

Millennium
bcp

EARNINGS PRESENTATION

9M 2018

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, as amended.
- The figures presented do not constitute any form of commitment by BCP in regard to future earnings.
- First 9 months figures for 2018 and 2017 not audited.
- The information in this presentation is for information purposes only, and should be read in conjunction with all other information made public by the BCP Group.

Agenda

- Highlights
- Group
 - Profitability
 - Business activity
 - Capital
- Portugal
- International operations
- Key figures

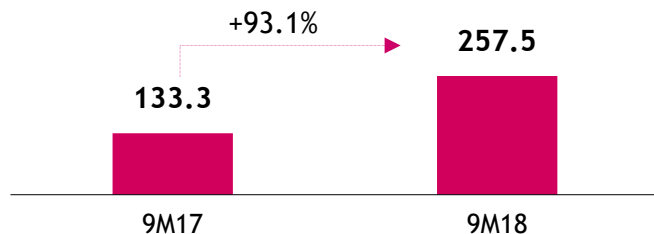
Highlights

- 1 Improved profitability, with net earnings of €257.5 million in the first 9 months of 2018
- 2 Improved credit quality, with NPEs decreasing by €1.8 billion from September 30, 2017
- 3 Increasing business volumes in the third quarter of 2018, with total loans up by approximately €700 million and performing loans up by €1.0 billion
- 4 +294,000 active Customers from September 30, 2017
- 5 Recent rating actions (Standard & Poor's e Moody's) recognise Millennium bcp's improvement over the last years
- 6 Good performance on stress tests when compared to the average for banks tested
- 7 Agreement for the acquisition of eurobank strengthens Bank Millennium's market position in Poland and provides opportunity for strong value creation

Highlights

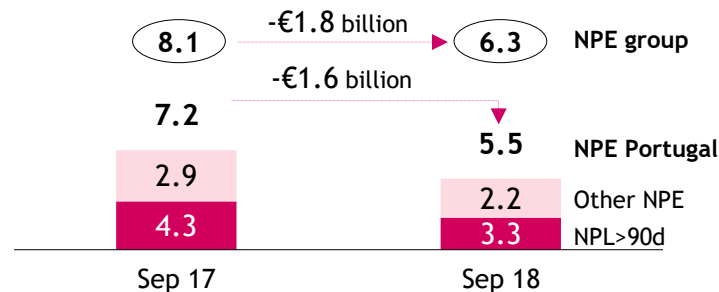
1 Improved profitability

(Consolidated net earnings, million euros)



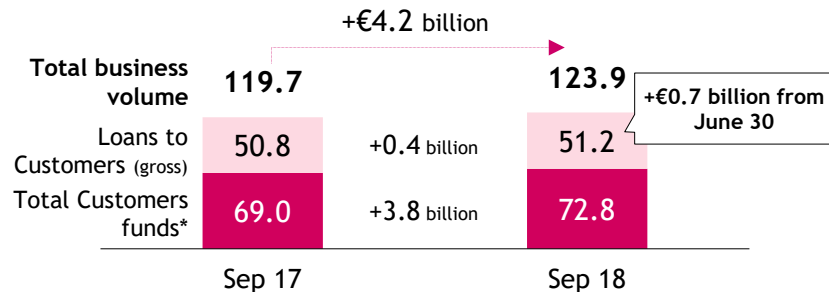
2 Improved asset quality

(Non-performing exposures, billion euros)



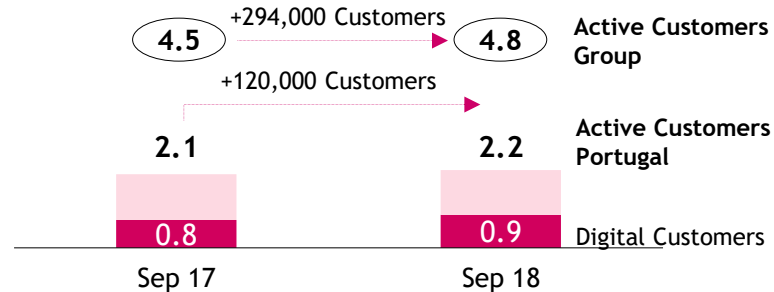
3 Increasing business volumes

(Consolidated, billion euros)



4 Growing Customer base

(Million Customers)

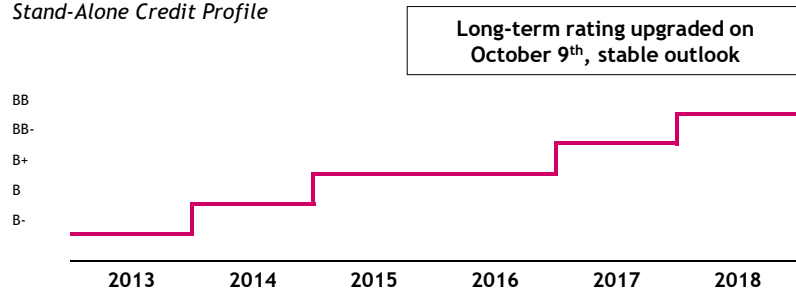


Highlights

- 5 Recent rating actions recognise Millennium bcp's improvement over the last years

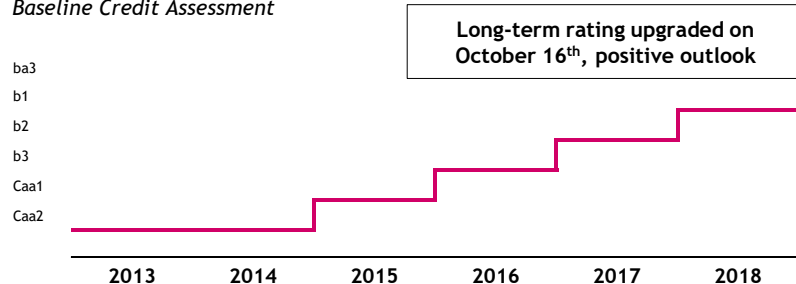
Standard & Poor's

Stand-Alone Credit Profile



Moody's

Baseline Credit Assessment



- 6 Good performance on stress tests when compared to the average for banks tested

Outcome of the stress tests 2018

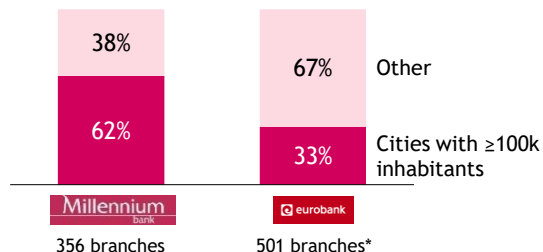
Adverse scenario

	Change 2017-2020	
	BCP	Avg. for the EBA-tested 48 banks
CET1 ratio		
Phased-in	-384 bp	-410 bp
Fully implemented	-300 bp	-395 bp

- Millennium bcp's CET1 phased-in ratio aggravated 384 basis points from end-2017 under the adverse scenario, comparing favourably to an average 410 basis points aggravation for the 48 banks tested by EBA
- Under a fully implemented basis, Millennium bcp's CET1 ratio aggravated 300 basis points, comparing favourably to an average 395 basis points aggravation for the 48 banks tested by EBA

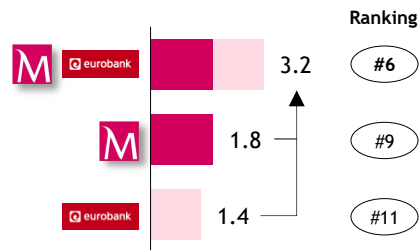
7 Agreement for the acquisition of eurobank in Poland materialises renewed growth ambition

Strengthened geographic presence outside large cities



Reinforced market share in non-mortgage retail loans

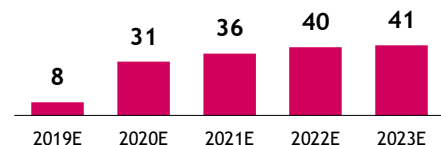
(Non-mortgage retail loans, billion euros)



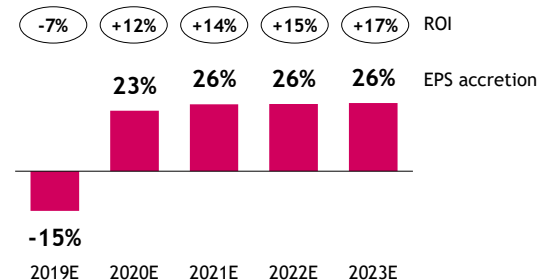
Significant synergies

(Million euros)

Integration costs:
€82 million



Significant earnings accretion



- Agreement for the acquisition of a 99.79% stake in eurobank for an estimated consideration of €428mn (1.20x P/BV), in cash and fully financed from internal sources of Bank Millennium
- eurobank had total assets of €3.3 billion, net loans of €2.8 billion and Customer deposits of €1.6 billion as at June 30, 2018
- Transaction boosts Bank Millennium's geographic presence outside large cities and its share of the market of non-mortgage retail loans
- Lucrative deployment of Bank Millennium's capital and liquidity surpluses: 26% earnings accretion estimated after synergies are fully materialised
- Transaction expected to complete in the 2nd quarter of 2019, subject to regulatory approvals
- Approximate impacts of -40bps on the Group's fully implemented CET1 ratio and of -30bps on the Group's total capital ratio are expected on the date of transaction

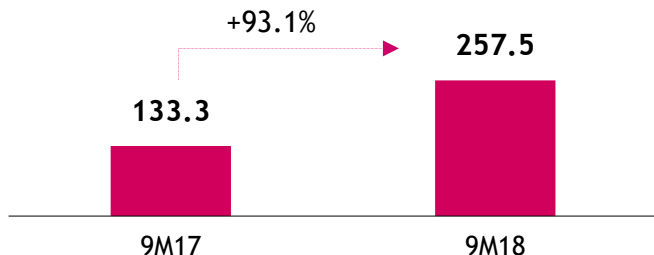
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Improved profitability across geographies

(Million euros)

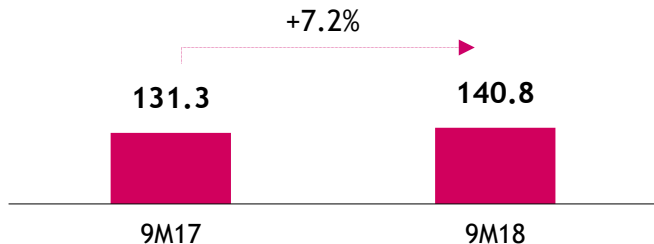
Consolidated net earnings*



Net earnings from domestic activity



Net earnings from international operations



- **Net earnings of €257.5 million** in the first 9 months of 2018, a **93.1% increase** from €133.3 million in the same period of the previous year
- **Earnings from domestic activity improved significantly:** €114.9 million in the first 9 months of 2018, compared to €0.8 million in the same period of 2017
- **Earnings from international activity increased 7.2%**, to €140.8 million in the first 9 months of 2018 from €131.3 million in the same period of 2017

*Includes earnings from domestic activity, from international operations and from discontinued operations (€1.2 million in the first 9 months of 2017 and €1.8 million in the first 9 months of 2018).

Profit of €257.5 million in the first 9 months of 2018

(million euros)	9M17	9M18	YoY	Impact on earnings
Net interest income	1,023.2	1,052.8	+2.9%	+29.6
Commissions	494.6	510.1	+3.1%	+15.4
Core income	1,517.8	1,562.9	+3.0%	+45.0
Other income*	76.5	71.7	-6.2%	-4.8
Operating costs	-694.6	-754.2	+8.6%	-59.6
Of which: recurring	-718.3	-742.2	+3.3%	-23.9
Of which: non-usual items (staff costs)	23.7	-12.0		-35.7
Operating net income	899.7	880.3	-2.2%	-19.4
Of which: recurring	876.0	892.3	+1.9%	+16.4
Impairment and provisions	-628.5	-431.4	-31.4%	+197.2
Net income before income tax	271.2	449.0	+65.6%	+177.8
Income taxes, non-controlling interests and discontinued operations	-137.9	-191.5	+38.9%	-53.6
Net income	133.3	257.5	+93.1%	+124.2

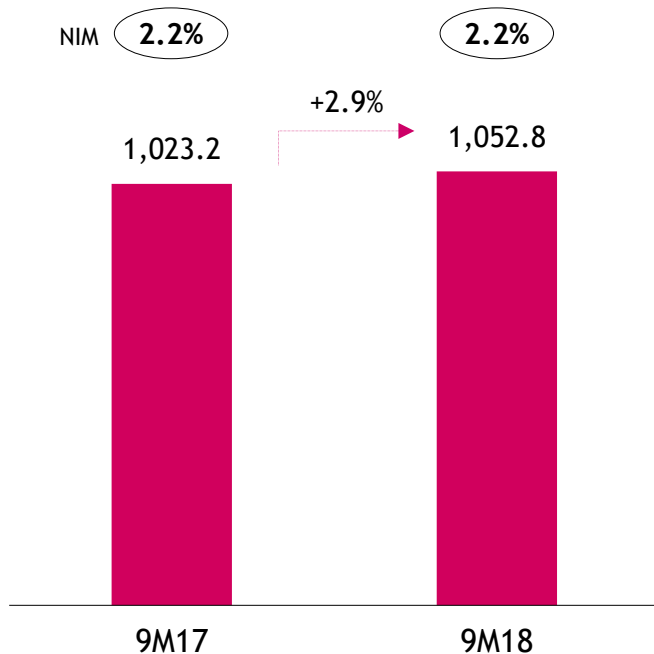
*Includes dividends from equity instruments, other net operating income, net trading income and equity accounted earnings.

Strong performance of net interest income

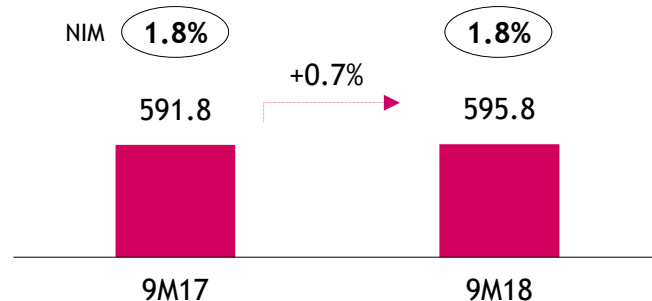
(Million euros)

Net interest income

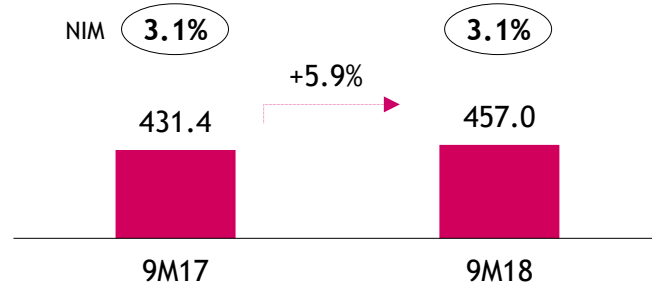
Consolidated



Portugal



International operations

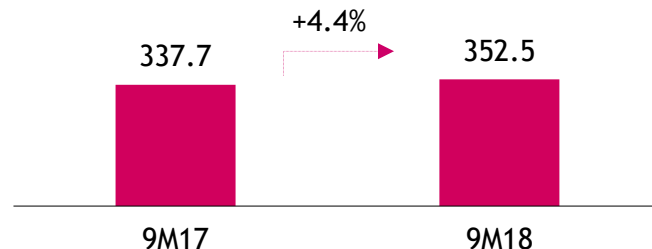


Commissions boosted by increased business volumes

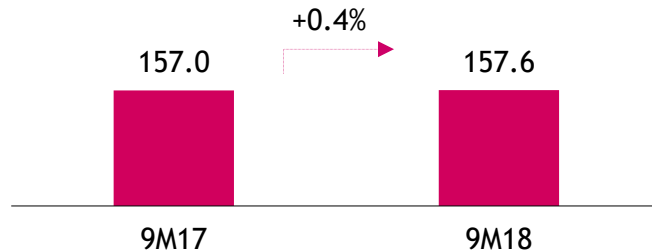
(Million euros)

Fees and commissions		Consolidated	
	9M17	9M18	YoY
Banking fees and commissions	408.5	418.3	+2.4%
Cards and transfers	115.3	122.3	+6.1%
Loans and guarantees	117.9	121.6	+3.2%
Bancassurance	71.4	71.7	+0.4%
Customer account related	77.8	79.1	+1.6%
Other fees and commissions	26.1	23.6	-9.7%
Market related fees and commissions	86.2	91.8	+6.5%
Securities operations	54.7	59.0	+7.7%
Asset management	31.4	32.8	+4.4%
Total fees and commissions	494.6	510.1	+3.1%

Portugal

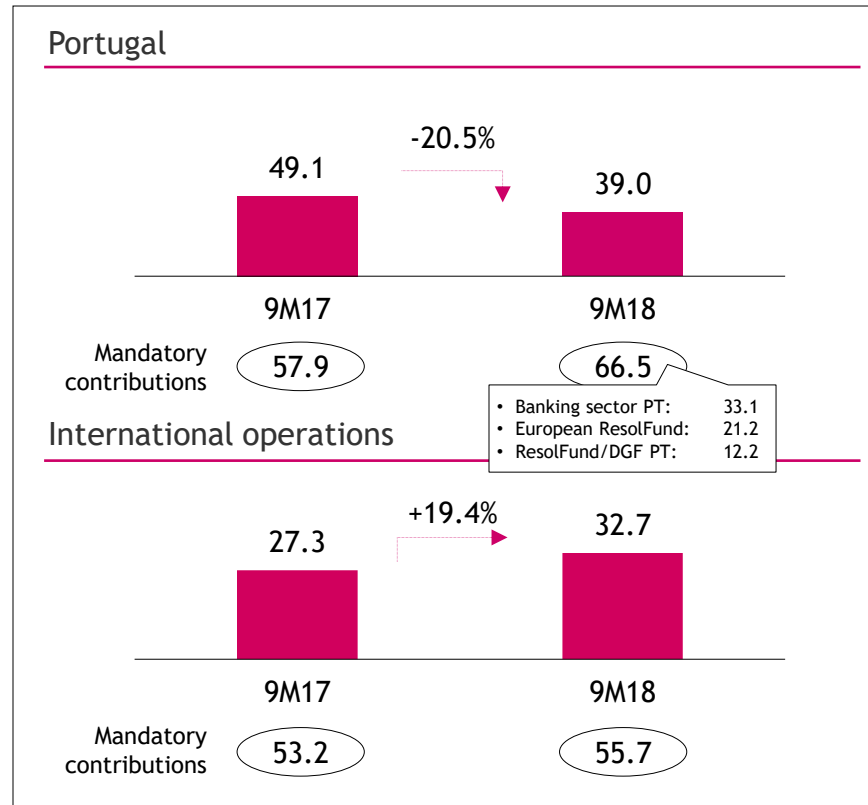
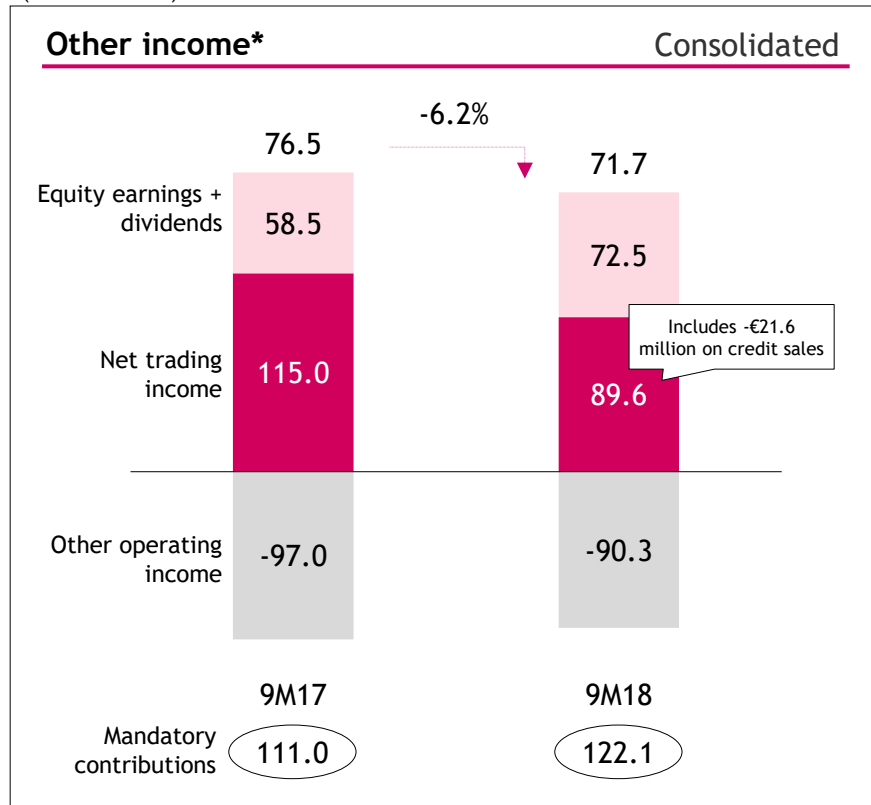


International operations



Other income* influenced by mandatory contributions and credit sales

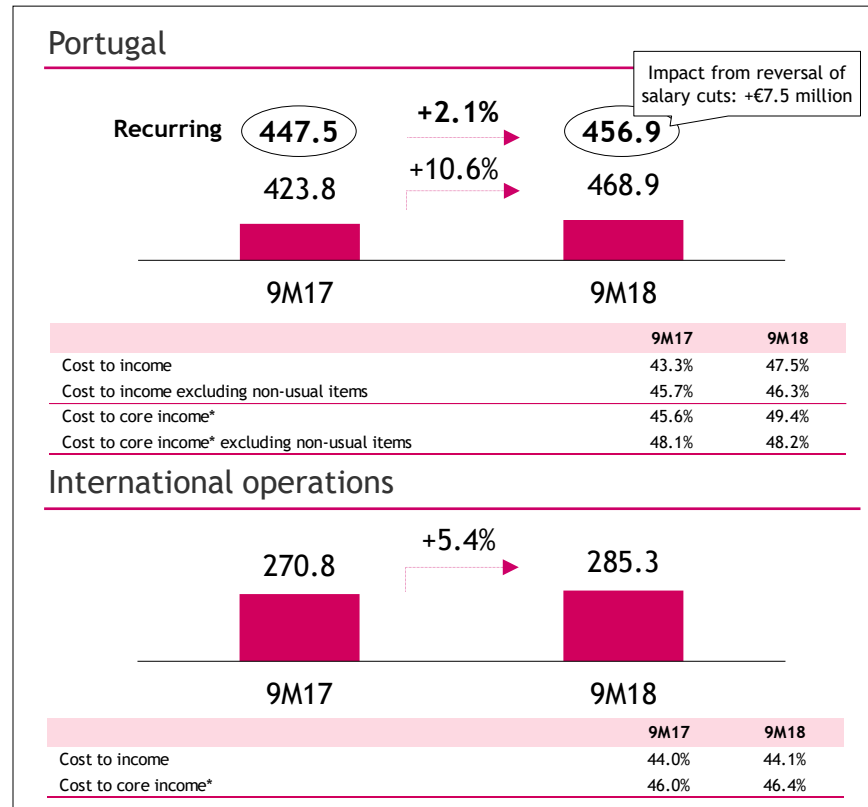
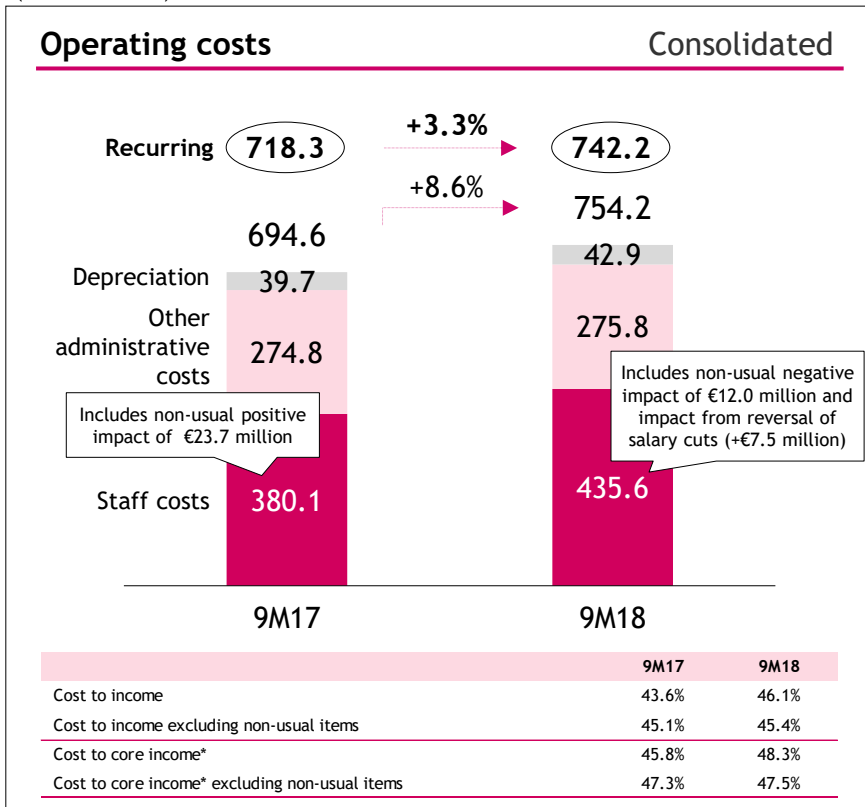
(Million euros)



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

Recurring operating costs under control, in spite of the impact from the reversal of salary cuts

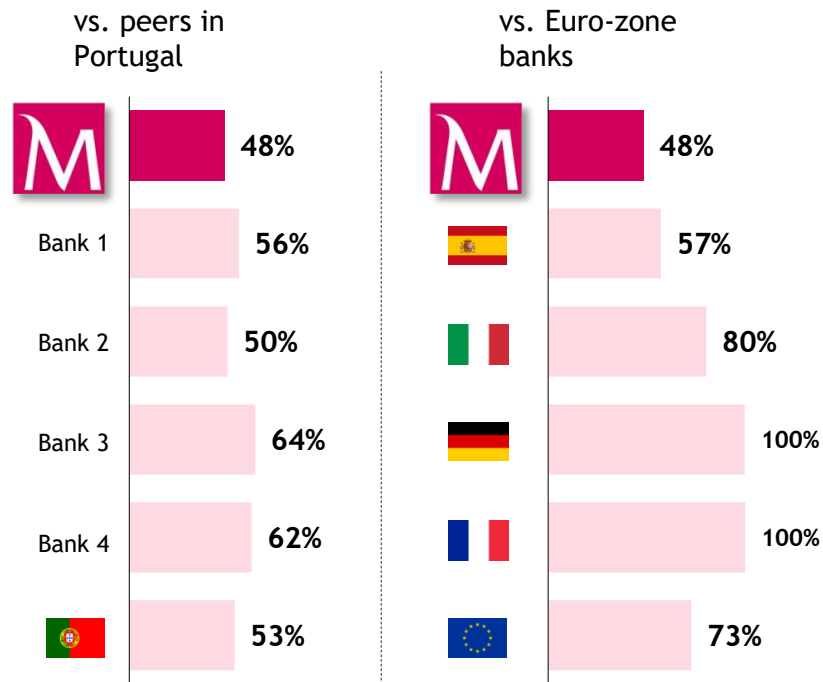
(Million euros)



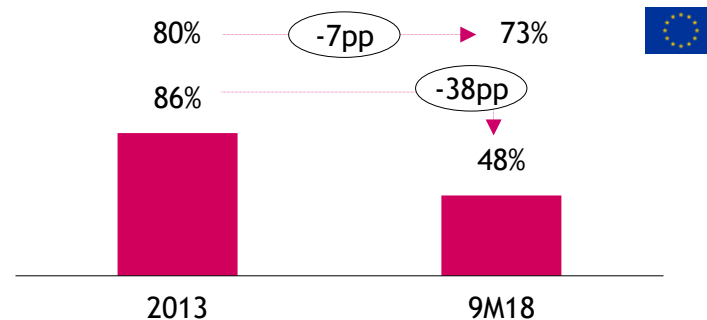
Millennium bcp: one of the most efficient banks in the Eurozone

Cost to core income*

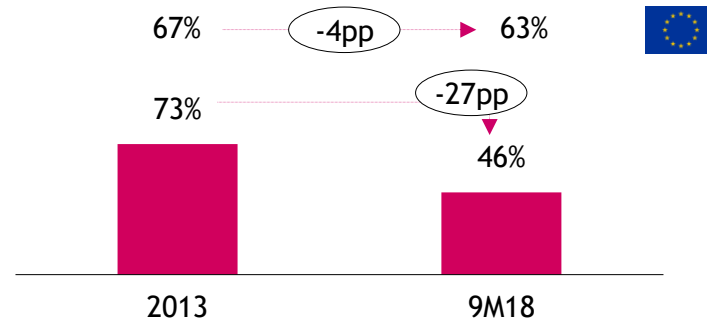
Latest available information



Cost to core income*



Cost to income

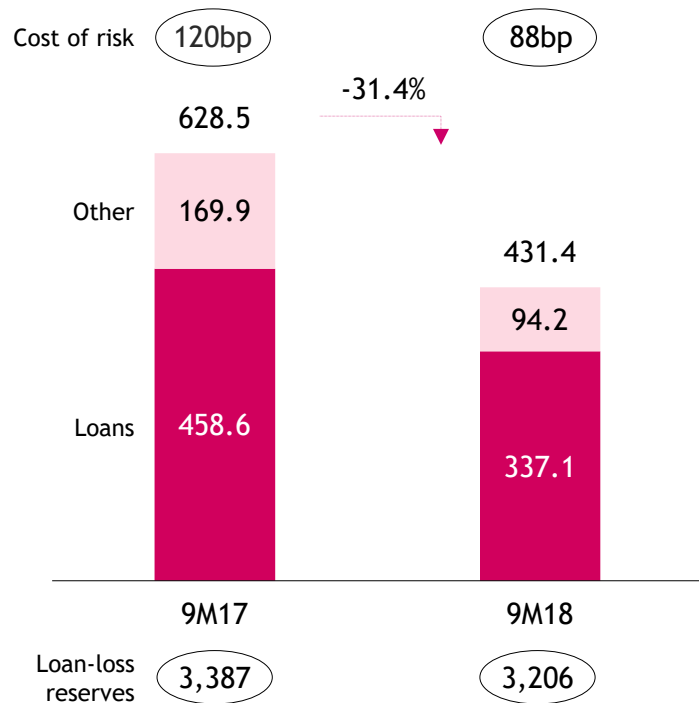


*Core income = net interest income + net fees and commission income.

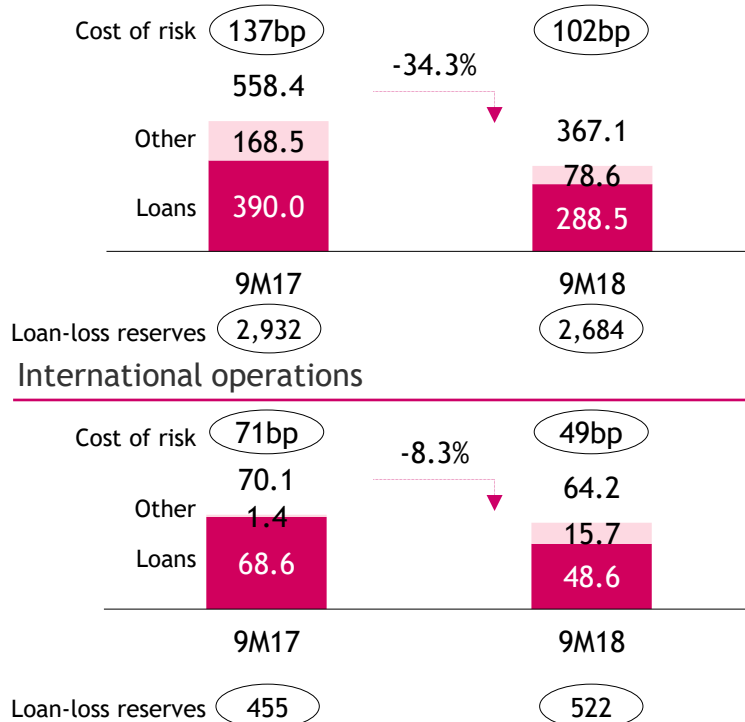
Cost of risk keeps a favourable trend

(Million euros)

Impairment and provision charges Consolidated



Portugal

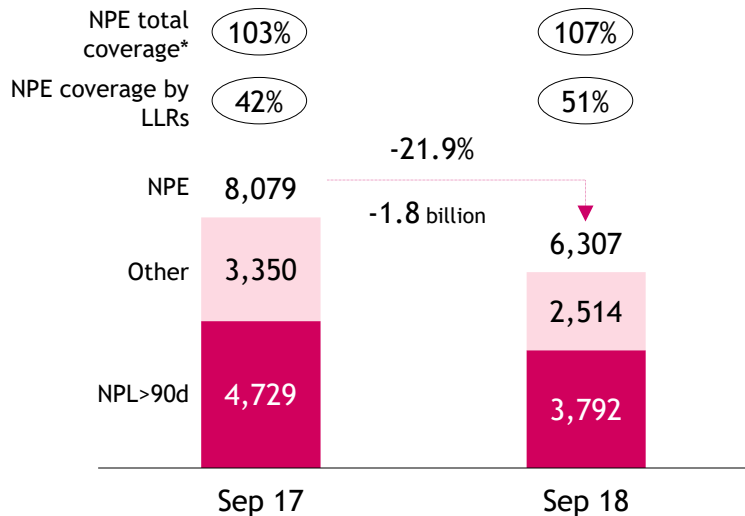


Relevant NPE reduction and strengthened coverage

(Million euros)

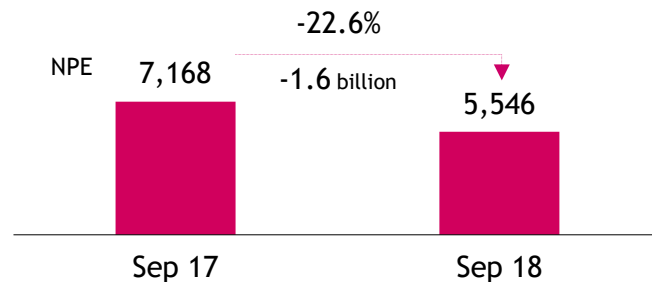
Credit quality

Consolidated

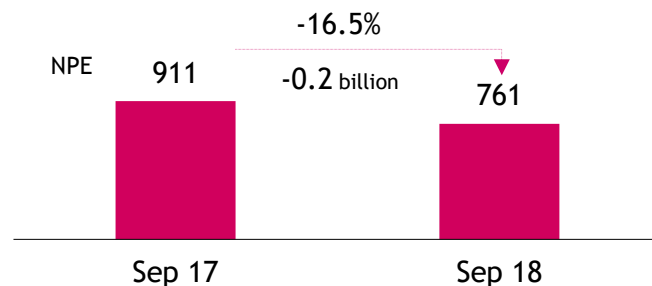


	Sep 17	Sep 18
NPL>90 days ratio	9.3%	7.4%
NPE ratio (EBA)	15.9%	12.3%
NPE ratio inc. securities and off-BS (EBA)	11.6%	8.8%

Portugal



International operations



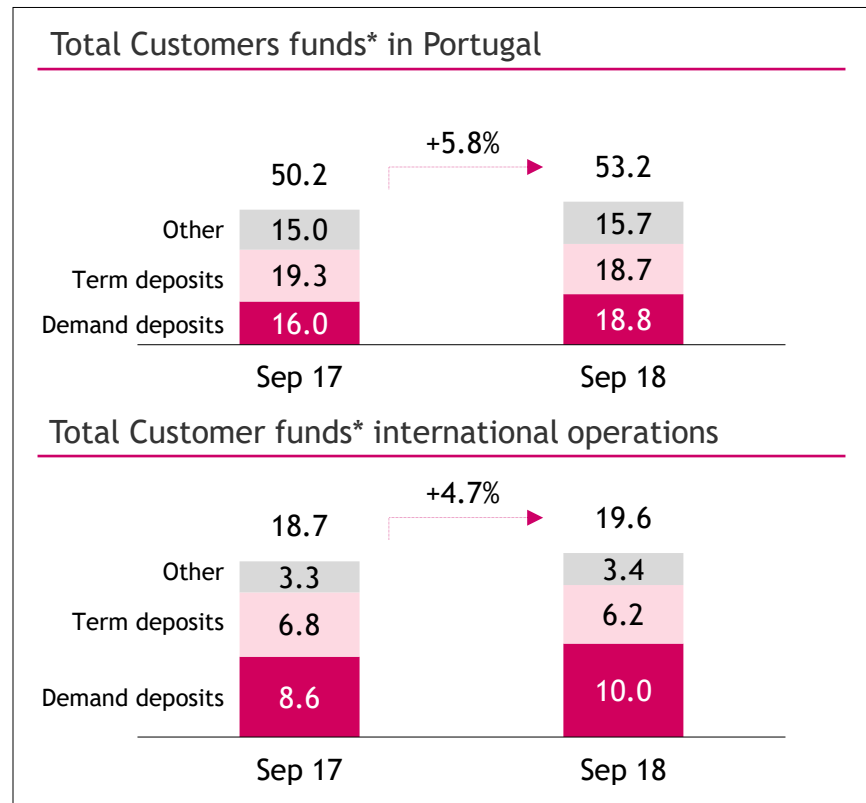
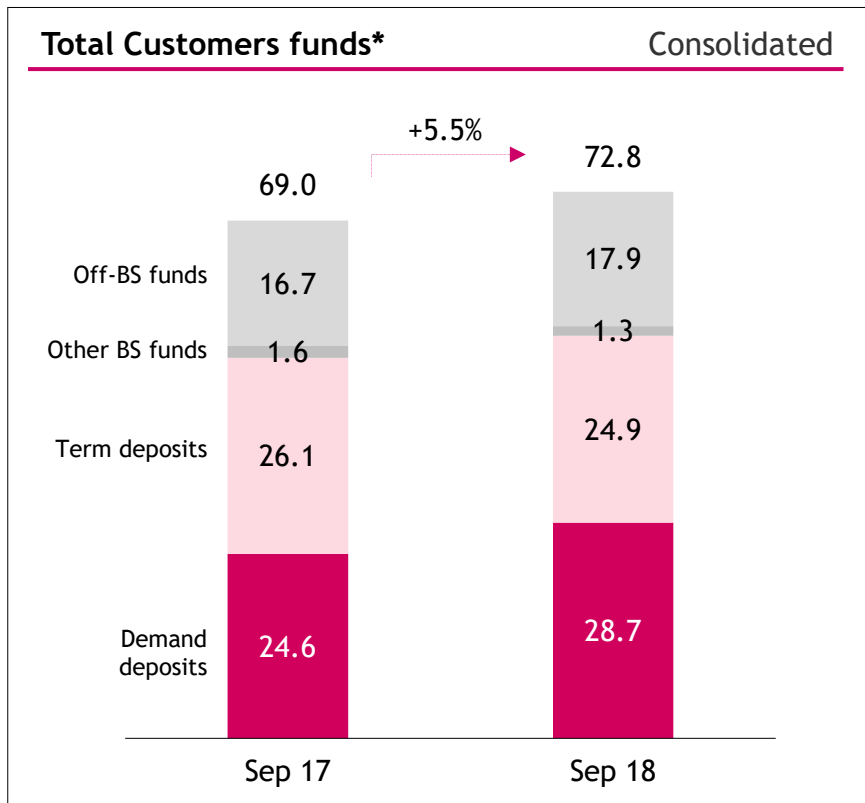
*By loan-loss reserves, expected loss gap and collaterals.

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Strong business dynamics results in growing Customer funds

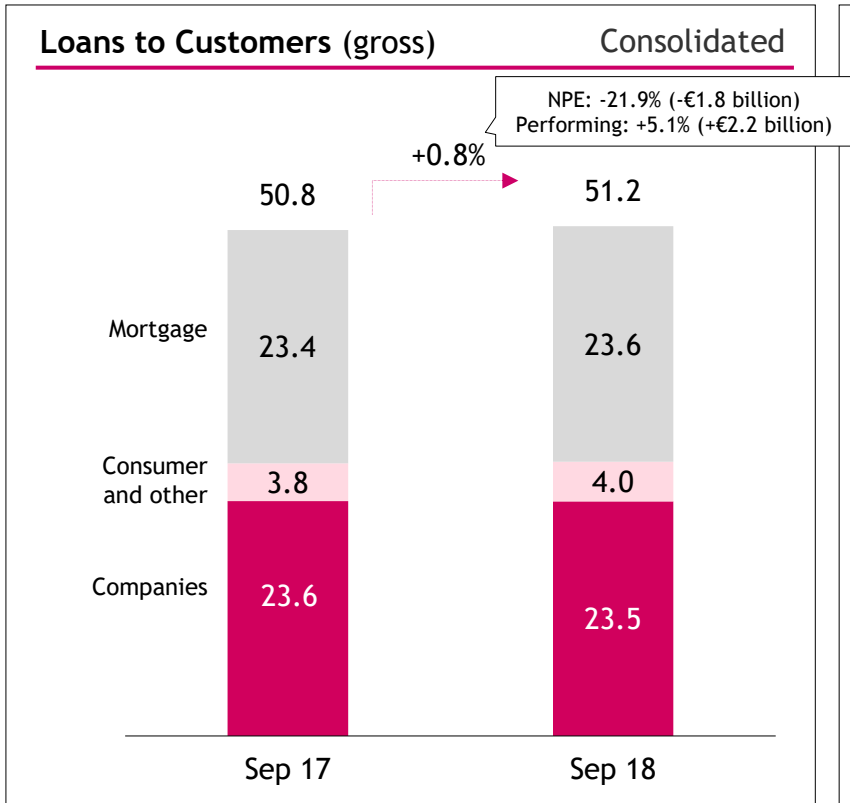
(Billion euros)



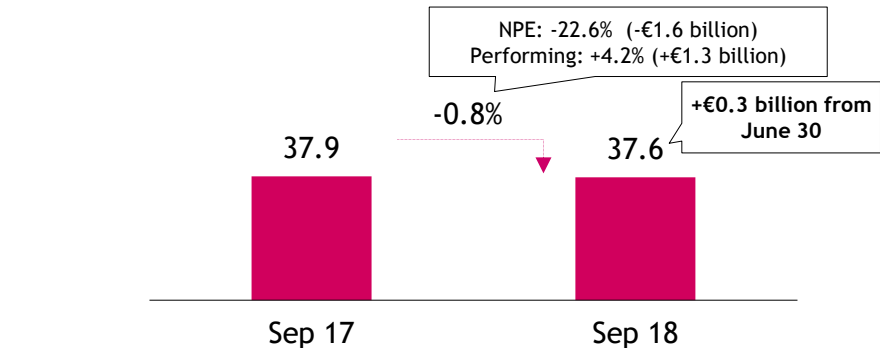
*Deposits, debt securities, assets under management, assets placed with Customers and insurance products (savings and investments).

Strong business dynamics, with increasing loan portfolio

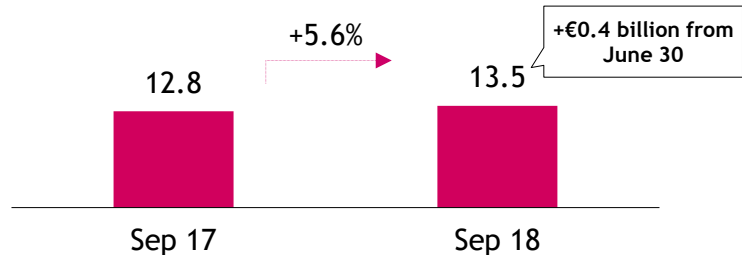
(Billion euros)



Portugal

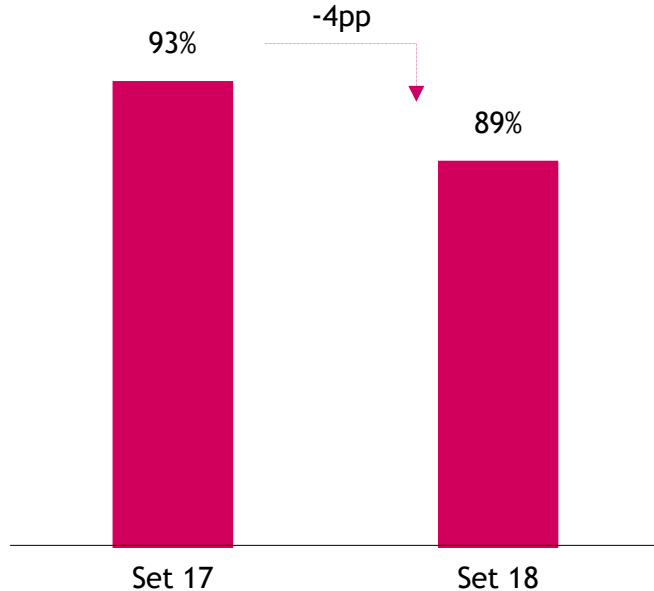


International operations



Comfortable liquidity position

Net loans to deposits ratio

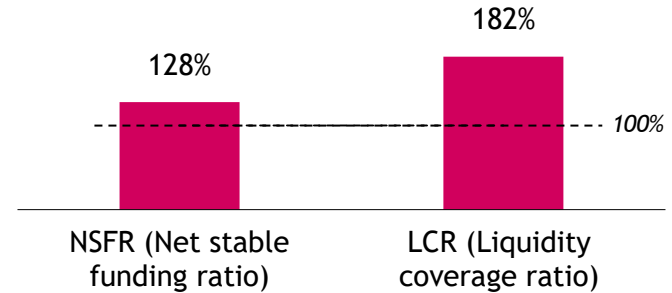


ECB funding

(Billion euros)



Liquidity ratios (CRD IV/CRR)



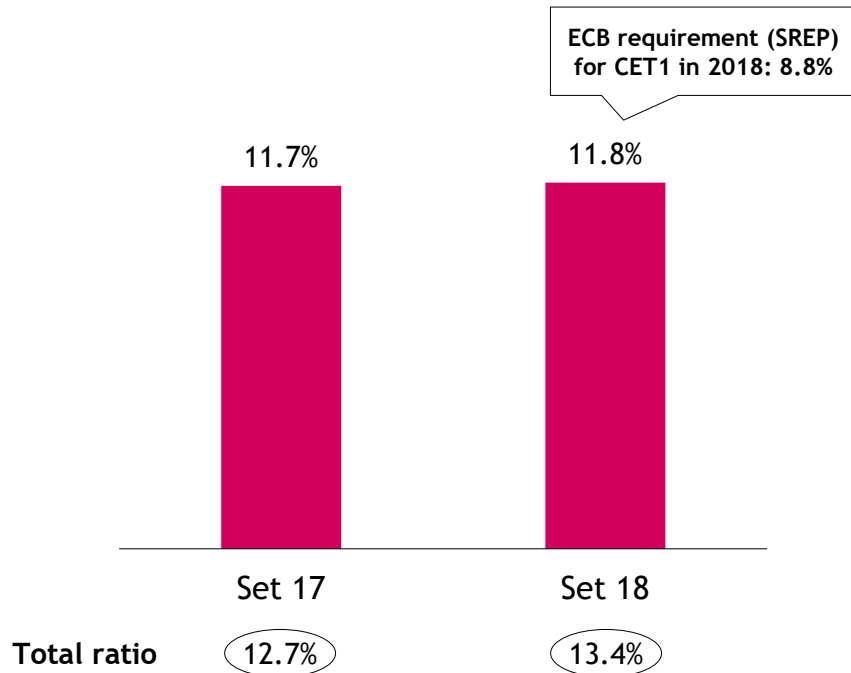
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Adequate capital position

Common Equity Tier 1 ratio

Fully implemented

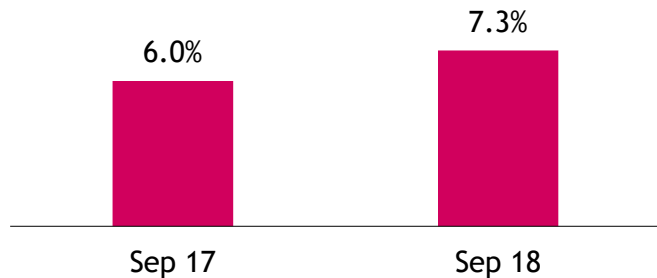


- CET1 capital ratio of 11.8% (fully implemented)
- Increase from a 11.7% as of September 30, 2017 due to earnings for the last 4 quarters (+80bp), partially offset by the impact of the IFRS9 adoption, by negative FX effects and by increased risk-weighted assets
- Increase from 11.7% as of June 30 due to earnings for the quarter, partially offset by increased risk-weighted assets
- Total capital ratio of 13.4% (fully implemented), boosted by the €300 million subordinated debt (tier 2) issued in December 2017

Capital at adequate levels

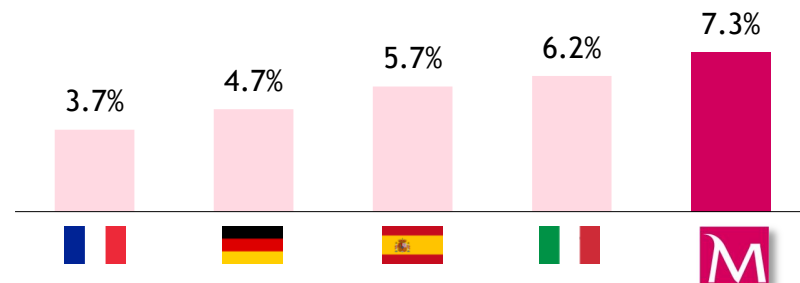
Leverage ratio

Fully implemented



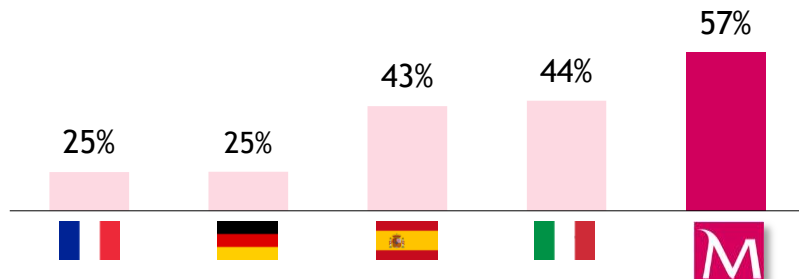
Leverage ratio

Fully implemented, latest available data

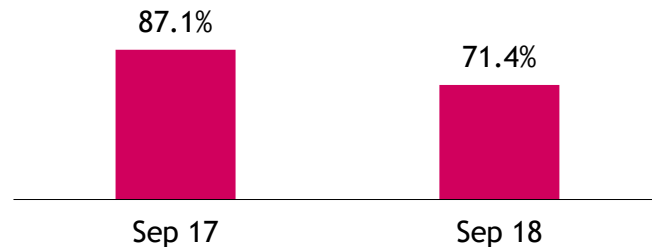


RWA density

RWAs as % of assets, latest available data



Texas ratio*



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

Agenda

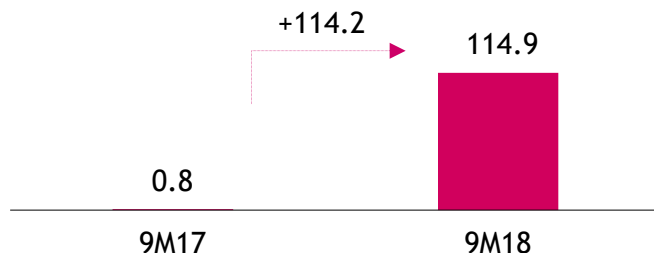
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Increased net income

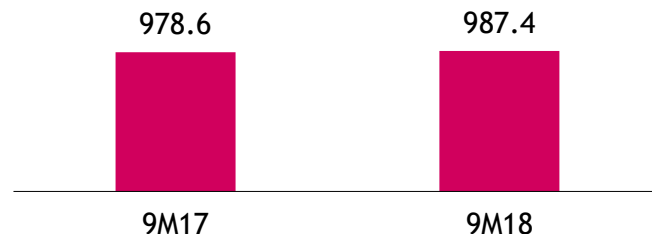


(Million euros)

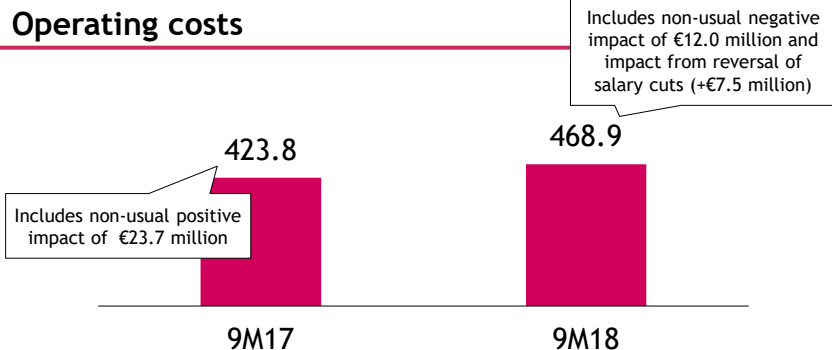
Net income



Banking income



Operating costs



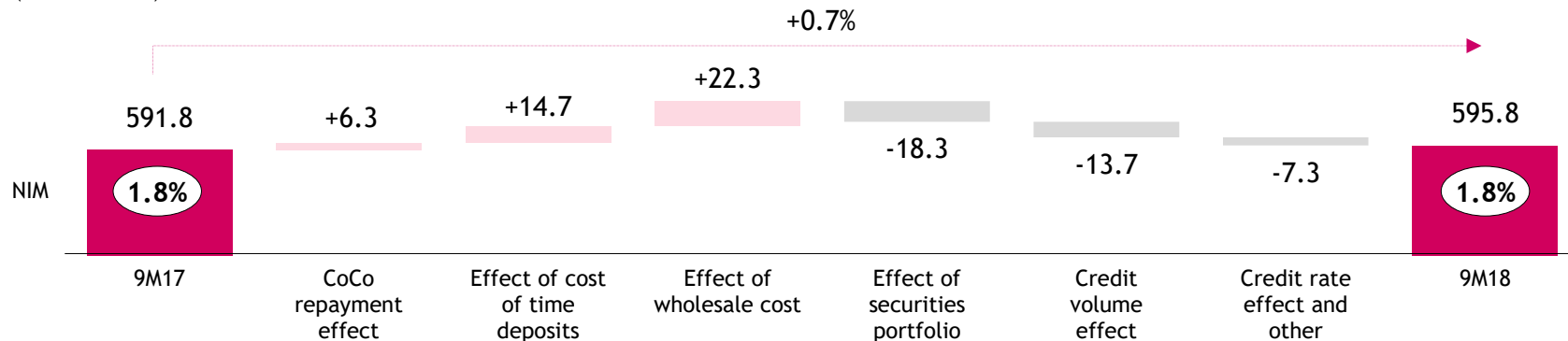
- Net earnings of €114.9 million in the first 9 months of 2018, +€114.2 million compared to €0.8 million in the same period of 2017
- Net earnings were driven by a significant reduction in credit-loss charges (-26.0%, with cost of risk decreasing to 102bp from 137bp), as well as by lower other impairment and provisions (-53.4%)

Net interest income



Net interest income

(Million euros)



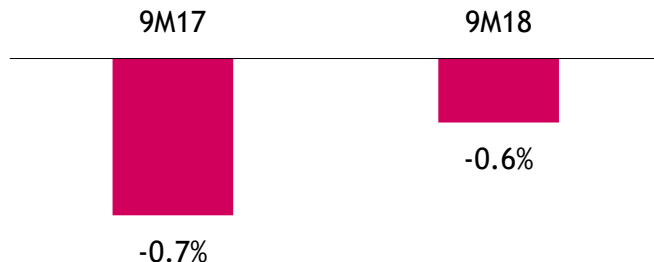
- Net interest income increased from €591.8 million in the first 9 months of 2017 to €595.8 million in the same period of 2018. The favourable impacts of a lower wholesale funding cost; of the continued decline in the remuneration of time deposits; and of the repayment of CoCos were partially offset by the negative effects of the securities portfolio (increased balance yielding lower interest, reflecting lower sovereign yields from the end of the first 9 months of 2017); of lower average credit volumes, largely reflecting the emphasis on the reduction of NPEs (unlikely to pay); and of lower credit yields, reflecting the normalisation of the macro-economic environment
- Net interest income increased from €192.8 million in the second quarter to €211.1 million in the third quarter of 2018. In addition to the positive impacts from a lower wholesale funding cost; from the securities portfolio; from a larger number of days (92 days in the third quarter, 91 days in the second) and of the declining remuneration of time deposits, net interest income for the quarter also benefited from a growing credit portfolio, reflected in a positive volume effect already from the third quarter

Continued effort to reduce the cost of deposits



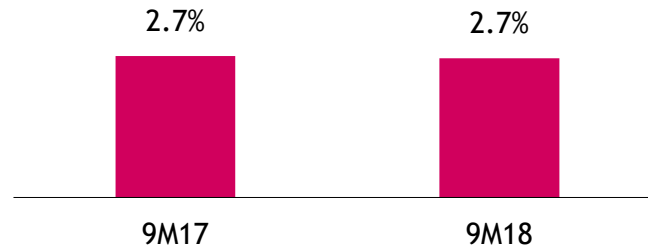
Spread on the book of term deposits

(vs 3m Euribor)

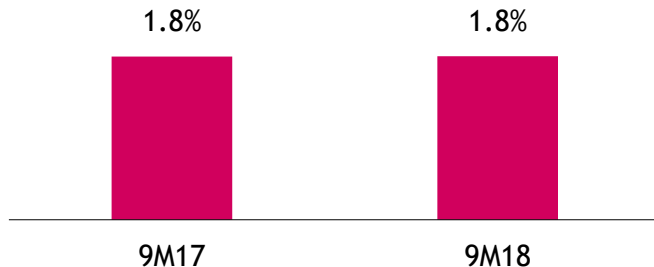


Spread on the performing loan book

(vs 3m Euribor)



NIM



- Continued improvement in the spread of the portfolio of term deposits: from -0.7% in the first 9 months of 2017 to -0.6% in the same period of 2018; front book for the first 9 months of 2018 priced at an average spread of -46bp, still below the current back book's
- Spread on the performing loan portfolio stood at 2.7% in the first 9 months of 2018 (same spread as in the first 9 months of 2017)
- NIM stood at 1.8%

Commissions and other income*

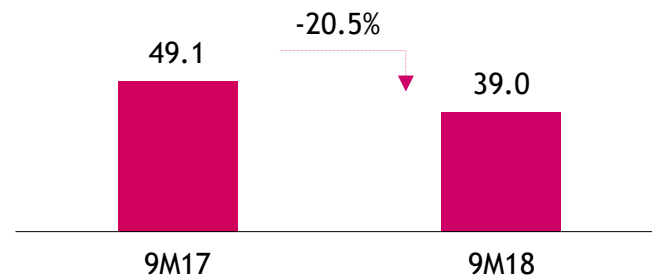


(Million euros)

Fees and commissions

	9M17	9M18	YoY
Banking fees and commissions	293.0	303.1	+3.5%
Cards and transfers	78.5	81.9	+4.4%
Loans and guarantees	77.9	79.1	+1.5%
Bancassurance	58.8	60.7	+3.2%
Customer account related	69.3	70.8	+2.1%
Other fees and commissions	8.4	10.6	+26.1%
Market related fees and commissions	44.7	49.4	+10.4%
Securities operations	39.8	44.4	+11.4%
Asset management	4.9	5.0	+2.3%
Total fees and commissions	337.7	352.5	+4.4%

Other income*



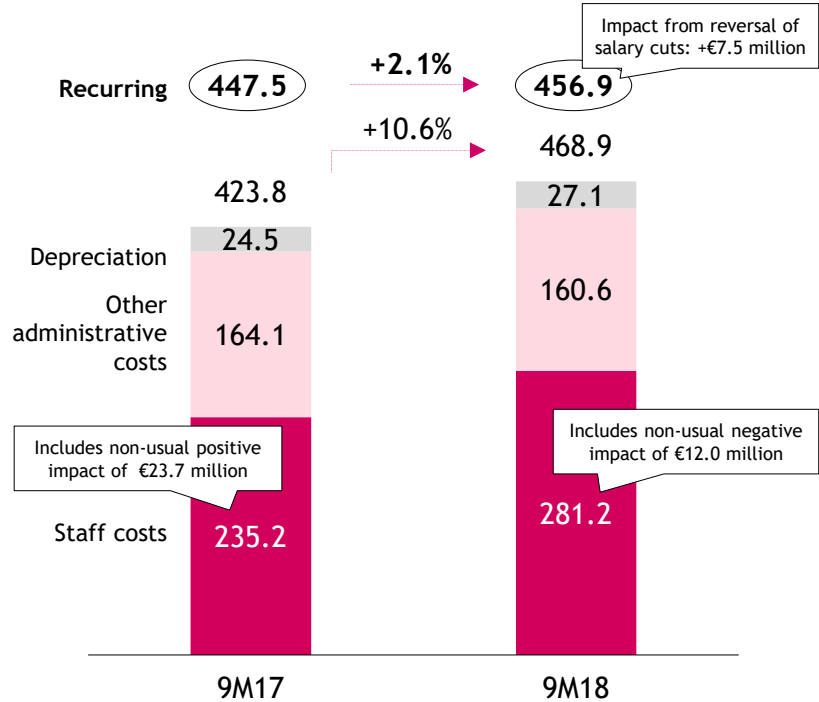
- Growing commissions in Portugal, in all lines, with income related to markets (brokerage, in particular) and to investment banking activity standing out
- Decreased other income due to lower trading income (which includes -€21.6 million in sales of credit, compared to -€4.8 million in the first 9 months of 2017) and to higher mandatory contributions (+€8.6 million)

Operating costs

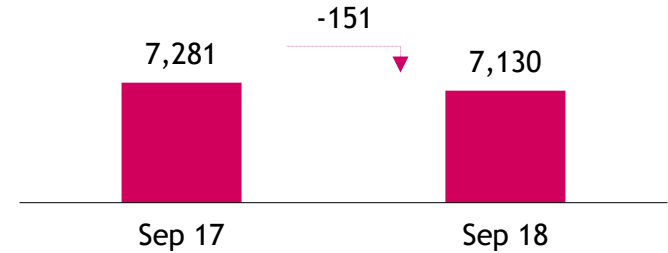


(Million euros)

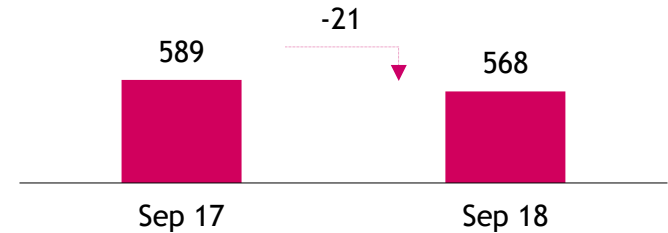
Operating costs



Employees



Branches

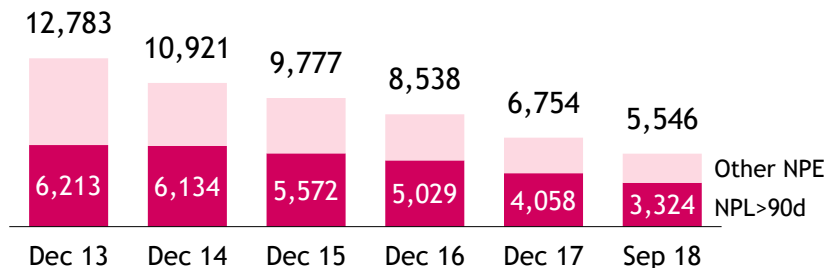


Very strong pace of NPE reduction since 2013

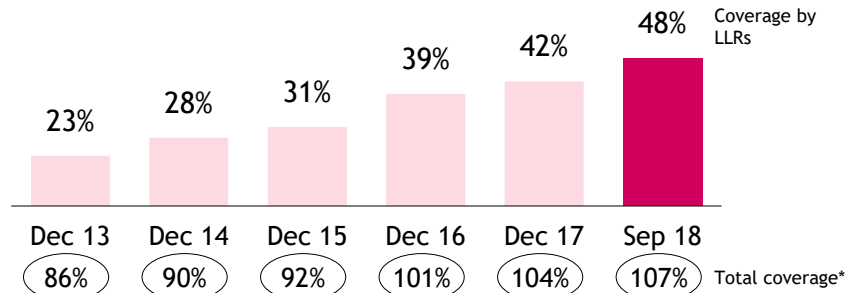


(Million euros)

Non-performing exposures (NPE)



NPE coverage



- **NPE in Portugal down** to €5.5 billion as of September 30, 2018, **a €1.2 billion reduction from year-end 2017**
- This decrease is attributable to a **€734 million NPL>90d reduction** and to a **€474 million reduction of other NPE**
- **NPE total coverage* of 107%**, broken down as follows:
 - coverage by loan-loss reserves of 48%
 - coverage by real estate collateral of 44%
 - coverage by financial collateral of 14%
 - coverage by expected loss gap of 1%
- **NPE net from loan-loss reserves were down to €2.9 billion as of September 30, 2018 from € 9.8 billion at year-end 2013**

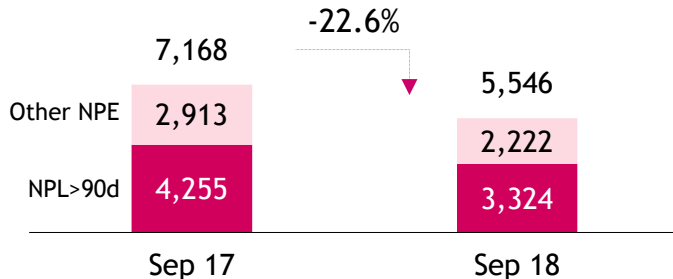
*By loan-loss reserves, expected loss gap and collaterals.

Lower NPEs, with reinforced coverage



(Million euros)

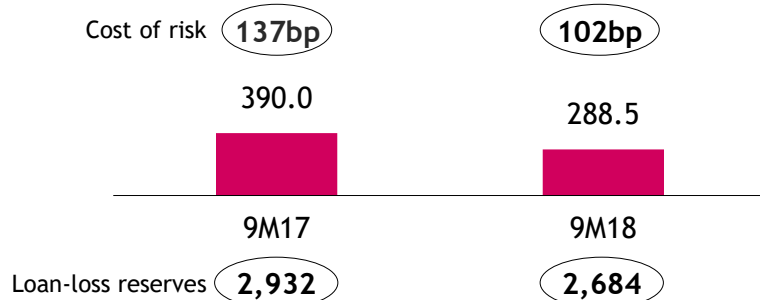
Non-performing exposures (NPEs)



NPE build-up

	Sep 18 vs.Sep 17	Sep 18 vs.Jun 18
Opening balance	7,168	5,913
+/- Net exits	-717	-91
- Write-offs	-401	-131
- Sales	-504	-145
Ending balance	5,546	5,546

Loan impairment (net of recoveries)

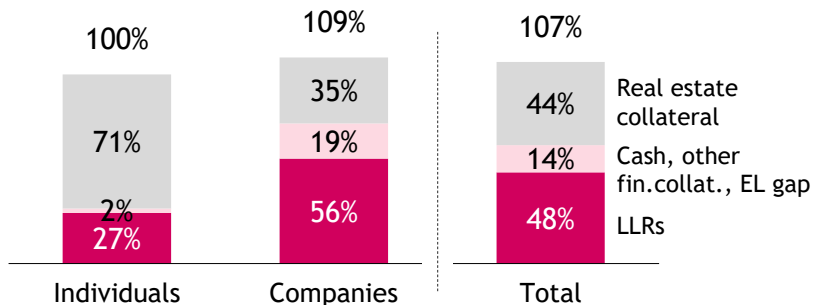


- NPE in Portugal down by €1.6 billion, from €7.2 billion as at September 30, 2017 to €5.5 billion as at the same date of 2018
- This decrease results from net outflows of €0.7 billion, sales of €0.5 billion and write-offs of €0.4 billion
- The decrease of NPE from September 30, 2017 is attributable to a €0.9 billion reduction of NPL>90d and to a €0.7 billion decrease of other NPE
- Significant NPE reduction in the quarter, from €5.9 billion as at June 30 to €5.5 billion as at September 30, 2018
- Reduction of the cost of risk to 102bp in the first 9 months of 2018 from 137bp in the same period of 2017, with a reinforcement of NPE coverage by loan-loss reserves to 48% from 40%, respectively

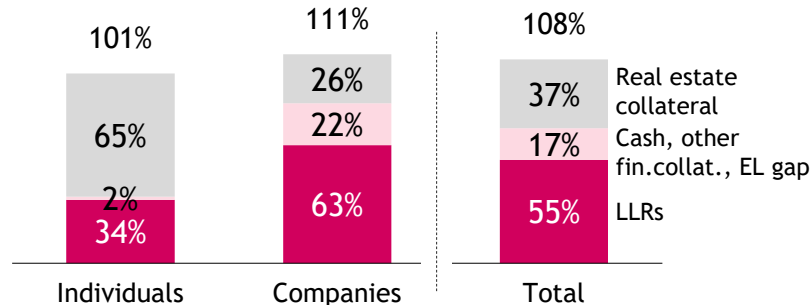
NPE coverage



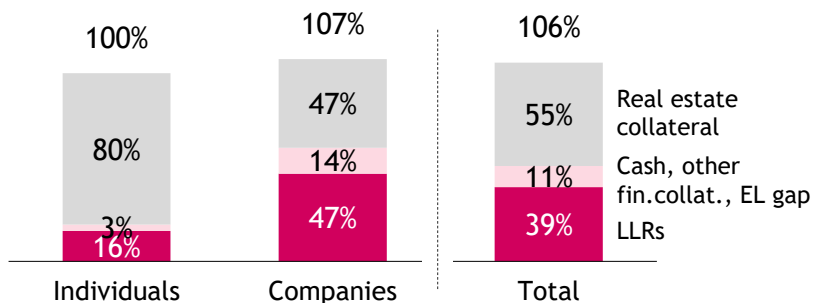
NPE total coverage*



NPL>90d total coverage*



Other NPE total coverage*



- Total coverage* $\geq 100\%$, for both individuals and companies, and for both NPE categories (NPL>90d and other NPE)
- Coverage by loan-loss reserves is stronger in loans to companies, where real-estate collateral, usually more liquid and with a more predictable market value, accounts for a lower coverage than in loans to individuals: coverage by loan-losses was 56% for companies NPE as at September 30, 2018, reaching 63% for companies NPL>90d (75% and 85%, respectively, if cash, financial collateral and expected loss gap are included)

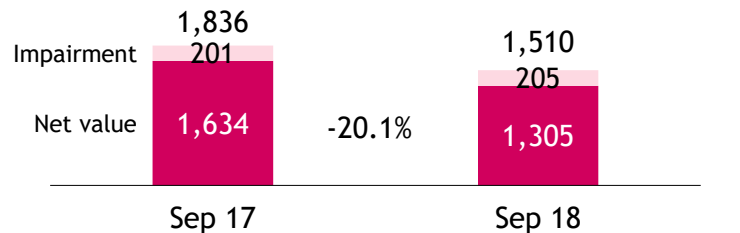
*By loan-loss reserves, expected loss gap and collaterals.

Foreclosed assets and corporate restructuring funds



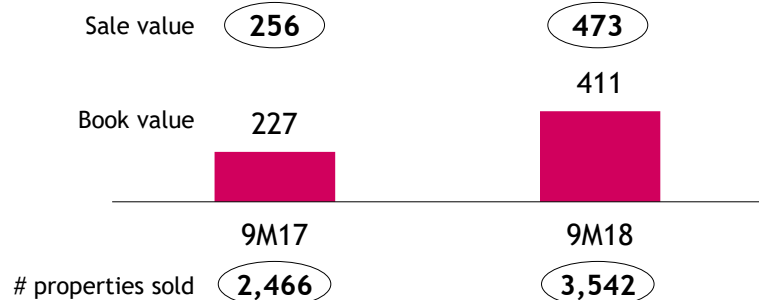
Foreclosed assets

(Million euros)



Sales of foreclosed assets

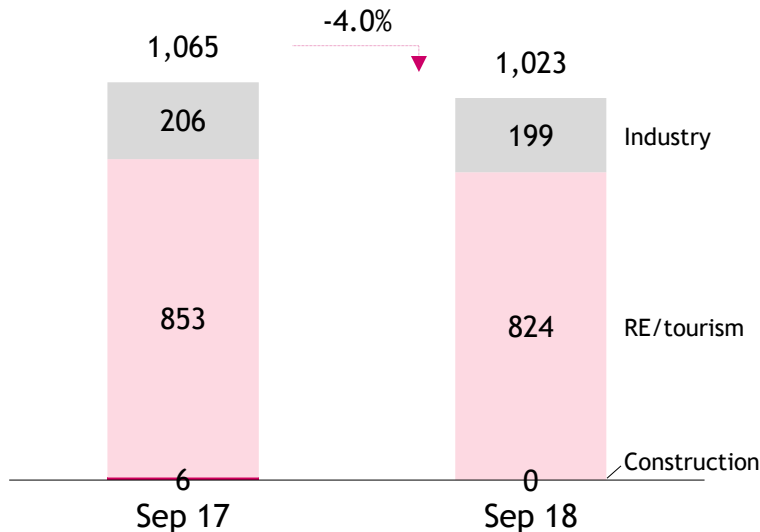
(Million euros)



Corporate restructuring funds

(Million euros)

Original credit exposure: €2,006 million
Book value (30 September 2018): €1,023 million
Total reserves (credit+restr. funds): €983 million (49% coverage)

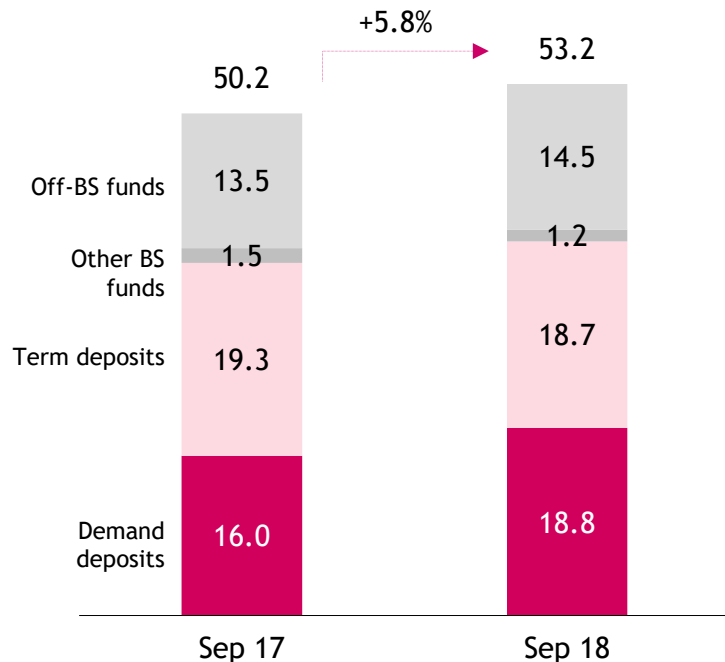


Strong business dynamics leads to increased Customer funds and performing credit portfolio

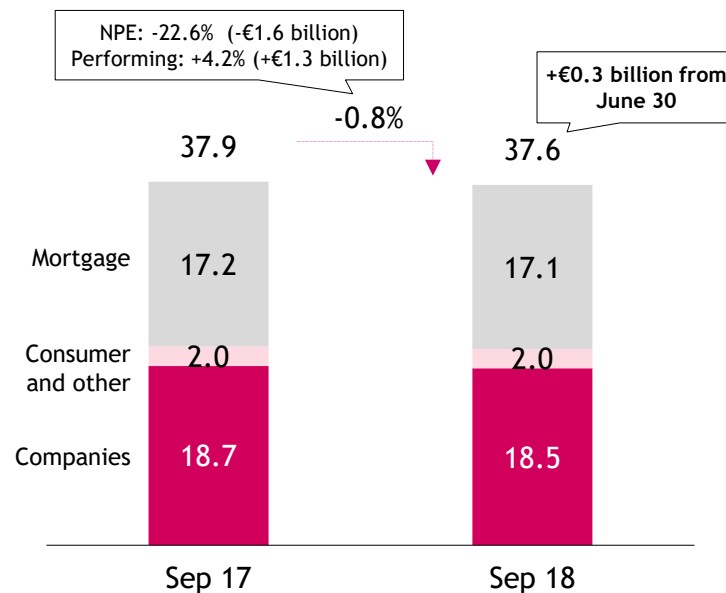


(Billion euros)

Total Customers funds*



Loans to Customers (gross)

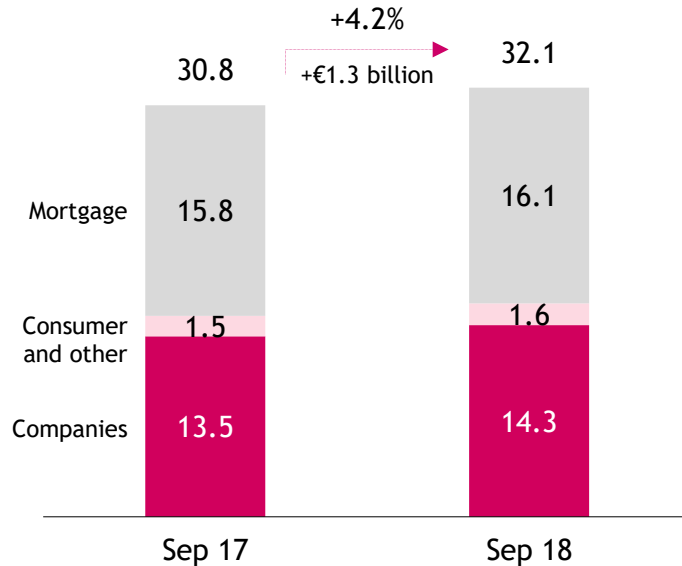


Credit now growing in Portugal

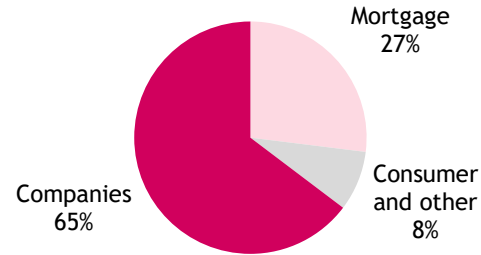


Performing credit portfolio

(Billion euros)



Breakdown of credit growth



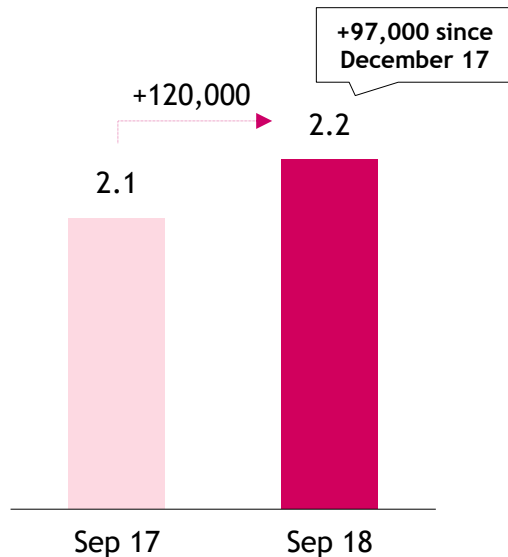
- Performing credit portfolio in Portugal expands by €1.3 billion (+4.2%) from September 30, 2017
- This increase was chiefly the result of the **strong performance of loans to companies**, which was up by €0.8 billion, equivalent to 65% of the increase of the performing credit portfolio in Portugal from September 30, 2017, with new leasing and factoring business, up by 76.9% and by 23.0%, respectively, being particularly outstanding

Strong Customer acquisition



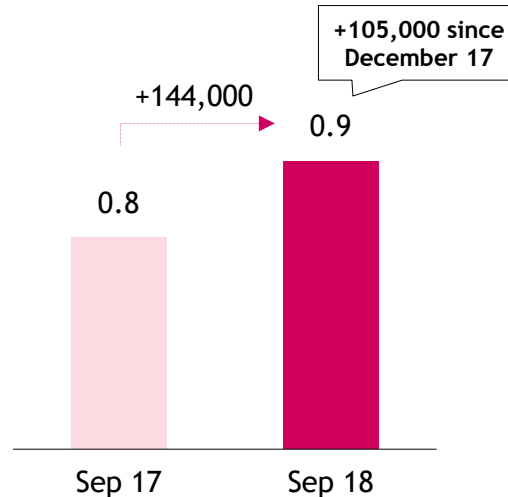
Active Customers

(Million)



Digital Customers

(Million)



Digital awards in the 3rd quarter

- 3 honours in the **Global Finance Best Digital Bank Awards: Best Consumer Digital Bank** in Portugal, **Best Online Deposit, Credit and Investment Product Offerings** in western Europe and **Best Information Security and Fraud Management** in Western Europe for both individuals and companies internet banking websites



- The new **Millennium Teller Machine (MTM)** was considered one of the **Best ATM/Self-Service Experiences** in the world at the annual **Bank Customer Experience Summit** in Chicago, USA. Millennium bcp was the only European bank distinguished at this summit



Agenda

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- Portugal
- International operations
- Key figures

Positive contribution from international operations

(Million euros)

	9M17	9M18	Δ % local currency	Δ % euros	ROE
Poland	118.0	129.0	+9.3%	+9.5%	9.5%
Mozambique	60.2	72.3	+20.0%	+19.4%	23.5%
Angola*					
Before IAS 29 impact	16.2	15.5			
IAS 29 impact**	--	1.6			
Total Angola including IAS 29 impact	16.2	17.1	+5.6%	-29.8%	
Other	7.3	10.9	+49.4%	+44.1%	
Net income	201.7	229.2	+13.6%	+9.0%	
Non-controlling interests Poland and Mozambique	-79.0	-88.4			
Exchange rate effect	8.5	--			
Contribution from international operations	131.3	140.8		+7.2%	
Same as above without FX effect and IAS 29 (Angola)	122.8	139.2		+13.4%	



*Contribution of the Angolan operation.

**Includes goodwill impairment (-€11.6 million) and contribution revaluation (+€13.2 million).

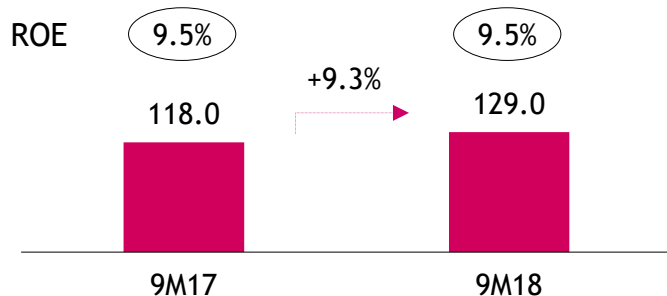
Subsidiaries' net income presented for 2017 at the same exchange rate as of 2018 for comparison purposes.

Growing net income

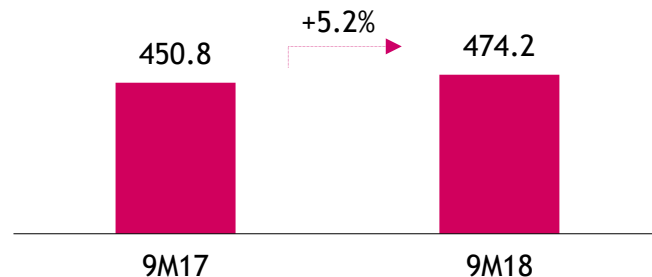


(Million euros)

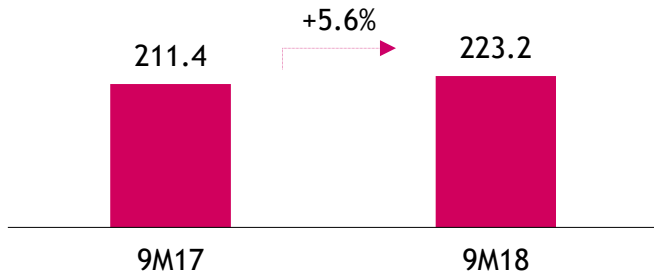
Net income



Banking income



Operating costs



- Net earnings of €129.0 million (+9.3%), with ROE of 9.5%
- Increasing banking income, driven by net interest income
- Customer funds up by 5.6%, while loans to Customers increased by 14.3%, excluding FX-denominated mortgage loans
- CET1 ratio of 20.9% as of September 30, 2018
- 1.6 million active Customers, a 12% increase from September 30, 2017
- Bank Millennium won laurels in all categories of the 2018 “Newsweek’s Friendly Bank” ranking: it was #1 in Mobile Banking; #2 in Bank For Mr. Kowalski and #3 in Internet Banking and in Mortgage Banking



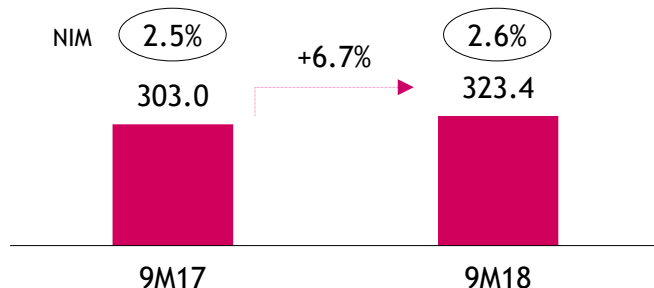
FX effect excluded. €/Złoty constant at September 2018 levels: Income Statement 4.24911667; Balance Sheet 4.2807. | *Pro forma data. Margin from derivative products, including those from hedging FX denominated loan portfolio, is included in net interest income, whereas in accounting terms, part of this margin (€9.9 million in 2018 and €8.3 million in 2017) is presented in net trading income.

Increased net income and commissions



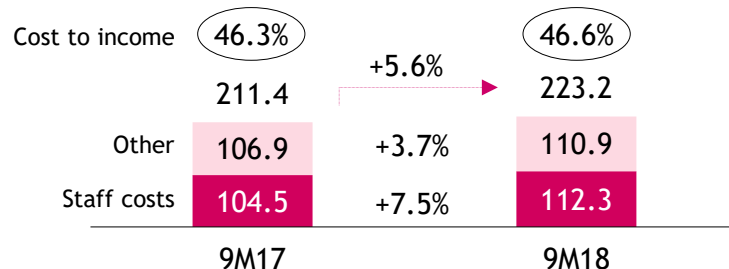
(Million euros)

Net interest income*



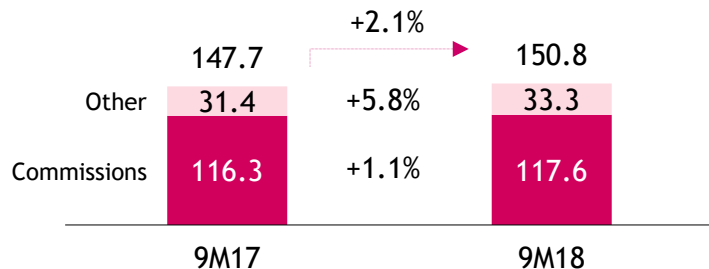
Operating costs

(Includes contribution to the resolution fund)

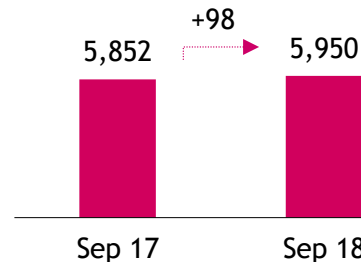


Commissions and other income

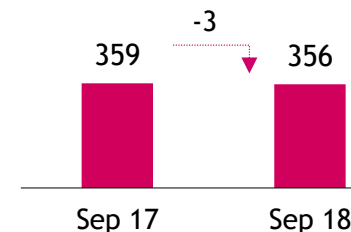
(Does not include tax on assets and contribution to the resolution fund)



Employees



Branches



Credit quality

(Million euros)

NPL>90d

Credit ratio	Sep 17	Sep 18
NPL>90d	2.8%	2.7%

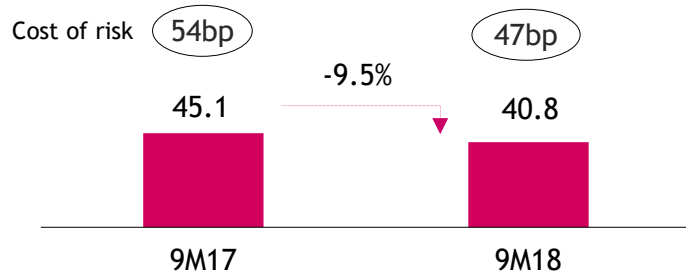


Loan-loss reserves

Coverage ratio	Sep 17	Sep 18
NPL>90d	110%	132%



Loan impairment (net of recoveries)

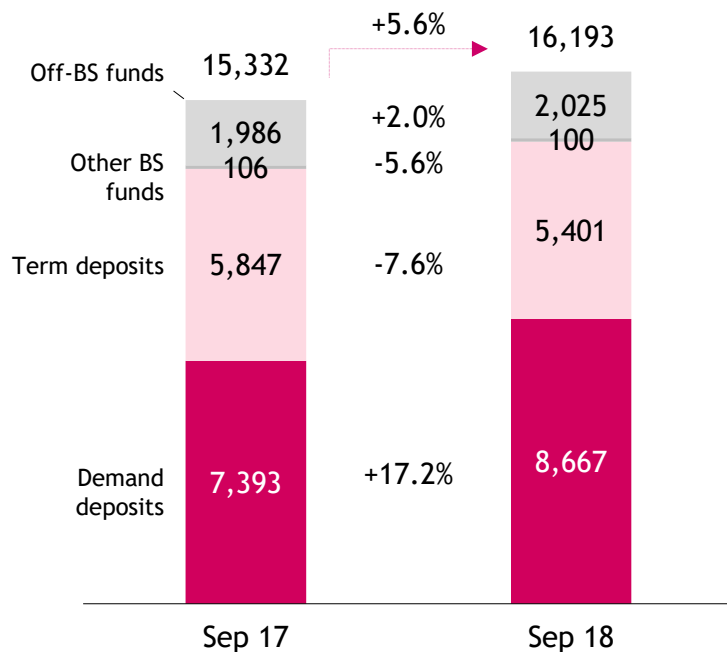


- NPL>90d accounted for 2.7% of total credit as of September 30, 2018 (2.8% as of September 30, 2017)
- Coverage of NPL>90d by loan-loss reserves at 132% (110% as of September 30, 2017)
- Decrease in the cost of risk to 47bp (54bp in the first 9 months of 2017)

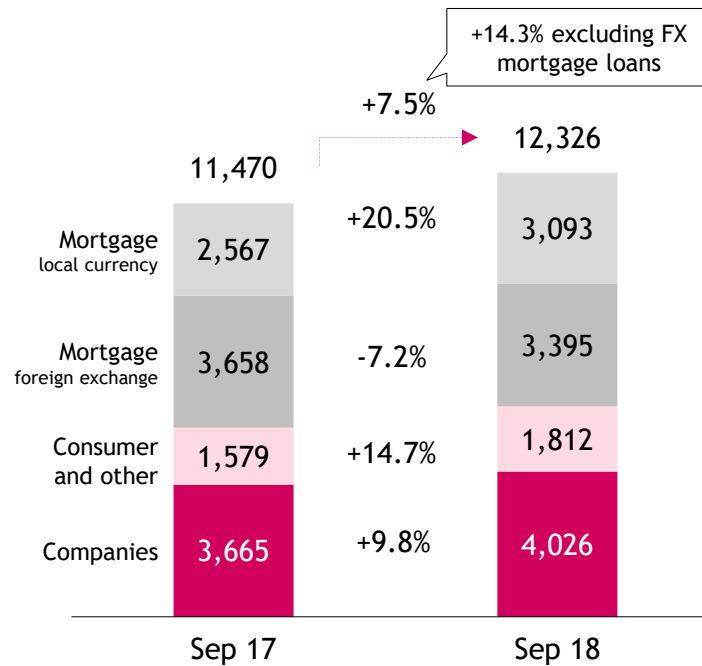
Growing volumes

(Million euros)

Customer funds



Loans to Customers (gross)

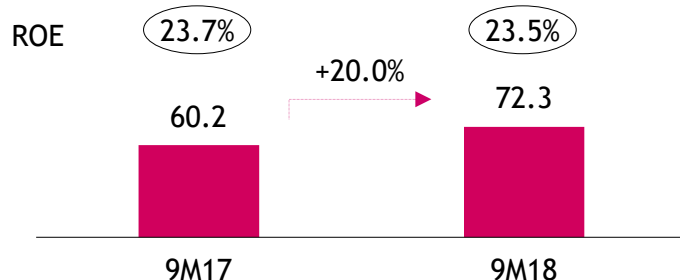


Growing net income

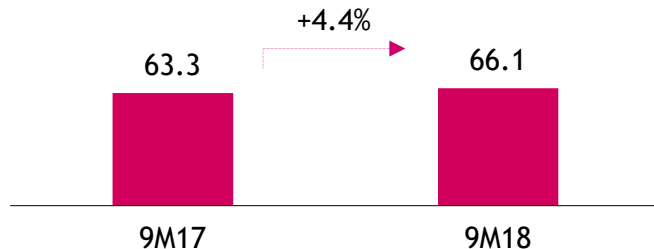


(Million euros)

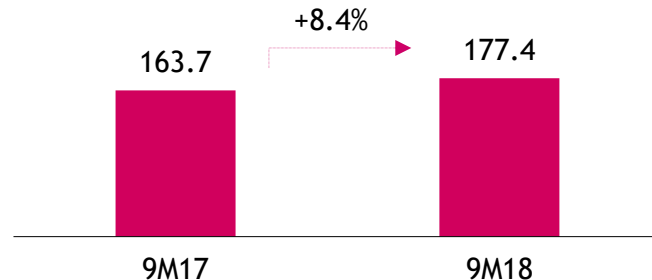
Net income



Operating costs



Banking income



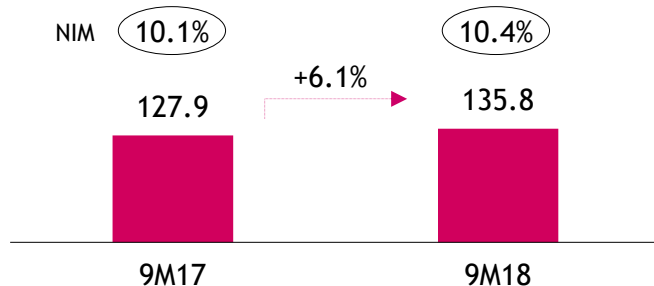
- Net earnings of €72.3 million (+20.0%), with ROE of 23.5%
- Increasing banking income (+8.4%), driven by higher net interest income and other income
- Customer funds grew 1.2%, loan portfolio down by 20.9% reflecting a conservative approach under a challenging environment
- Capital ratio of 25.6%
- Millennium bim was distinguished as the best bank in Mozambique by Euromoney (5th time in a row) and as the best digital bank Global Finance

Growing income partially offset by the increase in operating costs

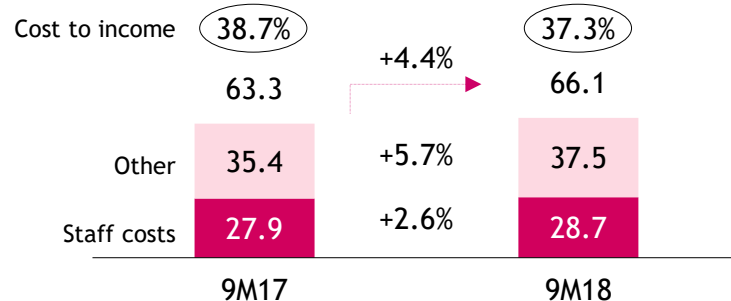


(Million euros)

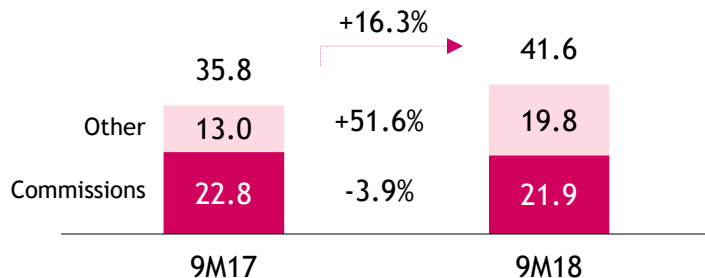
Net interest income



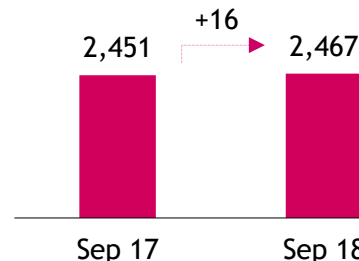
Operating costs



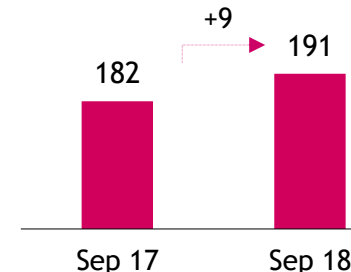
Commissions and other income



Employees*



Branches



*Excludes employees from SIM (insurance company)

Credit quality performance influenced by challenging environment



(Million euros)

NPL>90d

Credit ratio	Sep 17	Sep 18
NPL>90d	14.0%	15.9%

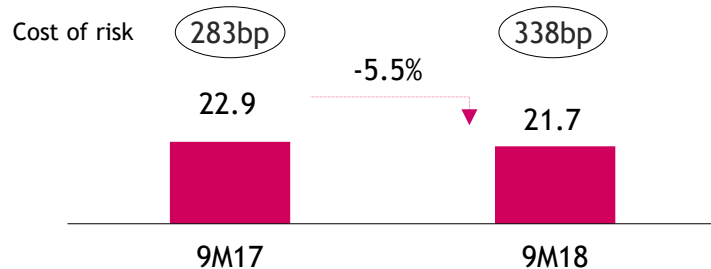


Loan-loss reserves

Coverage ratio	Sep 17	Sep 18
NPL>90d	66%	60%



Loan impairment (net of recoveries)



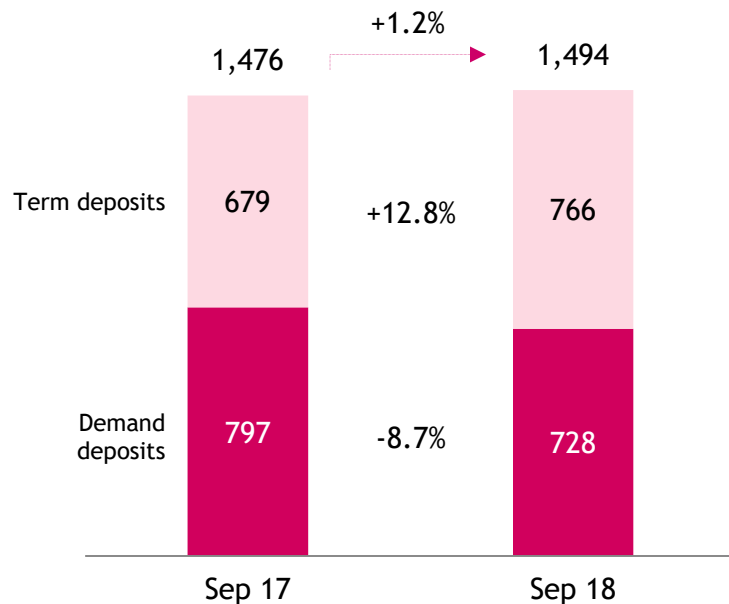
- NPL>90d ratio of 15.9% as of September 30, 2018, with coverage by loan-loss reserves of 60% on the same date
- Maintenance of a high provisioning effort, reflected in a cost of risk of 338bp (283bp in the first 9 months of 2017)

Business volumes reflect a conservative approach under a challenging environment

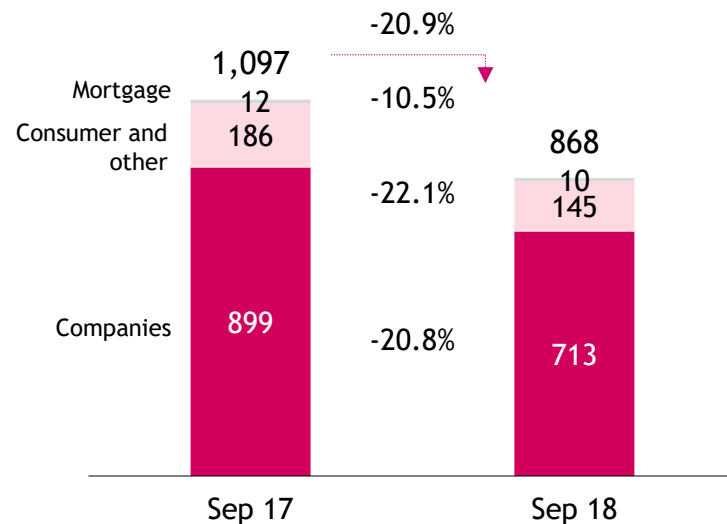


(Million euros)

Customer funds



Loans to Customers (gross)



Agenda

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- Key figures

Key figures

Consolidated

		9M17	9M18	2021
Franchise growth	Total active Customers	4.5 million	4.8 million	>6 million
	Digital Customers	47%	55%	>60%
	Mobile Customers	24%	32%	>45%
Value creation	Cost to Income	44%	46%	≈40%
	RoE	3.2%	6.0%	≈ 10%
	CET1	11.7%	11.8%	≈ 12%
	Loans to Deposits	93%	89%	< 100%
	Dividend Payout	--	--	≈40%
Asset quality	NPE stock	€8.1 billion	€6.3 billion	≈€3 billion down by ≈60% from 2017
	Cost of risk	120 bp	88 bp	<50 bp

Awards in 2018



Millennium bcp: Best Consumer Digital Bank in Portugal; Best Online Deposit, Credit and Investment Product Offerings in Western Europe; Best Information Security and Fraud Management in Western Europe for both individuals and companies internet banking websites

Millennium bim: Best Digital Bank in Mozambique



Millennium bcp: Best investment bank in Portugal

Millennium bim: Best bank in Mozambique



Bank Millennium: #1 in Mobile Banking, #2 in Bank for Mr. Kowalski (traditional banking) e #3 in Internet Banking na in Mortgage Banking (Newsweek's Friendly Bank 2018)



Millennium bcp: winner of the Marketeer award, "Banking" category



Millennium bcp: the new Millennium Teller Machine (MTM) was considered one of the Best ATM/Self-Service Experiences in the world. Only European bank distinguished



Millennium bcp
Consumer Choice 2018,
"Large Banks" category



Millennium bcp
Best Bank for Companies; Most
Appropriate Products; Most
Innovating; Most Efficient;
Closest to Customers



Millennium bcp
Best Private Bank in Portugal
(The Banker, a publication of
the Financial Times group)

Appendix

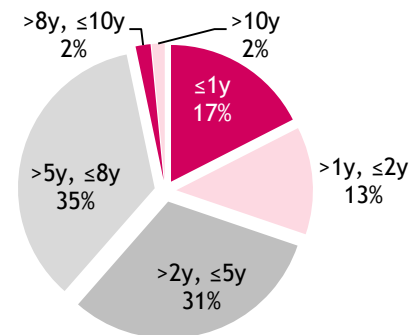
Sovereign debt portfolio

Sovereign debt portfolio

(Million euros)

	Sep 17	Jun 18	Sep 18	YoY	QoQ
Portugal	4,945	5,938	6,335	+28%	+7%
T-bills and other	712	673	971	+36%	+44%
Bonds	4,232	5,265	5,364	+27%	+2%
Poland	3,734	3,936	4,047	+8%	+3%
Mozambique	370	626	656	+77%	+5%
Other	559	1,090	522	-7%	-52%
Total	9,607	11,590	11,560	+20%	-0%

Sovereign debt maturity



- The sovereign debt portfolio totalled €11.6 billion, €2.0 billion of which maturing within one year
- The Portuguese sovereign debt portfolio totalled €6.3 billion, whereas the Polish and Mozambican portfolios amounted to €4.0 billion and to €0.7 billion, respectively; “other” includes US sovereign debt of €0.3 billion and Spanish sovereign debt of €0.1 billion

Sovereign debt portfolio

(Million euros)

	Portugal	Poland	Mozambique	Other	Total
Trading book*	37	271		26	334
≤ 1 year		14			14
> 1 year and ≤ 2 years	33	17		26	76
> 2 years and ≤ 5 years	2	193			196
> 5 years and ≤ 8 years	2	42			44
> 8 years and ≤ 10 years		5			5
> 10 years				0	1
Banking book**	6,298	3,776	656	496	11,225
≤ 1 year	972	221	472	344	2,008
> 1 year and ≤ 2 years	19	1,337	40		1,395
> 2 years and ≤ 5 years	1,222	2,057	33	102	3,415
> 5 years and ≤ 8 years	3,880	149		2	4,031
> 8 years and ≤ 10 years	101	12	39	48	199
> 10 years	103	1	73		177
Total	6,335	4,047	656	522	11,560
≤ 1 year	972	235	472	344	2,022
> 1 year and ≤ 2 years	52	1,354	40	26	1,471
> 2 years and ≤ 5 years	1,225	2,250	33	103	3,611
> 5 years and ≤ 8 years	3,882	191		2	4,074
> 8 years and ≤ 10 years	101	17	39	48	204
> 10 years	103	1	73	1	177

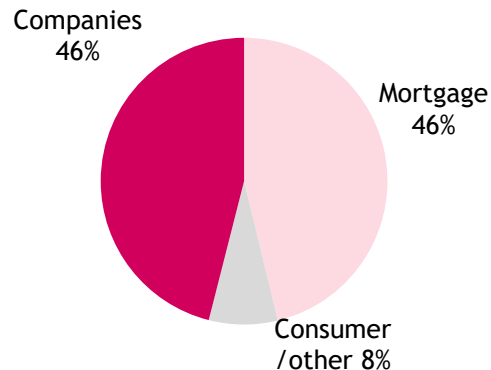
*Includes financial assets held for trading at fair value through net income (€33 million).

**Includes financial assets at fair value through other comprehensive income (€10,511 million) and financial assets at amortised cost (€715 million).

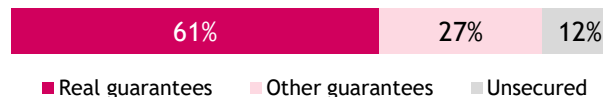
Diversified and collateralised portfolio

Loan portfolio

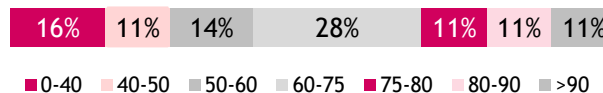
Consolidated



Loans per collateral



LTV of the mortgage portfolio in Portugal



Loans

- Loans to companies accounted for 46% of the loan portfolio as at September 30, 2018, including 7% to construction and real-estate sectors
- Mortgage accounted for 46% of the loan portfolio, with low delinquency levels and an average LTV of 66%
- 88% 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)	9M17	9M18	YoY	Impact on earnings
Net interest income	1,023.2	1,052.8	+2.9%	+29.6
Net fees and commissions	494.6	510.1	+3.1%	+15.4
Other income*	76.5	71.7	-6.2%	-4.8
Banking income	1,594.3	1,634.6	+2.5%	+40.3
Staff costs	-380.1	-435.6	+14.6%	-55.4
Other administrative costs and depreciation	-314.5	-318.7	+1.3%	-4.2
Operating costs	-694.6	-754.2	+8.6%	-59.6
Operating net income (before impairment and provisions)	899.7	880.3	-2.2%	-19.4
Of which: core net income**	823.2	808.6	-1.8%	-14.6
Loans impairment (net of recoveries)	-458.6	-337.1	-26.5%	+121.5
Other impairment and provisions	-169.9	-94.2	-44.5%	+75.7
Impairment and provisions	-628.5	-431.4	-31.4%	+197.2
Net income before income tax	271.2	449.0	+65.6%	+177.8
Income taxes	-63.1	-109.5	+73.5%	-46.4
Non-controlling interests	-76.0	-83.8	+10.2%	-7.7
Net income from discontinued or to be discontinued operations	1.3	1.8	+40.0%	+0.5
Net income	133.3	257.5	+93.1%	+124.2

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

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

Consolidated balance sheet

(Million euros)

	30 september 2018	30 september 2017		30 september 2018	30 september 2017
ASSETS			LIABILITIES		
Cash and deposits at Central Banks	2,192.5	2,144.8	Financial liabilities at amortised cost		
Loans and advances to credit institutions repayable on demand	330.3	1,113.4	Resources from credit institutions	7,563.5	9,185.5
Financial assets at amortised cost			Resources from customers	50,760.5	47,825.6
Loans and advances to credit institutions	868.2	805.3	Non subordinated debt securities issued	1,707.7	2,187.1
Loans and advances to customers	45,355.4	45,199.6	Subordinated debt	1,097.7	858.2
Debt instruments	3,347.7	2,167.5	Financial liabilities at fair value through profit or loss		
Financial assets at fair value through profit or loss			Financial liabilities held for trading	310.6	461.8
Financial assets held for trading	1,024.8	922.7	Financial liabilities at fair value through profit or loss	3,831.9	3,773.8
Financial assets not held for trading mandatorily at fair value through profit or loss	1,405.5	-	Hedging derivatives	170.5	216.3
Financial assets designated at fair value through profit or loss	32.9	142.3	Provisions	331.9	341.0
Financial assets at fair value through other comprehensive income	12,063.8	-	Current tax liabilities	4.7	8.8
Financial assets available for sale	-	11,914.7	Deferred tax liabilities	5.0	2.2
Financial assets held to maturity	-	436.3	Other liabilities	1,015.9	1,071.3
Assets with repurchase agreement	15.5	71.0	TOTAL LIABILITIES	66,800.0	65,931.7
Hedging derivatives	76.6	165.3			
Investments in associated companies	488.2	612.8	EQUITY		
Non-current assets held for sale	1,940.0	2,286.1	Share capital	5,600.7	5,600.7
Investment property	12.0	14.2	Share premium	16.5	16.5
Other tangible assets	484.2	479.0	Preference shares	59.9	59.9
Goodwill and intangible assets	168.7	164.6	Other equity instruments	2.9	2.9
Current tax assets	12.9	7.6	Legal and statutory reserves	264.6	252.8
Deferred tax assets	2,945.3	3,135.2	Treasury shares	(0.3)	(0.3)
Other assets	980.0	1,207.4	Reserves and retained earnings	(393.2)	(14.0)
TOTAL ASSETS	73,744.6	72,989.7	Net income for the period attributable to Bank's Shareholders	257.5	133.3
			TOTAL EQUITY ATTRIBUTABLE TO BANK'S SHAREHOLDERS	5,808.6	6,051.9
			Non-controlling interests	1,136.0	1,006.2
			TOTAL EQUITY	6,944.7	7,058.0
				73,744.6	72,989.7

Consolidated income statement

Per quarter

(Million euros)

	3Q 17	4Q 17	1Q 18	2Q 18	3Q 18
Net interest income	344.7	368.1	344.8	342.8	365.2
Dividends from equity instruments	0.1	0.1	0.1	0.6	0.0
Net fees and commission income	164.3	172.1	167.8	172.4	169.9
Other operating income	-10.4	-5.2	-29.1	-61.0	-0.2
Net trading income	25.1	33.4	34.4	42.6	12.6
Equity accounted earnings	21.7	34.8	19.8	21.6	30.5
Banking income	545.5	603.2	537.8	519.0	577.8
Staff costs	138.6	146.5	142.3	147.5	145.8
Other administrative costs	92.2	99.3	89.5	93.1	93.1
Depreciation	13.6	13.9	14.2	14.2	14.5
Operating costs	244.4	259.6	246.0	254.8	253.4
Operating net income bef. imp.	301.1	343.6	291.8	264.2	324.4
Loans impairment (net of recoveries)	153.6	165.1	106.1	114.8	116.3
Other impairm. and provisions	59.6	131.2	23.9	35.1	35.3
Net income before income tax	87.9	47.3	161.8	114.3	172.8
Income tax	19.7	-33.0	49.3	22.6	37.6
Non-controlling interests	24.8	27.1	26.9	28.5	28.4
Net income (before disc. oper.)	43.4	53.1	85.6	63.3	106.8
Net income arising from discount. operations	0.0	0.0	0.0	1.8	0.0
Net income	43.4	53.1	85.6	65.1	106.8

Income statement (Portugal and International Operations)

For the 9-month periods ended September 30th, 2017 and 2018

(Million euros)

	International operations																	
	Group			Portugal			Total			Bank Millennium (Poland)			Millennium bim (Moz.)			Other int. operations		
	Sep 17	Sep 18	Δ %	Sep 17	Sep 18	Δ %	Sep 17	Sep 18	Δ %	Sep 17	Sep 18	Δ %	Sep 17	Sep 18	Δ %	Sep 17	Sep 18	Δ %
Interest income	1432	1408	-17%	793	741	-6.6%	638	667	4.5%	419	443	5.8%	215	215	-0.2%	5	10	>100%
Interest expense	409	355	-13.1%	202	145	-28.1%	207	210	1.5%	125	129	3.9%	86	79	-8.9%	-4	2	>100%
Net interest income	1,023	1,053	2.9%	592	596	0.7%	431	457	5.9%	294	313	6.6%	129	136	5.6%	9	8	-11.2%
Dividends from equity instruments	2	1	-64.9%	1	0	<-100%	1	1	-10%	1	1	-2.2%	0	0	38.8%	0	0	-29.0%
Intermediation margin	1,025	1,053	2.8%	593	596	0.5%	432	458	5.9%	295	314	6.6%	129	136	5.6%	9	8	-11.2%
Net fees and commission income	495	510	3.1%	338	352	4.4%	157	158	0.4%	116	118	1.3%	23	22	-4.4%	18	18	0.4%
Other operating income	-97	-90	6.9%	-54	-46	15.0%	-43	-45	-3.2%	-48	-58	-21.9%	5	14	>100%	0	0	-13.5%
Basic income	1,423	1,473	3.6%	877	903	2.9%	546	570	4.5%	363	373	2.9%	156	172	9.8%	26	25	-3.5%
Net trading income	115	90	-22.1%	69	42	-40.1%	46	48	5.1%	37	39	6.7%	8	6	-30.0%	0	3	>100%
Equity accounted earnings	57	72	26.5%	32	43	33.1%	24	29	17.8%	0	0	--	0	0	--	24	29	17.8%
Banking income	1,594	1,635	2.5%	979	987	0.9%	616	647	5.1%	400	413	3.2%	165	177	7.8%	51	57	11.2%
Staff costs	380	436	14.6%	235	281	19.5%	145	154	6.5%	104	112	7.7%	28	29	2.1%	13	13	6.4%
Other administrative costs	275	276	0.4%	164	161	-2.1%	111	115	4.0%	76	79	3.8%	30	31	4.4%	5	5	4.9%
Depreciation	40	43	8.0%	25	27	10.6%	15	16	3.9%	9	9	0.3%	6	6	9.2%	0	0	27.7%
Operating costs	695	754	8.6%	424	469	10.6%	271	285	5.4%	190	201	5.8%	64	66	3.8%	17	19	6.1%
Operating net income bef. imp.	900	880	-2.2%	555	518	-6.5%	345	362	4.9%	210	212	0.9%	101	111	10.3%	34	39	13.9%
Loans impairment (net of recoveries)	459	337	-26.5%	390	289	-26.0%	69	49	-29.2%	45	32	-28.8%	23	22	-6.0%	0	-5	<-100%
Other impairm. and provisions	170	94	-44.5%	168	79	-53.4%	1	16	>100%	4	5	13.8%	-3	-1	74.6%	0	12	--
Net income before income tax	271	449	65.6%	-4	151	>100%	275	298	8.3%	161	175	8.9%	81	90	12.1%	33	32	-3.8%
Income tax	63	110	73.5%	-1	43	>100%	64	67	4.2%	43	46	7.2%	19	17	-10.2%	2	3	>100%
Non-controlling interests	76	84	10.2%	-3	-6	-81.8%	80	90	13.3%	0	0	--	1	1	1.1%	79	90	13.4%
Net income (before disc. oper.)	132	256	93.6%	1	115	>100%	131	141	7.2%	118	129	9.5%	61	72	19.4%	-47	-60	-28.7%
Net income arising from discount operations	1	2	40.0%															
Net income	133	257	93.1%															

Glossary (1/2)

Assets placed with customers - amounts held by customers in the context of the placement of third-party products that contribute to the recognition of commissions.

Balance sheet customer funds - deposits and other resources from customers and debt securities placed with customers.

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

Cost of risk, net (expressed in basis points) - ratio of loan impairment charges for loans to customers at amortised cost and debt instruments at amortised cost related to credit operations (net of recoveries) accounted in the period to loans to customers at amortised cost and debt instruments at amortised cost related to credit operations before impairment.

Cost to core income - operating costs divided by core income.

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

Coverage of non-performing exposures by impairments - loans impairments (balance sheet) divided by the stock of NPE.

Coverage of non-performing loans by impairments - loans impairments (balance sheet) divided by the stock of NPL.

Coverage of overdue loans by impairments - loans impairments (balance sheet) divided by overdue loans.

Coverage of overdue loans by more than 90 days by impairments - loans impairments (balance sheet) divided by overdue loans by more than 90 days.

Debt instruments - non-subordinated debt instruments at amortised cost and financial liabilities measured at fair value through profit or loss (debt securities and certificates).

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

Deposits and other resources from customers - resources from customers at amortised cost and customer deposits at fair value through profit or loss.

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 and, until 2017, financial assets 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.

Insurance products - includes unit linked saving products and retirement saving plans ("PPR", "PPE" and "PPR/E").

Loans impairment (balance sheet) - balance sheet impairment related to loans to customers at amortised cost, balance sheet impairment associated with debt instruments at amortised cost related to credit operations and fair value adjustments related to loans to customers at fair value through profit or loss.

Loans impairment (P&L) - impairment of financial assets at amortised cost for loans and advances of credit institutions, for loans to customers (net of recoveries - principal and accrual) and for debt instruments related to credit operations.

Loans to customers (gross) - loans to customers at amortised cost before impairment, debt instruments at amortised cost associated to credit operations 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, debt instruments at amortised cost associated to credit operations 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 deposits and other resources from customers.

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, other net operating income and equity accounted earnings.

Glossary (2/2)

Net trading income - results from financial operations at fair value through profit or loss, results from foreign exchange, results from hedge accounting operations, results from derecognition of financial assets and financial liabilities measured at amortised cost, results from derecognition of financial assets measured at fair value through other comprehensive income and results from financial assets available for sale (till 2017).

Non-performing exposures (NPE) - non-performing loans and advances to customers (loans to customers at amortised cost and loans to customers at fair value through profit or loss) more than 90 days past-due or unlikely to be paid without collateral realisation, if they recognised as defaulted or impaired.

Non-performing loans (NPL) - overdue loans (loans to customers at amortised cost, debt instruments at amortised cost associated to credit operations and loans to customers at fair value through profit or loss) more than 90 days past due including the non-overdue remaining principal of loans, i.e. portion in arrears, plus non-overdue remaining principal.

Off-balance sheet customer funds - assets from customers under management, assets placed with customers and insurance products (savings and investment) subscribed by customers.

Operating costs - staff costs, other administrative costs and depreciation.

Other impairment and provisions - impairment of financial assets (at fair value through other comprehensive income, at amortised cost not associated with credit operations and available for sale, in this case till 2017), other assets impairment, in particular provision charges related to assets received as payment in kind not fully covered by collateral, investments in associated companies and goodwill of subsidiaries and other provisions.

Other net income - dividends from equity instruments, net commissions, net trading income, other net operating income 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 - total outstanding amount of past due loans to customers (loans to customers at amortised cost, debt instruments at amortised cost associated to credit operations and loans to customers at fair value through profit or loss), including principal and interests.

Overdue loans by more than 90 days - total outstanding amount of past due loans to customers by more than 90 days (loans to customers at amortised cost, debt instruments at amortised cost associated to credit operations and loans to customers at fair value through profit or loss), including principal and interests.

Resources from credit institutions - resources and other financing from Central Banks and resources from other credit institutions.

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

Return on average assets (ROA) - net income (before minority interests) divided by the average total assets (weighted average of the average of monthly net assets in the period).

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 (weighted average of the average of monthly equity in the period).

Return on equity (ROE) - net income (after minority interests) divided by the average attributable equity, deducted from preference shares and other capital instruments (weighted average of the average of monthly equity in the period).

Securities portfolio - debt instruments at amortised cost not associated with credit operations (net of impairment), financial assets at fair value through profit or loss (excluding the ones related to loans to customers), financial assets at fair value through other comprehensive income (net of impairment), assets with repurchase agreement, financial assets available for sale and financial assets held to maturity (in the latter two cases until 2017).

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 and off-balance sheet customer fund.



INVESTOR RELATIONS DIVISION

Rui Coimbra, Head

EQUITY

Luís Pedro Monteiro and Paula Dantas Henriques

+351 21 1131 084

DEBT AND RATINGS

Luís Morais and Lina Fernandes

+351 21 1131 337

investors@millenniumbcp.pt



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, LEI JU1U6S0DG9YLT7N8ZV32 and the share capital of EUR 5,600,738,053.72.

