EARNINGS PRESS RELEASE

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8 November 2018

Millennium bcp earnings release as at 30 September 2018

Profitability and efficiency

Improved profitability supported by the strong performance in Portugal and sustained growth of the international activity

- **Net profit of Euro 257.5 million** in the first nine months of 2018, representing an 93.1% **increase** from **Euro 133.3 million** in the same period the previous year.
- **Earnings from the activity in Portugal improved significantly:** contribution of Euro 114.9 million in the first nine months of 2018, compared to Euro 0.8 million in the same period of 2017.
- **Earnings from the international activity increased 7.2%** from Euro 131.3 million in the first nine months of 2017 to Euro 140.8 million in the same period of 2018.

Asset quality

Improved credit quality, with significant NPE reduction and strengthened coverage

- **Relevant NPE reduction:** Euro -1.8 billion from 30 September 2017 (of which Euro -1.6 billion in Portugal).
- **Reinforcement of NPE coverage:** coverage by impairments of 51% (42% as at 30 September 2017) and overall coverage* of 107% (103% as at 30 September 2017).

Business performance

Strong business dynamics; expansion of Customer base; capture of digital Customers

- **Increasing business volumes**, with total loans up by approximately Euro 700 million and performing loans up by Euro 1.0 billion, both in the third quarter of 2018.
- **Added 294,000 active Customers** from 30 September 2017, partially supported by digital development in Portugal.

Rating upgrade

- Recent rating actions (Standard & Poor's and Moody's) recognise Millennium bcp's improvement over the last years.

Stress tests

- **Good performance on stress tests** when compared to the average for banks tested by EBA.

Expansion of activity in Poland

- **Agreement for the acquisition of Eurobank** strengthens the position of Bank Millennium in Poland and provides the opportunity for strong value added.

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

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FINANCIAL HIGHLIGHTS (1)

Euro million

	30 Sep. 18	30 Sep. 17	Change 18/17
BALANCE SHEET			
Total assets	73,745	72,990	1.0%
Loans to customers (gross)	51,150	50,754	0.8%
Total customer funds (2)	72,786	68,984	5.5%
Balance sheet customer funds	54,922	52,265	5.1%
Deposits and other resources from customers	53,624	50,690	5.8%
Loans to customers (net) / Deposits and other resources from customers (3)	89%	93%	
Loans to customers (net) / Balance sheet customer funds	87%	91%	
RESULTS			
Net income	257.5	133.3	93.1%
Net interest income	1,052.8	1,023.2	2.9%
Net operating revenues	1,634.6	1,594.3	2.5%
Operating costs	754.2	694.6	8.6%
Operating costs excluding specific items (4)	742.2	718.3	3.3%
Loan impairment charges (net of recoveries)	337.1	458.6	-26.5%
Other impairment and provisions	94.2	169.9	-44.5%
Income taxes			
Current	77.6	82.8	
Deferred	32.0	(19.7)	
PROFITABILITY			
Net operating revenues / Average net assets (3)	3.0%	2.9%	
Return on average assets (ROA)	0.6%	0.4%	
Income before tax and non-controlling interests / Average net assets (3)	0.8%	0.5%	
Return on average equity (ROE)	6.0%	3.2%	
Income before tax and non-controlling interests / Average equity (3)	8.8%	5.6%	
CREDIT QUALITY			
Total impairment (balance sheet) / Loans to customers	6.3%	6.7%	
Cost of risk (net of recoveries, in b.p.)	88	120	
Non-Performing Exposures / Loans to customers	12.3%	15.9%	
Restructured loans / Loans to customers	7.7%	8.9%	
EFFICIENCY RATIOS (3) (4)			
Operating costs / Net operating revenues	45.4%	45.1%	
Operating costs / Net operating revenues (Portugal activity)	46.3%	45.7%	
Staff costs / Net operating revenues	25.9%	25.3%	
CAPITAL (5)			
Common equity tier I phased-in ratio	11.8%	13.2%	
Common equity tier I fully implemented ratio	11.8%	11.7%	
BRANCHES			
Portugal activity	568	589	-3.6%
Foreign activity	548	542	1.1%
EMPLOYEES			
Portugal activity	7,130	7,281	-2.1%
Foreign activity	8,656	8,538	1.4%

(1) Some indicators are presented according to management criteria of the Group, which descriptions and 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 30 September 2017 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 12.0 million in the first nine months of 2018, related to restructuring costs in the activity in Portugal and positive impact of Euro 23.7 million in the first nine months of 2017 related to restructuring costs and the revision of Collective Lab. Agt. also in the activity in Portugal, both in staff costs.

(5) September 2018 and September 2017 include the accumulated net income of each period. September 2018 figures are estimated.

RESULTS AND ACTIVITY IN THE FIRST NINE MONTHS OF 2018

On 1 January 2018, IFRS 9 - Financial Instruments entered into force, replacing IAS 39 - Financial Instruments: recognition and measurement, and establishing new rules for the recognition of financial instruments, introducing relevant changes, particularly as regards the methodology for impairment calculation. The adoption of this accounting standard had an impact on the structure of the Millennium bcp financial statements compared to 31 December 2017, largely influenced by the adjustments associated with the transition, and did not materially affect the profit and loss account for the first nine months of 2018.

In this context, some indicators were defined according to management criteria intended to favour comparability with financial information of prior periods. 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, being reconciled with the accounting values published in the consolidated financial statements.

RESULTS

The **net income** of Millennium bcp reached Euro 257.5 million, in the first nine months of 2018, an 93.1% increase from Euro 133.3 million registered in the same period of the previous year, driven strongly by the performance of the activity in Portugal, also benefiting from the favourable performance of the international activity.

In the activity in Portugal, net income increased significantly compared to Euro 0.8 million achieved in the first nine months of 2017, totalling Euro 114.9 million in the same period of 2018, highlighting the significant reduction of impairments and provisions.

In the international activity, net income in the first nine months of 2018 stood at Euro 140.8 million increasing 7.2% from Euro 131.3 million registered in the same period of the previous year, benefitting from the favourable performance of the subsidiaries in Poland and Mozambique, despite the lower contribution from Banco Millennium Atlântico.

Net interest income totalled Euro 1,052.8 million in the first nine months of 2018, comparing favourably to Euro 1,023.2 million in the same period of the previous year.

In the activity in Portugal, net interest income stood at Euro 595.8 million in the first nine months of 2018 compared to Euro 591.8 million accounted in the same period of the previous year, benefiting from the reduction of the cost of funding, namely the decrease of the cost of issued debt and the decreasing trend in costs for term deposits, despite the reduction in the interest from loans and debt securities portfolios.

In the international activity, net interest income reached Euro 457.0 million in the first nine months of 2018, reflecting a 5.9% increase from the Euro 431.4 million registered in the same period of 2017, mainly due to the performance of the subsidiary in Poland and also, to a lesser extent, to the subsidiary in Mozambique.

Net interest margin in the first nine months of 2018 stood at 2.20%, compared to 2.17% (2.19%, excluding the impact from the cost of CoCos) in the same period of 2017.

AVERAGE BALANCES

Euro million

	30 Sep. 18		30 Sep. 17	
	Amount	Yield %	Amount	Yield %
Deposits in banks	2,611	0.85	2,937	0.91
Financial assets	13,013	2.22	11,090	2.27
Loans and advances to customers	47,498	3.18	48,033	3.30
INTEREST EARNING ASSETS	**63,122**	**2.89**	**62,060**	**3.00**
Non-interest earning assets	9,943		10,571	
	73,065		**72,631**	
Amounts owed to credit institutions	7,414	0.07	9,354	0.24
Resources from customers	52,852	0.59	50,363	0.66
Debt issued	2,820	1.76	3,188	2.88
Subordinated debt	1,135	5.86	941	6.87
INTEREST BEARING LIABILITIES	**64,221**	**0.68**	**63,846**	**0.80**
Non-interest bearing liabilities	1,955		2,166	
Shareholders' equity and non-controlling interests	6,889		6,619	
	73,065		**72,631**	
Net interest margin		2.20		2.17
Net interest margin (excl. cost of CoCos)				2.19

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

Net commissions evolved positively, from Euro 494.6 million in the first nine months of 2017 to Euro 510.1 million in the same period of 2018. This evolution mainly benefited from the favourable performance of the activity in Portugal, where net commissions rose 4.4%.

The evolution of net commissions in the first nine months of 2018 reflects the increase of both banking and market related commissions, which improved 2.4% and 6.5% respectively, from the figures booked in the same period of the previous year.

Net trading income totalled Euro 89.6 million in the first nine months of 2018, compared to Euro 115.0 million accounted in the same period the previous year, conditioned by the performance of the activity in Portugal, mainly due to loan sales.

Other net operating income, which, among others, includes the costs associated with mandatory contributions as well as with the Resolution Fund and the Deposit Guarantee Fund in both Portugal and international activity, was negative by Euro 90.3 million in the first nine months of 2018, comparing favourably to the also negative Euro 97.0 million accounted in the same period of the previous year, induced by the performance of the activity in Portugal.

In the activity in Portugal, other net operating income stood negative by Euro 45.6 million in the first nine months of 2018, showing an improvement compared to the also negative Euro 53.7 million registered in the same period of the previous year, mainly benefiting from the increased income associated with non-current assets held for sale, despite the increase of costs related to mandatory contributions. In the first nine months of 2018, these contributions totalled Euro 66.5 million compared to Euro 57.9 million in the same period of the previous year.

In the international activity, other net operating income was negative by Euro 44.7 million in the first nine months of 2018, which compares with the also negative Euro 43.3 million registered in the same period of the previous year. This evolution was conditioned by the increase of mandatory contributions, which stood at Euro 55.7 million in the first nine months of 2018 compared to Euro 53.2 million in the same period of 2017, supported by the Polish subsidiary. The performance of other net operating income also reflects the recognized gains related to real estate disposal and indemnity received in the first nine months of 2017 by the Polish subsidiary and, in 2018, the higher income from the subsidiary in Mozambique.

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**, were up 23.9% from the amount achieved in the first nine months of 2017, totalling Euro 72.5 million in the same period of 2018.

OTHER NET INCOME

Euro million

	9M 18	9M 17	Change 18/17
NET COMMISSIONS	**510.1**	**494.6**	**3.1%**
Banking commissions	418.3	408.5	2.4%
Cards and transfers	122.3	115.3	6.1%
Credit and guarantees	121.6	117.9	3.2%
Bancassurance	71.7	71.4	0.4%
Current account related	79.1	77.8	1.6%
Other commissions	23.6	26.1	-9.7%
Market related commissions	91.8	86.2	6.5%
Securities	59.0	54.7	7.7%
Asset management	32.8	31.4	4.4%
NET TRADING INCOME	**89.6**	**115.0**	**-22.1%**
OTHER NET OPERATING INCOME	**(90.3)**	**(97.0)**	**6.9%**
DIVIDENDS FROM EQUITY INSTRUMENTS	**0.6**	**1.7**	**-64.9%**
EQUITY ACCOUNTED EARNINGS	**71.9**	**56.8**	**26.5%**
TOTAL OTHER NET INCOME	**581.8**	**571.1**	**1.9%**
Other net income / Net operating revenues	35.6%	35.8%	

Operating costs, excluding the effect of specific items*, stood at Euro 742.2 million in the first nine months of 2018, compared to Euro 718.3 million in the same period of the previous year.

In the activity in Portugal, operating costs, not considering the impact of specific items, totalled Euro 456.9 million in the first nine months of 2018, increasing 2.1% from the Euro 447.5 million accounted in the same period of 2017. This evolution was determined by the growth of staff costs mainly influenced by the salary replacement that occurred from July 2017 as well as, to a lesser extent, the higher level of depreciation costs, despite other administrative cost savings.

In the international activity, operating costs stood at Euro 285.3 million in the first nine months of 2018, increasing 5.4% from the amount accounted in the same period of the previous year, mainly due to the performance of the Polish subsidiary.

Staff costs, excluding the impact of specific items, totalled Euro 423.6 million in the first nine months of 2018 showing a 4.9% increase from the same period of previous year, justified by 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, totalled Euro 269.2 million in the first nine months of 2018, representing an increase of 4.0% from the amount of the same period of 2017. This increase was particularly influenced by the decision of the Board of Directors of the Bank to end, in advance, with effect from 30 June 2017, the temporary salary adjustment that had been in force since July 2014, following the full reimbursement of CoCos, despite the positive impact associated with the decrease of 151 employees, between the end of the third quarter of 2017 and 2018.

In the international activity, staff costs stood at Euro 154.4 million in the first nine months of 2018, showing an increase of 6.5% from the same period of the previous year, mainly due to the performance of the Polish subsidiary.

Other administrative costs amounted to Euro 275.8 million in the first nine months of 2018, in line with the amount accounted in the same period of the previous year (Euro 274.8 million), with the decrease of costs in the activity in Portugal offset by the growth of costs in the international activity.

The reduction of other administrative costs in Portugal, -2.1% compared to the amounts registered in the first nine months of 2017, was driven by cost containment measures, namely the resizing of the distribution network (589 branches as at 30 September 2017, compared to 568 branches at the end of September 2018).

The evolution of other administrative costs in the international activity, reflects the higher level of costs reported by the subsidiaries in Poland and in Mozambique, compared to the amounts accounted in the first nine months of 2017.

Depreciation costs totalled Euro 42.9 million in the first nine months of 2018, which compares to Euro 39.7 million registered in the same period of the previous year, mainly reflecting the increase in depreciation costs in the activity in Portugal, in particularly those related to software and IT equipment, but also, to a lesser extent, in the international activity, mainly due to the subsidiary in Mozambique.

* Negative impact of Euro 12.0 million in the first nine months of 2018, related to restructuring costs in the activity in Portugal and positive impact of Euro 23.7 million in the first nine months of 2017, related to restructuring costs and the revision of Collective Lab. Agt, also in the activity in Portugal, both in staff costs.

OPERATING COSTS

Euro million

	9M 18	9M 17	Change 18/17
Staff costs	423.6	403.8	4.9%
Other administrative costs	275.8	274.8	0.4%
Depreciation	42.9	39.7	8.0%
OPERATING COSTS EXCLUDING SPECIFIC ITEMS	**742.2**	**718.3**	**3.3%**
OPERATING COSTS	**754.2**	**694.6**	**8.6%**
Of which:			
Portugal activity (1)	456.9	447.5	2.1%
Foreign activity	285.3	270.8	5.4%

(1) Excludes the impact of specific items.

Impairment for loan losses (net of recoveries) showed a 26.5% reduction from Euro 458.6 million accounted in the first nine months of 2017, totalling Euro 337.1 million in the same period of 2018. In this evolution, it is worth noting the decrease in the activity in Portugal, but also the contribution of the international activity, which benefited from the favourable performance of all subsidiaries, highlighting the contribution of the operation in Poland and, to a lesser extent, the operation in Mozambique.

The Group's cost of risk (net) showed a favourable change, falling from 120 basis points in the first nine months of 2017 to 88 basis points in the same period of 2018.

Other impairment and provisions showed a significant decrease from Euro 169.9 million accounted in the first nine months of 2017, to Euro 94.2 million in the first nine months of 2018, determined essentially by the lower level of provisions required by other financial and non-financial assets of the Group, namely those related to real estate, despite the strengthening of provisions to guarantees and other commitments.

Income tax (current and deferred) totalled Euro 109.5 million in the first nine months of 2018, compared to Euro 63.1 million obtained in the same period of the previous year.

Income tax includes, in the first nine months of 2018, current tax costs of Euro 77.6 million (cost of Euro 82.8 million in the same period of 2017) and deferred tax costs of Euro 32.0 million (income of Euro 19.7 million in the first nine months of 2017).

BALANCE SHEET

Total assets rose to Euro 73,745 million as at 30 September 2018, compared to Euro 72,990 million registered at the same date of the previous year, reflecting essentially the growth of securities and loans to customers portfolios, partially offset by the reduction of loans and advances to credit institutions and of non-current assets held for sale, namely regarding foreclose assets.

Loans to customers (gross) stood at Euro 51,150 million as at 30 September 2018, compared to Euro 50,754 million as at 30 September 2017, boosted by the growth of the international activity.

In the activity in Portugal, loans to customers (gross) amounted to Euro 37,629 million as at 30 September 2018, comparing to Euro 37,947 million at the same date of the previous year.

The evolution of loans to customers in the activity in Portugal was determined, on the one hand, by an important reduction of NPE (Euro -1.6 billion from the end of September 2017, to Euro 5.5 billion as at 30 September 2018) and, on the other hand, by the 4.2% increase of performing loans in the same period.

In this context, it is worth noting the increase in new consumer and mortgage loans from the first nine months of 2017, largely supported by the significant development of digital channels in progress.

In the international activity, loans to customers (gross) amounted to Euro 13,521 million as at 30 September 2018, increasing 5.6% from Euro 12,807 million in the same date of the previous year, determined by the growth in the subsidiary in Poland.

The structure of the loans to customers' portfolio showed identical and stable levels of diversification between the end of September 2017 and 2018, with loans to companies representing 46% of total loans to customers as at 30 September 2018.

LOANS TO CUSTOMERS (GROSS)

Euro million

	30 Sep. 18	30 Sep. 17	Change 18/17
INDIVIDUALS	**27,604**	**27,174**	**1.6%**
Mortgage	23,640	23,406	1.0%
Consumer and others	3,965	3,768	5.2%
COMPANIES	**23,546**	**23,580**	**-0.1%**
Services	8,882	8,831	0.6%
Commerce	3,511	3,287	6.8%
Construction	2,208	2,624	-15.8%
Others	8,945	8,838	1.2%
TOTAL	**51,150**	**50,754**	**0.8%**
Of which:			
Portugal activity	37,629	37,947	-0.8%
Foreign activity	13,521	12,807	5.6%

Credit quality evolved favourably, improving the respective indicators. The ratios of overdue loans by more than 90 days, NPLs by more than 90 days and NPE as a percentage of total loans to customers saw a generalized decrease as of 30 September 2018 compared to the same date of the previous year, mainly supported by the performance of the domestic loan portfolio. At the same time, there was an increase of coverage for impairment, common to all indicators, with the reinforcement of the coverage of NPE for impairment assuming particular relevance, standing at 50.8% as at 30 September 2018, compared to 41.9% on the same date of 2017. In Portugal, the same ratio increased from 40.9% as at 30 September 2017 to 48.4% as at 30 September 2018.

CREDIT QUALITY INDICATORS

	Stock of loans (Euro million)		As percentage of loans to customers		Coverage by impairments	
	30 Sep. 18	30 Sep. 17	30 Sep. 18	30 Sep. 17	30 Sep. 18	30 Sep. 17
OVERDUE LOANS > 90 DAYS						
Group	2,462	3,109	4.8%	6.1%	130.3%	108.9%
Activity in Portugal	2,175	2,807	5.8%	7.4%	123.4%	104.5%
NON-PERFORMING LOANS (NPL) > 90 DAYS						
Group	3,792	4,729	7.4%	9.3%	84.5%	71.6%
Activity in Portugal	3,324	4,255	8.8%	11.2%	80.8%	68.9%
NON-PERFORMING EXPOSURES (NPE)						
Group	6,307	8,079	12.3%	15.9%	50.8%	41.9%
Activity in Portugal	5,546	7,168	14.7%	18.9%	48.4%	40.9%

Total customer funds(*) increased 5.5% from Euro 68,984 million booked as at 30 September 2017, reaching Euro 72,786 million at the same date of 2018, mainly benefiting from the performance of the activity in Portugal, but also from the positive performance of the international activity. The growth of customer funds reflects both, the performance of balance sheet customer funds, particularly deposits and other resources from customers, which increased 5.8% from September 2017, and of off-balance sheet customer funds, which went up 6.8% in the same period.

In the activity in Portugal, total customer funds increased 5.8% comparing to Euro 50,246 million registered at the end of September 2017, reaching Euro 53,171 million as at 30 September 2018, highlighting the Euro 2,146 million growth in deposits and other resources from customers and the Euro 1,051 million increase of off-balance sheet customer funds compared to the same date of the previous year.

Total customer funds in the international activity rose to Euro 19,614 million as at 30 September 2018, increasing 4.7% from Euro 18,738 million registered at 30 September 2017, based on the growth in deposits and other resources from customers, which registered an increase of 5.1%, boosted by the performance of the Polish subsidiary.

(*) 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 the end of September 2017 is presented according to the new criteria.

As at 30 September 2018, balance sheet customer funds represented 75% 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 93% as at 30 September 2017 to 89% at the same date of 2018. The same ratio, considering on-balance sheet customers' funds, stood at 87% as at 30 September 2018 (91% as at 30 September 2017).

TOTAL CUSTOMER FUNDS

Euro million

	30 Sep. 18	30 Sep. 17	Change 18/17
BALANCE SHEET CUSTOMER FUNDS	**54,922**	**52,265**	**5.1%**
Deposits and other resources from customers	53,624	50,690	5.8%
Debt securities	1,298	1,575	-17.6%
OFF-BALANCE SHEET CUSTOMER FUNDS	**17,863**	**16,719**	**6.8%**
Assets under management	5,291	4,903	7.9%
Assets placed with customers	4,151	3,707	12.0%
Insurance products (savings and investment)	8,421	8,109	3.8%
TOTAL	**72,786**	**68,984**	**5.5%**
Of which:			
Portugal Activity	53,171	50,246	5.8%
Foreign activity	19,614	18,738	4.7%

The **securities portfolio** stood at Euro 15,302 million as at 30 September 2018, compared to Euro 13,487 million posted as at 30 September 2017, representing 20.7% of total assets (18.5% at the same date of the previous year). This evolution was mainly due to the growth of the securities portfolio of the activity in Portugal, mainly from the increase in public debt portfolio, while the increase in the international activity was due to the operations in Mozambique and in Poland.

LIQUIDITY MANAGEMENT

The Liquidity Coverage Ratio (LCR) stood at 182% at the end of September 2018, on a consolidated basis, 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 compared to the same date last year (158%).

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 (NSFR; Net Stable Funding Ratio) as determined in 30 September 2018 to stand at 128% (124% as at 30 September 2017).

The consolidated wholesale financing decreased, between the end of September 2017 and the end of September 2018, mainly attributable to the reduction in liquidity needs due to the decrease of the commercial gap in Portugal and to the cash flow of the activity, partially offset by the increase in the sovereign debt portfolio. The decrease in liquidity needs was mainly seen in the reduction of repo in Portugal, and incorporated an increase in the balance of subordinated loans placed with institutional investors, through an operation occurred at the end of 2017.

The net funding with the ECB stood at Euro 3.1 billion as at 30 September 2018, decreasing from Euro 3.4 billion on the same date of the last year, standing at a materially lower level than the average balance observed in 2017. The liquidity buffer with the ECB, of Euro 12.5 billion, remained in line with the amount of the previous quarter and showed a Euro 3.4 billion reinforcement compared to the same date of the previous year. Considering other assets that are highly liquid or likely to be converted into eligible collateral with the ECB in the short term, the buffer would amount to Euro 13.5 billion (Euro 10.6 billion at the end of September 2017).

CAPITAL

The estimated CET1 ratio as at 30 September 2018 on a phased-in and on a fully implemented basis stood at 11.8%, -140 basis points and +10 basis points, respectively, comparing to the 13.2% and 11.7% ratios recorded in the same period of 2017 and above the minimum ratios defined in the SREP(*) for 2018 (CET1 8.81%, T1 10.31% and Total 12.31%).

The favourable evolution of CET1 on a fully implemented basis was mainly determined by net income, partially offset by the IFRS9 adoption impact, by the deduction of irrevocable payment commitments for the Single Resolution Fund and the Deposits Guarantee Fund and by the increase of the Risk Weighted Assets. The fully implemented total capital ratio additionally benefited from subordinated bond placements in Poland and Portugal.

SOLVENCY RATIOS

Euro million

	30 Sep. 18	30 Sep. 17
FULLY IMPLEMENTED		
Own funds		
Common Equity Tier 1 (CET1)	4,954	4,423
Tier 1	5,034	4,491
Total Capital	**5,622**	**4,813**
Risk weighted assets	**42,108**	**37,910**
Solvency ratios		
CET1	11.8%	11.7%
Tier 1	12.0%	11.8%
Total capital	13.4%	12.7%
PHASED-IN		
CET1	11.8%	13.2%

Note: The capital ratios as at September 2018 are estimated and include the positive accumulated net income.
The capital ratios as at September 2017 include the positive accumulated net income.

(*) Supervisory Review and Evaluation Process.

SIGNIFICANT EVENTS IN THE PERIOD

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

- The Board of Directors elected by the Annual General Meeting of Shareholders held on 30 May 2018 started its term of office on 23 July 2018;
- Announcement of the main guidelines of the Strategic Plan 2018-2021;
- Signing of a Clearing and Settlement of Renminbi Business agreement with the Bank of China Macau, reinforcing its presence in the Chinese market;
- BCP confirmed in the Sustainability Index "Ethibel Sustainability Index (ESI) Excellence Europe";
- A long-term strategic partnership agreement signed between Millennium bim and Insurer Fidelidade aimed at the sustained growth of the insurance sector in Mozambique;
- Bank Millennium has applied to the Polish Financial Supervision Authority for permission to create a mortgage bank under the name of "Millennium Bank Hipoteczny," based in Warsaw;
- Millennium bcp won three honors in the Global Finance Best Digital Bank Awards: "Best Consumer Digital Bank" in Portugal, "Best Online Deposit, Credit and Investment Product Offerings" and "Best Information Security and Fraud Management" in Western Europe;
- Millennium investment banking has been named by Euromoney magazine the "Best Investment Bank" in Portugal;
- In the 2018 edition of "Newsweek's Friendly Bank" ranking, Bank Millennium won in all categories. It was No. 1 in "Mobile Banking"; No. 2 in "Bank for Mr. Kowalski" and No. 3 in "Internet Banking" and "Mortgage Banking";
- Millennium bim was recognized for the fifth time in a row for its performance in the banking sector with the "Best Bank in Mozambique" award, by the Euromoney magazine;
- Millennium bim has been recognized for its performance in the Mozambican banking sector, this time as "Best Digital Bank in Mozambique 2018" by the Global Finance magazine.

SUBSEQUENT EVENTS

- On 9 October 2018, S&P Global Ratings upgraded BCP's long-term issuer credit rating to BB from BB- and reaffirmed its short-term counterparty credit rating at B. The outlook changed to stable.

- On 16 October 2018, Moody's upgraded by one-notch BCP's long-term deposit and senior unsecured debt ratings to Ba3 from B1, reflecting, essentially, the upgrade of the bank's BCA to b1 from b2 and an unchanged moderate government support for BCP.

- On 5 November 2018, BCP informed that its subsidiary Bank Millennium announced that day that it reached an agreement for the acquisition of a 99.79% stake in Euro Bank S.A. from Societe Generale Financial Services Holding, a subsidiary of Société Générale S.A., for an estimated total consideration of 1,833 million zlotys (EUR 428 million*), implying a 1.20x P/BV (final purchase price subject to customary NAV adjustment at closing), to be paid in cash and fully financed from internal sources of Bank Millennium. The acquisition of eurobank allows Bank Millennium to strengthen its position in the Polish banking sector. Furthermore, it will increase Bank Millennium's Client base, allowing it to reach the top 6 in Polish banking by number of retail Clients, as well as boosting Bank Millennium's geographic presence to smaller cities across Poland. It represents a profitable deployment of Bank Millennium's excess capital and liquidity (without capital increase), with EPS accretion expected to reach 26% from 2021. Bank Millennium's CET1 ratio is expected to stand at 15.9% after completion, comfortably above regulatory requirements. The transaction is expected to close in the second quarter of 2019, subject to regulatory approvals, and is estimated to be earnings accretive for Millennium bcp on a consolidated basis from 2020, already including integration costs, with an approximate impact of -40 basis points on its CET1 ratio and of -30 basis points on its total capital ratio (fully implemented) expected on the date of transaction.

- On 5 November 2018, BCP concluded on that day, with 62.1% of the share capital represented, the Annual General Meeting of Shareholders, with the following resolutions: i) Approval of the alteration of the articles of association through the modification of number 2 of article 54 of the Bank's Articles of Association; ii) Approval of reformulation of the items of own capital with the special purpose of unequivocally reinforcing the future conditions for the existence of funds able of being classified by the regulators as distributable by means of the reduction of the amount of the share capital in 875,738,053.72 euros, without changing the existing number of shares (without nominal value) and without altering the net equity, with the consequent alteration of number 1 of article 4 of the articles of association.

- On 5 November 2018, BCP informed that the European Banking Authority (EBA) has published the results of the 2018 EU-wide stress test, which has involved a significant sample of banks in the European Union, with outcomes for 48 banks having been disclosed. The EBA-led stress test was conducted in articulation with the ECB. Besides the coordination of the exercise, the EBA was responsible for running the exercise for the major banks in the Euro Area. ECB has conducted a parallel stress test for other banks under its supervision, including BCP. BCP's CET1 phased-in ratio stood at 9.14% under the adverse scenario, a 384 basis points aggravation from end-2017, comparing favourably to an average 410 basis points aggravation for the 48 banks tested by EBA (300 basis points aggravation, comparing to 395 basis points, respectively, under a fully implemented basis).

*€/Zloty: 4.2807.

MACROECONOMIC ENVIRONMENT

The International Monetary Fund (IMF) forecasts that the growth pace of the world economy is bound to remain robust in 2018 and 2019. The current phase of activity expansion has been, however, displaying greater disparity between the main economic blocs. Amid the developed countries the performance of the US has stood out, and amongst the emergent markets it is the commodity-exporting countries that have been more dynamic. This environment, together with the risks of a worsening of protectionist tensions and of added instability in international financial markets might jeopardise the on-going expansion trajectory of the world economy, according to the IMF.

The strong performance of the North-American economy translated into a high growth pace for activity and employment, and led the Federal Reserve to raise its key interest rate in September for the third consecutive time this year (to 2.25%), and also to keep in place the plan to wind down its portfolio of debt securities accumulated during the quantitative easing programmes. The European Central Bank (ECB) hasn't made any alteration to the course of its monetary policy during the third quarter, in a context of consolidation of the economic recovery and the absence of inflationary pressures in the euro area.

The stabilisation of the dollar, of long-term U.S. interest rates and of the financial situation of emerging markets allowed for a recovery of the equity markets in the US, with the respective key indices reaching new all-time highs in September, an evolution that contrasted with the debility of the European counterparts, which have been hurt by the strong devaluations recorded by the banking sector. In the interest rates domain, expectations that the rising trajectory of the Federal Reserve's key rates might extend into 2019 fuelled an increase of the yields of the US government bonds, with special acuteness in the shorter maturities, a development that ended up affecting, albeit in a rather mild fashion, European medium- and long-term interest rates. The expansionary stance of the fiscal policy of the new government of Italy continued to exert an upward pressure on the yields of Italian public debt, with contagion effects that proved quite limited to the Portuguese treasury bonds. The assurance given by the ECB officials that the Euro's key interest rates won't be raised until the summer of 2019 maintained the Euribor rates in negative territory for all the maturities.

The Portuguese Economy continues to record growth rates above its potential level. According to Statistics Portugal, in the first half of 2018, the Portuguese GDP increased 2.3% in annual terms, driven by the expansion of private consumption and the on-going recovery of investment, amid the improvement in the levels of business confidence. As for external demand, exports continue to advance in a very favourable manner, supported by the vigour of the tourism sector and of the auto cluster. However, in net terms the contribution of external demand to GDP growth worsened in the first half of the year as imports rose more than exports. Against this background, the falling trajectory of the unemployment rate has intensified in the second quarter to levels not witnessed since 2004 (6.7%). For the whole year, the IMF foresees a growth of the Portuguese GDP of 2.3% and, in 2019, the expectation is that the economy´s rate of expansion decelerates to 1.8%, in a climate marked by slowing external demand and of deceleration of private consumption, after the strong growth observed in the latest quarters.

In Poland, the economic climate continues to be characterised by a strong dynamism of aggregate demand, with GDP growing 5.0% in the first half of the year compared to the same period of last year. The robustness of consumption, in a setting of rising households' disposable incomes and increasing investment fed by the European Union structural funds have been the main drivers of economic activity. In terms of foreign exchange, in the third quarter the Zloty appreciated against the Euro, benefiting from a greater stability of international financial markets.

The Mozambican Economy has been showing moderate levels of GDP growth, which together with reduced inflationary pressures has allowed the central bank to keep in place the expansionary cycle started in mid-2017. According to the IMF, the Mozambican economy should continue to recover gradually, with GDP growth expected at 3.5% in 2018 and 4.0% in 2019. In the third quarter, the Metical deprecated, thereby interrupting the appreciation trajectory recorded in the preceding months. In Angola, the IMF revised downward its forecasts for economic growth in 2018, from 2.2% to -0.1%, but anticipates that in 2019 the GDP rate of expansion will reach 3.1%.

CONSOLIDATED INDICATORS, ACTIVITY IN PORTUGAL AND INTERNATIONAL ACTIVITY

Euro million

	Consolidated			Activity in Portugal			International activity		
	Sep. 18	Sep. 17	Change 18/17	Sep. 18	Sep. 17	Change 18/17	Sep. 18	Sep. 17	Change 18/17
INCOME STATEMENT									
Net interest income	1,052.8	1,023.2	2.9%	595.8	591.8	0.7%	457.0	431.4	5.9%
Dividends from equity instruments	0.6	1.7	-64.9%	–	1.1	-100.1%	0.6	0.6	-1.0%
Net fees and commission income	510.1	494.6	3.1%	352.5	337.7	4.4%	157.6	157.0	0.4%
Net trading income	89.6	115.0	-22.1%	41.5	69.3	-40.1%	48.0	45.7	5.1%
Other net operating income	(90.3)	(97.0)	6.9%	(45.6)	(53.7)	15.0%	(44.7)	(43.3)	-3.2%
Equity accounted earnings	71.9	56.8	26.5%	43.1	32.4	33.1%	28.7	24.4	17.8%
Net operating revenues	**1,634.6**	**1,594.3**	**2.5%**	**987.4**	**978.6**	**0.9%**	**647.2**	**615.7**	**5.1%**
Staff costs	435.6	380.1	14.6%	281.2	235.2	19.5%	154.4	144.9	6.5%
Other administrative costs	275.8	274.8	0.4%	160.6	164.1	-2.1%	115.1	110.7	4.0%
Depreciation	42.9	39.7	8.0%	27.1	24.5	10.6%	15.8	15.2	3.9%
Operating costs	**754.2**	**694.6**	**8.6%**	**468.9**	**423.8**	**10.6%**	**285.3**	**270.8**	**5.4%**
Operating costs excluding specific items	742.2	718.3	3.3%	456.9	447.5	2.1%	285.3	270.8	5.4%
Profit before impairment and provisions	**880.3**	**899.7**	**-2.2%**	**518.5**	**554.8**	**-6.5%**	**361.9**	**344.9**	**4.9%**
Loans impairment (net of recoveries)	337.1	458.6	-26.5%	288.5	390.0	-26.0%	48.6	68.6	-29.2%
Other impairment and provisions	94.2	169.9	-44.5%	78.6	168.5	-53.4%	15.7	1.4	>200%
Profit before income tax	**449.0**	**271.2**	**65.6%**	**151.3**	**(3.6)**	**>200%**	**297.6**	**274.8**	**8.3%**
Income tax	109.5	63.1	73.5%	42.8	(0.9)	>200%	66.7	64.0	4.2%
Income after income tax from continuing operations	**339.5**	**208.1**	**63.1%**	**108.6**	**(2.7)**	**>200%**	**230.9**	**210.8**	**9.5%**
Income arising from discontinued operations	1.8	1.3	**40.0%**	–	–	-	–	–	-
Non-controlling interests	83.8	76.0	10.2%	(6.3)	(3.5)	-81.8%	90.1	79.5	13.3%
Net income	**257.5**	**133.3**	**93.1%**	**114.9**	**0.8**	**>200%**	**140.8**	**131.3**	**7.2%**
BALANCE SHEET AND ACTIVITY INDICATORS									
Total assets	73,745	72,990	1.0%	53,364	53,436	-0.1%	20,381	19,554	4.2%
Total customer funds (1)	**72,786**	**68,984**	**5.5%**	**53,171**	**50,246**	**5.8%**	**19,614**	**18,738**	**4.7%**
Balance sheet customer funds	**54,922**	**52,265**	**5.1%**	**38,625**	**36,750**	**5.1%**	**16,297**	**15,515**	**5.0%**
Deposits and other resources from customers	53,624	50,690	5.8%	37,427	35,281	6.1%	16,198	15,410	5.1%
Debt securities	1,298	1,575	-17.6%	1,198	1,469	-18.5%	100	105	-5.1%
Off-balance sheet customer funds	**17,863**	**16,719**	**6.8%**	**14,547**	**13,496**	**7.8%**	**3,317**	**3,223**	**2.9%**
Assets under management	5,291	4,903	7.9%	3,058	2,571	19.0%	2,233	2,333	-4.3%
Assets placed with customers	4,151	3,707	12.0%	3,595	3,320	8.3%	556	386	43.8%
Insurance products (savings and investment)	8,421	8,109	3.8%	7,893	7,605	3.8%	528	504	4.8%
Loans to customers (gross)	**51,150**	**50,754**	**0.8%**	**37,629**	**37,947**	**-0.8%**	**13,521**	**12,807**	**5.6%**
Individuals	**27,604**	**27,174**	**1.6%**	**19,148**	**19,217**	**-0.4%**	**8,456**	**7,957**	**6.3%**
Mortgage	23,640	23,406	1.0%	17,141	17,203	-0.4%	6,499	6,202	4.8%
Consumer and others	3,965	3,768	5.2%	2,008	2,013	-0.3%	1,957	1,755	11.5%
Companies	**23,546**	**23,580**	**-0.1%**	**18,481**	**18,730**	**-1.3%**	**5,066**	**4,850**	**4.4%**
CREDIT QUALITY									
Total overdue loans	2,566	3,216	-20.2%	2,213	2,868	-22.8%	352	349	1.0%
Overdue loans by more than 90 days	2,462	3,109	-20.8%	2,175	2,807	-22.5%	287	302	-4.9%
Overdue loans by more than 90 days / Loans to customers	4.8%	6.1%		5.8%	7.4%		2.1%	2.4%	
Total impairment (balance sheet)	3,206	3,387	-5.3%	2,684	2,932	-8.5%	522	455	14.9%
Total impairment (balance sheet) / Loans to customers	6.3%	6.7%		7.1%	7.7%		3.9%	3.6%	
Total impairment (balance sheet) /Overdue loans by more than 90 days	130.3%	108.9%		123.4%	104.5%		182.1%	150.8%	
Non-Performing Exposures	6,307	8,079	-21.9%	5,546	7,168	-22.6%	761	911	-16.5%
Non-Performing Exposures / Loans to customers	12.3%	15.9%		14.7%	18.9%		5.6%	7.1%	
Restructured loans	3,934	4,509	-12.8%	3,390	3,954	-14.3%	544	555	-2.0%
Restructured loans / Loans to customers	7.7%	8.9%		9.0%	10.4%		4.0%	4.3%	
Cost of risk (net of recoveries, in b.p.)	88	120		102	137		49	71	
Cost-to-income (2)	45.4%	45.1%		46.3%	45.7%		44.1%	44.0%	

(1) 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 30 September 2017 is presented according to the new criteria.
(2) Excludes the impact of specific itens.

BANCO COMERCIAL PORTUGUÊS

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE NINE MONTHS PERIODS ENDED 30 SEPTEMBER 2018 AND 2017

(Thousands of euros)

	30 SEPTEMBER 2018	30 SEPTEMBER 2017 (*)
Interest income	1,407,861	1,431,812
Interest expense	(355,056)	(408,610)
NET INTEREST INCOME	1,052,805	1,023,202
Dividends from equity instruments	592	1,686
Net fees and commissions income	510,068	494,640
Net gains / (losses) from financial operations at fair value through profit or loss	12,315	17,848
Net gains / (losses) from foreign exchange	53,846	63,402
Net gains / (losses) from hedge accounting operations	(1,547)	(6,672)
Net gains / (losses) from derecognition of assets and financial liabilities at amortised cost	(21,598)	(3,927)
Net gains / (losses) from derecognition of financial assets at fair value through other comprehensive income	46,560	n.a.
Net gains / (losses) from financial assets available for sale	n.a.	44,348
Net gains / (losses) from insurance activity	4,001	3,668
Other operating income / (losses)	(121,592)	(102,147)
TOTAL OPERATING INCOME	1,535,450	1,536,048
Staff costs	435,551	380,118
Other administrative costs	275,778	274,764
Amortizations and depreciations	42,896	39,715
TOTAL OPERATING EXPENSES	754,225	694,597
OPERATING NET INCOME BEFORE PROVISIONS AND IMPAIRMENTS	781,225	841,451
Impairment for financial assets at amortised cost	(335,668)	(458,594)
Impairment for financial assets at fair value through other comprehensive income	3,643	n.a.
Impairment for financial assets available for sale	n.a.	(48,485)
Impairment for other assets	(68,398)	(103,046)
Other provisions	(30,928)	(18,378)
NET OPERATING INCOME	349,874	212,948
Share of profit of associates under the equity method	71,868	56,791
Gains / (losses) arising from sales of subsidiaries and other assets	27,255	1,459
NET INCOME BEFORE INCOME TAXES	448,997	271,198
Income taxes		
Current	(77,550)	(82,831)
Deferred	(31,955)	19,720
INCOME AFTER INCOME TAXES FROM CONTINUING OPERATIONS	339,492	208,087
Income arising from discontinued or discontinuing operations	1,750	1,250
NET INCOME AFTER INCOME TAXES	341,242	209,337
Net income for the period attributable to:		
Bank's Shareholders	257,469	133,309
Non-controlling interests	83,773	76,028
NET INCOME FOR THE PERIOD	341,242	209,337
Earnings per share (in Euros)		
Basic	0.023	0.014
Diluted	0.023	0.014

(*) The balances for the nine months period ended 30 September 2017, correspond to the statutory accounts at that date. These balances are presented exclusively for comparative purposes and have not been restated following the adoption of IFRS 9, with reference to 1 January 2018, as allowed by IFRS 9.

BANCO COMERCIAL PORTUGUÊS

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2018 AND 2017 AND 31 DECEMBER 2017

(Thousands of euros)

	30 SEPTEMBER 2018	31 DECEMBER 2017 (*)	30 SEPTEMBER 2017 (*)
ASSETS			
Cash and deposits at Central Banks	2,192,517	2,167,934	2,144,795
Loans and advances to credit institutions repayable on demand	330,321	295,532	1,113,371
Financial assets at amortised cost			
Loans and advances to credit institutions	868,186	1,065,568	805,331
Loans and advances to customers	45,355,357	45,625,972	45,199,645
Debt instruments	3,347,745	2,007,520	2,167,534
Financial assets at fair value through profit or loss			
Financial assets held for trading	1,024,778	897,734	922,677
Financial assets not held for trading mandatorily at fair value through profit or loss	1,405,460	n.a.	n.a.
Financial assets designated at fair value through profit or loss	32,921	142,336	142,253
Financial assets at fair value through other comprehensive income	12,063,815	n.a.	n.a.
Financial assets available for sale	n.a.	11,471,847	11,914,693
Financial assets held to maturity	n.a.	411,799	436,278
Assets with repurchase agreement	15,531	-	70,959
Hedging derivatives	76,598	234,345	165,322
Investments in associated companies	488,175	571,362	612,807
Non-current assets held for sale	1,940,000	2,164,567	2,286,122
Investment property	12,020	12,400	14,234
Other tangible assets	484,236	490,423	478,975
Goodwill and intangible assets	168,745	164,406	164,560
Current tax assets	12,892	25,914	7,583
Deferred tax assets	2,945,304	3,137,767	3,135,169
Other assets	980,005	1,052,024	1,207,424
TOTAL ASSETS	73,744,606	71,939,450	72,989,732
LIABILITIES			
Financial liabilities at amortised cost			
Resources from credit institutions	7,563,524	7,487,357	9,185,514
Resources from customers	50,760,519	48,285,425	47,825,589
Non subordinated debt securities issued	1,707,696	2,066,538	2,187,133
Subordinated debt	1,097,692	1,169,062	858,167
Financial liabilities at fair value through profit or loss			
Financial liabilities held for trading	310,597	399,101	461,807
Financial liabilities at fair value through profit or loss	3,831,932	3,843,645	3,773,817
Hedging derivatives	170,474	177,337	216,295
Provisions	331,896	324,158	340,989
Current tax liabilities	4,742	12,568	8,835
Deferred tax liabilities	4,993	6,030	2,235
Other liabilities	1,015,889	988,493	1,071,303
TOTAL LIABILITIES	66,799,954	64,759,714	65,931,684
EQUITY			
Share capital	5,600,738	5,600,738	5,600,738
Share premium	16,471	16,471	16,471
Preference shares	59,910	59,910	59,910
Other equity instruments	2,922	2,922	2,922
Legal and statutory reserves	264,608	252,806	252,806
Treasury shares	(291)	(293)	(282)
Reserves and retained earnings	(393,211)	(38,130)	(13,995)
Net income for the period attributable to Bank's Shareholders	257,469	186,391	133,309
TOTAL EQUITY ATTRIBUTABLE TO BANK'S SHAREHOLDERS	5,808,616	6,080,815	6,051,879
Non-controlling interests	1,136,036	1,098,921	1,006,169
TOTAL EQUITY	6,944,652	7,179,736	7,058,048
	73,744,606	71,939,450	72,989,732

(*) The balances as at 31 December 2017 and 30 September 2017, correspond to the statutory accounts at that date. These balances are presented exclusively for comparative purposes and have not been restated following the adoption of IFRS 9, with reference to 1 January 2018, as allowed by IFRS 9.

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

Euro million

	Sep. 18	Sep. 17
Loans to customers (net) (1)	47,944	47,367
Balance sheet customer funds (2)	54,922	52,265
(1) / (2)	**87%**	**91%**

2) Return on average assets (ROA)

Relevance of the indicator: it allows evaluation of the level of efficiency of the Group, measuring its capacity to generate results with the volume of available assets.

Euro million

	9M 18	9M 17
Net income (1)	257	133
Non-controlling interests 2)	84	76
Average total assets (3)	73,065	72,631
[(1) + (2), annualised] / (3)	**0.6%**	**0.4%**

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

	9M 18	9M 17
Net income (1)	257	133
Average equity (2)	5,736	5,590
[(1), annualised] / (2)	**6.0%**	**3.2%**

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

		9M 18	9M 17
Operating costs (1)		754	695
Specific items (2)		12	-24
Net operating revenues (3)		1,635	1,594
	[(1) - (2)] / (3)	**45.4%**	**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) recognized in the period and the stock of loans to customers at the end of that period.

Euro million

		9M 18	9M 17
Loans to customers at amortised cost, before impairment (1)		50,856	50,754
Loan impairment charges (net of recoveries) (2)		337	459
	[(2), annualised] / (1)	**88**	**120**

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

Relevance of the indicator: allows to assess 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 total portfolio (gross).

Euro million

		Sep. 18	Sep. 17
Non-Performing Exposures (1)		6,307	8,079
Loans to customers (gross) (2)		51,150	50,754
	(1) / (2)	**12.3%**	**15.9%**

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

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

Euro million

		Sep. 18	Sep. 17
Non-Performing Exposures (1)		6,307	8,079
Loans impairments (balance sheet) (2)		3,206	3,387
	(2) / (1)	**50.8%**	**41.9%**

RECONCILIATION OF ACCOUNTING INFORMATION WITH THE MANAGEMENT CRITERIA OF THE GROUP

1) Loans to customers

Euro million

	Sep. 18
Loans to customers at amortised cost (disclosed Balance Sheet)	45,355
Debt instruments at amortised cost associated to credit operations	2,310
Balance sheet amount of loans to customers at fair value through profit or loss	279
Loan to customers (net) considering management criteria	**47,944**
Balance sheet impairment related to loans to customers at amortised cost	3,149
Balance sheet impairment associated with debt instruments at amortised cost related to credit operations	41
Fair value adjustments related to loans to customers at fair value through profit or loss	16
Loan to customers (gross) considering management criteria	**51,150**

2) Loans impairment (P&L)

Euro million

	9M 18
Impairment of financial assets at amortised cost (disclosed P&L) (1)	336
Impairment of financial assets at amortised cost not associated with credit operations (2)	-1
Loans impairment considering management criteria* (1)-(2)	**337**

* Includes impairment for loans and advances to credit institutions (0.4M€), which is excluded for purposes of cost of risk calculation.

3) Balance sheet customer funds

Euro million

	Sep. 18
Financial liabilities at fair value through profit or loss (disclosed Balance sheet)	3,832
Debt securities at fair value through profit or loss and certificates	-968
Customer deposits at fair value through profit or loss considering management criteria	**2,864**
Resources from customers at amortised cost (disclosed Balance sheet)	50,761
Deposits and other resources from customers considering management criteria (1)	**53,624**
Non subordinated debt securities issued at amortised cost (disclosed Balance sheet)	1,708
Debt securities at fair value through profit or loss and certificates	968
Non subordinated debt securities placed with institucional customers	-1,378
Debt securities placed with customers considering management criteria (2)	**1,298**
Balance sheet customer funds considering management criteria (1)+(2)	**54,922**

4) Securities portfolio

Euro million

	Sep. 18
Debt instruments at amortised cost (disclosed Balace sheet)	3,348
Debt instruments at amortised cost associated to credit operations net of impairment	-2,310
Debt instruments at amortised cost considering management criteria (1)	**1,038**
Financial assets not held for trading mandatorily at fair value through profit or loss (disclosed Balance sheet)	1,405
Balance sheet amount of loans to customers at fair value through profit or loss	-279
Financial assets not held for trading mandatorily at fair value through profit or loss considering management criteria (2)	**1,127**
Financial assets held for trading (disclosed Balance sheet) (3)	1,025
Financial assets designated at fair value through profit or loss (disclosed Balance sheet) (4)	33
Financial assets at fair value through other comprehensive income (disclosed Balance sheet) (5)	12,064
Assets with repurchase agreement (disclosed Balance sheet) (6)	16
Securities portfolio considering management criteria (1)+(2)+(3)+(4)+(5)+(6)	**15,302**

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 loan impairment charges for loans to customers at amortised cost and debt instruments at amortised cost related to credit operations (net of recoveries) accounted in the period to loans to customers at amortised cost and debt instruments at amortised cost related to credit operations before impairment.

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

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

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

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

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

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

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

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

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

Dividends from equity instruments - dividends received from investments classified as financial assets at fair value through other comprehensive income and from financial assets held for trading and, until 2017, financial assets available for sale.

Equity accounted earnings - results appropriated by the Group related to the consolidation of entities where, despite having a significant influence, the Group does not control the financial and operational policies.

Insurance products – includes unit linked saving products and retirement saving plans (“PPR”, “PPE” and “PPR/E”).

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

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

Loans to customers (gross) – loans to customers at amortised cost before impairment, debt instruments at amortised cost associated to credit operations before impairment and loans to customers at fair value through profit or loss before fair value adjustments.

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

Loan to Deposits ratio (LTD) – loans to customers (net) divided by deposits and other resources from customers.

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

Net commissions - net fees and commissions income.

Net interest margin (NIM) - net interest income for the period as a percentage of average interest earning assets.

Net operating revenues - net interest income, dividends from equity instruments, net commissions, net trading income, other net operating income and equity accounted earnings.

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

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

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

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

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

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

Other net income – dividends from equity instruments, net commissions, net trading income, other net operating income and equity accounted earnings.

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

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

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

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

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

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

Return on equity (Instruction from the Bank of Portugal no. 16/2004) – net income (before tax) divided by the average attributable equity + non-controlling interests (weighted average of the average of monthly equity in the period).

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

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

Spread - increase (in percentage points) to the index used by the Bank in loans granting or fund raising.

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

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.

The interim condensed consolidated financial statements, for the nine months period ended 30 September 2018, were prepared in terms of recognition and measurement in accordance with the IAS 34 - Interim Financial Reporting adopted by the EU.

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

September 2018 and September 2017 figures were not audited.