



Millennium  
bcp



# EARNINGS PRESENTATION

1<sup>st</sup> HALF 2021

## EXCELLING 24

MAIN GUIDELINES OF THE  
STRATEGIC PLAN

Banco Comercial Português

# Disclaimer

- | The information in this presentation has been prepared under the scope of the International Financial Reporting Standards ('IFRS') of BCP Group for the purposes of the preparation of the consolidated financial statements under Regulation (CE) 1606/2002, as amended.
- | The figures presented do not constitute any form of commitment by BCP in regard to future earnings.
- | Figures for the first half of 2021 not audited.
- | Due to changes in the accounting policies of Bank Millennium (Poland), the previously published financial statements were restated from 1 January 2020 for comparability.
- | The information in this presentation is for information purposes only, and should be read in conjunction with all other information made public by the BCP Group.

# AGENDA



Highlights

01

Group

02

Portugal

03

International  
operations

04



01

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# Highlights

# Highlights: resilience of the business model



## Profitability

- **Net profit of 12.3 million**, including 214.2 million provisions for legal risk on CHF loans in Poland and 56.2 million mandatory contributions for the banking sector in Portugal
- **Core income up by 2.4%**, with increases of 0.7% in net interest income and of 6.4% in commissions, boosted by the 13.7% growth of market-related fees; **recurring operating costs down by 4.3%**
- **Core operating profit of 529.1 million**, a 3.1% reduction stemming from 87.2 million restructuring charges in Portugal. Core operating profit up by 8.7% excluding non-recurring costs
- **Pre-provision profit up by 5.1%** to 530.9 million in the 1<sup>st</sup> half of 2021; **impairment and other provisions totalled 461.9 million** (+31.5%)



## Capital and liquidity

- **Total capital of 14.9% (pro forma of 15.1%\*)** and CET1 of **11.6% (pro forma of 11.8%\*)**, above regulatory requirements of **13.31%** and of **8.83%**, respectively
- Strong liquidity, well in excess of regulatory requirements; **loans-to-deposits of 82%** and **eligible assets for ECB funding of 25.9 billion**

\*Fully implemented ratio including expected impact of ongoing sale of operation and unaudited net income for the 1<sup>st</sup> half of 2021. CET1 of 12.1% as of June 30, 2020 and of 12.2% as of December 31, 2020.

# Highlights: resilience of the business model



## Business activity

- **Performing loans in Portugal up by 1.9 billion**, +5.4% from June 2020, with **companies accounting for 64% of the performing loans' growth**; **consolidated performing loans up by 2.9 billion**, +5.5% from June 2020
- **Total Customer funds up by 7.2 billion**, +8.6% from June 2020 (+9.6% in Portugal) and by 5.9 billion since the beginning of 2021
- **Off-balance-sheet Customers funds up by 14.2%** to 20.7 billion for the Group, resulting from a 1.7 billion increase in Portugal and a growth of 0.9 billion in the international activity



## Credit quality

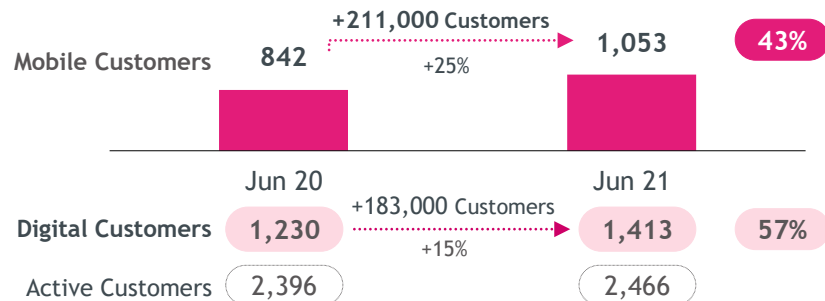
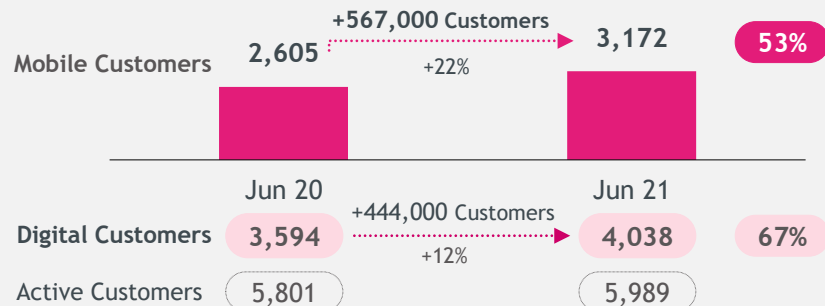
- **NPEs down in an adverse environment: -931 million** from June 2020, -813 million of which in Portugal, and -292 million since the beginning of 2021 (-268 million in Portugal)
- **Cost of risk of 55pb for the Group** (68pb excluding one-off reversals) **and of 64pb in Portugal** (81pb excluding one-off reversals); **coverage of NPEs by LLRs of 67%** (+9pp from June 2020), with **total coverage of 118%** at the Group level

# Growing Customer base, mobile Customers standing out

\*000 Customers

As % of active Customers

## Group



**Leading bank in Customer satisfaction with digital channels (Basef, 5 largest banks, June 2021); Closest to Customers, most innovating; Bank most recommended by Customers:** leader in overall satisfaction, in the quality of service and in product quality

**Main bank for companies (DataE 2020);** most appropriate products; most efficient; best; closest to Customers

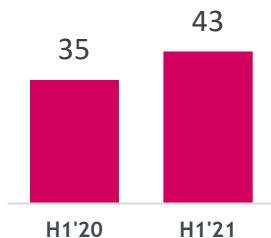
Customer counting criteria used in the 2018-2021 Strategic Plan.



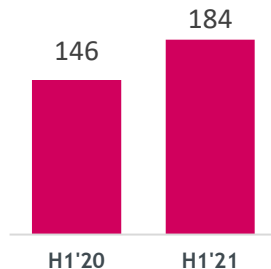
# Our digital capabilities are particularly appreciated in times of pandemic



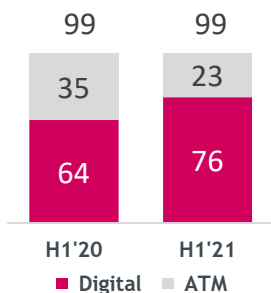
% Mobile Customers <sup>1</sup>



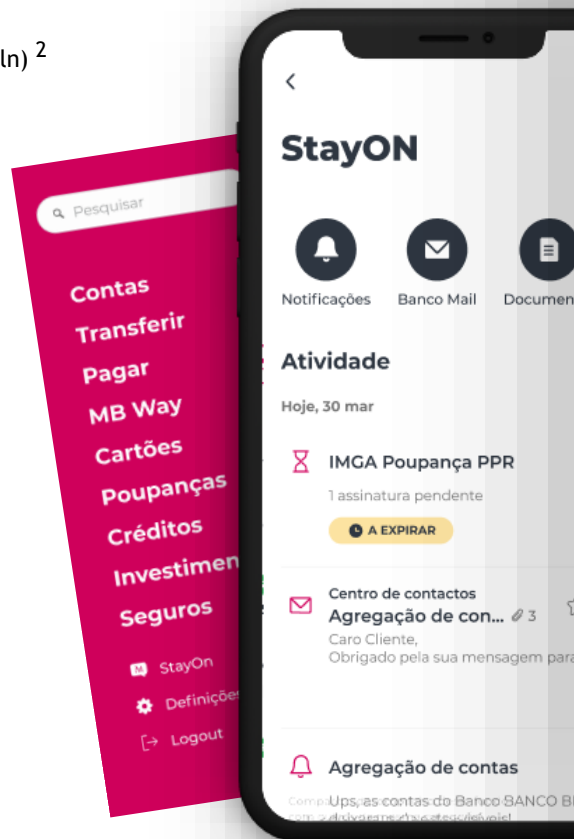
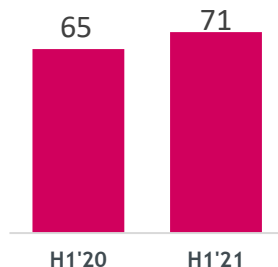
Digital Interactions # (mln) <sup>2</sup>



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



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



## Strong mobile growth Y/Y

(Jan-Jun 2021 vs. Jan-Jun 2020)

**+34%**  
Logins

**+43%**  
Payments

**+64%**  
Sales

**+68%**  
Transfers

**50%** of digital Customers are app-exclusive

**90%** of digital interactions are mobile

<sup>1</sup> Customer counting criteria used in the 2018-2021 Strategic Plan.

<sup>2</sup> Interactions (Millennium website and app)

<sup>3</sup> Includes mobile, online and ATMs; excludes branches

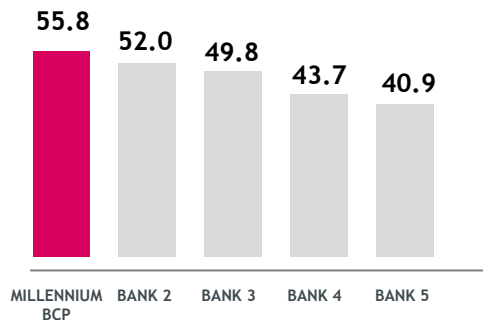
<sup>4</sup> Digital sales (Millennium website and app) in number of operations



# Best Digital Bank and Leader in Customer Satisfaction in 2021

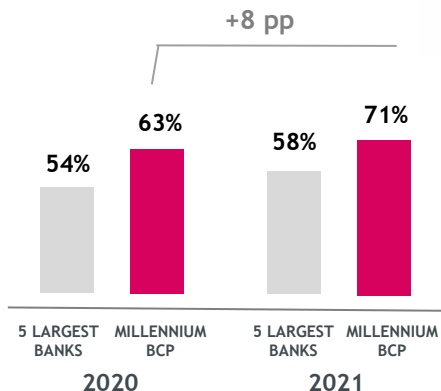
Marktest

#1 NPS<sup>1</sup> Digital Customers  
Jun. 2021, 5 largest banks

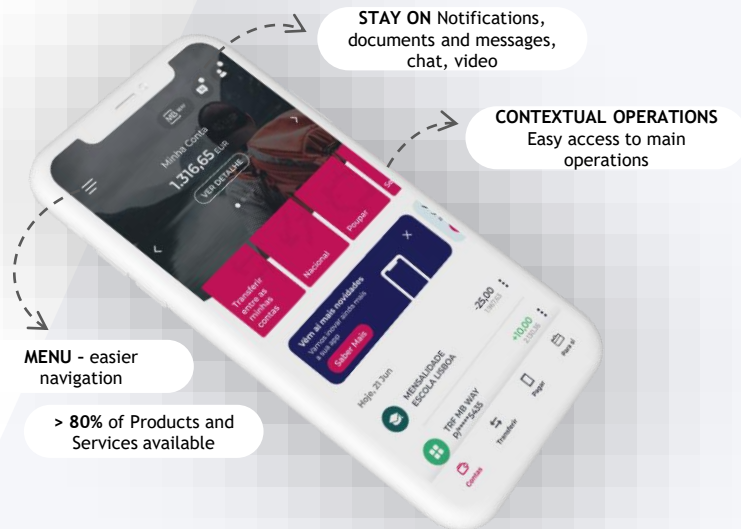


“Best Digital Bank”

Unaided nomination by Customers<sup>2</sup>,  
1<sup>st</sup> half



App Millennium  
leads ratings



4.8



4.8



4.7



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

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

# Digital: Constant innovation at the service of Customers



**+50**

NEW APP  
FEATURES IN  
2021

**1.4 million active  
digital Customers**

**> 1.7 million logins  
per day**

## More and more a **Super App** and even more accessible

Now Side menu with search box - simpler and more straightforward navigation

## Broad and better integration between Digital, Remote and Physical

**StayOn** Notifications, Documents, BancoMail (messages with attachments), Chat and Video with Account Manager

Completion via App of operations contracted remotely with **Pending Operations** (>15 products available)

**Virtual ticket numbers** for branch service now also on the App

## Easier day-to-day management

**Customer data update** (More options now also for self-employed)

**Insurance portfolio** fully integrated in the app

All MBWay options; revamped MB NET

**Open Banking** account aggregation with **App2App** authentication

## More 100% digital sales journeys with integrated support

**Investment Hub** now with **Certificates**, more literacy and tools to support portfolio selection and monitoring

**YOLO!** Life insurance for life. With immediate subscription

More support to Customers with in-app credit rescheduling solutions



02

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Group

Profitability

# Net income of 12.3 million in the 1<sup>st</sup> half of 2021

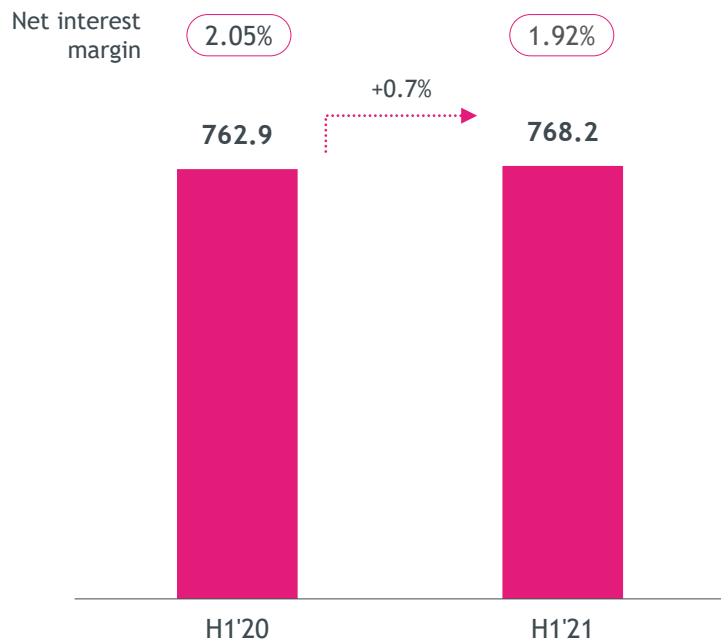
(Million euros)	H1'20	H1'21	YoY	Impact on earnings
Net interest income	762.9	768.2	+0.7%	+5.3
Commissions	331.5	352.6	+6.4%	+21.1
<b>Core income</b>	<b>1,094.4</b>	<b>1,120.8</b>	<b>+2.4%</b>	<b>+26.4</b>
<b>Operating costs</b>	<b>-548.6</b>	<b>-591.8</b>	<b>+7.9%</b>	<b>-43.2</b>
<i>Of which: non-recurring*</i>	-21.2	-87.2	+311.9%	-66.0
<b>Core operating profit</b>	<b>545.9</b>	<b>529.1</b>	<b>-3.1%</b>	<b>-16.8</b>
Other income**	-41.0	1.8		+42.8
<b>Operating net income</b>	<b>504.9</b>	<b>530.9</b>	<b>+5.1%</b>	<b>+26.0</b>
Impairment and other provisions	-351.3	-461.9	+31.5%	-110.5
<i>Of which: legal risk on CHF mortgages (Poland)***</i>	-38.0	-214.2	+464.1%	-176.2
<b>Net income before income tax</b>	<b>153.5</b>	<b>69.0</b>	<b>-55.1%</b>	<b>-84.5</b>
Income taxes****, non-controlling interests and discontinued operations	-77.6	-56.7	-26.9%	+20.8
<b>Net income</b>	<b>76.0</b>	<b>12.3</b>	<b>-83.9%</b>	<b>-63.7</b>
<b>Net income excluding provisions for legal risk on CHF mortgages (Poland)***</b>	<b>95.0</b>	<b>118.3</b>	<b>+24.6%</b>	<b>+23.3</b>

\*H1'20: compensation of 5.8 million for temporary salary cuts in Portugal, restructuring costs of 7.4 million in Portugal, Euro Bank integration costs of 7.9 million (international operations); H1'21: restructuring costs of 87.2 million in Portugal. | \*\*Dividends from equity instruments, other net operating income, net trading income and equity accounted earnings. | \*\*\*Does not include provisions for legal risk on CHF mortgages of Euro Bank (guaranteed by Société Générale): 16.4 million in H1'21. | \*\*\*\*Includes impact of provisions for legal risk on CHF mortgages in Poland (amount not considered tax deductible in H1'21: 200.9 million) and of mandatory contributions (non-tax-deductible amounts in H1'21: 39.3 million in Portugal and 51.8 million in Poland).

# Net interest income

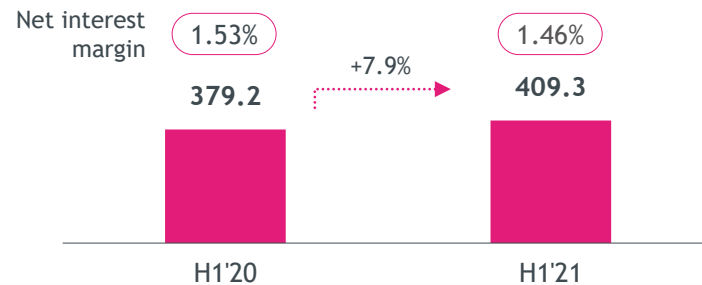
## Net interest income

(Consolidated, million euros)



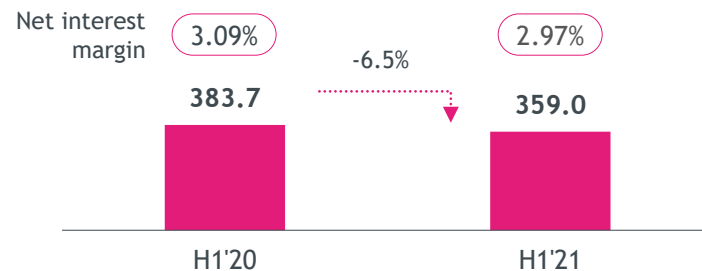
## Portugal

(Million euros)



## International operations

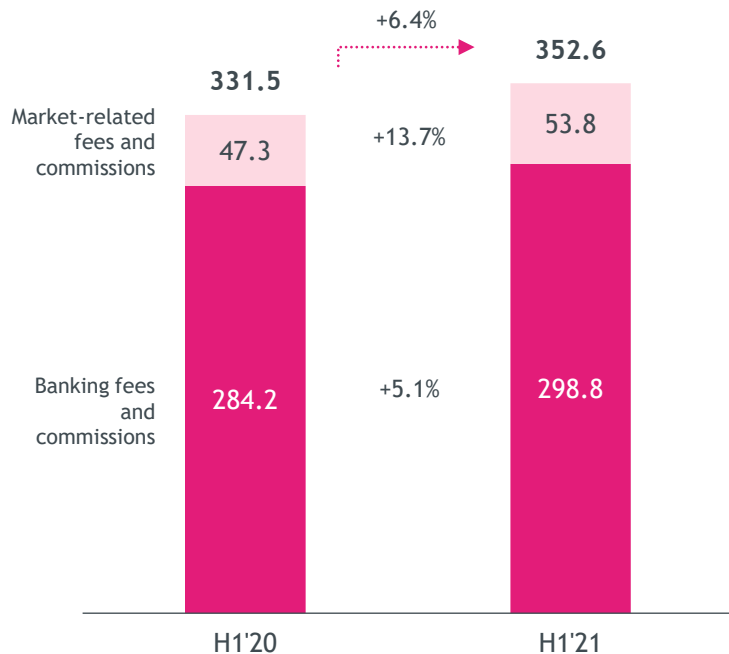
(Million euros)



# Fees and commissions

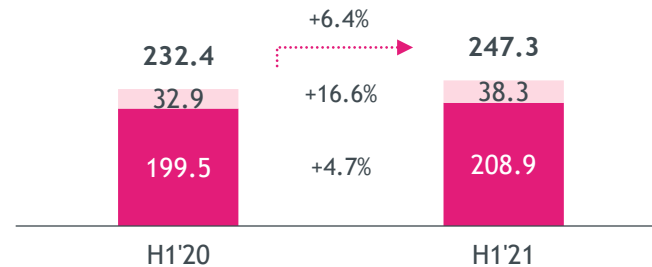
## Fees and commissions

(Consolidated, million euros)



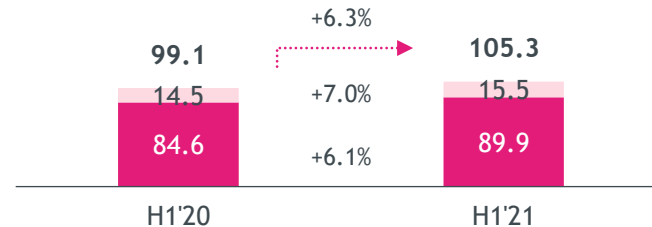
## Portugal

(Million euros)



## International operations

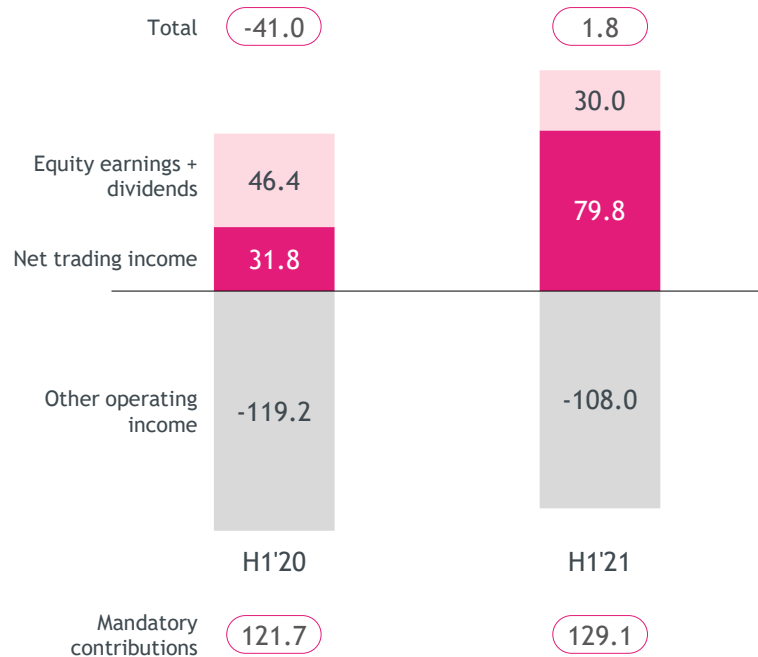
(Million euros)



# Other income

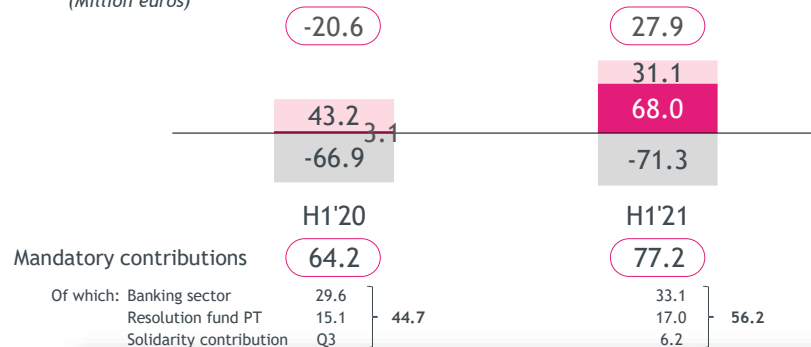
## Other income

(Consolidated, million euros)



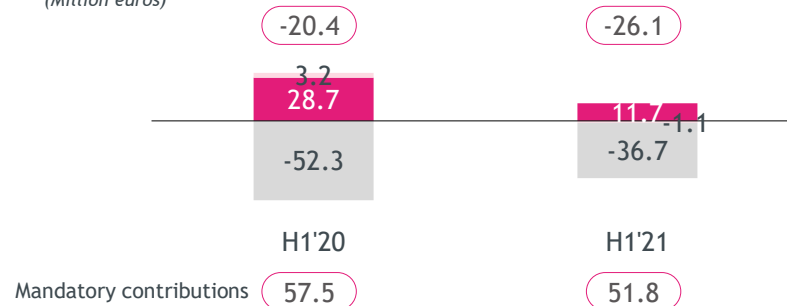
## Portugal

(Million euros)



## International operations

(Million euros)



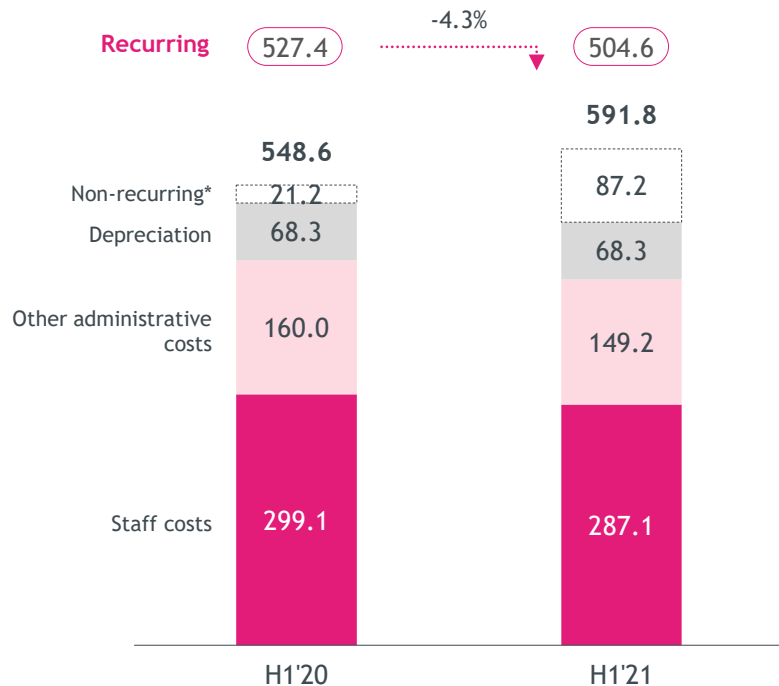
H1'20: other operating income includes 5.5 million losses, net of intermediation fees, on the sale of real-estate and other assets; H1'21: other operating income includes 0.8 million gains, net of intermediation fees, on the sale of real estate and other assets.



# Operating costs

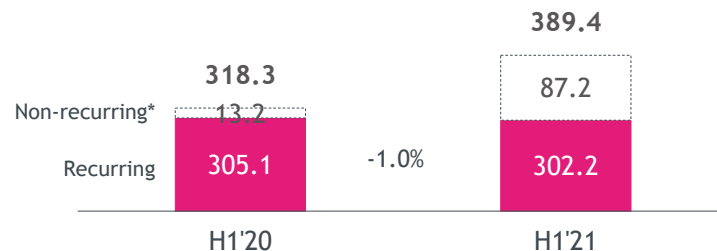
## Operating costs

(Consolidated, million euros)



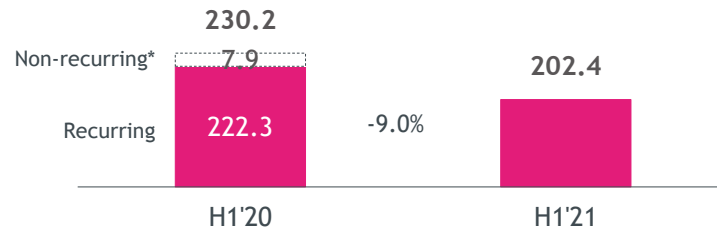
## Portugal

(Million euros)



## International operations

(Million euros)



\*H1'20: compensation of 5.8 million for temporary salary cuts in Portugal, restructuring costs of 7.4 million in Portugal, Euro Bank integration costs of 7.9 million (international operations); H1'21: restructuring costs of 87.2 million in Portugal.

# Restructuring costs



In the current competitive and regulatory context of the European banking sector, efficiency and profitability are crucial to safeguarding the Bank's future



## CHANGING CUSTOMER HABITS

Growing demand for products and services offered through remote channels, leading to an accelerating digital transformation of the business model



## SIMPLIFICATION AND AUTOMATION

Simplification of processes and introduction of technologies aimed at increasing efficiency (increasing automation and usage of artificial intelligence)



## INCREASED COMPETITION

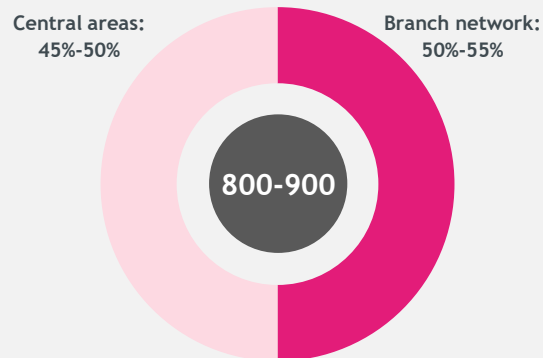
Intensifying competition in the European Banking Union, by both banks and new technology-based operators

≈90 million  
Total cost

≈35 million  
Savings per annum

Right-sizing the bank, taking into account the context for the banking industry and the Bank's needs

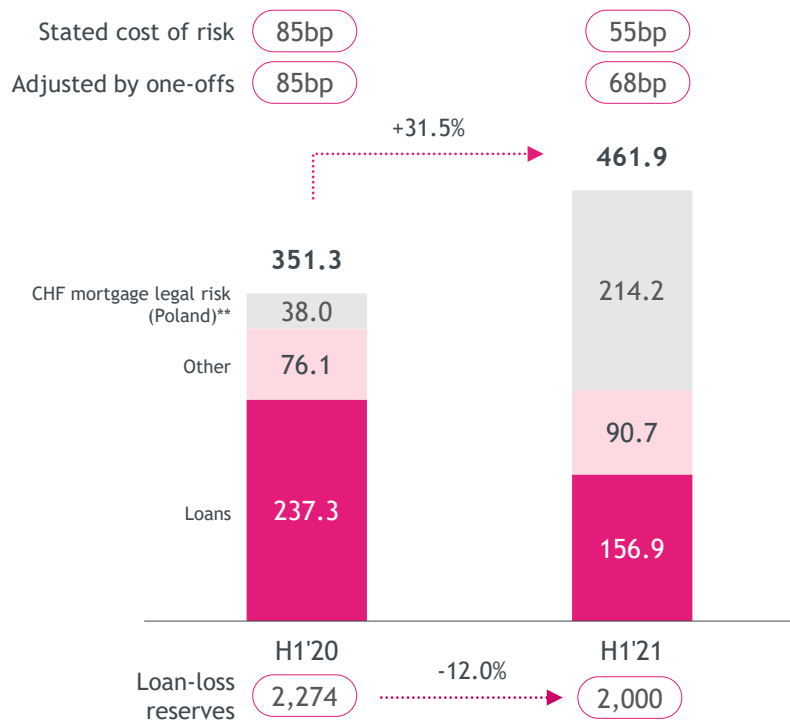
Employees included in the restructuring program



# Cost of risk and provisions

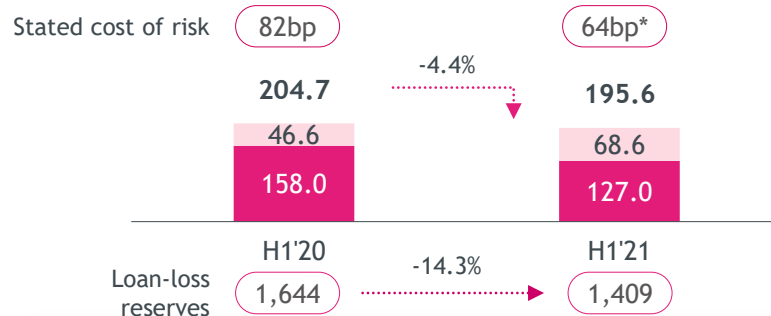
## Impairment and provision charges

(Consolidated, million euros)



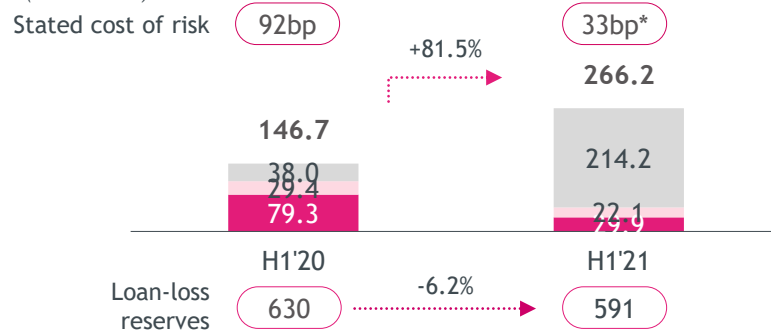
## Portugal

(Million euros)



## International operations

(Million euros)

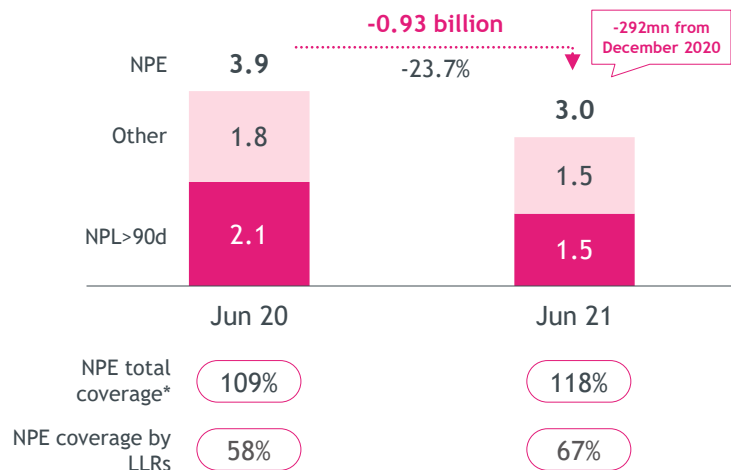


\*Cost of risk adjusted by one-off reversals of 81bp in Portugal and of 38bp in the international operations. | \*\*Does not include provisions for legal risk on CHF mortgages of Euro Bank (guaranteed by Société Générale): 16.4 million in H1'21.

# Relevant reduction of NPEs under a complex context

## Credit quality

(Consolidated, billion euros)

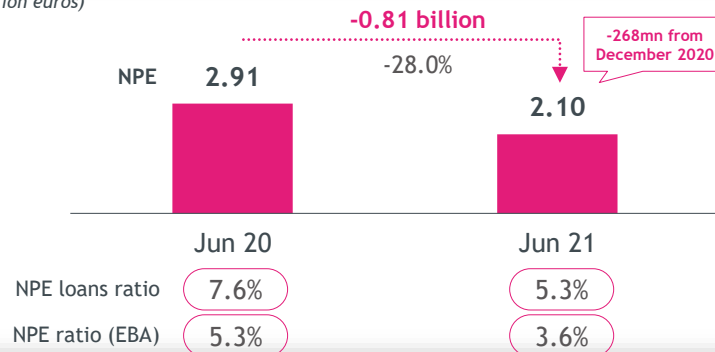


	Jun 20	Dec 20	Jun 21
NPL>90 days ratio	3.8%	3.2%	2.5%
NPE ratio inc. securities and off-BS (EBA)	4.8%	4.0%	3.5%
NPE ratio (loans only)	7.0%	5.9%	5.2%

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

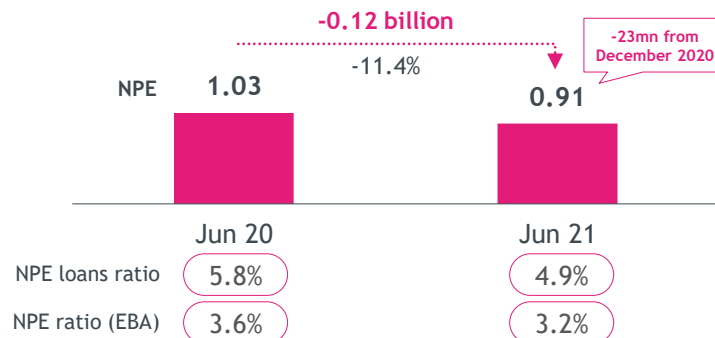
## Portugal

(Billion euros)



## International operations

(Billion euros)





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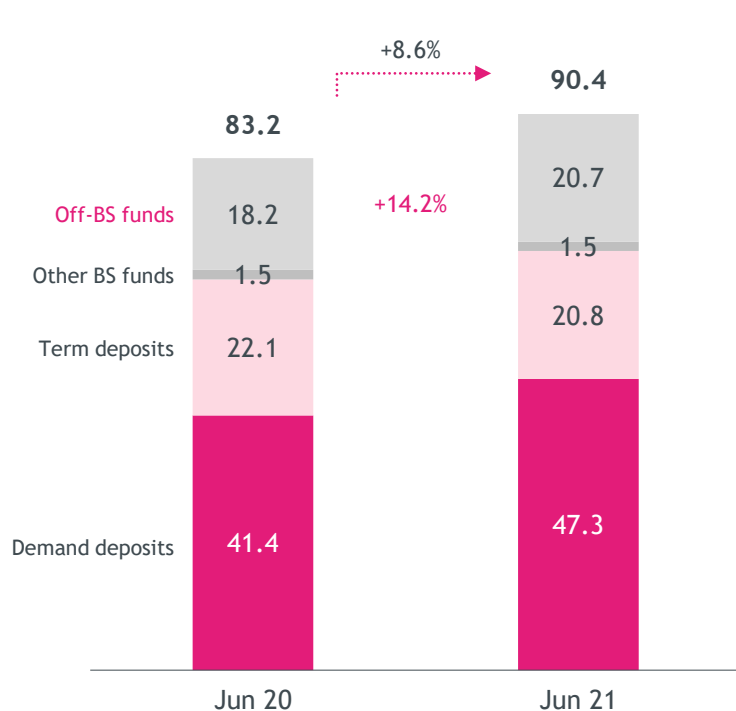
Group

Business activity

# Customer funds keep growing

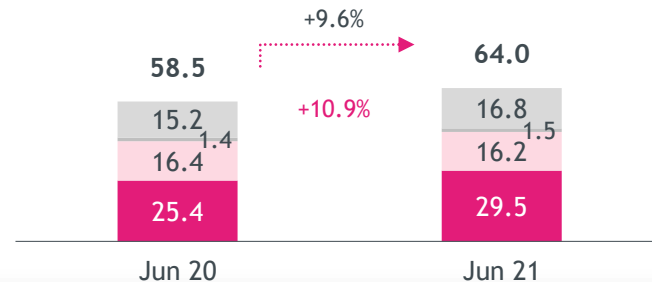
## Total Customers Funds\*

(Consolidated, billion euros)



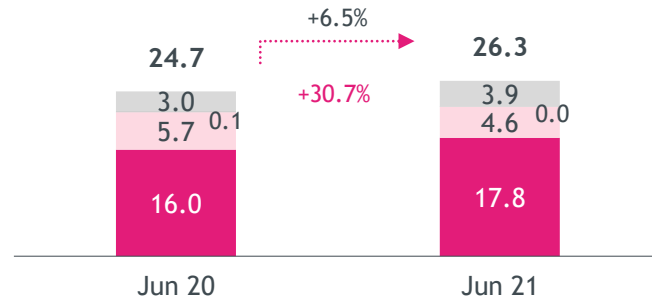
## Total Customers Funds\* Portugal

(Billion euros)



## Total Customers Funds\* international operations

(Billion euros)

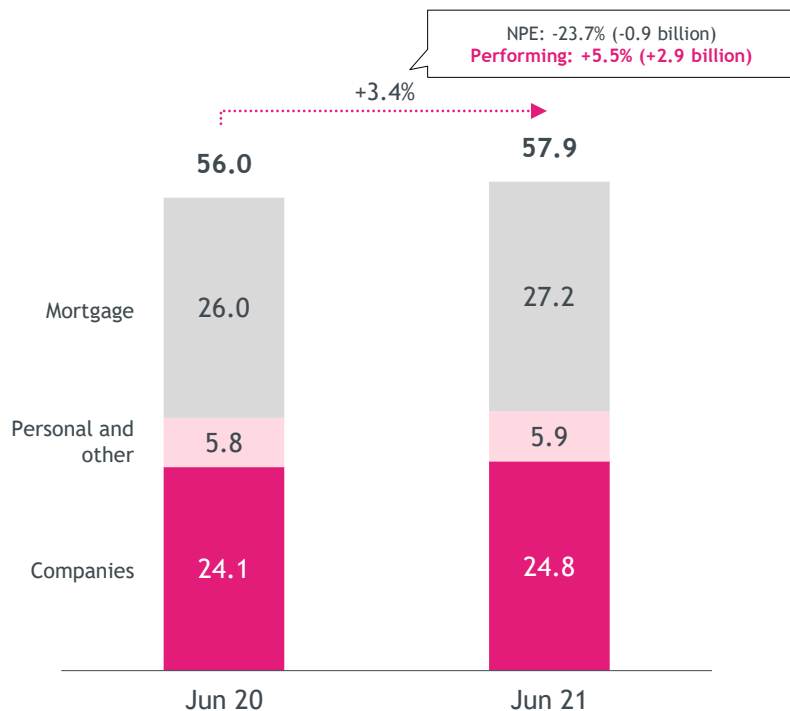


\*Deposits, debt securities, assets under management, assets placed with Customers and insurance products (savings and investments).

# Continued increase of the loan portfolio

## Loans to Customers (gross)

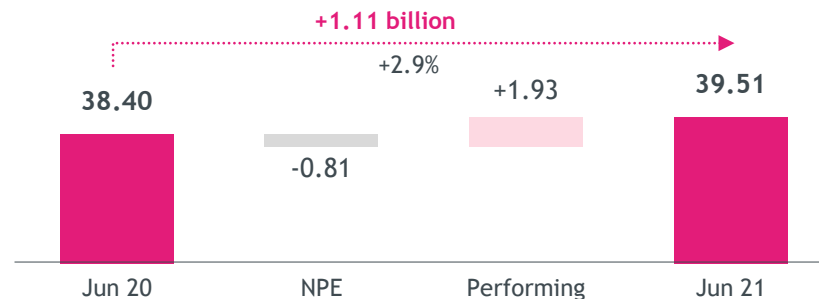
(Consolidated, billion euros)



NPE include loans to Customers only.

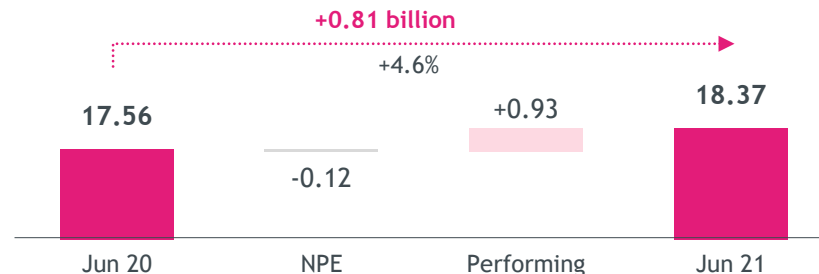
## Portugal

(Billion euros)



## International operations

(Billion euros)







02

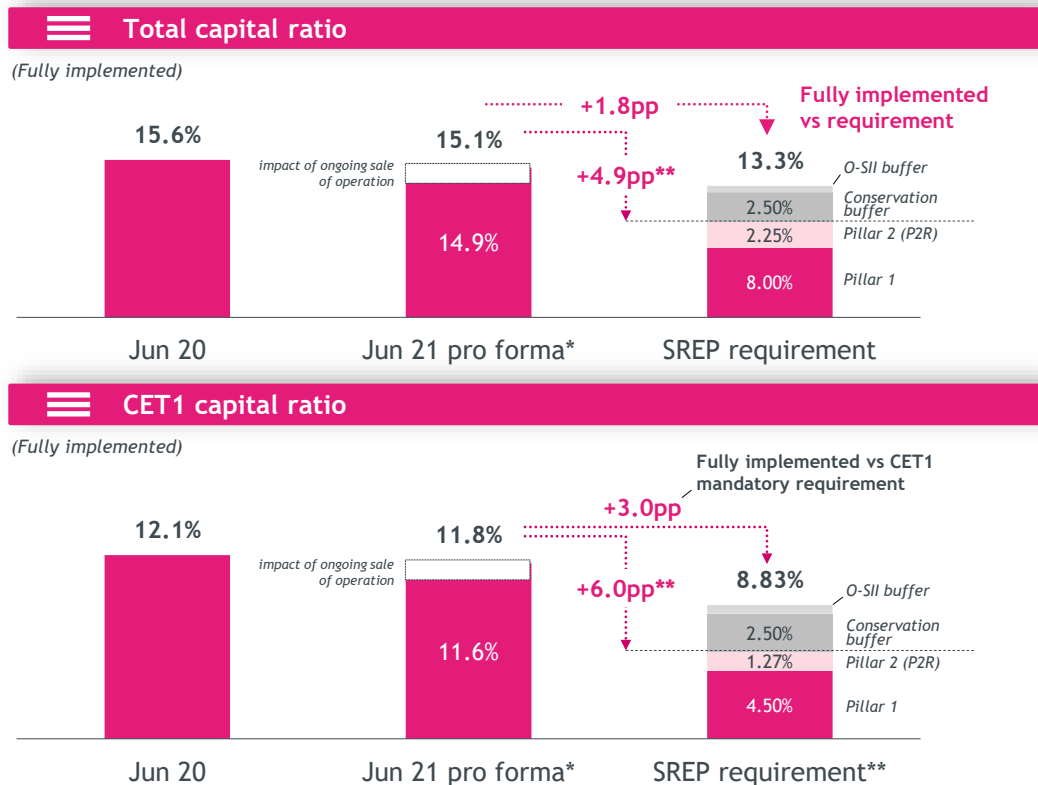
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**Group**

Capital and liquidity

# Capital above regulatory requirements



- **Total capital of 15.1%\*** (fully implemented) as of June 2021, above SREP requirements
- **Surplus of 1.8pp** between the total capital ratio and the SREP requirement not using the capital conservation and the O-SII buffers, and of **4.9pp** if such buffers are used
- CET1 capital ratio of **11.8%\*** (fully implemented) as of June 2021
- **MDA buffer at 0.8 billion** above the level at which there are restrictions on the maximum distributable amount of results, in accordance with banking regulation

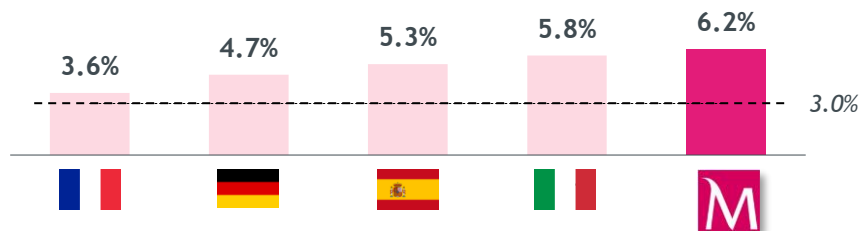
\*Including expected impact of ongoing sale of operation and unaudited net income for the 1<sup>st</sup> half of 2021.

\*\*Minimum phased-in regulatory requirements from March 12, 2020.

# Capital at adequate levels

## Leverage ratio

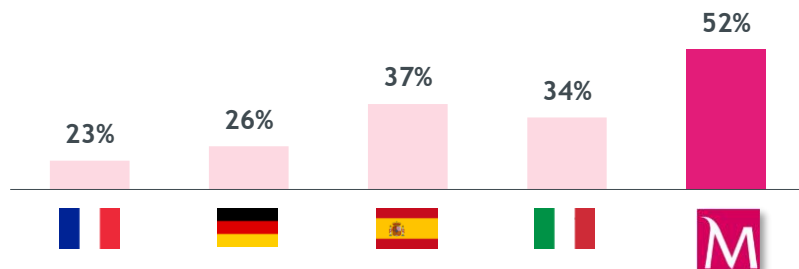
(Fully implemented, latest available data)



Leverage ratio at 6.2% as of June 2021, a comfortable and comparatively strong figure in European banking

## RWA density

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



High RWA density (52% as of June 2021), compared to lower figures in most European banking markets

# Pension fund

## Key figures

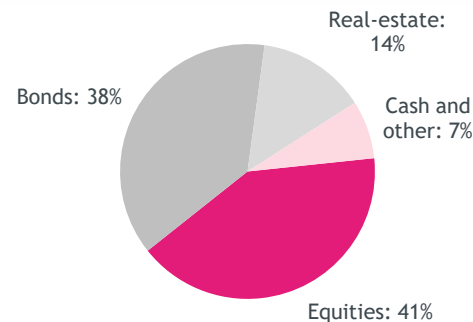
(Million euros)

	Dec 20	Jun 21
Pension liabilities	3,658	3,394
Pension fund	3,751	3,681
Liabilities' coverage	103%	108%
Fund's profitability	+5.8%	+0.01%

## Assumptions

	Dec 20	Jun 21
Discount rate	1.05%	1.45%
Salary growth rate	0.75%	0.75%
Pensions growth rate	0.50%	0.50%
Projected rate of return of fund assets	1.05%	1.45%
Mortality Tables		
Men	TV 88/90	TV 88/90
Women	TV 88/90-3 years	TV 88/90-3 years

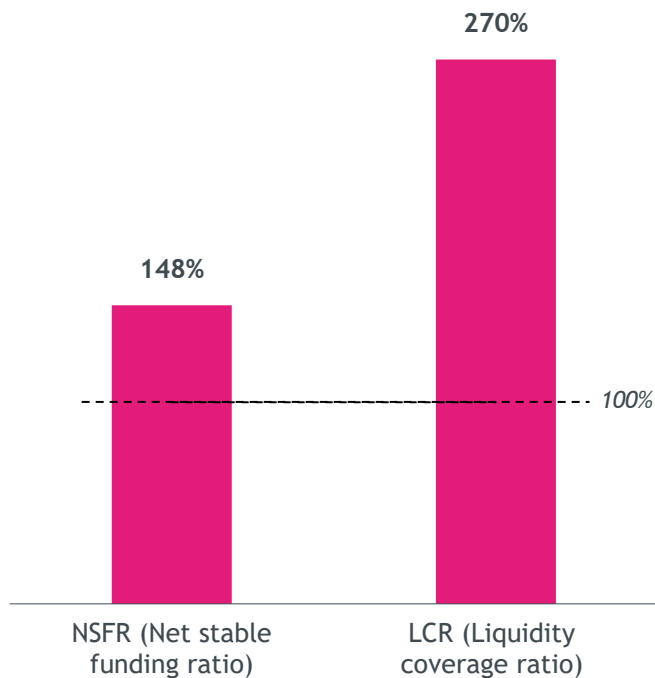
## Pension fund



- Discount rate and projected rate of return revised upwards to 1.45%, mainly reflecting higher market rates
- Liabilities fully covered (108%)
- The level of coverage of pension fund liabilities by assets provides room to absorb adverse impacts in the pension fund of up to 287 million with no impact on capital ratios

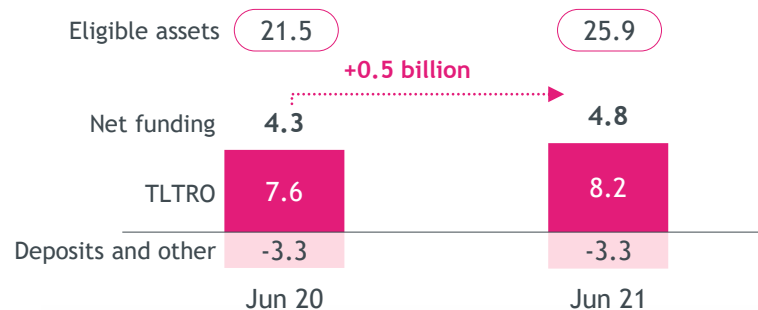
# Reinforced liquidity position

## Liquidity ratios (CRD/CRR)

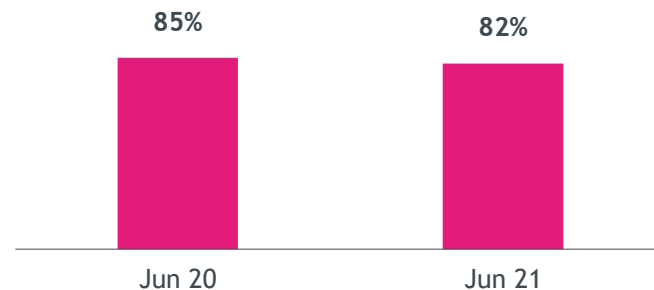


## ECB funding, net

(Billion euros)



## Net loans to deposits ratio





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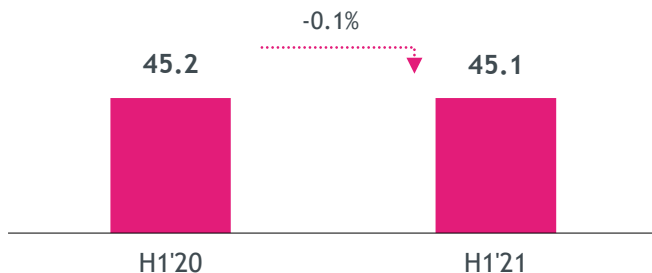
Portugal

# Resilient profitability in Portugal



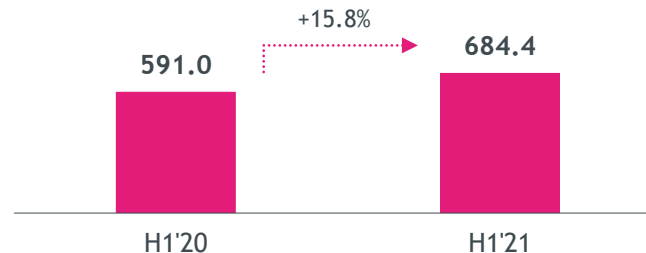
## Net income

(Million euros)



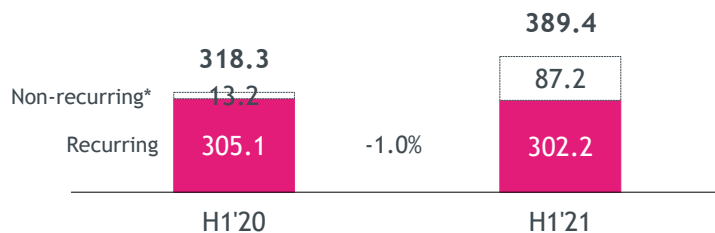
## Net operating revenue

(Million euros)



## Operating costs

(Million euros)



- Net income of 45.1 million in the 1<sup>st</sup> half of 2021
- Net income impacted by stronger core income and by restructuring costs

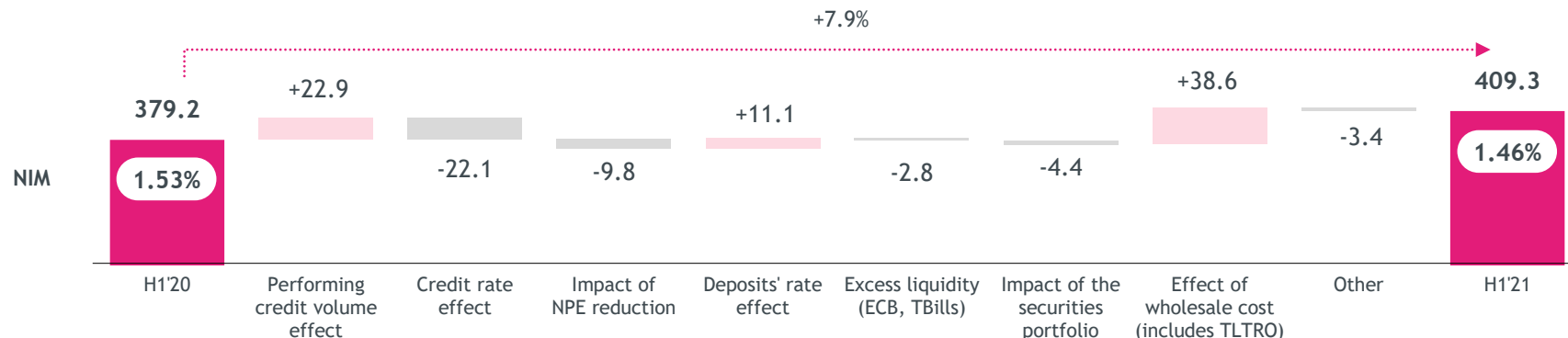
\*H1'20: compensation of 5.8 million for temporary salary cuts and restructuring costs of 7.4 million; H1'21: restructuring costs.



# Net interest income



(Million euros)



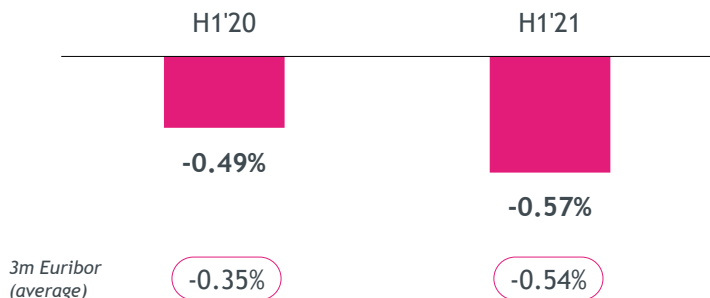
Net interest income stood at 409.3 million in the first half of 2021, up 7.9% from 379.2 million in the same period of 2020. The positive impacts of the lower wholesale funding cost, influenced by the TLTRO impact, and of the continued decline in the remuneration of time deposits, have more than compensated for the negative impact of the loan portfolio, with the favourable effect of a growing performing portfolio being more than offset by lower yields and by the reduction of NPEs.

# Continued reduction of the cost of deposits



## ☰ Spread on the book of term deposits

(vs 3m Euribor)

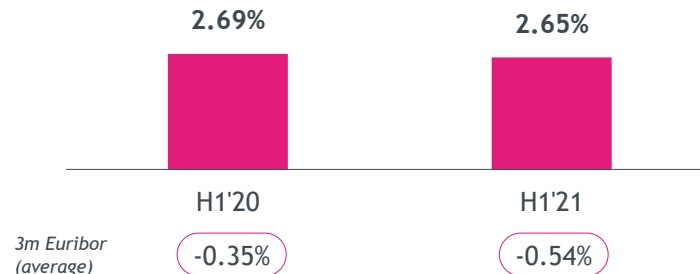


## ☰ NIM



## ☰ Spread on the performing loan book

(vs 3m Euribor)



- Spread of the portfolio of term deposits of -0.57% in the 1<sup>st</sup> half of 2021 (-0.49% in the same period of 2020); Customer rate down to 0.03% in the 1<sup>st</sup> half of 2021 from 0.13% in the same period of 2020
- Spread on the performing loan portfolio stood at 2.65% in the 1<sup>st</sup> half of 2021, compared to 2.69% in the same period of 2020
- NIM stood at 1.46%

# Commissions and other income



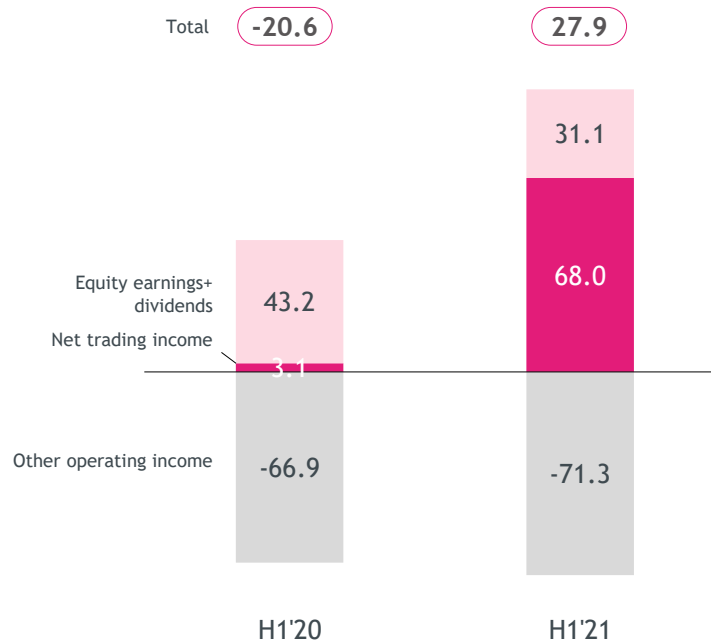
## Fees and commissions

(Million euros)

	H1'20	H1'21	YoY
<b>Banking fees and commissions</b>	<b>199.5</b>	<b>208.9</b>	<b>+4.7%</b>
Cards and transfers	46.6	50.8	+9.0%
Loans and guarantees	51.5	52.6	+2.1%
Bancassurance	42.1	42.7	+1.5%
Customer account related	55.5	58.9	+6.1%
Other fees and commissions	3.8	3.9	+2.8%
<b>Market related fees and commissions</b>	<b>32.9</b>	<b>38.3</b>	<b>+16.6%</b>
Securities operations	24.9	26.2	+5.3%
Asset management	8.0	12.2	+51.7%
<b>Total fees and commissions</b>	<b>232.4</b>	<b>247.3</b>	<b>+6.4%</b>

## Other income

(Million euros)

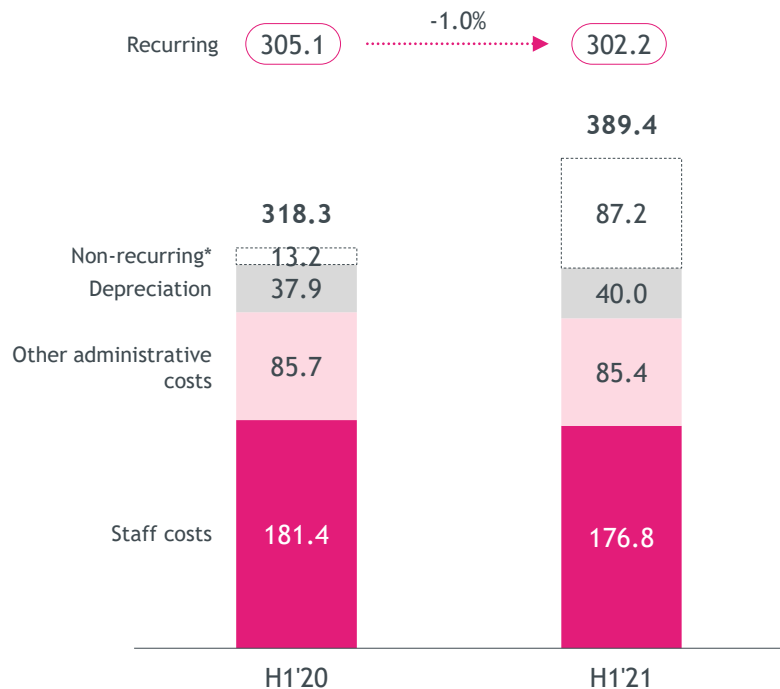


H1'20: other operating income includes 6.7 million losses, net of intermediation fees, on the sale of real-estate and other assets; H1'21: other operating income includes 0.7 million gains, net of intermediation fees, on the sale of real estate and other assets.



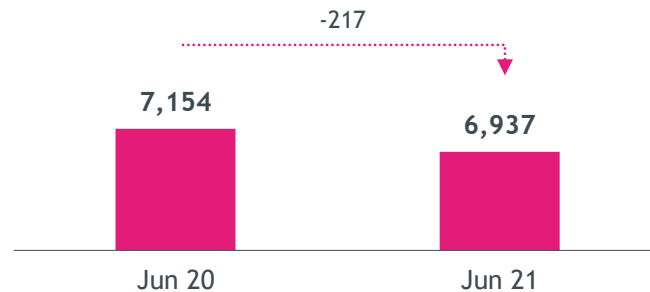
## Operating costs

(Million euros)

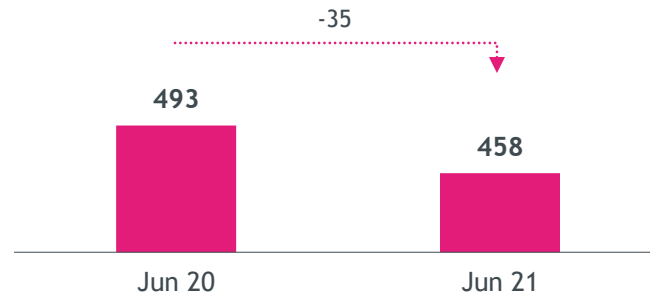


H1'20: compensation of 5.8 million for temporary salary cuts and restructuring costs of 7.4 million; H1'21: restructuring costs.

## Employees



## Branches

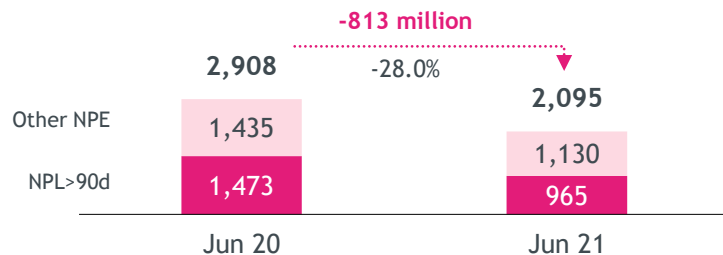


# Continued decrease of NPEs



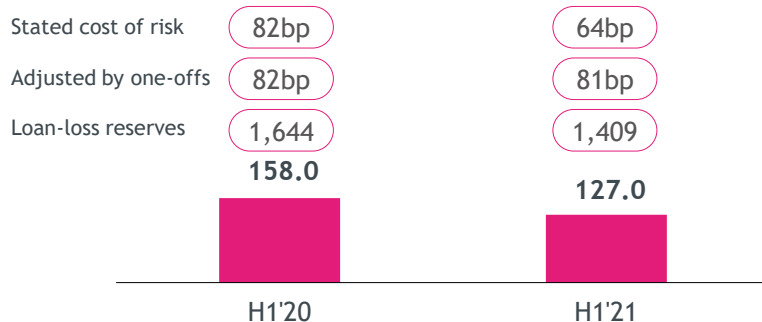
## Non-performing exposures (NPE)

(Million euros)



## Loan impairment (net of recoveries)

(Million euros)



NPE include loans to Customers only.

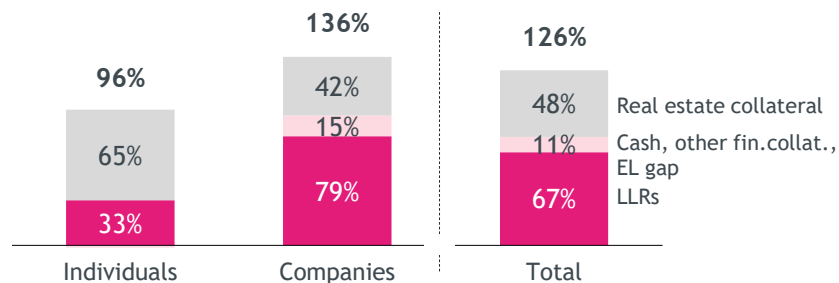
## NPE build-up

(Million euros)	Jun 21 vs. Jun 20	Jun 21 vs. Dec 20
Opening balance	2,908	2,363
Net outflows/inflows	-82	-2
Write-offs	-102	-54
Sales	-630	-212
<b>Ending balance</b>	<b>2,095</b>	<b>2,095</b>

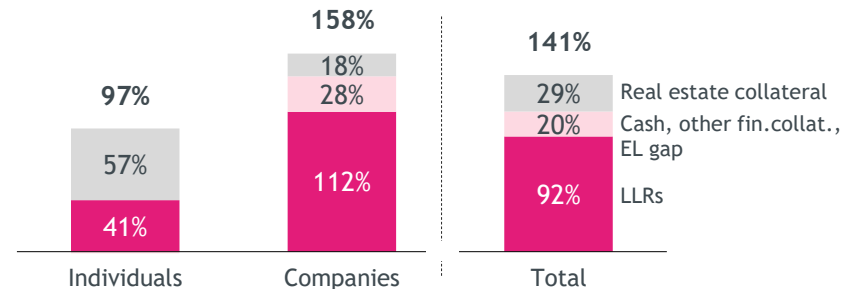
- NPEs in Portugal total 2.1 billion at end-June 2021, 0.8 billion down from June 2020 and 0.3 billion down from end-2020
- The decrease from June 2020 results from net outflows of 0.1 billion, write-offs of 0.1 billion and sales of 0.6 billion
- The decrease of NPEs from June 2020 is attributable to a 0.5 billion reduction of NPL>90d and to a 0.3 billion decrease of other NPEs
- Cost of risk of 64bp in the 1<sup>st</sup> half of 2021 (82bp in the 1<sup>st</sup> half of 2020), with a reinforcement of NPE coverage by loan-loss reserves to 67% from 57%, respectively



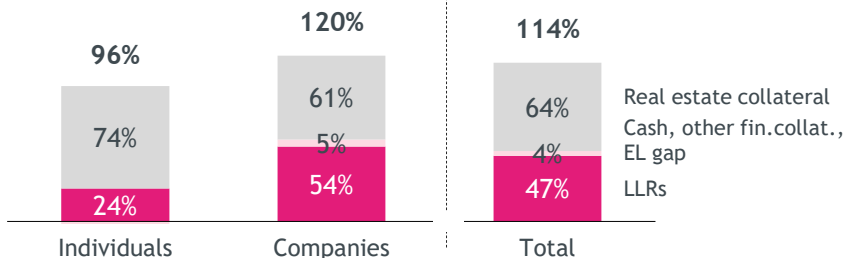
## NPE total coverage\*



## NPL>90d total coverage\*



## Other NPE total coverage\*



- Total coverage\*>100% for both NPE categories (NPL>90d and other NPE)
- Coverage by loan-loss reserves is stronger in loans to companies, where real-estate collateral, usually more liquid and with a more predictable market value, accounts for a lower coverage than in loans to individuals: coverage by loan-losses was 79% for companies NPE as of June 2021, reaching 112% for companies NPL>90d (94% and 140%, respectively, if cash, financial collateral and expected loss gap are included)

NPE include loans to Customers only.

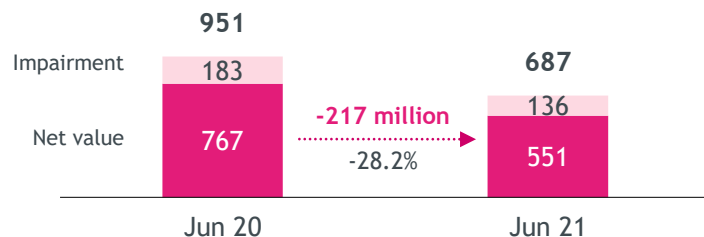
\*By loan-loss reserves, expected loss gap and collaterals.

# Foreclosed assets and corporate restructuring funds



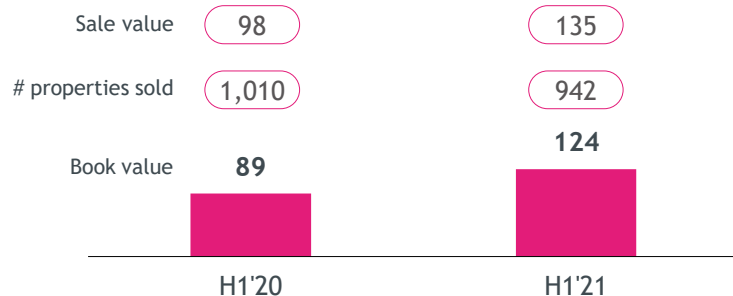
## Foreclosed assets

(Million euros)



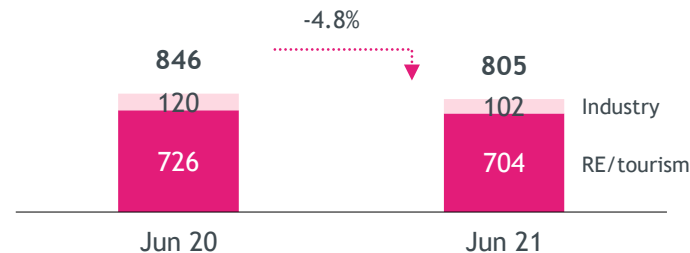
## Foreclosed assets

(Million euros)



## Corporate restructuring funds

(Million euros)



- Net foreclosed assets were down by 28.2% between June 2020 and June 2021. Valuation of foreclosed assets by independent providers exceeded book value by 31%
- 942 properties were sold during the 1<sup>st</sup> half of 2021 (1,010 properties in the 1<sup>st</sup> half of 2020), with sale values exceeding book values by 11 million
- Corporate restructuring funds decreased 4.8% to 805 million at end-June 2021. The original credit exposure on these funds totals 2,006 million, with total reserves (original credit, plus restructuring funds) corresponding to a 60% coverage

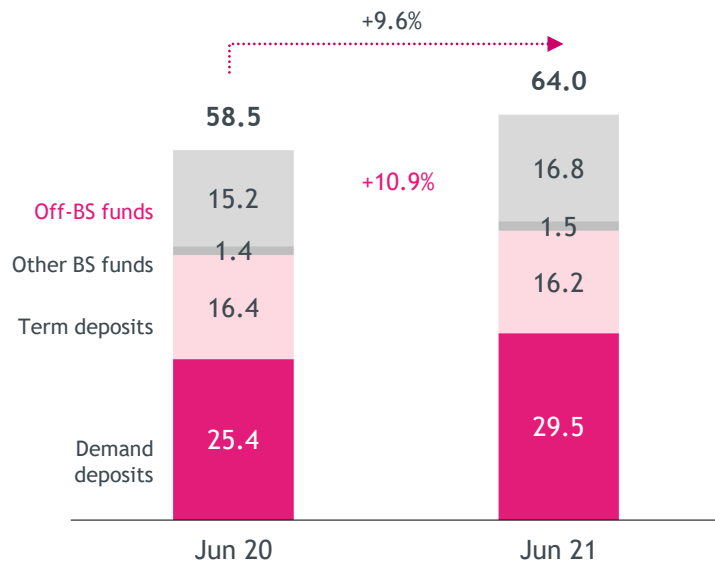


# Growing customer funds and loans to customers



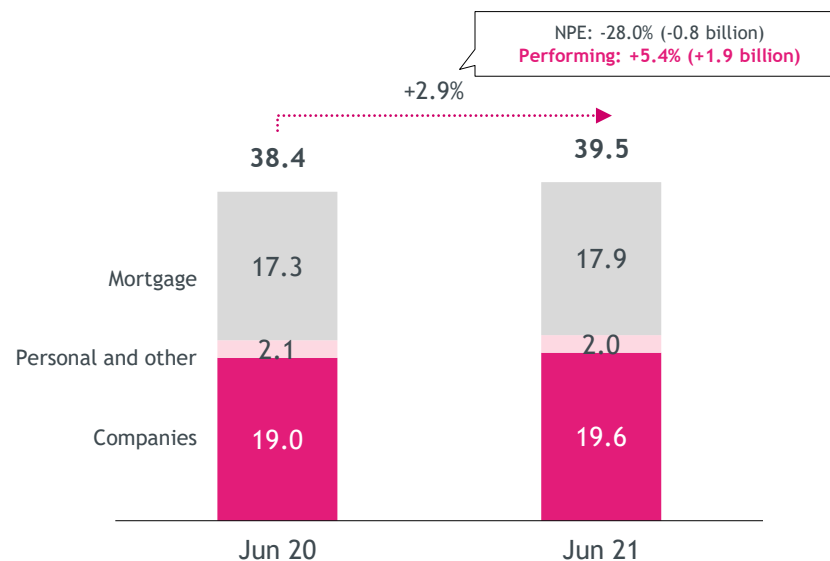
## ☰ Total Customers Funds\*

(Billion euros)



## ☰ Loans to Customers (gross)

(Billion euros)



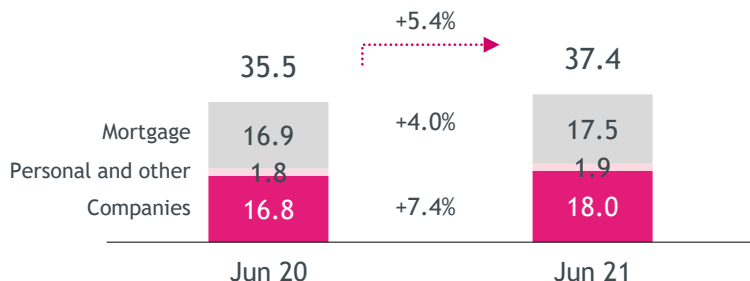
\*Deposits, debt securities, assets under management, assets placed with Customers and insurance products (savings and investments).

# Performing credit grows in Portugal



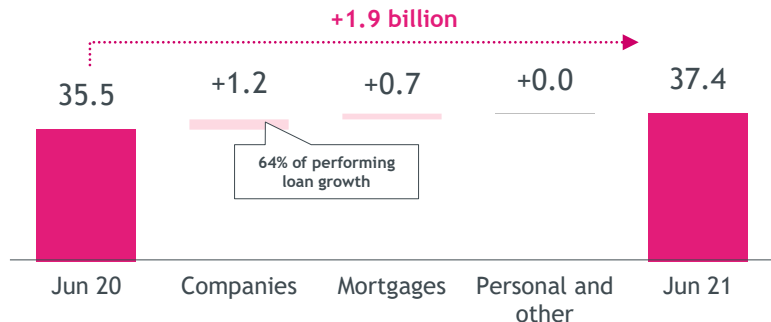
## Performing credit portfolio

(Billion euros)



## Breakdown of performing credit growth

(Billion euros)



- **Performing credit portfolio in Portugal up by 1.9 billion (+5.4%)** from June 2020
- **Strong support to companies**, which accounted for 64% of the total performing loan growth from June 2020
- ✓ Provision of **1.2 billion in European guarantees** to support small and medium-sized companies affected by the pandemic
- ✓ **Leading bank in State guarantees, with a 19% market share** (up to May 2021)
- ✓ **Leading bank in Factoring and Confirming:** factoring invoicing of 3.8 billion in the 1<sup>st</sup> half of 2021 and **market share of 25%\***
- ✓ **Leading bank in Leasing:** 240 million new leasing business in the 1<sup>st</sup> half of 2021 and **market share of 22%\***

\*Data as of December 2020.

# Supporting companies and families to tackle the challenges of the pandemic

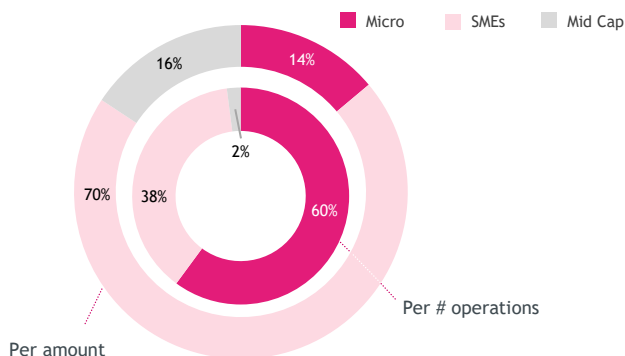


## Covid-19 credit lines

(Amount in million euros)

	# operations	Amount
Disbursed	19,268	2,642

### Breakdown per company size

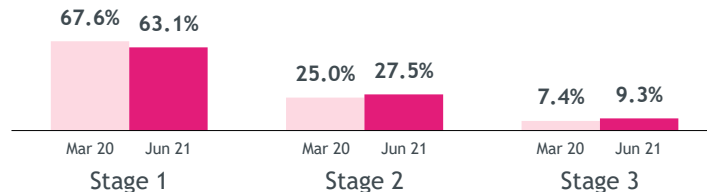


- At the forefront in supporting the economy: **the bank increased its presence, siding with companies**
- Leadership in Covid-19 credit lines**
- Extension of capital grace periods for State-guaranteed credit lines**, supporting companies' treasury

## Moratoriums

(Million euros)

Outstanding moratoriums	Reduction*	
	Amount	%
Families	3,269	-1,246 -28%
Companies	4,067	-1,111 -21%
<b>TOTAL</b>	<b>7,336</b>	<b>-2,357 -24%</b>



- 91%** of outstanding moratoriums are **performing**
- Mortgages account for 98%** of the moratoriums granted to families
- 73%** of the loans with outstanding moratoriums are covered by mortgages (48% by residential mortgages and 25% by commercial mortgages)
- Moratoriums expired from March 2021 **with no significant impact on stage 3 and stage 2**

\* Includes cancelled, reimbursed and expired moratoriums.



04

**International operations**

# Contribution from international operations to consolidated net income

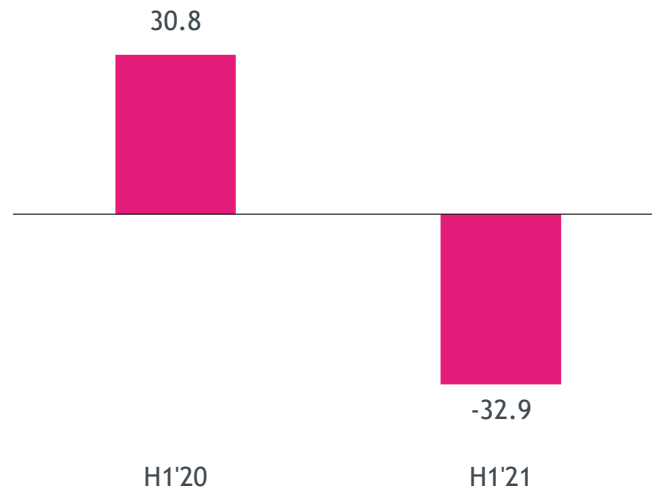
(Million euros\*)

	H1'20	H1'21
Poland	15.8	-112.7
Mozambique	38.5	37.9
Contribution of the Angolan operation**	-7.8	-4.9
Other	4.6	3.3
<b>Net income international operations</b>	<b>51.0</b>	<b>-76.5</b>
Non-controlling int. (Poland+Mozambique)	-20.7	43.6
Exchange rate effect	0.4	--
<b>Contribution from international op. (2)</b>	<b>30.8</b>	<b>-32.9</b>



## Contribution from international operations

(Million euros\*)



\*Subsidiaries' net income presented for 2020 at the same exchange rate as of 2021 for comparison purposes.

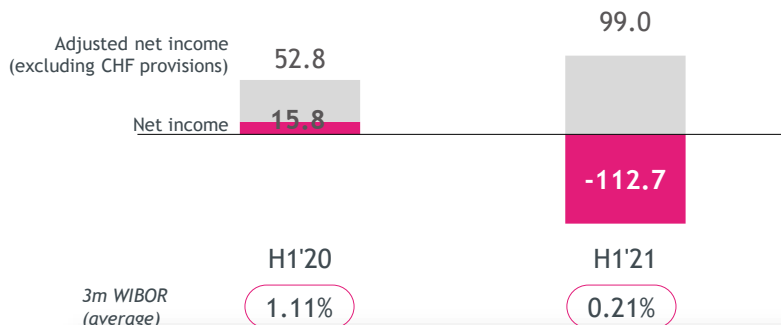
\*\*Based on the latest available information (May 2021).

# Net earnings affected by provisions for legal risk on CHF loans



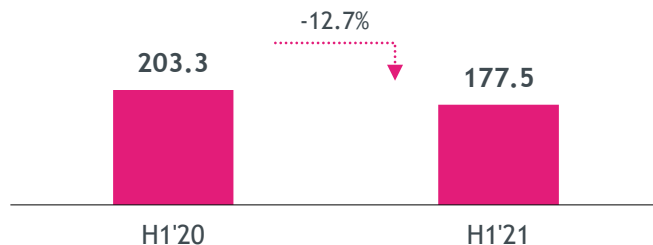
## Net income

(Million euros\*)



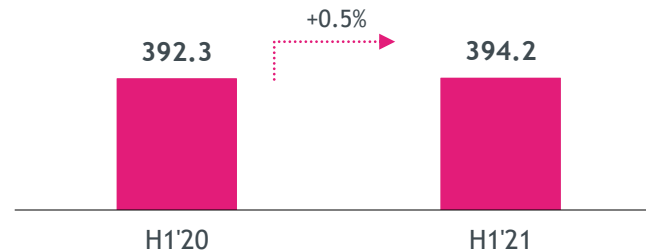
## Operating costs

(Million euros\*)



## Net operating revenue

(Million euros\*)



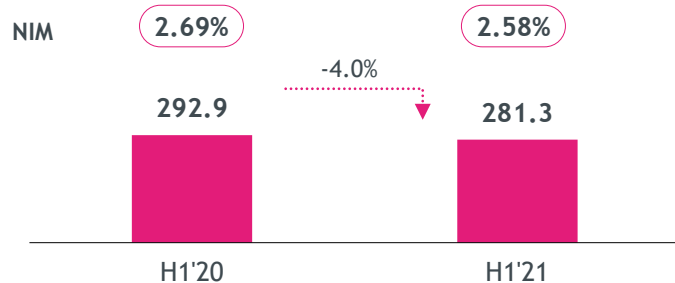
- Adjusted net income (excluding CHF provisions) up by 87.4%, despite the 0.90pp decrease of the 3m WIBOR
- Net losses of 112.7 million, affected by 214.2 million\*\* provisions for legal risk on CHF loans
- Continued implementation of measures to rationalise the workforce and to optimise geographic presence: reduction of 993 employees and 90 branches
- Strong franchise, as demonstrated by the increase of Customers funds by 5.9% and of loans to Customers by 6.2%
- CET1 ratio of 15.6%, with total capital of 18.7%

# Significant reduction of operating costs



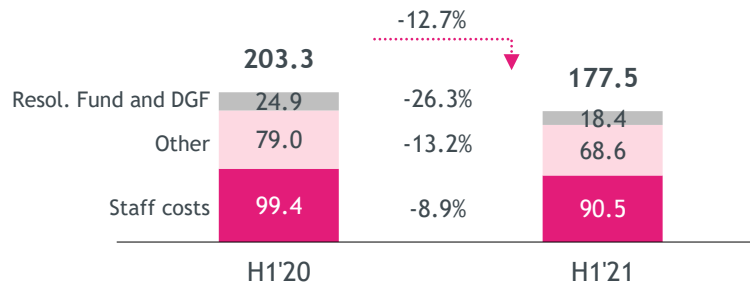
## Net interest income

(Million euros\*)



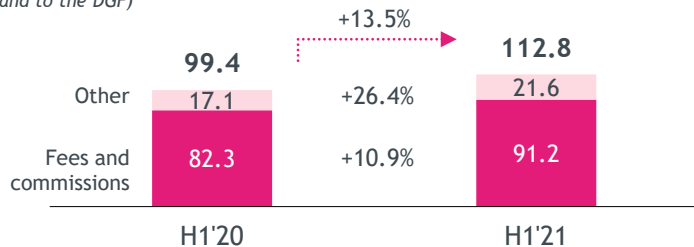
## Operating costs

(Million euros\*)



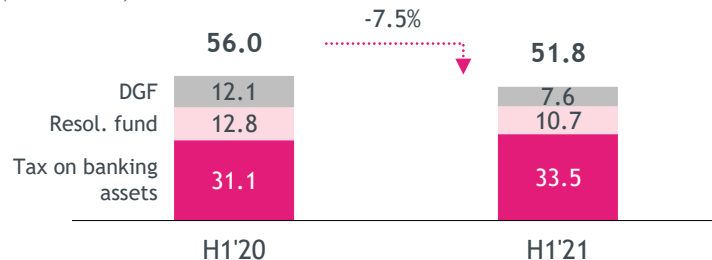
## Commissions and other income

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



## Mandatory contributions

(Million euros\*)



\*FX effect excluded. €/Zloty constant at June 2021 levels: Income Statement 4.54; Balance Sheet 4.52.



## NPL>90d

(Million euros\*)

Credit ratio  
NPL>90d

2.9%

477.2

Jun 20

2.5%

429.3

Jun 21

## Loan impairment (net of recoveries)

(Million euros\*)

Cost of risk

98bp

78.9

H1'20

33bp

28.3

H1'21

## Loan-loss reserves

(Million euros\*)

Coverage ratio  
NPL>90d

102%

485.0

Jun 20

126%

542.3

Jun 21

- NPL>90d accounted for 2.5% of total credit as of June 2021 (2.9% as of June 2020)
- Coverage of NPL>90d by loan-loss reserves at 126% (102% as of June 2020)
- Cost of risk of 33bp, compared to 98bp in the first half of 2020, which included Covid-19 provisions

\*FX effect excluded. €/Zloty constant at June 2021 levels: Income Statement 4.54; Balance Sheet 4.52.

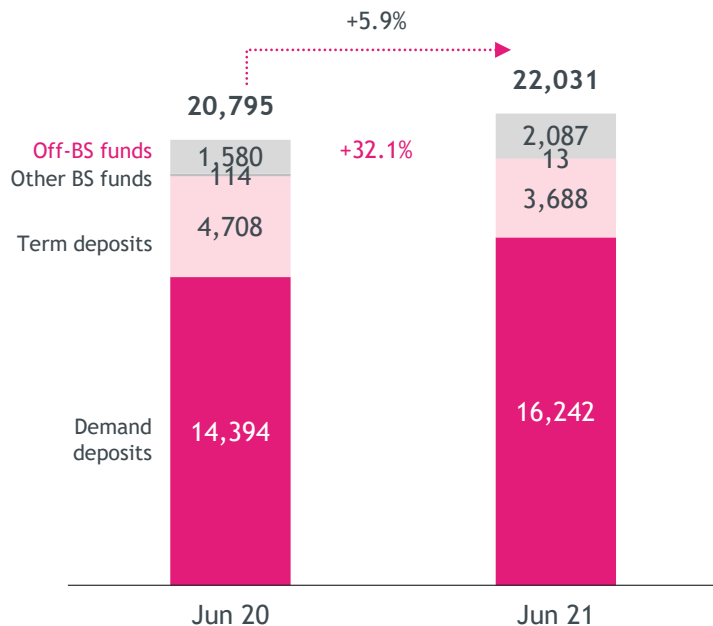


# Increased Customers funds and loans to Customers



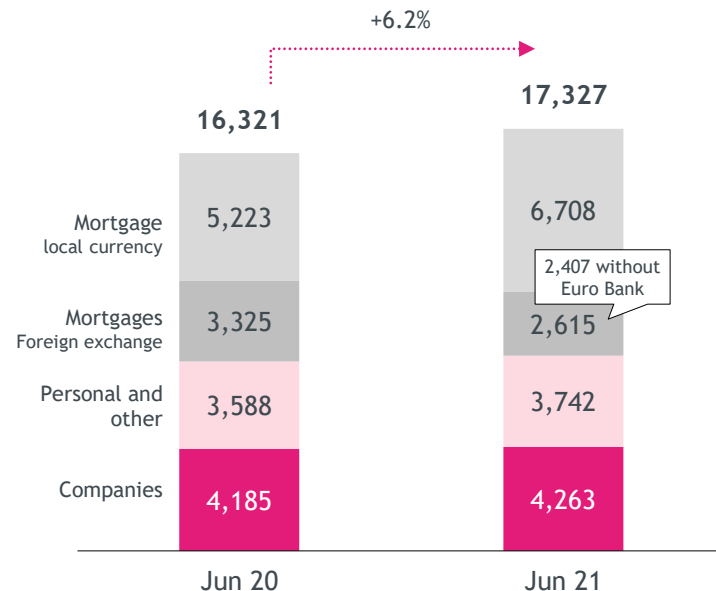
## Customers funds

(Million euros\*)



## Loans to Customers (gross)

(Million euros\*)

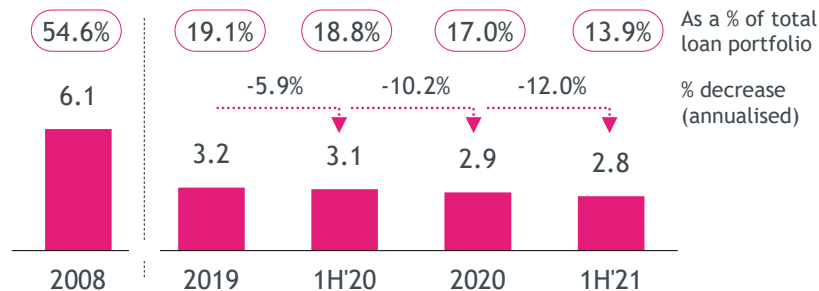


\*FX effect excluded. €/Zloty constant at June 2021 levels: Income Statement 4.54; Balance Sheet 4.52.



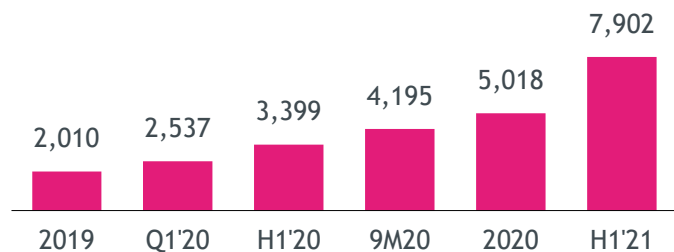
## CHF mortgage portfolio

(Billion euros\*)



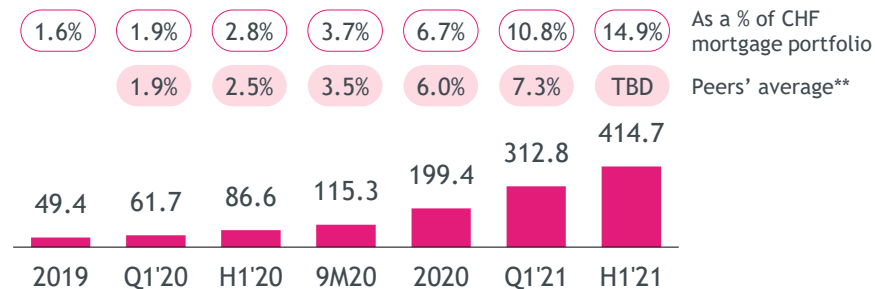
## Individual lawsuits

(Number of cases)



## Cumulative provisions for legal risks

(Million euros\*)



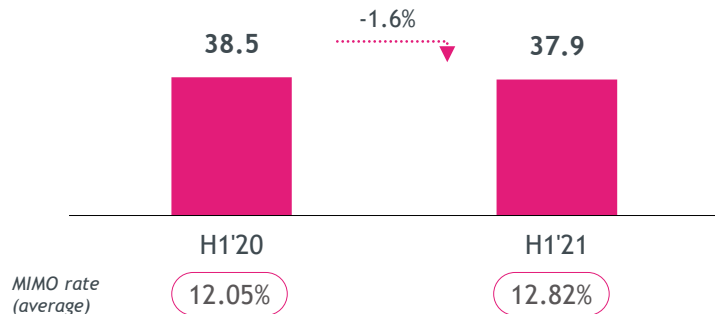
- Continuation of the reduction of the CHF mortgage portfolio, that stood at 2.8 billion as of June 2021 (13.9% of the loan portfolio). The annualised decrease stepped-up to 12.0% in the 1<sup>st</sup> half of 2021 from 10.2% in the 2<sup>nd</sup> half of 2020
- The cost of risk on the CHF mortgage portfolio is systematically below 15bp over the last years
- Following provision charges of 214.2 million in the 1<sup>st</sup> half of 2021, cumulative provisions for legal risks on the FX mortgage portfolio stood at 414.7 million. This is equivalent to 14.9% of the CHF portfolio, compared to 7.3% for the peers' average at March 2021
- 2,884 new individual lawsuits in the 1<sup>st</sup> half of 2021

# Net income reflects resilience in challenging environment



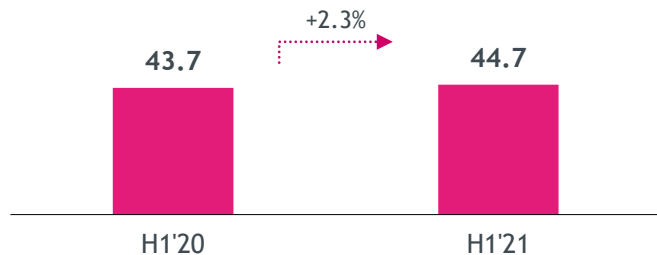
## Net income

(Million euros\*)



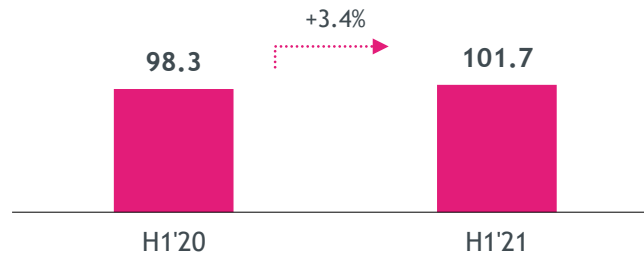
## Operating costs

(Million euros\*)



## Net operating revenue

(Million euros\*)



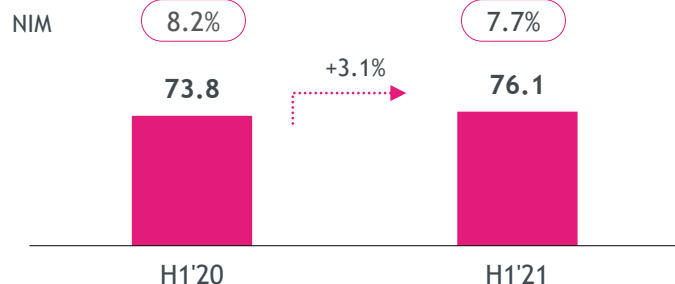
- Net income of 37.9 million in the 1<sup>st</sup> half of 2021
- Customer funds grew 10.3%; loans to Customers decreased by 4.9%
- Capital ratio of 44.0%

# Increased net interest income and commissions



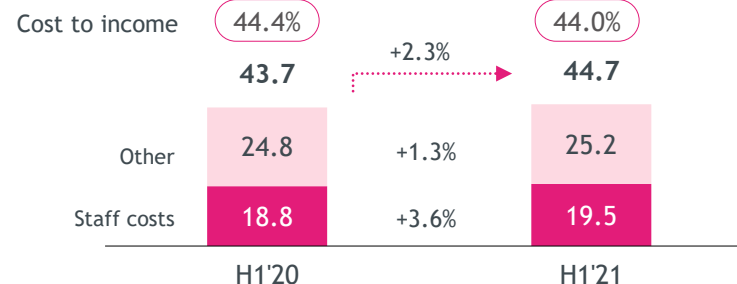
## Net interest income

(Million euros\*)



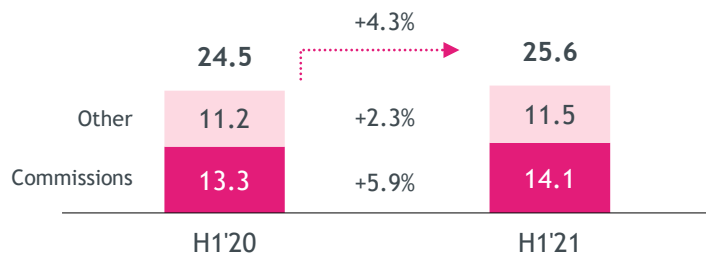
## Operating costs

(Million euros\*)

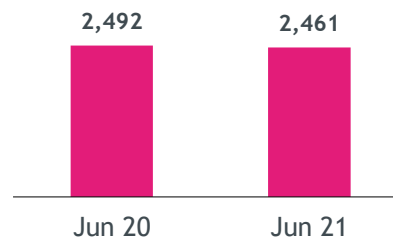


## Commissions and other income

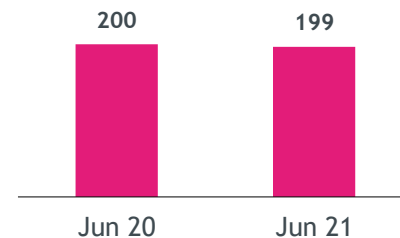
(Million euros\*)



## Employees\*\*



## Branches



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

## NPL>90d

(Million euros\*)

Credit ratio  
NPL>90d

20.7%

10.3%

144.8

68.4

Jun 20

Jun 21

## Loan-loss reserves

(Million euros\*)

Coverage ratio  
NPL>90d

67%

71%

96.8

48.2

Jun 20

Jun 21

## Loan impairment (net of recoveries)

(Million euros\*)

Cost of risk

190bp

104bp

6.2

3.2

H1'20

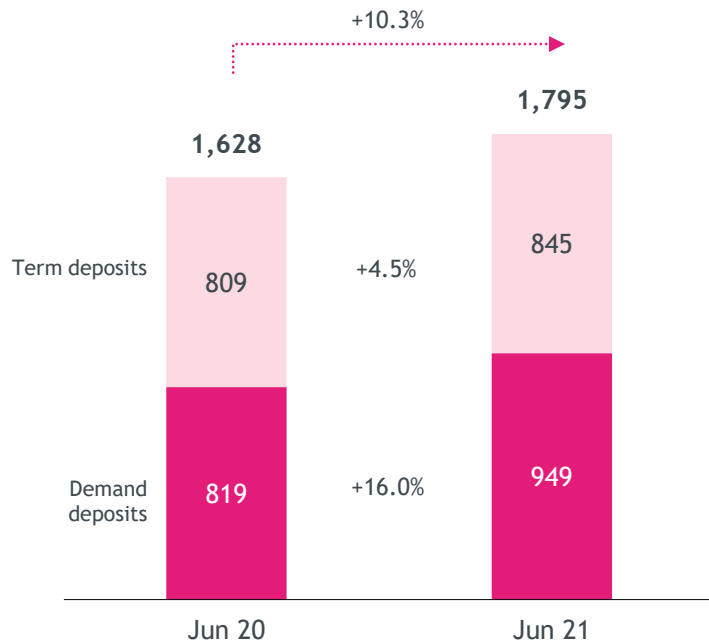
H1'21

- NPL>90d ratio of 10.3% as of June 2021, with coverage by loan-loss reserves of 71% on the same date
- Cost of risk of 104bp in the 1<sup>st</sup> half of 2021 (190bp in the same period of 2020)



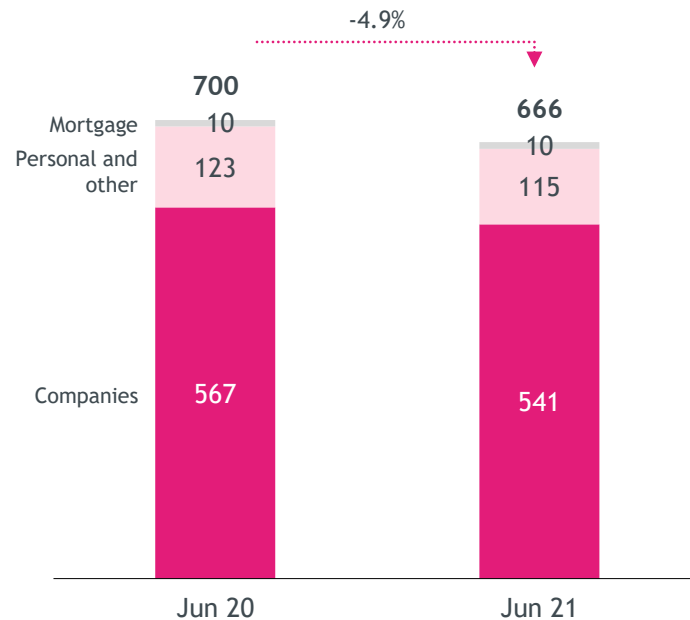
## Customers funds

(Million euros\*)



## Loans to Customers (gross)

(Million euros\*)



# COMMITMENT TO PEOPLE AND SOCIETY

## Millennium bcp Foundation



**Millennium bcp gallery:** Inauguration of the new Millennium bcp Gallery (June 21<sup>st</sup>), with the exhibition *The Path to Light Because it Passes through Light* (curated by João Biscainho) and the presence of the President of the Republic and of the Minister of Culture.



**Exhibition “Francis Smith. In search of lost time”** Francis Smith was the Portuguese artist with the greatest presence in the French cultural panorama of the first half of the 20<sup>th</sup> century. The exhibition opened on June 9 at the National Museum of Contemporary Art and is on display until October 3<sup>rd</sup>.



**National Museum of Archaeology:** Millenary looks exhibition - presents 270 pieces from national and international collections, showcasing the agro-pastoral communities of the 4<sup>th</sup> and 3<sup>rd</sup> millenniums BC in the Centre/South of the Iberian Peninsula.



**Ajuda National Palace**  
Recovery of the support area to the Royal Family Dining Room and of the Queen’s Kitchen for the musealization of the most representative collections of objects related to “table arts”, including ceramic, jewellery and textile items.

## Society



**#Todos Juntos** - Millennium bcp and 9 other banks in the Portuguese financial system joined ENTRAJUDA to support the most vulnerable families in the context of the pandemic crisis.



Millennium bcp once again supported the **Portugal Chama** national campaign, contributing to the prevention of forest fires and risky behaviour.



Back at the São Carlos Square, the **Millennium Festival ao Largo** once again offers the city of Lisbon democratic and inclusive access to selected classical music and dance performances.



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

## Sustainability



Approval of the **“Anti-Corruption and Anti-bribery corporate policy”**, underlining the commitment of Millennium bcp to principles of ethics, rigor, integrity and transparency.



Millennium bcp revised and updated its **corporate policies on “Environment”, “Social Impact”, “Human Rights” and “Sustainability”**, reinforcing the importance of ESG themes in the company’s culture.



Approval of the **“Principles of Responsible Financing - approach to excluded and constrained projects”**, whereby Millennium bcp identifies the sectors that it does not finance and those that are subject to due diligence.



Millennium bcp is now part of the **“Europe’s Climate Leaders 2021” ranking by Financial Times and Statista**, thus being among the European companies that have made the most progress in reducing GHG.

# Awards in 2021



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



**Millennium bcp:** Best bank for companies in Portugal and Best digital bank Portugal (Brand Score Q2’21)



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



**Millennium bcp:** Best FX Provider 2021 in Portugal



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



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



**Millennium bim:** The Innovators 2021 award, “outstanding innovations in payments” category for the Pay IZI solution



**Millennium bim:** Best FX Provider 2021 in Mozambique



**Millennium bim:** Best trade finance provider 2021 in Mozambique



**Bank Millennium:** Best Bank 2021 in Poland



**Bank Millennium:** Best FX Provider 2021 in Poland



**Millennium bank:** The Innovators 2021 award, “outstanding innovations in retail banking” category, for the Open Banking Services solution

**Forbes**

**Bank Millennium:** ranked 2<sup>nd</sup> in “Poland’s Best Employer”, banking and financial services category

**Forbes**

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



**Millennium bank:** CSR golden leaf award



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



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



**Bank Millennium:** Best performing Polish company in the SRP Europe awards



**Millennium bcp**  
Consumer Choice 2021, “Large banks” category



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



**Millennium bcp**  
Leader of the 1st edition of the “Inovadora COTEC” program



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



**ActivoBank**  
Consumer Choice 2021, “Digital banks” category





Millennium  
bcp

# Excelling 24 Strategic Plan

# Achievements of the 2018-2021 Strategic Plan

		H1'21		2018-2021 Strategic Plan's targets
	Franchise growth			
	Active Customers	6.0 million	✓	>6 million
	Digital Customers	67%	✓	>60%
	Value creation			
	Mobile Customers	53%	✓	>45%
	Cost to income	53% (45% excluding non-usual items)	👁️	≈40%
	RoE	0.4% (=4% excluding FX provisions)	👁️	≈10%
	CET1	11.6% (11.8% pro forma*)	📉	≈12%
	Loans-to-deposits	82%	✓	<100%
	Dividend payout	--	👁️	≈40%
	Asset quality			
	NPE stock	€3.0 billion	✓	≈€3 billion Down ≈60% from 2017
	Cost of risk	55 bp**	👁️	<50 bp

Although the achievement of some of the financial targets was hindered by exogenous factors (pandemic and FX risks), **the execution of the previous Strategic Plan delivered on core initiatives** and paved the way to position the bank for the future

# The banking sector in core geographies facing significant challenges

## Main challenges...

...faced by European banks...

...or specific to banks operating in Portugal (and Poland and Mozambique)

Unlevel competitive landscape in a lower margin environment



Lower for longer interest rates scenario, constraining profitability



Increasing threat of tech and digital new players

Changes in Customer behaviour



Customers increasingly mobile impatient and demanding personalization



Sustainability as a global imperative

Impact of Covid-19 pandemic



Economic turmoil leading to a sudden inflection of economic growth



Extraordinary reinforcement of impairments



higher level of mandatory contributions



Legislated restrictions on commissioning

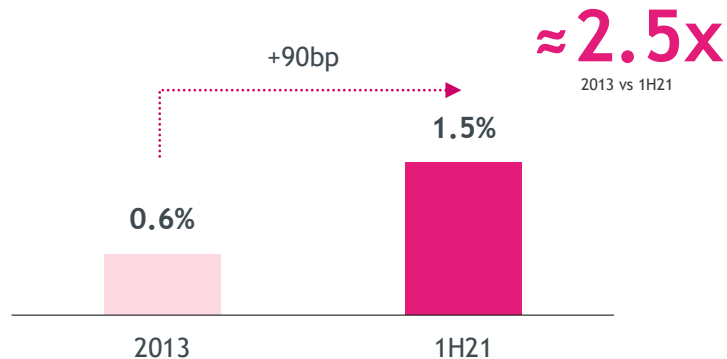


High provisioning levels related with Covid-19, legacy NPEs (and FX mortgage portfolio, in Poland)

# Expressive operational recovery

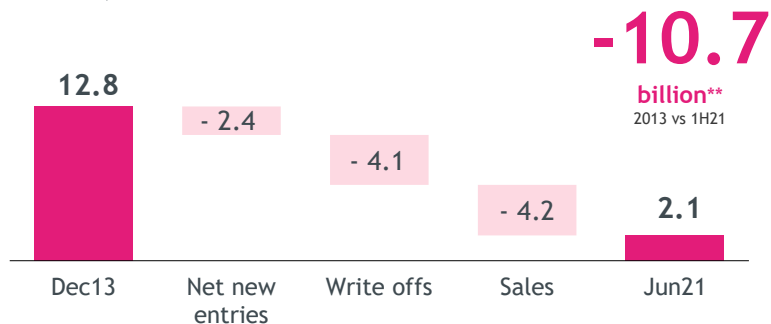


## Net Interest margin (NIM)



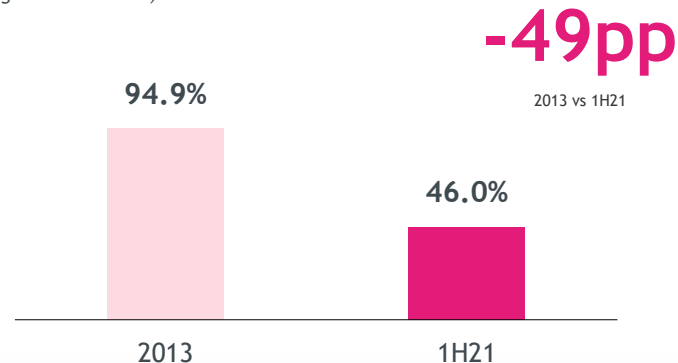
## NPEs evolution

(Billion euros)



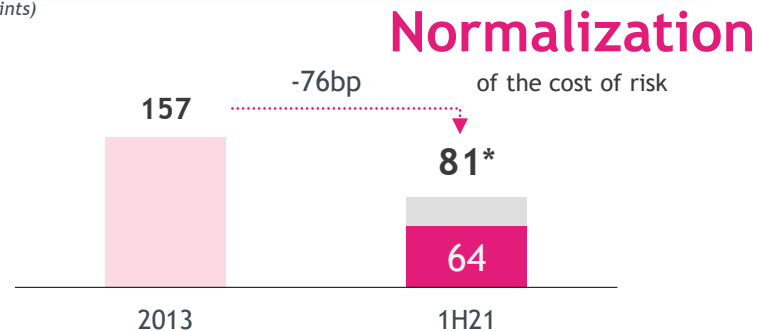
## Cost to core income

(Excluding non-usual items)



## Cost of risk

(Basis points)



\*Cost of risk adjusted by one-off reversals | \*\*Includes, on average, one organized sale per quarter, since 2016.

# Previous Strategic Plan 2018-2020 prepared Millennium for the future

## Business model's resilience and sustainability

≈ 1.2 Bn

Pre-provision profit in 2020  
(=0.5 Bn in H1'21)

≈ 46%\*

NPEs reduction  
(vs ≈33% target for 2021)

11.6%

CET1  
(11.8% pro forma)

## Franchise growth in adverse context\*

+1.1 Mn

Active Customers

+3.3 Bn

AuMs\*\*

+6.9 Bn

Loans to Customers (gross)

## Digital achievements

#1

Best digital Bank\*\*\*

53%

Mobile Customers  
(vs 45% target for 2021)

>80

Automated processes in Portugal

The successful execution of some key levers and priorities of the previous Strategic Plan was crucial in placing the Bank on a **solid normalization path** by **strengthening the pre-provision profit**, **significantly reducing legacy exposures** and contributing to an **acceleration of the digitization process**

# Millennium's aspiration for 2024

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*Achieve robust profitability and a strong balance sheet position, managing the impact of the pandemic...*



*... accelerating our competitive differentiation in efficiency and Customer engagement, supported by targeted human touch and mobile/digital solutions and business models, enabled by our highly skilled and effective talent base...*



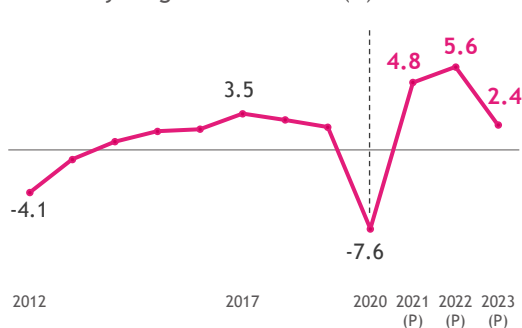
*... addressing societal sustainability challenges focusing on climate change risks and the associated unfolding opportunities*

**A future-proof relationship Bank**

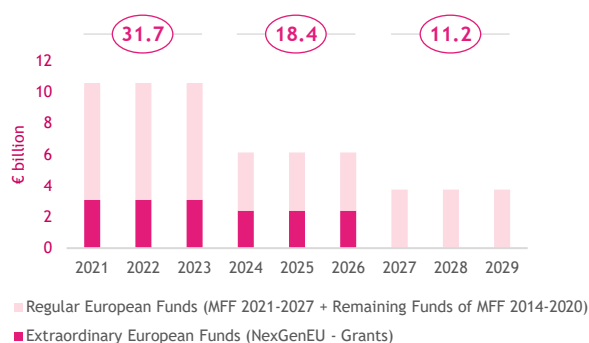
# Cyclic recovery and restructuring of the economy

## Macroeconomic perspectives

Year-on-year growth real GDP (%)



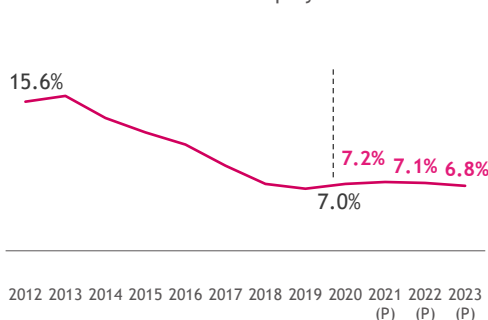
EU Funds 2021-2029\*



- Vigorous economic recovery after the pandemic shock, led by domestic demand
- The Recovery and Resilience Plan will be a cyclical expansion factor and a lever for restructuring the economy
- Total EU Funds to be received between 2021 and 2029 amount to 61.3 billion
- The low unemployment level allowed for social and economic preservation

The activity's recovery will be supported by the high levels of household savings, strong public and private investment and the progressive return of tourism to normality

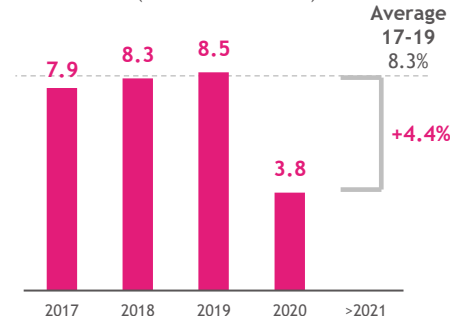
Rate of unemployment



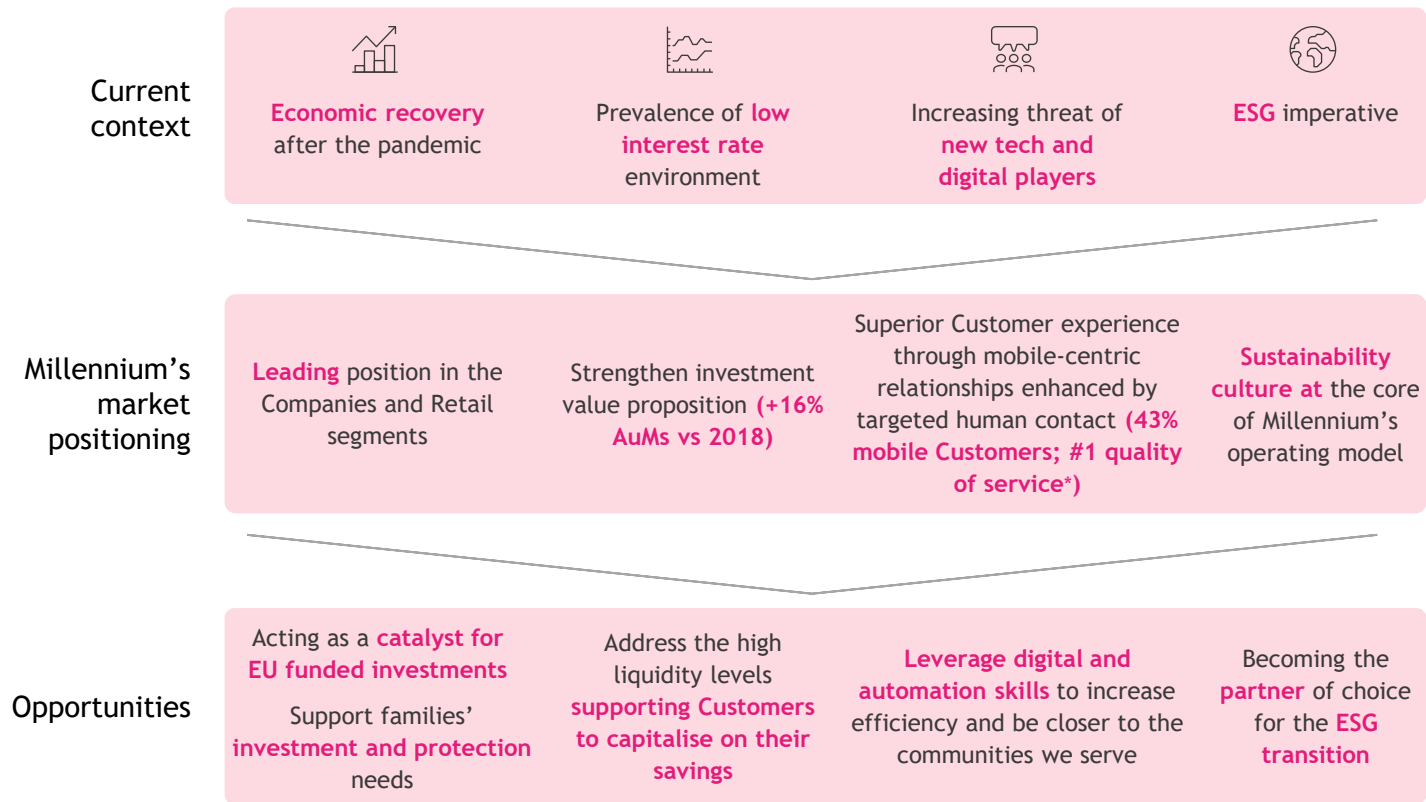
Savings\*\*  
(% of disposable income, mm4t)



Travel and tourism exports\*\*  
(% of nominal GDP)



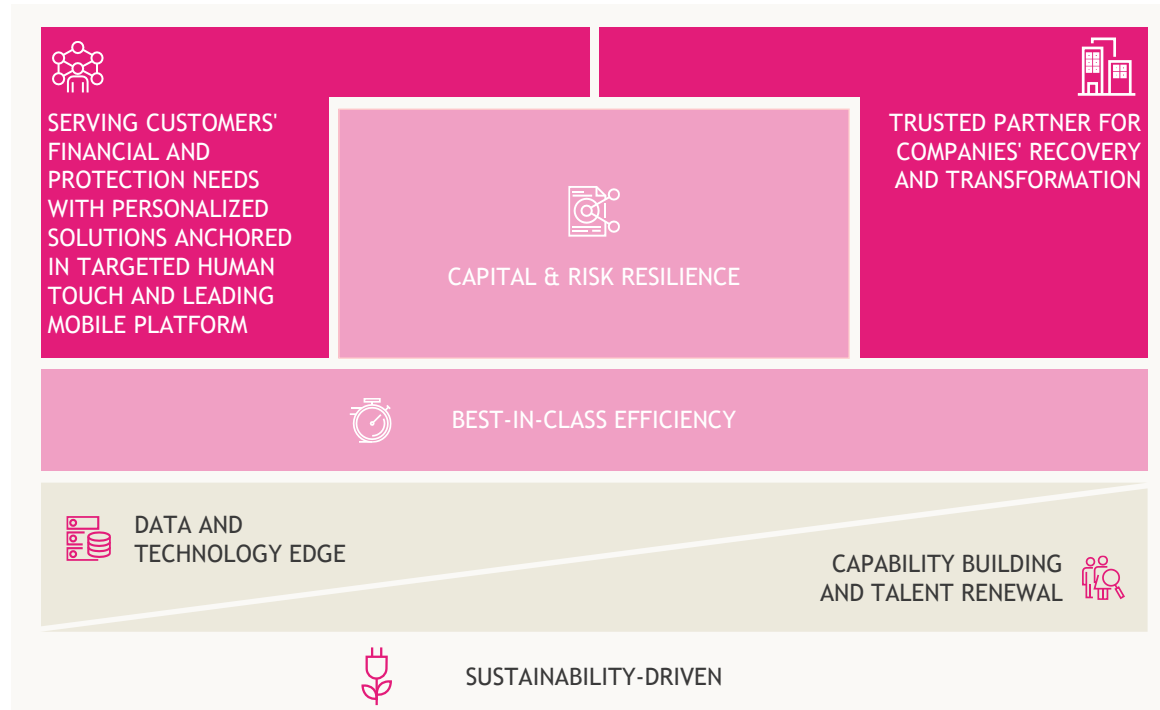
# Ability to adapt to new contexts



Millennium starts from a solid position to seize market opportunities through a **Portugal-focused strategic update** that preserves relevant priorities from the previous plan, while **adding fresh elements consistent with the new market environment**



# Strategic priorities for the new cycle 2021-24



Addressing Customers' expectations for digital, convenient, personalized, and high-quality services through data and technology, while incorporating Customers' insights and proximity to local communities strengthening differentiation versus tech attackers

# Serving Customers financial and protection needs with personalized solutions and leading mobile platform



Deepen Customer relationships by increasing engagement and positioning as primary bank. Put at Customers' the distinctive capabilities and quality of the Bank's offer in the areas of investment management, bancassurance and credit solutions

**>200 Mn**  
Banking income  
vs 2020



**Grow primary bank relationships** addressing Customers daily banking transactional services, while **increasing digital activation in High-value Customers**



Expand existing capabilities on **personal loans** and enhance **mortgage loans'** value proposition and digital journey



**Scale and strengthen investments and savings' value proposition**, enhancing advice-driven and self-assisted solutions, scaling digital adoption and combining digital and human-based channels



**Increase digital sales and enhance digital experience** while scaling Customers' remote management, reflecting changing Customer needs and behaviours

**≈ 150k**

New High-value  
Customers vs 2020

**≈ 3 Bn**

New loans\*  
vs 2020

**≈ 3 Bn**

AuMs\*\*  
vs 2020

**#1**

Position in  
digital NPS



\*Approximately 25% of personal loans | \*\*Off-balance sheet and other non-deposit resources from Customers | Non-exhaustive description of initiatives.

# Trusted partner for Companies recovery and transformation



Support Companies pursuit of opportunities driven by EU funding to the economy (PRR and PT 2030), while enabling solutions fit for a more **digitized, competitive and export-oriented corporate landscape**

**>100 Mn**  
Banking income  
vs 2020



Provide bridge financing and complementing with **lending EU-backed projects**. A new generation of innovative credit processes will support the servicing of these financing needs



**Active promotion of tailored solutions** that facilitate access to EU funding opportunities, developing a dedicated platform



Supporting Companies short-term credit, while **facilitating access to state-guaranteed credit lines** and **launching innovative working capital finance solutions**



**Reinforcing digital capabilities** on daily banking needs, such as offer integrated platforms, innovative digital payment solutions and deployment of a new Business and Corporate website



**Capture opportunities in investment banking** arising from an anticipated wave of corporate restructuring, while **leveraging on the consolidated expertise on energy transition**

**≈3 Bn**

New loans to  
Companies vs 2020

**>75%**

Digital Customers



# Capital and Risk resilience



Strengthen both risk and capital management practices to promote the reinforcement of the balance sheet and ensure readiness for the post-pandemic scenario

≈ 4%  
NPE ratio



**Discipline in capital allocation**, at the Group level



**Implementation and monitoring of a mitigation plan for pandemic-related distressed exposures**, to ensure inflow mitigation, with a major focus on the corporate segment



**Continuation of the NPEs legacy portfolio reduction** (strong track record with substantial NPEs reduction over the last 7 and a half years, amounting to 10.7 billion)



**Redesign core risk processes through technology**, data analytics and organizational improvement

>12.5%  
CET1 ratio\*

≈ 1.8 Bn  
NPEs  
(-25% vs 2020)



# Best-in-class efficiency



Boosting the use of technology in process reengineering and investment in mobile and automation to improve efficiency both at the network level and at business support areas

≈ 35 Mn  
Annual recurring  
costs savings



Advance on the **simplification and automation** front, by reengineering and automating processes, **focusing employees on high-value added tasks**

≈ 30%

Reduction in  
manual servicing



**Structure optimization by simplifying the organization** and further centralising activities

>60%

Automated processes in  
operations



**Distribution redesign by optimizing the network configuration**, formats and rightsizing the branch network



**Considering outsourcing commoditised support functions** to ensure focus on core banking activities



**Rebalance capacity by monitoring demand fluctuations**, to better match resources to Customer needs

70%

Automated cash  
deposits for Companies





# Data and technology edge



Implementation of a next generation data platform while scaling advanced analytics models to gain differentiating mass personalization capabilities, intelligent automation and agile business management of processes. **Expand the deployment of new technology foundations:** cloud platform, modular IT components and new cybersecurity solutions



**Data architecture readiness, continuing to scale out real-time analytical data services and building a new generation cloud based Datawarehouse**, prioritizing regulatory domains to gain new levels of data-driven speed and agility. Growing advanced analytics and AI platform usage (e.g., smart pricing, personalization engine and credit risk decision)



**Touchpoint platform to expand and deliver mass personalization**, while allowing multi-channel Customer journeys orchestration capability to drive truly relevant and **increasingly customised experiences at Individual Customer level**



Accelerate cloud transition **increasing automation, scalability and velocity in provisioning and operations**, while also enabling cost rationalization



**Cybersecurity resilience with continued and focused investment to stay ahead**, while increasingly positioning cybersecurity as a driver for innovation and growth



New generation credit platform aiming at **leading levels in credit approval automation, greater efficiency in managing Customer and internal journeys**



# Capability building and talent renewal



Reinforce Millennium's ability to develop, attract and retain the best talent to embrace **modern challenges** and adapt working practices to reflect the new paradigm while promoting a meritocracy and an equal-opportunity environment



**Acquire new capabilities in Digital, technology and analytics** and strengthen other key areas, such as risk and audit



**Provide existing employees with new capabilities to facilitate their readiness for the challenges of the future**, with major focus on digital and leadership skills



Enhance the career management model to provide attractive growth opportunities, while exploring the **transition to an efficient post-pandemic hybrid operating model**



**Ensure gender parity through a balanced hiring pipeline** and consistent and comparable career progression opportunities

**≈ 30%**

Business support employees in partial remote work  
(>2 remote days per week)

**>40%**

Share of women in promotions for management positions



# Sustainability-driven



Adapt the business models and processes to meet the community's and Customers' expectations of sustainability, benefiting from associated business opportunities as well as addressing regulatory demands



**Innovate in green and social-label proprietary products for Individuals and Companies**, green business model to lead lending risk appetite and funding structure



**Explore partnerships to expand the ESG product offering** while being able to provide consultancy/advisory services to support Companies on their green transition



Increase origination of sustainability-linked bonds and **ESG bond issuance**



Establish a strong communication with both internal and external stakeholders, train employees and **tie incentives to ESG-aligned behaviours and results**

**>50%**

Reduction in exposure to Oil & Gas and Coal in European activities\*

**>50%**

Green project finance

**#1**

Green bond origination in Portugal

\*Excluding green transition projects' financing and short-term financing to day-to-day cash needs | Non-exhaustive description of initiatives.





# In summary: Portugal as a driver to overcome challenges



The main **strategic priorities** for Millennium, in Portugal, were defined **preserving a balance between continuity and bolder movements** that can bring competitive edge and innovation to Millennium's positioning

≈ 3 Bn

**Loans to Companies**  
vs 2020

- **Leading market share**
- Investment **tailwinds** driven by **EU funding** to the economy (PRR, PT 2030)
- **Digitised** and **export-oriented** corporate landscape

≈ 3 Bn

**AuMs\*** vs 2020

- Capture full potential in **investment management** and **bancassurance**
- **First bank relationships**, growing in high-value engaged Customers
- Developing **digital enablers**

≈ 3 Bn

**Loans to Individuals**  
vs 2020

- Continue growing in **mortgage lending** preserving market share
- Significant growth in **personal loans** post already implemented transformational steps to promote digital channels

≈ 300 Mn  
Additional  
banking income


≈ 35 Mn  
Annual recurring  
cost savings



-6 pp  
Cost to income



# Challenges and opportunities in international operations



Fast recovery of operating profitability to pre-pandemic levels, with double-digit RoE excluding FX provisions, supported by growth in core income and increased operating efficiency

**≈ 10%**  
RoE  
**40%-43%**  
Cost to income



Maintain a strong position in the new production of **mortgage loans**, with a double-digit market share, and protection of **personal loans'** market share




Value generation with selective increase in **loans to Companies**



Increase investments' market share to a level similar to the **average market share in Polish Retail**, increase operational efficiency and value extraction from higher digitalization in sales and operations processes



**Normalization of the Bank's risk profile**, with an important reduction in the contingency of the CHF mortgage portfolio



Improve service and answer to Customer needs, maintaining a strong commitment to profitability and efficiency, anchored in a very rigorous risk management

**≈ 18%**  
RoE  
**40%-43%**  
Cost to income



**Focus on digitalisation** and increasing the range of products and services offered



Continuing to adapt the business model to **better serve evolving Customer needs across different segments**



**Processes optimisation** and creation of a value proposal to attract and retain Customers of greater economic value

# Millennium targets for 2024

	2020	2024
C/I ratio	47%	≈40%
Cost of risk	91 bps	≈50 bps
RoE	3.1%	≈10%
CET1 ratio	12.2%	>12.5%
NPE ratio	5.9%	≈4%
Share of mobile Customers	48%	>65%
Growth of high engagement Customers* (vs 2020)	-	+12%
Average ESG rating**	75%	>80%

# Appendix



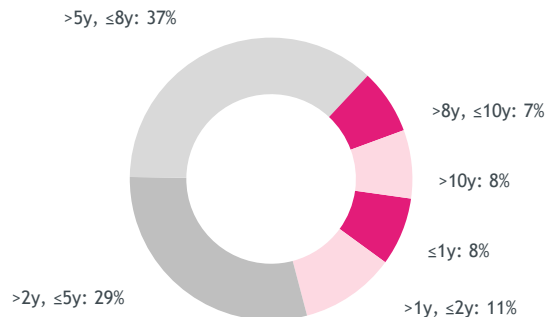
# Sovereign debt portfolio

## Sovereign debt portfolio

(Consolidated, million euros)

	Jun 20	Sep 20	Dec 20	Mar 21	Jun 21	YoY	QoQ
Portugal	8,253	8,057	7,742	8,420	9,152	+11%	+9%
T-bills and other	1,605	1,052	384	514	1,129	-30%	>100%
Bonds	6,648	7,004	7,358	7,906	8,023	+21%	+1%
Poland	5,869	5,463	4,066	4,303	4,235	-28%	-2%
Mozambique	280	302	350	431	462	+65%	+7%
Other	1,923	2,756	2,913	2,912	4,977	>100%	+71%
Total	16,325	16,578	15,072	16,066	18,827	+15%	+17%

## Sovereign debt maturity



- ✓ The sovereign debt portfolio totaled 18.1 billion, 15.3 billion of which maturing in more than 2 years
- ✓ The Portuguese sovereign debt portfolio totaled 9.2 billion, whereas the Polish and Mozambican portfolios amounted to 4.2 billion and to 0.5 billion, respectively; “other” includes sovereign debt from Spain (1.6 billion), Italy (1.1 billion), France (1.0 billion), Belgium (0.5 billion), Ireland (0.5 billion) and USA (0.2 billion)

# Sovereign debt portfolio

(Million euros)

	Portugal	Poland	Mozambique	Other	Total
Trading book	1.123	22	0	3	1.149
≤ 1 year	1.123	2			1.125
> 1 year and ≤ 2 years		4			4
> 2 years and ≤ 5 years		3			3
> 5 years and ≤ 8 years		12			12
> 8 years and ≤ 10 years		1			1
> 10 years		1		3	4
Banking book*	8.029	4.213	462	4.974	17.678
≤ 1 year	31	188	113	14	345
> 1 year and ≤ 2 years	52	1.935	51	5	2.044
> 2 years and ≤ 5 years	1.937	1.789	201	1.589	5.516
> 5 years and ≤ 8 years	5.221	298	34	1.353	6.905
> 8 years and ≤ 10 years	568	2		828	1.398
> 10 years	220	1	64	1.185	1.470
Total	9.152	4.235	462	4.977	18.827
≤ 1 year	1.154	189	113	14	1.470
> 1 year and ≤ 2 years	52	1.939	51	5	2.047
> 2 years and ≤ 5 years	1.937	1.793	201	1.589	5.520
> 5 years and ≤ 8 years	5.221	310	34	1.353	6.918
> 8 years and ≤ 10 years	568	3		828	1.399
> 10 years	220	2	64	1.188	1.474

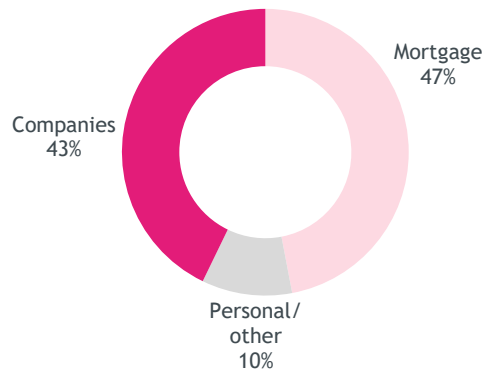
\*Includes financial assets at fair value through other comprehensive income (11,512 million) and financial assets at amortised cost (6,166 million).

# Diversified and collateralised portfolio

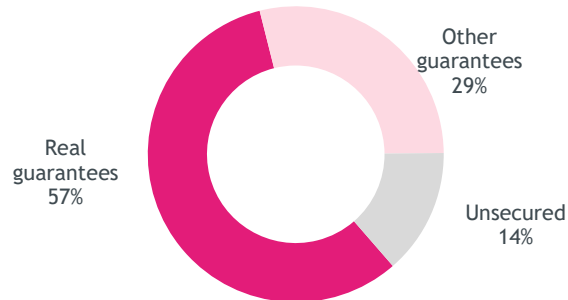
## Loan portfolio

(Consolidated)

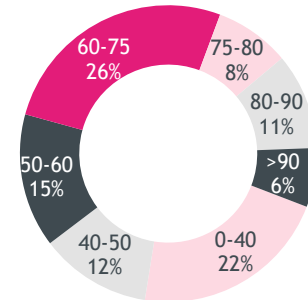
Breakdown



Loans per collateral



LTV of the mortgage portfolio in Portugal



### Loans

- Loans to companies accounted for 43% of the loan portfolio as of June 2021, including 6% to construction and real-estate sectors
- Mortgage accounted for 47% of the loan portfolio, with low delinquency levels and an average LTV of 60%
- 86% of the loan portfolio is collateralised

### Collaterals

- Real estate accounts for 93% of total collateral value
- 80% of the real estate collateral is residential

# Consolidated net income

(Million euros)	H1'20	H1'21	YoY	Impact on earnings
Net interest income	762.9	768.2	+0.7%	+5.3
Net fees and commissions	331.5	352.6	+6.4%	+21.1
Other income*	-41.0	1.8		+42.8
<b>Net operating revenue</b>	<b>1,053.4</b>	<b>1,122.6</b>	<b>+6.6%</b>	<b>+69.2</b>
Staff costs	-317.7	-374.2	+17.8%	-56.5
Other administrative costs and depreciation	-230.8	-217.5	-5.8%	+13.3
<b>Operating costs</b>	<b>-548.6</b>	<b>-591.8</b>	<b>+7.9%</b>	<b>-43.2</b>
<b>Profit before impairment and provisions</b>	<b>504.9</b>	<b>530.9</b>	<b>+5.1%</b>	<b>+26.0</b>
Loans impairment (net of recoveries)	-237.3	-156.9	-33.9%	+80.4
Other impairment and provisions	-114.0	-304.9	+167.4%	-190.9
<b>Impairment and provisions</b>	<b>-351.3</b>	<b>-461.9</b>	<b>+31.5%</b>	<b>-110.5</b>
<b>Net income before income tax</b>	<b>153.5</b>	<b>69.0</b>	<b>-55.1%</b>	<b>-84.5</b>
Income taxes	-58.3	-103.0	+76.7%	-44.7
Non-controlling interests	-22.8	43.0		+65.8
Net income from discontinued or to be discontinued operations	3.5	3.3	-7.7%	-0.3
<b>Net income</b>	<b>76.0</b>	<b>12.3</b>	<b>-83.9%</b>	<b>-63.7</b>

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



# Consolidated balance sheet

(Million euros)

	30 June 2021	30 June 2020 (restated)
<b>ASSETS</b>		
Cash and deposits at Central Banks	4,688.4	4,302.6
Loans and advances to credit institutions repayable on demand	256.4	350.2
Financial assets at amortised cost		
Loans and advances to credit institutions	671.3	1,086.0
Loans and advances to customers	53,994.8	51,210.5
Debt instruments	8,331.0	5,742.5
Financial assets at fair value through profit or loss		
Financial assets held for trading	1,704.5	2,335.7
Financial assets not held for trading mandatorily at fair value through profit or loss	1,290.1	1,305.4
Financial assets designated at fair value through profit or loss	-	-
Financial assets at fair value through other comprehensive income	13,882.9	13,285.4
Hedging derivatives	55.9	133.6
Investments in associated companies	436.3	429.6
Non-current assets held for sale	905.0	1,201.7
Investment property	6.7	13.2
Other tangible assets	620.8	671.5
Goodwill and intangible assets	242.7	238.1
Current tax assets	14.3	21.0
Deferred tax assets	2,663.7	2,662.0
Other assets	1,599.7	1,529.7
<b>TOTAL ASSETS</b>	<b>91,364.5</b>	<b>86,518.6</b>

	30 June 2021	30 June 2020 (restated)
<b>LIABILITIES</b>		
Financial liabilities at amortised cost		
Resources from credit institutions	9,056.1	9,055.2
Resources from customers	68,101.3	62,475.2
Non subordinated debt securities issued	1,751.9	1,475.8
Subordinated debt	1,199.7	1,440.4
Financial liabilities at fair value through profit or loss		
Financial liabilities held for trading	372.2	411.2
Financial liabilities at fair value through profit or loss	1,481.5	2,287.7
Hedging derivatives	173.7	265.4
Provisions	404.9	308.1
Current tax liabilities	6.6	5.7
Deferred tax liabilities	7.3	6.6
Other liabilities	1,423.1	1,337.7
<b>TOTAL LIABILITIES</b>	<b>83,978.2</b>	<b>79,068.9</b>
<b>EQUITY</b>		
Share capital	4,725.0	4,725.0
Share premium	16.5	16.5
Other equity instruments	400.0	400.0
Legal and statutory reserves	259.5	254.5
Treasury shares	-	(0.1)
Reserves and retained earnings	855.5	760.8
Net income for the period attributable to Bank's Shareholders	12.3	76.0
<b>TOTAL EQUITY ATTRIBUTABLE TO BANK'S SHAREHOLDERS</b>	<b>6,268.7</b>	<b>6,232.7</b>
Non-controlling interests	1,117.5	1,217.0
<b>TOTAL EQUITY</b>	<b>7,386.3</b>	<b>7,449.7</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>91,364.5</b>	<b>86,518.6</b>

# Consolidated income statement per quarter

(Million euros)

	2Q 20	3Q 20	4Q 20	1Q 21	2Q 21
<b>Net interest income</b>	<b>375.6</b>	<b>390.7</b>	<b>383.4</b>	<b>375.8</b>	<b>392.4</b>
Dividends from equity instruments	3.4	1.3	0.0	0.0	0.7
Net fees and commission income	158.9	166.7	177.7	171.1	181.5
Other operating income	-78.9	-24.1	-11.7	-23.3	-84.6
Net trading income	-25.5	63.5	46.1	41.5	38.2
Equity accounted earnings	32.1	11.3	13.5	15.4	13.9
<b>Banking income</b>	<b>465.6</b>	<b>609.3</b>	<b>609.0</b>	<b>580.4</b>	<b>542.2</b>
Staff costs	158.1	152.2	157.9	142.2	232.1
Income tax	77.5	78.3	89.6	76.8	72.4
Depreciation	34.1	33.7	33.6	34.0	34.3
<b>Operating costs</b>	<b>269.7</b>	<b>264.2</b>	<b>281.0</b>	<b>252.9</b>	<b>338.8</b>
<b>Profit bef. impairment and provisions</b>	<b>195.9</b>	<b>345.1</b>	<b>328.0</b>	<b>327.5</b>	<b>203.3</b>
Loans impairment (net of recoveries)	151.4	136.9	135.7	111.0	45.9
Other impairm. and provisions	-1.7	62.4	154.9	131.8	173.1
<b>Net income before income tax</b>	<b>46.2</b>	<b>145.8</b>	<b>37.3</b>	<b>84.7</b>	<b>-15.7</b>
Income tax	-7.0	63.4	13.8	57.3	45.6
Non-controlling interests	14.1	13.1	-10.6	-28.8	-14.2
<b>Net income (before disc. oper.)</b>	<b>39.1</b>	<b>69.4</b>	<b>34.1</b>	<b>56.1</b>	<b>-47.1</b>
Net income arising from discount. operations	1.6	1.0	2.6	1.7	1.6
<b>Net income</b>	<b>40.7</b>	<b>70.3</b>	<b>36.7</b>	<b>57.8</b>	<b>-45.5</b>

# Income statement

(Million euros)

For the 6-month periods ended June 30<sup>th</sup>, 2020 and 2021

	Group			Portugal			Total			Bank Millennium (Poland)			Millennium bim (Moz.)			Other int. operations		
	Jun 20	Jun 21	Δ %	Jun 20	Jun 21	Δ %	Jun 20	Jun 21	Δ %	Jun 20	Jun 21	Δ %	Jun 20	Jun 21	Δ %	Jun 20	Jun 21	Δ %
Interest income	965	826	-14.4%	451	427	-5.4%	514	399	-22.3%	399	295	-26.0%	114	103	-9.5%	2	2	-10.7%
Interest expense	202	58	-71.3%	72	18	-75.6%	130	40	-68.9%	98	14	-85.9%	32	27	-16.9%	0	0	>100%
<b>Net interest income</b>	<b>763</b>	<b>768</b>	<b>0.7%</b>	<b>379</b>	<b>409</b>	<b>7.9%</b>	<b>384</b>	<b>359</b>	<b>-6.5%</b>	<b>301</b>	<b>281</b>	<b>-6.4%</b>	<b>81</b>	<b>76</b>	<b>-6.6%</b>	<b>2</b>	<b>2</b>	<b>-10.7%</b>
Dividends from equity instruments	3	1	-79.7%	3	0	-95.9%	1	1	-19.4%	1	1	-19.4%	0	0	--	0	0	--
<b>Intermediation margin</b>	<b>766</b>	<b>769</b>	<b>0.3%</b>	<b>382</b>	<b>409</b>	<b>7.2%</b>	<b>384</b>	<b>360</b>	<b>-6.5%</b>	<b>301</b>	<b>282</b>	<b>-6.4%</b>	<b>81</b>	<b>76</b>	<b>-6.6%</b>	<b>2</b>	<b>2</b>	<b>-10.7%</b>
Net fees and commission income	331	353	6.4%	232	247	6.4%	99	105	6.3%	84	91	8.1%	15	14	-4.1%	0	0	48.3%
Other operating income	-119	-108	9.4%	-67	-71	-6.6%	-52	-37	29.8%	-58	-41	29.6%	6	5	-11.7%	0	-1	<-100%
<b>Basic income</b>	<b>979</b>	<b>1,014</b>	<b>3.6%</b>	<b>547</b>	<b>585</b>	<b>6.9%</b>	<b>431</b>	<b>428</b>	<b>-0.7%</b>	<b>327</b>	<b>332</b>	<b>1.4%</b>	<b>102</b>	<b>96</b>	<b>-6.5%</b>	<b>2</b>	<b>1</b>	<b>-69.8%</b>
Net trading income	32	80	>100%	3	68	>100%	29	12	-59.1%	22	6	-74.7%	6	6	-3.1%	0	0	<-100%
Equity accounted earnings	43	29	-31.7%	40	31	-23.3%	2	-2	<-100%	0	0	--	0	0	--	2	-2	<-100%
<b>Banking income</b>	<b>1,053</b>	<b>1,123</b>	<b>6.6%</b>	<b>591</b>	<b>684</b>	<b>15.8%</b>	<b>462</b>	<b>438</b>	<b>-5.2%</b>	<b>350</b>	<b>338</b>	<b>-3.4%</b>	<b>109</b>	<b>102</b>	<b>-6.3%</b>	<b>4</b>	<b>-1</b>	<b>&lt;-100%</b>
Staff costs	318	374	17.8%	195	264	35.6%	123	110	-10.4%	102	91	-11.2%	21	20	-6.1%	0	0	-11.0%
Other administrative costs	162	149	-8.1%	86	85	-0.4%	77	64	-16.7%	55	45	-19.4%	21	19	-9.6%	0	0	-18.8%
Depreciation	69	68	-0.3%	38	40	5.6%	31	28	-7.5%	24	22	-8.5%	6	6	-3.7%	0	0	-22.2%
<b>Operating costs</b>	<b>549</b>	<b>592</b>	<b>7.9%</b>	<b>318</b>	<b>389</b>	<b>22.3%</b>	<b>230</b>	<b>202</b>	<b>-12.1%</b>	<b>181</b>	<b>157</b>	<b>-13.3%</b>	<b>48</b>	<b>45</b>	<b>-7.3%</b>	<b>1</b>	<b>0</b>	<b>-14.9%</b>
<b>Profit bef. impairment and provisions</b>	<b>505</b>	<b>531</b>	<b>5.1%</b>	<b>273</b>	<b>295</b>	<b>8.2%</b>	<b>232</b>	<b>236</b>	<b>1.5%</b>	<b>168</b>	<b>181</b>	<b>7.3%</b>	<b>60</b>	<b>57</b>	<b>-5.5%</b>	<b>4</b>	<b>-2</b>	<b>&lt;-100%</b>
Loans impairment (net of recoveries)	237	157	-33.9%	158	127	-19.6%	79	30	-62.2%	72	27	-63.1%	7	3	-52.8%	0	0	100.0%
Other impairm. and provisions	114	305	>100%	47	69	47.2%	67	236	>100%	54	231	>100%	1	2	>100%	13	3	-75.0%
<b>Net income before income tax</b>	<b>154</b>	<b>69</b>	<b>-55.1%</b>	<b>68</b>	<b>99</b>	<b>46.2%</b>	<b>86</b>	<b>-30</b>	<b>&lt;-100%</b>	<b>42</b>	<b>-77</b>	<b>&lt;-100%</b>	<b>53</b>	<b>51</b>	<b>-2.6%</b>	<b>-9</b>	<b>-5</b>	<b>46.8%</b>
Income tax	58	103	76.7%	23	54	>100%	36	49	37.5%	26	36	38.9%	10	13	34.0%	0	0	-100.0%
Non-controlling interests	23	-43	<-100%	0	0	89.0%	23	-43	<-100%	0	0	--	0	0	-34.0%	22	-44	<-100%
<b>Net income (before disc. oper.)</b>	<b>72</b>	<b>9</b>	<b>-87.6%</b>	<b>45</b>	<b>45</b>	<b>-0.1%</b>	<b>27</b>	<b>-36</b>	<b>&lt;-100%</b>	<b>16</b>	<b>-113</b>	<b>&lt;-100%</b>	<b>42</b>	<b>38</b>	<b>-10.9%</b>	<b>-31</b>	<b>39</b>	<b>&gt;100%</b>
Net income arising from discount operations	4	3	-7.7%	0	0	--	4	3	-7.7%									
<b>Net income</b>	<b>76</b>	<b>12</b>	<b>-83.9%</b>	<b>45</b>	<b>45</b>	<b>-0.1%</b>	<b>31</b>	<b>-33</b>	<b>&lt;-100%</b>									

# Glossary (1/2)

**Assets placed with customers** - amounts held by customers in the context of the placement of third-party products that contribute to the recognition of commissions.

**Balance sheet customer funds** - deposits and other resources from customers and debt securities placed with customers.

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

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

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

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

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

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

**Cost to income** - operating costs divided by net operating revenues.

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

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

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

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

**Debt instruments** - non-subordinated debt instruments at amortized cost and financial liabilities measured at fair value through profit or loss (debt securities and certificates).

**Debt securities placed with customers** - debt securities issued by the Bank and placed with customers.

**Deposits and other resources from customers** - resources from customers at amortized cost and customer deposits at fair value through profit or loss.

**Dividends from equity instruments** - dividends received from investments classified as financial assets at fair value through other comprehensive income and from financial assets held for trading.

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

**Insurance products** - includes unit linked saving products and retirement saving plans (“PPR”, “PPE” and “PPR/E”).

**Loans impairment (balance sheet)** - balance sheet impairment related to loans to customers at amortized cost, balance sheet impairment associated with debt instruments at amortized cost related to credit operations and fair value adjustments related to loans to customers at fair value through profit or loss.

**Loans impairment (P&L)** - impairment (net of reversals and net of recoveries - principal and accrual) of financial assets at amortized cost for loans to customers and for debt instruments related to credit operations.

**Loans to customers (gross)** - loans to customers at amortized cost before impairment, debt instruments at amortized cost associated to credit operations before impairment and loans to customers at fair value through profit or loss before fair value adjustments.

**Loans to customers (net)** - loans to customers at amortized cost net of impairment, debt instruments at amortized cost associated to credit operations net of impairment and balance sheet amount of loans to customers at fair value through profit or loss.

**Loan to Deposits ratio (LTD)** - loans to customers (net) divided by deposits and other resources from customers.

**Loan to value ratio (LTV)** - mortgage amount divided by the appraised value of property.

**Net commissions** - net fees and commissions income.

**Net interest margin (NIM)** - net interest income for the period as a percentage of average interest earning assets.

**Net operating revenues** - net interest income, dividends from equity instruments, net commissions, net trading income, other net operating income and equity accounted earnings.

# Glossary (2/2)

**Net trading income** - results from financial operations at fair value through profit or loss, results from foreign exchange, results from hedge accounting operations, results from derecognition of financial assets and financial liabilities measured at amortized cost and results from derecognition of financial assets measured at fair value through other comprehensive income.

**Non-performing exposures (NPE)** - non-performing loans and advances to customers (loans to customers at amortized cost and loans to customers at fair value through profit or loss) more than 90 days past-due or unlikely to be paid without collateral realization, if they recognized as defaulted or impaired.

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

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

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

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

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

**Other net operating income** - 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 amortized cost, debt instruments at amortized cost associated to credit operations and loans to customers at fair value through profit or loss), including principal and interests.

**Overdue loans by more than 90 days** - total outstanding amount of past due loans to customers by more than 90 days (loans to customers at amortized cost, debt instruments at amortized cost associated to credit operations and loans to customers at fair value through profit or loss), including principal and interests.

**Resources from credit institutions** - resources and other financing from Central Banks and resources from other credit institutions.

**Return on average assets (Instruction from the Bank of Portugal no. 16/2004)** - net income (before tax) divided by the average total assets (weighted average of the average of monthly net assets in the period).

**Return on average assets (ROA)** - net income (before minority interests) divided by the average total assets (weighted average of the average of monthly net assets in the period).

**Return on equity (Instruction from the Bank of Portugal no. 16/2004)** - net income (before tax) divided by the average attributable equity + non-controlling interests (weighted average of the average of monthly equity in the period).

**Return on equity (ROE)** - net income (after minority interests) divided by the average attributable equity, deducted from preference shares and other capital instruments (weighted average of the average of monthly equity in the period).

**Securities portfolio** - debt instruments at amortized cost not associated with credit operations (net of impairment), financial assets at fair value through profit or loss (excluding the ones related to loans to customers and trading derivatives), financial assets at fair value through other comprehensive income and assets with repurchase agreement.

**Spread** - increase (in percentage points) to the index used by the Bank in loans granting or fund raising.

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

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



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