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Banco Comercial Português, S.A. informs about approval of rights offering

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PRIVILEGED INFORMATION

BCP ANNOUNCES A C. 1.33 BILLION CAPITAL INCREASE

Banco Comercial Português, S.A. (“Millennium bcp”, “BCP” or “Bank”) hereby announces, in the applicable legal terms and with the applicable legal effects and pursuant to the authorisation set out in Article 5 of BCP’s by-laws, as renewed at the General Meeting of Shareholders of 21 April 2016, that the Board of Directors of BCP has resolved today, with the favourable prior opinion of the Audit Committee, to increase the share capital of BCP, from €4,268,817,689.20 to €5,600,738,053.72, through an offering to existing holders of BCP’s ordinary shares pursuant to their respective pre-emption rights, and other investors who acquire subscription rights, to subscribe for 14,169,365,580 new ordinary, book entry and registered shares, without nominal value (the “**Rights Offering**”). Assuming successful completion of the Rights Offering, the resulting number of ordinary shares of BCP will be 15,113,989,952.

The subscription price was set at €0.0940 per share. The subscription price represents a discount of approximately 38.6% to the theoretical ex-rights price based on the closing price of BCP shares on Euronext Lisbon on 9 January 2016.

Each holder of BCP’s ordinary shares will receive one subscription right for each ordinary share it owns.

BCP intends to commence the Rights Offering as soon as practicable after receiving approval from the Portuguese Securities and Exchange Commission (CMVM) and publishing of a notice for the exercise of subscription rights and a prospectus, in accordance with applicable law.

Further to the subscription by Chiado (Luxembourg) S.à r.l. (“**Chiado**”), a member of the Fosun group, of the reserved capital increase completed on 18 November 2016 (the “**Reserved Capital Increase**”) through which Chiado holds a shareholding of approximately 16.67% of the total share capital of BCP, Chiado presented an irrevocable anticipated subscription order of an amount of shares that, if satisfied in full, will increase its holding in

BCP's share capital to 30% after the Rights Offering, to be achieved through the exercise of the subscription rights corresponding to the number of shares presently held by it and, in addition, an oversubscription order and/or the potential exercise of further subscription rights that may be acquired by Chiado. This order may not be withdrawn except under certain circumstances where material adverse changes have occurred, as long as the same circumstances have led to the termination of the Underwriting Agreement referred to below by the Joint Global Coordinators.

Under the terms of the subscription order, Chiado has committed to (i) a lock-up period related to the sale of shares subscribed by it through its proportional subscription rights corresponding to the number of shares acquired as part of the Reserved Capital Increase, for a period of three years starting from 18 November 2016 and (ii) taking all reasonably appropriate actions to avoid the sale or transfer, within 30 days of closing of the Offering, of any of the shares obtained by Chiado in the Rights Offering. For the avoidance of doubt, this limitation does not prohibit Chiado from pledging the shares subscribed by it. More information on the Reserved Capital Increase and the terms of the memorandum of understanding entered between BCP and Fosun on 18 November 2016 can be found on BCP's press release dated 20 November 2016, available at www.cmvm.pt).

BCP was informed that, in the context of the change to the voting cap provided in the articles of association of BCP to 30%, Sonangol has requested and obtained authorisation from the ECB to increase its stake in the share capital of BCP to up to *circa* 30%, but BCP has no information regarding Sonangol's decision with reference to the Rights Offering, notably as to the exercise, sale and/or purchase of subscription rights.

In connection with the Rights Offering, BCP has entered into an underwriting agreement with a syndicate of banks, pursuant to which the banks have agreed, severally and not jointly, and subject to certain conditions, to procure subscribers for, or failing which to subscribe for, any remaining offered shares in the Rights Offering, but excluding the shares to be subscribed by Chiado under its irrevocable anticipated subscription order (the "**Underwriting Agreement**"). The Underwriting Agreement is subject to standard terms and conditions for transactions of this nature and certain specific conditions linked to the structure of the Rights Offering. The Underwriting Agreement may also be terminated in certain circumstances in case of a default by one or more underwriters of their obligations to subscribe for ordinary shares offered in the Offering.

Goldman Sachs International and J.P. Morgan Securities plc are acting as Joint Global Coordinators and Joint Bookrunners. Credit Suisse Securities (Europe) Limited, Mediobanca-Banca di Credito Finanziario S.p.A. and Merrill Lynch International are acting as Joint Bookrunners.

BCP intends to use the proceeds from the capital increase to repay hybrid capital instruments held by the Portuguese State (the "**GSIs**") in full shortly after completion of the Rights Offering (currently outstanding in the amount of €700,000,000, following the repayment of €50,000,000 on 30 December 2016) and to strengthen BCP's balance sheet. For this purpose,

the Bank has received the ECB's and the Bank of Portugal's authorization to fully repay the remaining GSIs, subject to the successful completion of this Rights Offering.

BCP's fully implemented common equity tier I ratio would stand at 11.4% as of 30 September 2016¹, considering the result of the Rights Offering and the full repayment of the GSIs.

The Board of Directors also reaffirmed BCP's strategic plan, now based on a higher capital base, highlighting the following targets in or at the end of 2018:

- CET1 (phased in) and CET1 (fully implemented) ratios of approximately 11%;
- Credit ratio over deposits lower than 100%;
- Cost-to-core income ratio² lower than 50%;
- Cost-to-income ratio³ lower than 43%;
- Cost of risk lower⁴ than 75 basis points; and
- ROE⁵ of approximately 10% (revised from a target of greater than 11%, which did not take into account adjustments based on the capital increase completed on 18 November 2016 and this Rights Offering).

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¹ Excluding positive indirect impacts from lower deductions of stakes above 10% and from deferred tax assets.

² Operating costs divided by the sum of net interest income and net fees and commissions.

³ Operating costs divided by net operating revenues.

⁴ Ratio of impairment charges (net of recoveries) accounted to customer loans (gross).

⁵ Net income (including the minority interests) divided by the average attributable equity, deducted from preference shares and other capital instruments.

defined under the Prospectus Directive; (b) To fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive); or (c) In any other circumstances not requiring Millennium bcp to publish a prospectus as provided under Article 3(2) of the Prospectus Directive. For the purposes of this paragraph, the expression an “offer to the public of Securities” in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase any securities, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression “Prospectus Directive” means Directive 2003/71/EC (and the amendments thereto, including 2010 PD Amending Directive (Directive 2010/73/EU), to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State. In the United Kingdom, this communication is directed solely at persons who (i) have professional experience in matters relating to investments and who fall within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”), or (ii) are high net worth entities, and other persons to whom such communication may otherwise lawfully be made falling within Article 49(2)(A) to (D) of the Order (all such persons together being referred to as “Relevant Persons”). This communication must not be acted on or relied on by persons who are not Relevant Persons. Any investment or investment activity to which this communication relates is available only to Relevant Persons and will be engaged in only with Relevant Persons. Persons distributing this communication must satisfy themselves that it is lawful to do so. Any failure to comply with the above restrictions may constitute a violation of applicable securities law. The distribution of this document in other jurisdictions may be restricted by law and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. The matters discussed in this document may include forward-looking statements that are subject to risks and uncertainties, including statements with respect to the Rights Offering and its expected launch and completion, the use of proceeds of the Rights Offering, including the repayment of GSIs and balance sheet strengthening, and 2018 financial targets. By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future and may cause the actual results, performance or achievements of Millennium bcp to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Many of these risks and uncertainties relate to factors that are beyond Millennium bcp’s ability to control or estimate precisely, such as future market conditions, currency fluctuations, the behaviour of other market participants, the actions of regulators and other factors such as Millennium bcp’s ability to continue to obtain financing to meet its liquidity needs, changes in the political, social and regulatory framework in which Millennium bcp operates or in economic or technological trends or conditions, including inflation and consumer confidence and other risk factors identified in the prospectus and offering circular (together with any amendments or supplements thereto) prepared in connection with the proposed offering. Even if Millennium bcp’s financial condition, business strategy, plans and objectives of management for future operations are consistent with the forward looking statements contained in this announcement, those results or developments, as well as Millennium bcp’s past performance, may not be indicative of results or developments in future periods. Millennium bcp, Goldman Sachs International, J.P. Morgan Securities plc, Credit Suisse Securities (Europe) Limited, Mediobanca–Banca di Credito Finanziario S.p.A. and Merrill Lynch International expressly disclaim any obligation or undertaking to release any updates or revisions to these forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law. The information contained in this communication does not constitute or form any part of, and should not be construed as, any offer, invitation or recommendation to purchase, sell or subscribe for any securities in any jurisdiction and neither the issue of the information nor anything contained herein shall form the basis of or be relied upon in connection with, or act as any inducement to enter into, any investment activity.

End of announcement

Banco Comercial Português, S.A.