PRESS RELEASE

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Millennium bcp

28 July 2020

Millennium bcp Earnings release as at 30 June 2020

Profitability
Stronger core income

- **Core net income of the Group** reached **542.5 million euros** in the first half of 2020, up 1.3% from the same period of the previous year, with **core income** growing 2.0% in the same period.
- **Net earnings of the Group** of **76.0 million euros** in the first half of 2020, influenced by the COVID-19 context.

Capital and Liquidity
Comfortably above regulatory requirements

- **Estimated Fully-implemented Core Equity Tier 1 ratio and Total capital ratio** at **12.1%** and **15.5%**, respectively, both above regulatory requirements.
- **High liquidity levels**, comfortably above regulatory requirements.

Business performance
Continuous business dynamics with the growth of business volumes; strong growth in digital channels

- **Increasing business volumes**, with performing loans up to 52.1 billion euros and total customer funds reaching 83.2 billion euros (+4.7% and +5.0%, respectively from 30 June 2019).
- **More than 5.6 million Customers,** highlighting the increase in **mobile Customers to** about **2.5 million.**

COVID-19
Solid position to face the economic shock caused by the pandemic

- **Leader** in **COVID-19 credit lines.**
- Priority to **protect employees and support families and companies, reinforcing the social component** of support for the most vulnerable.
- **Fast adaptation** of business models and processes to the new normality.

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 4,725,000,000.00.
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FINANCIAL HIGHLIGHTS (1)

Euro million

	30 Jun. 20	30 Jun. 19	Change 20/19
BALANCE SHEET			
Total assets	86,556	80,873	7.0%
Loans to customers (net)	53,724	52,035	3.2%
Total customer funds	83,163	79,224	5.0%
Balance sheet customer funds	65,009	60,698	7.1%
Deposits and other resources from customers	63,464	59,020	7.5%
Loans to customers (net) / Deposits and other resources from customers (2)	84.7%	88.2%	
Loans to customers (net) / Balance sheet customer funds	82.6%	85.7%	
RESULTS			
Net interest income	759.1	740.1	2.6%
Net operating revenues	1,070.8	1,122.7	-4.6%
Operating costs	561.8	546.7	2.8%
Operating costs excluding specific items (3)	540.7	519.7	4.0%
Loan impairment charges (net of recoveries)	237.3	200.3	18.5%
Other impairment and provisions	114.0	42.8	166.2%
Income taxes	58.9	121.1	-51.4%
Net income	76.0	169.8	-55.3%
PROFITABILITY AND EFFICIENCY			
Net operating revenues / Average net assets (2)	2.6%	2.9%	
Return on average assets (ROA)	0.2%	0.6%	
Income before tax and non-controlling interests / Average net assets (2)	0.4%	0.9%	
Return on average equity (ROE)	2.6%	5.7%	
Income before tax and non-controlling interests / Average equity (2)	4.5%	9.7%	
Net interest margin	2.0%	2.1%	
Cost to income (2)	52.5%	48.7%	
Cost to income (2) (3)	50.5%	46.3%	
Cost to income (Portugal activity) (2) (3)	51.6%	47.0%	
Staff costs / Net operating revenues (2) (3)	28.9%	26.9%	
CREDIT QUALITY			
Cost of risk (net of recoveries, in b.p.)	85	74	
Non-Performing Exposures / Loans to customers	7.0%	9.1%	
Total impairment (balance sheet) / NPE	57.8%	53.6%	
Restructured loans / Loans to customers	5.5%	6.3%	
LIQUIDITY			
Liquidity Coverage Ratio (LCR)	249%	214%	
Net Stable Funding Ratio (NSFR)	137%	135%	
CAPITAL (4)			
Common equity tier I phased-in ratio	12.1%	12.2%	
Common equity tier I fully implemented ratio	12.1%	12.2%	
total fully implemented ratio	15.5%	14.7%	
BRANCHES			
Portugal activity	493	532	-7.3%
International activity	967	1,033	-6.4%
EMPLOYEES			
Portugal activity	7,154	7,264	-1.5%
International activity (5)	11,016	11,406	-3.4%

Notes:

(1) Some indicators are presented according to management criteria of the Group, which 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. From 31 May 2019, financial statements of the Group reflect the consolidation of Euro Bank S.A., the entity acquired by Bank Millennium S.A.
(2) According to Instruction from the Bank of Portugal no. 16/2004, as the currently existing version.
(3) Excludes specific items: negative impact of 21.1 million euros in the first half of 2020, of which 13.2 million euros related to restructuring costs and compensation for temporary salary cuts, both recognized as staff costs in the activity in Portugal and 7.9 million euros related to acquisition, merger and integration of Euro Bank S.A., recognized by the Polish subsidiary (5.4 million euros as staff costs, 2.3 million euros as other administrative costs and 0.2 million euros as depreciation). In the first half of 2019, the impact was also negative, in the amount of 27.0 million euros, of which 22.4 million euros related to restructuring costs and compensation for temporary salary cuts, both recognized as staff costs in the activity in Portugal and 4.6 million euros related to acquisition, merger and integration of Euro Bank S.A., recognized as other administrative costs by the Polish subsidiary, that also recorded an immaterial amount in staff costs. In the profitability and efficiency indicators, the specific items included in the net operating revenues, of non-material amount, related to costs with the acquisition, merger and integration of Euro Bank S.A., recognized in the Polish subsidiary are also not considered.
(4) As of 30 June 2020 and 30 June 2019, ratios include the positive cumulative net income of each period. Ratios as of 30 June 2020 are estimated and non-audited.
(5) Of which, in Poland: 8,283 employees as at 30 June 2020 (corresponding to 8,141 FTE - Full-time equivalent) and 8,700 employees as at 30 June 2019 (corresponding to 8,550 FTE - Full-time equivalent).

RESULTS AND ACTIVITY IN THE FIRST HALF OF 2020

The first half of 2020 was marked by the pandemic caused by COVID-19, leading most of the countries to adopt exceptional measures, with a great impact on the lives of people and companies. Millennium bcp has shown its solid position to face the economic shock and to continue to support its Customers and the economy, defending at the same time the quality of the Balance Sheet, liquidity and solvency of the Bank. It should be noted the fast adaptation of business models and processes to the new normality, through the active promotion of remote channels and the improvement of decision and risk management models. Last, but not least, we must point out the constant priority and concern of the Bank in protecting its employees, shown in the implementation of the phased return plan to the workplace, in safe conditions, providing protective equipment and reinforcing disinfection of the facilities.

On 31 May 2019, Bank Millennium, S.A., a subsidiary owned 50.1% by Banco Comercial Português, S.A., has completed the acquisition of 99.787% stake in Euro Bank S.A. from SG Financial Services Holdings, a subsidiary fully held by Société Générale, S.A. From this date, financial statements of the Group reflect the consolidation of Euro Bank S.A. On the settlement date of the transaction, the acquisition method set out in IFRS 3 - Business Combinations establishes that the acquired assets and the liabilities assumed shall be recognized based on their fair value at the acquisition date. In accordance with IFRS 3, the effective settlement to be completed no later than one year from the control acquisition date has already happened, with no material impact on the financial statements of the Group.

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 **core net income** of Millennium bcp amounted to 542.5 million euros in the first half of 2020, 1.3% above 535.6 million euros achieved in the same period of the previous year. This evolution mainly reflects the growth in net interest income and also, albeit to a lesser extent, the increase in commissions compared to the first half of 2019, reflecting a positive performance of core income, in a particularly adverse economic environment. The consolidated core net income was boosted mainly by the international activity, which growth 6.3% compared to the 234.4 million euros achieved in the first half of 2019, totaling 249.2 million euros in the first six months of 2020, with special emphasis on the activity of the subsidiary in Poland, which benefited from the integration and consolidation of Euro Bank S.A., in May 2019.

The consolidated **net income** of Millennium bcp stood at 76.0 million euros in the first half of 2020 compared to 169.8 million euros, reached in the first six months of the previous year. This evolution was strongly influenced by the impact of the current extraordinary situation, resulting from the COVID-19 pandemic. The impact of the pandemic was felt above all in the need to book additional provisions for credit risk, both in the activity in Portugal and in the international activity, amounting to 108.8 million euros on consolidated terms. The performance of the consolidated net income was also influenced by the revaluation of corporate restructuring funds in the activity in Portugal, which had a negative impact of 67.5 million euros due to the extraordinary circumstances caused by the COVID-19 pandemic and by the reinforcement of the extraordinary provision booked for claims related to mortgage loans granted in Swiss francs by the Polish subsidiary amounting to 38.0 million euros in the first half of 2020. The comparison with the consolidated net income of the first half of 2019 was also influenced by the gain of 13.5 million euros, recognized in February of that year, following the sale of the Planfipsa Group, reflected as discontinued operations.

Net income in the activity in Portugal[1],stood at 45.2 million euros in the first half of 2020, below the 72.7 million euros in the same period of the previous year. This performance was largely due to both the constitution of a provision for credit risks associated to COVID-19 pandemic, in the amount of 87.9 million euros and the revaluation of corporate restructuring funds in the amount of 67.5 million euros, referred to above. In addition, it is also important to highlight the performance of the other net operating income, since in the first half of 2019 the sale of properties generated significant gains, which were not repeated in 2020. The contraction of net interest income, as a result of the current macroeconomic context characterized by a scenario dictated by the persistence of reference interest rates at negative levels, also led to the lower results achieved in the activity in Portugal. On the other way the performance of net income in the activity in Portugal benefited from the increase in equity accounted earnings, from the savings in operating costs thanks to the pursuit of a disciplined management and the lower tax burden, whose evolution followed the reduction in net income before tax.

Net income of the international activity amounted to 30.8 million euros in the first half of 2020, which compares to 83.7 million euros recorded in the same period of the previous year. This evolution was determined by the performance of the Polish subsidiary, which, reflects the impact of the acquisition of Euro Bank S.A. being also conditioned by the reinforcement of the provision for legal risks associated with the mortgage loans granted in Swiss francs in the amount of 38.0 and by additional impairments for credit risk arising from the COVID-19 pandemic, with an amount of 15.7 million euros. The pandemic effect was also felt in the operation in Mozambique, contributing largely to the lower result achieved by the subsidiary in the first half of 2020 compared to the same period of the previous year.

Net interest income reached 759.1 million euros in the first half of 2020, showing a 2.6% growth compared to the 740.1 million euros recorded in the same period of 2019, driven by the favorable performance of the international activity, namely the positive evolution of the Polish subsidiary, despite having been partially offset by the smaller contribution from the activity in Portugal.

Net interest income in the activity in Portugal, totaled 379.2 million euros at the end of the first half of 2020, standing 5.1% below the 399.4 million euros recorded in the first six months of 2019. This evolution was largely due to the reduction in the income generated by the securities portfolio, namely by the Portuguese public debt portfolio, since the reduction in the portfolio of Portuguese Treasury securities in the last quarter of 2019, due to the disposals made, penalized the net interest income at the beginning of the current year. Despite the new acquisitions made in the first half of 2020, such acquisitions were not enough to offset the loss of income verified, since the investment was made in public debt securities with lower implicit yields.

Net interest income in the activity in Portugal was also affected by the lower income from the liquidity surplus in credit institutions and by the higher costs of subordinated debt, influenced by the impact of the issue, in the amount of 450 million euros, placed on the market in September 2019. Conversely, the additional funding obtained from the European Central Bank had a positive impact in the second quarter of 2020, namely with the new targeted longer-term refinancing operation (TLTRO III), in the amount of 7,550 million euros, benefiting from a negative interest rate.

[1] Not considering income arising from operations accounted as discontinued operations, amounting to 13.4 million euros recorded in the first half of 2019.

Commercial business continues to be strongly conditioned by the unfavorable context of historically low rates and its penalizing effect on the income generated by the performing loan portfolio, despite the increase in the volume of performing loans, reflecting both the promotion of commercial initiatives to support families and companies with sustainable business plans, and the impact of loans granted under the credit lines guaranteed by the Portuguese State following the pandemic caused by COVID-19. The non-performing portfolio also contributed negatively to the performance of net interest income due to the high rate of reduction of non-performing exposures in the last year. At the same time, there was an additional saving in the cost of time deposits.

In the international activity, net interest income showed a very favorable evolution growing 11.5% compared to the 340.7 million euros recorded in the first half of the previous year, reaching 379.9 million euros in the first six months of 2020. This evolution was driven by the good performance of the Polish subsidiary, boosted by the impact of the integration of Euro Bank S.A. commercial business, namely the personal credit portfolio that generates higher commercial margins. On the other hand, in the operation in Mozambique, net interest income was lower than that achieved in the first half of 2019, reflecting not only the lower volumes of credit following the conservative approach to the market, but also the decrease in the associated rates.

Net interest margin of the Group, in the first half of 2020, stood at 2.0%, slightly below the 2.1% recorded in the same period of the previous year. In the activity in Portugal, net interest margin stood at 1.5%, constrained by the negative interest rates context and by the greater weight of products with lower rates in credit production in the special context of the pandemic, showing a slight decrease compared to the 1.7% posted in the first six months of 2019. In the international activity, net interest margin, evolved from 3.1% in the first half of 2019 to 3.0% in the same period of 2020.

AVERAGE BALANCES

Euro million

	30 Jun. 20		30 Jun. 19	
	Amount	**Yield %**	**Amount**	**Yield %**
Deposits in banks	5,069	0.7	3,543	1.1
Financial assets	16,348	1.4	15,764	1.7
Loans and advances to customers	52,828	3.1	49,173	3.2
INTEREST EARNING ASSETS	**74,245**	**2.5**	**68,480**	**2.7**
Non-interest earning assets	9,074		9,520	
	83,319		**78,000**	
Amounts owed to credit institutions	7,350	0.0	7,491	0.2
Deposits and other resources from customers	61,782	0.4	56,618	0.5
Debt issued	3,167	1.1	3,121	1.2
Subordinated debt	1,500	4.9	1,243	4.5
INTEREST BEARING LIABILITIES	**73,799**	**0.5**	**68,473**	**0.6**
Non-interest bearing liabilities	2,121		1,993	
Shareholders' equity and non-controlling interests	7,400		7,534	
	83,319		**78,000**	
Net interest margin		2.0		2.1

Note: Interest related to hedge derivatives was allocated, in June 2020 and 2019, to the respective balance sheet item.

Equity accounted earnings together with **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, totalled 46.4 million euros in the first half of 2020 more than doubling from 21.9 million euros posted in the same period of the previous year, driven by the higher contribution from the activity in Portugal.

The increase of 28.3 million euros obtained in the activity in Portugal was mainly due to the greater contribution generated by Millennium Ageas, as a result of the evaluation of liabilities of local insurance contracts following the alignment with the assumptions considered by Ageas Group.

In the international activity equity accounted earnings together with **dividends from equity instruments** were 3.8 million euros lower than in the same period of previous year due to the lower appropriation of results generated by Banco Millennium Atlântico, mainly reflecting the macroeconomic context in Angola, characterized by a situation of economic recession, as well as the effect of the devaluation of the kwanza.

Net commissions reached 345.2 million euros In the first half of 2020, standing 0.9% above the 342.2 million euros posted in the same period of the previous year, due to the good performance of the international activity, partially offset by the evolution of commissions in the activity in Portugal.

In the activity in Portugal, net commissions totaled 232.4 million euros in the first half of 2020, that compares to 235.5 million euros posted in the same period of the previous year. This evolution incorporates different performances in what concerns commissions related to the banking business, which decreased 3.1%, and commissions related to financial markets, that stood 11.3% above the amount recorded in the first six months of 2019. It should also be noted that, as of the second half of March 2020, banking commissions, namely cards and transfers commissions, were penalized not only by the impact of the pandemic caused by COVID-19, but also by the support initiatives adopted by the Bank, embodied in exemptions granted in the context of this particular situation. On the other hand, market related commissions benefited from the favorable evolution of commissions related to stock exchange operations and asset management, in this case mainly associated with the distribution of investment funds.

In the international activity, net commissions showed a favorable evolution by growing 5.7% compared to the 106.7 million euros reached in the first half of 2019, amounting to 112.8 million euros at the end of June 2020. This evolution was mainly driven by the rise in banking commissions in the Polish subsidiary, strongly influenced by the impact of the acquisition of Euro Bank S.A., also benefiting in the specific case of bancassurance commissions, from the increase in commissions on insurance sold to Bank Millennium customers, mainly associated with personal and mortgage operations. Market related commissions in the Polish subsidiary in the first half of 2020 were lower than those recorded in the same period of the previous year, as well as in the operation in Mozambique, with this performance being largely offset by the increase recorded by the Swiss operation through brokerage activity and the growth of assets under management.

Net trading income amounted to 39.6 million euros in the first six months of 2020, above the 95.5 million euros recorded in the same period of the previous year, mainly due to the performance of the activity in Portugal.

Net trading income in the activity in Portugal, reached a marginally positive value, standing at 3.1 million euros in the first half of 2020, below the 53.5 million euros recognized in the same period of the previous year, mainly due to the lower gains with Portuguese public debt securities which fell 39.9 million euros from the amount recognized in the first six months of 2019. Net trading income was also largely penalized by the negative impact arising from the revaluation of corporate restructuring funds, carried out in June 2020, in the amount of 67.5 million euros, which ended up absorbing the gains from foreign exchange operations that had been recognized in the first quarter of 2020, following the devaluation of the zloty.

In the international activity there was a decline of 5.6 million euros from the amount reached in the first half of 2019, mainly driven by the lower results from Polish subsidiary which mainly reflect the negative impact associated with the revaluation of the loan portfolio, mandatorily classified at fair value through profit or loss. In the operation in Mozambique net trading income was also lower than the ones recorded in the first half of 2019, namely in what concerns to income generated from foreign exchange operations.

Other net operating income[2], which, among others, includes the costs associated with mandatory contributions as well as with the resolution and the deposit guarantee funds, evolved from a negative amount of 76.9 million euros in the first half of 2019 to an also negative amount of 119.4 million euros in the first six months of 2020, due to the performance of both the activity in Portugal and the international activity.

In the activity in Portugal, the evolution of other net operating income from a negative amount of 41.2 million euros in the first half of 2019 to an also negative amount of 66.9 million euros in the first half of 2020, mainly reflects the reduction in results from the sale of non-current assets held for sale, which includes in the first six months of 2019, significant gains from the sale of foreclosed properties that were not repeated in 2020. On the other hand costs incurred with the mandatory contributions, in the activity in Portugal, showed a 3.6% reduction compared to the 66.6 million euros posted in the first six months of 2019, totaling 64.2 million euros in the first half of 2020.

In the international activity, other net operating income stood at a negative amount of 52.5 million euros in the first six months of the year, which compares to an also negative amount of 35.8 million euros in the same period of the previous year. This evolution was mainly influenced by the increase in mandatory contributions of the Polish subsidiary, from 48.1 million euros in the first half of 2019 to 57.5 million euros in the same period in 2020. The evolution of other net operating income in the international activity was also influenced by the reduction from the gains from the sale of other assets that had been recognized by the operation in Mozambique, in the first half of 2019.

[2] In June 2020, some of the amounts recorded in the activity in Portugal as other administrative costs, started to be accounted as other net operating income, in order to improve the quality of the information reported. The historical amounts of such items, included in this analysis, are presented considering these reclassifications with the purpose of ensuring their comparability, therefore diverging from the accounting values disclosed. In the first half of 2019, the above mentioned reclassifications totaled 1.5 million euros. The amount of other net operating income includes costs arising from the acquisition, merger and integration of Euro Bank S.A. recognized at the Polish subsidiary, that besides considered as specific items, represents an immaterial amount.

OTHER NET INCOME

Euro million

	6M20	6M19	Chg. 20/19
DIVIDENDS FROM EQUITY INSTRUMENTS	**3.5**	**0.7**	**>200%**
NET COMMISSIONS	**345.2**	**342.2**	**0.9%**
Banking commissions	286.4	285.9	0.2%
Cards and transfers	75.2	81.2	-7.4%
Credit and guarantees	75.7	82.6	-8.4%
Bancassurance	61.9	58.0	6.7%
Management and maintenance of accounts	62.1	56.9	9.1%
Other commissions	11.5	7.2	59.1%
Market related commissions	58.8	56.3	4.6%
Securities	35.6	33.2	7.4%
Asset management	23.2	23.1	0.5%
NET TRADING INCOME	**39.6**	**95.5**	**-58.5%**
OTHER NET OPERATING INCOME	**(119.4)**	**(76.9)**	**-55.3%**
EQUITY ACCOUNTED EARNINGS	**42.9**	**21.2**	**102.4%**
TOTAL OTHER NET INCOME	**311.7**	**382.7**	**-18.5%**
Other net income / Net operating revenues	29.1%	34.1%	

Operating costs[3], excluding the effect of specific items[4] totaled 540.7 million euros in the first half of 2020, comparing to 519.7 million euros recorded in the first six months of 2019. This evolution reflects essentially the increase in the international activity, despite it was partially offset by the good performance of the activity in Portugal with regard to the control of the recurrent operating costs.

Operating costs in the activity in Portugal, not considering the effect of the specific items mentioned above, showed a reduction of 2.0% from the 311.3 million euros accounted in the first half of 2019, totaling 305.2 million euros in the first half of 2020. This favorable evolution of operating costs was mainly due to the savings in other administrative costs and also, although to a lesser extent to the decrease recorded by staff costs, softened by the increase in depreciations.

In the international activity, operating costs, excluding the effect of the specific items mentioned above, stood at 235.6 million euros in the first six months of 2020, increasing 13.1% from 208.4 million euros posted in the same period of 2019. The observed increase was mainly due to the performance of the Polish subsidiary influenced simultaneously by the impact caused by the consolidation of Euro Bank S.A. and by the organic growth of Bank Millennium itself, which was felt in the evolution of staff costs, other administrative costs and depreciation. It should

[3] In June 2020, some of the amounts recorded in the activity in Portugal as other administrative costs, started to be accounted as other net operating income, in order to improve the quality of the information reported. The historical amounts of such items, included in this analysis, are presented considering these reclassifications with the purpose of ensuring their comparability, therefore diverging from the accounting values disclosed. In the first half of 2019, the above mentioned reclassifications totaled 1.5 million euros.

[4] Negative impact of 21.1 million euros in the first half of 2020, of which 13.2 million euros related to restructuring costs and compensation for temporary salary cuts, both recognized as staff costs in the activity in Portugal and 7.9 million euros related to acquisition, merger and integration of Euro Bank S.A., recognized by the Polish subsidiary (5.4 million euros as staff costs, 2.3 million euros as other administrative costs and 0.2 million euros as depreciation). In the first half of 2019, the impact was also negative, in the amount of 27.0 million euros, of which 22.4 million euros related to restructuring costs and compensation for temporary salary cuts, both recognized as staff costs in the activity in Portugal and 4.6 million euros related to acquisition, merger and integration of Euro Bank S.A., recognized as other administrative costs by the Polish subsidiary, that also recorded an immaterial amount as staff costs.

be noted that, as a result of the synergies obtained after the merger with Euro Bank S.A., operating costs of the operation in Poland, in the first half of 2020, incorporate savings, in the amount of 14.0 million euros, exceeding the costs recognized in the period with the integration of the acquired Bank. The subsidiary in Mozambique also recorded an increase in operating costs in the period under review, albeit in a smaller amount.

Staff costs, not considering the effect of specific items (18.6 million euros in the first half of 2020 and 22.4 million euros in the first half of 2019), totaled 309.0 million euros in the first half of 2020, standing 2.4% above the 301.8 million euros accounted in the same period of 2019. This evolution was determined by the performance of the international activity, since staff costs in the activity in Portugal in the first six months of 2020 were lower than that recorded in the same period of the previous year.

In the activity in Portugal, staff costs, excluding the impact of specific items, showed a favorable evolution by decreasing 1.8% from the amount posted in in the first half of 2019, totaling 181.5 million euros in the same period of 2020. The specific items previously mentioned in the amount of 13.2 million euros in the first half of 2020 and 22.4 million euros in the first half of 2019 are related to restructuring costs and the compensation for temporary salary cuts. Despite the hiring of employees with adequate skills to reinforce digital areas, the evolution of staff costs, in the activity in Portugal, reflects the reduction, in net terms, in the number of employees, from 7.264 at the end of June 2019 to 7.154 employees as at 30 June 2020.

In the international activity, not considering the impact of specific items related to costs with the acquisition, merger and integration of Euro Bank S.A., fully recognized by the Polish subsidiary, in the amount of 5.4 million euros in the first half of 2020 (immaterial by the end of June 2019), staff costs increased 9.1% from the 116.9 million euros recorded in the first six months of 2019, totaling 127.5 million euros at the end of the first half of 2020. The Polish subsidiary was the main responsible by this increase conditioned by the inclusion of 2,425 employees from Euro Bank S.A., in May 2019. However, it should be noted that the number of employees at the Polish subsidiary has been progressively decreasing since the end of 2019, having already exceeded the goal defined by Bank Millennium of reducing the staff by 260 FTE - full time equivalent. As at 30 June 2020 the Polish subsidiary had 8,283 employees (8,141 FTE - full-time equivalent) compared to 8,700 employees (8,550 FTE - full-time equivalent) as at 30 June 2019.

It should be noted that the total number of employees assigned to international activity as at 30 June 2020 was 11,016 employees, below the 11,406 employees in the same date of the previous year, reflecting mostly the evolution of Bank Millennium.

Other administrative costs, excluding the impact of specific items, totaled 162.7 million euros in the first half of 2020, which compares to 160.9 million euros recorded in the same period of the previous year. The already mentioned specific items were fully recognized by the Polish subsidiary and are related to costs arising from the acquisition, merger and integration of Euro Bank S.A., in the amount of 2.3 million euros in the first half of 2020 and 4.6 million euros in the same period of 2019. Although, in consolidated terms, other administrative costs were slightly above (1.1%) the amount recorded in the same period of the previous year, it is important to highlight the good performance of the activity in Portugal, which reduction was entirely absorbed by the increase of costs in the overseas operations.

In the activity in Portugal, other administrative costs amounted to 85.7 million euros in the first half of 2020, showing a drop of 7.3% from the 92.5 million euros accounted in the first six months of 2019. In this evolution, besides the reduction of costs associated with advisory services, we must point out the savings recorded under items such as travel, hotel and representation costs, water, electricity and fuel and advertising which reflect not only the impacts associated to COVID-19 pandemics, but also the disciplined management of recurring costs, together with the resizing of the branch network from 532 on 30 June 2019 to 493 as at 30 June 2020. This good performance was partially absorbed by the increase in costs recorded in other items, among which we highlight the costs associated with and the strengthening of control functions and information technology services, as well as a set of costs directly associated with the impact of the COVID-19 pandemic, such as the purchase of protective material, cleaning services and relocation of facilities.

In the international activity, other administrative costs, not considering the impact of the specific items above mentioned, amounted to 77.0 million euros in the first half of 2020, which compares to 68.4 million euros recorded in the same period of the previous year. This evolution was determined by the performance of the Polish subsidiary, strongly influenced by the impact of the acquisition of Euro Bank S.A. and by the organic growth of the current activity of the operation. It should be noted that, in the context of the integration of Euro Bank S.A., a set of restructuring measures was adopted, including the reduction in the number of branches, which thus evolved from the 839 branches existing at the end of June 2019, to 766 branches on 30 June 2020.

Depreciations, excluding the specific items recognized by Bank Millennium, S.A. related to the acquisition of Euro Bank S.A., which, in this context, are not significant, totaled 69.0 million euros in the first six months of 2020, standing above the 57.0 million euros recorded in the same period of the previous year, mainly driven by the increase recorded in the international activity.

In the activity in Portugal, although, to a lesser extent, the amount of depreciations also proved to be higher than the 33.9 million euros accounted in the first half of 2019, amounting to 37.9 million euros in the first six months of 2020. This increase reflects mostly the investment in software and IT equipment confirming the commitment of the Bank to technological innovation and the ongoing digital transformation.

The commitment with technological innovation and digital transformation was also, to a large extent, responsible for the increase in depreciation that occurred in international activity, from 23.0 million euros in the first half of 2019 to 31.1 million euros recognized till 30 June 2020. This evolution was mainly due to the performance of the Polish subsidiary, influenced by the impact of the acquisition of Euro Bank S.A., but also although to a lesser extent, the increase of the subsidiary in Mozambique.

OPERATING COSTS

Euro million

	6M20	6M19	Chg. 20/19
Staff costs	309.0	301.8	2.4%
Other administrative costs	162.7	160.9	1.1%
Depreciations	69.0	57.0	21.1%
OPERATING COSTS EXCLUDING SPECIFIC ITEMS	**540.7**	**519.7**	**4.0%**
OPERATING COSTS	**561.8**	**546.7**	**2.8%**
Of which (1):			
Portugal activity	305.2	311.3	-2.0%
Foreign activity	235.6	208.4	13.1%

(1) Excludes the impact of specific items.

Impairment for loan losses (net of recoveries) totaled 237.3 million euros in the first half of 2020 standing above the 200.3 million euros recognized in the first half of the previous year, due to the performance of the activity in Portugal and the international activity. In both cases the evolution of loans impairment was strongly influenced by the context of economic crisis caused by the COVID-19 pandemic and whose associated risks led to the reinforcement of the impairment to the credit portfolio, in the amount of 92.8 million euros in consolidated terms.

In the activity in Portugal, impairment for loan losses increased by 17.4 million euros compared to 140.6 million euros recognized in the first six months of 2019, totaling 158.0 million euros at the end of the first half of 2020. The growth observed was due to the revision of the credit risk parameters of the impairment models that started to reflect the new macroeconomic scenario dictated by the risks associated with COVID-19. The recognized impact amounted to 71.8 million euros, being determinant in countering the downward trend and the progressive improvement in the quality of the loan portfolio, seen in recent quarters.

In the international activity, loans impairment stood at 79.3 million euros, compared to 59.7 million euros recognized in the first six months of 2019. This evolution was determined by the performance of the Polish subsidiary, influenced on the one hand by the constitution of the aforementioned impairments to deal with the additional credit risk following the actual context of economic crisis which amounted to 15.7 million euros and on the other hand, by the effect of the impairment that had been booked, in June 2019, to face the risks implicit in the acquired loan portfolio resulting from the consolidation of Euro Bank S.A. In the Mozambican subsidiary, the provision of impairments to deal with the pandemic caused by COVID-19 amounted to 5.3 million euros.

The evolution of the cost of risk (net) was also naturally affected by the constitution of impairments for the credit risks associated with the COVID-19 pandemic, leading the cost of risk of the Group to increase from 74 basis points in the first half of 2019 to 85 basis points in the same half of 2020. In the activity in Portugal, the cost of risk stood at 82 basis point at the end of the first half of 2020, compared to 76 basis points in the same period of 2019. Excluding the extraordinary reinforcement of loan impairments, the cost of risk of the Group and in Portugal would amount to 52 basis points and 45 basis points, respectively, maintaining the downward trend seen in recent quarters. In the international activity, the cost of risk also increased from the 69 basis points recorded in the first half of 2019, to 92 basis points at the end of the first half of 2020. Disregarding the additional charges made by the operations abroad, the cost of risk of the international activity remained at similar levels to those recognized in the previous year.

Other impairments and provisions stood at 114.0 million euros in the first six months of 2020 which compares to 42.8 million euros recognized in the same period of 2019, boosted by the performance of the international activity but also of the activity in Portugal, although on a smaller scale.

In the activity in Portugal, other impairment and provisions totaled 46.6 million euros in the first half of 2020, showing an increase from the 41.0 million euros recognized in the same period of 2019. This evolution was due to the reinforcement of impairment to other financial assets and guarantees and other commitment, being partially offset by the lower level of provisioning required for non-current assets held for sale. It should be noted, in this context, that the additional impairments for other financial assets essentially reflect the impact of the revision of credit risk parameters in the valuation of debt instruments, which, together with the extraordinary reinforcements made for guarantees and commitments, totaled 16.1 million euros.

In the international activity, the increase of 65.6 million euros recorded in other impairments and provisions resulted essentially from the performance of the Polish subsidiary, reflecting on one hand the reinforcement of the extraordinary provision in the amount of 38.0 million euros for mortgage loans granted in Swiss francs and on the other hand, additional charges, in the amount of 13.7 million euros, to cover the return of commissions charged to customers for the early repayment of consumer credit operations, following a decision taken by the Court of Justice of the European Union. In the first half of 2020, other impairments and provisions also include a provision, in the amount of 12.8 million euros to reflect the current best estimate of potential impacts arising from the contribution from Banco Millennium Atlântico.

Income tax (current and deferred) amounted to 58.9 million euros in the first half of 2020, which compares to 121.1 million euros obtained in the same period of 2019.

The recognized taxes include, in the first six months of 2020, current tax of 56.2 million euros (47.4 million euros in the first half of 2019) and deferred tax of 2.7 million euros (73.7 million euros in the first half of 2019).

The increase in the current tax expense in the first half of 2020 results from higher regulatory contributions to the banking sector and additional provisions for liabilities and charges, non-deductible for tax purposes. The evolution of deferred tax resulted from the write-off of deferred tax assets related to tax losses due to the maintenance of the low interest rates regime and actuarial losses from pension fund, that occurred in the first half of 2019.

BALANCE SHEET

Total assets of the consolidate balance sheet of Millennium bcp amounted to 86,556 million euros on 30 June 2020, increasing 7.0% compared to 80,873 million euros recorded on the same date of the previous year. This growth was mainly driven by the performance of the activity in Portugal, also benefiting, albeit to a lesser extent, from the increase of assets in the international activity.

In the activity in Portugal, total assets showed a 8.3% growth compared to the 55,569 million euros recorded as at 30 June 2019, achieving 60,176 million euros at the same date of 2020. The main increases compared to the end of June 2019 occurred in securities portfolio, with the reinforcement of eligible assets, namely Portuguese public debt portfolio, loans to customers portfolio (net) and in cash and deposits at central banks. Inversely, the most significant reduction was in non-current assets held for sale, namely in the portfolio of real estate properties received as payment.

In the international activity, total assets amounted to 26,380 million euros at the end of June 2020, standing 4.3% above the 25,304 million euros reached in the same date of the previous year, mainly due to the increase in the securities portfolio of the Polish subsidiary.

Consolidated **loans to customers** (gross) of Millennium bcp, as defined in the glossary, amounted to 55,998 million euros on 30 June 2020, showing a 2.4% growth compared to the 54,699 million euros recorded at the same date of the previous year, as a result of the performance of the activity in Portugal.

The good performance of loans to customers (gross) in the activity in Portugal led to a 3.3% increase compared to 37,192 million euros recorded at the end of June 2019, reaching 38,402_million euros as at 30 June 2020. This growth largely reflects the credit granted under the credit lines launched by the Government in the context of the pandemic caused by COVID-19. The amounts made available until the end of the first half of the year, amounted to around 2 billion euros and allowed to finance and support more than 12,500 companies, strongly reinforcing the presence of the bank with them. In this context, it is important to highlight the special relevance of being at the forefront in supporting the economy, in the particular moment of great challenges that we are currently experiencing. It should also be noted that the net growth of the loan portfolio was possible despite the reduction of 1,179 million euros in NPE, resulting from the success of the divestment strategy in this type of assets, carried out by the Bank in recent years. Thus, the reduction in NPE was more than offset by the growth of 2,389 million euros recorded by the performing loan portfolio.

In the international activity, loans to customers (gross), remained almost in line (+0.5%) with the amount reached at the end of June 2019, standing at 17,596 million euros on 30 June 2020.

Consolidated loans to customers (gross) maintained a balanced level of diversification, with loans to individuals and loans to companies representing, respectively 57.0% and 43.0% of the total portfolio as at 30 June 2020 (57.3% and 42.7% at the same date of 2019).

LOANS TO CUSTOMERS (GROSS)

Euro million

	30 Jun. 20	30 Jun. 19	Chg. 20/19
INDIVIDUALS	**31,901**	**31,342**	**1.8%**
Mortgage	26,076	25,563	2.0%
Personal loans	5,825	5,779	0.8%
COMPANIES	**24,097**	**23,356**	**3.2%**
Services	8,600	8,701	-1.2%
Commerce	3,991	3,598	10.9%
Construction	1,689	1,918	-11.9%
Others	9,818	9,139	7.4%
TOTAL	**55,998**	**54,699**	**2.4%**
Of which:			
Portugal activity	38,402	37,192	3.3%
International activity	17,596	17,506	0.5%

The **quality of the credit portfolio** continues to benefit from the focus on selectivity and monitoring of the credit risk control processes, as well as from the initiatives carried out by the commercial and credit recovery areas, in order to recover non-performing loans over the recent years.

The improvement in the quality of the loan portfolio can be seen through the favorable evolution of the respective indicators, namely the NPE ratio as a percentage of the total loan portfolio, which declined from 9.1% as at 30 June 2019 to 7.0% at the same date of 2020, essentially reflecting the performance of the domestic loan portfolio, whose NPE ratio showed a reduction from 11.0% to 7.6%.

At the same time, it should also be noted the generalized increase in the coverage by impairments in the activity in Portugal, namely the reinforcement in the coverage of NPL by more than 90 days, from 94.5% at the end of June 2019 to 111.6% as at 30 June 2020, and the reinforcement in the coverage of NPE, which stood at 56.5% at the end of the first half of 2020, compared to 52.5% at the same date of the previous year.

CREDIT QUALITY INDICATORS

	Group			Activity in Portugal		
	30 Jun. 20	30 Jun. 19	Chg. 20/19	30 Jun. 20	30 Jun. 19	Chg. 20/19
STOCK (M€)						
Loans to customers (gross)	55,998	54,699	2.4%	38,402	37,192	3.3%
Overdue loans > 90 days	1,416	1,863	-24.0%	953	1,495	-36.2%
Overdue loans	1,528	2,034	-24.9%	969	1,534	-36.8%
Restructured loans	3,055	3,442	-11.2%	2,541	2,842	-10.6%
Non-performing loans (NPL) > 90 days	2,100	2,799	-25.0%	1,473	2,270	-35.1%
Non-performing exposures (NPE)	3,933	4,970	-20.9%	2,908	4,088	-28.8%
Loans impairment (Balance sheet)	2,274	2,664	-14.6%	1,644	2,146	-23.4%
RATIOS AS A PERCENTAGE OF LOANS TO CUSTOMERS						
Overdue loans > 90 days / Loans to customers (gross)	2.5%	3.4%		2.5%	4.0%	
Overdue loans / Loans to customers (gross)	2.7%	3.7%		2.5%	4.1%	
Restructured loans / Loans to customers (gross)	5.5%	6.3%		6.6%	7.6%	
Non-performing loans (NPL) > 90 days / Loans to customers (gross)	3.7%	5.1%		3.8%	6.1%	
Non-performing exposures (NPE) / Loans to customers (gross)	7.0%	9.1%		7.6%	11.0%	
COVERAGE BY IMPAIRMENTS						
Coverage of overdue loans > 90 days	160.6%	143.0%		172.5%	143.6%	
Coverage of overdue loans	148.8%	131.0%		169.6%	139.9%	
Coverage of *Non-performing loans* (NPL) > 90 days	108.3%	95.2%		111.6%	94.5%	
Coverage of *Non-performing exposures* (NPE)	57.8%	53.6%		56.5%	52.5%	
EBA						
NPE ratio (includes debt securities and off-balance exposures)	4.8%	6.4%		5.3%	7.7%	

Note: NPE include loans to customers only, as defined in the glossary.

Total customer funds showed a favorable evolution, increasing 5.0% from the 79,224 million euros recorded on 30 June 2019, standing at 83,163 million euros at the end of the first half of the current year.

The increase in total customer funds, in the amount of 3,939 million euros, was due to the good performance of balance sheet customer funds, namely deposits and other resources from customers, which occurred both in the activity in Portugal and in the international activity. On the other hand, off-balance sheet customer funds stood 372 million euros below the amount accounted as at 30 June 2019, amounting to 18,154 million euros at the end of June 2020. The performance of off-balance sheet customer funds was driven by the reduction in the international activity, which evolution largely reflects, the preference of customers for deposits and devaluation of assets more sensitive to fluctuations in financial markets, following the impacts of the COVID-19 pandemic.

In the activity in Portugal, total customer funds stood at 58,451 million euros at the end of June 2020, showing a growth of 5.1% compared to 55,638 million euros recorded as at 30 June of the previous year. The growth of 2,813 million euros was boosted by the performance of deposits and other resources from customers which grew 3,019 million euros from 30 June 2019, confirming the maintenance of the weight of customer deposits in the assets financing structure.

In the international activity, total customer funds stood at 24,712 million euros on 30 June 2020, increasing 4.8% compared to 23,586 million euros recorded on the same date of 2019. This evolution was mainly due to the increase of 1,426 million euros in deposits and other resources from customers, which was partially absorbed by the fall of 259 million euros recorded by off-balance sheet customer funds. The Polish subsidiary was primarily responsible for this performance of resources in the international activity.

On 30 June 2020, balance sheet customer funds and deposits and other resources from customers, on a consolidated basis, represented 78% and 76%, respectively of total customer funds, with its weight increasing slightly compared to the same date of the previous year.

The loans to deposits ratio, in accordance with the Bank of Portugal's Instruction no. 16/2004, stood at 85% on 30 June 2020, with the same ratio, considering on-balance sheet customers' funds, standing at 83%. Both ratios show values below those obtained at the same date of the previous year (88% and 86%, respectively).

TOTAL CUSTOMER FUNDS

Euro million

	30 Jun. 20	30 Jun. 19	Chg. 20/19
BALANCE SHEET CUSTOMER FUNDS	**65,009**	**60,698**	**7.1%**
Deposits and other resources from customers	63,464	59,020	7.5%
Debt securities	1,545	1,678	-8.0%
OFF-BALANCE SHEET CUSTOMER FUNDS	**18,154**	**18,526**	**-2.0%**
Assets under management	5,465	5,445	0.4%
Assets placed with customers	4,242	3,822	11.0%
Insurance products (savings and investment)	8,447	9,260	-8.8%
TOTAL	**83,163**	**79,224**	**5.0%**
Of which:			
Portugal activity	58,451	55,638	5.1%
International activity	24,712	23,586	4.8%

The **securities portfolio**, as defined in the glossary, amounted to 19,625 million euros on 30 June 2020, showing an increase of 22.9% from 15,966 million euros recorded in the same date of the previous year, causing its weight in total assets to evolve from 19.7% to 22.7% in the same period. This increase was due to the strengthening of the portfolios of both the activity in Portugal and the international activity, in this case mostly justified by the performance of the Polish subsidiary, mainly reflecting the increase in the Portuguese and Polish sovereign debt portfolio by 1,024 million euros and 1,541 million euros, respectively.

LIQUIDITY MANAGEMENT

The Liquidity Coverage Ratio (LCR), on a consolidated basis, stood at 249% at the end of June 2020, 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. The Liquidity Coverage Ratio stood significantly above the one on the same date of the previous year (214%), with a high coverage level.

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 (Net Stable Funding Ratio or NSFR) as at 30 June 2020 to stand at 137% (135% as at 30 June 2019).

Between 30 June 2019 and 30 June 2020 there was an increase of 1.1 billion euros in the consolidated net wholesale funding, an evolution mainly due to the increase, in Portugal, of public and private debt portfolios above the decrease of the commercial gap.

The composition of the medium and long-term financing structure at the end of the first half of 2020 was influenced by decisions taken by the Bank following the change in context resulting from the COVID-19 pandemic. Although the extent of the implications of the pandemic is not yet fully known, the global recession it has generated will have an adverse impact on the banking system and conditions for access to the capital markets. For this reason, and in response to the crisis, Central Banks and Supervisors have implemented several actions and measures to mitigate negative impacts for banks, involving the provision of additional liquidity to the banking system through the so-called Targeted longer-term refinancing operations III ("TLTRO III") and the introduction of flexibility measures for collateral eligible for discount with the ECB.

As part of the response to the crisis, the Bank decided to adjust its financing policy. With regard to the use of ECB financing, and considering the deterioration of market conditions in March and April and the uncertainty and volatility observed in the capital markets, BCP decided to increase its participation in TLTRO III to 7.6 billion euros, refinancing an amount of 4.0 billion euros from TLTRO II and also 1.5 billion euros of other LTRO raised in April, already in the context of reaction to the crisis. On the other hand, taking advantage of its comfortable liquidity position, the Bank opted for early repayment, also at the end of the first half of 2020, of collateralized long-term loans with the EIB in the amount of 750 million euros, while reinforcing its collateral pool eligible for discount at the ECB by issuing retained covered bonds to be posted to the pool of ECB eligible assets in the amount of 1.7 billion euros after haircuts.

After these operations and compared to the same period in 2019, the medium-long-term debt of the activity in Portugal reflects an increase in ECB net funding from 2.2 billion euros, to a balance of 4.3 billion euros, and a reduction of 906 million euros in loans to the EIB, to a balance of 661 million euros, to which adds the issuance of

450 million euros of subordinated debt securities eligible as Tier 2 own funds eligible for MREL purposes, issued in September 2019. In the money market there was a reduction in the balance of 685 million euros repos to null.

In Portugal, the aforementioned collateral reinforcement measure and the impact of the ECB's easing measures, through the reduction of haircuts applicable to eligible assets, contributed to substantially strengthen the liquidity buffer with the Central Bank facing June 2019 in 2.9 billion euros, to 17.2 billion euros.

The liquidity impacts of the COVID-19 crisis have been monitored in the main operations of the Group through the indicators and limits defined in the internal liquidity risk management structure and also through daily reporting produced in a manner defined by the Supervisor. As in Portugal, all available liquidity indicators demonstrate the resilience of the liquidity positions of Bank Millennium (Poland) and BIM (Mozambique), supported by the stability of their deposit’s base since the beginning of the crisis, in particular their retail components. Accordingly, and compared to the same period of 2019, liquidity buffers with central banks show a growth of 1.5 billion euros (to 5.5 billion euros) at Bank Millennium and 140 million euros (to 838 million euros) at BIM.

CAPITAL

The estimated CET1 ratio as at 30 June 2020 stood at 12.1% phased-in and fully implemented, -6 and -3 basis points, respectively, comparing to the 12.2% ratio both phased-in and fully implemented recorded in the same date of 2019.

The CET1 fully implemented ratio evolution was mainly determined by the organic generation of capital that partially offset the general rise of the risk weighted assets. Total capital ratio additionally benefited from the Tier 2 placement of 450 million euros in Portugal.

The capital ratios estimated for the end of the first half of 2020 are above the minimum ratios defined under the scope of the SREP (Supervisory Review and Evaluation Process) for the year 2020 (CET1: 8.828%, T1: 10.750% and Total: 13.313%).

SOLVENCY RATIOS

Euro million

	30 Jun. 20	30 Jun. 19
FULLY IMPLEMENTED		
Own funds		
Common Equity Tier 1 (CET1)	5,598	5,427
Tier 1	6,131	5,928
Total Capital	**7,173**	**6,545**
Risk weighted assets	**46,147**	**44,626**
Solvency ratios		
CET1	12.1%	12.2%
Tier 1	13.3%	13.3%
Total capital	15.5%	14.7%
PHASED-IN		
CET1	12.1%	12.2%

Note: The capital ratios of June 2020 are estimated including the non-audited positive accumulated net income.
The capital ratios of June 2019 include the positive accumulated net income, non-audited.

SIGNIFICANT EVENTS IN THE FIRST HALF OF 2020

In the context of the actual COVID-19 pandemic situation, we must point out some initiatives carried out by Millennium bcp to support the economy and the community:

- Launch of solutions for individuals and companies promoted by the Portuguese Government and APB;
- Participation in the donor conference, being part of the Portuguese contribution to the EU's effort to find a vaccine and treatment for COVID-19;
- Support to the NHS through initiatives such as the "United for Survival" campaign, the conversion of Curry Cabral Hospital and the construction of the Lisbon Hospital Contingency Structure, among others;
- Integration into the Portugal #EntraEmCena movement, which brings together artists and public and private companies, in support of Culture;
- Millennium bcp Foundation supports the Food Emergency Network of the Food Bank against Hunger, reinforcing its annual contribution;
- Millennium Festival ao Largo, this year at the National Palace of Ajuda, complying with security rules while taking the best of classical music and ballet to the public.

Other events:

- On April 3, Fitch Ratings affirmed BCP's Long-Term Rating of 'BB' ("IDR" – Issue Default Rating) and its Intrinsic Rating of 'bb' ("VR" - Viability Rating), and revised the Outlook to Negative from Positive, reflecting the uncertainty related to the coronavirus crisis. Assigned a 'BB-' rating to the Bank's senior non-preferred debt and a 'B+' rating to its tier 2 debt, according to Fitch's new rating methodology for banks. Assigned a 'BB+'/ 'B' rating to the Bank's deposits, one notch above the Long-Term IDR, reflecting the view of Fitch Ratings that depositors enjoy a superior level of protection.

- On April 8, Standard & Poor's affirmed the long-term rating of the Bank at 'BB' ("ICR" - issuer credit rating) and its intrinsic rating at 'bb' ("SACP" – stand-alone credit profile), and has revised the long-term outlook to Stable from Positive, based on the uncertainty related to the coronavirus outbreak.

- On April 21, BCP changed the conditions related to the issue of Covered Bonds with ISIN PTBCQLOE0036, namely the amount, from 2,000,000,000 euros to 4,000,000,000 euros, aiming to increase the assets portfolio eligible for discount with the ECB.

- On May 20, completion, exclusively through electronic means, with 61.31% of the share capital represented, of the Annual General Meeting of Shareholders of BCP, SA, with the following resolutions being worth mentioning:

    - Approval of the management report, the individual and consolidated annual report, balance sheet and financial statements of 2019, including the Corporate Governance Report;

    - Approval of the proposal for the appropriation of profit regarding the 2019 financial year;

    - Approval of the remuneration policy of Members of Management and Supervisory Bodies;

    - Re-appointment of the elected members of the Board of the General Meeting of Shareholders of Banco Comercial Português, S.A., for the four-year term of office 2020/2023 (Chairman: Pedro Miguel Duarte Rebelo de Sousa and Vice-Chairman: Octávio Manuel de Castro Castelo Paulo)

MACROECONOMIC ENVIRONMENT

The outbreak of COVID-19 forced the majority of the countries to implement restraining measures that turned out very harmful for the global economy. In this context, the International Monetary Fund (IMF) projects a contraction of the world's GDP of 4.9% in 2020, followed by a quick recovery in 2021 (5.4%). These forecasts, which incorporate the positive effects stemming from the assertive reaction of the economic policy authorities at the global scale, do not however include the impact of a possible second wave of the Coronavirus that demands a new lockdown.

The Euro Area should be the most penalized among the main world economies given the strong incidence of the pandemic in some of its member-states. In fact, after the strong GDP fall in the first quarter (quarterly variation of -3.6%), the European Commission (EC) estimates an additional reduction of 13.6% in the second quarter, which should amount to a retreat of GDP in the EMU of 8.7% in 2020, with a partial recovery in 2021 (6.1%). In this environment, the European Central Bank (ECB) intensified the purchase of public and private debt securities and created a new liquidity facility for the banks but has not altered the key interest rates.

The pandemic arrived at the American continent with a time lag relative to Europe, which translated into a softer contraction of the US economy in the first quarter (-1.3%) when compared with its European counterparts. However, the imposition of restrictive confinement measures during the second quarter led to a considerable fall in activity levels that have made a strong recession unavoidable for the whole of 2020, which the Federal Reserve (Fed) estimates to amount to an output contraction of 6.5%. In these circumstances the Fed reduced its key interest rate to 0%, intensified the purchasing amounts of public debt, launched a program of corporate debt securities purchase and created credit lines dedicated to non-financial firms.

The rapid dissemination of the COVID-19 in the West in March caused a sharp correction the valuations of the riskier asset classes, such as equities, corporate debt and emerging market assets. However, despite the global recessive climate the financial markets saw a surprising recovery in the second quarter, which underlines the relevance of the intervention of the monetary and fiscal policy authorities. The evolution of the sovereign debt of the Eurozone's periphery did not differ from this pattern as the widening of the risk premia that occurred in the first quarter has to a great extent been reverted with the expansionary stance of the ECB. The improvement of investors' sentiment benefited the Euro, whilst the fading tensions in the EMU's short-term funding market led to a gradual convergence of Euribor interest rates towards levels close to the ECB's deposit rate.

Portugal has been of one the European countries most affected by the pandemic mainly due to the preponderance of tourism in exports and employment. In the first quarter the GDP contracted by 2.3% annually and according to the EC for the whole of 2020 economic activity is expected to fall by 9,8%, recovering by only 6.0% in 2021. The seriousness of the situation led the government to implement a set of measures to mitigate the impact of COVID-19, including guaranteed credit lines, moratoria for credit and tax obligations for firms and individuals, a simplified layoff regime and other measures of employment protection. The fiscal policy activism combined with the expressive retraction of GDP imply a marked deterioration of public finances in 2020.

The Polish economy denoted a great resiliency in the first quarter, with GDP falling by only 0.4% on a quarterly basis due to its reduced exposure to some of the sectors most affected by the pandemic (like tourism) and the diversified structure of its productive structure. Notwithstanding, in the second quarter, the lockdown needed to contain the pandemic resulted in a significant loss of activity, leading the central bank to reduce the key interest rate from 0.50% to 0.10%. On the FX front, the zloty has been recovering from the strong depreciation recorded in March, albeit modestly.

In Mozambique, the COVID-19 containment measures and the military instability in the north of the country together with the contraction of the external demand have been hampering the performance of the economy and thus the evolution of the Metical, which has been depreciating, with particular strength since end of May. Faced with this situation, the central bank decreased again the reference rates in the first quarter. For the whole year, the IMF foresees a GDP growth rate in Mozambique of 1.4%. In Angola, the economic recession that the country has been facing since 2016 should get worse in the current year due to the big fall in the production and prices of oil in the wake of the collapse of the global demand. In this environment, the depreciation trajectory of the Kwanza has become more acute.

CONSOLIDATED INDICATORS, ACTIVITY IN PORTUGAL AND INTERNATIONAL ACTIVITY

Euro million

	Consolidated			Activity in Portugal (1)			International activity		
	Jun. 20	Jun. 19	Change 20/19	Jun. 20	Jun. 19	Change 20/19	Jun. 20	Jun. 19	Change 20/19
INCOME STATEMENT									
Net interest income	759.1	740.1	2.6%	379.2	399.4	-5.1%	379.9	340.7	11.5%
Dividends from equity instruments	3.5	0.7	>200%	2.8	–	>200%	0.7	0.7	9.3%
Net fees and commission income	345.2	342.2	0.9%	232.4	235.5	-1.3%	112.8	106.7	5.7%
Net trading income	39.6	95.5	-58.5%	3.1	53.5	-94.2%	36.5	42.1	-13.3%
Other net operating income	(119.4)	(76.9)	-55.3%	(66.9)	(41.2)	-62.5%	(52.5)	(35.8)	-46.9%
Equity accounted earnings	42.9	21.2	102.4%	40.4	14.9	172.0%	2.5	6.3	-61.2%
Net operating revenues	**1,070.8**	**1,122.7**	**-4.6%**	**591.0**	**662.1**	**-10.7%**	**479.8**	**460.6**	**4.2%**
Staff costs	327.6	324.2	1.0%	194.7	207.3	-6.1%	132.9	116.9	13.7%
Other administrative costs	165.1	165.5	-0.3%	85.7	92.5	-7.3%	79.3	73.0	8.6%
Depreciation	69.2	57.0	21.5%	37.9	33.9	11.8%	31.3	23.0	35.7%
Operating costs	**561.8**	**546.7**	**2.8%**	**318.3**	**333.7**	**-4.6%**	**243.5**	**213.0**	**14.3%**
Operating costs excluding specific items	540.7	519.7	4.0%	305.2	311.3	-2.0%	235.6	208.4	13.1%
Profit before impairment and provisions	**509.0**	**576.0**	**-11.6%**	**272.7**	**328.4**	**-17.0%**	**236.3**	**247.7**	**-4.6%**
Loans impairment (net of recoveries)	237.3	200.3	18.5%	158.0	140.6	12.4%	79.3	59.7	32.9%
Other impairment and provisions	114.0	42.8	166.2%	46.6	41.0	13.8%	67.4	1.8	>200%
Profit before income tax	**157.7**	**332.9**	**-52.6%**	**68.0**	**146.7**	**-53.6%**	**89.6**	**186.2**	**-51.8%**
Income tax	58.9	121.1	-51.4%	22.6	74.4	-69.6%	36.3	46.7	-22.4%
Current	56.2	47.4	18.4%	5.6	(7.9)	171.3%	50.5	55.4	-8.7%
Deferred	2.7	73.7	-96.3%	17.0	82.3	-79.4%	(14.3)	(8.6)	-65.3%
Income after income tax from continuing operations	**98.8**	**211.8**	**-53.4%**	**45.4**	**72.4**	**-37.3%**	**53.4**	**139.5**	**-61.7%**
Income arising from discontinued operations	–	13.4	-100.0%	–	–	-	–	–	-
Non-controlling interests	22.8	55.5	-58.8%	0.2	(0.4)	160.4%	22.6	55.8	-59.5%
Net income	**76.0**	**169.8**	**-55.3%**	**45.2**	**72.7**	**-37.9%**	**30.8**	**83.7**	**-63.2%**
BALANCE SHEET AND ACTIVITY INDICATORS									
Total assets	86,556	80,873	7.0%	60,176	55,569	8.3%	26,380	25,304	4.3%
Total customer funds	**83,163**	**79,224**	**5.0%**	**58,451**	**55,638**	**5.1%**	**24,712**	**23,586**	**4.8%**
Balance sheet customer funds	**65,009**	**60,698**	**7.1%**	**43,276**	**40,349**	**7.3%**	**21,733**	**20,348**	**6.8%**
Deposits and other resources from customers	63,464	59,020	7.5%	41,847	38,829	7.8%	21,617	20,191	7.1%
Debt securities	1,545	1,678	-8.0%	1,428	1,521	-6.1%	116	157	-26.1%
Off-balance sheet customer funds	**18,154**	**18,526**	**-2.0%**	**15,176**	**15,289**	**-0.7%**	**2,978**	**3,237**	**-8.0%**
Assets under management	5,465	5,445	0.4%	3,327	3,159	5.3%	2,139	2,285	-6.4%
Assets placed with customers	4,242	3,822	11.0%	3,822	3,344	14.3%	420	479	-12.1%
Insurance products (savings and investment)	8,447	9,260	-8.8%	8,027	8,786	-8.6%	419	473	-11.4%
Loans to customers (gross)	**55,998**	**54,699**	**2.4%**	**38,402**	**37,192**	**3.3%**	**17,596**	**17,506**	**0.5%**
Individuals	**31,901**	**31,342**	**1.8%**	**19,403**	**19,244**	**0.8%**	**12,498**	**12,099**	**3.3%**
Mortgage	26,076	25,563	2.0%	17,343	17,229	0.7%	8,733	8,334	4.8%
Personal Loans	5,825	5,779	0.8%	2,060	2,015	2.2%	3,765	3,764	0.0%
Companies	**24,097**	**23,356**	**3.2%**	**18,999**	**17,948**	**5.9%**	**5,098**	**5,408**	**-5.7%**
CREDIT QUALITY									
Total overdue loans	1,528	2,034	-24.9%	969	1,534	-36.8%	559	500	11.8%
Overdue loans by more than 90 days	1,416	1,863	-24.0%	953	1,495	-36.2%	463	368	25.9%
Overdue loans by more than 90 days / Loans to customers	2.5%	3.4%		2.5%	4.0%		2.6%	2.1%	
Total impairment (balance sheet)	2,274	2,664	-14.6%	1,644	2,146	-23.4%	630	518	21.7%
Total impairment (balance sheet) / Loans to customers	4.1%	4.9%		4.3%	5.8%		3.6%	3.0%	
Total impairment (balance sheet) /Overdue loans by more than 90 days	160.6%	143.0%		172.5%	143.6%		136.0%	140.7%	
Non-Performing Exposures	3,933	4,970	-20.9%	2,908	4,088	-28.8%	1,025	882	16.2%
Non-Performing Exposures / Loans to customers	7.0%	9.1%		7.6%	11.0%		5.8%	5.0%	
Restructured loans	3,055	3,442	-11.2%	2,541	2,842	-10.6%	513	600	-14.4%
Restructured loans / Loans to customers	5.5%	6.3%		6.6%	7.6%		2.9%	3.4%	
Cost of risk (net of recoveries, in b.p.)	85	74		82	76		92	69	
Total impairment (balance sheet) / NPE	57.8%	53.6%		56.5%	52.5%		61.5%	58.7%	

(1) Not considering income arising from operations accounted as discontinued operations, in the amount of 13.4 million euros in the first half of 2019.

BANCO COMERCIAL PORTUGUÊS

CONSOLIDATED INCOME STATEMENTS
FOR THE SIX MONTHS PERIODS ENDED 30 JUNE 2020 AND 2019

(Thousands of euros)

	30 June 2020	30 June 2019
Interest and similar income	961,206	952,855
Interest expense and similar charges	(202,130)	(212,782)
NET INTEREST INCOME	759,076	740,073
Dividends from equity instruments	3,488	675
Net fees and commissions income	345,180	342,184
Net gains / (losses) from financial operations at fair value through profit or loss	(54,404)	(1,371)
Net gains / (losses) from foreign exchange	75,092	30,318
Net gains / (losses) from hedge accounting operations	(3,438)	(4,192)
Net gains / (losses) from derecognition of assets and financial liabilities at amortised cost	(11,198)	(9,830)
Net gains / (losses) from derecognition of financial assets at fair value through other comprehensive income	33,548	80,612
Net gains / (losses) from insurance activity	6,043	5,467
Other operating income / (losses)	(119,948)	(105,612)
TOTAL OPERATING INCOME	1,033,439	1,078,324
Staff costs	327,562	324,242
Other administrative costs	165,055	166,982
Amortisations and depreciations	69,178	56,957
TOTAL OPERATING EXPENSES	561,795	548,181
NET OPERATING INCOME BEFORE PROVISIONS AND IMPAIRMENTS	471,644	530,143
Impairment for financial assets at amortised cost	(242,547)	(200,026)
Impairment for financial assets at fair value through other comprehensive income	(10,569)	(139)
Impairment for other assets	(23,080)	(41,001)
Other provisions	(75,160)	(1,958)
NET OPERATING INCOME	120,288	287,019
Share of profit of associates under the equity method	42,897	21,191
Gains / (losses) arising from sales of subsidiaries and other assets	(5,519)	24,706
NET INCOME BEFORE INCOME TAXES	157,666	332,916
Income taxes		
Current	(56,164)	(47,437)
Deferred	(2,712)	(73,651)
NET INCOME AFTER INCOME TAXES FROM CONTINUING OPERATIONS	98,790	211,828
Income arising from discontinued or discontinuing operations	-	13,413
NET INCOME AFTER INCOME TAXES	98,790	225,241
Net income for the period attributable to:		
Bank's Shareholders	75,958	169,779
Non-controlling interests	22,832	55,462
NET INCOME FOR THE PERIOD	98,790	225,241
Earnings per share (in Euros)		
Basic	0.008	0.022
Diluted	0.008	0.022

BANCO COMERCIAL PORTUGUÊS

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2020 AND 2019 AND 31 DECEMBER 2019

(Thousands of euros)

	30 June 2020	31 December 2019	30 June 2019
ASSETS			
Cash and deposits at Central Banks	4,302,644	5,166,551	3,586,081
Loans and advances to credit institutions repayable on demand	350,218	320,857	313,410
Financial assets at amortised cost			
Loans and advances to credit institutions	1,085,970	892,995	971,191
Loans and advances to customers	51,248,306	49,847,829	49,564,362
Debt securities	5,742,472	3,185,876	3,378,140
Financial assets at fair value through profit or loss			
Financial assets held for trading	2,335,697	878,334	855,686
Financial assets not held for trading mandatorily at fair value through profit or loss	1,305,443	1,405,513	1,417,907
Financial assets designated at fair value through profit or loss	-	31,496	31,544
Financial assets at fair value through other comprehensive income	13,285,390	13,216,701	13,385,951
Hedging derivatives	133,590	45,141	207,312
Investments in associated companies	429,589	400,391	421,964
Non-current assets held for sale	1,201,651	1,279,841	1,582,654
Investment property	13,165	13,291	9,712
Other tangible assets	671,477	729,442	712,384
Goodwill and intangible assets	238,140	242,630	214,696
Current tax assets	21,043	26,738	52,478
Deferred tax assets	2,661,955	2,720,648	2,798,682
Other assets	1,529,676	1,239,134	1,369,084
TOTAL ASSETS	86,556,426	81,643,408	80,873,238
LIABILITIES			
Financial liabilities at amortised cost			
Resources from credit institutions	9,055,226	6,366,958	7,231,450
Resources from customers	62,475,176	59,127,005	56,877,433
Non subordinated debt securities issued	1,475,762	1,594,724	1,771,787
Subordinated debt	1,440,353	1,577,706	1,302,023
Financial liabilities at fair value through profit or loss			
Financial liabilities held for trading	411,227	343,933	332,002
Financial liabilities at fair value through profit or loss	2,287,682	3,201,309	3,514,497
Hedging derivatives	265,447	229,923	278,927
Provisions	345,911	345,312	314,422
Current tax liabilities	5,656	21,990	9,171
Deferred tax liabilities	6,593	11,069	10,579
Other liabilities	1,337,709	1,442,225	1,665,825
TOTAL LIABILITIES	79,106,742	74,262,154	73,308,116
EQUITY			
Share capital	4,725,000	4,725,000	4,725,000
Share premium	16,471	16,471	16,471
Other equity instruments	400,000	400,000	402,922
Legal and statutory reserves	254,464	240,535	240,535
Treasury shares	(70)	(102)	(88)
Reserves and retained earnings	760,842	435,823	793,684
Net income for the period attributable to Bank's Shareholders	75,958	302,003	169,779
TOTAL EQUITY ATTRIBUTABLE TO BANK'S SHAREHOLDERS	6,232,665	6,119,730	6,348,303
Non-controlling interests	1,217,019	1,261,524	1,216,819
TOTAL EQUITY	7,449,684	7,381,254	7,565,122
TOTAL LIABILITIES AND EQUITY	86,556,426	81,643,408	80,873,238

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 abovementioned 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 customers (net) / Balance sheet customer funds

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

Euro million

		30 Jun. 20	30 Jun. 19
Loans to customers (net) (1)		53,724	52,035
Balance sheet customer funds (2)		65,009	60,698
	(1) / (2)	**82.6%**	**85.7%**

2) Return on average assets (ROA)

Relevance of the indicator: allows measurement of the capacity of the Group to generate results with the volume of available assets.

Euro million

		6M20	6M19
Net income (1)		76	170
Non-controlling interests (2)		23	55
Average total assets (3)		83,319	78,000
	[(1) + (2), annualised] / (3)	**0.2%**	**0.6%**

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

		6M20	6M19
Net income (1)		76	170
Average equity (2)		5,775	5,973
	[(1), annualised] / (2)	**2.6%**	**5.7%**

4) Cost to income

Relevance of the indicator: it allows for the monitoring of the level of efficiency of the Group (excluding specific items), evaluating the volume of operating costs to generate net operating revenues.

Euro million

		6M20	6M19
Operating costs (1)		562	547
of which: specific items (2)		21	27
Net operating revenues (3)*		1,071	1,123
	[(1) - (2)] / (3)	**50.5%**	**46.3%**

* Excludes the specific items, related to costs with the acquisition, merger and integration of Euro Bank S.A., recognized in the Polish subsidiary, in the amount of 0.1 million euros in the first half of 2020 and of an immaterial amount in the first half of 2019.

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

		6M20	6M19
Loans to customers at amortised cost, before impairment (1)		55,640	54,366
Loan impairment charges (net of recoveries) (2)		237	200
	[(2), annualised] / (1)	**85**	**74**

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

Relevance of the indicator: allows the assessment of 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 portfolio (gross).

Euro million

		30 Jun. 20	30 Jun. 19
Non-Performing Exposures (1)		3,933	4,970
Loans to customers (gross) (2)		55,998	54,699
	(1) / (2)	**7.0%**	**9.1%**

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

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

Euro million

		30 Jun. 20	30 Jun. 19
Non-Performing Exposures (1)		3,933	4,970
Loans impairments (balance sheet) (2)		2,274	2,664
	(2) / (1)	**57.8%**	**53.6%**

RECONCILIATION OF ACCOUNTING INFORMATION WITH THE MANAGEMENT CRITERIA OF THE GROUP

Loans to customers

Euro million

	30 Jun. 20	30 Jun. 19
Loans to customers at amortised cost (accounting Balance Sheet)	51,248	49,564
Debt instruments at amortised cost associated to credit operations	2,143	2,155
Balance sheet amount of loans to customers at fair value through profit or loss	333	316
Loan to customers (net) considering management criteria	**53,724**	**52,035**
Balance sheet impairment related to loans to customers at amortised cost	2,231	2,620
Balance sheet impairment associated with debt instruments at amortised cost related to credit operations	18	27
Fair value adjustments related to loans to customers at fair value through profit or loss	25	16
Loan to customers (gross) considering management criteria	**55,998**	**54,699**

Loans impairment (P&L)

Euro million

	6M20	6M19
Impairment of financial assets at amortised cost (accounting P&L) (1)	243	200
Impairment of Loans and advances to credit institutions (at amortised cost) (2)	1	-1
Impairment of financial assets at amortised cost not associated with credit operations (3)	4	0
Loans impairment considering management criteria (1)-(2)-(3)	**237**	**200**

Balance sheet customer funds

Euro million

	30 Jun. 20	30 Jun. 19
Financial liabilities at fair value through profit or loss (accounting Balance sheet) (1)	2,288	3,514
Debt securities at fair value through profit or loss and certificates (2)	1,298	1,372
Customer deposits at fair value through profit or loss considering management criteria (3) = (1) - (2)	**989**	**2,142**
Resources from customers at amortised cost (accounting Balance sheet) (4)	62,475	56,877
Deposits and other resources from customers considering management criteria (5) = (3) + (4)	**63,464**	**59,020**
Non subordinated debt securities issued at amortised cost (accounting Balance sheet) (6)	1,476	1,772
Debt securities at fair value through profit or loss and certificates (7)	1,298	1,372
Non subordinated debt securities placed with institucional customers (8)	1,230	1,466
Debt securities placed with customers considering management criteria (9) = (6) - (7) - (8)	**1,545**	**1,678**
Balance sheet customer funds considering management criteria (10) = (5) + (9)	**65,009**	**60,698**

Securities portfolio

Euro million	30 Jun. 20	30 Jun. 19
Debt instruments at amortised cost (accounting Balance sheet) (1)	5,742	3,378
Debt instruments at amortised cost associated to credit operations net of impairment (2)	2,143	2,155
Debt instruments at amortised cost considering management criteria (3) = (1) - (2)	**3,600**	**1,223**
Financial assets not held for trading mandatorily at fair value through profit or loss (accounting Balance sheet) (4)	1,305	1,418
Balance sheet amount of loans to customers at fair value through profit or loss (5)	333	316
Financial assets not held for trading mandatorily at fair value through profit or loss considering management criteria (6) = (4) - (5)	**972**	**1,102**
Financial assets held for trading (accounting Balance sheet) (7)	2,336	856
of which: trading derivatives (8)	568	632
Financial assets designated at fair value through profit or loss (accounting Balance sheet) (9)	0	32
Financial assets at fair value through other comprehensive income (accounting Balance sheet) (10)	13,285	13,386
Assets with repurchase agreement (accounting Balance sheet) (11)	0	0
Securities portfolio considering management criteria (12) = (3) + (6) + (7) - (8) + (9) + (10) + (11)	**19,625**	**15,966**

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.

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

Commercial gap – loans to customers (gross) minus on-balance sheet customer funds.

Core income - net interest income plus net fees and commissions income.

Core net income - net interest income plus net fees and commissions income deducted from operating costs.

Cost of risk, net (expressed in basis points) - ratio of loans impairment (P&L) accounted in the period to loans to customers at amortised cost and debt instruments at amortised cost related to credit operations before impairment at the end of the period.

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

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

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

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

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

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

Debt instruments – non-subordinated debt instruments at 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.

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

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

Loans impairment (balance sheet) – balance sheet impairment related to loans to customers at 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 (net of reversals and net of recoveries - principal and accrual) of financial assets at amortised cost for loans to customers 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 and results from derecognition of financial assets measured at fair value through other comprehensive income.

Non-performing exposures (NPE) – non-performing loans and advances to customers (loans to customers at 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 and loans to customers at fair value through profit or loss) more than 90 days past due including the non-overdue remaining principal of loans, i.e. portion in arrears, plus non-overdue remaining principal.

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

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

Other impairment and provisions – impairment (net of reversals) for loans and advances of credit institutions classified at amortised cost, impairment for financial assets (classified at fair value through other comprehensive income and at amortised cost not associated with credit operations), impairment for other assets, namely assets received as payment in kind, investments in associated companies and goodwill of subsidiaries and other provisions.

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

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

Overdue loans – total outstanding amount of past due loans to customers (loans to customers at 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 and trading derivatives), financial assets at fair value through other comprehensive income and assets with repurchase agreement.

Spread - increase (in percentage points) to the index used by the Bank in loans granting or fund raising.
Total customer funds - balance sheet customer funds and off-balance sheet customer fund.

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

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, as the currently existing version.

The information in this presentation is for information purposes only and should be read in conjunction with all other information made public by the BCP Group.

The interim condensed consolidated financial statements, for the six months ended at 30 June 2020, were prepared in terms of recognition and measurement in accordance with the IAS 34 - Interim Financial Reporting adopted by the EU.

The figures for the first six months of 2020 and 2019 were not audited.