

Part I – Information on Shareholder Structure, Organisation and Corporate Governance

A. Shareholding structure

I. Capital Structure

1. The capital structure (share capital, number of shares, distribution of capital by shareholders, etc.), including an indication of shares that are not admitted to trading, different classes of shares, rights and duties of same and the capital percentage that each class represents (Article 245 -A/1/a).

On the date this Report was made (March 2019) the share capital of the Bank amounted to 4,725,000,000.00 Euros, represented by 15,113,989,952 shares of a single category, nominative, book-entry, without nominal value, fully subscribed and paid up, all admitted to trading in a regulated market (Euronext Lisbon). These shares represent 100% of the share capital, confer identical rights and are fungible between them.

According to the information provided by Interbolsa, as at 31 December 2018, the number of shareholders of Banco Comercial Português totalled 159,670.

The Bank's shareholder structure continues, on 31 December 2018, to be very dispersed, with four shareholders owning more than 2% of the share capital. Of these, only two have a stake above 5%. As a whole, the shareholders with qualifying stakes represented 52.2% of the share capital.

Shareholders with more than 5 million shares represented, on 31 December of 2018, 76% of the share capital. In terms of geographic distribution, special note should be made of the weight of the shareholders in Portugal, which accounted for 31% of the total number of shareholders.

Pursuant to its articles of association, the Bank has the ability to issue shares with special rights, namely voting or non-voting preferential shares either redeemable with or without premium or not redeemable.

For the issuance of this type of shares it is necessary the adoption of a resolution by the Shareholders at the General Meeting of Shareholders by a majority of 2/3 of the votes cast.

2. Restrictions on the transfer of shares, such as clauses on consent for disposal, or limits on the ownership of shares (Article 245 -A/1/b).

The shares representing the Bank's share capital are freely transferable.

3. Number of own shares, the percentage of share capital that it represents and corresponding percentage of voting rights that corresponded to own shares (Article 245 -A/1/a).

The treasury stock (BCP shares) held by entities included in the consolidation perimeter is within the limits established by the Law and Regulations.

As at 31 December 2018, Banco Comercial Português, S.A. held no treasury stock in its own portfolio, and there were no purchases or sales of own shares throughout the period. However, on that date were recorded under Treasury Shares" 323,738 shares (31 December 2017: 323,738 shares) held by Customers. Considering that for some of these customers, whose shares serve as collateral for loans granted by the Bank or by the Group BCP, there is evidence of impairment, the Bank's shares held by these customers were considered as treasury stock and, in accordance with the accounting policies, written off from equity.

Regarding treasury stock held by associate companies of the BCP Group, pursuant to the Note to the consolidated financial statements number 52, as at 31 December 2018, Millenniumbcp Ageas - Grupo Segurador, SGPS, S.A. held 142,601,002 BCP shares, amounting to Euros 32,727,000 and on 31 December 2017, it held 142,601,002 shares, amounting to Euros 38,531,000.

The shares held by the Bank due to credit recovery process are not considered treasury stock in portfolio, as the respective sale is made in the market and in the short term.

4. Important agreements to which the company is a party and that come into effect, amend or terminated in cases such as a change in the control of the company after a takeover bid, and the respective effects, except where due to their nature, the disclosure thereof would be seriously detrimental to the company; this exception does not apply where the company is specifically required to disclose said information pursuant to other legal requirements (Article 245 -A/1/j).

Banco Comercial Português, does not adopt measures that determine payments or the assumption of expenses nor is party in significant agreements, namely agreements that become in effect, be altered or cease to be in effect in case of change in control due to a takeover bid or the alteration in the composition of the corporate bodies which may seem able of jeopardizing the economic interest in the transmission of shares and the free evaluation by the shareholders of the Director's performance.

Under its activity, the Bank has negotiated seven bilateral contracts with the European Investment Bank (EIB) and the European Investment Fund (EIF), of the overall amount of close to one thousand and three hundred million Euros, which include clauses that confer the counterparty, under certain verifiable circumstances and in line with what is usual in the type of operations in question, the right to trigger the early repayment of these values, in the event of a change to the Bank's shareholder control.

5. A system that is subject to the renewal or withdrawal of countermeasures, particularly those that provide for a restriction on the number of votes capable of being held or exercised by only one shareholder individually or together with other shareholders.

Article 26 of the Bank's Articles of Association establishes that votes cast by a single shareholder and its related entities, under the terms of number 1 of article 20 of the Securities Code, representing more than 30% of the votes of the total share capital, shall not be counted.

On the date this report was made there are no shareholders reaching the limit of 30% of the votes, as set forth in the article 26 of the Bank's Articles of Association. The amendment of this statutory provision requires the approval of 2/3 of the votes cast at the General Meeting.

The Bank's Articles of Association do not foresee the periodic review of the statutory rule that establishes the limitation of votes, however, in accordance with article 13-C of the Legal Framework for Credit Institutions and Financial Companies, these limits automatically expire at the end of each five-year period, in case a resolution is not adopted regarding their maintenance. The General Meeting of Shareholders, held on 9 November 2016, approved by a majority of 96.10% of the votes cast, the maintenance of the limitation of votes foreseen in articles 25 and 26 of the Articles of Association, and the next resolution for the maintenance of the limits must be adopted until the end of 2021. On the date of the resolution, there were no shareholders holding shares exceeding the established statutory limit.

We must underline that, the Bank considers that the rule for the limitation to voting rights, commonly referred to as "statutory ceiling on voting rights", follows the best international and national corporate governance practices in terms of statutory restrictions for significant institutions with the size, internal organisation, scope and complexity of activities such as the ones pursued by the Company.

6. Shareholders' agreements that the company is aware of and that may result in restrictions on the transfer of securities or voting rights (Article 245 -A/1/g).

The Bank is not aware of the existence of any shareholders' agreement relative to the exercise of corporate rights or transferability of the Bank's shares.

On 18 November 2016, BCP and Fosun Industrial Holdings Limited signed a Memorandum of Understanding and Subscription Agreement relating to the investment of this company in the share capital of BCP, according to which the company Chiado (Luxembourg) S.à r.l. («Chiado»), an entity part of Group Fosun, agreed to invest in BCP through the private placement of 157.437.395 new shares and committed to keep the ownership of these shares for, at least, 3 years.

II. Shares and Bonds Held

7. Details of the natural or legal persons who, directly or indirectly, are holders of qualifying holdings (Article 245 -A/1/c & d and Article 16) with details of the percentage of capital and votes attributed and the source and causes of the attribution.

Under the terms of the Securities Code, the qualifying stakes in the Company's share capital as at 31 December 2018, indicating the percentage of the share capital and imputable votes, and the source and reasons of imputation, are reflected in the following table:

Shareholder	Nr. of Shares	% of share capital	% voting rights
Chiado (Luxembourg) S.à r.l., a company held by Fosun International Holdings Ltd (Fosun Group)	4,118,502,618	27.25%	27.25%
TOTAL FOR FOSUN GROUP	4,118,502,618	27.25%	27.25%
Sonangol - Sociedade Nacional de Combustíveis de Angola, E.P., directly	2,946,353,914	19.49%	19.49%
TOTAL FOR SONANGOL GROUP	2,946,353,914	19.49%	19.49%
BlackRock, Inc.*	512,328,512	3.39%	3.39%
TOTAL FOR BLACKROCK GROUP	512,328,512	3.39%	3.39%
EDP Pension Fund**	315,336,362	2.09%	2.09%
TOTAL FOR EDP GROUP	315,336,362	2.09%	2.09%
TOTAL OF QUALIFYING STAKES	7,892,521,406	52.20%	52.20%

* According to the communication of 05 March 2018.

** Allocation according to article 20 (1.f) of the Securities Code.

8. Indication of the number of shares and bonds held by members of the governing bodies, directors and persons closely related to these categories

On this issue, see information provided in the Annual Report 2018, in Note 52 to the Consolidated Financial Statements.

9. Special powers of the Board of Directors, especially as regards resolutions on the capital increase (Article 245-A/1/i) with an indication as to the allocation date, time period within which said powers may be carried out, the upper ceiling for the capital increase, the amount already issued pursuant to the allocation of powers and mode of implementing the powers assigned.

Under the terms of article 5 (1) of the Bank's Articles of Association, the Board of Directors has powers to, when deemed convenient and after having obtained the favourable opinion of the Audit Committee, increase the share capital, once or more times, until the limit of the value of the existing share capital when the authorisation was granted or upon renewal of this authorisation.

The last renewal of this authorization was approved at the General Meeting of Shareholders held on 21 April 2016, when the Bank's share capital amounted to 4,094,235,361.88 Euros, and the General Meeting resolved that 20% of that increase could be made through the placement, without shareholders preference rights, with qualified or institutional investors.

The Bank's share capital was increased twice under this authorization.

The first time on 18 November 2016, amounting to 174,582,327.32 Euros, an increase reserved to Chiado (Luxembourg) S.à r.l. (Group Fosun), and on 7 February 2017, in the amount of 1,331,920,364.52 euros, in an increase with preference right for shareholders. Therefore, the ceiling for authorization to increase the capital to be resolved by the Board of Directors is established, on the date this report is made, at 2,587,732,670.04 euros.

It is also important to remind that, on 11 February 2018, the shareholders resolved at a General Meeting of Shareholders to reduce the share capital in the amount of 875,738,053.72 euros, to cover losses, and the capital was then established as amounting to 4,725,000,000.00 euros.

10. Significant business relations between holders of qualifying stakes and the company

Business conducted between the company and qualifying shareholders or natural or legal persons related to them, pursuant to article 20 of the Securities Code, regardless of the amount, is always subject to appraisal and deliberation by the Board of Directors, after a prior opinion has been obtained from the Audit Committee, through proposal submitted by the Executive Committee, supported by a proposal made by the Credit Commission and an analysis and opinion issued by the Internal Audit Division, in what regarded the legal and regulatory compliance of the proposal.

During 2018, the Audit Committee issued five opinions related to operations for granting and renewing credit lines and limits, and four opinions on other credit operations regarding shareholders owners of a qualifying stake or natural or legal persons related with them. All these operations were carried out under normal market conditions.

During the year covered by this Report, regardless of the aforesaid operations, no other business or operations were conducted, namely the acquisition of supplies and services, between Banco Comercial Português and qualifying shareholders and entities related to them, which were economically significant and cumulatively carried outside market conditions, applicable to similar operations, or outside the scope of the current activity of the company. The Internal Audit Division, the Executive Committee, Audit Committee and the Board of Directors verified compliance with the conditions mentioned above.

B. Governing bodies and committees

I. General meeting

a) Composition of the Board of the General Meeting

11. Identification and position of the members of the board of the general meeting and respective term of office (beginning and end)

Under the terms of article 20, number 1 of the Bank's Articles of Association, the Board of the General Meeting is composed of a Chairperson, a Vice-Chairperson and the Company Secretary.

The chairperson and the Vice-Chairperson of the General Meeting of Shareholders were elected at the General Meeting of Shareholders which took place on 10 May 2017, for the term-of-office regarding the three-year period 2017/2019, being, therefore, exercising the first term-of-office which began on the above mentioned election date and will end on 31 December 2019. Although the members of the Board of the General Meeting were elected for a fixed term, they will remain in office until the election of new members, which is scheduled to occur up to the end of the month of May 2020.

The Company Secretary was appointed by the Board of Directors on 24 July 2018, performing duties for the three-year period 2018/2021.

The Board of the General Meeting is composed of:

Chairman: Pedro Miguel Duarte Rebelo de Sousa (Independent)

Vice-Chairperson: Octávio Manuel de Castro Castelo Paulo (Independent)

Inherent to the position, the Board of the General Meeting is supported by secretarial services administered by the Company Secretary, Ana Isabel dos Santos de Pina Cabral.

b) Exercise of Voting Rights

12. Any restrictions on the right to vote, such as restrictions on voting rights subject to holding a number or percentage of shares, deadlines for exercising voting rights, or systems whereby the financial rights attaching to securities are separated from the holding of securities (Article 245-A/1/f)

Under the terms of the Bank's Articles of Association, each share corresponds to one vote. Natural or legal persons that own shares which confer to them at least one vote at zero hours of the fifth trading day prior to the date of the General Meeting may participate therein, directly or through a representative.

Voting in writing, by mail or internet is permitted, provided that the vote is received by the penultimate day prior to the date of the General Meeting.

Shareholders who participate in the General Meeting directly or through representation may only exercise their voting rights at the General Meeting.

On these issues, see items 5 and 14.

13. Details of the maximum percentage of voting rights that may be exercised by a single shareholder or by shareholders that are in any relationship as set out in Article 20/1.

On this issue, see item 5.

14. Details of shareholders' resolutions that, imposed by the articles of association, may only be taken with a qualified majority, in addition to those legally provided, and details of said majority

The Bank's Articles of Association require the presence or representation of over one third of the share capital for the General Meeting to be held at first call. The Articles of Association also require a qualified majority of three quarters of the votes cast for approval of decisions on merger, demerger, transformation and a majority of three quarters of the fully paid up share capital for resolutions on the dissolution of the company. The amendment of articles which establish limitations to voting rights or determine majorities different from those stipulated in the law requires a qualified majority of two thirds of the votes cast.

The demand for a reinforced quorum is not intended to adopt mechanisms able of rendering more difficult the adoption of resolutions by the shareholders; on the contrary, it intends to defend minority shareholders and assure that no relevant matter is resolved on without the effective participation of a representative number of shareholders

II. Management and supervision

a) Composition

15. Identification of the endorsed governance model

Banco Comercial Português, S.A. has endorsed, since 2012, a one-tier corporate structure with a Board of Directors which includes an Executive Committee and an Audit Committee. It also has a Remuneration and Welfare Board and an International Strategic Board elected by the General Meeting.

16. Articles of association rules on the procedural requirements governing the appointment and replacement of members of the Board of Directors, the Executive Board and the General and Supervisory Board, where applicable. (Article 245-A/1/h)).

The members of the Board of Directors are elected at the General Meeting. Should the Board of Directors co-opt any Director to fill a vacant position, such co-optation must be ratified at the first General Meeting of Shareholders taking place after the co-optation. The co-opted member shall exercise functions until the end of the term of office underway.

Elections are plural and conducted by lists, with indication by the proposing shareholders, and votes are cast based on these lists.

In accordance with the Bank's articles of association, a member of the Executive Board of Directors can be elected on its own according to article 392 (1 to 5) of the Companies Code.

Under the terms of the law, and under penalty of destitution, each Annual General Meeting of Shareholders votes on a renewal of the vote of confidence in each of the members of the management and supervisory bodies and likewise in the body as a whole.

17. Composition of the Board of Directors, the Executive Board and the General and Supervisory Board, where applicable, with details of the articles of association's minimum and maximum number of members, duration of term of office, number of effective members, date when first appointed and end of the term of office of each member.

Under the terms of the Bank's Articles of Association, the Board of Directors is composed of a minimum of fifteen and a maximum of nineteen members, elected for terms of office of four years, who may be re-elected one or more times.

The current Board of Directors of Banco Comercial Português was elected by the General Meeting held on 30 May 2018, to exercise functions in the four-year period of 2018/2021, includes in its composition four women, representing 25% of the members of the Board of Directors in exercise since 30 May 2018, and the Bank complies, in this collegiate body, the requirements of effective balance of gender regarding the members of the Board of Directors.

The Bank places in the proposals it submits to the elective General Meeting all the documents necessary regarding the adequacy of the profile, knowledge, professional experience and curricula of the candidates to become member of the corporate bodies, which allows evaluate the adequacy of their profile and competences to the function they will exercise, keeping the Company all the information available for a period of ten years on the Bank's website, in the page with the following address:

<https://ind.millenniumbcp.pt/pt/Institucional/investidores/Documents/AssembGeral/>

The competences and responsibilities attributed to the members that compose the current Board of Directors translate the improvement introduced in the corporate governance model. At the level of internal control and risk management the hierarchical responsibility for the second lines of defence was attributed to one executive director, which also includes the Boards of Directors of the subsidiary companies operating abroad, this way extending the coordination and scope of the performance of these defence lines to the entire Group. In the composition of the Board of Directors there was also a reinforcement in the capacity to provide dynamics, leadership and control on the digital transformation process incorporated in the strategic plan approved for the 2018-2021 period, by means of executive and non-executive members with specific competences in these areas.

The composition of the Board of Directors at the end of the financial year this Report refers to, as well as the date of the first appointment of each member and the date of end of term of office is identified in the following table:

BOARD OF DIRECTORS: COMPOSITION, MANDATE (START AND END), POSITIONS AND CAPACITY OF THE NON-EXECUTIVE MEMBERS

Composition of the Board of Directors (Non-Executive Members)	Term of Office - Start	Term-of-office	Term of Office (a)	Justification	Body and Position	Qualification
Nuno Manuel da Silva Amado	30/05/2018	2018/2021	31/12/2021	Election	Board of Directors - Chairman	Not Independent (b)
	11/05/2015	2015/2017	31/12/2017		Board of Directors - Vice-Chairman and Executive Committee - Chairman	
	28/02/2012	2012/2014	31/12/2014			
Jorge Manuel Baptista Magalhães Correia	30/05/2018	2018/2021	31/12/2021	Election	Board of Directors - Vice-Chairman	Not Independent (c)
Valter Rui Dias de Barros	30/05/2018	2018/2021	31/12/2021	Election	Board of Directors - Vice-Chairman	Not Independent (c)
Ana Paula Alcobia Gray	30/05/2018	2018/2021	31/12/2021	Election	Board of Directors - Member	Not Independent (c)
Cidália Maria Mota Lopes	30/05/2018	2018/2021	31/12/2021	Election	Interim Chairwoman	Independent
	11/05/2015	2015/2017	31/12/2017		Board of Directors - Member	
José Manuel Alves Elias da Costa	30/05/2018	2018/2021	31/12/2021	Election	Board of Directors - Member	Independent
Xiao Xu (Julia Gu)	30/05/2018	2018/2021	31/12/2021	Election	Board of Directors - Member	Not Independent (c)
Lingjiang Xu	30/05/2018	2018/2021	31/12/2021	Election	Board of Directors - Member	Not Independent (c)
	09/01/2017	2015/2017	31/12/2017	Co-optation		
Teófilo Cesar Ferreira da Fonseca	30/05/2018	2018/2021	31/12/2021	Election	Board of Directors - Member	Independent
Wan Sin Long	30/05/2018	2018/2021	31/12/2021	Election	Board of Directors - Member	Independent

Composition of the Board of Directors (Executive Members)	Term of Office - Start	Term-of-office	Term-of-Office (a)	Justification	Body and Position	Qualification
Miguel Maya Dias Pinheiro	30/05/2018	2018/2021	31/12/2021	Election	Executive Committee - Chairman	Executive
	11/05/2015	2015/2017	31/12/2017		Executive Committee - Vice-Chairman	
	28/02/2012	2012/2014	31/12/2014			
	18/04/2011	2011/2013	28/02/2012		Executive Board of Directors - Member	
	11/11/2009	2008/2010	31/12/2010	In replacement		
Miguel de Campos Pereira de Bragança	30/05/2018	2018/2021	31/12/2021	Election	Executive Committee - Vice-Chairman	Executive
	11/05/2015	2015/2017	31/12/2017			
	28/02/2012	2012/2014	31/12/2014			
João Nuno de Oliveira Jorge Palma	30/05/2018	2018/2021	31/12/2021	Election	Executive Committee - Vice-Chairman	Executive
	09/01/2017	2015/2017	31/12/2017	Co-optation		
José Miguel Bensliman Schorch da Silva Pessanha	30/05/2018	2018/2021	31/12/2021	Election	Executive Committee - Member	Executive
	11/05/2015	2015/2017	31/12/2017			
Maria José Henriques Barreto de Matos de Campos	30/05/2018	2018/2021	31/12/2021	Election	Executive Committee - Member	Executive
Rui Manuel da Silva Teixeira	30/05/2018	2018/2021	31/12/2021	Election	Executive Committee - Member	Executive
	11/05/2015	2015/2017	31/12/2017			
	28/02/2012	2012/2014	31/12/2014			
	18/04/2011	2011/2013	28/02/2012		Executive Board of Directors - Member	

(a) Although the end of the mandate coincides with the last day of the calendar year, to which it refers, the member shall remain in office until the election of the new composition.

(b) The Director in question exercised the position of executive director in the previous term-of-office (2015/2017). The non independence is established in accordance of item 91.a. of the EBA/GL/2017/12 Guidelines of 26 September 2017.

(c) The Director in question is connected to a shareholder with a qualifying stake.

18. Distinction of the executive and non-executive members of the Board of Directors and, relating to the non-executive members, identification of the members who may be considered independent or, if applicable, identification of the independent members of the Supervisory Board

On 24 July 2018 and after obtaining a decision from the supervisor so that the elected directors could initiate functions, the Board of Directors appointed, in accordance with articles 407 (3 and 4) of the Companies Code and 35 of the Articles of Association, an Executive Committee composed by six of its members, and the Chairperson of the Executive Committee was indicated by the General Meeting of Shareholders.

On 30 May 2018, the General Meeting of Shareholders elected, from amongst the members of the Board of Directors, the Audit Committee composed by four members. On the date this Report was made, the Audit Committee is composed by three members.

In article 2 of the Articles of Association, the Bank sets forth the rule that the Board of Directors is composed by a minimum of 15 and a maximum of 19 members, elected by the General Meeting of Shareholders, this way complying with domestic and international best practices observed by similar companies, since it deems that this number of members is sufficient and adequate to the size of the company and to the complexity of the risks inherent to the activities it pursues, a number that allows it to possess a transparent organizational structure with lines of responsibility that the Bank observes.

The Executive Committee performs all of the Bank's day-to-day management duties that have not been reserved by the Board of Directors. On 31 December 2018, the Board of Directors was composed by sixteen members, with ten non-executive members and six executive members.

According to CMVM Regulation 4/2013, Annex 1, nr. 18.1, in the recommendation III.4. Of the Governance Code of the IPCG and item 91a. of the guidelines EBA/GL/2017/12, a member of the Board of Directors who is not associated with any specific interest group within the company, or under any circumstances capable of affecting their impartiality of analysing or decision making is considered to be independent.

All the non-executive members of the Board of Directors were evaluated by the Committee for Nominations and Remunerations which, for that purpose and taking into account the Guide for the Assessment of Fit & Proper (May 2018) of the European Central Bank, taking consideration, apart from the profile of each one of the Directors, the following facts:

- Being an employee of the company over the last three years or a company which is in a controlling or group relationship;
- 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;
- Receiving remuneration paid by the company or by a company that is in a controlling or group relationship in addition to the remuneration derived from carrying out the tasks as a Board Member;
- 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;
- Being the holder of a qualifying stake or representative of a shareholder with qualifying stake.
- Having been re-elected for more than two, consecutive or not, terms-of-office.
- Having exercised for more than twelve years, consecutive, or not, functions in any corporate body of the company;
- Exercises or exercised in the last 5 years the position of member of the administration body, in its management function, in an institution included within the scope of the prudential consolidation.
- Excluding the executive directors, four members of the Board of Directors, out of ten members, are independent. In other words, 40% of the non-executive directors are independent, and BCP considers that the proportion of independent directors, versus the total number of directors, is adequate, taking into account the endorsed governance model and the size of the company.

None of the directors has exercised for more than twelve years, consecutive, or not, functions in any corporate body of the company.

Having been pondered the content of the Recommendations III.2 and III.3. of the IPCG Code, the art. 414 (5) (b), the provisions of article 31- A of the LFCIFC, the European legislation, namely the independence of mind criteria mentioned in the Guide to fit and proper assessments of the members of management bodies of the ECB (May 2018)", and the EBA/GL/2017/12 guidelines of 26 September 2017, applicable since 30 June 2018, the Committee for Nomination and Remunerations considered that the number of non-executive directors qualified independent ensures them the effective capacity to monitor, supervise and assess in a critical, impartial and adequate manner the activity developed by the executive directors.

On this matter, see the table presented in item 26.

19. Professional qualifications and other relevant curricular details of each member of the, as applicable, of the Board of Directors, The Supervisory Board and of the Executive Board of Directors

The professional qualifications and other curricular details of the profile of each member of the Board of Directors are presented in Annex I to this Corporate Governance Report.

20. Customary and meaningful family, professional or business relationships of members of the Board of Directors, the General and Supervisory Board and the Executive Board, where applicable, with shareholders that are assigned qualifying holdings that are greater than 2% of the voting rights.

There are no habitual and significant family or business relations between the members of the Board of Directors and of the Executive Committee with shareholders imputed with qualifying stakes above 2% of the voting rights. As shown in the table presented in item 7 of this Report, the shareholders owning stakes above 2% are legal persons. Under these terms, and by nature, there are no family relations between the members of the Board of Directors and shareholders with a stake above 2%. Furthermore, there are also no family relations between the members of the Bank's Board of Directors and Executive Committee and the members of the Boards of Directors of the shareholders with a stake above 2%.

The members of the Board of Directors who have professional/business relations with shareholders to whom, on 31 December 2018, a qualifying stake above 2% of the voting rights is imputable are listed in the following table:

PROFESSIONAL OR BUSINESS RELATIONSHIP OF THE MEMBERS OF THE BOARD OF DIRECTORS OF BCP WITH SHAREHOLDERS HOLDERS OF A QUALIFIED STAKE OF MORE THAN 2% OF VOTING RIGHTS

Member of the Board of Directors of BCP	Professional or Business Relationship	Shareholder owning more than 2% of Voting Rights
Jorge Manuel Baptista Magalhães Correia	Chairman of the Executive Board of Directors of Fidelidade - Companhia de Seguros, S.A.	Grupo Fosun
Ana Paula Alcobia Gray	(By indication of Sonangol)	Sonangol Group
Lingjiang Xu	Non-executive member of the Board of Directors of Fidelidade - Companhia de Seguros, S.A.	Grupo Fosun
Xiao Xu Gu (Júlia Gu)	Vice-Chairwoman of Grupo Fosun High Technology (Group) Co., Ltd.	Grupo Fosun
Valter Rui Dias de Barros	Chairman of the Board of Directors of Instituto de Gestão de Activos e Participações do Estado, (Angola)	Considered as related by the fact that the Angola State controls the Sonangol Group

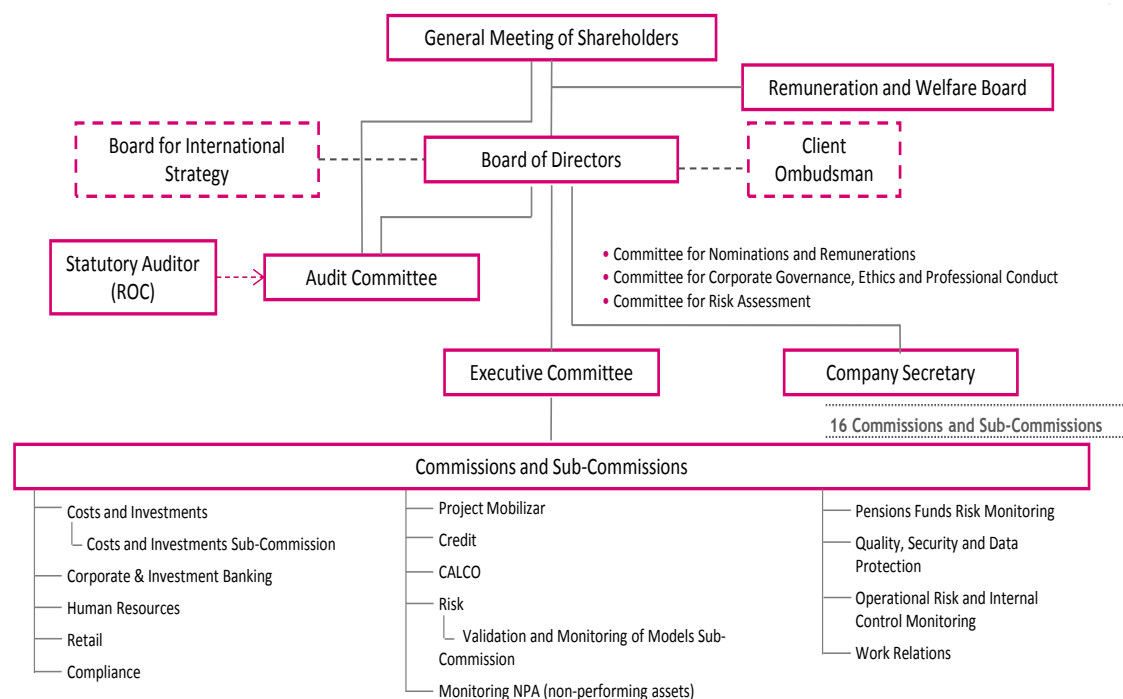
21. Organisational charts or flowcharts concerning the allocation of powers between the various corporate boards, committees and/or departments within the company, including information on delegating powers, particularly as regards the delegation of the company's daily management

Pursuant to the corporate governance model adopted by the Bank – the one-tier model – the company has a Board of Directors, which includes an Audit Committee, composed solely of non-executive members and an Executive Committee to which the Board of Directors has delegated the Bank's current management, as per the provisions of article 35 of the Articles of Association and articles 5 (2) (a) and 6 (1) of its Regulations.

The Board of Directors has appointed three other specialised committees, whose essential purpose is the permanent monitoring of certain specific or highly complex matters. There is also a Remuneration and Welfare Board

To advise on daily management, the Executive Committee has also appointed different commissions and sub-commissions that, besides two or more Executive Directors, are permanently composed of various first line Directors who report to them.

The diagram below represents the Bank's Corporate Governance Model structure during 2018:



Board of Directors

The Board of Directors (BoD) is the governing body of the Bank vested with the most ample powers of management and representation of the company.

During the performance of their duties, the directors use their competences, qualifications and professional experience to assure, in a permanent and responsible way, a sound, effective, rigorous and prudent management of the Bank, respecting the characteristics of the institution, its size and the complexity of its business activities.

The members of the Board of Directors observe duties of zeal, care and loyalty, reflecting high standards of diligence inherent to a careful and orderly manager, critically analysing the decisions taken as well as the policies and procedures adopted in the best interests of the company. The directors are bound to secrecy in respect of any matters dealt with at the board meetings or that they become aware of due to the performance of their duties, except when the Board of Directors sees the need to internally or publicly disclose its resolutions, or when such disclosure is imposed by legal provisions or decision of an administrative or judicial authority.

The Board of Directors is the corporate body with competence to define the company's general policies and strategy, being vested with full management and representation powers for both the Bank and the Group, without prejudice to the possibility of claiming back any matter delegated to the Bank's Executive Committee, namely the managerial powers, the Board of Directors has reserved the following competences for itself:

- Choose its Chairperson and Vice-Chairpersons, as well as the Chairperson of the Executive Committee, when these are not appointed by the General Meeting;
- appoint directors to fill in eventual vacancies;
- ask the Chairperson of the Board of the General Meeting to call the General Meeting;
- resolve on the change of head office and share capital increases, under the terms of the law and of the articles of association;
- approve mergers, demergers and other changes to the company;
- approve the Annual Reports and Financial Statements and the proposals that the management body is responsible for submitting to the General Meeting, namely the proposal for the appropriation of profits;
- approve the Bank's annual and longer term budgets;
- define the general policies and strategic goals for the Bank and for the group;
- provide bonds and personal or real guarantees on behalf of the company, with the exception of those included in the Bank's current activity;
- purchase, sell and encumber immovable properties provided that the operation implies a negative impact above 0.5% on the regulatory consolidated own funds;
- define and resolve on the eventual introduction of changes to the group's corporate structure, namely the opening and closing of establishments when it represents a 10% positive or negative variation in the number of establishments in Portugal at the end of the year prior to the making of the decision;
- significant increases or reductions in the company's organization whenever these produce an impact above 5% in consolidated assets;
- resolve, under the terms of the law and of the articles of association, on the issue of shares and other securities that imply or may imply a share capital increase by the Bank, establishing the conditions and carrying out, with them, all the operations permitted by law, abiding by any limits set by the General Meeting;
- appoint, after getting the prior favourable opinion from the Committee for Nominations and Remunerations, the Company Secretary and respective alternate, who must have the adequate expertise and profile to undertake such functions and to whom the Board of Directors must ensure technical autonomy and all the necessary means to carry out their functions;
- appoint, after getting the prior favourable opinion from the Committee for Nominations and Remunerations, a Client Ombudsman, who must necessarily be an individual with a recognized ability, honesty and experience in banking, without employment ties to the Bank and to whom it must ensure all the necessary means to carry out his/her functions freely and independently;

- appoint, pursuant to a proposal made by the Executive Committee and after getting the favourable opinions of the Audit Committee, and in the first case, also the Committee for Risk Assessment, the risk officer, the compliance officer, the head of audit division and the group treasurer, to whom it must ensure technical autonomy and all the necessary means to carry out their functions;
- approve and periodically review the remuneration policy concerning employees which report directly to the Administration, the ones responsible for the assumption of risks and for the control functions and the employees whose total remuneration places them in the same bracket of the three categories mentioned above provided that their respective professional activities have a material impact on the Bank's risk profile.
- approve the respective internal regulations, as well as the regulations of the Audit Committee, of the Executive Committee and of the other committees it decides to create;
- approve, after obtaining a prior opinion from the Audit Committee, credit operations, regardless of their form, to: (i) members of the corporate bodies (ii) shareholders with stakes over 2% of the Bank's share capital, computed under the terms of art. 20 of the Securities Code, and to (iii) natural or legal persons related to either of them;
- approve, after obtaining a prior opinion from the Audit Committee, the agreements established between the Bank and holders of stakes above 2% of the Bank's share capital or entities that are in a controlling or group relationship with them or members of the management and supervision body, directly or through third parties, provided that any one of the following conditions applies: (i) the object of the agreement is not encompassed in the Bank's business; (ii) the material engagement limit for assets and services exceeds the total amount of €100,000/year per group of suppliers part of the same economic group or client group, for the same type of assets and services; (iii) no special advantage is given to the party to the agreement in question;
- ratify any acts undertaken on its behalf by the Chairperson or by his/her alternate in case of emergency.

The members of the management or supervision bodies cannot participate in the appraisal and decision whether or not to grant credit to companies holding a stake above 2% in the Bank's share capital of which they are managers or in which they hold a shareholding. In any of these situations the approval by, at least, two thirds of the remaining members of the management board as well as the favourable opinion of the Audit Committee shall be required.

The delegation of powers by the Board of Directors into the specialized committees, including the Executive Committee to which it delegates the bank's current management, does not exclude the competence of this corporate body to resolve on the same issues, nor does it waive, under legal and regulatory terms, namely the item 5 of the Delegated Regulation (EU) nr. 604/2014, of March 4, revised by the Delegated Regulation (EU) 2016/861 of the Commission, of February 18, 2016, the responsibility of other directors for possible losses caused by acts or omissions occurred during the exercise of duties received by delegation to the extent that the members of the management body are ultimately responsible for the institution, its strategy and activities.

The Regulations of the Board of Directors are available on the Bank's website at:

<https://ind.millenniumbcp.pt/en/Institucional/governacao/>

Audit Committee

The Audit Committee is composed of a minimum of three and a maximum of five non-executive members, elected at the General Meeting of Shareholders, and the lists proposed to elect the Board of Directors must detail which individual members are to be part of the Audit Committee and indicate the respective Chairperson.

The members of the Audit Committee, as is the case of all members of the Board of Directors, are appointed for terms of office of four years, and may be re-elected.

The Audit Committee was elected at the General Meeting held on 30 May 2018 for the four-year period 2018-2021. It has the competences foreseen in article 423-F of the Companies Code and in its own Regulations.

The Regulations of the Audit Committee are available at the Bank's website at:

<https://ind.millenniumbcp.pt/en/Institucional/governacao/>

The Audit Committee makes a quarterly report for the Board of Directors regarding the work it develops and the conclusions it reaches. As the Bank's supervisory body, it is responsible for ensuring compliance with the law and articles of association, and it is entrusted with the following duties:

- supervising the Bank's management;

- calling the General Meeting of Shareholders, whenever the Chairperson of the Board of the General Meeting fails to do so when he/she should;
- verifying if the accounting processes and valuation criteria adopted by the Bank lead to a correct valuation of assets and results;
- accessing call notices and minutes of the meetings of the Executive Committee and taking part in the meetings of the Executive Committee wherein the Bank's annual accounts are appraised;
- monitoring the entire procedure for preparing and disclosing financial information and presenting recommendations or proposals to ensure that such procedure is reliable;
- overseeing the audit to the individual and consolidated financial statements of the financial year, especially its execution, taking into account eventual analyses or guidelines issued by the supervision authorities and to verify that the financial statements are compliant with the applicable legal framework;
- verifying the regularity of the books, accounting records and documents supporting them;
- monitoring the preparation and disclosure of financial information;
- supervising the audit of the Bank's annual report and financial statements;
- drawing up an annual report on its supervisory functions and issuing an opinion on the annual report and accounts and on the proposals presented by the directors, clearly stating its concurrence with the contents of the legal certification of accounts, if that is the case;
- supervising the efficiency of the risk management system, of the internal quality control system and of the internal audit system and issue a prior opinion on the entity appointed by the Bank to assess the adequacy and efficiency of the internal control system;
- issuing an opinion on the work plans and resources allocated to the internal audit and compliance services, being the recipient of the reports made by these services, at least when the issues in question relate to the presentation of financial statements, the identification and resolution of conflicts of interests and the detection of potential illegalities;
- on an annual basis, evaluating and monitoring the independence of the external auditor and of the statutory auditor and propose their election by the General Meeting; being responsible, under the powers delegated by the Board of Directors, pursuant to subparagraph b), number 2.2. of article 7 of the Board of Director's Regulations, for proposing to the General Meeting the contracting and replacement of the statutory auditor and external auditor or proposing his discharge or termination of the contract for provision of his services whenever there are fair grounds for such;
- issuing an opinion on the remuneration of the external auditor and of the statutory auditor, supervising compliance with the rules concerning the provision of additional services, ensuring that the external auditor has all the conditions for the exercise of its functions and evaluating its performance on an annual basis;
- approving the engagement of the External Auditor for the provision of additional services, while guaranteeing that such services do not jeopardise its independence;
- issuing an opinion on the internal service order that regulates the internal reporting of irregularities;
- receiving, handling and recording the communications of serious irregularities related with the management, accounting organization and internal supervision and of serious signs of infractions of duties foreseen in the Legal Framework for Credit Institutions and Financial Companies, and remaining Portuguese and European legislation in force, presented by shareholders, Bank employees or other;
- suspending directors and appointing substitute directors under the terms of the law and of the articles of association;
- issuing an opinion on the technical and professional profile of the candidates for the position of Head of Internal Audit of the Bank and Head of the Compliance Office of the Bank;
- issuing an opinion on the share capital increases resolved by the Board of Directors;
- issuing a prior opinion on the agreements for the provision of supplies and services established between the Bank and holders of stakes above 2% of the Bank's share capital or entities that are in a controlling or group relationship with them or members of the management body, directly or through third parties, provided that (i) it is an act that cannot be comprised within the business pursued by the bank itself; (ii) the the material engagement limit exceeds the aggregate amount of €100,000/year, per suppliers part of the same economic group or of the same group of clients, for the same type of goods or services, and (iii) within the scope of the business in question some special advantage is granted to the the party of the contract;

- issuing, for the Board of Directors, an opinion on the credit operations, regardless of their form, or engagement of services to (i) members of the corporate bodies (ii) shareholders with stakes over 2% of the Bank's share capital, computed under the terms of art. 20 of the Securities Code, as well as to (iii) natural or legal persons related to them.

The Audit Committee always holds mandatory regular meetings with the external auditors and statutory auditor at the time of appraisal of the interim and full year financial statements of the Bank. The Audit Committee receives the Reports of the Internal Audit Division, Statutory Auditor and External Auditors. The Audit Committee holds regular meetings with the Directors in charge of the Financial, Credit and Risk Areas, the Risk Officer, Compliance Officer and Head of Internal Audit, the Coordinating Managers of the Studies and Planning and Asset and Liability Management Division and of the Accounting Division. It has the power to summon or request clarifications from any Coordinating Manager or Employee of the Bank whom it wishes to hear.

Without prejudice to the hierarchical relationship maintained with the Chairperson of the Board of Directors and with the Executive Committee, the head of the Internal Audit Division and the Compliance Officer report functionally to the Audit Committee on the following matters: activity plans; activity reports; organisation and operation documents of the internal audit and compliance areas; situations detected that involve high risk; supervisory actions and relevant lawsuits; and constraints to the effective execution of the defined legal and regulatory functions, namely with respect to the allocated resources. In turn, the Audit Committee, independently of the direct reporting of the Audit Division and Compliance Office to the Chairperson of the Board of Directors, informs the Chairperson of the Board of Directors of all and any situation detected that it deems might qualify as being of high risk.

In the 2018 financial year and until of the effective end of the term-of-office 2015/2017, the Audit Committee had the following composition:

Chairman:	João Manuel de Matos Loureiro (Not Independent, due to having performed duties in the last 3 terms of office, one of which incomplete)
Members:	Jaime de Macedo Santos Bastos (Independent)
	Cidália Maria Mota Lopes (Independent)

In the 2018 financial year and until of the effective end of the term-of-office 2018/2021, the Committee for Nominations and Remunerations had the following composition:

Interim Chairwoman	Cidália Maria Mota Lopes (Independent)
Members:	Valter Rui Dias de Barros (not Independent)
	Wan Sin Long (Independent)

All of the members of this Committee were subject to a performance assessment by the Committee for Nominations and Remunerations.

All the members of the Audit Committee have levels of responsibility and understanding of the activities conducted by the company that match the functions assigned to them, allowing them to make an unbiased evaluation of the decisions made by the management body, and to efficiently supervise its activities. All the members of this Committee have appropriate knowledge, competences and experience to clearly understand and monitor the risk strategy, within a coherent governance framework, compatible with the risk management systems.

The professional qualifications and other curricular details of each member of the Audit Committee are presented in Annex I of this Corporate Governance Report.

This Committee received logistic and technical support from the Board of Directors' Support Office, with the secretarial services being administered by the Office Head.

During the 2018 financial year, the Audit Committee held thirteen meetings.

Attendance of the Audit Committee meetings by each of its members is shown in the following table:

NUMBER OF MEETINGS ATTENDED UNTIL THE EFFECTIVE TERMINATION OF THE TERM-OF-OFFICE 2015/2017 AND EFFECTIVE PARTICIPATION INDEX PER MEMBER

Members of the Audit Committee	Number of Meetings Attended	Effective Participation Index
João Manuel de Matos Loureiro	8	100%
Cidália Maria Mota Lopes	8	100%
Jaime de Macedo Santos Bastos	8	100%

NUMBER OF MEETINGS ATTENDED WITHIN THE SCOPE OF THE TERM-OF-OFFICE 2018/2021 AND EFFECTIVE PARTICIPATION INDEX PER MEMBER

Members of the Audit Committee	Number of Meetings Attended	Effective Participation Index
Cidália Maria Mota Lopes	5	100%
Valter Rui Dias de Barros	5	100%
Wan Sin Long	5	100%

Executive Committee

On 24 July 2018, and under the terms of article 407 of the Companies Code and article 35 of the Bank's Articles of Association, the Board of Directors appointed an Executive Committee, composed of six of its members. The BofD established the *modus operandi* of the EC and delegated to this committee the powers to conduct the Bank's current management.

None of the executive members of the Board of Directors performs executive functions in entities outside the Group, as evidenced by the respective CV's attached to this Report.

In its internal organisation, the Executive Committee has distributed areas of special responsibility to each of its members.

As at 31 December 2018, the distribution of these areas of special responsibility was as follows:

Nuno Amado - Chairman	
Board of Directors' Support Office	
Company Secretary's Office	
Fundação Millennium bcp	
Hierarchical reporting with functional dependence of the Audit Committee	
Audit Division	
Client Ombudsman's Office	
Non-Executive Member of Boards of Directors of subsidiary companies	
Bank Millennium (Poland)	Vice-Chairman
Millennium Bim (Mozambique)	Vice-Chairman

EXECUTIVE COMMITTEE

In absences of Directors responsible for the areas, the respective alternate Directors shall be occasionally appointed by the CEO

Miguel Maya - CEO	(MM)
Office of the CEO	
Communication Division	
Human Resources Division	
General Secretariat and Relations with External Entities	
Credit Division	
Digital Transformation Office	

Miguel Bragança - VC/CFO	(MB)
Investor Relations Division	
Accounting and Consolidation Division	
Research, Planning and ALM Division	
Management Information Division	
Legal and Litigation Advisory Division	
Tax Advisory Division	
Means of Payment and Acquiring Division	

Rui Manuel Teixeira	(RMT)
Retail Divisions	
Retail Marketing Division	
Segments Management Division	
Quality and Network Support Division	
Wealth Management Division	
Real-Estate Business Division	
Specialised Monitoring Division	

Maria José Campos	(MJC)
Companies Recovery Division	
Retail and Small Amounts Recovery Division	
Direct Banking Division	
Operations Division	
IT Division	
Procurement and Logistics Division	

João Nuno Palma - VC	(JNP)
International, Treasury & Markets Division	
Large Corporates and Corporate banking Divisions	
Investment Banking Division	
Companies Marketing Division	
Macau Branch	
Private Banking Division	
Corporate Business Development Division	

José Miguel Pessanha	(JMP)
Rating Division	
Office for Regulatory and Supervision Monitoring	
Office for the Validation and Monitoring of Models	
Data Protection Office	
Hierarchical reporting with functional dependence of the Committee for Risk Assessment	
Risk Office	
Hierarchical reporting with functional dependence of the Audit Committee	
Compliance Office	

The Company Secretary sends to the Chairperson of the Board of Directors and to the Audit Committee the agendas and minutes of the meetings of the Executive Committee.

The Chairperson of the Executive Committee represents this Committee and convenes and conducts the respective meetings, has the casting vote, in addition to direct accountability for the respective areas of responsibility, and has the following duties:

- Coordinates the activities of the Executive Committee, distributing special areas of responsibility among its members, and entrusting one or more with the preparation or follow-up of the issues appraised or decided on by the Executive Committee;
- Monitoring the correct execution of the resolutions adopted by the Executive Committee, with the help of the Executive Director responsible for the area concerned;
- Ensuring that all the relevant information is provided to the other members of the Board of Directors relative to the activity and resolutions of the Executive Committee;
- Assures compliance with the limits of delegation of competences, the approved strategy for the Bank and Group, and the duties of collaboration with the Board of Directors and, in particular, with its Chairperson

During the 2018 financial year, the Executive Committee held 51 meetings.

The Regulations of the Executive Committee are available on the Bank's website at the following address:

<https://ind.millenniumbcp.pt/en/Institucional/governacao/>

b) Functioning

22. Existence and location where the operating regulations, as applicable, of the Board of Directors, of the Executive Committee of the Audit Committee and of the Executive Board of Directors can be consulted

The regulations of the Board of Directors, the Executive Committee and the other Committees of the Board of Directors are provided to each member of these governing bodies upon election or appointment, and are available on the internal portal and at the Bank's website at the following address:

<https://ind.millenniumbcp.pt/en/Institucional/governacao/>

23. The number of meetings held and the attendance report for each member of the Board of Directors, the General and Supervisory Board and the Executive Board, where applicable.

During 2018, the Board of Directors held sixteen meetings and its secretarial services were administered by the Company Secretary, with minutes having been drawn up of all the meetings.

The attendance level, through presence or representation, of each one of the members of the Board of Directors at meetings is shown in the following tables:

Non-Executive Members of the Board of Directors (Until the effective end of the term-of-office 2015/2017)	Attendance in Person	Attendance by Representation	Total Attendance
António Vítor Martins Monteiro	100.00%	0.00%	100.00%
Carlos José da Silva	37.50%	25.00%	62.50%
Álvaro Roque de Pinho de Bissaia Barreto	100.00%	0.00%	100.00%
António Henriques de Pinho Cardão	87.50%	12.50%	100.00%
António Luís Guerra Nunes Mexia	75.00%	12.50%	87.50%
André Magalhães Luíz Gomes	50.00%	50.00%	100.00%
Cidália Maria Mota Lopes	100.00%	0.00%	100.00%
Jaime de Macedo Santos Bastos	100.00%	0.00%	100.00%
João Manuel de Matos Loureiro	100.00%	0.00%	100.00%
Lingjiang Xu	100.00%	0.00%	100.00%
Raquel Rute da Costa David Vunge	87.50%	12.50%	100.00%

Non-Executive Members of the Board of Directors (Within the scope of the term-of-office 2018/2021)	Attendance in Person (*)	Attendance by Representation	Total Attendance
Nuno Manuel da Silva Amado	100.00%	0.00%	100.00%
Jorge Manuel Baptista Magalhães Correia	71.43%	28.67%	100.00%
Valter Rui Dias de Barros	100.00%	0.00%	100.00%
Ana Paula Alcobia Gray	100.00%	0.00%	100.00%
Cidália Maria Mota Lopes	100.00%	0.00%	100.00%
José Manuel Alves Elias da Costa	100.00%	0.00%	100.00%
Julia Gu	100.00%	0.00%	100.00%
Lingjiang Xu	100.00%	0.00%	100.00%
Teófilo Cesar Ferreira da Fonseca	100.00%	0.00%	100.00%
Wan Sin Long	87.50%	0.00%	87.50%

(*) In accordance with the express delegation of the Board of Directors, approved at a meeting held on 13.9.2018, at the meeting held on 28.9.2018 only participated, for the adoption of a specific resolution, the Chairman of the Board of Directors, the members of the Executive Committee and of the Risks Commission, corresponding to more than half of the totality of the members of the Board of Directors.

During 2018, the Executive Committee held fifty one meetings and its secretarial services were administered by the Company Secretary, with minutes having been drawn up of all the meetings.

The attendance level of each member of the Executive Committee at meetings held is shown in the following table:

Executive Members of the Board of Directors (Executive Committee) (Until the effective end of the term-of-office 2015/2017)	Effective Participation Index
Nuno Manuel da Silva Amado	100.00%
Miguel Maya Dias Pinheiro	96.80%
Miguel de Campos Pereira de Bragança	90.30%
João Nuno de Oliveira Jorge Palma	87.10%
José Jacinto Iglésias Soares	74.20%
José Miguel Bensliman Schorcht da Silva Pessanha	100.00%
Maria da Conceição Mota Soares de Oliveira Callé Lucas	74.20%
Rui Manuel da Silva Teixeira	96.80%

Executive Members of the Board of Directors (Executive Committee) (Within the scope of the term-of-office 2018/2021)	Effective Participation Index
Miguel Maya Dias Pinheiro	95.00%
Miguel de Campos Pereira de Bragança	95.00%
João Nuno de Oliveira Jorge Palma	90.00%
José Miguel Bensliman Schorcht da Silva Pessanha	100.00%
Maria José Henriques Barreto de Matos de Campos	90.00%
Rui Manuel da Silva Teixeira	95.00%

The composition, the number of annual meetings of the management, supervision and of its internal commissions are available, for at least ten years, at the bank's website, the the page with the following address:

<https://ind.millenniumbcp.pt/pt/Institucional/investidores/Pages/RelatorioContas.aspx>

24. Details of competent corporate boards undertaking the performance appraisal of executive directors

The Board of Directors, in accordance with the provisions of the Legal Framework for Credit Institutions and Financial Companies and using the competence vested by article 37 (1) of the Bank's Articles of Association and by article 6 (2) and 7 (2.3 to 2.5) of its own Regulations, has constituted specialised committees, given the duty to monitor certain specific matters on a permanent basis.

To this end, the Committee for Nominations and Remunerations was instituted, endowed with competences to assess if all members of the management and supervision bodies have and ensure the competences and the adequacy requirements necessary for the functions exercised or to be exercised.

The Committee for Nominations and Remunerations, within the scope of its competences, acts in accordance with article 30-A (1) and article 115-B (2.d) of the Legal Framework for Credit Institutions and Financial Companies, Instruction of Banco de Portugal nr. 23/2018 dated 05 November 2018 and the European legislation in effect, and also with item 4 of the Draft of the Guide to fit and proper assessments of the members of management bodies of the European Central Bank of May 2018, as well as the guidance from the European Securities and Markets Authority set forth in the guidelines on the assessment of the adequacy of the members of the management body and holders of key functions, EBA/GL/2017/12, of 26 September 2017 and applicable as of 30 June 2018.

The Committee for Nominations and Remunerations is composed of three non-executive members (see item 27.b).

The Committee for Nominations and Remunerations, under the competence of assessment of the individual and collective performance of the members of the Board of Directors, including the executive directors, has the duty to:

- issue, at least once a year, informed and independent opinions on the remuneration policy and practices, with the respective criteria for setting the fixed and variable portion of the remuneration, and on the incentives that can be awarded to the employees responsible for risk taking and control functions, for risk, capital and liquidity management purposes, remitting to the Remuneration and Welfare Board the reports made thereon in the portion concerning the administration and supervision bodies, and to the Board of Directors when concerning other corporate bodies;

- prepare the decisions regarding the remuneration of managers who report directly to the administration and of the employees responsible for the assumption of risks and for control functions, and regarding incentives designed, pondering the decisions with impact on the Bank's risks, capital and liquidity to be made by the Board of Directors;
- monitor the independence of employees responsible for risk taking and control functions from the areas they control, including the powers given to them and the remuneration based on the accomplishment of the objectives associated to the respective function;
- verify the implementation and compliance with the remuneration policies and procedures adopted by the competent corporate body, including the supervision of the remuneration of employees that perform risk management and control functions;
- make and transmit to the Board of Directors recommendations on candidates for members of the administration and supervision bodies, evaluating the respective profile in terms of good repute, professional qualification, independence and availability for exercising the office;
- resolve on the appointment of all employees who are managers reporting directly to the Board of Directors or to any of its Committees, including the Executive Committee;
- resolve on the appointment of members to the corporate bodies of group companies or subsidiary companies;
- appraise and send, every year, to the Remuneration and Welfare Board, a model for the evaluation of the performance of the executive and non-executive members of the Board of Directors and of the employees responsible for risk taking and control functions;
- establish a goal for gender representation in the administration body and promote a policy aimed at complying with the defined objective;
- make an evaluation or a re-evaluation report on individuals for elective position with the purpose of placing it at the disposal of the general meeting within the scope of the respective preparatory information;
- evaluate, at least once a year, the knowledge, competences and experience of each one of the members of the administration and supervision bodies and of those bodies as a whole and report the respective results to those bodies;
- appraise and review, at least once a year, the policy defined by the executive administration body in all matters related with the selection and appointment of the directors that directly report to the Administration and formulate the recommendations it deems convenient;
- evaluate, at least once a year, the knowledge, competences and performance of employees who report directly to the administration and of employees responsible for risk taking and control functions and to report the results to Board of Directors;
- monitor, every year, the human resources and staff management policy;
- in general, the Committee for Nominations and Remunerations performs the duties attributed to Nomination and Remuneration Committees in the Legal Framework for Credit Institutions and Financial Companies and other national and European legislation in force, namely with respect to the assessment of executive and non-executive members of the Board of Directors.

25. Predefined criteria for assessing executive directors' performance

The Committee for Nominations and Remunerations assesses, at least once a year, the good repute, knowledge, competences, practical and theoretical experience, professional qualification, independence, incompatibilities, availability and the minimum and specific requirements for holding the position of each member of the management and supervisory body, including the executive directors, thus validating the adequacy of the management body as a whole.

Pursuant to article 3 of its Regulations and being the body responsible for the Bank's nomination policy, the Committee for Nominations and Remunerations actively contributes to compliance with the institutional obligations with respect to the endorsement of suitable policies on individual and collective assessment of the members of the management and supervisory bodies.

With a view to optimising the appropriate performance of its duties, the Committee for Nominations and Remunerations uses external consultants specialised in consulting services in talent areas (Mercer) to assist in the transparent, strict and rigorous process of assessment of aptitude and performance of the members of the executive committee in accordance with, namely, the following specific and predefined criteria:

- reputation;
- qualification, theoretical training and practical experience;
- practical and theoretical professional experience, capacity to apply the competences acquired in previous positions;
- availability, diligence in the performance of the respective duties with the necessary commitment of time and attention;
- making focused decisions;
- independence to hold the position;
- Conflicts of interest and independence of mind;
- risk perception and decision-making capacity;
- drive towards institutional growth;
- collective aptitude;
- acting with loyalty and weighing up of the interests of the company and of all its stakeholders;
- strategic vision, independence, transparency and good repute;
- proportionality and case-by-case assessment;
- assessment of aptitude and performance on a continuous basis.
- equity and respect for procedural guarantees;
- interaction with supervision.

In addition, the qualifications of the members of the management bodies have been improved through training actions by own initiative of the members or provided by external trainers with a recognized technical expertise. The company makes available on the digital platform called “Diligent Boards” supporting the Board of Directors, a summary on the domestic and EU legislation which is most relevant within the scope of banking regulation and supervision.

Based on the criteria referred to above, the Committee for Nominations and Remunerations prepares two questionnaires and requires their completion by each member of the Board of Directors: one for self-assessment and collective appraisal of the management body, and another considering adequacy aimed at appraising compliance with the necessary legal requirements for performance of duties. Based on the collected information and supplemented by a matrix of collective appraisal, pursuant to Annex II of Banco de Portugal Instruction 23/2018, the Committee for Nominations and Remunerations prepares an annual assessment report for each member of the management and supervisory body, and of these bodies as a whole

26. The availability of each member of the Board of Directors, the General and Supervisory Board and the Executive Board, where applicable, and details of the positions held at the same time in other companies within and outside the group, and other relevant activities undertaken by members of these boards throughout the financial year

According to the assessments that have been made, it was found that each executive and non-executive member of the Board of Directors showed willingness and dedicated to the performance of his/her duties the necessary time, proportional to the importance of the matters to be addressed, assessed in the light of the interest that the different issues pose to the company, as well as of the specific tasks entrusted to each member.

The positions held by each executive and non-executive member of the Board of Directors, together with the indication of positions held in other companies, within and outside the Group and other activities developed, are described in the following tables.

A – Non-Executive Members of the Board of Directors and of the Audit Committee

NON-EXECUTIVE MEMBERS OF THE BOARD OF DIRECTORS AND OF THE AUDIT COMMITTEE

Non-Executive Members of the Board of Directors of BCP	Current Positions in BCP	Positions in BCP Group companies	Positions in companies outside the BCP Group	Other Relevant Activities	Qualification	Cumulation of Positions (Art. 33 of the LFC/FC)
Nuno Manuel da Silva Amado	Chairman of the Board of Directors	Member of the Board of Curators of Fundação Millennium bcp	Member of the Supervisory Board of EDP – Energias de Portugal S.A.	Effective member of the Plenary, of the Interdisciplinary Specialised Committee for Birthrate (CEPIN) and of the Specialised Standing Committee for Regional Development and Land Planning (CDROT) of the CES – Conselho Económico e Social	Not Independent (a)	Compliant
		Vice-Chairman of the Supervisory Board of Bank Millennium, S.A. (Poland)		Member of the Board of Auditors of Fundação Bial		
		Vice-Chairman of the Board of Directors of BIA – Banco Internacional de Moçambique, S.A.		Member of the General Board of Universidade de Lisboa		
				Chairman of the Senior Board of the Alumni Clube ISCTE		
Jorge Manuel Baptista Magalhães Correia	1st Vice-Chairman of the Board of Directors		Member of the Board of Directors and member of the Corporate Governance Commission of REN- Redes Eléctricas Nacionais, SGPS, SA		Not Independent (b)	Compliant (c)
			Chairman of the Board of Directors of Luz Saúde, S.A.			
	Chairman of the Remuneration and Welfare Board		Chairman of the Board of Directors of Fidelidade – Companhia de Seguros, S.A.			
			Chairman of the Executive Committee of Fidelidade – Companhia de Seguros, S.A.			
Valter Rui Dias de Barros	2nd Vice-Chairman of the Board of Directors		Chairman of the Board of Directors of Instituto de Gestão de Activos e Participações do Estado, (Angola)		Not Independent (b)	Compliant
	Member of the Audit Committee					
	Member of the Committee for Corporate Governance, Ethics and Professional Conduct					
Ana Paula Alcobia Gray	Member of the Board of Directors		-		Not Independent (b)	Compliant
	Member of the Committee for Risk Assessment					
	Member of the Remuneration and Welfare Board					
Cidália Maria Mota Lopes	Member of the Board of Directors		Professor at Coimbra Business School – ISCAC on fiscal issues	Member of the Scientific Board of the Portuguese Fiscal Association (AFP)	Independent	Compliant
	Interim Chairwoman of the Audit Committee		Invited Professor at Faculdade Economia – Universidade de Coimbra			
José Manuel Alves Elias da Costa	Member of the Board of Directors		-		Independent	Compliant
	Chairman of the Committee for Nominations and Remunerations					
	Member of the Committee for Corporate Governance, Ethics and Professional Conduct					
	Member of the Committee for Risk Assessment					
Juliá Gu	Member of the Board of Directors		Executive Vice-Chairwoman of Group Fosun High Technology (Group) Co., Ltd.		Not Independent (b)	Compliant (c)
			Non-Executive Member of the Board of Directors – Mybank			
			Non-Executive Chairwoman – Zhangxingbao (Network Technology Co., Ltd.)			
Lingjiang Xu	Member of the Board of Directors	Member of the Supervisory Board of Bank Millennium, S.A. (Poland)	Non-executive member of the Board of Directors of Fidelidade – Companhia de Seguros, S.A.		Not Independent (b)	Compliant
	Chairman of the Committee for Corporate Governance, Ethics and Professional Conduct		Chairman of the Board of Directors – Longrun Portugal, SGPS, S.A.			
	Member of the Committee for Nominations and Remunerations					
Teófilo Cesar Ferreira da Fonseca	Member of the Board of Directors		-		Independent	Compliant
	Chairman of the Committee for Risk Assessment					
	Member of the Committee for Nominations and Remunerations					
Wan Sin Long	Member of the Board of Directors		Non-Executive Chairman of the Board of Directors of Great Win Investment (Hengqin) (in September 2018 renounced to the position – pending of registration)		Independent	Compliant
	Member of the Audit Committee					
	Member of the Committee for Risk Assessment		Chairman of the Executive Board of Directors of Great Win Consultancy Limited			

(a) The Director in question exercised the position of executive director in the previous term-of-office (2015/2017). The non independence is established in accordance of item 91.a., of the EBA/GL/2017/12 Guidelines of 26 September 2017.

(b) The director in question is connected to a shareholder with a qualifying stake.

(c) The European Central Bank authorised the cumulation of a non-executive position by letter dated 23 July 2018.

B - Executive Members of the Board of Directors

EXECUTIVE MEMBERS OF THE BOARD OF DIRECTORS						
Executive Members of the Board of Directors of BCP	Current Positions in BCP	Positions in BCP Group companies	Positions in companies outside the BCP Group	Other Relevant Activities	Qualification	Cumulation of Positions (Art. 33 of the LFCIFC)
Miguel Maya Dias Pinheiro	Chairman of the Executive Committee	Chairman of the Board of Directors of Interfundos - Gestão de Fundos de Investimento Imobiliário, SA	Vice-Chairman of the Board of Directors of Banco Millennium Atlântico, SA.	Member of the Senior Board - Alumni Clube ISCTE	Executive	Compliant
	3rd Vice-Chairman of the Board of Directors	Manager of the company BCP África, SGPS, Lda.				
		Member of the Supervisory Board of Bank Millennium, SA (Poland) Member of the Board of Directors of BIM - Banco Internacional de Moçambique, SA.				
Miguel de Campos Pereira de Bragança	Member of the Board of Directors	Chairman of the Board of Directors of Banco de Investimento Imobiliário, SA.	Non-executive member of the BoD of UNICRE - Instituição Financeira de Crédito, SA, as representative of Banco Comercial Português, SA (pending authorization from the supervisor)	Member of the Board of Fundação Casa de Bragança	Executive	Compliant
	Vice-Chairman of the Executive Committee	Manager of Millennium bcp Participações, SGPS, Sociedade Unipessoal, Lda. Manager of the company BCP África, SGPS, Lda.	Non-executive Director of SIBS, SGPS, SA, and of SIBS Forward Payment Solutions, SA. Manager of Quinta das Almoinhas Velhas - Imobiliária, Lda.			
		Member of the Supervisory Board of Bank Millennium, SA (Poland)				
João Nuno de Oliveira Jorge Palma	Member of the Board of Directors	Chairman of the Board of Directors of Banque Privée BCP (Suisse), SA.			Executive	Compliant
	Vice-Chairman of the Executive Committee	Member of the Board of Directors of BIM - Banco Internacional de Moçambique, SA. Chairman of the Audit Committee of BIM - Banco Internacional de Moçambique, SA.				
José Miguel Bensliman Schuricht da Silva Pessanha	Member of the Board of Directors	Chairman of the Audit Committee of Millennium bcp Agées Grupo Segurador, SGPS, SA.	Member of the Board of Directors of Banco Millennium Atlântico, SA.		Executive	Compliant
	Member of the Executive Committee	Vice-Chairman of the Board of Directors of Ocidental - Companhia Portuguesa de Seguros de Vida, SA. Chairman of the Audit Committee of Ocidental - Companhia Portuguesa de Seguros de Vida, SA.	Chairman of the Audit Committee of Banco Millennium Atlântico, SA.			
		Vice-Chairman of the Board of Directors of Ocidental - Sociedade Gestora de Fundos de Pensões, SA.				
		Chairman of the Audit Committee of Ocidental - Sociedade Gestora de Fundos de Pensões, SA.				
		Member of the Board of Directors of BIM - Banco Internacional de Moçambique, SA.				
		Member of the Supervisory Board of Bank Millennium, SA (Poland) Member of the Board of Directors of Banque Privée BCP (Suisse), SA.				
Maria José Henriques Barreto de Matos de Campos	Member of the Board of Directors	Chairman of the Board of Directors of Millennium bcp - Prestação de Serviços, ACE			Executive	Compliant
	Member of the Executive Committee					
Rui Manuel da Silva Teixeira	Member of the Board of Directors	Member of the Board of Directors of Millennium bcp Agées Grupo Segurador, SGPS, SA.	Member of the Remunerations Committee of UNICRE - Instituição Financeira de Crédito, SA, as representative of Banco Comercial Português, SA.	Chairman of the Board of the General Meeting of Porto Business School (PBS), as representative of Banco Comercial Português, SA.	Executive	Compliant
	Member of the Executive Committee	Member of the Board of Directors of Ocidental - Companhia Portuguesa de Seguros de Vida, SA.	Member of the Remunerations Committee of SIBS, SGPS, SA, as representative of Banco Comercial Português, SA.			
		Member of the Board of Directors of Ocidental - Sociedade Gestora de Fundos de Pensões, SA.	Member of the Remunerations Committee of SIBS Forward Payment Solutions, SA, as representative of Banco Comercial Português, SA.			

c) Committees within the Board of Directors

27. Details of the committees created within the Board of Directors, the General and Supervisory Board and the Executive Board, where applicable, and the place where the rules on the functioning thereof is available.

In addition to the Audit Committee and the Executive Committee, the Bank's Board of Directors, in order to ensure and contribute to the good and appropriate performance of the duties that are legally and statutorily entrusted to it, appointed three other specialised committees, responsible for monitoring specific matters, which are identified as follows:

a) Committee for Risk Assessment

The Committee for Risk Assessment, established in accordance and in compliance with the provisions of article 115-L of the Legal Framework for Credit Institutions and Financial Companies is composed by three to five non-executive members, appointed by the Board of Directors.

In the 2018 financial year and until of the effective end of the term-of-office 2015/2017, the Committee for Nominations and Remunerations had the following composition:

Chairman:	Álvaro Roque de Pinho de Bissaia Barreto (Independent)
Members:	António Henriques de Pinho Cardão (Independent)
	André Magalhães Luíz Gomes (Independent)

In the 2018 financial year, within the scope of the term-of-office 2018/ 2021, the Committee for Risk Assessment was composed as follows:

Chairman:	Teófilo Cesar Ferreira da Fonseca (independent)
Members:	Ana Paula Alcobia Gray (Not-independent)
	José Manuel Alves Elias da Costa (independent)
	Wan Sin Long (Independent)

All the members of this committee have appropriate knowledge, competences and experience to be able to understand, analyse and monitor the specific categories of risk faced by the company, risk appetite and the defined risk strategy, as confirmed by the respective curricula attached to the present Report.

Among the competences of the Committee for Risk Assessment, the following are highlighted:

- Monitor the risk identification process;
- Advise the Board of Directors on the appetite for risk and the risk strategy and also on the policies concerning the assumption, management, control, hedging of risk and on the Bank's generic risk reduction factors, current and future;
- Monitor and intervene in the process to review the Group's Risk Appetite Framework, issuing an opinion for the Board of Directors on its adequacy and monitor the evolution of the Risk Appetite Statement;
- Assist the administration body in the supervision of the execution by the top management of the Bank's risk strategy;
- Follow-up capital (ICAAP) and liquidity (ILAAP) planning processes issuing an opinion for the Board of Directors with the respective conclusions;
- Monitor the evolution of the process for preparing and executing the NPEs reduction plan.
- Examine if the incentives established in the remunerations policy take into consideration the risk, capital, liquidity and expectations concerning income;
- Support the Board of Directors in the assessment of the risk strategies of the main subsidiaries abroad;
- Monitor and ensure that the Bank's risk management systems are appropriate for the Bank's profile and strategy;

For the exercise of its functions, the Committee for Risk Assessment has access to information on the Bank's risk situation and is entitled to determine the nature, quantity, format and frequency of the information concerning risks that it should receive. This Committee also implements internal procedures for communication with the Board of Directors and Executive Committee.

The Committee will inform the Board of Directors of its activities by means of a detailed quarterly report, without prejudice to the duty of reporting to the Chairperson of the Board of Directors any and all situations the Committee finds and deems to be of high risk.

During 2018, the Committee held eight meetings, received the logistic and technical support from the Board of Directors' Support Office, with the secretarial services being administered by the head of this office.

b) Committee for Nominations and Remunerations

The Committee for Nominations and Remunerations, established in accordance and in compliance with the provisions of article 115-B and H of the Legal Framework for Credit Institutions and Financial Companies is composed by three to five non-executive members, appointed by the Board of Directors.

The composition of the Committee for Nominations and Remunerations is in accordance with the Regulations of this Committee, since all its members are non-executive directors and no member is part of the Bank's Audit Committee.

In the 2018 financial year and until of the effective end of the term-of-office 2015/2017, Committee for Nominations and Remunerations had the following composition:

Chairman:	Carlos José da Silva (Independent)
Members:	Álvaro Roque de Pinho de Bissaia Barreto (Independent)
	António Henriques de Pinho Cardão (Independent)
	Lingjiang Xu (Non Independent)

In the 2018 financial year and until of the effective end of the term-of-office 2018/2021, the Committee for Nominations and Remunerations had the following composition:

Chairman:	José Manuel Alves Elias da Costa (independent)
Members:	Lingjiang Xu (Non Independent)
	Teófilo Cesar Ferreira da Fonseca (independent)

In a universe of three members that make up the Committee for Nominations and Remunerations 2, (66.66%) of the three members are classified as independent.

All the members of this Committee have appropriate knowledge, competences and experience for the good performance of their duties and one member has specific professional qualification and appropriate professional experience to exercise this position.

Among the competences of the Committee for Nominations and Remunerations, the following are especially important:

- issue, at least once a year, informed and independent opinions on the remuneration policy and practices, with the respective criteria for setting the fixed and variable portion of the remuneration, and on the incentives that can be awarded to the employees responsible for risk taking and control functions, for risk, capital and liquidity management purposes, remitting to the Remuneration and Welfare Board the reports made thereon in the portion concerning the administration and supervision bodies, and to the Board of Directors when concerning other corporate bodies;
- prepare the decisions regarding the remuneration of managers who report directly to the administration and of the employees responsible for the assumption of risks and for control functions, and regarding incentives designed, pondering the decisions with impact on the Bank's risks, capital and liquidity to be made by the Board of Directors;
- monitor the independence of employees responsible for risk taking and control functions from the areas they control, including the powers given to them and the remuneration based on the accomplishment of the objectives associated to the respective function;
- verify the implementation and compliance with the remuneration policies and procedures adopted by the competent corporate body, including the supervision of the remuneration of employees that perform risk management and control functions;
- make and provide to the Board of Directors recommendations on candidates to members of the management and supervision bodies, including the Fit & Proper Assessment process, evaluating the respective profile in terms of good repute, professional qualification, independence and availability for exercising the office;

- establish a goal for gender representation in the administration body and promote a policy aimed at complying with the defined objective;
- make and revise the Succession Plan for the members of Bank's corporate bodies and ensure compliance with the minimum requirements set forth in the legal regime regarding the balanced representation between men and women in the administration and supervision of listed companies;
- resolve on the appointment of all employees who are managers reporting directly to the Board of Directors or to any of its Committees, including the Executive Committee;
- resolve on the appointment of members to the corporate bodies of group companies or subsidiary companies;
- appraise and send, every year, to the Remuneration and Welfare Board, a model for the evaluation of the performance of the executive and non-executive members of the Board of Directors and of the employees responsible for risk taking and control functions;
- make a quarterly report on its activity to be presented to the Board of Directors;
- make an evaluation or a re-evaluation report on individuals for elective position with the purpose of placing it at the disposal of the general meeting within the scope of the respective preparatory information;
- evaluate, at least once a year, the knowledge, competences and experience of each one of the members of the administration and supervision bodies and of those bodies as a whole and report the respective results to those bodies;
- appraise and review, at least once a year, the policy defined by the executive administration body in all matters related with the selection and appointment of the directors that directly report to the Administration and formulate the recommendations it deems convenient;
- evaluate, at least once a year, the knowledge, competences and performance of employees who report directly to the administration and of employees responsible for risk taking and control functions and to report the results to Board of Directors;
- monitor, every year, the human resources and staff management policy;
- In general, exercise all the competences attributed to the Committees for Nominations and Remunerations under the provisions of the General Framework for Credit Institutions and Financial Companies and remaining domestic and European legislation in force.

Under its activity, the Committee for Nominations and Remunerations observes the long term interests of the shareholders, investors and other stakeholders in the institution, as well as the public interest and assures that the decisions taken by the management body are not dominated by any person or small group of persons in detriment of the Bank's general interests.

For the correct performance of its functions, the Committee for Nominations and Remunerations, may use all technical means that it deems fit, including resorting to external advisers; all expenses shall be paid by the Bank.

During 2018, the Committee held twelve meetings, received the logistic and technical support from the Company Secretary, with the secretarial services being administered by the Company Secretary.

The Regulations of the Committee for Nominations and Remunerations is available on the Bank's website, on the page with the following address:

https://ind.millenniumbcp.pt/pt/Institucional/governacao/Documents/Regimento_CNR.pdf

c) Committee for Corporate Governance, Ethics and Professional Conduct

The Committee for Corporate Governance, Ethics and Professional Conduct is composed of three to five non-executive members, appointed by the Board of Directors.

In the 2018 financial year and until of the effective end of the term-of-office 2015/2017, the Committee for Corporate Governance, Ethics and Professional Conduct had the following composition:

Chairman:	António Vítor Martins Monteiro (Not Independent)
Members:	António Luís Guerra Nunes Mexia (Not Independent)

André Magalhães Luís Gomes (Independent)

Raquel Rute da Costa David Vunge (Not Independent)

In the 2018 financial year, within the scope of the term-of-office 2018/ 2021, the Committee for Corporate Governance, Ethics and Professional Conduct was composed as follows:

Chairman: Lingjiang Xu (Non Independent)

Members: José Manuel Alves Elias da Costa (independent)

Valter Rui Dias de Barros (Not independent)

All the members of the Committee for Corporate Governance, Ethics and Professional Conduct have professional qualifications acquired through academic qualification, professional experience or specialised training appropriate to the performance of their duties, as confirmed by the respective curricula attached to the present report.

The competences of the Committee for Corporate Governance, Ethics and Professional Conduct include the following, in particular:

- recommend the adoption by the Board of Directors of policies, compliant with ethical and professional conduct principles, rules and procedures necessary to comply with the provisos of these Regulations and with the applicable legal, regulatory and statutory requirements, as well as with recommendations, standards and best domestic and international practices in corporate governance;
- supporting the Board of Directors in the evaluation of the systems that identify and solve conflicts of interests;
- evaluate the Compliance function, appraising the procedures in effect and the non-compliant situations;
- Issue opinions addressed to the Board of Directors on the Code of Conduct and on other documents defining business ethical principles;
- Make, on an annual basis, a report to submit to the Board of Directors on the evaluation and monitoring of the structure, ethical and professional conduct principles and corporate governance practices of the Bank and on the company's compliance with the legal, regulatory and supervisory requirements on these issues;
- make a quarterly report on its activity to be presented to the Board of Directors;
- Cooperate in the making of the Corporate Governance Annual Report concerning issues for which it is responsible;
- Issuing an opinion on the Annual Sustainability Report, focusing on the materiality of the information provided, at least in what regards environmental matters, gender equality, non-discrimination and respect for human rights;
- Define and propose the guidelines for the Company's policies, based on a culture identified with the ethical and professional conduct principles targeted at contributing for the pursuit of social responsibility and sustainability goals. For that purpose, it specifically pertains to the Committee to propose the guidelines for the social responsibility and sustainability policies of the Company, including, among other, the values and principles for safeguarding the interests of the shareholders, investors and of those interested in the institution and also principles of social charity and environmental protection;
- In the specific area of matters related to the governance model endorsed by the Bank, the Committee verifies its efficacy and, when necessary, proposes measures aimed at its improvement to the Board of Directors, annually assessing this model and issuing opinions on the Corporate Governance Report. This Committee also promotes training actions for the Directors.

During 2018, the Committee held three meetings, received the logistic and technical support from the Company Secretary, with the secretarial services being administered by the Company Secretary.

The Regulations of the Committee for Corporate Governance, Ethics and Professional Conduct are available on the Bank's website, on the page with the following address:

<https://ind.millenniumbcp.pt/en/Institucional/governacao/>

28. Composition of the executive Board and/or details of the board delegate/s, where applicable.

The composition of the Bank's Executive Committee is as follows:

Chairman:	Miguel Maya Dias Pinheiro
Vice-Chairpersons:	Miguel de Campos Pereira de Bragança João Nuno de Oliveira Jorge Palma
Members:	José Miguel Bensliman Schorcht da Silva Pessanha Maria José Henriques Barreto de Matos de Campos Rui Manuel da Silva Teixeira

29. Description of the powers of each of the committees established and a summary of activities undertaken in exercising said powers

The competences of each of the specialised committees created within the Board of Directors are as follows:

Audit Committee - On this matter, see the information presented in item 21. - Audit Committee.

Executive Committee - On this matter, see the information presented in item 21. - Executive Committee

Committee for Risk Assessment - On this matter, see the information presented in item 27. a).

Committee for Nominations and Remunerations - On this matter, see the information presented in items 24, 25 and 27 b).

Committee for Corporate Governance, Ethics and Professional Conduct - On this matter, see the information presented in item 27. c).

III. Supervision

a) Composition

30. to 32. Identification, composition and qualification concerning the independence requirement of the body and supervision - the Audit Committee

See the information presented in items 10, 17, 18, 21. – Audit Committee and 26.

33. Professional qualifications of each member of the Supervisory Board, the Audit Committee, the General and Supervisory Board and the Financial Matters Committee, where applicable, and other important curricular information, and reference to the section of the report where said information already appears

On this matter, see the academic curricula, specialised training and professional experience presented in Annex I of this Report.

b) Functioning

34. Availability and place where the rules on the functioning of the Supervisory Board, the Audit Committee, the General and Supervisory Board and the Financial Matters Committee, where applicable, may be viewed, and reference to the section of the report where said information already appears

On this matter, see the information presented in item 21 - Audit Committee.

35. The number of meetings held and the attendance report for each member of the Supervisory Board, the Audit Committee, the General and Supervisory Board and the Financial Matters Committee, where applicable, and reference to the section of the report where said information already appears

On this matter, see the information presented in item 21 - Audit Committee.

36. The availability of each member of the Supervisory Board, the Audit Committee, the General and Supervisory Board and the Financial Matters Committee, where applicable, indicating the positions held simultaneously in other companies inside and outside the group, and other relevant activities undertaken by members of these Boards throughout the financial year, and reference to the section of the report where such information already appears

On this matter, see the information presented in item 26.

c) Competence and duties

37. A description of the procedures and criteria applicable to the supervisory body for the purposes of hiring additional services from the external auditor.

The Bank follows best practices in terms of assured independence in the contracting of services rendered by the external auditors, namely, in international terms, Commission Recommendation 2005/162/EC of 15 February 2005, Directive 2014/56/EU of the European Parliament and of the Council of 16 April 2014, amending Directive 2006/43/EC of the European Parliament and of the Council of 17 May 2006 (8th EU Company Law Directive), on statutory audits of annual accounts and consolidated accounts, Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities. Finally, at national level, the commercial legislation, the recommendations and regulations of the Comissão do Mercado de Valores Mobiliários (CMVM), Law nr. 248/2015 of 9 September, which approved the Legal Framework for the Supervision of Audit, and the stipulations, as specifically applicable, in the Statute of the OROC (Portuguese Chartered Accountants Association) approved by Law 140/2015 of 7 September, which partially transposes to the internal legal system the aforesaid Directive 2014/56/EU and assures the implementation of Regulation (EU) 537/2014. The Bank's Articles of Association explicitly list, among the competences of the Audit Committee, that of supervising the independence of the Statutory Auditor and External Auditor, in particular with respect to the provision of additional services.

The Audit Committee, as the Group's supervisory body, has promoted the adoption of rules that assure the independence of the external auditors, and compliance with such rules is assessed and examined on an annual basis, in relation to the Group's various bodies and, at the same time, aimed at avoiding the possible creation of situations of conflicts of interest within the entity providing the Group's legal review of accounts or audit services, creating preventive mechanisms for the approval of additional services and fees.

The Audit Committee also has powers to supervise the engagement of external auditors to provide, to the Bank or to any of the companies that are part of Group Banco Comercial Português, any of the services envisaged in the internal regulations Group Regulations – GR0022 – Policy for the Approval of Services provided by External Auditors.

Through said Regulations that embody the principles presented in the national and international regulations, the Group endorses and systematises a series of rules regarding:

- Classification of the services rendered by the external auditors;
- Definition of the set of services that are not Legal Review of Accounts or Audit Services, which the external auditor is forbidden from providing to any entity of the Group;
- Definition of the set of services that are not related to Legal Review of Accounts or Audit, which may be provided to the Group under specific stipulated circumstances;
- Approval by the Audit Committee of all services engaged to be provided by the external auditor, creating different rules for the authorizations according to the type of services in question; and
- Provision to the Audit Committee of internal control information on the established principles and guidelines.

The Audit Committee issues an opinion on the work plans and on the resources allocated to the internal control services, including the control on the compliance with the rules the Company has to observe (compliance services and internal audit). The Audit Committee is also the recipient of the reports made by these services, including issues related with the financial statements, identification and resolution of conflicts of interest and detection of potential irregularities.

The Audit Committee continuously controls and monitors the effectiveness of the ICS (Internal Control System), of the RMS (Risk Management System), as regards the process of preparation and disclosure of financial information, and the Internal Audit function,

38. Other duties of the supervisory body and, where appropriate, the Financial Matters Committee

On this matter, see the information presented in item 21 – Audit Committee and preceding item 37.

IV. Statutory auditor

39. Identification of the statutory auditor and its representative partner statutory auditor

The current Statutory Auditor and External Auditor of Banco Comercial Português is Deloitte & Associados – SROC, S.A., registered in the OROC under nr. 43 and in CMVM under nr. 231, represented by its partner Paulo Alexandre de Sá Fernandes, ROC nr. 1456 and alternatively by Carlos Luís Oliveira de Melo Loureiro, ROC nr. 572, is currently complying with the term-of-office regarding the triennial 2016/2018, continuing to exercise its functions until the next General Meeting of Shareholders to be held until the end of May 2019.

40. State the number of years that the statutory auditor consecutively carries out duties with the company and/or group.

The Statutory Auditor and the External Auditor were elected at the General Meeting held on 21 April 2016 for the term-of-office 2016/2018 by a majority of 99.12% and 95.00% of the votes cast, respectively, and their first term-of-office ended on 31 December 2018.

41. Description of other services rendered by the statutory auditor to the company

On this matter, see the information presented in item 46.

V. External auditor

42. Identification of the external auditor appointed for the purposes of article 8 and its corresponding representative partner statutory in the performance of duties, together with the CMVM's registry number

The Bank's external auditor and the statutory auditor is Deloitte & Associados – Sociedade de Revisores Oficiais de Contas, S.A., registered in OROC under nr. 43 and registered in CMVM under nr. 2016/1389, represented permanently by its partner registered in OROC under nr. 1456 and in CMVM under nr. 2016/1066 and alternately by Carlos Luís Oliveira de Melo Loureiro, registered in OROC under nr. 572 and in CMVM under nr. 2016/0231.

43. Number of years that the external auditor and respective partner that represents same in carrying out these duties consecutively carries out duties with the company and/or group

The External Auditor and the Statutory Auditor were elected at the General Meeting held on 21 April 2016 for the term-of-office 2016/2018 and remain in office until the next Annual General Meeting to be held until the end of May 2019, when serving the first term.

44. Rotation policy and schedule of the external auditor and the respective partner that represents said auditor in carrying out such duties

The Bank complies with the rotation rules laid down in Article 17 of Regulation (EU) No. 537/2014 of the European Parliament and Council, of April 16, 2014 and Article 54 of Law No. 140/2015, of September 7, so that its External Auditor and the Statutory Auditor will not perform functions for more than three terms and that the initial term of office combined with any renewal thereof shall not exceed the maximum duration of ten years.

The Bank's External Auditor and Statutory Auditor, Deloitte & Associados – Sociedade de Revisores Oficiais de Contas, S.A., currently in functions, as well as the partner representing it, Paulo Alexandre de Sá Fernandes and the alternate Statutory Auditor, Carlos Luís Oliveira de Melo Loureiro, were elected on 21 April 2016, for the term-of-office 2016/2018 and will remain in the office until the next Annual General Meeting of Shareholders to be held until the end of the month of May 2019.

45. Details of the Board responsible for assessing the external auditor and the regular intervals when said assessment is carried out

The Audit Committee is, under the terms of the Bank's Articles of Association, the body responsible for assessing the quality of the services rendered by the external auditor and respective partner Statutory Auditor, under the terms referred to in item 21 – Audit Committee and in item 37.

This assessment highlights the professionalism of the auditors, transparency, ethics, quality control and good performance. The Audit Committee permanently monitors the activity of the external auditor and respective partner statutory auditor, in particular appraising the conclusions of the audit of the annual financial statements,

on an individual and consolidated basis, analysing the conclusions of the Desktop Review of the financial statements of the 1st and 3rd quarters and the Limited Review of the half-year interim financial statements. It holds meetings with them whenever necessary.

The Audit Committee annually assesses the quality of the services provided by external auditors, as well as their independence, objectivity and critical requirements demonstrated in the performance of their duties. The Bank officials who maintain relevant contact with the Auditors take part in this evaluation.

46. Details of services, other than auditing, carried out by the external auditor for the company and/or companies in a control relationship and an indication of the internal procedures for approving the recruitment of such services and a statement on the reasons for said recruitment

Apart from the Audit work, which includes legal review of accounts services and other reliability assurance services, the fees charged by the External Auditor include also the payment of the following services:

- Tax Advisory Services – tax advisory services to the Group in Portugal and abroad, in which the external auditor intervenes pursuant to a legal requirement;
- Services other than legal review of accounts, namely: (i) Reliability assurance services, (ii) Tax advisory services and (iii) Services other than legal review - provided within the scope of services other than legal review, which are permitted in accordance with the defined rules of independence and subject to monitoring by the Audit Committee.

With regard to the approval of the engagement of these services and indication of the reasons for their engagement, the bank maintains a very strict policy of independence in order to prevent any conflicts of interest in the use of the services of its external auditors. As auditor of the BCP Group Deloitte & Associados, SROC, S.A. (hereinafter referred to as "External Auditors") complies with the rules on independence defined by the Group, including those established by Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014, by Law 148/2015 of 9 September and by Law 140/2015, of 7 September (Statute of the OROC).

In order to safeguard the independence of the External Auditors, and the national and international good practices and standards, the Audit Committee approved a series of regulatory principles, as described below:

- The External Auditor and the companies or legal persons belonging to the same network ("Network") cannot render to the Bank or to the Group the services that may be considered forbidden under the terms of the Statute of the OROC. Although it is generally considered that the independence of External Auditor could be affected by the provision to the Group of services unrelated to legal review or audit, the Audit Committee identified a set of services that may be undertaken by the External Auditor without jeopardising its independence. These services are validated by the Group's Compliance Office and subject to approval or ratification, depending on the amount of the fees, of the Audit Committee;
- The provision of services that are detailed in said set of services is subject to specific approval by the Audit Committee prior to the entering into the contract in question.

47. Details of the annual remuneration paid by the company and/or legal entities in a control or group relationship to the auditor and other natural or legal persons pertaining to the same network and the percentage breakdown relating to the following services (For the purposes of this information, the network concept results from the European Commission Recommendation No. C (2002) 1873 of 16 May)

The amount of the annual remuneration paid in 2018 by the Company and/or legal persons in controlling or group relations, to the external auditor (Deloitte) and other natural or legal persons belonging to the same network¹, detailed with their respective percentages, is shown in the following table:

¹ For purposes of this information, "network" shall mean article 2, paragraph p) of the Legal Framework for the Supervision of Audit, approved by Law nr. 148/2015, of 9 September.

REMUNERATION PAID TO DELOITTE BETWEEN 1 JANUARY AND 31 December 2018

1) Remuneration paid to Deloitte for services rendered - 1 January to 31 December 2018	Euros					%			
	Audit	Reliability Assurance Services	Tax Advisory	Other Services	Total	Audit	Reliability Assurance Services	Tax Advisory	Other Services
Companies in Portugal									
Banco Comercial Português, S.A.	1,920,000	1,253,500	-	415,765	3,589,265	53.5%	34.9%	-	11.6%
Banco de Invest. Imobiliário, S.A.	27,000	32,500	-	-	59,500	45.4%	54.6%	-	-
Banco ActivoBank, S.A.	21,000	32,000	-	-	53,000	39.6%	60.4%	-	-
Millennium BCP - Prestação Serviços, ACE	22,500	-	-	-	22,500	100.0%	-	-	-
Millennium bcp Imobiliária, S.A.	21,000	-	-	-	21,000	100.0%	-	-	-
Interfundos - Gest. Fund. Inv. Imob. S.A.	13,000	13,000	-	-	26,000	50.0%	50.0%	-	-
BCP Capital Soc. Capital Risco	7,500	7,000	-	-	14,500	51.7%	48.3%	-	-
Servitrust - Trust and Management Services, S.A.	5,000	-	-	-	5,000	100.0%	-	-	-
Millennium BCP Participações Financeiras, SGPS, Soc. Unipessoal, Lda.	5,000	-	-	-	5,000	100.0%	-	-	-
Imobida - Imobiliária da Arrábida, S.A.	5,000	-	-	-	5,000	100.0%	-	-	-
BCP África, SGPS, Lda. (anteriormente BII Internacional, SGPS, Lda)	10,000	-	-	-	10,000	100.0%	-	-	-
Igossal - Urbanização e Construção, S.A.	3,000	-	-	-	3,000	100.0%	-	-	-
Millennium bcp - Serviços de Comércio Electrónico, S.A.	2,000	-	-	-	2,000	100.0%	-	-	-
Millennium Fundo de Capitalização, FCR	11,000	-	-	-	11,000	100.0%	-	-	-
Fundação Millennium bcp	1,000	-	-	-	1,000	100.0%	-	-	-
Magellan 2	17,400	-	-	-	17,400	100.0%	-	-	-
Magellan 3	18,000	-	-	-	18,000	100.0%	-	-	-
Total	2,109,400	1,338,000	-	415,765	3,863,165	54.6%	34.6%	-	10.8%

2) Remuneration paid to Deloitte for services rendered - 1 January to 31 December 2018	Euros					%			
	Audit	Reliability Assurance Services	Tax Advisory	Other Services	Total	Audit	Reliability Assurance Services	Tax Advisory	Other Services
Companies Abroad									
Bank Millennium, S.A. (Poland)	-	53,000	-	-	53,000	-	100.0%	-	-
Millennium BIM, S.A. (Mozambique)	-	188,000	-	-	188,000	-	100.0%	-	-
Banque Privée BCP (Suisse), S.A.	-	16,000	-	-	16,000	-	100.0%	-	-
Millennium BCP Bank & Trust (Cayman Islands)	26,000	4,500	-	-	30,500	85.2%	14.8%	-	-
BCP Finance Bank, Ltd. (Cayman Islands)	14,500	2,000	-	-	16,500	87.9%	12.1%	-	-
BCP Finance Company (Cayman Islands)	7,000	2,000	-	-	9,000	77.8%	22.2%	-	-
BCP Investment, B.V. (Netherlands)	37,500	-	-	-	37,500	100.0%	-	-	-
BCP International B.V. (Netherlands)	15,000	-	-	-	15,000	100.0%	-	-	-
Magellan 2 (Ireland)	18,500	-	-	-	18,500	100.0%	-	-	-
Magellan 3 (Ireland)	18,500	-	-	-	18,500	100.0%	-	-	-
Total	137,000	265,500	-	-	402,500	34.0%	66.0%	-	-

SUMMARY OF THE REMUNERATION PAID TO DELOITTE IN PORTUGAL AND ABROAD BETWEEN 1 JANUARY AND 31 December 2018

	Portugal	%	Abroad	%	Total	%
Legal review of accounts	2,109,400		137,000		2,246,400	
Reliability assurance services	1,338,000		265,500		1,603,500	
1. Total for Audit Services	3,447,400	89.2%	402,500	100%	3,849,900	90.3%
Tax Advisory Services	-		-		-	
Services Other than Legal Review of Accounts	415,765		-		415,765	9.7%
2. Total for Other Services	415,765	10.8%	-	-	415,765	10.7%
	3,863,165	100.0%	402,500	100%	4,265,665	100%

C. Internal organisation

I. Articles of Association

48. The rules governing amendment to the company's articles of association

Article 24 of the Bank's Articles of Association establishes the requirement of a constitutive quorum, above the legal one, of over one third of the share capital for the General Meeting of Shareholders to be able to validly meet and resolve on first call.

Regarding the resolution quorum, the Articles of Association only diverge from the law with respect to resolutions on the merger, demerger and transformation of the Company, which require approval by three quarters of the votes cast, and dissolution of the Company where a majority corresponding to three quarters of the paid-up share capital is required.

The Bank and the shareholders that approved the articles of association in force consider that, since Banco Comercial Português is one of the companies with the largest free float in the Portuguese Stock Exchange, it is important to ensure that, in any circumstance and not only in the case specifically mentioned in the law, the shareholders, regardless of their respective representativeness, receive the guarantee that, on first call, the items submitted to the appraisal of the General Meeting can only be resolved on if the capital is minimally represented.

II. Communication of Irregularities

49. Reporting means and policy on the reporting of irregularities in the company

The Bank upholds a culture of responsibility and compliance, preventing conflicts of interest and recognising the importance of an appropriate framework and processing of the communication of irregularities, as an instrument of good corporate practice.

The Bank has the appropriate means for receiving, handling and archiving communications of irregularities allegedly committed by members of the corporate bodies and by employees of the companies part of Group BCP or by any other person within the scope of the provision of services to any of the companies part of Group BCP.

For that purpose, the Bank permanently observes the principles and requirements foreseen in art. 116-AA of the LFCIFC, art. 305_F of the Securities Code and in section 13 of the guidelines issued by EBA on internal governance (EBA/GL/2017/11) of 26 September 2017.

Irregularities are actions and omissions, with malicious intent or negligence, related to the management, accounting organisation and internal supervision of the Bank, which may seriously:

- Breach the law, regulations and other rules in force;
- Endanger the assets of clients, shareholders and of the Bank;
- Damage the BCP's reputation.

The policy of communication of irregularities is regulated in an internal service order and is available at the Bank's website, on the page with the following address:

http://ind.millenniumbcp.pt/en/Institucional/governacao/Documents/Comunicacao-Irregularidades_EN.pdf

In accordance with the above mentioned policy, the Employees must immediately report to the Audit Committee any irregularity consummated, ongoing or that, as per the data available, it is possible to reasonably foresee that will be committed.

The Employees who become aware of any irregularity due to the functions they exercise, namely in the internal audit, risk management or compliance areas, are especially obliged to report it.

The irregularities can be reported by any means of written communication, addressed to: Comissão de Auditoria – Av.^a Prof. Dr. Cavaco Silva (TagusPark), Edifício 1, 2744-256 Porto Salvo, or to the e-mail address: comunicar.irregularidade@millenniumbcp.pt.

The Audit Committee is responsible for managing the communication of irregularities system and for assuring the confidentiality of the communications, being supported by its Support Office.

Once a communication is received, the Audit Committee shall undertake all efforts deemed necessary to assess if there are sufficient grounds to open an investigation and may establish a prior contact with the author of the communication, if known.

If there are sufficient grounds, the Audit Committee will develop all necessary investigations to become totally aware of all facts and it may request the support of the Audit Division, Risk Office, the Compliance Office or any other divisions or areas of the Bank.

Once the investigation is over, the Audit Committee shall make a report for the internal transmission of its conclusions to the Board of Directors and to the Executive Committee so that the appropriate diligences may be adopted to correct the irregularity and sanction it, if need be. It must also report it to external entities whenever justified by the specific situation.

The communications received, as well as the reports derived thereof are mandatorily kept for a minimum period of five years in a durable format enabling their full and unaltered reproduction, pursuant to the provisions in article 120 of the Legal Framework for Credit Institutions and Financial Companies (RGICSF).

The confidentiality of the communications will be ensured and they cannot be used as grounds for any disciplinary, civil or criminal proceedings, or the adoption of discriminating practices regarding the whistleblower provided that he/she did not actively participate in it.

In 2018 the Audit Committee received six communications but not all were able to be included within the scope of a participation of irregularity.

Notwithstanding, they were all investigated and handled.

III. Internal control and risk management

50. Individuals, boards or committees responsible for the internal audit and/or implementation of the internal control systems.

The Group's internal control is based upon a risk management system that identifies, evaluates, follows-up and controls the risks the Group is exposed to. That system is supported by an efficient communication and information system and on an effective monitoring process which ensure the adequacy and efficiency of the internal control system.

In this context, pursuant to the objectives defined in Banco de Portugal Notice 5/2008, Banco Comercial Português has established specific areas with the risk management, compliance and internal audit functions, performed by the Risk Office, Compliance Office and Audit Division, respectively, endowing them with the technical and human resources that enable them to establish effective and efficient processes to identify, manage, control, monitor and communicate risks and mechanisms that are appropriate to the internal control, both in the Bank and in the Group.

The heads of these Divisions are those responsible, at Group level, for the conformity of the functions of the internal control system, through which the objectives outlined in Banco de Portugal Notice 5/2008 are achieved, namely:

- respect for all the applicable legal or regulatory provisions;
- efficient performance of the activity; and
- the existence of complete, pertinent, reliable and timely financial and management information.

The Executive Committee of the Board of Directors also established the Internal Control and Operational Risk Monitoring Commission. This specialized commission has, among other, the following competences regarding the internal control system:

- monitor the making of the Internal Control Report, as well as the evolution and resolution status of the deficiencies and recommendations identified and reported;
- appraise and decide on proposals made to improve the processes (within the framework of operational risk management) for the reinforcement of the internal control environment;

A) Risk Office

The main function of the Risk Officer is to provide support to the Board of Directors in the development and implementation of the processes of risk management and internal control, as per the detailed description presented in the chapter on "Risk Management" of the 2018 Annual Report.

In the performance of its duties, the Risk Officer reports hierarchically to the Board of Directors and to the Executive Committee, also engaging, on a functional reporting basis, with the Committee for Risk Assessment.

Risk Officer: Luís Miguel Manso Correia dos Santos

B) Compliance Office

The main mission of the Compliance Office is to strive for the adoption, by all the Group's Institutions, of the internal and external rules governing their respective activity, in order to contribute to mitigate the risk of incurring in penalties by these institutions.

While performing the duties entrusted to it by the law or other legal source or that have been attributed to it by the Bank's statutory bodies, the Compliance Office makes decisions that are binding on its receivers, aiming to ensure that the different business areas comply with the applicable regulations.

When preparing opinions and related studies at the request of the Bank's different areas and divisions, the Compliance Office identifies and assesses the various types of risks, including those in institutional processes or associated to products and services, prepares proposals for the correction of processes and risk mitigation, ensures the ongoing analysis of the general supervisory environment and, in general, provides specialised support on matters of control and compliance. The Compliance Office is also responsible for preparing and submitting a report to the management body, at least on an annual basis, identifying all cases of non-compliance observed and the recommendations issued to correct them.

The Compliance Office intervenes and actively participates in the Employee training policy, namely through compliance training actions administered to the entire Group, the maintenance of strong knowledge on compliance issues, in particular preventing money laundering or terrorist financing (AML/CFT), preventing market abuse and the development of a culture of internal control within the Group.

The Group Head of Compliance performs his duties in an independent, continuous and effective manner.

The compliance teams allocated to the branches and subsidiaries are composed in the same way as that of the parent company and the team leader – the local Compliance Officer – is appointed by the local Board of Directors, after opinion issued by the Group's Head of Compliance, to whom this Officer reports functionally.

The Group Head of Compliance reports, under the terms of the law, to the Executive Committee of the Board of Directors, through the Director responsible for this area and, functionally to the Audit Committee, according to the matters defined by the Audit Committee at any given time, forwarding reports of its activity, on a quarterly basis, which enable the follow-up of compliance with the action plans that are presented annually. The Group Head of Compliance may also, and whenever necessary, issue occasional reports on relevant issues in the context of the control and monitoring of risks concerning compliance, money laundering and financing of terrorism and reputation, of each entity or of the Group.

In the performance of his duties, the Compliance Officer engages with the Board of Directors, on which it depends, as well as with the Executive Committee, Audit Committee and Committee for Risk Assessment.

Under its functional reporting, the Compliance Office sends the Chairperson of the Board of Directors a quarterly Report on the main compliance risks at the Bank and Group level, disclosing, within the maximum period of two business days, any situation of detected high compliance risk and submitting, every six months, to the Board of Directors, a report with the activity undertaken.

The Audit Committee issues an opinion on the work plan of the Compliance Office, being this Committee also the recipient of the works carried out by the compliance function, namely those related with presentation of earnings, conflicts of interests and detection of irregularities.

Group Head of Compliance: during the 2018 financial year this function was performed by Mário António Pinho Gaspar Neves. In March 2019 this function began to be exercised by Pedro Manuel Francisco da Silva Dias.

C) Audit Division

The Audit Division is responsible for the Internal Audit function of Banco Comercial Português. carries out its mission by adopting principles of internal auditing which are internationally recognised and accepted, issuing recommendations based on the outcome of the assessments made, aimed at adding value to the organisation and improving the control and quality of the Bank's operations, contributing to the achievement of its strategic interests and ensuring that::

- the risks are duly identified and managed, and the implemented controls are correct and proportional to the risks;
- the system of assessment of the Bank's capital is adequate in relation to its level of exposure to risk;
- the operations are recorded correctly and the operational, financial and managerial information is rigorous, reliable and provided in due time;
- the safeguarding and security of the interests and assets of the Bank and Group or which were entrusted to them are duly ensured;

- the Employees perform their duties in conformity with the internal policies, rules and procedures and with the legislation and other applicable regulations;
- the resources are economically acquired, efficiently used and adequately protected;
- legal and regulatory matters of significant impact on the organisation are recognised, clearly understood and integrated in operative processes;
- the programmes, plans and objectives defined by the management are complied with;
- the different governing bodies interact in an adequate and efficient manner;

The activity of the Audit Division contributes to the pursuit of the objectives defined in Banco de Portugal Notice 5/2008 for the internal control system of institutions covered by the Legal Framework for Credit Institutions and Financial Companies, ensuring the existence of:

- an adequate control environment;
- a solid risk management system;
- an efficient information and communication system; and
- an effective monitoring process.

The Head of the Audit Division is appointed by the Board of Directors after obtaining the opinion from the Committee for Nominations and Remunerations and the technical opinion of the Audit Committee, reporting hierarchically to the Chairperson of the Board of Directors and functionally to the Audit Committee.

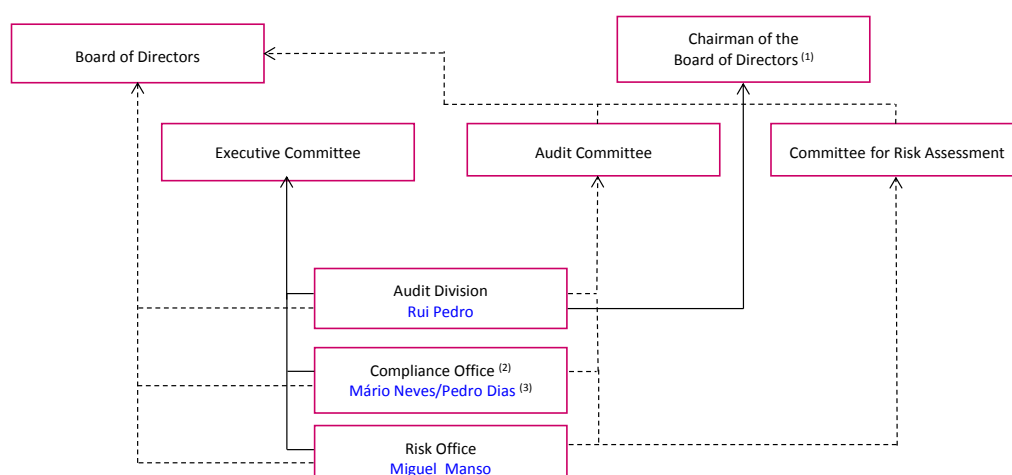
The Audit Division presents, on a regular basis, to the Executive Committee, to the Board of Directors and to its Chairperson, reports on the monitoring of the activity developed, in accordance with the periodicity defined at each moment, with information on the execution of the Activities Plan, main detected deficiencies, and respective recommendation and the status of the recommendations yet to be implemented.

Additionally, the Audit Division informs the Chairperson of the Board of Directors, the Chairperson of the Audit Committee and the Chairperson of the Executive Committee on issues of its responsibility which are of material relevance for the accomplishment of the mission of those bodies, namely on any deficiency identified and classified as of relevant risk.

Head: Rui Manuel Pereira Pedro.

51. Details, even including organisational structure, of hierarchical and/or functional dependency in relation to other boards or committees of the company

Currently the hierarchical and/or functional dependence of the Audit Division, Compliance Office and Risk Office in relation to other corporate bodies or committees is presented in the table below:



(1) Director responsible - Nuno Amado: Audit Div.: José Miguel Pessanha: Compliance Office and Risk Office

(2) All matters regarding professional conduct and ethical matters are reported by the Compliance Office to the Commission for Corporate Governance, Ethics and Professional Conduct.

(3) On the date of this Report, the Compliance Office is Pedro Manuel Francisco da Silva Dias

— hierarchical report

- - - functional report

52. Other functional areas responsible for risk control.

Alongside the control areas which constitute the risks management system - the Risk Office and the Compliance Office (as defined in Chapter III of Notice 5/2008 of Banco de Portugal) - and the area with duties of assessment of the adequacy and efficacy of the internal control system - the Audit Division (as per article 22 of Chapter V of that same Notice), there is an information and communication system which supports decision-making and control processes, both at an internal and external level, for which the Accounting and Consolidation Division and the Research, Planning and Assets and Liabilities Management Division are responsible, which ensures the existence of substantive, current, timely and reliable information, enabling an overall and encompassing view of the financial situation, the development of the activity, compliance with the defined strategy and objectives, identification of the institution's risk profile, and performance and prospects of evolution of the markets.

The financial information and management process is assisted by the accounting and management support systems which record, classify, associate and archive, in a timely, systematic, reliable, complete and consistent manner, all the operations carried out by the institution and its subsidiaries, in accordance with the determinations and policies issued by the Executive Committee.

Hence, the Risk Office, Compliance Office, Accounting and Consolidation Division, Research, Planning and Assets and Liabilities Management Division, the Management Information Division, the Office for the Validation and Monitoring of Models, the Office for Regulatory and Supervision Monitoring and the Data protection Office ensure the implementation of the procedures and means required to obtain all the relevant information for the information consolidation process at a Group level, both of accounting nature and relative to support to the management and risk monitoring and control, which should cover, namely:

- the definition of the contents and format of the information to be reported by the entities included in the consolidation perimeter, in accordance with the accounting policies and guidelines defined by the management body, as well as the dates when the reporting is required;
- the identification and control of intra-Group operations; and
- assurance that the managerial information is consistent between the different entities, so that it is possible to measure and monitor the evolution and profitability of each business, verify compliance with the objectives that have been established, as well as evaluate and control the risks incurred by each entity, both in absolute and relative terms.

Regarding credit risk, the Credit Division also performs risk assessment and control duties pursuant to its main competences:

- appraise and issue opinions or decisions on credit proposals submitted by the Bank's business areas, as well as credit restructuring proposals submitted by the Bank's recovery areas, pursuant to the competences defined in internal regulations;
- monitor and follow-up of the loan portfolio of Customers managed in the commercial areas, anticipating possible situations of default and promoting restructuring solutions whenever necessary and applicable;
- start up and/or participate in Bank-wide projects aimed at the improvement of credit and operating risk in the underlying internal processes/procedures, including opinions on products or services with credit risk;
- follow-up and support to the implementation of probability models (default, cure and scoring) for retail and automatic processes of Customer classification, risk-taking, portfolio monitoring, collection and recovery, as well as retention of Customers in Portugal and, when requested, in the operations abroad.

The Rating Division participates in the control of risks associated to loans, where its primary responsibility is the attribution of risk levels to Companies which are Bank Customers, assuring that they are assessed on an ongoing basis in an adequate manner. In order to assure the sound pursuit of this responsibility, specialised competences in the assessment of particular segments were developed within the Rating Division, namely for: Small, Mid and Large Corporate, Real Estate Development, Project Finance, State Business Sector and Funds segments. At the same time, the Rating Division systematically analyses the evolution of risk levels in order to assess the adequacy of the rating models used and identify matters for their fine-tuning.

53. Details and description of the major economic, financial and legal risks to which the company is exposed in pursuing its business activity.

On this issue, see the information provided in the Annual Report 2018, in the chapter on Risk Management.

54. Description of the procedure for identification, assessment, monitoring, control and risk management

On this issue, see the information provided in the Annual Report 2018, in the chapter on Risk Management.

55. Core details on the internal control and risk management systems implemented in the company regarding the procedure for reporting financial information

In the context of the Internal Control System and, more specifically, of the Risk Management System, the Board of Directors acquires adequate knowledge of the types of risks to which the institution is exposed and of the processes used to identify, assess, monitor and control these risks, as well as the legal obligations and duties to which the institution is subject, being responsible for ensuring that the Bank has effective internal control systems and promotes the development and maintenance of an appropriate and effective risk management system.

Hence, the management body of Banco Comercial Português, namely through its Executive Committee (and respective specialised commissions), Audit Committee and Committee for Risk Assessment:

- defines and reviews the overall and specific objectives with respect to risk profile or level of tolerance to risk and relative to the decision levels of the functional areas where these decisions are applicable;
- approves policies and procedures which are specific, effective and adequate for the identification, assessment, monitoring and control of the risks to which the institution is exposed, ensuring their implementation and compliance;
- verifies the compliance with the risk tolerance levels and risk management policies and procedures, assessing their efficacy and continuous adequacy to the institution's activity, so as to enable the detection and correction of any failures;
- ensures that the risk management activities have sufficient independence, status and visibility and are subject to periodic reviews;
- issues opinions on the reports prepared by the Risk Management and Compliance areas, namely, on the recommendations for the adoption of corrective measures;
- ensures the effective implementation of its guidelines and recommendations so as to introduce corrections and/or improvements in the Risk Management System.

The management body is also responsible for ensuring the implementation and maintenance of information and reporting processes which are suitable to the institution's activity and risks, for defining the accounting policies to be adopted, for establishing the guidelines and for defining the decisions which, in the context of such policies, must be taken, in order to ensure the reliability of the financial reporting. Therefore, and at a more operational level, it is responsible for approving the reporting or external disclosure outputs produced for this effect.

Regarding the Internal Control Report stipulated in Banco de Portugal's Notice 5/2008, in CMVM's Regulation 3/2008, and in article 245-A (1) (m) of the Securities Code, the supervision responsibilities of the Audit Committee and of the Statutory Auditor are:

- on an individual basis: issue of a detailed opinion substantiated by an autonomous report of an external auditor different from the financial auditor, contracted for the purpose on an annual basis, on the efficacy/ adequacy of the Internal Control System, and issue of an opinion by the statutory auditor on the process of preparation and disclosure of individual financial information (Financial Reporting);
- on a consolidated basis: issue of an opinion by the Group's parent company, substantiated by an autonomous report of an external auditor different from the financial auditor, contracted for the purpose on an annual basis, on the efficacy/adequacy of the Control System, which should include a reflection on the coherence of the internal control systems of the branches/subsidiaries, including those abroad and off-shore establishments, where this opinion may be based on the respective opinions prepared for the effect by the supervisory bodies of each branch/subsidiary, and issue of an opinion by the statutory auditor on the process of preparation and disclosure of consolidated financial information (Financial Reporting).

IV. Investor Support

56. Department responsible for investor assistance, composition, functions, the information made available by said department and contact details.

Through the Investor Relations Division, the Bank establishes permanent dialogue with the financial world – Shareholders, Investors, Analysts and Rating Agencies, as well as with the financial markets in general and respective regulatory entities.

a) Composition of the Investor Relations Division

The Investor Relations Division is composed of a head and a staff of four employees who share the Division's tasks in order to ensure the best service in market relations.

b) Duties of the Investor Relations Division

The main duties of the Investor Relations Division are:

- promoting comprehensive, rigorous, transparent, efficient and available relations with investors and analysts, as well as with the financial markets in general and respective regulatory entities, namely with respect to the disclosure of privileged information and mandatory information, including the coordination and preparation of the Bank's report and accounts;
- monitoring the update of the evolution of the shareholder structure;
- representation of the Bank in conferences and other types of events targeting investors of debt or shares;
- collaboration with the commercial areas in the provision of institutional information and disclosure of the Group's activity;
- management of the relations established with Rating Agencies, including the preparation and sending of relevant information on a regular basis or related to important events.

c) Type of information provided by the Investor Relations Division

During 2018, as in previous years, the Bank pursued broad activity related to communication with the market, adopting the recommendations of the CMVM (Portuguese stock market regulator) and the best international practices in terms of financial and institutional communication.

For purposes of compliance with the legal and regulatory obligations in terms of reporting, the Bank discloses quarterly information on the Bank's results and activity, holding press conferences and conference calls with Analysts and Investors involving the participation of members of the Board of Directors.

It also provides the Annual Report, Interim Half-year and Quarterly Reports, and publishes all the relevant and mandatory information through CMVM's information disclosure system.

In 2018, the Bank issued over 300 press releases, of which 60 were related to privileged information.

The Bank participated in various events in 2018, having attended 6 conferences and 6 road shows in Europe and in the USA, where it gave institutional presentations and held one-on-one meetings with investors.

Over the course of 2018, more than 300 meetings with investors were held, which continues to show the interest of investors in the Bank.

In order to deepen its relations with its shareholder base, the Bank maintained a telephone line to support shareholders, free of charge and available from 09:00 to 19:00 on business days.

The relations with Rating Agencies consisted of the annual meetings (Moody's on 9 March, DBRS on 23 April, S&P on 18 May and Fitch on 4 October), 16 conference calls with the 4 rating agencies, holding of 4 in-site meetings with each one of the rating agencies mentioned above, in response to requests for quarterly information and the review of the Credit Opinions, Press Releases and Comments issued by the Rating Agencies.

All the information of relevant institutional nature disclosed to the public is available on the Bank's website, in Portuguese and English, on the page with the following address: www.millenniumbcp.pt

d) Investor Relations Division contact information

Phone: + 351 21 113 10 84

Fax: + 351 21 113 69 82

Address: Av. Prof. Doutor Cavaco Silva, Edifício 1 Piso 0B, 2740-256 Porto Salvo, Portugal

E-mail: investors@millenniumbcp.pt

The company's website: www.millenniumbcp.pt

57. Market Liaison Officer

The Bank's representative for market relations until the time of preparation of this Report was Rui Pedro da Conceição Coimbra Fernandes, who is also Head of the Investor Relations Division.

Currently, the Bank's representative for market relations is Bernardo Roquette de Aragão de Portugal Collaço.

58. Data on the extent and deadline for replying to the requests for information received throughout the year or pending from preceding years. IRD (IPCG: I.1.1.)

During 2018, the Bank received, essentially via e-mail and telephone, a variety of requests for information from shareholders and investors. These requests were all handled and replied to, mostly within two business days. By the end of 2018, there were no outstanding requests for information relative to previous years.

V. Website

59. Address(es)

The Bank's website address is as follows: www.millenniumbcp.pt

60. Place where information on the firm, public company status, headquarters and other details referred to in Article 171 of the Commercial Companies Code is available.

The above information is available on the Bank's website, on the page with the following address:

<https://ind.millenniumbcp.pt/en/Institucional/governacao/Pages/governacao.aspx>

61. Place where the articles of association and regulations on the functioning of the boards and/or committees are available

The Bank's Articles of Association and the regulations of the governing bodies and specialised committees of the Board of Directors are available on the Bank's website at the following address:

<https://ind.millenniumbcp.pt/en/Institucional/governacao/Pages/governacao.aspx>

62. Place where information is available on the names of the corporate boards' members, the Market Liaison Officer, the Investor Assistance Office or comparable structure, respective functions and contact details.

The information on the identity of the members of the governing bodies is available on the Bank's website, on the page with the following address:

<https://ind.millenniumbcp.pt/en/Institucional/governacao/Pages/governacao.aspx>

The information on the identity of the representative for market relations, the Investor Relations Division, respective duties and contact details are available on the Bank's website, on the page with the following address:

<https://ind.millenniumbcp.pt/en/Institucional/investidores/Pages/Inv.aspx>

63. Place where the documents are available and relate to financial accounts reporting, which should be accessible for at least five years and the half-yearly calendar on company events that is published at the beginning of every six months, including, inter alia, general meetings, disclosure of annual, half-yearly and where applicable, quarterly financial statements.

The information on the financial statements relative to each financial year, semester and quarter of the last ten years (pursuant to article 245.1 of the Securities Code) is available on the Bank's website, on the page with the following address:

<https://ind.millenniumbcp.pt/pt/Institucional/investidores/Pages/Eventos.aspx>

The calendar of corporate events is published at the end of every year, relative to the following year, and covers the planned dates of the General Meeting and presentation of quarterly results (to the press, analysts and investors). The publication is available on the Bank's website, on the page with the following address:

<https://ind.millenniumbcp.pt/pt/Institucional/investidores/Pages/Eventos.aspx>

64. Place where the notice convening the general meeting and all the preparatory and subsequent information related thereto is disclosed.

In addition to a specific page created every year on the portal (www.millenniumbcp.pt), another temporary page is created to support the General Meeting containing all the corresponding preparatory and subsequent information, including the call notice, which is available on the Bank's website, on the page with the following address:

<https://ind.millenniumbcp.pt/en/Institucional/investidores/Pages/AG.aspx>

65. Place where the historical archive on the resolutions passed at the company's General Meetings, share capital represented and voting results relating to the preceding 3 years are available

The historical records, including the call notice, the share capital represented, the proposals submitted and results of the voting, relative to the last ten years are available on the Bank's website, on the page with the following address:

<https://ind.millenniumbcp.pt/en/Institucional/investidores/Pages/AG.aspx>

D. Remunerations

I. Competence for determination

66. Details of the powers for establishing the remuneration of corporate boards, members of the executive committee or chief executive and directors of the company

The Remuneration and Welfare Board (CRP), pursuant to sub paragraphs a) and b) of article 14 of the Bank's Articles of Association and under the competence delegated, for the four-year period of 2018/2021, by the General Meeting, is the competent body to determine the remuneration of the governing bodies, including the members of the Executive Committee and the terms of the supplementary pensions due to retirement, old age or invalidity of executive directors.

The Remuneration and Welfare Board, together with the Committee for Nominations and Remunerations is also competent to submit, to the Bank's General Meeting, a statement on the remuneration policy for the Bank's governing bodies.

The Board of Directors, pursuant to article 7 (2.1.r) of its Regulations and as established in article 115-C (5) of the RGICSF, has exclusive competence to approve and review the Bank's remuneration policies and practices. In this function, it is assisted by the Committee for Nominations and Remunerations which formulates and issues informed and independent judgements on the remuneration policy and practices and on the incentives created for purposes of risk, capital and liquidity management.

Addressed to the Remuneration and Welfare Board (RWB) and the Committee for Nominations and Remunerations (CNR), KPMG conducted an independent and specific audit, carried out in accordance by the International Standard on Related Services and by Art. 8 (4) of the Commission Delegated Regulation (EU) No 153/2013 of 19 December 2012, on the remunerations that, during the 2018 financial year, were paid to members of the different governing bodies and Coordinating Managers that report directly to the Board of Directors and to the Executive Committee, having also requested and received a compliance statement issued by the Internal Audit Division.

In the Factual Conclusions Report issued pursuant to the validation of the remunerations established and received in 2018 by the holders of Bank's corporate offices and Coordinating Managers, KPMG concluded that the data reported to the RWB, CNR and Audit Committee was accurate and compliant and suited to the resolutions adopted by the corporate bodies with powers to do so.

II. Remuneration and Welfare Board

67. Composition of the remuneration committee, including details of individuals or legal persons recruited to provide services to said committee and a statement on the independence of each member and advisor.

The Remuneration and Welfare Board is composed of three to five members, appointed at the General Meeting.

The Remuneration and Welfare Board was elected at the General Meeting held on 30 May 2018 to perform duties during the three-year period of 2018/2021, and has the following composition:

Chairman:	Jorge Manuel Baptista Magalhães Correia (Not independent)
Members:	Ana Paula Alcobia Gray (Not Independent)
	Norberto Emílio Sequeira da Rosa (Independent). He presented his renunciation to the position on February 2019

During 2018, the Committee held four meetings, received the logistic and technical support from the Company Secretary, with the secretarial services being administered by the Company Secretary.

The Regulations of the Remuneration and Welfare Board are available on the Bank's website at:

https://ind.millenniumbcp.pt/pt/Institucional/governacao/Documents/Regimento_CRP_BCP.pdf

Normally either the members of the Remuneration and Welfare Board and the members of the Committee for Nominations and Remunerations attend the Bank's General Meetings. In the 2018 financial year, two General Meetings were held. At the Annual General Meeting, held on May 30, all members of the Remuneration and Welfare Board and the members of the Committee for Nominations and Remunerations attended the meeting, with the exception of its Chairman.

At the General Meeting held on November 5, although the agenda did not include a related matter with remuneration of the corporate bodies and no shareholder requested the presence of the members of the Remuneration and Welfare Board, all members of this Board as well as the members of the Committee for Nominations and Remunerations attended.

All the members of the Remunerations and Welfare Board in functions are independent regarding the executive members of the administration body. The Remuneration and Welfare Board, to develop its competences in line with best international practices on remuneration matters, being able, in accordance with its Regulations, to use all technical means that it deems adequate, including resorting to external advisers, paid by the Bank, engaged Mercer Portugal, an independent company leading worldwide in the human resources area, for the provision of specialised technical advisory services, which identified a series of guideline principles for the definition of the remuneration policy for members of the governing bodies and material risk takers, in conformity with the guidelines disclosed by the national and international regulators, namely the EBA-European Banking Authority.

At the time of the engagement of Mercer Portugal, promoted by the Remuneration and Welfare Board, it was resolved, together with the Committee for Nominations and Remunerations, to ask this company to draw up a proposal complying with best practices on this theme, namely:

- Remuneration benchmark for the executive and non-executive members of the Board of Directors;
- update of the remuneration policy of the members of management and supervision bodies, senior staff or managers reporting directly to the executive members of the Board of Directors;
- revision of the Regulations for the Application of the Remuneration Policy and Welfare Regime of members of company's management and supervision bodies;
- estimation of the variable component of the remuneration within the scope of the Remuneration Policy of the executive members of the Board of Directors;
- support to the evaluation process of the members of the management and supervision bodies.

As neither this consultant nor any of its senior staff have privileged relations with the Board of Directors or any of its members, it is deemed that its engagement for the provision of the service, with the broad scope referred to in the preceding paragraph, can in no manner affect the independence of this consultant in relation to the Bank or its Board of Directors.

68. Knowledge and experience in remuneration policy issues by members of the Remuneration Committee.

The members of the Remuneration and Welfare Board have for various years performed duties in remuneration committees or equivalent bodies in other companies, which endows them with professional experience and suitable profiles concerning matters of remuneration policy, as confirmed in detail in their curricula, presented in Annex II.

III. Structure of remunerations

69. Description of the remuneration policy of the Board of Directors and Supervisory Boards

The Remuneration and Welfare Board, after hearing the Committee for Nominations and Remunerations, submitted to the General Meeting of 30 May 2018, with a binding character, the Remuneration Model of the Board of Directors, including the Executive Committee, which was approved by 98.84% of the votes cast, being the meeting attended by shareholders or their representatives holding 62.99% of the share capital. The most relevant aspects are transcribed below:

1. Scope, structure and determination of the Remuneration

1.1. Executive Directors

The remuneration of the Executive Directors of BCP includes a fixed and a variable component.

The variable component is subdivided into two components, one annual (Annual Variable Remuneration - AVR) and a long-term one (Long-Term Variable Remuneration - LTVR)

1.1.1 Annual Fixed Remuneration

The fixed remuneration intends to adequately remunerate the function performed considering factors such as its nature and complexity, the required competences and the sustainability of the group's performance.

The annual fixed remuneration results from the payment of 14 monthly wages.

1.1.2 Variable Remuneration

The variable remuneration is attributed based on different degrees of accomplishments of previously approved quantitative and qualitative goals which are associated to objective, simple, transparent and measurable indicators. For that purpose, shall be taken into consideration, indicators related with the creation of value for the shareholder, solvency and profitability, capital requirements, efficiency and liquidity.

The definition of these goals should bear in mind the achievement of a balance between the Group's objectives and the individual ones.

The evaluation must be carried out according to an annual and pluri-annual framework ensuring that the evaluation process is based on the short and long-term performance and, whenever possible, while the term of office of the Executive Directors is underway.

The attribution of the variable remuneration is associated with the performance. Therefore, its value may vary from zero, if the degree of accomplishment of the goals is under the defined threshold, and a maximum that cannot exceed twice the fixed component of the remuneration. For that purpose, a maximum level of achievement is defined, from which the variable remuneration will not increase (cap).

The variable remuneration should be composed by a portion in cash and a portion in BCP shares or other securities of BCP, permitted by law.

At least half of the amount of the variable remuneration should be composed of the above mentioned securities. Notwithstanding, the Executive Director may choose to receive more than that or even the full amount of the variable remuneration in securities.

The payment of the variable remuneration will also observe the deferment rules and the reduction (malus) or reversion (claw-back) mechanisms mentioned above.

The variable remuneration, regardless of having already been paid and whether acquired rights have already been established, or not, is subject to reduction or reversion mechanisms whenever it is proven that the Executive Director participated in or was responsible for an action that resulted into significant losses for the Bank or ceased to comply with the adequacy and good repute criteria.

No guaranteed variable remuneration shall be granted, except when hiring a new Executive Director and only in the first year of activity and it will only be granted if the institution has a solid and strong capital base.

a) Annual Variable Remuneration (AVR)

The annual variable remuneration of each Executive Director may be paid in cash after the approval of the annual report to which it relates and/or in BCP shares or other BCP securities as permitted by law, all complying with the minimum thresholds and conditions set forth by law.

The payment of that remuneration is also conditioned to a set of conditions related with the Bank's sustained performance.

b) Long-Term Variable Remuneration (LTVR)

The long term variable remuneration of each Executive Director depends on the fulfilment of the Bank's long-term economic and financial objectives.

The LTVR applies to the period of the term-of-office, beginning on 1 January 2018. The payment is made in BCP shares or other BCP securities, as permitted by law which are granted to the beneficiaries depending on the compliance with the above mentioned conditions and indicators.

1.2. Non-Executive Directors

The remuneration of the non-executive members of the Board of Directors is exclusively composed of a fixed remuneration paid monthly (12 wages).

2. Other benefits

The practice of attributing benefits in terms of health insurance, credit card and mobile phones remains in effect, in line with what is attributed to the remaining Bank Employees.

The Executive Directors will be entitled to supplementary pension or early retirement regimes, as set forth by the Retirement Regulation of the Executive Directors of Banco Comercial Português (BCP).

3. Final Provisions

Executive Directors or under an exclusivity regime receive no additional compensation for the exercise of the respective functions.

The Directors must subscribe to a director bond in abidance by article 396 of the Companies Code. In addition, the Bank subscribes to a Directors & Officers insurance policy following market practices.

The Executive Directors or the Bank, on their behalf, are not allowed to use risk hedging mechanisms or similar mechanisms, as provided in article 115-E (15) of the Legal Framework for Credit Institutions and Financial Companies.

Considering that the remuneration of the Members of the Executive Committee is intended to directly compensate the activities they carry out directly at the Bank or in related companies (namely companies in a control or group relation with BCP) or in corporate bodies to which they have been appointed by indication or in representation of the Bank, the net value of the remunerations received annually for such duties by each Member of the Executive Committee will be deducted from their respective Annual Fixed Remuneration. It is the obligation and responsibility of each Executive Member of the Board of Directors to inform the Bank of any additional compensation they may have received, for the purposes of complying with the procedure established above."

According to the Remuneration Model of the Board of Directors, approved in May 30 2018 by the General Meeting of Shareholders, the variable remuneration, regardless of having already been paid and whether acquired rights have already been established, or not, is subject to reduction or reversion legal mechanisms whenever it is proven that the executive director participated in or was responsible for an action that resulted into significant losses for the Bank or ceased to comply with the adequacy and good repute criteria.

70. Information on how remuneration is structured so as to enable the aligning of the interests of the members of the board of directors with the company's long-term interests and how it is based on the performance assessment and how it discourages excessive risk taking

In 2018, the remuneration effectively paid is the one indicated in item 77 and no variable remuneration was attributed. Therefore, items 70 to 75 do not apply to Banco Comercial Português in the financial year to which this Report relates to.

71. to 75. Not applicable

76. Key characteristics of the supplementary pensions or early retirement schemes for directors and state date when said schemes were approved at the general meeting, on an individual basis.

The arrangement for retirement due to old age or invalidity of members of the Executive Committee is defined in article 17 of the Articles of Association, transcribed below, and in the document approved at the General Meeting held on 30 May 2018.

"1. The directors shall benefit from the social security regime applicable in each case.

2. The directors are also entitled to a supplement to the retirement or disability pensions and the Bank may enter into insurance contracts in favour of such directors.

3. At the beginning of each term of office and by agreement with each director, the insurance policy may be replaced by contributions to a pension fund of defined contributions.

4. The amount of the contributions of the Bank, within the scope of the two previous paragraphs, shall be established on a yearly basis by the Remuneration and Welfare Board.

5. The Bank shall not bear any additional expenses with the retirement and disability pensions after the termination of each director's functions.

6. The right to the supplement shall only become effective if the beneficiary retires due to old age or disability, under the terms of the applicable social security regime.

7. At the time of the retirement, the beneficiary may choose to redeem the capital.

8. In case of death before retirement, the right to receive the accrued capital shall remain effective pursuant to the applicable provisions established by the contract or by law."

No additional benefit is foreseen for directors in the event of early retirement.

An alteration to the Retirement Regulations for Executive Directors of the Bank contemplated the approval the approval for the attribution of an extraordinary contribution for the purposes of retirement supplement of the members of the Executive Committee. Thus, in the 2018 financial year the following retirements were paid:

Members of the Executive Committee (EC)	Beginning of functions	End of functions	Retirement Supplement (€)	Retirement Supplement - Extraordinary Contribution (€)	Total Retirement Supplements (€)	Income Tax withheld from Retirement Supplements (€)	Amount transferred to the Pension Fund (€)
Nuno Manuel da Silva Amado		24/07/2018	77,308.85	873,415.00	950,723.85	430,673.00	520,050.85
Miguel Maya Dias Pinheiro			117,433.31	698,732.00	816,165.31	368,090.00	448,075.31
Miguel de Campos Pereira de Bragança			103,999.98	698,732.00	802,731.98	337,135.00	465,596.98
João Nuno Oliveira Jorge Palma			103,999.98	203,797.00	307,796.98	136,657.00	171,139.98
José Jacinto Iglésias Soares		24/07/2018	56,309.59	611,390.00	667,699.59	295,122.00	372,577.59
José Miguel Bensliman Schorcht da Silva Pessanha			91,000.00	611,390.00	702,390.00	318,177.00	384,213.00
Maria da Conceição Mota Soares Oliveira Callé Lucas		24/07/2018	55,775.34	611,390.00	667,165.34	301,671.00	365,494.34
Maria José Henriques Barreto de Matos de Campos	24/07/2018		40,598.64	0.00	40,598.64	18,308.00	22,290.64
Rui Manuel da Silva Teixeira			91,000.00	611,390.00	702,390.00	318,177.00	384,213.00
			737,425.69	4,920,236.00	5,657,661.69	2,524,010.00	3,133,651.69

The Retirement Regulations of the Executive Directors is available on the Bank's website at:

<https://ind.millenniumbcp.pt/en/Institucional/governacao/>

IV. Disclosure of remunerations

77. Details on the amount relating to the annual remuneration paid as a whole and individually to members of the company's board of directors, including fixed and variable remuneration and as regards the latter, reference to the different components that gave rise to same

In the financial year covered by this report no variable remuneration was paid and the annual value of the remuneration earned, in an aggregated and individual form, by the members of the Company's management bodies is presented in the following table:

MEMBERS OF THE BOARD OF DIRECTORS AND OF THE EXECUTIVE COMMITTEE WITHIN THE SCOPE OF THE TERM-OF-OFFICE 2018/2021

Executive Members of the Board of Directors (Within the scope of the term-of-office 2018/2021)	A	B	A+B	Income tax withheld (€)	Positions and/or Commissions				
	Paid Directly by BCP (€)	Paid Through Other Companies (€)	Remuneration of the Directors set by the RWB (€)		Board of Directors	Audit Committee	Committee for Corporate Governance, Ethics and Professional Conduct	Committee for Nominations and Remunerations	Committee for Risk Assessment
Nuno Manuel da Silva Amado	294,698.62	6,218.05	300,916.67	133,497.00	Chairperson				
Jorge Manuel Baptista Magalhães Correia	47,972.24	0.00	47,972.24	18,611.00	Vice-Chairperson				Chairperson
Valter Rui Dias de Barros	58,875.00	0.00	58,875.00	19,550.00	Vice-Chairperson	Member	Member		
Ana Paula Alcobia Gray	54,513.90	0.00	54,513.90	18,837.00	Director				Member
Cidália Maria Mota Lopes	93,986.11	0.00	93,986.11	35,271.00	Director	Interim Chairwoman			
José Manuel Alves Elias da Costa	63,236.09	0.00	63,236.09	21,880.00	Director		Member	Chairperson	Member
Julia Gu	43,611.09	0.00	43,611.09	10,901.00	Director				
Ungjiang Xu	82,708.37	0.00	82,708.37	31,154.00	Director		Chairperson	Member	
Teófilo Cesar Ferreira da Fonseca	67,597.24	0.00	67,597.24	27,353.00	Director			Member	Chairperson
Wan Sin Long	54,513.90	0.00	54,513.90	13,627.00	Director	Member			Member
	861,712.56	6,218.05	867,930.61	330,681.00					

Members of the Executive Committee (EC) (Within the scope of the term-of-office 2018/2021)	A	B	A+B	Income tax withheld (€)	Positions and/or Commissions	
	Paid Directly by BCP (€)	Paid Through Other Companies (€)	Remuneration of the Directors set by the RWB (€)		Board of Directors	Executive Committee
Miguel Maya Dias Pinheiro	567,281.45	19,885.23	587,166.68	255,835.00	Vice-Chairperson	Chairperson
Miguel de Campos Pereira de Bragança	490,545.39	29,454.65	520,000.04	206,034.00	Director	Director Vice-Chairperson
João Nuno de Oliveira Jorge Palma	520,000.04	0.00	520,000.04	230,877.00	Director	Director Vice-Chairperson
Rui Manuel da Silva Teixeira	448,354.21	6,645.79	455,000.00	203,106.00	Director	Executive Director
José Miguel Bensliman Schorcht da Silva Pessanha	440,223.49	14,776.51	455,000.00	199,422.00	Director	Executive Director
Maria José Henriques Barreto de Matos de Campos	202,993.21	0.00	202,993.21	91,546.00	Director	Executive Director
	2,669,397.79	70,762.18	2,740,159.97	1,186,820.00		

MEMBERS OF THE BOARD OF DIRECTORS AND OF THE EXECUTIVE COMMITTEE UNTIL THE DEFINITIVE END OF THE TERM-OF-OFFICE 2015/2017

Members of the Board of Directors (Until the effective end of the term-of-office 2015/2017)	A	B	A+B	Income tax withheld (€)	Positions and/or Commissions			
	Paid Directly by BCP (€)	Paid Through Other Companies (€)	Remuneration of the Directors set by the RWB (€)		Board of Directors	Audit Committee	Committee for Corporate Governance, Ethics and Professional Conduct	Committee for Nominations and Remunerations
António Vitor Martins Monteiro	105,000.00	0.00	105,000.00	43,575.00	Chairperson		Chairperson	
Carlos José da Silva	0.00	0.00	0.00	0.00	Vice-Chairperson			Chairperson
Álvaro Roque de Pinho de Bissala Barreto	35,000.00	0.00	35,000.00	12,250.00	Director			Member
André Magalhães Luis Gomes	29,166.69	0.00	29,166.69	8,778.00	Director		Member	Member
António Henriques de Pinho Cardão	29,166.69	0.00	29,166.69	11,228.00	Director			Member
António Luis Guerra Nunes Mexia	0.00	0.00	0.00	0.00	Director		Member	
Jaime de Macedo Santos Bastos	40,833.31	0.00	40,833.31	14,084.00	Director	Member		
João Manuel de Matos Loureiro	78,750.00	0.00	78,750.00	32,676.00	Director	Chairperson		
Raquel Rute da Costa David Vunge	29,166.69	0.00	29,166.69	7,287.00	Director		Member	
	347,083.38	0.00	347,083.38	129,878.00				

Members of the Executive Committee (EC) (Until the effective end of the term-of-office 2015/2017)	A	B	A+B	Income tax withheld (€)	Positions and/or Commissions	
	Paid Directly by BCP (€)	Paid Through Other Companies (€)	Remuneration of the Directors set by the RWB (€)		Board of Directors	Executive Committee
Nuno Manuel da Silva Amado	372,096.43	14,447.92	386,544.35	168,560.00	Vice-Chairperson	Chairperson
José Jacinto Iglésias Soares	314,047.95	0.00	314,047.95	137,638.00	Director	Executive Director
Maria da Conceição Mota Soares Oliveira Callé Luca	278,876.71	0.00	278,876.71	125,804.00	Director	Executive Director
	965,021.09	14,447.92	979,469.01	432,002.00		

78. Any amounts paid, for any reason whatsoever, by other companies in a control or group relationship, or are subject to a common control.

In view of the provisions in the remuneration policy for members of the Board of Directors transcribed above in item 69, which establish that the net value of the remunerations earned annually by each Executive Director, working under an exclusivity regime, on account of duties performed in companies or governing bodies to which they have been appointed through indication or in representation of the Bank, shall be deducted from the values of the respective annual fixed remuneration, see the table above of item 77 which quantifies these deductions.

79. Remuneration paid in the form of profit sharing and/or bonus payments and the reasons for said bonuses or profit sharing being awarded.

During the financial year to which this Report refers, no remuneration in the form of profit-sharing and/or bonuses was paid.

80. Compensation paid or owed to former executive directors concerning contract termination during the financial year.

During the financial year to which this Report refers, no indemnity was paid or owed to former directors relative to their termination of office during the year.

81. Details of the annual remuneration paid, as a whole and individually, to the members of the company's supervisory board for the purposes of Law No. 28/2009 of 19 June

See the table of item 77.

82. Details of the remuneration in said year of the Chairman of the Presiding Board to the General Meeting

In defining the remuneration of the elected members of the Board of the General Meeting, the Remuneration and Welfare Board took into consideration, for the term of office that began in May 2017, the amounts paid for this position by the major listed companies based in Portugal and similar in size to BCP, having established the annual remuneration of the Chairperson of the Board of the General Meeting at 42,000 Euros.

V. Agreements with remunerative implications

83. The envisaged contractual restraints for compensation payable for the unfair dismissal of directors and the relevance thereof to the remunerations' variable component.

This issue is ruled by the provisos of article 403 (5) of the Companies Code. herein transcribed: "If a dismissal is not grounded on a fair cause, the director will be entitled to a compensation for damages, in accordance with the agreement established with him/her or as generally permitted by law. That compensation cannot exceed the amount of remunerations he/she would presumably receive until the end of the period of time for which he/she was elected."

Apart from those herein mentioned, no contractual conditions or limitations have been established for compensation payable for dismissal without fair cause.

84. Reference to the existence and description, with details of the sums involved, of agreements between the company and members of the board of directors and managers, pursuant to Article 248-B/3 of the Securities Code that envisages compensation in the event of resignation or unfair dismissal or termination of employment following a takeover bid. (Article 245 -A/1/I) (article 245 -A/1/I))

There are no agreements between the Company and members of the management board, directors, pursuant to number 3 of article 248-B of the Securities Code, or any other employee who reports directly to the management which establish indemnities in the event of resignation, dismissal without fair cause or termination of employment relations following a change in the control of the company, exception made those determined by the general applicable law.

VI. Plans for the attribution of shares or stock options

85. Details of the plan and the number of persons included therein

Regarding the issues addressed in items 85 to 88, currently there are no plans with these features; hence, this chapter VI is not applicable to the Bank.

86. to 88. Not applicable

E. Transactions with related parties

I. Control mechanisms and procedures

89. Mechanisms implemented by the Company for the purpose of controlling transactions with related parties

The members of the governing bodies as well as the holders of qualifying stakes and entities related to them are identified and marked with special alerts in the Bank's computer records.

The internal rules on granting credit foresees specific procedures for the progression of their proposal to the competent entities, in particular, their approval by the Board of Directors and the issue of a prior opinion of the Audit Committee pursuant to an opinion issued by the Audit Division relative to the compliance of the proposed transactions with the internal rules, legal and regulatory provisions, and all other applicable conditions.

Proposals relative to this particular group are submitted to the Audit Committee by the Executive Committee, which, in turn, receives the proposals from the Credit Commission.

This Commission's functions are to assess and decide on credit granting to Customers of Banco Comercial Português, in accordance with the competences established by an internal regulation (Service Order on Credit Granting, Monitoring and Recovery). Moreover, this commission also issues advisory opinions on credit proposals from Group subsidiary companies abroad.

The Credit Commission is composed of the totality of the members of the Executive Committee and may function with a minimum of three directors. One of them shall be responsible for the proponent area. Apart from these, the Risk Officer, the Compliance Officer, the Company's Secretary Office, the Heads of the proponent areas, the 'Level 3' managers, the subsidiary entities' Credit Commission members (whenever there are proposals originated in those entities) and the Heads of commercial areas are also part of the Credit Commission. The Heads of the following Divisions are also members of this Commission: Credit, Specialised Monitoring, Legal Advisory and Litigation, Investment Banking, Real Estate Business, Rating, Specialised Recovery and Retail Recovery.

The Director, responsible for Risk, the Risk Officer, the Compliance Officer and the Head of Internal Audit do not have the right to vote, but may exercise the right to veto.

90. Details of transactions that were subject to control in the referred year.

In 2018, the Audit Division and Audit Committee of the Board of Directors controlled proposed operations of credit and contracting of products or services relative to members of the management and supervisory bodies and shareholders with stakes greater than 2% of the Banks' share capital and entities related to them, of a total value of approximately 5,208 million Euros. The indicated amount includes extensions and reviews of limits.

91. A description of the procedures and criteria applicable to the supervisory body when same provides preliminary assessment of the business deals to be carried out between the company and the holders of qualifying holdings or entity-relationships with the former, as envisaged in Article 20 of the Securities Code.

Any business to be conducted between the Company and owners of qualifying holdings or entities which are in any relationship with them, are the object of appraisal and exclusive deliberation by the Board of Directors, supported by analyses and technical opinions issued by the Audit Committee, which in turn take into account approvals given by the Credit Division, in the case of credit operations, or by the Procurement Division and/or other areas involved in the contract, in the case of contracts for the supply of products and services. All the operations, regardless of their respective amount, and according to item 10 above, require a prior opinion issued by the Audit Division in relation to the legal and regulatory compliance of the proposed operations.

II. Elements relative to business

92. Details of the place where the financial statements including information on business dealings with related parties are available, in accordance with IAS 24, or alternatively a copy of said data

On this issue, see the information provided in the Annual Report for 2018, in appraisal 52 of the Notes to the Consolidated Financial Statements.