7 May 2018

Millennium bcp earnings release as at 31 March 2018

Profitability and efficiency

Strong growth of earnings, supported by the activity in Portugal

- **Net profit of Euro 85.6 million** in the first quarter of 2018, a **70.8% increase from Euro 50.1 million** in the first quarter of 2017.
- **Strong earnings from the activity in Portugal** (contribution of Euro 44.5 million in the first three months of 2018, compared to Euro 9.0 million in the same period of 2017) and a robust performance from the international activity, whose contribution was stable.
- **Core net income* increased to Euro 266.6 million** in the first quarter of 2018**, keeping the continued improvement seen in the last years.
- **One of the most efficient banks in the Eurozone, with a cost to core income*, excluding specific items***, of 47.3%.** Cost to income, excluding specific items***, was 45.1%.

Asset quality

NPEs with strong reduction and coverage greater than 100%

- **NPEs significantly down again:** approximately Euro 0.5 billion from year-end 2017 to Euro 6.3 billion in Portugal, **with coverage by loan-loss reserves reinforced to 46% (48% for the Group), and an overall coverage**** of 105%,** including guarantees.

Business performance

Continuous growth of performing portfolio in Portugal; Customer and Customer funds acquisition

- **Performing credit portfolio in Portugal grew for the second consecutive quarter, together with a stable loan portfolio.**
- **Structural change to the portfolio of loans to companies over recent years**, with a lower weight of construction and real estate activities and nonfinancial holding companies.
- **Market leadership in the "Portugal 2020" programme, in the factoring and leasing businesses, and in online brokerage, as well as the leading bank in loans to exporting companies.**
- **Total customer funds amounted to Euro 72.7 billion, a 5.7% increase from 31 March 2017.**
- **Active Customers for the Group totalled 5.6 million as at 31 March 2018**, an increase of more than 380,000 Customers from 31 March 2017.

Capital

Adequate position

- **Favourable performance of the fully-implemented CET1 ratio to an estimated ratio of 11.8%** as at 31 March 2018 (11.2% as at 31 March 2017). **CET1 phased-in estimated ratio reaches 11.9%** (13.0% in 2017).

* Core net income = core income - operating costs; Core income = net interest income + net fees and commissions income. ** Euro 270.0 million excluding the impact of specific items *** Specific items: negative impact in staff costs related to restructuring costs and the revision of Collective Lab. Agt's (Euro 3.5 million in the first quarter of 2018 and Euro 7.7 million in the first quarter of 2017). ****By loan-loss reserves, expected loss gap and collaterals.

BANCO COMERCIAL PORTUGUÊS, S.A.,
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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
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Financial Highlights

Euro million

	31 Mar. 18	31 Mar. 17	Change 18 / 17
Balance sheet			
Total assets	72,674	72,077	0.8%
Loans to customers (gross) [(1)]	50,959	52,242	-2.5%
Total customer funds [(2)]	72,669	68,769	5.7%
Balance sheet customer funds	53,792	51,673	4.1%
Resources from customers	52,390	50,138	4.5%
Loans to customers (net) / Resources from customers [(3)(4)]	91%	97%	
Loans to customers (net) / Balance sheet customer funds [(3)]	88%	94%	
Results			
Net income	85.6	50.1	70.8%
Net interest income	344.8	332.3	3.8%
Net operating revenues	537.8	534.0	0.7%
Operating costs	246.0	238.3	3.2%
Operating costs excluding specific items [(5)]	242.6	230.6	5.2%
Loan impairment charges (net of recoveries)	106.1	148.9	-28.8%
Other impairment and provisions	23.9	54.3	-56.1%
Income taxes			
Current	23.1	27.9	
Deferred	26.2	(8.8)	
Profitability			
Net operating revenues / Average net assets [(4)]	3.0%	3.0%	
Return on average assets (ROA) [(6)]	0.6%	0.4%	
Income before tax and non-controlling interests / Average net assets [(4)]	0.9%	0.5%	
Return on average equity (ROE)	6.1%	4.1%	
Income before tax and non-controlling interests / Average equity [(4)]	9.7%	6.3%	
Credit quality			
Total impairment (balance sheet) / Loans to customers [(1)(7)]	6.8%	7.1%	
Cost of risk (net of recoveries, in b.p.)	85	114	
Non-performing Exposures / Loans to customers [(1)]	14.0%	17.5%	
Restructured loans / Loans to customers [(1)]	8.1%	9.4%	
Efficiency ratios [(4)(5)]			
Operating costs / Net operating revenues	45.1%	43.2%	
Operating costs / Net operating revenues (Portugal activity)	45.0%	42.5%	
Staff costs / Net operating revenues	25.8%	24.2%	
Capital [(8)]			
Common equity tier I phased-in	11.9%	13.0%	
Common equity tier I fully-implemented	11.8%	11.2%	
Branches			
Portugal activity	578	615	-6.0%
Foreign activity	547	542	0.9%
Employees			
Portugal activity	7,155	7,327	-2.3%
Foreign activity	8,555	8,469	1.0%

(1) Loans to customers (gross) is presented considering the management criteria of the Group. As at 31 March 2018, includes loans to customers at amortised cost before impairment (Euro 50,095 million) and loans to customers at fair value through profit or loss before fair value adjustments (Euro 864 million).
(2) Total customer funds of Millennium bcp were redefined, with reference to 30 September 2017, reflecting, a broader concept in order to include amounts held by customers as part of existing agreements for their placement and management, considering comparable amounts for 31 March 2017.
(3) Loans to customers (net) corresponds to loans to customers at amortised cost net of impairments (Euro 46,950 million) plus balance sheet value of loans to customers at fair value through profit or loss (Euro 562 million).
(4) According to Instruction from the Bank of Portugal no. 16/2004, as the currently existing version.
(5) Excludes specific items: negative impact in staff costs related to restructuring costs and the revision of Collective Labour Agreement (Euro 3.5 million in the first quarter of 2018 and Euro 7.7 million in the first quarter of 2017).
(6) Considering net income before non-controlling interests.
(7) The amount of impairment considered for the purposes of coverage ratios presented underlies the management criteria adopted by the Group. As at 31 March 2018 includes the balance sheet impairment of loans to customers at amortised cost (Euro 3,145 million) and the fair value adjustments associated to loans to customers at fair value through profit or loss (Euro 302 million).
(8) March 2018 and March 2017 include the accumulated net income of each period. March 2018 figures are estimated.

RESULTS AND ACTIVITY IN 2017

On 1st January of 2018, IFRS 9 - Financial Instruments entered into force, replacing IAS 39 - Financial Instruments: recognition and measurement, and establishing new rules for the recognition of financial instruments, introducing relevant changes, in particularly in what refers to the methodology for impairment calculation. The adoption of this accounting standard had an impact on the structure of the Millennium bcp financial statements as at 31 March 2018, largely dictated by the adjustments associated with the transition, and did not materially affect the profit and loss account for the first quarter of 2018. Considering the recognition of loans to customers at fair value through profit or loss, some indicators were defined based on management criteria intended to facilitate their respective comparability with prior period information.

In this context, with reference to 31 March 2018, loans to customers includes loans to customers at amortised cost before impairment and loans to customers at fair value through profit or loss before fair value adjustments, while the amount of the impairment considered for the purposes of coverage ratios includes the balance sheet impairment associated with loans to customers at amortised cost and the fair value adjustments associated to loans to customers at fair value through profit or loss.

RESULTS

In the first quarter of 2018, the **net income** of Millennium bcp rose to Euro 85.6 million, increasing significantly from the Euro 50.1 million achieved in the same quarter of previous year, boosted by the performance of the activity in Portugal, with the net income of the international activity being in line with the same period of 2017, conditioned by the impact arising from the application of IAS 29 on Banco Millennium Atlântico, since Angola is considered as an economy with high inflation by international audit firms.

In the activity in Portugal, net income showed a very favourable trend, increasing from the Euro 9.0 million obtained in the first three months of 2017 to Euro 44.5 million in the first quarter of 2018, decisively influenced by the reduction of impairments and provisions.

In the international activity, net income stood at Euro 41.1 million in the first quarter of 2018 remaining at the same level as the first quarter of 2017 (Euro 41.1 million), highlighting the favourable performances of the operations in Poland and Mozambique, which were offset by the negative impact arising from the application of IAS 29 on Banco Millennium Atlântico.

The **core net income** reached Euro 266.6 million in the first quarter of 2018, an increase of 4.6% from Euro 254.8 million obtained in the same period of 2017. This performance was due to the growth of net interest income and net commissions, despite the higher level of operating costs.

Net interest income reached Euro 344.8 million in the first three months of 2018, increasing 3.8% from Euro 332.3 million registered in the same period of previous year, boosted by the favourable performance of the international activity.

In the activity in Portugal, net interest income totalled Euro 192.0 million in the first quarter of 2018 compared to Euro 194.1 million registered in the same period of the previous year, conditioned by the reduction in the interest from debt securities and loans portfolios, despite the lower cost of funding which was influenced mainly by the continuous decrease in costs associated to term deposits and by the repayment of the remaining tranche of CoCo bonds in the first quarter of 2017.

In the international activity, net interest income increased 10.6% from the Euro 138.2 million registered in the first three months of 2017, achieving Euro 152.8 million in the same period of 2018, essentially due to the performance of the subsidiary in Poland and, to a lesser extent, the operation in Mozambique.

Net interest margin in the first quarter of 2018 stood at 2.21%, which compares to 2.17% in the same period of previous year. Net interest margin in the first quarter of 2017 excluding the impact from the cost of CoCos, reached 2.21%.

AVERAGE BALANCES

Euro million

	31 Mar.18		31 Mar.17	
	Amount	Yield %	Amount	Yield %
Deposits in banks	2,549	0.84	2,877	0.84
Financial assets	12,134	2.41	10,145	2.29
Loans and advances to customers	47,712	3.19	48,188	3.36
Interest earning assets	**62,395**	**2.94**	**61,210**	**3.07**
Non-interest earning assets	10,239		10,580	
	72,634		**71,790**	
Amounts owed to credit institutions	7,395	0.01	9,713	0.22
Resources from customers	52,216	0.60	49,521	0.68
Debt issued	2,990	2.18	3,238	3.31
Subordinated debt	1,157	6.54	1,145	7.16
Interest bearing liabilities	**63,758**	**0.71**	**63,617**	**0.86**
Non-interest bearing liabilities	2,038		2,197	
Shareholders' equity and non-controlling interests	6,838		5,976	
	72,634		**71,790**	
Net interest margin		2.21		2.17
Net interest margin (excl. cost of CoCos)				2.21

Note: Interest related to hedge derivatives were allocated, in March 2018 and 2017, to the respective balance sheet item.

Net commissions increased 4.4% from the Euro 160.8 million reached in the first three months of 2017, amounting to Euro 167.8 million in the first three months of 2018, benefiting from the favourable performance of both the activity in Portugal, where commissions grew 4.5%, and the international activity which registered a 4.1% growth, boosted by the operation in Poland.

The increase of net commissions in the first three months of 2018 reflects the performance of both banking and market commissions which improved 3.2% and 10.6% respectively from the figures obtained in the same period of the previous year.

Net trading income amounted to Euro 34.4 million in the first three months of 2018, comparing to Euro 36.4 million obtained in the same period of previous year, reflecting the lower contribution of the activity in Portugal, with the international activity being in line with the first three months of 2017.

Other net operating income, which includes the costs associated with mandatory contributions as well as with the Resolution Fund and the Deposit Guarantee Fund in both Portugal and the international activity, was negative by Euro 29.1 million in the first quarter of 2018, which compares to the also negative Euro 15.2 million accounted in the same period of 2017.

In the activity in Portugal, other net operating income was negative by Euro 3.0 million in the first quarter of 2018 comparing to the positive Euro 5.5 million evidenced in the first three months of the previous year, mostly penalized by the higher level of costs related to disposal processes of non-current assets held for sale.

Other net operating income in the international activity presented a negative Euro 26.1 million in the first quarter of 2018, higher than the also negative Euro 20.7 million accounted in the same period of previous year, essentially due to gains registered by the subsidiary in Poland, in the first quarter of 2017, related to real estate disposal and indemnity received.

Dividends from equity instruments, which comprise dividends received from investments classified as financial assets at fair value through other comprehensive income, and **equity accounted earnings**, were in line with the amounts of the first quarter of 2017 (+0.7%) and jointly totalled Euro 19.9 million in the first three months of 2018.

OTHER NET INCOME

Euro million

	31 Mar. 18	31 Mar. 17	Change 18/17
Net commissions	**167.8**	**160.8**	**4.4%**
Banking commissions	139.4	135.1	3.2%
Cards and transfers	40.0	37.6	6.3%
Credit and guarantees	39.1	38.7	1.1%
Bancassurance	24.7	23.2	6.3%
Current account related	26.2	26.0	0.7%
Other commissions	9.4	9.6	-1.3%
Market related commissions	28.5	25.7	10.6%
Securities	17.3	15.8	9.8%
Asset management	11.2	10.0	11.8%
Net trading income	**34.4**	**36.4**	**-5.3%**
Other net operating income	**(29.1)**	**(15.2)**	**-91.8%**
Dividends from equity instruments	**0.1**	**0.1**	**-27.6%**
Equity accounted earnings	**19.8**	**19.6**	**0.9%**
Total other net income	**193.0**	**201.7**	**-4.3%**
Other net income / Net operating revenues	35.9%	37.8%	

Operating costs, excluding the effect of specific items*, stood at Euro 242.6 million in the first quarter of 2018 compared to Euro 230.6 million, accounted in the same period of the previous year reflecting the increase in both the activity in Portugal and the international activity.

* Arising from restructuring costs and the revision of the Bank's Collective Labour Agreement in the firt quarter of 2018 and 2017 in the activity in Portugal (Euro 3.5 million and Euro 7.7 million, respectively).

In the activity in Portugal, operating costs, not considering the impact of specific items, amounted to Euro 150.0 million in the first three months of 2018, increasing 3.5% from the amount registered in the same period of previous year, conditioned by the growth of staff costs (reflecting the salary replacement occurred from July 2017) and depreciation costs, partially offset by other administrative costs savings.

In the international activity, operating costs stood at Euro 92.6 million in the first quarter of 2018, showing an increase of 7.9% from the amount accounted in the same period of 2017, mainly justified by the performance of the subsidiary in Poland.

Staff costs, excluding the impact of specific items, totalled Euro 138.8 million in the first three months of 2018 increasing 7.4% from the amount of the same period of previous year, showing the higher level of costs in both the activity in Portugal and the international activity.

In the activity in Portugal, staff costs excluding the impact of specific items registered an increase of 6.7% from the amount of the first quarter of 2017, and stood at Euro 87.7 million in the same period of 2018. This performance reflected the decision of the Board of Directors of the Bank to end, in advance, the temporary adjustment that had been in force since July 2014, following the full reimbursement of CoCos with effect from 30 June 2017, despite the decrease of 172 employees from 31 March 2017.

Staff costs in the international activity amounted to Euro 51.2 million in the first three months of 2018 (Euro 47.1 million in the same period of the previous year), essentially influenced by the operation in Poland.

Other administrative costs totalled Euro 89.5 million in the first three months of 2018 compared to Euro 88.7 million accounted in the same period of the previous year, induced by the growth of costs in the international activity (+6.7%), mainly in the subsidiary in Poland, while in the activity in Portugal there was a decrease in other administrative costs (-2.5%) resulting from the cost containment measures that have been implemented, namely the resizing of the distribution network, from 615 branches at the end of March 2017 to 578 at the end of March 2018.

Depreciation costs stood at Euro 14.2 million in the first quarter of 2018, increasing 11.5% from Euro 12.7 million registered in the first three months of 2017, due to the higher depreciation costs registered in both the activity in Portugal, mainly related to IT equipment and software, and in the international activity, highlighting the evolution of depreciation costs recognized by the subsidiaries in Mozambique and Poland.

OPERATING COSTS

Euro million

	31 Mar. 18	31 Mar. 17	Change 18/17
Staff costs	138.8	129.2	7.4%
Other administrative costs	89.5	88.7	1.0%
Depreciation	14.2	12.7	11.5%
Operating costs excluding specific items	**242.6**	**230.6**	5.2%
Operating costs	**246.0**	**238.3**	**3.2%**
Of which:			
Portugal activity (1)	150.0	144.9	3.5%
Foreign activity	92.6	85.8	7.9%

(1) Excludes the impact of specific items.

Impairment for loan losses (net of recoveries) showed a 28.8% decrease from Euro 148.9 million accounted in the first quarter of 2017, totalling Euro 106.1 million in the first three months of 2018, benefiting simultaneously from the positive performances of the activity in Portugal and the international activity, in this case in all subsidiaries, in particular Poland and Mozambique.

The Group's cost of risk presented a significant improvement, decreasing from 114 basis points in the first quarter of 2017 to 85 basis points in the same period of 2018.

Other impairment and provisions totalled Euro 23.9 million in the first quarter of 2018, which compared very favourably to Euro 54.3 million accounted in the same period of previous year, reflecting essentially the lower level of other assets provisions, despite the impairment reinforcement that occurred in goodwill.

Income tax (current and deferred) amounted to Euro 49.3 million in the first quarter of 2018, which compares to Euro 19.1 million obtained in the same period of 2017.

These taxes include, in the first quarter of 2018, current tax costs of Euro 23.1 million (cost of Euro 27.9 million in the first quarter of 2017), and deferred tax costs of Euro 26.2 million (income of Euro 8.8 million in the first three months of 2017).

BALANCE SHEET

Total assets stood at Euro 72,674 million as at 31 March 2018, comparing to Euro 72,077 million as at 31 March 2017, highlighting the growth of the securities portfolio and the reduction of the loans to customers portfolio.

Loans to customers (gross) amounted to Euro 50,959 million as at 31 March 2018, comparing to Euro 52,242 million presented in the same date of the previous year, reflecting the decrease of the activity in Portugal, partially offset by the increase showed by the international activity.

In the activity in Portugal, loans to customers stood at Euro 37,984 million as at 31 March 2018, registering a 3.6% decrease from the Euro 39,386 million recorded as at 31 March 2017. Highlights in this performance include, on the one hand, the significant reduction of NPEs (about Euro 500 million from 2017 year-end), to Euro 6.3 billion as at 31 March 2018 and on the other hand the growth of performing loans for the second consecutive quarter, allowing the stabilization of total portfolio since the end of 2017.

Simultaneously, the performance of loans to companies has been showing a structural change in the last years, translated into the reduction of the weight of construction and real estate activities and non-financial holding companies.

In the international activity, loans to customers amounted to Euro 12,976 million as at 31 March 2018 compared to Euro 12,856 million in the same date of the previous year, driven by the strong performance of Poland, partially offset by the decrease of loans to customers in the operation in Mozambique.

The structure of the loans to customers' portfolio showed identical and stable levels of diversification between the end of March 2017 and 2018, with loans to companies representing 47% of total loans to customers as at 31 March 2018.

Credit quality evolved favourably, as evidenced by the improvement in the respective indicators, namely by the generalized increase of coverage for impairment. In this context, it is particularly important to mention the reinforcement of the coverage of NPEs for impairments, which stood at 48.2% on 31 March 2018, compared to 40.5% on 31 March 2017. In Portugal, the same ratio increased from 39.4 % on March 31 of the previous year to 46.4% on the same date of 2018.

LOANS TO CUSTOMERS (GROSS)

Euro million

	31 Mar. 18	31 Mar. 17	Change 18/17
Individuals	**27,210**	**28,126**	**-3.3%**
Mortgage	23,365	23,892	-2.2%
Consumer and others	3,845	4,235	-9.2%
Companies	**23,750**	**24,116**	**-1.5%**
Services	9,129	9,134	-0.1%
Commerce	3,552	3,259	9.0%
Construction	2,301	2,813	-18.2%
Other	8,767	8,909	-1.6%
Total	**50,959**	**52,242**	**-2.5%**
Of which:			
Portugal activity	37,984	39,386	-3.6%
Foreign activity	12,976	12,856	0.9%

CREDIT QUALITY INDICATORS

	Stock of credit (Euro million)		As percentage of Loans to customers(1)		Coverage by impairments (2)	
	Mar.18	**Mar.17**	**Mar.18**	**Mar.17**	**Mar.18**	**Mar.17**
Overdue loans > 90 days						
Group	2,807	3,379	5.5%	6.5%	122.8%	109.8%
Activity in Portugal	2,527	3,107	6.7%	7.9%	115.4%	105.6%
***Non-Performing Loans* (NPL) > 90 days**						
Group	4,323	5,212	8.5%	10.0%	79.7%	71.2%
Activity in Portugal	3,872	4,819	10.2%	12.2%	75.3%	68.1%
***Non-Performing Exposures* (NPE)**						
Group	7,157	9,159	14.0%	17.5%	48.2%	40.5%
Activity in Portugal	6,282	8,320	16.5%	21.1%	46.4%	39.4%

(1) Loans to customers (gross) is presented considering the management criteria of the Group. As at 31 March 2018, includes loans to customers at amortised cost before impairment and loans to customers at fair value through profit or loss before fair value adjustments.

(2) The amount of impairment considered for the purposes of coverage ratios presented underlies the management criteria adopted by the Group. As at 31 March 2018 includes the balance sheet impairment of loans to customers at amortised cost and the fair value adjustments associated to loans to customers at fair value through profit or loss.

Total customer funds were redefined, with reference to 30 September 2017, reflecting, since then, a broader concept in order to include amounts held by customers as part of existing agreements for their placement and management, considering comparable amounts for March 2017.

Total customer funds increased 5.7% from Euro 68,769 million registered as at 31 March 2017, reaching Euro 72,669 million as at 31 March 2018, showing the positive performance of both, Portugal and the international activity in what refers to balance sheet customer funds and off-balance sheet customer funds.

In the activity in Portugal, total customers funds increased 5.4% from Euro 50,136 million achieved at 31 March 2017, reaching Euro 52,819 million as at 31 March 2018. This performance reflects essentially the growth in resources from customers (Euro +1.468 million) but also the evolution of assets under management and investment funds and capitalisation products which together increased by Euro 1.362 million from 31 March 2017.

Total customer funds in the international activity showed an increase of 6.5% compared to Euro 18,633 million registered as at 31 March 2017, reaching Euro 19,849 million as at 31 March 2018, mainly boosted by the performance of the subsidiary in Poland, namely the growth in resources from customers and assets under management and investment funds.

As at 31 March 2018, balance sheet customer funds represented 74% of total customer funds, with resources from customers representing 72% of total customer funds.

According to the Bank of Portugal's Instruction no. 16/2004, the loans to deposits ratio improved from 97% as at 31 March 2017 to 91% as at 31 March 2018. The same ratio, considering on-balance sheet customers' funds, stood at 88% (94% as at 31 March 2017).

TOTAL CUSTOMER FUNDS

Euro million

	31 Mar. 18	31 Mar. 17	Change 18/17
Balance sheet customer funds	**53,792**	**51,673**	**4.1%**
Resources from customers	52,390	50,138	4.5%
Debt securities	1,402	1,536	-8.7%
Off-balance sheet customer funds	**18,877**	**17,096**	**10.4%**
Assets under management and investment funds	8,843	7,934	11.5%
Capitalisation products	10,034	9,162	9.5%
Total	**72,669**	**68,769**	**5.7%**

The **securities portfolio** stood at Euro 14,261 million as at 31 March 2018, compared to Euro 12,378 million posted at the same date of the previous year, representing 19.6% of total assets as at 31 March 2018, above the 17.2% observed as at 31 March 2017, driven by the performance of both the activity in Portugal and the international activity, highlighting mainly the operation in Poland but also, in a lesser extent, the operation in Mozambique.

LIQUIDITY MANAGEMENT

In the first quarter of 2018, the consolidated wholesale funding grew Euro 0.4 billion, mainly due to the increases in the portfolios of Portuguese public debt (Euro 1.1 billion) and USD Treasuries (Euro 0.4 billion) on one hand and the reductions in the commercial gap in Portugal (Euro 0.7 billion), and in the corporate debt portfolio (Euro 0.3 billion) as well as through cash flow from operations, on the other hand.

The increase in liquidity needs was financed on a consolidated basis by the increase in the funding through REPO (Euro 0.3 billion, for a total balance of Euro 1.1 billion) and interbank market (Euro 0.1 billion). The funding with the ECB remained unchanged at Euro 4.0 billion, corresponding to the balance of the targeted long term refinancing operations, or TLTRO.

In net terms, the funding with the ECB stood at Euro 3.2 billion, reflecting a Euro 0.1 billion decrease in deposits at the ECB from the end of the previous year, below the average balance maintained during 2017.

The liquidity buffer with the ECB grew to Euro 11.0 billion, Euro 1.3 billion more than in December 2017. Taking into account other assets that are highly liquid or likely to be converted into eligible collateral with the ECB in the short term, the buffer would amount to Euro 12.4 billion (Euro 11.1 billion at the end of 2017).

CAPITAL

The estimated CET1 ratios as at 31 Match 2018 phased-in stood at 11.9% and at 11.8% fully implemented, -102 basis points (of which, -160 from phased-in) and +57 basis points, respectively, comparing to the 13.0% and 11.2% ratios recorded in the same period of 2017 and above the minimum ratios defined on the scope of SREP[(1)] for the year 2018 (CET1 8.81%, T1 10.31% and Total 12.31%)

The CET1 fully implemented favourable evolution was mainly determined by the organic generation of capital, despite amendments introduced on January 1st, 2018 by the IFRS9 adoption (-35 basis points) and the need to cope with the new capital requirements on the scope of 2017 SREP (-30 basis points). The fully implemented total capital ratio additionally benefited from the Poland and Portugal's subordinated bonds' placement.

SOLVENCY RATIOS

Euro million

	31 Mar. 18	31 Mar. 17
FULLY IMPLEMENTED		
Own funds		
Common Equity Tier 1 (CET1)	4,844	4,353
Tier 1	4,917	4,419
Total Capital	5,541	4,783
Risk weighted assets	41,110	38,837
Solvency ratios		
CET1	11.8%	11.2%
Tier 1	12.0%	11.4%
Total capital	13.5%	12.3%
PHASED-IN		
CET1	11.9%	13.0%

Note: The capital ratios of March 2018 are estimated and include the positive accumulated net income.

The capital ratios of March 2017 include the positive accumulated net income.

(1) Supervisory Review and Evaluation Process.

SIGNIFICANT EVENTS

Millennium bcp continued to implement its Strategic Plan. Highlights during this period include:

- Return of BCP to the Stoxx Europe 600 Index, the European Stock Market Index benchmark.
- Return in 2018 to the "The Sustainability Yearbook", a benchmark publication in the sustainability area.
- Millennium bcp and China's largest digital payment platform Alipay have agreed to cooperate in the Portuguese market, making Millennium the first bank in Portugal to enable cashless transactions between Chinese travellers and Portuguese merchants.
- Edition of Millennium Days for Companies, in the northern city of Vila Nova de Famalicão, an initiative that travels around the country, seeking to be closer to Portuguese companies, supporting their internationalisation and improving their competitiveness.
- The European Investment Bank (EIB) and Millennium bcp joined forces to foster economic growth and employment creation in the areas impacted by the forest fires that spread in the north and centre of Portugal in 2017, with the funds provided to facilitate economic recovery in the affected areas reaching Euro 150 million.
- Millennium bcp has been awarded in the Euronext Lisbon Awards 2018, winning in two categories: "Best Capital Market Promotion Initiative", with the trading platform MTrader, and "Most Active Trading House in Warrants & Certificates", given to the Euronext Lisbon member with the highest warrants and certificates trading volume in 2017.
- Millennium bcp has been named "Best Foreign Exchange Bank" in Portugal by the international financial magazine, Global Finance.
- Millennium bim named Mozambique's Best Bank for Trade Finance by the international financial magazine, Global Finance.

MACROECONOMIC ENVIRONMENT

The International Monetary Fund (IMF) projects an acceleration of the world economy in 2018, from 3.8% to 3.9%, in a context of generalized growth among the main economies, both developed and emerging. Notwithstanding the greater optimism, the IMF considers that the risks to its forecasts are mainly tilted to the downside and relate to issues of a political and geostrategic nature, especially those related to protectionism.

In 2017, the Euro Area's GDP grew 2.5%, which corresponds to the highest pace since 2007. The consolidation of the expansion of EMU's economy and the reduction of the deflationary risks should solidify the expectations of gradual smoothing of the ultra-expansionary stance of the monetary policy of the European Central Bank (ECB) throughout 2018, although the speed at which this will proceed is dependent on the eventual materialization of the inflationary pressures associated with the rise of oil prices and the fall of the unemployment rate.

In the US, the recovery of investment and the strong boost provided by households' consumption more than compensated for the negative contribution of net exports. As a result, the pace of expansion of the American economy rose from 1.5% in 2016 to 2.3% in 2017. The greater robustness of activity translated into stronger employment creation and in the acceleration of labour costs. Such developments jointly with the expectations of an increase of inflation stemming from the more expansionary fiscal policy led the Federal Reserve to maintain the process of monetary policy normalization, under which the monetary authority raised its key rate, for the sixth time in the current cycle, to 1.75%.

The evolution of the international financial markets during the first quarter of 2018 was characterized by the return of volatility, in a climate in which the optimism implicit in the valuation of the main asset classes was affected by the resurgence of protectionism and by the increase of long term interest rates. The instability was especially felt in equity markets and the higher risk segment of corporate debt, which generated a surge in the demand for the government bonds of higher quality and, consequently, the partial reversal of the uptrend in the general level of interest rates. In the foreign exchange market the repercussions of the greater investor risk-aversion turned out to be limited. The euro money market interest rates stayed remarkably stable, having stood in negative territory for all the maturities.

In the last quarter of 2017, Portuguese GDP grew 2.4% annually, which equalled the pace observed in the preceding quarter. The greater vigour of activity stemmed exclusively from the dynamism of domestic demand, in particular of private consumption and investment as the contribution of government expenditure was marginal. On the external front, the rise of exports was accompanied by a similar evolution of imports, implying a marginal impact of the net external demand on activity. According to the European Commission forecasts, the Portuguese economy should grow 2.2% in 2018, clearly above potential, albeit at a lower level than the 2.7% recorded in 2017, to a great extent due to a slowdown in investment. The good macroeconomic performance, the partial reversal of the global uptrend of interest rates and the maintenance of an extremely accommodative stance for the ECB's monetary policy contributed to keep the yields of the Portuguese public debt and the spread against their better rated European counterparts close to the post-financial crisis lows.

In Poland, the GDP growth rate accelerated from 2.9% in 2016 to 4.6% in 2017, benefiting from the dynamism of private consumption. In 2018, the growth pace of consumption should return to more moderate levels, after the dissipation of the positive effects related to the wage hikes and of the government's increase of social benefits, which is likely to translate into expansion rates closer to 4.0%, according to the European Commission forecasts. The favourable evolution of activity together with the permanence of the inflation rate at levels compatible with the central bank's goal has allowed monetary policy to remain unaltered, with the key interest rate constant at 1.50% since March 2015. Notwithstanding the good performance of the Polish economy, in the first quarter of 2018, the Zloty depreciated, penalized by the increase in volatility in international financial markets.

In Mozambique, the investment in natural gas megaprojects should continue to support activity, albeit in a context in which important economic and financial vulnerabilities persist, which have been hampering the evolution of the Metical exchange rate, which after the stability observed in the second half of 2017 has depreciated during the first quarter of 2018. In Angola, the transition to a more flexible foreign exchange regime, announced in the beginning of the year, led to a strong depreciation of the Kwanza (around 32% against the Euro).

CONSOLIDATED INDICATORS, ACTIVITY IN PORTUGAL AND INTERNATIONAL ACTIVITY

Euro million

	Consolidated			Activity in Portugal			International activity		
	Mar 18	Mar 17	Change	Mar 18	Mar 17	Change	Mar 18	Mar 17	Change
Income statement									
Net interest income	344.8	332.3	3.8%	192.0	194.1	-1.1%	152.8	138.2	10.6%
Dividends from equity instruments	0.1	0.1	-27.6%	-	-	14.2%	-	0.1	-46.1%
Net fees and commission income	167.8	160.8	4.4%	113.0	108.2	4.5%	54.8	52.6	4.1%
Other net operating income	(29.1)	(15.2)	-91.8%	(3.0)	5.5	-154.4%	(26.1)	(20.7)	-26.3%
Net trading income	34.4	36.4	-5.3%	19.0	20.9	-9.2%	15.5	15.5	-0.1%
Equity accounted earnings	19.8	19.6	0.9%	12.3	12.0	2.1%	7.5	7.6	-1.0%
Net operating revenues	**537.8**	**534.0**	**0.7%**	**333.3**	**340.7**	**-2.2%**	**204.5**	**193.3**	**5.8%**
Staff costs	142.3	136.9	3.9%	91.1	89.8	1.4%	51.2	47.1	8.7%
Other administrative costs	89.5	88.7	1.0%	53.3	54.7	-2.5%	36.2	33.9	6.7%
Depreciation	14.2	12.7	11.5%	9.0	8.0	12.7%	5.2	4.8	9.4%
Operating costs	**246.0**	**238.3**	**3.2%**	**153.4**	**152.5**	**0.6%**	**92.6**	**85.8**	**7.9%**
Operating costs excluding specific items	**242.6**	**230.6**	**5.2%**	**150.0**	**144.9**	**3.5%**	**92.6**	**85.8**	**7.9%**
Profit before impairment and provisions	**291.8**	**295.8**	**-1.3%**	**179.8**	**188.2**	**-4.5%**	**112.0**	**107.5**	**4.1%**
Loans impairment (net of recoveries)	106.1	148.9	-28.8%	89.0	125.9	-29.4%	17.1	22.9	-25.5%
Other impairment and provisions	23.9	54.3	-56.1%	19.0	56.8	-66.5%	4.9	(2.4)	>200%
Profit before income tax	**161.8**	**92.5**	**74.9%**	**71.8**	**5.5**	**>200%**	**90.0**	**87.0**	**3.4%**
Income tax	49.3	19.1	158.1%	27.4	(3.5)	>200%	21.9	22.6	-3.2%
Income after income tax from continuing operations	**112.5**	**73.4**	**53.2%**	**44.4**	**9.0**	**>200%**	**68.1**	**64.4**	**5.7%**
Non-controlling interests	26.9	23.3	15.5%	(0.1)	-	81.0%	27.0	23.3	15.6%
Net income	**85.6**	**50.1**	**70.8%**	**44.5**	**9.0**	**>200%**	**41.1**	**41.1**	**0.1%**
Balance sheet and activity indicators									
Total assets	**72,674**	**72,077**	**0.8%**	**52,280**	**52,686**	**-0.8%**	**20,394**	**19,391**	**5.2%**
Total customer funds [1]	**72,669**	**68,769**	**5.7%**	**52,819**	**50,136**	**5.4%**	**19,849**	**18,633**	**6.5%**
Balance sheet customer funds	**53,792**	**51,673**	**4.1%**	**37,392**	**36,071**	**3.7%**	**16,400**	**15,603**	**5.1%**
Resources from customers	52,390	50,138	4.5%	36,100	34,632	4.2%	16,290	15,506	5.1%
Debt securities	1,402	1,536	-8.7%	1,293	1,439	-10.2%	109	97	12.8%
Off-balance sheet customer funds	**18,877**	**17,096**	**10.4%**	**15,427**	**14,065**	**9.7%**	**3,450**	**3,031**	**13.8%**
Assets under management and investment funds	8,843	7,934	11.5%	5,918	5,397	9.7%	2,925	2,537	15.3%
Capitalisation products	10,034	9,162	9.5%	9,509	8,668	9.7%	525	494	6.3%
Loans to customers (gross) [2]	**50,959**	**52,242**	**-2.5%**	**37,984**	**39,386**	**-3.6%**	**12,976**	**12,856**	**0.9%**
Individuals	**27,210**	**28,126**	**-3.3%**	**19,093**	**20,038**	**-4.7%**	**8,116**	**8,088**	**0.3%**
Mortgage	23,365	23,892	-2.2%	17,087	17,506	-2.4%	6,278	6,386	-1.7%
Consumer and others	3,845	4,235	-9.2%	2,006	2,533	-20.8%	1,839	1,702	8.0%
Companies	**23,750**	**24,116**	**-1.5%**	**18,891**	**19,347**	**-2.4%**	**4,859**	**4,769**	**1.9%**
Credit quality									
Total overdue loans	2,927	3,540	-17.3%	2,578	3,211	-19.7%	349	329	6.3%
Overdue loans by more than 90 days	2,807	3,379	-16.9%	2,527	3,107	-18.6%	280	272	2.9%
Overdue loans by more than 90 days / Loans to customers	5.5%	6.5%		6.7%	7.9%		2.2%	2.1%	
Total impairment (balance sheet) [3]	3,447	3,709	-7.0%	2,915	3,280	-11.1%	532	429	24.0%
Total impairment (balance sheet) / Loans to customers	6.8%	7.1%		7.7%	8.3%		4.1%	3.3%	
Total impairment (balance sheet) /Overdue loans by more than 90 days	122.8%	109.8%		115.4%	105.6%		189.9%	157.6%	
Non-Performing Exposures	7,157	9,159	-21.9%	6,282	8,320	-24.5%	875	839	4.3%
Non-Performing Exposures / Loans to customers	14.0%	17.5%		16.5%	21.1%		6.7%	6.5%	
Restructured loans	4,110	4,915	-16.4%	3,540	4,563	-22.4%	570	352	62.0%
Restructured loans / Loans to customers	8.1%	9.4%		9.3%	11.6%		4.4%	2.7%	
Cost of risk (net of recoveries, in b.p.)	85	114		96	128		53	71	
Cost-to-income [4]	45.1%	43.2%		45.0%	42.5%		45.3%	44.4%	

(1) Total customer funds of Millennium bcp were redefined, with reference to 30 September 2017, reflecting, a broader concept in order to include amounts held by customers as part of existing agreements for their placement and management, considering comparable amounts for 31 March 2017.

(2) Loans to customers (gross) is presented considering the management criteria of the Group. As at 31 March 2018, includes loans to customers at amortised cost before impairment and loans to customers at fair value through profit or loss before fair value adjustments .

(3) The amount of impairment considered for the purposes of coverage ratios presented underlies the management criteria adopted by the Group. As at 31 March 2018 includes the balance sheet impairment of loans to customers at amortised cost and the fair value adjustments associated to loans to customers at fair value through profit or loss.

(4) Excludes the impact of specific itens.

BANCO COMERCIAL PORTUGUÊS

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE THREE MONTHS PERIODS ENDED 31 MARCH 2018 AND 2017

(Thousands of euros)

	31 March 2018	31 March 2017
Interest and similar income	473,098	475,498
Interest expense and similar charges	(128,293)	(143,171)
NET INTEREST INCOME	344,805	332,327
Dividends from equity instruments	69	96
Net fees and commissions income	167,816	160,810
Net gains / (losses) arising from trading and hedging activities	(6,225)	29,132
Net gains / (losses) arising from financial assets at fair value through other comprehensive income	40,667	7,243
Net gains from insurance activity	12	740
Other operating income / (loss)	(23,996)	(17,566)
TOTAL OPERATING INCOME	523,148	512,782
Staff costs	142,302	136,906
Other administrative costs	89,536	88,651
Amortizations and depreciations	14,200	12,740
TOTAL OPERATING EXPENSES	246,038	238,297
OPERATING NET INCOME BEFORE PROVISIONS AND IMPAIRMENTS	277,110	274,485
Loans impairment	(106,067)	(148,891)
Other financial assets impairment	2,550	(20,664)
Other assets impairment	(11,893)	(25,638)
Goodwill impairment of subsidiaries	-	(4)
Impairment for investments in associated companies	(4,627)	-
Other provisions	(9,903)	(8,027)
NET OPERATING INCOME / (LOSS)	147,170	71,261
Share of profit of associates under the equity method	19,798	19,628
Gains / (losses) arising from sales of subsidiaries and other assets	(5,143)	1,637
NET INCOME / (LOSS) BEFORE INCOME TAXES	161,825	92,526
Income taxes		
Current	(23,127)	(27,928)
Deferred	(26,188)	8,822
NET INCOME AFTER INCOME TAXES	112,510	73,420
Net income for the period attributable to:		
Bank's Shareholders	85,589	50,113
Non-controlling interests	26,921	23,307
NET INCOME FOR THE PERIOD	112,510	73,420
Earnings per share (in Euros)		
Basic	0.023	0.021
Diluted	0.023	0.021

BANCO COMERCIAL PORTUGUÊS

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2018 AND 31 DECEMBER 2017

(Thousands of euros)

	31 March 2018	31 December 2017
ASSETS		
Cash and deposits at Central Banks	2,265,834	2,167,934
Loans and advances to credit institutions		
Repayable on demand	254,535	295,532
Other loans and advances	863,993	1,065,568
Loans and advances to customers	46,950,067	47,633,492
Other financial assets at amortised cost	990,113	411,799
Financial assets held for trading	1,234,631	897,734
Other financial assets not held for trading mandatorily at fair value through profit or loss	1,608,527	-
Other financial assets held for trading at fair value through profit or loss	142,358	142,336
Financial assets at fair value through other comprehensive income	10,814,387	11,471,847
Assets with repurchase agreement	33,469	-
Hedging derivatives	141,704	234,345
Investments in associated companies	498,805	571,362
Non-current assets held for sale	2,144,725	2,164,567
Investment property	12,485	12,400
Other tangible assets	481,590	490,423
Goodwill and intangible assets	179,775	164,406
Current tax assets	24,834	25,914
Deferred tax assets	2,956,937	3,137,767
Other assets	1,075,152	1,052,024
TOTAL ASSETS	72,673,921	71,939,450
LIABILITIES		
Resources from credit institutions	7,427,084	7,487,357
Resources from customers	52,389,830	51,187,817
Debt securities issued	2,902,942	3,007,791
Financial liabilities held for trading	408,651	399,101
Hedging derivatives	140,827	177,337
Provisions	340,371	324,158
Subordinated debt	1,179,353	1,169,062
Current tax liabilities	12,835	12,568
Deferred tax liabilities	5,528	6,030
Other liabilities	1,041,326	988,493
TOTAL LIABILITIES	65,848,747	64,759,714
EQUITY		
Share capital	5,600,738	5,600,738
Share premium	16,471	16,471
Preference shares	59,910	59,910
Other equity instruments	2,922	2,922
Legal and statutory reserves	252,806	252,806
Treasury shares	(296)	(293)
Fair value reserves	24,118	82,090
Reserves and retained earnings	(273,285)	(120,220)
Net income for the period attributable to Bank's Shareholders	85,589	186,391
TOTAL EQUITY ATTRIBUTABLE TO BANK'S SHAREHOLDERS	5,768,973	6,080,815
Non-controlling interests	1,056,201	1,098,921
TOTAL EQUITY	6,825,174	7,179,736
	72,673,921	71,939,450

GLOSSARY

Balance sheet impairment - Balance sheet impairment related to amortised cost and fair value adjustments related to loans to customers at fair value through profit or loss.

Balance sheet 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 –loans to customers (gross) minus on-balance sheet customer funds.

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

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

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

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

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

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

Coverage of non-performing loans by balance sheet impairments – BS impairments divided by NPL.

Debt securities - debt securities issued by the Bank and placed with customers.

Dividends from equity instruments - dividends received from investments classified as financial assets at fair value through other comprehensive income and from financial assets held for trading.

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.

Loans to customers (gross) - Loans to customers at amortised cost before impairment and loans to customers at fair value through profit or loss before fair value adjustments.

Loans to customers (net) - Loans to customers at amortised cost net of impairment and balance sheet amount of loans to customers at fair value through profit or loss.

Loan to Deposits ratio (LTD) – Loans to customers (net) divided by total customer deposits.

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

Net commissions - net fees and commissions income.

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 financial assets at fair value through other comprehensive income and financial assets at amortised cost.

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.

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.

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 – net gains from insurance activity, other operating income/(loss) and gains/(losses) arising from sales of subsidiaries and other assets.

Overdue loans - loans in arrears, including principal and interests.

Overdue loans by more than 90 days coverage ratio - BS impairments divided by total amount of overdue loans including installments of capital and interest overdue more than 90 days.

Overdue loans coverage ratio – BS impairments divided by total amount of overdue loans including installments of capital and interest overdue.

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 not held for trading mandatorily at fair value through profit or loss, financial assets at fair value through other comprehensive income, assets with repurchase agreement, other financial assets at amortised cost and other financial assets held for trading at fair value through profit or loss.

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, capitalisation products, assets under management and investment funds.

Disclaimer

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

The interim condensed consolidated financial statements, for the three month period ended 31 March 2018, were prepared in terms of recognition and measurement in accordance with the IAS 34 - Interim Financial Reporting adopted by the EU.

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

March 2018 and March 2017 figures were not audited or reviewed.