PRESS RELEASE

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19 May 2020

Millennium bcp Earnings release as at 31 March 2020

Profitability
Stronger core income

- **Core net income of the Group** reached **278.9 million euros** in the first quarter of 2020, a growth of 3.4% from the same quarter of the previous year, with **core income** growing 6.8% in the same period.
- **Net earnings of the Group** of **35.3 million euros** in the first quarter of 2020, influenced by COVID-19 provisions in the amount of 78.8 million euros.

Asset quality
Continuous improvement of asset quality; coverage improvement; cost of risk reduction

- **Reduction of NPE** (-1.3 billion euros from the first quarter of 2019), determined by the activity in Portugal (-1.5 billion euros).
- **Improvement in the coverage of NPE by impairments in Portugal** to **55%** (52% as at 31 March 2019).
- **Consistent reduction of cost of risk** to **63 b.p.** (68 b.p. in the first quarter of 2019).

Capital
Comfortably above regulatory requirements

- **Estimated Fully-implemented Core Equity Tier 1 ratio and Total capital ratio** at **12.0%** and **15.4%**, respectively, both comfortably above SREP requirements.

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

- **Increasing business volumes**, with performing loans up by 4.5 billion euros and total customer funds up by 4.7 billion euros, from the end of March 2019.
- **More than 5.6 million Customers,** including **more than 2.3 million mobile Customers.**

COVID-19

- Millennium bcp with a **solid position to face the economic shock caused by the pandemic.**

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FINANCIAL HIGHLIGHTS (1)

Euro million

	31 Mar. 20	31 Mar. 19	Change 20/19
BALANCE SHEET			
Total assets	81,499	77,118	5.7%
Loans to customers (net)	52,507	48,561	8.1%
Total customer funds	79,955	75,286	6.2%
Balance sheet customer funds	62,306	57,235	8.9%
Deposits and other resources from customers	60,815	55,758	9.1%
Loans to customers (net) / Deposits and other resources from customers (2)	86.3%	87.1%	
Loans to customers (net) / Balance sheet customer funds	84.3%	84.8%	
RESULTS			
Net interest income	385.5	362.7	6.3%
Net operating revenues	597.8	597.7	0.0%
Operating costs	286.4	259.5	10.3%
Operating costs excluding specific items (3)	276.9	253.1	9.4%
Loan impairment charges (net of recoveries)	86.1	86.5	-0.4%
Other impairment and provisions	115.7	17.4	>200%
Income taxes	65.6	65.4	0.3%
Net income	35.3	153.8	-77.1%
PROFITABILITY AND EFFICIENCY			
Net operating revenues / Average net assets (2)	2.9%	3.2%	
Return on average assets (ROA)	0.2%	1.0%	
Income before tax and non-controlling interests / Average net assets (2)	0.5%	1.3%	
Return on average equity (ROE)	2.4%	10.6%	
Income before tax and non-controlling interests / Average equity (2)	6.3%	14.2%	
Net interest margin	2.1%	2.2%	
Cost to income (2)	47.9%	43.4%	
Cost to income (2) (3)	46.3%	42.3%	
Cost to income (Portugal activity) (2) (3)	42.8%	40.2%	
Staff costs / Net operating revenues (2) (3)	26.2%	24.5%	
CREDIT QUALITY			
Cost of risk (net of recoveries, in b.p.)	63	68	
Non-Performing Exposures / Loans to customers	7.2%	10.1%	
Total impairment (balance sheet) / NPE	55.5%	54.6%	
Restructured loans / Loans to customers	5.0%	6.9%	
LIQUIDITY			
Liquidity Coverage Ratio (LCR)	218%	253%	
Net Stable Funding Ratio (NSFR)	132%	134%	
CAPITAL (4)			
Common equity tier I phased-in ratio	11.9%	12.7%	
Common equity tier I fully implemented ratio	12.0%	12.7%	
total fully implemented ratio	15.4%	15.2%	
BRANCHES			
Portugal activity	501	539	-7.1%
International activity	1,000	562	77.9%
EMPLOYEES			
Portugal activity	7,193	7,262	-1.0%
International activity (5)	11,303	9,023	25.3%

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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 9.5 million euros in the first quarter of 2020, of which 2.6 million euros related to restructuring costs recognized as staff costs in the activity in Portugal and 6.9 million euros related to acquisition, merger and integration of Euro Bank S.A., recognized by the Polish subsidiary, mainly as staff costs (5.5 million euros) and as other administrative costs (1.3 million euros). In the first quarter of 2019, the impact was also negative, in the amount of 6.5 million euros, mainly related to restructuring costs, recognized as staff costs in the activity in Portugal. In the profitability and efficiency indicators of the first quarter of 2020, 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 31 March 2020 and 31 March 2019, ratios include the positive cumulative net income of each period. Ratios as of 31 March 2020 are estimated and non-audited.
(5) Of which, in Poland: 8,556 employees as at 31 March 2020 (corresponding to 8,412 FTE - Full-time equivalent) and 6,319 employees as at 31 March 2019 (corresponding to 6,183 FTE - Full-time equivalent).

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RESULTS AND ACTIVITY IN THE FIRST QUARTER OF 2020

The first quarter of 2020 was marked by the spread of COVID-19, which was declared a pandemic in the course of March, forcing most countries to adopt exceptional measures, with a great impact on the lives of people and companies. The Executive Committee of Millennium bcp has always remained fully operational and activated the crisis office to coordinate the prompt reaction to this extraordinary situation, in order to, on the one hand, safeguard its Employees, and, on the other hand, to ensure the continuity of business. Recognizing the increased importance of proximity to its Customers in this period, Millennium bcp kept almost all branches in operation, while at the same time actively promoting the use of remote channels. In response to the emerging needs in this period, commercial activities were directed towards measures to support families and companies, namely, in offering treasury and financing solutions. In the permanent monitoring by the supervisory authorities, Millennium bcp has shown its solid position to face the economic shock and to continue to support its Customers.

In May 2019, Bank Millennium, SA, 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. 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. It should be noted that, at this stage, the settlement process is not yet concluded and may result in additional adjustments to the purchase price. In accordance with IFRS 3, the effective settlement will be completed no later than one year from the control acquisition date which occurred on 31 May 2019. From this date, financial statements of the Group reflect the consolidation of Euro Bank S.A.

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 **278.9** million euros in the first quarter of 2020, increasing **3.4%** from the **269.8** million euros achieved in the same period of the previous year. Excluding specific items, related to restructuring costs and also to the costs with the acquisition, merger and integration of Euro Bank S.A., in the amounts of **9.5** million euros and **6.5** million euros recognized in the first three the months of 2020 and 2019, respectively, the core net income showed a growth of **4.4%**, from **276.2** million euros on 31 March 2019 to **288.4** million euros at the end of the first quarter of 2020. The expansion of core net income mainly reflects the growth in net interest income and commissions.

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The consolidated **net income** in the first quarter of 2020 stood at 35.3 million euros, being strongly influenced by the impact of the current extraordinary situation, resulting from the COVID-19 pandemic, as it led to the need to book additional provisions for the associated risks, both in the activity in Portugal and in the international activity. Thus, the decline from 153.8 million euros recorded in the same quarter of the previous year, was largely due to the increase of 98.3 million euros showed by other impairments and provisions, which also include the reinforcement of the extraordinary provision booked for claims related to mortgage loans granted in Swiss francs by the Polish subsidiary. The evolution of the consolidated net income since the first quarter 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.

In the activity in Portugal[1], net income, until March 2020, totaled 16.2 million euros, below the 94.3 million euros achieved in the same period of 2019, mainly due to the impact of the constitution of a provision for risks associated to COVID-19 pandemic, in the amount of 60.0 million euros. The evolution of net income in Portugal also reflects 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, and the performance of other net operating income, as in the first quarter of 2019 the sale of properties generated significant gains, which were not repeated in 2020. These effects were partially offset by the decrease in loans impairment.

In the international activity, excluding specific items related to the costs incurred with the acquisition, merger and integration of Euro Bank S.A.[2], core net income grew 19.2% compared to the first quarter of 2019, reaching 135.7 million euros in the first three months of 2020, with the increase in operating costs being largely outweighed by the good performance of core income.

Net income of the international activity amounted to 19.1 million euros in the first quarter of 2020, which compares to 46.1 million euros recorded in the same quarter of the previous year. This evolution was largely due to the constitution of the provision for risks related to the COVID-19 pandemic, in the amount of 18.8 million euros (13.8 million euros in the Polish subsidiary and 5.0 million euros in the subsidiary in Mozambique). The evolution of net income in the international activity was determined by the performance of the Polish subsidiary, which, in addition to the provision for risks associated to the pandemic caused by COVID-19, was also influenced by the impact of the acquisition of Euro Bank S.A. and by the reinforcement of the provision for legal risks associated with the mortgage loans granted in Swiss francs. The contribution of the operation in Mozambique, as well as the results generated by the participation in Banco Millennium Atlântico were also lower than those achieved in the first quarter of 2019.

[1] Not considering income arising from operations accounted as discontinued operations, amounting to 13.5 million euros recorded in the first quarter of 2019.
[2] In the amount of 6.9 million euros in the first quarter of 2020, mainly recognized as staff costs and in the amount of 0.5 million euros in the first quarter of 2019, recognized as other administrative costs.

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Net interest income showed a favorable evolution, increasing 6.3% compared to the 362.7 million euros recorded in the first three months of 2019, reaching 385.5 million euros in the same period of 2020. The contribution of international activity was decisive for this evolution, although it was partially offset by the performance of the activity in Portugal.

In the activity in Portugal, net interest income totaled 186.4 million euros in the first quarter of 2020, which compares to 201.5 million euros recorded in the same quarter of the previous year. This evolution was largely due to the reduction in the income generated by the securities portfolio, namely by the Portuguese public debt portfolio. 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 year, and the volume of new acquisitions made in the first quarter of 2020 was not sufficient to offset this effect, mainly due to the lower yields implicit in the acquired portfolio.

On the other hand, the commercial business continues to show different dynamics as regards net interest income. The positive effect of the increase in the volume of performing loans, reflecting in large part the promotion of commercial initiatives to support families and companies with sustainable business plans, was not sufficient to outweigh the negative effects of the reduction of the non-performing portfolio and of lower interest rates that reflect the unfavorable context of historically low rates. Customer deposits continued to show a positive contribution to the evolution of net interest income, with additional savings in the cost of time deposits, despite the increase in the respective volumes.

The evolution of net interest income compared to the same period of the previous year, also reflected the lower income from the liquidity surplus in credit institutions.

In the international activity, net interest income showed a growth of 23.5% compared to the 161.2 million euros recorded in the first quarter of 2019, reaching 199.1 million euros at the end of March 2020. This evolution was driven by the Polish subsidiary and reflects, in part, 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, the net interest income of the operation in Mozambique showed a reduction when compared to the first quarter of 2019, essentially reflecting the effect of lower volumes of credit following the conservative approach adopted in the credit granting process.

Net interest margin of the Group, in the first quarter of 2020, stood at 2.1%, slightly below the 2.2% recorded in the same quarter of the previous year. In the activity in Portugal, net interest margin, constrained by the negative interest rates context, showed a slight decrease compared to the 1.8% posted in the first three months of 2019, standing at 1.5% in the first quarter of 2020. On the other hand, in the international activity, net interest margin showed an inverse trend, evolving from 3.0% in the first quarter of 2019 to 3.1% in the same period of 2020, benefiting from the effect of the acquisition of Euro Bank S.A. from May 2019.

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AVERAGE BALANCES

Euro million

	31 Mar. 20		31 Mar. 19	
	Amount	Yield %	Amount	Yield %
Deposits in banks	5,087	1.0	3,201	1.2
Financial assets	15,550	1.4	15,946	1.8
Loans and advances to customers	52,641	3.2	48,206	3.2
INTEREST EARNING ASSETS	**73,278**	**2.7**	**67,353**	**2.7**
Non-interest earning assets	9,124		9,459	
	82,402		**76,812**	
Amounts owed to credit institutions	6,626	0.2	7,564	0.2
Deposits and other resources from customers	61,366	0.5	55,610	0.5
Debt issued	3,269	1.2	2,989	1.1
Subordinated debt	1,547	4.8	1,221	4.4
INTEREST BEARING LIABILITIES	**72,807**	**0.6**	**67,384**	**0.6**
Non-interest bearing liabilities	2,146		2,009	
Shareholders' equity and non-controlling interests	7,449		7,418	
	82,402		**76,812**	
Net interest margin		2.1		2.2

Note: Interest related to hedge derivatives was allocated, in March 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 10.8 million euros in the first quarter of 2020, compared to 18.7 million euros in the same quarter of the previous year. This evolution was determined by the performance of equity accounted earnings recognized in the international activity, namely 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.

In the activity in Portugal, equity accounted earnings totaled 9.3 million euros in the first quarter of 2020, standing at 1.5 million euros below the amount recorded in the same quarter of the previous year, influenced by the reduced contribution from the participation in Millennium Ageas, following the recognition of impairments for the devaluation of assets.

Net commissions showed a very favorable evolution, reaching 179.8 million euros in the first quarter of 2020, representing a growth of 7.9% compared to the first quarter of 2019, driven by the good performance of both the activity in Portugal and the International activity. This positive evolution was observed both in banking-related commissions and in market related commissions, with growth rates of 7.1% and 12.4%, respectively.

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In the activity in Portugal, net commissions reached 119.3 million euros in the first three months of 2020, showing an increase of 3.8% compared to the 114.9 million euros recorded in the same quarter of the previous year. Both banking commissions and market related commissions contributed to this evolution by growing 1.9% and 19.2%, respectively, compared to the amounts posted in the first quarter of 2019. It should also be noted that the cards and transfers commissions as of the second half of March, incorporate the impact of exemptions granted in the context of the pandemic caused by COVID-19. The growth in market related commissions reflects an increase in commissions charged for custody services, for arranging new transactions and for distributing investment funds.

In the international activity, net commissions showed a significant growth of 17.0% compared to the 51.7 million euros recorded in the first three months of 2019, amounting to 60.5 million euros in the same period in 2020. This evolution was driven by the rise in banking commissions, both in the operation in Mozambique, and above all in the Polish subsidiary, the latter influenced by the impact of the acquisition of Euro Bank S.A. Regarding the Polish operation, it is important to highlight the growth in bancassurance commissions which reflects, not only the impact attributable to the integration of Euro Bank S.A., but also the increase in commissions on insurance sold to Bank Millennium customers, mainly associated with personal and mortgage operations. Market related commissions also proved to be higher than those recorded in the same quarter of the previous year, highlighting the good performance recorded in the Swiss operation.

Net trading income amounted to 61.4 million euros in the first quarter of 2020, above the 60.3 million euros recorded in the same quarter of the previous year, with the good performance of the activity in Portugal being partially offset by the reduction observed in the international activity.

In the activity in Portugal, net trading income rose 13.4% compared to the 40.0 million euros recognized in the first quarter of 2019, reaching 45.3 million euros in the same period of 2020, boosted by the income generated from foreign exchange operations, following the devaluation of the zloty, whose positive impact was, however, offset by the smaller gains with Portuguese public debt securities, which fell from 26.0 million euros in the first quarter of 2019 to 14.2 million euros in the first three months of 2020 and higher costs with the sale of credits classified as non performing exposures, which by 31 March 2020 had reached 14.4 million euros, compared to the 5.6 million euros recognized in the same period of the previous year.

In the international activity, the reduction of 21.0% showed by net trading income was mainly influenced by the performance of the Polish subsidiary, resulting from the lower results from the sale of securities.

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Other net operating income, which, among others, includes the costs associated with mandatory contributions as well as with the resolution and the deposit guarantee funds, totaled a negative amount of 39.7 million euros up to March 2020[3], which compares to an also negative amount of 10.6 million euros recorded in the same period of 2019. This evolution was due to the performance of both the activity in Portugal and the international activity.
In the activity in Portugal, other net operating income increased from a positive 15.6 million euros recognized in the first quarter of 2019 to a negative 2.6 million euros in the first quarter of 2020, mainly due to the reduction in results from the sale of non-current assets held for sale, which, in the first quarter of 2019, had been influenced by the recording of significant gains from the sale of foreclosed properties.

In the international activity, other net operating income, stood at negative amount of 37.1 million euros in the first quarter of 2020[3], which compares to an also negative amount of 26.3 million euros recorded in the same period of 2019. This evolution was mainly due to the increase in mandatory contributions due by the Polish subsidiary, which increased from 31.6 million euros in the first quarter of 2019 to 36.3 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 in gains from the sale of other assets that were recognized by the operation in Mozambique, in the first quarter of 2019.

OTHER NET INCOME

Euro million

	3M20	3M19	Chg. 20/19
DIVIDENDS FROM EQUITY INSTRUMENTS	0.1	0.0	20.6%
NET COMMISSIONS	179.8	166.6	7.9%
Banking commissions	150.8	140.8	7.1%
Cards and transfers	40.4	40.1	0.6%
Credit and guarantees	41.1	41.5	-1.1%
Bancassurance	32.7	28.5	14.7%
Current account related	30.1	27.5	9.4%
Other commissions	6.6	3.2	109.0%
Market related commissions	29.0	25.8	12.4%
Securities	16.8	14.3	17.1%
Asset management	12.3	11.5	6.7%
NET TRADING INCOME	61.4	60.3	1.8%
OTHER NET OPERATING INCOME	(39.7)	(10.6)	<-200%
EQUITY ACCOUNTED EARNINGS	10.8	18.6	-42.1%
TOTAL OTHER NET INCOME	212.3	235.0	-9.6%
Other net income / Net operating revenues	35.5%	39.3%	

[3] Excluding 0.1 million euros of costs related to acquisition, merger and integration of Euro Bank S.A., recognized by the Polish subsidiary and considered specific items.

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Operating costs, excluding the effect of specific items[4], totaled 276.9 million euros in the first three months of 2020, increasing by 9.4% from the 253.1 million euros recorded in the same period of the previous year. This evolution was due to the increase in the international activity, since in the activity in Portugal, operating costs were below the level recorded in the first quarter of 2019.

In the activity in Portugal, operating costs, not considering the effect of the specific items mentioned above, amounted to 153.0 million euros in the first quarter of 2020, showing a slight reduction (0.7%) compared to the amount recorded in the year-on-year quarter of 2019. This reduction results mainly from the decrease in other administrative costs, but also, although to a lesser extent, from the decrease in staff costs, being offset by the increase in depreciations for the year.

In the international activity, operating costs, excluding the effect of the specific items mentioned above, totaled 123.9 million euros in the first three months of 2020, increasing 25.1% from the amount recorded in the same quarter of the previous year. The observed increase was due, simultaneously, to the impact caused by the consolidation of Euro Bank S.A. in the Polish subsidiary 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 be noted that the operating costs of the operation in Poland, in the first quarter of 2020, incorporate savings in the amount of 5.4 million euros, as a result of the synergies obtained after the merger with Euro Bank S.A., reflecting a value already close to the costs recognized with the integration of the acquired Bank, at the same period.

Staff costs, not considering the effect of specific items (8.1 million euros in the first quarter of 2020 and 6.0 million euros in the first quarter of 2019), amounted to 156.6 million euros in the first quarter of 2020, reflecting a 7.1% growth compared to the 146.2 million euros recorded in the same quarter of 2019, determined by the performance of the international activity.

In the activity in Portugal, staff costs, excluding the impact of specific items, decreased by 1.0% compared to the amount recorded in the first quarter of 2019, totaling 90.2 million euros at the end of March 2020. The specific items previously mentioned are related to restructuring costs and totaled 2.6 million euros in the first quarter of 2020 and 6.0 million euros in the same quarter of the previous year. The evolution of staff costs, in the activity in Portugal, reflects the reduction, in net terms, in the number of employees, from 7,262 at the end of March 2019 to 7,193 employees at 31 March 2020, despite the hiring of employees with adequate skills to reinforce digital areas.

[4] Negative impact of 9.5 million euros in the first quarter of 2020, of which 2.6 million euros related to restructuring costs recognized as staff costs in the activity in Portugal and 6.9 million euros related to acquisition, merger and integration of Euro Bank S.A., recognized by the Polish subsidiary (5.5 million euros as staff costs, 1.3 million euros as other administrative costs and 0.1 million euros as depreciation). In the first quarter of 2019, the impact was also negative, in the amount of 6.5 million euros, of which 6.0 million euros related to restructuring costs, recognized as staff costs in the activity in Portugal and 0.5 million euros related to acquisition, merger and integration of Euro Bank S.A., recognized as other administrative costs by the Polish subsidiary.

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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. recognized by the Polish subsidiary in the first quarter of 2020, in the amount of 5.5 million euros, staff costs stood at 66.4 million euros. The increase of 20.5% from the 55.1 million euros recorded in the first quarter of 2019, was almost entirely due to the evolution in the Polish subsidiary, reflecting the increase in the number of employees, from 6,319 (6,183 FTE - full-time equivalent) on 31 March 2019 to 8,556 employees (8,412 FTE - full-time equivalent) at the end of the first quarter of 2020. This increase was determined by the inclusion of 2,425 employees from Euro Bank S.A., in May 2019. The number of employees at the Polish subsidiary has been progressively decreasing since the end of 2019 and still does not fully reflect the decision taken by Bank Millennium to reduce the staff by 260 FTE - full time equivalent.
The total number of employees assigned to international activity increased from 9,023 on 31 March 2019 to 11,303 employees on 31 March 2020.

Other administrative costs, excluding the impact of specific items, totaled 85.6 million euros in the first quarter of 2020, which compares to 80.0 million euros recorded in the same quarter of the previous year. The already mentioned specific items are related to costs arising from the acquisition, merger and integration of Euro Bank S.A., in the amount of 1.3 million euros in the first quarter of 2020 and 0.5 million euros in the same quarter of 2019, fully recognized by the Polish subsidiary. The evolution of other administrative costs, in consolidated terms, was determined by the performance of the international activity, whose increase absorbed the reduction observed in the activity in Portugal.

The favorable performance of other administrative costs in the activity in Portugal resulted in a 5.6% drop compared to the 46.3 million euros recorded in the first quarter of 2019, standing at 43.8 million euros at the end of the first quarter of 2020. This evolution was possible thanks to the disciplined management of recurring costs, which, together with the resizing of the branch network from 539 on 31 March 2019 to 501 at the end of March 2020, produced savings in items such as advisory services and water, electricity and fuel, among others with less expression, despite the increase recorded essentially in costs associated with information technology services and the strengthening of control functions.

In the international activity, other administrative costs, not considering the impact of the specific items above mentioned, amounted to 41.9 million euros in the first three months of 2020, which compares to 33.7 million euros recorded in the same period of the previous year. In the operation in Mozambique, other administrative costs remained in line with the amount posted in the first quarter of 2019, with the evolution of other administrative costs in the international activity being 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.

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The acquisition of Euro Bank S.A. also influenced the number of branches of the international activity, which grew from 562 on 31 March 2019, to 1,000 at the end of March 2020, with an increase of 431 branches attributable to the Polish operation and with the subsidiary in Mozambique recording 7 more branches than on 31 March 2019. It should be noted that the number of branches in Poland, at the end of the first quarter of 2020, already reflects a reduction compared to the end of 2019 within the scope of the restructuring measures adopted following the integration of Euro Bank S.A.

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 34.7 million euros in the first three months of 2020, standing above the 26.8 million euros recorded in the same period of the previous year. This evolution mainly reflects the increase in international activity, although, to a lesser extent, depreciations in activity in Portugal also proved to be higher than that recorded in the first quarter of 2019.

In the activity in Portugal, depreciations amounted to 19.0 million euros in the first quarter of 2020, increasing from the 16.5 million euros recorded in the same quarter of 2019, mainly due to the investment in software and IT equipment, confirming the commitment of the Bank to technological innovation and the ongoing digital transformation.

In the international activity, depreciations, excluding the immaterial specific items recognized by the Polish operation related to the acquisition of Euro Bank S.A., totaled 15.7 million euros in the first quarter of 2020, increasing from the 10.3 million euros recorded in the same quarter of the previous year. This increase was mainly due to the performance of the Polish subsidiary and also, although to a lesser extent, of the subsidiary in Mozambique. In both cases, the commitment to digital transformation and technological innovation justifies most of the increase, with the Polish subsidiary also reflecting the impact of the acquisition of Euro Bank S.A.

OPERATING COSTS

Euro million

	3M20	3M19	Chg. 20/19
Staff costs	156.6	146.2	7.1%
Other administrative costs	85.6	80.0	7.0%
Depreciations	34.7	26.8	29.3%
OPERATING COSTS EXCLUDING SPECIFIC ITEMS	**276.9**	**253.1**	**9.4%**
OPERATING COSTS	**286.4**	**259.5**	**10.3%**
Of which (1):			
Portugal activity	153.0	154.0	-0.7%
Foreign activity	123.9	99.1	25.1%

(1) Excludes the impact of specific items.

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Impairment for loan losses (net of recoveries) was slightly below (0.4%) the amount recognized in the first quarter of 2019, standing at 86.1 million euros at the end of March 2020. This evolution results, however, from two opposite impacts, since the favorable evolution of impairment for loan losses in the activity in Portugal was almost entirely offset by the increase observed in the international activity.

In the activity in Portugal, the good performance of impairment for loan losses resulted in a decrease of 14.1% compared to the 68.0 million euros recorded in the first quarter of 2019, totaling 58.4 million euros in the first quarter of 2020, reflecting the progressive reduction of the implicit risks in the loans portfolio.

In the international activity, loans impairment totaled 27.8 million euros in the first three months of 2020, standing above the 18.5 million euros recorded in the same period of the previous year. This increase was determined by the performance of the Polish subsidiary, which was influenced not only by the impact of the acquisition of Euro Bank S.A., but also by the effect of the first signs of the COVID-19 pandemic, with the operation in Mozambique contributing to offset this impact, by showing a lower impairment level than in the first quarter of 2019.

The cost of risk of the Group confirmed its gradual downward trend, from 68 basis points at the end of March 2019 to 63 basis points on the same date of 2020.

Other impairments and provisions stood at 115.7 million euros in the first quarter of 2020, which compares to 17.4 million euros recognized in the same quarter of the previous year, with this performance being strongly influenced by provisions in a total amount of 78.8 million euros for the risks associated with the actual context of COVID-19 pandemic.

In the activity in Portugal, the provision for risks associated with COVID-19 totaled 60.0 million euros, assuming itself as a determining factor for the evolution of other impairments and provisions, from 21.4 million euros in the first three months of 2019, to 82.2 million euros recognized in the same period of 2020.

In the international activity, the increase of 37.5 million euros recorded in other impairments and provisions resulted essentially from the performance of the Polish subsidiary, which, in addition to the provision related to the implicit risks of COVID-19 pandemic, in the amount of 13.8 million euros, also recorded an additional extraordinary provision in the amount of 12.7 million euros for mortgage loans granted in Swiss francs. The evolution of other impairments and provisions in the Polish subsidiary also reflects the effect of the reversal of provisions for tax contingencies that was recognized in the same period of the previous year. In the operation in Mozambique, the provision related to COVID-19 amounted to 5.0 million euros.

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Income tax (current and deferred) amounted to 65.6 million euros in the first quarter of 2020, which compares to 65.4 million euros obtained in the same quarter of the previous year.

The recognized taxes include, in the first three months of 2020, current tax of 27.0 million euros (31.2 million euros in the first quarter of 2019) and deferred tax of 38.7 million euros (34.3 million euros in the first quarter of 2019).

The increase in deferred tax expense in 2020 versus 2019 results mainly from the reduction of deferred tax assets related to credit impairment temporary differences within the execution of the non-performing exposures reduction plan and the increase of provisions not deductible for taxation purposes.

BALANCE SHEET

Total assets of the consolidate balance sheet of Millennium bcp amounted to 81,499 million euros on 31 March 2020, increasing 5.7% compared to 77,118 million euros recorded on the same date of the previous year. This growth was mainly driven by the performance of international activity, also benefiting, albeit to a lesser extent, from the evolution of assets in the activity in Portugal.

In the activity in Portugal, the evolution of total assets, from 54,655 million euros on 31 March 2019, to 55,757 million euros at the end of March 2020, was essentially due to the increase in cash at Central Banks and in the loans portfolio, partially offset by the reduction in the portfolio of real estate foreclosed properties.

Regarding the evolution of total assets, the performance of the international activity was characterized by a growth of 14.6% compared to the amount posted on the same date of the previous year, reaching 25,743 million euros at the end of the first quarter of 2020. The expansion of the assets was determined by the activity of the Polish subsidiary, mainly reflecting the increase in the loans portfolio resulting not only from the impact of the acquisition of Euro Bank S.A., but also from the expansion of the commercial activity of Bank Millennium.

Consolidated **loans to customers** (gross) of Millennium bcp, as defined in the glossary, amounted to 54,685 million euros on 31 March 2020, showing a 6.4% growth compared to the 51,387 million euros recorded at the end of March of the previous year. This evolution was determined by the growth recorded in the international activity, namely in the Polish subsidiary where the growth of the ongoing business was boosted by the impact of the acquisition of Euro Bank S.A.

In the activity in Portugal, loans to customers (gross) amounted to 37,333 million euros at the end of March 2020, remaining in line with the amount recorded at the end of the first quarter of 2019, despite the reduction of 1,519 million euros of NPE, as a consequence of the success of the strategy of divestment in this type of assets, carried out by the Bank in recent years. That reduction was offset by the 1,534 million

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euros growth in the performing loan portfolio, reflecting a positive contribution to the dynamism of the Portuguese economy.

Loans to customers (gross) in the international activity increased 23.3% compared to 14,070 million euros as of 31 March 2019, rising to 17,352 million euros at the end of March 2020, boosted, as mentioned before, by the performance of Polish operation, which reflects not only the impact of the acquisition of Euro Bank S.A., but also the recurring activity of the subsidiary.

Consolidated loans to customers (gross) maintained a balanced level of diversification, with the relative weight of loans to individuals in the total portfolio slightly increasing, from 54.4% as at 31 March 2019 to 57.7% as at 31 March 2020, while the weight of loans to companies stood at 42.3% at the end of March 2020, compared to the 45.6% recorded at the same date of the previous year.

LOANS TO CUSTOMERS (GROSS)

Euro million

	31 Mar. 20	31 Mar. 19	Chg. 20/19
INDIVIDUALS	**31,550**	**27,949**	**12.9%**
Mortgage	25,724	23,861	7.8%
Personal loans	5,826	4,087	42.5%
COMPANIES	**23,135**	**23,439**	**-1.3%**
Services	8,946	8,858	1.0%
Commerce	3,536	3,577	-1.1%
Construction	1,560	1,912	-18.4%
Others	9,092	9,093	0.0%
TOTAL	**54,685**	**51,387**	**6.4%**
Of which:			
Portugal activity	37,333	37,317	0.0%
International activity	17,352	14,070	23.3%

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 10.1% as at 31 March 2019 to 7.2% at the same date of 2020, essentially reflecting the performance of the domestic loan portfolio, whose NPE ratio showed a reduction from 11.9% to 7.8%.

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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 98.7% at the end of March 2019 to 107.7% as at 31 March 2020, and the reinforcement in the coverage of NPE, which stood at 55.1% at the end of the first quarter of 2020, compared to 52.1% at the same date of the previous year.

CREDIT QUALITY INDICATORS

	Group			Activity in Portugal		
	31 Mar. 20	31 Mar. 19	Chg. 20/19	31 Mar. 20	31 Mar. 19	Chg. 20/19
STOCK (M€)						
Loans to customers (gross)	54,685	51,387	6.4%	37,333	37,317	0.0%
Overdue loans > 90 days	1,435	1,816	-21.0%	1,016	1,534	-33.8%
Overdue loans	1,579	1,919	-17.7%	1,048	1,566	-33.1%
Restructured loans	2,746	3,536	-22.3%	2,228	3,023	-26.3%
Non-performing loans (NPL) > 90 days	2,055	2,778	-26.0%	1,493	2,340	-36.2%
Non-performing exposures (NPE)	3,928	5,178	-24.2%	2,918	4,437	-34.2%
Loans impairment (Balance sheet)	2,178	2,826	-22.9%	1,608	2,310	-30.4%
RATIOS AS A PERCENTAGE OF LOANS TO CUSTOMERS						
Overdue loans > 90 days / Loans to customers (gross)	2.6%	3.5%		2.7%	4.1%	
Overdue loans / Loans to customers (gross)	2.9%	3.7%		2.8%	4.2%	
Restructured loans / Loans to customers (gross)	5.0%	6.9%		6.0%	8.1%	
Non-performing loans (NPL) > 90 days / Loans to customers (gross)	3.8%	5.4%		4.0%	6.3%	
Non-performing exposures (NPE) / Loans to customers (gross)	7.2%	10.1%		7.8%	11.9%	
COVERAGE BY IMPAIRMENTS						
Coverage of overdue loans > 90 days	151.8%	155.6%		158.3%	150.6%	
Coverage of overdue loans	138.0%	147.3%		153.5%	147.5%	
Coverage of *Non-performing loans* (NPL) > 90 days	106.0%	101.7%		107.7%	98.7%	
Coverage of *Non-performing exposures* (NPE)	55.5%	54.6%		55.1%	52.1%	
EBA						
NPE ratio (includes debt securities and off-balance exposures)	5.2%	7.0%		5.8%	8.5%	

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

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Total customer funds showed a favorable evolution, increasing 6.2% compared to the 75,286 million euros recorded on 31 March 2019, rising to 79,955 million euros at the end of March 2020. For this 4,669 million euros increase contributed mostly 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. It should be noted that the growth in deposits and other resources from customers more than offset the reduction in off-balance sheet customer funds, namely in assets under management and savings and investment insurance products, which largely reflects the losses in prices of assets following the impact of the COVID-19 pandemic on the financial markets and the world economy.

In the activity in Portugal, deposits and other resources from customers grew 2,141 million euros (5.6%) compared to the amount posted at the end of the first quarter of 2019, reaching 40,248 million euros on 31 March 2020, contributing to a large extent to the 4.1% increase showed by total customer funds that amounted to 56,558 million euros at the end of March 2020.

In the international activity, total customer funds reached 23,397 million euros on 31 March 2020, increasing 11.6% compared to 20,963 million euros recorded on the same date of the previous year, largely boosted by the increase of 2,916 million euros in deposits and other resources from customers, mainly due to the performance of the Polish subsidiary. The increase recorded by Bank Millennium was due not only to the impact of the acquisition of Euro Bank S.A., but also to the current activity of the subsidiary itself.

On 31 March 2020, balance sheet customer funds and deposits and other resources from customers represented 78% and 76%, respectively of total customer funds, with its weight increasing slightly compared to the same period of the previous year.

The loans to deposits ratio, in accordance with the Bank of Portugal's Instruction no. 16/2004, stood at 86% on 31 March 2020, with the same ratio, considering on-balance sheet customers' funds, standing at 84%. Both ratios show values in line with those obtained at the same date of the previous year (87% and 85%, respectively).

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TOTAL CUSTOMER FUNDS

Euro million

	31 Mar. 20	31 Mar. 19	Chg. 20/19
BALANCE SHEET CUSTOMER FUNDS	**62,306**	**57,235**	**8.9%**
Deposits and other resources from customers	60,815	55,758	9.1%
Debt securities	1,490	1,477	0.9%
OFF-BALANCE SHEET CUSTOMER FUNDS	**17,649**	**18,051**	**-2.2%**
Assets under management	5,092	5,259	-3.2%
Assets placed with customers	4,017	3,794	5.9%
Insurance products (savings and investment)	8,540	8,998	-5.1%
TOTAL	**79,955**	**75,286**	**6.2%**
Of which:			
Portugal activity	56,558	54,323	4.1%
International activity	23,397	20,963	11.6%

The **securities portfolio**, as defined in the glossary, amounted to 16,663 million euros on 31 March 2020, which compares to 17,397 million euros on the same date of the previous year. This evolution was determined by the performance of the international activity, namely the Polish subsidiary, partly justified by the divestment in Polish sovereign debt securities. The securities portfolio in the activity in Portugal recorded only a slight decrease (0.8%) compared to the end of March 2019.

On 31 March 2020, the securities portfolio represented 20.4% of total assets (22.6% on 31 March 2019).

LIQUIDITY MANAGEMENT

The Liquidity Coverage Ratio (LCR), on a consolidated basis, stood at 218% at the end of March 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 despite being lower than the one on the same date of the previous year (253%), maintains 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 31 March 2020 to stand at 132% (134% as at 31 March 2019).

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Between 31 March 2019 and 31 March 2020, a reduction of 1.1 billion euros was observed in net wholesale financing needs in consolidated terms, mainly due to the impact of the commercial gap decrease in Portugal, as sovereign debt portfolios' decrease was compensated by a similar increase of the corporate portfolio held by the Portuguese operation.

In terms of funding structure, ECB net funding decreased by 1.0 billion euros, to 1.9 billion euros, and a decrease of 464 million euros in repos was offset through an issue of 450 million euros of subordinated debt securities eligible as Tier-level own funds, so reinforcing its medium-long term component in the context of the fulfilment of MREL requirements.

In Portugal, the evolution of the liquidity held at Banco de Portugal and of the portfolio of eligible assets with the ECB, together, allowed the reinforcement of the liquidity buffer by 223 million euros compared to the same period last year, to 14.2 billion euros. The liquidity buffers of Bank Millennium and Banco Internacional de Moçambique (BIM) at the respective central banks remained robust, largely fulfilling the internal minimum requirements set in their liquidity risk frameworks.

During the first quarter of 2020, the Bank and its subsidiaries implemented the Liquidity Plan 2020 as expected. However, in March 2020, after the inception of the COVID-19 pandemic, a change of context has occurred. The range of implications of this pandemic is not yet fully determined but it is already foreseeable that it will lead to a global recession, with a material adverse impact in the banking system and in access conditions to the capital markets. In response to the crisis Central Banks and Supervisors implemented several actions and measures to try to attenuate the negative impacts for banks.

The impacts on liquidity of the COVID-19 crisis have been monitored through the instruments set in the internal risk management framework of BCP Group, through indicators specifically set up as the crisis evolved and through Basel intraday liquidity risk indicators in respect to the Portuguese and Polish operations. Since the eruption of the crisis in mid-March and up until now, the deposit base in Portugal has shown a slight increase, mainly attributable to its retail deposit component. Additionally, the easing measures promoted by the ECB to facilitate the access to liquidity by the banking system (by reducing the minimum eligibility requirements for eligible assets at the date of the introduction of the measures and the transversal reduction of the applicable haircuts), together with the reinforcement of the pool of monetary policy with a retained covered bond with an increased amount, added further strength to the liquidity position of BCP in Portugal, with the liquidity buffer reaching historical high amounts at the end of April. The deposit's base of Bank Millennium and BIM also remained resilient, as well as the liquidity buffers with their respective central banks.

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CAPITAL

The estimated CET1 ratio as at 31 March 2020 stood at 11.9% phased-in and 12.0% fully implemented, -80 and -69 basis points, respectively, comparing to the 12.7% ratio both phased-in and fully implemented recorded in the same date of 2019.

Despite the organic generation of capital, the CET1 fully implemented ratio evolution was mainly determined by the impacts of the acquisition of Euro Bank S.A. by Bank Millennium in Poland, that took place in May 2019 and by the reduction of the pension fund's discount rate, in June and December 2019, as a consequence of the interest rate's decrease. The 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 quarter 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

	31 Mar. 20	31 Mar. 19
FULLY IMPLEMENTED		
Own funds		
Common Equity Tier 1 (CET1)	5,449	5,377
Tier 1	5,975	5,861
Total Capital	**7,016**	**6,455**
Risk weighted assets	**45,505**	**42,453**
Solvency ratios		
CET1	12.0%	12.7%
Tier 1	13.1%	13.8%
Total capital	15.4%	15.2%
PHASED-IN		
CET1	11.9%	12.7%

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

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SIGNIFICANT EVENTS IN THE FIRST QUARTER OF 2020

The Board of Directors of BCP, S.A., in a meeting held on 26 March 2020, approved, based on the results for 2019, disclosed on February 20th of the current year, the individual and consolidated annual report, balance sheet and financial statements of 2019, which will be submitted for approval to the Annual General Meeting.

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.

SUBSQUENT 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.

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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 to €4,000,000,000, aiming to increase the assets portfolio eligible for discount with the ECB.

On April 27, BCP published the call notice for the Annual Shareholders Meeting to be held on May 20, also disclosing the various proposals on the Agenda.

MACROECONOMIC ENVIRONMENT

The International Monetary Fund (IMF) expects a strong fall in the world's GDP in 2020 (-3%) resulting from the COVID-19 pandemic. In 2021 it is probable that the recession gives way to a recovery trend. These forecasts are subject to important risks, including the intensity and duration of the pandemic, the effectiveness of the programs of support to the economic activity that have been presented by the fiscal and monetary authorities and the evolution of the funding conditions in the international financial markets.

In the Euro Area, GDP decelerated once again, growing 1.2% against the 1.9% recorded in the preceding year. This loss of vigour stemmed essentially from the intensification of the recession in the manufacturing sector already in place in 2018. The economic outlook in the EMU started the year of 2020 timidly positive but was obliterated by the propagation of the COVID-19 in Europe. Thus, despite the uncertainty regarding the quantitative impact of the pandemic, the growth of GDP in the Euro Area in the first quarter will certainly be very negative. The European Central Bank (ECB) response to this environment was forceful, namely through the strengthening of the magnitude and scope of the public and private debt securities purchase programs.

In the US there was a loss of economic dynamism throughout 2019, with GDP growth falling from 2.9% to 2.3%, due to the dissipation of the effects of the strong fiscal stimuli package. The improvement of the data in the first months of the current year was dramatically reverted with the pandemic outbreak and the consequent imposition of the lockdown. As a result, GDP contracted at an annualized rate of 4.8% while private consumption fell 7.6%, in a context of massive employment losses. Faced with the deterioration of the general context, the Federal Reserve took a wide set of initiatives, ranging from the reduction of its key interest rate from 1.00% to 0.00%, the reintroduction of a program of debt securities purchases, and extended Dollar swap lines to several central banks.

The financial markets ended the second decade of the century on a high note, with the main financial asset classes recording substantial appreciations. But as in any other dimension of the economic life of the countries, the financial markets were inexorably struck by the pandemic, with strong corrections in the first weeks of March that weren't even more pronounced and prolonged due to the energetic reaction of central banks. The unavoidable rise of public indebtedness stemming from the pandemic led to a worsening of the risk premia of the government bonds of EMU's periphery, whilst the disruptions in the Euro short funding market translated into higher Euribor rates at every maturity.

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In Portugal, the perspectives that GDP would grow around potential level have been abruptly shattered by the COVID-19 pandemic. According to the IMF GDP should drop 8% in 2020, which would represent an unprecedented recession, resulting from the disruptions to global supply chains, the adverse impact of the tourism sector downturn on the Portuguese economy, the disruptions in the international financial markets and the drop in the confidence levels of the economic agents, which should translate into an expressive reduction of investment and consumption. In this context, the Portuguese government presented a comprehensive package of measures to support economic activity with the aim of attenuating the seriousness of the recession that will characterize 2020. For 2021, the IMF foresees a vigorous recovery of GDP growth (5.0%). The deterioration of the economic outlook and the climate of strong uncertainty in the financial markets have been penalising the risk premia of the Portuguese public and private debt, albeit in a relatively moderate fashion due to the ample package of monetary stimuli measures put forward by the ECB.

In Poland, the trajectory of strong growth that has been in place since 2014 should be interrupted in 2020. The adverse effects of the COVID-19 pandemic should lead to a contraction of real GDP of 4.6%, according to the IMF. Against this background, the central bank announced a public debt securities purchase program in the secondary market and reduced the key interest rate to a historical low (0.50%). The uncertainty regarding the evolution of the economic situation and the instability in the international financial markets was reflected in a depreciation of the Zloty to levels in excess of 4.50 against the Euro.

In Mozambique, the IMF expects that GDP grows by 2.2% in 2020, similar to what has been observed in 2019. However, the Mozambican economy could be negatively affected by the reduction of commodity prices in the international markets (namely mineral coal and aluminum) and by the possibility of diminished external capital flows. In Angola, the economic recession that the country has been facing should extend to 2020, aggravated by the strong fall in oil prices due to the recession of the world's economy. In this environment, the depreciating trend of the Kwanza intensified at the end of the first quarter.

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CONSOLIDATED INDICATORS, ACTIVITY IN PORTUGAL AND INTERNATIONAL ACTIVITY

Euro million

	Consolidated			Activity in Portugal (1)			International activity		
	Mar. 20	Mar. 19	Change 20/19	Mar. 20	Mar. 19	Change 20/19	Mar. 20	Mar. 19	Change 20/19
INCOME STATEMENT									
Net interest income	385.5	362.7	6.3%	186.4	201.5	-7.5%	199.1	161.2	23.5%
Dividends from equity instruments	0.1	0.0	20.6%	-	-	-	0.1	0.0	20.6%
Net fees and commission income	179.8	166.6	7.9%	119.3	114.9	3.8%	60.5	51.7	17.0%
Net trading income	61.4	60.3	1.8%	45.3	40.0	13.4%	16.1	20.4	-21.0%
Other net operating income	(39.7)	(10.6)	<-200%	(2.6)	15.6	-116.8%	(37.1)	(26.3)	-41.4%
Equity accounted earnings	10.8	18.6	-42.1%	9.3	10.8	-13.6%	1.4	7.8	-81.5%
Net operating revenues	**597.8**	**597.7**	**0.0%**	**357.7**	**382.8**	**-6.5%**	**240.1**	**214.9**	**11.7%**
Staff costs	164.7	152.2	8.2%	92.8	97.1	-4.4%	71.8	55.1	30.4%
Other administrative costs	86.9	80.5	8.0%	43.8	46.3	-5.6%	43.2	34.2	26.4%
Depreciation	34.8	26.8	29.7%	19.0	16.5	15.0%	15.8	10.3	53.3%
Operating costs	**286.4**	**259.5**	**10.3%**	**155.6**	**160.0**	**-2.8%**	**130.8**	**99.5**	**31.4%**
Custos operacionais excluindo itens específicos	276.9	253.1	9.4%	153.0	154.0	-0.7%	123.9	99.1	25.1%
Profit before impairment and provisions	**311.4**	**338.1**	**-7.9%**	**202.1**	**222.8**	**-9.3%**	**109.3**	**115.4**	**-5.2%**
Loans impairment (net of recoveries)	86.1	86.5	-0.4%	58.4	68.0	-14.1%	27.8	18.5	49.6%
Other impairment and provisions	115.7	17.4	>200%	82.2	21.4	>200%	33.5	(4.0)	>200%
Profit before income tax	**109.6**	**234.2**	**-53.2%**	**61.6**	**133.4**	**-53.9%**	**48.1**	**100.8**	**-52.3%**
Income tax	65.6	65.4	0.3%	45.4	39.3	15.6%	20.3	26.2	-22.6%
Current	27.0	31.2	-13.5%	0.6	4.0	-84.9%	26.4	27.1	-2.9%
Deferred	38.7	34.3	12.8%	44.8	35.2	27.1%	(6.1)	(1.0)	<-200%
Income after income tax from continuing operations	**44.0**	**168.7**	**-73.9%**	**16.2**	**94.1**	**-82.8%**	**27.8**	**74.6**	**-62.7%**
Income arising from discontinued operations	-	13.5	-100.0%	-	-	-	-	-	-
Non-controlling interests	8.7	28.4	-69.4%	(0.1)	(0.2)	59.1%	8.8	28.5	-69.3%
Net income	**35.3**	**153.8**	**-77.1%**	**16.2**	**94.3**	**-82.8%**	**19.1**	**46.1**	**-58.7%**
BALANCE SHEET AND ACTIVITY INDICATORS									
Total assets	81,499	77,118	5.7%	55,757	54,655	2.0%	25,743	22,464	14.6%
Recursos totais de clientes	**79,955**	**75,286**	**6.2%**	**56,558**	**54,323**	**4.1%**	**23,397**	**20,963**	**11.6%**
Recursos de clientes de balanço	**62,306**	**57,235**	**8.9%**	**41,619**	**39,447**	**5.5%**	**20,687**	**17,788**	**16.3%**
Deposits and other resources from customers	60,815	55,758	9.1%	40,248	38,108	5.6%	20,567	17,651	16.5%
Debt securities	1,490	1,477	0.9%	1,371	1,339	2.4%	120	138	-13.3%
Recursos de clientes fora de balanço	**17,649**	**18,051**	**-2.2%**	**14,939**	**14,876**	**0.4%**	**2,711**	**3,175**	**-14.6%**
Assets under management	5,092	5,259	-3.2%	3,120	3,041	2.6%	1,972	2,218	-11.1%
Assets placed with customers	4,017	3,794	5.9%	3,658	3,335	9.7%	359	459	-21.6%
Insurance products (savings and investment)	8,540	8,998	-5.1%	8,160	8,501	-4.0%	379	497	-23.8%
Crédito a clientes (bruto)	**54,685**	**51,387**	**6.4%**	**37,333**	**37,317**	**0.0%**	**17,352**	**14,070**	**23.3%**
Particulares	**31,550**	**27,949**	**12.9%**	**19,443**	**19,183**	**1.4%**	**12,107**	**8,766**	**38.1%**
Mortgage	25,724	23,861	7.8%	17,287	17,174	0.7%	8,437	6,687	26.2%
Personal Loans	5,826	4,087	42.5%	2,156	2,009	7.3%	3,671	2,079	76.6%
Empresas	**23,135**	**23,439**	**-1.3%**	**17,890**	**18,135**	**-1.4%**	**5,245**	**5,304**	**-1.1%**
CREDIT QUALITY									
Total overdue loans	1,579	1,919	-17.7%	1,048	1,566	-33.1%	531	353	50.4%
Overdue loans by more than 90 days	1,435	1,816	-21.0%	1,016	1,534	-33.8%	419	282	48.6%
Overdue loans by more than 90 days / Loans to customers	2.6%	3.5%		2.7%	4.1%		2.4%	2.0%	
Imparidade do crédito (balanço)	2,178	2,826	-22.9%	1,608	2,310	-30.4%	570	516	10.6%
Total impairment (balance sheet) / Loans to customers	4.0%	5.5%		4.3%	6.2%		3.3%	3.7%	
Total impairment (balance sheet) / Overdue loans by more than 90 day	151.8%	155.6%		158.3%	150.6%		136.1%	182.9%	
Non-Performing Exposures	3,928	5,178	-24.2%	2,918	4,437	-34.2%	1,010	741	36.2%
Non-Performing Exposures / Crédito a clientes	7.2%	10.1%		7.8%	11.9%		5.8%	5.3%	
Restructured loans	2,746	3,536	-22.3%	2,228	3,023	-26.3%	518	513	1.1%
Restructured loans / Loans to customers	5.0%	6.9%		6.0%	8.1%		3.0%	3.6%	
Cost of risk (net of recoveries, in b.p.)	63	68		63	73		65	54	
Total impairment (balance sheet) / NPE	55.5%	54.6%		55.1%	52.1%		56.5%	69.6%	

(1) Not considering income arising from operations accounted as discontinued operations, in the amount of 13.5 million euros in the first quarter of 2019.

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BANCO COMERCIAL PORTUGUÊS

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE THREE MONTHS PERIODS ENDED 31 MARCH 2020 AND 2019

(Thousands of euros)

	31 March 2020	31 March 2019
Interest and similar income	500,427	471,995
Interest expense and similar charges	(114,958)	(109,286)
NET INTEREST INCOME	385,469	362,709
Dividends from equity instruments	56	46
Net fees and commissions income	179,827	166,610
Net gains / (losses) from financial operations at fair value through profit or loss	(5,979)	8,659
Net gains / (losses) from foreign exchange	65,020	17,386
Net gains / (losses) from hedge accounting operations	(3,711)	(7,122)
Net gains / (losses) from derecognition of assets and financial liabilities at amortised cost	(14,367)	(5,764)
Net gains / (losses) from derecognition of financial assets at fair value through other comprehensive income	20,428	47,149
Net gains / (losses) from insurance activity	3,207	2,739
Other operating income / (losses)	(38,473)	(29,537)
TOTAL OPERATING INCOME	591,477	562,875
Staff costs	164,671	152,227
Other administrative costs	86,904	80,477
Amortisations and depreciations	34,785	26,829
TOTAL OPERATING EXPENSES	286,360	259,533
NET OPERATING INCOME BEFORE PROVISIONS AND IMPAIRMENTS	305,117	303,342
Impairment for financial assets at amortised cost	(86,892)	(86,908)
Impairment for financial assets at fair value through other comprehensive income	735	(486)
Impairment for other assets	(11,369)	(20,569)
Other provisions	(104,297)	4,024
NET OPERATING INCOME	103,294	199,403
Share of profit of associates under the equity method	10,793	18,628
Gains / (losses) arising from sales of subsidiaries and other assets	(4,463)	16,166
NET INCOME BEFORE INCOME TAXES	109,624	234,197
Income taxes		
Current	(26,964)	(31,160)
Deferred	(38,674)	(34,289)
NET INCOME AFTER INCOME TAXES FROM CONTINUING OPERATIONS	43,986	168,748
Income arising from discontinued or discontinuing operations	-	13,454
NET INCOME AFTER INCOME TAXES	43,986	182,202
Net income for the period attributable to:		
Bank's Shareholders	35,299	153,843
Non-controlling interests	8,687	28,359
NET INCOME FOR THE PERIOD	43,986	182,202
Earnings per share (in Euros)		
Basic	0.007	0.042
Diluted	0.007	0.042

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BANCO COMERCIAL PORTUGUÊS

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

(Thousands of euros)

	31 March 2020	31 December 2019	31 March 2019
ASSETS			
Cash and deposits at Central Banks	3,334,825	5,166,551	2,292,067
Loans and advances to credit institutions repayable on demand	262,966	320,857	288,207
Financial assets at amortised cost			
Loans and advances to credit institutions	1,437,612	892,995	1,021,583
Loans and advances to customers	49,624,058	49,847,829	45,971,778
Debt securities	6,064,913	3,185,876	3,465,297
Financial assets at fair value through profit or loss			
Financial assets held for trading	2,393,493	878,334	907,437
Financial assets not held for trading mandatorily at fair value through profit or loss	1,361,453	1,405,513	1,393,182
Financial assets designated at fair value through profit or loss	31,454	31,496	33,005
Financial assets at fair value through other comprehensive income	10,381,491	13,216,701	14,663,562
Assets with repurchase agreement	-	-	185,246
Hedging derivatives	100,306	45,141	162,126
Investments in associated companies	406,046	400,391	444,379
Non-current assets held for sale	1,248,079	1,279,841	1,674,793
Investment property	13,268	13,291	63,814
Other tangible assets	694,827	729,442	621,891
Goodwill and intangible assets	224,393	242,630	170,866
Current tax assets	29,778	26,738	39,166
Deferred tax assets	2,682,502	2,720,648	2,844,563
Other assets	1,207,640	1,239,134	875,385
TOTAL ASSETS	81,499,104	81,643,408	77,118,347
LIABILITIES			
Financial liabilities at amortised cost			
Resources from credit institutions	6,718,840	6,366,958	7,397,468
Resources from customers	59,397,831	59,127,005	53,321,646
Non subordinated debt securities issued	1,554,247	1,594,724	1,639,824
Subordinated debt	1,516,864	1,577,706	1,270,383
Financial liabilities at fair value through profit or loss			
Financial liabilities held for trading	340,476	343,933	331,628
Financial liabilities at fair value through profit or loss	2,659,135	3,201,309	3,636,292
Hedging derivatives	366,202	229,923	272,759
Provisions	389,189	345,312	360,062
Current tax liabilities	9,527	21,990	14,656
Deferred tax liabilities	9,534	11,069	6,702
Other liabilities	1,287,920	1,442,225	1,278,225
TOTAL LIABILITIES	74,249,765	74,262,154	69,529,645
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	240,535	240,535	264,608
Treasury shares	(67)	(102)	(75)
Reserves and retained earnings	638,155	435,823	852,477
Net income for the period attributable to Bank's Shareholders	35,299	302,003	153,843
TOTAL EQUITY ATTRIBUTABLE TO BANK'S SHAREHOLDERS	6,055,393	6,119,730	6,415,246
Non-controlling interests	1,193,946	1,261,524	1,173,456
TOTAL EQUITY	7,249,339	7,381,254	7,588,702
TOTAL LIABILITIES AND EQUITY	81,499,104	81,643,408	77,118,347

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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

		31 Mar. 20	31 Mar. 19
Loans to customers (net) (1)		52,507	48,561
Balance sheet customer funds (2)		62,306	57,235
	(1) / (2)	84.3%	84.8%

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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

	3M20	3M19
Net income (1)	35	154
Non-controlling interests (2)	9	28
Average total assets (3)	82,402	76,812
[(1) + (2), annualised] / (3)	**0.2%**	**1.0%**

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

	3M20	3M19
Net income (1)	35	154
Average equity (2)	5,802	5,895
[(1), annualised] / (2)	**2.4%**	**10.6%**

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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

	3M20	3M19
Operating costs (1)	286	260
of which: specific items (2)	9	6
Net operating revenues (3)*	598	598
[(1) - (2)] / (3)	**46.3%**	**42.3%**

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

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

	3M20	3M19
Loans to customers at amortised cost, before impairment (1)	54,340	51,083
Loan impairment charges (net of recoveries) (2)	86	87
[(2), annualised] / (1)	**63**	**68**

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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

	31 Mar. 20	31 Mar. 19
Non-Performing Exposures (1)	3,928	5,178
Loans to customers (gross) (2)	54,685	51,387
(1) / (2)	7.2%	10.1%

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

	31 Mar. 20	31 Mar. 19
Non-Performing Exposures (1)	3,928	5,178
Loans impairments (balance sheet) (2)	2,178	2,826
(2) / (1)	55.5%	54.6%

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RECONCILIATION OF ACCOUNTING INFORMATION WITH THE MANAGEMENT CRITERIA OF THE GROUP

Loans to customers

Euro million

	31 Mar. 20	31 Mar. 19
Loans to customers at amortised cost (accounting Balance Sheet)	49,624	45,972
Debt instruments at amortised cost associated to credit operations	2,559	2,301
Balance sheet amount of loans to customers at fair value through profit or loss	324	288
Loan to customers (net) considering management criteria	**52,507**	**48,561**
Balance sheet impairment related to loans to customers at amortised cost	2,144	2,783
Balance sheet impairment associated with debt instruments at amortised cost related to credit operations	13	27
Fair value adjustments related to loans to customers at fair value through profit or loss	21	16
Loan to customers (gross) considering management criteria	**54,685**	**51,387**

Loans impairment (P&L)

Euro million

	3M20	3M19
Impairment of financial assets at amortised cost (accounting P&L) (1)	87	87
Impairment of Loans and advances to credit institutions (at amortised cost) (2)	0	0
Impairment of financial assets at amortised cost not associated with credit operations (3)	1	0
Loans impairment considering management criteria (1)-(2)-(3)	**86**	**87**

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Balance sheet customer funds

Euro million

	31 Mar. 20	31 Mar. 19
Financial liabilities at fair value through profit or loss (accounting Balance sheet)	2,659	3,636
Debt securities at fair value through profit or loss and certificates	-1,242	-1,200
Customer deposits at fair value through profit or loss considering management criteria	**1,418**	**2,437**
Resources from customers at amortised cost (accounting Balance sheet)	59,398	53,322
Deposits and other resources from customers considering management criteria (1)	**60,815**	**55,758**
Non subordinated debt securities issued at amortised cost (accounting Balance sheet)	1,554	1,640
Debt securities at fair value through profit or loss and certificates	1,242	1,200
Non subordinated debt securities placed with institucional customers	-1,306	-1,363
Debt securities placed with customers considering management criteria (2)	**1,490**	**1,477**
Balance sheet customer funds considering management criteria (1)+(2)	**62,306**	**57,235**

Securities portfolio

Euro million

	31 Mar. 20	31 Mar. 19
Debt instruments at amortised cost (accounting Balance sheet)	6,065	3,465
Debt instruments at amortised cost associated to credit operations net of impairment	-2,559	-2,301
Debt instruments at amortised cost considering management criteria (1)	**3,506**	**1,164**
Financial assets not held for trading mandatorily at fair value through profit or loss (accounting Balance sheet)	1,361	1,393
Balance sheet amount of loans to customers at fair value through profit or loss	-324	-288
Financial assets not held for trading mandatorily at fair value through profit or loss considering management criteria (2)	**1,038**	**1,105**
Financial assets held for trading (accounting Balance sheet) (3)	2,393	907
of which: trading derivatives (4)	687	662
Financial assets designated at fair value through profit or loss (accounting Balance sheet) (5)	31	33
Financial assets at fair value through other comprehensive income (accounting Balance sheet) (6)	10,381	14,664
Assets with repurchase agreement (accounting Balance sheet) (7)	0	185
Securities portfolio considering management criteria (1)+(2)+(3)-(4)+(5)+(6)+(7)	**16,663**	**17,397**

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.

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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.

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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).

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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 three months ended at 31 March 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 three months of 2020 and 2019 were not audited.

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