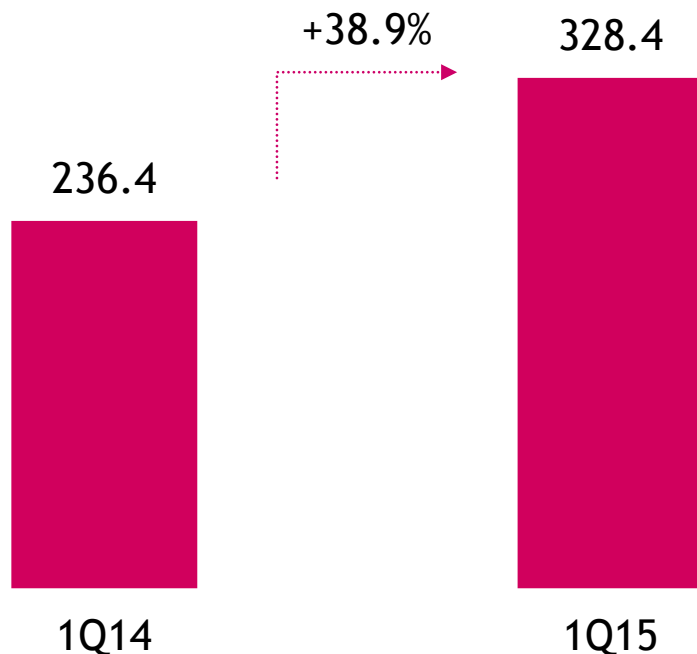
\* Core net income = net interest income + net fees and commission income - operating costs.

# Net interest income increases, particularly in Portugal

(Million euros)

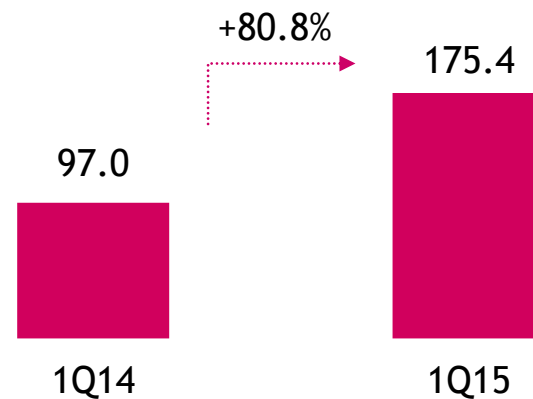
## Net interest income

### Consolidated

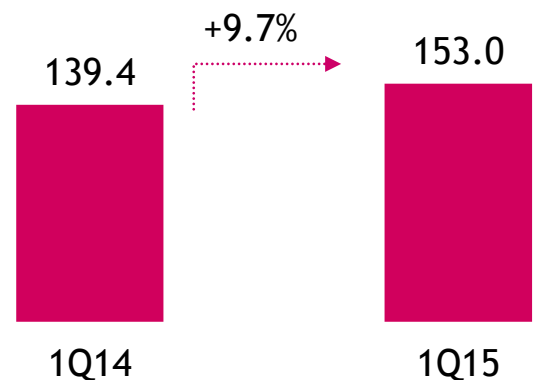


Net interest margin	1.31%	1.94%
Excluding CoCos	1.67%	2.04%

## Portugal



### International operations



# Increase in fees and commissions driven by international operations

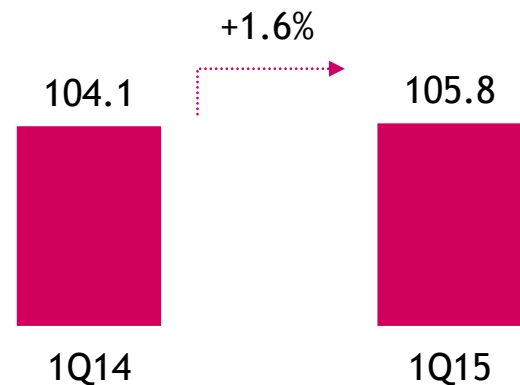
(Million euros)

## Fees and commissions

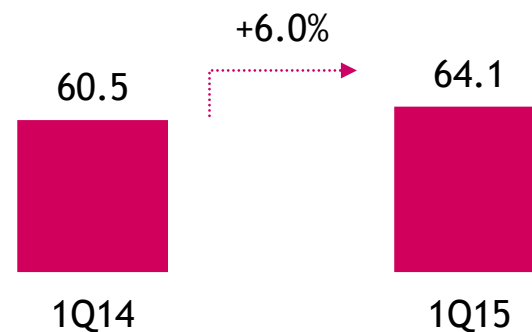
### Consolidated

	1Q14	1Q15	YoY
<b>Banking fees and commissions</b>	<b>129.7</b>	<b>139.1</b>	<b>+7.3%</b>
Cards and transfers	45.9	42.2	-8.1%
Loans and guarantees	38.8	41.5	+6.9%
Bancassurance	18.2	19.1	+5.3%
Current account related	19.4	18.9	-2.5%
State guarantee	-10.3	0.0	+100.0%
Other fees and commissions	17.7	17.4	-1.6%
<b>Market related fees and commissions</b>	<b>34.9</b>	<b>30.8</b>	<b>-11.8%</b>
Securities operations	25.5	21.4	-16.2%
Asset management	9.4	9.4	+0.0%
<b>Total fees and commissions</b>	<b>164.6</b>	<b>169.9</b>	<b>+3.2%</b>

## Portugal



## International operations



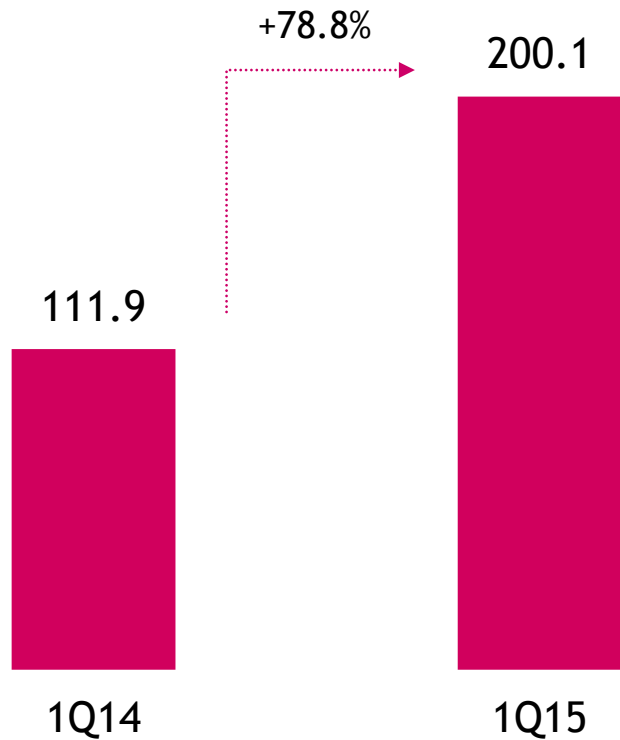
# Increased net trading income, benefiting from gains in public debt portfolio

(Million euros)

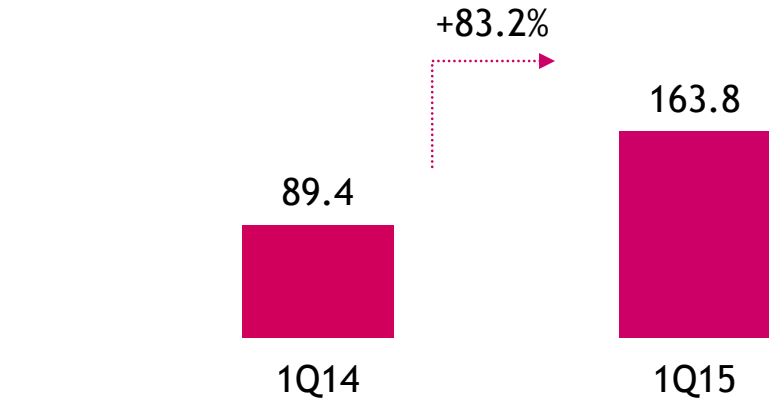
## Net trading income

Consolidated

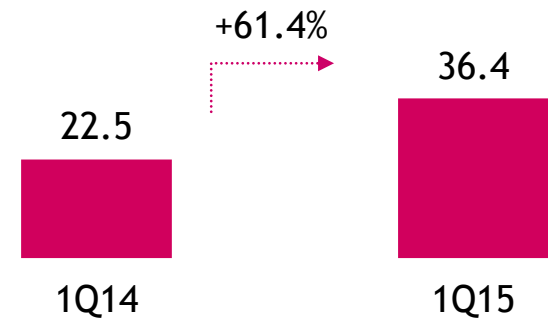
Potential gains on the Portuguese public debt portfolio: €258 million at March 31, 2015



## Portugal



## International operations

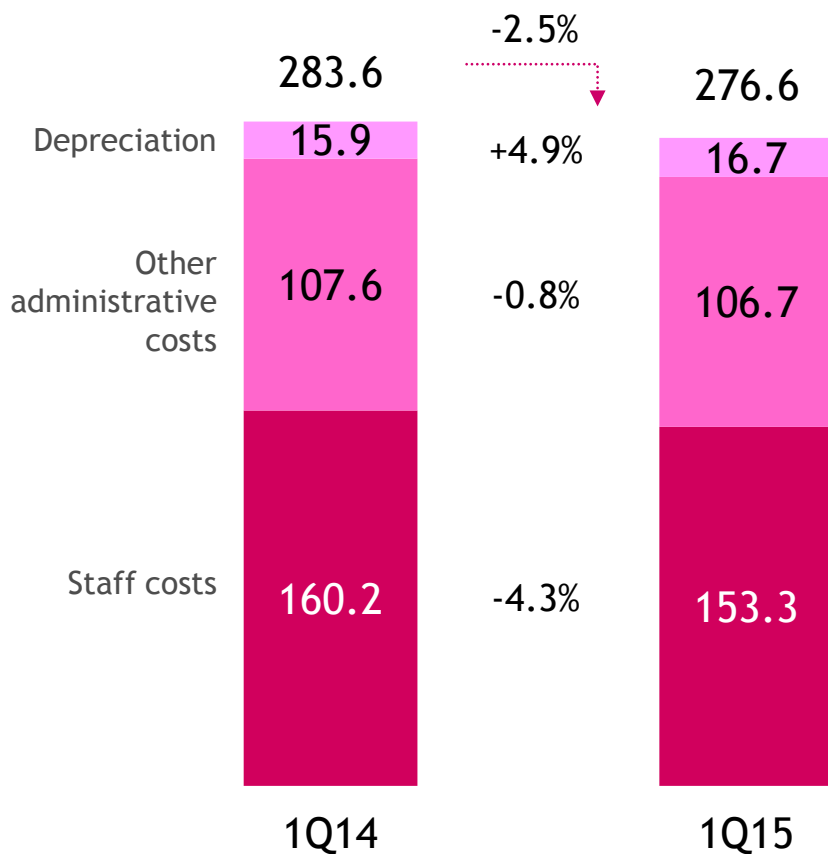


# Cost reduction proceeds in Portugal

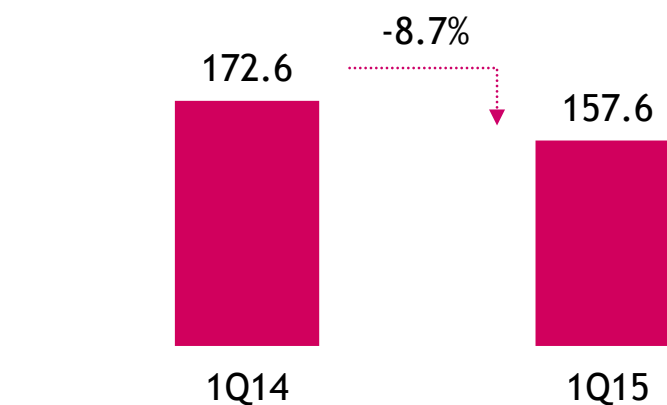
(Million euros)

## Operating costs

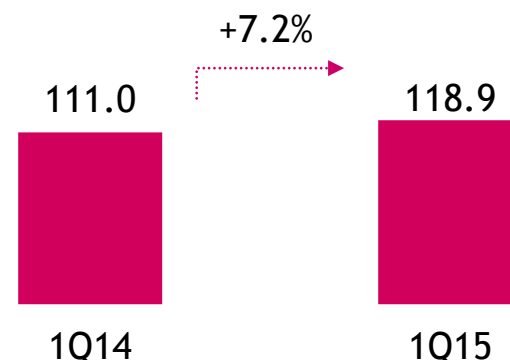
### Consolidated



## Portugal



## International operations

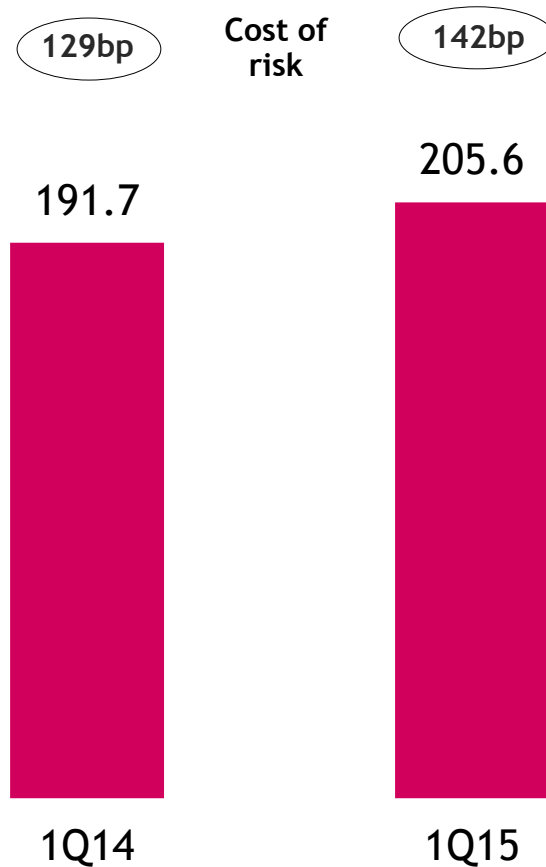


# Higher provisioning charges...

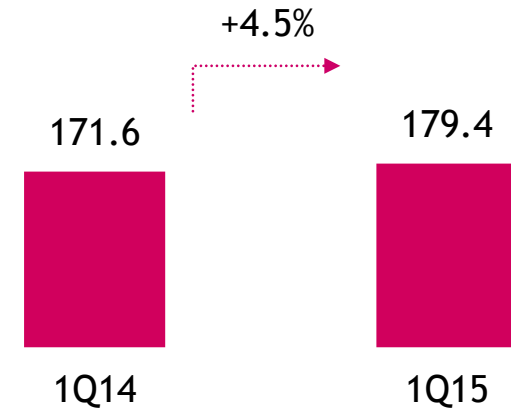
(Million euros)

## Loan impairment (net of recoveries)

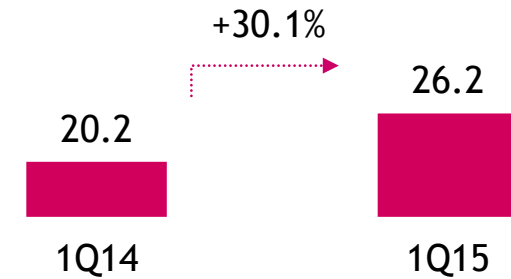
Consolidated



## Portugal



## International operations



# ... resulting in stronger coverage

(Million euros)

## Credit quality

Credit ratio	Mar 14	Mar 15
NPL	11.2%	11.6%
Credit at risk	11.7%	12.1%



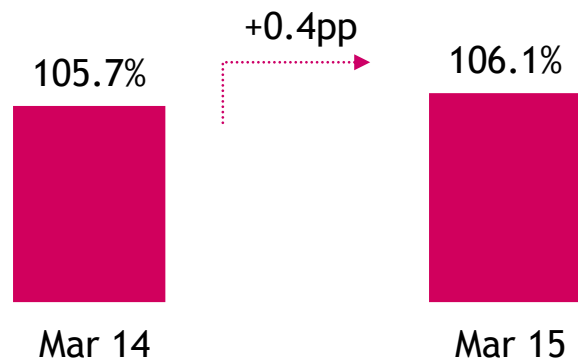
## Loan impairment provisions (balance sheet)

Coverage ratio	Mar 14	Mar 15
NPL	51%	54%
Credit at risk	49%	51%

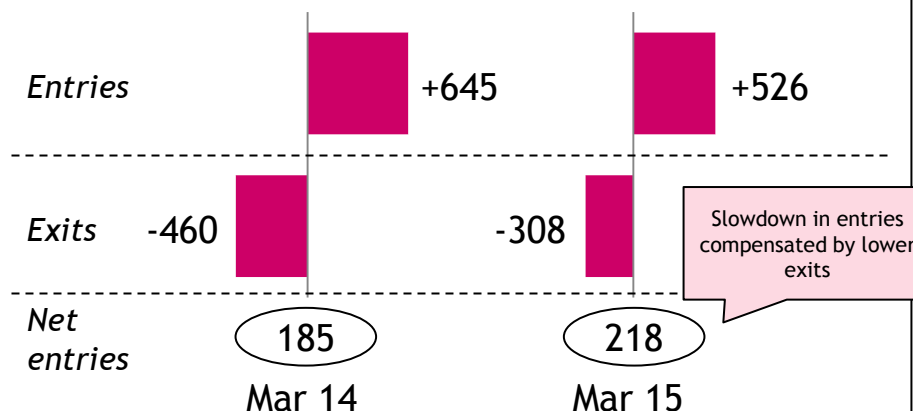


## Coverage of credit at risk by BS impairment and real+financial guarantees

(%)



## Net NPL entries in Portugal

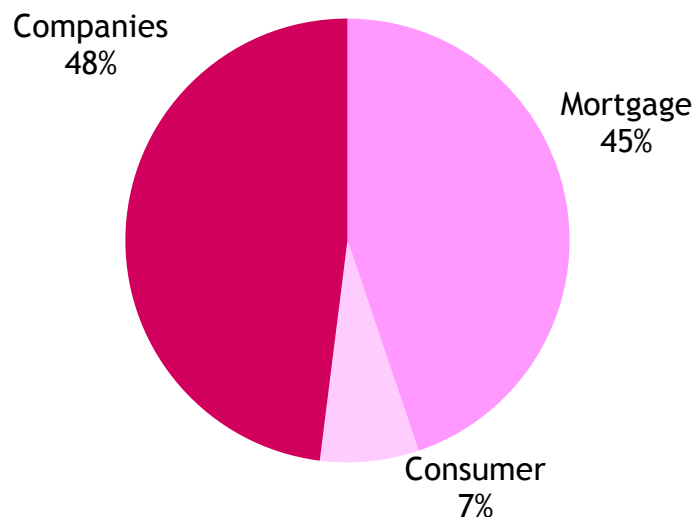




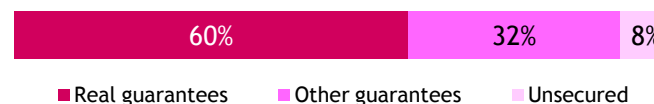
# Diversified and collateralised loan portfolio

## Loan portfolio

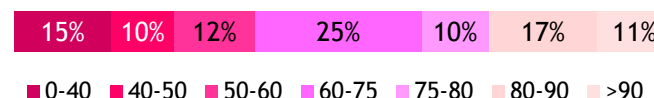
Consolidated



### Loans per collateral



### LTV of mortgage portfolio in Portugal



- Loans to companies accounted for 48% of the loan portfolio at end-March 2015, including 11% to construction and real estate sectors
- 92% of the loan portfolio is collateralised
- Mortgages accounted for 45% of the loan portfolio, with low delinquency levels and a 66% average LTV

# Agenda

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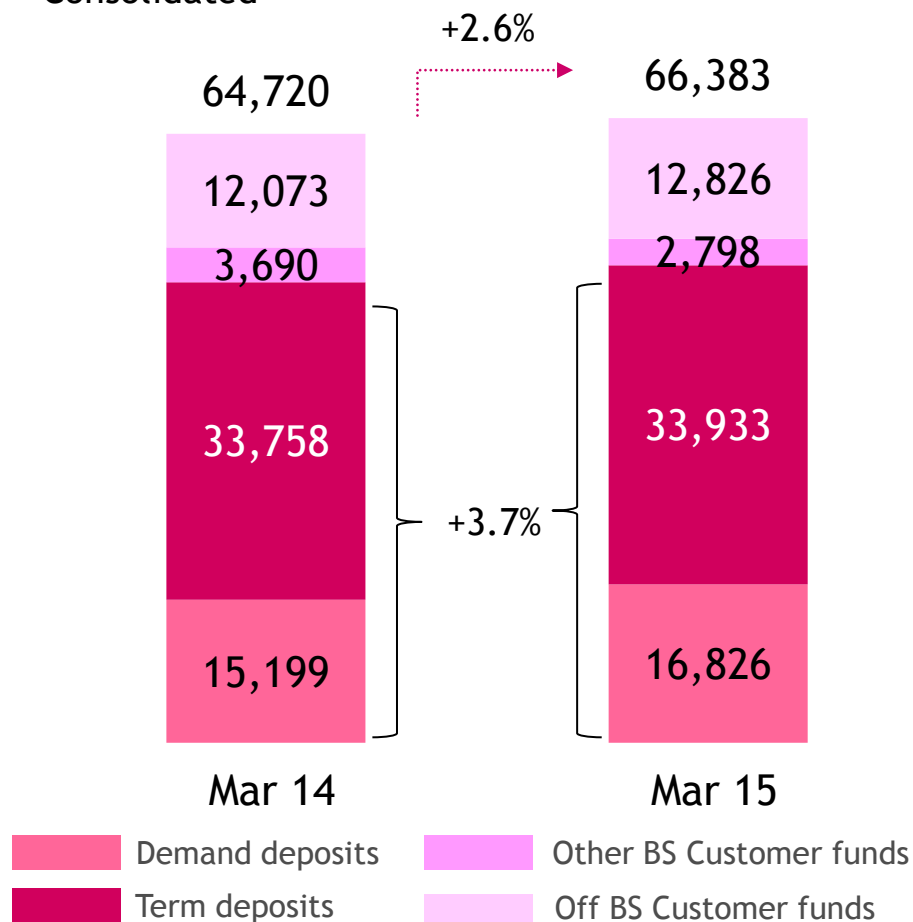
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# Deposits increase in Portugal (both individuals' and companies') and in international operations

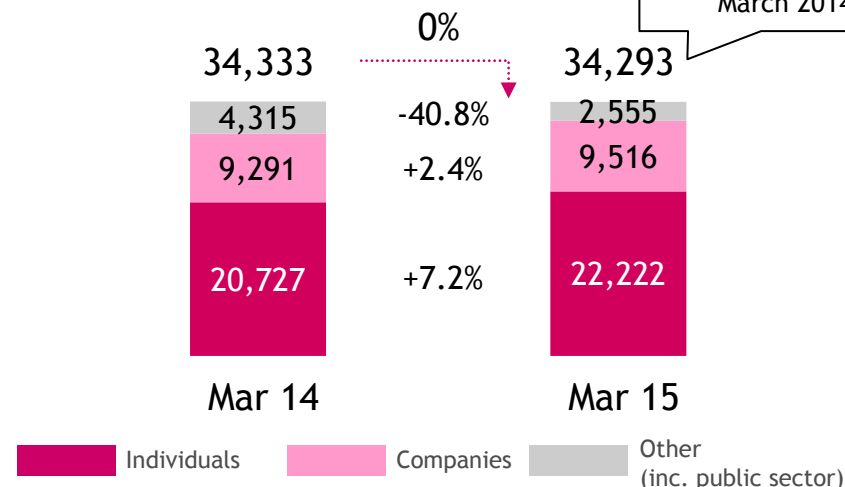
(Million euros)

## Customer funds

Consolidated

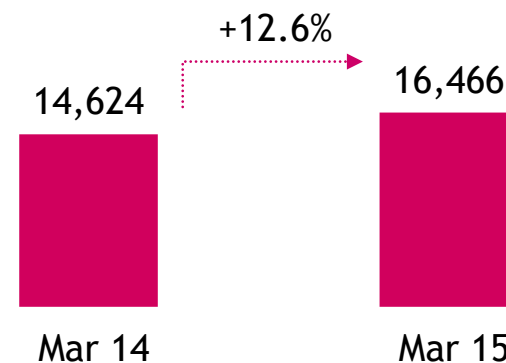


## Customer deposits in Portugal



Individuals' and companies' deposits up by **5.7%** from March 2014

## Customer deposits in international operations

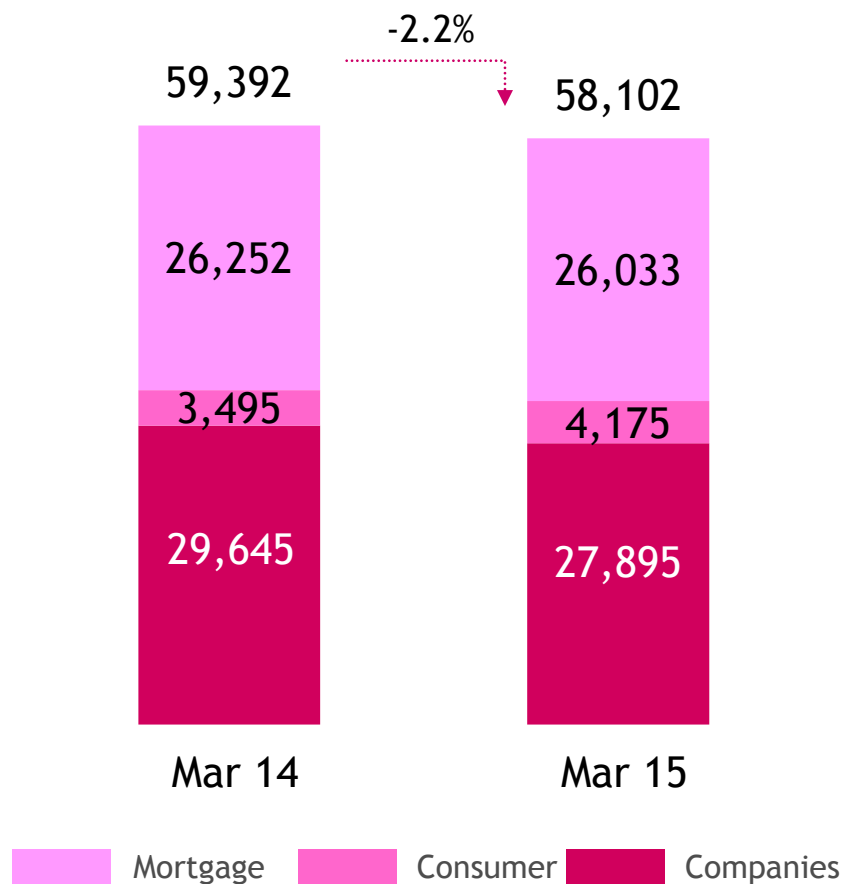


# Credit to companies in Portugal increases again

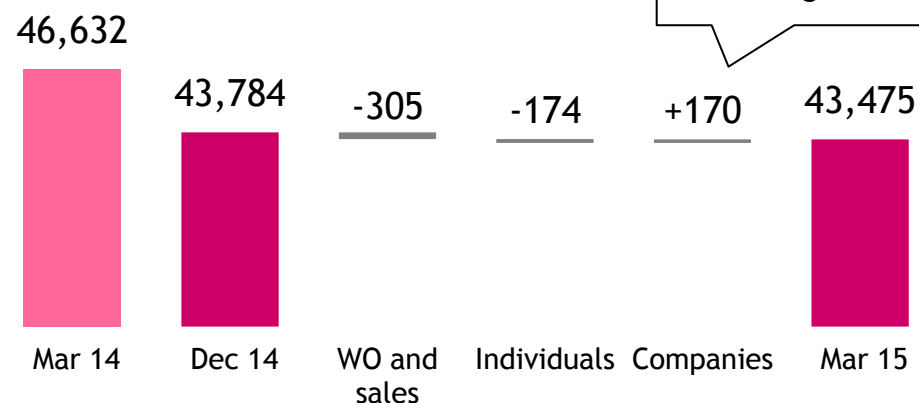
(Million euros)

## Loans to Customers (gross)

Consolidated

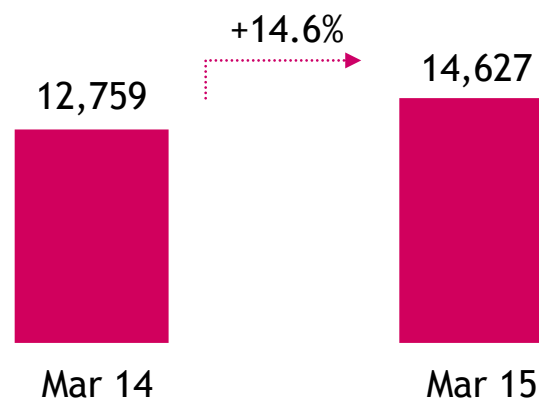


## Portugal



Credit to companies in Portugal increases again

## International operations

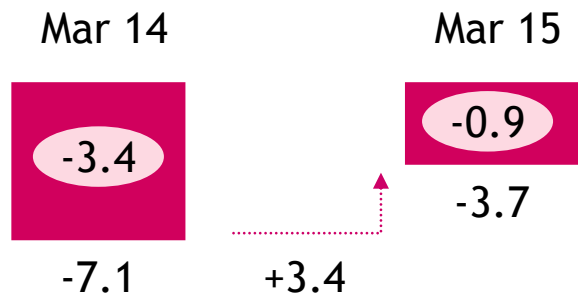


# Continued improvement of the liquidity position, current liquidity ratios exceed future requirements

## Commercial gap\*

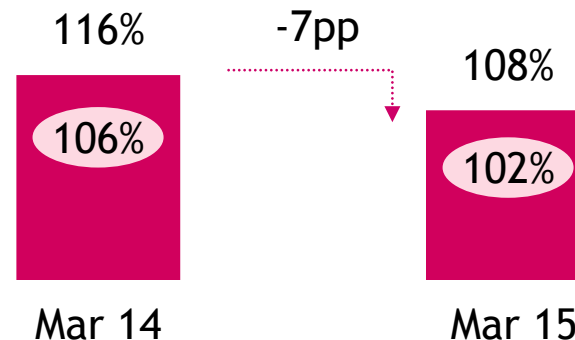
(Billion euros)

Difference between BS Customer funds and net loans

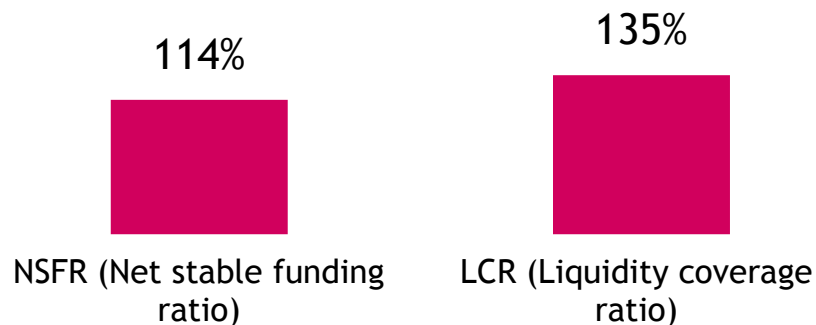


## Loans to deposits ratio\*\* (Bank of Portugal)

Net loans to BS Customer funds



## Liquidity ratios (CRD IV/CRR\*\*\*)



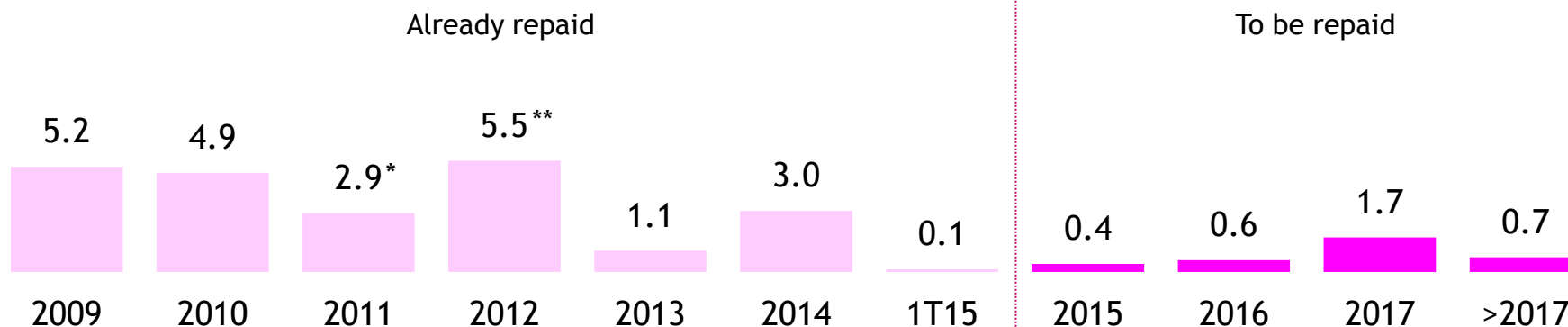
- Commercial gap narrows €3.4 billion from 1Q2014
- Loans to deposits ratio (Bank of Portugal criteria) at 108%, 102% if all BS Customer funds are included
- Net usage of ECB funding at €6.2 billion, compared to €9.2 billion at end-March 2014
- €14.5 billion (net of haircuts) of eligible assets available for refinancing operations with ECB, with a €8.2 billion buffer
- Liquidity ratios (CRD IV/CRR\*\*\*) higher than the required 100%

\* Based on Customer deposits and net loans to Customers.  
 \*\* According to the current version of Notice 16/2004 of the Bank of Portugal.  
 \*\*\* Estimated in accordance with CRD IV current interpretation.

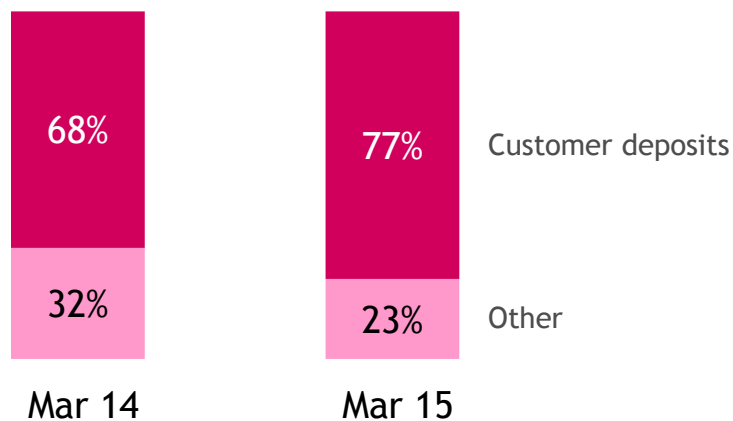
# Lower refinancing needs in the medium to long term, Customer deposits are the main funding source

## Refinancing needs of medium-long term debt

(Billion euros)



## Improvement of the funding structure



- Lower funding needs, reflecting a lower commercial gap
- Customer deposits are the main funding source

\* Includes repurchase of own debt amounting to €0.5 billion.

\*\* Includes repayment of €1.6 billion related to liability management transactions.

# Agenda

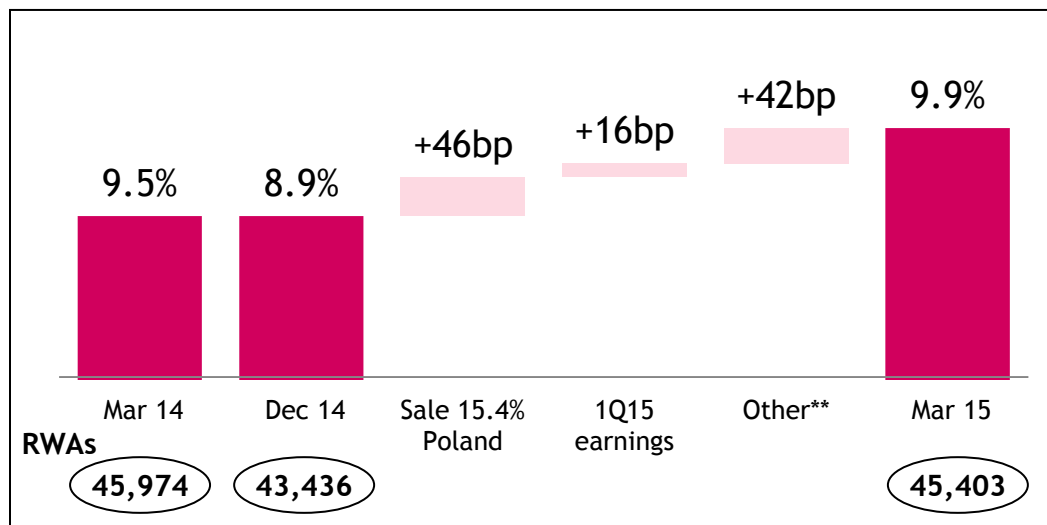
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# Profitability and specific measures strengthen capital figures...

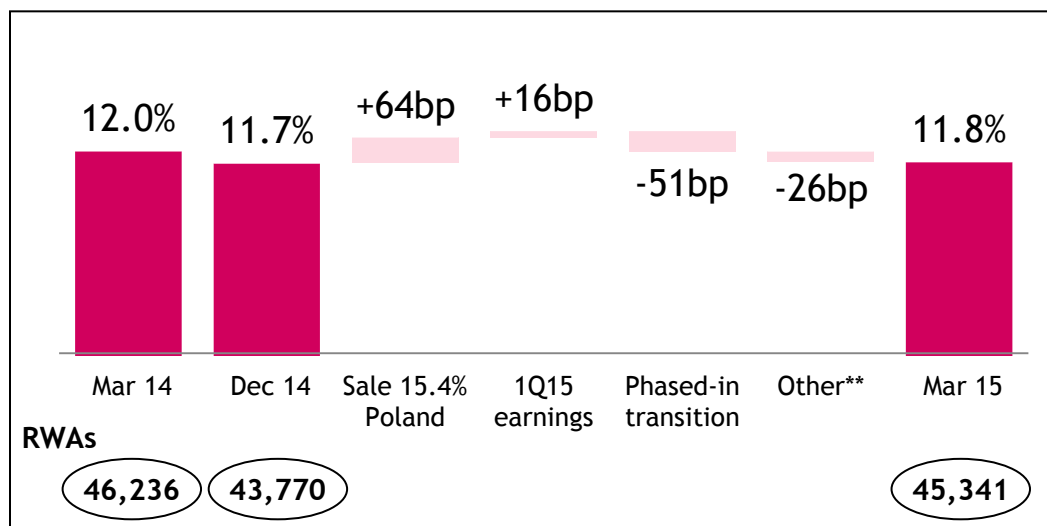
## Common Equity Tier 1 ratio

Fully implemented\*



## Common Equity Tier 1 ratio

Phased-in\*



- Capital ratios strengthened to 9.9% on a fully implemented basis and to 11.8% according to phased-in criteria, as a result of:

- Sale of a 15.4% stake in Bank Millennium (Poland): +46bp fully implemented impact, +64bp phased-in
- 1Q15 earnings: +16bp impact
- Phased-in transition: -51bp impact
- Other: +42bp fully implemented impact, -26bp phased-in
- Impact from Exchange Public Offer, to be submitted to the resolution of the General Meeting of Shareholders (May 11) not included yet
- Leverage ratio at 5.1% on a fully implemented basis and at 6.2% according to phased-in criteria

\* Including the impact of the special regime for DTAs, according to the Law 61/2014 together with Notice 3/95 of the Bank of Portugal. | \*\*Includes a negative effect from increased RWAs stemming from increased market risk, regulatory non-equivalence of Angola and CHF appreciation on the mortgage book of Bank Millennium (Poland). Includes also the favourable impact of potential gains on the AFS portfolio of sovereign debt on the fully implemented ratio.



# ... not yet including the impact of the Public Exchange Offer, to raise them to European benchmark levels

## Terms and conditions

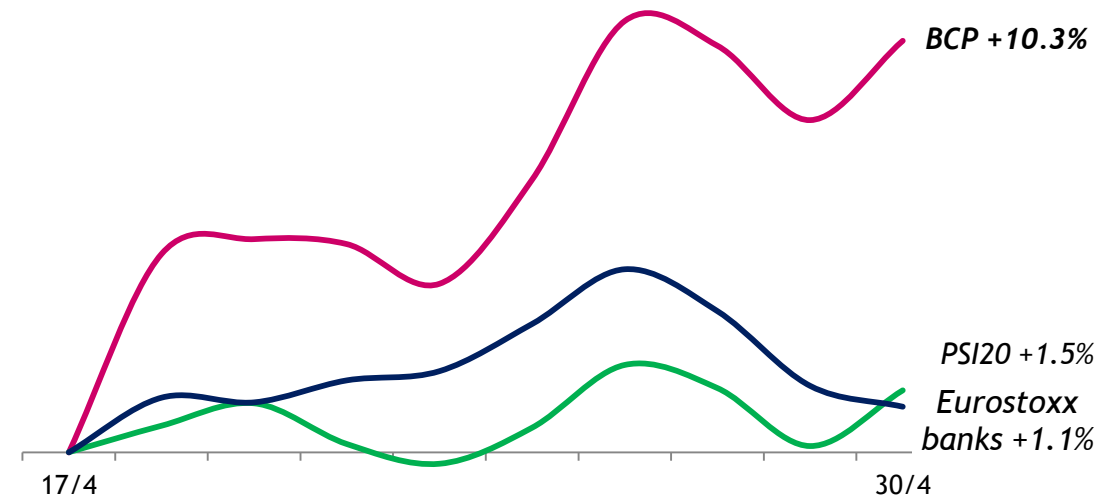
- Offer targets domestic market; offering circular to be submitted to Portugal's stock market regulator
- Maximum number of shares to be issued: 5,350 million; issue price equivalent to 93% of the average share price for the previous 5 trading days
- Maximum amount of share capital increase: €428 million

## Advantages

- Exchange into ordinary shares to generate fresh Common Equity Tier 1 and a favourable impact on net interest income
- Transaction raises capital without the need for cash calls from Shareholders
- Securities targeted by offer will lose capital eligibility status over the coming years: transaction prevents future negative impacts on capital

## Transaction announcement was well received by the market

*Closing stock price from announcement date (17 april 2015)*



## Calendar

- Assuming approval on the May 11 General Meeting of Shareholders and the customary time frame for prospectus approval, the transaction is expected to complete by mid-June

Impact on capital ratios estimated at 70bps

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# Portugal: deleveraging effort improves liquidity

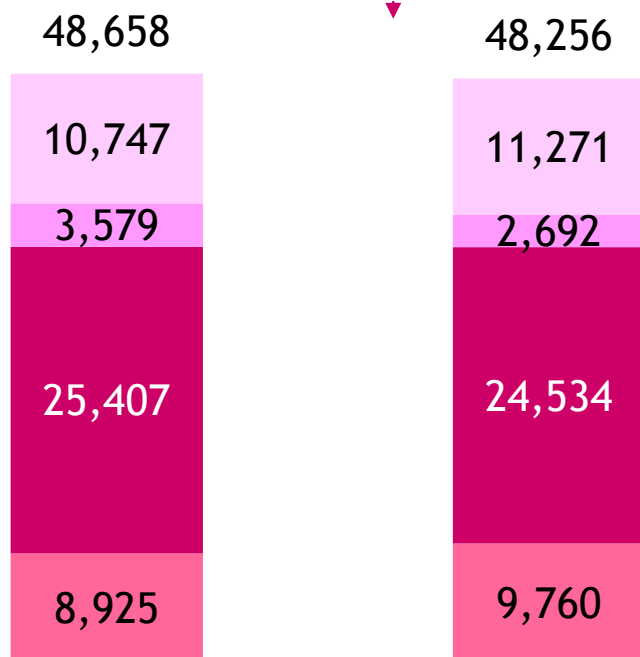


(Million euros)

## Customer funds

-0.8%

Individuals' and companies' deposits up 5.7% vs March 2014



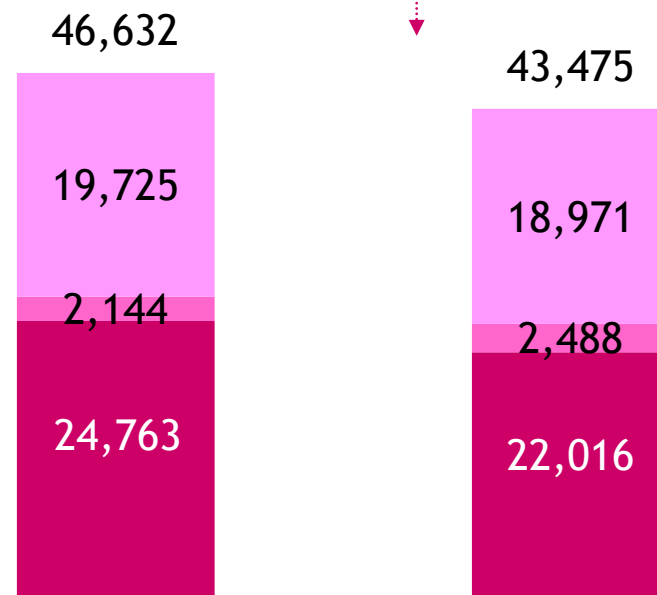
Mar 14

Mar 15

On-demand deposits    Other BS Customer Funds  
Term deposits    Off BS Customer Funds

## Loans to customers (gross)

-6.8%



Mar 14

Mar 15

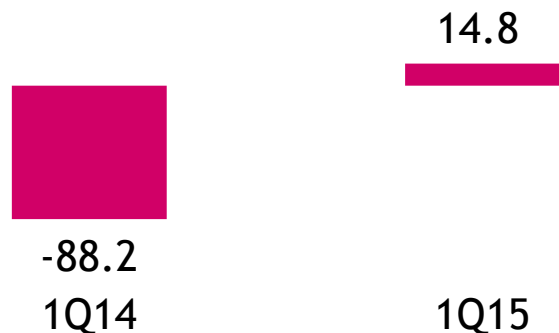
Mortgage    Consumer    Companies

# Net income improves, as banking income increases and operating costs decrease



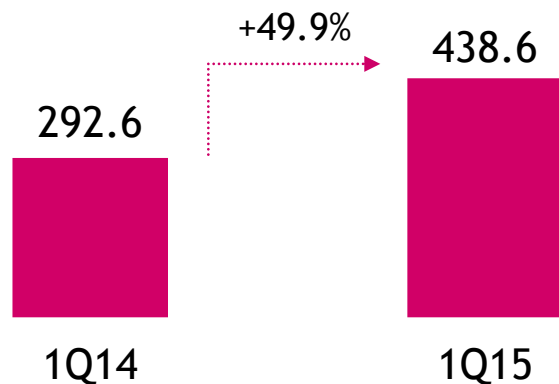
(Million euros)

## Net income

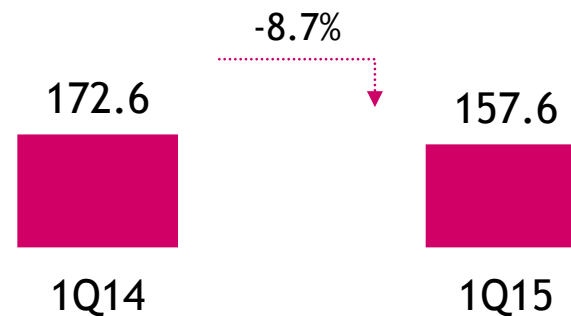


- Improved net income, resulting from an increased banking income and a reduction in operating costs
- The increase in banking income reflects higher core income and trading income
- Lower operating costs, as the implementation of the restructuring programme started at the end of 2012 yields visible savings

## Banking income



## Operating costs

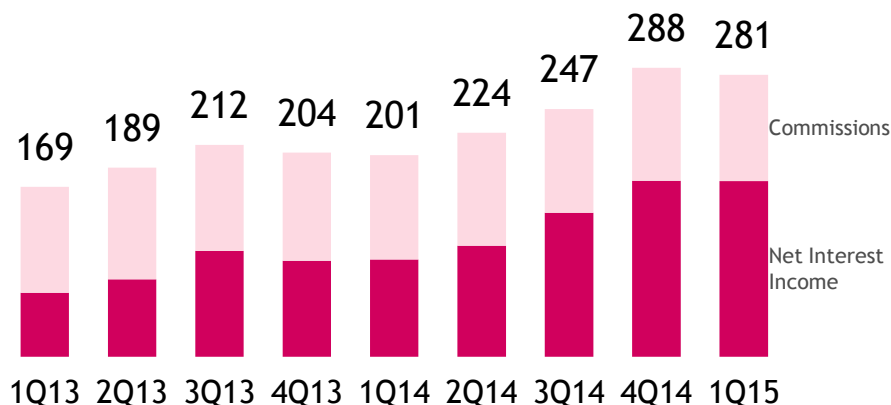


# Improvement trend on core income and reduction trend on operating costs in Portugal are in place



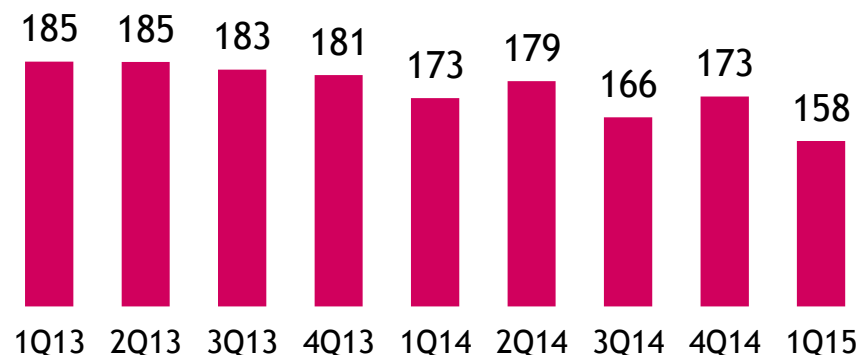
## Core income\*

(Million euros)



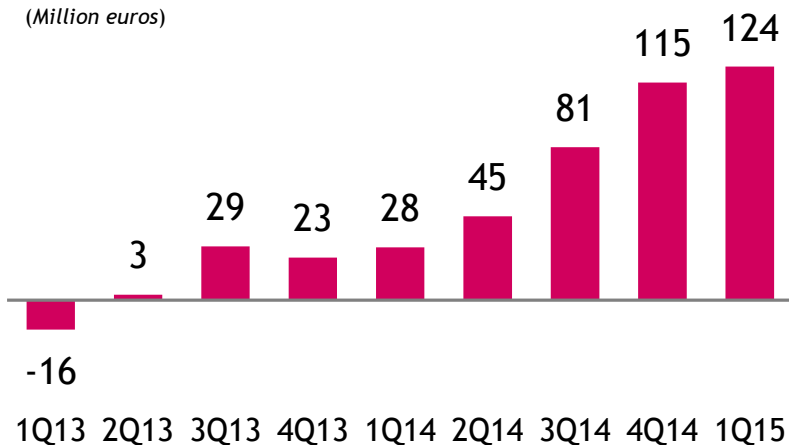
## Operating costs\*

(Million euros)



## Core net income\*\*

(Million euros)



- Core income of €281 million in a seasonally weak quarter (lower number of business days, reduced levels of activity)
- Operating costs reduced to €158 million
- Continuation of the core net income expansion trend began two years ago: €124 million in the 1st quarter of 2015. It is worth highlighting that this figure was negative (-€16 million) in the 1st quarter of 2013

\* Excludes non recurrent specific items.

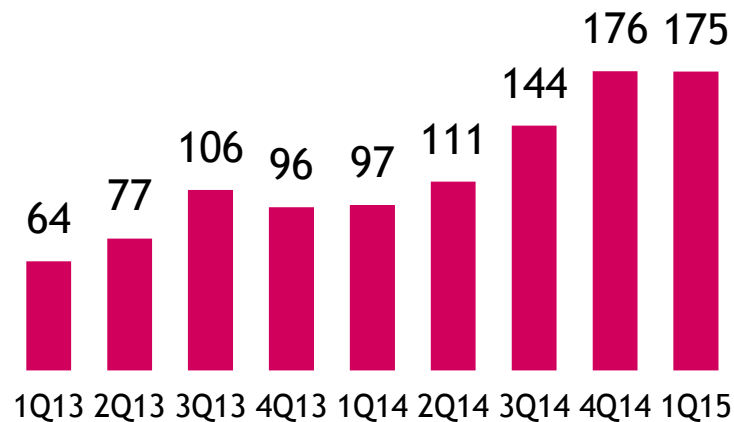
\*\* Core net income = net interest income + net fees and commission income - operating costs. Excludes non recurrent specific items.

# Increase on net interest income in Portugal reflects the improvement in cost of deposits, although impacted by lower loan volumes



## Net interest income

(Million euros)



## Breakdown of net interest income growth

(Million euros)

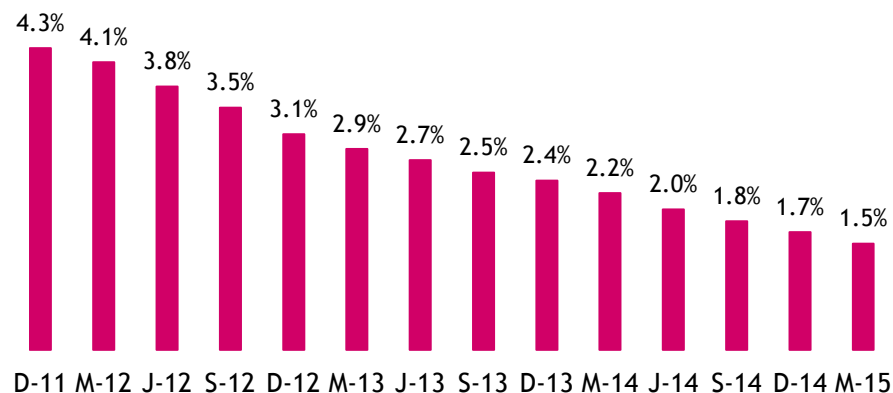
	1Q15 vs. 4Q14	1Q15 vs. 1Q14
Effect of cost of time deposits	+11.3	+41.0
CoCos effect	+1.6	+50.5
Performing loans volume effect	-3.3	-26.5
NPL effect	-10.1	+3.8
# days effect (1Q15: 90d, 4Q14: 92d)	-3.8	0.0
Other	+4.0	+9.6
<b>Total</b>	<b>-0.3</b>	<b>+78.4</b>

- Net interest income increases versus Q1 2014, driven by:
  - Cost of deposits: consistent reduction of term deposits cost, positively impacting net interest income
  - Lower amount of CoCos: reimbursement of €400 million in April and of €1,850 million in August 2014
  - Reduction in loan volumes: still penalises net interest income
- Change versus Q4 2014 affected by the lower number of business days

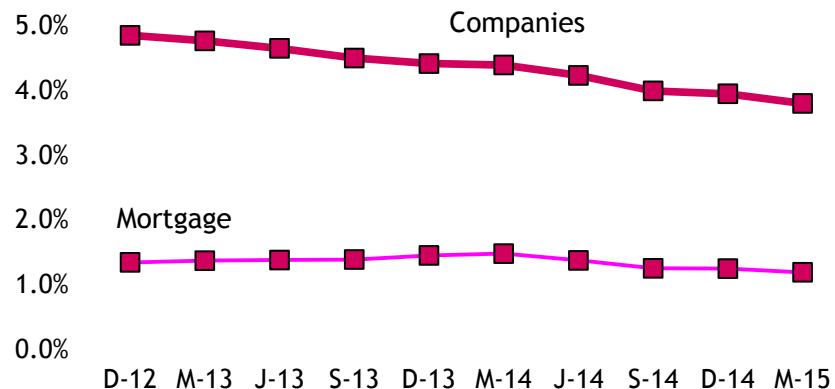
# Continued strong efforts to reduce the cost of deposits, in line with strategic plan



## Rate on term deposits portfolio

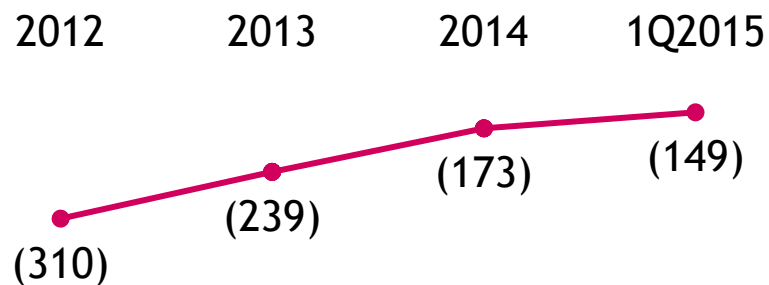


## Rate on credit portfolio



## Spread on term deposits

(basis points)



- Continued effort to bring the cost of deposits down: new deposits with substantially lower rates when compared to previous years
- Exactly in line with strategic plan target of improving spreads on deposits
- Spreads on loans to companies remain high

# Increased commissions, benefiting from early repayment of State-guarantees



(Million euros)

	1Q14	1Q15	YoY
<b>Banking fees and commissions</b>	<b>86.7</b>	<b>93.7</b>	<b>+8.1%</b>
Cards and transfers	22.7	23.3	+2.5%
Loans and guarantees	30.3	28.4	-6.5%
Bancassurance	18.2	19.1	+5.3%
Current account related	19.3	18.9	-2.4%
State guarantee	-10.3	0.0	+100.0%
Other fees and commissions	6.5	4.1	-36.2%
<b>Market related fees and commissions</b>	<b>17.4</b>	<b>12.0</b>	<b>-30.7%</b>
Securities operations	15.4	10.2	-33.5%
Asset management	2.0	1.8	-8.6%
<b>Total fees and commissions</b>	<b>104.1</b>	<b>105.8</b>	<b>+1.6%</b>

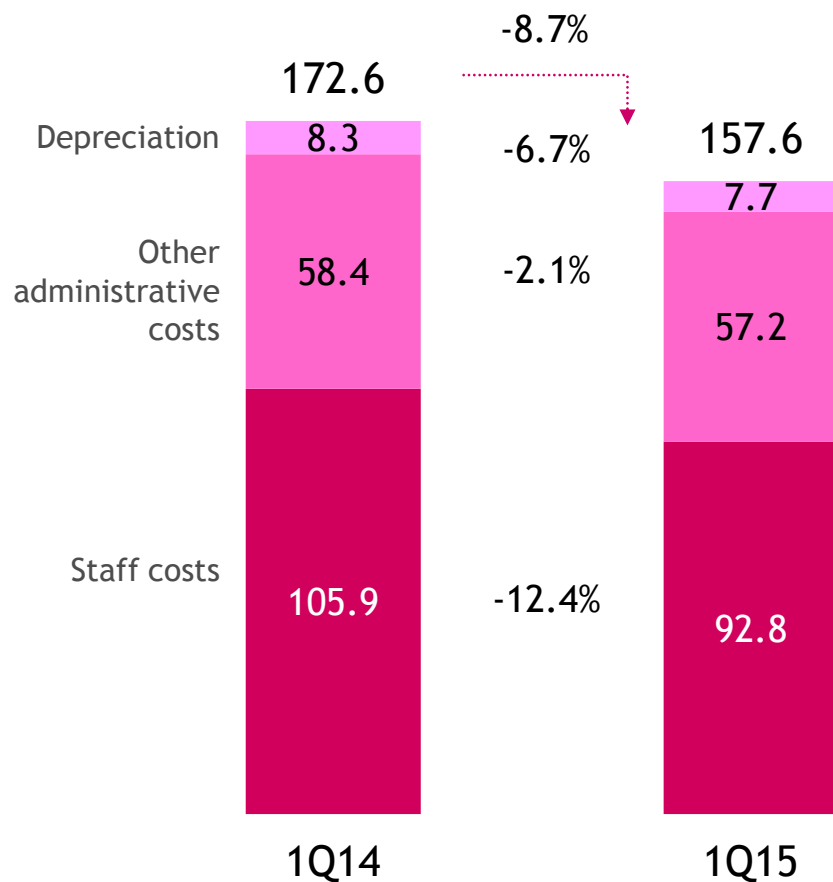


# Continued reduction in costs in Portugal, on target with strategic goals

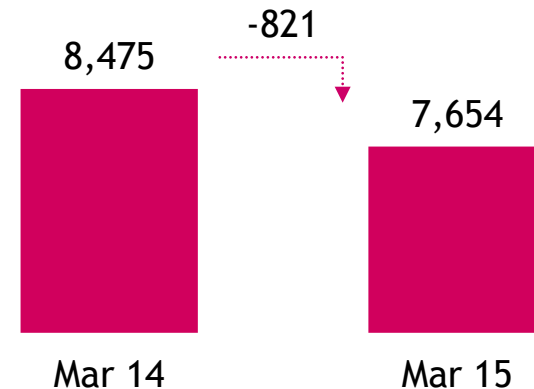


(Million euros)

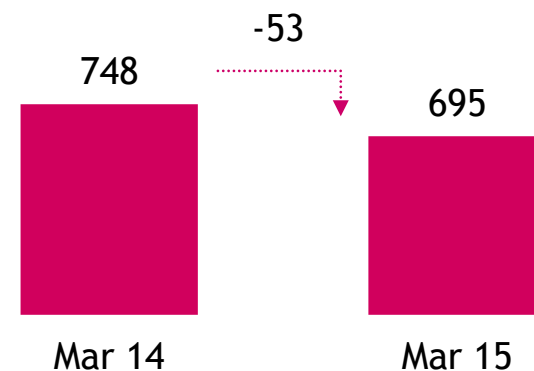
## Operating costs



## Employees



## Branches



# Credit quality shows signs of stabilization



(Million euros)

## Credit quality

Credit ratio	Mar 14	Mar 15
NPL	13.4%	14.3%
Credit at risk	13.6%	14.4%

6,268



Mar 14

6,223



Mar 15

NPL (non-performing loans)

## Loan impairment provisions (balance sheet)

Coverage ratio	Mar 14	Mar 15
NPL	48%	50%
Credit at risk	47%	50%

2,989



Mar 14

3,116



Mar 15

## NPL buildup

	Mar 15 vs. Mar 14	Mar 15 vs. Dec 14
Initial stock	6,268	6,134
+/- Net entries	+574	+218
- Write-offs	-526	-103
- Sales	-93	-26
<b>Final stock</b>	<b>6,223</b>	<b>6,223</b>

## Loan impairment (net of recoveries)



# Foreclosed assets sale above book value, confirming appropriate coverage



## Assets for sale

(Million euros)

Coverage

26.3%

19.3%

1,379

1,494

363

288

1,016

1,206

Mar 14

Mar 15



Impairment

Net value

## Number of properties sold

-21.0%

619

489

1Q14

1Q15

## Book value of sold properties

(Million euros)

Sale value

-14.3%

56

48

59

56

1Q14

1Q15

# Agenda

---

- Highlights
- Group
  - Profitability
  - Liquidity
  - Capital
- Portugal
- International Operations
- Conclusions

# Significant net income growth in international operations

(Million euros)

	1Q14	1Q15	Δ % local currency	Δ % euros	ROE
<b>International operations*</b>	<b>47.8</b>	<b>54.9</b>		<b>+14.8%</b>	
Poland	37.5	39.0	+3.9%	+4.9%	11%
Mozambique	22.6	25.9	+14.9%	+28.5%	22%
Angola	12.7	15.9	+25.3%	+41.5%	19%
Other and non-controlling interests	-25.0	-26.0			

€81 million

Note: subsidiaries' net income presented for the first quarter 2014 at the same exchange rate as for the first quarter of 2015, in order to allow comparison without exchange rate effect. | \* Excludes Banca Millennium (Romania).

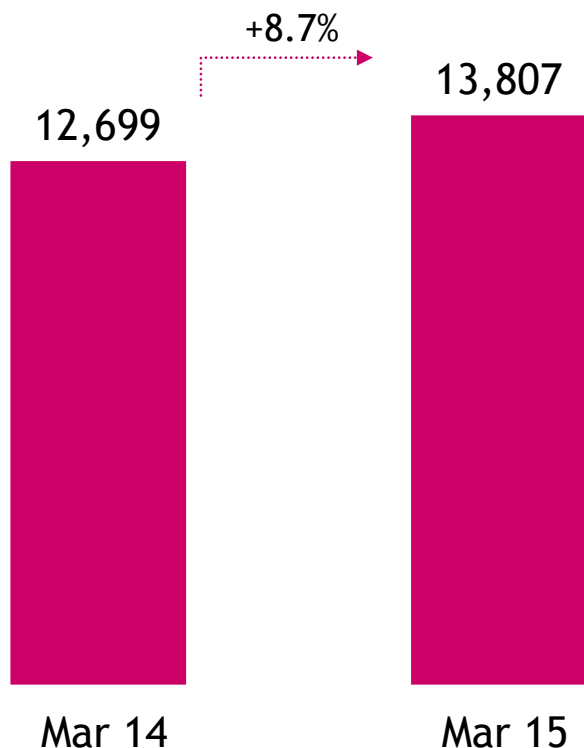


# Poland: Customer funds and loans to Customers growth

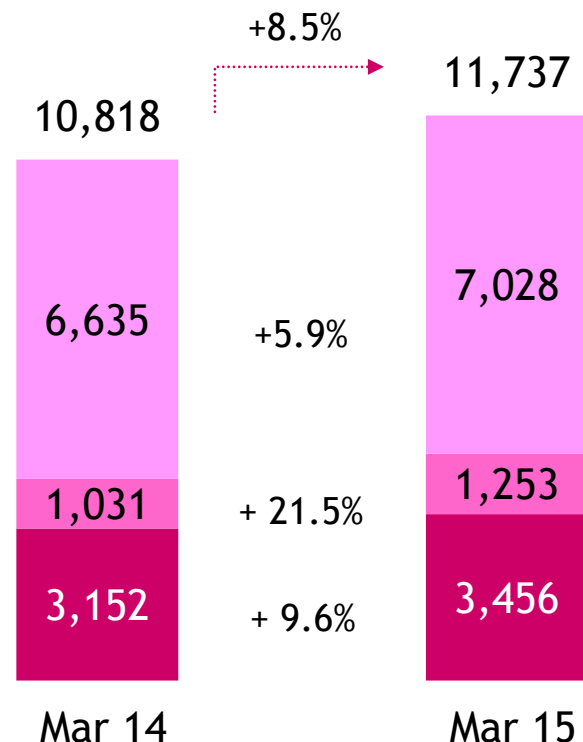


(Million euros)

## Customer funds



## Loans to customers (gross)



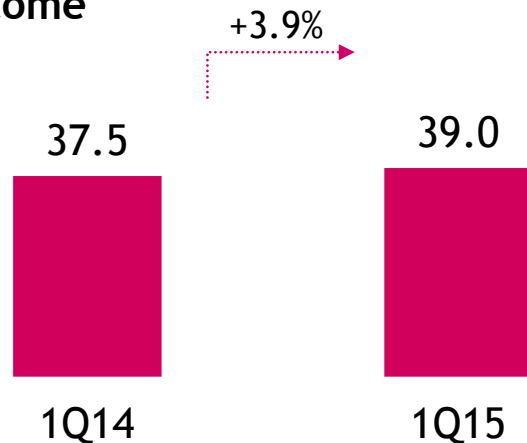
Mortgage Consumer Companies

# Net income growth



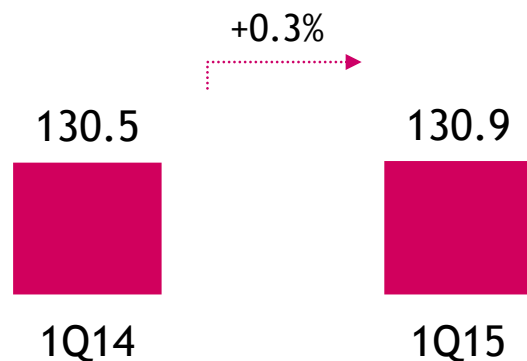
(Million euros)

## Net income

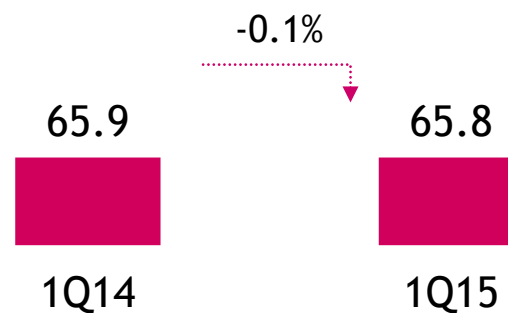


- Net income grows 3.9%, with ROE of 11.3%, in spite of a difficult environment as long exchange rates (CHF) and interest rates are concerned
- Increased banking income increase (+0.3%) reflects the combined impact of stable net interest income (-1.5%) and commissions (+0.8%)
- Stable operating costs (-0.1%), reflecting a strict cost control policy

## Banking income



## Operating costs

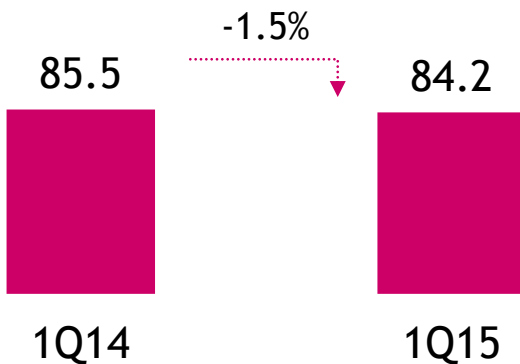


# Revenues and costs in line with 1Q14

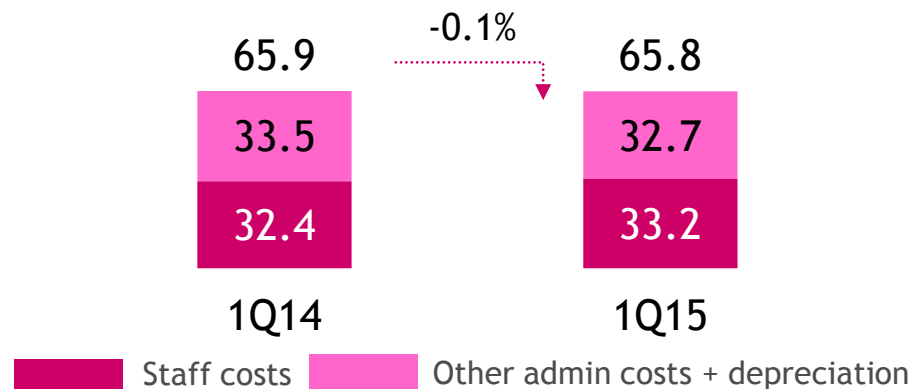


(Million euros)

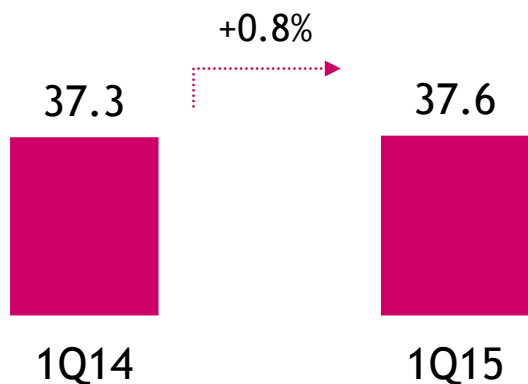
## Net interest income\*



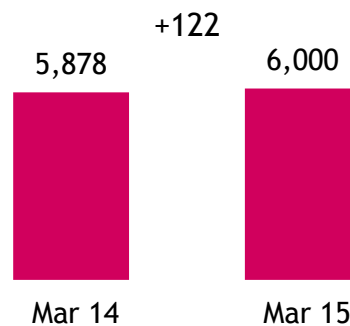
## Operating costs



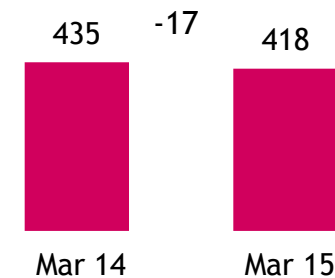
## Fees and commissions



## Employees



## Branches



Pro forma data. Margin from derivative products, including those from hedging FX denominated loan portfolio, is included in net interest income, whereas in accounting terms, part of this margin (0.3M€ in 1Q14 and 4.3M€ in 1Q15) is presented in net trading income. FX effect excluded. €/Zloty constant in March 2015: Income Statement 4.16878333; Balance Sheet 4.0854.





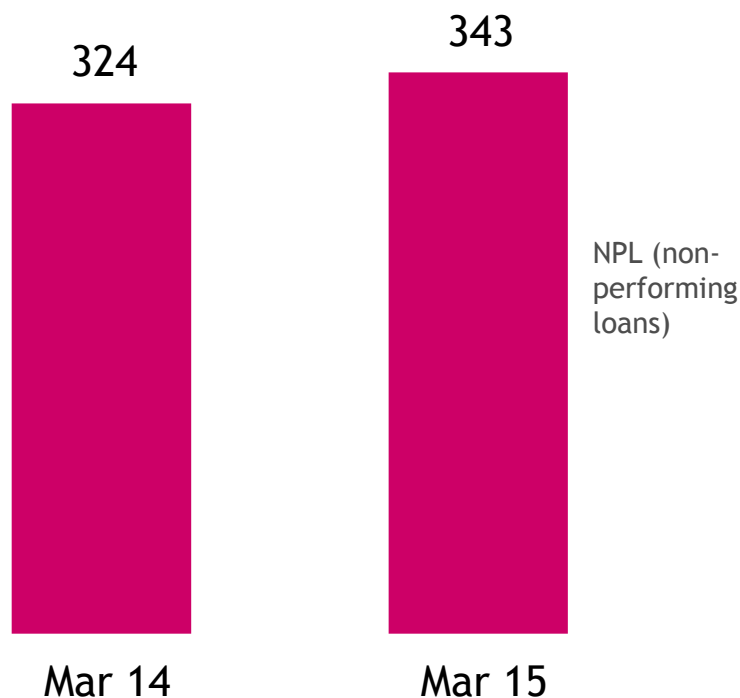
# Stable credit quality, strong coverage



(Million euros)

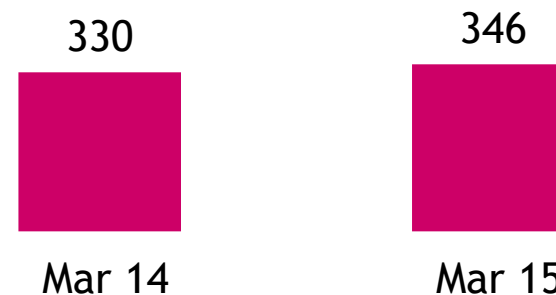
## Credit quality

Credit ratio	Mar 14	Mar 15
NPL	3.0%	2.9%

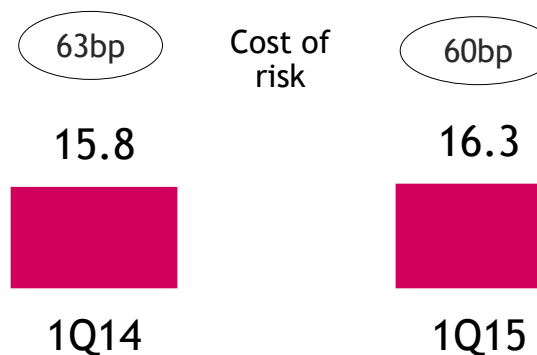


## Loan impairment (balance sheet)

Coverage ratio	Mar 14	Mar 15
NPL	102%	101%



## Loan impairment (net of recoveries)

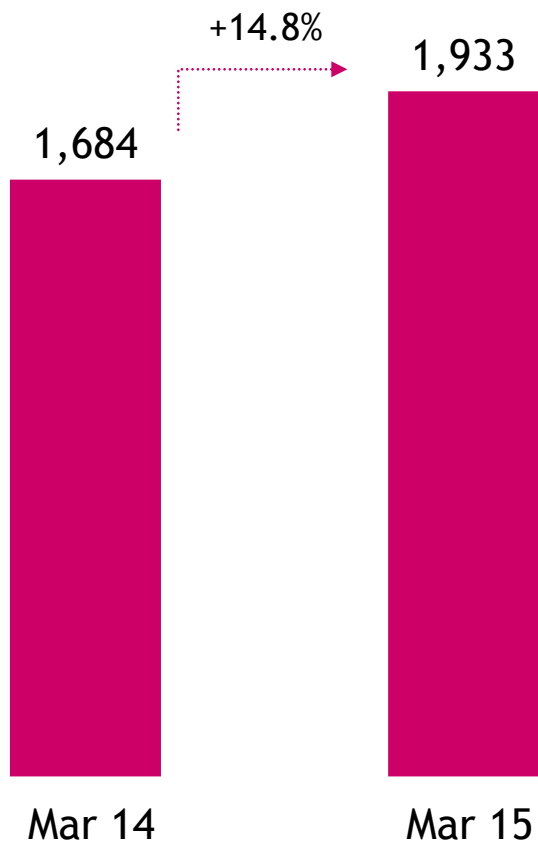


# Mozambique: strong volume growth

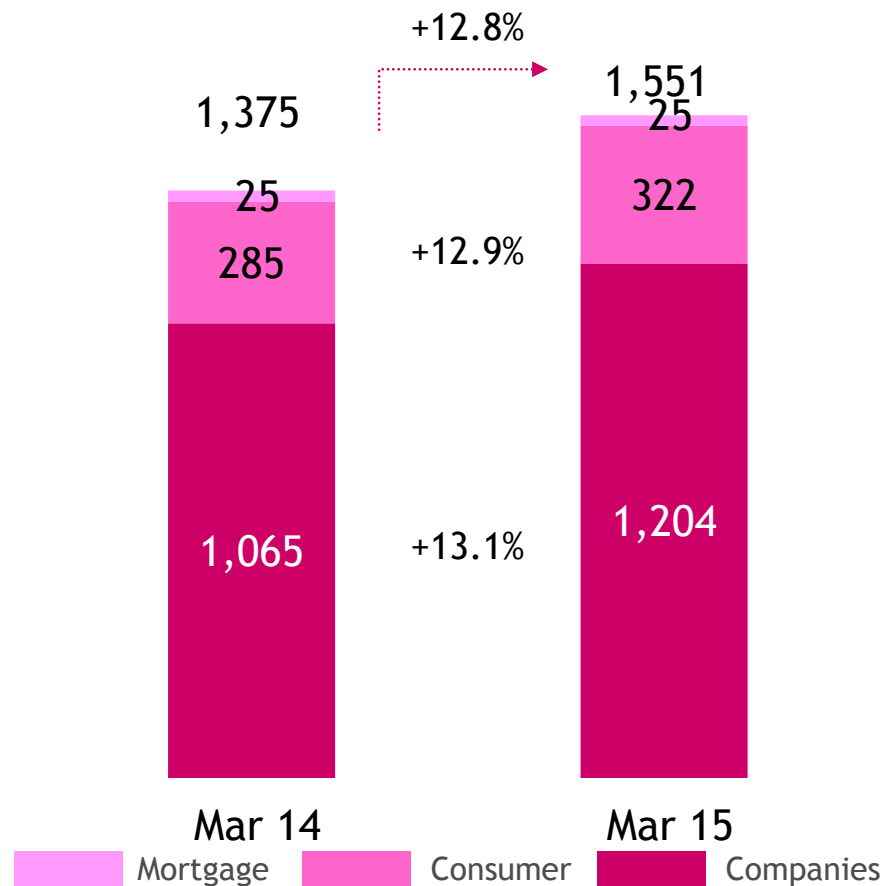


(Million euros)

## Customer funds



## Loans to customers (gross)

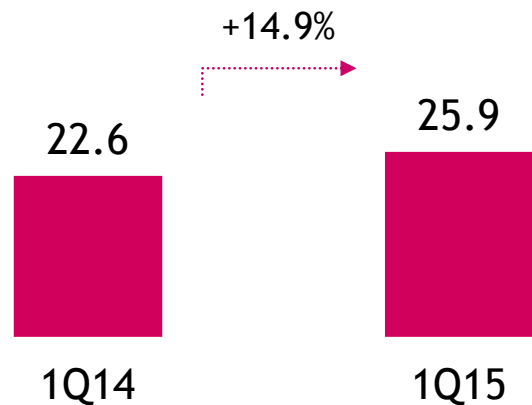


# Net income benefited from increased banking income



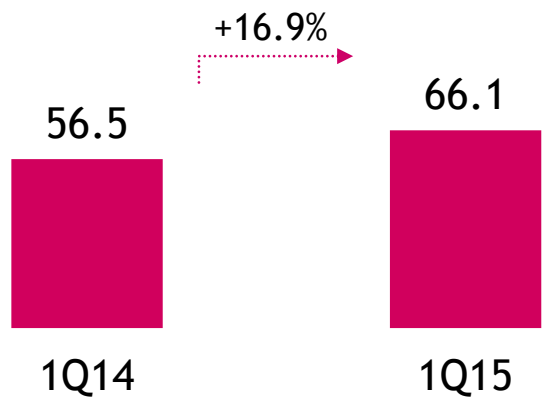
(Million euros)

## Net income

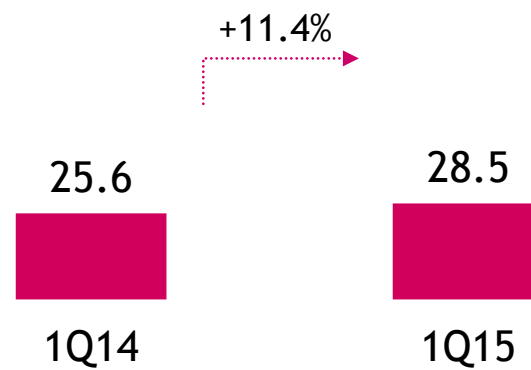


- Net income increases 14.9%, with ROE at 22.2%
- Increase of 16.9% in banking income: net interest income up by 7.8%, benefitting from business expansion, and 8.2% increase in commissions
- Operating costs up by 11.4% (+7 branches compared to March 14)

## Banking income



## Operating costs

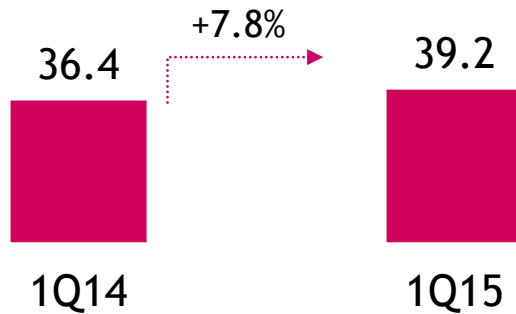


# Strong growth in core income and operating costs impacted by network expansion

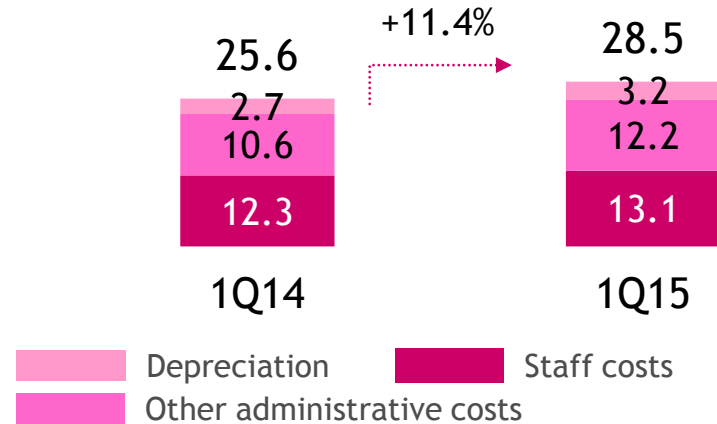


(Million euros)

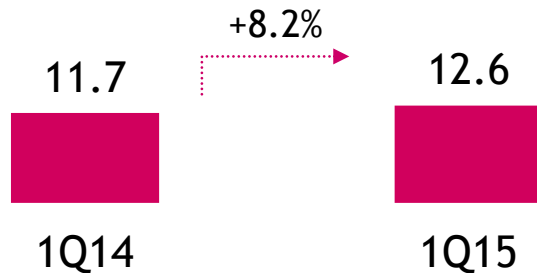
## Net interest income



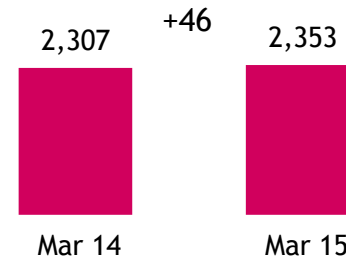
## Operating costs



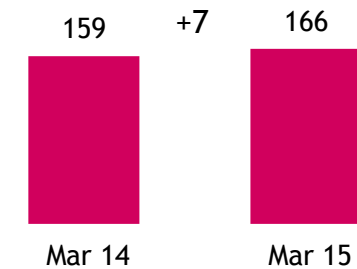
## Fees and commissions



## Employees\*



## Branches



\* Excludes employees from SIM (insurance company)

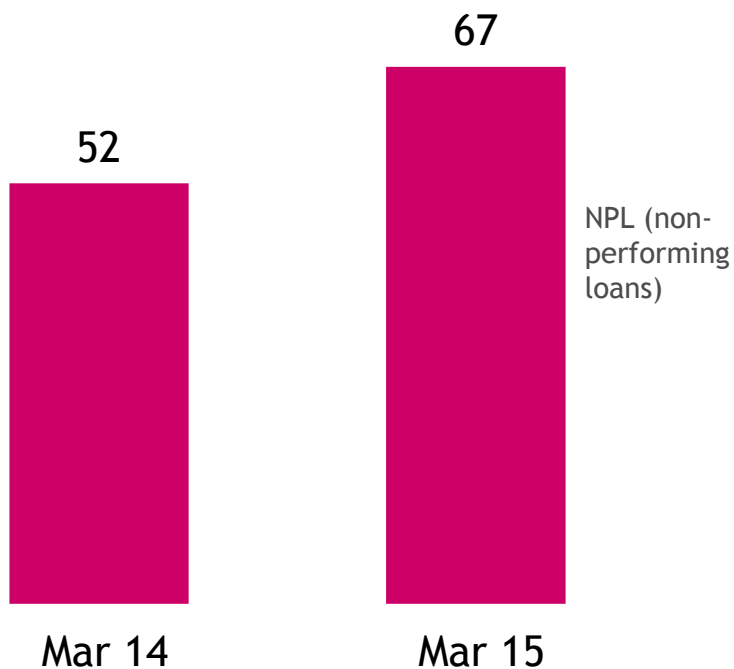
# Credit quality and coverage



(Million euros)

## Credit quality

Credit ratio	Mar 14	Mar 15
NPL	3.8%	4.3%

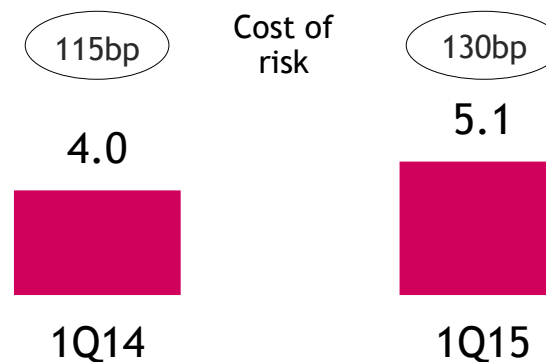


## Loan impairment (balance sheet)

Coverage ratio	Mar 14	Mar 15
NPL	146%	125%



## Loan impairment (net of recoveries)

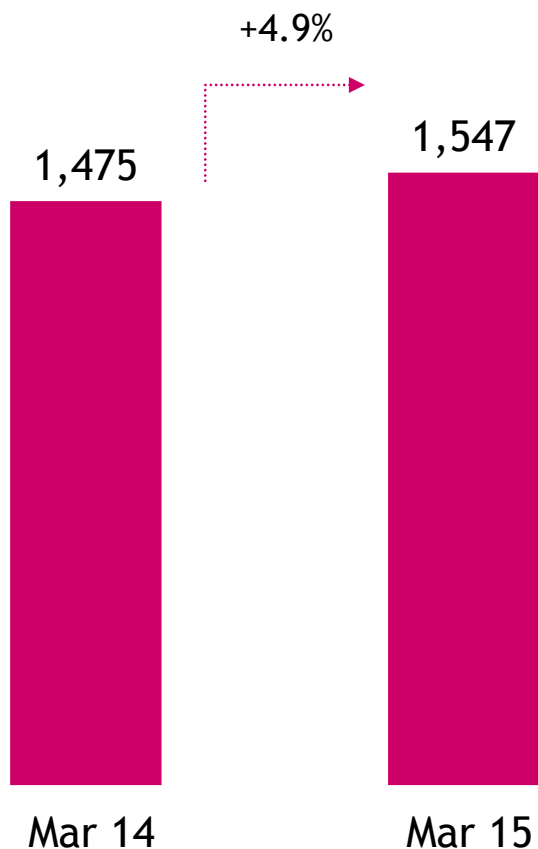


# Angola: strong credit growth, keeping a comfortable liquidity position

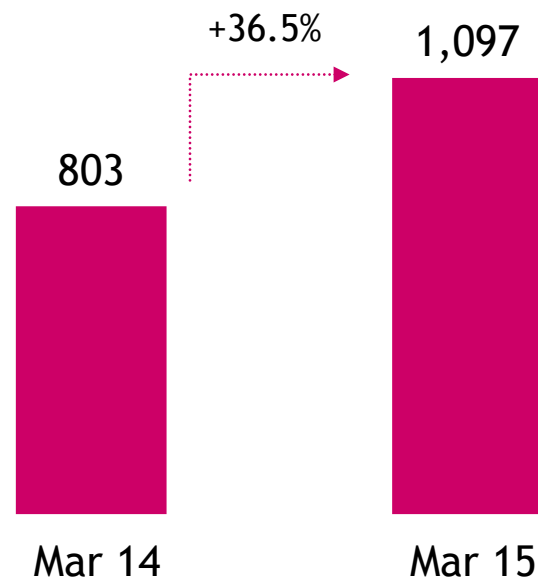


(Million euros)

## Customer funds



## Loans to customers (gross)

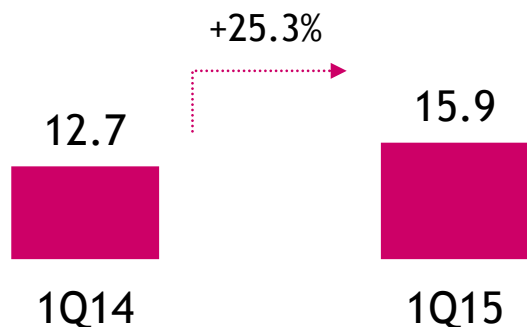


# Net income increase driven by higher banking income



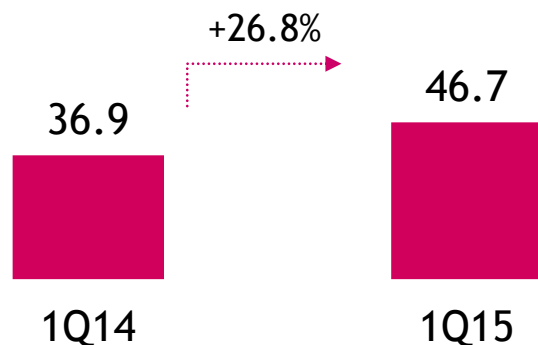
(Million euros)

## Net income

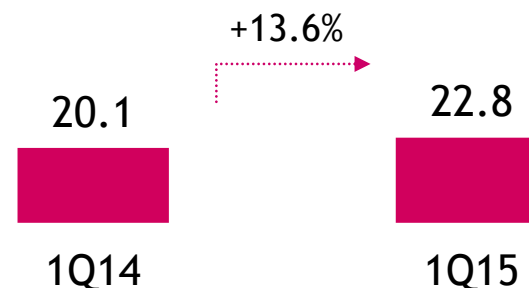


- Net income increases 25.3%, with ROE at 18.9%
- Increase of 26.8% in banking income strongly influenced by a 41.3% increase in net interest, benefiting from business expansion
- Operating costs increased by 13.6%, as a result of network expansion (+7 branches from March 2014)

## Banking income



## Operating costs

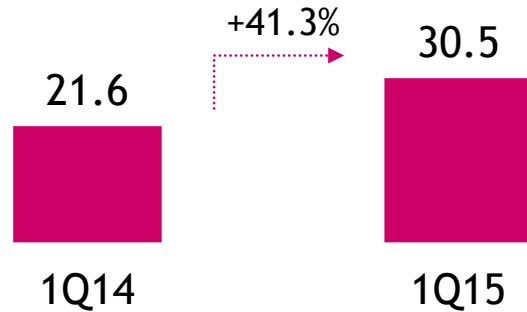


# Strong growth in core income and operating costs impacted by network expansion

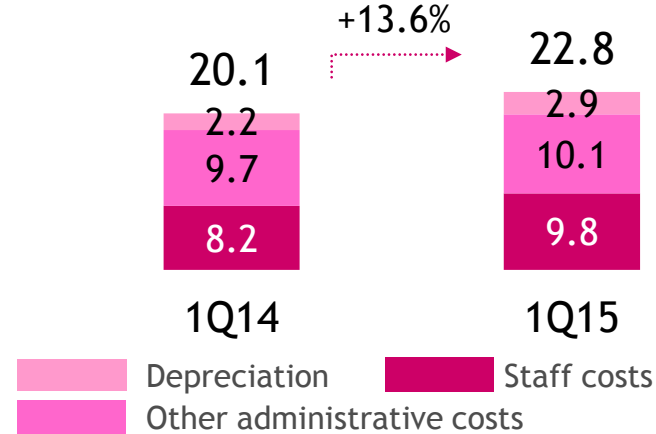


(Million euros)

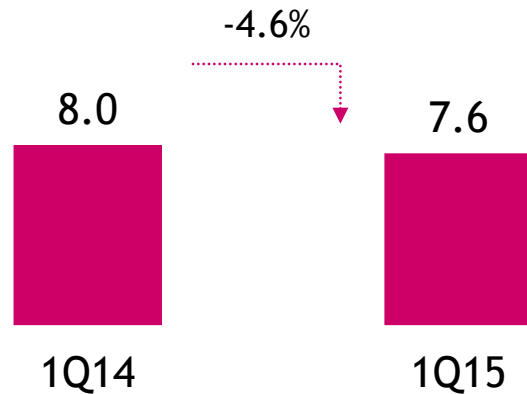
## Net interest income



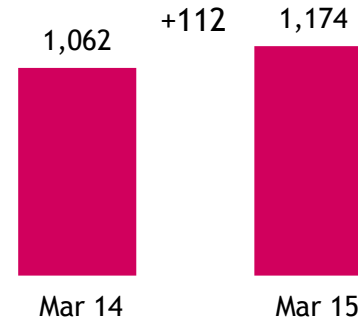
## Operating costs



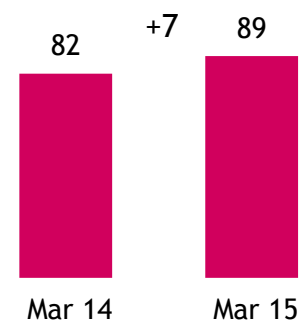
## Fees and commissions



## Employees



## Branches





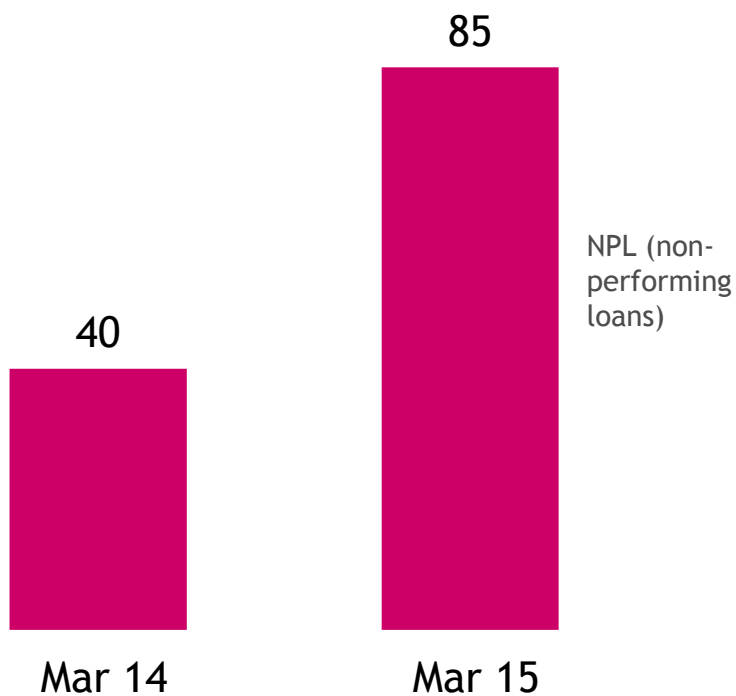
# Credit quality and coverage



(Million euros)

## Credit quality

Credit ratio	Mar 14	Mar 15
NPL	4.9%	7.8%

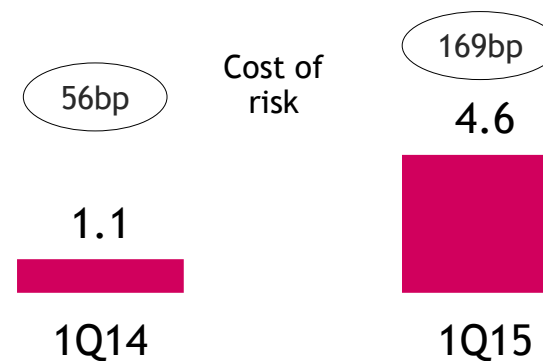


## Loan impairment (balance sheet)

Coverage ratio	Mar 14	Mar 15
NPL	105%	67%



## Loan impairment (net of recoveries)



# Agenda

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- Highlights
- Group
  - Profitability
  - Liquidity
  - Capital
- Portugal
- International Operations
- Conclusions

# Progress on 2012 strategic plan metrics

Phases	Priorities		Actual			Strategic plan		Initiatives
			1Q14	1Q15		2015		
<b>Demanding economic environment</b> 2012-2013	Stronger balance sheet							
<b>Creating growth and profitability conditions</b> 2014-2015	Recovery of profitability in Portugal	<b>CET1*</b> (phased-in)  (fully implemented)	12.0% 9.5%	11.8% 9.9%	...	>10%	✓	<b>Stronger capital</b> , reflecting improved profitability, sale of 15.4% in Millennium Poland and gains on sovereign debt. Impact from Public Exchange Offer not yet included
		<b>LtD**</b>	106%	102%	...	<110%	✓	<b>Deleveraging and increased Customers' funds</b> , leading to <b>strengthened liquidity</b>
		<b>C/I</b>	55%	40%	...	≈50%	✓	<b>Improved efficiency</b> , stemming from increased banking income (inc. gain on sale of sovereign debt portfolio) and cost reduction
	Continued development of business in Poland, Mozambique and Angola	<b>Oper. costs***</b>	€690m	€630m	...	≈€660m	✓	<b>Restructuring programme</b> from end-2012. Savings clearly visible
		<b>Cost of risk (bp)</b>	129	142	...	≈100	✗	<b>Higher-than-expected provision charges</b> reflect still uncertain economic environment
<b>Sustained growth</b> 2016-2017	Sustained net income growth, greater balance between domestic and international operations	<b>ROE</b>	-7%	7%	...	≈7%	✓	<b>Return to profits in Portugal and continued increased contribution from international operations</b>

\*\* Including the impact of the special regime for DTAs, according to the Law 61/2014 together with Notice 3/95 of the Bank of Portugal and earnings for the first quarter. | \*\*\* Based on net loans and on BS Customers funds. | \*\*\* Annualised.

# Appendix

# Millennium bcp: a leading bank, better prepared for the future

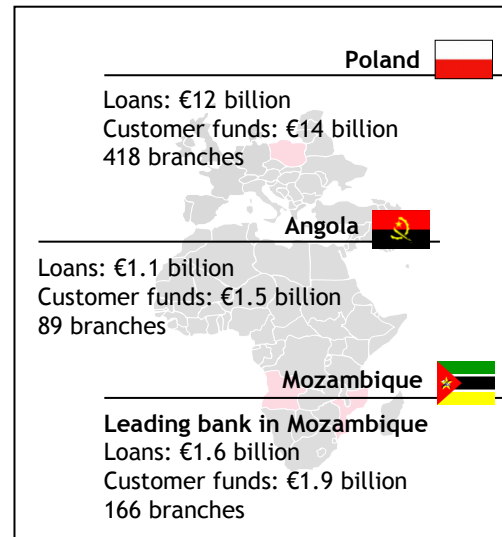
1

## Leading privately-held Bank in Portugal

- Universal banking model; strong focus on Retail and Companies
- **Largest privately-held Bank in Portugal**
  - Assets: €57 billion
  - Customer funds: €48 billion
  - Loans: €43 billion
  - 695 branches
  - **2.3 million Customers**

2

## Unique international presence, focused on high-potential markets



3

## Recognition by highly-regarded institutions

- Portugal**
- Most valuable brand in Portuguese banking  
(*Brand Finance/The Banker* 2015)
- Poland**
- Best Internet banking in Poland  
(*Newsweek Friendly Bank* 2014)
- Angola**
- Bank of the year in Angola  
(*The Banker* 2014)
- Mozambique**
- Best bank in Mozambique  
(*Global Finance* 2015)

4

## A more efficient and solid bank, prepared for the future

- **Successful execution of the restructuring plan:** cost reduction goal brought forward 2 years vs initial plan. Best cost-income in Portuguese banking
- **Stronger liquidity and healthier balance sheet**
- **Capital position converging to European benchmark levels**

IT'S A GO

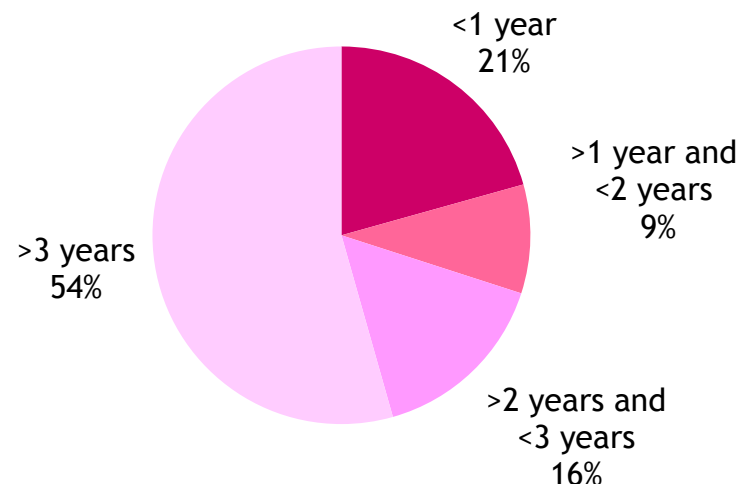
# Sovereign debt portfolio

## Sovereign debt portfolio

(Million euros)

	Mar 14	dez 14	Mar 15	Δ % annually	Δ % quarterly
Portugal	6,363	4,688	4,487	-29.5%	-4%
T-bills	1,971	815	452	-77.1%	-44%
Bonds	4,392	3,873	4,034	-8.1%	+4%
Poland	1,033	1,820	2,151	>100%	+18%
Mozambique	396	587	571	+44.0%	-3%
Angola	423	367	494	+16.9%	+35%
Other	193	130	131	-31.8%	+1%
<b>Total</b>	<b>8,407</b>	<b>7,592</b>	<b>7,834</b>	<b>-6.8%</b>	<b>+3%</b>

## Total sovereign debt maturity



- Total sovereign debt at €7.8 billion, of which €1.6 billion maturing up to one year
- Portuguese sovereign debt decreased, whereas exposure to Polish, Mozambican and Angolan have increased from March 2014

# Sovereign debt portfolio

(Million euros)

	Portugal	Poland	Mozambique	Angola	Other	Total
Trading book	<b>189</b>	<b>467</b>			<b>74</b>	<b>729</b>
< 1 year	4	194				198
> 1 year and <2 years		92			11	103
> 2 year and <3 years		136			63	199
> 3 years	184	44				228
Banking book*	<b>4,298</b>	<b>1,684</b>	<b>571</b>	<b>494</b>	<b>58</b>	<b>7,105</b>
< 1 year	613	182	452	168	5	1,420
> 1 year and <2 years	2	442	4	178		626
> 2 year and <3 years	357	500	115	54		1,025
> 3 years	3,326	560		94	53	4,033
Total	<b>4,487</b>	<b>2,151</b>	<b>571</b>	<b>494</b>	<b>131</b>	<b>7,834</b>
< 1 year	617	376	452	168	5	1,619
> 1 year and <2 years	2	535	4	178	11	729
> 2 year and <3 years	357	636	115	54	63	1,225
> 3 years	3,511	604		94	53	4,261

\* Includes AFS portfolio (€7,055 million) and HTM portfolio (€50 million in Italian sovereign debt).

# Financial Statements



# Consolidated Balance Sheet and Income Statement

	31 March 2015	31 December	31 March 2014
(Thousands of Euros)			
<b>Assets</b>			
Cash and deposits at central banks	2,382,977	1,707,447	2,449,049
Loans and advances to credit institutions			
Repayable on demand	1,127,109	795,774	657,456
Other loans and advances	1,303,406	1,456,026	2,069,983
Loans and advances to customers	54,495,144	53,685,648	56,407,251
Financial assets held for trading	2,069,458	1,674,240	1,364,637
Financial assets available for sale	10,088,065	8,263,225	10,105,204
Assets with repurchase agreement	19,852	36,423	80,370
Hedging derivatives	70,952	75,325	76,257
Financial assets held to maturity	438,926	2,311,181	2,923,300
Investments in associated companies	318,288	323,466	596,206
Non current assets held for sale	1,668,673	1,622,016	1,502,448
Investment property	169,857	176,519	190,324
Property and equipment	775,484	755,451	730,877
Goodwill and intangible assets	208,538	252,789	249,447
Current tax assets	40,887	41,895	38,914
Deferred tax assets	2,326,584	2,398,562	2,192,024
Other assets	809,284	784,929	714,570
	<b>78,313,484</b>	<b>76,360,916</b>	<b>82,348,317</b>
<b>Liabilities</b>			
Amounts owed to credit institutions	11,065,979	10,966,155	12,748,094
Amounts owed to customers	50,758,785	49,816,736	49,303,400
Debt securities	5,575,751	5,709,569	9,887,137
Financial liabilities held for trading	1,024,841	952,969	873,016
Hedging derivatives	745,562	352,543	247,153
Provisions for liabilities and charges	314,301	460,293	410,139
Subordinated debt	2,047,955	2,025,672	4,368,694
Current income tax liabilities	24,884	31,794	13,650
Deferred income tax liabilities	9,679	6,686	7,525
Other liabilities	1,178,012	1,051,592	1,150,990
Total Liabilities	<b>72,745,749</b>	<b>71,374,009</b>	<b>79,009,798</b>
<b>Equity</b>			
Share capital	3,706,690	3,706,690	3,500,000
Treasury stock	(13,909)	(13,547)	(34,531)
Preference shares	171,175	171,175	171,175
Other capital instruments	9,853	9,853	9,853
Fair value reserves	276,588	106,898	143,726
Reserves and retained earnings	302,228	458,087	(1,111,942)
Net income for the period attributable to Shareholders	<b>70,413</b>	<b>(226,620)</b>	<b>(40,730)</b>
Total Equity attributable to Shareholders of the Bank	<b>4,523,038</b>	<b>4,212,536</b>	<b>2,637,551</b>
Non-controlling interests	<b>1,044,697</b>	<b>774,371</b>	<b>700,968</b>
Total Equity	<b>5,567,735</b>	<b>4,986,907</b>	<b>3,338,519</b>
	<b>78,313,484</b>	<b>76,360,916</b>	<b>82,348,317</b>

	31 March 2015	31 March 2014
(Thousands of Euros)		
Interest and similar income	607,633	671,231
Interest expense and similar charges	(279,272)	(434,838)
Net interest income	328,361	236,393
Dividends from equity instruments	1,951	3,273
Net fees and commission income	169,921	164,645
Net gains / losses arising from trading and hedging activities	23,686	18,441
Net gains / losses arising from available for sale financial assets	176,449	93,468
Other operating income	(17,592)	(12,968)
	682,776	503,252
Other net income from non banking activity	4,249	4,048
Total operating income	<b>687,025</b>	<b>507,300</b>
Staff costs	153,254	160,171
Other administrative costs	106,659	107,550
Depreciation	16,664	15,880
Operating costs	276,577	283,601
Operating net income before provisions and impairments	410,448	223,699
Loans impairment	(205,598)	(191,739)
Other financial assets impairment	(18,955)	(3,645)
Other assets impairment	(41,242)	(15,323)
Other provisions	(9,927)	(40,393)
Operating net income	134,726	(27,401)
Share of profit of associates under the equity method	6,058	13,079
Gains / (losses) from the sale of subsidiaries and other assets	(4,677)	(6,108)
Net (loss) / income before income tax	136,107	(20,430)
Income tax		
Current	(29,582)	(32,659)
Deferred	(6,738)	38,108
Net (loss) / income after income tax from continuing operations	99,787	(14,981)
Income arising from discontinued operations	776	(346)
Net income after income tax	<b>100,563</b>	<b>(15,327)</b>
Attributable to:		
Shareholders of the Bank	70,413	(40,730)
Non-controlling interests	30,150	25,403
Net income for the period	<b>100,563</b>	<b>(15,327)</b>
Earnings per share (in euros)		
Basic	0.005	(0.008)
Diluted	0.005	(0.008)



# Consolidated Income Statement

Per quarter

(Million euros)

	1Q 14	2Q 14	3Q 14	4Q 14	1Q 15
<b>Net interest income</b>	<b>236.4</b>	<b>259.6</b>	<b>295.0</b>	<b>325.2</b>	<b>328.4</b>
Dividends from equity instruments	3.3	2.5	0.1	0.1	2.0
Net fees and commission income	164.6	176.5	165.0	174.7	169.9
Other operating income	-15.0	62.4	-13.8	-22.2	-18.0
Net trading income	111.9	63.3	182.0	85.0	200.1
Equity accounted earnings	13.1	9.9	5.2	7.7	6.1
<b>Banking income</b>	<b>514.3</b>	<b>574.2</b>	<b>633.6</b>	<b>570.5</b>	<b>688.4</b>
Staff costs	160.2	163.2	154.6	157.6	153.3
Other administrative costs	107.6	113.9	109.7	117.3	106.7
Depreciation	15.9	15.9	16.5	17.2	16.7
<b>Operating costs</b>	<b>283.6</b>	<b>293.1</b>	<b>280.9</b>	<b>292.0</b>	<b>276.6</b>
<b>Operating net income bef. imp.</b>	<b>230.7</b>	<b>281.1</b>	<b>352.7</b>	<b>278.4</b>	<b>411.8</b>
Loans impairment (net of recoveries)	191.7	179.9	502.9	232.5	205.6
Other impairm. and provisions	59.4	54.6	29.0	66.3	70.1
<b>Net income before income tax</b>	<b>-20.4</b>	<b>46.6</b>	<b>-179.2</b>	<b>-20.3</b>	<b>136.1</b>
Income tax	-5.4	7.6	-173.0	73.1	36.3
Non-controlling interests	25.4	27.2	29.3	28.2	30.1
<b>Net income (before disc. oper.)</b>	<b>-40.4</b>	<b>11.7</b>	<b>-35.5</b>	<b>-121.6</b>	<b>69.6</b>
Net income arising from discount. operations	-0.3	-33.3	-0.5	-6.8	0.8
<b>Net income</b>	<b>-40.7</b>	<b>-21.5</b>	<b>-36.0</b>	<b>-128.4</b>	<b>70.4</b>

# Consolidated Income Statement (Portugal and International Operations)

For the 3 months period ended 31<sup>st</sup> March, 2014 and 2015

(Million euros)

	International operations																				
	Group			Portugal			Total			Bank Millennium (Poland)			Millennium bim (Moz.)			Millennium Angola			Other int. operations		
	Mar 14	Mar 15	Δ %	Mar 14	Mar 15	Δ %	Mar 14	Mar 15	Δ %	Mar 14	Mar 15	Δ %	Mar 14	Mar 15	Δ %	Mar 14	Mar 15	Δ %	Mar 14	Mar 15	Δ %
Interest income	671	608	-9.5%	445	365	-18.0%	226	242	7.3%	150	140	-6.7%	47	60	27.0%	27	41	50.9%	2	1	-4.7%
Interest expense	435	279	-35.8%	348	190	-45.5%	86	89	3.3%	65	60	-8.6%	15	21	41.1%	8	11	30.4%	-2	-2	-0.7%
Net interest income	236	328	38.9%	97	175	80.8%	139	153	9.7%	84	80	-5.3%	33	39	20.6%	19	31	59.6%	3	3	-1.8%
Dividends from equity instruments	3	2	-40.4%	2	2	-6.1%	1	0	-100.0%	0	0	--	0	0	--	1	0	-100.0%	0	0	<-100%
Intermediation margin	240	330	37.8%	99	177	79.0%	141	153	8.8%	84	80	-5.3%	33	39	20.6%	20	31	50.2%	3	3	-1.8%
Net fees and commission income	165	170	3.2%	104	106	16%	61	64	6.0%	37	38	18%	10	13	21.1%	7	8	7.7%	6	6	3.4%
Other operating income	-15	-18	-19.9%	-13	-15	-12.5%	-2	-3	-67.5%	-5	-6	-5.9%	3	3	-5.5%	1	0	<-100%	0	0	-18.0%
Basic income	389	482	23.9%	190	268	41.2%	199	214	7.3%	116	112	-3.6%	46	55	19.0%	28	38	35.4%	9	9	1.2%
Net trading income	112	200	78.8%	89	164	83.2%	23	36	61.4%	13	15	14.0%	5	11	>100%	5	9	89.3%	0	1	>100%
Equity accounted earnings	13	6	-53.7%	13	6	-51.1%	0	0	--	0	0	--	0	0	--	0	0	--	0	0	--
Banking income	514	688	33.9%	293	439	49.9%	222	250	12.7%	129	126	-2.1%	51	66	30.8%	33	47	43.1%	10	11	11.8%
Staff costs	160	153	-4.3%	106	93	-12.4%	54	60	11.5%	32	33	3.3%	11	13	19.3%	7	10	34.9%	4	4	13.6%
Other administrative costs	108	107	-0.8%	58	57	-2.1%	49	49	0.7%	30	25	-13.9%	9	12	29.1%	9	10	17.7%	1	2	13.0%
Depreciation	16	17	4.9%	8	8	-6.7%	8	9	17.5%	3	3	-11.6%	2	3	31.8%	2	3	50.4%	0	0	-25.0%
Operating costs	284	277	-2.5%	173	158	-8.7%	111	119	7.2%	65	62	-5.3%	23	29	24.7%	18	23	28.3%	5	6	12.9%
Operating net income bef. imp.	231	412	78.5%	120	281	>100%	111	131	18.2%	64	65	1.2%	28	38	35.9%	15	24	60.9%	4	5	10.2%
Loans impairment (net of recoveries)	192	206	7.2%	172	179	4.5%	20	26	30.1%	16	17	13%	4	5	42.9%	1	5	>100%	-1	0	>100%
Other impairm. and provisions	59	70	18.1%	61	70	15.5%	-1	0	89.8%	-1	0	64.7%	-1	0	>100%	0	0	84.8%	0	0	>100%
Net income before income tax	-20	136	>100%	-112	31	>100%	92	105	13.9%	48	48	0.2%	25	32	30.7%	14	19	38.7%	5	5	-7.0%
Income tax	-5	36	>100%	-24	17	>100%	19	20	4.0%	11	9	-15.5%	4	6	410%	3	4	27.2%	1	1	-7.6%
Non-controlling interests	25	30	18.7%	0	0	<-100%	25	30	19.4%	0	0	--	0	0	25.7%	0	0	--	25	30	19.4%
Net income (before disc. oper.)	-40	70	>100%	-88	15	>100%	48	55	14.8%	37	39	4.9%	20	26	28.5%	11	16	41.5%	-21	-26	-24.9%
Net income arising from disc. operat	0	1	>100%																		
Net income	-41	70	>100%																		



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