Millennium bcp

EARNINGS PRESENTATION

3M 2017

MILLENNIUM. AQUI CONSIGO.

AGILE

MODERN

PERSONAL

SIMPLE

SUSTAINABLE

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 3 months figures for 2016 and 2017 not audited
- The business figures presented exclude the former Banco Millennium Angola

Agenda

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

Summary

1. **Net profit of €50.1 million** (€46.7 million in 1Q16), **benefiting from the continued expansion of core net income, 20% up** from 1Q16 to €254.8 million in 1Q17

2. **Continued NPE and NPL reduction** in Portugal, with **total coverage, including guarantees, increasing to 100%**

3. Capital strengthened in early February, allowing for the **full repayment of CoCos** and bringing the **fully implemented CET1 ratio to 11.2%** (13.0% on a phased-in basis)

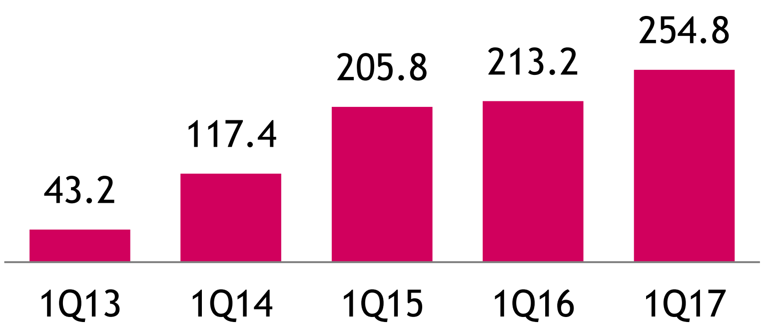
4. **Reversal of the decreasing credit trend**, particularly visible in the non-NPE portfolio, **up by €247 million in 1Q17**

5. **Strong business performance in Portugal, with Customer acquisition standing out**

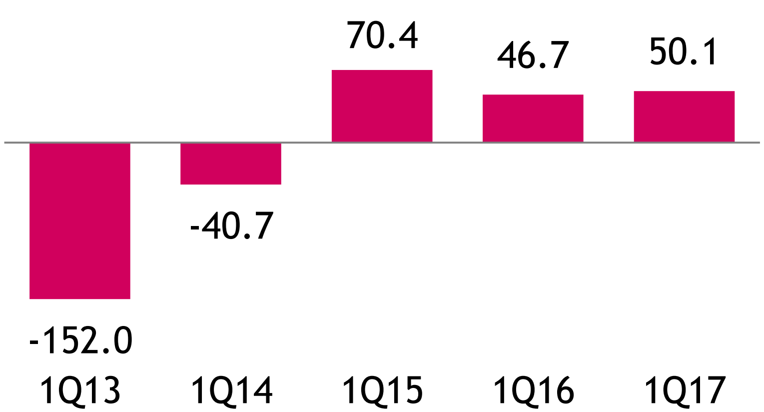
1 Highlights: profitability

(Million euros)

Core net income*



Net income



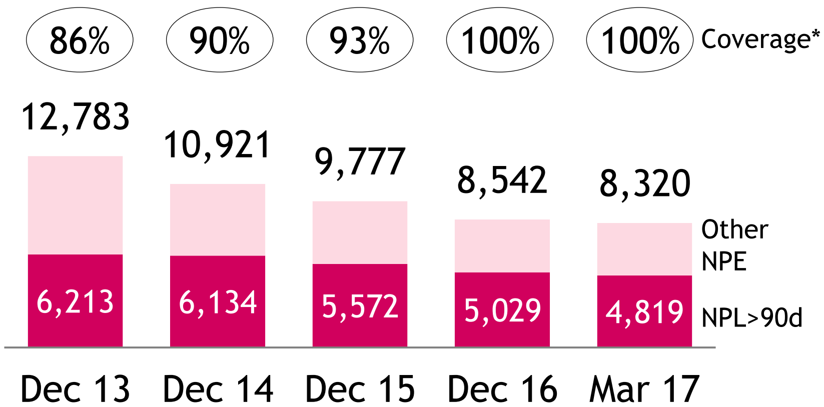
- **Core net income increases to €254.8 million in 1Q17**, with a noteworthy expansion in net interest income
- **Significant expansion in core net income from €43.2 million in 1Q13**
- **One of the most efficient banks in the Euro-zone, with cost to core income of 48%** (45% cost to income)
- **Net earnings in excess of €50 million** in 1Q17
- **Substantial improvement from €152.0 million losses in 1Q13**

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

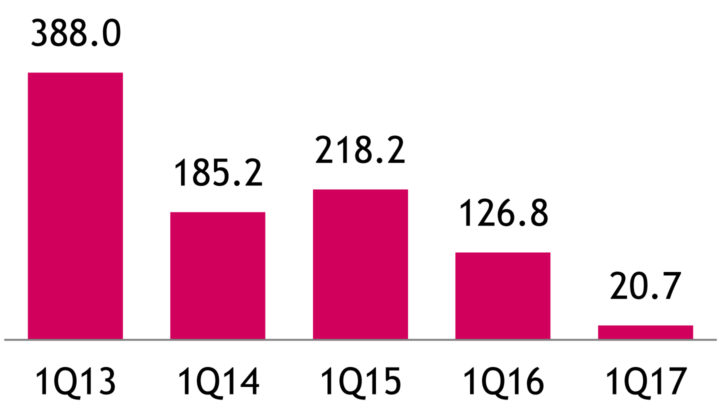
2 Highlights: asset quality

(*Million euros*)

Non-performing exposures (NPEs)



Net new entries in NPL>90 days

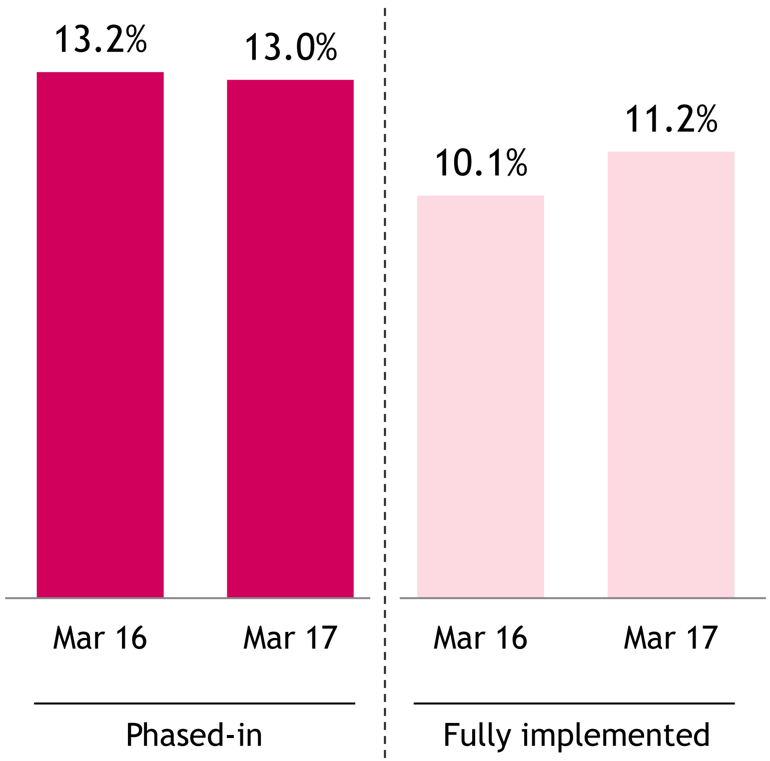


- **NPEs in Portugal down** to €8.3 billion as at March 31, 2017, showing a **strong pace of reduction from 2013**: €1.4 billion per year, on average
- **NPE reduction in 1Q17 in excess of €200 million**, more than 20% of the annual reduction target to <€7.5 billion at year-end 2017
- **NPE total* coverage at 100%**
- NPL>90 days down to €4.8 billion as at March 31, 2017, with a **significant reduction in net new entries to €21 million** in 1Q17

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

3 Highlights: capital

Common Equity Tier 1 ratio*



RWAs (€Bln) 40.0 38.8 39.4 38.3

- Capital strengthened in early February, allowing for the **full repayment of CoCos** and **bringing the fully implemented CET1 ratio to >11%**
- **CET1 ratios reinforced to 11.2% on a fully implemented basis and to 13.0% under phased-in principles**
- **Positive market reaction to rights issue, with still attractive multiples:**

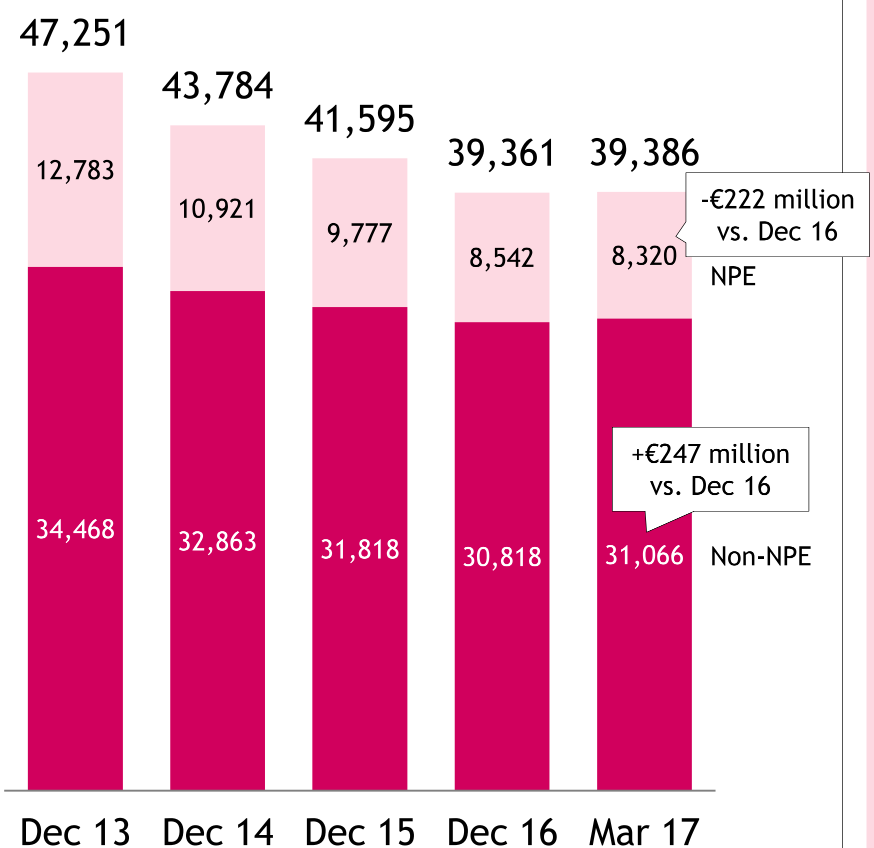
	31 Dec 2016	Current	Average ES + IT banks
Price/Book Value	0.2x	0.6x	0.9x
Price/Core net income	3x	3x	7x

*Estimates including 1Q earnings. Mar 16 figures are pro forma including impact of merger in Angola.

4 Highlights: credit

(Million euros)

Loan portfolio



- **Non-NPE portfolio up by €247 million from end-2016**
- **Effort to reduce NPEs results in total portfolio increasing at a lower pace**: +€25 million vs December 31, 2016
- **Strong performance of credit extended to mining and manufacturing** (+6% vs 0% for the Portuguese banking system as a whole) **and to restaurants and hotels** (+10% vs +4% for the Portuguese banking system)**, more than compensating for the reduction in the non-core portfolio** (exposure to construction / real estate activities down by 17%)

5 Highlights: business in Portugal

Institutional

"Celent Model Bank 2017 Award for Branch Transformation" for the 35 new generation branches

New **institutional campaign** highlighting the bank's success story in overcoming difficulties

Launching of the **"Millennium Horizontes"** prizes to distinguish successful companies

Integration of Millennium bcp in the ***Standard Ethics Rating index***, being the only Portuguese bank present

Individuals

Customer service	New service of **Remote Relationship managers for Prestige customers**, with improved value proposition
Customer acquisition	**Customer acquisition grew by 21%** (1), with the overall number of customers reaching 2.35 million
Digital banking	Active **digital customers increased 21%** (1) **Leading banking group** in online brokerage with a **26% market share for the quarter**

Companies

Digital Service	New functionality for ordering a **"Avançar" loan online for SMEs**
Customer acquisition	**Acquisition of 4,350 business Customers** in 1st quarter 2017
Treasury products	**Factoring invoicing grew by 29%** and **confirming by 65%** (1)

(1) From 1Q16.

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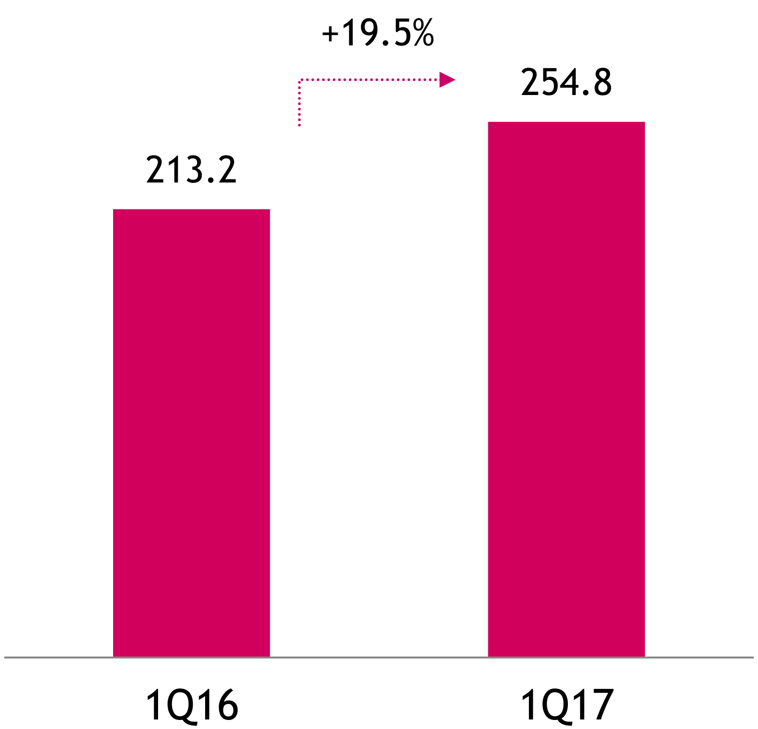
Profit of €50.1 million in 1Q17, with a significant improvement of core net income

(million euros)	1Q16	1Q17	YoY	Impact on earnings
Core net income (net int income+commissions-oper. costs)	**213.2**	**254.8**	**+19.5%**	**+41.6**
Other operating income	31.8	40.9	+28.5%	+9.1
Operating net income (bef. impairment and provisions)	**245.1**	**295.8**	**+20.7%**	**+50.7**
Impairment and provisions	-176.0	-203.2	+15.5%	-27.2
Net income before income tax	**69.1**	**92.5**	**+34.0%**	**+23.5**
Income taxes, non-controlling interests and disc. operations	-22.4	-42.4	+89.5%	-20.0
Net income	**46.7**	**50.1**	**+7.4%**	**+3.4**

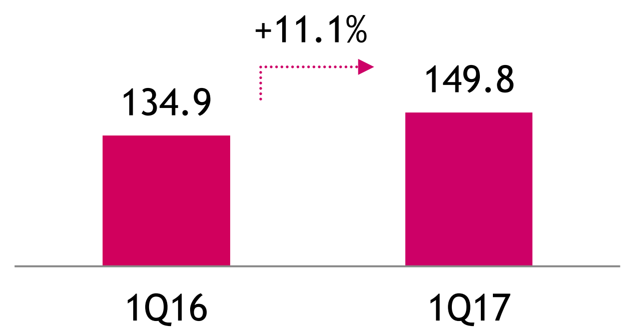
Core net income increases in all geographies

(*Million euros*)

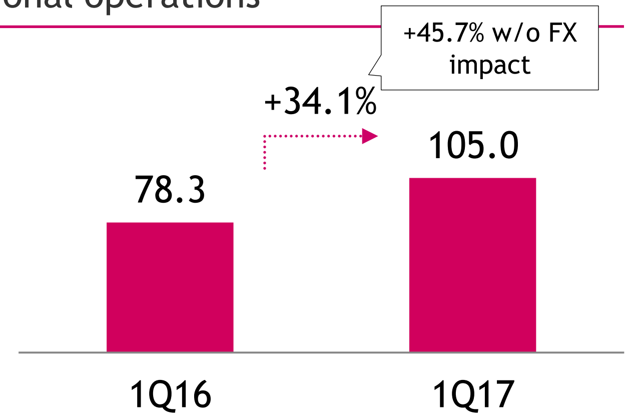
Core net income*, consolidated



Portugal



International operations

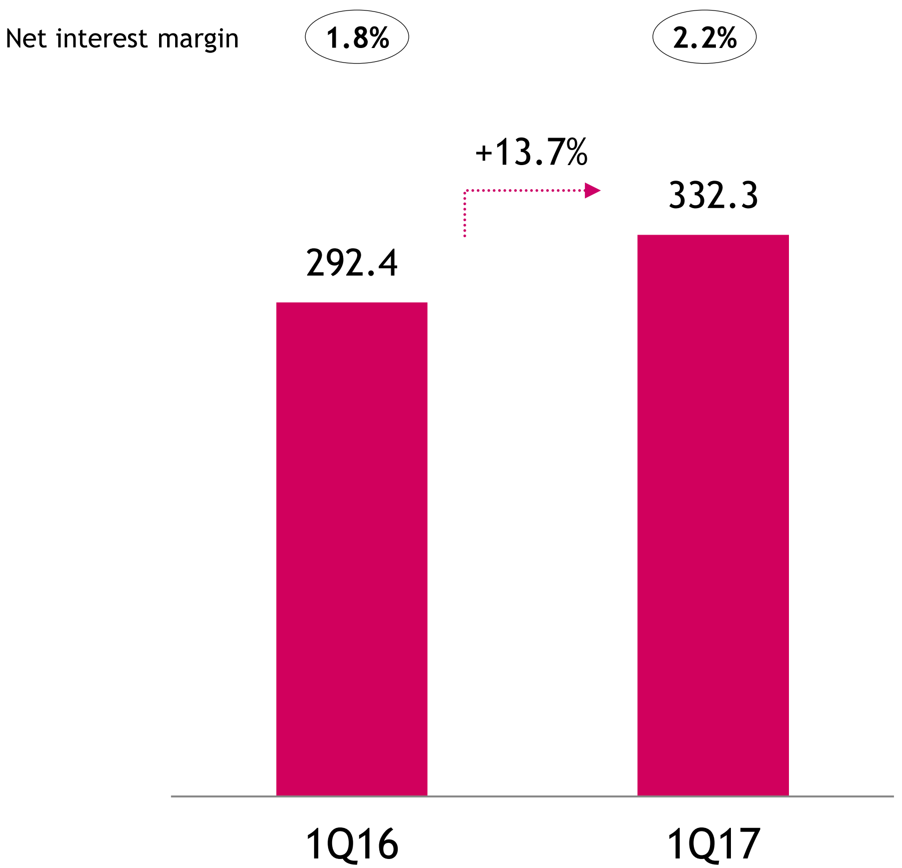


*Core net income = net interest income + net fees and commission income - operating costs.

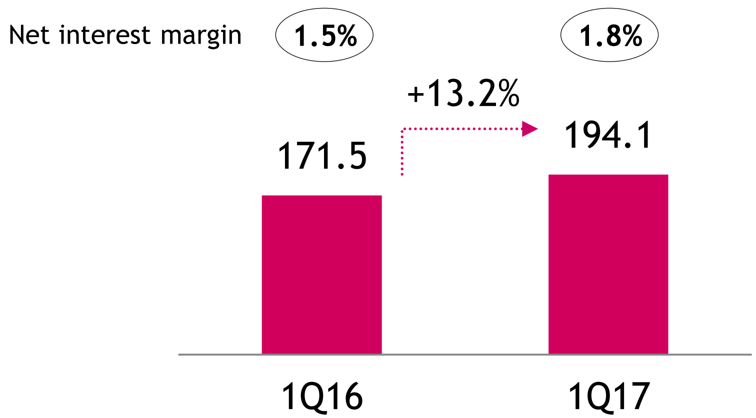
Net interest income boosted by the continued reduction in the cost of deposits and by CoCo repayment…

(Million euros)

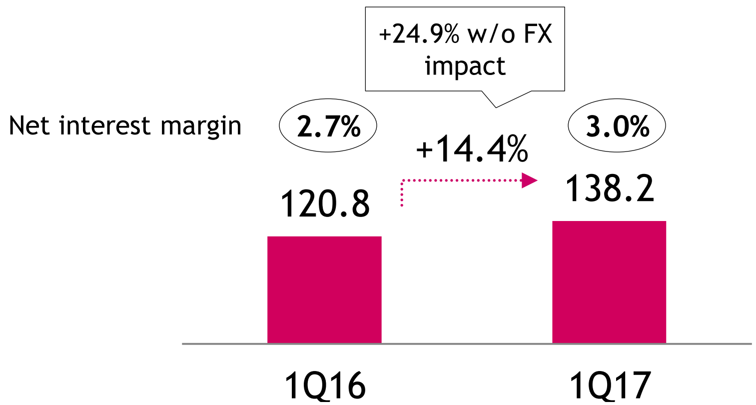
Net interest income, consolidated



Portugal



International operations

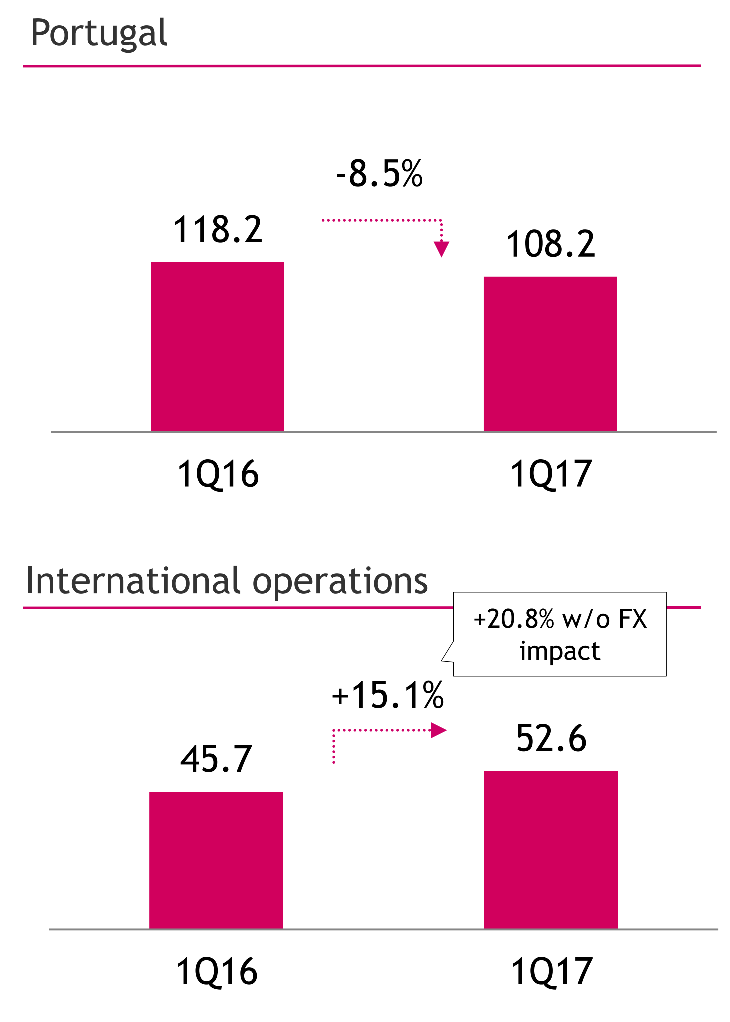


… with the increase of commissions in international operations standing out

(Million euros)

Fees and comissions, consolidated

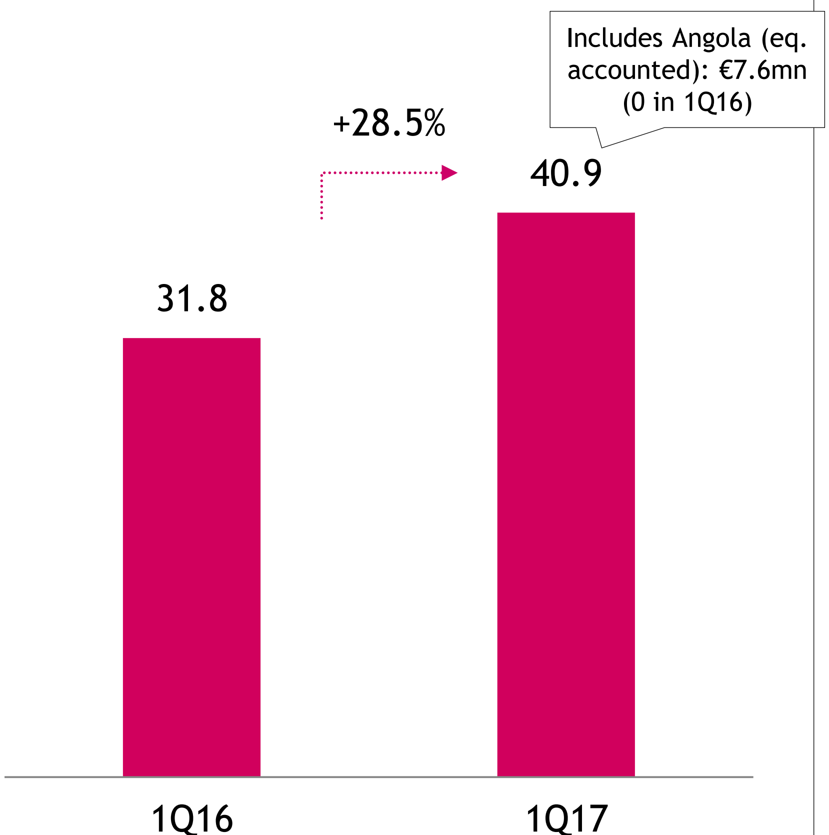
	1Q16	1Q17	YoY
Banking fees and commissions	**136.3**	**132.2**	**-3.0%**
Cards and transfers	35.0	37.6	+7.3%
Loans and guarantees	38.9	38.7	-0.4%
Bancassurance	20.2	19.9	-1.5%
Customer account related	22.6	23.2	+2.8%
Other fees and commissions	19.6	12.9	-34.4%
Market related fees and commissions	**27.7**	**28.6**	**+3.3%**
Securities operations	19.1	18.6	-2.7%
Asset management	8.6	10.0	+16.4%
Total fees and commissions	**163.9**	**160.8**	**-1.9%**



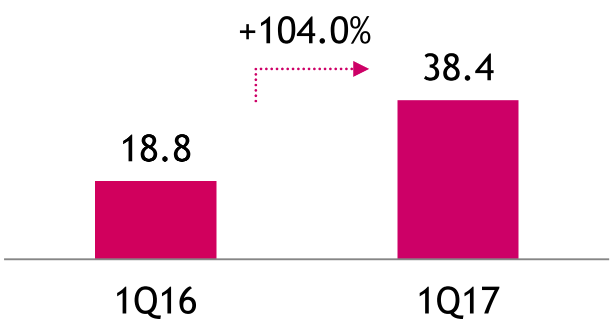
Increased other income

(Million euros)

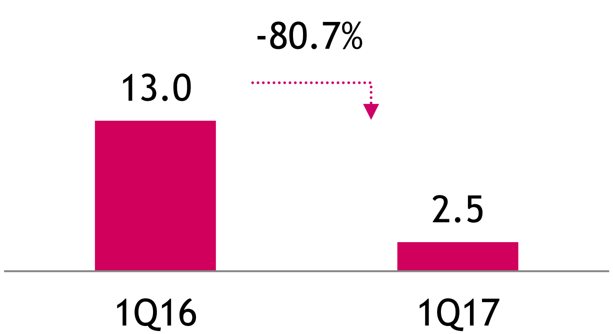
Other income, consolidated



Portugal



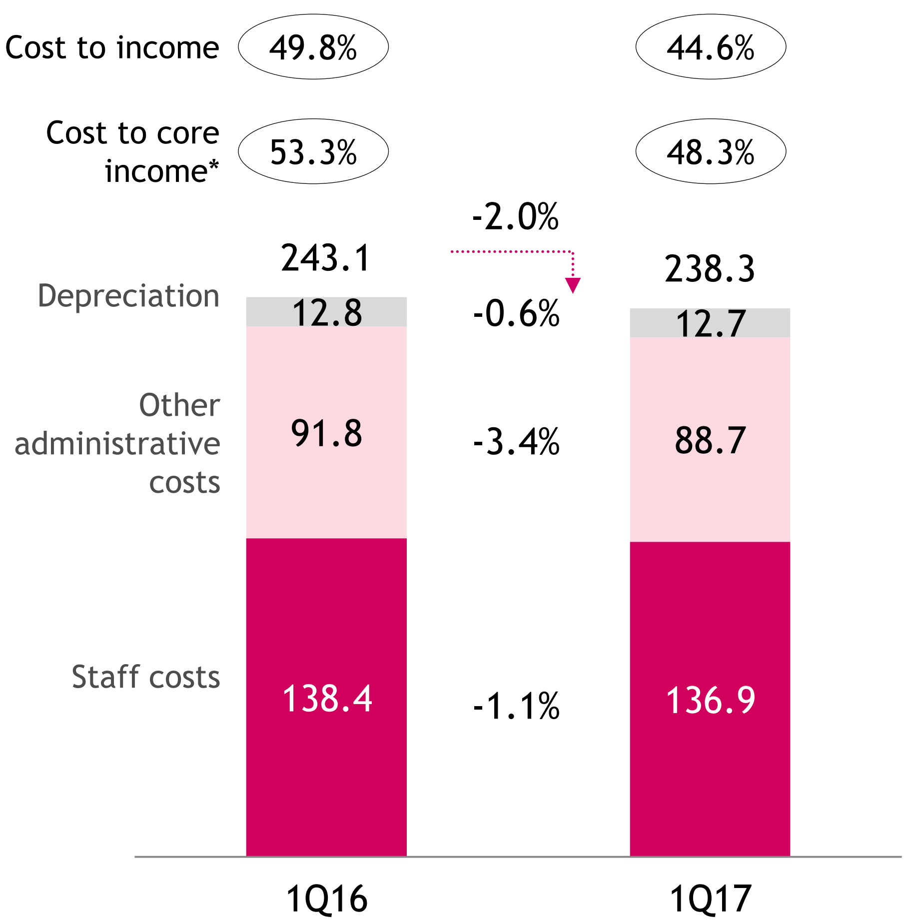
International operations



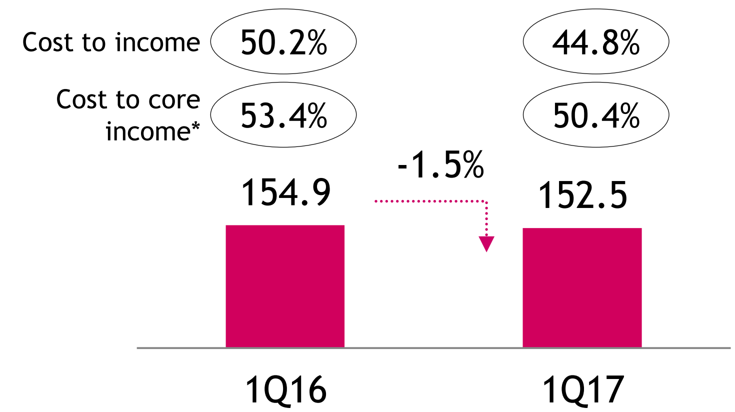
Cost reduction continues…

(*Million euros*)

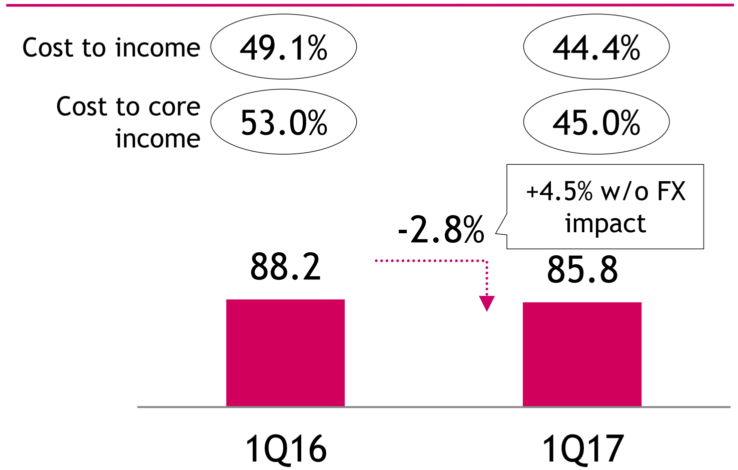
Operating costs, consolidated



Portugal



International operations

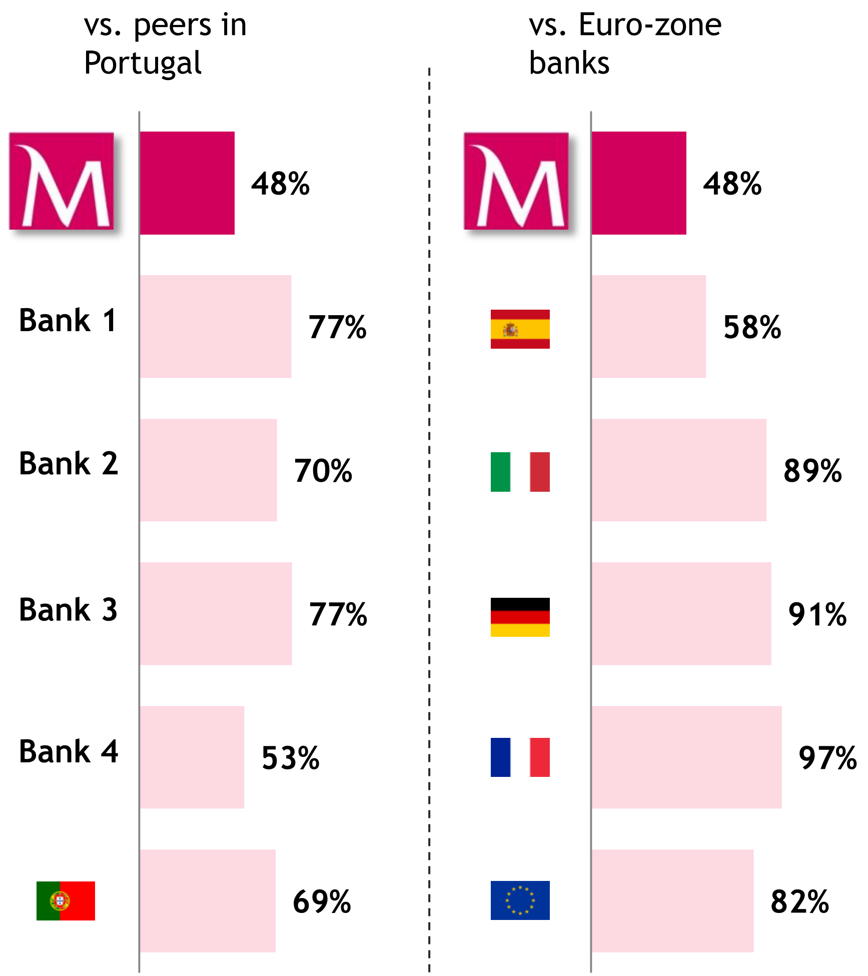


*Core income = net interest income + net fees and commission income.

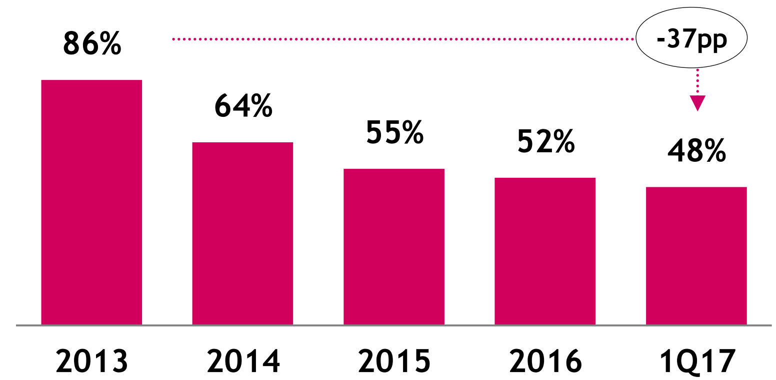
… making Millennium bcp one of the most efficient banks in the Eurozone

Cost to core income*

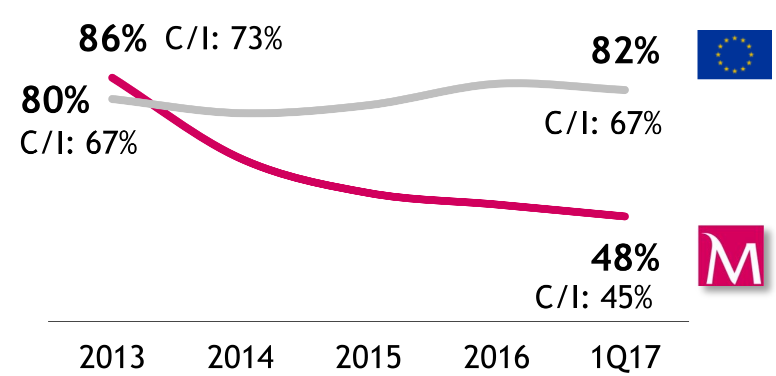
Latest available data



Cost to core income*



Cost to core income*

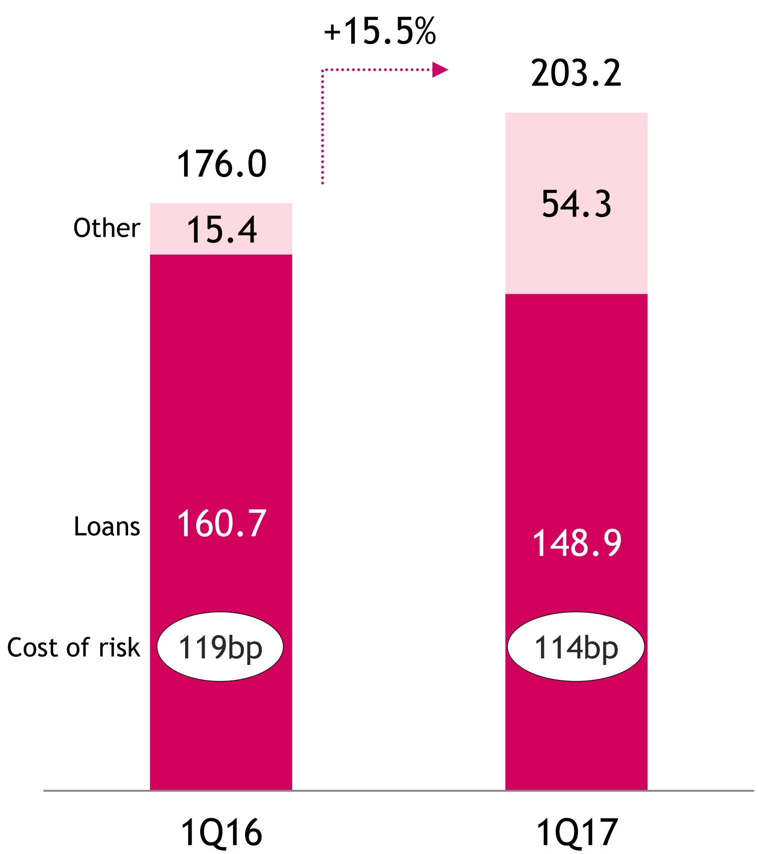


*Core income = net interest income + net fees and commission income. Excluding non-usual items. Cost to core income including non-usual items: 55% in 2015 and 42% in 2016.

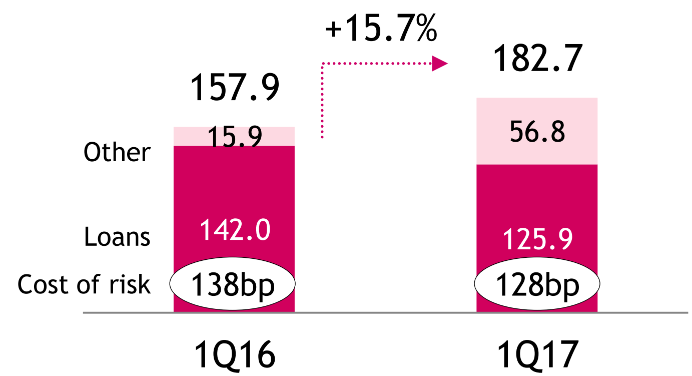
Strengthening the balance sheet: cost of risk now trending towards normalisation, other provisions reinforced

(Million euros)

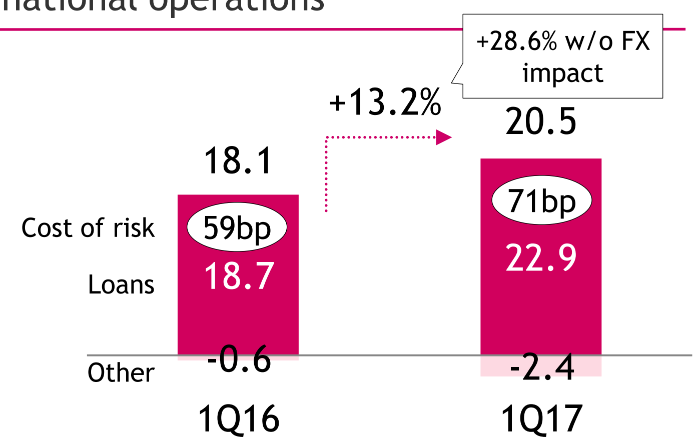
Impairment and provision charges, consolidated



Portugal



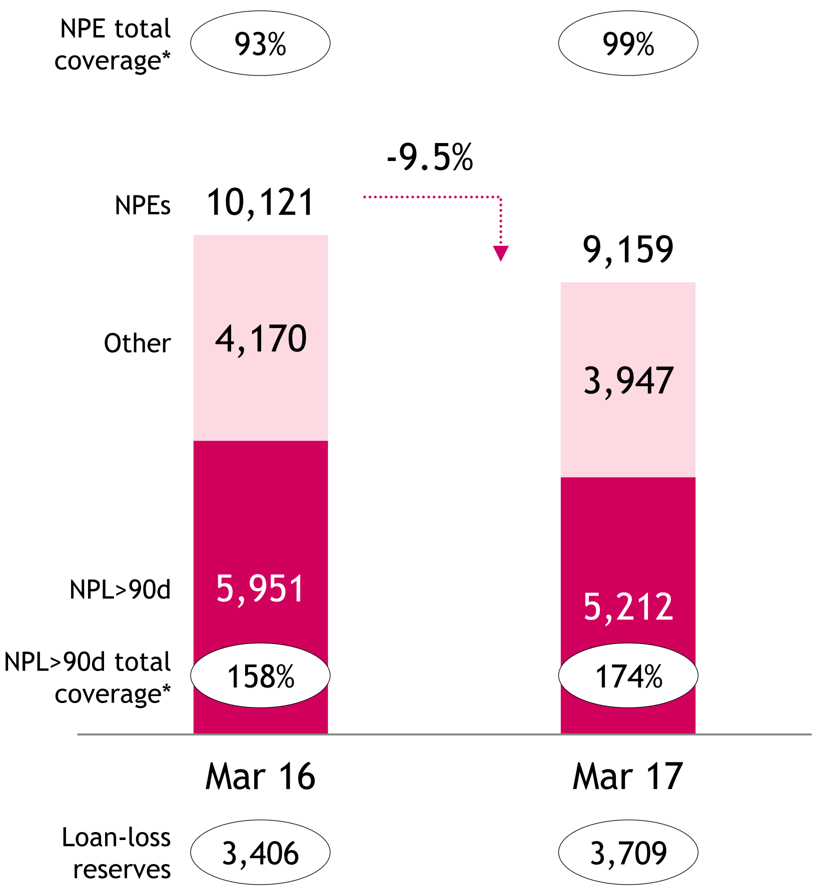
International operations



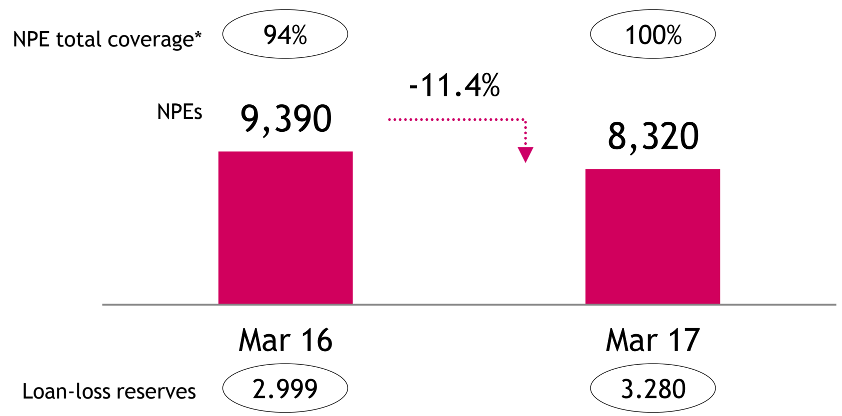
Lower delinquency and increased coverage

(Million euros)

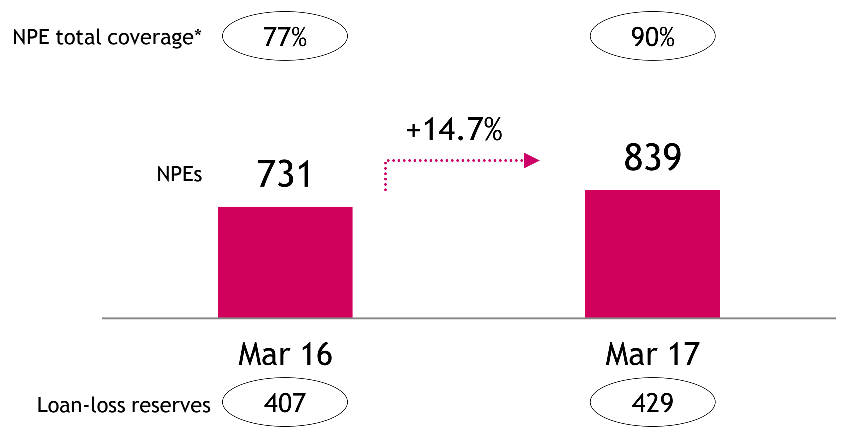
Credit quality, consolidated



Portugal



International operations



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

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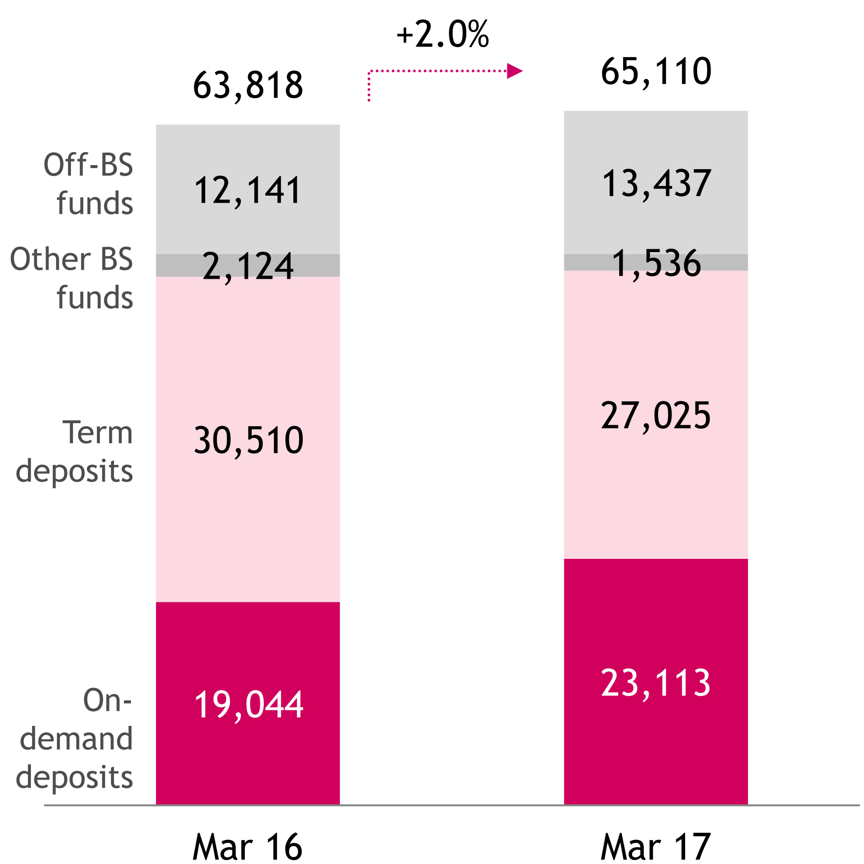
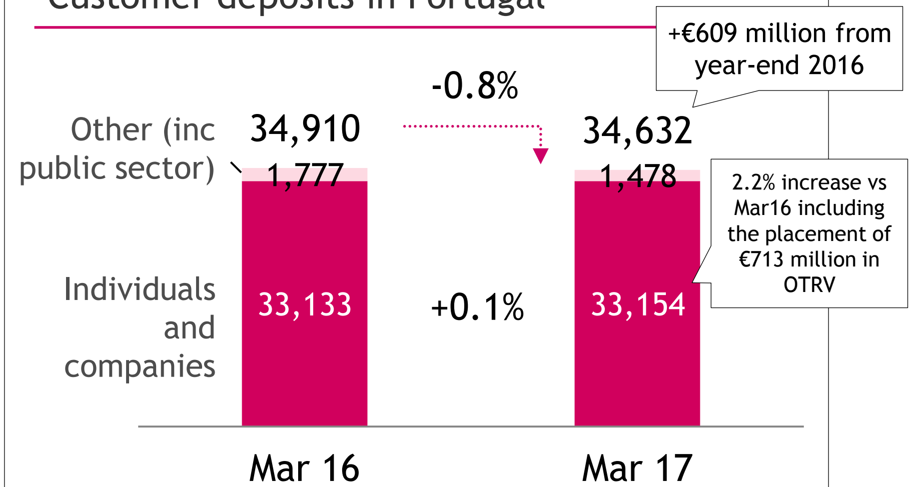
Stable deposits in Portugal, growing in international operations

(Million euros)

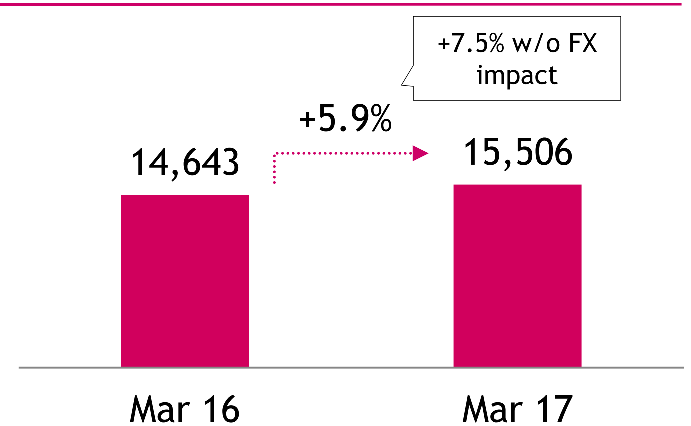
Customer funds, consolidated



Customer deposits in Portugal



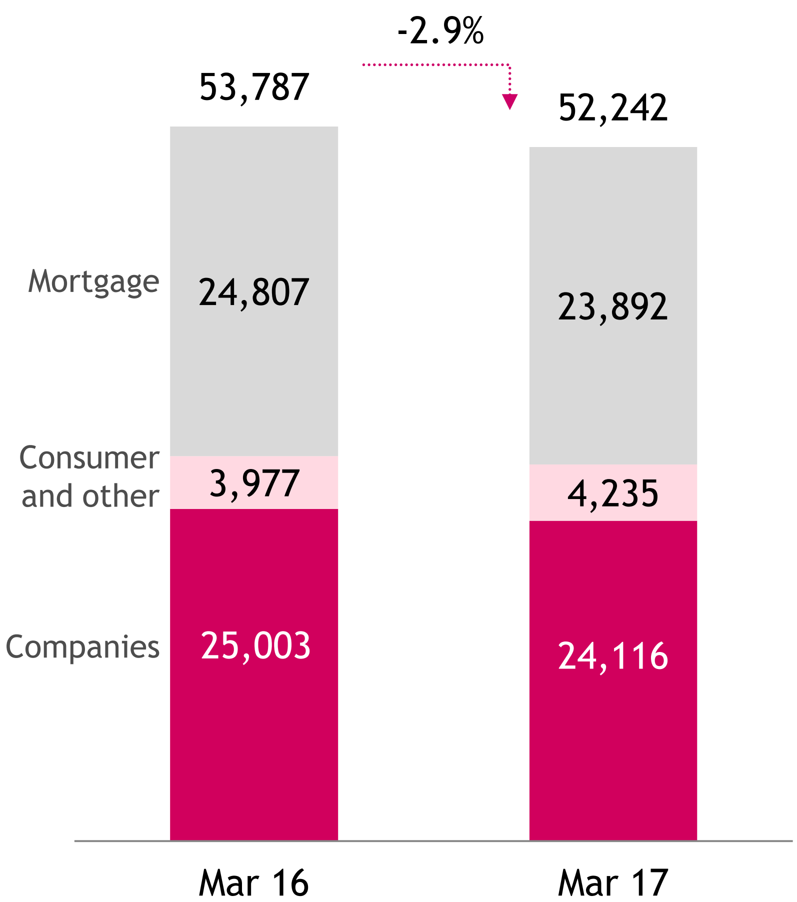
Customer deposits in international op.



Credit portfolio reflects support to economy in key business sectors, in spite of continuing deleveraging and NPE reduction

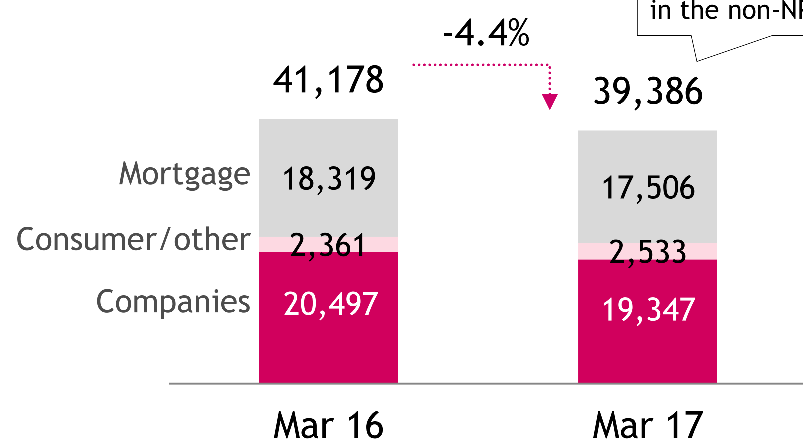
(Million euros)

Loans to Customers (gross), consolidated



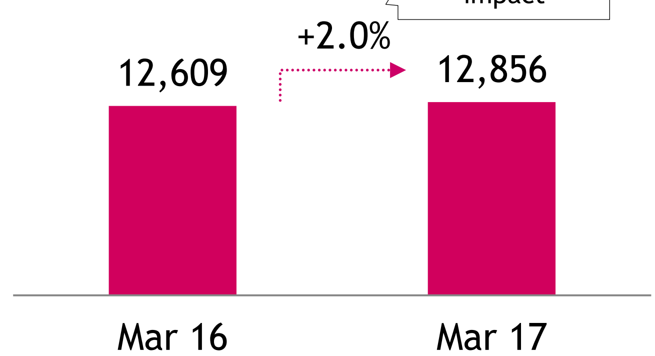
Portugal

+€25 million from year-end 2016 (+€247 million in the non-NPE portfolio)



International operations

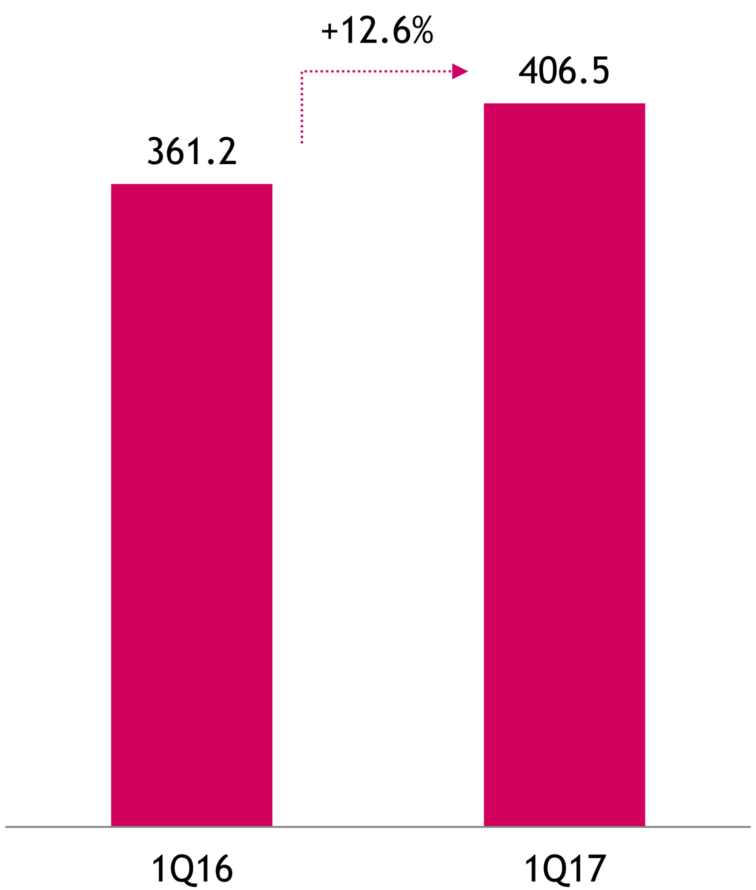
+3.5% w/o FX impact



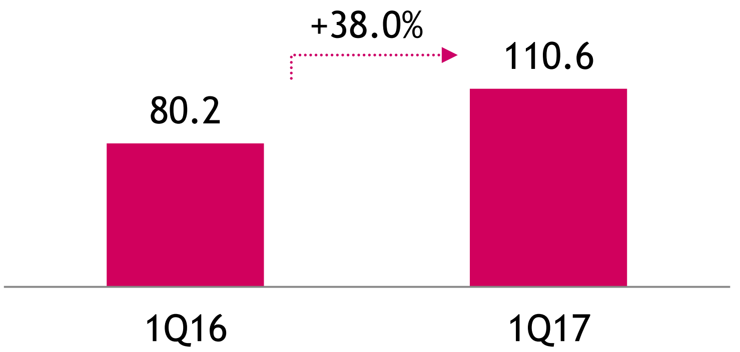
Growing new loans to individuals, new leasing business and factoring invoicing

(Million euros)

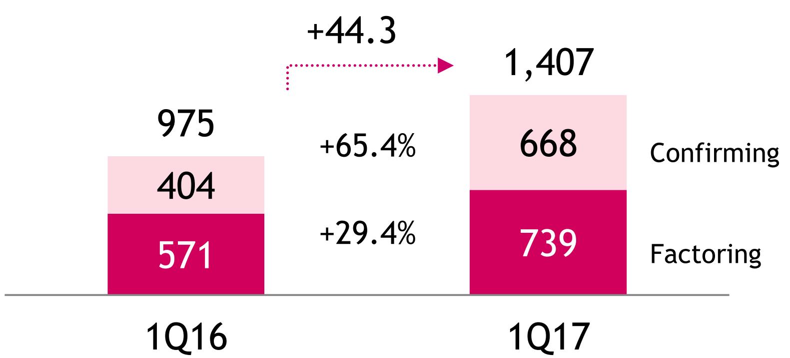
Loans to individuals, new business



Leasing, new business

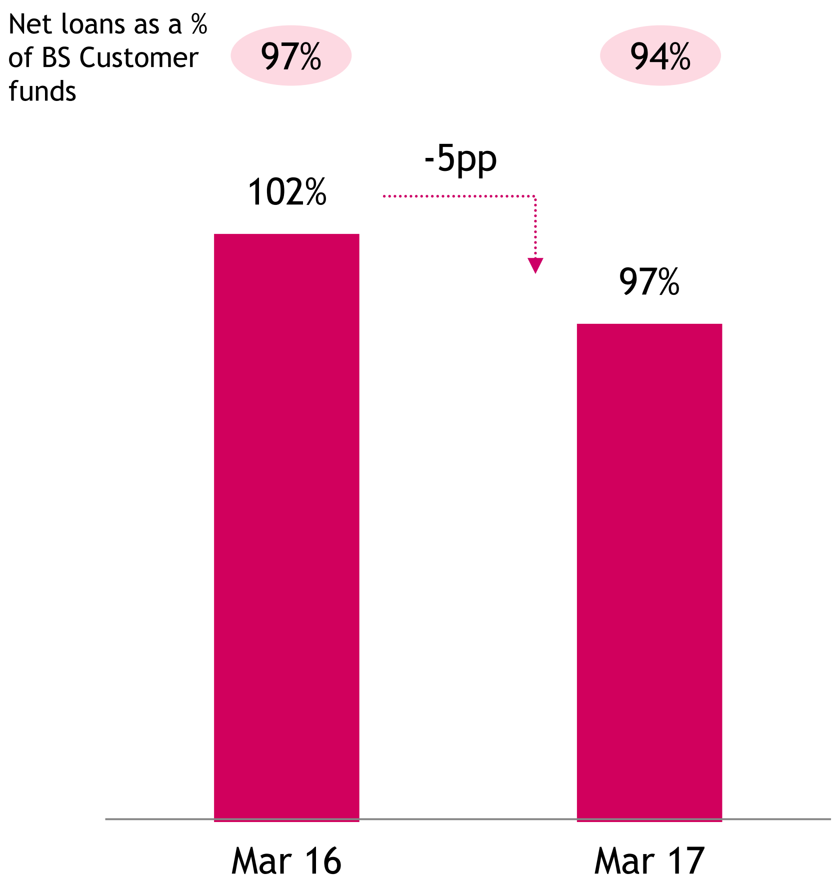


Factoring invoicing



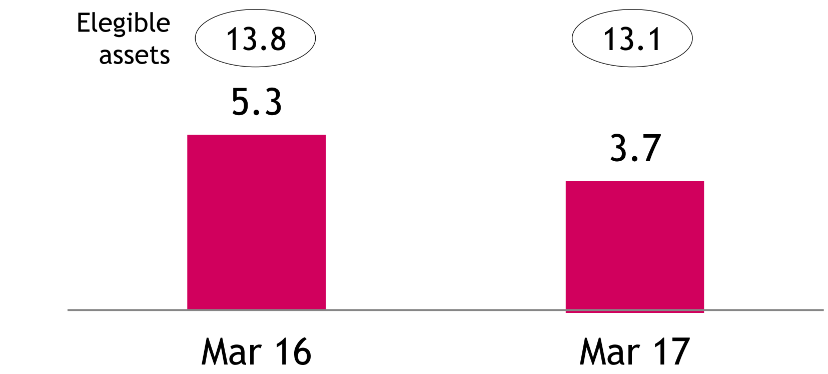
Comfortable liquidity position

Net loans to deposits ratio

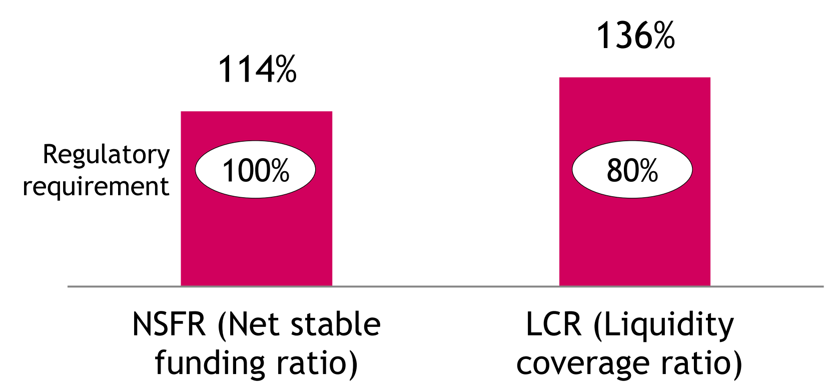


ECB funding

(Billion euros)



Liquidity ratios (CRD IV/CRR)



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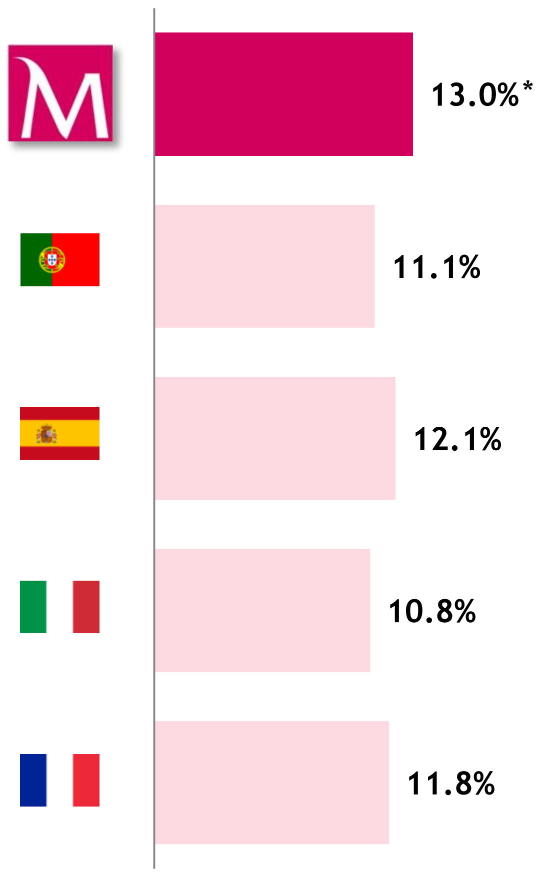
Strengthened capital, in line with European peers

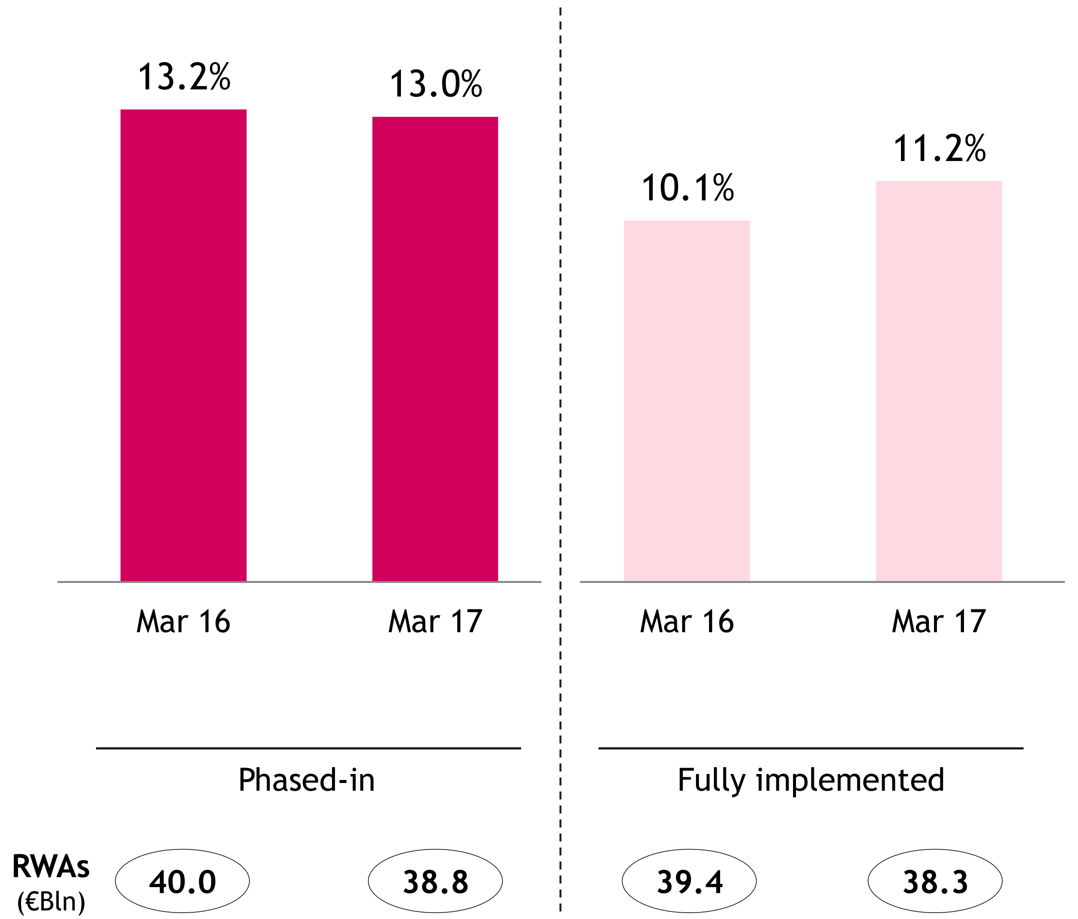
Common Equity Tier 1 ratio

Phased-in, latest available data

vs. Euro-zone banks



Common Equity Tier 1 ratio*

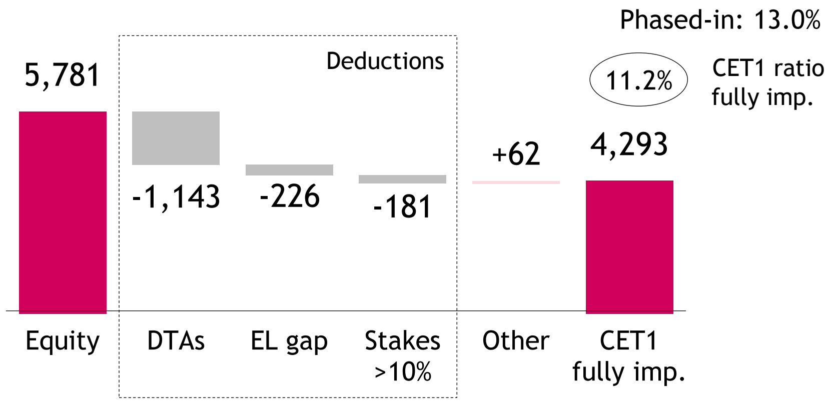


*Estimates including 1Q earnings. Mar 16 figures are pro forma including impact of merger in Angola.

Capital reinforced, high RWA density

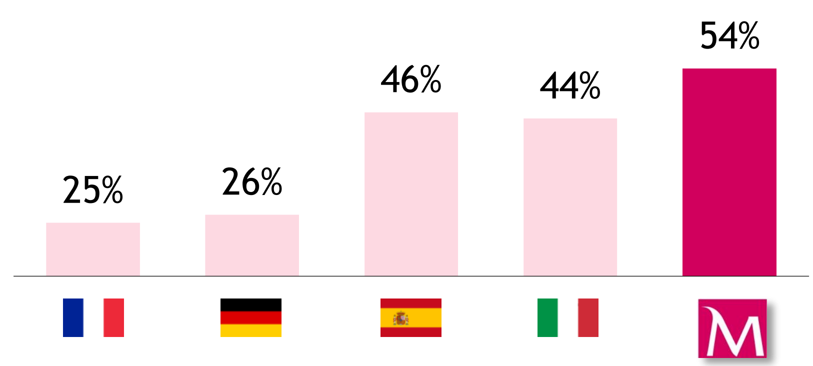
From equity to CET1 capital*

(*Million euros*)



RWA density

RWAs as % of assets, latest available information



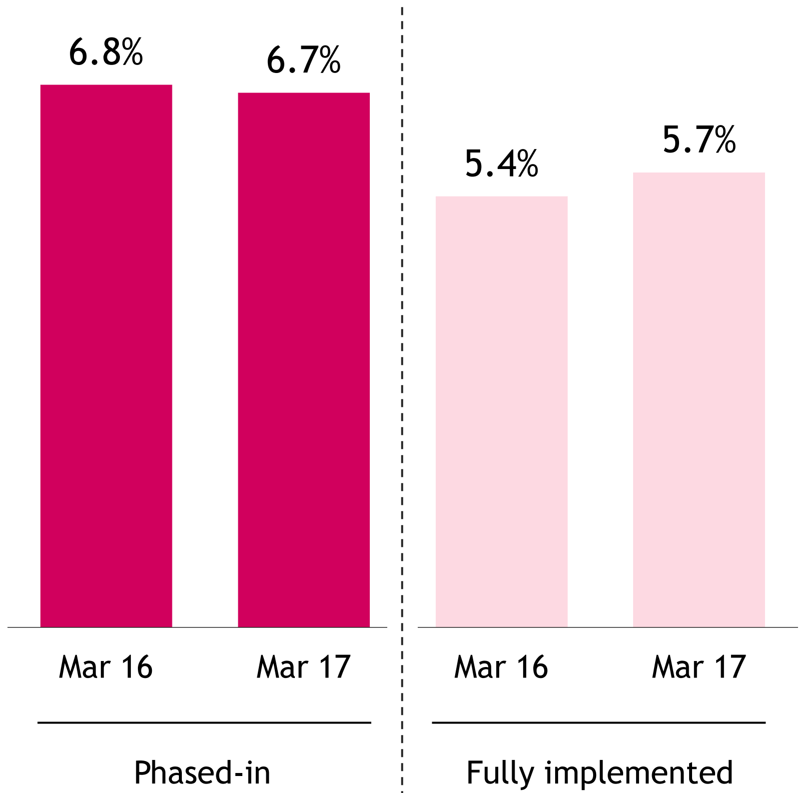
Minimum phased-in capital requirements (SREP)

	Pillar 1	Conservation buffer	Counter-cyclical buffer	Other syst. important institutions buffer	Pillar 2 requirements (P2R)	**Total require -ments**	**Mar 17** Phased-in*
CET1	4.50%	1.25%	0.00%	0.00%	2.40%	**8.15%**	**13.0%**
Total capital	8.00%	1.25%	0.00%	0.00%	2.40%	**11.65%**	**14.2%**

*Estimates including 1Q earnings.

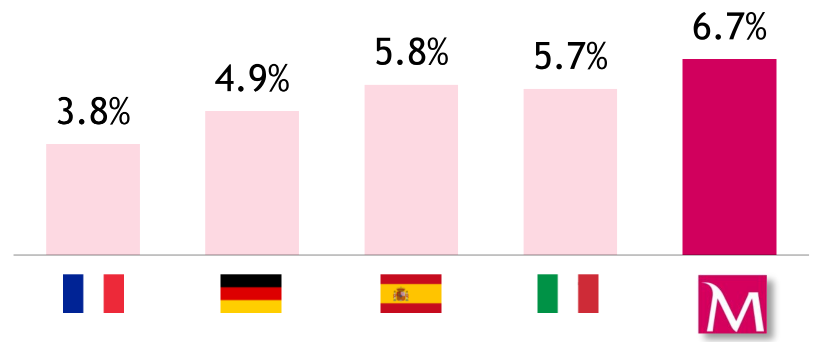
Capital at comfortable levels, high leverage ratios

Leverage ratio

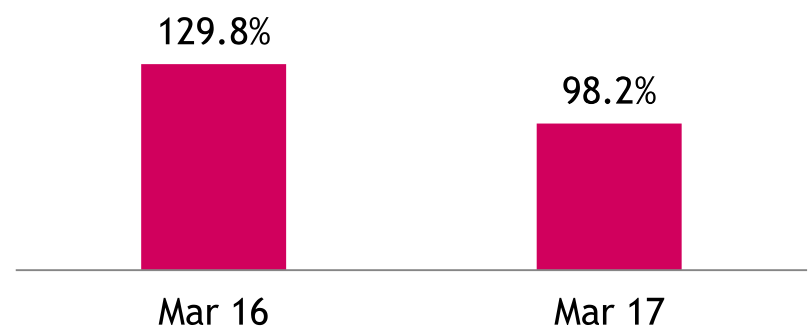


Leverage ratio

Phased-in, latest available data



Texas ratio*



*Texas ratio = NPE / (Tangible equity + loan-loss reserves).

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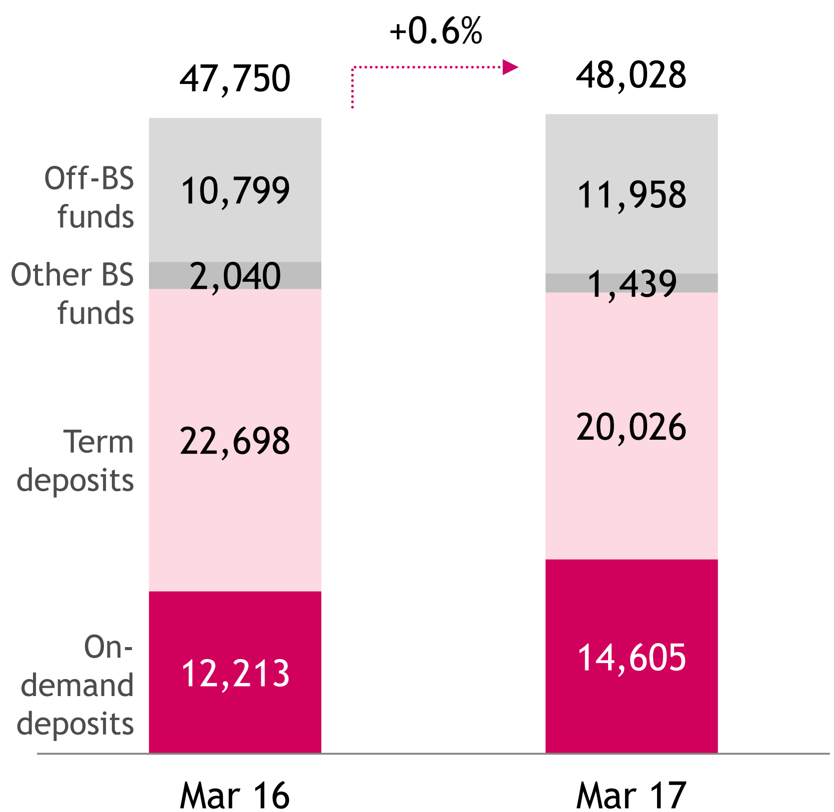
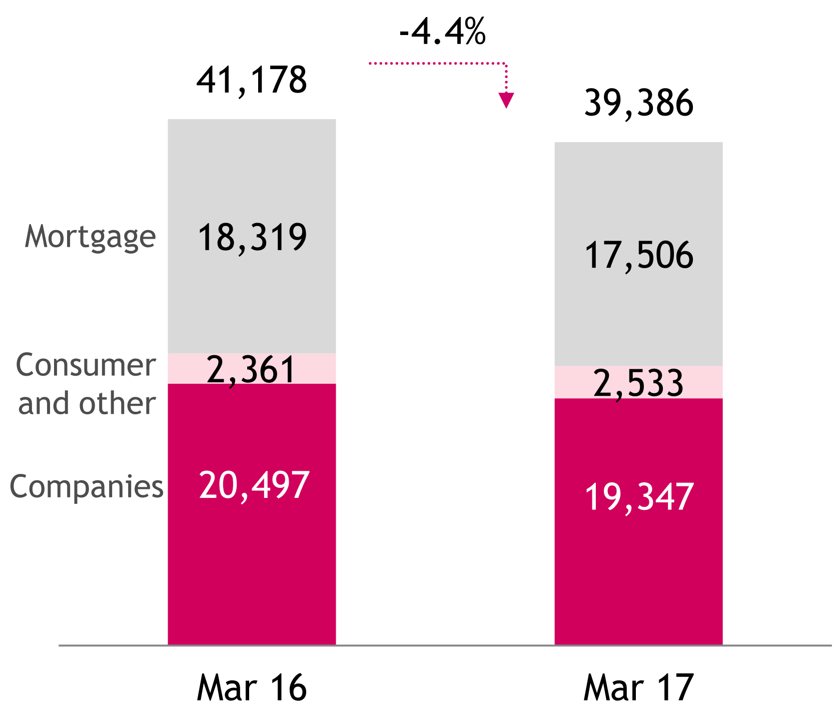
Portugal: deleveraging improves liquidity position

(Million euros)

Customer funds



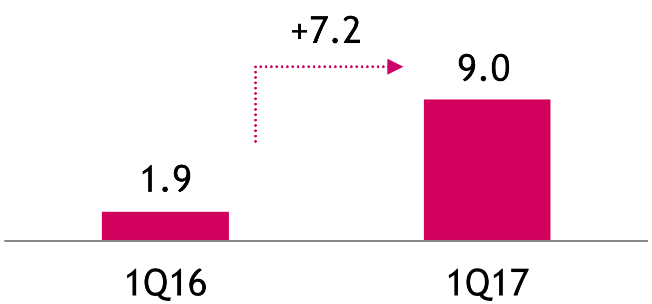
Loans to Customers (gross)



Increased net income

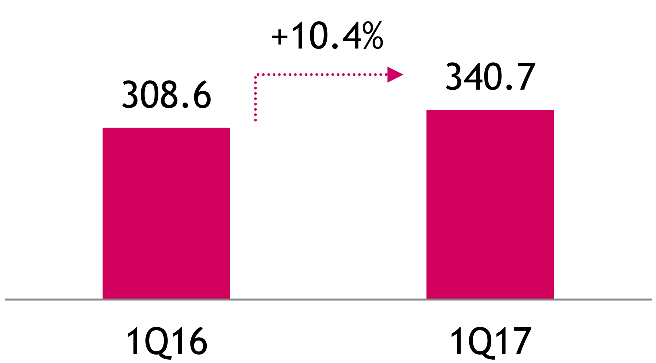
(Million euros)

Net income

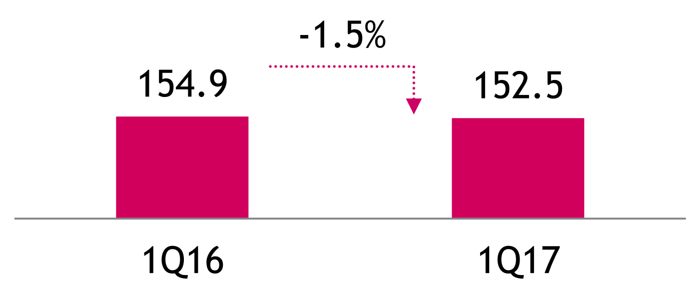


- Net Income of €9.0 million in the 1st quarter of 2017, a €7.2 million increase from €1.9 million in 1st quarter of 2016
- Net income driven by growing banking income and by the reduction of operating costs and cost of risk

Banking income



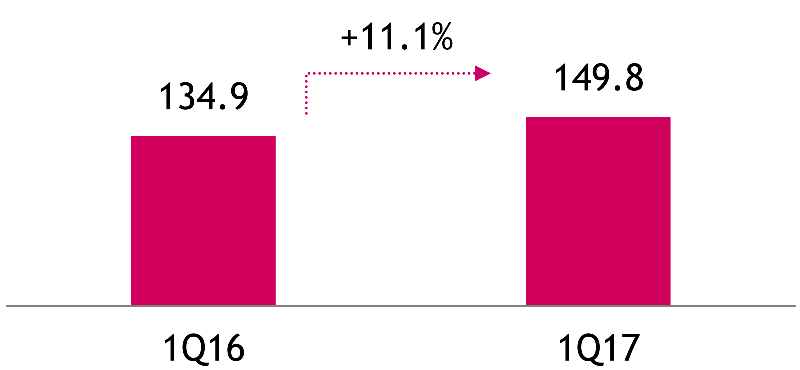
Operating costs



Improvement trend on core income and operating costs continues in Portugal

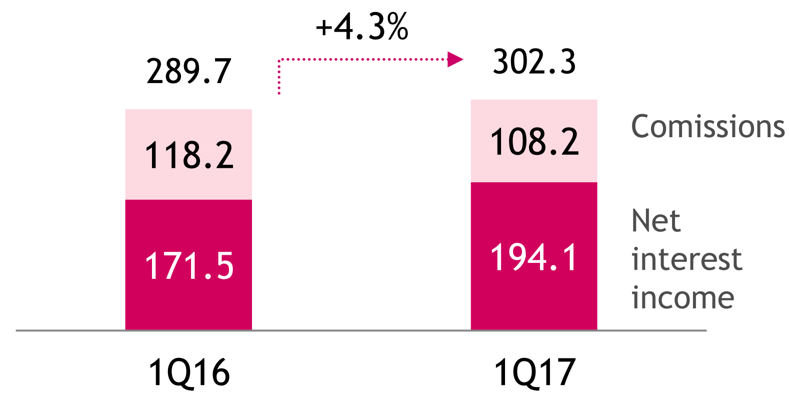
Core net income*

(Million euros)



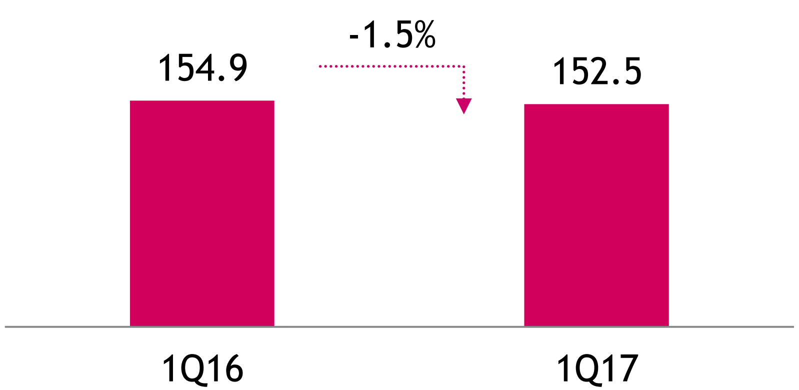
Core Income

(Million euros)



Operating costs

(Million euros)



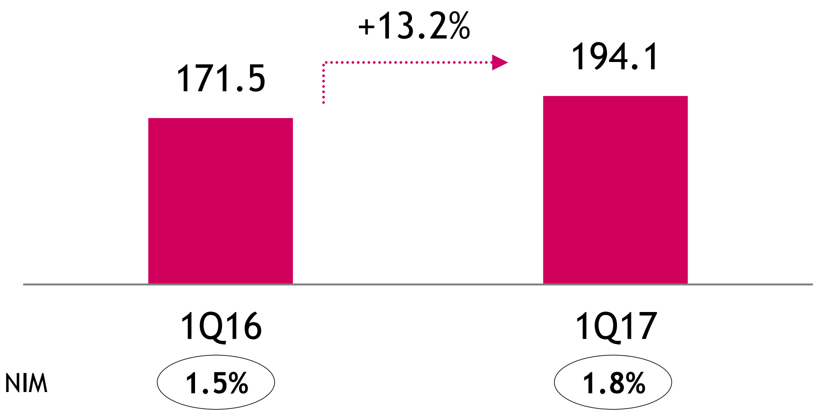
- *Core income* increases €302.3 million in the 1st quarter of 2017
- Operating costs down to €152.5 million in the same period
- Continuation of the core net income* expansion trend to €149.8 million in the first 3 months of 2017

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

Lower cost of deposits and NPLs more than compensate for the decreases of credit volumes and Euribor

Net interest income

(Million euros)



Breakdown of net interest income

(Million euros)

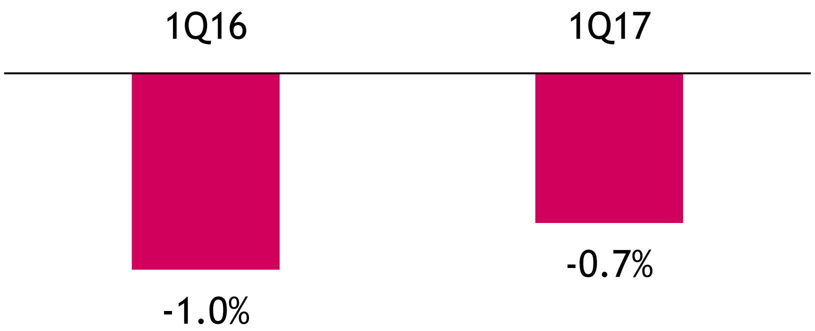
	1Q17 vs.4Q16	1Q17 vs.1Q16
Commercial margin		
Performing loans volume effect	-2.3	-10.3
Effect of lower Euribor on credit	-1.4	-13.4
Effect of cost of time deposits	+3.2	+23.4
Funding and other	+1.4	+8.2
# days effect	-4.3	-2.2
Total commercial margin	-3.5	+5.7
CoCo repayment effect	+10.0	+10.1
Securities	-2.9	+0.4
NPL effect	-2.1	+7.1
Other	-0.5	-0.6
Total	**+1.0**	**+22.6**

- Increase in net interest income compared to 1st quarter 2016, reflecting the impact of the consistent reduction of the cost of term deposits, the repayment of CoCos, the reduction of NPLs and lower funding costs, more than compensating for the negative effect of the reduction of Euribor rates, of lower credit volumes and of fewer days (91 days in the 1st quarter of 2016, 90 days in the first quarter of 2017)
- Increased net interest income vs previous quarter, mainly attributable to the reduction of the cost of term deposits, to the repayment of CoCos and to lower funding costs, more than compensating for the impact of fewer days (92 days in 4Q16, 90 days in 1Q17), of lower credit volumes and of the reduction of Euribor rates

Continued effort to reduce the cost of deposits

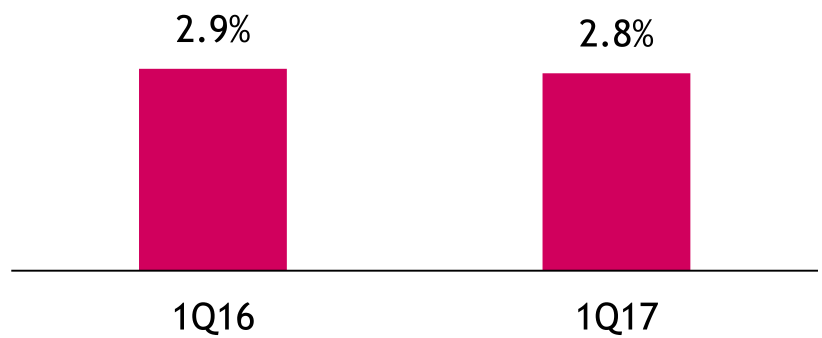
Spread on the book of term deposits

(vs 3m Euribor)

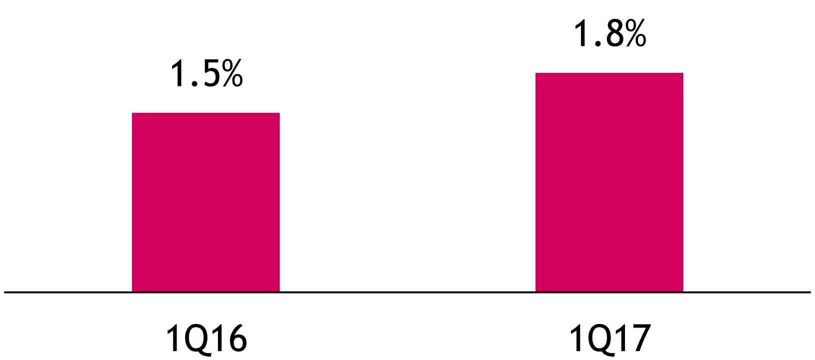


Spread on the performing loan book

(vs 3m Euribor)



NIM



- Continued improvement of the spread of the portfolio of term deposits: from -1.0% in 1Q16 to -0.7% in the same period of 2017; March's front book, priced at an average spread of -64bp, is still below current back book's spread
- Spread on the performing loan book at 2.8% in 1Q17 (2.9% in in 1Q16)
- NIM stood at 1.8% (1.5% in the 1Q16)

Commissions affected by the booking of non-recurring operations in the 1st quarter of 2016

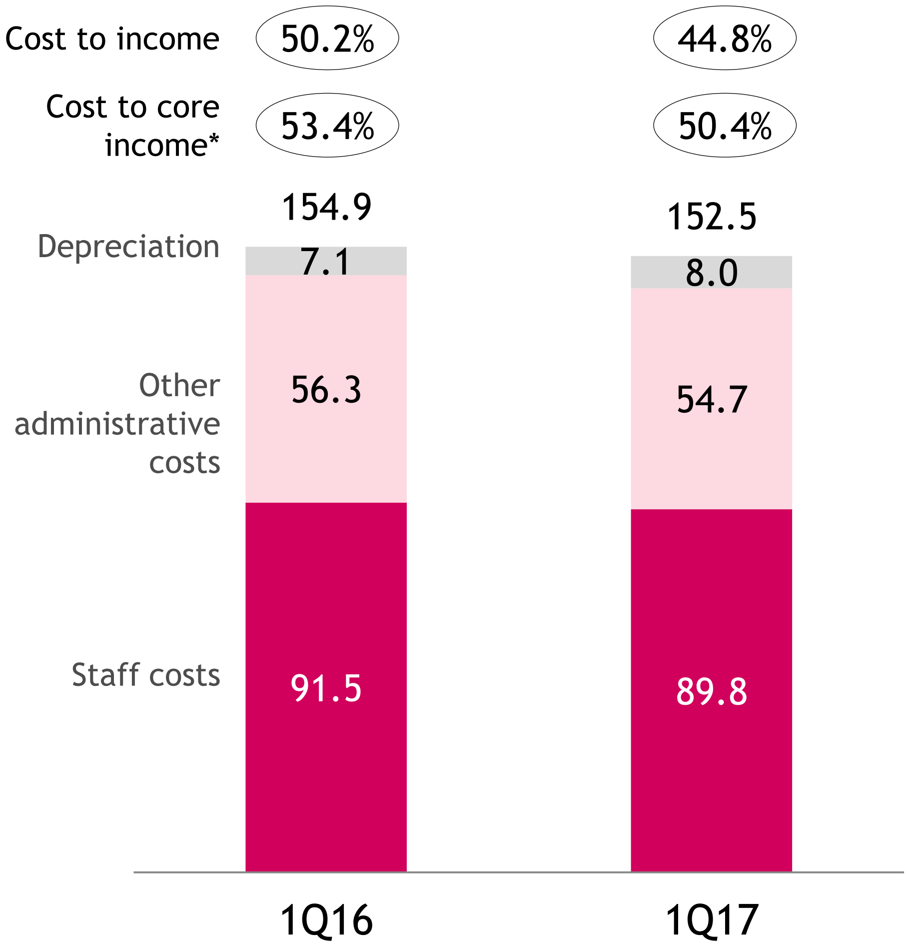
(Million euros)

	1Q16	1Q17	YoY
Banking fees and commissions	**106.4**	**96.2**	**-9.7%**
Cards and transfers	22.5	26.1	+16.3%
Loans and guarantees	27.5	25.0	-9.1%
Bancassurance	20.2	19.9	-1.5%
Customer account related	22.5	23.2	+2.8%
Other fees and commissions	13.8	2.0	-85.4%
Market related fees and commissions	**11.8**	**12.0**	**+2.1%**
Securities operations	10.4	10.5	+0.7%
Asset management	1.4	1.5	+12.6%
Total fees and commissions	**118.2**	**108.2**	**-8.5%**

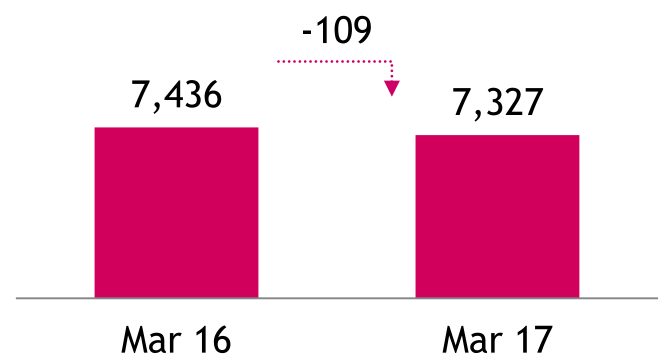
Continuous reduction of costs, in line with the new commercial approach

(*Million euros*)

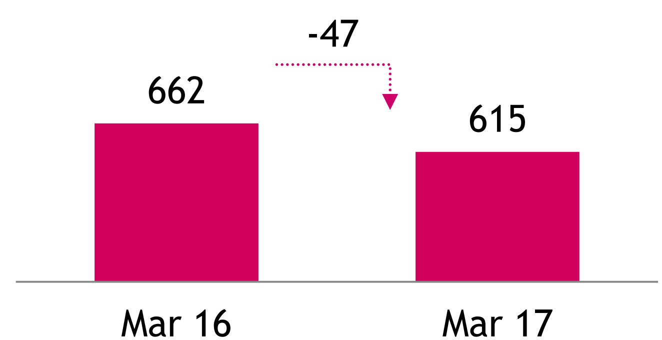
Operating costs



Employees



Branches



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

Reinforced coverage of NPL>90d

(*Million euros*)

NPL>90d

Credit ratio	Mar 16	Mar 17
NPL>90d	13.6%	12.2%

Loan-loss reserves

Coverage ratio	Mar 16	Mar 17
NPL>90d	53.7%	68.1%

NPL>90d build-up

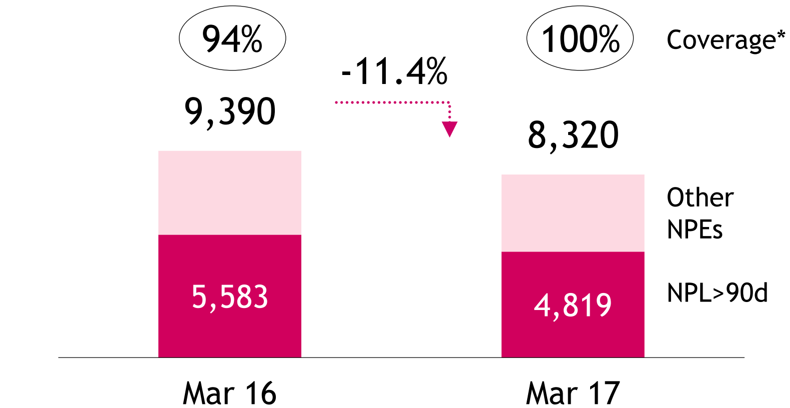
	Mar 17 vs.Mar 16	Mar 17 vs.Dec 16
Opening balance	5,583	5,029
+/- Net entries	32.6	20.7
- Write-offs	-374.5	-63.3
- Sales	-422.5	-167.5
Ending balance	**4,819**	**4,819**

Loan impairment (net of recoveries)

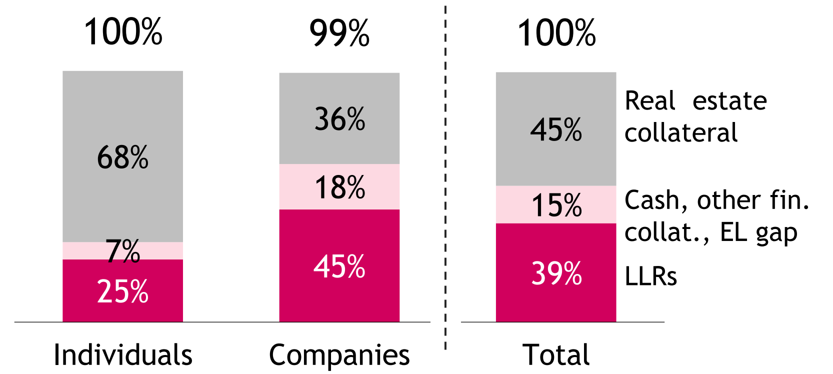
Lower NPEs with reinforced coverage

Non-performing exposures (NPEs)

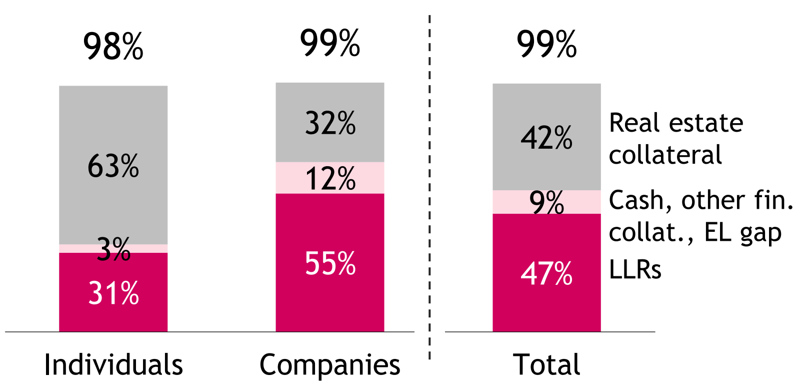
(Million euros)



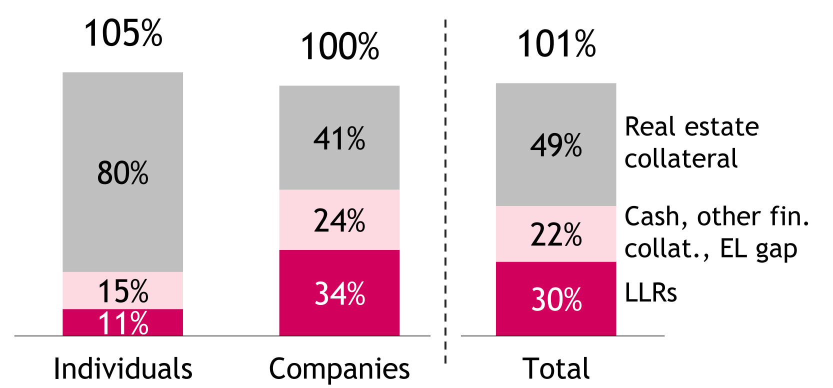
NPE coverage



NPL>90d coverage



Other NPE coverage

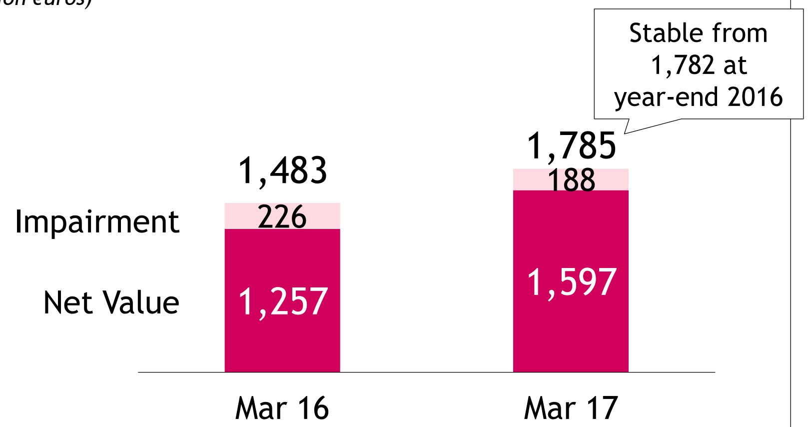


*By loan-loss reserves, expected loss gap and collaterals.

Foreclosed assets sold above book value; construction restructuring funds face challenges, but are almost fully provided

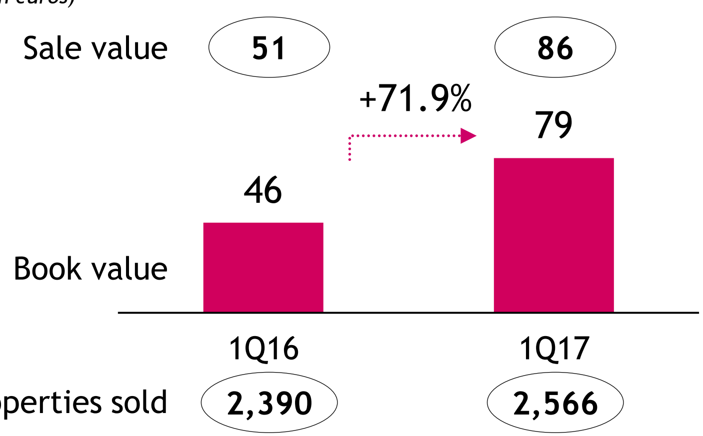
Foreclosed assets

(Million euros)



Number of properties sold

(Million euros)

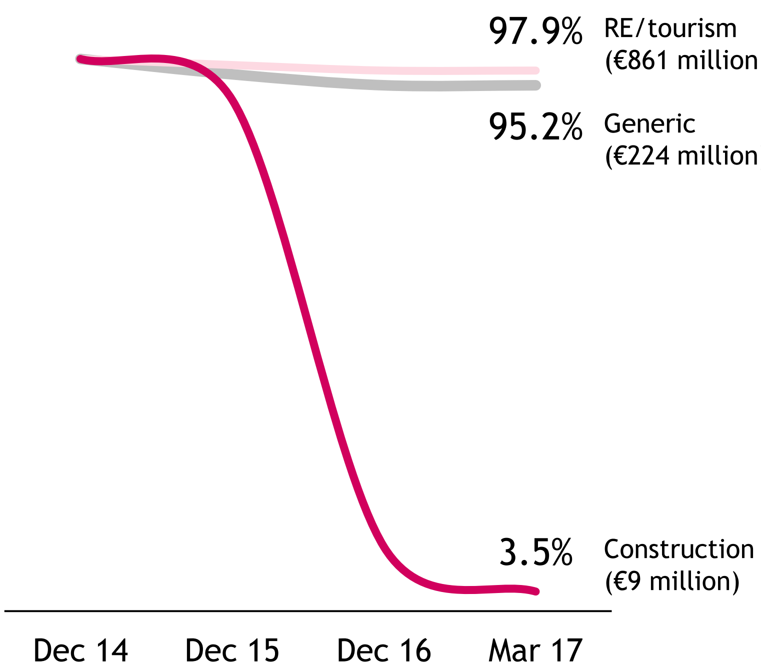


Corporate restructuring funds

(Net asset value, Dec 2014 = 100%)

Original credit exposure: €2,006 million
Book value (31 Mar 2017): €1,094 million
Total Impairment (credit+rest funds): €912 million
(45% coverage)

Stable from 1,113 at year-end 2016



Agenda

- Highlights
- Group
  - Profitability
  - Liquidity
  - Capital
- Portugal
- International operations
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Contribution from international operations

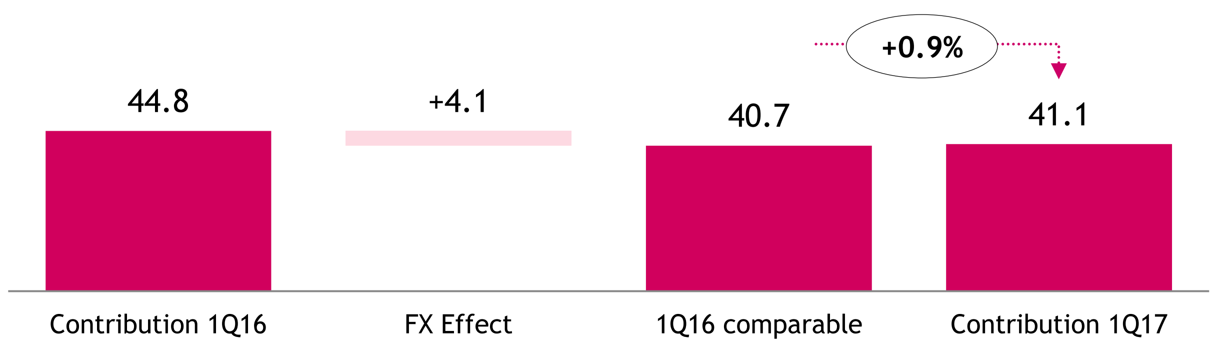
(*Million euros*)

Contribution from international operations increases on a comparable basis

	1Q16	1Q17	Δ % local currency	Δ % euros	ROE
International operations					
Poland	31.8	32.6	+2.4%	+4.2%	8.1%
Mozambique	13.5	20.7	+54.1%	+7.4%	26.3%
Angola*	14.0	7.6	-45.7%	-47.6%	
Other	1.7	3.3	+89.7%	+94.5%	
Net income	**61.1**	**64.3**	**+5.2%**	**-3.9%**	
Non-controlling interests Poland and Mozambique	-20.4	-23.2			
Exchange rate effect	4.1	--			
Total contribution international operations	**44.8**	**41.1**		**-8.3%**	
Same as above without FX effect	**40.7**	**41.1**		**+0.9%**	

*Contribution of the Angolan operation

Contribution from international operations affected by FX impact

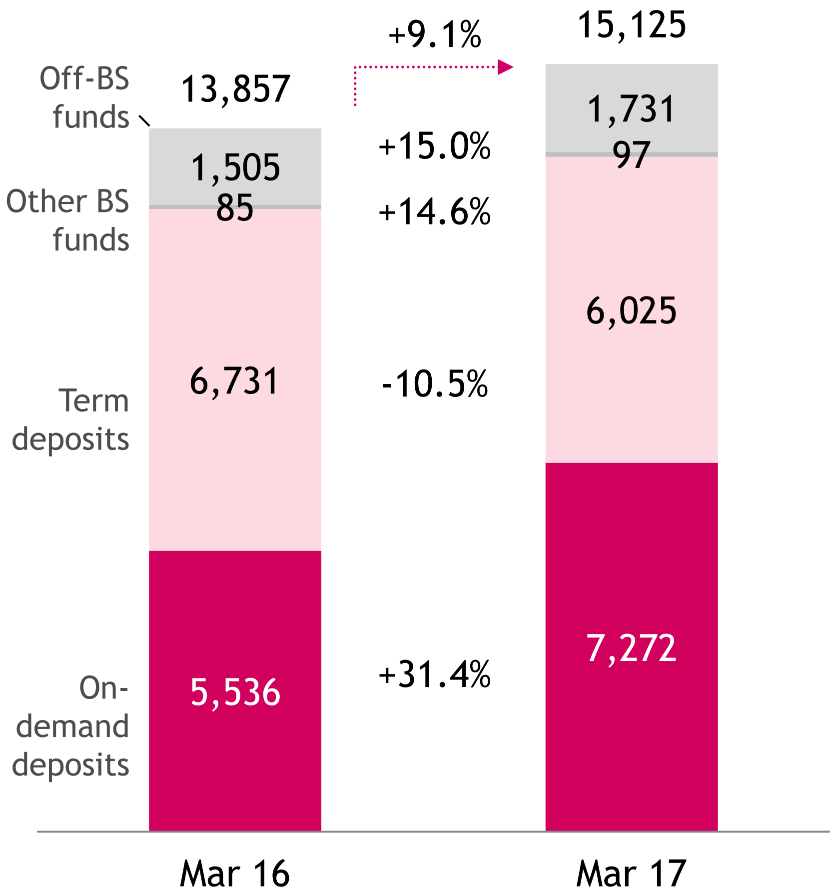


Subsidiaries' net income presented for 2016 at the same exchange rate as of 2017 for comparison purposes.

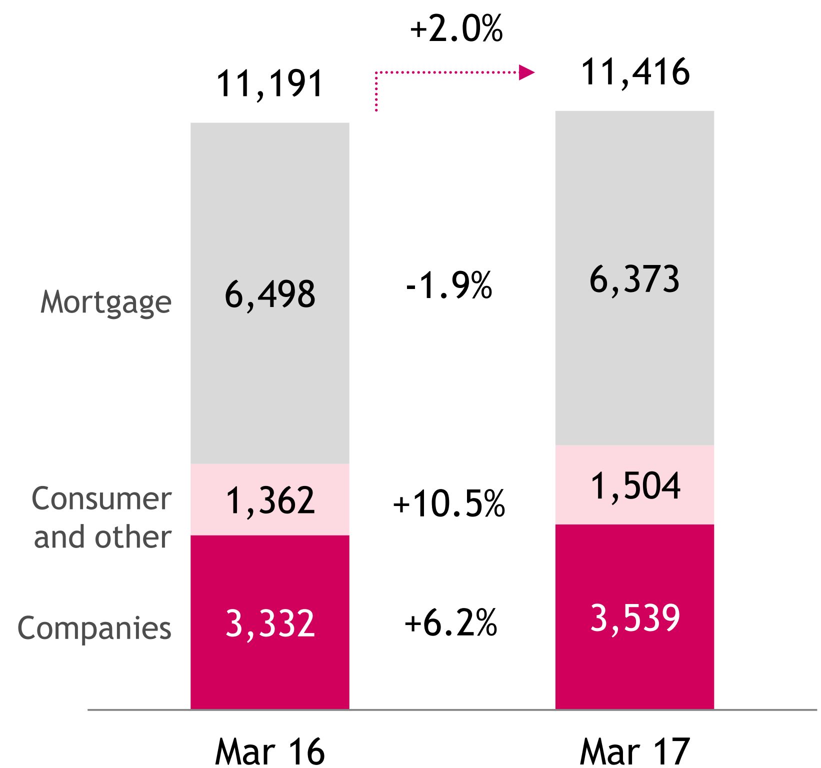
Poland: growing volumes

(*Million euros*)

Customer funds



Loans to Customers (gross)

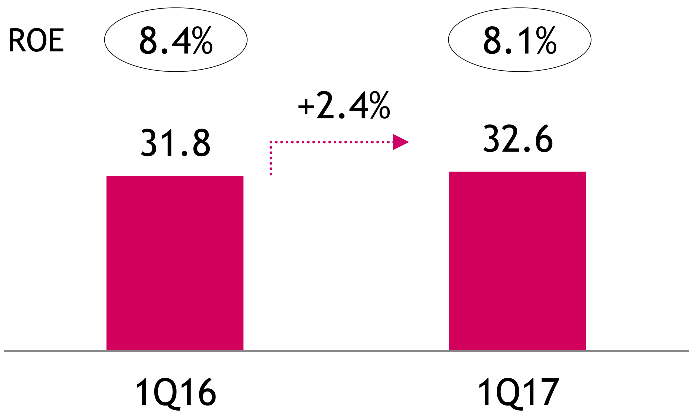


FX effect excluded. €/Zloty constant at March 2017 levels: Income Statement 4.30775000; Balance Sheet 4.2398.

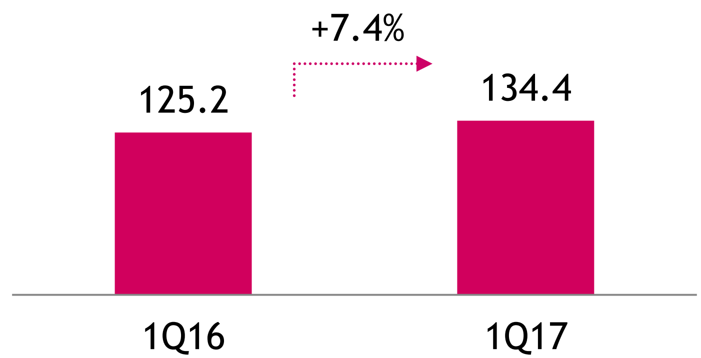
Net earnings increase

(*Million euros*)

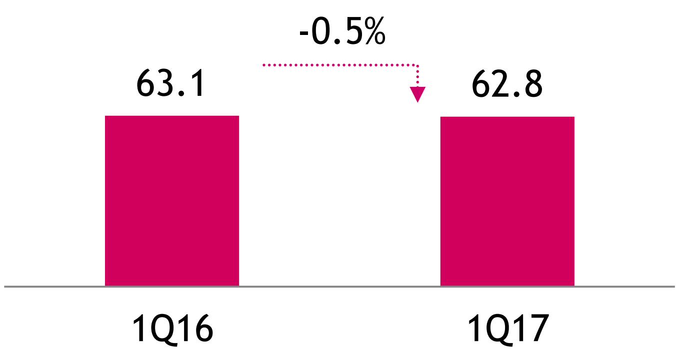
Net income



Banking income



Operating costs



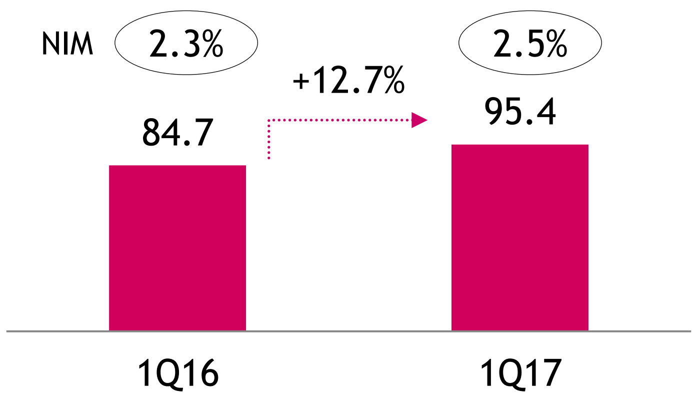
- Net earnings increased by 2.4%, with ROE of 8.1%, in spite of higher amount of regulatory contributions (€24.2 million in 1Q17 vs €12.6 million in 1Q16)
- Increasing banking income (7.4%), driven by the expansion of the net interest income (+12.7%) and commissions (+23.6%)
- Operating costs down by 0.5%
- CET1 ratio of 17.9% at the end of March 2017

FX effect excluded. €/Zloty constant at March 2017 levels: Income Statement 4.30775000; Balance Sheet 4.2398.

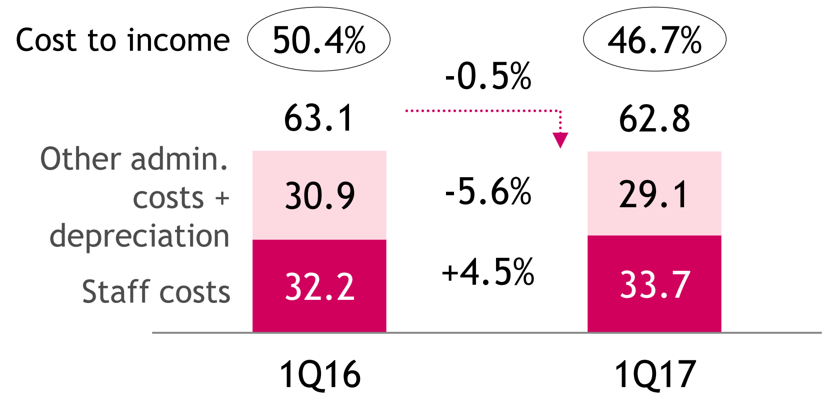
Increased net interest income and commissions

(Million euros)

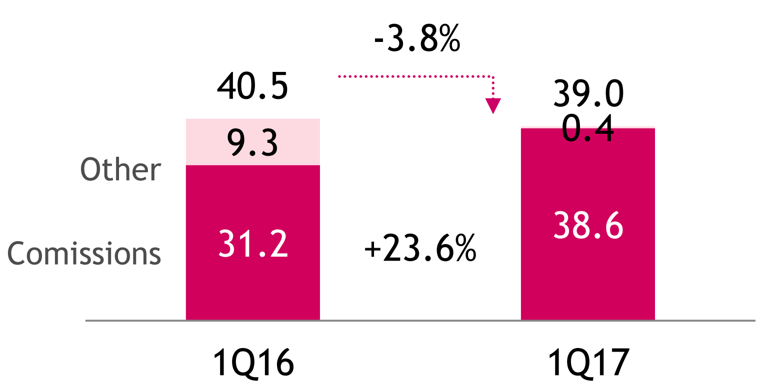
Net interest income*



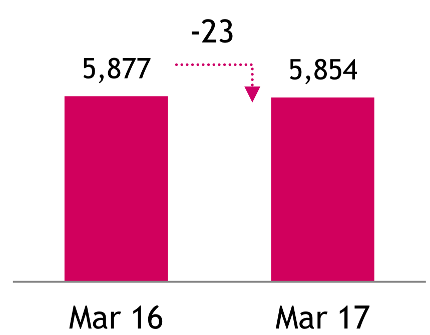
Operating costs



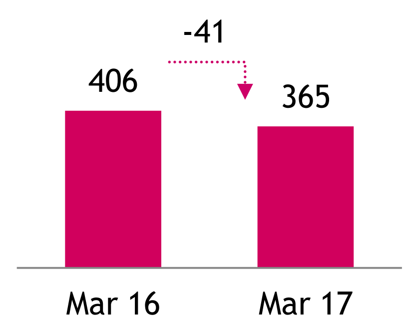
Commissions and other income



Employees



Branches



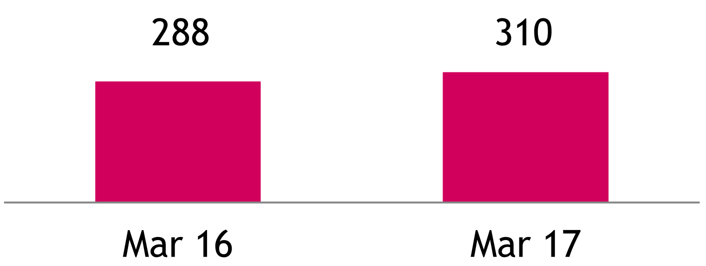
*Pro forma data. Margin from derivative products, including those from hedging FX denominated loan portfolio, is included in net interest income, whereas in accounting terms, part of this margin (€4.1 million in 1Q17 and €3.2 million in 1Q16) is presented in net trading income. | FX effect excluded. €/Zloty constant at March 2017 levels: Income Statement 4.30775000; Balance Sheet 4.2398.

Stable credit quality, comfortable coverage

(Million euros)

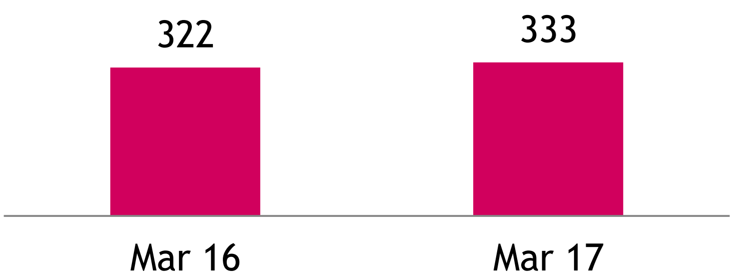
NPL>90d

Credit ratio	Mar 16	Mar 17
NPL>90d	2.6%	2.7%

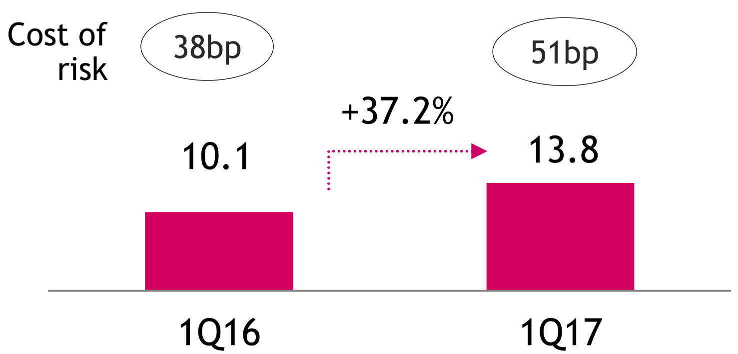


Loan-loss reserves

Coverage ratio	Mar 16	Mar 17
NPL>90d	111%	107%



Loan impairment (net of recoveries)



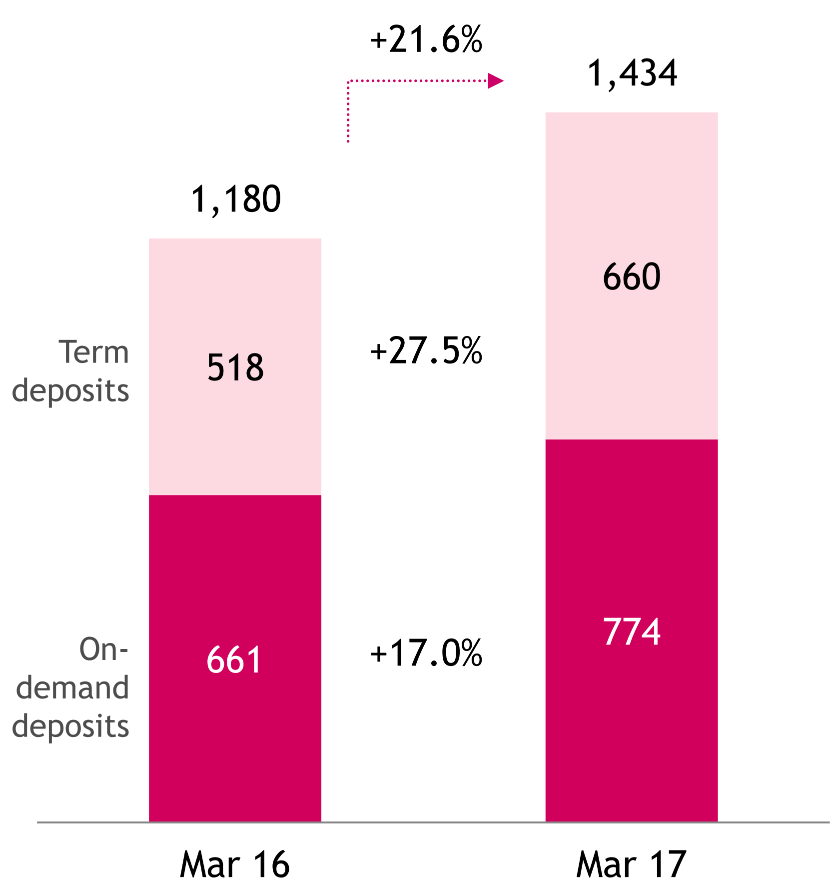
- NPL>90d at 2.7% of total credit as at March 31, 2017, compared to 2.6% on the same date of the previous year
- Provision coverage of NPL>90d at 107% (111% in March 31, 2016)
- Cost of risk increased to 51bp (38bp in 1Q2016)

FX effect excluded. €/Zloty constant at March 2017 levels: Income Statement 4.30775000; Balance Sheet 4.2398.

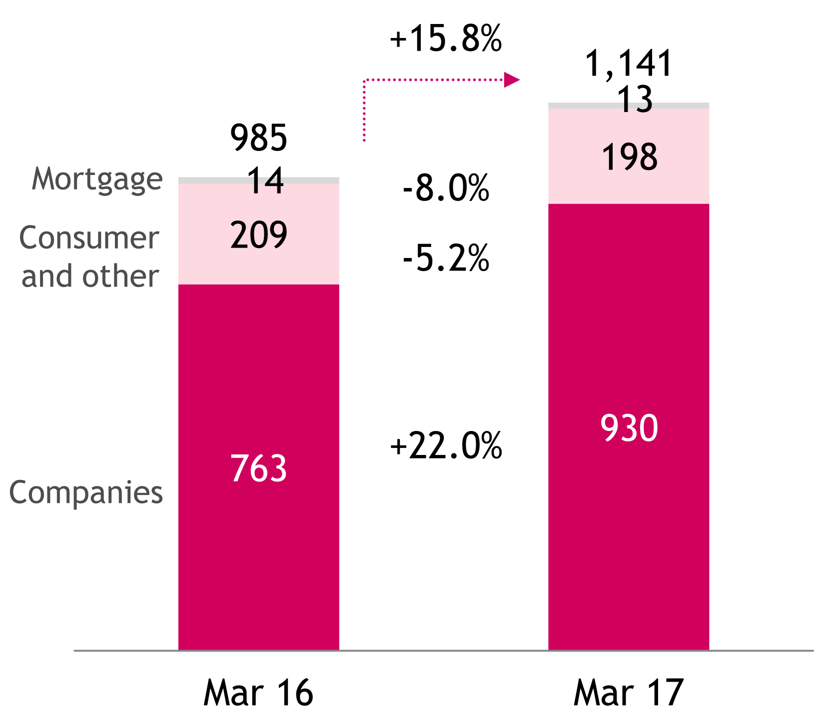
Mozambique: strong volume growth

(*Million euros*)

Customer funds



Loans to Customers (gross)

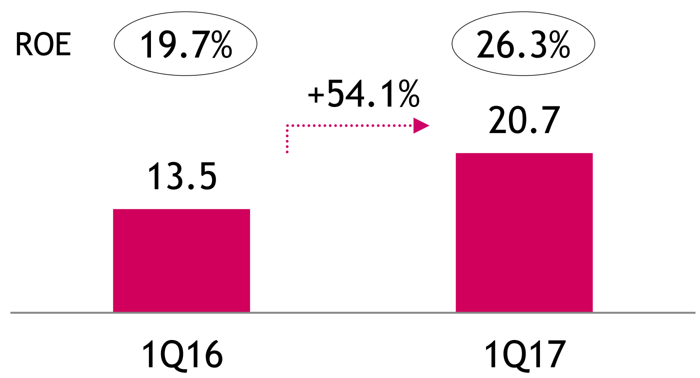


FX effect excluded. €/Metical constant at March 2017 levels: Income Statement 74.61683333; Balance Sheet 72.0920.

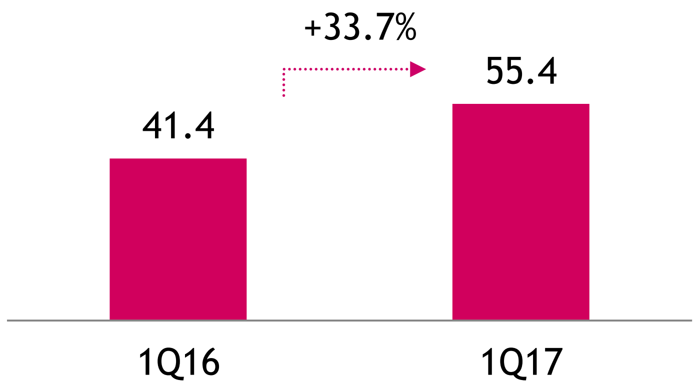
Significant net income growth

(Million euros)

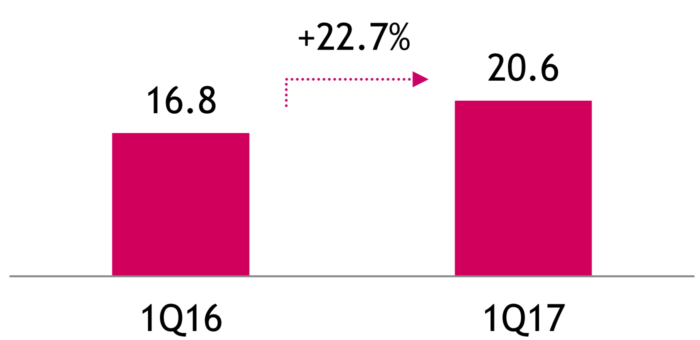
Net income



Banking income



Operating costs



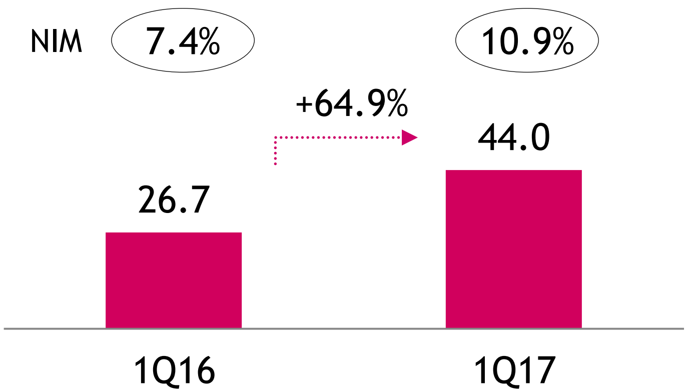
- Net income up by 54.1%, with ROE at 26.3%
- Increase of 33.7% in banking income due to higher net interest income (+64.9%) and commissions (+16.2%)
- Operating costs up by 22.7%
- Capital ratio at 18.8%

FX effect excluded. €/Metical constant at March 2017 levels: Income Statement 74.61683333; Balance Sheet 72.0920.

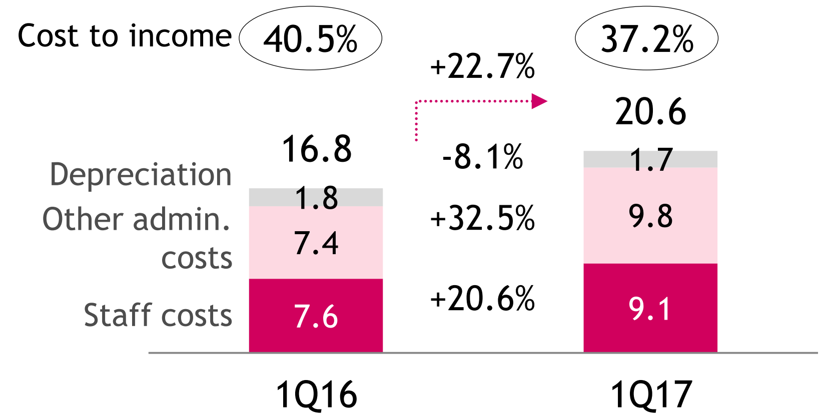
Growth in core income partially offset by the increase in operating costs

(Million euros)

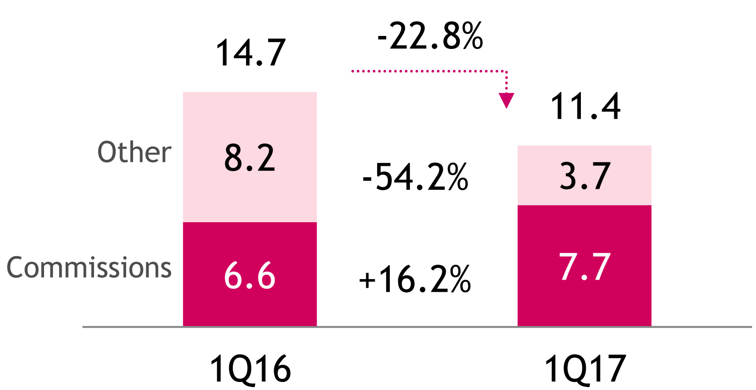
Net interest income



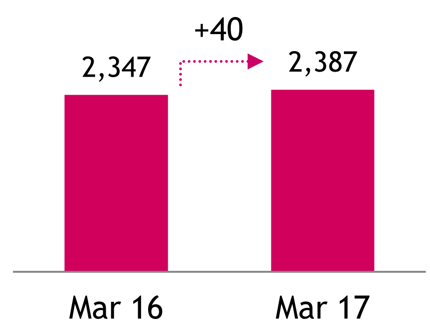
Operating costs



Commissions and other income

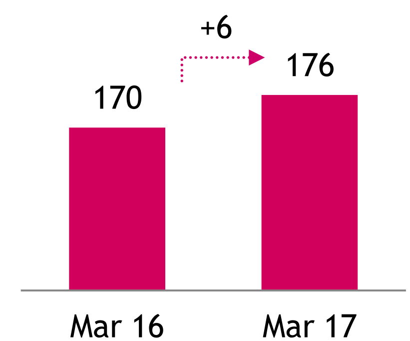


Employees*



*Excludes employees from SIM (insurance company)

Branches



FX effect excluded. €/Metical constant at March 2017 levels: Income Statement 74.61683333; Balance Sheet 72.0920.

Credit quality

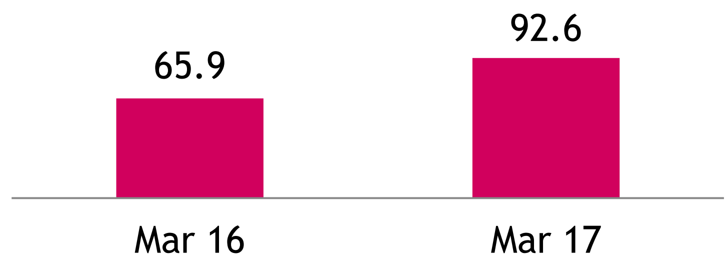
(Million euros)

NPL>90d

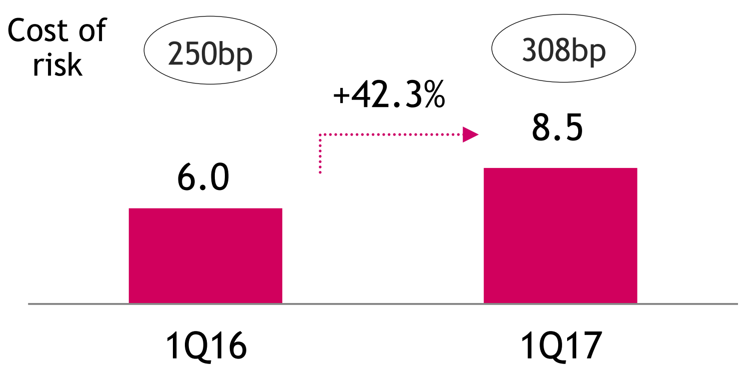
Credit ratio	Mar 16	Mar 17
NPL>90d	6.6%	7.7%

Loan-loss reserves

Coverage ratio	Mar 16	Mar 17
NPL>90d	101%	105%



Loan impairment (net of recoveries)



- NPL>90d ratio of 7.7% as at March 31, 2017 with reinforced coverage: 105% as at the same date
- Increased provisioning effort, as reflected by a 308bp cost of risk in 1Q17, up from 250bp in 1Q2016

FX effect excluded. €/Metical constant at March 2017 levels: Income Statement 74.61683333; Balance Sheet 72.0920.

Agenda

- Highlights
- Group
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  - Capital
- Portugal
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Road to 2018: targets

Consolidated

	1Q16	1Q17	2018
CT1 / CET1*	13.3% phased-in 10.1% fully implemented	13.0% phased-in 11.2% fully implemented	≈ 11%
Loans to Deposits	102%	97%	< 100%
Cost-Income	49.8%	44.6%	< 43%
Cost-Core Income**	53.3%	48.3%	< 50%
Cost of risk	119 bp	114 bp	< 75 bp
ROE	4.1%	4.1%	≈ 10% Based on a 11% fully implemented CET1

*Estimates including 1Q earnings. Mar 16 figures are pro forma including impact of merger in Angola.
**Core income = net interest income + net fees and commission income. Excluding non-usual items.

Millennium bcp: a solid bank, ready for the future

Unique position in Portuguese banking

1. Largest Portugal-based private sector bank, with a balanced shareholder structure and a sound balance sheet (phased-in CET1 ratio of 13.0%, loans to deposits of 97%)

2. Profitable operation with a recurring capacity to generate operating results in excess of €1 billion per annum (€296 million in 1Q2017)

3. Well-positioned in a rapidly changing landscape, following the completion of the restructuring plan successfully implemented over the last years: one of the most efficient banks in the Euro-zone, with a cost to core income ratio of 48% (82% for the Euro-zone) and a cost to income ratio of 45% (67% for the Euro-zone)

4. Ready to support individuals and companies: credit portfolio in Portugal (non-NPE) increases by more than €240 million from year-end 2016

Appendix

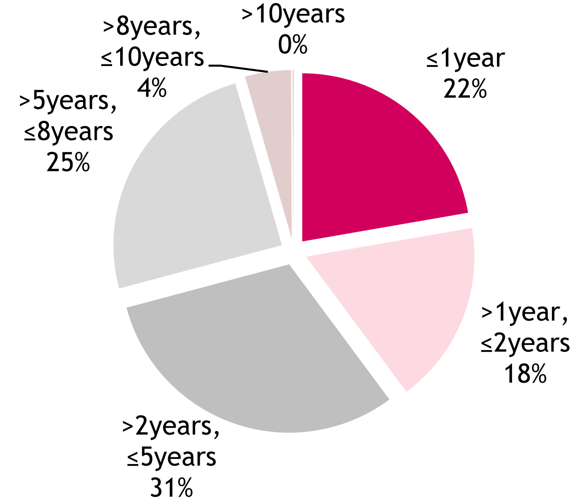
Sovereign debt portfolio

Sovereign debt portfolio

(*Million euros*)

	Mar 16	Dec 16	Mar 17	YoY	QoQ
Portugal	5,499	4,124	4,241	**-23%**	**+3%**
T-bills	1,499	655	589	-61%	-10%
Bonds	4,000	3,469	3,652	-9%	+5%
Poland	2,766	3,324	3,745	**+35%**	**+13%**
Angola	626				
Mozambique	409	228	302	**-26%**	**+33%**
Other	91	90	90	**-1%**	**+0%**
Total	**9,391**	**7,765**	**8,378**	**-11%**	**+8%**

Sovereign debt maturity



- Sovereign debt portfolio totalled €8.4 billion, €1.9 billion of which maturing in less than 1 year
- The value of the Polish sovereign portfolio increased from 31 March 2016; exposure to Portuguese, Angolan and Mozambican sovereign debt decreased

Sovereign debt portfolio

(Million euros)

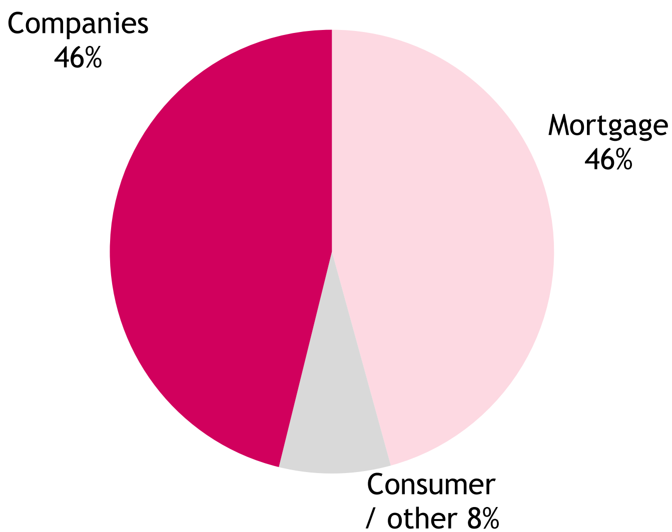
	Portugal	Poland	Mozambique	Other	Total
Trading book*	**157**	**96**		**37**	**290**
≤ 1 year		9		36	45
> 1 year and ≤ 2 years	119	47			166
> 2 years and ≤ 5 years	37	25			62
> 5 years and ≤ 8 years		13			13
> 8 years and ≤ 10 years	1				1
> 10 years		2			3
Banking book**	**4,084**	**3,649**	**302**	**53**	**8,088**
≤ 1 year	589	1,023	208	1	1,821
> 1 year and ≤ 2 years	63	1,190	4	50	1,307
> 2 years and ≤ 5 years	1,064	1,381	91		2,536
> 5 years and ≤ 8 years	2,017	36		2	2,054
> 8 years and ≤ 10 years	349	19			369
> 10 years	2				2
Total	**4,241**	**3,745**	**302**	**90**	**8,378**
≤ 1 year	589	1,032	208	37	1,866
> 1 year and ≤ 2 years	181	1,237	4	50	1,473
> 2 years and ≤ 5 years	1,101	1,406	91		2,598
> 5 years and ≤ 8 years	2,018	49		2	2,068
> 8 years and ≤ 10 years	350	19			370
> 10 years	2	2			5

*Includes financial assets held for trading at fair value through net income (€147 million).
**Includes AFS portfolio (€7,928 million) and HTM portfolio (€160 million).

Diversified and collaterised portfolio

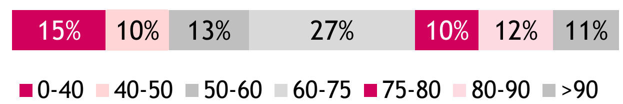
Loan portfolio

Consolidated



Loans by collateral

LTV of mortgage portfolio in Portugal



- Loans to companies accounted for 46% of the loan portfolio at March 31, 2017, including 8% to construction and real-estate sectors
- 84% of the loan portfolio is collateralised
- Mortgage accounted for 46% of the loan portfolio, with low delinquency levels and an average LTV of 66%
- Real estate accounts for 95% of total collateral value
- 80% of the real estate collateral is residential

Consolidated earnings

(million euros)	1Q16	1Q17	YoY	Impact on earnings
Net interest income	292.4	332.3	13.7%	+40.0
Net fees and commissions	163.9	160.8	-1.9%	-3.1
Other operating income	31.8	40.9	28.5%	+9.1
Banking income	**488.1**	**534.0**	**9.4%**	**+45.9**
Staff costs	-138.4	-136.9	-1.1%	+1.5
Other administrative costs and depreciation	-104.6	-101.4	-3.1%	+3.2
Operating costs	**-243.1**	**-238.3**	**-2.0%**	**+4.8**
Operating net income (before impairment and provisions)	**245.1**	**295.8**	**20.7%**	**+50.7**
Of which: core net income	**213.2**	**254.8**	**19.5%**	**+41.6**
Loans impairment (net of recoveries)	-160.7	-148.9	-7.3%	+11.8
Other impairment and provisions	-15.4	-54.3	253.9%	-39.0
Impairment and provisions	**-176.0**	**-203.2**	**15.5%**	**-27.2**
Net income before income tax	**69.1**	**92.5**	**34.0%**	**+23.5**
Income taxes	-15.0	-19.1	27.4%	-4.1
Non-controlling interests	-36.4	-23.3	-35.9%	+13.1
Net income from discontinued or to be discontinued operations	29.0	0.0	-100.0%	-29.0
Net income	**46.7**	**50.1**	**7.4%**	**+3.4**

Consolidated balance sheet

(Million euros)

	31 March 2017	31 March 2016
Assets		
Cash and deposits at central banks	1,684.4	2,210.4
Loans and advances to credit institutions		
Repayable on demand	258.3	739.8
Other loans and advances	1,337.8	1,300.5
Loans and advances to customers	48,533.7	51,183.0
Financial assets held for trading	1,021.1	2,009.4
Other financial assets held for trading		
at fair value through profit or loss	147.3	150.8
Financial assets available for sale	10,715.1	11,459.6
Assets with repurchase agreement	30.3	50.8
Hedging derivatives	73.6	128.7
Financial assets held to maturity	464.5	474.0
Investments in associated companies	611.2	331.5
Non current assets held for sale	2,225.4	1,783.6
Investment property	12.6	141.9
Other tangible assets	482.5	626.9
Goodwill and intangible assets	162.3	207.8
Current tax assets	17.7	43.3
Deferred tax assets	3,193.2	2,571.4
Other assets	1,106.1	881.7
	72,076.9	76,295.3

	31 March 2017	31 March 2016
Liabilities		
Resources from credit institutions	9,284.1	10,813.9
Resources from customers	50,137.5	51,014.4
Debt securities issued	2,962.7	4,463.2
Financial liabilities held for trading	509.7	847.6
Hedging derivatives	287.5	470.5
Provisions	341.6	273.2
Subordinated debt	846.1	1,671.4
Current tax liabilities	38.5	20.3
Deferred tax liabilities	2.3	16.0
Other liabilities	932.0	1,052.4
Total Liabilities	65,342.2	70,643.0
Equity		
Share capital	5,600.7	4,094.2
Share premium	16.5	16.5
Preference shares	59.9	59.9
Other capital instruments	2.9	2.9
Legal and statutory reserves	245.9	223.3
Treasury shares	(0.7)	(0.9)
Fair value reserves	(103.1)	15.5
Reserves and retained earnings	(90.9)	140.7
Net income for the period attrib. to Shareholders	50.1	46.7
Total equity attrib. to Shareholders of the Bank	5,781.3	4,598.9
Non-controlling interests	953.4	1,053.4
Total Equity	6,734.7	5,652.3
	72,076.9	76,295.3

Consolidated income statement
Per quarter

(Million euros)

	Quarterly				
	1Q 16	2Q 16	3Q 16	4Q 16	1Q 17
Net interest income	**292.4**	**308.4**	**306.2**	**323.1**	**332.3**
Dividends from equity instruments	2.0	3.8	1.2	0.8	0.1
Net fees and commission income	163.9	156.4	160.8	162.7	160.8
Other operating income	-12.4	-75.6	-8.3	-9.5	-15.2
Net trading income	28.3	154.5	29.7	27.9	36.4
Equity accounted earnings	13.9	23.8	22.9	19.9	19.6
Banking income	**488.1**	**571.3**	**512.5**	**524.8**	**534.0**
Staff costs	138.4	135.2	136.7	-53.8	136.9
Other administrative costs	91.8	93.1	90.1	98.6	88.7
Depreciation	12.8	12.7	11.5	12.8	12.7
Operating costs	**243.1**	**241.0**	**238.3**	**57.6**	**238.3**
Operating net income bef. imp.	**245.1**	**330.3**	**274.2**	**467.2**	**295.8**
Loans impairment (net of recoveries)	160.7	458.0	251.5	246.7	148.9
Other impairm. and provisions	15.4	182.6	44.9	238.2	54.3
Net income before income tax	**69.1**	**-310.3**	**-22.2**	**-17.8**	**92.5**
Income tax	15.0	-93.3	10.1	-313.7	19.1
Non-controlling interests	36.4	43.1	21.5	20.8	23.3
Net income (before disc. oper.)	**17.7**	**-260.2**	**-53.8**	**275.0**	**50.1**
Net income arising from discont. operations	29.0	16.2	0.0	0.0	0.0
Net income	**46.7**	**-243.9**	**-53.8**	**275.0**	**50.1**

Income statement (Portugal and International operations)

For the 3-month periods ended March 31st, 2016 and 2017

(Million euros)

	Group			Portugal			International operations											
							Total			Bank Millennium (Poland)			Millennium bim (Moz.)			Other int. operations		
	Mar 16	Mar 17	Δ %	Mar 16	Mar 17	Δ %	Mar 16	Mar 17	Δ %	Mar 16	Mar 17	Δ %	Mar 16	Mar 17	Δ %	Mar 16	Mar 17	Δ %
Interest income	487	475	-2.3%	301	271	-10.1%	186	205	10.3%	127	134	5.3%	57	69	21.6%	2	2	1.8%
Interest expense	194	143	-26.3%	129	77	-40.9%	65	67	2.7%	47	42	-9.5%	19	26	35.1%	-1	-1	-48.3%
Net interest income	**292**	**332**	**13.7%**	**172**	**194**	**13.2%**	**121**	**138**	**14.4%**	**80**	**91**	**14.0%**	**38**	**44**	**14.9%**	**2**	**3**	**18.8%**
Dividends from equity instruments	2	0	-95.3%	2	0	-98.6%	0	0	--	0	0	--	0	0	--	0	0	--
Intermediation margin	**294**	**332**	**12.9%**	**174**	**194**	**11.9%**	**121**	**138**	**14.4%**	**80**	**91**	**14.0%**	**38**	**44**	**14.9%**	**2**	**3**	**18.8%**
Net fees and commission income	164	161	-1.9%	118	108	-8.5%	46	53	15.1%	31	39	25.7%	9	8	-19.0%	6	6	14.2%
Other operating income	-12	-15	-22.3%	-2	5	>100%	-11	-21	-94.8%	-13	-22	-69.9%	2	1	-44.3%	0	0	6.2%
Basic income	**446**	**478**	**7.2%**	**290**	**308**	**6.2%**	**156**	**170**	**9.1%**	**98**	**108**	**10.4%**	**50**	**53**	**5.6%**	**8**	**9**	**16.0%**
Net trading income	28	36	28.4%	5	21	>100%	24	16	-34.4%	14	12	-12.1%	9	2	-74.3%	0	1	>100%
Equity accounted earnings	14	20	41.5%	14	12	-13.4%	0	8	--	0	0	--	0	0	--	0	8	--
Banking income	**488**	**534**	**9.4%**	**309**	**341**	**10.4%**	**180**	**193**	**7.6%**	**112**	**120**	**7.6%**	**59**	**55**	**-6.8%**	**8**	**18**	**>100%**
Staff costs	138	137	-1.1%	92	90	-1.8%	47	47	0.3%	32	34	6.3%	11	9	-15.9%	4	4	-2.8%
Other administrative costs	92	89	-3.4%	56	55	-2.8%	36	34	-4.5%	23	23	-3.1%	11	10	-7.6%	2	2	-2.7%
Depreciation	13	13	-0.6%	7	8	12.9%	6	5	-17.2%	3	3	-0.9%	3	2	-36.0%	0	0	-26.5%
Operating costs	243	238	-2.0%	155	153	-1.5%	88	86	-2.8%	58	59	2.1%	24	21	-14.5%	6	6	-3.0%
Operating net income bef. imp.	**245**	**296**	**20.7%**	**154**	**188**	**22.4%**	**91**	**108**	**17.7%**	**54**	**61**	**13.4%**	**35**	**35**	**-1.6%**	**2**	**12**	**>100%**
Loans impairment (net of recoveries)	161	149	-7.3%	142	126	-11.3%	19	23	22.7%	10	14	41.3%	9	8	-0.8%	0	0	>100%
Other impairm. and provisions	15	54	>100%	16	57	>100%	-1	-2	<-100%	0	0	-74.3%	-1	-2	<-100%	0	0	<-100%
Net income before income tax	**69**	**93**	**34.0%**	**-4**	**5**	**>100%**	**73**	**87**	**18.8%**	**44**	**47**	**7.4%**	**28**	**29**	**4.2%**	**2**	**11**	**>100%**
Income tax	15	19	27.4%	-6	-3	38.3%	21	23	9.4%	12	14	15.9%	8	8	-2.0%	0	1	41.8%
Non-controlling interests	36	23	-35.9%	0	0	90.7%	37	23	-36.6%	0	0	--	0	0	-38.8%	37	23	-36.5%
Net income (before disc. oper.)	**18**	**50**	**>100%**	**2**	**9**	**>100%**	**16**	**41**	**>100%**	**31**	**33**	**4.2%**	**19**	**21**	**7.4%**	**-35**	**-12**	**64.8%**
Net income arising from discont. operations	29	0	-100.0%				29	0	-100.0%							29	0	-100.0%
Net income	**47**	**50**	**7.4%**				**45**	**41**	**-8.3%**							**-6**	**-12**	**<-100%**

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 exposures (according to EBA definition) – Non-performing loans and advances to customers more than 90 days past-due or unlikely to be paid without collateral realisation, even if they recognised as defaulted or impaired. Considers also all the exposures if the on-BS 90 days past due reaches 20% of the outstanding amount of total on-BS exposure of the debtor, even if no pull effect is used for default or impairment classification. Includes also the loans in quarantine period over which the debtor has to prove its ability to meet the restructured conditions, even if forbearance has led to the exit form default or impairments classes.

Non-performing exposures coverage ratio – Total BS impairments plus collaterals and expected loss gap divided by non-performing exposures.

Glossary (2/2)

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 losses reserves - Total BS impairments.

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 divided by the average attributable equity, deducted from preference shares and other capital instruments.

Return on average assets (ROA) – Net income 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.

Tangible Equity – Shareholders equity minus goodwill and intangible assets.

Texas ratio – Non performing exposures divided by the sum of Tangible equity and Loan Losses Reserves i.e. NPE / (Tangible equity + LLRs).

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

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

INVESTOR RELATIONS DIVISION
Rui Coimbra, Head

EQUITY
Luís Pedro Monteiro and Paula Dantas Henriques
+351 21 1131 084

DEBT AND RATINGS
Luís Morais and Lina Fernandes
+351 21 1131 337

investors@millenniumbcp.pt