

STRATEGY



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Vision, Mission and Value Creation

BCP intends to be a benchmark Bank in customer service ...

BCP's vision is to become the benchmark Bank in Customer service, based on innovative distribution platforms, where a relevant part of the resources will be allocated to Retail and Companies, in markets of high potential with excellent efficiency levels, translated into a commitment to an efficiency ratio placed at reference levels for the banking industry and with tight discipline in capital, liquidity and cost management.

... whose mission is to create value for the Stakeholders ...

The Bank's mission is to create value for the stakeholders through high quality banking and financial products and services, complying with rigorous and high standards of conduct and corporate responsibility, growing profitably and sustainably, so as to provide an attractive return for Shareholders, in a manner that supports and strengthens the bank's strategic autonomy and corporate identity.

... defining ambitious goals ...

On 12 January 2017, the Bank confirmed its financial and operational business goals for 2018 pursuant to the share capital increase:

- CET1 (phased in) and CET1 (fully implemented) of around 11%;
- Loans to deposits ratio at less than 100%;
- Cost-to-Core Income ratio under 50%;
- Cost-to-Income ratio under 43%;
- Cost of risk under 75 b.p.;
- ROE⁵ of approximately 10%.

... and knowing how to attain them.

In the recent past, BCP overcame challenging and demanding times. Its Employees worked hard to turn BCP into a benchmark for commercial banking in Portugal.

The country went through a Financial Aid Programme, showing a weakened economy and a financial system with its credibility damaged. Clients became more demanding and changed the way they relate with the Bank, showing their increasing preference for alternative digital channels, rather than going to a branch.

The contraction showed by banking activity was enormous, interest rates stood at historically low levels, banking supervision was transferred to the European Central Bank and the Supervisor became more demanding and distant. The competitors are currently adjusting to this environment and the Employees of BCP worked daily on the transformation of BCP in order to ensure its sustainability.

The Bank adapted to the changes around it and responded with innovation and ability to adapt to a new reality, bearing in mind at all times the way it wishes to do banking.

Banking with values in the daily relations with Clients, Shareholders, Employees and other Stakeholders.

⁵ Based on a fully implemented CET1 ratio of 11%.

Millennium bcp is and will increasingly be a bank that is:



Agile, Modern, Personal, Simple and Sustainable

These are the principles defining how each Employee of BCP must act in his/her relations with other Employees, Customers, Shareholders, other Stakeholders and with the Community and the Surrounding Environment.

Strategy

In September 2012, BCP presented a Strategic Plan with three stages (definition of the basis for a future sustainable development, creation of conditions for growth and profitability and, lastly, achieving a sustained growth) to be implemented until 2017. The Strategic Plan was updated in September 2013, following the approval of BCP's Restructuring Plan by the European Commission and in June 2013, after a share capital increase operation, its targets were also updated. This strategic plan was completed with success.

In 2017, the Bank sped up the implementation of strategic initiatives, betting on innovation and customer experience.

In relation to BCP's business model, 6 work fronts were adopted:

- Redefining the Retail distribution network, exploiting the potential of new technologies, namely in the digital area (Internet Banking and Mobile Banking, among others).
- Relaunching the affluent individuals segment, by adjusting the service model and taking up a position of leadership.
- Consolidating the position of leadership in providing support to micro and small enterprises.
- Adjust the business model of the growth-oriented corporate segment, in order to be the reference Bank in providing support to the Portuguese economy.
- Transform the credit recovery business through an integrated strategy of reduction of the non-core business portfolio, which may include the sale of assets and the optimisation of the recovery operating model.
- Build on the operating model of the Bank, by simplifying and automating processes, with a view to optimising the levels of service provided to the Customer.

In order to transform the Bank into a stronger organisation and with greater involvement with the shareholders, there are 3 organisation-wide work fronts under way:

- Definition of the level of risk to be adopted in each business area with the implementation of the "Risk Appetite" rules.
- Promotion of a business sharing culture between business areas and geographies.
- Launch of a cultural transformation programme of the organisation with a focus on the development of human resources, the improvement of its satisfaction and the consolidation of a set of values that guide the action of the Bank.

The implementation of this Agenda showed visible results at a business level, there was a significant growth in the number of new clients and in the number of digital clients, an increase of digital sales, improvement of the efficiency of the analytics and CRM model. The Bank also launched new products developed by multi-disciplinary teams, like the online credit and the M2020 App.

In Poland, the bank disclosed its "Strategy 2020", announcing a net income target of 1000 million Zlotys, a core income 30% higher than in 2017 and a cost-to-income of 40%, maintaining the cost of risk in line with the historical average. The Bank is evolving, becoming more digital in both the affluent and the mass market segments.

In Mozambique, the bank is focused on the management of the major risk sources, improving namely the control of operating risk, and on its modernization, namely through Mobile (IZi and Smart Izi) and the development of payment solutions. In terms of business segments, one must underline the development shown by the Prestige segment.

The General Meeting of Shareholders will elect the Bank's corporate bodies for the next three-year period, namely a new Executive Committee. Afterwards, the Bank will present to the market a new Strategic Plan to continue to enhance the Bank's position as a modern bank, close to its stakeholders and increasingly sustainable.