



# EARNINGS PRESENTATION

JULY 2014 **1H 2014**

# DISCLAIMER

- This document is not an offer of securities for sale in the United States, Canada, Australia, Japan or any other jurisdiction. Securities may not be offered or sold in the United States unless they are registered pursuant to the US Securities Act of 1933 or are exempt from such registration. Any public offering of securities in the United States, Canada, Australia or Japan would be made by means of a prospectus that will contain detailed information about the company and management, including financial statements
- 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
- The figures presented do not constitute any form of commitment by BCP in regard to future earnings
- The figures for Millennium bank in Greece, Banca Millennium Romania and Millennium Gestão Activos (Millennium Asset Management) was restated in 2012 and aggregated into a single income statement item defined as "Income arising from discontinued operations"
- First six months figures for 2013 and 2014 not audited

# Agenda

- Main Highlights
- Group
  - Capital
  - Liquidity
  - Profitability
- Portugal
- International operations
- Conclusions

# Highlights

## Capital *strongly reinforced and above the required*

Successful completion of the rights issue of 2,242 million euros (total demand of 2,734 million euros) in order to allow the total reimbursement of 2,250 million euros of CoCos to the Portuguese State \*

Common equity tier I pro forma \*\* ratio at 12.5% in accordance with phased-in criteria  
Common equity tier I pro forma \*\* ratio at 9.0% in accordance with fully-implemented criteria

## Liquidity *comfortable*

Consistent customer funds base maintained, with an increase of 2.0% in deposits

Continuation of the commercial gap improvement: reduction of 3.2 billion euros in the commercial gap year-on-year, with the loans to deposits ratio (BoP) at 116%, comparing favourably with the 120% recommended, and the ratio of loans to BS customer funds at 106%

Reduction in ECB funding usage to 8.7 billion euros, with an additional reimbursement of a billion euros already in the 2Q14 to 8 billion euros of the 3-year long-term refinancing operation (LTRO)

## Profitability *with consistent confirmation of the positive trend*

Consolidated net income of -62 million euros versus -488 million euros in 1H13, with a quarterly consolidated net income of -22 million euros, the best in the last 2 years

Contribution of international operations (excluding Romania) to the consolidated net income of 99 million euros, an increase of 12.8% versus 1H13

Progressive improvement in banking income in all geographies, with a growth of 40.5% year-on-year, driven by the increase in net interest income which recorded the best quarter since the issue of the CoCos in June 2012

Operating costs reduced by 3.2% at the consolidated level and 6.2% in Portugal versus 1H13

New entries in NPL in Portugal in 1H14 decreased 63.5% versus 1H13, consistent with the target of a sustained reduction in the cost of risk, but maintaining a high level of provisioning

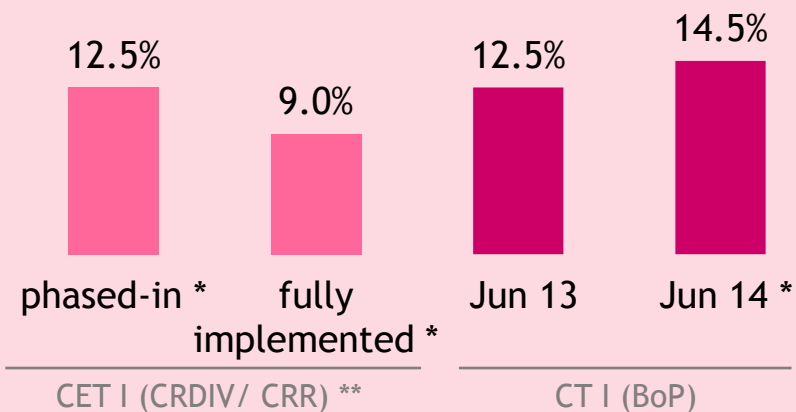
\* Of which 400 million euros in May and 1,850 million euros to be authorised by Bank of Portugal in third quarter

\*\* Calculated based on a conservative interpretation of the proposed DTAs regulation published on 12 June 2014. Pro forma, includes the right issue of 2,242 million euros, the repayment of 1,850 million euros of CoCos and the deconsolidation of the Romania operation

# Highlights

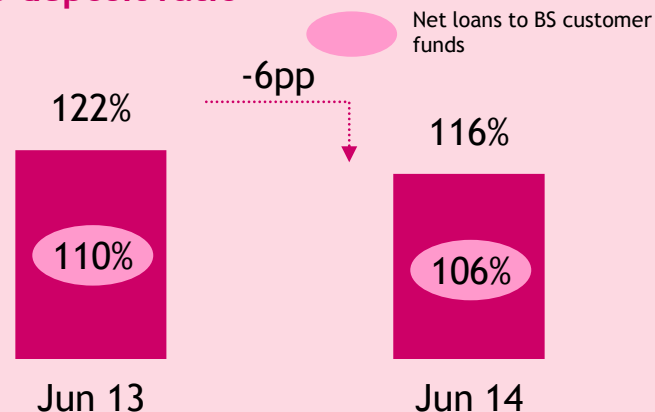
## Capital ratios

(%)



## Loans to deposit ratio\*

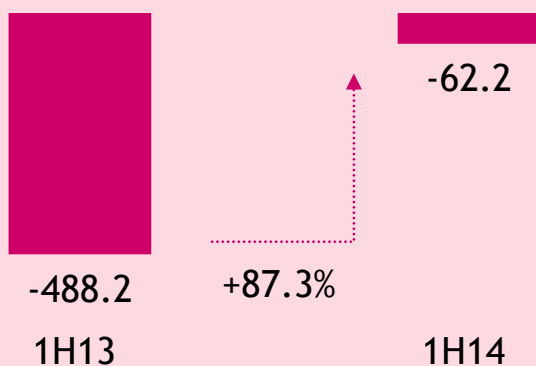
(%)



\* Calculated based on customer deposits and net loans to customers (BoP criteria)

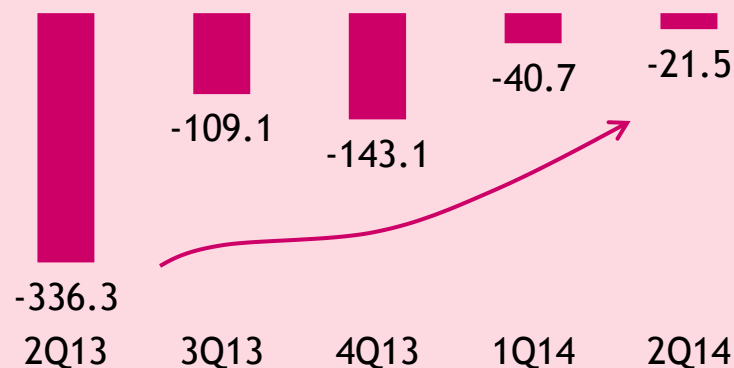
## Net income

(Million euros)



## Quarterly net income

(Million euros)



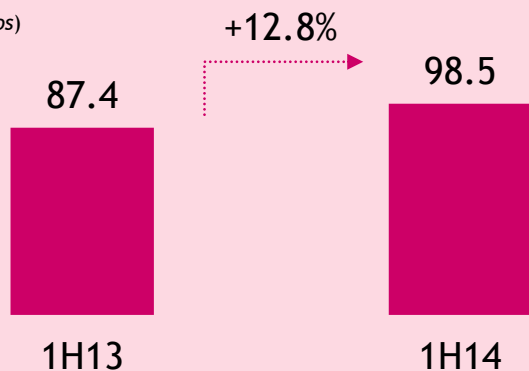
\* Pro forma, includes the right issue of 2,242 million euros, the repayment of 1,850 million euros of CoCos and the deconsolidation of the Romania operation

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# Highlights

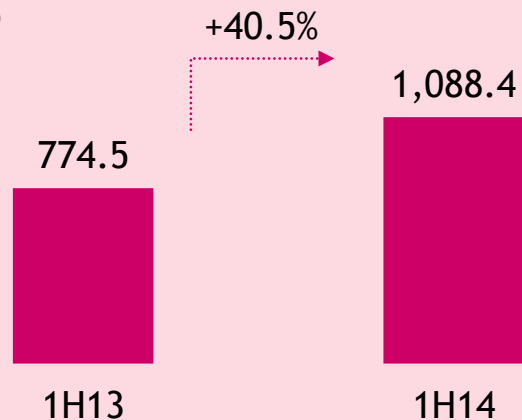
## Contribution of the international operations to net income

(Million euros)



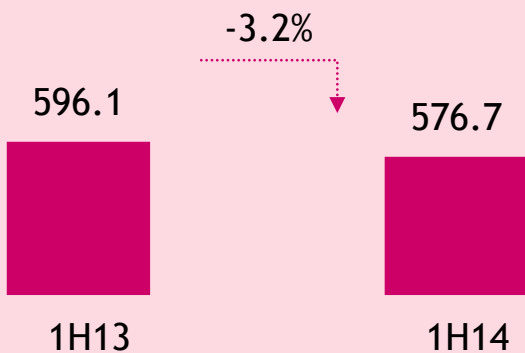
## Banking income

(Million euros)



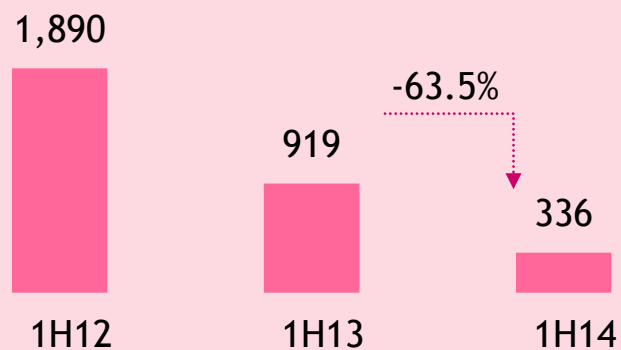
## Operating costs

(Million euros)



## Net new entries in NPL in Portugal

(Million euros)



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# Rights issue of €2,242M...

## Characteristics

- Amount: € 2,242M
- Reserved to the shareholders with transferable pre-emptive subscription rights
- Subscription price : €0.065 per share
- Number of new shares: approx. 34,488 million issued
- Subscription ratio: 7 new shares for 4 existing shares
- Syndicate of banks, underwriting 100% of the transaction
- Listing: Euronext Lisbon

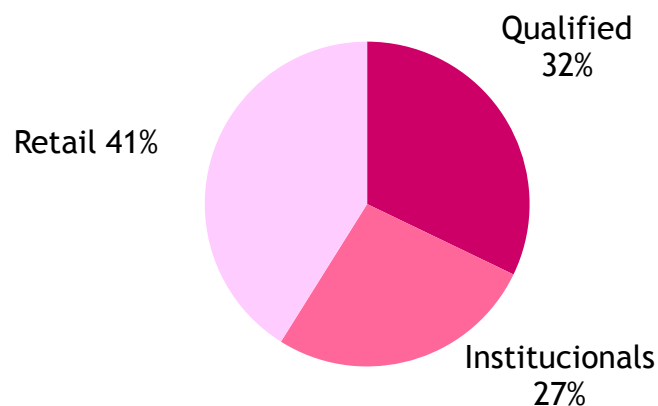
## Rational

1. Anticipation of the CoCos repayment
  - Positive impact of c. €500m in net interest income
  - Mitigate the tail risk of conversion
2. Strengthen capital ratios
  - Approaching to the new capital benchmark



## ...with a successful completion

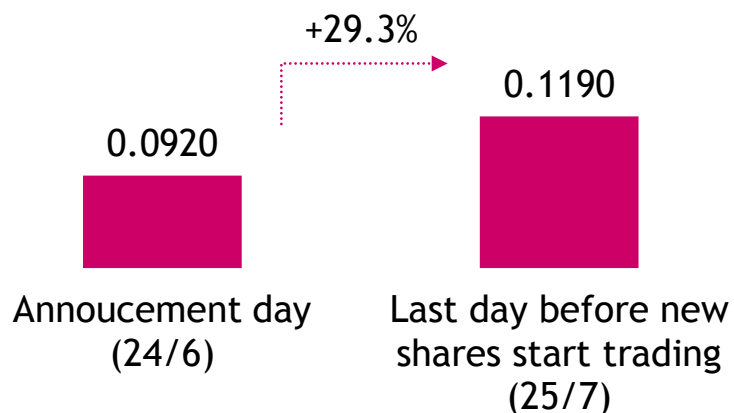
### Participation by shareholder type



### Results

| Results of the offer              | Demand (m€)  | Supply (m€)  |             |
|-----------------------------------|--------------|--------------|-------------|
| Subscription                      | 2,215        | 2,242        | 99%         |
| Allocation of unsubscribed shares | 601          | 26           | 23x         |
| <b>Total</b>                      | <b>2,734</b> | <b>2,242</b> | <b>126%</b> |

### Share price evolution (€)

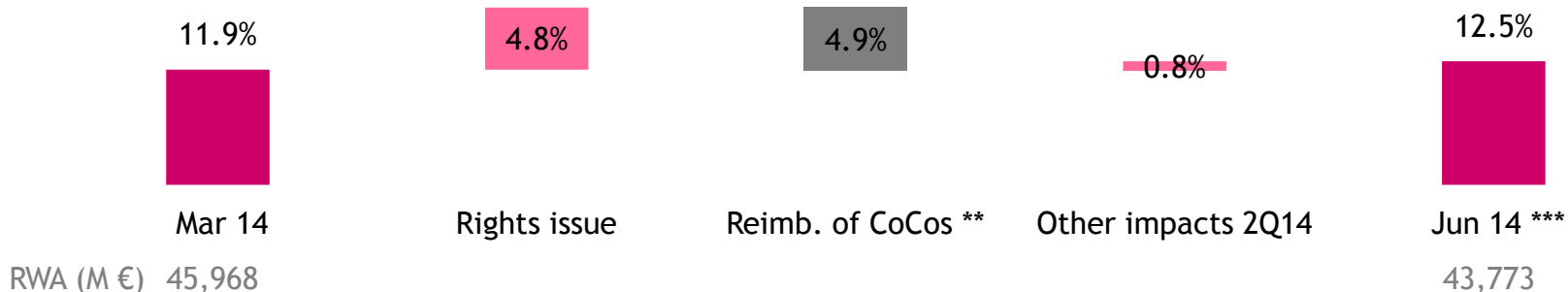


- Participation and transaction of rights (29% of total) show the maintenance of the main shareholder structure
- Successful placement, with a total demand exceeding by 26% the amount of the Rights Offering and the allocation of unsubscribed shares was 23 times the amount available
- Strong improvement of the share price since the announcement (+30%) and 83% higher than the subscribed price (€0.065)

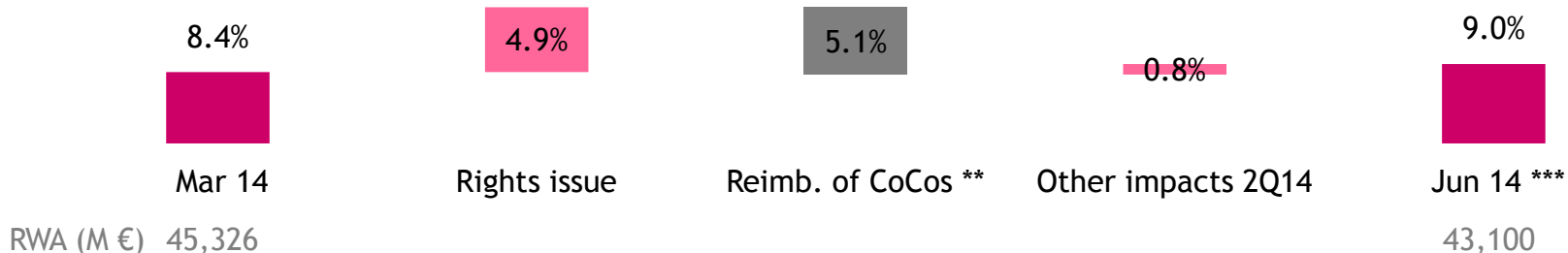
# ... allowing the anticipation of the CoCos repayment, complying with regulatory requirements and in line with market demands

Consolidated

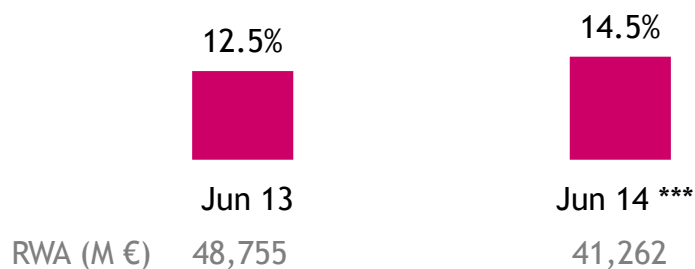
## CET I - CRDIV/CRR (*phased-in*) \* ratio



## CET I - CRDIV/CRR (*fully-implemented*) \* ratio



## CT I ratio - Bank of Portugal



- *Common equity tier I* (CRDIV/CRR)\* ratio at 12.5% in *phased-in* (above of the 7% regulatory and the 8% imposed by the AQR/stress tests) and 9.0% in *fully-implemented* (in line with market requirements)
- *Core tier I* ratio according with BoP criteria at 14.5% (above of the 10% previously required)

\* Calculated based on a conservative interpretation of the proposed DTAs regulation published on 12 June 2014

\*\* 400 million euros in May and 1,850 million euros after the rights issue

\*\*\* Pro forma, includes the right issue of 2,242 million euros, the repayment of 1,850 million euros of CoCos and the deconsolidation of the Romania operation

# Pension Fund

## Main indicators

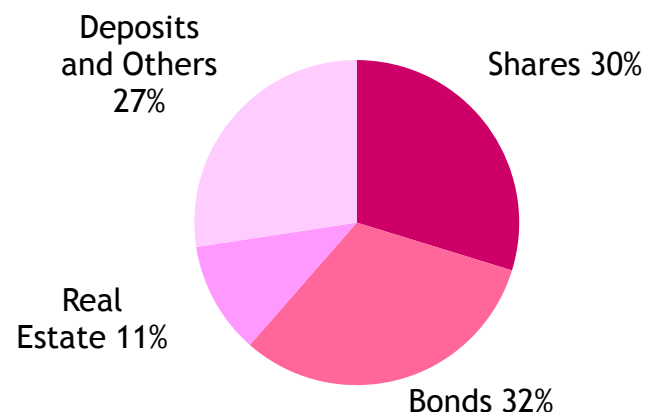
(Million euros)

|                       | Jun 13 | Dec 13 | Jun 14 |
|-----------------------|--------|--------|--------|
| Pension liabilities   | 2,304  | 2,533  | 2,759  |
| Pension fund          | 2,417  | 2,547  | 2,786  |
| Liabilities' coverage | 117%   | 112%   | 112%   |
| Fund's profitability  | 0.6%   | 4.4%   | 11.0%  |
| Actuarial differences | (45)   | (212)  | (2)    |

## Assumptions

|   | Jun 13            | Dec 13 | Jun 14 |
|---|-------------------|--------|--------|
| Discount rate                           | 4.50%             | 4.00%  | 3.50%  |
| Salary growth rate                      | 1.00% until 2016  |        |        |
|   | 1.75% after 2017  |        |        |
| Pensions growth rate                    | 0.00% until 2016  |        |        |
|   | 0.75% after 2017  |        |        |
| Projected rate of return of fund assets | 4.50%             | 4.00%  | 3.50%  |
| Mortality Tables                        |                   |        |        |
| Men                                     | TV 73/77 -1 year  |        |        |
| Women                                   | Tv 88/90 -2 years |        |        |

## Pension Fund



- Coverage of pension liabilities at 112%
- Actuarial differences in 1H214 penalized by the changes in the discount rate to 3.5% (-222 million euros) and benefiting by the fund performance of 11.0% (+213 million euros)

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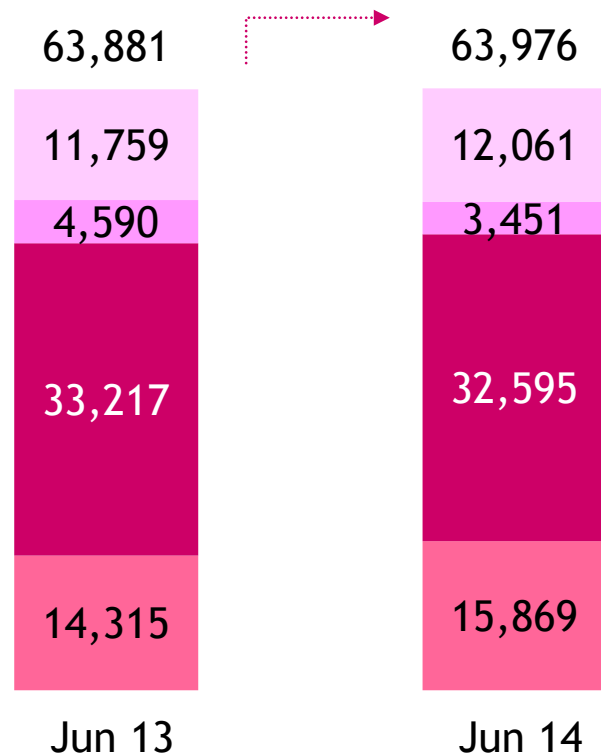
# Stable customer deposits...

(Million euros)

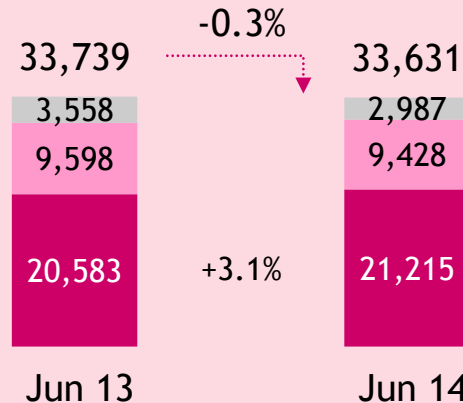
## Customer funds

Consolidated

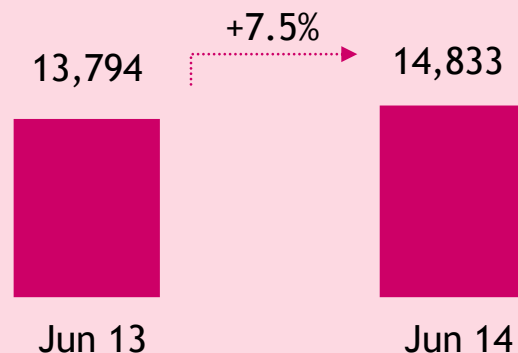
+0.1%



## Customer deposits in Portugal



## Customer deposits in international operations

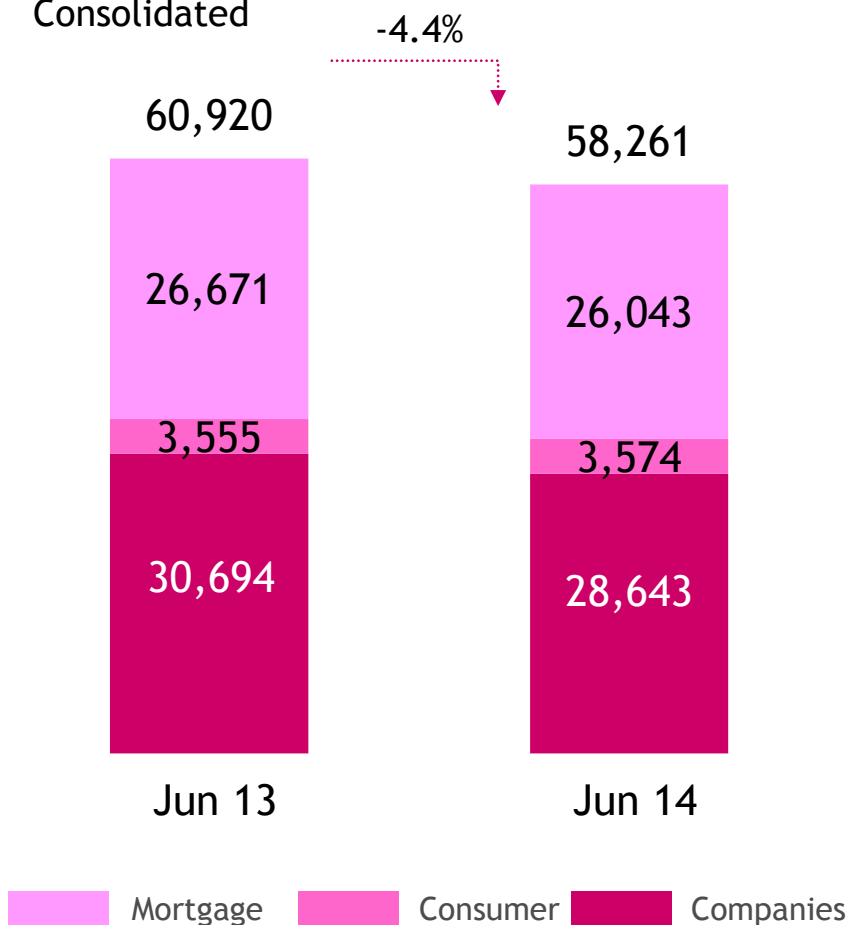


# ... and credit evolution with a stabilizing trend

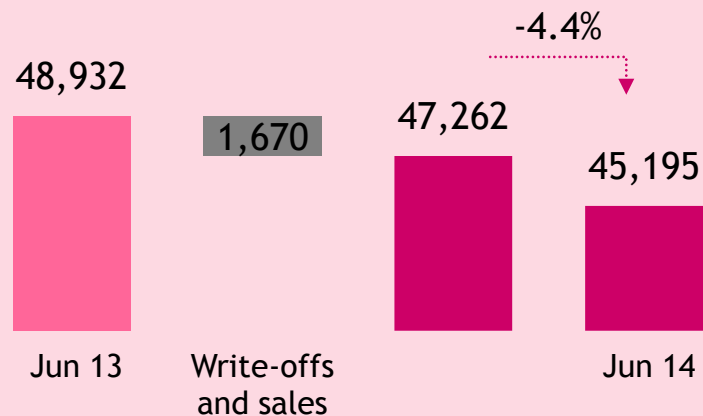
(Million euros)

## Loans to customers (gross)

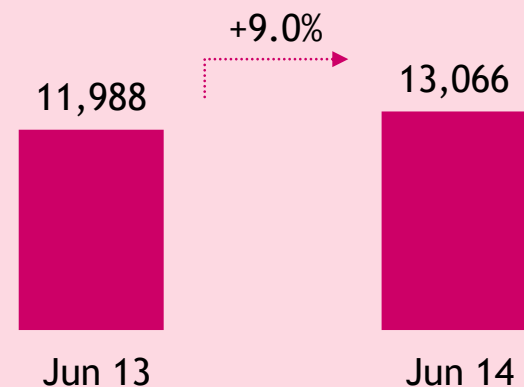
Consolidated



## Loans to customers (gross) in Portugal



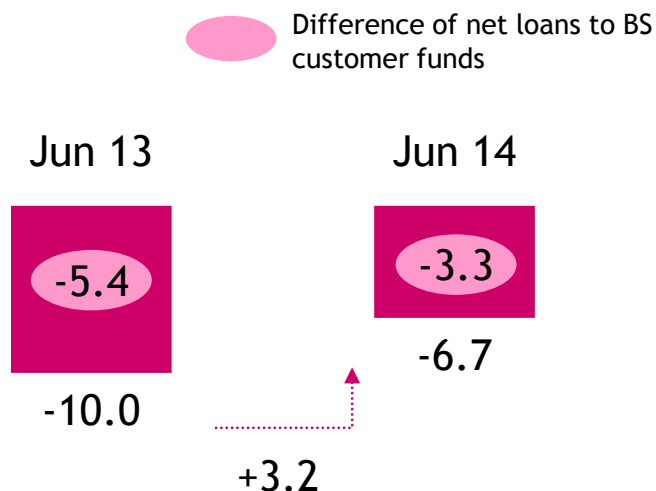
## Loans to customers (gross) in international operations



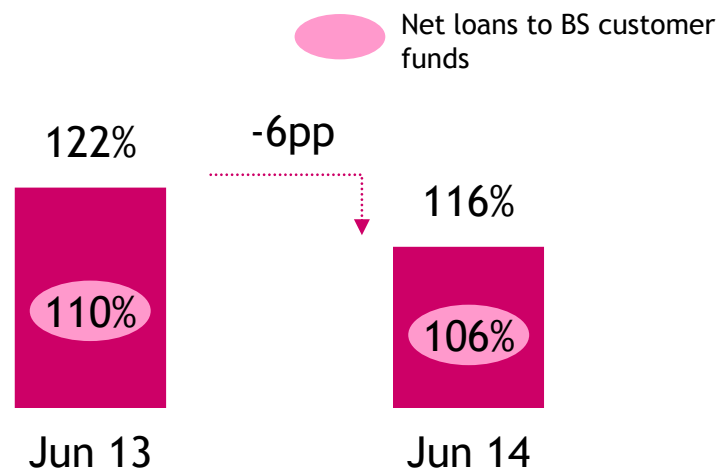
# Continuation of the improvement in liquidity position and current liquidity ratios higher than the future requirements

(Billion euros)

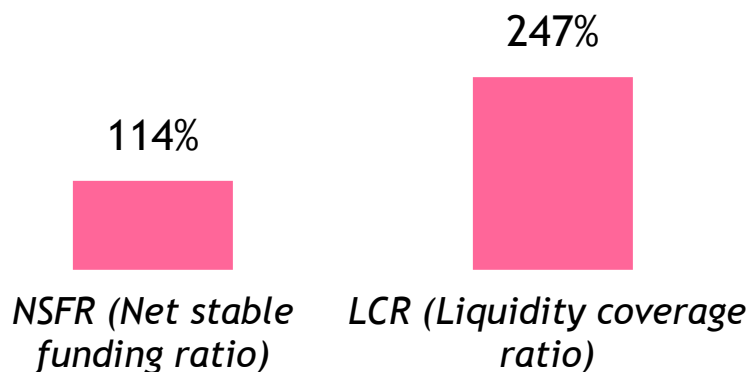
## Commercial Gap \*



## Loans to deposit ratio \*\* (BoP)



## Liquidity ratios (CRD IV/CRR \*\*\*)



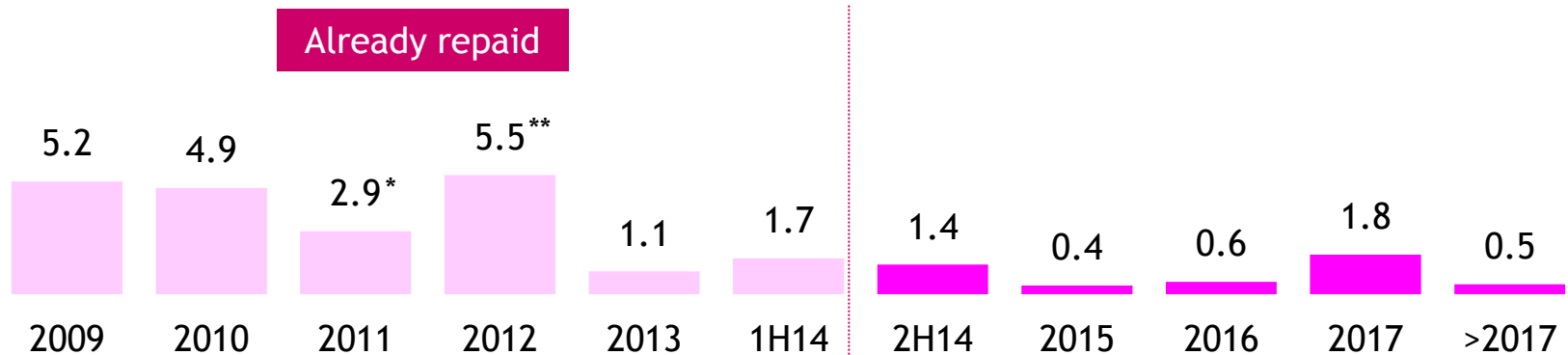
- Commercial gap improved 3.2 billion euros year-on-year
- Loans to deposit ratio (BdP criteria) of 116% and 106%, if including all BS customer funds
- Net usage of ECB funding of 8.7 billion euros versus 11.6 billion euros in June 2013
- 18.6 billion euros (net of haircuts) of eligible assets available for refinancing with ECB, with a buffer of 10.0 billion euros
- Liquidity ratios (CRD IV/CRR\*\*\*) higher than required 100%

\* Calculated based on customer deposits and net loans to customers  
 \*\* According to Banco of Portugal criteria  
 \*\*\* Estimated considering the interpretation of CRD IV as of this date

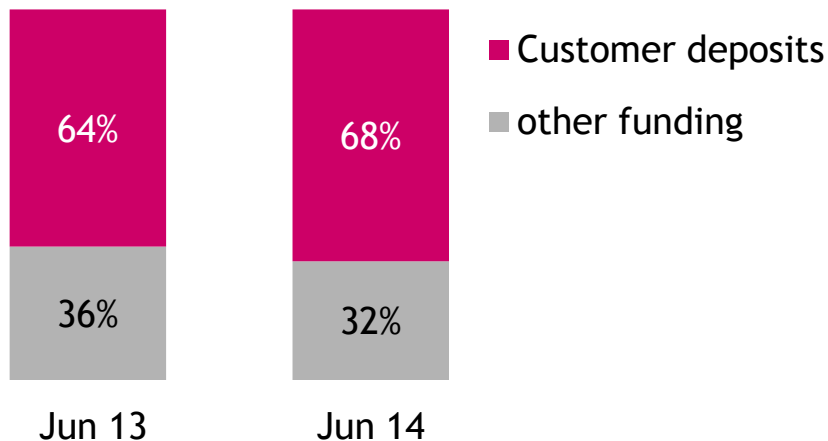
# Lower refinancing needs in the medium to long term and customer deposits as the main funding source

(Billion euros)

## Refinancing needs of medium-long term debt



## Improvement of the funding structure



- Reduction of funding needs, benefiting from the deleveraging process, which is proceeding at a good pace
- Customer deposits are the main source of funding

Includes repurchase of own debt amounting to 0.5 billion euros

\*\* Includes repayment of 1.6 billion euros related to liability management transactions



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# Net income before income tax already positive and showing recovery...

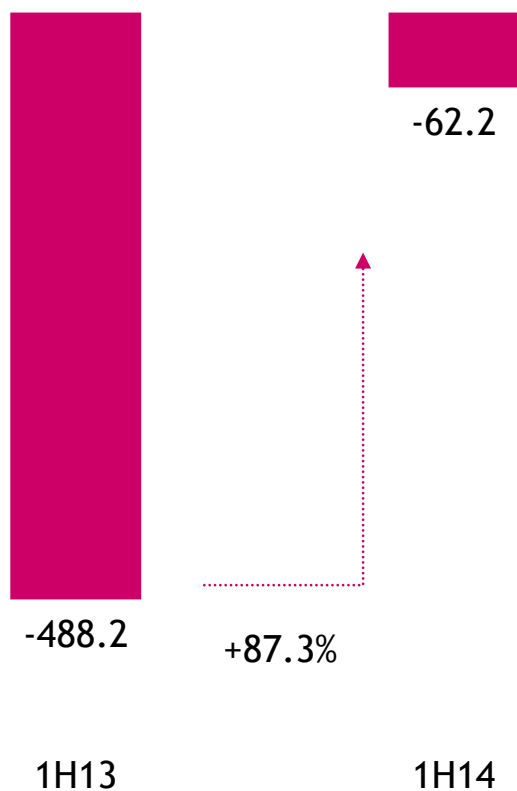
| <i>(million euros)</i>   | Consolidated  |                |              |
|--|---------------|----------------|--------------|
|  | 1H13          | 1H14           | Δ            |
| Net interest income  | 380.2         | 496.0          | 115.7        |
| <i>Of which: costs related with hybrids instruments (CoCo's)</i>         | -134.7        | -130.6         | 4.1          |
| <i>Of which: liability management 2011</i>                               | -96.3         | -79.1          | 17.2         |
| Net fees and commissions   | 332.9         | 341.2          | 8.3          |
| <i>Of which: State guarantee costs</i>                                   | -35.4         | -16.4          | 18.9         |
| Other operating income   | 61.5          | 251.3          | 189.8        |
| <i>Of which: sale of loans portfolio</i>                                 | -53.6         | 18.3           | 71.9         |
| <i>Of which: capital gain of insurance sale</i>                          | 0.0           | 69.4           | 69.4         |
| <i>Of which: banking tax contribution and guarantee/resolution funds</i> | -24.5         | -27.1          | -2.6         |
| <b>Banking income</b>  | <b>774.5</b>  | <b>1,088.4</b> | <b>313.9</b> |
| Staff costs  | -336.6        | -323.4         | 13.2         |
| Other admin. costs and depreciation                                      | -259.5        | -253.3         | 6.2          |
| <b>Operating costs</b>   | <b>-596.1</b> | <b>-576.7</b>  | <b>19.4</b>  |
| <b>Operating net income (before impairment and provisions)</b>           | <b>178.5</b>  | <b>511.7</b>   | <b>333.2</b> |
| Loans impairment (net of recoveries)                                     | -474.0        | -371.6         | 102.3        |
| Other impairment and provisions  | -234.4        | -114.0         | 120.4        |
| <i>Of which: impairment on Piraeus Bank (Greece) participation</i>       | -80.0         | 0.0            | 80.0         |
| <b>Net income before income tax</b>                                      | <b>-529.9</b> | <b>26.1</b>    | <b>556.0</b> |
| Income tax and non-controlling interests                                 | 85.8          | -54.8          | -140.6       |
| Net income from discontinued or to be discontinued operations            | -44.2         | -33.6          | 10.6         |
| <i>Of which: impairment for the sale of Romania operation</i>            | 0.0           | -34.0          | -34.0        |
| <b>Net income</b>  | <b>-488.2</b> | <b>-62.2</b>   | <b>426.0</b> |

# ... but still affected by relevant factors

(Million euros)

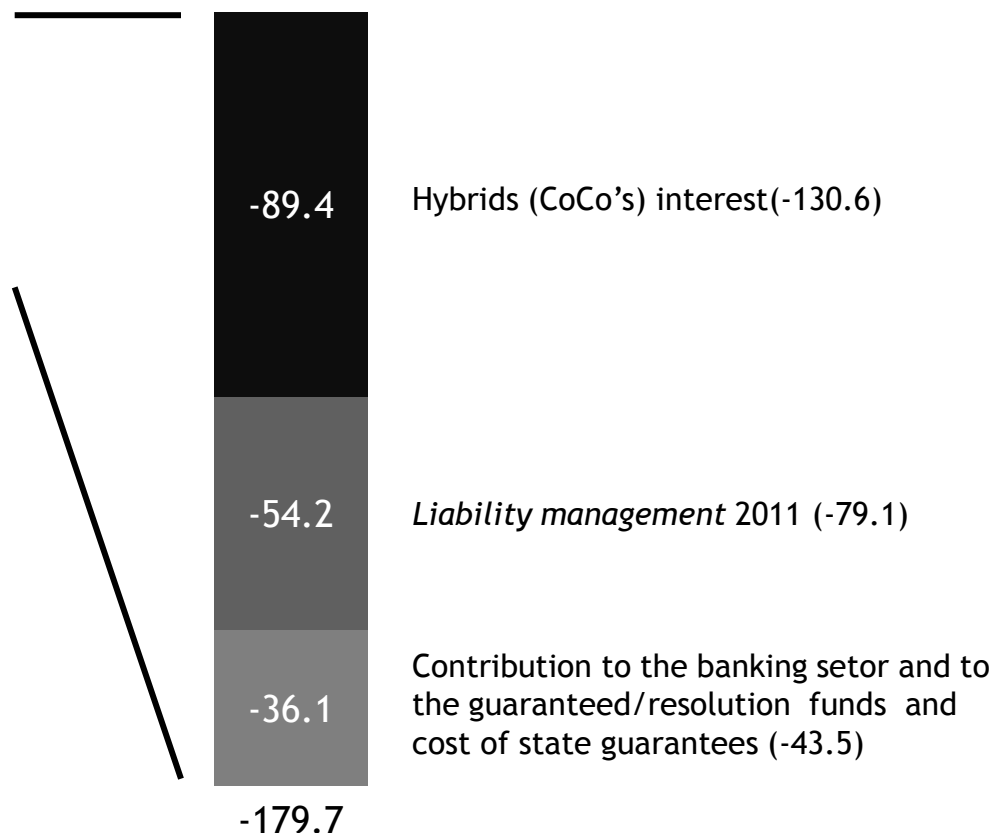
## Net income

Consolidated



## Relevant factors with impact on net income

Net of taxes\* (gross)



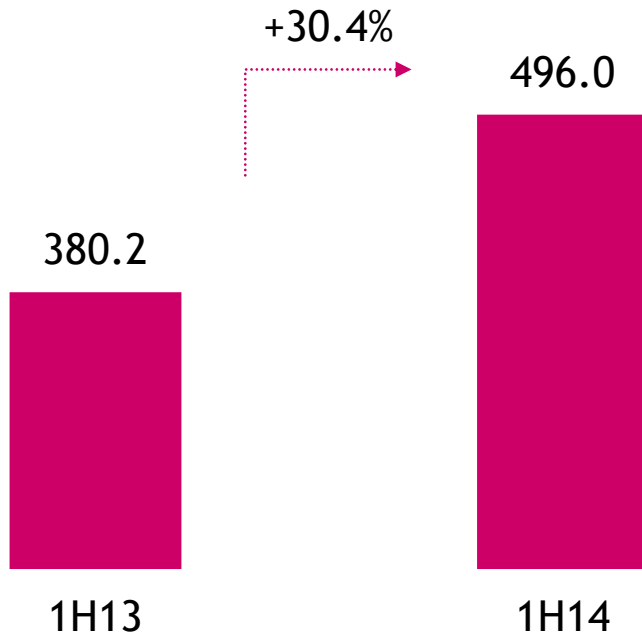
\* Considering the marginal tax rate

# Net interest income increases in all the core operations, with particular focus in Portugal

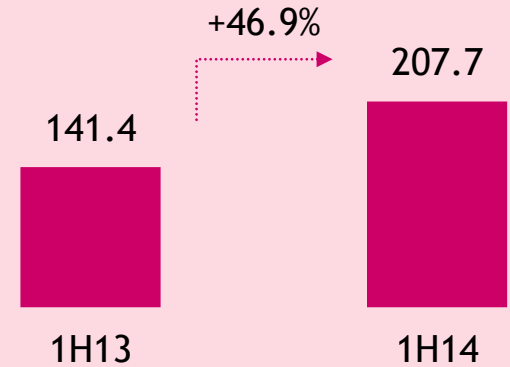
(Million euros)

## Net interest income

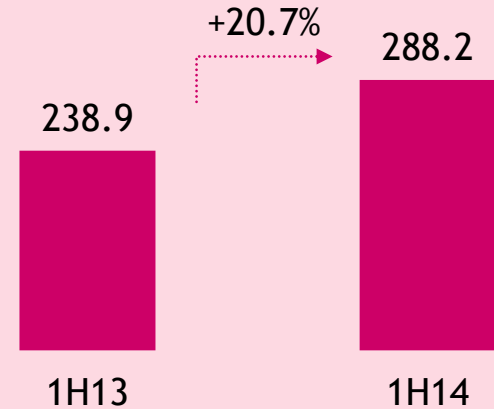
Consolidated



## Portugal



## International operations



|                        |       |       |
|------------------------|-------|-------|
| NIM                    | 1.00% | 1.37% |
| NIM (excluding CoCo's) | 1.35% | 1.73% |

# Total fees and commissions increase driven by international operations

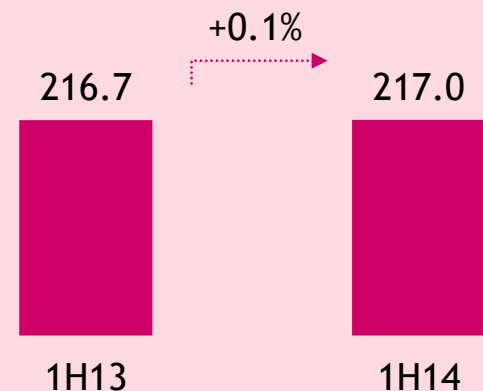
(Million euros)

## Fees and commissions

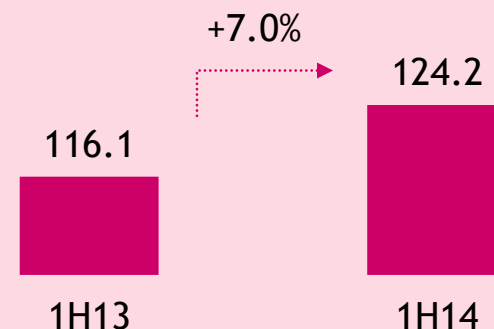
Consolidated

|  | 1H13         | 1H14         | YoY          |
|--|--------------|--------------|--------------|
| <b>Banking fees and commissions</b>        | <b>273.8</b> | <b>270.6</b> | <b>-1.2%</b> |
| Cards and transfers                        | 88.1         | 96.5         | 9.5%         |
| Loans and guarantees                       | 74.6         | 79.9         | 7.1%         |
| Bancassurance                              | 36.7         | 36.6         | -0.2%        |
| Current account related                    | 62.9         | 38.8         | -38.3%       |
| State guarantee                            | -35.4        | -16.4        | 53.5%        |
| Other fees and commissions                 | 46.9         | 35.2         | -24.9%       |
| <b>Market related fees and commissions</b> | <b>59.1</b>  | <b>70.6</b>  | <b>19.5%</b> |
| Securities operations                      | 42.9         | 50.9         | 18.6%        |
| Asset management                           | 16.2         | 19.7         | 21.8%        |
| <b>Total fees and commissions</b>          | <b>332.9</b> | <b>341.2</b> | <b>2.5%</b>  |

### Portugal



### International operations

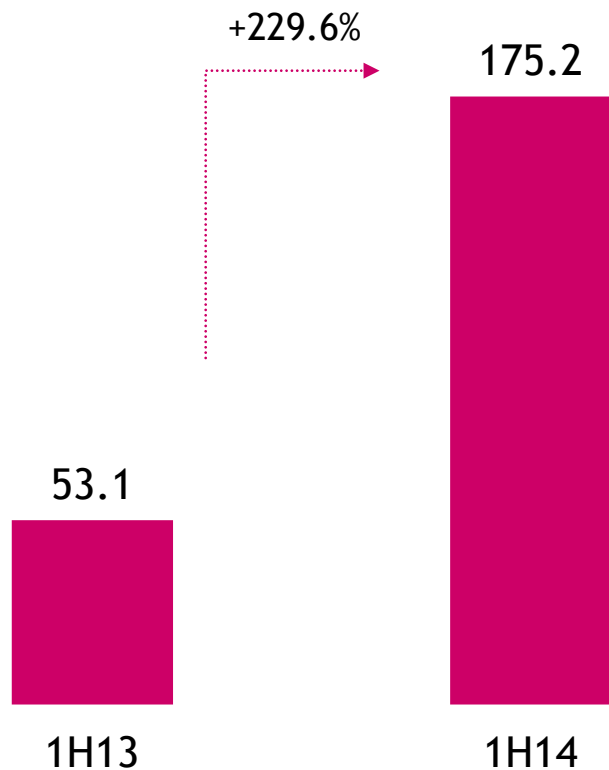


# Increase of net trading income in Portugal

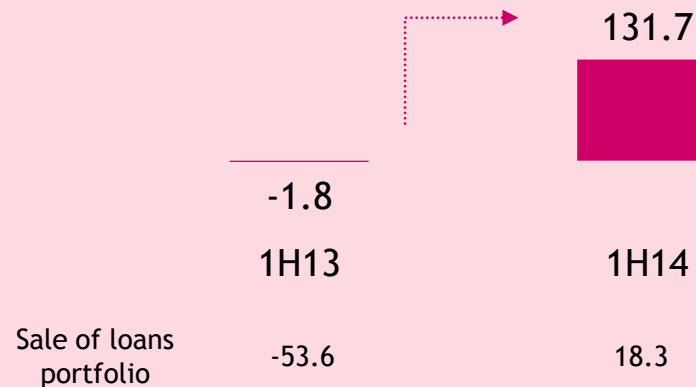
(Million euros)

## Net trading income

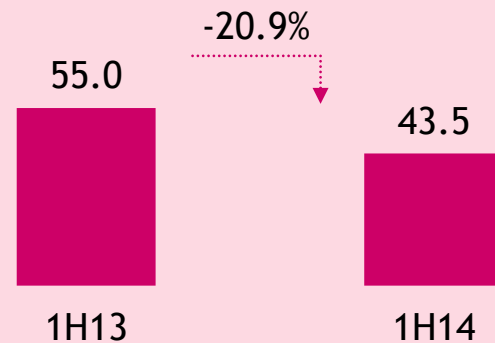
Consolidated



## Portugal



## International operations

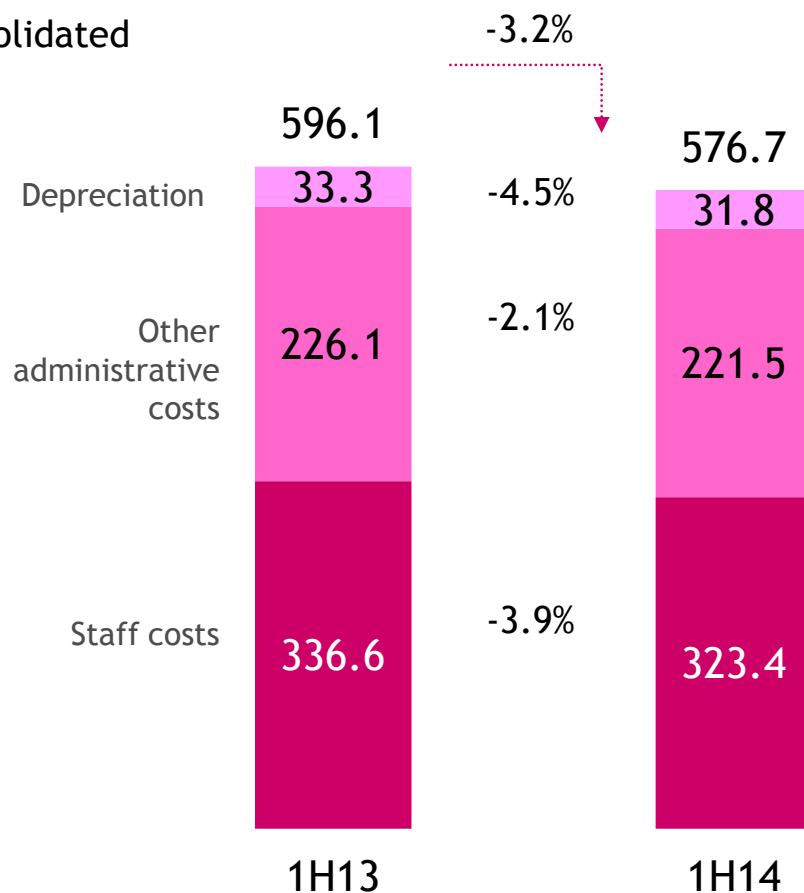


# Reduction of costs in Portugal

(Million euros)

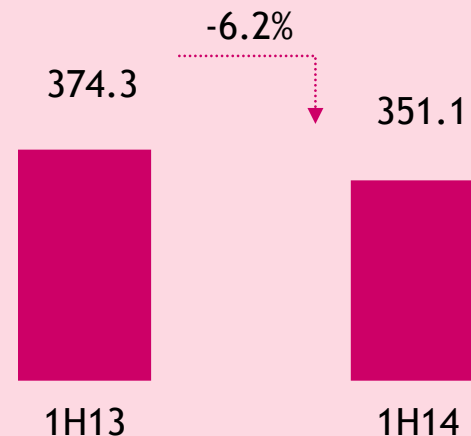
## Operating costs

Consolidated

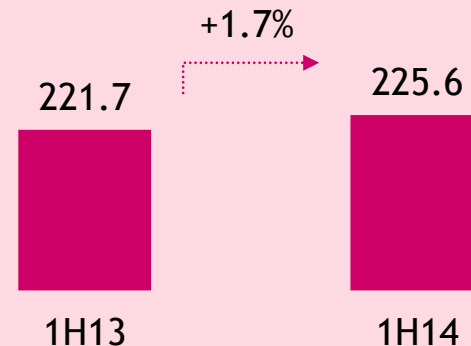


|                                  |       |       |
|----------------------------------|-------|-------|
| Cost-to-income *                 | 76.5% | 56.6% |
| Cost-to-income (excl. Trading) * | 82.1% | 68.3% |

Portugal



International operations



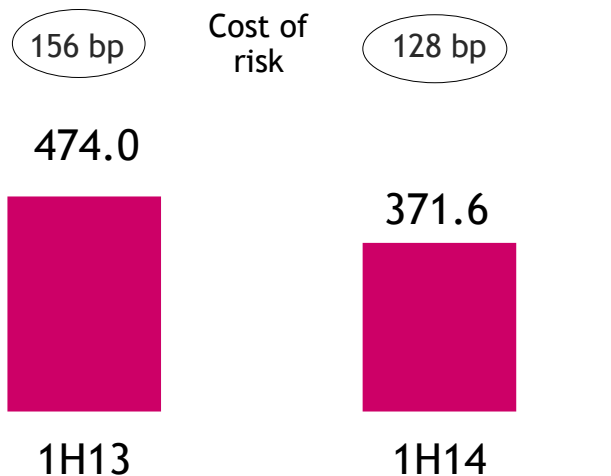
\*Excludes the impact of specific items: gains from the sale of the shareholdings associated with non-life insurance business (Euro 69.4 million in the first half of 2014), restructuring programme (Euro - 11.2 million in the first half of 2013) and legislative change related to mortality allowance (Euro 7.5 million in the first half of 2013)

# Provisioning in line with the strategic plan

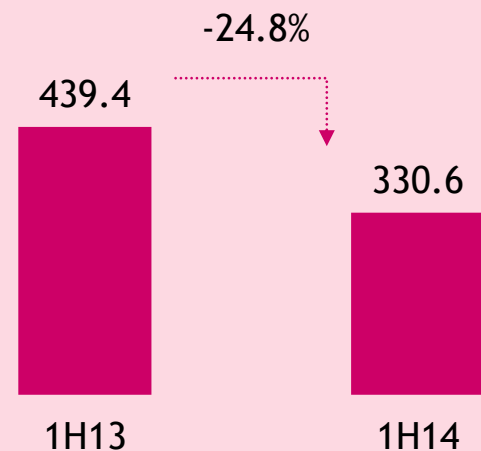
(Million euros)

## Loan impairments (net of recoveries)

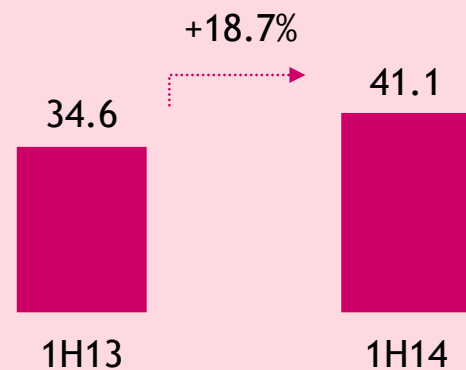
Consolidated



Portugal

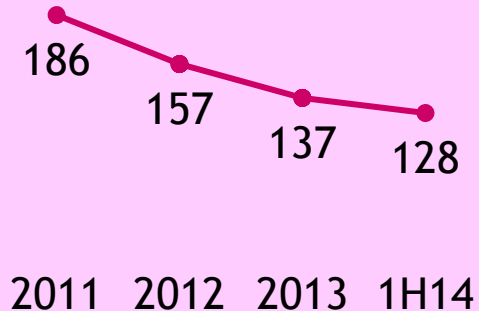


International operations



## Cost of risk evolution

(basis points)



Strategic plan

~100

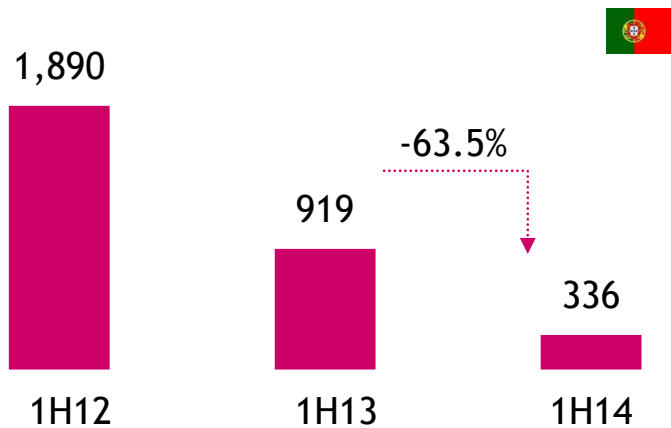
2015



# Less net new entries in NPL allows for the stabilization in credit quality ratios

(Million euros)

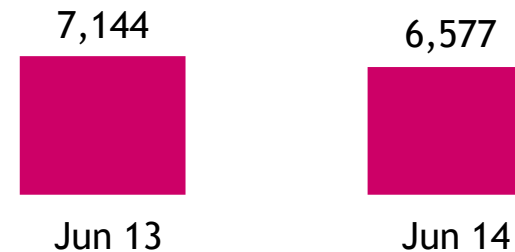
## Net new entries in NPL in Portugal



## Credit quality

Consolidated

| Credit ratio   | Jun 13 | Jun 14 |
|----------------|--------|--------|
| NPL            | 11.7%  | 11.3%  |
| Credit at risk | 12.6%  | 11.9%  |



■ NPL (non-performing loans)

## Loan impairment provisions (balance sheet)

| Provision coverage ratio | Jun 13 | Jun 14 |
|--------------------------|--------|--------|
| NPL                      | 49%    | 47%    |
| Credit at risk           | 45%    | 45%    |

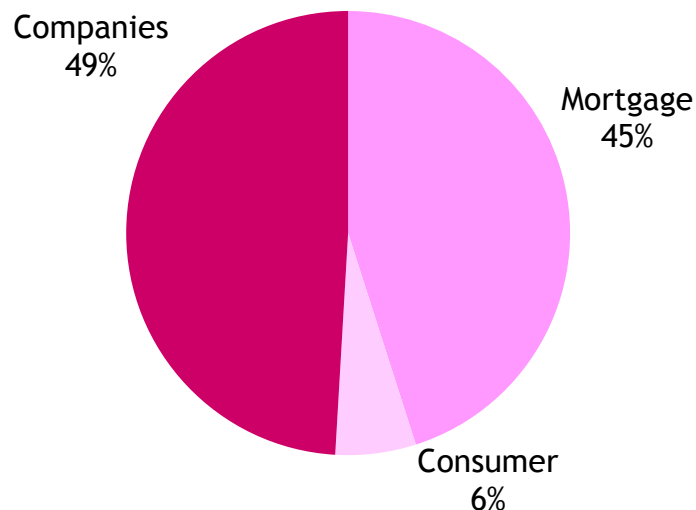


- Net new entries in NPL in Portugal decreased 63.5% year-on-year
- NPL ratio at 11.3% with NPL coverage at 47%
- Credit at risk at 11.9% with credit at risk coverage at 45%
- Coverage (by BS impairments and real and financial guarantees) above 100%

# Diversified and collateralized credit portfolio

## Loan portfolio

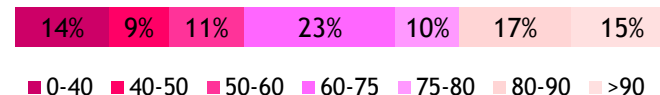
Consolidated



## Loans by collateral



## LTV of mortgage portfolio in Portugal



- Loans to companies represents 49% of total loan portfolio, with a reduction in the weight of construction and real estate sectors (11% as of June 14)
- 93% of the loan portfolio is collateralized
- Mortgage loans represent 45% of the total loan portfolio, with a low delinquency level and an average LTV of 67%

# Agenda

- Main Highlights
- Group
  - Capital
  - Liquidity
  - Profitability
- Portugal
- International operations
- Conclusions

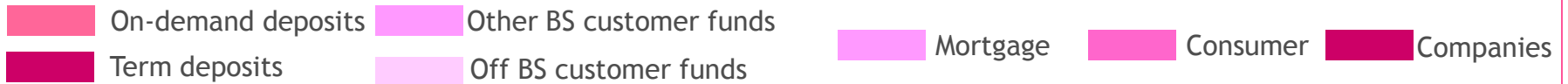
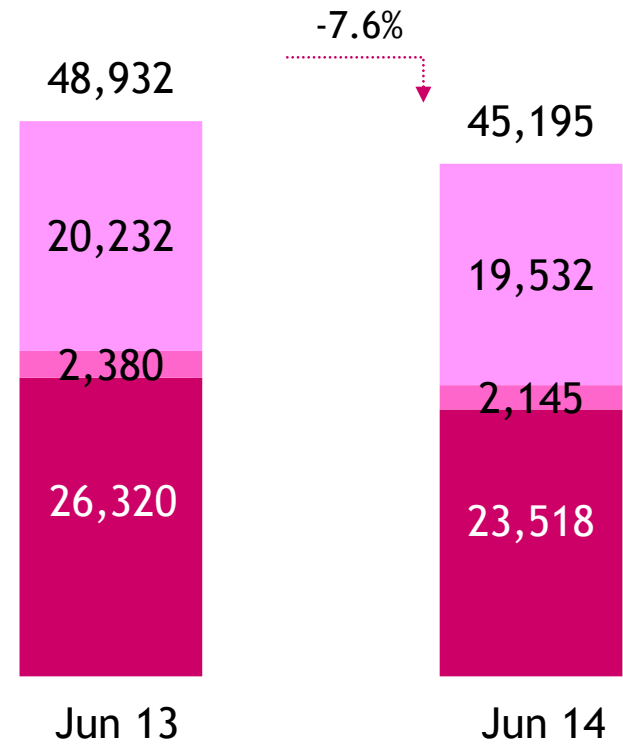
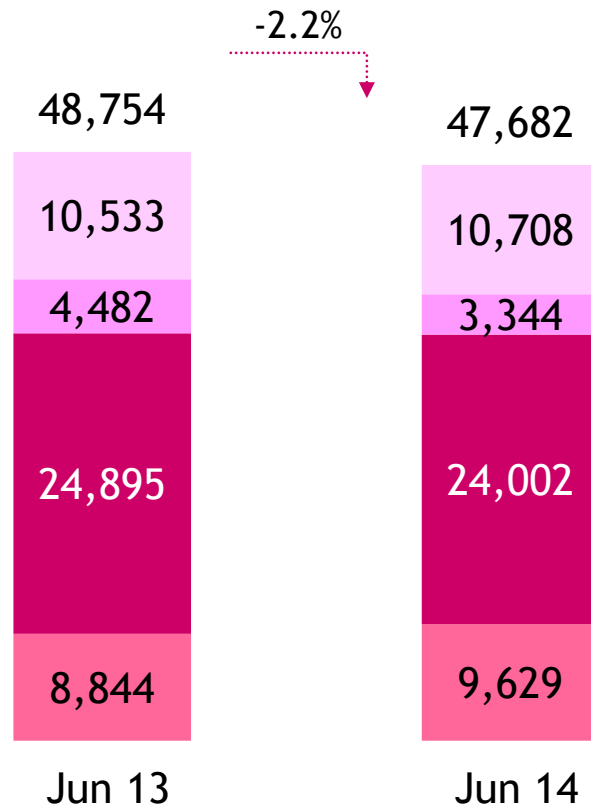
# Portugal: deleveraging effort...



(Million de euros)

## Customer funds

## Loans to customers (gross)

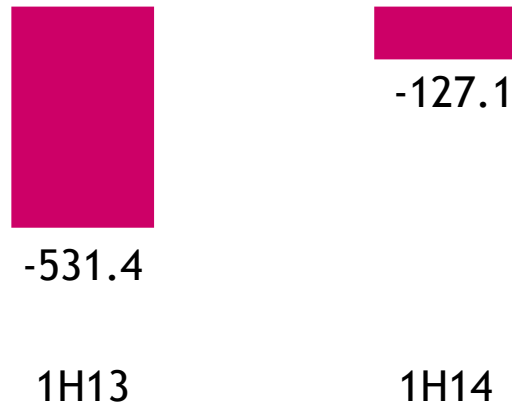


# Net income improving with the increase in banking income and reduction in operating costs



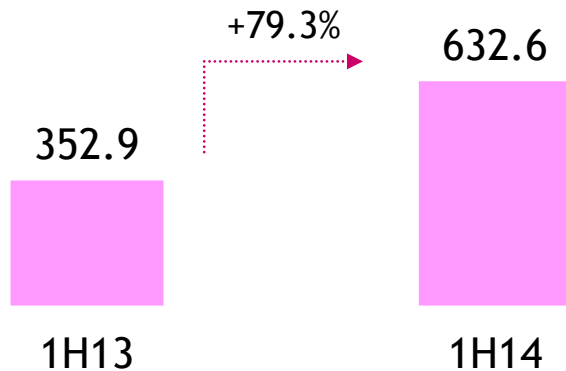
(Million euros)

## Net income

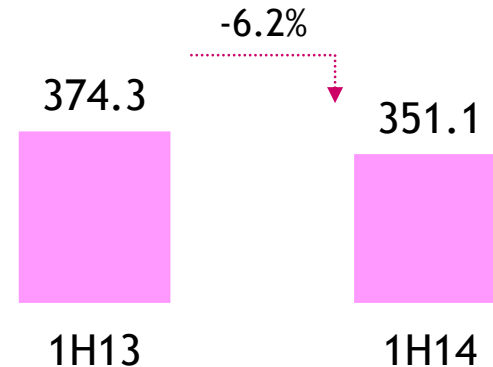


- Net income improving with the increase in banking income and the reduction in operating costs
- Banking income increased due to net interest margin and trading income improvement
- Reduction in operating costs as a result of the implementation of the restructuring programme initiated at the end of 2012 with visible savings

## Banking income



## Operating costs

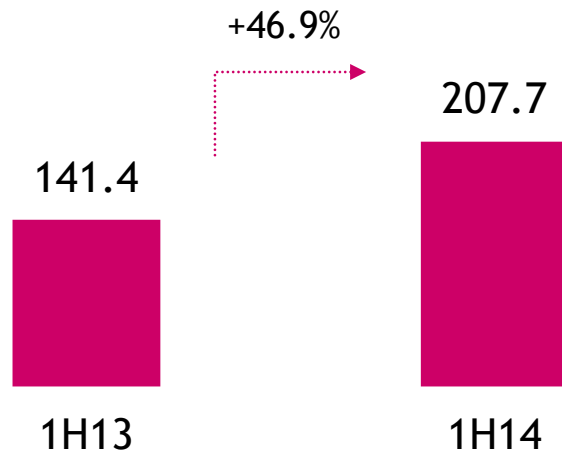


# Increase in the net interest income in Portugal with the improvement in cost of deposits, although impacted by lower loan volumes



## Net interest income

(Million euros)



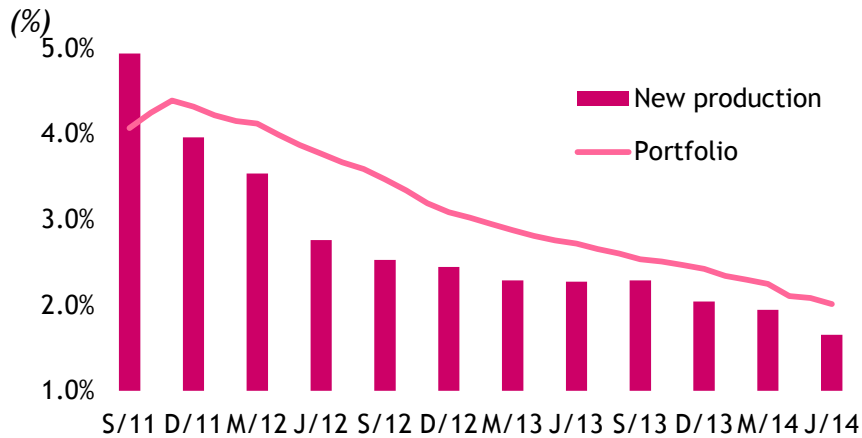
|   | 2Q14<br>vs. 1Q14 | 1H14<br>vs. 1H13 |
|---|------------------|------------------|
| Cost of deposits effect                 | +13.9            | +87.4            |
| Loans volume effect                     | -9.7             | -57.5            |
| NPL effect                              | +8.4             | +24.7            |
| <i>Liability management 2011 effect</i> | 0.0              | +17.2            |
| Others                                  | +1.2             | -5.5             |
| <b>Total</b>                            | <b>+13.8</b>     | <b>+66.3</b>     |

- Net interest income increased quarter-on-quarter and year-on-year, driven by the main effects:
  - Cost of deposits: consistent reduction of term deposits spread which positively impacts net interest income
  - Loans volume: loans volume reduction still penalizes net interest income

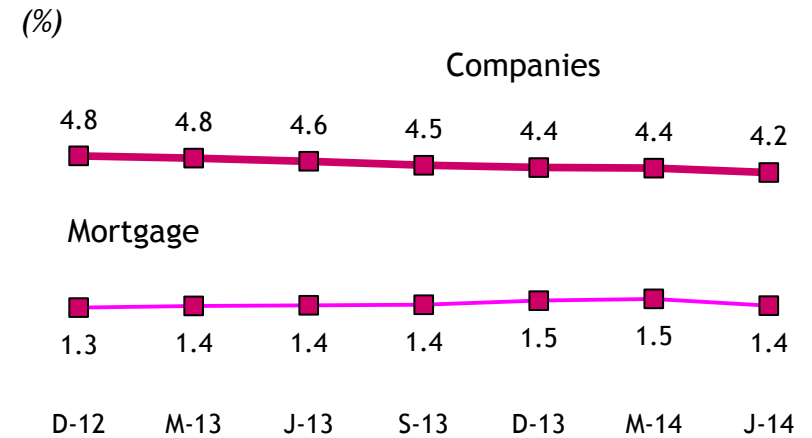
# Continuation of strong efforts to reduce the cost of deposits, in line with the strategic plan



## Term deposits rate

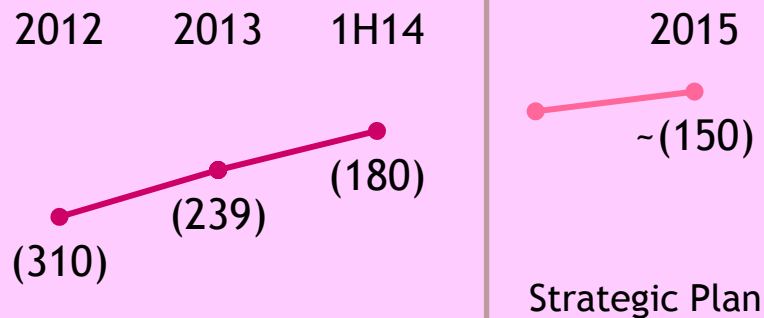


## Credit portfolio rate



## Evolution of term deposit spreads in Portugal

(basis points)



- Continuous effort to reduce cost of deposits, new production with rates substantially lower when compared with the previous years
- Perfectly in line with the strategic plan targets of reduction of deposits margin
- Spread of loans to companies portfolio remains at a high level

# Positive performance of market commissions and lower banking commissions, but with an improvement in the last quarter



(Million euros)

|  | 1H13         | 1H14         | YoY          | 1Q14         | 2Q14         | 2Q14/<br>1Q14 |
|--|--------------|--------------|--------------|--------------|--------------|---------------|
| <b>Banking fees and commissions</b>        | <b>189.6</b> | <b>182.1</b> | <b>-4.0%</b> | <b>86.7</b>  | <b>95.3</b>  | <b>9.9%</b>   |
| Cards and transfers                        | 45.9         | 50.1         | 9.2%         | 22.7         | 27.4         | 20.7%         |
| Loans and guarantees                       | 61.4         | 61.9         | 0.8%         | 30.3         | 31.5         | 4.0%          |
| Bancassurance                              | 36.7         | 36.6         | -0.2%        | 18.2         | 18.5         | 1.7%          |
| Current account related                    | 62.9         | 38.7         | -38.4%       | 19.3         | 19.4         | 0.4%          |
| State guarantee                            | -35.4        | -16.4        | 53.5%        | -10.3        | -6.2         | 39.9%         |
| Other fees and commissions                 | 18.2         | 11.2         | -38.2%       | 6.5          | 4.7          | -27.1%        |
| <b>Market related fees and commissions</b> | <b>27.1</b>  | <b>34.9</b>  | <b>28.8%</b> | <b>17.4</b>  | <b>17.5</b>  | <b>0.7%</b>   |
| Securities operations                      | 24.1         | 31.0         | 28.6%        | 15.4         | 15.6         | 1.2%          |
| Asset management                           | 3.0          | 3.9          | 30.9%        | 2.0          | 1.9          | -3.5%         |
| <b>Total fees and commissions</b>          | <b>216.7</b> | <b>217.0</b> | <b>0.1%</b>  | <b>104.1</b> | <b>112.9</b> | <b>8.4%</b>   |

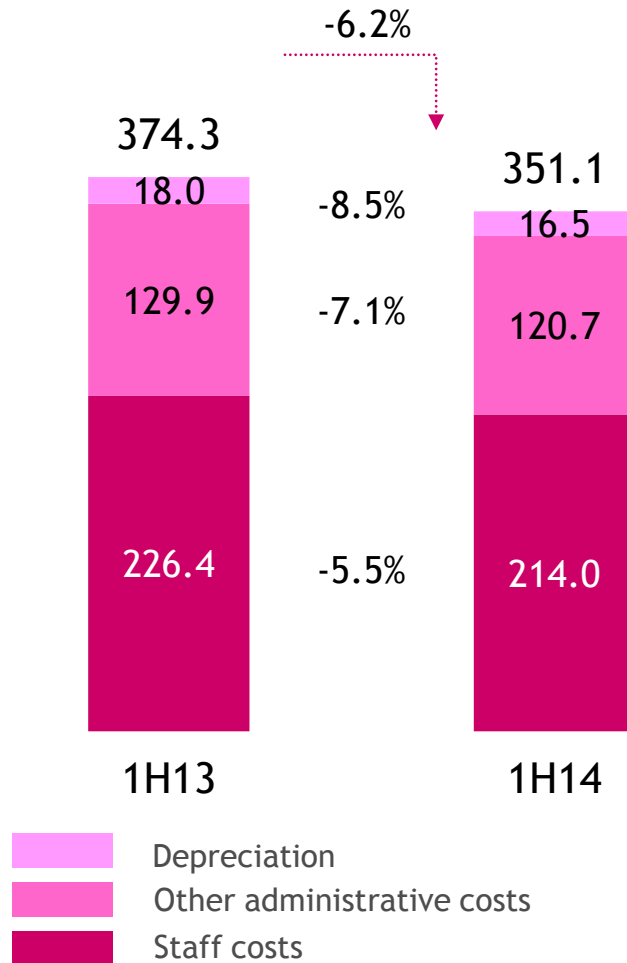


# Continuation of the progressive improvement in costs base in Portugal aiming to achieve the strategic goals

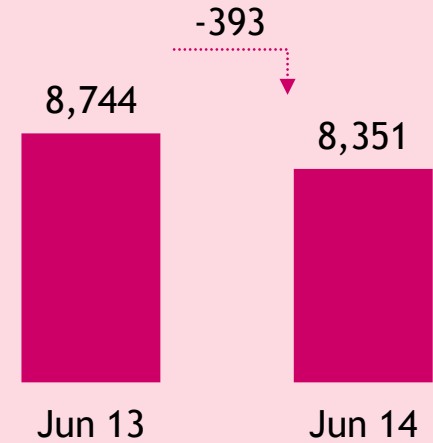


(Million euros)

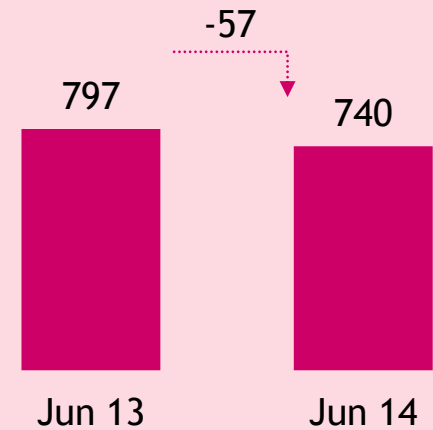
## Operating costs



## Employees



## Branches



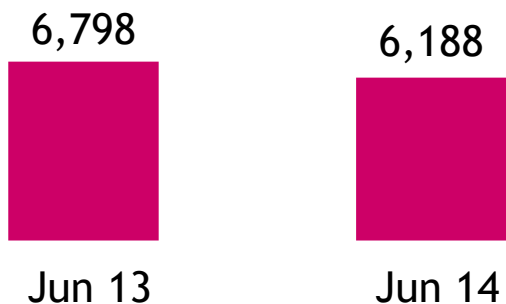
# Credit quality shows signs of stabilization



(Million euros)

## Credit quality

| Credit ratio   | Jun 13 | Jun 14 |
|----------------|--------|--------|
| NPL            | 13.9%  | 13.7%  |
| Credit at risk | 14.4%  | 13.9%  |



NPL (non performing loans)

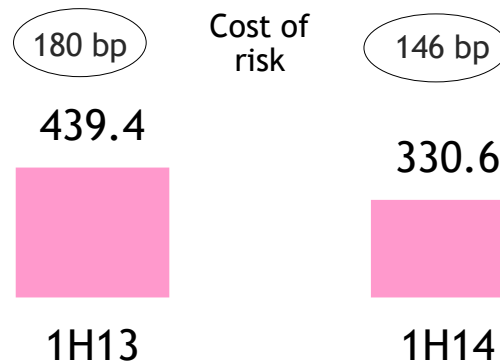
| NPL evolution detail | Jun 14 vs. Jun 13 | Jun 14 vs. Mar 14 |
|----------------------|-------------------|-------------------|
| Initial stock        | 6,798             | 6,268             |
| +/- Net entries      | +52               | +150              |
| - Write-offs         | -565              | -174              |
| - Sales              | -96               | -56               |
| <b>Final stock</b>   | <b>6,188</b>      | <b>6,188</b>      |

## Loan impairment provisions (balance sheet)

| Provision coverage ratio | Jun 13 | Jun 14 |
|--------------------------|--------|--------|
| NPL                      | 45%    | 43%    |
| Credit at risk           | 44%    | 42%    |



## Loan impairment (net of recoveries)

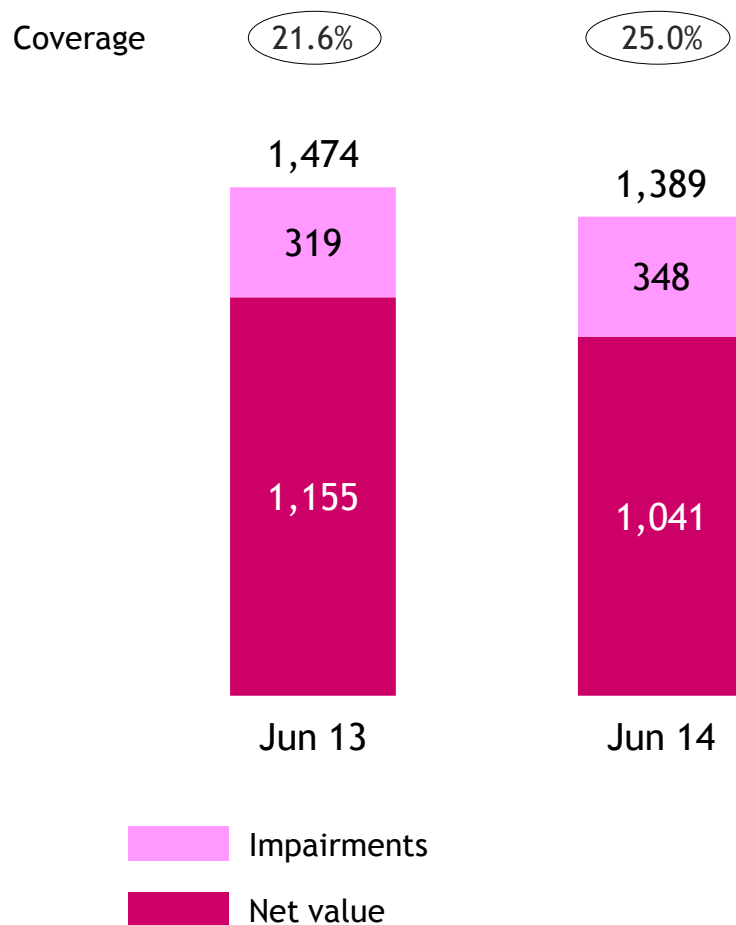


# Reduction of foreclosed assets with an increase in coverage



## Foreclosed assets portfolio

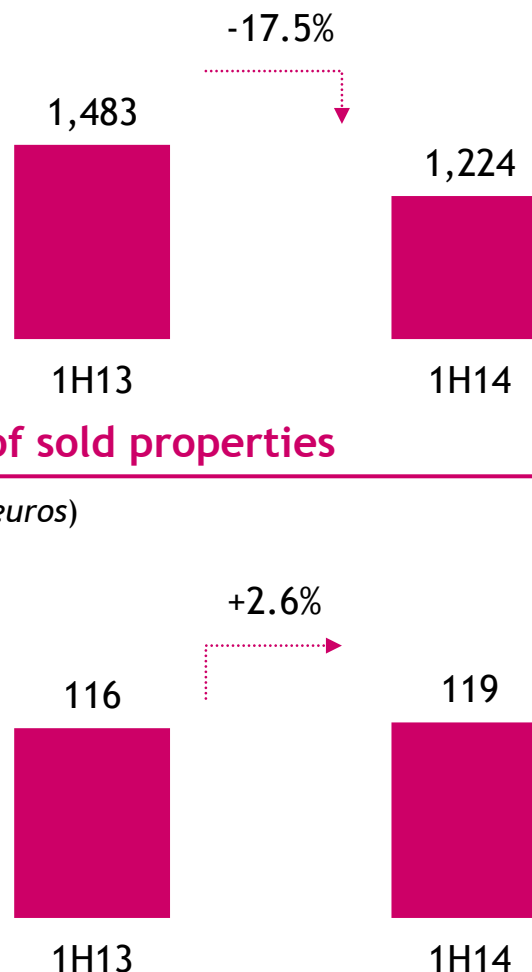
(Million euros)



## Number of properties sold

### Value of sold properties

(Million euros)



# Agenda

- Main Highlights
- Group
  - Capital
  - Liquidity
  - Profitability
- Portugal
- International operations
- Conclusions

# Significant net income growth in international operations

(Million euros)

|                                     | 1H13        | 1H14        | Δ %<br>local<br>currency | Δ %<br>euros | ROE |
|-------------------------------------|-------------|-------------|--------------------------|--------------|-----|
| <b>International operations*</b>    | <b>87.4</b> | <b>98.5</b> |                          | <b>12.8%</b> |     |
| Poland                              | 60.7        | 76.4        | 25.9%                    | 26.3%        | 12% |
| Mozambique                          | 37.5        | 41.7        | 11.1%                    | 2.9%         | 23% |
| Angola                              | 17.3        | 23.1        | 33.6%                    | 26.1%        | 18% |
| Other and non-controlling interests | -28.1       | -42.7       |                          |              |     |

€141 M

Note: subsidiaries' net income presented for the 1H13 at the same exchange rate as for the 1H14, in order to allow the comparison without the exchange rate effect

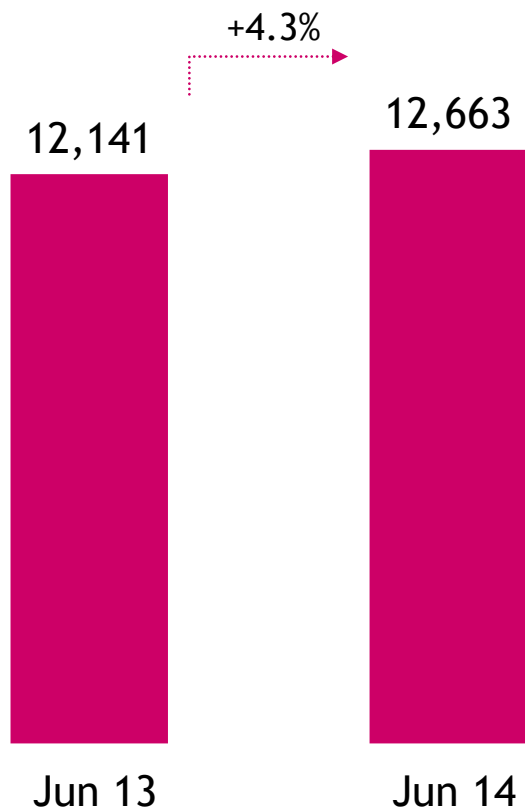
\* Excludes Millennium Bank (Greece) and Banca Millennium (Romania)

# Poland: customer funds and loans to customers growth

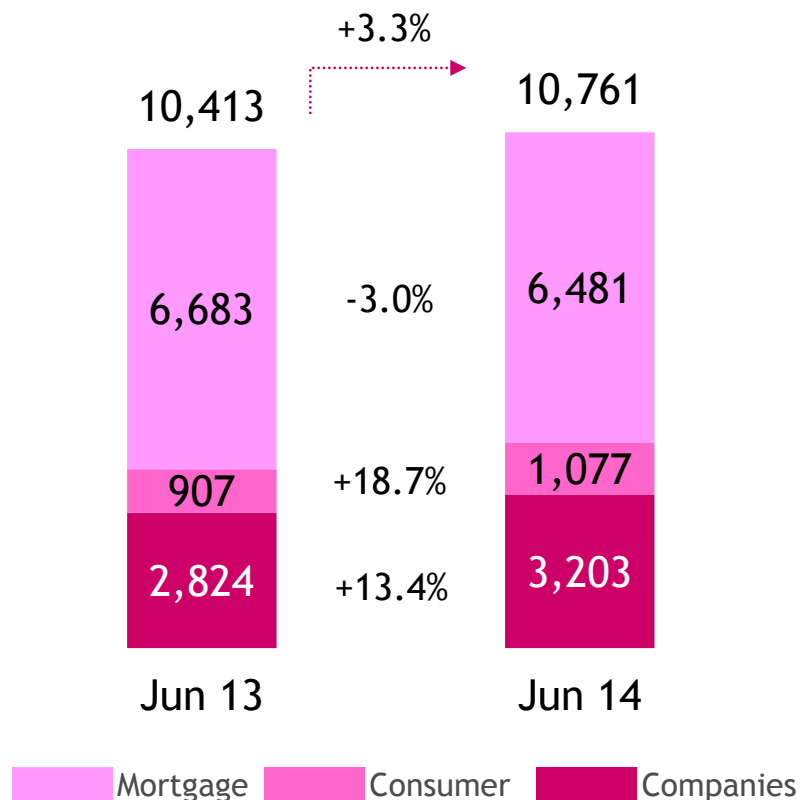


(Million euros)

## Customer funds



## Loans to customers (gross)

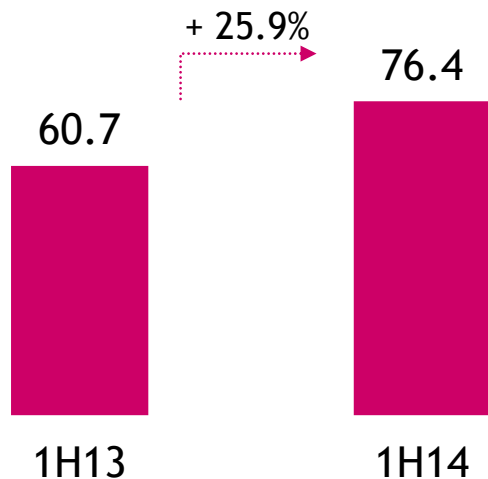


# Net income growth driven by banking income increase and stable operating costs



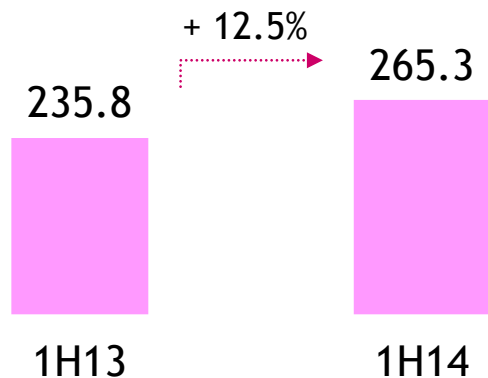
(Million euros)

## Net income

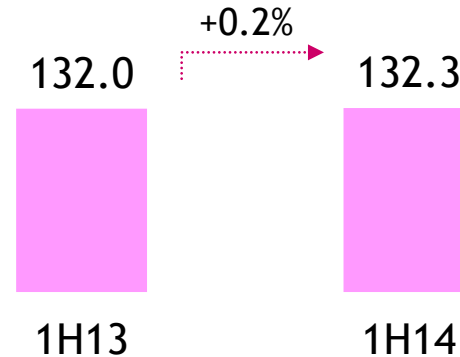


- Net income grows 25.9%, with ROE of 12%
- Banking income increase (+12.5%): increase of 21.9% in net interest income and 6.4% in commissions
- Stable operating costs, reflecting a policy of strict costs control (+0.2%)

## Banking income



## Operating costs

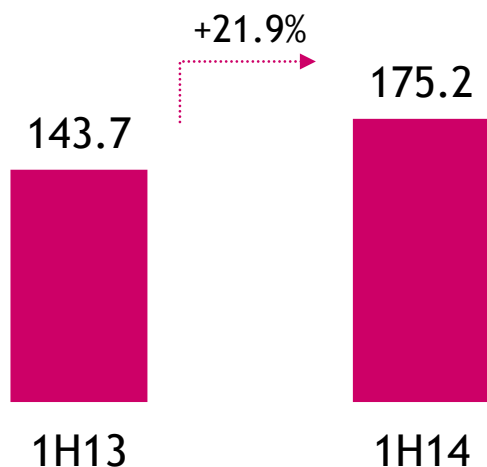


# Strong increase in core income with stable operating costs

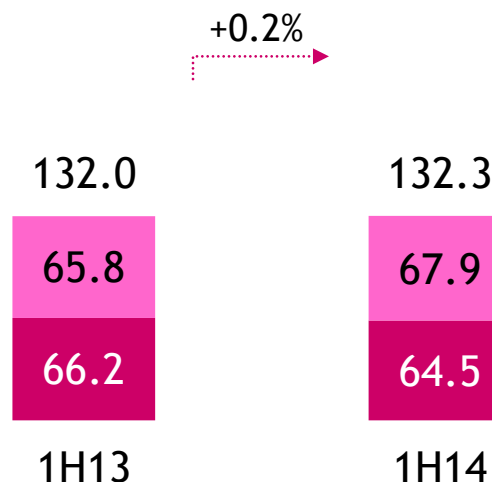


(Million euros)

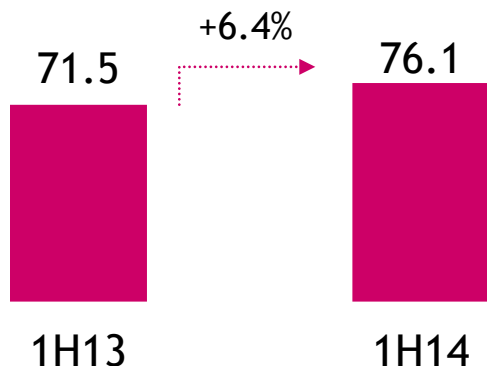
## Net interest income \*



## Operating costs

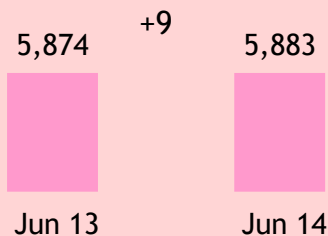


## Fees and commissions

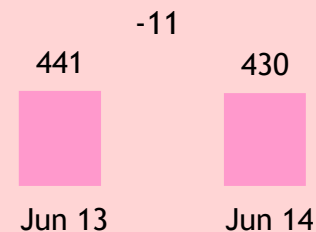


■ Other administrative costs and depreciations  
■ Staff costs

### Employees



### Branches



\* Pro forma data. Margin from derivative products, including those from hedging FX denominated loan portfolio, is included in net interest income, whereas in accounting terms, part of this margin (9,2M€ in 1H13 e 0.6M€ in 1H14) is presented in net trading income  
 Excluded FX effect. €/PLN rates used: Income Statement 4.18910000; Balance Sheet 4.1568



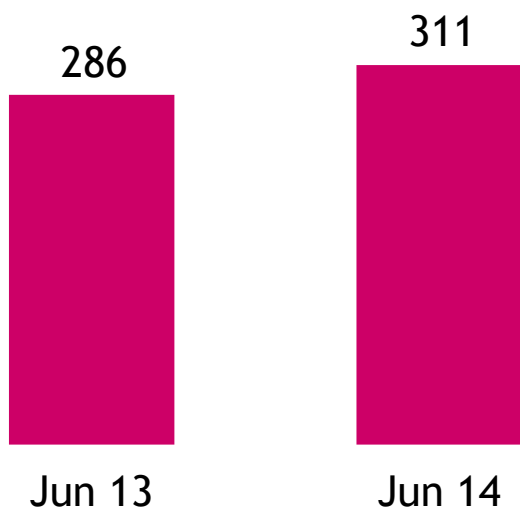
# Stable credit quality with a high coverage level




(Million euros)

## Credit quality

| Credit ratio         | Jun 13 | Jun 14 |
|----------------------|--------|--------|
| Non-performing loans | 2.7%   | 2.9%   |



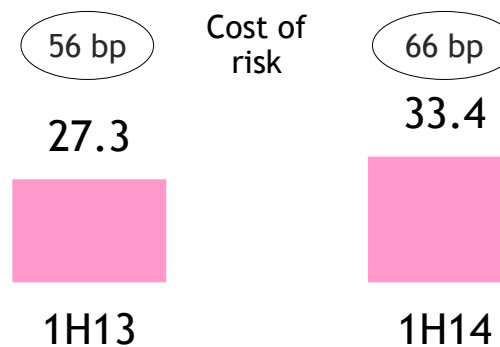
 NPL (non performing loans)

## Loan impairment (balance sheet)

| Coverage ratio       | Jun 13 | Jun 14 |
|----------------------|--------|--------|
| Non-performing loans | 107%   | 105%   |



## Loan impairment (net of recoveries)

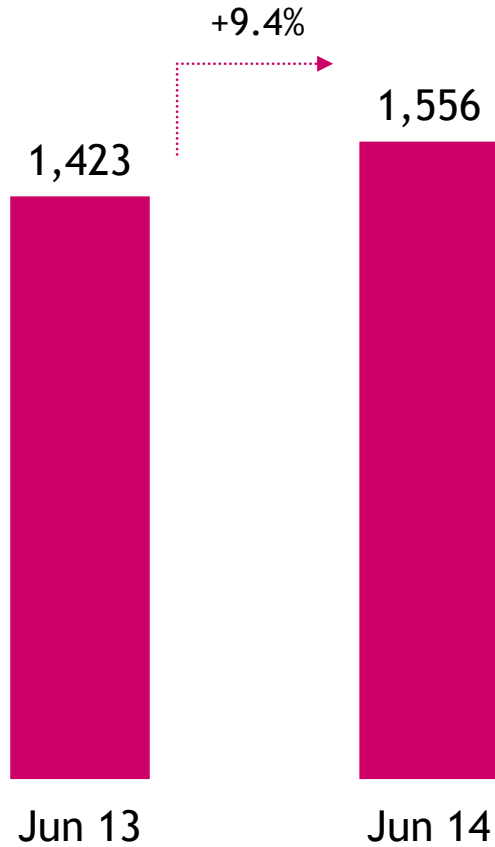


# Mozambique: strong volumes growth

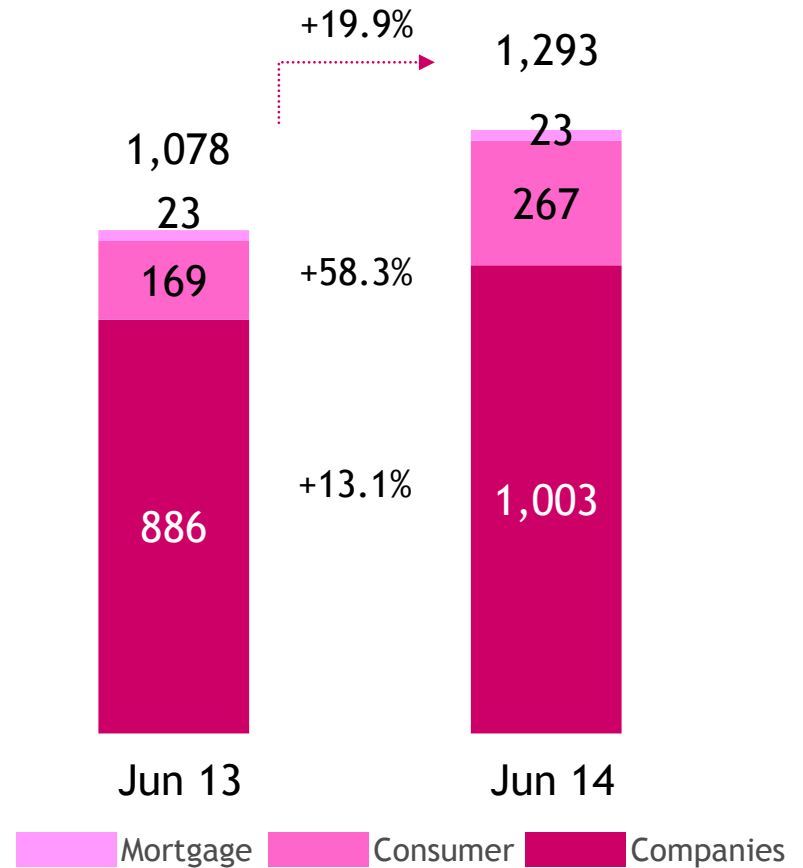


(Million euros)

## Customer funds



## Loans to customers (gross)

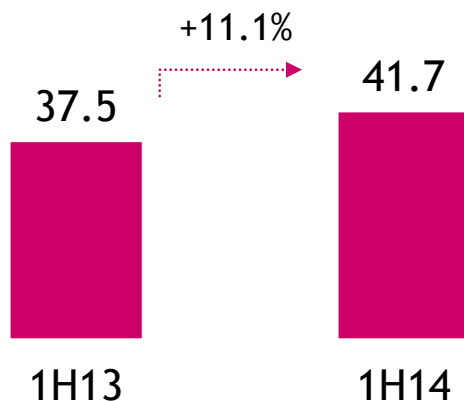


# Net income benefited from banking income increase



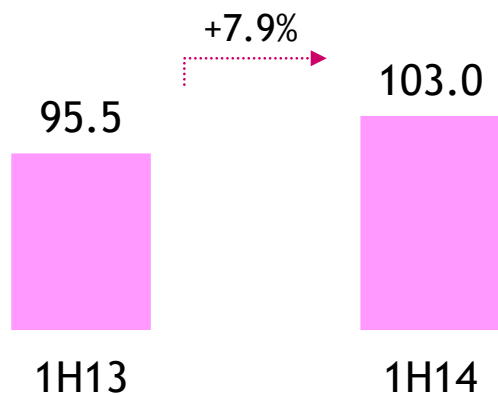
(Million euros)

## Net income

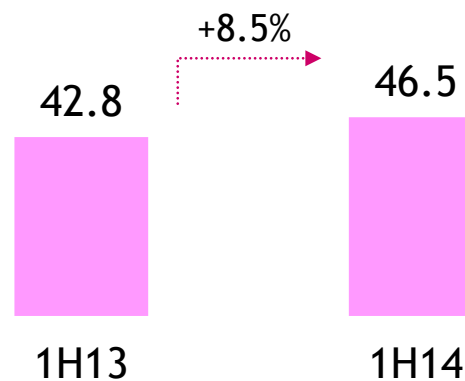


- Net income increases 11.1%, with ROE of 23.2%
- Increase of 7.9% in banking income: increase of 19.9% in net interest income (benefited from business expansion) and increase of 12.2% in commissions
- Operating costs increase 8.5% (+7 branches compared with June 13)

## Banking income



## Operating costs

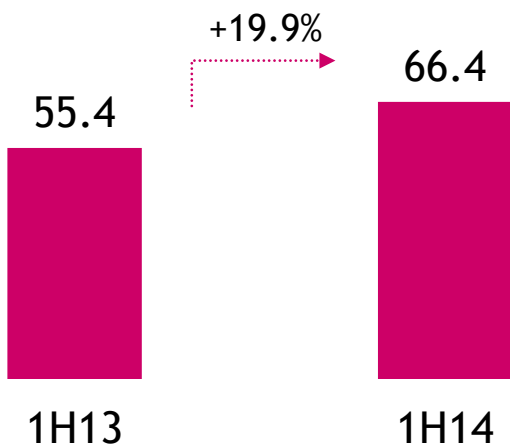


# Consistent increase in net interest income and commissions

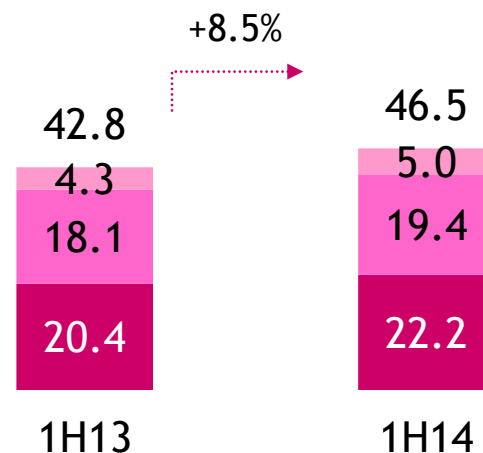


(Million euros)

## Net interest income

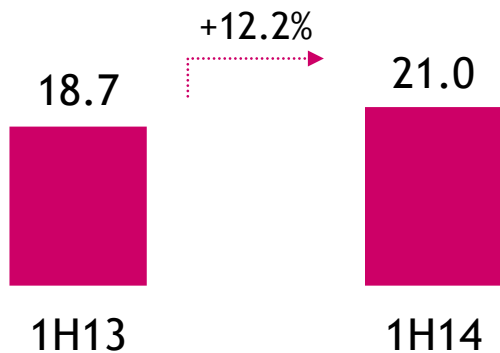


## Operating costs

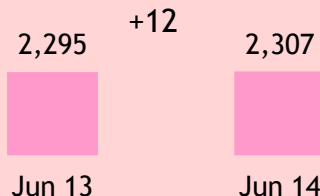


- Depreciation
- Other administrative costs
- Staff costs

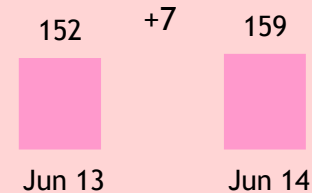
## Fees and commissions



### Employees\*



### Branches



\* Excludes employees from SIM (insurance company)

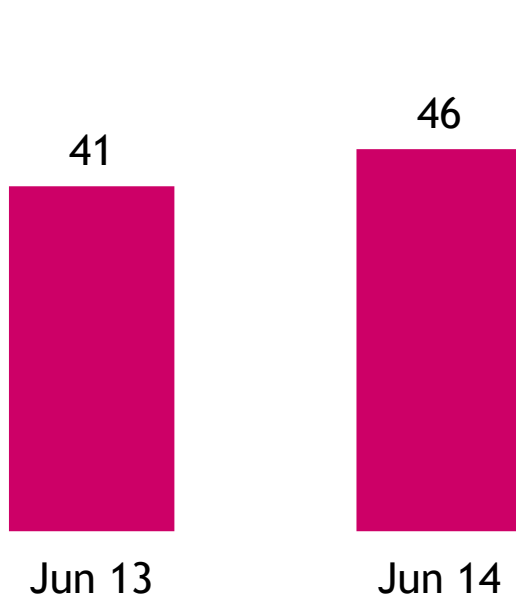
# Credit quality and coverage



(Million euros)

## Credit quality

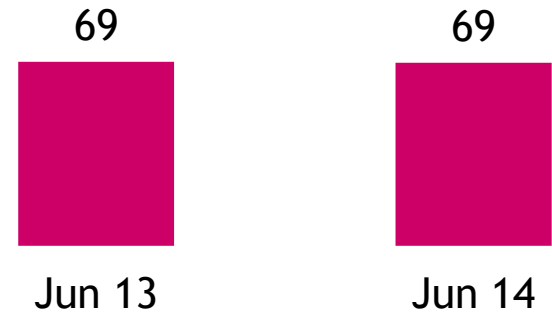
| Credit ratio         | Jun 13 | Jun 14 |
|----------------------|--------|--------|
| Non-performing loans | 3.8%   | 3.5%   |



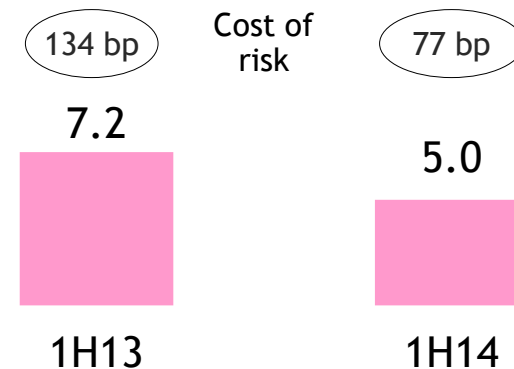
■ Non-performing loans (NPL)

## Loan impairment (balance sheet)

| Coverage ratio       | Jun 13 | Jun 14 |
|----------------------|--------|--------|
| Non-performing loans | 168%   | 151%   |



## Loan impairment (net of recoveries)

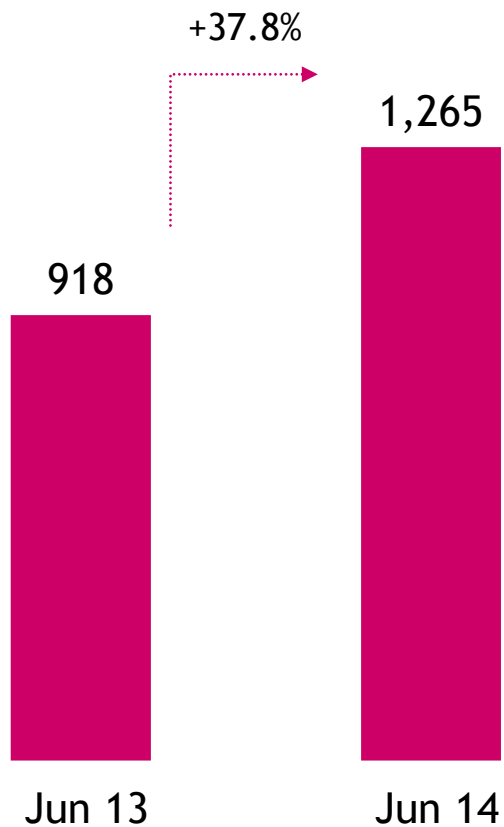


# Angola: strong volumes growth

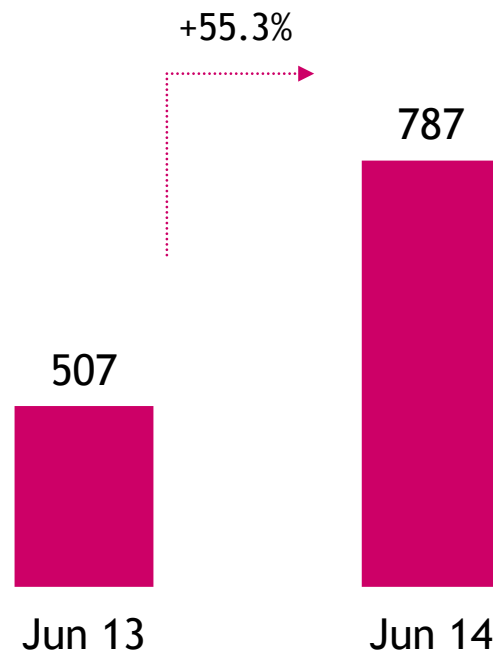


(Million euros)

## Customer funds



## Loans to customers (gross)

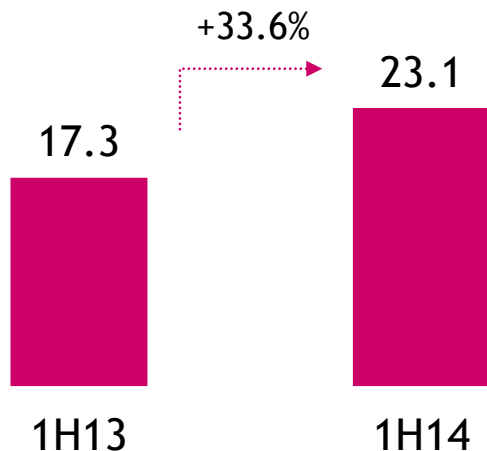


# Net income increased driven by higher banking income



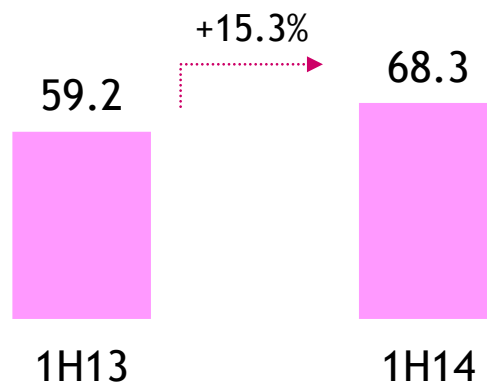
(Million euros)

## Net income

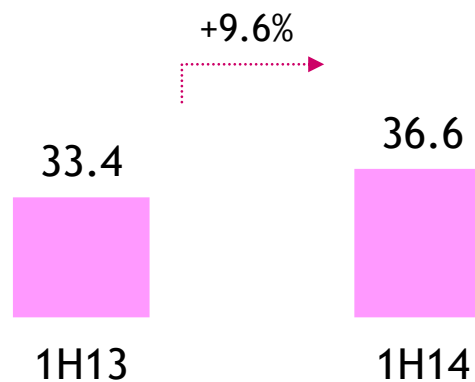


- Net income increases 33.6%, with ROE of 17.9%
- Increase of 15.3% in banking income: increase of 28.9% in net interest income (benefited from business expansion) and increase of 6.6% in commissions
- Operating costs increase by 9.6% with focus on network expansion (+6 branches compared with June 2013)

## Banking income



## Operating costs

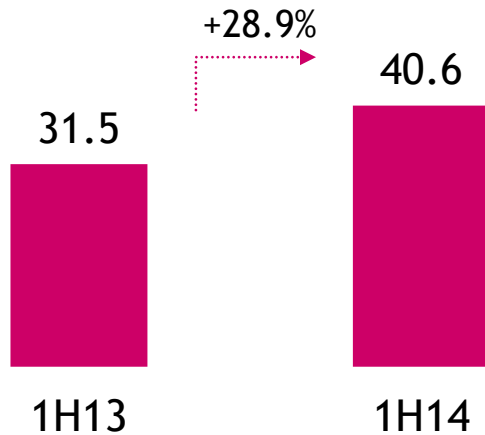


# Strong growth in core income and operating costs in line with network expansion

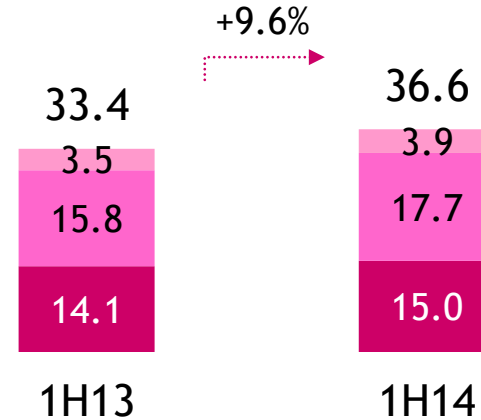


(Million de euros)

## Net interest income

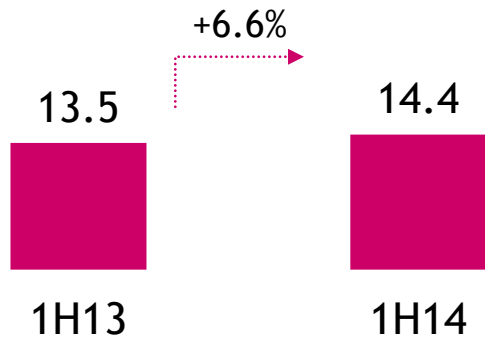


## Operating costs

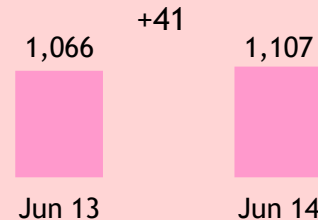


- Depreciation
- Other administrative costs
- Staff costs

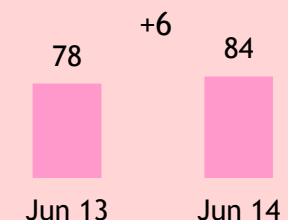
## Fees and commissions



## Employees



## Branches





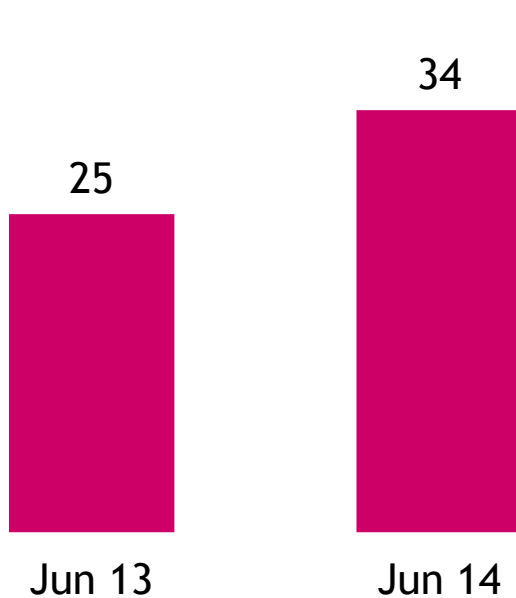
# Credit quality and coverage



(Million euros)

## Credit quality

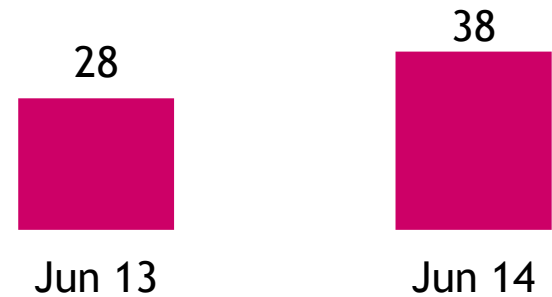
| Credit ratio         | Jun13 | Jun14 |
|----------------------|-------|-------|
| Non-performing loans | 5.0%  | 4.3%  |



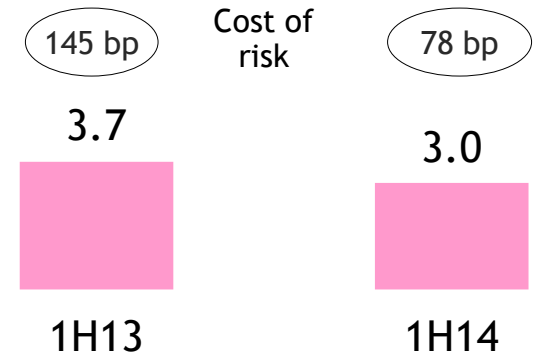
NPL (non performing loans)

## Loan impairment (balance sheet)

| Coverage ratio       | Jun13 | Jun14 |
|----------------------|-------|-------|
| Non-performing loans | 111%  | 113%  |



## Loan impairment (net of recoveries)



# Agenda

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- Main Highlights
- Group
  - Capital
  - Liquidity
  - Profitability
- Portugal
- International operations
- Conclusions

# Progress on strategic plan metrics

| PHASES   | Priorities  |                                      | 1H13   | 1H14          |     | 2015   | Initiatives   |
|--|---|--------------------------------------|--------|---------------|-----|--------|---|
| Demanding economic environment (2012-13)               | Stronger balance sheet  | CET1 (phased-in) (fully implemented) | na     | 12.5%<br>9.0% | ... | >10%   | Strengthening of capital ratios with the rights issue performed, sale of non-life insurance business and securitization transaction |
|  |   | LTD *                                | 110%   | 106%          | ... | <110%  | Strengthen liquidity position with the deleveraging process   |
| Creating growth and profitability conditions (2014-15) | Recovery of profitability in Portugal   | C/I **                               | 76%    | 57%           | ... | ~50%   | Improvement in efficiency with increase on banking income and costs reduction   |
|  |   | Oper. costs ***                      | 749M€  | 702M€         | ... | ~660M€ | Restructuring programme initiated at the end of 2012 with savings already visible   |
|  |   | Cost of risk (b.p.)                  | 156    | 128           | ... | ~100   | Reduction in new entries in NPL and new recovery model in Portugal allow reduction in the level of provisioning                     |
| Sustained growth (2016-17)                             | Sustained net income growth, more balance between domestic and international operations | ROE                                  | -32.3% | -5.0%         | ... | ~7%    | Increase in the contribution of international operations and positive signs of recovery in Portugal                                 |

**Results confirming the positive trend, aligned with the strategic plan of creating conditions for profitability in Portugal and sustained growth in Poland, Mozambique and Angola**

\* LTD ratio (Loans to deposits) calculated based on Net loans to customers and on BS customer funds

\*\* On a comparable basis

\*\*\* Annualized

# Appendixes

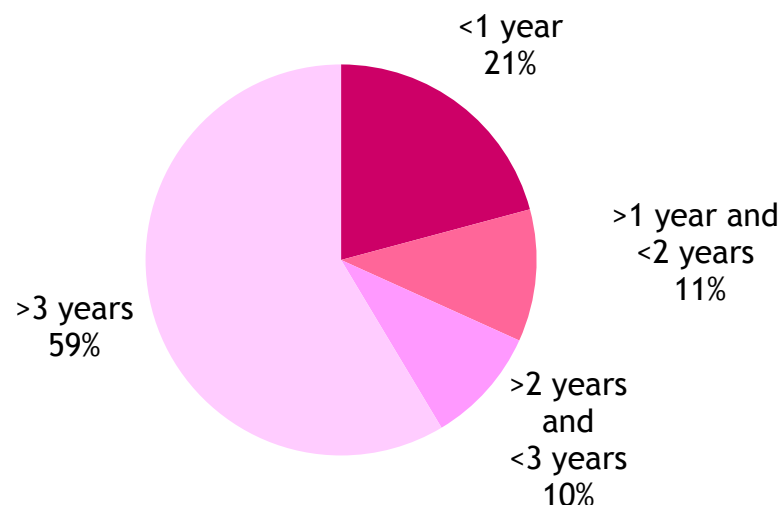
# Evolution of public debt portfolio

(Million euros)

## Sovereign debt portfolio

|              | Jun 13       | Mar 14       | Jun 14       | Δ %<br>annually | Δ %<br>quarterly |
|--------------|--------------|--------------|--------------|-----------------|------------------|
| Portugal     | 6,552        | 6,363        | 6,514        | -1%             | 2%               |
| T-bills      | 2,681        | 1,971        | 1,547        | -42%            | -22%             |
| Bonds        | 3,871        | 4,392        | 4,967        | 28%             | 13%              |
| Poland       | 2,132        | 1,033        | 1,196        | -44%            | 16%              |
| Mozambique   | 358          | 396          | 345          | -4%             | -13%             |
| Angola       | 275          | 423          | 393          | 43%             | -7%              |
| Romania      | 98           | 63           | 59           | -40%            | -6%              |
| Others       | 334          | 130          | 131          | -61%            | 1%               |
| <b>Total</b> | <b>9,749</b> | <b>8,407</b> | <b>8,638</b> | <b>-11%</b>     | <b>3%</b>        |

## Sovereign debt total maturity



- Total public debt of 8.6 billion euros, of which 1.8 billion euros with maturity under 1 year
- Portuguese and Polish sovereign debt increased, while the exposure to Mozambican, Angolan and Romanian sovereign debt have decreased in the quarter
- The sovereign debt decreased in the main geographies, year-on-year

# Detail of public debt portfolio

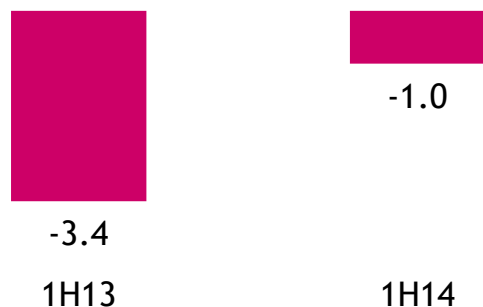
(Million euros)

|                       | Portugal     | Poland       | Mozambique | Angola     | Romania   | Others     | Total        |
|-----------------------|--------------|--------------|------------|------------|-----------|------------|--------------|
| <b>Trading book</b>   | <b>186</b>   | <b>160</b>   |            |            |           | <b>76</b>  | <b>422</b>   |
| < 1 year              |              | 1            |            |            |           |            | 1            |
| > 1 year and <2 years | 14           | 17           |            |            |           |            | 31           |
| > 2 year and <3 years |              | 41           |            |            |           | 11         | 53           |
| > 3 years             | 172          | 101          |            |            |           | 65         | 337          |
| <b>AFS book</b>       | <b>4,515</b> | <b>1,036</b> | <b>345</b> | <b>393</b> | <b>42</b> | <b>5</b>   | <b>6,337</b> |
| < 1 year              | 1,207        | 58           | 245        | 215        |           |            | 1,725        |
| > 1 year and <2 years | 612          | 151          | 43         | 78         | 12        | 5          | 900          |
| > 2 year and <3 years | 193          | 388          | 8          | 45         | 5         |            | 639          |
| > 3 years             | 2,503        | 440          | 50         | 55         | 26        |            | 3,073        |
| <b>HTM book</b>       | <b>1,812</b> |              |            |            | <b>17</b> | <b>50</b>  | <b>1,880</b> |
| < 1 year              | 74           |              |            |            |           |            | 74           |
| > 1 year and <2 years |              |              |            |            | 12        |            | 12           |
| > 2 year and <3 years | 138          |              |            |            | 5         |            | 143          |
| > 3 years             | 1,600        |              |            |            |           | 50         | 1,651        |
| <b>Total</b>          | <b>6,514</b> | <b>1,196</b> | <b>345</b> | <b>393</b> | <b>59</b> | <b>131</b> | <b>8,638</b> |
| < 1 year              | 1,281        | 59           | 245        | 215        |           |            | 1,800        |
| > 1 year and <2 years | 626          | 168          | 43         | 78         | 24        | 5          | 944          |
| > 2 year and <3 years | 331          | 429          | 8          | 45         | 10        | 11         | 834          |
| > 3 years             | 4,275        | 541          | 50         | 55         | 26        | 115        | 5,061        |

# Romania: costs control policy



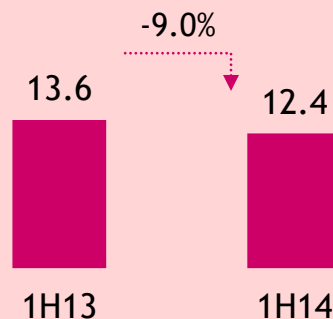
## Net income



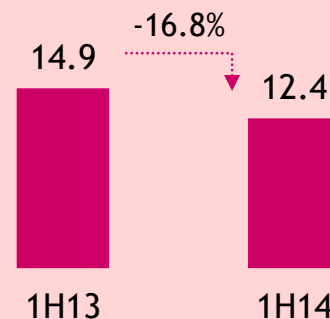
- Net income improvement due to operating costs reduction effect, loan impairments decrease and commissions increase
- Banking income penalized by trading income
- Reduction of branches network and employees in a continuous effort of simplification of the organization

(Million euros)

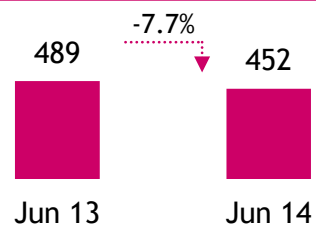
## Banking income



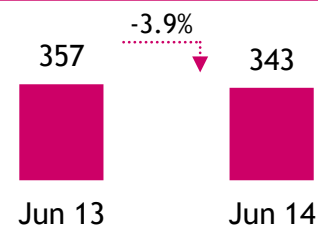
## Operating costs



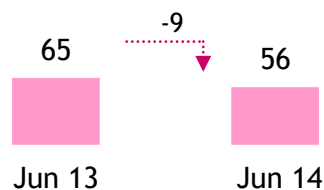
## Loans to customers (gross)



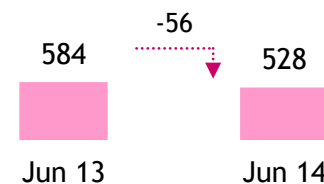
## Customer deposits



## Branches



## Employees



# Financial Statements



# Consolidated Balance Sheet and Income Statement

|  | 30 June<br>2014      | 31<br>December    | 30 June<br>2013   |  | 30 June<br>2014      | 30 June<br>2013 |
|--|----------------------|-------------------|-------------------|--|----------------------|-----------------|
|  | (Thousands of Euros) |                   |                   |  | (Thousands of Euros) |                 |
| <b>Assets</b>  |                      |                   |                   |  |                      |                 |
| Cash and deposits at central banks                     | 1,927,947            | 2,939,663         | 1,735,451         | Interest and similar income  | 1,349,673            | 1,437,891       |
| Loans and advances to credit institutions              |                      |                   |                   | Interest expense and similar charges                                   | (853,714)            | (1,057,655)     |
| Repayable on demand                                    | 720,556              | 1,054,030         | 1,359,274         | Net interest income  | 495,959              | 380,236         |
| Other loans and advances                               | 1,012,571            | 1,240,628         | 1,444,654         | Dividends from equity instruments                                      | 5,726                | 1,492           |
| Loans and advances to customers                        | 55,547,340           | 56,802,197        | 57,866,204        | Net fees and commission income   | 341,183              | 332,853         |
| Financial assets held for trading                      | 1,446,531            | 1,290,079         | 1,588,389         | Net gains / losses arising from trading and<br>hedging activities      | 54,643               | (442)           |
| Financial assets available for sale                    | 10,490,124           | 9,327,120         | 10,300,758        | Net gains / losses arising from available for<br>sale financial assets | 120,518              | 53,858          |
| Assets with repurchase agreement                       | 76,748               | 58,268            | 123,942           | Net gains / (losses) arising from financial<br>assets held to maturity | -                    | (278)           |
| Hedging derivatives                                    | 80,318               | 104,503           | 113,460           | Other operating income   | (25,955)             | (24,329)        |
| Financial assets held to maturity                      | 2,744,023            | 3,110,330         | 3,221,629         |  | 992,074              | 743,390         |
| Investments in associated companies                    | 443,223              | 578,890           | 530,941           | Other net income from non banking activity                             | 9,220                | 10,431          |
| Non current assets held for sale                       | 1,570,787            | 1,506,431         | 1,277,903         | Total operating income   | 1,001,294            | 753,821         |
| Investment property                                    | 179,632              | 195,599           | 539,920           | Staff costs  | 323,391              | 336,600         |
| Property and equipment                                 | 728,803              | 732,563           | 561,436           | Other administrative costs   | 221,495              | 226,140         |
| Goodwill and intangible assets                         | 249,373              | 250,915           | 251,215           | Depreciation   | 31,816               | 33,330          |
| Current tax assets                                     | 39,056               | 41,051            | 28,146            | Operating costs  | 576,702              | 596,070         |
| Deferred tax assets                                    | 2,194,305            | 2,181,405         | 1,856,943         | Operating net income before provisions and impairments                 | 424,592              | 157,751         |
| Other assets   | 989,101              | 593,361           | 1,143,311         | Loans impairment   | (371,630)            | (473,968)       |
|  | <u>80,440,438</u>    | <u>82,007,033</u> | <u>83,943,576</u> | Other financial assets impairment                                      | (39,129)             | (13,347)        |
|  |                      |                   |                   | Other assets impairment  | (30,296)             | (67,650)        |
|  |                      |                   |                   | Other provisions   | (44,529)             | (153,374)       |
|  |                      |                   |                   | Operating net income   | (60,992)             | (550,588)       |
|  |                      |                   |                   | Share of profit of associates under the equity method                  | 22,994               | 30,643          |
|  |                      |                   |                   | Gains / (losses) from the sale of subsidiaries and other assets        | 64,138               | (9,916)         |
|  |                      |                   |                   | Net (loss) / income before income tax                                  | 26,140               | (529,861)       |
|  |                      |                   |                   | Income tax   |                      |                 |
|  |                      |                   |                   | Current  | (62,504)             | (35,915)        |
|  |                      |                   |                   | Deferred   | 60,318               | 165,750         |
|  |                      |                   |                   | Net (loss) / income after income tax from continuing operati           | 23,954               | (400,026)       |
|  |                      |                   |                   | Income arising from discontinued operations                            | (33,605)             | (44,206)        |
|  |                      |                   |                   | Net income after income tax  | (9,651)              | (444,232)       |
|  |                      |                   |                   | Attributable to:   |                      |                 |
|  |                      |                   |                   | Shareholders of the Bank   | (62,247)             | (488,219)       |
|  |                      |                   |                   | Non-controlling interests  | 52,596               | 43,987          |
|  |                      |                   |                   | Net income for the period  | (9,651)              | (444,232)       |
|  |                      |                   |                   | Earnings per share (in euros)  |                      |                 |
|  |                      |                   |                   | Basic  | (0.01)               | (0.05)          |
|  |                      |                   |                   | Diluted  | (0.01)               | (0.05)          |
| <b>Liabilities</b>                                     |                      |                   |                   |  |                      |                 |
| Amounts owed to credit institutions                    | 13,080,280           | 13,492,536        | 14,570,792        |  |                      |                 |
| Amounts owed to customers                              | 48,806,841           | 48,959,752        | 47,883,794        |  |                      |                 |
| Debt securities  | 8,314,944            | 9,411,227         | 10,626,271        |  |                      |                 |
| Financial liabilities held for trading                 | 921,285              | 869,530           | 1,089,537         |  |                      |                 |
| Hedging derivatives                                    | 243,834              | 243,373           | 335,579           |  |                      |                 |
| Provisions for liabilities and charges                 | 415,881              | 365,960           | 399,193           |  |                      |                 |
| Subordinated debt                                      | 3,928,769            | 4,361,338         | 4,459,149         |  |                      |                 |
| Current income tax liabilities                         | 7,932                | 24,684            | 4,613             |  |                      |                 |
| Deferred income tax liabilities                        | 7,257                | 6,301             | 2,994             |  |                      |                 |
| Other liabilities                                      | 1,342,804            | 996,524           | 1,155,128         |  |                      |                 |
| Total Liabilities                                      | <u>77,069,827</u>    | <u>78,731,225</u> | <u>80,527,050</u> |  |                      |                 |
| <b>Equity</b>  |                      |                   |                   |  |                      |                 |
| Share capital  | 1,465,000            | 3,500,000         | 3,500,000         |  |                      |                 |
| Treasury stock   | (32,755)             | (22,745)          | (16,508)          |  |                      |                 |
| Preference shares                                      | 171,175              | 171,175           | 171,175           |  |                      |                 |
| Other capital instruments                              | 9,853                | 9,853             | 9,853             |  |                      |                 |
| Fair value reserves                                    | 187,521              | 22,311            | (34,341)          |  |                      |                 |
| Reserves and retained earnings                         | 921,526              | (356,937)         | (356,853)         |  |                      |                 |
| Net income for the period attributable to Shareholders | (62,247)             | (740,450)         | (488,219)         |  |                      |                 |
| Total Equity attributable to Shareholders of the Bank  | <u>2,660,073</u>     | <u>2,583,207</u>  | <u>2,785,107</u>  |  |                      |                 |
| Non-controlling interests                              | 710,538              | 692,601           | 631,419           |  |                      |                 |
| Total Equity   | <u>3,370,611</u>     | <u>3,275,808</u>  | <u>3,416,526</u>  |  |                      |                 |
|  | <u>80,440,438</u>    | <u>82,007,033</u> | <u>83,943,576</u> |  |                      |                 |

# Consolidated income statement

## Quarterly evolution

(Million euros)

|  | Quarterly     |               |               |              |              | Year-to-date  |                | Δ %<br>14 / 13  |
|--|---------------|---------------|---------------|--------------|--------------|---------------|----------------|-----------------|
|  | 2Q 13         | 3Q 13         | 4Q 13         | 1Q 14        | 2Q 14        | Jun 13        | Jun 14         |                 |
| <b>Net interest income</b>                   | <b>201.0</b>  | <b>233.5</b>  | <b>234.3</b>  | <b>236.4</b> | <b>259.6</b> | <b>380.2</b>  | <b>496.0</b>   | <b>30.4%</b>    |
| Dividends from equity instruments            | 1.5           | 0.2           | 2.0           | 3.3          | 2.5          | 1.5           | 5.7            | >100%           |
| Net fees and commission income               | 172.6         | 161.9         | 168.2         | 164.6        | 176.5        | 332.9         | 341.2          | 2.5%            |
| Other operating income                       | -15.7         | -24.9         | -23.2         | -15.0        | 62.4         | -23.8         | 47.4           | >100%           |
| Net trading income                           | -19.5         | 96.2          | 114.8         | 111.9        | 63.3         | 53.1          | 175.2          | >100%           |
| Equity accounted earnings                    | 16.5          | 15.8          | 15.8          | 13.1         | 9.9          | 30.6          | 23.0           | -25.0%          |
| <b>Banking income</b>                        | <b>356.4</b>  | <b>482.7</b>  | <b>512.0</b>  | <b>514.3</b> | <b>574.2</b> | <b>774.5</b>  | <b>1,088.4</b> | <b>40.5%</b>    |
| Staff costs                                  | 170.6         | 167.3         | 263.5         | 160.2        | 163.2        | 336.6         | 323.4          | -3.9%           |
| Other administrative costs                   | 112.7         | 109.3         | 124.3         | 107.6        | 113.9        | 226.1         | 221.5          | -2.1%           |
| Depreciation                                 | 16.5          | 15.4          | 19.4          | 15.9         | 15.9         | 33.3          | 31.8           | -4.5%           |
| <b>Operating costs</b>                       | <b>299.8</b>  | <b>292.0</b>  | <b>407.2</b>  | <b>283.6</b> | <b>293.1</b> | <b>596.1</b>  | <b>576.7</b>   | <b>-3.2%</b>    |
| <b>Operating net income bef. imp.</b>        | <b>56.7</b>   | <b>190.8</b>  | <b>104.8</b>  | <b>230.7</b> | <b>281.1</b> | <b>178.5</b>  | <b>511.7</b>   | <b>&gt;100%</b> |
| Loans impairment (net of recoveries)         | 287.0         | 144.7         | 202.2         | 191.7        | 179.9        | 474.0         | 371.6          | -21.6%          |
| Other impairm. and provisions                | 183.6         | 141.1         | 90.3          | 59.4         | 54.6         | 234.4         | 114.0          | -51.4%          |
| <b>Net income before income tax</b>          | <b>-414.0</b> | <b>-95.0</b>  | <b>-187.7</b> | <b>-20.4</b> | <b>46.6</b>  | <b>-529.9</b> | <b>26.1</b>    | <b>&gt;100%</b> |
| Income tax                                   | -102.0        | -8.6          | -72.4         | -5.4         | 7.6          | -129.8        | 2.2            | >100%           |
| Non-controlling interests                    | 23.9          | 23.4          | 26.4          | 25.4         | 27.2         | 44.0          | 52.6           | 19.6%           |
| <b>Net income (before disc. oper.)</b>       | <b>-335.8</b> | <b>-109.8</b> | <b>-141.7</b> | <b>-40.4</b> | <b>11.7</b>  | <b>-444.0</b> | <b>-28.6</b>   | <b>93.5%</b>    |
| Net income arising from discount. operations | -0.4          | 0.6           | -1.4          | -0.3         | -33.3        | -44.2         | -33.6          | 24.0%           |
| <b>Net income</b>                            | <b>-336.3</b> | <b>-109.1</b> | <b>-143.1</b> | <b>-40.7</b> | <b>-21.5</b> | <b>-488.2</b> | <b>-62.2</b>   | <b>87.3%</b>    |

# Consolidated income statement (Portugal and International operations)

## For the 6 months period ended 30<sup>th</sup> of June, 2013 and 2014

(Million euros)

|  | International operations |              |                 |             |             |                 |            |            |              |                          |            |              |                       |            |              |                   |           |              |                       |            |               |
|--|--------------------------|--------------|-----------------|-------------|-------------|-----------------|------------|------------|--------------|--------------------------|------------|--------------|-----------------------|------------|--------------|-------------------|-----------|--------------|-----------------------|------------|---------------|
|  | Group                    |              |                 | Portugal    |             |                 | Total      |            |              | Bank Millennium (Poland) |            |              | Millennium bim (Moz.) |            |              | Millennium Angola |           |              | Other int. operations |            |               |
|  | Jun 13                   | Jun 14       | Δ %             | Jun 13      | Jun 14      | Δ %             | Jun 13     | Jun 14     | Δ %          | Jun 13                   | Jun 14     | Δ %          | Jun 13                | Jun 14     | Δ %          | Jun 13            | Jun 14    | Δ %          | Jun 13                | Jun 14     | Δ %           |
| Interest income                              | 1438                     | 1350         | -6.1%           | 969         | 885         | -8.7%           | 469        | 465        | -0.9%        | 331                      | 308        | -7.1%        | 88                    | 97         | 10.1%        | 45                | 57        | 28.6%        | 5                     | 3          | -43.9%        |
| Interest expense                             | 1058                     | 854          | -19.3%          | 827         | 677         | -18.2%          | 230        | 177        | -23.3%       | 197                      | 133        | -32.4%       | 28                    | 30         | 7.9%         | 11                | 17        | 49.0%        | -6                    | -4         | 40.9%         |
| <b>Net interest income</b>                   | <b>380</b>               | <b>496</b>   | <b>30.4%</b>    | <b>141</b>  | <b>208</b>  | <b>46.9%</b>    | <b>239</b> | <b>288</b> | <b>20.7%</b> | <b>134</b>               | <b>175</b> | <b>30.2%</b> | <b>60</b>             | <b>66</b>  | <b>11.1%</b> | <b>33</b>         | <b>41</b> | <b>21.7%</b> | <b>12</b>             | <b>7</b>   | <b>-42.3%</b> |
| Dividends from equity instruments            | 1                        | 6            | >100%           | 1           | 2           | 87.0%           | 0          | 3          | >100%        | 0                        | 0          | 58.5%        | 0                     | 0          | -3.5%        | 0                 | 3         | --           | 0                     | 0          | --            |
| <b>Intermediation margin</b>                 | <b>382</b>               | <b>502</b>   | <b>31.4%</b>    | <b>143</b>  | <b>210</b>  | <b>47.3%</b>    | <b>239</b> | <b>292</b> | <b>22.0%</b> | <b>134</b>               | <b>175</b> | <b>30.2%</b> | <b>60</b>             | <b>66</b>  | <b>11.1%</b> | <b>33</b>         | <b>44</b> | <b>30.8%</b> | <b>12</b>             | <b>7</b>   | <b>-42.3%</b> |
| Net fees and commission income               | 333                      | 341          | 2.5%            | 217         | 217         | 0.1%            | 116        | 124        | 7.0%         | 71                       | 76         | 6.8%         | 20                    | 21         | 4.0%         | 14                | 14        | 0.7%         | 10                    | 13         | 22.7%         |
| Other operating income                       | -24                      | 47           | >100%           | -35         | 51          | >100%           | 11         | -4         | <-100%       | -1                       | -9         | <-100%       | 12                    | 6          | -45.8%       | 0                 | 0         | <-100%       | 0                     | 0          | <-100%        |
| <b>Basic income</b>                          | <b>691</b>               | <b>890</b>   | <b>28.9%</b>    | <b>324</b>  | <b>478</b>  | <b>47.5%</b>    | <b>367</b> | <b>412</b> | <b>12.5%</b> | <b>205</b>               | <b>242</b> | <b>17.9%</b> | <b>92</b>             | <b>94</b>  | <b>2.2%</b>  | <b>48</b>         | <b>58</b> | <b>20.8%</b> | <b>22</b>             | <b>19</b>  | <b>-13.5%</b> |
| Net trading income                           | 53                       | 75           | >100%           | -2          | 132         | >100%           | 55         | 43         | -20.9%       | 28                       | 23         | -18.5%       | 11                    | 9          | -18.0%       | 15                | 11        | -29.4%       | 1                     | 1          | 7.2%          |
| Equity accounted earnings                    | 31                       | 23           | -25.0%          | 31          | 23          | -25.0%          | 0          | 0          | --           | 0                        | 0          | --           | 0                     | 0          | --           | 0                 | 0         | --           | 0                     | 0          | --            |
| <b>Banking income</b>                        | <b>775</b>               | <b>1,088</b> | <b>40.5%</b>    | <b>353</b>  | <b>633</b>  | <b>79.3%</b>    | <b>422</b> | <b>456</b> | <b>8.1%</b>  | <b>233</b>               | <b>264</b> | <b>13.5%</b> | <b>103</b>            | <b>103</b> | <b>-0.0%</b> | <b>63</b>         | <b>68</b> | <b>8.9%</b>  | <b>23</b>             | <b>20</b>  | <b>-12.7%</b> |
| Staff costs                                  | 337                      | 323          | -3.9%           | 226         | 214         | -5.5%           | 110        | 109        | -0.7%        | 66                       | 64         | -2.3%        | 22                    | 22         | 0.5%         | 15                | 15        | 0.2%         | 7                     | 8          | 8.9%          |
| Other administrative costs                   | 226                      | 221          | -2.1%           | 130         | 121         | -7.1%           | 96         | 101        | 4.7%         | 57                       | 61         | 6.3%         | 20                    | 19         | -1.0%        | 17                | 18        | 6.2%         | 3                     | 3          | 3.5%          |
| Depreciation                                 | 33                       | 32           | -4.5%           | 18          | 16          | -8.5%           | 15         | 15         | 0.0%         | 7                        | 6          | -7.1%        | 5                     | 5          | 7.4%         | 4                 | 4         | 4.5%         | 0                     | 0          | -10.5%        |
| <b>Operating costs</b>                       | <b>596</b>               | <b>577</b>   | <b>-3.2%</b>    | <b>374</b>  | <b>351</b>  | <b>-6.2%</b>    | <b>222</b> | <b>226</b> | <b>1.7%</b>  | <b>130</b>               | <b>132</b> | <b>1.2%</b>  | <b>46</b>             | <b>46</b>  | <b>0.6%</b>  | <b>35</b>         | <b>37</b> | <b>3.5%</b>  | <b>10</b>             | <b>11</b>  | <b>7.1%</b>   |
| <b>Operating net income bef. imp.</b>        | <b>178</b>               | <b>512</b>   | <b>&gt;100%</b> | <b>-21</b>  | <b>281</b>  | <b>&gt;100%</b> | <b>200</b> | <b>230</b> | <b>15.2%</b> | <b>103</b>               | <b>133</b> | <b>29.1%</b> | <b>57</b>             | <b>57</b>  | <b>-0.5%</b> | <b>27</b>         | <b>32</b> | <b>15.9%</b> | <b>13</b>             | <b>9</b>   | <b>-28.6%</b> |
| Loans impairment (net of recoveries)         | 474                      | 372          | -21.6%          | 439         | 331         | -24.8%          | 35         | 41         | 18.7%        | 23                       | 34         | 49.1%        | 8                     | 5          | -36.1%       | 4                 | 3         | -21.4%       | 0                     | -1         | <-100%        |
| Other impairm. and provisions                | 234                      | 114          | -51.4%          | 231         | 114         | -50.5%          | 3          | -1         | <-100%       | 4                        | -1         | <-100%       | 0                     | 0          | 97.2%        | -1                | 0         | >100%        | 0                     | 0          | >100%         |
| <b>Net income before income tax</b>          | <b>-530</b>              | <b>26</b>    | <b>&gt;100%</b> | <b>-692</b> | <b>-164</b> | <b>76.4%</b>    | <b>162</b> | <b>190</b> | <b>17.0%</b> | <b>76</b>                | <b>100</b> | <b>31.3%</b> | <b>49</b>             | <b>52</b>  | <b>4.3%</b>  | <b>24</b>         | <b>28</b> | <b>17.3%</b> | <b>13</b>             | <b>10</b>  | <b>-19.5%</b> |
| Income tax                                   | -130                     | 2            | >100%           | -161        | -37         | 77.1%           | 31         | 39         | 26.0%        | 15                       | 23         | 51.1%        | 9                     | 9          | 9.7%         | 6                 | 5         | -10.5%       | 1                     | 1          | -0.4%         |
| Non-controlling interests                    | 44                       | 53           | 19.6%           | 0           | 0           | >100%           | 44         | 52         | 19.1%        | 0                        | 0          | --           | 0                     | 0          | 20.8%        | 0                 | 0         | --           | 43                    | 52         | 19.0%         |
| <b>Net income (before disc. oper.)</b>       | <b>-444</b>              | <b>-29</b>   | <b>93.5%</b>    | <b>-531</b> | <b>-127</b> | <b>76.1%</b>    | <b>87</b>  | <b>99</b>  | <b>12.8%</b> | <b>60</b>                | <b>76</b>  | <b>26.3%</b> | <b>40</b>             | <b>42</b>  | <b>2.9%</b>  | <b>18</b>         | <b>23</b> | <b>26.1%</b> | <b>-32</b>            | <b>-43</b> | <b>-33.7%</b> |
| Net income arising from discount. operations | -44                      | -34          | 24.0%           |             |             |                 |            |            |              |                          |            |              |                       |            |              |                   |           |              |                       |            |               |
| <b>Net income</b>                            | <b>-488</b>              | <b>-62</b>   | <b>87.3%</b>    |             |             |                 |            |            |              |                          |            |              |                       |            |              |                   |           |              |                       |            |               |

# Millennium

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