1 February 2016

Millennium bcp earnings release as at 31 December 2015

Profitability and efficiency

Back to profits

- **Net profit of Euro 235** million in 2015, compared to a loss of Euro 227 million in 2014.
- **Core net income* up 37.1%**, from Euro 647.4 million in 2014 to Euro 887.9 million in 2015, reflecting a **16.6% increase in net interest income** and **lower operating costs** (-3.7%, including an **7.0% reduction in Portugal**). Operating efficiency improved further, as **cost to core income* decreased to 55.5%**.

Business performance

Healthy balance sheet

- **Customer deposits up by 3.5%** to Euro 51.5 billion as at 31 December 2015, with total customers funds standing at Euro 66.2 billion (Euro 64.7 billion as at 31 December 2014).
- **Commercial gap improved further**, with net loans as a percentage of on-balance sheet customer funds **now standing at 97%**. As a percentage of deposits (BoP criteria), net loans improved to 102% (108% as at 31 December 2014).

Asset quality

Lower delinquency and reinforced coverage

- **Provision charges still sizable, but trending downwards**: Euro 833.0 million in 2015 (Euro 1,107.0 million in 2014).
- **Decrease of the non-performing loans ratio** to 10.9% at year-end 2015 from 11.5% at year-end 2014. **Coverage of non-performing loans** reinforced to 57.3% from 52.9% at the end of 2014.

Capital and liquidity

Reinforced to European benchmarks levels

- **Common equity tier 1 ratio** at 13.3%** according to phased-in criteria, compared to 11.7% as at 31 December 2014. This figure stood at **10.2% on a fully implemented basis**.
- Capital figures do not include the impact of the agreement to merge Millennium Angola and Banco Privado Atlântico, S.A., estimated at +0.4 percentage points in phased-in.
- **ECB funding usage at Euro 5.3 billion** (Euro 1.5 billion of which TLTRO-related), down from Euro 6.6 billion as at 31 December 31 2014.

* Core income = net interest income + net fees and commission income; Core net income = core income - operating costs.
** Includes the impact of the new DTAs regime for capital purposes according with IAS.

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 4,094,235,361.88

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Financial Highlights

Euro million

	31 Dec. 15	31 Dec. 14	Change 15 / 14
Balance sheet			
Total assets	74,885	76,361	-1.9%
Loans to customers (gross)	55,438	57,168	-3.0%
Total customer funds (1)	66,176	64,739	2.2%
Balance sheet customer funds	53,850	52,593	2.4%
Customer deposits	51,539	49,817	3.5%
Loans to customers, net / Customer deposits (2)	102%	108%	
Loans to customers, net / Balance sheet customer funds	97%	102%	
Results			
Net income	235.3	(226.6)	
Net interest income	1,301.6	1,116.2	16.6%
Net operating revenues	2,503.5	2,292.5	9.2%
Operating costs	1,106.5	1,149.6	-3.7%
Loan impairment charges (net of recoveries)	833.0	1,107.0	-24.7%
Other impairment and provisions	161.3	209.3	-22.9%
Income taxes			
Current	99.7	101.0	
Deferred	(43.3)	(198.7)	
Profitability			
Net operating revenues / Average net assets (2)	3.2%	2.8%	
Return on average assets (ROA) (3)	0.5%	-0.1%	
Income before tax and non-controlling interests / Average net assets (2)	0.5%	-0.3%	
Return on average equity (ROE)	5.3%	-6.5%	
Income before tax and non-controlling interests / Average equity (2)	7.7%	-5.1%	
Credit quality			
Overdue loans and doubtful loans / Total loans (2)	9.4%	9.6%	
Overdue loans and doubtful loans, net / Total loans, net (2)	3.4%	3.8%	
Credit at risk / Total loans (2)	11.3%	12.0%	
Credit at risk, net / Total loans, net (2)	5.4%	6.3%	
Impairment for loan losses / Overdue loans by more than 90 days	86.7%	83.1%	
Efficiency ratios (2) (4)			
Operating costs / Net operating revenues	44.0%	51.7%	
Operating costs / Net operating revenues (Portugal)	41.1%	53.7%	
Staff costs / Net operating revenues	24.4%	28.6%	
Capital (5) (6)			
Common equity tier I phased-in)	13.3%	11.7%	
Common equity tier I fully implemented	10.2%	7.8%	
Branches			
Portugal activity	671	695	-3.5%
Foreign activity	671	678	-1.0%
Employees			
Portugal activity	7,459	7,795	-4.3%
Foreign activity	9,724	9,845	-1.2%

(1) Adjusted, in December 2014, from the effect related to the classification of 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) Excludes the impact of specific items: gains from the sale of the shareholdings associated with non-life insurance business (Euro 69.4 million in 2014) and restructuring costs and other (Euro 5.8 million in 2015).
(5) According with CRD IV/CRR.
(6) Includes the impact of the new DTAs regime for capital purposes according with IAS.

RESULTS AND ACTIVITY IN 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.

From this date onwards, the impact on results of these operations were presented on a separate line item in the profit and loss account, defined as "income arising from discontinued operations" with no change at balance sheet level from the criteria as that of the financial statements as at 31 December 2014. However, following the sale of the total shareholding in Millennium bcp Gestão de Activos, in May 2015, its assets and liabilities are no longer considered from this date onwards.

RESULTS

The **net income** of Millennium bcp amounted to Euro 235.3 million in 2015, showing a favourable evolution compared to a net loss of Euro 226.6 million recorded in 2014, reflecting the pursuit of the objectives set out in the Strategic Plan, supported by the recovery of profitability in Portugal and the development of the international activity.

Net income in 2015 was determined by the lower level of impairment losses and provisions charges, together with the positive performance of net interest income and net trading income, in spite of the fourth quarter of 2015, which was penalised by the booking of extraordinary contributions in the amount of Euro 28.3 million in Bank Millennium in Poland related with the bankruptcy of a bank and the contribution for the Mortgage Loans Restructuring Fund, and Euro 31.4 million associated with the Single Resolution Fund in the activity in Portugal.

In the activity in Portugal, net income reached Euro 44.2 million, an improvement of Euro 431.5 million from the amount posted in 2014, supported by the lower level of impairment losses and provisions charges and the 14.3% increase of banking income that benefited from net interest income performance.

Net income in the international activity, excluding the impacts of discontinued operations and the increase of non-controlling interests related with the sale of 15.4% of the shareholding of the subsidiary Bank Millennium in Poland in the first quarter of 2015, decreased 3.7% compared with 2014, influenced by the contribution of the subsidiary in Poland that was conditioned by the above-referred extraordinary impacts.

Net interest income stood at Euro 1,301.6 million in 2015, an increase of 16.6% over the Euro 1,116.2 million registered in 2014, mainly boosted by the positive performance of the activity in Portugal.

Net interest income in Portugal amounted to Euro 711.3 million in 2015, compared to Euro 527.0 million in 2014, driven by the sustained reduction of term deposits costs, materialised in a 73 basis points decrease in 2015, together with a lower cost related to CoCos, induced by the early repayment made during 2014 in the amount of Euro 2,250 million.

In the international activity, net interest income, excluding exchange rate impact, increased by 1.2% in 2015, totalling Euro 595.9 million, on the back of the improvement of loans to customers and deposits volume registered in the operations in Angola and Mozambique.

Net interest margin in 2015 stood at 1.91%, compared with 1.56% in 2014. Excluding the cost of CoCos impact, net interest margin reached 2.01% in 2015 and 1.81% in 2014.

AVERAGE BALANCES

Euro million

	31 Dec.15		31 Dec.14	
	Amount	Yield %	Amount	Yield %
Deposits in banks	3,284	0.82	3,254	1.17
Financial assets	10,659	2.75	12,236	3.41
Loans and advances to customers	53,251	3.62	55,068	3.81
Interest earning assets	**67,194**	**3.34**	**70,558**	**3.62**
Discontinued operations (1)	107		398	
Non-interest earning assets	9,827		9,580	
	77,128		**80,536**	
Amounts owed to credit institutions	10,797	0.66	12,217	0.67
Amounts owed to customers	50,510	1.16	48,715	1.65
Debt issued	5,318	3.47	8,550	3.79
Subordinated debt	1,837	6.71	3,335	7.23
Interest bearing liabilities	**68,462**	**1.41**	**72,817**	**1.99**
Discontinued operations (1)	1		323	
Non-interest bearing liabilities	3,111		3,027	
Shareholders' equity and non-controlling interests	5,554		4,369	
	77,128		**80,536**	
Net interest margin		1.91		1.56
Net interest margin (excl. cost of CoCos)		2.01		1.81

Note: Interest related to hedge derivatives were allocated, in December 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 amounted to Euro 692.9 million in 2015, a 1.8% year-on-year increase, boosted by the activity in Portugal that increased 3.5%.

The performance of net commissions in 2015 reflects the 3.2% increase in commissions related to the banking business, induced by higher credit and guarantees-related commissions, both in Portugal and in the international activity, as well as the favourable effect associated with the decreased cost of the guarantee by the Portuguese State to debt securities issued, in spite of the decrease in cards and transfers-related commissions, penalised by the reduction of interchange fees in Poland. The commissions associated with financial markets decreased 4.0%, influenced by the lower level of securities transactions.

Net trading income reached Euro 595.4 million in 2015, from the Euro 442.2 million registered in 2014, driven by the gains related with Portuguese sovereign debt securities in Portugal and the higher foreign exchange results in Angola and Mozambique.

Other net operating income was negative by Euro 121.8 million in 2015, compared to Euro 11.4 million accounted in 2014, influenced by the booking of a Euro 69.4 million gain, in 2014, related to the disposal of the shareholding in subsidiaries that operated in the area of non-life insurance.

The activity in Portugal includes the costs related to the contributions for the banking sector, for the Deposit Guarantee Fund and for the Single Resolution Fund, for which a Euro 31.4 million contribution was made in the fourth quarter of 2015.

The international activity reflects the booking of the extraordinary contribution for the Deposit Guarantee Fund of Euro 24.6 million due to the bankruptcy of a Polish bank and Euro 3.7 million for the Mortgage Restructuring Fund in Poland.

Dividends from equity instruments, which comprises dividends received from investments in financial assets available for sale, and **equity accounted earnings**, jointly amounted to Euro 35.5 million in 2015, compared with Euro 41.8 million posted in 2014.

OTHER NET INCOME

Euro million

	31 Dec. 15	31 Dec. 14	Change 15/14
Net commissions	**692.9**	**680.9**	**1.8%**
Banking commissions	562.5	545.1	3.2%
Cards and transfers	172.4	193.6	-11.0%
Credit and guarantees	178.6	159.6	11.9%
Bancassurance	75.3	72.7	3.6%
Current account related	84.4	76.6	10.1%
Commissions related with the State guarantee	-	(22.7)	-
Other commissions	51.8	65.2	-20.6%
Market related commissions	130.4	135.7	-4.0%
Securities	91.3	97.0	-5.9%
Asset management	39.1	38.7	0.9%
Net trading income	**595.4**	**442.2**	34.7%
Other net operating income	**(121.8)**	**11.4**	**-**
Dividends from equity instruments	**11.9**	**5.9**	**102.8%**
Equity accounted earnings	**23.5**	**36.0**	**-34.6%**
Total other net income	**1,202.0**	**1,176.3**	**2.2%**
Other net income / Net operating revenues	48.0%	51.3%	

Operating costs, excluding the effect of specific items mainly related with restructuring costs, decreased 4.3% compared with the Euro 1,149.6 million registered in 2014, standing at Euro 1,100.7 million, reflecting the guidelines set out by the Strategic Plan, with a focus on cost savings in Portugal, supported by rationalisation and cost containment.

In the activity in Portugal, excluding specific items, operating costs totalled Euro 636.2 million in 2015, a 7.8% year-on-year decrease, on the back of the 9.7% savings in staff costs, induced by the reduction of the number of employees and the temporary salary reduction measures carried out in 2014.

In the international activity, operating costs increased 1.1% from the amount posted in 2014, determined by the operations in Angola and Mozambique.

Staff costs, excluding the impact of the above-mentioned specific items, amounted to Euro 610.3 million in 2015, a 4.0% reduction from 2014, materialising a 9.7% decrease in the activity in Portugal that benefited from the reduction of number of employees by 336 from the end of 2014 and the aforementioned temporary salary reduction measures, in spite of the 6.4% increase in the international activity.

Other administrative costs decreased 5.5%, from Euro 448.5 million in 2014 to euro 423.8 million in 2015, as a result of the operational improvement initiatives implemented, reflected in the resizing of the distribution network in Portugal, which decreased from 695 branches at the end of 2014 to 671 in 2015. In the international activity, other administrative costs fell 6.2% from the end of 2014, standing at Euro 189.1 million, determined by the operation in Poland.

Depreciation costs amounted to Euro 66.6 million in 2015, an increase of 1.6% from 2014, mainly influenced by the 9.7% increase registered in the international activity, determined by the subsidiary in Angola, despite the 6.5% decrease recorded in the activity in Portugal, induced by lower real estate related depreciation costs.

OPERATING COSTS

Euro million

	31 Dec. 15	31 Dec. 14	Change 15/14
Staff costs	610.3	635.6	-4.0%
Other administrative costs	423.8	448.5	-5.5%
Depreciation	66.6	65.5	1.6%
Subtotal [(1)]	**1,100.7**	**1,149.6**	-4.3%
Specific items			
Restructuring costs and other	5.8	-	
Operating costs	**1,106.5**	**1,149.6**	**-3.7%**
Of which:			
Portugal activity [(1)]	636.2	690.2	-7.8%
Foreign activity	464.5	459.4	1.1%

(1) Excludes the impact of specific items presented in the table.

Impairment for loan losses (net of recoveries) totalled Euro 833.0 million in 2015, compared to Euro 1,107.0 million posted in 2014, still showing a relevant provisioning effort as set out in the Strategic Plan. Cost of risk improved from 194 basis points in 2014 to 150 basis points in 2015 and credit at risk ratio stood at 11.3% of total loans as at 31 December 2015 from 12.0% in 2014.

Other impairment and provisions amounted to Euro 161.3 million in 2015, compared with Euro 209.3 million posted in 2014, reflecting lower guarantees and other commitments and other financial assets-related provisions, in spite of higher impairment charges for repossessed assets.

Income tax (current and deferred) amounted to Euro 56.4 million in 2015, compared with Euro -97.7 million posted in 2014.

These taxes include current tax costs of Euro 99.7 million in 2015 (Euro 101.0 million in 2014) net of deferred tax income of Euro 43.3 million (Euro 198.7 million in 2014).

BALANCE SHEET

Total assets reached Euro 74,885 million as at 31 December 2015, compared with Euro 76,361 million as at 31 December 2014, reflecting loans to customers' portfolio retraction in Portugal, partially offset by the increase in the securities portfolio, mainly related with the treasury bonds portfolio.

Loans to customers (gross) amounted to Euro 55,438 million as at 31 December 2015, from the Euro 57,168 million posted in the end of 2014, induced by the decrease in the activity in Portugal, in spite of the increase recorded in the international activity.

Loans to customers in Portugal decreased 5.0% compared to 31 December 2014, as a result of the performance of loans to individuals, determined by the repayments associated with mortgage loans, and loans to companies, hindered by the gradual recovery of the Portuguese economy, in spite of the continued commitment to provide solutions to meet individuals' and companies' financing needs.

In the international activity, loans to customers increased 3.4% from 31 December 2014, supported by the increases both in loans to companies and to individuals, in particular in Poland.

The structure of the loans to customers portfolio showed identical and stable levels of diversification between the end of December 2014 and 2015, with loans to companies representing 47% of total loans to customers as at 31 December 2015.

LOANS TO CUSTOMERS (GROSS)

Euro million

	31 Dec. 15	31 Dec. 14	Change 15/14
Individuals	**29,187**	**29,582**	**-1.3%**
Mortgage	25,048	25,545	-1.9%
Consumer and others	4,138	4,037	2.5%
Companies	**26,251**	**27,586**	**-4.8%**
Services	10,053	10,714	-6.2%
Commerce	3,396	3,365	0.9%
Construction	3,562	4,097	-13.1%
Other	9,240	9,410	-1.8%
Total	**55,438**	**57,168**	**-3.0%**
Of which:			
Portugal activity	41,595	43,784	-5.0%
Foreign activity	13,843	13,385	3.4%

Credit quality, determined by loans overdue by more than 90 days as a percentage of total loans, stood at 7.2% as at 31 December 2015, compared with 7.3% posted at the end of 2014, and the coverage ratio for loans overdue by more than 90 days improved from 83.1% as at 31 December 2014 to 86.7% as at 31 December 2015.

The credit at risk ratio stood at 11.3% of total loans as at 31 December 2015, which compares with 12.0% at the end of 2014. As at 31 December 2015, the restructured loans ratio reached 9.8% of total loans, a favourable evolution from the 11.0% posted as at 31 December 2014 and the restructured loans not included in credit at risk ratio stood at 5.8% of total loans as at 31 December 2015 (7.2% as at 31 December 2014).

OVERDUE LOANS BY MORE THAN 90 DAYS AND IMPAIRMENTS AS AT 31 DECEMBER 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	**873**	**747**	**3.0%**	**85.6%**
Mortgage	288	417	1.2%	144.5%
Consumer and others	585	331	14.1%	56.6%
Companies	**3,128**	**2,721**	**11.9%**	**87.0%**
Services	1,156	1,418	11.5%	122.6%
Commerce	333	267	9.8%	80.2%
Construction	1,064	359	29.9%	33.8%
Other	575	676	6.2%	117.7%
Total	**4,001**	**3,468**	**7.2%**	**86.7%**

Total customer funds, excluding the impact associated with discontinued operations, increased by 2.2% totalling Euro 66,176 million as at 31 December 2015, compared to Euro 64,739 million in 2014, on the back of on-balance and off-balance sheet customer funds growth, which respectively increased 2.4% and 1.5% from 31 December 2014.

In the activity in Portugal, total customer funds amounted to Euro 47,965 million as at 31 December 2015, from Euro 47,881 million posted in 2014, reflecting the continued commercial effort on funding acquisition, materialised in the increases of 4.8% of assets under management and 1.2% of customer deposits, notwithstanding the 16.2% decrease of debt securities owed to customers.

Total customer funds in the international activity stood at Euro 18,211 million as at 31 December 2015, a year-on-year increase of 8.0% from the Euro 16,858 million registered in 2014, primarily driven by customer deposits growth, in particular at the subsidiary in Poland.

As at 31 December 2015, excluding discontinued operations, balance sheet customer funds represented 81% of total customer funds, with customer deposits representing 78% of total customer funds.

Improvement of loan to deposits ratio to stand at 102% as at 31 December 2015, compared to 108% in 2014, benefiting from the Euro 3.4 million reduction of the commercial gap. The same ratio, considering total balance sheet customer funds, reached 97% (102% as at 31 December 2014).

TOTAL CUSTOMER FUNDS [1]

Euro million

	31 Dec. 15	31 Dec. 14	Change 15/14
Balance sheet customer funds	**53,850**	**52,593**	**2.4%**
Deposits	51,539	49,817	3.5%
Debt securities	2,311	2,776	-16.7%
Off-balance sheet customer funds	**12,327**	**12,146**	**1.5%**
Assets under management	3,812	3,583	6.4%
Capitalisation products	8,514	8,563	-0.6%
Total	**66,176**	**64,739**	**2.2%**

(1) Excludes, in December 2014, the impact from discontinued operations (Millennium bcp Gestão de Activos) in the amount of Euro 1,468 million.

The **securities portfolio** totalled Euro 12,463 million as at 31 December 2015, compared with Euro 12,285 million posted at the end of 2014, representing 16.6% of total assets as at 31 December 2015, in line with the amount registered as at 31 December 2014, essentially related with the treasury bonds portfolio.

LIQUIDITY MANAGEMENT

During 2015 the wholesale funding needs decreased Euro 2.4 billion, mainly as a result of the decreases in the commercial gap in Portugal and the portfolio of Portuguese sovereign debt, and the sale of 15.4% of the shareholding in Bank Millennium (Poland).

Throughout the year the Bank carried out the amortization of medium and long term debt amounting to Euro 0.6 billion, related with the early redemption of senior debt and maturity of bank loans, and to the underwriting of new bank loans amounting to Euro 0,3 billion.

Accordingly, there was a change in the wholesale funding structure of the Bank in 2015, with decreases of Euro 0.9 billion in repos with financial institutions, of Euro 0.3 billion in senior debt and of Euro 1.3 billion in the balance of borrowings with the European Central Bank (ECB), among other less expressive changes.

As of 31 December 2015, the balance of the net funding with the ECB reached Euro 5.3 billion, a decrease of Euro 1.3 billion when compared with the amount registered in the same period of 2014.

The decrease of the net funding with the ECB, along with the reduction of Euro 0,2 billion of the portfolio of available eligible assets, allowed an increase of Euro 1.1 billion of the safety buffer, which totalled Euro 8.6 billion at the end of December 2015.

The composition of the balance funded through the Eurosystem was throughout 2015 impacted by the 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 ECB through its long term refinancing operations.

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 (phased-in) in which institutions may accommodate the new requirements, both in terms of own funds and compliance with minimum capital ratios.

According to our interpretation of CRD IV/CRR to date, CET1 phased-in estimated ratio reached 13.3% as at 31 December 2015, improving from 13.2% as at the end of the previous quarter, based on the amount of deferred tax assets recorded in the consolidated financial statements and its new prudential framework.

CETs' performance in the fourth quarter was driven by the decrease of risk-weighted assets, mainly supported on the lower level of market risk, which was partially offset by the decrease of CET1, with special emphasis on the actuarial losses and the negative contribution of the net income, despite the improvement recorded by the shortfall of impairment to expected loss and minority interests.

On 8 October 2015, Millennium bcp signed a memorandum of understanding to merge Banco Millennium Angola, S.A. with Banco Privado Atlântico, S.A., resulting in the second-largest private sector Angolan bank in terms of loans to the economy, with a market share of approximately 10% by business volume. The valuation of the stakes of the two merged banks will be subject to due diligence by an independent auditor and Millennium bcp is expected to hold a stake of around 20% in the merged entity. The completion of this transaction, estimated with reference to December 2015, would raise CET1 ratio, on a phased-in basis, up to 13.7%.

SOLVENCY RATIOS (CRD IV/CRR) (*)

Euro million

	31 Dec. 15	30 Sep. 15	31 Dec. 14
	PHASED-IN		
Own funds			
Common equity tier 1 (CET1)	5,774	5,800	5,104
Tier 1	5,774	5,800	5,104
Total Capital	**6,232**	**6,315**	**5,827**
Risk weighted assets	**43,271**	**43,862**	**43,515**
Solvency ratios			
CET1	13.3%	13.2%	11.7%
Tier 1	13.3%	13.2%	11.7%
Total capital	14.4%	14.4%	13.4%
	FULLY IMPLEMENTED		
CET1 ratio	10.2%	10.0%	7.8%

(*) December 2015 is an estimate. Consider the new DTA regime for capital purposes (according to IAS) and include the cumulative net income recorded in each period. The figures of September 2015 also consider the impact of the minimum capital requirements that ECB established for 2016.

SIGNIFICANT EVENTS

Millennium bcp designed a 3-year plan for its domestic operation aimed to prepare the Bank to a changing Customer profile, to a new competitive landscape in Portuguese banking and to regulatory changes affecting the financial system. During the last quarter of 2015 Millennium bcp continued committed to digital innovation: new mobile banking features were made available, a new website for smart phones and tablets was launched, and there were also innovating features in the branch network, through the introduction of digital price lists and electronic billboards, and the design of a new branch format.

Highlights during this period include:

- Kick-off of the Bank's transformation project through the creation of the "Avançar (Move Forward) Project" Committee. There are currently 10 teams and more than 100 employees working to transform the Bank’s business and culture, within the scope of the new Strategic Agenda.
- On October 8, Banco Comercial Português, S.A. signed a memorandum of understanding with the main shareholder of Banco Privado Atlântico, S.A. (Global Pactum – Gestão de Ativos, S.A.), to merge Banco Millennium Angola, S.A. with Banco Privado Atlântico, S.A., resulting in the second-largest private sector bank in terms of loans to the economy, with a market share of approximately 10%.
- A new financing contract aimed at supporting SMEs for a total amount of €500 million, was signed between Millennium bcp and the European Investment Bank.
- New mobile banking features, including a new website for smart phones and tablets. Customers accessing Millennium bcp’s website will now be routed to the most appropriate paltform, thus providing an improved user experience.
- Presence in the “II Gala Portugal China 2015” event organized by the Portuguese-Chinese Chamber of Commerce and Industry, consisting of a business conference and a Business Merit awards ceremony.
- S&P has revised upward the intrinsic rating (SACP) of Banco Comercial Português S.A. to “b+” from “b” on the back of the ongoing strengthening of the bank's capital base. S&P removed the one notch that it had previously included for government support in the long-term counterparty credit rating following the full implementation of the EU Bank Recovery and Resolution Directive. As a result of both changes, S&P affirmed the long- and short-term counterparty credit ratings on Millennium bcp at “B+/B”.
- “Best online banking site” award, granted by the readers of PC Guia magazine for the 5th consecutive year.
- Distinction of ActivoBank in the category of "Marketing on Social Networks," by the “Navegantes XXI” Association of Digital Economy, which aims to promote and develop the digital economy in Portugal.
- “Best Life Insurance Company in Portugal" award granted to Ocidental, by “World Finance” magazine.
- Recognition of the American Express brand, represented in Portugal by Millennium bcp, as "Brand of Excellence in Portugal in 2015" by the international organization Superbrands, for the 3rd consecutive year.
- “Bank of the Year in Mozambique in 2015," award granted to Millennium bim by "The Banker" magazine, a Financial Times group publication.
- The "Bank Millennium” brand was awarded "Superbrand 2015/2016", following an annual survey on the Polish market by the international organization Superbrands.
- After the conclusion of the selection process of the Audit companies to be proposed to the General Meeting scheduled for April, 21, the Audit Committee selected Deloitte and PricewaterhouseCoopers, having decided to express preference for the election of Deloitte. The Audit Company to be elected for the 2016/2018 period will replace the functions currently performed by KPMG, following the best practices of corporate governance.

MACROECONOMIC ENVIRONMENT

According to the International Monetary Fund (IMF), the growth of the World's economic was slower in 2015 than in the previous year due to the loss of vigor of emerging markets, since economic activity in developed economies as a whole should have improved. In the US, the sustained growth of employment and of the real disposable income allowed for robust consumption growth and the recovery of residential investment. However, the recession that hit the energy sector and the dollar appreciation exerted an adverse effect on investment and exports, a situation that might have led to a GDP growth rate in 2015 similar to that observed 2014, which was 2.4%. In the euro area, the phasing out of the austerity cycle in the peripheral countries, the improvement of monetary conditions stemming from the more expansionary stance of the European Central Bank (ECB), the effective depreciation of the euro and the decrease in energy costs boosted the economy, which has been translated into a GDP acceleration, from 0.9% in 2014 to a projected value of 1.6% in 2015, according to the European Commission (EC). In Japan, the strong contribution of net exports must have been enough to compensate for the consumption retraction and the private investment stall, allowing for the return of the Japanese economy to positive growth rates in 2015, after the GDP stagnation in 2014. The Chinese economy continued to display clear signals of loss of strength in the course of 2015, especially on the demand components that were the cornerstone of the Chinese growth model: exports and investment.

In the financial markets, the dominant feature was the volatility resulting from the uncertainty surrounding the implications for the world economy of the emerging markets' loss of vigor and of the beginning of the reversal of the US Federal Reserve's expansionary policy. Generically, the geographies where monetary policies were more accommodative, such as EMU and Japan, recorded stronger financial assets appreciation than the economies whose monetary conditions became more restrictive, as happened in the US, and with greater intensity, in emerging markets.

The lack of inflationary pressures and the moderate progress of the World's economy allowed for the maintenance of an ample degree of monetary accommodation globally. With the exception of the Fed, which began the process of interest rate normalization in December, by increasing its key rate target for the first time since 2006, the majority of the main central banks maintained or intensified the expansionary stance of their monetary policies. The ECB set the rate on the deposit facility to negative values (-0.30%) and implemented a public debt securities purchase program, which will last at least until March 2017. As a consequence of these measures, the euribor interest rates for maturities up to 6 months ended 2015 in negative territory.

According to the EC estimates, the Portuguese GDP grew by 1.7% in 2015, above the 0.9% recorded in 2014. The greater strength of economic activity stemmed essentially from the dynamism of private consumption and exports, since investment proceeded at a slower pace than that of the previous year. In 2016, the recovery trend should remain supported by domestic demand, which is bound to benefit from the rise of employment and disposable income, the low cost of energy and banking credit. Nevertheless, the risk of slowdown of the global economy associated with emerging markets' fragility as well as the possibility of a significant correction in financial markets constitute potential threats to the extension of the recovery of the national economy.

According to the IMF, the Polish GDP is expected to have grown 3.5% in 2015, making this country one of the most dynamic economies in the European Union. The main contributions for the progress in activity arose from private consumption and investment. The inflation rate remained negative for most of the year, mirroring external deflationary pressures in a context of relative stability of the zloty against the euro, a set of circumstances that favored a more accommodative monetary policy by the National Bank of Poland.

In Angola, the fall of oil prices during the course of 2015 significantly reduced fiscal revenues and foreign exchange earnings from the energy sector exports, a development that has hampered private consumption and public investment, leading to a reduction of the GDP growth rate, which according to the IMF went from 4.8% in 2014 to 3.5% in 2015. In this context, the Kwanza devalued considerably and the inflation rate approached 10%, thereby imposing the need for a more restrictive monetary policy. In Mozambique, the fall of commodity prices, in particular of gas, coal and aluminium, provoked a fall in export revenues and a slower pace of foreign direct investment, generating exchange rate instability, which led the government to request an emergency loan from the IMF in November and to adopt a more restrictive monetary and fiscal policy. Notwithstanding, the economy of Mozambique should have maintained robust growth levels, according to IMF estimates.

CONSOLIDATED INDICATORS, ACTIVITY IN PORTUGAL AND INTERNATIONAL ACTIVITY

Euro million

	Consolidated			Activity in Portugal			International activity		
	Dec 15	Dec 14	Change	Dec 15	Dec 14	Change	Dec 15	Dec 14	Change
Income statement									
Net interest income	1,301.6	1,116.2	16.6%	711.3	527.0	35.0%	590.2	589.1	0.2%
Dividends from equity instruments	11.9	5.9	102.8%	9.1	2.3	>200%	2.9	3.6	-20.2%
Net fees and commission income	692.9	680.9	1.8%	448.2	433.2	3.5%	244.7	247.7	-1.2%
Other operating income	(121.8)	11.4	-	(86.0)	13.7	-	(35.8)	(2.3)	-
Net trading income	595.4	442.2	34.7%	443.2	343.7	29.0%	152.2	98.5	54.6%
Equity accounted earnings	23.5	36.0	-34.6%	23.9	36.0	-33.8%	(0.3)	(0.1)	-
Net operating revenues	**2,503.5**	**2,292.5**	**9.2%**	**1,549.6**	**1,355.9**	**14.3%**	**953.9**	**936.6**	**1.8%**
Staff costs	616.1	635.6	-3.1%	376.9	410.8	-8.3%	239.1	224.8	6.4%
Other administrative costs	423.8	448.5	-5.5%	234.7	246.9	-4.9%	189.1	201.5	-6.2%
Depreciation	66.6	65.5	1.6%	30.3	32.4	-6.5%	36.3	33.1	9.7%
Operating costs	**1,106.5**	**1,149.6**	**-3.7%**	**642.0**	**690.2**	**-7.0%**	**464.5**	**459.4**	**1.1%**
Operating profit before impairment and provisions	**1,397.0**	**1,142.9**	**22.2%**	**907.6**	**665.7**	**36.4%**	**489.4**	**477.2**	**2.6%**
Loans impairment (net of recoveries)	833.0	1,107.0	-24.7%	729.8	1,020.8	-28.5%	103.2	86.2	19.7%
Other impairment and provisions	161.3	209.3	-22.9%	152.7	207.8	-26.5%	8.6	1.5	-
Profit before income tax	**402.7**	**(173.4)**	-	**25.1**	**(562.9)**	-	**377.6**	**389.5**	**-3.1%**
Income tax	56.4	(97.7)	-	(18.4)	(176.0)	-	74.8	78.3	-4.4%
Income after income tax from continuing operations	**346.3**	**(75.7)**	-	**43.6**	**(386.9)**	-	**302.7**	**311.1**	**-2.7%**
Income arising from discontinued operations	14.6	(40.8)	-	-	-	-	-	-	-
Non-controlling interests	125.6	110.1	14.1%	(0.6)	0.4	-	126.2	109.7	15.1%
Net income	**235.3**	**(226.6)**	-	**44.2**	**(387.3)**	-	**176.5**	**201.5**	**-12.4%**
Balance sheet and activity indicators									
Total assets	**74,885**	**76,361**	**-1.9%**	**53,647**	**56,508**	**-5.1%**	**21,238**	**19,853**	**7.0%**
Total customer funds [1]	**66,176**	**64,739**	**2.2%**	**47,965**	**47,881**	**0.2%**	**18,211**	**16,858**	**8.0%**
Balance sheet customer funds	**53,850**	**52,593**	**2.4%**	**37,056**	**37,081**	**-0.1%**	**16,794**	**15,512**	**8.3%**
Deposits	51,539	49,817	3.5%	34,816	34,408	1.2%	16,723	15,409	8.5%
Debt securities	2,311	2,776	-16.7%	2,241	2,673	-16.2%	71	103	-31.4%
Off-balance sheet customer funds [1]	**12,327**	**12,146**	**1.5%**	**10,909**	**10,800**	**1.0%**	**1,417**	**1,346**	**5.3%**
Assets under management	3,812	3,583	6.4%	2,882	2,749	4.8%	931	835	11.5%
Capitalisation products	8,514	8,563	-0.6%	8,028	8,051	-0.3%	486	512	-4.9%
Discontinued operations	-	**1,468**		-	**1,468**		-	-	
Loans to customers (gross)	**55,438**	**57,168**	**-3.0%**	**41,595**	**43,784**	**-5.0%**	**13,843**	**13,385**	**3.4%**
Individuals	**29,187**	**29,582**	**-1.3%**	**20,887**	**21,644**	**-3.5%**	**8,300**	**7,938**	**4.6%**
Mortgage	25,048	25,545	-1.9%	18,465	19,142	-3.5%	6,584	6,403	2.8%
Consumer and others	4,138	4,037	2.5%	2,423	2,502	-3.2%	1,716	1,535	11.8%
Companies	**26,251**	**27,586**	**-4.8%**	**20,708**	**22,139**	**-6.5%**	**5,544**	**5,447**	**1.8%**
Services	10,053	10,714	-6.2%	9,056	9,729	-6.9%	997	985	1.2%
Commerce	3,396	3,365	0.9%	2,119	2,102	0.8%	1,277	1,263	1.1%
Construction	3,562	4,097	-13.1%	3,012	3,414	-11.8%	551	683	-19.4%
Other	9,240	9,410	-1.8%	6,520	6,893	-5.4%	2,720	2,516	8.1%
Credit quality									
Total overdue loans	4,123	4,283	-3.7%	3,772	3,980	-5.2%	351	304	15.6%
Overdue loans by more than 90 days	4,001	4,189	-4.5%	3,694	3,916	-5.7%	307	273	12.6%
Overdue loans by more than 90 days /Total loans	7.2%	7.3%		8.9%	8.9%		2.2%	2.0%	
Total impairment (balance sheet)	3,468	3,483	-0.4%	2,991	3,034	-1.4%	477	449	6.4%
Total impairment (balance sheet) /Total loans	6.3%	6.1%		7.2%	6.9%		3.4%	3.4%	
Total impairment (balance sheet) /Overdue loans by more than 90 days	86.7%	83.1%		81.0%	77.5%		155.3%	164.4%	
Cost of risk (net of recoveries, in b.p.)	150	194		175	233		75	64	
Restructured loans / Total loans [2]	9.8%	11.0%							
Restructured loans not included in the credit at risk / Total loans [2]	5.8%	7.2%							
Cost-to-income	44.0%	51.7%		41.1%	53.7%		48.7%	49.1%	

(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 years ended at 31 December, 2015 and 2014

	31 December 2015	31 December 2014
	(Thousands of Euros)	
Interest and similar income	2,316,101	2,652,638
Interest expense and similar charges	(1,014,526)	(1,536,487)
Net interest income	1,301,575	1,116,151
Dividends from equity instruments	11,941	5,888
Net fees and commission income	692,862	680,885
Net gains / losses arising from trading and hedging activities	173,698	154,247
Net gains / losses arising from available for sale financial assets	421,746	302,407
Net gains / (losses) arising from financial assets held to maturity	-	(14,492)
Other operating income	(110,519)	(53,300)
	2,491,303	2,191,786
Other net income from non banking activity	18,856	19,278
Total operating income	2,510,159	2,211,064
Staff costs	616,070	635,616
Other administrative costs	423,833	448,451
Depreciation	66,623	65,543
Operating costs	1,106,526	1,149,610
Operating net income before provisions and impairments	1,403,633	1,061,454
Loans impairment	(833,024)	(1,106,990)
Other financial assets impairment	(56,675)	(91,345)
Other assets impairment	(79,667)	(36,311)
Goodwill impairment	-	(145)
Other provisions	(24,947)	(81,473)
Operating net income	409,320	(254,810)
Share of profit of associates under the equity method	23,528	35,960
Gains / (losses) from the sale of subsidiaries and other assets	(30,138)	45,445
Net (loss) / income before income tax	402,710	(173,405)
Income tax		
Current	(99,746)	(100,995)
Deferred	43,349	198,670
Net (loss) / income after income tax from continuing operati	346,313	(75,730)
Income arising from discontinued operations	14,648	(40,830)
Net income after income tax	360,961	(116,560)
Attributable to:		
Shareholders of the Bank	235,344	(226,620)
Non-controlling interests	125,617	110,060
Net income for the year	360,961	(116,560)
Earnings per share (in euros)		
Basic	0.005	(0.005)
Diluted	0.005	(0.005)

BANCO COMERCIAL PORTUGUÊS

Consolidated Balance Sheet as at 31 December, 2015 and 2014

	31 December 2015	31 December 2014
	(Thousands of Euros)	
Assets		
Cash and deposits at central banks	1,840,317	1,707,447
Loans and advances to credit institutions		
Repayable on demand	776,413	795,774
Other loans and advances	921,648	1,456,026
Loans and advances to customers	51,970,159	53,685,648
Financial assets held for trading	1,188,805	1,674,240
Other financial assets held for trading at fair value through profit or loss	152,018	-
Financial assets available for sale	10,779,030	8,263,225
Assets with repurchase agreement	-	36,423
Hedging derivatives	73,127	75,325
Financial assets held to maturity	494,891	2,311,181
Investments in associated companies	315,729	323,466
Non current assets held for sale	1,765,382	1,622,016
Investment property	146,280	176,519
Property and equipment	670,871	755,451
Goodwill and intangible assets	210,916	252,789
Current tax assets	43,559	41,895
Deferred tax assets	2,561,506	2,398,562
Other assets	974,228	784,929
	74,884,879	76,360,916
Liabilities		
Amounts owed to credit institutions	8,591,045	10,966,155
Amounts owed to customers	51,538,583	49,816,736
Debt securities	4,768,269	5,709,569
Financial liabilities held for trading	723,228	952,969
Hedging derivatives	541,230	352,543
Provisions for liabilities and charges	284,810	460,293
Subordinated debt	1,645,371	2,025,672
Current income tax liabilities	22,287	31,794
Deferred income tax liabilities	14,810	6,686
Other liabilities	1,074,675	1,051,592
Total Liabilities	69,204,308	71,374,009
Equity		
Share capital	4,094,235	3,706,690
Treasury stock	(1,187)	(13,547)
Share premium	16,471	-
Preference shares	59,910	171,175
Other capital instruments	2,922	9,853
Fair value reserves	23,250	106,898
Reserves and retained earnings	192,224	458,087
Net income for the year attributable to Shareholders	235,344	(226,620)
Total Equity attributable to Shareholders of the Bank	4,623,169	4,212,536
Non-controlling interests	1,057,402	774,371
Total Equity	5,680,571	4,986,907
	74,884,879	76,360,916

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.

Core net income - corresponding to net interest income and net commissions deducted from operating costs.

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.

"Disclaimer"

The financial information in this presentation has been prepared under the scope of the International Financial Reporting Standards ("IFRS") of BCP Group for the purposes of the preparation of the consolidated financial statements under Regulation (CE) 1606/2002.

The figures presented do not constitute any form of commitment by BCP in regard to future earnings.

2015 figures were not audited yet.