External Auditors' Report

STATUTORY AUDIT CERTIFICATION AND AUDIT REPORT

(Amounts expressed in thousands of euros – t.euros)

(Translation of a report originally issued in Portuguese – in the case of discrepancies, the original version in Portuguese prevails – Note 1.A)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated financial statements of Banco Comercial Português, S.A. ("Bank") and its subsidiaries ("Group"), which comprise the consolidated balance sheet as at 31 December 2018 (that presents a total of 75,923,049 t.euros and total consolidated equity of 6,963,906 t.euros, including a consolidated net profit attributable to the shareholders of the Bank of 301,065 t.euros), the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and the accompanying notes to the consolidated financial statements, which include a summary of the significant accounting policies.

In our opinion, the accompanying consolidated financial statements present true and fairly, in all material respects, the consolidated financial position of Banco Comercial Português, S.A. and its subsidiaries as at December 31, 2018 and its consolidated financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) as endorsed by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and further standards and technical and ethical directives of the Portuguese Institute of Statutory Auditors ("Ordem dos Revisores Oficiais de Contas"). Our responsibilities under those standards are described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section. We are independent from the entities that constitute the Group in the terms of the law and we have fulfilled the other ethical requirements under the ethical code of the Portuguese Institute of Statutory Auditors ("Ordem dos Revisores Oficiais de Contas").

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. Those matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on those matters.

Description of the most significant risks of material misstatement identified	**Summary of the auditor's response to the most significant risks of material misstatement identified**
Impairment for financial assets at amortised cost – loans to customers and Provisions for guarantees and other commitments (Notes 1.C, Z6.2, 10, 13, 21, 39, 55 – Credit Risk and 59)	
The accumulated impairment losses for financial assets at amortised cost – loans to customers and provisions for guarantees and other commitments ("impairment losses for credit risk") recorded by the Group as at 31 December 2018 amount to 2,851,906 t.euros and 187,710 t.euros, respectively. The adoption of IFRS 9 - "Financial instruments" by the Group with reference to 1 January 2018, replacing IAS 39, implied an increase in the judgmental component of the determination of impairment losses for credit risk, changing the concept of incurred losses to the concept of expected losses and introducing new relevant parameters for the calculation of impairment losses, such as the classification of loans to customers in stages and the evaluation of the existence of significant increase in credit risk since the initial recognition. Impairment losses for credit risk represent the best estimate of the Management of the Bank and its subsidiaries of the expected losses on its credit portfolio at the reference date of the financial statements. These impairment losses are determined through individual analysis for clients with high exposure and risk and through collective analysis for exposures subject to individual analysis to which no individual impairment was attribute and for the remaining exposures that are not subject to individual analysis, as described in the section Accounting policies of the Notes to the financial statements.	• Analysis of the relevant control activities implemented by the Group in the process of identification and determination of impairment losses for the loans' portfolio. • Analysis of the impact of the initial application of IFRS 9 with reference to 1 January 2018 on the impairment losses for credit risk, including the reasonableness of the methodologies implemented by the Group considering the requirements of that standard and the review of the transition adjustment recorded in the financial statements. • Selection of a sample of clients subject to individual impairment analysis by the Bank and its subsidiaries, which included exposures that presented higher risk characteristics as well as randomly selected exposures. • For the selected sample, analysis of the reasonableness of the estimated impairment losses for credit risk recorded in the financial statements based on the review of the judgments of the Bank and its subsidiaries about the information available regarding the economic and financial situation of the clients, valuation of the collaterals and prospects about the evolution of their activity and also the intentions of Management regarding management and future hold of those loans.

Description of the most significant risks of material misstatement identified	**Summary of the auditor's response to the most significant risks of material misstatement identified**
Impairment for financial assets at amortised cost – loans to customers and Provisions for guarantees and other commitments (Notes 1.C, Z6.2, 10, 13, 21, 39, 55 – Credit Risk and 59)	
The determination of impairment losses for credit risk through individual analysis inherently has a strong judgmental component from Management about the information available, namely in identifying evidence of impairment and in estimating the present value of the amount that the Group expects to recover from the loan, that incorporates also assumptions about future events that may not occur as expected and reflects the Management's intentions at each moment regarding management and future hold of the loans. Impairment losses for credit risk determined under collective analysis are based on a model with a certain degree of complexity, as it incorporates in the computation of the impairment several variables, namely characteristics of operations, the value of collaterals, classification of loans to customers in stages and risk parameters, such as the probability of default and loss given default. Different methodologies or assumptions used in the impairment analysis and different recovery strategies affect the estimate of the recovery cash flows and their expected timing, and may have a material impact on the determination of impairment.	• Regarding collective impairment (i) understanding of the main characteristics of the impairment model and critical analysis of the reasonableness of the methodologies used by the Group; (ii) analysis on a sample basis of the calculation of risk parameters and collective impairment; and (iii) validation on a sample basis of the inputs used to determine the main risk parameters and of the value of collaterals considered in the determination of impairment losses for credit risk. • Review of the disclosures included in the consolidated financial statements related to these matters, considering the applicable accounting framework.

Description of the most significant risks of material misstatement identified	**Summary of the auditor's response to the most significant risks of material misstatement identified**
Recoverability of deferred tax assets (Notes 1.T), 1.Z.3) and 31)	
As at 31 December 2018 the balance of deferred tax assets amounts to 2.916,630 t.euros, of which 1,106,733 t.euros are dependent on the existence of future taxable income (deferred tax assets not eligible under the Special Regime applicable to deferred taxes assets, approved by Law no. 61/2014, of 26 August), including: • 749,700 t.euros related to impairment losses; and • 328,229 t.euros resulting from tax losses carried forward (essentially related to the non-consolidated activity of the Bank and originated mainly in 2016). According to Law No. 2/2014 of 16 January, the use of tax losses in future periods of taxation cannot exceed 70% of the taxable income in each of those periods, and the tax losses originated in 2016 have a 12-year reporting period (i.e. up to 2028). In accordance with IAS 12 - Income Taxes, deferred tax assets can only be recorded up to the extent that it is probable that future taxable income will exist on the estimated date of their reversal. The Bank prepared an estimate of its taxable income for the period between 2019 and 2028 to assess the recoverability of deferred tax assets. This estimate is by nature judgmental and depends on the assumptions used by Management to calculate the evolution of pre-tax profits and on its interpretation of the tax legislation. To this extent, the recoverability of deferred tax assets is dependent on the Bank's ability to generate the estimated results. Eventual deviations from estimated future results or changes in the assumptions used in its determination, as well as changes on tax legislation or in its interpretation, may have a material impact on deferred tax assets.	• Analysis of the relevant control activities implemented by the Bank in the context of the estimate of the recoverability of deferred tax assets. • Understanding and analysis of the main assumptions considered by the Bank to estimate the evolution of pre-tax profits in the period between 2019 and 2028. • Review of the reasonableness of the interpretation of the relevant tax legislation considered by the Bank in the estimation of future taxable profits. • Review of the calculations made by the Bank to demonstrate the recoverability of deferred tax assets, taking into account the understanding of the assumptions and the review of the interpretation of the tax legislation described above. • Review of the disclosures included in the consolidated financial statements for these matters, considering the applicable accounting framework.

Description of the most significant risks of material misstatement identified	**Summary of the auditor's response to the most significant risks of material misstatement identified**
Liabilities with retirement pensions - Main actuarial assumptions (Notes 1.S, 1.Z.5 and 51)	
The Group has assumed the responsibility of paying to its employees and pensioners retirement pensions and other associated benefits under the terms defined in collective labour agreements. As at 31 December 2018, the liabilities of the Group for past services with retirement pensions and other associated benefits amount to 3,065,723 t.euros. The Group's liabilities associated with the defined benefit plans were determined by the responsible actuary, considering a set of actuarial assumptions, including the discount rate, the growth rates of wages and pensions and the mortality tables. Eventual changes in actuarial assumptions may have a material impact on past service pension liabilities.	• Analysis of the relevant control activities implemented by the Group in determining the main actuarial assumptions used in the calculation of liabilities for past services related to pensions. • Verification of the certification of the responsible actuary within the Insurance and Pension Funds Supervisory Authority ("Autoridade de Supervisão de Seguros e Fundos de Pensões" (ASF)) and analysis of its independence statement included in the actuarial study of 31 December 2018 sent to ASF. • Reading of the actuarial study with reference to 31 December 2018 and discussion with the responsible actuary on the main actuarial assumptions used. • Analysis of the reasonableness of the main actuarial assumptions used in the quantification of pension liabilities, taking into consideration: (i) actuarial study; (ii) available market data; (iii) historical information (experience gains or losses); and (iv) information provided by Management. • Review of the disclosures included in the consolidated financial statements for this matter, considering the applicable accounting framework.

Description of the most significant risks of material misstatement identified	**Summary of the auditor's response to the most significant risks of material misstatement identified**
Valuation of properties classified as non-current assets held for sale (Notes 1.H, 1.Z.4, 27 and 55 – Credit Risk)	
As at 31 December 2018 the net book value of properties classified as non-current assets held for sale amount to 1,710,763 t.euros, which are recorded at the lowest between book value and fair value less costs to sell, in accordance with IFRS 5 - Non-current assets held for sale and discontinued operations. The valuation of these assets, and consequently the impairment losses, recorded in the Group accounts as at 31 December 2018 is supported by appraisals carried out by independent appraisers, which incorporate several assumptions namely about the evolution of the real estate market, property best use, and expectations regarding the development of real estate projects when applicable, and also considers the intentions of Management regarding the commercialization of these assets. The assumptions used in the appraisals of these properties have an impact on its valuation and therefore on the determination of impairment.	• Analysis of the relevant control activities implemented by the Group in the process of valuing properties classified as non-current assets held for sale. • Verification, on a sample basis, of the registration of the external appraisers in the Portuguese Securities Market Commission ("Comissão do Mercado de Valores Mobiliários" (CMVM)) and analysis of their independence. • Analysis of the reasonableness of the valuation recorded in the consolidated accounts for a selected sample of properties, based on the appraisals carried out by the external appraisers which include the methodology and main assumptions used, meetings held with the external appraisers, as applicable, and understanding of the strategy defined by the Group for those assets. • Review of the disclosures included in the consolidated financial statements related to this matter, considering the applicable accounting framework.

Description of the most significant risks of material misstatement identified	**Summary of the auditor's response to the most significant risks of material misstatement identified**
Resolution Fund (Note 57)	
As described in more detail in Note 57, following the resolution measures applied to Banco Espírito Santo, S.A. (BES) and Banif - Banco Internacional do Funchal, S.A. (Banif) as at 31 December 2018 the Resolution Fund held 25% of the share capital of Novo Banco, S.A. (Novo Banco), without the corresponding voting rights, and the entire share capital of Oitante, S.A.. In the context of the application of the referred measures, the Resolution Fund contracted loans with the Portuguese State and with a banking syndicate, in which the Bank participates, and assumed contingent liabilities and other responsibilities, including those related to the litigation associated with these processes and with the contingent capitalization mechanism defined in the context of the sale in 2017 of 75% of the share capital of Novo Banco to Lone Star. To reimburse the loans contracted and to meet other responsibilities already assumed or that may still be assumed, the Resolution Fund has essentially the revenues from the periodic contributions of the participating institutions (including the Bank) and from the contributions over the banking sector. It is also provided the possibility of the member of the Portuguese Government responsible for the finance area to determine by ministerial order that the participating institutions make special contributions in the situations provided for in the applicable legislation, particularly in the event that the Resolution Fund does not have sufficient own resources for the fulfilment of its obligations. According to the latest available Annual Report from the Resolution Fund, the own resources of the Resolution Fund as at 31 December 2017 were negative. The cost with periodic contributions and with the contribution over the banking sector is recorded on an annual basis, as provided in IFRIC 21 - Levies.	• Analysis of the public announcements released by the Resolution Fund in 2016, 2017 and 2018 and in 2019 up to the date of our report. • Analysis of the public announcement and the content of the resolution approved by the Portuguese Council of Ministers on 2 October 2017, which authorized the Portuguese State, as the ultimate guarantor of financial stability, to establish a framework agreement with the Resolution Fund in order to make available to the Resolution Fund the financial resources, if and when necessary, for the fulfilment of contractual obligations that may arise from the sale of the 75% of the share capital of Novo Banco to Lone Star. • Analysis of the framework agreement established between the Portuguese State and the Resolution Fund. • Reading of the latest available Report and Accounts from the Resolution Fund, which refers to the year of 2017. • Review of the accounting framework of the contributions to the Resolution Fund. • Review of the disclosures included in the consolidated financial statements related to this matter.

Description of the most significant risks of material misstatement identified	**Summary of the auditor's response to the most significant risks of material misstatement identified**
Resolution Fund (Note 57)	
The consolidated financial statements as at 31 December 2018 reflect the Management's expectation that no special contributions or any other extraordinary contributions will be required to the Bank, as a participant in the Resolution Fund, to finance the resolution measures applied to BES and to Banif or any other liability or contingent liability assumed by the Resolution Fund in the context of those measures, taken into consideration: • the conditions established in connection with the renegotiation in March 2017 of the loans obtained by the Resolution Fund to finance the resolution measures, including the extension of the maturity date up to 31 December 2046 and the possibility of adjusting that term, with the objective to ensure that the Resolution Fund is able to fully meet its obligations on the basis of regular revenues and without the need for resort to special contributions or any other extraordinary contributions from the banking sector; and • the public announcements made by the Resolution Fund and the Office of the Portuguese Minister of Finance, which refer to the purpose of ensuring that such contributions will not be necessary.	

Responsibilities of Management and Supervisory Body for the consolidated financial statements

The Management of the Bank is responsible for:

- the preparation of consolidated financial statements that present true and fairly the financial position, the financial performance and the cash flows of the Group in accordance with the International Financial Reporting Standards (IFRS) as endorsed by the European Union;
- the preparation of the Management report and of the corporate governance report, under the applicable legal and regulatory terms;
- the implementation and maintenance of an appropriate internal control system to allow the preparation of consolidated financial statements that are free from material misstatements due to fraud or error;

- the adoption of accounting principles and criteria appropriate in the circumstances; and
- the evaluation of the Group's ability to continue as a going concern, disclosing, whenever applicable, the matters that may cast significant doubt on the continuity of its operations.

The Supervisory Body of the Bank is responsible for overseeing the Group's financial closing and reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our responsibility consists in obtaining a reasonable assurance on whether the consolidated financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue a report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of those consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit and we also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than not detecting one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management;
- conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether any material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exist, we should draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether those consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

- obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit and we are the ultimate responsibles for our audit opinion;

- communicate with those charged with governance, including the Supervisory Body, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiency in internal control identified during the audit;

- from the matters we communicate with those charged with governance, including the Supervisory Body, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and which are the key audit matters. We describe these matters in our report unless law or regulation precludes its public disclosure;

- declare to the Supervisory Body that we have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may be perceived to threat our independence, and where applicable, the related safeguards.

Our responsibility includes also the verification of the agreement of the information included in the Management report with the consolidated financial statements and the verifications included in article 451, numbers 4 and 5, of the Portuguese Commercial Code ("Código das Sociedades Comerciais"), as well as the verification that a non-financial statement was presented.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

About the Management report

In compliance with article 451, number 3, item e) of the Portuguese Commercial Code ("Código das Sociedades Comerciais"), we conclude that, for the material aspects, the Management report was prepared in accordance with the current applicable law and regulations, the financial information included therein is in agreement with the audited consolidated financial statements, and considering our knowledge of the Group, we did not identify material misstatements. In accordance with article 451, number 7 of the Portuguese Commercial Code, this conclusion does not apply to the non-financial statement included in the Management report.

About the corporate governance report

In compliance with article 451, number 4 of the Portuguese Commercial Code ("Código das Sociedades Comerciais"), we conclude that the corporate governance report includes the elements required to the Group under the terms of article 245-A of the Portuguese Securities Code ("Código dos Valores Mobiliários"), and we have not identified any material mistakes in the information disclosed in such report to comply with the requirements of items c), d), f), h), i) and m) of the referred article.

About the non-financial statement provided for in article 508-G of the Portuguese Commercial Code

In compliance with article 451, number 6, of the Portuguese Commercial Code ("Código das Sociedades Comerciais"), we hereby inform that the Group included in the management report the non-financial statement provided for in article 508-G of the Portuguese Commercial Code.

About the additional elements provided for in article 10 of Regulation (UE) 537/2014

In compliance with article 10 of Regulation (UE) 537/2014 of the European Parliament and of the Council of 16 April 2014, and beyond the key audit matters mentioned above, we further report the following:

- We have been appointed auditors of Banco Comercial Português, S.A. (parent-company of the Group) for the first time in the Shareholders' General Meeting that took place on 21 April 2016, with effect as from 2 May 2016, for a mandate covering the period between 2016 and 2018.
- The Management confirmed to us that is unaware of the occurrence of any fraud or suspected fraud with a material effect in the consolidated financial statements. As part of the planning and execution of our audit in accordance with ISAs, we kept professional scepticism and designed audit procedures to respond to the risk of material misstatements in the consolidated financial statements due to fraud. As a result of our work, we have not identified any material misstatement in the consolidated financial statements due to fraud.
- We confirm that the audit opinion issued is consistent with the additional report that we prepared and delivered to the Supervisory Body of the Bank on this same date.
- We declare that we have not rendered any prohibited services under the terms of article 77, number 8, of the Legal Regime of the Portuguese Statutory Auditors ("Estatuto da Ordem dos Revisores Oficiais de Contas") and that we kept our independence from the Group during the execution of the audit.

Lisbon, April 23, 2019

Deloitte & Associados, SROC S.A.
Represented by Paulo Alexandre de Sá Fernandes

EXPLANATION ADDED FOR TRANSLATION

(This report is a translation of a report originally issued in Portuguese. Therefore according to Deloitte & Associados, SROC S.A. internal procedures, the report is not to be signed. In the event of discrepancies, the Portuguese language version prevails.)

STATUTORY AUDIT CERTIFICATION AND AUDIT REPORT

(Amounts expressed in thousands of euros – t.euros)

(Translation of a report originally issued in Portuguese – in the case of discrepancies, the original version in Portuguese prevails – Note 1.A)

REPORT ON THE AUDIT OF THE SEPARATE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying separate financial statements of Banco Comercial Português, S.A. ("Bank"), which comprise the separate balance sheet as at 31 December 2018 (that presents a total of 55,350,167 t.euros and total equity of 5,591,163 t.euros, including a net profit of 59,267 t.euros), the separate statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and the accompanying notes to the separate financial statements, which include a summary of the significant accounting policies.

In our opinion, the accompanying separate financial statements present true and fairly, in all material respects, the non-consolidated financial position of Banco Comercial Português, S.A. as at December 31, 2018 and its non-consolidated financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) as endorsed by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and further standards and technical and ethical directives of the Portuguese Institute of Statutory Auditors ("Ordem dos Revisores Oficiais de Contas"). Our responsibilities under those standards are described in the "Auditor's responsibilities for the audit of the separate financial statements" section. We are independent from the Bank in the terms of the law and we have fulfilled the other ethical requirements under the ethical code of the Portuguese Institute of Statutory Auditors ("Ordem dos Revisores Oficiais de Contas").

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements of the current period. Those matters were addressed in the context of the audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on those matters.

Description of the most significant risks of material misstatement identified	**Summary of the auditor's response to the most significant risks of material misstatement identified**
Impairment for financial assets at amortised cost – loans to customers and Provisions for guarantees and other commitments (Notes 1.B1, 1.Y4, 10, 13, 19, 36, 49 – Credit Risk and 52)	
The accumulated impairment losses for financial assets at amortised cost – loans to customers and provisions for guarantees and other commitments ("impairment losses for credit risk") recorded by the Bank as at 31 December 2018 amount to 2,293,486 t.euros and 163,363 t.euros, respectively. The adoption of IFRS 9 - "Financial instruments" by the Bank with reference to 1 January 2018, replacing IAS 39, implied an increase in the judgmental component of the determination of impairment losses for credit risk, changing the concept of incurred losses to the concept of expected losses and introducing new relevant parameters for the calculation of impairment losses, such as the classification of loans to customers in stages and the evaluation of the existence of significant increase in credit risk since the initial recognition. Impairment losses for credit risk represent the best estimate of the Management of the Bank of the expected losses on its credit portfolio at the reference date of the financial statements. These impairment losses are determined through individual analysis for clients with high exposure and risk and through collective analysis for exposures subject to individual analysis to which no individual impairment was attributed and for the remaining exposures that are not subject to individual analysis, as described in the section Accounting policies of the Notes to the financial statements.	• Analysis of the relevant control activities implemented by the Bank in the process of identification and determination of impairment losses for the loans' portfolio. • Analysis of the impact of the initial application of IFRS 9 with reference to 1 January 2018 on the impairment losses for credit risk, including the reasonableness of the methodology implemented by the Bank considering the requirements of that standard and the review of the transition adjustment recorded in the financial statements. • Selection of a sample of clients subject to individual impairment analysis by the Bank, which included exposures that presented higher risk characteristics as well as randomly selected exposures. • For the selected sample, analysis of the reasonableness of the estimated impairment losses for credit risk recorded in the financial statements based on the review of the judgments of the Bank about the information available regarding the economic and financial situation of the clients, valuation of the collaterals and prospects about the evolution of their activity and also the intentions of Management regarding management and future hold of those loans.

Description of the most significant risks of material misstatement identified	**Summary of the auditor's response to the most significant risks of material misstatement identified**
Impairment for financial assets at amortised cost – loans to customers and Provisions for guarantees and other commitments (Notes 1.B1, 1.Y4, 10, 13, 19, 36, 49 – Credit Risk and 52)	
The determination of impairment losses for credit risk through individual analysis inherently has a strong judgmental component from Management about the information available, namely in identifying evidence of impairment and in estimating the present value of the amount that the Bank expects to recover from the loan, that incorporates also assumptions about future events that may not occur as expected and reflects the Management's intentions at each moment regarding management and future hold of the loans. Impairment losses for credit risk determined under collective analysis are based on a model with a certain degree of complexity, as it incorporates in the computation of the impairment several variables, namely characteristics of operations, the value of collaterals, classification of loans to customers in stages and risk parameters, such as the probability of default and loss given default. Different methodologies or assumptions used in the impairment analysis and different recovery strategies affect the estimate of the recovery cash flows and their expected timing, and may have a material impact on the determination of impairment.	Regarding collective impairment (i) understanding of the main characteristics of the impairment model and critical analysis of the reasonableness of the methodologies used by the Bank; (ii) analysis on a sample basis of the calculation of risk parameters and collective impairment; and (iii) validation on a sample basis of the inputs used to determine the main risk parameters and of the value of collaterals considered in the determination of impairment losses for credit risk. • Review of the disclosures included in the separate financial statements related to these matters, considering the applicable accounting framework.

Description of the most significant risks of material misstatement identified	**Summary of the auditor's response to the most significant risks of material misstatement identified**
Recoverability of deferred tax assets (Notes 1.T, 1.Y.1 and 28)	
As at 31 December 2018 the balance of deferred tax assets amounts to 2,782,536 t.euros, of which 1,021,882 t.euros are dependent on the existence of future taxable income (deferred tax assets not eligible under the Special Regime applicable to deferred taxes assets, approved by Law no. 61/2014, of 26 August), including: • 659,238 t.euros related to impairment losses; and • 319,768 t.euros resulting from tax losses carried forward originated mainly in 2016. According to Law No. 2/2014 of 16 January, the use of tax losses in future periods of taxation cannot exceed 70% of the taxable income in each of those periods, and the tax losses originated in 2016 have a 12-year reporting period (i.e. up to 2028). In accordance with IAS 12 - Income taxes, deferred tax assets can only be recorded up to the extent that it is probable that future taxable income will exist on the estimated date of their reversal. The Bank prepared an estimate of its taxable income for the period between 2019 and 2028 to assess the recoverability of deferred tax assets. This estimate is by nature judgmental and depends on the assumptions used by Management to calculate the evolution of pre-tax profits and on its interpretation of the tax legislation. To this extent, the recoverability of deferred tax assets is dependent on the Bank's ability to generate the estimated results. Eventual deviations from estimated future results or changes in the assumptions used in its determination, as well as changes on tax legislation or in its interpretation may have a material impact on deferred tax assets.	• Analysis of the relevant control activities implemented by the Bank in the context of the estimate of the recoverability of deferred tax assets. • Understanding and analysis of the main assumptions considered by the Bank to estimate the evolution of pre-tax profits in the period between 2019 and 2028. • Review of the reasonableness of the interpretation of the relevant tax legislation considered by the Bank in the estimation of future taxable profits. • Review of the calculations made by the Bank to demonstrate the recoverability of deferred tax assets, taking into account the understanding of the assumptions and the review of the interpretation of the tax legislation described above. • Review of the disclosures included in the separate financial statements for these matters, considering the applicable accounting framework.

Description of the most significant risks of material misstatement identified	**Summary of the auditor's response to the most significant risks of material misstatement identified**
Liabilities with retirement pensions - Main actuarial assumptions (Notes 1.S, 1.Y3 and 46)	
The Bank has assumed the responsibility of paying to its employees and pensioners retirement pensions and other associated benefits under the terms defined in collective labour agreements. As at 31 December 2018, the liabilities of the Bank for past services with retirement pensions and other associated benefits amount to 3,040,405 t.euros. The Bank's liabilities associated with the defined benefit plans were determined by the responsible actuary, considering a set of actuarial assumptions, including the discount rate, the growth rates of wages and pensions and the mortality tables. Eventual changes in actuarial assumptions may have a material impact on past service pension liabilities.	• Analysis of the relevant control activities implemented by the Bank in determining the main actuarial assumptions used in the calculation of liabilities with past services related to pensions. • Verification of the certification of the responsible actuary within the Insurance and Pension Funds Supervisory Authority ("Autoridade de Supervisão de Seguros e Fundos de Pensões" (ASF)) and analysis of its independence statement included in the actuarial study of 31 December 2018 sent to ASF. • Reading of the actuarial study with reference to 31 December 2018 and discussion with the responsible actuary on the main actuarial assumptions used. • Analysis of the reasonableness of the main actuarial assumptions used in the quantification of pension liabilities, taking into consideration: (i) actuarial study; (ii) available market data; (iii) historical information (experience gains or losses); and (iv) information provided by Management. • Review of the disclosures included in the separate financial statements for this matter, considering the applicable accounting framework.

<table>
<tr><th>Description of the most significant risks of material misstatement identified</th><th>Summary of the auditor's response to the most significant risks of material misstatement identified</th></tr>
<tr><td colspan="2">Valuation of properties classified as non-current assets held for sale and properties held through real estate investment funds in which the Bank owns the majority of the fund units (Notes 1.B1.1.3, 1.H, 1.Y.2, 21, 25 and 49 – Credit Risk)</td></tr>
<tr><td>As at 31 December 2018 the caption Non-current assets held for sale include 1,146,138 t.euros of properties held directly by the Bank and 76,141 t.euros of investments in real estate companies which main assets are properties. In addition, the caption Financial assets not held for trading mandatorily at fair value through profit or loss include 452,090 t.euros of real estate investment funds in which the Bank owns the majority of the units.

These assets are recorded in accordance with applicable accounting standards (IFRS 5 for non-current assets held for sale and IFRS 9 for financial assets not held for trading mandatorily at fair value through profit or loss).

The valuation of these assets, and consequently the impairment losses, recorded in the Bank accounts as at 31 December 2018 is supported by appraisals carried out by independent appraisers, which incorporate several assumptions namely about the evolution of the real estate market, property best use, and expectations regarding the development of real estate projects when applicable, and also considers the intentions of Management regarding the commercialization of these assets. In addition, the valuation of the units in the real estate investment funds was based on the most up-to-date information that Management has available regarding the corresponding Net Asset Value, which depends on the funds' properties appraisals carried out by independent external appraisers.

The assumptions used in the appraisals of these properties have an impact on its valuation and therefore on the determination of impairment losses.</td><td>• Analysis of the relevant control activities implemented by the Bank in the process of valuing properties classified as non-current assets held for sale and properties held through real estate investment funds in which the Bank owns the majority of the units.

• Verification, on a sample basis, of the registration of the external appraisers in the Portuguese Securities Market Commission ("Comissão do Mercado de Valores Mobiliários" (CMVM)) and analysis of their independence.

• Analysis of the reasonableness of the valuation recorded in the separate accounts for a selected sample of properties, based on the appraisals carried out by the external appraisers which include the methodology and main assumptions used, meetings held with the external appraisers, as applicable, and understanding of the strategy defined by the Bank for those assets.

• Review of the disclosures included in the separate financial statements related to this matter, considering the applicable accounting framework.</td></tr>
</table>

Description of the most significant risks of material misstatement identified	Summary of the auditor's response to the most significant risks of material misstatement identified
Resolution Fund (Note 50)	
As described in more detail in Note 50, following the resolution measures applied to Banco Espírito Santo, S.A. (BES) and Banif - Banco Internacional do Funchal, S.A. (Banif) as at 31 December 2018 the Resolution Fund held 25% of the share capital of Novo Banco, S.A. (Novo Banco), without the corresponding voting rights, and the entire share capital of Oitante, S.A.. In the context of the application of the referred measures, the Resolution Fund contracted loans with the Portuguese State and with a banking syndicate, in which the Bank participates, and assumed contingent liabilities and other responsibilities, including those related to the litigation associated with these processes and with the contingent capitalization mechanism defined in the context of the sale in 2017 of 75% of the share capital of Novo Banco to Lone Star. To reimburse the loans contracted and to meet other responsibilities already assumed or that may still be assumed, the Resolution Fund has essentially the revenues from the periodic contributions of the participating institutions (including the Bank) and from the contributions over the banking sector. It is also provided the possibility of the member of the Portuguese Government responsible for the finance area to determine by ministerial order that the participating institutions make special contributions in the situations provided for in the applicable legislation, particularly in the event that the Resolution Fund does not have sufficient own resources for the fulfilment of its obligations. According to the latest available Annual Report from the Resolution Fund, the own resources of the Resolution Fund as at 31 December 2017 were negative. The cost with periodic contributions and with the contribution over the banking sector is recorded on an annual basis, as provided in IFRIC 21 - Levies.	• Analysis of the public announcements released by the Resolution Fund in 2016, 2017 and 2018 and in 2019 up to the date of our report. • Analysis of the public announcement and the content of the resolution approved by the Portuguese Council of Ministers on October 2, 2017, which authorized the Portuguese State, as the ultimate guarantor of financial stability, to establish a framework agreement with the Resolution Fund in order to make available to the Resolution Fund the financial resources, if and when necessary, for the fulfilment of contractual obligations that may arise from the sale of the 75% of the share capital of Novo Banco to Lone Star. • Analysis of the framework agreement established between the Portuguese State and the Resolution Fund. • Reading of the latest available Report and Accounts from the Resolution Fund, which refers to the year of 2017. • Review of the accounting framework of the contributions to the Resolution Fund. • Review of the disclosures included in the separate financial statements related to this matter.

Description of the most significant risks of material misstatement identified	**Summary of the auditor's response to the most significant risks of material misstatement identified**
Resolution Fund (Note 50)	
The financial statements as at 31 December 2018 reflect the Management's expectation that no special contributions or any other extraordinary contributions will be required to the Bank, as a participant in the Resolution Fund, to finance the resolution measures applied to BES and to Banif or any other liability or contingent liability assumed by the Resolution Fund in the context of those measures, taken into consideration: • the conditions established in connection with the renegotiation in March 2017 of the loans that the Resolution Fund obtained to finance the resolution measures, including the extension of the maturity date to 31 December 2046 and the possibility of adjusting that term, with the objective to ensure that the Resolution Fund is able to fully meet its obligations on the basis of regular revenues and without the need for resort to special contributions or any other extraordinary contributions from the banking sector; and • the public announcements made by the Resolution Fund and the Office of the Portuguese Minister of Finance, which refer to the purpose of ensuring that such contributions will not be necessary.	

Other matters

The accompanying separate financial statements refer to the activity of Banco Comercial Português, S.A. at the non-consolidated level and have been prepared for approval and publication in accordance with the legislation in force. As indicated in Note 1.G, financial investments in subsidiaries and associates are recorded at acquisition cost less impairment losses. The accompanying separate financial statements do not include the effect of full consolidation, nor the application of the equity method, which will be done in consolidated financial statements to be approved and published separately. Additional information on subsidiary and associated entities is given in Notes 24 and 53.

Responsibilities of Management and Supervisory Body for the separate financial statements

The Management is responsible for:

- the preparation of separate financial statements that present true and fairly the financial position, the financial performance and the cash flows of the Bank in accordance with the International Financial Reporting Standards (IFRS) as endorsed by the European Union;
- the preparation of the management report and of the corporate governance report, under the applicable legal and regulatory terms;
- the implementation and maintenance of an appropriate internal control system to allow the preparation of separate financial statements that are free from material misstatements due to fraud or error;
- the adoption of accounting principles and criteria appropriate in the circumstances; and
- the evaluation of the Bank's ability to continue as a going concern, disclosing, whenever applicable, the matters that may cast significant doubt on the continuity of its operations.

The Supervisory Body is responsible for overseeing the Bank's financial closing and reporting process.

Auditor's responsibilities for the audit of the separate financial statements

Our responsibility consists in obtaining a reasonable assurance on whether the separate financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue a report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of those separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than not detecting one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management;

- conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether any material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exist, we should draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Bank to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether those separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- communicate with those charged with governance, including the Supervisory Body, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiency in internal control identified during the audit;
- from the matters we communicate with those charged with governance, including the Supervisory Body, we determine those matters that were of most significance in the audit of the separate financial statements of the current period and which are the key audit matters. We describe these matters in our report unless law or regulation precludes its public disclosure;
- declare to the Supervisory Body that we have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may be perceived to threat our independence, and where applicable, the related safeguards.

Our responsibility includes also the verification of the agreement of the information included in the Management report with the separate financial statements and the verifications included in article 451, numbers 4 and 5, of the Portuguese Commercial Code ("Código das Sociedades Comerciais"), as well as verification that the non-financial statement was presented.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

About the Management report

In compliance with article 451, number 3, item e) of the Portuguese Commercial Code ("Código das Sociedades Comerciais"), we conclude that, for the material aspects, the Management report was prepared in accordance with the current applicable law and regulations, and the financial information included therein is in agreement with the audited separate financial statements, and considering our knowledge of the Bank, we did not identify material misstatements. In accordance with article 451, number 7 of the Portuguese Commercial Code ("Código das Sociedades Comerciais"), this conclusion is not applicable to the non-financial statement included in the management report.

About the corporate governance report

In compliance with article 451, number 4 of the Portuguese Commercial Code ("Código das Sociedades Comerciais"), we conclude that the corporate governance report includes the elements required to the Bank under the terms of article 245-A of the Portuguese Securities Code ("Código dos Valores Mobiliários"), and we have not identified any material mistakes in the information disclosed in such report to comply with the requirements of items c), d), f), h), i) and m) of the referred article.

About the non-financial statement provided for in article 66-B of the Portuguese Commercial Code

In compliance with article 451, number 6 of the Portuguese Commercial Code ("Código das Sociedades Comerciais"), we hereby inform that the Bank included in the management report the non-financial statement provided for in article 66-B of the Portuguese Commercial Code.

About the additional elements provided for in article 10 of Regulation (UE) 537/2014

In compliance with article 10 of Regulation (UE) 537/2014 of the European Parliament and of the Council of 16 April 2014, and beyond the key audit matters mentioned above, we further report the following:

- We have been appointed auditors of Banco Comercial Português, S.A. for the first time in the Shareholders' General Meeting that took place on 21 April 2016, with effect as from 2 May 2016, for a mandate covering the period between 2016 and 2018.
- The Management confirmed to us that is unaware of the occurrence of any fraud or suspected fraud with a material effect in the separate financial statements. As part of the planning and execution of our audit in accordance with ISAs, we kept professional scepticism and designed audit procedures to respond to the risk of material misstatements in the separate financial statements due to fraud. As a result of our work, we have not identified any material misstatement in the separate financial statements due to fraud.
- We confirm that the audit opinion issued is consistent with the additional report that we prepared and delivered to the Supervisory Body of the Bank on this same date.

We declare that we have not rendered any prohibited services under the terms of article 77, number 8, of the Legal Regime of the Portuguese Statutory Auditors ("Estatuto da Ordem dos Revisores Oficiais de Contas") and that we kept our independence from the Bank during the execution of the audit.

Lisbon, April 23, 2019

Deloitte & Associados, SROC S.A.
Represented by Paulo Alexandre de Sá Fernandes

EXPLANATION ADDED FOR TRANSLATION

(This report is a translation of a report originally issued in Portuguese. Therefore according to Deloitte & Associados, SROC S.A. internal procedures, the report is not to be signed. In the event of discrepancies, the Portuguese language version prevails.)

Independent Limited Assurance Report

(Free translation from the original in Portuguese)

To the Board of Directors

Introduction

1 We were engaged by the Board of Directors of Banco Comercial Português, S.A. ("Millennium bcp" or "Company") to perform a limited assurance engagement on the sustainability information, associated with GRI Standards indicators, included in the Annual Report 2018, in particular in the Chapter "Non-financial statement", for the year ended in December 31, 2018, prepared by the Company for the purpose of communicating its annual sustainability performance.

Responsibilities

2 It is the responsibility of the Board of Directors to prepare the sustainability information, associated with GRI Standards indicators, included in the Annual Report 2018, in accordance with the sustainability reporting guidelines "Global Reporting Initiative" ("GRI"), GRI Standards version, and with the instructions and criteria disclosed in the Annual Report 2018, as well as for the maintenance of an appropriate internal control system that enables the adequately preparation of the mentioned information.

3 Our responsibility is to issue a limited assurance report, which is professional and independent, based on the procedures performed and specified in the paragraph below.

Scope

4 The work performed was conducted in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised) "Assurance engagements other than audits or reviews of historical financial information", issued by the International Auditing and Assurance Standards Board of the International Federation of Accountants. This standard requires that we plan and perform the assurance engagement to obtain limited assurance about whether the sustainability information, associated with GRI Standards indicators, is free from material misstatement.

5 Our limited assurance engagement also consisted in carrying out procedures with the objective of obtaining a limited level of assurance as to whether the Company applied, in the sustainability information included in the Annual Report 2018, the GRI Standards guidelines.

6 For this purpose the above mentioned work included:

(i) Inquiries to management and senior officials responsible for areas under analysis, with the purpose of understanding how the information system is structured and their awareness of issues included in the report;
(ii) Identification of the existence of internal management procedures leading to the implementation of economic, environmental and social policies;

PricewaterhouseCoopers & Associados - Sociedade de Revisores Oficiais de Contas, Lda.
Sede: Palácio Sottomayor, Rua Sousa Martins, 1 - 3º, 1069-316 Lisboa, Portugal
Receção: Palácio Sottomayor, Avenida Fontes Pereira de Melo, nº16, 1050-121 Lisboa, Portugal
Tel +351 213 599 000, Fax +351 213 599 999, www.pwc.pt
Matriculada na CRC sob o NUPC 506 628 752, Capital Social Euros 314.000
Inscrita na lista das Sociedades de Revisores Oficiais de Contas sob o nº 183 e na CMVM sob o nº 20161485

(iii) Testing, on a sampling basis, the efficiency of processes and systems in place for collection, consolidation, validation and reporting of the performance information previously mentioned, through calculations and validation of reported data;
(iv) Confirmation that operational units follow the instructions on collection, consolidation, validation and reporting of performance information;
(v) Execution of substantive procedures, on a sampling basis, in order to collect evidence of the reported information;
(vi) Comparison of financial and economic data included in the sustainability information with the audited by the external auditor, in the scope of the legal review of Company's financial statements for the year ended in December 31, 2018;
(vii) Verification that the sustainability information included in the Report complies with the requirements of GRI Guidelines, GRI Standards version.

7 The procedures performed were more limited than those used in an engagement to obtain reasonable assurance and, therefore, less assurance was obtained than in a reasonable assurance engagement.

8 We believe that the procedures performed provide an acceptable basis for our conclusion

Quality control and independence

9 We apply the International Standard on Quality Control 1 (ISQC1) and, accordingly, maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

10 We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants and of the ethics code of the Institute of Statutory Auditors.

Conclusion

11 Based on the work performed, nothing has come to our attention that causes us to believe that the sustainability information, associated with GRI Standards indicators, included in the Annual Report 2018, in particular in the Chapter "Non-financial statement", for the year ended in December 31, 2018, was not prepared, in all material respects, in accordance with GRI Standards requirements and with the instructions and criteria disclosed in the Report and that Millennium bcp has not applied, in the sustainability information included in the Annual Report 2018, the GRI Standards guidelines.

Restriction on use

12 This report is issued solely for information and use of the Board of Directors of the Company for the purpose of communicating the sustainability information in the Annual Report 2018, and should not be used for any other purpose. We will not assume any responsibility to third parties other than Millennium bcp by our work and the conclusions expressed in this report, which will be attached to the Company's Annual Report 2018.

April 26, 2019

PricewaterhouseCoopers & Associados
- Sociedade de Revisores Oficiais de Contas, Lda.
Represented by:

António Brochado Correia, R.O.C.

(This is a translation, not to be signed)