

Millennium  
bcp



# EARNINGS PRESENTATION 2021

Banco Comercial Português, S.A.

# Disclaimer

- | The information in this presentation has been prepared under the scope of the International Financial Reporting Standards ('IFRS') of BCP Group for the purposes of the preparation of the consolidated financial statements under Regulation (CE) 1606/2002, as amended.
- | The figures presented do not constitute any form of commitment by BCP in regard to future earnings.
- | Figures for 2021 not audited.
- | During 2021, BCP Group sold the entire share capital of Banque Privée BCP (Suisse) S.A. and 70% of the share capital of Seguradora Internacional de Moçambique, S.A. ("SIM"). As defined in IFRS 5, the contribution of these entities to the consolidated net income of the Group is reflected as income arising from discontinued operations, and the historical information has been restated since January 2020 to ensure its comparability.
- | Due to changes in the accounting policies of Bank Millennium (Poland), the previously published financial statements were restated from 1 January 2020 for comparability.
- | 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.

# AGENDA



Highlights

01

Group

02

Portugal

03

International  
operations

04



01

# Highlights

# Highlights: resilience of the business model



## Profitability

- **Net profit of 138.1 million**, including 532.6\* million of costs related with Bank Millennium's CHF loan portfolio and 56.2 million mandatory contributions for the banking sector in Portugal. Excluding costs associated with CHF loans, **the Group's net profit would amount to 404.9 million, +56.6% from 2020**
- **Net profit of 172.8 million in Portugal**, corresponding to an increase of 28.5% from 2020
- The Group's core operating profit, excluding 90.7 million of headcount adjustment costs in Portugal, **was 1,291.4 million, +10.9%**
- **Core income up by 4.9%; Recurring operating costs down by 1.8%**
- **Impairment and other provisions, totalled 1,061.1 million (+26.1%)**. Excluding Bank Millennium's CHF loans provisions\*\*, impairment and other provisions decreased 12.4% (85.6 million)



## Capital and liquidity

- **Total capital of 15.8%\*\*\*** and CET1\*\*\* of **11.7%**, above regulatory requirements of **13.75%** and of **9.16%**, respectively
- Strong liquidity, well in excess of regulatory requirements, and **eligible assets for ECB funding of 25.5 billion**

\* Before non-controlling interests and includes provisions for legal risks, costs with out-of-court settlements and legal advice.

\*\* CHF provisions net of amounts recognized in Other operating income.

\*\*\* Fully implemented ratio including unaudited net income for 2021.

# Highlights: resilience of the business model



## Business activity

- **Consolidated performing loans up by 3.1 billion**, +5.9% from December 2020; **performing loans in Portugal up by 1.9 billion**, +5.2% from December 2020
- **Total Customer funds up by 7.8 billion**, +9.5% from December 2020 (+8.7% in Portugal)
- **Off-balance-sheet Customers funds up by 4.1%** to 18.9 billion for the Group, resulting from 3.9% increase in Portugal and +5.3% in the international activity



## Credit quality

- **NPEs down in an adverse environment: -543 million** from December 2020. In Portugal, the reduction was **485 million** in the same period
- **Cost of risk of 60bp for the Group and of 69bp in Portugal; coverage of NPEs by LLRs of 68 %** (+5pp from December 2020), with **total coverage of 118%** at the Group level

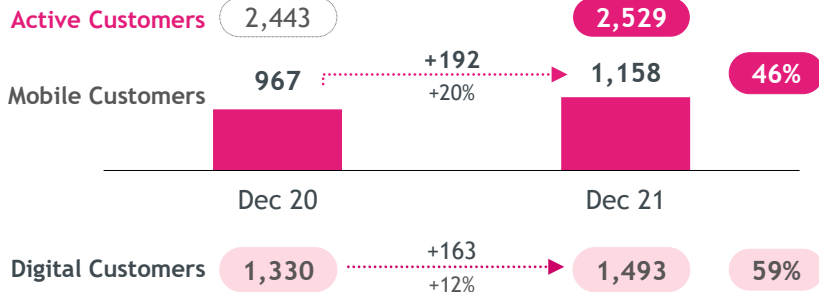
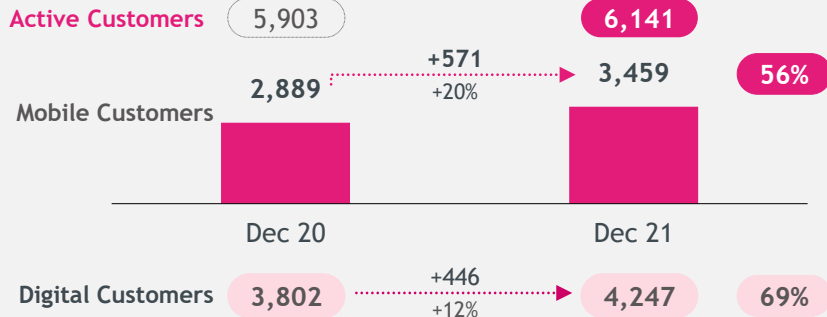


# Growing Customer base, mobile Customers standing out

'000 Customers

As % of active Customers

## Group



# Leading Bank in Customer Satisfaction and Recommendation and again Consumer's Choice 2022



## Leadership in Customer Satisfaction

CSI Global



CSI Branch Channel



CSI Digital Channel



## BASEF\* - Marktest Quality Indicators

Global



Service



Account manager



Products/Services



Digital channels



Recommendation



## Leadership in business recognition programs



Best Bank for companies, closest to Customers, main Bank for companies and most appropriate products by BFIN Data-E 2021 research



Leading bank in number of COTEC innovative awards, 1<sup>st</sup> edition, in partnership with COTEC



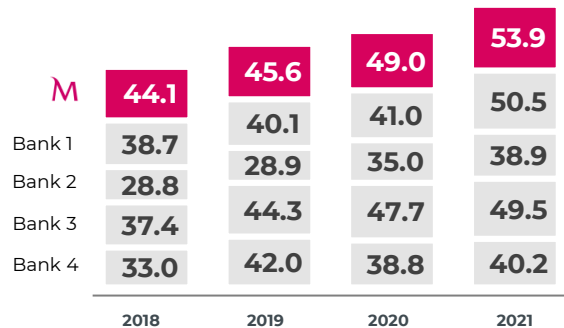
For the 3rd consecutive year, the Bank that supported most companies to obtain the PME Líder award



# Our capabilities in digital are widely recognised and recommended

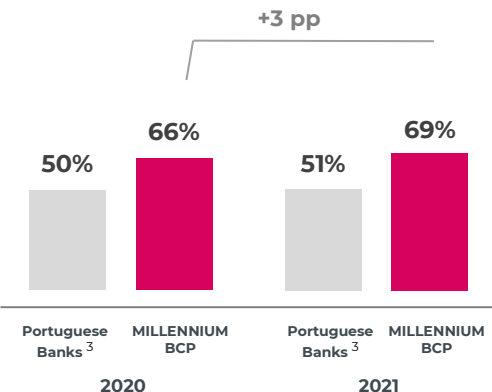
Marktest

## #1 NPS<sup>1</sup> Digital Customers 2018 - 2021, 5 largest banks



## "Best Digital Bank"

Unaided nomination by Customers<sup>2</sup>, 2021



App Millennium  
**leads ratings**



**4.8**



**4.8**



**4.7**



<sup>1</sup> Top recommendation index (NPS), digital channels: BASEF 5 largest banks 2021

<sup>2</sup> Which bank do you choose as the 'Best Digital Bank'? (Unaided reply) | Sample: Banking sector, total number of banking Customers, aged > 15 years - 70 years, Portugal (N 2021 = 2,000 per quarter; 8,000 per year)

<sup>3</sup> Banking Sector - Corresponds to the Simple Average of the scores obtained from 6 Banks : NB, BPI, Caixa, Millennium bcp, Santander and Montepio

Awards are the exclusive responsibility of the of the attributing entity

The "Product of the Year" award is based on a consumer survey of product innovation. Appraising entity - Product of the Year Portugal Lda.

# Innovation focused on customer needs translates into accelerated growth in Mobile usage and sales



## Strong mobile growth Y/Y

(Number of operations, Jan-Dec 2021 vs. Jan-Dec 2020)

**+53%**

Transactions

**+216%**

Transfers  
P2P

**+40%**

National  
Transfers

**+34%**

Payments

**+43%**

Sales

**+283%**

Cards

**+160%**

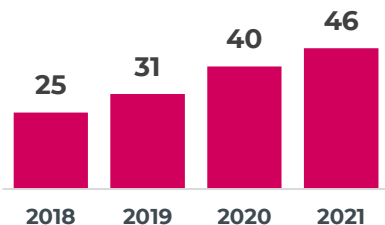
Personal loans

**+48%**

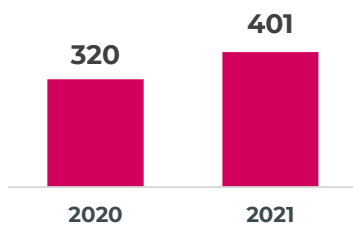
Savings



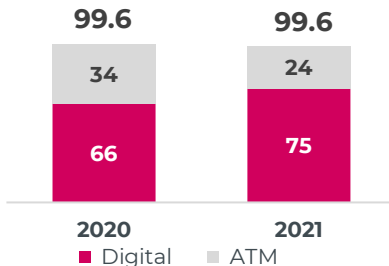
% Mobile Customers<sup>1</sup>



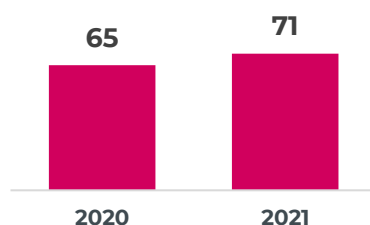
# Digital Interactions (mio)<sup>2</sup>



% Digital Transactions (#)<sup>3</sup>



% Digital Sales (#)<sup>4</sup>



<sup>1</sup> Customers definition according to 2024 Strategic Plan  
<sup>2</sup> Interactions (Millennium website and app), individuals includes AB  
<sup>3</sup> Includes mobile, online and ATMs, excludes branches  
<sup>4</sup> Digital sales (Millennium website and app) in number of operations



02

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Group

Profitability

# Net income of 138.1 million in 2021

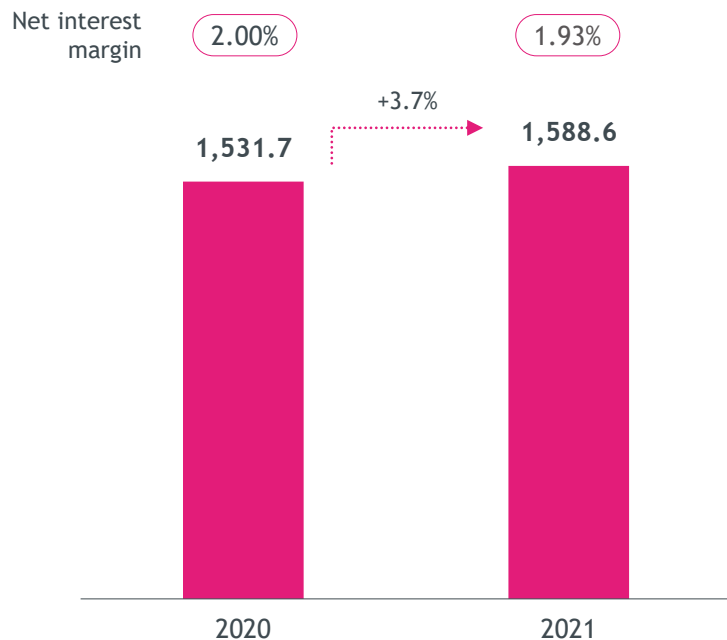
(Million euros)	2020	2021	YoY	Impact on earnings
Net interest income	1,531.7	1,588.6	+3.7%	+56.9
Commissions	676.6	727.7	+7.6%	+51.2
<b>Core income</b>	<b>2,208.2</b>	<b>2,316.3</b>	<b>+4.9%</b>	<b>+108.1</b>
<b>Operating costs</b>	<b>-1,090.4</b>	<b>-1,115.6</b>	<b>+2.3%</b>	<b>-25.2</b>
<i>Of which: recurring</i>	<i>-1,043.9</i>	<i>-1,024.9</i>	<i>-1.8%</i>	<i>+19.0</i>
<b>Recurrent core operating profit</b>	<b>1,164.3</b>	<b>1,291.4</b>	<b>+10.9%</b>	<b>+127.1</b>
Other income*	48.5	18.1	-62.7%	-30.4
<b>Operating net income</b>	<b>1,166.3</b>	<b>1,218.8</b>	<b>+4.5%</b>	<b>+52.5</b>
Impairment and other provisions	-841.3	-1,061.1	+26.1%	-219.7
<i>Of which: legal risk on CHF mortgages (Poland)**</i>	<i>-151.9</i>	<i>-457.2</i>	<i>+200.9%</i>	<i>-305.3</i>
<b>Net income before income tax</b>	<b>324.9</b>	<b>157.7</b>	<b>-51.5%</b>	<b>-167.2</b>
Income taxes***, non-controlling interests and discontinued operations	-141.9	-19.7	-86.2%	+122.3
<b>Net income</b>	<b>183.0</b>	<b>138.1</b>	<b>-24.6%</b>	<b>-44.9</b>
<b>Net income excluding costs related with CHF loan portfolio (Poland)****</b>	<b>258.6</b>	<b>404.9</b>	<b>+56.6%</b>	<b>+146.3</b>

\*Dividends from equity instruments, other net operating income, net trading income and equity accounted earnings. | \*\*Does not include provisions for legal risk on CHF mortgages of Euro Bank (guaranteed by Société Générale): 48.0 million in 2021 and 8.2 million in 2020 | \*\*\*Includes impact of provisions for legal risk on CHF mortgages in Poland (amount not considered tax deductible in 2021: 452.4 million) and of mandatory contributions (non-tax-deductible amounts in 2021: 39.3 million in Portugal and 94.4 million in Poland). | \*\*\*\*Impacts related mainly with provisions for legal risks, costs with out-of-court settlements and legal advice of 266.9 millions in 2021 and 75.6 millions in 2020, net of non-controlling interests.

# Net interest income

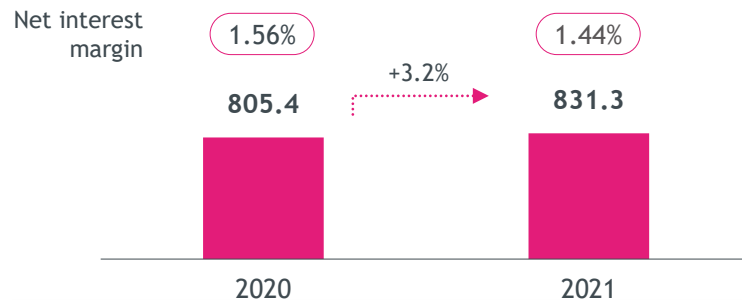
## Net interest income

(Consolidated, million euros)



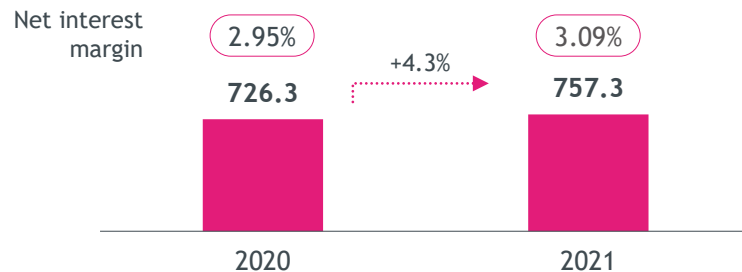
## Portugal

(Million euros)



## International operations

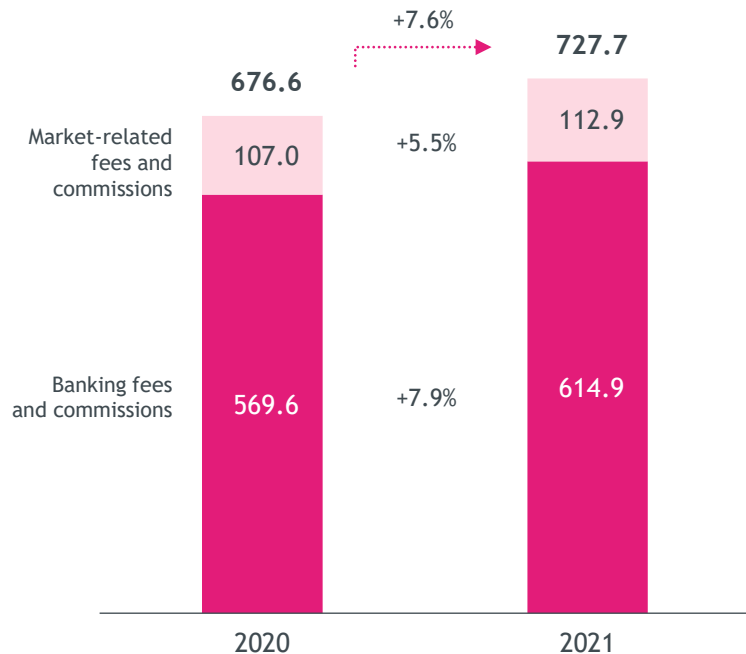
(Million euros)



# Fees and commissions

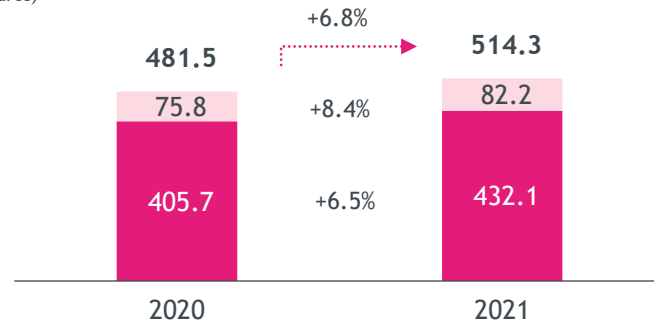
## Fees and commissions

(Consolidated, million euros)



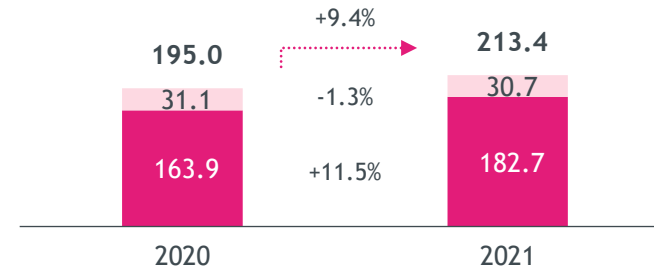
## Portugal

(Million euros)



## International operations

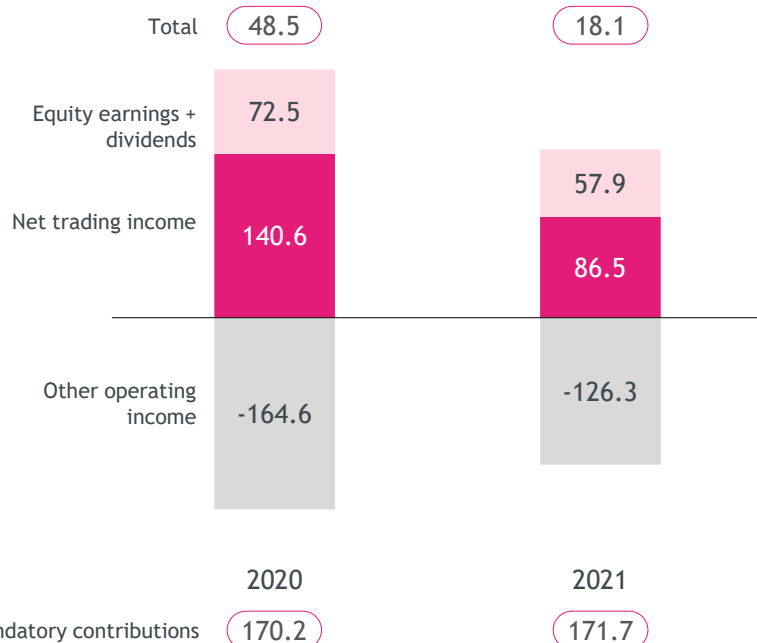
(Million euros)



# Other income

## Other income

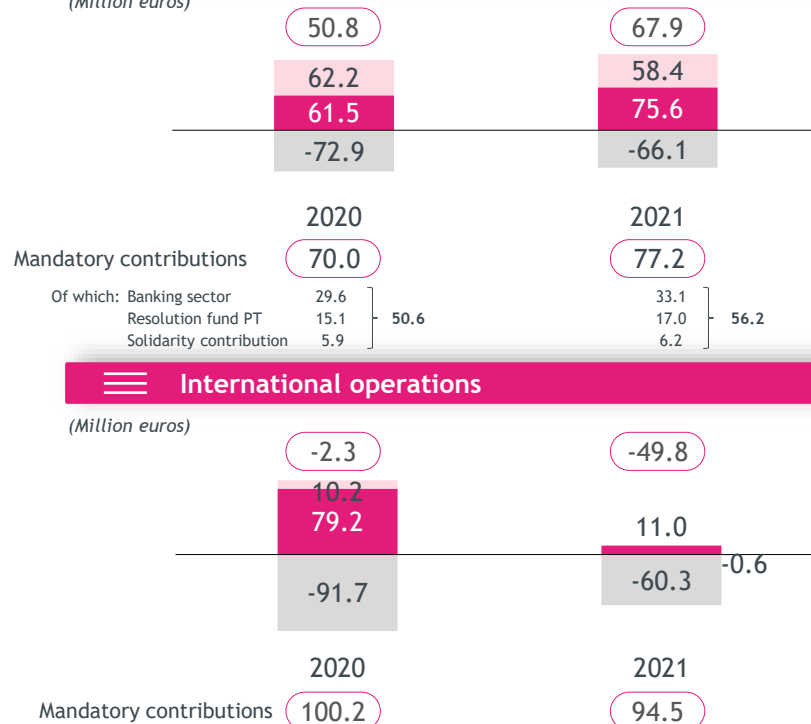
(Consolidated, million euros)



2020: other operating income includes +8.2 million compensation for provisions for legal risk on CHF mortgages of Euro Bank (guaranteed by Société Générale); net trading income include -10.6 million of out-of-court settlements with customers related with CHF loans portfolio.  
 2021: other operating income includes +48.0 million compensation for provisions for legal risk on CHF mortgages of Euro Bank (guaranteed by Société Générale). net trading income include -78 million of out-of-court settlements with customers related with CHF loans portfolio.

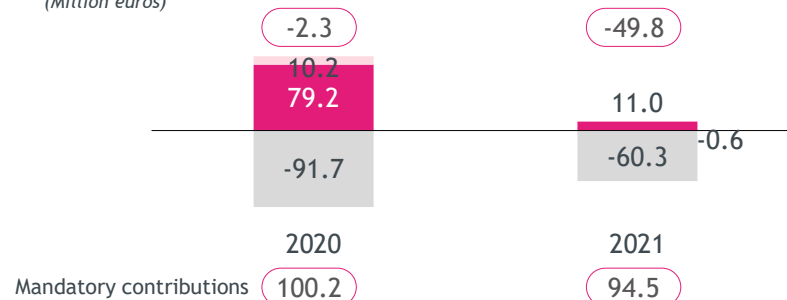
## Portugal

(Million euros)



## International operations

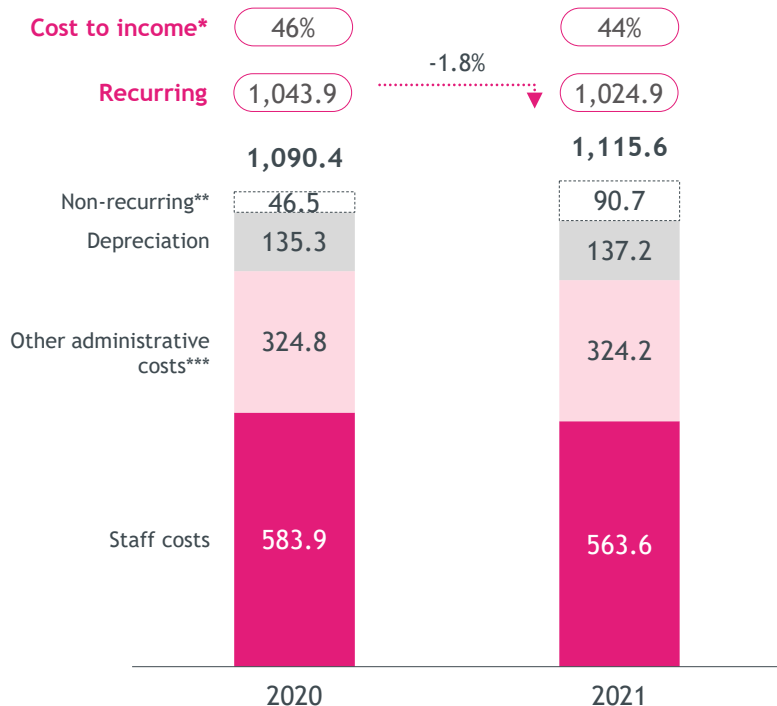
(Million euros)



# Operating costs

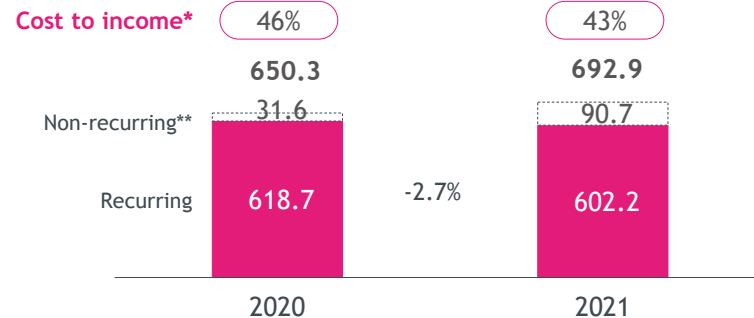
## Operating costs

(Consolidated, million euros)



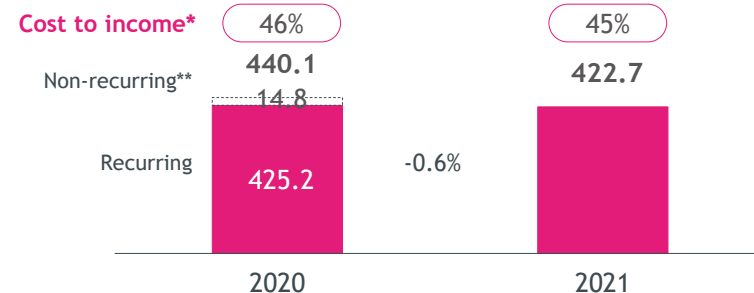
## Portugal

(Million euros)



## International operations

(Million euros)



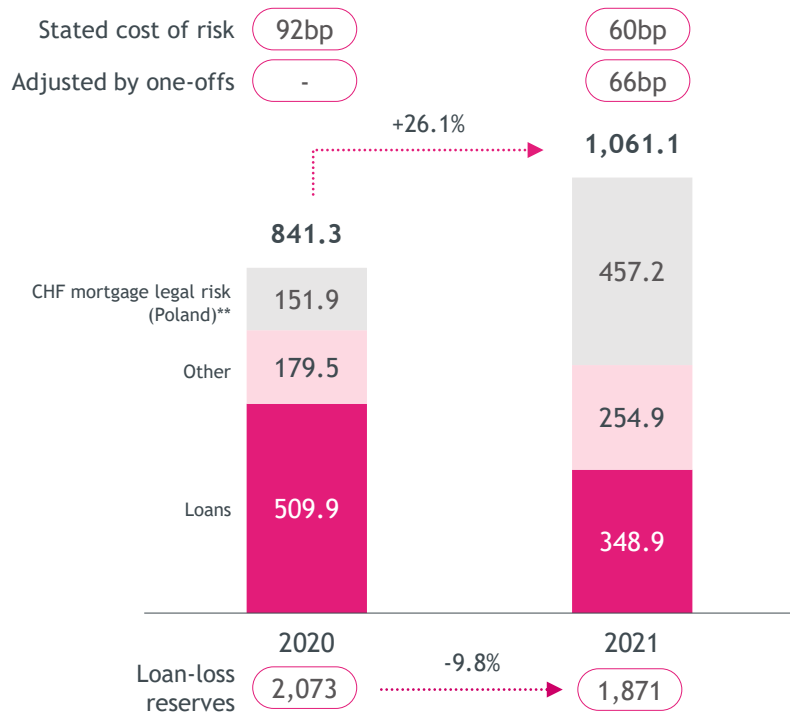
\*Does not include non-recurring costs | \*\*2020: compensation of 5.3 million for temporary salary cuts in Portugal, restructuring costs of 26.4 million in Portugal, Euro Bank integration costs of 14.8 million (international operations); 2021: headcount adjustment costs of 90.7 million. | \*\*\*Includes 5.7 million of legal advice costs related with CHF loans in 2020 and 10.9 million in 2021.



# Cost of risk and provisions

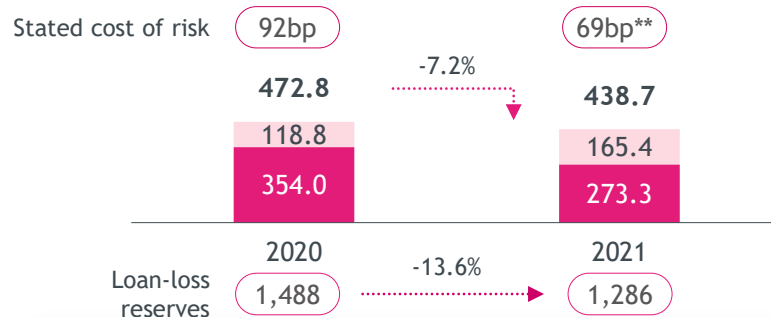
## Impairment and provision charges

(Consolidated, million euros)



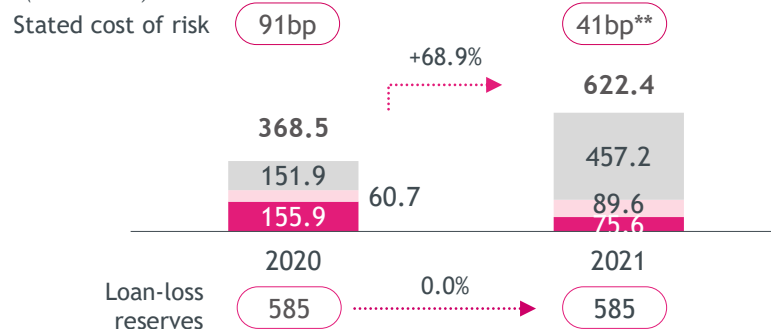
## Portugal

(Million euros)



## International operations

(Million euros)

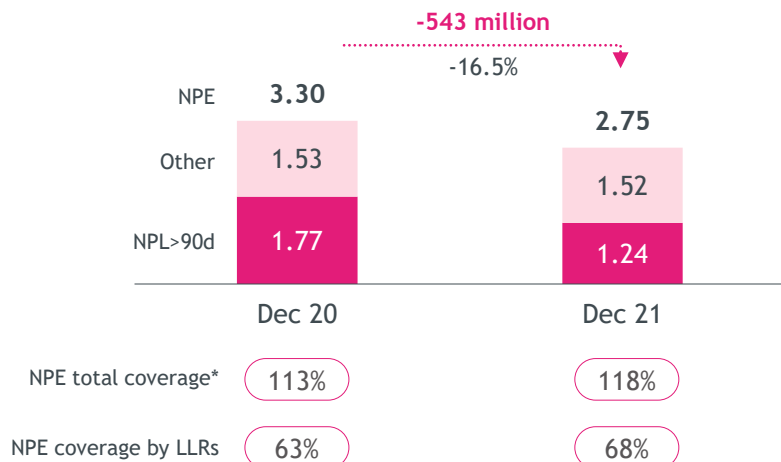


\*Does not include provisions for legal risk on CHF mortgages of Euro Bank (guaranteed by Société Générale): 48.0 million in 2021 and 8.2 million in 2020. | \*\*Cost of risk adjusted by one-off reversals of 77bp in Portugal and of 44bp in the international operations.

# Relevant reduction of NPEs under a complex context

## Credit quality

(Consolidated, billion euros)

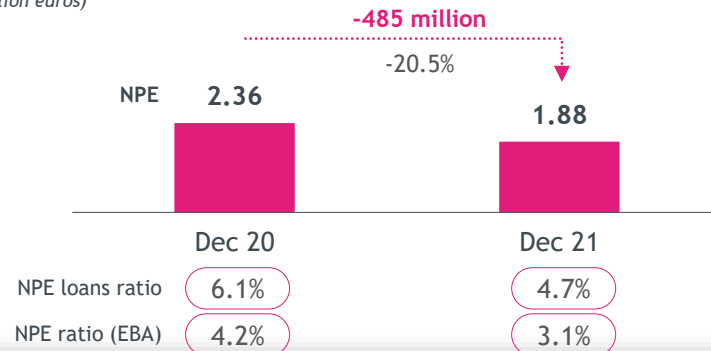


	Dec 20	Jun 21	Dec 21
NPL>90 days ratio	3.2%	2.5%	2.1%
NPE ratio inc. securities and off-BS (EBA)	4.0%	3.5%	3.2%
NPE ratio (loans only)	5.9%	5.2%	4.7%

\*By loan-loss reserves, expected loss gap and collaterals.  
NPE include loans to Customers only, except if otherwise indicated.

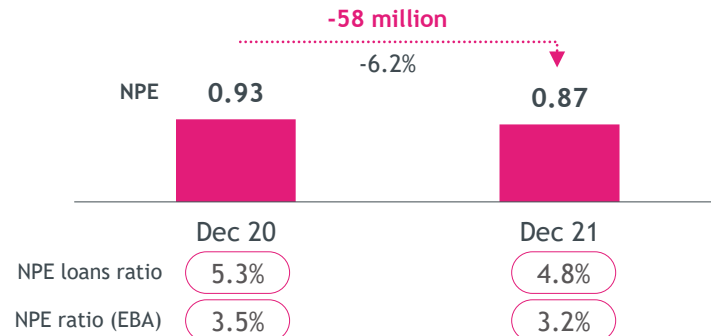
## Portugal

(Billion euros)



## International operations

(Billion euros)





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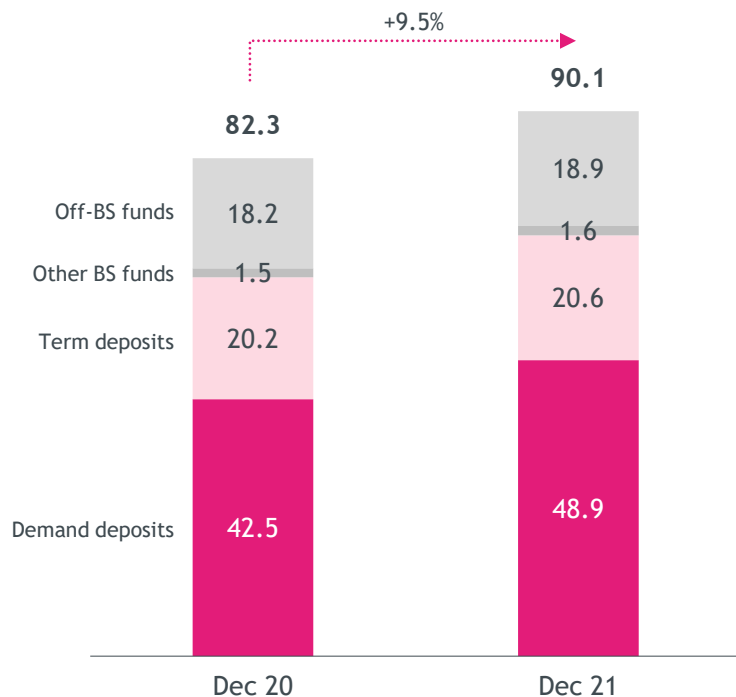
Group

Business activity

# Customer funds keep growing

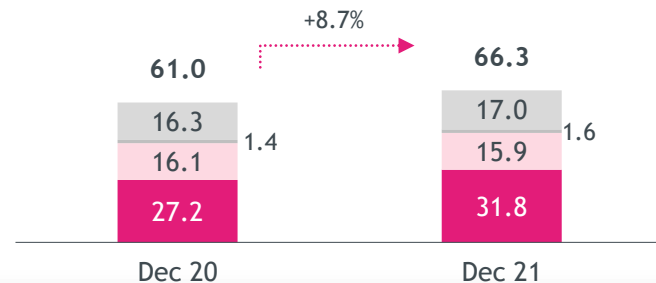
## Total Customers Funds\*

(Consolidated, billion euros)



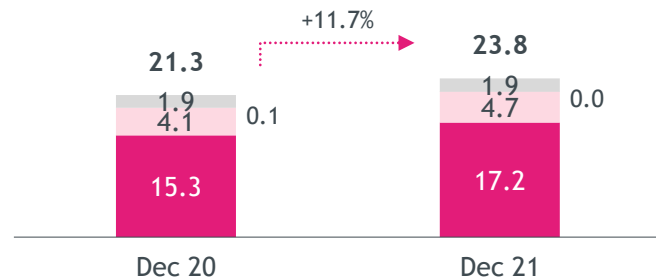
## Total Customers Funds\* Portugal

(Billion euros)



## Total Customers Funds\* international operations

(Billion euros)

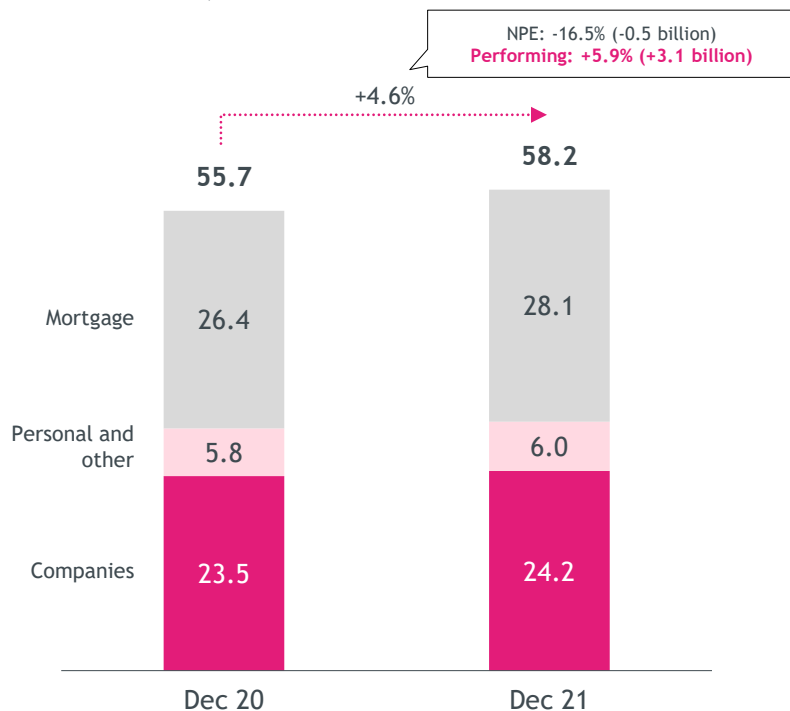


\*Deposits, debt securities, assets under management, assets placed with Customers and insurance products (savings and investments).  
Customer funds on a proforma basis due to Banque Privée sale

# Continued increase of the loan portfolio

## Loans to Customers (gross)

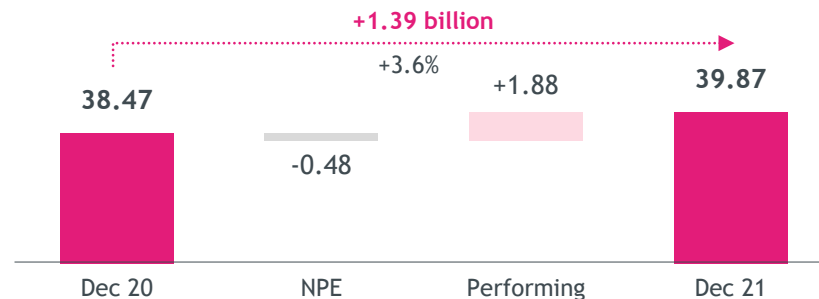
(Consolidated, billion euros)



NPE include loans to Customers only.  
Loans to Customers on a proforma basis due to Banque Privée sale.

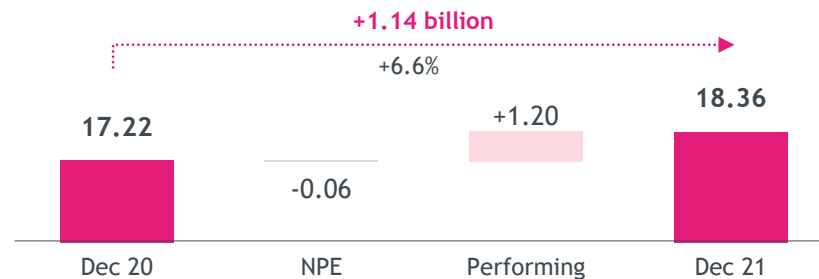
## Portugal

(Billion euros)



## International operations

(Billion euros)





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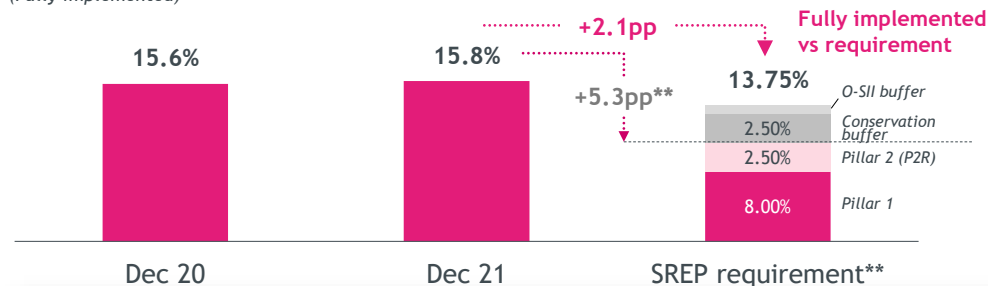
**Group**

Capital and liquidity

# Capital above regulatory requirements

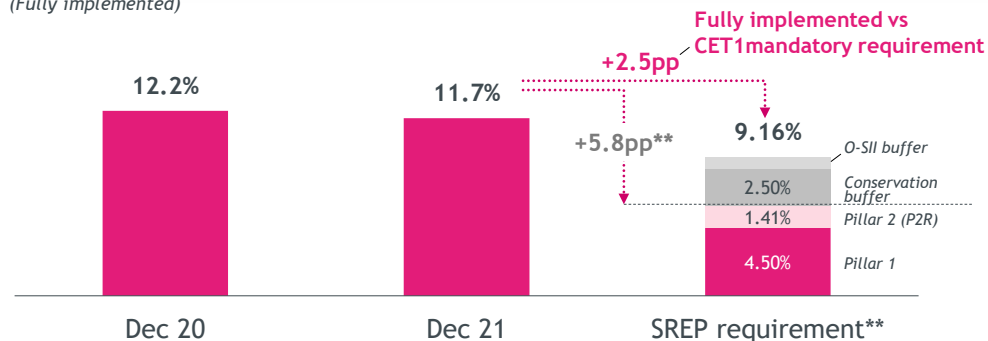
## Total capital ratio

(Fully implemented)



## CET1 capital ratio

(Fully implemented)

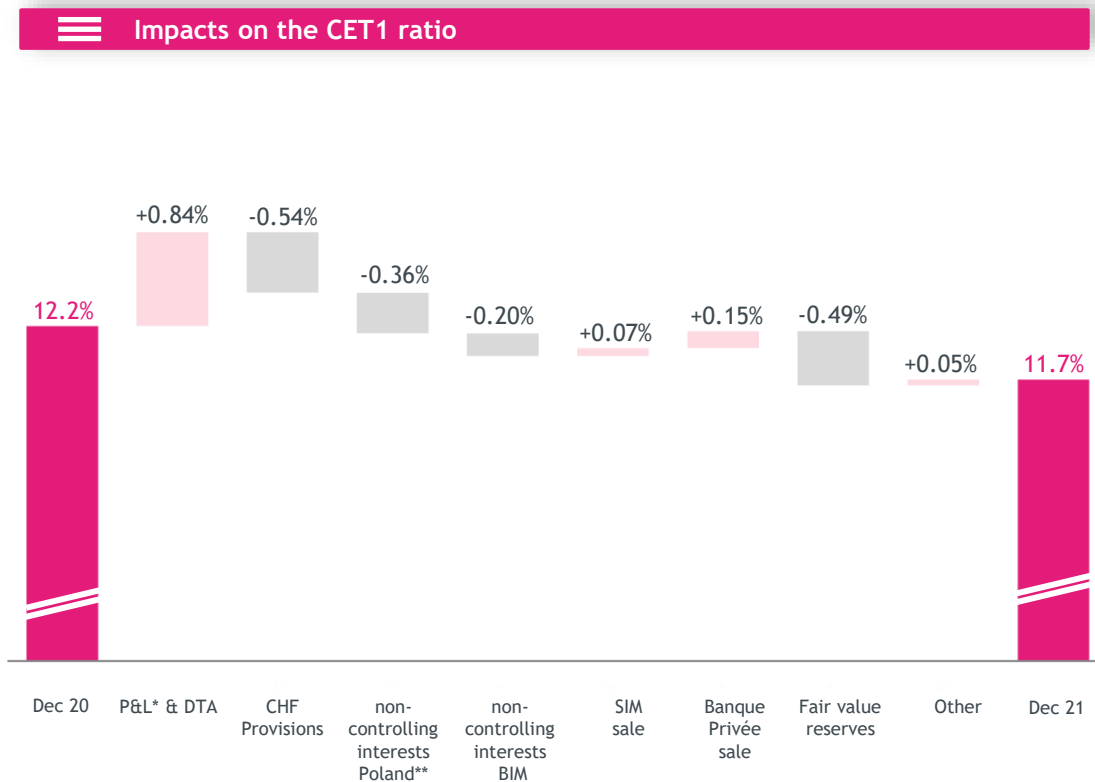


- **Total capital ratio of 15.8%\*** (fully implemented) as of December 2021, above SREP requirements
- **Surplus of 2.1pp** between the total capital ratio and the SREP requirement not using the capital conservation and the O-SII buffers, and of 5.3pp if such buffers are used
- **CET1 capital ratio of 11.7%\*** (fully implemented) as of December 2021
- **MDA buffer at 0.9 billion** above the level at which there are restrictions on the maximum distributable amount of results, in accordance with banking regulation
- **Adverse effects related with the Polish subsidiary and sovereign debt interest rates** increase more than offset the positive effects of the organic capital generation and sales of subsidiaries in 2021

\*Including unaudited net income for 2021.

\*\*Minimum phased-in regulatory requirements from March 1, 2022.

# Annual evolution of the CET1 ratio



- **84bp** recurring capacity of **organic capital generation**
- -54bp resulting from provisions **for legal risks associated with CHF loans in Poland**
- -36bp due to the increase in the excess over capital requirements due to reduction of the CHF portfolio
- -20bp related with the derecognition of **minority interests in Mozambique**
- **+22bp** resulting from the sale of Seguradora Internacional de Moçambique and Banque Privée
- -49bp associated with the impact of **interest rates increase** on fair value reserves

\* Excluding CHF impacts and sales

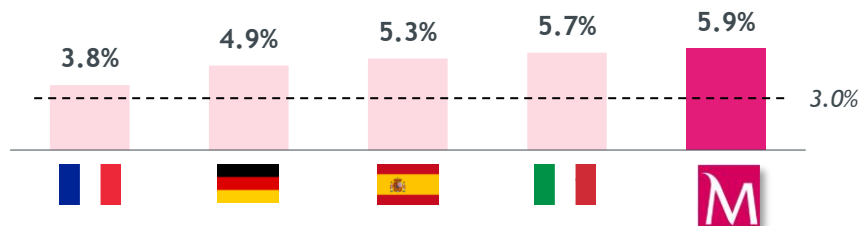
\*\*Increase in the excess over capital requirements due to reduction of the CHF portfolio



# Capital at adequate levels

## Leverage ratio

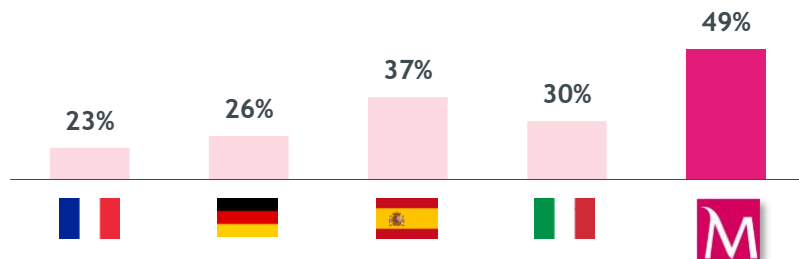
(Fully implemented, latest available data)



Leverage ratio at 5.9% as of December 2021, a comfortable and comparatively strong figure in European banking

## RWA density

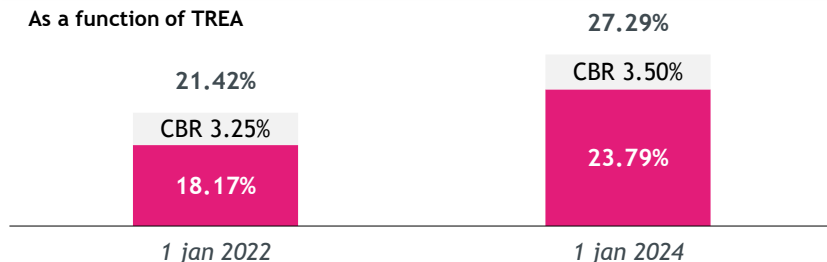
(RWAs as a % of assets, latest available data)



High RWA density (49% as of December 2021), compared to lower figures in most European banking markets

# MREL requirements consistent with the funding plan

## Requirements for the Resolution Group centred in Portugal



### Final requirement (by 1 de January 2024)

- 23.79% of the total risk exposure amount ("TREA") (to which adds further a combined buffer requirement ("CBR") of 3.5%, thus corresponding to total requirements of 27.29%); and
- 7.23% of the leverage ratio exposure measure ("LRE").

### Interim requirement (set at 1 de January 2022)

- 18.17% of TREA (to which adds a further 3.25% CBR requirement, thus corresponding to a total requirements of 21.42%); and
- 7.23% of the LRE.

No subordination requirements have been applied to the Bank.

MREL requirements are subject to periodic review by the SRB and eventual changes in the regulatory framework.

- **MREL requirements established** for the BCP Group are in line with the 2021-24 Strategic Plan and **are consistent with the ongoing funding plan**
- **Resolution strategy: MPE (Multi Point of Entry).** MREL requirements for the Resolution perimeter centred in Portugal
- **Preferred Resolution Measure: Bail-in**
- **As of December 31, 2021, BCP complied with the interim MREL requirement.** In 2021, the Bank carried out three new debt issues, totalling 1.3 billion euros: 500 million euros Senior Preferred; 500 million euros Senior Preferred ESG and 300 million euros Tier 2
- In order to comply with the final MREL requirement, effective as of 1 January 2024, **BCP expects to execute, by the end of 2023, a total volume of new issues of up to 2,000 million euros (about 1,000 million euros, on average, per year)**

# Pension fund

## Key figures

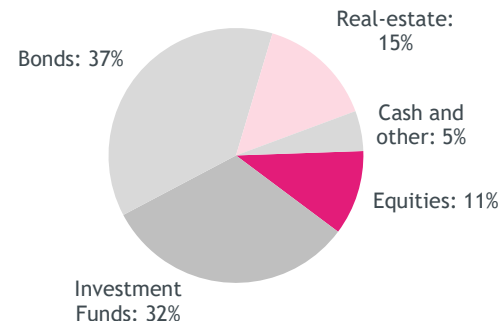
(Million euros)

	Dec 20	Dec 21
Pension liabilities	3,658	3,498
Pension fund	3,751	3,700
Liabilities' coverage	103%	106%
Fund's profitability	+5.8%	+1.92%

## Assumptions

	Dec 20	Dec 21
Discount rate	1.05%	1.35%
Salary growth rate	0.75%	0.75%
Pensions growth rate	0.50%	0.50%
Projected rate of return of fund assets	1.05%	1.35%
Mortality Tables		
Men	TV 88/90	TV 88/90
Women	Tv 88/90-3 years	Tv 88/90-3 years

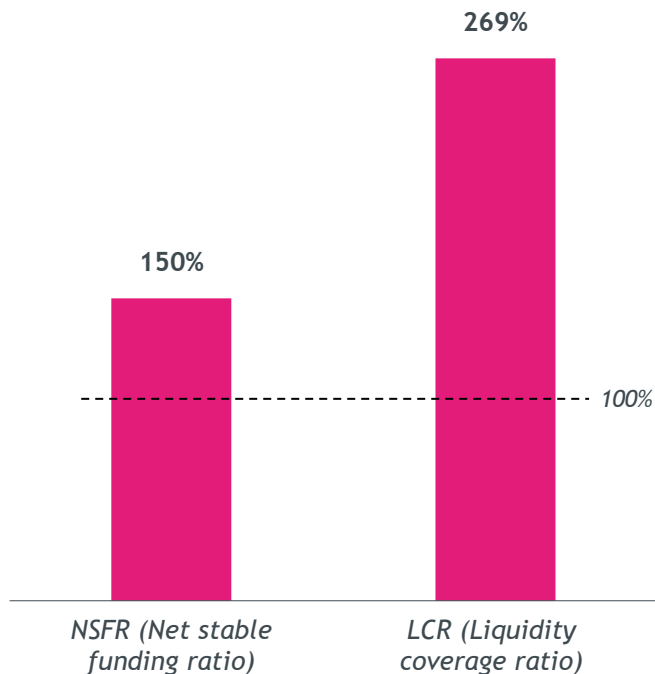
## Pension fund



- Discount rate and projected rate of return revised upwards to 1.35%, mainly reflecting higher market rates registered in 2021
- Liabilities fully covered (106%)
- The level of coverage of pension fund liabilities by assets provides room to absorb adverse impacts in the pension fund of up to 202 million with no impact on capital ratios

# Reinforced liquidity position

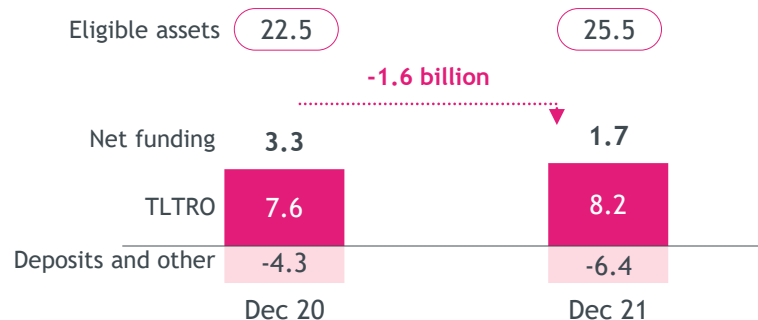
## Liquidity ratios (CRD/CRR)



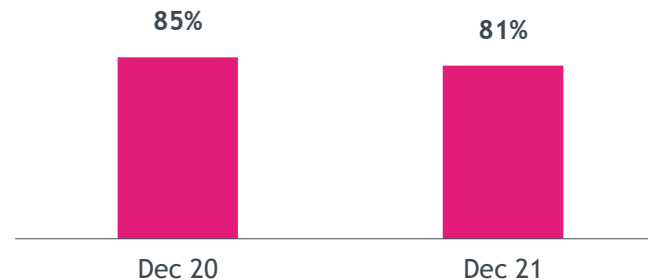
Change in loans to Customers and Customer funds on a proforma basis due to Banque Privée sale

## ECB funding, net

(Billion euros)



## Net loans to deposits ratio





03

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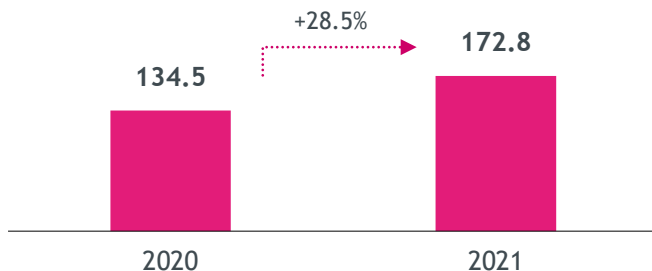
Portugal

# Resilient profitability in Portugal



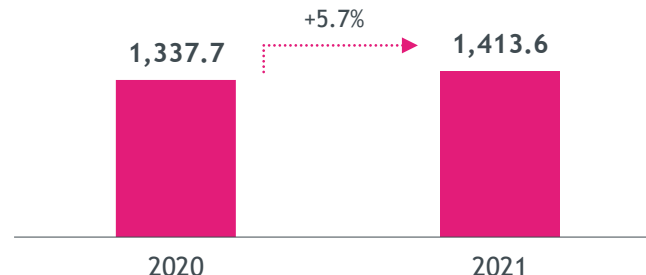
## Net income

(Million euros)



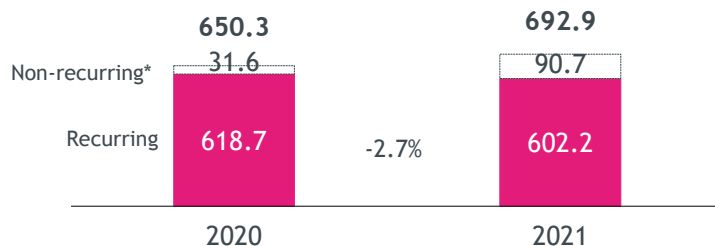
## Net operating revenue

(Million euros)



## Operating costs

(Million euros)



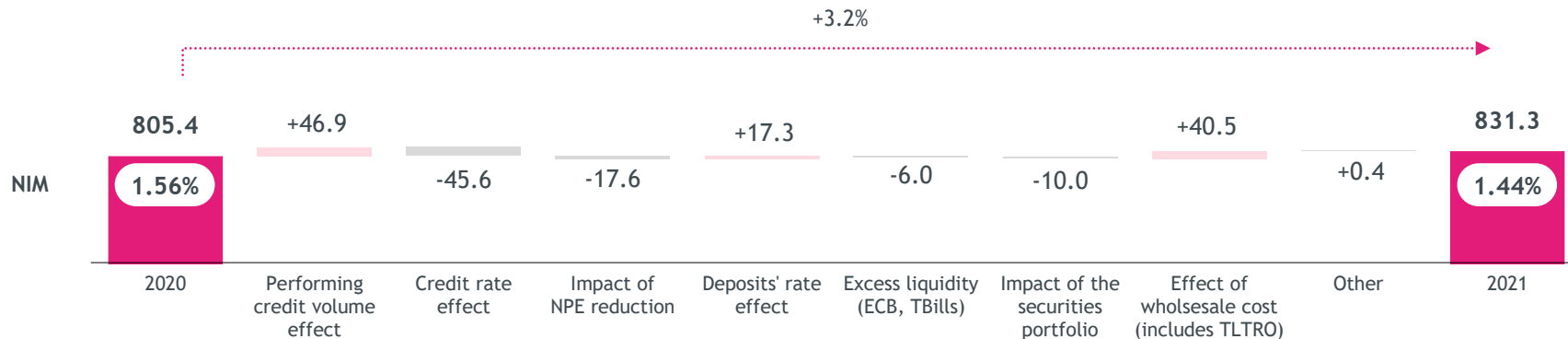
- Net income of 172.8 million in 2021, an increase of 28.5% from 2020
- Net income was driven by stronger core income, by headcount adjustment costs and lower loan impairments

\*2020: compensation of 5.3 million for temporary salary cuts and restructuring costs of 26.4 million; 2021: headcount adjustment of 90.7 million.

# Net interest income



(Million euros)



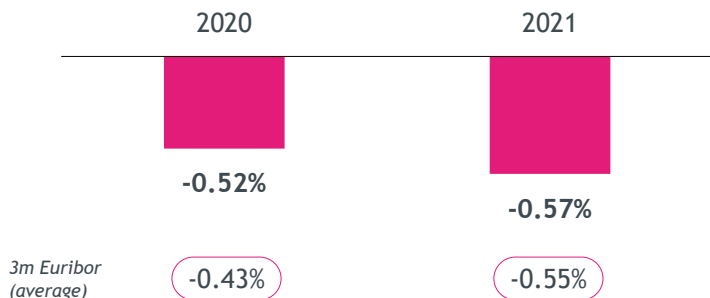
Net interest income stood at 831.3 million in 2021, up 3.2% (+25.9 million) from 805.4 million in the same period of 2020. The positive impacts of the growing performing portfolio, lower wholesale funding cost (influenced by the TLTRO impact) and of the continued decline in the remuneration of time deposits, have more than compensated for the negative impacts of the loan portfolio (influenced by the negative evolution of Euribor), reduction of NPEs, excess liquidity and lower yields of the securities portfolio.

# Continued reduction of the cost of deposits

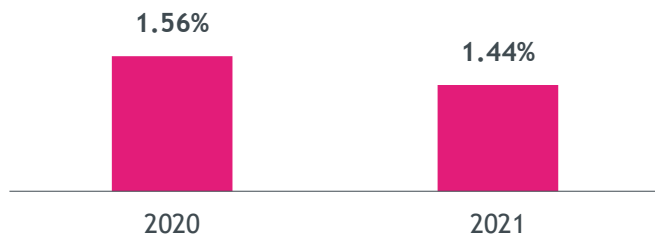


## ☰ Spread on the book of term deposits

(vs 3m Euribor)

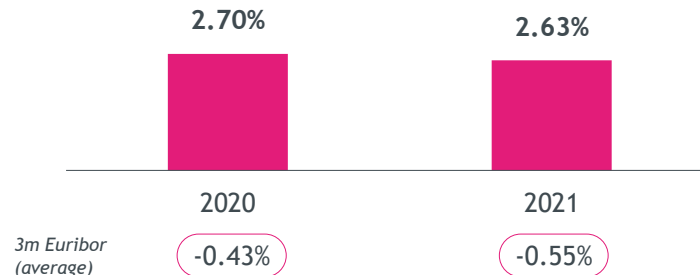


## ☰ NIM



## ☰ Spread on the performing loan book

(vs 3m Euribor)



- Spread of the portfolio of term deposits of -0.57% in 2021 (-0.52% in 2020); Customer rate down to 0.02% in 2021 from 0.10% in 2020
- Spread on the performing loan portfolio stood at 2.63% in 2021, compared to 2.70% in 2020
- NIM stood at 1.44%



# Commissions and other income



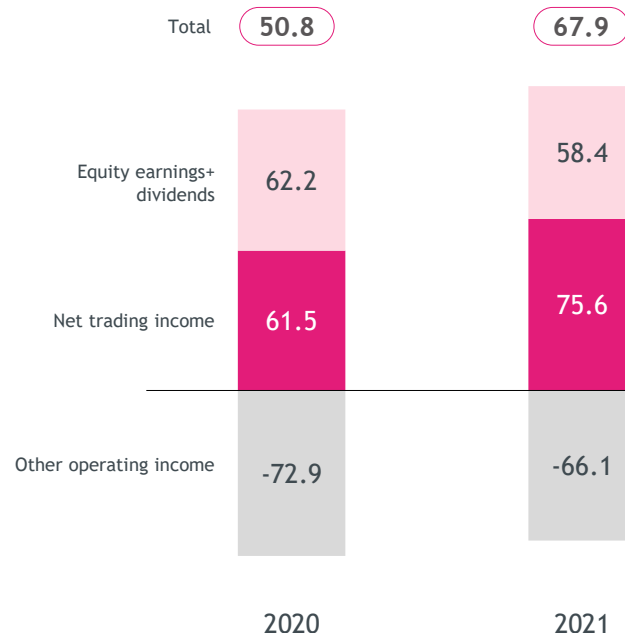
## Commissions

(Million euros)

	2020	2021	YoY
<b>Banking fees and commissions</b>	<b>405.7</b>	<b>432.1</b>	<b>+6.5%</b>
Cards and transfers	99.3	111.4	+12.2%
Loans and guarantees	103.5	106.6	+3.0%
Bancassurance	83.9	85.0	+1.3%
Customer account related	112.0	120.5	+7.5%
Other fees and commissions	6.9	8.6	+24.9%
<b>Market related fees and commissions</b>	<b>75.8</b>	<b>82.2</b>	<b>+8.4%</b>
Securities operations	40.7	33.8	-17.0%
Asset management	35.1	48.4	+37.7%
<b>Total fees and commissions</b>	<b>481.5</b>	<b>514.3</b>	<b>+6.8%</b>

## Other income

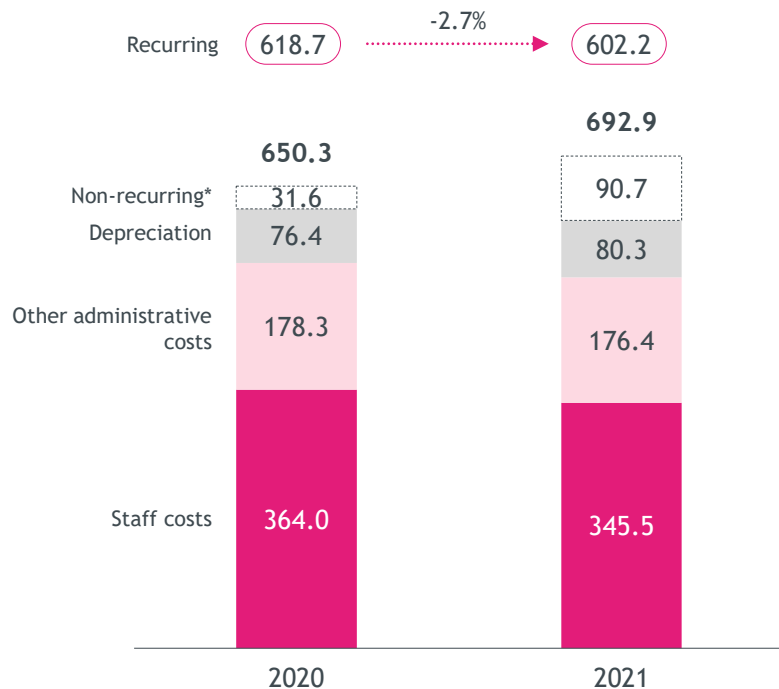
(Million euros)



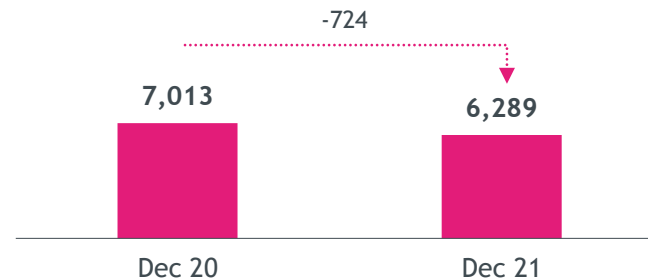


## Operating costs

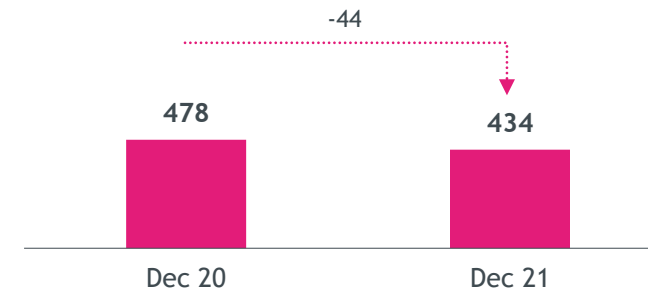
(Million euros)



## Employees



## Branches



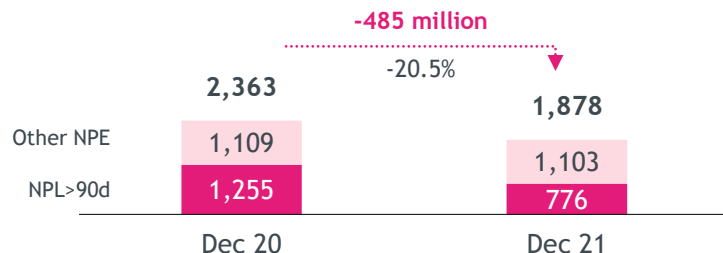
\*2020: compensation of 5.3 million for temporary salary cuts and restructuring costs of 26.4 million; 2021: headcount adjustment of 90.7 million.

# Continued decrease of NPEs



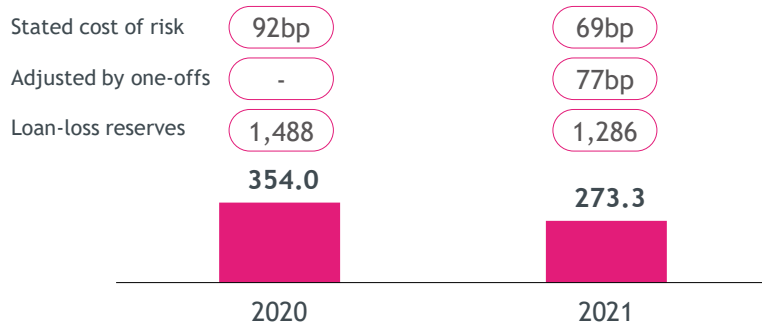
## Non-performing exposures (NPE)

(Million euros)



## Loan impairment (net of recoveries)

(Million euros)



NPE include loans to Customers only.

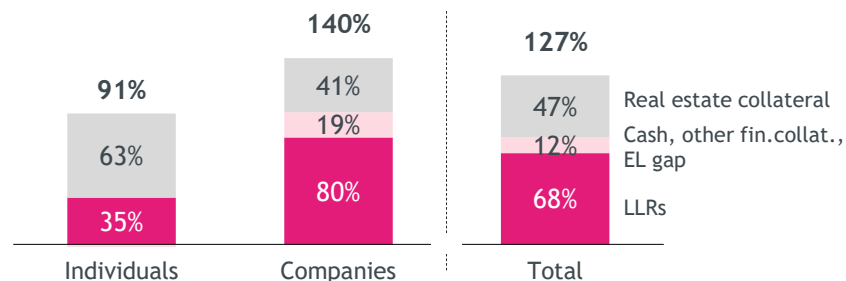
## NPE build-up

(Million euros)	Dec 21 vs. Dec 20	Dec 21 vs. Sep 21
Opening balance	2,363	1,931
Net outflows/inflows	87	73
Write-offs	-286	-78
Sales	-285	-47
<b>Ending balance</b>	<b>1,878</b>	<b>1,878</b>

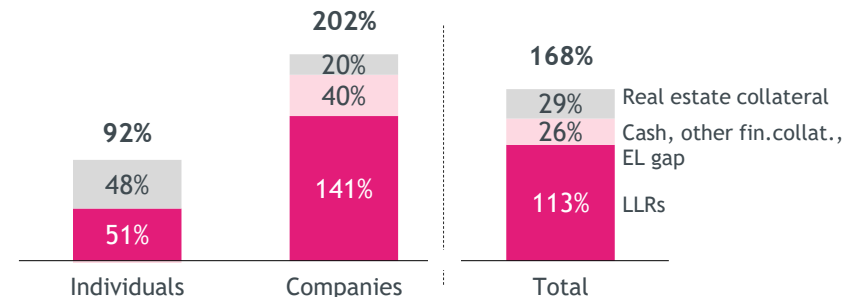
- NPEs in Portugal total 1,878 million at end-December 2021, 485 million down from December 2020
- The decrease from December 2020 results from net inflows of 87 million, write-offs of 286 million and sales of 285 million
- The decrease of NPEs from December 2020 is attributable to a 479 million reduction of NPL>90d
- Cost of risk of 69bp in 2021 (92bp in 2020), with a reinforcement of NPE coverage by loan-loss reserves to 68% from 63%, respectively



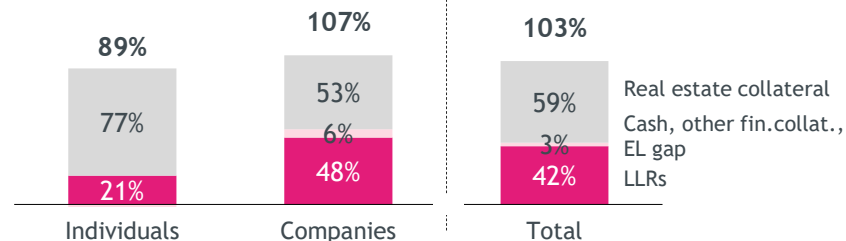
## NPE total coverage\*



## NPL>90d total coverage\*



## Other NPE total coverage\*



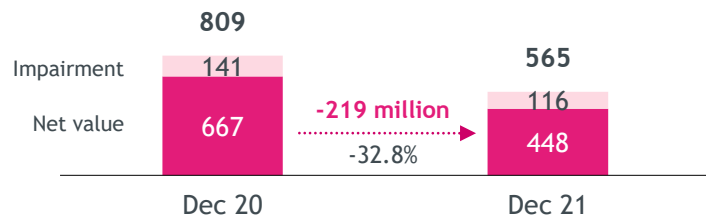
- Total coverage\*  $\geq 100\%$ , for both individuals and companies, and for both NPE categories (NPL>90d and other NPE)
- Coverage by loan-loss reserves is stronger in loans to companies, where real-estate collateral, usually more liquid and with a more predictable market value, accounts for a lower coverage than in loans to individuals: coverage by loan-losses was 80% for companies NPE as of December 2021, reaching 141% for companies NPL>90d (99% and 181%, respectively, if cash, financial collateral and expected loss gap are included)

# Foreclosed assets and corporate restructuring funds



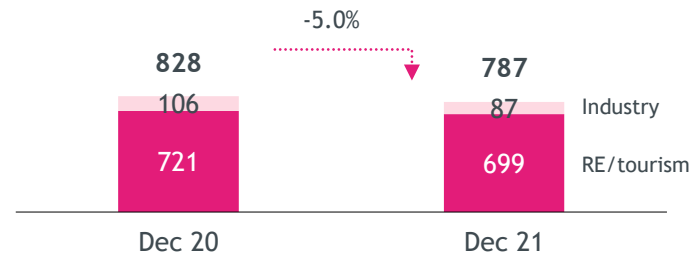
## Foreclosed assets

(Million euros)

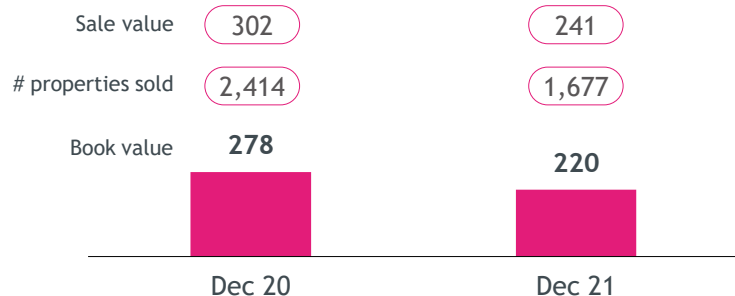


## Corporate restructuring funds

(Million euros)



## Sales of foreclosed assets



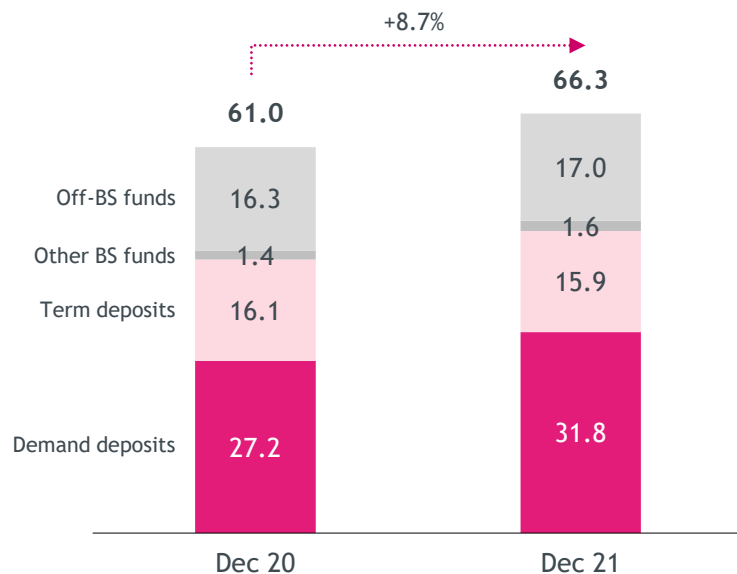
- Net foreclosed assets were down by 32.8% between December 2020 and December 2021. Valuation of foreclosed assets by independent providers exceeded book value by 32%
- 1,677 properties were sold during 2021 (2,414 properties in 2020), with sale values exceeding book values by 22 million
- Corporate restructuring funds decreased 5.0% to 787 million at end-December 2021. The original credit exposure on these funds totals 2,006 million, with total reserves (original credit, plus restructuring funds) corresponding to a 61% coverage

# Growing customer funds and loans to customers



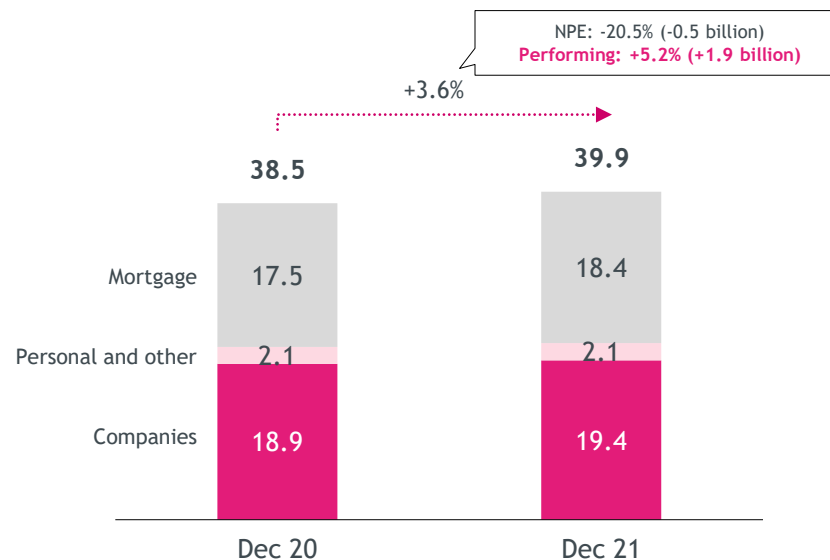
## ☰ Total Customers Funds\*

(Billion euros)



## ☰ Loans to Customers (gross)

(Billion euros)



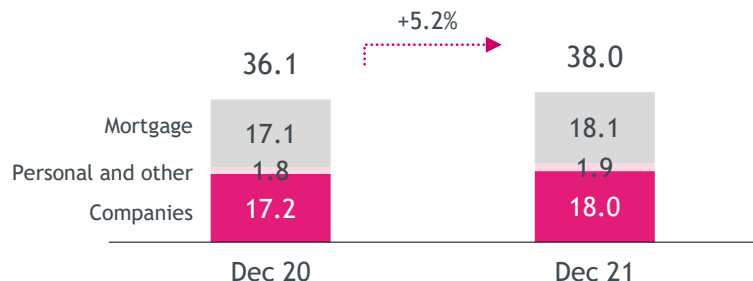
\*Deposits, debt securities, assets under management, assets placed with Customers and insurance products (savings and investments).

# Performing credit grows in Portugal



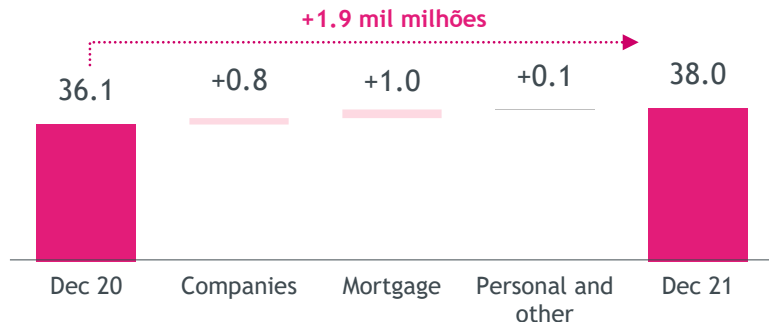
## Performing credit portfolio

(Billion euros)



## Breakdown of performing credit growth

(Billion euros)



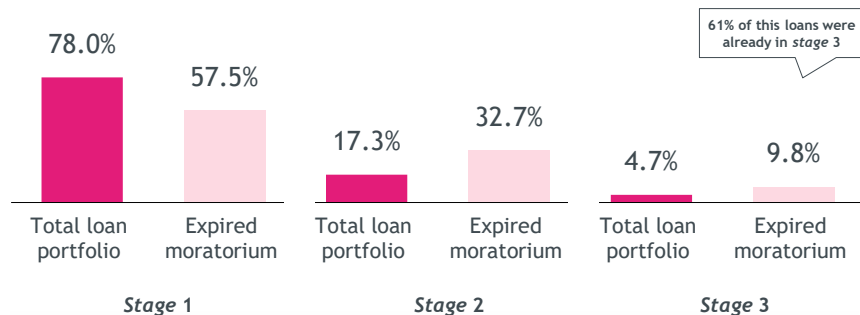
\*Data as of June 2021.

- **Performing credit portfolio in Portugal up by 1.9 billion (+5.2%)** from December 2020, supported in growth in mortgage loans and loans to companies
- **Strong support to companies**, +766 million of performing loan growth from December 2020 (+4.5%)
- ✓ Credit lines **with European guarantees** to support the economy of **3.3 billion**
- ✓ **Main bank for companies (DataE 2021)**; most appropriate products; best; closest to Customers
- ✓ **19% market share** (up to September 2021) **in the placement of loans with State guarantees**, in partnership with Banco Português de Fomento (BPF)
- ✓ **Leading bank in Factoring and Confirming**: factoring invoicing of 8.3 billion in 2021 and market share of 24%\*
- ✓ **Leading bank in Leasing**: 528 million new leasing business in 2021 and market share of 20%\*

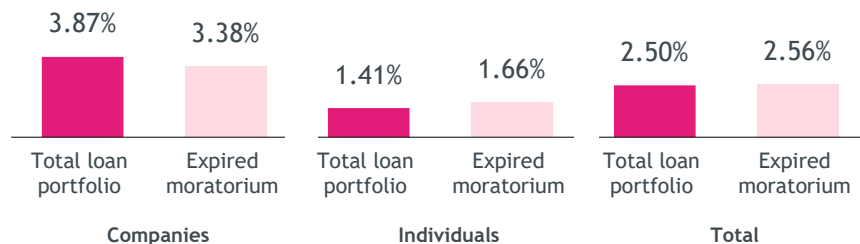
# End of moratoriums without significant impact on overdue loans



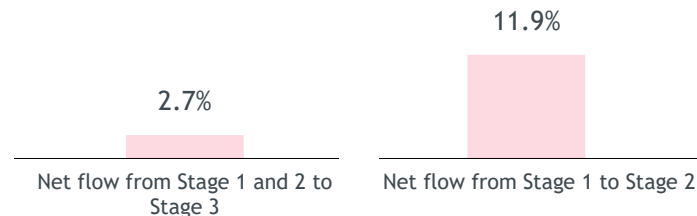
## Loans by stages total portfolio *versus* expired moratorium



## Percentage of loans with *days past due*



## Stages migration in loans with expired moratoriums



- Expired moratoriums in 2021 **with no significant impact on past due loans.** Of the total of the 8.2 billions of expired moratoriums as of December 31, 306 millions were subject to restructuring due to financial difficulties
- 90.2% of the amount of expired moratoriums corresponds to performing loans.** 96% in moratorium granted to individuals and 84% in moratorium granted to companies are in performing loans
- 74% of loans with expired moratoriums covered by mortgages** (51% residential mortgages and 23% commercial mortgages)





04

**International operations**

# Contribution from international operations to consolidated net income

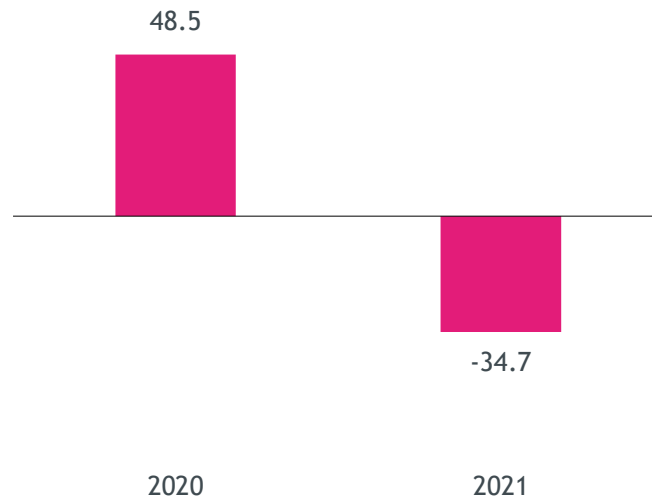
(Million euros\*)

	2020	2021
Poland	5.0	-291.9
Mozambique	60.1	82.8
Other	-6.3	-9.8
Net income international operations	58.9	-218.9
Discontinued Operations**	15.6	70.9
Non-controlling int. (Poland+Mozambique)	-25.9	113.3
Exchange rate effect	-0.1	--
<b>Contribution from international operations</b>	<b>48.5</b>	<b>-34.7</b>



## Contribution from international operations

(Million euros\*)

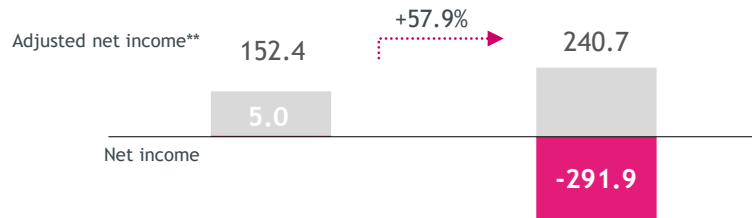


# Net earnings affected by costs related with CHF loans



## Net income

(Million euros\*)



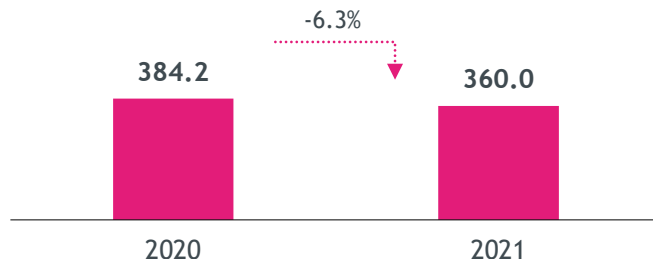
3m WIBOR  
(average)

2020  
0.66%

2021  
0.55%

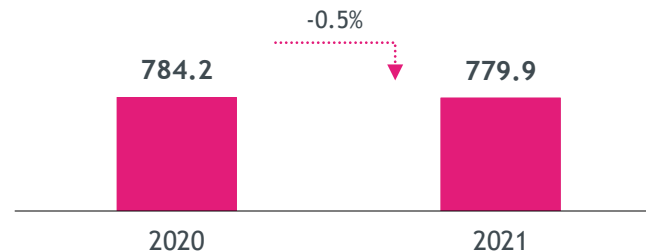
## Operating costs

(Million euros\*)



## Net operating revenue

(Million euros\*)



- Adjusted net income\*\* up by 57.9%
- Net losses of 291.9 million, affected by 532.6\*\*\* million costs related with CHF loans portfolio
- Net operating revenue influenced by results in net trading income related with out-of-court agreements associated with CHF loans
- Continued implementation of measures to rationalise the workforce and to optimise geographic presence: reduction of 551 employees and 47 branches
- Strong franchise, as demonstrated by the increase of Customers funds by 11.3% and of loans to Customers by 6.5%
- CET1 ratio of 14.0% with total capital of 17.1%

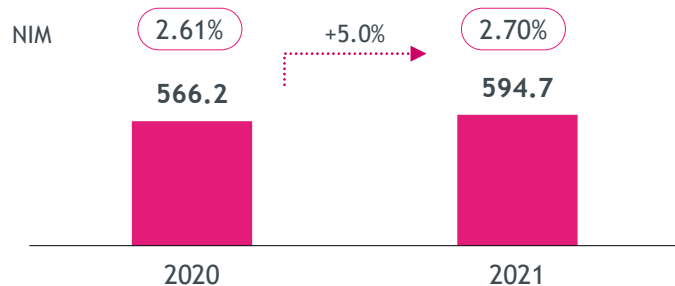
\*FX effect excluded. €/Zloty constant at December 2021 levels: Income Statement 4.56; Balance Sheet 4.58. | \*\* Excludes provisions for legal risks, costs with out-of-court settlements and legal advice related with CHF loans  
\*\*\*Before non-controlling interests and includes provisions for legal risks, costs with out-of-court settlements and legal advice.

# Net interest income increase and reduction of operating costs



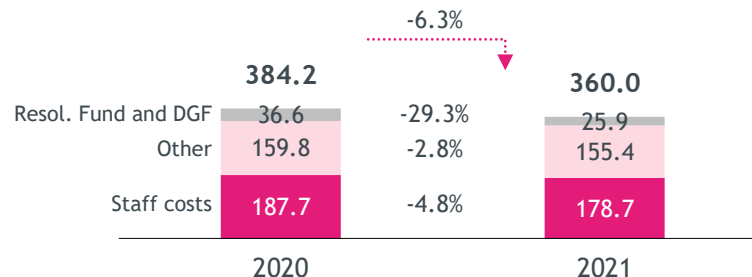
## Net Interest income

(Million euros\*)



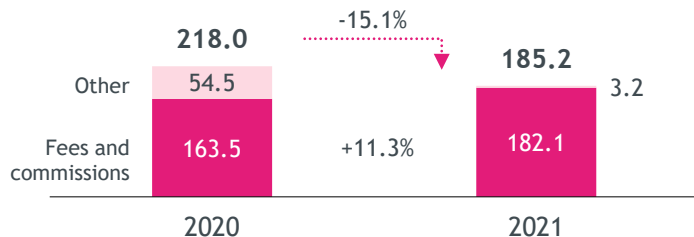
## Operating costs

(Million euros\*)



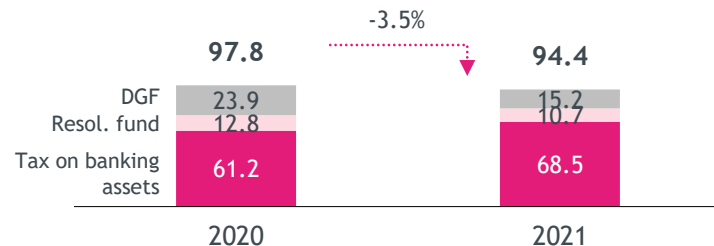
## Commissions and other income

(Million euros\*; does not include tax on assets and contribution to the resolution fund and to the DGF)



## Mandatory contributions

(Million euros\*)



\*FX effect excluded. €/Zloty constant at December 2021 levels: Income Statement 4.56; Balance Sheet 4.58.



## NPL>90d

(Million euros\*)

Credit ratio  
NPL>90d

2.7%

2.2%

443.8

393.6

Dec 20

Dec 21

## Loan impairment (net of recoveries)

(Million euros\*)

Cost of risk

83bp

37bp

134.5

63.9

2020

2021

## Loan-loss reserves

(Million euros\*)

Coverage ratio  
NPL>90d

122%

135%

543.1

532.4

Dec 20

Dec 21

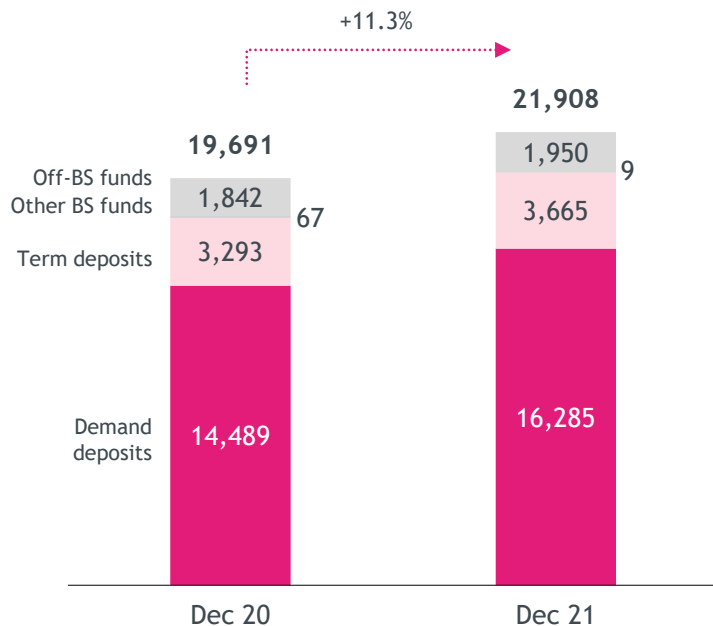
- NPL>90d accounted for 2.2% of total credit as of December 2021 (2.7% as of December 2020)
- Coverage of NPL>90d by loan-loss reserves at 135% (122% as of December 2020)
- Cost of risk of 37bp, compared to 83bp in 2020, which included Covid-19 provisions

# Increased Customers funds and loans to Customers



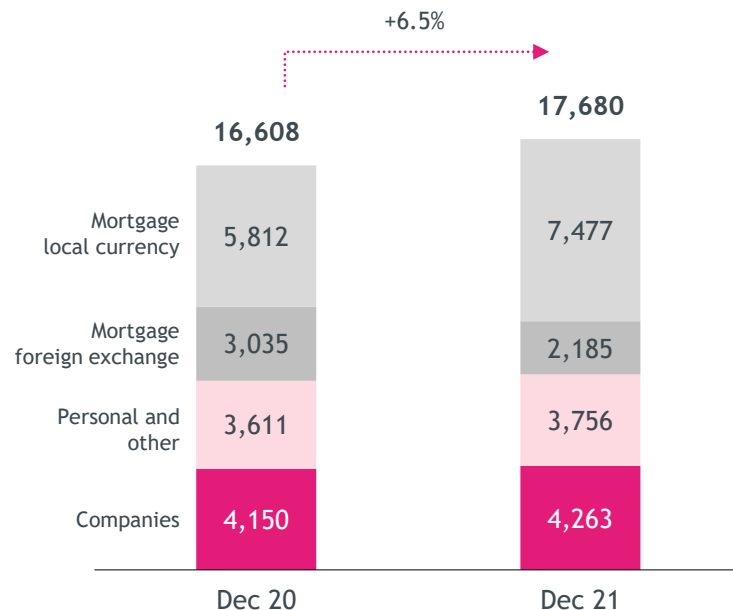
## Customers funds

(Million euros\*)



## Loans to Customers (gross)

(Million euros\*)

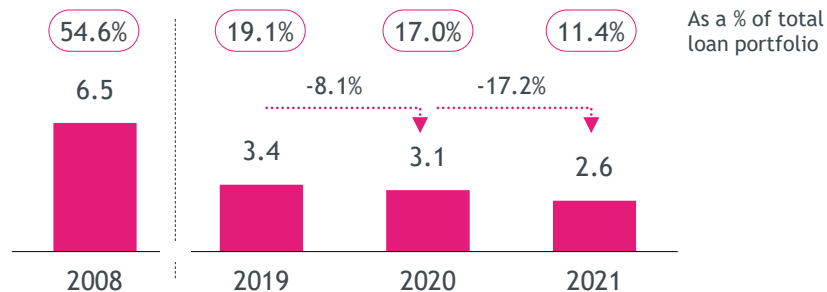


\*FX effect excluded. €/Zloty constant at December 2021 levels: Income Statement 4.56; Balance Sheet 4.58.



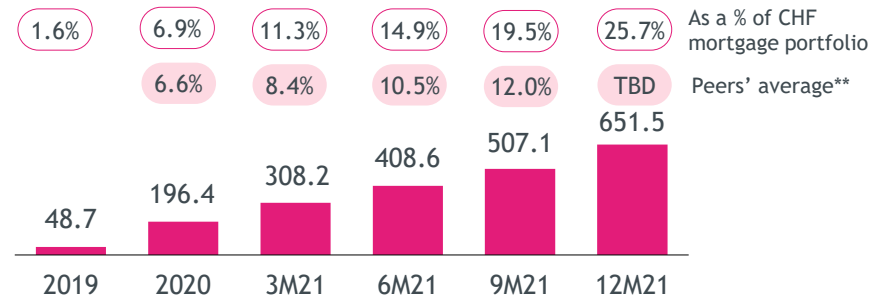
## CHF mortgage portfolio

(Billion euros\*)



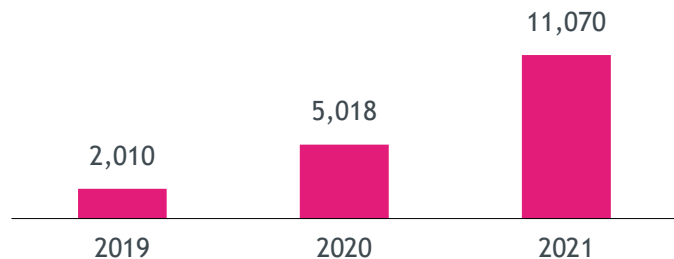
## Cumulative provisions for legal risks

(Million euros\*)

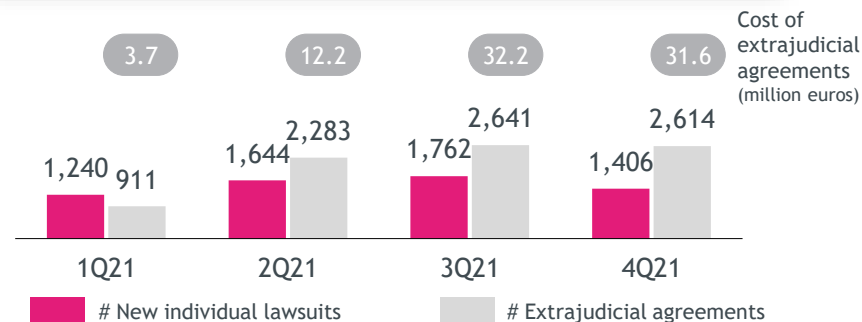


## Individual lawsuits

(Number of cases)



## New individual lawsuits and extrajudicial agreements



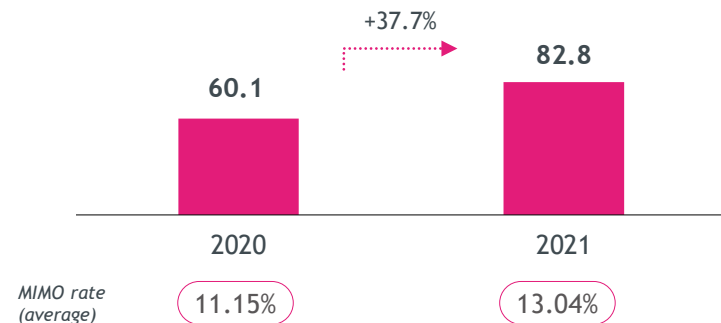
\*Excludes Euro Bank. | \*FX effect excluded. €/CHF constant at December 2021 levels: Balance Sheet 1.04. €/Zloty constant at December 2021 levels: Income Statement 4.56; Balance Sheet 4.58. | \*\*Peers average excluding PKO's provisions for conversion.

# Net income reflects resilience in challenging environment



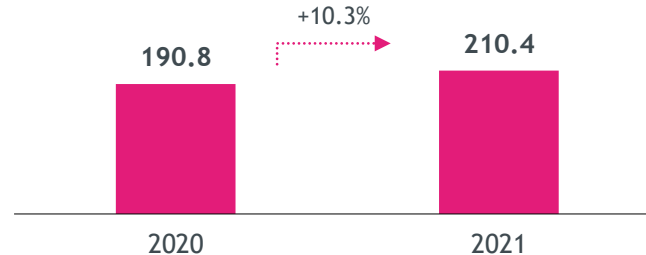
## Net income\*\*

(Million euros\*)



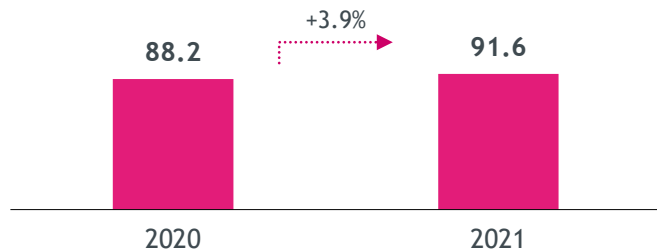
## Net operating revenue

(Million euros\*)



## Operating costs

(Million euros\*)



- Net income of 82.8 million in 2021, +37.7% on comparable basis
- Customer funds decreased by 0.7%; loans to Customers decreased by 5.0%
- Capital ratio of 44.8%

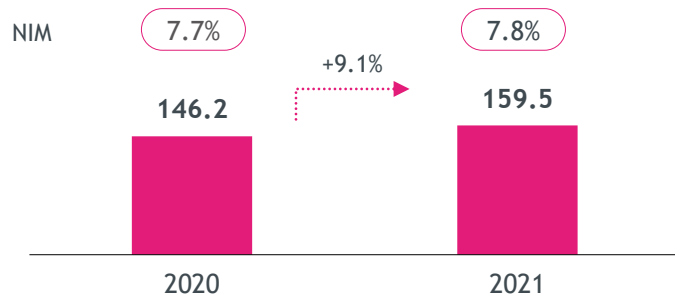


# Increased net interest income and commissions



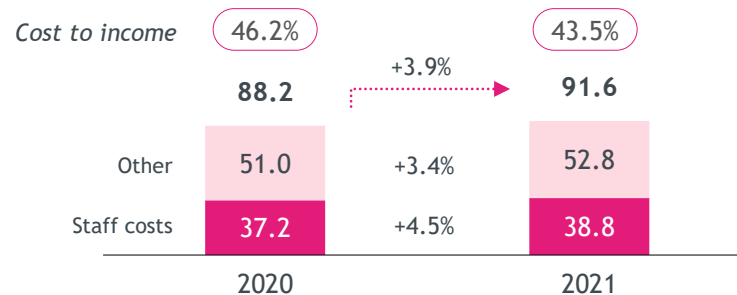
## Net Interest income

(Million euros\*)



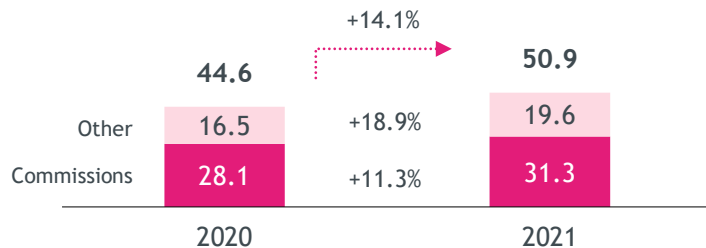
## Operating costs

(Million euros\*)

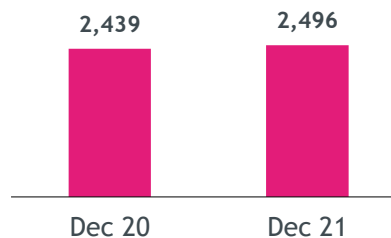


## Commissions and other income

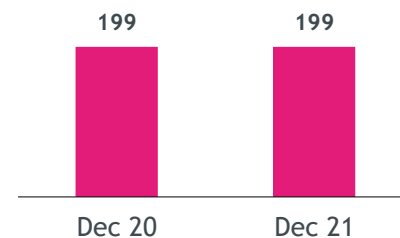
(Million euros\*)



## Employees\*\*



## Branches



FX effect excluded. €/Metical constant at December 2021 levels: Income Statement 77.93; Balance Sheet 72.90.

\*\*Excludes employees from SIM (insurance company).

## NPL>90d

(Million euros\*)

Credit ratio  
NPL>90d

12.5%

10.8%

82.2

67.9

Dec 20

Dec 21

## Loan impairment (net of recoveries)

(Million euros\*)

Cost of risk

503bp

72bp

31.0

4.2

2020

2021

## Loan-loss reserves

(Million euros\*)

Coverage ratio  
NPL>90d

59%

77%

48.7

52.2

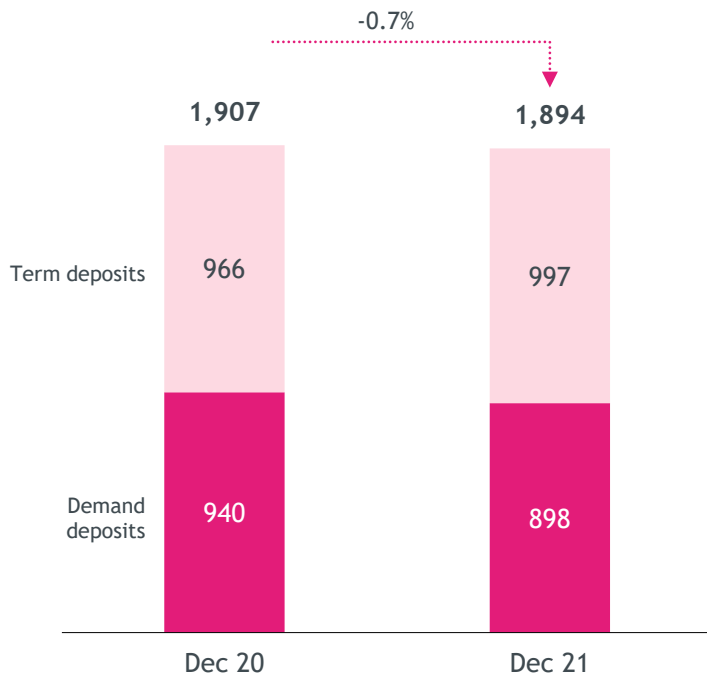
Dec 20

Dec 21

- NPL>90d ratio of 10.8% as of December 2021, with coverage by loan-loss reserves of 77% on the same date
- Cost of risk of 72bp in 2021 (503bp in 2020)

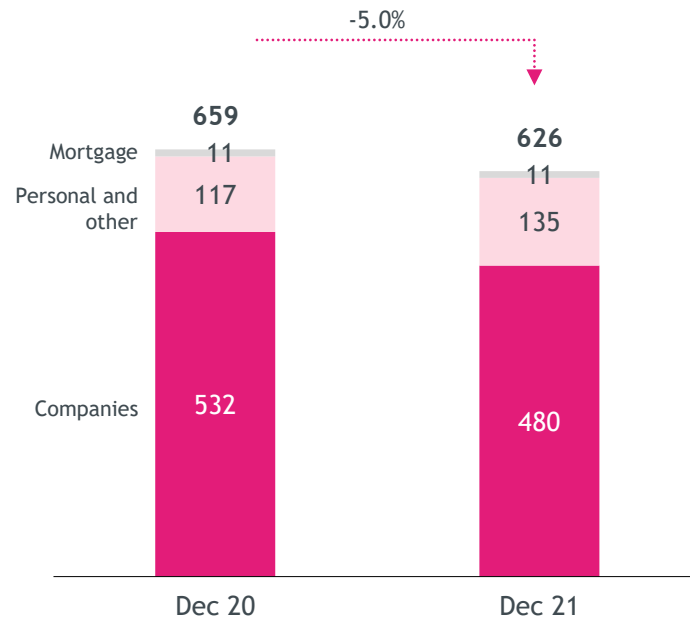
## Customers funds

(Million euros\*)



## Loans to Customers (gross)

(Million euros\*)





05

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**Key figures**

# Strategic Plan: Excelling 24

	2021	2024
C/I ratio	48% (44% excluding non-usual costs)	≈40%
Cost of risk	60 bp (66 bp excluding one-off reversals)	≈ 50 bp
RoE	2.4%	≈ 10%
CET1 ratio	11.7%	>12.5%
NPE ratio	4.7%	≈ 4%
Share of mobile Customers	56%	>65%
Growth of high engagement Customers* (vs 2020)	+4%	+12%
Average ESG rating**	70%	>80%

\*Active Customers with card transactions in the previous 90 days or funds > €100 (>MZM 1,000 in Mozambique) | \*\*Average of Top 3 indices (DJSI, CDP and MSCI) | NPE include loans to Customers only

# COMMITMENT TO PEOPLE AND SOCIETY

## Millennium bcp Foundation



**NARC-Núcleo Arqueológico da Rua dos Correiros - New Museography:** Reopened to the public in November (after closing for refurbishment in June 2019), with a new museography, designed by specialists in exhibition architecture, by ATELIER BRÜCKNER.



**Millennium bcp Gallery:** Opening of the new Millennium bcp Gallery, on the 21st of June, with the exhibition *The Path to Light Because It Passes Through Light* (curated by João Biscainho).



**Jerónimos Monasteries:** exhibition “Luz a D. Manuel”, inaugurated on December 13, on the 500th anniversary of the death of D. Manuel. The centerpiece is an armour, said to be of the King, dated from 1510 to 1515, moved from Paris to Portugal with the support of the Foundation

**Associação Terra dos Sonhos:** Support for a dream and the WeGuide Cancer 360 project, whose mission is to improve the quality of life of cancer patients, envisioning for their monitoring by a health guide, to support the patient and their main caregiver, in a bio-psycho-socio-spiritual approach.



## Society



In 2021, all the electricity consumed by the Bank in Portugal was 100% green, in a mix of energy produced by the TagusPark photovoltaic plant and energy acquired with a certificate of renewable origin.



Millennium bcp volunteers once again participate in face-to-face actions, supporting the regular food collection campaign promoted by the Food Bank at national level.



As part of the Christmas solidarity campaign, Millennium bcp and the Millennium bcp Foundation are associated with entities that support children and young people facing serious health situations: the ACREDITAR Association and the Burns Unit of Hospital D<sup>a</sup> Estefânia



**Creative Industries - Drawing Room Portugal:** 4th edition - art fair dedicated to contemporary drawing. It took place between October 27 and 31 at the National Society of Fine Arts. The Foundation awarded three prizes: Millennium bcp Foundation Acquisition Prize; Outstanding Artistic Project Award; Gallery Curatorial Project Award

## Sustainability



Millennium bcp carries out its first issue of senior debt with a Social function, in the amount of 500 million, in line with its ESG (Environmental, Social and Governance) business strategy and its 2021 Sustainability Master Plan (PDS).



Millennium bcp and BA Glass contract Commercial Paper Program in the amount of 80 million euros, with conditions related to the compliance of environmental indicators (water consumption and CO2 emissions).



Millennium bcp approves Corporate Volunteering Policy, aiming to promote a culture of participative corporate citizenship that reinforces its contribution to the development of the communities where it is present.



**Inclusion,** for the 3rd consecutive year, in the Bloomberg Gender-Equality Index 2022, integrating the restricted group of companies worldwide that stand out in the implementation of gender equality policies.

# Awards in 2021



**Millennium bcp:** “PME Lider’20” programme: largest number of awards among participating banks (3<sup>rd</sup> year in a row)



**Millennium bcp:** Main bank for companies; most appropriate products; best; closest to Customers



**Millennium bcp:** Best Private Banking in Portugal by The Banker and PWM magazines, from Financial Times Group



**Millennium bcp:** Book Runner Equity and Local market in Equity awards



**Millennium bcp:** Leader of the 1st edition of the “Inovadora COTEC” program in number of assign awards



**Millennium bcp:** Best Consumer Social Media Marketing and Services, Best in Consumer lending, Best Corporate/Institutional Information Security and Fraud Management in Western Europe, in 2021. Best FX Provider 2021 in Portugal



**Millennium investment banking:** Europe M&A deal of the year for advisory services on the acquisition of a shareholding in Brisa



**Millennium bim:** Best Bank 2021 in Mozambique



**Millennium bim:** Recognized as a reference institution in Mozambique by The Banker magazine



**Millennium bim:** Best FX Provider, Best Private Bank and Best trade finance provider 2022 in Mozambique



**Bank Millennium:** Best Bank, Best Digital Bank e Best FX Provider 2021 in Polónia



**Bank Millennium:** Distinguished by solutions that facilitate the use of digital banking by people with special needs



**Bank Millennium:** ranked 2nd in Poland’s Best Employer ranking, banking and financial services category



**Bank Millennium:** Climate Leaders Poland 2021 (best ranked bank, 2nd among all companies in reduction of greenhouse gases)



**Bank Millennium:** Awarded with golden CSR for social responsibility practices and sustainable development



**Bank Millennium:** ranked 3rd in the Best 200 Polish Brands ranking, by the Forbes magazine (best ranked bank)



**Bank Millennium:** 1st in the “Mortgage Loans” category, 2nd in “Corporate Social Responsibility” and 3rd in the “Best Quality in Multichannel Service” category



**Bank Millennium:** among the 10 most digitally advanced European banks in Bain & Company’s ranking



**Millennium bcp**  
Consumer Choice 2022,  
“Large banks” category”



**Millennium bcp**  
Best ranked company in Portugal in  
The World’s Best Employers 2021  
ranking



**Millennium bcp**  
Best Consumer Digital Bank in  
Portugal



**Millennium bcp**  
Best Investment Bank in  
Portugal



**Millennium bcp**  
Part of Europe’s Climate Leaders  
2021 ranking



**ActivoBank**  
Consumer Choice 2022,  
“Digital banks” category

# Appendix





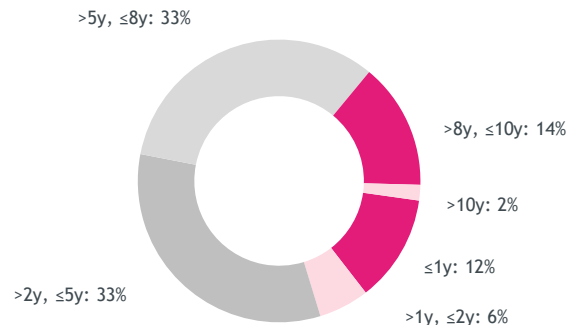
# Sovereign debt portfolio

## Sovereign debt portfolio

(Million euros)

	Dec 20	Mar 21	Jun 21	Sep 21	Dec 21	YoY	QoQ
Portugal	7,742	8,420	9,152	8,069	8,013	+3%	-1%
T-bills and other	384	514	1,129	497	426	+11%	-14%
Bonds	7,358	7,906	8,023	7,572	7,587	+3%	+0%
Poland	4,066	4,303	4,235	4,042	3,844	-5%	-5%
Mozambique	350	431	462	494	412	+18%	-17%
Other	2,913	2,912	4,977	4,981	5,435	+87%	+9%
Total	15,072	16,066	18,827	17,585	17,704	+17%	+1%

## Sovereign debt maturity



- ✓ The sovereign debt portfolio totalled 17.7 billion, 14.5 billion of which maturing in more than 2 years
- ✓ The Portuguese sovereign debt portfolio totalled 8.0 billion, whereas the Polish and Mozambican portfolios amounted to 3.8 billion and to 0.4 billion, respectively; “other” includes sovereign debt from Spain (1.6 billion), France (1.5 billion), Italy (1.1 billion), Belgium (0.5 billion), Ireland (0.5 billion) and USA (0.2 billion)

# Sovereign debt portfolio

(Million euros)

	Portugal	Poland	Mozambique	Other	Total
Trading book	430	19	0	0	449
≤ 1 year	420	0			421
> 1 year and ≤ 2 years	1	0			1
> 2 years and ≤ 5 years	9	15			24
> 5 years and ≤ 8 years		2			2
> 8 years and ≤ 10 years		1			1
> 10 years	1	0		0	1
Banking book*	7,582	3,826	412	5,435	17,255
≤ 1 year	138	1,068	37	509	1,752
> 1 year and ≤ 2 years	50	912	58	2	1,023
> 2 years and ≤ 5 years	2,194	1,786	215	1,583	5,778
> 5 years and ≤ 8 years	4,395	57	35	1,345	5,831
> 8 years and ≤ 10 years	557	2		1,997	2,556
> 10 years	248	1	66		315
Total	8,013	3,844	412	5,435	17,704
≤ 1 year	558	1,068	37	509	2,173
> 1 year and ≤ 2 years	51	913	58	2	1,024
> 2 years and ≤ 5 years	2,203	1,801	215	1,583	5,801
> 5 years and ≤ 8 years	4,395	59	35	1,345	5,833
> 8 years and ≤ 10 years	557	3		1,997	2,557
> 10 years	249	1	66	0	316

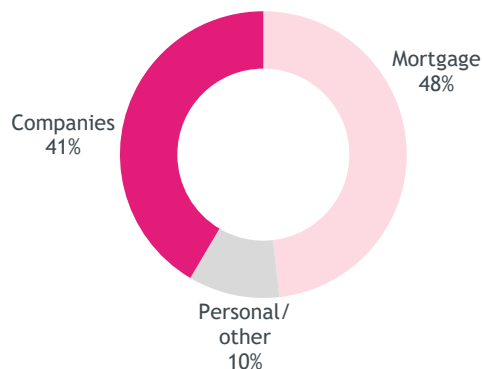
\*Includes financial assets at fair value through other comprehensive income (11,044 million) and financial assets at amortised cost (6,211 million).

# Diversified and collateralised portfolio

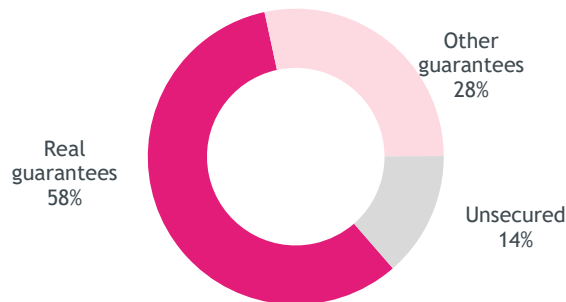
## Loan portfolio

(Consolidated)

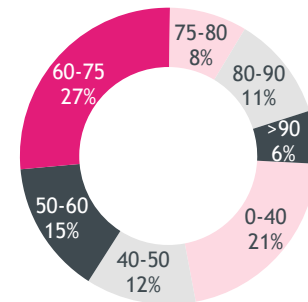
Breakdown



Loans per collateral



LTV of the mortgage portfolio in Portugal



- Loans to companies accounted for 41% of the loan portfolio as of December 2021, including 6% to construction and real-estate sectors
- Mortgage accounted for 48% of the loan portfolio, with low delinquency levels and an average LTV of 60%
- 86% of the loan portfolio is collateralised

# Consolidated net income

<i>(Million euros)</i>	2020	2021	YoY	Impact on earnings
Net interest income	1,531.7	1,588.6	+3.7%	+56.9
Net fees and commissions	676.6	727.7	+7.6%	+51.2
Other income*	48.5	18.1	-62.7%	-30.4
<b>Net operating revenue</b>	<b>2,256.7</b>	<b>2,334.4</b>	<b>+3.4%</b>	<b>+77.7</b>
Staff costs	-624.8	-654.3	+4.7%	-29.5
Other administrative costs and depreciation	-465.6	-461.3	-0.9%	+4.3
<b>Operating costs</b>	<b>-1,090.4</b>	<b>-1,115.6</b>	<b>+2.3%</b>	<b>-25.2</b>
<b>Profit before impairment and provisions</b>	<b>1,166.3</b>	<b>1,218.8</b>	<b>+4.5%</b>	<b>+52.5</b>
Loans impairment (net of recoveries)	-509.9	-348.9	-31.6%	+161.0
Other impairment and provisions	-331.5	-712.2	+114.8%	-380.7
<b>Impairment and provisions</b>	<b>-841.3</b>	<b>-1,061.1</b>	<b>+26.1%</b>	<b>-219.7</b>
<b>Net income before income tax</b>	<b>324.9</b>	<b>157.7</b>	<b>-51.5%</b>	<b>-167.2</b>
Income taxes	-132.1	-203.6	+54.2%	-71.5
Net income from discontinued or to be discontinued operations	15.5	70.9	+356.7%	+55.4
Non-controlling interests	-25.4	113.1	-546.1%	+138.4
<b>Net income</b>	<b>183.0</b>	<b>138.1</b>	<b>-24.6%</b>	<b>-44.9</b>

Includes dividends from equity instruments, other net operating income, net trading income and equity accounted earnings.

# Consolidated balance sheet

(Million euros)

	31 December 2021	31 December 2020 (restated)
<b>ASSETS</b>		
Cash and deposits at Central Banks	7,796.3	5,303.9
Loans and advances to credit institutions repayable on demand	361.8	262.4
Financial assets at amortised cost		
Loans and advances to credit institutions	453.2	1,015.1
Loans and advances to customers	54,972.4	52,022.4
Debt instruments	8,205.2	6,234.5
Financial assets at fair value through profit or loss		
Financial assets held for trading	931.5	1,031.2
Financial assets not held for trading mandatorily at fair value through profit or loss	990.9	1,315.5
Financial assets designated at fair value through profit or loss	-	-
Financial assets at fair value through other comprehensive income	12,891.0	12,140.4
Hedging derivatives	109.1	91.2
Investments in associated companies	462.3	435.0
Non-current assets held for sale	780.5	1,026.5
Investment property	2.9	7.9
Other tangible assets	600.7	640.8
Goodwill and intangible assets	256.2	246.0
Current tax assets	17.3	11.7
Deferred tax assets	2,688.2	2,633.8
Other assets	1,385.3	1,296.8
<b>TOTAL ASSETS</b>	<b>92,904.8</b>	<b>85,715.0</b>

	31 December 2021	31 December 2020 (restated)
<b>LIABILITIES</b>		
Financial liabilities at amortised cost		
Resources from credit institutions	8,896.1	8,898.8
Resources from customers	69,560.2	63,000.8
Non subordinated debt securities issued	2,188.4	1,388.8
Subordinated debt	1,394.8	1,405.2
Financial liabilities at fair value through profit or loss		
Financial liabilities held for trading	231.2	278.9
Financial liabilities at fair value through profit or loss	1,581.8	1,599.4
Hedging derivatives	377.2	285.8
Provisions	458.7	345.3
Current tax liabilities	20.4	14.8
Deferred tax liabilities	16.9	7.2
Other liabilities	1,117.0	1,103.7
<b>TOTAL LIABILITIES</b>	<b>85,842.8</b>	<b>78,328.7</b>
<b>EQUITY</b>		
Share capital	4,725.0	4,725.0
Share premium	16.5	16.5
Other equity instruments	400.0	400.0
Legal and statutory reserves	259.5	254.5
Treasury shares	-	(0.0)
Reserves and retained earnings	580.3	642.4
Net income for the period attributable to Bank's Shareholders	138.1	183.0
<b>TOTAL EQUITY ATTRIBUTABLE TO BANK'S SHAREHOLDERS</b>	<b>6,119.4</b>	<b>6,221.3</b>
Non-controlling interests	942.7	1,165.0
<b>TOTAL EQUITY</b>	<b>7,062.1</b>	<b>7,386.3</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>92,904.8</b>	<b>85,715.0</b>

# Consolidated income statement per quarter

(Million euros)

	4Q 20	1Q 21	2Q 21	3Q 21	4Q 21
<b>Net interest income</b>	<b>382.3</b>	<b>374.8</b>	<b>391.0</b>	<b>399.2</b>	<b>423.6</b>
Dividends from equity instruments	0.0	0.0	0.7	0.2	0.1
Net fees and commission income	177.8	171.1	181.8	181.9	192.9
Other operating income	-14.1	-25.1	-87.2	-4.5	-9.5
Net trading income	45.9	41.8	38.5	-8.8	15.0
Equity accounted earnings	13.5	15.4	13.9	12.8	14.8
<b>Banking income</b>	<b>605.4</b>	<b>577.9</b>	<b>538.7</b>	<b>580.9</b>	<b>636.9</b>
Staff costs	157.2	141.5	231.3	143.4	138.1
Other administrative costs	89.6	76.7	72.3	81.4	93.8
Depreciation	33.5	34.0	34.3	34.4	34.4
<b>Operating costs</b>	<b>280.4</b>	<b>252.1</b>	<b>338.0</b>	<b>259.2</b>	<b>266.3</b>
<b>Profit bef. impairment and provisions</b>	<b>325.0</b>	<b>325.8</b>	<b>200.8</b>	<b>321.7</b>	<b>370.5</b>
Loans impairment (net of recoveries)	135.7	111.0	45.9	107.1	84.9
Other impairm. and provisions	155.0	131.7	173.1	157.3	250.1
<b>Net income before income tax</b>	<b>34.3</b>	<b>83.1</b>	<b>-18.3</b>	<b>57.3</b>	<b>35.6</b>
Income tax	12.9	56.9	45.0	39.6	62.2
<b>Net income (before disc. oper.)</b>	<b>21.4</b>	<b>26.2</b>	<b>-63.3</b>	<b>17.8</b>	<b>-26.6</b>
Net income arising from discont. operations	4.7	2.9	3.5	3.2	61.3
Non-controlling interests	-10.6	-28.8	-14.2	-26.3	-43.8
<b>Net income</b>	<b>36.7</b>	<b>57.8</b>	<b>-45.5</b>	<b>47.2</b>	<b>78.6</b>

# Income statement

(Million euros)

For the 12-month period ended December 31st, 2020 and 2021

	International operations																	
	Group			Portugal			Total			Bank Millennium (Poland)			Millennium bim (M oz.)			Other int. operations		
	Dec 20	Dec 21	Δ %	Dec 20	Dec 21	Δ %	Dec 20	Dec 21	Δ %	Dec 20	Dec 21	Δ %	Dec 20	Dec 21	Δ %	Dec 20	Dec 21	Δ %
Interest income	1,806	1,709	-5.4%	900	861	-4.3%	906	848	-6.4%	701	623	-11.2%	201	222	10.4%	3	3	-2.1%
Interest expense	274	121	-56.0%	95	30	-68.6%	180	91	-49.4%	122	28	-76.8%	58	63	8.6%	0	0	>100%
Net interest income	1,532	1,589	3.7%	805	831	3.2%	726	757	4.3%	580	595	2.6%	144	159	11.1%	3	3	-2.1%
Dividends from equity instruments	5	1	-80.4%	4	0	-97.1%	1	1	-0.1%	1	1	-0.1%	0	0	--	0	0	--
Intermediation margin	1,536	1,590	3.5%	809	831	2.7%	727	758	4.3%	580	596	2.6%	144	159	11.1%	3	3	-2.1%
Net fees and commission income	677	728	7.6%	482	514	6.8%	195	213	9.4%	167	182	8.8%	28	31	13.3%	0	0	32.7%
Other operating income	-165	-126	23.3%	-73	-66	9.4%	-92	-60	34.3%	-93	-62	33.7%	2	3	26.7%	-1	-1	<-100%
Basic income	2,048	2,191	7.0%	1,218	1,280	5.1%	830	911	9.7%	654	716	9.4%	173	193	11.6%	3	2	-23.9%
Net trading income	141	87	-38.5%	61	76	22.9%	79	11	-86.1%	65	-6	<-100%	14	17	20.2%	0	0	>100%
Equity accounted earnings	68	57	-16.9%	58	58	0.0%	9	-1	<-100%	0	0	--	0	0	--	9	-1	<-100%
Banking income	2,257	2,334	3.4%	1,338	1,414	5.7%	919	921	0.2%	720	710	-1.4%	187	210	12.3%	12	1	-94.8%
Staff costs	625	654	4.7%	396	436	10.3%	229	218	-4.9%	192	179	-7.0%	37	39	6.4%	1	1	-5.1%
Other administrative costs	330	324	-1.7%	178	176	-1.1%	151	148	-2.4%	113	107	-5.1%	38	40	5.7%	1	0	-18.8%
Depreciation	136	137	1.0%	76	80	5.1%	59	57	-4.3%	47	44	-6.4%	12	13	3.9%	0	0	-22.6%
Operating costs	1,090	1,116	2.3%	650	693	6.5%	440	423	-3.9%	352	330	-6.3%	87	92	5.7%	1	1	-11.9%
Profit bef. impairment and provisions	1,166	1,219	4.5%	687	721	4.8%	479	498	4.0%	367	380	3.4%	101	119	17.9%	11	0	<-100%
Loans impairment (net of recoveries)	510	349	-31.6%	354	273	-22.8%	156	76	-51.5%	125	71	-43.1%	30	4	-86.2%	0	0	>100%
Other impairm. and provisions	331	712	>100%	119	165	39.2%	213	547	>100%	194	528	>100%	2	10	>100%	17	9	-42.9%
Net income before income tax	325	158	-51.5%	215	282	31.4%	110	-124	<-100%	47	-219	<-100%	69	105	52.7%	-6	-10	-72.3%
Income tax	132	204	54.2%	80	109	35.9%	52	95	82.5%	42	73	71.9%	10	22	>100%	0	0	--
Net income (before disc. oper.)	193	-46	<-100%	134	173	28.8%	58	-219	<-100%	5	-292	<-100%	59	83	40.3%	-6	-10	-72.3%
Net income arising from discount operations	16	71	>100%	0	0	--	16	71	>100%				8	13	57.4%			
Non-controlling interests	25	-113	<-100%	0	0	>100%	25	-113	<-100%	0	0	--	1	1	-19.3%	25	-114	<-100%
Net income	183	138	-24.6%	134	173	28.5%	49	-35	<-100%	5	-292	<-100%	67	96	43.0%	-31	104	>100%

# Glossary (1/2)

**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 amortized cost and debt instruments at amortized 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 amortized 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 amortized 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 amortized cost, balance sheet impairment associated with debt instruments at amortized 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 amortized cost for loans to customers and for debt instruments related to credit operations.

**Loans to customers (gross)** - loans to customers at amortized cost before impairment, debt instruments at amortized 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 amortized cost net of impairment, debt instruments at amortized 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.



# Glossary (2/2)

**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 amortized 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 amortized 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 realization, if they recognized as defaulted or impaired.

**Non-performing loans (NPL)** - overdue loans (loans to customers at amortized 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 amortized cost, impairment for financial assets (classified at fair value through other comprehensive income and at amortized 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** - 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 amortized cost, debt instruments at amortized 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 amortized cost, debt instruments at amortized cost associated to credit operations and loans to customers at fair value through profit or loss), including principal and interests.

**Profit before impairment and provisions** - net operating revenues deducted from operating costs.

**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 amortized 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.



## INVESTOR RELATIONS DIVISION

Bernardo Collaço, Head

### EQUITY

Alexandre Moita  
+351 211 131 084

### DEBT AND RATINGS

Luís Morais  
+351 211 131 337



**[investors@millenniumbcp.pt](mailto:investors@millenniumbcp.pt)**