

Millennium
bcp

EARNINGS PRESENTATION

9M 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 9 months figures for 2016 and 2017 not audited

Agenda

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

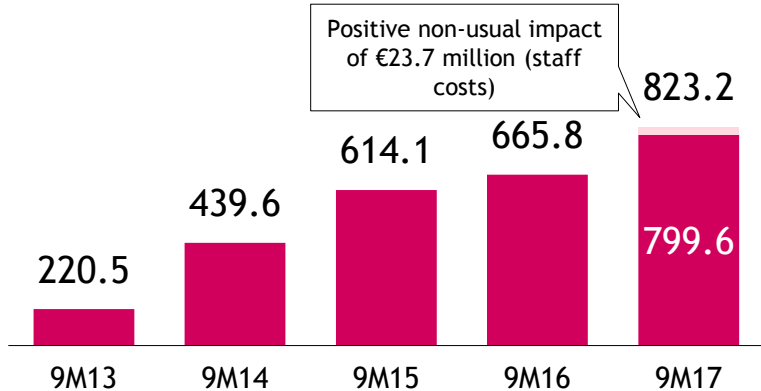
Summary

- 1 **Net profit of €133.3 million** (-€251.1 million in the first nine months of 2016), **benefitting from the continued expansion of core net income** to €823.2 million in the first nine months of 2017*, compared to €665.8 million in the same period of 2016
- 2 **NPEs in Portugal**, down by €1.4 billion in the first nine months of 2017 to €7.2 billion, **are now lower than the €7.5 billion target for year-end 2017, with total coverage including guarantees increasing to 105%**
- 3 **The performing portfolio stabilised in the first nine months of 2017 in Portugal**
- 4 **Strong business performance, with Customer acquisition standing out. Active Customers for the Group total 5.4 million, 5.7% up from September 30, 2016**

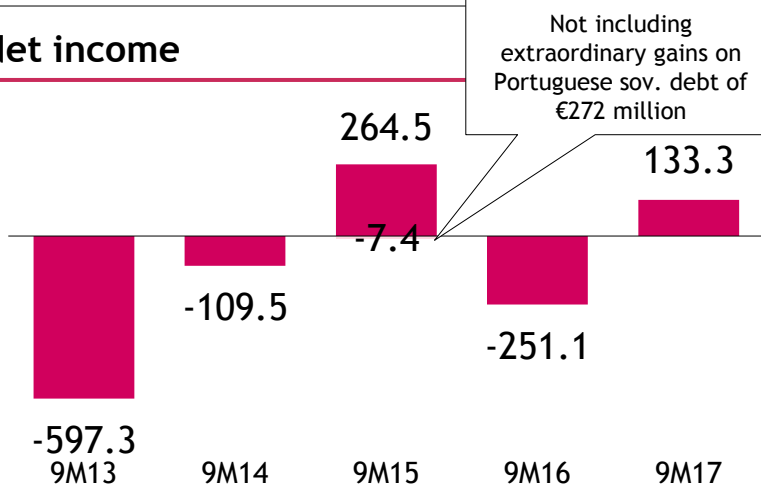
1 Highlights: improved profitability

(Million euros)

Core net income*



Net income



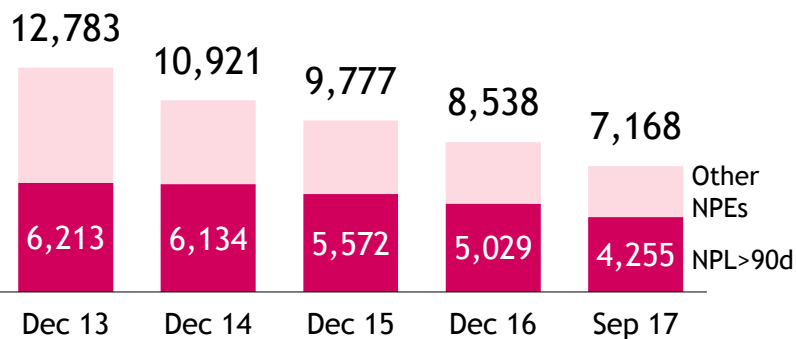
- **Core net income increases to €823.2 million in the first nine months of 2017** (€799.6 million excluding a positive non-usual impact of €23.7 million on staff costs), with a noteworthy expansion in net interest income
- **Significant expansion in core net income: +23.7% from €665.8 million in the first nine months of 2016**
- **One of the most efficient banks in the Eurozone, with cost to core income of 46%** (44% cost to income)
- **Net earnings of €133.3 million in the first nine months of 2017**
- **Substantial improvement from previous years' losses**

2 Highlights: improved asset quality

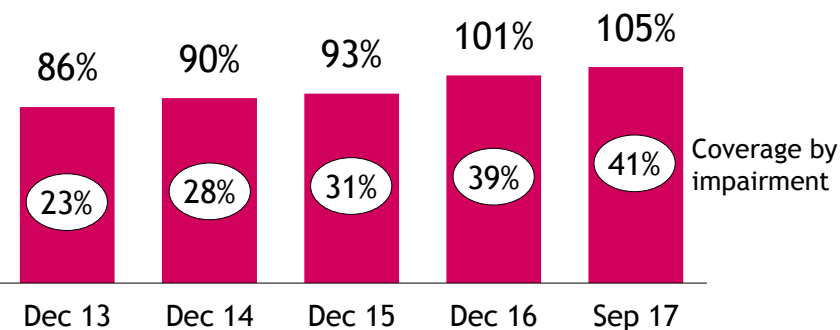


(Million euros)

Non-performing exposures (NPEs)



NPE total coverage*



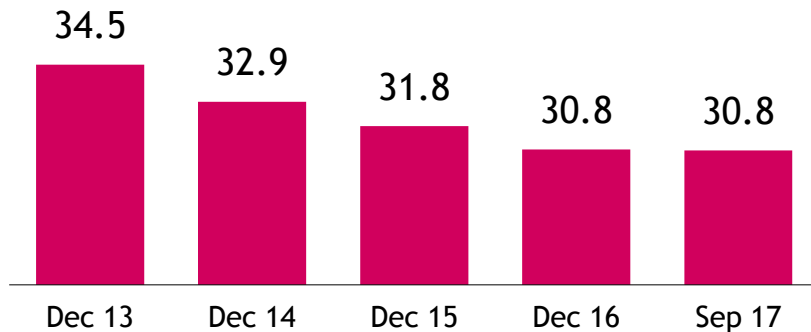
- **NPEs in Portugal down** to €7.2 billion as at September 30, 2017, showing a **strong pace of reduction from 2013**
- **€1.4 billion NPE reduction in the first nine months of 2017**, now exceeding the annual reduction target to <€7.5 billion at year-end 2017
- **Significant increase in net new exits from NPE**: €395 million in the first nine months of 2017 (€103 million in the same period of 2016)
- **NPE total coverage* increases to 105%**, with coverage by impairment reinforced to 41%

3 Highlights: credit stabilising in Portugal

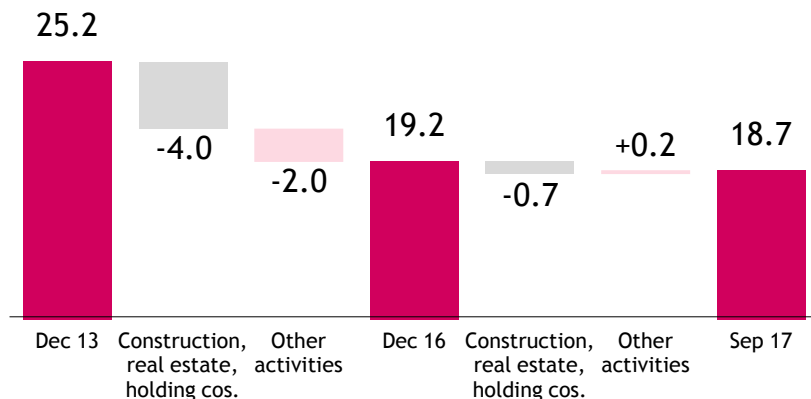


(Billion euros)

Performing portfolio



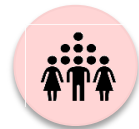
Companies portfolio



- **Performing portfolio stable from end-2016**
- **Structural change to the portfolio of loans to companies over recent years**, 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 27.4% vs first nine months of 2016) and for companies (new leasing business: +19.6%; factoring invoicing: +21.3%)

Highlights: strong business performance, especially as long as Customers and service are concerned

Group



Customer base

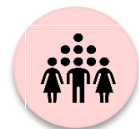
5.4 million active Customers
(+6% vs Sep. 2016)



Digital Customers

2.4 million active digital Customers
(+13% vs Sep. 2016)

Portugal



Customer acquisition

Individuals: >150,000 Customers
Companies: >12,000 Customers



Digital Customers

Individuals: >750,000 active
Companies: >90,000 active



Credit activity

Individuals: €1.4 billion in new credit
Companies: >€480 million under the “Portugal 2020” programme

Awards

3Q17



Best branch experience
Best Customer Experience Awards | Portugal



Best site/ financial services app
ACEPI Navegantes | Portugal



#1 in both traditional and mobile banking
Newsweek Friendly Bank | Poland



Best digital strategy
ACEPI Navegantes | Activobank Portugal



Best commercial bank
World Finance | Activobank Portugal

2017



Best Consumer Digital Bank
Global Finance | Portugal and Poland



Banking Category Marketeer
Portugal



Closest to Customers, most innovating, most adequate products
Data E | Portugal



Best Bank
Euromoney | Mozambique



Consumer choice
Superbrands | Portugal and Mozambique



Best Bank in Trade Finance
Global Finance | Mozambique



Branch transformation
Celent Model Bank Award | Portugal



Best bank in social responsibility
Euromoney | Poland



Best private bank in Portugal
The Banker | Portugal

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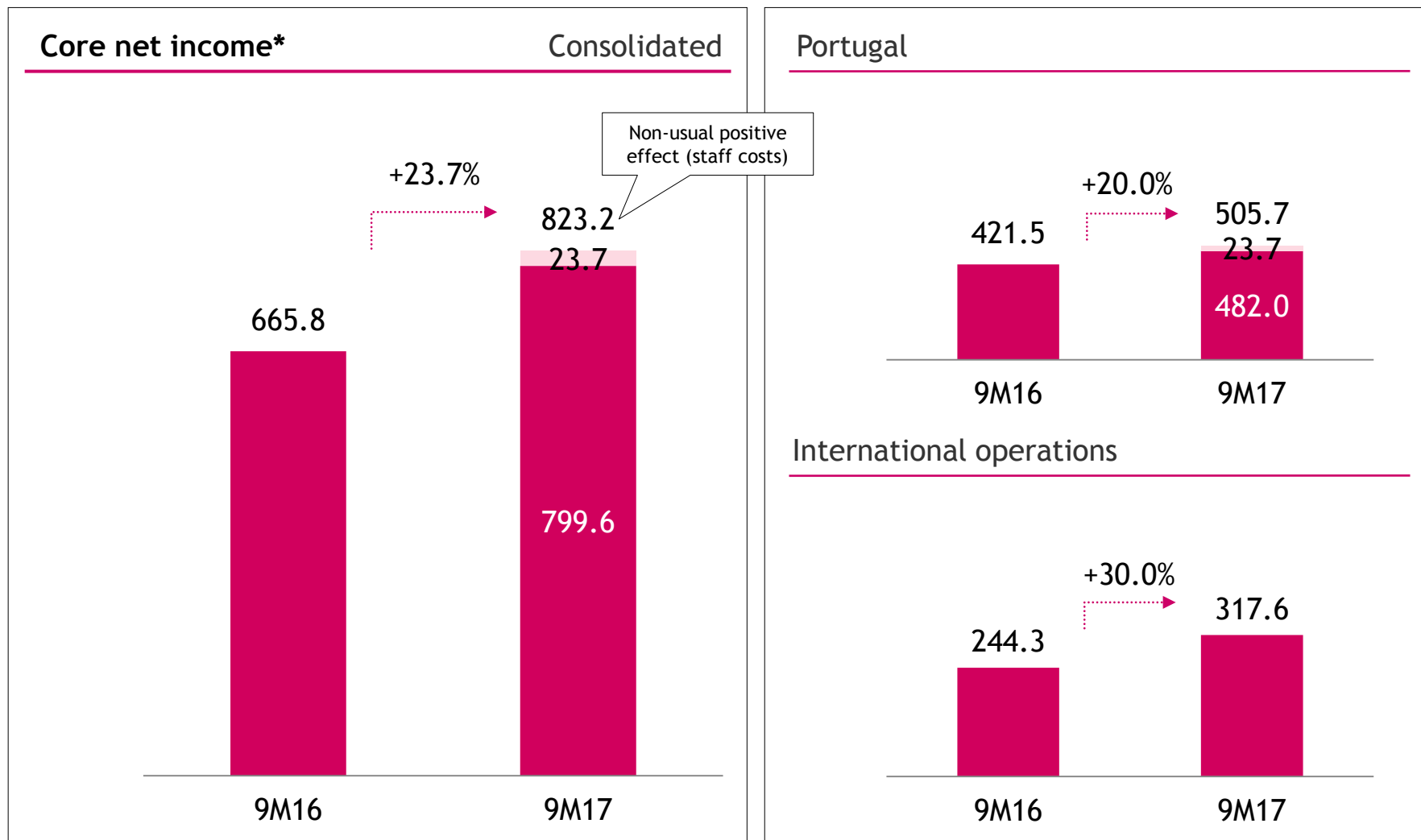
Profit of €133.3 million in the first nine months of 2017, with a significant improvement of core net income

(million euros)	9M16	9M17	YoY	Impact on earnings
Core net income (net int income+commissions-oper. costs)	665.8	823.2	+23.7%	+157.5
<i>Non-usual items (staff costs)</i>	-1.7	23.7		+25.4
<i>Core net income excluding non-usual items</i>	667.5	799.6	+19.8%	+132.1
Other income*	183.8	76.5	-58.4%	-107.3
Operating net income (bef. impairment and provisions)	849.5	899.7	+5.9%	+50.2
Impairment and provisions	-1,113.0	-628.5	-43.5%	+484.5
Net income before income tax	-263.5	271.2		+534.7
Income taxes, non-controlling interests and disc. operations	12.4	-137.9		-150.3
Net income	-251.1	133.3		+384.4

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%

+12.8%

907.0

1,023.2

9M16

9M17

Portugal

Net interest margin

1.6%

1.8%

+9.0%

543.0

591.8

9M16

9M17

International operations

Net interest margin

2.7%

3.1%

+18.5%

364.0

431.4

9M16

9M17

Increase of commissions in international operations stands out, stable in Portugal

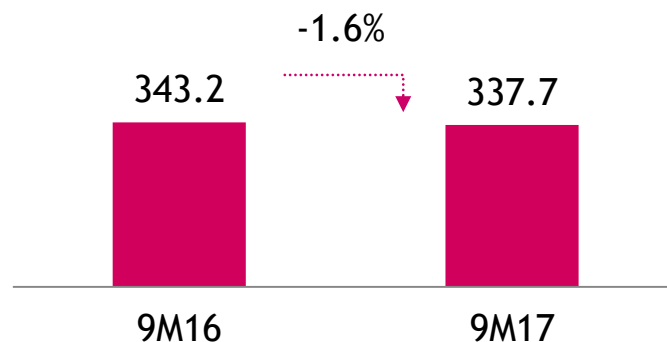
(Million euros)

Fees and commissions

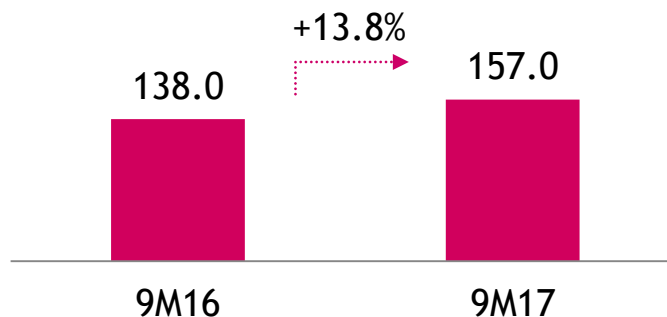
Consolidated

	9M16	9M17	YoY
Banking fees and commissions	391.7	400.0	+2.1%
Cards and transfers	107.8	115.3	+6.9%
Loans and guarantees	117.9	117.9	-0.1%
Bancassurance	66.4	71.4	+7.6%
Customer account related	68.1	69.4	+1.8%
Other fees and commissions	31.4	26.1	-16.7%
Market related fees and commissions	89.5	94.6	+5.8%
Securities operations	61.2	63.2	+3.3%
Asset management	28.3	31.4	+11.0%
Total fees and commissions	481.1	494.6	+2.8%

Portugal

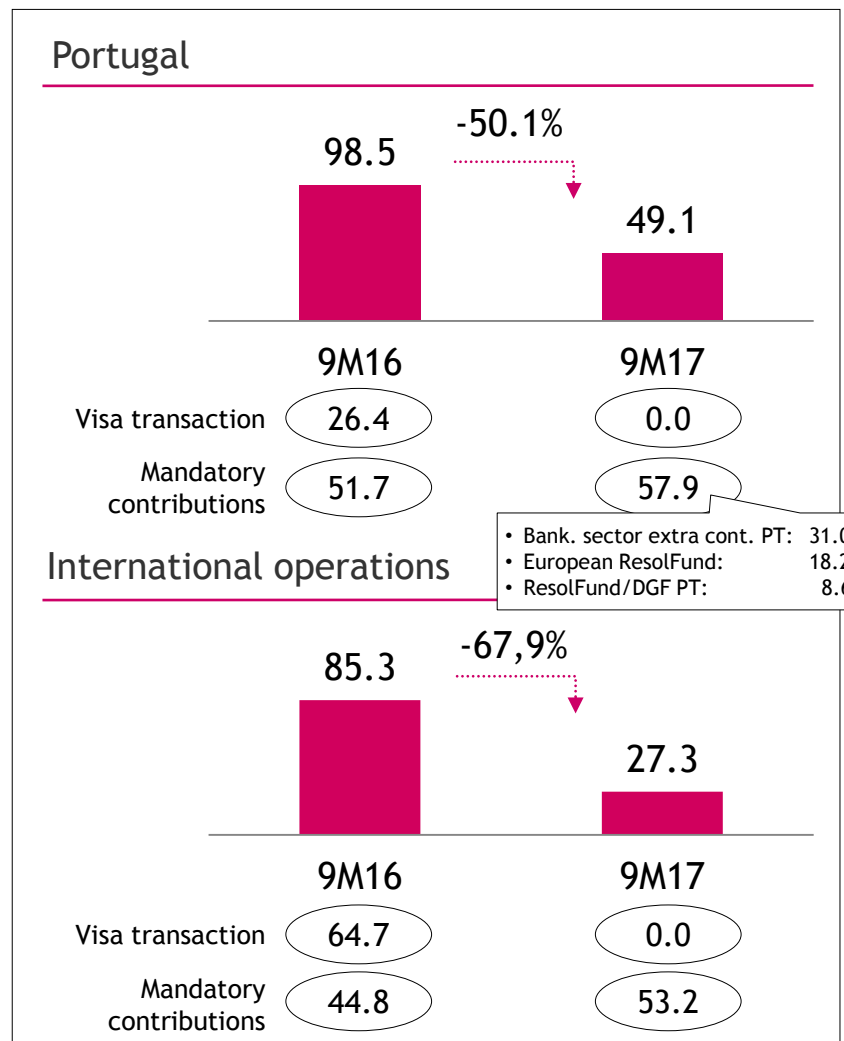
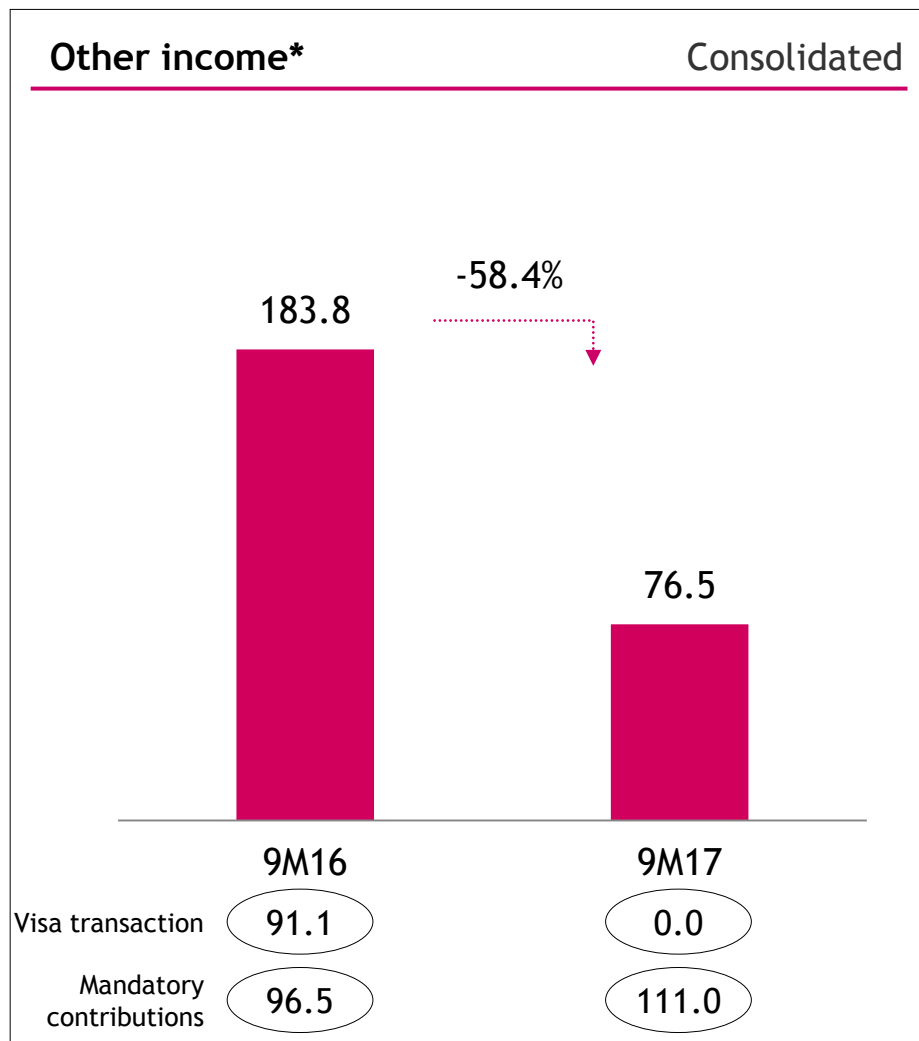


International operations



Increased other income*, influenced by higher mandatory contributions and by gains on Visa transaction in 2016

(Million euros)



Cost reduction continues...

(Million euros)

Operating costs

Consolidated

Cost to income 46.0%

43.6%

Cost to core income* 52.0%

45.8%

Depreciation 722.4
37.0

-3.8%

+7.3%

694.6

39.7

Other administrative costs 274.9

-0.1%

274.8

Staff costs 410.4

-7.4%

380.1

9M16

9M17

Includes non-usual positive effect of €23.7 million

Portugal

Cost to income 47.2%

43.3%

Cost to core income* 52.4%

45.6%

464.7

423.8

9M16

9M17

Non-usual positive effect of €23.7 million

International operations

Cost to income 43.9%

44.0%

Cost to core income* 51.3%

46.0%

257.7

+5.1%

270.8

9M16

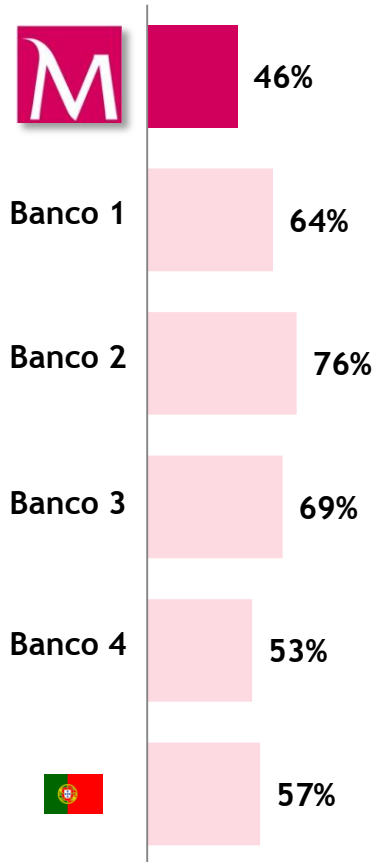
9M17

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

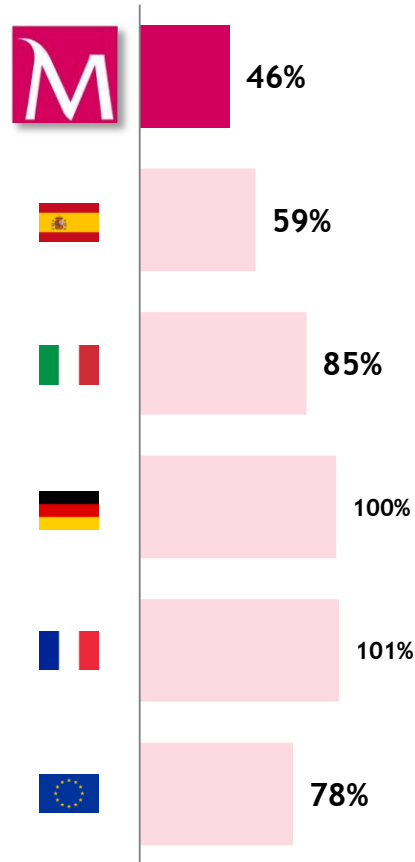
Cost to core income*

Latest available data

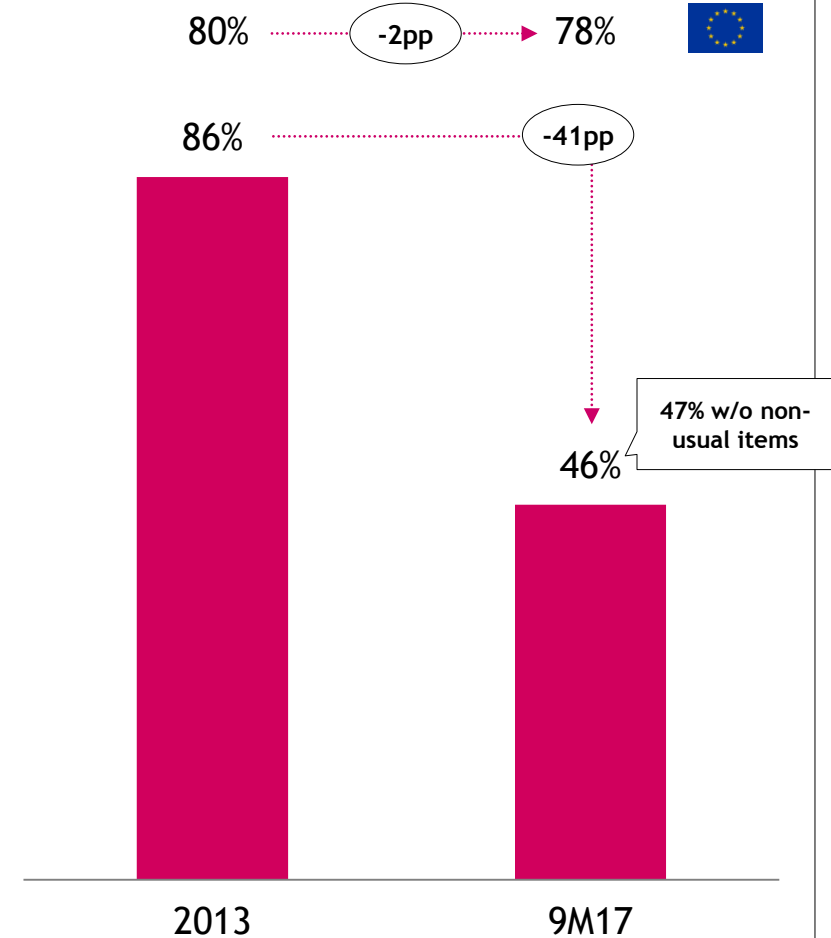
vs. peers in Portugal



vs. Euro-zone banks



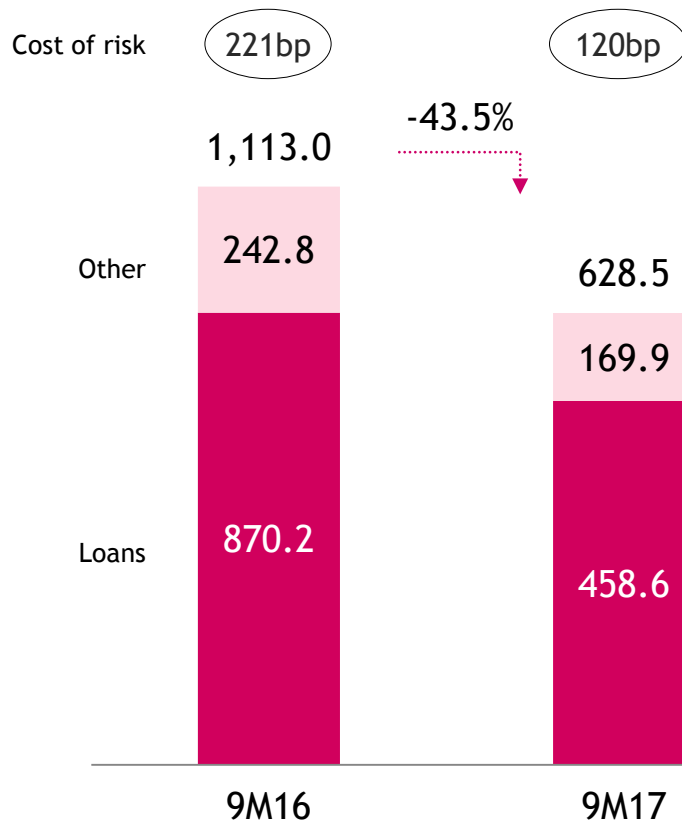
Cost to core income*



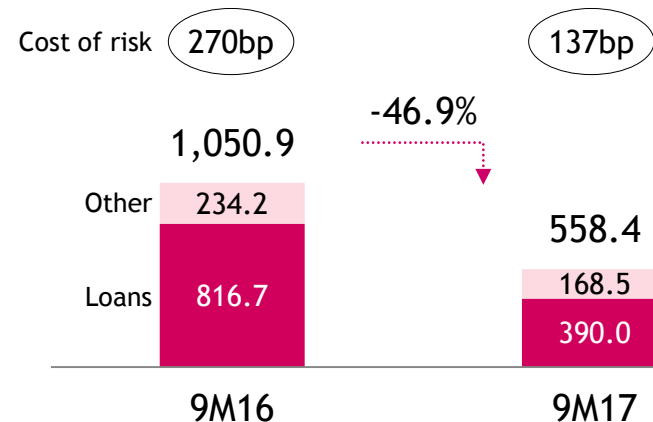
Strengthening the balance sheet: cost of risk now trending towards normalisation

(Million euros)

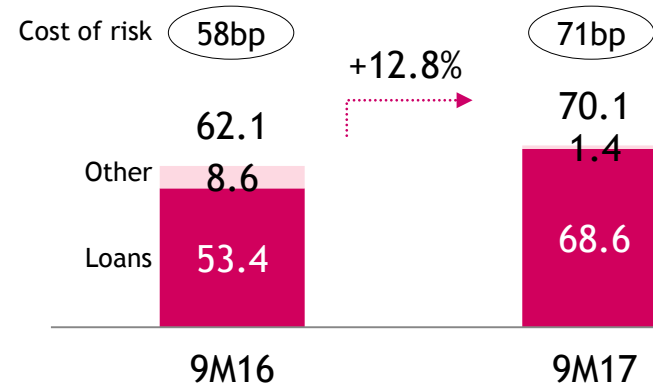
Impairment and provision charges Consolidated



Portugal

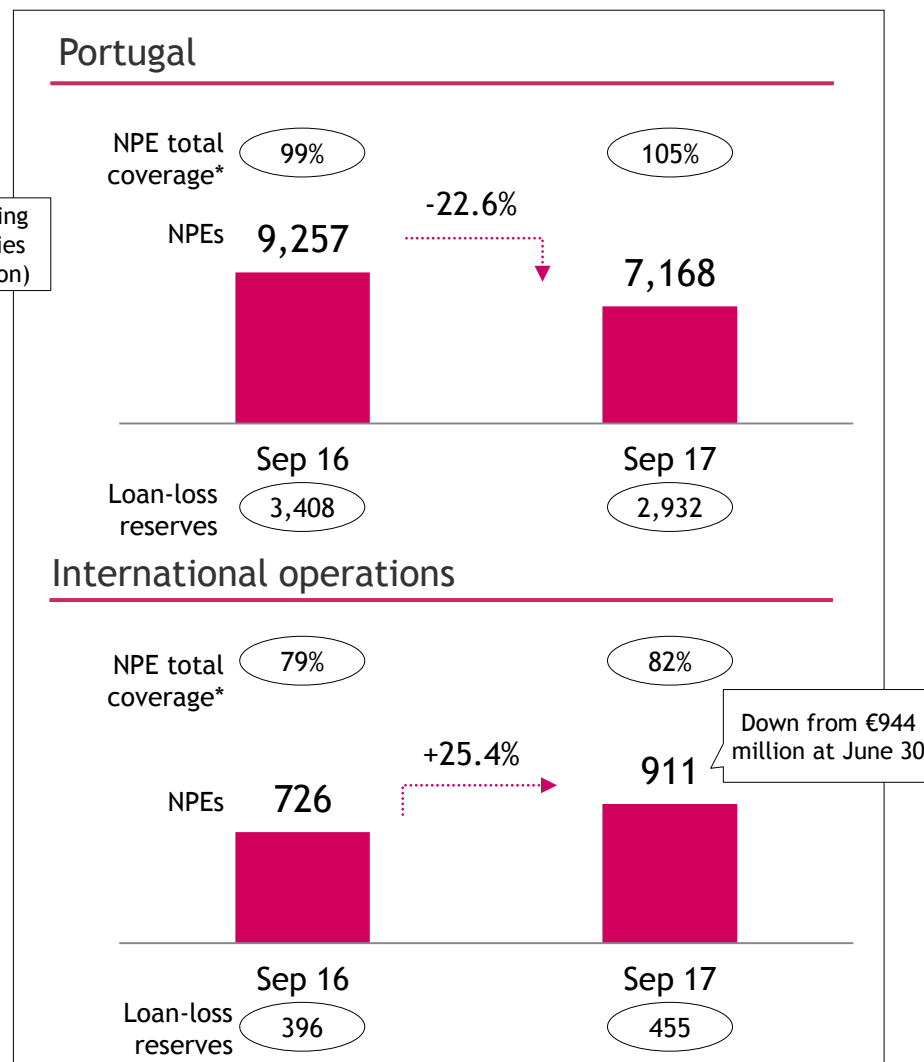
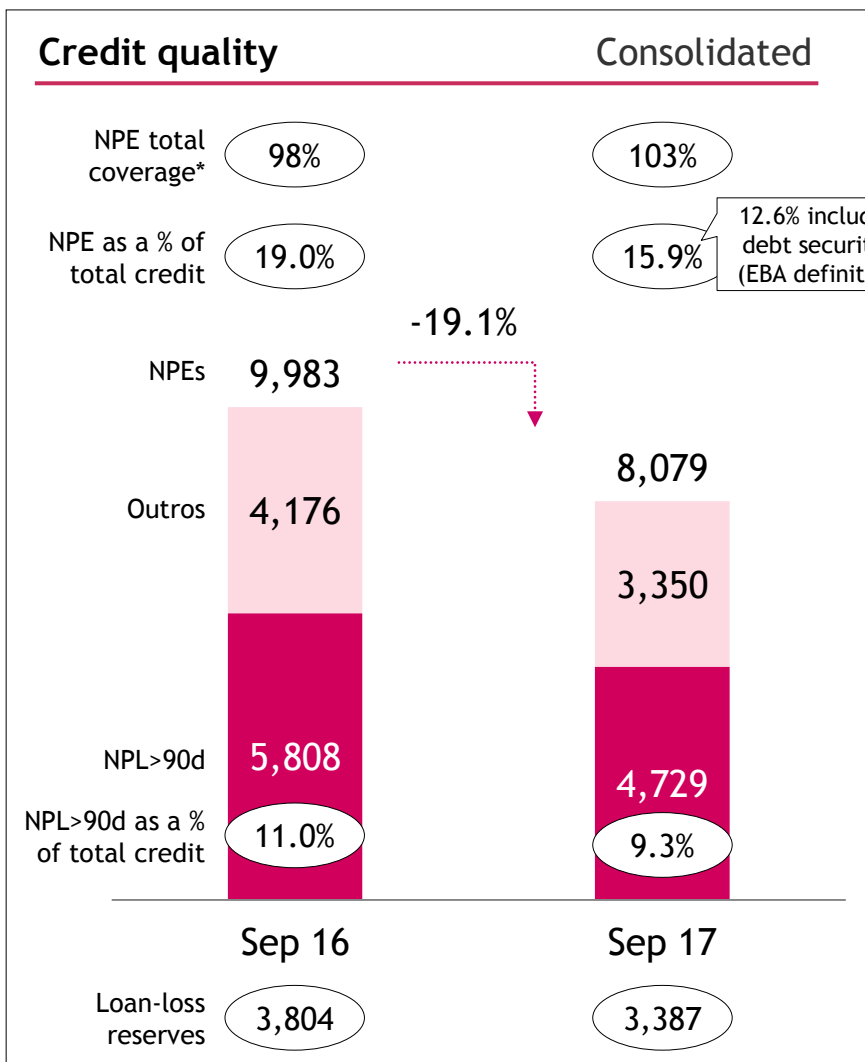


International operations



Lower delinquency and increased coverage

(Million euros)

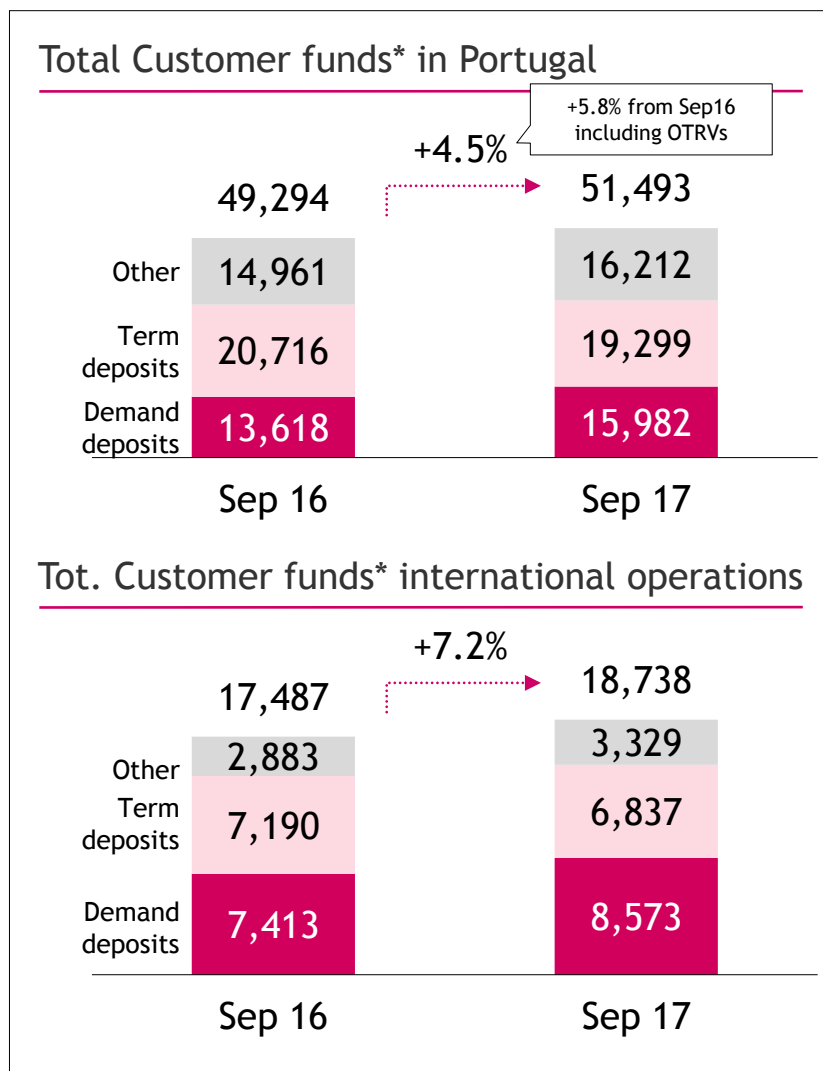
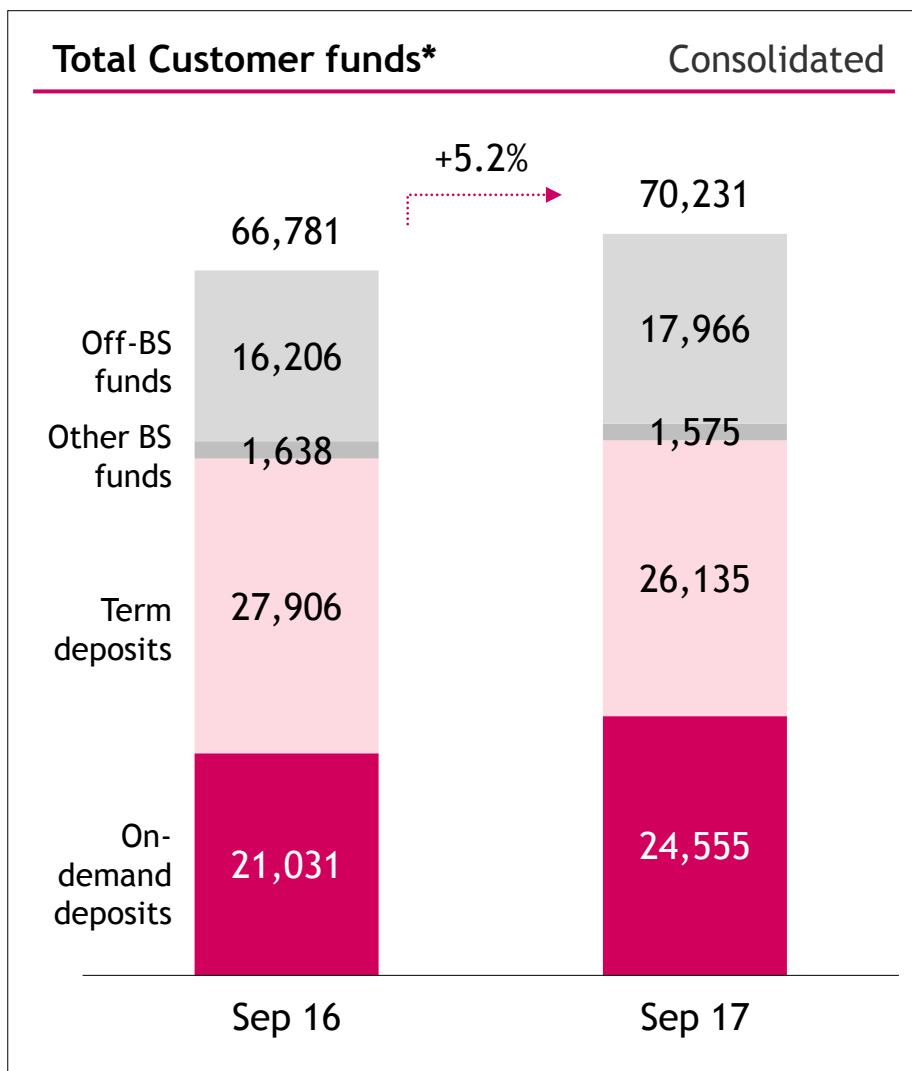


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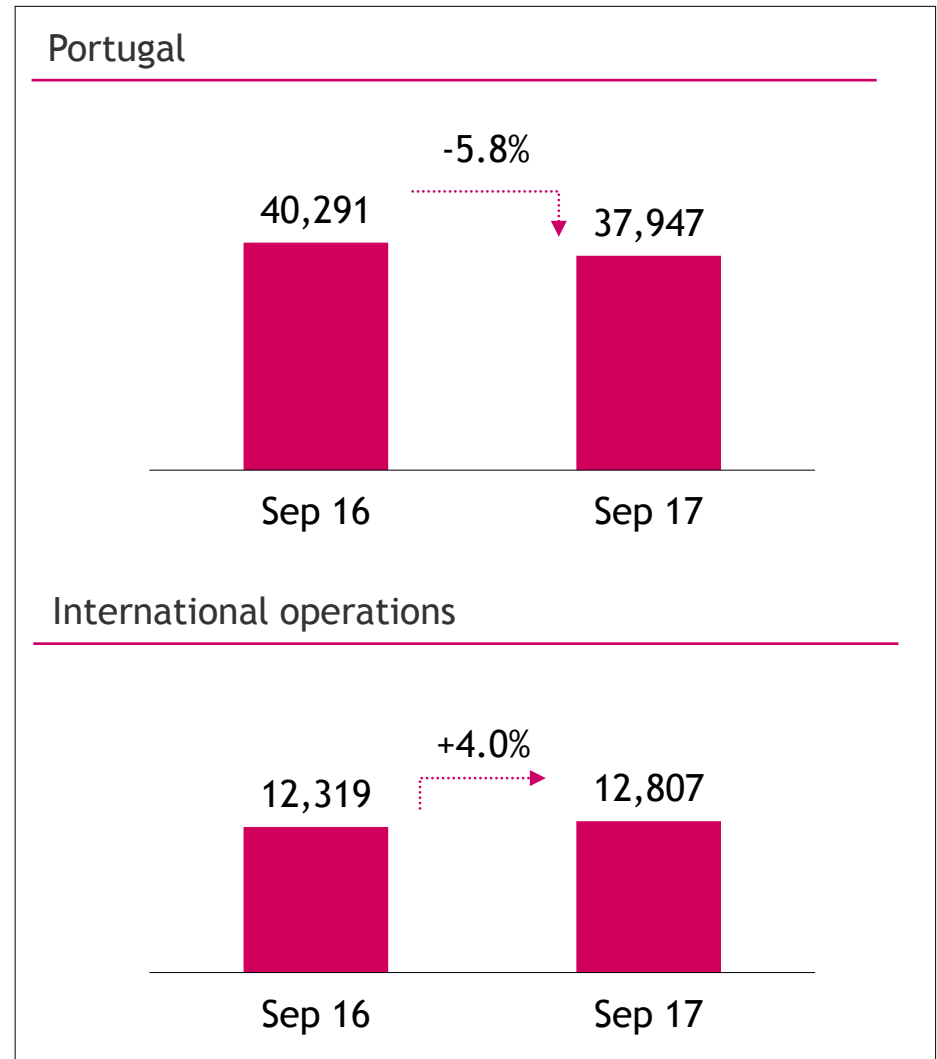
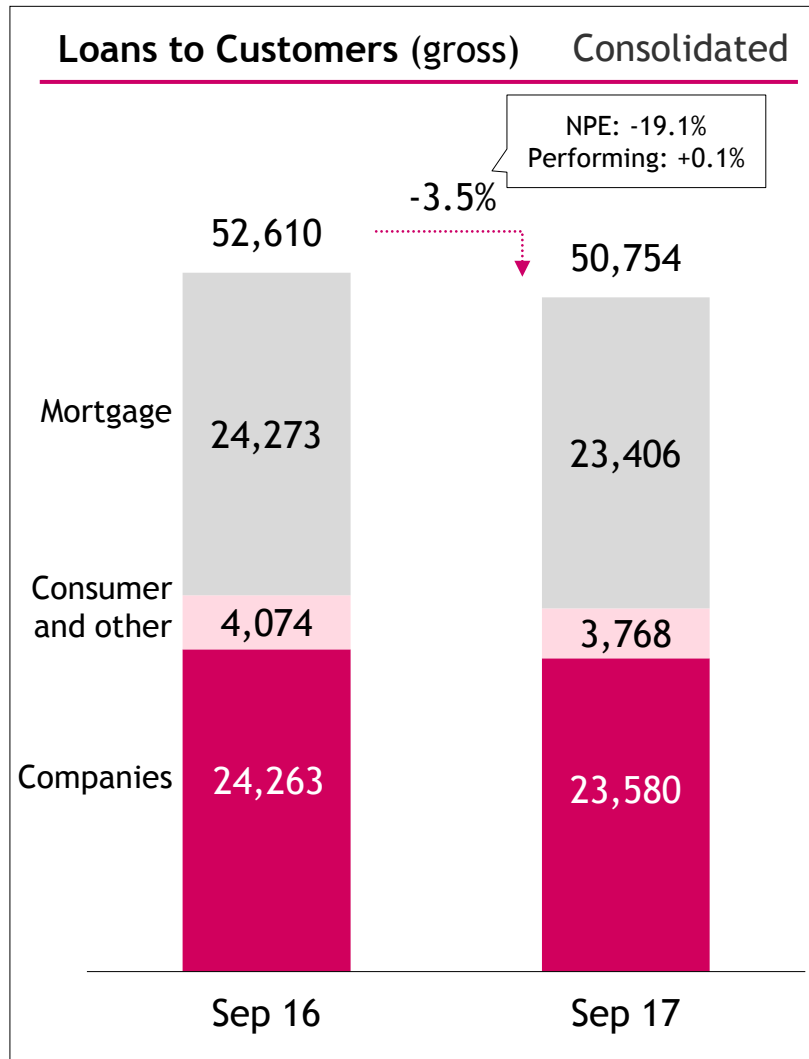
Growing Customer funds in Portugal and in international operations

(Million euros)



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

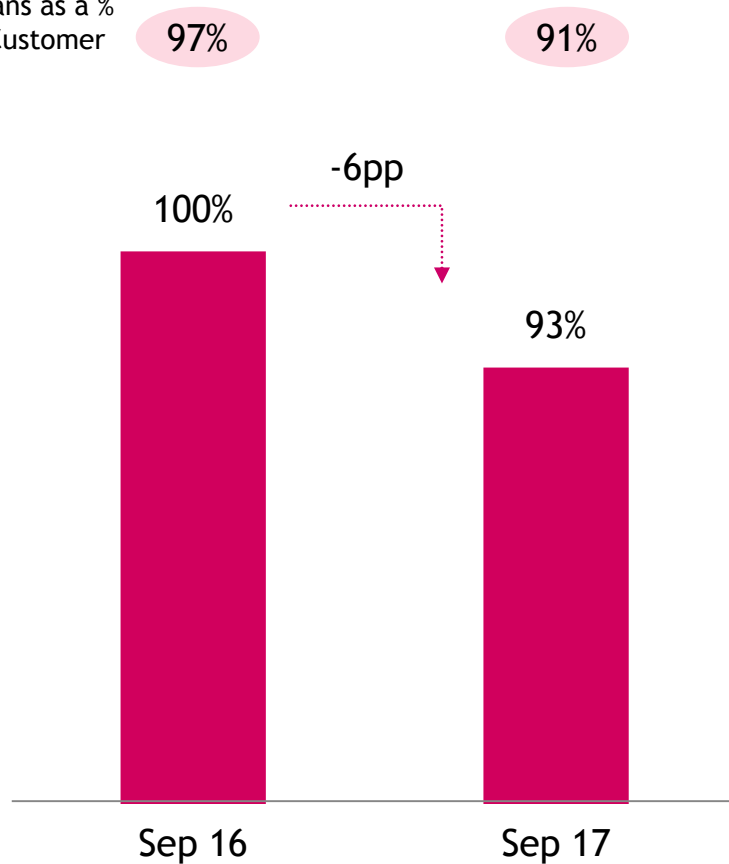
(Million euros)



Comfortable liquidity position

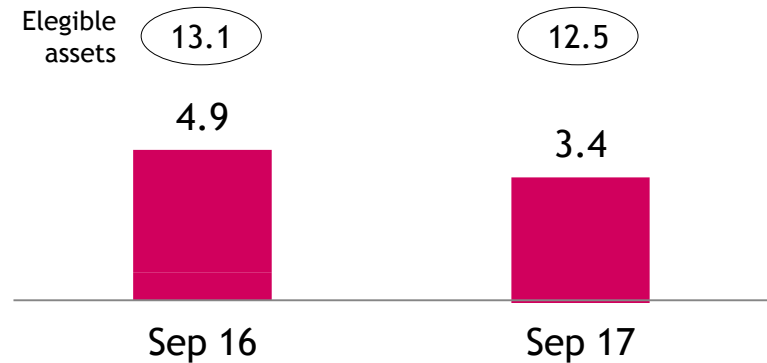
Net loans to deposits ratio

Net loans as a %
of BS Customer
funds

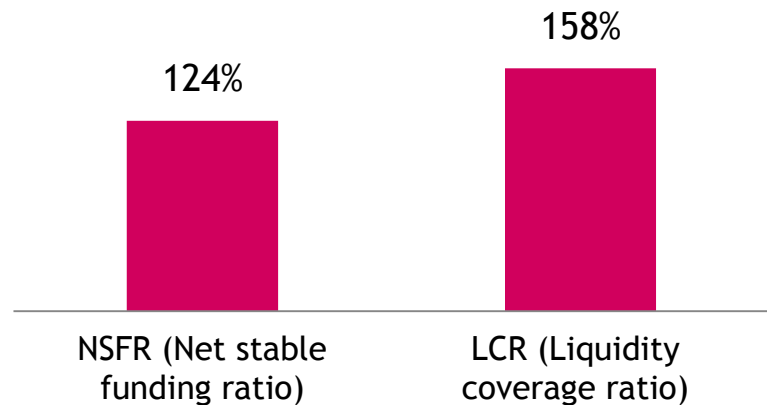


ECB funding

(Billion euros)



Liquidity ratios (CRD IV/CRR)



Agenda

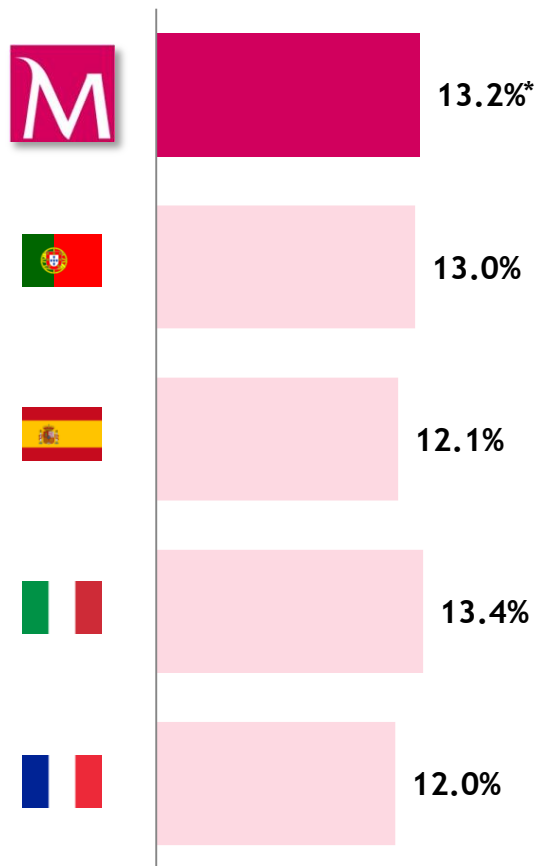
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Strengthened capital, in line with European peers

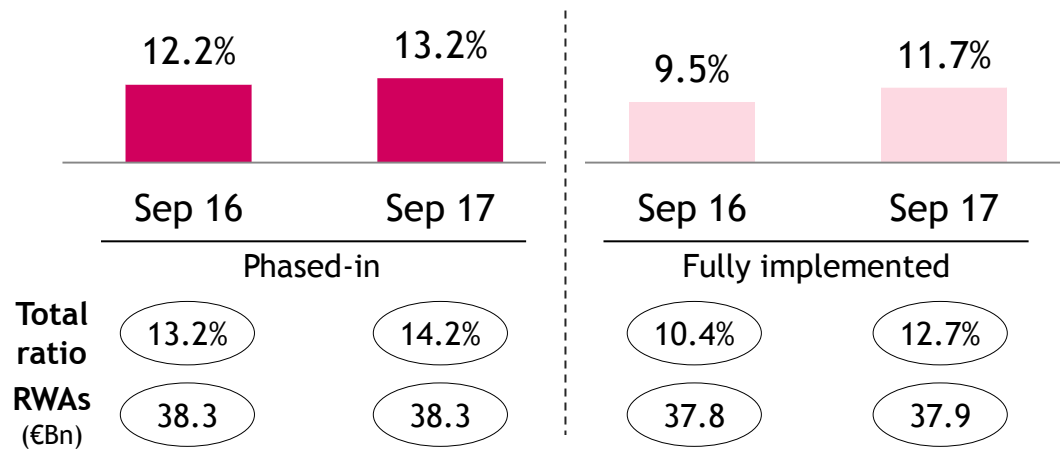
Common Equity Tier 1 ratio

Phased-in, latest available data

vs. Euro-zone
banks



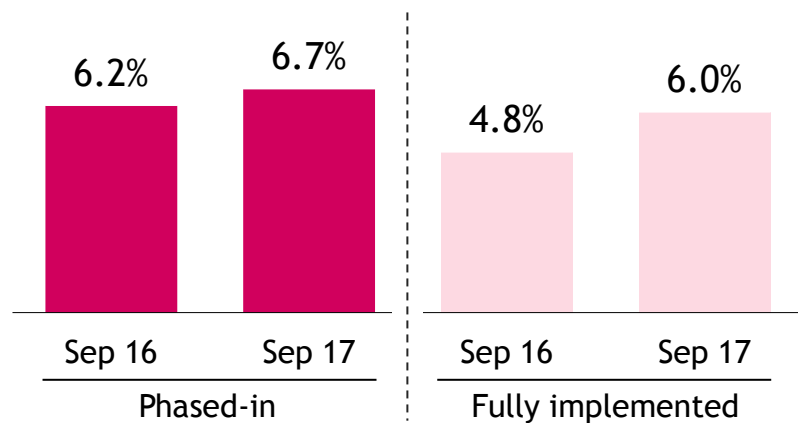
Common Equity Tier 1 ratio*



- Capital Ratios CET1 of 13.2% (phased-in) and 11.7% (fully implemented)
- Increased fully implemented capital ratio from 9.5% as at September 30, 2016 due to:
 - share capital increase, net of CoCos reimbursement (net impact of +2.3pp);
 - net earnings for the last 4 quarters (+1.2pp);
 - partially offset by increased deductions from expected losses and from deferred tax assets (-1.3pp)
- Increased fully implemented capital ratio from 11.3% as at June 30, 2017 due to:
 - net earnings for the quarter (+0.1pp impact);
 - improved fair value reserves (+0.2pp, reflecting, to a large extent, lower yields on the Portuguese sovereign debt portfolio)

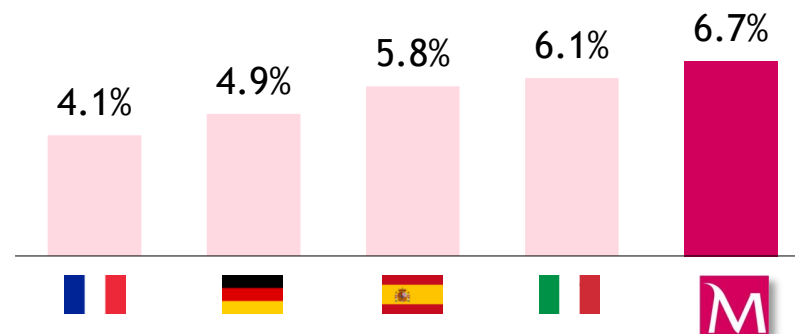
Capital at comfortable levels, high leverage ratios

Leverage ratio



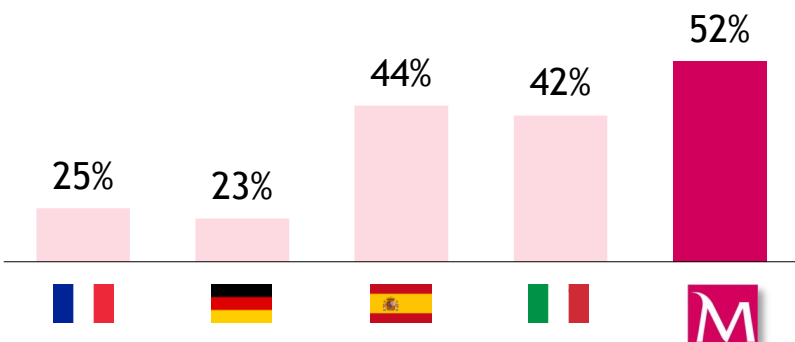
Leverage ratio

Phased-in, latest available data

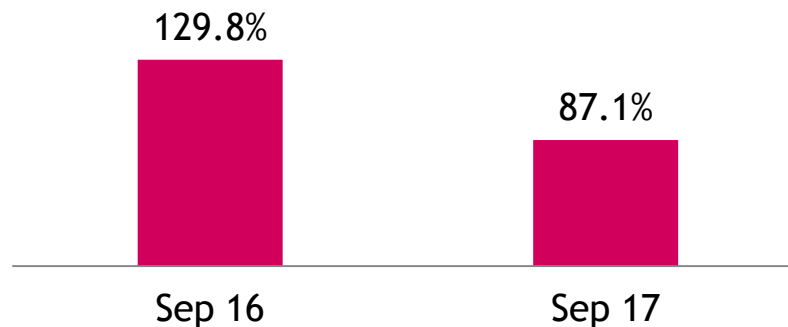


RWA density

RWAs as % of assets, latest available information



Texas ratio*



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

Agenda

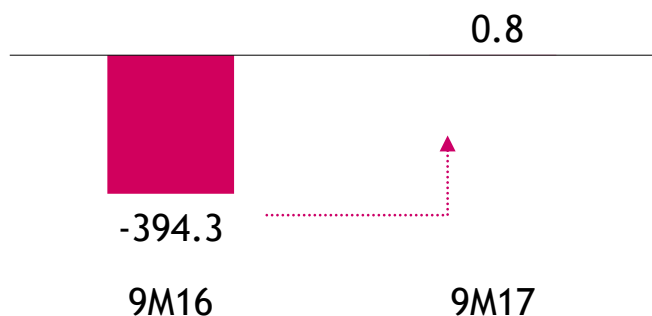
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Increased net income

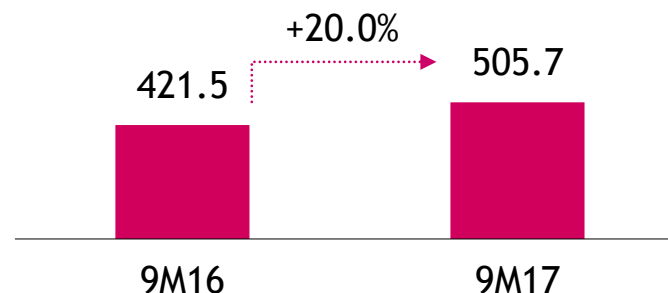


(Million euros)

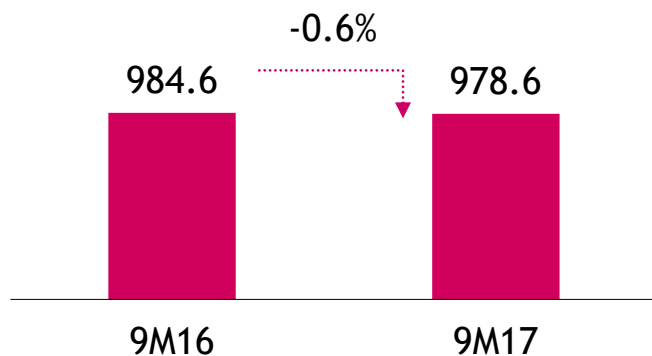
Net income



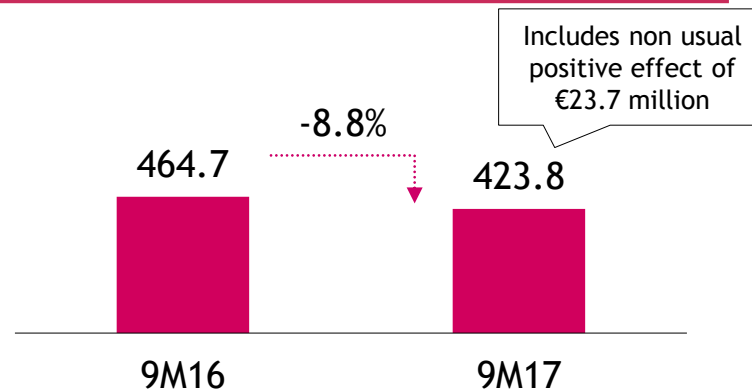
Core net income*



Banking income



Operating costs

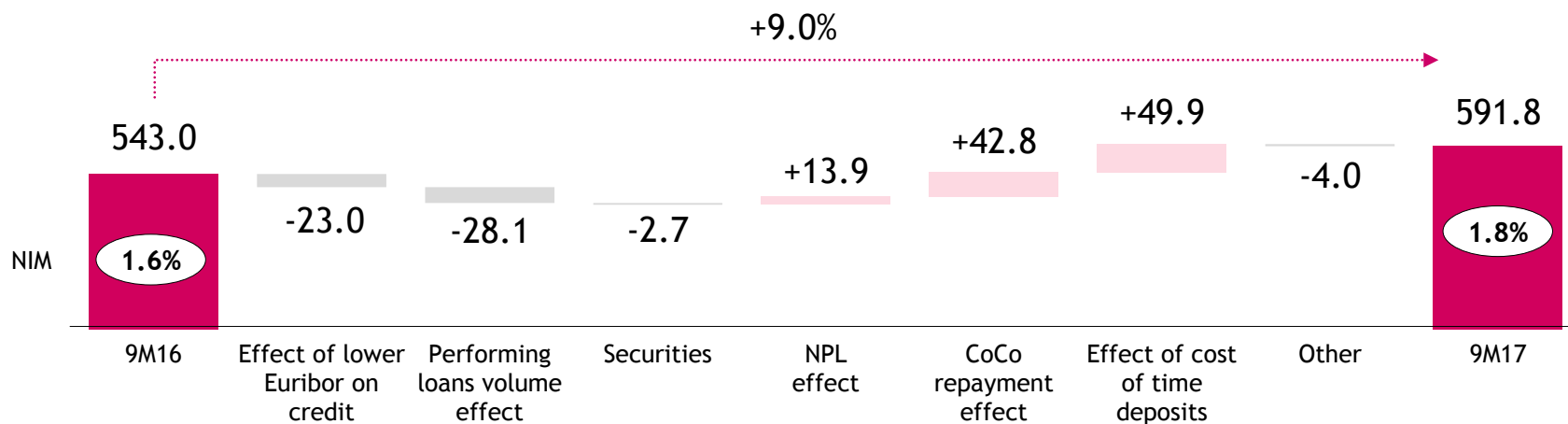


Lower cost of time deposits more than compensates for the decreases of credit volumes and Euribor



Net interest income

(Million euros)



- Increase in net interest income compared to 9M 2016, reflecting the impact of the consistent reduction of the cost of time deposits, the repayment of CoCos and the reduction of NPLs, more than compensating for the negative effects of the reduction of Euribor rates and of lower credit volumes
- The increase of the net interest income from €196.1 million in 2Q17 to €201.6 million in 3Q17 is mainly attributable to the reduction of the cost of funding (retail and wholesale), that more than offset the impact of lower credit volumes, reflecting, to a large extent, the focus on NPE reduction

Continued effort to reduce the cost of deposits



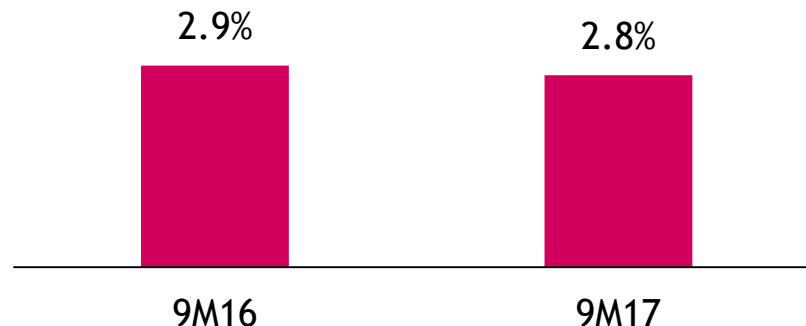
Spread on the book of term deposits

(vs 3m Euribor)

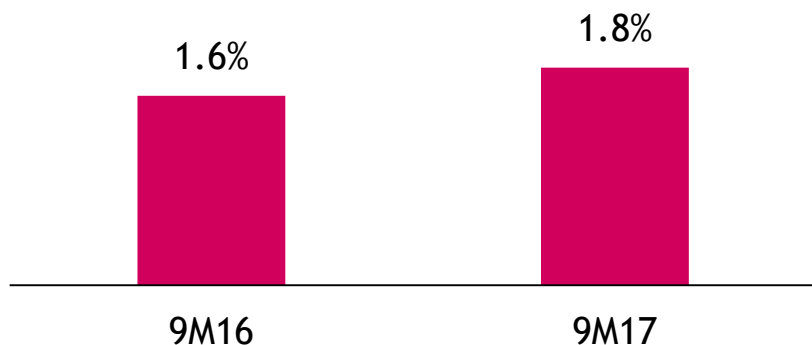


Spread on the performing loan book

(vs 3m Euribor)



NIM



- Continued improvement of the spread of the portfolio of term deposits: from -0.9% in 9M16 to -0.7% in the same period of 2017; September's front book, priced at an average spread of -52bp, is still below current back book's spread
- Spread on the performing loan book at 2.8% in 9M17 (2.9% in 9M16)
- NIM stood at 1.8% (1.6% in 9M16)

Commissions and other income*

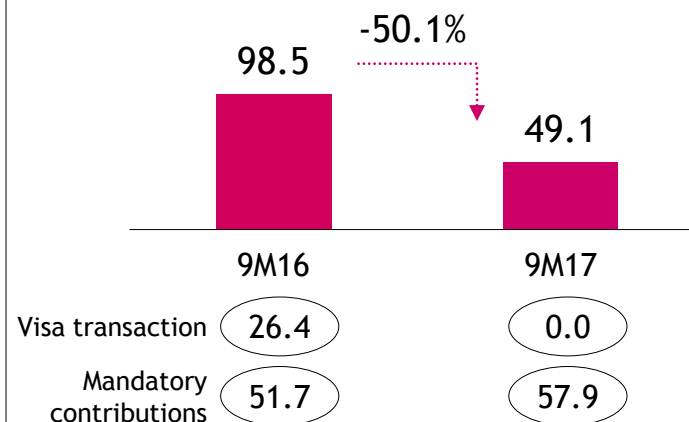


(Million euros)

Fees and commissions

	9M16	9M17	YoY
Banking fees and commissions	300.7	293.0	-2.6%
Cards and transfers	74.5	78.5	+5.4%
Loans and guarantees	80.9	77.9	-3.6%
Bancassurance	57.9	58.8	+1.6%
Customer account related	68.1	69.3	+1.8%
Other fees and commissions	19.4	8.4	-56.6%
Market related fees and commissions	42.5	44.7	+5.3%
Securities operations	38.1	39.8	+4.5%
Asset management	4.4	4.9	+11.9%
Total fees and commissions	343.2	337.7	-1.6%

Other income*



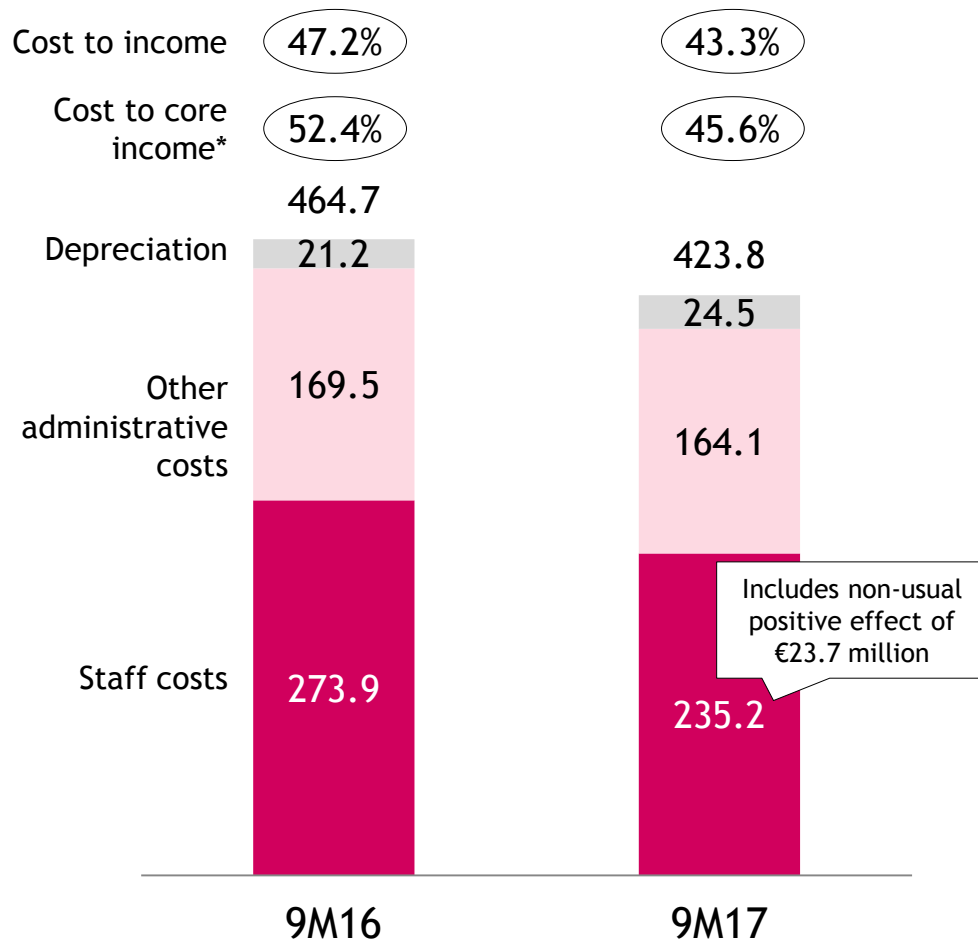
- Commissions reflect the booking of investment banking operations in 2016 (under "other commissions")
- Other income* was influenced by higher mandatory contributions and gains on the Visa transaction in 2016

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

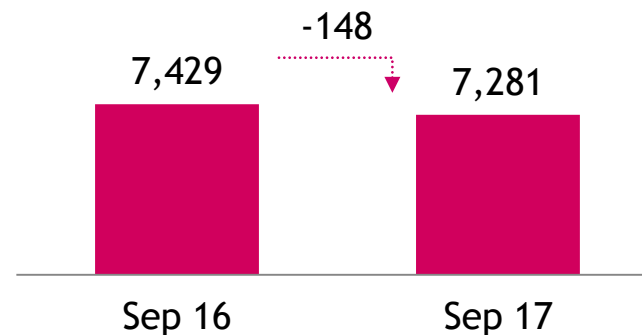


(Million euros)

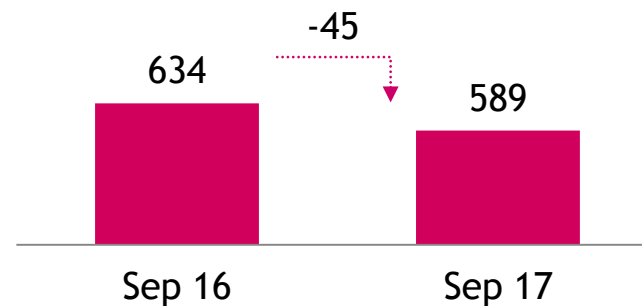
Operating costs



Employees



Branches

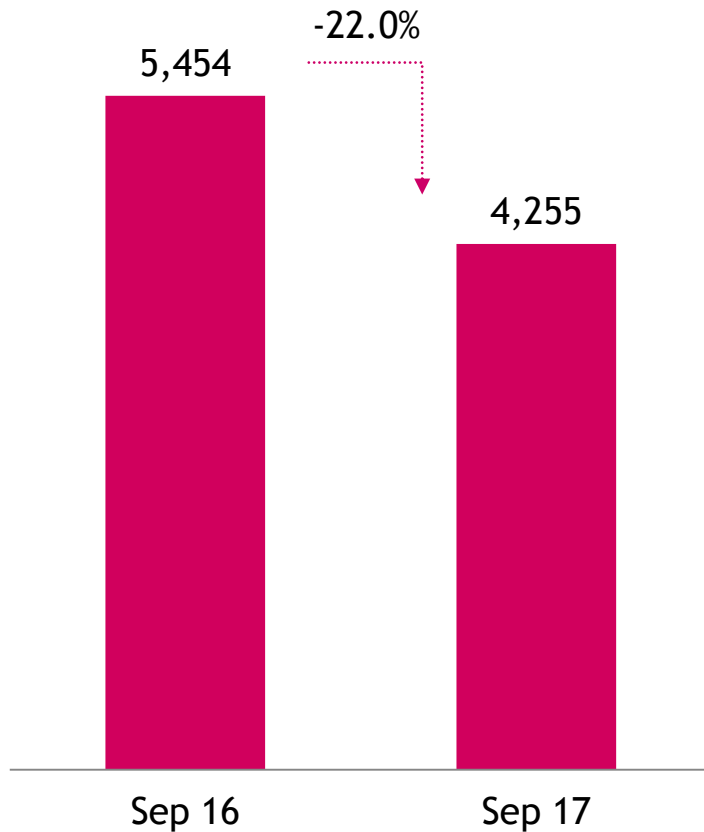


Lower NPL>90d, with reinforced coverage

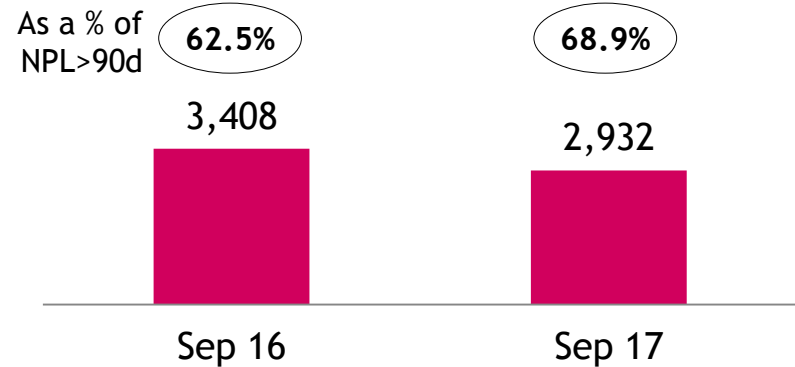


(Million euros)

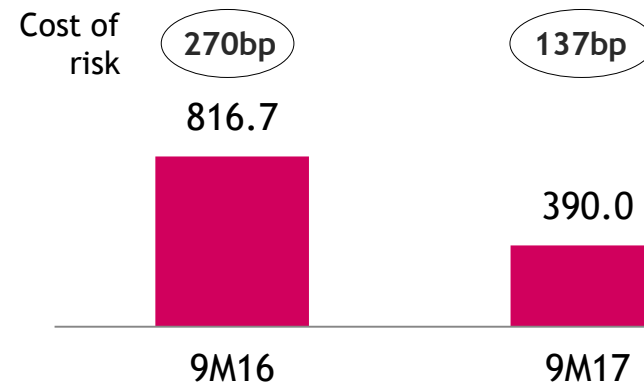
NPL>90d



Loan-loss reserves



Loan impairment (net of recoveries)

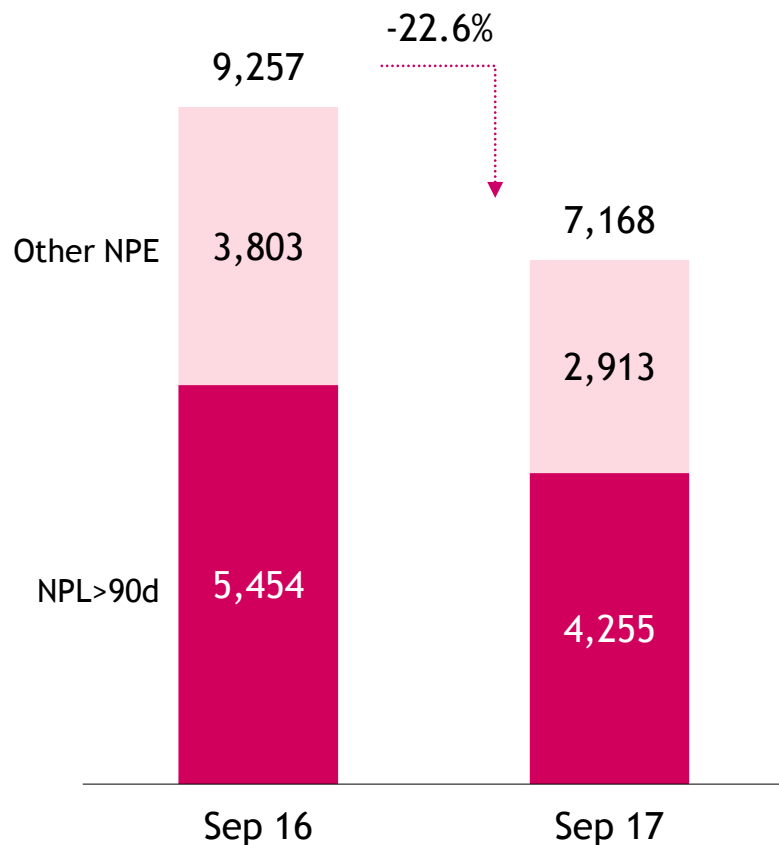


Lower NPEs



(Million euros)

Non-performing exposures (NPEs)



NPE build-up

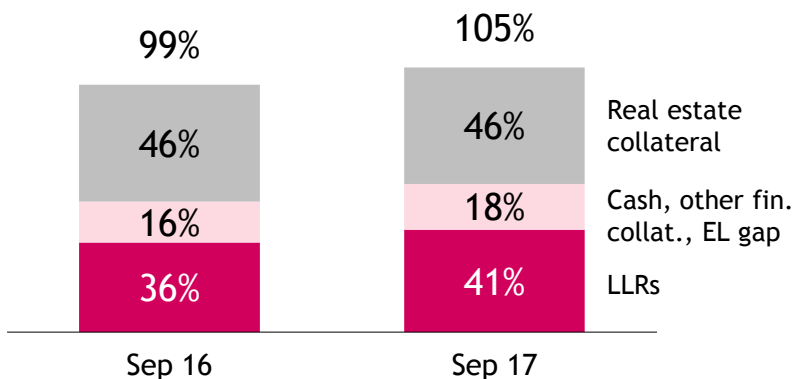
	Sep 17 vs.Sep 16	Sep 17 vs.Jun 17
Opening balance	9,257	7,816
+/- Net entries	-785	-187
- Write-offs	-527	-261
- Sales	-777	-200
Ending balance	7,168	7,168

- NPEs in Portugal down by €2.1 billion, from €9.3 billion as at September 30, 2016 to €7.2 billion as at the same date of 2017
- This decrease results from a net exits of €785 million, sales of €777 million and write-offs of €527 million
- The €2.1 billion decrease in NPE from September 30, 2016 is attributable to a €1.2 billion reduction of NPL>90d and to a €0.9 decrease of other NPE
- Significant NPE decrease during the 3rd quarter, to €7.2 billion at end-September from €7.8 billion at end-June (-€0.6 billion)

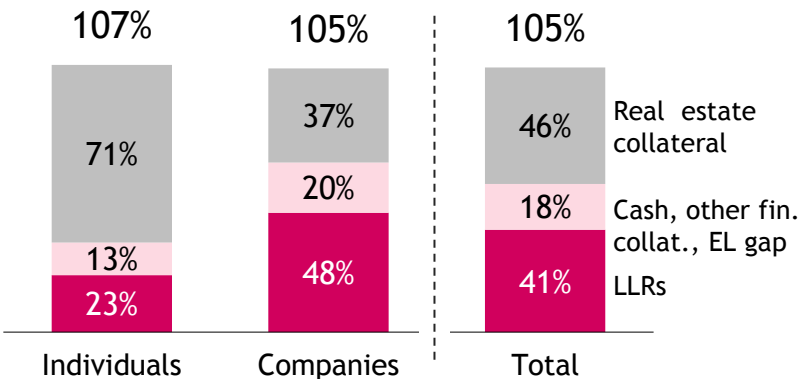
Lower NPEs, with reinforced coverage



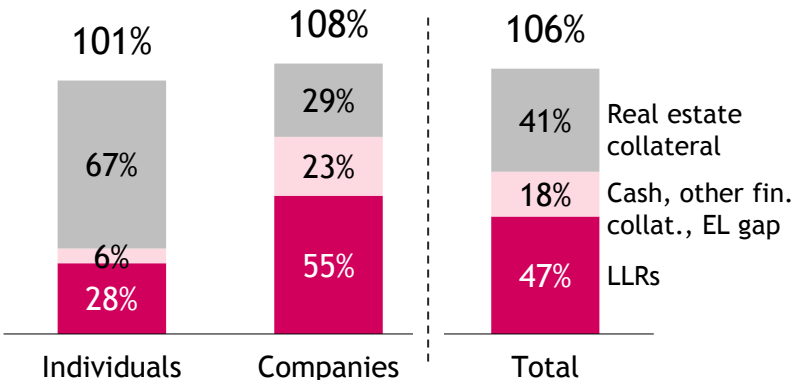
NPE total coverage*



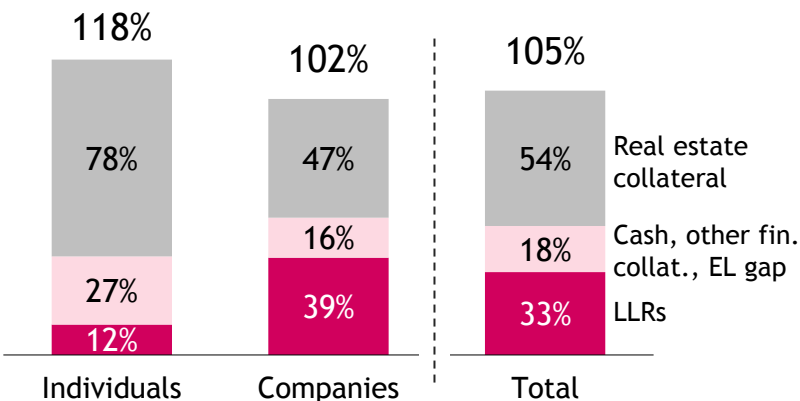
NPE total coverage*



NPL > 90d total coverage*



Other NPE total coverage*



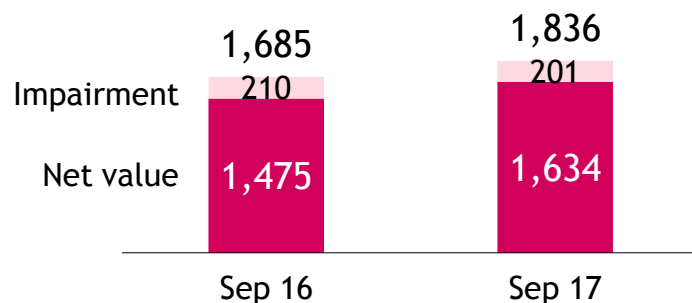
*By loan-loss reserves, expected loss gap and collaterals.

Foreclosed assets and corporate restructuring funds



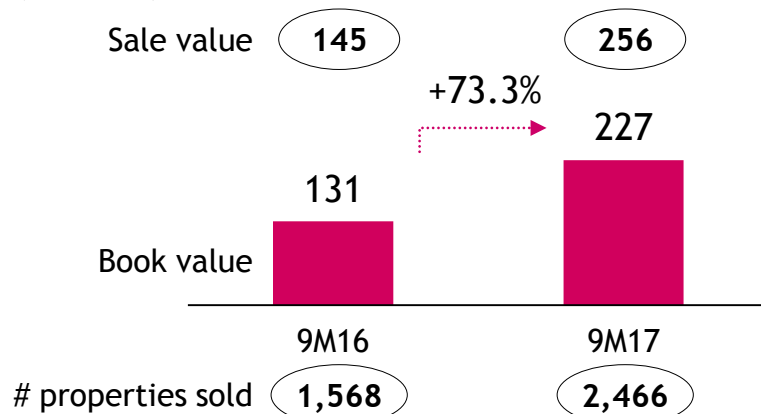
Foreclosed assets

(Million euros)



Number of properties sold

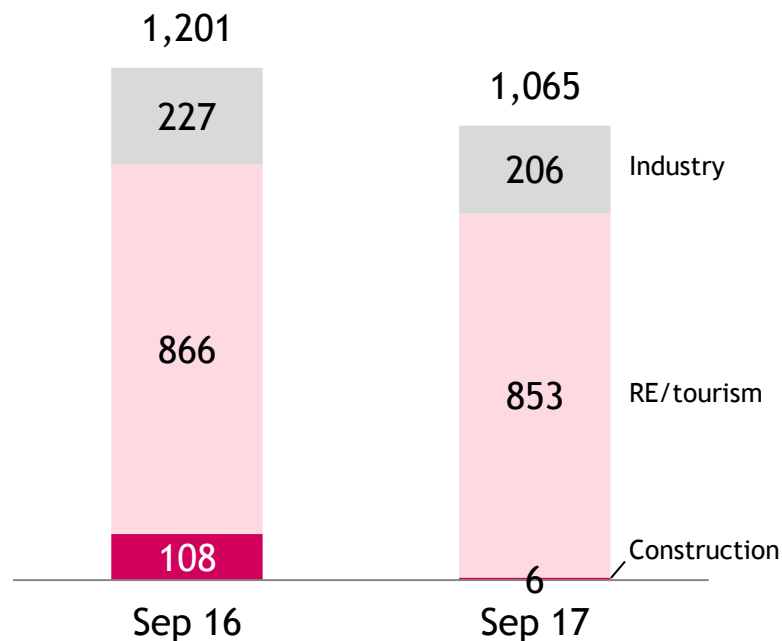
(Million euros)



Corporate restructuring funds

(Million euros)

Original credit exposure: €2,006 million
 Book value (30 Sep 2017): €1,065 million
 Total impairment (credit+restr. funds): €940 million (47% coverage)
 EBITDA yoy growth (ex-construction): +31% in 2016, +30% in 2015

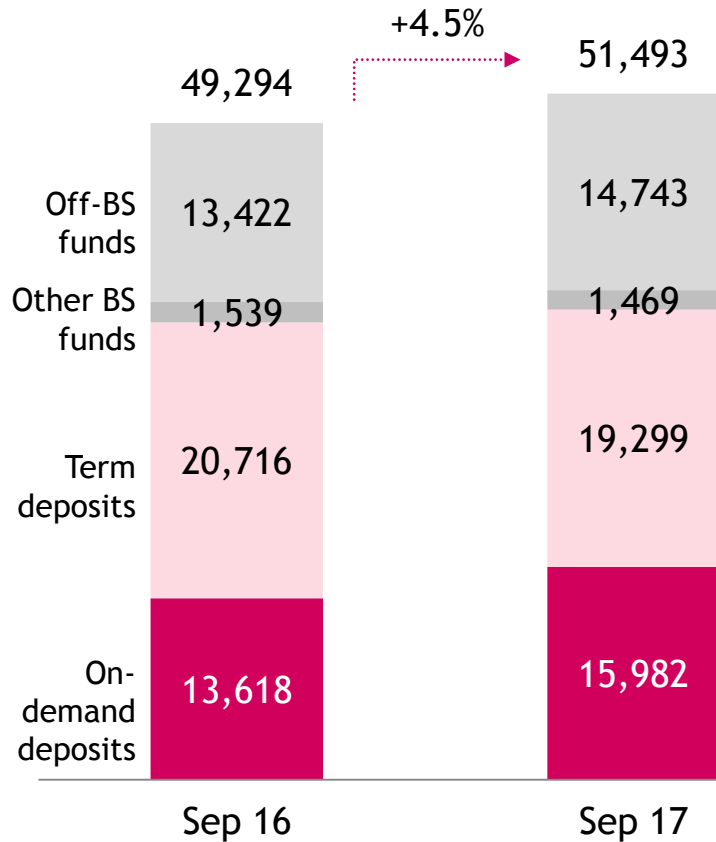


Improved liquidity position

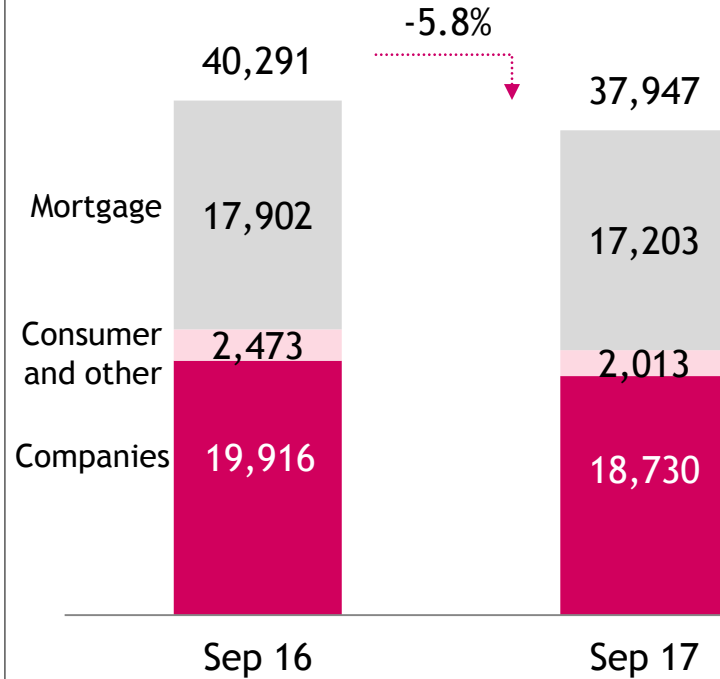


(Million euros)

Total Customer funds*



Loans to Customers (gross)

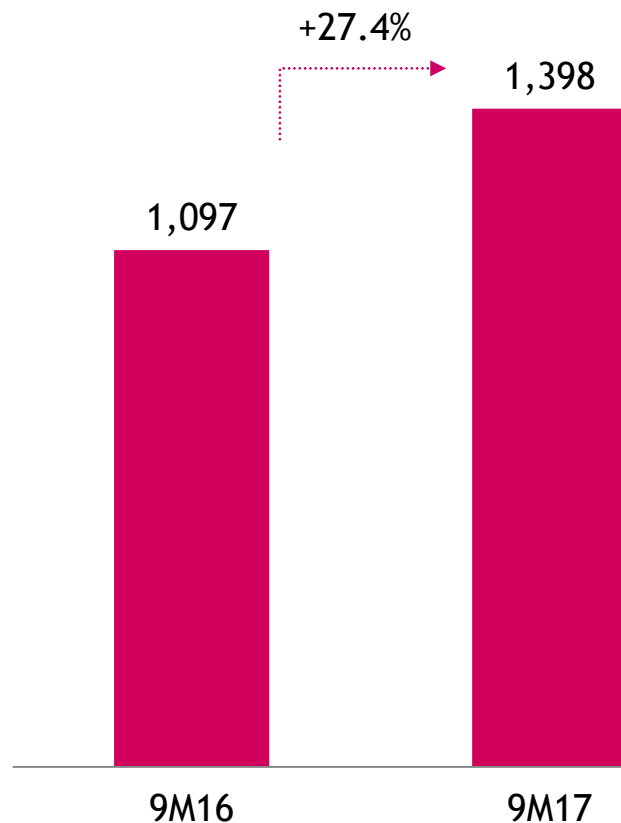


Growing new loans to individuals, new leasing business and factoring invoicing

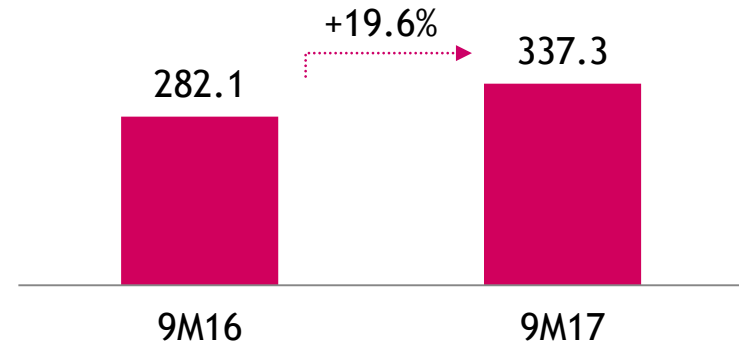


(Million euros)

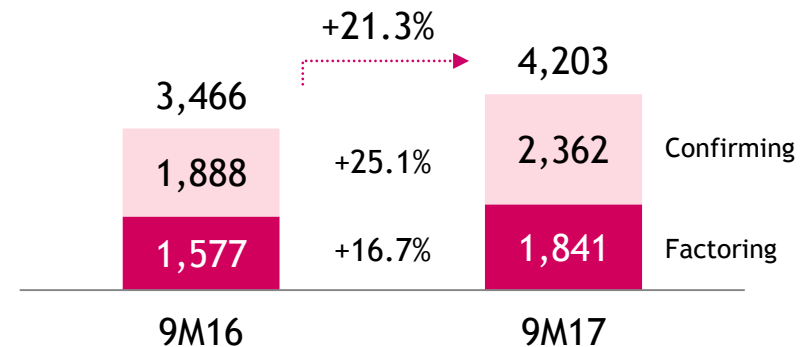
Loans to individuals, new business



Leasing, new business



Factoring invoicing



Agenda

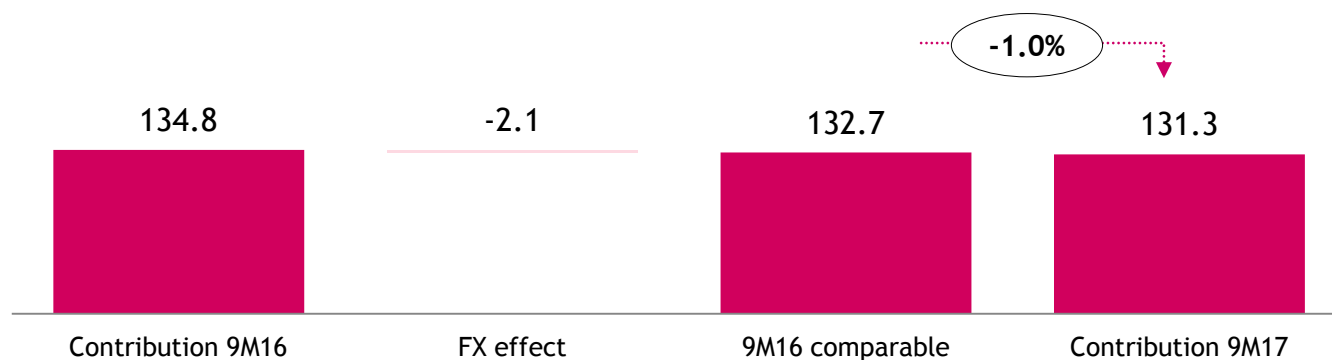
- Highlights
- Group
 - Profitability
 - Liquidity
 - Capital
- Portugal
- International operations
- Conclusions

Contribution from international operations

(Million euros)

	9M16	9M17	Δ % local currency	Δ % euros	ROE
International operations					
Poland	133.8	117.8	-12.0%	-9.6%	9.3%
Mozambique	47.2	60.5	+28.2%	+16.9%	23.7%
Angola*	27.7	24.4	-11.8%	-14.4%	
Other	6.5	7.5	+15.8%	+15.9%	
Net income	215.1	210.2	-2.3%	-3.1%	
Non-controlling interests Poland and Mozambique	-82.5	-78.9			
Exchange rate effect	2.1	--			
Total contribution international operations	134.8	131.3		-2.6%	
Same as above without FX effect	132.7	131.3		-1.0%	

*Contribution of the Angolan operation.

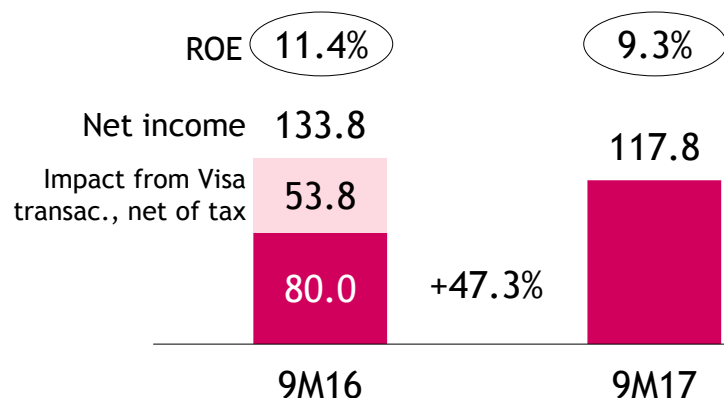


Strong performance of net earnings adjusted by Visa transaction in 2016

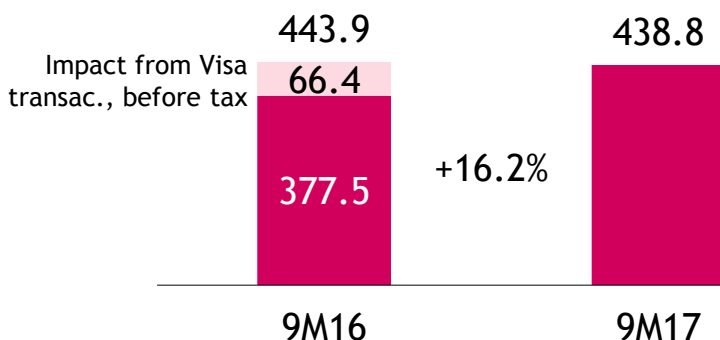


(Million euros)

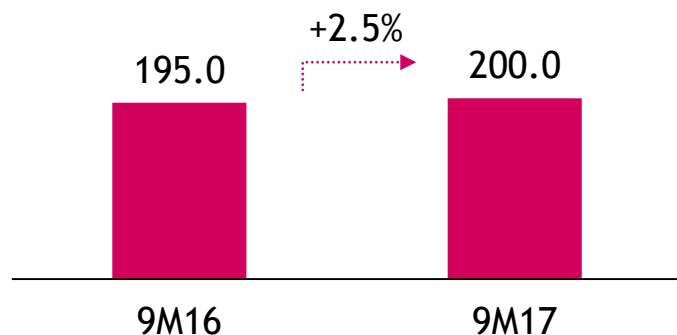
Net income



Banking income



Operating costs



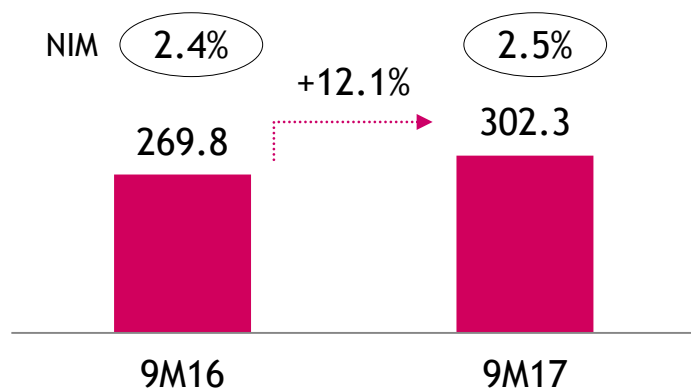
- Net earnings at €117.8 million, with ROE of 9.3%. The decrease from 9M16 reflects the impact of the Visa transaction (net gain of € 53.8 million in 2016)
- Net interest income up by 12.1%*, commissions by 16.5% and operating costs by 2.5%
- Customer funds up by 6.6%, with loans to customers increasing by 2.8%
- 1.6 million active Customers, 10% up from September 30, 2016, with 1.1 million digital Customers (+17%)
- The Bank announced its “Strategy 2020”, including the following targets for that year: net earnings of 1 billion zlotys**, core income up by 30% from 2017 and a 40% cost to income, keeping cost of risk in line with the historical average.

Increased net interest income and commissions

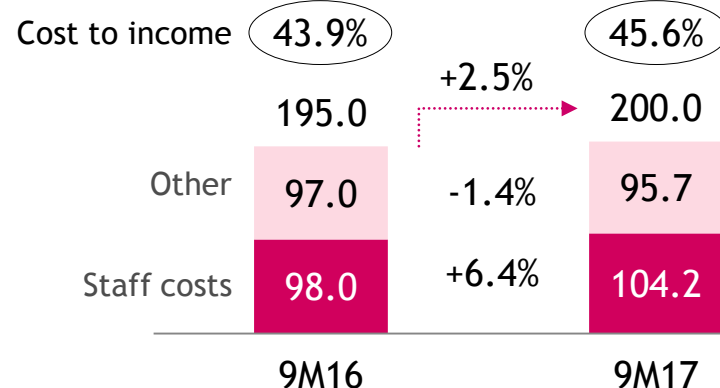


(Million euros)

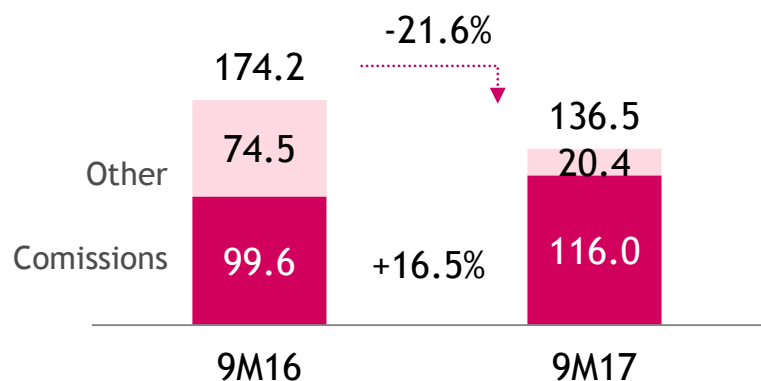
Net interest income*



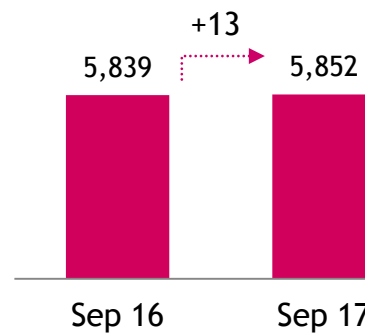
Operating costs



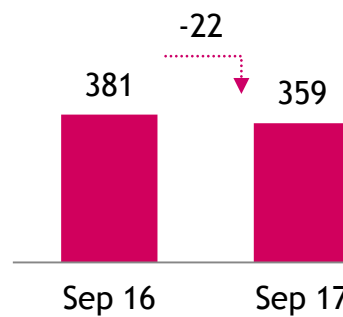
Commissions and other income



Employees



Branches



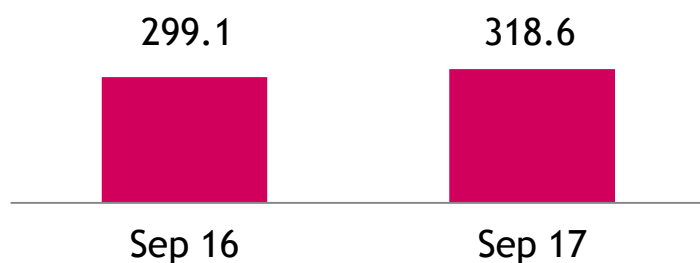
Stable credit quality, comfortable coverage



(Million euros)

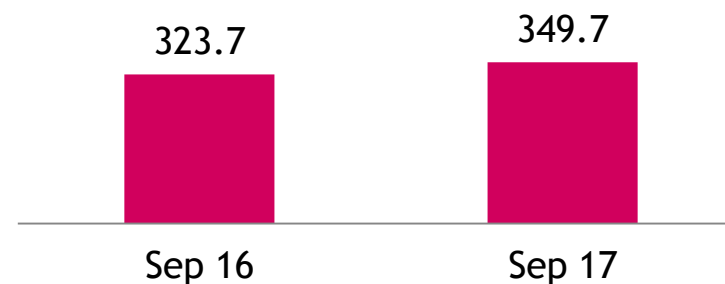
NPL>90d

Credit ratio	Sep 16	Sep 17
NPL>90d	2.7%	2.8%

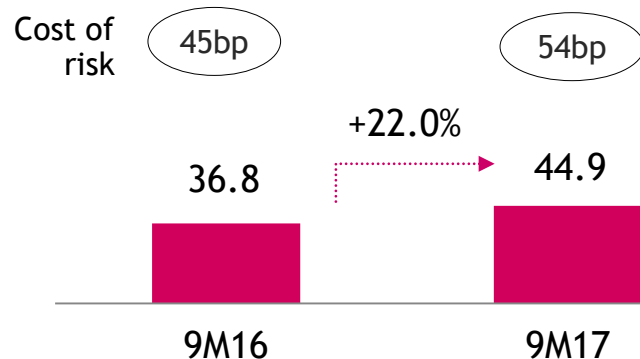


Loan-loss reserves

Coverage ratio	Sep 16	Sep 17
NPL>90d	108%	110%



Loan impairment (net of recoveries)



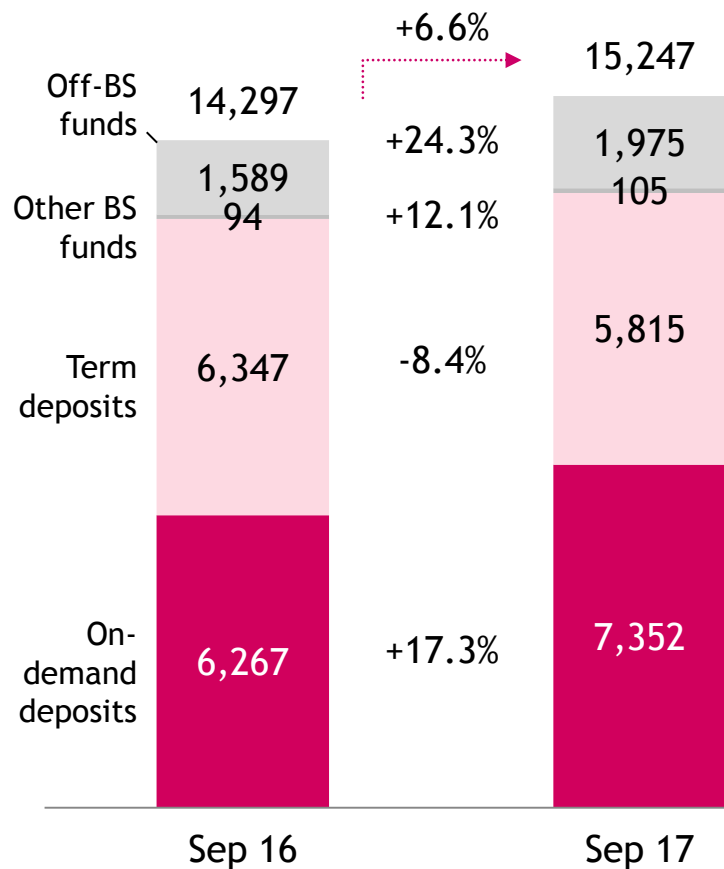
- NPL>90d ratio at 2.8% of total credit as at September 30, 2017, compared to 2.7% as at the same date of the previous year
- Provision coverage of NPL>90d at 110% (108% as at September 30, 2016)
- Cost of risk increased to 54bp (45bp in 9M2016)

Growing volumes

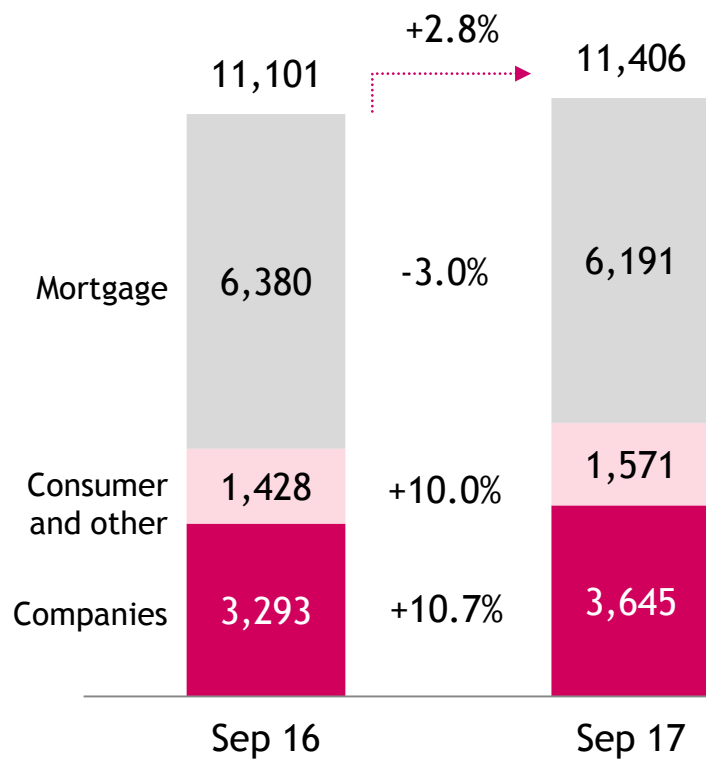


(Million euros)

Customer funds



Loans to Customers (gross)

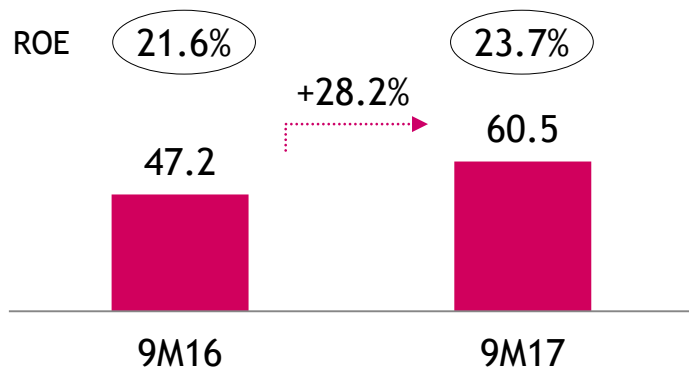


Net income growth in a demanding environment

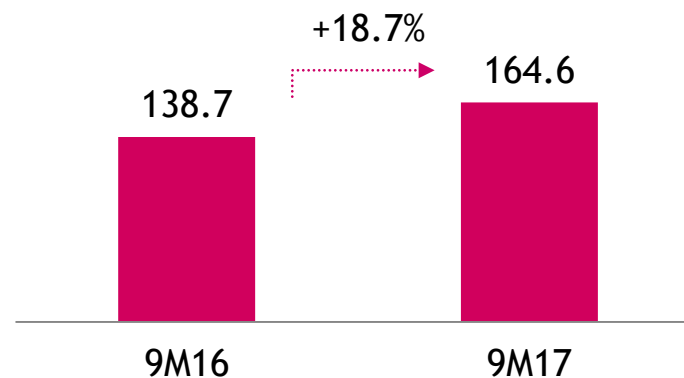


(Million euros)

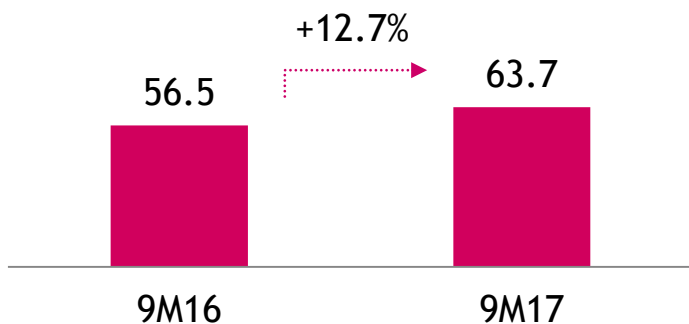
Net income



Banking income



Operating costs



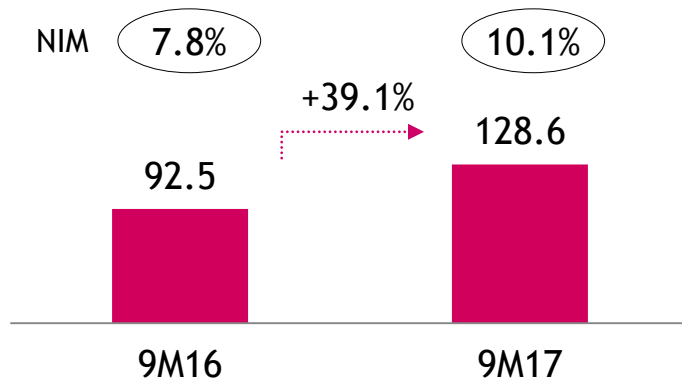
- Net income up by 28.2%, with ROE at 23.7%
- 18.7% increase in banking income, on the back of higher net interest income (+39.1%) and commissions (+7.5%), in spite of the increase in operating costs (+12.7%)
- Customer funds up by 2.3%, loans to customers down by 7.5%
- 406,000 active mobile Customers, +9% from end-September, 2016

Growing income partially offset by the increase in operating costs

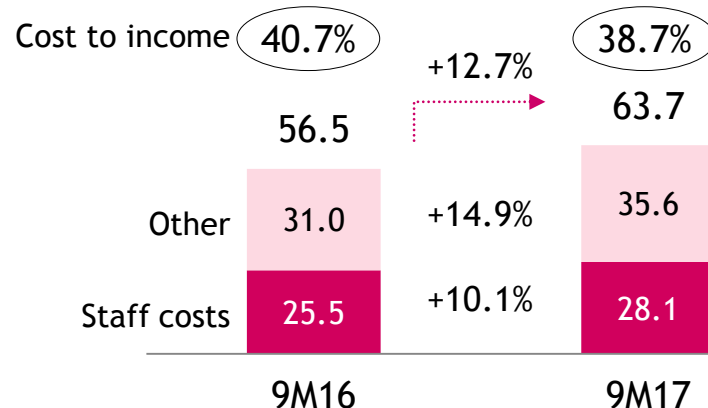


(Million euros)

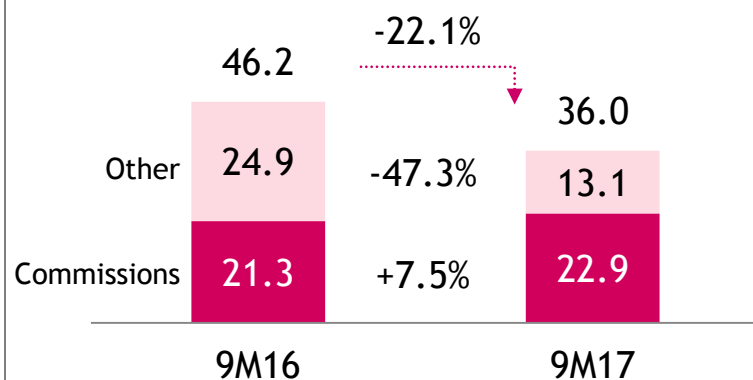
Net interest income



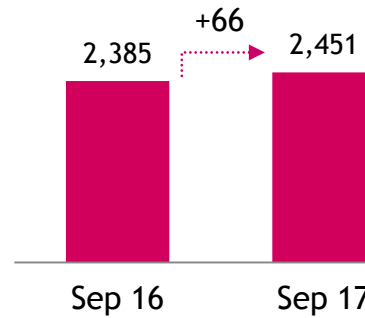
Operating costs



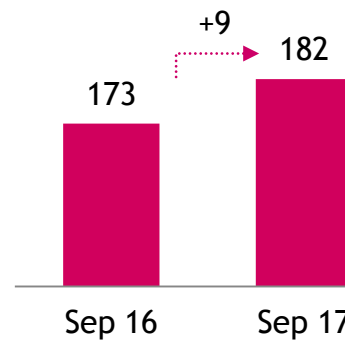
Commissions and other income



Employees*



Branches



*Excludes employees from SIM (insurance company)

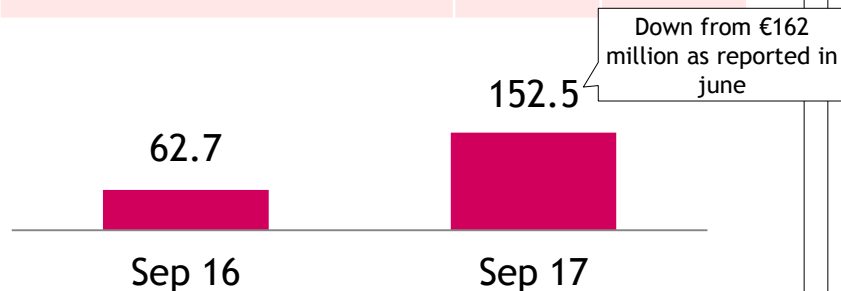
Credit quality



(Million euros)

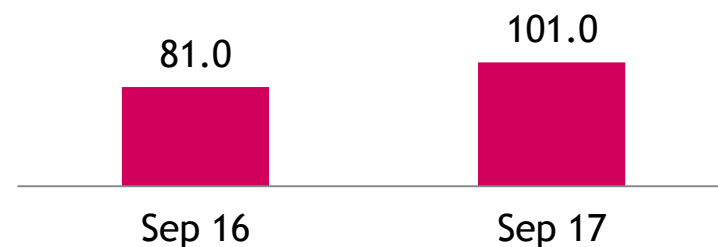
NPL>90d

Credit ratio	Sep 16	Sep 17
NPL>90d	5.3%	14.0%

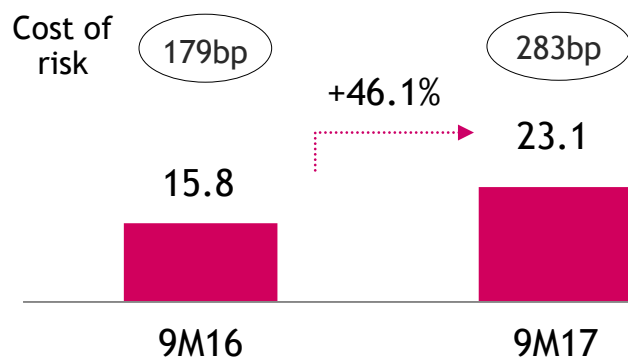


Loan-loss reserves

Coverage ratio	Sep 16	Sep 17
NPL>90d	129%	66%



Loan impairment (net of recoveries)



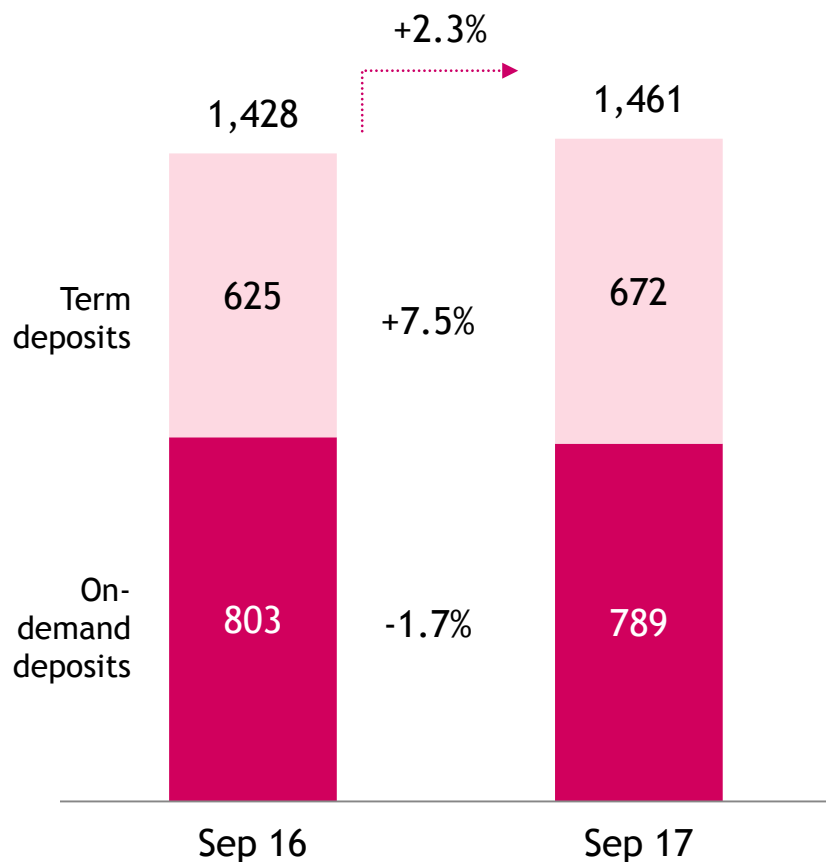
- NPL>90d ratio of 14.0% as at September 30, 2017, with a 66% coverage by loan-loss reserves as at the same date
- Increased provisioning effort, as reflected by a 283bp cost of risk in 9M17, up from 179bp in 9M16

Growing deposits and lower credit, in a challenging environment

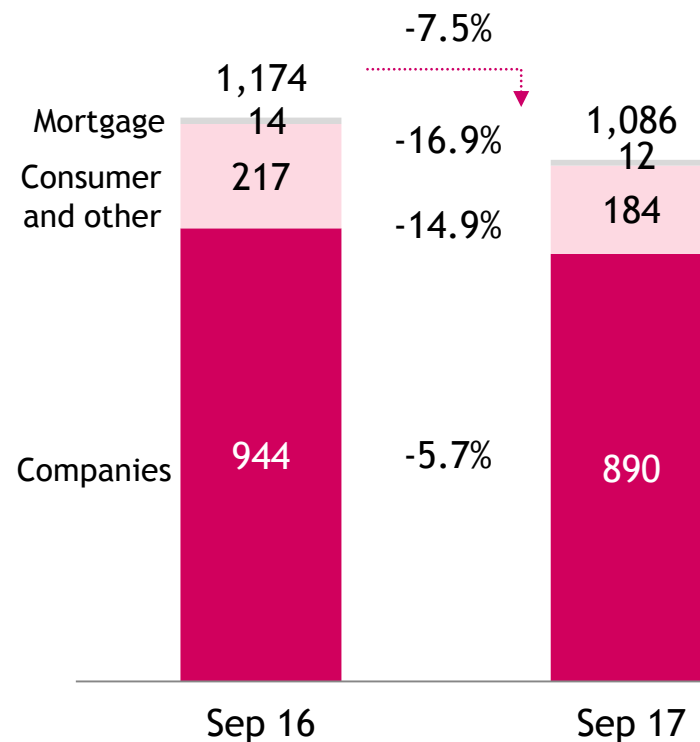


(Million euros)

Customer funds



Loans to Customers (gross)



Agenda

- Highlights
- Group
 - Profitability
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Road to 2018: targets

Consolidated

	9M16	9M17	2018
CT1 / CET1*	Phased-in: 12.2% Fully implemented: 9.5%	Phased-in: 13.2% Fully implemented: 11.7%	≈ 11%
Loans to Deposits	100%	93%	<100%
Cost-Income	46.0%	Stated: 43.6% Excluding non-usual items: 45.1%	<43%
Cost-Core Income**	52.0%	Stated: 45.8% Excluding non-usual items: 47.3%	<50%
Cost of risk	221 bp	120 bp	<75 bp
RoE***	-8.5%	4.2%	≈ 10%



*Estimates including 9M earnings.

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

***Based on fully implemented CET1.

Millennium bcp: a bank ready for the future

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

- ① **Largest private sector bank** based in Portugal with a balanced shareholder structure and a **sound balance sheet** (phased-in CET1 ratio of 13.2%, loans to deposits of 93%)
- ② Successful implementation of the **NPE reduction** plan in Portugal: €1.4 billion down in the first nine months of 2017 to €7.2 billion as at September 30, already exceeding the annual reduction target to <€7.5 billion
- ③ **Profitable operation** with a recurring capacity to generate operating results in excess of €1 billion per annum (€900 million in the first nine months of 2017); one of the most efficient banks in the Eurozone, with a cost to core income ratio of 46% (Eurozone: 78%) and a cost to income ratio of 44% (Eurozone: 63%)
- ④ Well-positioned in a rapidly changing landscape, following the completion of the restructuring plan successfully implemented over the ast years: **258,000 new Customers** in 2017, **69,000 of which in Portugal**

Appendix

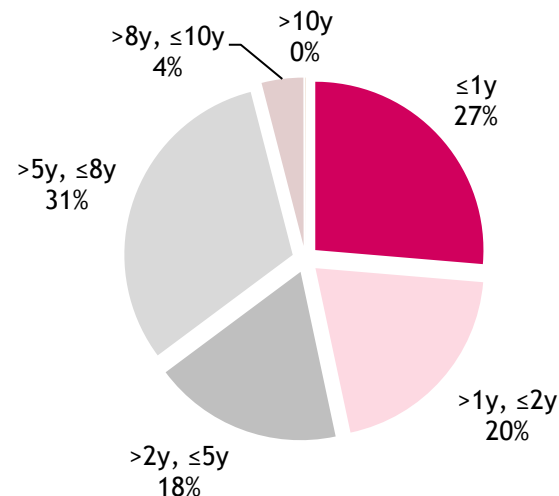
Sovereign debt portfolio

Sovereign debt portfolio

(Million euros)

	Sep 16	Jun 17	Sep 17	YoY	QoQ
Portugal	4,355	5,089	4,945	+14%	-3%
T-bills	827	845	712	-14%	-16%
Bonds	3,528	4,244	4,232	+20%	-0%
Poland	3,406	3,847	3,734	+10%	-3%
Mozambique	246	379	370	+50%	-2%
Other	89	612	559	>100%	-9%
Total	8,097	9,928	9,607	+19%	-3%

Sovereign debt maturity



- The sovereign debt portfolio totalled €9.6 billion, €2.5 billion of which maturing within one year
- The Portuguese sovereign debt portfolio totalled €4.9 billion, whereas the Polish and Mozambican portfolios amounted to €3.7 billion and to €0.4 billion, respectively; “other” includes US sovereign debt of €0.5 billion

Sovereign debt portfolio

(Million euros)

	Portugal	Poland	Mozambique	Other	Total
Trading book*	157	95		1	253
≤ 1 year	119	12			131
> 1 year and ≤ 2 years		22			23
> 2 years and ≤ 5 years	37	51			88
> 5 years and ≤ 8 years	1	3			4
> 8 years and ≤ 10 years	1	5			6
> 10 years				1	1
Banking book**	4,787	3,639	370	558	9,354
≤ 1 year	708	855	282	554	2,399
> 1 year and ≤ 2 years	330	1,572	28		1,930
> 2 years and ≤ 5 years	563	1,032	60	1	1,656
> 5 years and ≤ 8 years	2,813	175		2	2,990
> 8 years and ≤ 10 years	372	6			378
> 10 years	1				2
Total	4,945	3,734	370	559	9,607
≤ 1 year	827	867	282	554	2,530
> 1 year and ≤ 2 years	330	1,594	28		1,952
> 2 years and ≤ 5 years	600	1,083	60	1	1,745
> 5 years and ≤ 8 years	2,814	178		2	2,994
> 8 years and ≤ 10 years	373	11			384
> 10 years	1			1	2

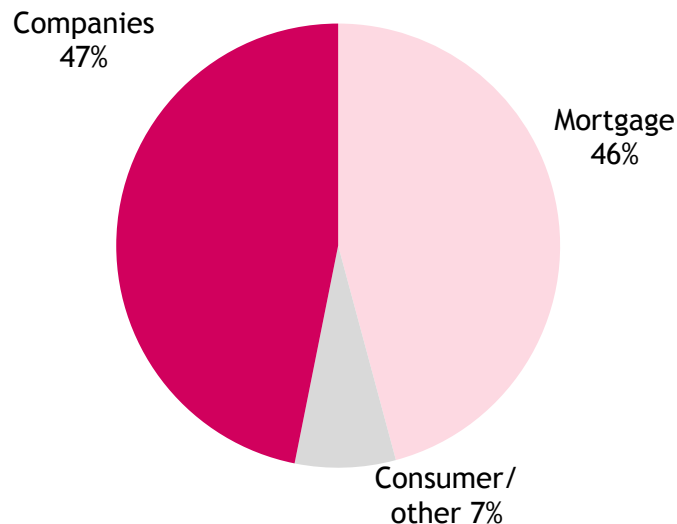
*Includes financial assets held for trading at fair value through net income (€142 million).

**Includes AFS portfolio (€9,216 million) and HTM portfolio (€138 million).

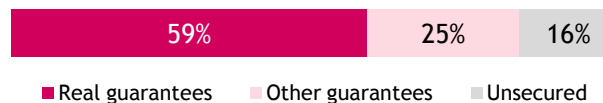
Diversified and collateralised portfolio

Loan portfolio

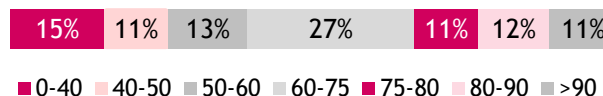
Consolidated



Loans per collateral



LTV of the mortgage portfolio in Portugal



Loans

- Loans to companies accounted for 47% of the loan portfolio at September 30, 2017, including 8% to construction and real-estate sectors
- Mortgage accounted for 46% of the loan portfolio, with low delinquency levels and an average LTV of 65%
- 84% of the loan portfolio is collateralised

Collaterals

- Real estate accounts for 93% of total collateral value
- 80% of the real estate collateral is residential

Consolidated earnings

(million euros)	9M16	9M17	YoY	Impact on earnings
Net interest income	907.0	1,023.2	12.8%	+116.2
Net fees and commissions	481.1	494.6	2.8%	+13.5
Other income*	183.8	76.5	-58.4%	-107.3
Banking income	1,571.9	1,594.3	1.4%	+22.4
Staff costs	-410.4	-380.1	-7.4%	+30.3
Other administrative costs and depreciation	-311.9	-314.5	0.8%	-2.5
Operating costs	-722.4	-694.6	-3.8%	+27.8
Operating net income (before impairment and provisions)	849.5	899.7	5.9%	+50.2
Of which: core net income	665.8	823.2	23.7%	+157.5
Loans impairment (net of recoveries)	-870.2	-458.6	-47.3%	+411.6
Other impairment and provisions	-242.8	-169.9	-30.0%	+72.9
Impairment and provisions	-1,113.0	-628.5	-43.5%	+484.5
Net income before income tax	-263.5	271.2		+534.7
Income taxes	68.2	-63.1		-131.3
Non-controlling interests	-101.0	-76.0		+25.0
Net income from discontinued or to be discontinued operations	45.2	1.3		-44.0
Net income	-251.1	133.3		+384.4

*Includes dividends from equity instruments, other net operating income, net trading income and equity accounted earnings.

Consolidated balance sheet

(Million euros)

	30 September 2017	30 September 2016		30 September 2017	30 September 2016
Assets			Liabilities		
Cash and deposits at central banks	2,144.8	2,618.3	Resources from credit institutions	9,185.5	11,302.7
Loans and advances to credit institutions			Resources from customers	50,690.4	48,937.1
Repayable on demand	1,113.4	421.9	Debt securities issued	3,096.2	3,919.2
Other loans and advances	805.3	1,628.2	Financial liabilities held for trading	461.8	610.5
Loans and advances to customers	47,367.2	48,805.8	Hedging derivatives	216.3	383.1
Financial assets held for trading	922.7	1,090.8	Provisions	341.0	280.0
Other financial assets held for trading			Subordinated debt	858.2	1,682.9
at fair value through profit or loss	142.3	145.6	Current tax liabilities	8.8	5.5
Financial assets available for sale	11,914.7	10,680.0	Deferred tax liabilities	2.2	2.2
Assets with repurchase agreement	71.0	20.0	Other liabilities	1,071.3	970.0
Hedging derivatives	165.3	106.1	Total Liabilities	65,931.7	68,093.2
Financial assets held to maturity	436.3	415.6			
Investments in associated companies	612.8	574.6	Equity		
Non current assets held for sale	2,286.1	2,112.8	Share capital	5,600.7	4,094.2
Investment property	14.2	61.9	Treasury shares	(0.3)	(3.1)
Other tangible assets	479.0	463.5	Share premium	16.5	16.5
Goodwill and intangible assets	164.6	188.8	Preference shares	59.9	59.9
Current tax assets	7.6	35.0	Other capital instruments	2.9	2.9
Deferred tax assets	3,135.2	2,790.7	Legal and statutory reserves	252.8	245.9
Other assets	1,207.4	882.1	Fair value reserves	44.0	(66.1)
	72,989.7	73,041.6	Reserves and retained earnings	(58.0)	(22.8)
			Net income for the period attrib. to Shareholders	133.3	(251.1)
			Total equity attrib. to Shareholders of the Bank	6,051.9	4,076.3
			Non-controlling interests	1,006.2	872.0
			Total Equity	7,058.0	4,948.4
				72,989.7	73,041.6

Consolidated income statement

Per quarter

(Million euros)

	3Q 16	4Q 16	1Q 17	2Q 17	3Q 17
Net interest income	306.2	323.1	332.3	346.2	344.7
Dividends from equity instruments	1.2	0.8	0.1	1.5	0.1
Net fees and commission income	160.8	162.7	160.8	169.5	164.3
Other operating income	-8.3	-9.5	-15.2	-71.4	-10.4
Net trading income	29.7	27.9	36.4	53.5	25.1
Equity accounted earnings	22.9	19.9	19.6	15.5	21.7
Banking income	512.5	524.8	534.0	514.8	545.5
Staff costs	136.7	-53.8	136.9	104.6	138.6
Other administrative costs	90.1	98.6	88.7	94.0	92.2
Depreciation	11.5	12.8	12.7	13.4	13.6
Operating costs	238.3	57.6	238.3	211.9	244.4
Operating net income bef. imp.	274.2	467.2	295.8	302.9	301.1
Loans impairment (net of recoveries)	251.5	246.7	148.9	156.1	153.6
Other impairm. and provisions	44.9	238.2	54.3	56.0	59.6
Net income before income tax	-22.2	-17.8	92.5	90.8	87.9
Income tax	10.1	-313.7	19.1	24.3	19.7
Non-controlling interests	21.5	20.8	23.3	27.9	24.8
Net income (before disc. oper.)	-53.8	275.0	50.1	38.6	43.4
Net income arising from discount. operations	0.0	0.0	0.0	1.3	0.0
Net income	-53.8	275.0	50.1	39.8	43.4

Income statement (Portugal and International operations)

For the 9-month periods ended September 30th, 2016 and 2017

(Million euros)

	Group			Portugal			International operations											
							Total			Bank Millennium (Poland)			Millennium bim (Moz.)			Other int. operations		
	Sep 16	Sep 17	Δ %	Sep 16	Sep 17	Δ %	Sep 16	Sep 17	Δ %	Sep 16	Sep 17	Δ %	Sep 16	Sep 17	Δ %	Sep 16	Sep 17	Δ %
Interest income	1,430	1,432	0.2%	882	793	-10.0%	547	638	16.6%	389	419	7.5%	154	215	39.9%	4	5	5.0%
Interest expense	523	409	-21.8%	339	202	-40.5%	183	207	12.8%	134	125	-7.0%	52	86	65.3%	-3	-4	-42.3%
Net interest income	907	1,023	12.8%	543	592	9.0%	364	431	18.5%	255	294	15.2%	101	129	26.8%	7	9	19.4%
Dividends from equity instruments	7	2	-75.8%	6	1	-83.3%	0	1	29.4%	0	1	32.7%	0	0	-316%	0	0	--
Intermediation margin	914	1,025	12.1%	549	593	7.9%	364	432	18.5%	256	295	15.2%	101	129	26.8%	7	9	19.5%
Net fees and commission income	481	495	2.8%	343	338	-1.6%	138	157	13.8%	97	116	19.6%	23	23	-2.0%	18	18	2.6%
Other operating income	-96	-97	-0.7%	-47	-54	-14.3%	-49	-43	12.2%	-53	-48	9.1%	4	5	33.1%	0	0	210%
Basic income	1,299	1,423	9.5%	846	877	3.7%	453	546	20.4%	300	363	20.9%	128	156	21.7%	24	26	8.0%
Net trading income	213	115	-45.9%	88	69	-21.6%	124	46	-63.2%	98	37	-62.4%	24	8	-64.9%	2	0	-80.5%
Equity accounted earnings	61	57	-6.3%	51	32	-35.9%	10	24	>100%	0	0	--	0	0	--	10	24	>100%
Banking income	1,572	1,594	1.4%	985	979	-0.6%	587	616	4.8%	398	400	0.3%	152	165	8.2%	37	51	39.7%
Staff costs	410	380	-7.4%	274	235	-14.1%	136	145	6.2%	95	104	9.3%	28	28	0.4%	13	13	-3.9%
Other administrative costs	275	275	-0.1%	170	164	-3.2%	105	111	5.0%	73	76	4.1%	28	30	7.4%	5	5	4.1%
Depreciation	37	40	7.3%	21	25	15.4%	16	15	-3.5%	9	9	-1.1%	6	6	-7.0%	0	0	-16.0%
Operating costs	722	695	-3.8%	465	424	-8.8%	258	271	5.1%	178	190	6.6%	62	64	2.8%	18	17	-2.0%
Operating net income bef. imp.	850	900	5.9%	520	555	6.7%	330	345	4.7%	221	210	-4.7%	90	101	12.0%	19	34	78.9%
Loans impairment (net of recoveries)	870	459	-47.3%	817	390	-52.3%	53	69	28.4%	35	45	29.0%	17	23	33.2%	1	0	-69.9%
Other impairm. and provisions	243	170	-30.0%	234	168	-28.1%	9	1	-83.4%	9	4	-52.6%	0	-3	<-100%	0	0	18.1%
Net income before income tax	-263	271	>100%	-531	-4	99.3%	267	275	2.8%	177	161	-9.0%	73	81	10.5%	18	33	87.8%
Income tax	-68	63	>100%	-136	-1	99.3%	68	64	-6.1%	46	43	-7.4%	20	19	-4.9%	1	2	20.7%
Non-controlling interests	101	76	-24.7%	0	-3	<-100%	101	80	-21.5%	0	0	--	1	1	-14.6%	101	79	-21.6%
Net income (before disc. oper.)	-296	132	>100%	-394	1	>100%	98	131	34.0%	130	118	-9.6%	52	61	16.9%	-84	-47	44.1%
Net income arising from disc. operations	45	1	-97.2%				37	0	-100.0%							37	0	-100.0%
Net income	-251	133	>100%				135	131	-2.6%							-47	-47	0.6%

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.

