EARNINGS PRESS RELEASE

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27 July 2015

Millennium bcp earnings release as at 30 June 2015

Profitability

Profits reinforced

- **Net profit at Euro 240.7 million** in the 1st half of 2015, compared to Euro 62.2 million losses in the same period of 2014.
- **Core net income* up by 62.6%** to Euro 423.5 million in the 1st half of 2015 from Euro 260.4 million in the 1st half of 2014, reflecting **increased net interest income** (up 26.6%, including a **58.5% increase in Portugal**) and **lower operating costs** (down 3.7% overall and **9.3% in Portugal**).
- Impairment and provision charges of Euro 566.8 million in the 6-month period to June 30, 2015, taking advantage of gains on sovereign debt to reinforce coverage.

Liquidity

Healthy balance sheet

- **Customer deposits up by 4.4%** to Euro 50.6 billion as at June 30, 2015, with total customers funds up by 2.8% to Euro 65.7 billion on the same date.
- **Commercial gap narrowed further**: net loans as a percentage of total customer funds now stand at 100%. As a percentage of deposits (BoP criteria), net loans stood at 107% (115% as at 30 June 2014; 120% recommended).
- ECB funding usage at Euro 6.1 billion (Euro 1.5 billion of which TLTRO-related), down from Euro 8.7 billion at end-June 2014.

Capital

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

- **Common equity tier 1 ratio at 13.1%** according to phased-in criteria**, compared to 12.5% at June 30, 2014.
- Capital boosted by improved recurring profitability, by the **sale of a 15.4% shareholding in Bank Millennium (Poland)** and by the impact of the **debt-equity swap** successfully completed as at 11 June 2015.

* Core net income = net interest income + net fees and commission income – operating costs.
** Includes net income for the first half of 2015. The ratio as at 30 June 2014 includes the impact of the new DTAs regime for capital purposes (according with IAS), of the July 2014 rights issue, of the repayment of Euro 1,850 million of CoCos and of the deconsolidation of the Romanian operation.

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Financial Highlights

Euro million

	30 Jun. 15	30 Jun. 14	Change 15 / 14
Balance sheet			
Total assets	78,730	80,440	-2.1%
Loans to customers (gross) (1)	57,085	58,261	-2.0%
Total customer funds (1)	65,742	63,976	2.8%
Balance sheet customer funds (1)	53,148	51,915	2.4%
Customer deposits (1)	50,601	48,463	4.4%
Loans to customers, net / Customer deposits (2)	107%	115%	
Loans to customers, net / Balance sheet customer funds	100%	106%	
Results			
Net income	240.7	(62.2)	
Net interest income	628.0	496.0	26.6%
Net operating revenues	1,471.3	1,088.4	35.2%
Operating costs	555.2	576.7	-3.7%
Loan impairment charges (net of recoveries)	475.0	371.6	27.8%
Other impairment and provisions	91.8	114.0	-19.4%
Income taxes			
Current	44.8	62.5	
Deferred	9.6	(60.3)	
Profitability			
Net operating revenues / Average net assets (2)	3.8%	2.7%	
Return on average assets (ROA) (3)	0.8%	0.0%	
Income before tax and non-controlling interests / Average net assets (2)	0.9%	0.0%	
Return on average equity (ROE)	11.4%	-5.0%	
Income before tax and non-controlling interests / Average equity (2)	14.6%	-0.5%	
Credit quality			
Overdue loans and doubtful loans / Total loans (2)	9.7%	9.4%	
Overdue loans and doubtful loans, net / Total loans, net (2)	3.5%	4.3%	
Credit at risk / Total loans (2)	12.4%	11.9%	
Credit at risk, net / Total loans, net (2)	6.4%	6.9%	
Impairment for loan losses / Overdue loans by more than 90 days (1)	86.4%	73.1%	
Efficiency ratios (2) (4)			
Operating costs / Net operating revenues	37.7%	56.6%	
Operating costs / Net operating revenues (Portugal)	33.2%	62.4%	
Staff costs / Net operating revenues	21.0%	31.7%	
Capital (5)			
Common equity tier I phased-in (6)	13.1%	12.5%	
Common equity tier I fully-implemented (6)	9.6%	9.0%	
Common equity tier I fully-implemented (7)	10.7%	10.1%	
Branches			
Portugal activity	691	740	-6.6%
Foreign activity	669	730	-8.4%
Employees			
Portugal activity	7,599	8,351	-9.0%
Foreign activity	9,699	10,054	-3.5%

(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) 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).
(5) According with CRD IV/CRR.
(6) Includes net income for the first half of 2015. The ratio as at 30 June 2014 includes the impact of the new DTAs regime for capital purposes (according with IAS), of the July 2014 rights issue, of the repayment of Euro 1,850 million of CoCos and of the deconsolidation of the Romanian operation.
(7) Includes net income for the first half of 2015. The ratio as at 30 June 2014 includes the impact of the new DTAs regime for capital purposes (according with the Notice from Bank of Portugal no. 3/95), of the July 2014 rights issue, of the repayment of Euro 1,850 million of CoCos and of the deconsolidation of the Romanian operation.

RESULTS AND ACTIVITY IN THE FIRST HALF 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. 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" and, at 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 30 June 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 240.7 million in the first half of 2015, favourably comparing to a net loss of Euro 62.2 million in the same period of 2014, reflecting the pursuit of the objectives envisaged in the Strategic Plan, materialised in the sustained recovery of the activity in Portugal, together with the increased contribution from international activity.

Net income performance in the first half of 2015 was determined, on the one hand, by the 62.6% increase of core net income (corresponding to net interest income and net commissions deducted from operating costs) compared with the first half of 2014, reflecting the 26.6% rise recorded in net interest income and, on the other, by the gains in net trading income related with the sale of Portuguese sovereign debt securities.

Net income in the activity in Portugal showed an improvement of Euro 248.5 million in the first half of 2015, benefiting from the increases in net trading income and in net interest income, together with operating costs reduction.

Regarding international activity, excluding discontinued operations, net income grew 6.2% compared with the amount posted in the first half of 2014, boosted by higher net interest income and net trading income posted in the subsidiaries in Angola and Mozambique.

Net interest income stood at Euro 628.0 million in the first half of 2015, an increase of 26.6% compared with Euro 496.0 million recorded in the same period of 2014, supported by the positive performance in the activity in Portugal and in the international activity.

The favourable performance of net interest income in Portugal, which amounted to Euro 329.2 million in the first half of 2015, from the Euro 207.7 million posted in the same period of 2014, reflects the lower cost related to CoCos, determined by the early repayment of Euro 2,250 million in May and August 2014, as well as the sustained reduction of term deposits cost, driven by a decrease of 67 basis points compared with the first half of 2014, in line with the guidelines set forth in the Strategic Plan.

Net interest income in the international activity increased 3.6% in the first half of 2015, compared to the same period of 2014, influenced by the improvement in loans and customer deposits volume posted by the operations in Angola and Mozambique.

Net interest margin in the first half of 2015 stood at 1.84%, compared with 1.37% in the same period of 2014. Excluding the cost of CoCos impact, net interest margin amounted to 1.94% in the first half of 2015 and 1.73% in the first half of 2014.

AVERAGE BALANCES

Euro million

	30 Jun.15		30 Jun.14	
	Balance	**Yield %**	**Balance**	**Yield %**
Deposits in banks	3,392	0.79	3,463	1.09
Financial assets	10,316	3.06	12,790	3.43
Loans and advances to customers	54,063	3.60	55,707	3.84
Interest earning assets	**67,771**	**3.37**	**71,960**	**3.64**
Discontinued operations (1)	62		434	
Non-interest earning assets	9,884		9,436	
	77,717		**81,830**	
Amounts owed to credit institutions	11,461	0.64	12,750	0.72
Amounts owed to customers	50,010	1.30	48,271	1.75
Debt issued	5,574	3.38	9,878	3.78
Subordinated debt	2,011	6.25	4,244	7.61
Interest bearing liabilities	**69,056**	**1.50**	**75,143**	**2.17**
Discontinued operations (1)	2		354	
Non-interest bearing liabilities	3,303		2,977	
Shareholders' equity and non-controlling interests	5,356		3,356	
	77,717		**81,830**	
Net interest margin		1.84		1.37
Net interest margin (excl. cost of CoCos)		1.94		1.73

Note: Interest related to hedge derivatives were allocated, in June 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 reached Euro 350.7 million in the first half of 2015, a 2.8% year-on-year increase, determined by the positive evolution both in the activity in Portugal and in the international activity.

The performance of net commissions in the first half of 2015 reflects:

- The increase in commissions related to the banking business by 5.7%, driven by higher credit and guarantees- related commissions posted in Portugal and in the international activity, together with the positive impact associated with the decreased cost of the guarantee by the Portuguese State to debt securities issued, despite of lower cards and transfers-related commissions, penalised by the reduction of interchange fees in Poland.
- The decrease in commissions related to financial markets (-8.3%), in particular associated with lower stock market trading operations in the activity in Portugal, influenced by the market's performance over this period.

Net trading income amounted to Euro 508.3 million in the first half of 2015, compared to Euro 175.2 million in the same period of 2014.

The evolution of net trading income was determined by the activity in Portugal that benefited from higher gains related with Portuguese sovereign debt securities in the amount of Euro 385.5 million in the first half of 2015.

In the international activity, net trading income increased from Euro 43.5 million, in the first half of 2014, to Euro 82.3 million, in the same period of 2015, supported by higher foreign exchange results in Angola and Mozambique and trading derivatives in the subsidiary in Poland.

Other net operating income were negative by Euro 42.0 million in the first half of 2015, compared with Euro 47.4 million accounted in the same period of 2014, driven by the booking of a Euro 69.4 million gain, in the second quarter of 2014, related to the disposal of the shareholding in subsidiaries that operated in the area of non-life insurance. In the activity in Portugal, this heading includes the costs related with the contributions from the banking sector and for the resolution fund, as well as for the deposit guarantee fund.

Dividends from equity instruments, which comprises dividends received from investments in financial assets available for sale, and **equity accounted earnings**, totalled Euro 26.3 million in the first half of 2015, from the Euro 28.7 million registered in the same period of 2014, penalised by the above-referred impact of the sale of the non-life insurance business in the second quarter of 2014.

OTHER NET INCOME

Euro million

	30 Jun. 15	30 Jun. 14	Change 15/14
Net commissions	**350.7**	**341.2**	**2.8%**
Banking commissions	285.9	270.6	5.7%
Cards and transfers	86.3	96.5	-10.6%
Credit and guarantees	92.4	79.9	15.6%
Bancassurance	37.7	36.6	3.0%
Current account related	39.8	38.8	2.7%
Commissions related with the State guarantee	-	(16.4)	-
Other commissions	29.7	35.2	-15.6%
Market related commissions	64.7	70.6	-8.3%
Securities	44.8	50.9	-11.9%
Asset management	19.9	19.7	1.2%
Net trading income	**508.3**	**175.2**	**-**
Other net operating income	**(42.0)**	**47.4**	**-**
Dividends from equity instruments	**5.7**	**5.7**	**-0.1%**
Equity accounted earnings	**20.6**	**23.0**	**-10.3%**
Total other net income	**843.3**	**592.5**	**42.3%**
Other net income / Net operating revenues	57.3%	54.4%	

Operating costs stood at Euro 555.2 million in the first half of 2015, a decrease of 3.7% from Euro 576.7 million posted in the same period of 2014, reflecting the initiatives defined in the Strategic Plan concerning cost savings in the activity in Portugal.

In the first half of 2015, operating costs in Portugal decreased 9.3% compared with the same period of 2014, supported by the 12.5% savings in staff costs, on the back of number of employees decrease and temporary salary reduction measures implemented in 2014.

In the international activity, operating costs showed a 4.9% year-on-year increase, determined by the operations in Angola and Mozambique, as well as the effect of the average metical and kwanza appreciation against the euro. Excluding the exchange rate effect, operating costs decreased 0.3% compared with the first half of 2014.

Staff costs amounted to Euro 308.9 million in the first half of 2015, a reduction of 4.5% from the same period of 2014, driven by the 12.5% decrease in the activity in Portugal, which benefited from the decrease in the number of employees by 752, compared to the end of the first half of 2014, together with the above-referred temporary salary reduction measures, notwithstanding the evolution observed in the international activity that, excluding exchange rate effect, increased 5.9%.

Other administrative costs decreased 3.8%, standing at Euro 213.0 million in the first half of 2015, from Euro 221.5 million recorded in the same period of 2014, influenced by the operational efficiency initiatives that have been implemented, embodied in the resizing of the distribution network in Portugal that reduce from 740 branches at the end of the first half of 2014 to 691 at the end of June 2015. Other administrative costs in the international activity totaled Euro 97.1 million in the first half of 2015, a decrease of 3.6% from the amount registered in the same period of 2014.

Depreciation costs amounted to Euro 33.3 million, showing a 4.6% year-on-year growth, as a result of the increase observed in the international activity (+16.0% from the first half of 2014), determined by the subsidiaries in Angola and Mozambique, whereas, in the activity in Portugal, depreciation totalled Euro 15.4 million in the first half of 2015, a 6.1% reduction from the same period of 2014.

OPERATING COSTS

Euro million

	30 Jun. 15	30 Jun. 14	Change 15/14
Staff costs	308.9	323.4	-4.5%
Other administrative costs	213.0	221.5	-3.8%
Depreciation	33.3	31.8	4.6%
Operating costs	**555.2**	**576.7**	**-3.7%**
Of which:			
Portugal activity	318.6	351.1	-9.3%
Foreign activity	236.6	225.6	4.9%

Impairment for loan losses (net of recoveries) totalled Euro 475.0 million in the first half of 2015, compared with Euro 371.6 million in the same period of 2014, as a result of higher impairment charges both in the activity in Portugal and in the international activity.

In Portugal, loans impairment increase has enabled the strengthening of overdue loans and credit at risk coverage levels, considering the still moderate recovery of the Portuguese economy and its impact on the indebtedness levels of households and companies. In the international activity, impairment charges increase was determined by the subsidiaries in Angola and Mozambique.

Other impairment and provisions stood at Euro 91.8 million in the first half of 2015, from Euro 114.0 million in the same period of 2014, induced by lower guarantees and other commitments-related provisions, in spite of higher impairment charges for repossessed assets.

Income tax (current and deferred) amounted to Euro 54.4 million in the first half of 2015, compared with Euro 2.2 million posted in the same period of 2014.

These taxes include current tax costs of Euro 44.8 million (Euro 62.5 million in the first half of 2014) and deferred tax income of Euro 9.6 million (Euro -60.3 million in the same period of 2014).

BALANCE SHEET

Total assets reached Euro 78,730 million as at 30 June 2015 (Euro 80,440 million as at 30 June 2014), compared with Euro 76,361 million as at 31 December 2014, influenced by the increase in the securities portfolio, mainly related with the treasury bonds portfolio.

Loans to customers (gross) amounted to Euro 57,085 million as at 30 June 2015, from Euro 57,168 million posted at the end of 2014 (Euro 58,261 million as at 30 June 2014), driven by the decrease in the activity in Portugal, despite the increase in the international activity.

Loans to customers in Portugal decreased 2.1% from 31 December 2014, reflecting the performance of loans to individuals, as a result of the repayments associated to mortgage loans, whilst loans to companies, excluding the effect of sales and write-offs, stood roughly at the same level as the amount recorded at the end of 2014.

In the international activity, excluding the impact from discontinued operations, loans to customers increased by 8.8% from the end of June 2014, boosted by loans to companies and to individuals in most geographies, in particular in Poland.

The structure of the loans to customers portfolio showed identical and stable levels of diversification between the end of June 2014 and 2015, with loans to companies representing 48% of total loans to customers, as at 30 June 2015.

LOANS TO CUSTOMERS (GROSS)

Euro million

	30 Jun. 15	30 Jun. 14	Change 15/14
Individuals	**29,910**	**29,617**	**1.0%**
Mortgage	25,828	26,043	-0.8%
Consumer and others	4,081	3,574	14.2%
Companies	**27,175**	**28,643**	**-5.1%**
Services	10,404	11,857	-12.3%
Commerce	3,425	3,443	-0.5%
Construction	3,984	4,050	-1.6%
Other	9,361	9,293	0.7%
Subtotal	**57,085**	**58,261**	**-2.0%**
Discontinued operations	--	452	
Total	**57,085**	**58,712**	**-2.8%**
Of which [1]:			
Portugal activity	42,872	45,195	-5.1%
Foreign activity	14,212	13,066	8.8%

(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 7.5% as at 30 June 2015, compared with 7.3% as at 31 December and 30 June 2014, in spite of the endeavours of the commercial areas to work in coordination with loan recovery areas regarding selectivity and monitoring of risk control processes.

The coverage ratio for loans overdue by more than 90 days, adjusted for the effect from the operations classified as discontinued, stood at 86.4% as at 30 June 2015, showing a favourable evolution from 83.1% and 73.1% as at 31 December and 30 June 2014, respectively. The coverage ratio of the total loans overdue portfolio to impairments increased from the 81.3% registered as at the end of 2014, to stand at 84.1% as at 30 June 2015.

Overdue and doubtful loans ratio stood at 9.7% of total loans as at 30 June 2015, which compares with 9.6% as at the end of 2014 (9.4% as at 30 June 2014) and the credit at risk ratio stood at 12.4% of total loans as at 30 June 2015, which compares with 12.0% at the end of 2014 (11.9% as at 30 June 2014). As at 30 June 2015, restructured loans ratio stood at 10.4% of total loans, a favourable evolution from the ratio as at 31 December 2014 (11.0%) and the restructured loans not included in credit at risk ratio stood at 6.4% of total loans, as at 30 June 2015 (7.2% as at 31 December 2014).

OVERDUE LOANS BY MORE THAN 90 DAYS AND IMPAIRMENTS AS AT 30 JUNE 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	**895**	**760**	**3.0%**	**84.9%**
Mortgage	285	314	1.1%	110.2%
Consumer and others	610	446	15.0%	73.1%
Companies	**3,362**	**2,916**	**12.4%**	**86.7%**
Services	1,236	1,194	11.9%	96.7%
Commerce	364	347	10.6%	95.2%
Construction	1,152	724	28.9%	62.8%
Other	610	651	6.5%	106.8%
Total	**4,257**	**3,676**	**7.5%**	**86.4%**

Total customer funds, excluding the impact associated with discontinued operations, increased 2.8%, reaching Euro 65,742 million as at 30 June 2015, from Euro 63,976 million on the same date of 2014, supported by both balance sheet and off-balance sheet costumer funds growth, which respectively increased 2.4% and 4.4% from 30 June 2014.

Total customer funds in Portugal amounted to Euro 47,704 million as at 30 June 2015, roughly at the same level of the Euro 47,682 million posted on the same date of 2014, reflecting the commercial effort to transform maturing structured products into deposits, materialised in a 26.7% decrease of debt securities owed to customers, which was partially mitigated by the increases of 10.4% of assets under management and 1.7% of customer deposits, notwithstanding the impact associated with the rights issue completed in July 2014 on customers deposits evolution.

In the international activity, total customers funds increased 10.7% totalling Euro 18,038 million as at 30 June 2015 (Euro 16,293 million at the same date in 2014), determined by the performance in most geographies, as a result of the emphasis on deposits acquisition, with a highlight on the subsidiary in Poland.

As at 30 June 2015, excluding discontinued operations, balance sheet customer funds represented 81% of total customer funds, with an emphasis on customer deposits, which represented 77% of total customer funds.

The loan to deposit ratio improved to stand at 107% as at 30 June 2015, from 115% as at the same date of 2014, boosted by commercial gap reduction of Euro 3.9 million. The same ratio, considering total balance sheet customer funds, reached 100% (106% as at 30 June 2014).

TOTAL CUSTOMER FUNDS

Euro million

	30 Jun. 15	30 Jun. 14	Change 15/14
Balance sheet customer funds	**53,148**	**51,915**	**2.4%**
Deposits	50,601	48,463	4.4%
Debt securities	2,547	3,451	-26.2%
Off-balance sheet customer funds	**12,594**	**12,061**	**4.4%**
Assets under management	3,890	3,463	12.3%
Capitalisation products	8,704	8,597	1.2%
Subtotal	**65,742**	**63,976**	**2.8%**
Discontinued operations	--	1,897	
Total	**65,742**	**65,872**	**-0.2%**
Of which (1):			
Portugal activity	47,704	47,682	0.0%
Foreign activity	18,038	16,293	10.7%

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

The **securities portfolio** totalled Euro 14,389 million as at 30 June 2015, which compares with Euro 14,757 million posted on the same date in 2014, representing 18.3% of total assets as at 30 June 2015, at the same level of the amount registered as at 30 June 2014, essentially related with the treasury bonds portfolio.

LIQUIDITY MANAGEMENT

During the first half of 2015 the net wholesale funding needs in Portugal remained stable, when compared with the end of 2014, as the increase in the balances of corporate and sovereign debt portfolios was globally compensated by an additional decrease in the commercial gap and the sale of 15.4% of the share capital in Bank Millennium (Poland).

The refinancing of medium-long term debt during the first half of 2015 amounted to Euro 0.4 billion, related with the early redemption of senior debt and the amortisation of bank loans, determining a change in the funding structure compared with December 2014.

Accordingly, as at 30 June 2015, the funding structure reflected, among less expressive changes, the increases of Euro 0.3 billion in repos with financial institutions, in the first half of 2015, to a balance of Euro 2.1 billion, and of Euro 0.2 billion in bank loans, and a reduction of Euro 0.5 billion of the net collateralised funding with the European Central Bank (ECB), on the same period, which reached Euro 6.1 billion, carrying on the trend observed in recent years.

The reduction of the net funding with the ECB and the growth of the portfolio of available eligible assets allowed an increase of Euro 0.9 billion of the safety buffer, in the first half of 2015, which totalled Euro 8.5 billion at the end of June 2015.

The composition of the balance funded through the Eurosystem showed, during the first half of 2015, 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. The refinancing of these amounts was carried out through the main one-week and three-month refinancing operations regularly conducted by the ECB.

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.

According to our interpretation of CRD IV/CRR to date, CET1 phased-in ratio reached 13.1% as at 30 June 2015, comparing with 11.6% 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.

The performance of CET1 ratio in the second quarter of 2015 show mainly the success of the public exchange offer for the acquisition of securities issued by the Group for exchange of new ordinary shares of the Bank, the positive effects of the net profit verified in the first half of 2015 and also the decrease of risk weighted assets recorded in this period.

SOLVENCY RATIOS (CRD IV/CRR)

Euro million

	PHASED-IN		
	30 Jun. 15 (*)	**31 Mar. 15 (*)**	**31 Dec. 14**
Own funds			
Common equity tier 1 (CET1)	5,796	5,279	5,077
Tier 1	5,796	5,279	5,077
Total Capital	**6,380**	**6,058**	**5,800**
Risk weighted assets	**44,127**	**45,348**	**42,376**
Solvency ratios			
CET1	13.1%	11.6%	12.0%
Tier 1	13.1%	11.6%	12.0%
Total capital	14.5%	13.4%	13.7%

(*) Estimated considering the new DTAs regime for capital purposes (according with IAS) and the inclusion, in June 2015 and March 2015, of the net income of the first half and the first quarter of 2015, respectively.

SIGNIFICANT EVENTS

The share capital increase resulting from the completion of the exchange public offer of subordinated debt into ordinary shares, which represented an additional measure towards the strengthening of Common Equity Tier 1, and the completion of the sale process of Millennium bcp Gestão de Activos, which represented a further step towards the execution of BCP's Strategic Plan, together with the conclusion of the Annual General Meeting of Shareholders were the most significant events this quarter.

Highlights during this period include:

- Completion of the share capital increase of Millennium bcp in the amount of Euro 387,545,108.8, from Euro 3,706,690,253.08 to Euro 4,094,235,361.88, by the issuance of 4,844,313,860 new ordinary, nominative and book-entry shares without nominal value, as a result of the partial and voluntary public tender offer for the acquisition of subordinated securities in exchange for new shares issued at the price of Euro 0.0834 per share and the listing of the new ordinary shares on Euronext Lisbon.
- Completion of the sale of the total share capital of Millennium bcp Gestão de Activos – Sociedade Gestora de Fundos de Investimento, S.A. (MGA) to Corretaje e Información Monetária y de Divisas, S.A. (CIMD Group), continuing the current offer of MGA mutual funds to be available in all the distribution channels of Millennium bcp.
- Conclusion, on 11 May 2015, of the Annual General Meeting of Shareholders, with 46.63% of the share capital represented and the endorsement of the following resolutions among others: approval of the individual and consolidated annual reports, balance sheet and financial statements for 2014; approval of the appropriation of the net losses on the individual balance sheet for Retained Earnings; and approval of the launching of a public offer for the exchange of subordinated securities.
- Reaffirmation on 19 May 2015 by Fitch Ratings Agency of the Viability Rating of Banco Comercial Português at "bb-" and improvement of the Outlook from "Negative" to "Stable". Simultaneously, BCP IDR rating was downgraded by 2 notches, from "BB+" to "BB-" reflecting the withdrawal of the government support and starting to reflect the Viability Rating of BCP.
- ActivoBank won the 1st place in the Marktest Reputation Index (MRI) ranking in 2015, for the 2nd time in a row, in the Online Banking category and it was honored as "Most Innovative Bank in Portugal in 2015" by *International Finance Magazine*, a prestigious publication and recognised source of information and analysis on the global financial community.
- Bank Millennium won the 4th edition of the "Quality Bank" survey, conducted by TNS Polska agency, earning the distinction of the bank that provides the best service to customers.
- "Millennium bim" brand was distinguished, for the 6th consecutive year, as "Best Brand in Mozambique" in the banking sector. Millennium bim was named the "Most Innovative Bank in Africa" by the prestigious *African Banker* magazine and won four PMR Africa 2015 awards in the banking categories - Individuals, Companies and Investment Banking - and in the area of products in the Credit Cards category.
- Banco Millennium Angola was named the "Best Commercial Bank Angola 2015" by the *International Capital Finance (cfi.co)*, the prestigious British magazine specialised in economic and financial issues.

MACROECONOMIC ENVIRONMENT

Seven years since the start of the international economic and financial crisis, the world economy continues to grow below the historical norm. For 2015, the International Monetary Fund (IMF) revised the World's GDP growth forecast downwards once again, from 3.5% to 3.3%, citing the weak performance of the US economy in the first quarter as the main explanation for this change. As in the previous year, the reduction in the momentum of the emerging market economies constitutes the factor that most contributed to the lower global growth. In the eurozone, the recovery of activity that started in 2014 is expected to consolidate, benefiting from the improvement in the labor market, from the extremely accommodative monetary conditions and also the depreciation of the euro. The generalised fall in commodity prices, the deterioration of financial conditions as well as the direct and indirect effects stemming from the process of economic restructuring in China should restrict the GDP growth of the emerging economies to a rate just above 4%. The IMF identifies downward risks to global activity, including the possibility of a correction in international financial markets and also the adverse effects that an eventual additional reduction in commodity prices would have on emerging economies.

In the financial markets, the first six months of the current year were characterised by elevated levels of volatility stemming essentially from the turmoil surrounding the situation in Greece, the uncertainty regarding the evolution of the monetary policy in the US and also the fears related to the economic and financial prospects of China. Overall, during the first half, the main American and European equity indices appreciated and the long term interest rates of the dollar and the euro rose. In this environment, the yields on Portuguese public debt finished the first half slightly above the levels recorded at the end of 2014, but not without hitting record lows in March. In the first six months of the year, emerging markets assets had a positive performance in the equity and fixed income dimensions, but were negative in the foreign exchange segment.

Given the total absence of inflationary pressures and the still moderate recovery of the euro area's economy, the ECB decided to complement the several non-conventional measures adopted in 2014 with the announcement, in January of the current year, of a public debt purchase program with the aim of stimulating credit and promoting aggregate demand. These actions certainly contributed to the inflection of the negative dynamics of banking loans in the eurozone as well as the depreciation of the single currency. In contrast to the ECB's greater activism, the US Federal reserve is set to initiate the process of monetary policy normalisation through the end of 2015, in a context of relative robustness of the US economic recovery.

According to Statistics Portugal, the year-on-year growth rate of the Portuguese GDP increased from 0.6% in the fourth quarter 2014 to 1.5% in the first quarter of 2015. This acceleration resulted from the improved performance of net exports and of the greater dynamism of private consumption and gross fixed capital formation, which offset the highly negative contribution of changes in inventories. The main activity indicators pertaining the second quarter of 2015 suggest a robust progress of all the main components of aggregate demand, hinting at the continuation of a moderate pace of recovery in the Portuguese economy.

The IMF forecasts a renewed acceleration of activity in Poland (from 3.3% in 2014 to 3.5% in 2015), based on domestic demand momentum. The benign prospects for inflation should allow the Polish central bank to maintain the strong expansionary stance of monetary policy, despite robust economic growth.

According to the IMF, the Mozambican economy should slow down slightly in 2015 as a result of the drop in commodity prices and the associated restrictive effects over both fiscal policy and the monetary and financial conditions. Even so, the good progress of some big projects related to the natural resources sector and the solid macroeconomic management should allow growth to proceed at a pace in the vicinity of 7%. In Angola, the sharp fall in oil prices makes for a challenging year, mainly via the limiting effect that it exerts over public expenditure, particularly at the investment level. Still, this situation should be partially mitigated by the expected considerable increase in oil production and the resilience of private consumption, which together should enable the GDP growth rate to increase 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.

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.

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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.

First half figures for 2014 and 2015 were not audited.

CONSOLIDATED INDICATORS: ACTIVITY IN PORTUGAL AND INTERNATIONAL ACTIVITY

Euro million

	Consolidated			Activity in Portugal			International activity		
	Jun 15	Jun 14	Change	Jun 15	Jun 14	Change	Jun 15	Jun 14	Change
Income statement									
Net interest income	628.0	496.0	26.6%	329.2	207.7	58.5%	298.8	288.2	3.6%
Dividends from equity instruments	5.7	5.7	-0.1%	2.9	2.2	28.4%	2.8	3.5	-18.4%
Net fees and commission income	350.7	341.2	2.8%	225.0	217.0	3.7%	125.7	124.2	1.2%
Other operating income	(42.0)	47.4	-	(43.7)	51.0	-	1.8	(3.6)	-
Net trading income	508.3	175.2	190.2%	426.0	131.7	>200%	82.3	43.5	89.2%
Equity accounted earnings	20.6	23.0	-10.3%	21.0	23.0	-8.9%	(0.3)	-	-
Net operating revenues	**1,471.3**	**1,088.4**	**35.2%**	**960.3**	**632.6**	**51.8%**	**511.0**	**455.9**	**12.1%**
Staff costs	308.9	323.4	-4.5%	187.2	214.0	-12.5%	121.7	109.4	11.2%
Other administrative costs	213.0	221.5	-3.8%	115.9	120.7	-4.0%	97.1	100.8	-3.6%
Depreciation	33.3	31.8	4.6%	15.4	16.5	-6.1%	17.8	15.4	16.0%
Operating costs	**555.2**	**576.7**	**-3.7%**	**318.6**	**351.1**	**-9.3%**	**236.6**	**225.6**	**4.9%**
Operating profit before impairment and provisions	**916.1**	**511.7**	**79.0%**	**641.7**	**281.4**	**128.0%**	**274.4**	**230.3**	**19.1%**
Loans impairment (net of recoveries)	475.0	371.6	27.8%	419.6	330.6	26.9%	55.3	41.1	34.7%
Other impairment and provisions	91.8	114.0	-19.4%	88.3	114.5	-22.9%	3.5	(0.5)	-
Profit before income tax	**349.3**	**26.1**	-	**133.8**	**(163.6)**	-	**215.5**	**189.8**	**13.6%**
Income tax	54.4	2.2	-	12.7	(36.8)	-	41.7	39.0	7.0%
Income after income tax from continuing operations	**294.8**	**24.0**	-	**121.1**	**(126.8)**	-	**173.8**	**150.7**	**15.3%**
Income arising from discontinued operations	14.8	(33.6)	-	-	-	-	-	-	-
Non-controlling interests	68.9	52.6	30.9%	(0.3)	0.4	-	69.2	52.2	32.4%
Net income	**240.7**	**(62.2)**	-	**121.4**	**(127.1)**	-	**104.6**	**98.5**	**6.2%**
Balance sheet and activity indicators									
Total assets	**78,730**	**80,440**	**-2.1%**	**56,621**	**60,927**	**-7.1%**	**22,109**	**19,513**	**13.3%**
Total customer funds (1)	**65,742**	**63,976**	**2.8%**	**47,704**	**47,682**	**0.0%**	**18,038**	**16,293**	**10.7%**
Balance sheet customer funds (1)	**53,148**	**51,915**	**2.4%**	**36,661**	**36,974**	**-0.8%**	**16,487**	**14,940**	**10.4%**
Deposits	50,601	48,463	4.4%	34,211	33,631	1.7%	16,390	14,833	10.5%
Debt securities	2,547	3,451	-26.2%	2,449	3,344	-26.7%	97	107	-9.7%
Off-balance sheet customer funds (1)	**12,594**	**12,061**	**4.4%**	**11,044**	**10,708**	**3.1%**	**1,551**	**1,353**	**14.6%**
Assets under management	3,890	3,463	12.3%	2,888	2,615	10.4%	1,003	848	18.2%
Capitalisation products	8,704	8,597	1.2%	8,156	8,093	0.8%	548	505	8.6%
Discontinued operations	-	**1,897**		-	**1,553**		-	**343**	
Loans to customers (gross) (1)	**57,085**	**58,261**	**-2.0%**	**42,872**	**45,195**	**-5.1%**	**14,212**	**13,066**	**8.8%**
Individuals (1)	**29,910**	**29,617**	**1.0%**	**21,259**	**21,677**	**-1.9%**	**8,650**	**7,941**	**8.9%**
Mortgage	25,828	26,043	-0.8%	18,868	19,532	-3.4%	6,961	6,512	6.9%
Consumer and others	4,081	3,574	14.2%	2,392	2,145	11.5%	1,690	1,429	18.2%
Companies (1)	**27,175**	**28,643**	**-5.1%**	**21,613**	**23,518**	**-8.1%**	**5,562**	**5,125**	**8.5%**
Services	10,404	11,857	-12.3%	9,457	10,992	-14.0%	947	865	9.4%
Commerce	3,425	3,443	-0.5%	2,152	2,205	-2.4%	1,273	1,238	2.8%
Construction	3,984	4,050	-1.6%	3,299	3,397	-2.9%	686	653	5.0%
Other	9,361	9,293	0.7%	6,705	6,925	-3.2%	2,656	2,368	12.1%
Discontinued operations	-	**452**		-	-	-	-	**452**	
Credit quality									
Total overdue loans (1)	4,373	4,402	-0.7%	3,996	4,100	-2.6%	377	301	25.2%
Overdue loans by more than 90 days (1)	4,257	4,235	0.5%	3,944	3,949	-0.1%	313	286	9.5%
Overdue loans by more than 90 days /Total loans (1)	7.5%	7.3%		9.2%	8.7%		2.2%	2.2%	
Total impairment (balance sheet) (1)	3,676	3,096	18.7%	3,188	2,659	19.9%	488	437	11.5%
Total impairment (balance sheet) /Total loans (1)	6.4%	5.3%		7.4%	5.9%		3.4%	3.3%	
Total impairment (balance sheet) /Overdue loans by more than 90 days (1)	86.4%	73.1%		80.8%	67.3%		155.7%	152.9%	
Cost of risk (net of recoveries, in b.p.) (1)	166	128		196	146		78	63	
Restructured loans / Total loans (2)	10.4%	11.2%							
Restructured loans not included in the credit at risk / Total loans (2)	6.4%	7.3%							
Cost-to-income	37.7%	56.6%		33.2%	62.4%		46.3%	49.5%	

(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 six months period ended 30 June, 2015 and 2014

	30 June 2015	30 June 2014
	(Thousands of Euros)	
Interest and similar income	1,170,383	1,349,673
Interest expense and similar charges	(542,386)	(853,714)
Net interest income	627,997	495,959
Dividends from equity instruments	5,721	5,726
Net fees and commission income	350,663	341,183
Net gains / losses arising from trading and hedging activities	100,964	54,643
Net gains / losses arising from available for sale financial assets	407,294	120,518
Other operating income	(38,401)	(25,955)
	1,454,238	992,074
Other net income from non banking activity	8,575	9,220
Total operating income	1,462,813	1,001,294
Staff costs	308,926	323,391
Other administrative costs	213,019	221,495
Depreciation	33,264	31,816
Operating costs	555,209	576,702
Operating net income before provisions and impairments	907,604	424,592
Loans impairment	(474,979)	(371,630)
Other financial assets impairment	(26,977)	(39,129)
Other assets impairment	(54,242)	(30,296)
Other provisions	(10,611)	(44,529)
Operating net income	340,795	(60,992)
Share of profit of associates under the equity method	20,616	22,994
Gains / (losses) from the sale of subsidiaries and other assets	(12,129)	64,138
Net (loss) / income before income tax	349,282	26,140
Income tax		
Current	(44,803)	(62,504)
Deferred	(9,645)	60,318
Net (loss) / income after income tax from continuing operations	294,834	23,954
Income arising from discontinued operations	14,762	(33,605)
Net income after income tax	309,596	(9,651)
Attributable to:		
Shareholders of the Bank	240,744	(62,247)
Non-controlling interests	68,852	52,596
Net income for the period	309,596	(9,651)
Earnings per share (in euros)		
Basic	0.009	(0.004)
Diluted	0.009	(0.004)

BANCO COMERCIAL PORTUGUÊS

Consolidated Balance Sheet as at 30 June, 2015 and 31 December, 2014

	30 June 2015	31 December 2014	30 June 2014
		(Thousands of Euros)	
Assets			
Cash and deposits at central banks	2,426,845	1,707,447	1,927,947
Loans and advances to credit institutions			
Repayable on demand	1,140,761	795,774	720,556
Other loans and advances	831,021	1,456,026	1,012,571
Loans and advances to customers	53,408,642	53,685,648	55,547,340
Financial assets held for trading	2,216,887	1,674,240	1,446,531
Financial assets available for sale	11,703,642	8,263,225	10,490,124
Assets with repurchase agreement	31,273	36,423	76,748
Hedging derivatives	80,927	75,325	80,318
Financial assets held to maturity	436,742	2,311,181	2,744,023
Investments in associated companies	305,399	323,466	443,223
Non current assets held for sale	1,674,727	1,622,016	1,570,787
Investment property	166,383	176,519	179,632
Property and equipment	706,101	755,451	728,803
Goodwill and intangible assets	207,162	252,789	249,373
Current tax assets	40,549	41,895	39,056
Deferred tax assets	2,544,567	2,398,562	2,194,305
Other assets	808,769	784,929	989,101
	78,730,397	76,360,916	80,440,438
Liabilities			
Amounts owed to credit institutions	12,412,919	10,966,155	13,080,280
Amounts owed to customers	50,601,098	49,816,736	48,806,841
Debt securities	5,262,904	5,709,569	8,314,944
Financial liabilities held for trading	824,229	952,969	921,285
Hedging derivatives	779,339	352,543	243,834
Provisions for liabilities and charges	302,817	460,293	415,881
Subordinated debt	1,660,517	2,025,672	3,928,769
Current income tax liabilities	6,530	31,794	7,932
Deferred income tax liabilities	13,081	6,686	7,257
Other liabilities	1,216,093	1,051,592	1,342,804
Total Liabilities	73,079,527	71,374,009	77,069,827
Equity			
Share capital	4,094,235	3,706,690	1,465,000
Treasury stock	(120,090)	(13,547)	(32,755)
Share premium	16,471	-	-
Preference shares	171,175	171,175	171,175
Other capital instruments	9,853	9,853	9,853
Fair value reserves	(100,881)	106,898	187,521
Reserves and retained earnings	313,670	458,087	921,526
Net income for the period attributable to Shareholders	240,744	(226,620)	(62,247)
Total Equity attributable to Shareholders of the Bank	4,625,177	4,212,536	2,660,073
Non-controlling interests	1,025,693	774,371	710,538
Total Equity	5,650,870	4,986,907	3,370,611
	78,730,397	76,360,916	80,440,438