4 May 2015

Millennium bcp earnings release as at 31 March 2015

Profitability

Return to profits

- Return to profits.
- **Net profit at Euro 70.4 million** in the 1st quarter of 2015, compared with Euro 40.7 losses in the same period of 2014.
- **Core net income* up by 89%** to Euro 221.7 million in 1Q15 from Euro 117.4 million in 1Q14, reflecting **increased net interest income** (up 39% from 1Q2014, including an **81% increase in Portugal**) and **lower operating costs** (down 2.5% overall and **8.7% in Portugal**).
- Impairment and provision charges of Euro 275.7 million in the 3-month period to 31 March 2015, taking advantage of gains on sovereign debt to reinforce coverage.

Liquidity

Healthy balance sheet

- **Customer deposits up by 3.7%** to Euro 50.8 billion at 31 March 2015.
- **Commercial gap narrowed further**, with net loans as a percentage of deposits improving to 108% according to Bank of Portugal's criteria (116% at 31 March 2014; 120% recommended). This indicator **stood at 102%** if total on-balance sheet customer funds are taken into account.
- ECB funding usage at Euro 6.2 billion (Euro 1.5 billion of which related to TLTRO), down from Euro 9.2 billion at end-March 2014.

Capital

On course to European benchmark levels, reflecting profitability and specific measures

- **Common equity tier 1 ratio at 11.8%** according to phased-in criteria, **9.9%** on a fully-implemented** basis.
- Capital boosted by improved recurring profitability, gains on sovereign debt and sale of a 15.4% shareholding in Bank Millennium (Poland); outcome of Public Exchange Offer, submitted to the resolution of the General Meeting of Shareholders to be held on 11 May, not yet included.

* Core net income = net interest income + net fees and commission income – operating costs.
** Estimated ratio: considers new DTA regime and net income for the 1st quarter of 2015.

BANCO COMERCIAL PORTUGUÊS, S.A.,
a public company (sociedade aberta)
having its registered office at Praça D. João I, 28, Oporto,
registered at the Commercial Registry of Oporto,
with the single commercial and tax identification number
501 525 882
and the share capital of EUR 3,706,690,253.08.

INVESTOR RELATIONS
Rui Coimbra
Phone +351 211 131 084
investors@millenniumbcp.pt
rui.coimbrafernandes@millenniumbcp.pt
lmonteiro@millenniumbcp.pt

MEDIA CONTACT
Erik T. Burns
Phone +351 211 131 242
Mobile +351 917 265 020
erik.burns@millenniumbcp.pt
cintia.barbas@millenniumbcp.pt

Financial Highlights

Euro million

	31 Mar. 15	31 Mar. 14	Change 15 / 14
Balance sheet			
Total assets	78,313	82,348	-4.9%
Loans to customers (gross) (1)	58,102	59,392	-2.2%
Total customer funds (1)	66,383	64,720	2.6%
Balance sheet customer funds (1)	53,557	52,647	1.7%
Customer deposits (1)	50,759	48,957	3.7%
Loans to customers, net / Customer deposits (2)	108%	116%	
Loans to customers, net / Balance sheet customer funds	102%	106%	
Results			
Net income	70.4	(40.7)	
Net interest income	328.4	236.4	38.9%
Net operating revenues	688.4	514.3	33.9%
Operating costs	276.6	283.6	-2.5%
Loan impairment charges (net of recoveries)	205.6	191.7	7.2%
Other impairment and provisions	70.1	59.4	18.1%
Income taxes			
Current	29.6	32.7	
Deferred	6.7	(38.1)	
Profitability			
Net operating revenues / Average net assets (2)	3.6%	2.5%	
Return on average assets (ROA) (3)	0.5%	-0.1%	
Income before tax and non-controlling interests / Average net assets (2)	0.7%	-0.1%	
Return on average equity (ROE)	6.9%	-6.7%	
Income before tax and non-controlling interests / Average equity (2)	11.1%	-2.7%	
Credit quality			
Overdue loans and doubtful loans / Total loans (2)	9.6%	9.3%	
Overdue loans and doubtful loans, net / Total loans, net (2)	3.6%	3.8%	
Credit at risk / Total loans (2)	12.1%	11.7%	
Credit at risk, net / Total loans, net (2)	6.2%	6.3%	
Impairment for loan losses / Overdue loans by more than 90 days (1)	85.8%	80.4%	
Efficiency ratios (2)			
Operating costs / Net operating revenues	40.2%	55.1%	
Operating costs / Net operating revenues (Portugal)	35.9%	59.0%	
Staff costs / Net operating revenues	22.3%	31.1%	
Capital			
Common equity tier I (CRD IV/CRR phased-in) (4)	11.6%	-	
Common equity tier I (CRD IV/CRR phased-in) proforma (5)	11.8%	-	
Common equity tier I (CRD IV/CRR fully-implemented) proforma (5)	9.9%	-	
Core tier I (Basel II) (2)	-	13.8%	
Tier I (Basel II) (2)	-	12.9%	
Total (Basel II) (2)	-	14.6%	
Branches			
Portugal activity	695	748	-7.1%
Foreign activity	674	733	-8.0%
Employees			
Portugal activity	7,676	8,504	-9.7%
Foreign activity	9,753	10,011	-2.6%

(1) Adjusted from the effect related to the classification of Banca Millennium in Romania and Millennium bcp Gestão de Activos as discontinued operations.
(2) According to Instruction from the Bank of Portugal no. 16/2004, as the currently existing version.
(3) Considering net income before non-controlling interests.
(4) Estimated based on the Notice from Bank of Portugal no. 3/95 and Law no. 61/2014 published on 26 August 2014 related with DTA.
(5) Estimated based on the Notice from Bank of Portugal no. 3/95 and Law no. 61/2014 published on 26 August 2014 related with DTA and the net income for the first quarter of 2015.

RESULTS AND ACTIVITY IN THE FIRST QUARTER OF 2015

Considering the commitment agreed with the Directorate-General for Competition of the European Commission (DG Comp) regarding the Bank's Restructuring Plan, in particular the implementation of a new approach to the asset management business, and in accordance with IFRS 5, the activity of Millennium bcp Gestão de Activos was classified as discontinued operations during 2013, with the impact on results of these operations from this date onwards presented on a separate line item in the profit and loss account, defined as "income arising from discontinued operations". At the consolidated balance sheet level, the assets and liabilities of Millennium bcp Gestão de Activos were considered with the same criteria as that of the consolidated financial statements as at 31 March 2014.

RESULTS

The **net income** of Millennium bcp was positive in the first quarter of 2015, standing at Euro 70.4 million, showing a favourable evolution compared to a net loss of Euro 40.7 million registered in the same period of 2014, supported by the recovery of profitability in Portugal and the continued development of international activities, in accordance with the objectives defined in the Strategic Plan for 2015.

Net income's positive performance in the first quarter of 2015 essentially reflects net interest income increase of 38.9%, when compared with the first quarter of 2014, boosted by the impact associated with the repayment of CoCos ahead of the originally-defined calendar and a reduction in the cost of deposits, together with the gains in net trading income related with Portuguese sovereign debt.

Net income evolution in Portugal showed an improvement of Euro 102.9 million, compared with the first quarter of 2014, benefiting from net interest income and net trading income increases, together with operating costs reduction.

Net income associated with international activity, excluding discontinued operations, grew 14.8% in the first quarter of 2015, mainly determined by net interest income and net trading income performance, mainly in the operations in Angola, Mozambique and Poland.

Following the trend of previous quarters, **net interest income** reached Euro 328.4 million in the first quarter of 2015, which compares with Euro 236.4 million in the same period of 2014, showing an increase of 38.9% driven by the favourable evolution both in Portugal and in the international activity.

Net interest income in Portugal stood at Euro 175.4 million in the first quarter of 2015, an 80.8% increase from the first quarter of 2014, induced by a lower cost associated with CoCos, as a result of the early repayment of Euro 2,250 million during 2014, as well as the reduction of term deposits costs by 67 basis points compared with the first quarter of 2014.

In international activity, net interest income grew 9.7%, compared with the first quarter of 2014, boosted by the increase in loans and deposits volumes registered in the subsidiaries in Angola and Mozambique and the reduction of term deposits cost in Poland (-43 basis points when compared with the same period in 2014).

Net interest margin in the first three months of 2015 reached 1.94%, compared with 1.31% in the same period of 2014. Excluding the cost of CoCos impact, net interest margin amounted to 2.04% in the first quarter of 2015 and 1.67% in the same period of 2014.

AVERAGE BALANCES

Euro million

	31 Mar.15		31 Mar.14	
	Balance	Yield %	Balance	Yield %
Deposits in banks	3,381	0.74	3,622	1.11
Financial assets	9,912	3.46	12,604	3.54
Loans and advances to customers	54,274	3.72	56,060	3.80
Interest earning assets	**67,567**	**3.53**	**72,286**	**3.62**
Discontinued operations (1)	2		442	
Non-interest earning assets	9,920		9,449	
	77,489		**82,177**	
Amounts owed to credit institutions	11,418	0.63	13,233	0.71
Amounts owed to customers	49,826	1.38	47,692	1.81
Debt issued	5,745	3.32	10,315	3.75
Subordinated debt	2,043	6.12	4,316	7.60
Interest bearing liabilities	**69,032**	**1.55**	**75,556**	**2.21**
Discontinued operations (1)	2		357	
Non-interest bearing liabilities	3,272		2,917	
Shareholders' equity and non-controlling interests	5,183		3,347	
	77,489		**82,177**	
Net interest margin		1.94		1.31
Net interest margin (excl. cost of CoCos)		2.04		1.67

Note: Interest related to hedge derivatives were allocated, in March 2015 and 2014, to the respective balance sheet item.
(1) Includes the activity of the subsidiaries in Romania (in 2014) and of Millennium bcp Gestão de Ativos, as well as the respective consolidation adjustments.

Net commissions totalled Euro 169.9 million in the first quarter of 2015, an increase of 3.2% from the same period of 2014, mainly determined by the performance of the international activity, which showed a 6.0% raise year-on-year.

The evolution of net commissions in the first quarter of 2015 reflects the increase registered in commissions related to the banking business (+7.3%), driven by the positive impact associated with the decreased cost of the guarantee by the Portuguese State to debt securities issued, in spite of lower credit and cards related commissions, in Portugal, as well as the favourable evolution posted in Mozambique, Angola and Poland, together with the decrease in commissions related to financial markets (-11.8%), mainly influenced by lower stock market trading operations in Portugal.

Net trading income reached Euro 200.1 million in the first quarter of 2015, from Euro 111.9 million registered in the same period of 2014, benefiting from the performance of the activity in Portugal, taking advantage of market opportunities for the accomplishment of higher gains related with Portuguese sovereign debt securities.

In the international activity, net trading income amounted to Euro 36.4 million in the first quarter of 2015, up from Euro 22.5 million posted in the same period of 2014, boosted by higher foreign exchange results in the subsidiaries in Mozambique and Angola and trading derivatives results in Poland.

Other net operating income stood at a net loss of Euro 18.0 million in the first quarter of 2015, which compares to net losses of Euro 15.0 million registered in the first quarter of 2014. In the activity in Portugal, this heading includes the cost related to the contribution from the banking sector and for the resolution fund, as well as for the deposits guarantee fund.

Dividends from equity instruments, which comprises dividends received from investments in financial assets available for sale, and **equity accounted earnings**, together totalled Euro 8.0 million in the first quarter of

2015 (Euro 16.4 million in the same period of 2014), hindered by the sale of the non-life insurance business in the second quarter of 2014, in line with the focus on core activity defined in the Strategic Plan.

OTHER NET INCOME *Euro million*

	31 Mar. 15	31 Mar. 14	Change 15/14
Net commissions	**169.9**	**164.6**	**3.2%**
Banking commissions	139.1	129.7	7.3%
Cards and transfers	42.2	45.9	-8.1%
Credit and guarantees	41.5	38.8	6.9%
Bancassurance	19.1	18.2	5.3%
Current account related	18.9	19.4	-2.5%
Commissions related with the State guarantee	-	(10.3)	-
Other commissions	17.4	17.7	-1.6%
Market related commissions	30.8	34.9	-11.8%
Securities	21.4	25.5	-16.2%
Asset management	9.4	9.4	0.0%
Net trading income	**200.1**	**111.9**	**78.8%**
Other net operating income	**(18.0)**	**(15.0)**	**-**
Dividends from equity instruments	**2.0**	**3.3**	**-40.4%**
Equity accounted earnings	**6.0**	**13.1**	**-53.7%**
Total other net income	**360.0**	**277.9**	**29.6%**
Other net income / Net operating revenues	52.3%	54.0%	

Operating costs reduction to Euro 276.6 million in the first quarter of 2015, compared with Euro 283.6 million recorded in the same period of 2014, reflecting the objectives defined in the Strategic Plan regarding costs savings in Portugal associated with headcount and branch network reductions.

Operating costs in Portugal decreased 8.7% year-on-year, supported by the savings in staff costs (-12.4%) and in other administrative costs (-2.1%), on the back of the above referred initiatives carried out focused on cost rationalisation and containment.

In the international activity, operating costs increased 7.2%, from the first quarter of 2014, mainly driven by the subsidiaries in Angola and Mozambique, reiterating the focus on organic growth in these geographies, together with the effect of the metical and the kwanza appreciation against the euro.

Staff costs totalled Euro 153.3 million in the first quarter of 2015, a 4.3% reduction from the same period of 2014, determined by the evolution in Portugal, boosted by the decrease in number of employees by 828 compared with the end of the first quarter of 2014 together with temporary salary reduction measures for employees in Portugal, despite the increase posted by the international activity.

Other administrative costs decreased 0.8%, standing at Euro 106.7 million in the first quarter of 2015, from Euro 107.6 million recorded in the same period of 2014, materialising the above-mentioned cost rationalisation and containment initiatives, in particular the effect of the branch resizing in Portugal (-53 branches from 31 March 2014), notwithstanding the 0.7% increase in the international activity.

Depreciation costs amounted to Euro 16.7 million in the first three months of 2015, a 4.9% year-on-year increase, as a result of the evolution observed in the international activity (+17.5%), driven by the subsidiaries in Angola and Mozambique.

In Portugal, depreciation costs totalled Euro 7.7 million in the first quarter of 2015, a reduction of 6.7% from the Euro 8.3 million posted in the same period of 2014, determined by lower depreciation costs related to buildings and software.

OPERATING COSTS

Euro million

	31 Mar. 15	31 Mar. 14	Change 15/14
Staff costs	153.3	160.2	-4.3%
Other administrative costs	106.7	107.6	-0.8%
Depreciation	16.7	15.9	4.9%
Operating costs	**276.6**	**283.6**	**-2.5%**
Of which:			
Portugal activity	157.6	172.6	-8.7%
Foreign activity	118.9	111.0	7.2%

Impairment for loan losses (net of recoveries) stood at Euro 205.6 million in the first quarter of 2015, compared with Euro 191.7 million in the same period of 2014, and the cost of risk, excluding discontinued operations, reached 142 basis points in the first quarter of 2015 (129 basis points in the same period of 2014).

Other impairment and provisions amounted to Euro 70.1 million in the first quarter of 2015, from Euro 59.4 million registered in the same period of 2014, reflecting impairment charges for repossessed assets and for financial assets, mainly investment funds units and other securities.

Income tax (current and deferred) totalled Euro 36.3 million in the first quarter of 2015, compared with Euro -5.4 million posted in the same period of 2014.

These taxes include current tax costs of Euro 29.6 million (Euro 32.7 million in the first three months of 2014) and deferred tax income of Euro 6.7 million (Euro -38.1 million in the same period of 2014).

BALANCE SHEET

Total assets stood at Euro 78,313 million as at 31 March 2015, compared with Euro 82,348 million as at 31 March 2014, hindered by loan portfolio retraction in Portugal and the decrease in the securities portfolio, associated with the sale of the treasury bonds portfolio.

Loans to customers (gross) totalled Euro 58,102 million as at 31 March 2015, which compares with Euro 57,168 million posted at the end of 2014, materialising the reversing of the decreasing trend observed in 2014 and benefiting from the continuous commitment to provide integrated and innovative solutions to meet individuals and companies financing needs, in particular with the development of initiatives aimed at consumer and protocol credit facilities, especially credit lines for SMEs.

Loans to customers in Portugal decreased 0.7% from 31 December 2014 (-6.8% from 31 March 2014), influenced by the contraction in loans to companies and individuals (-0.6% and -0.9%, respectively), showing a less pronounced reduction rate due to the above referred trend and the efforts carried out by the commercial areas, in line with the strategy to support companies and consumption, with emphasis on the contribution to the economy and to sustainable projects.

Excluding the impact from discontinued operations, loans to customers in the international activity improved 14.6% from the end of the first quarter of 2014, determined by loans to individuals and to companies increases in Poland, Angola and Mozambique.

The structure of the loans to customers portfolio showed identical and stable levels of diversification between the end of March 2014 and 2015, with loans to companies representing 48% of total loans to customers, as at 31 March 2015.

LOANS TO CUSTOMERS (GROSS) *Euro million*

	31 Mar. 15	31 Mar. 14	Change 15/14
Individuals	**30,208**	**29,747**	**1.5%**
Mortgage	26,033	26,252	-0.8%
Consumer and others	4,175	3,495	19.4%
Companies	**27,895**	**29,645**	**-5.9%**
Services	10,707	12,218	-12.4%
Commerce	3,495	3,289	6.3%
Construction	4,124	4,280	-3.7%
Other	9,568	9,857	-2.9%
Subtotal	**58,102**	**59,392**	**-2.2%**
Discontinued operations	--	477	
Total	**58,102**	**59,869**	**-3.0%**
Of which [1]:			
Portugal activity	43,475	46,632	-6.8%
Foreign activity	14,627	12,759	14.6%

(1) Excludes the impact from discontinued operations (Banca Millennium in Romania).

Credit quality, determined by loans overdue by more than 90 days as a percentage of total loans, adjusted for discontinued operations, stood at 7.2% as at 31 March 2015, compared with 7.3% as at 31 December 2014 (7.2% as at 31 March 2014), mostly influenced by the performance of loans to companies portfolio, driven by the maintenance of strict selectivity criteria and improved control and monitoring of credit risk.

The coverage ratio for loans overdue by more than 90 days, adjusted for the effect from the operations classified as discontinued, stood at 85.8% as at 31 March 2015, showing a favourable evolution from 83.1% at the end of 2014 (80.4% as at 31 March 2014) and the coverage ratio of the total loans overdue portfolio to impairments increased from the 77.1% registered as at 31 March 2014, to stand at 80.7% as at 31 March 2015.

Overdue and doubtful loans ratio stood at 9.6% of total loans as at 31 March 2015, the same level as at the end of 2014 (9.3% as at 31 March 2014) and the credit at risk ratio stood at 12.1% total loans as at 31 March 2015, compared with 12.0% at the end of 2014 (11.7% as at 31 March 2014). As at 31 March 2015, restructured loans ratio stood at 10.7% of total loans, a positive evolution from the ratio as at 31 December 2014 (11.0%) and the restructured loans not included in credit at risk ratio stood at 6.7% of total loans, as at 31 March 2015 (7.2% as at 31 December 2014).

OVERDUE LOANS BY MORE THAN 90 DAYS AND IMPAIRMENTS AS AT 31 MARCH 2015

Euro million

	Overdue loans by more than 90 days	Impairment for loan losses	Overdue loans by more than 90 days /Total loans	Coverage ratio (Impairment/ Overdue >90 days)
Individuals	**930**	**747**	**3.1%**	**80.3%**
Mortgage	273	290	1.0%	106.2%
Consumer and others	658	457	15.8%	69.5%
Companies	**3,274**	**2,860**	**11.7%**	**87.4%**
Services	1,111	1,107	10.4%	99.6%
Commerce	377	367	10.8%	97.4%
Construction	1,166	721	28.3%	61.8%
Other	620	666	6.5%	107.4%
Total	**4,204**	**3,607**	**7.2%**	**85.8%**

Total customer funds, excluding the impact associated with discontinued operations, amounted to Euro 66,383 million as at 31 March 2015, an increase of 2.6% from Euro 64,720 million as at 31 March 2014 and 2.5% up from the previous quarter, boosted by assets under management growth both in Portugal and in the international activity, together with customer deposits increase primarily in the international activity.

Total customer funds in Portugal totalled Euro 48,256 million as at 31 March 2015 (Euro 48,658 million as at March-end 2014), reflecting the above mentioned trend, with assets under management increasing 20.9%. The evolution of customer deposits was influenced by the deposits outflow associated with the rights issue in 2014, as well as lower institutional customer deposits, notwithstanding the increase in the retail network, on the back of the focus on acquiring and preserving balance sheet customer funds.

In international activity, total customer funds increased 12.9% reaching Euro 18,127 million as at 31 March 2015, supported by the favourable evolution of balance sheet customer funds, mainly customer deposits, and off-balance sheet customer funds, as a result of the performance in most geographies, with a focus on Poland.

As at 31 March 2015, excluding discontinued operations, balance sheet customer funds represented 81% of total customer funds, with an emphasis on customer deposits, which represented 76% of total customer funds.

Commercial gap reduction of Euro 3.4 million from 31 March 2014, improved loan to deposit ratio to stand at 108% as at 31 March 2015 (116% as at 31 March 2014), reflecting a well balanced balance sheet structure. The same ratio, considering total balance sheet customer funds, also improved to stand at 102% as at 31 March 2015 (106% at the same date in 2014).

TOTAL CUSTOMER FUNDS *Euro million*

	31 Mar. 15	31 Mar. 14	Change 15/14
Balance sheet customer funds	**53,557**	**52,647**	**1.7%**
Deposits	50,759	48,957	3.7%
Debt securities	2,798	3,690	-24.2%
Off-balance sheet customer funds	**12,826**	**12,073**	**6.2%**
Assets under management	3,961	3,277	20.9%
Capitalisation products	8,865	8,797	0.8%
Subtotal	**66,383**	**64,720**	**2.6%**
Discontinued operations	1,590	1,935	
Total	**67,974**	**66,655**	**2.0%**
Of which [(1)]:			
Portugal activity	48,256	48,658	-0.8%
Foreign activity	18,127	16,062	12.9%

(1) Excludes the impact from discontinued operations (Banca Millennium in Romania and Millennium bcp Gestão de Activos).

The **securities portfolio** amounted to Euro 12,616 million as at 31 March 2015, compared with Euro 14,474 million posted on the same date in 2014, representing 16.1% of total assets as at 31 March 2015, below the level registered as at 31 March 2014 (17.6% of total assets), broadly related with the sale of the treasury bonds portfolio.

LIQUIDITY MANAGEMENT

During the first quarter of 2015 the wholesale funding needs of the Bank decreased by Euro 0.9 billion, compared with 31 December 2014, due to the reduction of the portfolio of Portuguese sovereign debt, to the reinforcement of the customer funds base and to the placement of shares representing 15.41% of the share capital of Bank Millennium in Poland.

As there was no material amount of medium-long term debt maturing in the first quarter of 2015, the reduction of funding needs, from 31 December 2014, enabled the decrease of both repo funding (by Euro 0.7 billion, to a balance of Euro 1.2 billion) and net funding with the Eurosystem (by Euro 0.2 billion, to a balance of Euro 6.4 billion).

The reduction of the funding from the Eurosystem (from which Euro 6.2 billion were collateralised by eligible assets) and the growth of the portfolio of eligible assets discountable with the European Central Bank allowed an increase of the safety buffer to Euro 8.2 billion (Euro 7.6 billion as at 31 December 2014).

The composition of the balance funded through the European Central Bank revealed, during the first quarter of 2015, an early redemption of a Euro 0.5 billion tranche prior to the maturity of the remaining balance of Euro 3.5 billion, from an original total of Euro 12.0 billion borrowing granted in 2012 by the European Central Bank through its long term refinancing operations. The refinancing of the above referred amounts was carried out through the main refinancing operations regularly conducted by the European Central Bank.

CAPITAL

On 26 June 2013, the European Parliament and Council approved Directive 2013/36/EU and Regulation (EU) no. 575/2013 (Capital Requirements Directive IV / Capital Requirements Regulation - CRD IV/CRR) that established new and more demanding capital requirements for credit institutions, with effects from 1 January 2014.

These stricter requirements result from more narrowly defined capital and risk weighted assets, together with the establishment of minimum ratios, including a capital conservation buffer, of 7% for Common Equity Tier 1 (CET1), 8.5% for Tier 1 and 10.5% for Total Capital. The CRD IV/CRR also stipulates a transitional period (phase-in) in which institutions may accommodate the new requirements, both in terms of own funds and compliance with minimum capital ratios.

Notwithstanding, Bank of Portugal, through Notice no. 6/2013 of 23 December, stipulated the obligation to ensure the maintenance of a CET1 ratio of at least 7%, determining the adoption of capital conservation measures whenever this will not occur.

According to our interpretation of CRD IV/CRR to date, CET1 phased-in ratio reached 11.8% as at 31 March 2015, comparing with 12.0% as at 31 December 2014.

The performance of CET1 ratio in the first quarter of 2015 benefited from the impact of the sale of a 15.4% shareholding in Bank Millennium in Poland, maintaining control of this subsidiary, the implementation of the new prudential framework concerning deferred tax assets, the contribution of positive net income and increased contribution of reserves and minority interests, on one hand, and was penalised by the adjustments related to the phase-in progression and by the increase of risk weighted assets, on the other hand.

The increase of risk weighted assets was mainly due to the amount related to the new framework of deferred tax assets, which mitigated the favourable effect of this regulatory change on capital ratios, to risk weights applied to Central Government and Central Bank of Angola, to higher capital requirements for market risk and to the increase registered by the Polish subsidiary related with Swiss franc appreciation, despite the decrease arising from the activity in Portugal.

SOLVENCY RATIOS (CRD IV/CRR)

Euro million

	PHASED-IN		
	31 Mar. 15 (**)	31 Mar. 15 (*)	31 Dec. 14
Own funds			
Common equity tier 1 (CET1)	5,338	5,267	5,077
Tier 1	5,338	5,267	5,077
Total Capital	**6,125**	**6,054**	**5,800**
Risk weighted assets	**45,341**	**45,341**	**42,376**
Solvency ratios			
CET1	11.8%	11.6%	12.0%
Tier 1	11.8%	11.6%	12.0%
Total capital	13.5%	13.4%	13.7%

(*) Estimate considering the effects of the Law n.º 61/2014, that established a special regime for the deferred tax assets, with the Notice n.º 3/95 from Bank of Portugal.
(**) Additionally to (*), includes the net income for the first quarter of 2015.

SIGNIFICANT EVENTS

The completion of the sale of Banca Millennium in Romania, the placement of shares representing 15.41% of the share capital of Bank Millennium S.A. with institutional investors, as well as complementary initiatives proposed for consideration by BCP´s Annual General Meeting, represent further steps towards the strengthening of Common Equity Tier 1. Highlights in the first quarter of 2015 include:

- Completion, on 8 January 2015, of the sale of Banca Millennium in Romania to OTP Bank, pursuant to the general conditions announced on 30 July 2014, with BCP having received Euro 39 million of the total price agreed for the sale from OTP Bank. OTP Bank also ensured the full repayment to BCP of the funding it granted to Banca Millennium of approximately Euro 150 million. The operation had a negligible impact on the consolidated Common Equity Tier 1 ratio of BCP.
- On 24 February 2015, Banco Comercial Português, S.A. informed that it is currently evaluating several scenarios to enhance the value of ActivoBank, the leading online bank in Portugal.
- On 26 March 2015, Banco Comercial Português S.A. announced the pricing of the accelerated placement to institutional investors of 186,979,631 ordinary shares of Bank Millennium S.A. constituting 15.41% of the Company's existing share capital, at a price of PLN6.65 per ordinary share. Gross proceeds raised by BCP from the placement are expected to be approximately PLN 1.24 billion (Euro 304 million), resulting in an increase in the Group CET1 ratio versus the end of 2014 figures of 46 bps under fully-implemented rules and of 64 bps according to phased-in criteria. As already announced, after the completion of the placement, BCP continues to hold a majority shareholding in Bank Millennium, corresponding to 50.1% of the Company's share capital.
- Millennium bcp held another edition of "Millennium Days for Companies" in Porto, seeking to strengthen ties with Portuguese companies, to support their internationalisation efforts and to help increase their competitiveness.
- "Tourism Entrepreneurship Days - Visit the Future" took place in Évora.
- Millennium bcp is the official bank for Shark Tank TV show, a sponsorship that fits into the strategy the bank is developing in financing and supporting Portuguese companies. Under the slogan "It's a go!" the best solutions are offered for those who want to develop their own business ideas.
- Millennium bcp has been named best distributor of structured products in Portugal by the Structured Retail Products division of the *Euromoney Group*.
- Bank Millennium was distinguished in the Outperformer category by *Global Custodian in the Agent Banks in Emerging Markets Survey 2014*.
- Bank Millennium has been named best distributor of structured products in Poland by the StructuredRetailProducts.com website.
- Bank Millennium's team of analysts won the national competition run by the *Parkiet* daily newspaper for the most accurate macroeconomic and market forecasts in 2014.
- Millennium bim recently signed an agreement with the government's Economy Rehabilitation Support Fund (FARE) with the aim of accessing the FARE credit line for expansion of financial services to various parts of the country.
- In response to extreme weather that has seriously affected the province of Zambezia, and as part of Millennium bim's Social Responsibility Programme "More Mozambique for Me", the Bank and its staff mobilised in a gesture of solidarity to support flood victims, launching the "Millennium bim Solidarity" campaign on a national level.
- The talent management policy of Banco Millennium Angola has two new development programmes. Millennium High Potential, developed in partnership with Católica Lisbon School of Business & Economics, provides the most talented staff with the opportunity to attend the Advanced Management Programme in Banking during working hours for a complete academic year. As for the other programme, People Grow, this is aimed at young talents who, over the course of a year, will have the opportunity to share knowledge and experience through a rotational programme in various departments along with a structured training plan.

MACROECONOMIC ENVIRONMENT

According to the International Monetary Fund (IMF), the growth pace of the world economy should remain tepid, against a background in which the additional impetus expected for the three main advanced economies- the US, the euro area and Japan – should be offset by the loss of vigour forecast for the emerging markets. Overall, the IMF estimates the world economy will grow 3.5% in 2015, a figure that is very similar to the one recorded in 2014 (3.4%) but well below the historical average of the last three decades. The IMF considers that the uncertainty around the global recovery has been subsiding due to, above all, the dissipation of the recession risks in the euro area as well as the reduction of the worldwide deflationary pressures. However, the IMF warns that the elevated level of volatility that has characterised both the foreign exchange markets and the oil price constitutes a source of risks to international financial stability.

The persistence of the deflationary threat resulting from the modest levels of global activity and the pronounced decline of oil prices enacted a synchronised process of greater monetary policy accommodation in a vast set of central banks, with natural emphasis on the increase, announced last January, of the scope and volume of the European Central Bank's (ECB) debt purchase program, by which the European monetary authority stands ready to acquire a monthly sum of Euro 60 billion of public and private debt until, at least, September 2016. One of the consequences of this wave of greater monetary expansionism has been the widening of the spectrum of issuers and maturities associated with negative interest rates, including the transactions in the money markets of the large majority of the European economies. The main exception to this trend concerns the US Federal Reserve, which after keeping the key interest rates around zero for six years, is now preparing to start normalizing them throughout 2015 should the prospects of consolidation of the American economy's recovery materialise as currently forecast.

In the first three months of 2015 the behavior of the international financial markets was, to a great extent, dominated by the monetary policy stance of the major central banks. The liquidity expansion in the euro area's financial system caused an appreciation of most financial assets in the zone, both on the equity and the fixed income sides, in the latter case with emphasis on the pronounced fall in the government bond yields of all the eurozone countries, except Greece. Conversely, the euro suffered a substantive loss of value against the majority of the other currencies. In turn, in the USA, the benchmark equity indices recorded modest or zero variations and the Treasury bonds yields rose, although slightly. In the emerging markets, the first quarter of the current year was marked by a currency depreciation that cut across this type of economies, despite the generically positive performance of the remaining asset classes.

According to Statistics Portugal, in the fourth quarter of 2014 Portuguese GDP recorded an annual growth rate of 0.7%, corresponding to 0.9% growth for the whole of 2014 - the first instance of economic expansion since 2010. This recovery in activity was based on the solid expansion of domestic demand, since the contribution of net exports to growth in 2014 was negative. The positive momentum that seems to be emerging in the Portuguese economy, together with the ECB's expansionary policy, justifies the strong performance of Portuguese assets, with a highlight on the very substantial fall - to historic lows - of the yields on Treasury bonds.

For 2015, the IMF predicts a renewed acceleration of activity in Poland (3.5%), based on the dynamism of domestic demand, amid strong growth of the real disposable income of households and the appreciation of the Zloty. In Mozambique, the floods that hit the country in January 2015 led to a decline in agricultural production and also an increase in food prices, thereby affecting the purchasing power of households and, consequently, hindering the evolution of the domestic demand. As a result, the pace of growth of the Mozambican economy should slow from 7.4% in 2014 to 6.5% in 2015, according to IMF forecasts. In Angola, the worsening of the oil price fall makes for a challenging year, mainly via the limiting effect that it exerts over public expenditure, in particular regarding investment. Still, this situation should be partially mitigated by the expected considerable increase in oil production and the resilience of private consumption, both of which should enable a rise in the GDP growth rate from 4.2% in 2014 to 4.5% in the current year.

GLOSSARY

Capitalisation products – includes unit link and retirement saving plans.

Cost of risk - ratio of impairment charges (net of recoveries) accounted in the period to the loan portfolio.

Credit at risk – definition that, according to the Bank of Portugal, is broader than the overdue loans by more than 90 days + doubtful loans, including, in particular, the possibility that debtors with overdue payments still do not fulfil their credit responsibilities. For detailed definition see instruction from the Bank of Portugal no. 16/2004, as the currently existing version.

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

Dividends from equity instruments - dividends received from investments in financial assets available for sale.

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

Net interest margin - net interest income posted in 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, equity accounted earnings and other net operating income.

Net trading income - net gains/losses arising from trading and hedging activities, net gains/losses arising from available for sale financial assets, net gains/losses arising from financial assets held to maturity.

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

Other impairment and provisions - other financial assets impairment, other assets impairment, in particular provision charges related to assets received as payment in kind not fully covered by collateral, goodwill impairment and other provisions.

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

Other net operating income - other operating income, other net income from non-banking activities and gains from the sale of subsidiaries and other assets.

Overdue and doubtful loans - loans overdue by more than 90 days and the doubtful loans reclassified as overdue loans for provisioning purposes.

Securities portfolio - financial assets held for trading, financial assets available for sale, assets with repurchase agreement and financial assets held to maturity.

Total customer funds - amounts due to customers (including securities), assets under management and capitalisation products.

CONSOLIDATED INDICATORS: ACTIVITY IN PORTUGAL AND INTERNATIONAL ACTIVITY

Euro million

	Consolidated			Activity in Portugal			International activity		
	31 Mar 15	31 Mar 14	Change 15/14	31 Mar 15	31 Mar 14	Change 15/14	31 Mar 15	31 Mar 14	Change 15/14
Income statement									
Net interest income	328.4	236.4	38.9%	175.4	97.0	80.8%	153.0	139.4	9.7%
Dividends from equity instruments	2.0	3.3	-40.4%	2.0	2.1	-6.1%	-	1.2	-100.0%
Net fees and commission income	169.9	164.6	3.2%	105.8	104.1	1.6%	64.1	60.5	6.0%
Other operating income	(18.0)	(15.0)	-	(14.6)	(13.0)	-	(3.4)	(2.0)	-
Net trading income	200.1	111.9	78.8%	163.8	89.4	-	36.4	22.5	61.4%
Equity accounted earnings	6.0	13.1	-53.7%	6.4	13.1	-51.1%	(0.3)	-	-
Net operating revenues	**688.4**	**514.3**	**33.9%**	**438.6**	**292.6**	**49.9%**	**249.8**	**221.7**	**12.7%**
Staff costs	153.3	160.2	-4.3%	92.8	105.9	-12.4%	60.5	54.2	11.5%
Other administrative costs	106.7	107.6	-0.8%	57.2	58.4	-2.1%	49.5	49.1	0.7%
Depreciation	16.7	15.9	4.9%	7.7	8.3	-6.7%	9.0	7.6	17.5%
Operating costs	**276.6**	**283.6**	**-2.5%**	**157.6**	**172.6**	**-8.7%**	**118.9**	**111.0**	**7.2%**
Operating profit before impairment	**411.8**	**230.7**	**78.5%**	**281.0**	**120.0**	**-**	**130.8**	**110.7**	**18.2%**
Loans impairment (net of recoveries)	205.6	191.7	7.2%	179.4	171.6	4.5%	26.2	20.2	30.1%
Other impairment and provisions	70.1	59.4	18.1%	70.3	60.8	15.5%	(0.2)	(1.5)	-
Profit before income tax	**136.1**	**(20.4)**	**-**	**31.4**	**(112.4)**	**-**	**104.7**	**92.0**	**13.9%**
Income tax	36.3	(5.4)	-	16.8	(24.3)	-	19.5	18.8	4.0%
Income after income tax from continuing operations	**99.8**	**(15.0)**	**-**	**14.6**	**(88.1)**	**-**	**85.2**	**73.2**	**16.4%**
Income arising from discontinued operations	0.8	(0.3)	-	-	-	-	-	-	-
Non-controlling interests	30.1	25.4	18.7%	(0.2)	-	-	30.3	25.4	19.4%
Net income	**70.4**	**(40.7)**	**-**	**14.8**	**(88.2)**	**-**	**54.9**	**47.8**	**14.8%**
Balance sheet and activity indicators									
Total assets	**78,313**	**82,348**	**-4.9%**	**56,727**	**63,219**	**-10.3%**	**21,587**	**19,129**	**12.8%**
Total customer funds (1)	**66,383**	**64,720**	**2.6%**	**48,256**	**48,658**	**-0.8%**	**18,127**	**16,062**	**12.9%**
Balance sheet customer funds (1)	**53,557**	**52,647**	**1.7%**	**36,985**	**37,912**	**-2.4%**	**16,572**	**14,735**	**12.5%**
Deposits	50,759	48,957	3.7%	34,293	34,333	-0.1%	16,466	14,624	12.6%
Debt securities	2,798	3,690	-24.2%	2,692	3,579	-24.8%	106	111	-4.2%
Off-balance sheet customer funds (1)	**12,826**	**12,073**	**6.2%**	**11,271**	**10,747**	**4.9%**	**1,556**	**1,327**	**17.3%**
Assets under management	3,961	3,277	20.9%	2,956	2,444	20.9%	1,005	832	20.8%
Capitalisation products	8,865	8,797	0.8%	8,315	8,302	0.2%	550	495	11.3%
Discontinued operations	**1,590**	**1,935**	**-17.8%**	**1,590**	**1,588**	**0.1%**	**-**	**347**	**-100.0%**
Loans to customers (gross) (1)	**58,102**	**59,392**	**-2.2%**	**43,475**	**46,632**	**-6.8%**	**14,627**	**12,759**	**14.6%**
Individuals (1)	**30,208**	**29,747**	**1.5%**	**21,459**	**21,869**	**-1.9%**	**8,749**	**7,878**	**11.1%**
Mortgage	26,033	26,252	-0.8%	18,971	19,725	-3.8%	7,062	6,527	8.2%
Consumer and others	4,175	3,495	19.4%	2,488	2,144	16.0%	1,687	1,351	24.9%
Companies (1)	**27,895**	**29,645**	**-5.9%**	**22,016**	**24,763**	**-11.1%**	**5,878**	**4,881**	**20.4%**
Services	10,707	12,218	-12.4%	9,640	11,286	-14.6%	1,067	933	14.4%
Commerce	3,495	3,289	6.3%	2,141	2,219	-3.5%	1,355	1,070	26.6%
Construction	4,124	4,280	-3.7%	3,368	3,661	-8.0%	756	619	22.0%
Other	9,568	9,857	-2.9%	6,868	7,598	-9.6%	2,701	2,260	19.5%
Discontinued operations	**-**	**477**	**-100.0%**	**-**	**-**	**-**	**-**	**477**	**-100.0%**
Credit quality									
Total overdue loans (1)	4,468	4,441	0.6%	4,118	4,131	-0.3%	350	310	12.8%
Overdue loans by more than 90 days (1)	4,204	4,255	-1.2%	3,893	3,962	-1.7%	311	293	6.2%
Overdue loans by more than 90 days /Total loans (1)	7.2%	7.2%		9.0%	8.5%		2.1%	2.3%	
Total impairment (balance sheet) (1)	3,607	3,422	5.4%	3,116	2,989	4.2%	491	432	13.7%
Total impairment (balance sheet) /Total loans (1)	6.2%	5.8%		7.2%	6.4%		3.4%	3.4%	
Total impairment (balance sheet) /Overdue loans by more than 90 days (1)	85.8%	80.4%		80.0%	75.5%		157.8%	147.5%	
Cost of risk (net of recoveries, in b.p.) (1)	142	129		165	147		72	63	
Restructured loans / Total loans (2)	10.7%	10.8%							
Restructured loans not included in the credit at risk / Total loans (2)	6.7%	7.3%							
Cost-to-income	40.2%	55.1%		35.9%	59.0%		47.6%	50.1%	

(1) Adjusted from the effect related to operations classified under the line item of discontinued operations.

(2) According to Instruction from the Bank of Portugal no. 32/2013, as the currently existing version.

BANCO COMERCIAL PORTUGUÊS

Consolidated Income Statement
for the three months period ended 31 March, 2015 and 2014

	31 March 2015	31 March 2014
	(Thousands of Euros)	
Interest and similar income	607,633	671,231
Interest expense and similar charges	(279,272)	(434,838)
Net interest income	328,361	236,393
Dividends from equity instruments	1,951	3,273
Net fees and commission income	169,921	164,645
Net gains / losses arising from trading and hedging activities	23,686	18,441
Net gains / losses arising from available for sale financial assets	176,449	93,468
Other operating income	(17,592)	(12,968)
	682,776	503,252
Other net income from non banking activity	4,249	4,048
Total operating income	687,025	507,300
Staff costs	153,254	160,171
Other administrative costs	106,659	107,550
Depreciation	16,664	15,880
Operating costs	276,577	283,601
Operating net income before provisions and impairments	410,448	223,699
Loans impairment	(205,598)	(191,739)
Other financial assets impairment	(18,955)	(3,645)
Other assets impairment	(41,242)	(15,323)
Other provisions	(9,927)	(40,393)
Operating net income	134,726	(27,401)
Share of profit of associates under the equity method	6,058	13,079
Gains / (losses) from the sale of subsidiaries and other assets	(4,677)	(6,108)
Net (loss) / income before income tax	136,107	(20,430)
Income tax		
Current	(29,582)	(32,659)
Deferred	(6,738)	38,108
Net (loss) / income after income tax from continuing operations	99,787	(14,981)
Income arising from discontinued operations	776	(346)
Net income after income tax	100,563	(15,327)
Attributable to:		
Shareholders of the Bank	70,413	(40,730)
Non-controlling interests	30,150	25,403
Net income for the period	100,563	(15,327)
Earnings per share (in euros)		
Basic	0.005	(0.008)
Diluted	0.005	(0.008)

BANCO COMERCIAL PORTUGUÊS

Consolidated Balance Sheet as at 31 March, 2015 and 2014 and 31 December, 2014

	31 March 2015	31 December 2014	31 March 2014
		(Thousands of Euros)	
Assets			
Cash and deposits at central banks	2,382,977	1,707,447	2,449,049
Loans and advances to credit institutions			
Repayable on demand	1,127,109	795,774	657,456
Other loans and advances	1,303,406	1,456,026	2,069,983
Loans and advances to customers	54,495,144	53,685,648	56,407,251
Financial assets held for trading	2,069,458	1,674,240	1,364,637
Financial assets available for sale	10,088,065	8,263,225	10,105,204
Assets with repurchase agreement	19,852	36,423	80,370
Hedging derivatives	70,952	75,325	76,257
Financial assets held to maturity	438,926	2,311,181	2,923,300
Investments in associated companies	318,288	323,466	596,206
Non current assets held for sale	1,668,673	1,622,016	1,502,448
Investment property	169,857	176,519	190,324
Property and equipment	775,484	755,451	730,877
Goodwill and intangible assets	208,538	252,789	249,447
Current tax assets	40,887	41,895	38,914
Deferred tax assets	2,326,584	2,398,562	2,192,024
Other assets	809,284	784,929	714,570
	78,313,484	76,360,916	82,348,317
Liabilities			
Amounts owed to credit institutions	11,065,979	10,966,155	12,748,094
Amounts owed to customers	50,758,785	49,816,736	49,303,400
Debt securities	5,575,751	5,709,569	9,887,137
Financial liabilities held for trading	1,024,841	952,969	873,016
Hedging derivatives	745,562	352,543	247,153
Provisions for liabilities and charges	314,301	460,293	410,139
Subordinated debt	2,047,955	2,025,672	4,368,694
Current income tax liabilities	24,884	31,794	13,650
Deferred income tax liabilities	9,679	6,686	7,525
Other liabilities	1,178,012	1,051,592	1,150,990
Total Liabilities	72,745,749	71,374,009	79,009,798
Equity			
Share capital	3,706,690	3,706,690	3,500,000
Treasury stock	(13,909)	(13,547)	(34,531)
Preference shares	171,175	171,175	171,175
Other capital instruments	9,853	9,853	9,853
Fair value reserves	276,588	106,898	143,726
Reserves and retained earnings	302,228	458,087	(1,111,942)
Net income for the period attributable to Shareholders	70,413	(226,620)	(40,730)
Total Equity attributable to Shareholders of the Bank	4,523,038	4,212,536	2,637,551
Non-controlling interests	1,044,697	774,371	700,968
Total Equity	5,567,735	4,986,907	3,338,519
	78,313,484	76,360,916	82,348,317