# EARNINGS PRESENTATION

9M 2015

NOVEMBER 2015

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
- The figures presented do not constitute any form of commitment by BCP in regard to future earnings
- First 9 months figures for 2014 and 2015 not audited

# Agenda

- Highlights
- Group
  - Profitability
  - Liquidity
  - Capital
- Portugal
- International Operations
- Conclusions

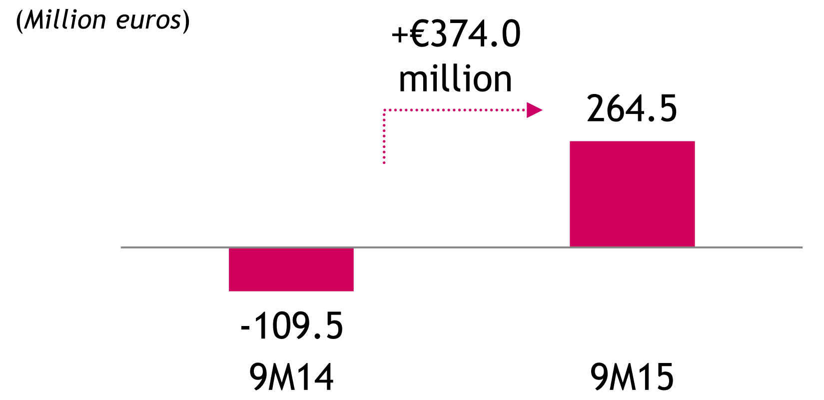
# Highlights

| | |
|---|---|
| **Profitability**<br>*Profits reinforced* | • **Net profit of €264.5 million** in the first 9 months of 2015, compared to a loss of €109.5 million in the same period of 2014*. Net profit of €23.8 million in the 3rd quarter of 2015.<br>• **Core net income**up 48.2%** to €651.6 million in the first 9 months of 2015 from €439.6 million in the same period of 2014, reflecting a **20.9% increase in net interest income** and **lower operating costs** (-3.8%, including an **8.1% reduction in Portugal**). Operating efficiency improved further, as **cost to core income** decreased to 55.9%**. **Core net income** of €228.2 million in the 3rd quarter of 2015, **the highest quarterly amount since 2012**.<br>• **Provision charges still sizable, but trending downwards**: €745.4 million in the first 9 months of 2015 (€1,017.5 million in the same period of the previous year), benefitting from lower past due loans in the 3rd quarter of 2015. |
| **Liquidity**<br>*Healthy balance sheet* | • **Customer deposits up by 2.0%** to €50.6 billion at September 30, 2015, with total Customers funds standing at €65.2 billion (€64.9 billion at September 30, 2014).<br>• **Commercial gap improved further**, with net loans as a percentage of on-balance sheet Customer funds **now standing at 99%**. As a percentage of deposits (BoP criteria), net loans improved to 104% (111% at September 30, 2014, 120% maximum recommended).<br>• ECB funding usage at €5.9 billion (€1.5 billion of which TLTRO-related), down from €6.7 billion at September 30, 2014. |
| **Capital**<br>*On course to reach European benchmark levels, reflecting profitability and specific measures* | • **Common equity tier 1 ratio at 13.2%** according to phased-in criteria, compared to 12.8% at September 30, 2014. This figure stood at **10.0% on a fully implemented basis** (not applying the criteria of Notice 3/95).***<br>• Capital figures do not include the impact of the agreement to merge Millennium Angola and Banco Privado Atlântico, S.A., estimated at +0.4 percentage points. |

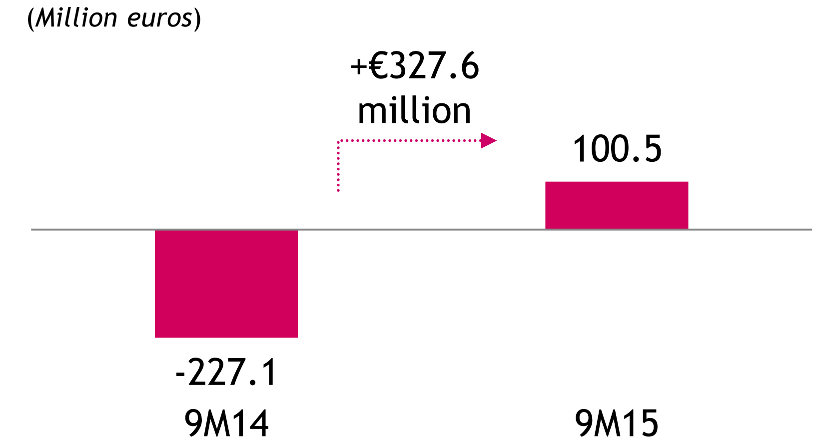
* Following the first application of IFRIC 21 in June 2015, whose impacts at Group level are related with the recognition of the contributions from the banking sector, for the deposits guarantee fund and for the resolution fund, it was also necessary to restate the consolidated financial statements as at 30 September 2014. | ** Core net income = net interest income + net fees and commission income – operating costs, core income = net interest income + net fees and commission income. | *** Includes earnings for the first 9 months of the year and the impact of the minimum capital requirements that ECB intends to establish in 2016. Phased-in ratio at 13.1% excluding these impacts.

# Highlights

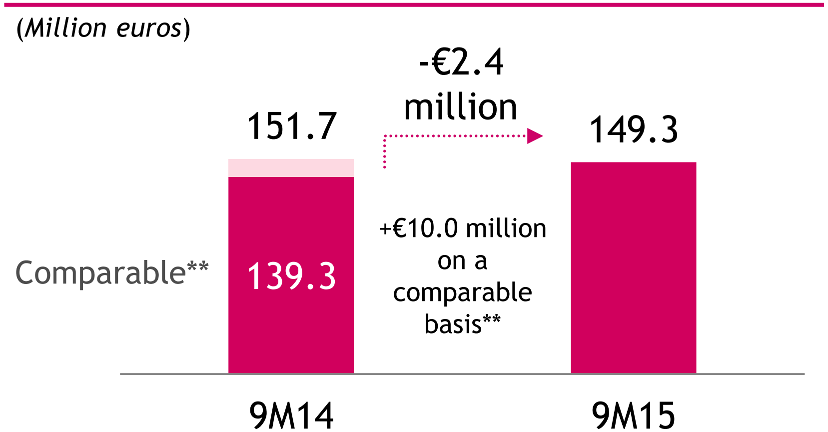
## Net income*



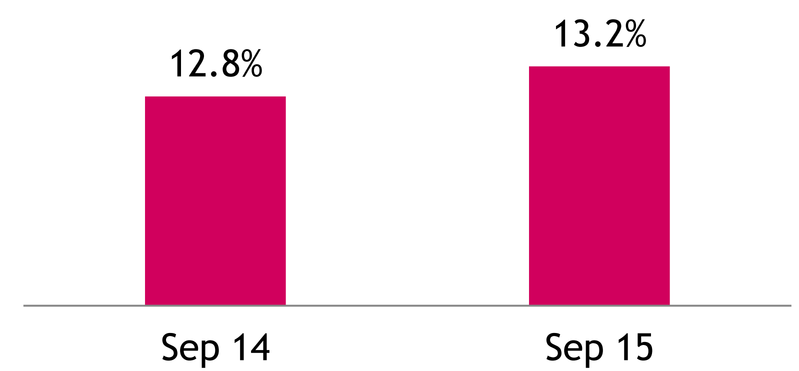

## Contribution from Portuguese activity*




## Contribution from international activity




## Phased-in capital ratios (CET1 – CRD IV / CRR)***

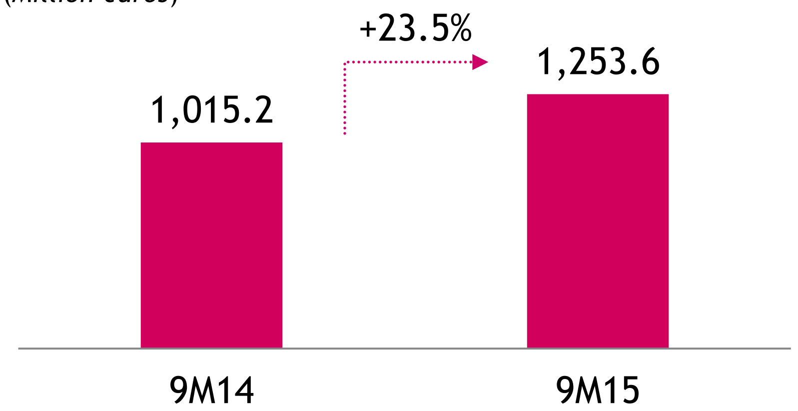



* Following the first application of IFRIC 21 in June 2015, whose impacts at Group level are related with the recognition of the contributions from the banking sector, for the deposits guarantee fund and for the resolution fund, it was also necessary to restate the consolidated financial statements as at 30 September 2014. | ** Assuming 9M14 shareholding in Bank Millennium to be the same as 9M15 (65.5% in 1Q, 50.1% in 2Q and 3Q). | *** Includes earnings for the first 9 months of the year and the impact of the minimum capital requirements that ECB intends to establish in 2016. Phased-in ratio at 13.1% excluding these impacts.

# Highlights

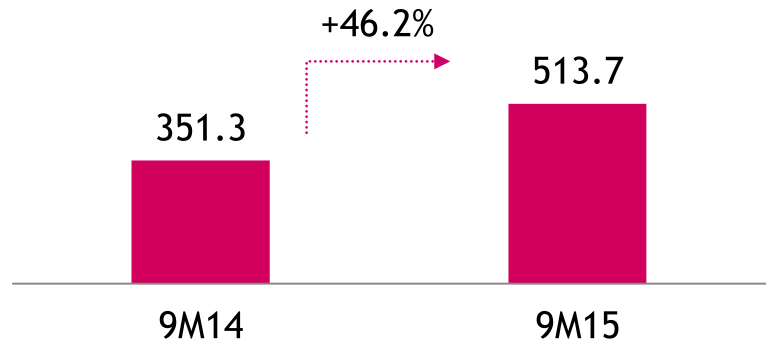
## Banking income in Portugal*

(*Million euros*)



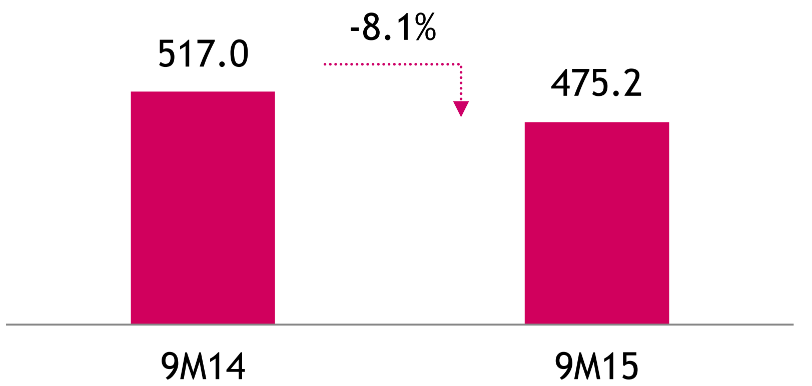

## Net interest income in Portugal

(*Million euros*)

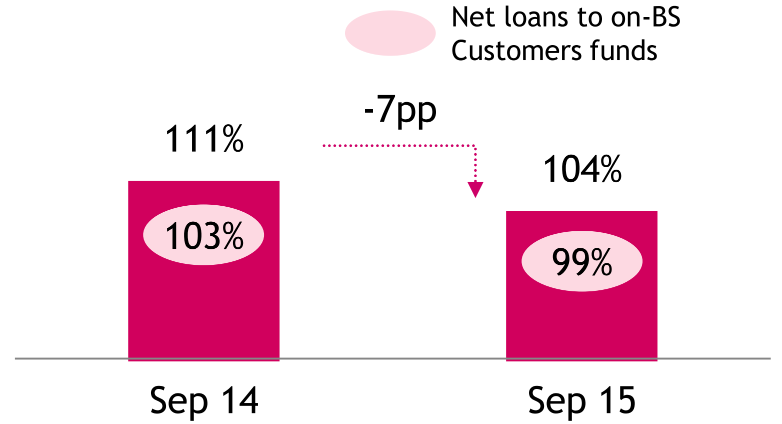



## Operating costs in Portugal

(*Million euros*)




## Loans to deposits ratio**




* Following the first application of IFRIC 21 in June 2015, whose impacts at Group level are related with the recognition of the contributions from the banking sector, for the deposits guarantee fund and for the resolution fund, it was also necessary to restate the consolidated financial statements as at 30 September 2014. | ** According to the instruction nr. 16/2004 of Bank of Portugal.

# Agenda

- Highlights
- Group
  - Profitability
  - Liquidity
  - Capital
- Portugal
- International Operations
- Conclusions

# 9M2015 earnings: profitability affirmed…

| *(million euros)* | 9M14 * | 9M15 | YoY | Impact on earnings |
|---|---|---|---|---|
| Net interest income | 791.0 | 956.7 | 20.9% | +165.7 |
| *Of which: costs related with hybrids instruments (CoCos)* | *-162.8* | *-48.7* | *-70.1%* | *+114.0* |
| Net fees and commissions | 506.2 | 520.3 | 2.8% | +14.1 |
| Other operating income | 412.8 | 529.4 | 28.2% | +116.6 |
| **Banking income** | **1,709.9** | **2,006.4** | **17.3%** | **+296.4** |
| Staff costs | -478.0 | -461.1 | -3.5% | +17.0 |
| Other administrative costs and depreciation | -379.5 | -364.3 | -4.0% | +15.2 |
| **Operating costs** | **-857.6** | **-825.4** | **-3.8%** | **+32.2** |
| **Operating net income (before impairment and provisions)** | **852.4** | **1,181.0** | **38.6%** | **+328.6** |
| Loans impairment (net of recoveries) | -874.5 | -628.0 | -28.2% | +246.5 |
| Other impairment and provisions | -143.0 | -117.4 | -17.9% | +25.6 |
| **Net income before income tax** | **-165.1** | **435.6** | **--** | **+600.7** |
| Income taxes | 171.6 | -80.9 | -- | -252.5 |
| Non-controlling interests | -81.9 | -105.0 | 28.2% | -23.1 |
| Net income from discontinued or to be discontinued operations | -34.1 | 14.8 | -- | +48.8 |
| **Net income** | **-109.5** | **264.5** | **--** | **+374.0** |

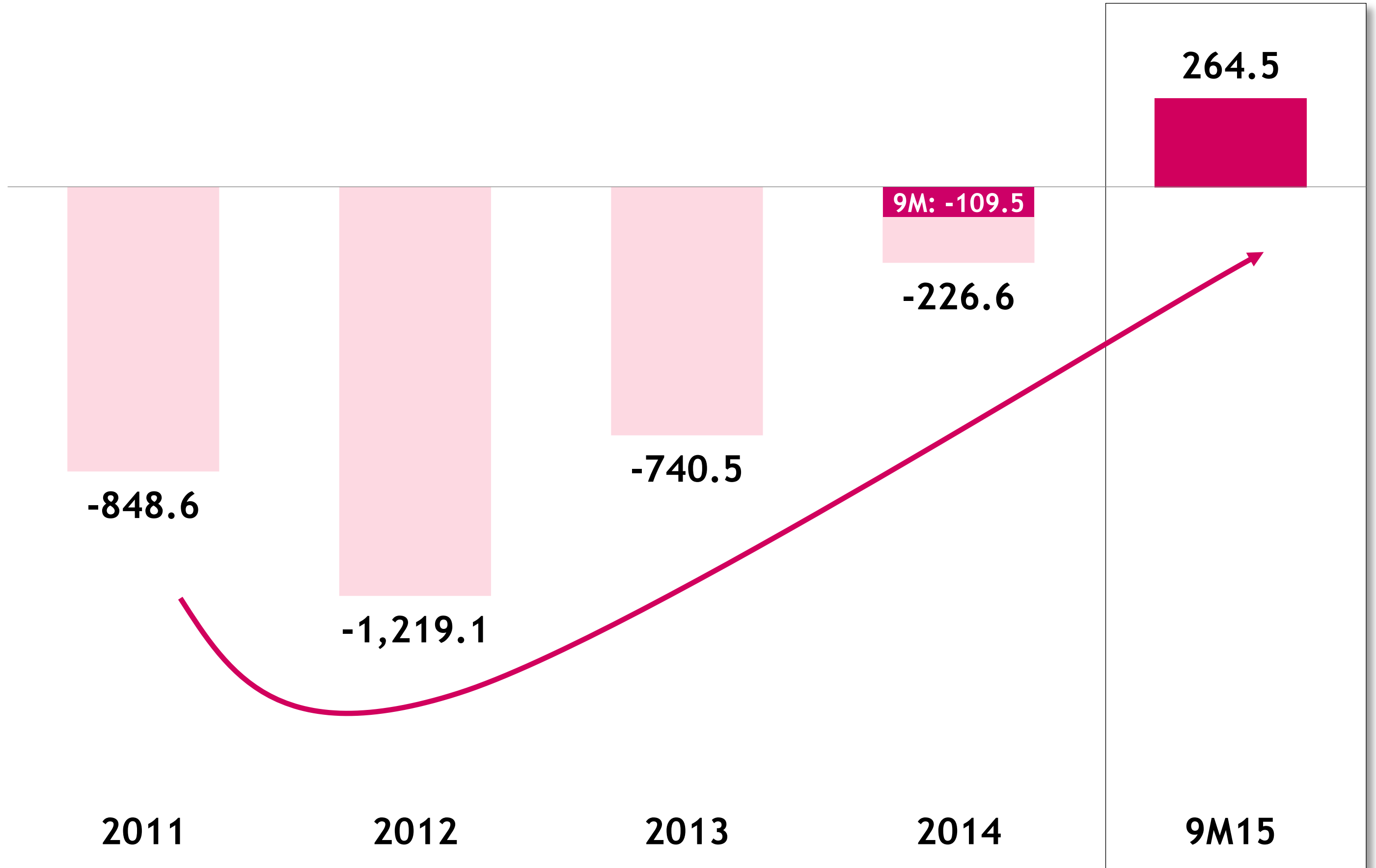
* Following the first application of IFRIC 21 in June 2015, whose impacts at Group level are related with the recognition of the contributions from the banking sector, for the deposits guarantee fund and for the resolution fund, it was also necessary to restate the consolidated financial statements as at 30 September 2014.

# … after 4 years of losses

*(Million euros)*

## Net Income*

Consolidated



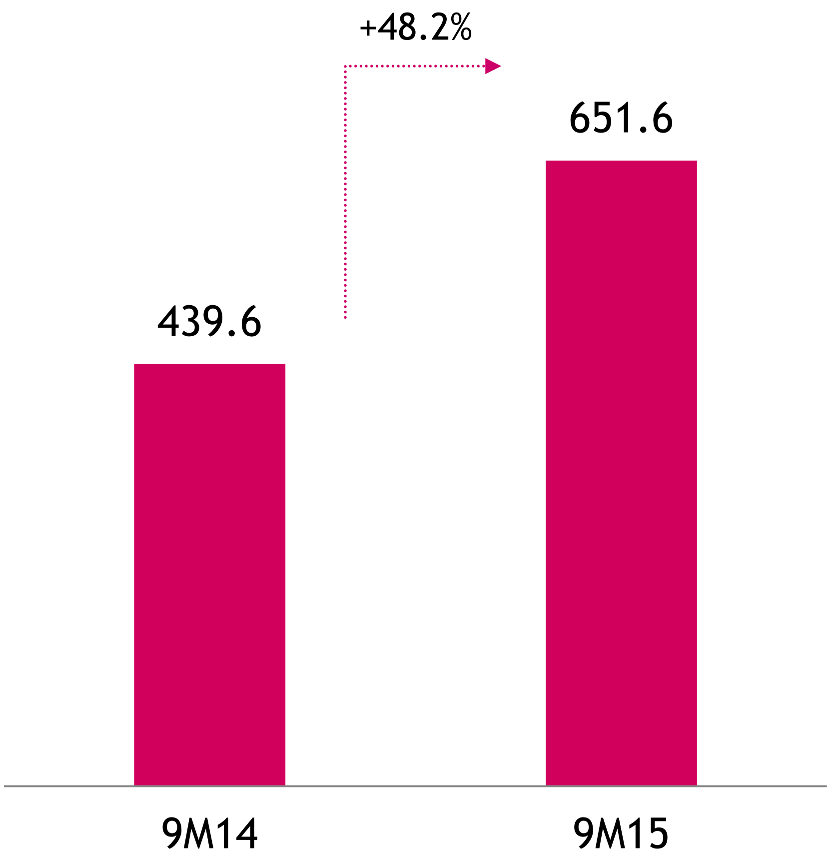

* Following the first application of IFRIC 21 in June 2015, whose impacts at Group level are related with the recognition of the contributions from the banking sector, for the deposits guarantee fund and for the resolution fund, it was also necessary to restate the consolidated financial statements as at 30 September 2014.

# Core net income* improves in Portugal

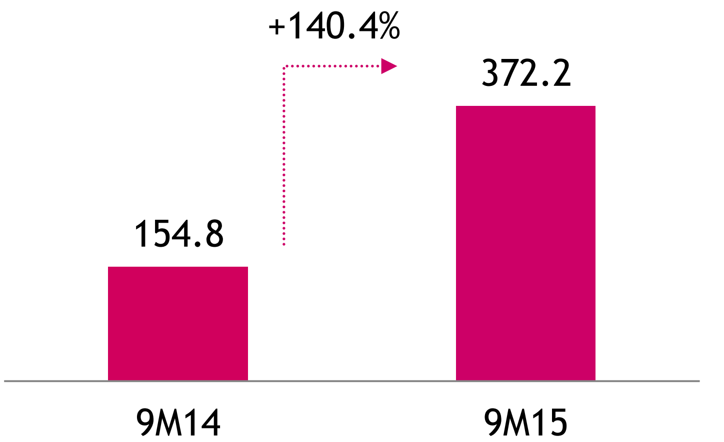
*(Million euros)*

## Core net income*

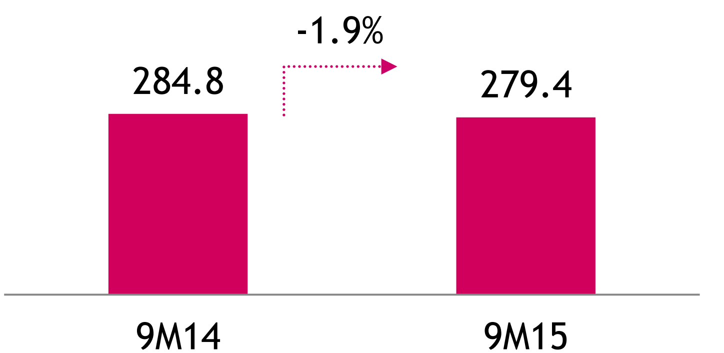
Consolidated




## Portugal




## International operations



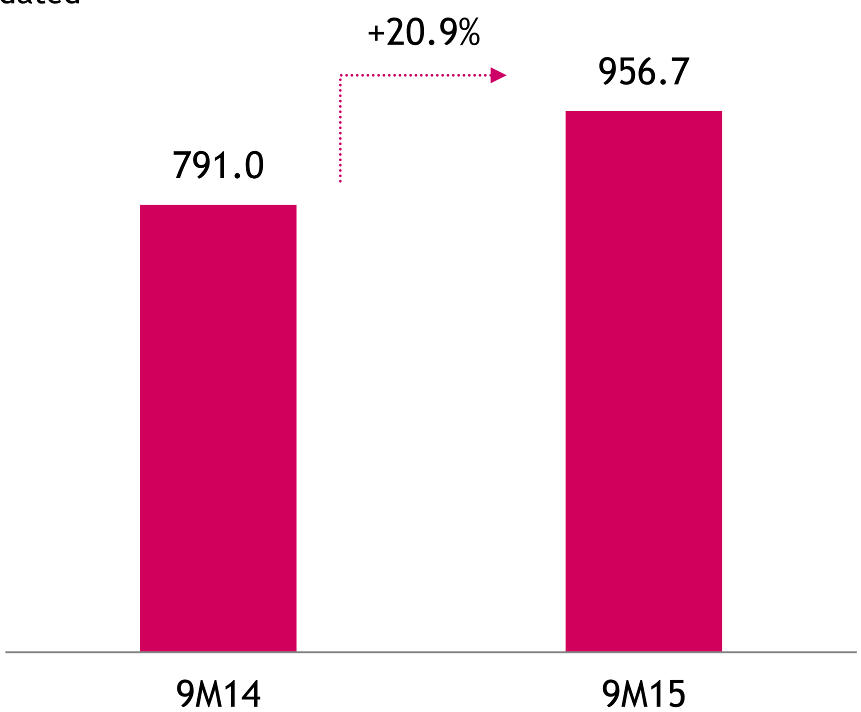

* Core net income = net interest income + net fees and commission income – operating costs

# Net interest income increases, particularly in Portugal

(*Million euros*)

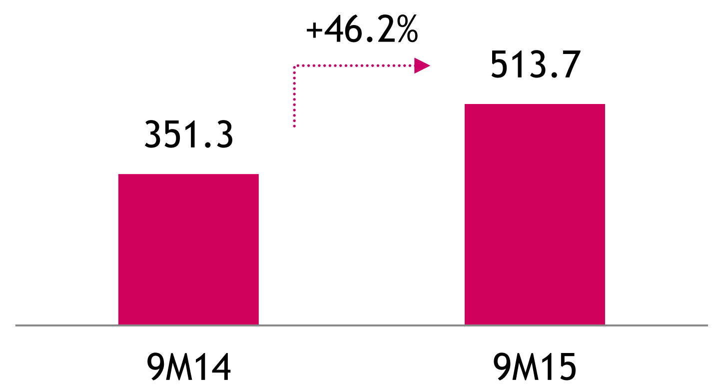
## Net interest income

Consolidated

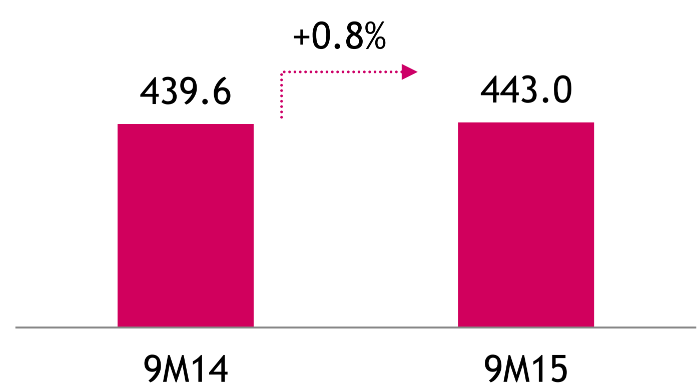



| | | |
|---|---|---|
| Net interest margin | **1.46%** | **1.86%** |
| Excluding CoCos | **1.76%** | **1.96%** |

## Portugal




## International operations



# Stable commissions, despite demanding regulatory environment

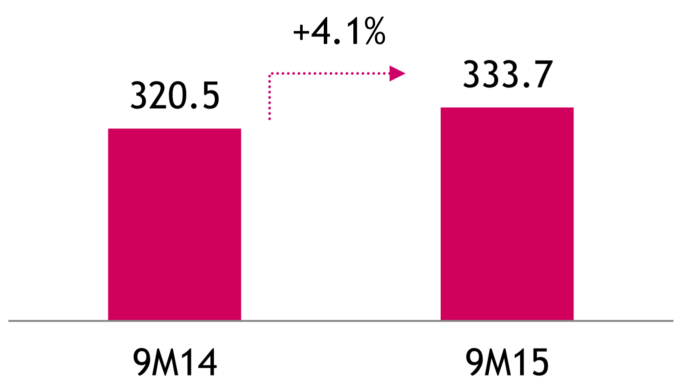
*(Million euros)*

## Fees and commissions

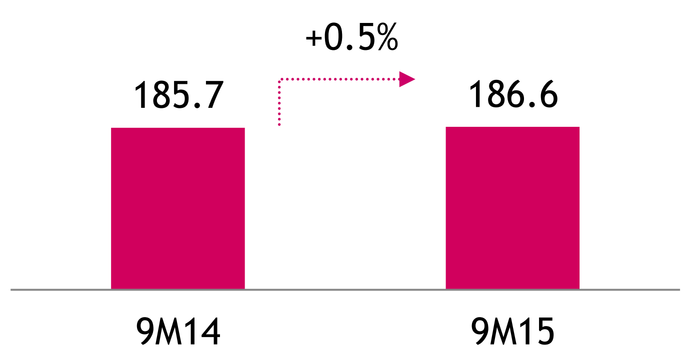
Consolidated

| | 9M14 | 9M15 | YoY |
|---|---|---|---|
| **Banking fees and commissions** | **402.5** | **424.9** | **+5.6%** |
| Cards and transfers | 144.5 | 129.6 | -10.3% |
| Loans and guarantees | 116.9 | 133.6 | +14.3% |
| Bancassurance | 54.7 | 56.5 | +3.3% |
| Current account related | 57.6 | 62.2 | +8.0% |
| State guarantee | -22.7 | 0.0 | -- |
| Other fees and commissions | 51.5 | 43.0 | -16.5% |
| **Market related fees and commissions** | **103.7** | **95.4** | **-8.0%** |
| Securities operations | 74.8 | 65.5 | -12.5% |
| Asset management | 28.9 | 29.9 | +3.6% |
| **Total fees and commissions** | **506.2** | **520.3** | **+2.8%** |

## Portugal




## International operations

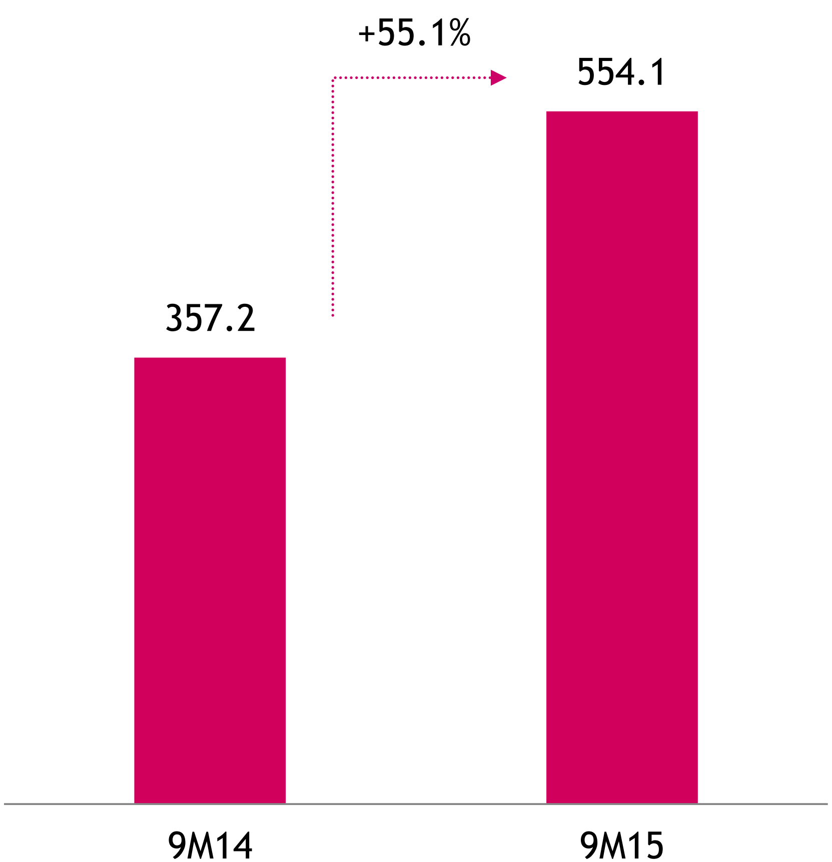


# Net trading income in 2015 boosted by gains on the sale of sovereign debt in the 1st half

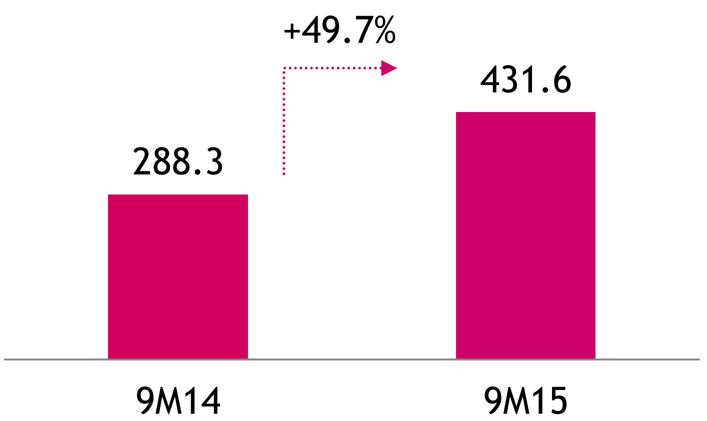
*(Million euros)*

## Net trading Income

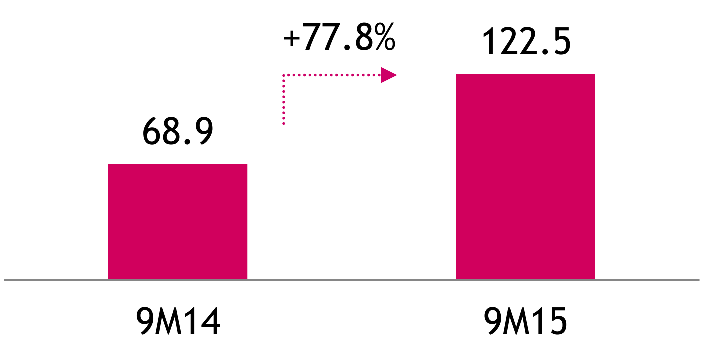
Consolidated




Portugal




International operations

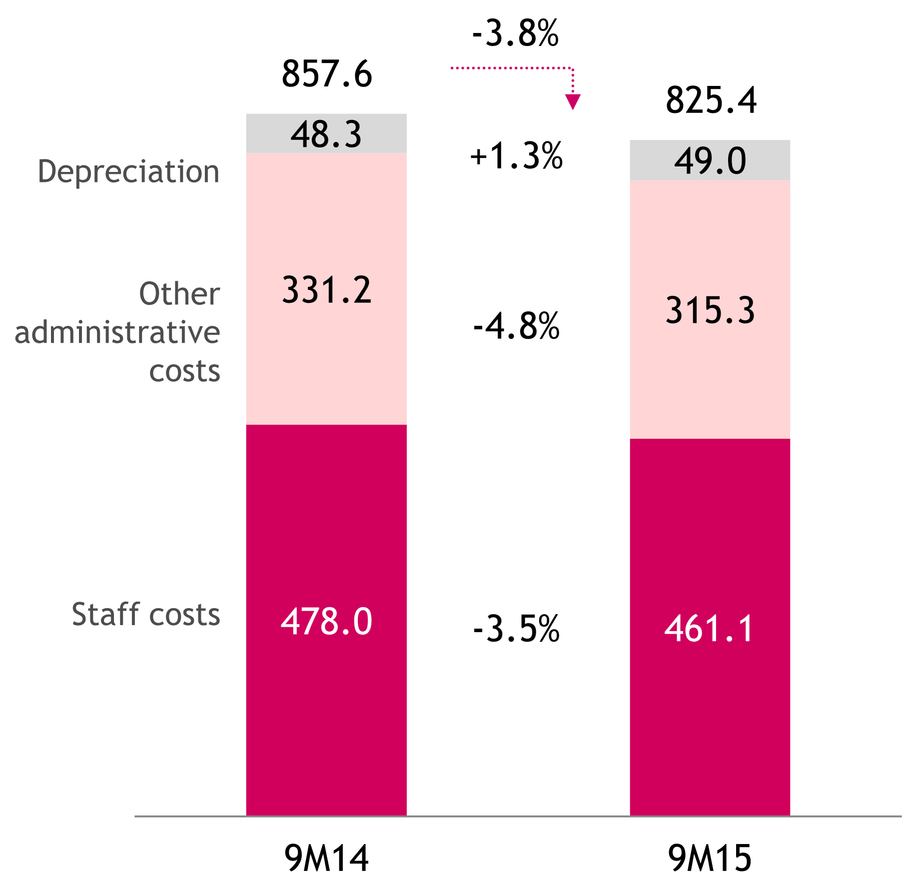


# Cost reduction proceeds in Portugal

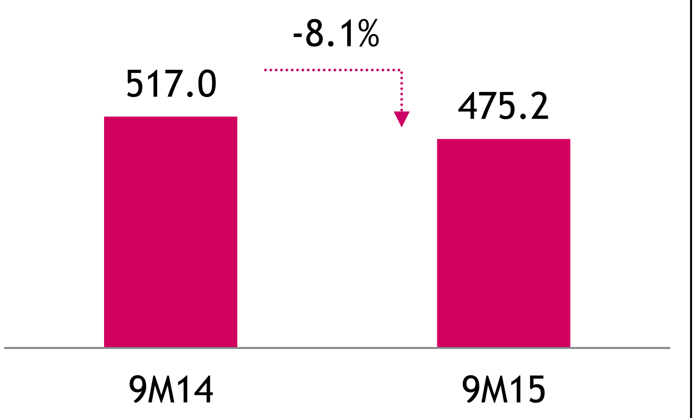
(*Million euros*)

## Operating costs

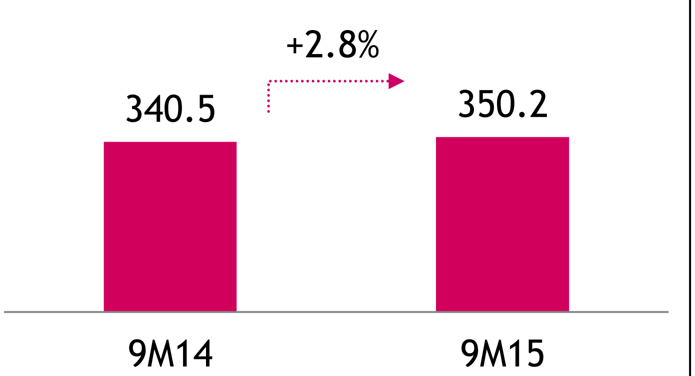
Consolidated




## Portugal



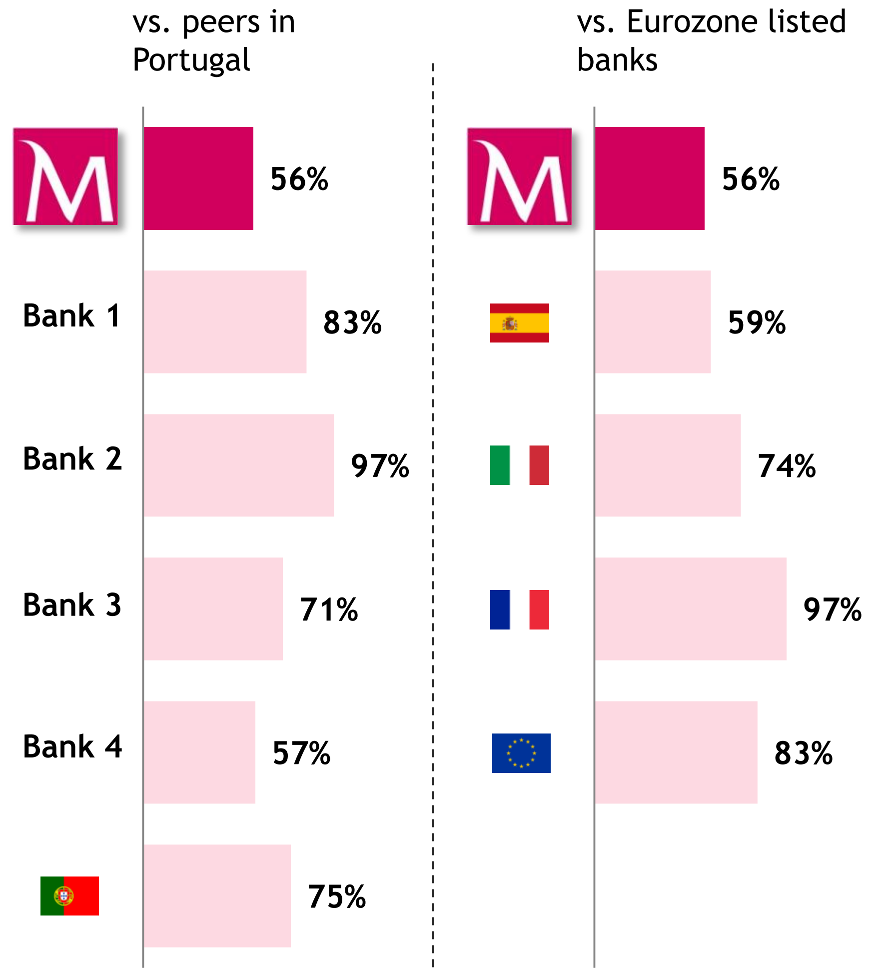

## International operations



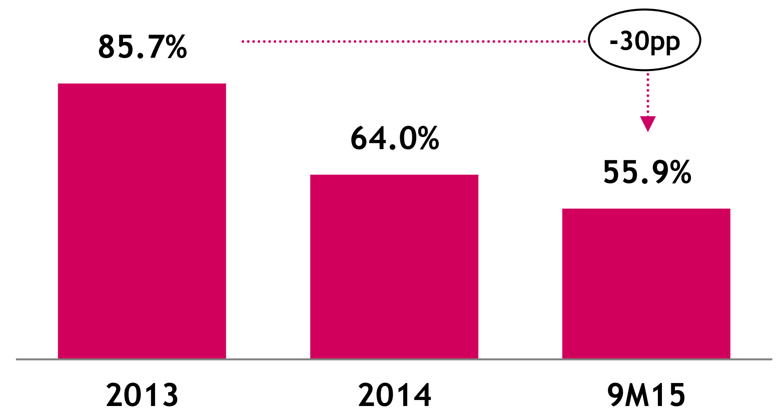
# Millennium bcp is one of the most efficient banks in Portugal and in the Eurozone

## Cost to core income*

Latest available data




## Cost to core income*




- Millennium bcp is the most efficient bank in Portugal, with a cost to core income* of 56% in the first 9 months of 2015, and is among the most efficient in the Eurozone
- Millennium bcp is also the most improved bank in Portugal in terms of cost to core income* in recent years: 30pp down from 2013

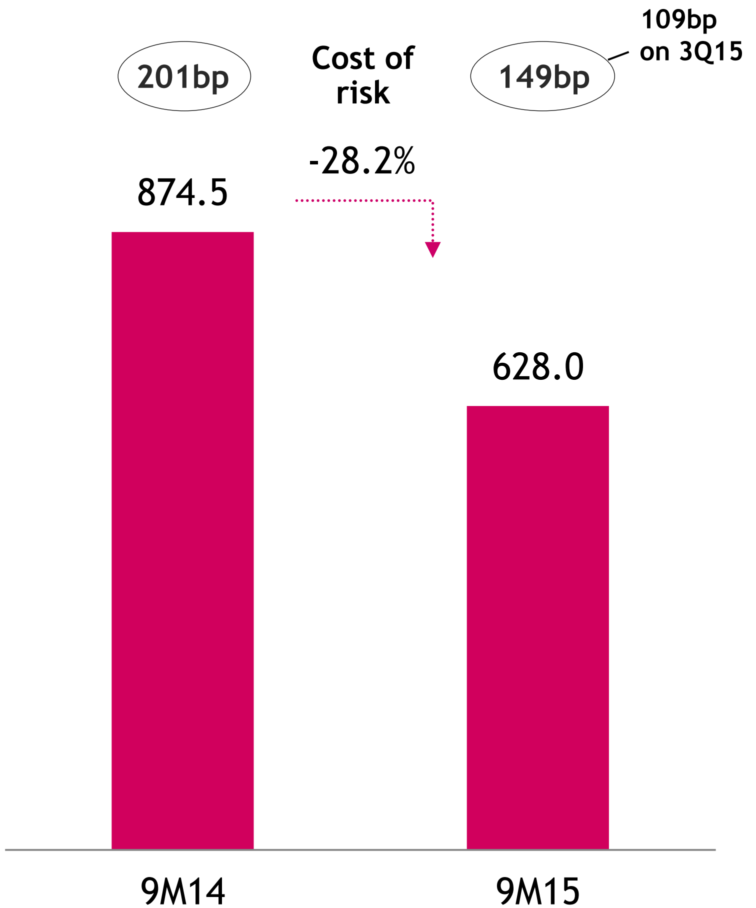
* Core Income = net interest income + net fees and commissions.

# Impairment slowing down in Portugal…

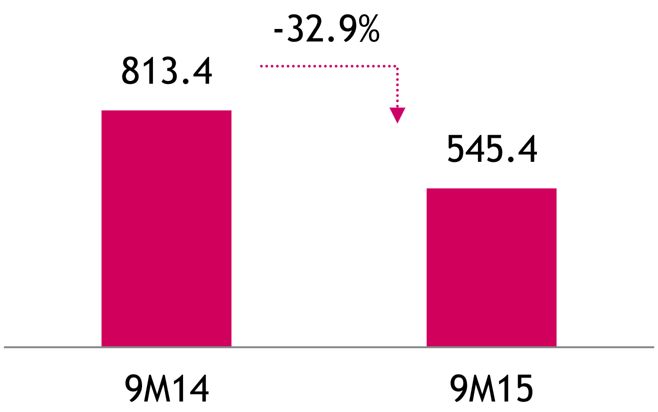
(*Million euros*)

## Loan impairment (net of recoveries)

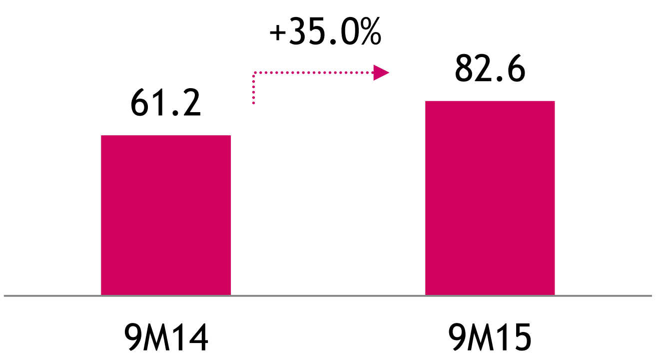
Consolidated




## Portugal




## International operations



# … with lower delinquency and increased coverage

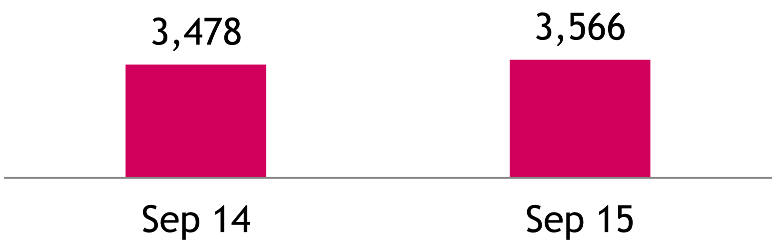
*(Million euros)*

## Credit quality

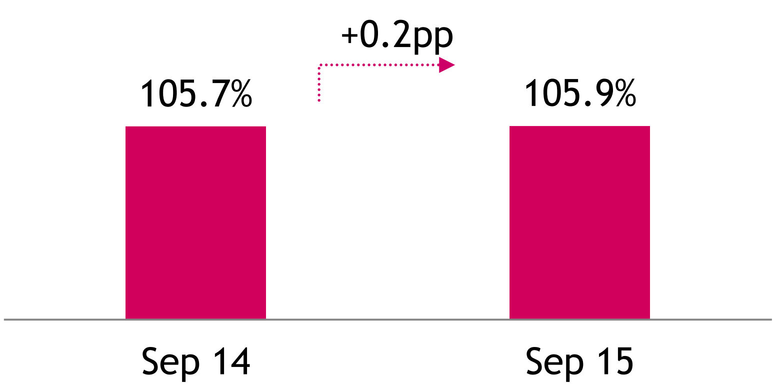
| Credit ratio | Sep 14 | Sep 15 |
|---|---|---|
| Non-perf. loans | 11.6% | 11.5% |
| Credit at risk | 12.1% | 11.9% |


## Loan impairment provisions (balance sheet)

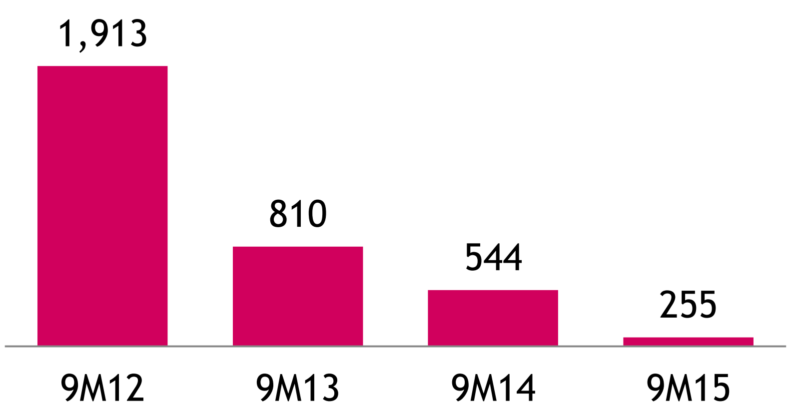
| Coverage ratio | Sep 14 | Sep 15 |
|---|---|---|
| Non-perf. loans | 51.8% | 55.3% |
| Credit at risk | 49.8% | 53.5% |




## Coverage of credit at risk by BS impairment and real financial guarantees




## Net NPL entries in Portugal

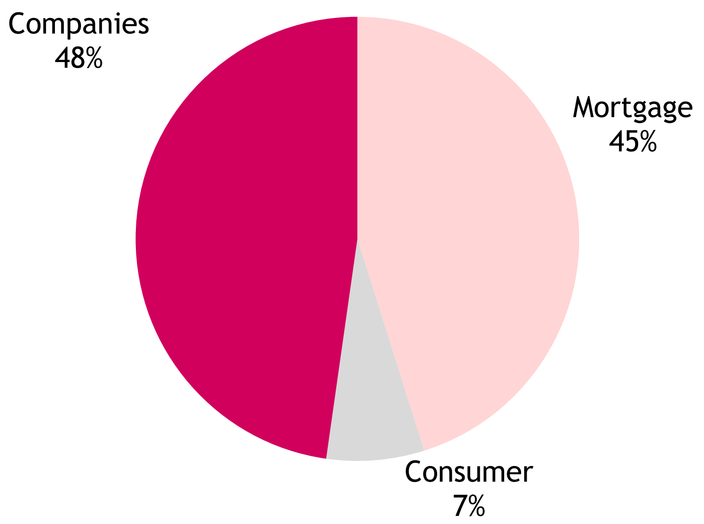



On a comparable basis: excludes Romania and Millennium bcp Gestão de Activos, following the discontinuation processes.

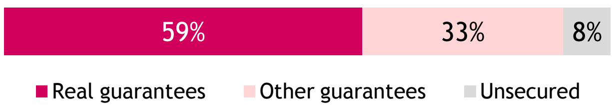
# Diversified and collateralised portfolio

## Loan Portfolio

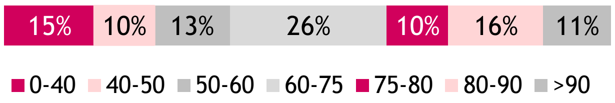
Consolidated




### Loans per collateral




### LTV of mortgage portfolio in Portugal




- Loans to Companies accounted for 48% of the loan portfolio at end-September 2015, including 11% to construction and real estate sectors
- 92% of loan portfolio is collateralised
- Mortgages accounted for 45% of the loan portfolio, with low delinquency levels and a 66% average LTV

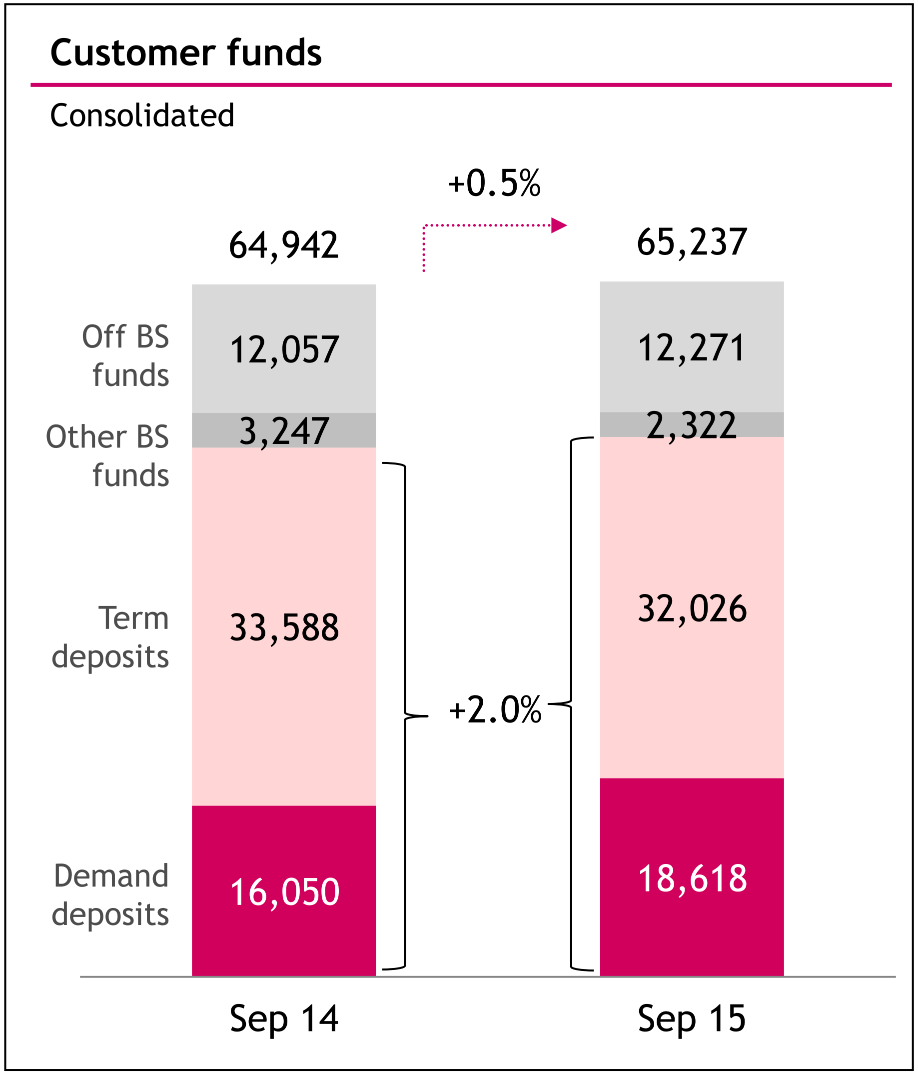
On a comparable basis: excludes Romania and Millennium bcp Gestão de Activos, following the discontinuation processes.

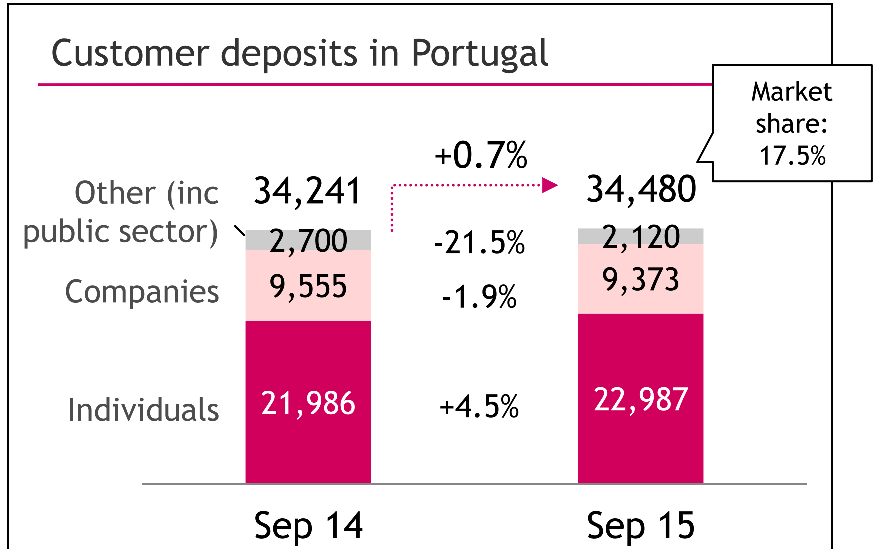
# Agenda

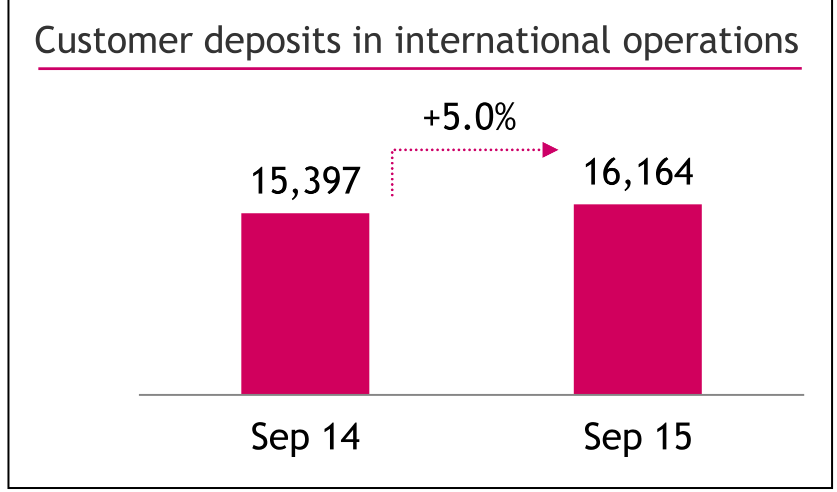
- Highlights
- Group
  - Profitability
  - Liquidity
  - Capital
- Portugal
- International Operations
- Conclusions

# Deposits increase, with individuals in Portugal and international operations standing out

(*Million euros*)



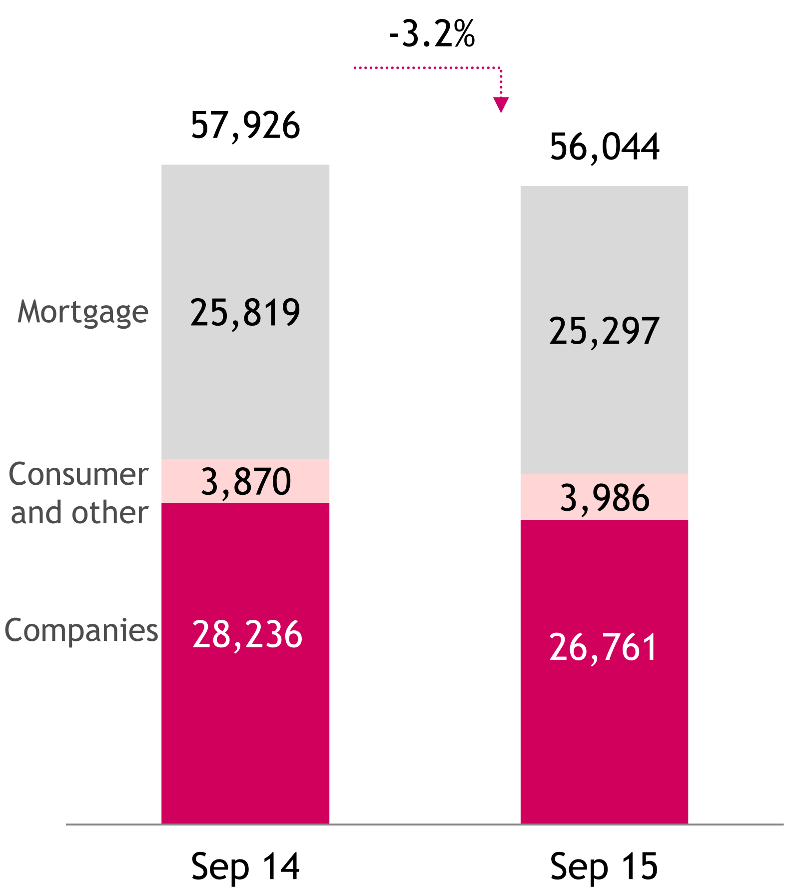

On a comparable basis: excludes Romania and Millennium bcp Gestão de Activos, following the discontinuation processes.

# Credit increases in international operations

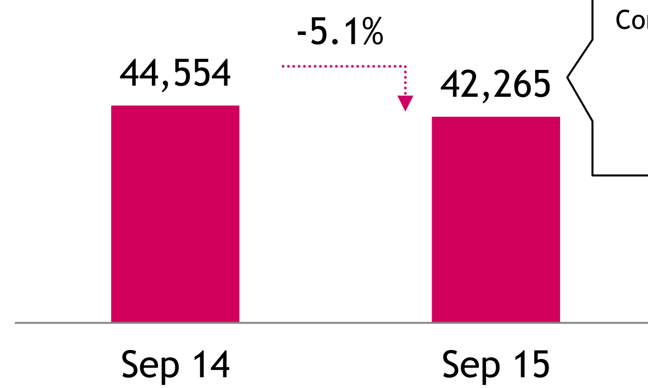
*(Million euros)*

## **Loans to customers** (gross)

Consolidated




## Portugal

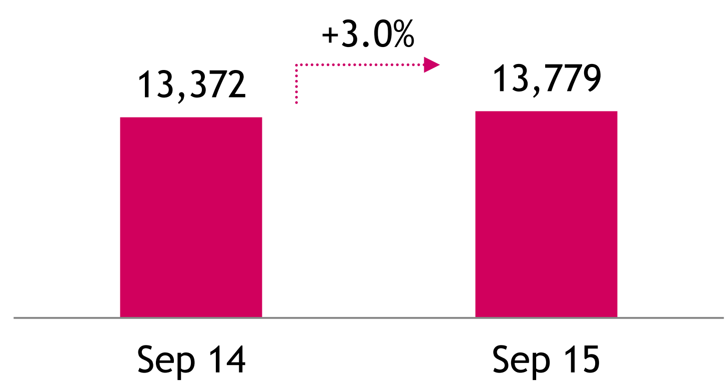



**Market share: 18.3%**

**New production**

| | |
|---|---|
| Mortgage | +53% |
| Consumer | +7% |
| Companies* | +25% |
| Factoring | +176% |
| Leasing | +69% |
| Loans | +12% |
| Other | +20% |

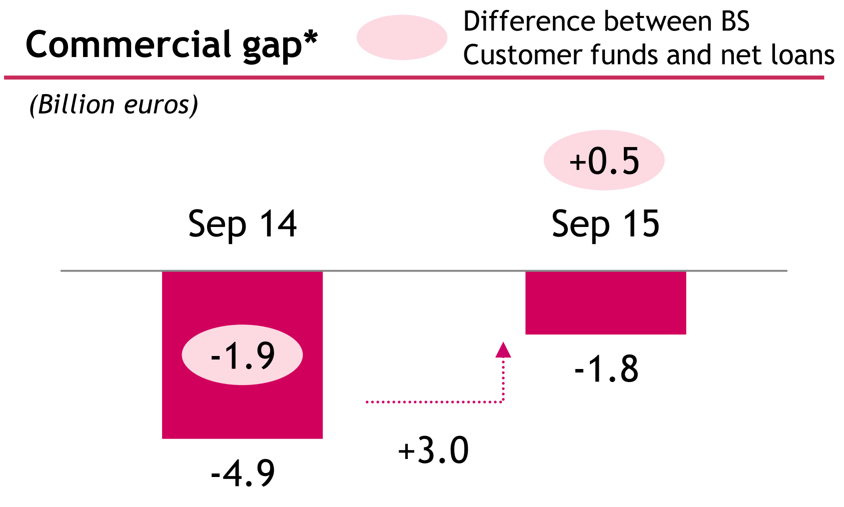
## International operations



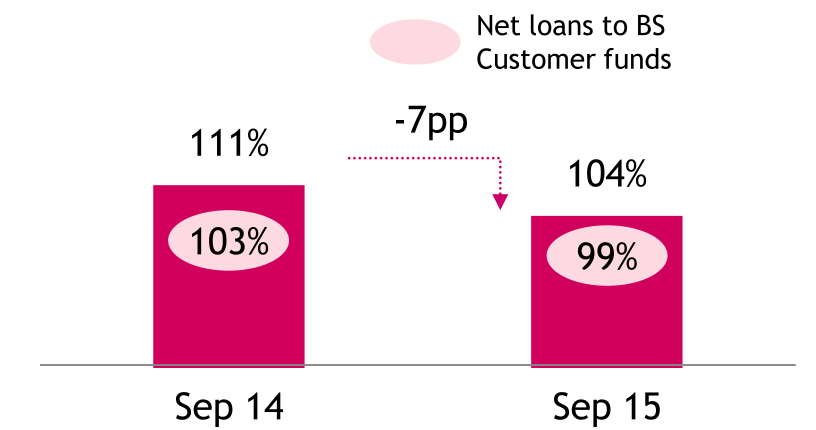

On a comparable basis: excludes Romania and Millennium bcp Gestão de Activos, following the discontinuation processes.
* Excludes public sector and credit recovery areas.

# Continued improvement of the liquidity position, current ratios exceed future requirements

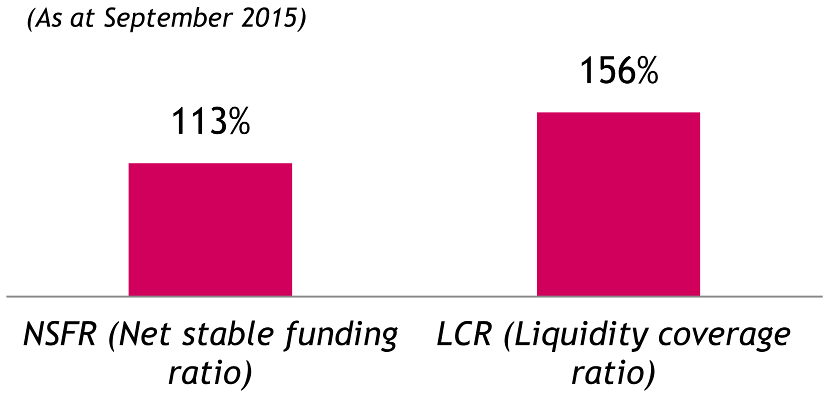
## Commercial gap*




## Loans to deposits ratio** (Bank of Portugal)




## Liquidity ratios (CRD IV/CRR***)



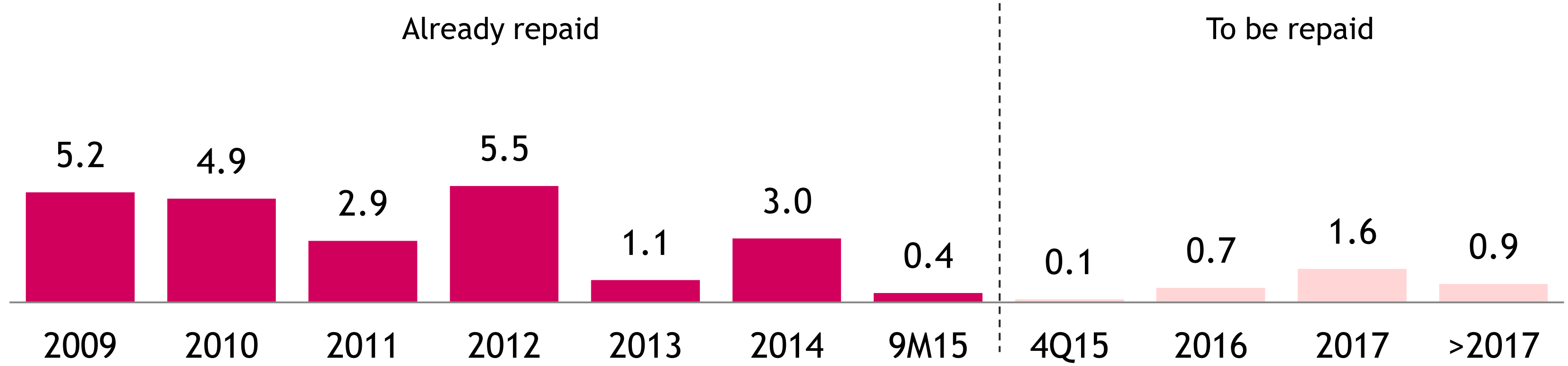

- Commercial gap narrows €3.0 billion from end-September 2014
- Loans to deposit ratio (Bank of Portugal criteria) at 104%, 99% if all BS Customer funds are included
- Net usage of ECB funding at €5.9 billion, compared to €6.7 billion at September 30, 2014
- €14.0 billion (net of haircuts) of eligible assets available for refinancing operations with ECB, with a €8.1 billion buffer
- Liquidity ratios (CRD IV/CRR***) higher than the required 100%

* Based on Customer deposits and net loans to Customers.
** According to the current version of Notice 16/2004 of the Bank of Portugal.
*** Estimated in accordance with CRD IV current interpretation.

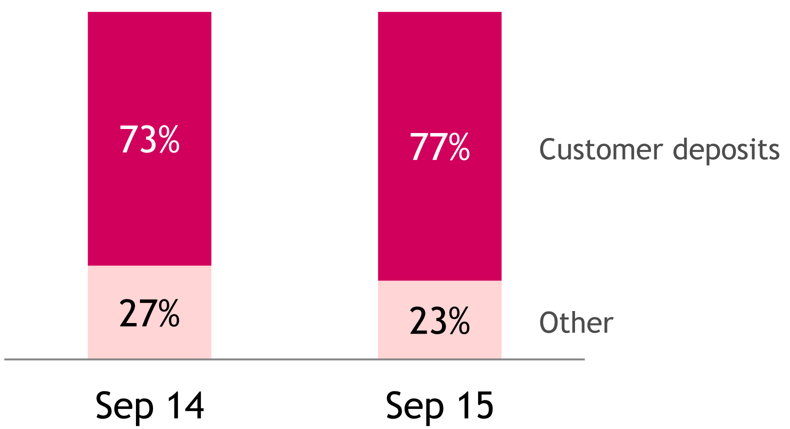
# Lower refinancing needs in the medium to long term, Customer deposits are the main funding source

## Refinancing needs of medium-long term debt

*(Billion euros)*




## Improvement of the funding structure




- Lower funding needs, reflecting a lower commercial gap
- Customer deposits are the main funding source

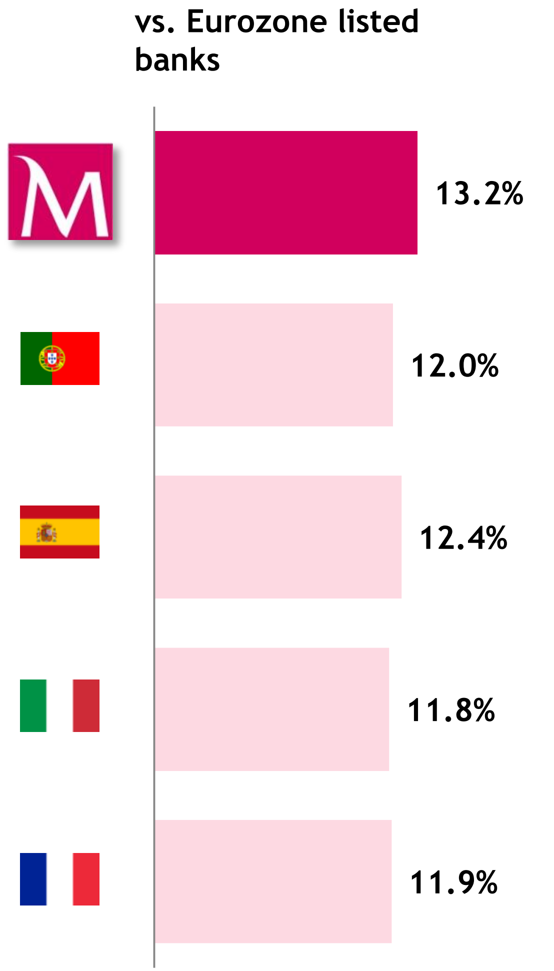
# Agenda

- Highlights
- Group
  - Profitability
  - Liquidity
  - Capital
- Portugal
- International Operations
- Conclusions

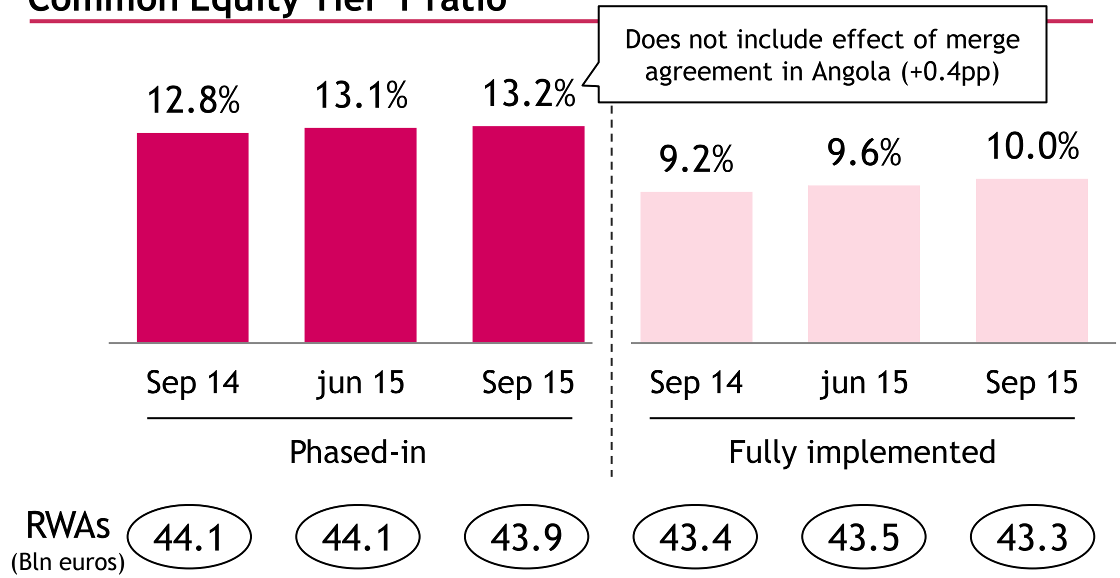
# Capital strengthened to European benchmarks, supported by profitability and specific measures

## Common Equity Tier 1 ratio*

Phased-in, latest available data




## Common Equity Tier 1 ratio*




- Capital ratios strengthened from 30 September 2014 to 13.2% according to phased-in criteria and to 10.0% on a fully implemented basis, not applying the criteria of Notice 3/95 (11.1% if such criteria are applied), reflecting the sale of a 15.4% shareholding in Bank Millennium (Poland), the debt-equity swap, earnings for 9M2015 and lower RWAs
- Millennium bcp has the 2nd strongest capital in Portugal, and is in line with European benchmarks
- Leverage ratio at 6.9% according to phased-in criteria; on a fully implemented basis, this ratio stood at 5.3%

* Ratios estimated including 9M2015 earnings and the impact of the minimum capital requirements that ECB intends to establish in 2016. Phased-in ratio at 13.1% excluding these impacts.

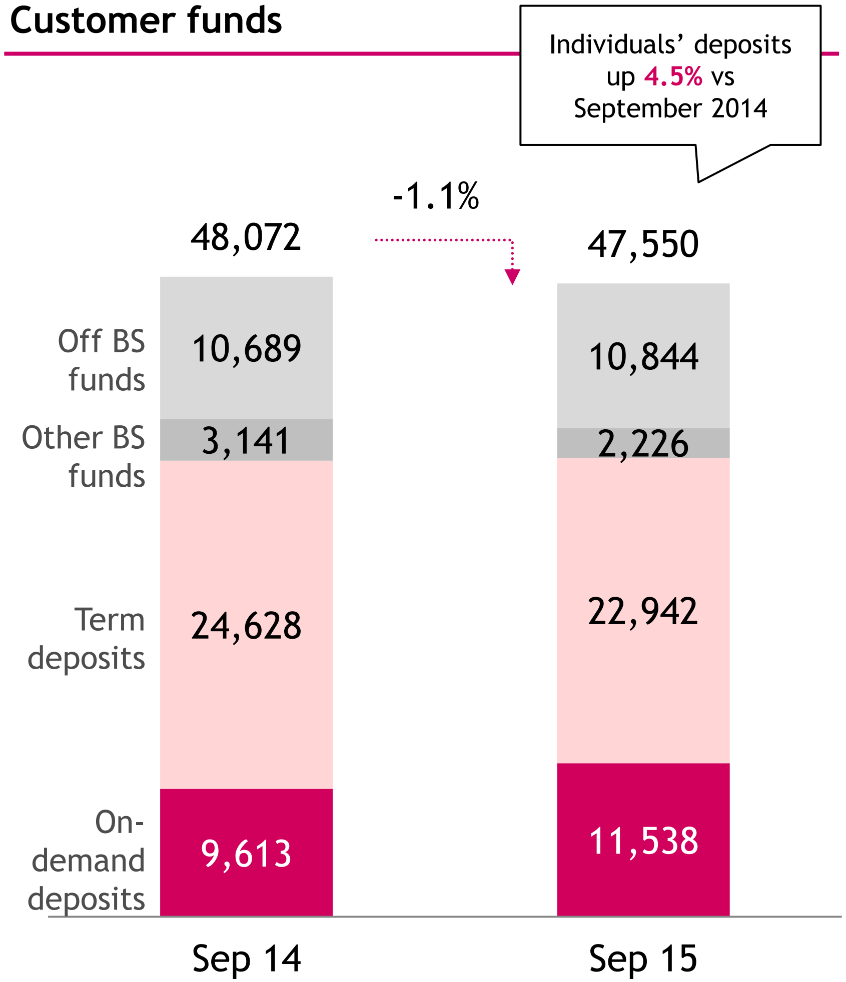
# Agenda

- Highlights
- Group
  - Profitability
  - Liquidity
  - Capital
- Portugal
- International Operations
- Conclusions

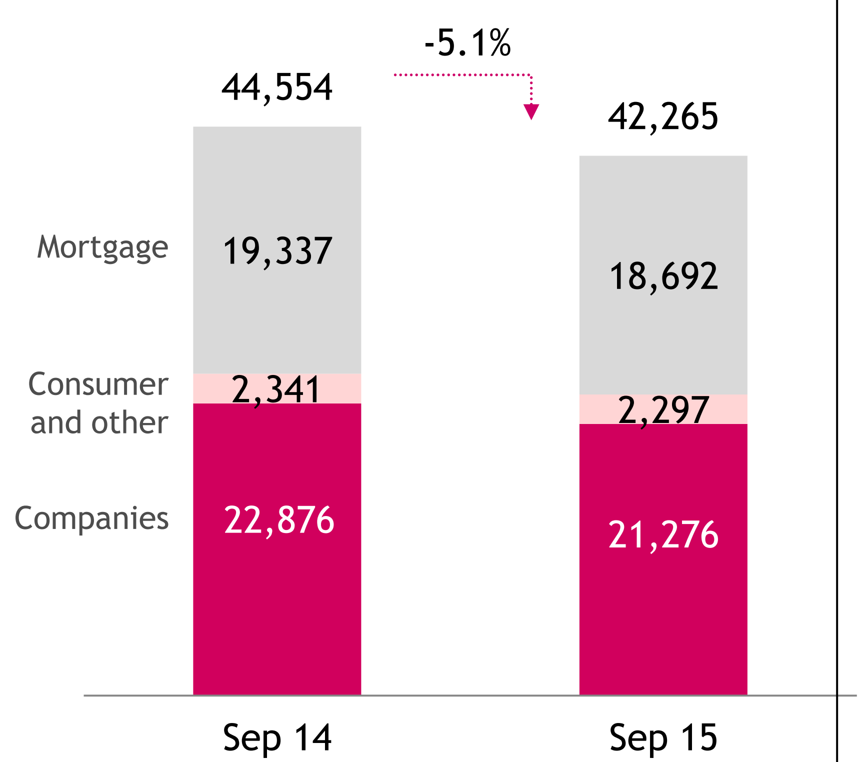
# Portugal: deleveraging effort improves liquidity position

(*Million euros*)

## Customer funds




## Loans to customers (gross)

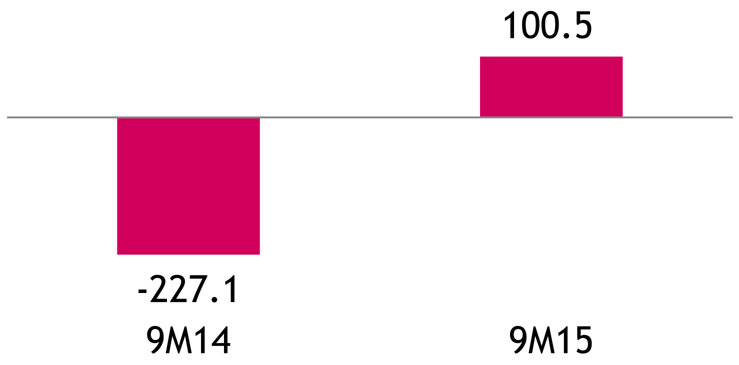



On a comparable basis: excludes Millennium bcp Gestão de Activos (following the process of discontinuation).

# Net income improves as banking income increases and operating costs decrease

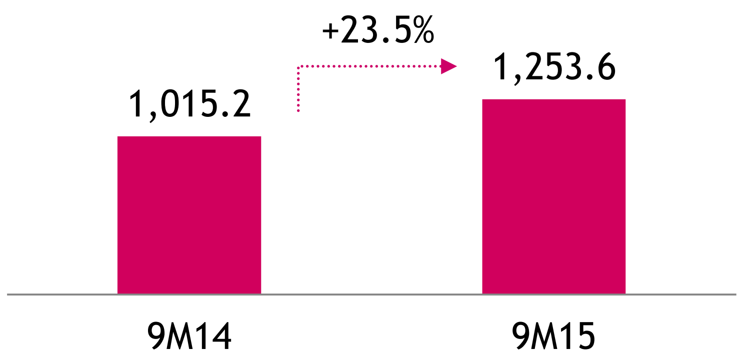
(*Million euros*)

## Net income*

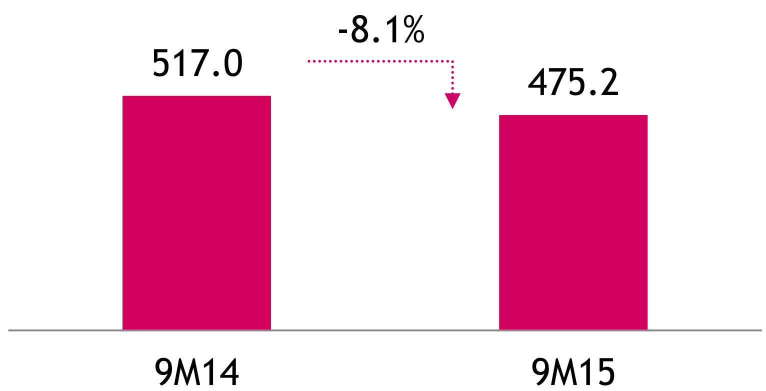



- Improved net income* resulting from an increased banking income (+23.5%) and a 8.1% reduction in operating costs
- The increase in banking income* reflects higher core income and trading income
- Lower operating costs resulting from the implementation of the restructuring programme started at the end of 2012

## Banking income*

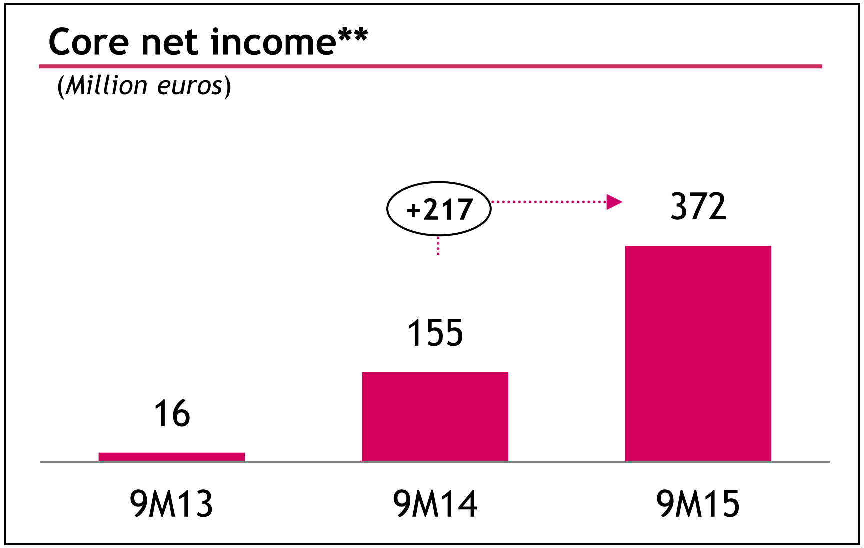


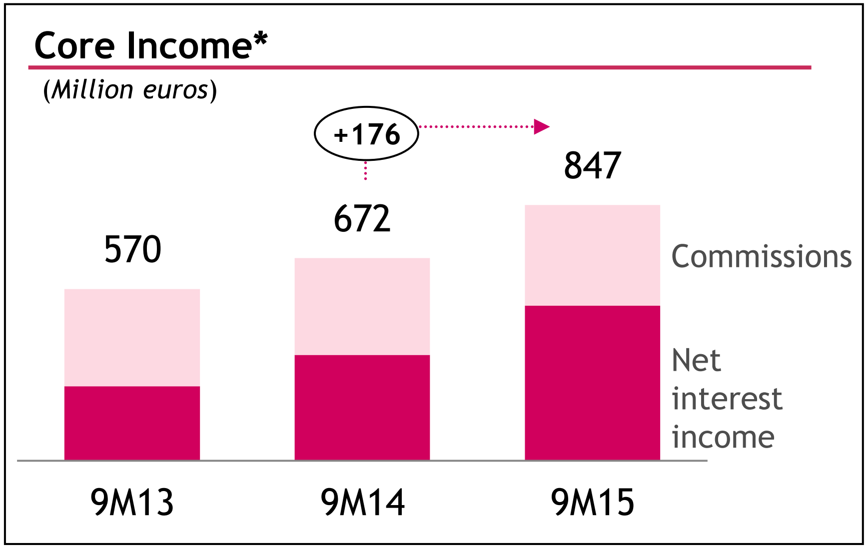

## Operating costs

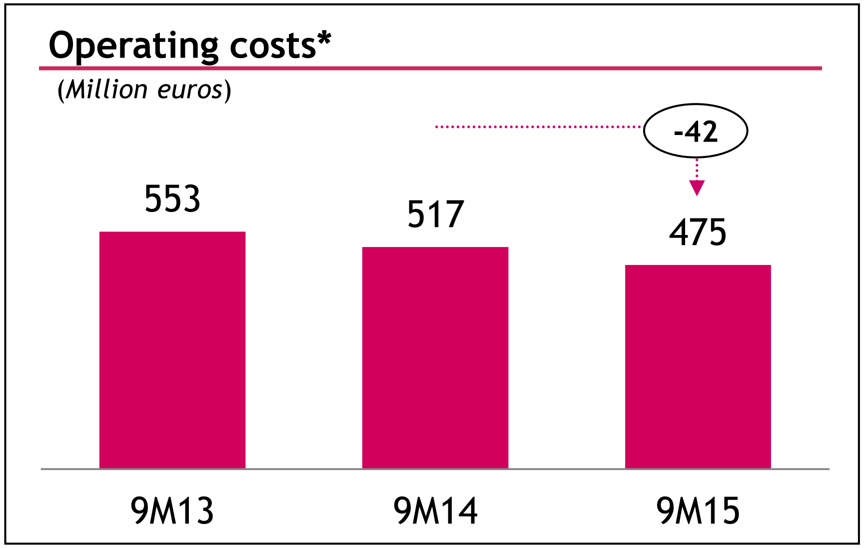



* Following the first application of IFRIC 21 in June 2015, whose impact at Group level are related to the recognition of the contributions of the banking sector to the Deposit Guarantee Fund and the resolution fund, it was also necessary to restate the consolidated financial statements as at September 30, 2014.

# Improvement trend on core income and operating costs in Portugal proceed



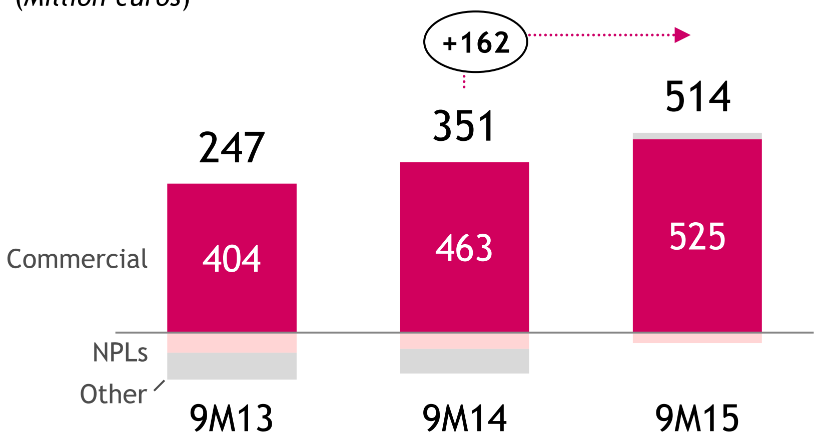

- Core income increases to €847 million in the first 9 months of 2015
- Operating costs down to €475 million in the same period
- Continuation of the core net income** expansion trend begun 2 years ago: €372 million from January to September 2015

* Excludes non recurring specific items.
** Core net income = net interest income + net fees and commission income - operating costs. Excludes non recurring specific items.

# Increase on net interest income in Portugal reflects lower cost of deposits, in spite of the impact of lower loan volumes

## Net interest income

*(Million euros)*



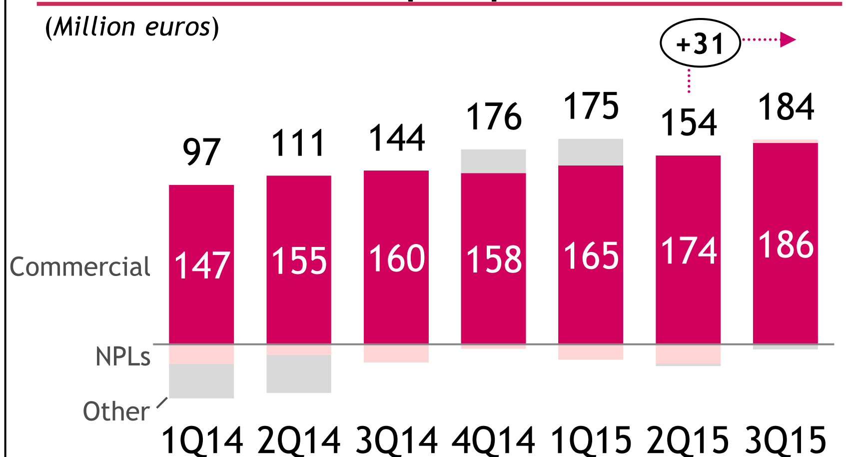

## Breakdown of net interest income growth

*(Million euros)*

| | 3Q15 vs. 2Q15 | 9M15 vs. 9M14 |
|---|---|---|
| Effect of cost of time deposits | +14.5 | +130.9 |
| Performing loans volume effect | -5.8 | -70.7 |
| NPL effect (non recurring) | +20.8 | +15.2 |
| CoCos effect | -- | +114.0 |
| Other | +1.1 | -27.0 |
| **Total** | **+30.6** | **+162.4** |

## Net interest income per quarter

*(Million euros)*

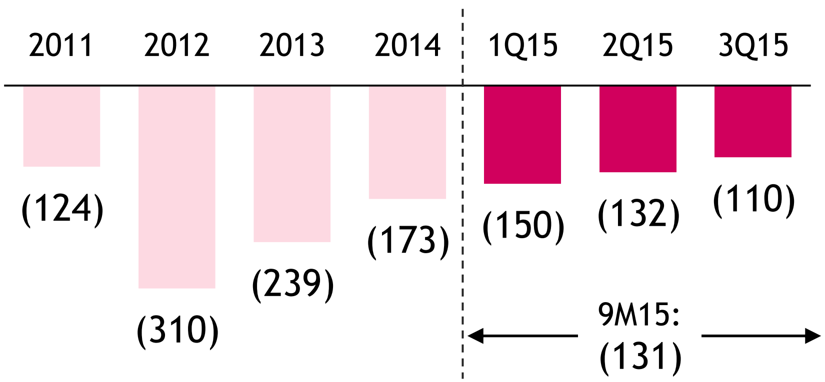



- Net interest income increased versus 2Q2015, driven by:
  - Consistent reduction of the cost of time deposits
  - Non-recurring interest recovery from NPLs
  - These effects were partially offset by the continued reduction in loan volumes
- Year-on-year increase of net interest income from commercial business, as the impact of the continued decline of the cost of term deposits, the reduction of NPL and the early repayment of CoCos more than compensated for the unfavourable impact of lower loan volumes

# Continued effort to reduce the cost of deposits

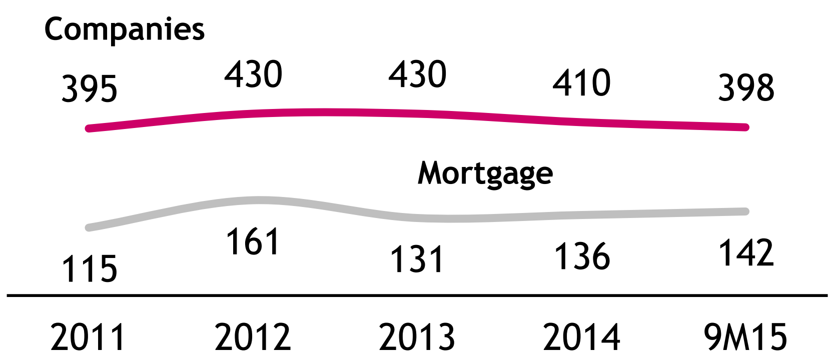
## Spread on term deposits portfolio

*(vs. Euribor 3m, basis points)*



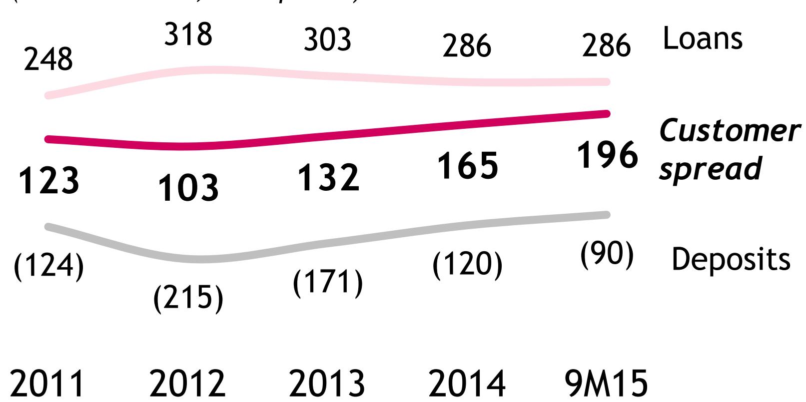

## Loan book spread

*(vs. Euribor 3m, basis points)*




## Customer spread

*(vs. Euribor 3m, basis points)*




- Continued reduction of the cost of the portfolio of term deposits, down to 131bp in the first 9 months of 2015 from 173pb in 2014; September's front book priced at an average spread of -55pb, substantially below the cost recorded in the past
- The slight decrease in the average spread on loans to companies was compensated by an equivalent improvement in mortgage loans, resulting in a flat spread on the total loan book
- The combination of a stable spread on loans with a steep improvement on deposits has resulted in a significant increase to the Customer spread, which stood at 196 basis points in the first 9 months of 2015 (165 bp in 2014)

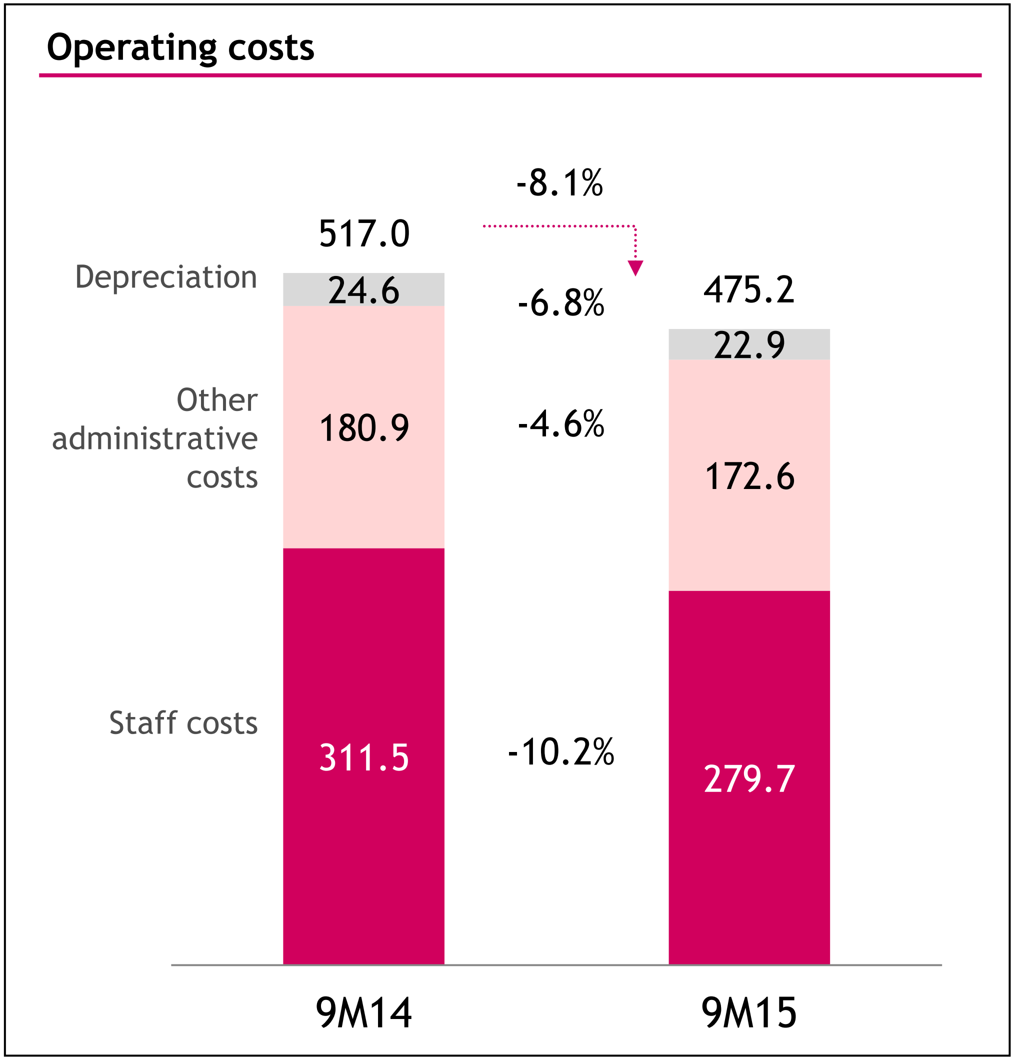
# Increased commissions, benefiting from early repayment of State-guarantees

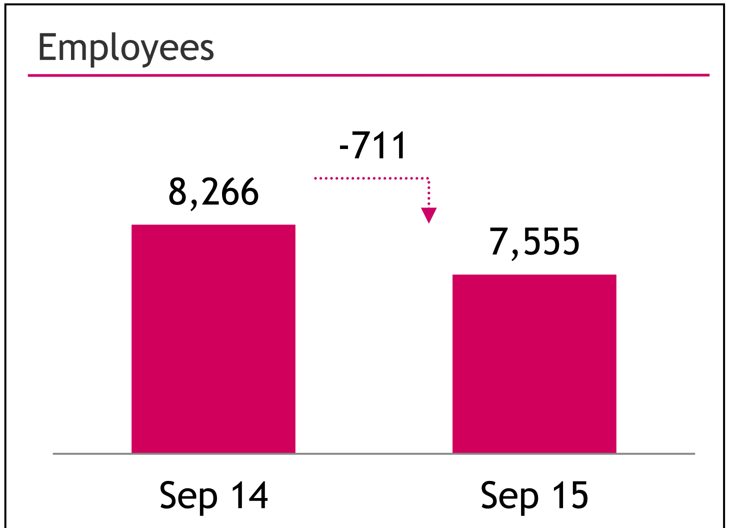
(*Million euros*)

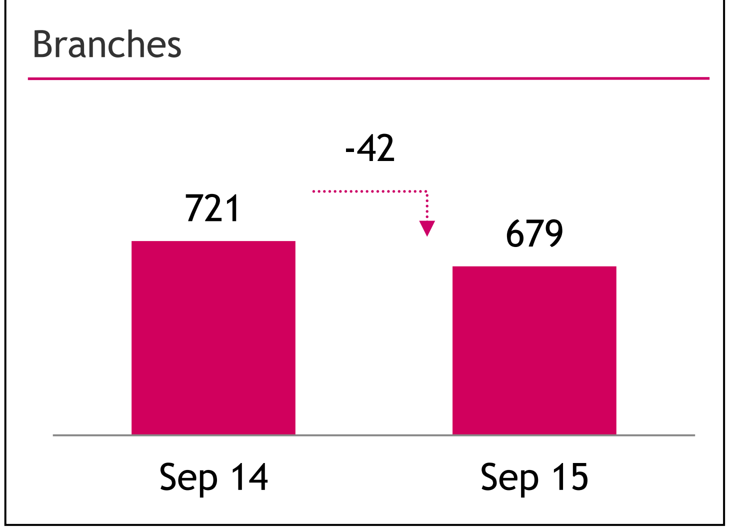
| | 9M14 | 9M15 | YoY |
|---|---|---|---|
| **Banking fees and commissions** | **269.8** | **293.1** | **+8.6%** |
| Cards and transfers | 76.8 | 73.9 | -3.9% |
| Loans and guarantees | 88.8 | 90.7 | +2.1% |
| Bancassurance | 54.7 | 56.5 | +3.3% |
| Current account related | 57.5 | 62.2 | +8.1% |
| State guarantee | -22.7 | 0.0 | -- |
| Other fees and commissions | 14.7 | 9.9 | -32.7% |
| **Market related fees and commissions** | **50.6** | **40.6** | **-19.8%** |
| Securities operations | 45.2 | 35.6 | -21.1% |
| Asset management | 5.5 | 5.0 | -8.8% |
| **Total fees and commissions** | **320.5** | **333.7** | **+4.1%** |

# The implementation of the plan proceeded, on target with strategic goals

*(Million euros)*



# Reinforced coverage of delinquent loans

*(Million euros)*

## Credit quality

| Credit ratio | Sep 14 | Sep 15 |
|---|---|---|
| Non-performing loans | 14.1% | 14.0% |
| Credit at risk | 14.2% | 14.1% |

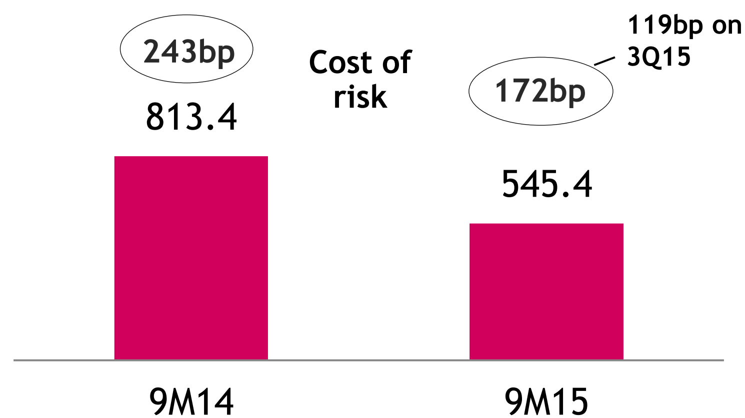

## Loans impairments provisions (balance sheet)

| Coverage ratio | Sep 14 | Sep 15 |
|---|---|---|
| Non-performing loans | 48.2% | 52.2% |
| Credit at risk | 47.9% | 51.8% |


## NPL buildup

| | Sep 15 vs. Sep 14 | Sep 15 vs. Jun 15 |
|---|---|---|
| Inicial stock | 6,286 | 6,361 |
| +/- Net entries | +251.6 | -222.2 |
| - Write-offs | -551.3 | -215.7 |
| - Sales | -70.1 | -6.4 |
| **Final stock** | **5,917** | **5,917** |

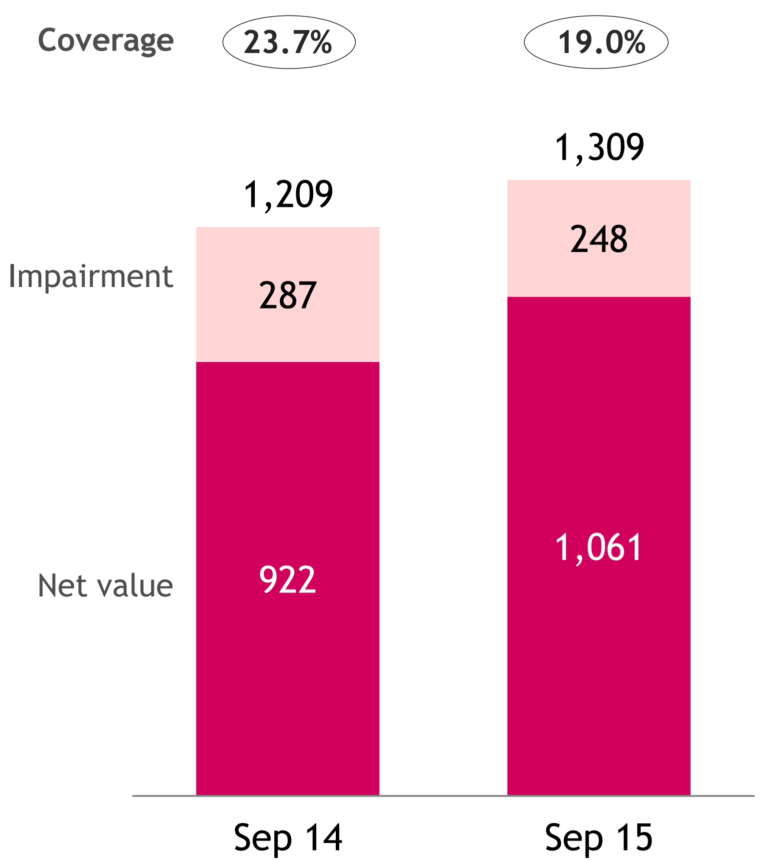
## Loan impairment (net of recoveries)



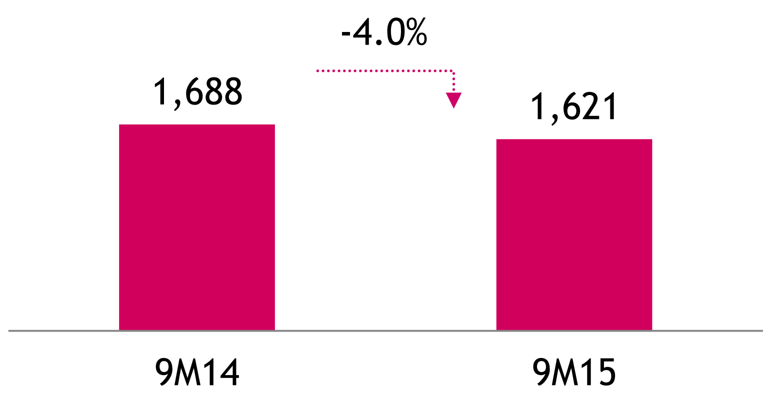
# Foreclosed assets sold above book value, confirming appropriate coverage

## Foreclosed assets

*(Million euros)*

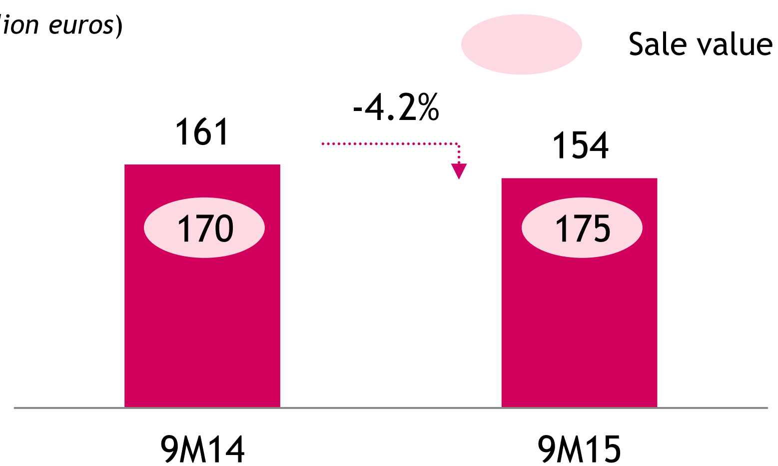



## Number of properties sold




## Book value of sold properties

*(Million euros)*



# Agenda

- Highlights
- Group
  - Profitability
  - Liquidity
  - Capital
- Portugal
- International Operations
- Conclusions

# Significant net income growth in international operations

*(Million euros)*

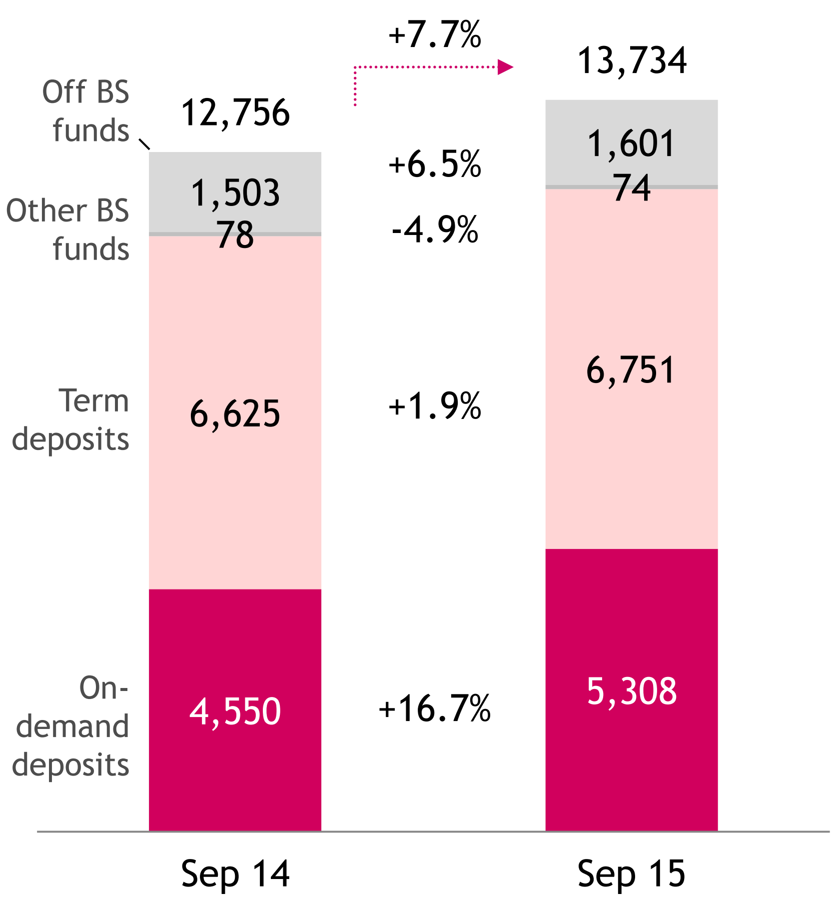
| | 9M14 | 9M15 | Δ % local currency | Δ % euros | ROE |
|---|---|---|---|---|---|
| **International operations*** | | | | | |
| Poland | 118.7 | 118.8 | +0.0% | +0.8% | 11.1% |
| Mozambique | 66.2 | 67.6 | +2.0% | +4.6% | 20.2% |
| Angola | 38.6 | 57.4 | +48.7% | +54.2% | 23.0% |
| **Net income** | **223.6** | **243.8** | +9.0% | +11.0% | |
| Other and non-controlling interests | -71.9 | -94.5 | | | |
| **Total contribution int. operations** | **151.7** | **149.3** | | -1.6% | |
| **On a comparable basis**** | **139.3** | **149.3** | | +7.2% | |

Note: subsidiaries' net income presented for the first 9 months of 2014 at the same exchange rate as for the first nine months of 2015 for comparison purposes. | * Excludes Banca Millennium (Romania). | ** Assuming 9M14 shareholding in Bank Millennium to be the same as 9M15 (65.5% in 1Q, 50.1% in 2Q and 3Q).

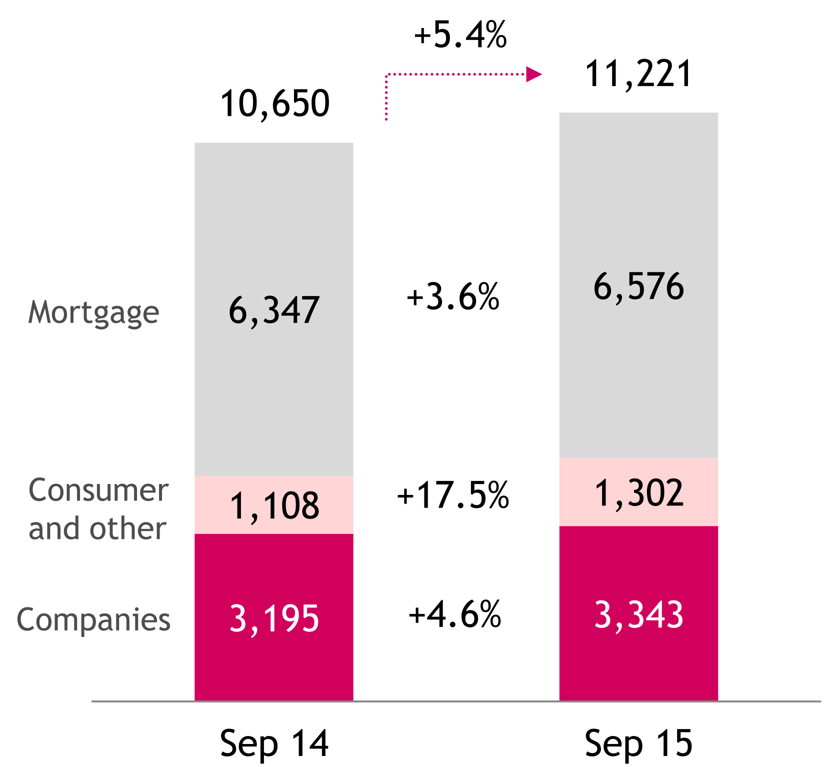
# Poland: growing Customer funds and loans to Customers

(*Million euros*)

## Customer funds




## Loans to Customers (gross)

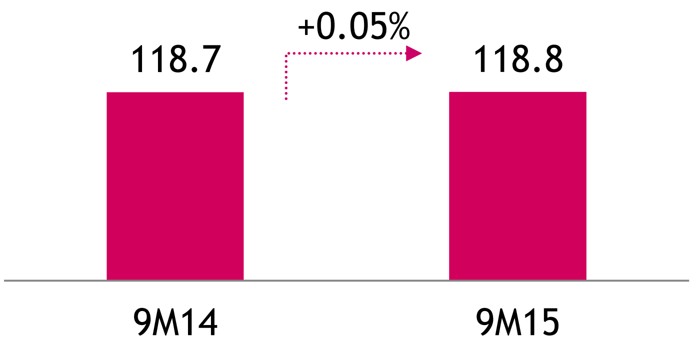



FX effect excluded. €/Zloty constant in September 2015: Income Statement 4.15441667; Balance Sheet 4.2448.

# Stable net income, despite difficult environment

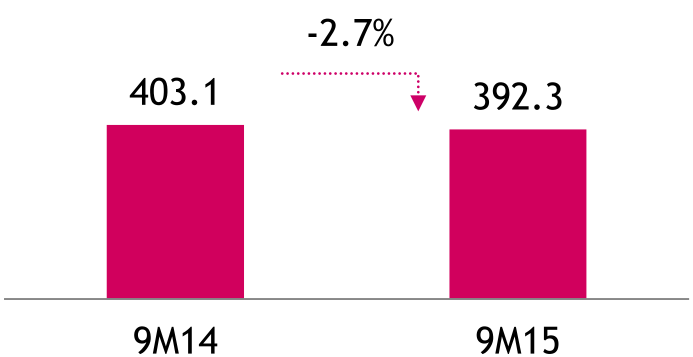
*(Million euros)*

## Net income

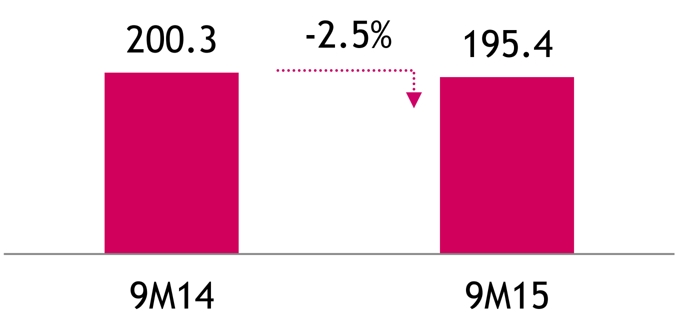



- Net income in line with the same period of 2014, with a 11.1% ROE
- Difficult environment as long as exchange and interest rates are concerned, as well as regulatory developments led to a 2.7% reduction of banking income
- This reduction was offset by lower operating costs (-2.5%) and by a reduction of the cost of risk

## Banking income




## Operating costs

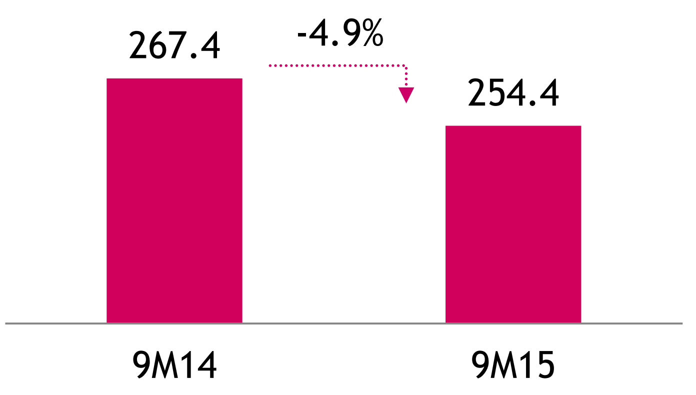



FX effect excluded. €/Zloty constant in September 2015: Income Statement 4.15441667; Balance Sheet 4.2448.

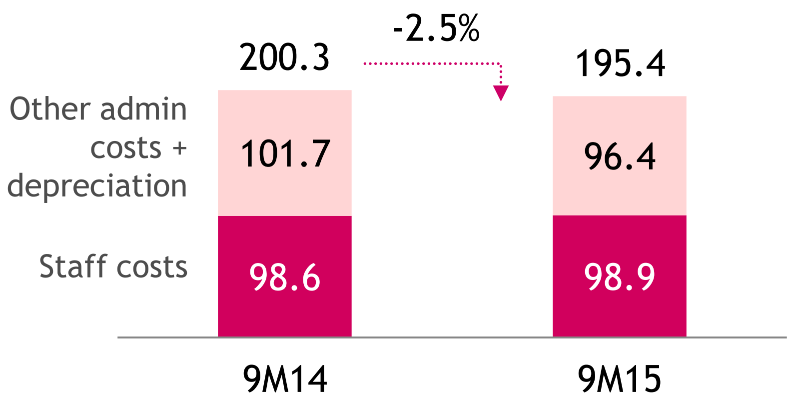
# Reduction of income, resulting from a challenging environment, compensated by lower costs

*(Million euros)*

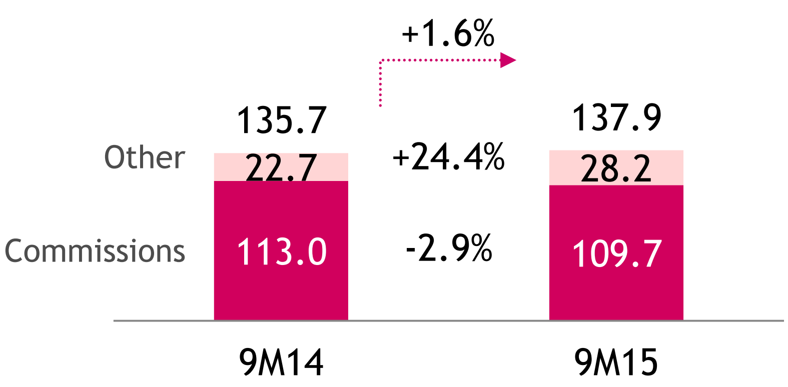
## Net interest income*



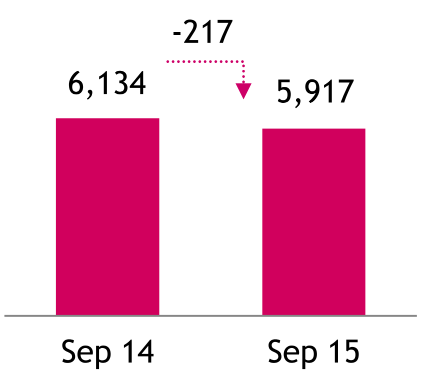

## Operating costs



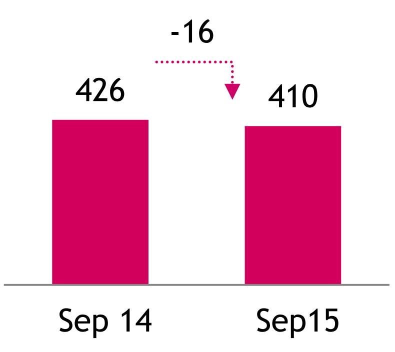

## Commissions and other income




## Employees




## Branches




* Pro forma data. Margin from derivative products, including those from hedging FX denominated loan portfolio, is included in net interest income, whereas in accounting terms, part of this margin (1.3M€ in 9M14 and 9.9M€ in 9M15) is presented in net trading income.

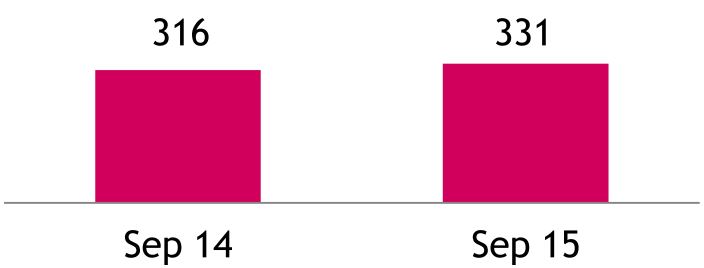
FX effect excluded. €/Zloty constant in September 2015: Income Statement 4.15441667; Balance Sheet 4.2448.

# Stable credit quality, with high levels of coverage

*(Million euros)*

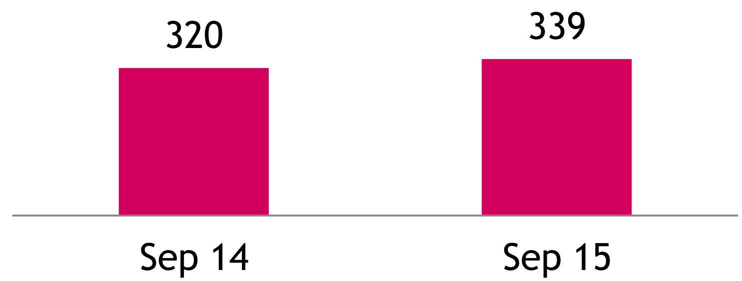
## Credit quality

| Credit ratio | Sep 14 | Sep 15 |
|---|---|---|
| Non-performing loans | 3.0% | 2.9% |

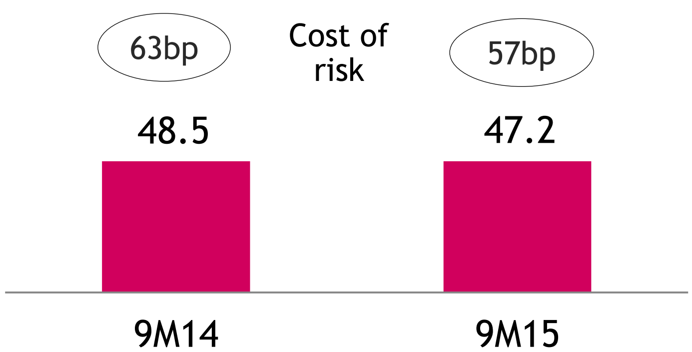



## Loan impairment (balance sheet)

| Coverage ratio | Sep 14 | Sep 15 |
|---|---|---|
| Non-performing loans | 101% | 103% |




## Loan impairment (net of recoveries)



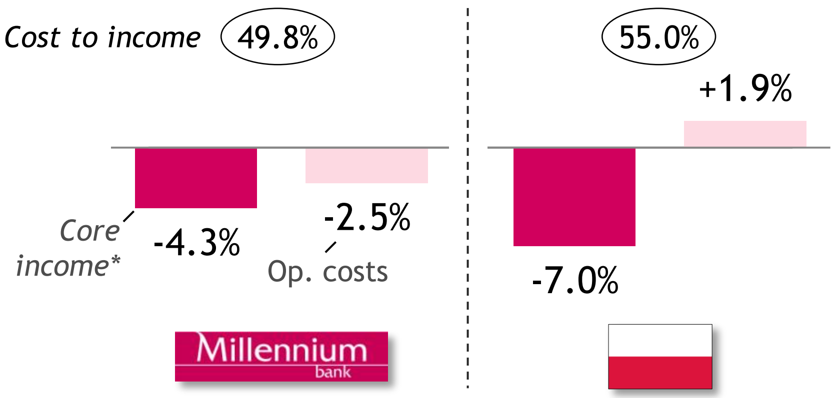

- NPL ratio improved to 2.9% of total credit at September 30, 2015 from 3.0% on the same date of the previous year
- Provision coverage of NPLs increased to 103% from 101% at the end of the 3rd quarter of 2014
- Lower provisioning effort, as reflected on cost of risk decreasing to 57bp from 63bp in the first 9 months of 2014

FX effect excluded. €/Zloty constant in September 2015: Income Statement 4.15441667; Balance Sheet 4.2448.

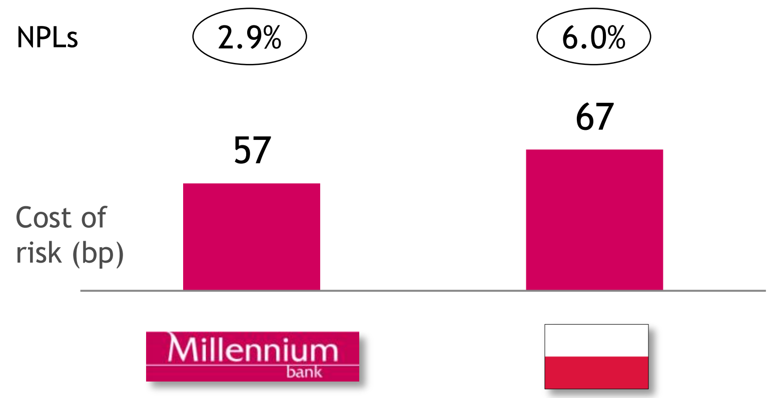
# Poland: resilient business model

## Operating efficiency

*(Annual growth rates)*




## Asset quality




## Net earnings and capital

| | Millennium bank | |
|---|---|---|
| Net earnings (annual growth rate) | +0.05% | -11.7% |
| ROE | 11.1% | 9.3% |
| Common Equity Tier 1 ratio | 15.5% | 14.0% |

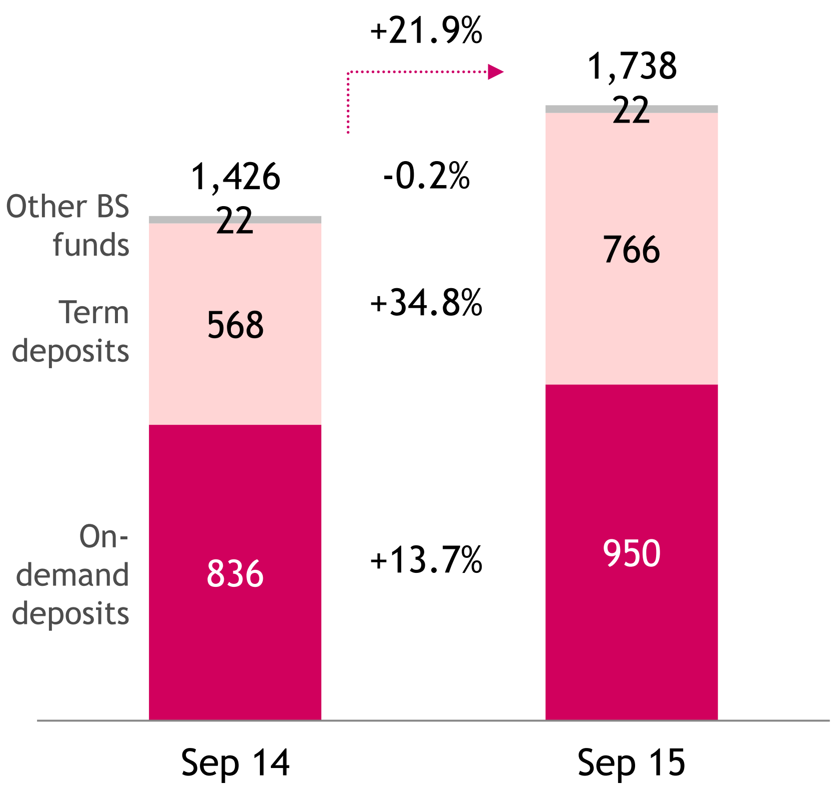
- Core income* decreased by 4.3% from the first 9 months of 2014, affected by the steep decrease of key interest rates, impacting net interest income, and by the regulatory limit to interchange fees (commissions on cards). This decrease was lower than -7.0% for the Polish banking system;
- In spite of the contribution to the banking guarantee fund increasing by 70%, operating costs were down by 2.5% (+1.9% for the banking system); Bank Millennium's cost to income ratio (49.8%) compares favourably to banking system's 55.0%;
- NPLs stood at 2.9% of total loans, less than half of banking system's 6.0%, whereas cost of risk stood at 57bp (67bp for the banking system), notwithstanding the CHF appreciation;
- Bank Millennium's net earnings in the first 9 months of 2015 were in line with the same period of 2014, with ROE at 11.1%, whereas the Polish banking system witnessed lower earnings (down by 11.7%) with a 9.3% ROE;
- Millennium bank's capital figures were also stronger than Poland's banking system (CET1 ratio at 15.5% vs 14.0%).

Figures for the Polish banking system as of August 31, 2015, except NPLs at June 30 (latest data available). Sources: Polish Financial Supervision Authority and National Bank of Poland.
* Core income = net interest income + net fees and commission income.

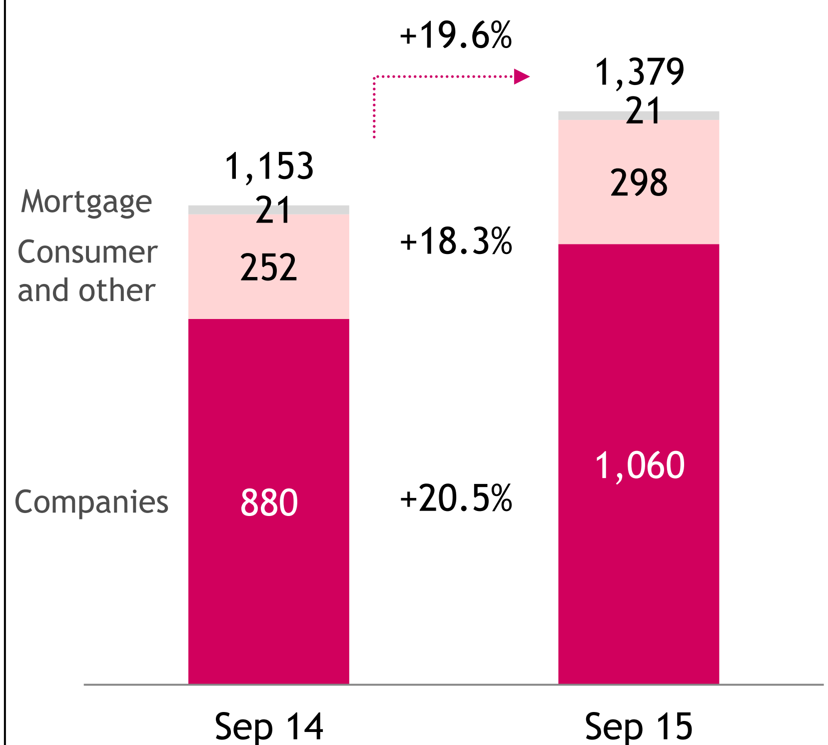
# Mozambique: strong volume growth

*(Million euros)*

## Customer funds




## Loans to customers (gross)

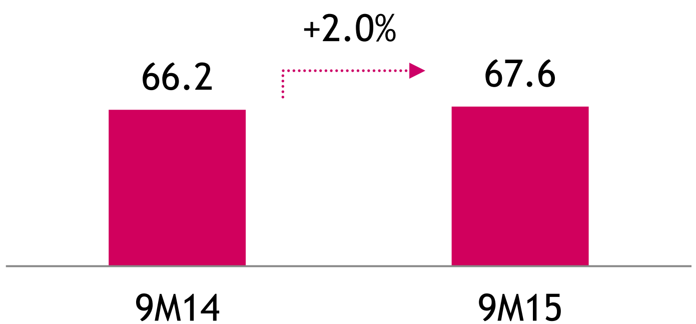



FX effect excluded. €/Metical constant as at September 2015: Income Statement 41.19027778; Balance Sheet 47.5150.

# Net income boosted by increased banking income

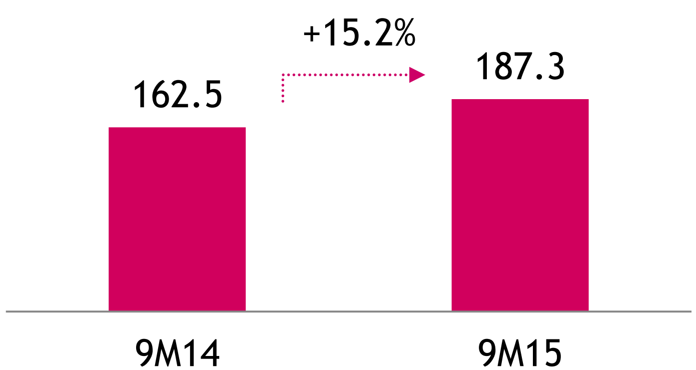
*(Million euros)*

## Net income

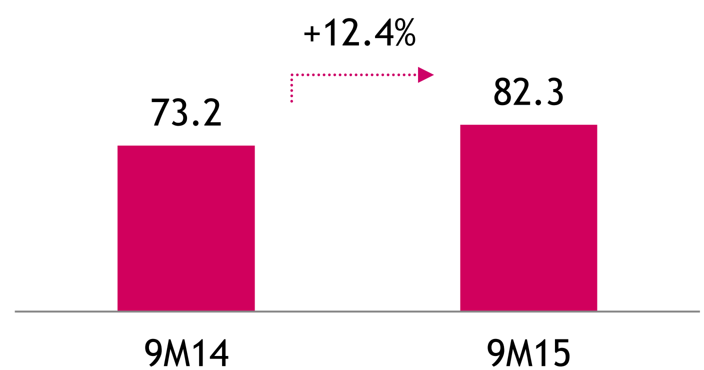



- Net income up by 2.0%, with ROE at 20.2%
- Increase of 15.2% in banking income: due to higher net interest income, commissions and results from foreign exchange operations
- Operating costs up by 12.4% (+8 branches compared to Sep 14)

## Banking income




## Operating costs

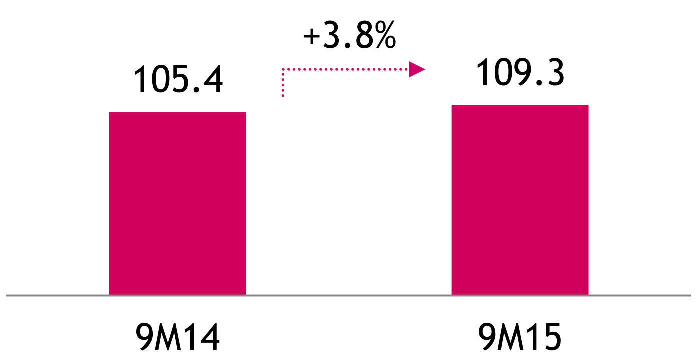



FX effect excluded. €/Metical constant as at September 2015: Income Statement 41.19027778; Balance Sheet 47.5150.

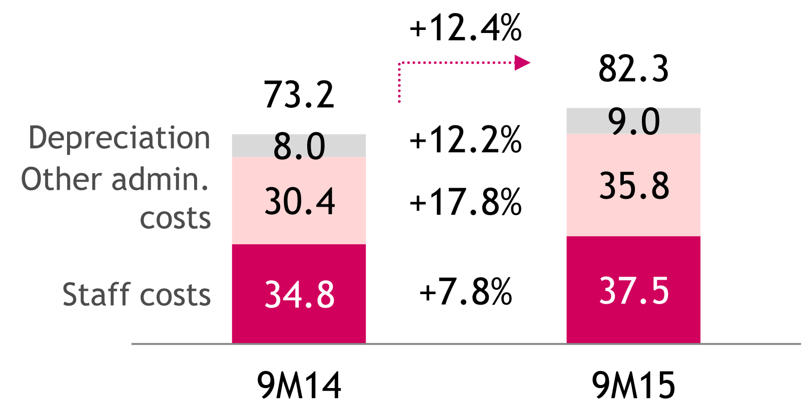
# Growth in core income and operating costs driven by network expansion

(*Million euros*)

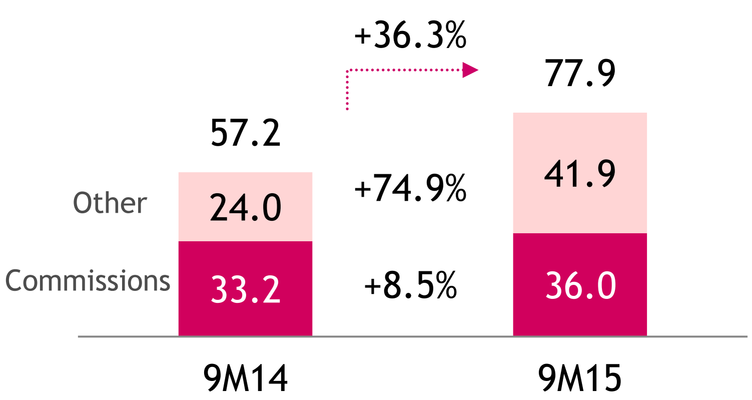
## Net interest income



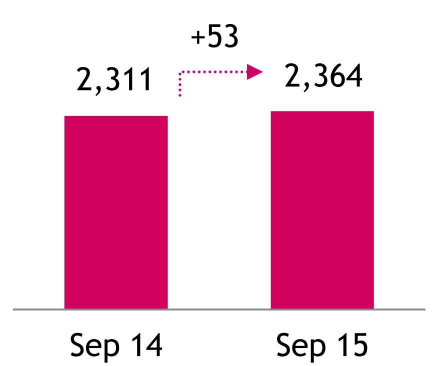

## Operating costs



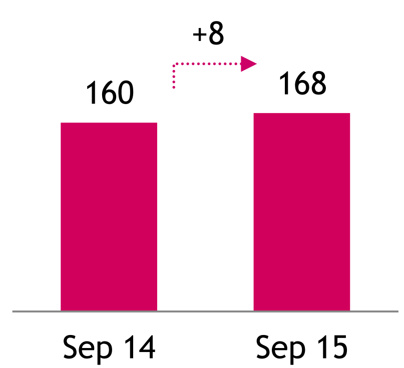

## Commissions and other income




## Employees *




## Branches




* Excludes employees from SIM (insurance company)

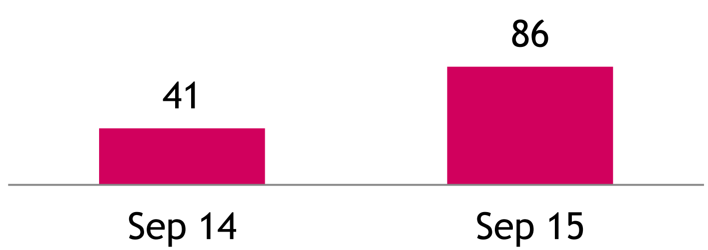
FX effect excluded. €/Metical constant as at September 2015: Income Statement 41.19027778; Balance Sheet 47.5150.

# Credit quality and coverage

*(Million euros)*

## Credit quality

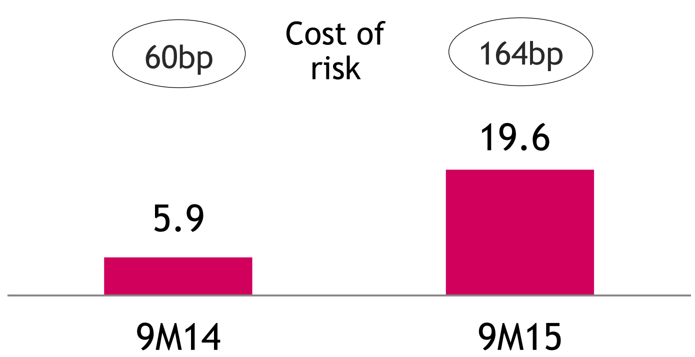
| Credit ratio | Sep 14 | Sep 15 |
|---|---|---|
| Non-performing loans | 3.6% | 6.2% |




## Loan impairment (balance sheet)

| Coverage ratio | Sep 14 | Sep 15 |
|---|---|---|
| Non-performing loans | 148% | 95% |


## Loan impairment (net of recoveries)



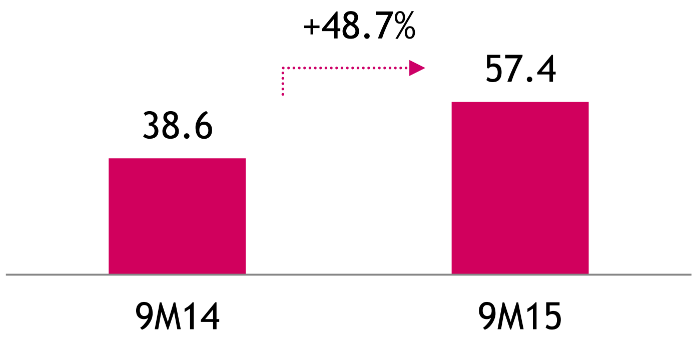

- Key indicators continued to show comfortable figures in spite of credit quality having deteriorated: NPL ratio at 6.2% with a 95% coverage at the end of September 2015 (3.6% and 148%, respectivelly, at September 30, 2014)
- Increased provisioning effort, as reflected by a 164bp cost of risk, up from 60bp in the first 9 months of 2014

FX effect excluded. €/Metical constant as at September 2015: Income Statement 41.19027778; Balance Sheet 47.5150.

# Angola: strong performance despite lower commodity prices

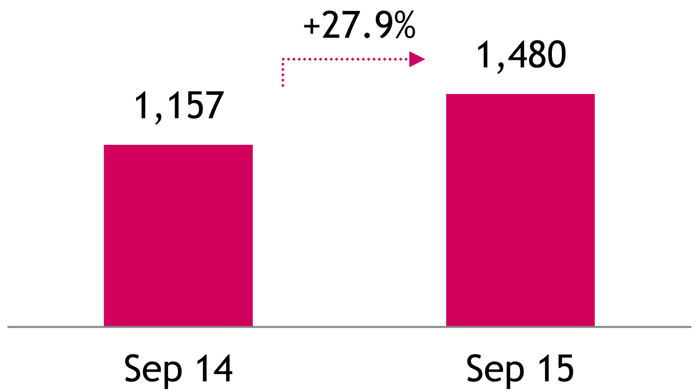
*(Million euros)*

## Net income

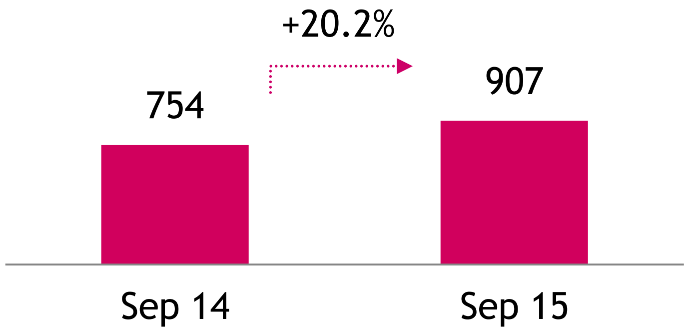



- Net income increases 48.7%, with ROE at 23.0%
- Banking income up by 36.7%, boosted by a higher net interest income (business expansion) and trading gains
- Operating costs up by 16.2% as a result of network expansion (+2 branches from September 2014)
- Increased business volumes, with Customers funds up by 27.9% e loans up by 20.2%. Comfortable liquidity position (loans to deposits at 58%)
- Capital ratio at 13.1% at end-September 2015

## Customer funds




## Loans to Customers (gross)




FX effect excluded. €/Kwanza constant as at September 2015: Income Statement 127.46222222; Balance Sheet 151.5700.

# Millennium Angola + ATLANTICO: merger creates the 2nd largest private sector bank in Angola...

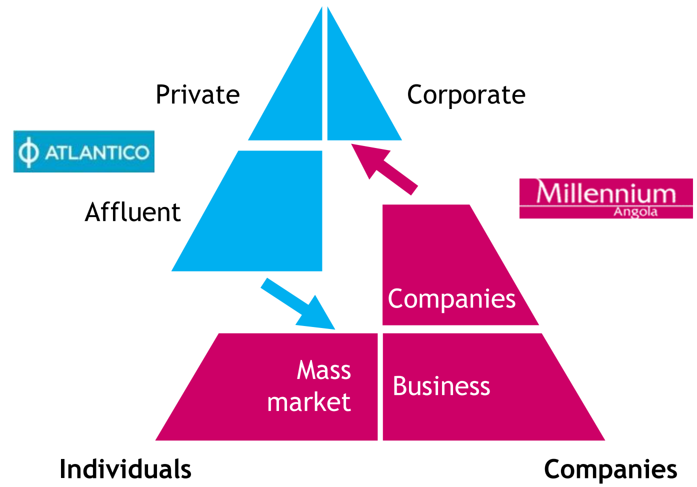
## Main indicators

*(June 2015, million euros, local GAAP)*

| | Millennium Angola | ATLANTICO |
|---|---|---|
| Total assets | 2,083.1 | 3,305.2 |
| Equity | 295.3 | 365.3 |
| Customer funds | 1,497.1 | 2,598.0 |
| Loans to Customers, net | 858.0 | 1,580.5 |
| Branches | 89 | 60 |
| Headcount | 1,191 | 841 |

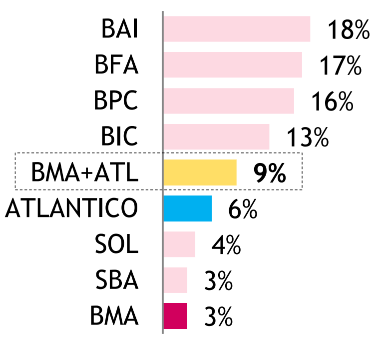
## Complementary business models

*(Strategic focus: segments)*

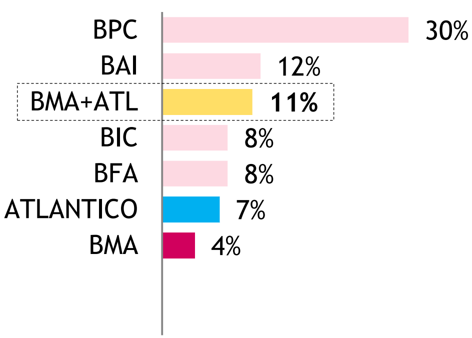



## Market share

**Customer deposits**




**Loans to Customers**




- Merger creates the 2nd largest private sector bank in terms of loans to the economy, with a market share of 10% by business volume;
- Millennium Angola and ATLANTICO have complementary capacities: while Millennium Angola's main source of business is mass market, small businesses and companies, ATLANTICO is focused on large Customers in the private, upper-affluent and corporate segments.

# ... making it possible to maintain the contribution from activities in the country at levels in line with Millennium bcp's ambitions

| | |
|---|---|
| **Merger makes it possible to maintain contribution in line with ambitions** | • Merger strengthens capacity to grow in Angola, creating conditions for growth in adverse environment and simultaneously adapting the bank to the implications of recent changes in supervisory equivalence;<br>• Joining the complementary capacities of BMA and ATLANTICO maximizes the ability to create value in Angola, making it possible to maintain the contribution from activities in the country at levels in line with Millennium bcp's ambitions, and allowing returns on invested capital around 20%, compensating for the slowing-down of the Angolan economy compared to initial plans;<br>• Average synergies at €20 million per annum for 2016-2020. |
| **Transaction details** | • The valuation of the stakes of the two merged banks will be calculated based on their respective book values, subject to due diligence by an independent auditor. Millennium bcp is expected to hold a ≈20% in the new entity (adjustment to Millennium bcp's stake valued at 1.6x book value);<br>• Dividend distribution policy at 50% to 70% of net income;<br>• Board with 15 members, of which 5 to be named by Millennium bcp, which is to hold responsibility for the Risk Office and for Credit; Executive Committee with 7 members, 2 of which to be named by Millennium bcp. Millennium bcp will also name one of the Vice-Chairmen of the Board, who will preside over the Audit Committee, as well as one of the Vice-Chairmen of the Executive Committee.<br>• Transaction subject to regulatory and supervisory approval, expected to complete in 1Q2016. |
| **Capital impacts** | • Positive impact, estimated at 0.4 percentage points, on Milllenium bcp's common equity tier I capital ratio on a phased-in basis (negligible positive impact on fully loaded ratio). |

# Agenda

- Highlights
- Group
  - Profitability
  - Liquidity
  - Capital
- Portugal
- International Operations
- Conclusions

# Progress on 2012 strategic plan metrics

| Phases | Priorities |
|---|---|
| **Demanding economic environment** 2012-2013 | Stronger balance sheet |
| **Creating growth and profitability conditions** 2014-2015 | Recovery of profitability in Portugal |
| | Continued development of business in Poland, Mozambique and Angola |
| **Sustained growth** 2016-2017 | Sustained net income growth, greater balance between domestic and international operations |

| | Actual | | | Strategic plan | |
|---|---|---|---|---|---|
| | 9M14 | 9M15 | | 2015 | |
| **CET1*** *(phased-in)* | 12.8% | 13.2% | ... | >10% | ✓ |
| *(fully implemented)*** | 9.2% | 10.0% | | | |
| **LtD***** | 103% | 99% | ... | <110% | ✓ |
| **C/I** | 52% | 41% | ... | ≈50% | ✓ |
| **Oper. costs****** | €689M | €634M | ... | ≈€660M | ✓ |
| **Cost of risk** (bp) | 201 | 149 | ... | ≈100 | ✗ |
| **ROE** | -4% | 8% | ... | ≈7% | ✓ |

* Includes earnings for the first 9 months of the year and the impact of the minimum capital requirements that ECB intends to establish in 2016. Phased-in ratio at 13.1% excluding these impacts. | ** Revocation of Bank of Portugal's Notice 3/95, currently under discussion, would lead to deferred tax assets no longer being calculated based on it for capital purposes. | *** LtD ratio (Loans to deposits) calculated based on net loans and balance sheet customer funds. | **** Annualised.

# Appendix

# Sovereign debt portfolio

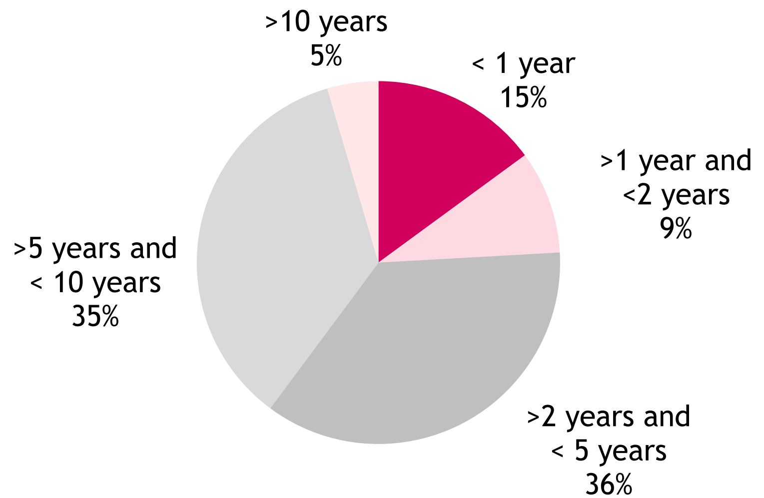
## Sovereign debt portfolio

*(Million euros)*

| | Sep 14 | Jun 15 | Sep 15 | YoY | Δ % quarterly |
|---|---|---|---|---|---|
| Portugal | 5,133 | 4,505 | 5,049 | **-2%** | **+12%** |
| T-bills | 1,055 | 156 | 199 | -81% | +27% |
| Bonds | 4,078 | 4,349 | 4,850 | +19% | +12% |
| Poland | 1,568 | 2,422 | 1,722 | **+10%** | **-29%** |
| Mozambique | 470 | 592 | 499 | **+6%** | **-16%** |
| Angola | 412 | 536 | 468 | **+14%** | **-13%** |
| Other | 192 | 999 | 92 | **-52%** | **-91%** |
| **Total** | **7,776** | **9,054** | **7,830** | **+1%** | **-14%** |

## Total sovereign debt maturity

*(As at September 2015)*




- Total sovereign debt at €7.8 billion, of which €1.2 billion maturing up to one year
- Portuguese sovereign debt decreased, whereas exposure to Polish, Mozambican and Angolan have increased from September 2014

# Sovereign debt portfolio

(*Million euros, as at September 2015*)

| | Portugal | Poland | Mozambique | Angola | Other | Total |
|---|---|---|---|---|---|---|
| Trading book | **183** | **160** | **0** | **0** | **38** | **381** |
| ≤ 1 year | 4 | 80 | | | | 84 |
| > 1 year and ≤ 2 years | | 68 | | | 38 | 106 |
| > 2 year and ≤ 5 years | 174 | 8 | | | | 183 |
| > 5 year and ≤ 10 years | 3 | 4 | | | | 7 |
| > 10 years | 1 | | | | | 1 |
| Banking book* | **4,866** | **1,563** | **499** | **468** | **54** | **7,449** |
| ≤ 1 year | 202 | 478 | 327 | 78 | | 1,085 |
| > 1 year and ≤ 2 years | 2 | 288 | 158 | 165 | | 613 |
| > 2 year and ≤ 5 years | 1,569 | 794 | 13 | 213 | 51 | 2,640 |
| > 5 year and ≤ 10 years | 2,738 | 3 | | 12 | 3 | 2,756 |
| > 10 years | 355 | | | | | 356 |
| Total | **5,049** | **1,722** | **499** | **468** | **92** | **7,830** |
| ≤ 1 year | 206 | 558 | 327 | 78 | | 1,169 |
| > 1 year and ≤ 2 years | 2 | 355 | 158 | 165 | 38 | 719 |
| > 2 year and ≤ 5 years | 1,744 | 802 | 13 | 213 | 51 | 2,823 |
| > 5 year and ≤ 10 years | 2,741 | 7 | | 12 | 3 | 2,763 |
| > 10 years | 356 | | | | | 356 |

* Includes AFS portfolio (€7,399 million) and HTM portfolio (€50 million in Italian sovereign debt).

# Financial Statements

# Consolidated Balance Sheet*

*(Million euros)*

| | 30 September 2015 | 30 September 2014 |
|---|---|---|
| **Assets** | | |
| Cash and deposits at central banks | 1,514.5 | 1,757.2 |
| Loans and advances to credit institutions | | |
| Repayable on demand | 984.0 | 722.8 |
| Other loans and advances | 976.1 | 912.0 |
| Loans and advances to customers | 52,478.2 | 54,808.4 |
| Financial assets held for trading | 1,481.1 | 1,663.2 |
| Financial assets available for sale | 11,556.6 | 9,573.6 |
| Assets with repurchase agreement | 10.5 | 91.4 |
| Hedging derivatives | 85.1 | 72.4 |
| Financial assets held to maturity | 432.9 | 2,724.2 |
| Investments in associated companies | 313.9 | 457.4 |
| Non current assets held for sale | 1,674.5 | 1,590.7 |
| Investment property | 147.6 | 179.3 |
| Property and equipment | 673.5 | 774.9 |
| Goodwill and intangible assets | 206.3 | 248.1 |
| Current tax assets | 39.9 | 38.8 |
| Deferred tax assets | 2,505.4 | 2,410.5 |
| Other assets | 904.9 | 761.6 |
| | 75,985.0 | 78,786.4 |

| | 30 September 2015 | 30 September 2014 |
|---|---|---|
| **Liabilities** | | |
| Amounts owed to credit institutions | 10,288.9 | 10,639.0 |
| Amounts owed to customers | 50,643.8 | 49,956.8 |
| Debt securities | 4,909.7 | 7,769.2 |
| Financial liabilities held for trading | 828.4 | 986.9 |
| Hedging derivatives | 549.0 | 263.6 |
| Provisions for liabilities and charges | 300.8 | 448.5 |
| Subordinated debt | 1,683.8 | 2,064.1 |
| Current income tax liabilities | 7.3 | 9.4 |
| Deferred income tax liabilities | 16.7 | 7.4 |
| Other liabilities | 1,020.1 | 1,068.1 |
| Total Liabilities | 70,248.5 | 73,213.1 |
| **Equity** | | |
| Share capital | 4,094.2 | 3,706.7 |
| Treasury stock | (1.1) | (33.3) |
| Share premium | 16.5 | - |
| Preference shares | 59.9 | 171.2 |
| Other capital instruments | 2.9 | 9.9 |
| Fair value reserves | 9.0 | 159.3 |
| Reserves and retained earnings | 274.1 | 904.5 |
| Net income for the period attrib. to Shareholders | 264.5 | (109.5) |
| Equity attrib. to Shareholders of the Bank | 4,720.0 | 4,808.7 |
| Non-controlling interests | 1,016.5 | 764.7 |
| Total Equity | 5,736.5 | 5,573.4 |
| | 75,985.0 | 78,786.4 |

* Following the first application of IFRIC 21 in June 2015, whose impacts at Group level are related with the recognition of the contributions from the banking sector, for the deposits guarantee fund and for the resolution fund, it was also necessary to restate the consolidated financial statements as at 30 September 2014.

# Consolidated Income Statement*
## Per quarter

*(Million euros)*

| | Quarterly | | | | |
|---|---|---|---|---|---|
| | 3Q 14 | 4Q 14 | 1Q 15 | 2Q 15 | 3Q 15 |
| **Net interest income** | **295.0** | **325.2** | **328.4** | **299.6** | **328.7** |
| Dividends from equity instruments | 0.1 | 0.1 | 2.0 | 3.8 | 0.1 |
| Net fees and commission income | 165.0 | 174.7 | 169.9 | 180.7 | 169.7 |
| Other operating income | -1.7 | -10.1 | -18.0 | -23.9 | -13.7 |
| Net trading income | 182.0 | 85.0 | 200.1 | 308.1 | 45.8 |
| Equity accounted earnings | 5.2 | 7.7 | 6.1 | 14.6 | 4.5 |
| **Banking income** | **645.6** | **582.5** | **688.4** | **782.9** | **535.1** |
| Staff costs | 154.6 | 157.6 | 153.3 | 155.7 | 152.1 |
| Other administrative costs | 109.7 | 117.3 | 106.7 | 106.4 | 102.3 |
| Depreciation | 16.5 | 17.2 | 16.7 | 16.6 | 15.7 |
| **Operating costs** | **280.9** | **292.0** | **276.6** | **278.6** | **270.2** |
| **Operating net income bef. imp.** | **364.8** | **290.5** | **411.8** | **504.3** | **264.9** |
| Loans impairment (net of recoveries) | 502.9 | 232.5 | 205.6 | 269.4 | 153.0 |
| Other impairm. and provisions | 29.0 | 66.3 | 70.1 | 21.7 | 25.5 |
| **Net income before income tax** | **-167.1** | **-8.3** | **136.1** | **213.2** | **86.3** |
| Income tax | -172.1 | 73.9 | 36.3 | 18.1 | 26.4 |
| Non-controlling interests | 29.3 | 28.2 | 30.1 | 38.7 | 36.1 |
| **Net income (before disc. oper.)** | **-24.3** | **-110.4** | **69.6** | **156.3** | **23.8** |
| Net income arising from discont. operations | -0.5 | -6.8 | 0.8 | 14.0 | 0.0 |
| **Net income** | **-24.8** | **-117.1** | **70.4** | **170.3** | **23.8** |

* Following the first application of IFRIC 21 in June 2015, whose impacts at Group level are related with the recognition of the contributions from the banking sector, for the deposits guarantee fund and for the resolution fund, it was also necessary to restate the consolidated financial statements as at 30 September 2014.

# Consolidated Income Statement (Portugal* and International Operations)

For the 9-month periods ended 30th September, 2014 and 2015

*(Million euros)*

| | Group | | | Portugal | | | International operations: Total | | | Bank Millennium (Poland) | | | Millennium bim (Moz.) | | | Millennium Angola | | | Other int. operations | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | sep 14 | sep 15 | Δ % | sep 14 | sep 15 | Δ % | sep 14 | sep 15 | Δ % | sep 14 | sep 15 | Δ % | sep 14 | sep 15 | Δ % | sep 14 | sep 15 | Δ % | sep 14 | sep 15 | Δ % |
| Interest income | 2,013 | 1,745 | -13.3% | 1,301 | 1,034 | -20.5% | 712 | 711 | -0.2% | 469 | 418 | -10.8% | 150 | 172 | 15.0% | 89 | 117 | 30.5% | 5 | 4 | -8.8% |
| Interest expense | 1,222 | 788 | -35.5% | 950 | 520 | -45.2% | 273 | 268 | -1.8% | 205 | 173 | -15.3% | 47 | 63 | 33.9% | 27 | 36 | 36.9% | -6 | -5 | 13.5% |
| **Net interest income** | **791** | **957** | **20.9%** | **351** | **514** | **46.2%** | **440** | **443** | **0.8%** | **264** | **244** | **-7.4%** | **103** | **109** | **6.4%** | **63** | **80** | **27.8%** | **10** | **9** | **-11.4%** |
| Dividends from equity instruments | 6 | 6 | 0.7% | 2 | 3 | 27.9% | 4 | 3 | -16.6% | 0 | 1 | 23.7% | 0 | 0 | -14.1% | 3 | 2 | -22.5% | 0 | 0 | 26.1% |
| **Intermediation margin** | **797** | **963** | **20.8%** | **354** | **517** | **46.1%** | **443** | **446** | **0.6%** | **264** | **245** | **-7.3%** | **103** | **109** | **6.4%** | **66** | **82** | **25.4%** | **10** | **9** | **-11.4%** |
| Net fees and commission income | 506 | 520 | 2.8% | 320 | 334 | 4.1% | 186 | 187 | 0.5% | 112 | 110 | -2.2% | 32 | 36 | 11.2% | 23 | 22 | -1.5% | 19 | 19 | -0.1% |
| Other operating income | 22 | -56 | <-100% | 25 | -54 | <-100% | -3 | -2 | 37.2% | -12 | -11 | 7.8% | 10 | 10 | 6.5% | 0 | -1 | <-100% | 0 | -1 | -9.0% |
| **Basic income** | **1,325** | **1,427** | **7.7%** | **699** | **797** | **14.0%** | **626** | **631** | **0.8%** | **364** | **343** | **-5.7%** | **145** | **156** | **7.5%** | **88** | **104** | **18.0%** | **28** | **27** | **-4.3%** |
| Net trading income | 357 | 554 | 55.1% | 288 | 432 | 49.7% | 69 | 122 | 77.8% | 35 | 40 | 14.7% | 13 | 31 | >100% | 19 | 48 | >100% | 2 | 3 | 96.8% |
| Equity accounted earnings | 28 | 25 | -11.1% | 28 | 25 | -9.9% | 0 | 0 | -- | 0 | 0 | -- | 0 | 0 | -- | 0 | 0 | -- | 0 | 0 | -- |
| **Banking income** | **1,710** | **2,006** | **17.3%** | **1,015** | **1,254** | **23.5%** | **695** | **753** | **8.3%** | **399** | **383** | **-4.0%** | **159** | **187** | **18.1%** | **108** | **152** | **41.7%** | **30** | **30** | **1.5%** |
| Staff costs | 478 | 461 | -3.5% | 312 | 280 | -10.2% | 166 | 181 | 8.9% | 98 | 99 | 1.1% | 34 | 38 | 10.6% | 23 | 31 | 34.2% | 12 | 14 | 19.7% |
| Other administrative costs | 331 | 315 | -4.8% | 181 | 173 | -4.6% | 150 | 143 | -5.0% | 90 | 74 | -17.5% | 30 | 36 | 20.8% | 26 | 28 | 6.6% | 5 | 5 | 8.3% |
| Depreciation | 48 | 49 | 1.3% | 25 | 23 | -6.8% | 24 | 26 | 9.7% | 10 | 9 | -6.2% | 8 | 9 | 15.0% | 6 | 8 | 28.1% | 0 | 0 | -11.4% |
| **Operating costs** | 858 | 825 | -3.8% | 517 | 475 | -8.1% | 341 | 350 | 2.8% | 198 | 182 | -7.7% | 71 | 82 | 15.3% | 55 | 66 | 20.5% | 16 | 19 | 16.2% |
| **Operating net income bef. imp.** | **852** | **1,181** | **38.6%** | **498** | **778** | **56.3%** | **354** | **403** | **13.7%** | **201** | **200** | **-0.4%** | **87** | **105** | **20.5%** | **52** | **86** | **64.1%** | **14** | **11** | **-16.2%** |
| Loans impairment (net of recoveries) | 875 | 628 | -28.2% | 813 | 545 | -32.9% | 61 | 83 | 35.0% | 50 | 49 | -2.3% | 6 | 20 | >100% | 7 | 14 | >100% | -1 | 0 | >100% |
| Other impairm. and provisions | 143 | 117 | -17.9% | 142 | 114 | -19.8% | 1 | 3 | >100% | -2 | 2 | >100% | 2 | 1 | -61.8% | 1 | 0 | -43.3% | 0 | 0 | -75.8% |
| **Net income before income tax** | **-165** | **436** | **>100%** | **-457** | **119** | **>100%** | **292** | **317** | **8.3%** | **153** | **149** | **-2.4%** | **80** | **85** | **6.3%** | **45** | **71** | **58.0%** | **14** | **11** | **-21.8%** |
| Income tax | -172 | 81 | >100% | -231 | 19 | >100% | 59 | 62 | 5.0% | 35 | 31 | -13.1% | 14 | 16 | 13.2% | 8 | 14 | 76.3% | 2 | 1 | -16.3% |
| Non-controlling interests | 82 | 105 | 28.2% | 0 | 0 | <-100% | 81 | 105 | 29.3% | 0 | 0 | -- | 1 | 1 | 22.3% | 0 | 0 | -- | 81 | 104 | 29.4% |
| **Net income (before disc. oper.)** | **-75** | **250** | **>100%** | **-227** | **101** | **>100%** | **152** | **149** | **-1.6%** | **118** | **119** | **0.8%** | **65** | **68** | **4.6%** | **37** | **57** | **54.2%** | **-68** | **-95** | **-39.1%** |
| Net income arising from discont. operatio | -34 | 15 | >100% | | | | | | | | | | | | | | | | | | |
| **Net income** | **-109** | **265** | **>100%** | | | | | | | | | | | | | | | | | | |

**INVESTOR RELATIONS DIVISION**
Rui Coimbra, Head

**EQUITY**
Luís Pedro Monteiro and Paula Dantas Henriques
**+351 21 1131 084**

**DEBT**
Luís Morais and Lina Fernandes
**+351 21 1131 337**

**investors@millenniumbcp.pt**

Banco Comercial Português, S.A., a public company (sociedade aberta) having its registered office at Praça D. João I, 28, Oporto, registered at the Commercial Registry of Oporto, with the single commercial and tax identification number 501 525 882 and the share capital of EUR 4,094,235,361.88.