

## Introduction

Banco Comercial Português, S.A. (hereinafter "Company, Bank, BCP, Millennium bcp") prepared the present Corporate Governance Report relative to the financial year of 2017 in conformity with the Legal Framework for Credit Institutions and Financial Companies (RGICSF), the Securities Code (CVM), Regulation 4/2013 of CMVM (Portuguese stock market regulator), the Corporate Governance Code of the CMVM (Recommendations), and all other applicable Portuguese and European legal and regulatory standards.

The table below discloses the Bank's understanding of its level of compliance with the Corporate Governance Code of the CMVM, which the Bank has decided to follow voluntarily, and includes an index referring to the contents of the Corporate Governance Report, substantiating the reasons for a judgement of compliance or not (principle of 'comply or explain') with these recommendations.

Recommendations of the CMVM	Declaration of Compliance	Information with reference to the Corporate Governance Report
<b>I. VOTING AND CONTROL OF THE COMPANY</b>		
I.1. Companies should encourage their shareholders to participate and vote in the general meetings, in particular by not establishing an excessively high number of shares required to have the right to vote and implementing the indispensable means to the exercise of the right to vote by correspondence and electronically.	Compliant	Item 12
I.2. Companies should not adopt mechanisms that hinder the adoption of resolutions by their shareholders, in particular establishing a deliberative quorum higher than that established by law.	Not accepted	Item 12
I.3. Companies should not establish mechanisms with the effect of causing a time lag between the right to receive dividends or subscribe new securities and the right to vote of each ordinary share, unless duly justified on the grounds of the long term interests of the shareholders.	Not applicable	
I.4. Articles of association of companies which foresee the limitation of the number of votes which may be held or exercised by a single shareholder, individually or in combination with other shareholders, must also establish that, at least every five years, the alteration or maintenance of this statutory provision will be subject to deliberation by the General Meeting – without requirement of a quorum larger than that legally established – and that, in this deliberation, all the votes cast will count, without the application of this limitation.	Not accepted	Item 13
I.5. Defensive measures should not be adopted if they imply payments or the incurrence of expenses by the company in the event of the transfer of control or change of the composition of the management body, and which might hinder the free transferability of shares and the free appraisal by the shareholders of the performance of members of the management body.	Compliant	Item 4
<b>II. SUPERVISION, MANAGEMENT AND INSPECTION</b>		
<b>II. 1 MANAGEMENT AND SUPERVISION</b>		
II.1.1. Within the limits established by the law, and unless as a result of the small size of the company, the Board of Directors should delegate the daily management of the company, with the delegated duties being identified in the annual Corporate Governance Report.	Compliant	Items 18 and 21 Board of Directors and Executive Committee
II.1.2. The Board of Directors should assure that the company acts in accordance with its objectives, and should not delegate its competence, namely, with respect to: i) definition of the strategy and general policies of the company; ii) definition of the Group's business structure; iii) decisions which should be considered strategic due to their amount, risk or special features.	Compliant	Item 21 Board of Directors
II.1.3. The Supervisory Board, in addition to the performance of the supervisory duties entrusted to it, should undertake full responsibility in terms of corporate governance, hence statutory provisions of equivalent measures should establish that it is compulsory for this body to issue statements on the strategy and main policies of the company, define the group's business structure and decisions which should be considered strategic due to their amount or risk. This body should also assess compliance with the strategic plan and the implementation of the company's policies.	Not applicable	

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Recommendations of the CMVM	Declaration of Compliance	Information with reference to the Corporate Governance Report
<b>II.1. MANAGEMENT AND SUPERVISION</b>		
II.1.4. Unless as a result of the small size of the company, the Board of Directors and Supervisory Board, according to the adopted model, should create the committees deemed necessary for:	Compliant	Item 21 Board of Directors and Executive Committee and Items 24 and 27
a) Assure competent and independent appraisal of the performance of the executive directors and their own overall performance, as well as that of the different existing committees;	Compliant	Items 24, 25, 26 and 27 c) Committee for Nominations and Remunerations.
b) Reflect on the adopted governance system, structure and practices, verifying their efficacy and proposing to the competent bodies the measures to be implemented aimed at their improvement.	Compliant	Item 27 b)
II.1.5. The Board of Directors or Supervisory Board, according to the applicable model, should establish objectives on matters of risk-taking and create systems for their control, aimed at assuring that the risks that are effectively incurred are consistent with those objectives.	Compliant	Item 21 Board of Directors and Audit Committee and Item 27 a) Committee for Risk Assessment
II.1.6. The Board of Directors should include a sufficient number of non-executive members so as to ensure effective capacity to monitor, supervise and assess the activities of the remaining members of the management body.	Compliant	Items 17 and 26 A.
II.1.7. The non-executive directors should include an adequate proportion of independent directors, taking into account the adopted governance model, the size of the company and its shareholder structure, and respective free float. The independence of the members of the Supervisory Board and members of the Audit Committee is appraised pursuant to the legislation in force. Regarding the other members of the Board of Directors, an independent person is considered a person who is neither associated to any specific group of interests in the company of the Bank, or under any circumstance capable of influencing the impartiality of his analysis or decision making, namely as a result of:	Compliant	Items 17, 18 and 26 A
a. Being an employee of the company over the last three years or a company which is in a controlling or group relationship;		
b. Having, in the last three years, provided services or established a significant business relationship with the company or company with which said company is in a control or group relationship, either directly or as a partner, board member, manager or director of the legal person;		
c. Having received remuneration paid by a company which has been in a controlling or group relationship, apart from the remuneration arising from the performance of directorship duties;	Compliant	Items 17 and 18
d. Living in non-marital cohabitation or being the spouse, relative or relative-in-law in a straight line and until the 3rd degree, inclusively, in the collateral line, of directors or natural persons directly or indirectly holding qualifying stakes;		
e. Being the holder of a qualifying stake or representative of a shareholder with qualifying stakes.		
II.1.8. Directors who perform executive duties, when requested by other members of the governing bodies, should provide, in due time and in a form appropriate to the request, the requested information.	Compliant	Item 21 Executive Committee, Reports of the Board of Directors and Audit Committee.
II.1.9. The chairman of the executive management body or executive committee should send, as applicable, to the Chairman of the Board of Directors, Chairman of the Audit Board, Chairman of the Audit Committee, Chairman of the Supervisory Board and Chairman of the Financial Matters Committee, the summons and minutes of the respective meetings.	Compliant	Item 21 Executive Committee
II.1.10. Should the chairman of the management body perform executive roles, this body should indicate, among its members, an independent director to conduct the coordination of the work of the other non-executive members and the conditions to assure that they are able to make decisions in an independent and informed manner, or find another equivalent mechanism that assure this coordination.	The Chairman of the Board of Directors is not an executive director	
<b>II.2. SUPERVISION</b>		
II.2.1. According to the applicable model, the Chairman of the Audit Board, Audit Committee or Financial Matters Committee should be independent, pursuant to the applicable legal criterion, and possess adequate competence to perform the respective duties.	Not accepted	Item 21 Audit Committee and Items 17, 26 A and C.V. Annex I

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Recommendations of the CMVM	Declaration of Compliance	Information with reference to the Corporate Governance Report
<b>II.2. SUPERVISION</b>		
II.2.2. The supervisory body should be the main item of contact of the external auditor and the first receiver of the respective reports, being entrusted, in particular, with proposing the respective remuneration and ensuring that the company provides the appropriate conditions for the provision of the audit services.	Compliant	Item 21 Audit Committee
II.2.3. The supervisory body should assess the external auditor on an annual basis and propose, to the competent body, the dismissal of the external auditor or the termination of the audit service contract whenever there is fair cause for the effect.	Compliant	Item 21 Audit Committee and respective Report
II.2.4. The supervisory body must evaluate the functioning of the internal control and risk management systems and propose the necessary adjustments.	Compliant	Item 21 Audit Committee
II.2.5. The Audit Committee, Supervisory Board and Audit Board should issue statements on the work plans and resources allocated to the internal audit services and to the services which strive to ensure compliance with the regulations applied to the company (compliance services), and should receive the reports produced by these services at least when concerning matters related to the presentation of accounts, the identification or resolution of conflicts of interests and the detection of potential illegalities.	Compliant	Item 21 Audit Committee, Items 50 and 51
<b>II.3. ESTABLISHMENT OF REMUNERATIONS</b>		
II.3.1. All the members of the Remuneration Committee or equivalent should be independent from the executive members of the management body and include at least one member with knowledge and experience on matters of remuneration policy.	Compliant	Item 67 and Curricula Annex II
II.3.2. No natural or legal person who provides or has provided, over the last three years, services to any structure dependent on the management body, to the actual management body of the company or who has a current relationship with the company or a consultant of the company, should be contracted to support the Remuneration Committee in the performance of its duties. This recommendation is equally applicable to any natural or legal person related to the above through a work or service contract.	Compliant	Item 67
II.3.3. The statement on the remuneration policy of the management and supervisory bodies referred to in article 2 of Law 28/2009, of 19 June, should also contain:		
a) Identification and explanation of the criteria for determination of the remuneration to be attributed to the members of the governing bodies;	Compliant	Item 69
b) Information as to the potential maximum amount, both in individual and aggregate terms, payable to the members of the governing bodies, and identification of the circumstances under which these maximum amounts may be due;	Compliant	Items 69 and 77
c) Information on the payability or non-payability of amounts relative to dismissal or termination of duties of directors.	Compliant	Item 80
II.3.4. Proposals relative to the approval of plans to attribute shares and/or share acquisition options, or based on share price variations, to members of the governing bodies, should be submitted to the General Meeting. The proposal should contain all the elements necessary for a correct assessment of the plan.	Not applicable	
II.3.5. Proposals relative to the approval of any system of retirement benefits established in favour of the members of the governing bodies should be submitted to the General Meeting. The proposal should contain all the elements necessary for a correct assessment of the system.	Compliant	Item 76
<b>III. REMUNERATIONS</b>		
III.1. The remuneration of the executive members of the management body should be based on effective performance and discourage excessive risk-taking.	Compliant	Items 69 and 77
III.2. The remuneration of the non-executive members of the management body and the remuneration of the members of the supervisory body should not include any component whose value depends on the performance or value of the company.	Compliant	Items 69 and 77
III.3. The variable component of remuneration should be reasonable, as a whole, in relation to the fixed component of remuneration, and maximum limits should be established for all components.	Not applicable	Items 69 and 77

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Recommendations of the CMVM	Declaration of Compliance	Information with reference to the Corporate Governance Report
<b>III. REMUNERATIONS</b>		
III.4. A significant part of the variable remuneration should be deferred for a period of not less than three years, and the right to its receipt should be dependent on the continuation of the positive performance of the company over this period.	Not applicable	Item 69
III.5. The members of the management body should not conclude contracts, either with the company or with third parties, which have the effect of mitigating the risk inherent to the variability of their remuneration established by the company.	Compliant	Item 69
III.6. Until the end of their term of office, executive directors must keep any company shares which have been acquired through variable remuneration schemes, up to the limit of twice the value of the annual total remuneration, with the exception of shares which need to be sold for the purpose of payment of taxes arising from the earnings of these same shares.	Not applicable	Item 69 - There are no schemes of this type
III.7. When the variable remuneration comprehends the attribution of options, the beginning of the exercise period must be deferred for a period of time not inferior to three years.	Not applicable	Item 69 - There are no schemes of this type
III.8. When the dismissal of a director neither arises from serious breach of duties nor inaptitude for normal performance of the respective duties but, even so, is the outcome of inadequate performance, the company should be endowed with the appropriate and necessary legal instruments to ensure that any indemnity or compensation, apart from that legally due, is not payable.	Not applicable	Item 69 - There are no schemes of this type
<b>IV. AUDIT</b>		
IV.1. The external auditor should, under his duties, verify the application of the remuneration policies and systems of the governing bodies, the efficacy and operation of the internal control mechanisms and report any failures to the supervisory body of the company.	Compliant	Item 66
IV.2. The company or any entities in a controlling relationship should neither contract from the external auditor, nor from any entities which are in a group relationship with it or are part of the same network, services other than audit services. When there are motives for the contracting of such services – which should be approved by the supervisory body and explained in its Annual Corporate Governance Report – they cannot represent a figure above 30% of the total value of the services provided to the company.	Compliant	Item 47
IV.3. Companies should promote the rotation of the auditor at the end of two or three terms of office, according to whether they are of four or three years, respectively. The auditor's maintenance beyond this period should be based on the grounds expressed in a specific opinion issued by the supervisory body which explicitly weighs up the conditions of independence of the auditor and the advantages and costs of his replacement.	Compliant	Items 40 and 44
<b>V. CONFLICTS OF INTERESTS AND TRANSACTIONS WITH RELATED PARTIES</b>		
V.1. Company business with shareholders owning qualifying holdings, or with entities that are in any relationship with them, under the terms of article 20 of the Securities Code, should be conducted under normal market conditions.	Compliant	Item 21 Audit Committee, and Items 10 and 91
V.2. The supervisory or audit board should establish the necessary procedures and criteria for the definition of the relevant level of significance of business with shareholders of qualifying stakes or with entities which are in any of the relations stipulated in number 1 of article 20 of the Securities Code, with the conduct of business of significant relevance being dependent on the prior opinion of this body.	Compliant	Item 21 - Audit Committee and Board of Directors, paragraph 4 Item 18 (material limit), and Items 10 and 91.
<b>VI. INFORMATION</b>		
VI.1. Companies should ensure, through their website, in Portuguese and English, access to information that enables knowledge on their evolution and their current situation in economic, financial and governance terms.	Compliant	<a href="http://www.millenniumbcp.pt/Institucional/">http://www.millenniumbcp.pt/Institucional/</a>

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Recommendations of the CMVM	Declaration of Compliance	Information with reference to the Corporate Governance Report
<b>VI. INFORMATION</b>		
VI.2. Companies should assure the existence of an investor support office and its permanent contact with the market, so as to answer requests made by investors in due time. Records should be kept of all the requests submitted and their subsequent treatment.	Compliant	Items 56 to 58