9 May 2019

Millennium bcp earnings release as at 31 March 2019

Profitability

Significant improvement of profitability, driven by the activity in Portugal

- **Significant improvement of the profitability of the Group, with net profit of Euro 153.8 million** in the first three months of 2019.
- **Contribution of the activity in Portugal more than double** the contribution of the first three months of 2018 and reaching **Euro 94.3 million** in the first quarter of 2019.
- **Earnings from international activity increased 12.1%** from Euro 41.1 million in the first quarter of 2018, to Euro 46.1 million in the same period of 2019.

Asset quality

Continuous improvement of asset quality; significant NPE reduction, with improvement in credit coverage

- **Significant reduction of NPE (Euro -1.9 billion from 31 March 2018,** of which Euro -1.8 billion in the activity in Portugal).
- **Improvement in NPE coverage by impairments to 55%** (48% as at 31 March 2018) and **overall coverage* to 110%** (104% as at 31 March 2018).
- **Sharp reduction of cost of risk to 68 b.p.** (85 b.p. in the first quarter of 2018).

Capital

Stronger capital ratio

- **Estimated Fully-implemented Core Equity Tier 1 ratio stood at 12.7%**,** improving 87 b.p. from March 2018, influenced by net income.
- **Estimated Total capital ratio raised** to 15.2%**, also boosted by issuance of Additional Tier 1 in January 2019 and comfortably above SREP requirements (13.1%).

Business performance

Strong business dynamics with resources from customers and loan portfolio growth; capture of digital Customers

- **Increasing business volumes**, with performing loans up by Euro 2.4 billion and total customer funds up by Euro 3.7 billion, from 31 March 2018.
- **Added 326,000 active customers** from 31 March 2018, of which 134,000 customers in Portugal, supported by innovative digital solutions.

Rating upgrade

- **Moody's rating reflects Millennium bcp's improvement** through a significant reduction of the stock of problematic assets and enhanced domestic profitability.

* By loan-loss reserves, expected loss gap and collaterals.
** Including non-audited net income of the first quarter of 2019.

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
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FINANCIAL HIGHLIGHTS (1)

Euro million

	31 Mar. 19	31 Mar. 18	Change 19/18
BALANCE SHEET			
Total assets	77,118	72,674	6.1%
Loans to customers (net)	48,561	47,512	2.2%
Total customer funds (2)	75,286	71,606	5.1%
Balance sheet customer funds	57,235	53,792	6.4%
Deposits and other resources from customers	55,758	52,390	6.4%
Loans to customers (net) / Deposits and other resources from customers (3)	87.1%	90.7%	
Loans to customers (net) / Balance sheet customer funds	84.8%	88.3%	
RESULTS			
Net interest income	362.7	344.8	5.2%
Net operating revenues	597.7	537.8	11.1%
Operating costs	259.5	246.0	5.5%
Operating costs excluding specific items (4)	253.5	242.6	4.5%
Loan impairment charges (net of recoveries)	86.5	106.0	-18.4%
Other impairment and provisions	17.4	23.9	-27.1%
Income taxes	65.4	49.3	
Net income	153.8	85.6	79.7%
PROFITABILITY AND EFFICIENCY			
Net operating revenues / Average net assets (3)	3.2%	3.0%	
Return on average assets (ROA)	1.0%	0.6%	
Income before tax and non-controlling interests / Average net assets (3)	1.3%	0.9%	
Return on average equity (ROE)	10.6%	6.1%	
Income before tax and non-controlling interests / Average equity (3)	14.2%	9.7%	
Net interest margin	2.2%	2.2%	
Cost to income (3) (4)	42.4%	45.1%	
Cost to income (Portugal activity) (3) (4)	40.2%	45.0%	
Staff costs / Net operating revenues (3) (4)	24.5%	25.8%	
CREDIT QUALITY			
Cost of risk (net of recoveries, in b.p.)	68	85	
Non-Performing Exposures / Loans to customers	10.1%	14.0%	
Total impairment (balance sheet) / NPE	54.6%	48.4%	
Restructured loans / Loans to customers	6.9%	8.1%	
LIQUIDITY			
Liquidity Coverage Ratio (LCR)	253%	180%	
Net Stable Funding Ratio (NSFR)	134%	126%	
CAPITAL (5)			
Common equity tier I phased-in ratio	12.7%	12.0%	
Common equity tier I fully-implemented ratio	12.7%	11.8%	
BRANCHES			
Portugal activity	539	578	-6.7%
Foreign activity	562	547	2.7%
EMPLOYEES			
Portugal activity	7,262	7,155	1.5%
Foreign activity (6)	9,023	8,672	4.0%

(1) Some indicators are presented according to management criteria of the Group, which concepts are described and detailed at the glossary and at "Alternative Performance Measures" chapter, being reconciled with the accounting values published in the consolidated financial statements.

(2) As at 30 June 2018, the concepts underlying the determination of off-balance sheet customer funds were adjusted to reflect the new legal and regulatory framework imposed by the Financial Instruments Markets Directive II (MiFID II), as well as changes implemented regarding the perimeter considered and the criteria adopted, namely with regard to the inclusion of amounts held by customers in the context of the placement of third-party products that contribute to the recognition of commissions ("assets placed with customers"). The information with reference to 31 March 2018 is presented according to the new criteria.

(3) According to Instruction from the Bank of Portugal no. 16/2004, as the currently existing version.

(4) Excludes specific items: negative impact of Euro 6.0 million in the first quarter of 2019 and also negative impact of Euro 3.5 million in the first quarter of 2018, both related to restructuring costs recognized as staff costs, in the activity in Portugal.

(5) As of 31 March 2019 and 31 March 2018, ratios include the positive cumulative net income of each period, not audited. Ratios as of 31 March 2019 are estimated.

(6) Of which, in Poland: 6,319 employees as at 31 March 2019 (corresponding to 6,183 FTE - Full-time equivalent) and 5,965 employees as at 31 March 2018 (corresponding to 5,848 FTE - Full-time equivalent).

RESULTS AND ACTIVITY IN THE FIRST THREE MONTHS OF 2019

In the context of the entry into force, on 1 January 2018, of IFRS 9 Financial Instruments and the consequent impact on the structure of the Millennium bcp financial statements compared to prior periods, some indicators were defined according to management criteria aiming to help the comparability with financial information then presented. Following the guidelines on Alternative Performance Measures published by the European Securities and Markets Authority (ESMA), the relevant indicators that allow a full understanding of the evolution of the Group's economic and financial position are detailed at the end of this document, and are reconciled with the accounting values published in the consolidated financial statements.

RESULTS

The consolidated **net income** of Millennium bcp rose to Euro 153.8 million in the first three months of 2019, a significant 79.7% increase from Euro 85.6 million booked in the same period of the previous year, mainly driven by the performance of the activity in Portugal, together with the favourable performance of the international activity.

In the activity in Portugal, net income* showed a favourable evolution, rising 112.0%, more than doubling the Euro 44.5 million recorded in the first three months of 2018, to reach Euro 94.3 million in the first three months of 2019, driven by the positive performance of most of items, with particular emphasis on the reduction of impairments and provisions and the increase in net trading income and other net operating income.

In the international activity, net income in the first three months of 2019 increased 12.1% from the Euro 41.1 million in the same period of the previous year, reaching Euro 46.1 million, on the back especially of increased contributions from the subsidiary in Mozambique and from Banco Millennium Atlântico in Angola.

Net interest income increased 5.2% from Euro 344.8 million posted in the first three months of 2018, reaching Euro 362.7 million in the same period of 2019, due to the good performance of both the activity in Portugal and the international activity.

In the activity in Portugal, net interest income stood at Euro 201.5 million in the first three months of 2019, increasing 4.9% from the amounts accounted in the same period of the previous year, mainly due to the reduction in the cost of funding, particularly the decrease in the cost of issued debt and subordinated debt.

In the international activity, net interest income increased by 5.5% compared to Euro 152.8 million recorded in the first three months of 2018, standing at Euro 161.2 million in the first quarter of 2019, determined by the performance of the Polish subsidiary.

Net interest margin in the first three months of 2019 stood at 2.2%, in line with the amount reported in the same period of the previous year.

* Not considering income arising from operations accounted as discontinued operations, amounting to Euro 13.5 million, in the first quarter of 2019.

AVERAGE BALANCES

Euro million

	31 Mar. 19		31 Mar. 18	
	Amount	Yield %	Amount	Yield %
Deposits in banks	3,201	1.2	2,549	0.8
Financial assets	15,946	1.8	12,134	2.4
Loans and advances to customers	48,206	3.2	47,712	3.2
INTEREST EARNING ASSETS	67,353	2.7	62,395	2.9
Non-interest earning assets	9,459		10,239	
	76,812		72,634	
Amounts owed to credit institutions	7,754	0.2	7,395	0.0
Deposits and other resources from customers	55,421	0.5	52,216	0.6
Debt issued	2,989	1.1	2,990	2.2
Subordinated debt	1,221	4.4	1,157	6.5
INTEREST BEARING LIABILITIES	67,384	0.6	63,758	0.7
Non-interest bearing liabilities	2,009		2,038	
Shareholders' equity and non-controlling interests	7,418		6,838	
	76,812		72,634	
Net interest margin		2.2		2.2

Note: Interest related to hedge derivatives was allocated, in March 2019 and 2018, to the respective balance sheet item.

Dividends from equity instruments, which comprise dividends received from investments classified as financial assets at fair value, through other comprehensive income and as financial assets held for trading, together with **equity accounted earnings**, totalled Euro 18.7 million in the first three months of 2019, slightly below the Euro 19.9 million recorded in the same period of 2018.

Net commissions stood at Euro 166.6 million in the first three months of 2019, compared to Euro 167.8 million recorded in the same period of previous year, affected by the reduction in the international activity, particularly in the Polish subsidiary, despite the performance of the activity in Portugal, where commissions increased by 1.7% in the same period, driven by higher banking commissions.

Net trading income totalled Euro 60.3 million in the first three months of 2019, increasing significantly (75.1%) from Euro 34.4 million posted in the first three months of 2018. This evolution mostly reflects the performance of the activity in Portugal, due to the higher level of securities income and lower costs with loan sales.

Other net operating income, which, among others, includes the costs associated with mandatory contributions as well as with the resolution and the deposit guarantee funds, evolved favourably from the negative amount of Euro 29.1 million accounted for in the first three months of 2018, to an also negative amount of Euro 10.6 million in the first three months of 2019, based on the good performance of the activity in Portugal.

The significant improvement in the activity in Portugal in other net operating income, which swung from a negative Euro 3.0 million recorded in the first quarter of the previous year, to a positive Euro 15.6 million in the first three months of 2019, is essentially due to the income associated with non-current assets held for sale, which increased Euro 16.9 million in the same period.

In the international activity, other net operating income decreased slightly (0.5%) from the amount reported in the first quarter of 2018, standing at a negative Euro 26.3 million in the first three months of 2019, as the reduction in the subsidiary in Poland, mainly due to the increase of mandatory contributions, absorbed the increase recorded in the subsidiary in Mozambique, related to the insurance activity and the disposal of other assets.

OTHER NET INCOME

Euro million

	3M19	3M18	Change 19/18
DIVIDENDS FROM EQUITY INSTRUMENTS	0.0	0.1	-33.2%
NET COMMISSIONS	166.6	167.8	-0.7%
Banking commissions	142.6	139.1	2.5%
Cards and transfers	40.1	40.0	0.4%
Credit and guarantees	41.5	38.0	9.1%
Bancassurance	28.5	27.8	2.6%
Current account related	27.5	26.2	5.1%
Other commissions	5.0	7.2	-30.7%
Market related commissions	24.0	28.7	-16.3%
Securities	14.3	17.3	-17.1%
Asset management	9.7	11.4	-15.1%
NET TRADING INCOME	60.3	34.4	75.1%
OTHER NET OPERATING INCOME	(10.6)	(29.1)	63.5%
EQUITY ACCOUNTED EARNINGS	18.6	19.8	-5.9%
TOTAL OTHER NET INCOME	235.0	193.0	21.7%
Other net income / Net operating revenues	39.3%	35.9%	

Note: In 2018, some of the amounts recorded by the subsidiary in Poland under the items "Credit and guarantees", "Bancassurance", "Other commissions" and "Asset management" were reclassified in order to improve the integration of the information reported on a consolidated basis. The total amount of net commissions as at 31 March 2018 did not change.

Operating costs, excluding the effect of specific items*, stood at Euro 253.5 million in the first three months of the year, compared to Euro 242.6 million in the same period of the previous year, mainly influenced by the increase recorded in the international activity, but also in the activity in Portugal, although to a lesser extent.

In the activity in Portugal, operating costs, excluding the impact of specific items, amounted to Euro 154.0 million in the first three months of 2019, 2.7% above Euro 150.0 million recorded in the same period of the previous year.

In the international activity, operating costs totalled Euro 99.5 million in the first three months of 2019, increasing 7.5% from the amount obtained in the first three months of the previous year, mainly due to the performance of the Polish subsidiary, but also, to a lesser extent, of the subsidiary in Mozambique.

Staff costs, excluding the impact of specific items, stood at Euro 146.2 million in the first three months of 2019, rising 5.3% from the amount recorded in the first three months of the previous year, reflecting 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, stood at Euro 91.1 million in the first three months of 2019, a 3.9% increase compared to the amount accounted in the first three months of 2018, partially due to the impact of the growth in the number of employees, which increased from 7,155, as at 31 March 2018, to 7,262 employees, at the end of March 2019, with the reinforcement of digital transformation skills.

In the international activity, staff costs totalled Euro 55.1 million in the first three months of 2019, increasing 7.7% from the same period the previous year, mainly due to the performance of the Polish subsidiary, which has shown an increase in the number of employees by 354 in the same period, a number that includes the employees from the Skok Piast Credit Union, acquired by Bank Millennium in November 2018. The increase in staff costs of the subsidiary in Mozambique also contributed to the performance of staff costs in the international activity, albeit to a lesser extent.

Other administrative costs stood at Euro 80.5 million, in the first three months of 2019, showing a reduction of 10.1% from the amount accounted for in the same period of the previous year. This performance essentially reflects the impact of the entry into force, on 1 January 2019, of IFRS 16 – Leases.

In the first three months of 2019, other administrative costs in the activity in Portugal totalled Euro 46.3 million, decreasing 13.1% from the amount recorded in the first three months of the previous year, reflecting the impact of the entry into force of IFRS 16 – Leases. At the same time, this evolution benefited from the positive effect of the ongoing rationalization and cost containment measures, namely those related to the resizing of the distribution network (539 branches as at 31 March 2019, compared to 578 branches on the same date of 2018).

Other administrative costs in the international activity achieved Euro 34.2 million in the first three months of 2019, compared to Euro 36.2 million posted in the same period of the previous year, favourably influenced by the entry into force of IFRS 16.

Depreciation costs totalled Euro 26.8 million in the first three months of 2019, an increase of Euro 12.6 million compared to the same period of the previous year, due almost entirely to the impact of the entry into force of IFRS 16. Excluding this impact, depreciation costs in the activity in Portugal were fundamentally influenced by the increase in the investment related to IT equipment and software.

* Negative impact of Euro 6.0 million in the first quarter of 2019 and also negative impact of Euro 3.5 million in the first quarter of 2018, related to restructuring costs recognized as staff costs in the activity in Portugal.

OPERATING COSTS

Euro million

	3M19	3M18	Change 19/18
Staff costs	146.2	138.8	5.3%
Other administrative costs	80.5	89.5	-10.1%
Depreciation	26.8	14.2	88.9%
OPERATING COSTS EXCLUDING SPECIFIC ITEMS	253.5	242.6	4.5%
OPERATING COSTS	259.5	246.0	5.5%
Of which:			
Portugal activity (1)	154.0	150.0	2.7%
Foreign activity	99.5	92.6	7.5%

(1) Excludes the impact of specific items.

Impairment for loan losses (net of recoveries) improved, decreasing 18.4% from Euro 106.0 million recognized in the first three months of 2018, standing at Euro 86.5 million in the same period of 2019. This reduction was determined by the performance of the activity in Portugal, which contributed to the improvement of the cost of risk (net) of the Group, from 85 basis points in the first three months of 2018 to 68 basis points in the first three months of 2019.

Other impairment and provisions showed a significant decrease (27.1%) from the Euro 23.9 million recorded in the first three months of 2018, standing at Euro 17.4 million in the first three months of 2019, mostly benefiting from the performance of provisions for other risks and commitments as well as, although to a lesser extent, provisions for guarantees and other commitments, despite the strengthening of provisions for real estate and financial assets portfolios.

Income tax (current and deferred) amounted to Euro 65.4 million as at 31 March 2019, compared to Euro 49.3 million obtained in the same date of 2018.

The recognized taxes include, in the first three months of 2019, current tax of Euro 31.2 million (Euro 23.1million in the first three months of 2018) and deferred tax of Euro 34.3 million (Euro 26.2 million in the first three months of 2018).

BALANCE SHEET

Total assets stood at Euro 77,118 million as at 31 March 2019, a Euro 4,444 million increase compared to Euro 72,674 million recorded on the same date in the previous year, mainly due to the growth of the securities portfolio, but also to the increase of the loans to customers portfolio, notwithstanding the reduction of non-current assets held for sale, namely foreclosed assets.

Loans to customers (gross) rose to Euro 51,387 million as at 31 March 2019, 0.8% above the amount accounted for on the same date the previous year, due to the performance of the international activity.

In the activity in Portugal, loans to customers (gross) totalled Euro 37,317 million as at 31 March 2019, showing a 1.8% reduction compared to Euro 37,984 million at the end of March of the previous year. It is worth noting that this change results, on the one hand, from the strong reduction of NPE (Euro 1,849 million) and on the other, from the evolution of performing loans, which increased Euro 1,182 million, benefiting from the strong performance of loans to companies, in particular in leasing and factoring.

In the international activity, loans to customers (gross) increased 8.4% from Euro 12,976 million as at 31 March 2018, reaching Euro 14,070 million as at 31 March 2019, essentially due to the performance of the Polish operation.

The structure of the loans to customers' portfolio showed identical and balanced levels of diversification between the end of March 2018 and 2019, with loans to companies representing 46% of total loans to customers as at 31 March 2019.

LOANS TO CUSTOMERS (GROSS)

Euro million

	31 Mar. 19	31Mar. 18	Change 19/18
INDIVIDUALS	27,949	27,210	2.7%
Mortgage	23,861	23,365	2.1%
Personnal Loans	4,087	3,845	6.3%
COMPANIES	23,439	23,750	-1.3%
Services	8,858	9,129	-3.0%
Commerce	3,577	3,552	0.7%
Construction	1,912	2,301	-16.9%
Others	9,093	8,767	3.7%
TOTAL	51,387	50,959	0.8%
Of which:			
Portugal activity	37,317	37,984	-1.8%
Foreign activity	14,070	12,976	8.4%

Credit quality evidenced a favourable change compared to the end of March 2018, essentially supported by the performance of the domestic portfolio. This evolution caused a significant improvement in the respective indicators, namely the general decrease of the ratios of overdue loans by more than 90 days, NPLs more than 90 days overdue and NPE as a percentage of total loans to customers as at 31 March 2019. Coverage by impairments also showed an improvement across all indicators, namely the reinforcement of the coverage of NPE by impairments, which stood at 54.6% as at 31 March 2019, compared to 48.4% at the same date of the previous year. In the activity in Portugal, the coverage of NPE by impairment increased from 46.4% as at 31 March 2018 to 52.1% as at 31 March 2019.

CREDIT QUALITY INDICATORS

	Stock of loans (Euro million)		As percentage of loans to customers		Coverage by impairments	
	31 Mar. 19	31 Mar. 18	31 Mar. 19	31 Mar. 18	31 Mar. 19	31 Mar. 18
OVERDUE LOANS > 90 DAYS						
Group	1,816	2,807	3.5%	5.5%	155.6%	122.8%
Activity in Portugal	1,534	2,527	4.1%	6.7%	150.6%	115.4%
NON-PERFORMING LOANS (NPL) > 90 DAYS						
Group	2,820	4,323	5.5%	8.5%	100.2%	79.7%
Activity in Portugal	2,381	3,872	6.4%	10.2%	97.0%	75.3%
NON-PERFORMING EXPOSURES (NPE)						
Group	5,178	7,122	10.1%	14.0%	54.6%	48.4%
Activity in Portugal	4,437	6,286	11.9%	16.5%	52.1%	46.4%

Total customer funds* increased 5.1% from Euro 71,606 million recorded as at 31 March 2018, standing at Euro 75,286 million as at 31 March 2019.

This evolution was determined by the growth of balance sheet customer funds, namely of deposits and other resources from customers, that, on a consolidated basis, increased Euro 3,369 million (6.4%) from the end of March of the previous year, amounting Euro 55,758 million as at 31 March 2019 due to the performance of both the activity in Portugal and the international activity.

Off-balance sheet customer funds also showed a favourable performance, growing 1.3% compared to the same period of the last year, standing at Euro 18,051 million at the end of the first three months of 2019, driven by the activity in Portugal, despite the decrease in the international activity, in particular in the Polish subsidiary, that favoured the expansion of deposits and other resources from customers, as indicated below.

In the activity in Portugal, total customer funds increased 5.0% compared to Euro 51,757 million recorded as at 31 March 2018, achieving Euro 54,323 million at the end of March 2019, benefiting mainly from the growth of deposits and other resources from customers, which rose Euro 2,008 million in the same period. Off-balance sheet customer funds increased 3.6% from 31 March 2018, standing at Euro 14.876 million as at 31 March 2019, driven by the performance of insurance products (savings and investment) which grew 10.3% compared to the same date of the previous year, partially offset by the reduction in assets placed with customers.

In the international activity, total customer funds stood at Euro 20,963 million at the end of the first quarter of 2019, a growth of 5.6% compared to Euro 19,849 million on the same date of the previous year, supported by the performance of the Polish subsidiary, in particular as regards the evolution of deposits and other resources from customers.

As at 31 March 2019, balance sheet customer funds represented 76% of total customer funds, with deposits and other resources from customers representing 74% of total customer funds.

The loans to deposits ratio, in accordance with the Bank of Portugal's Instruction no. 16/2004, improved from 91% as at 31 March 2018 to 87% at the end of March 2019. The same ratio, considering on-balance sheet customers' funds, stood at 85% as at 31 March 2019 (88% as at 31 March 2018).

* As at 30 June 2018, the concepts underlying the determination of off-balance sheet customer funds were adjusted to reflect the new legal and regulatory framework imposed by the Financial Instruments Markets Directive II (MiFID II), as well as changes implemented regarding the perimeter considered and the criteria adopted, namely with regard to the inclusion of amounts held by customers in the context of the placement of third-party products that contribute to the recognition of commissions ("assets placed with customers"). The information with reference to 31 March 2018 is presented according to the new criteria.

TOTAL CUSTOMER FUNDS

Euro million

	31 Mar. 19	31 Mar. 18	Change 19/18
BALANCE SHEET CUSTOMER FUNDS	57,235	53,792	6.4%
Deposits and other resources from customers	55,758	52,390	6.4%
Debt securities	1,477	1,402	5.3%
OFF-BALANCE SHEET CUSTOMER FUNDS	18,051	17,814	1.3%
Assets under management	5,259	5,339	-1.5%
Assets placed with customers	3,794	4,241	-10.5%
Insurance products (savings and investment)	8,998	8,234	9.3%
TOTAL	75,286	71,606	5.1%
Of which:			
Portugal Activity	54,323	51,757	5.0%
Foreign activity	20,963	19,849	5.6%

The **securities portfolio**, as defined in the glossary, rose to Euro 17,397 million as at 31 March 2019, compared to Euro 13,524 million on the same date of the previous year, representing 22.6% of total assets (18.6% as at 31 March 2018). This increase of the securities portfolio mainly reflects the strengthening of sovereign debt portfolio in Portugal and in Poland.

LIQUIDITY MANAGEMENT

The Liquidity Coverage Ratio (LCR), on a consolidated basis, stood at 253% at the end of March 2019, comfortably above the minimum requirement of 100%, supported by highly liquid asset portfolios in an amount compatible with the prudent management of the Group's short-term liquidity, having evolved favourably from the same date of the previous year (180%).

At the same time, the Group has a strong and stable financing base, characterized by the large share of customer deposits in the funding structure, collateralized financing and medium and long-term instruments, which enabled the stable financing ratio (Net Stable Funding Ratio or NSFR) as at 31 March 2019 to stand at 134% (126% as at 31 March 2018).

Between March 2018 and March 2019, on a consolidated basis, the Euro 130 million increase in wholesale funding mainly reflected the opposite effects on the liquidity needs of the growth of the sovereign debt portfolios and the reduction of the commercial gap in Portugal and Poland.

The wholesale financing structure showed a decrease in repo financing (of Euro 455 million, to Euro 677 million) and in ECB-funding (of Euro 282 million, to Euro 2.9 billion), compensated by an increase in the amount of debt instruments placed on the market. Thus, in January 2019, and taking advantage of the market conditions, BCP issued Additional Tier1 instruments, eligible for MREL, worth Euro 400 million. In the same month, and in order to strengthen its financing structure ahead of the acquisition of EuroBank, Bank Millennium issued subordinated bonds in the amount of PLN 830 million. Both issues are in line with the objectives defined in the Group's Liquidity Plan.

The strengthening of the liquidity position of the two main operations was reflected in the increase of available buffers for discount with the respective central banks. In the case of BCP, the buffer increased by Euro 3.0 billion to Euro 14.0 billion, while at Bank Millennium it grew Euro 1.0 billion, to Euro 5.4 billion.

CAPITAL

The estimated Core Equity Tier 1 ratio as at 31 March 2019 stood at 12.7% phased-in and fully-implemented, a 80 and 87 basis points increase, respectively, comparing to the 12.0% and 11.8% ratios recorded in the same period of 2018 and above the minimum ratios defined for the current year on the scope of SREP (Supervisory Review and Evaluation Process) realized in 2018 (CET1: 9.6%, T1: 11.1% and Total: 13.1%).

The CET1 fully-implemented ratio's favourable evolution was mainly determined by net income. The fully-implemented tier 1 and total capital ratios additionally benefited from the Additional Tier 1 placement of Euro 400 million in Portugal, with the total ratio also showing an additional positive variation as a result of Poland's subordinated bonds' placement.

SOLVENCY RATIOS

Euro million

	31 Mar. 19	31 Mar. 18
FULLY IMPLEMENTED		
Own funds		
Common Equity Tier 1 (CET1)	5,377	4,843
Tier 1 (T1)	5,860	4,916
Total Capital	6,453	5,540
Risk weighted assets	42,441	41,043
Solvency ratios		
CET1	12.7%	11.8%
Tier 1	13.8%	12.0%
Total capital	15.2%	13.5%
PHASED-IN		
CET1	12.7%	12.0%

Note: The capital ratios of March 2019 are estimated including the non-audited positive accumulated net income.
The capital ratios of March 2018 include the non-audited positive accumulated net income.

SIGNIFICANT EVENTS

Millennium bcp continued to implement its Strategic Plan 2018-2021. Highlights during this period include:

- Issue of perpetual subordinated notes intended to qualify as Additional Tier 1, in the amount of Euro 400 million and with no defined tenor, with a call option from the end of the fifth year and an interest rate of 9.25% per year during the first 5 years.

- Upgrade by one notch of the long-term deposits ratings by DBRS, reflecting the introduction in Portugal of full depositor preference in bank insolvency and resolution proceedings with the implementation of Law No. 23/2019 from 14 March 2019.

- In April, Moody's upgraded the ratings assigned to BCP, reflecting BCP's improved credit profile, through a significant reduction of the stock of problematic assets and enhanced domestic profitability metrics from weak levels, as well as Moody's expectation that the bank's financial fundamentals will continue to improve gradually in 2019.

- Bank Millennium has received the consent of Poland's Office for Competition and Consumer Protection to take over control of Euro Bank.

- Millennium bcp has asked Chinese and European supervisors for approval to open a representative office in Shanghai to capitalize on the knowledge of its Chinese shareholder, Fosun, and to stimulate export business to China.

- Millennium bcp and the Development Finance Institution have established an agreement for a Euro 60 million lending line to finance medium-sized companies.

- Millennium bcp and the European Investment Fund (EIF) have signed two agreements under the European Commission's COSME and InnovFin programs, providing a Euro 500 million financing line, destined for more than 1,150 Small and Medium-sized Enterprises (SMEs) in Portugal. An extension of the InnovFin agreement, providing an additional Euro 400 million to more than 750 innovative SMEs and mid-caps in Portugal was also signed.

- Millennium bcp and Credit Insurer COSEC signed an agreement to distribute credit insurance in Millennium bcp's branches.

MAIN AWARDS

- Millennium bim was named "Best Bank in Mozambique for Trade Finance" by Global Finance.

- Millennium bcp was named "Consumer's Choice" 2019 in the Large Banks category, standing out in features such as "Security", "Customer Service", "Transparency of Information" and "Quick service", amongst others.

- ActivoBank was named "Consumer's Choice" 2019 in the Digital Bank category and it is part of the Top25 ranking of companies chosen by consumers.

- Millennium bcp was distinguished at the Euronext Viabolsa Awards 2019 with the "Most Active Trading House in Warrants and Certificates" award.

- Bank Millennium was acclaimed as the Customer Experience leader in the financial sector on the list of TOP 100 Brands published in the latest KPMG Poland report. The Bank is one of the top ten of the brands in the top 100 of Poland.

MACROECONOMIC ENVIRONMENT

The International Monetary Fund (IMF) revised downward its projection for growth of world GDP, from 3.6% to 3.3%, in a context of an extending decelerating trajectory in the US, China and Europe. Consistent with the lower level of optimism, the IMF considers that the risks to its forecasts are mainly tilted to the downside and relate to the uncertainty surrounding trade tensions, Brexit and the evolution of global monetary policy.

In 2018, the GDP of the Euro Area grew 1.8%, which represents a material slowdown vis-a-vis the 2.5% recorded in the preceding year. This deterioration in performance was, above all, due to a recession in the industrial sector caused by the fall in the emerging markets' demand for European exports, as well as by the auto industry regulatory changes in Germany. The loss of vitality of activity and the decline in core inflation to levels around 1% led the ECB to postpone their plans of normalising the key interest rates.

In the US, the implementation of a package of strong fiscal stimulus triggered an acceleration of activity led by the vigour of private consumption and investment. As a result, the pace of expansion of the American economy went from 2.2% in 2017 to 2.9% in 2018. The greater robustness of activity pushed the unemployment rate to values not seen since the 1960s and generated an acceleration of wages. In face of the nominal overheating of the US economy, the Federal Reserve (Fed) continued the process of raising the interest rates throughout 2018, having lifted its key rate to 2.50%, a value that is likely not much off the levels considered neutral.

After an end to 2018 characterised by significant corrections in the most risky assets of the international financial markets, the start to 2019 showed a trajectory of quick recovery that cut across all asset classes, including the most defensive. The improvement of market sentiment in the beginning of the year mainly reflected the sudden inflection on the Fed's strategy of steadily hiking its key rates, which led to a global fall in market interest rates. This circumstance together with the continuation of the slowing trend of the Eurozone's economy contributed to push the German long government bond yields into negative territory. In the same vein, the first quarter of the year saw a tightening of the risk premia attached to the sovereign debt of the Euro Area's peripheral countries. In the foreign exchange market it is worth highlighting the slight depreciation of the Euro against the main currencies.

In the last quarter of 2018, the annual rate of change of the Portuguese GDP stood at 1.7%, which means a new deceleration and corresponds to the lowest growth pace since the second quarter of 2016. The lesser economic dynamism was the result of the very negative contribution of the net external demand as all the components of domestic demand - private consumption, government spending and investment - were more vigorous. The extension of the recovery of the Portuguese economy together with a good fiscal performance contributed to the improvement of the credit rating for Portugal's sovereign debt by Standard & Poor's, and also brought yields on the 10-year Portuguese government bond to a historical low (1.25%).

In the wake of the strong growth recorded by the Polish Economy in the last couple of years, the European Commission (EC) forecasts that the pace of expansion of GDP will remain above the European average in 2019 amid a considerable dynamism of the domestic demand stemming from the improvement in the labour market, an increase in public investment, supported by European funds, together with a set of fiscal stimulus measures that the government is bound to present ahead of parliamentary elections scheduled for this coming Fall. Notwithstanding the robustness of activity, the inflation rate has remained under control, allowing the central bank to maintain interest rates unaltered. In this context, the Euro/Zloty Exchange rate has stayed relatively stable around 4.30.

In Mozambique, despite the expected adverse effects of hurricane Idai on activity, the IMF forecasts that the economy will accelerate in 2019 to 4.0%, after growing 3.3% in 2018. Regarding prices, the inflation rate has been low, reflecting the restrictive monetary policy and the exchange rate stability. In Angola, the economic activity is expected to return to positive growth rates in 2019, after three years of recession. Against this backdrop, the central bank of Angola decided to reduce the key interest rates in January with the aim of stimulating the economy.

CONSOLIDATED INDICATORS, ACTIVITY IN PORTUGAL AND INTERNATIONAL ACTIVITY

Euro million

	Consolidated			Activity in Portugal (1)			International activity		
	Mar. 19	Mar. 18	Change 19/18	Mar. 19	Mar. 18	Change 19/18	Mar. 19	Mar. 18	Change 19/18
INCOME STATEMENT									
Net interest income	362.7	344.8	5.2%	201.5	192.0	4.9%	161.2	152.8	5.5%
Dividends from equity instruments	–	0.1	-33.2%	–	–	-100.0%	–	–	29.7%
Net fees and commission income	166.6	167.8	-0.7%	114.9	113.0	1.7%	51.7	54.8	-5.6%
Net trading income	60.3	34.4	75.1%	40.0	19.0	110.8%	20.4	15.5	31.4%
Other net operating income	(10.6)	(29.1)	63.5%	15.6	(3.0)	>200%	(26.3)	(26.1)	-0.5%
Equity accounted earnings	18.6	19.8	-5.9%	10.8	12.3	-11.7%	7.8	7.5	3.5%
Net operating revenues	**597.7**	**537.8**	**11.1%**	**382.8**	**333.3**	**14.9%**	**214.9**	**204.5**	**5.1%**
Staff costs	152.2	142.3	7.0%	97.1	91.1	6.6%	55.1	51.2	7.7%
Other administrative costs	80.5	89.5	-10.1%	46.3	53.3	-13.1%	34.2	36.2	-5.7%
Depreciation	26.8	14.2	88.9%	16.5	9.0	84.0%	10.3	5.2	97.4%
Operating costs	**259.5**	**246.0**	**5.5%**	**160.0**	**153.4**	**4.3%**	**99.5**	**92.6**	**7.5%**
Operating costs excluding specific items	253.5	242.6	4.5%	154.0	150.0	2.7%	99.5	92.6	7.5%
Profit before impairment and provisions	**338.1**	**291.8**	**15.9%**	**222.8**	**179.8**	**23.9%**	**115.4**	**112.0**	**3.0%**
Loans impairment (net of recoveries)	86.5	106.0	-18.4%	68.0	89.0	-23.6%	18.5	17.1	8.5%
Other impairment and provisions	17.4	23.9	-27.1%	21.4	19.0	12.6%	(4.0)	4.9	-182.1%
Profit before income tax	**234.2**	**161.8**	**44.7%**	**133.4**	**71.8**	**85.7%**	**100.8**	**90.0**	**12.0%**
Income tax	65.4	49.3	32.7%	39.3	27.4	43.1%	26.2	21.9	19.7%
Current	31.2	23.1	34.7%	4.0	2.8	45.8%	27.1	20.4	33.2%
Deferred	34.3	26.2	30.9%	35.2	24.7	42.8%	(1.0)	1.5	-163.3%
Income after income tax from continuing operations	**168.7**	**112.5**	**50.0%**	**94.1**	**44.4**	**112.0%**	**74.6**	**68.1**	**9.6%**
Income arising from discontinued operations	13.5	–	-	–	–	-	–	–	-
Non-controlling interests	28.4	26.9	5.3%	(0.2)	(0.1)	-136.3%	28.5	27.0	5.7%
Net income	**153.8**	**85.6**	**79.7%**	**94.3**	**44.5**	**112.0%**	**46.1**	**41.1**	**12.1%**
BALANCE SHEET AND ACTIVITY INDICATORS									
Total assets	77,118	72,674	6.1%	54,655	52,280	4.5%	22,464	20,394	10.1%
Total customer funds (2)	**75,286**	**71,606**	**5.1%**	**54,323**	**51,757**	**5.0%**	**20,963**	**19,849**	**5.6%**
Balance sheet customer funds	**57,235**	**53,792**	**6.4%**	**39,447**	**37,392**	**5.5%**	**17,788**	**16,400**	**8.5%**
Deposits and other resources from customers	55,758	52,390	6.4%	38,108	36,100	5.6%	17,651	16,290	8.4%
Debt securities	1,477	1,402	5.3%	1,339	1,293	3.6%	138	109	26.0%
Off-balance sheet customer funds	**18,051**	**17,814**	**1.3%**	**14,876**	**14,365**	**3.6%**	**3,175**	**3,450**	**-8.0%**
Assets under management	5,259	5,339	-1.5%	3,041	2,958	2.8%	2,218	2,381	-6.8%
Assets placed with customers	3,794	4,241	-10.5%	3,335	3,697	-9.8%	459	544	-15.7%
Insurance products (savings and investment)	8,998	8,234	9.3%	8,501	7,710	10.3%	497	525	-5.2%
Loans to customers (gross)	**51,387**	**50,959**	**0.8%**	**37,317**	**37,984**	**-1.8%**	**14,070**	**12,976**	**8.4%**
Individuals	**27,949**	**27,210**	**2.7%**	**19,183**	**19,093**	**0.5%**	**8,766**	**8,116**	**8.0%**
Mortgage	23,861	23,365	2.1%	17,174	17,087	0.5%	6,687	6,278	6.5%
Personnel Loans	4,087	3,845	6.3%	2,009	2,006	0.1%	2,079	1,839	13.1%
Companies	**23,439**	**23,750**	**-1.3%**	**18,135**	**18,891**	**-4.0%**	**5,304**	**4,859**	**9.1%**
CREDIT QUALITY									
Total overdue loans	1,919	2,927	-34.4%	1,566	2,578	-39.3%	353	349	1.1%
Overdue loans by more than 90 days	1,816	2,807	-35.3%	1,534	2,527	-39.3%	282	280	0.7%
Overdue loans by more than 90 days / Loans to customers	3.5%	5.5%		4.1%	6.7%		2.0%	2.2%	
Total impairment (balance sheet)	2,826	3,447	-18.0%	2,310	2,915	-20.8%	516	532	-3.0%
Total impairment (balance sheet) / Loans to customers	5.5%	6.8%		6.2%	7.7%		3.7%	4.1%	
Total impairment (balance sheet) /Overdue loans by more than 90 days	155.6%	122.8%		150.6%	115.4%		182.9%	189.9%	
Non-Performing Exposures	5,178	7,122	-27.3%	4,437	6,286	-29.4%	741	836	-11.3%
Non-Performing Exposures / Loans to customers	10.1%	14.0%		11.9%	16.5%		5.3%	6.4%	
Restructured loans	3,536	4,110	-14.0%	3,023	3,540	-14.6%	513	570	-10.1%
Restructured loans / Loans to customers	6.9%	8.1%		8.1%	9.3%		3.6%	4.4%	
Cost of risk (net of recoveries, in b.p.)	68	85		73	96		54	53	
Total impairment (balance sheet) / NPE	54.6%	48.4%		52.1%	46.4%		69.6%	63.6%	

(1) Not considering income arising from operations accounted as discontinued operations, in the amount of Euro 13.5 million.

(2) As at 30 June 2018, the concepts underlying the determination of off-balance sheet customer funds were adjusted to reflect the new legal and regulatory framework imposed by the Financial Instruments Markets Directive II (MiFID II), as well as changes implemented regarding the perimeter considered and the criteria adopted, namely with regard to the inclusion of amounts held by customers in the context of the placement of third-party products that contribute to the recognition of commissions ("assets placed with customers"). The information with reference to 31 March 2018 is presented according to the new criteria.

BANCO COMERCIAL PORTUGUÊS

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE THREE MONTHS PERIODS ENDED 31 MARCH 2019 AND 2018

(Thousands of euros)

	31 March 2019	31 March 2018
Interest and similar income	471,995	473,098
Interest expense and similar charges	(109,286)	(128,293)
NET INTEREST INCOME	362,709	344,805
Dividends from equity instruments	46	69
Net fees and commissions income	166,610	167,816
Net gains / (losses) from financial operations at fair value through profit or loss	8,659	(8,661)
Net gains / (losses) from foreign exchange	17,386	17,969
Net gains / (losses) from hedge accounting operations	(7,122)	77
Net gains / (losses) from derecognition of assets and financial liabilities at amortised cost	(5,764)	(15,610)
Net gains / (losses) from derecognition of financial assets at fair value through other comprehensive income	47,149	40,667
Net gains / (losses) from insurance activity	2,739	12
Other operating income / (losses)	(29,537)	(23,996)
TOTAL OPERATING INCOME	562,875	523,148
Staff costs	152,227	142,302
Other administrative costs	80,477	89,536
Amortisations and depreciations	26,829	14,200
TOTAL OPERATING EXPENSES	259,533	246,038
NET OPERATING INCOME BEFORE PROVISIONS AND IMPAIRMENTS	303,342	277,110
Impairment for financial assets at amortised cost	(86,908)	(104,888)
Impairment for financial assets at fair value through other comprehensive income	(486)	1,371
Impairment for other assets	(20,569)	(16,520)
Other provisions	4,024	(9,903)
NET OPERATING INCOME	199,403	147,170
Share of profit of associates under the equity method	18,628	19,798
Gains / (losses) arising from sales of subsidiaries and other assets	16,166	(5,143)
NET INCOME BEFORE INCOME TAXES	234,197	161,825
Income taxes		
Current	(31,160)	(23,127)
Deferred	(34,289)	(26,188)
NET INCOME AFTER INCOME TAXES FROM CONTINUING OPERATIONS	168,748	112,510
Income arising from discontinued or discontinuing operations	13,454	-
NET INCOME AFTER INCOME TAXES	182,202	112,510
Net income for the period attributable to:		
Bank's Shareholders	153,843	85,589
Non-controlling interests	28,359	26,921
NET INCOME FOR THE PERIOD	182,202	112,510
Earnings per share (in Euros)		
Basic	0.042	0.023
Diluted	0.042	0.023

BANCO COMERCIAL PORTUGUÊS

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2019 AND 2018 AND 31 DECEMBER 2018

(Thousands of euros)

	31 March 2019	31 December 2018	31 March 2018
ASSETS			
Cash and deposits at Central Banks	2,292,067	2,753,839	2,265,834
Loans and advances to credit institutions repayable on demand	288,207	326,707	254,535
Financial assets at amortised cost			
Loans and advances to credit institutions	1,021,583	890,033	863,993
Loans and advances to customers	45,971,778	45,560,926	45,039,858
Debt securities	3,465,297	3,375,014	2,900,322
Financial assets at fair value through profit or loss			
Financial assets held for trading	907,437	870,454	1,234,631
Financial assets not held for trading mandatorily at fair value through profit or loss	1,393,182	1,404,684	1,608,527
Financial assets designated at fair value through profit or loss	33,005	33,034	142,358
Financial assets at fair value through other comprehensive income	14,663,562	13,845,625	10,814,387
Assets with repurchase agreement	185,246	58,252	33,469
Hedging derivatives	162,126	123,054	141,704
Investments in associated companies	444,379	405,082	498,805
Non-current assets held for sale	1,674,793	1,868,458	2,144,725
Investment property	63,814	11,058	12,485
Other tangible assets	621,891	461,276	481,590
Goodwill and intangible assets	170,866	174,395	179,775
Current tax assets	39,166	32,712	24,834
Deferred tax assets	2,844,563	2,916,630	2,956,937
Other assets	875,385	811,816	1,075,152
TOTAL ASSETS	77,118,347	75,923,049	72,673,921
LIABILITIES			
Financial liabilities at amortised cost			
Resources from credit institutions	7,397,468	7,752,796	7,427,084
Resources from customers	53,321,647	52,664,687	49,535,101
Non subordinated debt securities issued	1,639,824	1,686,087	1,982,658
Subordinated debt	1,270,383	1,072,105	1,179,353
Financial liabilities at fair value through profit or loss			
Financial liabilities held for trading	331,628	327,008	408,651
Financial liabilities at fair value through profit or loss	3,636,292	3,603,647	3,775,013
Hedging derivatives	272,759	177,900	140,827
Provisions	360,062	350,832	340,371
Current tax liabilities	14,656	18,547	12,835
Deferred tax liabilities	6,702	5,460	5,528
Other liabilities	1,278,224	1,300,074	1,041,326
TOTAL LIABILITIES	69,529,645	68,959,143	65,848,747
EQUITY			
Share capital	4,725,000	4,725,000	5,600,738
Share premium	16,471	16,471	16,471
Preference shares	-	-	59,910
Other equity instruments	402,922	2,922	2,922
Legal and statutory reserves	264,608	264,608	252,806
Treasury shares	(75)	(74)	(296)
Reserves and retained earnings	852,477	470,481	(249,167)
Net income for the period attributable to Bank's Shareholders	153,843	301,065	85,589
TOTAL EQUITY ATTRIBUTABLE TO BANK'S SHAREHOLDERS	6,415,246	5,780,473	5,768,973
Non-controlling interests	1,173,456	1,183,433	1,056,201
TOTAL EQUITY	7,588,702	6,963,906	6,825,174
TOTAL LIABILITIES AND EQUITY	77,118,347	75,923,049	72,673,921

ALTERNATIVE PERFORMANCE MEASURES

The BCP Group prepares financial information in accordance with International Financial Reporting Standards (IFRS) endorsed by European Union. As a complement to that information, the BCP Group uses a set of alternative performance measures that allow monitoring the evolution of its activity over the time. Following the guidelines on Alternative Performance Measures issued by the European Securities and Markets Authority (ESMA) on October 2015 (ESMA/2015/1415), the BCP Group presents some indicators related to the assessment of profitability and efficiency and the quality of the credit portfolio, among others, which are intended to facilitate comprehension of the evolution of the economic and financial position of the Group. The information presented in this context has not been audited and does not, under any circumstance, replace the financial information prepared in accordance with IFRS. It should also be noted that the definitions and concepts used by the BCP Group for the calculation of these indicators may differ from those used by other entities in the determination of other similar measures and may therefore not be directly comparable. In accordance with the above-mentioned guidelines, alternative performance measures, which are detailed below, are presented together with additional information that reconciles the accounting figures presented in the consolidated financial statements prepared in accordance with IFRS and financial information reflecting the management criteria adopted by the BCP Group. These indicators and their components are also described in more detail in the glossary.

1) Loans to customer (net) / Balance sheet customer funds

Relevance of the indicator: the loans-to-deposits ratio is an indicator of liquidity that allows the evaluation of the Group's retail funding structure.

Euro million

		31 Mar. 19	31 Mar. 18
Loans to customers (net) (1)		48,561	47,512
Balance sheet customer funds (2)		57,235	53,792
	(1) / (2)	84.8%	88.3%

2) Return on average assets (ROA)

Relevance of the indicator: allows measurement of the capacity of the Group to generate results with the volume of available assets.

Euro million

		3M 19	3M 18
Net income (1)		154	86
Non-controlling interests (2)		28	27
Average total assets (3)		76,812	72,634
	[(1) + (2), annualised] / (3)	1.0%	0.6%

3) Return on average equity (ROE)

Relevance of the indicator: allows assessment of the capacity of the Group to remunerate its shareholders, assessing the level of profitability generated by the funds invested by the shareholders in the Group.

Euro million

		3M 19	3M 18
Net income (1)		154	86
Average equity (2)		5,895	5,701
	[(1), annualised] / (2)	10.6%	6.1%

4) Cost to income

Relevance of the indicator: it allows for the monitoring of the level of efficiency of the Group, evaluating the volume of operating costs (excluding specific items) to generate net operating revenues.

Euro million

		3M 19	3M 18
Operating costs (1)		260	246
Specific items (2)		6	3
Net operating revenues (3)		598	538
	[(1) - (2)] / (3)	42.4%	45.1%

5) Cost of risk, net of recoveries (expressed in basis points, annualised)

Relevance of the indicator: allows assessment of the quality of the loan portfolio by evaluating the ratio between impairment charges (net of reversals and recoveries of credit and interest) recognised in the period and the stock of loans to customers at the end of that period.

Euro million

		3M 19	3M 18
Loans to customers at amortised cost, before impairment (1)		51,083	50,095
Loan impairment charges (net of recoveries) (2)		87	106
	[(2), annualised] / (1)	68	85

6) Non-performing exposures (NPE) / Loans to customers (gross)

Relevance of the indicator: allows the assessment of the level of credit risk to which the Group is exposed based on the proportion of the NPE loan portfolio in the loans-to-customers portfolio (gross).

Euro million

		31 Mar. 19	31 Mar. 18
Non-Performing Exposures (1)		5,178	7,122
Loans to customers (gross) (2)		51,387	50,959
	(1) / (2)	10.1%	14.0%

7) Coverage of non-performing exposures (NPE) by balance sheet impairment

Relevance of the indicator: it allows the assessment of the level of coverage of the NPE portfolio by balance sheet impairment.

Euro million

		31 Mar. 19	31 Mar. 18
Non-Performing Exposures (1)		5,178	7,122
Loans impairments (balance sheet) (2)		2,826	3,447
	(2) / (1)	54.6%	48.4%

RECONCILIATION OF ACCOUNTING INFORMATION WITH THE MANAGEMENT CRITERIA OF THE GROUP

1) Loans to customers

Euro million

	31 Mar. 19	31 Mar. 18
Loans to customers at amortised cost (disclosed Balance Sheet)	45,972	45,040
Debt instruments at amortised cost associated to credit operations	2,301	1,910
Balance sheet amount of loans to customers at fair value through profit or loss	288	562
Loan to customers (net) considering management criteria	48,561	47,512
Balance sheet impairment related to loans to customers at amortised cost	2,783	3,102
Balance sheet impairment associated with debt instruments at amortised cost related to credit operations	27	43
Fair value adjustments related to loans to customers at fair value through profit or loss	16	302
Loan to customers (gross) considering management criteria	51,387	50,959

2) Loans impairment (P&L)

Euro million

	3M 19	3M 18
Impairment of financial assets at amortised cost (disclosed P&L) (1)	87	105
Impairment of Loans and advances to credit institutions (at amortised cost) (2)	0	0
Impairment of financial assets at amortised cost not associated with credit operations (3)	0	-1
Loans impairment considering management criteria (1)-(2)-(3)	87	106

3) Balance sheet customer funds

Euro million

	31 Mar. 19	31 Mar. 18
Financial liabilities at fair value through profit or loss (disclosed Balance sheet)	3,636	3,775
Debt securities at fair value through profit or loss and certificates	-1,200	-920
Customer deposits at fair value through profit or loss considering management criteria	2,437	2,855
Resources from customers at amortised cost (disclosed Balance sheet)	53,322	49,535
Deposits and other resources from customers considering management criteria (1)	55,758	52,390
Non subordinated debt securities issued at amortised cost (disclosed Balance sheet)	1,640	1,983
Debt securities at fair value through profit or loss and certificates	1,200	920
Non subordinated debt securities placed with institucional customers	-1,363	-1,501
Debt securities placed with customers considering management criteria (2)	1,477	1,402
Balance sheet customer funds considering management criteria (1)+(2)	57,235	53,792

4) Securities portfolio

Euro million

	31 Mar. 19	31 Mar. 18
Debt instruments at amortised cost (disclosed Balance sheet)	3,465	2,900
Debt instruments at amortised cost associated to credit operations net of impairment	-2,301	-1,910
Debt instruments at amortised cost considering management criteria (1)	**1,164**	**990**
Financial assets not held for trading mandatorily at fair value through profit or loss (disclosed Balance sheet)	1,393	1,609
Balance sheet amount of loans to customers at fair value through profit or loss	-288	-562
Financial assets not held for trading mandatorily at fair value through profit or loss considering management criteria (2)	**1,105**	**1,046**
Financial assets held for trading (disclosed Balance sheet) (3)	907	1,235
of which: trading derivatives (4)	662	737
Financial assets designated at fair value through profit or loss (disclosed Balance sheet) (5)	33	142
Financial assets at fair value through other comprehensive income (disclosed Balance sheet) (6)	14,664	10,814
Assets with repurchase agreement (disclosed Balance sheet) (7)	185	33
Securities portfolio considering management criteria (1)+(2)+(3)-(4)+(5)+(6)+(7)	**17,397**	**13,524**

GLOSSARY

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 loans impairment (P&L) accounted in the period to loans to customers at amortised cost and debt instruments at amortised cost related to credit operations before impairment at the end of the period.

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.

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 (net of reversals and net of recoveries - principal and accrual) of financial assets at amortised cost for loans to customers 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.

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 and results from derecognition of financial assets measured at fair value through other comprehensive.

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 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 (net of reversals) of financial assets at amortised cost for loans and advances of credit institutions, impairment of financial assets (at fair value through other comprehensive income and at amortised cost not associated with credit operations), 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 and trading derivatives), financial assets at fair value through other comprehensive income and assets with repurchase agreement.

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.

Disclaimer

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

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.

The interim condensed consolidated financial statements, for the three months period ended 31 March 2019, 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.

The figures for the first three months of 2019 and 2018 were not audited.