

EARNINGS PRESENTATION

1H 2016

JULY 2016



Millennium
bcp

Disclaimer

- 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 6 months figures for 2015 and 2016 not audited
- The business figures presented exclude the former Banco Millennium Angola
- Assumes maintenance of the framework regulating the limits to the deductions of credit impairment effective as at 31 December 2015
- The European Central Bank (ECB) did not require or endorsed the publication of the outcome of the stress tests referred herein. Any references are to the stress test's bottom-up outcome, and it is not possible to infer from such references any information regarding the ECB's top-down projections or issues discussed in the quality assurance process

Agenda

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

Highlights

Stress tests

Strong results

- **Strong results on ECB's stress tests** (relevant for the calculation of minimum capital): **phased-in common equity tier 1 in excess of 7% under the adverse scenario**, compared to a reference value of 5.5% and to 2.99% in the 2014 stress tests.

Capital

Adequate position

- **Common equity tier 1 ratio of 12.3%** according to phased-in criteria. This ratio stood at **9.6% under a fully implemented basis**, the same figure posted as at June 30th 2015 (estimates).

Asset quality

Coverage reinforced significantly

- **NPE coverage** by provisions, expected loss gap and collaterals **strengthened to 97%** (91% as at June 30th 2015), supporting the plan to bring NPEs down by more than **€2 billion in December 2017**.
- **Non-performing loans ratio down** to 11.5% as at the end of the 1st half of 2016 from 12.1% as at the same date of 2015; **NPL coverage by provisions strengthened** to 61.4% (53.4% as at June 30th 2015), 113.0% including real and financial guarantees.

Highlights

Profitability and efficiency

Earnings excluding non-usual items reinforced

- Net result of -€197.3 million in the 1st half of 2016. **Excluding non-usual items***, **net profits amounted to €56.2 million in 1H16**, compared to €21.2 million losses in 1H15.
- **Core net income** up 10.3%** to €437.1 million, resulting in **cost to core income** improving by 4pp to 52.5%** (cost to income of 45.7%).

Business performance

Healthy balance sheet

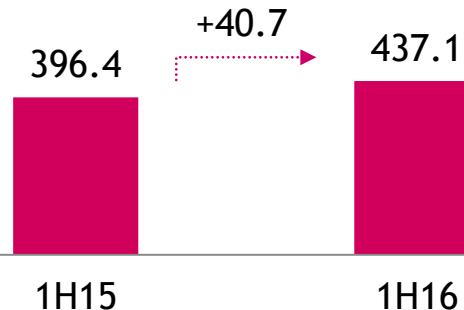
- **Commercial gap improved further**, with net loans as a percentage of on-balance sheet Customers funds **now standing at 97%**. As a percentage of deposits (BoP criteria)***, net loans improved to 102% (107% as at June 30th, 2015).
- **Customer deposits** totalled €48.8 billion, with **deposits from individuals in Portugal up by 3.7%**.
- More than **5.3 million Customers**, **5.9% up** from the 1st half of 2015.

* Non-usual items in 1H16: gains on Visa transaction, devaluation of corporate restructuring funds, additional impairment charges to increase coverage; non-usual items in 1H15: capital gains on Portuguese sovereign debt and devaluation of corporate restructuring funds. | ** 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.

Highlights

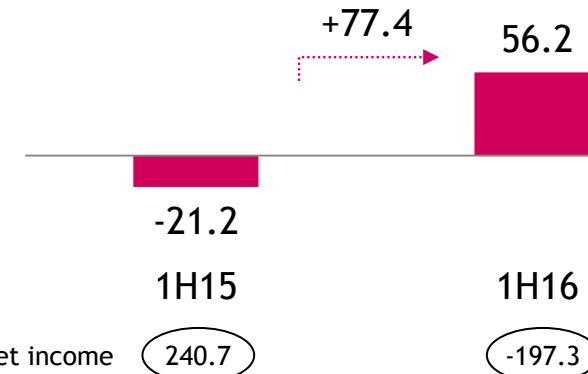
Core net income*

(Million euros)

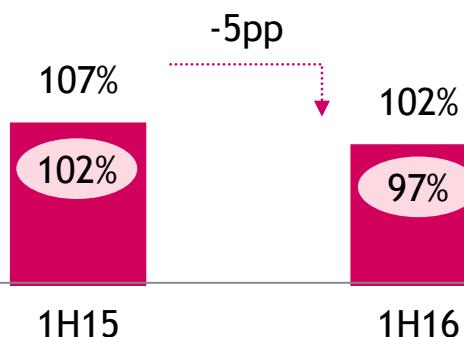


Net income excluding non-usual items**

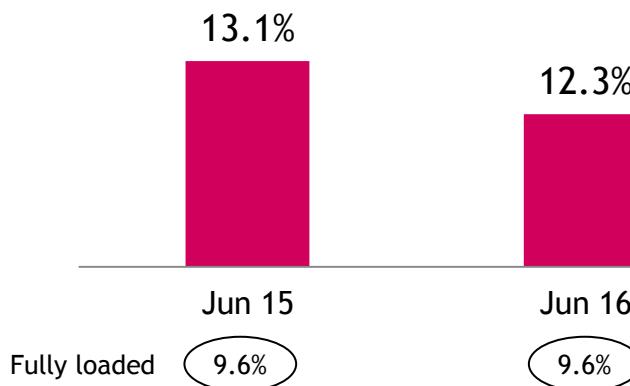
(Million euros)



Loans to deposits ratio***



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



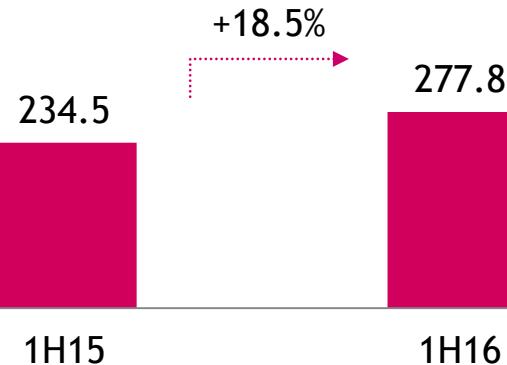
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Highlights



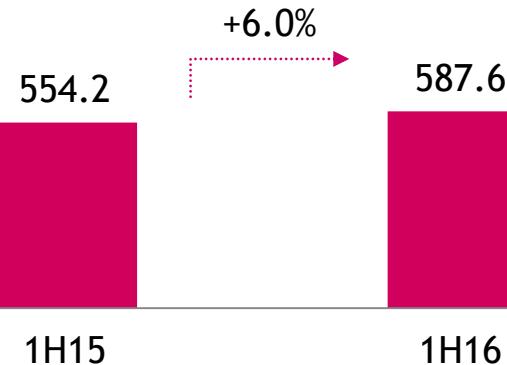
Core net income*

(Million euros)



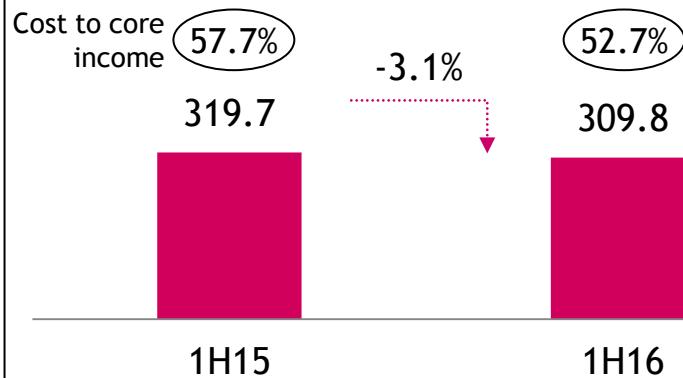
Core income (net interest income + net commissions)

(Million euros)



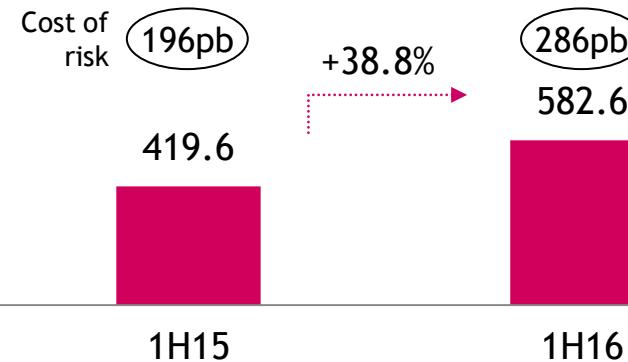
Operating costs

(Million euros)



Loans impairments in Portugal

(Million euros)

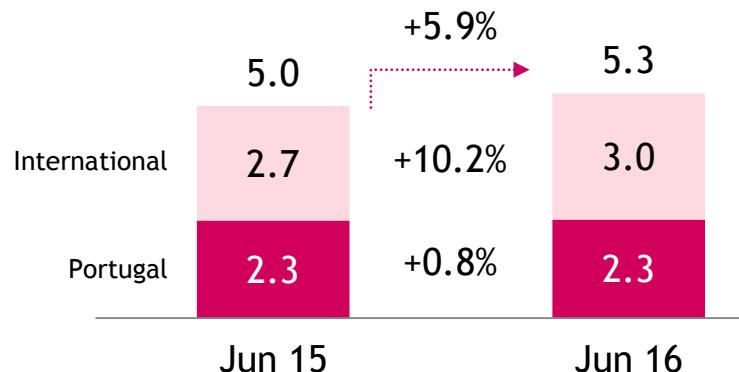


* Core net income = net interest income + net fees and commissions income - operating costs.

Highlights

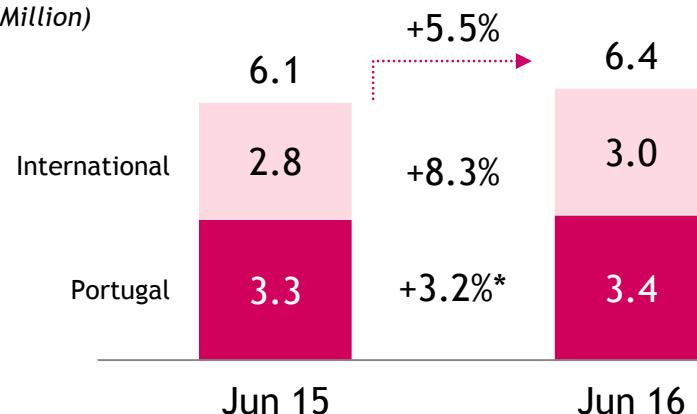
Customers

(Million)



Cards

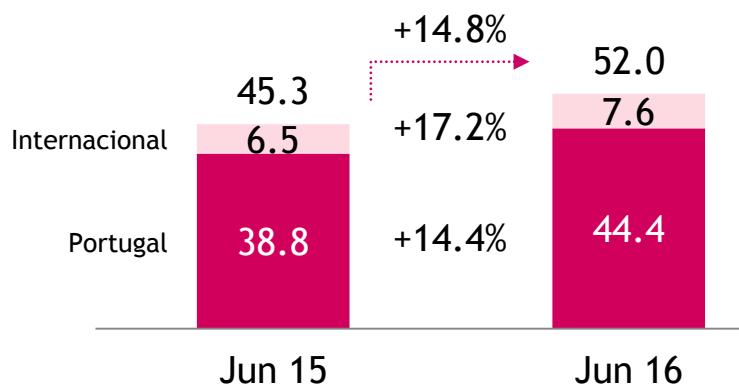
(Million)



* Total card invoicing up by 7.1%.

POS

(Thousands)



- Key indicators of business dynamics perform strongly, both in Portugal and in international operations:
 - Customers** exceed 5.3 million at June 30th 2016 (+5.9% from the end of 1H15). International operations up by 10.2%;
 - Cards** up by 5.5% from the end of 1H15, exceeding 6.4 million at June 30th 2016. International operations up by 8.3%;
 - Number of POS** up by 14.8% from the end of 1H15 to approximately 52,000 equipments at June 30th 2016.

Highlights

Retail

- Customers with bundled/pre-paid solutions **now exceed 900,000**
- **Customer acquisition increases 11%** (+25% for residents abroad)
- **Mobile banking:** number of users increases twofold from June 2015, exceeding 200,000
- Leader in online brokerage, with a **market share in excess of 24%**
- **Up by 4.3% in insurance business**, contrasting to a decrease of the insurance industry in Portugal

“Basef Banca”/ “Marktest”, June 2016 scores

- Increased penetration as **1st bank** (+1.9pp from June 2015)
- Main bank among upper and upper-middle classes: market share up by 3.5pp from June 2015
- **Best bank in proximity to Customers**
- Leader in overall Customer satisfaction in internet and mobile banking

Global Finance 2016

- “**Best Consumer Digital Bank**” in Portugal

Companies and Corporate

- Market share among exporting companies up to 16.2%
- New “**2020**” app, an innovating digital application allowing companies to monitor the execution of their projects approved under the “Portugal 2020” programme, on a daily basis
- New “**Easy Confirming**” product

“Bfin DataE” (Companies), 2016 scores

- Bank most used by companies as main bank
- Best bank in adequacy of products
- Best bank in innovation
- Best bank in efficiency
- Best bank in proximity to Customers
- Best bank (overall) for companies

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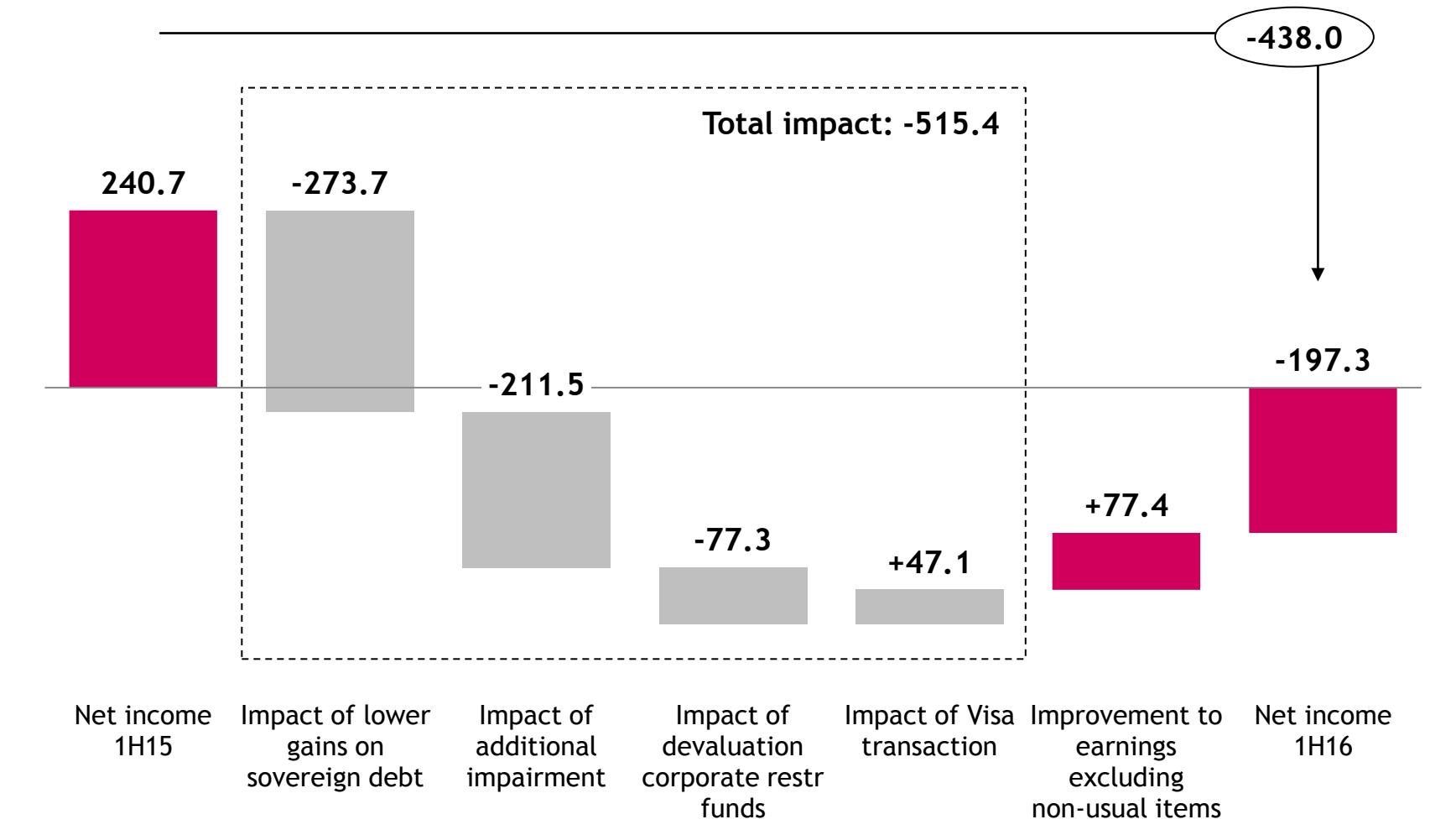
Earnings excluding non-usual items improve

(million euros)	1H15	1H16	Impact on earnings
Core net income	396.4	437.1	+40.7
Mandatory contributions (Portugal and Poland)	-42.1	-80.4	-38.3
Other operating income	115.6	127.7	+12.2
Operating net income (bef. impairment and provisions)	469.9	484.4	+14.5
Impairment and provisions	-538.6	-390.3	+148.2
Net income before income tax	-68.7	94.1	+162.8
Income taxes, non-controlling interests and disc. operations	47.6	-37.8	-85.4
Net income excluding non-usual items	-21.2	56.2	+77.4
Gains on Visa transaction	0.0	47.1	+47.1
Capital gains on Portuguese sovereign debt	273.6	0.0	-273.7
Devaluation of corporate restructuring funds	-11.7	-89.0	-77.3
Additional impairment charges (to increase coverage)*	0.0	-211.5	-211.5
Total non-usual items, net	261.9	-253.5	-515.4
Net income	240.7	-197.3	-438.0

* Credit impairment charges for 2Q16, minus those necessary to keep NPE coverage constant at 1Q16 levels.

Earnings excluding non-usual items improve

(Million euros)

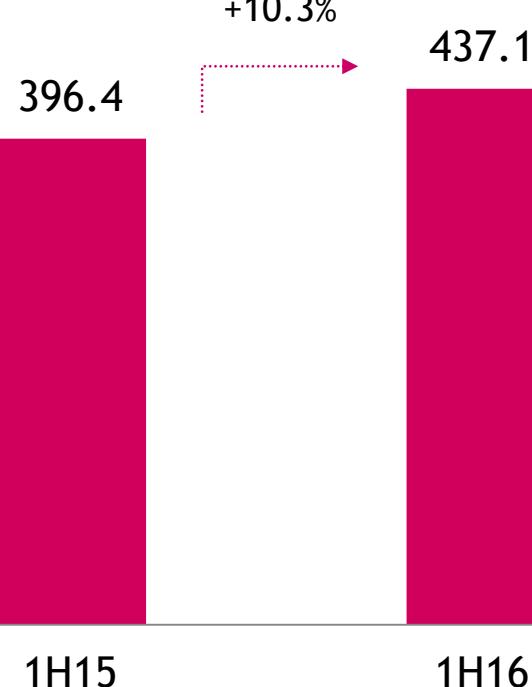


Core net income improves, reflecting strong performance in Portugal

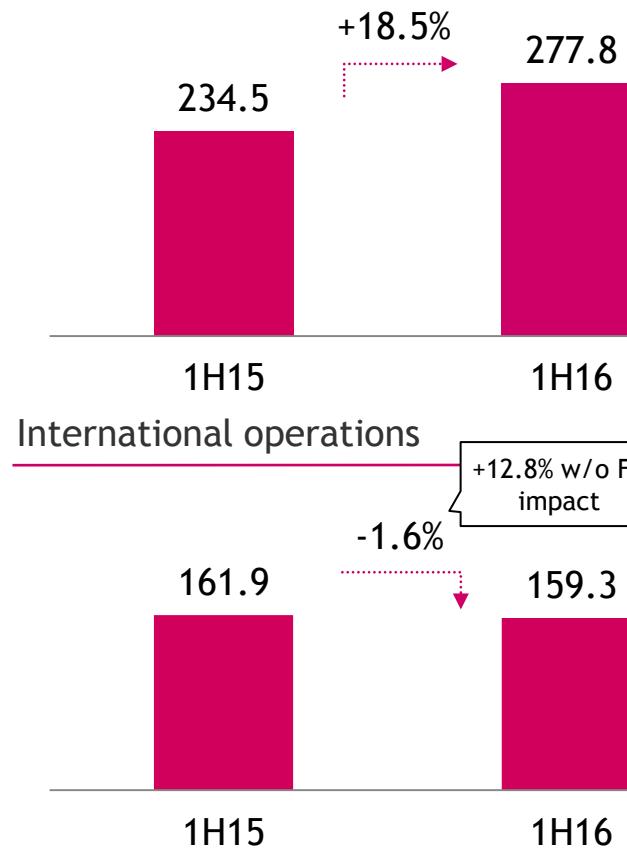
(Million euros)

Core net income*

Consolidated



Portugal



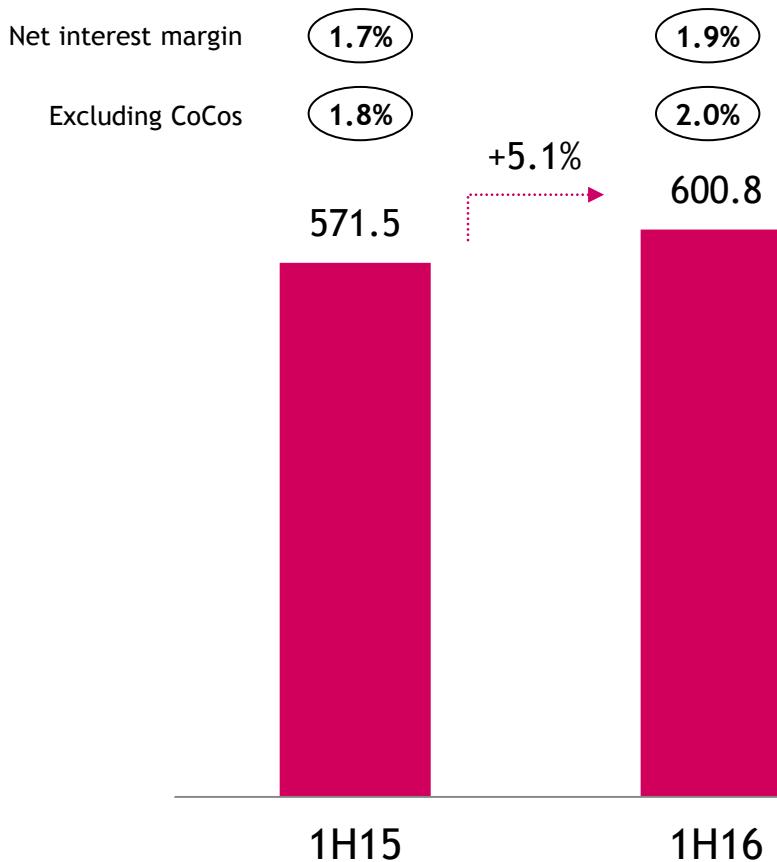
* Core net income = net interest income + net fees and commission income - operating costs.

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

(Million euros)

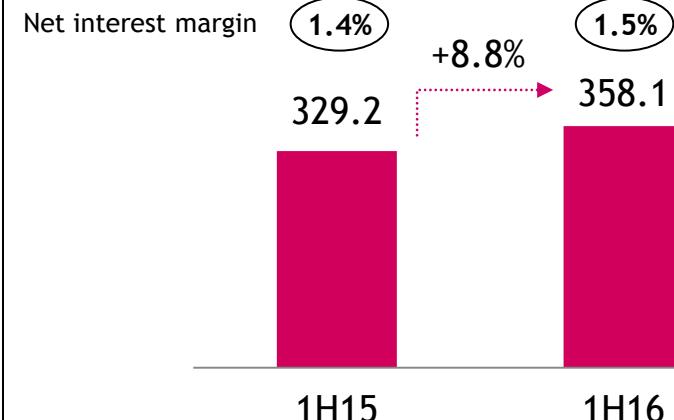
Net interest income

Consolidated



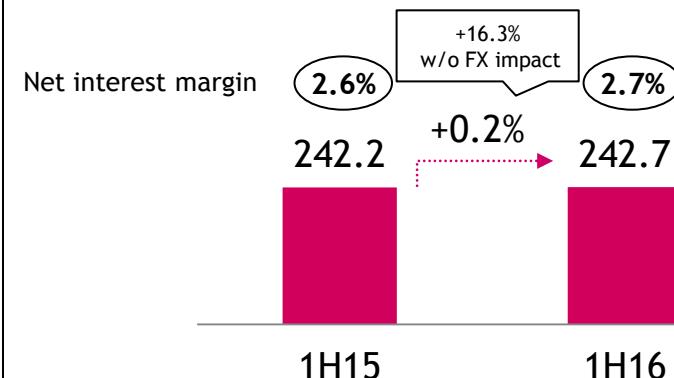
Portugal

Net interest margin



International operations

Net interest margin



Performance of commissions determined by a demanding regulatory environment and FX devaluation

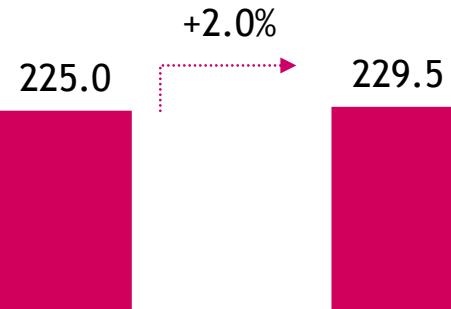
(Million euros)

Fees and commissions

Consolidated

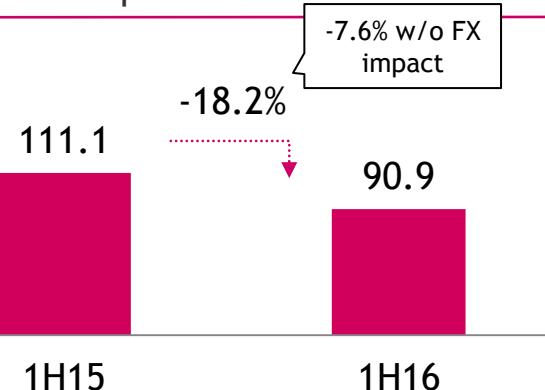
	1H15	1H16	YoY
Banking fees and commissions	271.4	263.1	-3.1%
Cards and transfers	79.8	71.1	-10.9%
Loans and guarantees	84.5	81.1	-4.0%
Bancassurance	37.7	39.1	+3.6%
Customer account related	39.8	45.4	+14.0%
Other fees and commissions	29.6	26.5	-10.7%
Market related fees and commissions	64.7	57.3	-11.5%
Securities operations	44.8	38.9	-13.1%
Asset management	19.9	18.3	-8.1%
Total fees and commissions	336.1	320.3	-4.7%

Portugal



1H15 1H16

International operations



Performance of other income influenced by gains on PT sovereign debt in 1H15 and gains on the Visa transaction in 1H16

(Million euros)

Other income

Consolidated

461.6

-70.0%

1H15

138.3

1H16

Visa transaction

0.0

Gains on PT
sovereign debt

388.1

Portugal

407.2

-84.9%

1H15

61.4

1H16

International operations

54.4

+41.2%

1H15

76.8

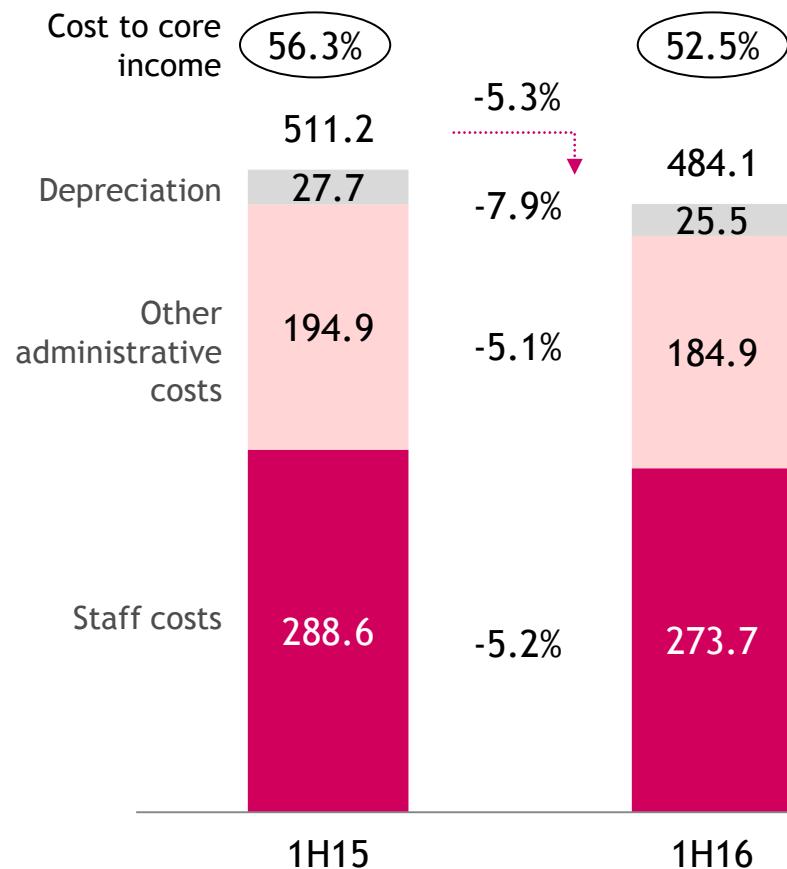
1H16

Cost reduction proceeds

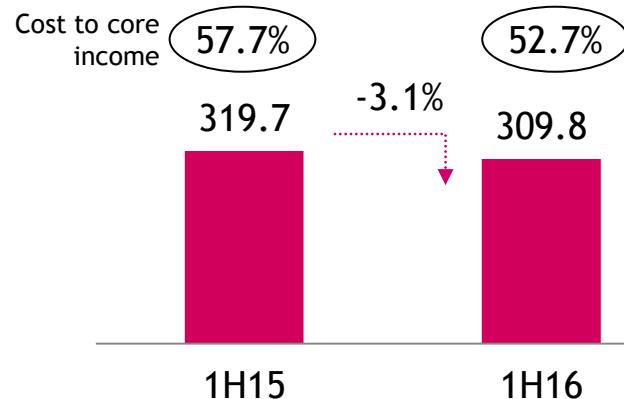
(Million euros)

Operating costs

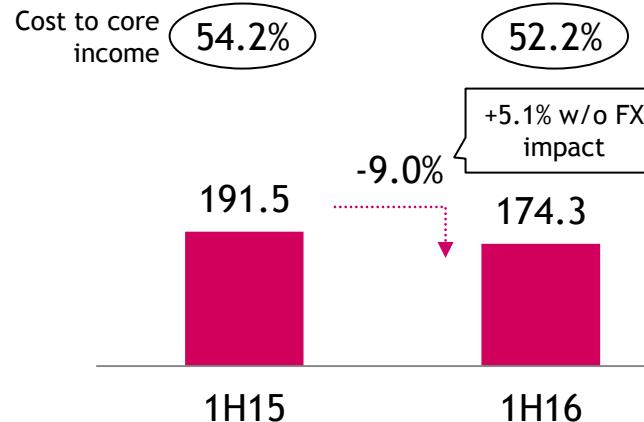
Consolidated



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%

Bank 1



76%

60%

Bank 2



74%

68%

Bank 3



69%

95%

Bank 4



57%

75%



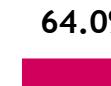
67%

Cost to core income*

85.7%



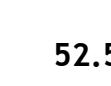
2013



2014



2015



1H16

-33pp

Cost-income:
45.7%

Cost to core income*

85.7%

78.5%

75.4%



52.5%



2013

2014

2015

1H16

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

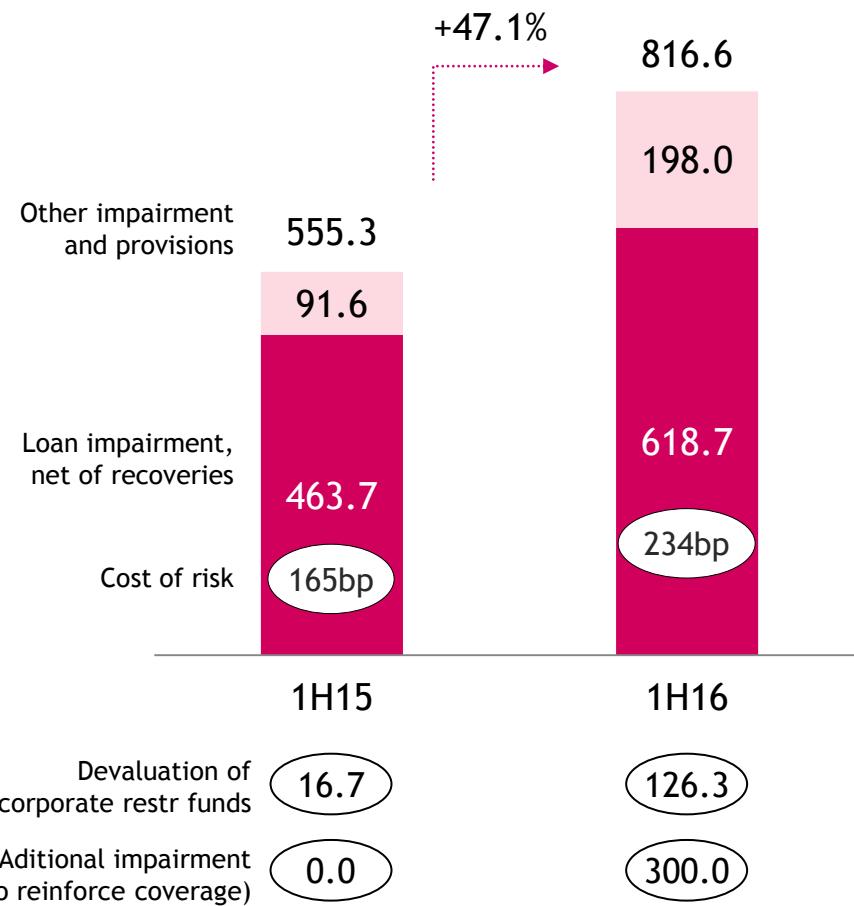


We have reinforced the balance sheet with a significant amount of additional impairment and provision charges...

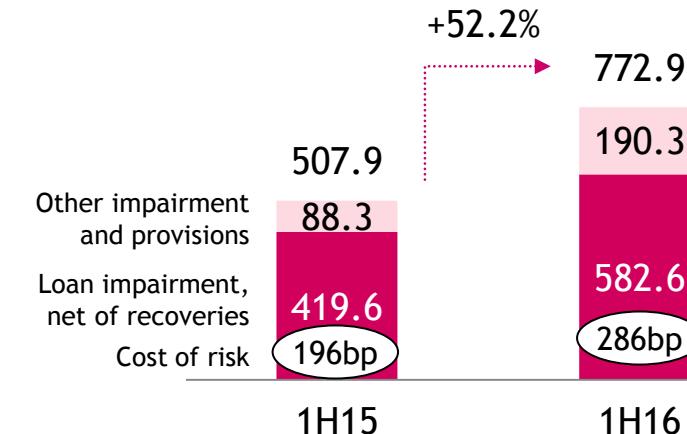
(Million euros)

Impairment and provisions

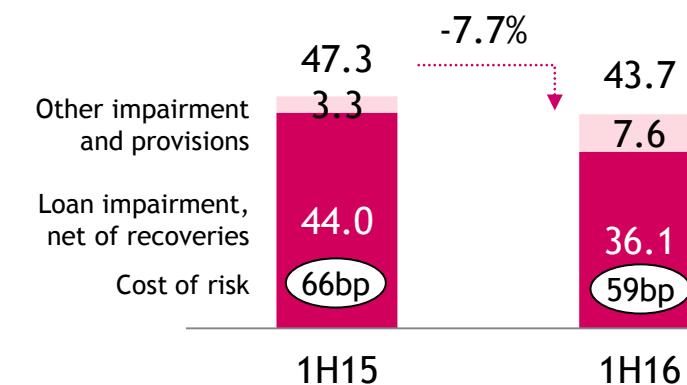
Consolidated



Portugal



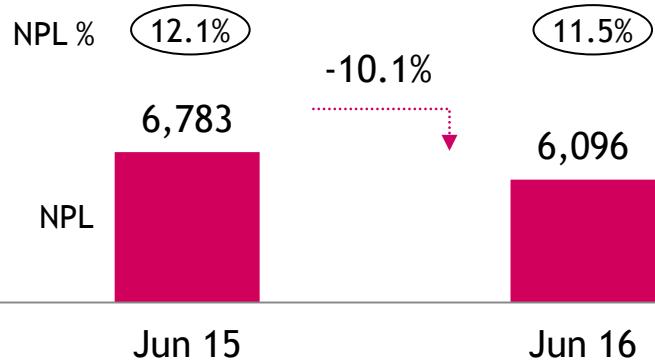
International operations



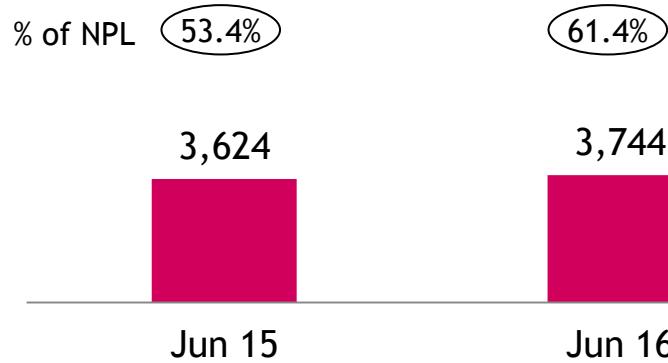
... with lower delinquency and increased coverage

(Million euros)

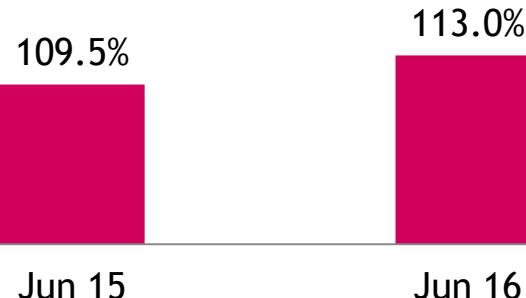
Credit quality



Loan loss reserves



Coverage by BS impairment and real/financial guarantees

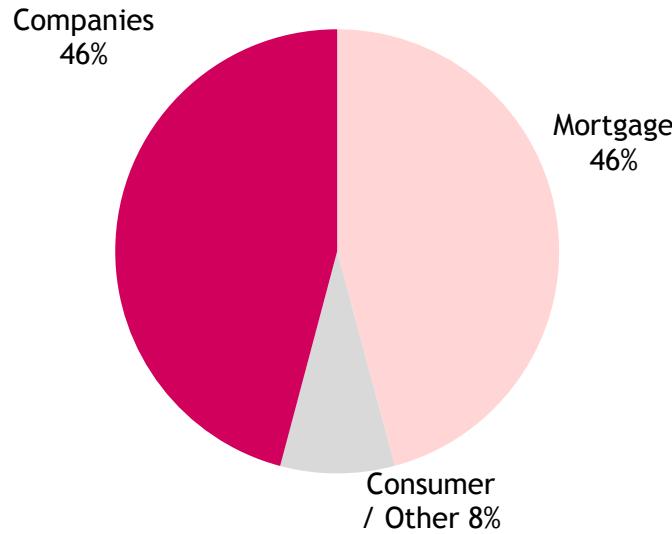


Net NPL entries in Portugal



Diversified and collaterised portfolio

Loan portfolio

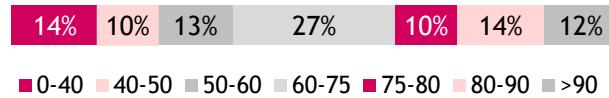


Consolidated

Loans by collateral



LTV of mortgage portfolio in Portugal



- Loans to companies accounted for 46% of the loan portfolio at June 30, 2016, including 9% to construction and real-estate sectors
- 92% 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

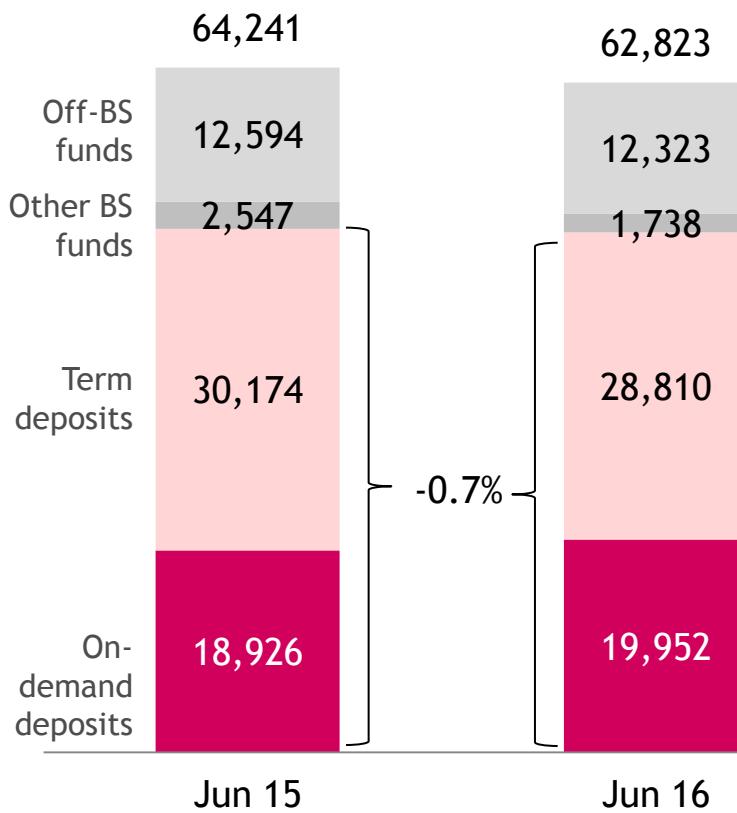
- Highlights
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Deposits influenced by FX impact in international operations; individuals in Portugal stand out

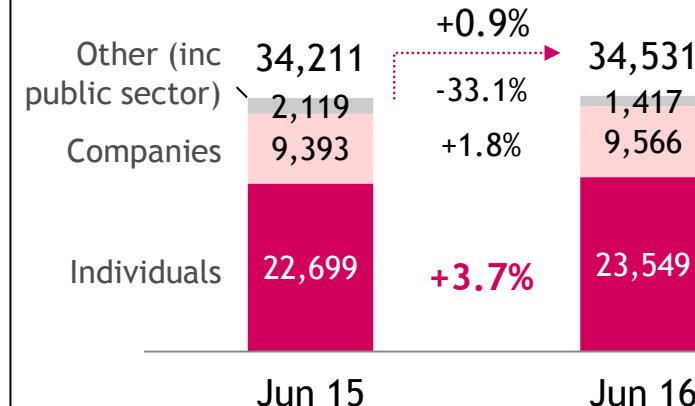
(Million euros)

Customer funds

Consolidated

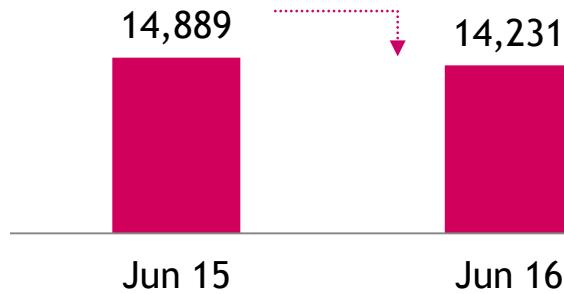


Customer deposits in Portugal



Customer deposits in international op.

+5.9% w/o FX impact



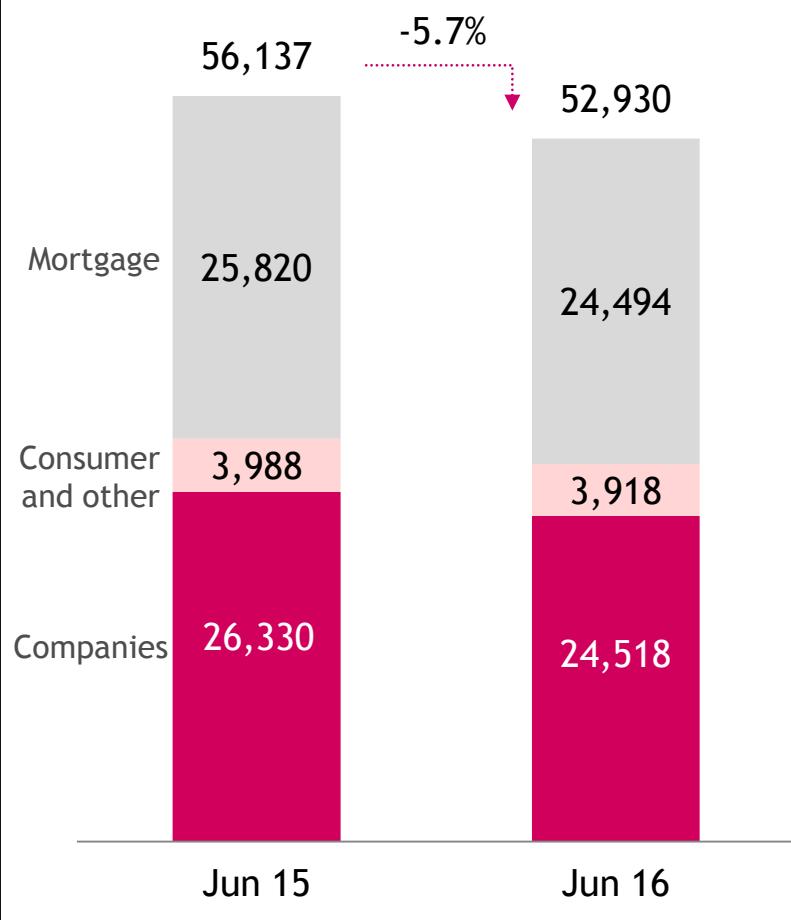
On a comparable basis: excludes Millennium bcp Gestão de Activos, following the discontinuation processes.

Credit influenced by FX impact

(Million euros)

Loans to Customers (gross)

Consolidated



Portugal



Market share among
exporting companies

Jun 15

15.5%

Jun 16

16.2%

International operations

-7.9%

+1.5% w/o FX
impact

Jun 15

13,265

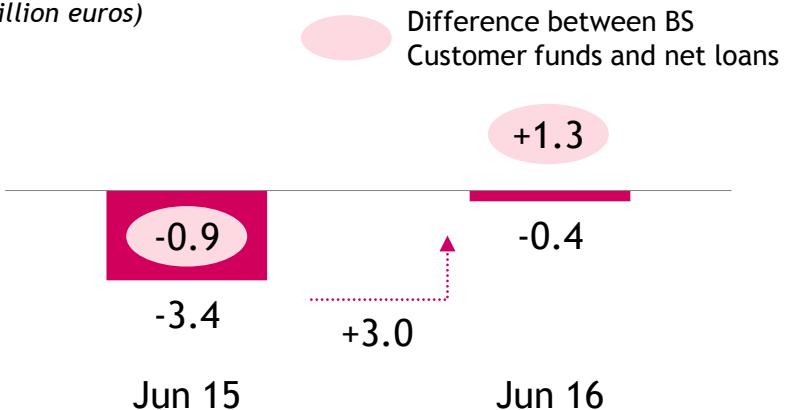
Jun 16

12,211

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

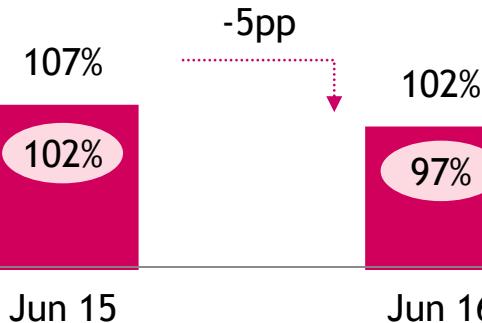
Commercial gap*

(Billion euros)

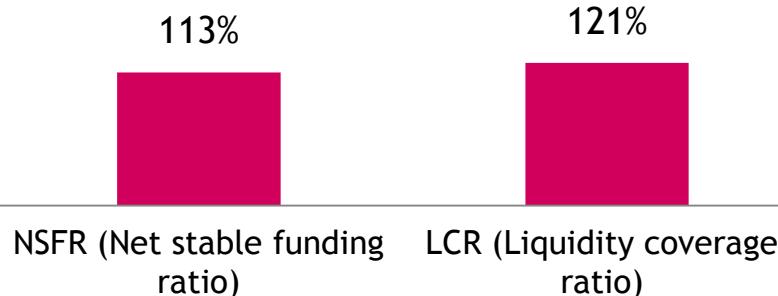


Loans to deposits ratio** (BoP)

Net loans to BS Customer funds



Liquidity ratios (CRD IV/CRR)



- Commercial gap narrows €3.0 billion from June 30, 2015
- Loans to deposit ratio (Bank of Portugal criteria) at 102%, 97% if all BS Customer funds are included
- Liquidity ratios CRD IV/CRR higher than the required 100%

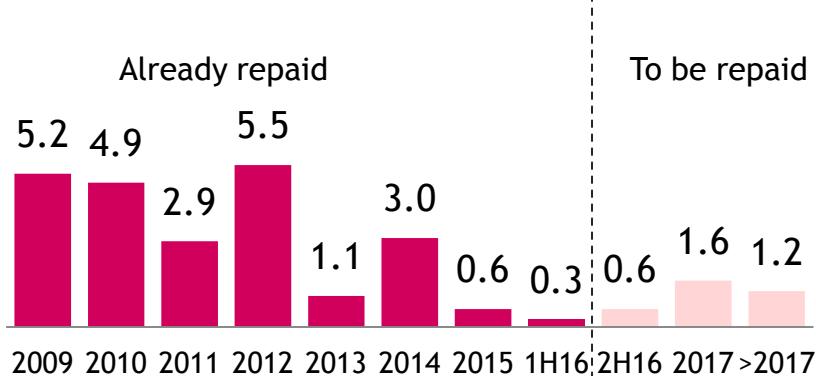
* Based on Customer deposits and net loans to Customers.

** According to the current version of Notice 16/2004 of the Bank of Portugal.

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

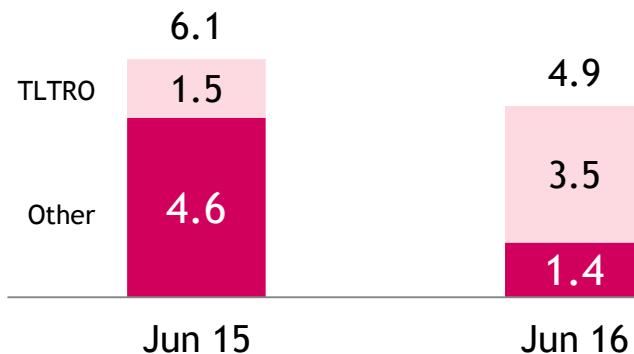
Debt repayments (medium-long term)

(Billion euros, CoCos not included)

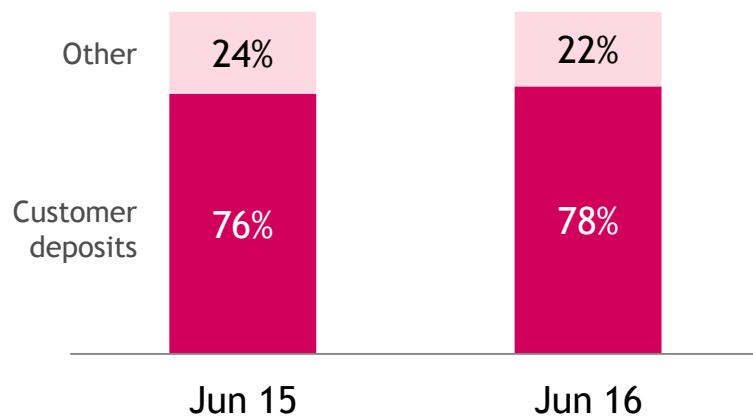


ECB funding

(Billion euros)



Improved funding structure



- Net usage of ECB funding at €4.9 billion (€3.5 billion related to TLTRO), compared to €6.1 billion at the end of the 1st half of 2015 (TLTRO: €1.5 billion)
- €12.8 billion (net of haircut) of eligible assets available for refinancing operations with ECB, with a €7.9 billion buffer
- Customer deposits account for 78% of funding
- Future debt repayments (medium-long term) significantly lower than in the past

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Outcome of the stress tests

Assumptions, adverse scenario

Adverse scenario	Euro Area			Portugal		
	2016	2017	2018	2016	2017	2018
GDP growth	-1.0%	-1.3%	0.6%	-2.1%	-2.6%	-0.6%
HIPC inflation	-0.9%	-0.1%	0.1%	-1.3%	-1.9%	-1.0%
Unemployment rates	11.0%	11.7%	12.4%	12.4%	13.3%	15.2%
Residential property prices	-7.3%	-2.3%	0.1%	-7.3%	-3.4%	-1.2%
Prime commercial property prices	-4.5%	-5.7%	-1.5%	-4.9%	-5.9%	-2.0%
Public debt long term yields	2.1%	2.4%	2.3%	3.8%	3.9%	3.8%

Outcome for Millennium bcp

CET1 ratio	Adverse scenario		
	2016	2017	2018
Phased-in	9.9%	8.6%	7.2%
Fully Loaded	6.3%	6.3%	6.1%

- As regard the Portuguese banks, the adverse scenario consisted of an economic recession, together with deflation, increase in unemployment, increase in public debt yields and a massive real estate devaluation.
- BCP's CET1 phased-in ratio stood at 7.2% under the adverse scenario (2.99% in the stress test of 2014).
- The minimum 5.5% CET1 ratio (phased-in) required in 2014 was kept as a reference in the adverse scenario.
- Test involved a significant sample of banks in the European Union; outcomes were disclosed for 51 banks, of which 37 directly supervised by the ECB, covering 70% of banking assets in the euro area.
- Led by EBA in articulation with the ECB. EBA was responsible for running the exercise for the major banks in the Euro Area. ECB has conducted a parallel stress test for the additional significant banks, including Millennium bcp.
- No minimum capital was set, but the outcome of the stress tests will be taken as an input for the 2016 Supervisory Review and Evaluation Processes (SREP).

Stable capital, supported by recurring profitability and lower RWAs

Common Equity Tier 1 ratio

Phased-in, latest available data

vs. Euro-zone listed banks



12.3%



11.8%



12.3%

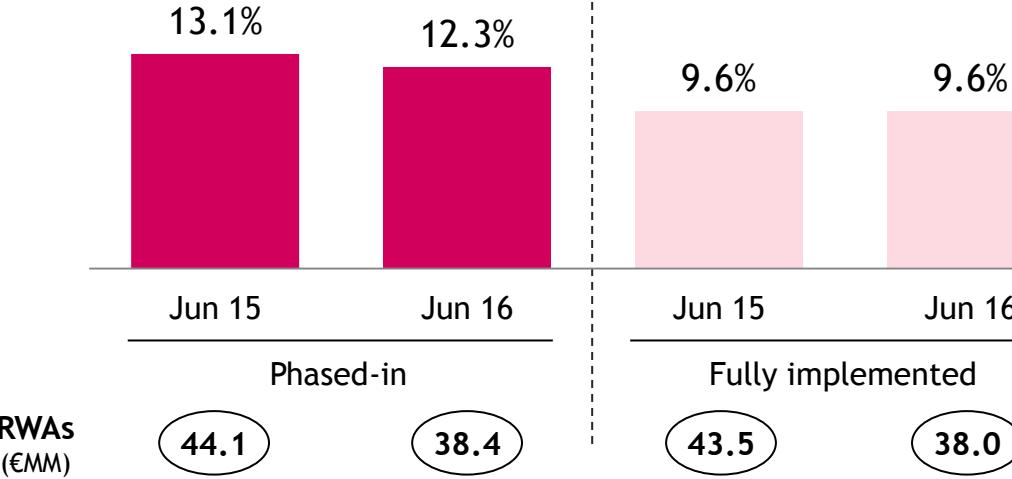


11.6%



11.1%

Common Equity Tier 1 ratio*



- Common equity tier 1 ratio of 12.3% according to phased-in criteria and of 9.6% on a fully implemented basis, supported by recurring profitability and lower RWAs
- Millennium bcp has the 2nd strongest capital in Portugal, and is in line with European benchmarks on a phased-in basis

* Estimates.

High leverage ratios and RWA density

Leverage ratio

Fully implemented

vs. Euro-zone listed banks



5.2%



5.3%



5.6%



4.1%

Leverage ratio

6.7%

6.6%

Jun 15

Jun 16

Phased-in

4.9%

5.2%

Jun 15

Jun 16

Fully implemented

RWAs density in selected European countries

27%

46%

46%

57%



Pension fund

Key figures

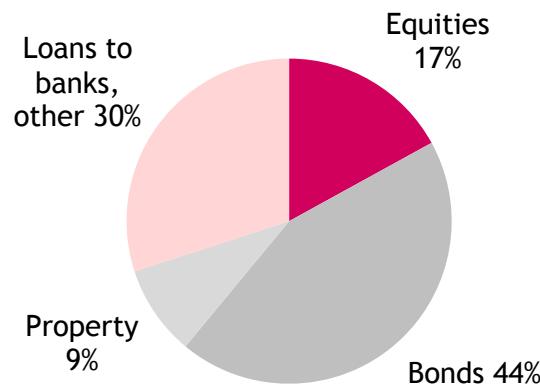
(Million euros)

	Jun 15	Dec 15	Jun 16
Pension liabilities	3,136	3,136	3,170
Pension fund	3,070	3,158	3,138
Liabilities' coverage	109%	111%	109%
Fund's profitability	0.5%	-0.8%	-2.8%
Actuarial differences	(38)	(111)	(189)

Assumptions

	Dec 14	Dec 15	Jun 15
Discount rate	2.5%		
Salary growth rate	0.75% until 2017 1.00% after 2017		
Pensions growth rate	0.00% until 2017 0.50% after 2017		
Projected rate of return of fund assets	2.5%		
Mortality Tables			
Men	Tv 73/77-2 years		Tv 88/90
Women	Tv 88/90-3 years		

Pension fund



- Pension liabilities coverage at 109%
- Negative actuarial differences in 2016 resulting from the fund's profitability being below assumptions
- Change to men's mortality tables has a negative impact on actuarial differences

Agenda

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

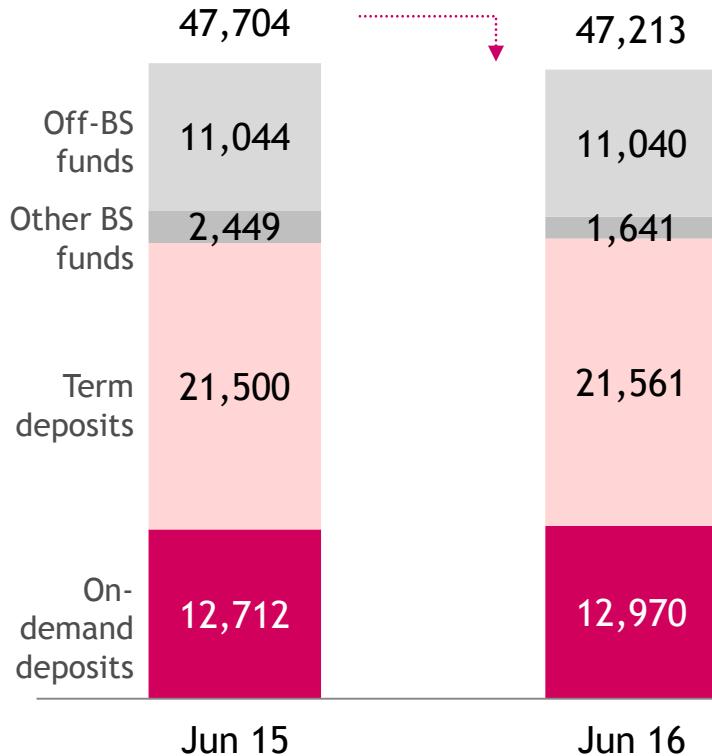
Portugal: deleveraging improves liquidity position



(Million euros)

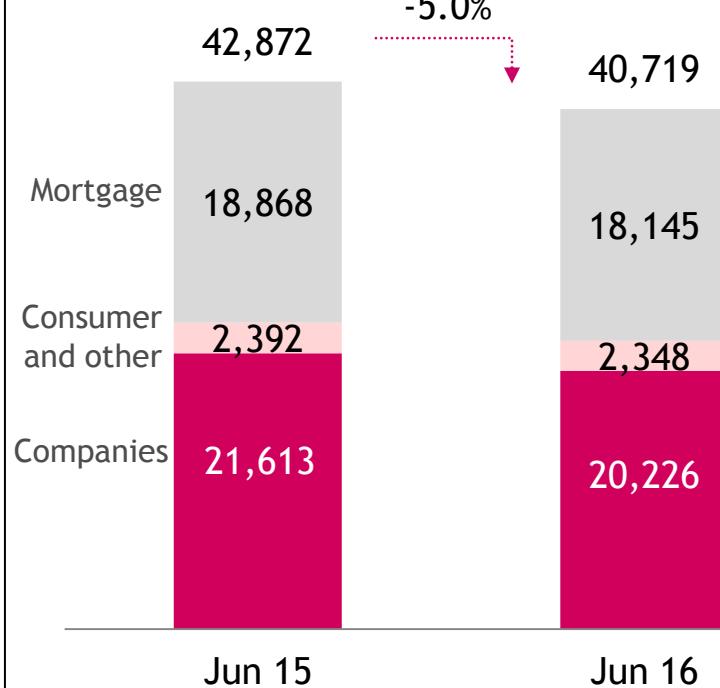
Customer funds

Deposits from individuals advance **3.7%** from June 30, 2015
-1.0%



Loans to Customers (gross)

-5.0%



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



Earnings excluding non-usual items improve



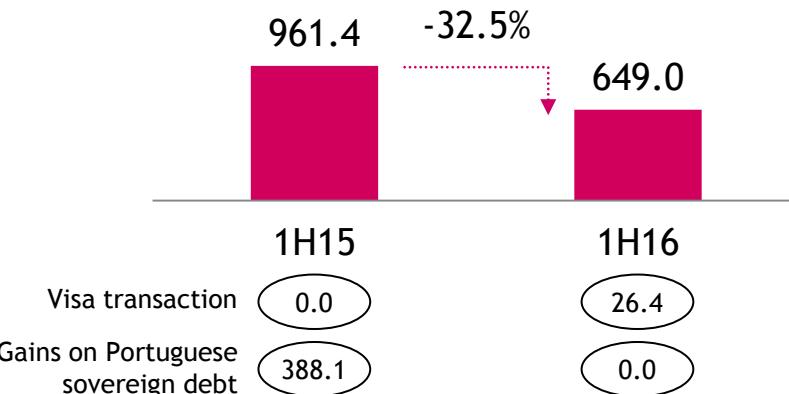
(Million euros)

Net income excluding non-usual items*

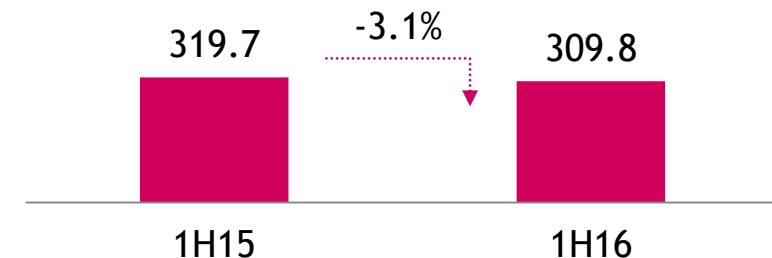


- Net income of -€305.1 million in the 1st half of 2016. Net income excluding non-usual items* of -€25.4 million, compared to -€140.5 million in the 1st half of 2015.
- Positive impact on lower operating costs

Banking income



Operating costs



* Non-usual items in 1H16: gains on Visa transaction, devaluation of corporate restructuring funds, additional impairment charges to increase coverage; non-usual items in 1H15: capital gains on Portuguese sovereign debt and devaluation of corporate restructuring funds.

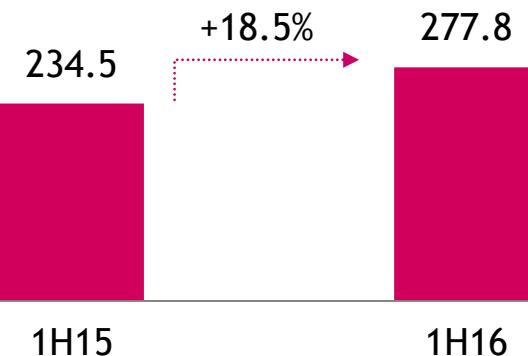


Improvement trend on core income and operating costs in Portugal proceeds



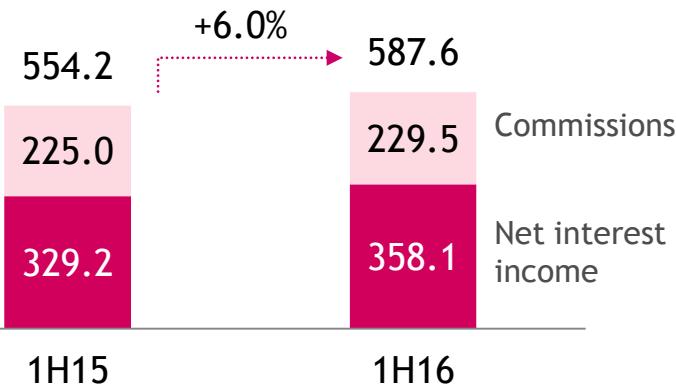
Core net income*

(Million euros)



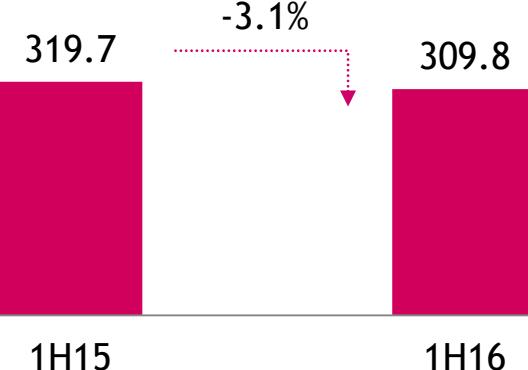
Core Income

(Million euros)



Operating costs

(Million euros)



- Core income increases to €588 million in the 1st half of 2016
- Operating costs down to €310 million in the same period
- Continuation of the core net income* expansion trend to €278 million in the 1st half of 2016

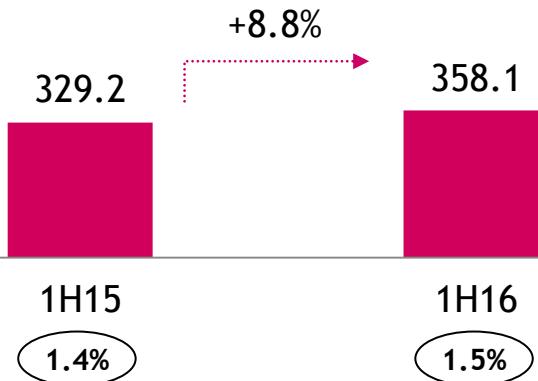
* Core net income = net interest income + net fees and commission income - operating costs.

Lower cost of deposits partially offset by the decrease of Euribor



Net interest income

(Million euros)



Breakdown of net interest income decrease

(Million euros)

	2Q16 vs. 1Q16	1H16 vs. 1H15
Commercial margin		
Performing loans volume effect	-3.7	-31.4
Effect of lower Euribor on credit	-6.8	-47.8
Effect of cost of time deposits	+8.1	+92.2
Funding and other	+11.8	+10.4
Total commercial margin	+9.5	+23.5
Securities	+4.5	-27.1
NPL effect	+1.5	+31.0
Other	-0.4	+1.6
Total	+15.1	+28.9

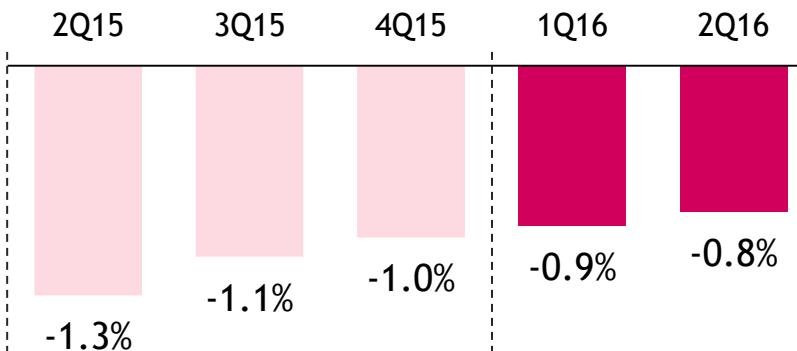
- Net interest income increased from 1st quarter 2016, mainly driven by:
 - Consistent reduction of the cost of term deposits
 - Decreasing cost of funding, partially offset by the reduction of Euribor rates on the credit portfolio
 - Growing contribution from the securities portfolio
 - These impacts were partially offset by lower credit volumes
- Increase in net interest income from 1H2015 reflects the impact of the continuous decrease of time deposits pricing and from lower NPLs, that more than offset the unfavourable impacts stemming from lower Euribor rates, lower credit volumes and a lower contribution of the securities portfolio

Continued effort to reduce the cost of deposits



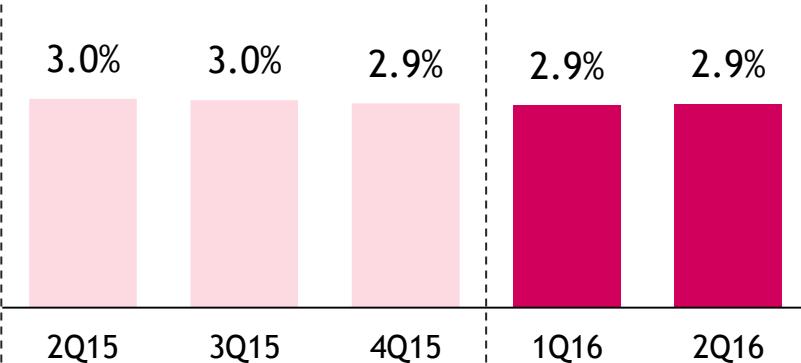
Spread on the book of term deposits

(vs 3m Euribor)

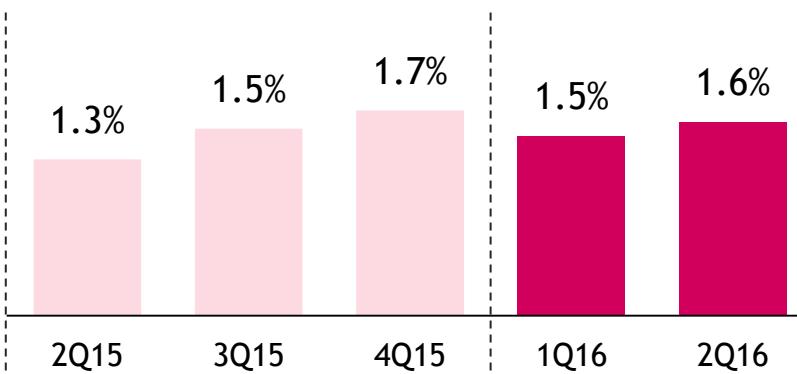


Spread on the performing loan book

(vs 3m Euribor)



NIM



- Continued improvement of the spread of the portfolio of term deposits, up to -84bp in 2Q16; June's front book priced at an average yield of 32bp, substantially below current back book's
- Stable spread on the total loan book, at 2.9% again in the 2nd quarter of 2016
- NIM stood at 1.6% in the 2nd quarter of 2016, an improvement both from the previous quarter and from the same period of 2015

Increased commissions



(Million euros)

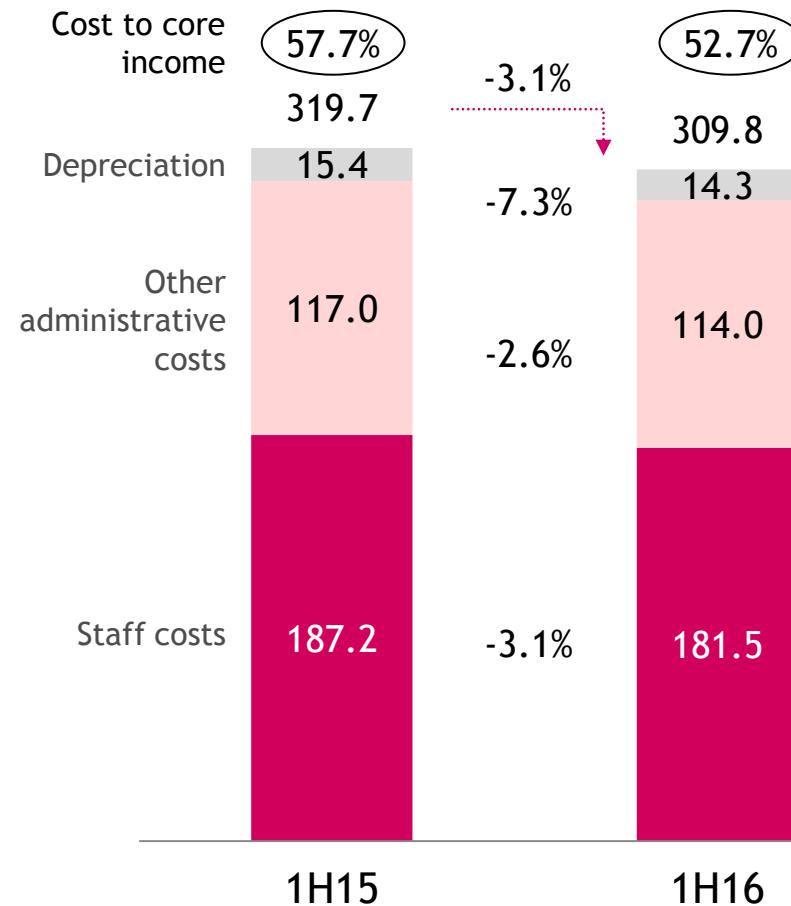
	1H15	1H16	YoY
Banking fees and commissions	197.7	203.3	+2.8%
Cards and transfers	48.8	47.7	-2.2%
Loans and guarantees	64.0	54.5	-14.8%
Bancassurance	37.7	39.1	+3.6%
Customer account related	39.8	45.4	+14.1%
Other fees and commissions	7.5	16.6	+121.9%
Market related fees and commissions	27.2	26.2	-3.9%
Securities operations	23.8	23.6	-1.0%
Asset management	3.4	2.6	-23.9%
Total fees and commissions	225.0	229.5	+2.0%

Continuous reduction of costs, in line with the new commercial approach

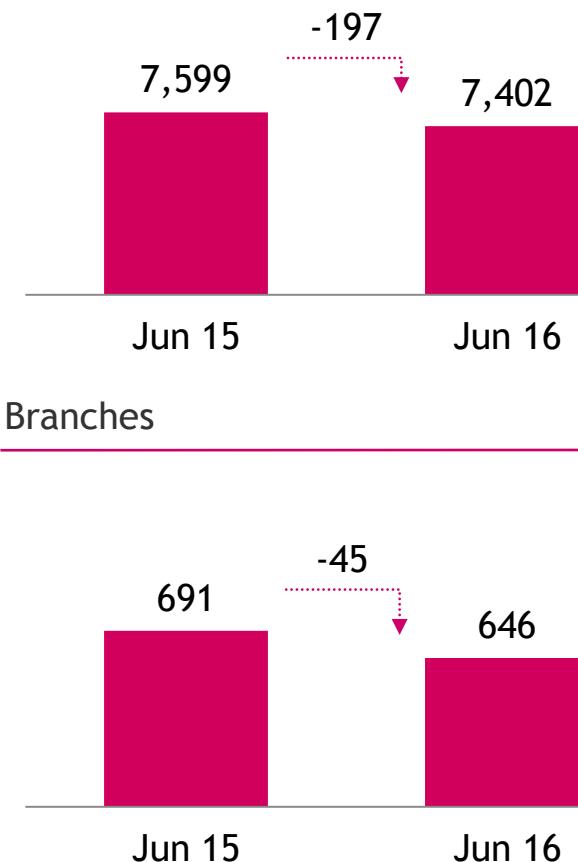


(Million euros)

Operating costs



Employees



Reinforced coverage of NPLs



(Million euros)

Credit quality

Credit ratio	Jun 15	Jun 16
Non-performing loans	14.8%	14.1%

6,361

NPL

Jun 15

5,755

Jun 16

Loan loss reserves

Coverage ratio	Jun 15	Jun 16
Non-performing loans	50.1%	58.2%

3,188

Jun 15

3,348

Jun 16

NPL buildup

	Jun 16 vs. Jun 15	Jun 16 vs. Mar 16
Opening balance	6,361	5,583
+/- Net entries	+179.4	+264.8
- Write-offs	-649.6	-89.5
- Sales	-135.6	-3.5
Ending balance	5,755	5,755

Loan impairment (net of recoveries)

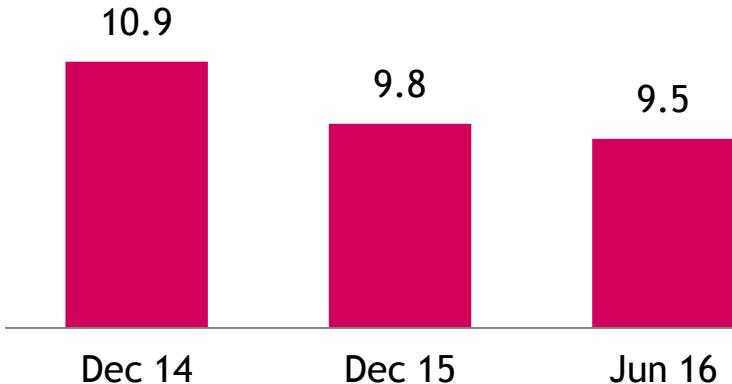


NPEs are decreasing, coverage is increasing and prospects are favourable

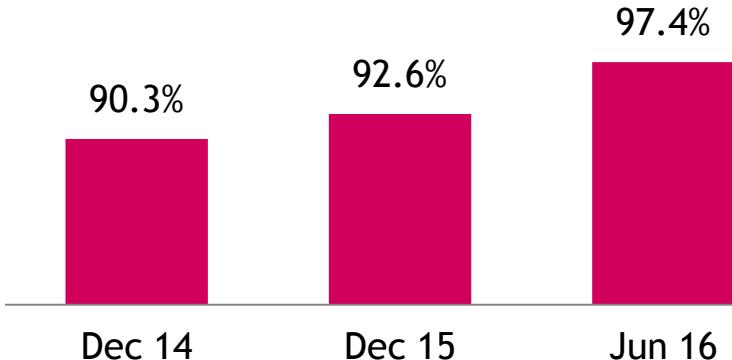


NPEs

(Billion euros)



NPE coverage*

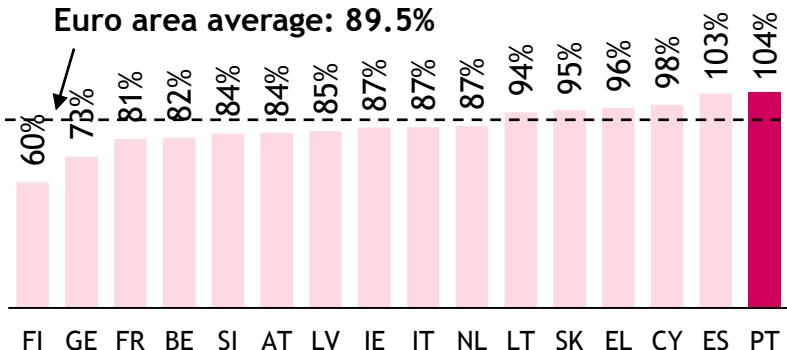


- Measures implemented in the last years with positive impact on NPEs: strengthening of the monitoring of credit quality, implementation and development of new assessment models, new internal regulations and recovery model, improvement to the risk management governance model
- Coverage of NPEs by provisions, expected loss gap and collaterals strengthened to 97%, supporting the goal to bring down NPEs by more than €2 billion at December 2017.
- We have a plan to bring down the level of NPEs significantly (>€2.0 billion) by December 2017. Key measures under this plan include:
 - Stepping up write-offs;
 - Loan sales, especially strongly-collateralised corporates and, for individuals, loans with low likelihood of recovery;
 - Preventing mortgage cases from reaching courts and reducing the recovery period for cases handled by external law offices.

* By loan-loss reserves, expected loss gap and collaterals.

Specific issues affect NPLs in Portugal

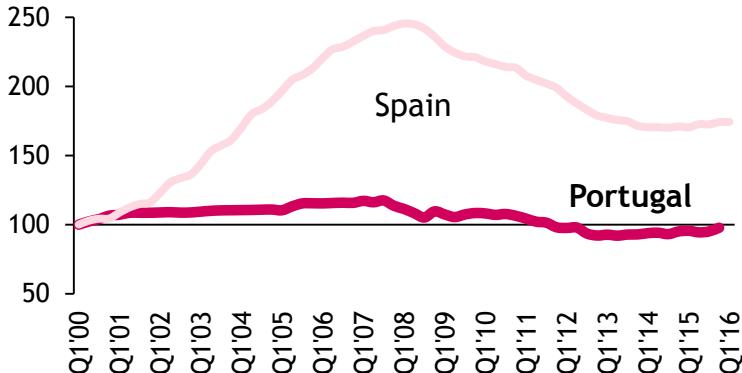
NPL coverage by LLRs and collaterals



Source: ECB, Risks and vulnerabilities for euro area financial stability, 6 April 2016.

Property prices

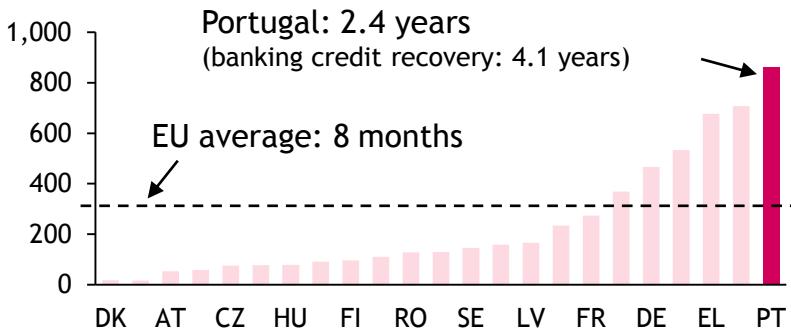
(Q1'2000=100)



Source: BIS.

Time to resolve civil, commercial, administrative and other cases

(First instance, in days)



Source: CEPEJ (EC), 2015 Study on the functioning of judicial systems in the EU Member States.

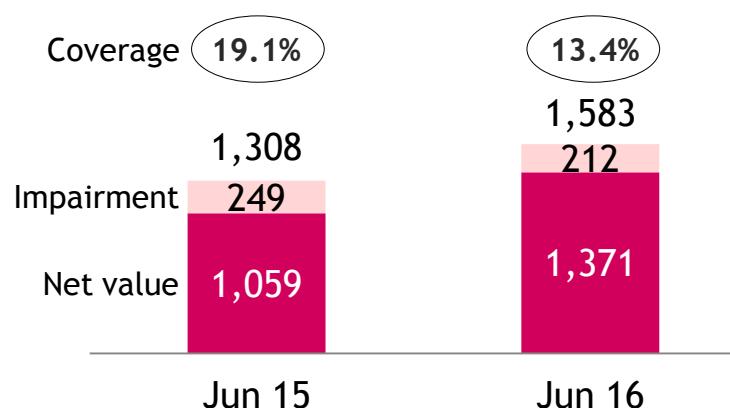
- Including loan-loss reserves and collaterals, NPL coverage in Portugal stands at 104% and is the highest in the euro-zone (whose average is just below 90%)
- Unlike Spain, real-estate prices in Portugal have been roughly stable (there was no RE “bubble” in Portugal). Real-estate collaterals are not overvalued and their market values are predictable to a large extent
- The time to resolve banking credit cases in Portugal is clearly excessive: a large part of NPLs booked in Portugal’s banks balance sheets would be already written-off in most other European countries

Foreclosed assets sold above book value; construction restructuring funds affected by international environment



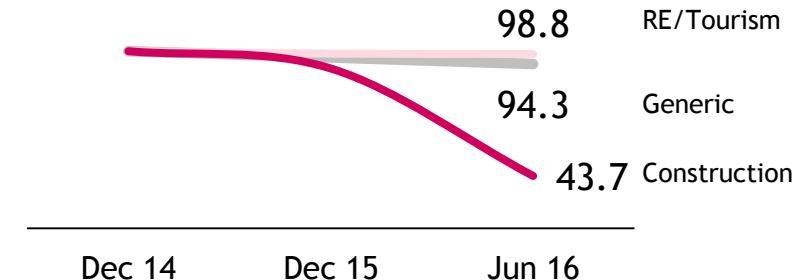
Foreclosed assets

(Million euros)



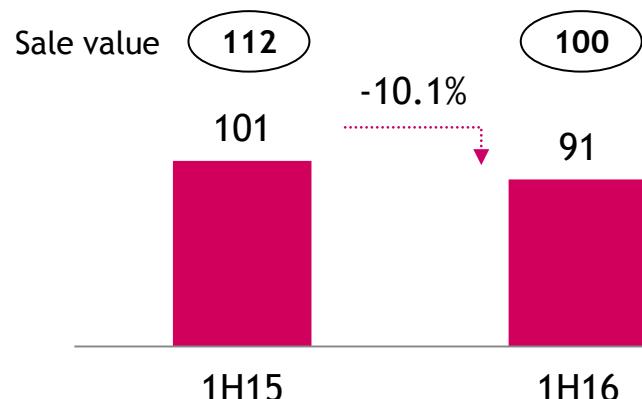
Corporate restructuring funds

(Net asset value, Dec 2014 = 100)



Book value of sold properties

(Million euros)



- **Generic funds:** stakes in companies from several industries (textiles, food, automobile, fuel, chemicals, building materials). EBITDA growth rate: 18.2%.
- **RE/tourism:** real estate and tourist assets in Portugal (projects to be developed; projects under development; hotels under operation; housing, commercial and industrial buildings for sale). EBITDA growth rate: 65.5%.
- **Construction:** includes stakes in construction companies operating in Portugal and abroad. Negative performance in 1H16 resulting from distress in countries to which these companies are exposed, notably Angola, Mozambique, Venezuela and other African and Latin-American countries.

Agenda

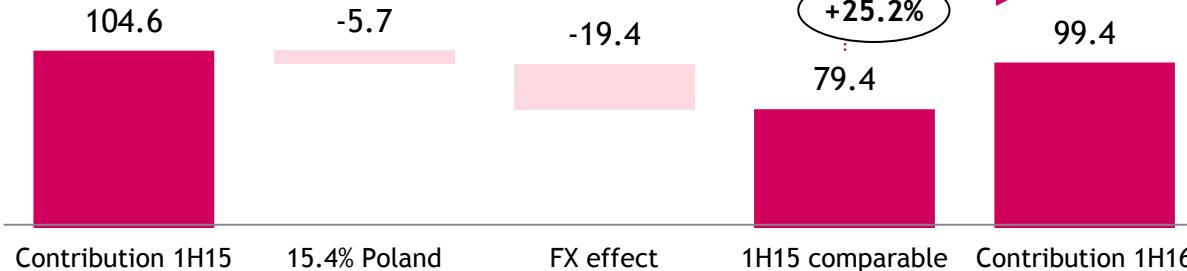
- Highlights
- Group
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 - Liquidity
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- Portugal
- International operations
- Conclusions

Contribution from international operations

Contribution from international operations increases on a comparable basis

	1H15	1H16	Δ % local currency	Δ % euros	ROE
International operations					
Poland	74.9	98.4	+31.5%	+24.1%	13.1%
Mozambique	32.2	36.8	+14.1%	-23.3%	21.1%
Angola*	12.8	21.4	+66.5%	+11.8%	
Other	7.6	4.2	-44.5%	-45.7%	
Net income	127.5	160.8	+26.1%	+4.3%	
Non-controlling interests Poland and Mozambique	-42.4	-61.4			
Exchange rate effect	19.4	--			
Total contribution international operations	104.6	99.4		-4.9%	
On a comparable basis:					
Millennium Poland shareholding at 50.1% in 1Q15	98.6	99.4		+0.9%	
Same as above without FX effect	79.4	99.4		+25.2%	

* Contribution of the Angolan operation.



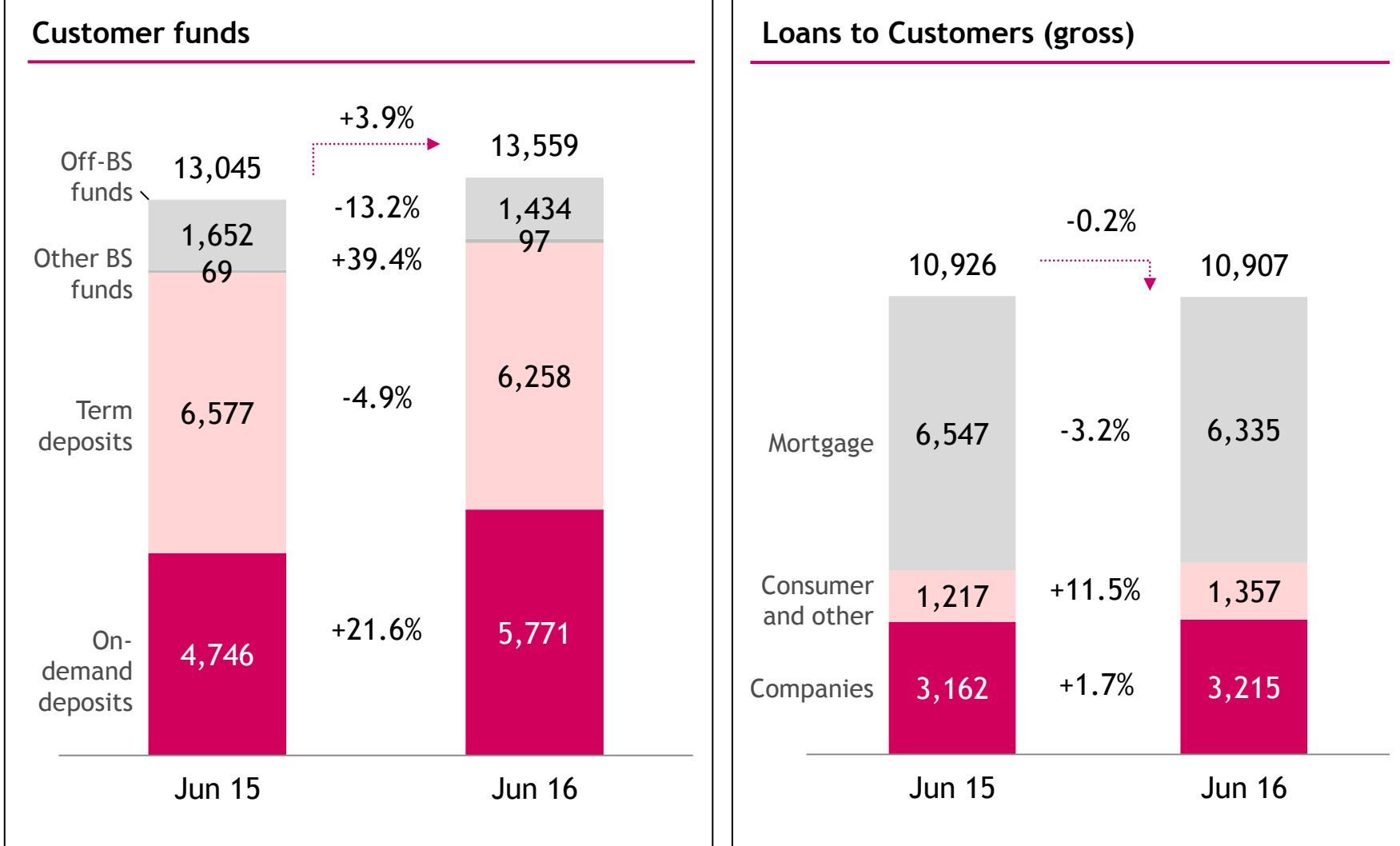
Significant FX impact

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 June 2016 levels: Income Statement 4.37878333; Balance Sheet 4.4362.

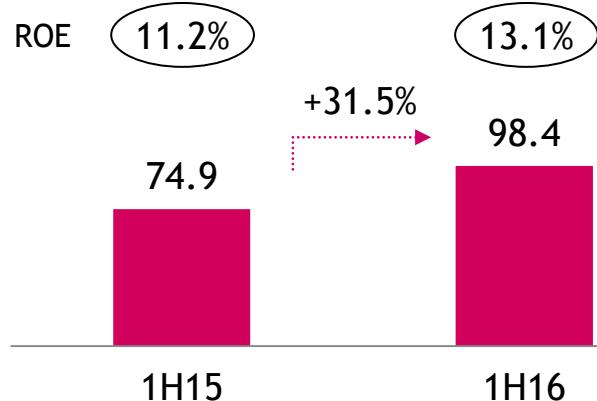


New banking tax and Visa Europe transaction strongly impact net earnings



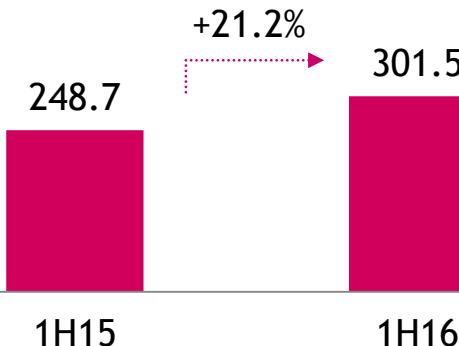
(Million euros)

Net income

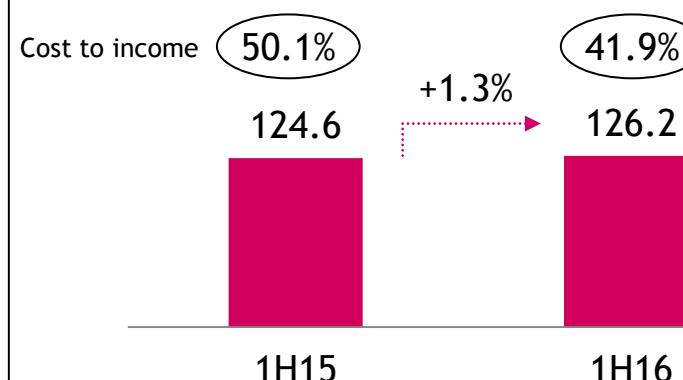


- Net earnings increased by 31.5%, as the new banking tax (€18.4 million) was more than compensated by the aggregate impact (€42.3 million, net of taxes) of the gains on the Visa transaction with booking additional provisions for tax litigation, FX options and fraud
- Increased core net income, driven by the 8.1% expansion of net interest income
- Common equity tier 1 ratio of 16.9% at the end of the 1st half of 2016

Banking income



Operating costs

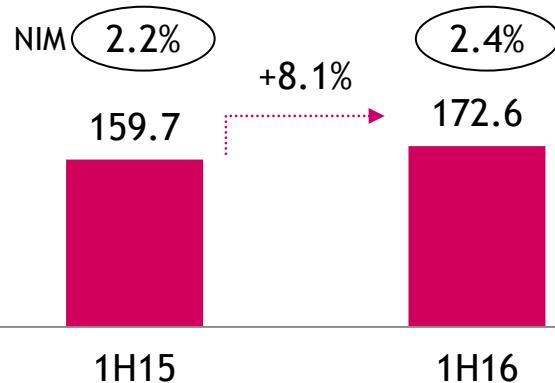


Stronger net interest income, other income impacted by Visa Europe transaction

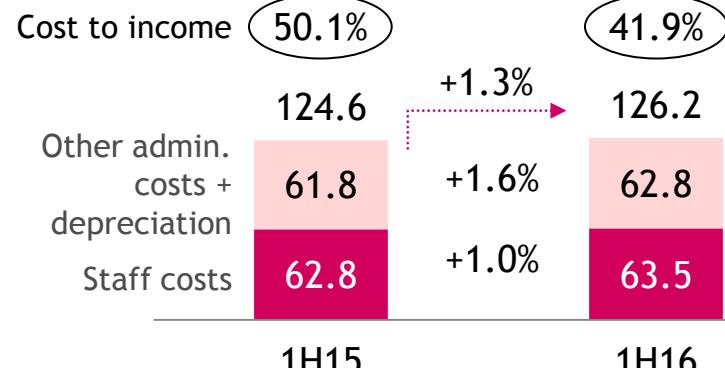


(Million euros)

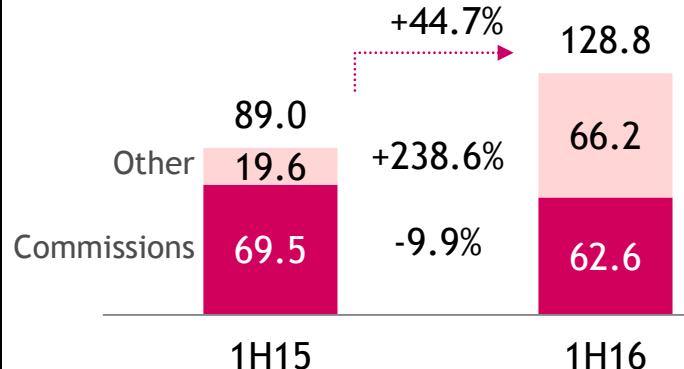
Net interest income*



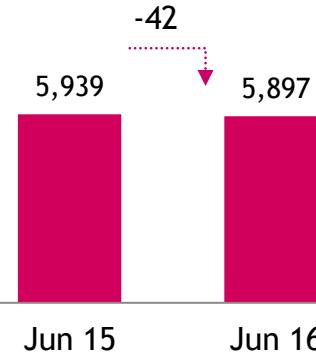
Operating costs



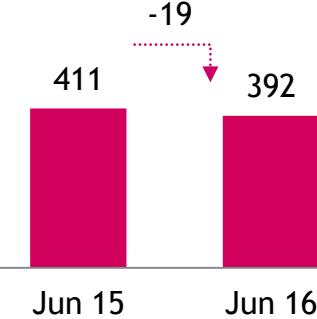
Commissions and other income



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 (€7.5 million in 1H15 and €5.1 million in 1H16) is presented in net trading income.

FX effect excluded. €/Zloty constant at June 2016 levels: Income Statement 4.37878333; Balance Sheet 4.4362.



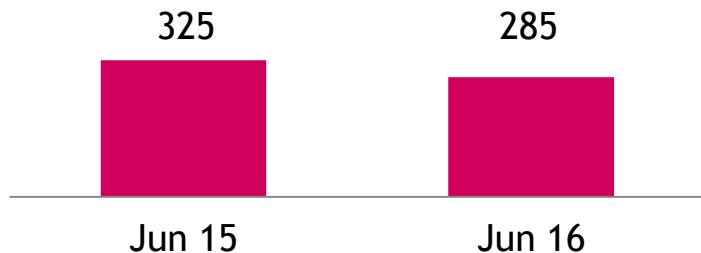
Improved credit quality and coverage



(*Million euros*)

Credit quality

Credit ratio	Jun 15	Jun 16
Non-performing loans	3.0%	2.6%

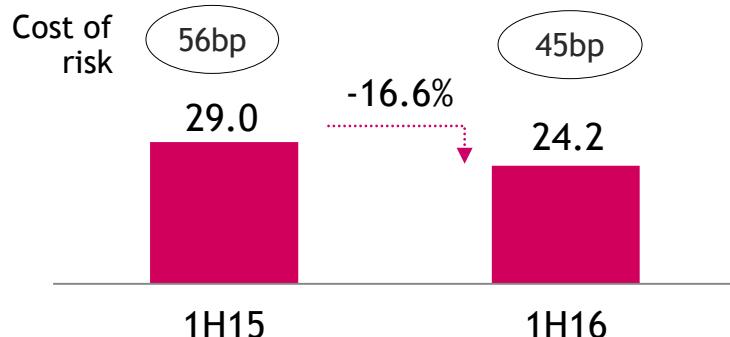


Loan loss reserves

Coverage ratio	Jun 15	Jun 16
Non-performing loans	102%	112%



Loan impairment (net of recoveries)



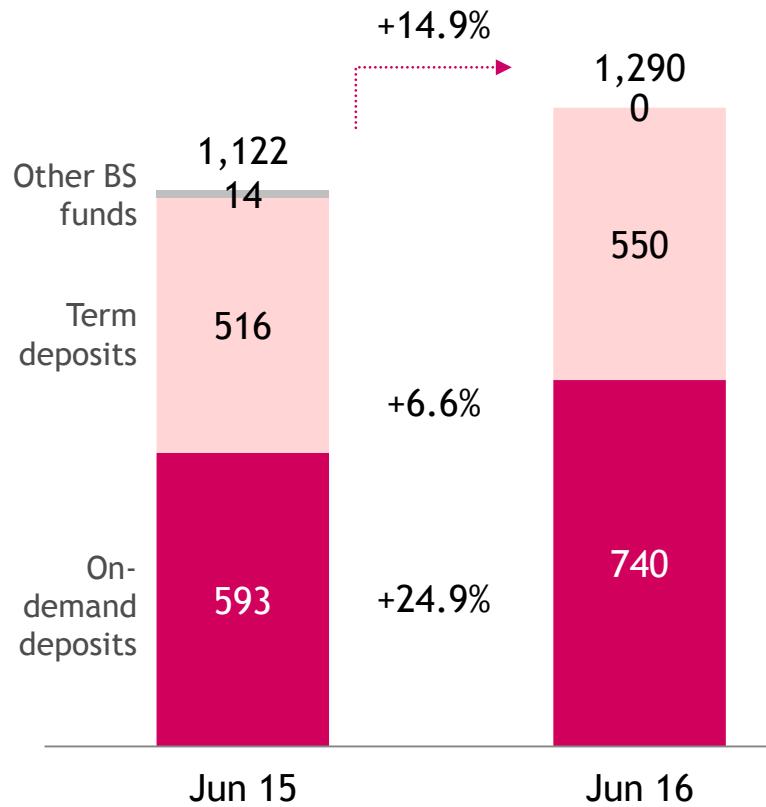
- NPL ratio improved to 2.6% of total credit as at June 30, 2016 from 3.0% on the same date of the previous year
- Provision coverage of NPLs increased to 112% from 102% at the end of the 1st half of 2015
- Lower provisioning effort, as reflected by cost of risk decreasing to 45bp in 1H16 from 56bp in 1H15

Mozambique: strong volume growth

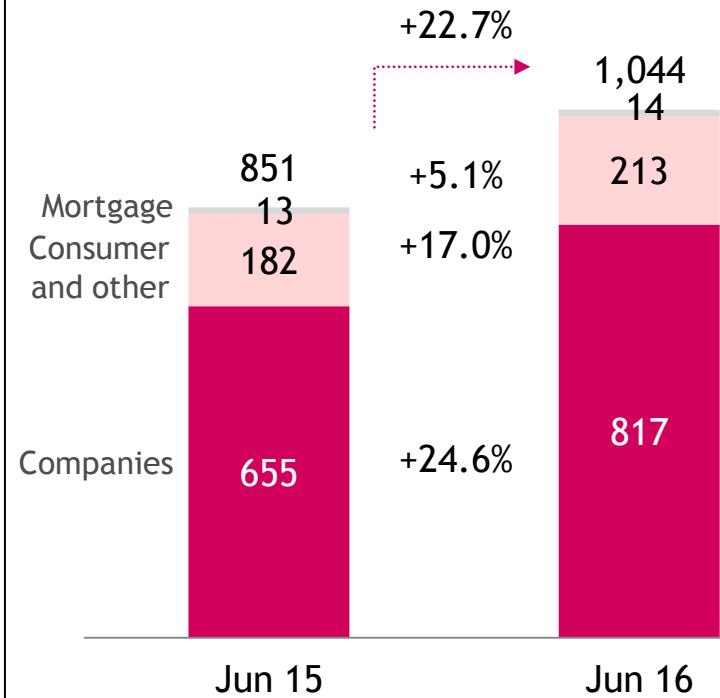


(Million euros)

Customer funds



Loans to Customers (gross)

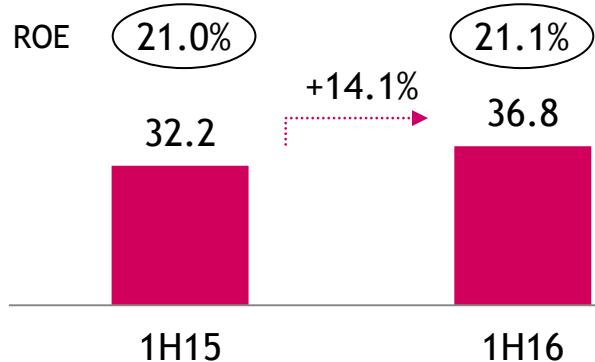


Increasing net income in a complex environment



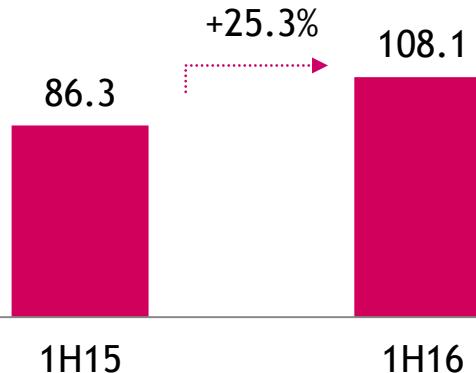
(Million euros)

Net income

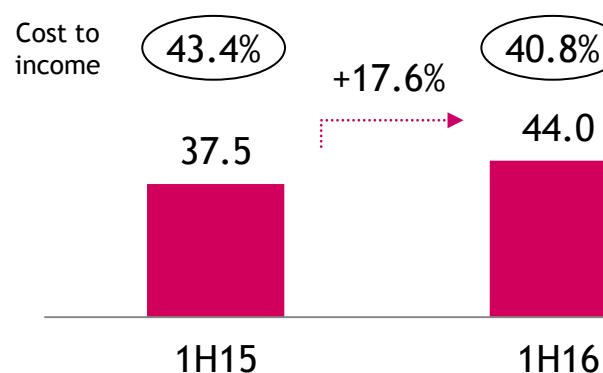


- Net income up by 14.1%, with ROE at 21.1%, in spite of an increased tax burden
- Increase of 25.3% in banking income due to higher net interest income and results on foreign exchange operations
- Operating costs up by 17.6%
- Capital ratio of 19.6% at June 30, 2016

Banking income



Operating costs

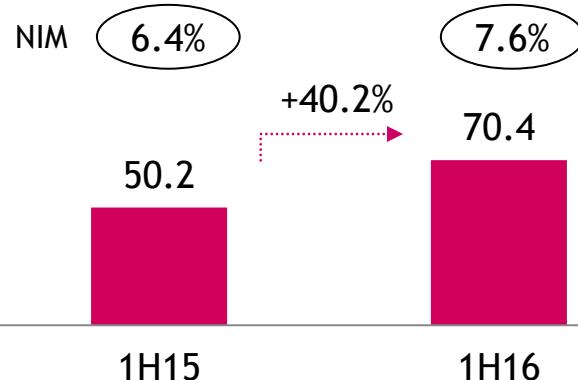


Growth in core income partially offset by the increase in operating costs

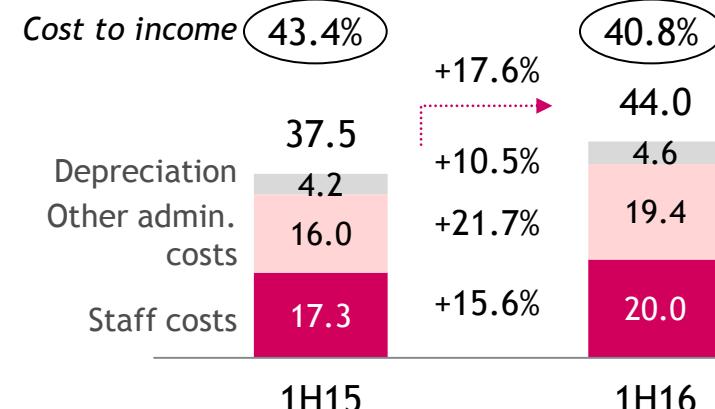


(Million euros)

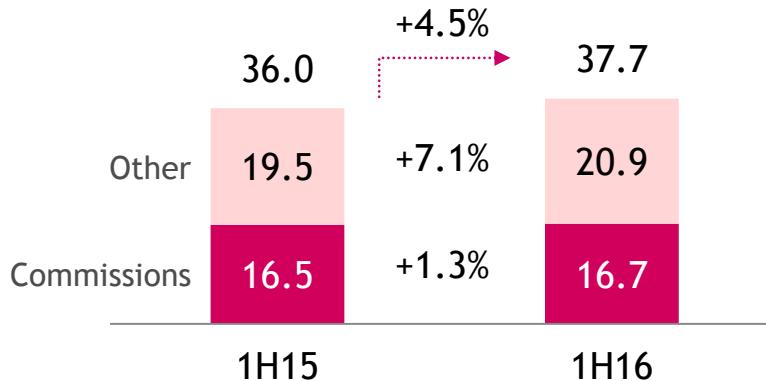
Net interest income



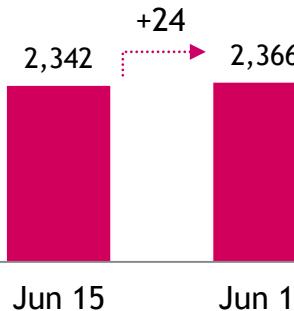
Operating costs



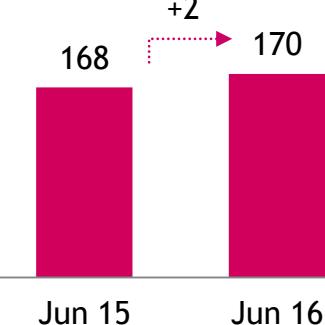
Commissions and other income



Employees*



Branches



* Excludes employees from SIM (insurance company)

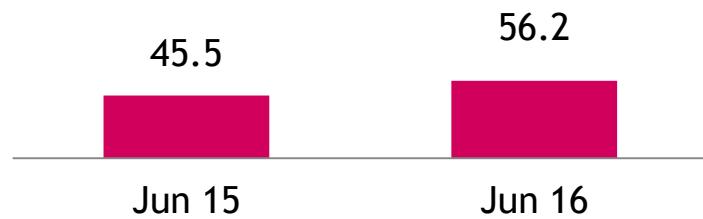
Credit quality and coverage



(Million euros)

Credit quality

Credit ratio	Jun 15	Jun 16
Non-performing loans	5.4%	5.4%



Loan loss reserves

Coverage ratio	Jun 15	Jun 16
Non-performing loans	107%	124%



Loan impairment (net of recoveries)



- NPL ratio of 5.4% as at June 30, 2016 with reinforced coverage: 124% at the end of 1H16, compared to 107% at June 30, 2015
- Increased provisioning effort, as reflected by a 196bp cost of risk in 1H16, up from 151bp in the same period of 2015

Agenda

- Highlights
- Group
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Road to 2018: targets

	1H15*	1H16*	Target 2018
CET1 phased-in ratio**	13.1%	12.3%	≥11%
CET1 fully implemented ratio**	9.6%	9.6%	
Loans to Deposits	107%	102%	<100%
Cost-core income	56.3%	52.5%	<50%
Cost-income	37.3%	45.7%	<43%
Cost of risk	165 bp	234 bp	<75 bp
ROE	11.4%	-8.8%	>11%***

* Includes gains on sovereign debt and devaluation of corporate restructuring funds in 2015, and, in 2016, gains on the Visa transaction, devaluation of corporate restructuring funds and additional impairment charges to reinforce coverage, impacting cost-income and ROE. | ** Estimates. | ***Consistent with a 11% CET1 ratio.



Appendix

Consolidated earnings

(million euros)	1H15	1H16	Impact on earnings
Net interest income	571.5	600.8	+29.3
Net fees and commissions	336.1	320.3	-15.8
Other operating income	461.6	138.3	-323.3
<i>Of which: Visa transaction</i>	0.0	91.0	+91.0
<i>Of which: Mandatory contributions in Portugal</i>	-32.6	-51.7	-19.1
<i>Of which: Capital gains on Portuguese sovereign debt</i>	388.1	0.0	-388.2
Banking income	1,369.2	1,059.4	-309.8
Staff costs	-288.6	-273.7	+14.9
Other administrative costs and depreciation	-222.6	-210.4	+12.2
Operating costs	-511.2	-484.1	+27.1
Operating net income (before impairment and provisions)	858.0	575.4	-282.6
Of which: core net income	396.4	437.1	+40.7
Loans impairment (net of recoveries)	-463.7	-618.7	-155.0
Other impairment and provisions	-91.6	-198.0	-106.4
<i>Of which: Devaluation of corporate restructuring funds</i>	-16.7	-126.3	-109.6
Impairment and provisions	-555.3	-816.6	-261.4
Net income before income tax	302.8	-241.3	-544.0
Income taxes	-46.1	78.3	+124.4
Non-controlling interests	-68.9	-79.5	-10.7
Net income from discontinued or to be discontinued operations	52.9	45.2	-7.7
Net income	240.7	-197.3	-438.0

Sovereign debt portfolio

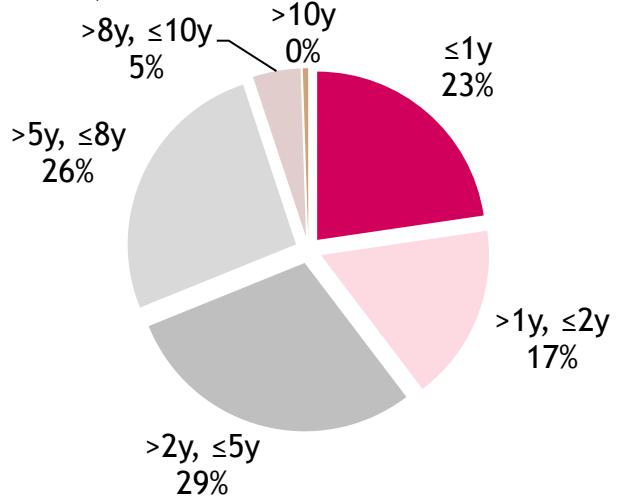
Sovereign debt portfolio

(Million euros)

	Jun 15	Mar 16	Jun 16	YoY	QoQ
Portugal	4,505	5,499	5,331	+18%	-3%
T-bills	156	1,499	1,261	+708%	-16%
Bonds	4,349	4,000	4,070	-6%	+2%
Poland	2,422	2,766	2,740	+13%	-1%
Angola	536	626	0	-100%	-100%
Mozambique	592	409	302	-49%	-26%
Other	999	91	92	-91%	+1%
Total	9,054	9,391	8,465	-7%	-10%

Sovereign debt maturity

(June 2016)



- Sovereign debt portfolio totals €8.5 billion, €1.9 billion of which maturing in less than 1 year
- The value of Portuguese and Polish sovereign portfolios increased from June 30th 2015; exposure to Angolan and Mozambican sovereign debt decreased

Sovereign debt portfolio

(Million euros, June 2016)

	Portugal	Poland	Mozambique	Other	Total
Trading book*	392	37		39	467
≤ 1 year	215	9			225
> 1 year and ≤ 2 years	117	11		38	166
> 2 years and ≤ 5 years	56	17			73
> 5 years and ≤ 8 years					
> 8 years and ≤ 10 years	2				2
> 10 years	1				1
Banking book**	4,939	2,703	302	53	7,998
≤ 1 year	1,046	481	168		1,696
> 1 year and ≤ 2 years	386	836	48		1,271
> 2 years and ≤ 5 years	1,002	1,262	85	51	2,400
> 5 years and ≤ 8 years	2,119	82		1	2,202
> 8 years and ≤ 10 years	380	5		1	386
> 10 years	7	36			42
Total	5,331	2,740	302	92	8,465
≤ 1 year	1,261	490	168		1,920
> 1 year and ≤ 2 years	503	847	48	38	1,437
> 2 years and ≤ 5 years	1,058	1,279	85	51	2,473
> 5 years and ≤ 8 years	2,119	83		1	2,203
> 8 years and ≤ 10 years	382	5		1	388
> 10 years	8	36		1	44

* Includes financial assets held for trading at fair value through net income (€145 million).

** Includes AFS portfolio (€7,947 million) and HTM portfolio (€51 million).

Financial Statements

Consolidated balance sheet

(Million euros)

	30 June 2016	30 June 2015		30 June 2016	30 June 2015			
Assets								
Cash and deposits at central banks	2,178.3	2,426.8	Amounts owed to credit institutions	11,228.6	12,412.9			
Loans and advances to credit institutions			Amounts owed to customers	48,762.0	50,601.1			
Repayable on demand	415.5	1,140.8	Debt securities	4,018.1	5,262.9			
Other loans and advances	1,389.2	831.0	Financial liabilities held for trading	613.6	824.2			
Loans and advances to customers	49,186.1	53,408.6	Hedging derivatives	484.3	779.3			
Financial assets held for trading	1,234.3	2,216.9	Provisions for liabilities and charges	290.5	302.8			
Financial assets available for sale	11,023.4	11,703.6	Subordinated debt	1,659.5	1,660.5			
Assets with repurchase agreement	10.6	31.3	Current income tax liabilities	18.2	6.5			
Hedging derivatives	115.0	80.9	Deferred income tax liabilities	1.7	13.1			
Financial assets held to maturity	419.0	436.7	Other liabilities	977.3	1,216.1			
Investments in associated companies	558.7	305.4	Total Liabilities	68,053.9	73,079.5			
Non current assets held for sale	1,906.1	1,674.7	Equity					
Investment property	133.2	166.4	Share capital	4,094.2	4,094.2			
Property and equipment	475.2	706.1	Treasury stock	(3.7)	(120.1)			
Goodwill and intangible assets	195.0	207.2	Share premium	16.5	16.5			
Current tax assets	36.1	40.5	Preference shares	59.9	171.2			
Deferred tax assets	2,767.4	2,544.6	Other capital instruments	2.9	9.9			
Other assets	879.4	808.8	Fair value reserves	(52.1)	(100.9)			
	73,067.5	78,730.4	Reserves and retained earnings	238.2	313.7			
			Net income for the year attrib. to Shareholders	(197.3)	240.7			
			Total equity attrib. to Shareholders of the Bank	4,158.6	4,625.2			
			Non-controlling interests	855.0	1,025.7			
			Total Equity	5,013.6	5,650.9			
				73,067.5	78,730.4			

Consolidated income statement

Per quarter

(Million euros)

	International operations																	
	Group			Portugal			Total			Bank Millennium (Poland)			Millennium bim (Moz.)			Other int. operations		
	Jun 15	Jun 16	Δ %	Jun 15	Jun 16	Δ %	Jun 15	Jun 16	Δ %	Jun 15	Jun 16	Δ %	Jun 15	Jun 16	Δ %	Jun 15	Jun 16	Δ %
Interest income	1,092	965	-11.6%	694	598	-13.8%	398	367	-7.8%	278	258	-7.1%	117	106	-9.5%	3	3	18%
Interest expense	521	365	-30.0%	365	240	-34.2%	156	125	-20.1%	117	91	-22.3%	42	36	-16.2%	-3	-2	47.2%
Net interest income	571	601	5.1%	329	358	8.8%	242	243	0.2%	161	168	3.9%	75	70	-5.7%	6	5	-24.8%
Dividends from equity instruments	3	6	810%	3	5	87.9%	0	0	216%	0	0	216%	0	0	--	0	0	--
Intermediation margin	575	607	5.6%	332	364	9.5%	243	243	0.2%	162	168	3.9%	75	70	-5.7%	6	5	-24.8%
Net fees and commission income	336	320	-4.7%	225	229	2.0%	111	91	-18.2%	74	63	-14.9%	25	17	-319%	13	12	-113%
Other operating income	-41	-88	<-100%	-43	-55	-28.1%	1	-33	<-100%	-5	-37	<-100%	7	3	-54.1%	0	0	28.5%
Basic income	870	839	-3.5%	514	538	4.6%	355	300	-15.4%	230	194	-15.5%	106	90	-15.0%	19	16	-15.4%
Net trading income	479	183	-618%	426	76	-82.2%	53	107	>100%	29	88	>100%	22	18	-19.2%	2	2	-37.0%
Equity accounted earnings	21	38	82.9%	21	35	65.9%	0	3	>100%	0	0	100.0%	0	0	--	0	3	--
Banking income	1,369	1,059	-22.6%	961	649	-32.5%	408	410	0.6%	258	282	9.2%	128	108	-15.7%	21	20	-4.0%
Staff costs	289	274	-5.2%	187	181	-3.1%	101	92	-9.0%	67	63	-4.7%	26	20	-22.3%	9	9	-3.4%
Other administrative costs	195	185	-5.1%	117	114	-2.6%	78	71	-9.0%	51	48	-4.9%	24	19	-18.1%	3	3	-6.6%
Depreciation	28	25	-7.9%	15	14	-7.3%	12	11	-8.5%	6	6	9.5%	6	5	-25.7%	0	0	-116%
Operating costs	511	484	-5.3%	320	310	-3.1%	191	174	-9.0%	123	118	-4.1%	56	44	-20.9%	12	12	-4.4%
Operating net income bef. imp.	858	575	-32.9%	642	339	-47.1%	216	236	9.2%	135	164	21.3%	73	64	-11.8%	9	9	-3.6%
Loans impairment (net of recoveries)	464	619	33.4%	420	583	38.8%	44	36	-18.1%	32	23	-29.2%	12	13	7.7%	0	1	>100%
Other impairm. and provisions	92	198	>100%	88	190	>100%	3	8	>100%	2	8	>100%	1	-1	<-100%	0	0	-100.0%
Net income before income tax	303	-241	<-100%	134	-434	<-100%	169	192	13.9%	100	133	32.1%	60	52	-13.3%	9	8	-9.3%
Income tax	46	-78	<-100%	13	-128	<-100%	33	50	48.3%	21	34	62.1%	11	15	29.2%	1	1	-218%
Non-controlling interests	69	80	15.5%	0	-1	<-100%	69	80	16.0%	0	0	--	1	1	-15.9%	69	80	16.3%
Net income (before disc. oper.)	188	-242	<-100%	121	-305	<-100%	66	63	-5.7%	79	98	24.1%	48	37	-23.3%	-61	-73	-19.3%
Net income arising from discont. operations	53	45	-14.6%				38	37	-3.6%							38	37	-3.6%
Net income	241	-197	<-100%				105	99	-4.9%							-23	-36	-57.9%

Income statement (Portugal and International operations)

For the 6-month periods ended 30th June, 2015 and 2016

(Million euros)

	Quarterly				
	2Q 15	3Q 15	4Q 15	1Q 16	2Q 16
Net interest income	273.6	305.1	314.0	292.4	308.4
Dividends from equity instruments	1.3	0.3	6.2	2.0	3.8
Net fees and commission income	173.8	161.8	162.3	163.9	156.4
Other operating income	-24.0	-12.3	-66.4	-12.4	-75.6
Net trading income	287.7	26.9	33.5	28.3	154.5
Equity accounted earnings	14.6	4.5	-1.6	13.9	23.8
Banking income	727.0	486.4	447.9	488.1	571.3
Staff costs	145.2	141.6	143.7	138.4	135.2
Other administrative costs	97.8	94.4	100.0	91.8	93.1
Depreciation	13.9	13.3	13.1	12.8	12.7
Operating costs	256.9	249.3	256.8	243.1	241.0
Operating net income bef. imp.	470.1	237.1	191.1	245.1	330.3
Loans impairment (net of recoveries)	262.6	150.0	204.2	160.7	458.0
Other impairm. and provisions	21.4	25.5	43.0	15.4	182.6
Net income before income tax	186.1	61.7	-56.1	69.1	-310.3
Income tax	13.3	21.0	-29.4	15.0	-93.3
Non-controlling interests	38.7	36.1	20.7	36.4	43.1
Net income (before disc. oper.)	134.1	4.5	-47.3	17.7	-260.2
Net income arising from discont. operations	36.3	19.3	18.1	29.0	16.2
Net income	170.3	23.8	-29.2	46.7	-243.9

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)

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.



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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.

