



Sustainable



BANCO COMERCIAL PORTUGUÊS, S.A.

# Earnings Presentation 2022

Millennium  
bcp

# 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.
- | Figures for 2022 not audited.
- | During 2021, BCP Group sold the entire share capital of Banque Privée BCP (Suisse) S.A. and 70% of the share capital of Seguradora Internacional de Moçambique, S.A. ("SIM"). As defined in IFRS 5, the contribution of these entities to the consolidated net income of the Group is reflected as income arising from discontinued operations, and the historical information has been restated since January 2020 to ensure its comparability.
- | Due to changes in the accounting policies of Bank Millennium (Poland), the previously published financial statements were restated from 1 January 2020 for comparability.
- | In the fourth quarter, the Bank proceeded to the restatement of the amount related to potential costs resulting from credit holidays policy in Poland, enacted in July 2022, previously booked in other impairments and provisions. These costs are now booked in results on modification item. This item also started to include contractual modifications, in accordance with IFRS9, namely those negotiated with customers holding foreign exchange mortgage loans. The 2021 amounts, given its immateriality in this context, were not restated.
- | 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

01

Group

02

Portugal

03

International  
operations

04



01

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# Highlights

# Highlights: A Bank prepared for the future



## Robust business model

- **CET1 ratio increase to 12.5% (13.0% on a pro forma<sup>1</sup> basis)**, through organic generation and other initiatives, including securitizations and non-performing assets reduction. At the end of the year, the CET1 ratio stood above regulatory requirement of 9.41%<sup>2</sup> and exceeded the 2024 strategic plan target
- **Reinforcement of the liquidity position.** On-Balance sheet Customer funds up by 8.5% to 77.2 billion reflecting a 4.8 billion increase (9.6%) in Portugal
- **Non-performing assets decrease:** reduction from December 2021 of 535 million in NPEs, 265 million in foreclosed assets and 376 million in restructuring funds
- **Customer base growth of 5.5%**, highlighting the increase in mobile Customers, which represent 63% of total Customers



## Profitability

- **Net income of 207.5 million**, which compares with 138.1 million in 2021 and **ROE stood at 4.0%**, in spite of the extraordinary effects related with Bank Millennium
  - **Increase of 26.1% in Group's core income and strict management of recurrent operating costs (+3.1%)**
  - **The key effects of Bank Millennium were:** 525.6<sup>3</sup> million of costs related with CHF mortgage loan portfolio, cost related with credit holidays of 282.8<sup>4</sup> million, contribution of 59.0 million for the Institutional Protection Scheme (IPS)<sup>5</sup> and booking of Bank Millennium goodwill impairment of 102.3 million
  - **Mandatory contributions for the banking sector in Portugal of 62.2 million**

<sup>1</sup> Subject to ECB approval for the application of CRR 352 (2) article. Fully implemented ratio including unaudited net income for 2022

<sup>2</sup> Minimum prudential requirements since January 1<sup>st</sup>, 2023

<sup>3</sup> Includes provisions for legal risk, costs with out-of-court settlements and legal advice (before taxes and non-controlling interests)

<sup>4</sup> Before taxes and non-controlling interests

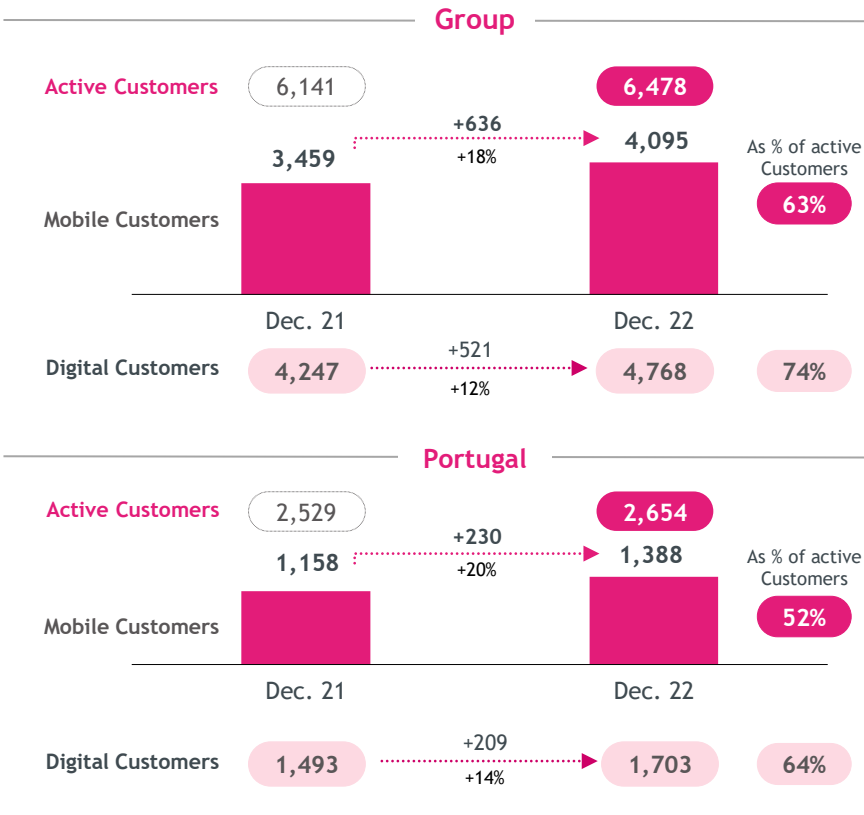
<sup>5</sup> New polish fund aimed to guarantee the stability of the financial system, ensuring the liquidity and solvency of member banks (before taxes and non-controlling interests)



# Customer base growth

## Renowned by digital skills and service quality

'000 Customers



### Customer selection



**DATAE**

Barómetro Financeiro 2022

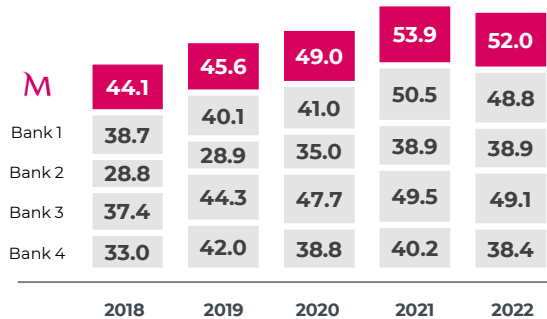
MELHOR PARA AS EMPRESAS  
BANCO PRINCIPAL MAIS PRÓXIMO  
MAIS INOVADOR  
PRODUTOS MAIS ADEQUADOS

# Our capabilities in digital are widely recognised and recommended

Marktest

Digital Channels Satisfaction

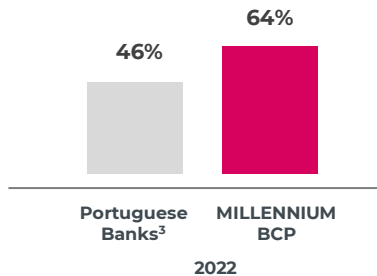
#1 NPS<sup>1</sup> Digital Customers  
2018 – 2022,  
5 largest Banks



“Best Consumer Digital Bank” in Portugal 2022



“Best Digital Bank”  
Unaided reply by Customers<sup>2</sup>,  
2022



App Millennium leads ratings

4.8

4.8

4.7

Teresa Bonvalot

<sup>1</sup> Digital channels satisfaction (NPS), 5 largest banks, Source: BASEF-Marktest

<sup>2</sup> Which bank do you choose as the “Best Digital Bank”? (Unaided reply) | Sample: Banking sector, total number of banking Customers, aged > 15 years - 70 years, Portugal (N 2022 = 2,000 per quarter; 8,000 per year)

<sup>3</sup> Banking Sector - Corresponds to the Simple Average of the scores obtained from 6 Banks : NB, BPI, Caixa, Millennium BCP, Santander and Montepio, Brandscore data Awards are the exclusive responsibility of the of the attributing entity

# Innovation focused on Customer needs translates into accelerated growth in Mobile usage and sales

## Strong mobile growth Y/Y

(Number of operations, jan-dec 2022 vs jan-dec 2021)

**+37%**

Transactions

**+104%**

P2P  
Transfers

**+27%**

National  
Transfers

**+16%**

Payments

**+46%**

Sales

**+74%**

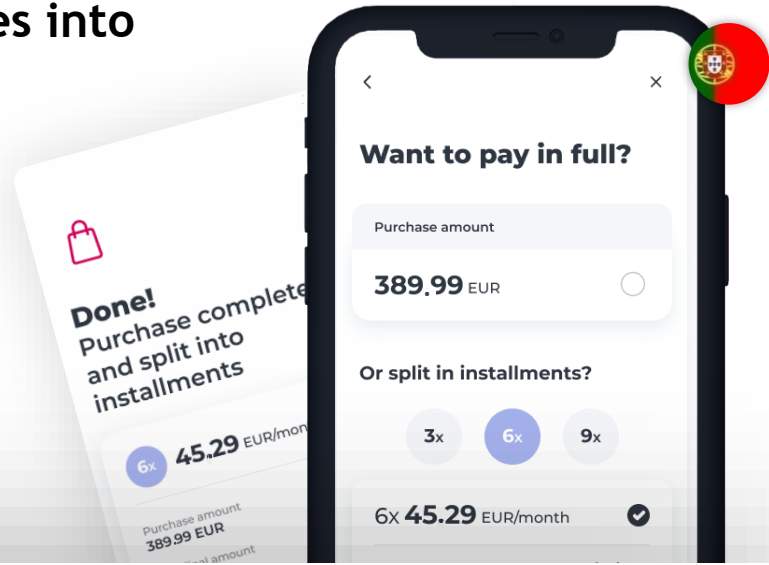
Cards

**+97%**

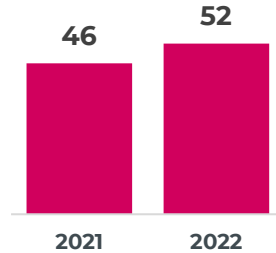
Personal loans

**+41%**

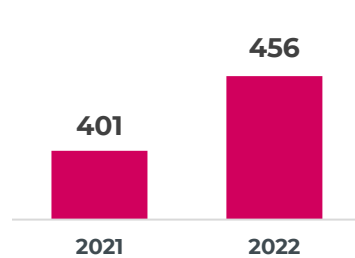
Savings



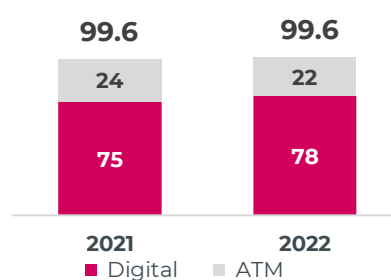
% Mobile Customers<sup>1</sup>



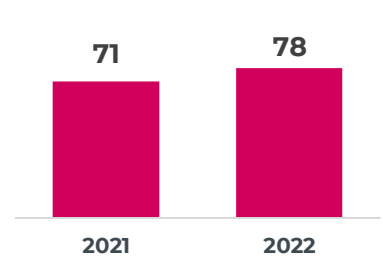
# Digital Interactions (mio)<sup>2</sup>



% Digital Transactions (#)<sup>3</sup>



% Digital Sales (#)<sup>4</sup>



<sup>1</sup> Customers definition according to 2024 Strategic Plan

<sup>2</sup> Interactions (Millennium website and app), individuals includes AB

<sup>3</sup> Includes mobile, online and ATMs, excludes branches and contact center that counts for 0.4% of total transactions

<sup>4</sup> Digital sales (Millennium website and app) in number of operations



# Net income of 207.5 million in 2022

(Million euros)	2021	2022	YoY
Net interest income	1,588.6	2,149.8	+35.3%
Commissions	727.7	771.9	+6.1%
<b>Core income</b>	<b>2,316.3</b>	<b>2,921.7</b>	<b>+26.1%</b>
<b>Operating costs recurring <sup>1</sup></b>	<b>-1,024.9</b>	<b>-1,056.5</b>	<b>+3.1%</b>
<b>Recurring core operating profit</b>	<b>1,291.4</b>	<b>1,865.1</b>	<b>+44.4%</b>
Operating costs non-recurring	-90.7	-16.5	-81.8%
Other income <sup>2</sup>	18.1	-54.2	
<i>Of which: regulatory contributions including IPS</i>	-171.7	-209.7	+22.1%
<b>Operating net income</b>	<b>1,218.8</b>	<b>1,794.5</b>	<b>+47.2%</b>
Results on modification (credit holidays) <sup>3</sup>	-	-309.9	-
Impairment and other provisions	-1,061.1	-1,056.2	-0.5%
<i>Of which: Loans impairment</i>	-348.9	-300.6	-13.8%
<i>Of which: legal risk on CHF mortgages (Poland) <sup>4</sup></i>	-457.2	-393.8	-13.9%
<i>Of which: Bank Millennium goodwill</i>	-	-102.3	-
<b>Net income before income tax</b>	<b>157.7</b>	<b>428.5</b>	<b>+171.6%</b>
Income taxes, non-controlling interests and discontinued operations	-19.7	-221.0	
<b>Net income</b>	<b>138.1</b>	<b>207.5</b>	<b>+50.3%</b>
ROE	2.4%	4.0%	

<sup>1</sup> 2021: Excludes mainly headcount adjustment costs. 2022: Excludes mainly the compensation for the temporary reduction of remuneration in the period 2014/2017 and measures to mitigate inflation impact. <sup>2</sup> Dividends from equity instruments, other net operating income, net trading income and equity accounted earnings. <sup>3</sup> Includes, namely, the result of contract changes from the renegotiation of CHF mortgages loans (previously booked other Income), as well as credit holidays cost booked by Bank Millennium. <sup>4</sup> Does not include provisions for legal risks on CHF mortgages of Euro Bank (guaranteed by Société Générale).



02



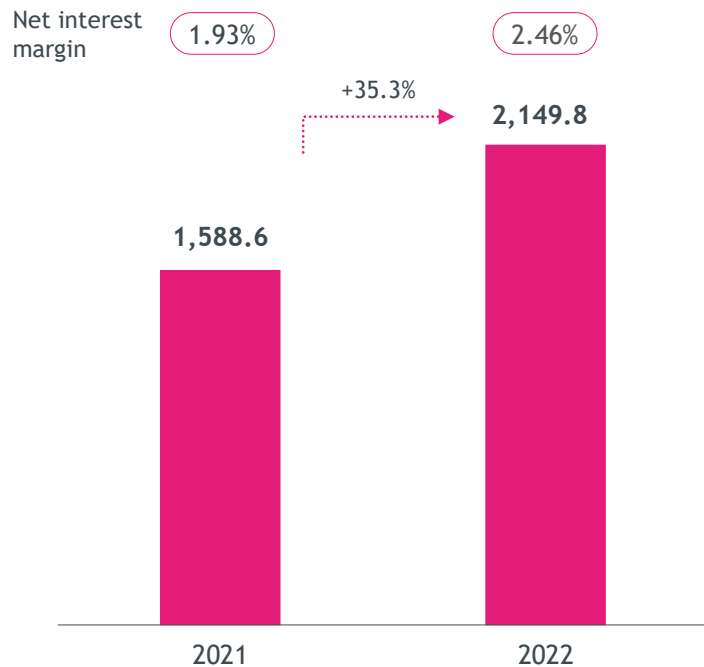
**Group**

**Profitability**

# Net interest income

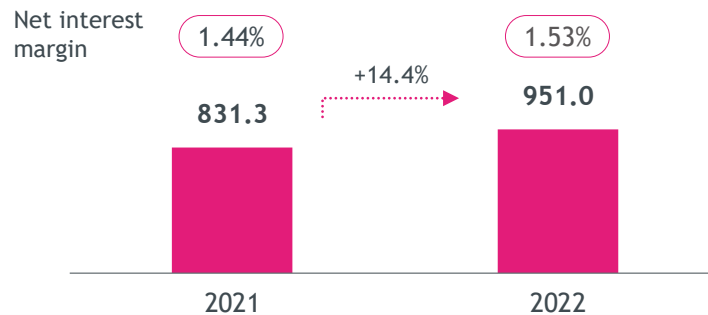
## Net interest income

(Consolidated, million euros)



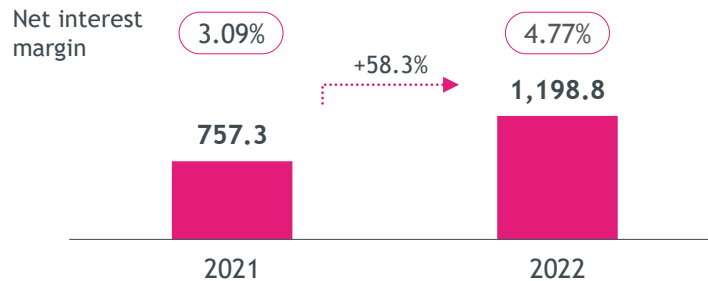
## Portugal

(Million euros)



## International operations

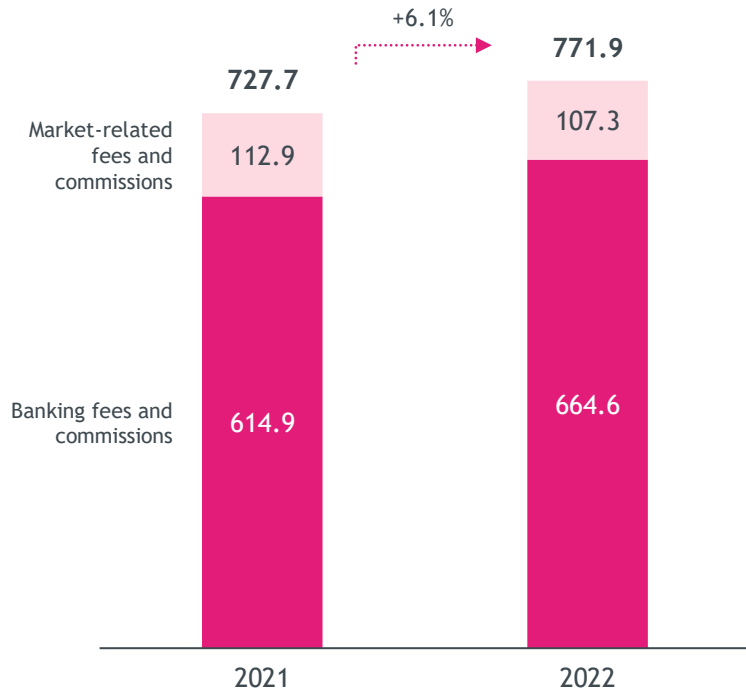
(Million euros)



# Fees and commissions

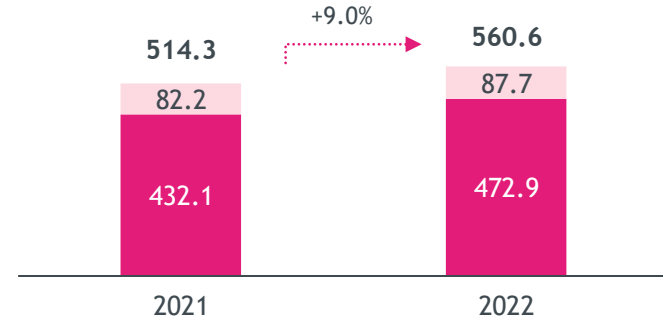
## Fees and commissions

(Consolidated, million euros)



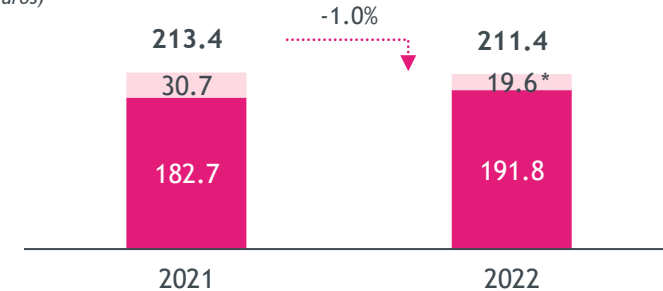
## Portugal

(Million euros)



## International operations

(Million euros)

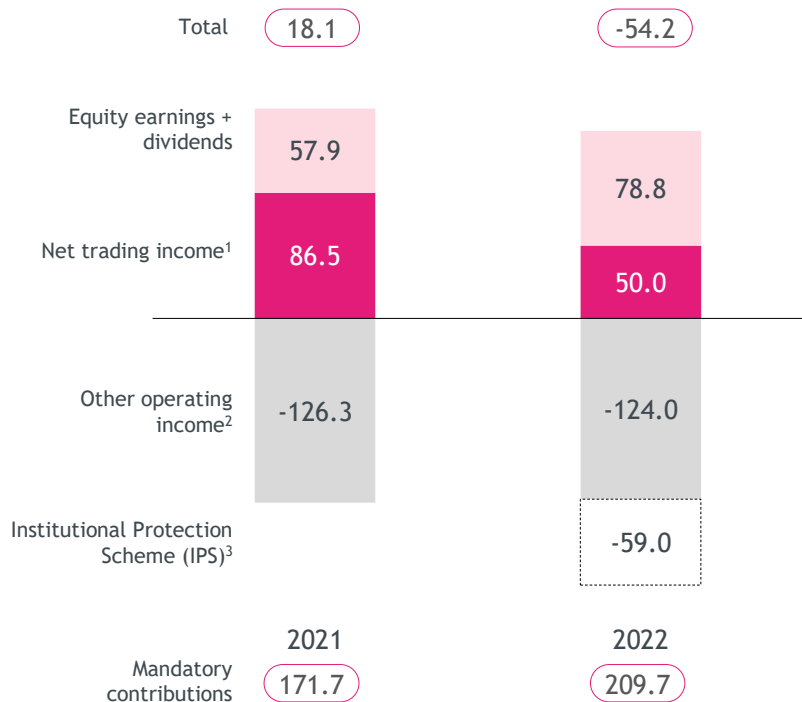


\* Asset management and distribution fees at Bank Millennium reduced 38% from 2021

# Other income

## Other income

(Consolidated, million euros)



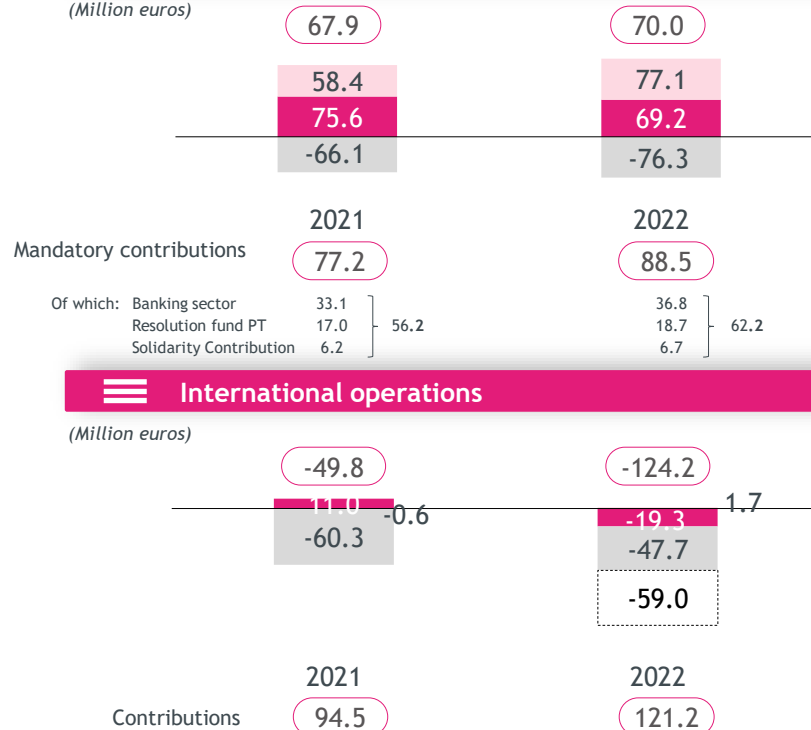
<sup>1</sup> Net trading income includes -78.3 million in 2021 and -82.0 million in 2022 of costs related to out-of-court settlements with Customers related with CHF loans portfolio.

<sup>2</sup> Other operating income includes +48.0 million in 2021 and +37.0 million in 2022 related to the compensation for provisions for legal risk on CHF mortgages of Euro Bank (guaranteed by Société Générale).

<sup>3</sup> Polish fund aimed to guarantee the stability of the financial system, ensuring the liquidity and solvency of member banks.

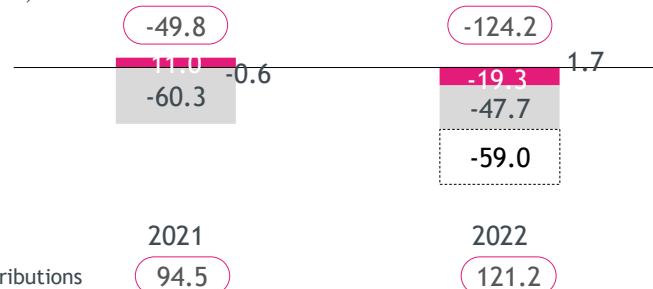
## Portugal

(Million euros)



## International operations

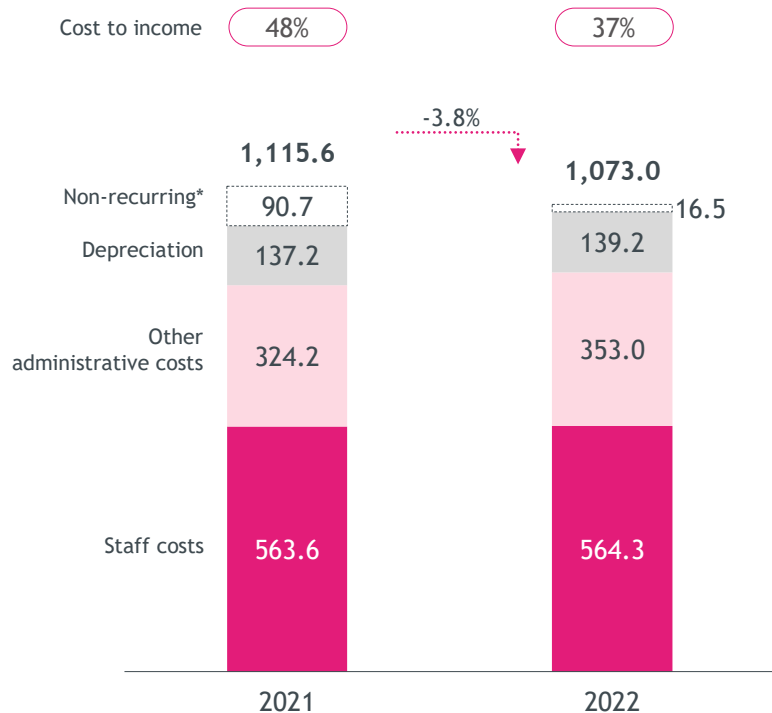
(Million euros)



# Operating costs

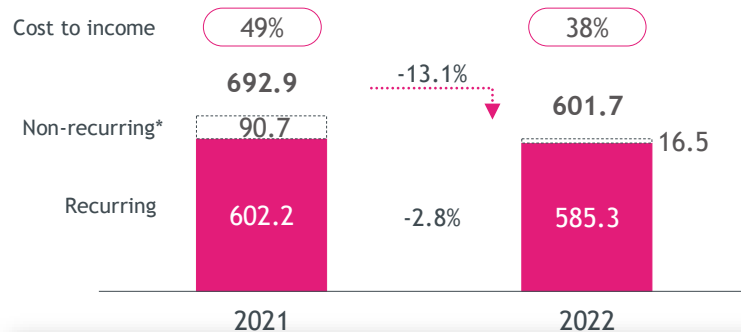
## Operating costs

(Consolidated, million euros)



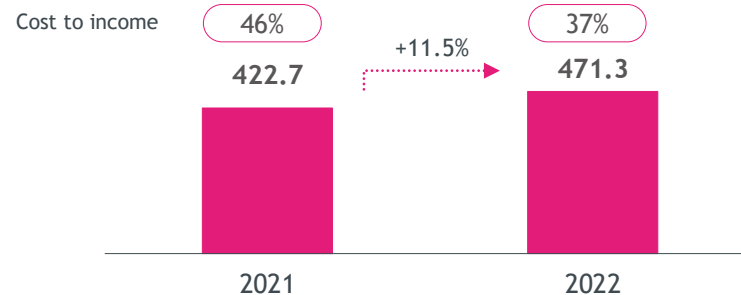
## Portugal

(Million euros)



## International operations

(Million euros)

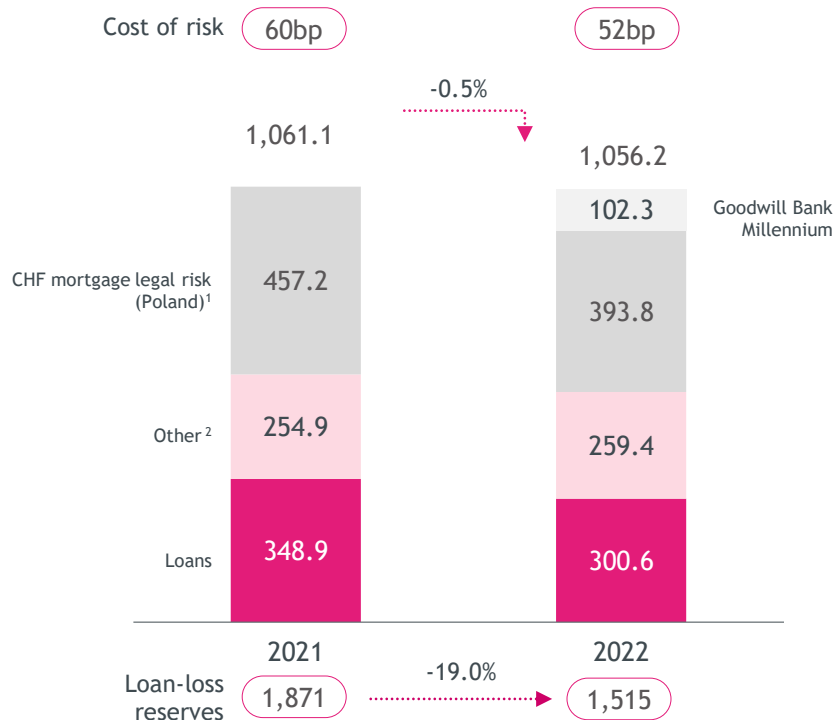


\* 2021: Includes mainly headcount adjustment costs; 2022: Includes mainly compensation for the temporary reduction of remuneration in the period 2014/2017 and measures to mitigate inflation impact.

# Cost of risk and provisions

## Impairment and provision charges

(Consolidated, million euros)

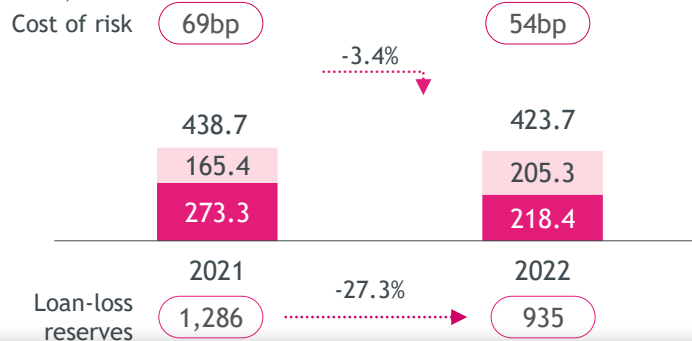


<sup>1</sup> Does not include provisions for legal risk on CHF mortgages of Euro Bank (guaranteed by Société Générale): 37.0 million in 2022 and 48.0 million in 2021.

<sup>2</sup> In Q322 a cost of 304.6 million was booked in other provisions related with credit holidays costs booked by Bank Millennium. This cost was reclassified in Q422 to results on modification item, having been reduced to 282.8 million after updating the rate of Customers adherence to moratoria (-21.8 million)

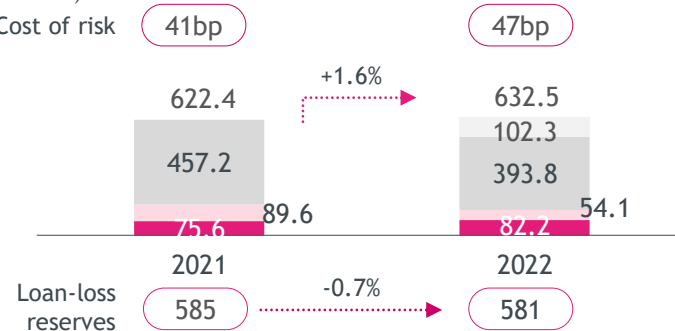
## Portugal

(Million euros)



## International operations

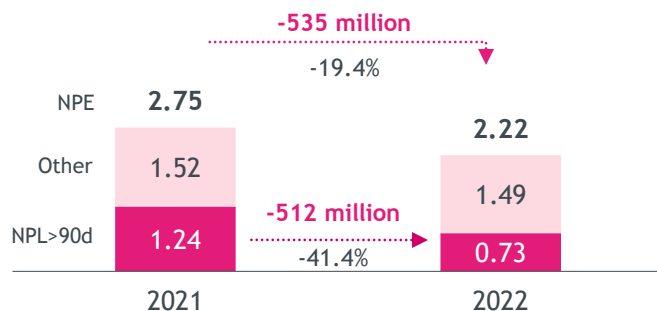
(Million de euros)



# Relevant reduction of NPEs

## Credit quality

(Consolidated, billion euros)

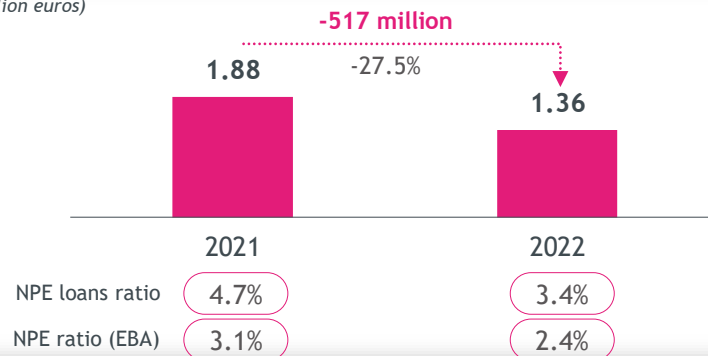


	Dec 21	Dec 22
NPE total coverage*	120.8%	114.8%
NPE coverage by LLRs	68.0%	68.3%
NPE specific coverage	49.7%	45.6%
NPL>90 days ratio	2.1%	1.3%
NPE ratio (loans only)	4.7%	3.8%
NPE ratio inc. securities and off-BS (EBA)	3.2%	2.6%

\*By loan-loss reserves and collaterals.  
NPE include loans to Customers only, except if otherwise indicated.

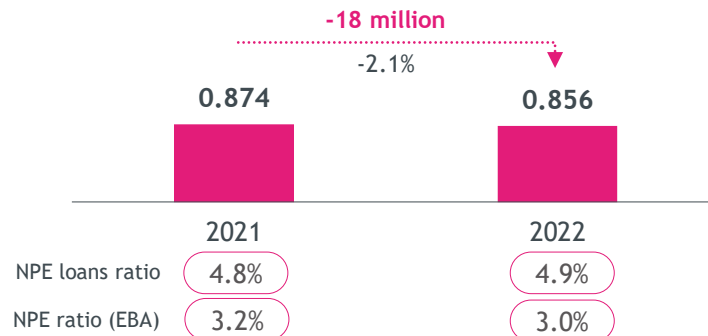
## Portugal

(Billion euros)



## International operations

(Billion euros)







02



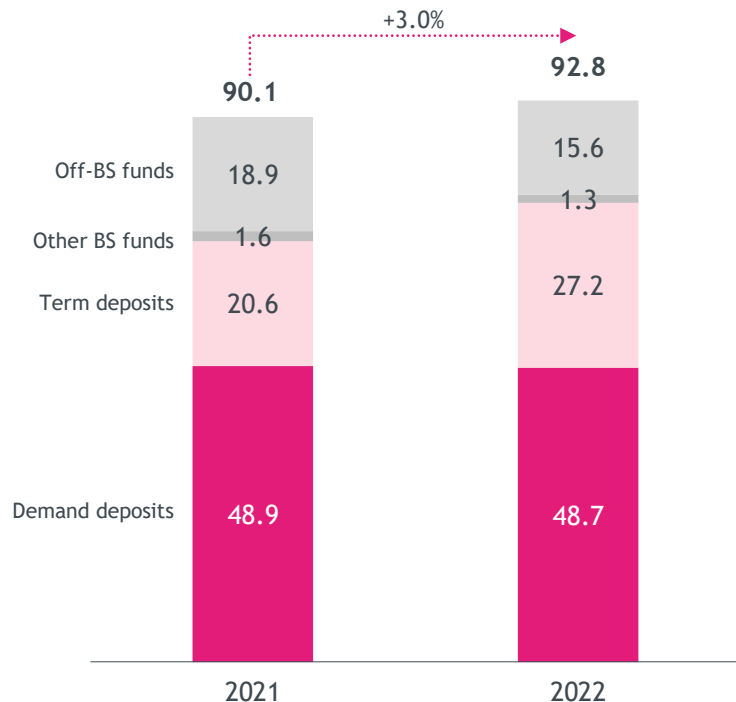
**Group**

**Business activity**

# Customer funds maintain growth trend

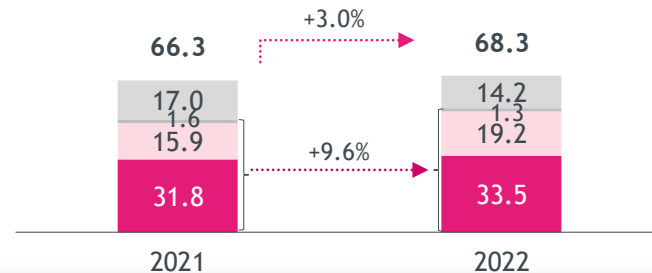
## Total Customers Funds\*

(Consolidated, billion euros)



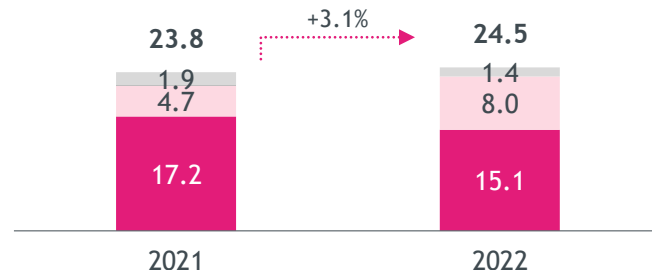
## Total Customers Funds\* Portugal

(Billion euros)



## Total Customers Funds\* international operations

(Billion euros)



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

Excl. FX effect

23.5

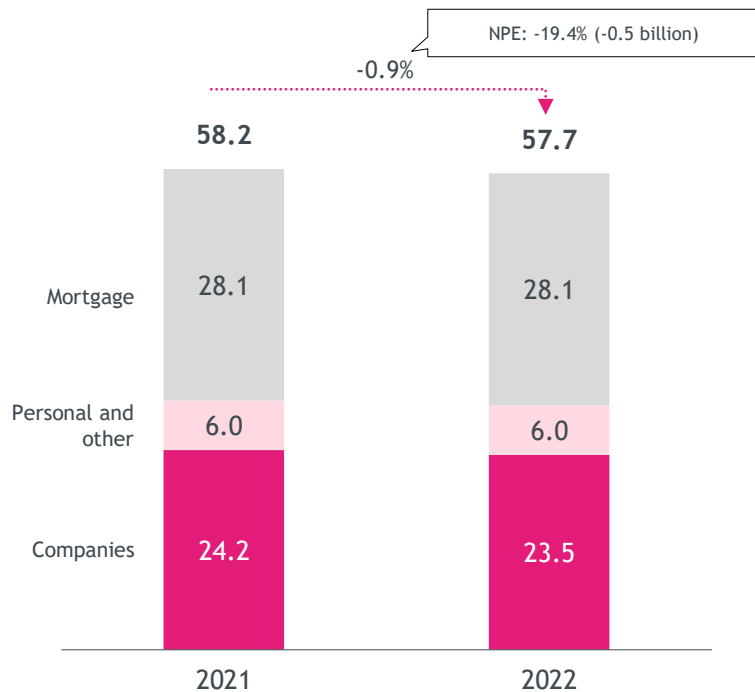
+4.5%

24.5

# Loan portfolio

## Loans to Customers (gross)

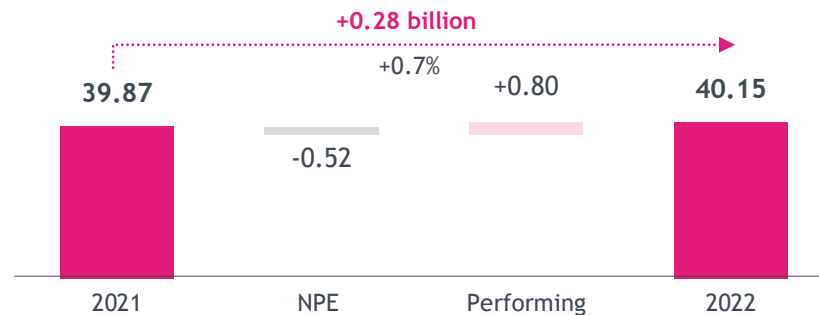
(Consolidated, billion euros)



NPE include loans to Customers only, except if otherwise indicated.

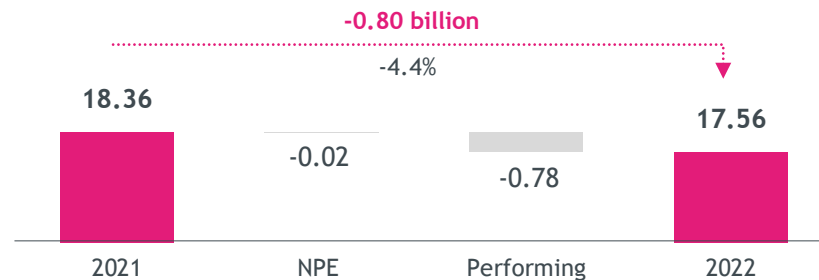
## Portugal

(Billion euros)



## International operations

(Billion euros)



Excl. FX effect

18.04

-2.6%

17.56



02

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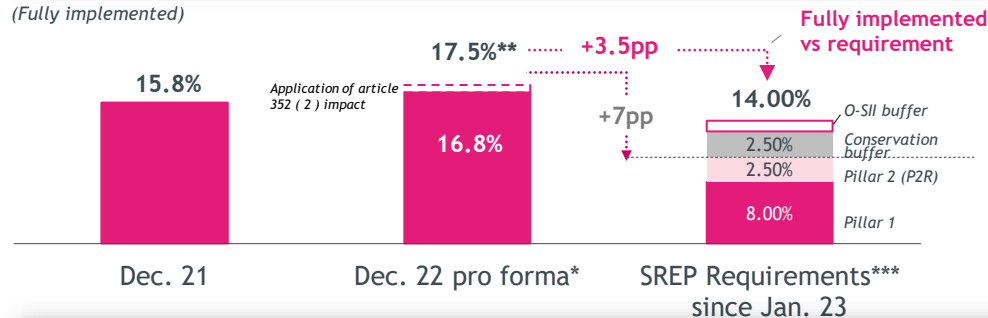
**Group**

Capital and liquidity

# Capital above regulatory requirements and suited to the Bank's business model

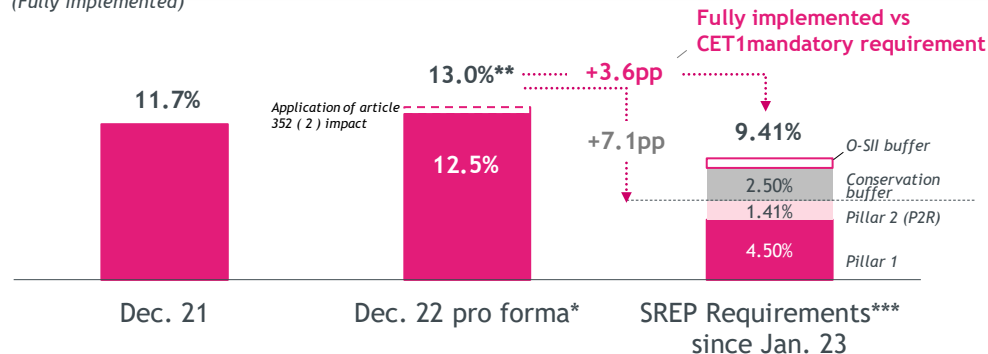
## Total capital ratio

(Fully implemented)



## CET1 capital ratio

(Fully implemented)



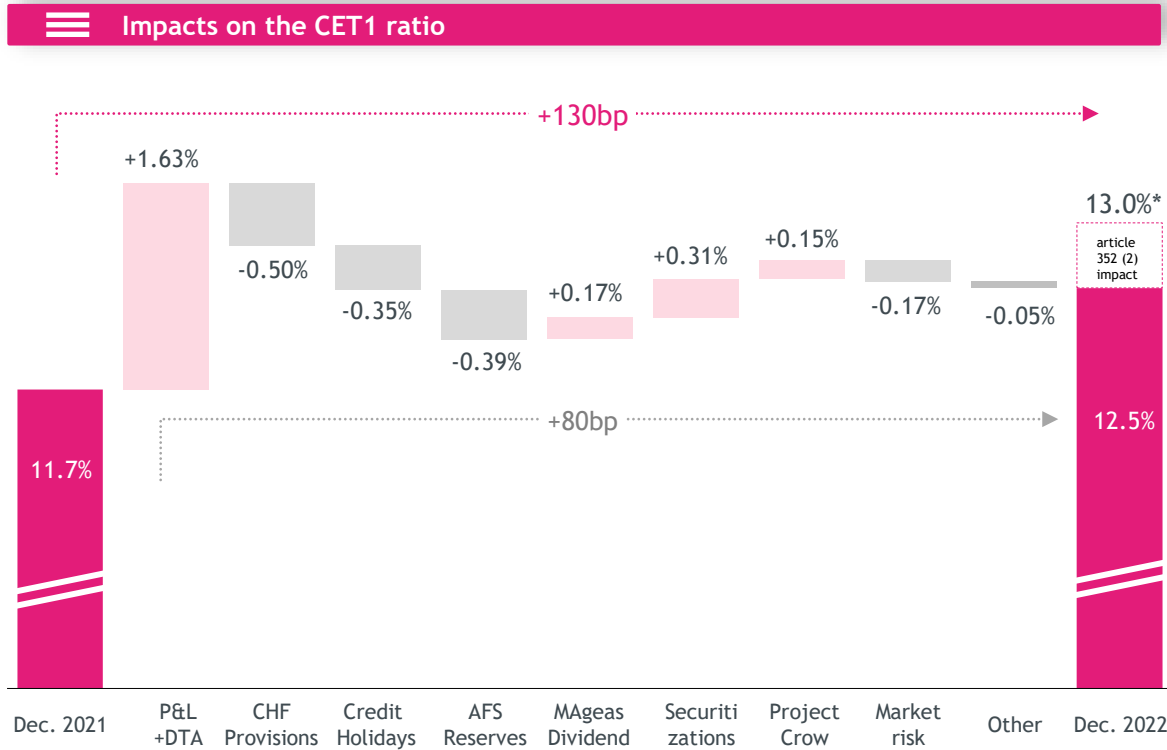
- Total ratio of 16.8% (17.5% on a pro forma\*\* basis) and CET1 of 12.5% (13.0% on a pro forma\*\* basis). Pro forma subject to the approval for the application of article 352 (2) CRR (Capital Requirements Regulation) that excludes from capital requirements the structural FX positions held to hedge the capital ratios
- Surplus of 3.5pp on a pro forma\*\* basis between the total capital ratio and the SREP requirement not using the capital conservation and the O-SII buffers, and of 7pp on a pro forma\*\* basis if such buffers are used
- Buffers (considering pro forma\*\* ratios) which there are limitations to results distribution: 359bp to CET1, 283bp to T1 and 350bp to total capital

\* Including unaudited net income for 2022.

\*\* Subject to ECB authorization.

\*\*\*Minimum prudential requirements since January 1, 2023. Until December 31, 2022, the requirements were 13.75% and 9.16% for total capital ratio and CET1 ratio, respectively.

# CET1 evolution

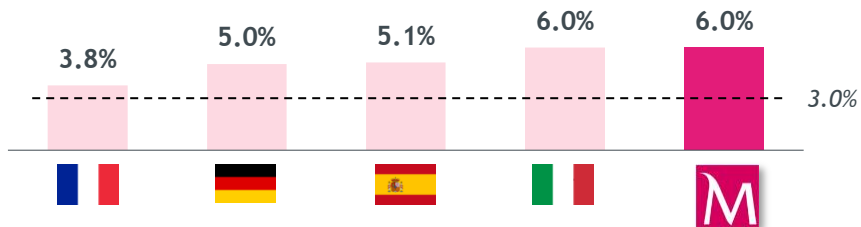


- ✓ **+163bp recurring capacity of organic capital generation**
- **Negative Impacts due to extraordinary items from Poland of 50bp resulting from provisions for legal risks associated with CHF loans in Poland and 35bp resulting from provisions for credit holidays**
- ✓ **CET1 on a pro forma basis, with ~120bp change in the last quarter for which largely contributed:**
  - +56bp organic capital generation (excluding CHF impacts)
  - +31bp from securitizations
  - +15bp with the conclusion of project Crow

# Stronger capital position

## Leverage ratio

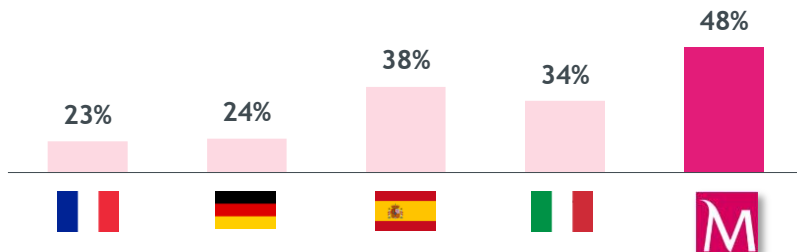
(Fully implemented, latest available data)



Leverage ratio in comfortable levels (6.0% as of December 2022) higher when comparing to European banks

## RWA density

(RWAs as a % of assets, latest available data)

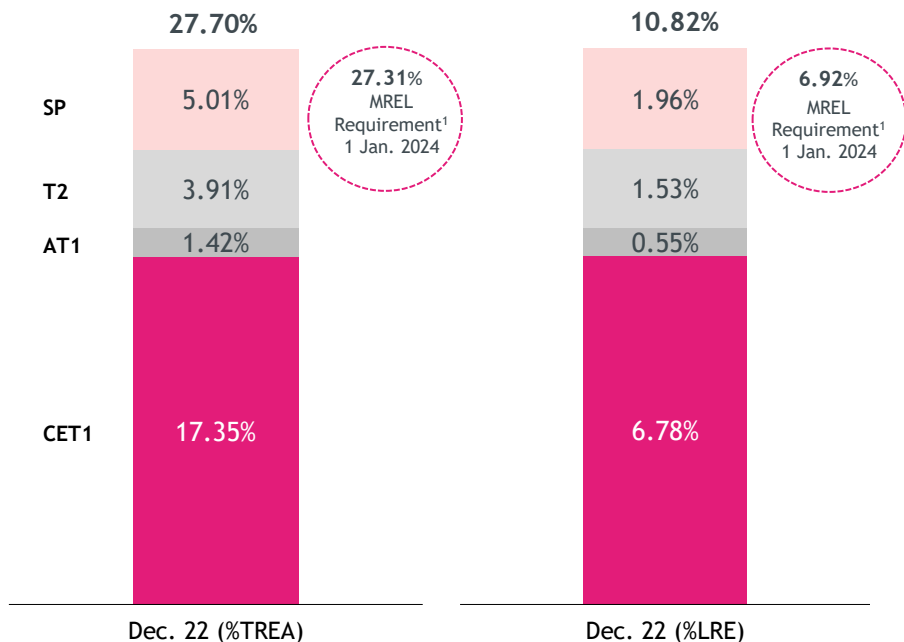


RWAs density in conservative values (48% as of December 2022), comparing favorably with the values registered by most of the european markets

# MREL requirements and execution of the Funding Plan

(Million euros)

## MREL position (BCP Resolution Group - 31 Dec. 2022)



- **Resolution strategy: MPE (Multi Point of Entry)<sup>2</sup>.** MREL requirements for the Resolution perimeter centred in Portugal
- **Preferred Resolution Measure:** Bail-in
- **No subordination requirements have been applied** to the Resolution perimeter centred in Portugal
- **As of December 31, 2022, BCP complied with the MREL requirement set for 1 January 2024 in the scope of the 2021 RPC** (subject to revision by the SRB)
- **Funding Plan** execution
  - 500 million SP on 5 February 2021 6NC5
  - 500 million Social SP on 29 September 2021 6.5NC5.5
  - 300 million Subordinated on 10 November 2021 10.5NC5.5
  - 350 million SP on 25 October 2022 3NC2
  - Exchange offer on 5 December 2022 on the Issue of T2 due December 27 (issue of 133.7 million of Subordinated debt 10.25NC5.25)

MREL - Minimum Requirement for own funds and Eligible Liabilities | TREA - Total Risk Exposure Amount; LRE - Leverage Ratio Exposure

<sup>1</sup> Requirements covered by the 2021 Resolution Planning Cycle. MREL requirements are subject to periodic review by the SRB and changes in the regulatory framework.

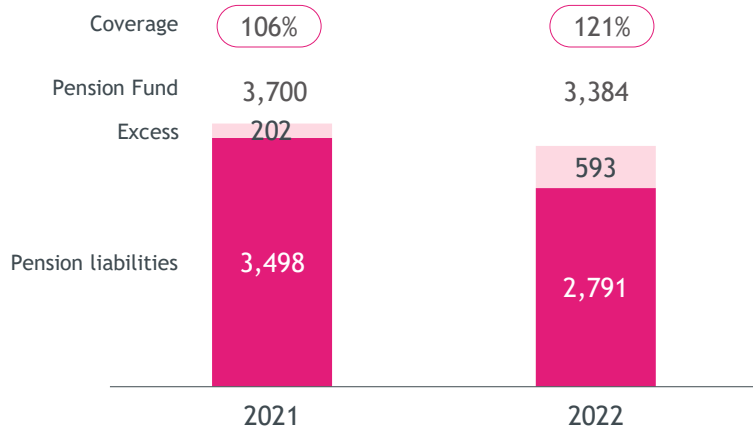
<sup>2</sup> In addition to the resolution perimeter centered in Portugal, BIM in Mozambique and Bank Millennium in Poland were established as additional groups. With regard to Mozambique, as European rules do not apply, no minimum MREL requirement has been set. With regard to Bank Millennium, the consolidated minimum requirements of MREL - TREA of 20.42% and MREL - TEM of 5.91% were established to meet by December 31, 2023 as reference date. At the individual level, Bank Millennium is obliged to comply with the requirements of 20.32% and 5.91%, respectively. Additionally, there are intermediate objectives of MREL at individual level of - TREA of 15.55% and MREL - TEM of 3.00%, with Bank Millennium still to meet these references due to the net losses recorded in 2021 and 2022 (provisions for the portfolio of mortgage loans indexed to foreign currency and credit moratorium costs), the gap on legal framework for senior non-preference bonds in the Polish market until May 2022, and unfavorable market conditions in the CEE region.



# Pension fund

## Pension fund coverage

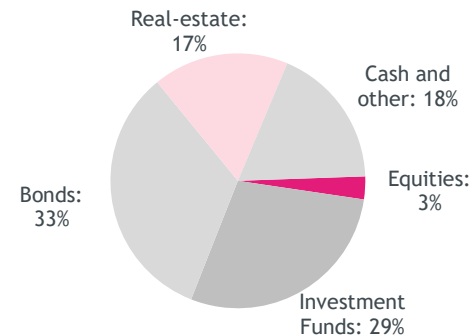
(Million euros)



Pension fund	Dec. 21	Dec. 22
Fund's profitability	+1.9%	-5.1%
Effect of actuarial differences in liabilities* (includes discount rate)	-3.7%	+17.4%

\*Actuarial differences of the pension fund / balance at the beginning of the period

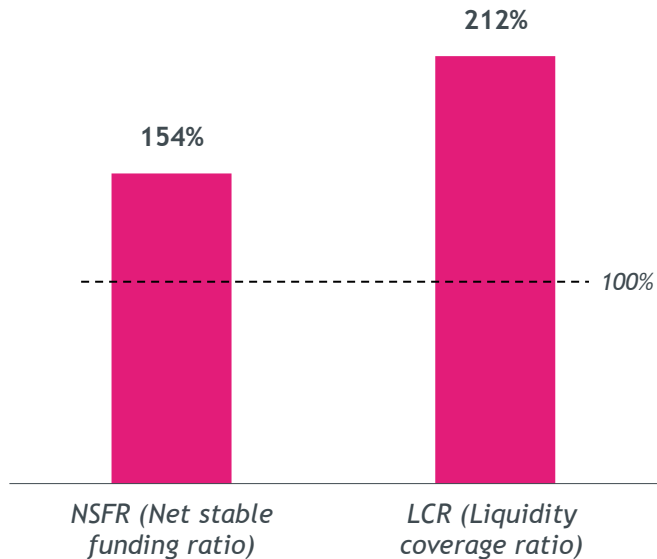
## Structure



- Discount rate and projected rate of return revised upwards to 4.17%, mainly reflecting higher market rates recorded in 2022
- Liabilities covered at 121%
- The level of coverage of pension fund liabilities by assets provides room to absorb adverse impacts in the pension fund of up to 593 million with no impact on capital ratios

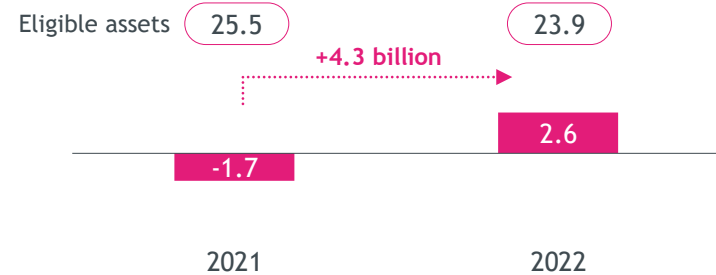
# Robust liquidity position

## Liquidity ratios (CRD/CRR)

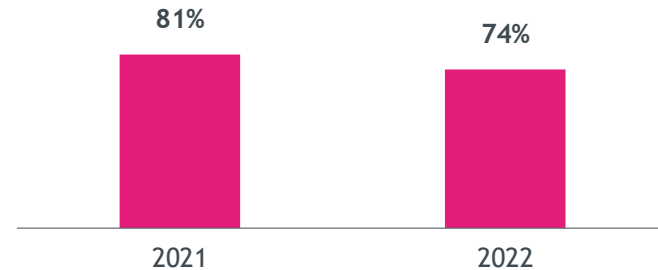


## Liquidity excess in ECB

(Billion euros)



## Net loans to deposits ratio





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Portugal

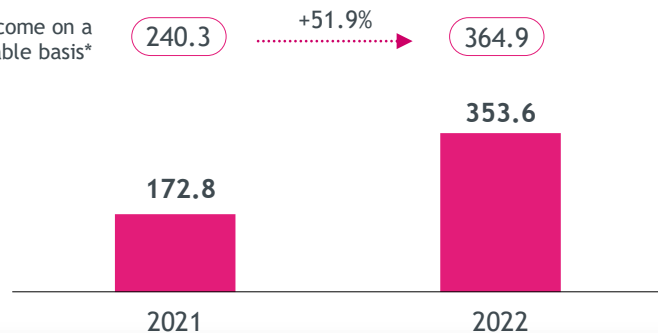
# Profitability in Portugal



## Net income

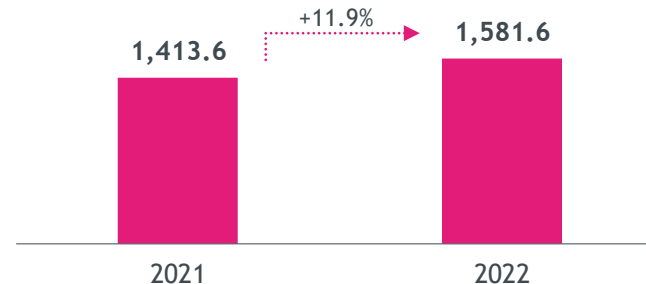
(Million euros)

Net income on a comparable basis\*



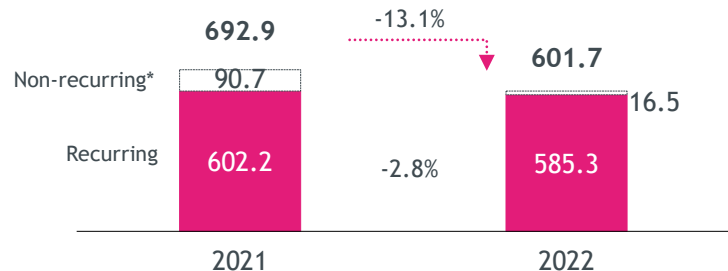
## Net operating revenue

(Million euros)



## Operating costs

(Million euros)



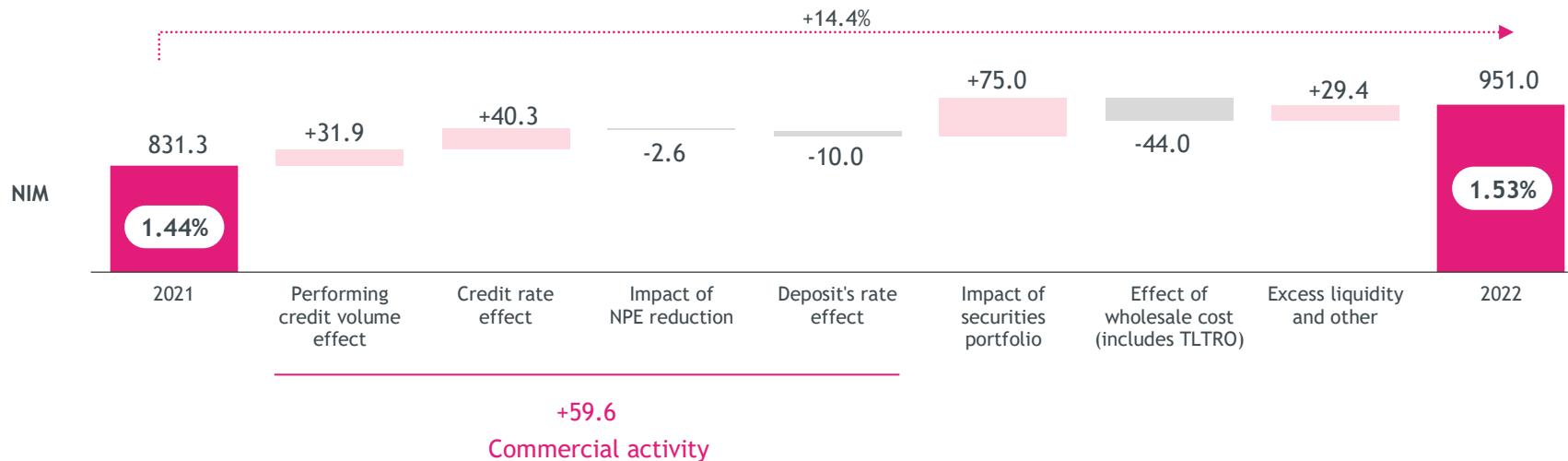
- Net income of 353.6 million in 2022. On a comparable basis, net income amounted to 364.9 million, an increase of 51.9% compared to 2021
- Net income was driven by stronger net operating revenues, lower recurring operating costs and an improvement on cost of risk

\*2021: Includes mainly headcount adjustment costs. 2022: Includes mainly the compensation for the temporary reduction of remuneration in the period 2014/2017 and measures to mitigate inflation impact.

# Net interest income



(Million euros)



The interest rates normalization made it possible to eliminate excessive costs of liquidity excess which together with the positive effect of commercial activity and a higher revenue from securities portfolio, originated a net interest income growth of 14.4% (+119.6 million) standing at 951.0 million in 2022 from 831.3 million in 2021.

# Commissions and other income



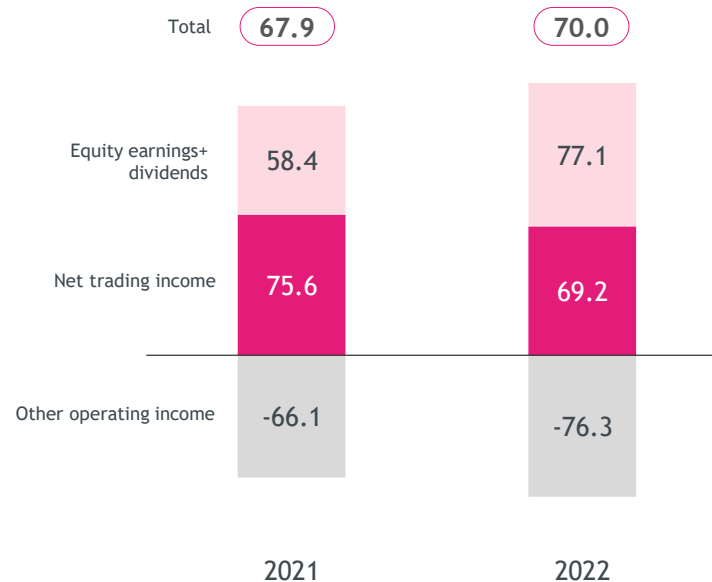
## Commissions

(Million euros)

	2021	2022	YoY
<b>Banking fees and commissions</b>	<b>432.1</b>	<b>472.9</b>	<b>+9.4%</b>
Cards and transfers	111.4	139.5	+25.2%
Loans and guarantees	106.6	99.2	-6.9%
Bancassurance	85.0	84.5	-0.6%
Customer account related	120.5	140.3	+16.5%
Other fees and commissions	8.6	9.2	+7.3%
<b>Market related fees and commissions</b>	<b>82.2</b>	<b>87.7</b>	<b>+6.7%</b>
Securities operations	33.8	36.7	+8.5%
Asset management and distribution	48.4	51.0	+5.5%
<b>Total fees and commissions</b>	<b>514.3</b>	<b>560.6</b>	<b>+9.0%</b>

## Other income

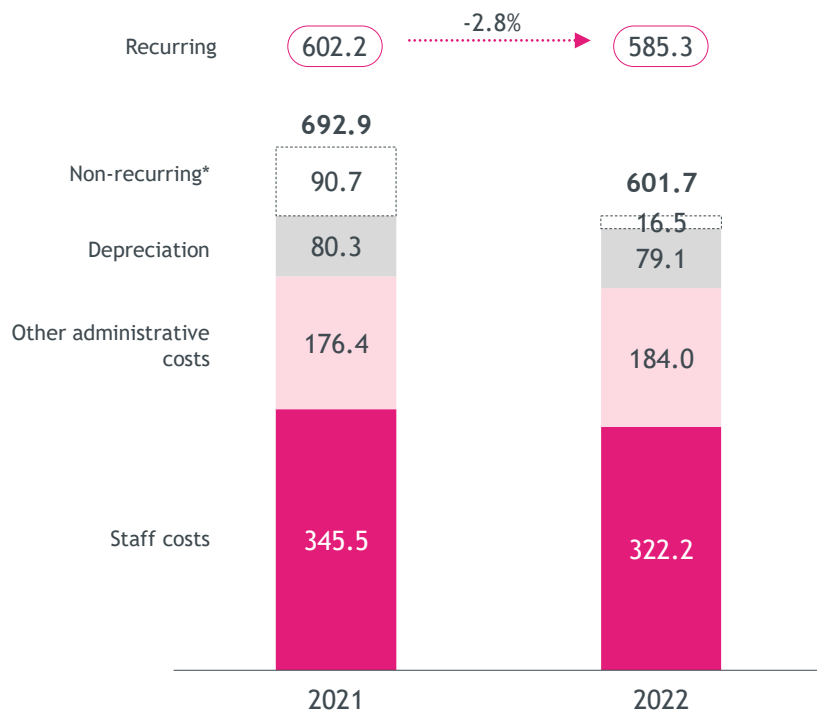
(Million euros)



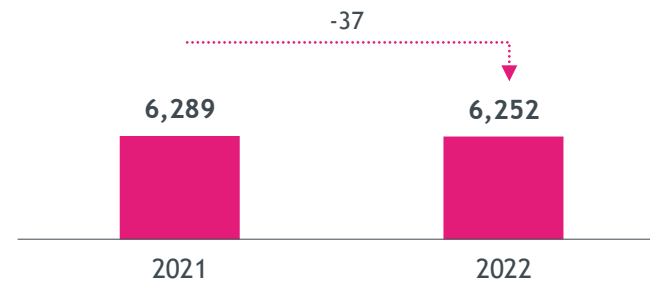


## Operating costs

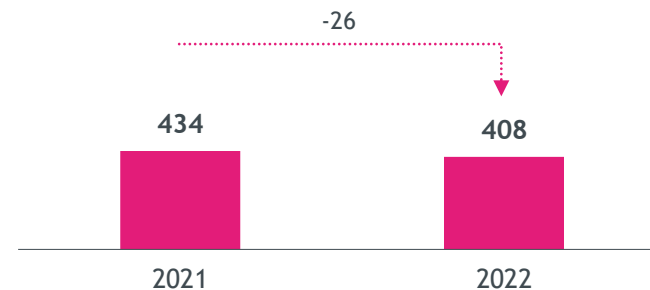
(Million euros)



## Employees



## Branches



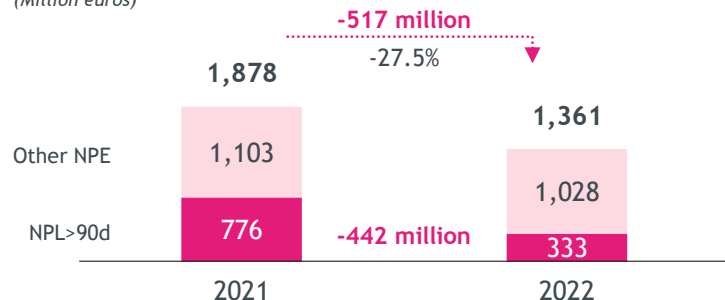
\* 2021: Includes mainly headcount adjustment costs; 2022: Includes mainly compensation for the temporary reduction of remuneration in the period 2014/2017 and measures to mitigate inflation impact.

# Continued decrease of NPEs



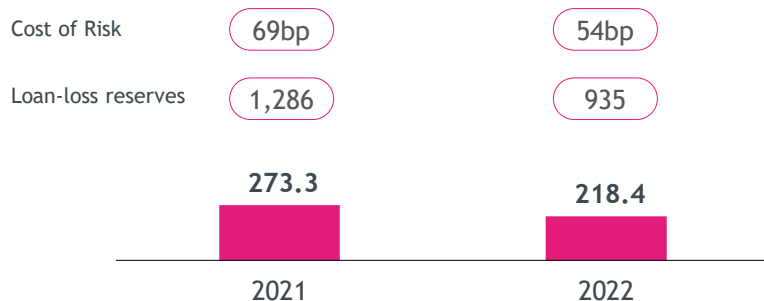
## Non-performing exposures (NPE)

(Million euros)



## Loan impairment (net of recoveries)

(Million euros)



NPE include loans to Customers only.

## NPE build-up

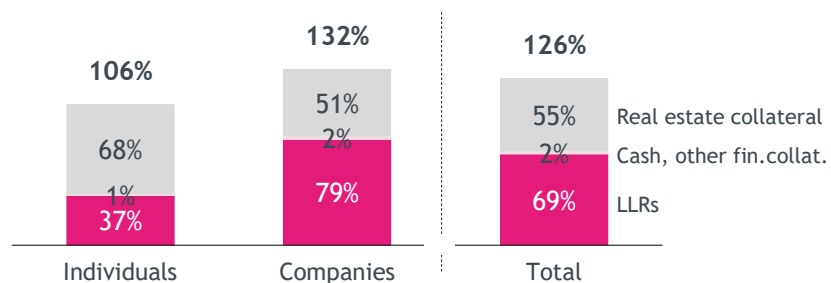
(Million euros)	Dec. 22 vs. Dec. 21	Sep. 22 vs. Dec. 21
Opening balance	1,878	1,537
Net outflows/inflows	194	3
Write-offs	-428	-71
Sales	-282	-107
<b>Ending balance</b>	<b>1,361</b>	<b>1,361</b>

- NPEs in Portugal total 1,361 million at end of December 2022, a decrease of 517 million from December 2021
- The decrease from December 2021 results from net inflows of 194 million, write-offs of 428 million and sales of 282 million
- The decrease of NPEs from December 2021 is attributable to a 442 million reduction of NPL>90d
- Cost of risk of 54bp in 2022 (69bp in same period of 2021), with a NPE coverage by loan-loss reserves of 68% and 69%, respectively

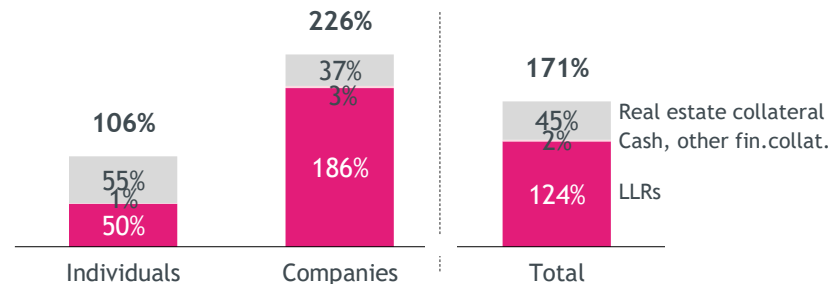




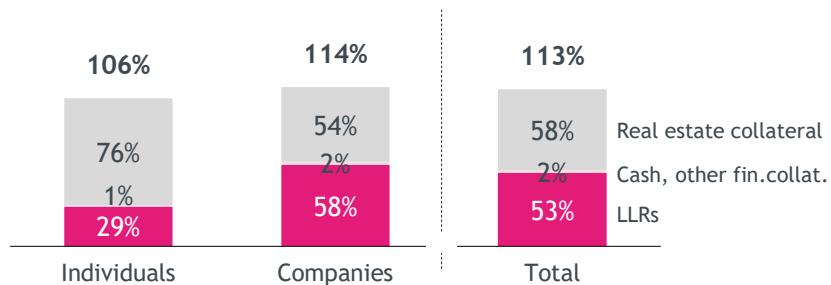
## NPE total coverage\*



## 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 79% for companies NPE as of December 2022, reaching 186% for companies NPL>90d (81% and 189%, respectively, if cash and financial collateral are included)

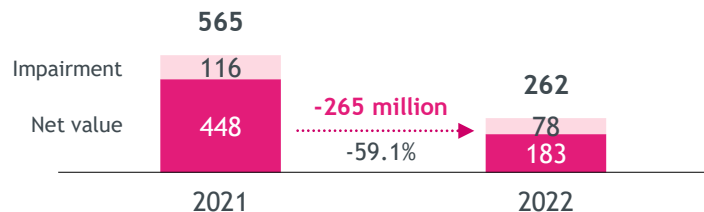
NPE include loans to Customers only.  
\*By loan-loss reserves and collaterals.

# Foreclosed assets and corporate restructuring funds



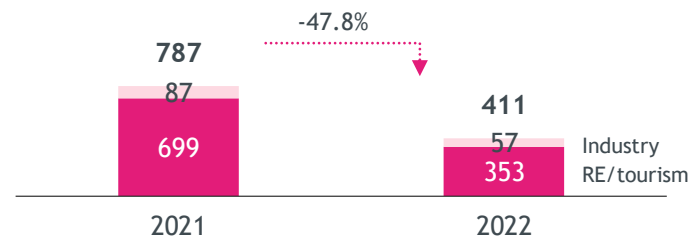
## Foreclosed assets

(Million euros)



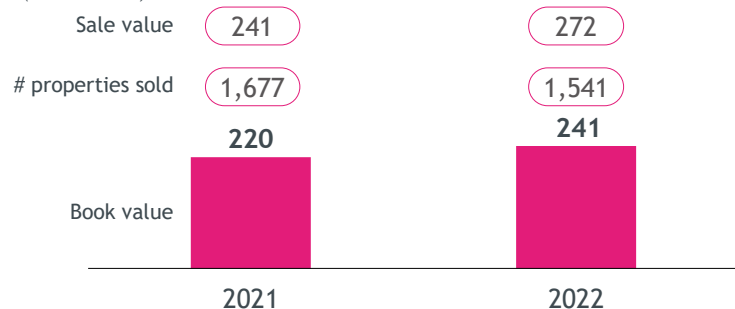
## Corporate restructuring funds

(Million euros)



## Sales of foreclosed assets

(Million euros)



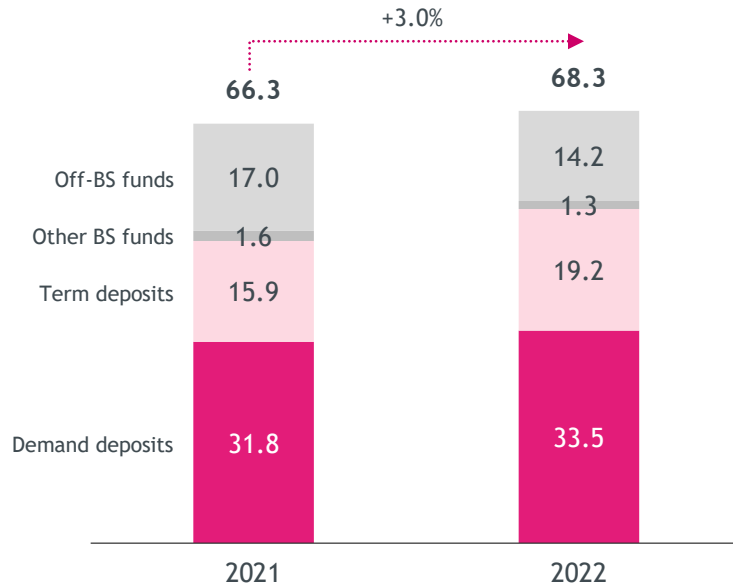
- Net foreclosed assets were down by 59.1% from December 2021. Valuation of foreclosed assets by independent providers exceeded book value by 45%
- 1,541 properties were sold during 2022 (1,677 properties in same period of 2021), with sale values exceeding book value by 30 million
- Significant reduction of restructuring funds with the conclusion of Project Crow

# Growing Customer funds and loans to Customers



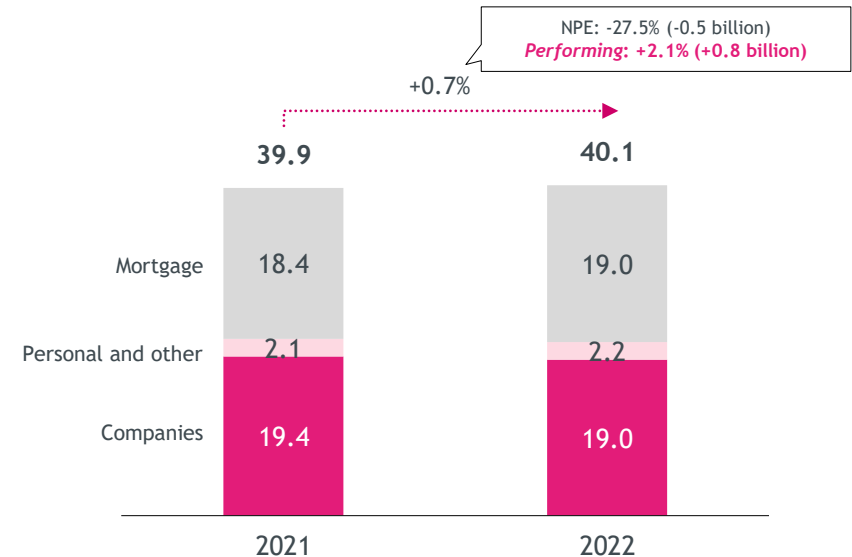
## ☰ Total Customers Funds\*

(Billion euros)



## ☰ Loans to Customers (gross)

(Billion euros)



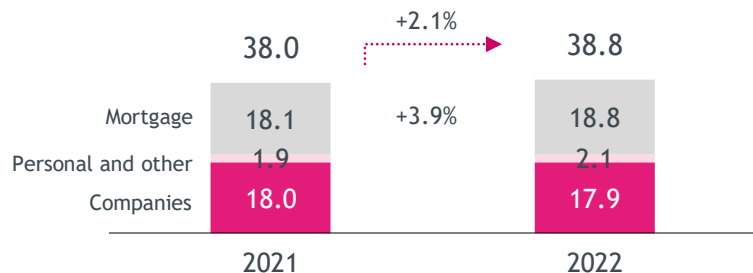
\*Deposits, debt securities, assets under management, assets placed with Customers and insurance products (savings and investments).

# Performing loans grows in Portugal



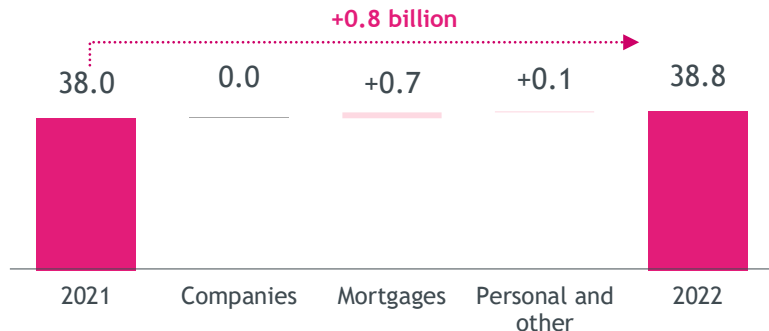
## Performing loans portfolio

(Billion euros)



## Breakdown of performing loans growth

(Billion euros)



\*Data: ALF (June 2022).

- The commitment to families and companies was reaffirmed. Growth of the performing loan portfolio in Portugal (2.1%) mainly supported by the growth of mortgage loans (3,9%)
- Corporate loans with BEI/FEI and mutual guarantees represents 30% of the corporate portfolio
- The Bank maintains a prominent position in the corporate segment:
  - ✓ Leadership in PME Leader programme for the 4<sup>th</sup> consecutive year with a 31% market share, supporting more than 3,500 companies to achieve this award
  - ✓ Leadership in the Inovadora COTEC programme for the 2<sup>nd</sup> consecutive year, with 60% market share, supporting more than 380 companies to achieve this award
  - ✓ Best Bank for companies; Main Bank for Companies; More innovative Bank; Closest to Customers and with More Adequate Products (Data-E 2022)
  - ✓ Leading Bank in Factoring and Confirming, with factoring invoicing of 10.4 billion euros in December 2022 and market share of 26%\*
  - ✓ Leading Bank in Leasing, with 609 million new leasing business in 2022 and market share of 27%\*
  - ✓ Leading in the placement of loans with State Guarantees for the 3<sup>rd</sup> consecutive year, with 17% of market share, in partnership with Banco Português de Fomento (BPF) and Mutual Guarantee Societies
  - ✓ Leadership in the placement of European Investment Fund Guarantees, with the execution of the largest European FEI EGF deal



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**International operations**

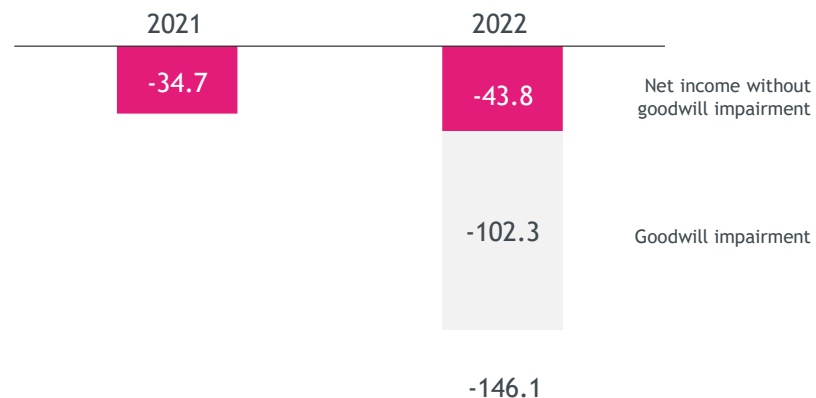
# Contribution from operations to consolidated net income

(Million euros\*)

	2021	2022
Poland	-284.4	-216.7
Mozambique <sup>1</sup>	95.6	101.9
Other	-15.6	-7.3
<b>Net income international operations</b>	<b>-204.5</b>	<b>-122.1</b>
Discontinued Operations <sup>2</sup>	77.1	5.5
Non-controlling int. (Poland+Mozambique)	105.2	72.8
Exchange rate effect	-12.6	--
<b>Contribution from international operations</b>	<b>-34.7</b>	<b>-43.8</b>
Bank Millennium goodwill impairment	--	-102.3

## Contribution from international operations

(Million euros)



\*Subsidiaries' net income presented for 2021 at the same exchange rate of 2022 for comparison purposes.

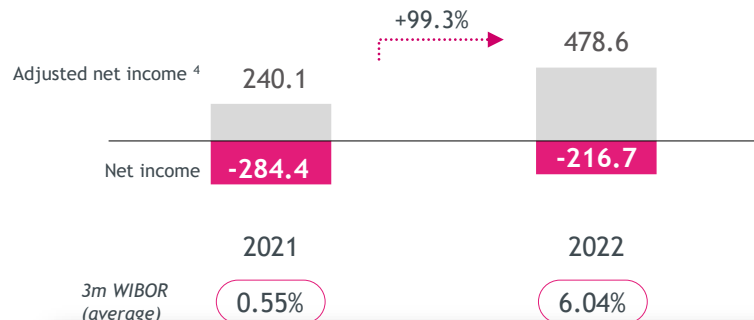
<sup>1</sup> Not including results arising from discontinued operations | <sup>2</sup> Includes the sale of 100% of Banque Privée's capital, in Switzerland, and of 70% of SIM, in Mozambique, by Millennium bim.

# Net earnings affected by extraordinary items



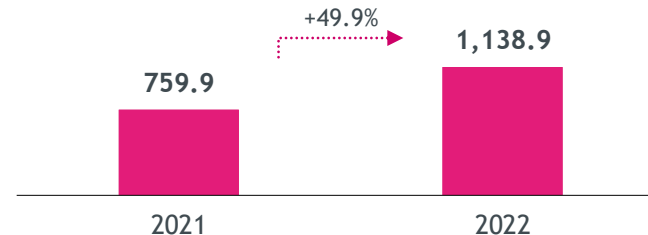
## Net income

(Million euros <sup>1</sup>)



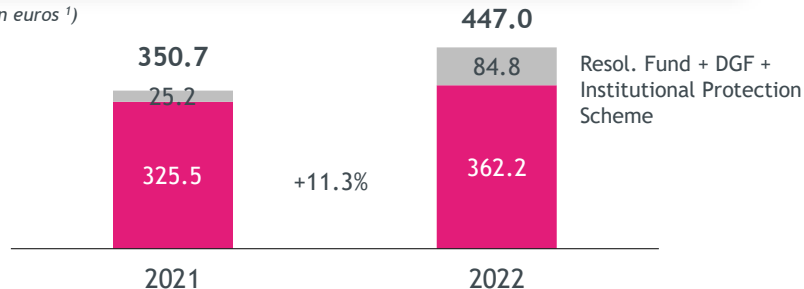
## Net operating revenue

(Million euros<sup>1</sup>)



## Operating costs

(Million euros <sup>1</sup>)



- Net income of -216.7 million, mainly influenced by costs related to CHF mortgage portfolio<sup>2</sup> as well as by credit holidays<sup>3</sup>
- Adjusted net income<sup>4</sup> up by 99.3% with an adjusted ROE of 21.5%
- In Q422, Bank Millennium's results amounted to +53.2 million, after several quarters with negative results
- Net operating income growth influenced by net interest income increase by 71.8%
- Operating costs increased 11.3% excluding contributions
- Customers funds increase by 4% and decrease of loans to Customers by 2.5%
- CET1 ratio of 11.3% and total capital ratio of 14.4%, above the minimum requirements (8.3% and 12.7% respectively)

<sup>1</sup> FX effect excluded. €/Złoty constant at December 2022 levels: Income Statement 4.68; Balance Sheet 4.68.

<sup>2</sup> 525.6 million before taxes | <sup>3</sup> 282.8 million before taxes

<sup>4</sup> Excludes FX-mortgage legal risk provisions, costs of litigations and settlements with Clients, credit holidays and with linear distribution of BFG resolution fund fee and hypothetical bank tax in H2'22; In 2021 also material revaluation of financial investments (VISA)

# Net interest income increase significantly



## Net interest income

(Million euros\*)

NIM

2.70%

4.43%

+71.8%

579.4

995.6

2021

2022

## Operating costs

(Million euros\*)

+27.5%

+236.0%

+10.0%

+12.4%

350.7

25.2

151.4

174.1

2021

447.0

84.8

166.5

195.7

2022

Resol. Fund + DGF + IPS\*\*

Other

Staff costs

## Commissions and other income

(Million euros\*; does not include tax on assets and contribution to the resolution fund and to the DGF)

-20.6%

180.5

3.1

143.3

-2.7%

177.4

172.6

-29.3

2021

2022

Other

Fees and commissions

## Contributions

(Million euros\*)

+31.4%

92.0

66.8

10.4

14.9

2021

120.9

59.0

36.1

17.8

8.0

2022

Institutional Protection Scheme

Tax on banking assets

Resol. Fund DGF

\* FX effect excluded. €/Zloty constant at December 2022 levels: Income Statement 4.68; Balance Sheet 4.68

\*\* New Polish fund aimed to guarantee the stability of the financial system, ensuring the liquidity and solvency of member banks.





## NPL>90d

(Million euros\*)

Credit ratio  
NPL>90d

2.2%

2.0%

385.4

335.7

2021

2022

## Loan-loss reserves

(Million euros\*)

Coverage ratio  
NPL>90d

135%

157%

521.3

525.4

2021

2022

## Loan impairment (net of recoveries)

(Million euros\*)

Cost of risk

37bp

44bp

63.9

76.4

2021

2022

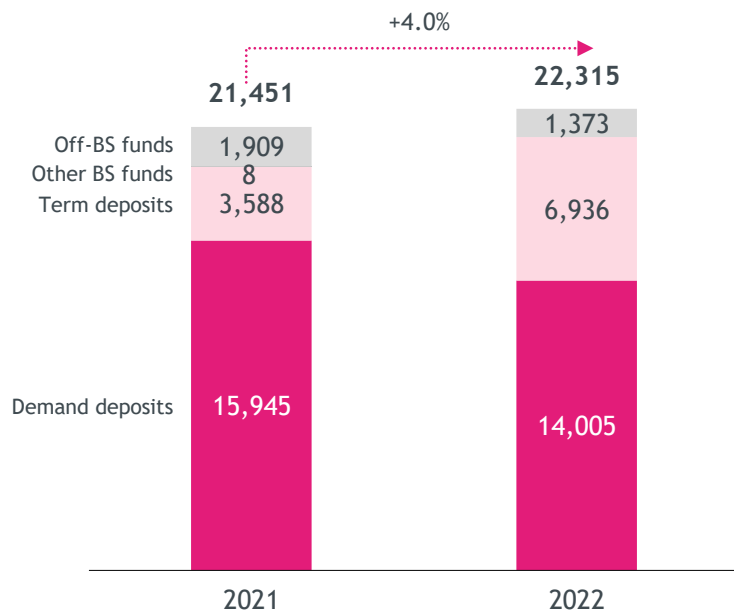
- NPL>90d accounted for 2.0% of total loans as of December 2022 (2.2% as of December 2021)
- Coverage of NPL>90d by loan-loss reserves at 157% (135% as of December 2021)
- Cost of risk of 44bp, compared to 37bp in 2021

# Customers funds and loans to Customers



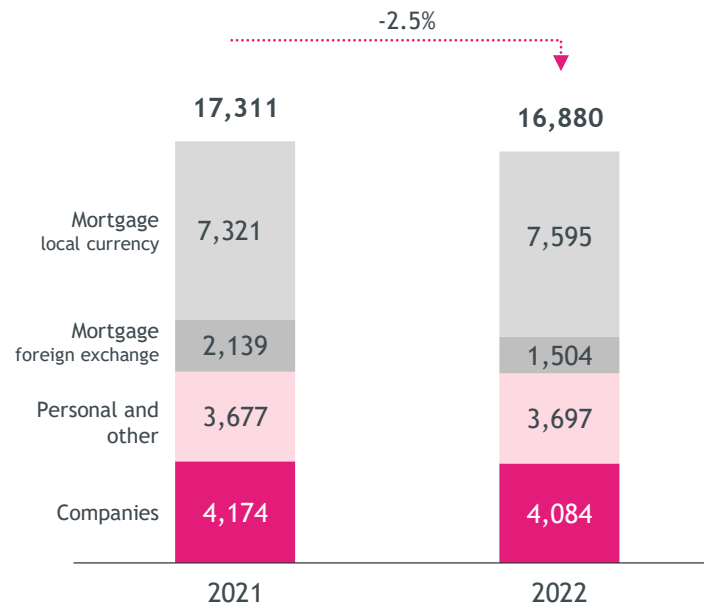
## Customers funds

(Million euros\*)



## Loans to Customers (gross)

(Million euros\*)

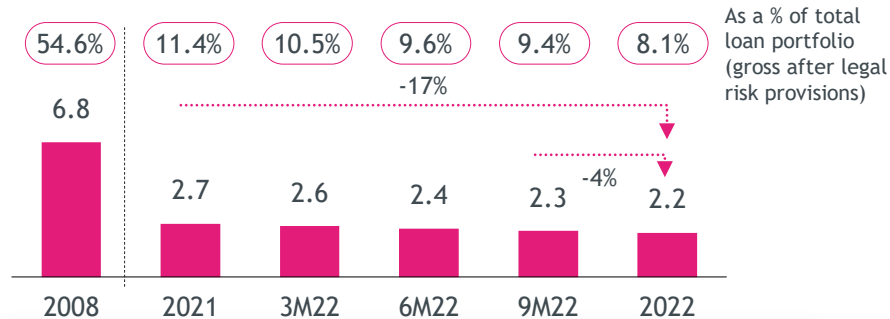


\*FX effect excluded. €/Zloty constant at December 2022 levels: Income Statement 4.68; Balance Sheet 4.68.



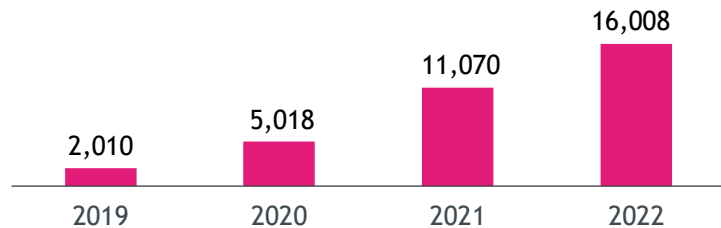
## CHF mortgage portfolio (gross w/o legal risk provisions)

(Billion euros\*)



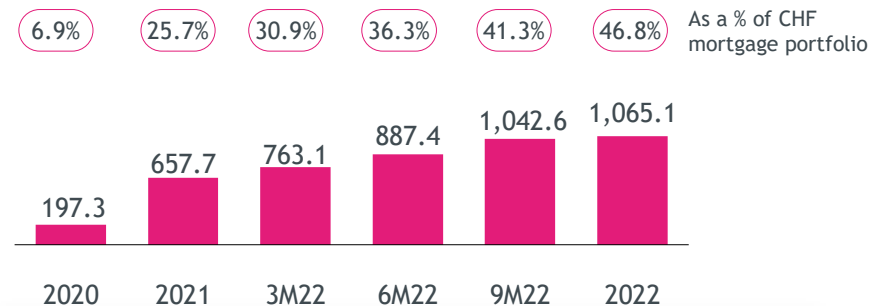
## Individual lawsuits

(Number of cases)



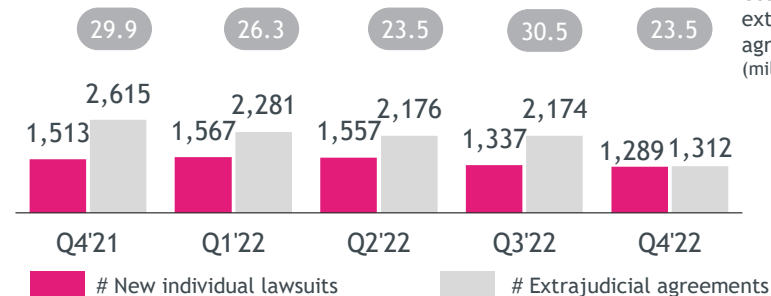
## Cumulative provisions for legal risks\*\*

(Million euros\*)



## New individual lawsuits and extrajudicial agreements\*\*\*

Cost of extrajudicial agreements\* (million euros)

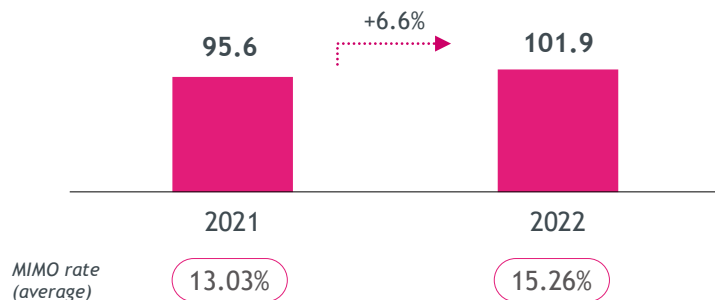


# Net income reflects resilience in challenging environment



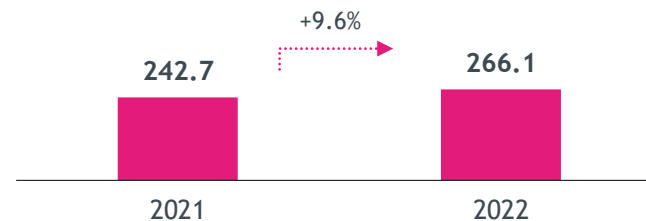
## Net income\*\*

(Million euros\*)



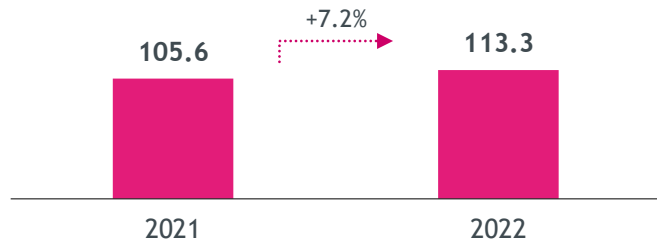
## Net operating revenue

(Million euros\*)



## Operating Costs

(Million euros\*)



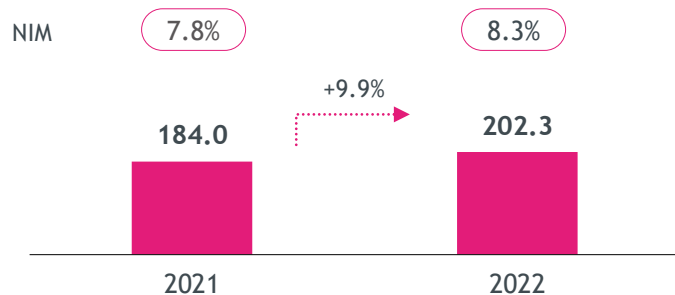
- Net income of 101.9 million in 2022, +6.6% on comparable basis
- Customer funds increased by 10.2%; loans to Customers increased by 2.1%
- Capital ratio of 36.4%

# Increased net interest income and commissions



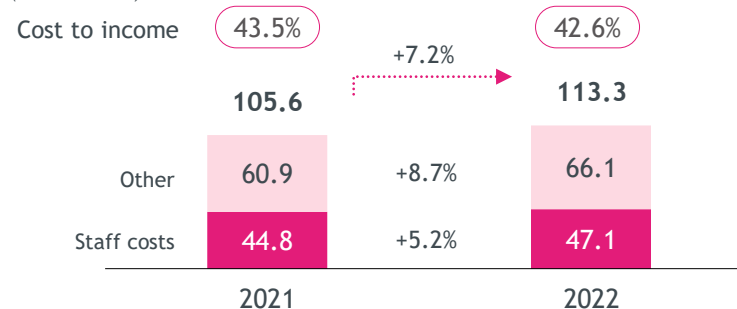
## Net Interest income

(Million euros\*)



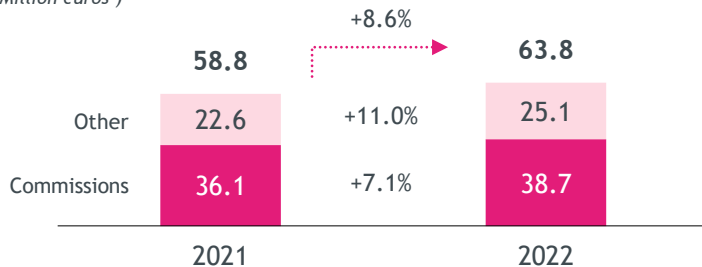
## Operating costs

(Million euros\*)

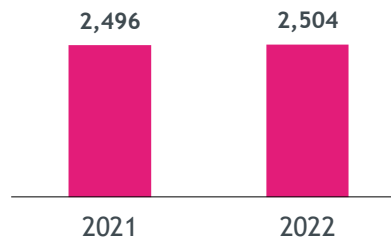


## Commissions and other income

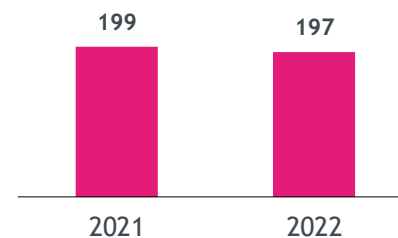
(Million euros\*)



## Employees\*\*



## Branches



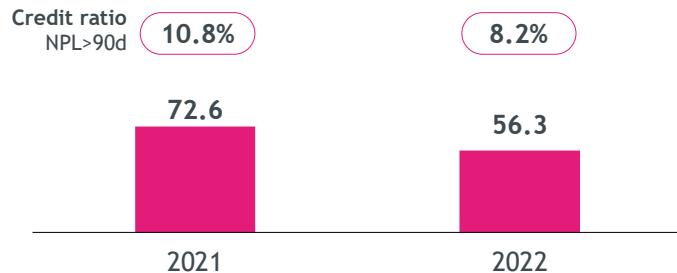
\*FX effect excluded. €/Metical constant at December 2022 levels: Income Statement 67.56; Balance Sheet 68.19

\*\*Excludes employees from SIM (insurance company).



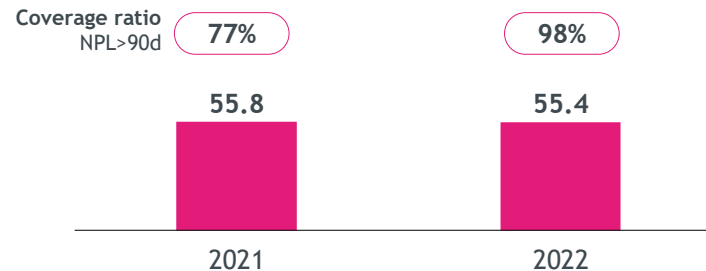
## NPL>90d

(Million euros\*)



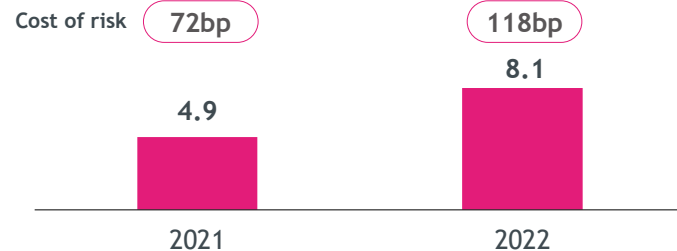
## Loan-loss reserves

(Million euros\*)



## Loan impairment (net of recoveries)

(Million euros\*)



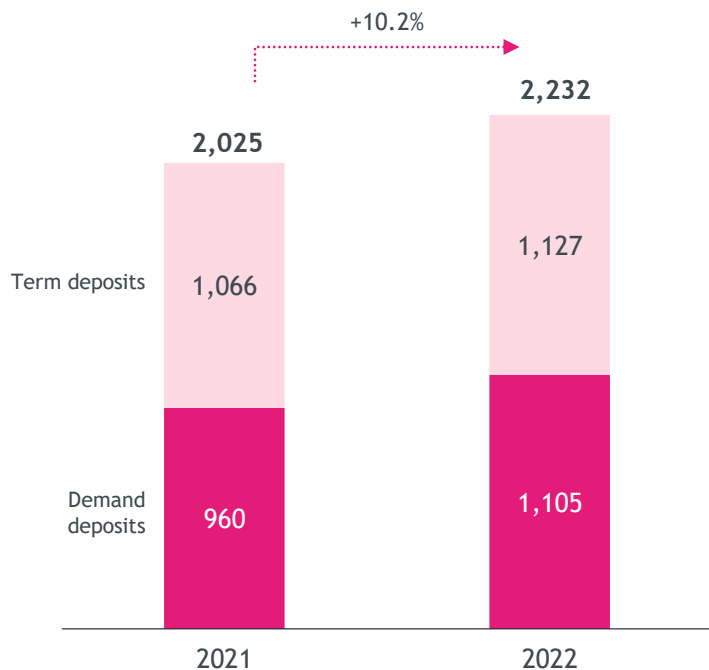
- NPL>90d ratio of 8.2% as of December 2022, with coverage by loan-loss reserves of 98% on the same date
- Cost of risk of 118bp in 2022 (72bp in 2021)

\*FX effect excluded. €/Metical constant at December 2022 levels: Income Statement 67.56; Balance Sheet 62.19



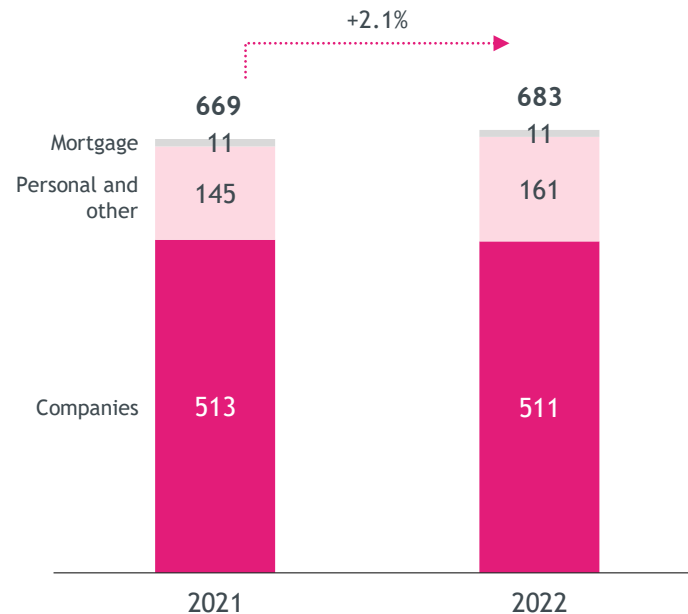
## Customers funds

(Million euros\*)



## Loans to Customers (gross)

(Million euros\*)



\*FX effect excluded. €/Metical constant at December 2022 levels: Income Statement 67.56; Balance Sheet 62.19



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**Key figures**





# Strategic Plan: Excelling 24

	2022		2024
C/I ratio	37%	✓	≈40%
Cost of risk	52 bp	✓	≈50 bp
RoE	4.0%	↗	≈10%
CET1 ratio	12.5% (13.0% pro forma*)	✓	>12.5%
NPE ratio	3.8%	✓	≈4%
Share of mobile Customers	63%	✓	>65%
Growth of high engagement Customers** (vs 2020)	+10%	✓	+12%
Average ESG rating***	69%		>80%

Subject to ECB authorization for the approval for the application of article 352 (2) CRR (Capital Requirements Regulation) that excludes from capital requirements the structural FX positions held to hedge the capital ratios.

\*\*Active Customers with card transactions in the previous 90 days or funds > €100 (>MZM 1,000 in Mozambique) | \*\*\*Average of Top 3 indices (DJSI, COP and MSCI) | NPE include loans to Customers only.

✓ Concluded   ✓ Almost concluded   ↗ On track

# COMMITMENT TO PEOPLE AND SOCIETY

## Millennium bcp Foundation



**Drawing Room - 5th edition:** exhibition dedicated to contemporary drawing held between October 27th and 30th. It was attended by 26 national and international galleries and received more than 7,000 visitors.



**Museu Nacional de Arte Antiga: Restoration of Jesus Christ Lamentation Relief Sculpture** - Project for the study, conservation and restoration of sixteenth-century reliefs. Visitors can watch the restoration work live.



**Folio - Óbidos International Literary Festival 2022:** Under the theme "Power", it carried out 200 initiatives and presented 300 authors, highlighting the presence of the two Nobel Prize winners for Literature Olga Tokarczuk and Wole Soyinka. It had around 60,000 visitors.



**Rui Osório de Castro/Millennium bcp Award - 7th edition:** Annual award aimed at developing scientific research projects in the area of Pediatric Oncology.

## Society



**Social Responsibility Campaign "Millennium Solidário 2022"**, brings together Bank Employees and the Millennium bcp Foundation in supporting the Association of Ukrainians in Portugal and CASA - Support center for the Homeless.



**"Social Responsibility Campaign "A book is priceless (in the education of a child)"**, join Bank employees in Portugal and Mozambique and collects 2,254 books intended for children from Mozambican schools in vulnerable areas



**Millennium bcp signs the "Pact for More and Better Jobs for Young People"**, which aims to bring real change in the current context of vulnerability associated with youth employment.



**Millennium bcp volunteers, once again present at the "Banco Alimentar"**, join at national level in the food gathering campaign carried out in November for the most disadvantaged.

## Sustainability



Millennium bcp installs the **second photovoltaic plant in Taguspark** and doubles the autonomous production capacity of electricity from renewable sources.



Millennium bcp signs the Manifesto "Towards COP27" of BCS D Portugal, underlining the contribution of this United Nations conference to the global effort to mitigate/adapt to climate change.



Group BCP integrates, for the 4th year in a row, the **Bloomberg Gender-Equality Index 2023**, remaining in the restricted group of companies that stand out worldwide in the implementation of gender inclusion and gender equality policies.



Millennium bcp signs the Manifesto "For an Agreement for Nature at COP15" by BCS D Portugal, highlighting the importance of adopting a Global Strategy for Biodiversity that stops the loss of biodiversity by 2030 and promotes the recovery of natural ecosystems.

# Awards in 2022

new



**Millennium bcp:** Best Homebanking site



**Millennium bcp:** Best Digital Bank 2022 in Portugal



**Millennium bcp:** Best Foreign Exchange Provider in Portugal



**Millennium bcp:** Best Investment Banking 2022 in Portugal



**Millennium bcp:** Number 1 Bank of Innovative Companies supporting 363 companies to achieve the COTEC Innovative award

**Millennium bcp:** Distinguished in the category of Fastest Process in the third edition of the Mortgage Barometer of Comparajá.pt.



**ActivoBank:** Distinguished as Powerful Brand in the "Online Banking" category, in recognition of the progress in the areas of Sustainability and Technological Innovation



new



**Bank Millennium:** Winner of the "Friendly Banking" edition by Newsweek, first position in the "Remote Banking" category



**Bank Millennium:** Best Bank in Poland



**Bank Millennium:** Best Digital Bank 2022 in Poland



**Bank Millennium:** Contact Center employees awarded at the Polish Contact Centre Awards 2022



**Bank Millennium:** Millenet internet banking on the top of the BANK monthly ranking



**Bank Millennium:** Distinguish with the CSR Golden Leaf Award for Corporate Social Responsibility Practices



**Bank Millennium:** Second place in the Forbes ranking "Poland's Best Employers 2022", in the Banking and Financial Services category



**Bank Millennium:** 1<sup>st</sup> place in the Summary of macroeconomic forecasts for 2021, by the Refinitiv ranking

new



**Millennium bim:** Once again recognized by the international financial magazine "The Banker" as a reference institution in Mozambique



**Millennium bim:** Bank of the year in Mozambique by Euromoney - Awards for Excellence & Market Leaders 2022



**Millennium bim:** Best Digital Bank 2022 Bank in Mozambique



**Millennium bim:** Best Foreign Exchange Provider Bank in Mozambique



**Millennium bim:** Best Trade Finance Bank Bank in Mozambique



**Millennium bim:** Best Private Bank Bank in Mozambique

new



**Millennium bcp**  
Consumer Choice 2023,  
"Large Banks" category for 3<sup>rd</sup>  
consecutive year

new



**ActivoBank**  
Consumer Choice 2023,  
"Digital Bank" category, for 5<sup>th</sup> time

new



**Millennium bcp**  
Best Digital Transformation Project; Best  
Banking Project; Best Future of Business  
Models Project

new



**Millennium bcp**  
Big Banks category winner



**App Millennium**  
"2022 Product of the Year", on  
"Banking App" category, by the  
Product of the Year Portugal



Barómetro Financeiro 2022

MELHOR PARA  
AS EMPRESAS  
BANCO PRINCIPAL  
MAIS PROXIMO  
MAIS INOVADOR  
PRODUTOS MAIS  
ADEQUADOS

**Millennium bcp**  
Main Bank for companies in the DATA E  
2022

# Appendix



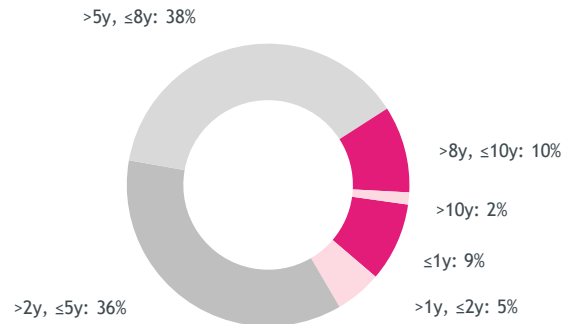
# Sovereign debt portfolio

## Sovereign debt portfolio

(Consolidated, million euros)

	Dec. 21	Mar. 22	Jun. 22	Sep. 22	Dec. 22	YoY	QoQ
Portugal	8,013	8,561	7,765	6,882	6,295	-21%	-9%
T-bills and other	426	849	1,222	461	310	-27%	-33%
Bonds	7,587	7,712	6,543	6,421	5,985	-21%	-7%
Poland	3,844	3,908	4,030	3,185	3,320	-14%	+4%
Mozambique	412	424	408	464	526	+28%	+13%
Other	5,435	3,689	5,451	5,897	6,390	+18%	+8%
<b>Total</b>	<b>17,704</b>	<b>16,582</b>	<b>17,653</b>	<b>16,427</b>	<b>16,531</b>	<b>-7%</b>	<b>+1%</b>

## Sovereign debt maturity



- ✓ The sovereign debt portfolio totalled 16.5 billion, 14.2 billion of which maturing in more than 2 years
- ✓ The Portuguese sovereign debt portfolio totalled 6.3 billion, the Polish portfolio totalled 3.3 billion, the French 2.8 billion, “other” includes sovereign debt from Spain (2.2 billion), Belgium (0.8 billion), Mozambique (0.5 billion), Ireland (0.5 billion) and Germany (0.1 billion)

# Sovereign debt portfolio

(Million euros)

	Portugal	Poland	Mozambique	Other	Total
<b>Trading book</b>	<b>330</b>	<b>5</b>	<b>0</b>	<b>4</b>	<b>339</b>
≤ 1 year	310	1			311
> 1 year and ≤ 2 years	6	1			7
> 2 years and ≤ 5 years	7	2			9
> 5 years and ≤ 8 years	5	0			5
> 8 years and ≤ 10 years	2	1		3	6
> 10 years	1			0	1
<b>Banking book*</b>	<b>5,965</b>	<b>3,315</b>	<b>526</b>	<b>6,386</b>	<b>16,192</b>
≤ 1 year	8	900	62	210	1,181
> 1 year and ≤ 2 years	28	579	136	130	873
> 2 years and ≤ 5 years	3,996	1,585	257	141	5,980
> 5 years and ≤ 8 years	1,494	163		4,641	6,298
> 8 years and ≤ 10 years	211	87	71	1,264	1,633
> 10 years	227	0			227
<b>Total</b>	<b>6,295</b>	<b>3,320</b>	<b>526</b>	<b>6,390</b>	<b>16,531</b>
≤ 1 year	318	901	62	210	1,491
> 1 year and ≤ 2 years	35	580	136	130	880
> 2 years and ≤ 5 years	4,003	1,588	257	141	5,989
> 5 years and ≤ 8 years	1,499	164		4,641	6,303
> 8 years and ≤ 10 years	213	88	71	1,267	1,639
> 10 years	228	0		0	229

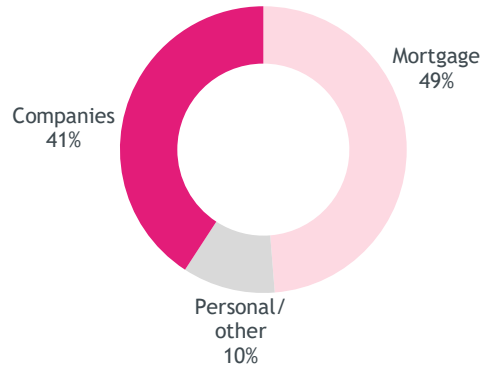
\*Includes financial assets at fair value through other comprehensive income (5,366 million) and financial assets at amortized cost (10,826 million).

# Diversified and collateralised portfolio

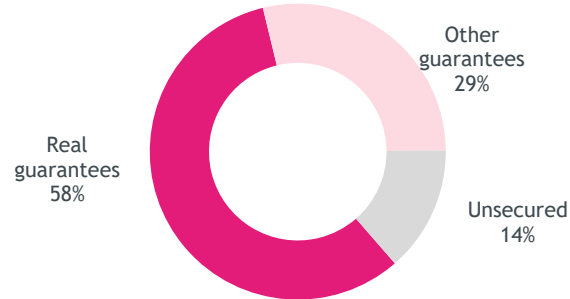
## Loan portfolio

(Consolidated)

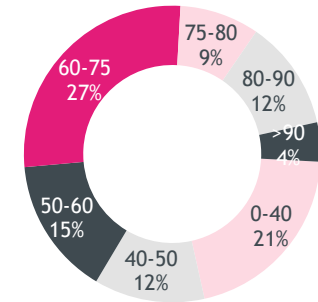
### Breakdown



### Loans per collateral



### LTV of the mortgage portfolio in Portugal



- Loans to companies accounted for 41% of the loan portfolio as of December 2022, including 6% of construction and real-estate sectors
- Mortgage accounted for 49% of the loan portfolio, with low delinquency levels and an average LTV of 60%
- 86% of the loan portfolio is collateralised

# Consolidated net income

<i>(Million euros)</i>	2021	2022	YoY	Impact on earnings
Net interest income	1,588.6	2,149.8	+35.3%	+561.2
Net fees and commissions	727.7	771.9	+6.1%	+44.2
Other income*	18.1	-54.2	-399.7%	-72.3
<b>Net operating revenue</b>	<b>2,334.4</b>	<b>2,867.5</b>	<b>+22.8%</b>	<b>+533.1</b>
Staff costs	-654.3	-580.8	-11.2%	+73.5
Other administrative costs and depreciation	-461.3	-492.2	+6.7%	-30.9
<b>Operating costs</b>	<b>-1,115.6</b>	<b>-1,073.0</b>	<b>-3.8%</b>	<b>+42.6</b>
<b>Profit before impairment and provisions</b>	<b>1,218.8</b>	<b>1,794.5</b>	<b>+47.2%</b>	<b>+575.7</b>
Results on modification		-309.9		-309.9
Loans impairment (net of recoveries)	-348.9	-300.6	-13.8%	+48.3
Other impairment and provisions	-712.2	-755.6	+6.1%	-43.4
<b>Results of modification, Impairment and provisions</b>	<b>-1,061.1</b>	<b>-1,366.0</b>	<b>+28.7%</b>	<b>-305.0</b>
<b>Net income before income tax</b>	<b>157.7</b>	<b>428.5</b>	<b>+171.6%</b>	<b>+270.7</b>
Income taxes	-203.6	-304.3	+49.5%	-100.7
Net income from discontinued or to be discontinued operations	70.9	5.5	-92.2%	-65.3
Non-controlling interests	113.1	77.8	-31.2%	-35.3
<b>Net income</b>	<b>138.1</b>	<b>207.5</b>	<b>+50.3%</b>	<b>+69.4</b>

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



# Consolidated balance sheet

(Million euros)

	31 December 2022	31 December 2021
<b>ASSETS</b>		
Cash and deposits at Central Banks	6,022.0	7,796.3
Loans and advances to credit institutions repayable on demand	213.5	361.8
Financial assets at amortised cost		
Loans and advances to credit institutions	963.4	453.2
Loans and advances to customers	54,675.8	54,972.4
Debt instruments	13,035.6	8,205.2
Financial assets at fair value through profit or loss		
Financial assets held for trading	766.6	931.5
Financial assets not held for trading mandatorily at fair value through profit or loss	552.7	990.9
Financial assets designated at fair value through profit or loss	-	-
Financial assets at fair value through other comprehensive income	7,461.6	12,891.0
Hedging derivatives	59.7	109.1
Investments in associated companies	298.7	462.3
Non-current assets held for sale	499.0	780.5
Investment property	15.2	2.9
Other tangible assets	574.7	600.7
Goodwill and intangible assets	182.7	256.2
Current tax assets	17.9	17.3
Deferred tax assets	2,939.0	2,688.2
Other assets	1,582.5	1,385.3
<b>TOTAL ASSETS</b>	<b>89,860.5</b>	<b>92,904.8</b>

## LIABILITIES

	31 December 2022	31 December 2021
Financial liabilities at amortised cost		
Resources from credit institutions	1,468.4	8,896.1
Resources from customers	75,430.1	69,560.2
Non subordinated debt securities issued	1,482.1	2,188.4
Subordinated debt	1,333.1	1,394.8
Financial liabilities at fair value through profit or loss		
Financial liabilities held for trading	241.5	231.2
Financial liabilities at fair value through profit or loss	1,817.7	1,581.8
Hedging derivatives	178.0	377.2
Provisions	561.8	458.7
Current tax liabilities	23.7	20.4
Deferred tax liabilities	11.7	16.9
Other liabilities	1,392.0	1,117.0
<b>TOTAL LIABILITIES</b>	<b>83,940.0</b>	<b>85,842.8</b>
<b>EQUITY</b>		
Share capital	3,000.0	4,725.0
Share premium	16.5	16.5
Other equity instruments	400.0	400.0
Legal and statutory reserves	268.5	259.5
Treasury shares	-	-
Reserves and retained earnings	1,245.9	580.3
Net income for the period attributable to Bank's Shareholders	207.5	138.1
<b>TOTAL EQUITY ATTRIBUTABLE TO BANK'S SHAREHOLDERS</b>	<b>5,138.5</b>	<b>6,119.4</b>
Non-controlling interests	782.1	942.7
<b>TOTAL EQUITY</b>	<b>5,920.6</b>	<b>7,062.1</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>89,860.5</b>	<b>92,904.8</b>

# Consolidated income statement per quarter

(Million euros)

	Quarterly				
	4Q 21	1Q 22	2Q 22	3Q 22	4Q 22
<b>Net interest income</b>	<b>423.6</b>	<b>465.1</b>	<b>520.1</b>	<b>560.7</b>	<b>603.9</b>
Dividends from equity instruments	0.1	0.9	12.0	-3.6	0.8
Net fees and commission income	192.9	192.8	194.7	186.2	198.1
Other operating income	-9.5	-16.9	-158.5	-1.5	-6.2
Net trading income	15.0	43.4	-1.2	32.7	-25.0
Equity accounted earnings	14.8	16.2	16.6	12.2	23.7
<b>Banking income</b>	<b>636.9</b>	<b>701.6</b>	<b>583.7</b>	<b>786.7</b>	<b>795.5</b>
Staff costs	138.1	137.7	146.4	147.7	149.0
Other administrative costs	93.8	82.7	79.9	89.2	101.2
Depreciation	34.4	34.6	34.9	34.4	35.4
<b>Operating costs</b>	<b>266.3</b>	<b>255.0</b>	<b>261.2</b>	<b>271.2</b>	<b>285.6</b>
<b>Profit bef. impairment and provisions</b>	<b>370.5</b>	<b>446.6</b>	<b>322.5</b>	<b>515.5</b>	<b>509.9</b>
Results on modification	0.0	-0.8	-1.1	-316.7	8.7
Loans impairment (net of recoveries)	84.9	89.9	89.6	61.7	59.4
Other impairm. and provisions	250.1	164.1	207.8	160.5	223.1
<b>Net income before income tax</b>	<b>35.6</b>	<b>191.8</b>	<b>24.1</b>	<b>-23.4</b>	<b>236.1</b>
Income tax	62.2	85.5	70.3	52.9	95.7
<b>Net income (before disc. oper.)</b>	<b>-26.6</b>	<b>106.3</b>	<b>-46.2</b>	<b>-76.3</b>	<b>140.4</b>
Net income arising from discount. operations	61.3	1.4	0.1	0.0	4.1
Non-controlling interests	-43.8	-5.2	-7.8	-99.0	34.1
<b>Net income</b>	<b>78.6</b>	<b>112.9</b>	<b>-38.4</b>	<b>22.7</b>	<b>110.3</b>

# Income statement

(Million euros)

For the 12-month periods ended December 31<sup>th</sup>, 2021 and 2022

	International operations																	
	Group			Portugal			Total			Bank Millennium (Poland)			Millennium bim (Moz.)			Other int. operations		
	Dec 21	Dec 22	Δ %	Dec 21	Dec 22	Δ %	Dec 21	Dec 22	Δ %	Dec 21	Dec 22	Δ %	Dec 21	Dec 22	Δ %	Dec 21	Dec 22	Δ %
Interest income	1709	2,737	60.2%	861	1,078	25.2%	848	1,659	95.7%	623	1,364	>100%	222	295	32.7%	3	1	-68.6%
Interest expense	121	587	>100%	30	127	>100%	91	461	>100%	28	368	>100%	63	92	47.7%	0	0	-86.0%
<b>Net interest income</b>	<b>1,589</b>	<b>2,150</b>	<b>35.3%</b>	<b>831</b>	<b>951</b>	<b>14.4%</b>	<b>757</b>	<b>1,199</b>	<b>58.3%</b>	<b>595</b>	<b>996</b>	<b>67.4%</b>	<b>159</b>	<b>202</b>	<b>26.8%</b>	<b>3</b>	<b>1</b>	<b>-68.6%</b>
Dividends from equity instruments	1	10	>100%	0	9	>100%	1	1	-17%	1	1	-17%	0	0	--	0	0	--
<b>Intermediation margin</b>	<b>1,590</b>	<b>2,160</b>	<b>35.9%</b>	<b>831</b>	<b>960</b>	<b>15.5%</b>	<b>758</b>	<b>1,200</b>	<b>58.2%</b>	<b>596</b>	<b>996</b>	<b>67.3%</b>	<b>159</b>	<b>202</b>	<b>26.8%</b>	<b>3</b>	<b>1</b>	<b>-68.6%</b>
Net fees and commission income	728	772	6.1%	514	561	9.0%	213	211	-10%	182	173	-5.2%	31	39	23.6%	0	0	-17.8%
Other operating income	-126	-183	-44.8%	-66	-76	-15.4%	-60	-107	-77.0%	-62	-109	-76.5%	3	2	-8.5%	-1	0	96.9%
<b>Basic income</b>	<b>2,191</b>	<b>2,749</b>	<b>25.5%</b>	<b>1,280</b>	<b>1,445</b>	<b>12.9%</b>	<b>911</b>	<b>1,304</b>	<b>43.1%</b>	<b>716</b>	<b>1,060</b>	<b>48.1%</b>	<b>193</b>	<b>243</b>	<b>25.8%</b>	<b>2</b>	<b>1</b>	<b>-52.0%</b>
Net trading income	87	50	-42.3%	76	69	-8.4%	11	-19	<-100%	-6	-40	<-100%	17	21	22.9%	0	0	>100%
Equity accounted earnings	57	69	20.7%	58	68	16.3%	-1	1	>100%	0	0	--	0	2	--	-1	-1	33.6%
<b>Banking income</b>	<b>2,334</b>	<b>2,868</b>	<b>22.8%</b>	<b>1,414</b>	<b>1,582</b>	<b>11.9%</b>	<b>921</b>	<b>1,286</b>	<b>39.7%</b>	<b>710</b>	<b>1,020</b>	<b>43.7%</b>	<b>210</b>	<b>266</b>	<b>26.5%</b>	<b>1</b>	<b>0</b>	<b>-89.3%</b>
Staff costs	654	581	-11.2%	436	339	-22.4%	218	242	11.1%	179	194	8.8%	39	47	21.3%	1	1	31.5%
Other administrative costs	324	353	8.9%	176	184	4.3%	148	169	14.3%	107	118	10.0%	40	51	26.3%	0	0	-37.8%
Depreciation	137	139	1.5%	80	79	-1.5%	57	60	5.8%	44	45	10%	13	16	22.6%	0	0	-45.1%
<b>Operating costs</b>	<b>1,116</b>	<b>1,073</b>	<b>-3.8%</b>	<b>693</b>	<b>602</b>	<b>-13.1%</b>	<b>423</b>	<b>471</b>	<b>11.5%</b>	<b>330</b>	<b>357</b>	<b>8.1%</b>	<b>92</b>	<b>113</b>	<b>23.7%</b>	<b>1</b>	<b>1</b>	<b>-0.2%</b>
<b>Profit bef. impairment and provisions</b>	<b>1,219</b>	<b>1,794</b>	<b>47.2%</b>	<b>721</b>	<b>980</b>	<b>35.9%</b>	<b>498</b>	<b>815</b>	<b>63.6%</b>	<b>380</b>	<b>663</b>	<b>74.6%</b>	<b>119</b>	<b>153</b>	<b>28.6%</b>	<b>0</b>	<b>-1</b>	<b>&lt;-100%</b>
Results on modification	0	-310	--	0	0	--	0	-310	--	0	-310	--	0	0	--	0	0	--
Loans impairment (net of recoveries)	349	301	-13.8%	273	218	-20.1%	76	82	8.8%	71	74	3.8%	4	8	93.4%	0	0	>100%
Other impair. and provisions	72	756	6.1%	165	205	24.1%	547	550	0.6%	528	435	-17.6%	10	7	-31.3%	9	109	>100%
<b>Net income before income tax</b>	<b>158</b>	<b>428</b>	<b>&gt;100%</b>	<b>282</b>	<b>556</b>	<b>97.2%</b>	<b>-124</b>	<b>-128</b>	<b>-2.7%</b>	<b>-219</b>	<b>-156</b>	<b>28.9%</b>	<b>105</b>	<b>138</b>	<b>31.6%</b>	<b>-10</b>	<b>-110</b>	<b>&lt;-100%</b>
Income tax	204	304	49.5%	109	208	90.4%	95	97	2.3%	73	61	-16.4%	22	36	63.9%	0	0	--
<b>Net income (before disc. oper.)</b>	<b>-46</b>	<b>124</b>	<b>&gt;100%</b>	<b>173</b>	<b>349</b>	<b>&gt;100%</b>	<b>-219</b>	<b>-224</b>	<b>-2.5%</b>	<b>-292</b>	<b>-217</b>	<b>25.8%</b>	<b>83</b>	<b>102</b>	<b>23.0%</b>	<b>-10</b>	<b>-110</b>	<b>&lt;-100%</b>
Net income arising from discont. operations	71	6	-92.2%	0	0	--	71	6	-92.2%				13	4	-68.5%			
Non-controlling interests	-113	-78	31.2%	0	-5	<-100%	-113	-73	35.7%	0	0	--	1	0	-100.0%	-114	-73	36.0%
<b>Net income</b>	<b>138</b>	<b>207</b>	<b>50.3%</b>	<b>173</b>	<b>354</b>	<b>&gt;100%</b>	<b>-35</b>	<b>-146</b>	<b>&lt;-100%</b>	<b>-292</b>	<b>-217</b>	<b>25.8%</b>	<b>96</b>	<b>106</b>	<b>10.9%</b>	<b>104</b>	<b>-37</b>	<b>&lt;-100%</b>

# 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.

**Business Volumes** - corresponds to the sum of total customer funds and loans to Customers (gross).

**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 amortized cost and debt instruments at amortized 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 amortized 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 amortized 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 some 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 amortized cost, balance sheet impairment associated with debt instruments at amortized 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 amortized cost for loans to Customers and for debt instruments related to credit operations.

**Loans to Customers (gross)** - loans to Customers at amortized cost before impairment, debt instruments at amortized 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 amortized cost net of impairment, debt instruments at amortized 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 amortized cost and results from derecognition of financial assets measured at fair value through other comprehensive income.

**Non-performing exposures (NPE)** - non-performing loans and advances to Customers (loans to Customers at amortized 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 realization, if they recognized as defaulted or impaired.

**NPE Specific coverage** - NPE impairments (balance sheet) divided by the stock of NPE.

**NPE total coverage** - Impairments (balance sheet) and NPE collaterals divided by the stock of NPE.

**NPE total specific coverage** - NPE impairments (balance sheet) and NPE collaterals divided by the stock of NPE.

**Non-performing loans (NPL)** - overdue loans (loans to Customers at amortized cost 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) for loans and advances of credit institutions classified at amortized cost, impairment for financial assets (classified at fair value through other comprehensive income and at amortized cost not associated with credit operations), impairment for other assets, namely assets received as payment in kind, 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 amortized cost, debt instruments at amortized 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 amortized cost, debt instruments at amortized cost associated to credit operations and loans to Customers at fair value through profit or loss), including principal and interests.

**Profit before impairment and provisions** - net operating revenues deducted from operating costs.

**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 amortized 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.

**Total customer funds** - balance sheet customer funds and off-balance sheet customer funds.

# Millennium

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