

Millennium
bcp

EARNINGS PRESENTATION

1H 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 6 months figures for 2016 and 2017 not audited

Agenda

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

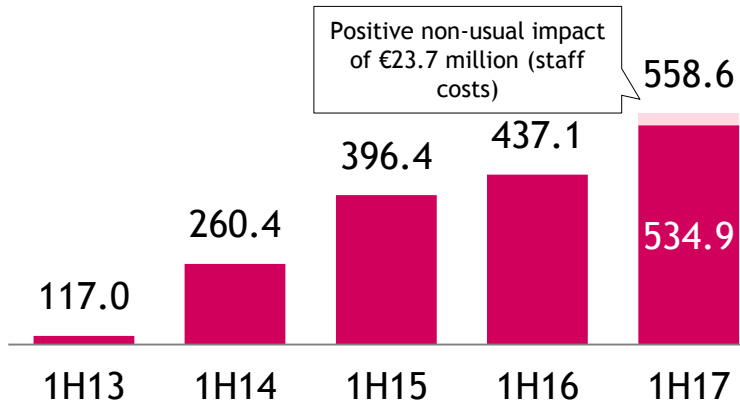
Summary

- 1 **Net profit of €89.9 million** (-€197.3 million in the 1st half of 2016), **benefitting from the continued expansion of core net income** to €558.6 million*, compared to €437.1 million in the 1st half of 2016
- 2 **Significant NPE and NPL>90d reduction** (€721 million and €471 million down in the 1st half of 2017, respectively) in Portugal, **with total coverage including guarantees increasing to 105%**
- 3 **The non-NPE portfolio stabilised in the 1st half of 2017 in Portugal**
- 4 **Strong business performance, with Customer acquisition standing out. Active Customers for the Group of >5.2 million**, 4.4% up from end-June 2016

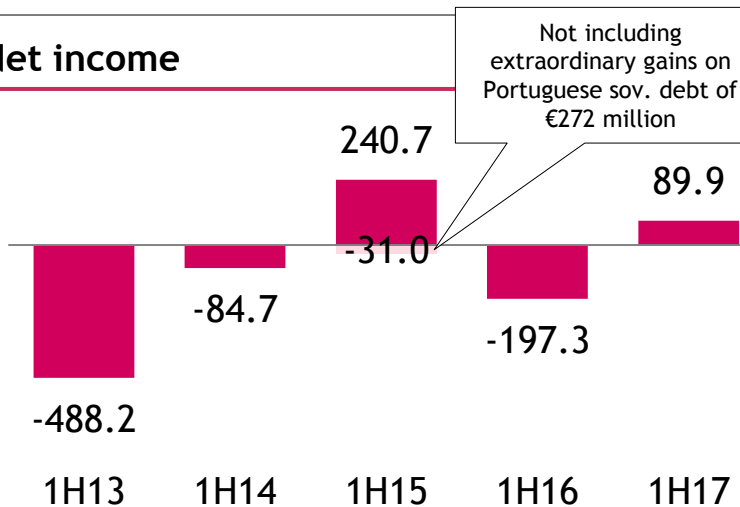
1 Highlights: improved profitability

(Million euros)

Core net income*



Net income



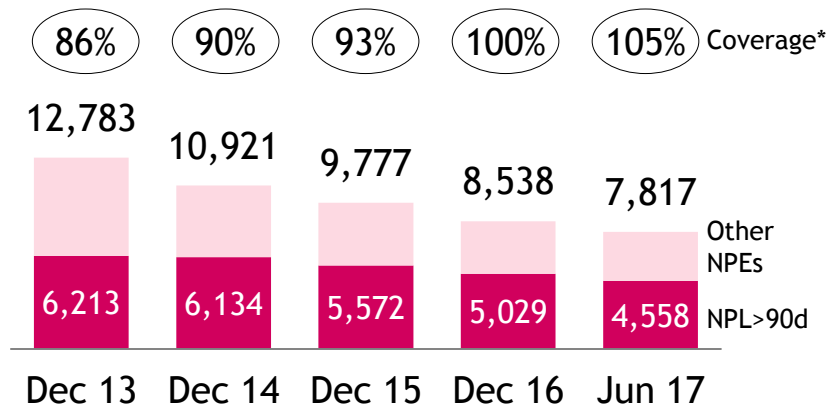
- **Core net income increases to €558.6 million in 1H17** (€534.9 million excluding a positive non-usual impact of €23.7 million on staff costs), with a noteworthy expansion in net interest income
- **Significant expansion in core net income from €117.0 million in the 1st half of 2013**
- **One of the most efficient banks in the Euro-zone, with cost to core income 45%** (43% cost to income)
- **Net earnings of €89.9 million in the 1st half of 2017**
- **Substantial improvement from €488.2 million losses in the 1st half of 2013**

2 Highlights: improved asset quality

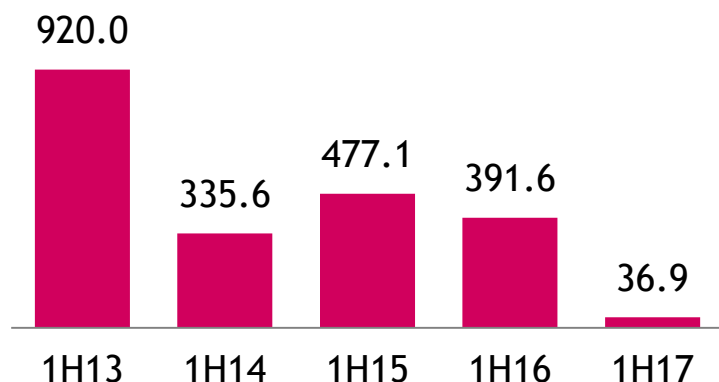


(Million euros)

Non-performing exposures (NPEs)



Net new entries in NPL>90 days



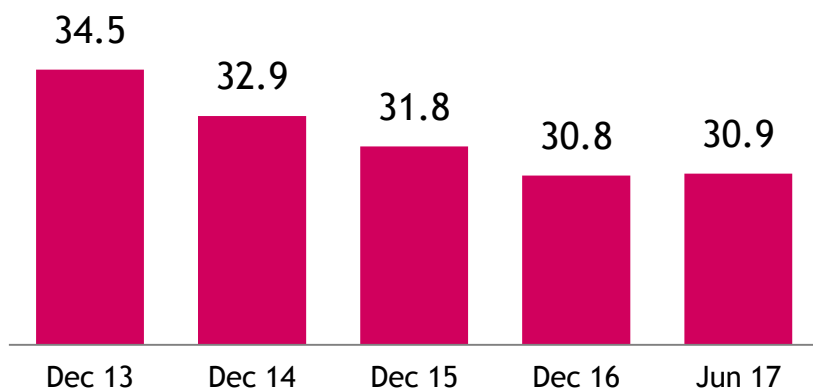
- **NPEs in Portugal down** to €7.8 billion as at June 30, 2017, showing a **strong pace of reduction from 2013**: €1.4 billion per year, on average
- **NPE reduction in 1H17 in excess of €700 million**, more than 70% of the annual reduction target to <€7.5 billion at year-end 2017
- **NPE total* coverage at 105%**
- **NPL>90 days down to €4.6 billion** as at June 30, 2017, with a **significant reduction in net new entries in the 1st half of 2017 to €37 million**

3 Highlights: credit stabilising in Portugal

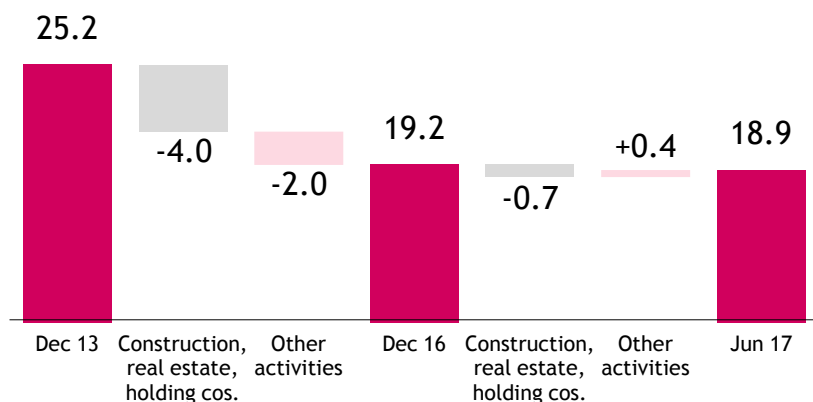


(Billion euros)

Non-NPE portfolio



Companies portfolio



- **Non-NPE portfolio stable from end-2016**
- **Structural change to the portfolio of loans to companies over recent years**, with a growing weight of exporting industries, together with a lower weight of construction and real estate activities and of non-financial holding companies
- **Strong credit activity**, both for individuals (new business up by 20.1% vs 1H16) and for companies (new leasing business: +43.3%; factoring invoicing: +32.8%)

Highlights: strong business performance, especially in Customer acquisition and Customer experience

Individuals



Customer base

M



Over 200 thousand new customers

YoY growth

+4.4%

Over 100,000 Customers acquired

+21%



Digital Customers

M



2.2 million of active digital Customers

+19%

750,000 digital Customers

+28%

Companies (Source: Data E - market research)



Leading bank in funding



Preferred bank of exporting companies



Bank closest to its Customers, more innovating and with better products

Awards



Best Consumer Digital Bank in Portugal and Poland
Global Finance



Customer choice in Portugal and Mozambique
Superbrands



Branch transformation
Celent Model Bank Award



Best private bank in Portugal
The Banker



Banking category
Marketeer



Best bank in Mozambique
Euromoney



Best trade finance in Mozambique
Global Finance



Best social responsibility bank in Poland
Euromoney

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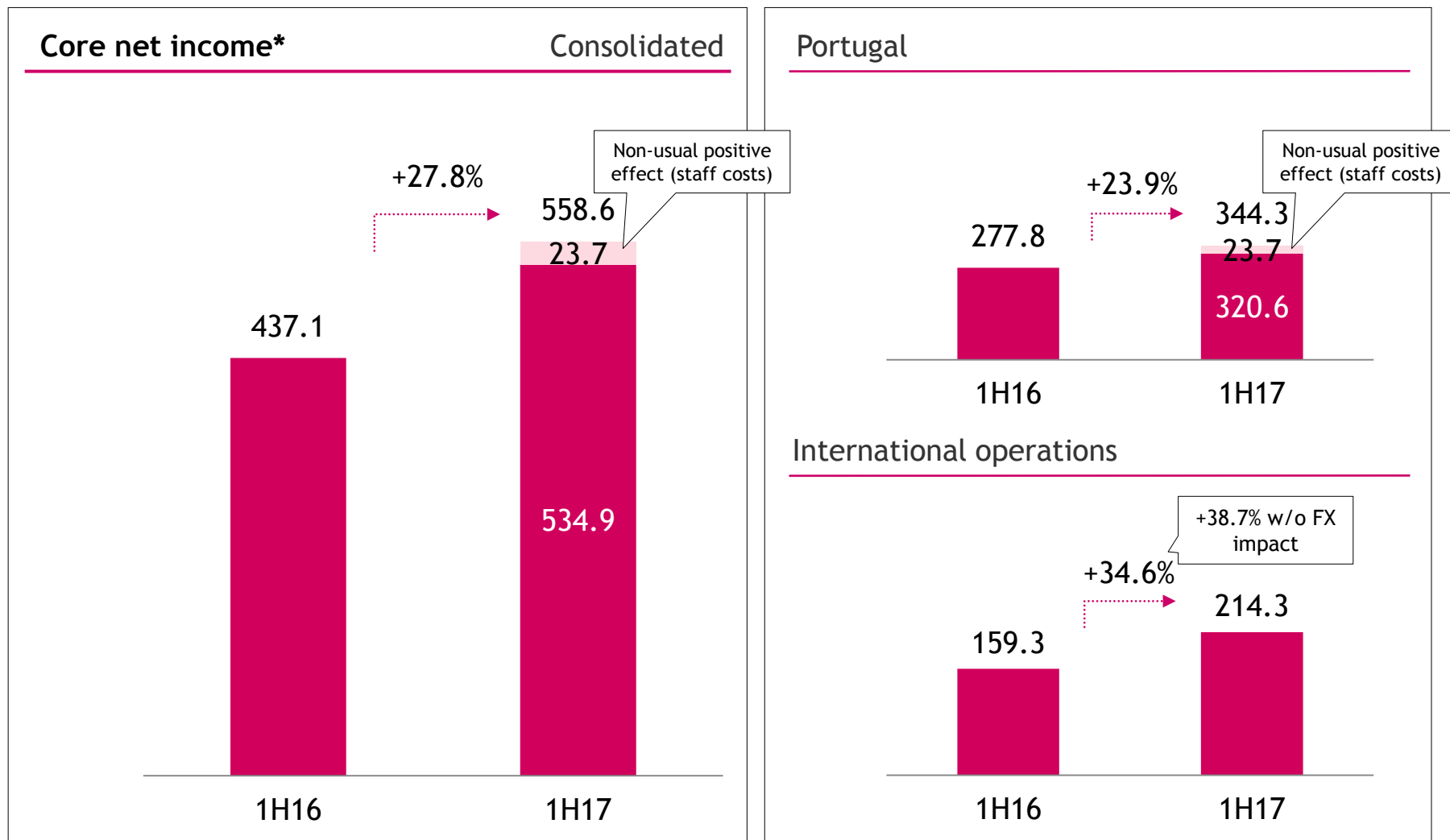
Profit of €89.9 million in 1H17, with a significant improvement of core net income

(million euros)	1H16	1H17	YoY	Impact on earnings
Core net income (net int income+commissions-oper. costs)	437.1	558.6	+27.8%	+121.5
Non-usual items (staff costs)	-1.2	23.7		+24.9
Core net income excluding non-usual items	438.3	534.9	+22.0%	+96.6
Other operating income	138.3	40.0	-71.1%	-98.3
Operating net income (bef. impairment and provisions)	575.4	598.6	+4.0%	+23.2
Impairment and provisions	-816.6	-415.3	-49.1%	+401.3
Net income before income tax	-241.3	183.3		+424.6
Income taxes, non-controlling interests and disc. operations	44.0	-93.4		-137.4
Net income	-197.3	89.9		+287.2

Includes €91.0 million gains on Visa transaction

Core net income increases in all geographies

(Million euros)



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

(Million euros)

Net interest income

Consolidated

Net interest margin

1.9%

2.2%

+12.9%

600.8

678.5

1H16

1H17

Portugal

Net interest margin

1.5%

1.8%

+9.0%

358.1

390.2

1H16

1H17

Net interest margin

2.7%

3.1%

+23.0% w/o FX impact

+18.8%

242.7

288.3

1H16

1H17

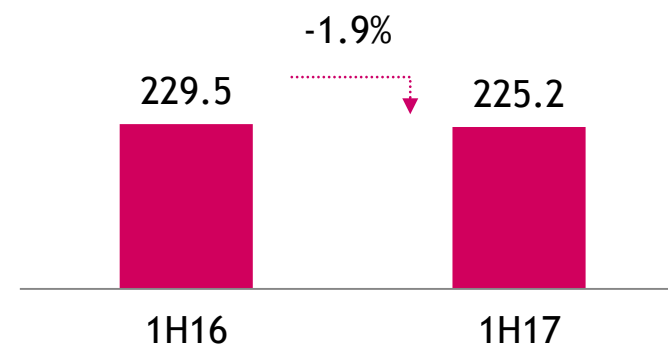
Increase of commissions in international operations stands out

(Million euros)

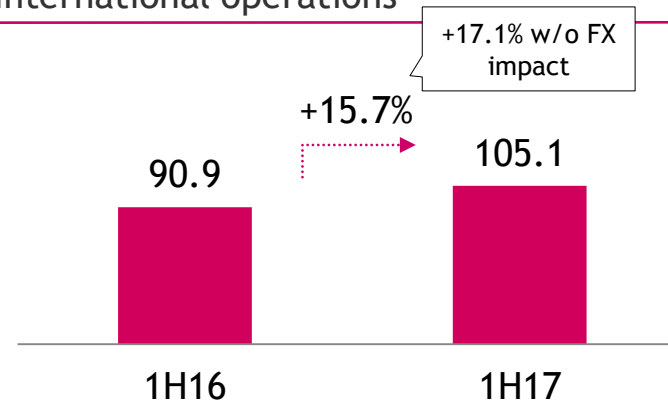
Fees and commissions Consolidated

	1H16	1H17	YoY
Banking fees and commissions	263.1	265.9	+1.1%
Cards and transfers	71.1	75.2	+5.8%
Loans and guarantees	79.9	78.5	-1.7%
Bancassurance	43.6	47.5	+8.9%
Customer account related	45.4	46.5	+2.3%
Other fees and commissions	23.1	18.2	-21.1%
Market related fees and commissions	57.3	64.4	+12.5%
Securities operations	38.9	43.8	+12.6%
Asset management	18.3	20.6	+12.5%
Total fees and commissions	320.3	330.3	+3.1%

Portugal

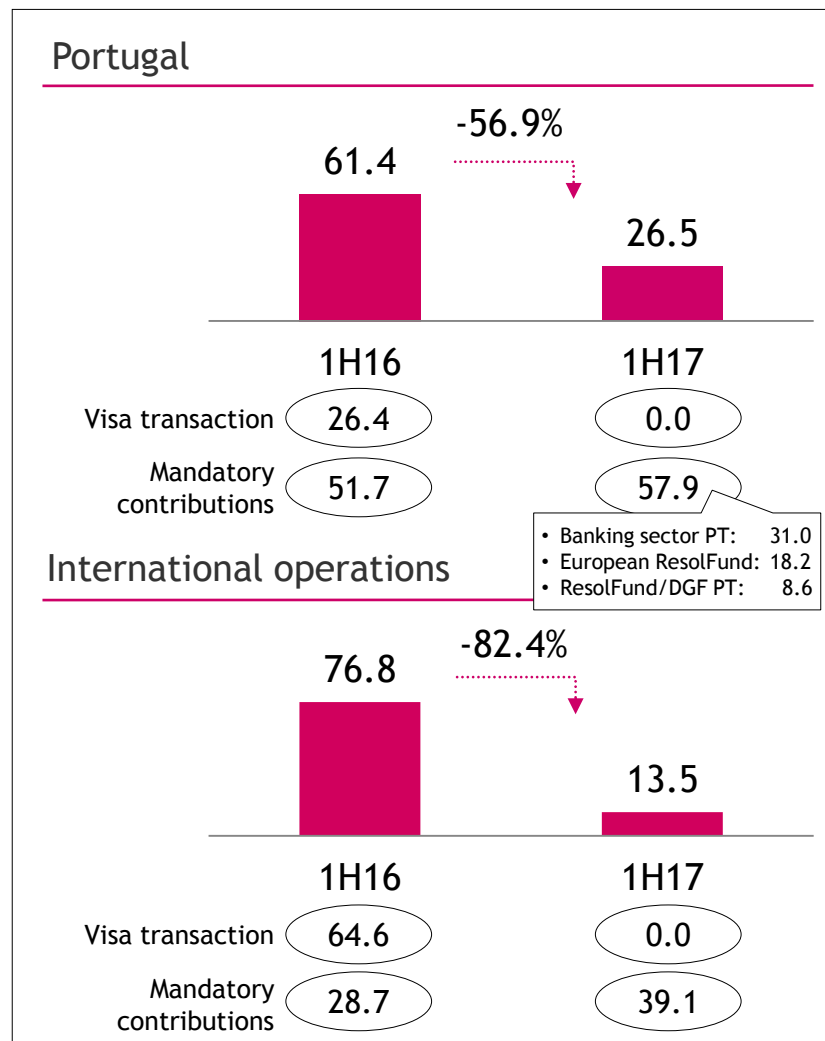
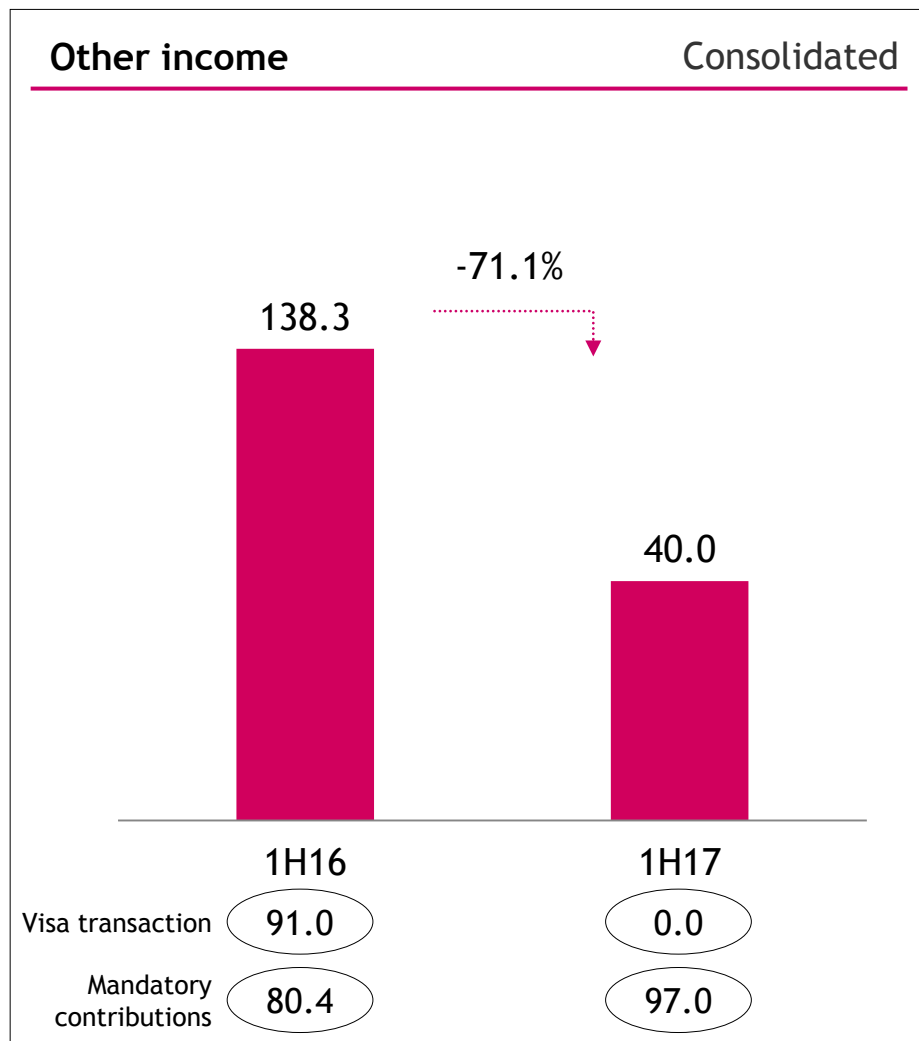


International operations



Increased other income influenced by higher mandatory contributions and by gains on Visa transaction in 1H16

(Million euros)



Cost reduction continues...

(Million euros)

Operating costs

Consolidated

Cost to income 45.7%

42.9%

Cost to core income* 52.5%

44.6%

Depreciation 484.1
25.5

-7.0%

+2.5%

450.2

26.1

Other administrative costs 184.9

-1.2%

182.6

Staff costs 273.7

-11.8%

241.5

1H16

1H17

Includes non-usual positive effect of €23.7 million

Portugal

Cost to income 47.7%

42.2%

Cost to core income* 52.7%

44.1%

309.8

271.1

1H16

1H17

Non-usual positive effect of €23.7 million

International operations

Cost to income 42.5%

44.0%

Cost to core income 52.2%

45.5%

174.3

+2.8%

179.1

+5.5% w/o FX impact

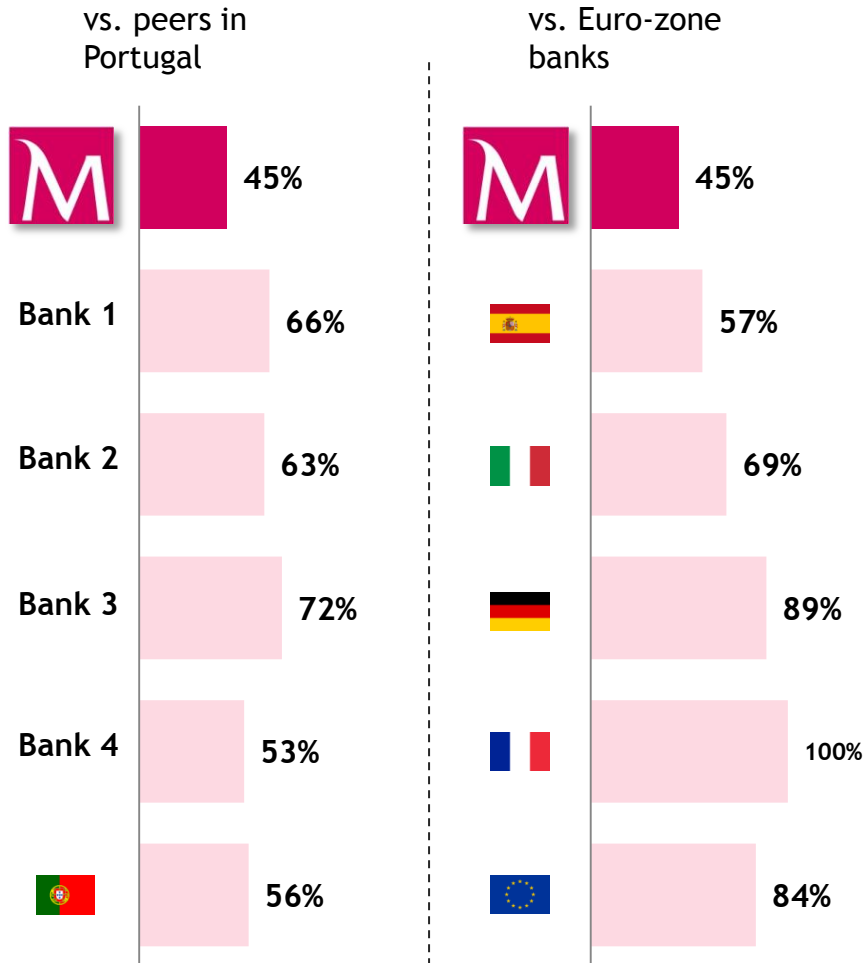
1H16

1H17

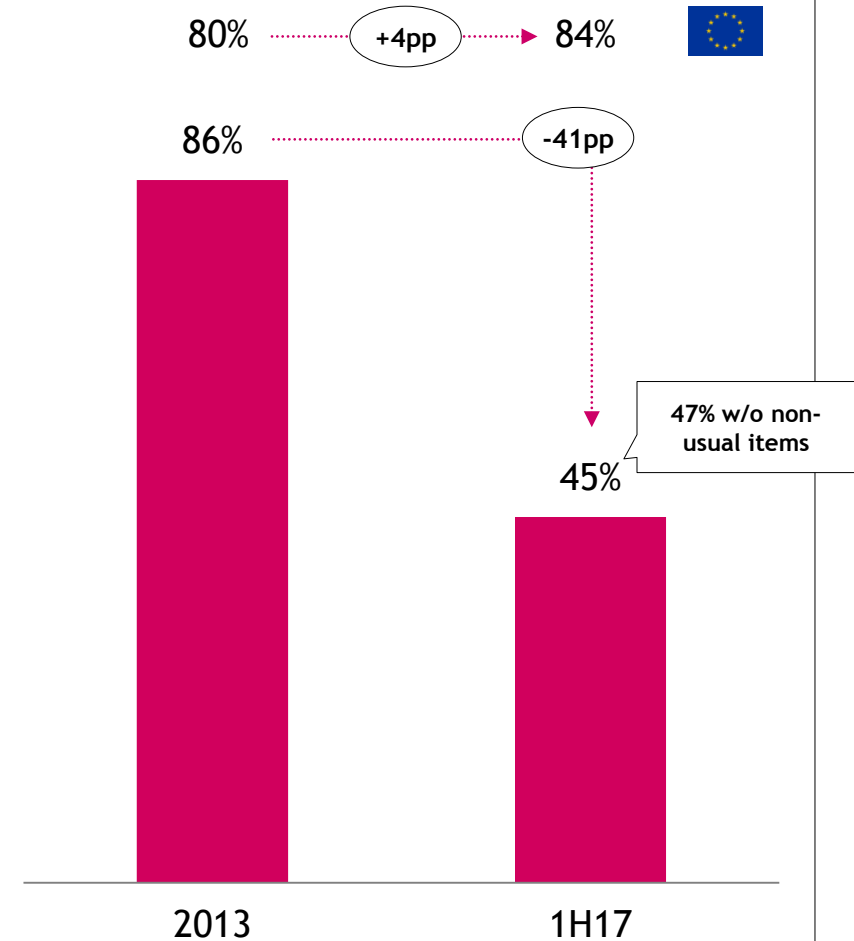
... making Millennium bcp one of the most efficient banks in the Eurozone

Cost to core income*

Latest available data

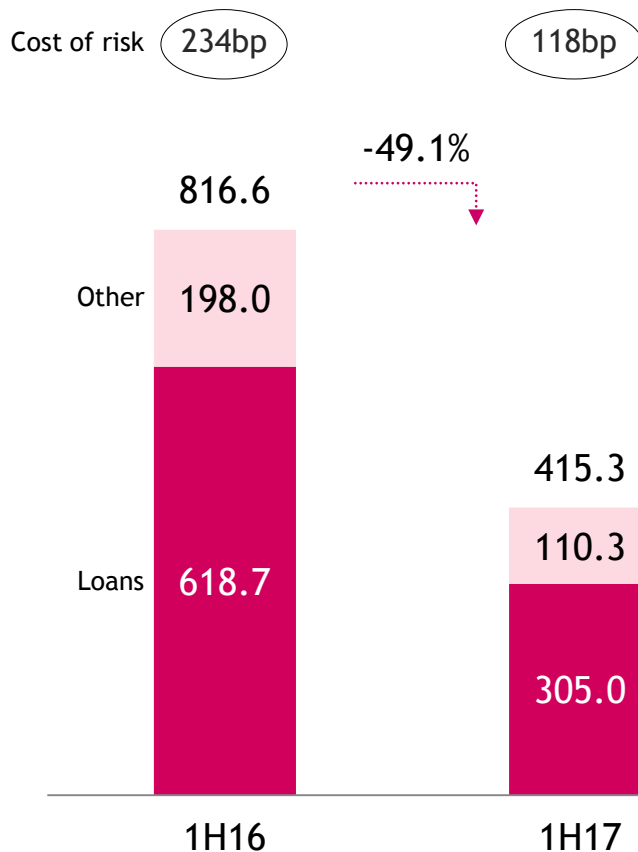


Cost to core income*

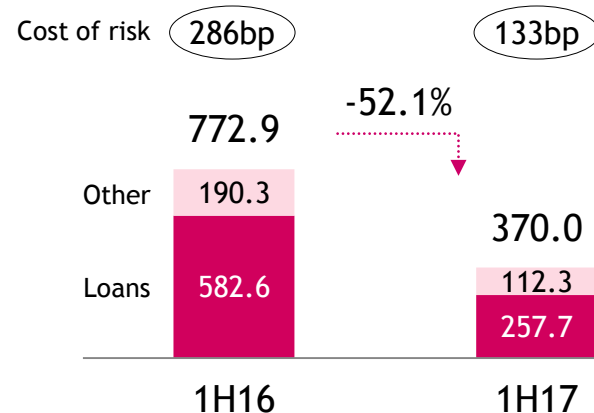


Strengthening the balance sheet: cost of risk now trending towards normalisation

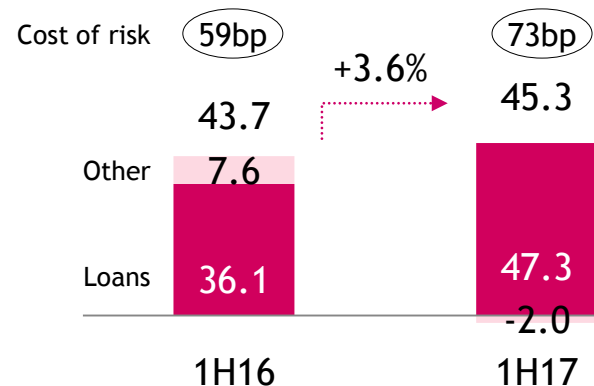
Impairment and provision charges Consolidated



Portugal

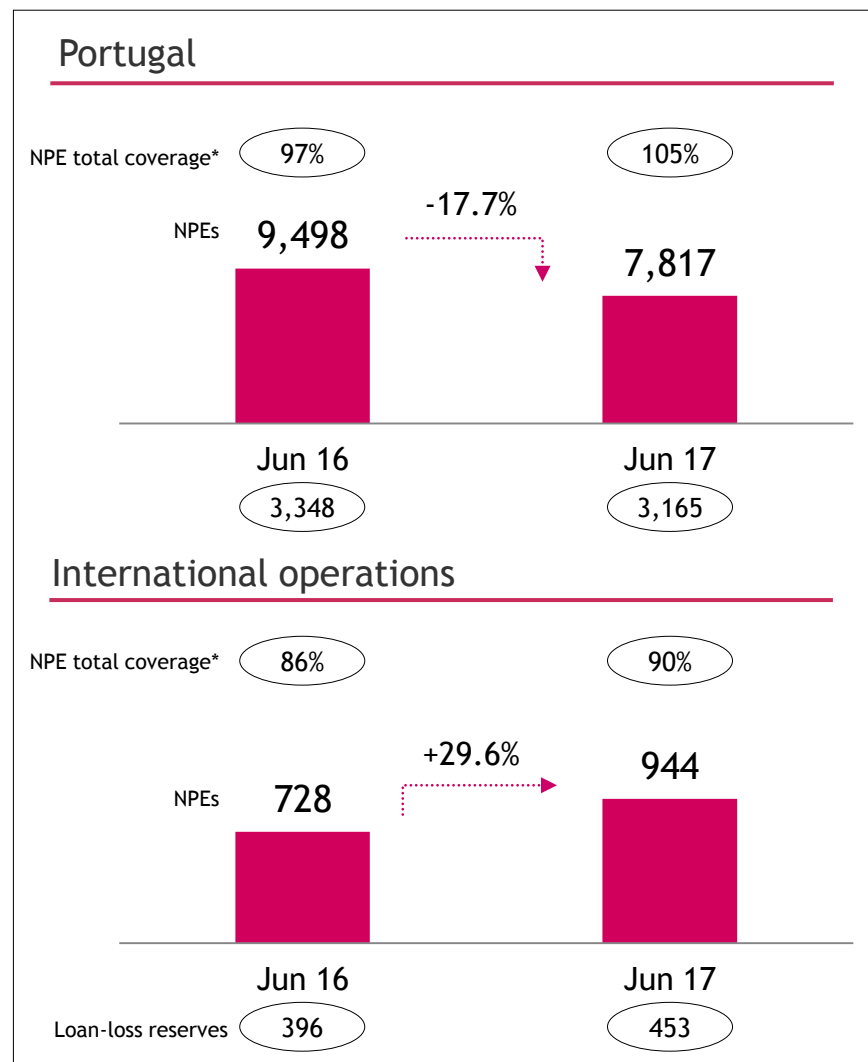
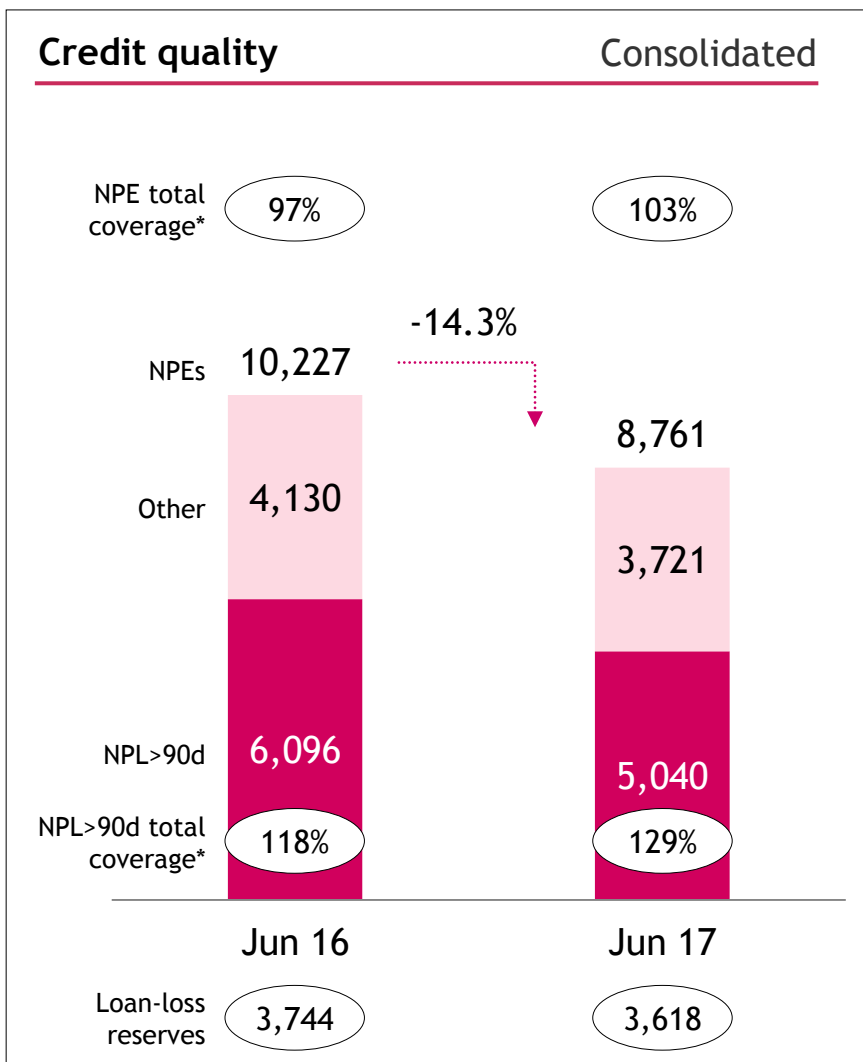


International operations



Lower delinquency and increased coverage

(Million euros)

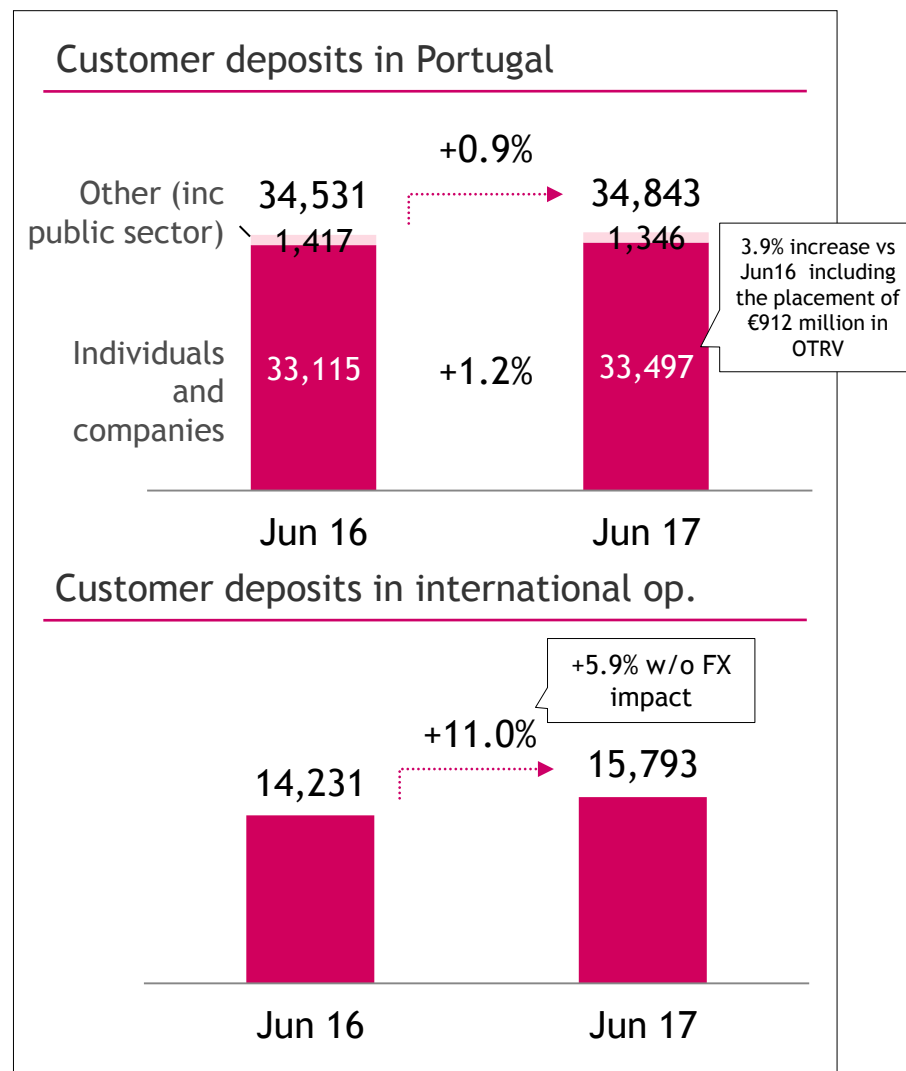
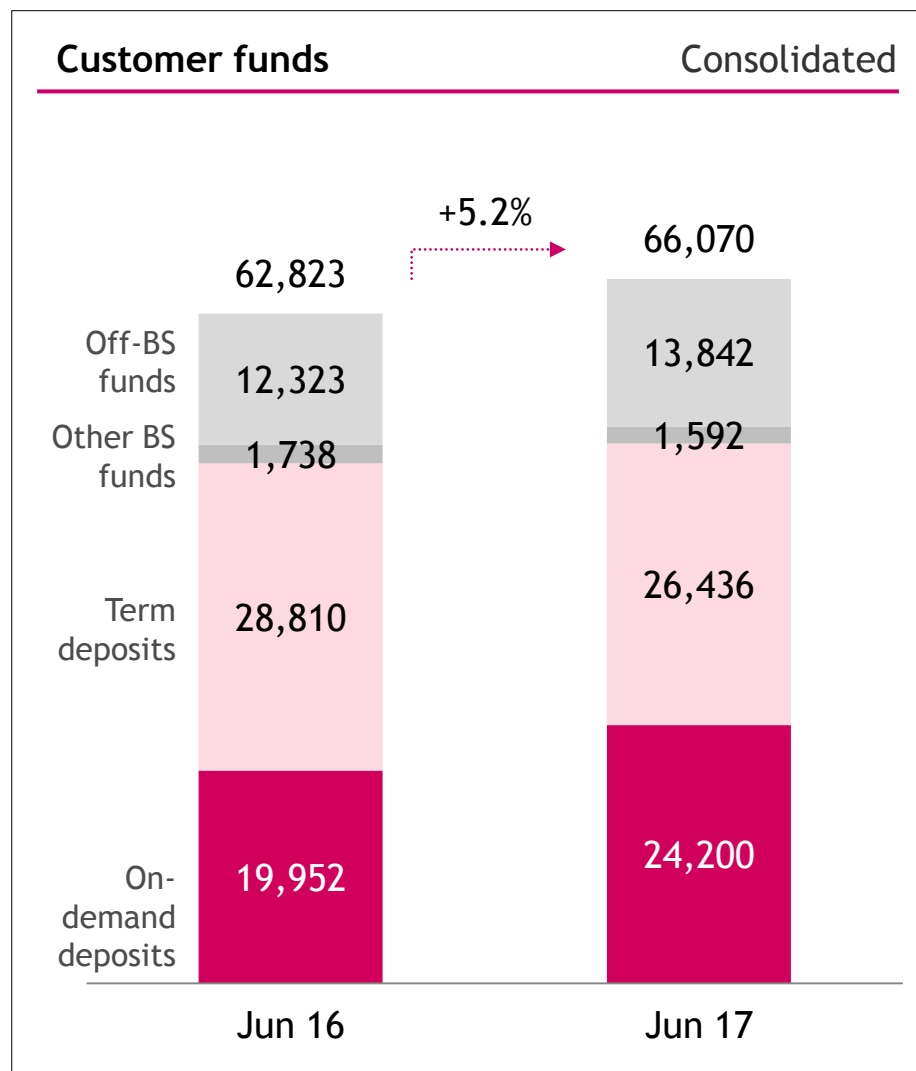


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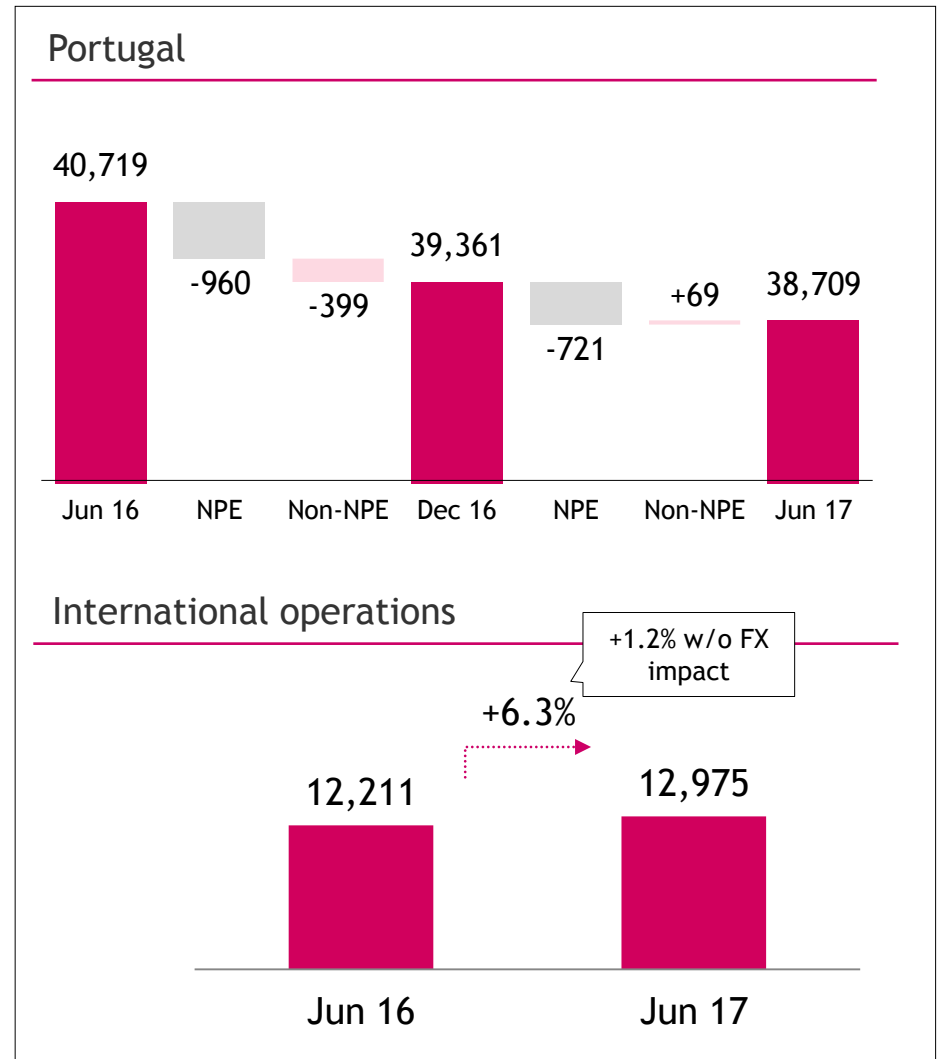
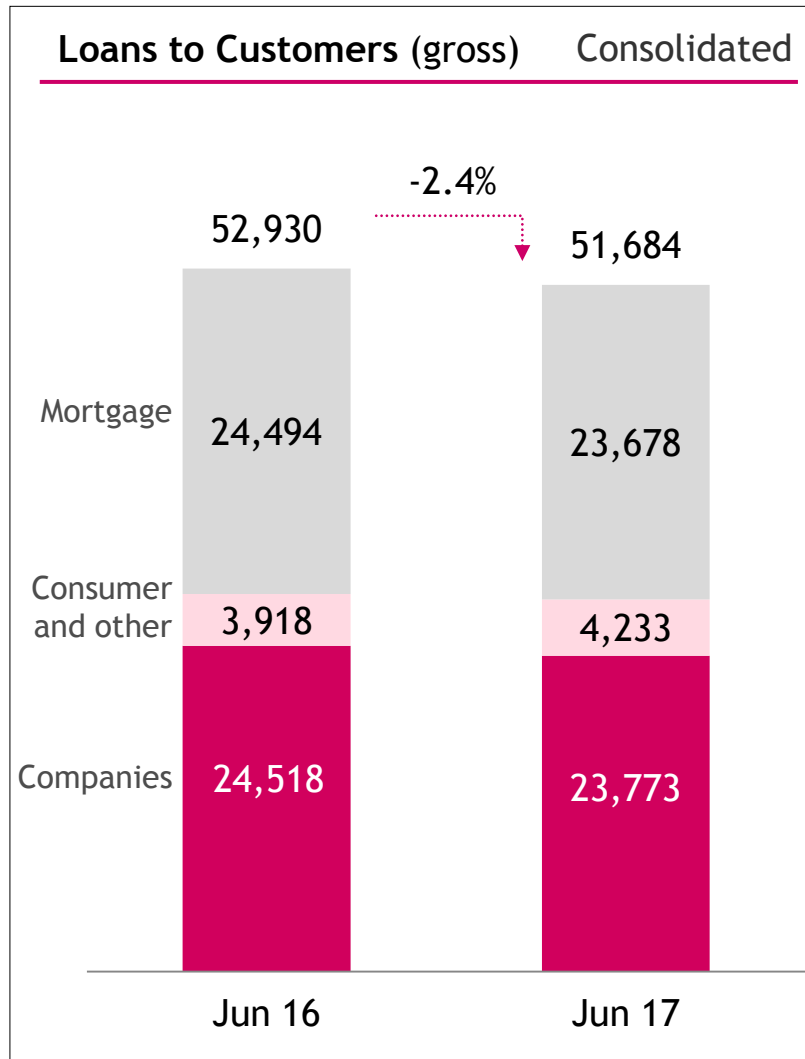
Growing deposits in Portugal and in international operations

(Million euros)



Credit portfolio reflects NPE reduction, in spite of support to economy

(Million euros)

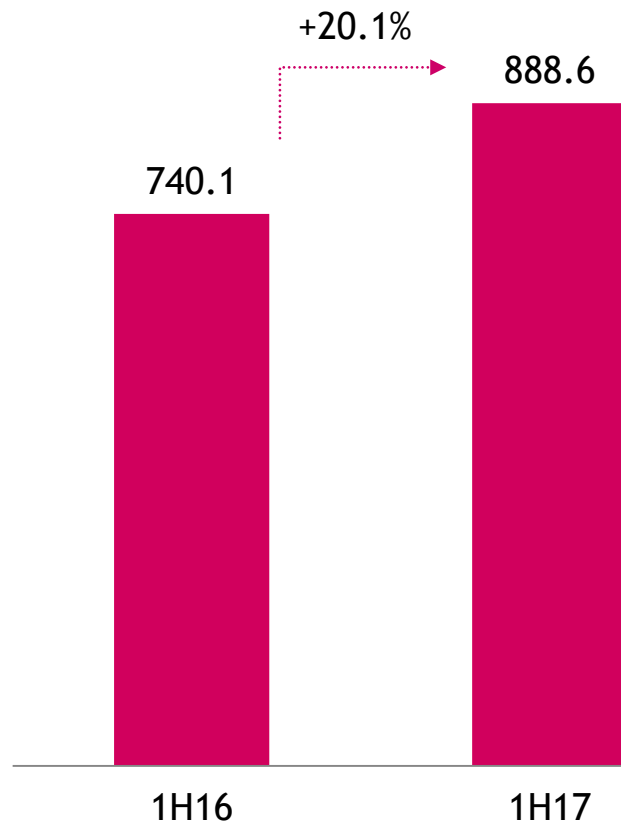


Growing new loans to individuals, new leasing business and factoring invoicing

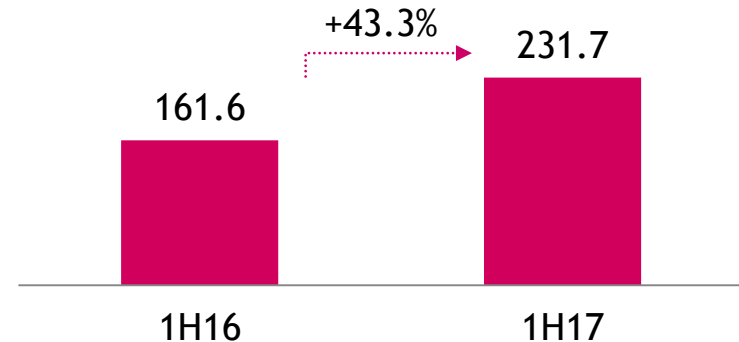


(Million euros)

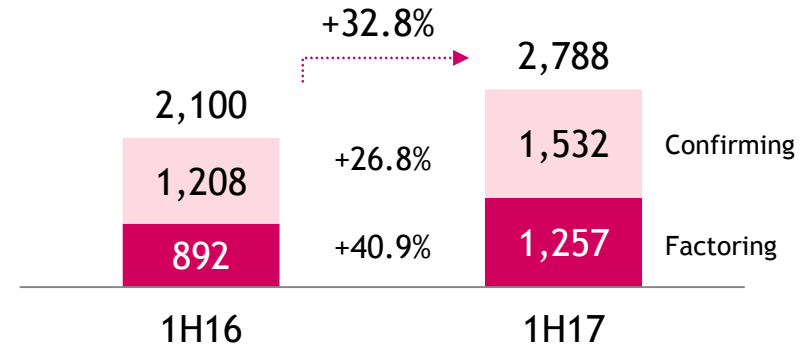
Loans to individuals, new business



Leasing, new business



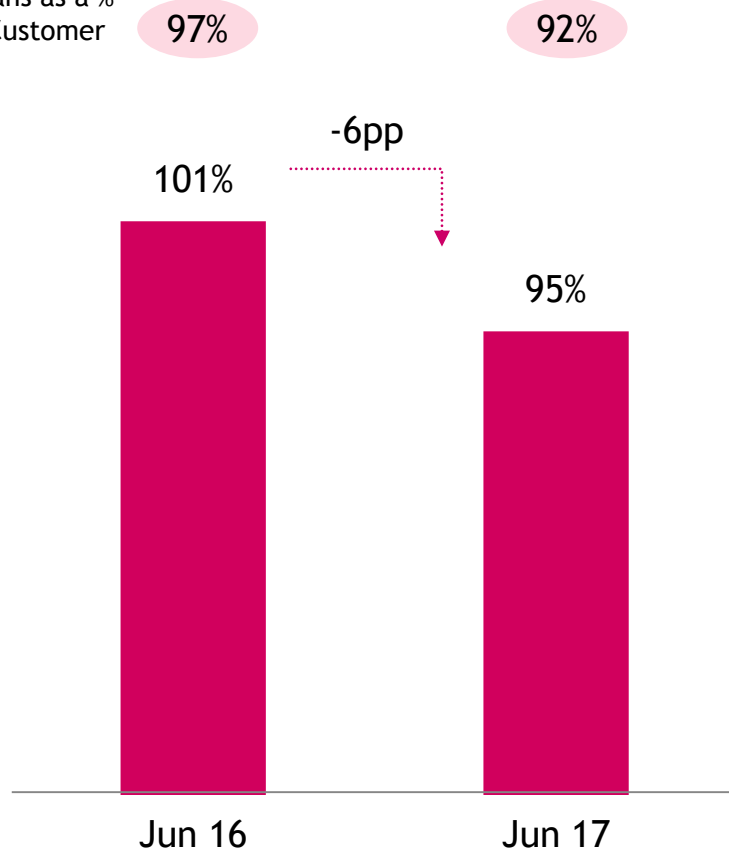
Factoring invoicing



Comfortable liquidity position

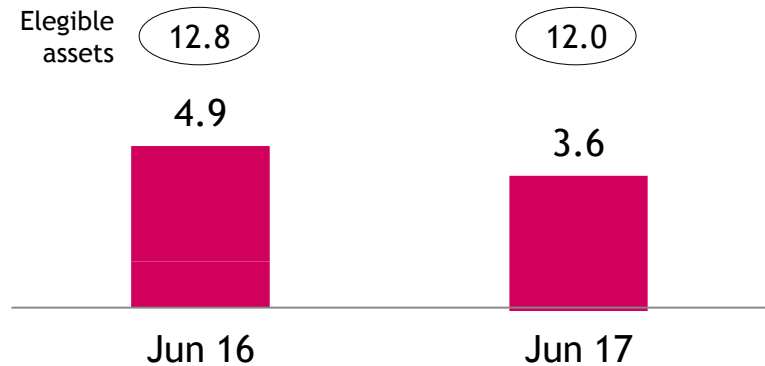
Net loans to deposits ratio

Net loans as a %
of BS Customer
funds

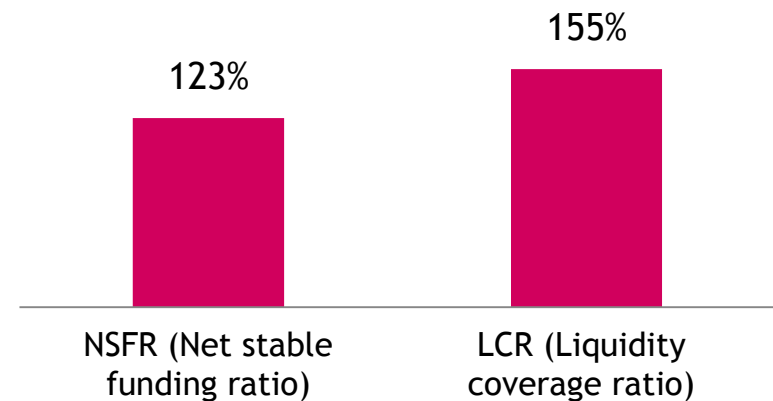


ECB funding

(Billion euros)



Liquidity ratios (CRD IV/CRR)



Agenda

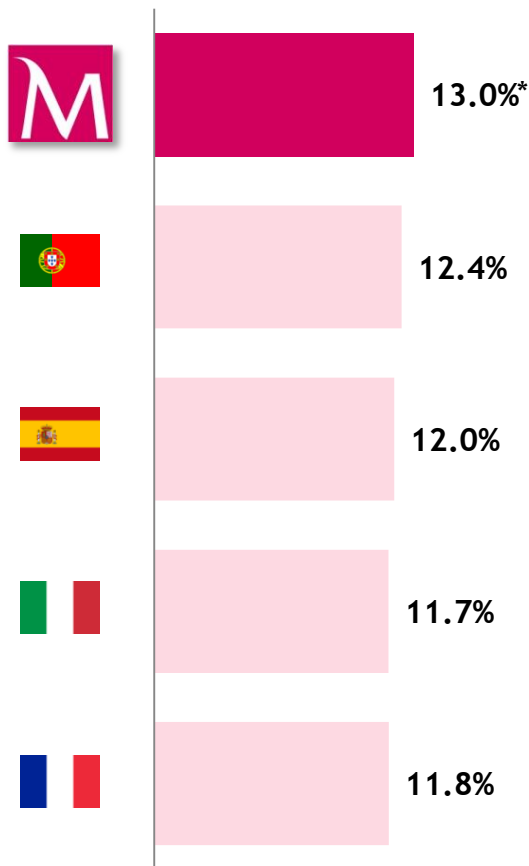
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Strengthened capital, in line with European peers

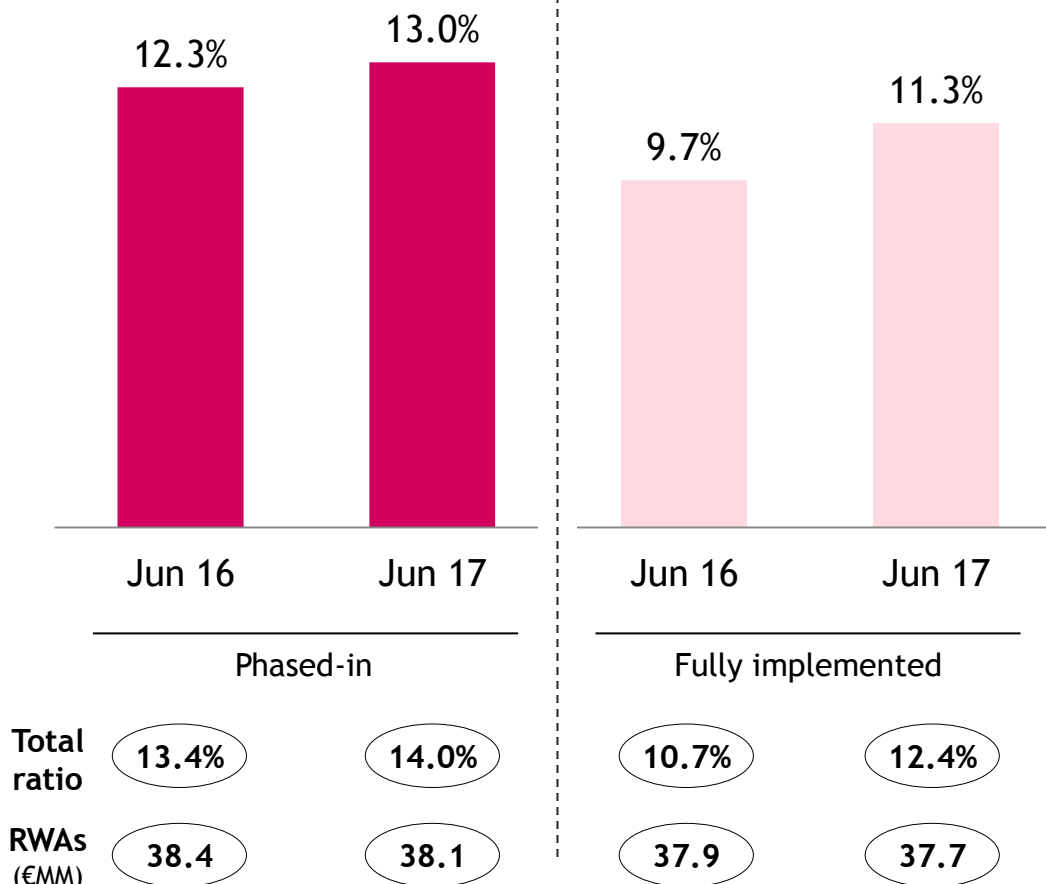
Common Equity Tier 1 ratio

Phased-in, latest available data

vs. Euro-zone
banks



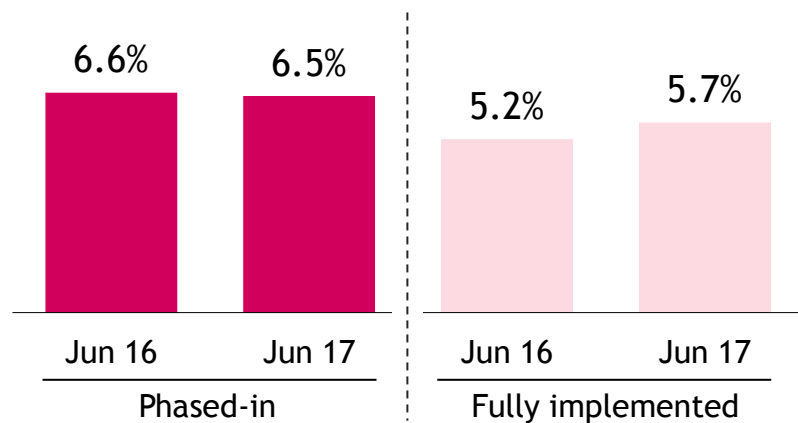
Common Equity Tier 1 ratio*



*Estimates including 1H earnings.

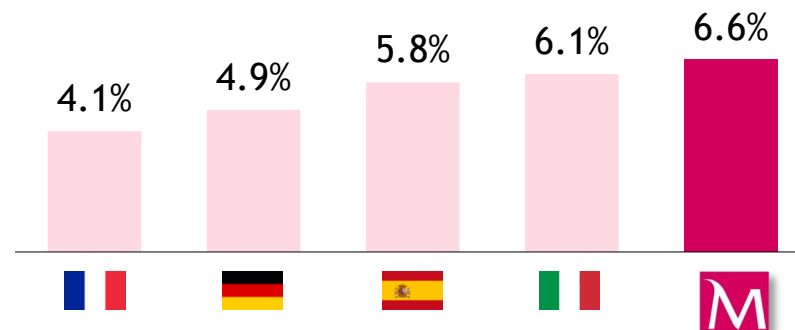
Capital at comfortable levels, high leverage ratios

Leverage ratio



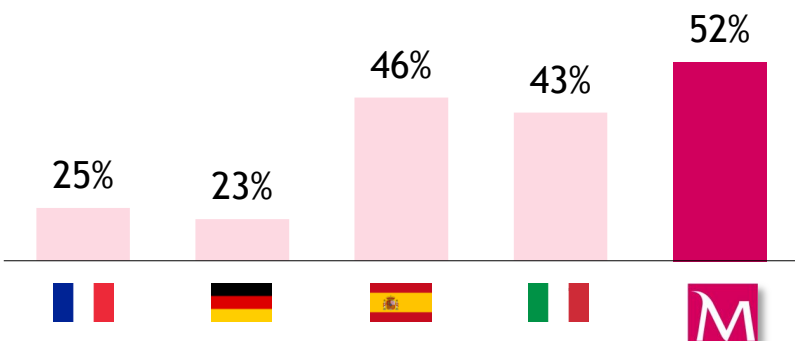
Leverage ratio

Phased-in, latest available data

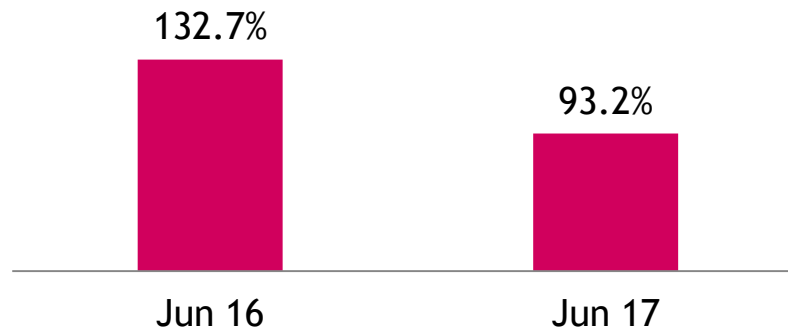


RWA density

RWAs as % of assets, latest available information



Texas ratio*



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

Pension fund

Key figures

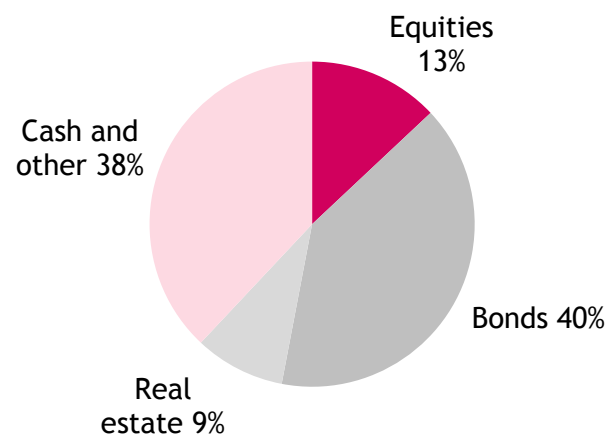
(Million euros)

	Dec 16	Jun 17
Pension liabilities	3,093	3,056
Pension fund	3,124	3,187
Liabilities' coverage	112%	115%
Fund's profitability	-2.6%	+3.5%
Actuarial differences	(303)	+46

Assumptions

	Dec 16	Jun 17
Discount rate	2.10%	2.10%
Salary growth rate	0.25% until 2019	0.25% until 2019
	0.75% after 2019	0.75% after 2019
Pensions growth rate	0.00% until 2019	0.00% until 2019
	0.50% after 2019	0.50% after 2019
Projected rate of return of fund assets	2.10%	2.10%
Mortality Tables		
Men	Tv 88/90	Tv 88/90
Women	Tv 88/90-3 years	Tv 88/90-3 years

Pension fund



- Assumptions of the fund unchanged from December 31, 2016
- Pension liabilities coverage at 115%
- Positive actuarial differences in 1st half 2017 (+€46 million), reflecting the fund's performance above the assumptions

Agenda

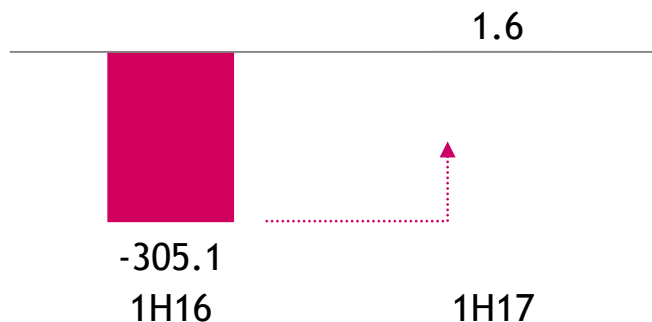
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Increased net income



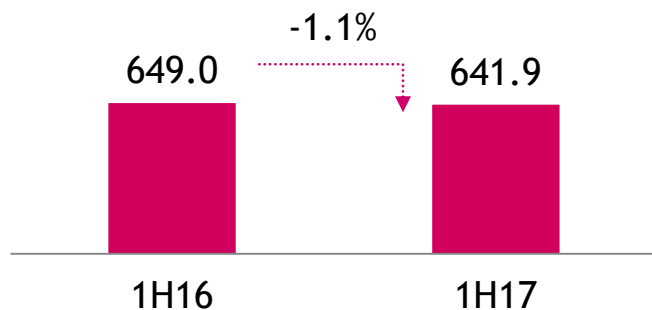
(Million euros)

Net income

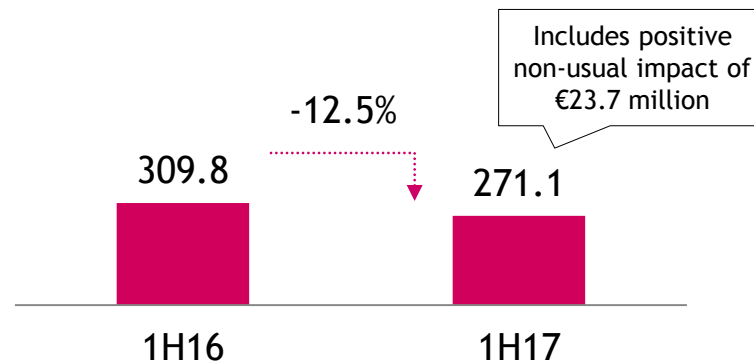


- Net Income of €1.6 million in the 1st half of 2017, a €306.7 million increase from a €305.1 million loss in the 1st half of 2016
- Net income driven by growing NII and by the reduction of operating costs and significant decrease of cost of risk

Banking income



Operating costs

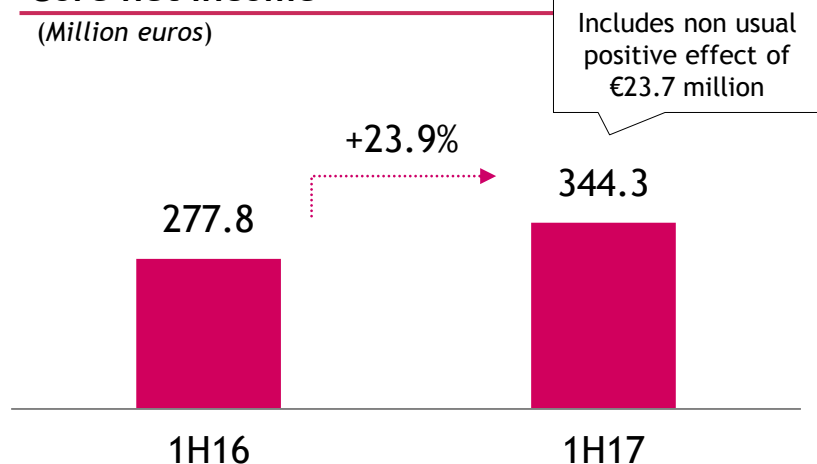


Improvement trend on core income and operating costs continues in Portugal



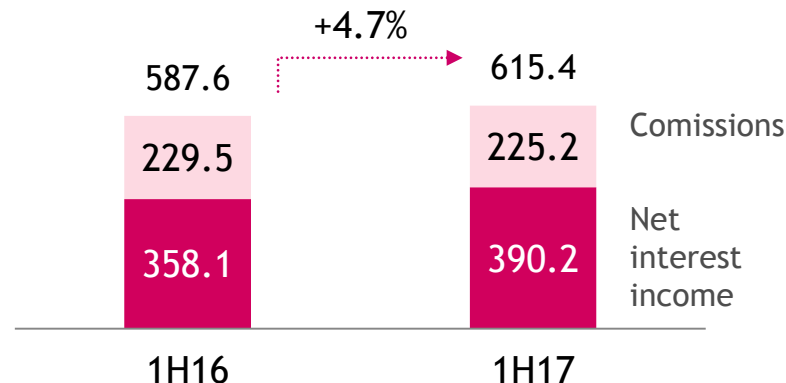
Core net income*

(Million euros)



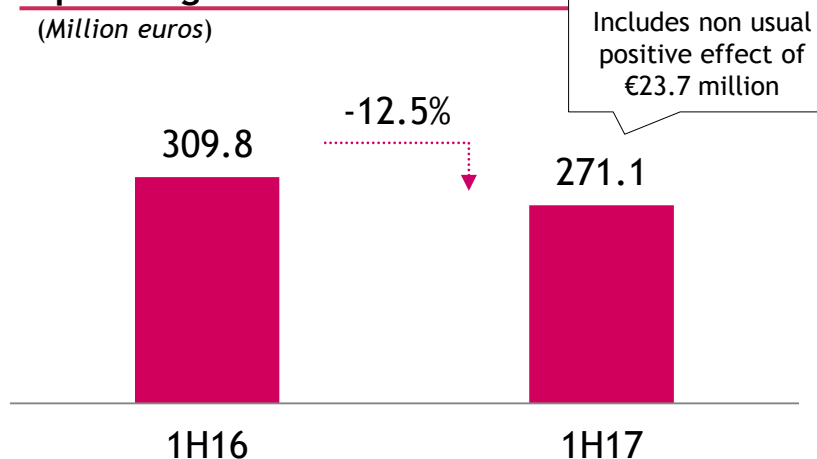
Core Income

(Million euros)



Operating costs

(Million euros)



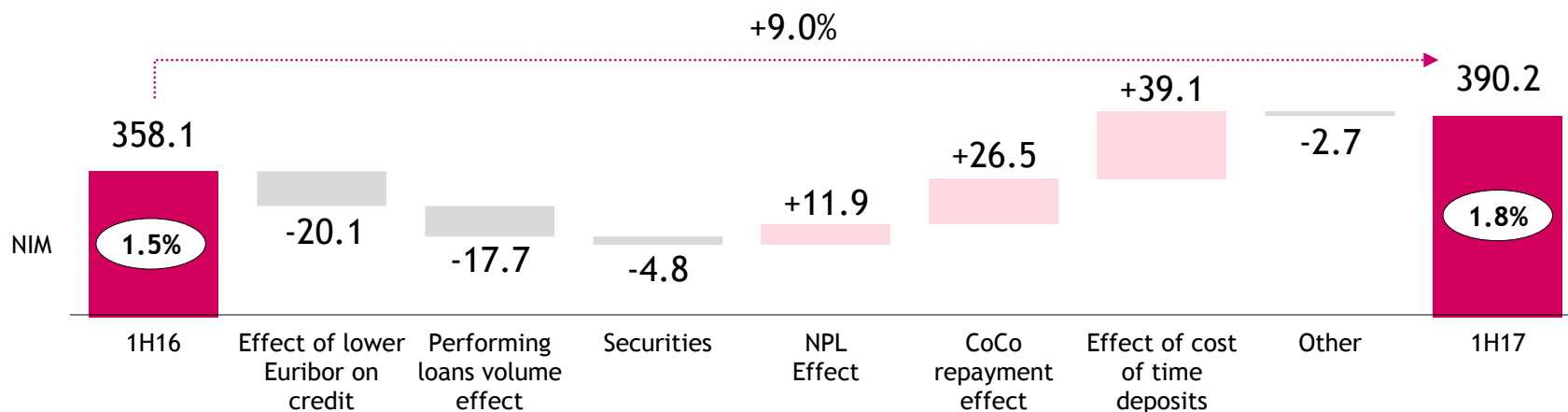
- *Core income* increases to €615.4 million in the 1st half of 2017
- Operating costs down to €271.1 million in the same period
- Continuation of the core net income* expansion trend to €344.3 million in the first 6 months of 2017

Lower cost of time deposits more than compensates for the decreases of credit volumes and Euribor



Net interest income

(Million euros)



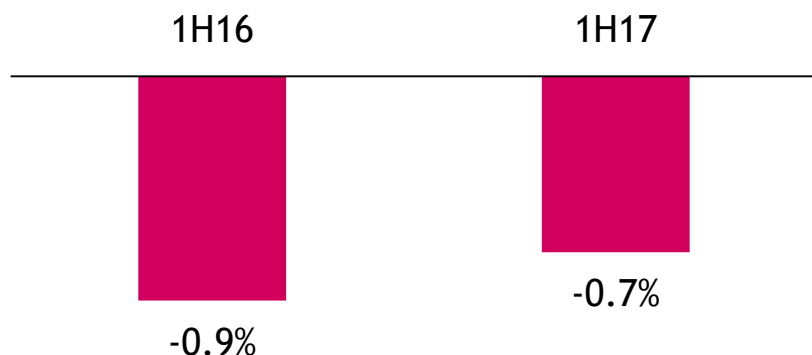
- Increase in net interest income compared to 1st half 2016, reflecting the impact of the consistent reduction of the cost of term deposits, the repayment of CoCos, the reduction of NPLs, more than compensating for the negative effect of the reduction of Euribor rates and lower credit volumes
- Increased net interest income vs previous quarter, from €194.1 million in the 1Q17 to €196.1 million in the 2Q17 mainly attributable to the reduction of the cost of term deposits and to the repayment of CoCos

Continued effort to reduce the cost of deposits



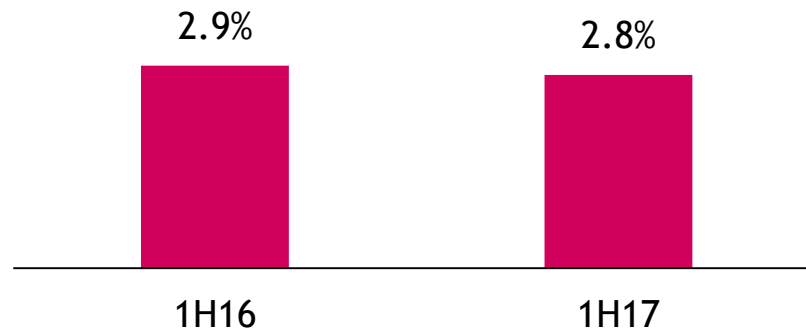
Spread on the book of term deposits

(vs 3m Euribor)

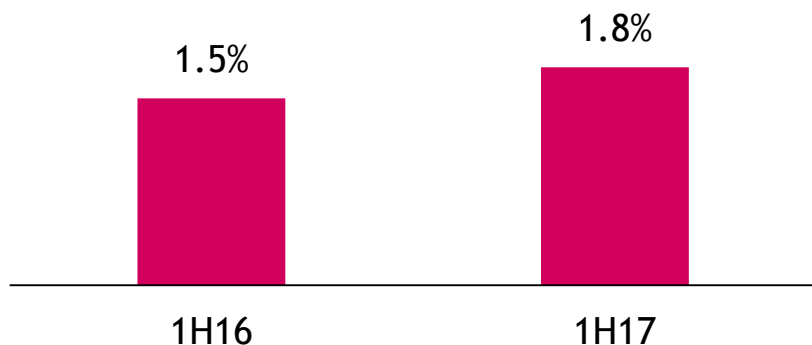


Spread on the performing loan book

(vs 3m Euribor)



NIM



- Continued improvement of the spread of the portfolio of term deposits: from -0.9% in 1H16 to -0.7% in the same period of 2017; June's front book, priced at an average spread of -57bp, is still below current back book's spread
- Spread on the performing loan book at 2.8% in 1H17 (2.9% in 1H16)
- NIM stood at 1.8% (1.5% in 1H16)

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



(Million euros)

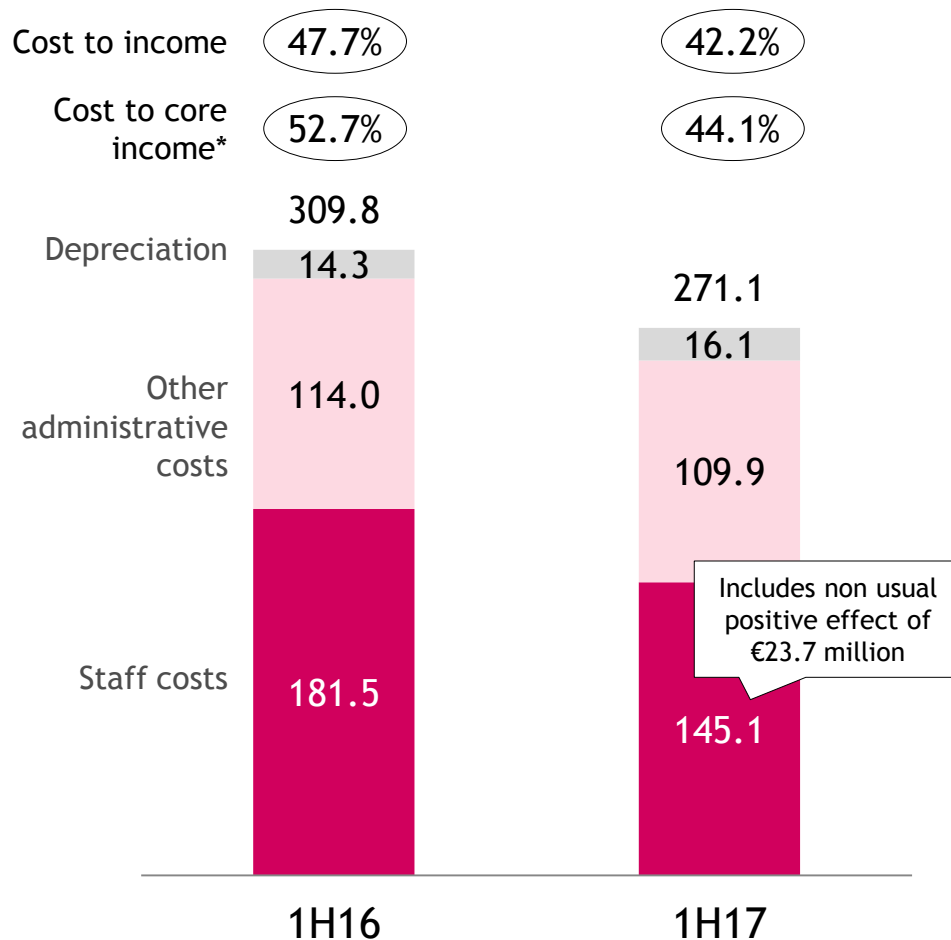
	1H16	1H17	YoY
Banking fees and commissions	203.3	194.0	-4.6%
Cards and transfers	47.7	51.4	+7.7%
Loans and guarantees	54.5	51.7	-5.1%
Bancassurance	39.1	39.3	+0.5%
Customer account related	45.4	46.4	+2.4%
Other fees and commissions	16.6	5.2	-68.8%
Market related fees and commissions	26.2	31.2	+19.0%
Securities operations	23.6	28.0	+18.7%
Asset management	2.6	3.2	+22.1%
Total fees and commissions	229.5	225.2	-1.9%

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

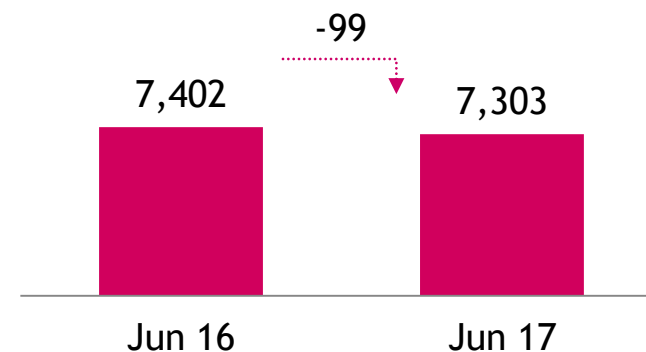


(Million euros)

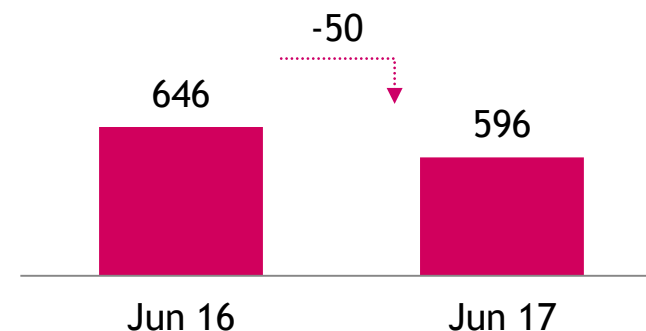
Operating costs



Employees



Branches

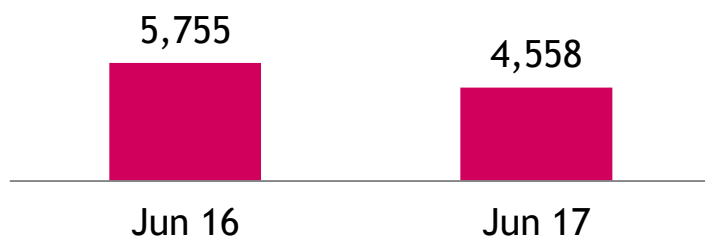


Reinforced coverage of NPL>90d



NPL>90d

Credit ratio	Jun 16	Jun 17
NPL>90d	14.1%	11.8%



Loan-loss reserves

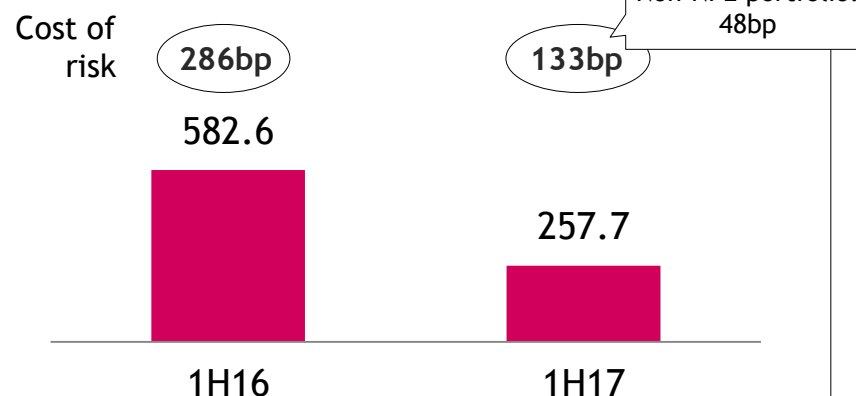
Coverage ratio	Jun 16	Jun 17
NPL>90d	58.2%	69.4%



NPL>90d build-up

	Jun 17 vs. Jun 16	Jun 17 vs. Mar 17
Opening balance	5,755	4,819
+/- Net entries	-215.5	16.6
- Write-offs	-356.2	-71.2
- Sales	-625.5	-206.5
Ending balance	4,558	4,558

Loan impairment (net of recoveries)

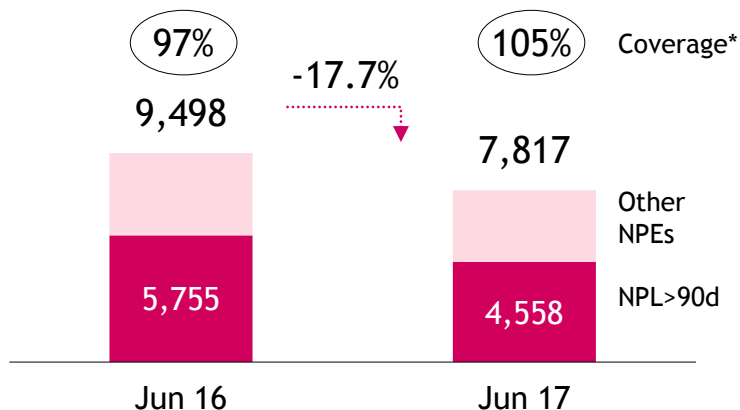


Lower NPEs with reinforced coverage

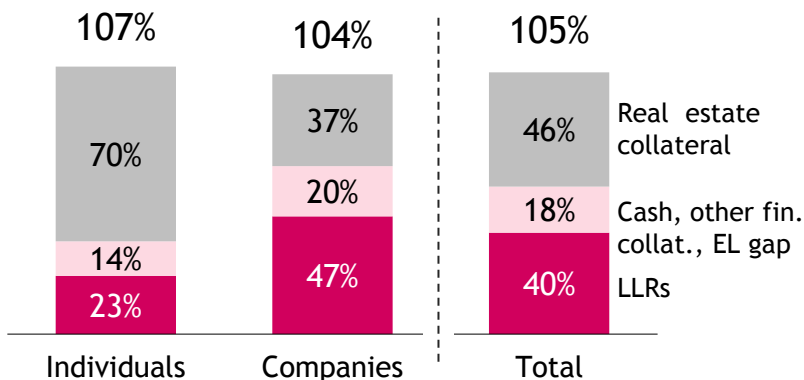


Non-performing exposures (NPEs)

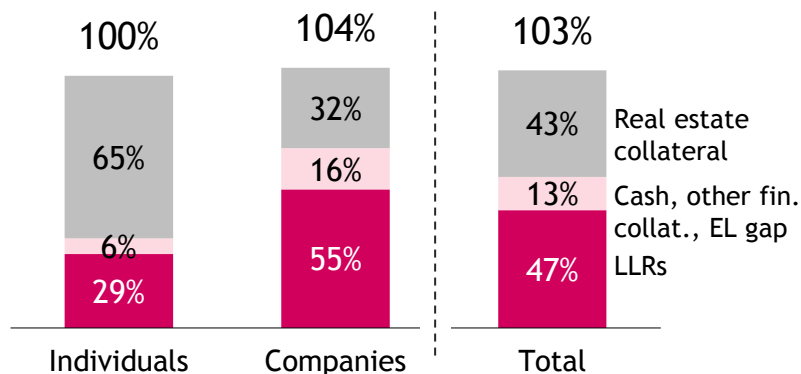
(Million euros)



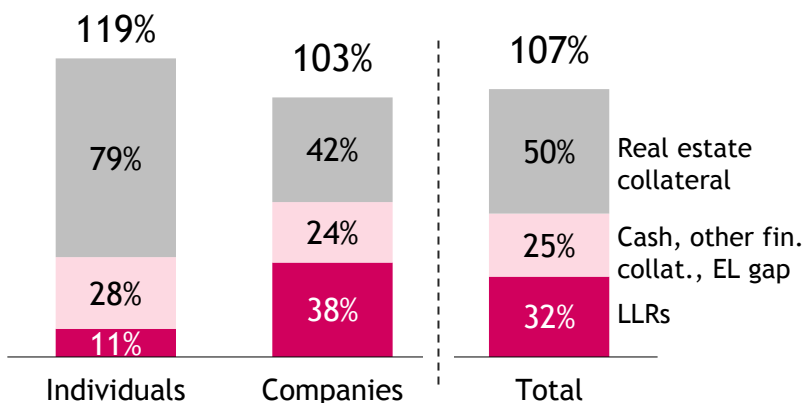
NPE coverage



NPL>90d coverage



Other NPE coverage



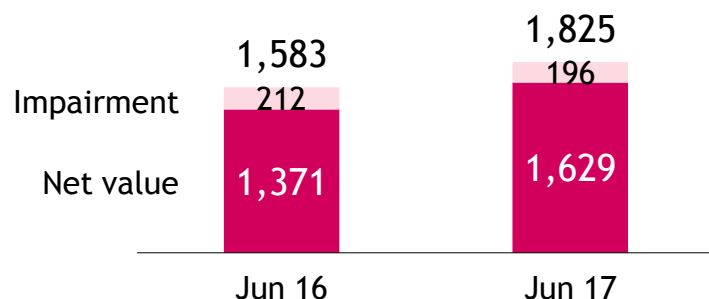
*By loan-loss reserves, expected loss gap and collaterals.

Foreclosed assets sold and corporate restructuring funds



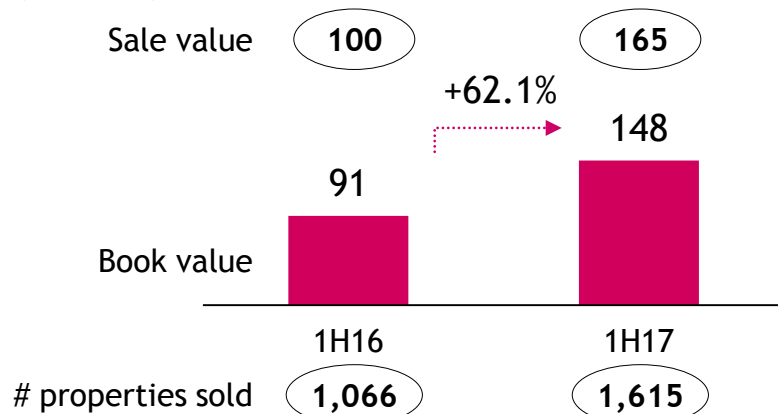
Foreclosed assets

(Million euros)



Number of properties sold

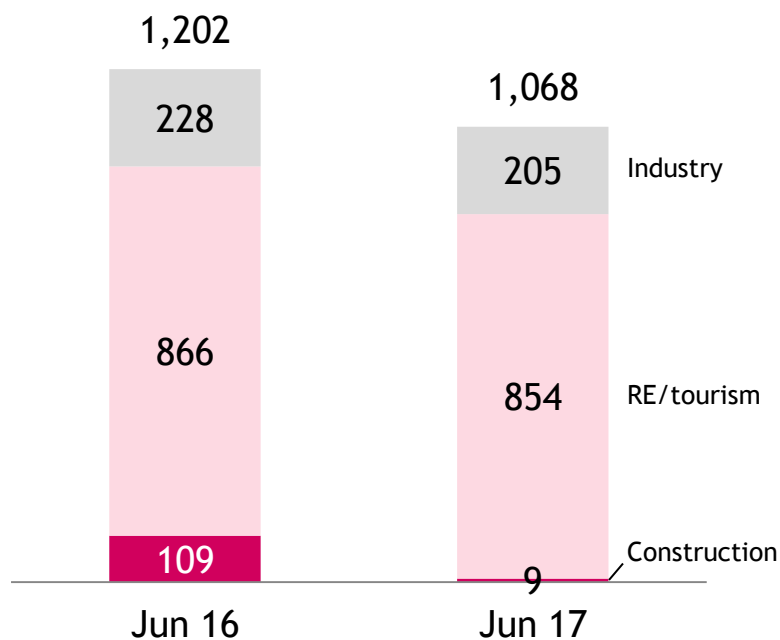
(Million euros)



Corporate restructuring funds

(Million euros)

Original credit exposure: €2,006 million
 Book value (30 Jun 2017): €1,068 million
 Total impairment (credit+restr. funds): €938 million
 (47% coverage)

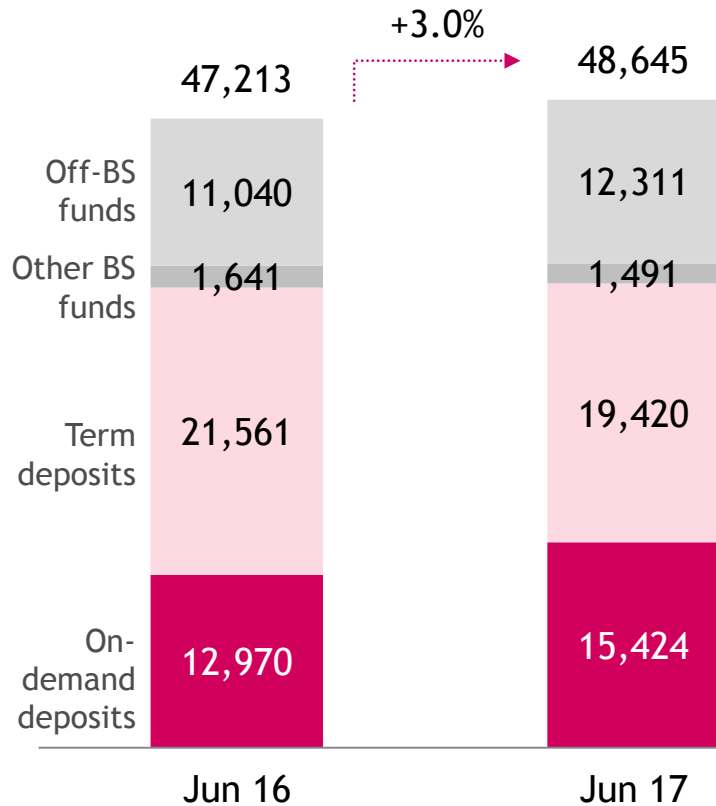


Improved liquidity position

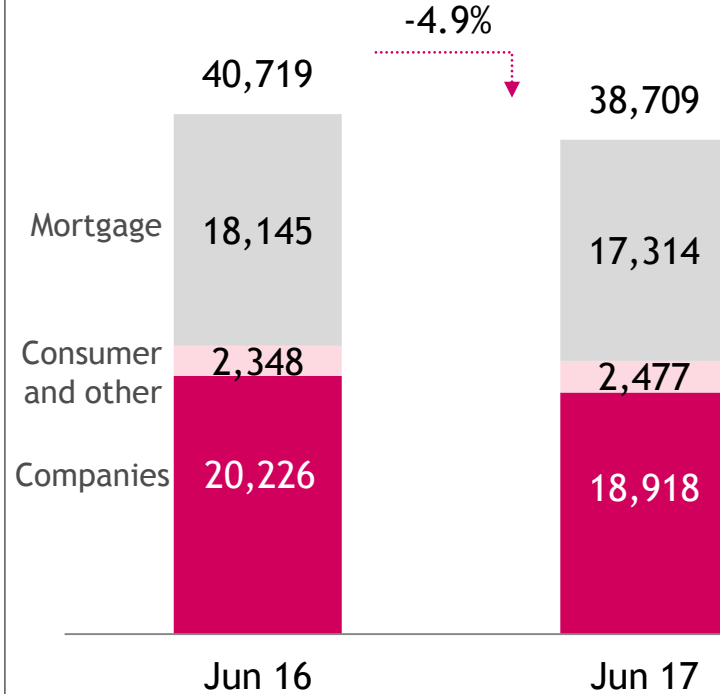


(Million euros)

Customer funds



Loans to Customers (gross)



Agenda

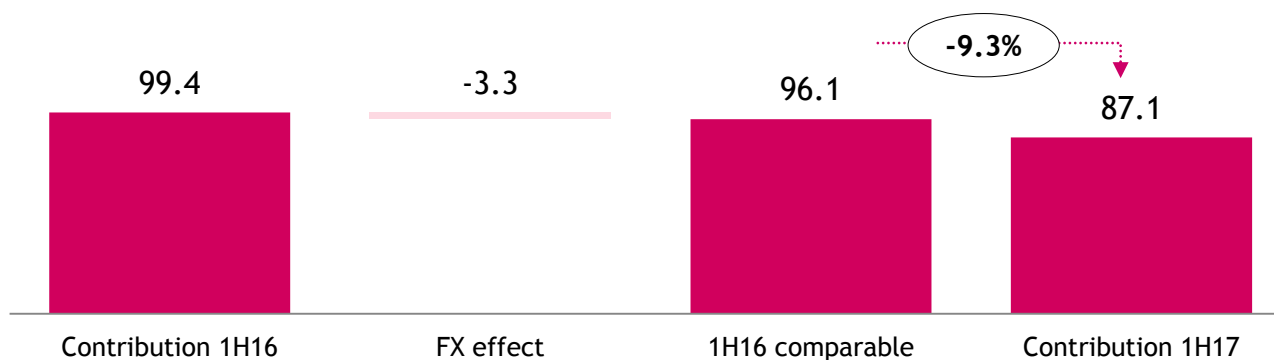
- Highlights
- Group
 - Profitability
 - Liquidity
 - Capital
- Portugal
- International operations
- Conclusions

Contribution from international operations

(Million euros)

	1H16	1H17	Δ % local currency	Δ % euros	ROE
International operations					
Poland	101.2	73.7	-27.1%	-25.1%	8.9%
Mozambique	30.0	42.8	+42.6%	+16.3%	25.8%
Angola*	21.1	15.8	-25.3%	-26.3%	
Other	4.3	5.9	+37.5%	+39.5%	
Net income	156.5	138.1	-11.8%	-14.1%	
Non-controlling interests Poland and Mozambique	-60.5	-51.0			
Exchange rate effect	3.3	--			
Total contribution international operations	99.4	87.1		-12.4%	
Same as above without FX effect	96.1	87.1		-9.3%	

*Contribution of the Angolan operation.

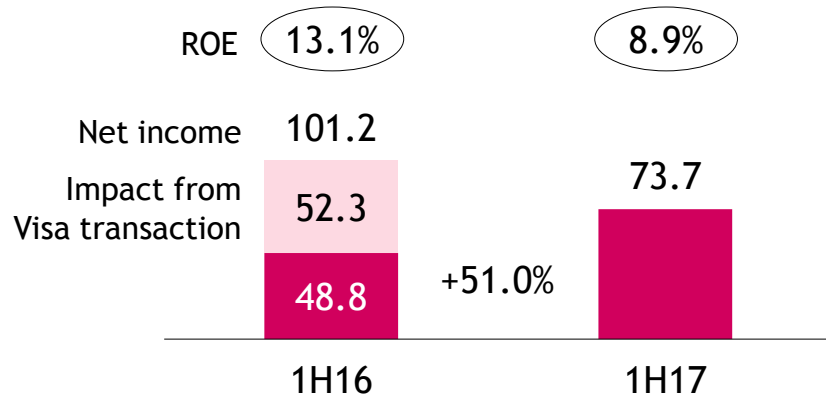


Strong performance of net earnings influenced by Visa transaction in 1H16 and higher mandatory contributions in 1H17

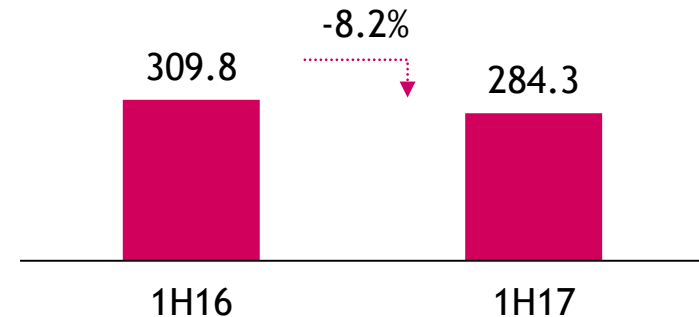


(Million euros)

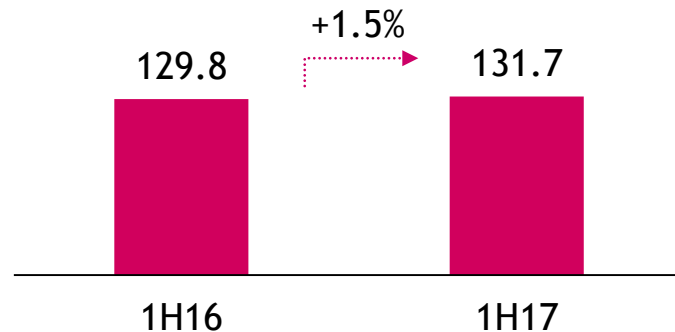
Net income



Banking income



Operating costs



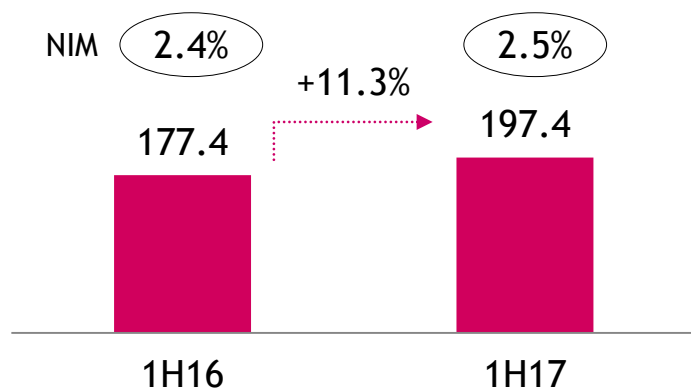
- Net earnings at €73.7 million, with ROE of 8.9%.
- Decrease from 1H16 reflects the impact of the Visa transaction (net gain of € 52.3 million in 1H16) and a higher amount of mandatory contributions (€ 39.1 million in 1H17, €28.7 million in 1H16)
- Net interest income increased by 11.3%, commissions by 19.9% and operating costs by 1.5%
- Common equity tier 1 ratio at 18.0% at the end of June 2017
- 1.6 million active Customers, 10% up from 30 June 2016, with 1.1 million digital Customers (+17%)

Increased net interest income and commissions

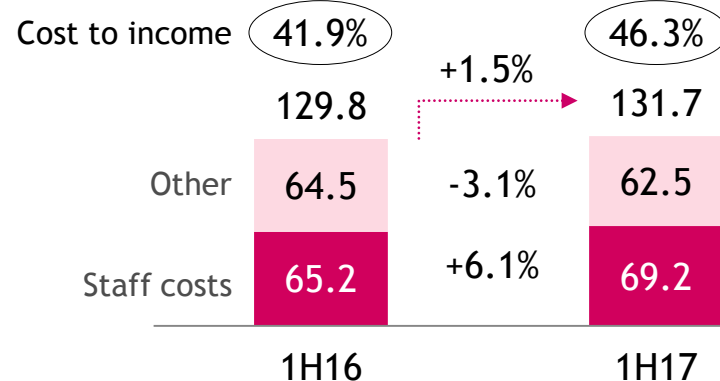


(Million euros)

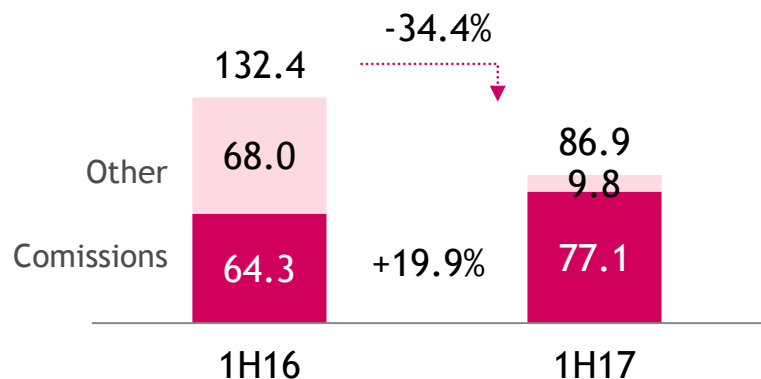
Net interest income*



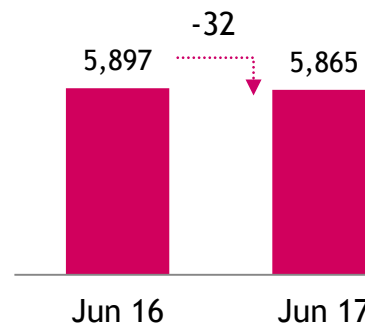
Operating costs



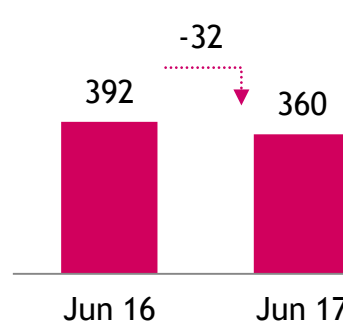
Commissions and other income



Employees



Branches



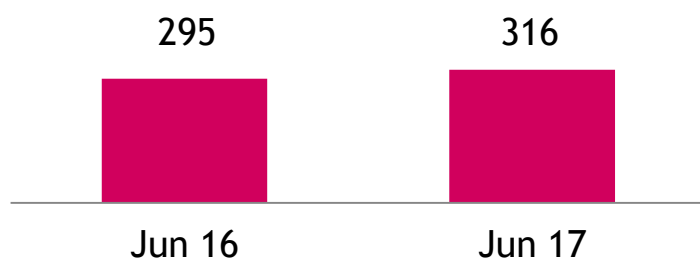
Stable credit quality, comfortable coverage



(Million euros)

NPL>90d

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

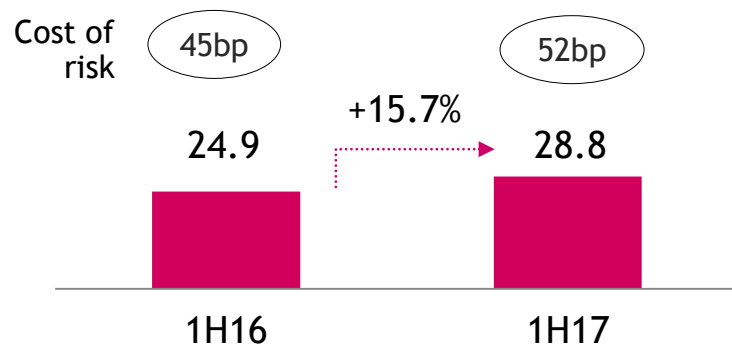


Loan-loss reserves

Coverage ratio	Jun 16	Jun 17
NPL>90d	114%	109%



Loan impairment (net of recoveries)



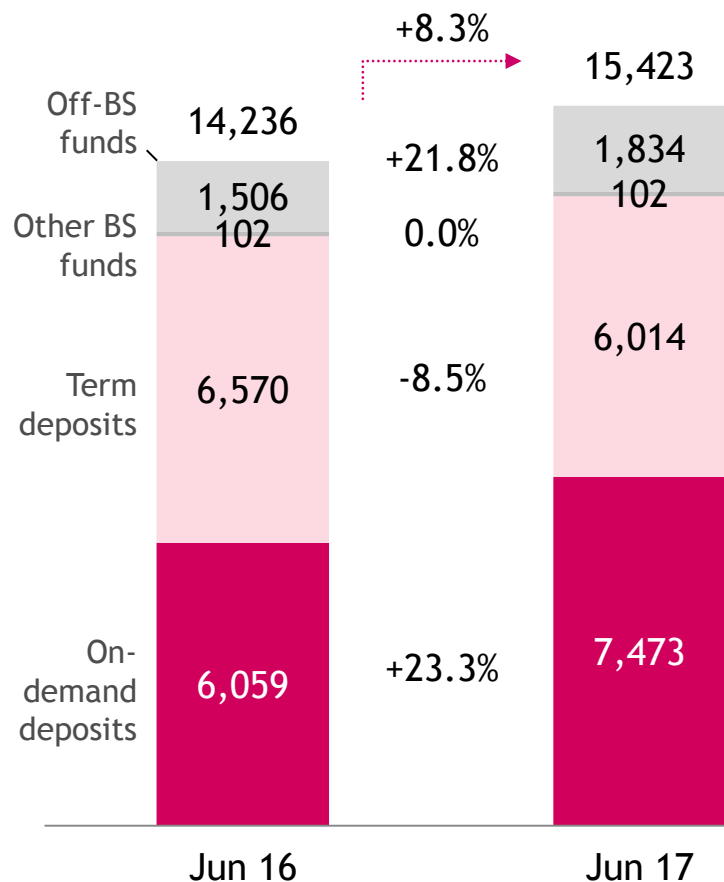
- NPL>90d ratio at 2.7% of total credit as at 30 June 30, 2017, compared to 2.6% on the same date of the previous year
- Provision coverage of NPL>90d at 109% (114% in June 30, 2016)
- Cost of risk increased to 52bp (45bp in 1H2016)

Growing volumes

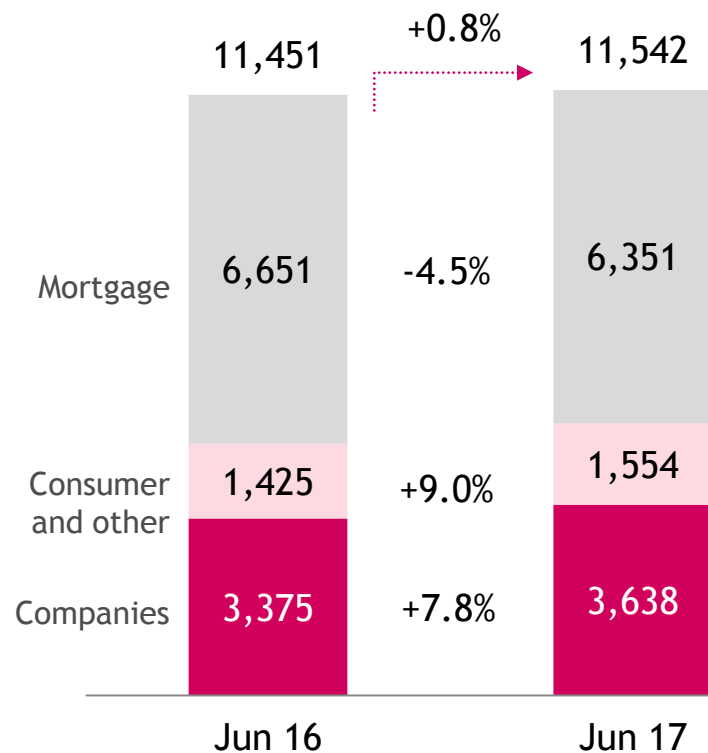


(Million euros)

Customer funds



Loans to Customers (gross)

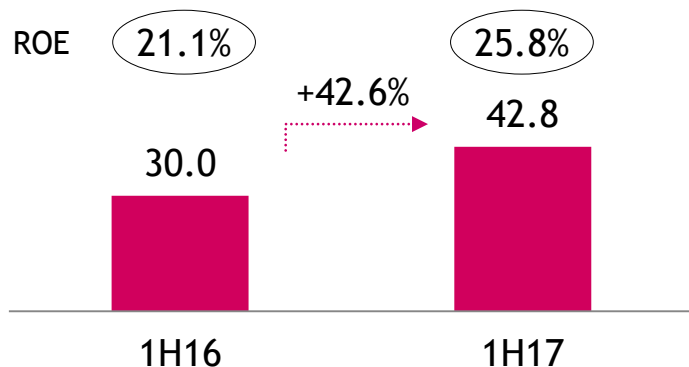


Significant activity and net income growth, in a demanding environment

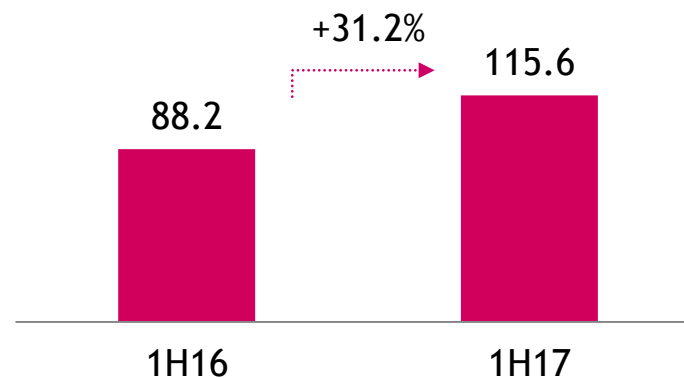


(Million euros)

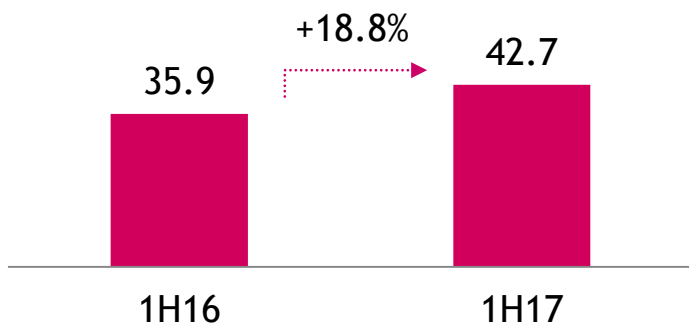
Net income



Banking income



Operating costs



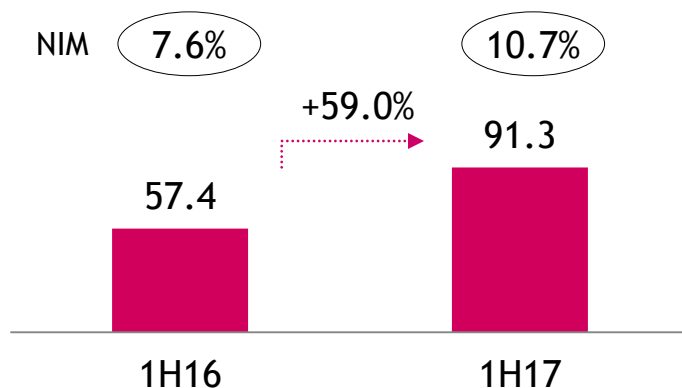
- Net income up by 42.6%, with ROE at 25.8%
- Increase of 31.2% in banking income due to higher net interest income (+59.0%) and commissions (+14.3%)
- Operating costs up by 18.8%
- 416,000 active mobile Customers, +15% from end of 1H16
- Capital ratio at 25.8%
- “Best Bank in Mozambique” by Euromoney and “Second Best Employer in Mozambique” (survey by NHP Consultoria e Serviços).

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

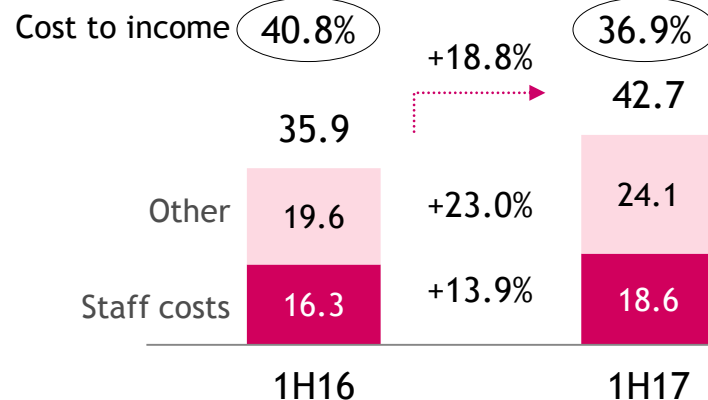


(Million euros)

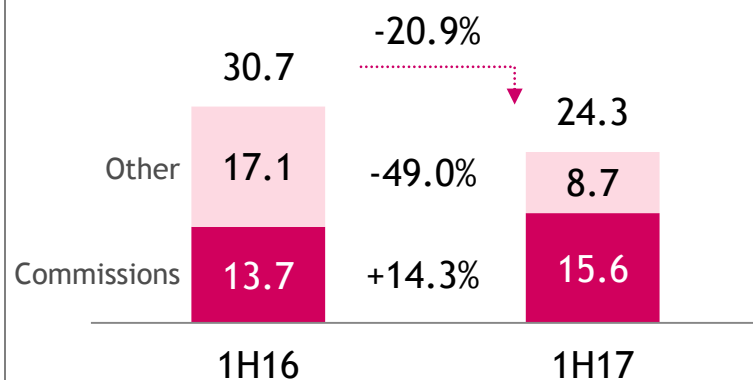
Net interest income



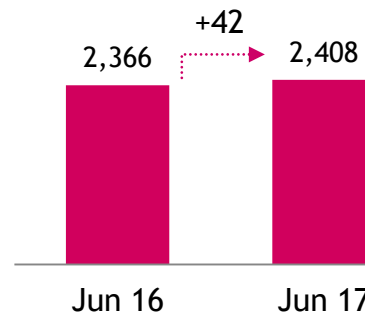
Operating costs



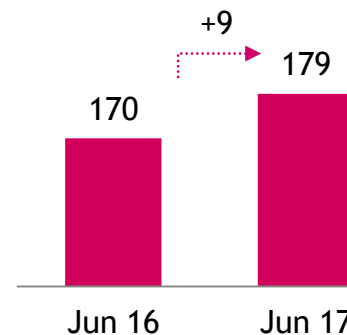
Commissions and other income



Employees*



Branches



*Excludes employees from SIM (insurance company)

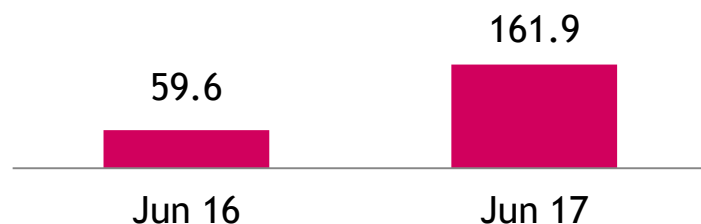
Credit quality



(Million euros)

NPL>90d

Credit ratio	Jun 16	Jun 17
NPL>90d	5.4%	14.0%

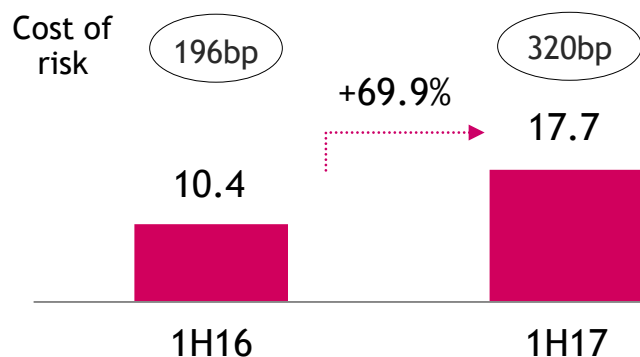


Loan-loss reserves

Coverage ratio	Jun 16	Jun 17
NPL>90d	124%	65%



Loan impairment (net of recoveries)



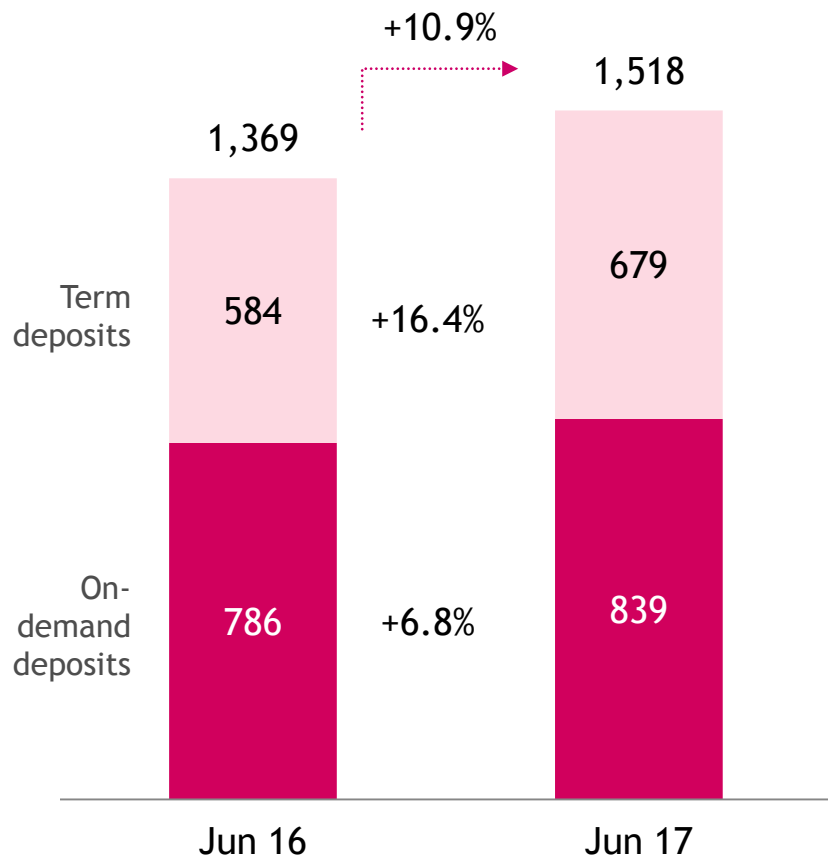
- NPL>90d ratio of 14.0% as at June 30, 2017 with 65% coverage as at the same date
- Increased provisioning effort, as reflected by a 320bp cost of risk in 1H17, up from 196bp in 1H16

Growing volumes

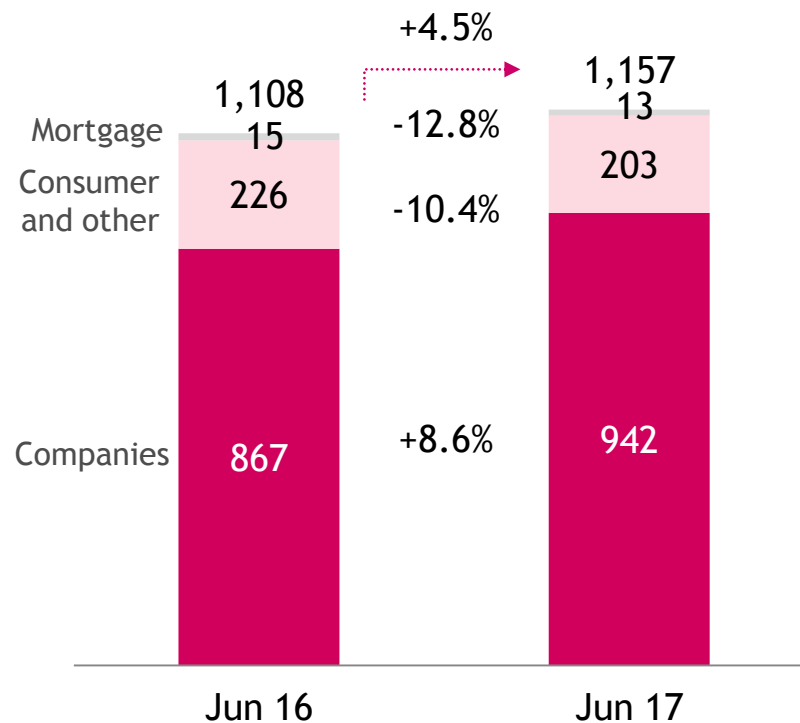


(Million euros)

Customer funds



Loans to Customers (gross)



Agenda

- Highlights
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Road to 2018: targets

Consolidated

	1H16	1H17	2018
CT1 / CET1*	Phased-in: 12.3% Fully implemented: 9.7%	Phased-in: 13.0% Fully implemented: 11.3%	≈ 11%
Loans to Deposits	101%	95%	< 100%
Cost-Income	Stated: 45.7% Excluding non-usual items: 45.6%	Stated: 42.9% Excluding non-usual items: 45.2%	< 43%
Cost-Core Income**	Stated: 52.5% Excluding non-usual items: 52.4%	Stated: 44.6% Excluding non-usual items: 47.0%	< 50%
Cost of risk	234 bp	118 bp	< 75 bp
ROE	-8.8%	3.3%	≈ 10% Based on a 11% fully implemented CET1

Millennium bcp: a solid bank, ready for the future

Profitability and balance-sheet indicators in line with targets for 2017/2018

- Largest private sector bank based in Portugal with a balanced shareholder structure and a sound balance sheet (phased-in CET1 ratio of 13.0%, loans to deposits of 95%)
- Profitable operation with a recurring capacity to generate operating results in excess of €1 billion per annum (€589 million in 1H2017)
- 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 Eurozone, with cost to core income ratio of 45% (Eurozone: 84%) and cost to income ratio of 43% (Eurozone: 63%)

Strong business performance in Portugal, with a strong focus on innovation and on Customer experience

- Increased Customer acquisition and stabilization of the credit portfolio
- Strong focus on innovation and on Customer experience. Recent solutions include:
 - Consumer credit now available at the Millennium mobile banking app
 - New services in the Millennium Teller Machine (MTM): cardless access, 24/7 withdrawal of cheques, remote assistance
 - Digital POS on the mobile phone: new “Moove” payment app

Appendix

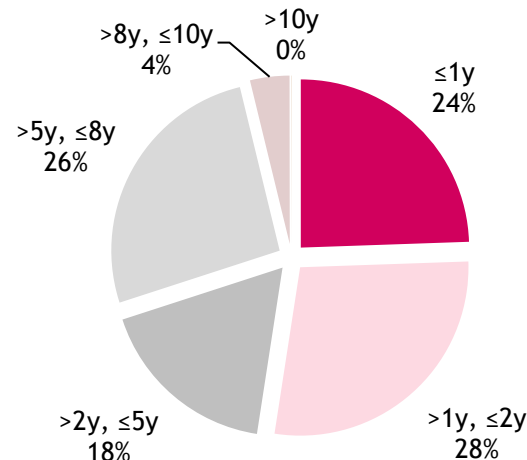
Sovereign debt portfolio

Sovereign debt portfolio

(Million euros)

	Jun 16	Mar 17	Jun 17	YoY	QoQ
Portugal	5,331	4,241	5,089	-5%	+20%
T-bills	1,261	589	845	-33%	+44%
Bonds	4,070	3,652	4,244	+4%	+16%
Poland	2,740	3,745	3,847	+40%	+3%
Mozambique	302	302	379	+25%	+25%
Other	92	90	612	>100%	>100%
Total	8,465	8,378	9,928	+17%	+18%

Sovereign debt maturity



- Sovereign debt portfolio totalled €9.9 billion, €2.4 billion of which maturing in less than 1 year
- Sovereign Portuguese debt totalled €5.1 billion, while Polish and Mozambican sovereign debts totalled €3.8 billion and €0.4 billion, respectively; “other” include North-American sovereign debt of €0.5 billion

Sovereign debt portfolio

(Million euros)

	Portugal	Poland	Mozambique	Other	Total
Trading book*	158	98		37	292
≤ 1 year	119	7		36	162
> 1 year and ≤ 2 years		38			38
> 2 years and ≤ 5 years	36	41			78
> 5 years and ≤ 8 years	1				1
> 8 years and ≤ 10 years	1	11			12
> 10 years					0
Banking book**	4,931	3,749	379	575	9,635
≤ 1 year	848	605	291	521	2,266
> 1 year and ≤ 2 years	751	1,911	27	51	2,740
> 2 years and ≤ 5 years	552	1,053	60	1	1,666
> 5 years and ≤ 8 years	2,422	175		2	2,599
> 8 years and ≤ 10 years	358	6			364
> 10 years	1				1
Total	5,089	3,847	379	612	9,928
≤ 1 year	967	612	291	557	2,427
> 1 year and ≤ 2 years	751	1,949	27	51	2,778
> 2 years and ≤ 5 years	588	1,094	60	1	1,744
> 5 years and ≤ 8 years	2,423	175		2	2,600
> 8 years and ≤ 10 years	359	17			376
> 10 years	1			1	2

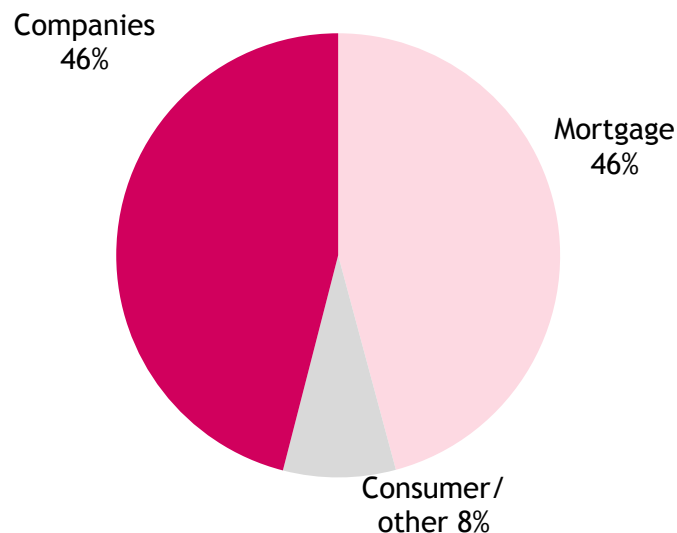
*Includes financial assets held for trading at fair value through net income (€142 million).

**Includes AFS portfolio (€9,485 million) and HTM portfolio (€150 million).

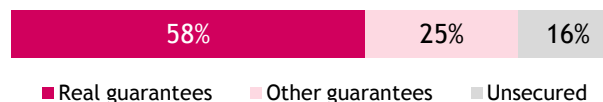
Diversified and collateralised portfolio

Loan portfolio

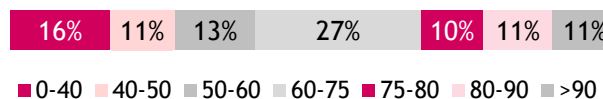
Consolidated



Loans by collateral



LTV of mortgage portfolio in Portugal



- Loans to companies accounted for 46% of the loan portfolio at June 30, 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 65%
- Real estate accounts for 95% of total collateral value
- 80% of the real estate collateral is residential

Consolidated earnings

(million euros)	1H16	1H17	YoY	Impact on earnings
Net interest income	600.8	678.5	12.9%	+77.7
Net fees and commissions	320.3	330.3	3.1%	+10.0
Other operating income	138.3	40.0	-71.1%	-98.3
Banking income	1,059.4	1,048.8	-1.0%	-10.6
Staff costs	-273.7	-241.5	-11.8%	+32.2
Other administrative costs and depreciation	-210.4	-208.7	-0.8%	+1.6
Operating costs	-484.1	-450.2	-7.0%	+33.8
Operating net income (before impairment and provisions)	575.4	598.6	4.0%	+23.2
Of which: core net income	437.1	558.6	27.8%	+121.5
Loans impairment (net of recoveries)	-618.7	-305.0	-50.7%	+313.7
Other impairment and provisions	-198.0	-110.3	-44.3%	+87.6
Impairment and provisions	-816.6	-415.3	-49.1%	+401.3
Net income before income tax	-241.3	183.3	-176.0%	+424.6
Income taxes	78.3	-43.4	-155.5%	-121.7
Non-controlling interests	-79.5	-51.2	-35.6%	+28.3
Net income from discontinued or to be discontinued operations	45.2	1.3	-97.2%	-44.0
Net income	-197.3	89.9	-145.6%	+287.2

Consolidated balance sheet

(Million euros)

	30 June 2017	30 June 2016		30 June 2017	30 June 2016
Assets			Liabilities		
Cash and deposits at central banks	1,650.9	2,178.3	Resources from credit institutions	9,373.2	11,228.6
Loans and advances to credit institutions			Resources from customers	50,635.7	48,762.0
Repayable on demand	491.5	415.5	Debt securities issued	3,121.4	4,018.1
Other loans and advances	895.9	1,389.2	Financial liabilities held for trading	476.2	613.6
Loans and advances to customers	48,066.0	49,186.1	Hedging derivatives	289.3	484.3
Financial assets held for trading	974.0	1,234.3	Provisions	339.1	290.5
Other financial assets held for trading			Subordinated debt	850.6	1,659.5
at fair value through profit or loss	142.0	144.9	Current tax liabilities	8.9	18.2
Financial assets available for sale	12,384.7	11,023.4	Deferred tax liabilities	1.6	1.7
Assets with repurchase agreement	15.4	10.6	Other liabilities	981.9	977.3
Hedging derivatives	113.9	115.0			
Financial assets held to maturity	451.3	419.0	Total Liabilities	66,078.0	68,053.9
Investments in associated companies	596.0	558.7			
Non current assets held for sale	2,224.0	1,906.1	Equity		
Investment property	12.3	133.2	Share capital	5,600.7	4,094.2
Other tangible assets	487.4	475.2	Treasury shares	(0.3)	(3.7)
Goodwill and intangible assets	164.3	195.0	Share premium	16.5	16.5
Current tax assets	7.6	36.1	Preference shares	59.9	59.9
Deferred tax assets	3,165.4	2,767.4	Other capital instruments	2.9	2.9
Other assets	1,181.3	879.4	Legal and statutory reserves	252.8	245.9
	73,023.7	73,067.5	Fair value reserves	(23.3)	(52.1)
			Reserves and retained earnings	(51.3)	(7.7)
			Net income for the period attrib. to Shareholders	89.9	(197.3)
			Total equity attrib. to Shareholders of the Bank	5,947.9	4,158.6
			Non-controlling interests	997.8	855.0
			Total Equity	6,945.7	5,013.6
				73,023.7	73,067.5

Consolidated income statement

Per quarter

(Million euros)

	Quarterly				
	2Q 16	3Q 16	4Q 16	1Q 17	2Q 17
Net interest income	308.4	306.2	323.1	332.3	346.2
Dividends from equity instruments	3.8	1.2	0.8	0.1	1.5
Net fees and commission income	156.4	160.8	162.7	160.8	169.5
Other operating income	-75.6	-8.3	-9.5	-15.2	-71.4
Net trading income	154.5	29.7	27.9	36.4	53.5
Equity accounted earnings	23.8	22.9	19.9	19.6	15.5
Banking income	571.3	512.5	524.8	534.0	514.8
Staff costs	135.2	136.7	-53.8	136.9	104.6
Other administrative costs	93.1	90.1	98.6	88.7	94.0
Depreciation	12.7	11.5	12.8	12.7	13.4
Operating costs	241.0	238.3	57.6	238.3	211.9
Operating net income bef. imp.	330.3	274.2	467.2	295.8	302.9
Loans impairment (net of recoveries)	458.0	251.5	246.7	148.9	156.1
Other impairm. and provisions	182.6	44.9	238.2	54.3	56.0
Net income before income tax	-310.3	-22.2	-17.8	92.5	90.8
Income tax	-93.3	10.1	-313.7	19.1	24.3
Non-controlling interests	43.1	21.5	20.8	23.3	27.9
Net income (before disc. oper.)	-260.2	-53.8	275.0	50.1	38.6
Net income arising from discount. operations	16.2	0.0	0.0	0.0	1.3
Net income	-243.9	-53.8	275.0	50.1	39.8

Income statement (Portugal and International Operations)

For the 6-month periods ended June 30th, 2016 and 2017

(Million euros)

	International operations																	
	Group			Portugal			Total			Bank Millennium (Poland)			Millennium bim (Moz.)			Other int. operations		
	Jun 16	Jun 17	Δ %	Jun 16	Jun 17	Δ %	Jun 16	Jun 17	Δ %	Jun 16	Jun 17	Δ %	Jun 16	Jun 17	Δ %	Jun 16	Jun 17	Δ %
Interest income	965	957	-0.9%	598	532	-11.2%	367	425	15.8%	258	275	6.3%	106	147	39.1%	3	3	7.3%
Interest expense	365	278	-23.7%	240	141	-41.2%	125	137	9.8%	91	83	-8.1%	36	56	57.7%	-2	-3	-50.0%
Net interest income	601	678	12.9%	358	390	9.0%	243	288	18.8%	168	191	14.1%	70	91	29.7%	5	6	23.6%
Dividends from equity instruments	6	2	-72.3%	5	1	-80.4%	0	1	35.2%	0	1	34.6%	0	0	--	0	0	--
Intermediation margin	607	680	12.1%	364	391	7.6%	243	289	18.8%	168	192	14.1%	70	91	29.7%	5	6	23.6%
Net fees and commission income	320	330	3.1%	229	225	-1.9%	91	105	15.7%	63	77	23.2%	17	16	-6.8%	12	12	7.6%
Other operating income	-88	-87	16%	-55	-53	3.1%	-33	-34	-0.8%	-37	-37	-12%	3	3	3.2%	0	0	26.9%
Basic income	839	924	10.1%	538	564	4.7%	300	360	19.9%	194	232	19.5%	90	110	22.0%	16	18	13.0%
Net trading income	183	90	-50.8%	76	59	-22.2%	107	31	-71.1%	88	25	-72.0%	18	5	-70.1%	2	1	-30.5%
Equity accounted earnings	38	35	-6.9%	35	19	-44.4%	3	16	>100%	0	0	--	0	0	--	3	16	>100%
Banking income	1,059	1,049	-1.0%	649	642	-1.1%	410	407	-0.8%	282	256	-9.0%	108	116	7.0%	20	35	70.4%
Staff costs	274	241	-11.8%	181	145	-20.0%	92	96	4.5%	63	69	9.1%	20	19	-7.1%	9	9	-2.5%
Other administrative costs	185	183	-12%	114	110	-3.6%	71	73	2.6%	48	49	1.4%	19	20	5.3%	3	3	3.7%
Depreciation	25	26	2.5%	14	16	12.3%	11	10	-10.1%	6	6	-2.6%	5	4	-20.3%	0	0	-19.7%
Operating costs	484	450	-7.0%	310	271	-12.5%	174	179	2.8%	118	125	5.3%	44	43	-3.0%	12	12	-10%
Operating net income bef. imp.	575	599	4.0%	339	371	9.3%	236	228	-3.5%	164	132	-19.4%	64	73	13.9%	9	23	>100%
Loans impairment (net of recoveries)	619	305	-50.7%	583	258	-55.8%	36	47	31.1%	23	29	28.5%	13	18	38.6%	1	0	-40.5%
Other impairm. and provisions	198	110	-44.3%	190	112	-41.0%	8	-2	<-100%	8	1	-90.7%	-1	-3	<-100%	0	0	<-100%
Net income before income tax	-241	183	>100%	-434	1	>100%	192	183	-5.1%	133	102	-23.2%	52	58	11.9%	8	23	>100%
Income tax	-78	43	>100%	-128	-1	99.6%	50	44	-11.2%	34	28	-17.8%	15	15	2.1%	1	1	30.2%
Non-controlling interests	80	51	-35.6%	-1	0	68.2%	80	51	-35.9%	0	0	--	1	0	-26.3%	80	51	-36.0%
Net income (before disc. oper.)	-242	89	>100%	-305	2	>100%	63	87	39.1%	98	74	-25.1%	37	43	16.3%	-73	-29	59.5%
Net income arising from disc. operations	45	1	-97.2%				37	0	-100.0%							37	0	-100.0%
Net income	-197	90	>100%				99	87	-12.4%							-36	-29	17.8%

Glossary (1/2)

Balance sheet total customer funds - debt securities and customer deposits.

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 for risk of credit minus on-balance sheet total customer funds.

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

Core net income - corresponding to net interest income plus net fees and commission income deducted from operating costs.

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

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

Cost to core income - operating costs divided by core income (net interest income and net fees and commission income).

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

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 and 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.

Credit at risk (net) ratio - credit at risk (net) divided by loans to customers deducted from total BS impairments accumulated for risks of credit.

Credit at risk ratio - credit at risk divided by loans to customers (gross).

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

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

Net interest margin (NIM) - 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 (NPE, 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 from default or impairments classes.

Non-performing loans (NPL) - 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 - Loans more than 90 days overdue and doubtful loans reclassified as overdue for provisioning purposes divided by total loans (gross).

Glossary (2/2)

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

Overdue and doubtful loans (net) - overdue and doubtful loans deducted from BS impairments accumulated for risks of credit.

Overdue and doubtful loans (net) ratio - overdue loans and doubtful loans (net) divided by loans to customers deducted from total BS impairments accumulated for risks of credit.

Overdue and doubtful loans coverage by BS impairments - BS impairments accumulated for risks of credit divided by overdue loans and doubtful loans (gross).

Overdue and doubtful loans ratio - overdue and doubtful loans divided by loans to customers (gross).

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

Overdue loans by more than 90 days coverage ratio - 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.

Overdue loans coverage ratio - total BS impairments accumulated for risks of credit divided by total amount of overdue loans.

Return on average assets (Instruction from the Bank of Portugal no. 16/2004) - Net income (before tax) divided by the average total assets.

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

Return on equity (Instruction from the Bank of Portugal no. 16/2004) - Net income (before tax) divided by the average attributable equity + non-controlling interests.

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

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 - increase (in percentage points) to the index used by the Bank in loans granting or fund raising.

Total customer funds - balance sheet customer funds, assets under management and capitalisation products.



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Banco Comercial Português, S.A., a public company (sociedade aberta) having its registered office at Praça D. João I, 28, Oporto, registered at the Commercial Registry of Oporto, with the single commercial and tax identification number 501 525 882 and the share capital of EUR 5,600,738,053.72.

