

EARNINGS PRESENTATION

9M 2016

MILLENNIUM. AQUI CONSIGO.



- ÁGIL
- MODERNO
- PRÓXIMO
- SIMPLES
- SUSTENTÁVEL

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 9 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

Agenda

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

Highlights

Summary

- **Earnings excluding non-usual items*** improves by **€67.9 million**, efficiency improves by 3pp and **balance sheet strengthens**, with **NPE total coverage** now at 99%**; total earnings significantly affected by non-usual impairment charges related to the legacy portfolio, aimed at reinforcing credit coverage.

Profitability and efficiency

Continued improvement of recurring earnings

- **Core net income*** up 8.4% to €665.8 million**, resulting in **cost to core income*** improving to 52.0%** (cost to income of 46.0%).
- **Earnings excluding non-usual items*** improved to **+€74.5 million** (€6.5 million in the same period of 2015). **Total results were negative due to the impact of non-usual impairment charges: -€53.8 million in the 3rd quarter of 2016, -€251.1 million in the first 9 months of 2016.**

Asset quality

Coverage reinforced significantly

- **NPL>90d ratio fell** to 11.0% as at September 30th 2016 from 11.5% as at the same date of 2015; **NPL>90d total coverage** strengthened** to 119.3% (**coverage by loan-loss reserves: 65.5%**).
- **Booking of €100 million of additional impairment charges in Portugal in 3Q16** (€400 million in 9M16), resulting in **NPE total coverage** strengthening to 99%** (91% as at September 30th 2015), supporting the **target of <€7.5 billion NPE for December 2017**.

* Non-usual items in 9M16: gains on Visa transaction, devaluation of corporate restructuring funds and additional impairment charges to increase coverage; non-usual items in 9M15: capital gains on Portuguese sovereign debt and devaluation of corporate restructuring funds. | ** By loan-loss reserves, expected loss gap and collaterals. | *** Core net income = net interest income + net fees and commission income - operating costs, core income = net interest income + net fees and commission income.

Highlights

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%**.
- **ECB funding usage down to €4.9 billion** (€4.0 billion of which TLTRO) from €5.9 billion as at September 30, 2015.
- **5.4 million Customers, up 6.0%** from September 30th 2015.

Capital

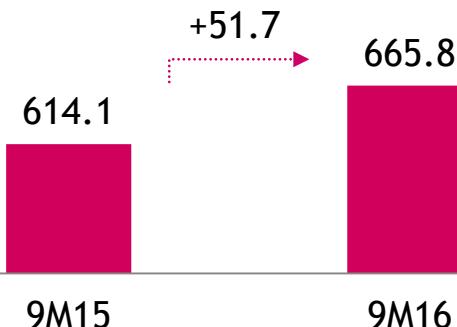
Adequate position

- **Common equity tier 1 ratio of 12.2%** according to regulatory phased-in criteria and of **9.5% under a fully implemented basis** (estimates).

Highlights

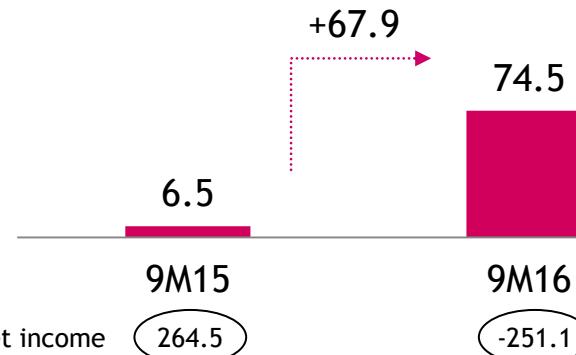
Core net income*

(Million euros)



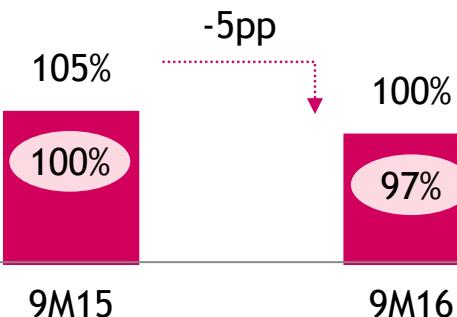
Net income excluding non-usual items**

(Million euros)



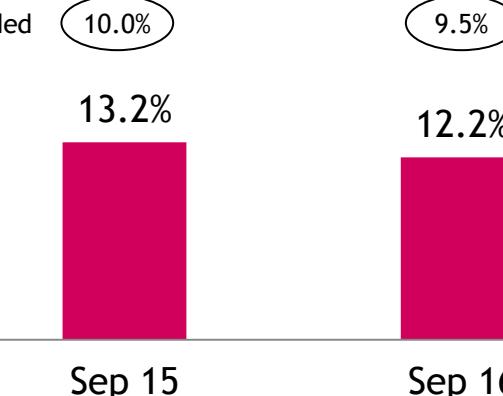
Loans to deposits ratio***

Net loans to on-BS Customers funds



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

Fully loaded



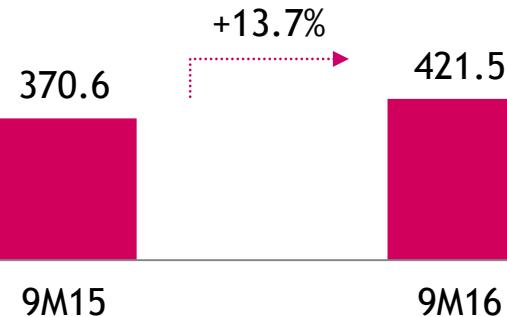
* Core net income = net interest income + net fees and commission income - operating costs. | ** Non-usual items in 9M16: gains on Visa transaction, devaluation of corporate restructuring funds and additional impairment charges to increase coverage; non-usual items in 9M15: capital gains on Portuguese sovereign debt and devaluation of corporate restructuring funds. | *** Based on Customer deposits and net loans to Customers. | **** Estimates.

Highlights



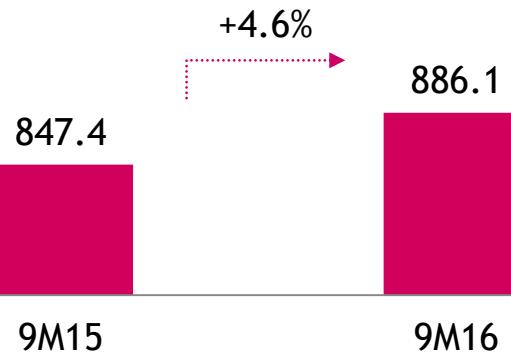
Core net income*

(Million euros)



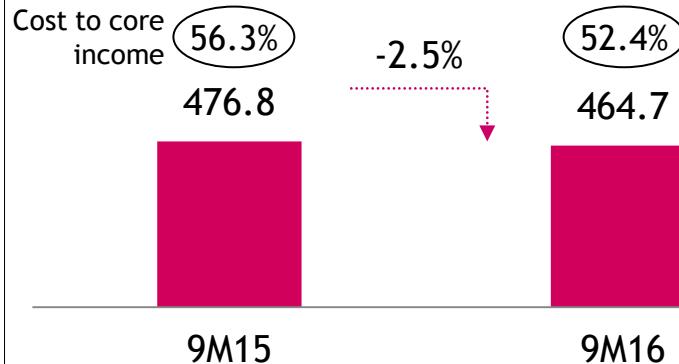
Core income (net interest income + net commissions)

(Million euros)



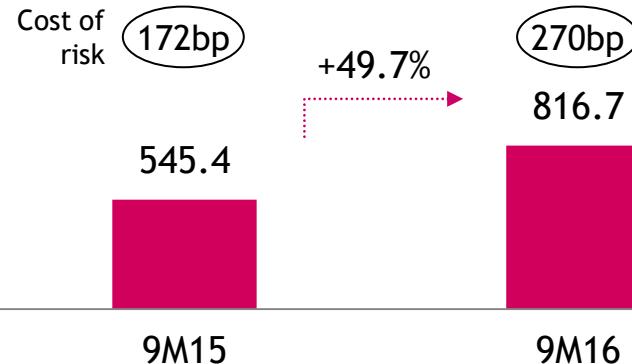
Operating costs

(Million euros)



Loans impairment in Portugal

(Million euros)



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

Highlights



Individuals



Customers

Acquired over 100,000 new Customers in 2016, (+7% YoY)



Mobile banking

Over 575,000 active users; #1 in Customer satisfaction with internet and mobile banking (Marktest)



Residents abroad

20,000 new Customers in 2016, a 37% growth YoY

Companies



Small companies

New production of over €1bn in loans to small companies until September 2016



Start ups

New €70 million protocol with EIB to finance Portuguese start-ups



Portugal 2020

1/3 of the approved projects are from Millennium bcp Customers

Roadshow Portugal 2020 with over 1,000 Customers

Digital



“Best Consumer Digital Bank” in Portugal by Global Finance

Private Banking



“Best Private Banking” in Portugal by The Banker magazine

Companies



“Best bank (overall) for companies”, “Most Convenient” and “Most Innovative” by DATA E

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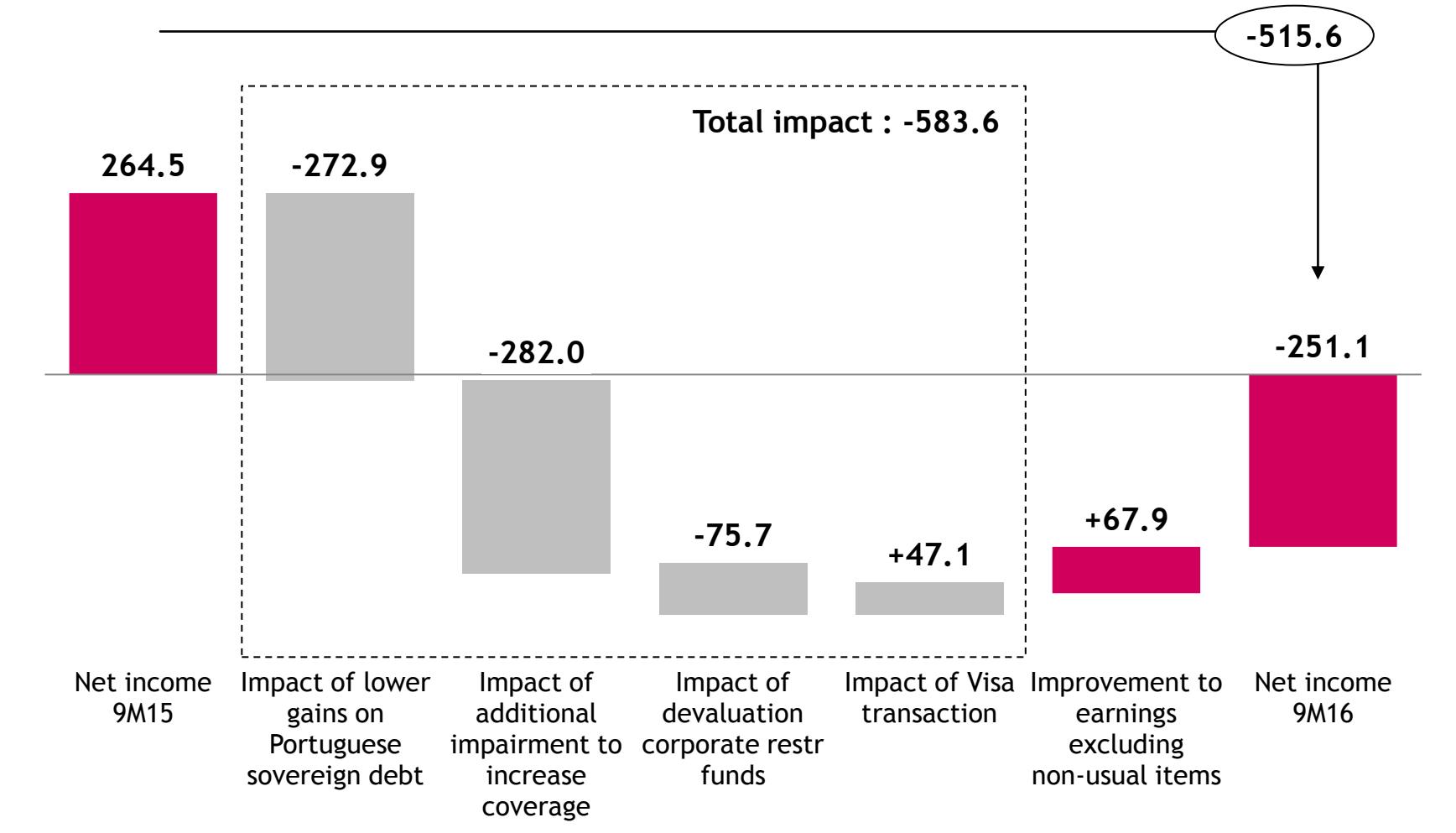
Earnings excluding non-usual items improve

(million euros)	9M15	9M16	Impact on earnings
Core net income	614.1	665.8	+51.7
Mandatory contributions (Portugal and Poland)	-47.6	-96.4	-48.9
Other operating income	141.5	189.2	+47.7
Operating net income (bef. impairment and provisions)	708.0	758.5	+50.5
Impairment and provisions	-709.5	-584.5	+125.1
Net income before income tax	-1.5	174.1	+175.6
Income taxes, non-controlling interests and disc. operations	8.1	-99.6	-107.7
Net income excluding non-usual items	6.5	74.5	+67.9
Gains on Visa transaction	0.0	47.1	+47.1
Capital gains on Portuguese sovereign debt in 2015	272.9	0.0	-272.9
Devaluation of corporate restructuring funds	-14.9	-90.6	-75.7
Additional impairment charges (to increase coverage)*	0.0	-282.0	-282.0
Total non-usual items, net of taxes	258.0	-325.6	-583.6
Net income	264.5	-251.1	-515.6

* Impairment charges in excess of 120bp cost of risk, to reinforce NPE coverage.

Earnings excluding non-usual items improve...

(Million euros)

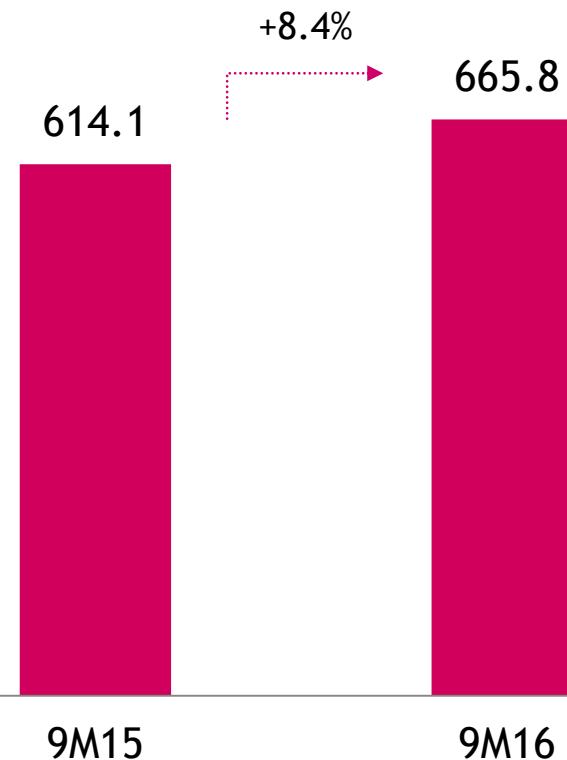


... as well as core net income, reflecting strong performance in Portugal

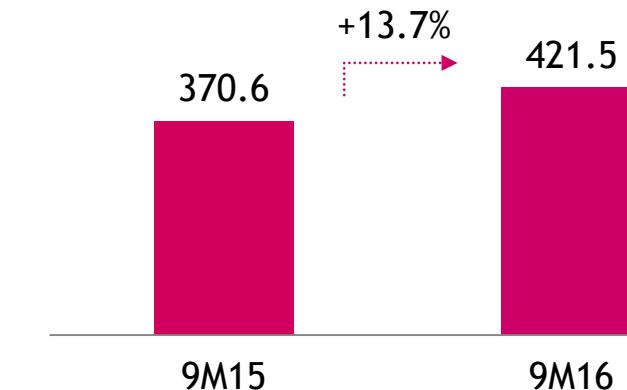
(Million euros)

Core net income*

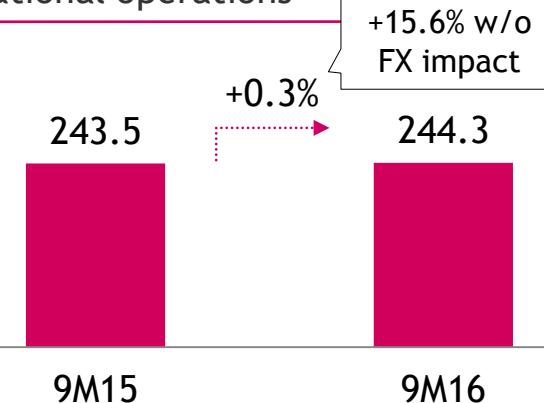
Consolidated



Portugal



International operations



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

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

(Million euros)

Net interest income

Consolidated

Net interest margin

1.7%

1.9%

Excluding CoCos

1.8%

2.0%

876.6

907.0

+3.5%



9M16

Portugal

Net interest margin

1.4%

513.7

+5.7%

1.6%

543.0

9M15

9M16

Operações internacionais

Net interest margin

2.6%

362.9

+17.5%
w/o FX impact

2.7%

364.0

9M15

9M16

... whereas FX devaluation led to lower commissions

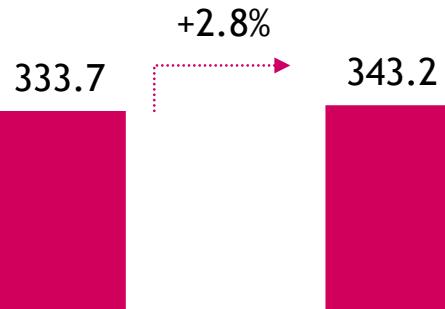
(Million euros)

Fees and commissions

Consolidated

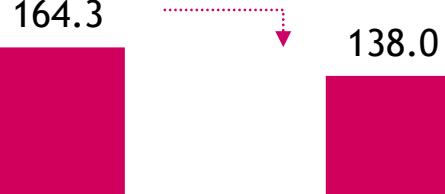
	9M15	9M16	YoY
Banking fees and commissions	402.5	391.7	-2.7%
Cards and transfers	119.6	107.8	-9.8%
Loans and guarantees	122.1	119.8	-1.9%
Bancassurance	56.5	57.9	+2.5%
Customer account related	62.2	68.1	+9.5%
Other fees and commissions	42.1	38.0	-9.6%
Market related fees and commissions	95.4	89.5	-6.2%
Securities operations	65.5	61.2	-6.6%
Asset management	29.9	28.3	-5.4%
Total fees and commissions	498.0	481.1	-3.4%

Portugal



9M15 9M16

International operations



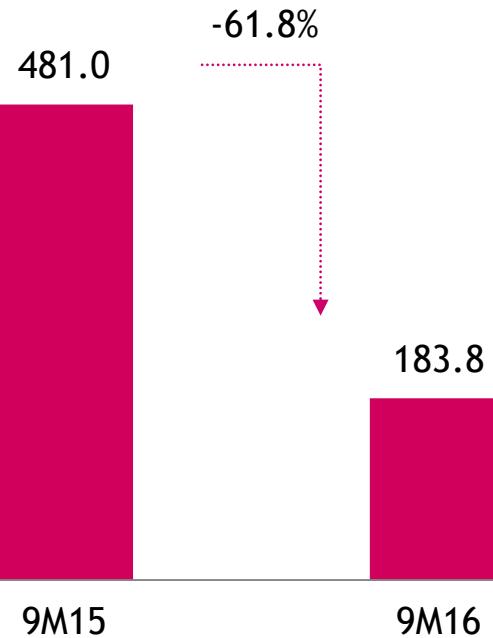
9M15 9M16

Performance of other income influenced by gains on PT sovereign debt in 2015, and by gains on the Visa transaction and higher regulatory contributions in 2016

(Million euros)

Other income

Consolidated



Visa transaction

0.0

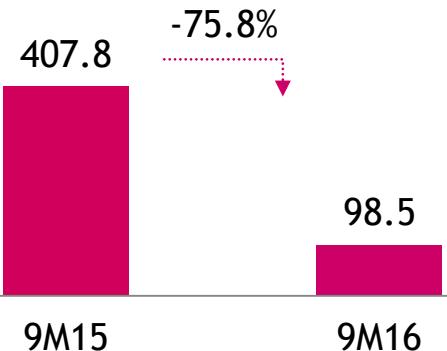
Gains on PT sov.
debt in 2015

387.1

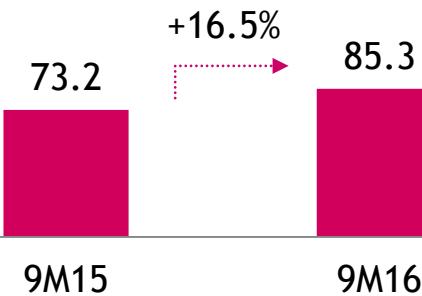
Reg. contributions
(PT and PL)

-47.6

Portugal



International operations

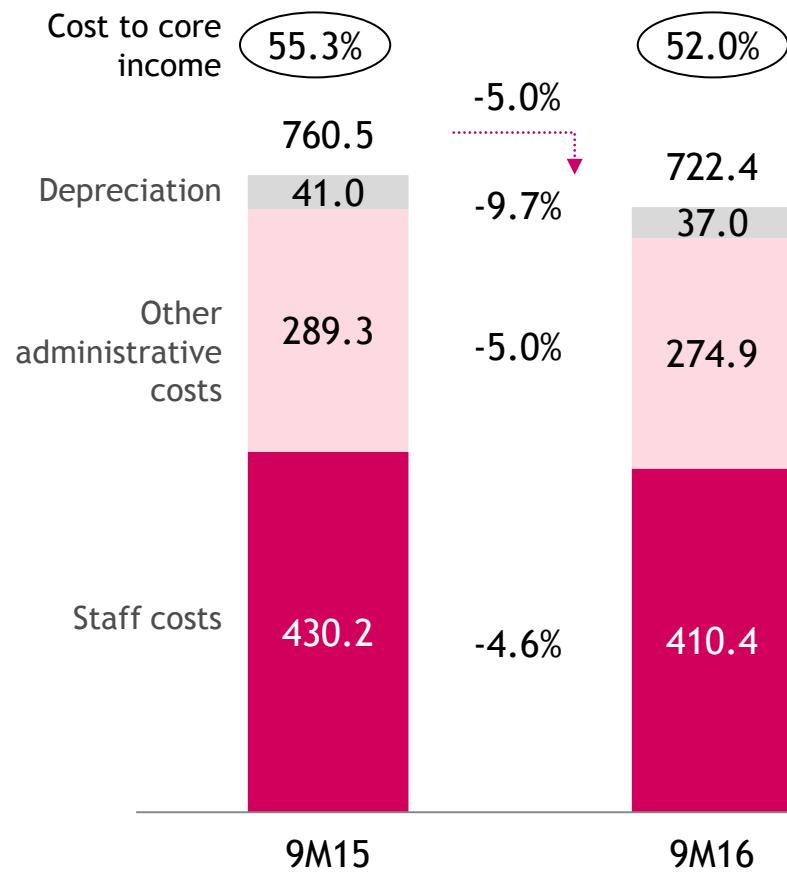


Cost reduction continues...

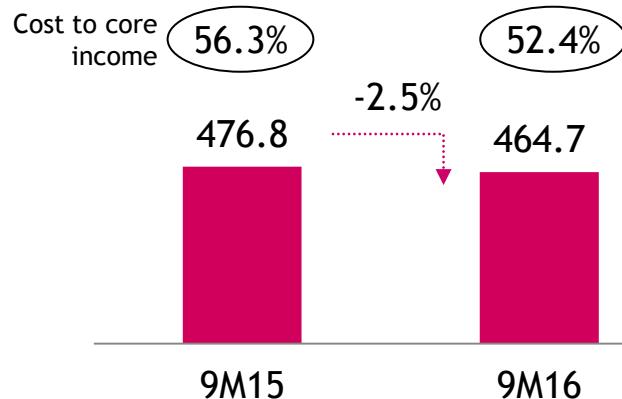
(Million euros)

Operating costs

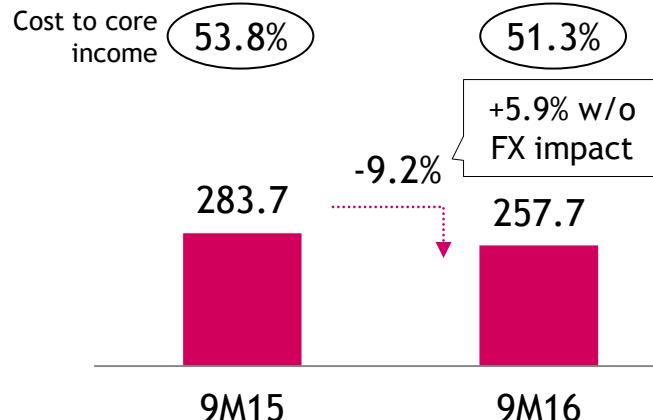
Consolidated



Portugal



Operações internacionais



... making Millennium bcp one of the most efficient banks in Portugal and in the Eurozone

Cost to core income*

Latest available data

vs. peers in
Portugal



52%

Bank 1

75%

Bank 2

64%

Bank 3

65%

Bank 4

56%



61%

vs. Euro-zone
banks



52%



59%



86%



95%



93%



75%

Cost to core income*

85.7%

2013

64.0%

2014

55.0%

2015

52.0%

9M16

-34pp

Cost-income
46.0%

Cost to core income*

85.7%

78.5%

75.2%



2013

2014

2015

9M16

52.0%



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



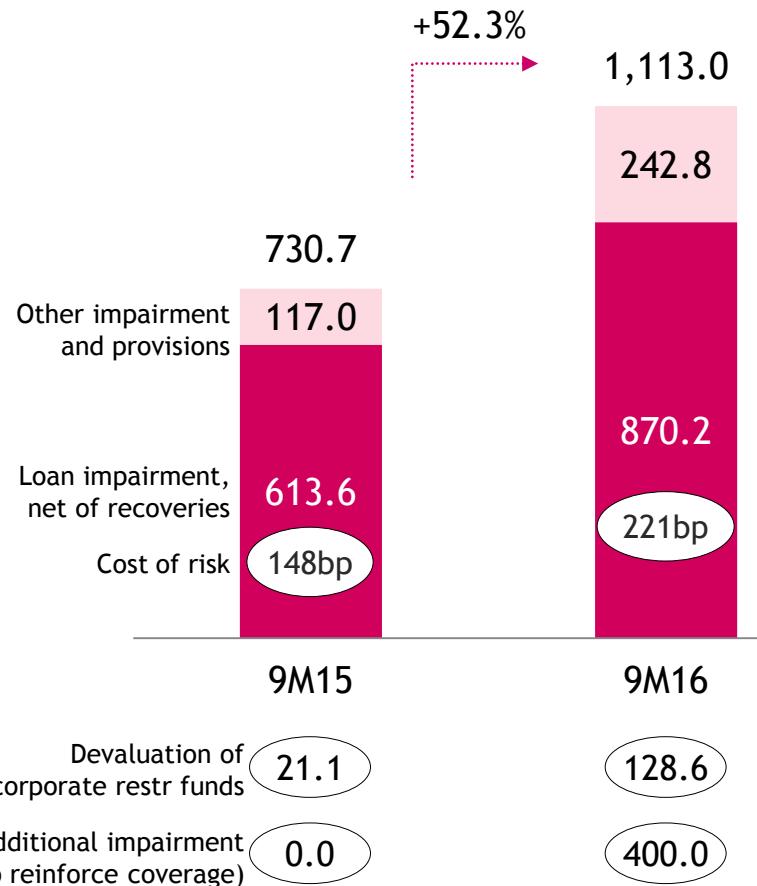
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We have reinforced the balance sheet with a significant amount of additional impairment and provision charges...

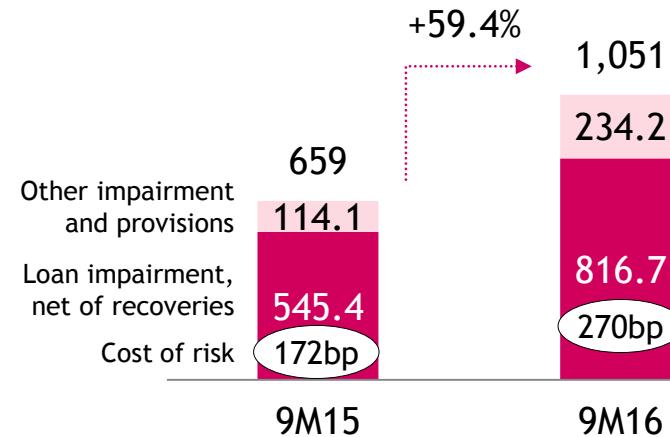
(Million euros)

Impairment and provisions

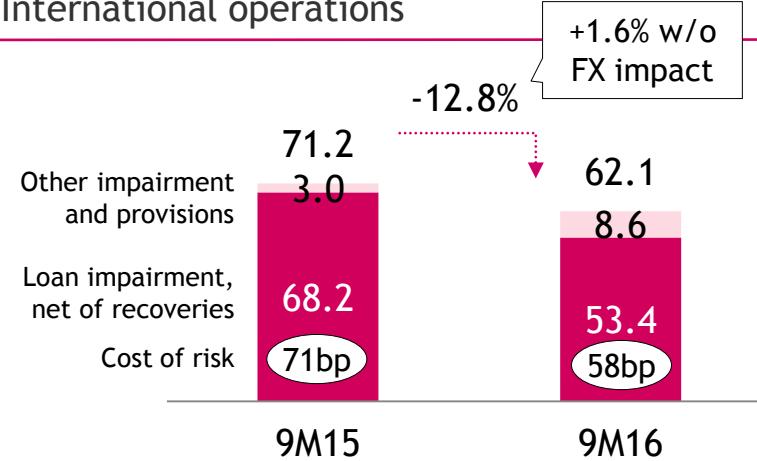
Consolidated



Portugal



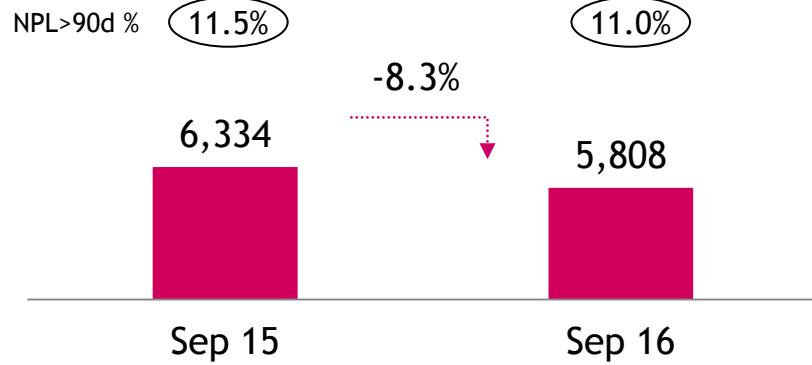
International operations



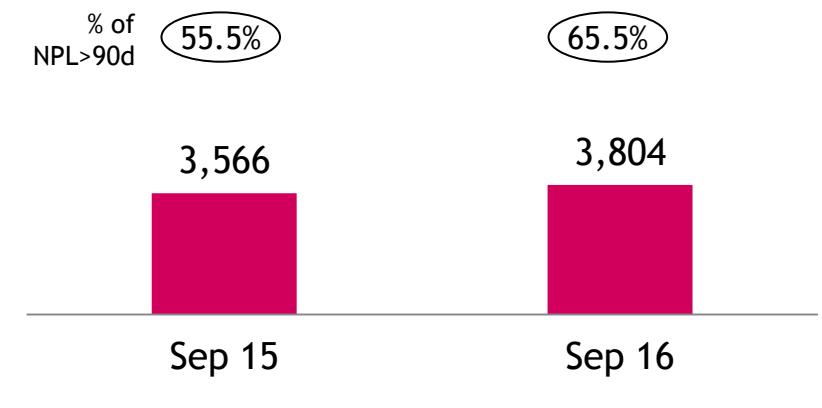
... with lower delinquency and increased coverage

(Million euros)

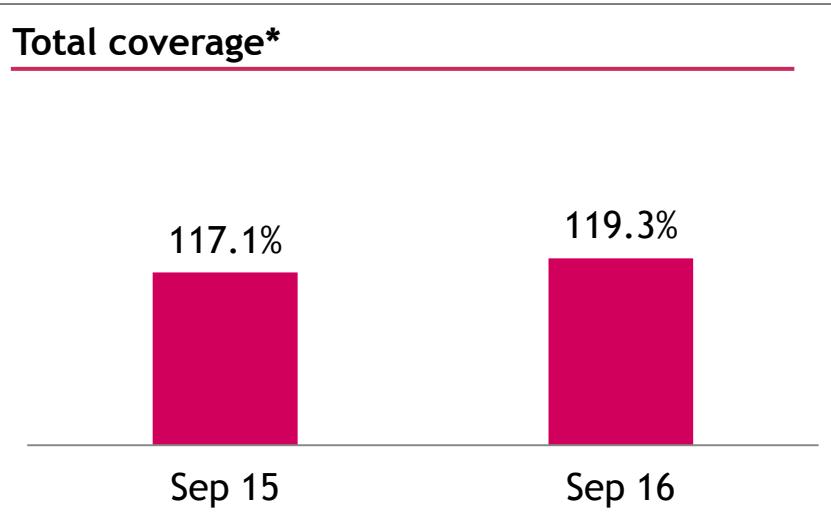
Credit quality



Loan loss reserves



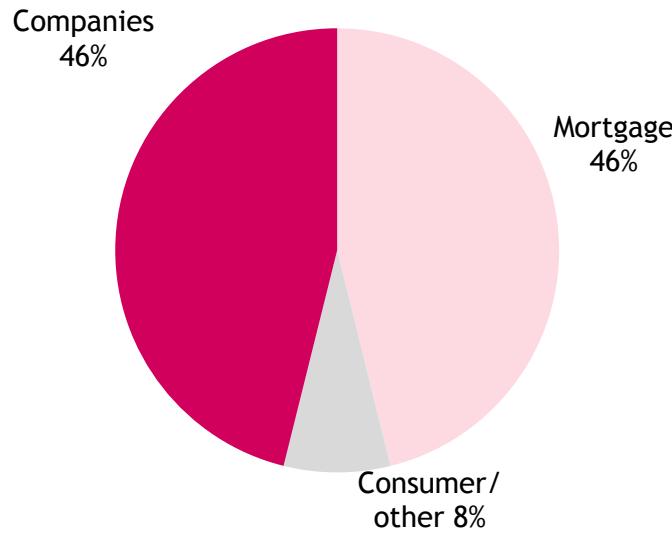
Total coverage*



- Decrease in NPL > 90d ratio to 11.0% at September 30th 2016 from 11.5% at the same date in 2015
- Reinforcement of total coverage* of NPL > 90d to 119.3% (117.1% at September 30, 2015).

Diversified and collaterised portfolio

Loan portfolio

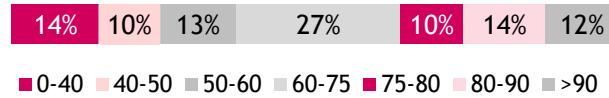


Consolidated

Loans by collateral



LTV of mortgage portfolio in Portugal



- Loans to companies accounted for 46% of the loan portfolio at September 30, 2016, including 10% 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%
- Real estate accounts for 87% of total collateral value
- 82% of the real estate collateral is residential

Agenda

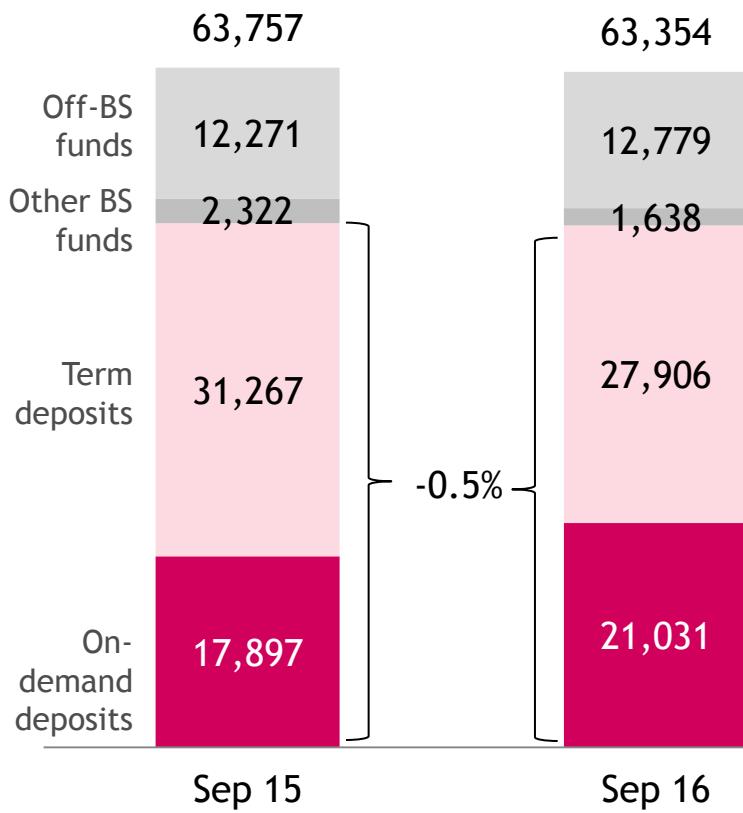
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Deposits influenced by FX impact in international operations; individuals in Portugal stand out

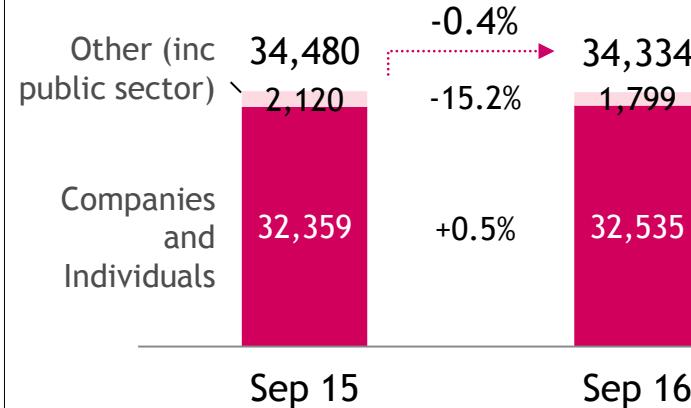
(Million euros)

Customer funds

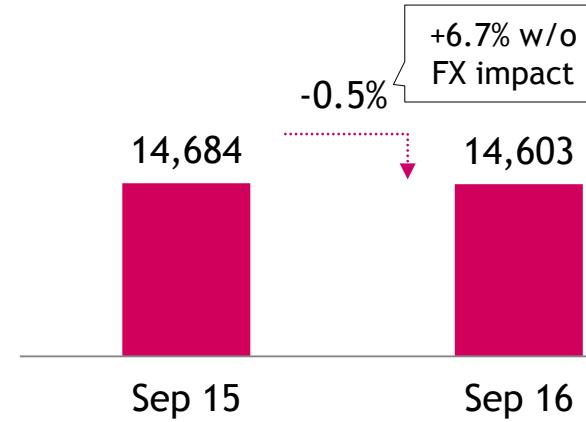
Consolidated



Customer deposits in Portugal



Customer deposits in international op.

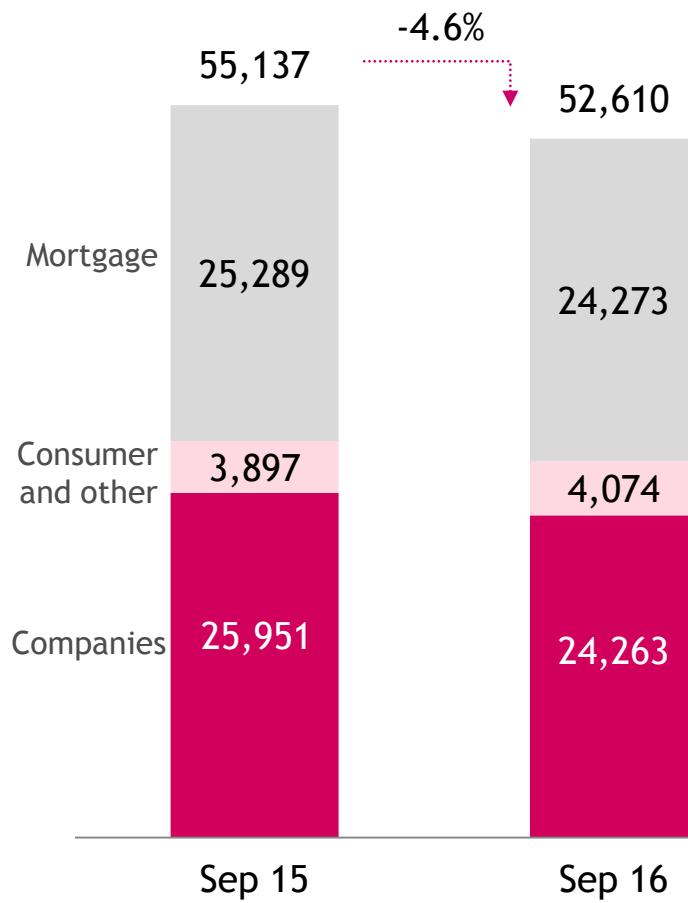


Credit portfolio reflects support to the economy in key business sectors

(Million euros)

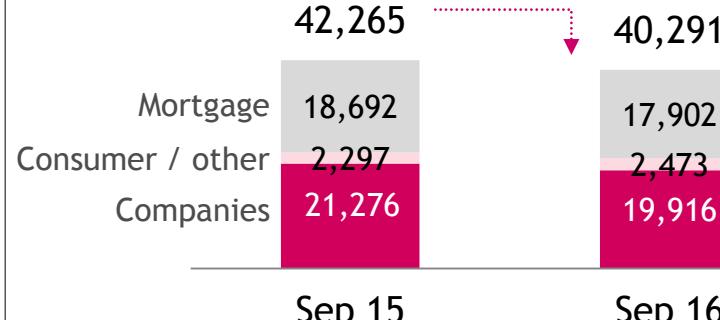
Loans to Customers (gross)

Consolidated



Portugal

-4.7%



Reduction of exposure to construction/real estate activities (-17%); strong performance of mining and manufacturing industries (+ 4% vs banking system -1%) and commerce (+3% vs banking system -2%)

Sep 15

Sep 16

Market share among exporting companies

15.8%

16.3%

International operations

+2.2% w/o FX impact

-4.3%



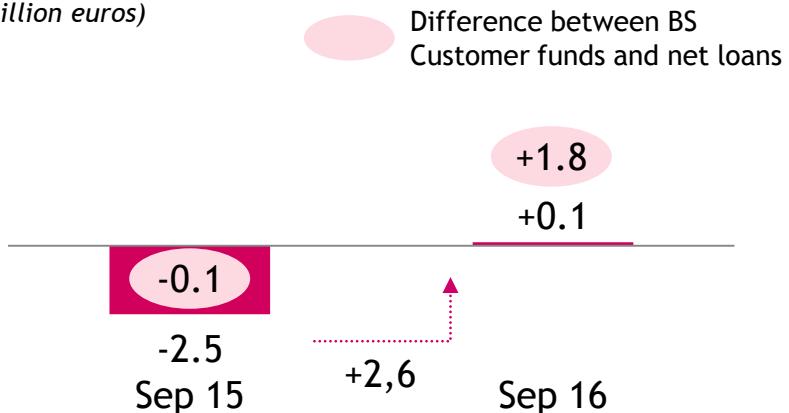
Sep 15

Sep 16

Continued improvement of the liquidity position

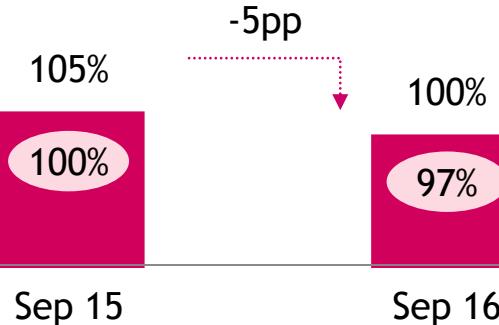
Commercial gap*

(Billion euros)

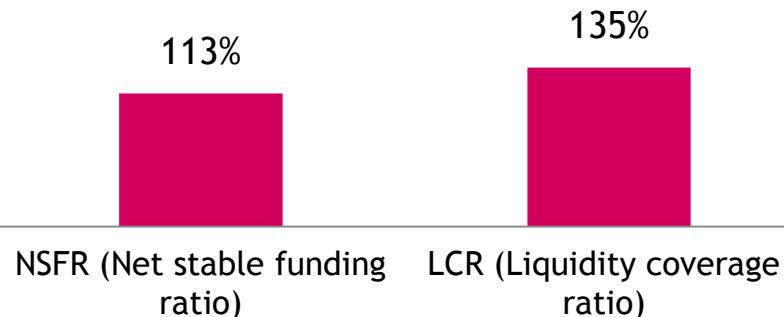


Loans to deposits ratio*

Net loans to BS Customer funds



Liquidity ratios (CRD IV/CRR)

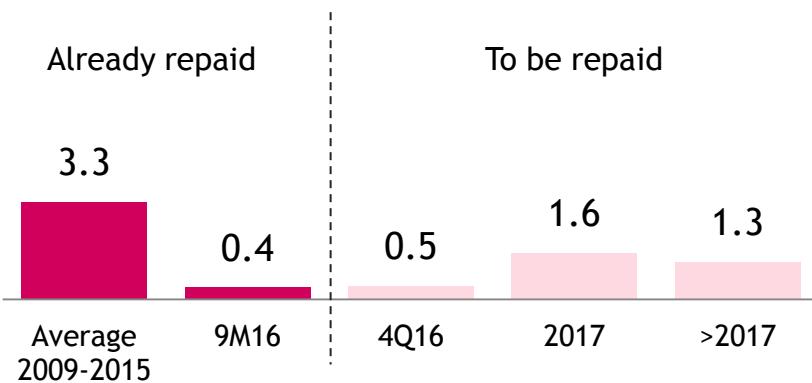


- Commercial gap narrows €2.6 billion from September 30th, 2015
- Loans to deposit ratio at 100%, 97% if all BS Customer funds are included
- Liquidity ratios CRD IV/CRR higher than the required 100%

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

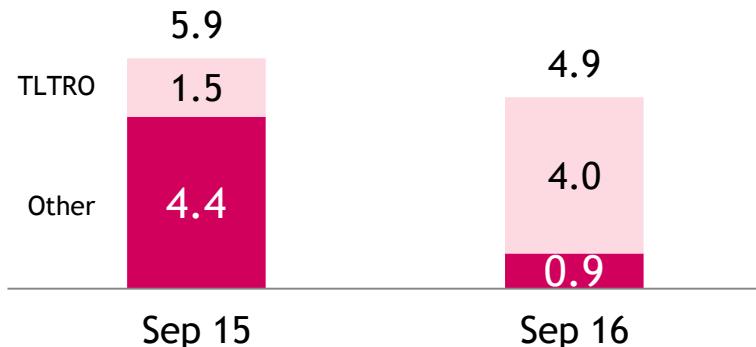
Debt repayments (medium-long term)

(Billion euros, CoCos not included)

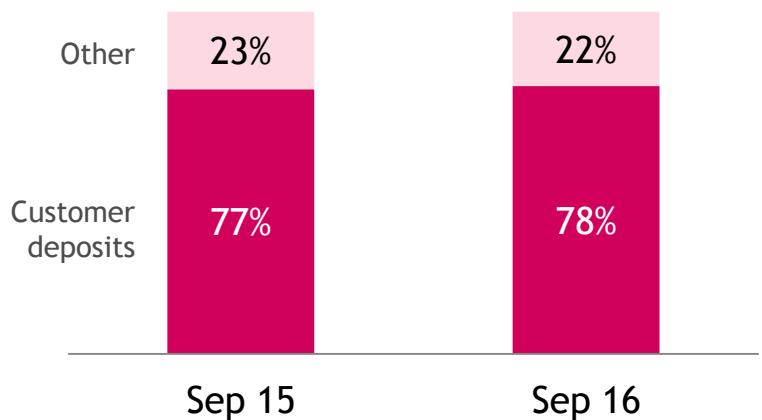


ECB funding

(Billion euros)



Improved funding structure



- Net usage of ECB funding at €4.9 billion (€4.0 billion related to TLTRO), compared to €5.9 billion at the end of the 3rd quarter of 2015 (TLTRO: €1.5 billion)
- €13.1 billion (net of haircut) of eligible assets available for refinancing operations with ECB, with a €8.2 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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Capital at adequate levels

Common Equity Tier 1 ratio

Phased-in, latest available data

vs. Euro-zone
banks



12.2%



11.7%



12.7%



11.9%



11.5%

Common Equity Tier 1 ratio*

13.2%

Sep 15

12.2%

Sep 16

RWAs
(€MM)

43.9

38.3

Phased-in

10.0%

Sep 15

9.5%

Sep 16

Fully implemented

43.3

37.8

- Common equity Tier 1 ratio of 12.2% on a phased-in basis and 9.5% on a fully implemented basis
- Capital indicators in line with European benchmarks on a phased-in basis

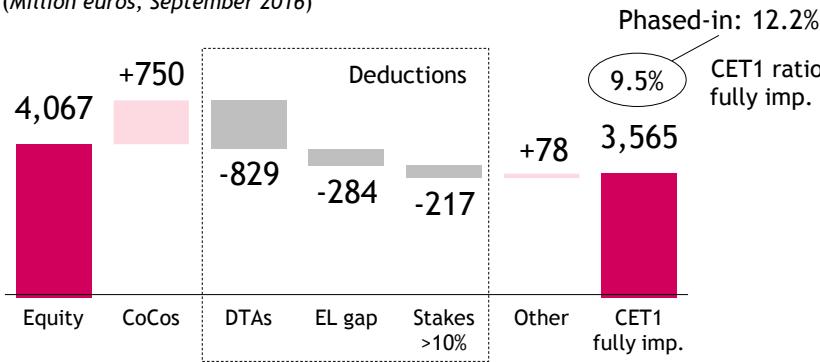


* Estimates.

Capital above minimum requirements, with high leverage ratios and RWA density

From equity to CET1 capital

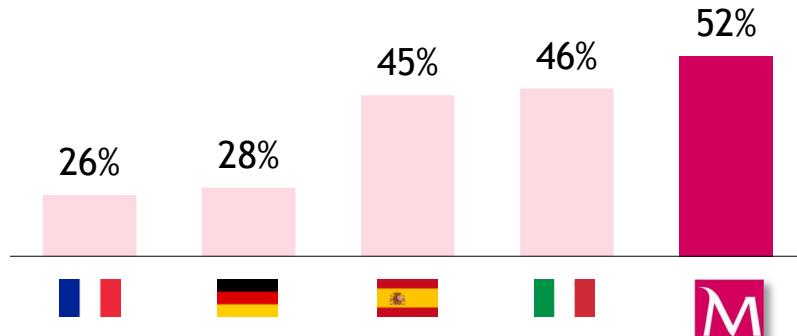
(Million euros, September 2016)



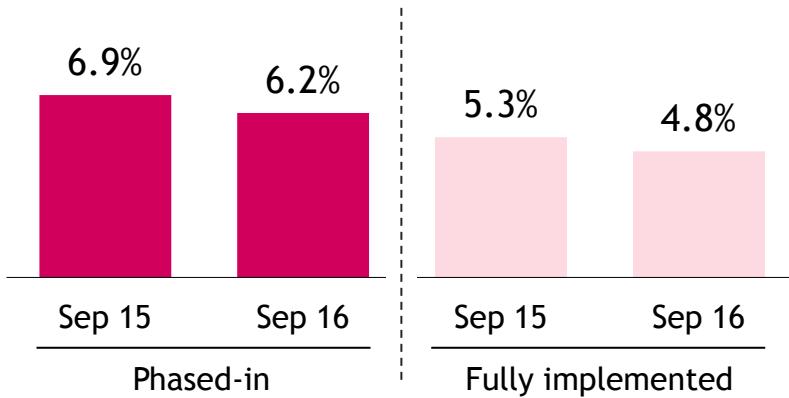
Minimum required phased-in CET1 (SREP): 8.15% in 2017

RWA density

RWAs as % of assets, latest available information

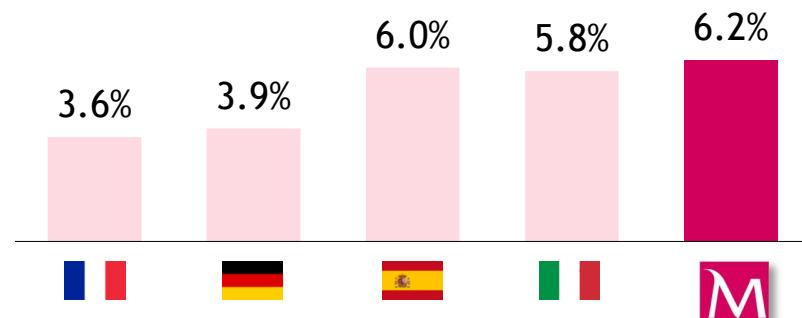


Leverage ratio



Leverage ratio

Phased-in, latest available information



Agenda

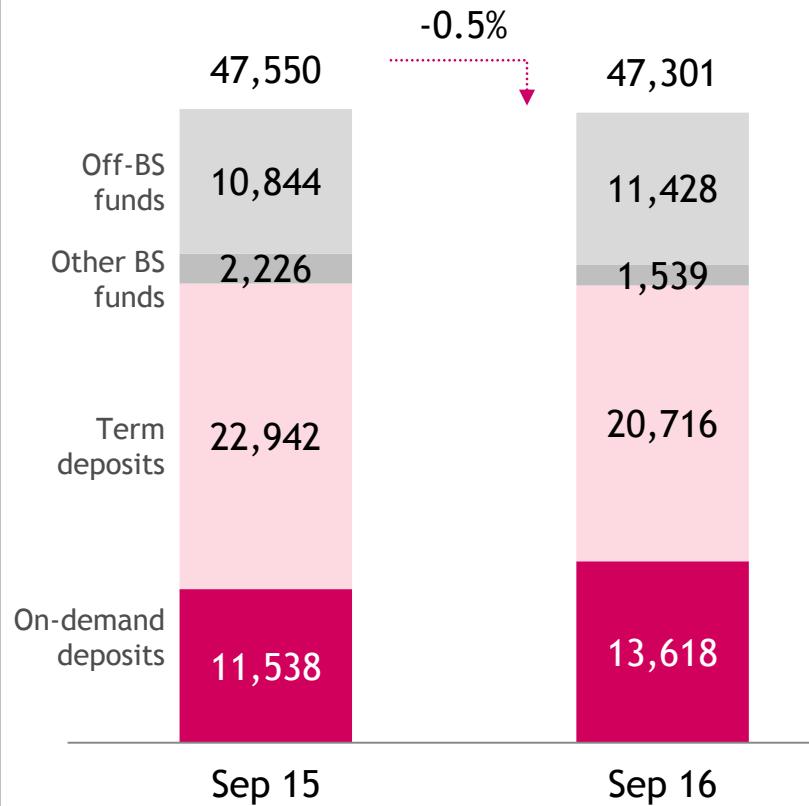
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Portugal: deleveraging improves liquidity position

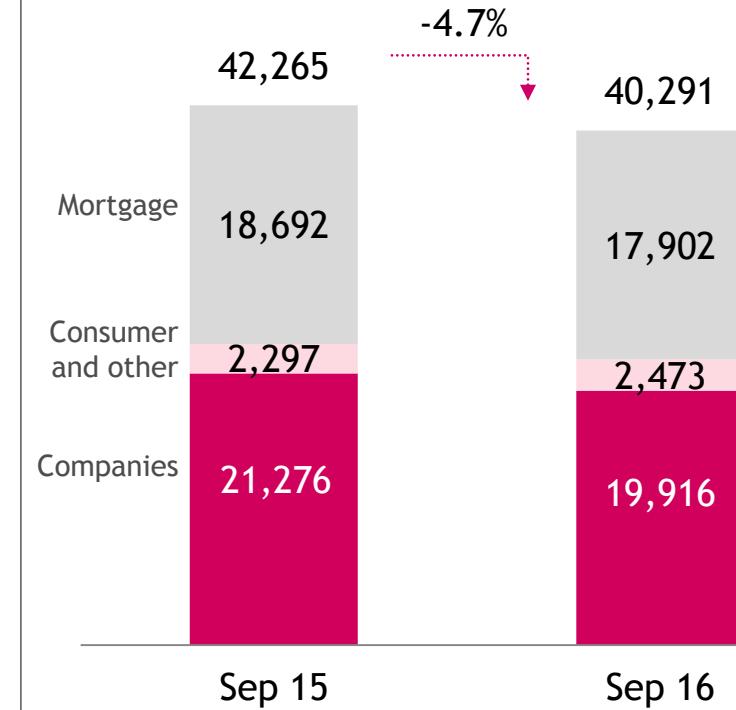


(Million euros)

Customer funds



Loans to Customers (gross)

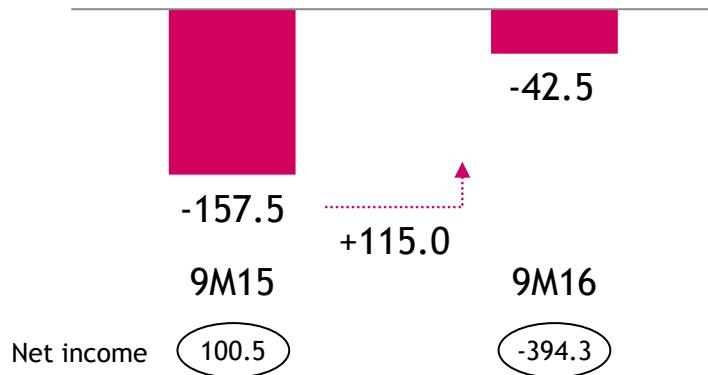


Earnings excluding non-usual items improve



(Million euros)

Net income excluding non-usual items



Non-usual items

	9M15	9M16
Net income excluding non-usual items	-157.5	-42.5
Gains on the Visa transaction	0.0	20.9
Gains on Portuguese sovereign debt in 2015	272.9	0.0
Devaluation of corporate restructuring funds	-14.9	-90.6
Add. impairment charges (increase coverage)*	0.0	-282.0
Total of non-usual items, net	258.0	-351.8
Net income	100.5	-394.3

- Net income of -€394.3 million in the first nine months of 2016.
- Net income of -€42.5 million in the first nine months 2016 excluding non-usual items, a €115.0 million improvement compared to -€157.5 million in the same period of 2015.
- Non-usual items in the first nine months of 2016: gains on Visa transaction, devaluation of corporate restructuring funds and additional impairment charges to increase coverage; Non-usual items in the first nine months of 2015: capital gains on Portuguese sovereign debt and devaluation of corporate restructuring funds.

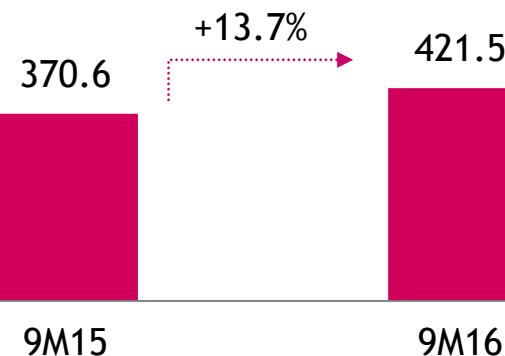
* Impairment charges in excess of 120bp cost of risk, to reinforce NPE coverage.

Improvement trend on core income and operating costs in Portugal continues



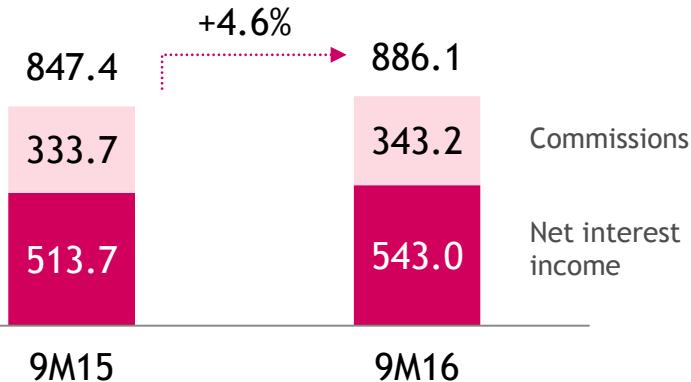
Core net income*

(Million euros)



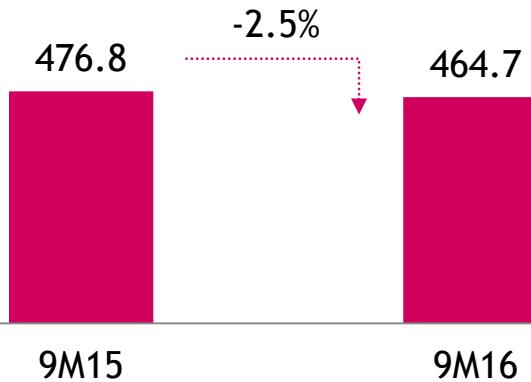
Core Income

(Million euros)



Operating costs

(Million euros)



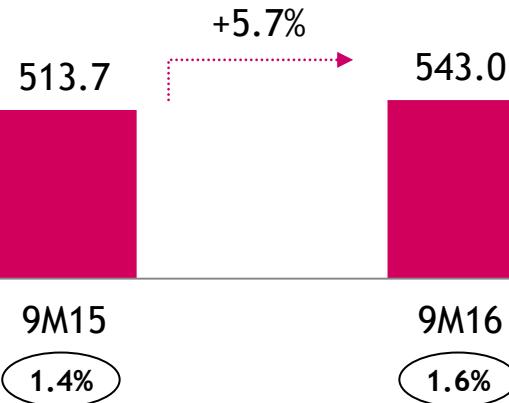
- Core income increases to €886 million in the 1st nine months of 2016
- Operating costs down to €465 million in the same period
- Continuation of the core net income* expansion trend, to €421 million in the 1st nine months of 2016

Lower cost of deposits partially offset by the decrease of credit volumes and Euribor



Net interest income

(Million euros)



Breakdown of net interest income

(Million euros)

	3Q16 vs. 2Q16	9M16 vs. 9M15
Commercial margin		
Loans volume effect	-4.7	-47.6
Effect of lower Euribor on credit	-3.7	-74.2
Effect of cost of time deposits	+4.5	+125.2
Funding and other	+4.0	+27.9
Total commercial margin	+0.0	+31.2
Securities	-1.8	-31.6
NPL effect	-0.4	+27.7
Other	+0.4	+1.8
Total	-1.8	+29.3

- Increase in net interest income compared to the first nine months of 2015, reflecting the impact of the consistent reduction of the cost of term deposits and the reduction of overdue loans, more than compensating the negative effect of the reduction of Euribor rates and of lower credit volumes, as well as of the lower contribution from the securities portfolio
- Decrease in net interest income compared to the previous quarter, mainly attributable to the lower credit volume and lower contribution from the securities portfolio, more than offsetting the positive impact of the continuation of the reduction of the cost of term deposits and of lower funding costs, the latter partially offset by the effect of the reduction of Euribor rates on loan interest

Continued effort to reduce the cost of deposits



Spread on the book of term deposits

(vs 3m Euribor)

9M15

-1.3%

9M16

-0.9%



Spread on the performing loan book

(vs 3m Euribor)

3.0%

2.9%

9M15

9M16



NIM

1.4%



1.6%

9M16

- Continued improvement of the spread of the portfolio of term deposits: from -1.3% in the first nine months of 2015 to -0.9% in the same period of 2016; September's front book priced at an average yield of 29bp, substantially below current back book's
- Spread on the total loan book at 2.9% in the 1st nine months of 2016 (3.0% at the same period of 2015)
- NIM stood at 1.6% (1.4% in the 1st nine months of 2015)

Increased commissions



(Million euros)

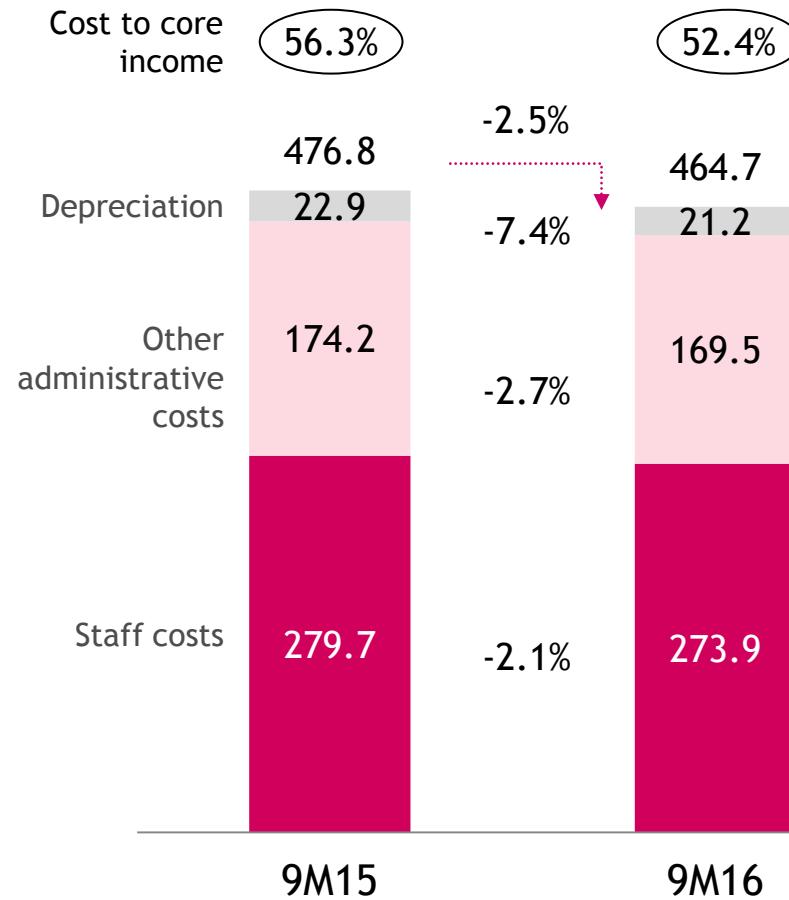
	9M15	9M16	YoY
Banking fees and commissions	293.1	300.7	+2.6%
Cards and transfers	73.9	74.5	+0.8%
Loans and guarantees	90.7	80.9	-10.8%
Bancassurance	56.5	57.9	+2.5%
Customer account related	62.2	68.1	+9.5%
Other fees and commissions	9.9	19.4	+96.0%
Market related fees and commissions	40.6	42.5	+4.5%
Securities operations	35.6	38.1	+6.9%
Asset management	5.0	4.4	-12.4%
Total fees and commissions	333.7	343.2	+2.8%

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

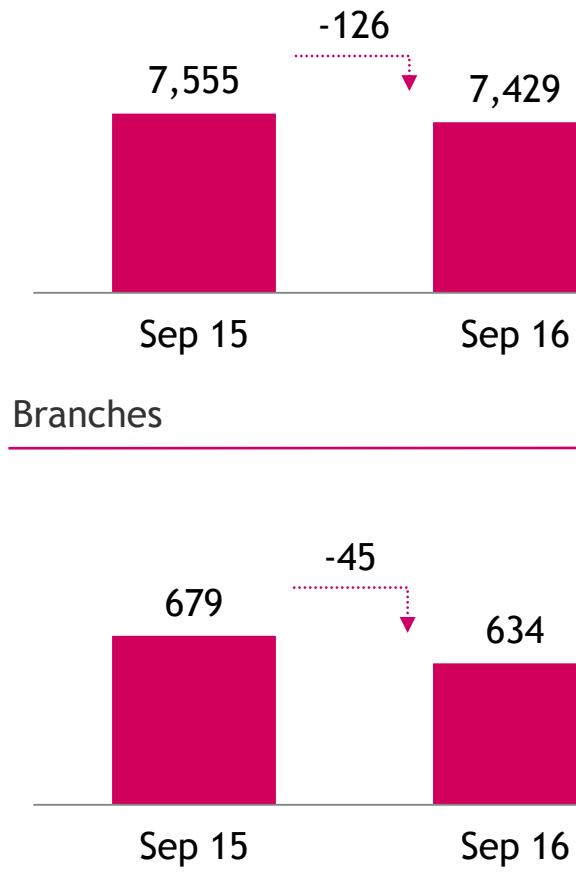


(Million euros)

Operating costs



Employees



Reinforced coverage of NPL>90d



(Million euros)

NPL>90d

Credit ratio	Sep 15	Sep 16
NPL>90d	14.0%	13.5%

5,917

Sep 15

5,454

Sep 16

Loan loss reserves

Coverage ratio	Sep 15	Sep 16
NPL>90d	52.2%	62.5%

3,091

Sep 15

3,408

Sep 16

NPL>90d buildup

	Sep 16 vs. Sep 15	Sep 16 vs. Jun 16
Opening balance	5,917	5,755
+/- Net entries	294.8	-106.9
- Write-offs	-529.5	-95.6
- Sales	-227.9	-98.7
Ending balance	5,454	5,454

Loan impairment (net of recoveries)

Cost of
risk

172bp

270bp

816.7

545.4

9M15

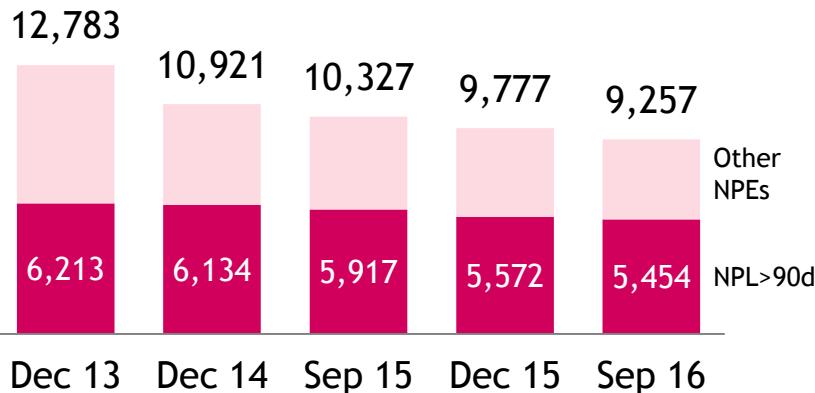
9M16

NPEs are decreasing, coverage is increasing and prospects are favourable

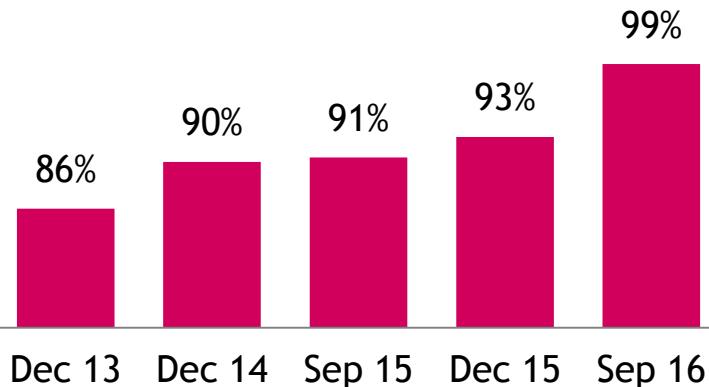


NPEs

(Million euros)



NPE total 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.
- Increase of NPE total coverage* to 99%, supporting the target of <€7.5 billion at December 2017.
- Key measures under the plan to bring down the level of NPEs:
 - 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.

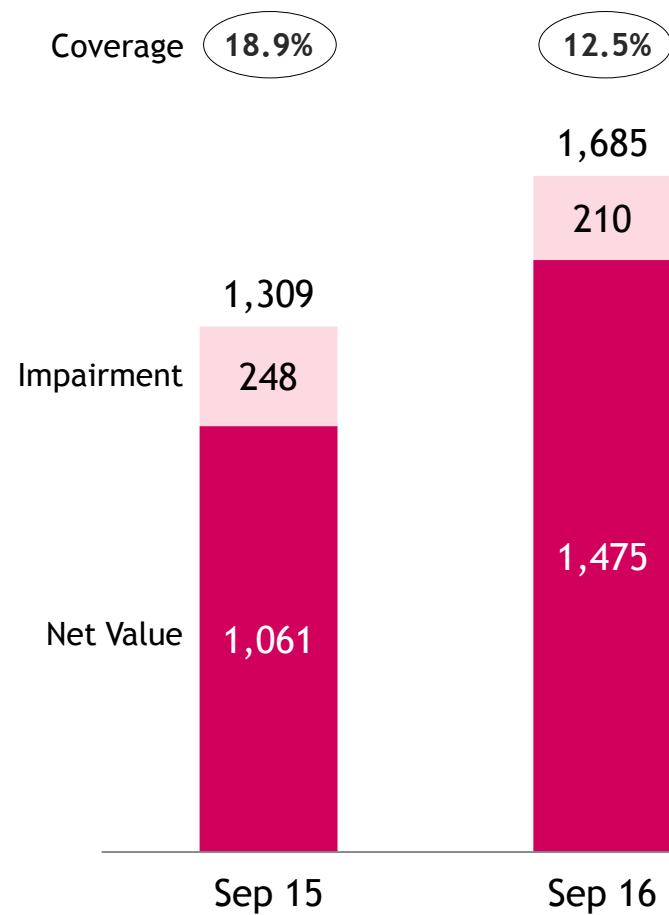
* By loan-loss reserves, expected loss gap and collaterals.

Foreclosed assets sold above book value



Foreclosed assets

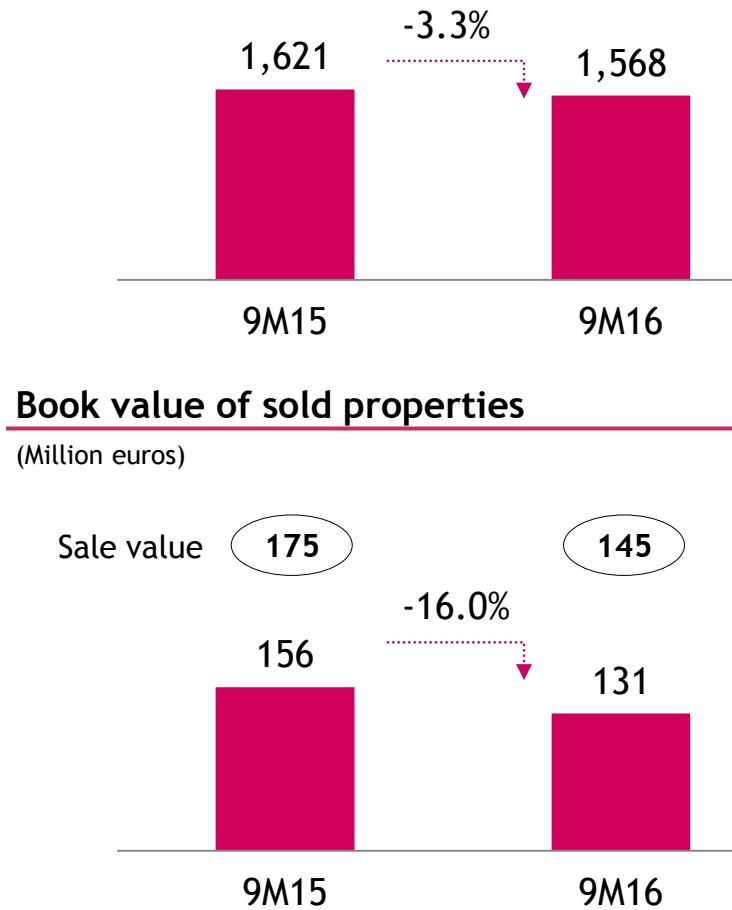
(Million euros)



Number of properties sold

Book value of sold properties

(Million euros)



Agenda

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- Group
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 - Liquidity
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- International operations
- Conclusions

Contribution from international operations

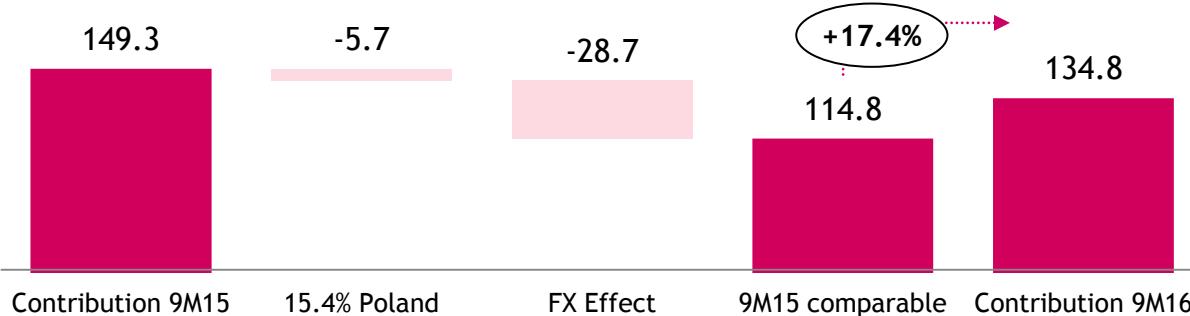
Contribution from international operations increases on a comparable basis

(Million euros)

	9M15	9M16	Δ % local currency	Δ % euros	ROE
International operations					
Poland	112.8	130.3	+15.5%	+9.7%	11.4%
Mozambique	42.5	51.8	+21.9%	-23.3%	21.6%
Angola*	20.2	28.5	+40.9%	-1.0%	
Other	9.7	6.5	-33.3%	-34.4%	
Net income	185.3	217.0	+17.2%	-3.6%	
Non-controlling interests Poland and Mozambique	-64.7	-82.3			
Exchange rate effect	28.7	--			
Total contribution international operations	149.3	134.8		-9.7%	
On a comparable basis:					
Millennium Poland shareholding at 50.1% in 1Q15	143.5	134.8		-6.1%	
Same as above without FX effect	114.8	134.8		+17.4%	

* Contribution of the Angolan operation.

Significant FX impact



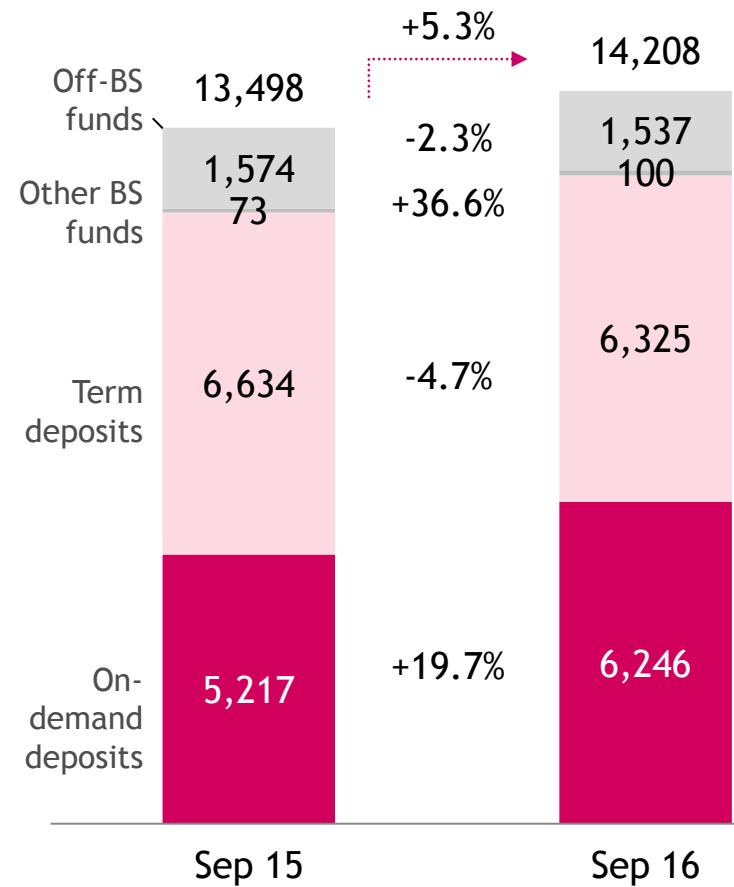
Note: subsidiaries' net income presented for 2015 at the same exchange rate as of 2016 for comparison purposes, without FX effect.

Poland: growing Customer funds

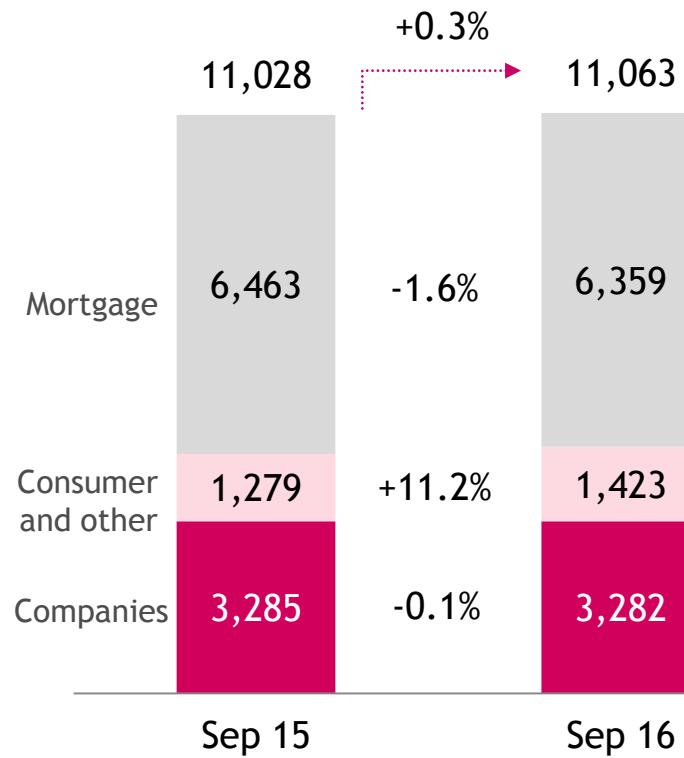


(Million euros)

Customer funds



Loans to Customers (gross)

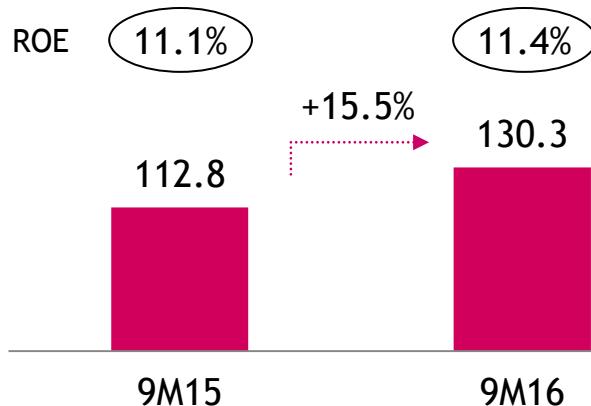


New banking tax and Visa Europe transaction strongly impact net earnings

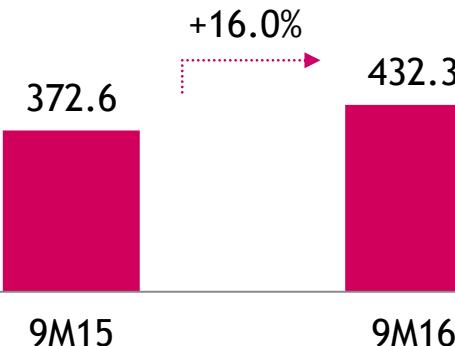


(Million euros)

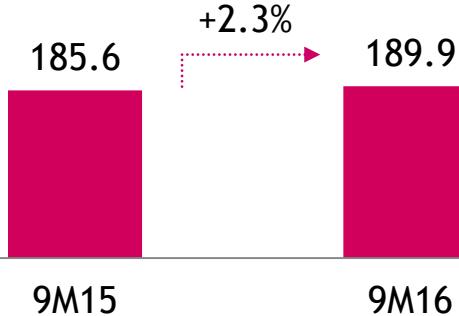
Net income



Banking income



Operating costs



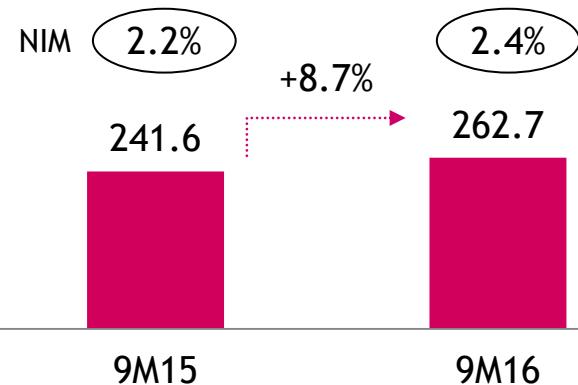
- Net earnings increased by 15.5%, as the new banking tax (€29.2 million) was more than compensated by the aggregate impact in the amount (€42.3 million) of the gains on the Visa transaction with booking additional provisions, both in the first half of the year
- Increasing in banking income (16.0%), driven by the gains on the Visa transaction and also by the expansion of the net interest income
- Operating costs up by 2.3%
- Common equity tier 1 ratio of 17.8% at the end of the 1st nine months of 2016

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

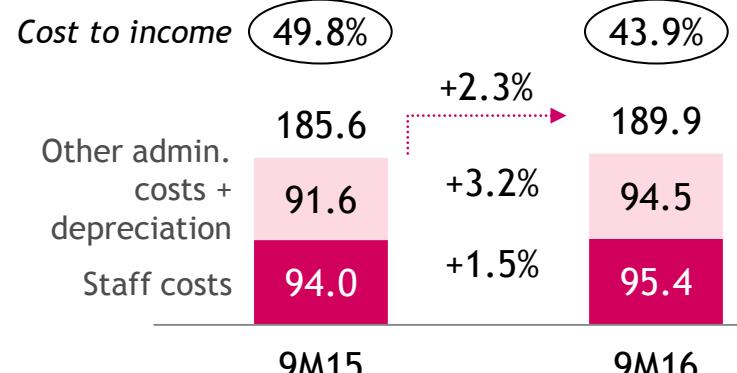


(Million euros)

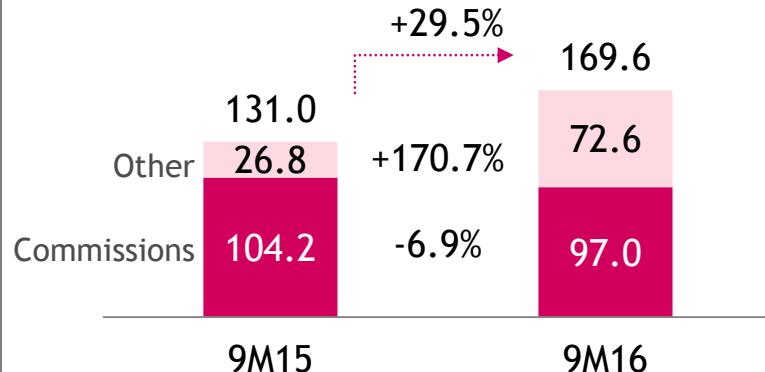
Net interest income*



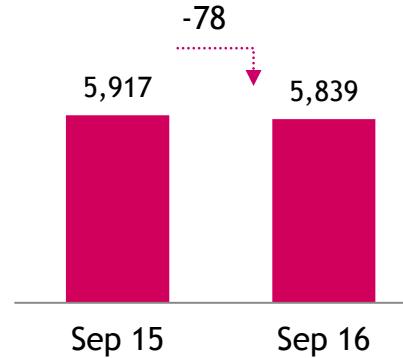
Operating costs



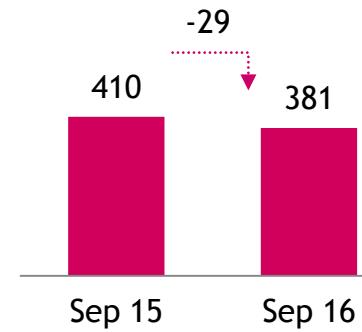
Commissions and other income



Employees



Branches



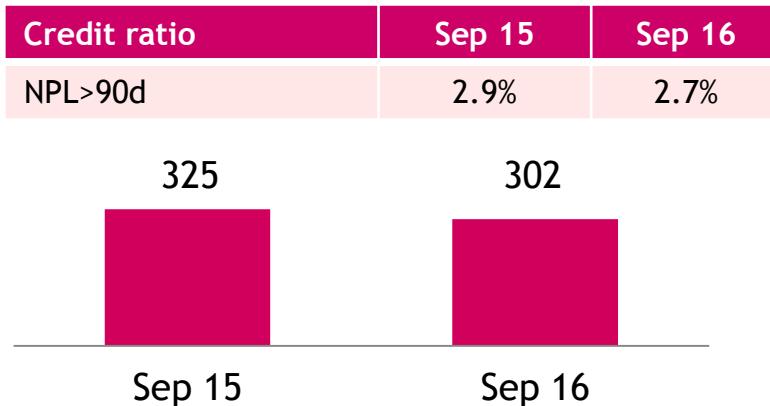
* Pro forma data. Margin from derivative products, including those from hedging FX denominated loan portfolio, is included in net interest income, whereas in accounting terms, part of this margin (€9.4 million in 9M15 and €7.4 million in 9M16) is presented in net trading income. FX effect excluded. €/Zloty constant at September 2016 levels: Income Statement 4.37407778; Balance Sheet 4.3192.

Improved credit quality and coverage

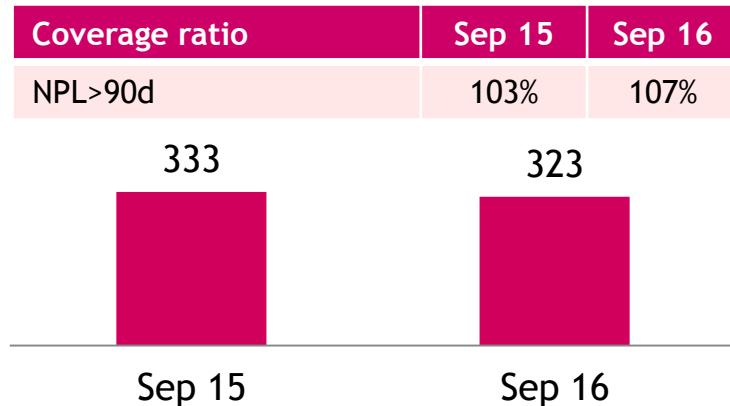


(Million euros)

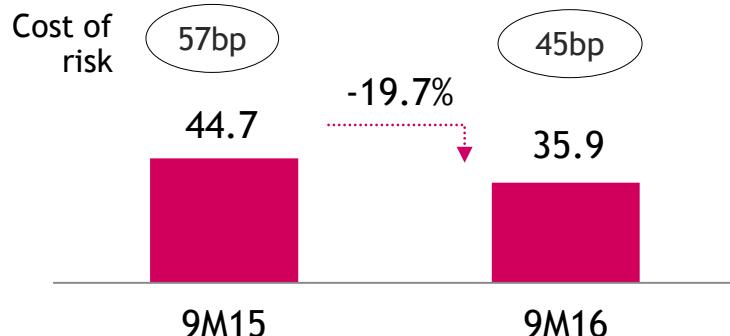
NPL>90d



Loan loss reserves



Loan impairment (net of recoveries)



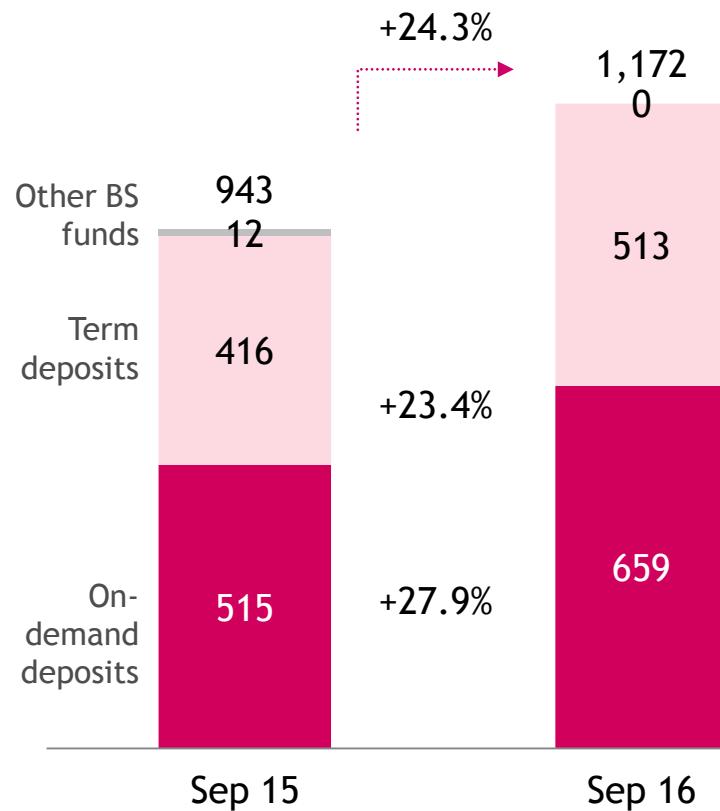
- NPL>90d ratio improved to 2.7% of total credit as at September 30, 2016 from 2.9% on the same date of the previous year
- Provision coverage of NPL>90d increased to 107% from 103% at the end of the first 9 months of 2015
- Lower provisioning effort, as reflected by cost of risk decreasing to 45bp (57bp in the first 9 months of 2015)

Mozambique: strong volume growth

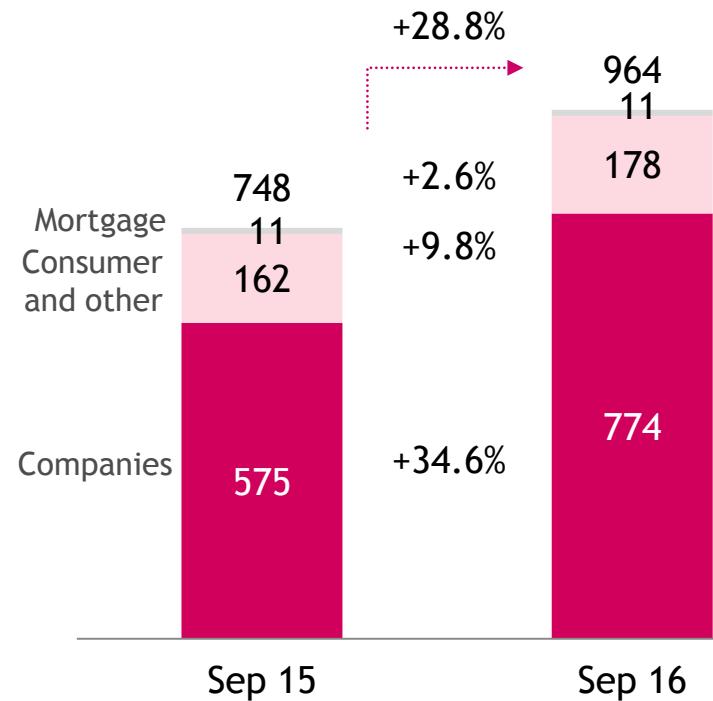


(Million euros)

Customer funds



Loans to Customers (gross)

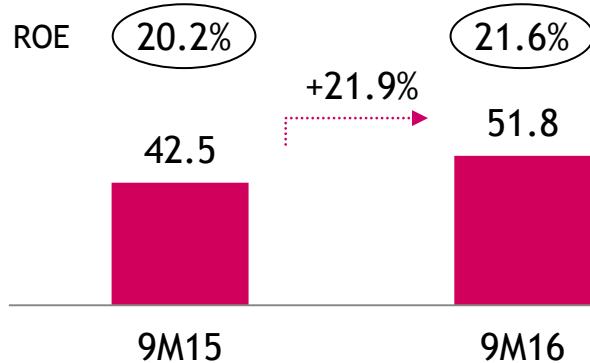


Increasing net income in a complex environment

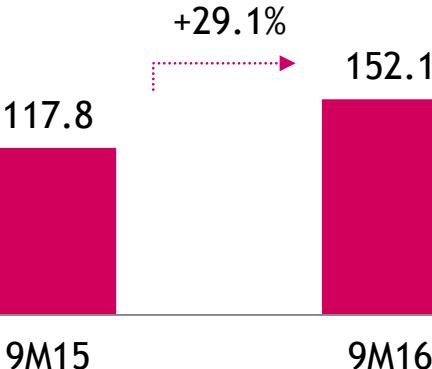


(Million euros)

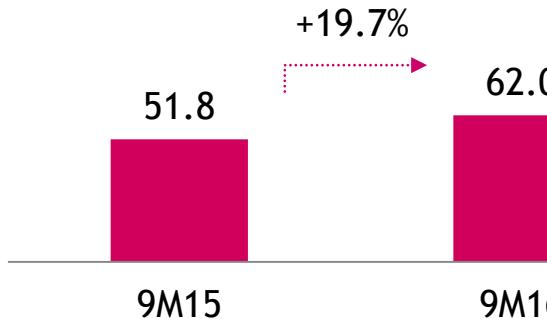
Net income



Banking income



Operating costs



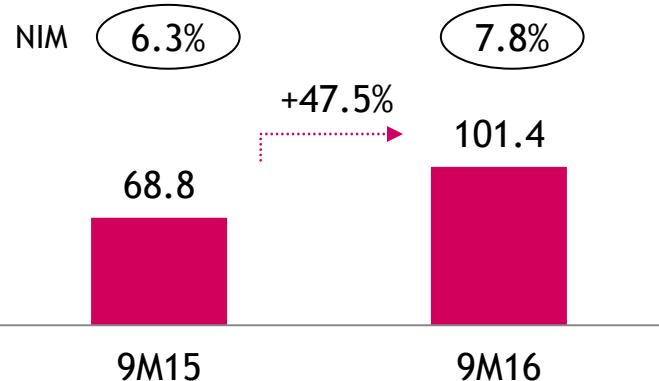
- Net income up by 21.9%, with ROE at 21.6%, in spite of an increased tax burden
- Increase of 29.1% in banking income due to higher net interest income
- Operating costs up by 19.7%

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

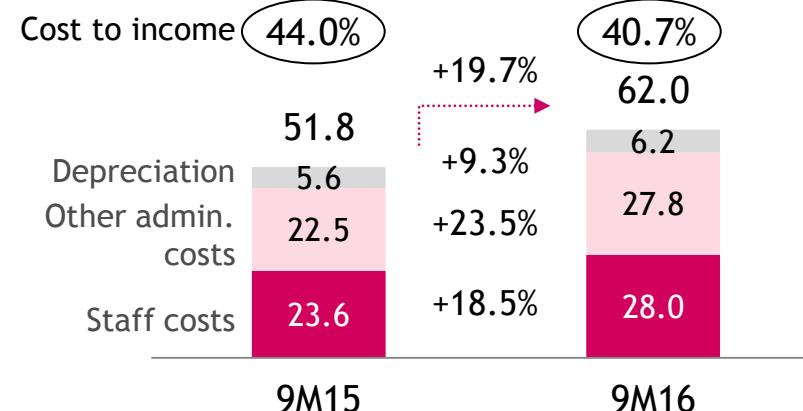


(Million euros)

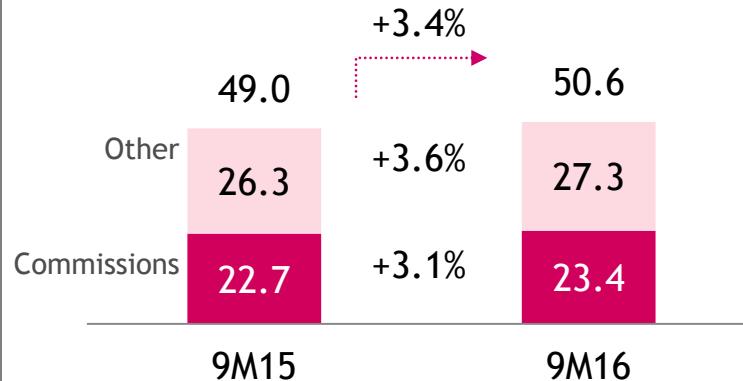
Net interest income



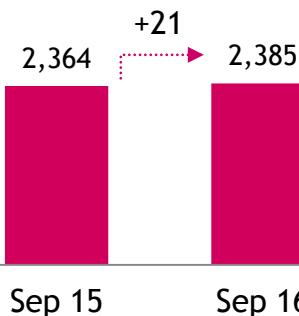
Operating costs



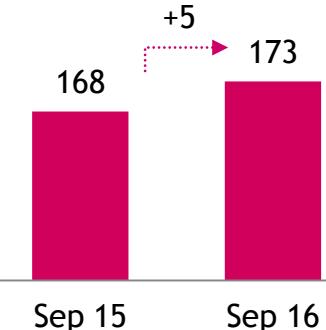
Commissions and other income



Employees*



Branches



* Excludes employees from SIM (insurance company)

Credit quality and coverage



(Million euros)

NPL>90d

Credit ratio	Sep 15	Sep 16
NPL>90d	6.2%	5.3%

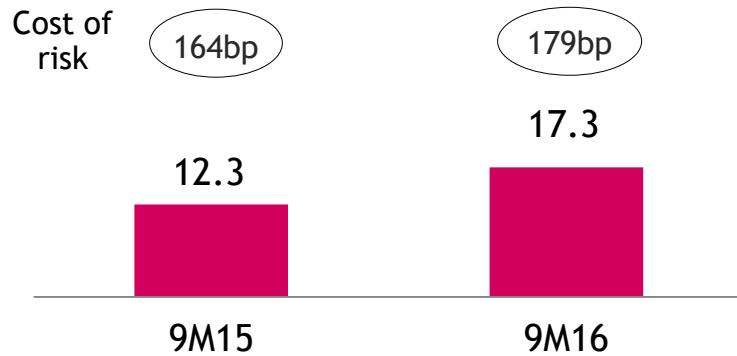


Loan loss reserves

Coverage ratio	Sep 15	Sep 16
NPL>90d	95%	129%



Loan impairment (net of recoveries)



- NPL>90d ratio of 5.3% as at September 30th, 2016 with reinforced coverage: 129% at the end of the first 9 months of 2016
- Increased provisioning effort, as reflected by a 179bp cost of risk in 9M16, up from 164bp in the same period of 2015

Agenda

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Road to 2018: targets

			Consolidated
	9M15	9M16	2018
CT1 / CET1	13.2% phased 10.0% fully	12.2%* phased 9.5%* fully	> 11%
Loans to Deposits	104%	100%	< 100%
Cost - Income	41.0%**	46.0%	< 43%
Cost - Core Income	55.3%	52.0%	< 50%
Cost of risk	148 bp	221 bp	< 75 bp
ROE	8.1%	-7.7%	> 11% With a 11% fully implemented CET1

* Estimates.

** Includes gains on Portuguese sovereign debt (€387.1 million).

Appendix

Sovereign debt portfolio

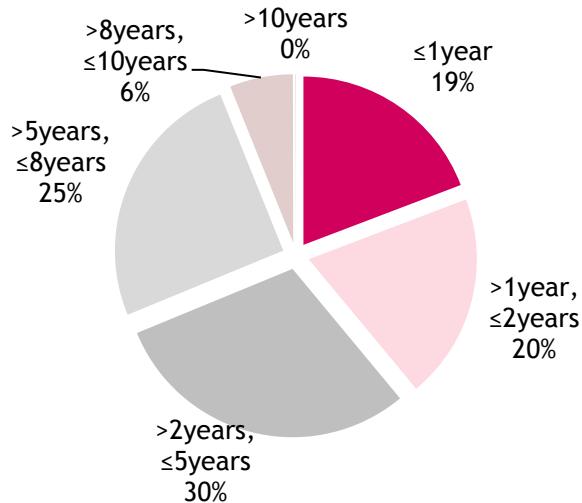
Sovereign debt portfolio

(Million euros)

	Sep 15	Jun 16	Sep 16	YoY	QoQ
Portugal	5,049	5,331	4,355	-14%	-18%
T-bills	199	1,261	827	+315%	-34%
Bonds	4,850	4,070	3,528	-27%	-13%
Poland	1,722	2,740	3,406	+98%	+24%
Angola	468	0	0		
Mozambique	499	302	246	-51%	-19%
Other	92	92	89	-3%	-2%
Total	7,830	8,465	8,097	+3%	-4%

Sovereign debt maturity

(September 2016)



- Sovereign debt portfolio totals €8.1 billion, €1.6 billion of which maturing in less than 1 year
- The value of Polish sovereign portfolios increased from September 30th 2015; exposure to Portuguese, Angolan and Mozambican sovereign debt decreased

Sovereign debt portfolio

(Million euros, September 2016)

	Portugal	Poland	Mozambique	Other	Total
Trading book*	184	96		37	317
≤ 1 year	6	13		36	55
> 1 year and ≤ 2 years	118	5			123
> 2 years and ≤ 5 years	57	54			111
> 5 years and ≤ 8 years		10			10
> 8 years and ≤ 10 years	3	14			17
> 10 years					1
Banking book**	4,172	3,310	246	52	7,780
≤ 1 year	822	530	149		1,501
> 1 year and ≤ 2 years	408	986	33	50	1,477
> 2 years and ≤ 5 years	527	1,712	64		2,303
> 5 years and ≤ 8 years	2,015	7		1	2,023
> 8 years and ≤ 10 years	399	75		1	475
> 10 years	1				2
Total	4,355	3,406	246	89	8,097
≤ 1 year	827	543	149	36	1,556
> 1 year and ≤ 2 years	525	991	33	50	1,600
> 2 years and ≤ 5 years	584	1,766	64		2,413
> 5 years and ≤ 8 years	2,015	17		1	2,034
> 8 years and ≤ 10 years	402	89		1	492
> 10 years	2				2

* Includes financial assets held for trading at fair value through net income (€146 million).

** Includes AFS portfolio (€7,730 million) and HTM portfolio (€50 million).

Consolidated earnings

(million euros)	9M15	9M16	Impact on earnings
Net interest income	876.6	907.0	+30.4
Net fees and commissions	498.0	481.1	-16.8
Other operating income	481.0	183.8	-297.2
<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>	387.1	0.0	-387.1
Banking income	1,855.6	1,571.9	-283.7
Staff costs	-430.2	-410.4	+19.8
Other administrative costs and depreciation	-330.3	-311.9	+18.3
Operating costs	-760.5	-722.4	+38.1
Operating net income (before impairment and provisions)	1,095.1	849.5	-245.6
Of which: core net income	614.1	665.8	+51.7
Loans impairment (net of recoveries)	-613.6	-870.2	-256.6
Other impairment and provisions	-117.0	-242.8	-125.8
<i>Of which: Devaluation of corporate restructuring funds</i>	-21.1	-128.6	-107.4
Impairment and provisions	-730.7	-1,113.0	-382.3
Net income before income tax	364.4	-263.5	-627.9
Income taxes	-67.1	68.2	+135.3
Non-controlling interests	-105.0	-101.0	+3.9
Net income from discontinued or to be discontinued operations	72.2	45.2	-27.0
Net income	264.5	-251.1	-515.6

Consolidated balance sheet

(Million euros)

	30 September 2016	30 September 2015		30 September 2016	30 September 2015
Assets			Liabilities		
Cash and deposits at central banks	2,618.3	1,514.5	Amounts owed to credit institutions	11,302.7	10,288.9
Loans and advances to credit institutions			Amounts owed to customers	48,937.1	50,643.8
Repayable on demand	421.9	984.0	Debt securities	3,919.2	4,909.7
Other loans and advances	1,628.2	976.1	Financial liabilities held for trading	610.5	828.4
Loans and advances to customers	48,805.8	52,478.2	Hedging derivatives	383.1	549.0
Financial assets held for trading	1,090.8	1,481.1	Provisions for liabilities and charges	280.0	300.8
Financial assets available for sale	10,680.0	11,556.6	Subordinated debt	1,682.9	1,683.8
Assets with repurchase agreement	20.0	10.5	Current income tax liabilities	5.5	7.3
Hedging derivatives	106.1	85.1	Deferred income tax liabilities	2.2	16.7
Financial assets held to maturity	415.6	432.9	Other liabilities	970.0	1,020.1
Investments in associated companies	574.6	313.9	Total Liabilities	68,093.2	70,248.5
Non current assets held for sale	2,112.8	1,674.5	Equity		
Investment property	61.9	147.6	Share capital	4,094.2	4,094.2
Property and equipment	463.5	673.5	Treasury stock	(3.1)	(1.1)
Goodwill and intangible assets	188.8	206.3	Share premium	16.5	16.5
Current tax assets	35.0	39.9	Preference shares	59.9	59.9
Deferred tax assets	2,790.7	2,505.4	Other capital instruments	2.9	2.9
Other assets	882.1	904.9	Legal and statutory reserves	245.9	223.3
	73,041.6	75,985.0	Fair value reserves	(66.1)	9.0
			Reserves and retained earnings	(22.8)	50.8
			Net income for the year attrib. to Shareholders	(251.1)	264.5
			Total equity attrib. to Shareholders of the Bank	4,076.3	4,720.0
			Non-controlling interests	872.0	1,016.5
			Total Equity	4,948.4	5,736.5
				73,041.6	75,985.0

Consolidated income statement

Per quarter

(Million euros)

	Quarterly				
	3Q 15	4Q 15	1Q 16	2Q 16	3Q 16
Net interest income	305.1	314.0	292.4	308.4	306.2
Dividends from equity instruments	0.3	6.2	2.0	3.8	1.2
Net fees and commission income	161.8	162.3	163.9	156.4	160.8
Other operating income	-12.3	-66.4	-12.4	-75.6	-8.3
Net trading income	26.9	33.5	28.3	154.5	29.7
Equity accounted earnings	4.5	-1.6	13.9	23.8	22.9
Banking income	486.4	447.9	488.1	571.3	512.5
Staff costs	141.6	143.7	138.4	135.2	136.7
Other administrative costs	94.4	100.0	91.8	93.1	90.1
Depreciation	13.3	13.1	12.8	12.7	11.5
Operating costs	249.3	256.8	243.1	241.0	238.3
Operating net income bef. imp.	237.1	191.1	245.1	330.3	274.2
Loans impairment (net of recoveries)	150.0	204.2	160.7	458.0	251.5
Other impairm. and provisions	25.5	43.0	15.4	182.6	44.9
Net income before income tax	61.7	-56.1	69.1	-310.3	-22.2
Income tax	21.0	-29.4	15.0	-93.3	10.1
Non-controlling interests	36.1	20.7	36.4	43.1	21.5
Net income (before disc. oper.)	4.5	-47.3	17.7	-260.2	-53.8
Net income arising from discont. operations	19.3	18.1	29.0	16.2	0.0
Net income	23.8	-29.2	46.7	-243.9	-53.8

Income statement (Portugal and International operations)

For the 9-month periods ended 30th September, 2015 and 2016

(Million euros)

	International operations																	
	Group			Portugal			Total			Bank Millennium (Poland)			Millennium bim (M oz.)			Other int. operations		
	Sep 15	Sep 16	Δ %	Sep 15	Sep 16	Δ %	Sep 15	Sep 16	Δ %	Sep 15	Sep 16	Δ %	Sep 15	Sep 16	Δ %	Sep 15	Sep 16	Δ %
Interest income	1,631	1,430	-12.3%	1,036	882	-14.9%	594	547	-7.9%	418	389	-6.9%	172	154	-10.6%	4	4	4.0%
Interest expense	754	523	-30.7%	523	339	-35.1%	231	183	-20.7%	173	134	-22.8%	63	52	-16.5%	-5	-3	40.8%
Net interest income	877	907	3.5%	514	543	5.7%	363	364	0.3%	244	255	4.4%	109	101	-7.2%	9	7	-19.6%
Dividends from equity instruments	3	7	99.6%	3	6	>100%	1	0	-20.5%	1	0	-20.2%	0	0	-25.5%	0	0	--
Intermediation margin	880	914	3.8%	517	549	6.4%	363	364	0.3%	245	256	4.4%	109	101	-7.2%	9	7	-19.6%
Net fees and commission income	498	481	-3.4%	334	343	2.8%	164	138	-16.0%	110	97	-11.6%	36	23	-35.2%	19	18	-4.9%
Other operating income	-54	-96	-80.0%	-52	-47	9.9%	-1	-49	<100%	-11	-53	<100%	10	4	-65.7%	-1	0	17.8%
Basic income	1,325	1,299	-1.9%	798	846	5.9%	526	453	-13.9%	343	300	-12.6%	156	128	-17.6%	27	24	-9.6%
Net trading income	506	213	-58.0%	432	88	-79.5%	74	124	66.9%	40	98	>100%	31	24	-24.6%	3	2	-36.3%
Equity accounted earnings	25	61	>100%	25	51	98.9%	0	10	>100%	0	0	100.0%	0	0	--	0	10	--
Banking income	1,856	1,572	-15.3%	1,255	985	-21.6%	600	587	-2.2%	383	398	4.1%	187	152	-18.8%	30	37	20.4%
Staff costs	430	410	-4.6%	280	274	-2.1%	151	136	-9.3%	99	95	-3.6%	38	28	-25.5%	14	13	-6.5%
Other administrative costs	289	275	-5.0%	174	170	-2.7%	15	105	-8.4%	74	73	-1.8%	36	28	-22.3%	5	5	-7.5%
Depreciation	41	37	-9.7%	23	21	-7.4%	18	16	-12.6%	9	9	6.1%	9	6	-312%	0	0	-17.4%
Operating costs	760	722	-5.0%	477	465	-2.5%	284	258	-9.2%	182	178	-2.4%	82	62	-24.7%	19	18	-6.8%
Operating net income bef. imp.	1,095	850	-22.4%	778	520	-33.2%	317	330	4.1%	200	221	10.1%	105	90	-14.1%	11	19	66.0%
Loans impairment (net of recoveries)	614	870	418%	545	817	49.7%	68	53	-21.7%	49	35	-27.8%	20	17	-11.8%	0	1	>100%
Other impairm. and provisions	117	243	>100%	114	234	>100%	3	9	>100%	2	9	>100%	1	0	<100%	0	0	<100%
Net income before income tax	364	-263	<-100%	119	-531	<-100%	245	267	9.0%	149	177	18.2%	85	73	-13.9%	11	18	57.2%
Income tax	67	-68	<-100%	19	-136	<-100%	48	68	41.1%	31	46	51.5%	16	20	26.0%	1	1	-10.1%
Non-controlling interests	105	101	-3.7%	0	0	29.4%	105	101	-3.8%	0	0	--	1	1	-24.6%	104	101	-3.6%
Net income (before disc. oper.)	192	-296	<-100%	101	-394	<-100%	92	98	6.7%	119	130	9.7%	68	52	-23.3%	-95	-84	11.1%
Net income arising from discont. operations	72	45	-37.4%				57	37	-35.9%							57	37	-35.9%
Net income	265	-251	<-100%				149	135	-9.7%							-37	-47	-27.5%



Modern

30% of the branch network renovated



26 branches with new format and service model



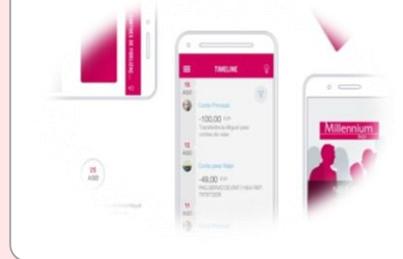
Paperless banking for +50% of service processes



Free wifi available in all branches



Millennium mobile app with new functionalities



Online account opening

AGORA É AINDA MAIS FÁCIL ABRIR CONTA

Abra aqui a sua conta

M2020: only available App to manage EU funds projects



Fully online personal credit application process



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 instalments 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 instalments 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.

