

# EARNINGS PRESENTATION

3M 2016

MAY 2016



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 2015 and 2016 not audited
- The business figures presented exclude Banco Millennium in Angola

# Agenda

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

# Highlights

## Profitability and efficiency

*Recurring profits reinforced*

- **Net profit of €46.7 million in the 1<sup>st</sup> quarter of 2016**, compared to €70.4 million in the same period of 2015, despite the significant reduction of gains on Portuguese sovereign debt (-€115.8 million, net of taxes).
- **Core net income\*** up 3.6% to €213.2 million (**+9.7% in Portugal**), reflecting **substantial commercial discipline and lower operating costs** (-4.4%, with a 2.1% reduction in Portugal), resulting in **cost to core income\*** decreasing to 53.3% (cost to income of 49.4%).

## Business performance

*Healthy balance sheet*

- **Commercial gap improved further**, with net loans as a percentage of on-balance sheet Customers funds **now standing at 97%**. As a percentage of deposits (BoP criteria)\*\*, net loans improved to 103% (109% as at March 31, 2015).
- **Customer deposits** totalled €49.6 billion, **0.7% up** from March 31, 2015.

## Asset quality

*Lower delinquency and reinforced coverage*

- **Provision charges still sizable, but trending downwards**: €160.7 million in the 1<sup>st</sup> quarter of 2016 (€201.0 million in the 1<sup>st</sup> quarter of 2015).
- **Decrease of the non-performing loans ratio** to 11.1% at March 31, 2016 from 11.6% at the same date of 2015. **Coverage of non-performing loans reinforced** to 57.2% (53.5% at March 31, 2015).

## Capital and liquidity

*Reinforced position*

- **Common equity tier 1 ratio at 13.2%** according to phased-in criteria, compared to 11.6% as at March 31, 2015. This figure stood at **10.1% on a fully implemented basis**. Pro forma estimates including net earnings for the 1<sup>st</sup> quarter and the impact of the merger in Angola.
- **ECB funding usage down to €5.3 billion** (€1.5 billion of which TLTRO) from €6.2 billion as at March 31, 2015.

## Merger in Angola

- **Merger between Millennium Angola and Banco Privado Atlântico, S.A. completed** on April 22, with an estimated impact of +0.4 percentage points on the phased-in common equity tier 1 ratio.

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

\*\* According to the current version of Notice 16/2004 of the Bank of Portugal, excluding Angola.



# Highlights

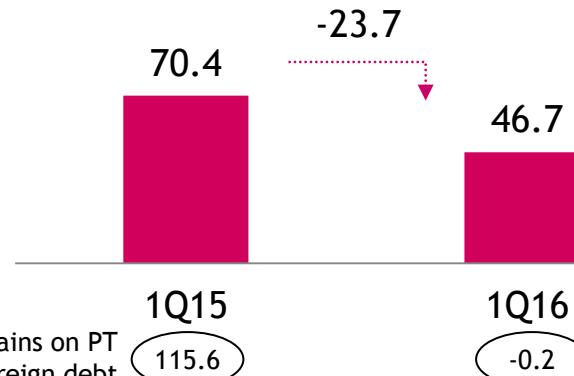
## Core net income\*

(Million euros)

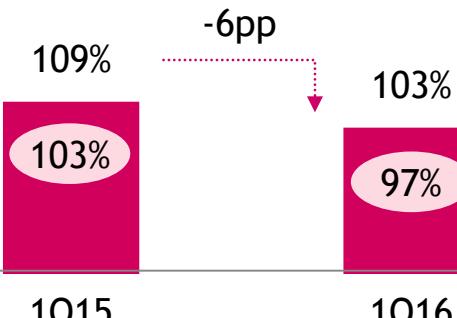


## Net income

(Million euros)

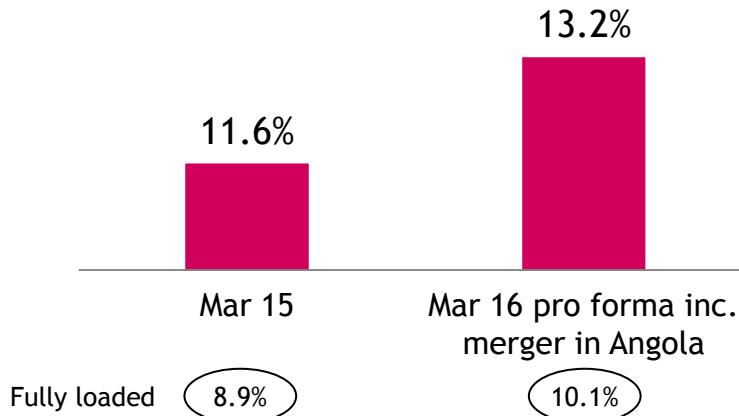


## Loans to deposits ratio\*\*



Net loans to on-BS Customers funds

## Phased-in capital ratio (CET1 - CRD IV / CRR) \*\*\*



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

\*\* According to the current version of Notice 16/2004 of the Bank of Portugal, excluding Angola.

\*\*\* Pro forma estimates including net earnings for the 1<sup>st</sup> quarters and the impact of the merger in Angola.

# Highlights

## Core net income\* in Portugal

(Million euros)



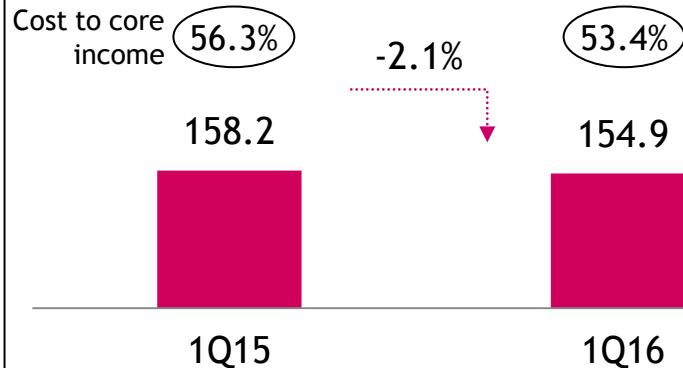
## Core income\*\* in Portugal

(Million euros)



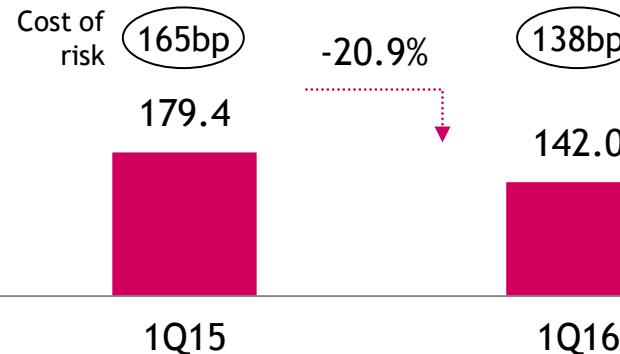
## Operating costs in Portugal

(Million euros)



## Loan impairment in Portugal

(Million euros)



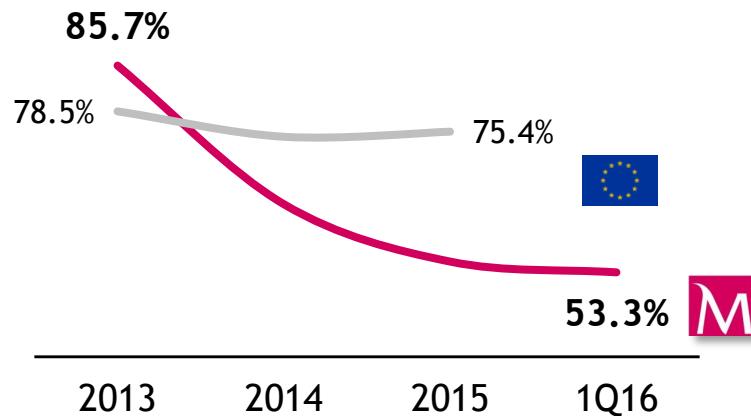
\* Core net income = net interest income + net fees and commission income - operating costs.

\*\* Core Income = net interest income + net fees and commissions.

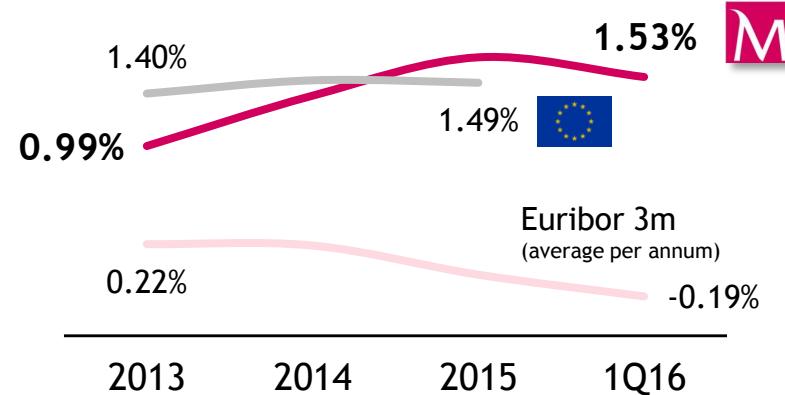
# Highlights

## Significant transformation of Millennium bcp: a more sustainable business model

### Cost to core income\*

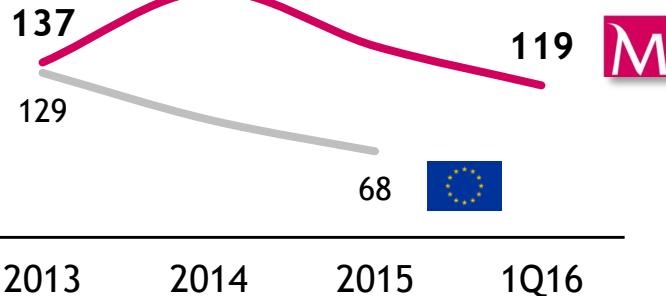


### Net interest income as a % of assets



### Cost of risk

(Basis points)



- Significant transformation of Millennium bcp over the last years, towards a sustainable value generating business
- Significant efficiency gains: Millennium bcp is now one of the top performers in European banking as long as cost to core income\* is concerned (notwithstanding comparing poorly to listed euro-zone banks in 2013)
- As a percentage of assets, Millennium bcp's net interest income is slightly above the European average, up from below-average figures until 2014
- Cost of risk is still above, but converging to, European banking levels

\* Core Income = net interest income + net fees and commissions.  
Listed euro-zone banks.

# Highlights

## Retail

- Continuing increase in the number of mobile banking users and in the number of products subscribed through digital platforms, that now account for 13% of total subscriptions of savings products and for 10% of investment products in retail
- Kick-off to the renovation of the branch network: 174 branches already renovated
- Accelerating new loans to individuals (+50% for mortgages, +30% for personal loans)
- Increased capture of new Customers (+7 yoy)

## Companies and Corporate

- +4% YTD increase on loans to exporting companies (+€100 million), equivalent to a 0.4pp market share growth
- New funding totalling €250 million under the “Millennium BEI” funding line
- New €60 million line for re-qualifying tourism
- Support to 845 investment projects under the “Portugal 2020” programme for a total amount of €442 million
- Convening of the “Fórum Empresarial Portugal 2020”, a Millennium bcp partnership with the main Portuguese companies’ associations

## Best benchmark scores

“Basef Banca”, March 2016 scores

- Increased penetration as 1<sup>st</sup> bank (+1.4pp from March 2015): largest private sector bank
- Main bank among upper and upper-middle classes: market share up by 1.0pp from March 2015
- Best bank in “proximity to Customers” (among 5 largest banks)
- Website with the most useful information, most technologically advanced, with the most diversified information and best designed (among 5 largest banks)

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# Recurring line items lead to net profits

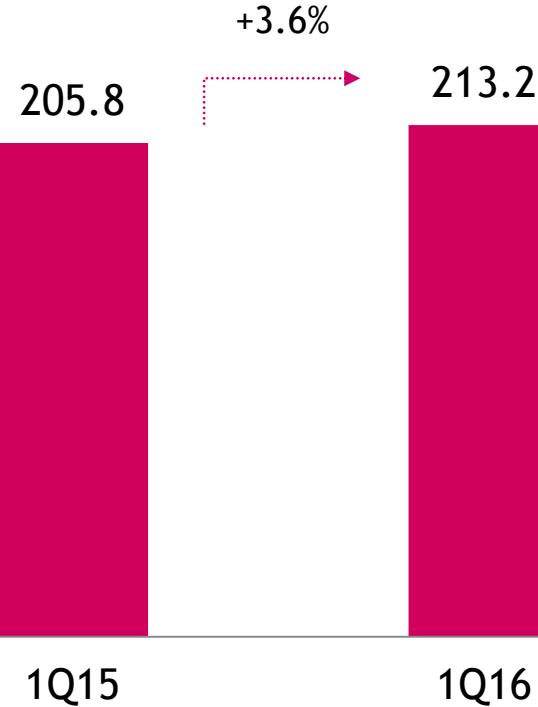
| (million euros)  | 1Q15          | 1Q16          | YoY           | Impact on earnings |
|--|---------------|---------------|---------------|--------------------|
| Net interest income  | 297.8         | 292.4         | -1.8%         | -5.5               |
| Net fees and commissions                                       | 162.3         | 163.9         | 1.0%          | +1.7               |
| Other operating income   | 182.1         | 31.8          | -82.5%        | -150.3             |
| <i>Of which: capital gains on Portuguese sovereign debt</i>    | 164.0         | -0.3          |               | -164.3             |
| <b>Banking income</b>  | <b>642.2</b>  | <b>488.1</b>  | <b>-24.0%</b> | <b>-154.1</b>      |
| Staff costs  | -143.4        | -138.4        | -3.5%         | +5.0               |
| Other administrative costs and depreciation                    | -110.9        | -104.6        | -5.6%         | +6.3               |
| <b>Operating costs</b>   | <b>-254.3</b> | <b>-243.1</b> | <b>-4.4%</b>  | <b>+11.3</b>       |
| <b>Operating net income (before impairment and provisions)</b> | <b>387.9</b>  | <b>245.1</b>  | <b>-36.8%</b> | <b>-142.8</b>      |
| Loans impairment (net of recoveries)                           | -201.0        | -160.7        | -20.1%        | +40.4              |
| Other impairment and provisions                                | -70.1         | -15.4         | -78.1%        | +54.8              |
| <b>Impairment and provisions</b>                               | <b>-271.2</b> | <b>-176.0</b> | <b>-35.1%</b> | <b>+95.2</b>       |
| <b>Net income before income tax</b>                            | <b>116.7</b>  | <b>69.1</b>   | <b>-40.8%</b> | <b>-47.6</b>       |
| Income taxes   | -32.8         | -15.0         | -54.3%        | +17.8              |
| Non-controlling interests                                      | -22.2         | -21.9         | -1.4%         | +0.3               |
| Net income from discontinued or to be discontinued operations  | 8.7           | 14.5          | 66.3%         | +5.8               |
| <b>Net income</b>  | <b>70.4</b>   | <b>46.7</b>   | <b>-33.7%</b> | <b>-23.7</b>       |

# Core net income improves, reflecting strong performance in Portugal

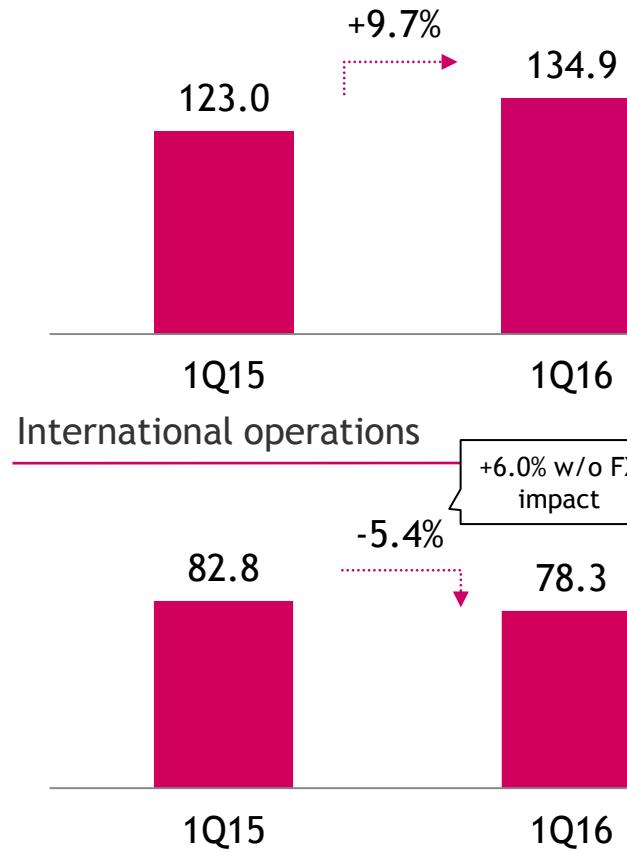
(Million euros)

## Core net income\*

Consolidated



## Portugal



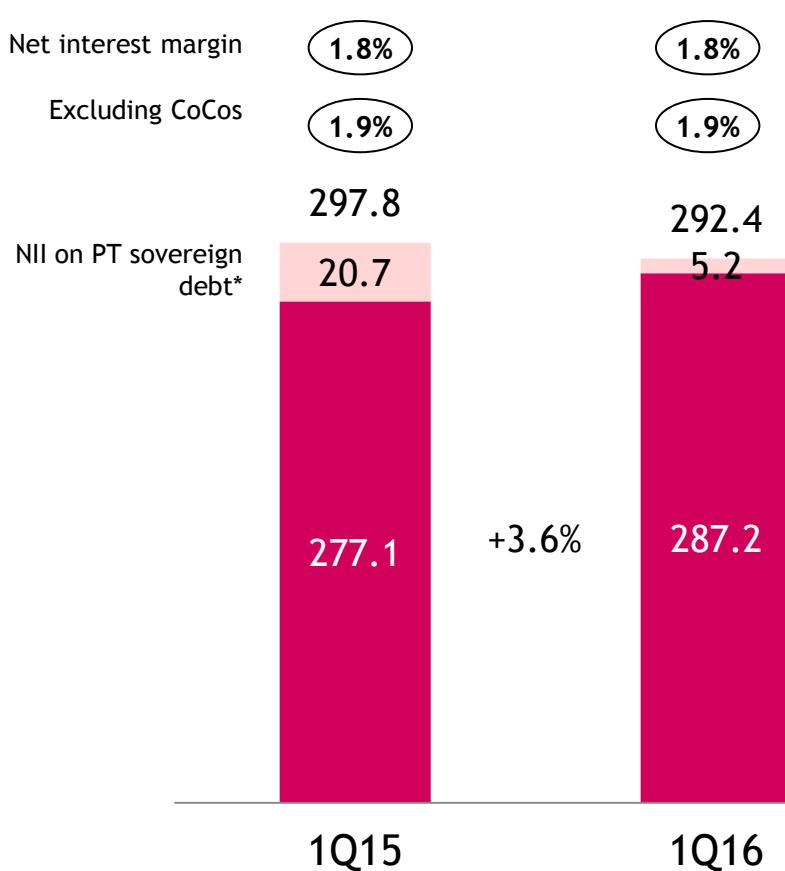
\* Core net income = net interest income + net fees and commission income - operating costs.

# Net interest income: impact of the significant decrease of Euribor rates dampened by a lower cost of deposits

(Million euros)

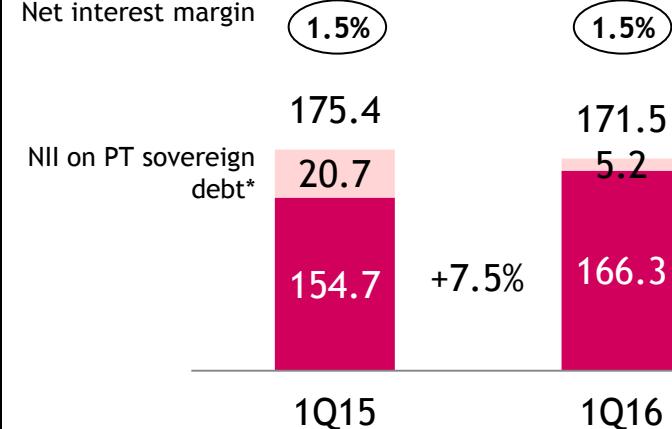
## Net interest income

Consolidated



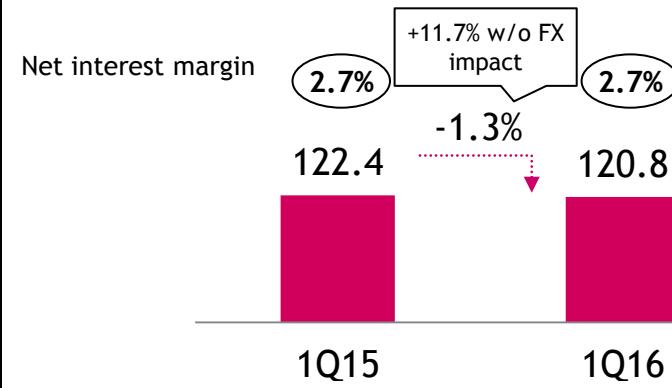
## Portugal

Net interest margin



## International operations

Net interest margin



\* Difference between the yield on Portuguese sovereign debt and the average cost of funding.

# Stable commissions on a demanding regulatory environment

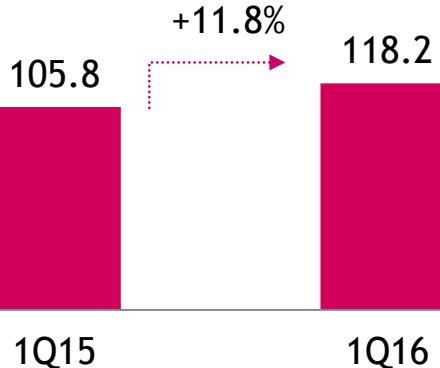
(Million euros)

## Fees and commissions

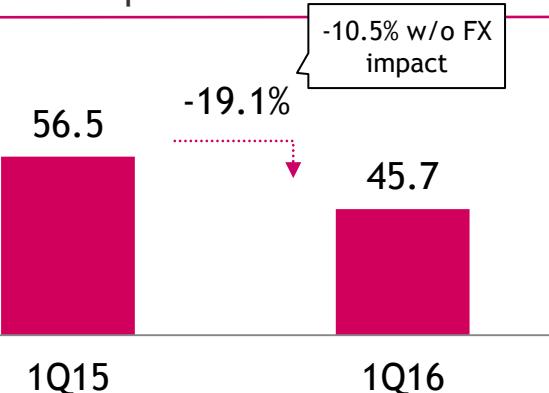
Consolidated

|  | 1Q15         | 1Q16         | YoY           |
|--|--------------|--------------|---------------|
| <b>Banking fees and commissions</b>        | <b>131.5</b> | <b>136.3</b> | <b>+3.6%</b>  |
| Cards and transfers                        | 38.8         | 35.0         | -9.7%         |
| Loans and guarantees                       | 37.7         | 38.9         | +3.1%         |
| Bancassurance                              | 19.1         | 20.2         | +5.6%         |
| Customer account related                   | 18.9         | 22.6         | +19.5%        |
| Other fees and commissions                 | 17.0         | 19.6         | +15.4%        |
| <b>Market related fees and commissions</b> | <b>30.8</b>  | <b>27.7</b>  | <b>-10.2%</b> |
| Securities operations                      | 21.4         | 19.1         | -10.6%        |
| Asset management                           | 9.4          | 8.6          | -9.2%         |
| <b>Total fees and commissions</b>          | <b>162.3</b> | <b>163.9</b> | <b>+1.0%</b>  |

## Portugal



## International operations



# Other income: significant gains on sovereign debt in the 1<sup>st</sup> quarter of 2015

(Million euros)

## Other income

Consolidated

182.1

-82.5%

31.8

1Q15

1Q16

Gains on PT  
sovereign debt

164.0

## Portugal

158.0

-88.1%

1Q15

18.8

1Q16

Gains on PT  
sovereign debt

164.0

-0.3

## International operations

24.1

-46.0%

1Q15

13.0

1Q16

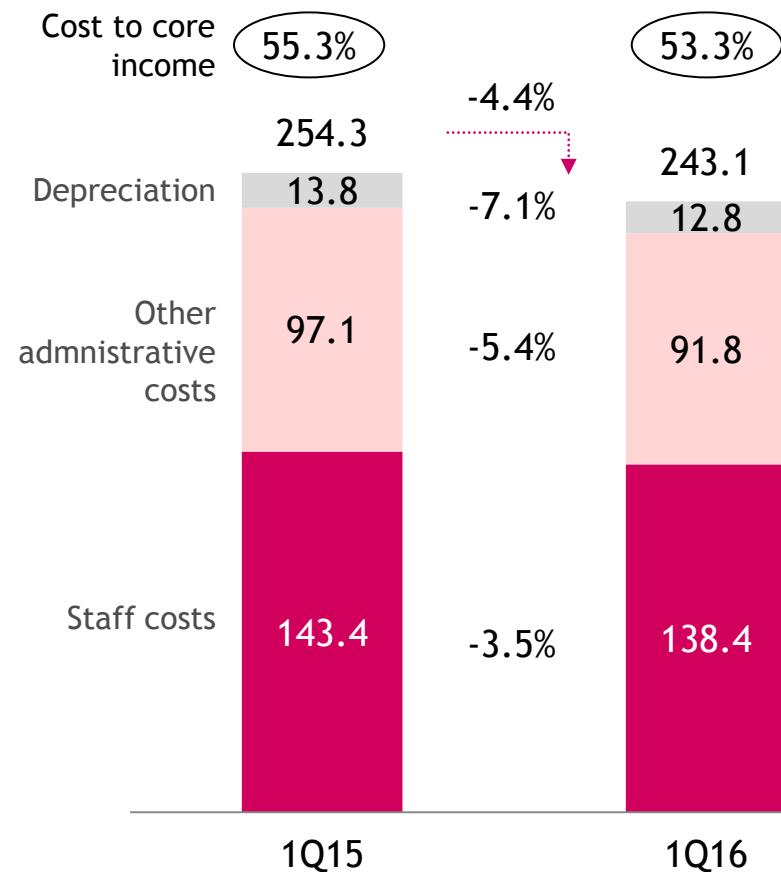
New Polish  
tax:  
€7.4 million

# Cost reduction proceeds

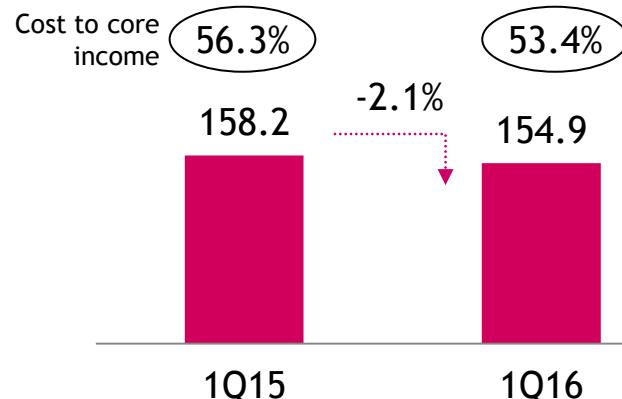
(Million euros)

## Operating costs

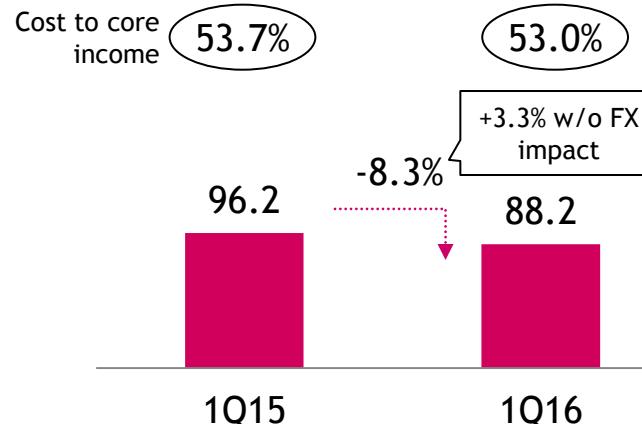
Consolidated



## Portugal



## International operations



# Millennium bcp is one of the most efficient banks in Portugal and in the Eurozone

## Cost to core income\*

Latest available data

vs. peers in  
Portugal

vs. Eurozone listed  
banks



53%



53%

Banco 1

86%



58%

Banco 2

89%



72%

Banco 3

68%



96%

Banco 4

57%



75%



73%

## Cost to core income\*

85.7%

64.0%

55.0%

53.3%

2013

2014

2015

1Q16

-32pp

- Millennium bcp is the most efficient bank in Portugal and is among the most efficient in the Eurozone, with a cost to core income\* of 53% in the 1<sup>st</sup> quarter of 2016
- Millennium bcp is also the most improved bank in Portugal in terms of cost to core income\* in recent years: 32pp down from 2013

\* Core Income = net interest income + net fees and commissions.

# Impairment slowing down in Portugal...

(Million euros)

## Loan impairment (net of recoveries)

Consolidated

Cost of risk

141bp

201.0

119bp

-20.1%

160.7

1Q15

1Q16

## Portugal

Cost of risk

165bp

179.4

-20.9%

138bp

142.0

1Q15

1Q16

## International operations

Cost of risk

64bp

21.7

59bp

18.7

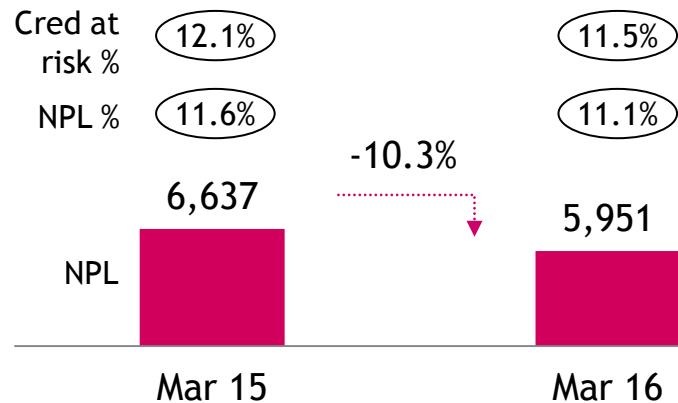
1Q15

1Q16

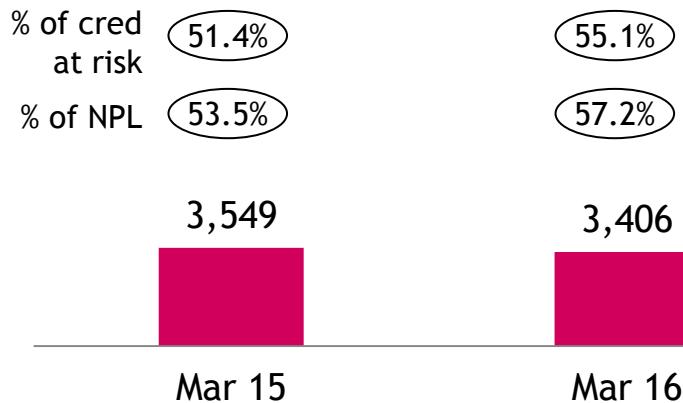
# ... with lower delinquency and increased coverage

(Million euros)

## Credit quality



## Loan impairment provisions (balance sheet)



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

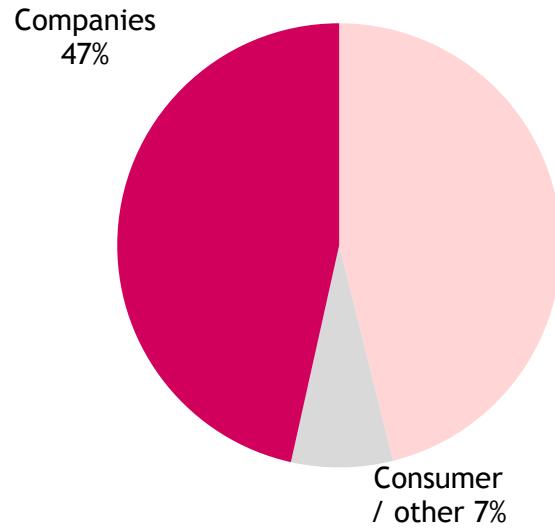


## Net NPL entries in Portugal



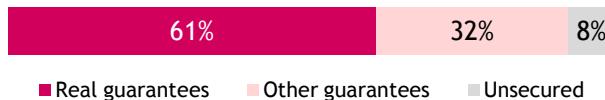
# Diversified and collateralised portfolio

## Loan portfolio

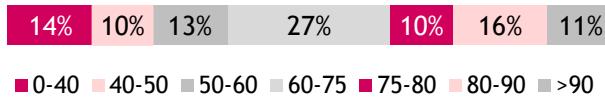


Consolidated

## Loans per collateral



## LTV of mortgage portfolio in Portugal



- Loans to companies accounted for 47% of the loan portfolio at March 31, 2016, including 9% to construction and real-estate sectors
- 93% of the loan portfolio is collateralised
- Mortgage accounted for 46% of the loan portfolio, with low delinquency levels and an average LTV of 67%

# Agenda

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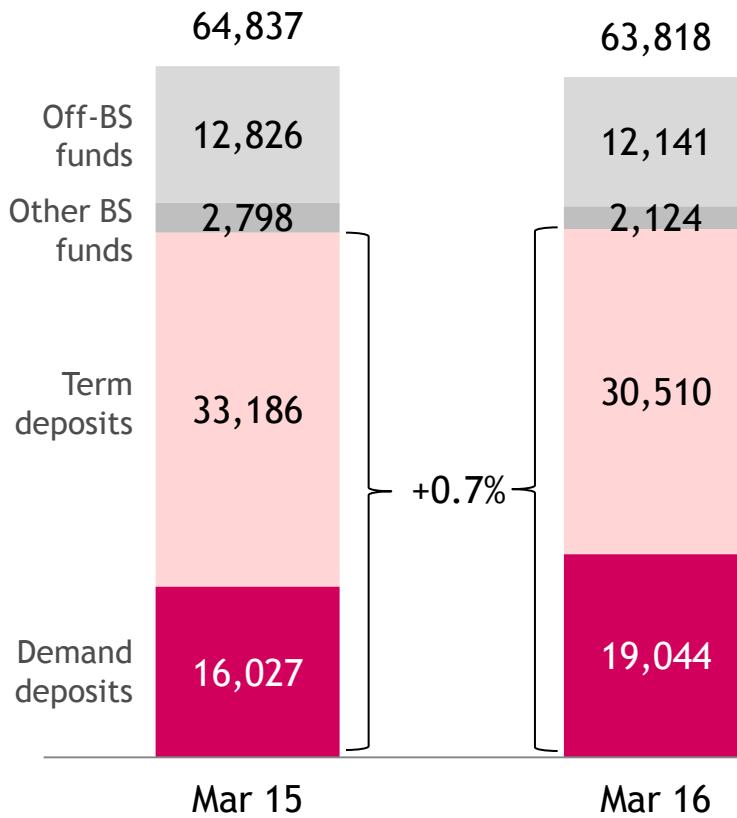
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# Deposits increase in spite of FX effect in international operations; individuals in Portugal stand out

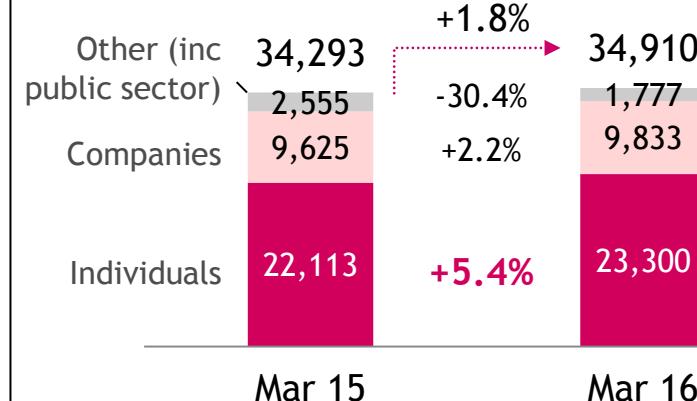
(Million euros)

## Customer funds

Consolidated

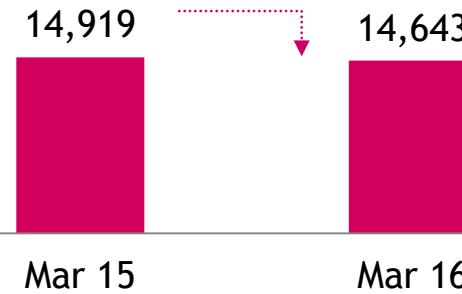


## Customer deposits in Portugal



## Customer deposits in international operations

+6.1% w/o FX impact



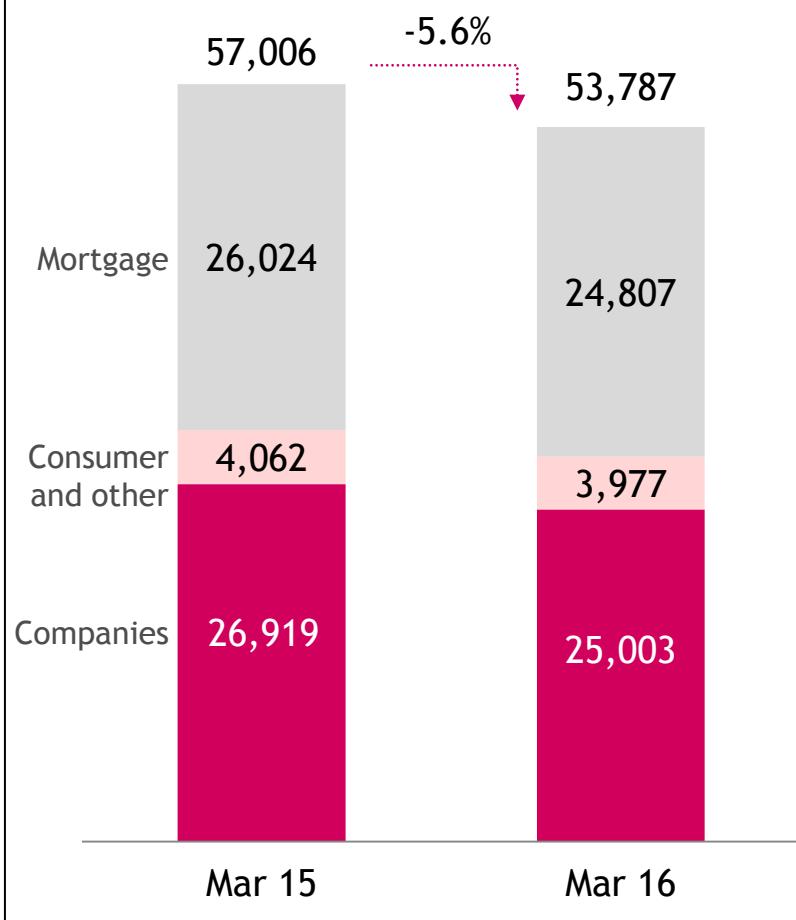
On a comparable basis: excludes Millennium bcp Gestão de Activos, following the discontinuation processes.

# Credit influenced by FX impact

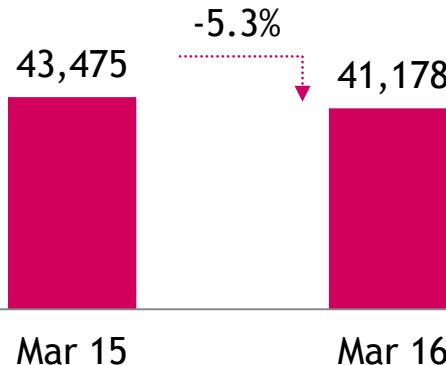
(Million euros)

## Loans to Customers (gross)

Consolidated

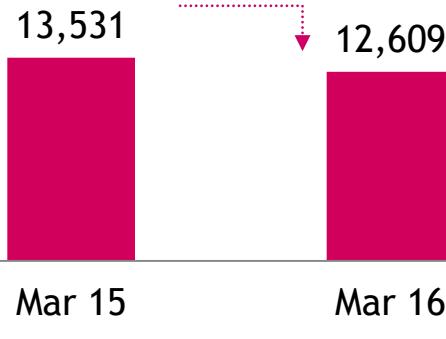


## Portugal



## International operations

+0.5% w/o FX impact



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

## Commercial gap\*

(Billion euros)

Difference between BS Customer funds and net loans



-4.2

Mar 15

+1.3

-0.8

+3.4

Mar 16

## Loans to deposits ratio\*\* (BoP)

Net loans to BS Customer funds

109%

103%

-6pp

Mar 15

103%

97%

Mar 16

## Liquidity ratios (CRD IV/CRR)

116%



NSFR (Net stable funding ratio)

119%



LCR (Liquidity coverage ratio)

- Commercial gap narrows €3.4 billion from March 31, 2015
- Loans to deposit ratio (Bank of Portugal criteria) at 103%, 97% if all BS Customer funds are included
- Liquidity ratios CRD IV/CRR higher than the required 100%

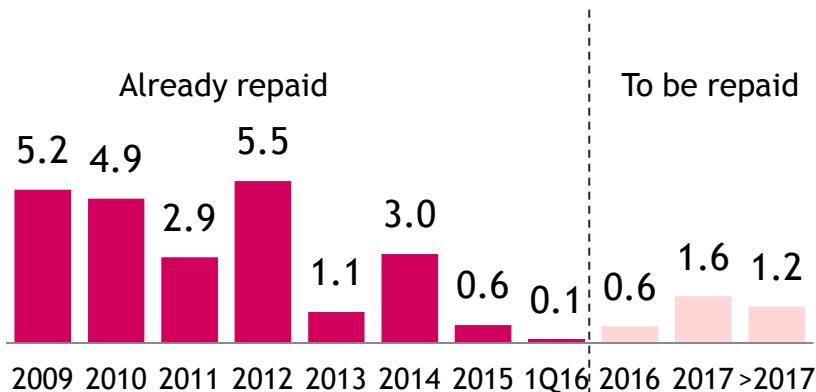
\* Based on Customer deposits and net loans to Customers.

\*\* According to the current version of Notice 16/2004 of the Bank of Portugal, excluding Angola.

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

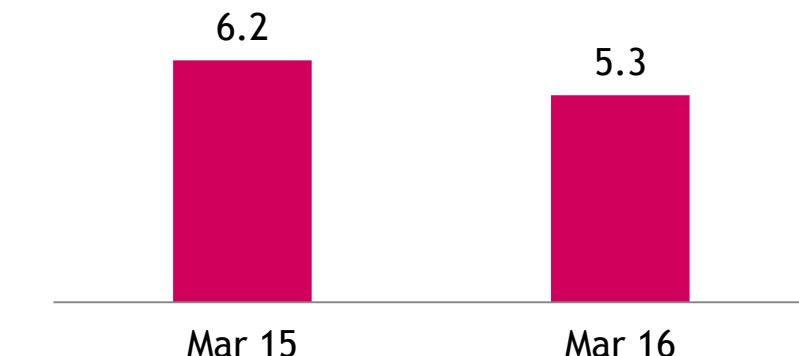
## Debt repayments (medium-long term)

(Billion euros, CoCos not included)

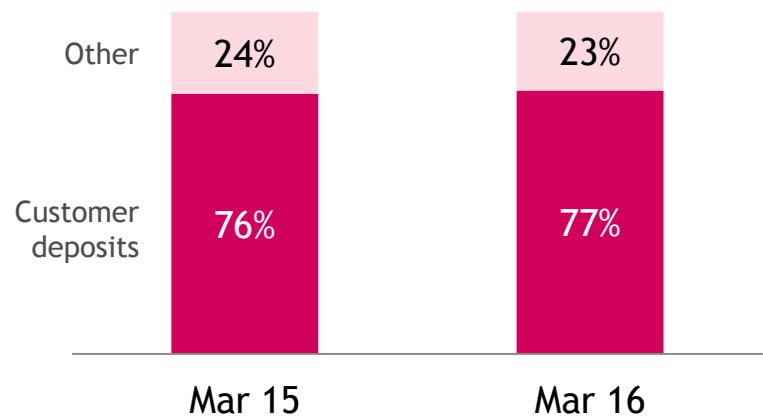


## ECB funding

(Billion euros)



## Improved funding structure



- Net usage of ECB funding at €5.3 billion, compared to €6.2 billion at the end of the 1<sup>st</sup> quarter of 2015
- €13.8 billion (net of haircut) of eligible assets available for refinancing operations with ECB, with a €8.5 billion buffer
- Customer deposits account for 77% of funding
- Future debt repayments (medium-long term) significantly lower than in the past

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# Stronger capital, supported by profitability and specific measures

## Common Equity Tier 1 ratio

Phased-in, latest available data

vs. Euro-zone listed banks



13.2%



12.5%



12.3%



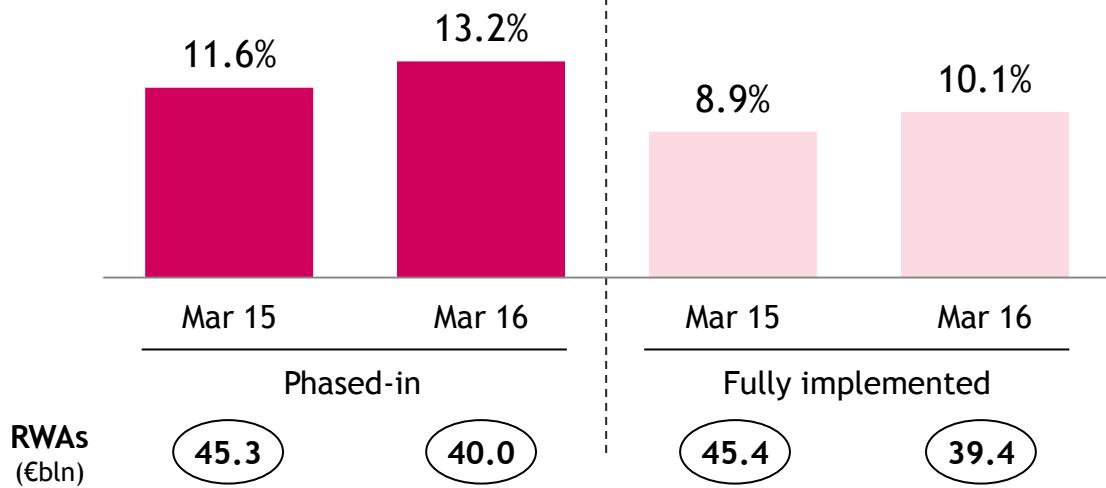
11.9%



13.8%

## Common Equity Tier 1 ratio\*

Pro forma including impact of merger in Angola



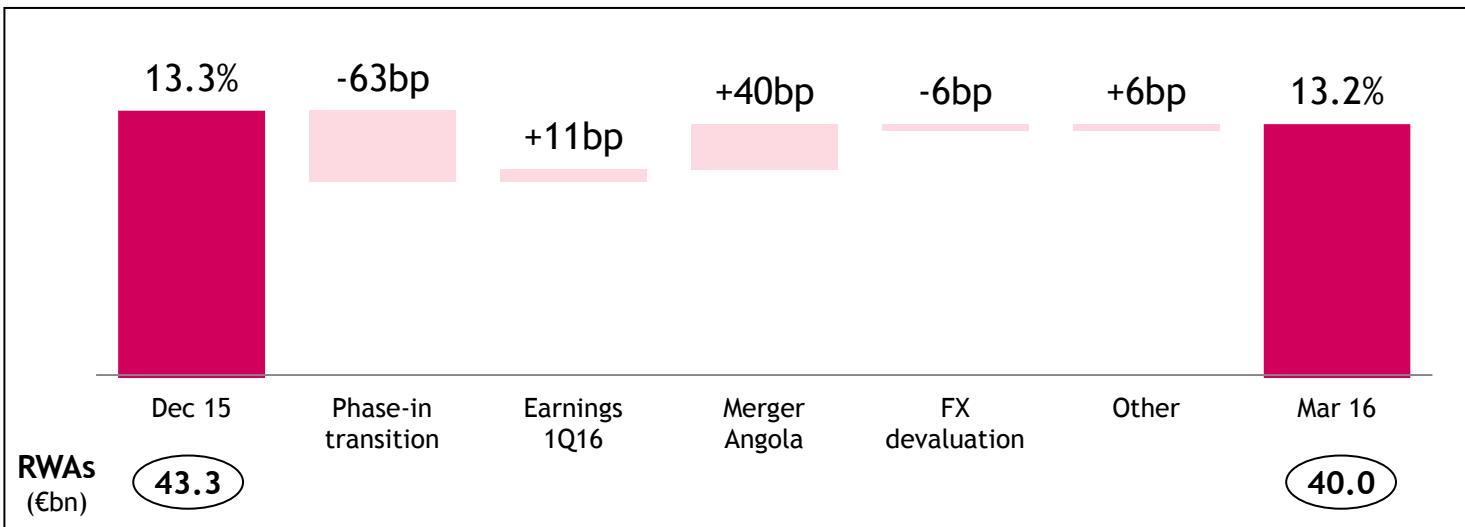
- Capital ratios strengthened from March 31, 2015 to 13.2% according to phased-in criteria and to 10.1% on a fully implemented basis (pro forma figures including the impact of the merger in Angola), reflecting the debt-equity swap, earnings from March 31, 2015 and lower RWAs
- Millennium bcp has the 2<sup>nd</sup> strongest capital in Portugal, and is in line with European benchmarks on a phased-in basis
- Leverage ratio at 6.8% according to phased-in criteria and on a fully implemented basis, this ratio stood at 5.4%

\* Pro forma estimates including net earnings for the 1<sup>st</sup> quarter and the impact of the merger in Angola.

# Phase-in transition and devaluation (FX and sovereign portfolio) more than compensate positive impact of profits and of merger in Angola

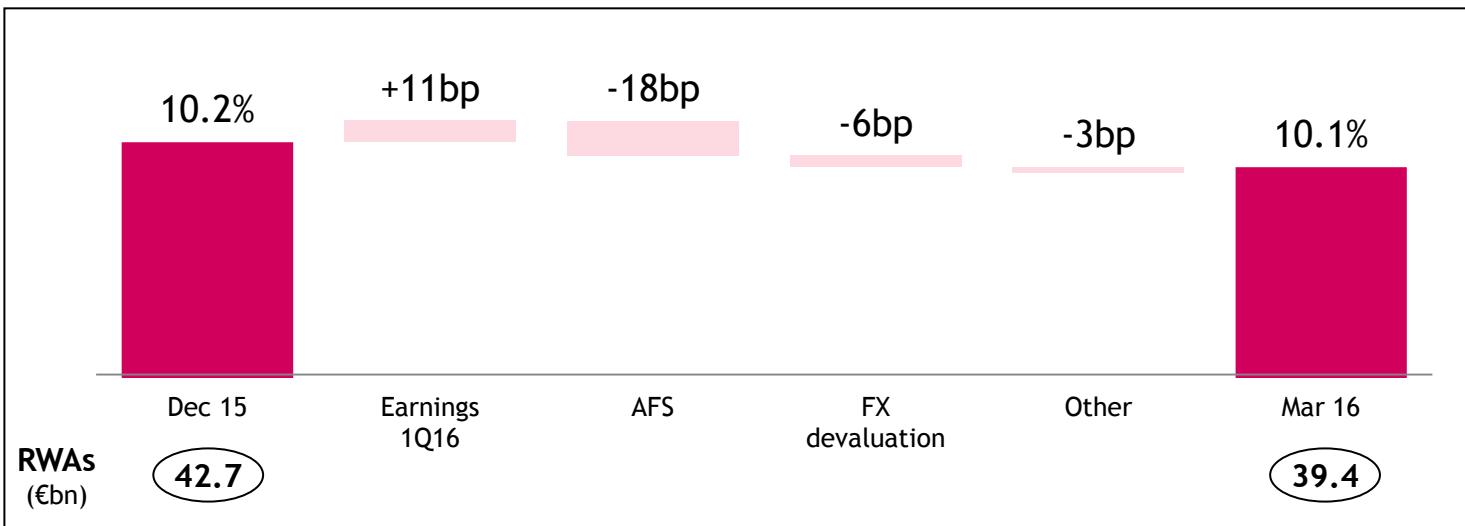
Common  
Equity Tier 1  
ratio\*

*Phased-in*



Common  
Equity Tier 1  
ratio\*

*Fully implemented*



\* Pro forma estimates including net earnings for the 1<sup>st</sup> quarter and the impact of the merger in Angola.

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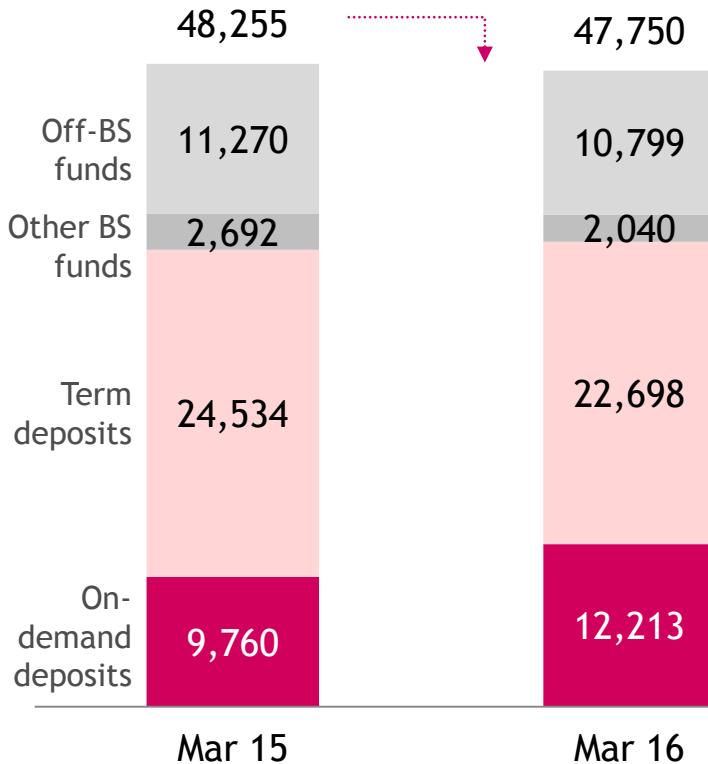
# Portugal: deleveraging improves liquidity position



(Million euros)

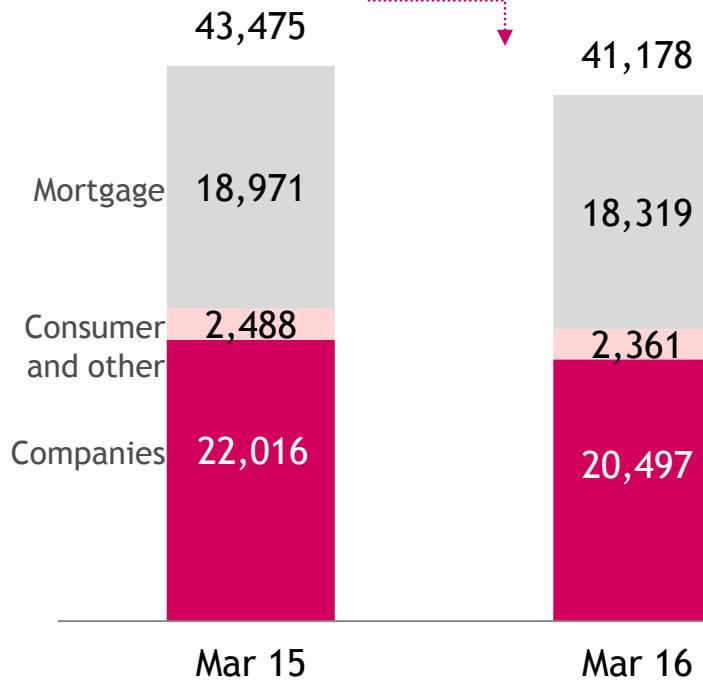
## Customer funds

Deposits from individuals advance **5.4%** from March 31, 2015  
-1.0%



## Loans to Customers (gross)

-5.3%



On a comparable basis: excludes Millennium bcp Gestão de Activos, following the discontinuation processes.

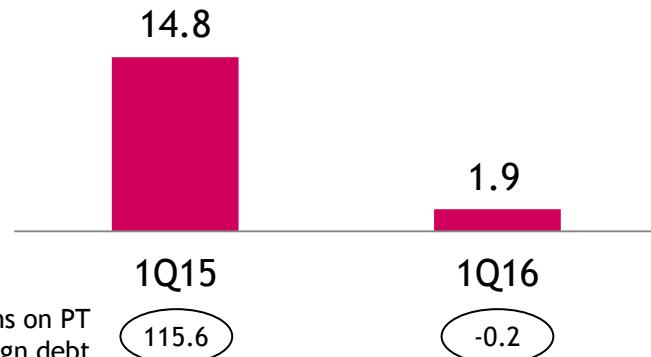


# Recurring line items dampen the decrease of net earnings resulting from significant non-recurring gains in the 1<sup>st</sup> quarter of 2015



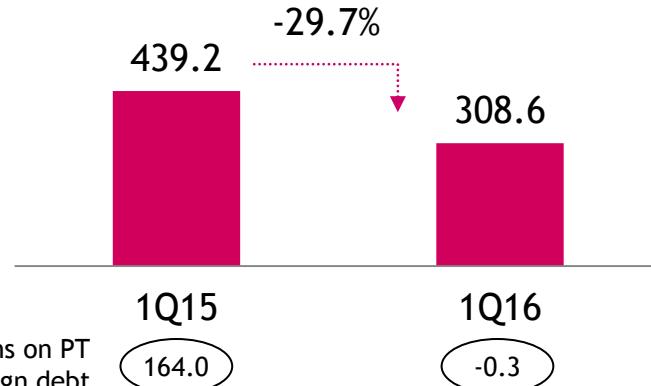
(Million euros)

## Net income

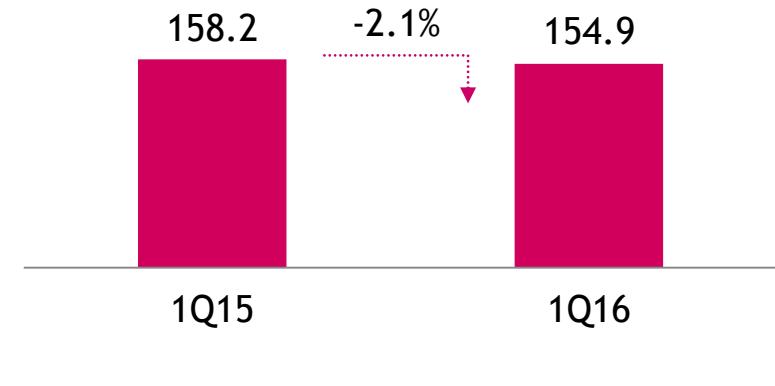


- Significant gains on the sale of sovereign debt in the 1<sup>st</sup> quarter of 2015, leading to decreasing net earnings and banking income
- The decrease in net earnings was dampened by lower operating costs and cost of risk

## Banking income



## Operating costs



# Improvement trend on core income and operating costs in Portugal proceeds



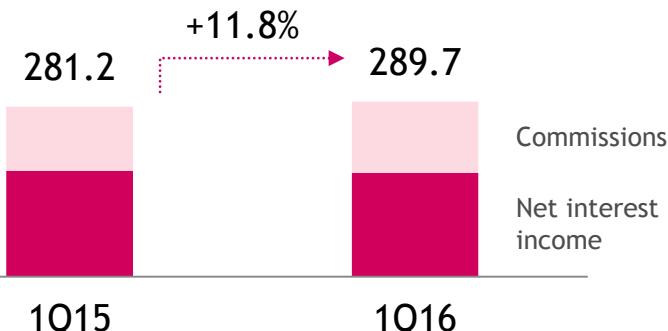
## Core net income\*

(Million euros)



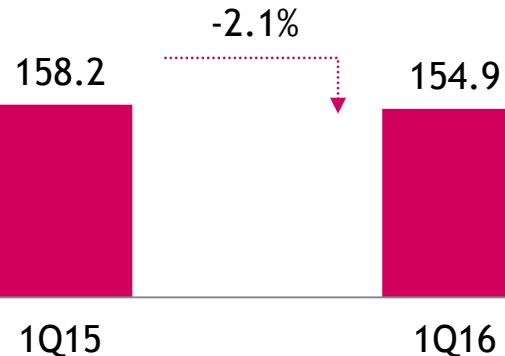
## Core Income

(Million euros)



## Operating costs

(Million euros)



- Core income increases to €290 million in the 1<sup>st</sup> quarter of 2016
- Operating costs down to €155 million in the same period
- Continuation of the core net income\* expansion trend to €135 million in the 1<sup>st</sup> quarter of 2016

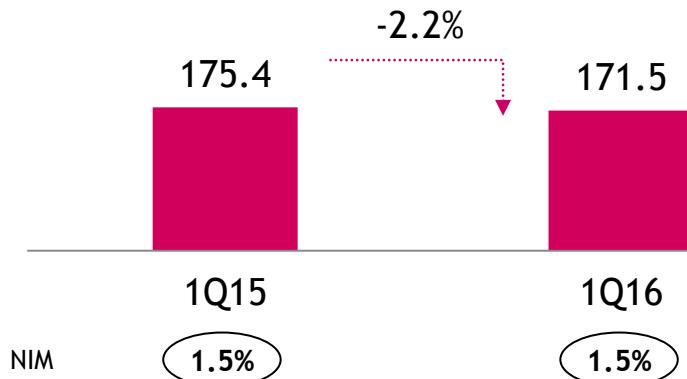
\* Core net income = net interest income + net fees and commission income - operating costs.

# Increase on net interest income in Portugal reflects lower cost of deposits, in spite of the impact of lower loan volumes



## Net interest income

(Million euros)



## Breakdown of net interest income decrease

(Million euros)

|                                 | 1Q16 vs.<br>4Q15 | 1Q16<br>vs. 1Q15 |
|---------------------------------|------------------|------------------|
| Effect of cost of time deposits | +11.4            | +51.1            |
| Performing loans volume effect  | -2.5             | -17.0            |
| NPL effect                      | -25.4            | +13.0            |
| Lower Euribor effect            | -8.8             | -21.1            |
| Other (inc. sovereign debt)     | -0.8             | -29.8            |
| <b>Total</b>                    | <b>-26.1</b>     | <b>-3.8</b>      |

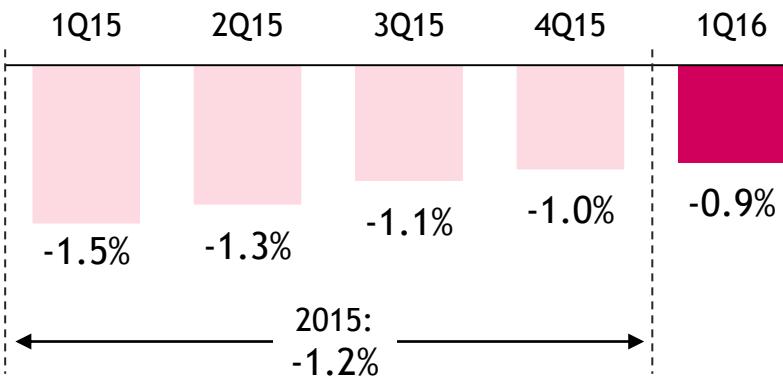
- Net interest income decreased from 4Q15, mainly driven by:
  - Non-recurring interest recovery from NPLs in 4Q15
  - Decrease of the Euribor rates
  - Lower number of days (91d in 1Q16, 92d in 4Q15)
  - Lower credit volumes
  - These impacts were partially compensated by the continued reduction of spreads on time deposits
- The decrease in net interest income from 1Q2015 reflects the impact of lower Euribor rates, lower credit volumes and a decreasing contribution from the sovereign debt portfolio, that more than offset the favourable impacts stemming from the continued reduction of time deposit pricing and from lower NPLs

# Continued effort to reduce the cost of deposits



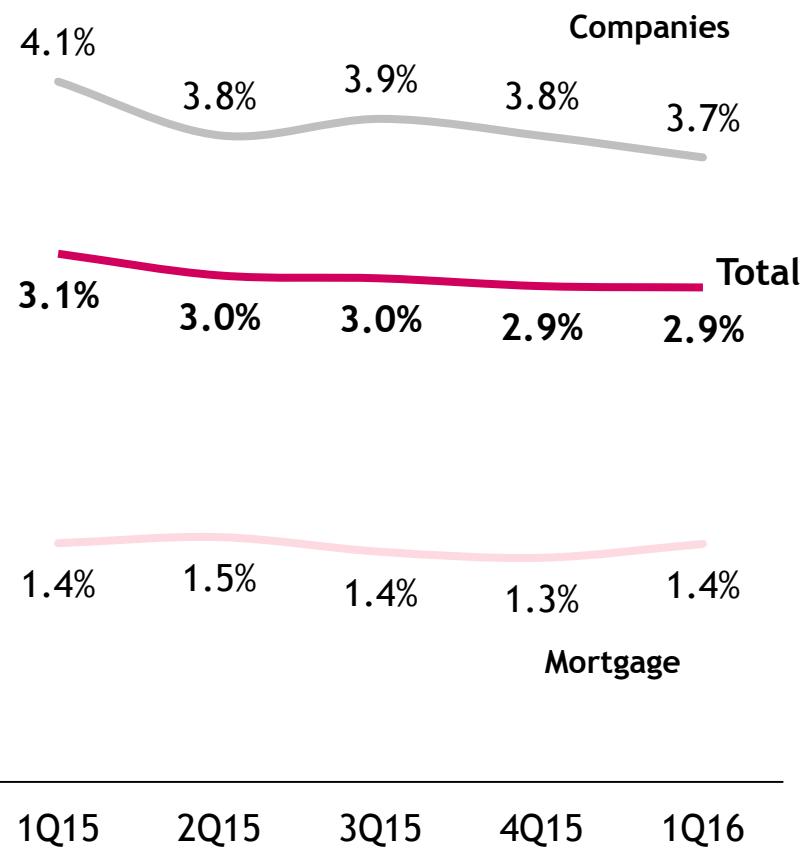
## Spread on term deposits portfolio

(vs Euribor 3m)



## Performing loan book spreads

(vs Euribor 3m)



- Continued reduction of the spread of the portfolio of term deposits, down to -92bp in 1Q16; March's front book priced at an average yield of 46bp, substantially below current back book's
- The decrease in the average spread on loans to companies in 1Q16 was compensated by an improvement in mortgage loans, resulting in a stable spread on the total loan book

# Increased commissions



(Million euros)

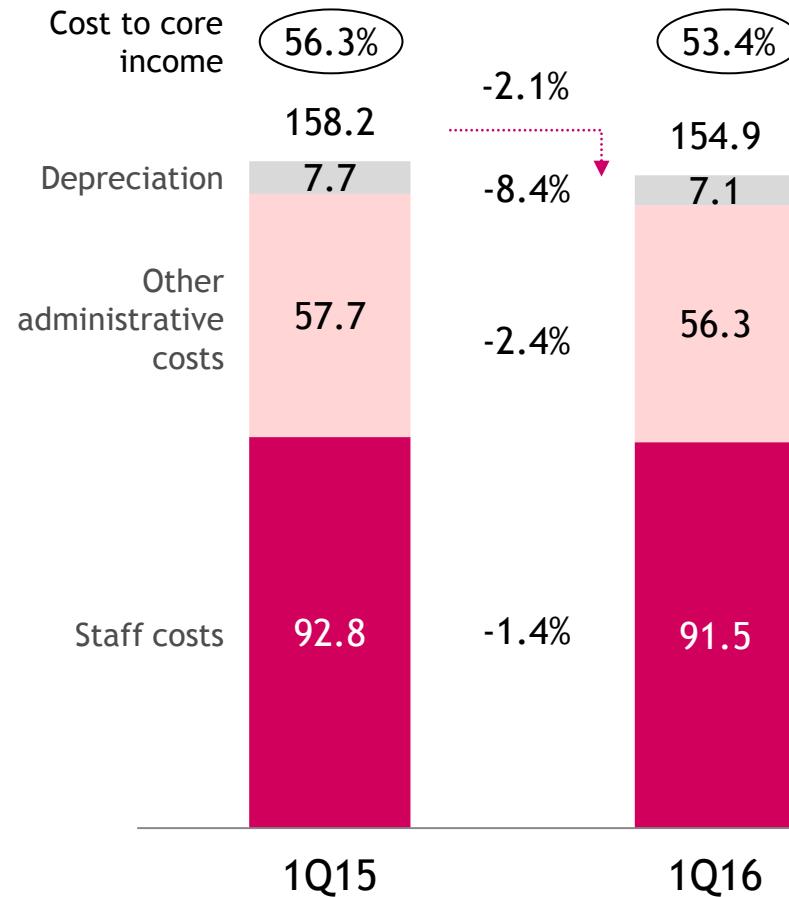
|  | 1Q15         | 1Q16         | YoY           |
|--|--------------|--------------|---------------|
| <b>Banking fees and commissions</b>        | <b>93.7</b>  | <b>106.4</b> | <b>+13.6%</b> |
| Cards and transfers                        | 23.3         | 22.5         | -3.3%         |
| Loans and guarantees                       | 28.3         | 27.5         | -3.1%         |
| Bancassurance                              | 19.1         | 20.2         | +5.6%         |
| Customer account related                   | 18.9         | 22.5         | +19.6%        |
| Other fees and commissions                 | 4.1          | 13.8         | +231.8%       |
| <b>Market related fees and commissions</b> | <b>12.0</b>  | <b>11.8</b>  | <b>-2.3%</b>  |
| Securities operations                      | 10.2         | 10.4         | +1.6%         |
| Asset management                           | 1.8          | 1.4          | -24.7%        |
| <b>Total fees and commissions</b>          | <b>105.8</b> | <b>118.2</b> | <b>+11.8%</b> |

# The implementation of the plan proceeded, on target with strategic goals

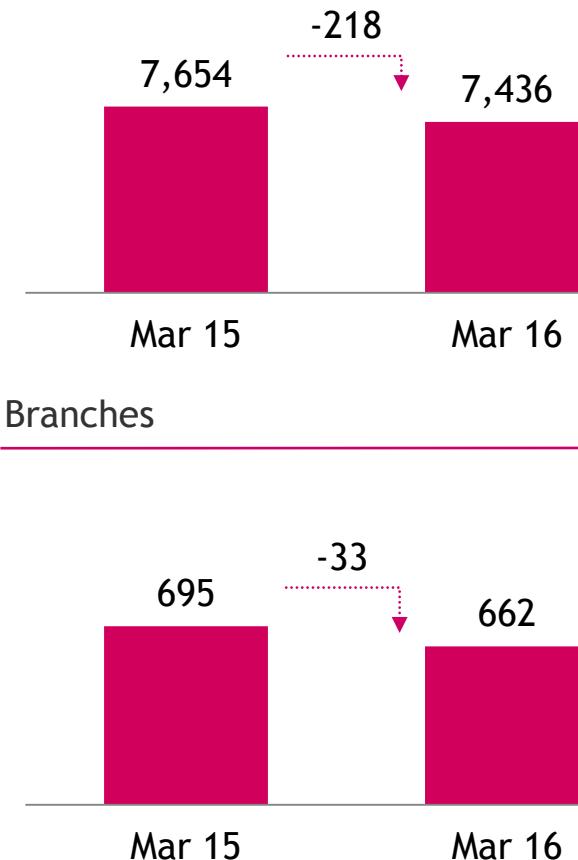


(Million euros)

## Operating costs



## Employees



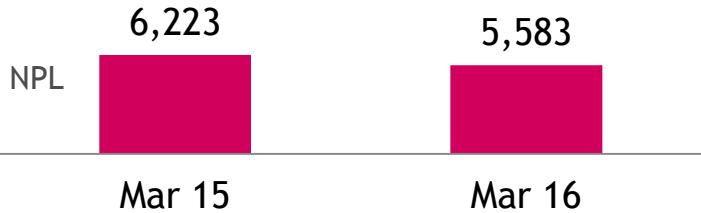
# Reinforced coverage of delinquent loans



(Million euros)

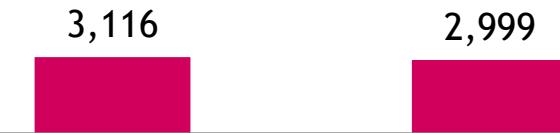
## Credit quality

| Credit ratio         | Mar 15 | Mar 16 |
|----------------------|--------|--------|
| Non-performing loans | 14.3%  | 13.6%  |
| Credit at risk       | 14.4%  | 13.7%  |



## Loan loss reserves (balance sheet)

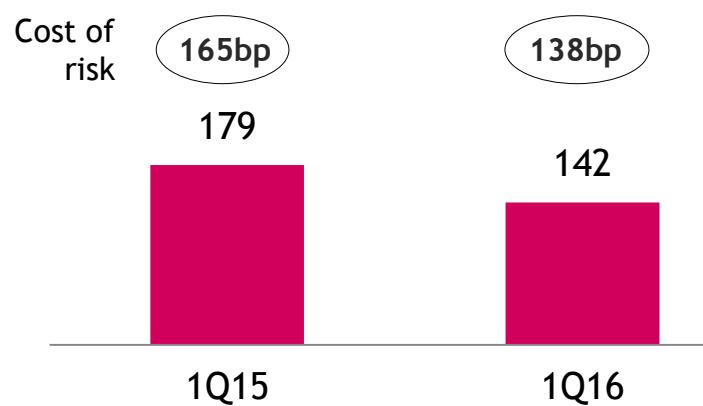
| Coverage ratio       | Mar 15 | Mar 16 |
|----------------------|--------|--------|
| Non-performing loans | 50.1%  | 53.7%  |
| Credit at risk       | 49.6%  | 53.3%  |



## NPL buildup

|                     | Mar 16 vs.<br>Mar 15 | Mar 16 vs.<br>Dec 15 |
|---------------------|----------------------|----------------------|
| Initial stock       | 6,223                | 5,572                |
| +/- Net entries     | +173.5               | +126.8               |
| - Write-offs        | -643.2               | -114.2               |
| - Sales             | -169.6               | -1.7                 |
| <b>Ending stock</b> | <b>5,583</b>         | <b>5,583</b>         |

## Loan impairment (net of recoveries)



# Foreclosed assets sold above book value, confirming appropriate coverage



## Foreclosed assets

(Million euros)

Coverage 20.3%

1,323

Impairment

268

Net value

1,055

Mar 15

Mar 16

15.2%

1,483

226

1,257

## Number of properties sold

+12.8%

483

1Q15

545

1Q16

## Book value of sold properties

(Million euros)

Sale value 55

48

1Q15

51

46

-4.8%



# Agenda

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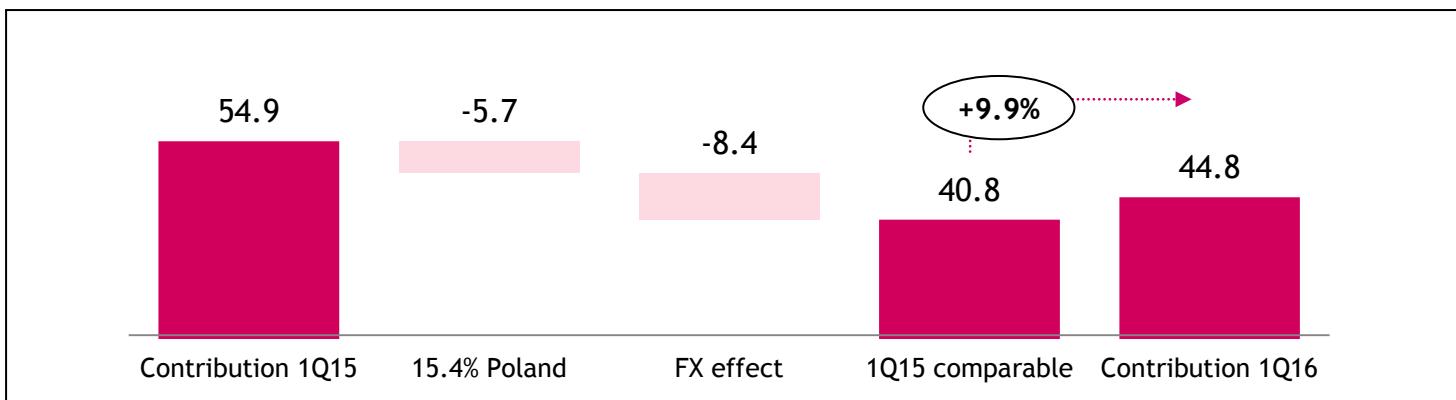
- Highlights
- Group
  - Profitability
  - Liquidity
  - Capital
- Portugal
- International operations
- Conclusions

# Contribution from international operations

Contribution from international operations increases on a comparable basis

|  | 1Q15        | 1Q16        | Δ %<br>local<br>currency | Δ %<br>euros  | ROE   |
|--|-------------|-------------|--------------------------|---------------|-------|
| <b>International operations</b>                    |             |             |                          |               |       |
| Poland   | 37.1        | 31.3        | -15.6%                   | -19.7%        | 8.4%  |
| Mozambique   | 19.1        | 19.3        | +1.0%                    | -25.5%        | 19.7% |
| Angola   | 10.9        | 29.0        | +167.2%                  | +82.5%        | 39.1% |
| Other  | 4.0         | 1.7         | -57.4%                   | -58.2%        |       |
| <b>Net income</b>                                  | <b>71.1</b> | <b>81.3</b> | <b>+14.4%</b>            | <b>-4.2%</b>  |       |
| Non-controlling interests                          | -24.6       | -36.5       |                          |               |       |
| Exchange rate effect                               | 8.4         | --          |                          |               |       |
| <b>Total contribution international operations</b> | <b>54.9</b> | <b>44.8</b> |                          | <b>-18.3%</b> |       |
| <b>On a comparable basis:</b>                      |             |             |                          |               |       |
| BM Poland shareholding at 50.1% in 1Q15            | 48.8        | 44.8        |                          | -8.3%         |       |
| Same as above without FX effect                    | 40.8        | 44.8        |                          | +9.9%         |       |

Significant FX impact

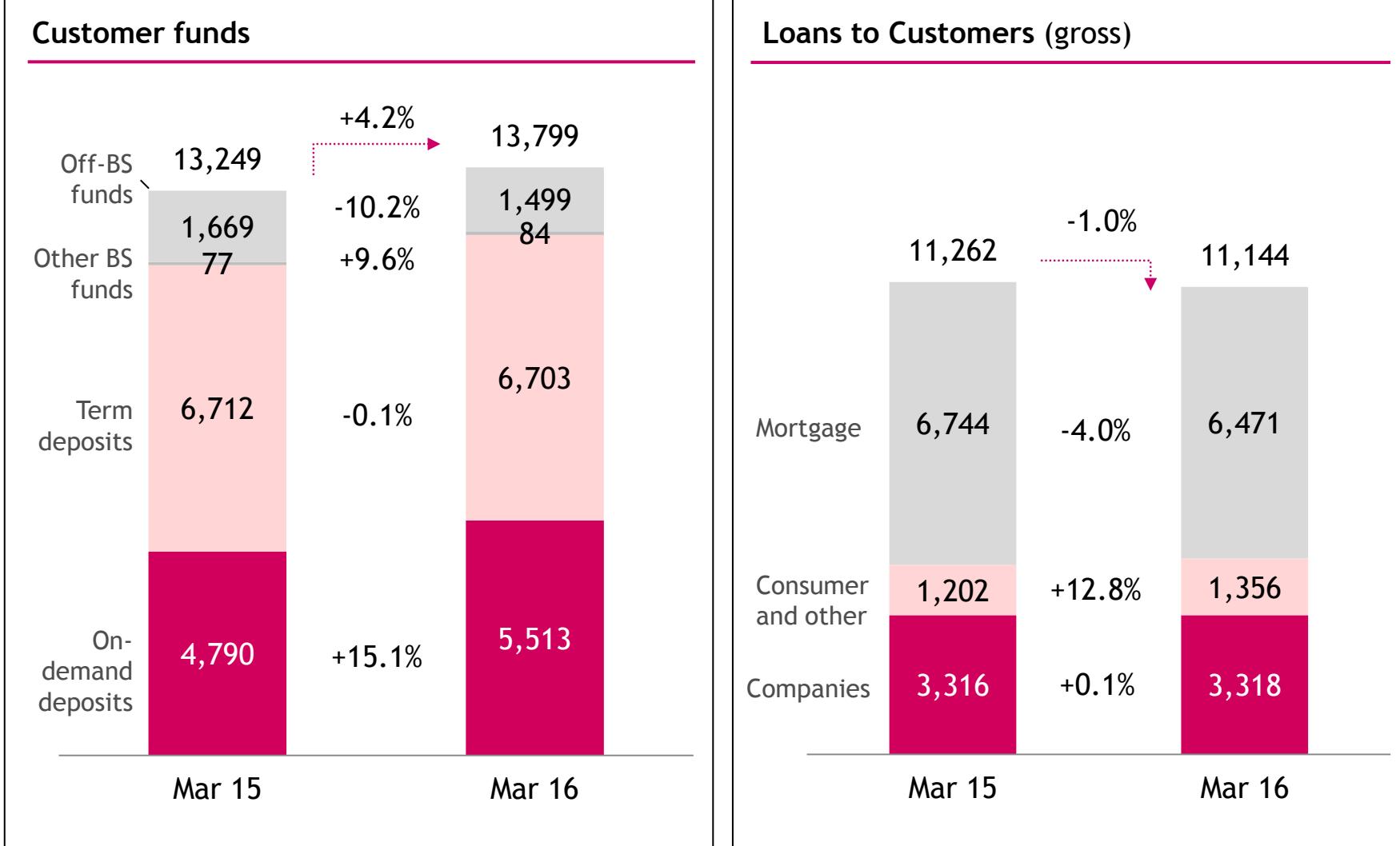


Note: subsidiaries' net income presented for 2015 at the same exchange rate as of 2016 for comparison purposes.

# Poland: growing Customer funds



(Million euros)



FX effect excluded. €/Zloty constant at March 2016 levels: Income Statement 4.38093333; Balance Sheet 4.2576.

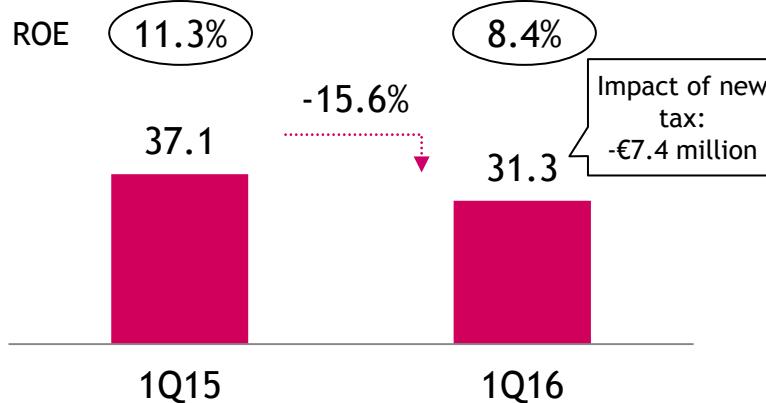


# Net income penalised by new banking tax from February 2016



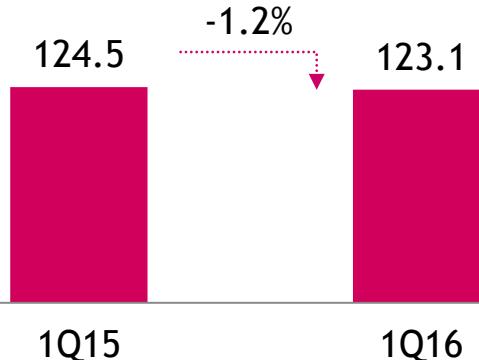
(Million euros)

## Net income

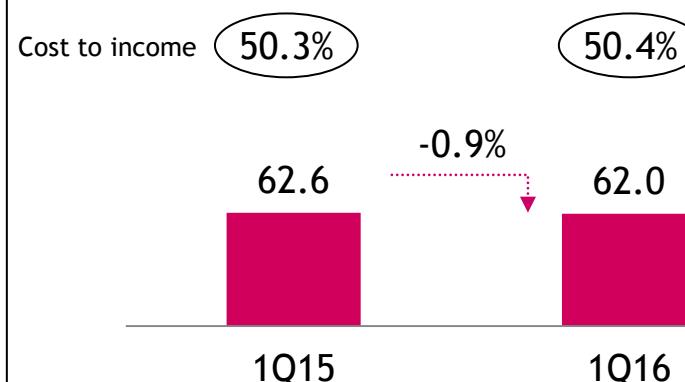


- Net earnings decreased by 15.6%, increasing by 4.2% excluding the impact of the new banking tax. The increase in net interest income and the decrease in operating costs were more than offset by the impact of the introduction of a new banking tax from February 2016 and by lower commissions
- Common equity tier 1 ratio of 16.8% at the end of the 1<sup>st</sup> quarter of 2016

## Banking income



## Operating costs

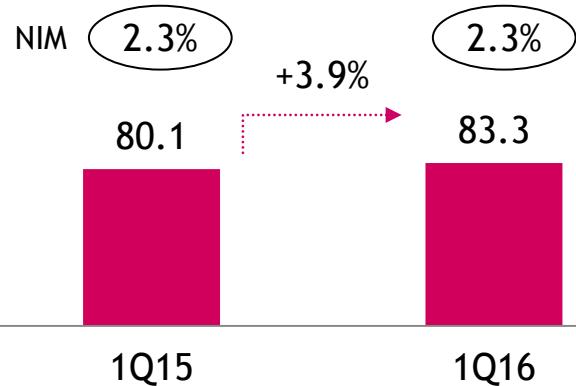


# Stronger net interest income and lower operating costs

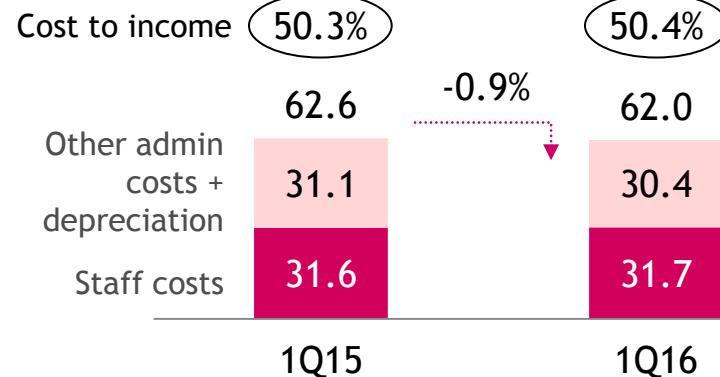


(Million euros)

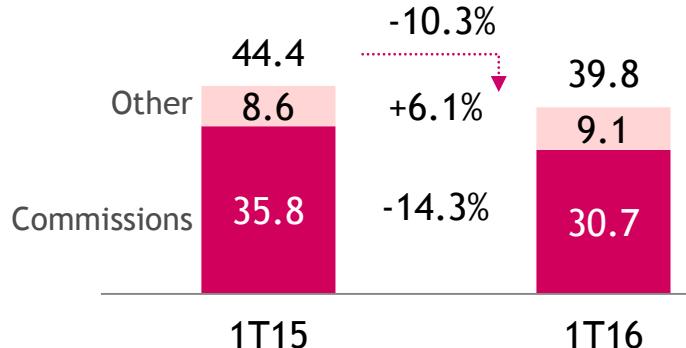
## Net interest income\*



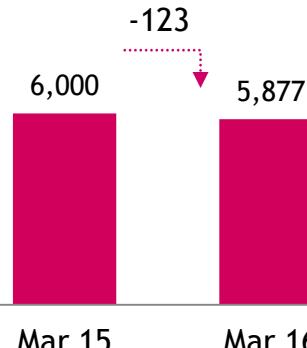
## Operating costs



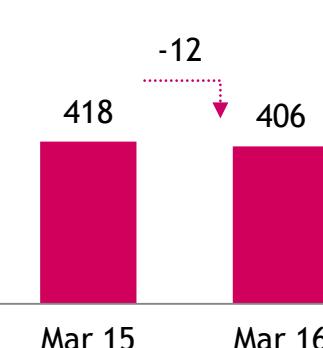
## Commissions and other income



## 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 (€4.1 million in 1Q15 and €3.1 million in 1Q16) is presented in net trading income. FX effect excluded. €/Zloty constant at March 2016 levels: Income Statement 4.38093333; Balance Sheet 4.2576.



# Improved credit quality and coverage



(Million euros)

## Credit quality

| Credit ratio         | Mar 15 | Mar 16 |
|----------------------|--------|--------|
| Non-performing loans | 2.9%   | 2.6%   |
|                      | 329    | 287    |

Mar 15

Mar 16

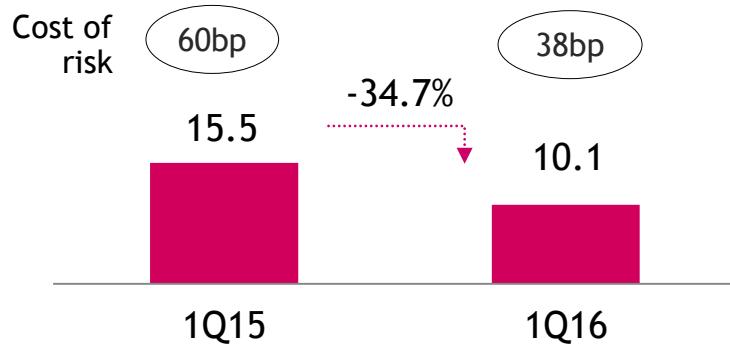
## Loan loss reserves (balance sheet)

| Coverage ratio       | Mar 15 | Mar 16 |
|----------------------|--------|--------|
| Non-performing loans | 101%   | 112%   |
|                      | 332    | 320    |

Mar 15

Mar 16

## Loan impairment (net of recoveries)



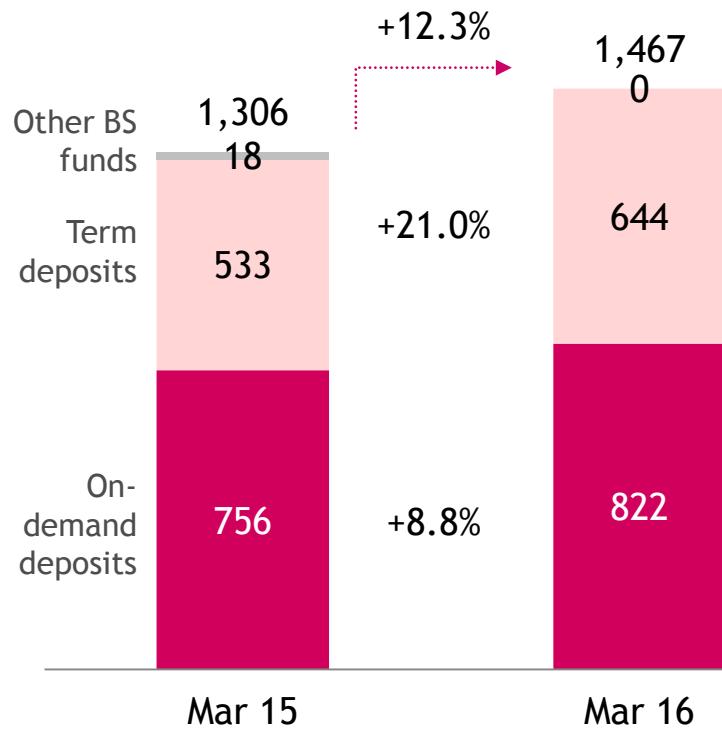
- NPL ratio improved to 2.6% of total credit as at March 31, 2016 from 2.9% on the same date of the previous year
- Provision coverage of NPLs increased to 112% from 101% at the end of the 1<sup>st</sup> quarter of 2015
- Lower provisioning effort, as reflected on cost of risk decreasing to 38bp in 1Q16 from 60bp in 1Q15

# Mozambique: strong volume growth

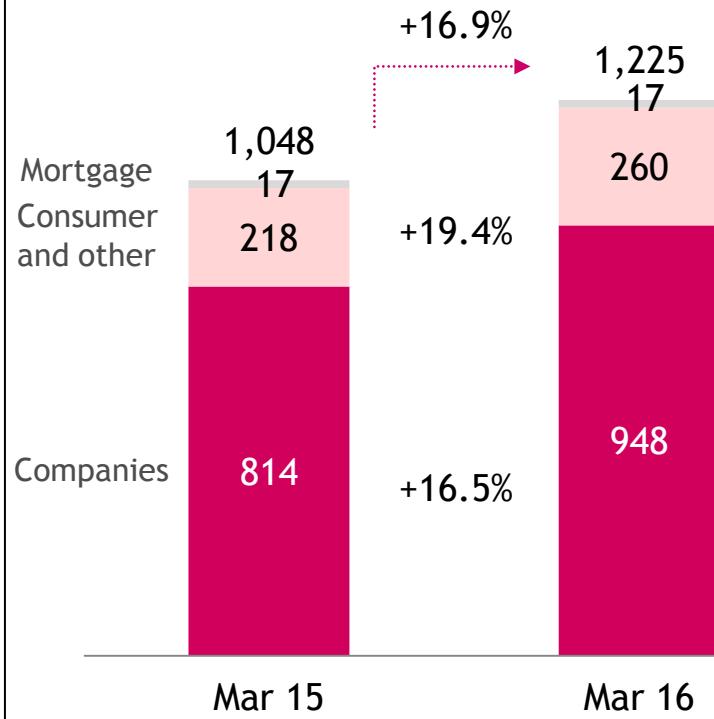


(Million euros)

## Customer funds



## Loans to Customers (gross)



FX effect excluded. €/Metical constant at March 2016 levels: Income Statement 52.00583333; Balance Sheet 57.9800.

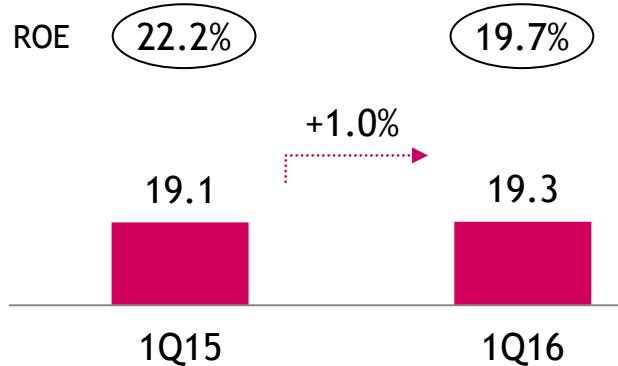


# Stable net income



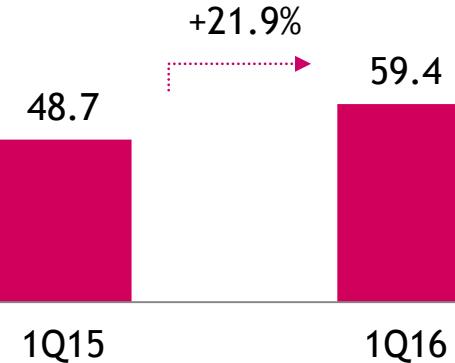
(Million euros)

## Net income

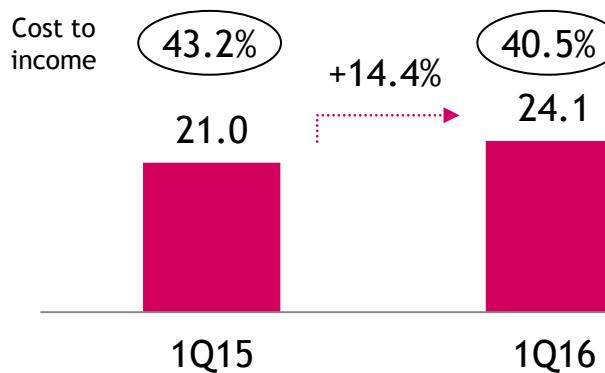


- Net income up by 1.0%, with ROE at 19.7%, in spite of an increased tax burden
- Increase of 21.9% in banking income due to higher net interest income, commissions and results from foreign exchange operations
- Operating costs up by 14.4%
- Common equity tier 1 of 19.8% at March 31, 2016

## Banking income



## Operating costs



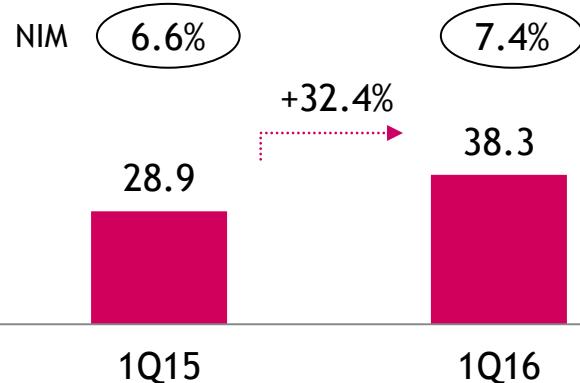
FX effect excluded. €/Metical constant at March 2016 levels: Income Statement 52.00583333; Balance Sheet 57.9800.

# Growth in core income partially offset by the increase in operating costs

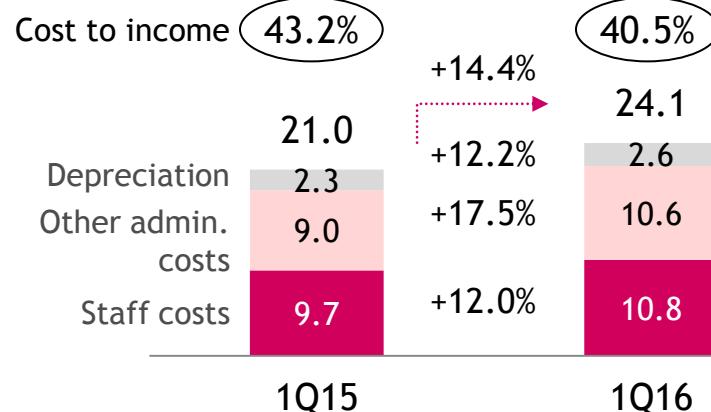


(Million euros)

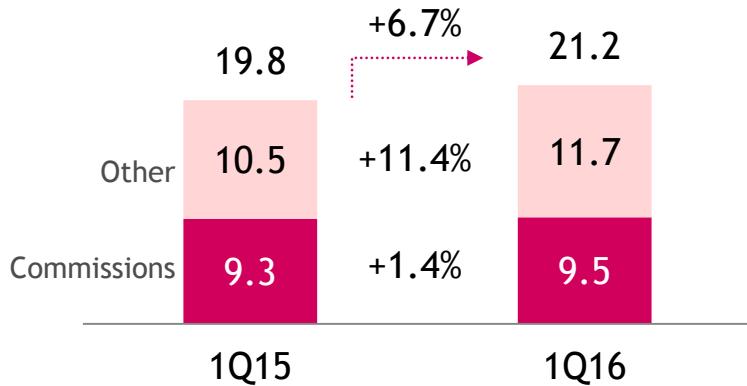
## Net interest income



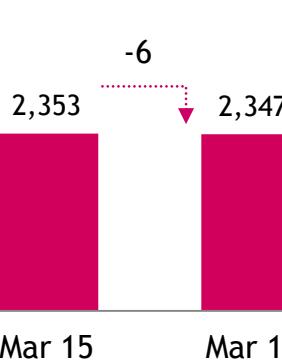
## Operating costs



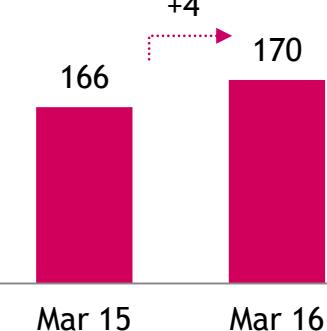
## Commissions and other income



## Employees\*



## Branches



\* Excludes employees from SIM (insurance company)

FX effect excluded. €/Metical constant at March 2016 levels: Income Statement 52.00583333; Balance Sheet 57.9800.



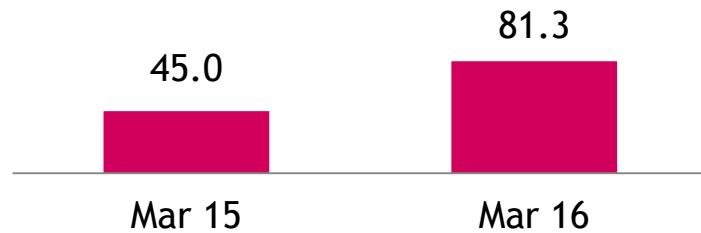
# Credit quality and coverage



(Million euros)

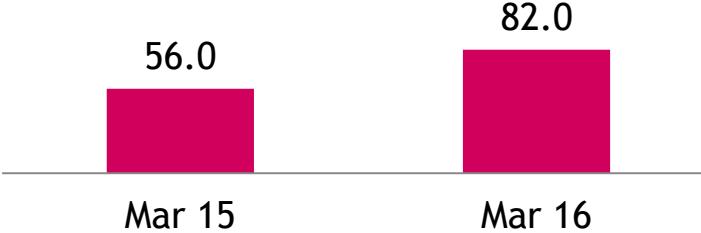
## Credit quality

| Credit ratio         | Mar 15 | Mar 16 |
|----------------------|--------|--------|
| Non-performing loans | 4.3%   | 6.6%   |

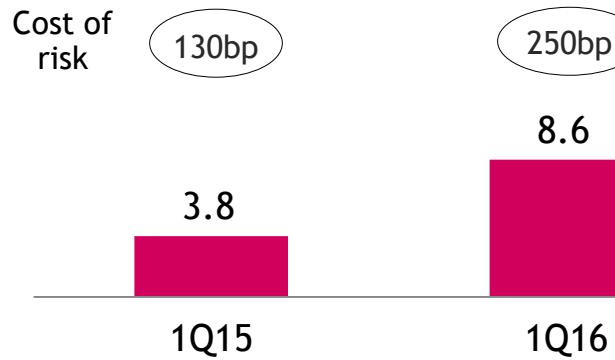


## Loan loss reserves (balance sheet)

| Coverage ratio       | Mar 15 | Mar 16 |
|----------------------|--------|--------|
| Non-performing loans | 125%   | 101%   |



## Loan impairment (net of recoveries)



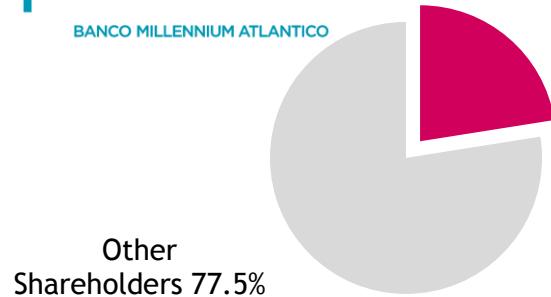
- Key indicators continued to show comfortable figures in spite of credit quality having deteriorated: NPL ratio at 6.6% with a 101% coverage at the end of 1Q16
- Increased provisioning effort, as reflected by a 250bp cost of risk in 1Q16, up from 130bp in the same period of 2015

# BCP creates conditions to increase profitability in Angola through a very favourable transaction for its shareholders and Customers

BCP with a 22.5% stake in the resulting entity



BANCO MILLENNIUM ATLANTICO



Millennium  
bcp

22.5%

Reinforced position in Angola

Market share

Loans [%]

|     |     |
|-----|-----|
| BPC | 30% |
| BAI | 12% |
|     | 11% |
| BIC | 8%  |
| BFA | 8%  |
|     | 7%  |
|     | 4%  |

Deposits [%]

|     |     |
|-----|-----|
| BAI | 18% |
| BFA | 17% |
| BPC | 16% |
| BIC | 13% |
|     | 9%  |
|     | 6%  |
| SOL | 4%  |
| SBA | 3%  |
|     | 3%  |

Stake in Banco Millennium Atlantico to be equity-consolidated in BCP's financials

- BCP's stake to be booked under "Investments in associated companies"
- 22.5% of net earnings to be equity-consolidated

- ✓ A reference bank in Angola, with a reinforced partnership
- ✓ Transaction estimated to yield an extra 5pp to return on invested capital
- ✓ Positive impact on phased-in capital ratio estimated at 0.4pp

# Agenda

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

# Road to 2018: targets

## Business targets

|   | 1Q15  | 1Q16  | Target 2018                    |
|---|-------|-------|--------------------------------|
| <b>Customers with digital access</b><br>[percentage of total Customers]             | 25%   | 28%   | > 35%                          |
| <b>Digital transactions</b><br>[percentage of total transactions]                   | 37.1% | 37.4% | > 50%                          |
| <b>Branches</b>   | 695   | 662   | < 570                          |
| <b>Cost per Customer</b><br>[Retail, euros, annualised]                             | 176   | 170   | < 160                          |
| <b>Customer satisfaction</b><br>[ranking in Marktest's Customer satisfaction index] | #3    | #2    | #1                             |
| <b>New Prestige Customers</b><br>[x1,000, annualised]                               | 7     | 7     | > 10<br>Average p.a. 2016-2018 |
| <b>Credit at risk in Portugal</b><br>[billion euros]                                | 6.3   | 5.6   | ≤ 4.5                          |

# Road to 2018: financial targets

|                                      | 1Q15   | 1Q16   | Target 2018 |
|--------------------------------------|--------|--------|-------------|
| <b>CET1 phased-in ratio*</b>         | 11.6%  | 13.2%  | ≥11%        |
| <b>CET1 fully implemented ratio*</b> | 8.9%   | 10.1%  |             |
| <b>Loans to Deposits</b>             | 109%   | 103%   | <100%       |
| <b>Cost-core income</b>              | 55.3%  | 53.3%  | <50%        |
| <b>Cost-income</b>                   | 39.6%  | 49.4%  | <43%        |
| <b>Cost of risk</b>                  | 141 bp | 119 bp | <75 bp      |
| <b>ROE</b>                           | 6.9%   | 4.1%   | >11%**      |

\* Pro forma estimates including net earnings for the 1<sup>st</sup> quarter and the impact of the merger in Angola.

\*\*Consistent with a 11% CET1 ratio.

# Appendix

# Sovereign debt portfolio

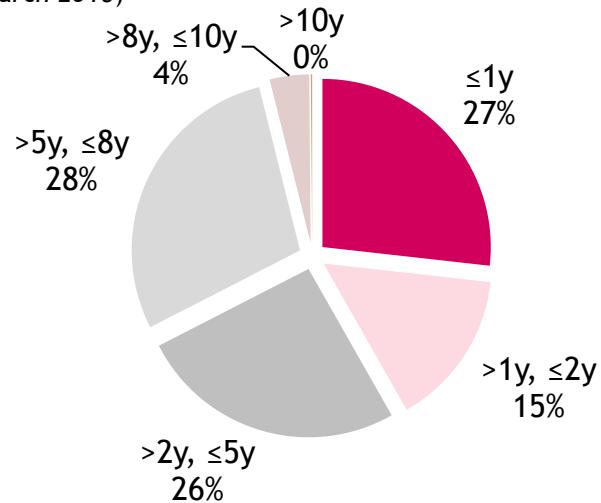
## Sovereign debt portfolio

(Million euros)

|            | Mar 15 | Dec 15 | Mar 16 | YoY   | Δ % quarterly |
|------------|--------|--------|--------|-------|---------------|
| Portugal   | 4,487  | 3,865  | 5,499  | +23%  | +42%          |
| T-bills    | 452    | 881    | 1,499  | +231% | +70%          |
| Bonds      | 4,034  | 2,984  | 4,000  | -1%   | +34%          |
| Poland     | 2,151  | 2,312  | 2,766  | +29%  | +20%          |
| Angola     | 494    | 579    | 626    | +27%  | +8%           |
| Mozambique | 571    | 472    | 409    | -28%  | -13%          |
| Other      | 131    | 91     | 91     | -31%  | -1%           |
| Total      | 7,834  | 7,319  | 9,391  | +20%  | +28%          |

## Sovereign debt maturity

(March 2016)



- Sovereign debt portfolio totals €9.4 billion, €2.5 billion of which maturing in less than 1 year
- The value of Portuguese, Polish and Angolan sovereign portfolios increased from March 31, 2015; exposure to Mozambican sovereign debt decreased

# Sovereign debt portfolio

(Million euros, March 2016)

|                          | Portugal | Poland | Angola | Mozambique | Other | Total |
|--------------------------|----------|--------|--------|------------|-------|-------|
| Trading book             | 992      | 92     | 0      | 2          | 38    | 1,124 |
| ≤ 1 year                 | 741      | 3      |        | 1          |       | 745   |
| > 1 year and ≤ 2 years   |          | 25     |        |            | 38    | 63    |
| > 2 years and ≤ 5 years  | 242      | 24     |        |            |       | 266   |
| > 5 years and ≤ 8 years  | 6        | 40     |        |            |       | 46    |
| > 8 years and ≤ 10 years | 2        |        |        |            |       | 2     |
| > 10 years               | 1        |        |        |            |       | 1     |
| Banking book*            | 4,507    | 2,674  | 409    | 624        | 53    | 8,267 |
| ≤ 1 year                 | 758      | 547    | 222    | 243        |       | 1,769 |
| > 1 year and ≤ 2 years   | 288      | 878    | 85     | 94         |       | 1,346 |
| > 2 years and ≤ 5 years  | 822      | 947    | 102    | 225        | 50    | 2,146 |
| > 5 years and ≤ 8 years  | 2,276    | 303    |        | 63         | 1     | 2,643 |
| > 8 years and ≤ 10 years | 351      |        |        |            | 1     | 353   |
| > 10 years               | 11       |        |        |            |       | 11    |
| Total                    | 5,499    | 2,766  | 409    | 626        | 91    | 9,391 |
| ≤ 1 year                 | 1,499    | 550    | 222    | 244        |       | 2,514 |
| > 1 year and ≤ 2 years   | 288      | 903    | 85     | 94         | 38    | 1,409 |
| > 2 years and ≤ 5 years  | 1,064    | 970    | 102    | 225        | 50    | 2,412 |
| > 5 years and ≤ 8 years  | 2,282    | 343    |        | 63         | 1     | 2,689 |
| > 8 years and ≤ 10 years | 354      |        |        |            | 1     | 355   |
| > 10 years               | 12       |        |        |            |       | 12    |

\* Includes financial assets held for trading at fair value through net income (€151 million), AFS portfolio (€8,165 million) and HTM portfolio (€102 million).

# Financial Statements

# Consolidated Balance Sheet

(Million euros)

|   | 31 March<br>2016 | 31 March<br>2015 |   | 31 March<br>2016 | 31 March<br>2015 |  |  |  |
|---|------------------|------------------|---|------------------|------------------|--|--|--|
| <b>Assets</b>                             |                  |                  |   |                  |                  |  |  |  |
| Cash and deposits at central banks        | 2,210.4          | 2,383.0          | Amounts owed to credit institutions                     | 10,813.9         | 11,066.0         |  |  |  |
| Loans and advances to credit institutions |                  |                  | Amounts owed to customers                               | 51,014.4         | 50,758.8         |  |  |  |
| Repayable on demand                       | 739.8            | 1,127.1          | Debt securities   | 4,463.2          | 5,575.8          |  |  |  |
| Other loans and advances                  | 1,300.5          | 1,303.4          | Financial liabilities held for trading                  | 847.6            | 1,024.8          |  |  |  |
| Loans and advances to customers           | 51,183.0         | 54,495.1         | Hedging derivatives                                     | 470.5            | 745.6            |  |  |  |
| Financial assets held for trading         | 2,009.4          | 2,069.5          | Provisions for liabilities and charges                  | 273.2            | 314.3            |  |  |  |
| Financial assets available for sale       | 11,459.6         | 10,088.1         | Subordinated debt                                       | 1,671.4          | 2,048.0          |  |  |  |
| Assets with repurchase agreement          | 50.8             | 19.9             | Current income tax liabilities                          | 20.3             | 24.9             |  |  |  |
| Hedging derivatives                       | 128.7            | 71.0             | Deferred income tax liabilities                         | 16.0             | 9.7              |  |  |  |
| Financial assets held to maturity         | 474.0            | 438.9            | Other liabilities                                       | 1,052.4          | 1,178.0          |  |  |  |
| Investments in associated companies       | 331.5            | 318.3            | <b>Total Liabilities</b>                                | <b>70,643.0</b>  | <b>72,745.7</b>  |  |  |  |
| Non current assets held for sale          | 1,783.6          | 1,668.7          | <b>Equity</b>   |                  |                  |  |  |  |
| Investment property                       | 141.9            | 169.9            | Share capital   | 4,094.2          | 3,706.7          |  |  |  |
| Property and equipment                    | 626.9            | 775.5            | Treasury stock  | (0.9)            | (13.9)           |  |  |  |
| Goodwill and intangible assets            | 207.8            | 208.5            | Share premium   | 16.5             | -                |  |  |  |
| Current tax assets                        | 43.3             | 40.9             | Preference shares                                       | 59.9             | 171.2            |  |  |  |
| Deferred tax assets                       | 2,571.4          | 2,326.6          | Other capital instruments                               | 2.9              | 9.9              |  |  |  |
| Other assets                              | 881.7            | 809.3            | Fair value reserves                                     | 15.5             | 276.6            |  |  |  |
|   | <b>76,295.3</b>  | <b>78,313.5</b>  | Reserves and retained earnings                          | 364.0            | 302.2            |  |  |  |
|   |                  |                  | Net income for the year attrib. to Shareholders         | 46.7             | 70.4             |  |  |  |
|   |                  |                  | <b>Total equity attrib. to Shareholders of the Bank</b> | <b>4,598.9</b>   | <b>4,523.0</b>   |  |  |  |
|   |                  |                  | Non-controlling interests                               | 1,053.4          | 1,044.7          |  |  |  |
|   |                  |                  | <b>Total Equity</b>                                     | <b>5,652.3</b>   | <b>5,567.7</b>   |  |  |  |
|   |                  |                  |   | <b>76,295.3</b>  | <b>78,313.5</b>  |  |  |  |

# Consolidated Income Statement

Per quarter

(Million euros)

|   | Quarterly    |              |              |              |              |
|---|--------------|--------------|--------------|--------------|--------------|
|   | 1Q 15        | 2Q 15        | 3Q 15        | 4Q 15        | 1Q 16        |
| <b>Net interest income</b>                  | <b>297.8</b> | <b>273.6</b> | <b>305.1</b> | <b>314.0</b> | <b>292.4</b> |
| Dividends from equity instruments           | 2.0          | 1.3          | 0.3          | 6.2          | 2.0          |
| Net fees and commission income              | 162.3        | 173.8        | 161.8        | 162.3        | 163.9        |
| Other operating income                      | -17.2        | -24.0        | -12.3        | -66.4        | -12.4        |
| Net trading income                          | 191.3        | 287.7        | 26.9         | 33.5         | 28.3         |
| Equity accounted earnings                   | 6.1          | 14.6         | 4.5          | -1.6         | 13.9         |
| <b>Banking income</b>                       | <b>642.2</b> | <b>727.0</b> | <b>486.4</b> | <b>447.9</b> | <b>488.1</b> |
| Staff costs                                 | 143.4        | 145.2        | 141.6        | 143.7        | 138.4        |
| Other administrative costs                  | 97.1         | 97.8         | 94.4         | 100.0        | 91.8         |
| Depreciation                                | 13.8         | 13.9         | 13.3         | 13.1         | 12.8         |
| <b>Operating costs</b>                      | <b>254.3</b> | <b>256.9</b> | <b>249.3</b> | <b>256.8</b> | <b>243.1</b> |
| <b>Operating net income bef. imp.</b>       | <b>387.9</b> | <b>470.1</b> | <b>237.1</b> | <b>191.1</b> | <b>245.1</b> |
| Loans impairment (net of recoveries)        | 201.0        | 262.6        | 150.0        | 204.2        | 160.7        |
| Other impairm. and provisions               | 70.1         | 21.4         | 25.5         | 43.0         | 15.4         |
| <b>Net income before income tax</b>         | <b>116.7</b> | <b>186.1</b> | <b>61.7</b>  | <b>-56.1</b> | <b>69.1</b>  |
| Income tax                                  | 32.8         | 13.3         | 21.0         | -29.4        | 15.0         |
| Non-controlling interests                   | 22.2         | 27.6         | 26.5         | 11.6         | 21.9         |
| <b>Net income (before disc. oper.)</b>      | <b>61.7</b>  | <b>145.2</b> | <b>14.1</b>  | <b>-38.2</b> | <b>32.1</b>  |
| Net income arising from discont. operations | 8.7          | 25.2         | 9.6          | 9.0          | 14.5         |
| <b>Net income</b>                           | <b>70.4</b>  | <b>170.3</b> | <b>23.8</b>  | <b>-29.2</b> | <b>46.7</b>  |

# Income Statement (Portugal and International Operations)

For the 3-month periods ended 31<sup>st</sup> March, 2015 and 2016

(Million euros)

## International operations

|  | Group      |            |               | Portugal   |            |                  | Total      |            |               | Bank Millennium (Poland) |            |               | Millennium bim (M o.z.) |           |               | Other int. operations |            |               |
|--|------------|------------|---------------|------------|------------|------------------|------------|------------|---------------|--------------------------|------------|---------------|-------------------------|-----------|---------------|-----------------------|------------|---------------|
|  | Mar 15     | Mar 16     | Δ %           | Mar 15     | Mar 16     | Δ %              | Mar 15     | Mar 16     | Δ %           | Mar 15                   | Mar 16     | Δ %           | Mar 15                  | Mar 16    | Δ %           | Mar 15                | Mar 16     | Δ %           |
| Interest income                            | 567        | 487        | -14.2%        | 366        | 301        | -17.8%           | 201        | 186        | -7.7%         | 140                      | 127        | -9.1%         | 60                      | 57        | -4.5%         | 2                     | 2          | 0.8%          |
| Interest expense                           | 270        | 194        | -27.9%        | 191        | 129        | -32.2%           | 79         | 65         | -17.6%        | 60                       | 47         | -217%         | 21                      | 19        | -8.4%         | -2                    | -1         | 50.2%         |
| <b>Net interest income</b>                 | <b>298</b> | <b>292</b> | <b>-1.8%</b>  | <b>175</b> | <b>172</b> | <b>-2.2%</b>     | <b>122</b> | <b>121</b> | <b>-1.3%</b>  | <b>80</b>                | <b>80</b>  | <b>0.2%</b>   | <b>39</b>               | <b>38</b> | <b>-2.4%</b>  | <b>3</b>              | <b>2</b>   | <b>-26.7%</b> |
| Dividends from equity instruments          | 2          | 2          | 4.8%          | 2          | 2          | 4.8%             | 0          | 0          | -100.0%       | 0                        | 0          | -100.0%       | 0                       | 0         | --            | 0                     | 0          | --            |
| <b>Intermediation margin</b>               | <b>300</b> | <b>294</b> | <b>-1.8%</b>  | <b>177</b> | <b>174</b> | <b>-2.1%</b>     | <b>122</b> | <b>121</b> | <b>-1.3%</b>  | <b>80</b>                | <b>80</b>  | <b>0.2%</b>   | <b>39</b>               | <b>38</b> | <b>-2.4%</b>  | <b>3</b>              | <b>2</b>   | <b>-26.7%</b> |
| Net fees and commission income             | 162        | 164        | 10%           | 106        | 118        | 11.8%            | 57         | 46         | -19.1%        | 38                       | 31         | -18.4%        | 13                      | 9         | -25.2%        | 6                     | 6          | -10.4%        |
| Other operating income                     | -17        | -12        | 27.7%         | -14        | -2         | 87.2%            | -3         | -11        | <-100%        | -6                       | -13        | <-100%        | 3                       | 2         | -15.7%        | 0                     | 0          | 29.7%         |
| <b>Basic income</b>                        | <b>445</b> | <b>446</b> | <b>0.2%</b>   | <b>269</b> | <b>290</b> | <b>7.8%</b>      | <b>176</b> | <b>156</b> | <b>-11.3%</b> | <b>112</b>               | <b>98</b>  | <b>-12.4%</b> | <b>55</b>               | <b>50</b> | <b>-8.4%</b>  | <b>9</b>              | <b>8</b>   | <b>-15.6%</b> |
| Net trading income                         | 191        | 28         | -85.2%        | 164        | 5          | -97.1%           | 28         | 24         | -14.1%        | 15                       | 14         | -5.0%         | 11                      | 9         | -18.4%        | 1                     | 0          | -74.4%        |
| Equity accounted earnings                  | 6          | 14         | >100%         | 6          | 14         | >100%            | 0          | 0          | 100.0%        | 0                        | 0          | 100.0%        | 0                       | 0         | --            | 0                     | 0          | --            |
| <b>Banking income</b>                      | <b>642</b> | <b>488</b> | <b>-24.0%</b> | <b>439</b> | <b>309</b> | <b>-29.7%</b>    | <b>203</b> | <b>180</b> | <b>-11.6%</b> | <b>126</b>               | <b>112</b> | <b>-11.3%</b> | <b>66</b>               | <b>59</b> | <b>-10.1%</b> | <b>11</b>             | <b>8</b>   | <b>-23.5%</b> |
| Staff costs                                | 143        | 138        | -3.5%         | 93         | 92         | -1.4%            | 51         | 47         | -7.4%         | 33                       | 32         | -4.4%         | 13                      | 11        | -17.4%        | 4                     | 4          | 0.3%          |
| Other administrative costs                 | 97         | 92         | -5.4%         | 58         | 56         | -2.4%            | 39         | 36         | -9.8%         | 25                       | 23         | -8.6%         | 12                      | 11        | -13.3%        | 2                     | 2          | -2.1%         |
| Depreciation                               | 14         | 13         | -7.1%         | 8          | 7          | -8.4%            | 6          | 6          | -5.5%         | 3                        | 3          | 7.6%          | 3                       | 3         | -17.2%        | 0                     | 0          | -0.8%         |
| <b>Operating costs</b>                     | <b>254</b> | <b>243</b> | <b>-4.4%</b>  | <b>158</b> | <b>155</b> | <b>-2.1%</b>     | <b>96</b>  | <b>88</b>  | <b>-8.3%</b>  | <b>62</b>                | <b>58</b>  | <b>-5.6%</b>  | <b>29</b>               | <b>24</b> | <b>-15.6%</b> | <b>6</b>              | <b>6</b>   | <b>-0.4%</b>  |
| <b>Operating net income bef. imp.</b>      | <b>388</b> | <b>245</b> | <b>-36.8%</b> | <b>281</b> | <b>154</b> | <b>-45.3%</b>    | <b>107</b> | <b>91</b>  | <b>-14.5%</b> | <b>65</b>                | <b>54</b>  | <b>-16.7%</b> | <b>38</b>               | <b>35</b> | <b>-5.9%</b>  | <b>5</b>              | <b>2</b>   | <b>-54.0%</b> |
| Loans impairment (net of recoveries)       | 201        | 161        | -20.1%        | 179        | 142        | -20.9%           | 22         | 19         | -13.8%        | 17                       | 10         | -38.8%        | 5                       | 9         | 66.3%         | 0                     | 0          | 48.8%         |
| Other impairm. and provisions              | 70         | 15         | -78.1%        | 70         | 16         | -77.3%           | 0          | -1         | <-100%        | 0                        | 0          | >100%         | 0                       | -1        | <-100%        | 0                     | 0          | -98.7%        |
| <b>Net income before income tax</b>        | <b>117</b> | <b>69</b>  | <b>-40.8%</b> | <b>31</b>  | <b>-4</b>  | <b>&lt;-100%</b> | <b>85</b>  | <b>73</b>  | <b>-14.2%</b> | <b>48</b>                | <b>44</b>  | <b>-10.1%</b> | <b>32</b>               | <b>28</b> | <b>-14.5%</b> | <b>5</b>              | <b>2</b>   | <b>-54.4%</b> |
| Income tax                                 | 33         | 15         | -54.3%        | 17         | -6         | <-100%           | 16         | 21         | 28.8%         | 9                        | 12         | 29.6%         | 6                       | 8         | 32.1%         | 1                     | 0          | -24.9%        |
| Non-controlling interests                  | 22         | 22         | -14%          | 0          | 0          | <-100%           | 22         | 22         | -0.3%         | 0                        | 0          | --            | 0                       | 0         | -12.1%        | 22                    | 22         | -0.1%         |
| <b>Net income (before disc. oper.)</b>     | <b>62</b>  | <b>32</b>  | <b>-47.9%</b> | <b>15</b>  | <b>2</b>   | <b>-87.3%</b>    | <b>47</b>  | <b>30</b>  | <b>-35.5%</b> | <b>39</b>                | <b>31</b>  | <b>-19.7%</b> | <b>26</b>               | <b>19</b> | <b>-25.5%</b> | <b>-18</b>            | <b>-20</b> | <b>-12.9%</b> |
| Net income arising from discont. operatice | 9          | 15         | 66.3%         |            |            |                  | 8          | 15         | 82.5%         |                          |            |               |                         |           |               | 8                     | 15         | 82.5%         |
| <b>Net income</b>                          | <b>70</b>  | <b>47</b>  | <b>-33.7%</b> |            |            |                  | <b>55</b>  | <b>45</b>  | <b>-18.3%</b> |                          |            |               |                         |           |               | <b>-10</b>            | <b>-6</b>  | <b>42.1%</b>  |

# Consolidated Pro Forma Balance Sheet with Banco Millennium Atlantico (Angola) equity-consolidated

(Million euros)

|   | 31 March<br>2016 | 31 March<br>2016                                 |               |
|---|------------------|--|---------------|
| <b>Assets</b>                             |                  | <b>Liabilities</b>                               |               |
| Cash and deposits at central banks        | 1,896            | Amounts owed to credit institutions              | 10,586        |
| Loans and advances to credit institutions |                  | Amounts owed to customers                        | 49,553        |
| Repayable on demand                       | 731              | Debt securities                                  | 4,463         |
| Other loans and advances                  | 1,171            | Financial liabilities held for trading           | 847           |
| Loans and advances to customers           | 50,381           | Hedging derivatives                              | 471           |
| Financial assets held for trading         | 2,158            | Provisions for liabilities and charges           | 270           |
| Financial assets available for sale       | 10,872           | Subordinated debt                                | 1,671         |
| Assets with repurchase agreement          | 51               | Current income tax liabilities                   | 17            |
| Hedging derivatives                       | 129              | Deferred income tax liabilities                  | 0             |
| Financial assets held to maturity         | 422              | Other liabilities                                | 1,002         |
| Investments in associated companies       | 481              |  | <u>68,880</u> |
| Non current assets held for sale          | 1,774            |  |               |
| Investment property                       | 142              | <b>Equity</b>                                    |               |
| Property and equipment                    | 498              | Share capital                                    | 4,094         |
| Goodwill and intangible assets            | 205              | Treasury stock                                   | -1            |
| Current tax assets                        | 43               | Share premium                                    | 16            |
| Deferred tax assets                       | 2,571            | Preference shares                                | 60            |
| Other assets                              | 857              | Other capital instruments                        | 3             |
|   | <u>74,383</u>    | Fair value reserves                              | 16            |
|   |                  | Reserves and retained earnings                   | 364           |
|   |                  | Net income for the year attrib. to Shareholders  | 47            |
|   |                  |  | <u>4,599</u>  |
|   |                  | Total equity attrib. to Shareholders of the Bank | 4,599         |
|   |                  | Non-controlling interests                        | 904           |
|   |                  |  | <u>5,503</u>  |
|   |                  | Total Equity                                     | 74,383        |

Change of accounting of the Angolan subsidiary, from line-by-line to equity consolidation, is assumed to have no impact on the Group's attributable equity.



# Glossary (1/2)

**Capitalisation products** - includes unit linked saving products and retirement saving plans (“PPR”, “PPE” and “PPR/E”).

**Commercial gap** - total loans to customers net of BS impairments accumulated minus on-balance sheet customer funds.

**Cost of risk, gross (expressed in bp)**- ratio of impairment charges accounted in the period to customer loans (gross).

**Cost of risk, net (expressed in bp)**- ratio of impairment charges (net of recoveries) accounted to customer loans (gross).

**Cost to income** - operating costs divided by net operating revenues.

**Cost to core income** - operating costs divided by the net interest income and net fees and commission income.

**Core income** - net interest income plus net fees and commission income.

**Core net income** - corresponding to net interest income plus net commissions deducted from operating costs.

**Coverage of credit at risk by balance sheet impairments** - total BS impairments accumulated for risks of credit divided by credit at risk (gross)

**Coverage of credit at risk by balance sheet impairments and real/financial guarantees** -total BS impairments accumulated for risks of credit plus real and financial guarantees divided by credit at risk (gross).

**Coverage of non-performing loans by balance sheet impairments** - total BS impairments accumulated for risks of credit divided by NPL

**Credit at risk** - definition broader than the non performing loans which includes also restructured loans whose changes from initial terms have resulted in the bank being in a higher risk position than previously; restructured loans which have resulted in the bank becoming in a lower risk position (e.g. reinforced collateral) are not included in credit at risk.

**Credit at risk (net)** - credit at risk deducted from BS impairments accumulated for risks of credit.

**Customer spread** - Difference between the spread on the loans to customers book over 3 months Euribor and the spread on the customers' deposits portfolio over 3 months Euribor.

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

**Dividends from equity instruments** - dividends received from investments in financial assets held for trading and 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.

**Loan book spread** - average spread on the loan portfolio over 3 months Euribor.

**Loan to value ratio (LTV)** - Mortgage amount divided by the appraised value of property.

**Loan to Deposits ratio (LTD)** - Total loans to customers net of accumulated BS impairments for risks of credit to total customer deposits.

**Net interest margin** - net interest income for the period 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.

**Non-performing loans** - Overdue loans more than 90 days including the non-overdue remaining principal of loans, i.e. portion in arrears, plus non-overdue remaining principal.

**Non-performing loans ratio (net)** - Loans more than 90 days overdue and doubtful loans reclassified as overdue for provisioning purposes less BS impairments accumulated for credit risk divided by total loans (gross).

**Non-performing loans coverage ratio** - total BS impairments accumulated for credit risk divided by overdue and doubtful loans divided.

# Glossary (2/2)

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**Loans more than 90 days overdue coverage** - total BS impairments accumulated for risk of credit divided by total amount of loans overdue with installments of capital and interest overdue more than 90 days.

**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 loans** - loans in arrears, not including the non-overdue remaining principal.

**Overdue loans coverage ratio** - total BS impairments accumulated for risks of credit divided by total amount of loans overdue with installments of capital and interest overdue.

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

**Return on equity (ROE)** - Net income (including the minority interests) divided by the average attributable equity, deducted from preference shares and other capital instruments.

**Return on average assets (ROA)** - Net income (including minority interests) divided by the average total assets.

**Securities portfolio** - financial assets held for trading, financial assets available for sale, assets with repurchase agreement, financial assets held to maturity and other financial assets held for trading at fair value through net income.

**Spread on term deposits portfolio** - average spread on terms deposits portfolio over 3 months Euribor.

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

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



## INVESTOR RELATIONS DIVISION

Rui Coimbra, Head

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Banco Comercial Português, S.A., a public company (sociedade aberta) having its registered office at Praça D. João I, 28, Oporto, registered at the Commercial Registry of Oporto, with the single commercial and tax identification number 501 525 882 and the share capital of EUR 4,094,235,361.88.

