EARNINGS PRESS RELEASE

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Millennium bcp earnings release as at 31 December 2016

Profitability and efficiency

Continued improvement of recurring earnings

- **Profits in 2016 (Euro 23.9 million)**, in spite of a **significant increase of impairment charges to Euro 1.6 billion**. Strong profit performance excluding non-usual items*.
- Strong, consistent growth of the consolidated **operating net income**, before provisions, **in excess of Euro 1 billion**.
- **Earnings excluding non-usual items* stood at Euro 97.6 million**, an increase of Euro 119.8 million from 2015.
- **Core net income****, excluding non-usual items*, **up 8%** from 2015, reflecting a 3% increase in net interest income and lower operating costs (-5%).
- Enhanced operational efficiency, resulting in **cost to core income** improving by 3pp**, excluding non-usual items*, from 54.6% in 2015 **to 51.5% in 2016**.

Asset quality

Coverage reinforced significantly

- **Significantly lower NPEs** and NPLs in Portugal, together with increased **coverage**, both by loan-loss reserves, to 39% from 31%, and total***, including guarantees, to **100%** from 93%.
- **NPEs in Portugal** showing a **strong pace of reduction since 2013**: Euro 1.4 billion per year, on average.
- **NPL>90 days** showing a **significant net new entries reduction** to Euro 139 million in 2016; **NPL>90d ratio fell to 10%** as at 31 December 2016 (11% as at the same date of 2015), with **coverage strengthened** to 69% (51% as at the end of 2013).

Business performance

Strengthened balance sheet

- **Commercial gap improved** further, with net loans as a percentage of on-balance sheet customers funds **now standing at 95%**.
- **ECB funding usage down to Euro 4.4 billion** from Euro 5.3 billion as at 31 December 2015.

Capital

Adequate position

- **Common equity tier 1 ratio reinforced to 12.4% on a phased-in basis** (estimate), from 12.2% as at the previous quarter.
- Capital strengthened in early February, allowing for the **full repayment of CoCos** and bringing the **fully implemented CET1 ratio to >11%.**

* Non-usual items in 2016: gains on Visa transaction, capital gains on Portuguese sovereign debt, impact from Collective Lab. Agreem.'s revision (net of restructuring costs), devaluation of corporate restructuring funds and goodwill, additional impairment charges to reinforce coverage and fiscal impact; in 2015: capital gains on Portuguese sovereign debt, restructuring costs and devaluation of corporate restructuring funds. ** Core income = net interest income + net fees and commission income; Core net income = core income – operating costs. ***By loan-loss reserves, expected loss gap and collaterals. Note: The business figures presented exclude the former BMA.

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Financial Highlights

Euro million

	31 Dec. 16	31 Dec. 15	Change 16 / 15
Balance sheet			
Total assets (1)	71,265	72,709	-2.0%
Loans to customers (gross) (1)	51,758	54,443	-4.9%
Total customer funds (1)	63,377	64,485	-1.7%
Balance sheet customer funds (1)	50,434	52,158	-3.3%
Customer deposits (1)	48,798	49,847	-2.1%
Loans to customers, net / Customer deposits (2)	99%	102%	
Loans to customers, net / Balance sheet customer funds (3)	95%	97%	
Results			
Net income	23.9	235.3	-89.8%
Net interest income	1,230.1	1,190.6	3.3%
Net operating revenues	2,096.7	2,303.5	-9.0%
Operating costs	780.0	1,017.3	-23.3%
Recurring operating costs (4)	965.7	1,011.5	-4.5%
Loan impairment charges (net of recoveries)	1,116.9	817.8	36.6%
Other impairment and provisions	481.1	160.1	200.5%
Income taxes			
Current	113.4	91.4	
Deferred	(495.3)	(53.7)	
Profitability			
Net operating revenues / Average net assets (2)	2.8%	3.0%	
Return on average assets (ROA) (5)	0.2%	0.5%	
Income before tax and non-controlling interests / Average net assets (2)	-0.3%	0.5%	
Return on average equity (ROE)	0.6%	5.3%	
Income before tax and non-controlling interests / Average equity (2)	-4.5%	7.3%	
Credit quality			
Overdue loans and doubtful loans / Total loans (2)	9.0%	9.4%	
Overdue loans and doubtful loans, net / Total loans, net (2)	1.9%	3.4%	
Credit at risk / Total loans (2)	10.9%	11.3%	
Credit at risk, net / Total loans, net (2)	3.9%	5.4%	
Impairment for loan losses / Overdue loans by more than 90 days (1)	107.0%	86.2%	
Efficiency ratios (2) (4)			
Operating costs / Net operating revenues	46.1%	43.9%	
Operating costs / Net operating revenues (Portugal)	47.1%	41.1%	
Staff costs / Net operating revenues	25.9%	24.7%	
Capital (6)			
Common equity tier I phased-in	12.4%	13.3%	
Common equity tier I fully implemented	9.6%	10.2%	
Branches (3)			
Portugal activity	618	671	-7.9%
Foreign activity	545	671	-18.8%
Employees (3)			
Portugal activity	7,333	7,459	-1.7%
Foreign activity	8,474	9,724	-12.9%

(1) Adjusted from the effect related to the classification of Banco Millennium in Angola as discontinued operation in 2015.
(2) According to Instruction from the Bank of Portugal no. 16/2004, as the currently existing version. Given the booking of Banco Millennium Angola as a discontinued operation between March and May 2016 and the restatement of the consolidated 2015 accounts accordingly, the consolidated balance sheet includes Banco Millennium Angola until its derecognition, determined by the completion of the merger with Banco Privado Atlântico, in May 2016, while the respective contribution to consolidated result is reflected in income from discontinued operations and non-controlling interests during that period, including 2015 restated, not influencing the remaining items of the consolidated income statement.
(3) Includes discontinued operations in 2015.
(4) Excludes specific items related to the impact from Collective Lab. Agreem.'s revision (net of restructuring costs) of Euro -5.8 million in 2015 and Euro 185.7 million in 2016.
(5) Considering net income before non-controlling interests.
(6) Figures regarding December 2016 are estimated and include the accumulated positive net income of the year.

RESULTS AND ACTIVITY IN 2016

Considering the commitment agreed with the Directorate-General for Competition of the European Commission (DG Comp) regarding the Bank's Restructuring Plan, in particular the implementation of a new approach to the asset management business, and in accordance with IFRS 5, the activity of Millennium bcp Gestão de Activos was classified as discontinued operation during 2013.

From this date onwards, the impact on results of these operations was presented on a separate line item in the profit and loss account, defined as "income arising from discontinued operations" with no change at balance sheet level from the criteria as that of the financial statements considered in 2015. Following the sale of the total shareholding in Millennium bcp Gestão de Activos, in May 2015, its assets and liabilities are no longer considered from this date onwards.

Similarly, in the context of the merger process between Banco Millennium in Angola and Banco Privado Atlântico, Banco Millennium in Angola was also considered as a discontinued operation in March 2016 and its financial statements of the same period of 2015 restated.

After the completion of the merger, in May 2016, the assets and liabilities of Banco Millennium in Angola stopped being considered in the consolidated balance sheet and the investment of 22.5 % in Banco Millennium Atlântico, the new merged entity, started being consolidated using the equity method, while its contribution to the Group's results have been recognized in the consolidated accounts from May 2016 onwards.

RESULTS

The **core income** of Millennium bcp totalled Euro 1,094.0 million in 2016, compared to Euro 833.6 million in 2015. Excluding the effect of non-usual items, associated with the impact from the revision of the Bank's Collective Labour Agreement, net of restructuring costs, of Euro -5.8 million in 2015 and Euro 185.7 million in 2016, the core income increased 8.2%, from Euro 839.4 million in 2015 to Euro 908.2 million in 2016, enabling a 3 percentage points improvement in cost to core income between 31 December 2015 and 31 December 2016, standing at 51.5% on this date.

Net income in 2016 amounted to Euro 23.9 million compared to Euro 235.3 million posted in 2015, reflecting the impact of non-usual items. Excluding this effect, net income would have been positive at Euro 97.6 million in 2016, compared to a loss of Euro 22.2 million recorded in 2015.

Non-usual items, net of tax, include the booking of additional impairment charges of Euro 349.5 million to increase coverage in 2016, as well as the gains on the sale of Portuguese sovereign debt securities of Euro 279.4 million in 2015, compared with Euro 7.9 million in 2016, the devaluation of corporate restructuring funds, which was higher by Euro 140.3 million compared to 2015, and Euro 51.0 million related with goodwill's impairment, partially offset by the gains related with the purchase of Visa Europe by Visa Inc., in the Bank in Portugal and in Bank Millennium in Poland, amounting to Euro 49.2 million, and a fiscal impact of Euro 281.2 million. Additionally, the Bank booked an amount associated with the negotiation of the revision of the Collective Labour Agreement (net of restructuring costs) of Euro 146.7 million net of taxes in December 2016, compared to restructuring costs of Euro 4.1 million posted in 2015.

In the international activity, net income stood at Euro 172.8 million in 2016, compared to Euro 176.5 million registered in 2015, influenced by the exchange rate impact associated with the depreciation of the zloty and the metical against the euro, together with higher mandatory contributions in Poland, that offset the gain booked also in the subsidiary in Poland related with the purchase of Visa Europe by Visa Inc. Excluding exchange rate effects, net income increased 20.9% compared to 2015.

Net interest income amounted to Euro 1,230.1 million in 2016, a year-on-year increase of 3.3% from the Euro 1,190.6 million posted in 2015, on the back of the positive performance of both Portugal and international activity.

Net interest income in the activity in Portugal increased by 3.5% from 2015 standing at Euro 736.1 million, reflecting the positive contribution of the commercial margin, driven by the 64 basis points reduction of term deposits cost, which offset the penalizing effect of the decrease of the yield of loans and debt portfolios related with interest rates trend.

In the international activity, net interest income showed a year-on-year increase of 3.1%, while, excluding exchange rate impact, it grew by 19.8% compared to 2015, determined by loans to customers and deposits volume increases in the subsidiaries in Mozambique and Poland.

Net interest margin in 2016 stood at 1.92%, compared to 1.79% in 2015. Excluding the impact from the cost of CoCos, net interest margin reached 2.03% in 2016 and 1.89% in 2015.

AVERAGE BALANCES

Euro million

	31 Dec.16		31 Dec.15	
	Amount	Yield %	Amount	Yield %
Deposits in banks	3,085	0.62	3,015	0.87
Financial assets	10,396	2.08	10,184	2.55
Loans and advances to customers	49,428	3.25	52,318	3.45
Interest earning assets	**62,909**	**2.92**	**65,517**	**3.19**
Discontinued operations (1)	731		2,000	
Non-interest earning assets	10,045		9,611	
	73,685		**77,128**	
Amounts owed to credit institutions	10,497	0.28	10,712	0.59
Amounts owed to customers	49,010	0.70	48,993	1.12
Debt issued	4,123	3.25	5,318	3.47
Subordinated debt	1,649	7.33	1,837	6.71
Interest bearing liabilities	**65,279**	**0.96**	**66,860**	**1.37**
Discontinued operations (1)	684		1,795	
Non-interest bearing liabilities	2,414		2,919	
Shareholders' equity and non-controlling interests	5,308		5,554	
	73,685		**77,128**	
Net interest margin		1.92		1.79
Net interest margin (excl. cost of CoCos)		2.03		1.89

Note: Interest related to hedge derivatives were allocated, in December 2016 and 2015, to the respective balance sheet item.
(1) Includes the activity of the subsidiary in Angola and of Millennium bcp Gestão de Ativos (in 2015), as well as the respective consolidation adjustments.

Net commissions totalled Euro 643.8 million in 2016, from Euro 660.3 million posted in 2015, hindered by the international activity's performance which, excluding exchange rate effects, decreased by 0.6% to Euro 187.2 million, despite of the 1.9% increase in the activity in Portugal.

The performance of net commissions in 2016 reflects the 1.7% decrease in commissions associated with the banking business and the 5.8% decrease in commissions related to financial markets, driven by the lower level of commissions posted in international activity, which was partially mitigated by higher commissions in the activity in Portugal.

Net trading income reached Euro 240.4 million in 2016, compared to Euro 539.4 million in 2015, determined by the gains related to Portuguese sovereign debt securities in 2015 in the amount of Euro 387.1 million, in spite of the booking of a gain of Euro 96.2 million associated with the purchase, by Visa Inc., of the shareholdings held by the Bank in Portugal and Bank Millennium in Poland in Visa Europe in the second quarter of 2016.

Other net operating income was negative by Euro 105.9 million in 2016, from the negative Euro 119.9 million posted in 2015, benefiting from lower costs associated with regulatory contributions, namely the contributions for the banking sector, for the Deposit Guarantee Fund, for the Resolution Fund and for the Single Resolution Fund, booked in the activity in Portugal, partially offset by the evolution registered in the international activity, penalised by the introduction of a new banking tax in Poland in 2016.

Dividends from equity instruments, which comprises dividends received from investments in financial assets available for sale, and **equity accounted earnings**, jointly reached Euro 88.2 million in 2016, showing an increase of Euro 55.1 million from the Euro 33.2 million registered in 2015, driven by higher gains from UNICRE and from SIBS, resulting from the transaction of their respective shareholdings in Visa Europe, together with the results from the shareholding in Banco Millennium Atlântico, the new entity that resulted from the merger of Banco Millennium in Angola with Banco Privado Atlântico, from May 2016 onwards.

OTHER NET INCOME

Euro million

	31 Dec. 16	31 Dec. 15	Change 16/15
Net commissions	**643.8**	**660.3**	**-2.5%**
Banking commissions	521.0	529.9	-1.7%
Cards and transfers	144.4	158.8	-9.1%
Credit and guarantees	160.3	160.4	0.0%
Bancassurance	76.7	75.3	1.8%
Current account related	90.6	84.4	7.3%
Other commissions	49.0	51.0	-3.9%
Market related commissions	122.8	130.4	-5.8%
Securities	84.6	91.3	-7.3%
Asset management	38.3	39.1	-2.2%
Net trading income	**240.4**	**539.4**	-55.4%
Other net operating income	**(105.9)**	**(119.9)**	**-**
Dividends from equity instruments	**7.7**	**9.7**	**-20.1%**
Equity accounted earnings	**80.5**	**23.5**	**242.3%**
Total other net income	**866.6**	**1,112.9**	**-22.1%**
Other net income / Net operating revenues	41.3%	48.3%	

Operating costs, excluding the effect of specific items related with the Collective Labour Agreement's revision and restructuring costs, totalled Euro 965.7 million in 2016, a year-on-year reduction of 4.5% compared with Euro 1,011.5 million posted in 2015, essentially supported by the cost savings in activity in Portugal.

Operating costs in Portugal, excluding the above-mentioned specific items, decreased 2.2% in 2016, amounting to Euro 624.0 million, grounded on the operational rationalisation initiatives defined in the Strategic Plan, namely staff costs and other administrative cost savings.

Operating costs in the international activity showed a year-on-year decrease of 8.5%; however, excluding the exchange rate effect, operating costs increased 5.9% compared to 2015, mainly influenced by the subsidiary in Mozambique.

Staff costs, excluding the impact of specific items, amounted to Euro 542.3 million in 2016, a 4.5% reduction from the Euro 568.1 million posted in 2015, benefiting from the savings obtained in Portugal, determined by the decrease of 126 employees compared to 2015. In the international activity, staff costs increased by 4.4%, excluding exchange rate effects, influenced by the operations in Mozambique and Poland.

Other administrative costs stood at Euro 373.6 million in 2016, a year-on-year decrease of 4.0% from the Euro 389.3 million accounted in 2015, influenced by the impact of the rationalisation and cost containment measures that have been implemented, reflected in the resizing of the distribution network in Portugal, from 671 branches in 2015 to 618 in 2016, in spite of the 7.8% increase in the international activity, excluding exchange rate effects.

Depreciation costs totalled Euro 49.8 million in 2016, a 7.9% decrease from the Euro 54.1 million posted in 2015, supported by the 2.9% reduction observed in the activity in Portugal, on the back of lower real estate and software-related depreciation costs, whereas in the international activity depreciation costs increased 7.4%, excluding exchange rate impact, compared to 2015, mainly determined by the operation in Poland

OPERATING COSTS *Euro million*

	31 Dec. 16	31 Dec. 15	Change 16/15
Staff costs	542.3	568.1	-4.5%
Other administrative costs	373.6	389.3	-4.0%
Depreciation	49.8	54.1	-7.9%
Subtotal (1)	**965.7**	**1,011.5**	-4.5%
Specific items			
Restructuring costs and Collect. Lab. Agreem. revision	(185.7)	5.8	
Operating costs	**780.0**	**1,017.3**	**-23.3%**
Of which:			
Portugal activity (1)	624.0	638.2	-2.2%
Foreign activity	341.7	373.3	-8.5%

(1) Excludes the impact of specific items presented in the table.

Impairment for loan losses (net of recoveries) amounted to Euro 1,116.9 million in 2016, compared to Euro 817.8 million posted in 2015, determined by the booking of additional impairment charges aimed at reinforcing credit coverage, namely the strengthening of the overdue loans coverage ratio for more than 90 days per impairments, adjusted for the effect of discontinued operations, from 86.2% as at 31 December 2015 to 107.0% in the same period of 2016.

Other impairment and provisions totalled Euro 481.1 million in 2016, compared to Euro 160.1 million in 2015, as a result of the devaluation of corporate restructuring funds by Euro 199.0 million from 2015, mitigated by the lower level of provisions for other liabilities and charges and for repossessed assets.

Income tax (current and deferred) amounted to Euro 381.9 million in 2016, compared with Euro -37.7 million posted 2015.

These taxes include deferred tax income of Euro 495.3 million (Euro 53.7 million in 2015), net of current tax costs of Euro 113.4 million (Euro 91.4 million in 2015).

BALANCE SHEET

Total assets, excluding the impact of Banco Millennium in Angola, classified as a discontinued operation, stood at Euro 71,265 million as at 31 December 2016, compared with Euro 72,709 million as at 31 December 2015, mainly reflecting loans to customers' portfolio retraction.

Loans to customers (gross), excluding discontinued operations, amounted to Euro 51,758 million as at 31 December 2016, compared with Euro 54,443 million accounted in 2015, driven by the decrease in the activity in Portugal, in spite of the increase recorded in the international activity, excluding the exchange rate effect.

Notwithstanding the continued commitment to offer integrated and innovative solutions aimed at meeting the financing needs of companies and individuals, loans to customers in the activity in Portugal decreased by 5.4% compared to 31 December 2015, as a result of the decreases of 7.1% and 4.2% in loans to companies and mortgage loans, respectively, hindered by the still moderate recovery of economic activity.

Excluding the impact of the loan portfolio associated with the operation in Angola, classified as a discontinued operation, and the exchange rate effect, loans to customers in the international activity increased 3.0% compared to 31 December 2015, benefiting from the positive performance of loans to companies and loans to individuals in the subsidiaries in Mozambique and Poland, respectively.

LOANS TO CUSTOMERS (GROSS)

Euro million

	31 Dec. 16	31 Dec. 15	Change 16/15
Individuals	**28,076**	**29,085**	**-3.5%**
Mortgage	24,018	25,040	-4.1%
Consumer and others	4,058	4,045	0.3%
Companies	**23,682**	**25,358**	**-6.6%**
Services	9,104	10,023	-9.2%
Commerce	3,190	3,188	0.0%
Construction	2,859	3,353	-14.7%
Other	8,529	8,794	-3.0%
Subtotal	**51,758**	**54,443**	**-4.9%**
Discontinued operations	--	996	
Total	**51,758**	**55,438**	**-6.6%**
Of which [1]:			
Portugal activity	39,361	41,595	-5.4%
Foreign activity	12,398	12,848	-3.5%

(1) Excludes the impact from discontinued operations (Banco Millennium in Angola) in 2015.

The structure of the loans to customers portfolio showed identical and stable levels of diversification between the end of December 2015 and 2016, with loans to companies representing 46% of total loans to customers as at 31 December 2016.

OVERDUE LOANS BY MORE THAN 90 DAYS AND IMPAIRMENTS AS AT 31 DECEMBER 2016

Euro million

	Overdue loans by more than 90 days	Impairment for loan losses	Overdue loans by more than 90 days /Total loans	Coverage ratio (Impairment/ Overdue >90 days)
Individuals	**764**	**790**	**2.7%**	**103.4%**
Mortgage	278	316	1.2%	113.8%
Consumer and others	486	474	12.0%	97.5%
Companies	**2,733**	**2,951**	**11.5%**	**108.0%**
Services	1,017	1,512	11.2%	148.7%
Commerce	264	220	8.3%	83.3%
Construction	812	614	28.4%	75.6%
Other	639	605	7.5%	94.6%
Total	**3,496**	**3,741**	**6.8%**	**107.0%**

Credit quality, determined by loans overdue by more than 90 days as a percentage of total loans, adjusted for discontinued operations, stood at 6.8% as at 31 December 2016, compared to 7.3% as at the same period of 2015, while the corresponding coverage ratio for loans overdue by more than 90 days improved from 86.2% as at 31 December 2015 to 107.0% as at 31 December 2016.

The credit at risk ratio reached 10.9% as at 31 December 2016, which compares with 11.3% as at the same period of 2015. As at 31 December 2016, the restructured loans ratio totalled 9.7% of total loans, from 9.8% registered at the end of December 2015 and the restructured loans not included in the credit at risk ratio stood at 5.7% of total loans as at 31 December 2016 (5.8% as at 31 December 2015).

Total customer funds, excluding the impact associated with discontinued operations, decreased 1.7% standing at Euro 63,377 million as at 31 December 2016, compared to Euro 64,485 million posted on the same date of 2015.

In the activity in Portugal, total customers funds amounted to Euro 47,168 million as at 31 December 2016, from Euro 47,965 million in the same date of 2015. In spite of the Euro 692 million increase registered on off-balance sheet customer funds, driven by the Euro 384 million and Euro 308 million increases posted respectively on capitalisation products and assets under management, customer funds' performance was penalised by the decreases of Euro 793 million and Euro 696 million accounted in customer deposits and debt securities owed to customers.

Total customer funds in the international activity, excluding the impact associated with discontinued operations, were influenced by the depreciation of the zloty and the metical against the euro, amounting to Euro 16,209 million as at 31 December 2016, a decrease of 1.9% compared to the Euro 16,519 million posted in 2015. Excluding exchange rate effect, total customer funds increased 4.6% compared to 31 December 2015 on the back of the customer deposits' 5.1% increase, mainly in Poland.

As at 31 December 2016, excluding discontinued operations, balance sheet customer funds represented 80% of total customer funds, with customer deposits representing 77% of total customer funds.

According to Bank of Portugal's Instruction No. 16/2004, which includes Banco Millennium Angola in the balance sheet in 2015, the loan to deposits ratio improved from 102% as at 31 December 2015 to 99% as at 31 December 2016, benefiting from the Euro 1.2 million reduction of the commercial gap. The same ratio, considering total balance sheet customer funds, stood at 95% (97% as at 31 December 2015).

TOTAL CUSTOMER FUNDS [(1)]

Euro million

	31 Dec. 16	31 Dec. 15	Change 16/15
Balance sheet customer funds	**50,434**	**52,158**	**-3.3%**
Deposits	48,798	49,847	-2.1%
Debt securities	1,636	2,311	-29.2%
Off-balance sheet customer funds	**12,943**	**12,327**	**5.0%**
Assets under management	4,092	3,812	7.3%
Capitalisation products	8,851	8,514	4.0%
Total	**63,377**	**64,485**	**-1.7%**

(1) Excludes the impact from discontinued operations (Banco Millennium in Angola) in the amount of Euro 1,692 million in December 2015.

The **securities portfolio**, excluding discontinued operations, totalled Euro 12,323 million as at 31 December 2016, compared with Euro 12,016 million posted as at 31 December 2015, representing 17.3% of total assets as at 31 December 2016, above the 16.5% registered as at 31 December 2015.

LIQUIDITY MANAGEMENT

During 2016 the consolidated wholesale funding of the Bank increased by Euro 0.5 billion, mainly due to the reinforcement of both the portfolios of Portuguese public and private debt, already foreseen in the Liquidity Plan for 2016, mitigated by the decrease of the commercial gap and the share capital increase operation.

Together with the refinancing of medium-long term debt amounting to Euro 1.0 billion (of which Euro 0.8 billion of senior debt and Euro 121 million of subordinated debt, including the early redemption of Euro 50 million of CoCos), the increase of the funding needs compared to 31 December 2015 involved the increase of the repos in Portugal (to a balance of Euro 2.3 billion) and the Euro 0.6 billion decrease of the gross borrowings with the Eurosystem (to a balance of Euro 4.9 billion). In net terms, the funding with the ECB decreased at a faster pace, through the reduction of Euro 0.9 billion from the end of 2015 to a balance of 4.4 Euro billion, continuing the progressive decreasing trend seen since 2011.

It is worth highlighting that the diversification of the funding instruments, set out in 2016 Liquidity Plan, was carried on with the realisation in significant number and amounts of the first repos collateralized by covered bonds and securitised assets, in addition to the use of Portuguese sovereign debt.

In June 2016, the Bank carried out the early full redemption of the EUR 1.5 billion tranche of the first series of the targeted longer-term refinancing operation ("TLTRO", in December 2014), changing the temporal profile of its debt with the ECB by simultaneously borrowing a EUR 3.5 billion tranche at the new programme "TLTRO II", announced by the ECB on March 2016. This amount was reinforced in September with an additional tranche of Euro 0.5 billion, to a total of Euro 4.0 billion. The remaining funding needs were assured through the weekly and 3-month main refinancing operations.

The reduction of the net funding with the ECB, from Euro 0.9 billion to Euro 4.4 Euro billion, together with the performance of the eligible assets available for discount at the Eurosystem, enabled the liquidity buffer to exceed Euro 9.0 billion for the first time, an increase of Euro 0.5 billion compared to December 2015 (Euro 8.6 billion). This amount comprises on a proforma basis the collateral currently allocated in excess to the covered bond program which, under the form of an issue to be retained at the portfolio of ECB eligible assets, would allow its increase by an amount of at least Euro 1.5 billion after haircuts, assuming the use of the valuation criteria of the ECB concerning the other retained issues.

CAPITAL

On 26 June 2013, the European Parliament and Council approved Directive 2013/36/EU and Regulation (EU) no. 575/2013 (Capital Requirements Directive IV / Capital Requirements Regulation - CRD IV/CRR) that established new and more demanding capital requirements for credit institutions, with effects from 1 January 2014 onwards.

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

According to our interpretation of CRD IV/CRR to date, CET1 phased-in estimated ratio reached 12.4% as at 31 December 2016 comparing with the 12.2% presented as at 30 September 2016 (13.3% as at 31 December 2016).

The increase of the phased-in CET1 ratio in the fourth quarter of 2016 mainly reflects the CET1 increase as a result of the Private Placement by Fosun, this quarter´s net income and the favourable evolution of foreign exchanges differences, minority interests, shortfall of the expected losses and intangible assets, despite the increase registered in the phased-in deductions, such as the beginning of the transitional period related to non-realized gains and losses of available for sale public debt and higher deferred tax assets, the increase of actuarial losses registered in reserves and the CoCos reimbursement of Euro 50 million. The risk weighted assets were unfavourably influenced by the credit and operational risks which mitigated the capital ratios positive performance in the fourth quarter of 2016.

The *proforma* CET1 ratio, as at 1 January 2017, after the share capital increase (Euro 1,332 million), net of expenses, and the total remaining CoCos reimbursement (Euro 700 million), both registered in February 2017, reached 12.8% and 11.1%, phased-in and fully implemented, respectively.

SOLVENCY RATIOS (CRD IV/CRR) Euro million

	31 Dec. 16	30 Sep. 16	31 Dec. 15
	PHASED-IN		
Own funds			
Common equity tier 1 (CET1)	4,872	4,669	5,775
Tier 1	4,872	4,669	5,775
Total Capital	**5,255**	**5,052**	**6,207**
Risk weighted assets	**39,186**	**38,287**	**43,315**
Solvency ratios			
CET1	12.4%	12.2%	13.3%
Tier 1	12.4%	12.2%	13.3%
Total capital	13.4%	13.2%	14.3%
	FULLY IMPLEMENTED		
CET1 ratio	9.6%	9.5%	10.2%

The capital ratios of December 2016 are estimated and include the net income of the year.

SIGNIFICANT EVENTS

Reinforcement of the objectives of the strategic plan through the reimbursement of the State-held CoCos, the strengthening of the balance sheet and the focus on profitability and shareholder value creation.

Highlights during this period include:

- Reverse stock split, without decrease of the share capital, of the shares representing the Bank's share capital, by applying a regrouping ratio of 1:75, which was applied to all shares, in the same proportion.
- In November, 9, 2016, a General Meeting of Shareholders took place with 34.7% of the share capital represented, with the following resolutions: (i) Item One – Approval of the maintenance of the voting restrictions foreseen in articles 26 and 25 of the articles of association; (ii) Item Three – Approval of changes to the articles of association by altering the article 2 (1), article 11 (1), article 17 (3), article 21 (1), article 22 (1), article 31 (6), article 33, article 35 (2), article 37 (1) and suppression of article 51; (iii) Item Four – Approval of the increase of the number of members of the Board of Directors. Before the beginning of the discussion of item two, which has been postponed to the end of the meeting, the Board of Directors' proposal recommending the suspension of the meeting, to be resumed on 21 November 2016, was approved.
- In accordance with the resolution of the General Meeting of Shareholders of 21 April 2016 to suppress the pre-emptive right of the shareholders, BCP´s Board of Directors approved a resolution for the increase of BCP's share capital, by way of a private placement of 157,437,395 new shares offered for subscription by Chiado (Fosun) at a subscription price of 1.1089 euros per new share. The share capital increase by way of private placement has been subscribed for by Chiado, and its registry was requested of the competent Commercial Registry Office on 18 November 2016 and, as such, the current share capital of BCP is now of Euro 4,268,817,689.20, represented by 944,624,372 ordinary, book-entry shares without nominal value.
- In November 21, 2016, the 2nd session of the General Meeting of Shareholders of November 9, 2016, took place with 34.7% of the share capital represented. The shareholders present and represented approved the Board of Directors' proposal recommending the suspension of the meeting, to be resumed on December 19, 2016.
- In 19 December 2016, the General Meeting of Shareholders of BCP with 33.5% of the share capital represented, approved the proposal submitted to it by some of the Bank's main shareholders to increase the limit on voting rights prescribed by Articles 26 and 25 of the Bank's Articles of Association from 20% to 30%.
- Following the resignation of Mr. Bernardo de Sá Braamcamp Sobral Sottomayor, according to the announcement of February 29, 2016, the State appointed Mr. André Palma Mira David Nunes, as non-executive member of the Board of Directors, to be its representative in the Bank's corporate bodies. Mr. André Palma Mira David Nunes will also be a member of the Commission for Risk Assessment and the Commission for Nominations and Remunerations.

Under the Restructuring Plan approved by the European Commission following the injection of State funds in June 2012, Banco Comercial Português, S.A. informed that it repaid Euro 50 million of CoCos on December 30, 2016.

MACROECONOMIC ENVIRONMENT

According to the projections of the International Monetary Fund (IMF), in 2016, the World's economy slowed down for the second consecutive year, this time due to the lesser dynamism of developed countries, since emerging markets maintained the pace of expansion. In the USA, the rate of change of GDP was 1.6%, which corresponds to the weakest growth of the last seven years. This performance was due to the contraction of the non-residential investment and to the deceleration of the residential component, amid greater political uncertainty. In the euro area, most Member-States continued to grow at levels below potential in spite of the favourable performance of consumption, which has been supported by the improvement of employment and the low level of interest rates and of energy prices. Among the main developed economies, the United Kingdom stood out for maintaining robust growth levels (1.8%), notwithstanding the uncertainty related to the British decision to leave the European Union (EU). As for the emerging economies, it is worth mentioning the positive evolution in China, in contrast with the lingering recessive state of the economies of Brazil and Russia.

The behaviour of financial markets during 2016 was surprisingly tranquil in face of not only the evolution of international politics, in particular with respect to Brexit and the election of Donald Trump to the American presidency, but also the significant increase of American long term interest rates in the second half of the year. Generically, the performance of the US risk asset classes beat that of the remaining geographies, with the equity indexes quoted in New York appreciating more than their European and Japanese counterparts, and the US dollar gaining value against the majority of the developed currencies, but not of the emerging ones. It should be also highlighted the widespread recovery of commodity prices, especially within the energy complex, after two years of strong correction.

Despite the inflation come back resulting from the recovery of the oil price, the elevated level of indebtedness and the moderate progression of the economy determined the maintenance of an ample degree of monetary accommodation at the global scale. With the exception of the US Federal Reserve, which again raised marginally its key interest rate in December 2016, the majority of the main central banks maintained or intensified the expansionary stance of their policy. The ECB put its deposit facility rate at even more negative values (-0.40%) and enlarged the spectrum of its purchase operations to debt securities issued by corporations, in addition to extending the life of the programme to at least the end of 2017. In the wake of these measures, the Euribor interest rates closed the year below zero in every maturity.

According to Statistics Portugal, Portuguese GDP grew 1.4% in 2016, below the 1.6% gain recorded in 2015. The lower robustness of economic activity stemmed essentially from the contraction of investment and, to a smaller extent, the slowdown of private consumption. The net external demand had a negative contribution, albeit less marked than in the previous year, benefiting from the exceptional dynamism of tourism, as well as the resiliency of exports of goods to the EU. In 2017, the recovery trend should remain supported by domestic demand, which should be boosted by the strength of private consumption and also the improvement in investment, in a context of greater confidence brought about by the consolidation of Portugal's recovery. However, the risk of an international slowdown associated with the rise of geopolitical uncertainty as well as the possibility of a correction in financial markets constitute potential obstacles to the steadiness of the expansion of the domestic economy.

In 2016, the economy of Poland maintained a robust growth pace due to the increase of private consumption, which was boosted by the expansionary stance of fiscal policy and by wage improvement. Throughout the year, the central bank maintained interest rates unchanged at 1.50%, given the persistence of deflationary risks. On the currency front, the zloty followed an overall depreciating trend.

Mozambique faced a set of important challenges in 2016. Low commodity prices, in particular of aluminium and coal, provoked a fall in export revenues and in investment, both foreign and domestic, thereby undermining the public finances and the external accounts, which translated into a strong depreciation of the metical, an increase of inflation and the consequent need for more restrictive policies in the monetary and fiscal domains. Additionally, the disclosure of an overall public debt higher than the amount known by the international institutions and the ensuing suspension of external assistance had a very adverse impact on the economic and financial condition and on investors' confidence.

According to the IMF, the Angolan economy likely stagnated in 2016, undermined by the permanence of oil prices at low levels.

CONSOLIDATED INDICATORS, ACTIVITY IN PORTUGAL AND INTERNATIONAL ACTIVITY

Euro million

	Consolidated			Activity in Portugal			International activity		
	Dec 16	Dec 15	Change	Dec 16	Dec 15	Change	Dec 16	Dec 15	Change
Income statement									
Net interest income	1,230.1	1,190.6	3.3%	736.1	711.3	3.5%	494.0	479.3	3.1%
Dividends from equity instruments	7.7	9.7	-20.1%	7.3	9.1	-20.1%	0.5	0.6	-20.0%
Net fees and commission income	643.8	660.3	-2.5%	456.6	448.2	1.9%	187.2	212.1	-11.7%
Other operating income	(105.9)	(119.9)	-11.7%	(41.7)	(84.0)	-50.4%	(64.2)	(35.9)	78.7%
Net trading income	240.4	539.4	-55.4%	100.3	443.2	-77.4%	140.0	96.2	45.6%
Equity accounted earnings	80.5	23.5	>200%	67.5	23.9	183.1%	13.0	(0.3)	>200%
Net operating revenues	**2,096.7**	**2,303.5**	**-9.0%**	**1,326.2**	**1,551.7**	**-14.5%**	**770.5**	**751.8**	**2.5%**
Staff costs	356.6	573.9	-37.9%	176.1	376.9	-53.3%	180.5	197.0	-8.4%
Other administrative costs	373.6	389.3	-4.0%	232.7	236.8	-1.7%	140.8	152.5	-7.7%
Depreciation	49.8	54.1	-7.9%	29.4	30.3	-2.9%	20.4	23.8	-14.2%
Operating costs	**780.0**	**1,017.3**	**-23.3%**	**438.3**	**644.0**	**-31.9%**	**341.7**	**373.3**	**-8.5%**
Recurring operating costs (1)	**965.7**	**1,011.5**	**-4.5%**	**624.0**	**638.2**	**-2.2%**	**341.7**	**373.3**	**-8.5%**
Operating profit before impairment and provisions	**1,316.7**	**1,286.2**	**2.4%**	**887.9**	**907.6**	**-2.2%**	**428.8**	**378.6**	**13.3%**
Loans impairment (net of recoveries)	1,116.9	817.8	36.6%	1,045.2	729.8	43.2%	71.7	88.0	-18.6%
Other impairment and provisions	481.1	160.1	>200%	470.6	152.7	>200%	10.4	7.4	41.8%
Profit before income tax	**(281.3)**	**308.3**	**191.2%**	**(628.0)**	**25.1**	**>200%**	**346.7**	**283.2**	**22.4%**
Income tax	(381.9)	37.7	>200%	(469.6)	(18.4)	>200%	87.7	56.1	56.2%
Income after income tax from continuing operations	**100.6**	**270.6**	**-62.8%**	**(158.4)**	**43.6**	**>200%**	**259.0**	**227.1**	**14.1%**
Income arising from discontinued operations	45.2	90.3	-49.9%	-	-	-	36.8	75.7	-51.4%
Non-controlling interests	121.9	125.6	-3.0%	(1.1)	(0.6)	82.6%	123.0	126.2	-2.6%
Net income	**23.9**	**235.3**	**-89.8%**	**(157.3)**	**44.2**	**>200%**	**172.8**	**176.5**	**-2.1%**
Balance sheet and activity indicators									
Total assets	**71,265**	**74,885**	**-4.8%**	**52,426**	**53,647**	**-2.3%**	**18,839**	**21,238**	**-11.3%**
Total customer funds (2)	**63,377**	**64,485**	**-1.7%**	**47,168**	**47,965**	**-1.7%**	**16,209**	**16,519**	**-1.9%**
Balance sheet customer funds (2)	**50,434**	**52,158**	**-3.3%**	**35,567**	**37,056**	**-4.0%**	**14,867**	**15,102**	**-1.6%**
Deposits	48,798	49,847	-2.1%	34,023	34,816	-2.3%	14,775	15,031	-1.7%
Debt securities	1,636	2,311	-29.2%	1,545	2,241	-31.1%	91	71	29.2%
Off-balance sheet customer funds (2)	**12,943**	**12,327**	**5.0%**	**11,601**	**10,909**	**6.3%**	**1,343**	**1,417**	**-5.3%**
Assets under management	4,092	3,812	7.3%	3,189	2,882	10.7%	903	931	-3.0%
Capitalisation products	8,851	8,514	4.0%	8,411	8,028	4.8%	440	486	-9.6%
Discontinued operations	-	**1,692**	**-100.0%**	-	-		-	**1,692**	**-100.0%**
Loans to customers (gross) (2)	**51,758**	**54,443**	**-4.9%**	**39,361**	**41,595**	**-5.4%**	**12,398**	**12,848**	**-3.5%**
Individuals (2)	**28,076**	**29,085**	**-3.5%**	**20,134**	**20,887**	**-3.6%**	**7,942**	**8,198**	**-3.1%**
Mortgage	24,018	25,040	-4.1%	17,698	18,465	-4.2%	6,320	6,575	-3.9%
Consumer and others	4,058	4,045	0.3%	2,435	2,423	0.5%	1,623	1,622	0.0%
Companies (2)	**23,682**	**25,358**	**-6.6%**	**19,227**	**20,708**	**-7.1%**	**4,455**	**4,650**	**-4.2%**
Services	9,104	10,023	-9.2%	8,190	9,056	-9.6%	914	967	-5.5%
Commerce	3,190	3,188	0.0%	2,199	2,119	3.8%	991	1,069	-7.3%
Construction	2,859	3,353	-14.7%	2,560	3,012	-15.0%	299	341	-12.3%
Other	8,529	8,794	-3.0%	6,278	6,520	-3.7%	2,251	2,273	-1.0%
Discontinued operations	-	**996**	**-100.0%**	-	-	-	-	**996**	**-100.0%**
Credit quality									
Total overdue loans (2)	3,631	4,088	-11.2%	3,328	3,772	-11.8%	303	316	-3.8%
Overdue loans by more than 90 days (2)	3,496	3,967	-11.9%	3,241	3,694	-12.3%	255	273	-6.7%
Overdue loans by more than 90 days /Total loans (2)	6.8%	7.3%		8.2%	8.9%		2.1%	2.1%	
Total impairment (balance sheet) (2)	3,741	3,420	9.4%	3,346	2,991	11.9%	395	429	-8.0%
Total impairment (balance sheet) /Total loans (2)	7.2%	6.3%		8.5%	7.2%		3.2%	3.3%	
Total impairment (balance sheet) /Overdue loans by more than 90 days (2)	107.0%	86.2%		103.2%	81.0%		155.0%	157.1%	
Cost of risk (net of recoveries, in b.p.) (2)	216	150		266	175		58	69	
Restructured loans / Total loans (3)	9.7%	9.8%							
Restructured loans not included in the credit at risk / Total loans (3)	5.7%	5.8%							
Cost-to-income (1)	46.1%	43.9%		47.1%	41.1%		44.4%	49.7%	

(1) Excludes the impact of specific itens.

(2) Adjusted from the effect related to operations classified under the line item of discontinued operations in 2015.

(3) According to Instruction from the Bank of Portugal no. 32/2013, as the currently existing version, including Banco Millennium in Angola.

BANCO COMERCIAL PORTUGUÊS

Consolidated Income Statement
for the years ended 31 December 2016 and 2015

	2016	2015 (restaded)
	(Thousands of Euros)	
Interest and similar income	1,909,997	2,158,966
Interest expense and similar charges	(679,871)	(968,367)
Net interest income	1,230,126	1,190,599
Dividends from equity instruments	7,714	9,652
Net fees and commission income	643,834	660,255
Net gains / losses arising from trading and hedging activities	101,827	118,195
Net gains / losses arising from available for sale financial assets	138,540	421,214
Net gains from insurance activity	4,966	10,227
Other operating income	(104,547)	(98,158)
Total operating income	2,022,460	2,311,984
Staff costs	356,602	573,929
Other administrative costs	373,570	389,295
Depreciation	49,824	54,078
Operating costs	779,996	1,017,302
Operating net income before provisions and impairments	1,242,464	1,294,682
Loans impairment	(1,116,916)	(817,808)
Other financial assets impairment	(274,741)	(56,675)
Other assets impairment	(66,926)	(79,667)
Goodwill impairment	(51,022)	-
Other provisions	(88,387)	(23,735)
Operating net income	(355,528)	316,797
Share of profit of associates under the equity method	80,525	23,528
Gains / (losses) from the sale of subsidiaries and other assets	(6,277)	(32,006)
Net (loss) / income before income tax	(281,280)	308,319
Income tax		
Current	(113,425)	(91,355)
Deferred	495,292	53,670
Net (loss) / income after income tax from continuing operati	100,587	270,634
Income arising from discontinued operations	45,228	90,327
Net income after income tax	145,815	360,961
Attributable to:		
Shareholders of the Bank	23,938	235,344
Non-controlling interests	121,877	125,617
Net income for the year	145,815	360,961
Earnings per share (in euros)		
Basic	0.019	0.232
Diluted	0.019	0.232

BANCO COMERCIAL PORTUGUÊS

Consolidated Balance Sheet as at 31 December, 2016 and 2015

	31 December 2016	31 December 2015
	(Thousands of Euros)	
Assets		
Cash and deposits at central banks	1,573,912	1,840,317
Loans and advances to credit institutions		
Repayable on demand	448,225	776,413
Other loans and advances	1,056,701	921,648
Loans and advances to customers	48,017,602	51,970,159
Financial assets held for trading	1,048,797	1,188,805
Other financial assets held for trading		
at fair value through profit or loss	146,664	152,018
Financial assets available for sale	10,596,273	10,779,030
Assets with repurchase agreement	20,525	-
Hedging derivatives	57,038	73,127
Financial assets held to maturity	511,181	494,891
Investments in associated companies	598,866	315,729
Non current assets held for sale	2,250,159	1,765,382
Investment property	12,692	146,280
Property and equipment	473,866	670,871
Goodwill and intangible assets	162,106	210,916
Current tax assets	17,465	43,559
Deferred tax assets	3,184,925	2,561,506
Other assets	1,087,814	974,228
	71,264,811	74,884,879
Liabilities		
Amounts owed to credit institutions	9,938,395	8,591,045
Amounts owed to customers	48,797,647	51,538,583
Debt securities	3,512,820	4,768,269
Financial liabilities held for trading	547,587	723,228
Hedging derivatives	383,992	541,230
Provisions for liabilities and charges	321,050	284,810
Subordinated debt	1,544,555	1,645,371
Current income tax liabilities	35,367	22,287
Deferred income tax liabilities	2,689	14,810
Other liabilities	915,528	1,074,675
Total Liabilities	65,999,630	69,204,308
Equity		
Share capital	4,268,818	4,094,235
Treasury shares	(2,880)	(1,187)
Share premium	16,471	16,471
Preference shares	59,910	59,910
Other capital instruments	2,922	2,922
Legal and statutory reserves	245,875	223,270
Fair value reserves	(130,632)	23,250
Reserves and retained earnings	(102,306)	(31,046)
Net income for the year attributable to Shareholders	23,938	235,344
Total Equity attributable to Shareholders of the Bank	4,382,116	4,623,169
Non-controlling interests	883,065	1,057,402
Total Equity	5,265,181	5,680,571
	71,264,811	74,884,879

GLOSSARY

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.

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.

Disclaimer

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

The interim condensed consolidated financial statements, for the nine month period ended 30 September 2016, were prepared in terms of recognition and measurement in accordance with the IAS 34 - Interim Financial Reporting adopted by the EU.

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

2016 figures were not audited or reviewed.