



**Miguel Maya**  
Chairman of the Executive  
Committee and Vice-Chairman  
of the Board of Directors



**Nuno Amado**  
Chairman of the  
Board of Directors

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## Joint Message of the Chairman of the Board of Directors and of the CEO

In 2018 the performance of the economies where Millennium bcp operates remained positive, despite the backdrop of greater uncertainty as to the global economic trend. In Portugal, as well as in Poland, growth continued above the European average. Mozambique and Angola proceeded with the process of implementing key reforms with the aim of increasing the diversification and strength of their economies.

In Portugal, 2018 was another important step in the consolidation of the recovery of activity, with GDP rising 2.1%, powered by consumption and fixed capital investment, in a context of high levels of consumer and business confidence. The unemployment rate, meanwhile, fell in 2018 to a level not seen since 2005 (7.0%).

The year was also marked by the payment, ahead of schedule, of Portugal's loan from the International Monetary Fund (IMF), which reflected significant progress toward the goal of sustainable public finances, an effort which has been recognized by the main ratings agencies.

For Millennium bcp, this was a year that confirmed the turnaround that followed the early repayment of state aid in 2017, which allowed a return to management autonomy for the bank, and also a year that saw an impressive improvement of profitability at the bank. The net result from the activity in Portugal nearly tripled, while the contribution from international operations rose 28%, to deliver consolidated net profits for the bank of 301.1 million euros, a rise of 61.5% compared with 2017.

In terms of business, more dynamic commercial activity produced a rise in performing loans of 2.2 billion euros and a rise in total customer funds by 3.7 billion euros, alongside a significant increase in the customer base, which grew by 351,000.

Millennium bcp continues to be one of the most efficient banks in Portugal as well as in the Euro zone, with a cost-to-core income ratio of 49%, while registering a persistent improvement of the quality of the balance sheet, with a reduction of non-performing exposures (NPEs) by 2.1 billion euros accompanied by strengthening of the respective coverage. Coverage for NPEs by impairment was boosted to 52% while total coverage reached 109%.

In 2018, Millennium bcp confirmed the strength of its capital position, remaining above the regulatory requirements determined by the Supervisory Review and Evaluation Process (SREP) exercise, at both the CET1 level as well as for total capital. In January of 2019 the bank issued financial instruments that qualify as Additional Tier 1 (AT1), increasing the total capital ratio to 14.5%.

During 2018 the new corporate boards elected by the Annual General Meeting of Shareholders for the years 2018-2021 began their mandate, and their composition and responsibilities strengthen the bank's corporate governance model as well as preparing it for the challenges of a sector undergoing a profound transformation as it adapts to the changes in consumer behavior and customer interaction.

In this context, 2018 was also marked by the presentation to the market of the bank's strategic plan for the 2018-2021 period, which initiated a new growth cycle for the bank that will reposition Millennium bcp at the vanguard of innovation, customer service excellence and value creation, reaffirming the bank as close to its Customers, and a key factor in supporting the economies in the various geographies where it is present.

This "Mobilizing Millennium" plan is being developed around five central priorities: 1) Mobilizing people so that we follow the course of change implicit in the plan, calling upon and developing the talent needed to realize our ambition of dynamic agility, growth and innovation; 2) Reinforcing the relationship-based business model in a context of increasing digitalization focused on mobility, with mobile devices the favored means of strengthening interaction with our customers; 3) Capturing growth opportunities, benefitting from our privileged position in Portugal; 4) Generating more relationships and greater value from the international business portfolio, benefitting from the growth potential in markets where the bank operates and has competitive advantages; e 5) Developing the retail and commercial banking activities profitably and sustainably, with a governance model that is robust and transparent.

In this framework of evolution and innovation we must also highlight the importance we give to the value of reputation, which is also a central concern of our regulators and of the communities we serve, and which we are obliged to actively and unwaveringly defend as one of the essential vectors of the bank's affirmation in the new competitive context.

In 2018, Bank Millennium reached an agreement in Poland to acquire 99.79% of Eurobank, an operation that is highly complementary with Bank Millennium. After we obtain the necessary regulatory authorization, this acquisition will allow us to strengthen our position in Poland, realizing the bank's growth ambition.

Another highlight in 2018 was the result of the EBA and ECB stress tests, in which Millennium bcp obtained a good result, above the average of the 48 largest European banks tested by the EBA.

Standard & Poors, Moody's and Fitch ratings agencies recognized the progress made by Millennium bcp, and upgraded their respective risk ratings for the bank.

All told, 2018 was a very positive year, with results aligned with the growth and profitability ambition set out in the strategic plan, and these results have deserved broad external recognition, from customers, analysts and the ratings agencies.

We expect 2019 to be another demanding year, with many challenges that we approach with optimism and confidence, certain of the merits of the work done so far and the capacity to deliver shown by the bank's employees, competent professional who are determined to serve our customers and contribute to the success of Millennium bcp.

We would like to conclude by thanking all of our Customers, Employees, Shareholders and other Stakeholders for their trust and confidence in us.



Miguel Maya  
Chief Executive Officer  
Vice-Chairman of the Board of Directors



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