ANNUAL REPORT 2013

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Statement pursuant to article 8 of CMVM Regulation number 5/2008 of the:

ANNUAL REPORT FOR 2013

BANCO COMERCIAL PORTUGUÊS, S.A.

Public Company
Head Office: Praça D. João I, 28, 4000-295 Porto

Share Capital of 3,500,000,000 euros
Registered at Porto Commercial Registry, under the same registration and tax identification number 501 525 882

The Annual Report 2013 is a translation of the Relatório e Contas de 2013 document delivered by Banco Comercial Português, S.A. to the Portuguese Securities and Market Commission (CMVM), in accordance with Portuguese law.

The sole purpose of the English version is to facilitate consultation of the document by English-speaking Shareholders, Investors and other Stakeholders, and, in case of any doubt or contradiction between the documents, the Portuguese version of the Relatório e Contas de 2013 prevails.

All references in this document to the application of any regulations and rules refer to the respective version currently in force.

Millennium bcp

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INFORMATION ON THE BCP GROUP

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Chairman of the Board of Directors

Nuno Amado
Chairman of the Executive Committee
Deputy Chairman of the Board of Directors

MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS AND THE CHAIRMAN OF THE EXECUTIVE COMMITTEE

2013 was marked by diverging trends which contributed to global growth that was, once again, moderate. The emerging economies, notwithstanding their higher growth rate, lost some vitality due to cyclical and structural constraints, while the developed countries were faced with budget scenarios that were generally more restrictive, using expansionary monetary policies to mitigate recessive effects.

In the euro zone, the member countries continued to show differing performance, with the countries of the "periphery" experiencing greater difficulties due to the need for fiscal consolidation and deleveraging. Despite this, the premiums of public debt contracted significantly, in a context where Ireland and, at a different level, Spain successfully concluded their financial assistance programmes and where it is expected that European integration will strengthen with the steps taken towards the implementation of the Banking Union.

Portugal continued with the adjustment imposed by the Economic and Financial Assistance Programme to correct structural imbalances, constraining the activity of economic agents and leading to a contraction of GDP of around 1.4%. However, business indicators have recovered progressively, with the stabilisation of domestic demand and the positive contribution of the export sector. Investor perception in relation to the country's risk is gradually improving as a result of the strict compliance with the programme, namely in terms of the budget consolidation, reduction of the external deficit and implementation of structural reforms that are fundamental to increasing the country's competitiveness.

In this context, the evolution of the activity of the banking sector in Portugal throughout 2013 remained strongly constrained. The squeezing of net interest income, in a scenario of historically low interest rates and reduced credit demand, as well as increased impairments, limited the generation of earnings by banking institutions. Even so, the system strengthened its solvency ratios and assured adequate liquidity levels, which are essential aspects in the current environment.

For the BCP Group, 2013 was a very important year, with relevant advances towards in the reinforcement of capital ratios above the required levels, the strengthening of the Bank's liquidity position, the drive to reverse the earnings trend and achieve higher efficiency levels in Portugal, as well as developing the core operations abroad in Poland, Angola and Mozambique, which show significant growth potential.

We have eliminated the exposure to operational risk in Greece, through the sale of the entire share capital of Millennium Bank and, subsequently, the divestment of the stake in Piraeus Bank, which had positive impacts on profitability and capital.

We negotiated and formalised the commitments agreed with the European Commission's Directorate-General for Competition (DG Comp) relative to the Bank's Restructuring Plan through 2017, the date set for the completion of the repayment of the 3 billion euros in Portuguese State support for the Bank's recapitalisation in 2012. This agreement confirmed the institution's viability without the continued support of the State, but also established demanding goals that must be achieved at specific periods, and placed restrictions on the current business model.

In order to comply with the conditions agreed with DG Comp and ensure that the institution becomes more efficient, a pre-agreement was reached in the last quarter of 2013 with the organisations representing BCP's Employees for the implementation of a series of staff cost-cutting measures. These include the possibility of a temporary lowering of wages and a reduction in the number of Employees in Portugal, to take place during 2014.

The BCP Group ended 2013 with consolidated net income of -740 million euros. The main impacts derive from the endowments for impairments and provisions, in the total amount of 1.287 billion euros, the interest payments for the State support (269 million euros), the adverse evolution of interest rates, with negative effects on net interest income, and the cost of the guarantee provided by the State for the Bank's debt issues (60 million euros). This outcome is in line with that foreseen in the Restructuring Plan, for a strategic period of strengthening the balance sheet, and reflects the economic evolution in Portugal.

The Bank recorded a high level of provisioning in 2013, though new net past due loans in Portugal declined by 53% compared with 2012. This reflects the efforts directed towards the internal reorganisation of the commercial and credit recovery areas, and confirms the objective of sustained reduction of the cost of risk, in the medium and long term.

In 2013, a significant reduction was achieved in recurrent operating costs in Portugal, worth 131 million euros (-15.1% relative to 2012), incorporating the effect of the reduction of total staff during 2012 and 2013 (from 8,982 Employees in December 2012 to 8,584 in December 2013), as well as lower administrative costs, resulted from initiatives to rationalise and restrict expenditure. This effort moved the Bank closer to achieving the objective of lowering operating costs in Portugal to values below 700 million euros by 2015 and, from the environmental perspective, has contributed to mitigating our "ecological footprint" through the optimisation of processes, equipment and resources.

The continued development of business in the core international operations is fundamental to boosting their contribution to the Group's consolidated net income. In 2013 this contribution amounted to 253 million euros (before minority interests), representing growth of approximately 7.6% relative to 2012 and reflecting the increase of operating income and control of operating costs in the different operations.

In terms of liquidity, the Bank remained focused on the deleveraging process, reducing the ratio of net loans to deposits (pursuant to the criteria of the Bank of Portugal) from 128% in December 2012 to 117% in December 2013, already below the 120% recommended for 2015. The commercial gap decreased by more than 5.4 billion euros relative to December 2012, through the combination of increased deposits and fewer loans granted, enabling the reduction of the net use of funding obtained from the European Central Bank (ECB) to 10 billion euros.

Regarding capital levels, the Bank achieved the highest value ever at the end of 2013, with a Core Tier 1 ratio of 13.8% pursuant to the criteria of the Bank of Portugal, above the 12.4% achieved in December 2012. This figure reflects not only the State support, but also the positive effect of the reduction of weighted risks, through the de-consolidation of the Greek operation and the use of advanced risk analysis models. According to the criteria established by the European Banking Authority, the Core Tier 1 ratio stood at 10.8% (12.8% if adjusted for the capital buffer for exposures to sovereign risk to the values as at 31 December 2013).

The Group's action is driven by values and principles that ensure the sustainability of the organisation and its value offer in the long term, with a view to the wellbeing of the people and communities in which it operates. In this perspective, we highlight the fundamental role played by the Millennium bcp Foundation which, with administrative autonomy and financial capacity, has continuously sought to concentrate its efforts on supporting key institutions and projects all over the country that are directed at increasing efficacy in the medium and long terms in the areas of Culture, Education and Charitable Work. On the other hand, the Bank has implemented dynamic strategies that successfully meet the challenges posed by the circumstances and Stakeholders concerning Social Responsibility, Culture, Heritage, Education, and Environment, among others.

Uncertainties will remain in 2014, both in terms of macroeconomic circumstances and in terms of the process of transferring supervision to the ECB, under the European Banking Union, which will imply a new asset quality review (AQR) and new stress tests on the solvency of European banks. Regarding capital, the new capital rules (CRD IV) and the legal framework for deferred tax assets are still pending transposition to Portuguese legislation, as was the case in Italy and Spain.

For the BCP Group, 2014 will be a year of major challenges. in line with the Restructuring Plan, we are entering in a phase of creating conditions for growth and profitability, which will necessarily imply reversing the trend of the profit and loss account and starting the repayment of the Portuguese State support.

We will continue to implement the Restructuring Plan, focusing on the simplification of the structure and processes in terms of the operation in Portugal and concentrating on the innovation of products and services. We want to continue to uphold leadership not only in business but also in efficiency, flexibility and capacity to understand and resolve Customers' problems. We will continue to work on the development and enhanced profitability of our core operations abroad, positioning our institution as an increasingly stronger reference Bank in the countries in which it operates. We will also continue to pay particular attention to capital and liquidity management.

On a final note, we would like to say a special word of acknowledgement to our Employees. The Group's performance in 2013 would not have been possible without the contribution and dedicated of all the Employees in Portugal and countries in which the Bank operates.

We count on all our Stakeholders to support the construction of a Bank that is even more solid, more profitable, more efficient and more capable of adapting to change.

Nuno Amado
Chairman of the Executive Committee
Deputy Chairman of the Board of Directors

António Monteiro
Chairman of the Board
of Directors

EXECUTIVE COMMITTEE

Rui Manuel Teixeira	Miguel Maya	Luís Pereira Coutinho	Nuno Amado	Conceição Lucas	Miguel Bragança	Iglésias Soares
	Vice-Chairman		Chairman		Vice-Chairman	

KEY INDICATORS

Million euros

	2013	2012	2011	2010	2009	Change % 13/12
BALANCE SHEET						
Total assets	**82,007**	89,744	93,482	98,547	95,550	-8.6%
Loans and advances to customers (net)(1)	**56,353**	58,415	63,046	68,604	69,463	-3.5%
Total customer funds(1)	**64,260**	63,936	60,950	62,302	60,359	0.5%
Balance sheet customer funds(1)	**52,392**	52,545	49,846	47,937	46,780	-0.3%
Customer deposits(1)	**48,595**	46,181	44,308	42,204	42,094	5.2%
Loans to customers, net/Customer deposits(2)	**116.9%**	127.7%	144.8%	163.6%	164.1%	
Loans to customers, net/Customer deposits(3)	**117.4%**	127.7%	142.9%	-	-	
Shareholders' equity and subordinated debt	**6,945**	7,671	4,973	7,153	9,108	-9.5%
PROFITABILITY						
Net operating revenues	**1,769.3**	2,101.4	2,310.7	2,902.4	2,522.3	-15.8%
Operating costs	**1,295.2**	1,321.2	1,464.9	1,543.2	1,540.3	-2.0%
Impairment and Provisions	**1,286.6**	1,319.2	1,729.7	941.1	686.5	-2.5%
Income tax						
Current	**115.7**	81.2	66.4	54.2	65.6	42.6%
Deferred	**(326.4)**	(213.3)	(495.2)	(39.8)	(19.4)	
Non-controlling interests	**93.7**	81.8	85.8	59.3	24.1	14.5%
Net income attributable to Shareholders of the Bank	**(740.5)**	(1,219.1)	(848.6)	344.5	225.2	
Return on average Shareholders' equity (ROE)	**-26.5%**	-35.4%	-22.0%	9.8%	4.6%	
Income before tax and non-controlling interests/Average equity(2)	**-24.9%**	-31.5%	-27.3%	10.6%	5.7%	
Return on average total assets (ROA)	**-0.8%**	-1.3%	-0.8%	0.4%	0.3%	
Income before tax and non-controlling interests/Average net assets(2)	**-1.0%**	-1.4%	-1.2%	0.4%	0.3%	
Net interest margin	**1.1%**	1.3%	1.7%	1.7%	1.6%	
Net operating revenues/Average net assets(2)	**2.1%**	2.3%	2.4%	3.0%	2.7%	
Cost to income(2)(4)	**66.5%**	62.6%	57.8%	54.1%	62.9%	
Cost to income – Activity in Portugal(4)	**80.9%**	68.9%	60.2%	48.0%	59.2%	
Staff costs/Net operating revenues(2)(4)	**36.8%**	35.5%	32.2%	29.0%	35.2%	
CREDIT QUALITY						
Overdue loans (>90 days)/Total loans	**7.1%**	5.8%	4.2%	3.0%	2.3%	
Doubtful loans/Total loans(2)	**9.2%**	8.1%	6.2%	4.5%	3.4%	
Doubtful loans, net/Total loans, net (2)	**3.7%**	1.9%	1.4%	1.2%	0.6%	
Credit at risk/Total loans(2)	**11.9%**	13.1%	10.1%	7.1%	6.0%	
Credit at risk, net/Total loans, net(2)	**6.6%**	7.2%	5.5%	4.0%	3.3%	
Total impairment/Overdue loans (>90 days)	**80.1%**	92.7%	115.0%	109.4%	119.0%	
Cost of risk	**137 p.b.**	157 p.b.	186 p.b.	93 p.b.	72 p.b.	
CAPITAL(5)						
Own Funds	**6,421**	6,773	5,263	6,116	7,541	
Risk Weighted Assets	**43,926**	53,271	55,455	59,564	65,769	
Core Tier I(2)	**13.8%**	12.4%	9.3%	6.7%	6.4%	
Core Tier I ratio EBA	**10.8%**	9.8%	-	-	-	
Tier I (2)	**12.9%**	11.7%	8.6%	9.2%	9.3%	
Total (2)	**14.6%**	12.7%	9.5%	10.3%	11.5%	
BCP SHARE						
Market capitalisation (ordinary shares)	**3,279**	1,478	980	2,732	3,967	121.9%
Adjusted basic and diluted earnings per share (euros)	**(0.038)**	(0.100)	(0.053)	0.035	0.023	
Market values per share (euros)(6)						
High	**0.183**	0.141	0.393	0.558	0.643	29.4%
Low	**0.077**	0.047	0.063	0.332	0.333	63.7%
Close	**0.166**	0.075	0.088	0.353	0.505	121.9%

Note: The data and indicators disclosed result from the financial statements in each year, except when referred. Following the classification of activities as discontinued operations in 2012 and in 2013, for comparative purposes, the data for 2011 was updated.

(1) Adjusted from discontinued operations: Millennium bank in Romania and Millennium bcp Gestão de Ativos (2013 to 2009); Millennium bank in Greece (2012 to 2009); Millennium bcpbank USA (2009).

(2) According to Instruction no. 16/2004 from the Bank of Portugal, as the currently existing version.

(3) Calculated in accordance with the definition from the Bank of Portugal.

(4) Excludes the impact of specific items.

(5) Capital ratios based on the IRB approach in 2013 to 2010 and in accordance with the standard approach in 2009 (detailed information in the "Capital" chapter).

(6) Market value per share adjusted from the capital increase, occurred in 2012.

	Unit.	2013	2012	2011	2010	2009	Change % 13/12
CUSTOMERS							
TOTAL OF CUSTOMERS	Thousands	**5,169**	5,523	5,384	5,163	5,008	-6.4%
Interest paid on deposits and interbank funding	Million euros	**1,148**	1,774	1,722	1,160	1,330	-35.3%
Claims registered	Number	**78,028**	81,146	74,638	75,934	101,531	-3.8%
Claims resolved	Percentage	**92.6%**	94.1%	98.5%	99.0%	100.9%	
ACESSIBILITIES							
Branches	Number	**1,518**	1,699	1,722	1,744	1,774	-10.7%
Activity in Portugal		**774**	839	885	892	911	-7.7%
International activity		**744**	860	837	852	863	-13.5%
Branches opened on Saturday		**131**	131	148	74	25	0.0%
Branches with access conditions to people with reduced mobility		**1,137**	1,031	1,015	1,142	624	10.3%
Internet	Users number	**1,352,188**	1,303,603	1,204 624	1,112,317	963,905	3.7%
Call Center	Users number	**230,046**	257,963	276,315	287,184	562,578	-10.8%
Mobile banking	Users number	**339,095**	221,475	165,636	163,645	71,109	53.1%
ATM	Number	**3,341**	3,658	3,708	3,904	3,885	-8.7%
EMPLOYEES							
PORTUGAL EMPLOYEES	Number	**8,584**	8,982	9,959	10,146	10,298	-4.4%
INTERNATIONAL EMPLOYEES(1)	Number	**10,076**	11,383	11,549	11,224	10,987	-11.5%
LABOUR INDICATORS(2)							
Breakdown by professional category	Number						
Executive Committee		**36**	34	36	42	33	5.9%
Senior Management		**165**	175	207	206	203	-5.7%
Management		**1,874**	1,981	2,013	2,019	1,900	-5.4%
Commercial		**11,013**	11,966	12,599	12,288	11,947	-8.0%
Technicians		**3,921**	4,040	4,226	4,156	3,903	-2.9%
Other		**1,711**	2,223	2,486	2,586	2,665	-23.0%
Breakdown by age	Number						
<30		**3,710**	4,335	4,998	4,992	5,250	-14.4%
[30-50[		**11,510**	12,716	13,142	13,178	12,687	-9.5%
>=50		**3,500**	3,368	3,427	3,127	2,714	3.9%
Average age	Years	**36**	36	35	35	34	1.2%
Breakdown by contract type	Number						
Permanent		**17,504**	18,906	19,709	19,531	19,291	-7.4%
Temporary		**894**	1,272	1,769	1,706	1,360	-29.7%
Trainees		**329**	241	89	60	n.a.	36.5%
Employees with working hours reduction	Number	**169**	157	184	171	142	7.6%
Recruitment rate	Percentage	**6.6%**	7.2%	10.5%	9.6%	6.0%	
Internal mobility rate	Percentage	**15.9%**	24.9%	17.7%	15.2%	25.6%	
Leaving rate	Percentage	**9.1%**	13.1%	10.2%	9.1%	10.3%	
Free association(3)	Percentage						
Employees under Collective Work Agreements		**99.7%**	99.7%	99.7%	99.9%	99.9%	
Union Syndicated Employees		**75.9%**	76.2%	76.2%	79.3%	83.4%	
Hygiene and safety at work (HSW)							
HSW visits	Number	**376**	621	655	673	462	-39.5%
Injury rate	Percentage	**0.0%**	0.0%	0.0%	0.0%	0.0%	
Death victims	Number	**0**	0	0	0	0	
Absenteeism rate	Percentage	**3.8%**	3.5%	4.3%	4.5%	3.8%	
Lowest company salary and minimum national salary	Ratio	**1.7**	1.7	1.5	1.4	1.4	-2.0%
ENVIRONMENT							
Greenhouse gas emissions	tCO_2eq	**82,639**	87,878	74,356	81,736	95,614	-6.0%
Electricity consumption(4)	MWh	**123,131**	138,932	140,085	139,411	152,145	-11.4%
Production of waste(5)	t	**1,311**	1,553	1,474	1,038	1,934	-15.6%
Water consumption	m^3	**378,728**	439,550	393,623	415,522	435,329	-13.8%
SUPPLIERS							
Time of payment and time contractually agreed, in Portugal	Ratio	**1**	1	1	1	1	0.0%
Purchase from local suppliers	Percentage	**92.6%**	90.6%	90.7%	90.5%	92.4%	
DONATIONS	Million euros	**3.2**	3.4	3.2	3.8	2.4	-6.6%

(1) Number of Employees for all operations, except Poland, which are reported full time equivalent (FTE).

(2) Employees information (not FTE) for: Portugal, Poland, Romenia, Angola, Mozambique and Switzerland.

(3) The value reflects only operations where the regimes are applicable. Collective work agreement: Portugal, Mozambique and Angola. Syndicate: Portugal, Mozambique and Angola.

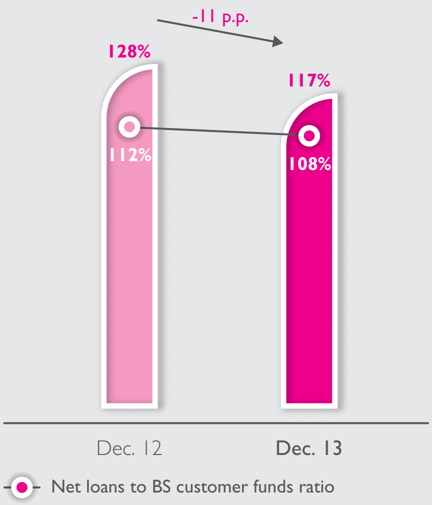
(4) Total of electricity consumption, includes the electricity consumption of central cogeneration in Portugal.

(5) Does not include Mozambique and Angola.

n.a. – Information not available.

MAIN HIGHLIGHTS

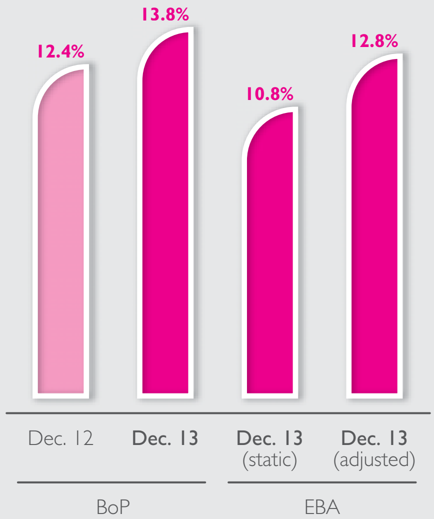
LOAN TO DEPOSIT RATIO(*)



(*) Calculated with net loans and customer deposits (according to BoP criteria)

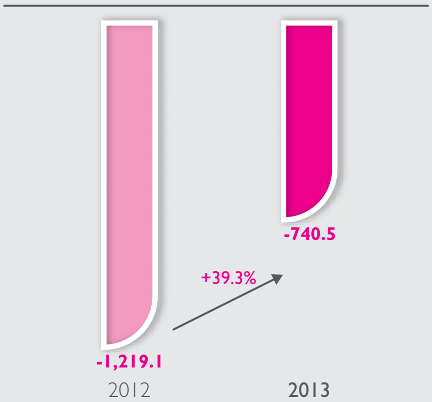
CORE TIER I

%



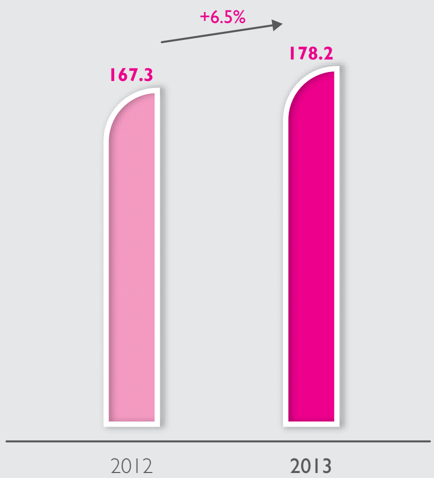
NET INCOME

Million euros



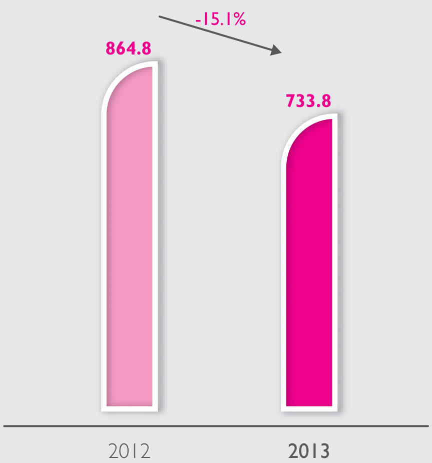
CONTRIBUTION OF THE INTERNATIONAL OPERATIONS (Excluding Greece and Romania)

Million euros



OPERATING COSTS IN PORTUGAL(*)

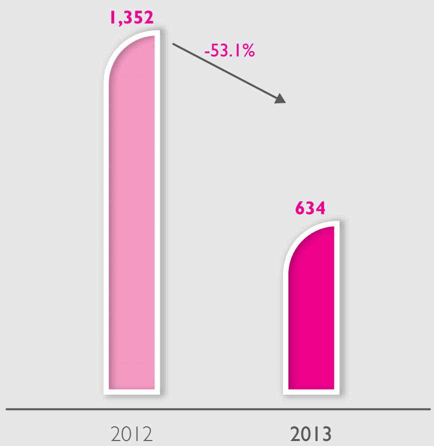
Million euros



(*) Excludes non-recurring specific items: restructuring costs (+69.3M€ in 2012 and +126.5M€ in 2013) and the impact of the legislative change related to mortality allowance (-64.0M€ in 2012 and -7.5M€ in 2013)

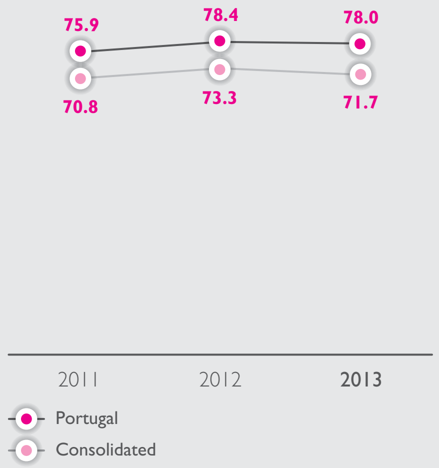
NET NEW ENTRIES IN NPL IN PORTUGAL

Million euros



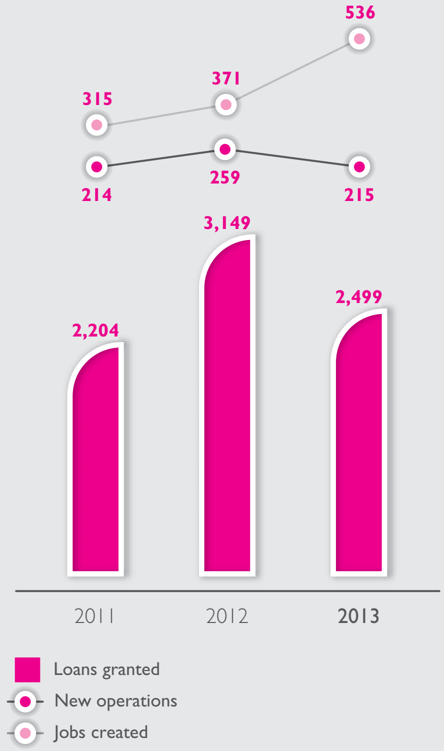
EMPOYEES SATISFACTION

Index points



MICROCREDIT ACTIVITY

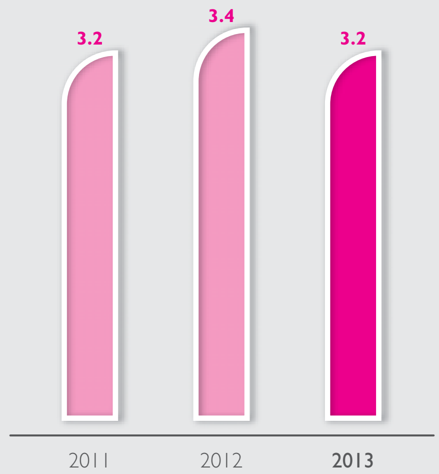
Thousand euros



The indicator – new operations – doesn't compare wit previous years, were updated criteria.

DONATIONS

Million euros



GHG EMISSIONS

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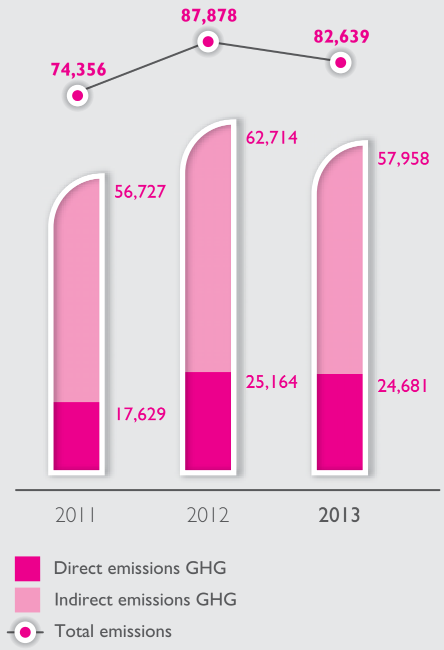
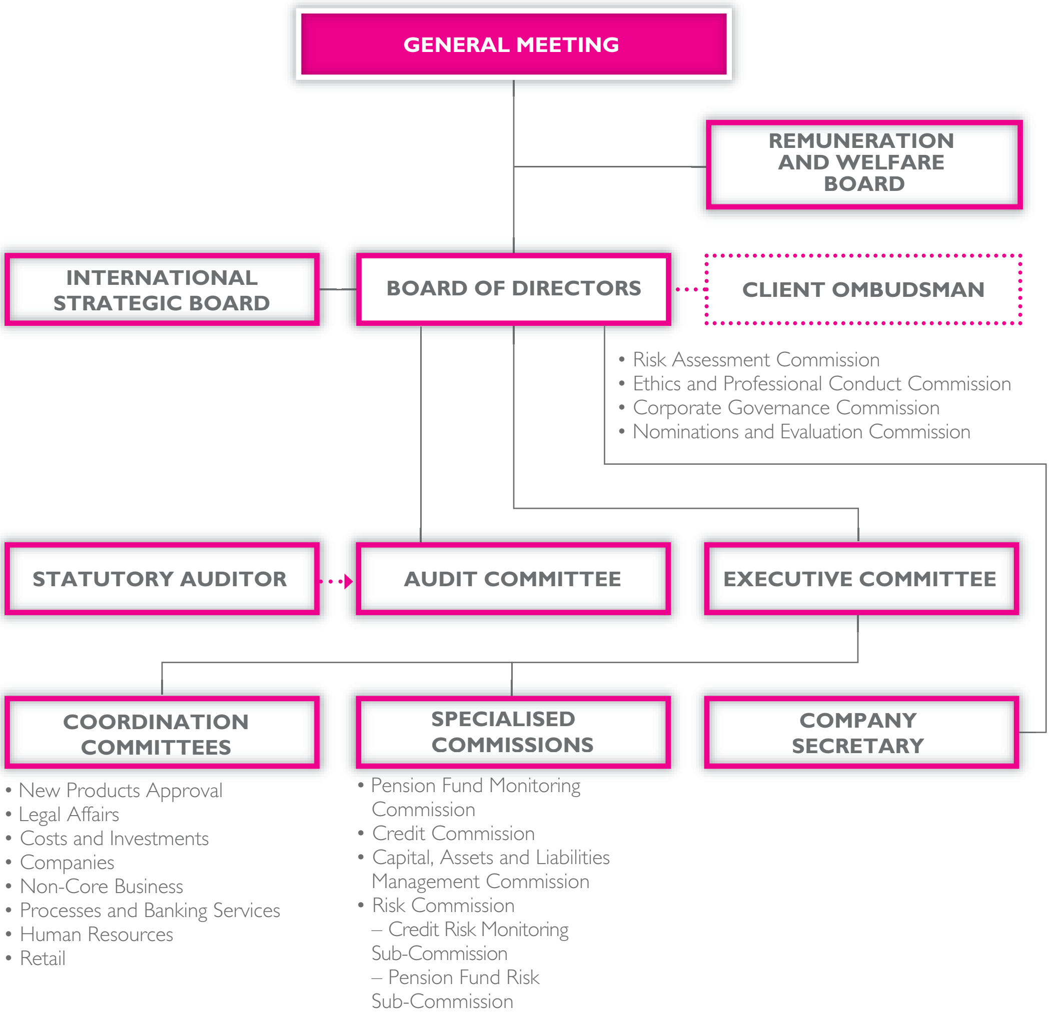


GOVERNANCE

Banco Comercial Português, S.A. adopts an one-tier management and supervisory model, composed by a Board of Directors, which includes an Executive Committee and an Audit Committee comprised of only non-executive Directors. The company also has a Remuneration and Welfare Board and an International Strategic Board.

Furthermore, the Group also uses a Statutory Auditor and an external audit firm to audit the individual and consolidated accounts of the Bank, whose appointment was deliberated at the General Meeting.

ORGANISATIONAL CHART OF THE COMPANY'S CORPORATE GOVERNANCE MODEL



The General Meeting is the highest governing body of the company, representing the entirety of the shareholders, and its deliberations are binding for all when taken under the law terms and articles of association. The General Meeting is responsible for:

- Electing and dismissing the Board, as well as the members of the management and supervisory bodies, and Remuneration and Welfare Board;
- Approving amendments to the memorandum of association;
- Deliberating on the annual management report and accounts for the year and proposed application of results;
- Deliberating on matters submitted upon request of the management and supervisory bodies;
- Deliberating on all issues entrusted to it by the law or articles of association, or included in the duties of other corporate bodies.

The Board of Directors (BD) is the governing body of the Bank, pursuant to the law and articles of association, with the most ample powers of management and representation of the company.

Under the terms of the articles of association in force, the Board of Directors is composed of a minimum of seventeen and maximum of twenty-five members with and without executive duties, elected by the General Meeting for a period of three years, who may be re-elected.

The Board of Directors in office as at 31 December 2013 was composed of twenty permanent members, with 13 non-executives, including two members appointed by the State for the period of enforcement of the public investment to strengthen the Bank's own funds, and 7 executives.

On March 1, 2012, the Board of Directors appointed an Executive Committee composed by seven of its members, in which it delegates the current management of the Bank. During 2013 the Executive Committee was assisted in its management functions by several committees and commissions which oversaw the monitoring of certain relevant matters.

The supervision of the company is assured by an Audit Committee, elected by the General Meeting, composed of a minimum of three and maximum of five members, elected together with all the other directors. The proposed lists for the Board of Directors must detail which members will be part of the Audit Committee and indicate the respective Chairman.

The Remuneration and Welfare Board is composed by three to five members, elected by the General Meeting, the majority of whom should be independent.

The Company Secretary and respective Alternate Secretary are appointed by the Bank's Board of Directors, with their duties ceasing upon the termination of the term of office of the Board that appointed them.

IDENTIFICATION AND COMPOSITION OF THE GOVERNING BODIES

	Board of Directors	Executive Committee	Audit Committee	Remuneration and Welfare Board	Board for International Strategy
António Vítor Martins Monteiro (Chairman)	•				•
Carlos José da Silva (Vice-Chairman)	•				•
Nuno Manuel da Silva Amado (Vice-Chairman and CEO)	•	•			•
Álvaro Roque de Pinho Bissaia Barreto	•				
André Luiz Gomes	•				
António Henriques de Pinho Cardão	•				
António Luís Guerra Nunes Mexia	•				
Bernardo de Sá Braamcamp Sobral Sottomayor(*)	•			•	
César Paxi Manuel João Pedro	•				
Jaime de Macedo Santos Bastos	•		•		
João Bernardo Bastos Mendes Resende	•				
João Manuel de Matos Loureiro (Chairman CAUD)	•		•		
José Guilherme Xavier de Basto	•		•		
José Jacinto Iglésias Soares	•	•			
José Rodrigues de Jesus(*)	•		•		
Luís Maria França de Castro Pereira Coutinho	•	•			
Maria da Conceição Mota Soares de Oliveira Callé Lucas	•	•			
Miguel de Campos Pereira de Bragança (Vice-Chairman of CE)	•	•			
Miguel Maya Dias Pinheiro (Vice-Chairman da CE)	•	•			
Rui Manuel da Silva Teixeira	•	•			
Baptista Muhongo Sumbe (Chairman of RWB)(**)				•	
Manuel Soares Pinto Barbosa				•	
José Manuel Archer Galvão Teles(***)				•	
José Luciano Vaz Marcos				•	
Carlos Jorge Ramalho dos Santos Ferreira (Chairman of BIS)					•
Francisco Lemos José Maria					•
Josep Oliu Creus					•

(*) Members Appointed by the State for the period of enforcement of the public investment to strengthen the Bank's own funds.

(**) Presented his renunciation to the respective position on 06 September 2013.

(***) The Remuneration and Welfare Board appointed Dr. José Manuel Archer Galvão Teles to preside until the General Meeting of Shareholders of 2014.

BCP GROUP IN 2013

OVERVIEW

Banco Comercial Português, S.A. (BCP, Millennium bcp or Bank) is the largest Portuguese private-owned bank. The Bank, with its decision centre in Portugal, meets the challenge of: "Going further beyond, doing better and serving the Customer", guiding its action by values including respect for people and institutions, focus on the Customer, a mission of excellence, trust, ethics and responsibility. It is a distinguished leader in various areas of financial business in the Portuguese market and a reference institution at an international level. The Bank holds a prominent position in Africa through its banking operations in Mozambique and Angola, and in Europe through its banking operations in Poland, Romania and Switzerland. The Bank has operated in Macau through a full branch since 2010, when a memorandum of understanding was signed with the Industrial and Commercial Bank of China aimed at strengthening cooperation between the two banks, which is extended to other countries and regions beyond Portugal and China. The Macau branch is increasingly a strategic vector of development of relations between Portugal, Europe, Angola, Mozambique and China, particularly in the areas of trade finance and investment banking. The Bank also has a presence in the Cayman Islands through BCP Bank & Trust with a type B license.

HISTORY

FOUNDATION AND ORGANIC GROWTH TO BECOME A RELEVANT PLAYER	DEVELOPMENT IN PORTUGAL THROUGH ACQUISITIONS AND PARTNERSHIPS	INTERNATIONALISATION AND CREATION OF A SINGLE BRAND	RESTRUCTURING PROCESS INVOLVING THE DIVESTURE IN NON-STRATEGIC ASSETS
• **1985:** Incorporation • **1989:** Launch of NovaRede • **Up to 1994:** Organic growth, reaching a market share of approximately 8% in loans and deposits by 1994	• **1995:** Acquisition of Banco Português do Atlântico, S.A. • **2000**: Acquisition of Banco Pinto & Sotto Mayor from CGD and incorporation of José Mello (Mello Bank and Império) • **2004:** Agreement with CGD Group and Fortis (Ageas) for the insurance business	• **1993:** Beginning of the presence in the East • **1995:** Beginning of the presence in Mozambique • **1998:** Partnership agreement with BBG (Poland) • **1999:** Set up of a greenfield operation in Greece • **2000:** Integration of the insurance operation into Eureko • **2003:** – Banque Privée incorporation – Change of Poland operation's denomination to Bank Millennium • **2006:** – Adoption of a single brand "Millennium" – BMA incorporation • **2007:** Beginning the activity in Romania • **2008:** Strategic partnership agreement with Sonangol and BPA • **2010:** Transformation of Macao branch from off-shore to on-shore	• **2005:** – Sale of Crédilar – Sale of BCM and maintenance of an off-shore branch in Macao – Divesture in the insurance activity, following the partnership agreement with Ageas for the bancassurance activity • **2006:** – Sale of the financial holding of 50.001% in Interbanco – Conclusion of the sale of 80.1% of the share capital of the Banque BCP in France and Luxembourg • **2010:** Sale of 95% of Millennium bank AS in Turkey and sale agreement for the entire branch network and the deposit basis of Millennium bcpbank in USA • **2013:** Sale of the entire share capital of Millennium Bank Greece (MBG) to Piraeus Bank – Sale of 10% of the share capital of Banque BCP in Luxembourg – Sale of the full shareholding in Piraeus Bank

COMPETITIVE POSITIONING

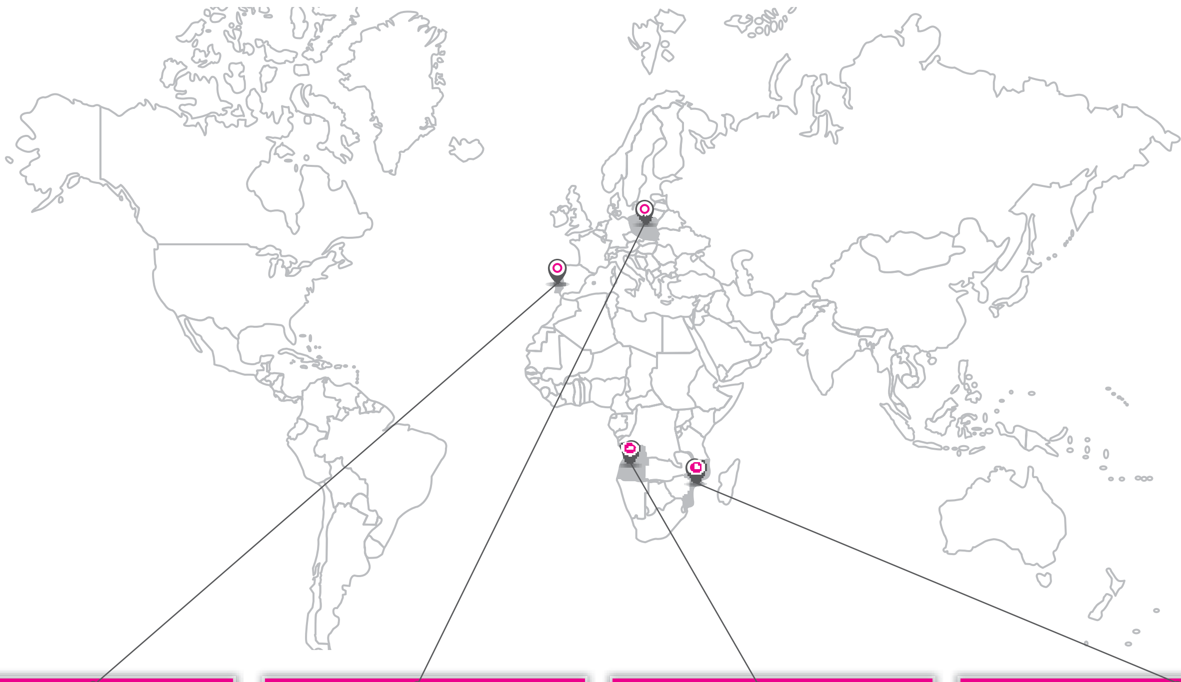
Millennium bcp is the largest Portuguese private owned banking institution, with the second largest branch network in Portugal (774) and an expanding position in the countries where it operates, especially in African affinity markets.

Allways with the imperative to listen the customers and understand and resolve their needs, the Bank offers a vast range of banking products and services, focused on Retail, where it offers universal banking services and, remote banking channels (telephone, mobile and Internet banking services), operating as distribution points.

Its mission of ensuring excellence, quality service and innovation make the Bank distinctive and differentiated from the competition. Accompanying the changes in consumer preference for digital banking, the creation of ActivoBank represents a privileged way of serving a group of urban customers who are young at heart, intensive users of new communication technologies and value simplicity, transparency, trust, innovation and accessibility in banking relations.

By the end of 2013, operations in Portugal accounted for 77% of total assets, 78% of total loans to customers (gross) and 75% of total customer funds. The Bank had over 2.3 million customers in Portugal and market shares of 19.3% and 18.6% for loans to customers and customer deposits, respectively.

Millennium bcp was also present in the five main continents of the world through its banking operations, representative offices and/or commercial protocols, serving over 5.1 million customers, at the end of 2013.



PORTUGAL

Market Share	
Loans	19.3%
Deposits	18.6%
Total Assets	62,968
Employees	8,584
Branches	774

POLAND

Market Share	
Loans	4.8%
Deposits	5.3%
Total Assets	13,698
Employees	5,881
Branches	439

ANGOLA

Market Share	
Loans	3.2%
Deposits	3.4%
Total Assets	1,651
Employees	1,075
Branches	82

MOZAMBIQUE

Market Share	
Loans	31.8%
Deposits	31.3%
Total Assets	2,125
Employees	2,476
Branches	157

Millennium bcp continues to pursue plans to expand its operations in Africa. Millennium bim, a universal bank, has been operating since 1995 in Mozambique, where it is the leading bank, with over 1.2 million customers, 31.8% of loans to customers and 31.3% of deposits. Millennium bim is a highly reputed brand in the Mozambican market, associated with innovation, significant penetration in terms of electronic banking and the exceptional capacity to attract new customers, being a reference in terms of profitability.

Banco Millennium Angola (BMA) was incorporated on April 3, 2006 via the transformation of the local branch into a bank under Angolan law. Benefiting from the strong image of the Millennium bcp brand, BMA presents distinctive characteristics such as innovation and dynamic communication, availability and convenience. In Angola the Group aspires, with the investment in progress, to become a reference player in the banking sector in the medium term. BMA also intends to become an important partner for companies in the oil sector, through the constitution of a specific corporate centre, provision of financial support to these companies and trade finance operations. The Bank had a market share of 3.2% in loans to customers and 3.4% in deposits, as at December 2013.

In Poland, Bank Millennium has a well distributed network of branches, supported on modern multi-channel infrastructure, reference service quality, high recognition of the brand, a robust capital base, comfortable liquidity and solid risk management and control. At the end of 2013, Bank Millennium had a market share of 4.8% in loans to customers and 5.3% in deposits.

In Romania, the Group is present through a Greenfield operation launched in October 2007. Millennium Bank is a bank of national scope providing a wide range of innovative financial products to individuals and companies, supported by a network of 65 branches and 6 corporate centres. In accordance with the commitment undertaken with the Directorate-General for Competition of the European Commission (DGComp) regarding the Bank's restructuring plan, the operation in Romania will be divested in the medium term.

The Group also has an operation in Switzerland since 2003, corresponding to a private banking platform offering personalised quality services to the Group's high net worth customers, comprising asset management solutions based on rigorous research and profound knowledge of financial markets, underpinned by a robust commitment to risk management and an efficient IT platform.

The Group has also been present in Asia since 1993, but it was only in 2010 that the activity of the existing branch in Macau was expanded, through the attribution of a full license (onshore) aimed at establishing an international platform for business operations between Europe, China and Portuguese-speaking Africa.

The Bank also has 11 representative offices (1 in the United Kingdom, 2 in Germany, 3 in Switzerland, 2 in Brazil, 1 in Venezuela, 1 in China and 1 in South Africa), 5 commercial protocols (Canada, USA, Spain, France and Luxembourg) and 1 commercial promoter (Australia).

MILLENNIUM NETWORK

DISTRIBUTION NETWORK

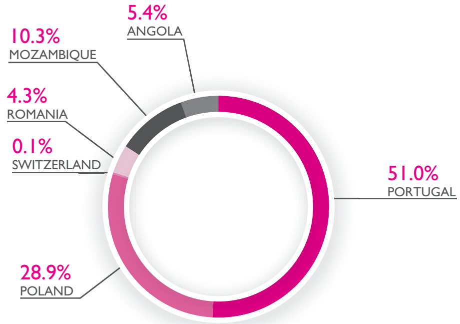
NUMBER OF BRANCHES

	2013	2012	2011	Change % 13/12
TOTAL IN PORTUGAL	774(*)	839	885	-7,7%
Poland	439	447	451	-1.8%
Switzerland	1	1	1	0.0%
Romania	65	65	66	-0.0%
Mozambique	157	151	138	4.0%
Angola	82	76	61	7.9%
TOTAL OF INTERNATIONAL OPERATIONS	744	740	717	0.5%
TOTAL	1,518	1,579	1,602	-3.9%

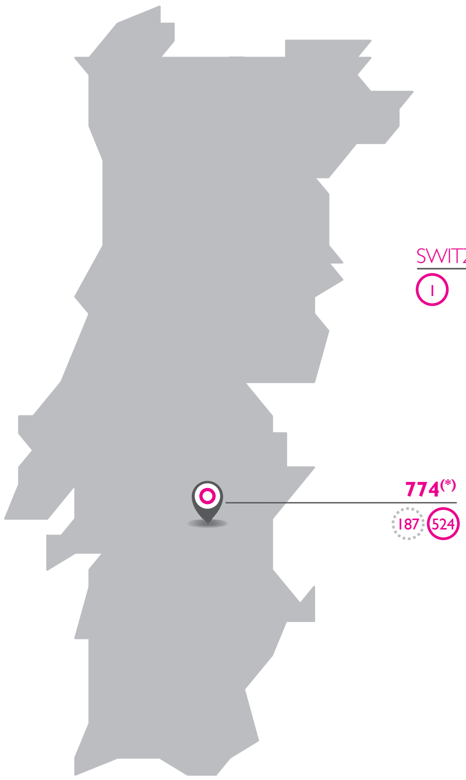
(*) Includes Macao branch.

1,518 MILLENNIUM BRANCHES

BRANCHES BREAKDOWN



PORTUGAL



TOTAL OF BRANCHES

BRANCHES OPENED ON SATURDAY

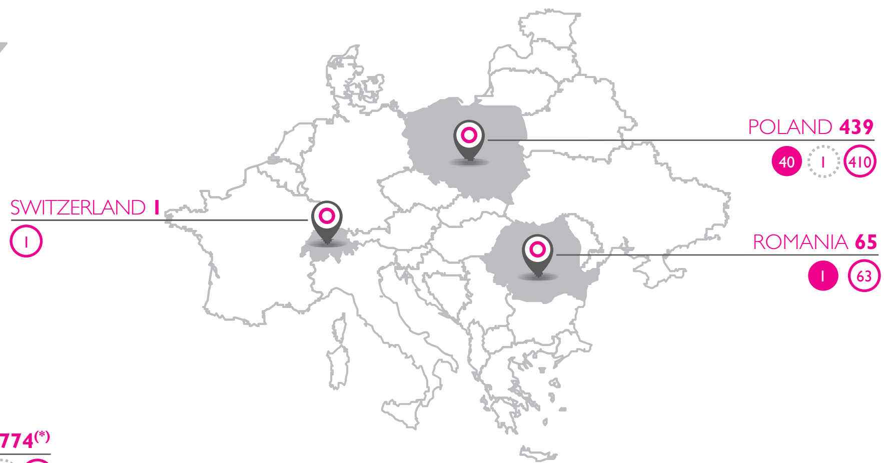
BRANCHES WITH DIFFERENTIATED SCHEDULE

BRANCHES WITH ACCESS CONDITIONS TO PEOPLE WITH REDUCED MOBILITY

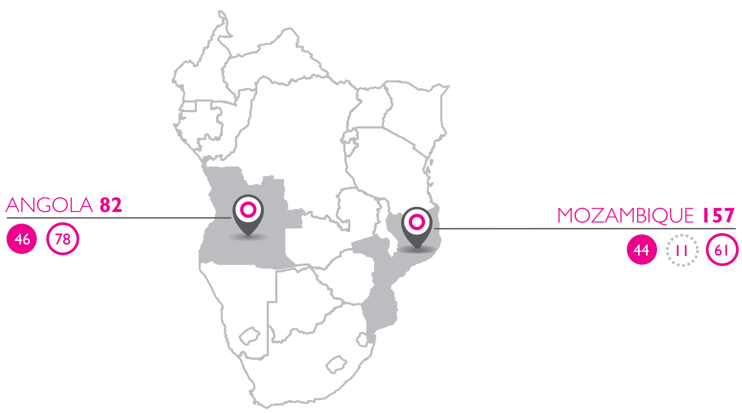
(*) Includes Macao branch.

INTERNATIONAL

POLAND, SWITZERLAND AND ROMANIA



ANGOLA AND MOZAMBIQUE

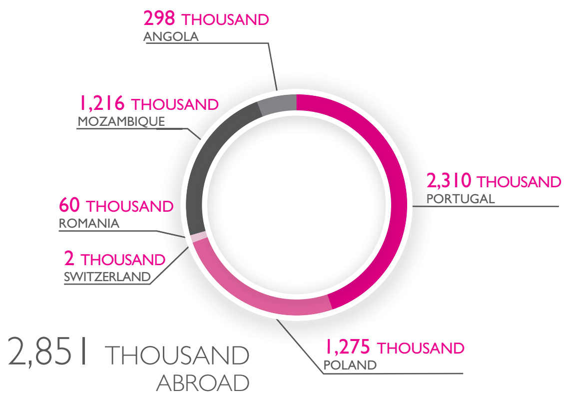


REMOTE CHANNELS AND SELF-BANKING

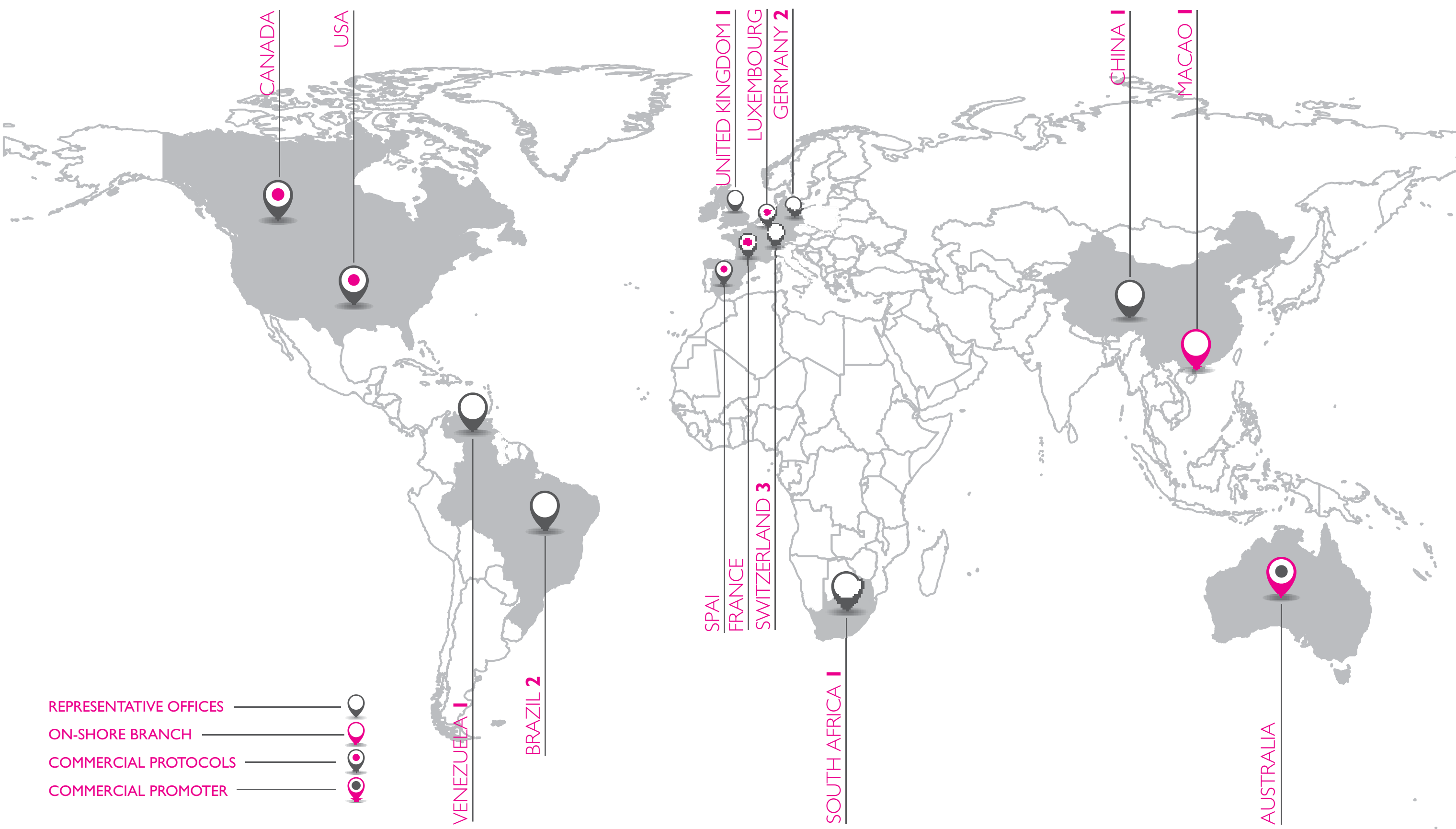
5,161 MILLION CUSTOMERS

	Internet	Call Centre	Mobile Banking	ATM (*)	POS (**)
TOTAL EM PORTUGAL	536,360	95,181	72,525	2,190	34,194
Poland	772,391	31,500	79,062	555	-
Switzerland	354	-	-	-	-
Romania	20,794	1,713	2,508	67	788
Mozambique	20,230	101,652	185,000	415	5,004
Angola	2,059	-	-	114	1,215
TOTAL OF INTERNATIONAL OPERATIONS	815,828	134,865	266,570	1,151	7,007
TOTAL	1,352,188	230,046	339,095	3,341	41,201

Note: in Portugal, there are considered Customers/active users those who used Internet, call centre or mobile banking at least once in the last 90 days.
(*) Automated Teller Machines.
(**) Point of Sales.



REPRESENTATIVE OFFICES, BRANCHES, COMMERCIAL PROTOCOLS AND COMMERCIAL PROMOTER



BUSINESS MODEL

NATURE OF THE OPERATIONS AND MAIN ACTIVITIES

The Group provides a wide variety of banking services and financial activities in Portugal and abroad, being present in the following markets: Poland, Mozambique, Angola, Switzerland and Romania. All its banking operations develop their activity under the Millennium brand. Always attentive to the challenges imposed in an increasingly more global market, the Group also ensures its presence in the five main continents of the world through representative offices and/or commercial protocols.

The Bank offers a vast range of financial products and services: current accounts, means of payment, savings and investment products, private banking, asset management and investment banking, including mortgage loans, consumer credit, commercial banking, leasing, factoring and insurance, among others. The back-office operations for the distribution network are integrated, in order to benefit from economies of scale.

In Portugal, Millennium bcp has the second largest distribution network, focused on the retail market, providing services to its customers in a segmented manner. The operations of the subsidiaries generally provide their products through the BCP distribution networks, offering a wide range of products and services, in particular asset management and insurance.

DISTINCTIVE FACTORS AND SUSTAINABILITY OF THE BUSINESS MODEL

LARGEST PRIVATE OWNED BANKING INSTITUTION

Millennium bcp is Portugal's largest private owned banking institution, with a position of leadership and particular strength in various financial products, services and market segments based on a strong and significant franchise at a national level.

The activity in the domestic market focuses on Retail Banking, which is segmented in order to best serve Customer interests, both through a value proposition based on innovation and speed aimed at Mass-market Customers, and through the innovation and personalised management of service targeting Prestige and Business Customers. The Retail Network also has a bank aimed specifically at Customers who are young in spirit, intensive users of new communication technologies and prefer a banking relationship based on simplicity, offering innovative products and services.

The Bank also offers remote banking channels (banking service by telephone and Internet), which operate as distribution points for its financial products and services. The remote channels also underlie a new concept of banking, based on the ActivoBank platform.

At the end of 2013, the Bank had the second largest banking distribution network of the country – 774 branches, serving over 2.3 million Customers, and held the position of second bank (first private owned bank) in terms of market share both for loans to customers (19.3%), and customer deposits (18.6%).

RESILIENCE AND SUSTAINABILITY OF THE BUSINESS MODEL

The widespread liquidity and credit crisis, which began in 2007, have brought new challenges to the financial system. The aggravation of the sovereign debt crisis has required additional effort from national banks in order to overcome the adversities.

Millennium bcp, in particular, has shown its strength in successfully exceeding the successive requirements on matters of capital and liquidity, enabling the launch of the bases to recover profitability in Portugal and continuous growth of operations in Poland, Mozambique and Angola.

The capacity of resilience of the business model is essentially based on the Bank's concentration on retail banking, by nature more stable and less volatile, in relation to the minor weight of the financial operations. In turn, the resilience of operating income, even in the current context of the financial crisis and, and high efficiency levels which have been strengthened progressively since 2008, are the result of a continued strategy based on cost reduction.

LEADING BANK IN INNOVATION

Since its incorporation, BCP has built a reputation based on its dynamism, innovation, competitiveness, profitability and financial strength. The Bank is a reference in various market segments in Portugal and a reference institution in the distribution of financial products and services. BCP was the first bank in Portugal to introduce various concepts and innovative products, including direct marketing methods, design of branches based on the customers' profile, wage accounts, smaller and more efficient branches ("Nova Rede"), telephone banking (through Banco 7, which subsequently became the first online platform in Portugal), health insurance (Médis) and direct insurance, and was the first Portuguese bank with a website dedicated to companies.

In view of the importance of innovation, as a distinguishing factor of excellence relative to the competition, BCP was also a pioneer in the launch of a new banking concept, supported by the ActivoBank platform, based on the simplicity of customer service, convenience, transparency and presence of emerging distribution and communication channels (e.g. Mobile Banking).

Following its mission to add value for Customers and other Stakeholders, Millennium bcp actively entered the Social Networks in May 2010, and now has tens of thousands of "followers", in particular on Facebook, whose higher number of visitors and ongoing activity support a communication strategy based on the immediacy and proximity to target groups, with disclosure of information of general interest in the context of each area of activity.

TECHNOLOGY

During 2013, the Bank continued its strategy of continuous improvement of Information Systems through the implementation of a series of innovative projects and structural initiatives, among which the following are particularly noteworthy: i) the upgrade of the commercial platform (iPAC), with a wide range of new essential features to continue the drive to strengthen the value proposition focused on the Customer; ii) the provision of a new application to support the Factoring business, which enables a more effective and efficient management of processes, improving the level and quality of the service provided to Customers and aimed at meeting growing market needs more swiftly; iii) a new Mobile application for Companies, strengthening the differentiating offer in this channel, with significant advantages for Customers, iv) the provision of a new solution supporting the entire credit recovery process (SIRC), thus ensuring total coverage of the functionalities in the different areas intervening in the process; v) a new solution to support the commercial activity of the Company and Corporate Networks (Commercial GPS); vi) the adaptation of the payments systems to SEPA requirements and also concerning risk management and vii) the upgrade of the Risk Level Attribution System (SAGR).

Regarding support for international operations, we highlight the provision of the new website for Millennium bim's Individual and Company Customers in Mozambique and the application underpinning the Factoring business provided to Banco Millennium Angola.

Under the continued drive towards cost reduction, particular note should be made of the signing of a new contract to provide IT services in outsourcing arrangements, which includes some areas of application development and support services to the Organic Units of the Bank's structure.

MILLENNIUM BRAND AND COMMUNICATION WITH CUSTOMERS

The Millennium brand is a base for the Bank's entire commercial offer and a fundamental part of its strategy with direct impact on net income, leading to the positioning of Millennium bcp in the mind of its Customers, projecting credibility, strengthening relations of trust in the Bank and creating feelings of loyalty, boosting the value of the brand.

A new evolution of the Millennium bcp brand was consolidated in 2013, with a focus on communication by segments. As a result of the awareness of the increasingly more imperative need to adjust not only the offer but also the message to the specific features and profiles of each Customer Segment at the Bank, Millennium has designed a message that is more focused on the commercial requirements and value of each segment, whether Mass Market, Prestige or Company Customers, evolving to a more personalised and relational form of communication. This re-definition of content has been accompanied by a graphic re-adjustment of the communication components, so as to enable the chromatic and visual differentiation of the type of message and receiver.

The commitment established with its Clients has continued to be one of the Bank's strategic priorities. With a constant effort to see the world through our Customers' eyes, because we aspire to meet all their needs and contribute to the fulfilment of their dreams, Millennium bcp has chosen "Focus on the Customer" as one of its strategic pillars, a critical factor for the Bank's success.

We highlight the communication effort made throughout 2013 in the Prestige Segment that, together with the development of a wide range of initiatives addressed to Company Customers, aimed to strengthen the position that Millennium intends to consolidate in both Segments.

Particular note should be made of campaigns such as the "Prestige Programme" (focused on the advantages and distinctive elements underlying the "Prestige" status), the "Credit for Companies" campaign (based on the message of the provision of 4,200 million euros through 2015 to boost the growth of Portuguese Companies), and the start-up of the "Millennium Day for Companies" initiative, an event aimed at fostering contacts and the sharing of experience among Portuguese entrepreneurs, countrywide.

Concerning the Mass Market segment, the Bank continued to use a predominantly commercial type of communication, based on integrated solutions of banking products and services that enable greater saving, convenience and simplicity, such as the "Frequent Customer", "Family Discount" or "Free Meal Card".

MAIN AWARDS RECEIVED

PORTUGAL

- 1st place in the Marktest Reputation Index 2013 ranking, in the Insurance category
- "Best Commercial Bank" in Portugal, in the scope of the World Finance Banking Awards 2013 — *Revista World Finance*
- Best Corporate Governance and Best Investor Relations Team/Capital Finance International — *Cfi.co*
- "Leading Top Rated" for Leading Clients, "Top Rated" for Cross Border/ Non Affiliated Clients and "Commended" for Domestic Clients — *2013 Global Custodian Survey*
- "Investment Fund/Open Pension Fund", "Most Active in Certificates", "Most Active in Shares B and C" and "Best Capital Market Promotion Event" — *Investment Challenge*
- Ethibel EXCELLENCE Investment Register" — *Fórum ETHIBEL*
- First place in financial sector category, in the ranking of TOP CEO's in Portugal — *Institutional Investor*
- IIntegration of Millennium bcp in Sustainability Indices: i) "Stoxx Europe Sustainability" and "Euro Stoxx Sustainability" Sustainalytics; ii) "Euronext Vigeo Europe 120" and "Ethibel Excellence Europe" — *Vigeo*
- ActivoBank was classified as the 15th best company to work forfor in Portugal — *Exame Magazine/Accenture*
- "Brands of Excellence", in Health Insurance — *Selec. Reader's Digest*
- Millennium bcp and Médis were classified as "Consumer Choice" — *Consumerchoice*
- Benefactor Member attributed to Millennium bcp Foundation — *World Monuments Fund Portugal*
- "Brands of Excellence in Portugal in 2013" for Millennium bcp, Médis and American Express — *Superbrands*
- "Best Consumer Internet Bank", in the scope of the "World's Best Internet Banks in Europe 2013" — *Global Finance*
- "Best website for online banking" for Millennium bcp — *PC Guia Reader Awards*

POLAND

- "Best Banking Offer" in Market Pearls — *Retailers' Choice*
- "RESPECT Index" integration for the 5th time — *Warsaw Stock Exchange/Association of Listed Companies*
- "Golden Six", in growing Millennium's brand value — *Rzeczpospolita Journal*
- "2013 Service Quality Star" — *Voting through Service Quality Stars website*
- "Best Consumer Internet Bank", in the scope of "World's Best Internet Banks in Europe 2013" — *Global Finance*
- "Friendly Bank for Retail Customers" — *Newsweek Magazine*
- State-of-the-art Internet communication methods in Investor Relations — *Institute of Capital Market – WSE Research*
- MasterCard World Signia/ Elite VIP card has been ranked 1st in the list of prestigious credit cards — *Revista Forbes*

ANGOLA

- "Brands of Excellence in Angola 2012/13" — *Superbrands*

MOZAMBIQUE

- "Best Bank" — *Global Finance*
- ""Best Bank in Mozambique" — *EMEA Finance*
- "Bank of the year in Moçambique" — *The Banker*
- "Best Banking Group in Mozambique" — *World Finance*
- "Bank of the year in 2013 " — *InterContinental Finance Magazine*
- "Brands of Excellence in 2013" — *Superbrands*

MAIN EVENTS OF 2013

JANUARY

- Conclusion of an Agreement between Millennium bcp and the Institute for the Funding of Agriculture and Fisheries (IFAP), for the opening of a credit line of the value of 150 million euros for officially approved projects under PRODER (Rural Development Programme) and PROMAR (Operational Programme for Fisheries).
- Signing of an agreement with Saphety-Level Trusted Services S.A., enabling the provision of an electronic invoicing service to Companies Network Customers.
- As part of the Social Responsibility programme "More Mozambique for Me", the "Responsible Millennium bim" project benefited once again from the participation of the Bank's Employees and their families in the rehabilitation of Centro Menino Jesus in Manhiça.
- Participation of Millennium bcp Microcredit in the Entrepreneurial Aveiro project, in Aveiro.
- Launch of the mobile application – Millennium bcp Foundation APP.
- Recognition of the Millennium bcp Foundation with the Patronage Award of the Portuguese Museology Association.

FEBRUARY

- Holding of the Millennium Day for Companies in Guimarães.
- Establishment of a collaboration agreement between Millennium bcp Microcredit and Odemira City Hall, with the objective of making access to microcredit more simple and flexible, and stimulating entrepreneurial activity in the region.
- Under Millennium bcp's social responsibility policy, the Millennium Foundation opened the "Baixa in Real Time" exhibition to the public, a project of the Department of Museology of Lusófona University of Humanities and Technologies.
- Presence of Millennium bcp at the 5th edition of the Secure Internet Day through Employee volunteers undergoing training for more secure and responsible use of the Internet and Social Networks.
- Participation of the Millennium bcp Foundation as a sponsor of the 3rd edition of the Lisbon Architecture Triennial.
- Support of the Millennium bcp Foundation for the attribution of the AICA Awards (International Association of Art Critics).

MARCH

- Millennium Day for Companies event held in Aveiro.
- As part of its Mobile Payment strategy, ActivoBank launched a new feature available in its transactional App for smartphones, allowing Bank Customers to make transfers using the QR Code tool.
- ActivoBank launched an innovative offer aimed at the renting of residential property by Portuguese families, through three new solutions: Bank Guarantee, Personal Credit Line and Salary Protection Insurance.
- As part of the commitment to the development of Mozambican culture, Millennium bim established an agreement with the Art Centre and Artistic and Cultural Development Fund, aimed at rehabilitating the Art Centre's exhibition rooms.
- Opening of the exhibition "Shared Art" in Camões – Portuguese Cultural Centre, in Luanda, for the purpose of sharing various works belonging to the Bank's private collection with the Angolan community.
- Institutional partnership between Millennium bcp and the CCB (Belém Cultural Centre) -"CCB Gold Friend Company" project.
- Establishment of a collaboration agreement between Millennium bcp Microcredit and Ferreira do Alentejo City Hall to facilitate access to microcredit and stimulate entrepreneurial activity in the region.
- Partnership between Millennium bcp Microcredit, the Castro Daire branch and the region's City Hall, in the holding of a seminar on Microcredit.
- Renewal of the agreement concluded between Millennium Microcredit and the ANDC (National Association for the Right to Credit).
- Attribution of the status of Benefactor Member by the World Monuments Fund Portugal to the Millennium bcp Foundation, for the support granted to restoration projects.
- Participation of Millennium bim in a partnership with the Stewart Sukuma Association in a charity action in Matola Infantry School.

APRIL

- Conclusion of the negotiations between BCP and Piraeus Bank, culminating in the signing on 22 April of definitive agreements with Piraeus regarding: (i) the sale of the entire share capital of Millennium Bank (Greece) (MBG) and, (ii) BCP's investment in the forthcoming capital increase of Piraeus Bank. This agreement is in accordance with Greece Central Bank Guidelines and of Hellenic Financial Stability Fund (HFSF) for the Greek Banking System restructuring and for the strengthening of its financial stability. The terms and conditions of the transaction were approved by the HFSF.
- Signing of the contract between the European Investment Bank and Millennium bcp for the granting of loans to the total value of 200 million euros to Portuguese SME.
- Millennium Day for Companies held in Braga.
- Support of Millennium bcp for the joint Financial Education project of the banking sector, a financial literacy website project managed by the APB (Portuguese Banking Association).
- Celebration of the International Day for Monuments and Sites by the Millennium bcp Foundation.
- Promotion, in Oporto, of the art collection of the Millennium bcp Foundation, with the exhibition "Christs," a journey through the work of the sculptor José Rodrigues.
- Millennium bank ranked 7th among responsible companies 2013, an index composed of the largest companies of Poland, assessed in terms of Social Responsibility.
- Participation of Millennium bim in the Recycling as a Family event, promoted by AMOR (Mozambican Recycling Association), with the cleaning of Costa do Sol Beach, in Maputo.

MAY

- Holding of the General Meeting of Shareholders on May 20, at which 46.79% of the share capital was represented and all the proposals submitted to vote were approved.
- Signing of an agreement with the Portuguese Authors Society extending Millennium bcp's sponsorship for a year.
- Establishment of a collaboration agreement between Millennium bcp's Microcredit network and MELOM, aimed at enhancing the flexibility and simplicity of access to microcredit for all MELOM franchisees.
- Inclusion of Millennium bcp in the "Euronext Vigeo Europe 120" and "Ethibel Excellence Europe" sustainability indices.
- Establishment of a collaboration agreement between Millennium bcp Microcredit and Sines Tecnopolo, aimed at boosting job creation in the region.
- Celebration of the International Day and Night of Museums by the Millennium bcp Foundation.

JUNE

- Completion, on June 28, of a synthetic securitization transaction with placement in the capital markets, aimed at risk transfer and the release of regulatory capital associated to a company loan portfolio, mostly involving small and medium-sized enterprises.
- Repurchase and cancelation of the floating rate issue of the value of 1.75 billion euros backed by the Portuguese Republic under the State's Exceptional Guarantee Concession Line.
- Completion on June 19 of the sale of entire share capital of Millennium Bank Greece to Piraeus Bank, pursuant to the general conditions announced on April 22, 2013.
- Launch of the Galactic Campaign, an innovative commercial action, in partnership with TMN and Samsung.
- Millennium Day for Companies held in the Algarve.
- Millennium bcp Foundation inaugurated the exhibition "The Sardine belongs to all!" as part of the 2013 Lisbon Festivities.
- Inclusion of Millennium bcp in the manual "Looking to the future - A new reflection on corporate social responsibility", through the programme "Green IT", a study portraying the best sustainability practices in the different activity sectors in Portugal.
- Classification of Millennium bcp as an "Ethibel Excellence Investment Register" by the ETHIBEL Forum, in recognition of its sustainability policy.
- Presence of Millennium bcp volunteers in the food collection action of the National Food Bank.
- Launch of the 2nd edition of the Realizar Award, awarded by Millennium bcp Microcredit.
- Signing of an agreement between the Millennium bcp Foundation and the Directorate-General for Cultural Heritage for the restoration of Albertas Chapel at the National Museum of Ancient Art, and upgrade of the Madre de Deus chapel at the National Tile Museum.
- Participation of Banco Millennium Angola in voluntary work for the environment, under the theme "Together for the Environment We Will Plant a Tree".

JULY

- Recognition of Millennium bcp as an "Ethibel Excellence Investment Register" by the ETHIBEL Forum.
- Millennium Day for Companies held in Santarém.
- Inauguration of the exhibition "Shared Art Millennium bcp – 100 Years of Portuguese Art in 100 Years of the Machado de Castro National Museum" in Coimbra.
- Establishment of a collaboration agreement between Millennium bcp Microcredit and NERA – Business Association of the Algarve Region, aimed at boosting regional job creation, through the implementation of joint entrepreneurial projects.
- Implementation of a primary healthcare assistance programme for various communities of the Province of Gaza, in a joint initiative of Millennium bim and the Mozambican Red Cross.

AUGUST

- Launch of a new application called M Enterprises, which allows customers to manage their companies with complete mobility through access to their bank accounts.
- Conclusion of a collaboration agreement for entrepreneurial action between Millennium bcp Microcredit and the Regional Secretariat for the Environment and Natural Resources of the Regional Government of Madeira.
- Under a collaboration agreement and corresponding to the challenge posed by Millennium bcp Microcredit, the CLDS – Opportunities of Vila Nova de Paiva promoted a lecture on "Entrepreneurial Action and Local Development".
- Signing of a collaboration agreement between Millennium bcp Microcredit and Alcobaça City Hall.
- Support by American Express for the production of a book and a conference on the theme "Good Employment, Now".
- Establishment of a partnership between Millennium bim and ADPP – Ajuda de Desenvolvimento de Povo para Povo – Children's Citadel, supporting the teaching of sewing at school.

SEPTEMBER

- Announcement, on September 2, of the formal decision of the Directorate-General for Competition of the European Commission on the agreement with the Portuguese Authorities concerning the Bank's Restructuring Plan. The decision concluded that the Bank's Restructuring Plan complies with the European Union's rules regarding State assistance, demonstrating the Bank's viability without continued State support.
- Provision of a credit line to support investment in Mozambique, of the total amount of USD 100 million to be granted through Millennium bim.
- Inclusion of Millennium bcp in the "STOXX Europe Sustainability" and "EURO STOXX Sustainability" sustainability indices.
- Establishment of a collaboration agreement between Millennium bcp Microcredit and MAXFINANCE, aimed at increasing the flexibility of and stimulating access to microcredit for all MAXFINANCE franchisees.
- Accompaniment of the Aveiro Municipal delegation, by Millennium bcp Microcredit, at the "1st Transnational Thematic Workshop" organised in Avilés, Spain, by "JobTown – URBACT II Operating Programme".
- Association of the Millennium bcp Foundation to the Heritage Days initiative.
- Presentation of the exhibition "Studies on blindness" by the Romanian painter Laurentiu Midvichi, by the Millennium bcp Foundation.
- Support of Millennium bim to the Province of Tete for the construction of a fountain to enable taking drinking water to various populations of the province.

OCTOBER

- Announcement, on October 30, of the conclusion of the divestment process in the Greek market, with the sale of the entire stake in Piraeus Bank, ahead of the expected schedule. The stake was sold for 494 million euros, an appreciation relative to the acquisition price and considered in the Strategic Plan, providing a capital gain of 168 million euros. The operation significantly reduced the balanced sheet risk, with a very positive effect on the Bank's Core Tier I capital, improving it by 40 basis points in relation to September.
- On October 18, Banco Comercial Português disclosed that for reasons of a professional nature, António Manuel Costeira Faustino had resigned as member of the Bank's Board of Directors.
- Millennium Day for Companies held in the district of Oporto.
- Signing of a collaboration agreement for entrepreneurial action between Millennium bcp Microcredit and PREVISÃO – ECFP Empresa de Contabilidade e Formação Profissional.

- Inauguration of the exhibition "Naturalist Painting in the Millennium bcp Collection" at the Millennium Gallery, by the Millennium bcp Foundation.
- Holding of the Shared Art exhibition "The Impulse of Love" at the António Cupertino de Miranda Foundation, in Oporto, by the Millennium bcp Foundation.
- Support of the Millennium bcp Foundation to the first edition of the "Heritage Fair", at the Popular Art Museum in Lisbon.
- Award attributed by FIBA Africa (Confederation of the National Basketball Associations of the African Continent) to Millennium bim, for the important role played by the Bank in the development of and support to basketball in Mozambique.

NOVEMBER

- Millennium Day for Companies held on the island of Madeira.
- Constitution of a credit line of USD 25 million by Millennium bim for financing and support to Mozambican SMEs in structural sectors of the economy such as agriculture, industry, services and infrastructures. Financed by DEG (Germany) and FMO (Holland), two of the largest European financial investment institutions for development, the principal objective of this credit line is to stimulate the growth and consolidation of Mozambican businesses, promoting sustainable social and economic development.
- Millennium bim was listed in the ranking of the 100 largest financial institutions operating in Africa for the second consecutive year.
- Conclusion of a collaboration agreement for entrepreneurial action between Millennium bcp Microcredit and CRESAÇOR (Regional Cooperative of Solidarity Economy).
- Presentation of works by Vieira da Silva and Arpad Szenes owned by Millennium bcp, at the Vieira da Silva e Arpad Szenes Foundation, by the Millennium bcp Foundation.
- Inauguration of the exhibition "Christs" by José Rodrigues from the Millennium bcp collection in the Contemporary Art Museum in Funchal, by the Millennium bcp Foundation.

DECEMBER

- On December 31, the bank signed a memorandum of understanding with the unions for the implementation of a temporary wage adjustment process, which will enable BCP to achieve the goals agreed with the European Commission Directorate-General for Competition and Portuguese State on reduction of staff costs.
- On December 19, Banco Comercial Português disclosed information on the transparency exercise promoted by the European Banking Authority (EBA), with publication of the exposure of the EU banking system. The exercise sample was composed of 64 banks, where the following information was collated on each for publication: Composition of equity; Composition of risk-weighted assets, by type of risk; Sovereign exposure in countries of the European Economic Area; Exposure with credit risk and risk-weighted assets by country broken down by institutions, Exposure backed by commercial property, retail and companies, presented by regulatory approach; Loan-to-value ratio by portfolio, value adjustments and provisions; and Exposure to market risk and securitizations.
- Adaptation of Bank Millennium's website for individuals to the needs of disabled users. In this way, Bank Millennium is the first banking institution in Poland to be distinguished with the "Website without Barriers" certificate.
- Election of the Millennium bcp Foundation as "Member of the Year 2013" by Junior Achievement Portugal.
- Establishment of a collaboration agreement between Millennium bcp Microcredit and Acountia, aimed at enhancing the flexibility and simplicity of access to microcredit to all Acountia franchisees.
- Signing of an agreement with the Millennium bcp Foundation, AESE, ENTRAJUDA and CNIS aimed at improving skills in the management of social sector organisations.
- Participation of Millennium bcp in the 5th National Request for Batteries and Used Batteries promoted by Ecopilhas.
- Presence of Millennium bcp volunteers in the food collection action of the Food Bank Bank with nationwide dispersion.
- Sponsorship of Banco Millennium Angola for the Latin-American Inter-cultural award 2013, under its support to culture.
- Completion of the "Millennium bim Banking Olympics 2013" by Millennium bim, a project aimed at training a new generation of consumers of financial services.

RESPONSIBLE BUSINESS

The BCP Group has pursued its business strategy committed to continuous and transparent dialogue with its Stakeholders, so as to understand and address their expectations.

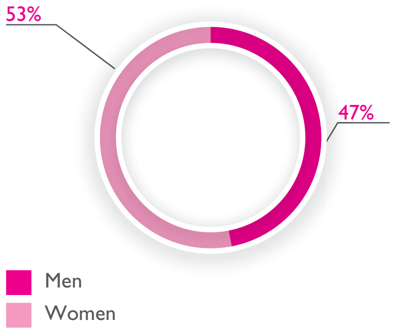
EMPLOYEES

The BCP Group offers all its Employees fair treatment and equal opportunities, promoting meritocracy at all stages of their career and defining Employee remuneration in accordance with their category, professional path and level of achievement of the established objectives.

The principles of action of the BCP Group establish a series of values and benchmarks, applicable to all Employees, which include unequivocal guidance, so that: (i) regardless of the respective hierarchical or responsibility level, all Employees act in a fair manner, with no discrimination and (ii) the commitment to the ten Global Compact Principles is reaffirmed, under which the Group recognises and supports the freedom of association and the right to collective work agreement negotiation and rejects the existence of any form of forced and compulsory labour, including child labour.

BREAKDOWN BY GENDER

Percentage



MOTIVATION AND SATISFACTION

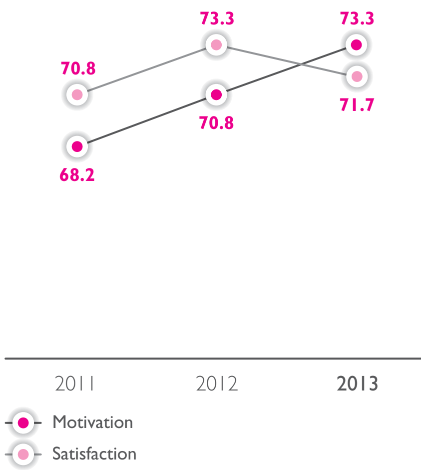
Employees constitute one of the strategic pillars of the BCP Group where, through the annual questionnaire on the satisfaction and motivation, it is essential for the Bank's dynamics and sustainability to assess levels of: i) overall satisfaction; ii) satisfaction with the organic unit; iii) satisfaction with the direct managers and iv) motivation.

With a slight decrease in overall participation, less than 3 i.p. (index points) in relation to the previous year, the questionnaire carried out in early 2013 recorded the participation of 81% of the Employees. The obtained results recorded: i) overall satisfaction of 71.7 i.p., a decrease, which, while of little significance, was above all explained by the values for Romania and Mozambique; and ii) motivation, with the highest value of these last years at 73.3 i.p., especially influenced by the Employees of Portugal.

Concerning the quality of the internal service, the questionnaires to measure Employee satisfaction with the service provided internally by the Bank's different departments were maintained, in order to identify opportunities for improvement in internal processes. In Portugal, the value of 74.0 i.p. was in line with the previous year. International activity recorded a significant increase from 71.8 i.p. to 75.6 i.p., explained by the Romanian operation, which jumped from 70 i.p. to 86 i.p.

EMPLOYEE'S SATISFACTION AND MOTIVATION

Index points



TRAINING

At the BCP Group, training has always been a priority for the development of the professional and personal skills of the Employees. The search for excellence in the quality of the service provided to Customers involves identifying the training which is most suited to the specific needs of each Employee.

In overall terms, 2,634 training actions were given, corresponding to over 680,380 hours of training, with an average of 36 training hours per Employee. As a whole, focus was maintained on the commercial and credit recovery areas, and training actions were reinforced concerning team management and leadership.

TRAINING(1)

	2013	2012	2011	Change% 13/12
NUMBER OF PARTICIPANTS(2)				
Presencial	**36,144**	27,508	25,299	31.4%
E-learning	**199,269**	120,925	118,428	64.8%
Distance learning	**84,533**	24,328	25,906	
NUMBER OF HOURS				
Presencial	**308,877**	441,419	660,312	-30.0%
E-learning	**125,718**	129,366	145,445	-2.8%
Distance learning	**245,745**	35,880	185,905	
BY EMPLOYEE	36	30	46	21.2%

(1) The distance learning suffered a significant increase, impacted by the integration of new criteria for counting, in Portugal.
(2) The same Employee could have attended various training courses.

TALENT MANAGEMENT

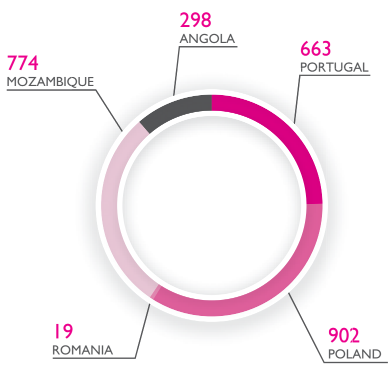
People management is a foundational vector and one of the strategic pillars of competitiveness and sustainability of the BCP Group. Simultaneously with the valorisation of general and specific skills, it is crucial, for the Bank's sustainability, to identify Employees with potential and talent, so that in future they can perform duties of higher complexity and responsibility.

PROGRAMMES	Participants	Country
Young Specialist	17	Portugal
	5	
People-Grow	6	Mozambique
	10	Poland
Expert Start Up	14	
Growing People	6	Mozambique
Master in Millennium	38	Portugal
Grow Fast	18	

The development programmes are designed as a specific response to Employees with high performance and potential, which enable: i) recently recruited Employees to acquire an overview of the business and best practices of the organisation and ii) experienced Employees an opportunity to acquire fundamental skills so that in the future they can perform more complex roles with greater responsibility.

PROMOTIONS

Number of Employees



APPRAISAL AND RECOGNITION

At the BCP Group, the individual performance assessment models, based on a process of counselling and guidance towards the development of skills, gives rise to opportunities of dialogue between the senior staff and their Employees, enabling the further deepening of a culture of personal accountability for the development of their careers.

Together with a constant attitude of encouragement of Employee valorisation and adoption of best practices, the BCP Group upholds a policy of recognition of the merit and dedication shown by each Employee, through: i) a system of incentives, applicable to the entire Bank; ii) a professional valorisation plan based on merit and iii) specific distinctions, attributed to Employees with excellent performance.

BENEFITS

The BCP Group offers a series of corporate benefits, apart from those established in the legislation.

Concerning health and safety, in Portugal, Poland and Romania, Millennium Employees benefit from medical units and a dedicated medical staff, as well as regular medical check-ups. In Mozambique, Millennium bim has: i) a medical office, which, in addition to medical appointments, also offers various specialities and basic health care; ii) an HIV office, ensuring prevention and follow-up of this disease and iii) a social support office, offering counselling to Employees with serious social problems.

HEALTH SERVICES(1)

	2013	2012	2011	Change % 13/12
MEDICAL SERVICES				
Appointed held	**37,503**	38,008	39,206	-1.3%
Check-ups made	**9,192**	10,810	10,775	-15.0%
HEALTH INSURANCE				
Persons covered	**49,724**	55,345	52,688	-10.2%

(1) Includes active and retired Employees.

Employees of the BCP Group benefit from mortgage loans, permanently and under special conditions. The loans are granted in observance with the credit risk principles instituted in the Bank's regulations. The Employees may also benefit from credit for social purposes which, among others, cover situations of credit needs in order to meet expenditure related to health, improvements to their own or rented home, and other products and services of exceptional nature.

CREDIT TO EMPLOYEES(1)

Million euros

	2013		2012		2011	
	Amount	Employees	Amount	Employees	Amount	Employees
MORTGAGE						
In portfolio	**911.8**	**11,527**	1 007.8	12,292	1,067.4	12,784
Granted in the reporting year	**20.8**	**336**	31.0	437	58.6	710
SOCIAL PURPOSES						
In portfolio	**22.7**	**3,814**	25.0	4,695	28.9	4,911
Granted in the reporting year	**8.1**	**1,316**	9.1	1,206	9.2	1,140

(1) Includes active and retired Employees.

EVOLUTION OF STAFF NUMBERS

The number of BCP Group Employees fell by 3% (-513 Employees) in 2013 in relation to the previous year, where this figure includes the divestment of the Greek operation. Of the 18,720 Employees of the Group, 54% worked in the international business and 46% in Portugal.

EMPLOYEES

	2013	2012	2011	Change % 13/12
TOTAL IN PORTUGAL	**8,584**	**8,982**	**9,959**	**-4.4%**
Poland	**5,956**	6,073	6,367	-1.9%
Switzerland	**67**	68	69	-1.5%
Romania	**562**	639	690	-12.1%
Mozambique	**2,476**	2,444	2,377	1.3%
Angola	**1,075**	1,027	893	4.7%
TOTAL INTERNATIONAL(1)	**10,136**	**10,251**	**10,396**	**-1.1%**
TOTAL	**18,720**	**19,233**	**20,355**	**-2.7%**

(1) Does not include Employees of the operations in Greece and the Cayman Islands, and Employees of Poland were expressed in number of effective Employees.

In Portugal, the downward trend in the number of Employees continued, with 314 having left, 84% of whom through mutual agreement and/or retirement plans. Among the Employees who left, 47% had worked in the commercial areas. In Poland, the total staff number was reduced again (-2% relative to 2012), with 831 having left, 53% of whom through own initiative, and 67% had been allocated to the commercial areas. This staff reduction was not offset by the recruitment process, which involved 675 Employees. The operation in Romania recorded the most significant reduction in staff numbers (-77 Employees), a net change of 12% in relation to the previous year, with the recruitment process having amounted to 96 Employees and the leaving process having recorded 173 Employees. Of those leaving, 73% left through mutual agreement and 62% involved the commercial areas. In Mozambique, the numbers recruited continued to exceed those leaving, with a rotation of 208 and 176 Employees, respectively. Of the Employees who left, 65% left on their own initiative and 56% had worked in the commercial areas. Banco Millennium Angola maintained its trend of growth in staff numbers (5%) with the recruitment of 247 Employees and leaving of 199 Employees, 77% of the latter on their own initiative and 73% allocated to the commercial areas.

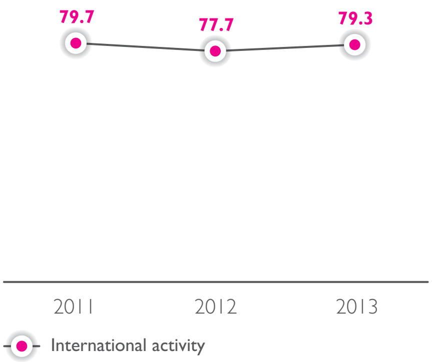
CUSTOMERS

SATISFACTION SURVEYS

In Portugal, the "Customer Experience" model was implemented an innovative methodology where Customers assess their experience with the Bank after its occurrence. The results indicate that 62% of Mass Market Customers recommend the Bank's service (promoters) and 19% present an index of low recommendation (detractors). These values are in line with Personalised Management, where 57% of Customers promote the Bank and 15% of Customers present an index of low recommendation. Over 85,000 Customers have already been surveyed. In order to strengthen the measurement of Customer satisfaction and loyalty, the CSI Millennium bcp (Customer Satisfaction Index) study was contracted from Marktest, held in quarterly phases. During the 2nd phase, the Bank proved to be particularly strong in the following indicators: "Satisfaction with the competence/professionalism of branch Employees", "Satisfaction with contact initiatives" and "Satisfaction with branch opening hours".

CUSTOMERS SATISFACTION

Index points



Information not available for: Greece and Mozambique in 2011; Angola in 2012 and 2013.

In the international activity, overall Customer satisfaction levels with the Bank increased in relation to the previous year, influenced by the significant upturn recorded in Mozambique, which shifted from 60 i.p. to 71 i.p. (index points).

In Poland, 90% of Mass Market Customers answered that they were satisfied with the Bank, especially for the products and services indicator, which increased in comparison to the previous year by 75 i.p. to 77 i.p. In the Prestige segment, overall satisfaction stands at 79 i.p., where satisfaction with the account manager is particularly noteworthy, at 86 i.p.

In Angola, focus has continued on "Mystery Shopping" actions, which included visits to approximately 62% of branches. A study was also conducted on "sleeping" (inactive) Customers to understand how to increase their level of involvement with the Bank, where over 600 Customers were questioned. This study was supplemented with Focus Group meetings.

COMPLAINTS

In Portugal, the total number of complaints, 24,487, continued in line with the previous year. The majority, 68%, are claims related to current account movements, card transactions and automatic services. The Bank has shown concern to boost the swift settlement of complaints, and has managed to ensure an average settlement period of 6 business days.

CLAIMS

	2013	2012	2011	Change % 13/12
CLAIMS REGISTERED				
Activity in Portugal	**24,487**	24,170	20,643	1.3%
International activity	**53,541**	56,983	5,001	-6.0%
CLAIMS RESOLVED				
Activity in Portugal	**21,800**	23,195	19,928	-6.0%
International activity[(1)]	**50,444**	53,182	53,601	-5.1%

(1) Includes valid claims related with the disregard of the privacy of Customers in Poland (95) and in Mozambique (3), based on the wrong processing of personal data and operational errors.

Regarding international activity: i) Poland recorded 7% fewer complaints than in the previous year, 60% of which were related to card transactions and current accounts; ii) Romania recorded the highest number of complaints since it started up business, having increased by 73% relative to 2012. A significant part of the claims were related to card transactions, a commercial campaign conducted by SMS and login problems in the Internet Banking service and iii) in Angola, the number of complaints grew by 108%, where this increase was explained by the growing level of Customer demands and requirements and heightened awareness of their rights. The issues most raised in these claims were related to transfers and bank withdrawals. The settlement period is currently 17 consecutive days in Poland and 14 business days in all other operations.

CULTURE OF RIGOUR

The BCP Group considers that respect for the defined mission and values, combined with compliance with its strategy, depends on each Employee. Hence, the Group encourages a culture of rigour and responsibility, supported by mechanisms for the dissemination of information, training and monitoring, so as to ensure strict compliance with the defined rules of conduct.

Specific training and follow-up by Compliance Office teams, aimed at strengthening the knowledge of Commercial Employees in the implementation of complex due diligence processes and collection of information on Customers, especially those presenting non-negligible risk levels, with a view to mitigating operating risks and risks of fraud, continue to be part of the Group's activities, in the context of the promotion of rigorous professional conduct in conformity with the instituted principles.

EMPLOYEES IN COMPLIANCE TRAINING ACTIONS [(1)]

AML/CTF, Market Abuse, Internal Control, Monitoring of Transactions and Legal Subjects

	2013	2012	2011	Change % 13/12
Activity in Portugal	**845**	1,057	10,038	-20.1%
International Activity	**6,733**	16,726	4,466	-59.7%
TOTAL	**7,578**	17,783	14,504	-57.4%

(1)The same Employee could have attended various training courses.

The adequacy and efficacy of the Bank's internal control system as a whole, the adequacy of the risk identification and management processes and governance of the Bank and Group continued to be assured through audit programmes which include the analysis of behavioural matters, compliance with legislation, other regulations and codes of conduct, correct use of delegated competence and respect for all other principles of action in force, in relations with external and internal Customers.

Relations of cooperation and loyalty have been upheld with the judicial authorities and with national and international conduct supervisory authorities. In this regard, and acting on the Bank's own initiative, a total of 290 communications were sent to local Judicial Entities and 520 requests were answered.

SOCIAL AND ENVIRONMENTAL PRODUCTS AND SERVICES

In Portugal, Millennium bcp Microcredit continues to be recognised as an alternative for the funding of entrepreneurial action, playing a fundamental role in the current national economic scenario with the financing of 215 new operations, which granted the total credit of 2.5 million euros and helped create 536 jobs. The volume of loans granted to the 967 operations in portfolio stood at 10.1 million euros, corresponding to outstanding principal of 7.33 million euros and 1.36 million euros of past due credit.

With the objective of continuing to support Customers in financial difficulties and prevent default, Millennium bcp maintained its focus on promoting and applying SAF packages (Financial Follow-up Service). In this context, 44,883 contractual amendments were made during 2013 (16,795 mortgage loans and 28,088 consumer credit), with a restructuring value of 1.16 billion euros (1,035 mortgage loans and 125 consumer credit).

In Portugal, the Bank has continued to reinforce its support to companies through agreed credit facilities, adjusted to the specificities of the sector and economy, in particular:

- Support for enterprise creation investment projects by unemployed persons, through the following credit lines: i) Microinvest Line – which supported 31 entrepreneurs to a total of 451,000 euros financed; and ii) Invest+ Line which supported 17 entrepreneurs, to a total of 886,000 euros.
- Support for companies which need to meet treasury needs and seek to implement investment projects; 11 operations were financed to a total of 1.53 million euros through the QREN Invest Line.
- Funding lines (SME Growth and SME Invest) aimed at SMEs intending to carry out investment projects or increase their working capital. Completion of 4,213 operations, with total funding of 312.6 million euros.
- Regarding support to companies in the agricultural and/or fisheries sector, 84 operations were conducted involving a total financing of 3.87 million euros through the PRODER/ PROMAR and IFAP Short Term credit lines.
- A credit line (Social Invest) was launched in order to facilitate the inclusion of Third Sector institutions in the financial system, which financed 294,000 euros for the 4 operations conducted.

In Poland, support to small and medium-sized enterprises (SMEs) is granted mainly in the context of energy and technological development through POISEF (Polish Sustainable Energy Financing) and technological credit, respectively. POISEF Eko Energy concluded 431 credit and leasing operations to a total of 15.17 million euros. Technological credit funded 11 operations to total funding of 5.36 million euros.

Banco Millennium Angola's offer included a new subsidised credit product for Micro, Small and Medium-Sized Enterprises (MPME) and Micro, Small and Medium-Sized Individual Entrepreneurs (MPMES) certified by INAPEM (National Institute of Support to Small and Medium-Sized Enterprises). 102 operations were approved, to a total amount of 21.11 million euros.

The BCP Group meets the needs of Investors that are considered to cover, in its investments, social and environmental risk factors, placing Responsible Investment Funds at their disposal for subscription:

- In Portugal, the funds are available through: i) an online platform of Millennium bcp – which marketed 15 environmental funds in the area of water and energy, amounting to a portfolio value above 4.04 million euros, with total subscription in 11 of them, above 160,000; and ii) ActivoBank – which provided 16 investment funds, of which 7 are ethnic funds and 9 are environmental funds. Of these 16 funds, by the end of the year 10 had subscribed participation units, with a portfolio value above 650,000 euros.
- In Poland, Bank Millennium also has a solid offer of SRI funds, fundamentally aimed at Customers of the Prestige segment, where the offer reflects the investment in businesses whose principles incorporate environmental concerns, namely regarding climate change. Of the 5 available funds, 4 assured a subscribed value of 21.26 million euros in the year.

SUPPORT TO THE COMMUNITY

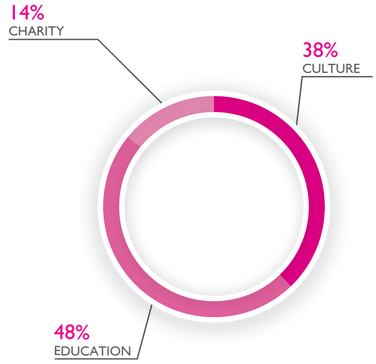
The BCP Group's strategy has been to foster a culture of social responsibility, developing actions for various groups of Stakeholders with the objective of contributing directly or indirectly to the social development of the countries in which it operates. And it is in this context, of proximity to the community, that its policy of social responsibility has materialised, essentially focusing its intervention on cultural, educational and social initiatives.

In Portugal, Millennium bcp has continued to foster and create opportunities for Employee' participation as volunteers in actions to support the external community:

- The Bank supports Junior Achievement Portugal (JAP) in its entrepreneurial, creativity and innovation projects, with Employees participating as volunteers. For the academic year of 2013/2014, the Bank has around 100 enrolled volunteers.
- In the context of the Food Collection campaigns of the Food Bank, Millennium was present in the collection warehouses, helping to separate and organize the food. The Bank joined the December campaign at a national level, with the participation of over 300 volunteers, among Employees and their families.

DONATIONS ALLOCATED FOR INTERVENTION AREA

Percentage



The Bank has also encouraged actions developed by internal divisions:

- The Operations Division promoted the following actions: i) "DOar bem à 1.ª" (Give properly the 1st time) consisted of the collection of paper, brought in by the Division's Employees, for donation to the Food Bank, as part of the "Paper for Food" campaign. Close to 5 tons of paper were collected, enabling the Food Bank to acquire 1,000 litres of milk. ii) "Doa a tua camisola" (Give your jumper) sought to encourage Employees to participate in the donation of jumpers and/or other warm clothing to Cáritas Portuguesa. Over 2,000 jumpers were donated.
- In the Information Technology Division, we highlight: i) "Litres of Solidarity", launched with the objective of collecting the largest number of litres of milk given by Employees for donation to the Comunidade Vida e Paz and Cáritas Portuguesa, which managed to collect over 1,200 litres of milk. ii) Another edition of the "Book Exchange – IT", an initiative to encourage the exchange and reuse of school books among the Division's Employees. The remaining books, around 550, were donated to São Marcos Parish Council and Cáritas Portuguesa.
- For the 4th consecutive year, the Direct Banking Division (DBD) joined Microsoft Portugal and EPIS for "Safe Internet Day" initiative. At 75 schools around 150 volunteers, including Millennium bcp Employees (DBD) raised awareness on the safer and more responsible use of the Internet and Social Networks. Close to 12,000 people received this awareness-raising message. This Division also maintained regular actions of support to Porto Salvo Parish Council.

Regular support through the donation of IT equipment and office furniture that is no longer used, but is in condition to be reused. The agreement with Entrajuda, the main beneficiary, was renewed. The Bank donated over 1,720 pieces of IT equipment and furniture during 2013.

Millennium bcp joined the 5th National Request for used batteries promoted by Ecopilhas, providing collection bins at 400 Branches and in the Central Service Buildings. With a total of four million collected units, 10% of which came via the Bank, the campaign enabled the donation of two portable endoscopic video systems to the Lisbon Oncological Institute.

ActivoBank joined the Portuguese Red Cross and launched an institutional campaign under which 10 euros was donated for every account opened to the Happier Portugal programme. The campaign enabled the donation of 38,900 euros to the Portuguese Red Cross, to support vulnerable Portuguese families.

Millennium commitment to Sustainability and Corporate Social Responsibility.

Exhibition "Arte Partilhada " Naturalist Painting Collection at Millennium bcp, Portugal.

Ceremony of "Respect INDEX" diplomas, Poland.

Fountain inauguration in Tete province, program "Mais Moçambique Pra Mim", Mozambique.

Exhibition " A Sardinha é de Todos ", Millennium Gallery, Portugal.

Internal campaign "Papel por Alimentos", Food Bank, Portugal.

5th national public collection of batteries in favor of the Portuguese Institute of Oncology

Millennium bcp volunteers participates in food collection campaign from Food Bank, Portugal

Under the "Movement for Employability" promoted by the IEFP (Employment and Vocational Training Institute) in partnership with the Calouste Gulbenkian Foundation and COTEC (Business Association for Innovation), Millennium bcp provided 100 internships. With a duration of 12 months, the internship soffer the opportunity to contact with corporate reality for young university graduates (licentiate or master's degrees or doctorates).

In Poland, Bank Millennium continues to promote a significant series of actions, including:

- Partnership with the United Way Foundation, supporting the programme to combat isolation of disabled artists, assisting their development and promoting creative activity.
- Ecco Marathon - the Bank participated, once again, in the largest charity run held in Poland, assuring access for 150 Employees.
- Collection of items for children – the Bank has maintained the programme of collection of items donated by Employees, intended for Centres for vulnerable children. A total of over 3,000 items were collected.
- With regards to education, we highlight: i) the Millennium Banking programme, aimed at supporting university students in economics courses in the approach to the labour market. 24 Employees participated; ii) Partnership with AISEC (International Students Association), following a principle of direct proximity with the academic community.

In Romania, Millennium bank supports projects that simultaneously combine education and culture:

- Collaborated with the Art Management Association (AMA) in the "World in your school" project, which enabled a group of 3,000 children from various schools to have access to the culture of certain countries through practical classes. The project, organised by AMA with the Bank's support, was sponsored by the Portuguese Embassy.
- Continuation of the support to the Portuguese Embassy in Romania, in the commemoration of Portugal Day and Days of Portuguese Culture.

In Mozambique, the Bank's social commitment is embodied in the "More Mozambique for Me" programme, which continued to focus on projects in the area of health, education, culture, children and youth sports, and community development.

- The "A clean city for me", in its 7th year, involved over 2,300 students and teachers from 20 schools in an awareness-raising programme on the importance of good hygiene routines.
- Partnership with AMOR – Recycling Project, for the 4th consecutive year, a reference in the context of recycling and reuse of solid waste, processing around 120 tons of waste per month.
- The Millennium bim Mini Basketball Tournament, in its 8th edition, involved 1,600 athletes, aged between 8 and 12 years old, from 9 cities.
- More Sports for All – aimed at supporting school sports, where the programme covered 10 schools of 3 provinces.
- Millennium bim Race – 8th edition of the race, which seeks to boost the development of this sport and the appearance of new talent, with the participation of over 1,000 athletes.
- Responsible Millennium bim – in the context of corporate voluntary action, 40 Employees of the Bank helped to equip rooms of the Matola Infant School, which cares for around 60 children with special needs.
- Mozambican Red Cross – programme of primary healthcare assistance to the communities affected by the floods, where over 10,000 people benefited from this support.
- Road Safety Campaign – conducted in partnership with the Police of the Republic of Mozambique (PRM) and Ímpar – Seguradora Internacional, involving lectures given by PRM officers to 10,000 children at 20 schools.

Banco Millennium Angola supported initiatives in the area of Culture and actions which involve the participation of Employees, in particular:

- Regarding support to National Artists, through support to the exhibition "Desenhos Pau-a-Pique e outros Registos" by the reputed Angolan plastic artist Francisco Van-Dúnem (VAN) in the Portuguese Cultural Centre in Luanda. VAN displayed over 10 pieces of art with traditional constructive support of residential architecture.
- To commemorate environment month, Employees and their families were encouraged to participate as volunteers in the "Let's Plant a Tree" action. Carried out at primary schools in the city of Kilamba, Province of Luanda, the action involved around 30 Employees, and 50 trees were planted at 5 schools.

MILLENNIUM BCP FOUNDATION

The Foundation's guidelines have progressively concentrated on the areas of Culture, Education and Charitable Work. In 2013, based on a strategy of patronage support, it strengthened its attention to the geographic distribution of the granted support, with a view to its decentralisation.

In the context of Culture, the Foundation has focused on initiatives of Conservation and Dissemination of the Bank's heritage and supported the modernisation of important national museums, in particular:

- Maintenance of the Archaeological Centre of Rua dos Correeiros (NARC), with the expansion of visiting hours and participation in relevant initiatives: "International Day of Monuments and Sites", "Museum Day; "Museum Night"; and "Heritage Days", which received 9,884 visitors.
- Exhibition space – Millennium Gallery – temporary exhibitions: i) Baixa in Real Time – an interpretative exhibition on the Baixa Pombalina/Chiado, through entertainment and technological installations, and an accessibility project targeting visitors with special needs, which received 5,567 visitors; ii) The Sardine belongs to us all!, in partnership with EGEAC, presenting 294 sardines and having received 28,591 visitors. iii) Studies on Blindness – works by the Romanian painter Laurentiu Midvichi, attended by 2,127 visitors; iv) Naturalist Painting in the Millennium bcp Collection, in the context of the travelling exhibitions of Millennium bcp Shared Art, which received 3,390 visitors.
- Travelling exhibition project – Shared Art: i) 100 Years of Portuguese Art in 100 Years of the Machado de Castro National Museum in Coimbra, which received 17,034 visitors; ii) The Impulse of Love, in Porto, Dr. António Cupertino de Miranda Foundation, which received 1,227 visitors; iii) Christs by José Rodrigues in the Millennium bcp Collection, Museum of Contemporary Art in Funchal.
- National Museum of Ancient Art (MNAA) – support to the restoration of the roofing of Albertas Chapel at MNAA and support to permanent and temporary exhibitions.
- National Tile Museum (MNAz) – patronage for the upgrade of the D. Manuel room, support to catalogue entitled "Is the Exotic ever at home? China in Portuguese faience and tiles (17^{th}-18^{th} centuries) and restoration of Santo António Altar.
- National Museum of Contemporary Art – Chiado Museum (MNAC): i) "The MNAC collections 1850-1975 exhibition. Presentation of the collection of artistic production of Modern and Contemporary Art in Portugal between 1850 and today; and ii) "Continuous Invention" – The Work of Jorge Oliveira.

The Foundation endeavours to collaborate in educational and scientific research projects which promote an innovative and entrepreneurial spirit in the training of new and current generations, among the different assistance granted:

- Millennium bcp Foundation scholarship programme for students from Portuguese-speaking African Countries and Timor (PALOP), having supported 12 scholarship students in the academic year of 2012/2013.
- Agreement with Banco Millennium Angola to support Angolan university students attending courses in the areas of Management and Economics. 13 candidates were considered.
- Support to the Master's course in Legal-Political Studies of the Institute of Legal Cooperation, at Eduardo Mondlane Law School in Mozambique.
- Universidade Católica Portuguesa: i) Faculty of Economics and Business Studies – Scholarships for the Lisbon MBA; ii) Faculty of Human Science – "The Lisbon Consortium" scholarships; iii) Law School – Support to three foreign students of the "Master of Laws" course.
- Institute of Banking Law, the Stock Exchange and Insurance (BBS): support for the Post-graduation in Banking Law, in collaboration with the Law School of Coimbra University.
- National Confederation of Solidarity Institutions (IPSS): i) Research on economic and social impacts of IPSS: "4 Case studies – Economic and social impact of IPSS and proposed action strategy for its maximisation"; ii) GOS programme (Management of Social Organisations), developed in a partnership with AESE – Business Management School and EntreAjuda.
- Start Up Programme (6^{th} edition) of Junior Achievement Portugal – development of entrepreneurship programmes among university students, in which close to 40 university students participated.
- Platform for Sustainable Growth (PCS) – creation of a sustainable development model, aimed at competitiveness. The research work and consolidation of data was carried out by the 400 members of PCS and the initiatives carried out involved around 1,500 participants.
- Institute of Molecular Medicine (IMM) – support to research for the treatment of brain tumours, through a three-year agreement (2012-2014).

In a particularly difficult context, the Foundation strengthened its social support, especially:

- Food Bank Against Hunger – in the context of the food collection campaigns: i) supported the production of collection bags; and ii) gave a donation for the acquisition of 20,000 Kg of tuna fish.
- Portuguese Association for Asperger Syndrome (APSA) – support to the Casa Grande (Large House) project, a Support Centre for people with Asperger Syndrome. The centre will directly benefit 53 people.
- Dr. João dos Santos Centre: support for the Therapeutic Holiday Home 2013 – for children at risk, aimed at improving their communication skills and autonomy, which involved 46 children.
- ACAPO (Association for the Blind and Partially Sighted of Portugal) – edition in Braille of the children's book "A Menina que Vivia no País Azul" (The Girl who Lived in the Blue Country), written by Antónia Costa Rodrigues, who offered the copyright to ACAPO.
- Association for Psychosocial Research and Integration – Casas Primeiro (Homes First) project, targeting homeless people, which seeks to boost the autonomy and community integration of its participants, supervising 50 people.
- Vida Norte Association – support to activities promoting the social, professional and family integration of pregnant women at risk.
- Portuguese Association of Parents and Patients with Hemoglobinopathies – support to professional workshops to train/inform family members and healthcare providers (325 people).
- Child Support Institute – Humanisation of Childcare Services. Training actions and support for the creation and maintenance of children's play areas, covering close to 5,500 users.

SUPPLIERS

At Millennium bcp, the Supplier selection process follows criteria of overall competence of the company, functionality and flexibility of the specific solutions to be acquired and continued capacity of service provision. In all its operations, the Group continues to favour a procurement process involving Suppliers from the respective country, with payments to local Suppliers corresponding to 93%.

The Bank's main suppliers are companies which publish their economic, environmental and social performance, ensuring the responsible contracting of products and services.

In Portugal and Poland, certain supply contracts define commitments to action in the area of sustainability, namely in relation to labour practices. Currently, in Portugal, 465 Suppliers subscribe to these principles, of which 80% are subject to a process of continuous monitoring.

With regards to the assessment of the service provided, the Suppliers of Millennium bcp are subject to an ongoing process, supported: i) by the relations maintained with the Technical Competence Centres; ii) by the actions of performance assessment and identification points for improvement; and iii) by the decision-making processes for the implementation of investments and renewal of contracts.

ENVIRONMENTAL EFFICIENCY

The BCP Group, aware of its environmental impacts, has fully endeavoured to mitigate its ecological footprint, promoting and raising awareness towards the adoption of good practices. Based on the principle of continuous improvement, the Group has focused its intervention on two vectors of action:

- Optimisation of processes and equipment – Investments in terms of improvement of the Bank's processes, equipment and infrastructures.
- Environmental awareness – Involvement of the Employees and Customers in promoting the adoption of more responsible environmental practices.

OPTIMISATION OF PROCESSES AND EQUIPMENT

In order to do more and better, the BCP Group invests in the continuous optimisation of processes and activities and in the renewal of equipment and infrastructures. All the actions are developed based on careful and thorough cost-benefit analyses with the fundamental premise of maintaining the quality of the service provided and enhancing the satisfaction of the Bank's Customers.

- In Portugal, during 2013 and following on the work that has been progressively developed over previous years, various measures were implemented to reduce the consumption of electricity and increase the Bank's energy efficiency. The optimisation of the functioning of the transformer station, in facilities equipped with more than one transformer, and of the operational parameters of the equipment for production of cold water for the air conditioning systems, are among the energy efficiency measures that were implemented and which enabled an estimated saving of around 2,600 MWh, corresponding to an estimated reduction of greenhouse gas emissions of 778 tCO_2eq. The focus on the "Be Lean DO" programme was strengthened. This programme was created in 2010, with the objective of promoting operating excellence and disseminating a culture of continuous improvement (Lean) at the Bank, through the expansion of the Financial Operations Department and Human Resources Division. Regarding the consumption of materials, the Bank continued to invest in the dematerialisation of documents, with 53% of bank account statements and 91% of transaction receipts issued in digital format.

- In Poland, energy and water consumption has been monitored and audits were conducted in the branches showing highest resource consumption, based on the ranking of consumption. Also concerning energy, focus continued on the Verdiem project, with a reduction of energy consumption of around 40% having been achieved in 2013, through the centralised management of the IT equipment, placing them in stand-by and off-mode during periods of non-use. For the consumption of materials, it is important to highlight the creation of the "8 in 1" contract, which enables a new Customer, when acquiring various services, to receive only one contract, instead of receiving various contracts, one for each product, thus contributing to the dematerialisation and simplification of administrative processes.
- Romania reduced the Bank's vehicle fleet and promoted dematerialisation, through the reuse of materials and stronger control of printouts.
- In Mozambique, efforts were made towards the promotion of dematerialisation, with around 65% of Customer statements issued in digital format.
- Banco Millennium Angola installed timers at its branches, which switch off the main energy-consuming equipment during non-working periods.

ENVIRONMENTAL AWARENESS RAISING

The environmental awareness raising of the Employees has been assumed by Millennium as strategic in the reduction of the Bank's environmental impacts.

- In Portugal, the awareness of the Employees has been heightened concerning the importance of the adoption of more responsible conduct towards the environment through, among other dissemination actions, the regular publication of environmental contents on the website and in all editions of the "IT's our News" newsletter, under the communication plan of the "Green IT" programme and "Consumption Dashboard" initiative.
- In Poland, the Bank launched an advertising campaign in the media aimed at promoting Customer investment in energy efficient projects, under the Polseff programme, which is managed by the European Bank for Reconstruction and Development. An environmental manual has also been created for Customers and Employees, which is an awareness raising instrument highlighting the importance of reducing the main consumption of resources.

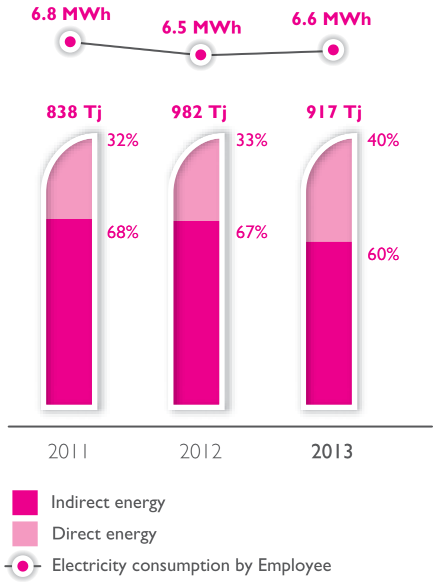
ECOLOGICAL FOOTPRINT

Millennium regularly monitors a series of environmental performance indicators which measure the Bank's efficiency with regard to its main consumption of resources. As a whole, the Bank's eco-efficiency has improved, as a result of the continuous investment in new equipment, optimisation of processes and change in the Employee behaviour. In spite of this improvement, analysis of the indicators which reflect the Bank's consumption per Employees point to a slight increase relative to the values reported in 2012, for energy and material consumption and for greenhouse emissions explained by the overall reduction in the number of Employees between 2012 and 2013.

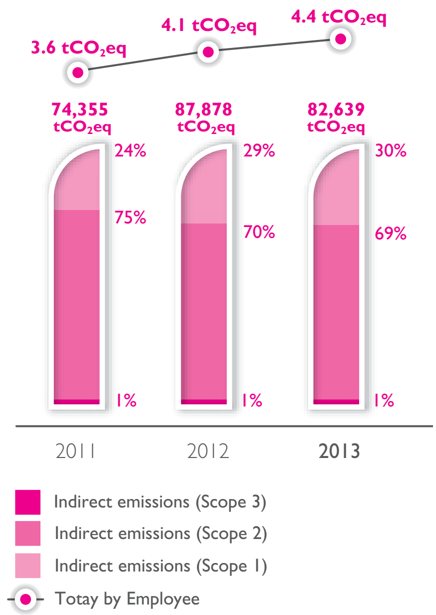
- The majority of the Bank's energy consumption derives from indirect sources (electric and thermal), which represented 60% of Millennium's power needs. The consumption of indirect and direct energy fell by 9% and 2%, respectively, relative to 2012, where the majority of these reductions occurred through lower consumption of direct energy and electricity in Portugal by 8% and 11%, respectively. This was due to the implemented energy efficiency measures and the closure of 70 branches and two administrative buildings. Poland and Romania also contributed to the reduction of indirect energy, with decreased consumption of electricity of 2% and 20%, respectively.
- Millennium, under the effort to minimise greenhouse gas emissions and combat climate change, calculates and monitors its carbon footprint and annually participates in the Carbon Disclosure Project (CDP). Millennium's carbon footprint follows a downward trend recorded in the Bank's direct and indirect energy consumption, with total greenhouse gas emissions having fallen by 6% in relation to 2012. Scope 1 emissions fell by 2%, reflecting the 2% reduction observed in direct energy consumption. Scope 2 emissions fell by 8%, due to the 9% reduction observed in indirect energy consumption.

In Portugal, Millennium bcp has defined goals for further reducing its ecological footprint for 2014: 4% for water consumption and 11% for electricity consumption.

ENERGIA CONSUMPTION

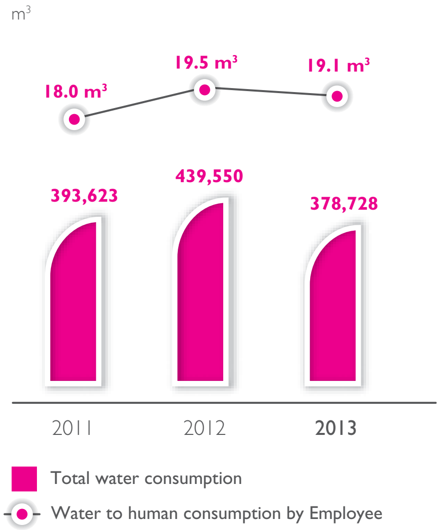


GHG EMISSIONS

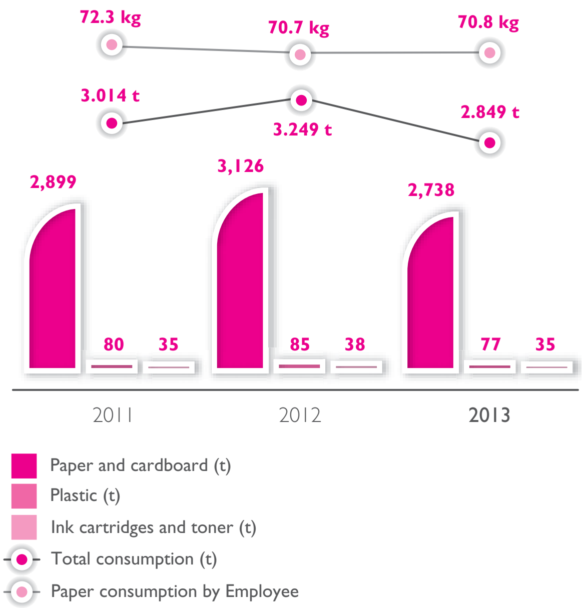


- The total water consumption of the BCP Group decreased by 14% in comparison with the previous year, due to the reduction observed in Portugal (8%), Mozambique (19%), Poland (15%) and Angola (8%).
- In 2013, the BCP Group reduced its consumption of the main materials (paper and cardboard, plastic, ink cartridges and toners) by 12%, in relation to 2012, due to the decrease which occurred in most of its geographic areas. Regarding the materials consumed at the Bank, the most significant in terms of quantities is paper and cardboard, the consumption of which was cut by 12% relative to 2012, influenced by the dematerialisation measures implemented in all geographic regions, which led to a considerable reduction in Portugal (11%), Poland (20%), Romania (12%) and Angola (8%).

WATER CONSUMPTION



MATERIALS CONSUMPTION



Further details on the information reported in this chapter (Responsible Business), in particular the calculation criteria, the table of Global Reporting Initiative (GRI) indicators and correspondence with the Global Compact Principles, are available for viewing on the Bank's Institutional website, at www.millenniumbcp.pt in the Sustainability area.

BCP SHARES

PERFORMANCE OF BCP SHARES

The year of 2013 was marked by the good performance of the capital markets, with the principal stock indices having recorded a significant appreciation.

The national index PSI20 also showed positive performance, having appreciated 16% during the year with 14 of the 20 shares having closed in positive territory.

Among those which most appreciated, we highlight BCP shares, whose value increased by over 120%, holding second place in the group of companies included in the PSI20 that rose the most. In the context of the "NYSE Euronext Lisbon Awards" relative to 2013, BCP was awarded the prize for the listed company with the best performance among the companies with stock exchange capitalisation above one billion euros, and at the same time BCP was the 2nd bank included in the European bank index (STOXX Banks) that most appreciated last year.

BCP SHARES INDICATORS

	UNITS	2013	2012
ADJUSTED PRICES			
Maximum price	(€)	**0.1827**	0.1410
Average annual price	(€)	**0.1052**	0.0750
Minimum price	(€)	**0.0770**	0.0470
Closing price	(€)	**0.1664**	0.0750
SHARES AND EQUITY			
Number of ordinary shares	(M)	**19,707**	19,707
Shareholder's Equity attributable to the Group	(M€)	**2,583**	3,372
Shareholder's Equity attributable to ordinary shares(1)	(M€)	**2,412**	3,199
VALUES PER SHARE			
Adjusted net income (EPS)(2)(3)	(€)	**-0.04**	-0.10
Book value(2)	(€)	**0.12**	0.16
MARKET INDICATORS			
Closing price to book value	(PBV)	**1.35**	0.46
Market capitalisation (closing price)	(M€)	**3,279**	1,478
LIQUIDITY			
Turnover	(M€)	**3,651**	1,955
Average daily turnover	(M€)	**14.3**	7.6
Annual volume	(M)	**34,249**	18,104
Average daily volume	(M)	**134.3**	70.7
Capital rotation(4)	(%)	**173.8**	180.1

1) Shareholder's Equity attributable to the group – Preferred shares – Subordinated Perpetual Securities issued in 2009 + treasury shares relative to preferred shares.

(2) Considering the average number of shares minus the number of treasury shares in portfolio.

(3) Adjusted net income considers the net income for the year minus the dividends of the preferred shares and Subordinated Perpetual Securities issued in 2009.

(4) Total number of shares traded divided by the annual average number of shares issued.

The performance of BCP shares was characterised by various phases. A significant rise of the shares was observed between January and February, which can be explained by factors mainly external to the Bank and related to improved macroeconomic confidence in Portugal, namely with the successful 5-year issue made by the Portuguese Republic in January. March was a negative month for European banks, including BCP, with the process of international assistance extended to Cyprus. In April, the Bank announced its divestment of the Greek operation and the share price recovered from the Cyprus effect, demonstrating better performance than that of its peers. However, the political crisis in Portugal in early July wiped out these gains, which were then steadily restored with the announcement of the commitments undertaken with the Directorate-General for Competition (DG Comp) of the European Commission and updating of the strategic plan in September. During the 4th quarter of 2013, BCP shares appreciated sharply, distancing it from its peers, due to the conclusion of the successful divestment of Piraeus Bank, the improved macroeconomic confidence in Portugal and principally the approval, in Spain, of the law that enables Spanish banks to consider deferred tax assets as capital according to the new Basel III rules, which the market perceived as opening the way for a similar framework for Portuguese banks.

ABSOLUTE AND RELATIVE PERFORMANCE

Index	Total Change 2013
BCP share	121.9%
PSI FINANCIALS	21.9%
PSI20	16.0%
IBEX 35	21.4%
CAC 40	18.0%
DAX XETRA	25.5%
FTSE 100	14.4%
MIB FTSE	16.6%
ATHENS FTSE	24.3%
Eurostoxx 600 Banks	19.0%
Dow Jones Indu Average	27.0%
Nasdaq	35.0%
S&P500	29.6%

Source: Euronext, Reuters.

LIQUIDITY

During 2013, the liquidity of the BCP share increased significantly, maintaining its position as the most traded share on the Portuguese market.

Approximately 34 billion BCP shares were traded, representing an increase of 89% in relation to the previous year and corresponding to an average daily volume of 134 million shares (71 million in the previous year). The capital turnover index continued to be very high in comparison with all the other PSI20 companies, corresponding to 174% of the annual average number of issued shares.

INDICES IN WHICH BCP SHARES ARE LISTED

BCP shares are listed in over 50 national and international stock market indices, in particular the following:

Index	Weight (%)
Euronext PSI Financial	24.7%
PSI20	13.4%
Euronext 150	1.2%
NYSE Euronext Iberian	0.9%
Euro Stoxx Banks	0.5%

Source: Bloomberg.

Furthermore, during 2013, Millennium bcp was also included in Sustainability indices.

Under the appraisal conducted by the Environmental, Social & Governance (ESG) analyst Vigeo, a European leader in sustainability and social responsibility:

- Millennium returned to the "Euronext Vigeo Europe 120" and "Ethibel Excellence Europe" indices in May, which include, respectively, the 120 and 200 European companies with best performance on matters of sustainability;
- In June, Millennium was placed in the "Ethibel EXCELLENCE Investment Register", a recognition that reflects the excellent performance of Millennium bcp in exercising Sustainability in the market and among potential Investors.

In September, and as a result of the appraisal conducted by the ESG Analyst "Sustainalytics", a multinational analyst in the area of sustainable development, Millennium was placed in the "STOXX Europe Sustainability" and "EURO STOXX Sustainability" indices.

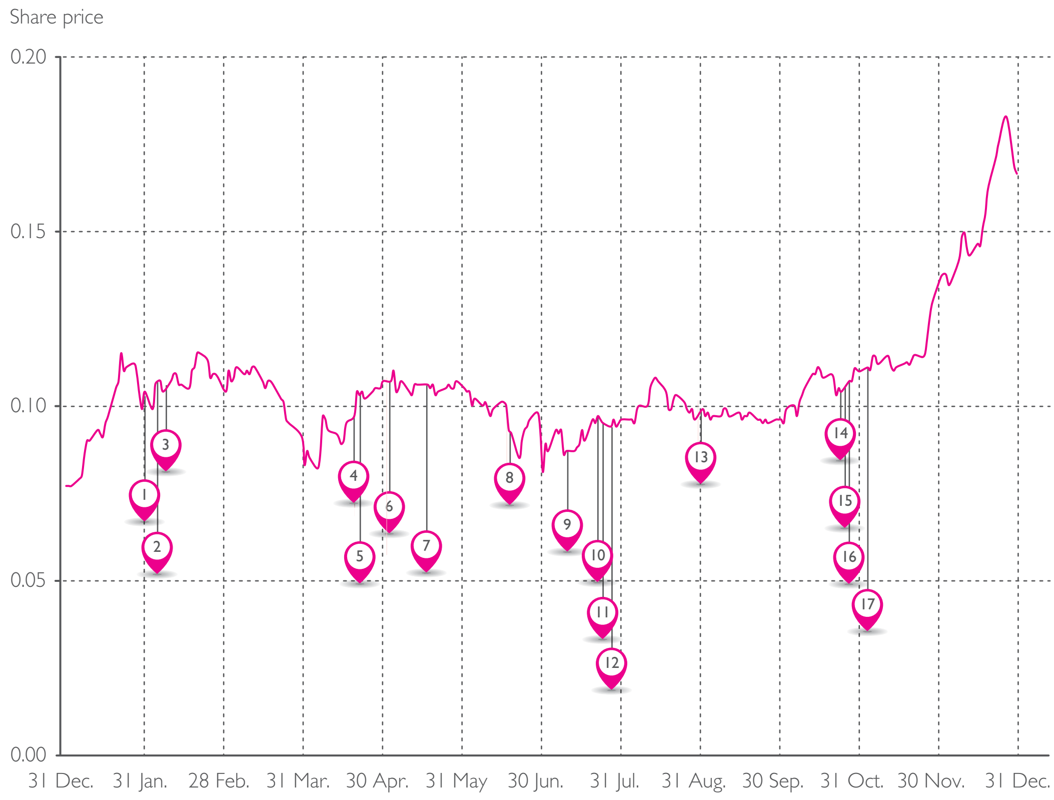
SUSTAINABILITY INDICES

MATERIAL INFORMATION AND IMPACT ON THE SHARE PRICE

The table below summarises the material information directly related to Banco Comercial Português that occurred during 2013, the net change of the share price both the next day and five days later, as well as its relative evolution compared to the leading reference indices during the periods in question.

Nr.	Date	Material events	Chg. +1D	Chg. vs. PSI20 (1D)	Chg. vs. DJS Banks (1D)	Chg. +5D	Chg. vs PSI20 (5D)	Chg. vs DJS Banks (5D)
1	1/Feb.	Bank Millennium (Poland) Consolidated Results	-4.8%	-2.9%	-1.9%	0.0%	1.9%	0.3%
2	6/Feb.	Information about Millennium Bank in Greece	0.0%	0.4%	0.8%	1.9%	0.6%	-1.3%
3	8/Feb.	Consolidated Earnings Presentation 2012	2.9%	2.4%	3.5%	1.9%	2.0%	1.9%
4	22/Apr.	Disposal of Millennium Bank (Greece) to Piraeus Bank	7.2%	4.2%	4.0%	7.2%	0.2%	1.5%
5	25/Apr.	Bank Millennium (Poland) results in the 1st quarter of 2013	-1.9%	-0.5%	-2.0%	1.0%	1.0%	-1.4%
6	6/May	First quarter of 2013 consolidated results	2.8%	1.9%	0.8%	-2.8%	-1.5%	-3.8%
7	20/May	Resolutions of the Annual General Meeting	-0.9%	-0.6%	0.2%	-0.9%	-0.9%	3.3%
8	19/Jun.	Conclusion of the sale of Millennium Bank (Greece) to Piraeus Bank	-7.0%	-3.6%	-3.4%	-7.0%	-1.5%	-4.0%
9	12/Jul.	Information about rating decisions	0.0%	-0.8%	-0.8%	3.4%	0.5%	0.1%
10	24/Jul.	Conclusion of discussion on the restructuring plan	-1.0%	-0.9%	-1.1%	-3.1%	-2.8%	-2.5%
11	25/Jul.	Bank Millennium (Poland) results in the 1st half of 2013	-1.0%	-1.6%	-1.2%	-1.0%	-1.7%	-2.7%
12	29/Jul.	First half of 2013 consolidated results	2.1%	1.5%	2.4%	2.1%	2.0%	0.4%
13	2/Sep.	Approval of the Restructuring Plan by the European Commission	-2.0%	-1.7%	-1.8%	-2.0%	-2.9%	-4.2%
14	28/Oct.	Bank Millennium (Poland) results in the first nine months of 2013	0.0%	-0.6%	-0.3%	3.6%	1.9%	3.4%
15	29/Oct.	Launch of an accelerated placement of shares and warrants of Piraeus Bank to institutional investors	3.4%	2.1%	3.8%	3.0%	1.6%	4.1%
16	30/Oct.	Announcement of the the pricing of the accelerated placement of shares and warrants of Piraeus Bank	-0.4%	0.7%	-1.4%	3.2%	1.7%	3.3%
17	4/Nov.	First nine months of 2013 consolidated results	-0.6%	-0.9%	0.4%	2.8%	1.4%	2.9%

The following graph illustrates the performance of BCP shares during 2013:



DIVIDEND POLICY

Pursuant to the conditions of the issue of Core Tier I Capital Instruments underwritten by the State, under Law 63-A/2008 and Implementing Order 150-A/2012, the Bank cannot distribute dividends until the issue is fully reimbursed.

MONITORING OF INVESTORS AND ANALYSTS

BCP shares are covered by the leading national and international investment firms, which issue regular investment recommendations and price targets on the Bank.

The average price target of the investment firms that monitor the Bank showed an increase which reflects the improvement in risk perception for Portugal and also the mitigation of risk of exposure to Greece, with the sale of the operation, and the first signs of trend reversal in terms of the main profit items. This improvement is also reflected in the purchase recommendations and "neutrals" which increased from 45% at the end of 2012 to 64% at the end of 2013.

The Bank participated in various events during 2013, having attended 12 conferences and 8 roadshows in Europe, USA and Canada organised by other banks such as BES, Credit Suisse, Goldman Sachs, Morgan Stanley, BBVA, BPI, KBW, Merril Lynch and Nomura, where it made institutional presentations and held one-on-one meetings with investors.

As a whole, during 2013, 343 meetings were also held with investors, and it should be noted that this is a record figure, demonstrating the significant increase of interest shown by investors in relation to the Bank.

TREASURY SHARES

As at 31 December 2013, Banco Comercial Português, S.A. did not hold any treasury shares. During 2013, the Bank neither purchased nor sold treasury shares. Thus, as at 31 December 2013, Banco Comercial Português, S.A. continued not to hold any treasury shares.

However, and merely for book-keeping purposes, as at 31 December 2013, this heading includes 76,664,387 shares (85,018,572 shares as at 31 December 2012) held by Customers whose acquisition was financed by the Bank. Considering that for these Customers there is evidence of impairment, pursuant to IAS 39, the Bank's shares held by these Customers were, in observance of this standard, considered as treasury shares.

SHAREHOLDER STRUCTURE

According to information from Interbolsa, as at 31 December 2013 the number of Shareholders of Banco Comercial Português totalled 174,168. The Bank's Shareholder structure continues extremely dispersed, where merely five Shareholders own qualifying holdings (over 2% of the share capital) and only one Shareholder holds a stake above 5%. Particular reference should be made to the increased weight of Companies, which accounted for 36.6% of the share capital in 2013.

Shareholder structure	Number of Shareholders	% of share capital
Group Employees	3,251	0.41%
Other individual Shareholders	166,020	33.65%
Companies	4,261	36.61%
Institutional	636	29.33%
TOTAL	174,168	100.00%

Shareholders with over 5 million shares represent 67% of the share capital. During 2013, the weight of foreign Shareholders was greater than at the end of 2012.

Number of shares per Shareholders	Number of Shareholders	% of share capital
>5,000,000	187	67.47%
500,000 to 4,999,999	2,072	11.44%
50,000 to 499,999	22,407	15.08%
5,000 to 49,999	60,236	5.34%
<5,000	89,266	0.68%
TOTAL	174,168	100%

In terms of geographic distribution, we highlight the weight of Shareholders in Portugal, which represented 51.6% of total Shareholders. During 2013, there was a reinforcement of the weight of investors from Europe (including United Kingdom) and USA.

	Nr. of Shareholders (%)
Portugal	51.6%
Africa	19.6%
UK/USA	9.4%
Others	19.4%
TOTAL	100%

QUALIFYING HOLDINGS

As at 31 December 2013, the following Shareholders held 2% or more of the share capital of Banco Comercial Português, S.A.:

31 December 2013

Shareholder	Nr. of shares	% of share capital	% of voting rights
Sonangol – Sociedade Nacional de Combustíveis de Angola, EP	3,830,587,403	19.44%	19.44%
TOTAL OF SONANGOL GROUP	**3,830,587,403**	**19.44%**	**19.44%**
Bansabadell Holding, S.L.	720,234,048	3.65%	3.65%
Banco de sabadell, S.A.	121,555,270	0.62%	0.62%
Members of the management and supervisory bodies	41,242	0.00%	0.00%
TOTAL OF SABADELL GROUP	**841,830,560**	**4.27%**	**4.27%**
EDP – Imobiliária e Participações, S.A.	395,370,529	2.01%	2.01%
Fundo de Pensões EDP	193,473,205	0.98%	0.98%
Members of the management and supervisory bodies	2,157,292	0.01%	0.01%
TOTAL OF EDP GROUP	**591,001,026**	**3.00%**	**3.00%**
Interoceânico – Capital, S.G.P.S., S.A.	412,254,443	2.09%	2.09%
ALLPAR SE	99,800,000	0.51%	0.51%
Members of the management and supervisory bodies	857,695	0.00%	0.00%
TOTAL OF INTEROCEÂNICO GROUP	**512,912,138**	**2.60%**	**2.60%**
Fundação José Berardo	361,199,091	1.83%	1.83%
Metalgest – Sociedade de Gestão, S.G.P.S., S.A.	137,150,692	0.70%	0.70%
Moagens Associadas S.A.	37,808	0.00%	0.00%
Cotrancer – Comércio e transformação de cereais, S.A.	37,808	0.00%	0.00%
Members of the management and supervisory bodies	37,242	0.00%	0.00%
TOTAL OF BERARDO GROUP	**498,462,641**	**2.53%**	**2.53%**
TOTAL OF QUALIFIED SHAREHOLDERS	**6,274,793,768**	**31.84%**	**31.84%**

The voting rights referred to above are the result of the direct and indirect stakes of Shareholders in the share capital of Banco Comercial Português. No other imputation of voting rights foreseen in article 20 of the Securities Code was communicated or calculated.

ECONOMIC ENVIRONMENT

GLOBAL ECONOMIC ENVIRONMENT

According to the International Monetary Fund (IMF), the rate of global growth remained moderate in 2013, reflecting the loss of vitality of the emerging economies resulting from of cyclical constraints and the persistence of structural imbalances, and anaemic growth recorded in the developed countries, in a scenario of widespread fiscal restrictions, whose adverse effects on the progress of economic activity were only partially mitigated by the maintenance of extremely accommodative monetary policies by the main central banks.

In the euro zone, in spite of the recessive cycle having been halted in the second quarter of 2013, the performance of its constituent economies remained asymmetric. The unequal transmission of monetary policy translated into a restrictive factor in the economic upturn of the periphery, still in a context of public and private over-indebtedness. In this regard, the establishment of the Banking Union in 2014 should prove beneficial to the evolution of credit and to the sustainability of the economic recovery. Notwithstanding the prospects of increased robustness of the financial system and of gradual recovery of activity during 2014, the European Central Bank (ECB) is likely to maintain, or possibly strengthen, the accommodative nature of its monetary policy, especially in the event of worsening deflationary risks.

Throughout 2013, the US economy recorded a slowdown relative to the previous year, in a context of political friction related to the modality and magnitude of the ongoing fiscal consolidation. Even so, productive activity continued supported, above all, by private consumption, which benefited from the recovery of the labour market and the appreciation of residential property, in an environment where mortgage interest rates remained at historically low levels. For 2014, the IMF forecasts an acceleration of GDP, with the main risk for this scenario of economic recovery resting on the reaction of the real estate market to the expected gradual reduction of the asset purchase programme the Federal Reserve (Fed) announced in December 2013.

In 2014, the challenges to global growth are primarily related to the potentially adverse impact on the global financial system arising from the expected reduction of the level of accommodation of the Fed's monetary policy, combined with the predicted cooling of the Chinese economy. Even so, the IMF foresees an acceleration of world GDP from 3.0% to 3.7%.

GLOBAL FINANCIAL MARKETS

The performance of financial markets in 2013 was marked by a reduction of volatility and a greater demand for the riskier asset classes, associated with the widespread prevalence of expansionary monetary policies. North American stock indices appreciated by around 30%, near 10% above the analogous European indices, EuroStoxx 50 and DAX. The increase by over 50% of the Japanese Nikkei 225 index was the highlight of world stock markets.

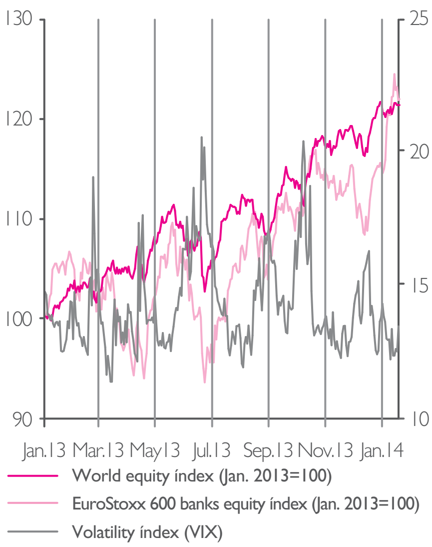
In the debt markets, the rise in the yields of government bonds of countries perceived as safe havens was the outcome of the expectations that the Fed could remove its liquidity injection programme, in view of the improved activity indicators of most advanced economies. In the euro zone, the sovereign risk premiums of peripheral countries fell in a context where Ireland and Spain successfully concluded their financial assistance programmes and European integration was strengthened by the steps

GLOBAL ECONOMIC GROWTH REMAINS MODERATE

Annual growth rate of real GDP (in %)

Source: IMF WEO (January 2014).

EXPANSIONARY MONETARY POLICIES SPUR FINANCIAL MARKETS



Source: Bloomberg.

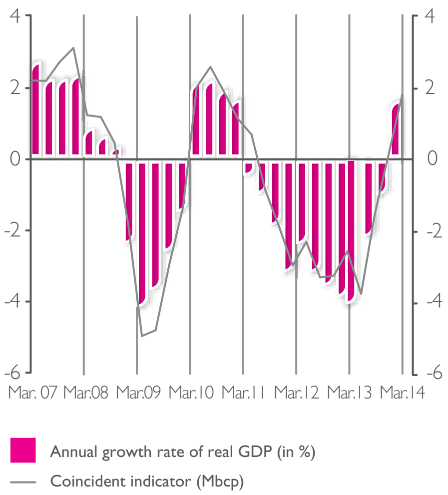
taken towards the creation of a banking union. Also in the euro zone, the reduction of excess liquidity in the banking system, embodied in the early repayment of part of the liquidity injected under the long term refinancing operations (LTRO) of 2011 and 2012, was reflected in an upward pressure on interest rates in money markets and on the euro, which reached new highs against the yen since 2008 and against the dollar since 2009.

Another highlight of the foreign exchange market refers to the currencies of various emerging markets, especially those with balance of payment deficits, which, in view of the prospects of the Fed's change of monetary policy, depreciated heavily over the year.

OUTLOOK FOR THE PORTUGUESE ECONOMY AND IMPLICATIONS FOR THE BANKING BUSINESS

The structural adjustment process underway since the request for financial assistance made by the Portuguese government in May 2011 continued to be the main determinant of the pace of economic activity throughout 2013. Portuguese GDP contracted once again, albeit at a lower rate than observed in the previous year. This is explained by the more benign evolution of domestic demand (after the strong decline recorded in 2012), combined with the continued positive contribution of net exports. Among the GDP components that most influenced this performance it is worth highlighting, on the demand side, private consumption, which was boosted by the reversal of the declining trend of disposable income, and on the supply side, the milder fall of construction and the moderation of the rate of contraction of industrial activity.

PORTUGUESE ECONOMY CONTRACTED AT A LOWER RATE IN 2013



Source: Datastream and Millennium bcp.

For 2014, forecasts point to the maintenance of the path of recovery of the Portuguese economy supported by the prospects of robust external demand and the progressive improvement of domestic activity. However, the levels of uncertainty remain high, reflecting, on the one hand, doubts as to the conditions under which the Portuguese treasury will fund itself after the end of the Economic and Financial Assistance Programme (PAEF), which is scheduled for the end of the second quarter; and, on the other hand, the risks of slowdown of external demand, in a context of expected moderate growth of the world economy and existence of risks of deterioration of conditions in international financial markets, which have been underpinned by policies of a high degree of monetary accommodation.

The evolution of the banking system throughout 2013 was also persistently constrained by the implementation of the PAEF and the maintenance of a context of fragmented European markets. Notwithstanding the fact that the results remained negative in 2013, the Portuguese banking system strengthened its solvency ratios to levels above the regulatory minimum (10%) via recapitalisation operations, using public and private capital, and through policies of selective reduction of exposure to risk.

The balance sheet restrictions, cost of capital and strong perception of risk, as well as the clear fall in demand for credit with normal risk levels, led to a reduction of the credit granted during 2013 at a rate similar to that observed in 2012. At the same time, there was an increase in the weight of domestic deposits, conferring greater stability to the bank's financing structure. In 2013, central bank funds remained relatively stable in relation to the previous years, essentially reflecting the maintenance of strong restrictions in the access to the interbank market. The decline of credit and sustained deposits gave rise to the convergence of the loan-to-deposit ratio to close to the informal goal of 120%.

The profitability of the banking sector was under pressure due to the reduction of the net interest income and increased total impairments. The context of low interest rates negatively affected of the net interest income, in spite of the effort to cut the costs of deposits and ensure more appropriate lending rates according to the credit and liquidity risk of the operation. The reduction of operating income supplanted the reduction of operating costs, leading to a deterioration of the efficiency ratios.

The preliminary signs of improvement of the economic environment proved insufficient to reverse the upward trend of overdue loans, with special incidence in the corporate segment. In view of this fact, credit risk coverage levels were reinforced.

An agreement was reached in 2013 in relation to the Banking Union project, which foresees stronger regulatory requirements, institutes greater harmonisation of the regulatory and supervisory framework in the euro area, and establishes specific mechanisms for the resolution and recovery of banks, with the main objective of fostering the reintegration of European financial markets and decreasing the perverse effects derived from the existing strong interconnection between sovereign risk and the risk of the banking system.

INTERNATIONAL OPERATIONS

During the first half of 2013, the Polish economy recorded sluggish growth as a result of the deterioration of the situation in the labour market and weaker investment, the latter hurt by the reduction of infrastructure projects, following the budget consolidation process. During the second half of the year, the improvement of the confidence of economic agents, encouraged by the stabilisation of employment and low real interest rates, led to a revival of economic activity, which the IMF estimates to have expanded by 1.3% as a whole for the year. An acceleration of GDP is expected for 2014, through the increased contribution of domestic demand. In the area of public accounts, the decrease of fiscal revenue at a rate higher than that estimated led to a higher fiscal deficit in 2013, but which, according to the IMF, should fall back in 2014, benefiting from the reform of social security. The absence of inflationary pressures gives the Polish central bank conditions to maintain the current expansionary monetary policy, associated with a historically low base rate of 2.5%.

In 2013, according to the IMF, the GDP growth rate of Romania increased to 2%, reflecting the strong performance of net exports and increased agricultural production. In 2014, the strengthening of private consumption, associated with reform of the labour market and the recovery of investment, enabled by the absorption of European Union funds directed towards infrastructure projects, should mitigate the adverse effects of maintaining the budget consolidation process. In this environment, the IMF foresees a stabilisation of economic growth in 2014. The reduction of inflation should enable maintaining the rate of change of the consumer price index within the range defined by the central bank (between 1.5% and 3.5%), creating conditions for monetary policy to continue accommodative in 2014.

The available estimates suggest that the rate of growth of the Mozambican economy continued robust in 2013 (7%) and higher than the average for Sub-Saharan Africa (5.1%). The increased production of the mining industry and the expansion of the financial sector contributed to this performance. The extraction of natural resources, especially coal and gas, has encouraged the entry of foreign capital into megaprojects, which should continue to drive the economy in 2014, although at the cost of a temporary aggravation of the trade balance deficit, due to the increased imports of investment goods. The effort required by the infrastructure investment plans for the next few years should increase the nominal values of debt, whose weight in GDP could, however, decline as a result of the expected high growth rates in the future. In 2013, after the sharp increase of agricultural prices following the floods of the beginning of the year, the return of inflation to levels consistent with the objective of the Banco de Moçambique, between 5% and 6%, allowed the monetary authority to intensify the downward cycle of interest rates.

The buoyancy of the Angolan economy, which the IMF estimates to have grown by 5.6% in 2013, continued to be strongly influenced by the performance of the oil sector, whose importance, both in terms of the trade balance surplus and fiscal revenues, makes the economy vulnerable to fluctuations in the price of crude in international markets. The non-oil sector continued to benefit from the stimulus conferred by the growing flows of foreign capital and public investment, namely in infrastructures, whose shortcomings have constrained growth. Under this scenario, the IMF forecasts an acceleration of activity in 2014. Balanced public accounts and sustainability of public debt offer the ideal conditions for the issue of government bonds on the international primary market that is planned for 2014.

GROSS DOMESTIC PRODUCT

Annual growth rate (in %)

	2011	2012	2013 (E)	2014 (P)
EUROPEAN UNION	**1.7**	**-0.7**	**-0.4**	**1.0**
Portugal	-1.3	-3.2	**-1.8**	**0.8**
Poland	4.5	1.9	**1.3**	**2.4**
Romania	2.2	0.7	**2.0**	**2.2**
SUB-SAHARAN AFRICA	**5.5**	**4.8**	**5.1**	**6.1**
Angola	3.9	5.2	**5.6**	**6.3**
Mozambique	7.3	7.4	**7.0**	**8.5**

Source: IMF WEO Database (January 2014).

IMF estimate.

MAIN RISKS AND UNCERTAINTY

Risk	Sources of risk	Risk level	Trend	Interactions
ENVIRONMENT				
Regulatory	• Impact of the new regulations on institutional activity, which may affect entities with less resources • CRD IV: Higher capital requirements and greater comprehensiveness of the risks covered by the international framework of financial regulation • Single Supervisory Mechanism	High	↔	• Lack of clarity in the convergence of regulatory initiatives • Implications in bank business models • Implementation of Basel III/ CRD IV • Risk of implementation of the Single Supervisory Mechanism • Complete assessment of the main banks by the ECB/Stress Tests
Fragmentation	• Interaction between sovereign credit risk and bank credit risk • Banking Resolution and Recovery Directive (BRRD) • Prospects of maintaining inflation at levels below the ECB objective	High	↘	• Delays in the implementation of the Banking Union • Deepening of mechanisms for resolution and deposit guarantees of banks. • International interbank markets continue to operate deficiently • High risk premiums in countries under pressure • Difficulties in access to external funding • Conduct of monetary policy in the euro zone
Sovereign	• Conclusion of the implementation of the Economic and Financial Assistance Programme • Fiscal consolidation • Implementation of structural reforms • New austerity measures contained in the budget for 2014 • Correction of the disequilibrium of the current and capital balance • Return to international funding markets	High	↘	• Confidence of internal economic agents • Reallocation of resources to tradable goods sectors • Reduction of household disposable income • Increased default ratios • Confidence of international investors • Macroeconomic outlook in the main trading partners • Recovery/growth of GDP
FUNDING AND LIQUIDITY				
Access to WSF markets	• Lack confidence of investors • Pricing of debt instruments • Pressure on ratings • Removal (phasing out) of conventional and non-conventional measures underlying ECB monetary policy in a non-gradual and unpredictable way	Medium- -level	↘	• High dependence on ECB funding • Credit financing almost entirely through balance sheet customer funds • Open and regularly operating markets • Banking Resolution and Recovery Directive (BRRD)
Funding structure	• WSF markets continue operating irregularly • Loss of eligibility of debt backed by the State • Alteration of ECB rules on collateral	Medium- -level	↔	• Alterations of the business model • Macroeconomic restrictions: deleveraging of internal economic agents • De-risking • Increased weight of balance sheet customer deposits and funds in the funding structure • Progressive replacement of the funding obtained from the ECB by WSF market issues

Risk	Sources of risk	Risk level	Trend	Interactions
CAPITAL				
Credit risk	• Asset quality • Maintenance of a high level of cost of risk	High	↘	• Evolution of individual disposable income • Maintenance of a high unemployment rate • Level of indebtedness of individuals • High leveraging of companies • Exposure to the construction sector
Market risk	• Volatility in capital markets • Effective hedging • Adverse behaviour in the real estate market	Medium- -level	⟷	• Uncertainty in markets • Monetary policies of the different Central Banks • Profitability of the pension fund • Reduction of earnings from trading • High dependence on ECB funding
Operating risk	• Pressure to cut operating costs	Medium- -level	⟷	• Simplification of processes • Deterioration of controls • Increased risk of fraud • Business continuity
Concentration and interest rate risk	• Historically low interest rates • High concentration in terms of credit-risk	Medium- -level	⟷	• Low interest rates contribute to lower default but exert pressure on profitability • Need to reduce the weight of the main Customers in the total credit portfolio
Reputation, legal and compliance risk	• Inherent to the Group's activity	Medium- -level	⟷	• The negative opinion of the public or sector could adversely affect the capacity to attract Customers (in particular depositors) • Possible Customer claims • Possible penalties or other unfavourable procedures arising from inspections • Instability of the regulatory environment applicable to financial activity • AML rules and against the financing of terrorism
Profitability	• Net interest income • Regulatory pressures on fees and commissions • Asset quality/impairments	High	↘	• Low interest rates place pressure on net interest income • Low spreads in the mortgage loan portfolio • Cost related to CoCos • Negative impact of the liability management operations carried out in 2011 on net interest income • Need to continue to decrease the spreads on term deposits

INFORMATION ON TRENDS

The continuation of the efforts made to adjust the imbalances accumulated over decades, consisting of the structural correction of public accounts and the balance of external accounts and of the reallocation of resources towards the tradable goods and service sectors, should continue to significantly constrain the Portuguese economy in 2014 and is an essential condition for the Portuguese economy to return to full access to market funding.

Recently disclosed indicators suggest that a gradual process of economic recovery is emerging. The projections for 2014 of various entities (Government, the Banco de Portugal, IMF and OECD) point to a moderate recovery in 2014. However, some uncertainty persists as to the possible impact of the new austerity measures contained in the State Budget for 2014 on household disposable income and domestic demand. Low inflationary pressures are observed, reflecting the sluggishness of internal demand, high unemployment, and wage moderation, as well as lower commodity and import prices.

The evolution of GDP, reduction of individual disposable income, higher unemployment and increased delinquency of companies has been reflected in the deterioration of the quality of the credit portfolio of Portuguese banks. The ratio of credit at risk should continue to increase, more so in credit to companies and less so in mortgage loans. In spite of the increased ratio of credit at risk, a progressive reduction should be observed in the cost of risk, as new entries into overdue credit net of recoveries decrease, implying lower endowments for impairment.

The volumes (loans + deposits) of banks, and in particular of BCP, should continue to fall, in a context of the deleveraging of non-financial sectors of the economy which leads to the reduction of demand for credit. At the same time, deposits should continue to increase, reflecting the confidence of customers in Portuguese banks associated to increased saving for reasons of precaution in view of future uncertainties as well as the transformation of off-balance sheet resources, showing customer choice for lower risk. As a result, the commercial gap should continue to narrow, gradually leading to a situation where the credit is almost entirely funded by balance sheet customer funds, thus dependence on ECB financing and improving BCP's liquidity position.

In spite of the prospects of a progressive opening of the IMM and financial markets, the Portuguese banks' use of Eurosystem financing should continue above the average of the euro zone in 2014. Once the constraints that prevent normal market functioning have been surpassed, there should be a progressive reduction of the use of ECB funding offset by debt issues in the WSF market. BCP expects to issue 2.5 billion euros on average per year during the period of 2014-17, which will be used to reduce the dependence on the funding obtained from the ECB.

The liquidity position of Portuguese banks has benefited from the action of the ECB, namely the cuts in reference rates, the system of allotting funds at fixed rates and meeting demand fully, adopted for the refinancing operations of the Eurosystem, further combined with the conduct of long term refinancing operations and measures with impact on collateral eligibility rules, conferring to Portuguese banks the capacity to manage their liquidity needs. The removal of these non-conventional measures of conducting monetary policy should be processed in a gradual and predictable manner, as market functioning becomes increasingly more normal.

The profitability of Portuguese banks is likely to remain weak in 2014, reflecting the reduction of net interest income, the negative effect in terms of level of business turnover and the evolution of impairments. The low interest rates that are currently observed affect the banks' profitability, in spite of the positive effect on impairments. The capacity to generate capital persists as one of the main challenges to the banking business in the medium term. Although BCP is forecast to reach break-even in Portugal during the 2nd half of 2014, its consolidated net income should be constrained by low interest rates, low volumes (credit + deposits), the cost of the CoCos, cost of the liability management operations carried out in 2011 and high impairments, partially offset by the reduction of spreads on term deposits, carry trade, net income of the international operations and cost cuts, as a result of the additional reduction of the number of branches and Employees.

The entry into force of the Basel III rules in January 2014 will be reflected in stronger capital requirements and greater comprehensiveness of the risks covered. However, a transition period has been established for the new regulatory requirements which should enable this change to take place smoothly.

The new Basel III agreement, which entered into force on 1 January 2014, obliges that tax credit which depends on the existence of future profit in order to be used (in banking, deferred tax assets) should now be deducted from own funds, where only those where there is almost total assurance of their use or which have an economic value equal to their book value can be stated in the books as capital.

In Italy and Spain, a solution has been found, in terms of the tax system, to minimise the effects on capital of the new Basel III rules concerning deferred tax assets. Based on an argument that could be applied to the Portuguese banking system in a rather similar fashion, in order to avoid competitive distortions, legislation on the matter is under preparation, with "an inter-institutional group having been created and being operational, entrusted with finding a suitable solution, similar to that already adopted in other Member States, which shall not have significant implications on public accounts and shall not leave Portuguese banks in a disadvantaged situation in relation to their European peers".

The implementation of the Single Supervisory Mechanism as part of the Banking Union project will imply a complete appraisal of the principal banks, covering around 85% of the banking system of the euro zone by the ECB, with a view to strengthening confidence in the strength and quality of bank balance sheets in the euro zone. This exercise will include three elements: risk assessment for supervisory purposes, analysis of asset quality so as to enhance transparency regarding the banks' exposure, and stress tests aimed at determining the resilience of bank balance sheets to adverse scenarios. This exercise should be concluded before the ECB takes up its supervisory duties in November 2014. Following this exercise, the ECB will proceed with a single and comprehensive disclosure of the results and any possible recommendations in terms of applicable supervisory measures.

VISION, MISSION AND STRATEGY

VISION AND MISSION

BCP's vision is to be the reference Bank in Customer service, based on innovative distribution platforms, where a relevant part of the resources will be allocated to Retail and Companies, in markets of high potential with excellent efficiency levels, reflected in a commitment to an efficiency ratio at reference levels for the sector and with tighter discipline in capital, liquidity and cost management.

The Bank's mission is to create value for Customers through high quality banking and financial products and services, complying with rigorous and high standards of conduct and corporate responsibility, growing with profitability and sustainability, so as to provide an attractive return to Shareholders, in a manner supporting and strengthening its strategic autonomy and corporate identity.

STRATEGY

In September 2012, BCP presented a Strategic Plan composed of three phases for the period 2012-2017. During the 1st phase, which took place from 2012 to 2013, the main priority was reinforcing the balance sheet, through improved liquidity and solvency levels.

During the 2nd phase, the Bank intends to ensure the creation of conditions for growth and profitability, through recovery of profitability in Portugal and the continued development of its core business in Poland, Mozambique and Angola. The recovery of profitability in Portugal will be carried out via three drivers: i) Increase in core income, through higher margins on assets via recomposition of the credit portfolio, reduction of interest paid and improvement of fees and commissions and higher simplification of processes; ii) Enhanced operating efficiency instituted through reduction of size and administrative reorganisation; and iii) Adoption of strict limits in risk-taking, which will enable lowering credit default through divestment in the non-core portfolio and macroeconomic stabilisation.

Finally, the 3rd phase, to be developed during 2016 and 2017, covers the sustainable growth of net income, through an improved balance between the contributions of the domestic and international operations.

STAGES	PRIORITIES
Demanding economic environment (2012-13)	• Stronger balance sheet
Creating conditions for growth and profitability (2014-15)	• Recovery of profitability in Portugal • Continued development of business in Poland, Mozambique and Angola
Sustained growth (2016-17)	• Net income sustained growth, more balanced between domestic and international component

MAIN DRIVERS

- Reduce wholesale funding dependence
- Recovery in operating income
- Additional reduction in operating costs
- Adopt strict limits in risk taking
- Wind down or divest the non-credit portfolio

MAIN TARGETS

	2015	2017
CT1 (BoP)	~12%	~12%
LTD(*)	<110%	~100%
C/I	<55%	<45%
Operating costs in Portugal	<700M€	<700M€
Cost of risk (bp)	~100	<100
ROE	~10%	~15%

(*) Loans to deposits ratio is defined as net loans divided by on-balance sheet customer funds.

FINANCIAL INFORMATION

ANNUAL REPORT 2013

LIQUIDITY AND FUNDING

The Annual Liquidity Plan for 2013 assumed the maintenance of a comfortable liquidity buffer during the year, through the control of market financing needs, based on higher levels of customer deposits, and an active management of the portfolio of eligible assets in the European Central Bank.

The reduction of the commercial gap (measured by the difference between net loans to customers and customer deposits) by Euro 5.4 billion contributed to the decrease of funding needs during 2013, reflecting the impact of measures taken by the Bank to increase customer deposits, as well as the effect of weak demand for credit by the economic agents.

The referred amount, materially above medium-long term debt refinanced through the year (Euro 1.1 billion), funded the increase of the portfolios of private and public debt and the early redemption, in the first quarter of 2013, of a Long Term Refinancing Operation (LTRO) tranche of Euro 1.0 billion, from a total of Euro 12.0 billion, bringing additional flexibility to short-term treasury management.

The management of eligible collateral at the Eurosystem included, as foreseen, the early redemption of a Euro 1.75 billion issue guaranteed by the State, which was withdrawn from the portfolio in the second quarter of 2013. On 18 July 2013, the Governing Council of the European Central Bank (ECB) announced the adoption, in the fourth quarter of 2013, of new "haircut" schedules, in particular for marketable assets, determining materially unfavourable impacts, but even so the liquidity buffer amounted to Euro 9.9 billion at the end of 2013.

It is also worth mentioning the deposit-raising activity from international financial institutions, the renewal of some medium-long term loans and the return to the short-term markets at the year-end, through repo transactions with international financial institutions.

CAPITAL

Following the request submitted by Millennium bcp, the Bank of Portugal authorised the adoption of methodologies based on Internal Rating models (IRB) for the calculation of capital requirements for credit and counterparty risk, covering a substantial part of the risk from the activity in Portugal as from 31 December 2010.

In the scope of the Roll-Out Plan for the calculation of capital requirements for credit and counterparty risk, the Bank of Portugal then authorised the extension of this methodology to the subclasses of risk "Renewable Retail Positions" and "Other Retail Positions" in Portugal with effect as from 31 December 2011.

As from 31 December 2012, the Bank of Portugal authorised the use of own estimates of Credit Conversion Factors (CCF) for "Corporates" exposures in Portugal and the adoption of IRB methodologies for "Loans secured by residential real estate" and "Renewable positions" of the Retail portfolio in Poland.

On 31 December 2013 the Bank of Portugal authorised the extension of the IRB method to the real estate promotion segment, as well as the adoption of own estimation of LGD for the "Corporates" exposures in Portugal. In the first half of 2009, the Bank received authorisation from the Bank of Portugal to adopt the advanced approaches (internal model) for generic market risk and the standard method for operational risk.

CAPITAL REQUIREMENTS: CALCULATION METHODS AND SCOPE OF APPLIANCE

	2013	2012
CREDIT RISK AND COUNTERPARTY CREDIT RISK		
Portugal		
Retail	**IRB Advanced**	IRB Advanced
Corporates	**IRB Advanced (2)**	IRB Foundation (1)
Poland		
Retail		
- Loans secured by residential real estate	**IRB Advanced**	IRB Advanced
- Renewable positions	**IRB Advanced**	IRB Advanced
Other exposures (all entities of the Group)	**Standardised**	Standardised
MARKET RISK(3)		
Generic market risk in debt and equity instruments	**Internal Model**	Internal Model
Foreign exchange risk	**Internal Model**	Internal Model
Commodities risk and market risk in debt and equity instruments	**Standardised**	Standardised
OPERATIONAL RISK(4)	**Standard**	Standard

(1) Using own estimates of Credit Conversion Factors (CCF), except for the real estate promotion segment and for exposures to Clients assessed by the simplified rating system, which were weighted by the standardised approach.

(2) Except for exposures to Clients assessed by the simplified rating system, which were weighted by the standardised approach.
(3) For exposures within the perimeter that is centrally managed from Portugal; for all other exposures the only approach applied is the standardised method.
(4) The adoption of the standard method for operational risk was authorised in 2009, to be applied on a consolidated basis.

The consolidated Core Tier I ratio, calculated in accordance with Bank of Portugal rules, reached 13.8% as at 31 December 2013, showing an increase of 140 basis points compared to 12.4% as reported at 31 December 2012 and above the minimum threshold defined by the Bank of Portugal (10%).

This performance was determined by the decrease in risk weighted assets (9.34 billion euros), notwithstanding the decrease registered in Core Tier 1 (539 million euros), mainly reflecting the following effects:

- The sale of the operation in Greece in June 2013 contributed with +88 basis points to Core Tier 1 ratio (CT1), leading to a reduction in risk weighted assets (3.85 billion euros), which more than offset the negative impact associated with the first semester's consolidated net income (41 million euros);
- The sale, in October, of the investment in Piraeus Bank, as part of the sale process of the subsidiary in Greece, added 16 basis points in the CT1 ratio, corresponding to the positive result achieved with this operation (87 million euros);
- The synthetic securitisation operation made in June 2013 added +40 basis points to the CT1 ratio, arising from the savings in risk weighted assets posted at the end of 2013 (1.66 billion euros);
- The revoking, in 2013, of the prudential filter that required the deduction of the positive gap, on an individual basis, between the regulatory provisions of the Bank of Portugal's notice no. 3/95 and the IFRS impairments, for standardised exposures, resulted in +12 basis points on the CT1 ratio, reflecting the increases in Core Tier 1 (84 million euros) and in risk weighted assets (177 million euros);
- The decrease of the deductions associated with deposits with high interest rates provided a gain of 13 basis points on the CT1 ratio, related to the increase of Core Tier 1 (71 million euros);
- The extension of the IRB method to the real estate promotion segment, as well as the adoption of own estimates of LGD for the "Corporates" exposures in Portugal, with effects as from 31 December 2013, added 76 basis points to the CT1 ratio, due to the decrease in risk weighted assets (3.08 billion euros);
- The impacts regarding the negative net income in 2013, excluding the previously mentioned operations, the change in minority interests, the impacts associated with the pension fund after taxes, the exchange rate variations, and other reserves and prudential filters, on the one hand, and the decrease in the risk weighted assets from the activity, influenced by the deleveraging and by the optimisation efforts (-936 million euros), on the other, had a unfavourable effect of 105 basis points on the CT1 ratio.

In parallel, the Core Tier 1 ratio, determined in accordance with EBA criteria reached 10.8% as at 31 December 2013, comparing favourably with the 9.8% ratio recorded as at 31 December 2012 and exceeded the defined minimum limit of 9%.

Core Tier 1 of EBA is based on Core Tier 1 calculated according to Bank of Portugal's criteria, adjusted by the impact of the following items: i) deduction of 50% of both the value of significant investments held in shareholdings and the impairment shortfall in comparison to the expected losses of the exposures treated under IRB methodologies; and ii) the capital buffer set by EBA with reference to 30 September 2011 to cover sovereign risks, adjusted by the provisioning undertaken subsequently within the scope of the restructuring of the Greek public debt.

On 22 July 2013, EBA issued a recommendation which establishes the preservation, in absolute value, of the necessary capital to the fulfilment of a minimum 9% ratio previously foreseen, with reference to the capital requirements as at 30 June 2012, including the same capital buffer for sovereign exposures, to ensure an adequate transition to the minimum capital requirements imposed by the CRD IV/CRR.

This recommendation foresees some exceptions, in particular for the institutions under a restructuring and gradual orderly deleveraging plan, for which the minimum nominal capital could be set taking as reference a later date for capital requirements, upon request made to the Bank of Portugal and after obtaining the proper authorisation. Within this framework, Millennium bcp has made, in due time, this request to the Bank of Portugal.

The excess Core Tier I resulting from the application of the new recommendation of capital preservation as at 31 December 2013, assuming as reference to the calculation of the mentioned excess the capital requirements calculated at the end of 2013, was 805 million euros, reflecting the performance of EBA's Core Tier I ratio.

SOLVENCY

Million euros

	31 Dec. 13	31 Dec. 12	31 Dec. 11
RISK WEIGHTED ASSETS			
Credit risk	**40,323**	49,007	50,907
Risk of the trading portfolio	**486**	563	566
Operational risk	**3,118**	3,701	3,981
TOTAL	**43,926**	**53,271**	**55,455**
OWN FUNDS			
Core Tier I	6,040	6,579	5,135
Preference shares and Perpetual Subordinated Debt Securities with Conditioned Coupons	**40**	173	173
Other deductions(1)	**(434)**	(530)	(521)
Tier I Capital	**5,646**	6,223	4,788
Tier II Capital	**880**	697	613
Deductions to Total Regulatory Capital	**(106)**	(146)	(137)
TOTAL REGULATORY CAPITAL	**6,421**	**6,773**	**5,263**
SOLVENCY RATIOS			
Core Tier I	**13.8%**	12.4%	9.3%
Tier I	**12.9%**	11.7%	8.6%
Tier II	**1.8%**	1.0%	0.9%
TOTAL	**14.6%**	**12.7%**	**9.5%**
EBA CORE TIER I RATIO(2)	**10.8%**	**9.8%**	**-**

(1) Includes deductions related to the shortfall of the stock of impairment to expected losses and significant shareholdings in unconsolidated financial institutions, in particular to the shareholdings held in Millenniumbcp Ageas and Banque BCP (France and Luxembourg).

(2) Core Tier I ratio in accordance with the criteria of EBA. In this scope, the Core Tier I calculated in accordance with the rules of the Bank of Portugal was deducted of the "Other deductions (1)" and of the buffer to sovereign risks (Euro 848 million); the risk weighted assets have not been adjusted.

RESULTS AND BALANCE SHEET

The consolidated Financial Statements were prepared under the terms of Regulation (EC) nr. 1606/2002, of 19 July, in accordance with the reporting model determined by the Banco de Portugal (Banco de Portugal Notice nr. 1/2005), following the transposition into Portuguese law of Directive nr. 2003/51/EC, of 18 June, of the European Parliament and Council in the versions currently in force.

The consolidated financial statements are not directly comparable between 2013, 2012 and 2011, as a result of the sale to Piraeus Bank of the entirety of the share capital of Millennium bank in Greece, concluded in June 2013. In the context of this divestment operation of Millennium bank in Greece, Millennium bcp participated in the rights issue of Piraeus Bank, under the Greek bank recapitalisation programme, with the participation of the Hellenic Financial Stability Fund. Millennium bcp proceeded with the early total divestment of its shareholding in Piraeus Bank in October 2013, through accelerated placement with institutional investors. With this operation, Millennium bcp was no longer exposed to the Greek market, at an earlier time than had been established, enabling the strengthening of focus on the defined strategic plan.

Following the sale of the entire share capital of Millennium bank in Greece, concluded on 19 June 2013, in accordance with the general conditions announced in due time, and pursuant to IFRS 5, Millennium bank in Greece was classified as a discontinued operation during 2013, with the impact on earnings from operations being presented on a separate line item in the income statement under "discontinued operations". In this context, pursuant to the aforesaid standard, the income statement as at 31 December 2012 was restated and, for comparative purposes, also that of 2011. Regarding the consolidated balance sheet, the assets and liabilities of Millennium bank in Greece were not stated as at 31 December 2013, however, their statement as at 31 December 2012 and 31 December 2011 has not been altered. This fact should be taken into account for comparative effects.

Furthermore, in view of the commitment signed with the Directorate-General for Competition of the European Commission (DG Comp) relative to the Bank's restructuring plan, in particular the medium-term divestment of the operation held by Millennium bcp in Romania and the implementation of a new approach in the investment fund management business, the activities of Millennium bank in Romania and Millennium bcp Gestão de Activos have also been presented under the line of "discontinued operations". The income statement as at 31 December 2012 has been restated and, for comparative purposes, also that of 2011. Regarding the consolidated balance sheet, the statement of the assets and liabilities of Millennium bank in Romania and Millennium bcp Gestão de Activos has not been altered in view of the criteria considered in the consolidated financial statements as at 31 December 2012 and 2011.

Notwithstanding the above, in order to offer a clearer understanding of the evolution of the Group's financial statements, only for the effect of this analysis, various balance sheet indicators have also been presented on a comparable basis, i.e., excluding the operations under discontinuation, in particular Millennium bank in Romania and Millennium bcp Gestão de Activos, hereafter simply referred as "discontinued operations".

At the end of 2011, in view of the agreement signed between the Government, the Portuguese Banking Association and the banking employees' unions for the transfer to the General Social Security Scheme of the liabilities related to pensions for retired employees and other pensioners, the Bank decided, prior to this transfer, to change the accounting policy associated with the recognition of actuarial deviations.

Following the analysis of the alternatives permitted by the International Accounting Standard (IAS) 19 – Employee Benefits, the Group decided to begin to recognise actuarial deviations for the year against reserves. Previously, the Group had deferred actuarial deviations in accordance with the corridor method, where unrecognised actuarial gains and losses exceeding 10% of the greater value between the present value of the liabilities and the fair value of the Fund's assets were recognised against profit or loss, according to the estimated remaining working life of active Employees.

In 2013, Millennium bcp pursued the effort of adjustment of its balance sheet structure to the new regulatory and market requirements, having achieved a reduction of the commercial gap through loans granted and increased balance sheet customer funds. The operating conditions of Millennium bcp were negatively affected by the high level of credit impairment charges, as a result of the materialisation of credit risk and higher cost of funding, especially caused by the effect of the recourse to public investment and the effort to reduce the commercial gap, despite reduction of the average cost of customer deposits.

The use of public investment, notwithstanding the Bank's recapitalisation process in force since 2008 that provided unprecedented capitalisation levels, resulted from the deterioration of the macroeconomic situation in Portugal and in Greece, from the impact of the partial transfer of liabilities related to pensions to the General Social Security System, from impairments constituted in 2012 under the SIP (Special Inspection Programme), from the persistent restricted access of banks to funding markets and from new regulatory requirements imposed by the Banco de Portugal and the European Banking Authority (EBA).

Total assets stood at 82,007 million euros at 31 December 2013, compared with 89,744 million euros at 31 December 2012. The portfolio of loans to customers, before loan impairment and on a comparable basis, reached a total 59,734 million euros at 31 December 2013, compared with 61,715 million euros at 31 December 2012, driven by a contraction of loans to companies and individuals. This evolution was influenced by the reduction in demand, notwithstanding the focus on support and funding attributed to the more productive segments of the national economy.

Total customer funds increased, on a comparable basis, to 64,260 million euros at 31 December 2013, from 63,936 million euros recorded at 31 December 2012, benefiting from the performance of balance sheet customer funds, in particular customer deposits that continued to be the main source of funding of the activity. At the same time, total customer funds were favourably influenced by the increase in off balance sheet funds, due to the positive performance of assets under management.

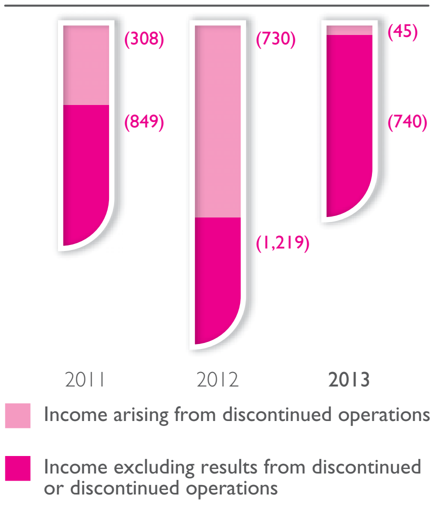
Net income was negative by 740.5 million euros in 2013, compared with the negative net income of 1,219.1 million euros reported in 2012, influenced above all by a high level of impairment charges in the activity in Portugal.

PROFITABILITY ANALYSIS

NET INCOME

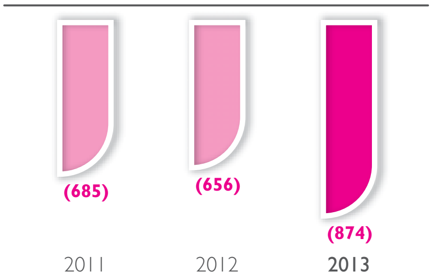
Millennium bcp's 2013 net income was negative by 740.5 million euros, comparing favourably with the negative net income of 1,219.1 million euros recorded in 2012, benefiting from a strategy of reduction of exposure to the activity developed in Greece, despite the decrease in net interest income, constrained by higher interest costs associated with the issue of hybrid financial instruments, and in net trading income, influenced by lower gains related to Portuguese sovereign debt securities, by losses associated with the sale of credit operations and by the recognition in 2012 of income related to the repurchase of Bank's own debt securities.

NET INCOME
Million euros

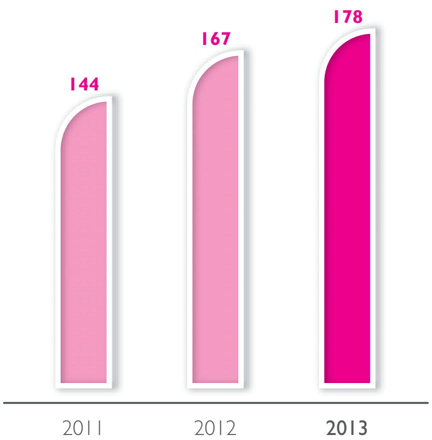


Profitability was impacted, in both financial years, by the level of impairment and provisions charges, and by a series of significant adverse factors, in particular during 2013 (net of taxes, considering the marginal tax rate): i) the impact on net interest income of the interest cost associated with the issue of hybrid financial instruments (184.3 million euros) and liability management operations carried out in 2011 (131.9 million euros); ii) the recognition of costs related to the restructuring programme (86.6 million euros); iii) the impacts related to the exceptional tax contribution on the banking sector,

NET INCOME
Activity in Portugal
Million euros



NET INCOME
International activity
Million euros



the deposit guarantee fund and the initial and regular contributions to the resolution fund, introduced in 2013 (50.9 million euros); iv) the effects on commissions of the cost of the Portuguese State guarantee for the Bank's debt issues (41.2 million euros); v) the recognition of negative net income from discontinued operations (45.0 million euros); vi) the losses recognised in the sale of credit operations (40.7 million euros). The net income for 2013 also includes the positive impact associated with net trading income related to the divestment of the shareholding in Piraeus Bank (114.8 million euros).

Net income for 2012 incorporated the following adverse factors, net of taxes, considering the marginal tax rate: i) the effect on net interest income of 138.7 million euros, related to costs of liability management operations undertaken in 2011, and of 95.8 million euros, related to the issue of hybrid instruments underwritten by the Portuguese State; (ii) the costs related to the restructuring programme and early retirement of 49.2 million euros; iii) the cost of 49.1 million euros of commissions associated with the issue of debt securities guaranteed by the Portuguese State. The consolidated net income of 2012 also incorporated the following positive impacts: i) the recognition of capital gains of 130.9 million euros, generated by the repurchase of Bank's own debt securities; ii) gains of 75.2 million euros associated with Portuguese sovereign debt securities held; iii) the favourable effect of 45.4 million euros of the legislative change related to mortality allowance.

The evolution of net income for 2013, when compared with 2012, was constrained, above all, by the activity in Portugal, penalised by the performance of economic activity that affected the income and confidence levels of companies and households, despite early signs of recovery of some economic indicators. Hence, on a quarterly basis, operating results, throughout 2013, recorded a positive evolution, excluding restructuring costs recognised in the fourth quarter, benefiting from the performance of net operating revenues and the continued effort of restraint and reduction of operating costs.

The performance of net income in the activity in Portugal essentially reflected the behaviour of net interest income and net trading income, despite a lower level of impairment and provisions charges and the reduction of operating costs, following the initiatives that have been implemented aimed at higher operating efficiency, in particular through restraint and rationalisation of costs and administrative reorganisation, in particular the simplification of the organisation, improvement of processes and optimisation of the commercial network in accordance with the new paradigm of customer consumption and demand for banking services.

QUARTERLY INCOME ANALYSIS

Million euros

	2013					2012	2011
	1st quarter	2nd quarter	3rd quarter	4th quarter	Total		
NET INTEREST INCOME	179.2	201.0	233.5	234.3	848.1	998,0	1,492.4
Other net income							
Dividends from equity instruments	0.0	1.5	0.2	2.0	3.7	3.8	1.4
Net commissions	160.3	172.6	161.9	168.2	663.0	655.1	756.3
Net trading income	72.6	(19.5)	96.2	114.9	264.2	436.7	62.4
Other net operating income	(8.1)	(15.7)	(24.9)	(23.2)	(71.9)	(47.8)	(16.4)
Equity accounted earnings	14.1	16.5	15.8	15.8	62.2	55.6	14.6
TOTAL OTHER NET INCOME	238.9	155.4	249.2	277.7	921.2	1,103.4	818.3
NET OPERATING REVENUES	418.1	356.4	482.7	512.0	1,769.3	2,101.4	2,310.7
Operating costs							
Staff costs	166.1	170.6	167.3	263.5	767.5	751.5	873.9
Other administrative costs	113.4	112.7	109.2	124.3	459.6	501.7	513.0
Depreciation	16.8	16.5	15.4	19.4	68.1	68.0	78.0
TOTAL OPERATING COSTS	296.3	299.8	291.9	407.2	1,295.2	1,321.2	1,464.9
Operating results	121.8	56.6	190.8	104.8	474.1	780.2	845.8
Impairment							
For loans (net of recoveries)	186.9	287.0	144.7	202.2	820.8	969.6	1,230.5
Other impairment and provisions	50.8	183.6	141.1	90.3	465.8	349.6	499.3
INCOME BEFORE INCOME TAX	(115.9)	(414.0)	(95.0)	(187.7)	(812.5)	(539.0)	(884.0)
Income tax							
Current	15.0	20.9	20.6	59.1	115.7	81.2	66.4
Deferred	(42.8)	(122.9)	(29.2)	(131.5)	(326.4)	(213.3)	(495.2)
NET (LOSS)/INCOME AFTER INCOME TAX FROM CONTINUING OPERATIONS	(88.1)	(312.0)	(86.4)	(115.3)	(601.8)	(406.9)	(455.2)
Income from discontinued operations	(43.8)	(0.4)	0.6	(1.4)	(45.0)	(730.3)	(307.6)
NET INCOME AFTER INCOME TAX	(131.9)	(312.4)	(85.8)	(116.7)	(646.8)	(1,137.2)	(762.8)
Non-controlling interests	20.1	23.9	23.3	26.4	93.7	81.8	85.8
NET INCOME ATTRIBUTABLE TO SHAREHOLDERS OF THE BANK	(152.0)	(336.3)	(109.1)	(143.1)	(740.5)	(1,219.1)	(848.6)

The contribution of international activity to the consolidated net income for 2013 (excluding the impacts of the operations in Greece and Romania) increased by 6.5% from 2012, having benefited from the evolution of net income recorded by Bank Millennium in Poland, Banco Millennium Angola and Millennium Banque Privée in Switzerland, arising from the positive performance of net operating revenues, efficiency gains achieved in Poland and Switzerland, and lower impairment levels recognised in Poland and Angola.

Bank Millennium in Poland recorded a net income of 127.1 million euros in 2013, an increase of 12.4% from the 113.1 million euros recognised in 2012 (+13.5% in zlotys). This was driven by the favourable performance of core income, since net interest income, benefiting from higher margin on customer deposits, and commissions, in particular from investment funds and bancassurance, increased by 5.1% and 7.8% year-on-year respectively (in zlotys). Moreover, operating costs decreased (-2.8%), which led to improved operating efficiency, and the impairment level also showed a reduction (-1.7%).

Millennium bim in Mozambique showed a net income growth of 9.2% (in meticais) from 2012 (equivalent to +7.2 million euros, excluding foreign exchange effect), although net income in euros remained identical to that of the previous year (85.5 million euros for the two financial years), penalised by the devaluation of the metical. The increased net income was associated with a higher core income, in particular from card commissions and interest income from loans to customers (driven by volume growth), as well as to the impact of sale of real estate and to the insurance activity results, which were only partially mitigated by the impact that the expansion plan had in operating costs and by the lower level of net trading income.

Banco Millennium Angola recorded an increase in net income from 37.3 million euros in 2012 to 40.8 million euros in 2013, reflecting the performance of net operating revenues, in particular commissions and, in kwanzas, net interest income, and a lower impairment level despite increased operating costs arising from the expansion plan underway.

Millennium Banque Privée in Switzerland recorded net income growth to 6.1 million euros in 2013, compared with 2.5 million euros in 2012. This growth was influenced by the positive performance of commissions and by savings achieved in other administrative costs, in spite of the evolution of net interest income associated with the environment of declining interest rates and to the loan portfolio deleveraging process.

Millennium bcp Bank & Trust in the Cayman Islands reported net income of 11.4 million euros in 2013, lower than the 14.7 million euros achieved in 2012, due to the unfavourable performance of net interest income, associated with the balance sheet reduction, and loan impairment recognition, which offset the positive trend in commissions.

Banca Millennium in Romania recorded negative net income of 5.9 million euros in 2013, compared with a loss of 23.8 million euros in 2012, having benefited from the reduction of the cost of risk, savings in operating costs, in particular in other administrative costs, from the performance of net operating revenues, in particular net interest income, driven by higher loan volumes and lower term deposits cost, and from the higher level of income related to deferred taxes.

NET INCOME OF FOREIGN SUBSIDIARIES

Million euros

	2013	2012	2011	Change. % 13/12
Bank Millennium in Poland(1)	**127.1**	113.1	113.3	12.4%
Millennium bim in Mozambique(1)	**85.5**	85.5	89.4	0.0%
Banco Millennium Angola(1)	**40.8**	37.3	33.3	9.3%
Millennium Banque Privée in Switzerland	**6.1**	2.5	(12.0)	141.2%
Millennium bcp Bank & Trust in the Cayman Islands	**11.4**	14.7	4.6	-22.5%
Non-controlling interests	**(92.7)**	(85.8)	(84.6)	
SUBTOTAL	178.2	167.3	144.0	6.5%
Banca Millennium in Romania(2)	**(5.9)**	(23.8)	(17.8)	
Millennium bank in Greece(2)	**(63.1)**	(266.4)	(3.5)	

(1) The amounts showed are not deducted from non-controlling interests.
(2) The net income of this operations are showed as net income from discontinued operations.

NET INTEREST INCOME

Net interest income stood at 848.1 million euros in 2013, compared with 998.0 million euros in 2012, influenced by the increased interest cost related to the issue of hybrid financial instruments underwritten by the Portuguese State (CoCos) at the end of the first half of 2012, which reached 269.0 million euros in 2013 (134.9 million euros in 2012).

The evolution of net interest income reflected both the negative volume effect of 99 million euros, driven by lower business volumes, and the negative interest rate effect of 59 million euros, penalised by continued historically low market interest rates.

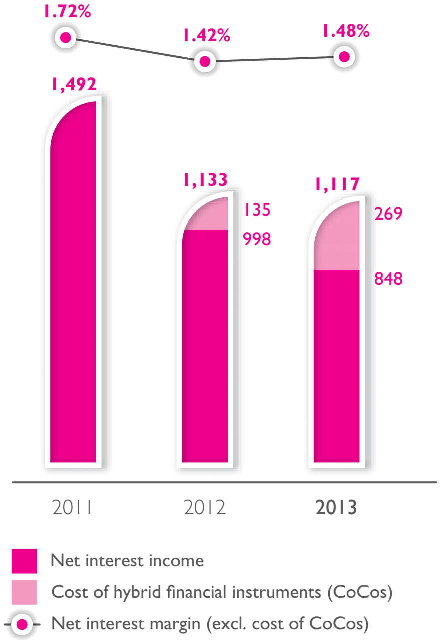
Following lower demand for loans by households and companies, the performance of net interest income was penalised by contraction of the loan portfolio, between 2012 and 2013, despite the continued implementation of initiatives focused on stimulating the granting of loans to economically viable projects, such as the support to companies in access to agreed credit facilities aimed at encouraging investment, the strengthening of installed capacity and entrepreneurial activity. The increased balance of customer deposits over 2013, which led to a reduction of the commercial gap and an improvement of the loan-to-deposit ratio reflected the focus on the strengthening of stable balance sheet funds.

The reduction of the interest rate of the portfolio of customer loans negatively influenced net interest income, despite the effort to adjust the pricing of contracted credit operations in accordance with customer risk profiles and the reduction of the interest rate of the portfolio of financial assets, which were, to a large extent, offset by the positive impact from a lower cost of customer deposits, where it is worth highlighting the decrease of 125 basis points in the interest rate of term deposits between 2012 and 2013, reflecting the continuous focus on lowering the cost of funding.

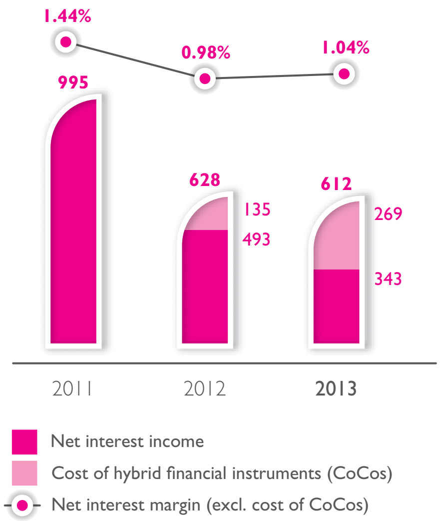
The performance of net interest income in 2013 showed the evolution recorded in the activity in Portugal, constrained by the negative interest rate effect, in particular through the increased interest cost associated with the issue of hybrid financial instruments underwritten by the Portuguese State at the end of the first semester of 2012, which amounted to 269.0 million euros in 2013 (134.9 million euros in 2012), as well as through the lower interest rate of the loan portfolio, however neutralised by the reduction of the remuneration of customer term deposits. At the same time, the performance of net interest income in the activity in Portugal reflects the effect of unfavourable turnover levels, in particular the impact in operations with customers, driven by the persistence of an adverse economic climate and by the continued adjustment process of household and company debt levels, leading to lower demand for credit.

The net interest income of the international activity in 2013 remained at approximately the same level as that observed in 2012, positively reflecting the growth of business volumes and negatively

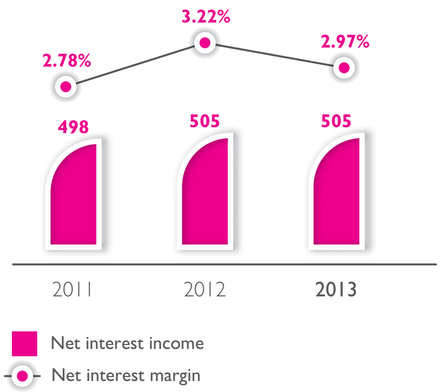
NET INTEREST INCOME
Million euros



NET INTEREST INCOME
Activity in Portugal
Million euros



NET INTEREST INCOME
International activity
Million euros



reflecting the adverse interest rate effect. The evolution of the net interest income of the operations abroad was influenced by the unfavourable foreign exchange effect at Millennium bim in Mozambique and Banco Millennium Angola, which annulled the growth recorded in local currency in these subsidiaries, as well as the increase achieved by the subsidiary in Poland.

The analysis of the balance sheet shows that average net assets decreased by 5.4% to 85,693 million euros in 2013, from 90,629 million euros in 2012. This reflected the evolution of interest earning assets, in particular the contraction of the average customer loans balance to 57,335 million euros in 2013 (61,716 million euros in 2012), notwithstanding the deceleration of the deleveraging process in relation to previous years, and the decrease of the average balance of deposits in credit institutions to 3,931 million euros in 2013 (5,919 million euros in 2012), despite the increase of the average balance of financial assets to 13,337 million euros in 2013 (10,892 million euros in 2012).

AVERAGE BALANCES

Million euros

	2013		2012		2011	
	Average Balance	**Yield**	Average Balance	Yield	Average Balance	Yield
INTEREST EARNING ASSETS						
Deposits in credit institutions	**3,931**	**1.31%**	5,919	1.54%	6,063	1.93%
Financial assets	**13,337**	**3.43%**	10,892	4.33%	12,046	4.11%
Loans and advances to customers	**57,335**	**3.92%**	61,716	4.48%	67,687	4.41%
TOTAL INTEREST EARNING ASSETS	**74,603**	**3.69%**	**78,527**	**4.24%**	**85,796**	**4.19%**
Discontinued operations [(1)]	**1,879**		3,773		4,062	
Non-interest earning assets	**9,211**		8,329		7,373	
TOTAL ASSETS	**85,693**		**90,629**		**97,231**	
INTEREST BEARING LIABILITIES						
Amounts owed to credit institutions	**14,491**	**1.00%**	16,889	1.30%	20,205	1.62%
Amounts owed to customers	**46,880**	**2.15%**	44,620	3.08%	43,650	2.87%
Debt issued and financial liabilities	**11,694**	**3.75%**	15,448	3.58%	19,395	2.56%
Subordinated debt	**4,326**	**7.55%**	2,764	7.13%	1,498	3.19%
TOTAL INTEREST BEARING LIABILITIES	**77,391**	**2.48%**	79,721	2.94%	84,748	2.51%
Discontinued operations[(1)]	**1,910**		3,614		3,489	
Non-interest bearing liabilities	**2,773**		3,088		3,484	
Shareholders' equity and Non-controlling interests	**3,619**		4,206		5,510	
TOTAL LIABILITIES, SHAREHOLDERS' EQUITY AND NON-CONTROLLING INTERESTS	**85,693**		**90,629**		**97,231**	
NET INTEREST MARGIN[(2)]		**1.12%**		**1.25%**		1.72%
Excluding cost of hybrid financial instruments (CoCos)		**1.48%**		1.42%		1.72%

(1) Includes activity of subsidiaries in Greece, in Romania and of Millennium bcp Gestão de Ativos, as well as respective consolidation adjustments.
(2) Net interest income as a percentage of average interest earning assets.
Note: Interest related to hedge derivatives were allocated, in 2013, 2012 and 2011, to the respective balance item.

Average total interest bearing liabilities fell to 77,391 million euros in 2013, from 79,721 million euros recorded in 2012, reflecting the reduction of the average balance of issued debt and financial liabilities to 11,694 million euros in 2013 (15,448 million euros in 2012), influenced by the gradual replacement, on maturity, of bonds placed with customers by deposits, as well as by the repayment of medium and long term debt, and the reduction of the balance of credit institutions deposits to 14,491 million euros in 2013 (16,889 million euros in 2012), demonstrating the lower exposure to the European Central Bank. However, subordinated debt increased to 4,326 million euros in 2013 (2,764 million euros in 2012), determined by the issue of hybrid financial instruments underwritten by the Portuguese State, and the average balance of customer deposits grew to 46,880 million euros in 2013 (44,620 million euros in 2012), boosted by the focus on attracting and retaining stable balance sheet funds, in the context of the strategy to reduce the commercial gap and improve the loan-to-deposit ratio.

In the structure of the average balance sheet, discontinued operations were reclassified outside of the aggregate of interest earning assets, hence the average balance of interest earning assets shifted to 87.1% of average net assets in 2013 (86.6% in 2012). Despite the reduction of the loan portfolio recorded in 2013, loans to customers continued to be the main component of the asset portfolio, representing 66.9% of average net assets in 2013 (68.1% in 2012), while the portfolio of financial assets stood at 15.6% of average total net assets in 2013 (12.0% in 2012).

Regarding the structure of average interest bearing liabilities, customer deposits continued to be the main funding instrument for the loan granting activity, reinforcing their weight in average total interest bearing liabilities to 60.6% in 2013, compared with 56.0% in 2012. Customer deposits benefited from the commercial initiatives aimed at strengthening balance sheet customer funds. As funding source, customer deposits were followed by issued debt and financial liabilities, the weight of which fell to 15.1% of the average total balance of interest bearing liabilities in 2013 (19.4% in 2012) and by subordinated debt, whose weight in total interest bearing liabilities increased to 5.6% in 2013, compared with 3.5% in 2012. In turn, the performance of the average equity balance reflected the impact of the net income generated during 2013, notwithstanding the positive evolution of the fair value reserves.

The net interest margin stood at 1.12% in 2013, which compared with 1.25% in 2012, essentially influenced by the activity in Portugal, in particular by the increased funding cost arising from the impact of the issue of hybrid financial instruments in 2012. Hence, excluding the cost related to the CoCos, the net interest margin would have stood at 1.48% in 2013, compared with 1.42% in 2012. Analysis of the average balance sheet indicates a decline, between 2012 and 2013, of the average interest rates of the components directly associated with operations with customers. It should be highlighted that the impact of the reduction of the average interest rate of loans to customers was offset by the reduction of the average rate of customer deposits, while average interest rates related to subordinated debt and issued debt recorded an increase during the same period.

FACTORS INFLUENCING NET INTEREST INCOME

Million euros

	2013 vs. 2012			
	Volume	Rate	Rate/Volume mix	Net change
INTEREST EARNING ASSETS				
Deposits in credit institutions	(31)	(13)	4	(40)
Financial assets	107	(100)	(23)	(16)
Loans and advances to customers	(199)	(352)	17	(534)
TOTAL INTEREST EARNING ASSETS	**(169)**	**(434)**	**13**	**(590)**
INTEREST BEARING LIABILITIES				
Amounts owed to credit institutions	(31)	(50)	6	(75)
Amounts owed to customers	71	(424)	(25)	(378)
Debt issued and financial liabilities	(136)	27	(9)	(118)
Subordinated debt	113	12	6	131
TOTAL INTEREST BEARING LIABILITIES	**(70)**	**(375)**	**5**	**(440)**
NET INTEREST INCOME	**(99)**	**(59)**	**8**	**(150)**

OTHER NET INCOME

Other net income, which aggregates income from equity instruments, net commissions, net trading income, other net operating income and equity accounted earnings, came to 921.2 million euros in 2013, corresponding to a decrease of 16.5% from 1,103.4 million euros in 2012. The evolution of other net income, mainly associated with the activity in Portugal, was driven by the performance of net trading income.

OTHER NET INCOME

Million euros

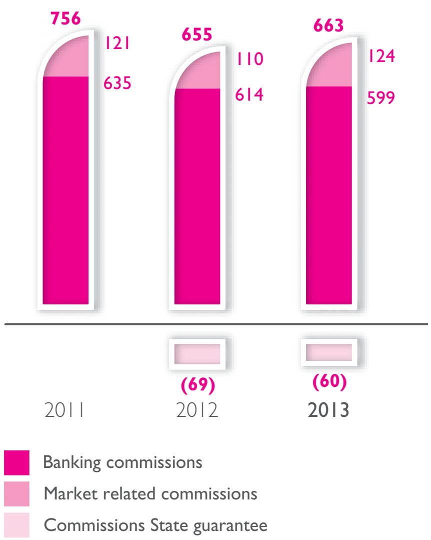
	2013	2012	2011	Change % 13/12
Dividends from equity instruments	**3.7**	3.8	1.4	-4.2%
Net commissions	**663.0**	655.1	756.3	1.2%
Net trading income	**264.2**	436.7	62.4	-39.5%
Other net operating income	**(71.9)**	(47.8)	(16.4)	-
Equity accounted earnings	**62.2**	55.6	14.6	11.9%
TOTAL	**921.2**	**1,103.4**	**818.3**	**-16.5%**
of which:				
Activity in Portugal	**564.1**	761.5	517.2	-25.9%
International activity	**357.1**	341.9	301.1	4.4%

Income from Equity Instruments

Income from equity instruments, which includes dividends received from investments in financial assets available for sale, stood at 3.7 million euros in 2013, compared with 3.8 million euros in 2012. Dividends recorded in both years correspond mainly to income associated with the Group's equity investments and to investment fund participation units.

NET COMMISSIONS

Million euros



Net Commissions

Net commissions amounted to 663.0 million euros in 2013, compared with 655.1 million euros in 2012. Net commissions included the cost related to the guarantee provided by the Portuguese State to the Bank's debt issues, in the amount of 60.1 million euros in 2013 and 69.2 million euros in 2012.

The performance of net commissions was particularly influenced by the international activity, supported by the favourable performance of the subsidiaries in Poland, Mozambique, Angola and Switzerland, since in Portugal their value fell by 3.6% from 2012.

Commissions more directly related to the banking business, reflecting the negative performance of the economy, were influenced by the lower level of commissions associated with loan operations and guarantees, in addition to commissions related to other banking services, despite increased commissions of the bancassurance business, card business and transfers.

Commissions associated with the card business and transfers stood at 181.1 million euros in 2013, compared with 178.4 million euros in 2012, reflecting increased income observed in the activity in Portugal and in the international activity, in particular in Mozambique and Angola. In Portugal, this evolution benefited from strong selling dynamics in credit, debit and prepaid cards of the Visa/MasterCard network, with the portfolio surpassing the milestone of three million cards, and from a 30% growth in sales of American Express cards.

Commissions related to loan operations and guarantees amounted to 154.5 million euros in 2013, compared with 170.2 million euros in 2012, penalised by lower demand for credit by customers in the activity in Portugal, despite favourable evolution of the subsidiaries in Angola and Mozambique.

Bancassurance commissions, which include the commissions received for the placement of insurance products through the Bank's distribution networks in Portugal, recovered to 72.5 million euros in 2013, compared with 60.5 million euros in 2012.

Other commissions fell to 190.5 million euros in 2013, from 205.2 million euros reported in 2012, hindered by the performance of the activity in Portugal due to lower income from commissions of various banking services, reflecting the negative effect induced by legislative changes related to overdraft commissions.

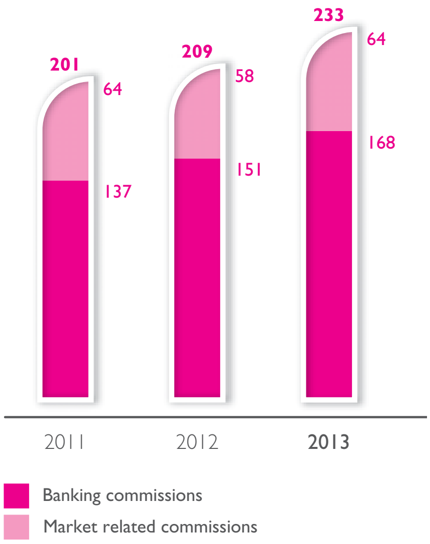
Commissions related to financial markets stood at 124.5 million euros in 2013, compared with 110.0 million euros in 2012, reflecting the evolution of both activity in Portugal and international activity, as a result of the more favourable circumstances in international financial markets.

Commissions associated with transactions on securities reached a total of 91.4 million euros in 2013 (83.7 million euros in 2012), reflecting the lower level of commissions related to structuring and placement in the activity in Portugal.

Commissions related to asset management came to 33.1 million euros in 2013, compared with 26.3 million euros in 2012. This evolution was determined by both the activity in Portugal and the international activity, in particular in Switzerland, Poland and Mozambique.

NET COMMISSIONS
Activity in Portugal
Million euros

NET COMMISSIONS
International activity
Million euros



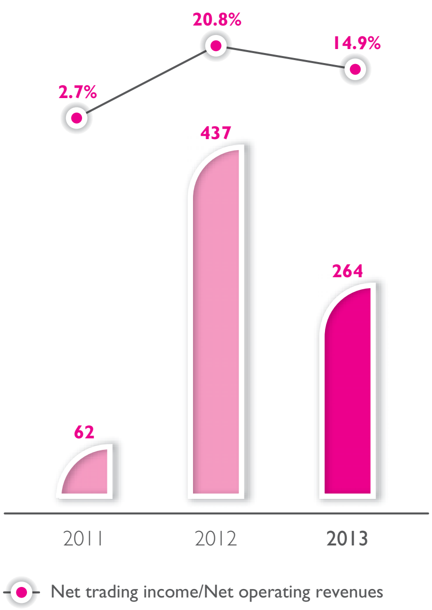
NET COMMISSIONS

Million euros

	2013	2012	2011	Change % 13/12
BANKING COMMISSIONS				
Cards and transfers	**181.1**	178.4	180.0	1.5%
Credit and guarantees	**154.5**	170.2	187.8	-9.2%
Bancassurance	**72.5**	60.5	72.7	19.8%
Other commissions	**190.5**	205.2	194.5	-7.1%
SUBTOTAL	**598.6**	614.3	635.0	-2.5%
MARKET RELATED COMMISSIONS				
Securities	**91.4**	83.7	94.3	9.2%
Asset management	**33.1**	26.3	27.0	25.7%
SUBTOTAL	**124.5**	110.0	121.3	13.1%
Net commissions excluding the State guarantee	**723.1**	724.3	756.3	-0.2%
Commissions related with the State guarantee	**(60.1)**	(69.2)	–	
TOTAL	**663.0**	655.1	756.3	1.2%
of which:				
Activity in Portugal	**430.3**	446.2	555.2	-3.6%
International activity	**232.7**	208.9	201.1	11.4%

NET TRADING INCOME

Million euros



Net Trading Income

Net trading income, which includes net gains from trading and hedging activities, from financial assets available for sale and from financial assets held to maturity, reached 264.2 million euros in 2013, compared with 436.7 million euros in 2012.

Net trading income accounted for 14.9% of net operating revenues in 2013, compared to 20.8% in 2012.

The evolution of net trading income was determined by the activity in Portugal, where it is worth highlighting, relative to 2012, the negative impacts related to the lower income associated with Portuguese sovereign debt securities and the higher losses related to the sale of credit operations, despite the recording of gains in 2013 related to the divestment of the shareholding in Piraeus Bank, including appreciation of warrants associated with this holding, to the total amount of 167.6 million euros, thus completing the divestment process defined for the Greek market.

During 2012, under the process of capital structure management and activity funding, repurchases of the Bank's own debt issues were carried out which led to gains in the activity in Portugal of 184.3 million euros, calculated by the difference between the nominal value and repurchase value.

In the international activity, net trading income fell from 121.5 million euros in 2012 to 106.1 million euros in 2013, constrained by the performance of the operations in Poland and Mozambique, in both cases associated with lower gains in operations with securities, notwithstanding the higher earnings recorded by Banco Millennium Angola, boosted by the gains related to foreign exchange operations.

NET TRADING INCOME Million euros

	2013	2012	2011	Change % 13/12
Results from trading and hedging activities	**80.4**	391.9	194.9	-79.5%
Results from available for sale financial assets	**184.1**	44.8	(132.7)	
Results from financial assets held to maturity	**(0.3)**	–	0.2	
TOTAL	**264.2**	**436.7**	**62.4**	**-39.5%**
of which:				
Portuguese sovereign debt	**69.5**	106.0	(128.2)	-34.4%
Geographic breakdown:				
Activity in Portugal	**158.1**	315.2	(32.6)	-49.8%
International activity	**106.1**	121.5	95.0	-12.7%

Other Net Operating Income

Other net operating income, which aggregates other operating income, other income from non-banking activities and gains from the sale of subsidiaries and other assets, recorded net losses of 71.9 million euros in 2013, compared with losses of 47.8 million euros in the previous year, reflecting mainly the evolution of net losses in the revaluation/divestment of other assets, mostly real estate properties.

The evolution of other net operating income was mainly determined by the activity in Portugal, penalised by the net losses in the revaluation/divestment of other assets of 44.8 million euros (27.1 million euros in 2012) and by the initial and regular contributions to the resolution fund introduced in 2013 (13.2 million euros in 2013). Other net operating income of the activity in Portugal also included the negative impact of the exceptional tax contribution on the banking sector of 30.9 million euros in 2013, which showed a reduction from the 33.9 million euros recorded in 2012.

Equity Accounted Earnings

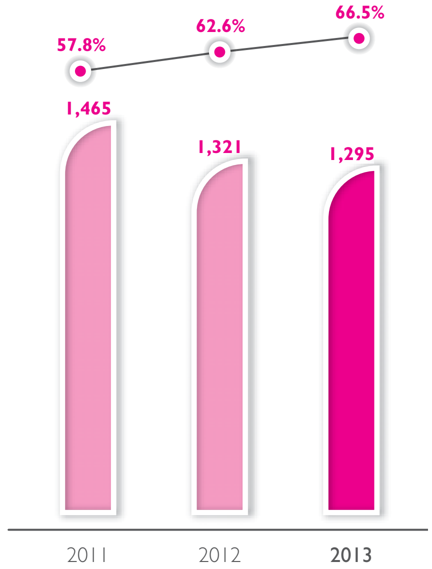
Equity accounted earnings, which include the results appropriated by the Group associated with the consolidation of entities where the Group, despite having significant influence, does not exercise control over their financial and operational policies, amounted to 62.2 million euros in 2013, compared with 55.6 million euros in 2012.

Equity accounted earnings showed a positive evolution in 2013 from the previous year as a consequence of increased earnings in the activities developed in the areas of renting, venture capital and banking. The performance of Millenniumbcp Ageas in 2013, lower than in the previous year, was driven by the aggravation of the loss ratio in some business lines, caused by adverse weather factors, despite positive operational performance, both in Life and Non-Life business, and cost control throughout the year.

EQUITY ACCOUNTED EARNINGS AND INCOME Million euros

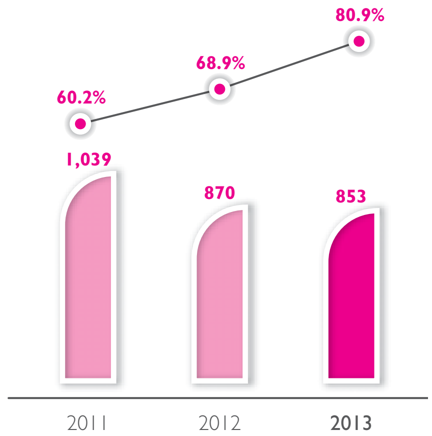
	2013	2012	2011	Change % 13/12
Millenniumbcp Ageas	**50.2**	54.3	17.9	-7.5%
Other	**12.0**	1.3	(3.3)	-
TOTAL	**62.2**	**55.6**	**14.6**	**11.9%**

OPERATING COSTS
Million euros



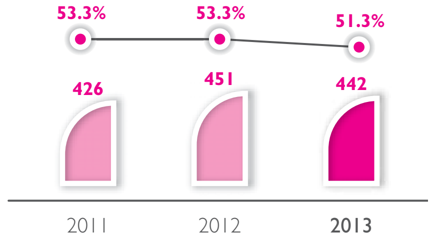
Cost to income (excluding specific items)

OPERATING COSTS
Activity in Portugal
Million euros



Cost to income (excluding specific items)

OPERATING COSTS
International activity
Million euros



Cost to income

OPERATING COSTS

Operating costs, which aggregate staff costs, other administrative costs and depreciation for the year, stood at 1,295.2 million euros in 2013 (1,321.2 million euros in 2012). On a comparable basis, operating costs fell by 10.6% in 2013, from 2012.

The evolution of operating costs included the following impacts: i) the positive effect of the legislative change related to the mortality allowance, of 7.5 million euros in 2013 (64.0 million euros in 2012); ii) the recording of costs associated with early retirement and contract termination through mutual agreement under the restructuring programme, of 126.5 million euros in 2013 (69.3 million euros in 2012).

Also recognised in 2011 were the costs associated with the partial transfer of the liabilities related to pensions for retired Employees and other pensioners to Social Security of 164.8 million euros, the reversal of provisions related to the pension fund of former members of the Executive Board of Directors and the complementary plan for Employees of 48.3 million euros.

Excluding these impacts, the reduction of operating costs benefited from the 12.8% cut in staff costs and 8.8% cut in other administrative costs, as a result of the initiatives that have been implemented in the Group towards the rationalisation and restraint of costs and the adjustment of installed capacity to the lower demand for banking services in Portugal, in particular through the resizing of the branch network and total staff numbers.

In the activity in Portugal, operating costs, excluding the impacts mentioned above, fell by 15.1% relative to 2012. This evolution was supported by lower staff costs (-17.6%) and other administrative costs (-12.2%), benefiting from the impact of the previously mentioned initiatives, as well as the lower level of depreciation for the year (-5.4%), in particular depreciation related to IT equipment and interior facilities.

In the international activity, operating costs were cut by 1.9% to 442.4 million euros in 2013, compared with 451.1 million euros in 2012, benefiting from the reduction of costs achieved by the subsidiary in Poland and the effect of the devaluation of the Mozambican currency, which more than offset the increases observed in local currency in Millennium bim in Mozambique and in Banco Millennium Angola, related to the reinforcement of the operational infrastructure and support to the growth strategy underway in these two markets.

The consolidated cost to income ratio, excluding specific items, stood at 66.5% in 2013, which compared with 62.6% in 2012, penalised by the performance of income, despite the positive performance of the operating cost component, underpinned by the implementation of various initiatives with a view to strict cost control and improved operating efficiency. The cost to income ratio of the activity in Portugal stood at 80.9% in 2013, compared with 68.9% in 2012, influenced by the lower total income for 2013, whose effect was proportionately higher than that of the reduction in operating costs, while in the international activity this ratio stood at 51.3% in 2013 (53.3% in 2012), benefiting from increased income.

OPERATING COSTS

Million euros

	2013	2012	2011	Change % 13/12
ACTIVITY IN PORTUGAL(1)				
Staff costs	**432.6**	524.8	542.5	-17.6%
Other administrative costs	**263.0**	299.6	320.0	-12.2%
Depreciation	**38.2**	40.4	47.9	-5.4%
	733.8	864.8	910.4	-15.1%
INTERNATIONAL ACTIVITY				
Staff costs	**218.0**	221.3	202.6	-1.5%
Other administrative costs	**194.5**	202.2	193.0	-3.8%
Depreciation	**29.9**	27.6	30.1	8.2%
	442.4	451.1	425.7	-1.9%
CONSOLIDATED(1)				
Staff costs	**650.6**	746.1	745.0	-12.8%
Other administrative costs	**457.5**	501.8	513.0	-8.8%
Depreciation	**68.1**	68.0	78.0	0.1%
	1,176.2	1,315.9	1,336.1	-10.6%
SPECIFIC ITEMS				
Legislative change related to mortality allowance and reversal of provisions	**(7.5)**	(64.0)	(48.3)	
Partial transfer of liabilities with pensions	**–**	–	164.8	
Restructuring programme and early retirements	**126.5**	69.3	12.3	
TOTAL	**1,295.2**	1,321.2	1,464.9	-2.0%

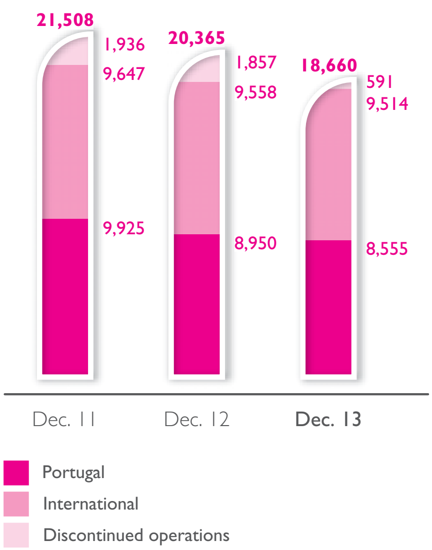
(1) Excludes the impacts of specific items presented in the table.

Staff Costs

Staff costs amounted to 767.5 million euros in 2013, compared with 751.5 million euros in 2012. Staff costs included the aforesaid specific impacts to the total amount of 116.8 million euros in 2013 and 5.3 million euros in 2012. Excluding these impacts, staff costs would have fallen by 12.8% to stand at 650.6 million euros in 2013 (746.1 million euros in 2012).

In the activity in Portugal, staff costs reached a total of 549.4 million euros in 2013 (530.1 million euros in 2012). However, excluding the specific impacts mentioned above, totally recognised in the activity in Portugal, there was a decrease of 17.6%, largely influenced by the lower expenses associated with remunerations and social security charges from the previous year. In the activity in Portugal, staff costs benefited from the restructuring programme, implemented in 2012, aimed at optimising resources and simplifying structures. By the end of 2013, excluding discontinued operations, the total number of Employees reached 8,555 compared with 8,950 Employees at the end of 2012 and 9,925 Employees at the end of 2011.

NUMBER OF EMPLOYEES



In the international activity, staff costs reached a total of 218.0 million euros in 2013, representing a decrease of 1.5% relative to the 221.3 million euros recorded in 2012. Excluding the Employees allocated to discontinued operations, total staff numbers fell to 9,514 Employees (9,558 Employees at the end of 2012). Staff costs fell due to the reductions recorded by the subsidiaries in Poland and Mozambique. Staff costs in Poland were cut from the previous year, as a result of the reduction in the total number of Employees. In Mozambique these costs decreased due to the foreign exchange effect, in spite of the expansion of the distribution network that also applied to Angola.

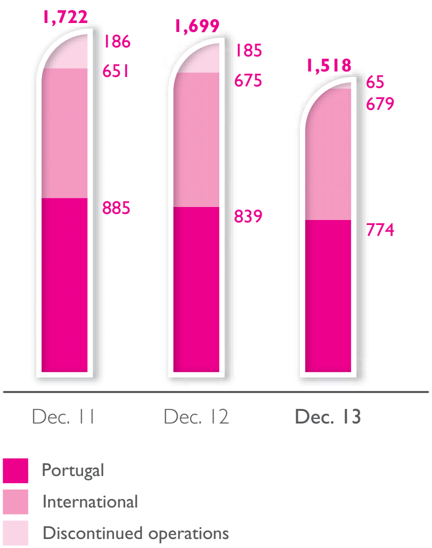
STAFF COSTS

Million euros

	2013	2012	2011	Change % 13/12
Salaries and remunerations	**503.7**	557.1	540.7	-9.6%
Social security charges and other staff costs(1)	**146.9**	189.0	204.4	-22.3%
	650.6	**746.1**	**745.1**	**-12.8%**
SPECIFIC ITEMS				
Legislative change related to mortality allowance and reversal of provisions	**(7.5)**	(64.0)	(48.3)	
Partial transfer of liabilities with pensions	**–**	–	164.8	
Restructuring programme and early retirements	**124.3**	69.4	12.3	
TOTAL	**767.5**	**751.5**	**873.9**	**2.1%**

(1) Excludes impacts of specific items presented in the table.

BRANCHES



Other Administrative Costs

Other administrative costs fell by 8.8%, excluding specific items, to 457.5 million euros in 2013, from 501.8 million euros recorded in 2012. This decrease benefited from the reductions in all headings, in particular, due to the significance of the savings achieved in communications, rent and advertising.

The reduction of other administrative costs benefited from the 12.2% decrease in the activity in Portugal to 263.0 million euros in 2013, compared with 299.6 million euros in 2012, reflecting the lower expenses on advertising, communications, IT and rent. This performance was favourably influenced by the continued efforts to rationalise and restrain costs and by the resizing of the branch network in Portugal, which evolved to a total of 774 branches as at 31 December 2013, corresponding to a reduction of 65 branches relative to the end of 2012.

OTHER ADMINISTRATIVE COSTS

Million euros

	2013	2012	2011	Change % 13/12
Water, electricity and fuel	**20.1**	22.5	20.3	-10.9%
Consumables	**5.7**	6.9	6.6	-17.6%
Rents	**122.6**	128.4	128.7	-4.5%
Communications	**29.5**	36.3	35.3	-18.8%
Travel, hotel and representation costs	**9.6**	10.7	13.0	-10.2%
Advertising	**27.7**	31.8	34.2	-12.9%
Maintenance and related services	**30.9**	34.5	33.3	-10.3%
Credit cards and mortgage	**5.0**	9.6	14.7	-48.2%
Advisory services	**15.7**	18.4	17.6	-14.5%
Information technology services	**19.4**	22.8	22.4	-15.2%
Outsourcing	**80.6**	81.5	89.3	-1.1%
Other specialised services	**30.3**	31.2	29.0	-2.7%
Training costs	**1.5**	2.0	3.0	-25.7%
Insurance	**5.1**	6.8	8.8	-24.9%
Legal expenses	**7.4**	9.3	7.3	-20.6%
Transportation	**10.9**	11.0	10.5	-0.8%
Other supplies and services	**35.5**	38.1	39.0	-6.6%
	457.5	501.8	513.0	-8.8%
SPECIFIC ITEMS				
Restructuring programme	**2.1**	–	–	
TOTAL	**459.6**	501.8	513.0	-8.4%

In the international activity, other administrative costs stood at 194.5 million euros in 2013, compared with 202.2 million euros in 2012, reflecting the saving of expenditure related to rent, other supplies and services, maintenance and related services, and communications, despite the increase observed in advertising costs.

The evolution of other administrative costs in the international activity reflected the reduction shown in the operation in Poland, but also in Mozambique and Angola, due to the foreign exchange effect since these costs increased in terms of local currency, in the African countries, due to the expansion of the distribution network. This expansion was, however, attenuated by the reduction of the number of branches in the subsidiary in Poland, which, even so, led to a net increase in the branch network of the international activity, excluding discontinued operations, to 679 branches at the end of 2013 (675 branches at the end of 2012).

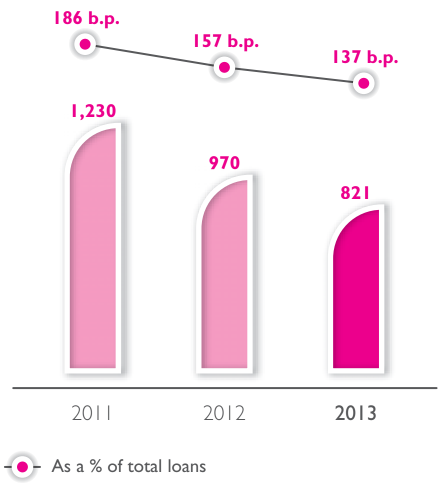
Depreciation

Depreciation for the year stood at 68.1 million euros in 2013, showing stabilisation from 2012, and having benefited from the reduction observed in the headings of IT equipment and interior facilities, offsetting the increase in real estate properties and software.

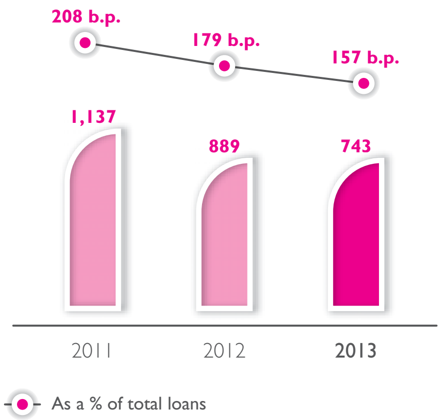
In the activity in Portugal, depreciation for the year fell by 5.4% relative to 2012, corresponding to a lower level of depreciation related to real estate and equipment, following the gradual end of the period of depreciation of investments.

In the international activity, depreciation increased by 8.2% from 2012, essentially as a result of the growth in depreciation for the year in the subsidiary companies in Angola and Mozambique. This evolution, despite the decrease of depreciation in the subsidiaries in Poland, Switzerland and the Cayman Islands, led to the increase of depreciation in international activity to 44% of the consolidated amount in 2013 (41% in 2012).

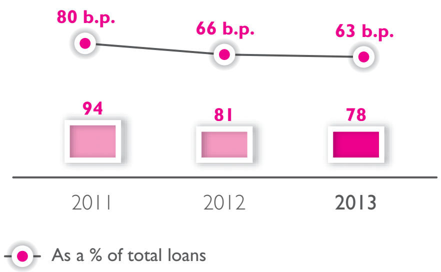
IMPAIRMENT CHARGES (NET)
Million euros



IMPAIRMENT CHARGES (NET)
Activiy in Portugal
Million euros



IMPAIRMENT CHARGES (NET)
International activity
Million euros



LOAN IMPAIRMENT AND CREDIT RECOVERIES

Loan impairment (net of recoveries) totalled 820.8 million euros in 2013, compared with 969.6 million euros in 2012. This evolution was driven by the impact of the reinforcement of charges made in 2012, following the On-site Inspections Programme (OIP), of 290.0 million euros, focused on the activity in Portugal (381.0 million euros in 2011 associated with the Special Inspections Programme – SIP).

Loan impairment charges (net of recoveries) recognised in 2013, reflected a slowdown in the rate of charges posted in the activity in Portugal, from 2012. This positively reflects the effect of the continued focus on the monitoring of risk control and management mechanisms, and negatively reflects the persistence of adverse economic circumstances in Portugal, and consequent deterioration of the economic and financial situation of national households and companies.

In the international activity, a decrease of loan impairment (net of recoveries) was recorded, caused by the lower level of charges recognised in the operation in Poland.

The cost of risk, excluding discontinued operations, stood at 137 basis points in 2013, compared with 157 basis points in 2012.

LOAN IMPAIRMENT CHARGES (NET OF RECOVERIES)

Million euros

	2013	2012	2011	Change % 13/12
Loan impairment charges	**837.3**	993.1	1,251.7	-15.7%
Credit recoveries	**16.5**	23.5	21.2	-29.9%
TOTAL	**820.8**	**969.6**	**1,230.5**	**-15.3%**
Cost of risk:				
Impairment charges as a % of total loans	**140 b.p.**	161 b.p.	189 b.p.	-21 b.p.
Impairment charges (net of recoveries) as a % of total loans	**137 b.p.**	157 b.p.	186 b.p.	-20 b.p.

Note: cost of risk adjusted from discontinued operations.

OTHER IMPAIRMENT AND PROVISIONS

Other impairment and provisions aggregate the headings of charges for the impairment of other financial assets, for impairment of other assets, in particular repossessed assets arising from the termination of loan contracts with customers, for impairment of goodwill, as well as charges for other provisions.

Charges for other impairments and provisions amounted to 465.8 million euros in 2013, compared with 349.6 million euros in 2012. This evolution essentially reflects the reinforcement of charges in the activity in Portugal related to increased provisions for guarantees and other commitments, the recognition of impairment related to the investment made in Piraeus and the impairment of non-current assets held for sale (includes repossessed assets), despite the reduction of the level of impairment for other assets.

In the international activity, the evolution of other impairments and provisions, between 2012 and 2013, reflected increased charges shown by Bank Millennium in Poland, partially offset by a lower level of charges recorded in the subsidiaries in Angola and Mozambique.

INCOME TAX

Income tax (current and deferred) reached -210.8 million euros in 2013, compared with -132.1 million euros recorded in 2012.

Income tax included current tax costs of 115.7 million euros in 2013 (81.2 million euros in 2012), net of deferred tax income of 326.4 million euros (213.3 million euros in 2012).

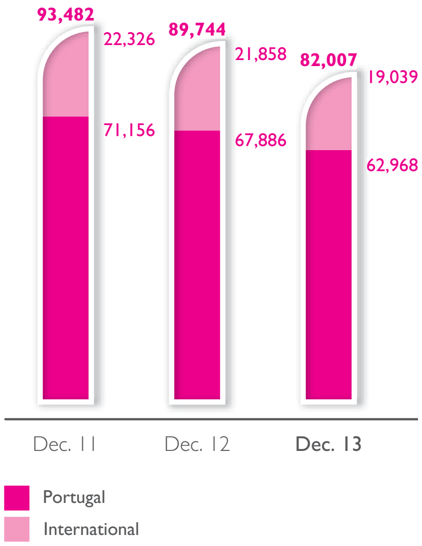
The deferred tax income recognised in 2013 refers mainly to the impairment losses that are not deductible for purposes of calculation of taxable profit.

NON-CONTROLLING INTERESTS

Non-controlling interests included the part attributable to third parties of the net income of the subsidiary companies consolidated under the full method in which the Group does not hold, directly or indirectly, the entirety of their share capital.

Non-controlling interests essentially reflected the net income attributable to third parties related to the shareholdings held in the share capital of Bank Millennium in Poland, Millennium bim in Mozambique and Banco Millennium Angola, standing at 93.7 million euros in 2013, compared with 81.8 million euros recorded in 2012. This evolution was determined by the performance of the net income of Bank Millennium in Poland and Banco Millennium Angola.

TOTAL ASSETS
Million euros



REVIEW OF THE BALANCE SHEET

The macroeconomic scenario in Portugal during 2013 was characterised by a less gloomy performance of economic activity, arising from the buoyancy shown by exports and trend of stabilisation of domestic demand, in a context of gradual recovery of confidence levels of economic agents, in spite of the budget consolidation process in progress. In the euro zone, the public debt risk premiums of "peripheral" countries contracted significantly, in a context where Ireland and Spain successfully concluded their financial assistance programmes and where it is expected that European integration will strengthen with the steps taken towards the creation of a Banking Union. The European Central Bank (ECB) decided to cut its reference rate to 0.25%, in this way mitigating the upward effect on short term interest rates arising from the early repayment of part of the liquidity assigned under the long term refinancing operations (LTRO). Concerning Portuguese banks, particular note should be made of the downward trend of using the liquidity provided by ECB throughout 2013.

During 2013, Millennium bcp reduced its commercial gap, measured by the difference between net credit and customer deposits, which contributed to lower funding needs, reflecting the impact of a series of initiatives started up by the Bank with a view to increasing customer deposits. This improvement in the commercial gap, higher than the refinanced value of medium-long term debt, boosted the growth of the portfolios of public and private debt and reduction of net funds taken from the ECB. The management of eligible collateral at the Eurosystem enabled the early redemption of an own issue of the Bank guaranteed by the State of 1.75 billion euros.

As at 31 December 2013, total assets stood at 82,007 million euros, compared with 89,744 million euros stated as at 31 December 2012, essentially influenced by the divestment of Millennium bank in Greece in June 2013 and by the reduction of the loan portfolio arising from lower credit demand.

Loans and advances to customers, before loans impairment, fell by 9.9%, to stand at 60,222 million euros as at 31 December 2013 (representing 73% of total assets), compared with 66,861 million euros recorded at the end of the previous year, where, excluding the effect of the loan portfolio associated to the operations in Greece and Romania, recognised under the heading of discontinued operations, loans to customers decreased by 3.2%. Indeed, the reduction of loans occurred at a relatively moderate rate, mainly reflecting the continued process of reduction of household and company debt levels, the limited private investment and consequent contraction of demand for credit, in a context of uncertainty about economic and financial circumstances.

The portfolio of securities, which represents 16.7% of total assets, decreased in terms of financial assets held to maturity and financial assets held for trading, with a slight increase having been observed in assets available for sale. In fact, the financial assets held to maturity fell by 12.9%, to stand at 3,110 million euros as at 31 December 2013 (3,569 million euros at the end of 2012), reflecting the lower exposure to debt securities of other issuers, following the redemption of bonds of domestic and foreign private issuers. On the other hand, the portfolio of financial assets held for trading and available for sale contracted as a whole to 10,617 million euros as at 31 December 2013 (10,914 million euros at the end of 2012), mainly due to the effect of the reduction of the portfolio of trading derivatives, offset by the strengthening of the portfolio of assets available for sale, in particular participation units.

Total liabilities fell by 8.2%, to stand at 78,731 million euros as at 31 December 2013, compared with 85,744 million euros at the end of 2012, largely influenced by: (i) the 32.1% reduction of debt securities issued, reflecting the gradual replacement, upon maturity, of bonds placed with customers by deposits, the repayment of medium and long term debt and limitation of access to funding in wholesale debt markets; (ii) the 11.6% reduction of deposits of Central Banks and other credit institutions to a total of 13,493 million euros as at 31 December 2013 (15,266 million euros at the end of 2012), reflecting the lower exposure to ECB funding; (iii) the 37.6% reduction of liabilities held for trading to a total of 870 million euros as at 31 December 2013 (1,393 million euros at the end of 2012), reflecting the decline in the volumes of swaps and options trading. Customer deposits, excluding the effect of discontinued operations, increased by 5.2%, to stand at 48,595 million euros as at 31 December 2013, compared with 46,181 million euros recorded at the end of 2012, as a result of the reinforcement of the commercial strategy focused on the retention and growth of balance sheet customer funds.

The Board of Directors verified, at the individual accounts level, a situation where share capital consumption is above 50%, which, without prejudice to the strength of the Bank as evidenced by the consolidated own funds, would lead, in the case share capital is not strengthened, to an analysis of alternative measures as foreseen on legal grounds, namely a change of the share capital amount.

BALANCE SHEET AT 31 DECEMBER

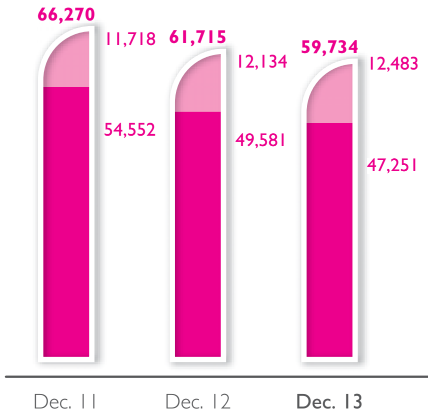
Million euros

	2013	2012	2011	Change % 13/12
ASSETS				
Cash and deposits at central banks and loans and advances to credit institutions	**5,234**	6,298	6,606	-16.9%
Loans and advances to customers	**56,802**	62,618	68,046	-9.3%
Financial assets held for trading	**1,290**	1,691	2,145	-23.7%
Financial assets available for sale	**9,327**	9,223	4,774	1.1%
Financial assets held to maturity	**3,110**	3,569	5,160	-12.9%
Investments in associated companies	**579**	517	305	12.0%
Non-current assets held for sale	**1,506**	1,284	1,105	17.3%
Other tangible assets, goodwill and intangible assets	**984**	885	876	11.1%
Current and deferred tax assets	**2,222**	1,789	1,617	24.2%
Other(1)	**953**	1,870	2,848	-49.1%
TOTAL ASSETS	**82,007**	89,744	93,482	-8.6%
LIABILITIES				
Deposits from Central Banks and from other credit institutions	**13,493**	15,266	17,738	-11.6%
Deposits from customers	**48,960**	49,404	47,522	-0.9%
Debt securities issued	**9,411**	13,863	18,794	-32.1%
Financial liabilities held for trading	**870**	1,393	1,479	-37.6%
Subordinated debt	**4,361**	4,299	1,147	1.5%
Other(2)	**1,636**	1,519	2,428	7.8%
TOTAL LIABILITIES	**78,731**	85,744	89,108	-8.2%
EQUITY				
Share capital	**3,500**	3,500	6,065	
Treasury stock	**(23)**	(14)	(11)	60.0%
Share premium	**0**	72	72	100.0%
Preference shares	**171**	171	171	
Other capital instruments	**10**	10	10	
Fair value reserves	**22**	2	(390)	
Reserves and retained earnings	**(357)**	850	(1,242)	-142.0%
Profit for the year attributable to Shareholders	**(740)**	(1,219)	(849)	-39.3%
TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE BANK	**2,583**	3,372	3,826	-23.4%
Non-controlling interests	**693**	628	548	10.3%
TOTAL EQUITY	**3,276**	4,000	4,374	-18.1%
TOTAL LIABILITIES AND EQUITY	**82,007**	89,744	93,482	-8.6%

(1) Includes Assets with repurchase agreement, Hedging derivatives, Investment property and Other assets.
2) Includes Hedging derivatives, Provisions for liabilities and charges, Current and deferred income tax liabilities and Other liabilities.

Equity stood at 3,276 million euros at the end of 2013, compared with 4,000 million recognised as at 31 December 2012 (-724 million euros), influenced, above all, by the impact of negative net income for the year of 740 million euros, partially offset by the positive variation of fair value reserves of 20 million euros, mainly related to the public debt securities and securities of other issuers in the Bank's portfolio and the securities held by Millenniumbcp Ageas, corresponding to the 49.0% stake held by the Group in this associated company.

LOANS AND ADVANCES TO CUSTOMERS(*)
Million euros



(*) Before loans impairment and on a comparable basis: excludes the impact from discontinued operations.

LOANS TO CUSTOMERS

During 2013, credit demand by individuals decreased, reflecting low consumer confidence levels, the outlook of uncertainty regarding the residential property market and lower acquisition of durable goods. In spite of the growing demand by large companies for alternative funding sources to bank loans, Portuguese banks increased their financing of the most dynamic and competitive segments of the national economy and those less dependent on domestic demand, especially export-driven companies.

Throughout 2013, Millennium bcp continued to focus on offering integrated and innovative solutions to meet the funding needs of individual and company customers, in particular through the development of initiatives concerning consumer credit and access to agreed credit facilities to support loans to companies, with a view to stimulating the growth and funding of the economy.

On a comparable basis, loans and advances to customers, before impairment, fell by 3.2% to stand at 59,734 million euros as at 31 December 2013, relative to the 61,715 million euros recorded at the end of 2012. This evolution was determined by the reduction of the activity in Portugal (-4.7%), in spite of the increase in international activity (+2.9%) compared with the end of 2012, in Bank Millennium in Poland, Millennium bim in Mozambique and Banco Millennium Angola, which more than offset the reduction of the loan portfolio recorded in the Cayman Islands and Switzerland.

The evolution of loans and advances to customers, on a comparable basis, was driven by the contraction observed both in terms of loans granted to individuals, which fell by 3.6% to stand at 29,937 million euros, and loans granted to companies, which fell by 2,9% to stand at 29,797 million euros as at 31 December 2013. This reflected the impact of the deterioration of the perception of households and companies concerning the economic environment, expressed in the contraction of investment in durable goods and consequent decreased demand for loans as well as the pursuit of efforts to reduce their high debt levels.

The reduction in loans to individual customers in 2013 shows a lower demand for mortgage loans, as a result of the reduction of household disposable income, caused by the impact of the government budget consolidation measures, while the retraction in loans to companies was essentially observed in the sectors exposed to lower domestic demand, especially in services linked to real estate and construction activities.

LOANS AND ADVANCE TO CUSTOMERS(*)

Million euros

	2013	2012	2011	Change % 13/12
INDIVIDUALS				
Mortgage loans	**26,444**	27,428	28,181	-3.6%
Consumer credit	**3,493**	3,612	3,793	-3.3%
	29,937	**31,040**	**31,974**	**-3.6%**
COMPANIES				
Services	**12,402**	12,302	13,864	0.8%
Commerce	**3,236**	3,086	3,820	4.9%
Construction	**4,469**	5,067	4,771	-11.8%
Other	**9,690**	10,220	11,841	-5.2%
	29,797	**30,675**	**34,296**	**-2.9%**
CONSOLIDATED				
Individuals	**29,937**	31,040	31,974	-3.6%
Companies	**29,797**	30,675	34,296	-2.9%
	59,734	**61,715**	**66,270**	**-3.2%**
Discontinued operations	**488**	5,146	5,263	-90.5%
TOTAL	**60,222**	**66,861**	**71,533**	**-9.9%**

(*) Before loans impairment and includes the impact from discontinued operations (Millennium bank in Greece and Millennium bank in Romania).

The structure of the customer loans portfolio maintained the same patterns of diversification between the end of 2012 and the end of 2013, with loans to companies representing 49.9% of total loans granted, while loans to individuals represented 50.1% of the portfolio of loans to customers.

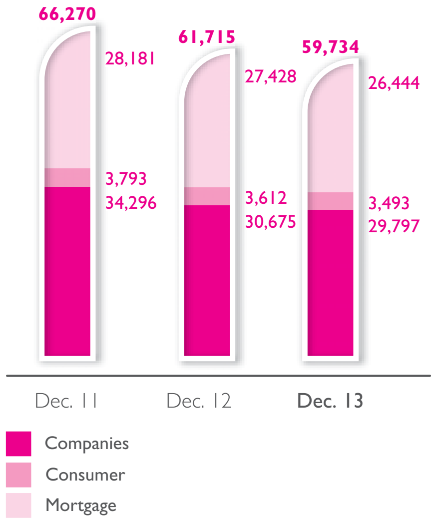
Loans to individuals, on a comparable basis, stood at 29,937 million euros as at 31 December 2013, having fallen by 3.6% in relation to the 31,040 million euros recorded at the end of 2012. This was determined, above all, by the behaviour of mortgage loans (as a result of the repayment of principal associated to the loan portfolio and the lower production), which represented 88.3% of loans to individuals, reaching a total of 26,444 million euros as at 31 December 2013.

The performance of mortgage loans in 2013, on a comparable basis, was influenced both by the activity in Portugal, which fell by 3.6%, and by the international activity, which contracted by 3.4%, essentially due to the subsidiary in Poland.

Consumer credit, on a comparable basis, totalled 3,493 million euros as at 31 December 2013, compared with 3,612 million euros recorded at the end of 2012, preserving its relative weight (5.8%) in the structure of the portfolio of loans granted to customers. This evolution was above all the result of the activity in Portugal, which fell by 12.5% relative to the end of 2012, since the international activity grew by 16.6%, largely influenced by the performance of the operations in Poland, Mozambique and Angola.

LOANS AND ADVANCES TO CUSTOMERS(*)

Million euros



(*) Before loans impairment and on a comparable basis: excludes the impact from discontinued operations

Loans to companies, on a comparable basis, stood at 29,797 million euros as at 31 December 2013, compared with 30,675 million euros as at 31 December 2012. The reduction in loans to companies was the result of both their lower funding needs and the postponement of their investment decisions, expressed in lower demand for loans, notwithstanding the support offered by Millennium bcp to companies with more sustainable economic and financial structures, with lower risk and connected to the tradable and export sectors.

LOANS AND ADVANCES TO CUSTOMERS(*)

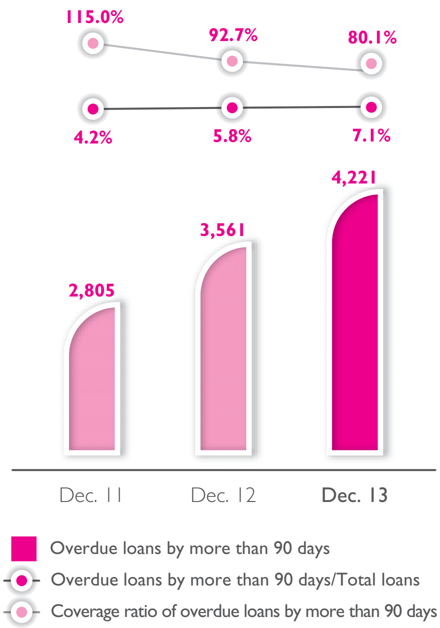
Million euros

	2013	2012	2011	Change % 13/12
MORTGAGE LOANS				
Activity in Portugal	**19,916**	20,669	21,768	-3.6%
International activity	**6,528**	6,759	6,413	-3.4%
	26,444	**27,428**	**28,181**	**-3.6%**
CONSUMER CREDIT				
Activity in Portugal	**2,162**	2,470	2,689	-12.5%
International activity	**1,331**	1,142	1,104	16.6%
	3,493	**3,612**	**3,793**	**-3.3%**
COMPANIES				
Activity in Portugal	**25,173**	26,442	30,094	-4.8%
International activity	**4,624**	4,233	4,202	9.2%
	29,797	**30,675**	**34,296**	**-2.9%**
CONSOLIDATED				
Activity in Portugal	**47,251**	49,581	54,552	-4.7%
International activity	**12,483**	12,134	11,718	2.9%
	59,734	**61,715**	**66,270**	**-3.2%**
Discontinued operations	**488**	5,146	5,263	-90.5%
TOTAL	**60,222**	**66,861**	**71,533**	**-9.9%**

(*) Before loans impairment and includes the impact from discontinued operations (Millennium bank in Greece and Millennium bank in Romania).

CREDIT QUALITY(*)

Million euros



(*) On a comparable basis: excludes the impact from discontinued operations.

During 2013, a series of initiatives were promoted under the support to company customers, in particular promotion of the granting of credit facilities, especially under the SME Growth 2013 lines, and the strengthening of the value proposition to lower risk companies aimed at increasing involvement, which enabled consolidating the Bank's position in support to commercial and export activity. The performance of loans to companies was above all influenced by the activity in Portugal, which recorded a contraction of 4.8% in 2013, with particular incidence on the Corporate network, since in the international activity the loans granted to companies increased by 9.2% in relation to the end of the previous year, especially derived from the operations in Poland and Mozambique.

The quality of the loan portfolio, assessed by the non-performing loan indicators, namely by the proportion of loans overdue by more than 90 days, stood at 7.1% as at 31 December 2013 (5.8% at the end of 2012), reflecting the evolution of the economy, the reduction of disposable income and consequent effect on the materialisation of credit risk in the year.

The coverage ratio of loans overdue by more than 90 days by impairment evolved to 80.1% as at 31 December 2013, compared with 92.7% on the same date of 2012, accompanying the evolution recorded in the activity in Portugal.

Non-performing loans, which, pursuant to the Banco de Portugal Instruction no. 16/2004, in its current version, includes loans overdue by more than 90 days and doubtful loans reclassified as overdue for the effect of provisioning, accounted for 9.2% of total loans as at 31 December 2013, compared with 8.1% recorded at the end of 2012. At the same time, credit at risk, calculated under the terms defined in the aforesaid Banco de Portugal Instruction, stood at 11.9% of total loans as at 31 December 2013, compared with 13.1% recorded at the end of 2012.

CREDIT QUALITY

Million euros

	2013	2012	2011	Change % 13/12
ON A COMPARABLE BASIS: EXCLUDES THE IMPACT FROM DISCONTINUED OPERATIONS				
Loans and advances to customers(*)	**59,734**	61,715	66,270	-3.2%
Overdue loans (>90 days)	**4,221**	3,561	2,805	18.5%
Overdue loans	**4,345**	3,702	3,059	17.4%
Impairments (balance sheet)	**3,381**	3,300	3,225	2.4%
Overdue loans (>90 days)/Loans and advances to customers(*)	**7.1%**	5.8%	4.2%	
Overdue loans/Loans and advances to customers(*)	**7.3%**	6.0%	4.6%	
Coverage ratio (Overdue loans > 90 days)	**80.1%**	92.7%	115.0%	
Coverage ratio (Overdue loans)	**77.8%**	89.2%	105.4%	
INSTRUCTION NO. 16/2004 FROM THE BANK OF PORTUGAL, AS THE CURRENTLY EXISTING VERSION				
Total loans	**60,304**	66,947	71,723	-9.9%
Overdue loans (>90 days) + doubtful loans	**5,524**	5,436	4,414	1.6%
Credit at risk	**7,152**	8,777	7,211	-18.5%
Impairments	**3,420**	4,243	3,488	-19.4%
Overdue loans (>90 days) + doubtful loans as a % of total loans	**9.2%**	8.1%	6.2%	
Overdue loans (>90 days) + doubtful loans, net/Total loans, net	**3.7%**	1.9%	1.4%	
Credit at risk/Total loans	**11.9%**	13.1%	10.1%	
Credit at risk, net/Total loans, net	**6.6%**	7.2%	5.5%	
INSTRUCTION NO. 32/2013 FROM THE BANK OF PORTUGAL, AS THE CURRENTLY EXISTING VERSION				
Restructured loans/Total loans	**9.5%**	-	-	
Restructured loans not included in the credit at risk/Total loans	**6.4%**	-	-	

(*) Before loans impairment.

Overdue loans by more than 90 days came to 4,221 million euros as at 31 December 2013, compared with 3,561 million euros as at the same date of 2012. This evolution resulted from the performance of overdue loans in the activity in Portugal, in spite of the improvement recorded in the international activity, penalised by prolonged recessive circumstances of the Portuguese economy reflected in the materialisation of credit risk throughout 2013. In spite of this context, as of the end of the first semester of 2013 overdue loans showed signs of stabilisation, especially from the third quarter to the fourth quarter with a net change of 0.3 million euros.

Overdue loans granted to companies represented 79.9% of total overdue loans in the portfolio as at 31 December 2013, with a focus on the services, construction and commerce sectors. The ratio of overdue loans to companies as a percentage of total loans granted to companies increased to 11.6%, compared with 9.4% recorded at the end of 2012, as a result of the combined effect of the increase in overdue loans and the contraction of loans to companies held in portfolio. As at 31 December 2013, overdue loans to companies presented a level of coverage of 76.8% by the balance of impairments in the balance sheet.

For loans granted to individuals, overdue consumer credit and mortgage loans represented 14.5% and 5.6%, respectively, of total overdue loans in the portfolio, with the ratio of overdue consumer credit to total consumer credit having deteriorated to 18.1%, compared with 16.8% at the end of 2012. However, the ratio of overdue mortgage loans remained practically stable in relation to the end of 2012, standing at 0.9% as at 31 December 2013.

OVERDUE LOANS AND IMPAIRMENTS AS AT 31 DECEMBER 2013

Million euros

	Overdue loans	Impairment for loan losses	Overdue loans/ Total loans	Coverage ratio
INDIVIDUALS				
Mortgage loans	243	272	0.9%	112.0%
Consumer credit	632	443	18.1%	70.0%
	875	**715**	**2.9%**	**81.7%**
COMPANIES				
Services	1,092	1,070	8.8%	98.0%
Commerce	436	274	13.5%	62.7%
Construction	1,220	714	27.3%	58.5%
Other	722	608	7.4%	84.4%
	3,470	**2,666**	**11.6%**	**76.8%**
CONSOLIDATED				
Individuals	875	715	2.9%	81.7%
Companies	3,470	2,666	11.6%	76.8%
	4,345	**3,381**	**7.3%**	**77.8%**
Millennium bank in Romania	60	39	12.4%	65.1%
TOTAL	**4,405**	**3,420**	**7.3%**	**77.6%**

(*) Before loans impairment.

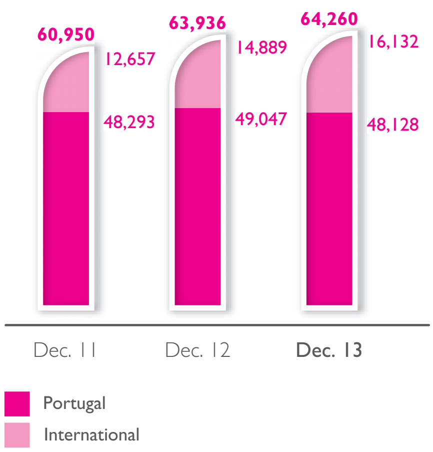
CUSTOMER FUNDS

In 2013, the access of national banks to market funding remained restricted, albeit at a slightly lower degree, with the reduction of the risk premiums of banks and sovereign debt. In this context, customer funds continued to be the principal source of funding for Portuguese banks, in particular customer deposits which have taken on a fundamental role in the process of adjustment of funding sources of the banking system and which reflect the higher confidence of customers in Portuguese banks. An adjustment of financial investments by individuals took place throughout 2013, namely through the reduction of portfolios of debt securities, equity holdings and life insurance positions, and an increase in bank deposits and investment fund participation units.

Under these circumstances, during 2013, Millennium bcp maintained its commercial strategy focused on growth and the retention of customer funds. Various products were created for inclusion in the financial offer aimed at boosting small savings, with deposits with scheduled deliveries, and diversifying

TOTAL CUSTOMER FUNDS(*)

Million euros



(*) On a comparable basis: excludes the impact from discontinued operations.

the Customers' financial net worth, in order to contribute simultaneously to the reduction of the commercial gap and to meet expectations and needs with regard to saving and investment of the different Customer segments.

TOTAL CUSTOMER FUNDS

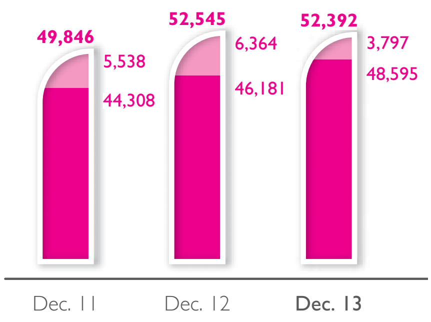
Million euros

	2013	2012	2011	Change % 13/12
BALANCE SHEET CUSTOMER FUNDS				
Deposits	**48,595**	46,181	44,308	5.2%
Debt securities	**3,797**	6,364	5,538	-40.3%
	52,392	52,545	49,846	-0.3%
OFF BALANCE SHEET CUSTOMER FUNDS				
Assets under management	**3,173**	2,410	2,373	31.6%
Capitalisation products[(1)]	**8,695**	8,981	8,731	-3.2%
	11,868	11,391	11,104	4.2%
TOTAL CUSTOMER FUNDS				
Balance sheet customer funds	**52,392**	52,545	49,846	-0.3%
Off balance sheet customer funds	**11,868**	11,391	11,104	4.2%
	64,260	63,936	60,950	0.5%
Discontinued operations[(2)]	**1,896**	4,611	4,580	-58.9%
TOTAL	**66,156**	68,547	65,530	-3.5%

(1) Includes Unit linked and Retirement savings deposits.
(2) Includes the impact from discontinued operations (Millennium bank in Greece, Millennium bank in Romania and Millennium bcp Gestão de Activos).

BALANCE SHEET CUSTOMER FUNDS[(*)]

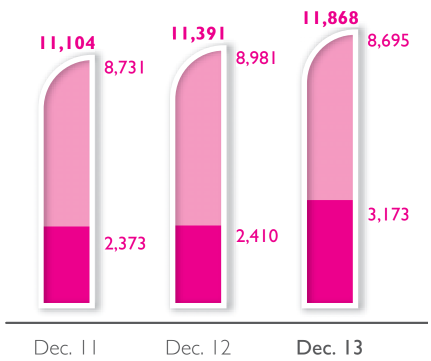
Million euros



(*) On a comparable basis: excludes the impact from discontinued operations.

OFF BALANCE SHEET CUSTOMER FUNDS[(*)]

Million euros



(*) On a comparable basis: excludes the impact from discontinued operations.

Total customer funds, on a comparable basis, increased by 0.5% to 64,260 million euros as at 31 December 2013, relative to the 63,936 million euros recorded at the end of 2012, benefiting from the 4.2% growth in off-balance sheet customer funds.

In the activity in Portugal, on a comparable basis, total customer funds evolved from 49,047 million euros as at 31 December 2012 to 48,128 million euros as at 31 December 2013. In the international activity, total customer funds increased by 8.3% to 16,132 million euros at the end of 2013, relative to the 14,889 million euros recorded at the end of 2012, largely determined by the performance of Bank Millennium in Poland, especially concerning the growth of customer deposits.

Balance sheet customer funds reached 52,392 million euros as at 31 December 2013, compared with 52,545 million euros at the end of 2012, reflecting, in particular, the 5.2% increase of customer deposits which partially offset the 40.3% reduction of debt securities owed to customers. This evolution reflects the pursuit of the strategy implemented by Millennium bcp to attract stable balance sheet funds, aimed at the sustained reduction of the commercial gap.

Customer deposits increased by 5.2% to stand at 48,595 million euros as at 31 December 2013, relative to 46,181 million euros at the end of 2012, driven both by the Retail network of the activity in Portugal and by the international activity which increased by 8.3%, benefiting above all from the performance of Bank Millennium in Poland, but also from the subsidiaries in Angola and Mozambique.

Debt securities owed to customers stood at 3,797 million euros as at 31 December 2013, compared with 6,364 million euros at the end of the previous year, reflecting the commercial effort to transform maturing structured products into deposits, in particular in the Retail network in Portugal.

Off-balance sheet customer funds increased by 4.2%, amounting to 11,868 million euros as at 31 December 2013, relative to the 11,391 million euros recorded at the end of 2012, in line with the positive evolution observed in the previous year. Assets under management grew by 31.6%, in spite of the 3.2% reduction in capitalisation products, incorporating the effects of the appreciation of assets on financial markets and declining relative attractiveness of term deposits.

Assets under management stood at 3,173 million euros as at 31 December 2013 (2,410 million euros at the end of 2012). This growth was the result of the positive performance recorded in the activity in Portugal and abroad, especially of Bank Millennium in Poland. In the activity in Portugal, it is worth highlighting the increased volume of closed real estate funds of private subscription and higher volume of the wealth management portfolios essentially gathered in the Private Banking network.

Capitalisation products amounted to 8,695 million euros as at 31 December 2013, compared with 8,981 million euros at the end of 2012, influenced by the reduction in the activity in Portugal, partially offset by the positive evolution of the subsidiary in Poland. This evolution, which reversed the trend observed in the previous year, follows from the drive of the strategy of the commercial networks of Millennium bcp in Portugal to channel off-balance sheet products reaching maturity into balance sheet products, especially customer deposits.

TOTAL CUSTOMER FUNDS

Million euros

	2013	2012	2011	Change % 13/12
BALANCE SHEET CUSTOMER FUNDS				
Activity in Portugal	**37,600**	38,767	37,948	-3.0%
International activity	**14,792**	13,778	11,898	7.4%
	52,392	**52,545**	**49,846**	**-0.3%**
OFF BALANCE SHEET CUSTOMER FUNDS				
Activity in Portugal	**10,528**	10,280	10,345	2.4%
International activity	**1,340**	1,111	759	20.6%
	11,868	**11,391**	**11,104**	**4.2%**
TOTAL CUSTOMER FUNDS				
Activity in Portugal	**48,128**	49,047	48,293	-1.9%
International activity	**16,132**	14,889	12,657	8.3%
	64,260	**63,936**	**60,950**	**0.5%**
Discontinued operations(*)	**1,896**	4,611	4,580	-58.9%
TOTAL	**66,156**	**68,547**	**65,530**	**-3.5%**

(*) Includes the impact from discontinued operations (Millennium bank in Greece, Millennium bank in Romania and Millennium bcp Gestão de Activos).

LOANS AND AMOUNTS OWED TO CREDIT INSTITUTIONS

The deposits of credit institutions and Central Banks, net of investments and deposits at credit institutions, amounted to 11,198 million euros as at 31 December 2013, compared with 12,549 million euros recorded at the end of 2012. This evolution continued, in line with the previous year, to reflect the lower net funds taken from the European Central Bank, as a result of the maintenance of the strategic focus of Millennium bcp in reducing the commercial gap, namely through higher levels of attraction of customer deposits, simultaneously aimed at reinforcing stable funds in the funding structure, in a context of restriction of access to interbank and wholesale markets.

The "Funding and Liquidity" section presents an analysis of the main lines of action and objectives of Millennium bcp regarding the liquidity management priorities defined in the Liquidity Plan for the year under analysis, namely the management of the portfolio of assets eligible for possible refinancing operations, so as to guarantee the appropriate funding of the activity in the medium and long term.

FINANCIAL ASSETS HELD FOR TRADING AND FINANCIAL ASSETS AVAILABLE FOR SALE

The portfolio of financial assets held for trading and available for sale shifted to 10,617 million euros as at 31 December 2013, relative to the 10,914 million euros recorded on the same date of 2012. This evolution was largely determined by the performance of the portfolio of participation units and trading derivatives, since the group of fixed income securities remained stable in relation to the previous year.

The portfolio of fixed income securities, composed mainly of Treasury Bills and other public debt securities, Treasury Bonds and Bonds of other foreign public issuers, which, as a whole, account for 73% of the fixed income portfolio and 59% of the total portfolio, stood at 8,581 million euros as at 31 December 2013, compared with 8,609 million euros recorded at the end of 2012, despite the reinforcement of the Portuguese, Polish and Mozambican sovereign debt portfolio.

Variable income securities increased by 25.1%, from 962 million euros recorded at the end of 2012 to 1,203 million euros as at 31 December 2013, showing the reinforcement of the portfolio of participation units.

Trading derivatives amounted to 838 million euros as at 31 December 2013, having fallen by 37.8% in relation to the same date of the previous year (1,348 million euros), with declines in trading volumes of interest rate swaps and options, and credit derivatives.

ASSETS HELD FOR TRADING AND AVAILABLE FOR SALE AS AT 31 DECEMBER

Million euros

	2013		2012		2011		Change %
	Amount	**% in total**	Amount	% in total	Amount	% in total	13/12
FIXED INCOME SECURITIES							
Treasury Bills and other Government bonds	**2,673**	**25.2%**	3,368	30.9%	2,612	37.8%	-20.6%
Bonds issued by Government and public entities (Portuguese)	**1,864**	**17.6%**	1,631	14.9%	1,017	14.7%	14.3%
Bonds issued by Government and public entities (foreign issuers)	**1,699**	**16.0%**	1,015	9.3%	654	9.5%	67.4%
Bonds issued by other Portuguese entities	**395**	**3.7%**	478	4.4%	385	5.6%	-17.3%
Bonds issued by other foreign entities	**1,299**	**12.2%**	665	6.1%	654	9.5%	95.3%
Commercial paper	**650**	**6.1%**	1,452	13.3%	–		-55.2%
	8,581	**80.8%**	**8,609**	**78.9%**	**5,322**	**76.9%**	**-0.3%**
VARIABLE INCOME SECURITIES							
Shares and other variable income securities	**94**	**0.9%**	102	0.9%	138	2.0%	-7.5%
Investment fund units	**1,109**	**10.4%**	860	7.9%	144	2.1%	29.0%
	1,203	**11.3%**	**962**	**8.7%**	**282**	**4.0%**	**25.1%**
Impairment for overdue securities	**(5)**		(5)		(5)		
Trading derivatives	**838**	**7.9%**	1,348	12.4%	1,320	19.1%	-37.8%
TOTAL	**10,617**	**100.0%**	**10,914**	**100.0%**	**6,919**	**100.0%**	**-2.7%**

OTHER ASSET ELEMENTS

Other asset elements, which include assets with repurchase agreement, hedging derivatives, investments in associates, investment properties, non-current assets held for sale, other tangible assets, goodwill and intangible assets, current and deferred tax assets, and other assets, represented 7.6% of total consolidated assets (7.1% at the end of 2012), standing at 6,244 million euros as at 31 December 2013, compared with 6,345 million euros recorded on the same date in 2012. This evolution is essentially explained by the reduction of the balance of other assets as at 31 December 2013 in relation to that observed on the same date of 2012, related to transactions with securities and sales of credit whose financial settlement was carried forward from the previous year, which was partially offset by the higher balance of current and deferred tax assets as at 31 December 2013, relative to the same date of the 2012.

Further information and details on the composition and evolution of the headings referred to above is presented in Notes 25 and 27 to 33 to the Consolidated Financial Statements.

BUSINESS AREAS

Millennium bcp conducts a wide range of banking activities and financial services in Portugal and abroad, with special focus on Retail Banking, Companies Banking, Corporate & Investment Banking, and Asset Management & Private Banking business.

Following the commitment undertaken with the Directorate-General for Competition of the European Commission (DG Comp), an additional segment has been considered, the Non-Core Business Portfolio, observing the criteria agreed therein.

Business segment	Perimeter
Retail Banking	Retail Network of Millennium bcp (Portugal) ActivoBank
Companies	Companies Network of Millennium bcp (Portugal) Specialised Recovery Division Real Estate Business Division Interfundos
Corporate & Investment Banking	Corporate Network of Millennium bcp (Portugal) Specialised Monitoring Division Investment Banking International Division
Asset Management & Private Banking	Private Banking Network of Millennium bcp (Portugal) Asset Management BII Investimentos Internacional Millennium Banque Privée (Switzerland)(*) Millennium bcp Bank & Trust (Cayman Islands)(*)
Non-Core Business Portfolio	In accordance with the criteria agreed with DG Comp(**)
Foreign Business	Bank Millennium (Poland) BIM – Banco Internacional de Moçambique Banco Millennium Angola Millennium Banque Privée (Switzerland)(*) Millennium bcp Bank & Trust (Cayman Islands)(*)
Other	Includes all other business and unallocated values in particular centralized management of financial investments and corporate activities.

(*) For the purposes of business segmentation, Millennium Banque Privée (Switzerland) and Millennium bcp Bank & Trust (Cayman Islands) are included in the Asste Management and Private Banking segment. In terms of geographic segmentation, both operations are considered Foreign Business.
(**) Loans portfolios in Portugal to discontinue gradually under the commitments undertaken with the DG Comp.
Note: Millennum bank in Greece, Banca Millennium in Romania and Millennium bcp Gestão de Activos are considered discontinued operations.

ACTIVITY BY SEGMENTS

The figures reported for each segment resulted from the aggregation of the subsidiaries and business units defined in each perimeter, and also reflect the impact, on the balance sheet and income statement, of the process of capital allocation and balancing of each entity, based on average values. The balance sheet headings for each subsidiary and business unit were re-calculated, taking into account the replacement of the equity book values by the amounts attributed through the allocation process, complying with the regulatory solvency criteria.

Since the process of capital allocation complies with the regulatory solvency criteria in force, the weighted risks and, consequently, the capital allocated to segments are based on Basel II methodology. Following the request submitted by the Bank, the Banco de Portugal authorised the adoption of methodologies based on internal rating models (IRB) for the calculation of capital requirements for credit and counterparty risk, covering a substantial part of the risks of Portugal activity, and taking effect as at 31 December 2010.

Subsequently, under the process of sequential adoption of IRB methodologies to calculate capital requirements for credit and counterparty risk, the Banco de Portugal authorised the extension of this methodology to the "Retail Revolving Exposures" and "Other Retail Exposures" risk sub-classes in Portugal, taking effect as at 31 December 2011.

Taking effect as at 31 December 2012, the Banco de Portugal authorised the use of own estimates of credit conversion factors (CCF) for exposures of the risk category "Companies" in Portugal, and the adoption of IRB methodologies for "Loans secured by residential real estate" and "Revolving exposures" of the Retail portfolio in Poland.

As at 31 December 2013, the Banco de Portugal authorised the extension of the IRB approach to the real estate development credit portfolios, as well as the adoption of the Bank's own estimates of loss given default (LGD) for the risk category "Companies" in Portugal.

Furthermore, the standard approach was adopted for operating risk and the internal models approach for general market risk and foreign exchange risk, in the perimeter managed centrally from Portugal. The capital allocated to each segment, in 2012 and 2013, resulted from the application of 10.0% to the risks managed by each segment. Each operation is balanced through internal transfers of funds, hence with no impact on consolidated accounts.

The information concerning 2012 is presented on a comparable basis, with the information reported in 2013 reflecting the current organisational structure of the Group's business areas, summarised in the table above, and covering the effect of Customer transfers between Networks.

The net contributions of each segment include, where applicable, the non-controlling interests. Thus, the net contribution reflects the individual results achieved by the business units, regardless of the percentage held by the Group, including the impact of the movements of funds described above. The information presented below was based on the financial statements prepared in accordance with the IFRS and the organisation of the Group's business areas as at 31 December 2013.

RETAIL IN PORTUGAL

In 2013, Retail recorded a negative net contribution of 142.6 million euros, compared favourably with the negative amount of 268.0 million euros recognised in the same period of 2012, essentially determined by the higher net interest income and lower operating costs.

The net interest income increase was the result of the lower value of interest paid caused by the reduction of the interest rate of term deposits, in spite of the higher volume of deposits compared to the previous year.

Other net income recorded in 2013 showed a slight reduction from the values presented in 2012, due to the reduction observed in fees and commissions related to current accounts and loans to customers, reflecting the negative effect caused by the legislative changes related to fees and commissions for overdrafts, in spite of the fact that fees and commissions associated to investment products evolved positively.

Impairment charges increased by 5.9% from the value recognised in 2012, notwithstanding the slowdown in the pace of charges for loan losses, reflecting, in a positive perspective, the continued focus on the monitoring of risk control and management mechanisms, and negatively reflecting the persistence of adverse economic circumstances in Portugal, and consequent deterioration of the economic and financial situation of national households and companies.

In 2013, operating costs fell by 16.1% compared to the value recognised in 2012, arising from the reduction observed in other administrative costs and staff costs, reflecting the positive effect of the rationalisation, cost containment and resizing of the distribution network under the restructuring plan in progress.

Loans to customers declined by 4.6%, to stand at the total value of 18,198 million euros as at 31 December 2013, reflecting the reduction of loans to individuals as a result of the lower demand, on the one hand, and the repayments of principal associated to mortgage loans, on the other hand.

Total customer funds stood at 32,643 million euros as at 31 December 2013, and compared favourably with the value recorded as at 31 December 2012, reflecting the positive impact of the strategy implemented by Millennium bcp to attract stable balance sheet funds, aimed at the sustained reduction of the commercial *gap*.

RETAIL BANKING Million euros

	2013	2012	Change 13/12
PROFIT AND LOSS ACCOUNT			
Net interest income	**127.9**	70.2	82.2%
Other net income	**324.7**	326.1	-0.4%
	452.6	**396.3**	**14.2%**
Operating costs	**587.5**	700.4	-16.1%
Impairment	**73.3**	69.2	5.9%
Net (loss)/income before income tax	**(208.2)**	(373.3)	44.2%
Income taxes	**(65.6)**	(105.3)	37.7%
NET CONTRIBUTION	**(142.6)**	(268.0)	46.8%
SUMMARY OF INDICATORS			
Allocated capital	**608**	623	-2.6%
Return on allocated capital	**-23.5%**	-43.0%	
Risk weighted assets	**6,073**	6,230	-2.5%
Cost to income ratio	**129.8%**	176.7%	
Loans to customers	**18,198**	19,083	-4.6%
Total customer funds	**32,643**	32,493	0.5%

Notes: Customer funds and Loans to companies (net of impairment) on monthly average balances.

INDIVIDUALS

Following the segmentation implemented from 2012 onwards and the new model of service and appraisal of Customer experiences, the following initiatives are of particular interest:

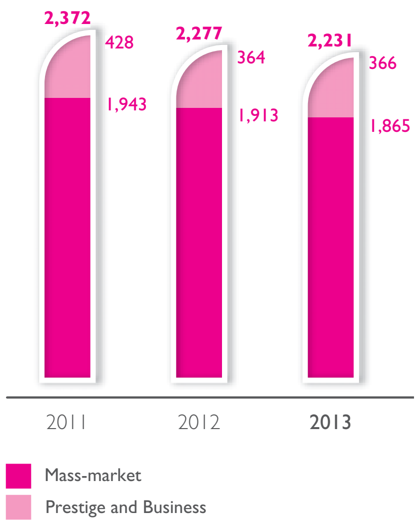
Mass market

- Launch of Millennium GO! UP – the first integrated solution dedicated to minors (14 to 17 year-olds).
- Development of one of the most disruptive and innovative campaigns of the market, in partnership with TMN, aimed at boosting the attraction of Customers, the domiciliation of salaries and increased financial involvement, through access to the most recent state-of-the-art mobile telephone – Samsung Galaxy S4 – under special conditions.
- Creation of a family discount campaign based on the theme of families gathering together at Millennium bcp.

Prestige

- Renewal of the Millennium bcp Prestige brand, aimed at making it better known and repositioning Millennium bcp as a solid reference in this segment.
- Provision of exclusive products, with the Millennium bcp Prestige brand and highlighting the 1st and 5th anniversary of banking relations of the Prestige Customer.

NUMBER OF CUSTOMER – RETAIL
Thousands



Residents abroad

- The "More Portugal" line was provided in order to strengthen proximity with Customers, assuring that the Bank is fully at the disposal of Customers Resident Abroad for any request.
- The results for 2013 show an important growth of transfers to Portugal as well as a strong increase of Customer attraction and placement of the More Portugal Integrated Solution.
- The outcome of these actions was reflected in the significant growth of all integrated solutions, with the achievement of the historic maximum figure of over 735,000 solutions, representing around a third of the Bank's eligible Customer base.

Business

In 2013, under BCP's commitment to finance and support the Portuguese economy, a series of initiatives were promoted, in particular:

- Promotion of the granting of funds from agreed credit facilities, especially in the PME Crescimento 2013 lines, which led to strong leadership in the Micro and Small Enterprise sub-line, in terms of number and value of operations, with a market share above 25% in both, according to data from PME Investimentos (the Line's Management Entity) as at 31 December 2013.
- Reinforcement of the value proposition of the Aplauso Programme for Retail companies showing good risk and greater involvement, which enabled over 12,000 companies to benefit from preferential conditions for banking services and non-financial services, consolidating Millennium's position as the key bank for support of the commercial and export activity of these companies.

As a result of these initiatives, the Bank strengthened its position as a partner of Small and Medium-sized Enterprises and as a reference Bank in the funding of the national economy.

SEGMENTATION BY PRODUCT

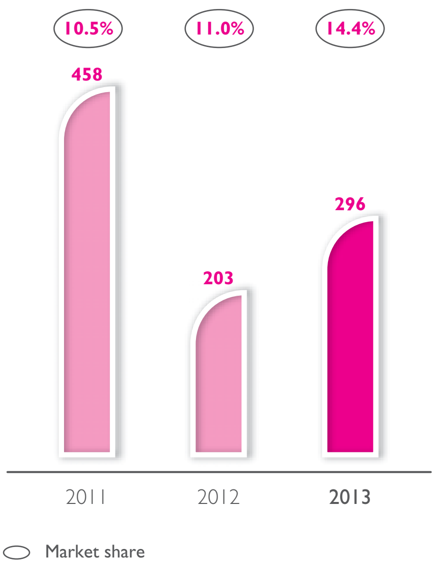
Savings and investment

During 2013, Millennium bcp reinforced its commercial strategy focused on growth and retention of funds, subjecting its commercial actions to constant concern with reducing the cost of debt products, in order to improve its net interest margin.

Various products were created in the Bank's guided financial offer, aimed at encouraging small savings with programmed inputs of sums and diversifying the financial net worth of its Customers.

In order to improve the loan-to-deposit ratio, the Retail Network focused on the transfer of maturing structured products and off-balance sheet products into products with a direct impact on this indicator.

MORTGAGE LOANS NEW PRODUCTION
Million euros



Loans to individuals

Throughout 2013, and with a view to stimulating the growth and funding of the economy, various initiatives were developed in the area of personal loans.

Particular note should also be made of the focus on the granting of mortgage loans for the sale of the Bank's real estate properties, which has been important to boost the sale of these properties, and the maintenance of the overdue credit collection and restructuring campaign in the entire Retail Network, throughout 2013, contributing to slow the growth of non-performance and default.

Cards and means of payment

2013 was marked by strong sale dynamics in terms of Visa/MasterCard network cards, both with regard to credit, debit and prepaid cards, with the portfolio surpassing the milestone of 3 million cards. The following initiatives are noteworthy:

- Visible campaigns for the Free Meal Card, a prepaid card issued by the Bank for the payment of meal allowances, with tax advantages for both the employer and employees;

- Issue of over half a million new contactless debit cards, aimed at simplifying the way that low value payments are made;
- Launch of the new special credit in November, a personal credit line associated to the card intended for higher value purchases, with a lower interest rate than that of card credit and which allows the Customer to select the payments plan.

Concerning the American Express business area, particular note should be made of the very robust card sales, which increased by 30% during 2013, and the highly dynamic acquiring network, with over 47,000 merchants accepting the brand. Turnover was above 340 million euros, up 11% year-on-year.

Among the initiatives that have been developed, we highlight the launch of the Twin Business cards, a unique solution in Portugal, which offers 2% cash-back to companies, as well as other advantages, discounts and benefits.

As a result of this proactivity, American Express was distinguished for the first time in the "Superbrands – Excellence Brand in Portugal 2013" by the international organisation Superbrands, among 1,200 brands assessed.

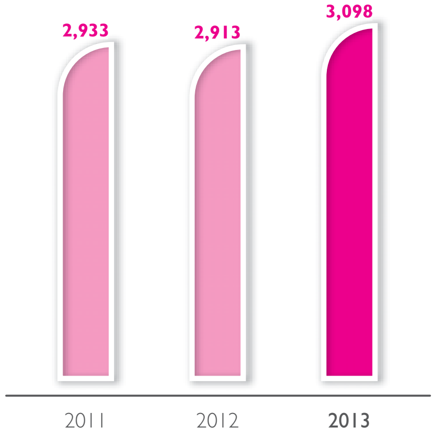
Regarding Means of Payment, 2013 was characterised by strong dynamics in the placement of point-of-sale terminals, with this total equipment supported by Millennium bcp having exceeded 34,000 terminals. In the Self-Banking business, Millennium bcp is a pioneer in the implantation of automated locations, in shops or automatic kiosks, providing equipment with Multibanco network services, some exclusively for Customers, including, in particular, for depositing cash and cheques.

Insurance and non-financial offer

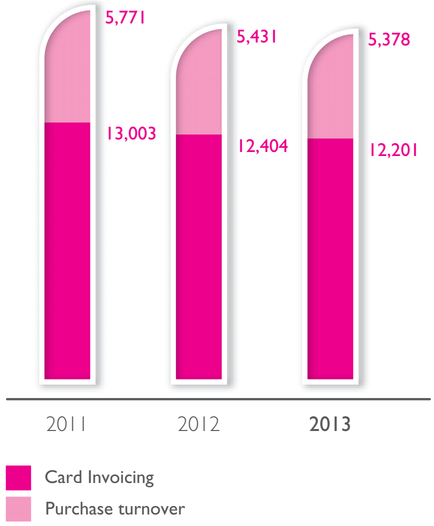
The strengthening of the collaboration between the Bank and Insurer in the sale of insurance, through communications and a focus on best practices, throughout 2013, was assured by the implementation of the 2WIN Programme. The insurance offer was renewed, in particular with the launch of the new Life Risk insurance aimed at Individual Customers, which includes the family protection aspect, and increased hospitalisation coverage, with respect to option 3 of the Médis Health Plan, making it the health insurance in Portugal with highest capital in this coverage.

In 2013, Médis continued to be recognised as an Excellent Brand by the market and by Customers of Millennium bcp, winning various awards and distinctions: i) "Consumer Choice" for the first time in the Category of Health Insurance; ii) "Trusted Brand" for the fifth and third time consecutively; iii) "SuperBrand" for the eighth time consecutively and iv) First place in the ranking of Insurers of the Marktest Reputation Index (MRI).

TOTAL NUMBER OF CARDS
Thousands



EVOLUTION OF CARDS INVOICING AND TURNOVER OF PURCHASES
Million euros



Concerning the non-financial offer, we highlight the launch of the Millennium bcp – EDP Comercial partnership, which provided discounts for electricity and natural gas aimed at individual customers with Integrated Solutions.

ACTIVOBANK

During 2013, the Bank continued focused on the strategic objectives of growing the Customer base and increasing Customer involvement. Each of these two strategic objectives was developed according to the following vectors:

Attraction of Customers

- Reorganisation of the non-banking recommendation force ("Associates") and addressing of Employees of companies identified as the Bank's target group ("Worksites");
- Launch of institutional communication campaigns and reinforcement of value propositions, together with the launch of new and differentiating products and services.

Retention of Customer Loyalty

- Fine-tuning of a model aimed at strengthening loyalty and segmentation, directed at the identification and meeting of Customers' financial needs;
- Launch of new products intended to meet a series of needs identified among its Customers;
- Recovery of an important position and leadership in the online investment banking offer.

In order to achieve the focus on growth of the Customer base and involvement, a series of initiatives were developed during 2013, in particular:

Growth and consolidation of the commercial network

The Bank focused on the reorganisation of the non-banking recommendation force, having achieved 160 associated promoters and strengthening the addressing of Employees of companies identified with the Bank's segment, partly capitalising on the expansion of the Activo Point network.

Institutional communication campaigns and value proposition

The communication campaign to attract Customers on the radio, Facebook and Internet carried out during the 1st half of 2013, focused on the competitive advantages that distinguish ActivoBank from the competition. The communication campaign was developed under the motto: "Bank of Ideas", strengthening ActivoBank's image as a social network bank and a bank that listens to its customers. The ActivoPositive campaign was launched during the 2nd half, under the theme of sharing and recommendation.

Launch of new products and services, loyalty and segmentation

In 2013, ActivoBank launched a Home Loan Solution and an innovative Home Leasing Solution, continued to innovate with the introduction of transfers receivable using QR codes and developed institutional communication for the Protection Solution, started the marketing of two accounts targeting youths, and implemented an Automobile-Motorbike Solution, thus seeking to continue to meet its Customers' needs.

Throughout the year, the intensification of a permanent advertising presence on the Internet, especially through campaigns on Google and the social networks, helped develop a channel for the attraction of new Customers consistent with the online behaviour of ActivoBank's target group, composed of recurrent users of search engines such as Google to research and compare a variety of different financial solutions.

Growth

The series of actions that were carried out combined with the continuous focus on innovation contributed to the achievement of over 56,000 Customers (+39%) at the end of the year, and to the recognition of the Bank by the international financial community, expressed in the attribution of the "Best Commercial Bank in Portugal" award by the magazine World Finance (Banking Awards 2013).

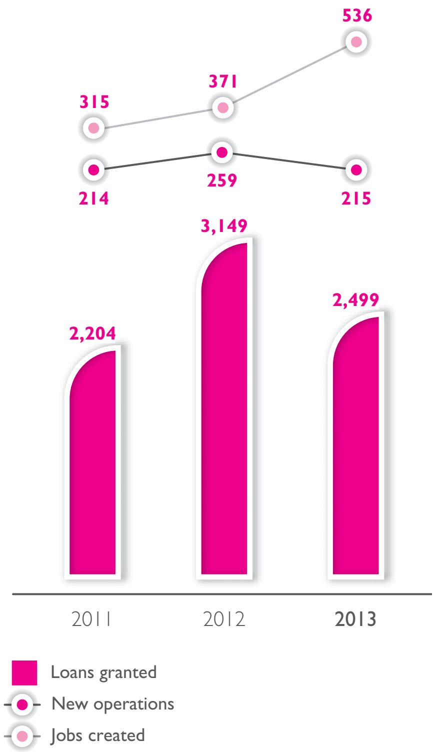
MICROCREDIT

In Portugal, Millennium bcp Microcredit continues to be recognised as an alternative for the funding and feasibility of entrepreneurial action, playing a fundamental role in the current national economic scenario by effectively combating unemployment, poverty and social exclusion.

In 2013, the strategic focus of Millennium bcp Microcredit continued to involve a strong component of institutional promotion, providing information about the service among locally-active entities which are closest to socially excluded populations, in a methodical and systematic manner, through the holding of close to 600 meetings with institutions, City Halls, Parish Councils and Education Establishments, and participating in around 160 events publicising and promoting employment and entrepreneurial action, highlighting the role of Microcredit as an instrument of combat against unemployment and social exclusion.

Thirty-four cooperation agreements for entrepreneurial action were concluded and the financial intermediation agreement with the ANDC

MICROCREDIT ACTIVITY
Thousand euros



The indicator – new operations – doesn't compare wit previous years, were updated criteria.

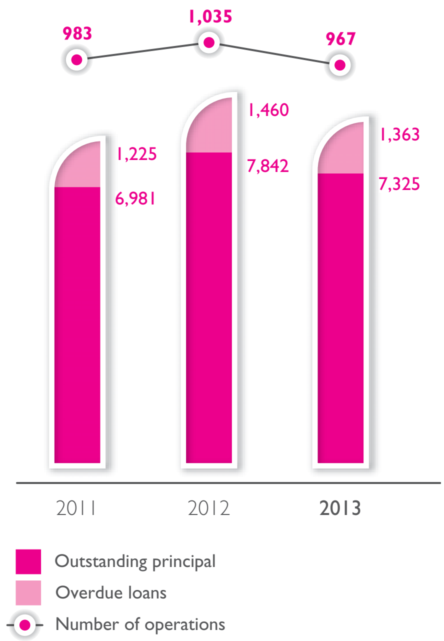
(National Association of the Right to Credit) was renewed, aimed at providing a specific Microcredit line.

In order to move closer to Micro-entrepreneurs, a new Microcredit Centre was inaugurated in downtown Lisbon (the Baixa), ensuring better access and higher visibility to the public. In order to recognise the entrepreneurial spirit, creativity, innovation and energy of Millennium bcp Micro-entrepreneurs, the Bank awardedthe "Prémio Realizar" prize (Accomplishment Award - Microcredit and Entrepreneurism Award), with an awards ceremony.

As a result of all the work developed, Millennium bcp Microcredit financed 215 new operations, with 2.499 million euros of total credit granted, having helped to create 536 jobs. The volume of loans granted to the 967 operations in portfolio stood at 10.103 million euros as at 31 December 2013, corresponding to outstanding principal of 7.325 million euros and 1.363 million euros of past due credit.

MICROCREDIT LOAN PORTFOLIO

Thousand euros



COMPANIES

The Companies segment recorded a net loss of 80.3 million euros in 2013, compared with a net contribution that was also negative of 71.7 million euros in 2012, mainly due to the lower net interest income and in spite of the reductions observed in impairment charges and operating costs.

The decrease in net interest income in 2013, compared with 2012, resulted from the lower volume of loans granted to customers, derived from the lower demand for credit by economic agents, in spite of the effort made in repricing credit operations.

Lower impairment, despite the adverse macroeconomic context, reflects a slowdown in the pace of impairment charges, positively reflecting the effect of the continued focus on the monitoring of risk control and management mechanisms, and negatively reflecting the persistence of adverse economic circumstances in Portugal, with consequent deterioration of the economic and financial situation of national companies.

The reduction observed in operating costs was essentially due to other administrative costs. Staff costs also recorded a decrease from the preceding year.

Loans to customers fell by 12.6% from 31 December 2012, amounting to 4,809 million euros at the end of 2013, mainly due to the reduction observed in short-term financing, reflecting the contraction in credit demand due to the reduction of company debt levels and the low private investment.

Total customer funds reached 3,428 million euros as at 31 December 2013, having increased by 18.4% compared to the value recognised as at 31 December 2012, sustained by the performance of assets under management and customer deposits.

COMPANIES

Million euros

	2013	2012	Change 13/12
PROFIT AND LOSS ACCOUNT			
Net interest income	**129.1**	160.9	-19.7%
Other net income	**60.7**	72.3	-16.0%
	189.9	**233.2**	**-18.6%**
Operating costs	**66.5**	74.1	-10.3%
Impairment	**240.9**	260.2	-7.4%
NET (LOSS)/INCOME BEFORE INCOME TAX	**(117.5)**	**(101.1)**	**-16.2%**
Income taxes	**(37.2)**	(29.4)	-26.4%

(continues)

(continuation)

NET CONTRIBUTION	**(80.3)**	(71.7)	-12.0%
SUMMARY OF INDICATORS			
Allocated capital	**443**	456	-2.9%
Return on allocated capital	**-18.1%**	-15.7%	
Risk weighted assets	**4,427**	4,560	-2.9%
Cost to income ratio	**35.0%**	31.8%	
Loans to customers	**4,809**	5,499	-12.6%
Total customer funds	**3,428**	2,896	18.4%

Notes: Customer funds and Loans to companies (net of impairment) on monthly average balances.

COMPANIES NETWORK

The main priority in the Companies Network in 2013 concentrated on the implementation of a strategy of strong proximity and support to companies, especially SMEs, aimed at boosting their growth, sustainability and success, fundamental and indispensable elements for the recovery of the national economy and for the Bank's development. The materialisation of this strategy was achieved through the following pillars of actions:

- Direct funding of the operating cycle and realisation of new investments for companies that are economically sustainable and preferably in tradable sectors;
- Support to the implementation of internationalisation to markets showing strong growth, thus boosting synergies with the Bank's operations in different geographic regions: Angola, Mozambique, Poland and China;
- Systematisation of treasury and funding support solutions, adjusted to company needs and aimed at supporting their current commercial activity, namely through the promotion of factoring as a preferred instrument in treasury management, and at the realisation of new investments, namely through use of leasing in small and medium-scale operations of SMEs, in particular based on protocol credit facilities.

In order to achieve this strategy, the following initiatives were carried out:

Focus on credit facilities agreed with State bodies

During 2013, a total of 4,340 new operations were contracted, corresponding to a total amount of financing of 318 million euros, contributing to a substantial increase (+24%) of the Bank's total portfolio in protocol credit facilities which amounted to 619 million euros at the end of 2013.

In the operations contracted from PME Investimentos (the Line's Management Entity), the Bank achieved leadership, with the granting of 2,815 loans of the approximate value of 196 million euros (market shares of 25.2% and 22%, respectively in number and value) and leadership in the submission of proposals at Mutual Guarantee Societies, with market share of 19.1% in number and 3rd place in value with a share of 16.8%, arising from the Bank's approval of over 4,700 operations amounting to a total financing value of approximately 417 million euros.

Moreover, various agreements were undersigned with IFAP (Institute for the Funding of Agriculture and Fisheries), formalising the creation of specific support lines for companies of the agricultural, fisheries and agro-industrial sectors, in particular the IFAP Short Term Line (to support current management) and IFAP PRODER/PROMAR Lines (aimed at the implementation of investment projects approved under these State support programmes), reflected in new loans to the total value of 3.8 million euros.

The Bank participated in specific protocol credit facilities, where we highlight:

- Investe QREN: with a ceiling of 1.0 billion euros, aimed at financing companies in the accomplishment of projects approved under the QREN incentive system 2007-2013;
- Qualification of the Tourist Offer: with a total ceiling of 120 million euros, arising from an agreement reached with Turismo de Portugal aimed at upgrading existing tourist enterprises and/or carrying out new investments of recognised value for the diversification of the tourist offer in Portugal;
- Entrepreneurship: of the total value of 100 million euros, aimed at supporting investment projects to create companies by unemployed people.

Creation of the Millennium EIB Credit Line

This new credit line, of the total value of 200 million euros, was the result of an agreement with the European Investment Bank essentially targeting SMEs, aimed at supporting the accomplishment of new investment projects, enabling the granting of funds (via the leasing of equipment or medium and long term loans) under preferential pricing conditions. With the commercial launch at the end of the month of October 2013, new funding to the approximate value of 100 million euros had been approved by the end of the year.

Strengthening of the partnership with Mutual Guarantee Societies

Through the creation of the new Millennium Guarantee Line (with a total ceiling of 100 million euros) and the renewal of the existing General Agreement with these societies aimed at supporting companies both in the accomplishment of new investments and in the management of treasury needs associated to the operating cycle of companies, the use of mutual guarantee is an additional benefit for companies, enabling access to a solution providing guarantees to be associated to the credit operation. This strengthening of the partnership was reflected in the strong growth of the market shares of operations contracted with participation of Mutual Guarantee Societies that, at the end of 2013, represented 18.8% in number (relative to 10.1% in December 2012) and 16.6% in value (compared with 7.3% at the end of 2012), with 184.6 million euros in new operations.

Maintenance of the focus on specialised credit

Factoring was a preferred product as a source of financing for company working capital. Note should be made, in particular, of the integration of Factoring and Automobile and Equipment Leasing products in the different commercial campaigns launched in the Retail network during the year.

The Factoring invoices for collection amounted to 3.607 billion euros in December 2013, representing a 1% increase year-on-year, with the average credit balance having stood at close to 893 million euros. In sectorial terms and according to the data of the Portuguese Leasing and Factoring Association, Factoring invoices for collection fell by 2.8% in 2013.

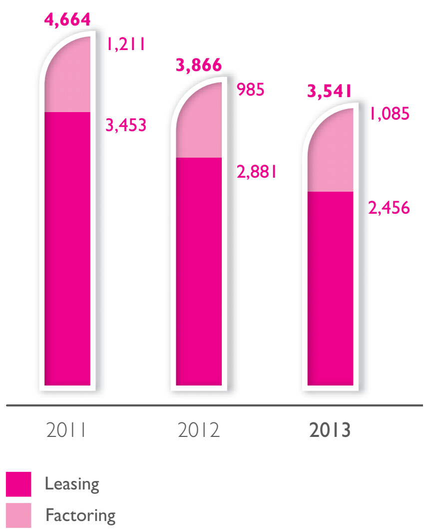
The new Leasing and Long Term Rental (ALD) production stood at approximately 202 million euros at the end of 2013, having recorded a minor reduction of 1% year-on-year, influenced by the negative evolution of the economy. However, particular note should be made of the 30% growth in Leasing of Equipment. The Leasing and ALD credit portfolio remained on the downward trend observed in previous years with a year-on-year decline of 14% in December 2013. In sectorial terms, in Portugal and according to the data of the Portuguese Leasing and Factoring Association, the new Real Estate Leasing production showed a 5% decrease, while Movable Asset Leasing presented an increase of 9%.

Stimulation of solutions to support company internationalisation

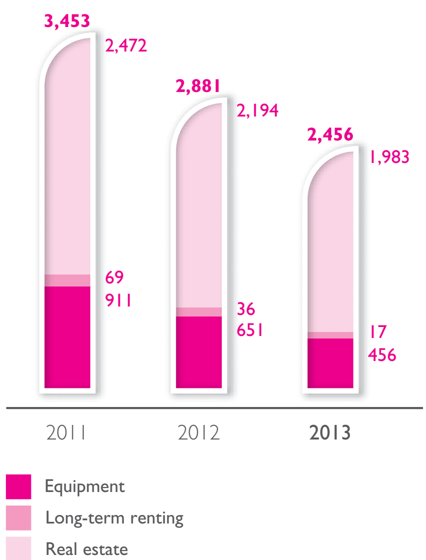
In this context, we highlight the following initiatives:

- Launch of a credit line with Millennium bim of the value of USD 100 million, to support investment in Mozambique. This line is intended to finance SME and Large Company projects, providing specialised monitoring by Millennium Investment Banking in the set-up of the funding operations;
- Creation of a specific area for promoting and supporting export companies, in collaboration with the Bank's operations in selected high growth markets (Angola, Mozambique, Poland and Macau), also taking advantage of the experience of the competence centres specialised in supporting corporate international business (Millennium Trade Solutions and International Business Platform), created to advise and support Companies in exports, imports and internationalisation, which have great experience and knowledge of specific products for Foreign Trade.

SPECIALIZED CREDIT PORTFOLIO
Million euros (on a comparable basis)



LEASING PORTFOLIO
Million euros (on a comparable basis)



- Promotion of the functionalities created on the "millenniumbcp.pt" portal for documentary loan and Trade Line operations, and a Customer telephone line dedicated exclusively to support companies in the trade finance business;
- Strengthening of the value offer for Customers with the re-launch of Import-Export Insurance, in coordination with Millennium Ageas, an insurance solution which enables assuring coverage conditions that safeguard merchandise from the beginning to the end of the journey, regardless of the means of transport.

Stimulation actions for company Treasury Management

The Bank has developed various actions in this regard, including the following:

- Strategic focus on products related to the commercial cycle of companies, in particular Factoring On Time and Confirming On Time, solutions that give SMEs flexibility and speed in the management of their collections and payments. In this context, various specific stimulation actions were carried out in the Companies and Retail Networks. By the end of 2013, the Bank had a market share of 16.2% in terms of invoices collected, according to the data of the Portuguese Leasing and Factoring Association;
- Presentation to Customers of personalised solutions for treasury and transactions management for payments to suppliers and employees and receipts from Customers;
- Launch of SEPA Payment and Collection solutions in the different channels offered by the Bank, namely the Companies portal and Multibanco channel;
- Provision of the technical service converter which allows Customers to send SEPA Direct Debit files to the Bank in the national layout;
- Launch of the On Time Electronic Invoicing service (E-Invoicing), which gives Companies access to financial services associated to electronic invoices. This service arises from an agreement signed with Saphety-Level Trusted Services S.A., where Millennium bcp is the first national bank to offer companies this invoice treatment solution;
- Implementation of different improvements in the Companies portal, namely the provision of a functionality to enable Customers to follow the entire process of collection and treatment of values.

Holding of the "Millennium Day for Companies"

The "Millennium Day for Companies" are events for Customers in the main markets all over the country (Guimarães, Aveiro, Braga, Algarve, Santarém, Porto and Funchal), and include conferences and debates for commercial promotion to increase the Bank's credit support to the entrepreneurial segment of the different regions.

INTERFUNDOS

In a context of correction of the real estate market, expressed in terms of turnover, yields, sales values and rent pricing, Interfundos focused its strategy on restructuring operations, promoting commercial activity, specialisation and optimisation of business.

In order to pursue this strategy, Interfundos has promoted a series of initiatives, including:

- Completion of 8 operations to increase share capital, 2 operations of share capital decrease and subsequent increase of share capital and the liquidation of 2 funds;
- Conclusion of agreements with the Bank aimed at using the "M Imóveis" marketing channel for selected enterprises;
- Assumption of the management of the "AF Portfólio Imobiliário" and "Imopromoção" funds, including the termination of the existing technical consulting contract, with these services now being handled internally, in line with the Group's strategy of specialisation of holding companies of investment funds;
- Award of a service agreement for the review of the net value of assets under management;
- Standard contracting of accounting services for the real estate companies held by funds under management.

By the end of 2013, the volume of assets of the 46 funds under management by Interfundos amounted to 1.59 billion euros, ensuring its market leadership with a share of 13%.

REAL ESTATE BUSINESS

In 2013, the strategic priorities of the Real Estate Business Division were, in terms of credit, the sustained reduction of exposure to real estate financing and the improved quality of the loan portfolio. Regarding real estate, these priorities consisted of reducing the time to market of the real estate assets and the stimulus and growth of sales.

Among the various initiatives, we highlight the following:

- Strengthening of the diagnosis and restructuring models and exploration of new channels to place assets;
- Broadening of the M Imóveis commercial programme to include Customers' undertakings, creating conditions for higher sales of the funded projects;
- Credit initiatives aimed at achieving a reduction of exposure at default (EAD) to real estate credit at risk of 10%, year-on-year;
- Restriction on new entries of real-estate properties, by acting upstream of their entrance into the Bank's assets;
- Reduction of the time of permanence of real estate properties at the Bank, both through the optimisation of processes and via the provision of services by outsourcers;
- Development of new partnerships for sales in markets abroad and participation in international auctions and fairs;
- Consolidation of the sales channels in Portugal, strengthening partnerships with mediation companies, holding national and segment campaigns, national and regional auctions, so as to achieve the best year in terms of turnover (+46% than in 2012) and making Millennium bcp a reference in the real estate market.

CORPORATE AND INVESTMENT BANKING

The net contribution of Corporate & Investment Banking stood at 15.5 million euros in 2013, which compared unfavourably with the net contribution of 104.8 million euros recognised in 2012, essentially due to the impairment charges increase.

The rise in impairment charges in 2013 was the result of the strengthening of impairment charges for credit risks due to the adverse macroeconomic context and deterioration of the economic and financial circumstances of companies.

As at 31 December 2013, loans to customers decreased by 2.0% relative to the previous year, to stand at 7,922 million euros, with this reduction being explained by the low investment on one hand and the reduction of company debt levels on the other hand.

Total customer funds reached 8,792 million euros as at 31 December 2013, having increased by 12.4% from the value recorded as at 31 December 2012, due to the growth of balance sheet customer deposits.

CORPORATE & INVESTMENT BANKING

Million euros

	2013	2012	Change 13/12
PROFIT AND LOSS ACCOUNT			
Net interest income	**217.4**	204.8	6.1%
Other net income	**112.5**	120.6	-6.8%
	329.9	**325.5**	**1.3%**
Operating costs	**36.7**	46.8	-21.7%
Impairment	**270.5**	131.0	106.5%
NET (LOSS)/INCOME BEFORE INCOME TAX	**22.6**	**147.6**	**-84.7%**
Income taxes	**7.1**	42.8	-83.3%
NET CONTRIBUTION	**15.5**	**104.8**	**-85.2%**
SUMMARY OF INDICATORS			
Allocated capital	**950**	979	-2.9%
Return on allocated capital	**1.6%**	10.7%	
Risk weighted assets	**9,503**	9,785	-2.9%
Cost to income ratio	**11.1%**	14.4%	
Loans to customers	**7,922**	8,084	-2.0%
Total customer funds	**8,792**	7,820	12.4%

Notes: Customer funds and Loans to companies (net of impairment) on monthly average balances.

CORPORATE

In 2013, the activity of the Corporate Network was guided by the following strategic priorities:

- Closer connection to company activity, aimed at the swift identification of needs associated with the operational cycle and investment plan, and consequent presentation of suitable solutions, especially in terms of funding;
- Support to the development of company internationalisation strategies, especially in high growth markets, namely, North Africa, the Far East, Brazil, Poland, Angola, Mozambique and China, particularly in geographic regions where the Bank is present;
- In coordination with the Large Corporates Division, strengthening of commercial relations with the main economic groups operating in Portugal, with a view to joint and complementary action so as to improve the Bank's offer in this specific segment.

In order to pursue the strategic priorities indicated above, the following initiatives were implemented:

- Promotion of a strong commercial dynamics, with commercial planning enabling visits to all Customers, together with the Large Corporates Division, conveying the new strategic positioning with strong focus on granting credit to companies with sustainable projects;
- Identification of new business opportunities, especially in value added products associated with treasury management (payment of suppliers and receipts from customers), adopting a strategy of management of compensation in the granting of new credit, primarily for economically sustainable companies;
- Strong support for company internationalisation strategies, in collaboration with the International Division, and exploration of the advantages arising from the Bank's presence in countries receiving Portuguese exports, showing strong growth potential (Poland, China, Angola and Mozambique);
- Strengthening of commercial relations with the main economic groups operating in Portugal, taking advantage of the expertise arising from the creation of the Large Corporates Division, with a specialised and dedicated team, enabling better knowledge of their activity and reflected in the identification of new business opportunities and accomplishment of business derived from their domestic activity, with the presentation of personalised solutions for the treasury management and participation in debt placement operations of their international activity and of Investment Banking, both in the domestic market and Millennium's geographic areas, especially Angola and Mozambique;
- Reinforcement of the connection between Investment Banking and the Large Corporates Division, seeking to materialize the potential for the generation of business, especially in consulting for the development of international business or in debt placement operations.
- Strengthening of the coordination with other commercial areas of the Bank, actively participating in actions to attract Customers (employees, suppliers or customers of these companies), boosting the connection between the Bank and companies in the different aspects of their activity.

INVESTMENT BANKING

In 2013, the majority of the indices of the main global stock exchange markets recorded an appreciation above 20%. The PSI recorded a performance of 16% and an increase of daily average volumes traded from 77.49 million euros to 109.57 million euros, a 41.4% increase

In the share brokerage activity, the Bank regained its leadership of the business of receipt and execution of online orders at Euronext Lisbon, with a market share of around 22%. This fact, combined with the growth of the stock market service through direct access to the trading room, for institutional and individual customers, placed the Bank in 3rd place in the ranking of the national market in the share trading segment, with a market share of 6.8%, equivalent to 21% of the Portuguese market of financial intermediaries. The Bank continued to promote the offer of access to a broad group of international markets in order to meet the increasingly more sophisticated needs of its Customers who seek geographic diversification of their investments. Research activity continued to play a key role in the information and assistance to decision-taking offered to the interests and business of individual and institutional investors, both in terms of the fundamental analysis of the main companies of the PSI20 and some of the larger Spanish companies, and in market analysis in general.

The activity of the certificates programme was even more notable. The Bank, the sole Portuguese issuer of this type of product and with accumulated experience since 2002, decided to decisively focus on the offer of certificates on the share indices to its customers, as a preferred vehicle for investment in share markets, in the context of a directed and balanced policy of diversification of assets by risk and yield categories. Consequently, the certificates programme tripled the value placed in 2013, growing from 105 million euros to 310 million euros, multiplying the traded value by a factor of five. Therefore, the Bank strengthened its leadership on the national market of warrants and certificates, with a market share of 74% and increased its share in the total of the four European markets of NYSE Euronext from 0.5% to almost 5%.

In the Retail Network, the offer of structured investment products was primarily driven by indexed deposits due to the stronger appetite of Customers of the Bank's Networks for investment solutions in the form of deposits, with guaranteed capital and shorter maturity. The total amount placed during the year exceeded 580 million euros. For Private Banking Customers, the offer of indexed deposits was complemented with products with a less conservative profile, following investor interests, with a value above 58 million euros having been placed.

The foreign exchange business with Customers remained below the levels achieved in the past. In this context, the Bank was focused on the adjustment of the existing hedging structures arising from the renegotiation or refinancing of underlying transactions.

The trend of improving perception of the risk of Portuguese issuers in capital markets which began in 2012 and culminated with two issues of two medium and long term sovereign debt during the first semester of 2013, underwent a minor reversal during the third quarter of the year due to several factors, in particular with the overall upward movement of the yields of various categories of fixed yield securities arising from the expected attenuation of the level of accommodation of the monetary policy of the US Federal Reserve and, in the specific case of Portugal, from the political uncertainty triggered in early July. During this period, Millennium investment banking maintained its presence in the segment of bond issues directed at retail, as Joint leader of the Public Offering of bonds of Benfica SAD (45 million euros) and as Co-Leader in the bonds public offering of Mota-Engil (175 million euros). During the last months of the year, the trend once again returned to its path of improved conditions of access to international debt markets for Portuguese issuers of better credit quality, with the Bank having operated as Joint Leader and Bookrunner of two EDP bond issues placed with institutional investors (750 and 600 million euros) and a private placement of 200 million euros, having also been the Leader of an issue for Cofina in the amount of 50 million euros.

There was a slight upturn in financing operations during 2013, reflected in the contraction of new Commercial Paper Programmes. In this context, it is important to note the Bank's leadership of the operations for Sonaecom (100 million euros), Auto-Sueco (increased amount to 45 million euros) and EuropaELc Kraft Viana (20 million euros), ETE (20 million euros), Mota Gestão e Participações (20 million euros), Altri Group (42.5 million euros), EEM (17.5 million euros) and RAR (10 million euros), in addition to the extension of the maturity period of a series of other Programmes.

Regarding shares, we highlight the Bank's intervention in the delisting process of Brisa – Autoestradas de Portugal, S.A., which marked the conclusion of a process started in 2012 through the joint overall coordination of the takeover bid for this company, announced by Tagus Holdings S.a.r.l., a company held by the José de Mello Group and Arcus Infrastructure Partners, and its Co-Leadership in the Public Invitation to Bid of the 1st Privatisation Phase of CTT – Correios de Portugal.

In the area of Corporate Finance, the Bank participated in various significant projects, providing financial advice to its Customers in dossiers involving the study, development and undertaking of merger and acquisition (M&A) operations, company evaluation, restructuring and reorganisation, as well as the economic-financial analysis and study of projects.

The Bank acted as an adviser in various dossiers which involved Africa, both in the provision of services to customers who are resident in Angola and Mozambique, and through participation and implementation of operations with counterparts in this geographic region, due to the Bank's strong competitive positioning and efforts developed in these countries.

With regards to the different advisory work developed by Millennium investment banking during 2013 provided to customers in the merger and acquisition segment, we highlight the advisory services provided to the French Vinci Group in the acquisition of ANA – Aeroportos de Portugal from the Portuguese State, part of its privatisation process; the advice to EDP Renováveis in the process of sale of a 49% stake in the share capital of EDPR EDP Renováveis Portugal, S.A. and 25% of the Shareholder loans and additional paid-in capital made by this company to CITIC CWEI Renewables S.C.A; the advice to Parpública in the context of the assessment of CTT – Correios de Portugal, S.A.; the advice to Millennium bcp in the process of divestment of its subsidiary Millennium Bank in Greece; the advice to the Soares da Costa Group in the process of capitalisation of its subsidiary Soares da Costa – Construção, SGPS, S.A.; the advice to the Controlinveste Group in the identification of potential interest in the undertaking of a reinforcement of equity in the Group's media areas in the context of

its strategic repositioning, where a memorandum of understanding was signed in November 2013 with a series of investors; the financial advice to Empark Portugal – Empreendimentos e Exploração de Parqueamentos, S.A., in the assessment of the business of Empark Aparcamentos y Servicios, S.A.

In the area of Structured Finance, Millennium investment banking was involved in the search for new financing opportunities for the food, distribution, media, cement and automobile component sectors. During this period, Structured Finance was also deeply involved in the financial follow-up, analysis and restructuring of around twenty-five Portuguese companies/economic groups.

INTERNATIONAL

The International Division, through its Financial Institutions Group team, maintained as strategic priorities in 2013 the publicising and promotion of the Bank's business among its international counterparts, the strengthening and attraction of new lines and ceilings to assure the Customers' international operations and maintenance of trade and investment programmes among multilaterals, to support foreign trade and company internationalisation.

In order to achieve these objectives, frequent contacts were maintained with the areas of relations and international business of financial entities, and initiatives were developed to make a difference in the service provided. The service of institutional custody of securities once again merited the attribution of the highest classification of "Top Rated" by the magazine Global Custodian, a highly reputed leader in the dissemination of this industry. The market share of Millennium bcp stood at 42% of total assets under custody held by non-resident institutional investors in the national market.

The Trade Finance area was restructured to reinforce product and commercial aspects. The dynamism resulting from the clear focus of the entire Bank on the international business of companies led to the expansion of the customer base and corresponding increased turnover. The search for the most suitable financial solutions to export more at lower risk was one of the important lines of this area's action.

Through the International Business Platform, the International Division supported the internationalisation of companies, with particular attention to the countries where the bank operates and other priority markets. In this context, business opportunities were identified and publicised, with multi-directional business being promoted between geographic areas.

ASSET MANAGEMENT & PRIVATE BANKING

Asset Management & Private Banking, according to geographic segmentation recorded a negative net contribution of 2.7 million euros in 2013, compared favourably with a negative net income of 26.1 million euros in the previous year. This performance was essentially due to the rise in net interest income, and also the result of the increase observed in other net income, derived from the conversion of deposits into off-balance sheet products, and the reduction in operating costs.

The increased net interest income observed in 2013, compared with the value recorded in the same period of the previous year, was mainly due to the reduction of term deposit interest rates following the effort pursued with a view to reducing the cost of deposits.

Loans to customers declined by 19.5% between 31 December 2012 and 31 December 2013, mainly due to the reduction of the Domestic Private Banking loan portfolio.

As at 31 December 2013, total customer funds grew by 1.2%, relative to 31 December 2012, amounting to 4,207 million euros, influenced by the increased assets under management.

ASSET MANAGEMENT & PRIVATE BANKING Million euros

	2013	2012	Change 13/12
PROFIT AND LOSS ACCOUNT			
Net interest income	**(9.9)**	(36.6)	73.0%
Other net income	**21.4**	16.6	28.7%
	11.5	**(20.0)**	**157.5%**
Operating costs	**16.4**	18.6	-11.8%
Impairment	**(1.0)**	(1.9)	47.9%
NET (LOSS)/INCOME BEFORE INCOME TAX	**(3.9)**	**(36.7)**	**89.3%**
Income taxes	**(1.2)**	(10.6)	88.4%
NET CONTRIBUTION	**(2.7)**	**(26.1)**	**89.6%**
SUMMARY OF INDICATORS			
Allocated capital	**16**	25	-35.0%
Return on allocated capital	**-16.8%**	-105.3%	
Risk weighted assets	**161**	248	-35.0%
Cost to income ratio	**142.6%**	-93.1%	
Loans to customers	**243**	302	-19.5%
Total customer funds	**4,207**	4,158	1.2%

Notes: Customer funds and Loans to companies (net of impairment) on monthly average balances.
Asset Management & Private Banking segment does not include Millennium bcp Gestão de Activos which is considered a discontinued operation.

ASSET MANAGEMENT

Under Banco Comercial Português' Restructuring Plan of, agreed with the Directorate-General for Competition of the European Commission (DG Comp), the Bank undertook the commitment to, by the end of 2014, proceed with the divestment of Millennium Gestão de Ativos (MGA) or promote the transfer of the management of the equity funds by this company to an entity outside the Group. It is thus expected that in 2014, the marketing of these products will enter into a new phase where the Group's different distribution networks and platforms will promote the distribution of a wide offer of investment funds, extended to national or foreign fund managers companies, boosting the value proposition, due to careful selection, covering a broad range of fund management companies and markets.

MGA's activity in 2013 was marked by the strong vitality of its business, by its repositioning and by the change of its governance. Therefore, 2013 represented a year of turnaround and change, during which the company recovered its market share, considerably increased the volume of assets under management as well as the number of stakeholders in its equity funds. MGA, corresponding to the Group's strategic decisions, will end its management of real estate investment funds and, for the first time in its history, will develop the management of venture capital funds. At the same time, its offer has been streamlined and adjusted, its internal structures and processes have been simplified, and costs have been cut. The year of 2013 was thus expressed in very positive results and in the excellent evolution of the business, where it was distinguished among its national peer companies. Finally, in terms of its corporate governance and in conformity with the important updating of the legal and regulatory framework of the activity which occurred in 2013, its management body will include independent members, for the first time.

In 2014 and following the institutional commitments undertaken by the Shareholder, a process of divestment of the company will be developed, which will not, however, include the management of venture capital funds. We believe that this initiative will be successful and that the new ownership will not compromise its existing strong vitality and value proposition. It should be highlighted that the equity fund management activity will once again be confronted with requirements arising from new national and European legislation, in addition to the evolution of financial markets, which influence the performance of its offer.

PRIVATE BANKING

The strategic priorities of the Private Banking network, guiding its commercial action in 2013, consisted primarily of:

- Increased net worth under management, with permanent concern for the preservation of the assets and diversification to higher value added products;
- Consolidation and reinforcement of the value proposition of Millennium bcp Private Banking, through the provision of differentiating service and full observance of Compliance rules in order to meet Customer needs;
- Provision of an excellent service, aimed at the ongoing improvement of service levels to Customers;
- Consolidation of the deleveraging process.

The following objectives were established for 2013:

- Increased Customer base, taking advantage of the synergies arising from the strengthening of the commercial teams;
- Preservation of the assets under management and stimulation of portfolio performance;
- Consolidation of the Advisory model, one of the pillars of the Private Banking value proposition, through interaction between the Investment Expert and Private Banker teams, monitored by the Investment Control Committee;
- Contribution to the sustained growth of the Bank's business.

The Private Banking network implemented the following initiatives in 2013, with a with a view to achieving the strategic initiatives referred to above:

- Focus on the attraction of funds, in two areas: through expansion of the Customer base and higher share of wallet of current customers;
- Significant reduction of loan volume;
- Stimulation of the Discretionary Management offer;
- Rigorous management of funding margins;
- Significant increase of fees and commissions;
- Increased cross-selling.

NON-CORE BUSINESS PORTFOLIO

In accordance with the restructuring plan submitted to the Directorate-General for Competition of the European Commission (DGComp), the Bank has initiated an internal reorganisation process in order to manage this segment separately.

FOREIGN BUSINESS

The net contribution of Foreign Business, according to geographic segmentation, stood at 237.2 million euros in 2013, slightly exceeding the value of 236.3 million euros achieved in 2012.

Net interest income in 2013 fell from 2012, influenced by the adverse foreign exchange effect recognised at Millennium bim in Mozambique, at Banco Millennium Angola and in Poland, which annulled the growth recorded in local currency in these subsidiaries.

The value of other net income recorded in 2013, when compared with that presented in the previous year, increased by 4.4%, corresponding to 15.2 million euros, arising from the growth observed across all the operations, of fees and commissions, in particular relative to cards and the sale of third party products in the Group's distribution network.

Operating costs showed a 1.9% reduction in 2013 year-on-year, benefiting from the savings achieved by the Group's subsidiaries in Poland, Switzerland and the Cayman Islands, mitigating the increases recorded at Millennium bim in Mozambique, excluding the foreign exchange effect of the devaluation of the metical against the euro, and at Banco Millennium Angola, following the strategy of organic growth underway in these last two operations.

The reduction of staff costs reflects the effort to rationalise and optimise resource use pursued at Bank Millennium in Poland, in spite of the increases recorded by the subsidiaries in Angola and Mozambique, excluding the foreign exchange effect of the devaluation of the metical against the euro, caused by the higher number of Employees in these two geographic areas, related to the organic growth in progress, and by the strengthening of their skills and operating capacity.

Loans to customers increased by 3.1% in 2013 from the value recorded as at 31 December 2012 due to the contribution of all the operations except the Cayman Islands and the operation in Switzerland, reflecting the performance of loans granted to companies and consumer credit, since mortgage loans recorded a reduction.

As at 31 December 2013, total customer funds increased by 8.4% from the amount recorded as at 31 December 2012, having benefited from all the operations except the operation in the Cayman Islands, particularly in Poland where total customer funds grew by 8.5% mostly driven by the increase observed in balance sheet customer deposits.

FOREIGN BUSINESS Million euros

	2013	2012	Change % 13/12
PROFIT AND LOSS ACCOUNT			
Net interest income	**463.1**	482.8	-4.1%
Other net income	**357.1**	342.0	4.4%
	820.2	**824.8**	**-0.6%**
Operating costs	**442.4**	451.1	-1.9%
Impairment	**80.9**	82.5	-1.9%
NET (LOSS)/INCOME BEFORE INCOME TAX	**296.9**	**291.2**	**2.0%**
Income taxes	**59.7**	54.9	8.8%
NET CONTRIBUTION	**237.2**	236.3	0.4%
SUMMARY OF INDICATORS			
Allocated capital	**1,065**	1,041	2.3%
Return on allocated capital	**22.2%**	22.6%	
Risk weighted assets	**10,429**	10,185	2.4%
Cost to income ratio	**53.9%**	54.7%	
Loans to customers	**12,055**	11,697	3.1%
Total customer funds	**16,133**	14,889	8.4%

Notes: Foreign business segment does not include Millennium bank in Greece and Banca Millennium in Romania since they are considered discontinued operations.

BUSINESS IN EUROPE

Poland

In 2013, Bank Millennium began to implement its strategy announced in October 2012 for 2013-2015, which concentrates on banking relations with SMEs, the redesign of the product mix to higher margin products, the improvement of the balance sheet structure, increased profitability and market share. The improvement of sales efficiency and maintenance of efficiency through strict cost control are also priorities. The key objectives to be achieved by the Group by 2015 include a ROE of 14-15%, an efficiency ratio of 50%, a Core Tier I ratio above 10% and a customer satisfaction index above 90%.

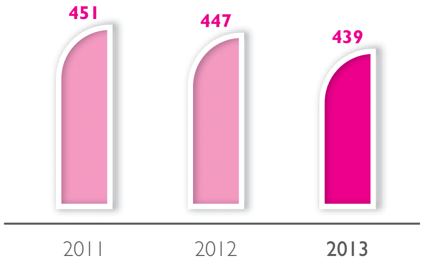
The Bank adopted various initiatives for the purpose of implementing the new strategy: including action plans to increase consumer credit to companies, as well as initiatives to improve the liabilities side of the balance sheet, with higher weight of current and saving accounts. At the same time, the Bank is preparing itself for future challenges, investing in management information and in a multichannel platform, while keeping tight cost control. In 2013, the Bank continued its efforts towards strengthening service quality.

The results of Bank Millennium in 2013 indicate that the main strategic initiatives are being gradually implemented and are producing results. The implemented projects and solutions have boosted consumer credit (24%) and loans to companies (12%) significant growth, contributing to the increased weight of loans to companies in total loan portfolio, from 25% in December 2012 to 27% by December 2013. Customer funds grew by 11% in relation to the end of 2012. The weight of retail deposits increased, with a share of saving accounts and current accounts above 50%, after strong growth of 33% in 2013.

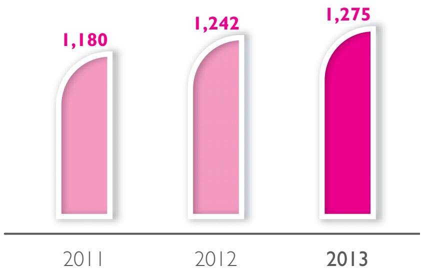
The Bank increased its net interest income by 5.1%, in spite of the abrupt drop in interest rates in Poland during 2013 (reduction of 188 basis points in the average 3-month Wibor rate). Fees and commissions showed a robust growth in 2013 (7.8%). Strict cost control enabled a reduction of operating costs by 2.8% relative to 2012, contributing to a reduction in efficiency (cost-to-income) ratio from 57% in December 2012 to 54% by the end of 2013.

Operating income growth, decrease of operating costs and reduction of cost of risk were reflected in an improvement of consolidated net income of 13.5% to 127.1 million euros in 2013. This significant improvement of profitability was accompanied by the Bank's excellent performance on the stock exchange, with its share prices appreciating 63% in 2013, the best performance among the largest banks listed on the Warsaw Stock Exchange.

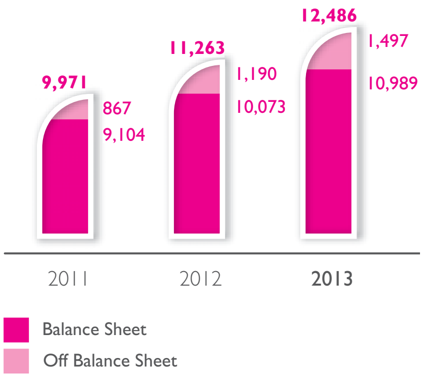
NUMBER OF BRANCHES
Units



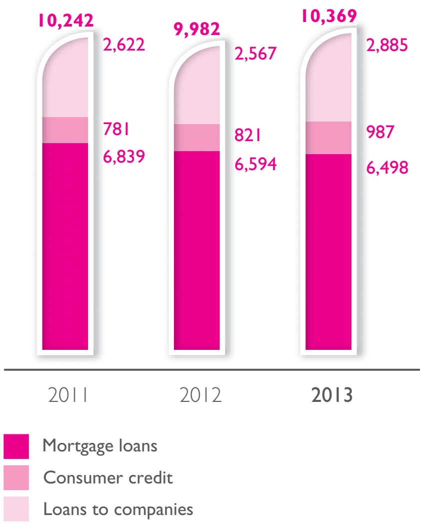
NUMBER OF CUSTOMERS
Thousands



TOTAL CUSTOMER FUNDS
Excluding FX effect
Million euros



LOANS TO CUSTOMERS (GROSS)
Excluding FX effect
Million euros



Million euros

	2013	2012	2011	Change % 13/12	2012	Change % 13/12
					excluding FX effect	
Total assets	**13,725**	12,946	11,404	6.0%	12,696	8.1%
Loans to customers (gross)	**10,369**	10,179	9,545	1.9%	9,982	3.9%
Loans to customers (net)	**10,054**	9,875	9,271	1.8%	9,684	3.8%
Costumer funds	**12,486**	11,485	9,292	8.7%	11,263	10.9%
Of which: on Balance Sheet	**10,989**	10,272	8,484	7.0%	10,073	9.1%
off Balance Sheet	**1,497**	1,214	808	23.3%	1,190	25.8%
Shareholders' equity	**1,291**	1,184	1,029	9.0%	1,161	11.2%
Net interest income	**289.4**	278.2	277.4	4.0%	275.5	5.1%
Other net income	**186.0**	190.1	181.5	-2.2%	188.3	-1.2%
Operating costs	**258.5**	268.5	273.1	-3.7%	265.9	-2.8%
Impairment and provisions	**55.5**	57.1	42.2	-2.7%	56.5	-1.7%
Net income	**127.1**	113.1	113.3	12.4%	112.0	13.5%
Number of Costumers (thousands)	**1,275**	1,242	1,180	2.6%		
Employees (number)(*)	**5,881**	6,001	6,289	-2.0%		
Branches (number)	**439**	447	451	-1.8%		
Market capitalisation	**2,103**	1,316	1,034	59.7%	1.291	62.9%
% of share capital held	**65.5%**	65.5%	65.5%			

Note: data, whenever available taken from financial statements.
Source: Bank Millennium
FX rates:

Balance Sheet 1 euro =	4.1543	4.074	4.458	zloties
Profit and Loss Account 1 euro =	4.21511667	4.1739625	4.11623333	zloties

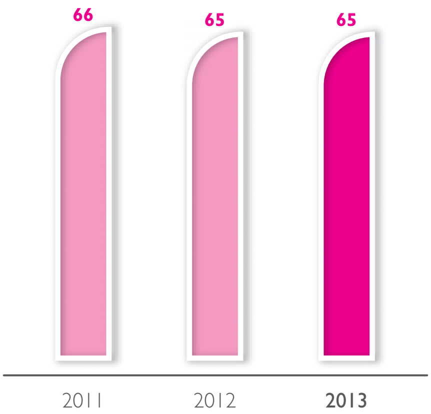
(*) Number of Employees according to Full Time Equivalent (FTE) criteria

Romania

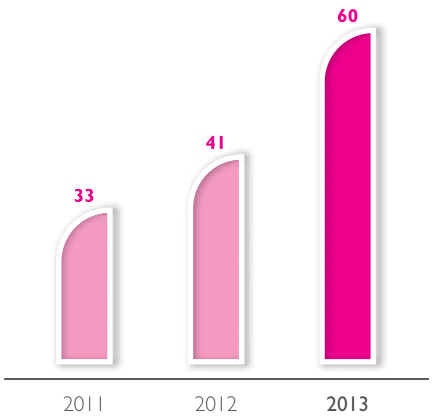
Banca Millennium's Greenfield operation launched in Romania in 2007 currently operates with a network of 65 branches, including 6 corporate centres located in the main Romanian cities.

Aiming at achieving break-even in 2014, Banca Millennium's activity in 2013 was based on three major strategic priorities: Expansion of the Customer base and turnover; Rationalisation of the organisation and Maintenance of a conservative approach to risk management.

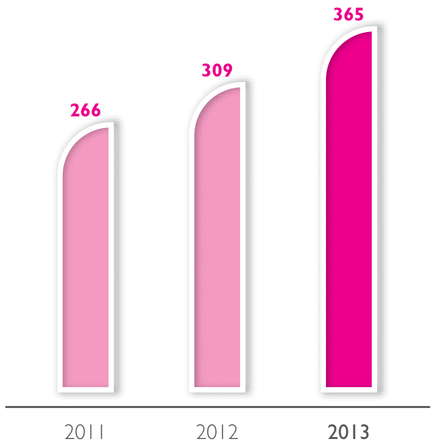
NUMBER OF BRANCHES
Units



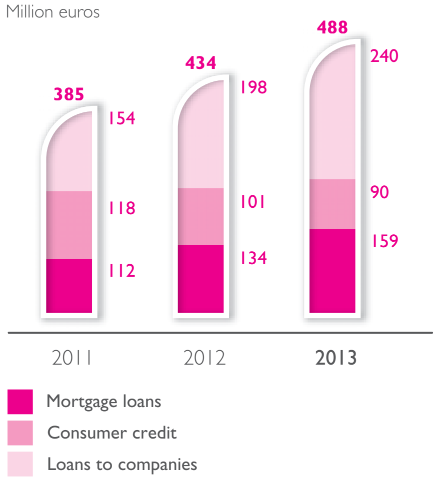
NUMBER OF CUSTOMERS
Thousands



TOTAL CUSTOMER FUNDS
Excluding FX effect
Million euros



LOANS TO CUSTOMERS (GROSS)
Excluding FX effect
Million euros



In this context, Banca Millennium achieved growth of deposits volume of 17% and loans to customers (gross) of 12%, having recorded a loss that was 75% lower than that for 2012, benefiting from the reduction of the cost of risk, the saving in operating costs and the performance of operating income.

Million euros

	2013	2012	2011	Change % 13/12	2012 (excluding FX effect)	Change % 13/12 (excluding FX effect)
Total assets	**634**	578	522	9.6%	575	10.3%
Loans to customers (gross)	**488**	436	398	12.0%	434	12.6%
Loans to customers (net)	**449**	395	346	13.7%	393	14.4%
Costumer funds	**365**	311	275	17.1%	309	17.8%
Of which: on Balance Sheet	**365**	311	275	17.1%	309	17.8%
Shareholders' equity	**73**	79	86	-7.4%	78	-6.8%
Net interest income	**17.8**	14.7	21.2	21.6%	14.8	20.5%
Other net income	**9.9**	9.3	8.8	5.8%	9.4	4.8%
Operating costs	**28.7**	34.1	38.6	-15.9%	34.4	-16.7%
Impairment and provisions	**6.9**	12.9	12.3	-46.5%	13.0	-47.0%
Net income	**-5.9**	-23.8	-17.8	75.0%	-24.1	75.3%
Number of Costumers (thousands)	**60**	41	33	46.4%		
Employees (number)	**562**	639	690	-12.1%		
Branches (number)	**65**	65	66	0.0%		
% of share capital held	**100%**	100%	100%			

Note: data, whenever available taken from financial statements.
FX rates:

Balance Sheet 1 euro =	4.471	4.4445	4.3233	new romanian leus
Profit and Loss Account 1 euro =	4.4113375	4.4531375	4.2372625	new romanian leus

In view of the commitment undertaken with the Directorate-General for Competition of the European Commission (DGComp) regarding the Bank's restructuring plan, the operation in Romania will be divested in the medium term.

Switzerland

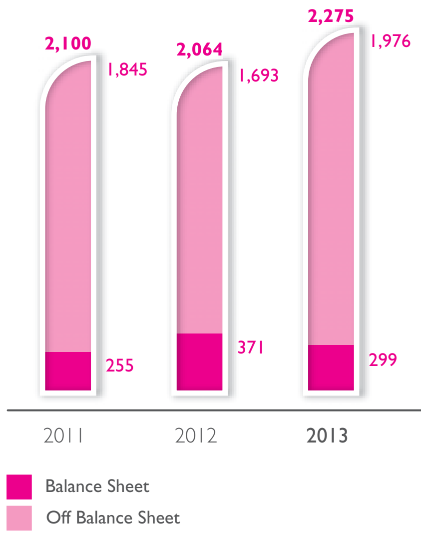
Millennium bcp Banque Privée, incorporated in Switzerland in 2003, is a private banking platform offering services to the Group's customers with high net worth, namely on matters of discretionary management, with financial advice and services for the execution of orders.

During 2013, the Bank maintained its strategy of risk reduction by decreasing its credit portfolio from 251 million euros to 219 million euros, thus improving the diversification of assets used as loan collateral. The ratio of loans to assets under management, consequently, decreased from 12% to 10%.

The inflow of net cash entries was positive in the whole year, with a significant contribution of new funds from hedged markets covered since last year. Hence, the base of assets under management increased by 8% in 2013, in spite of the deleveraging of customer portfolios.

Operating income increased by 17%, in spite of the decrease in net interest income arising, primarily, from the environment of decreasing interest rates. This higher operating income was mainly the result of fees and commissions, which reflect the combined impact of transactions volumes growth, larger base of assets under management and price increase.

TOTAL CUSTOMER FUNDS
Excluding FX effect
Million euros



Operating costs decreased, despite the higher variable costs related to higher revenue, as well as some extraordinary costs, such as the USA programme and the implementation of the FATCA (Foreign Account Compliance Act).

Million euros

	2013	2012	2011	Change % 13/12	2012	Change % 13/12
					excluding FX effect	
Total assets	**408**	525	570	-22.2%	516	-20.9%
Loans to customers (gross)	**221**	280	406	-21.3%	276	-20.0%
Loans to customers (net)	**219**	251	369	-12.7%	247	-11.2%
Customer funds	**2,275**	2,098	2,121	8.4%	2.064	10.3%
Of which: on Balance Sheet	**299**	377	258	-20.7%	371	-19.3%
off Balance Sheet	**1,976**	1,721	1,863	14.8%	1.693	16.7%
Shareholders' equity	**102**	97	94	4.6%	96	6.4%
Net interest income	**5.6**	6.2	9.5	-9.6%	6.1	-7.7%
Other net income	**20.7**	16.4	16.0	26.8%	16.0	29.4%
Operating costs	**18.1**	19.1	17.4	-4.9%	18.7	-2.9%
Impairment and provisions	**0.2**	0.2	23.9	3.1%	0.2	5.3%
Net income	**6.1**	2.5	-12.0	141.2%	2.5	146.2%
Number of customers (thousands)	**2**	2	2	7.7%		
Employees (number)	**67**	68	69	-1.5%		
Branches (number)	**1**	1	1	0.0%		
% of share capital held	**100%**	100%	100%			

Note: data, whenever available taken from financial statements.
FX rates:

Balance Sheet 1 euro =	1.2276	1.2072	1.2156	Swiss francs
Profit and Loss Account 1 euro =	1.22933333	1.20428333	1.2348875	Swiss francs

As a result, the Bank recorded a strong increase of net profit in 2013 which stood at 6.1 million euros, compared with 2.5 million recognised in 2012.

OTHER INTERNATIONAL BUSINESS

Mozambique

In 2013, Millennium bim upheld its position of leadership in the Mozambican market, as the largest, most solid and most profitable financial group in Mozambique, with 157 branches distributed over the entire country, as well as being the bank with greatest geographic penetration. Among the most important African banking institutions, Millennium bim was once again upgraded in the ranking defined by the magazine African Business, of IC publications, to hold the 62nd place, and continues to be the only Mozambican bank included in the ranking of the 100 largest in Africa.

The strengthening of Millennium bim's leadership as a Universal Bank was underpinned by 2 pillars of action in terms of business initiatives, namely the implementation of the strategy of segmentation of the customer portfolio, which reached 1.2 million customers in 2013, and the launch of innovative products and services so as to meet the needs and expectations of its Customers.

In pursuing its segmentation strategy, the Bank is consolidating its national coverage of the Prestige Network through the opening of new dedicated Branches, thus upholding its leadership in this segment that has become increasingly more dynamic and competitive in the market.

Maintaining its tradition of leadership, innovation and search to exceed the requirements of its Customers, Millennium bim has introduced new products and services on the market, with the launch of its new website and a more interactive Internet Banking platform, which is easier to use, more accessible and more secure.

The introduction of Millennium IZI, a new Mobile Banking platform compatible with all types of mobile telephones, has revealed the Bank's capacity to respond to the challenges posed by the economy, promoting, with innovation, the development of the Mozambican financial system. This system, in significantly simplifying the Customers' operations, through user-friendly menus which do not require installation, has led to the massive use of the Mobile channel. In six months, the Bank experienced a five-fold increase in the volume of monthly banking transactions, which jumped from 600,000 to 3 million.

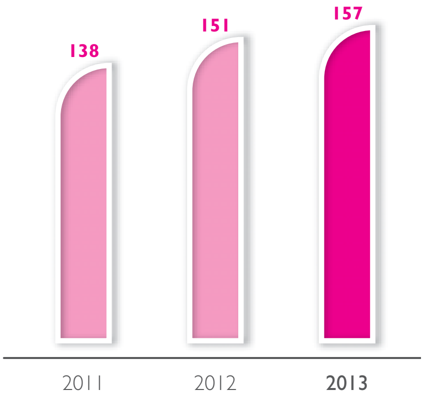
Furthermore, the Bank has provided CREDELEC recharge purchase services (prepaid electricity), at any time and at any place, through ATMs and the Millennium IZI mobile system. The introduction of this facility, pioneer on the Mozambican market, has revolutionised the way that people purchase electricity, offering Customers convenience and speed.

At an organisational level, the Bank decentralised the Commercial Divisions in 2013, with immediate efficiency gains enabling greater proximity to Customers. The operations and technological areas were also restructured with the processes and structures adjustment, with positive impacts on cost optimisation and efficiency in the implementation of strategies defined by the Bank.

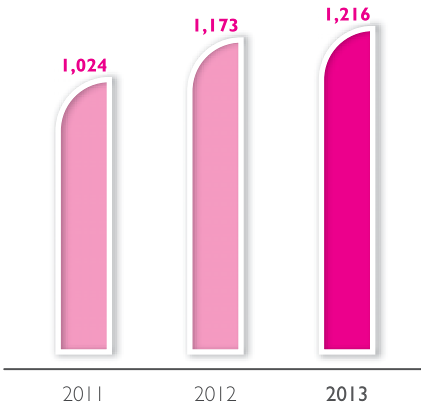
The launch of the IT Academy and participation in the People Grow and Growing People programmes enabled Millennium bim to adopt the Group's practices aimed at finding and retaining new talents, through the creation of a value proposition driven by the interests and needs of young university students, for their integration in Millennium bim in an innovating and challenging manner.

In spite of the demanding economic environment in which the financial sector operated, the consolidated net income of Millennium bim reached 85.5 million euros, corresponding to 9% growth in relation to

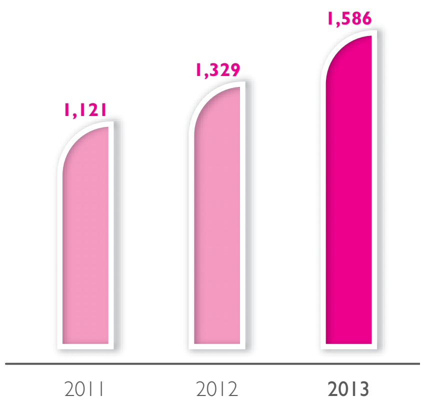
NUMBER OF BRANCHES
Units



NUMBER OF CUSTOMERS
Thousands



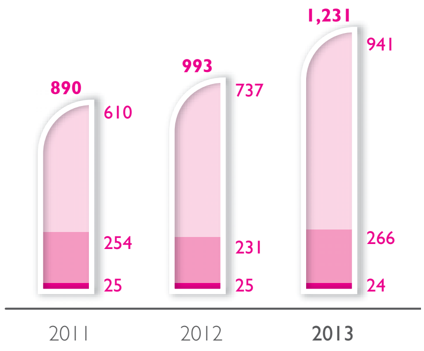
TOTAL CUSTOMER FUNDS
Excluding FX effect
Million euros



2012 (in meticais), which led to a return on equity (ROE) above 24%. By the end of the year, loans to customers (gross) recorded, in meticais, a growth of 24% in relation to 2012, having reached 50.9 billion meticais (approximately 1.23 billion euros). Customer funds increased by 19% to 65.6 billion meticais (1.59 billion euros). Notwithstanding the impact on costs of the branch network expansion programme, and the aforesaid impact that the Banco de Moçambique's monetary policy caused by squeezing margins, the cost-to-income ratio remained at a level below 45%.

The strategies adopted by the Bank were directed at the reinforcement of funds attraction, including funding obtained through DEG (Deutsche Eentwicklungsgesellschaft) and FMO (Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden), in order to adequately meet the fast growing demand for credit, particularly in foreign currency. In addition, the Bank boosted the Investment Bank business with its presence in large-scale projects, offering financial advisory services and, in some cases, even participating in the funding of the operations, which contributed to the strong business evolution, solidity and financial stability of the Bank.

LOANS TO CUSTOMERS (GROSS)
Excluding FX effect
Million euros



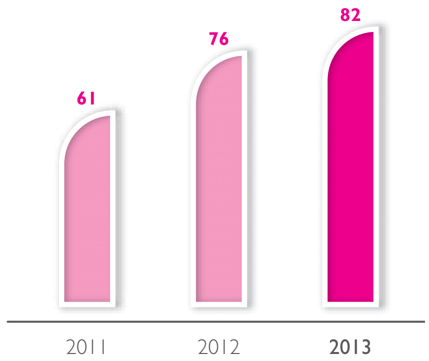
Million euros

	2013	2012	2011	Change % 13/12	2012 (excluding FX effect)	Change % 13/12 (excluding FX effect)
Total assets	**2,125**	1,872	1,793	13.5%	1,773	19.8%
Loans to customers (gross)	**1,231**	1,049	1,061	17.4%	993	23.9%
Loans to customers (net)	**1,159**	976	986	18.7%	924	25.3%
Customer funds	**1,586**	1,403	1,338	13.1%	1,329	19.4%
Of which: on Balance Sheet	**1,586**	1,403	1,338	13.1%	1,329	19.4%
Shareholders' equity	**371**	331	316	12.1%	314	18.4%
Net interest income	**126.3**	133.2	143.5	-5.2%	122.0	3.5%
Other net income	**83.5**	81.0	60.8	3.1%	74.2	12.6%
Operating costs	**93.4**	95.4	76.8	-2.1%	87.4	6.9%
Impairment and provisions	**11.7**	13.7	17.6	-14.7%	12.6	-6.8%
Net income	**85.5**	85.5	89.4	0.0%	78.3	9.2%
Number of customers (thousands)	**1,216**	1,173	1,024	3.7%		
Employees (number)	**2,476**	2,444	2,377	1.3%		
Branches (number)	**157**	151	138	4.0%		
% of share capital held	**66.7%**	66.7%	66.7%			

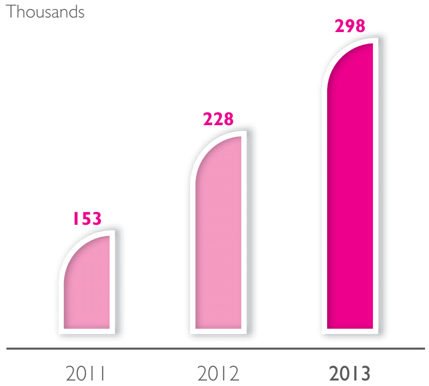
Note: data, whenever available taken from financial statements.
FX rates:

	2013	2012	2011	
Balance Sheet 1 euro =	41.355	39.175	34.665	meticais
Profit and Loss Account 1 euro =	40.05270833	36.66770833	40.78	meticais

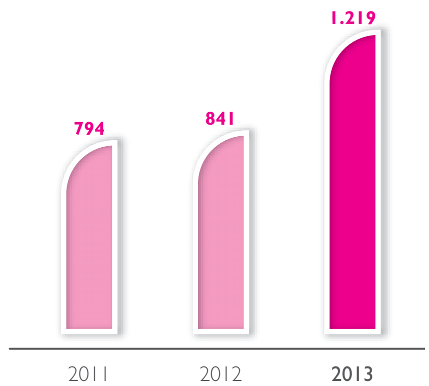
NUMBER OF BRANCHES
Units



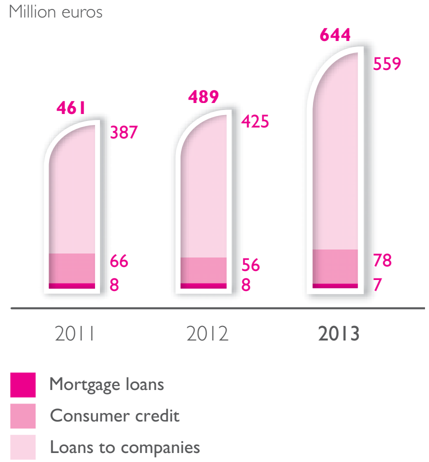
NUMBER OF CUSTOMERS
Thousands



TOTAL CUSTOMER FUNDS
Excluding FX effect
Million euros



LOANS TO CUSTOMERS (GROSS)
Excluding FX effect
Million euros



Angola

The principal strategic priorities in 2013 consisted of business expansion through the attraction of new Customers, increased product penetration and reinforcement of Banco Millennium Angola's (BMA) position in the Angolan financial market. Furthermore, the expansion of the commercial network and the offer of personalised and innovative products, continue to be priorities, as in previous years, with BMA offering its Customers excellent services, adapted to all market segments. Finally, the policy on the recruitment and training of Angolan Employees, which has been developed since the beginning of the Bank's operations in Angola, will continue to be strengthened, together with risk management and monitoring procedures.

During 2013, 6 branches were inaugurated, resulting in a total of 82 branches of the Retail Network, of which 46 are open on Saturday morning, as well as 7 Prestige centres and 6 Company Centres.

The number of customers amounted to 298 thousand in December 2013, having grown by 31% in relation to the previous year. Aiming at to increase the number of depositor Customers, BMA launched various term deposits and the Junior Saving Plan, among other saving products.

In relation to credit, the Bank assumed a strong leadership role in supporting the Angolan productive sector through the Angola Invest Programme aiming at replacing imports. In consumer loans, highlights include the launch of two consumer loan products, one in national currency, whose differentiation factor is its rapid analysis and decision-making procedure. Additionally, a loan simulator has been provided on the Bank's website.

In order to accompany the changes made to the financial sector by the new foreign exchange legislation applied to the oil sector, BMA has provided a batch payment mechanism using the Internet Banking channel, sending SWIFT messages and bank statements. In terms of transactions, the Mobile Banking application and software for transfers and electronic payments of the Internet Banking platform obtained ISO/IEC 25000 and ISO/IEC 25010 quality certifications.

During the period under review, BMA maintained activities related to the promotion and implementation of risk policies, continuing focus on the early detection, measurement, control and monitoring of the different risk components arising from business growth, as well as the respective reporting. It is important to emphasise that, regarding the different risk management levels, the recommendations and control metrics stipulated in the Group have been adopted, duly adapted to the Angolan environment. In the specific case of credit risk management and control, it should be noted that not only have credit risk measurement and assessment mechanisms been reinforced and implemented, but also procedures for proactive prevention and action in the mitigation of risk levels in the Bank's portfolio.

The priority in the recruitment and selection of high potential Employees continues to be one of the hallmarks of differentiation, sustained and supported by the ongoing campaigns and actions, such as partnerships with recruitment firms, agreements and presentations at universities, participation in job fairs (national and international) and newspaper advertisements (national and international).

At the end of 2013, the staff was composed of 1,075 Employees, representing a 4.7% increase in relation to the previous year. In 2013, BMA focused on a major challenge and competitive edge factor with the effective implementation of training via e-learning, with courses having been conducted in behavioural and technical areas.

In 2013, Millennium Angola achieved net income of 40.8 million euros, compared with 37.3 million euros recognised in 2012 (+13.6% in kwanzas).

Operating income grew by 10.8% (in kwanzas) in relation to 2012, amounting to 134.3 million euros, with a notable contribution from fees and commissions and net trading income, where annual growth reached 26.5% and 9.3%, respectively, as well as dividends received, in the amount of 2.0 million euros, and the positive evolution of net interest income, which increased by 2.1%. Return on equity (ROE) stood at 17.5% (18.4% in 2012).

Million euros

	2013	2012	2011	Change % 13/12	2012	Change % 13/12
					excluding FX effect	
Total assets	**1,651**	1,375	1 388	20.1%	1,291	27.9%
Loans to customers (gross)	**644**	521	506	23.8%	489	31.7%
Loans to customers (net)	**609**	489	480	24.5%	460	32.6%
Customer funds	**1,219**	895	872	36.1%	841	44.9%
Of which: on Balance Sheet	**1,219**	895	872	36.1%	841	44.9%
Shareholders' equity	**248**	219	186	13.1%	206	20.4%
Net interest income	**67.7**	68.9	63.1	-1.8%	66.3	2.1%
Other net income	**66.6**	57.0	43.7	16.8%	54.9	21.4%
Operating costs	**70.8**	67.1	57.5	5.6%	64.5	9.7%
Impairment and provisions	**10.0**	11.7	12.1	-13.8%	11.2	-10.5%
Net income	**40.8**	37.3	33.3	9.3%	35.9	13.6%
Number of customers (thousands)	**298**	228	153	30.7%		
Employees (number)	**1,075**	1,027	893	4.7%		
Branches (number)	**82**	76	61	7.9%		
% of share capital held	**50.1%**	50.1%	52.7%			

Note: data, whenever available taken from financial statements.

FX rates:

Balance Sheet 1 euro =	134.51	126.37	122.55	kwanzas
Profit and Loss Account 1 euro =	128.26875	123.45416667	131.39625	kwanzas

Total assets stood at 1.651 billion euros, corresponding to an increase of 27.9%, in kwanzas, relative to 2012. Loans to customers (gross) grew by 31.7% in kwanzas, having reached 644 million euros, and customer funds increased by 44.9% in kwanzas to 1.219 billion euros.

Macao

Millennium bcp's presence in the East goes back to 1993. However, it was only in 2010 that the activity of the Macau branch was expanded, through the attribution of a full license (onshore).

The main strategic guidelines in 2013 consisted of increasing the Bank's presence in the local economy, aimed at strengthening balance sheet funds from exclusively local sources, and extending the offer of services to the Bank's Companies network through the Macau Platform, with special focus on export-driven companies.

Among the various initiatives adopted to accomplish the strategy in 2013, we highlight the following:

- Intensification of the support offered to Portuguese entrepreneurs interested in internationalising their companies, through internationalisation options in markets such as Mozambique, Angola, Poland and China (Macao), capitalising on the experience and presence of Millennium in these geographic areas;
- Development of a business lounge to support Institutional and Company customers aspiring to internationalise their business in Southern China;
- Actions to attract new Institutional and Company Customers interested in investing in Portugal under the "Golden Residence Permit" programme;
- Development of the home banking platform so as to enable, in 2014, the expansion of services offered to Customers by the different networks of the Bank, particularly the growing interest shown by the Private, Companies and Corporate networks in the Macao solution.

In 2013, customer deposits showed a slight reduction, to stand at 1.093 billion euros, and loans to customers (net) contracted by around 11% (in patacas) to 873 million euros, with net income having increased by 15% (in patacas), influenced by the favourable evolution of net interest income, which benefited from the reduction of customer deposits cost and higher interest from loans to customers, and from loan impairment reversal.

Cayman Islands

Millennium bcp Bank & Trust, with head office in the Cayman Islands, holds a category "B" banking license, and provides international banking services to Customers who are not resident in Portugal. The Cayman Islands are considered a cooperating jurisdiction by the Banco de Portugal.

Million euros

	2013	2012	2011	Change % 13/12
Total assets	**1,458**	2,618	3,299	-44.3%
Loans to customers (gross)	**61**	178	279	-65.9%
Loans to customers (net)	**56**	176	277	-68.3%
Customer funds	**695**	714	852	-2.7%
Of which: on Balance Sheet	**685**	703	838	-2.6%
off Balance Sheet	**10**	11	13	-9.3%
Shareholders' equity	**273**	272	267	0.1%
Net interest income	**16.1**	18.1	4.0	-11.3%
Other net income	**1.3**	-0.6	1.3	> 200%
Operating costs	**2.6**	3.0	3.0	-12.9%
Impairment and provisions	**3.4**	-0.2	-2.3	> 200%
Net income	**11.4**	14.7	4.6	-22.5%
Number of customers (thousands)	**0.4**	0.5	0.7	-19.1%
Employees (number)	**15**	18	19	-16.7%
Branches (number)	**0**	0	0	
% of share capital held	**100%**	100%	100%	

Note: data, whenever available taken from financial statements.

In 2013, Millennium bcp Bank & Trust's net income stood at 11.4 million euros, compared with 14.7 million euros in 2012, influenced by net interest income negative performance and by the recognition of loan impairment provisions, in spite of fees and commissions positive performance.

MILLENNIUMBCP AGEAS

In a still adverse external environment, despite the timid signs of recovery of the Portuguese economy visible as of the 4th quarter onwards, Millenniumbcp Ageas pursued the implementation of its new strategic agenda, called "Vision 2015", defined during 2011 with the objective of repositioning its business model, adapted to the new market reality and assuring its future development. 2011 represented a year of preparation, 2012 was a year associated to implementation, and 2013 materialised current results arising from the measures taken in preceding years and during the year under review.

Vision 2015 is based on six strategic decisions which should be taken into account in the appraisal of the results achieved in 2013 and in future years:

- Growth in Non-Life, in bancassurance at Millennium bcp;
- Maintenance of leadership in Life, assuring the transition to a new business model;
- Maintenance of a profile of high technical profitability and low operating costs;
- Extension of the business beyond its foundation frontiers;
- Focus on the Customer as the absolute core of the activity;
- Reinforcement of corporate culture and Employee commitment to the organisation.

The results achieved in 2013 by Millenniumbcp Ageas already reflect the assumed strategic decisions, which have been expressed in an increased total volume of premiums (Life and Non-Life) of 74%, relative to 2012, in spite of the long-standing and extremely adverse external environment. The production of the Life branch, driven by financial products, showed significant growth of approximately 95%, compared with 34% of the market in the same period. The growth of Non-Life stood at 5%, against the market cycle which showed a decline of 3%.

The good operating performance, both in Life and Non-Life, notwithstanding the aggravation of claims in some branches due to adverse weather conditions, and the cost control led to the achievement of net income of 103 million euros at the end of 2013. The financial strength, embodied in a consolidated solvency ratio of 339% at the end of 2013, was also strengthened.

For 2014, the outlook points to a modest improvement of the external circumstances, but still with latent risks whose materialisation might negatively affect the performance of the entire insurance industry. The implementation of the strategic agenda will continue on course as planned, not only in order to meet the challenges of the external environment, but also to take advantages of new opportunities to develop the business.

KEY INDICATORS

Million euros,

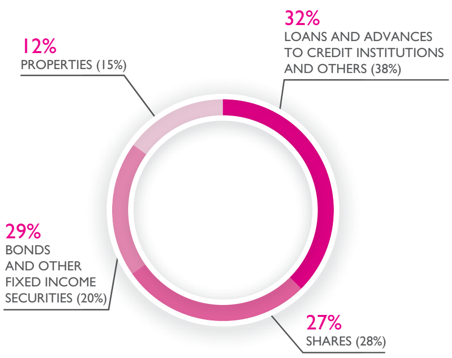
	Dec. 13	Dec. 12	Change % 13/12
DIRECT WRITTEN PREMIUMS			
Life	**1,486**	763	94.8%
Non-Life	**239**	228	4.5%
TOTAL	**1,725**	991	74.0%
MARKET SHARE(*)			
Life	**16.1%**	11.0%	
Non-Life	**6.2%**	5.7%	
TOTAL	**13.2%**	9.1%	
Technical Margin(1)	**214**	226	-5.3%
Technical margin net of operating costs	**110**	141	-6.5%
Net profit(2)	**103**	111	-7.6%
Gross claims ratio (Non-Life)	**62.7%**	62.2%	
Gross expense ratio (Non-Life)	**23.5%**	24.3%	
Non-Life gross combined ratio	**86.2%**	86.5%	
Life sts/Average of Life investments	**0.83%**	0.75%	

(1) Before allocation of administrative costs.

(2) Before VOBA ("value of business acquired").

PENSION FUND

STRUCTURE OF THE PENSION FUND'S ASSETS AS AT 31 DECEMBER 2013



(xx%) Proportion as at 31 December 2012

The pension liabilities assumed by the Group related to the payment to Employees of pensions on retirement or disability were, at the end of 2013, fully funded and kept at a higher level than the minimum set by the Bank of Portugal, presenting a coverage rate of 112%, comparing with 119% at the end of 2012. As at 31 December 2013 the pensions and other benefits liabilities totalled 2.533 billion euros, which compares with 2.293 billion euros registered on 31 December of the previous year.

The Pension Fund recorded, in 2013, a positive rate of return of 4.4%, when in 2012 stood at 1.6%. The structure of the pension fund's assets shows the following evolution:

- The shares proportion at 27% versus 28% as at 31 December 2012;
- The increase of the bonds and other fixed income securities from 20% as at 31 December 2012 to 29% as at the end of 2013;
- The decrease of the proportion of loans and advances to credit institutions and others, from 38% as at 31 December 2012 to 32% at the end of 2013;
- The reduction of the property component that evolved from 15% at the end of 2012 to 12% as at 31 December 2013.

After analysing the assumptions used to determine the pension fund's liabilities, the Bank decided to change the discount rate from 4.5% to 4.0%, considering, in particular, the decrease in the interest rate of good quality corporate bonds with the same maturity as the pensions fund's liabilities. The main actuarial assumptions used to determine the liabilities in the years of 2012 and 2013 are as follows:

ASSUMPTIONS

	2013	2012	2011
Discount rate	**4.00%**	4.50%	5.50%
Increase in future compensation levels	**1% until 2016 1.75% after 2017**	1% until 2016 1.75% after 2017	2.00%
Rate of pensions increase	**0% until 2016 0.75% after 2017**	0% until 2016 0.75% after 2017	1.00%
Projected rate of return of fund assets	**4.00%**	4.50%	5.50%
Mortality tables			
Men	**TV 73/77 – 1 year**	TV 73/77 – 1 year	TV 73/77 – 1 year
Women	**TV 88/90 – 2 years**	TV 88/90 – 2 years	TV 88/90 – 2 years

The actuarial differences recorded in 2013, considering the financial and non-financial, were negative and stood at 212 million euros, determined by the unfavourable impact associated with the change in the discount rate previously mentioned, which totalled 200 million euros.

The main indicators of the Pension Fund as at the end of 2011, 2012 and 2013 are as follows:

MAIN INDICATORS

Million euros

	2013	2012	2011
Liabilities with pensions	**2,533**	2,293	**2,452**
Value of the Pension Fund	**2,547**	2,432	**2,362**
Coverage rate	**112%**	119%	**111%**
Return on Pension Fund	**4.4%**	1.6%	**-0.7%**
Actuarial (gains) and losses	**212**	164	**201**

BCP RATINGS

In 2013, the Portuguese banking sector continued to develop its activity in a very challenging environment. The high unemployment rate and sluggish domestic demand, combined with the continued deterioration of asset quality and the consequent need to reinforce impairments, constrained the Bank's performance.

The improvement of the solvency ratios of Portuguese banks was perceived as positive by the rating agencies but insufficient to change the outlook for the evolution of the ratings. During the 2nd half of 2013, the disclosure of various indicators suggested a gradual recovery of the Portuguese economy. In 2014, the continuation of the moderate deleveraging process and reduction of the structural funding of the ECB should foster a better operating environment for the banking sector.

During 2013, various rating actions were pursued by the different rating agencies:

MOODY'S

Bank Financial Strenght	E
Baseline Credit Assessment	caa2
Adjusted Baseline Credit Assessment	caa2
Deposits LT/ST	B1/NP
Senior Unsecured LT	B1
Outlook	Negative
Subordinated Debt – MTN	(P) Caa3
Preference Shares	C (hyb)
Other short term debt	P-1

Rating Action

October 7th – confirmation of the long and short term ratings at "B1/NP", maintaining the negative outlook.

STANDARD & POOR'S

Stand-alone credit profile (SACP)	b-
Counterparty Credit Rating LT/ST	B/B
Senior Secured LT/Unsecured LT	B/B
Outlook	Watch Negative
Subordinated Debt	CCC-
Preference Shares	C
Certificates of Deposits	B+/B
Commercial Paper	B

Rating Action

July 11st – reduction of long-term rating from "B+" to "B", mantaining the "Negative" outlook and confirmation of the short-term rating at "B".

September 20th – placement of the rating of BCP on Credit Watch with negative implications, following the Rating Action on Portugal, in the same direction.

FITCH RATINGS

Viability Rating	b
Support	3
Support Floor	BB+
Deposits LT/ST	BB+/B
Senior unsecured debt issues LT	BB+
Outlook	Negative
Subordinated Debt Lower Tier 2	B-
Preference Shares	CC
Senior Debt Guaranteed by the Portuguese State	BB+
Commercial Paper	B

Rating Action

July 10th – reaffirmation of the long and short term ratings at "BB+" and "B", maintaining the negative Outlook.

DBRS

Intrinsic Assessment (IA)	BB (high)
Short-Term Debt & Deposit LT/ST	BBB (low)/R-2 (mid)
Trend	Negative
Dated Subordinated Notes	BB (high)
Senior Notes Guaranteed by the Republic of Portugal	BBB (low)
Commercial Paper	R-2 (mid)

Rating Action

June 28th – confirmation of the long and short term ratings at 'BBB (low)" and "R-2 (middle)", respectively, and reduction of the intrinsic BCP rating from "BBB (low)" to "BB (high)". The Outlook remains negative.

RISK MANAGEMENT

ANNUAL REPORT 2013

RISK MANAGEMENT

In 2013, the Group continued with the consolidation of its Risk Management System, fine-tuning and strengthening the activities and infrastructures dedicated to the management and control of the different risks, as well as the reporting mechanisms that assure the measurement of the incurred risk levels.

In this last aspect, 2013 was a notable year in terms of recognition of the quality and suitability of the risk assessment of the loan portfolio, since the Group received authorisation from the Banco de Portugal to use its own estimates for the LGD (Loss Given Default) parameter for the Corporate exposure class within the calculation of risk-weighted assets (RWA). This authorisation was effective from 31 December 2013, for exposures booked in Portugal (Banco Comercial Português, Banco de Investimento Imobiliário and Activo Bank).

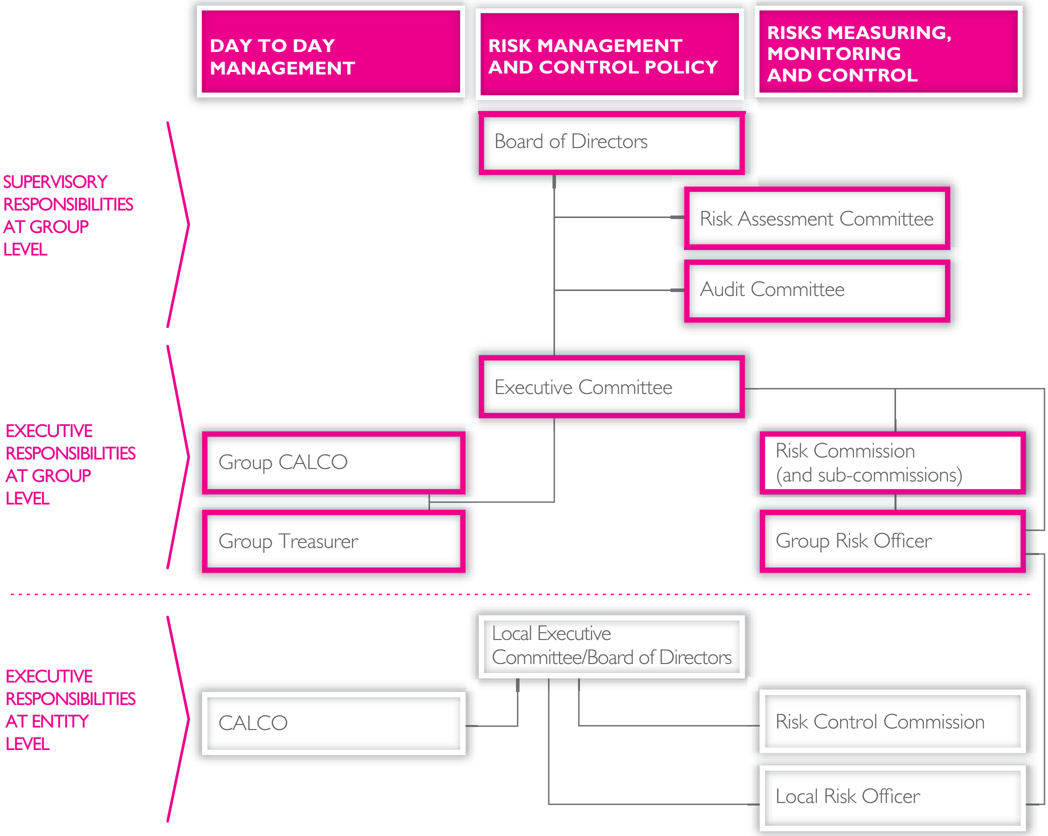
BCP thus became the first Portuguese banking group to be able to use internal estimates for this calculation parameter both in the Retail and Corporate exposure classes.

The main Risk Management activities and interventions in 2013, as well as various relevant accomplishments towards the consolidation of the Risk Management System are as follows:

- Continuation of the initiatives aimed at the effective implementation of the conditioning measures regarding the Banco de Portugal's approval for the use of advanced/internal approaches for the calculation of RWA/capital requirements for credit and market risks;
- Development and adaptation of the risk calculation and measurement processes, in order to comply with Basel III requirements (CRD IV/CRR);
- Active participation in the process of approval of new products, suggesting changes and adaptations needed to control the inherent risks in an effective manner;
- Specific activities of the risk management and control function under the Internal Control System (along with the Internal Audit and Compliance functions), such as the follow-up and promotion of the implementation of corrective measures and internal control improvements or participating in the preparation of the Internal Control Reports 2012/2013;
- Ongoing updating of the internal regulations relative to the management of the several risks, with different levels of coverage and specificity (Group Codes, Service Ordinances, Procedures Regulations and Operating Manuals);
- Participation in the EBA/TCOR exercise on credit and market risks, aimed at the transversal assessment of the coherence of the RWA/capital requirements calculated by internal models;
- Participation in the AQR (Asset Quality Review) exercise start-up, promoted by the European Central Bank (ECB) before the adoption of the European supervisory mechanism (SSM – Single Supervisory Mechanism);
- Participation in the EBA Transparency exercise, the results of which were published as standardised data on the key indicators on solvency and risk (credit and market), for all the financial groups that usually participate in the stress tests promoted by the EBA;
- Improvements in internal reporting concerning the main risks of the operations abroad, with review, standardisation and systematisation of the monthly risk reporting model, aimed at ensuring an integrated vision of the different geographic areas in which the Group operates;
- Development and implementation of the applicable internal regulatory framework and beginning of the deployment of management rules and practices regarding the non-core business portfolio, following the agreement for the restructuring of the BCP Group between the Portuguese Republic and the European Union (represented by DG Comp);
- Participation in the quarterly reviews of the Group's Funding and Capital Plan and associated stress tests;
- Membership of the ORX Consortium, aimed at operational losses data sharing, for the future evolution of the own funds regulatory requirements calculation approach concerning operational risk, from the current Standardised Approach (TSA) to the Advanced Measurement Method (AMA).

RISK MANAGEMENT ORGANISATION

The governance of risk management is composed of various bodies, as illustrated in the diagram below:



The following paragraphs describe the competences and attributions of the bodies intervening in risk management governance – either with management or internal supervision capacities – at Group level (besides the Board of Directors and its Executive Committee).

RISK ASSESSMENT COMMITTEE

The Risk Assessment Committee is composed of three non-executive members of the Board of Directors and has the following capacities:

- Monitoring of the overall levels of credit, market, liquidity and operational risk, ensuring that these are compatible with the objectives, available financial resources and strategies approved for the development of the Group's activity.
- Advising the Board of Directors on matters related to the definition of risk strategy, capital and liquidity management and market risk management.

AUDIT COMMITTEE

The Audit Committee is composed of 3 to 5 non-executive members of the Board of Directors (currently 4), and has the following attributions:

- Supervision of the management, of financial reporting documents, of measures aimed at the improvement of the internal control system, of risk management policy and of compliance policy;
- Supervision of the internal audit activity, ensuring the independence of the Certified Accountant and issuing recommendations for the contracting of External Auditors, as well as a proposal for their election and for the contractual conditions of their services;
- Reception of notifications of irregularities submitted by Shareholders, Employees or other Stakeholders, assuring follow-up by the Internal Audit Division or by the Customer Ombudsman;

- The issue of opinions on loans granted (under any form or type, including guarantees provided) or any other contract that the Bank or other Group company concludes with members of its governing bodies or Shareholders with stakes above 2% in the Bank's share capital, as well as any entities that, pursuant to the General Framework of Credit Institutions and Financial Companies, are related to them.

The Audit Committee is the main recipient of the Reports of the Internal Audit Division and of the Certified Accountants and External Auditors, holding regular meetings with the Director responsible for the financial area, the Group Risk Officer, the Compliance Officer and the Head of Internal Audit.

RISK COMMISSION

This Commission is responsible, at an executive level, for monitoring the overall levels of credit, market, liquidity and operational risk, ensuring compatibility with the objectives, available financial resources and strategies that have been approved for the development of the Group's activity.

This Commission includes all members of the Executive Committee, the Group Risk Officer, the Compliance Officer and the Heads of the following divisions: Internal Audit; Treasury and Markets; Research, Planning and ALM; Credit; and Rating.

CREDIT RISK MONITORING SUB-COMMISSION

This body has the following duties and responsibilities:

- Monitoring of the evolution of credit exposure and the credit underwriting process;
- Monitoring of the evolution of the portfolio's quality and of the main performance and risk indicators;
- Monitoring of counterparty risk and of the concentration risk of the largest exposures;
- Monitoring the impairment evolution and of the main cases of individual impairment analysis;
- Analysis of the credit recovery processes performance;
- Monitoring of the real estate portfolio divestment.

This Sub-commission includes all the members of the Executive Committee, the Group Risk Officer and Heads of the following divisions: Credit; Rating; Specialised Recovery; Specialised Monitoring; Retail Recovery; Real Estate Business; Litigation; Management Information; and Companies Marketing.

PENSION FUND RISK SUB-COMMISSION

The mission of this specialised Sub-commission is the monitoring of the performance and risk of BCP's Pension Fund and the establishment of adequate investment policies and its respective hedging strategies.

This Sub-commission is composed of the Chairman of the Executive Committee, the Executive Committee members responsible for the financial and insurance areas, the Group Risk Officer and the Heads of the Research, Planning and ALM and of the Human Resources divisions. The entities linked to the management of the Pension Fund (Millennium bcp Ageas, Pensõesgere and F&C) are also represented, through permanent invitation.

GROUP CALCO

The Group CALCO is responsible for the management of the Group's overall capital, for assets and liabilities management and for the definition of liquidity management strategies at a consolidated level. Specifically, the Group CALCO (also referred to as the Commission for the Planning and Allocation of Capital and Asset and Liability Management) is responsible for the structural management of market and liquidity risks, including, among others, the following aspects:

- Monitoring and management of market risks associated to the assets and liabilities structure;
- Capital allocation planning and proposals;
- Proposals defining adequate policies for market and liquidity risk management, at Group level (consolidated balance sheet).

The Group CALCO Group is composed of all the members of the Executive Committee, the Group Risk Officer and Heads of the following divisions: Research, Planning and ALM; Corporate; Management Information; Companies Marketing; Retail Marketing; Treasury and Markets; International Strategic Research (by invitation).

GROUP RISK OFFICER

The Group Risk Officer is responsible for the risk control function for all Group entities. In order to ensure the transversal monitoring and alignment of concepts, practices and objectives, the Group Risk Officer is responsible for informing the Risk Commission on the general risk level and for proposing measures to improve the control environment and implement the approved limits. The Group Risk Officer has veto power over any decision that is not subject to the approval of the Board of Directors or its Executive Committee that might have an impact on the Group risk levels. The Group Risk Officer's duties include:

- Supporting the establishment of risk management policies and methodologies for the identification, assessment, control, monitoring, mitigation and reporting of the different types of risk;
- Proposing and implementing a set of measurements applicable to the different types of risk;
- Ensuring the existence of a body of rules and procedures to support risk management;
- Controlling, on an ongoing basis, of the evolution of different risks and compliance with the applicable policies, regulations and limits;
- Ensuring the existence of an effective IT platform and a robust and complete database for risk management;
- Participating in all decisions of relevance to risk and with an impact on the internal control system, empowered to enforce compliance with the Group's regulations and objectives relative to risk;
- Preparing information on risk management for internal and market disclosure.

The Group Risk Officer is appointed by the Board of Directors and supports the work of the Risk Commission and its sub-commissions.

ECONOMIC CAPITAL

The Internal Capital Adequacy Assessment Process (ICAAP) establishes a link between the Group's risk tolerance level and its capital needs, through the calculation of the internal (or economic) capital which, regardless of the regulatory capital, is adequate to the incurred risks level, thus implying an understanding of the business as well as of the risk strategies.

Through the ICAAP, all the material risks inherent to the Group's activity are identified and quantified, considering the correlation effects between the different risks, as well as the effects of business diversification (which is developed along various lines and products in a variety of geographic areas). The quantification approach used is based on a VaR (Value-at-Risk) methodology, where the maximum value of potential loss is calculated for each risk, for a time horizon of 12 months, with a 99.94% confidence level.

After the calculation of the economic capital requirements, these values are compared with the available financial resources (Risk Taking Capacity), enabling an economic perspective of capital adequacy, also allowing for the identification of value-creating activities and/or business lines.

The risks considered for ICAAP purposes and the approaches used for each one are shown in the following table:

RISK TYPES	SUB-TYPE	APPROACH
Credit risk		Credit portfolio model
Market risks	Trading book	VaR model
	Interest rate risk of the banking book	VaR model
	Equity risk of the banking book	Long term VaR model
	Real Estate risk	Long term VaR model
Operational risk		Standardised approach
Liquidity risk		Stress Tests model over the funding costs
Pension Fund risk		Simulation model
Business and strategic risk		Model based on the specific volatility of BCP shares

The aggregation of risks at the different levels of the Group's organisational structure includes the calculation of the effect of the diversification benefits, reflected in an overall result which is less than the sum of the various individual components. A combination of two methods is used for this purpose: i) correlation method and ii) dependence of extreme events. In general terms, the correlation matrix is obtained by submitting the historical series of losses to an implicit linear correlation analysis, which differs from traditional linear correlation analysis since it recognises the dependence of extreme events.

The following table presents the Group's overall risk position as at 31 December 2013 and 2012, represented by the value of the economic capital calculated on these dates:

ECONOMIC CAPITAL

Million euros

	Dec./13		Dec./12	
	Amount	%	Amount	%
CREDIT RISK	2,466.9	44.7%	2,362.9	44.1%
MARKET RISKS	1,965.2	35.6%	1,840.2	34.4%
Trading Book	20.7	0.4%	19.6	0.4%
Banking Book – interest rate risk	532.4	9.6%	705.8	13.2%
Banking Book – equity risk	944.8	17.1%	665.4	12.4%
Real-estate risk	467.4	8.5%	449.4	8.4%
OPERATIONAL RISK	311.7	5.6%	370.0	6.9%
LIQUIDITY RISK	134.8	2.4%	134.8	2.5%
PENSIONS FUND RISK	423.6	7.7%	431.8	8.1%
BUSINESS AND STRATEGIC RISK	217.2	3.9%	213.0	4.0%
NON-DIVERSIFIED CAPITAL	5,519.5	100.0%	5,352.7	100.0%
Diversification benefits	-1,202.3		-1,196.8	
GROUP'S ECONOMIC CAPITAL	4,317.2		4,155.9	

The economic capital increase between 31 December 2012 and 31 December 2013, after diversification effects, was of around 161.3 million euros (+3.9%). The amount calculated at the end of 2013 mainly results from:

- The increase of economic capital needs associated with credit risk, as a consequence of the worsening of internal rating grades in Portugal – especially in the Corporate segment – as well as from the updating of the LGD and CCF (credit conversion factor) parameters;
- The increase in equities risk, resulting from an increase in exposure of assets that are subject, within the model, to the same treatment as equities;
- A decrease in the banking book interest rate risk, stemming from a continuing decrease of the volatility levels observed for the Portuguese Public Debt portfolio.

The experience and know-how acquired through the use of the economic capital model, which exists since 2007, together with recent developments in financial markets and in the relevant regulations and banking supervision – allowed for the identification of improvement opportunities that will provide, when implemented along 2014, the reinforcement of the robustness of the models used.

MODELS VALIDATION

The Models Control Unit is responsible for monitoring and ensuring the independent validation of the credit and market risk models. The validation and monitoring of models involves other bodies, such as: the model owners, the rating system owners, the Validation Committee and the Risk Commission.

In 2013, as planned, several monitoring, validation, calibration and review/improvement actions were performed on the credit and market risk models.

In the case of credit risk models, these actions focused on the models and rating systems for the Corporate and Retail exposures classes, regarding its different components (PD, LGD and CCF), for models used in Portugal.

Within this process scope, the most relevant models are the PD models – used for the Small Corporate, Mid Corporate, Large Corporate, Small Businesses and Mortgage segments – and the expected loss (LGD) models.

The follow-up and validation of models also aims to monitor and increase the knowledge about quality, in order to strengthen the capacity to react in due time to changes in predictive powers, in order to ensure the necessary confidence regarding the use and performance of each of the implemented risk models and systems.

CREDIT RISK

The materialisation of this risk arises from the losses occurred in the loan portfolio, due to the incapacity of borrowers (or their guarantors, when applicable), issuers of securities or contractual counterparts to comply with their credit obligations.

This type of risk, which is very relevant and highly representative in terms of the Group's overall exposure to risk, is particularly incisive under adverse macroeconomic conditions (such as has been experienced in Portugal), implying financial difficulties for households and companies.

Control and mitigation of this risk are carried out, on the one hand, through a solid structure of risk analysis and assessment (using internal rating systems suited to the different business segments and a model for the early detection of potential defaults of the portfolio) and, on the other hand, through structural units that are exclusively dedicated to loan recovery, for the situations of default that have occurred.

A note should be made on the following activities that were developed along 2013 to strengthen the practices of credit risk assessment, monitoring and control, in the different segments of the portfolio:

- Conclusion of the internal rating models for Real Estate Development Clients;
- Calculation of the default rates for Retail and Corporate, in order to obtain the PD for the calibration of the different internal rating models;
- Development of a new performance measurement for the credit recovery areas, based on the evolution of expected loss, and reflecting credit exposure, collateral levels, duration of default and the outcome of the recovery process;
- Updating and validation of LGD estimates for risk positions of the Retail exposure class and calculation and validation of estimates for the Corporate exposure class (including, in this case, ELBE – Expected Loss Best Estimates for events of default) and the updating and validation of CCF parameters for Corporate risk positions;
- Strengthening of the credit quality monitoring of through the systematic follow-up by the Credit Risk Monitoring Sub-Commission of the evolution of the indicators of overdue credit/impairment and of the main risk situations;
- Improvements in the credit process of operations abroad, with a view to ensure an integrated and overall vision of credit risk in the case of economic groups involved in credit operations in the different geographic areas in which the Group operates;
- Participation in the Transversal Review Exercise of Loan Portfolios Impairment (ETRICC) and subsequent adequacy assessment concerning the impairment levels of a set of 12 economic groups with transversal exposure to the Portuguese banking system;
- Participation in the Special Assessment Program – Management of Distressed Loans, promoted by the Banco de Portugal to assess the robustness of the banking system, under the Memorandum of Understanding with the "Troika".

The table below illustrates the quarterly evolution of the main credit risk indicators in 2013, for the portfolios of Portugal, Poland, Mozambique and Angola. This evolution shows a relatively moderate deterioration of the credit portfolio quality in Portugal, with a slowing down of this trend at the end of the year.

Million euros

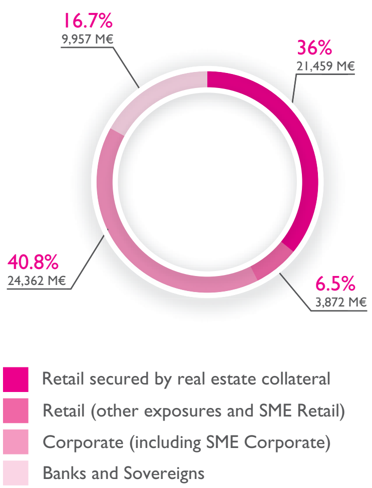
	Dec./13	Sep./13	Jun./13	Mar./13	Dec./12
PORTUGAL					
Non-performing Loans/Total Loans	**8.3%**	8.2%	7.8%	7.0%	6.5%
Past due Loans (> 90 d)/Total Loans	**11.9%**	12.3%	12.6%	11.7%	10.8%
Impairment/Total Loans	**6.2%**	6.3%	6.3%	6.0%	5.8%
POLAND					
Past due Loans (> 90 d)/Total Loans	**2.7%**	2.7%	2.6%	2.7%	2.6%
Impairment/Total Loans	**3.1%**	3.0%	3.0%	3.0%	3.0%
ANGOLA					
Past due Loans (> 90 d)/Total Loans	**3.7%**	3.6%	4.0%	4.6%	4.8%
Impairment/Total Loans	**5.4%**	5.5%	5.6%	6.6%	6.0%
MOZAMBIQUE					
Past due Loans (> 90 d)/Total Loans	**3.3%**	3.6%	3.3%	3.1%	3.7%
Impairment/Total Loans	**5.8%**	6.1%	6.4%	6.6%	6.9%

NPL = Non-performing loans.

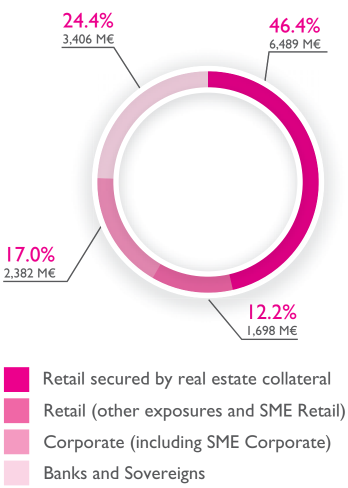
LOAN PORTFOLIO BREAKDOWN

The following charts present the breakdown of the loan portfolio as at 31 December 2013 by exposure segment, in the main geographic areas in which the Group operates (in terms of EAD – Exposure at Default).

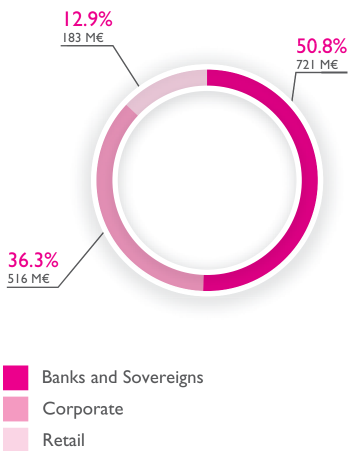
PORTUGAL



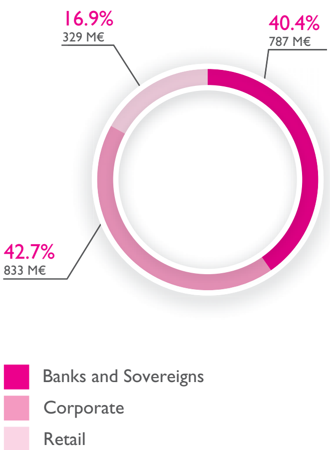
POLAND



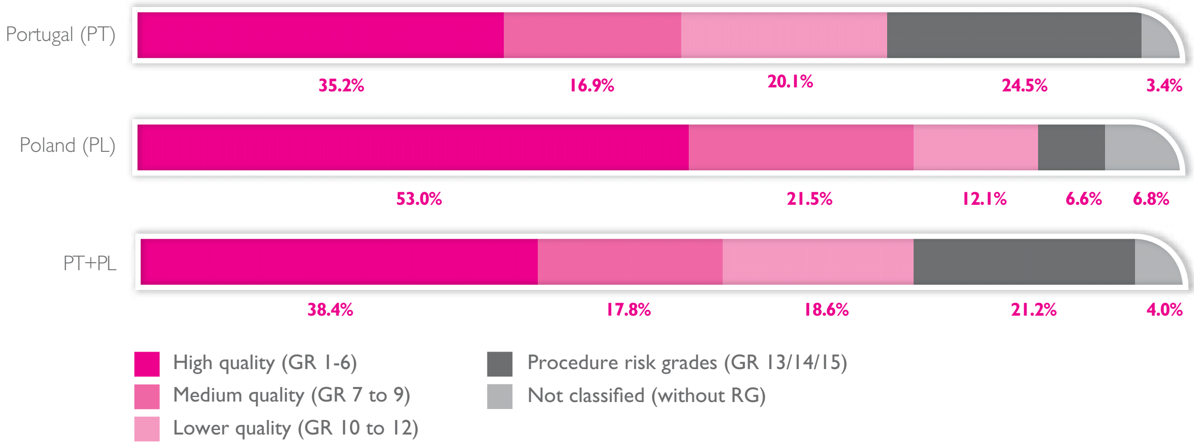
ANGOLA



MOZAMBIQUE

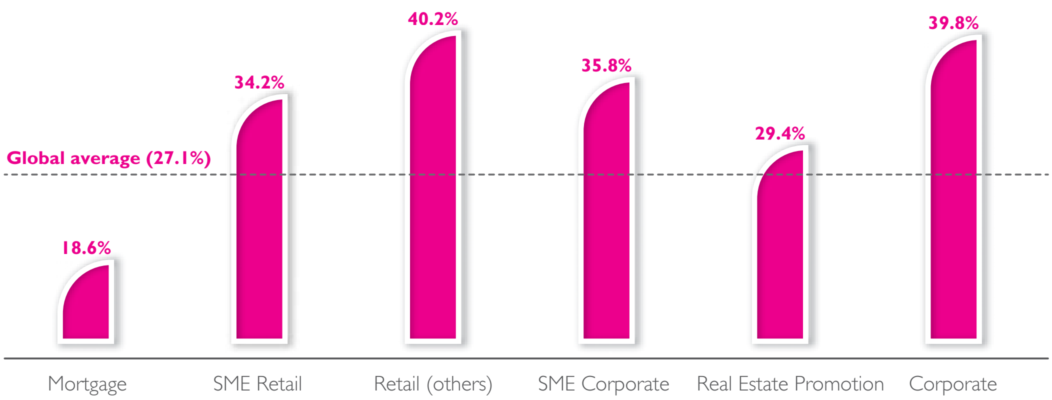


On that date, for Portugal and Poland, the distribution of exposures by risk quality, as measured by internally attributed risk degrees, is illustrated by the following chart:



(Not included: exposures to Banks and Sovereigns and Specialised Lending)

Regarding the loss parameters (LGD), the average values by exposure segment in Portugal, arising from the calculation of regulatory capital (as at 31712/2013) and the estimates based on the losses that effectively occurred (i.e. loan recovery data), are presented in the following chart:



CREDIT CONCENTRATION RISK

The values relative to credit concentration as at 31 December 2013, measured by the weight of the 20 largest net exposures, excluding Banks and Sovereign, over the value of consolidated Own Funds or, alternatively, by the weight of each of these exposures in total exposure (in terms of EAD), are presented in the following table:

Clients' Groups	Net Exposure/Own Funds	EAD weight in total EAD
Group 1	7.3%	1.5%
Group 2	6.8%	1.6%
Group 3	3.3%	0.7%
Group 4	3.1%	0.8%
Group 5	2.6%	0.6%
Group 6	2.5%	0.5%
Group 7	2.4%	0.6%
Group 8	1.9%	0.5%
Group 9	1.8%	0.5%
Group 10	1.6%	0.4%
Group 11	1.6%	0.3%
Group 12	1.6%	0.4%
Group 13	1.5%	0.5%
Group 14	1.4%	0.4%
Group 15	1.3%	0.3%
Group 16	1.2%	0.3%
Group 17	1.2%	0.3%
Group 18	1.1%	0.2%
Group 19	1.1%	0.4%
Group 20	1.1%	0.3%
TOTAL	46.5%	11.0%

The EAD weight of these 20 largest net exposures at the end of 2013 remained at the same level as that observed at the end of 2012, at 10.6%. The same can be said with regard to the weight of these 20 largest net exposures in the value of Consolidated Own Funds, which was of 48.8%.

The requirements of the Banco de Portugal on matters of credit concentration risk are reflected in the Group's risk management and control policies through the establishment of limits, in internal regulations, for the weights of credit exposure. The positioning of the largest exposures in relation to the stipulated limits of concentration is regularly monitored by the Risk Office and reported to the Audit Committee and Risk Commission.

OPERATIONAL RISK

Operational risk consists of the occurrence of losses as a result of failures or inadequacies of internal processes, systems or people, or as a result of external events.

In the management of this type of risk, the Group adopts duly documented principles and practices, which are expressed in control mechanisms subject to continuous improvement. This framework has a variety of features, including: functions' segregation; lines of responsibility and respective authorisations; exposure definition and tolerance limits; ethical codes and codes of conduct; risks self-assessment (RSA) exercises; key risk indicators (KRI); access controls (physical and logical); reconciliation activities; exception reports; contingency plans; contracting of insurance; internal training on processes, products and systems.

Within the scope of operational risk management, highlights include the following actions and initiatives carried out in 2013, in Portugal and at the Group's main subsidiaries:

- Reinforcement of the losses database through the systematic identification of new cases in the Group's main operations;
- New risks self-assessment exercises in Portugal, Poland and Mozambique;
- Regular monitoring of the risk indicators that contribute to the early identification of changes in the risk profile of processes;
- Increasing effectiveness in the use of management instruments by the process owners to identify improvements that contribute to strengthening the processes' control environment;
- Launching of initiatives aimed at preparing the adoption of the Advanced Measurement Approach (AMA), namely, membership of the ORX Consortium.

OPERATIONAL RISK MANAGEMENT STRUCTURE

The operational risk management system is based on a structure of end-to-end processes, considering that a vision which is transversal to the functional units of the organisational structure is the most suitable approach for the perception of risks and to estimate the effects of the corrective measures introduced for their mitigation. Furthermore, this processes model also underlies other strategic initiatives related to the management of this risk, such as the quality certification (ISO 9001) of the main products and services offered, or the actions to improve operating efficiency and the management of business continuity.

Hence, all the Group's subsidiaries where this framework is implemented have defined their own processes structure, which is periodically adjusted according to business evolution, in order to ensure suitable coverage of the business activities (or business support activities) developed.

The responsibility for the processes management was entrusted to process owners (seconded by process managers), whose mission is the characterisation of the operational losses captured under their processes, the monitoring of the respective key risk indicators, the undertaking of risk self-assessment exercises, as well as the identification and implementation of suitable actions to mitigate operational risk exposures, thus contributing to the strengthening of control mechanisms and the improvement of the internal control environment.

In Portugal, process owners are appointed by the Banking Processes and Services Committee (CPSB), based on the recognition of their knowledge and professional experience concerning the activities developed within the processes for which they are responsible. The CPSB is also entrusted with the following duties:

- Approval of the process file definitions;
- Approval of new processes, defining, on a case-by-case basis, the need for ISO9001 certification and identifying the processes which, apart from certification, should be submitted to performance measurement (KPI – key performance indicators);
- Alignment of the processes-based management practices with the reality of the structural units involved;
- Ensuring the issuance, maintenance and internal disclosure of documentation and information relative to processes-based management;
- Approval of changes to existing processes, as well as of the design of new processes.

In all other operations of the Group the appointment of the process owners is the responsibility of the respective management bodies or bodies to which this duty is delegated.

OPERATIONAL RISKS SELF-ASSESSMENT (RSA)

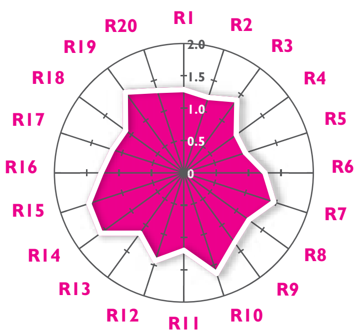
The objective of the RSA exercises is to promote the identification and mitigation (or elimination) of risks, either actual or potential, in each process, through the assessment of each of the 20 subtypes of operational risk considered. These assessments are positioned in a risk tolerance matrix, considering the worst case event that might occur in each process, for three different scenarios. This allows for:

- The assessment of the risk exposure of the different processes, not considering the influence of existing controls (Inherent Risk);
- The determination of the influence of the existing control environment in reducing the level of exposure (Residual Risk);
- The identification of the impact of the improvement opportunities in the risk reduction of the most significant exposures (Target Risk).

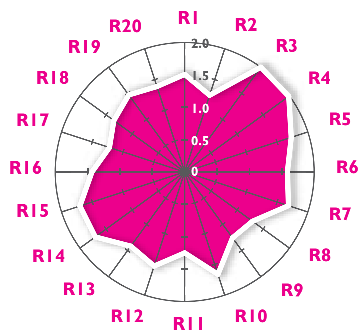
The RSA exercises are based on workshops, attended by the Risk Office and with the participation of the process owners (and process managers), or performed through answers to questionnaires sent to the process owners, for a review of previous RSA results, according to predefined updating criteria. During 2013, new RSA exercises were carried out in the main geographic areas in which the Group operates, namely Portugal, Poland and Mozambique, which enabled the updating of the exposure to operational risk measurement for the different processes defined in each of these operations, as well as the identification of improvements to mitigate the exposures classified above the defined tolerance limits, with a view to reducing the respective frequency or severity (or both). These actions are placed in order of priority according to the assessment made and implementation will be monitored through the IT application that supports operational risk management.

The following charts show the results of the RSA exercises conducted, namely, the average score for each of the 20 subtypes of operational risk considered, for the set of processes of each geographic area. The outer line represents a score of 2.0 on a scale of 1 (lowest exposure) to 5 (highest exposure).

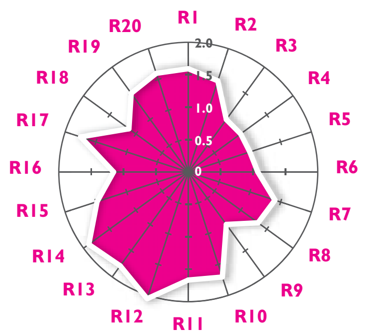
PORTUGAL



POLAND



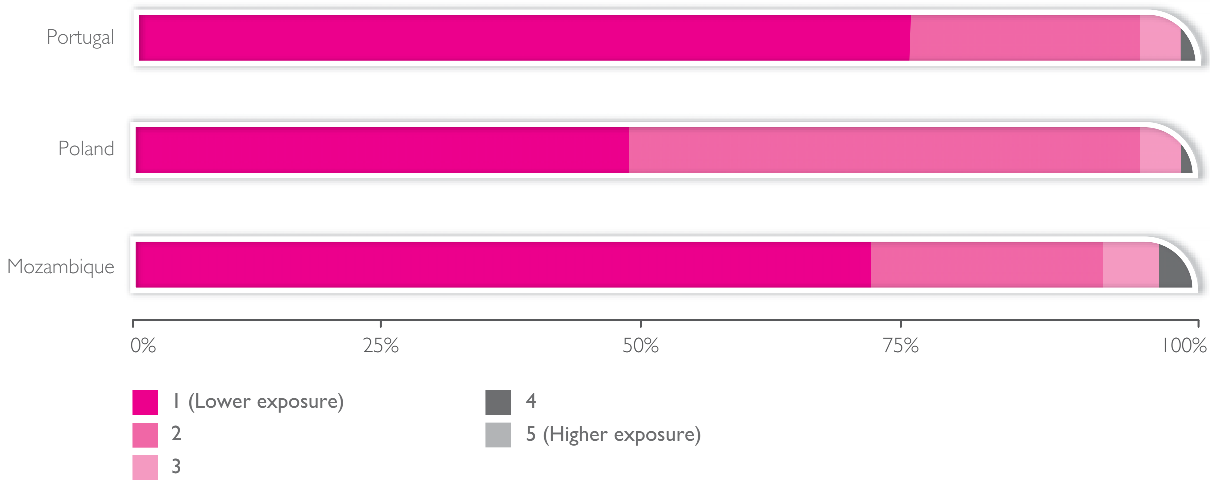
MOZAMBIQUE



R1 Internal fraud and theft
R2 Execution of unauthorised transations
R3 Employee relations
R4 Breach of work health & safety regulations
R5 Discrimination over employees
R6 Loss of key staff
R7 Hardware Software problems
R8 Problems related to telecom services & lines
R9 Systems security
R10 Transaction, capture, execution & maintenance
R11 Monitoring and reporting errors
R12 Customer related errors
R13 Product flaws/errors
R14 External fraud and theft
R15 Property and disasters risk
R16 Regulatory and tax risks
R17 Innapropriate market and business practices
R18 Project risks
R19 Outsourcing related problems
R20 Other third parties' related problems

For the 20 subtypes of operational risk, the aggregate result for each geographic area is illustrated in the following chart:

OPERATIONAL LOSSES CAPTURE



The operational losses data capture (i.e. the identification, registration and characterisation of operational losses and of the events that originated the losses), carried out by the Group for the operations covered by the operational risk management framework, aims to strengthen the awareness of this risk and to provide relevant information to process owners, for incorporation within their processes' management. As such, it is an important instrument to quantify risk exposures. It should also be mentioned that data on operational losses is used for the back-testing of the RSA results, enabling the evaluation of the assessment made on each risk subtype, within each process.

The detection and reporting of operational losses is a responsibility of all Employees of the Group, the process owners playing a crucial role in the promotion of these procedures within the context of the processes for which they are responsible. The identification and capture of operational loss events are also executed by the Risk Offices (at Group and local levels), based on data provided by central areas.

The identified events in which the losses, effective or potential, exceed the defined materiality limits (for each geographical area), are registered in a Group-level database of operational losses, related to a process and related to one of the 20 subtypes of operational risk, being characterised by its process owners and process managers. In addition to the description of the respective cause-effect, this characterisation also includes the valuation of the loss and, when applicable, a description of the improvement action identified to mitigate the risk (based on the analysis of the loss cause).

The profile of the accumulated losses as of 31 December 2013 is presented in the charts on the right, showing that most of the losses were caused by procedural failings and external events, as well as the fact that a major proportion of the operational loss events were of low material relevance (below 20,000 Euros).

KEY RISK INDICATORS (KRI)

KRI draw attention to changes in the profile of the operational risks or in the effectiveness of its control, enabling the identification of the need to introduce corrective actions within the processes, so as to prevent potential risks from materialising into effective losses. The use of this management instrument has been extended to increasingly more processes, and currently covers the most relevant ones in the main Group operations (Portugal, Poland and Mozambique). The data from the identified indicators is consolidated in a "KRI library", shared by the different entities of the Group, and currently includes over 450 indicators, used for monitoring the risks of the main processes.

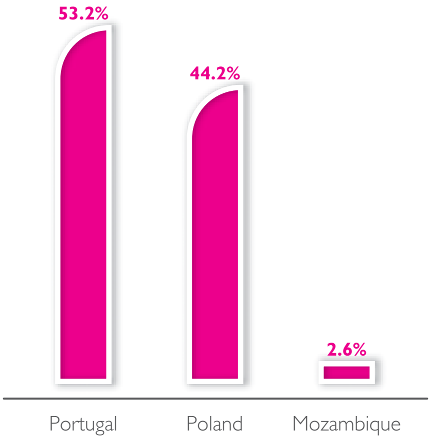
BUSINESS CONTINUITY MANAGEMENT

The management of business continuity covers two complementary components: the Business Continuity Plan relative to people, facilities and equipment, and the Disaster Recovery Plan relative to information systems, software and communication infrastructures.

Both plans are defined and implemented for a series of critical business processes and subject to pertinent adjustments in accordance with market evolution, the Bank's strategic positioning and its organisational matrix. These plans are promoted and coordinated by a dedicated structural unit, whose methodology is based on a process of continuous improvement, guided by international good practices and the recommendations of the supervisory entities.

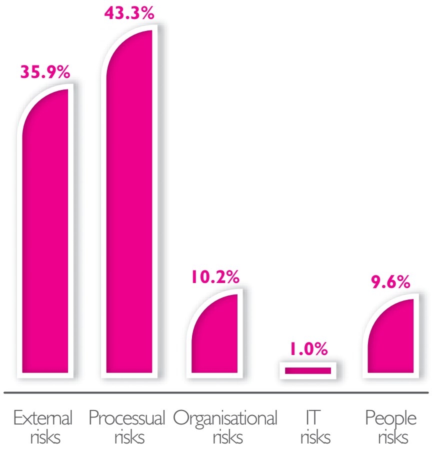
LOSS AMOUNT DISTRIBUTION

By country



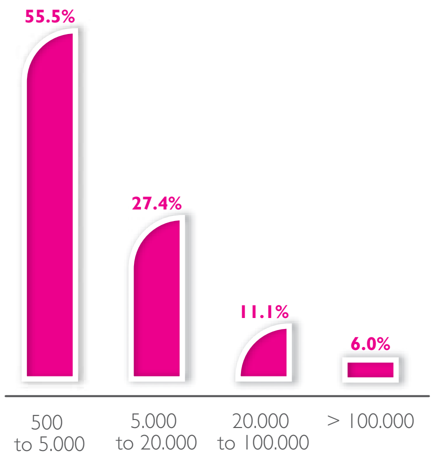
LOSS AMOUNT DISTRIBUTION

By type of event



LOSS AMOUNT DISTRIBUTION

By amount range (in Euros)



These continuity plans are regularly tested and updated, through periodic exercises aimed at improving response capacity to incidents and at a better coordination between emergency response, technological recovery, crisis management and business recovery, usually involving the implementation of critical activities at alternative locations.

INSURANCE CONTRACTING

The contracting of insurance for risks related to assets, persons or third party liabilities is another important instrument in the management of operational risk, the objective being the transfer of risks (total or partial).

Proposals for the contracting of new insurance policies are submitted by process owners under the scope of their duties concerning the management of operational risks inherent to their processes, or are presented by the Heads of areas or organisational units, and then analysed by the Risk Commission and authorised by the Executive Committee.

The specialised technical and commercial functions within insurance contracting are entrusted to the Insurance Management Unit, which is specialised and transversal to all entities of the Group located in Portugal. This unit and the Risk Office share information for the purpose of strengthening the coverage of the policies, as well as for increasing the quality of the operational losses database.

MARKET RISKS

Market risks consist of the potential losses that might occur in a given portfolio, as a result of changes in interest or exchange rates and/or in the prices of the different financial instruments of the portfolio, considering not only the correlations that exist between those instruments but also their volatilities.

For the purpose of profitability analysis and market risk quantification and control, the following management areas are defined for each entity of the Group:

- Trading – Management of positions whose objective is the achievement of short term gains, through sale or revaluation. These positions are actively managed, tradable without restriction and may be valued frequently and accurately. The positions in question include securities and derivatives of sales activities;
- Funding – Management of institutional funding (wholesale funding) and money market positions;
- Investment – Management of all the positions in securities to be held to maturity (or for a long period of time) or positions which are not tradable on liquid markets;
- Commercial – Management of positions arising from commercial activity with Clients;
- Structural – Management of balance sheet items or operations which, due to their nature, are not directly related to any of the management areas referred to above;
- ALM – Assets and Liabilities Management.

The definition of these areas allows for an effective segregation in the management of the trading and banking books, as well as for the correct allocation of each operation to the most suitable management area, according to its respective context.

In order to ensure that the risk levels incurred in the different portfolios of the Group comply with the predefined levels of risk tolerance, several market risks limits are established (at least yearly) and applied to all the portfolios of the management areas over which the risks are incident. The limits are monitored on a daily basis (or intra-daily, in the case of the financial markets' areas – Trading and Funding) by the Risk Office.

Stop loss limits are also defined for the financial market areas, based on multiples of the risk limits defined for those areas, aimed at limiting the maximum losses that might occur. When these limits are reached, a review of the strategy and of the assumptions used to manage the positions in question becomes mandatory.

Besides the market risk monitoring activities, the following developments and achievements in 2013, are noteworthy, regarding the market risks management:

- Characterisation of the trading strategies associated to each of the Group's management areas, allowing for the reorganisation of the trading, investment and ALM portfolios, with specialisation of credit and interest rate risk management in investment and ALM and optimisation of the dimensioning of the trading book;

- Development of the stress tests defined by the ECB under its Comprehensive Assessment (which also includes the AQR exercise, noted above);
- Implementation of CVA (Credit Valuation Adjustments) under IFRS 13;
- Final implementation of the preparatory works for future access to the derivatives trading and reporting infrastructure, pursuant to the EMIR Regulation of the European Union;
- Integration of the valuation and of counterparty risk control functions with the market risks control functions (also including the hedge accounting functions), namely, of those concerning financial market activities, thus creating a single line of responsibility concerning these matters (formerly split between different units).

TRADING BOOK MARKET RISKS(*)

The Group uses an integrated market risk measurement that allows for the monitoring all of the risk subtypes that are considered relevant. This measurement includes the assessment of the following types of risk: general risk, specific risk, non-linear risk and commodity risk. Each risk subtype is measured individually using an appropriate risk model and the integrated measurement is built from the measurements of each subtype without considering any kind of diversification between the four subtypes (worst-case scenario approach).

For the daily measurement of general market risk – relative to interest rate risk, exchange rate risk, equity risk and price risk of credit default swaps – a VaR (Value-at-Risk) model is used, based on the parametric approximation defined in the methodology developed by RiskMetrics, considering a time horizon of 10 business days and a significance level of 99%.

For non-linear risk, an internally-developed methodology is applied, replicating the effect that the main non-linear elements of options might have in P&L results of the different portfolios in which these are included, in a manner similar to that considered by the VaR methodology, using the same time horizon and significance level.

Specific and commodity risks are measured through standard methodologies defined in the applicable regulations, with an adequate change of the time horizon considered.

It should be noted that this approach is applied to general risk, non-linear risk, specific risk and commodity risk positions whenever these are allocated to management areas other than the Trading area.

The following table presents the values at risk measured by the methodologies referred to above, for the trading book, between 31 December 2012 and 31 December 2013:

Thousand euros

	Dec./13	Average	Maximum	Minimum	Dec./12
GENERIC RISK (VAR)	**2,202.2**	5,344.1	10,494.4	2,099.4	3,576.1
Interest rate risk	**1,598.9**	5,063.9	6,108.9	1,842.0	2,370.7
FX risk	**1,313.1**	972.2	995.8	591.2	1,345.8
Equity risk	**588.7**	746.5	6,154.7	782.4	713.2
Diversification effects	***1,298.6***	*1,438.6*	*2,765.0*	*1,116.1*	*853.6*
SPECIFIC RISK	**263.0**	684.0	1,593.6	254.2	727.8
NON-LINEAR RISK	**25.3**	73.8	278.2	5.0	12.9
COMMODITIES RISK	**17.0**	33.3	81.3	9.2	46.9
GLOBAL RISK	**2,507.4**	6,135.1	12,245.3	2,477.3	4,363.7

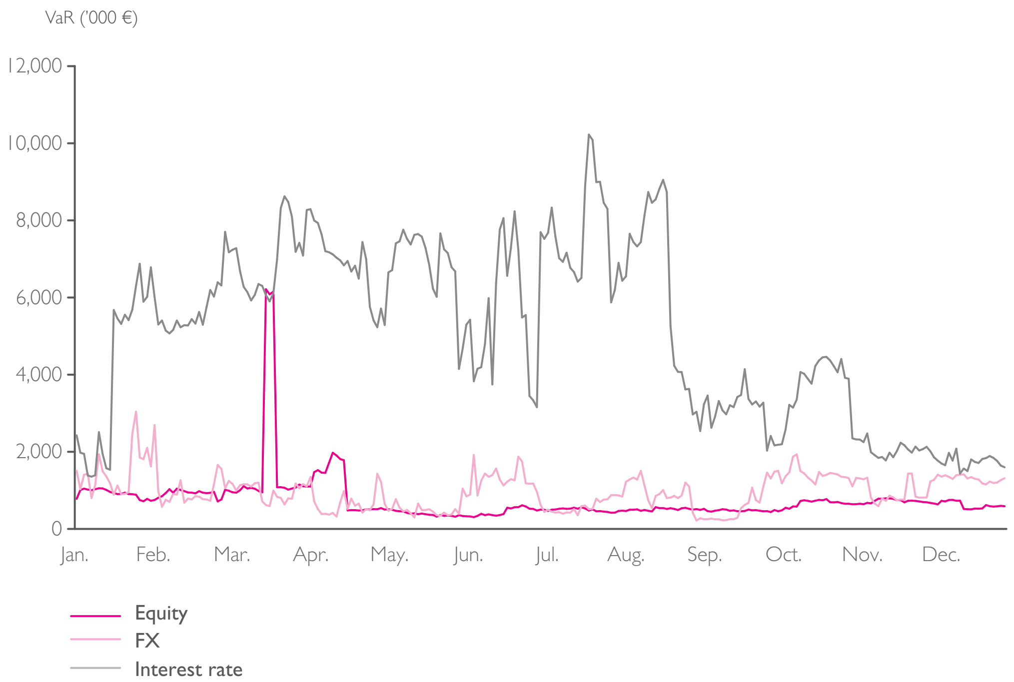
Notes:

- Holding term of 10 days and 99% of confidence level.
- Consolidated positions from Millennium bcp, Bank Millennium, Millennium bank Greece (until 30 June 2013), and Banca Millennium (Romania) markets areas.

(*) Positions allocated to the Trading Management Area (and not specifically to the trading book in accounting terms).

Throughout 2013, the Group's trading book risk showed materially reduced levels, in spite of some market volatility observed for the public debt of Southern European countries. The Bank maintained a limited size for this portfolio, along with a fairly conservative management posture.

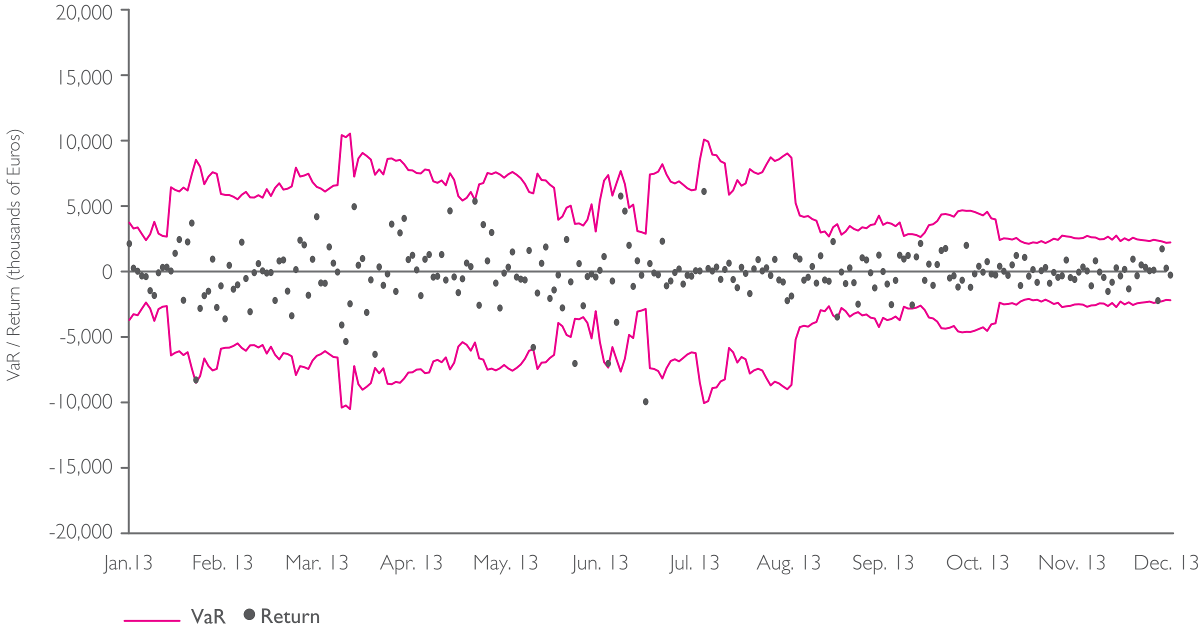
The graph below illustrates the volatility of the trading book during 2013, divided into its 3 risk components, showing that the interest rate risk showed higher levels than foreign exchange and equity risks, especially in the first 9 months of the year.



VAR MODEL MONITORING AND VALIDATION

In order to verify the adequacy of the internal VaR model for the assessment of the risks involved in the positions held, various validations are conducted over time, of different scopes and frequency, including back-testing, estimation of the effects of diversification and scope analysis of the risk factors.

The following graph shows the hypothetical back-testing for the trading book (of Portugal), which compares the VaR indicators with the hypothetical results of the model used.



This graph shows the occurrence of 2 excess values (relative to the results predicted by the model), which represents a frequency of 0.8% in 250 days of observation. This frequency of excesses demonstrates the adequacy of the model for the purpose of assessing the risks in question.

STRESS TESTS ON THE TRADING BOOK

Supplementary to the VaR calculation, the Group continuously tests a broad range of stress scenarios, analysing the respective results with a view to identify risk concentrations that have not been captured by the VaR model and, also, to test for other possible dimensions of loss. The results of these tests on the Group's trading book, as at 31 December 2013, were as follows:

Thousand euros

Tested scenarios	Negative results scenario	Result
Parallel shift of the yield curve by +/- 100 bps	+ 100 bps	-5.9
Change in the slope of the yield curve (for maturities from 2 to 10 years) by +/- 25 bps	+ 25 bps	-0.5
4 possible combinations of the previous 2 scenarios	+ 100 bps and + 25 bps + 100 bps. and – 25 bps.	-6.4 -5.4
Variation in the main stock market indices by +/- 30%	+30%	-0.7
Variation in foreign exchange rates (against the euro) by +/- 10% for the main currencies and by +/- 25% for other currencies	-10%, -25%	-8.0
Variation in swap spreads by +/- 20 bps	- 20 bps	-0.3

These results show that the exposure of the Group's trading book to the different risk factors considered is limited and that the main adverse scenario at stake is an increase in interest rates, especially when accompanied by an increase in the gradient of the yield curve. This sensitivity of the trading book to interest rate risk is the inverse of that observed at the end of 2012.

INTEREST RATE RISK IN THE BANKING BOOK

The interest rate risk derived from banking book operations is assessed through a process of risk sensitivity analysis, undertaken every month, covering all the operations included in the Group's consolidated Balance Sheet.

Variations of market interest rates influence the Group's net interest income, both in the short term and medium/long term, affecting its economic value in a long term perspective. The main risk factors arise from the repricing mismatch of portfolio positions (repricing risk) and from the risk of variation in market interest rates (yield curve risk). Besides this, but with less impact, there is the risk of unequal variations in different reference rates with the same repricing period (basis risk).

In order to identify the exposure of the Group's banking book to these risks, the monitoring of the interest rate risk takes into consideration the financial characteristics of the positions registered in the information systems, with the respective expected cash-flows being projected according to the repricing dates, thus calculating the impact on economic value resulting from alternative scenarios of change of market interest rate curves.

This analysis, reported as at 31 December 2013 and performed by assessing the difference between the present value of the interest rate mismatch (discounted at market interest rates) and the value of this mismatch discounted at a +100 bps level (for all periods) results in an impact of approximately -74 million euros for positions denominated in Euros. The following table shows the impact of this interest rate variation on the Bank's economic value, for each of the banking book management areas and for the different residual terms to maturity of the positions in question:

IMPACT OF A +100 BPS PARALLEL SHIFT OF THE YIELD CURVE — Thousand euros

Repricing gap in EUR	Residual terms to maturity					
	<1A	1 – 3A	3 – 5A	5 – 7A	>7A	Total
Commercial area activity	30,962.6	76,771.2	-3,981.0	5,545.8	1,661.3	110,959.9
Structural area activity	-27,298.1	102,791.3	53,986.8	16,412.7	7,972.7	153,865.4
SUBTOTAL	**3,664.4**	**179,562.5**	**50,005.8**	**21,958.5**	**9,634.0**	**264,825.2**
Hedging	6,469.7	-173,576.7	-51,892.3	-22,691.2	-10,695.4	-252,385.9
COMMERCIAL AND STRUCTURAL TOTAL	**10,134.1**	**5,985.8**	**-1,886.4**	**-732.8**	**-1,061.4**	**12,439.3**
Funding and hedging	9,081.3	2,461.8	-214.1	-303.2	-6,844.1	4,181.7
Investment portfolio	-41,892.4	-737.1	-818.3	-4.8	202.7	-43,249.9
ALM	10,998.9	42,911.3	-59,408.1	-34,759.9	-6,778.3	-47,036.0
BANKING BOOK TOTAL IN DEC. 2013	**-11,678.1**	**50,621.8**	**-62,327.0**	**-35,800.6**	**-14,481.1**	**-73,664.9**
Banking Book total in Dec. 2012	-7,931.1	28,704.4	52,450.3	-24,998.8	-64,568.5	-16,343.7

The positions at risk which are not subject to specific market hedging operations are transferred internally to the two market areas (Funding and ALM), thus becoming an integral part of the respective portfolios. As such, these are assessed daily, based on the market risk control model for the trading book identified earlier.

FOREIGN EXCHANGE AND EQUITY RISK IN THE BANKING BOOK

The exchange rate risk of the banking book is transferred internally to the Trading area (Treasury), in accordance with the risk specialisation model followed by the Group for the management of the exchange rate risk of the Balance Sheet. The only exposures to exchange rate risk that are not included in this transfer – the financial holdings in subsidiaries, in foreign currency – are hedged on a case-by-case basis through market operations.

As at 31 December 2013, the Group had hedged its financial holdings in USD, CHF and PLN (partially, in this last case). On a consolidated basis, these hedges are identified, in accounting terms, as 'Net investment hedges', in accordance with the IFRS nomenclature.

On an individual basis, for entities which have financial holdings with exchange rate risk, hedge accounting is also carried out, in this case through a Fair Value Hedge methodology (except for CHF).

Regarding equity risk, the Group holds equity positions of a non-significant size, which are not held for trading purposes. The management of these positions is carried out by a specific area of the Group, with their risk being included in the Investment area and controlled on a daily basis, through the indicators and limits defined for market risks. These positions and their risk are very small within the Group's investment portfolio, only contributing by around 10.0% of the VaR of this portfolio, as at 31 December 2013.

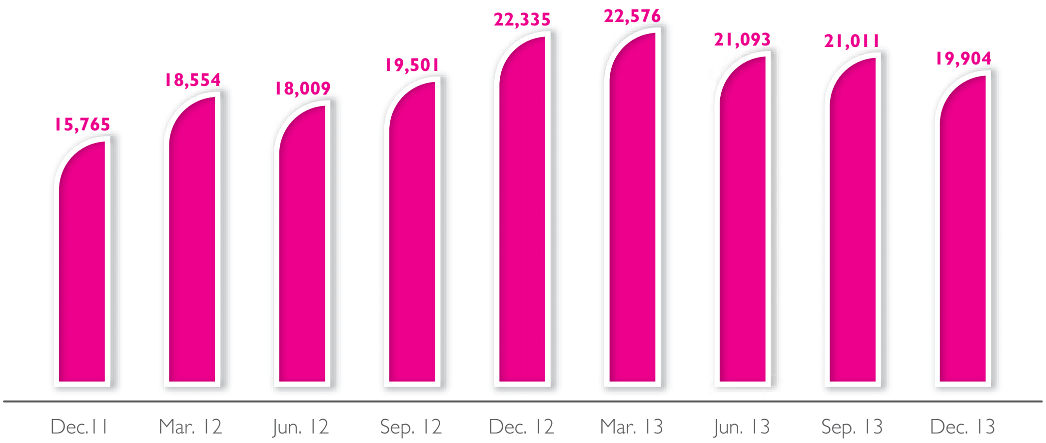
LIQUIDITY RISK

Liquidity risk reflects the Group's potential inability to meet its obligations at maturity without incurring significant losses, arising from the deterioration of funding conditions (funding risk) and/or sale of its assets below market value (market liquidity risk).

In 2013, the limited access of Portuguese banking institutions to short and medium-long term funding markets continued. Given this scenario, the Group pursued a strategy of control of market funding needs, above all supported by the reinforcement of customer deposits (and also by lower demand for credit from economic agents), as well as an active management of eligible collateral for discount at the ECB, in order to uphold comfortable levels of its liquidity buffer (difference between the total amount of eligible collateral and net funding from the ECB).

The commercial gap, measured by the difference between loans to customers and customer deposits, contracted by 5.4 billion euros (in consolidated terms). This enabled accommodating the refinancing of 1.1 billion euros of medium-long term debt, growth in the public and private debt securities portfolios and the early repayment at the Eurosystem of a tranche of 1.0 billion euros, of the total 12 billion euros taken under the medium term refinancing operations of the European Central Bank. The liquidity buffer remained above 9 billion euros, even considering the early repayment of bonds issued of 1.75 billion euros backed by the State, which were included in the portfolio of eligible collateral. The most recent evolution of this portfolio is illustrated in the following graph:

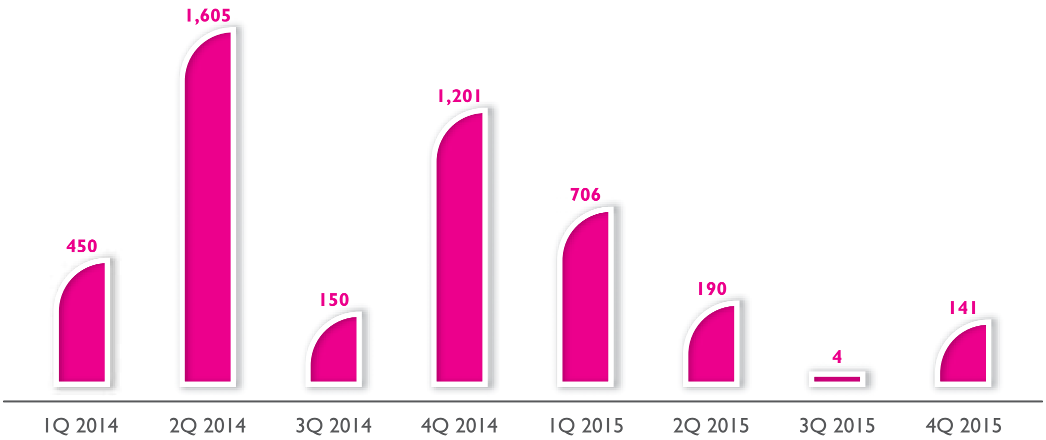
ELIBIBLE ASSETS FOR DISCOUNTING THE ECB(*)
After haircuts
Thousand euros



(*) Total portfolio (includes assets in and out of the pool, used and not used).

Future funding needs are permanently monitored, as shown by the time distribution of the maturities for medium/long term debt in 2014 and 2015, represented in the following graph:

QUARTERLY DISTRIBUTION OF MATURITIES
Medium/Long term debt and hybrid instruments
Millions euros



The Group's wholesale funding structure is defined for each annual period by the Liquidity Plan (which is an integral part of the budgeting process), formulated at a consolidated level and for the main subsidiaries of the Group. The preparation of this plan is coordinated by the Group Treasurer and its implementation is monitored continuously throughout the year, being reviewed whenever necessary.

The following table illustrates the wholesale funding structure, as at 31 December 2012 and 2013, in terms of the relative importance of each of the instruments used:

LIQUIDITY BREAKDOWN
(Wholesale funding)

	31/Dec./13	31/Dec./12	Change in weight
MM	**2.5%**	2.4%	0.1%
ECB	**52.5%**	51.2%	1.3%
CoCo's	**14.3%**	12.5%	1.8%
Commercial Paper	**3.1%**	6.1%	-3.0%
Repos	**0.8%**	0.2%	0.6%
Loan agreements	**4.3%**	4.1%	0.2%
Schuldschein	**1.0%**	1.0%	0.0%
EMTN	**9.9%**	12.1%	-2.2%
Equity Swaps	**0.0%**	0.1%	-0.1%
Covered bonds	**10.0%**	8.9%	1.1%
Subordinated debt	**1.5%**	1.4%	0.1%
TOTAL	100.0%	100.0%	

A downward trend is observed in the weights of medium and long term commercial paper and securitised debt (Euro Medium Term Notes – EMTN) in the Group's wholesale funding structure, as well as the maintenance of very relevant weights of the funding obtained from the ECB.

CONTROL OF LIQUIDITY RISK

The control of the Group's liquidity risk, for short-term time horizons (up to 3 months) is carried out daily based on two internally defined indicators, the immediate liquidity indicator and the quarterly liquidity indicator, which measure the maximum fund-taking requirements that could arise cumulatively over the respective time horizons, considering cash-flow projections for periods of 3 days and of 3 months, respectively.

These indicators, as at 31 December 2013, showed zero value in the Treasuries of Portugal, Poland and Angola, signifying surplus liquidity in these geographic regions, both in immediate terms and at 3 months, reflecting the prudent management of the different Treasuries of the Group towards this risk.

At the same time, the evolution of the Group's liquidity position is calculated on a regular basis, identifying all the factors underlying the variations that have occurred.

The Group controls the profile of structural liquidity through the regular monitoring, by its management structures and bodies, of a series of indicators defined both internally and by the regulations, aimed at characterising liquidity risk, such as:

- The loan-to-deposit ratio;
- The medium-term liquidity gaps;
- The wholesale funding coverage ratios, by highly liquid assets (HLA).

As at 31 December 2012 and 2013, these indicators were as follows:

LIQUIDITY CONTROL INDICATORS

	Refrence value	DEC./13	DEC./12
Accumulated net cash-flows up to 1 year as a % of total accounting liabilities	Not less than (- 6 %)	**8.9%**	9.6%
Liquidity gap as a % of illiquid assets	Not less than (- 20 %)	**1.5%**	2.9%
Loans to Deposits ratio	Not greater than 150 %	**a) 114.2%**	119.9%
		b) 116.9%	127.7%
Wholesale Funding coverage ratios by Highly Liquid Assets (HLA)			
Up to 1 month	> 100 %	**1,052.5%**	878.6%
Up to 3 months	> 85 %	**502.2%**	357.4%
Up to 1 year	> 60 %	**187.4%**	298.8%

a) Considering Balance-Sheet Structured Products equivalent to deposits.
b) As defined by Banco de Portugal's Instruction no. 16/2004, in its current version.

CAPITAL AND LIQUIDITY CONTINGENCY PLAN

The Capital and Liquidity Contingency Plan (PCCL) defines the priorities, responsibilities and specific measures to be taken in the event of a situation of a liquidity contingency. This plan is reviewed at least once a year.

The PCCL defines the objective of maintaining a balanced liquidity and capital structure, also establishing the need for the continuous monitoring of market conditions, as well as all lines of action and triggers aimed at timely decision-taking in adverse scenarios, either anticipated or observed.

The PCCL defines the objective of maintaining a balanced liquidity and capital structure, and establishes the need for the continuous monitoring of market conditions, as well as all lines of action and triggers aimed at timely decision-taking in adverse scenarios, either anticipated or observed.

PENSION FUND RISK

This risk stems from the potential devaluation of the Fund's assets or from a decline in their expected returns. Given such a scenario, the Group will have to make unplanned contributions in order to maintain the benefits defined by the Fund.

The Pension Fund Risk Sub-Commission is responsible for the regular monitoring of this risk and supervision of its respective management.

In 2013, the Pension Fund registered a gross yield of 5.04%, mainly explained by the positive performance of the bond and equity components, in spite of the negative impact of the real-estate component.

BUSINESS AND STRATEGIC RISK

Business and strategic risk is defined as the impact, current or potential, on the Group's net income and/or capital arising from adverse decisions, the implementation of inadequate management strategies or the inability to respond effectively to market changes.

The variation in the stock market price of the BCP share is a relevant indicator as a basis for measuring this type of risk, with its quantification being made by the internal model used to assess the needs for own funds and respective allocation to the different business areas (ICAAP).

In this perspective, the calculation of the economic capital required to cover this type of risk is based on the evolution and price levels of the BCP share, after deduction of the external influence of the stock market which is estimated from a time series of share prices of the largest banks listed at the Euronext Lisbon.

EXPOSURE TO ACTIVITIES AND PRODUCTS AFFECTED BY FINANCIAL CRISIS

The Group's portfolio does not have any exposure either to the US sub-prime/Alt-A mortgage market, namely through Residential Mortgage-Backed Securities (RMBS), Commercial Mortgage-Backed Securities (CMBS), Asset-Backed Securities (ABS) or Collateralised Debt Obligations (CDO), or in relation to monoline type insurers.

The Group carries out transactions with derivatives namely to hedge structured products for Customers (guaranteed capital and other products), risks stemming from the Bank's day-to-day business, essentially including the hedging of interest rate risk and exchange rate risk. The trading activity of the Group's own portfolio in derivatives is immaterial insofar as Group profits or risk exposure are concerned.

Over the years, the Group has carried out securitisation operations based on loans to individuals (mortgage loans and consumer credit) and loans to companies (current accounts and leasing). Credit securitisation is used as a liquidity and capital management tool, aimed at financing the Group's business and, under certain circumstances, to release capital. The Group has a very limited exposure to Special Purpose Entities (SPE), apart from that arising from its own securitisations and normal credit business, as described in the Notes on Accounting Policies and on Loans to Customers of the Consolidated Financial Statements. Furthermore, the accounting policies relative to SPE and securitisations have not been altered over the past 12 months.

The international financial crisis revealed structural imbalances in State expenditure in many jurisdictions of the world, including Greece, Ireland and Portugal. As at 31 December 2013, the Group's net exposure to Portuguese sovereign debt was 5.9 billion euros, net exposure to Irish sovereign debt was 0.2 billion euros, net exposure to Italian sovereign debt was 50 million euros and net exposure to Spanish sovereign debt was 44 million euros. Of the total of 8.3 billion euros of consolidated public debt, Euro 358 million was recorded under the portfolio of financial assets held for trading and available for sale, and 8.0 billion euros under the portfolio of financial assets available for sale and held to maturity. Further information on exposure to the sovereign debt of countries of the European Union in bailout situations is presented in Note 57 of the Consolidated Financial Statements.

The Group's accounting policies are described in Note 1 of the Notes to the Financial Statements, included in the Accounts and Notes to the Accounts of 2013. Further information on valuation of financial assets and risk management is presented in the Notes on Financial assets held for trading and available for sale; Hedge derivatives; Financial assets held to maturity; Fair value reserves, Other reserves and Retained earnings; Fair value and Risk Management in the Report referred to above.

INTERNAL CONTROL SYSTEM

The Internal Control System is defined as the set of principles, strategies, policies, systems, processes, rules and procedures established in the Group aimed at ensuring:

- Efficient and profitable performance of the activity, in the medium and long term, ensuring the effective use of assets and resources, the continuity of the business and survival of the Group, namely through an adequate management and control of the risks of the activity, through a prudent and correct assessment of the assets and liabilities, as well as through the implementation of mechanisms for prevention and protection against errors and fraud;
- The existence of financial and management information which is complete, pertinent, reliable and timely, to support decision-making and control processes, both at an internal and external level;
- Observance of the applicable legal and regulatory provisions issued by the Banco de Portugal, including those relative to the prevention of money laundering and financing of terrorism, as well as professional and ethical standards and practices, internal and statutory rules, codes of conduct and customer relations, guidelines of the governing bodies and recommendations of the Basel Banking Supervisory Committee and European Banking Authority (EBA), so as to preserve the image and reputation of the institution before its Customers, Shareholders, Employees and Supervisors.

In order to achieve these objectives, the Internal Control System is based on the Compliance function, the Risk Management function and the Internal Audit function, which are exercised by centralised divisions and operate transversally across the Group. The Heads of these three divisions are appointed by the Bank's Board of Directors, with the favourable opinion of the Nomination and Assessment Commission, which approves their technical and professional profiles, as appropriate for the functions at stake.

The Internal Control System is based on:

- An adequate internal control environment;
- A solid risk management system, aimed at the identification, evaluation, follow-up and control of all risks which might influence the Group's activities;
- An efficient information and communication system, set up to guarantee the collection, processing and transmission of relevant, encompassing and consistent data, within a timeframe and manner that allows for an effective and timely management and control of the institution's activity and risks;
- An effective monitoring process, implemented with a view to ensuring the adequacy and effectiveness of the actual internal control system over time, to immediately identify any flaws (defined as the group of existing, potential or real defects, or opportunities for the introduction of improvements that will strengthen the internal control system), and ensuring the triggering of corrective actions;
- Strict compliance with all the legal and regulatory provisions in force by the Group's Employees in general, and by the people who hold senior or managerial positions, including members of the management board, to ensure compliance with the Group's Code of Conduct and other codes of conduct applicable to the banking, financial, insurance and brokerage (of securities or derivatives) activities.

THE RISK MANAGEMENT SYSTEM, THE INFORMATION AND REPORTING SYSTEM AND THE INTERNAL CONTROL MONITORING SYSTEM

The Internal Control System includes the following subsystems: the Risk Management System, the Information and Reporting System and the Internal Control Monitoring System.

The Risk Management System corresponds to the series of integrated and permanent processes which enable the identification, assessment, monitoring and control of all material risks, derived internally or externally, to which the Group's Institutions are exposed, in order to keep them at levels that are predefined by the management and supervisory boards, and take into consideration risks related to credit, markets, interest rates, exchange rates, liquidity, compliance, operating, information systems, strategy and reputation, as well as all other risks which, in view of the specific situation of the Group's institutions, could become materially relevant.

This system is adequately planned, reviewed and documented and is supported by risks identification, assessment, monitoring and control processes, which include appropriate and clearly defined policies and procedures, aimed at ensuring that the objectives of the institution are achieved and that the necessary measures are taken to respond adequately to previously identified risks.

The Information and Reporting System ensures the existence of information which is substantive, up-to-date, understandable, consistent, timely and reliable, so as to enable an overall and encompassing view of the financial situation, the development of the business, the achievement of the defined strategy and objectives, the risk profile of the institution and on the behaviour and prospective evolution of relevant markets.

The financial information process is supported by the accounting and management support systems which register, classify, associate and archive, in a timely, systematic, reliable, complete and consistent manner, all the operations carried out by the institutions and its subsidiaries, in accordance with the rulings and policies issued by the Executive Board of Directors.

The Monitoring Process includes all the control and assessment actions developed with a view to ensure the effectiveness and adequacy of the internal control system, through the identification of deficiencies in the system, either in terms of its design, implementation and/or use. The control and monitoring actions are implemented on a continuous basis and as an integral part of the Group's routines, being complemented with regular or exceptional autonomous assessments. Any deficiencies of material impact which might be detected through the control procedures are duly registered, documented and reported to the appropriate management and supervisory bodies.

In this context, the Internal Audit Function is performed by the Audit Division on a permanent and independent basis, assessing, at all times and pursuant to the established plan, the adequacy and effectiveness of the different components of the internal control system, as a whole, issuing recommendations based on the outcome of those assessments.

These subsystems of the Internal Control System are managed by the Risk Office and Compliance Office in terms of Risk Management and by the Planning and Control Department of the Planning, Research and ALM Division, the Accounts and Consolidation Division and the areas responsible for accounting in the different subsidiaries, for Information and Reporting.

The Risk Office activity is transversal across the Group and includes the coordination of the local risk management structures. The activity of the Compliance Office is also transversal to all Institutions of the Group, in terms of applicable compliance policies, with observance of the legal specificities of each jurisdiction. The Accounting and Consolidation Division and the Planning and Control Department of the Planning, Research and ALM Division receive and centralise the financial information of all the subsidiaries. The Audit Division is responsible for the onsite monitoring of the internal control system, performing this duty transversally.

The Risk Office, the Compliance Office, the Accounting and Consolidation Division, the Planning and Control Department of the Planning, Research and ALM Division and the Audit Division ensure the implementation of the procedures and means required to obtain all the relevant information for the information consolidation process at Group level – both of accounting nature and relative to management support and risk monitoring and control – which should include:

- 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 with the required reporting dates;
- The identification and control of the intra-Group operations;
- Ensuring that the management information is consistent between the different entities, so that it is possible to measure and monitor the evolution and profitability of each business, to verify the achievement of the established objectives, as well as to evaluate and control the risks incurred by each entity, both in absolute and relative terms.

COMPLIANCE WITH THE RECOMMENDATIONS ON THE TRANSPARENCY OF INFORMATION AND VALUATION OF ASSETS

		Page
I. BUSINESS MODEL		
1.	Description of the business model (*i.e.* reasons for the development of the activities/businesses and respective contribution to the process of creation of value) and, if applicable, of any changes made (for example as a result of the period of turbulence).	AR (Management Report) – Business Model, page 20-22; Governance Model, page 12-13; Review of the Business Areas, page 89-115
2.	Description of strategies and objectives (including those specifically related to the undertaking of securitisation operations and operations with structured products).	AR (Management Report) – Vision, Mission and Strategy, page 54-55
3.	Description of the importance of the activities developed and respective contribution to the business (including in quantitative terms).	AR (Management Report) – Review of the Business Areas, page 89-115 (Accounts and Notes to the Accounts) – Indicators of the Consolidated Balance Sheet and Income Statement by business and geographic segment
4.	Description on the type of activities including a description of the instruments used, their operation and qualifying criteria that the products/investments must meet.	AR (Management Report) – Risk Management, page 120-140; (Accounts and Notes to the Accounts) – Financial assets held for trading and available for sale; Hedge derivatives; Financial assets held to maturity
5.	Description of the objective and extent of the involvement of the institution (*i.e.* commitments and obligations assumed) relative to each activity developed.	
II. RISKS AND RISK MANAGEMENT		
6.	Description of the nature and extent of risks incurred in relation to the activities developed and instruments used.	AR (Management Report) – Risk Management, page 120-140; (Accounts and Notes to the Accounts) – Earnings from trading and hedge operations; Earnings from financial assets available for sale; Risk Management
7.	Description of risk management practices (including, in particular, under current circumstances, liquidity risk) of relevance to the activities, description of any identified weaknesses and corrective measures that have been adopted. (In the current crisis, particular attention should be given to liquidity risk.)	AR (Management Report) – Risk Management, page 120-140; (Accounts and Notes to the Accounts) – Risk Management
III. IMPACT OF THE PERIOD OF FINANCIAL TURBULENCE ON EARNINGS		
8.	Qualitative and quantitative description of earnings, focusing on losses (when applicable) and the impact of write-downs on earnings.	AR (Management Report) – Balance sheet and results page 62-88; (Accounts and Notes to the Accounts) – Earnings from trading and hedge operations; Earnings from financial assets available for sale
9.	Breakdown of write-downs/losses by type of product and instrument affected by the period of turbulence, namely, the following: commercial mortgage-backed securities (CMBS), residential mortgage-backed securities (RMBS), collateralised debt obligations (CDO) and asset-backed securities (ABS)..	AR (Management Report) – Information on exposure to activities and products affected by the financial crisis, page 141
10.	Description of the reasons and factors responsible for the impact incurred.	AR (Management Report) – Economic Context, page 47-49
11.	Comparison of i) impacts between (relevant) periods; and ii) financial statements before and after the impact of the period of turbulence.	AR (Management Report) – Balance sheet and results, page 62-88
12.	Distribution of write-downs between unrealised and realised amounts.	AR (Management Report) – Risk Management, page 120-140; (Accounts and Notes to the Accounts) – Earnings from trading and hedge operations; Earnings from financial assets available for sale; Fair value reserves, other reserves and retained earnings
13.	Description of the influence of the financial turbulence on the entity's share price.	AR (Management Report) – BCP Share, page 41-45
14.	Disclosure of maximum loss risk and description how the institution's situation could be affected by the prolonging or exacerbation of the period of turbulence or by the market's recovery.	AR (Management Report) – Risk Management, page 120-140; (Accounts and Notes to the Accounts) – Fair value reserves, other reserves and retained earnings
15.	Disclosure of the impact that the evolution of the spread associated to the institution's own liabilities had on net income, as well as the methods used to determine this impact.	AR (Management Report) – Financial Review, page 62-88; (Accounts and Notes to the Accounts) – Fair Value

* Of Financial Stability Board (FSB) and of European Banking Authority (EBA).

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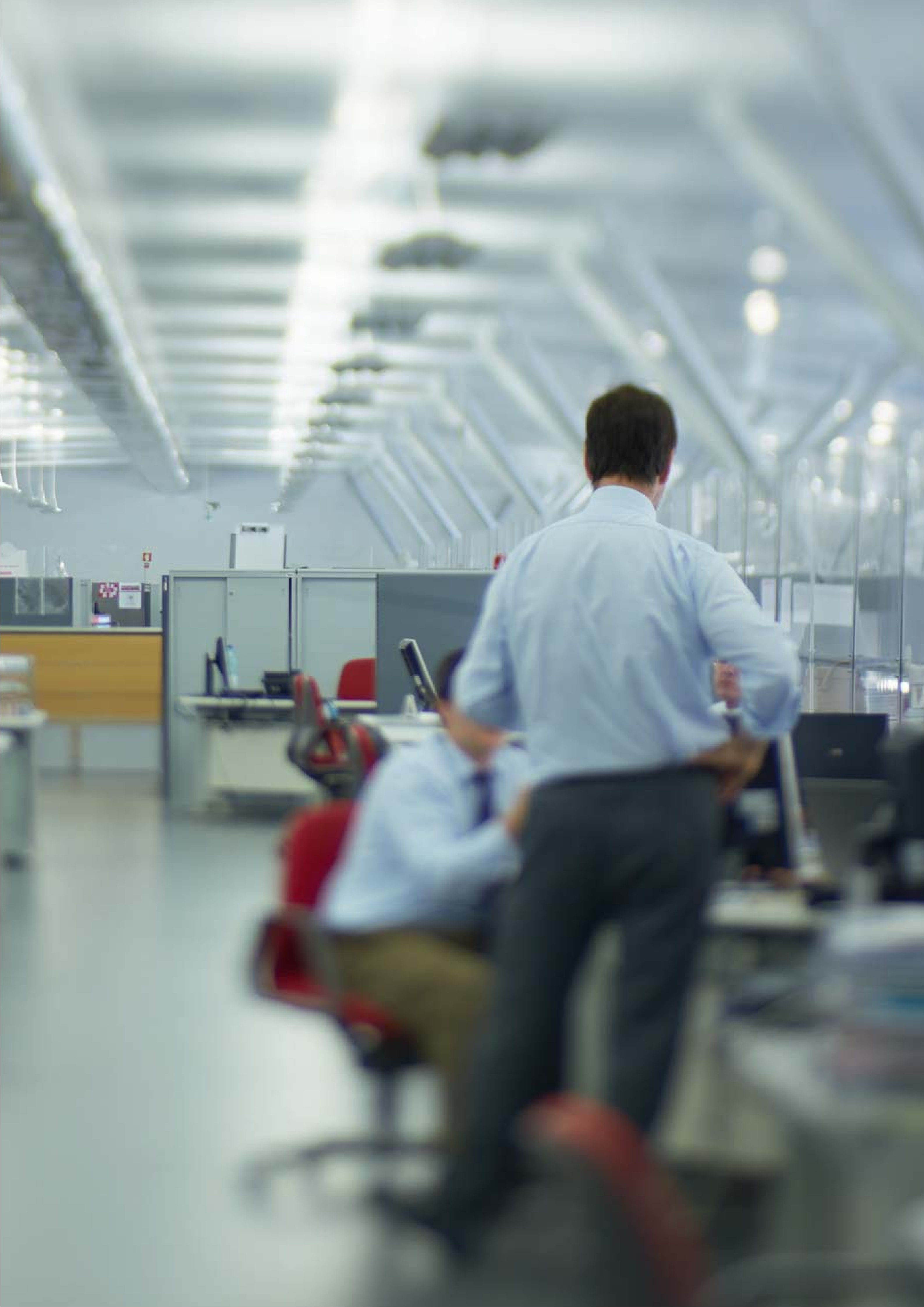
		Page
IV. LEVELS AND TYPES OF EXPOSURE AFFECTED BY THE PERIOD OF TURBULENCE		
16.	Nominal amount (or amortised cost) and fair values of "live" exposure.	AR (Management Report) – Information on exposure to activities and products affected by the financial crisis, page 141; (Accounts and Notes to the Accounts) – Financial assets held for trading and available for sale; Hedge derivatives; Financial assets held to maturity
17.	Information on mitigation of credit risk (*i.e.* through credit default swaps) and the respective effect on existing exposure.	AR (Management Report) – Information on exposure to activities and products affected by the financial crisis, page 141
18.	Detailed disclosure of exposure, with breakdown by: – Seniority level of exposure/tranches held; – Credit quality level (*i.e.* ratings, vintages); – Geographic origin; – Activity sector; – Source of the exposure (issued, retained or acquired); – Product characteristics: *i.e.* ratings, weight/portion of associated subprime assets, discount rates, spreads, funding; – Characteristics of the underlying assets: *i.e.* vintages, loan-to-value ratios, information on liens, weighted average life of the underlying asset, assumptions on the evolution of situations of prepayment and expected losses.	AR (Management Report) – Information on exposure to activities and products affected by the financial crisis, page 141
19.	Movements that have occurred in exposures between relevant reporting periods and the underlying reasons for these variations (sales, write-downs, purchases, etc.).	AR (Management Report) – Information on exposure to activities and products affected by the financial crisis, page 141
20.	Explanation of exposure (including "vehicles" and, in this case, the respective activities) that have not been consolidated (or that have been recognised during the crisis) and the associated reasons.	AR (Management Report) – Information on exposure to activities and products affected by the financial crisis, page 141
21.	Exposure to monoline insurers and quality of the insured assets: – Nominal value (or amortised cost) of the insured exposure, as well as of the amount of acquired credit protection; – Fair values of "live" exposure, as well as the respective credit protection; – Value of write-downs and losses, differentiated between realised and unrealised amounts; – Breakdown of exposure by rating or counterpart.	AR (Management Report) – Information on exposure to activities and products affected by the financial crisis, page 141
V. ACCOUNTING POLICIES AND VALUATION METHODS		
22.	Classification of the transactions and structured products for accounting purposes and the respective accounting treatment.	AR (Management Report) – Information on exposure to activities and products affected by the financial crisis, page 141; (Accounts and Notes to the Accounts) – Fair value reserves, other reserves and retained earnings; Fair value
23.	Consolidation of Special Purpose Entities (SPE) and other "vehicles", and their reconciliation with structured products affected by the period of turbulence.	AR (Management Report) – Information on exposure to activities and products affected by the financial crisis, page 141; (Accounts and Notes to the Accounts) – Accounting Policies
24.	Detailed disclosures on the fair value of financial instruments: – Financial instruments to which fair value is applied; – Hierarchy of fair value (breakdown of all exposure stated at fair value) and breakdown between liquid assets and derivative instruments, as well as disclosures on migration between hierarchical levels); – Treatment of day 1 profits (including quantitative information); – Use of the fair value option (including its conditions for use) and respective amounts (with appropriate breakdown).	AR (Management Report) – Risk Management, page 120-140 (Accounts and Notes to the Accounts) – Financial assets held for trading and available for sale; Hedge derivatives; Financial assets held to maturity; Fair value reserves, other reserves and retained earnings; Fair value
25.	Description of modelling techniques used for the valuation of financial instruments, including information on: – Modelling techniques and instruments to which they are applied; – Valuation processes (including, in particular, assumptions and inputs underlying the models); – Types of adjustment applied to reflect model risk and other valuation uncertainties; – Sensitivity of the fair value (namely to variations in key assumptions and inputs); – Stress scenarios.	AR (Management Report) – Risk Management, page 120-140; (Accounts and Notes to the Accounts) – Fair Value, Risk Management
VI. OTHER RELEVANT ASPECTS IN DISCLOSURES		
26.	Description of the disclosure policies and principles used in the reporting of disclosures and in financial reporting.	AR (Management Report) – Risk Management, page 120-140; (Accounts and Notes to the Accounts) – Accounting Policies; Fair Value, Risk Management

SUPPLEMENTARY INFORMATION

ANNUAL REPORT 2013



FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

as at 31 December 2013 and 2012

(Thousands of Euros)

	2013	2012
ASSETS		
Cash and deposits at central banks	**2,939,663**	3,580,546
Loans and advances to credit institutions		
Repayable on demand	**1,054,030**	829,684
Other loans and advances	**1,240,628**	1,887,389
Loans and advances to customers	**56,802,197**	62,618,235
Financial assets held for trading	**1,290,079**	1,690,926
Financial assets available for sale	**9,327,120**	9,223,411
Assets with repurchase agreement	**58,268**	4,288
Hedging derivatives	**104,503**	186,032
Financial assets held to maturity	**3,110,330**	3,568,966
Investments in associated companies	**578,890**	516,980
Non-current assets held for sale	**1,506,431**	1,284,126
Investment property	**195,599**	554,233
Property and equipment	**732,563**	626,398
Goodwill and intangible assets	**250,915**	259,054
Current income tax assets	**41,051**	34,037
Deferred income tax assets	**2,181,405**	1,755,411
Other assets	**593,361**	1,124,323
TOTAL ASSETS	**82,007,033**	89,744,039
LIABILITIES		
Deposits from credit institutions	**13,492,536**	15,265,760
Deposits from customers	**48,959,752**	49,404,398
Debt securities issued	**9,411,227**	13,862,999
Financial liabilities held for trading	**869,530**	1,393,194
Hedging derivatives	**243,373**	301,315
Provisions	**365,960**	253,328
Subordinated debt	**4,361,338**	4,298,773
Current income tax liabilities	**24,684**	15,588
Deferred income tax liabilities	**6,301**	2,868
Oher liabilities	**996,524**	945,628
TOTAL LIABILITIES	**78,731,225**	85,743,851
EQUITY		
Share capital	**3,500,000**	3,500,000
Treasury stock	**(22,745)**	(14,212)
Share premium	**-**	71,722
Preference shares	**171,175**	171,175
Other capital instruments	**9,853**	9,853
Fair value reserves	**22,311**	2,668
Reserves and retained earnings	**(356,937)**	850,021
Net loss for the period attributable to Shareholders	**(740,450)**	(1,219,053)
TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE BANK	**2,583,207**	3,372,174
Non-controlling interests	**692,601**	628,014
TOTAL EQUITY	**3,275,808**	4,000,188
	82,007,033	89,744,039

CONSOLIDATED BALANCE SHEET

Consolidated Balance Sheet as at 31 December 2013 and 2012 (Thousands of Euros)

	2013	2012
Interest and similar income	**2,832,912**	3,422,798
Interest expense and similar charges	**(1,984,825)**	(2,424,838)
NET INTEREST INCOME	**848,087**	**997,960**
Dividends from equity instruments	**3,680**	3,840
Net fees and commission income	**662,974**	655,087
Net gains/(losses) arising from trading and hedging activities	**80,385**	391,874
Net gains/(losses) arising from financial assets available for sale	**184,065**	44,871
Net gains/(losses) arising from financial assets held to maturity	**(278)**	(22)
Other operating income/(costs)	**(55,627)**	(43,687)
	1,723,286	**2,049,923**
Other net income from non-banking activity	**20,502**	20,093
TOTAL OPERATING INCOME	**1,743,788**	**2,070,016**
Staff costs	**767,463**	751,466
Other administrative costs	**459,653**	501,725
Depreciation	**68,123**	68,050
OPERATING COSTS	**1,295,239**	**1,321,241**
OPERATING NET INCOME BEFORE PROVISIONS AND IMPAIRMENTS	**448,549**	**748,775**
Loans impairment	**(820,827)**	(969,600)
Other financial assets impairment	**(102,193)**	(75,585)
Other assets impairment	**(210,471)**	(258,933)
Goodwill impairment	**(3,043)**	-
Other provisions	**(150,059)**	(15,123)
OPERATING NET (LOSS)/INCOME	**(838,044)**	**(570,466)**
Share of profit of associates under the equity method	**62,260**	55,659
Gains/(losses) from the sale of subsidiaries and other assets	**(36,759)**	(24,193)
NET (LOSS)/INCOME BEFORE INCOME TAX	**(812,543)**	**(539,000)**
Income tax		
Current	**(115,635)**	(81,286)
Deferred	**326,434**	213,343
(Loss)/income after income tax from continuing operations	**(601,744)**	(406,943)
Income arising from discontinued operations	**(45,004)**	(730,267)
NET (LOSS)/INCOME AFTER INCOME TAX	**(646,748)**	**(1,137,210)**
Attributable to:		
Shareholders of the Bank	**(740,450)**	(1,219,053)
Non-controlling interests	**93,702**	81,843
NET LOSS FOR THE YEAR	**(646,748)**	**(1,137,210)**
Earnings per share (in euros)		
Basic	**(0.04)**	(0.10)
Diluted	**(0.04)**	(0.10)

APPROPRIATION OF NET INCOME

We do hereby propose:

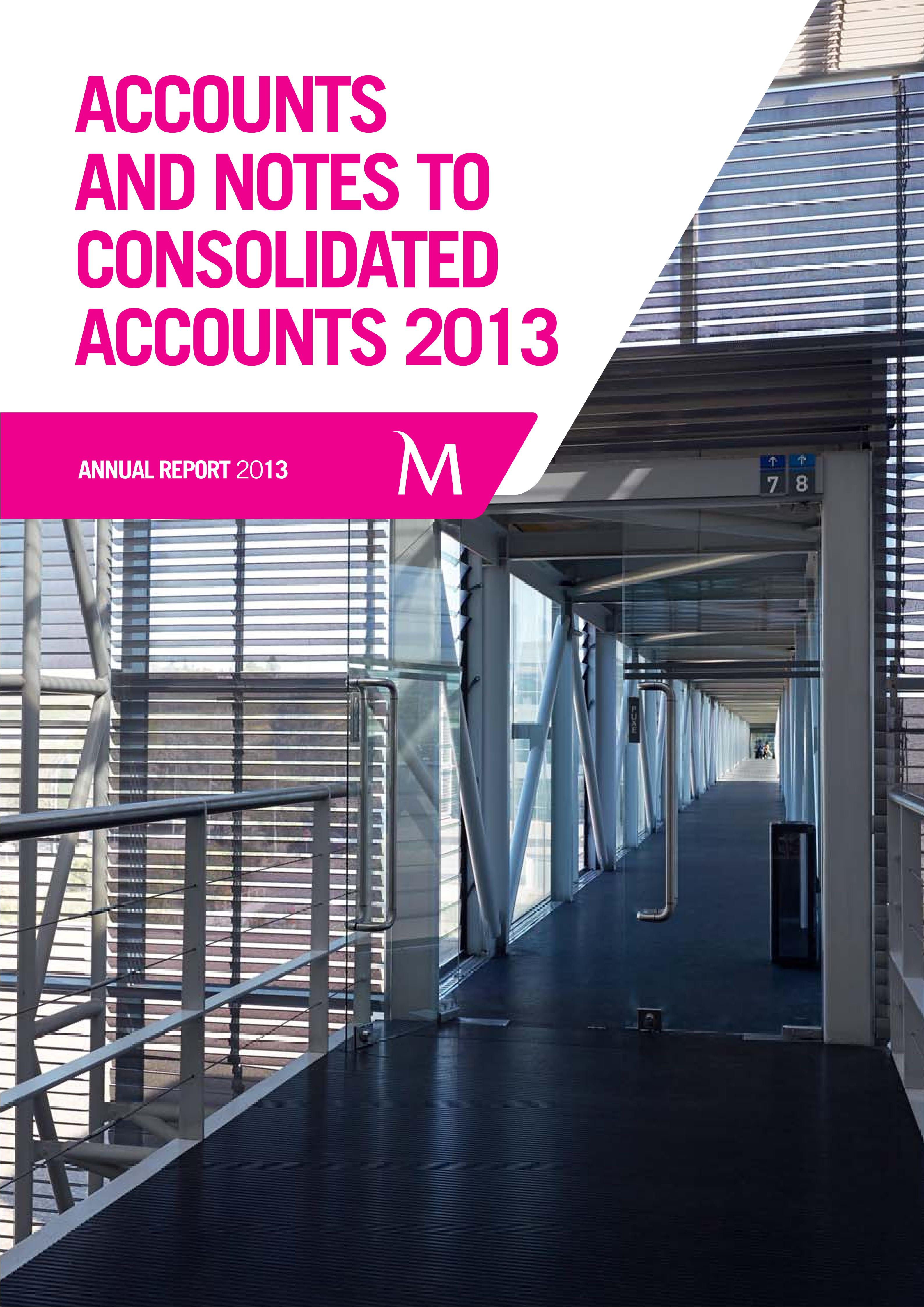
In accordance with article 66 (5) (f) and for purposes of article 376 (1) (b) both of the Companies Code and article 54 of Banco Comercial Português, S.A.'s By Laws, that:

1. The net loss recorded in the individual balance sheet for the financial year, in the amount of 1,958,730,209.58 euros, is transferred to retained earnings.

The Board of Directors

ACCOUNTS AND NOTES TO CONSOLIDATED ACCOUNTS 2013

ANNUAL REPORT 2013



CONSOLIDATED INCOME STATEMENT

FOR THE YEARS ENDED 31 DECEMBER, 2013 AND 2012

(Thousands of Euros)

	Notes	2013	2012
Interest and similar income	3	**2,832,912**	3,422,798
Interest expense and similar charges	3	**(1,984,825)**	(2,424,838)
NET INTEREST INCOME		**848,087**	997,960
Dividends from equity instruments	4	**3,680**	3,840
Net fees and commissions income	5	**662,974**	655,087
Net gains/(losses) arising from trading and hedging activities	6	**80,385**	391,874
Net gains/(losses) arising from financial assets available for sale	7	**184,065**	44,871
Net gains/(losses) arising from financial assets held to maturity	8	**(278)**	(22)
Other operating income/(costs)	9	**(55,627)**	(43,687)
		1,723,286	2,049,923
Other net income from non banking activities		**20,502**	20,093
TOTAL OPERATING INCOME		**1,743,788**	2,070,016
Staff costs	10	**767,463**	751,466
Other administrative costs	11	**459,653**	501,725
Depreciation	12	**68,123**	68,050
OPERATING EXPENSES		**1,295,239**	1,321,241
OPERATING NET INCOME BEFORE PROVISIONS AND IMPAIRMENT		**448,549**	748,775
Loans impairment	13	**(820,827)**	(969,600)
Other financial assets impairment	14	**(102,193)**	(75,585)
Other assets impairment	28 and 33	**(210,471)**	(258,933)
Goodwill impairment		**(3,043)**	-
Other provisions	15	**(150,059)**	(15,123)
OPERATING NET (LOSS)/INCOME		**(838,044)**	(570,466)
Share of profit of associates under the equity method	16	**62,260**	55,659
Gains/(losses) from the sale of subsidiaries and other assets	17	**(36,759)**	(24,193)
NET (LOSS)/INCOME BEFORE INCOME TAX		**(812,543)**	(539,000)
Income tax			
Current	32	**(115,635)**	(81,286)
Deferred	32	**326,434**	213,343
(LOSS)/INCOME AFTER INCOME TAX FROM CONTINUING OPERATIONS		**(601,744)**	(406,943)
(Loss)/income arising from discontinued operations	18	**(45,004)**	(730,267)
NET (LOSS)/INCOME AFTER INCOME TAX		**(646,748)**	(1,137,210)
Attributable to:			
Shareholders of the Bank		**(740,450)**	(1,219,053)
Non-controlling interests	45	**93,702**	81,843
NET LOSS FOR THE YEAR		**(646,748)**	(1,137,210)
Earnings per share (in Euros)	19		
Basic		**(0.04)**	(0.10)
Diluted		**(0.04)**	(0.10)

CHIEF ACCOUNTANT THE EXECUTIVE COMMITTEE

See accompanying notes to the consolidated financial statements

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER, 2013 AND 2012

(Thousands of Euros)

	Notes	2013	2012
ASSETS			
Cash and deposits at Central Banks	20	**2,939,663**	3,580,546
Loans and advances to credit institutions			
Repayable on demand	21	**1,054,030**	829,684
Other loans and advances	22	**1,240,628**	1,887,389
Loans and advances to customers	23	**56,802,197**	62,618,235
Financial assets held for trading	24	**1,290,079**	1,690,926
Financial assets available for sale	24	**9,327,120**	9,223,411
Assets with repurchase agreement		**58,268**	4,288
Hedging derivatives	25	**104,503**	186,032
Financial assets held to maturity	26	**3,110,330**	3,568,966
Investments in associated companies	27	**578,890**	516,980
Non-current assets held for sale	28	**1,506,431**	1,284,126
Investment property	29	**195,599**	554,233
Property and equipment	30	**732,563**	626,398
Goodwill and intangible assets	31	**250,915**	259,054
Current income tax assets		**41,051**	34,037
Deferred income tax assets	32	**2,181,405**	1,755,411
Other assets	33	**593,361**	1,124,323
TOTAL ASSETS		**82,007,033**	89,744,039
LIABILITIES			
Deposits from credit institutions	34	**13,492,536**	15,265,760
Deposits from customers	35	**48,959,752**	49,404,398
Debt securities issued	36	**9,411,227**	13,862,999
Financial liabilities held for trading	37	**869,530**	1,393,194
Hedging derivatives	25	**243,373**	301,315
Provisions	38	**365,960**	253,328
Subordinated debt	39	**4,361,338**	4,298,773
Current income tax liabilities		**24,684**	15,588
Deferred income tax liabilities	32	**6,301**	2,868
Other liabilities	40	**996,524**	945,628
TOTAL LIABILITIES		**78,731,225**	85,743,851
EQUITY			
Share capital	41	**3,500,000**	3,500,000
Treasury stock	44	**(22,745)**	(14,212)
Share premium		**-**	71,722
Preference shares	41	**171,175**	171,175
Other capital instruments	41	**9,853**	9,853
Fair value reserves	43	**22,311**	2,668
Reserves and retained earnings	43	**(356,937)**	850,021
Net loss for the year attributable to Shareholders		**(740,450)**	(1,219,053)
TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE BANK		**2,583,207**	3,372,174
Non-controlling interests	45	**692,601**	628,014
TOTAL EQUITY		**3,275,808**	4,000,188
		82,007,033	89,744,039

CHIEF ACCOUNTANT

THE EXECUTIVE COMMITTEE

See accompanying notes to the consolidated financial statements

CONSOLIDATED CASH FLOWS STATEMENT

FOR THE YEARS ENDED 31 DECEMBER, 2013 AND 2012

(Thousands of Euros)

	2013	2012
CASH FLOWS ARISING FROM OPERATING ACTIVITIES		
Interest income received	**2,433,310**	3,213,190
Commissions received	**904,978**	965,186
Fees received from services rendered	**98,319**	100,683
Interest expense paid	**(1,773,627)**	(2,432,932)
Commissions paid	**(326,910)**	(292,784)
Recoveries on loans previously written off	**16,493**	23,582
Net earned premiums	**29,092**	26,150
Claims incurred	**(13,582)**	(13,328)
Payments to suppliers and employees	**(1,460,800)**	(1,625,076)
	(92,727)	**(35,329)**
Decrease/(increase) in operating assets:		
Loans and advances to credit institutions	**1,857,494**	619,383
Deposits with Central Banks under monetary regulations	**567,938**	(993,619)
Loans and advances to customers	**2,700,354**	6,357,851
Short term trading account securities	**(138,594)**	547,853
Increase/(decrease) in operating liabilities:		
Deposits from credit institutions repayable on demand	**(152,854)**	151,589
Deposits from credit institutions with agreed maturity date	**(1,383,154)**	(2,700,665)
Deposits from clients repayable on demand	**1,585,422**	611,382
Deposits from clients with agreed maturity date	**259,016**	1,133,056
	5,202,895	**5,691,501**
Income taxes (paid)/received	**(105,897)**	(34,344)
	5,096,998	**5,657,157**
CASH FLOWS ARISING FROM INVESTING ACTIVITIES		
Proceeds from sale of shares in subsidiaries and associated companies	**2,595**	-
Dividends received	**6,482**	8,805
Interest income from available for sale financial assets and held to maturity financial assets	**426,694**	490,014
Proceeds from sale of available for sale financial assets	**14,411,334**	19,555,462
Available for sale financial assets purchased	**(82,118,464)**	(69,710,243)
Proceeds from available for sale financial assets on maturity	**67,379,278**	46,249,984
Acquisition of fixed assets	**(76,156)**	(113,378)
Proceeds from sale of fixed assets	**37,981**	13,817
Decrease/(increase) in other sundry assets	**70,316**	(595,786)
	140,060	**(4,101,325)**
CASH FLOWS ARISING FROM FINANCING ACTIVITIES		
Issuance of subordinated debt	**1,104**	3,160,479
Reimbursement of subordinated debt	**(779)**	(43,921)
Issuance of debt securities	**5,859,326**	9,845,201
Reimbursement of debt securities	**(10,485,386)**	(13,383,919)
Issuance of commercial paper and other securities	**215,620**	20,687
Reimbursement of commercial paper and other securities	**(10,085)**	(1,445,406)
Dividends paid to non-controlling interests	**(8,978)**	(10,773)
Increase/(decrease) in other sundry liabilities and non-controlling interests	**(587,668)**	(933,729)
	(5,016,846)	**(2,303,976)**
Exchange differences effect on cash and equivalents	**(48,782)**	41,890
Net changes in cash and equivalents	**171,430**	(706,254)
Cash and equivalents at the beginning of the year	**1,562,300**	2,268,554
Cash (note 20)	**679,700**	732,616
Other short term investments (note 21)	**1,054,030**	829,684
CASH AND EQUIVALENTS AT THE END OF THE YEAR	**1,733,730**	**1,562,300**

See accompanying notes to the consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEARS ENDED 31 DECEMBER, 2013 AND 2012

(Thousands of Euros)

	Total equity	Share capital	Preference shares	Other capital instruments	Share premium	Legal and statutory reserves	Other comprehensive income: Fair value and cash flow hedged reserves	Other comprehensive income: Other	Other reserves and retained earnings	Treasury stock	Non-controlling interests
BALANCE ON 1 JANUARY, 2012	4,374,370	6,065,000	171,175	9,853	71,722	506,107	(389,460)	(1,828,257)	(767,963)	(11,422)	547,615
Share capital increase through the issue of 12,500,000 new shares (note 41)	500,000	500,000	-	-	-	-	-	-	-	-	-
Costs related to the share capital increase	(16,793)	-	-	-	-	-	-	-	(16,793)	-	-
Tax related to costs arising from the share capital increase	4,198	-	-	-	-	-	-	-	4,198	-	-
Reduction of the share capital (note 41)	-	(3,065,000)	-	-	-	123,893	-	-	2,941,107	-	-
Actuarial losses for the year	(133,733)	-	-	-	-	-	-	(133,733)	-	-	-
Net (loss)/income for the year attributable to Shareholders of the Bank	(1,219,053)	-	-	-	-	-	-	-	(1,219,053)	-	-
Net (loss)/income for the year attributable to non-controlling interests (note 45)	81,843	-	-	-	-	-	-	-	-	-	81,843
Impact of the sale of 2.637% of Banco Millennium Angola	-	-	-	-	-	-	-	-	(782)	-	782
Capital increase of Banco Millennium Angola	7,971	-	-	-	-	-	-	-	-	-	7,971
Capital reduction of M Inovação – Fundo de Capital de Risco BCP Capital	(1,179)	-	-	-	-	-	-	-	-	-	(1,179)
Dividends of BIM – Banco Internacional de Moçambique, S.A. and SIM – Seguradora Internacional de Moçambique, S.A.R.L.	(10,773)	-	-	-	-	-	-	-	-	-	(10,773)
Treasury stock	(2,790)	-	-	-	-	-	-	-	-	(2,790)	-
Gains and losses on sale of treasury stock	(489)	-	-	-	-	-	-	-	(489)	-	-
Tax related on gains and losses on sale of treasury stock	122	-	-	-	-	-	-	-	122	-	-
Exchange differences arising on consolidation	41,890	-	-	-	-	-	-	25,083	-	-	16,807
Fair value reserves (note 43)	377,171	-	-	-	-	-	392,128	-	-	-	(14,957)
Other reserves arising on consolidation (note 43)	(2,567)	-	-	-	-	-	-	-	(2,472)	-	(95)
BALANCE ON 31 DECEMBER, 2012	4,000,188	3,500,000	171,175	9,853	71,722	630,000	2,668	(1,936,907)	937,875	(14,212)	628,014
Transfers to reserves:											
Share premium (note 43)	-	-	-	-	(71,722)	-	-	-	71,722	-	-
Legal reserve (note 42)	-	-	-	-	-	(406,730)	-	-	406,730	-	-
Costs related to the share capital increase	1,571	-	-	-	-	-	-	-	1,571	-	-
Tax related to costs arising from the share capital increase	(361)	-	-	-	-	-	-	-	(361)	-	-
Actuarial losses for the year	(33,543)	-	-	-	-	-	-	-	(33,543)	-	-
Net (loss)/income for the year attributable to Shareholders of the Bank	(740,450)	-	-	-	-	-	-	-	(740,450)	-	-
Net (loss)/income for the year attributable to non-controlling interests (note 45)	93,702	-	-	-	-	-	-	-	-	-	93,702
Dividends of BIM – Banco Internacional de Moçambique, S.A. and SIM – Seguradora Internacional de Moçambique, S.A.R.L.	(8,978)	-	-	-	-	-	-	-	-	-	(8,978)
Treasury stock	(8,533)	-	-	-	-	-	-	-	-	(8,533)	-
Exchange differences arising on consolidation	(48,782)	-	-	-	-	-	-	(26,973)	-	-	(21,809)
Fair value reserves (note 43)	21,375	-	-	-	-	-	19,643	-	-	-	1,732
Other reserves arising on consolidation (note 43)	(381)	-	-	-	-	-	-	-	(321)	-	(60)
BALANCE ON 31 DECEMBER, 2013	3,275,808	3,500,000	171,175	9,853	-	223,270	22,311	(1,963,880)	643,223	(22,745)	692,601

See accompanying notes to the consolidated financial statements

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER, 2013

(Thousands of Euros)

		2013				
					Attributable to	
	Notes	Continuing operations	Discontinued operations	Total	Shareholders of the Bank	Non--controlling interests
ITEMS THAT MAY BE RECLASSIFIED TO THE INCOME STATEMENT						
Fair value reserves		22,280	(1,001)	21,279	18,705	2,574
Taxes		(261)	357	96	938	(842)
		22,019	**(644)**	**21,375**	**19,643**	**1,732**
Exchange differences arising on consolidation		(48,392)	(390)	(48,782)	(26,973)	(21,809)
		(26,373)	**(1,034)**	**(27,407)**	**(7,330)**	**(20,077)**
ITEMS THAT WILL NOT BE RECLASSIFIED TO THE INCOME STATEMENT						
Actuarial losses for the year						
Gross amount						
BCP Pensions Fund						
Not related to changes in actuarial assumptions						
Return of the fund	50	(2,419)	(68)	(2,487)	(2,487)	-
Difference between the expected and the effective obligations	50	(9,812)	11	(9,801)	(9,801)	-
Arising from changes in actuarial assumptions	50	(199,463)	(498)	(199,961)	(199,961)	-
		(211,694)	**(555)**	**(212,249)**	**(212,249)**	**-**
Actuarial losses from associated companies		(2,788)	(410)	(3,198)	(3,198)	-
Taxes		181,715	189	181,904	181,904	-
		(32,767)	**(776)**	**(33,543)**	**(33,543)**	**-**
Other comprehensive (loss)/income after taxes		(59,140)	(1,810)	(60,950)	(40,873)	(20,077)
Consolidated net loss/(income) for the year		(601,744)	(45,004)	(646,748)	(740,450)	93,702
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		**(660,884)**	**(46,814)**	**(707,698)**	**(781,323)**	**73,625**

See accompanying notes to the consolidated financial statements

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER, 2012

(Thousands of Euros)

		2012				
					Attributable to	
	Notes	Continuing operations	Discontinued operations	Total	Shareholders of the Bank	Non--controlling interests
ITEMS THAT MAY BE RECLASSIFIED TO THE INCOME STATEMENT						
Fair value reserves		475,082	1,682	476,764	494,881	(18,117)
Taxes		(99,152)	(441)	(99,593)	(102,753)	3,160
		375,930	1,241	377,171	392,128	(14,957)
Exchange differences arising on consolidation		44,709	(2,819)	41,890	25,083	16,807
		420,639	(1,578)	419,061	417,211	1,850
ITEMS THAT WILL NOT BE RECLASSIFIED TO THE INCOME STATEMENT						
Actuarial losses for the year						
Gross amount						
BCP Pensions Fund						
Not related to changes in actuarial assumptions						
Return of the fund	50	(91,381)	(221)	(91,602)	(91,602)	-
Difference between the expected and the effective obligations	50	16,907	194	17,101	17,101	-
Arising from changes in acturial assumptions	50	(89,177)	(513)	(89,690)	(89,690)	-
		(163,651)	(540)	(164,191)	(164,191)	-
Taxes		30,326	132	30,458	30,458	-
		(133,325)	(408)	(133,733)	(133,733)	-
Other comprehensive (loss)/income after taxes		287,314	(1,986)	285,328	283,478	1,850
Consolidated net loss/(income) for the year		(406,943)	(730,267)	(1,137,210)	(1,219,053)	81,843
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		(119,629)	(732,253)	(851,882)	(935,575)	83,693

See accompanying notes to the consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 DECEMBER, 2013

1. Accounting policies

a) Basis of presentation

Banco Comercial Português, S.A. Sociedade Aberta (the "Bank") is a public bank, established in Portugal in 1985. It started operating on 5 May, 1986, and these consolidated financial statements reflect the results of the operations of the Bank and all its subsidiaries (together referred to as the "Group") and the Group's interest in associates, for the years ended 31 December, 2013 and 2012.

In accordance with Regulation (EC) no. 1606/2002 from the European Parliament and the Council, of 19 July 2002 and Regulation no. 1/2005 from the Bank of Portugal, the Group's consolidated financial statements are required to be prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed by the European Union ("EU") since the year 2005. IFRS comprise accounting standards issued by the International Accounting Standards Board ("IASB") as well as interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") and their predecessor bodies. The consolidated financial statements presented were approved on 8 April 2014 by the Bank's Executive Committee. The financial statements are presented in thousands of Euros, rounded to the nearest thousand.

All the references in this document related to any normative always report to current version.

The consolidated financial statements for the years ended 31 December, 2013 were prepared in terms of recognition and measurement in accordance with the IFRS adopted by the EU and effective on that date. As referred in note 48, during the first semester of 2013, the Group sold 100% of the investment in Millennium Bank, Societé Anonyme (Greece), and therefore the referred investment ceased to be consolidated in the financial statements of the Group. This fact should be considered for comparative analyses.

The Group has adopted IFRS and interpretations mandatory for accounting periods beginning on or after 1 January, 2013, as referred in note 55.

The accounting policies in this note were applied consistently to all entities of the Group and are consistent with those used in the preparation of the financial statements of the previous period, except for the adoption and amendments to the following standards:

– IFRS 13 Fair value measurement

IFRS 13 provides a guidance about fair value measurement and replacing guidance that was scattered in several standards. The standard defines fair value as the price for which an orderly transaction to sell an asset or to transfer a liability would be realized between market participants at the measurement date. The standard has been applied prospectively by the Group, without significant impacts in the measurement of its assets and liabilities.

– IAS 1 Presentation of Financial Statements – Presentation of items of other comprehensive income

The amendments to IAS 1 only had impact on the presentation of the Consolidated Statement of Comprehensive Income, which presents now the separation of the items that may be reclassified to the income statement and the items that will not be reclassified to the income statement. The comparative information was also changed.

The Group's financial statements are prepared under the historical cost convention, as modified by the application of fair value for derivative financial instruments, financial assets and liabilities at fair value through profit or loss and available for sale assets, except those for which a reliable measure of fair value is not available. Financial assets and liabilities that are hedged under hedge accounting are stated at fair value in respect of the risk that is being hedged, if applicable. Other financial assets and liabilities and non-financial assets and liabilities are stated at amortised cost or historical cost. Non-current assets and disposal groups held for sale are stated at the lower of carrying amount or fair value less costs to sell. The liability for defined benefit obligations is recognised as the present value of the defined benefit obligation net of the value of the fund.

The preparation of the financial statements in accordance with IFRS requires the Executive Committee to make judgments, estimates and assumptions that affect the application of the accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances and form the basis for making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The issues involving a higher degree of judgment or complexity or for which assumptions and estimates are considered to be significant, are presented in note 1 ad).

b) Basis of consolidation

As from 1 January, 2010, the Group applied IFRS 3 (revised) for the accounting of business combinations. The changes in the accounting policies resulting from the application of IFRS 3 (revised) are applied prospectively.

Investments in subsidiaries

The investments in subsidiaries, where the Group holds control, are fully consolidated from the date the Group assumes control over its financial and operational activities, until the control ceases to exist. Control is presumed to exist when the Group owns more than half of the voting rights. Additionally, control exists when the Group has the power, directly or indirectly, to manage the financial and operating policies of an entity to obtain benefits from its activities, even if the percentage of capital held is less than 50%.

As from 1 January, 2010, accumulated losses are attributed to non-controlling interests in the respective proportion, implying that the Group can recognise negative non-controlling interests. Previously, when the accumulated losses of a subsidiary attributable to the non-controlling interest exceeded the equity of the subsidiary attributable to the non-controlling interest, the excess was attributed to the Group and charged to the income statement as it occurs. Profits subsequently reported by the subsidiary are recognised as profits of the Group until the prior losses attributable to non-controlling interest previously recognised by the Group have been recovered.

As from 1 January, 2010, on a step acquisition process resulting in the acquisition of control, the revaluation of any participation previously acquired, is booked against the profit and loss account when goodwill is calculated. On a partial disposal resulting in loss of control over a subsidiary, any participation retained is revaluated at market value on the sale date and the gain or loss resulting from this revaluation is booked against the income statement.

Investments in associates

Investments in associated companies are consolidated by the equity method from the date that the Group acquires significant influence until the date it ceases to exist. Associates are those entities in which the Group has significant influence but not control over the financial and operating policy decisions of the investee. It is assumed that the Group has significant influence when it holds, directly or indirectly, 20% or more of the voting rights of the investee. If the Group holds, directly or indirectly less than 20% of the voting rights of the investee, it is presumed that the Group does not have significant influence, unless such influence can be clearly demonstrated.

The existence of significant influence by the Group is usually evidenced in one or more of the following ways:

– representation on the Board of Directors or equivalent governing body of the investee;
– participation in policy-making processes, including participation in decisions about dividends or other distributions;
– material transactions between the Group and the investee;
– interchange of the management team; or
– provision of essential technical information.

The consolidated financial statements include the part that is attributable to the Group of the total reserves and results of associated companies accounted on an equity basis. When the Group's share of losses exceeds its interest in the associate, the carrying amount is reduced to zero and recognition of further losses is discontinued except to the extent that the Group has incurred in a legal obligation to assume those losses on behalf of an associate.

Goodwill – Differences arising from consolidation and revaluation

Goodwill arising from business combinations occurred before 1 January 2004 was charged against reserves.

Business combinations that occurred after 1 January 2004 are accounted under the purchase method. The acquisition cost corresponds to the fair value, determined at the acquisition date, of the assets given and liabilities incurred or assumed including the costs directly attributable to the acquisition, for acquisitions up to 31 December, 2009.

As from 1 January, 2010 onwards, costs directly attributable to the acquisition of a subsidiary are booked directly in the income statement.

As from the transition date to IFRS (1 January 2004), positive goodwill arising from acquisitions is recognised as an asset carried at acquisition cost and is not subject to amortisation.

Goodwill arising on the acquisition of subsidiaries and associates is defined as the difference between the cost of acquisition and the total or corresponding share of the fair value of the net assets and contingent liabilities acquired, depending on the option taken.

Negative goodwill arising on an acquisition is recognised directly in the income statement in the year the business combination occurs.

The recoverable amount of the goodwill in subsidiaries is assessed annually, regardless the existence of any impairment triggers. Impairment losses are recognised in the income statement. The recoverable amount is determined based on the higher between the assets value in use and the market value deducted of selling costs, calculated using valuation methodologies supported by discounted cash flow techniques, considering market conditions, the time value of money and the business risks.

Until 31 December 2009, the contingent acquisition prices were determined based on the best estimate of probable future payments, being the future changes booked against goodwill. As from 1 January 2010, goodwill is no longer adjusted due to changes in the initial estimate of the contingent purchase price and the difference is booked in the income statement, or in equity, when applicable.

Purchases and dilution of non-controlling interests

Until 31 December, 2009, when an investment in a subsidiary was disposed of, without a loss in control, the difference between the sale price and the book value of the equity allocated to the proportion of capital to be sold by the Group, plus the carrying value of goodwill in that subsidiary, was recognised in the income statement of the period as a gain or loss resulting from the disposal. The dilution effect occurred when the percentage of investment in a subsidiary decreased without any sale of interest in that subsidiary, for example, when the Group did not participate proportionally in a share capital increase of that subsidiary. Until 31 December, 2009, the Group recognised the gains or losses resulting from a dilution of a subsidiary following a sale or capital increase in the income statement.

Also in an acquisition of non-controlling interests, until 31 December 2009, the difference between the acquisition value and the fair value of the non-controlling interests acquired was accounted against goodwill. The acquisitions of non-controlling interests through written put options related to investments in subsidiaries held by non-controlling interests were recorded as a financial liability for the present value of the best estimate of the amount payable, against non-controlling interests. Any difference between the non-controlling interests acquired and the fair value of the liability was recorded as goodwill. The fair value of the liability was determined based on the contractual price which may be fixed or variable. In case of a variable price, the changes in the liability are recognised against goodwill and the effect of the financial discount of the liability (unwinding) was recognised in the income statement. This accounting treatment is maintained for all options contracted until 31 December 2009.

Since 1 January 2010, the acquisition of the non-controlling interests that does not impact the control position of a subsidiary is accounted as a transaction with shareholders and, therefore, is not recognised additional goodwill resulting from this transaction. The difference between the acquisition cost and the fair value of non-controlling interests acquired is recognised directly in reserves. On this basis, the gains and losses resulting from the sale of non-controlling interests, that does not impact the control position of a subsidiary, are always recognised against reserves.

The gains and losses resulting from the dilution or sale of a financial position in a subsidiary, with loss of control, are recognised by the Group in the income statement.

Similarly, as from 1 January 2010, the acquisitions of non-controlling interests through written put options related with investments in subsidiaries held by non-controlling interests, are recorded as a financial liability for the present value of the best estimate of the amount payable, against non-controlling interests. The fair value of the liability is determined based on the contractual price which may be fixed or variable. In case of a variable price, the changes in the liability are recognised against the income statement as well as the effect of the financial discount of the liability (unwinding). As from 1 January 2010 onwards, in an acquisition (dilution) of non-controlling interests not resulting in a loss of control, the difference between the fair value of the non-controlling interests acquired and the acquisition value, is accounted against reserves.

Special Purpose Entities ('SPEs')

The Group fully consolidates SPEs resulting from securitization operations of assets from Group entities (as referred in note 23) and from operations regarding the sale of loans, when the substance of the relation with those entities indicates that the Group exercises control over its activities, independently of the percentage of the equity held. Besides these SPEs resulting from securitization and sale of loans operations, no additional SPEs have been consolidated considering that they do not meet the criteria established on SIC 12 as described below.

The evaluation of the existence of control is determined based on the criteria established by SIC 12, which can be analysed as follows:

– the activities of the SPE, in substance, are being conducted on behalf of the Group, in accordance with the specific needs of the Group's business, in order to obtain benefits from these activities;
– the Group has the decision-making powers to obtain the majority of the benefits of the activities of the SPE or, by setting up an autopilot mechanism, the Group has delegated these decision-making powers;
– the Group has the rights to obtain the majority of the benefits of the SPE and therefore may be exposed to risks inherent to the activities of the SPE;
– the Group retains the majority of the residual or ownership risks related to the SPE or its assets in order to obtain benefits from its activities.

Investment fund management

The Group manages assets held by investment funds for which the participation units are held by third parties. The financial statements of these entities are not consolidated by the Group, except when it has the control over these investment funds, namely when it holds more than 50% of the participation units.

When the Group consolidates real estate investment funds, the real estate property resulting from these funds are classified as investment property, as described in note 1 r).

Investments in foreign subsidiaries and associates
The financial statements of the foreign subsidiaries and associates of the Group are prepared in their functional currency, defined as the currency of the primary economic environment in which they operate or the currency in which the subsidiaries obtain their income or finance their activity. In the consolidation process, assets and liabilities, including goodwill, of foreign subsidiaries are converted into euros at the official exchange rate at the balance sheet date. The goodwill existing on these investments is valued against reserves.

Regarding the investments in foreign operations that are consolidated under the full consolidation, proportional or equity methods, for exchange differences between the conversion to Euros of the opening net assets at the beginning of the year and their value in Euros at the exchange rate ruling at the balance sheet date for consolidated accounts are charged against consolidated reserves – exchange differences. The exchange differences from hedging instruments related to foreign operations are eliminated from profit and loss in the consolidation process against the exchange differences booked in reserves resulting from those investments. Whenever the hedge is not fully effective, the ineffective portion is accounted against profit and loss of the year.

The income and expenses of these subsidiaries are converted to Euros at an approximate rate of the rates ruling at the dates of the transactions. Exchange differences from the conversion to Euros of the profits and losses for the reporting period, arising from the difference between the exchange rate used in the income statement and the exchange rate prevailing at the balance sheet date, are recognised in reserves – exchange differences.

On disposal of investments in foreign subsidiaries for which there is loss of control, exchange differences related to the investment in the foreign operation and to the associated hedge transaction previously recognised in reserves, are transferred to profit and loss as part of the gains or loss arising from the disposal.

Transactions eliminated on consolidation
The balances and transactions between Group's companies, or any unrealised gains and losses arising from these transactions, are eliminated in the preparation of the consolidated financial statements. Unrealised gains and losses arising from transactions with associates and jointly controlled entities are eliminated in the proportion of the Group's investment in the entity.

c) Loans and advances to customers
Loans and advances to customers includes loans and advances originated by the Group which are not intended to be sold in the short term and are recognised when cash is advanced to customers.

The derecognition of these assets occurs in the following situations: (i) the contractual rights of the Group have expired; or (ii) the Group transferred substantially all the associated risks and rewards.

Loans and advances to customers are initially recognised at fair value plus any directly attributable transaction costs and fees and are subsequently measured at amortised cost using the effective interest method, being presented in the balance sheet net of impairment losses.

Impairment
The Group's policy consists in a regular assessment of the existence of objective evidence of impairment in the loan portfolios. Impairment losses identified are charged against results and subsequently, if there is a reduction of the estimated impairment loss, the charge is reversed, in a subsequent period.

After the initial recognition, a loan or a loan portfolio, defined as a group of loans with similar credit risk characteristics, can be classified as impaired when there is an objective evidence of impairment as a result of one or more events and when these have an impact on the estimated future cash flows of the loan or of the loan portfolio that can be reliably estimated.

According to IAS 39, there are two basic methods of calculating impairment losses: (i) individually assessed loans; and (ii) collective assessment.

(i) Individually assessed loans
Impairment losses on individually assessed loans are determined by an evaluation of the exposures on a case-by-case basis. For each loan considered individually significant, the Group assesses, at each balance sheet date, the existence of any objective evidence of impairment. In determining such impairment losses on individually assessed loans, the following factors are considered:

– Group's aggregate exposure to the customer and the existence of overdue loans;
– the viability of the customer's business and capability to generate sufficient cash flow to service their debt obligations in the future;
– the existence, nature and estimated value of the collaterals;
– a significant downgrading in the costumer's rating;
– the assets available on liquidation or insolvency situations;
– the ranking of all creditors claims;
– the amount and timing of expected receipts and recoveries.

Impairment losses are calculated by comparing the present value of the expected future cash flows, discounted at the original effective interest rate of the loan, with its current carrying value, being the amount of any loss charged in the income statement. The carrying amount of impaired loans is reduced through the use of an allowance account. For loans with a variable interest rate, the discount rate used corresponds to the effective annual interest rate, which was applicable in the period that the impairment was determined.

Loans that are not identified as having an objective evidence of impairment are grouped on the basis of similar credit risk characteristics, and assessed collectively.

(ii) Collective assessment
Impairment losses are calculated on a collective basis under two different scenarios:

– for homogeneous groups of loans that are not considered individually significant; or
– losses which have been incurred but have not yet been reported (IBNR) on loans for which no objective evidence of impairment is identified (see last paragraph (i)).

The collective impairment loss is determined considering the following factors:

– historical loss experience in portfolios with similar risk characteristics;
– knowledge of the current economic and credit conditions and its impact on the historical losses level; and
– the estimated period between a loss occurring and its identification.

The methodology and assumptions used to estimate the future cash flows are reviewed regularly by the Group in order to monitor the differences between estimated and real losses.

Loans, for which no evidence of impairment has been identified, are grouped together based on similar credit risk characteristics for calculating a collective impairment loss. This analysis allows the Group's recognition of losses whose identification in terms individual only occurs in future periods.

In accordance with "Carta-Circular" no. 15/2009 of the Bank of Portugal, loans and advances to customers are charged-off when there is no realistic expectation, from an economic perspective, of recovering the loan amount. For collateralised loans, the charge-off occurs for the unrecoverable amount when the funds arising from the execution of the respective collaterals, for the part of the loans which is collateralised, is effectively received. This charge-off is carried out only for loans that are considered not to be recoverable and fully provided.

d) Financial instruments
(i) Classification, initial recognition and subsequent measurement
1) Financial assets and liabilities at fair value through profit and loss
1a) Financial assets held for trading
The financial assets and liabilities acquired or issued with the purpose of sale or re-acquisition on the short term, namely bonds, treasury bills or shares, or that are part of a financial instruments portfolio and for which there is evidence of a recent pattern of short-term profit taking or that can be included in the definition of derivative (except in the case of a derivative classified as hedging) are classified as trading. The dividends associated to these portfolios are accounted in gains arising on trading and hedging activities.

The interest from debt instruments is recognised as net interest income.

Trading derivatives with a positive fair value are included in Financial assets held for trading and the trading derivatives with negative fair value are included in Financial liabilities held for trading.

1b) Other financial assets and liabilities at fair value through profit and loss (Fair Value Option)
The Group has adopted the Fair Value Option for certain own bond issues, loans and time deposits that contain embedded derivatives or with related hedging derivatives. The variations of the Group's credit risk related to financial liabilities accounted under the Fair Value Option are disclosed in Net gains/(losses) arising from trading and hedging activities.

The designation of other financial assets and liabilities at fair value through profit and loss is performed whenever at least one of the requirements is fulfilled:

– the assets and liabilities are managed, evaluated and reported internally at its fair value;
– the designation eliminates or significantly reduces the accounting mismatch of the transactions;
– the assets and liabilities include derivatives that significantly change the cash flows of the original contracts (host contracts).

The financial assets and liabilities at Fair Value Option are initially accounted at their fair value, with the expenses or income related to the transactions being recognised in profit and loss and subsequently measured at fair value through profit and loss. The accrual of interest and premium/discount (when applicable) is recognised in Net interest income according to the effective interest rate of each transaction, as well as for accrual of interest of derivatives associated to financial instruments classified as Fair Value Option.

2) Financial assets available for sale

Financial assets available for sale held with the purpose of being maintained by the Group, namely bonds, treasury bills or shares, are classified as available for sale, except if they are classified in another category of financial assets. The financial assets available for sale are initially accounted at fair value, including all expenses or income associated with the transactions. The financial assets available for sale are subsequently measured at fair value. The changes in fair value are accounted for against fair value reserves until they are sold or an impairment loss exists. On disposal of the financial assets available for sale, the accumulated gains or losses recognised as fair value reserves are recognised under Net gains/(losses) arising from available for sale financial assets. Interest income from debt instruments is recognised in Net interest income based on the effective interest rate, including a premium or discount when applicable. Dividends are recognised in the income statement when the right to receive the dividends is attributed.

3) Financial assets held-to-maturity

The financial assets held-to-maturity include non-derivative financial assets with fixed or determinable payments and fixed maturity, for which the Group has the intention and ability to maintain until the maturity of the assets and that were not included in the category of financial assets at fair value through profit and loss or financial assets available for sale. These financial assets are initially recognised at fair value and subsequently measured at amortised cost. The interest is calculated using the effective interest rate method and recognised in Net interest income. The impairment losses are recognised in profit and loss when identified.

Any reclassification or disposal of financial assets included in this category that does not occur close to the maturity of the assets, will require the Group to reclassify the entire portfolio as Financial assets available for sale and the Group will not be allowed to classify any assets under this category for the following two years.

4) Loans and receivables – Loans represented by securities

Non-derivative financial assets with fixed or determined payments, that are not quoted in a market and which the Group does not intend to sell immediately or in a near future, may be classified in this category.

In addition to loans granted, the Group recognises in this category unquoted bonds and commercial paper. The financial assets recognised in this category are initially accounted at fair value and subsequently at amortised cost net of impairment. The incremental direct transaction costs are included in the effective interest rate for these financial instruments. The interest accounted based on the effective interest rate method are recognised in Net interest income.

The impairment losses are recognised in profit and loss when identified.

5) Other financial liabilities

The other financial liabilities are all financial liabilities that are not recognised as financial liabilities at fair value through profit and loss. This category includes money market transactions, deposits from customers and from other financial institutions, issued debt, and other transactions.

These financial liabilities are initially recognised at fair value and subsequently at amortised cost. The related transaction costs are included in the effective interest rate. The interest calculated at the effective interest rate is recognised in Net interest income.

The financial gains or losses calculated at the time of repurchase of other financial liabilities are recognised as Net gains/(losses) from trading and hedging activities, when occurred.

(ii) Impairment

At each balance sheet date, is made an assessment of the existence of objective evidence of impairment. A financial asset or group of financial assets are impaired when there is objective evidence of impairment resulting from one or more events that occurred after its initial recognition, such as: (i) for listed securities, a prolonged devaluation or a significant decrease in its quoted price, and (ii) for unlisted securities, when that event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be estimated reasonably. According to the Group's policies, a 30% of depreciation in the fair value of an equity instrument is considered a significant devaluation and the 1 year period is assumed to be a prolonged decrease in the fair value below the acquisition cost.

If an available for sale asset is determined to be impaired, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the profit or loss) is removed from fair value reserves and recognised in profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurred after the impairment loss was recognised in the profit or loss, the impairment loss is reversed through the income statement. Recovery of impairment losses on equity instruments, classified as financial assets available for sale, is recognised as a gain in fair value reserves when it occurs (if there is no reversal in the income statement).

(iii) Embedded derivatives

Embedded derivatives should be accounted for separately as derivatives, if the economic risks and benefits of the embedded derivative are not closely related to the host contract, unless the hybrid (combined) instrument is not initially measured at fair value with changes through profit and loss. Embedded derivatives are classified as trading and recognised at fair value with changes through profit and loss.

e) Derivatives hedge accounting

(i) Hedge accounting

The Group designates derivatives and other financial instruments to hedge its exposure to interest rate and foreign exchange risk, resulting from financing and investment activities. Derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative hedging instruments are stated at fair value and gains and losses on revaluation are recognised in accordance with the hedge accounting model adopted by the Group. A hedge relationship exists when:

– at the inception of the hedge there is formal documentation of the hedge;
– the hedge is expected to be highly effective;
– the effectiveness of the hedge can be reliably measured;
– the hedge is valuable in a continuous basis and highly effective throughout the reporting period; and
– for hedges of a forecasted transaction, the transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect profit or loss.

When a derivative financial instrument is used to hedge foreign exchange arising from monetary assets or liabilities, no hedge accounting model is applied. Any gain or loss associated to the derivative and to changes in foreign exchange risk related with the monetary items is recognised through profit and loss.

(ii) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedge instruments are recognised in profit and loss, together with changes in the fair value attributable to the hedged risk of the asset or liability or group of assets and liabilities. If the hedge relationship no longer meets the criteria for hedge accounting, the cumulative gains and losses recognised until the discontinuance of the hedge accounting are amortised through profit and loss over the residual period of the hedged item.

(iii) Cash flow hedge

In a hedge relationship, the effective portion of changes in fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity – cash flow hedge reserves. Any gain or loss relating to the ineffective portion of the hedge is immediately recognised in profit and loss when occurred.

Amounts accumulated in equity are reclassified to profit and loss in the periods in which the hedged item will affect profit or loss.

In case of hedging variability of cash flows, when the hedge instrument expires or is disposed or when the hedging relationship no longer meets the criteria for hedge accounting, or when the hedge relation is revoked, the hedge relationship is discontinued on a prospective basis. Therefore, the fair value changes of the derivative accumulated in equity until the date of the discontinued hedge accounting can be:

– deferred over the residual period of the hedged instrument; or
– recognised immediately in results, if the hedged instrument is extinguished.

In the case of a discontinued hedge of a forecast transaction, the change in fair value of the derivative recognised in equity at that time remains in equity until the forecasted transaction is ultimately recognised in the income statement. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to profit and loss.

(iv) Hedge effectiveness

For a hedge relationship to be classified as such according to IAS 39, effectiveness has to be demonstrated. As such, the Group performs prospective tests at the beginning date of the initial hedge, if applicable and retrospective tests in order to demonstrate at each reporting period the effectiveness of the hedging relationships, showing that the changes in the fair value of the hedging instrument are hedged by the changes in the hedged item for the risk being covered. Any ineffectiveness is recognised immediately in profit and loss when incurred.

(v) Hedge of a net investment in a foreign operation

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in equity. The gain or loss relating to the ineffective portion is immediately recognised in the income statement. Gains and losses accumulated in equity related to the investment in a foreign operation and to the associated hedge operation are included in the income statement on the disposal of the foreign operation as part of the gain or loss from the disposal.

f) Reclassifications between financial instruments categories

In October 2008, the IASB issued a change to IAS 39 – Reclassification of Financial Assets (Amendments to IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7: Financial Instruments Disclosures). This change allowed an entity to transfer financial assets from Financial assets at fair value through profit and loss – trading to Financial assets available for sale, to Loans and Receivables – Loans represented by securities or to Financial assets held-to-maturity, as long as the requirements described in the standard are met, namely:

– if a financial asset, at the date of reclassification present the characteristics of a debt instrument for which there is no active market; or
– when there is some event that is uncommon and highly improbable that will occur again in the short term, that is, the event can be classified as a rare circumstance.

The Group adopted this possibility for a group of financial assets.

Transfers of financial assets recognised in the category of Financial assets available-for-sale to Loans and receivables – Loans represented by securities and to Financial assets held-to-maturity are allowed, in determined and specific circumstances.

Transfers from and to Financial assets and financial liabilities at fair value through profit and loss by decision of the entity (Fair value option) are prohibited.

g) Derecognition

The Group derecognises financial assets when all rights to future cash flows have expired. In a transfer of assets, derecognition can only occur either when risks and rewards have been substantially transferred or the Group does not maintain control over the assets.

The Group derecognises financial liabilities when these are discharged, cancelled or extinguished.

h) Equity instruments

An instrument is classified as an equity instrument when there is no contractual obligation at settlement to deliver cash or another financial asset to another entity, independently from its legal form, showing a residual interest in the assets of an entity after deducting all of its liabilities.

Transaction costs directly attributable to an equity instruments' issuance are recognised in equity as a deduction to the amount issued. Amounts paid or received related to sales or acquisitions of equity instruments are recognised in equity, net of transaction costs.

Preference shares issued by the Group are considered as an equity instrument when redemption of the shares is solely at the discretion of the issuer and dividends are paid at the discretion of the Group.

Income from equity instruments (dividends) are recognised when the right to receive this income is established and are deducted to equity.

i) Compound financial instruments

Financial instruments that contain both a liability and an equity component (example: convertible bonds) are classified as compound financial instruments. For those instruments to be considered as compound financial instruments, the terms of its conversion to ordinary shares (number of shares) cannot change with changes in its fair value. The financial liability component corresponds to the present value of the future interest and principal payments, discounted at the market interest rate applicable to similar financial liabilities that do not have a conversion option. The equity component corresponds to the difference between the proceeds of the issue and the amount attributed to the financial liability. Financial liabilities are measured at amortised cost through the effective interest rate method. The interests are recognised in Net interest income.

j) Securities borrowing and repurchase agreement transactions

i) Securities borrowing

Securities lent under securities lending arrangements continue to be recognised in the balance sheet and are measured in accordance with the applicable accounting policy. Cash collateral received in respect of securities lent is recognised as a financial liability. Securities borrowed under securities borrowing agreements are not recognised. Cash collateral placements in respect of securities borrowed are recognised under loans and advances to either banks or customers. Income and expenses arising from the securities borrowing and lending business are recognised on an accrual basis over the period of the transactions and are included in interest income or expense (net interest income).

ii) Repurchase agreements

The Group performs acquisition/sale of securities under reselling/repurchase agreements of securities substantially equivalent in a future date at a predetermined price ('repos'/'reverse repos'). The securities related to reselling agreements in a future date are not recognised on the balance sheet. The amounts paid are recognised in loans and advances to customers or loans and advances to credit institutions. The receivables are collateralised by the related securities. Securities sold through repurchase agreements continue to be recognised in the balance sheet and are revaluated in accordance with the applicable accounting policy. The amounts received from the proceeds of these securities are considered as deposits from customers and deposits from credit institutions.

The difference between the acquisition/sale and reselling/repurchase conditions is recognised on an accrual basis over the period of the transaction and is included in interest income or expenses.

k) Non-current assets held for sale and discontinued operations

Non-current assets, groups of non-current assets held for sale (groups of assets together and related liabilities that include at least a non current asset) and discontinued operations are classified as held for sale when it is intention to sell the referred assets and liabilities and when the referred assets are available for immediate sale and its sale is highly probable.

The Group also classifies as non-current assets held for sale those non-current assets or groups of assets acquired exclusively with a view to its subsequent disposal, which are available for immediate sale and its sale is highly probable.

Immediately before classification as held for sale, the measurement of the non-current assets or all assets and liabilities in a disposal group, is performed in accordance with the applicable IFRS. After their reclassification, these assets or disposal groups are measured at the lower of their cost and fair value less costs to sell.

Discontinued operations and the subsidiaries acquired exclusively with the purpose to sell in the short term, are consolidated until the disposal.

The Group also classifies as non-current assets held for sale, the investments arising from recovered loans that are measured initially by the lower of its fair value net of selling costs and the loan's carrying amount on the date that the recovery occurs or the judicial decision is formalised.

The fair value is determined based on the expected selling price estimated through periodic valuations performed by the Group.

The subsequent accounting of these assets is determined based on the lower of the carrying amount and the corresponding fair value net of expenses. In case of unrealised losses, these should be recognised as impairment losses against results.

l) Finance lease transactions

At the lessee's perspective, finance lease transactions are recorded as an asset and liability at fair value of the leased asset, which is equivalent to the present value of the future lease payments. Lease rentals are a combination of the financial charge and the amortisation of the capital outstanding. The financial charge is allocated to the periods during the lease term to produce a constant periodic rate of interest on the remaining liability balance for each period.

At the lessor's perspective, assets held under finance leases are recorded in the balance sheet as a receivable at an amount equal to the net investment in the lease. Lease rentals are a combination of the financial income and amortization of the capital outstanding. Recognition of the financial result reflects a constant periodical return rate over the remaining net investment of the lessor.

m) Interest income and expense

Interest income and expense for financial instruments measured at amortised cost are recognised in the interest income or expenses (net interest income) through the effective interest rate method. The interest related to financial assets available for sale calculated at the effective interest rate method are also recognised in net interest income as well as those from assets and liabilities at fair value through profit and loss.

The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument (or, when appropriate, for a shorter period), to the net carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial instrument (for example: early payment options) but without considering future impairment losses. The calculation includes all fees paid or received considered as included in the effective interest rate, transaction costs and all other premiums or discounts directly related with the transaction, except for assets and liabilities at fair value through profit and loss.

If a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised based on the interest rate used to discount the future cash flows for the purpose of measuring the impairment loss.

Specifically regarding the accounting policy for interest on overdue loans' portfolio are considered the following aspects:

– interest income for overdue loans with collaterals are accounted for as income, up to the limit of the valuation of the collateral valued on a prudent basis, in accordance with IAS 18, assuming that there is a reasonable probability of recoverability; and
– the interests accrued and not paid for overdue loans for more than 90 days that are not covered by collaterals are written-off and are recognised only when they are received, in accordance with IAS 18, on the basis that its recoverability is considered to be remote.

For derivative financial instruments, except those classified as hedging instruments of interest rate risk, the interest component is not separated from the changes in the fair value and is classified under Net gains/(losses) from trading and hedging activities. For hedging derivatives of interest rate risk and those related to financial assets or financial liabilities recognised in the Fair Value Option category, the interest component of the changes in their fair value is recognised under interest income or expense (Net interest income).

n) Fee and commission income

Fees and commissions are recognised according to the following criteria:

– when are earned as services are provided, are recognised in income over the period in which the service is being provided;
– when are earned on the execution of a significant act, are recognised as income when the service is completed.

Fees and commissions that are an integral part of the effective interest rate of a financial instrument, are recognised in net interest income.

o) Financial net gains/losses (Net gains/losses arising from trading and hedging activities, from financial assets available for sale and from financial assets held to maturity)

Financial net gains/losses includes gains and losses arising from financial assets and financial liabilities at fair value through profit and loss, that is, fair value changes and interest on trading derivatives and embedded derivatives), as well as the corresponding dividends received. This caption also includes the impairment losses and gains and losses arising from the sale of available for sale financial assets and financial assets held to maturity. The changes in fair value of hedging derivatives and hedged items, when fair value hedge is applicable, are also recognised in this caption.

p) Fiduciary activities

Assets held in the scope of fiduciary activities are not recognised in the Group's consolidated financial statements. Fees and commissions arising from this activity are recognised in the income statement in the period in which they occur.

q) Property and equipment

Property and equipment are stated at acquisition cost less accumulated depreciation and impairment losses. Subsequent costs are recognised as a separate asset only when it is probable that future economic benefits will result for the Group. All other repairs and maintenance expenses are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated on a straight-line basis, over the following periods which correspond to their estimated useful life:

	Number of years
Premises	50
Expenditure on freehold and leasehold buildings	10
Equipment	4 to 12
Other fixed assets	3

Whenever there is an indication that a fixed tangible asset might be impaired, its recoverable amount is estimated and an impairment loss shall be recognised if the net value of the asset exceeds its recoverable amount.

The recoverable amount is determined as the highest between the fair value less costs to sell and its value in use calculated based on the present value of future cash flows estimated to be obtained from the continued use of the asset and its sale at the end of the useful life.

The impairment losses of the fixed tangible assets are recognised in profit and loss.

r) Investment property

Real estate properties owned by the investment funds consolidated in the Group, are recognised as Investment properties considering, that the main objective of these buildings is the capital appreciation on a long term basis and not its sale in a short term period, or its maintenance for own use.

These investments are initially recognised at its acquisition cost, including the transaction costs and subsequently revaluated at its fair value. The fair value of the investment property should reflect the market conditions at the balance sheet date. Changes in fair value are recognised in results as Other operating income.

The expertises responsible for the valuation of the assets are properly certified for that purpose, being registered in CMVM.

s) Intangible Assets

Research and development expenditure

The Group does not capitalise any research and development costs. All expenses are recognised as costs in the year in which they occur.

Software

The Group accounts as intangible assets the costs associated to software acquired from external entities and depreciates them on a straight line basis by an estimated lifetime of three years. The Group does not capitalise internal costs arising from software development.

t) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months' maturity from the balance sheet date, including cash and loans and advances to credit institutions.

Cash and cash equivalents exclude restricted balances with Central Banks.

u) Offsetting

Financial assets and liabilities are offset and the net amount is recorded in the balance sheet when the Group has a legally enforceable right to offset the recognised amounts and the transactions are intended to be settled on a net basis.

v) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currency of the operation at the foreign exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies, are translated into the respective functional currency of the operation at the foreign exchange rate at the reporting date. Foreign exchange differences arising on translation are recognised in the profit and loss. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated into the respective functional currency of the operation at the foreign exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated into the respective functional currency of the operation at the foreign exchange rate at the date that the fair value was determined against profit and loss, except for financial assets available-for-sale, for which the difference is recognised against equity.

w) Employee benefits

Defined benefit plans

The Group has the responsibility to pay to their employees' retirement pensions and widow and orphan benefits and permanent disability pensions, in accordance with the agreement entered with the collective labour arrangements. These benefits are estimated in the pensions plans "Plano ACT" and "Plano ACTQ" of the Pension Plan of BCP Group, which corresponds to the referred collective labour arrangements (the conditions are estimated in the private social security of the banking sector for the constitution of the right to receive a pension).

Until 2011, along with the benefits provided in two planes above, the Group had assumed the responsibility, under certain conditions in each year, of assigning a complementary plan to the Group's employees hired before 21 September, 2006 (Complementary Plan). The Group at the end of 2012 decided to extinguish ("cut") the benefit of old age Complementary Plan. As at 14 December 2012, the ISP (Portuguese Insurance Institute) formally approved this change benefit plan of the Group with effect from 1 January 2012. The cut of the plan was made, having been assigned to the employees, individual rights acquired. On that date, the Group also proceed to the settlement of the related liability.

From 1 January 2011, banks' employees were integrated in the General Social Security Scheme which now covers their maternity, paternity, adoption and pension benefits. However, the Banks remain liable for those benefits as concern illness, disability and life insurance (Decree-Law no. 1-A/2011, of 3 January).

The contributory rate is 26.6% divided between 23.6% supported by the employer and 3% supported by the employees, replacing the Banking Social Healthcare System ("Caixa de Abono de Família dos Empregados Bancários") which was extinguished by the decree law referred above. As a consequence of this amendment the capability to receive pensions by the actual employees are covered by the General Social Security Scheme regime, considering the service period between 1 January 2011 and the retirement age. The Bank supports the remaining difference for the total pension assured in "Acordo Colectivo de Trabalho".

Following the approval by the Government of the Decree-Law no. 127/2011, which was published on 31 December, was established an agreement between the Government, the Portuguese Banking Association and the Banking Labour Unions in order to transfer, to the Social Security, the liabilities related with pensions currently being paid to pensioners and retirees, as at 31 December 2011.

This agreement established that the responsibilities to be transferred related to the pensions in payment as at 31 December 2011 at fixed amounts (discount rate 0%) in the component established in the 'Instrumento de Regulação Colectiva de Trabalho (IRCT)' of the retirees and pensioners. The responsibilities related with the increase in pensions as well as any other complements namely, contributions to the Health System (SAMS), death benefit and death before retirement benefit continued to be under the responsibility of the Financial Institutions and being financed through the corresponding Pensions funds. The Decree-Law also established the terms and conditions under which the transfer was made by setting a discount rate of 4% to determine the liabilities to be transferred.

The Group's net obligation in respect of pension plans (defined benefit pensions plan) is calculated on a half year basis at 31 December and 30 June of each year.

The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. The benefit is discounted in order to determine its present value, using a discount rate determined by reference to interest rates of high-quality corporate bonds that have maturity dates approximating the terms of the Group's obligations. The net obligations are determined after the deduction of the fair value of the Pension Plan's assets.

The income/cost of interests with the pension plan is calculated, by the Group, multiplying the net asset/liability with retirement pension (liabilities less the fair value of the plan's assets) by the discount rate used in the determination of the retirement pension liabilities, mentioned before. On this basis, the income/cost net of interests includes the interest costs associated with retirement pension liabilities and the expected return of the plan's assets, both measured based on the discount rate used to calculate the liabilities.

Gains and losses from the re-measurement, namely (i) gains and losses resulting from differences between actuarial assumptions used and the amounts actually observed (experience gains and losses) and changes in actuarial assumptions and (ii) gains and losses arising from the difference between the expected return of the plan's assets and the amounts obtained, are recognised against equity under other comprehensive income.

The Group recognises in its income statement a net total amount that comprises (i) the current service cost, (ii) the income/cost net of interest with the pension plan, (iii) the effect of early retirement, (iv) past service costs and (v) the effects of any settlement or curtailment occurred during the period. The net income/cost with the pension plan is recognised as interest and similar income or interest expense and similar costs depending on their nature. The costs of early retirements correspond to the increase in liabilities due to the employee's retirement before reaching the age of 65.

Employee benefits, other than pension plans, namely post retirement health care benefits and benefits for the spouse and sons for death before retirement are also included in the benefit plan calculation.

The contributions to the funds are made annually by each Group company according to a certain plan contributions to ensure the solvency of the fund. The minimum level required for the funding is 100% regarding the pension payments and 95% regarding the past services of active employees.

Defined contribution plan
For Defined Contribution Plan, the responsibilities related to the benefits attributed to the Group's employees are recognised as expenses when incurred.

As at 31 December 2013, the Group has two defined contribution plans. One plan that covers employees who were hired before July 1, 2009. For this plan, called non-contributory, Group's contributions will be made annually and equal to 1% of the annual remuneration paid to employees in the previous year. Contributions shall only be made if the following requirements are met: (i) the Bank's ROE equals or exceeds the rate of government bonds of 10 years plus 5 percentage points, and (ii) exists distributable profits or reserves in the accounts of Banco Comercial Português.

The other plan covers employees who have been hired after July 1, 2009. For this plan, designated contributory, monthly contributions will be made equal to 1.5% of the monthly remuneration received by employees in the current month, either by themselves or by the Group and employees.

Share based compensation plan
As at 31 December 2013 there are no share based compensation plans in force.

Variable remuneration paid to employees
The Executive Committee decides on the most appropriate criteria of allocation among employees.

This variable remuneration is charged to income statement in the year to which it relates.

x) Income taxes
The Group is subject to the regime established by the Income Tax Code ("CIRC"). Additionally, deferred taxes resulting from the temporary differences between the accounting net income and the net income accepted by the Tax Authorities for Income Taxes calculation, are accounted for, whenever there is a reasonable probability that those taxes will be paid or recovered in the future.

Income tax registered in net income for the year comprises current and deferred tax effects. Income tax is recognised in the income statement, except when related to items recognised directly in equity, which implies its recognition in equity. Deferred taxes arising from the revaluation of financial assets available for sale and cash flow hedging derivatives are recognised in shareholders' equity and are recognised after in the income statement at the moment the profit and loss that originated the deferred taxes are recognised.

Current tax is the value that determines the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred taxes are calculated in accordance with the liability method based on the balance sheet, considering temporary differences, between the carrying amounts of assets and liabilities and the amounts used for taxation purposes using the tax rates approved or substantially approved at balance sheet date and that is expected to be applied when the temporary difference is reversed.

Deferred tax liabilities are recognised for all taxable temporary differences except for goodwill not deductible for tax purposes, differences arising on initial recognition of assets and liabilities that affect neither accounting nor taxable profit and differences relating to investments in subsidiaries to the extent that probably they will not reverse in the foreseeable future.

Deferred taxes assets are recognised to the extent when it is probable that future taxable profits, will be available to absorb deductible temporary differences for taxation purposes (including reportable taxable losses).

The Group, as established in IAS 12, paragraph 74, compensates the deferred tax assets and liabilities if, and only if: (i) has a legally enforceable right to set off current tax assets against current tax liabilities; and (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

y) Segmental reporting
The Group adopted the IFRS 8 – Operating Segments for the purpose of disclosure financial information by operating segments. A business segment is a Group's component: (i) which develops business activities that can obtain revenues or expenses; (ii) whose operating results are regularly reviewed by the management with the aim of taking decisions about allocating resources to the segment and assess its performance, and (iii) for which separate financial information is available. The Group controls its activity through the following major operating segments:

Portugal
– Retail Banking (including ActivoBank);
– Companies (including Companies in Portugal and Corporate and Investment Banking);
– Asset management and Private Banking;
– Non-core business portfolio.

Foreign activity
– Poland;
– Angola:
– Mozambique.

Following the sale of the entire share capital of Millennium bank in Greece, concluded on 19 June 2013, in accordance with the general conditions announced, and according to IFRS 5, Millennium bank in Greece was classified as a discontinued operation, during 2013, with the impact on results presented on a separate line item in the profit and loss account, defined as "income arising from discontinued operations". As part of this, and in accordance with the referred accounting standard, the profit and loss account was restated as at

31 December 2012, for comparative purposes. At the consolidated balance sheet level, the presentation of assets and liabilities of Millennium bank in Greece were not included as at 31 December 2013, but remained considered as at December 2012. This fact has to be considered for comparative purposes.

Additionally, as regards the commitment agreed with the Directorate-General for Competition of the European Commission (DG Comp) on the Bank's Restructuring Plan, in particular the sale of Millennium bcp's operation in Romania in the mid-term and the implementation of a new approach to the assets management business, the activities of Millennium bank in Romania and of Millennium bcp Gestão de Activos were also presented on the line item of "income arising from discontinued operations", with the restatement of profit and loss account as at 31 December 2012, for comparative purposes. At the consolidated balance sheet level, the presentation of assets and liabilities of Millennium bank in Romania and of Millennium bcp Gestão de Activos remained considered as at December 2012.

Others

The aggregate Others includes the activity not allocated to the segments mentioned above, namely the developed by subsidiaries in Switzerland and Cayman Islands.

z) Provisions

Provisions are recognised when (i) the Group has a present obligation (legal or resulting from past practices or published policies that imply the recognition of certain responsibilities), (ii) it is probable that an outflow of economic benefits will be required to settle a present legal or constructive obligation as a result of past events and (iii) a reliable estimate can be made of the amount of the obligation.

The measurement of provisions takes into account the principles set in IAS 37 regarding the best estimate of the expected cost, the most likely result of current actions and considering the risks and uncertainties inherent in the process result. On the cases that the discount effect is material, provision corresponds to the actual value of the expected future payments, discounted by a rate that considers the associated risk of the obligation.

Provisions are reviewed at each balance sheet date and adjusted to reflect the best estimate, being reverted through profit and loss in the proportion of the payments that are probable.

The provisions are derecognised through their use for the obligations for which they were initially accounted or for the cases that the situations were not already observed.

aa) Earnings per share

Basic earnings per share are calculated by dividing net income available to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year, excluding the average number of ordinary shares purchased by the Group and held as treasury stock.

For the diluted earnings per share, the weighted average number of ordinary shares outstanding is adjusted to consider conversion of all dilutive potential ordinary shares, such as convertible debt and stock options granted to employees. Potential or contingent share issues are treated as dilutive when their conversion to shares would decrease net earnings per share.

If the earnings per share are changed as a result of an issue with premium or discount or other event that changed the potential number of ordinary shares or as a result of changes in the accounting policies, the earnings per share for all presented periods should be adjusted retrospectively.

ab) Insurance contracts

Classification

The Group issues contracts that contain insurance risk, financial risk or a combination of both insurance and financial risk. A contract, under which the Group accepts significant insurance risk from another party, by agreeing to compensate that party on the occurrence of a specified uncertain future event, is classified as an insurance contract.

A contract issued by the Group without significant insurance risk, but on which financial risk is transferred with discretionary participating features is classified as an investment contract recognised and measured in accordance with the accounting policies applicable to insurance contracts. A contract issued by the Group that transfers only financial risk, without discretionary participating features, is classified as an investment contract and accounted for as a financial instrument.

Recognition and measurement

Premiums of life insurance and investment contracts with discretionary participating features, which are considered as long-term contracts are recognised when due from the policyholders. The benefits and other costs are recognised concurrently with the recognition of income over the life of the contracts. This specialization is achieved through the establishment of provisions/liabilities of insurance contracts and investment contracts with discretionary participating features.

The responsibilities correspond to the present value of future benefits payable, net of administrative expenses directly associated with the contracts, less the theoretical premiums that would be required to comply with the established benefits and related expenses. The liabilities are determined based on assumptions of mortality, costs of management or investment at the valuation date.

For contracts where the payment period is significantly shorter than the period of benefit, premiums are deferred and recognised as income in proportion to the duration of risk coverage.

Regarding short-term contracts, including contracts of non-life insurance, premiums are recorded at the time of issue. The award is recognised as income acquired in a pro-rata basis during the term of the contract. The provision for unearned premiums represents the amount of premiums on risks not occurred.

Premiums
Gross premiums written are recognised for as income in the period to which they respect independently from the moment of payment or receivable, in accordance with the accrual accounting principle.

Reinsurance premiums ceded are accounted for as expense in the year to which they respect in the same way as gross premiums written.

Provision for unearned premiums from direct insurance and reinsurance premiums ceded
The provision for unearned gross premiums is based on the evaluation of the premiums written before the end of the year but for which the risk period continues after the year end. This provision is calculated using the *pro-rata temporis* method applied to each contract in force.

Liability adequacy test
At each reporting date, the Group evaluates the adequacy of liabilities arising from insurance contracts and investment contracts with discretionary participating features. The evaluation of the adequacy of responsibilities is made based on the projection of future cash flows associated with each contract, discounted at market interest rate without risk. This evaluation is done product by product or aggregate of products when the risks are similar or managed jointly. Any deficiency, if exists, is recorded in the Group's results as determined.

ac) Insurance or reinsurance mediation services
The Banco Comercial Português and Banco ActivoBank are entities authorized by the Insurance Institute of Portugal to practice the activity of insurance mediation in the category of Online Insurance Broker, in accordance with Article 8, Paragraph a), point i) of Decree-Law no. 144/2006, of July 31, developing the activity of insurance intermediation in life and non-life.

Within the insurance mediation services, the banks perform the sale of insurance contracts. As compensation for services rendered for insurance mediation, the Banks receive commissions for arranging contracts of insurance and investment contracts, which are defined in the agreements/ protocols established between the Banks and the Insurance Companies.

Commissions received by insurance mediation are recognised in accordance with the principle of accrual, so the commissions which payment occurs at different time period to which it relates, are subject to registration as an amount receivable under Other Assets.

ad) Accounting estimates and judgements in applying accounting policies
IFRS set forth a range of accounting treatments that require the Executive Committee and management to apply judgment and make estimates in deciding which treatment is most appropriate. The most significant of these accounting policies are discussed in this section in order to improve understanding of how their application affects the Group's reported results and related disclosure.

Considering that in some cases there are several alternatives to the accounting treatment chosen by the Executive Committee, the Group's reported results would differ if a different treatment was chosen. The Executive Committee believes that the choices made are appropriate and that the financial statements present the Group's financial position and results fairly in all material aspects.

The alternative outcomes discussed below are presented solely to assist the reader in understanding the financial statements and are not intended to suggest that other alternatives or estimates would be more appropriate.

Impairment of financial assets available for-sale
The Group determines that financial assets available for-sale are impaired when there has been a significant or prolonged decrease in the fair value below its acquisition cost. This determination of what is significant or prolonged requires judgment. In making this judgment, the Group evaluates among other factors, the volatility in the prices of the financial assets. According to the Group's policies, a 30% depreciation in the fair value of an equity instrument is considered a significant devaluation and the 1 year period is assumed to be a prolonged decrease in the fair value below the acquisition cost.

In addition, valuations are generally obtained through market quotation or valuation models that may require assumptions or judgment in making estimates of fair value.

Alternative methodologies and the use of different assumptions and estimates could result in a higher level of impairment losses recognised with a consequent impact in the consolidated income statement of the Group.

Impairment losses on loans and advances to customers
The Group reviews its loan portfolios to assess impairment losses on a regularly basis, as described in note 1 c).

The evaluation process in determining whether an impairment loss should be recorded in the income statement is subject to numerous estimates and judgments. The probability of default, risk ratings, value of associated collaterals recovery rates and the estimation of both the amount and timing of future cash flows, among other things, are considered in making this evaluation.

Alternative methodologies and the use of different assumptions and estimates could result in a different level of impairment losses with a consequent impact in the consolidated income statement of the Group.

Fair value of derivatives
Fair values are based on listed market prices if available, otherwise fair value is determined either by dealer price quotations (either for that transaction or for similar instruments traded) or by pricing models, based on net present value of estimated future cash flows which take into account market conditions for the underlying instruments, time value, yield curve and volatility factors. These pricing models may require assumptions or judgments in estimating their values.

Consequently, the use of a different model or of different assumptions or judgments in applying a particular model could result in different financial results for a particular period.

Held-to-maturity investments
The Group follows the guidance of IAS 39 on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgment. In making this judgment, the Group evaluates its intention and ability to hold such investments to maturity.

If the Group fails to keep these investments to maturity other than for the specific circumstances — for example, selling an insignificant amount close to maturity – it will be required to reclassify the entire class as available-for-sale. The investments would therefore be measured at fair value instead of amortised cost.

Held-to-maturity investments are subject to impairment tests made by the Group. The use of different assumptions and estimates could have an impact on the income statement of the Group.

Securitizations and special purpose entities (SPEs)
The Group sponsors the formation of SPEs primarily for asset securitization transactions for liquidity purposes and/or capital management.

The Group does not consolidate SPEs that it does not control. As it can sometimes be difficult to determine whether the Group does control a SPE, it makes judgments about its exposure to the risks and rewards, as well as about its ability to make operational decisions for the SPE in question.

The determination of the SPEs that needs to be consolidated by the Group requires the use of estimates and assumptions in determining the respective expected residual gains and losses and which party retains the majority of such residual gains and losses. Different estimates and assumptions could lead the Group to a different scope of consolidation with a direct impact in net income.

In the scope of the application of this accounting policy and in accordance with note 23, the following SPEs resulting from securitization transactions were included in the consolidation perimeter: NovaFinance no.4, Magellan no.2 and 3, Caravela SME no.2 and Tagus Leasing no.1. The Group did not consolidate the following SPEs also resulting from securitization transactions: Magellan no.1 and no.4. For these SPEs, which are not recognised in the balance sheet, the Group concluded that the main risks and the benefits were transferred, as the Group does not hold any security issued by the SPE, which are exposed to the majority of the residual risks, neither is exposed to the performance of the credit portfolios. On 28 June 2013, it was concluded a synthetic securitization transaction associated to SME and Entrepreneurs.

Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant interpretations and estimates are required in determining the worldwide amount for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

Different interpretations and estimates would result in a different level of income taxes, current and deferred, recognised in the year.

The Portuguese Tax Authorities are entitled to review the Bank and its subsidiaries' determination of its annual taxable earnings, for a period of four years or six years in case there are tax losses brought forward. Hence, it is possible that some additional taxes may be assessed, mainly as a result of differences in interpretation of the tax law which for its probability, the Executive Committee considers that there is no relevant material effect at the level of the Financial Statements.

Pension and other employees' benefits

Determining pension liabilities requires the use of assumptions and estimates, including the use of actuarial projections, estimated returns on investment, and other factors that could impact the cost and liability of the pension plan.

Changes in these assumptions could materially affect these values.

Goodwill impairment

The goodwill recoverable amount recognised as a Group's asset, is revised annually regardless the existence of impairment losses.

For this purpose, the carrying amount of the business units of the Group for which goodwill has been recognised is compared with the respective recoverable amount. A goodwill impairment loss is recognised when the carrying amount of the business unit exceeds the respective recoverable amount.

In the absence of an available market value, the recoverable amount is determined using cash flows predictions, applying a discount rate that includes a risk premium appropriated to the business unit being tested. Determining the cash flows to discount and the discount rate, involves judgment.

2. Net interest income and net gains arising from trading and hedging activities, from financial assets available for sale and from financial assets held to maturity

IFRS requires separate disclosure of net interest income and net gains arising from trading and hedging activities, from financial assets available for sale and from financial assets held to maturity, as presented in notes 3, 6, 7 and 8. A particular business activity can generate impact in net interest income and net gains arising from trading and hedging, from financial assets available for sale and from financial assets held to maturity. This disclosure requirement demonstrates the contribution of the different business activities for the net interest margin and net gains from trading and hedging, from financial assets available for sale and from financial assets held to maturity.

The amount of this account is comprised of:

(Thousands of Euros)

	2013	2012
Net interest income	**848,087**	997,960
Net gains/(losses) from trading and hedging assets	**80,385**	391,874
Net gains/(losses) from financial assets available for sale	**184,065**	44,871
Net gains/(losses) from financial assets held to maturity	**(278)**	(22)
	1,112,259	1,434,683

3. Net interest income

The amount of this account is comprised of:

(Thousands of Euros)

	2013	2012
INTEREST AND SIMILAR INCOME		
Interest on loans and advances	**2,173,969**	2,645,649
Interest on trading securities	**20,518**	27,535
Interest on available for sale financial assets	**321,617**	324,242
Interest on held to maturity financial assets	**121,166**	127,988
Interest on hedging derivatives	**133,684**	197,144
Interest on derivatives associated to financial instruments through profit and loss account	**3,598**	5,089
Interest on deposits and other investments	**58,360**	95,151
	2,832,912	3,422,798
INTEREST EXPENSE AND SIMILAR CHARGES		
Interest on deposits and inter-bank funding	**1,149,593**	1,608,952
Interest on securities sold under repurchase agreement	**15,242**	14,005
Interest on securities issued	**460,074**	581,665
Interest on subordinated debt		
Hybrid instruments eligible as core tier I (CoCos) underwritten by the Portuguese State	**269,009**	134,880
Others	**64,183**	65,546
Interest on hedging derivatives	**18,870**	18,396
Interest on derivatives associated to financial instruments through profit and loss account	**7,854**	1,394
	1,984,825	2,424,838
	848,087	997,960

The balance Interest on loans and advances includes the amount of Euros 67,689,000 (2012: Euros 71,061,000) related to commissions and other gains accounted for under the effective interest method, as referred in the accounting policy described in note 1 m).

The balance Interest and similar income includes, the amount of Euros 306,116,000 (2012: Euros 411,394,000) related with interest income arising from customers with signs of impairment (individual and parametric analysis).

The balance Interest on securities issued includes the amount of Euros 195,743,000 (2012: Euros 168,779,000) related to commissions and other costs accounted for under the effective interest method, as referred in the accounting policy described in note 1 m).

4. Dividends from equity instruments

The amount of this account is comprised of:

(Thousands of Euros)

	2013	2012
Dividends from financial assets available for sale	**3,678**	3,837
Other	**2**	3
	3,680	3,840

The balance of Dividends from financial assets available for sale includes dividends and income from investment fund units received during the year.

5. Net fees and commissions income

The amount of this account is comprised of:

(Thousands of Euros)

	2013	2012
FEES AND COMMISSIONS RECEIVED		
From guarantees	**98,642**	107,438
From credit and commitments	**1,112**	297
From banking services	**495,389**	494,233
From insurance activity	**1,386**	1,263
From other services	**251,328**	237,386
	847,857	840,617
FEES AND COMMISSIONS PAID		
From guarantees	**66,364**	76,551
From banking services	**94,790**	84,405
From insurance activity	**1,151**	1,173
From other services	**22,578**	23,401
	184,883	185,530
	662,974	655,087

The balance Fees and commissions received – From banking services includes the amount of Euros 72,493,000 (2012: Euros 60,504,000) related to insurance mediation commissions.

The caption Fees and commissions expenses – From guarantees includes the amount of Euros 60,088,000 (2012: Euros 69,175,000) related to commissions paid relating issues guaranteed by the Portuguese State.

6. Net gains/(losses) arising from trading and hedging activities

The amount of this account is comprised of:

(Thousands of Euros)

	2013	2012
GAINS ARISING ON TRADING AND HEDGING ACTIVITIES		
Foreign exchange activity	**892,791**	1,324,736
Transactions with financial instruments recognised at fair value through profit and loss account		
Held for trading		
Securities portfolio		
Fixed income	**27,750**	81,745
Variable income	**796**	9,646
Certificates and structured securities issued	**49,495**	12,869
Derivatives associated to financial instruments through profit and loss account	**34,040**	37,919
Other financial instruments derivatives	**1,518,218**	1,716,948
Other financial instruments through profit and loss account	**5,371**	8,202
Repurchase of own issues	**3,800**	359,449
Hedging accounting		
Hedging derivatives	**80,386**	148,434
Hedged item	**37,150**	9,701
Other activity	**27,594**	14,497
	2,677,391	3,724,146
LOSSES ARISING ON TRADING AND HEDGING ACTIVITIES		
Foreign exchange activity	**782,325**	1,234,376
Transactions with financial instruments recognised at fair value through profit and loss account		
Held for trading		
Securities portfolio		
Fixed income	**22,888**	6,441
Variable income	**2,498**	10,153
Certificates and structured securities issued	**86,769**	24,908
Derivatives associated to financial instruments through profit and loss account	**23,930**	11,740
Other financial instruments derivatives	**1,426,094**	1,628,765
Other financial instruments through profit and loss account	**20,616**	110,456
Repurchase of own issues	**6,917**	59,148
Hedging accounting		
Hedging derivatives	**118,313**	79,374
Hedged item	**7,297**	101,395
Other activity	**99,359**	65,516
	2,597,006	3,332,272
	80,385	391,874

The caption Gains arising on trading and hedging activities – Other financial instruments derivatives includes, in 2013, the amount of Euros 39,764,000 related with the gain on Piraeus Bank's warrants. As refered in note 48, the aquisition of these warrants occurred under the process of disposal of the total shares of Millennium Bank (Greece). This caption included in 2012, the amount of Euros 24,117,000 resulting from the recognition in profit and loss account of the interruption of an hedging operation related to the mortgage debt issues from 1 April 2012.

The caption Net gains arising from trading and hedging activities includes in 2013, for Deposits from customers – Deposits at fair value through profit and loss, a gain of Euros 1,451,000 (2012: loss of Euros 10,295,000) related with the fair value changes arising from changes in own credit risk (spread), as referred in note 35.

This caption also includes in 2013, for Debt securities at fair value through profit and loss, a loss of Euros 6,446,000 (2012: loss of Euros 19,752,000) related with the fair value changes arising from changes in own credit risk (spread), as referred in note 36.

The caption Transactions with financial instruments recognised at fair value through profit and loss – Held for trading included in 2012, a gain in the amount of Euros 57,403,000 related with the valuation of Treasury bonds from the Portuguese Republic.

The caption Gains arising on trading and hedging activities – Repurchase of own issues included in 2012, the amount of Euros 184,300,000 corresponding to the difference between the nominal and the repurchase value, that arose from the repurchase operations included in the set of initiatives undertaken by the Bank for liability management, namely Magellan Mortgages No. 2 plc, Magellan Mortgages No. 3 plc, Floating Rate Notes and Covered Bonds.

The result of repurchases of own issues is determined in accordance with the accounting policy described in note 1 d).

7. Net gains/(losses) arising from financial assets available for sale

The amount of this account is comprised of:

(Thousands of Euros)

	2013	2012
GAINS ARISING FROM FINANCIAL ASSETS AVAILABLE FOR SALE		
Fixed income	**77,906**	58,228
Variable income	**130,634**	1,542
LOSSES ARISING FROM FINANCIAL ASSETS AVAILABLE FOR SALE		
Fixed income	**(7,177)**	(14,485)
Variable income	**(17,298)**	(414)
	184,065	**44,871**

The caption Gains arising from financial assets available for sale – Fixed income – includes, in 2013, the amount of Euros 62,127,000 (2012: Euros 48,849,000) related to gains resulting from the sale of Portuguese public debt.

The caption Gains arising from financial assets available for sale – variable income – includes, in 2013, the amount of Euros 127,882,000 related to the gain arising from the disposal of the shareholding held in Piraeus Bank. As referred in note 48, this acquisition occured in 2013 in the procedure for the sale of the entire share capital of Millennium Bank (Greece) to Piraeus Bank.

The caption Losses arising from financial assets available for sale – Fixed income – included, in 2012, the amount of Euros 8,746,000 related to losses resulting from the sale of Greek public debt which resulted from the restructuring of country's sovereign debt, as referred in note 24.

8. Net gains/(losses) arising from financial assets held to maturity

The amount of this account is comprised of:

(Thousands of Euros)

	2013	2012
Losses arising from financial assets held to maturity	**(278)**	(22)
	(278)	**(22)**

9. Other operating income/(costs)

The amount of this account is comprised of:

(Thousands of Euros)

	2013	2012
OPERATING INCOME		
Income from services	**31,868**	37,645
Cheques and others	**15,210**	15,315
Other operating income	**7,399**	11,890
	54,477	**64,850**
OPERATING COSTS		
Indirect taxes	**23,266**	29,983
Donations and contributions	**4,393**	4,706
Specific contribution for the banking sector	**30,919**	33,870
Specific contribution for the resolution fund	**13,236**	-
Other operating expenses	**38,290**	39,978
	110,104	**108,537**
	(55,627)	**(43,687)**

The caption Specific contribution for the banking sector is estimated according to the terms of the Decree-Law no. 55-A/2010. The determination of the amount payable is based on: (i) the annual average liabilities deducted by core capital (Tier 1) and supplementary (Tier 2) and deposits covered by the Deposit Guarantee Fund, and (ii) the off-balance notional amount of derivatives.

10. Staff costs

The amount of this account is comprised of:

(Thousands of Euros)

	2013	2012
Salaries and remunerations	**499,177**	554,610
Mandatory social security charges		
Pension Fund		
Service cost	**(8,557)**	(6,539)
Interest cost/(income)	**(698)**	6,433
Cost with early retirement programs	**8,748**	3,025
Impact of the decrease of the changing of the calculation formula of the Death Subsidy (DL 13/2013 and 133/2012)	**(7,453)**	(63,951)
Amount transferred to the Fund resulting from acquired rights unassigned related to the Complementary Plan	**(706)**	(8,128)
	(8,666)	**(69,160)**
Other mandatory social security charges	**115,416**	133,266
	106,750	**64,106**
Voluntary social security charges	**40,287**	55,041
Seniority premium	**4,486**	2,469
Other staff costs	**116,763**	75,240
	767,463	**751,466**

The caption Staff costs includes, in 2013, costs associated with the restructuring program agreed in 2012, early retirement and the recalculation of pension liabilities related to the Group's resizing program that resulted in a reduction of 265 employees. Those costs amount to a net value of Euros 26,463,000.

Additionally, under the resizing program agreed with the European Commission which provides a set of restructuring measures already agreed and duly communicated to the employees, in accordance with IAS 37, the caption Other costs includes an estimate of the referred costs to be incurred in 2014/2015, in the amount of Euros 98,838,000.

The balance Mandatory social security charges includes in 2013, a gain of Euros 7,453,000 arising from the change of the calculation method of the death subsidy in accordance with the publication on 25 January 2013, of the Decree-Law no. 13/2013, which introduces changes in the calculation of the referred subsidy. In 2012, a positive impact of Euros 63,951,000 had also been recognised, related to the changes of the method of calculation of the death subsidy, in accordance with the Decree-Law no. 133/2012, of 27 June 2012.

In accordance with IAS 19, it is a negative past service cost which occurs when changes in the benefits plan exist, which result in a reduction of the current value of the liabilities for rendered services. On this base, the Group accounted for the referred impact in results.

The caption Mandatory social security charges includes in 2013, as referred in notes 40 and 50, a gain of Euros 237,000 (2012: Euros 1,091,000) related with the write-down of provisions established to cover the future updates in the retirement pension plan of former members of the Executive Board of Directors, following the agreements established, between the Bank and former members of the Executive Board of Directors.

The remunerations paid to the members of the Executive Committee in 2013 amounts to Euros 2,219,000 (2012: Euros 2,803,000), with Euros 85,000 (2012: Euros 131,000) paid by subsidiaries or companies whose governing bodies represent interests in the Group. During 2013 and 2012, no variable remuneration was attributed to the members of the Executive Committee.

Considering that the remuneration of the members of the Executive Committee intends to compensate the functions that are performed directly in the Bank and all other functions on subsidiaries or other companies for which they have been designated by indication or representing the Bank, in the last case, the net amount of the remunerations annually received by each member is deducted to the fixed annual remuneration attributed by the Bank.

During 2013, the costs with Social Security and the contributions to the Pension Fund for members of the Executive Board of Directors amounted to Euros 714,000 (2012: Euros 1,294,000).

The average number of employees by professional category, at service in the Group, is analysed as follows by category:

	2013	2012
PORTUGAL		
Top Management	**1,223**	1,353
Intermediary Management	**1,795**	1,910
Specific/Technical functions	**3,290**	3,510
Other functions	**2,490**	3,053
	8,798	9,826
ABROAD		
	10,075	11,471
	18,873	21,297

11. Other administrative costs

The amount of this account is comprised of:

(Thousands of Euros)

	2013	2012
Water, electricity and fuel	**20,065**	22,529
Consumables	**5,667**	6,874
Rents	**122,563**	128,390
Communications	**29,461**	36,270
Travel, hotel and representation costs	**9,599**	10,687
Advertising	**27,732**	31,829
Maintenance and related services	**30,936**	34,495
Credit cards and mortgage	**4,999**	9,652
Advisory services	**17,432**	18,393
Information technology services	**19,373**	22,835
Outsourcing	**81,084**	81,497
Other specialised services	**30,322**	31,160
Training costs	**1,478**	1,991
Insurance	**5,073**	6,754
Legal expenses	**7,363**	9,269
Transportation	**10,939**	11,031
Other supplies and services	**35,567**	38,069
	459,653	501,725

The caption Rents includes the amount of Euros 104,248,000 (2012: Euros 107,560,000) related to rents paid regarding buildings used by the Group as lessee.

The Group has various operating lease for properties and vehicles. The payments under these leases are recognised in the statement of income during the life of the contract. The minimum future payments relating to operating leases not revocable, by maturity, are as follows:

(Thousands of Euros)

	2013			2012		
	Properties	**Vehicles**	**Total**	Properties	Vehicles	Total
Until 1 year	**79,058**	**2,853**	**81,911**	77,613	3,344	80,957
1 to 5 years	**115,850**	**2,939**	**118,789**	136,317	3,884	140,201
Over 5 years	**22,352**	**-**	**22,352**	65,868	-	65,868
	217,260	**5,792**	**223,052**	279,798	7,228	287,026

12. Depreciation

The amount of this account is comprised of:

(Thousands of Euros)

	2013	2012
INTANGIBLE ASSETS:		
Software	**15,057**	13,090
Other intangible assets	**169**	722
	15,226	13,812
PROPERTY, PLANT AND EQUIPMENT:		
Land and buildings	**27,312**	23,965
Equipment		
Furniture	**2,287**	2,899
Office equipment	**2,376**	2,541
Computer equipment	**10,624**	13,657
Interior installations	**2,545**	3,817
Motor vehicles	**3,407**	2,918
Security equipment	**1,969**	2,056
Other equipment	**2,376**	2,384
Other tangible assets	**1**	1
	52,897	54,238
	68,123	68,050

13. Loans impairment

The amount of this account is comprised of:

(Thousands of Euros)

	2013	2012
LOANS AND ADVANCES TO CREDIT INSTITUTIONS:		
For overdue loans and credit risks		
Impairment for the year	**21**	-
Write-back for the year	**(1)**	(42)
	20	(42)
LOANS AND ADVANCES TO CUSTOMERS:		
For overdue loans and credit risks		
Charge for the year	**1,868,213**	1,788,315
Write-back for the year	**(1,030,913)**	(795,145)
Recovery of loans and interest charged-off	**(16,493)**	(23,528)
	820,807	969,642
	820,827	969,600

The caption Loans impairment is related to an estimate of the incurred losses determined according with the methodology for a regular evaluation of objective evidence of impairment, as described in note 1 c).

14. Other financial assets impairment

The amount of this account is comprised of:

(Thousands of Euros)

	2013	2012
IMPAIRMENT FOR FINANCIAL ASSETS AVAILABLE FOR SALE		
Charge for the year	102,193	75,466
	102,193	75,466
IMPAIRMENT FOR FINANCIAL ASSETS HELD TO MATURITY		
Charge for the year	-	119
	-	119
	102,193	75,585

As referred in note 48, under the process of disposal of the entire share capital of Millennium Bank (Greece), the Group adquired an investment in Piraeus Bank. The caption Impairment for financial assets available for sale includes the amount of Euros 80,000,000 related to the impairment recognised in this investment estimated at the date of acquisition, taking into account the share price and the expectation of its future evolution regarding the future situation of Greece. As referred in note 7, this investment was sold during 2013 and the referred impairment was written off, as disclosed in note 24.

Additionally the caption Impairment for financial assets available for sale includes impairment losses on shares and on participation units held by the Group in the amount of Euros 22,191,000 (2012: Euros 50,788,000).

15. Other provisions

The amount of this account is comprised of:

(Thousands of Euros)

	2013	2012
PROVISION FOR GUARANTEES AND OTHER COMMITMENTS		
Charge for the year	124,822	16,962
Write-back for the year	(14,659)	(13,842)
	110,163	3,120
OTHER PROVISIONS FOR LIABILITIES AND CHARGES		
Charge for the year	41,596	13,121
Write-back for the year	(1,700)	(1,118)
	39,896	12,003
	150,059	15,123

16. Share of profit of associates under the equity method

The main contributions of the investments accounted for under the equity method to the Group's profit are analysed as follows:

(Thousands of Euros)

	2013	2012
Banque BCP, S.A.S.	2,943	2,044
Banque BCP (Luxembourg), S.A.	(73)	222
Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A.	50,207	54,300
SIBS, S.G.P.S, S.A.	2,066	2,843
Unicre – Instituição Financeira de Crédito, S.A.	3,829	2,456
VSC – Aluguer de Veículos Sem Condutor, Lda.	242	(5,573)
Other companies	3,046	(633)
	62,260	55,659

17. Gains/(losses) from the sale of subsidiaries and other assets

The amount of this account is comprised of:

(Thousands of Euros)

	2013	2012
Partial disposal of the investment held in Banque BCP (Luxembourg), S.A.	**962**	-
Other assets	**(37,721)**	(24,193)
	(36,759)	(24,193)

The caption Partial disposal of the investment held in Banque BCP (Luxembourg), S.A., refers to the gain generated on the sale of 10% of the investment held in the associated company, which occurred in June 2013. The Group did not follow the capital increase made in December 2013, so it holds now 8.8% of the share capital of the company.

The caption Gains/(losses) from the sale of subsidiaries and other assets corresponds to the gains and losses arising from the sale and revaluation of Group's assets classified as non current assets held for sale.

18. (Loss)/Income arising from discontinued operations

The amount of this account is comprised of:

(Thousands of Euros)

	2013	2012
NET (LOSS)/INCOME BEFORE INCOME TAX:		
Millennium Bank (Greece)	**(98,773)**	(324,071)
Millennium bcp Gestão de Activos – Sociedade Gestora de Fundos de Investimento, S.A.	**2,708**	1,765
Banca Millennium S.A.	**(7,847)**	(22,991)
Impairment of the loans portfolio's Millennium Bank (Greece)	**-**	(427,205)
Gain arising from the sale of Millennium Bank (Greece)	**32,125**	-
Others	**435**	(3,540)
	(71,352)	(776,042)
TAXES:		
Millennium Bank (Greece)	**25,254**	46,104
Millennium bcp Gestão de Activos – Sociedade Gestora de Fundos de Investimento, S.A.	**(739)**	(496)
Banca Millennium S.A.	**1,900**	(839)
Others	**(67)**	1,006
	26,348	45,775
	(45,004)	(730,267)

19. Earnings per share

The earnings per share are calculated as follows:

(Thousands of Euros)

	2013	2012
Adjusted net (loss)/income from continuing operations	**(695,446)**	(488,786)
(Loss)/income arising from discontinued operations	**(45,004)**	(730,267)
ADJUSTED NET (LOSS)/INCOME	**(740,450)**	(1,219,053)
Average number of shares	**19,707,167,060**	12,174,107,696
Basic earnings per share (Euros):		
from continuing operations	**(0.04)**	(0.04)
from discontinued operations	**0.00**	(0.06)
	(0.04)	(0.10)
Diluted earnings per share (Euros):		
from continuing operations	**(0.04)**	(0.04)
from discontinued operations	**0.00**	(0.06)
	(0.04)	(0.10)

The share capital of the Bank, as at 31 December 2013, amounts to Euros 3,500,000,000 and is represented by 19,707,167,060 nominate and ordinary shares without nominal value and is fully paid.

20. Cash and deposits at Central Banks

This balance is analysed as follows:

(Thousands of Euros)

	2013	2012
Cash	**679,700**	732,616
Central Banks		
Bank of Portugal	**1,162,198**	2,001,019
Central Banks abroad	**1,097,765**	846,911
	2,939,663	3,580,546

The balance Central Banks includes deposits with Central Banks of the countries where the group operates in order to satisfy the legal requirements to maintain a cash reserve calculated based on the value of deposits and other liabilities. The cash reserve requirements, according to the European Central Bank System for Euro Zone, establishes the maintenance of a deposit with the Central Bank equivalent to 1% of the average value of deposits and other liabilities, during each reserve requirement period. The rate is different for countries outside the Euro Zone.

21. Loans and advances to credit institutions repayable on demand

This balance is analysed as follows:

(Thousands of Euros)

	2013	2012
Credit institutions in Portugal	**6,027**	3,298
Credit institutions abroad	**850,029**	581,165
Amount due for collection	**197,974**	245,221
	1,054,030	829,684

The balance Amounts due for collection represents essentially cheques due for collection on other financial institutions.

22. Other loans and advances to credit institutions

This balance is analysed as follows:

(Thousands of Euros)

	2013	2012
Central Banks abroad	**262,267**	242,238
Inter-bank Money Market	**-**	150,004
Credit institutions in Portugal	**36,913**	52,029
Credit institutions abroad	**941,650**	1,443,681
	1,240,830	1,887,952
Overdue loans – over 90 days	**-**	1,795
	1,240,830	1,889,747
Impairment for other loans and advances to credit institutions	**(202)**	(2,358)
	1,240,628	1,887,389

This balance is analysed by the period to maturity, as follows:

(Thousands of Euros)

	2013	2012
Up to 3 months	**1,030,710**	1,703,362
3 to 6 months	**22,814**	216
6 to 12 months	**14,042**	498
1 to 5 years	**159,849**	139,560
Over 5 years	**13,415**	44,316
Undetermined	**-**	1,795
	1,240,830	1,889,747

Following the signed agreements of derivative financial transactions with institutional counterparties, the Group has the amount of Euros 501,396,000 (31 December 2012: Euros 674,721,000) of Loans and advances to credit institutions granted as collateral on the mentioned transactions.

The changes occurred in impairment for other loans and advances to credit institutions are analysed as follows:

(Thousands of Euros)

	2013	2012
BALANCE ON 1 JANUARY	**2,358**	2,416
Transfers	**(350)**	(70)
Impairment for the year	**21**	-
Write-back for the year	**(1)**	(42)
Loans charged-off	**(1,811)**	-
Exchange rate differences	**(15)**	54
BALANCE ON 31 DECEMBER	**202**	2,358

23. Loans and advances to customers

This balance is analysed as follows:

(Thousands of Euros)

	2013	2012
Public sector	**1,213,574**	775,391
Asset-backed loans	**35,507,371**	40,770,529
Personal guaranteed loans	**9,134,948**	9,472,942
Unsecured loans	**2,861,931**	3,321,467
Foreign loans	**2,630,179**	3,402,736
Factoring	**1,120,635**	1,053,784
Finance leases	**3,347,879**	3,702,467
	55,816,517	62,499,316
Overdue loans – less than 90 days	**125,202**	187,056
Overdue loans – over 90 days	**4,280,537**	4,174,588
	60,222,256	66,860,960
Impairment for credit risk	**(3,420,059)**	(4,242,725)
	56,802,197	62,618,235

As at 31 December 2013, the balance Loans and advances to customers includes the amount of Euros 13,218,648,000 (31 December 2012: Euros 12,920,510,000) regarding mortgage loans which are allocated as a collateral for seven asset-back securities, issued by the Group.

During 2012, Banco Comercial Português performed a covered bonds issue in the amount of Euros 2,000,000,000, with a maturity of 3 years. This transaction occurred on 23 August 2012 with an interest rate of Euribor 1M + 0.5%.

As referred in note 53, the Group, as part of the liquidity risk management, holds a pool of eligible assets that can serve as collateral in funding operations with the European Central Bank and other Central Banks in countries where the Group operates, which include loans and advances to customers.

As referred in note 58, the Group performed a set of sales of loans and advances to customers for Specialized Loan Funds. The total amount of loans sold amounted to Euros 1,124,917,000 (31 December 2012: Euros: 1,041,407,000).

The analysis of loans and advances to customers, by type of credit, is as follows:

(Thousands of Euros)

	2013	2012
LOANS NOT REPRESENTED BY SECURITIES		
Discounted bills	**371,637**	350,573
Current account credits	**2,605,813**	3,228,798
Overdrafts	**1,833,990**	1,619,125
Loans	**16,862,327**	18,531,143
Mortgage loans	**27,367,062**	30,730,140
Factoring	**1,120,635**	1,053,784
Finance leases	**3,347,879**	3,702,467
	53,509,343	59,216,030
LOANS REPRESENTED BY SECURITIES		
Commercial paper	**1,829,560**	1,813,334
Bonds	**477,614**	1,469,952
	2,307,174	3,283,286
	55,816,517	62,499,316
Overdue loans – less than 90 days	**125,202**	187,056
Overdue loans – over 90 days	**4,280,537**	4,174,588
	60,222,256	66,860,960
Impairment for credit risk	**(3,420,059)**	(4,242,725)
	56,802,197	62,618,235

The analysis of loans and advances to customers, by sector of activity, is as follows:

(Thousands of Euros)

	2013	2012
Agriculture	**390,165**	502,924
Mining	**177,689**	153,658
Food, beverage and tobacco	**509,340**	579,558
Textiles	**454,475**	448,794
Wood and cork	**209,747**	229,348
Paper, printing and publishing	**231,682**	315,798
Chemicals	**617,703**	633,198
Machinery, equipment and basic metallurgical	**985,780**	1,005,529
Electricity, water and gas	**1,191,942**	1,183,313
Construction	**4,502,979**	5,283,486
Retail business	**1,259,196**	1,281,158
Wholesale business	**2,059,034**	2,209,240
Restaurants and hotels	**1,301,132**	1,379,669
Transports and communications	**2,362,520**	2,595,673
Services	**12,427,129**	13,234,685
Consumer credit	**3,583,050**	4,248,312
Mortgage credit	**26,603,015**	29,508,762
Other domestic activities	**6,841**	33,273
Other international activities	**1,348,837**	2,034,582
	60,222,256	66,860,960
Impairment for credit risk	**(3,420,059)**	(4,242,725)
	56,802,197	62,618,235

The analysis of loans and advances to customers, by maturity and by sector of activity, as at 31 December 2013, is as follows:

(Thousands of Euros)

	2013				
	Due within 1 year	1 year to 5 years	Over 5 years	Undetermined maturity	Total
Agriculture	127,188	146,505	93,839	22,633	390,165
Mining	103,816	60,690	3,644	9,539	177,689
Food, beverage and tobacco	290,409	120,001	67,734	31,196	509,340
Textiles	238,115	75,201	94,139	47,020	454,475
Wood and cork	75,405	49,110	41,530	43,702	209,747
Paper, printing and publishing	57,958	85,235	62,962	25,527	231,682
Chemicals	253,567	132,605	162,106	69,425	617,703
Machinery, equipment and basic metallurgical	465,673	268,199	174,968	76,940	985,780
Electricity, water and gas	159,979	357,318	661,702	12,943	1,191,942
Construction	1,679,250	992,960	595,712	1,235,057	4,502,979
Retail business	486,326	320,834	238,481	213,555	1,259,196
Wholesale business	1,071,745	452,327	294,749	240,213	2,059,034
Restaurants and hotels	200,811	261,516	609,617	229,188	1,301,132
Transports and communications	941,506	656,539	679,961	84,514	2,362,520
Services	5,409,705	2,213,526	3,707,896	1,096,002	12,427,129
Consumer credit	802,604	1,251,234	886,075	643,137	3,583,050
Mortgage credit	71,518	257,284	26,027,807	246,406	26,603,015
Other domestic activities	23	23	3	6,792	6,841
Other international activities	533,409	296,782	446,696	71,950	1,348,837
	12,969,007	7,997,889	34,849,621	4,405,739	60,222,256

The analysis of loans and advances to customers, by type of credit and by maturity ,as at 31 December 2013, is as follows:

(Thousands of Euros)

	2013				
	Due within 1 year	1 year to 5 years	Over 5 years	Undetermined maturity	Total
Public sector	983,967	108,356	121,251	1	1,213,575
Asset-backed loans	4,591,472	4,347,954	26,567,945	2,195,048	37,702,419
Personal guaranteed loans	2,840,729	1,784,142	4,510,077	766,502	9,901,450
Unsecured loans	2,025,186	492,512	344,233	968,225	3,830,156
Foreign loans	1,108,999	284,314	1,236,866	131,217	2,761,396
Factoring	1,120,172	463	-	34,012	1,154,647
Finance leases	298,482	980,148	2,069,249	310,734	3,658,613
	12,969,007	7,997,889	34,849,621	4,405,739	60,222,256

The analysis of loans and advances to customers, by maturity and by sector of activity, as at 31 December 2012, is as follows:

(Thousands of Euros)

	2012				
	Due within 1 year	1 year to 5 years	Over 5 years	Undetermined maturity	Total
Agriculture	164,377	177,028	131,568	29,951	302,924
Mining	81,434	57,182	4,298	10,744	153,658
Food, beverage and tobacco	299,067	131,360	100,966	48,165	579,558
Textiles	231,525	86,491	82,351	48,427	448,794
Wood and cork	80,780	33,643	71,249	43,676	229,348
Paper, printing and publishing	69,744	57,129	169,874	19,051	315,798
Chemicals	313,762	172,280	126,899	20,257	633,198
Machinery, equipment and basic metallurgical	448,887	259,974	196,556	100,112	1,005,529
Electricity, water and gas	186,894	345,063	648,722	2,634	1,183,313
Construction	2,306,345	1,019,577	698,772	1,258,792	5,283,486
Retail business	523,177	284,038	323,187	150,756	1,281,158
Wholesale business	1,107,371	410,792	358,466	332,611	2,209,240
Restaurants and hotels	259,025	257,985	693,688	168,971	1,379,669
Transports and communications	855,610	689,628	959,474	90,961	2,595,673
Services	4,793,665	3,261,455	4,302,982	876,583	13,234,685
Consumer credit	1,073,904	1,470,800	879,453	824,155	4,248,312
Mortgage credit	70,997	293,850	28,853,152	290,763	29,508,762
Other domestic activities	750	1,845	205	30,473	33,273
Other international activities	638,798	600,629	780,593	14,562	2,034,582
	13,506,112	9,610,749	39,382,455	4,361,644	66,860,960

The analysis of loans and advances to customers, by type of credit and by maturity, as at 31 December 2012, is as follows

(Thousands of Euros)

	2012				
	Due within 1 year	1 year to 5 years	Over 5 years	Undetermined maturity	Total
Public sector	486,445	136,844	152,102	3	775,394
Asset-backed loans	4,910,047	5,242,540	30,617,942	2,243,210	43,013,739
Personal guaranteed loans	3,346,331	1,996,902	4,129,709	719,705	10,192,647
Unsecured loans	2,133,125	724,844	463,498	1,310,432	4,631,899
Foreign loans	1,294,814	390,151	1,717,771	5,865	3,408,601
Factoring	1,053,533	251	-	1,573	1,055,357
Finance leases	281,817	1,119,217	2,301,433	80,856	3,783,323
	13,506,112	9,610,749	39,382,455	4,361,644	66,860,960

Loans and advances to customers includes the effect of traditional securitization transactions owned by Special Purpose Entities (SPEs) consolidated following the application of SIC 12, in accordance with accounting policy 1 b) and synthetic securitization.

Securitization transactions engaged by BCP Group refer to mortgage loans, consumer loans, leases, commercial paper and corporate loans. The securitization transactions are set through specifically created SPE. As referred in accounting policy 1 b), when the substance of the relationships with the SPEs indicates that the Group holds control of its activities, the SPE are fully consolidated.

The balance Loans and advances to customers includes the following amounts related to securitization transactions, presented by type of transaction:

(Thousands of Euros)

	Traditional	
	2013	2012
Mortgage loans	**697,184**	2,226,012
Consumer loans	**108,932**	231,944
Leases	**509,735**	709,032
Corporate loans	**2,122,436**	3,128,165
	3,438,287	6,295,153

Magellan Mortgages No. 3

On 24 June 2005, the Group transferred a pool of mortgage loans owned by Banco Comercial Português, S.A. to the SPE "Magellan Mortgages No. 3 PLC". Considering that, by having acquired the total subordinated tranches, the Group holds the majority of the risks and benefits associated to the referred assets, the SPE is consolidated in the Group's Financial Statements, as established in the accounting policy 1 b). The total assets and liabilities of the SPE associated with this operation, with reference to 31 December 2013, amounts to Euros 487,953,000 and to Euros 509,879,000, respectively.

Magellan Mortgages No. 2

On 20 October 2003, the Group transferred a pool of mortgage loans owned by Banco Comercial Português, S.A. and by Banco de Investimento Imobiliário, S.A. to the SPE "Magellan Mortgages No. 2 PLC". Considering that, by having acquired the total subordinated tranches, the Group holds the majority of the risks and benefits associated to the referred assets, the SPE is consolidated in the Group's Financial Statements, as established in the accounting policy 1 b). The total assets and liabilities of the SPE associated with this operation, with reference to 31 December 2013, amounts to Euros 209,231,000 and to Euros 224,994,000, respectively.

Nova Finance No. 4

On 21 December 2007, the Group transferred a pool of consumer loans owned by Banco Comercial Português, S.A. to the SPE "Nova Finance No. 4 Limited". Considering that, given the characteristics of the transaction, the Group still holds the risks and benefits associated to the referred assets, in the amount of Euros 108,932,000, with reference to 31 December 2013, the transaction does not qualify for derecognition from the Group's Financial Statements as established in the accounting policy 1 g). The related liabilities, with a nominal amount of Euros 107,190,000, are majorly held by the Group, and the amount of Euros 17,798,000 is placed on the market.

Tagus Leasing No. 1

On 26 February 2010, the Group transferred a pool of leasing loans owned by Banco Comercial Português, S.A. to the SPE "Tagus Leasing No. 1 Limited". Considering that given the characteristics of the transaction, the Group still holds the risks and benefits associated to the referred assets, these, as established in the accounting policy defined in note 1 g), maintain the recognition in the Financial Statements of the Group, in the amount of Euros 509,735,000, with reference to 31 December 2013. The related liabilities, with a nominal amount of Euros 539,754,000, are fully owned by the Group and consequently are eliminated when preparing the Consolidated Financial Statements.

Caravela SME No. 2

On 16 December 2010, the Group transferred a pool of corporate loans owned by Banco Comercial Português, S.A. to the SPE "Caravela SME No. 2 Limited". Considering that given the characteristics of the transaction, the Group still holds the risks and benefits associated to the referred assets, these, as established in the accounting policy defined in note 1 g), maintain the recognition in the Financial Statements of the Group, in the amount of Euros 2,122,436,000, with reference to 31 December 2013. The related liabilities, with a nominal amount of Euros 2,597,000,000, are fully owned by the Group and consequently are eliminated when preparing the Consolidated Financial Statements.

Caravela SME No. 3

During 2013, the Group performs a synthetic securitization transaction, which amounts to Euros 2,401,584,000, as at 31 December 2013.

The Group's credit portfolio, which includes further than loans to customers, the guarantees granted and commitments to third parties, split between impaired and non impairment loans is analysed as follows:

(Thousands of Euros)

	2013	2012
TOTAL LOANS	**65,750,346**	73,282,292
LOANS AND ADVANCES TO CUSTOMERS WITH IMPAIRMENT		
Individually significant		
Gross amount	**8,968,050**	8,487,102
Impairment	**(2,472,274)**	(3,007,444)
	6,495,776	5,479,658
PARAMETRIC ANALYSIS		
Gross amount	**4,403,868**	5,187,455
Impairment	**(979,007)**	(1,090,143)
	3,424,861	4,097,312
Loans and advances to customers without impairment	**52,378,428**	59,607,735
Impairment (IBNR)	**(180,543)**	(252,608)
	62,118,522	68,932,097

The balance Total loans includes the loans and advances to customers and the guarantees granted and commitments to third parties balance (see note 46), in the amount of Euros 5,528,090,000 (31 December 2012: Euros 6,421,332,000).

The balances Impairment and Impairment ('IBNR') were determined in accordance with the accounting policy described in note 1 c), including the provision for guarantees and other commitments to third parties (see note 38), in the amount of Euros 211,765,000 (31 December 2012: Euros 107,470,000).

The changes occurred in Loans and advances to customers with impairment during 2013, includes the effect of the sale of the investment in Millennium Bank (Greece) and the derecognition of their respective assets and liabilities.

The fair values of collaterals related to the loan portfolios, is analysed as follows:

(Thousands of Euros)

	2013	2012
LOANS AND ADVANCES TO CUSTOMERS WITH IMPAIRMENT		
Individually significant		
Securities and other financial assets	**1,330,502**	678,723
Home mortgages	**806,154**	1,622,395
Other real estate	**2,031,876**	2,312,799
Other guarantees	**639,764**	721,124
	4,808,296	5,335,041
PARAMETRIC ANALYSIS		
Securities and other financial assets	**46,968**	50,012
Home mortgages	**2,118,534**	2,604,836
Other real estate	**435,324**	541,495
Other guarantees	**156,625**	250,180
	2,757,451	3,446,523
LOANS AND ADVANCES TO CUSTOMERS WITHOUT IMPAIRMENT		
Securities and other financial assets	**2,127,843**	2,933,411
Home mortgages	**23,722,188**	27,280,376
Other real estate	**3,914,636**	4,679,529
Other guarantees	**3,639,842**	4,120,457
	33,404,509	39,013,773
	40,970,256	47,795,337

The change in the collaterals associated with the loans portfolio, includes the effect of the sale of the investment in Millennium Bank (Greece) and the derecognition of their respective assets and liabilities.

Considering the Group's risk management policy, the amounts shown do not include the fair value of personal guarantees provided by customers with lower risk notation.

The Group is applying physical collaterals and financial guarantees as instruments to mitigate the credit risk. The physical collaterals are mainly mortgages on residential buildings for the mortgage portfolio and other mortgages on other types of buildings related to other types of loans. In order to reflect the market value, these collaterals are regularly reviewed based on independent and certified valuation entities or through the application of evaluation coefficients that reflect the market trends for each specific type of building and geographical area. The financial guarantees are reviewed based on the market value of the respective assets, when available, with the subsequent application of haircuts that reflect the volatility of their prices.

Considering the current real estate and financial markets conditions, the Group continued to negotiate, during 2013, additional physical and financial collaterals with its customers.

The balance Loans and advances to customers includes the following amounts related to finance leases contracts:

(Thousands of Euros)

	2013	2012
Gross amount	**3,882,683**	4,346,984
Interest not yet due	**(534,804)**	(644,517)
NET BOOK VALUE	**3,347,879**	3,702,467

The analysis of financial lease contracts, by type of client, is presented as follows:

(Thousands of Euros)

	2013	2012
INDIVIDUALS		
Home	**86,609**	111,202
Consumer	**39,442**	57,302
Others	**163,767**	187,466
	289,818	355,970
COMPANIES		
Equipment	**1,195,108**	1,356,360
Mortgage	**1,862,953**	1,990,137
	3,058,061	3,346,497
	3,347,879	3,702,467

Regarding operational leasing, the Group does not present relevant contracts as leasor.

On the other hand, and in accordance with note 11, the balance Rents includes, as at 31 December 2013, the amount of Euros 104,248,000 (31 December 2012: Euros 107,560,000), corresponding to rents paid regarding buildings used by the Group as leasee.

The loans to customers' portfolio includes contracts that resulted in a formal restructuring with the customers and the consequent establishment of a new funding to replace the previous. The restructuring may result in a reinforce of guarantees and/or liquidation of part of the credit and involve an extension of maturities or a different interest rate. The analysis of restructured loans, by sector of activity, is as follows:

(Thousands of Euros)

	2013	2012
Agriculture	**2,599**	24,341
Mining	**121**	205
Food, beverage and tobacco	**2,560**	3,165
Textiles	**590**	3,422
Wood and cork	**1,159**	20,718
Paper, printing and publishing	**912**	2,245
Chemicals	**994**	6,105
Machinery, equipment and basic metallurgical	**26,716**	15,994
Electricity, water and gas	**1,400**	3,330
Construction	**17,607**	47,135
Retail business	**3,577**	20,713
Wholesale business	**39,980**	62,959
Restaurants and hotels	**1,875**	6,026
Transports and communications	**8,366**	11,445
Services	**185,524**	303,242
Consumer credit	**116,379**	208,357
Mortgage credit	**53,462**	382,617
Other domestic activities	**79**	198
Other international activities	**876**	2,543
	464,776	1,124,760

The restructured loans are subject to an impairment analysis resulting from the revaluation of expectation to meet new cash flows inherent to the new contract terms, discounted at the original effective interest rate and considering new collaterals.

Regarding the restructured loans, the impairment amounts to Euros 278,701,000 (31 December 2012: Euros 298,323,000).

Additionally, the portfolio includes loans that, based on the customer's financial difficulties, are subject to a change in the original terms of the contract, in the amount of Euros 4,572,260,000 (31 December 2012: Euros 3,126,174,000) with an impairment of Euros 410,848,000 (31 December 2012: Euros 403,153,000).

The analysis of overdue loans, by sector of activity, is as follows:

(Thousands of Euros)

	2013	2012
Agriculture	**22,633**	29,951
Mining	**9,539**	10,744
Food, beverage and tobacco	**31,196**	48,165
Textiles	**47,020**	48,427
Wood and cork	**43,702**	43,676
Paper, printing and publishing	**25,527**	19,051
Chemicals	**69,425**	20,257
Machinery, equipment and basic metallurgical	**76,940**	100,112
Electricity, water and gas	**12,943**	2,634
Construction	**1,235,057**	1,258,792
Retail business	**213,555**	150,756
Wholesale business	**240,213**	332,611
Restaurants and hotels	**229,188**	168,971
Transports and communications	**84,514**	90,961
Services	**1,096,002**	876,583
Consumer credit	**643,137**	824,155
Mortgage credit	**246,406**	290,763
Other domestic activities	**6,792**	30,473
Other international activities	**71,950**	14,562
	4,405,739	**4,361,644**

The analysis of overdue loans, by type of credit, is as follows:

(Thousands of Euros)

	2013	2012
Public sector	**1**	3
Asset-backed loans	**2,195,048**	2,243,210
Personal guaranteed loans	**766,502**	719,705
Unsecured loans	**968,225**	1,310,432
Foreign loans	**131,217**	5,865
Factoring	**34,012**	1,573
Finance leases	**310,734**	80,856
	4,405,739	**4,361,644**

The changes occurred in impairment for credit risk are analysed as follows:

(Thousands of Euros)

	2013	2012
BALANCE ON 1 JANUARY	**4,242,725**	3,487,542
Transfers resulting from changes in the Group's structure	**(889,669)**	714,657
Other transfers	**(4,356)**	2,496
Impairment for the year	**1,868,213**	1,788,315
Write-back for the year	**(1,030,913)**	(795,145)
Loans charged-off	**(753,094)**	(968,353)
Exchange rate differences	**(12,847)**	13,213
BALANCE ON 31 DECEMBER	**3,420,059**	4,242,725

If the impairment loss decreases in a subsequent period to its initial accounting and this decrease can be objectively associated to an event that occurred after the recognition of the loss, the impairment in excess is reversed through profit and loss.

The analysis of impairment, by sector of activity, is as follows:

(Thousands of Euros)

	2013	2012
Agriculture	**33,194**	57,199
Mining	**8,517**	10,958
Food, beverage and tobacco	**21,787**	40,164
Textiles	**22,470**	25,423
Wood and cork	**28,363**	35,658
Paper, printing and publishing	**38,544**	39,784
Chemicals	**37,349**	34,883
Machinery, equipment and basic metallurgical	**54,644**	86,963
Electricity, water and gas	**6,635**	34,542
Construction	**722,895**	751,142
Retail business	**121,375**	118,597
Wholesale business	**161,330**	262,646
Restaurants and hotels	**117,792**	125,659
Transports and communications	**99,748**	271,998
Services	**1,080,805**	1,225,651
Consumer credit	**442,295**	639,968
Mortgage credit	**274,156**	295,724
Other domestic activities	**20,252**	16,753
Other international activities	**127,908**	169,013
	3,420,059	4,242,725

The impairment for credit risk, by type of credit, is analysed as follows:

(Thousands of Euros)

	2013	2012
Public sector	**2,207**	2,450
Asset-backed loans	**1,717,255**	2,229,482
Personal guaranteed loans	**501,050**	493,582
Unsecured loans	**840,920**	1,388,198
Foreign loans	**144,869**	81,354
Factoring	**32,455**	3,884
Finance leases	**181,303**	43,775
	3,420,059	4,242,725

'The analysis of loans charged-off, by sector of activity, is as follows:

(Thousands of Euros)

	2013	2012
Agriculture	**764**	35,557
Mining	**1,233**	2,991
Food, beverage and tobacco	**4,185**	51,107
Textiles	**9,724**	16,582
Wood and cork	**15,544**	3,676
Paper, printing and publishing	**3,038**	1,134
Chemicals	**19,978**	1,686
Machinery, equipment and basic metallurgical	**42,503**	59,720
Electricity, water and gas	**176**	1,251
Construction	**105,263**	124,175
Retail business	**9,668**	19,055
Wholesale business	**49,987**	79,044
Restaurants and hotels	**8,308**	27,993
Transports and communications	**10,920**	7,231
Services	**301,132**	195,934
Consumer credit	**79,834**	156,603
Mortgage credit	**3,919**	2,128
Other domestic activities	**1,363**	5,611
Other international activities	**85,555**	176,875
	753,094	968,353

In compliance with the accounting policy described in note 1 c), loans and advances to customers are charged-off when there are no feasible expectations, from an economic perspective, of recovering the loan amount. For collateralised loans, the charge-off occurs for the unrecoverable amount when the funds arising from the execution of the respective collaterals are effectively received.This charge-off is carried out only for loans that are considered not to be recoverable and fully provided.

The analysis of loans charged-off, by type of credit, is as follows:

(Thousands of Euros)

	2013	2012
Public sector	**-**	2
Asset-backed loans	**124,526**	100,314
Personal guaranteed loans	**47,083**	206,387
Unsecured loans	**396,093**	656,156
Foreign loans	**173,484**	-
Factoring	**759**	-
Finance leases	**11,149**	5,494
	753,094	968,353

The analysis of recovered loans and interest, during 2013 and 2012, by sector of activity, is as follows:

(Thousands of Euros)

	2013	2012
Agriculture	**8**	7,770
Mining	**3**	126
Food, beverage and tobacco	**111**	174
Textiles	**177**	1,285
Wood and cork	**201**	317
Paper, printing and publishing	**393**	143
Chemicals	**121**	58
Machinery, equipment and basic metallurgical	**104**	418
Electricity, water and gas	**2**	10
Construction	**3,457**	2,229
Retail business	**238**	688
Wholesale business	**1,553**	4,456
Restaurants and hotels	**264**	28
Transports and communications	**990**	259
Services	**1,169**	740
Consumer credit	**6,527**	4,358
Mortgage credit	**862**	18
Other domestic activities	**299**	178
Other international activities	**14**	273
	16,493	23,528

The analysis of recovered loans and interest, during 2013 and 2012, by type of credit, is as follows:

(Thousands of Euros)

	2013	2012
Asset-backed loans	**78**	294
Personal guaranteed loans	**791**	1,375
Unsecured loans	**15,269**	21,823
Foreign loans	**179**	-
Factoring	**2**	-
Finance leases	**174**	36
	16,493	23,528

24. Financial assets held for trading and available for sale

The balance Financial assets held for trading and available for sale is analysed as follows:

(Thousands of Euros)

	2013	2012
BONDS AND OTHER FIXED INCOME SECURITIES		
Issued by public entities	6,236,367	6,013,872
Issued by other entities	2,339,516	2,590,110
	8,575,883	8,603,982
Overdue securities	4,927	4,929
Impairment for overdue securities	(4,925)	(4,925)
	8,575,885	8,603,986
Shares and other variable income securities	1,203,203	962,186
	9,779,088	9,566,172
Trading derivatives	838,111	1,348,165
	10,617,199	10,914,337

The balance Trading derivatives includes the valuation of the embedded derivatives separated from the host contracts in accordance with the accounting policy 1 d) in the amount of Euros 944,000 (31 December 2012: Euros 3,068,000).

The portfolio of financial instruments held for trading and available for sale securities, net of impairment, is analysed as follows:

(Thousands of Euros)

	2013			2012		
	Securities			Securities		
	Trading	Available for sale	Total	Trading	Available for sale	Total
FIXED INCOME:						
Bonds issued by public entities						
Portuguese issuers	180,611	1,683,197	1,863,808	162,878	1,468,522	1,631,400
Foreign issuers	177,530	1,521,656	1,699,186	48,188	966,782	1,014,970
Bonds issued by other entities						
Portuguese issuers	58	395,311	395,369	12,621	465,585	478,206
Foreign issuers	81,292	1,217,431	1,298,723	84,541	580,030	664,571
Treasury bills and other Government bonds	-	2,673,373	2,673,373	24,259	3,343,243	3,367,502
Commercial paper	-	650,351	650,351	-	1,452,262	1,452,262
	439,491	8,141,319	8,580,810	332,487	8,276,424	8,608,911
Impairment for overdue securities	-	(4,925)	(4,925)	-	(4,925)	(4,925)
	439,491	8,136,394	8,575,885	332,487	8,271,499	8,603,986
VARIABLE INCOME						
Shares in Portuguese companies	9,275	61,257	70,532	335	69,138	69,473
Shares in foreign companies	64	22,241	22,305	7,302	23,905	31,207
Investment fund units	1,371	1,107,228	1,108,599	1,613	858,869	860,482
Other securities	1,767	-	1,767	1,024	-	1,024
	12,477	1,190,726	1,203,203	10,274	951,912	962,186
Trading derivates	838,111	-	838,111	1,348,165	-	1,348,165
	1,290,079	9,327,120	10,617,199	1,690,926	9,223,411	10,914,337
Level 1	542,475	5,712,999	6,255,474	484,133	4,653,222	5,137,355
Level 2	700,184	2,411,089	3,111,273	1,190,327	3,611,863	4,802,190
Level 3	37,009	1,142,350	1,179,359	14,806	889,120	903,926
Financial assets at cost	10,411	60,682	71,093	1,660	69,206	70,866

The trading and available for sale portfolios, are recorded at fair value in accordance with the accounting policy described in note 1 d).

As referred in the accounting policy presented in note 1 d), the available for sale securities are presented at market value with the respective fair value accounted against fair value reserves, as referred in note 43. As at 31 December 2013, the amount of fair value reserves of Euros 79,599,000 (31 December 2012: Euros 68,877,000) is presented net of impairment losses in the amount of Euros 146,610,000 (31 December 2012: Euros 130,945,000).

As referred in the accounting policy note 1 f) the Group performed reclassifications of Financial instruments, during the first semester of 2010.

As mentioned in note 58, the balance Variable income – investment fund units includes, the amount of Euros 1,040,178,000 (31 December 2012: Euros 813,858,000) related to participation units of the funds specialized in recovery loans, acquired under the sale of loans and advances to customers (net of impairment). The amount of Euros 34,610,000 (31 December 2012: Euros 32,161,000) refers to junior securities (participation units with a more subordinated nature), which are fully provided.

No reclassifications of financial assets were made in 2013.

The portfolio of financial instruments held for trading and available for sale securities, net of impairment, as at 31 December 2013, by valuation levels, is analysed as follows:

(Thousands of Euros)

	2013				
	Level 1	Level 2	Level 3	Financial instruments at cost	Total
FIXED INCOME					
Bonds issued by public entities					
Portuguese issuers	1,863,808	-	-	-	1,863,808
Foreign issuers	1,418,635	280,551	-	-	1,699,186
Bonds issued by other entities					
Portuguese issuers	277,951	112,393	-	5,025	395,369
Foreign issuers	369,768	928,955	-	-	1,298,723
Treasury bills and other Government bonds	2,216,276	431,611	25,486	-	2,673,373
Commercial paper	-	650,351	-	-	650,351
	6,146,438	**2,403,861**	**25,486**	**5,025**	**8,580,810**
Impairment for overdue securities	-	-	-	(4,925)	(4,925)
	6,146,438	**2,403,861**	**25,486**	**100**	**8,575,885**
VARIABLE INCOME					
Shares in Portuguese companies	6,023	6,912	10,773	46,824	70,532
Shares in foreign companies	64	316	-	21,925	22,305
Investment fund units	257	-	1,106,098	2,244	1,108,599
Other securities	1,767	-	-	-	1,767
	8,111	**7,228**	**1,116,871**	**70,993**	**1,203,203**
Trading derivatives	100,925	700,184	37,002	-	838,111
	6,255,474	**3,111,273**	**1,179,359**	**71,093**	**10,617,199**

The portfolio of financial instruments held for trading and available for sale securities, net of impairment, as at 31 December 2012, by valuation levels, is analysed as follows:

(Thousands of Euros)

	2012				
	Level 1	Level 2	Level 3	Financial instruments at cost	Total
FIXED INCOME					
Bonds issued by public entities					
Portuguese issuers	1,631,400	-	-	-	1,631,400
Foreign issuers	830,991	183,979	-	-	1,014,970
Bonds issued by other entities					
Portuguese issuers	186,994	286,187	-	5,025	478,206
Foreign issuers	315,297	348,656	-	618	664,571
Treasury bills and other Government bonds	2,004,396	1,335,227	27,879	-	3,367,502
Commercial paper	-	1,452,262	-	-	1,452,262
	4,969,078	3,606,311	27,879	5,643	8,608,911
Impairment for overdue securities	-	-	-	(4,925)	(4,925)
	4,969,078	3,606,311	27,879	718	8,603,986
VARIABLE INCOME					
Shares in Portuguese companies	12,768	6,453	10,775	39,477	69,473
Shares in foreign companies	7,302	317	-	23,588	31,207
Investment fund units	2,922	-	850,477	7,083	860,482
Other securities	1,024	-	-	-	1,024
	24,016	6,770	861,252	70,148	962,186
Trading derivatives	144,261	1,189,109	14,795	-	1,348,165
	5,137,355	4,802,190	903,926	70,866	10,914,337

As referred in IFRS 13, financial instruments are measured according to the levels of valuation described in note 49.

The assets included in level 3, in the amount of Euros 1,106,091,000 corresponds to units of closed-ended investment funds valued in accordance with 'Net assets attributable to unit holders' (NAV) quote determined by the management company and in accordance with the audited accounts for the respective funds. These funds have a diverse set of assets and liabilities valued in their respective accounts at fair value through internal methodologies used by the management company. Is not practicable to present a sensitivity analysis of the different components of the underlying assumptions used by entities in the presentation of NAV, nevertheless it should be noted that a variation of +/- 10 % of the NAV has an impact of Euros 110,609,000 in Equity (Fair value reserves).

No reclassifications of financial assets were made in 2013.

The reclassifications performed until 31 December 2013, are analysed as follows:

(Thousands of Euros)

	At the reclassification date		2013		
	Book value	Fair value	**Book value**	**Fair value**	**Difference**
FROM FINANCIAL ASSETS HELD FOR TRADING TO:					
Financial assets available for sale	196,800	196,800	**13,772**	**13,772**	**-**
Financial assets held to maturity	2,144,892	2,144,892	**982,456**	**947,881**	**(34,575)**
FROM FINANCIAL ASSETS AVAILABLE FOR SALE TO:					
Loans represented by securities	2,713,524	2,713,524	**228,183**	**217,813**	**(10,370)**
Financial assets held to maturity	627,492	627,492	**514,668**	**565,245**	**50,577**
			1,739,079	**1,744,711**	**5,632**

The amounts accounted in the income statement and in fair value reserves, as at 31 December 2013 related to reclassified financial assets are analysed as follows:

(Thousands of Euros)

	Income statement	Changes	
	Interests	Fair value reserves	Equity
FROM FINANCIAL ASSETS HELD FOR TRADING TO:			
Financial assets available for sale	824	-	824
Financial assets held to maturity	35,035	-	35,035
FROM FINANCIAL ASSETS AVAILABLE FOR SALE TO:			
Loans represented by securities	6,713	4	6,717
Financial assets held to maturity	12,330	(360)	11,970
	54,902	**(356)**	**54,546**

If the reclassifications described previously had not occurred, the additional amounts recognised in equity as at 31 December 2013, would be as follows:

(Thousands of Euros)

	Income statement	Retained earnings			
	Fair value changes	Disposal of Millennium Bank (Greece)	Others	Fair value reserves	Equity
FROM FINANCIAL ASSETS HELD FOR TRADING TO:					
Financial assets available for sale	1,483	-	-	(1,483)	-
Financial assets held to maturity	47,344	284	(82,203)	-	(34,575)
FROM FINANCIAL ASSETS AVAILABLE FOR SALE TO:					-
Loans represented by securities	-	-	-	(10,370)	(10,370)
Financial assets held to maturity	-	-	-	50,577	50,577
	48,827	**284**	**(82,203)**	**38,724**	**5,632**

As at 31 December 2012, this reclassification is analysed as follows:

(Thousands of Euros)

	At the reclassification date		2012		
	Book value	Fair value	Book value	Fair value	Difference
FROM FINANCIAL ASSETS HELD FOR TRADING TO:					
Financial assets available for sale	196,800	196,800	12,259	12,259	-
Financial assets held to maturity	2,154,973	2,154,973	1,204,825	1,122,622	(82,203)
FROM FINANCIAL ASSETS AVAILABLE FOR SALE TO:					
Loans represented by securities	2,713,524	2,713,524	239,335	208,920	(30,415)
Financial assets held to maturity	627,492	627,492	547,811	559,966	12,155
			2,004,230	**1,903,767**	**(100,463)**

The amounts accounted in the income statement and in fair value reserves, as at 31 December 2012, related to reclassified financial assets are analysed as follows:

(Thousands of Euros)

	Income statement			Changes	
	Interest	Impairment	Total	Fair value reserves	Equity
FROM FINANCIAL ASSETS HELD FOR TRADING TO:					
Financial assets available for sale	823	-	823	-	823
Financial assets held to maturity	46,457	-	46,457	-	46,457
FROM FINANCIAL ASSETS AVAILABLE FOR SALE TO:					
Loans represented by securities	7,378	854	8,232	247	8,479
Financial assets held to maturity	14,321	(363)	13,958	(360)	13,598
	68,979	**491**	**69,470**	**(113)**	**69,357**

If the reclassifications described previously had not occurred, the additional amounts recognised in equity as at 31 December 2012, would be as follows:

(Thousands of Euros)

	Income statement			
	Fair value changes	Retained earnings	Fair value reserves	Equity
FROM FINANCIAL ASSETS HELD FOR TRADING TO:				
Financial assets available for sale	5,686	-	(5,686)	-
Financial assets held to maturity	190,733	(272,936)	-	(82,203)
FROM FINANCIAL ASSETS AVAILABLE FOR SALE TO:				
Loans represented by securities	-	-	(30,415)	(30,415)
Financial assets held to maturity	-	-	12,155	12,155
	196,419	(272,936)	(23,946)	(100,463)

The changes occurred in impairment for financial assets available for sale are analysed as follows:

(Thousands of Euros)

	2013	2012
BALANCE ON 1 JANUARY	130.945	62.272
Transfers resulting from changes in the Group's structure	(1,727)	-
Other transfers	196	-
Impairment for the year	102,193	75,467
Impairment against fair value reserves	-	1,457
Write-back for the year	-	(887)
Write-back against fair value reserves	(1,177)	(1,159)
Loans charged-off	(83,709)	(6,624)
Exchange rate differences	(111)	419
BALANCE ON 31 DECEMBER	146,610	130,945

The Group recognises impairment for financial assets available for sale when there is a significant or prolonged decrease in its fair value or when there is an impact on expected future cash flows of the assets. This assessment involves judgement in which the Group takes into consideration, among other factors, the volatility of the securities prices.

Thus, as a consequence of the low liquidity and significant volatility in financial markets, the following factors were taken into consideration in determining the existence of impairment:

– Equity instruments: (i) decreases of more than 30% against the purchase price; or (ii) the market value below the purchase price for a period exceeding 12 months;
– Debt instruments: when there is objective evidence of events with impact on recoverable value of future cash flows of these assets.

The analysis of financial assets held for trading and available for sale, by maturity, as at 31 December 2013, is as follows:

(Thousands of Euros)

	2013					
	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Undetermined	Total
FIXED INCOME						
Bonds issued by public entities						
Portuguese issuers	-	11,041	1,512,961	339,806	-	1,863,808
Foreign issuers	3,175	113,463	1,515,987	66,561	-	1,699,186
Bonds issued by other entities						
Portuguese issuers	42,372	52	125,865	222,155	4,925	395,369
Foreign issuers	724,200	305,087	92,038	177,396	2	1,298,723
Treasury bills and other Government bonds	772,696	1,878,196	14,500	7,981	-	2,673,373
Commercial paper	650,351	-	-	-	-	650,351
	2,192,794	2,307,839	3,261,351	813,899	4,927	8,580,810
Impairment for overdue securities	-	-	-	-	(4,925)	(4,925)
	2,192,794	2,307,839	3,261,351	813,899	2	8,575,885
VARIABLE INCOME						
Companies' shares						
Portuguese companies					70,532	70,532
Foreign companies					22,305	22,305
Investment fund units					1,108,599	1,108,599
Other securities					1,767	1,767
					1,203,203	1,203,203
	2,192,794	2,307,839	3,261,351	813,899	1,203,205	9,779,088

The analysis of financial assets held for trading and available for sale, by maturity, as at 31 December 2012, is as follows:

(Thousands of Euros)

	2012					
	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Undetermined	Total
FIXED INCOME						
Bonds issued by public entities						
Portuguese issuers	-	828	1,153,182	477,390	-	1,631,400
Foreign issuers	1,781	19,593	745,686	247,910	-	1,014,970
Bonds issued by other entities						
Portuguese issuers	150,567	82,382	170,245	70,087	4,925	478,206
Foreign issuers	-	433,391	122,809	108,367	4	664,571
Treasury bills and other Government bonds	1,926,541	1,250,249	180,067	10,645	-	3,367,502
Commercial paper	1,452,262	-	-	-	-	1,452,262
	3,531,151	1,786,443	2,371,989	914,399	4,929	8,608,911
Impairment for overdue securities	-	-	-	-	(4,925)	(4,925)
	3,531,151	1,786,443	2,371,989	914,399	4	8,603,986
VARIABLE INCOME						
Companies' shares						
Portuguese companies					69,473	69,473
Foreign companies					31,207	31,207
Investment fund units					860,482	860,482
Other securities					1,024	1,024
					962,186	962,186
	3,531,151	1,786,443	2,371,989	914,399	962,190	9,566,172

The analysis of financial assets held for trading and available for sale by sector of activity as at 31 December 2013 is as follows:

(Thousands of Euros)

	Bonds	Shares	Other Financial Assets	Overdue Securities	Total
Food, beverage and tobacco	-	-	-	2	2
Textiles	-	5,000	-	-	5,000
Wood and cork	-	501	-	361	862
Paper, printing and publishing	12,822	36	-	998	13,856
Chemicals	-	5	-	-	5
Machinery, equipment and basic metallurgical	-	7	-	-	7
Electricity, water and gas	-	6	-	-	6
Construction	-	1,656	-	2,560	4,216
Wholesale business	-	1,356	-	475	1,831
Restaurants and hotels	-	94	-	-	94
Transport and communications	169,466	11,216	-	529	181,211
Services	2,156,853	72,953	1,108,599	2	3,338,407
Other domestic activities	375	-	-	-	375
Other international activities	-	7	1,767	-	1,774
	2,339,516	**92,837**	**1,110,366**	**4,927**	**3,547,646**
Government and Public securities	3,562,994	-	2,673,373	-	6,236,367
Impairment for overdue securities	-	-	-	(4,925)	(4,925)
	5,902,510	**92,837**	**3,783,739**	**2**	**9,779,088**

The analysis of financial assets held for trading and available for sale by sector of activity as at 31 December 2012 is as follows:

(Thousands of Euros)

	Bonds	Shares	Other Financial Assets	Overdue Securities	Total
Food, beverage and tobacco	-	-	-	4	4
Wood and cork	-	501	-	361	862
Paper, printing and publishing	-	33	-	998	1,031
Chemicals	-	2	-	-	2
Machinery, equipment and basic metallurgical	-	6	-	-	6
Electricity, water and gas	150,567	-	-	-	150,567
Construction	-	1,804	-	2,560	4,364
Wholesale business	-	898	-	475	1,373
Restaurants and hotels	-	74	-	-	74
Transport and communications	42,746	7,020	-	529	50,295
Services	2,396,011	90,262	856,354	2	3,342,629
Other domestic activities	786	16	5,152	-	5,954
Other international activities	-	64	-	-	64
	2,590,110	**100,680**	**861,506**	**4,929**	**3,557,225**
Government and Public securities	2,646,370	-	3,367,502	-	6,013,872
Impairment for overdue securities	-	-	-	(4,925)	(4,925)
	5,236,480	**100,680**	**4,229,008**	**4**	**9,566,172**

As detailed in note 53, the Group, as part of the management process of the liquidity risk, holds a pool of eligible assets that can serve as collateral in funding operations in the European Central Bank and other Central Banks in countries were the Group operates, which includes fixed income securities.

The analysis of trading derivaties, by maturity, as at 31 December 2013, is as follows:

(Thousands of Euros)

	2013					
	Notional (remaining term)				Fair value	
	Up to 3 months	3 months to 1 year	Over 1 year	Total	Assets	Liabilities
INTEREST RATE DERIVATIVES						
OTC Market:						
Forward rate agreement	120,357	-	-	120,357	-	68
Interest rate Swaps	1,560,767	2,966,770	15,557,910	20,085,447	626,532	683,534
Interest rate options (purchase)	116,041	15,348	359,597	490,986	3,162	-
Interest rate options (sale)	116,041	15,348	357,686	489,075	-	4,765
Other interest rate contracts	30,500	61,475	152,063	244,038	21,413	21,387
	1,943,706	**3,058,941**	**16,427,256**	**21,429,903**	**651,107**	**709,754**
STOCK EXCHANGE TRANSACTIONS						
Interest rate futures	6,585	-	-	6,585	-	-
CURRENCY DERIVATIVES						
OTC Market:						
Forward exchange contract	316,447	88,484	18,338	423,269	4,606	4,600
Currency Swaps	1,866,714	122,566	24,060	2,013,340	8,718	24,307
Currency options (purchase)	8,474	17,753	-	26,227	501	-
Currency options (sale)	8,474	18,031	-	26,505	-	535
	2,200,109	**246,834**	**42,398**	**2,489,341**	**13,825**	**29,442**
SHARE/DEBT INSTRUMENTS DERIVATIVES						
OTC Market:						
Shares/indexes Swaps	156,290	593,253	48,425	797,968	12,336	4,820
Shares/indexes options (purchase)	111	-	2,067	2,178	-	-
Shares/indexes options (sale)	9,883	-	-	9,883	-	-
Debt instruments forwards	30,000	-	-	30,000	-	-
	196,284	**593,253**	**50,492**	**840,029**	**12,336**	**4,820**
Stock Exchange transactions:						
Shares futures	238,553	-	-	238,553	-	-
Shares/indexes options (purchase)	61,575	155,957	336,857	554,389	100,925	-
Shares/indexes options (sale)	5,024	16,278	9,005	30,307	-	100,881
	305,152	**172,235**	**345,862**	**823,249**	**100,925**	**100,881**
COMMODITY DERIVATIVES						
Stock Exchange transactions:						
Commodities futures	22,714	-	-	22,714	-	-
CREDIT DERIVATIVES						
OTC Market:						
Credit Default Swaps	21,950	563,100	2,731,474	3,316,524	58,974	23,849
Other credit derivatives (sale)	-	-	24,665	24,665	-	-
	21,950	**563,100**	**2,756,139**	**3,341,189**	**58,974**	**23,849**
TOTAL FINANCIAL INSTRUMENTS TRADE IN:						
OTC Market	4,362,049	4,462,128	19,276,285	28,100,462	736,242	767,865
Stock Exchange	334,451	172,235	345,862	852,548	100,925	100,881
Embedded derivatives					944	784
	4,696,500	**4,634,363**	**19,622,147**	**28,953,010**	**838,111**	**869,530**

The analysis of trading derivatives, by maturity, as at 31 December 2012, is as follows:

(Thousands of Euros)

	2012					
	Notional (remaining term)				Fair value	
	Up to 3 months	3 months to 1 year	Over 1 year	Total	Assets	Liabilities
INTEREST RATE DERIVATIVES						
OTC Market:						
Forward rate agreement	410,267	866,120	-	1,276,387	1,007	1,432
Interest rate Swaps	3,216,616	6,948,550	19,649,605	29,814,771	1,031,517	1,021,453
Interest rate options (purchase)	13,534	50,960	706,135	770,629	8,780	-
Interest rate options (sale)	13,534	50,960	341,079	405,573	-	10,615
Other interest rate contracts	52,400	108,894	289,276	450,570	21,682	21,718
	3,706,351	8,025,484	20,986,095	32,717,930	1,062,986	1,055,218
STOCK EXCHANGE TRANSACTIONS						
Interest rate futures	-	18,948	-	18,948	-	-
CURRENCY DERIVATIVES						
OTC Market:						
Forward exchange contract	242,233	82,272	25,096	349,601	8,639	4,821
Currency Swaps	3,012,870	310,080	17,489	3,340,439	16,345	27,179
Currency options (purchase)	15,201	5,048	-	20,249	258	-
Currency options (sale)	14,550	5,048	-	19,598	-	262
	3,284,854	402,448	42,585	3,729,887	25,242	32,262
SHARE/DEBT INSTRUMENTS DERIVATIVES						
OTC Market:						
Shares/indexes Swaps	62,987	40,371	137,114	240,472	17,510	3,828
Shares/indexes options (purchase)	16,517	-	2,067	18,584	-	-
Shares/indexes options (sale)	35,183	25,700	78,000	138,883	-	-
Debt instruments forwards	-	-	30,000	30,000	1,219	-
Other shares/indexes contracts	7,489	-	-	7,489	-	-
	122,176	66,071	247,181	435,428	18,729	3,828
Stock Exchange transactions:						
Shares futures	85,056	-	-	85,056	-	-
Shares/indexes options (purchase)	69,208	302,252	72,192	443,652	144,261	-
Shares/indexes options (sale)	4,755	18,825	10,654	34,234	-	144,572
	159,019	321,077	82,846	562,942	144,261	144,572
COMMODITY DERIVATIVES						
Stock Exchange transactions:						
Commodities futures	28,765	-	-	28,765	-	-
CREDIT DERIVATIVES						
OTC Market:						
Credit Default Swaps	-	710,000	3,099,300	3,809,300	93,879	95,268
Other credit derivatives (sale)	-	-	29,572	29,572	-	-
	-	710,000	3,128,872	3,838,872	93,879	95,268
TOTAL FINANCIAL INSTRUMENTS TRADED IN						
OTC Market	7,113,381	9,204,003	24,404,733	40,722,117	1,200,836	1,186,576
Stock Exchange	187,784	340,025	82,846	610,655	144,261	144,572
Embedded derivatives					3,068	693
	7,301,165	9,544,028	24,487,579	41,332,772	1,348,165	1,331,841

25. Hedging derivatives

This balance is analysed as follows:

(Thousands of Euros)

	2013		2012	
	Assets	**Liabilities**	Assets	Liabilities
HEDGING INSTRUMENTS				
Swaps	**104,503**	**243,373**	186,032	301,315
	104,503	**243,373**	186,032	301,315

Hedging derivatives are measured in accordance with internal valuation techniques considering mainly observable market inputs. In accordance with the hierarchy of the valuation sources, as referred in IFRS 13 these derivatives are classified in level 2. The Group applies derivatives to hedge interest and exchange rate exposure risks. The accounting method depends on the nature of the hedged risk, namely if the Group is exposed to fair value changes, variability in cash flows or highly probable forecast transactions.

The Group adopts, for the hedging relationships which comply with the hedging requirements of IAS 39, the hedge accounting method mainly interest rate and exchange rate derivatives. The fair value hedge model is adopted for debt securities, loans granted with fixed rate loans and deposits and money market loans. The cash flows hedge model is adopted for future transactions in foreign currency to cover dynamic changes in cash flows from loans granted and variable rate deposits in foreign currency and foreign currency mortgage loans.

The relationships that follow the fair value hedge model recorded ineffectiveness for the year of a negative amount of Euros 8,200,000 (31 December 2012: negative amount of Euros 29,457,000) and the hedging relationships that follow the cash flows model recorded ineffectiveness for the year of a negative amount of Euros 2,286,000 (31 December 2012: negative amount of Euros 14,623,000).

The accumulated adjustment on financial risks covered performed on the assets and liabilities which includes hedged items is analysed as follows:

(Thousands of Euros)

	2013	2012
HEDGED ITEM		
Loans not represented by securities	**2,722**	6,136
Loans represented by securities	**765**	646
Deposits	**(21,444)**	(23,333)
Loans	**2,249**	4,405
Debt issued	**(143,870)**	(235,125)
Financial assets held to maturity	**1,045**	3,623
	(158,533)	(243,648)

The analysis of hedging derivatives portfolio, by maturity, as at 31 December 2013, is as follows:

(Thousands of Euros)

	2013					
	Notional (remaining term)				Fair value	
	Up to 3 months	3 months to 1 year	Over 1 year	Total	Assets	Liabilities
FAIR VALUE HEDGING DERIVATIVES RELATED TO INTEREST RATE RISK CHANGES						
OTC Market:						
Interest rate swaps	132,568	602,069	4,252,090	4,986,727	53,617	67,909
CASH FLOW HEDGING DERIVATIVES RELATED TO INTEREST RATE RISK CHANGES						
OTC Market:						
Interest rate swaps	730,942	1,706,355	2,799,960	5,237,257	50,324	171,881
CASH FLOW HEDGING DERIVATIVES RELATED TO CURRENCY RISK CHANGES						
OTC Market:						
Forward exchange contract	4,900	22,196	13,464	40,560	562	3,583
TOTAL FINANCIAL INSTRUMENTS TRADED BY:						
OTC Market	868,410	2,330,620	7,065,514	10,264,544	104,503	243,373

The analysis of hedging derivatives portfolio, by maturity, as at 31 December 2012, is as follows:

(Thousands of Euros)

	2012					
	Notional (remaining term)				Fair value	
	Up to 3 months	3 months to 1 year	Over 1 year	Total	Assets	Liabilities
FAIR VALUE HEDGING DERIVATIVES RELATED TO INTEREST RATE RISK CHANGES						
OTC Market:						
Interest rate swaps	627,068	517,765	4,731,938	5,876,771	117,841	75,042
HEDGING DERIVATIVES RELATED TO CREDIT RISK CHANGES						
Embedded derivatives					-	5,414
CASH FLOW HEDGING DERIVATIVES RELATED TO INTEREST RATE RISK CHANGES						
OTC Market:						
Interest rate swaps	858,026	792,944	3,401,440	5,052,410	67,255	212,877
CASH FLOW HEDGING DERIVATIVES RELATED TO CURRENCY RISK CHANGES						
OTC Market:						
Forward exchange contract	7,373	22,271	41,244	70,888	936	7,982
TOTAL FINANCIAL INSTRUMENTS TRADED BY:						
OTC Market	1,492,467	1,332,980	8,174,622	11,000,069	186,032	295,901
Embedded derivatives					-	5,414
	1,492,467	**1,332,980**	**8,174,622**	**11,000,069**	**186,032**	**301,315**

26. Financial assets held to maturity

The balance Financial assets held to maturity is analysed as follows:

(Thousands of Euros)

	2013	2012
BONDS AND OTHER FIXED INCOME SECURITIES		
Issued by Government and public entities	**2,095,199**	2,093,921
Issued by other entities	**1,015,131**	1,475,045
	3,110,330	**3,568,966**

The balance Bonds and other fixed income securities – Issued by Government and public entities includes, as at 31 December 2013, the amount of Euros 1,837,108,000 (31 December 2012: Euros 1,828,175,000) related to European Union countries, in bailout situation, detailed in note 57.

The balance Financial assets held to maturity also includes, as at 31 December 2013, the amount of Euros 982,456,000 (31 December 2012: Euros 1,204,825,000) related to non derivatives financial assets (bonds) reclassified from financial assets held for trading caption to financial assets held to maturity caption, as referred in the accounting policy note 1 f) and note 24.

The balance Financial assets held to maturity also includes, as at 31 December 2013, the amount of Euros 514,668,000 (31 December 2012: Euros 547,811,000) related to non derivatives financial assets (bonds) reclassified from financial assets available for sale caption to financial assets held to maturity caption, as referred in the accounting policy note 1 f) and note 24.

As at 31 December 2013, the Financial assets held to maturity portfolio is analysed as follows:

(Thousands of Euros)

Description	Country	Maturity date	Interest rate	Nominal value	Book value	Fair value
ISSUED BY GOVERNMENT AND PUBLIC ENTITIES						
OT 3.5 Pct 10/25.03.2015	Portugal	March, 2015	3.500%	72,511	73,095	73,028
OT 4.20% 06/15.10.2016	Portugal	October, 2016	4.200%	135,000	135,111	137,343
OT 4.45 Pct 08/15.06.2018	Portugal	June, 2018	4.450%	1,436,762	1,415,515	1,446,192
OT 4.75 Pct 09/14.06.2019	Portugal	June, 2019	4.750%	10,000	10,012	9,935
OT 4.8 Pct 10/15.06.2020	Portugal	June, 2020	4.800%	150,000	150,229	146,445
OT 4.95 Pct 08/25.10.2023	Portugal	October, 2023	4.950%	50,000	53,146	46,151
Btps 4.5 Pct 08/01.08.2018 Eur	Italy	August, 2018	4.500%	50,000	50,337	55,172
Irish Govt 4 Pct 09/15.01.2014	Ireland	January, 2014	4.000%	200,000	207,754	207,801
					2,095,199	2,122,067
ISSUED BY OTHER ENTITIES						
Banco Esp Santo 09/05.06.2014	Portugal	June, 2014	5.625%	119,250	124,854	124,630
Caixa Geral 3.625 Pct 09/21.07.2014	Portugal	July, 2014	3.625%	35,000	35,654	35,869
Cp Comboios Pt 09/16.10.2019	Portugal	October, 2019	4.170%	75,000	73,430	67,257
Edia S.A. 07/30.01.2027	Portugal	January, 2027	0.348%	40,000	38,834	24,254
Mbs Tagus Edp Energyon 2 Class A	Portugal	May, 2025	1.807%	86,410	89,127	99,348
Mbs Tagus Edp Energyon Class A1	Portugal	May, 2025	2.157%	348,543	353,276	399,804
Stcp 00/05.06.2022- 100Mios Call Semest. A Partir 10Cpn-Min.10Mios	Portugal	June, 2022	0.339%	100,000	98,026	68,456
Ayt Cedulas 07/21.03.2017	Spain	March, 2017	4.000%	50,000	50,972	53,647
Mbs Magellan M Series 1 Class A	Ireland	December, 2036	0.817%	106,779	106,818	101,200
Mbs Magellan M Series 1 Class B	Ireland	December, 2036	1.437%	26,300	26,317	15,797
Mbs Magellan M Series 1 Class C	Ireland	December, 2036	2.877%	17,800	17,823	7,347
					1,015,131	997,609
					3,110,330	3,119,676

The changes occurred in impairment for financial assets held to maturity, are analysed as follows:

(Thousands of Euros)

	2013	2012
BALANCE ON 1 JANUARY	-	532.665
Impairment for the year	-	119
Securities charged-off	-	(532.784)
BALANCE ON 31 DECEMBER	-	-

As at 1 January 2012, the balance Impairment for financial assets held to maturity corresponded to the impairment recognised on Greek sovereign debt. This impairment was estimated in 2011, considering the evolution of the European Union sovereign debt crisis and specifically the economic and political environment in Greece, which contributed to the continuous deterioration of economic and financial situation of Greece and the incapacity to obtain funds from the international markets, which implied that the short term solvency of the country is dependent on the continuous support by EU and IMF.

Impairment was determined considering the terms of the agreement established between the Greek state and the private sector ('PSI'), related to the restructuring of the Greek sovereign debt ('GGBs'). For the purposes of determining impairment, the Group considered the terms and conditions of the PSI and also paragraph AG 84 of IAS 39 that considers reasonable that, for the portfolio of assets held to maturity when, for practical reasons, there are relevant uncertainties regarding the estimate of future cash flows, impairment can be determined based on observable market prices.

Considering the available information regarding the bonds' characteristics, as at 1 January 2012, the fair value corresponded to approximately 23% of the book value of the portfolio. Following of the restructuring of the Greek sovereign debt in the first half of 2012, the impairment was charged off.

After the exchange, the Group sold almost all portfolio of Greek sovereign debt arising from the PSI.

The analysis of Bonds and other fixed income securities portfolio, net of impairment, included in Financial assets held to maturity, by maturity, as at 31 December 2013 is as follows:

(Thousands of Euros)

	2013				
	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Total
FIXED INCOME					
Bonds issued by public entities					
Portuguese issuers	-	-	1,623,721	213,387	1,837,108
Foreign issuers	207,754	-	50,337	-	258,091
Bonds issued by other entities					
Portuguese issuers	-	160,508	-	652,693	813,201
Foreign issuers	-	-	50,972	150,958	201,930
	207,754	160,508	1,725,030	1,017,038	3,110,330

The analysis of Bonds and other fixed income securities portfolio, net of impairment, included in Financial assets held to maturity, by maturity, as at 31 December 2012 is as follows:

(Thousands of Euros)

	2012				
	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Total
FIXED INCOME					
Bonds issued by public entities					
Portuguese issuers	-	-	1,508,715	319,460	1,828,175
Foreign issuers	916	5,266	209,355	50,209	265,746
Bonds issued by other entities					
Portuguese issuers	76,119	217,718	163,827	685,585	1,143,249
Foreign issuers	29,093	25,866	102,410	174,427	331,796
	106,128	248,850	1,984,307	1,229,681	3,568,966

The analysis of Bonds and other fixed income securities portfolio, net of impairment, included in Financial assets held to maturity, by sector of activity, is analysed as follows:

(Thousands of Euros)

	2013	2012
Transport and communications	**171,457**	170,845
Services	**843,674**	1,304,200
	1,015,131	1,475,045
Government and Public securities	**2,095,199**	2,093,921
	3,110,330	3,568,966

As detailed in note 53, as part of the management process of the liquidity risk, the Group holds a pool of eligible assets that can serve as collateral in funding operations with the European Central Bank and other Central Banks in countries were the Group operates, which include fixed income securities.

27. Investments in associated companies

This balance is analysed as follows:

(Thousands of Euros)

	2013	2012
Portuguese credit institutions	**29,273**	25,408
Foreign credit institutions	**27,094**	26,364
Other Portuguese companies	**515,307**	455,444
Other foreign companies	**7,216**	9,764
	578,890	516,980

The balance Investments in associated companies is analysed as follows:

(Thousands of Euros)

	2013	2012
Banque BCP, S.A.S.	**24,710**	21,734
Banque BCP (Luxembourg), S.A.	**2,384**	4,630
Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A.	**497,301**	439,595
SIBS, S.G.P.S, S.A.	**15,457**	14,612
Unicre – Instituição Financeira de Crédito, S.A.	**29,273**	25,408
Other	**9,765**	11,001
	578,890	516,980

These investments correspond to unquoted companies. According to the accounting policy described in note 1 b), these investments are consolidated by the equity method. The investment held in the associated company Millenniumbcp Ageas Grupo Segurador, S.G.P.S. corresponds to 49% of the share capital of the company. The Group's companies included in the consolidation perimeter are presented in note 60.

The main indicators of the principal associated companies are analysed as follows:

(Thousands of Euros)

	Total Assets	Total Liabilities	Total Income	Net income/(loss) for the year
2013				
Banque BCP, S.A.S.	**2,077,639**	**1,953,470**	**128,947**	**14,197**
Banque BCP (Luxembourg), S.A.	**621,718**	**594,714**	**16,900**	**(269)**
Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A.	**11,824,293**	**10,381,088**	**870,639**	**82,896**
SIBS, S.G.P.S, S.A.(*)	**150,443**	**82,200**	**135,596**	**8,423**
Unicre – Instituição Financeira de Crédito, S.A.(*)	**306,230**	**224,658**	**201,492**	**14,484**
VSC – Aluguer de Veículos Sem Condutor, Lda.	**6,701**	**5,156**	**5,475**	**484**
2012				
Banque BCP, S.A.S.	1,976,941	1,867,722	120,323	10,256
Banque BCP (Luxembourg), S.A.	602,162	578,897	19,426	931
Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A.	12,022,761	10,673,081	551,592	93,692
SIBS, S.G.P.S, S.A.	150,443	82,200	144,031	8,423
Unicre – Instituição Financeira de Crédito, S.A.	306,230	224,658	231,070	8,325
VSC – Aluguer de Veículos Sem Condutor, Lda.	27,204	55,144	18,786	(11,145)

(*) estimated values.

28. Non-current assets held for sale

This balance is analysed as follows:

(Thousands of Euros)

	2013	2012
Subsidiaries acquired exclusively with the purpose of short-term sale	**48,872**	49,119
Investments, properties and other assets arising from recovered loans	**1,830,254**	1,554,470
	1,879,126	1,603,589
Impairment	**(372,695)**	(319,463)
	1,506,431	1,284,126

The assets included in this balance are accounted for in accordance with the accounting policy note 1 k).

The balance Investments, properties and other assets arising from recovered loans includes assets resulting from (i) foreclosure, with an option to repurchase or leaseback, which are accounted following the establishment of the contract or the promise of contract and the respective irrevocable power of attorney issued by the client on behalf of the Bank, or (ii) resolution of leasing contracts.

These assets are available for sale in a period less than one year and the Bank has a strategy for its sale. However, taking into account the actual market conditions, it was not possible in all instances to conclude the sales in the expected time.

On 31 December 2013, the balance Investments, properties and other assets arising from recovered loans includes the amount of Euros 347,000,000 related to properties of Closed Real Estate Investment Funds, whose units were received following foreclusure operations of and in accordance with IFRS, were subject to full consolidation method.

As mentioned in note 29, this amount includes, in 2013, a set of Fund's property assets that were previously classified as investment property and has been transferred to Non-current assets held for sale, following the redefinition of the value of these assets recovery strategy, which will be perspective be materialized through its sale.

The strategy of alienation results in an active search of buyers, with the Bank having a website that advertises these properties, contracts with intermediaries for sales promotion and sales initiatives in real estate auctions. Prices are periodically reviewed and adjusted for continuous adaptation to the market.

The referred balance includes buildings and other assets for which the Group has already established contracts for the sale in the amount of Euros 22,642,000 (31 December 2012: Euros 103,063,000).

The balance Subsidiaries acquired exclusively with the purpose of short-term sale corresponds to two real estate companies acquired by the Group within the restructuring of a loan exposure that the Group intends to sell in less than one year. However, taking into account the actual market conditions, it was not possible to conclude the sales in the expected time. Until the date of the sale, the Group continues to consolidate in reserves and income, any changes occurred in the net assets of the subsidiaries.

The changes occurred in impairment for non-current assets held for sale are analysed as follows:

(Thousands of Euros)

	2013	2012
BALANCE ON 1 JANUARY	**319,463**	297,229
Transfers	**2,870**	6,252
Impairment for the year	**202,145**	144,447
Write-back for the year	**-**	(11)
Loans charged-off	**(151,321)**	(128,454)
Exchange rate differences	**(462)**	-
BALANCE ON 31 DECEMBER	**372,695**	319,463

29. Investment property

The balance Investment property includes the amount of Euros 193,921,000 (31 December 2012: Euros 396,765,000) related to real estate accounted in the "Fundo de Investimento Imobiliário Imosotto Acumulação", "Fundo de Investimento Imobiliário Gestão Imobiliária", "Fundo de Investimento Imobiliário Imorenda", "Fundo de Investimento Imobiliário Fechado Gestimo" and "Imoport – Fundo de Investimento Imobiliário Fechado", which are consolidated under the full consolidation method as referred in the accounting policy presented in note 1 b).

The real estate is evaluated in accordance with the accounting policy presented in note 1 r), based on independent assessments and compliance with legal requirements.

The change in the caption Investment properties during 2013, as mentioned in note 28, includes the effect of the transfer of a set funds' property assets to Non-current assets held for sale following the redefinition of the recovery strategy of the value of these assets.

The changes occurred in this caption are analysed as follows:

(Thousands of Euros)

	2013
BALANCE ON 1 JANUARY	**554,233**
Transfers:	
for non-current assets held for sale	**(191,638)**
for tangible assets	**(200,419)**
Changes in the consolidation perimeter	**55,854**
Disposals, revaluations and other changes	**(22,431)**
BALANCE ON 31 DECEMBER	**195,599**

The rents received related to real estate amount to Euros 1,060,000, as at 31 December 2013, and the maintenance expenses related to rented or not rented real estate, amount to Euros 1,127,000.

30. Property and equipment

This balance is analysed as follows:

(Thousands of Euros)

	2013	2012
Land and buildings	**1,045,251**	971,143
Equipment		
Furniture	**89,524**	98,415
Machines	**56,729**	56,540
Computer equipment	**294,511**	316,939
Interior installations	**143,985**	148,097
Motor vehicles	**22,949**	20,584
Security equipment	**84,917**	84,180
Other equipment	**33,526**	44,886
Work in progress	**107,742**	115,786
Other tangible assets	**435**	455
	1,879,569	1,857,025
ACCUMULATED DEPRECIATION		
Charge for the year	**(52,897)**	(59,904)
Accumulated charge for the previous years	**(1,094,109)**	(1,170,723)
	(1,147,006)	(1,230,627)
	732,563	626,398

At 31 December 2012, the balance Accumulated depreciation charge for the year included the amount of Euros 5,666,000 from Millennium Bank, Societé Anonyme (Greece).

The changes occurred in Property and equipment balance, during 2013, are analysed as follows:

(Thousands of Euros)

	Balance on 1 January	Acquisitions/ Charge	Disposals/ Charged-off	Transfers and changes in perimeter	Exchange differences	Balance on 31 December
COST						
Land and buildings	971,143	7,457	(46,099)	122,761	(10,011)	1,045,251
Equipment						
Furniture	98,415	1,308	(1,733)	(7,900)	(566)	89,524
Machines	56,540	1,131	(603)	785	(1,124)	56,729
Computer equipment	316,939	3,043	(7,713)	(15,300)	(2,458)	294,511
Interior installations	148,097	1,803	(792)	(4,220)	(903)	143,985
Motor vehicles	20,584	6,316	(3,164)	1	(788)	22,949
Security equipment	84,180	1,937	(910)	298	(588)	84,917
Other equipment	44,886	322	(904)	(10,122)	(656)	33,526
Work in progress	115,786	38,359	(27,292)	(13,377)	(5,734)	107,742
Other tangible assets	455	2	-	-	(22)	435
	1,857,025	61,678	(89,210)	72,926	(22,850)	1,879,569
ACCUMULATED DEPRECIATION						
Land and buildings	550,240	27,312	(35,164)	(44,061)	(2,589)	495,738
Equipment						
Furniture	89,274	2,287	(1,569)	(7,755)	(290)	81,947
Machines	49,246	2,376	(555)	(28)	(802)	50,237
Computer equipment	295,800	10,624	(7,656)	(16,195)	(1,955)	280,618
Interior installations	133,284	2,545	(751)	(4,355)	(403)	130,320
Motor vehicles	10,816	3,407	(2,035)	-	(459)	11,729
Security equipment	69,941	1,969	(783)	343	(243)	71,227
Other equipment	31,980	2,376	(890)	(7,911)	(411)	25,144
Other tangible assets	46	1	-	-	(1)	46
	1,230,627	52,897	(49,403)	(79,962)	(7,153)	1,147,006

31. Goodwill and intangible assets

This balance is analysed as follows:

(Thousands of Euros)

	2013	2012
INTANGIBLE ASSETS		
Software	121,628	151,956
Other intangible assets	55,878	58,129
	177,506	210,085
Accumulated depreciation		
Charge for the year	(15,226)	(15,404)
Accumulated charge for the previous years	(125,747)	(150,013)
	(140,973)	(165,417)
	36,533	44,668
GOODWILL		
Millennium Bank, Societé Anonyme (Greece)	-	294,260
Bank Millennium, S.A. (Poland)	164,040	164,040
Real estate and mortgage credit	40,859	40,859
Unicre – Instituição Financeira de Crédito, S.A.	7,436	7,436
Others	18,609	15,570
	230,944	522,165
IMPAIRMENT		
Millennium Bank, Societé Anonyme (Greece)	-	(294,260)
Others	(16,562)	(13,519)
	(16,562)	(307,779)
	214,382	214,386
	250,915	259,054

At 31 December 2012, the balance Accumulated depreciation charge for the year included the amount of Euros 1,592,000 from Millennium Bank, Societé Anonyme (Greece).

The changes occurred in impairment for goodwill is analysed as follows:

(Thousands of Euros)

	2013	2012
BALANCE ON 1 JANUARY	307,779	307,779
Impairment for the year	3,043	-
Loans charged-off	(294,260)	-
BALANCE ON 31 DECEMBER	16,562	307,779

The changes occurred in goodwill and intangible assets balances, during 2013, are analysed as follows:

(Thousands of Euros)

	Balance on 1 January	Acquisitions/ Charge	Disposals/ Charged-off	Transfers	Exchange differences	Balance on 31 December
INTANGIBLE ASSETS						
Software	151,956	13,399	(10,483)	(31,166)	(2,078)	121,628
Other intangible assets	58,129	1,079	(2,225)	148	(1,253)	55,878
	210,085	14,478	(12,708)	(31,018)	(3,331)	177,506
ACCUMULATED DEPRECIATION						
Software	112,513	15,057	(9,661)	(27,348)	(1,527)	89,034
Other intangible assets	52,904	169	(100)	-	(1,034)	51,939
	165,417	15,226	(9,761)	(27,348)	(2,561)	140,973
GOODWILL	522,165	3,066	(294,260)	-	(27)	230,944
IMPAIRMENT FOR GOODWILL	307,779	3,043	(294,260)	-	-	16,562

According to the accounting policy described in note 1 b), the recoverable amount of the Goodwill is annually assessed, regardless of the existence of impairment triggers or, in accordance with the paragraph 9 of the IAS 36, every time there are indicators that the asset might be impaired.

In accordance with IAS 36 the recoverable amount of goodwill should be the greater between its value in use (the present value of the future cash flows expected from its use) and its fair value less costs to sell. Based on this criteria, the Group made in 2013, valuations of their investments for which there is goodwill recognised considering among other factors:

(i) an estimate of future cash flows generated by each entity;
(ii) an expectation of potential changes in the amounts and timing of cash flows;
(iii) the time value of money;
(iv) a risk premium associated with the uncertainty by holding the asset; and
(v) other factors associated with the current situation of financial markets.

The valuations are based on reasonable and sustainable assumptions representing the best estimate of the Executive Committee on the economic conditions that affect each subsidiary, the budgets and the latest projections approved for those subsidiaries and their extrapolation to future periods.

The assumptions made for these valuations might vary with the change in economic conditions and in the market.

Bank Millennium, S.A. (Poland)
The estimated cash flows of the business were projected based on current operating results and assuming the business plan and projections approved by the Executive Committee up to 2018. After that date, a perpetuity was considered based on the average long-term expected rate of return for this activity in the Polish market to be reached by 2018. Additionally it was taken into consideration the market performance of the Bank Millennium, S.A. and the percentage of shareholding. Based on this analysis and the expectations of future development, the Group concludes for the absence of impairment.

The business plan of Bank Millennium, S.A. comprises a five-year period, from 2014 to 2018, considering, along this period, a compound annual growth rate of 4% for Total Assets and of 8% for Total Equity, while considering a ROE evolution from 10.6% in 2013 to 14.4% by the end of the period.

The exchange rate EUR/PLN considered was 4.17 (December 2013 average).

The Cost of Equity considered was 10.625% and the annual growth rate in perpetuity (g) was 0%.

Real estate and mortgage credit
Considering the changes made in management of the real estate and mortgage credit over the past few years, the Executive Committee analysed this business as a whole regardless the origin of the operations and the company where they are accounted for.

The estimated cash flows of the business were projected based on current operating results and assuming the business plan and projections approved by the Executive Committee up to 2018 for the business of Banco de Investimento Imobiliário, S.A. and a set of assumptions related to the estimated future evolution of the businesses of mortgage credit originated in real estate agents network and real estate promotion. Based on this analysis and the expectations of future development, the Group conclude for the absence of impairment.

The Real estate and mortgage business comprises the current Banco de Investimento Imobiliário operations plus the income associated with other portfolios booked in Banco Comercial Português.

The business plan and estimates for such business unit comprises a five-year period, from 2014 to 2018, considering, along this period, a compound annual growth rate of -8.6% for Total Assets and of -3.6% for the Allocated Capital and an average ROE evolution from 12.9% to 23.7% by the end of the period.

The Cost of Equity considered was 12.125% for the period 2014-18 and 11.225% in perpetuity.

An average exit multiple of 2.16x was considered in relation to 2018 Allocated Capital, applied to the group of businesses associated with Real estate and mortgage business.

32. Income Tax

Deferred income tax assets and liabilities generated by tax losses and by temporary differences are analysed as follows:

(Thousands of Euros)

	2013			2012		
	Assets	**Liabilities**	**Net**	Assets	Liabilities	Net
Intangible assets	**58**	**-**	**58**	58	-	58
Other tangible assets	**7,448**	**4,232**	**3,216**	5,633	3,851	1,782
Impairment losses	**1,090,690**	**2,132**	**1,088,558**	775,176	4,750	770,426
Benefits to employees	**795,543**	**-**	**795,543**	565,917	-	565,917
Financial assets available for sale	**5,894**	**36,334**	**(30,440)**	9,433	37,559	(28,126)
Derivatives	**-**	**1,311**	**(1,311)**	-	2,784	(2,784)
Allocation of profits	**76,937**	**-**	**76,937**	68,634	-	68,634
Tax losses carried forward	**256,241**	**-**	**256,241**	448,681	-	448,681
Others	**29,897**	**43,595**	**(13,698)**	31,687	103,732	(72,045)
TOTAL DEFERRED TAXES	**2,262,708**	**87,604**	**2,175,104**	1,905,219	152,676	1,752,543
Offset between deferred tax assets and deferred tax liabilities	**(81,303)**	**(81,303)**	**-**	(149,808)	(149,808)	-
NET DEFERRED TAXES	**2,181,405**	**6,301**	**2,175,104**	1,755,411	2,868	1,752,543

Deferred taxes are calculated based on the tax rates expected to be in force when the temporary differences are reversed, which correspond to the approved rates or substantively approved at the balance sheet date.

The deferred tax assets and liabilities are presented on a net basis whenever, in accordance with applicable law, current tax assets and current tax liabilities can be offset and when the deferred taxes are related to the same tax.

As a result of the Law n. 2/2014 of 16 January, several amendments were made to the Income Tax Code with impact on deferred taxes calculated on 31 December 2013, which are:

– the reduction of the income tax rate from 25% to 23% and the creation of the state tax rate of 7% applied to the portion of the taxable income greater than Euros 35,000,000;
– changing in the reporting period of tax losses (calculated in periods beginning on or after 1 January, 2014) from 5 to 12 years;
– the non-taxation of gains taxable and non-tax deduction of losses arising on sale of equity shares, since verified a set of requirements, and full tax deduction of losses arising on investments due to the settlement of companies.

The deferred tax charge is analysed as follows:

Description	2013	2012
Income tax [(a)]	**23%**	25%
Municipal surtax rate	**1.5%**	1.5%
State tax rate	**7%**	2.5%
TOTAL [(b)]	**31.5%**	29%

(a) – Applicable to deferred taxes related to tax losses;
(b) – Applicable to deferred taxes related to temporary differences

The caption Benefits to employees includes the amount of Euros 494,560,000 (31 December 2012: Euros 289,994,000) related to the recognition of deferred taxes associated with actuarial gains and losses recognised against reserves, as a result of a change in the accounting policy, as referred in notes 1 and 50. The recognition in 2013 of deferred taxes related to actuarial losses in 2011 arises from the increase in reporting period of tax losses. The referred caption also includes the amount of Euros 42,474,000 (31 December 2012: Euros 45,129,000) related to deferred taxes associated to the charge arising from the transfer of the liabilities with retired employees/pensioners to the General Social Security Scheme, which was recognised in the income statement.

The negative impact in equity associated with the change in the above mentioned accounting policy is deductible for tax purposes, in equal parts, for a 10 years period starting on 1 January, 2012. The expense arising from the transfer of liabilities with pensioners to the General Social Security Scheme is deductible for tax purposes, in equal parts starting on 1 January, 2012, for a period corresponding to the average number of years of life expectancy of retirees/pensioners whose responsibilities were transferred (18 years for the Group).

The expire date of the recognised tax losses carried forward is presented as follows:

(Thousands of Euros)

Expire date	2013	2012
2013	**-**	1
2014	**1,367**	10,283
2015	**9,425**	21,121
2016	**1**	18,858
2017	**107,827**	387,479
2018 and following years	**137,621**	10,939
	256,241	448,681

The Group recognised deferred taxes based on valuation of their recoverability, considering the expectation of future taxable income. The amount of unrecognised deferred taxes are as follows:

(Thousands of Euros)

	2013	2012
Impairment losses	**108,760**	93,439
Benefits to employees	**-**	218,712
Tax losses carried forward	**386,321**	122,550
	495,081	434,701

The impact of income taxes in Net (loss)/income and in other captions of Group's equity, as at 31 December 2013, is analysed as follows:

(Thousands of Euros)

	2013			
	Net (loss)/income	Reserves and retained earnings	Exchange differences	Discontinued operations
DEFERRED TAXES				
Intangible assets	1	-	-	(1)
Other tangible assets	1,470	-	(43)	6
Impairment losses	347,932	-	(1,858)	(27,941)
Benefits to employees	26,568	204,552	(228)	(1,265)
Financial assets available for sale	-	(2,666)	158	195
Allocation of profits	8,303	-	-	-
Derivatives	1,399	-	74	-
Tax losses carried forward	(118,333)	(21,337)	711	(53,481)
Others	59,094	(506)	600	(843)
	326,434	**180,043**	**(586)**	**(83,330)**
CURRENT TAXES				
Actual year	(78,288)	-	-	-
Correction of previous years estimate	(37,347)	-	-	-
	(115,635)	**-**	**-**	**-**
	210,799	**180,043**	**(586)**	**(83,330)**

The impact of income taxes in Net (loss)/income and in other captions of Group's equity, as at 31 December 2012, is analysed as follows:

(Thousands of Euros)

	2012			
	Net (loss)/income	Reserves and retained earnings	Exchange differences	Discontinued operations
DEFERRED TAXES				
Other tangible assets	1,378	-	197	-
Impairment losses	147,228	-	3,028	32,915
Benefits to employees	(42,481)	1,515	533	401
Financial assets available for sale	-	(96,397)	(553)	(375)
Allocation of profits	821	-	(292)	-
Derivatives	(10,126)	-	-	-
Tax losses carried forward	147,783	-	(5,460)	30,648
Others	(31,260)	297	5,553	16,766
	213,343	**(94,585)**	**3,006**	**80,355**
CURRENT TAXES				
Actual year	(71,129)	-	-	-
Correction of previous years estimate	(10,157)	-	-	-
	(81,286)	**-**	**-**	**-**
	132,057	**(94,585)**	**3,006**	**80,355**

The reconciliation of the effective tax rate, arising from the permanent effects referred above, is analysed as follows:

	2013		2012	
	%	Euros '000	%	Euros '000
Net loss before income taxes		(812,543)		(539,000)
Current tax rate	29.5%	239,700	29.0%	156,310
Foreign tax rate effect and difference in municipal surtax rate	3.7%	29,694	3.6%	19,371
Accruals for the calculation of taxable income(i)	-24.4%	(198,300)	-8.9%	(47,896)
Deductions for the calculation of taxable income(ii)	14.5%	118,002	8.9%	47,717
Fiscal incentives not recognised in profit/loss accounts	1.0%	8,216	1.4%	7,706
Effect of tax losses not recognised previously(iii)	3.8%	30,953	-3.8%	(20,373)
Effect of change in rate of deferred tax(iv)	-0.8%	(6,644)	-6.0%	(32,494)
Previous years corrections	-1.1%	(9,085)	0.7%	3,689
(Autonomous tax)/tax credits	-0.2%	(1,737)	-0.4%	(1,973)
	26.0%	210,799	24.5%	132,057

References:

(i) Refers, essentially, to the tax associated with the additions of impairment losses not deductible for tax purposes, unpaid dividends, annulled for consolidation purposes;

(ii) This is mainly associated with the tax deductions of net income of non-resident companies and net income of associated companies consolidated under the equity method, of capital gains on sale of investments and reduction of taxable impairment;

(iii) Corresponds, essentially, to the recognition of deferred tax assets associated with impairment of investments intended to be settled, net of annulment of deferred tax assets associated with impairment of investments not intended to settlement and to the cancellation or non-recognition of deferred tax assets related to tax losses which are not estimated that will be used within the reporting date;

(iv) Refers to the effect of increasing the maximum state tax rate net of the effect of reducing the income tax rate in deferred taxes and to the difference of deferred tax rate associated to tax losses.

33. Other assets

This balance is analysed as follows:

(Thousands of Euros)

	2013	2012
Debtors	**192,744**	301,878
Supplementary capital contributions	**132,348**	137,230
Amounts due for collection	**22,284**	20,671
Recoverable tax	**20,372**	122,851
Recoverable government subsidies on interest on mortgage loans	**10,546**	17,272
Associated companies	**1,679**	1,896
Interest and other amounts receivable	**38,095**	28,374
Prepayments and deferred costs	**22,188**	26,178
Amounts receivable on trading activity	**6,486**	209,924
Amounts due from customers	**147,524**	136,815
Reinsurance technical provision	**2,690**	3,164
Sundry assets	**163,072**	278,116
	760,028	1,284,369
Impairment for other assets	**(166,667)**	(160,046)
	593,361	1,124,323

As referred in note 58, the balance Supplementary capital contributions includes the amount of Euros 125,477,000 (31 December 2012: Euros 117,256,000) and the balance Sundry assets includes the amount of Euros 10,805,000 (31 December 2012: Euros 10,805,000), related to the junior securities arising from the sale of loans and advances to costumers to specialized recovery funds which are fully provisioned.

The balance Sundry assets also includes, as at 31 December 2013, the amount of Euros 14,040,000 (31 December 2012: Euros: 139,071,000) related to the assets associated with liabilities for post-employment benefits, as described in note 50.

The changes occurred in impairment for other assets are analysed as follows:

(Thousands of Euros)

	2013	2012
BALANCE ON 1 JANUARY	160,046	82,586
Transfers resulting from changes in the Group's structure	(1,418)	1,722
Other transfers	232	(35,018)
Impairment for the year	9,392	125,358
Write back for the year	(1,066)	(10,861)
Amounts charged-off	(526)	(3,380)
Exchange rate differences	7	(361)
BALANCE ON 31 DECEMBER	166,667	160,046

34. Deposits from credit institutions

This balance is analysed as follows:

(Thousands of Euros)

	2013			2012		
	Non interest bearing	Interest bearing	Total	Non interest bearing	Interest bearing	Total
Deposits from Central Banks						
Bank of Portugal	-	11,190,557	11,190,557	-	12,126,782	12,126,782
European Central Bank	-	-	-	-	255,564	255,564
Central Banks abroad	-	510	510	2	17,662	17,664
Deposits from credit institutions in Portugal	28,900	78,198	107,098	33,556	123,275	156,831
Deposits from credit institutions abroad	183,131	2,011,240	2,194,371	327,971	2,380,948	2,708,919
	212,031	13,280,505	13,492,536	361,529	14,904,231	15,265,760

The balance Deposits from Central Banks includes the amount of Euros 11,040,844,000 (31 December 2012: Euros 12,284,559,000) related to deposits obtained from the European Central Bank. This funding represents a remaining term of up to 3 months in the amount of Euros 40,844,000 and 1 to 5 years of Euros 11,000,000,000.

This balance is analysed by remaining period, as follows:

(Thousands of Euros)

	2013	2012
Up to 3 months	**1,550,597**	2,043,306
3 to 6 months	**117,851**	160,576
6 to 12 months	**118,141**	146,029
1 to 5 years	**11,494,147**	12,731,732
Over 5 years	**211,800**	184,117
	13,492,536	15,265,760

Following the signed agreements of derivative financial transactions with institutional counterparties, the Group has the amount of Euros 89,261,000 (31 December 2012: 110,048,000) regarding deposits from other credit institutions received as collateral of the mentioned transactions.

35. Deposits from customers

This balance is analysed as follows:

(Thousands of Euros)

	2013			2012		
	Non interest bearing	Interest bearing	Total	Non interest bearing	Interest bearing	Total
Deposits from customers						
Repayable on demand	**14,412,357**	**903,340**	**15,315,697**	13,765,901	645,561	14,411,462
Term deposits	**-**	**31,165,233**	**31,165,233**	-	32,906,076	32,906,076
Saving accounts	**-**	**1,462,644**	**1,462,644**	-	1,750,451	1,750,451
Deposits at fair value through profit and loss	**-**	**675,007**	**675,007**	-	14,532	14,532
Treasury bills and other assets sold under repurchase agreement	**-**	**16,484**	**16,484**	-	43,707	43,707
Other	**206,827**	**117,860**	**324,687**	185,306	92,864	278,170
	14,619,184	**34,340,568**	**48,959,752**	13,951,207	35,453,191	49,404,398

According to the Law, the Deposit Guarantee Fund was established to guarantee the reimbursement of funds deposited in Credit Institutions. The criteria to calculate the annual contributions to the referred fund are defined in the Regulation no. 11/94 of the Bank of Portugal.

The caption Deposits from customers – Deposits at fair value through profit and loss is measured in accordance with internal valuation techniques considering mainly observable market inputs. In accordance with the hierarchy of the valuation sources, as referred in IFRS 13, these instruments are classified in level 2. These financial liabilities are revalued against income statement, as referred in the accounting policy presented in note 1 d). As at 31 December 2013, a gain in the amount of Euros 1,451,000 was recognised (31 December 2012: loss of Euros 10,295,000) related to the fair value changes resulting from variations in the credit risk of the Group, as referred in note 6.

The nominal amount of the caption Deposits from customers – Deposits at fair value through profit and loss amounts to Euros 672,377,000 (31 December 2012: Euros 22,000,000).

This balance is analysed by remaining period, is analysed as follows:

(Thousands of Euros)

	2013	2012
DEPOSITS FROM CUSTOMERS REPAYABLE ON DEMAND		
	15,315,697	14,411,462
TERM DEPOSITS AND SAVING ACCOUNTS FROM CUSTOMERS		
Up to 3 months	**17,997,965**	19,657,185
3 to 6 months	**5,590,804**	4,910,195
6 to 12 months	**4,713,851**	6,882,346
1 to 5 years	**4,149,501**	3,201,900
Over 5 years	**175,756**	4,901
	32,627,877	34,656,527
DEPOSITS AT FAIR VALUE THROUGH PROFIT AND LOSS		
Up to 3 months	**159,012**	980
3 to 6 months	**210,564**	-
6 to 12 months	**277,317**	-
1 to 5 years	**6,114**	-
Over 5 years	**22,000**	13,552
	675,007	14,532
TREASURY BILLS AND OTHER ASSETS SOLD UNDER REPURCHASE AGREEMENT		
Up to 3 months	**16,484**	43,707
	16,484	43,707
OTHER		
Up to 3 months	**208,955**	187,396
6 to 12 months	**25,000**	-
1 to 5 years	**732**	774
Over 5 years	**90,000**	90,000
	324,687	278,170
	48,959,752	49,404,398

36. Debt securities issued

This balance is analysed as follows:

(Thousands of Euros)

	2013	2012
DEBT SECURITIES AT AMORTIZED COST		
Bonds	**2,608,342**	5,452,791
Covered bonds	**2,184,569**	2,262,075
MTNs	**3,384,542**	4,802,412
Securitizations	**540,442**	795,664
	8,717,895	13,312,942
Accruals	**97,706**	128,831
	8,815,601	13,441,773
DEBT SECURITIES AT FAIR VALUE THROUGH PROFIT AND LOSS		
Bonds	**109,414**	128,678
MTNs	**170,708**	182,411
	280,122	311,089
Accruals	**3,479**	3,647
	283,601	314,736
Certificates	**312,025**	106,490
	9,411,227	13,862,999

The securities in caption Debt securities at fair value through profit and loss are measured in accordance with internal valuation techniques considering mainly observable market inputs. In accordance with the hierarchy of the valuation sources, as referred in IFRS 13, these instruments are classified in level 2. These financial liabilities are revalued against income statement, as referred in the accounting policy presented in note 1 d). As at 31 December 2013, a loss in the amount of Euros 6,446,000 was recognised (31 December 2012: loss of Euros 19,752,000) related to the fair value changes resulting from variations in the credit risk of the Group, as referred in note 6.

The characteristics of the bonds issued by the Group, as at 31 December, 2013 are analysed as follows:

Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
DEBT SECURITIES AT AMORTIZED COST					
BANCO COMERCIAL PORTUGUÊS					
BCP Ob Cx E. Gr. S. Dec 05/15	December, 2005	December, 2015	Indexed to Down Jones EuroStoxx 50	365	308
BCP Ob Cx E. I. S. Mar 06/16	March, 2006	March, 2016	Indexed to Down Jones EuroStoxx 50	1,100	1,054
BCP FRN May 07/14	May, 2007	May, 2014	Euribor 3M + 0.150%	647,173	647,100
BCP Cov Bonds Jun 07/17	June, 2007	June, 2017	Fixed rate of 4.750%	861,550	901,184
BCP Cov Bonds Oct 07/14	October, 2007	October, 2014	Fixed rate of 4.750%	870,850	896,061
BCP FRN Mar 17	December, 2007	March, 2017	Euribor 3M + 0.180%	100,000	99,969
BCP S Aforro Ser B Feb 2009/14	February, 2009	February, 2014	Euribor 3M + Remain Prize: 1st year 0.125%; 2nd year 0.250%; 3rd year 0.500%; 4th year 0.750% 5th year 1.000%	34,559	34,559
BCP Super Aforro Ser B Mar 2009/14	March, 2009	March, 2014	Euribor 3M + Remain Prize: 1st year 0.125%; 2nd year 0.250%; 3rd year 0.500%; 4th year 0.750%; 5th year 1.000%	25,093	25,093
BCP 5.625 % -Book Entry Note Synd	April, 2009	April, 2014	Fixed rate of 5.625%	849,290	849,594
BCP S. Aforro Ser C 09/280409	April, 2009	April, 2014	Euribor 3M + Remain Prize: 1st year 0.125%; 2nd year 0.250%; 3rd year 0.750%; 4th year 1.000%; 5th year 1.250%	9,099	9,099
BCP Sup Afor Ser B 09/190514	May, 2009	May, 2014	Euribor 3M + Remain Prize: 1st year 0.125%; 2nd year 0.250%; 3rd year 0.750%; 4th year 1.000%; 5th year 1.250%	1,570	1,570
BCP Super Aforro Serie C Jun/2014	June, 2009	June, 2014	Euribor 3M + Remain Prize: 1st year 0.125%; 2nd year 0.250%; 3rd year 0.750%; 4th year 1.000%; 5th year 1.250%	6,466	6,466
BCP Sup Aforro Ser C Aug 2009/14	August, 2009	August, 2014	Euribor 3M + Remain Prize: 1st year 0.125%; 2nd year 0.250%; 3rd year 0.750%; 4th year 1.000%; 5th year 1.250%	25,917	22,978
BCP Cov Bonds Oct 09/16	October, 2009	October, 2016	Fixed rate of 3.750%	371,538	387,324
BCP Rend. Trim.Nov 2009/14	November, 2009	November, 2014	1st year 2.500%; 2nd year 2.750%; 3rd year 3.000%; 4th year 3.500%; 5th year 4.500%	38,307	39,684
BCP Rend. Trim.09/22.12.2014	December, 2009	December, 2014	1st year 2.500%; 2nd year 2.750%; 3rd year 3.000%; 4th year 3.500%; 5th year 4.250%	50,888	52,808
BCP Fixed Rate Note Inv Top Mais	January, 2010	January, 2015	1st year 2.500%; 2nd year 2.750%; 3rd year 3.250%; 4th year 4.125%; 5th year 5.000%	41,422	43,292

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Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
BCP Fixed Rate Note Rd Ext-Emtn 685	April, 2010	April, 2015	1st semester 2.000%; 2nd semester 2.125%; 3rd semester 2.250%; 4th semester 2.375%; 5th semester 2.500%; 6th semester 2.750%; 7th semester 2.875%; 8th semester 3.125%; 9th semester 3.500%; 10th semester 4.000%	90,269	94,190
BCP Fixed Rate Note Rend Top April	April, 2010	April, 2015	1st semester 2.250%; 2nd semester 2.500%; 3rd semester 2.600%; 4th semester 2.800%; 5th semester 3.000%; 6th semester 3.150%; 7th semester 3.200%; 8th semester 3.500%; 9th semester 3.800%; 10th semester 4.500%	115,408	120,365
BCP Rend Plus-Emtn 697	April, 2010	April, 2014	1st semester 2.000%; 2nd semester 2.125%; 3rd semester 2.250%; 4th semester 2.375%; 5th semester 2.500%; 6th semester 2.625%; 7th semester 2.750%; 8th semester 3.250%	21,897	22,103
BCP Rend Mais-Emtn 699	April, 2010	April, 2014	1st semester 1.750%; 2nd semester 1.875%; 3rd semester 2.000%; 4th semester 2.125%; 5th semester 2.250%; 6th semester 2.375%; 7th semester 2.500%; 8th semester 3.000%	13,229	13,353
BCP Fm Rend Plus June 10/14-Emtn 718	June, 2010	June, 2014	1st semester 1.875%; 2nd semester 2.000%; 3rd semester 2.125%; 4th semester 2.250%; 5th semester 2.375%; 6th semester 2.500%; 7th semester 2.625%; 8th semester 3.250%	15,519	15,742
BCP Fm Rend Mais June 2014-Emtn 720	June, 2010	June, 2014	1st semester 1.625%; 2nd semester 1.7500%; 3rd semester 1.875%; 4th semester 2.000%; 5th semester 2.125%; 6th semester 2.250%; 7th semester 2.375%; 8th semester 3.000%	10,654	10,809
BCP Rend Ext 1 Ser 2010-2015	August, 2010	August, 2015	1st semester 1.875%; 2nd semester 2.000%; 3rd semester 2.125%; 4th semester 2.250%; 5th semester 2.375%; 6th semester 2.500%; 7th semester 2.750%; 8th semester 2.875%; 9th semester 3.000%; 10th semester 3.500%	35,900	37,273
BCP Rend Ext 2 Ser 2010-15	August, 2010	August, 2015	1st semester 2.125%; 2nd semester 2.300%; 3rd semester 2.425%; 4th semester 2.550%; 5th semester 2.800%; 6th semester 3.050%; 7th semester 3.300%; 8th semester 3.550%; 9th semester 3.800%; 10th semester 4.300%	61,919	64,674
BCP Rend Ext 1 Ser-Emtn 749	September, 2010	September, 2015	1st semester 1.875%; 2nd semester 2.000%; 3rd semester 2.125%; 4th semester 2.250%; 5th semester 2.375%; 6th semester 2.500%; 7th semester 2.750%; 8th semester 2.875%; 9th semester 3.000%; 10th semester 3.500%	43,187	44,938
BCP Rend Ext 2 Ser Sep 2010-2015	September, 2010	September, 2015	1st semester 2.175%; 2nd semester 2.300%; 3rd semester 2.425%; 4th semester 2.550%; 5th semester 2.800%; 6th semester 3.050%; 7th semester 3.300%; 8th semester 3.550%; 9th semester 3.800%; 10th semester 4.300%	74,116	77,573

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Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
BCP Mil Rend Pr Mais 1 Serie	December, 2010	June, 2014	1st semester 1.750%; 2nd semester 2.000%; 3rd semester 2.250%; 4th semester 2.500%; 5th semester 2.750%; 6th semester 3.000%; 7th semester 3.250%	967	980
BCP Rend Pr Mais 2 Serie	December, 2010	June, 2014	1st semester 2.500%; 2nd semester 2.750%; 3rd semester 3.000%; 4th semester 3.250%; 5th semester 3.500%; 6th semester 3.750%; 7th semester 4.000%	8,064	8,172
BCP Frn Rend Cres I-11 Eur-Jan 2016	January, 2011	January, 2016	1st semester 1.75%; 2nd semester 2.25%; 3rd semester 2.750%; 4th semester 3.250%; 5th semester 3.750%; 6th semester 4.250%; 7th semester 4.750%; 8th semester 5.250%; 9th semester 5.750%; 10th semester 6.250%	2,500	2,705
BCP Rend Cres 2011 1 Ser Feb 2014	February, 2011	February, 2014	1st semester 2.000%; 2nd semester 2.125%; 3rd semester 2.250%; 4th semester 2.375%; 5th semester 2.750%; 6th semester 3.500%	3,954	3,967
BCP Rend Cres 2 Ser Feb 2014	February, 2011	February, 2014	1st semester 2.500%; 2nd semester 2.625%; 3rd semester 2.750%; 4th semester 3.000%; 5th semester 3.125%; 6th semester 4.000%	31,413	31,516
BCP Rend Cres 3 Sr Mar 2014	March, 2011	March, 2014	1st semester 2.000%; 2nd semester 2.125%; 3rd semester 2.250%; 4th semester 2.375%; 5th semester 2.750%; 6th semester 3.500%	8,160	8,221
BCP Rend Cres 4 Sr Mar 2014	March, 2011	March, 2014	1st semester 2.500%; 2nd semester 2.625%; 3rd semester 2.750%; 4th semester 3.000%; 5th semester 3.125%; 6th semester 4.000%	63,296	63,772
BCP Ob Mil Rend M 1 Ser-Val M Nr5	May, 2011	May, 2016	1st semester 2.650%; 2nd semester 2.750%; 3rd semester 2.875%; 4th semester 3.000%; 5th semester 3.125%; 6th semester 3.250%; 7th semester 3.375%; 8th semester 3.500%; 9th semester 3.750%; 10th semester 4.250%	11,646	12,484
BCP Rend M 2 Ser-Val M Nr 6	May, 2011	May, 2016	1st semester 3.000%; 2nd semester 3.125%; 3rd semester 3.250%; 4th semester 3.375%; 5th semester 3.500%; 6th semester 3.625%; 7th semester 3.750%; 8th semester 4.250%; 9th semester 4.500%; 10th semester 5.125%	64,255	69,227
BCP Rend M 3 Ser-Val M Nr 8	May, 2011	May, 2016	1st semester 3.250%; 2nd semester 3.375%; 3rd semester 3.500%; 4th semester 3.625%; 5th semester 3.875%; 6th semester 4.125%; 7th semester 4.375%; 8th semester 4.625%; 9th semester 4.875%; 10th semester 5.625%	33,362	36,069
BCP Sfe Rend M Sr 2-Val Mob Nr 7	May, 2011	May, 2016	1st semester 3.000%; 2nd semester 3.125%; 3rd semester 3.250%; 4th semester 3.375%; 5th semester 3.500%; 6th semester 3.625%; 7th semester 3.750%; 8th semester 4.250%; 9th semester 4.500%; 10th semester 5.125%	156	167

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Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
BCP Sfe Rend M Sr. 9-Val Mob Nr 9	May, 2011	May, 2016	1st semester 3.250%; 2nd semester 3.375%; 3rd semester 3.500%; 4th semester 3.625%; 5th semester 3.875%; 6th semester 4.125%; 7th semester 4.375%; 8th semester 4.625%; 9th semester 4.875%; 10th semester 5.625%	610	656
BCP Rend Sup M 2 S – Val Mob Sr.13	June, 2011	June, 2016	1st semester 3.500%; 2nd semester 3.625%; 3rd semester 3.750%; 4th semester 3.875%; 5th semester 4.000%; 6th semester 4.125%; 7th semester 4.250%; 8th semester 4.375%; 9th semester 4.625%; 10th semester 5.125%	2,960	3,158
BCP Iln Permal Macro Hold Class D	June, 2011	June, 2021	Indexed to Permal Macro Holding Lda	719	719
BCP Rend Sup M 3 Sr -Val Mob Sr. 14	June, 2011	June, 2016	1st semester 3.875%; 2nd semester 4.000%; 3rd semester 4.125%; 4th semester 4.250%; 5th semester 4.375%; 6th semester 4.500%; 7th semester 4.625%; 8th semester 4.750%; 9th semester 5.000%; 10th semester 5.500%	5,715	6,095
BCP Ob.Mill Rend Super-Vm Sr. Nr 12	June, 2011	June, 2016	1st semester 3.000%; 2nd semester 3.125%; 3rd semester 3.250%; 4th semester 3.375%; 5th semester 3.500%; 6th semester 3.625%; 7th semester 3.750%; 8th semester 3.875%; 9th semester 4.125%; 10th semester 4.625%	704	750
BCP Sfe Rendim Super M 3 Sr.	June, 2011	June 2016	1st semester 3.875%; 2nd semester 4.000%; 3rd semester 4.125%; 4th semester 4.250%; 5th semester 4.375%; 6th semester 4.500%; 7th semester 4.625%; 8th semester 4.750%; 9th semester 5.000%; 10th semester 5.500%	130	138
BCP Rend Super M 4 Ser-Vm Sr. 21	July, 2011	July, 2016	1st semester 3.000%; 2nd semester 3.125%; 3rd semester 3.250%; 4th semester 3.375%; 5th semester 3.500%; 6th semester 3.625%; 7th semester 3.750%; 8th semester 3.875%; 9th semester 4.125%; 10th semester 4.625%	344	364
BCP Rend Super M 5 Ser-Vm Sr. 22	July, 2011	July, 2016	1st semester 3.500%; 2nd semester 3.625%; 3rd semester 3.750%; 4th semester 3.875%; 5th semester 4.000%; 6th semester 4.125%; 7th semester 4.250%; 8th semester 4.375%; 9th semester 4.625%; 10th semester 5.125%	1,105	1,173
BCP Rend Super M 6 Ser-Vm Sr. 23	July, 2011	July, 2016	1st semester 3.875%; 2nd semester 4.000%; 3rd semester 4.125%; 4th semester 4.250%; 5th semester 4.375%; 6th semester 4.500%; 7th semester 4.625%; 8th semester 4.750%; 9th semester 5.000%; 10th semester 5.500%	2,752	2,920
BCP Fix Jul 2016-Val Mob Sr. 38	August, 2011	August, 2016	Fixed rate of 6.180%	1,750	1,750
BCP Float Nov 2015-Val Mob Sr. 36	August, 2011	November, 2015	Until 28 Nov 2011: Fixed rate 2.587% year; after 28 Nov 2011: Euribor 6M + 0.875%	1,600	1,522
BCP Float Jun 2016-Val Mob Sr. 37	August, 2011	June, 2016	Until 27 Dec 2011: Fixed rate 2.646% year; after 27 Dec 2011: Euribor 6M + 0.875%	1,330	1,265

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Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
BCP Float Feb 2015-Val Mob Sr. 35	August, 2011	February, 2015	Euribor 6M + 0.875%	1,750	1,678
BCP Float Mar 2018-Val Mob Sr. 40	August, 2011	March, 2018	Until 03 Sep 2011: Fixed rate 2.332% year; after 03 Sep 2011: Euribor 6M + 0.950%	2,850	2,436
BCP Float Dec 2017-Val Mob Sr. 41	August, 2011	December, 2017	Until 20 Dec 2011: Fixed rate 2.702% year; after 20 Dec 2011: Euribor 6M + 0.950%	2,450	2,290
BCP Float Jun 2017-Val Mob Sr. 39	August, 2011	June, 2017	Until 27 Dec 2011: Fixed rate 2.646% year; after 27 Dec 2011: Euribor 6M + 0.875%	900	851
BCP Float Jan 2018-Val Mob Sr. 42	August, 2011	January, 2018	Until 28 Jan 2012: Fixed rate 2.781% year; after 28 Jan 2012: Euribor 6M + 0.950%	2,800	2,420
BCP Rend Extra M 1 Ser-Vm Sr.28	September, 2011	September, 2014	1st semester 3.250%; 2nd semester 3.375%; 3rd semester 3.500%; 4th semester 3.750%; 5th semester 4.125%; 6th semester 4.500%	1,504	1,526
BCP Rend Extra M 2 Ser-Vm Sr.29	September, 2011	September, 2014	1st semester 3.500%; 2nd semester 3.625%; 3rd semester 3.750%; 4th semester 4.000%; 5th semester 4.375%; 6th semester 4.75%	5,039	5,113
BCP Rend Extra M 3 Ser-Vm Sr.31	September, 2011	September, 2014	1st semester 3.750%; 2nd semester 3.875%; 3rd semester 4.000%; 4th semester 4.250%; 5th semester 4.625%; 6th semester 5.000%	10,527	10,682
BCP Fix Rate Notes 9.25 Pct -Emtn 827	October, 2011	October, 2014	Fixed rate of 9.250%	516,854	481,911
BCP Float Jun 2017-Vm Sr.47	November, 2011	June, 2017	Fixed rate of 1.771% (1st interest) and Euribor 6M (2nd and following)	4,575	3,459
BCP Float Jan 2018-Vm Sr.46	November, 2011	January, 2018	Fixed rate of 1.831% (1st interest) and Euribor 6M (2nd and following)	8,750	6,356
BCP Float Sep 2015-Vm Sr. 45	November, 2011	September, 2015	Fixed rate of 1.732% (1st interest) and Euribor 6M (2nd and following)	2,550	2,201
BCP Float Nov 2015-Vm Sr.48	November, 2011	November, 2015	Fixed rate of 1.712% (1st interest) and Euribor 6M (2nd and following)	2,075	1,770
BCP Fix Oct 2019-Vm Sr.44	November, 2011	October, 2019	Fixed rate of 6.875%	5,400	4,544
Estrut Taxa Step Up Xii-11-Vm Sr.56	December, 2011	December, 2014	1st semester 7.000%; 2nd semester 7.000%; 3rd semester 7.000%; 4th semester 7.000%; 5th semester 7.500%; 6th semester 7.500%; 7th semester 7.500%; 8th semester 7.500%; 9th semester 8.000%; 10th semester 8.000%; 11th semester 8.000%; 12th semester 8.000%	8,226	8,365
BCP Rend Special One Sr. 1-Vm Sr.50	December, 2011	December, 2015	1st year 3.500%; 2nd year 4.750%; 3rd year 6.000%. 4th year 6.750%	2,262	2,391
BCP Rend Special One Sr. 2-Vm Sr.51	December, 2011	December, 2015	1st year 3.750%; 2nd year 5.000%; 3rd year 6.250%. 4th year 7.000%	2,599	2,745
BCP Rend Special One Sr. 3-Vm Sr.52	December, 2011	December, 2015	1st year 4.000%; 2nd year 5.250%; 3rd year 6.500%. 4th year 7.250%	2,154	2,274
BCP Rend Tx Cres Xii 11 Eur-Vm Sr.58	December, 2011	December, 2014	1st semester 7.000%; 2nd semester 7.000%; 3rd semester 7.000%; 4th semester 7.000%; 5th semester 7.500%; 6th semester 7.500%; 7th semester 7.500%; 8th semester 7.500%; 9th semester 8.000%; 10th semester 8.000%; 11th semester 8.000%; 12th semester 8.000%	3,608	3,670

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Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
BCP Millen Rend Cres S1-Vm Sr.54	December, 2011	January, 2014	1st semester 4.000%; 2nd semester 4.750%; 3rd semester 5.750%; 4th semester 6.500%	1,955	1,959
BCP Millen Rend Cres S2-Vm Sr.55	December, 2011	January, 2014	1st semester 4.250%; 2nd semester 5.000%; 3rd semester 6.000%; 4th semester 6.750%	5,718	5,729
BCP Mill Rend Já 3 Sr-Feb 14-Vm Sr.59	December, 2011	February, 2014	Fixed rate of 6.250%	10,666	10,580
BCP Float Apr 2014-Vm Sr.76-Ref.9	December, 2011	April, 2014	Until 1Apr 2012: Fixed rate 2.000% year; after 1 Apr 2012: Euribor 3M + 0.450%	25,000	24,600
BCP Float Apr 2017-Vm Sr.95-Ref.28	December, 2011	April, 2017	Until 1Apr 2012: Fixed rate 2.050% year; after 1 Apr 2012: Euribor 3M + 0.500%	90,000	71,801
BCP Float Apr 2016-Vm Sr.82 Ref.15	December, 2011	April, 2016	Until 4 Apr 2012: Fixed rate 2.054% year; after 4 Apr 2012: Euribor 3M + 0.500%	137,200	117,739
BCP Float Jan 2019-Vm 105-Ref.38	December, 2011	January, 2019	Until 5 Apr 2012: Fixed rate 2.367% year; after 5 Apr 2012: Euribor 3M + 0.810%	50,000	38,741
BCP Float Jul 2016-Vm Sr.87-Ref.20	December, 2011	July, 2016	Until 8Apr 2012: Fixed rate 2.056% year; after 8 Apr 2012: Euribor 3M + 0.500%	40,000	33,622
BCP Float Apr 2016-Vm Sr.83-Ref.16	December, 2011	April, 2016	Until 14 Apr 2012: Fixed rate 2.071% year; after 14 Apr 2012: Euribor 3M + 0.500%	35,000	29,936
BCP Float Oct 2016-Vm 91 Ref.24	December, 2011	October, 2016	Until 15 Apr 2012: Fixed rate 2.072% year; after 15 Apr 2012: Euribor 3M + 0.500%	18,000	14,837
BCP Float Oct 2014-Vm Sr.80-Ref.13	December, 2011	October, 2014	Until 28 Apr 2012: Fixed rate 2.038% year; after 28 Apr 2012: Euribor 3M + 0.450%	12,900	12,190
BCP Float 2 Jul 2016-Vm Sr.88 Ref.21	December, 2011	July, 2016	Until 30 Apr 2012: Fixed rate 2.090% year; after 30 Apr 2012: Euribor 3M + 0.500%	45,000	37,515
BCP Float Jul 2017-Vm Sr.97-Ref.30	December, 2011	July, 2017	Until 28 Apr 2012: Fixed rate 2.738% year; after 28 Apr 2012: Euribor 3M + 1.150%	28,750	22,339
BCP Float Oct 2017-Vm Sr.100 Ref.33	December, 2011	October, 2017	Until 28 Apr 2012: Fixed rate 2.088% year; after 28 Apr 2012: Euribor 3M + 0.500%	49,250	37,376
BCP Float Aug 2017-Vm Sr.98-Ref.31	December, 2011	August, 2017	Until 5 May 2012: Fixed rate 2.080% year; after 5 May 2012: Euribor 3M + 0.500%	5,000	3,868
BCP Float May 2016-Vm Sr.84-Ref.17	December, 2011	May, 2016	Until 7 May 2012: Fixed rate 2.080% year; after 7 May 2012: Euribor 3M + 0.500%	39,100	33,265
BCP Float May 2014-Vm Sr.77-Ref.10	December, 2011	May, 2014	Until 8 May 2012: Fixed rate 2.988% year; after 8 May 2012: Euribor 3M + 1.500%	101,000	98,668
BCP Float May 2014-Vm Sr.78-Ref.11	December, 2011	May, 2014	Until 13 May 2012: Fixed rate 1.914% year; after 13 May 2012: Euribor 3M + 0.450%	4,950	4,832
BCP Float May 2017-Vm Sr.96-Ref.29	December, 2011	May, 2017	Until 13 May 2012: Fixed rate 1.964% year; after 13 May 2012: Euribor 3M + 0.500%	44,450	35,012
BCP Float May 2018-Vm 104-Ref.37	December, 2011	May, 2018	Until 12 May 2012: Fixed rate 1.964% year; after 12 May 2012: Euribor 3M + 0.500%	38,500	28,018
BCP Float Feb 2019-Vm 106 Ref.39	December, 2011	February, 2019	Until 16 May 2012: Fixed rate 2.459% year; after 16 May 2012: Euribor 3M + 1.000%	10,850	8,343
BCP Float Feb 2018-Vm 102-Ref.35	December, 2011	February, 2018	Until 17 May 2012: Fixed rate 1.957% year; after 17 May 2012: Euribor 3M + 0.500%	56,450	42,123
BCP Float Feb 2014-Vm Sr.74-Ref.7	December, 2011	February, 2014	Until 18 May 2012: Fixed rate 1.908% year; after 18 May 2012: Euribor 3M + 0.450%	9,950	9,862

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Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
BCP Float May 2016-Vm 85-Ref.18	December, 2011	May, 2016	Until 20 May 2012: Fixed rate 1.960% year; after 20 May 2012: Euribor 3M + 0.500%	21,000	17,802
BCP Float Feb 2017-Vm Sr.94-Ref.27	December, 2011	February, 2017	Until 18 May 2012: Fixed rate 1.958% year; after 18 May 2012: Euribor 3M + 0.500%	93,250	74,701
BCP Float Aug 2016-Avl Sr.89 Ref.22	December, 2011	August, 2016	Until 22 May 2012: Fixed rate 1.965% year; after 22 May 2012: Euribor 3M + 0.500%	36,700	30,579
BCP Float Feb 2014 2Em-Vm Sr.75-Ref.8	December, 2011	February, 2014	Until 27 May 2012: Fixed rate 1.924% year; after 27 May 2012: Euribor 3M + 0.450%	1,000	990
BCP Float Nov 2016-Vm Sr.92-Ref.25	December, 2011	November, 2016	Until 26 May 2012: Fixed rate 1.974% year; after 26 May 2012: Euribor 3M + 0.500%	8,000	6,518
BCP Float 11/03.09.2016 Ref.23 Vm 90	December, 2011	September, 2016	Until 3 Jun 2012: Fixed rate 1.969% year; after 3 Jun 2012: Euribor 3M + 0.500%	13,600	11,293
BCP Float Jun 2016-Vm Sr.86-Ref.19	December, 2011	June, 2016	Until 20 Jun 2012: Fixed rate 1.917% year; after 20 Jun 2012: Euribor 3M + 0.500%	47,000	39,633
BCP Float Sep 2014-Vm Sr.79-Ref.12	December, 2011	September, 2014	Until 21 Jun 2012: Fixed rate 2.270% year; after 21 Jun 2012: Euribor 3M + 0.852%	93,900	89,676
BCP Float Sep 2017-Vm Sr.99-Ref.32	December, 2011	September, 2017	Until 23 Jun 2012: Fixed rate 1.916% year; after 23 Jun 2012: Euribor 3M + 0.500%	14,500	11,220
BCP Float Mar 2016-Vm 81-Ref.14	December, 2011	March, 2016	Until 25 Jun 2012: Fixed rate 1.910% year; after 25 Jun 2012: Euribor 3M + 0.500%	121,400	104,180
BCP Float Sep 2015-Vm Sr.62	December, 2011	September, 2015	Until 28 Sep 2012: Fixed rate 2.607% year; after 28 Sep 2012: Euribor 6M + 0.875%	8,900	8,168
BCP Float Dec 2016-Vm Sr.93-Ref.26	December, 2011	December, 2016	Euribor 3M + 0.500%	19,500	15,805
BCP Float Dec 2017-Vm Sr.101 Ref.34	December, 2011	December, 2017	Euribor 3M + 0.500%	65,900	49,419
BCP Float Mar 2018-Vm Sr.103 Ref.36	December, 2011	March, 2018	Euribor 3M + 0.500%	49,300	36,379
BCP Float Nov 2015-Vm Sr.64	December, 2011	November, 2015	Until 28 Nov 2012: Fixed rate 2.577% year; after 28 Nov 2012: Euribor 6M + 0.875%	8,500	7,406
BCP Float Jun 2017-Vm Sr.63	December, 2011	June, 2017	Until 27 Dec 2012: Fixed rate 2.537% year; after 27 Dec 2012: Euribor 6M + 0.875%	6,000	4,902
BCP Fixa Oct 2019-Vm Sr.61	December, 2011	October, 2019	Fixed rate of 6.875%	9,500	7,947
BCP Floater Sep 15-Vm Sr. 111	January, 2012	September, 2015	Until 28 Sep2012: fixed rate 2.607% year; after 28 Sep2012: Euribor 6M + 0.875%	5,000	4,595
BCP Floater Nov 15-Vm Sr. 112	January, 2012	November, 2015	Until 28 Nov 2012: fixed rate 2.577% year; after 28 Nov 2012: Euribor 6M + 0.875%	2,900	2,540
BCP Floater Jun 17-Vm Sr. 113	January, 2012	June, 2017	Until 27 Dec 2012: fixed rate 2.537% year; after 27 Dec 2012: Euribor 6M + 0.875%	6,000	4,982
BCP Fixa Oct 19-Vm Sr. 110	January, 2012	October, 2019	Fixed rate of 6.875%	4,000	3,320
BCP Floater Mar 13-Vm Sr. 114	February, 2012	March, 2016	Until 28 Jan 2013: fixed rate 2.389% year; after 28 Jan 2013: Euribor 6M + 0.950%	8,000	7,028
BCP Floater Apr 16-Vm Sr. 115	February, 2012	April, 2016	Until 28 Jan 2013: fixed rate 2.389% year; after 28 Jan 2013: Euribor 6M + 0.950%	1,700	1,492
BCP Floater Jun 16-Vm Sr. 116	February, 2012	June, 2016	Until 28 Jan 2013: fixed rate 2.389% year; after 28 Jan 2013: Euribor 6M + 0.950%	8,586	7,496
BCP Floater Jul 17-Vm Sr. 122	February, 2012	July, 2017	Until 28 Jul 2012: fixed rate 2.738% year; after 28 Jul 2012: Euribor 3M + 1.150%	3,750	3,066

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Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
BCP Floater Nov 18-Vm Sr. 124	February, 2012	November, 2018	Until 3 ago 2012: fixed rate 1.715% year; after 3 ago 2012: Euribor 3M + 0.600%	30,000	22,127
Rend Tx Cres Ii -Vm Sr. 117	February, 2012	February, 2015	1st semester 7.000%; 2nd semester 7.000%; 3rd semester 7.000%; 4th semester 7.000%; 5th semester 7.500%; 6th semester 7.500%; 7th semester 7.500%; 8th semester 7.500%; 9th semester 8.000%; 10th semester 8.000%; 11th semester 8.000%; 12th semester 8.000%	1,620	1,649
BCP Floater May 14-Vm Sr. 131	February, 2012	May, 2014	Until 10 Nov 2012: fixed rate 1.742% year; after 10 Nov 2012: Euribor 6M + 0.050%	18,050	17,654
BCP Floater Jun 18-Vm Sr. 132	February, 2012	June, 2018	Until 15 Jun 2013: fixed rate 2.639% year; after 15 Jun 2013: Euribor 12M + 0.500%	20,000	15,064
BCP Floater Jun 16-Vm Sr. 167	March, 2012	June, 2016	Until 3 Mar 2013: fixed rate 2.217% year; after 3 Mar 2013: Euribor 6M + 0.950%	4,987	4,241
BCP Floater Jul 16-Vm Sr. 168	March, 2012	July, 2016	Until 3 Mar 2013: fixed rate 2.217% year; after 3 Mar 2013: Euribor 6M + 0.950%	1,513	1,284
BCP Rend Tx Cresc Iii 12 Usd-Vm Sr171	March, 2012	March, 2015	1st quarter 3.750%; 2nd quarter 3.750%; 3rd quarter 3.750%; 4th quarter 3.750%; 5th quarter 4.000%; 6th quarter 4.000%; 7th quarter 4.000%; 8th quarter 4.000%; 9th quarter 4.250%; 10th quarter 4.250%; 11th quarter 4.250%; 12th quarter 4.250%	725	731
Rend Taxa Cres Iv -Vm Sr.172	April, 2012	April, 2015	1st quarter 6.000%; 2nd quarter 6.000%; 3rd quarter 6.000%; 4th quarter 6.000%; 5th quarter 6.500%; 6th quarter 6.500%; 7th quarter 6.500%; 8th quarter 6.500%; 9th quarter 7.000%; 10th quarter 7.000%; 11th quarter 7.000%; 12th quarter 7.000%	1,559	1,587
BCP Floater Feb 15-Vm Sr. 174	April, 2012	February, 2015	Until 8 Feb 2013: fixed rate 2.266% year; after 8 Feb 2013: Euribor 6M + 0.875%	8,300	7,688
BCP Floater Sep 15-Vm Sr. 175	April, 2012	September, 2015	Until 28 Mar 2013: fixed rate 1.978% year; after 28 Mar 2013: Euribor 6M + 0.875%	8,200	7,476
BCP Floater Jun 17-Vm Sr. 176	April, 2012	June, 2017	Until 27 Dec 2012: fixed rate 2.537% year; after 27 Dec 2012: Euribor 6M + 0.875%	8,800	7,388
BCP Fixa Oct 19-Vm Sr. 177	April, 2012	October, 2019	Fixed rate of 6.875%	2,000	1,611
BCP Floater Feb 15-Vm Sr. 189	April, 2012	February, 2015	Until 8 Feb 2013: fixed rate 2.266% year; after 8 Feb 2013: Euribor 6M + 0.875%	18,000	16,565
BCP Floater Sep 15-Vm Sr. 190	April, 2012	September, 2015	Until 28 Mar 2013: fixed rate 1.978% year; after 28 Mar 2013: Euribor 6M + 0.875%	15,900	14,452
BCP Floater Jun 17-Vm Sr. 191	April, 2012	June, 2017	Until 27 Dec 2012: fixed rate 2.537% year; after 27 Dec 2012: Euribor 6M + 0.875%	19,500	16,218
BCP Floater Mar 18-Vm Sr. 192	April, 2012	March, 2018	Until 27 Dec 2012: fixed rate 2.217% year; after 27 Dec 2012: Euribor 6M + 0.950%	3,055	2,465
BCP Fixa Oct 19-Vm Sr. 193	April, 2012	October, 2019	Fixed rate of 6.875%	4,900	3,949
BCP Eur Cln Jer. Martins -Vm Sr. 231	May, 2012	April, 2014	Until 14 Feb 2013: fixed rate 2.240% year; after 14 Feb 2013: Euribor 6M + 0.875%	24,000	23,770

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Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
BCP Eur Cln Bes Jun 14-Vm Sr. 232	May, 2012	June, 2014	Until 14 Feb 2013: fixed rate 2.240% year; after 14 Feb 2013: Euribor 6M + 0.875%	24,400	24,038
BCP FRN 5.625 % Sep 14-Emtn 841	June, 2012	September, 2014	Fixed rate of 5.625%	51,550	50,997
BCP FRN 5.625 % Apr15-Emtn 842	June, 2012	April, 2015	Fixed rate of 5.625%	61,150	60,188
BCP FRNs 5.625 % Feb 16-Emtn 843	June, 2012	February, 2016	Fixed rate of 5.625%	10,450	10,003
BCP Ret Trim Cres Vii 12 -Vm Sr. 261	July, 2012	July, 2014	1st quarter 4.000%; 2nd quarter 4.000%; 3rd quarter 4.250%; 4th quarter 4.250%; 5th quarter 4.750%; 6th quarter 4.750%; 7th quarter 5.500%; 8th quarter 5.500%	1,410	1,425
BCP Ret Trim Taxa Cres Viii -Vm 251	August, 2012	August, 2014	1st quarter 3.750%; 2nd quarter 3.750%; 3rd quarter 4.000%; 4th quarter 4.000%; 5th quarter 4.500%; 6th quarter 4.500%; 7th quarter 5.250%; 8th quarter 5.250%	1,470	1,484
BCP Ret Trim Cres Ix/12-Vm Sr.274	September, 2012	September, 2014	1st quarter 3.500%; 2nd quarter 3.500%; 3rd quarter 3.750%; 4th quarter 3.750%; 5th quarter 4.250%; 6th quarter 4.250%; 7th quarter 4.750%; 8th quarter 4.750%	1,770	1,784
BCP 4.75 Por Cento Sep -Vm Sr. 279	September, 2012	September, 2020	Fixed rate of 4.750%	27,100	25,646
Cln Grupo Pestana Sgps -Vm Sr. 295	December, 2012	December, 2015	Variable rate Euribor 6M + 0.950%	10,000	8,766
Mill Rend.Trim Dec 20-Vm Sr. 290	December, 2012	December, 2020	Fixed rate of 4.500%	49,623	49,623
Cln Gr.Pestana Sgps 2ª Em-Vm Sr. 296	December, 2012	December, 2015	Variable rate Euribor 6M + 0.875%	10,000	8,662
Val. Mob. CP 13.02.2014-Vm Sr. 334	November, 2013	February, 2014	Fixed rate of 0.73%	123,000	123,000
Val. Mob. CP 14.02.2014-Vm Sr. 335	November, 2013	February, 2014	Fixed rate of 0.74%	127,000	127,000
Val. Mob. CP 07.03.2014-Vm Sr. 336	December, 2013	March, 2014	Fixed rate of 0.73%	120,000	120,000
Val. Mob. CP 14.03.2014-Vm Sr. 337	December, 2013	March, 2014	Fixed rate of 0.74%	150,000	150,000
Val. Mob. CP 20.03.2014-Vm Sr. 338	December, 2013	March, 2014	Fixed rate of 0.73%	130,000	130,000
BANK MILLENNIUM					
Bank Millennium – BM_2014/01	December, 2009	January, 2014	Indexed to a portfolio of 5 shares	572	572
Bank Millennium – BM_2014/01A	December, 2009	January, 2014	Indexed to a portfolio of 5 shares	917	917
Bank Millennium – BPW_2014/01	December, 2010	January, 2014	Indexed to a portfolio of 4 indexes	1,587	1,587
Bank Millennium – BM_2014/04	March, 2011	April, 2014	Indexed to a portfolio of 6 indexes	705	705
Bank Millennium – BPW_2014/04	March, 2011	April, 2014	Indexed to Lbma Pm Gold Fix Price	501	501
Bank Millennium – BPW_2014/05	April, 2011	May, 2014	Indexed to Nikke 225	127	127
Bank Millennium – BPW_2014/06	May, 2011	June, 2014	Indexed to Euro Stoxx 50	2,633	2,633
Bank Millennium – BPW_2014/07	June, 2011	July, 2014	Indexed to Dax	602	602
Bank Millennium – BPW_2014/09	August, 2011	September, 2014	Indexed to a portfolio of 5 indexes	1,150	1.150
Bank Millennium – BPW_2015/01	December, 2011	January, 2015	Indexed to Euro Stoxx 50	138	138
Bank Millennium – BPW_2014/01A	January, 2012	January, 2014	Indexed a Wti Crude Oil	1,195	1.195
Bank Millennium – BPW_2014/09A	February, 2012	September, 2014	Indexed to Nasdaq-100	199	199
Bank Millennium – BPW_2015/03	February, 2012	March, 2015	Indexed to Wig20	1,376	1,376
Bank Millennium – BPW_2015/04	March, 2012	April, 2015	Indexed to Wig20	1,816	1,816
Bank Millennium – BPW_2015/04A	March, 2012	April, 2015	Indexed to a portfolio of 6 shares	574	574
Bank Millennium – BPW_2014/04A	April, 2012	April, 2014	Indexed to Dax	1,665	1,665
Bank Millennium – BPW_2015/04B	April, 2012	April, 2015	Indexed to Wig20	599	599
Bank Millennium – BPW_2015/06	May, 2012	June, 2015	Indexed to a portfolio of 6 shares	195	195
Bank Millennium – BPW_2015/06A	May, 2012	June, 2015	Indexed to Russian Depositary	770	770

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Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
Bank Millennium – BPW_2015/07	June, 2012	July, 2015	Indexed to Gold Fix Price	3,770	3,770
Bank Millennium – BPW_2014/07A	July, 2012	July, 2014	Indexed to Wti Crude Oil	2,438	2,438
Bank Millennium – BPW_2014/07B	July, 2012	July, 2014	Indexed to Wti Crude Oil	1,673	1,673
Bank Millennium – BPW_2014/09B	August, 2012	September, 2014	Indexed to Dax	1,913	1,913
Bank Millennium – BPW_2014/09C	August, 2012	September, 2014	Indexed to Msci Emerging Markets	467	467
Bank Millennium – BPW_2015/09	September, 2012	September, 2015	Indexed to a portfolio of 2 indexes	1,431	1,431
Bank Millennium – BPW_2015/09A	September, 2012	September, 2015	Indexed to a portfolio of 6 shares	1,046	1,046
Bank Millennium – BKMO_051015B	October, 2012	October, 2015	Fixed rate of 6.940%	60,179	60,179
Bank Millennium – BPW_2015/04C	October, 2012	April, 2015	Indexed to Wig20	1,892	1,892
Bank Millennium – BPW_2015/11	November, 2012	November, 2015	Indexed to S&P 500	1,523	1,523
Bank Millennium – BPW_2015/12	December, 2012	December, 2015	Indexed to Russian Depositary	600	600
Bank Millennium – BPW_2015/12A	December, 2012	December, 2015	Indexed to Dax	562	562
Bank Millennium – BKMO_281215A	December, 2012	December, 2015	Fixed rate of 5.710%	24,071	24,071
Bank Millennium – BPW_2016/02	January, 2013	February, 2016	Indexed to Wig20 Index	1,852	1,852
Bank Millennium – BPW_2016/02A	January, 2013	February, 2016	Indexed to Hang Seng China Enterprises Index	514	514
Bank Millennium – BPW_2016/03	February, 2013	March, 2016	Indexed to Apple Inc.	4,186	4,186
Bank Millennium – BPW_2016/03A	March, 2013	March, 2016	Indexed to Coca-Cola Equity	2,289	2,289
Bank Millennium – BPW_2015/04D	March, 2013	April, 2015	Indexed to a portfolio of 3 shares	1,339	1,339
Bank Millennium – BPW_2016/04	April, 2013	April, 2016	Indexed to Templeton Global	3,811	3,811
Bank Millennium – BPW_2016/04A	April, 2013	April, 2016	Indexed to Templeton Euro High	766	766
Bank Millennium – BPW_2016/05	May, 2013	May, 2016	Indexed to Wti Crude Oil	1,361	1,361
Bank Millennium – BPW_2016/05A	May, 2013	May, 2016	Indexed to Microsoft Corporation	466	466
Bank Millennium – BPW_2016/06	June, 2013	June, 2016	Indexed to Hang Seng China Enterprises Index	1,319	1,319
Bank Millennium – BPW_2016/06A	June, 2013	June, 2016	Indexed to Apple Inc	1,304	1,304
Bank Millennium – BPW_2016/07	July, 2013	July, 2016	Indexed to Apple Inc	3,257	3,257
Bank Millennium – BPW_2016/08	August, 2013	August, 2016	Indexed to Dow Jones Global Titans 50 Index	2,377	2,377
Bank Millennium – BPW_2016/09	September, 2013	September, 2016	Indexed to Wig20 Index	4,250	4,250
Bank Millennium – BPW_2016/09A	September, 2013	September, 2016	Indexed to Kghm	4,044	4,044
Bank Millennium – BPW_2016/10	October, 2013	October, 2016	Indexed to Kghm	4,425	4,425
Bank Millennium – BPW_2016/10A	October, 2013	October, 2016	Indexed to Kghm	1,664	1,664
Bank Millennium – BPW_2015/12B	November, 2013	December, 2015	Indexed to Russell 2000 Index	4,045	4,045
Bank Millennium – BPW_2016/12	November, 2013	December, 2016	Indexed to Kghm	1,864	1,864
Bank Millennium – BPW_2016/12A	December, 2013	December, 2016	Indexed to Hang Seng China Enterprises Index	875	875
Bank Millennium – BPW_2016/12B	December, 2013	December, 2016	Indexed to Wti Crude Oil	1,875	1,875
Bank Millennium – BPW_2015/12C	December, 2013	December, 2015	Indexed to Samsung Electronics	1,363	1,363
BCP FINANCE BANK					
BCP Fin.Bank – EUR 10 M	March, 2004	March, 2024	Fixed rate of 5.010%	10,000	9,825
BCP Fin.Bank – EUR 50 M	September, 2004	September, 2014	Euribor 3M + 0.200%	50,000	49,982
BCP Fin.Bank – EUR 20 M	December, 2004	December, 2014	Euribor 6M + 0.220%	20,000	19,996
BCP Fin.Bank – EUR 2.9 M	February, 2005	February, 2015	1st year 9.700% *n/N;2nd year and following Former coupon *n/N; (n: n. of days USD Libor 6M < Barrier)	897	897
BCP Fin.Bank – EUR 20 M	April, 2005	April, 2015	Euribor 3M + 0.180%	20,000	19,994
BCP Fin.Bank – EUR 3.5 M	April, 2005	April, 2015	1st year 6.000% *n/N; 2nd year and following Former coupon *n/N; (n: n. of days Euribor 3M < Barrier)	2,276	2,179

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Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
BCP Fin.Bank – EUR 11 M	June, 2006	June, 2014	Euribor 6M + 35 bp	11,000	10,999
BCP Fin.Bank – USD 3 M	July, 2006	July, 2016	USD Libor 6M + 0.750% *n/N; (n: n. of days USD Libor 6M< Barrier)	946	827
BCP Fin.Bank – EUR 100 M	January, 2007	January, 2017	Euribor 3M + 0.175%	99,750	99,709
BCP Finance Bank – EUR 8.018 M	February, 2009	February, 2014	Euribor 3M + Remain Prize: 1st year 0.125%;2nd year 0.250%; 3rd year 0.500%; 4th year 0.750%; 5th year 1.000%	2,393	2,393
BCP Finance Bank – EUR 4.484 M	March, 2009	March, 2014	Euribor 3M + Remain Prize: 1st year 0.125%;2nd year 0.250%; 3rd year 0.500%; 4th year 0.750%; 5th year 1.000%	1,187	1,187
BCP Finance Bank – EUR 2.353 M	April, 2009	April, 2014	Euribor 3M + Remain Prize: 1st year 0.125%; 2nd year 0.250%; 3rd year 0.750%; 4th year 1.000%; 5th year 1.250%	483	483
BCP Finance Bank – EUR 0.554 M	May, 2009	May, 2014	Euribor 3M + Remain Prize: 1st year 0.125%;2nd year 0.250%; 3rd year 0.750%; 4th year 1.000%; 5th year 1.250%	32	32
BCP Finance Bank – EUR 0.758 M	June, 2009	June, 2014	Euribor 3M + Remain Prize: 1st year 0.125%; 2nd year 0.250%; 3rd year 0.750%; 4th year 1.000%; 5th year 1.250%	222	222
BCP Finance Bank – EUR 15 M	July, 2009	July, 2017	Euribor 3M + 2.500%	15,000	14,962
BCP Finance Bank – EUR 1.648 M	August, 2009	August, 2014	Euribor 3M + Remain Prize: 1st year 0.125%; 2nd year 0.250%; 3rd year 0.750%; 4th year 1.000%; 5th year 1.250%	286	286
BCP Finance Bank – EUR 15.492 M	November, 2009	November, 2014	1st year 2.500%; 2nd year 2.750%; 3rd year 3.00%; 4th year 3.500%; 5th year 4.500%	12,830	13,279
BCP Finance Bank – EUR 5 M	December, 2009	March, 2015	Euribor 3M + 2.250%	5,000	4,997
BCP Finance Bank – EUR 12.951 M	December, 2009	December, 2014	1st year 2.500%; 2nd year 2.75%; 3rd year 3.000%;4th year 3.500%; 5th year 4.250%	9,747	10,113
BCP Finance Bank – EUR 8.424 M	January, 2010	January, 2015	1st year 2.500%; 2nd year 2.75%; 3rd year 3.250%; 4th year 4.125%; 5th year 5.000%	6,262	6,542
BCP Finance Bank – EUR 3.857 M	April, 2010	April, 2014	Indexed to a portfolio of shares	3,637	3,670
BCP Finance Bank – EUR 4.64 M	April, 2010	April, 2015	1st semester 2.000%; 2nd semester 2.125%; 3rd semester 2.250%; 4th semester 2.375%; 5th semester 2.500%; 6th semester 2.750%; 7th semester 2.875%; 8th semester 3.125%; 9th semester 3.500%; 10th semester 4.000%	3,471	3,622
BCP Finance Bank – EUR 15.733 M	April, 2010	April, 2015	1st semester 2.250%; 2nd semester 2.500%; 3rd semester 2.600%; 4th semester 2.800%; 5th semester 3.000%; 6th semester 3.150%; 7th semester 3.200%; 8th semester 3.500%; 9th semester 3.800%; 10th semester 4.500%	11,661	12,167
BCP Finance Bank – EUR 0.785 M	April, 2010	April, 2014	1st semester 1.750%; 2nd semester 1.875%; 3rd semester 2.000%; 4th semester 2.125%; 5th semester 2.250%; 6th semester 2.375%; 7th semester 2.500%; 8th semester 3.000%	659	665

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Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
BCP Finance Bank – USD 9.32 M	June, 2010	June, 2014	1st semester 2.000%; 2nd semester 2.125%; 3rd semester 2.250%; 4th semester 2.375%; 5th semester 2.500%; 6th semester 2.750%; 7th semester 3.000%; 8th semester 3.500%	4,075	4,136
BCP Finance Bank – EUR 3.635 M	June, 2010	June, 2014	1st semester 1.875%; 2nd semester 2.000%; 3rd semester 2.125%; 4th semester 2.250%; 5th semester 2.375%; 6th semester 2.500%; 7th semester 2.625%; 8th semester 3.250%	3,206	3,252
BCP Finance Bank – EUR 1.458 M	June, 2010	June, 2014	1st semester 1.625%; 2nd semester 1.750%; 3rd semester 1.875%; 4th semester 2.000%; 5th semester 2.125%; 6th semester 2.250%; 7th semester 2.375%; 8th semester 3.000%	1,258	1,276
BCP Finance Bank – EUR 1.756 M	August, 2010	August, 2015	1st semester 1.875%; 2nd semester 2.000%; 3rd semester 2.125%; 4th semester 2.250%; 5th semester 2.375%; 6th semester 2.500%; 7th semester 2.750%; 8th semester 2.875% 9th semester 3.000%; 10th semester 3.500%	1,515	1,572
BCP Finance Bank – EUR 11.537 M	August, 2010	August, 2015	1st semester 2.125%; 2nd semester 2.300%; 3rd semester 2.425%; 4th semester 2.550%; 5th semester 2.800%; 6th semester 3.050%; 7th semester 3.300%; 8th semester 3.550%; 9th semester 3.800%; 10th semester 4.300%	8,430	8,804
BCP Finance Bank – USD 3.069 M	August, 2010	August, 2015	1st semester 1.875%; 2nd semester 2.000%; 3rd semester 2.125%; 4th semester 2.250%; 5th semester 2.375%; 6th semester 2.500%; 7th semester 2.625%; 8th semester 2.875%; 9th semester 3.250%; 10th semester 3.750%	705	738
BCP Finance Bank – EUR 3.547 M	September, 2010	September, 2015	1st semester 1.875%; 2nd semester 2.000%; 3rd semester 2.125%; 4th semester 2.250%; 5th semester 2.375%; 6th semester 2.500%; 7th semester 2.750%; 8th semester 2.875% 9th semester 3.000%; 10th semester 3.500%	3,094	3,218
BCP Finance Bank – EUR 19.203 M	September 2010	September, 2015	1st semester 2.175%; 2nd semester 2.300%; 3rd semester 2.425%; 4th semester 2.550%; 5th semester 2.800%; 6th semester 3.050%; 7th semester 3.300%; 8th semester 3.550%; 9th semester 3.800%; 10th semester 4.300%	14,697	15,381
BCP Finance Bank – EUR 0.026 M	December, 2010	June, 2014	1st semester 1.750%; 2nd semester 2.000%; 3rd semester 2.250%; 4th semester 2.500%; 5th semester 2.750%; 6th semester 3.000%; 7th semester 3.250%	20	20

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(continuation)

Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
BCP Finance Bank – EUR 1.078 M	December, 2010	June, 2014	1st semester 2.500%; 2nd semester 2.750%; 3rd semester 3.000%; 4th semester 3.250%; 5th semester 3.500% ; 6th semester 3.750%; 7th semester 4.000%	864	876
BCP Finance Bank – EUR 0.354 M	February, 2011	February, 2014	1st semester 2.500%; 2nd semester 2.625%; 3rd semester 2.750%; 4th semester 3.000%; 5th semester 3.125%; 6th semester 4.000%	295	296
BCP Finance Bank – EUR 0.525 M	March, 2011	March, 2014	1st semester 2.500%; 2nd semester 2.625%; 3rd semester 2.750%; 4th semester 3.000%; 5th semester 3.125%; 6th semester 4.000%	279	281
MAGELLAN MORTGAGES NO. 2					
SPV Magellan No 2 – Class A Notes	October, 2003	July, 2036	Euribor 3M + 0.440%	125,715	125,715
SPV Magellan No 2 – Class B Notes	October, 2003	July, 2036	Euribor 3M + 1.100%	39,640	39,640
SPV Magellan No 2 – Class C Notes	October, 2003	July, 2036	Euribor 3M + 2.300%	18,900	18,900
SPV Magellan No 2 – Class D Notes	October, 2003	July, 2036	Euribor 3M + 1.700%	3,500	3,500
MAGELLAN MORTGAGES NO. 3					
Mbs Magellan Mortgages S.3 Cl.A	June, 2005	May, 2058	Euribor 3M + 0.130%	365,345	337,984
Mbs Magellan Mortgages S.3 Cl.B	June, 2005	May, 2058	Euribor 3M + 0.190%	1,790	1,656
Mbs Magellan Mortgages S.3 Cl.C	June, 2005	May, 2058	Euribor 3M + 0.290%	2,780	2,572
NOVA FINANCE NO. 4					
Nova no. 4 – Class A Notes	December, 2007	March, 2019	Euribor 3M + 0.30%. a.a. (Actual/360)	50,940	10,475
BIM – BANCO INTERNACIONAL DE MOÇAMBIQUE, S.A.					
Obrigações BIM/2010	October, 2010	October, 2015	Fixed rate of 19.000%	24,181	24,181
					8,717,895
Accruals					97,706
					8.815.601
DEBT SECURITIES AT FAIR VALUE THROUGH PROFIT AND LOSS					
BANCO COMERCIAL PORTUGUÊS					
BCP Cln Portugal – Emtn 726	June, 2010	June, 2018	Fixed rate of 4.720%	59,100	58,655
BCP Cabaz Mundial 26 Oct 10/14	October, 2010	October, 2014	Indexed to a portfolio of 4 shares	213	226
BCP Eur Cln Port 2Emis Jun 10/18	November, 2010	June, 2018	Fixed rate of 4.450%	11,550	11,547
BCP Eur Cln Portugal 10/15.06.20	November, 2010	June, 2020	Fixed rate of 4.800%	30,000	29,135
BCP Iln Blue Chip Cupão Conve I-11	January, 2011	January, 2016	Indexed to DJ EuroStoxx 50	3,000	3,283
BCP Iln Range Acc Infl I – 11 jan 2016	January, 2011	January, 2016	Fixed rate of 3.500%	3,000	3,075
BCP Iln Reto Fin Cup Ext 2014	February, 2011	February, 2014	Fixed rate of 8% year+portfolio of 2 shares	1,010	1,080
BCP Iln Seleç Merc Emerg 10 Feb 16	February, 2011	February, 2016	Indexed to MSCI Emerging Market Fund	1,005	940
BCP Iln Indic Internac Cup Fixo Iii	March, 2011	March, 2015	Fixed rate of 10% + portfolio of 3 indexes	1,365	1,522

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Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
BCP Iln Merc Emerg Asia Autocalle	March, 2011	March, 2014	Indexed to a portfolio of 3 indexes	1,210	1,259
BCP Inv America Latina May 2014	May, 2011	May, 2014	Indexed to S&P Latin America 40	1,390	1,397
Rend Real Eur Vii 11-Emtn 817	July, 2011	July, 2014	Indexed to Eurostat Eurozone Harmonised Index of Consumer Prices	3,395	3,408
Rend Real Usd Vii 11-Emtn 816	July, 2011	July, 2014	Indexed to The US CPI Urban Consum Index	761	774
BCP Cab Tecnol Usa Autoc Viii	August, 2011	August, 2014	Indexed to a portfolio of 3 shares	1,100	1,230
BCP Iln Estr Global Viii/11 Eur	August, 2011	August, 2016	Fixed rate of 1.600%	2,510	2,790
BCP Cp Fix Ant Autocall Iv-Vm Sr.198	April, 2012	April, 2014	Fixed rate of 7.500%	1,635	1,757
BCP Eur Cln Portugal 3Rd-Emtn 840	May, 2012	June, 2018	Fixed rate of 4.450%	32,700	35,422
Inv. Reemb. Duplo-Vm Sr. 270	November, 2012	November, 2014	Indexed to DJ EuroStoxx 50	3,525	3,739
Inv. Europa nov 14-Vm Sr. 271	November, 2012	November, 2014	Indexed to a portfolio of 3 indexes	15,149	15,646
Invest. Mundial nov 14-Vm Sr. 272	November, 2012	November, 2014	Indexed to a portfolio of 5 shares	20,827	20,502
Inv. Reem. Duplo Zona Eur-Vm Sr. 284	November, 2012	November, 2014	Indexed to DJ EuroStoxx 50	2,730	3,046
Rend. Zona Euro Dec 14-Vm Sr. 293	December, 2012	December, 2014	1st semester=1.250%; 2nd semester=3.333% after indexed to DJ EuroStoxx 50	1,940	2,091
BCP Inv. Europa Dec 14-Vm 285	December, 2012	December, 2014	Indexed to a portfolio of 3 indexes	24,529	25,204
BCP Inv. Mundial Dec 14-Vm 286	December, 2012	December, 2014	Indexed to a portfolio of 4 shares	23,209	21,214
Rend. Reem. Par. Euro Autoc-Vm 301	January, 2013	January, 2015	1st quarter=0.625%; 2nd quarter=1.429%; 3rd quarter=2.500%; 4th quarter=4.000%; after 16 Jan 2014 indexed interest rate to EuroStoxx 50 index	2,331	2,338
BCP Rend Reem. Par. II/13Eur-Vm 304	February, 2013	February, 2015	Until 13 Aug 2013: fixed rate 1.250%; after 13 Aug 2013: fixed rate 3.333%	2,768	2,816
Inv. Banca Zona Eur II/13 -Vm 309	February, 2013	February, 2017	Indexed to EuroStoxx Banks	1,000	1,237
Inv. Merc. Acion. Z.Euro III-Emtn 845	March, 2013	September, 2014	Indexed to DJ EuroStoxx 50	3,640	4,358
Inv. Reemb. Parc. III-Emtn 846	March, 2013	March, 2015	1st semester=1.125%; 2nd semester=3.000%; after indexed to DJ EuroStoxx 50 and S&P 500	2,903	2,990
Inv. Blue Chips Z.Euro V 13 -Emtn 848	May, 2013	May, 2015	Indexed to DJ EuroStoxx 50	1,310	1,523
Inv. Selec. Mund. Usd V 13-Emtn 849	May, 2013	May, 2015	Indexed to Stoxx Global Select Dividend 100	914	937
Cabaz Z.Eur Autocall. VII 13-Emtn 851	June, 2013	June, 2015	Indexed to DJ EuroStoxx 50	1,420	1,333
Part. Multisetorial Europ.-Emtn 850	June, 2013	June, 2018	Indexed to DB SALSA Sectors EUR	4,150	4,260
BCP Sel 500 Ac Am Autoc Epvm Sr.1	November, 2013	November, 2015	Indexed to S&P 500	3,770	3,870
Part. Blue Chips Z.Euro Epvm Sr.2	December, 2013	June, 2015	Indexed to DJ EuroStoxx 50	1,780	1,875
Invest Acoes Europeias Epvm Sr 3	December, 2013	December, 2015	Indexed to DJ EuroStoxx 50	2,570	2,682
BCP FINANCE BANK					
MTN – EUR 1.075 Millions	November, 2009	November, 2014	Indexed to Down Jones EuroStoxx 50	980	961
					280,122
Accruals					3,479
					283,601

This balance, as at 31 December 2013, is analysed by the remaining period, as follows:

(Thousands of Euros)

	2013					
	Up to 3 months	3 months to 6 months	6 months to 1 year	1 year to 5 years	Over 5 years	Total
DEBT SECURITIES AT AMORTIZED COST						
Bonds	683,391	199,193	144,357	1,436,958	144,443	2,608,342
Covered bonds	-	-	896,061	1,288,508	-	2,184,569
MTNs	171,285	1,610,619	742,034	850,779	9,825	3,384,542
Securitizations	-	-	-	-	540,442	540,442
	854,676	1,809,812	1,782,452	3,576,245	694,710	8,717,895
DEBT SECURITIES AT FAIR VALUE THROUGH PROFIT AND LOSS						
Bonds	-	3,154	91,442	14,818	-	109,414
MTNs	2,339	-	10,957	128,277	29,135	170,708
	2,339	3,154	102,399	143,095	29,135	280,122
Certificates	-	-	-	-	312,025	312,025
	-	-	-	-	312,025	312,025
	857,015	1,812,966	1,884,851	3,719,340	1,035,870	9,310,042

This balance, as at 31 December 2012, is analysed by the remaining period, as follows:

(Thousands of Euros)

	2012					
	Up to 3 months	3 months to 6 months	6 months to 1 year	1 year to 5 years	Over 5 years	Total
DEBT SECURITIES AT AMORTIZED COST						
Bonds	2,106,334	621,798	872,456	1,562,744	289,459	5,452,791
Covered bonds	-	-	-	2,262,075	-	2,262,075
MTNs	1,010,318	209,976	16,269	3,537,570	28,279	4,802,412
Securitizations	-	-	-	32,474	763,190	795,664
	3,116,652	831,774	888,725	7,394,863	1,080,928	13,312,942
DEBT SECURITIES AT FAIR VALUE THROUGH PROFIT AND LOSS						
Bonds	-	10,136	11,728	106,814	-	128,678
MTNs	15,190	5,963	7,458	21,962	131,838	182,411
	15,190	16,099	19,186	128,776	131,838	311,089
Certificates	6,959	-	-	-	99,531	106,490
	6,959	-	-	-	99,531	106,490
	3,138,801	847,873	907,911	7,523,639	1,312,297	13,730,521

37. Financial liabilities held for trading

The balance is analysed as follows:

(Thousands of Euros)

	2013	2012
DERIVATIVES		
FRA	**68**	1,432
Swaps	**757,897**	1,169,446
Options	**106,181**	155,449
Embedded derivatives	**784**	693
Forwards	**4,600**	4,821
Others	**-**	61,353
	869,530	**1,393,194**
Level 2	**861,842**	1,377,604
Level 3	**7,688**	15,590

As referred in IFRS 13, financial instruments are measured according to the levels of valuation described in note 49.

The balance Financial liabilities held for trading includes, the embedded derivatives valuation separated from the host contracts in accordance with the accounting policy presented in note 1 d), in the amount of Euros 784,000 (31 December 2012: Euros 693,000). This note should be analysed together with note 24.

38. Provisions

This balance is analysed as follows:

(Thousands of Euros)

	2013	2012
Provision for guarantees and other commitments	**211,765**	107,470
Technical provision for the insurance activity:		
For direct insurance and reinsurance accepted:		
Unearned premium/reserve	**12,037**	11,403
Life insurance	**50,587**	50,814
Bonuses and rebates	**1,594**	2,286
Other technical provisions	**9,960**	9,962
Provision for pension costs	**-**	4,440
Other provisions for liabilities and charges	**80,017**	66,953
	365,960	**253,328**

Changes in Provision for guarantees and other commitments are analysed as follows:

(Thousands of Euros)

	2013	2012
BALANCE ON 1 JANUARY	**107,470**	100,708
Transfers resulting from changes in the Group's structure	**(7,707)**	27
Other transfers	**2,345**	3,739
Charge for the year	**124,822**	16,962
Write-back for the year	**(14,659)**	(13,842)
Exchange rate differences	**(506)**	(124)
BALANCE ON 31 DECEMBER	**211,765**	107,470

Changes in Other provisions for liabilities and charges are analysed as follows:

(Thousands of Euros)

	2013	2012
BALANCE ON 1 JANUARY	**66,953**	59,961
Transfers resulting from changes in the Group's structure	**(153)**	1,641
Other transfers	**2,541**	(1,460)
Charge for the year	**41,596**	13,121
Write-back for the year	**(1,700)**	(1,118)
Amounts charged-off	**(28,666)**	(4,685)
Exchange rate differents	**(554)**	(507)
BALANCE ON 31 DECEMBER	**80,017**	66,953

The provisions are accounted in accordance with the probability of occurrence of certain contingencies related with the Group's inherent risks, which are revised in each reporting date in order to reflect the best estimate of the amount and probability of payment.

39. Subordinated debt

This balance is analysed as follows:

(Thousands of Euros)

	2013	2012
Bonds		
Non Perpetual Bonds	**1,221,541**	1,218,693
Perpetual Bonds	**28,202**	27,908
CoCos	**3,024,642**	3,017,754
	4,274,385	4,264,355
Accruals	**86,953**	34,418
	4,361,338	4,298,773

The caption Subordinated debt – CoCos corresponds to hybrids subordinated debt instruments that qualify as Core Tier I Capital, issued on 29 June 2012, by Banco Comercial Português, S.A. and fully subscribed by the Portuguese State. These instruments are fully reimbursable by the Bank through a five years period and only in specific circumstances, such as delinquency or lack of payment, are susceptible of being converted in Bank's ordinary shares.

The referred instruments were issued under the scope of the recapitalisation program of the bank, using the Euros 12,000,000,000 line made available by the Portuguese State, under the scope of the IMF intervention program, in accordance with the Law no. 150-A/2012. These instruments are eligible for prudential effects as Core Tier I. However, under the IAS 32 – Financial Instruments: Presentation for accounting purposes, these instruments are classified as liability, according to its characteristics, namely: (i) mandatory obligation to pay capital and interests; and (ii) in case of settlement through the delivery of equity securities, the number of securities to delivery is depending on the market value at the date of conversion, in order to have the value of the bond settled.

Thus, the classification as liability results from the fact that the investor, as holder of the instrument issued, is not exposed to the company equity instruments risk, and will always receive the equivalent amount of the value invested, in cash or in ordinary shares of the Bank.

The operation has an increasing interest rate beginning in 8.5% and ending at the maturity at 10% in 2017.

As at 31 December 2013, the characteristics of subordinated debt issued are analysed as follows:

Issue	Issue date	Maturity date	Interest rate	Nominal value Euros '000	Book value Euros '000
NON PERPETUAL BONDS					
BANCO COMERCIAL PORTUGUÊS:					
Mbcp Ob Cx Sub 1 Serie 2008-2018	September, 2008	September, 2018	See reference (i)	251,440	251,440
Mbcp Ob Cx Sub 2 Serie 2008-2018	October, 2008	October, 2018	See reference (i)	70,802	70,802
Bcp Ob Sub Jun 2020 – Emtn 727	June, 2010	June, 2020	See reference (ii)	87,178	89,405
Bcp Ob Sub Aug 2020 – Emtn 739	August, 2010	August, 2020	See reference (iii)	53,298	55,491
Bcp Ob Sub Mar 2021 – Emtn 804	March, 2011	March, 2021	See reference (iv)	114,000	114,000
Bcp Ob Sub Apr 2021 – Emtn 809	April, 2011	April, 2021	See reference (iv)	64,100	64,100
Bcp Ob Sub 3S Apr 2021 – Emtn 812	April, 2011	April, 2021	See reference (iv)	35,000	35,000
Bcp Sub 11/25.08.2019 – Emtn 823	August, 2011	August, 2019	Fixed rate of 6.383%	7,500	7,945
Bcp Subord Sep 2019 – Emtn 826	October, 2011	September, 2019	Fixed rate of 9.310%	50,000	47,547
Bcp Subord Nov 2019 – Emtn 830	November, 2011	November, 2019	Fixed rate of 8.519%	40,000	36,305
Bcp Subord Dec 2019 – Emtn 833	December, 2011	December, 2019	Fixed rate of 7.150%	26,600	22,651
Mill Bcp Subord Jan 2020 – Emtn 834	January, 2012	January, 2020	Fixed rate of 7.010%	14,000	11,324
Mbcp Subord fev2020 – Vm Sr. 173	April, 2012	February, 2020	Fixed rate of 9.000%	23,000	20,004
Bcp Subord abr 2020 – Vm Sr 187	April, 2012	April, 2020	Fixed rate of 9.150%	51,000	44,718
Bcp Subord 2 Serie abr 2020 – Vm 194	April, 2012	April, 2020	Fixed rate of 9.000%	25,000	21,758
Bcp Subordinadas jul 20-Emtn 844	July, 2012	July, 2020	Fixed rate of 9.000%	26,250	21,928
BANK MILLENNIUM					
Bank Millennium 2007	December, 2007	December, 2017	Euribor 6M + 2%	149,744	149,744
BANCO DE INVESTIMENTO IMOBILIÁRIO					
BII 2004	December, 2004	December, 2014	See reference (v)	15,000	14,994
BCP FINANCE BANK					
BCP Fin Bank Ltd EMTN – 295	December, 2006	December, 2016	See reference (vi)	71,209	71,192
BCP Fin Bank Ltd EMTN – 828	October, 2011	October, 2021	Fixed rate of 13.000%	98,850	71,149
MAGELLAN NO. 3					
Magellan No. 3 Series 3 Class F	June, 2005	May, 2058	–	44	44
					1,221,541
PERPETUAL BONDS					
BCP – Euro 200 millions	June, 2002	–	See reference (vii)	88	52
TOPS BPSM 1997	December, 1997	–	Euribor 6M + 0.900%	22,504	22,968
BCP Leasing 2001	December, 2001	–	See reference (viii)	5,182	5,182
					28,202
CoCos					
Bcp Coco Bonds 12/29.06.2017	June, 2012	June, 2017	See reference (ix)	3,000,000	3,024,642
					3,024,642
Accruals					86,953
					4,361,338

References:
(i) – 1st year 6.000%; 2nd to 5th year Euribor 6M + 1.000%; 6th year and following Euribor 6M + 1.400%;
(ii) – Until the 5th year fixed rate of 3.250%; 6th year and following years Euribor 6M + 1.000%;
(iii) – 1st year: 3.000%; 2nd year 3.250%; 3rd year 3.500%; 4th year 4.000%; 5th year 5.000%; 6th year and following Euribor 6M + 1.250%;
(iv) – Euribor 3M + 3.750% per year;
(v) – Until 10th coupon Euribor 6M + 0.400%; After 10th coupon Euribor 6M + 0.900%;
(vi) – Euribor 3M + 0.300% (0.800% after December 2011);
(vii) – Until 40th coupon 6.131%; After 40th coupon Euribor 3M + 2.400%;
(viii) – Until 40th coupon Euribor 3M + 1.750%; After 40th coupon Euribor 3M + 2.250%;
(ix) – 1st year: 8.500%; 2nd year 8.750%; 3rd year 9.000%; 4th year 9.500%; 5th year 10.000%.

The analysis of the subordinated debt by remaining period, is as follows:

(Thousands of Euros)

	2013	2012
Up to 1 year	**14,994**	-
1 to 5 years	**3,567,820**	3,254,454
Over 5 years	**663,369**	981,993
Undetermined	**28,202**	27,908
	4,274,385	4,264,355
Accruals	**86,953**	34,418
	4,361,338	4,298,773

40. Other liabilities

This balance is analysed as follows:

(Thousands of Euros)

	2013	2012
Creditors:		
Suppliers	**38,389**	50,388
From factoring operations	**9,052**	6,444
Associated companies	**582**	160
Other creditors	**371,231**	239,974
Public sector	**65,326**	86,934
Interests and other amounts payable	**101,244**	98,381
Deferred income	**6,506**	7,097
Holiday pay and subsidies	**67,800**	69,370
Other administrative costs payable	**2,341**	1,313
Amounts payable on trading activity	**6,848**	35,999
Other liabilities	**327,205**	349,568
	996,524	945,628

The balance Creditors – Other creditors includes the amount of Euros 4,176,000 (31 December 2012: Euros 4,413,000), related to the obligations with retirement benefits already recognised in Staff costs, to be paid to former members of the Executive Board of Directors. As referred in note 50, the above mentioned obligations are not covered by the Pension Fund, and therefore correspond to amounts payable by the Group.

The balance Creditors – Other creditors also includes, Euros 49,412,000 (31 December 2012: Euros 49,562,000) related with the seniority premium, as described in note 50.

41. Share capital, preference shares and other capital instruments

The share capital of the Bank, amounts to Euros 3,500,000,000 and is represented by 19,707,167,060 nominate and ordinary shares without nominal value, which is fully paid.

Under the Bank's Capitalisation Plan, the share capital increase was successfully completed, following the issue of ordinary shares in the amount of Euros 500,000,000, through subscription reserved for shareholders exercising their legal preference right, of 12,500,000,000 new shares.

In accordance with the Shareholders General Meeting in 31 May of 2012, the bank reduced the share capital from Euros 6,064,999,986 to Euros 3,000,000,000, without changing the number of shares without nominal value at this date. The reduction included two components: a) Euros 1,547,873,439.69 to cover losses on the individual accounts of the Bank occurred in the year 2011; b) Euros 1,517,126,546.31, to reinforce the future conditions in order to have funds that can be distributed.

42. Legal reserve

Under Portuguese legislation, the Bank is required to set-up annually a legal reserve equal to a minimum of 10 percent of annual profits until the reserve equals the share capital. Such reserve is not normally distributable. In accordance with the proposal approved in the General Shareholders Meeting held on 20 May 2013, the Bank reversed its legal reserve in the amount of Euros 406,730,000 to cover part of the negative balance of Retained Earnings.

In accordance with current legislation, the Group companies must set-up annually a reserve with a minimum percentage between 5 and 20 percent of their net annual profits depending on the nature of their economic activity.

43. Fair value reserves, other reserves and retained earnings

This balance is analysed as follows:

(Thousands of Euros)

	2013	2012
Actuarial losses (net of taxes)	**(1,877,291)**	(1,843,748)
Exchange differences arising on consolidation	**(120,132)**	(93,159)
FAIR VALUE RESERVES		
Financial assets available for sale		
Potential gains and losses recognised in fair value reserves	**112,634**	135,787
Fair value hedge adjustments	**827**	(2,222)
Loans represented by securities(*)	**(25)**	(30)
Financial assets held to maturity(*)	**5,503**	5,863
Of associated companies and others	**(39,340)**	(70,521)
Cash flow hedge	**(25,141)**	(33,124)
	54,458	**35,753**
TAX		
Financial assets available for sale		
Potential gains and losses recognised in fair value reserves	**(34,925)**	(38,331)
Fair value hedge adjustments	**(261)**	644
Loans represented by securities	**8**	9
Financial assets held to maturity	**(1,733)**	(1,700)
Cash flow hedge	**4,764**	6,293
	(32,147)	**(33,085)**
Fair value reserve net of taxes	**22,311**	2,668
	(1,975,112)	**(1,934,239)**
OTHER RESERVES AND RETAINED EARNINGS		
Legal reserve	**193,270**	600,000
Statutory reserve	**30,000**	30,000
Other reserves and retained earnings	**1,585,859**	2,325,250
Other reserves arising on consolidation	**(168,643)**	(168,322)
	1,640,486	**2,786,928**

(*) Refers to the amount not accrued the fair value reserve at the date of reclassification for securities subject to reclassification (as referred in note 24).

The changes occurred in legal reserve are analysed in note 42. The Fair value reserves correspond to the accumulated fair value changes of the financial assets available for sale and Cash flow hedge, in accordance with the accounting policy presented in note 1 d).

The balance Statutory reserves corresponds to a reserve to steady dividends that, according to the bank's by-laws can be distributed.

Additionally, in accordance with the proposal approved on 20 May 2013 in the General Meeting of Shareholders, the Group reversed the share premium amounting to Euros 71,722,000 to cover part of the negative balance of Retained Earnings.

The reconciliation between amortised cost and fair value of Financial assets available for sale, is analysed as follows:

(Thousands of Euros)

	2013	2012
Amortised cost	**9,361,096**	9,218,569
Accumulated impairment recognised	**(146,610)**	(130,945)
AMORTISED COST NET OF IMPAIRMENT	**9,214,486**	**9,087,624**
Potential gains and losses recognised in fair value reserves	**112,634**	135,787
MARKET VALUE	**9,327,120**	**9,223,411**

The changes occurred, during 2013, in Fair value reserves for loans represented by securities, financial assets available for sale, financial assets held to maturity, investments in associated companies and others, are analysed as follows:

(Thousands of Euros)

	2013				
	Balance on 1 January	Revaluation	Impairment in profit and loss	Sales	Balance on 31 December
Millenniumbcp Ageas	(74,133)	29,670	-	-	(44,463)
Portuguese public debt securities	129,519	21,713	-	(61,820)	89,412
Other investments	13,491	41,211	102,193	(122,245)	34,650
	68,877	**92,594**	**102,193**	**(184,065)**	**79,599**

The changes occurred, during 2012, in Fair value reserves for loans represented by securities, financial assets available for sale, financial assets held to maturity, investments in associated companies and others, are analysed as follows:

(Thousands of Euros)

	2012				
	Balance on 1 January	Revaluation	Impairment in profit and loss	Sales	Balance on 31 December
Millenniumbcp Ageas	(225,886)	151,753	-	-	(74,133)
Portuguese public debt securities	(174,728)	351,446	-	(47,199)	129,519
Other investments	(70,640)	8,555	74,580	996	13,491
	(471,254)	**511,754**	**74,580**	**(46,203)**	**68,877**

44. Treasury stock

This balance is analysed as follows:

	Banco Comercial Português, S.A. shares	Other treasury stock	Total
2013			
Net book value (Euros '000)	12,757	9,988	22,745
Number of securities	76,664,387 (*)		
Average book value (Euros)	0,17		
2012			
Net book value (Euros '000)	6,377	7,835	14,212
Number of securities	85,018,572 (*)		
Average book value (Euros)	0.08		

Treasury stock refers to own securities held by the companies included in the consolidation perimeter. These securities are held within the limits established by the bank's by-laws and by "Código das Sociedades Comerciais".

(*) As at 31 December 2013, this balance includes 76,664,387 shares (31 December 2012: 85,018,572 shares) owned by clients which were financed by the Bank. Considering the fact that for these clients there is evidence of impairment, under the IAS 39 the shares of the Bank owned by these clients were, only for accounting purposes and in accordance with this standard, considered as treasury stock.

45. Non-controlling interests

The balance Non-controlling interests is analysed as follows:

(Thousands of Euros)

	Balance Sheet		Income Statement	
	2013	2012	**2013**	2012
Bank Millennium, S.A.	**445,219**	408,371	**43,934**	36,050
BIM – Banco Internacional de Moçambique, S.A.	**128,099**	114,583	**29,418**	29,614
Banco Millennium Angola, S.A.	**123,528**	109,198	**20,359**	18,353
Other subsidiaries	**(4,245)**	(4,138)	**(9)**	(2,174)
	692,601	628,014	**93,702**	81,843

This balance is analysed as follows:

(Thousands of Euros)

	2013	2012
Exchange differences arising on consolidation	**(21,809)**	3,232
Fair value reserves	**2,574**	(10,501)
Deferred taxes	**(842)**	1,490
	(20,077)	(5,779)
Profit for the year	**93,702**	81,843
Other reserves and retained earnings related to previous years	**618,976**	551,950
	692,601	628,014

46. Guarantees and other commitments

This balance is analysed as follows:

(Thousands of Euros)

	2013	2012
Guarantees granted	**5,528,090**	6,421,332
Guarantees received	**29,292,448**	29,223,557
Commitments to third parties	**8,003,594**	8,548,959
Commitments from third parties	**14,043,416**	16,079,980
Securities and other items held for safekeeping on behalf of customers	**109,426,379**	109,900,993
Securities and other items held under custody by the Securities Depository Authority	**129,517,608**	135,503,962
Other off balance sheet accounts	**148,832,584**	163,375,235

The amounts of Guarantees granted and Commitments to third parties are analysed as follows:

(Thousands of Euros)

	2013	2012
GUARANTEES GRANTED		
Guarantees	**4,309,714**	5,065,783
Stand-by letter of credit	**81,876**	196,457
Open documentary credits	**291,701**	220,991
Bails and indemnities	**844,799**	938,101
	5,528,090	6,421,332
COMMITMENTS TO THIRD PARTIES		
Irrevocable commitments		
Term deposits contracts	**50,111**	4,328
Irrevocable credit lines	**2,296,632**	2,078,741
Other irrevocable commitments	**308,622**	308,493
Revocable commitments		
Revocable credit lines	**3,996,579**	4,889,877
Bank overdraft facilities	**1,184,706**	1,137,876
Other revocable commitments	**166,944**	129,644
	8,003,594	8,548,959

The guarantees granted by the Group may be related with loan transactions, where the Group grants a guarantee in connection with a loan granted to a client by a third entity. According to its specific characteristics it is expected that some of these guarantees expire without being executed and therefore these transactions do not necessarily represent a cash-outflow.

Stand-by letters and open documentary credits aim to ensure the payment to third parties from commercial deals with foreign entities and therefore financing the shipment of the goods. Therefore the credit risk of these transactions is limited once they are collateralised by the shipped goods and are generally short term operations.

Irrevocable commitments are non-used parts of credit facilities granted to corporate or retail customers. Many of these transactions have a fixed term and a variable interest rate and therefore the credit and interest rate risk is limited.

The financial instruments accounted as Guarantees and other commitments are subject to the same approval and control procedures applied to the credit portfolio, namely regarding the analysis of objective evidence of impairment, as described in note 1 c). The maximum credit exposure is represented by the nominal value that could be lost related to guarantees and commitments undertaken by the Group in the event of default by the respective counterparties, without considering potential recoveries or collaterals.

Considering their nature, as described above, no material losses are anticipated as a result of these transactions.

47. Assets under management and custody

In accordance with the no. 4 of the 29th article of Decree-Law 252/2003 of 17 October, which regulates collective investment organisms, the funds managing companies together with the custodian Bank of the Funds, are jointly responsible to all the funds investors, for the compliance of all legal obligations arising from the applicable Portuguese legislation and in accordance with the regulations of the funds. The total value of the funds managed by the Group companies is analysed as follows:

(Thousands of Euros)

	2013	2012
Banco Comercial Português, S.A.	**1,007,359**	558,080
Millennium bcp Bank & Trust	**10,406**	11,472
Millennium bcp Gestão de Activos – Sociedade Gestora de Fundos de Investimento, S.A.	**1,561,103**	1,338,904
BII Investimentos International, S.A.	**79,331**	66,299
Interfundos Gestão de Fundos de Investimento Imobiliários, S.A.	**1,588,672**	1,206,445
Millennium TFI S.A.	**836,394**	724,521
Millennium Mutual Funds Management Company, Societe Anonyme	**-**	48,960
	5,083,265	3,954,681

The Group provides custody, trustee, corporate administration, investment management and advisory services to third parties, which involve the Group making allocation and purchase and sale decisions in relation to a wide range of financial instruments. For certain services are set objectives and levels of return for assets under management and custody. Those assets held in a fiduciary capacity are not included in the financial statements.

The total assets under management by Group companies is analysed as follows:

(Thousands of Euros)

	2013	2012
Investment funds	**2,476,828**	1,828,418
Real-estate investment funds	**1,588,672**	1,556,711
Wealth management	**1,017,765**	569,552
Assets under deposit	**101,541,311**	102,972,024
	106,624,576	106,926,705

48. Relevant events occurred during 2013

Conclusion of the sale of Piraeus Bank

On 30 October 2013, BCP concluded its exit out of the Greek market with the disposal of its entire investment held (including warrants) in Piraeus Bank. This stake was acquired under the sale of Millennium Bank (Greece) process, which was sold for Euros 494,000,000 representing an appreciation over the purchase price of Euros 94,000,000.

Restructuring plan approved by the Directorate General for Competition of the European Commission

On 2 September, 2013, the Directorate General for Competition of the European Commission formally agreed with the Portuguese authorities on the restructuring plan of the Banco Comercial Português, S.A. ("BCP").

The refered agreement concludes that BCP's restructuring plan complies with the rules of the European Union regarding state aid, showing the bank is viable without continued State support.

The approved plan provides support to the economy and families, pursuing a strategy already in place. The referred plan foresees:

– the reinforcement of financing to the economy and full compliance with regulatory requirements for capital levels;
– the strategic focus on the activity through the separation of assets considered core and non-core (securities backed lending, highly-leveraged secured lending, historical subsidized mortgages and lending to certain segments linked to construction, football clubs and real estate development), aiming for a phased reduction of non-core assets;
– balance sheet deleveraging, with the reduction of non-core assets and a LTD ratio (loans-to-deposits) of 120%, from 2015 onward;
– the improvement of operational efficiency to achieve a minimum ROE (return on equity) of 10% and a maximum CTI (cost to income) of 50%, both from 2016 onward;
– the implementation of a new approach to the asset management business by adopting an open architecture distribution model, allowing a broader range of investment options for customers;
– the continuation of the adjustment process of its presence in the domestic market, namely by optimizing the number of branches and organizational areas of business support, and continuing to pursue the human resources policies that help to adjust the current staff levels to the effective demand for banking services. In particular, the agreement implies a reduction of around 25% on staff-related costs from December 2012 to December 2015 (it should be stressed that a significant portion of this effort has already been carried out in 2012 and in the first half of 2013).

Concerning international activities, the plan highlights the importance of the strategic operations in Angola and Mozambique, which are major contributors to the strategy to support companies and the Group's net income. Bank Millennium in Poland is also considered as a core operation, and there is no commitment to sell it unless the amount of the CoCos still to be paid in December 2016 exceeds Euros 700,000,000. Still within the scope of the international activities, the plan foresees the sale of BCP's operation in Romania in the mid-term.

The plan also establishes a commitment for selling Millennium bcp Gestão de Activos – Sociedade Gestora de Fundos de Investimento, S.A.

Conclusion of the sale of Millennium Bank in Greece
As at 19 June 2013, the Banco Comercial Português S.A concluded the sale of entire share capital of Millennium Bank Greece to Piraeus Bank which includes: (i) the sale of the entire share capital of Millennium Bank (Greece) ("MBG") and, (ii) the investment by BCP in the forthcoming capital increase of Piraeus Bank. This agreement was part of the framework that has been defined by the Bank of Greece and the Hellenic Financial Stability Fund ("HFSF") aiming at the restructuring of the Greek banking system and strengthening its financial stability. The terms and conditions of the transactions have been approved by the HFSF.

Prior to the completion of the acquisition, BCP has recapitalised MBG in the total amount of Euros 413,000,000, which is covered by the Euros 427,000,000 provision, created in 2012, for potential losses at MBG.

BCP subscribed Piraeus Bank ordinary shares in the amount of Euros 400,000,000, which were sold during 2013.

With the conclusion of this disposal, the Group ceases to consolidate the Greek's subsidiaries, whose balance sheet as at 31 December, 2012, that was incorporated in the Group's consolidated accounts, is analysed in note 59:

General Meeting in 20 May 2013
On 20 May, 2013, the Annual General Meeting of the Bank was held with 46.7% of the share capital represented. In this meeting the following resolutions were taken: (i) Approval of the individual and consolidated annual report, balance sheet and financial statements of 2012; (ii) Approval of the proposal to transfer the losses recorded in the 2012 individual balance sheet, to Retained Earnings and covering of the negative amount of this balance against Other reserves, Share Premium and part of the Legal reserves; (iii) Approval of a vote of support and praise addressed to the Board of Directors, including its Executive Committee and Audit Committee and to each one of their members, as well to the Statutory Auditor; (iv) Approval of the proposal for the election of one member to the Remuneration and Welfare Board, increasing the number of members in the 2012/2014 term-of-office to 5; (v) Approval of the remuneration policy for the members of the Board of Directors, including the Executive Committee and approval of the remuneration policy for heads of function, senior executives and other employees; (vi) Approval of the proposal of acquisition and sale of own shares and bonds.

Synthetic securitization operation
Conclusion, on 28 June 2013 of a synthetic securitization transaction with placement in the capital markets with the aim of releasing regulatory capital associated to a SME and Entrepreneurs through effective risk transference.

Repurchase and cancelation of Euros 1,750,000,000 floating rate notes issue

As at 28 June 2013, BCP proceeded a repurchase and full cancelation of an Euros 1,750,000,000 floating rate notes issue guaranteed by the Portuguese Republic under the State Special Guarantee Framework of the Portuguese Republic, which was placed in BII.

49. Fair value

Fair value is based on market prices, whenever these are available. If market prices are not available, as occurs regarding many products sold to clients, fair value is estimated through internal models based on cash flow discounting techniques. Cash flows for the different instruments sold are calculated according to its financial characteristics and the discount rates used include both the interest rate curve and the current conditions of the pricing policy in the Group.

Thus, the fair value obtained is influenced by the parameters used in the evaluation model that have some degree of judgement and reflects exclusively the value attributed to different financial instruments. However it does not consider prospective factors, as the future business evolution. Therefore the values presented cannot be understood as an estimate of the economic value of the Group.

The main methods and assumptions used in estimating the fair value for the financial assets and financial liabilities of the Group are presented as follows:

Cash and deposits at Central Banks, Loans and advances to credit institutions repayable on demand

Considering the short term of these financial instruments, the amount in the balance sheet is a reasonable estimate of its fair value.

Loans and advances to credit institutions, Deposits from credit institutions and Assets with repurchase agreements

The fair value of these financial instruments is calculated discounting the expected principal and interest future cash flows for these instruments, considering that the payments of the instalments occur in the contractually defined dates.

For Deposits from Central Banks it was considered that the book value is a reasonable estimate of its fair value, given the nature of operations and the associated short-term. The rate of return of funding with the European Central Bank is 0.25% as at 31 December 2013 (31 December 2012: 0.75%).

Regarding loans and advances to credit institutions and deposits from credit institutions, the discount rate used reflects the current conditions applied by the Group on identical instruments for each of the different residual maturities. The discount rate includes the market rates for the residual maturity date (rates from the monetary market or from the interest rate swap market, at the end of the year). As at 31 December 2013, the average discount rate was 2.95% for loans and advances and 1.42% for deposits. As at 31 December 2012 the rates were 3.87% and 3.13%, respectively.

Financial assets held for trading (except derivatives), Financial liabilities held for trading (except derivatives) and Financial assets available for sale

These financial instruments are accounted for at fair value. Fair value is based on market prices, whenever these are available. If market prices are not available, fair value is estimated through numerical models based on cash flow discounting techniques, using the interest rate curve adjusted for factors associated, predominantly credit risk and liquidity risk, determined in accordance with the market conditions and time frame.

Market interest rates are determined based on information released by the suppliers of financial content – Reuters and Bloomberg – more specifically as a result of prices of interest rate swaps. The values for the very short-term rates are obtained from similar sources but regarding interbank money market. The interest rate curve obtained is calibrated with the values of interest rate short-term futures. Interest rates for specific periods of the cash flows are determined by appropriate interpolation methods. The same interest rate curves are used in the projection of the non-deterministic cash flows such as indexes.

When optionality is involved, the standard templates (Black-Scholes, Black, Ho and others) are used considering the volatility areas applicable. Whenever there are no references in the market of sufficient quality or that the available models do not fully apply to meet the characteristics of the financial instrument, specific quotations supplied by an external entity are applied, typically a counterparty of the business.

Financial assets held to maturity

These financial instruments are accounted at amortised cost net of impairment. Fair value is based on market prices, whenever these are available. If market prices are not available, fair value is estimated through numerical models based on cash flow discounting techniques, using the interest rate curve adjusted for factors associated, predominantly credit risk and liquidity risk, determined in accordance with the market conditions and time frame.

Hedging and trading derivatives

All derivatives are recorded at fair value.

In case of derivative contracts that are quoted in organised markets their market prices are used. As for derivatives traded "Over-the-counter", it is applied methods based on numerical cash flow discounting techniques and models for assessment of options considering variables of the market, particularly the interest rates on the instruments in question, and where necessary, their volatilities.

Interest rates are determined based on information disseminated by the suppliers of financial content – Reuters and Bloomberg – more specifically those resulting from prices of interest rate swaps. The values for the very short-term rates are obtained from a similar source but regarding interbank money market. The interest rate curve obtained is calibrated with the values of interest rate short-term futures. Interest rates for specific periods of the cash flows are determined by appropriate interpolation methods. The interest rate curves are used in the projection of the non-deterministic cash flows such as indexes.

Loans and advances to customers with defined maturity date

The fair value of these instruments is calculated by discounting the expected principal and interest future cash flows for these instruments, considering that the payments of the instalments occur in the contractually defined dates. The discount rate used reflects the current conditions applied by the Group in similar instruments for each of the homogeneous classes of this type of instrument and with similar residual maturity. The discount rate includes the market rates for the residual maturity date (rates from the monetary market or from the interest rate swap market, at the end of the year) and the spread used at the date of the report, which was calculated from the average production of the fourth quarter of the year. The average discount rate was 5.50% as at 31 December 2013 and 4.92% as at 31 December 2012, assuming the projection of the variable rates according to the evolution of the forward rates implicit in the interest rate curves. The calculations also include the credit risk spread.

Loans and advances to customers and deposits repayable on demand without defined maturity date

Considering the short maturity of these financial instruments, the conditions of the portfolio are similar to conditions used at the date of the report. Therefore the amount in the balance sheet is a reasonable estimate of its fair value.

Deposits from customers

The fair value of these financial instruments is calculated by discounting the expected principal and interest future cash flows for the referred instruments, considering that payments occur in the contractually defined dates. The discount rate used reflects the current conditions applied by the Group in similar instruments with a similar maturity. The discount rate used reflects the actual rates of the Group to this type of funds and with similar residual maturity date. The discount rate includes the market rates of the residual maturity date (rates of monetary market or the interest rate swap market, at the end of the year) and the spread of the Group at the date of the report, which was calculated from the average production of the fourth quarter of the year. As at 31 December 2013, the average discount rate was 2.49% and as at 31 December 2012 was 3.43%.

Debt securities issued and Subordinated debt

For these financial instruments the fair value was calculated for components for which fair value is not yet reflected in the balance sheet. Fixed rate instruments for which the Group adopts "hedge-accounting", the fair value related to the interest rate risk is already recognised.

For the fair value calculation, other components of risk were considered, in addition to the interest rate risk already recorded. The fair value is based on market prices, whenever these are available. If market prices are not available, fair value is estimated through numerical models based on cash flow discounting techniques, using the interest rate curve adjusted by associated factors, predominantly credit risk and trading margin, the latter only in the case of issues placed on non-institutional customers of the Group.

As original reference, the Group applies the curves resulting from the market interest rate swaps for each specific currency. The credit risk (credit spread) is represented by an excess from the curve of interest rate swaps established specifically for each term and class of instruments based on the market prices on equivalent instruments.

For own debts placed among non institutional costumers of the Group, one more differential was added (commercial spread), which represents the margin between the financing cost in the institutional market and the cost obtained by distributing the respective instrument in the owned commercial network.

The average reference yield curve obtained from market prices in Euros and used in the calculation of the fair value of own securities was 8.99% (31 December, 2012: 9.71%) for subordinated debt placed on the institutional market. Regarding the subordinated issues placed on the retail market it was determined a discount rate of 8.25% (31 December, 2012: 12.21%). The average discount rate calculated for senior issues (including the Government guaranteed and asset-backed) was 3.43% (31 December 2012: 5.38%) and 3.88% (31 December, 2012: 4.25%) for senior and collateralised securities placed on the retail market.

For debt securities, the fair value calculation focused on all the components of these instruments, as a result the difference determined as at 31 December 2013 is a negative amount of Euros 48,271,000 (31 December 2012: a negative amount of Euros 250,147,000), and includes a receivable amount of Euros 160,000 (31 December 2012: a receivable amount of Euros 2,375,000) which reflects the fair value of embedded derivatives and are recorded in financial assets and liabilities held for trading.

As at 31 December 2013, the following table presents the interest rates used in the definition of the interest rate curves of main currencies, namely EUR, USD, GBP and PLN used to determine the fair value of the assets and liabilities of the Group:

	Currencies			
	EUR	USD	GBP	PLN
1 day	0.13%	0.10%	0.41%	2.44%
7 days	0.13%	0.11%	0.41%	2.48%
1 month	0.17%	0.16%	0.41%	2.51%
2 months	0.21%	0.21%	0.47%	2.56%
3 months	0.25%	0.25%	0.52%	2.61%
6 months	0.34%	0.36%	0.67%	2.62%
9 months	0.43%	0.48%	0.81%	2.63%
1 year	0.41%	0.31%	0.95%	2.75%
2 years	0.54%	0.47%	1.02%	2.99%
3 years	0.77%	0.86%	1.43%	3.24%
5 years	1.26%	1.77%	2.13%	3.71%
7 years	1.68%	2.44%	2.58%	4.00%
10 years	2.16%	3.05%	2.99%	4.22%
15 years	2.59%	3.54%	3.32%	4.32%
20 years	2.71%	3.74%	3.41%	4.26%
30 years	2.73%	3.88%	3.43%	4.11%

The following table shows the fair value of financial assets and liabilities of the Group, as at 31 December 2013:

(Thousands of Euros)

	2013				
	Fair value through profit or loss	Available for sale	Amortised cost	Book value	Fair value
Cash and deposits at Central Banks	-	-	2,939,663	2,939,663	2,939,663
Loans and advances to credit institutions					
Repayable on demand	-	-	1,054,030	1,054,030	1,054,030
Other loans and advances	-	-	1,240,628	1,240,628	1,240,468
Loans and advances to customers	-	-	56,802,197	56,802,197	54,029,633
Financial assets held for trading	1,290,079	-	-	1,290,079	1,290,079
Financial assets available for sale	-	9,327,120	-	9,327,120	9,327,120
Assets with repurchase agreement	-	-	58,268	58,268	58,268
Hedging derivatives	104,503	-	-	104,503	104,503
Held to maturity financial assets	-	-	3,110,330	3,110,330	3,119,676
	1,394,582	**9,327,120**	**65,205,116**	**75,926,818**	**73,163,440**
Deposits from credit institutions	-	-	13,492,536	13,492,536	13,482,916
Amounts owed to customers	675,007	-	48,284,745	48,959,752	48,966,808
Debt securities	595,626	-	8,815,601	9,411,227	9,362,956
Financial liabilities held for trading	869,530	-	-	869,530	869,530
Hedging derivatives	243,373	-	-	243,373	243,373
Subordinated debt	-	-	4,361,338	4,361,338	4,659,969
	2,383,536	**-**	**74,954,220**	**77,337,756**	**77,585,552**

The following table shows the fair value of financial assets and liabilities of the Group, as at 31 December 2012:

(Thousands of Euros)

	2012				
	Fair value through profit or loss	Available for sale	Amortised cost	Book value	Fair value
Cash and deposits at Central Banks	-	-	3,580,546	3,580,546	3,580,546
Loans and advances to credit institutions					
Repayable on demand	-	-	829,684	829,684	829,684
Other loans and advances	-	-	1,887,389	1,887,389	1,878,694
Loans and advances to customers	-	-	62,618,235	62,618,235	59,624,471
Financial assets held for trading	1,690,926	-	-	1,690,926	1,690,926
Financial assets available for sale	-	9,223,411	-	9,223,411	9,223,411
Assets with repurchase agreement	-	-	4,288	4,288	4,288
Hedging derivatives	186,032	-	-	186,032	186,032
Held to maturity financial assets	-	-	3,568,966	3,568,966	3,435,714
	1,876,958	**9,223,411**	**72,489,108**	**83,589,477**	**80,453,766**
Deposits from credit institutions	-	-	15,265,760	15,265,760	15,197,616
Amounts owed to customers	14,532	-	49,389,866	49,404,398	49,386,819
Debt securities	421,226	-	13,441,773	13,862,999	13,612,852
Financial liabilities held for trading	1,393,194	-	-	1,393,194	1,393,194
Hedging derivatives	301,315	-	-	301,315	301,315
Subordinated debt	-	-	4,298,773	4,298,773	4,661,626
	2,130,267	**-**	**82,396,172**	**84,526,439**	**84,553,422**

The following table shows, by valuation levels, the fair value of financial assets and liabilities of the Group, as at 31 December 2013:

(Thousands of Euros)

	2013				
	Level 1	Level 2	Level 3	Financial instruments at cost	Total
Cash and deposits at Central Banks	2,939,663	-	-	-	2,939,663
Loans and advances to credit institutions					
Repayable on demand	1,054,030	-	-	-	1,054,030
Other loans and advances	-	-	1,240,468	-	1,240,468
Loans and advances to customers	-	-	54,029,633	-	54,029,633
Financial assets held for trading	542,475	700,184	37,009	10,411	1,290,079
Financial assets available for sale	5,712,999	2,411,089	1,142,350	60,682	9,327,120
Assets with repurchase agreement	-	-	-	58,268	58,268
Hedging derivatives	-	104,503	-	-	104,503
Held to maturity financial assets	2,122,067	997,609	-	-	3,119,676
	12,371,234	4,213,385	56,449,460	129,361	73,163,440
Deposits from credit institutions	-	-	13,482,916	-	13,482,916
Amounts owed to customers	-	-	48,966,808	-	48,966,808
Debt securities	312,025	9,050,931	-	-	9,362,956
Financial liabilities held for trading	-	861,842	7,688	-	869,530
Hedging derivatives	-	243,373	-	-	243,373
Subordinated debt	-	4,659,969	-	-	4,659,969
	312,025	14,816,115	62,457,412	-	77,585,552

The following table shows, by valuation levels, the fair value of financial assets and liabilities of the Group, as at 31 December 2012:

(Thousands of Euros)

	2012				
	Level 1	Level 2	Level 3	Financial instruments at cost	Total
Cash and deposits at Central Banks	3,580,546	-	-	-	3,580,546
Loans and advances to credit institutions					
Repayable on demand	829,684	-	-	-	829,684
Other loans and advances	-	-	1,878,694	-	1,878,694
Loans and advances to customers	-	-	59,624,471	-	59,624,471
Financial assets held for trading	484,133	1,190,327	14,806	1,660	1,690,926
Financial assets available for sale	4,653,222	3,611,863	889,120	69,206	9,223,411
Assets with repurchase agreement	-	-	-	4,288	4,288
Hedging derivatives	-	186,032	-	-	186,032
Held to maturity financial assets	2,077,284	1,358,430	-	-	3,435,714
	11,624,869	6,346,652	62,407,091	75,154	80,453,766
Deposits from credit institutions	-	-	15,197,616	-	15,197,616
Amounts owed to customers	-	-	49,386,819	-	49,386,819
Debt securities	106,490	13,506,362	-	-	13,612,852
Financial liabilities held for trading	-	1,377,604	15,590	-	1,393,194
Hedging derivatives	-	301,315	-	-	301,315
Subordinated debt	-	4,661,626	-	-	4,661,626
	106,490	19,846,907	64,600,025	-	84,553,422

The Group uses the following hierarchy for fair value with 3 levels in the valuation of financial instruments (assets or liabilities), which reflects the level of judgment, the observability of the data used and the importance of the parameters used in determining the fair value measurement of the instrument, as referred in IFRS 13:

– Level 1: Fair value is determined based on unadjusted quoted prices, captured in transactions in active markets involving identical instruments to the ones being valued. If there is more than one active market for the same financial instrument, the relevant price is what prevails in the main market of the instrument, or most advantageous market for which there is access.
– Level 2: Fair value is determined based on valuation techniques supported by observable inputs in active markets, being direct data (prices, rates, spreads, etc.) or indirect data (derivatives), and valuation assumptions similar to what an unrelated party would use in estimating the fair value of that financial instrument.
– Level 3: Fair value is determined based on unobservable inputs in active markets, using techniques and assumptions that market participants would use to evaluate the same instruments, including assumptions about the inherent risks, the valuation technique used and inputs used and review processes to test the accuracy of the values obtained.

The Group considers an active market for a particular financial instrument at the measurement date, depending on business volumes and liquidity of the transactions made, the relative volatility of the prices quoted and the readiness and availability of information, the following minimum conditions should verify:

– Existence of frequent daily prices trading in the last year;
– The above quotations are exchanged regularly;
– There executable quotes from more than one entity.

A parameter used in a valuation technique is considered observable in the market, if the following conditions are met:

– If its value is determined in an active market;
– Or, if there is an OTC market and it is reasonable to assume that the conditions of an active market are met, with the exception of the condition of trading volumes;
– Or, the parameter value can be obtained by the inverse calculation of prices of financial instruments or derivatives where the remaining parameters required for initial assessment are observable in a liquid market or an OTC market that comply with the preceding paragraphs.

50. Post-employment benefits and other long term benefits

The Group assumed the liability to pay to their employees pensions on retirement or disability and other obligations. These liabilities comply with the terms of the 'Acordo Colectivo de Trabalho do Grupo BCP'. The Group's pension obligations and other liabilities are mainly covered through the Banco Comercial Português Pension Fund managed by PensõesGere – Sociedade Gestora de Fundo de Pensões, S.A.

Following the approval by the Government of the Decree-Law no.127/2011, which was published on 31 December, an agreement between the Government, the Portuguese Banking Association and the Banking Labour Unions was established that regulated the transfer of the liabilities related with pensions currently being paid to pensioners and retirees, to the Social Security.

This agreement established that the responsibilities to be transferred was related to the pensions in payment as at 31 December 2011 at fixed amounts (discount rate 0%) in the component established in the 'Instrumento de Regulação Colectiva de Trabalho (IRCT)' of the retirees and pensioners. The responsibilities related with the increase in pensions as well as any other complements namely, contributions to the Health System (SAMS), death benefit and death before retirement benefit continue to be under the responsibility of the Financial Institutions and being financed through the corresponding Pensions funds. The Decree-Law also establishes the terms and conditions under which the transfer was made by setting a discount rate of 4% to determine the liabilities to be transferred.

As referred in note 1w), in addition to the benefits provided for in collective agreements, the Group had assumed the responsibility, under certain conditions in each year, of assigning a complementary plan to the Group's employees hired before 21 September, 2006 (Complementary Plan).

The Group at the end of 2012 decided to extinguish ("cut") the benefit of old age of the Complementary Plan. As at 14 December 2012, the ISP (Portuguese Insurance Institute) formally approved this change in the benefit plan of the Group with effect from 1 January 2012. The cut of the plan was made and the individual rights acquired were specifically assigned to the employees. On that date, the Group also performed to the settlement of the related liability, in the amount of Euros 233,457,000.

For accounting purposes and in accordance with the requirements of IAS 19, as at 31 December, 2012, there was no impact of the change of plan considering that: (i) the present value of the liabilities had no changes, and (ii) despite the Bank has carried a settlement of the plan, the actuarial deviations associated with these liabilities had already been recognised in reserves in 2011 following the change in accounting policy. Following the changes made, the Bank has no longer any financial or actuarial risk associated with liquidated liabilities.

As at 31 December 2013 and 2012 the number of participants in the Pension Fund of Banco Comercial Português covered by this pension plan and other benefits is analysed as follows:

	2013	2012
NUMBER OF PARTICIPANTS		
Pensioners	**16,100**	15,978
Employees	**8,871**	9,175
	24,971	25,153

In accordance with the accounting policy described in note 1 w), the Group's pension obligation and the respective funding for the Group based on the projected unit credit method are analysed as follows:

(Thousands of Euros)

	2013	2012
PROJECTED BENEFIT OBLIGATIONS		
Pensioners	**1,485,361**	1,359,418
Employees	**1,047,874**	933,657
	2,533,235	2,293,075
Pension Fund Value	**(2,547,275)**	(2,432,146)
Net (Assets)/Liabilities in balance sheet	**(14,040)**	(139,071)
Accumulated actuarial losses recognised in Other comprehensive income	**2,333,777**	2,121,528

The change in the projected benefit obligations during 2013 and 2012, is analysed as follows:

(Thousands of Euros)

	2013			2012
	Pension benefit obligations	Extra-Fund	Total	Total
BALANCE AS AT 1 JANUARY	**1.993.803**	**299.272**	**2.293.075**	2.451.997
Service cost	**(8.727)**	**170**	**(8.557)**	(6.539)
Interest cost/(income)	**89.051**	**12.782**	**101.833**	118.175
Actuarial (gains) and losses				
Not related to changes in actuarial assumptions	**9.739**	**62**	**9.801**	(17.101)
Arising from changes in actuarial assumptions	**185.977**	**13.984**	**199.961**	89.690
Impact resulting from the change of the calculation of the Death Subsidy (Decree-Law no.13/2013 and Decree-Law no.133/2012)	**-**	**(7.453)**	**(7.453)**	(63.951)
Payments	**(52.309)**	**(22.319)**	**(74.628)**	(66.302)
Transfer to the GSSS	**-**	**-**	**-**	(7.143)
Settlement of the benefit for old-age of the Supplementary Plan	**-**	**-**	**-**	(233.457)
Early retirement programmes	**8.797**	**(49)**	**8.748**	3.025
Contributions of employees	**10.165**	**-**	**10.165**	11.266
Transfer from other plans	**290**	**-**	**290**	13.415
BALANCE AT THE END OF THE YEAR	**2.236.786**	**296.449**	**2.533.235**	2.293.075

The balance Impact resulting from the change of the calculation of the Death subsidy (Decree-Law no. 13/2013) corresponds as at 31 December, 2013, to the amount of Euros 7,453,000 arising from the change in the calculation method of the death subsidy following the publication on 17 January 2013, of the Decree-Law no. 13/2013 which amends the determination of the amount of that benefit. In 2012 the amount of Euros 63,951,000 was also recognised as a result of the impact of Decree-Law no. 133/2012.

In accordance with IAS 19, it is a negative past service cost which occurs when there are changes on the benefit plan, which impact in a reduction of the current value of the responsibilities for past services. On that basis, the Group accounted the referred impact in results for the year.

As at 31 December 2013 the value of the benefits paid by the Pension Fund, excluding other benefits included on Extra-fund, amounted to Euros 52,309,000 (31 December 2012: Euros 42,596,000). As at 29 June 2012, it was made the final transfer of the retired employees and pensioners to the GSSS, in accordance with the Decree-Law no. 127/2011, which had an increase of Euros 7,143,000 due to the change in the population.

The liabilities with health benefits are fully covered by the Pension Fund and correspond, as at 31 December 2013, to the amount of Euros 279,833,000 (31 December 2012: Euros 264,163,000).

Regarding the coverage of some benefit obligations related to pensions, the Bank contracted with Ocidental Vida the acquisition of perpetual annuities for which the total liability as at 31 December 2013 amounts to Euros 80,932,000 (31 December 2012: Euros 86,231,000), in order to pay:

i) pensions of former Group's Board Members in accordance with the Bank's Board Members Retirement Regulation.
ii) pensions and complementary pension to pensioners in accordance with the Pension Fund of the BCP Group employees established in 28 December 1987, as also to pensioners, in accordance with other Pension Funds, that were incorporated after on the BCP Group Pension Fund and which were planed that the retirement benefits should be paid through the acquisition of insurance policies, in accordance with the Decree – Law no. 12/2006. As at 31 December 2013 the number of beneficiaries was 70.

Ocidental Vida is 100% owned by Ageas Group and Ageas Group is 49% owned by the Group.

The evolution of responsibilities and funds balances and gains experience for the last 5 years is analysed as follows:

(Thousands of Euros)

	2013	2012	2011	2010	2009
PROJECTED BENEFIT OBLIGATIONS					
Pensioners	**1,485,361**	1,359,418	1,336,421	4,064,052	4,197,436
Employees	**1,047,874**	933,657	1,115,576	1,257,546	1,212,446
	2,533,235	**2,293,075**	**2,451,997**	**5,321,598**	**5,409,882**
Pension Fund Value	**(2,547,275)**	(2,432,146)	(2,361,522)	(5,148,707)	(5,530,471)
Net (Assets)/Liabilities in balance sheet	**(14,040)**	**(139,071)**	**90,475**	**172,891**	**(120,589)**
Losses/(gains) arising from liabilities	**209,762**	72,589	(115,062)	(120,426)	(368,353)
Losses/(gains) arising from funds	**2,487**	91,602	315,759	588,322	(188,354)

The change in the value of plan's assets, during 2013 and 2012, is analysed as follows:

(Thousands of Euros)

	2013	2012
BALANCE AS AT 1 JANUARY	**2,432,146**	**2,361,522**
Expected return on plan assets	**102,531**	111,742
Actuarial gains and (losses)	**(2,487)**	(91,602)
Settlement of the benefit for old-age of the Supplementary Plan	**-**	(233,457)
Contributions to the Fund	**56,233**	300,871
Payments	**(52,309)**	(42,596)
Transfer to the 'GSSS'	**-**	(7,143)
Amount transferred to the Fund resulting from acquired rights unassigned related to the Complementary Plan	**706**	8,128
Employees contributions	**10,165**	11,266
Transfer from other plans	**290**	13,415
BALANCE AT THE END OF THE YEAR	**2,547,275**	**2,432,146**

The elements of the Pension Fund's assets are analysed as follows:

(Thousands of Euros)

	2013	2012
Shares	**681,985**	670,061
Bonds and other fixed income securities	**740,973**	490,299
Participations units in investment funds	**230,730**	270,075
Participation units in real estate funds	**279,973**	288,966
Properties	**311,213**	355,876
Loans and advances to credit institutions and others	**302,401**	356,869
	2,547,275	2,432,146

The balance Properties includes buildings owned by the Fund and used by the Group's companies which as at 31 December 2013, amounts to Euros 309,797,000 (31 December 2012: Euros 354,134,000).

The securities issued by Group's companies accounted in the portfolio of the Fund are analysed as follows:

(Thousands of Euros)

	2013	2012
Fixed income securities	**7**	7
Variable income securities	**143,999**	141,941
	144,006	141,948

The evolution of net (assets)/liabilities in the balance sheet is analysed as follows:

(Thousands of Euros)

	2013	2012
BALANCE AS AT 1 JANUARY	**(139,071)**	90,475
RECOGNISED IN THE INCOME STATEMENT		
Service cost	**(8,557)**	(6,539)
Interest cost/(income)	**(698)**	6,433
Cost with early retirement programs	**8,748**	3,025
Impact resulting from the change of the calculation formula of the Death Subsidy DL 13/2013 and 133/2012	**(7,453)**	(63,951)
Amount transferred to the Fund resulting from acquired rights unassigned related to the Complementary Plan	**(706)**	(8,128)
RECOGNISED IN THE STATEMENT OF COMPREHENSIVE INCOME		
Actuarial (gains) and losses		
Not related to changes in actuarial assumptions		
Return of the fund	**2,487**	91,602
Difference between expected and effective obligations	**9,801**	(17,101)
Arising from changes in actuarial assumptions	**199,961**	89,690
Contributions to the fund	**(56,233)**	(300,871)
Payments	**(22,319)**	(23,706)
BALANCE AT THE END OF THE YEAR	**(14,040)**	(139,071)

The contributions made by the Group's companies to the Pension Fund, are analysed as follows:

(Thousands of Euros)

	2013	2012
Cash	**56,233**	300,000
Other securities	**-**	871
	56,233	**300,871**

In accordance with IAS 19, as at 31 December 2013, the Group accounted as post-employment benefits an income of Euros 8,666,000 (31 December 2012: income of Euros 69,160,000), which is analysed as follows:

(Thousands of Euros)

	2013	2012
Service cost	**(8,557)**	(6,539)
Net interest cost/(income) in the liability coverage balance	**(698)**	6,433
Costs with early retirement programs	**8,748**	3,025
Amount transferred to the Fund resulting from acquired rights unassigned related to the Complementary Plan	**(706)**	(8,128)
Impact resulting from the change of the calculation formula of the Death Subsidy DL 13/2013 and 133/2012	**(7,453)**	(63,951)
(Income)/Cost of the year	**(8,666)**	**(69,160)**

As referred in the accounting policy 1w) and due to the change of IAS 19 – Employee Benefits, the interest cost/income became to be recognised by its net amount in interest and similar (income or costs).

As the Board Members Retirement Regulation establish that the pensions are increased annually, and as it is not common on the insurance market the acquisition of perpetual annuities including the increase in pensions, the Bank determined, the liability to be recognised on the financial statements taking into consideration current actuarial assumptions.

In accordance with the remuneration policy of the Board Members, the Group has the responsibility of supporting the cost with the retirement pensions of former Group's Executive Board Members, as well as the Complementary Plan for these members in accordance with the applicable rules, funded through the Pension Fund, Extra-fund and perpetual annuities.

To cover the update of contracted responsibilities through perpetual annuities policies, based on the actuarial calculations, the Group recognised a provision of Euros 4,176,000 (31 December 2012: Euros 4,413,000). As referred in notes 10 and 40, the decrease was the result of the write-down of provisions established to cover the future increases in the retirement pensions of the former members of the Executive Board of Directors, following the agreements established between the parties.

Following the agreements established between the Bank and former members of the Executive Board of Directors the amount of Euros 1,790,000 related with amounts paid to set up a perpetual annuity policy to cover the responsibility with retirement pensions of former members of the Executive Board of Directors, were reimbursed by Ocidental Vida.

The changes occurred in responsibilities with retirement pensions payable to former members of the Executive Board of Directors, included in the balance Other liabilities (note 40), are analysed as follows:

(Thousands of Euros)

	2013	2012
BALANCE AS AT 1 JANUARY	**4,413**	**5,504**
Write-back	**(237)**	(1,091)
BALANCE AT THE END OF THE YEAR	**4,176**	**4,413**

Considering the market indicators, particularly the inflation rate estimates and the long term interest rate for Euro Zone, as well as the demographic characteristics of its employees, the Group considered the following actuarial assumptions for calculating the liabilities with pension obligations with reference to 31 December 2013 and 2012:

	2013	2012
Increase in future compensation levels	**1% until 2016 1.75% after 2017**	1% until 2016 1.75% after 2017
Rate of pensions increase	**0% until 2016 0.75% after 2017**	0% until 2016 0.75% after 2017
Projected rate of return of fund assets	**4.00%**	4.50%
Discount rate	**4.00%**	4.50%
Mortality tables		
Men	**TV 73/77 – 1 year**	TV 73/77 – 1 year
Women	**TV 88/90 – 2 years**	TV 88/90 – 2 years
Disability rate	**0%**	0%
Turnover rate	**0%**	0%
Costs with health benefits increase rate	**6.50%**	6.50%

The mortality tables consider an age inferior to the effective age of the beneficiaries, one year for men and two years for women, which is translated in higher average life expectancy.

The assumptions used on the calculation of the employees benefits are in accordance with the requirements of IAS 19. No disability decreases are considered in the calculation of the liabilities.

The determination of the discount rate as at 31 December 2013, took into account (i) the evolution in the major indexes in relation to high quality corporate bonds and (ii) duration of benefit plan liabilities.

The Group face to (i) the positive deviations observed in the last financial year and (ii) the current trend of wages evolution and the economic situation at this time, led to a growth rate of wages progressive of 1% by 2016 and 1.75% from 2017 and a growth rate of pensions from 0% by 2016 and 0.75% from 2017.

In accordance with the requirements of IAS 19, mandatory for annual periods beginning on 1 January 2013, the rate of return on plan assets considered in the calculation of the present value of the liabilities, corresponds to the discount rate.

However, it is presented below the estimated expected return for 2014:

Asset class	2014	
	Portfolio %	Estimated return
Shares	26.77%	8.72%
Bonds and other fixed income securities	29.09%	4.80%
Participations units in investment funds	9.06%	2.25%
Participation units in real estate funds	10.99%	0.56%
Properties	12.22%	6.70%
Loans and advances to credit institutions and others	11.87%	2.55%
Total income expected		**5.12%**

Net actuarial losses amounts to Euros 212,249,000 (31 December 2012: actuarial losses of Euros 164,191,000) and are related to the difference between the actuarial assumptions used for the estimation of the pension liabilities and the actual liabilities and are analysed as follows:

	Actuarial (gains)/losses			
	2013		2012	
	%	Euros '000	%	Euros '000
Deviation between expected and actual liabilities:				
Increase in future compensation levels	**0.76%**	**(2,705)**	0.00%	(17,642)
Pensions increase rate	**0.00%**	**-**	0.00%	(13,364)
Disability	**0.18%**	**4,085**	0.58%	12,892
Mortality deviations	**0.18%**	**4,020**	0.00%	-
Others	**0.19%**	**4,401**	0.05%	1,011
Changes on the assumptions:				
Discount rate	**4.00%**	**199,961**	4.50%	333,867
Increase in future compensation levels	**0.00%**	**-**	1% until 2016 1.75% after 2017	(53,295)
Pensions increase rate	**0.00%**	**-**	0% until 2016 0.75% after 2017	(190,880)
Return on Plan assets	**4.40%**	**2,487**	1.62%	91,602
		212,249		**164,191**

The sensitivity analysis to changes in assumptions, in accordance with IAS 19, as at 31 December 2013, is as follows:

(Thousands of Euros)

	Impact resulting from changes in financial assumptions	
	-0.25%	0.25%
Discount rate	103,218	(101,101)
Pensions increase rate	(102,403)	102,789
Increase in future compensation levels	(39,571)	41,657

(Thousands of Euros)

	Impact resulting from changes in demographic assumptions	
	- 1 year	+ 1 year
Mortality Table	(114,274)	66,745

Health benefit costs have a significant impact on pension costs. Considering this impact the Group performed a sensitivity analysis assuming one percent positive variation in health benefit costs (from 6.5% to 7.5% at the end of 2013) and a negative variation (from 6.5% to 5.5% at the end of 2013) in health benefit costs, which impact is analysed as follows:

(Thousands of Euros)

	Positive variation of 1% (6.5% to 7.5%)		Negative variation of 1% (6.5% to 5.5%)	
	2013	2012	**2013**	2012
Pension cost impact	**427**	433	**(427)**	(433)
Liability impact	**43,051**	41,443	**(43,051)**	(41,443)

The liabilities related to the seniority premium are not covered by the Group's Pension Fund because they are not considered post-employment liabilities. As at 31 December 2013, the liabilities associated with the seniority premium amounted to Euros 49,412,000 (31 December 2012: 49,562,000 Euros) and are covered by provisions in the same amount, according to the note 40.

The cost of the seniority premium, for 2013 and 2012, is analysed as follows:

(Thousands of Euros)

	2013	2012
Service cost	**2,656**	2,922
Interest costs	**2,122**	2,764
Actuarial gains and losses	**(292)**	(3,217)
COST OF THE YEAR	**4,486**	2,469

51. Related parties

The group of companies considered as related parties by the Group, as defined by IAS 24, are detailed in notes 27 and 60.

The Group grants loans in the ordinary course of its business within the Group's companies and to other related parties. Under the Collective Agreement of Labour for Employees of the Portuguese Banking Sector which includes substantially all employees of banks operating in Portugal, the Group grants loans to employees at interest rates determined under the above mentioned agreement for each type of loan upon request by the employees.

As at 31 December 2013, loans to members of the Executive Committee of the Board of Directors and their direct family members amounted to Euros 129,000 (31 December 2012: Euros 304,000), which represented 0.01% of shareholders' equity (31 December 2012: 0.01%). These loans were granted in accordance with the applicable laws and regulations.

As at 31 December 2013, the principal loans and guarantees (excluding interbank and money market transactions) the Group has made to shareholders holding individually or together with their affiliates, 2% or more of the share capital whose holdings, in aggregate, represent 31.8% of the share capital as at 31 December 2013 (31 December 2012: 36.8%), described in the Board of Directors report, amounted to approximately Euros 673,642,000 (31 December 2012: Euros 1,093,159,000). Each of these loans was made in the ordinary course of business, on substantially the same terms as those prevailing at the time for comparable transactions with other entities, being respected the legal formalities and regulations. The amount of impairment constituted for these contracts amounts to Euros 19,746,000 as at 31 December 2013 (31 December 2012: Euros 39,204,000).

Remunerations to the Executive Committee and other management members

The remunerations paid to the members of the Executive Committee in 2013 amounted to Euros 2,219,000 (31 December 2012: Euros 2,803,000 which includes an amount related to the resignation process of a Board Member), with Euros 85,000 (2012: Euros 131,000) paid by subsidiaries or companies which governing bodies represent interests in the Group.

Considering that the remuneration of members of the Executive Committee intends to compensate the functions that are performed in the Bank and in all other functions on subsidiaries or other companies for which they have been designated by indication of the Bank or representing it, the net amount of the remunerations annually received by each member is considered for calculating the fixed annual remuneration attributed by the Bank and set by the Remunerations Commission.

During 2013, the costs with Social Security and the contributions to the Pension Fund for members of the Executive Committee amounted to Euros 714,000 (31 December 2012: Euros 1,294,000).

The employees considered key management members, according to the Regulation no. 5/2008, are the Compliance Officer, the Group Auditor, the Risk Officer, the Group Treasurer, the Head of Studies Planning and Assets and Liabilities Management Department and the responsible for the Credit Department. The remunerations paid to these employees in 2013 amounted to Euros 1,016,000 (31 December 2012: Euros 1,015,000), being also supported costs with contributions with Social Security and Pension Fund in the amount of Euros 239.000 (31 December 2012: Euros 203.000).

Transactions with the Pension Fund

During 2013, the Group sold to the Pension Fund Portuguese public debt securities in the amount of Euros 85,000,000 (31 December 2012: Euros 342,500,000). During 2012, the Group also sold to the Pension Fund commercial paper in the amount of Euros 706,700,000 and bonds in the amount of Euros 213,000,000.

Additionally, the Group purchased to the Pension Fund Portuguese public debt securities in the amount of Euros 25,000,000 (31 December 2012: Euros 343,000,000). During 2012, the Group also purchased to the Pension Fund commercial paper in the amount of Euros 188,450,000 and bonds in the amount of Euros 262,334,000.

The shareholder and bondholder position of members of the Executive Board, Directors and persons closely related to the previous categories is as follows:

		Number of securities at		Changes during 2013			
Shareholders/Bondholders	Security	31/12/2013	31/12/2012	Acquisitions	Disposals	Date	Unit Price Euros
MEMBERS OF EXECUTIVE BOARD							
António Vítor Martins Monteiro	BCP Shares	6,589	6,589				
Carlos José da Silva	BCP Shares	414,089	414,089				
	Obrig BCP Ret Sem Cresc III/12EUR 3/2013	300	300				
Nuno Manuel da Silva Amado	BCP Shares	1,003,297	1,003,297				
André Magalhães Luiz Gomes	BCP Shares	19,437	19,437				
António Henriques Pinho Cardão	BCP Shares	281,034	281,034				
António Luís Guerra Nunes Mexia	BCP Shares	4,120	4,120				
Jaime de Macedo Santos Bastos	BCP Shares	1,468	1,468				
João Manuel Matos Loureiro	BCP Shares	4,793	4,793				
José Guilherme Xavier de Basto	BCP Shares	4,951	4,951				
	Obrig BCP Mill Rend Sem mar 10/13	5	5				
José Jacinto Iglésias Soares	BCP Shares	384,002	384,002				
Luís Maria França de Castro Pereira Coutinho	BCP Shares	822,123	822,123				
Maria da Conceição Mota Soares de Oliveira Callé Lucas	BCP Shares	100,001	100,001				
Miguel de Campos Pereira de Bragança	BCP Shares	623,813	623,813				
Miguel Maya Dias Pinheiro	BCP Shares	601,733	601,733				
Rui Manuel da Silva Teixeira	BCP Shares	134,687	134,687				
DIRECTORS							
Ana Isabel dos Santos de Pina Cabral	BCP Shares	74,550	74,550				
Dulce Maria Pereira Cardoso Mota Jorge Jacinto	BCP Shares	82,031	82,031				
Fernando Manuel Majer de Faria	BCP Shares	624,219	624,219				
José Miguel Bensliman Schorcht da Silva Pessanha	BCP Shares	20,879	20,879				
Mário António Pinho Gaspar Neves	BCP Shares	31,509	31,509				
	Obrig BCP Mill Rend Trim nov 09/14	5	5				
	Obrig BCP Mill Rend Sem mar 10/13	0	7		7 (a)	01/Mar/13	100
	Certificado BCP Stoxx Basic Resources	610	0	610		10/Sep/13	4
Pedro Manuel Rendas Duarte Turras	BCP Shares	25,207	25,207				
PERSONS CLOSELY RELATED TO THE PREVIOUS CATEGORIES							
Isabel Maria V Leite P Martins Monteiro	BCP Shares	5,311	5,311				
Maria da Graça dos Santos Fernandes de Pinho Cardão	BCP Shares	10,485	10,485				
Maria Helena Espassandim Catão	BCP Shares	1,000	1,000				
José Manuel de Vasconcelos Mendes Ferreira	BCP Shares	4,577	4,577				

(a) reimbursement.

As at 31 December 2013 and 2012, the Group's credits over associated companies represented or not by securities, included in the captions Loans and advances to customers and Other receivables, are analysed as follows:

(Thousands of Euros)

	2013			2012		
	Loans and advances to Customers	**Other receivables**	**Total**	Loans and advances to Customers	Other receivables	Total
Millenniumbcp Ageas Group	**-**	**18,309**	**18,309**	-	9,283	9,283
Unicre – Instituição Financeira de Crédito, S.A.	**30,451**	**-**	**30,451**	683	-	683
VSC – Aluguer de Veículos Sem Condutor, Lda.	**7,894**	**-**	**7,894**	20,685	-	20,685
	38,345	**18,309**	**56,654**	21,368	9,283	30,651

As at 31 December 2013 and 2012, the Group's liabilities with associated companies, represented or not by securities, included in the captions Deposits from customers and Debt securities issued, are analysed as follows:

(Thousands of Euros)

	2013			2012		
	Deposits from Customers	**Debt Securities Issued**	**Total**	Deposits from Customers	Debt Securities Issued	Total
Millenniumbcp Ageas Group	**732,422**	**3,157,129**	**3,889,551**	650,998	3,684,225	4,335,223
SIBS, S.G.P.S, S.A.	**10,181**	**-**	**10,181**	1	-	1
Unicre – Instituição Financeira de Crédito, S.A.	**4,066**	**-**	**4,066**	212	-	212
	746,669	**3,157,129**	**3,903,798**	651,211	3,684,225	4,335,436

As at 31 December 2013, the income recognised by the Group on inter-company transactions with associated companies, included in the captions Interest income, Commissions and Other operating income, are analysed as follows:

(Thousands of Euros)

	Interest income	Commissions income	Other operating income	Total
Millenniumbcp Ageas Group	-	72,493	13,783	86,276
SIBS, S.G.P.S, S.A.	16	6	-	22
Unicre – Instituição Financeira de Crédito, S.A.	921	68	-	989
VSC – Aluguer de Veículos Sem Condutor, Lda.	919	11	-	930
	1,856	72,578	13,783	88,217

As at 31 December 2012, the income recognised by the Group on inter-company transactions with associated companies, included in the captions Interest income, Commissions and Other operating income, are analysed as follows:

(Thousands of Euros)

	Interest income	Commissions income	Other operating income	Total
Millenniumbcp Ageas Group	-	60,504	16,219	76,723
SIBS, S.G.P.S, S.A.	29	90,321	-	90,350
Unicre – Instituição Financeira de Crédito, S.A.	481	1,147	-	1,628
VSC – Aluguer de Veículos Sem Condutor, Lda.	4,409	-	438	4,847
	4,919	151,972	16,657	173,548

As at 31 December 2013, the costs incurred by the Group on inter-company transactions with associated companies, included in the captions Interest expense, Commissions and Administrative costs, are analysed as follows:

(Thousands of Euros)

	2013				
	Interest expense	Commissions expense	Staff costs	Administrative costs	Total
Millenniumbcp Ageas Group	117,693	-	3,223	18,185	139,101
SIBS, S.G.P.S, S.A.	51	-	-	-	51
Unicre – Instituição Financeira de Crédito, S.A.	-	1	-	-	1
	117,744	**1**	**3,223**	**18,185**	**139,153**

As at 31 December 2012, the costs incurred by the Group on inter-company transactions with associated companies, included in the captions Interest expense, Commissions and Administrative costs, are analysed as follows:

(Thousands of Euros)

	2012				
	Interest expense	Commissions expense	Staff costs	Administrative costs	Total
Millenniumbcp Ageas Group	131,798	-	3,787	7,794	143,379
SIBS, S.G.P.S, S.A.	53	43,121	-	-	43,174
Unicre – Instituição Financeira de Crédito, S.A.	-	20	-	-	20
	131,851	**43,141**	**3,787**	**7,794**	**186,573**

As at 31 December 2013 and 2012, the remunerations resulting from the services of insurance mediation or reinsurance are as follows:

(Thousands of Euros)

	2013	2012
LIFE INSURANCE		
Saving products	**32,719**	23,137
Mortgage and consumer loans	**19,006**	17,877
Others	**32**	34
	51,757	**41,048**
NON – LIFE INSURANCE		
Accidents and illness	**12,888**	12,237
Automobile insurance	**2,267**	1,811
Multi-Risk Housing	**4,626**	4,382
Others	**955**	1,026
	20,736	**19,456**
	72,493	**60,504**

The remuneration for insurance mediation services were received through bank transfers and resulted from insurance intermediation with the subsidiaries of Millenniumbcp Ageas Group (Ocidental Vida and Ocidental Seguros).

The Bank does not collect insurance premiums on behalf of Insurance Companies, or performs any movement of funds related to insurance contracts. Thus, there is no other asset, liability, income or expense to be reported on the activity of insurance mediation exercised by the Bank, other than those already disclosed.

As at 31 December 2013 and 2012, the receivable balances from insurance mediation activity, by nature and entity, are analysed as follows:

(Thousands of Euros)

	2013	2012
BY NATURE		
Funds receivable for payment of life insurance commissions	**12,578**	2,572
Funds receivable for payment of non-life insurance commissions	**5,092**	4,795
	17,670	**7,367**
BY ENTITY		
Ocidental – Companhia Portuguesa de Seguros de Vida, S.A.	**12,578**	2,572
Ocidental – Companhia Portuguesa de Seguros, S.A.	**5,092**	4,795
	17,670	**7,367**

The commissions received by the Bank result from the insurance mediation contracts and investment contracts, under the terms established in the contracts. The mediation commissions are calculated given the nature of the contracts subject to mediation, as follows:

– insurance contracts – use of fixed rates on gross premiums issued;
– investment contracts – use of fixed rates on the responsibilities assumed by the insurance company under the commercialization of these products.

52. Segmental reporting

The segments presented are in accordance with IFRS 8. In accordance with the Group's management model, the segments presented correspond to the segments used for Executive Committee's management purposes. The Group offers a wide range of banking activities and financial services in Portugal and abroad, with a special focus on Commercial Banking, Corporate and Investment Banking and Asset Management and Private Banking.

Following the commitment agreed with the Directorate-General for Competition of the European Commission (DG Comp), an additional segment, was considered, non-Core Business Portfolio, respecting the criteria agreed.

Segments description

The Retail Banking activity includes the Retail activity of Banco Comercial Português in Portugal, operating as a distribution channel for products and services from other companies of the Group, and the Foreign business segment, operating through several banking operations in markets with affinity to Portugal and in countries with higher growth potential.

The Retail segment in Portugal includes: (i) the Retail network in Portugal, where the strategic approach is to target "Mass Market" customers, who appreciate a value proposition based on innovation and speed, as well as Prestige and Small Business customers, whose specific characteristics, financial assets or income imply a value proposition based on innovation and personalisation, requiring a dedicated Account Manager; and (ii) ActivoBank, a bank focused on clients who are young, intensive users of new communication technologies and who prefer a banking relationship based on simplicity, offering modern products and services.

The Foreign Business segment, for the purpose of business segments, comprises the operations outside Portugal, in particular Bank Millennium in Poland, Millennium bim in Mozambique and Banco Millennium Angola. The Foreign Business segment, in terms of geographical segments, comprises the Group operations outside Portugal referred to above, and also Banque Privée BCP in Switzerland and Millennium bcp Bank & Trust in the Cayman Islands.

In Poland, the Group is represented by a universal bank offering a wide range of financial products and services to individuals and companies nationwide; in Mozambique by a universal bank targeting companies and individual customers, in Angola by a bank focused on private customers and companies as well as public and private institutions and in the Cayman Islands by Millennium bcp Bank & Trust, a bank designed for international services in the area of Private Banking to customers with high net worth ("Affluent" segment). In Switzerland the Group is represented by Banque Privée BCP, a Private Banking platform under Swiss law.

The Companies Banking business includes the Companies segment in Portugal, which operates as a distribution channel of products and services from other companies of the Group, and the Corporate & Investment Banking segment.

The Companies in Portugal segment includes: (i) the Companies network that covers the financial needs of companies with an annual turnover between Euros 2.5 million and Euros 50 million, and focuses on innovation, offering a wide range of traditional banking products complemented by specialised financing, (ii) Specialised Recovery Division, (iii) the activity of the Real Estate Business Division and (iv) Interfundos.

The Corporate & Investment Banking segment includes: (i) the Corporate network in Portugal, targeting corporate and institutional customers with an annual turnover in excess of Euros 50 million, providing a complete range of value-added products and services; (ii) Specialised Monitoring Division, (iii) the Investment Banking unit and (iv) the activity of the Bank's International Division.

The Asset Management and Private Banking segment, for purposes of the business segments, comprises (i) the Private Banking network in Portugal, (ii) Asset Management, (iii) BII Investimentos Internacional and also includes the activities of (iv) Banque Privée BCP and (v) Millennium bcp Bank & Trust. For purposes of the geographical segments excludes Banque Privée BCP and Millennium bcp Bank & Trust that are considered Foreign Business.

Following the process for obtaining authorisation from the European Commission (EC) to the State aid, business portfolios were identified that the Bank should gradually disinvest/demobilise, ceasing grant new credit. This demobilisation is subject to a framework which dominant criteria is the capital impact optimisation, in particular through the minimisation of expected loss.

In this context, the Bank proceeded with the segregation of these portfolios, highlighting them in a separate segment defined as Non-core Business Portfolio (PNNC).

PNNC includes the business with clients for which credit has been granted for securities-backed lending, loans collateralised with other assets (for those which the debt ratio over asset value is not less than 90%), subsidised mortgage loans, construction subcontractors focused almost exclusively on the Portuguese market, football clubs and Real State development.

The separate disclosure for those types of loans resulted, exclusively, from the need to identify and monitoring the segments described in the previous paragraph, in the scope of the authorisation process above mentioned. Thus, the PNNC portfolio has not been aggregated based on risk classes or any other performance criteria.

It should be noted that, in 31 December 2013, 85% of this portfolio benefited from asset backed loans, including 66% with real estate collateral and 19% with other assets guarantee.

All other businesses are allocated to the segment Others and include the centralized management of financial investments, corporate activities and operations not integrated in the remaining business segments and other values not allocated to segments.

Business segments activity

The figures reported for each business segment result from aggregating the subsidiaries and business units integrated in each segment, including the impact from capital allocation and the balancing process of each entity, both at the balance sheet and income statement levels, based on average figures. Balance sheet headings for each subsidiary and business unit are re-calculated, given the replacement of their original own funds by the outcome of the capital allocation process, according to regulatory solvency criteria.

Considering that the capital allocation process complies with regulatory solvency criteria currently in place, the weighted risk, as well as the capital allocated to segments, are based on Basel II methodology. Following the request submitted by the Bank, the Bank of Portugal authorised the adoption of methodologies based on Internal Rating models (IRB) for the calculation of capital requirements for credit and counterparty risk, covering a substantial part of the risk from the activity in Portugal as from 31 December 2010. In the scope of the Roll-Out Plan for the calculation of capital requirements for credit and counterparty risk, the Bank of Portugal authorised the extension of that methodology to the subclasses of risk "Renewable Retail Positions" and "Other Retail Positions" in Portugal with effect as from 31 December 2011. With effect as from 31 December 2012, the Bank of Portugal authorised the use of own estimates of credit conversion factors (CCF) for exposures of the class of risk "Corporates" in Portugal and the adoption of IRB methodologies for "Loans secured by residential real estate" and "Renewable positions" of the Retail portfolio in Poland. In 31 December 2013, the Bank of Portugal authorised the extension of the IRB approach to real estate credit portfolios, as well as the adoption of own estimates of LGD to the risk class "Companies" in Portugal.

Additionally, the standard approach for operational risk and the internal models approach for general market risk and foreign exchange risk was adopted for the perimeter managed centrally from Portugal. The capital allocation for each segment, in 2012 and 2013, resulted from the application of 10% to the risks managed by each segment. Each operation is balanced through internal transfers of funds, with no impact on consolidated accounts.

Operating costs determined for each business area rely on one hand on the amounts accounted directly in the respective cost centres and, on the other hand, on the amounts resulting from internal cost allocation processes. As an example, in the first set of costs are included costs related to phone communication, travelling accommodation and representation expenses and to advisory services and in the second set are included costs related to correspondence, water and electricity and to rents related to spaces occupied by organic units, among others. The allocation of this last set of costs is based on the application of previously defined criteria, related to the level of activity of each business area, like the number of current accounts, the number of customers or employees, the business volume and the space occupied.

Information related to 2012 is presented on a comparable basis with information related to 2013, reflecting the current organisational structure of the Group's business areas referred to in the segment description described above and considering the effect of the transfer of clients.

The following information is based on financial statements prepared according to IFRS and on the organisational model in place for the Group, as at 31 December 2013.

The Group operates with special emphasis in the Portuguese market and also in a few affinity markets and in markets of recognised growth potential. Considering this, the geographical segments include Portugal, Poland, Mozambique, Angola and Other. The segment Portugal reflects, essentially, the activities carried out by Banco Comercial Português in Portugal, ActivoBank and Banco de Investimento Imobiliário. The segment Poland includes the business carried out by Bank Millennium (Poland); while the segment Mozambique contains the activity of BIM – Banco Internacional de Moçambique and the segment Angola contains the activity of Banco Millennium Angola. The segment Other, indicated within the geographical segment reporting, comprises the Group's operations not included in the remaining segments, namely the activities developed in other countries, such as Banque Privée BCP in Switzerland and Millennium bcp Bank & Trust in the Cayman Islands.

Following the conclusion on 19 June 2013 of the sale of the entire share capital of Millennium bank in Greece, in accordance with the general conditions announced and according to IFRS 5, Millennium bank in Greece is now classified as a discontinued operation, with the impact on results presented on a separate line item in the profit and loss account, defined as income arising from discontinued operations, the income statement was restated as at 31 December 2012 for comparison. In terms of the consolidated balance sheet, the assets and liabilities of Millennium bank in Greece are no longer disclosed for the subsequent periods starting on 30 June 2013.

Additionally, as regards the commitment agreed with the Directorate-General for Competition of the European Commission (DG Comp) on the Bank's Restructuring Plan, in particular the sale of Millennium bcp's operation in Romania in the mid-term and the implementation of a new approach to the assets management business, the activities of Millennium bank in Romania and of Millennium bcp Gestão de Activos were also presented on the line item of "income arising from discontinued operations", with the restatement of profit and loss account as at 31 December 2012, for comparative purposes. At the consolidated balance sheet level, the presentation of assets and liabilities of Millennium bank in Romania and of Millennium bcp Gestão de Activos remained in the criteria considered as at December 2012.

As at 31 December 2013, the net contribution of the major business segments is analysed as follows:

(Thousands of Euros)

	Commercial Banking			Companies Banking						
	Retail in Portugal	Foreign Business(*)	Total	Companies in Portugal	Corporate and Investment Banking in Portugal	Total	Asset Management and Private Banking	Portfolio non-core business	Other(**)	Consolidated
INCOME STATEMENT										
Interest income	610,687	909,270	1,519,957	230,786	417,838	648,624	88,765	374,632	200,934	2,832,912
Interest expense	(482,802)	(458,836)	(941,638)	(101,647)	(200,451)	(302,098)	(85,989)	(311,919)	(343,181)	(1,984,825)
NET INTEREST INCOME	**127,885**	**450,434**	**578,319**	**129,139**	**217,387**	**346,526**	**2,776**	**62,713**	**(142,247)**	**848,087**
Commissions and other income	339,589	295,498	635,087	67,683	122,346	190,029	48,266	25,594	52,214	951,190
Commissions and other costs	(14,863)	(72,455)	(87,318)	(6,954)	(9,883)	(16,837)	(7,198)	(552)	(207,756)	(319,661)
NET COMMISSIONS AND OTHER INCOME	**324,726**	**223,043**	**547,769**	**60,729**	**112,463**	**173,192**	**41,068**	**25,042**	**(155,542)**	**631,529**
Net gains arising from trading activity	(11)	103,714	103,703	-	-	-	2,348	-	158,121	264,172
Staff costs and administrative costs	585,503	392,024	977,527	66,219	36,577	102,796	36,856	26,758	83,179	1,227,116
Depreciations	2,002	29,592	31,594	255	97	352	285	39	35,853	68,123
OPERATING COSTS	**587,505**	**421,616**	**1,009,121**	**66,474**	**36,674**	**103,148**	**37,141**	**26,797**	**119,032**	**1,295,239**
Impairment and provisions	(73,290)	(77,301)	(150,591)	(240,874)	(270,537)	(511,411)	(2,641)	(326,181)	(295,769)	(1,286,593)
Share of profit of associates under the equity method	-	313	313	-	-	-	-	-	61,947	62,260
Net gain from the sale of other assets	-	8,019	8,019	-	-	-	3	-	(44,781)	(36,759)
NET (LOSS)/INCOME BEFORE INCOME TAX	**(208,195)**	**286,606**	**78,411**	**(117,480)**	**22,639**	**(94,841)**	**6,413**	**(265,223)**	**(537,303)**	**(812,543)**
Income tax	65,592	(58,502)	7,090	37,178	(7,131)	30,047	(7)	83,545	90,124	210,799
(Loss)/income after income tax from continuing operations	(142,603)	228,104	85,501	(80,302)	15,508	(64,794)	6,406	(181,678)	(447,179)	(601,744)
(Loss)/income arising from discontinued operations	-	(46,987)	(46,987)	-	-	-	-	-	1,983	(45,004)
Net (loss)/income after income tax	(142,603)	181,117	38,514	(80,302)	15,508	(64,794)	6,406	(181,678)	(445,196)	(646,748)
Non-controlling interests	-	(82,579)	(82,579)	-	-	-	-	-	(11,123)	(93,702)
NET (LOSS)/INCOME AFTER INCOME TAX	**(142,603)**	**98,538**	**(44,065)**	**(80,302)**	**15,508**	**(64,794)**	**6,406**	**(181,678)**	**(456,319)**	**(740,450)**
BALANCE SHEET										
Cash and Loans and advances to credit institutions	4,697,491	2,279,281	6,976,772	31,745	2,217,294	2,249,039	2,974,591	3,872	(6,969,953)	5,234,321
Loans and advances to customers	18,197,984	12,228,929	30,426,913	4,809,012	7,922,456	12,731,468	518,351	12,699,771	425,694	56,802,197
Financial assets(***)	184,046	3,012,029	3,196,075	-	-	-	20,312	-	10,615,645	13,832,032
Other assets	114,299	587,284	701,583	8,578	35,225	43,803	17,788	1,154	5,374,155	6,138,483
TOTAL ASSETS	**23,193,820**	**18,107,523**	**41,301,343**	**4,849,335**	**10,174,975**	**15,024,310**	**3,531,042**	**12,704,797**	**9,445,541**	**82,007,033**
Deposits from other credit institutions	63	2,040,846	2,040,909	2,800,022	1,555,871	4,355,893	756,755	12,008,250	(5,669,271)	13,492,536
Deposits from customers	20,715,098	14,064,755	34,779,853	1,668,567	7,635,449	9,304,016	2,440,778	250,120	2,184,985	48,959,752
Debt securities issued	1,923,950	193,640	2,117,590	4,360	128	4,488	193,664	5,621	7,089,864	9,411,227
Other financial liabilities	-	365,641	365,641	-	-	-	19,845	-	5,088,755	5,474,241
Other liabilities	20,848	403,089	423,937	17,711	34,346	52,057	4,852	-	912,623	1,393,469
TOTAL LIABILITIES	**22,659,959**	**17,067,971**	**39,727,930**	**4,490,660**	**9,225,794**	**13,716,454**	**3,415,894**	**12,263,991**	**9,606,956**	**78,731,225**
Equity and non-controlling interests	533,861	1,039,552	1,573,413	358,675	949,181	1,307,856	115,148	440,806	(161,415)	3,275,808
TOTAL LIABILITIES, EQUITY AND NON-CONTROLLING INTERESTS	**23,193,820**	**18,107,523**	**41,301,343**	**4,849,335**	**10,174,975**	**15,024,310**	**3,531,042**	**12,704,797**	**9,445,541**	**82,007,033**

(*) Includes the activity of Millennium Bank Greece and Banca Millennium Romania;
(**) Includes the activity of Millennium bcp Gestão de Activos;
(***) Includes financial assets held for trading, financial assets held to maturity, financial assets available for sale, hedging derivatives and assets with repurchase agreement.

As at 31 December 2012, the net contribution of the major business segments is analysed as follows:

(Thousands of Euros)

	Commercial Banking			Companies Banking						
	Retail in Portugal	Foreign Business(*)	Total	Companies in Portugal	Corporate and Investment Banking in Portugal	Total	Asset Management and Private Banking	Portfolio non-core business	Other(**)	Consolidated
INCOME STATEMENT										
Interest income	722,233	1,043,091	1,765,324	324,488	452,054	776,542	125,567	509,829	245,536	3,422,798
Interest expense	(652,059)	(579,645)	(1,231,704)	(163,570)	(247,212)	(410,782)	(142,737)	(354,309)	(285,306)	(2,424,838)
NET INTEREST INCOME	70,174	463,446	533,620	160,918	204,842	365,760	(17,170)	155,520	(39,770)	997,960
Commissions and other income	343,381	268,822	612,203	76,500	128,926	205,426	38,889	38,576	57,668	952,762
Commissions and other costs	(17,248)	(66,076)	(83,324)	(4,206)	(8,304)	(12,510)	(8,838)	(62)	(212,695)	(317,429)
NET COMMISSIONS AND OTHER INCOME	326,133	202,746	528,879	72,294	120,622	192,916	30,051	38,514	(155,027)	635,333
Net gains arising from trading activity	(10)	119,243	119,233	-	-	-	2,236	-	315,254	436,723
Staff costs and administrative costs	698,515	401,864	1,100,379	73,849	46,720	120,569	40,239	24,884	(32,880)	1,253,191
Depreciations	1,849	27,171	29,020	255	110	365	429	54	38,182	68,050
OPERATING COSTS	700,364	429,035	1,129,399	74,104	46,830	120,934	40,668	24,938	5,302	1,321,241
Impairment and provisions	(69,200)	(82,466)	(151,666)	(260,203)	(130,993)	(391,196)	1,867	(399,167)	(379,079)	(1,319,241)
Share of profit of associates under the equity method	-	1,363	1,363	-	-	-	-	-	54,296	55,659
Net gain from the sale of other assets	-	2,923	2,923	-	-	-	13	-	(27,129)	(24,193)
NET (LOSS)/INCOME BEFORE INCOME TAX	(373,267)	278,220	(95,047)	(101,095)	147,641	46,546	(23,671)	(230,071)	(236,757)	(539,000)
Income tax	105,254	(54,535)	50,719	29,402	(42,816)	(13,414)	10,219	66,721	17,812	132,057
(Loss)/income after income tax from continuing operations	(268,013)	223,685	(44,328)	(71,693)	104,825	33,132	(13,452)	(163,350)	(218,945)	(406,943)
(Loss)/income arising from discontinued operations	-	(731,522)	(731,522)	-	-	-	-	-	1,255	(730,267)
Net (loss)/income after income tax	(268,013)	(507,837)	(775,850)	(71,693)	104,825	33,132	(13,452)	(163,350)	(217,690)	(1,137,210)
Non-controlling interests	-	(80,734)	(80,734)	-	-	-	-	-	(1,109)	(81,843)
NET (LOSS)/INCOME AFTER INCOME TAX	(268,013)	(588,571)	(856,584)	(71,693)	104,825	33,132	(13,452)	(163,350)	(218,799)	(1,219,053)
BALANCE SHEET										
Cash and Loans and advances to credit institutions	4,027,226	2,176,910	6,204,136	28,859	1,337,206	1,366,065	4,466,756	3,343	(5,742,681)	6,297,619
Loans and advances to customers	19,083,480	15,472,593	34,556,073	5,499,214	8,083,851	13,583,065	729,372	13,927,767	(178,042)	62,618,235
Financial assets(***)	1,972	2,703,435	2,705,407	-	-	-	38,002	-	11,925,926	14,669,335
Other assets	115,845	770,667	886,512	7,814	31,700	39,514	21,382	947	5,210,495	6,158,850
TOTAL ASSETS	23,228,523	21,123,605	44,352,128	5,535,887	9,452,757	14,988,644	5,255,512	13,932,057	11,215,698	89,744,039
Deposits from other credit institutions	-	3,292,258	3,292,258	3,636,911	1,554,219	5,191,130	1,883,906	13,033,310	(8,134,844)	15,265,760
Deposits from customers	19,139,059	15,706,305	34,845,364	1,486,841	6,784,477	8,271,318	2,796,050	202,518	3,289,148	49,404,398
Debt securities issued	3,620,787	359,363	3,980,150	8,416	2,241	10,657	395,313	7,011	9,469,868	13,862,999
Other financial liabilities	-	640,144	640,144	-	-	-	36,995	-	5,316,143	5,993,282
Other liabilities	20,684	370,648	391,332	18,193	37,131	55,324	5,154	-	765,602	1,217,412
TOTAL LIABILITIES	22,780,530	20,368,718	43,149,248	5,150,361	8,378,068	13,528,429	5,117,418	13,242,839	10,705,917	85,743,851
Equity and non-controlling interests	447,993	754,887	1,202,880	385,526	1,074,689	1,460,215	138,094	689,218	509,781	4,000,188
TOTAL LIABILITIES, EQUITY AND NON-CONTROLLING INTERESTS	23,228,523	21,123,605	44,352,128	5,535,887	9,452,757	14,988,644	5,255,512	13,932,057	11,215,698	89,744,039

(*) Includes the activity of Millennium Bank Greece and Banca Millennium Romania;
(**) Includes the activity of Millennium bcp Gestão de Activos;
(***) Includes financial assets held for trading, financial assets held to maturity, financial assets available for sale, hedging derivatives and assets with repurchase agreement.

As at 31 December 2013 the net contribution of the major geographic segments is analysed as follows:

(Thousands of Euros)

	Portugal											
	Retail Banking	Companies	Corporate and Investment Banking	Asset Management and Private Banking	Portfolio non-core business	Others(*)	Total	Poland	Angola	Mozambique	Others(**)	Consolidated
INCOME STATEMENT												
Interest income	610,687	230,786	417,838	48,338	374,632	200,934	1,883,215	633,949	92,013	183,308	40,427	2,832,912
Interest expense	(482,802)	(101,647)	(200,451)	(58,213)	(311,919)	(343,181)	(1,498,213)	(366,728)	(28,472)	(63,635)	(27,777)	(1,984,825)
NET INTEREST INCOME	**127,885**	**129,139**	**217,387**	**(9,875)**	**62,713**	**(142,247)**	**385,002**	**267,221**	**63,541**	**119,673**	**12,650**	**848,087**
Commissions and other income	339,589	67,683	122,346	22,929	25,594	52,214	630,355	175,925	37,219	82,354	25,337	951,190
Commissions and other costs	(14,863)	(6,954)	(9,883)	(1,568)	(552)	(207,756)	(241,576)	(42,214)	(4,736)	(25,505)	(5,630)	(319,661)
NET COMMISSIONS AND OTHER INCOME	**324,726**	**60,729**	**112,463**	**21,361**	**25,042**	**(155,542)**	**388,779**	**133,711**	**32,483**	**56,849**	**19,707**	**631,529**
Net gains arising from trading activity	(11)	-	-	-	-	158,121	158,110	48,666	34,086	20,962	2,348	264,172
Staff costs and administrative costs	585,503	66,219	36,577	16,378	26,758	83,179	814,614	244,510	63,441	84,073	20,478	1,227,116
Depreciations	2,002	255	97	4	39	35,853	38,250	12,890	7,367	9,336	280	68,123
OPERATING COSTS	**587,505**	**66,474**	**36,674**	**16,382**	**26,797**	**119,032**	**852,864**	**257,400**	**70,808**	**93,409**	**20,758**	**1,295,239**
Impairment and provisions	(73,290)	(240,874)	(270,537)	966	(326,181)	(295,769)	(1,205,685)	(55,539)	(10,038)	(11,724)	(3,607)	(1,286,593)
Share of profit of associates under the equity method	-	-	-	-	-	61,947	61,947	313	-	-	-	62,260
Net gain from the sale of other assets	-	-	-	-	-	(44,781)	(44,781)	2,259	41	5,719	3	(36,759)
NET (LOSS)/INCOME BEFORE INCOME TAX	**(208,195)**	**(117,480)**	**22,639**	**(3,930)**	**(265,223)**	**(537,303)**	**(1,109,492)**	**139,231**	**49,305**	**98,070**	**10,343**	**(812,543)**
Income tax	65,592	37,178	(7,131)	1,228	83,545	90,124	270,536	(30,122)	(11,186)	(17,194)	(1,235)	210,799
(Loss)/income after income tax from continuing operations	(142,603)	(80,302)	15,508	(2,702)	(181,678)	(447,179)	(838,956)	109,109	38,119	80,876	9,108	(601,744)
(Loss)/income arising from discontinued operations	-	-	-	-	-	1,983	1,983	-	-	-	(46,987)	(45,004)
Net (loss)/income after income tax	(142,603)	(80,302)	15,508	(2,702)	(181,678)	(445,196)	(836,973)	109,109	38,119	80,876	(37,879)	(646,748)
Non-controlling interests	-	-	-	-	-	(11,123)	(11,123)	(37,632)	(18,015)	(26,932)	-	(93,702)
NET (LOSS)/INCOME AFTER INCOME TAX	**(142,603)**	**(80,302)**	**15,508**	**(2,702)**	**(181,678)**	**(456,319)**	**(848,096)**	**71,477**	**20,104**	**53,944**	**(37,879)**	**(740,450)**
BALANCE SHEET												
Cash and Loans and advances to credit institutions	4,697,491	31,745	2,217,294	1,414,737	3,872	(6,969,953)	1,395,186	1,229,114	518,293	411,269	1,680,459	5,234,321
Loans and advances to customers	18,197,984	4,809,012	7,922,456	243,074	12,699,771	425,694	44,297,991	10,011,639	609,476	1,158,763	724,328	56,802,197
Financial assets(***)	184,046	-	-	50	-	10,615,645	10,799,741	2,239,523	339,294	394,364	59,110	13,832,032
Other assets	114,299	8,578	35,225	6,831	1,154	5,374,155	5,540,242	217,544	184,115	160,182	36,400	6,138,483
TOTAL ASSETS	**23,193,820**	**4,849,335**	**10,174,975**	**1,664,692**	**12,704,797**	**9,445,541**	**62,033,160**	**13,697,820**	**1,651,178**	**2,124,578**	**2,500,297**	**82,007,033**
Deposits from other credit institutions	63	2,800,022	1,555,871	279	12,008,250	(5,669,271)	10,695,214	1,353,301	263,519	234,057	946,445	13,492,536
Deposits from customers	20,715,098	1,668,567	7,635,449	1,456,978	250,120	2,184,985	33,911,197	10,919,845	1,218,833	1,561,450	1,348,427	48,959,752
Debt securities issued	1,923,950	4,360	128	193,664	5,621	7,089,864	9,217,587	168,826	-	24,814	-	9,411,227
Other financial liabilities	-	-	-	-	-	5,088,755	5,088,755	362,382	-	-	23,104	5,474,241
Other liabilities	20,848	17,711	34,346	1,069	-	912,623	986,597	227,200	45,022	127,605	7,045	1,393,469
TOTAL LIABILITIES	**22,659,959**	**4,490,660**	**9,225,794**	**1,651,990**	**12,263,991**	**9,606,956**	**59,899,350**	**13,031,554**	**1,527,374**	**1,947,926**	**2,325,021**	**78,731,225**
Equity and non-controlling interests	533,861	358,675	949,181	12,702	440,806	(161,415)	2,133,810	666,266	123,804	176,652	175,276	3,275,808
TOTAL LIABILITIES, EQUITY AND NON-CONTROLLING INTERESTS	**23,193,820**	**4,849,335**	**10,174,975**	**1,664,692**	**12,704,797**	**9,445,541**	**62,033,160**	**13,697,820**	**1,651,178**	**2,124,578**	**2,500,297**	**82,007,033**

(*) Includes the activity of Millennium bcp Gestão de Activos;
(**) Includes the activity of Millennium Bank Greece and Banca Millennium Romania;
(***) Includes financial assets held for trading, financial assets held to maturity, financial assets available for sale, hedging derivatives and assets with repurchase agreement.

As at 31 December 2012 the net contribution of the major geographic segments is analysed as follows:

(Thousands of Euros)

	Portugal											
	Retail Banking	Companies	Corporate and Investment Banking	Asset Management and Private Banking	Portfolio non-core business	Others(*)	Total	Poland	Angola	Mozambique	Others(**)	Consolidated
INCOME STATEMENT												
Interest income	722,233	324,488	452,054	60,590	509,829	245,536	2,314,730	747,583	95,147	200,361	64,977	3,422,798
Interest expense	(652,059)	(163,570)	(247,212)	(97,148)	(354,309)	(285,306)	(1,799,604)	(480,022)	(28,574)	(71,048)	(45,590)	(2,424,838)
NET INTEREST INCOME	70,174	160,918	204,842	(36,558)	155,520	(39,770)	515,126	267,561	66,573	129,313	19,387	997,960
Commissions and other income	343,381	76,500	128,926	17,953	38,576	57,668	663,004	166,915	27,394	74,513	20,936	952,762
Commissions and other costs	(17,248)	(4,206)	(8,304)	(1,357)	(62)	(212,695)	(243,872)	(39,055)	(2,958)	(24,063)	(7,481)	(317,429)
NET COMMISSIONS AND OTHER INCOME	326,133	72,294	120,622	16,596	38,514	(155,027)	419,132	127,860	24,436	50,450	13,455	635,333
Net gains arising from trading activity	(10)	-	-	-	-	315,254	315,244	57,457	32,403	29,383	2,236	436,723
Staff costs and administrative costs	698,515	73,849	46,720	18,580	24,884	(32,880)	829,668	253,290	62,253	86,321	21,659	1,253,191
Depreciations	1,849	255	110	4	54	38,182	40,454	13,270	4,801	9,100	425	68,050
OPERATING COSTS	700,364	74,104	46,830	18,584	24,938	5,302	870,122	266,560	67,054	95,421	22,084	1,321,241
Impairment and provisions	(69,200)	(260,203)	(130,993)	1,855	(399,167)	(379,079)	(1,236,787)	(57,073)	(11,652)	(13,741)	12	(1,319,241)
Share of profit of associates under the equity method		-	-	-	-	54,296	54,296	527	-	836	-	55,659
Net gain from the sale of other assets		-	-	-	-	(27,129)	(27,129)	2,370	191	362	13	(24,193)
NET (LOSS)/INCOME BEFORE INCOME TAX	(373,267)	(101,095)	147,641	(36,691)	(230,071)	(236,757)	(830,240)	132,142	44,897	101,182	13,019	(539,000)
Income tax	105,254	29,402	(42,816)	10,595	66,721	17,812	186,968	(27,633)	(9,070)	(17,832)	(376)	132,057
(Loss)/income after income tax from continuing operations	(268,013)	(71,693)	104,825	(26,096)	(163,350)	(218,945)	(643,272)	104,509	35,827	83,350	12,643	(406,943)
(Loss)/income arising from discontinued operations	-	-	-	-	-	1,255	1,255	-	-	-	(731,522)	(730,267)
Net (loss)/income after ncome tax	(268,013)	(71,693)	104,825	(26,096)	(163,350)	(217,690)	(642,017)	104,509	35,827	83,350	(718,879)	(1,137,210)
Non-controlling interests	-	-	-	-	-	(1,109)	(1,109)	(36,046)	(16,933)	(27,755)	-	(81,843)
NET (LOSS)/INCOME AFTER INCOME TAX	(268,013)	(71,693)	104,825	(26,096)	(163,350)	(218,799)	(643,126)	68,463	18,894	55,595	(718,879)	(1,219,053)
BALANCE SHEET												
Cash and Loans and advances to credit institutions	4,027,226	28,859	1,337,206	1,802,899	3,343	(5,742,681)	1,456,852	1,018,298	365,785	515,552	2,941,132	6,297,619
Loans and advances to customers	19,083,480	5,499,214	8,083,851	301,872	13,927,767	(178,042)	46,718,142	9,804,122	489,399	975,885	4,630,687	62,618,235
Financial assets(***)	1,972	-	-	50	-	11,925,926	11,927,948	1,887,905	342,318	234,656	276,508	14,669,335
Other assets	115,845	7,814	31,700	8,043	947	5,210,495	5,374,844	184,347	177,118	145,578	276,963	6,158,850
TOTAL ASSETS	23,228,523	5,535,887	9,452,757	2,112,864	13,932,057	11,215,698	65,477,786	12,894,672	1,374,620	1,871,671	8,125,290	89,744,039
Deposits from other credit institutions	-	3,636,911	1,554,219	536	13,033,310	8,134,844	10,090,132	1,306,989	315,733	186,420	3,366,486	15,265,760
Deposits from customers	19,139,059	1,486,841	6,784,477	1,716,360	202,518	3,289,148	32,618,403	10,211,132	895,419	1,376,342	4,303,102	49,404,398
Debt securities issued	3,620,787	8,416	2,241	395,313	7,011	9,469,868	13,503,636	220,917	-	26,286	112,160	13,862,999
Other financial liabilities	-	-	-	-	-	5,316,143	5,316,143	388,506	-	-	288,633	5,993,282
Other liabilities	20,684	18,193	37,131	1,341	-	765,602	842,951	125,605	51,677	130,116	67,063	1,217,412
TOTAL LIABILITIES	22,780,530	5,150,361	8,378,068	2,113,550	13,242,839	10,705,917	62,371,265	12,253,149	1,262,829	1,719,164	8,137,444	85,743,851
Equity and non-controlling interests	447,993	385,526	1,074,689	(686)	689,218	509,781	3,106,521	641,523	111,791	152,507	(12,154)	4,000,188
TOTAL LIABILITIES, EQUITY AND NON-CONTROLLING INTERESTS	23,228,523	5,535,887	9,452,757	2,112,864	13,932,057	11,215,698	65,477,786	12,894,672	1,374,620	1,871,671	8,125,290	89,744,039

(*) Includes the activity of Millennium bcp Gestão de Activos;
(**) Includes the activity of Millennium Bank Greece and Banca Millennium Romania;
(***) Includes financial assets held for trading, financial assets held to maturity, financial assets available for sale, hedging derivatives and assets with repurchase agreement.

Reconciliation of net income of reportable segments with the net result of the Group

Description of the relevant items of reconciliation:

(Thousands of Euros)

	2013	2012
NET CONTRIBUTION (EXCLUDING MINORITY INTEREST EFFECT)		
Retail Banking in Portugal	**(142,603)**	(268,013)
Companies	**(80,302)**	(71,693)
Corporate and Investment Banking	**15,508**	104,825
Asset Management and Private Banking	**(2,702)**	(26,096)
Portfolio non core business	**(181,678)**	(163,350)
Foreign Business	**237,212**	236,329
Non-controlling interests (1)	**(93,702)**	(81,843)
	(248,267)	(269,841)
(Loss)/income from discontinued operations	**(45,004)**	(730,267)
	(293,271)	(1,000,108)
AMOUNTS INCLUDED IN THE AGGREGATE OTHERS (NOT ALLOCATED TO SEGMENTS):		
Interests of hybrid instruments	**(269,009)**	(134,880)
Net interest income of the bond portfolio	**116,128**	159,011
Interests written off	**(66,572)**	(106,456)
Cost of debt issue with State Guarantee	**(60,088)**	(69,175)
Own Credit Risk	**(4,995)**	(30,047)
Gains on repurchase of own issues (liability management)	**-**	184,300
Impact of the investment in Piraeus Bank	**167,646**	-
Impact of exchange rate hedging of investments	**3,459**	(33,103)
Equity accounted earnings	**62,260**	55,659
Operating expenses(2)	**(119,032)**	(5,301)
Impairment and other provisions(3)	**(295,770)**	(379,077)
Others(4)	**18,794**	140,124
TOTAL NOT ALLOCATED TO SEGMENTS	**(447,179)**	(218,945)
CONSOLIDATED NET (LOSS)/INCOME	**(740,450)**	(1,219,053)

(1) Corresponds mainly to the income attributable to third parties related to the subsidiaries in Poland, in Mozambique and in Angola;
(2) Includes restructuring costs;
(3) Includes provisions for property in kind, administrative infractions, various contingencies and other unallocated to business segments. The value for December 2013 includes the amount of Euros 97,500,000 related to the investment in Piraeus Bank;
(4) Includes funding for non interest bearing assets and the financial strategies as well as tax effect associated with the items previously discriminated.

53. Risk Management

The Group is subject to several risks during the course of its business. The risks from different companies of the Group are managed centrally coordinating with the local departments and considering the specific risks of each business.

The Group's risk-management policy is designed to ensure adequate relationship at all times between its own funds and the business it carries on, and also to evaluate the risk/return profile by business line.

Monitoring and control of the main types of financial risk – credit, market, liquidity and operational – to which the Group's business is subject are of particular importance.

Main Types of Risk

Credit – Credit risk is associated with the degree of uncertainty of the expected returns as a result of the inability either of the borrower (and the guarantor, if any) or of the issuer of a security or of the counterparty to an agreement to fulfils their obligations.

Market – Market risk reflects the potential loss inherent in a given portfolio as a result of changes in rates (interest and exchange) and/or in the prices of the various financial instruments that make up the portfolio, considering both the correlations that exist between them and the respective volatility.

Liquidity – Liquidity risk reflects the Group's inability to meet its obligations at maturity without incurring in significant losses resulting from the deterioration of the funding conditions (funding risk) and/or from the sale of its assets below market value (market liquidity risk).

Operational – Operational risk is understood to be the potential loss resulting from failures or inadequacies in internal procedures, persons or systems and also the potential losses resulting from external events.

Internal Organisation

The Banco Comercial Português Board of Directors is responsible for the definition of the risk policy, including the approval at the very highest level of the principles and rules to be followed in risk management, as well as the guidelines dictating the allocation of economic capital to the business lines.

The Board of Directors, through the Audit Committee, ensures the existence of adequate risk control and of risk-management systems at the level both of the Group and of each entity. At the proposal of the Banco Comercial Português Executive Committee, the Board of Directors also approves the risk-tolerance level acceptable to the Group.

The Risk Commission is responsible for monitoring the overall levels of risk incurred, ensuring that they are compatible with the objectives and strategies approved for the business.

The Group Risk Officer is responsible for the control of risks in all the Group entities, in order to ensure that the risks are monitored on an overall basis and that there is alignment of concepts, practices and objectives. It must also keep the Risk Commission informed of the Group's level of risk, proposing measures to improve control and implementing the approved limits.

The activity of every entity included within the Banco Comercial Português consolidation perimeter is governed by the principles and decisions established centrally by the Risk Commission and the main subsidiaries are provided with Risk Office structures which are established in accordance with the risks inherent in their particular business. A Risk Control Commission has been set up at each relevant subsidiary, responsible for the control of risks at local level, in which the Group Risk Officer takes part.

The Group Head of Compliance is responsible for implementing systems of monitoring the compliance with legal obligations and responsibilities to which the Bank is subject, as well, the prevention, monitoring and reporting of risks in organizational processes, which include, among others, the prevention of money laundering, combating financing of terrorism, prevention of conflict of interest, issues related to abuse of market and compliance with the disclosure requirements to customers.

Risk Evaluation and Management Model

For purposes of profitability analysis and risk quantification and control, each entity is divided into the following management areas:

– Trading and Sales: involves those positions whose objective is to obtain short-term gains through sale or revaluation. These positions are actively managed, are tradable without restriction and may be valued frequently and precisely, including the securities, the derivatives and the sales activities;
– Financing: financing operations of the group in the market, including both money market operations and institutional ones (and possible risk coverage), but no structural financing transactions (*e.g.* subordinated debt);
– Investment: includes those positions in securities to be held to maturity, during a longer period of time or those that are not tradable on liquid markets, or any others that are held with no other purpose than short-term gains. Also includes any other hedging risk operation associated to those;
– Commercial: includes all operations (assets and liabilities) held at the normal course of business group with its customers;
– ALM: is the Assets and Liabilities management function, including operations decided by CALCO in the group's global risk management function and centralizes the transfer of risk between the remaining areas;
– Structural: deals with balance sheet elements or operations that, because of their nature, are not directly related to any of the other areas, including structural financing operations of the group, capital and balance sheet fixed items.

The definition of the management areas allows effective separation of the management of the trading and banking portfolios, as well as a proper allocation of each operation to the most appropriate management area according to their context.

Risk assessment

Credit Risk

Credit granting is based on prior classification of the customers' risk and on thorough assessment of the level of protection provided by the underlying collateral. In order to do so, a single risk-notation system has been introduced, the Rating Master Scale. It is based on the expected probability of default, allowing greater discrimination in the assessment of the customers and better establishment of the hierarchies of the associated risk. The Rating Master Scale also identifies those customers showing worsening credit capacity and, in particular, those classified as being in default in keeping with the Basel II Accord.

All the rating and scoring models used by the Group have been duly calibrated for the Rating Master Scale.

The protection-level concept has been introduced as a crucial element of evaluation of the effectiveness of the collateral in credit-risk mitigation, leading to more active collateralization of loans and more adequate pricing of the risk incurred.

To quantify the credit risk at the level of the various portfolios, the Group has developed a model based on an actuarial approach, which provides the distribution of total loss probability. In addition to the Probability of Default (PD) and of the Amount of the Loss Given Default (LGD) as the central points, consideration is also given to the uncertainty associated with the development of these parameters, through the introduction of the respective volatility. The effects of diversification and/or concentration between the sectors of the loan portfolios are quantified by introducing the respective correlations.

The gross Group's exposure to credit risk (original exposure), as at 31 December 2013 and 2012 is presented in the following table:

(Thousands of Euros)

Risk items	Original exposure	
	2013	2012
Central Governments or Central Banks	**11,378,621**	10,976,372
Regional Governments or Local Authorities	**776,639**	637,504
Administrative and non-profit Organisations	**302,772**	181,341
Multilateral Development Banks	**73,468**	92,566
Other Credit Institutions	**4,472,853**	6,727,642
Retail and Corporate customers	**73,617,722**	82,300,341
Other items	**9,347,502**	10,010,098
	99,969,577	110,925,865

Note: gross exposures of impairment and amortization, in accordance with the prudential consolidation perimeter. Includes securitization positions.

The following table includes the European countries that have been under particular attention in this period, such as Portugal, Greece, Ireland, Spain, Italy and Hungary. The amount represents the gross exposure (nominal value), as at 31 December 2013, of the credit granted to entities whose country is one of those identified.

(Thousands of Euros)

		2013					
		Country					
Counterparty type	Maturity	Spain	Greece	Hungary	Ireland	Italy	Portugal
Financial	2014	66,294	-	995	665,019	23,167	301,594
Institutions	2015	24,037	-	-	-	-	51,134
	2016	-	-	-	-	10,200	15,935
	>2016	61,500	-	-	-	-	487,700
		151,831	**-**	**995**	**665,019**	**33,367**	**856,363**
Companies	2014	24,298	-	-	2,304	-	7,210,958
	2015	-	424	-	-	-	517,691
	2016	-	-	-	-	-	597,219
	>2016	146,838	23,352	-	192	-	6,233,470
		171,136	**23,776**	**-**	**2,496**	**-**	**14,559,338**
Retail	2014	5,374	28	11	99	192	2,561,810
	2015	90,113	10	3	2,183	38	575,375
	2016	73	9	3	96	54	535,881
	>2016	86,908	290	111	58,250	5,511	22,017,380
		182,468	**337**	**128**	**60,628**	**5,795**	**25,690,446**
State and other	2014	-	-	-	200,000	-	3,820,662
public entities	2015	-	-	-	-	-	718,251
	2016	-	-	-	-	-	598,550
	>2016	34,500	-	-	-	50,000	2,673,344
		34,500	**-**	**-**	**200,000**	**50,000**	**7,810,807**
TOTAL COUNTRY		**539,935**	**24,113**	**1,123**	**928,143**	**89,162**	**48,916,954**

The balance Financial Institutions includes applications in other credit institutions. The amounts do not include interest and are not deducted from the values of impairment.

The balance Companies includes the amounts of credit granted to the companies segment and does not consider the amounts of interest, impairment or risk mitigation through collaterals.

The balance Retail includes the amounts of credit granted to the retail segment and does not consider the amounts of interest, impairment or risk mitigation through collaterals.

The balance State and other public entities includes the amounts related to sovereign debt, credit to governmental institutions, public companies, governments and municipalities, and does not consider the amounts of interest, impairment or risk mitigation through collaterals.

Market Risks

The Group in monitoring and control of market risk existing in the diverse portfolios (according to the previous definition), uses an integrated risk measure that includes the main types of market risk identified by the Group: generic risk, specific risk, non linear risk and commodities risk.

The measure used in evaluating the generic market risk is the VaR (Value at Risk). The VaR is calculated on the basis of the analysis approximation defined in the methodology developed by the RiskMetrics. It is calculated considering a 10-working day time horizon and an unilateral statistical confidence interval of 99%. In calculating the volatility associated with each risk factor, is performed using the econometric model estimation EWMA that assumes a greater weighting for the market conditions seen in the more recent days, thus ensuring more accurate adjustment to market conditions.

A specific risk evaluation model is also applied to securities (bonds, shares, certificates, etc) and associated derivatives for which the performance is related to its value. With the necessary adjustments, this model follows regulatory standard methodology.

Complementary measures are also used for other types of risk, a risk measure that incorporates the non-linear risk of options not covered in the VaR model, with a confidence interval of 99% and a standard measure for commodities risks.

These measures are included in the indicator of market risk with the conservative assumption of perfect correlation between the various types of risk.

Capital at risk values are determined both on an individual basis for each one of the position portfolios of those areas having responsibilities in risk taking and management, as well as in consolidated terms taking into account the effects of diversification between the various portfolios.

To ensure that the VaR model adopted is appropriate to the evaluation of the risks involved in the positions that have been assumed, a back testing process has been instituted. This is carried out on a daily basis and it confronts the VaR indicators with the actual results.

The following table shows the main indicators for these measures to the trading portfolio, during 2013:

(Thousands of Euros)

	Dec 2013	Average	Maximum	Minimum	Dec 2012
Generic Risk (VaR)	2,202	5,344	10,494	2,099	3,576
Interest Rate Risk	1,599	5,064	6,109	1,842	2,371
FX Risk	1,313	972	996	591	1,346
Equity Risk	589	747	6,155	782	713
Diversification effects	*1,299*	*1,439*	*2,765*	*1,116*	*854*
Specific Risk	263	684	1,594	254	728
Non Linear Risk	25	74	278	5	13
Commodities Risk	17	33	81	9	47
GLOBAL RISK	**2,507**	**6,135**	**12,245**	**2,477**	**4,364**

Evaluation of the interest rate risk originated by the banking portfolio is performed by a risk sensitivity analysis process carried out every month for all operations included in the Group's consolidated balance sheet.

For this analysis are considered the financial characteristics of the contracts available in information systems. Based on these data, a projection for expected cash flows is made, according to the repricing dates and any prepayment assumptions considered.

Aggregation of the expected cash flows for each time interval for each of the currencies under analysis allows determination of the interest rate gaps per repricing period.

The interest rate sensitivity of the balance sheet in each currency is calculated through the difference between the present value of the interest rate mismatch after discounting the market interest rates and the discounted value of the same cash flows by simulating parallel shifts of the market interest rates.

The following tables shows the expected impact on the banking books economic value of parallel shifts of the yield curve by +/- 100 and +/- 200 basis points, on each of the main currencies:

(Thousands of Euros)

Currency	2013			
	- 200 b.p.	- 100 b.p.	+ 100 b.p.	+ 200 b.p.
CHF	601	286	2,242	4,498
EUR	151,969	98,083	(73,665)	(141,442)
PLN	15,434	7,538	(7,208)	(14,112)
USD	(1,865)	(2,427)	4,353	8,536
TOTAL	166,139	103,480	(74,278)	(142,520)

(Thousands of Euros)

Currency	2012			
	- 200 b.p.	- 100 b.p.	+ 100 b.p.	+ 200 b.p.
CHF	433	272	1,448	2,943
EUR	133,024	57,825	(16,344)	(25,466)
PLN	20,644	10,074	(9,618)	(18,816)
USD	3,824	2,265	(1,490)	(2,688)
TOTAL	157,925	70,436	(26,004)	(44,027)

The Group limits the foreign currency exposure of investments made in subsidiaries abroad through the financing of net investments in money market operations and deposits from customer in the same currencies that makes the referred investments. The information of net investments, considered by the Group in hedging strategies on subsidiaries and on hedging instruments used, is as follows:

Company	Currency	Net Investment Currency '000	Hedging Instruments Currency '000	Net Investment Euros '000	Hedging Instruments Euros '000
Banque Privée BCP (Suisse) S.A.	CHF	117,494	117,494	97,328	97,328
Millennium bcp Bank & Trust	USD	340,000	340,000	257,693	257,693
BCP Finance Bank, Ltd.	USD	561,000	561,000	425,193	425,193
BCP Finance Company	USD	1	1	1	1
bcp holdings (usa), Inc.	USD	64,445	64,445	48,844	48,844
Bank Millennium, S.A.	PLN	1,700,125	1,700,125	417,311	417,311

The information on the gains and losses in exchange rates on the loans to cover the investments in foreign institutions, accounted for as exchange differences, is presented in the statement of changes in equity.

The ineffectiveness generated in the hedging operations is recognised in the statement of income, as referred in the accounting policy 1 e).

Liquidity risk

Evaluation of the Group's liquidity risk is carried out using indicators defined by the supervisory authorities on a regular basis and other internal metrics for which exposure limits are also defined.

The evolution of the Group's liquidity situation for short-term time horizons (up to 3 months) is reviewed daily on the basis of two indicators defined in-house, immediate liquidity and quarterly liquidity. These measure the maximum fund-taking requirements that could arise on a single day, considering the cash flow projections for periods of 3 days and of 3 months, respectively.

Calculation of these indicators involves adding to the liquidity position of the day under analysis the estimated future cash flows for each day of the respective time horizon (3 days or 3 months) for the transactions as a whole brokered by the markets areas, including the transactions with customers of the Corporate and Private networks that, for their dimension, have to be quoted by the Trading Room. The amount of assets in the Bank's securities portfolio considered highly liquid is added to the calculated value, leading to determination of the liquidity gap accumulated for each day of the period under review.

In parallel, the evolution of the Group's liquidity position is calculated on a regular basis identifying all the factors that justify the variations that occur. This analysis is submitted to the Capital and Assets and Liabilities Committee (CALCO) for appraisal, in order to enable the decision making that leads to the maintenance of financing conditions adequate to the continuation of the business.

In addition, the Risks Commission is responsible for controlling the liquidity risk.

This control is reinforced with the monthly execution of stress tests, to characterize the Bank's risk profile and to ensure that the Group and each of its subsidiaries, fulfil its obligations in the event of a liquidity crisis. These tests are also used to support the liquidity contingency plan and management decisions.

In the current conjuncture, and given the continued prudent management of liquidity by the Group during the course of this whole situation, has been reinforced the buffer role provided by the liquidity asset portfolio discountable with the ECB (or other Central Banks). In this line, the portfolio of discountable assets to the ECB finished the year of 2013 with a value of Euro 17,803,957,000, slightly above the end of 2012 figure, even considering the loss of eligibility of some assets and the sale of the Greek operation.

The eligible pool of assets for funding operations in the European Central Bank and other Central Banks in Europe, net of haircuts, is detailed as follows:

(Thousands of Euros)

	2013	2012
European Central Bank	**17,803,957**	17,690,385
Other Central Banks	**1,918,129**	986,636
	19,722,086	18,677,021

As at 31 December 2013, the amount discounted in the European Central Bank and Other Central Banks amounted to Euros 11,000,000,000 and Euros 0 respectively (31 December 2012: Euros 12,255,000,000 and Euros 0).

The amount of eligible assets for funding operations in the European Central Banks includes securities issued by SPEs concerning securitization operations in which the assets were not derecognised at a consolidated level, therefore the respective securities are not recognised in the securities portfolio.

The evolution of the Pool Monetary Policy of the ECB and the corresponding collaterals used is analysed as follows:

(Thousands of Euros)

	Dec 13	Sep 13	Jun 13	Mar 13	Dec 12
Total collateral after haircuts	**17,803,957**	**19,551,827**	**15,807,708**	**17,554,340**	17,690,385
Collateral used	**11,000,000**	**12,900,000**	**11,900,000**	**11,209,000**	12,255,000
COLLATERAL AVAILABLE AFTER HAIRCUTS	**6,803,957**	**6,651,827**	**3,907,708**	**6,345,340**	5,435,385

The indicated value "Total collateral after haircuts" corresponds to the amount reported in SITEME (application of the Bank of Portugal), which does not include, with reference to 31 December 2013:

i) – the other eligible assets and those temporarily out of the pool, which together amounted to Euros 2,101,477,000;
ii) – deposits made with the Bank of Portugal, deducted from the minimum cash reserves and accrued interest in the amount of Euros 1,025,226,000.

Thus, as at 31 December 2013, the liquidity mobilized through collateral available, plus deposits with the Bank of Portugal deducted from the minimum cash reserves and accrued interest, amounted to Euros 9,930,660,000 (31 December 2012: Euros 11,775,891.000).

The main liquidity ratios of the Group, according to the definitions of the Instruction no. 13/2009 of the Bank of Portugal, had the following evolution:

	Reference value	2013	2012
Accumulated net cash flows up to 1 year as % of total accounting liabilities	Not less than (- 6 %)	**8.9%**	9.6%
Liquidity gap as a % of illiquid assets	Not less than (- 20 %)	**1.5%**	2.9%
Transformation Ratio (Credit/Deposits)(2)		**117.4%**	128.7%
Coverage ratio of Wholesale funding by HLA(1)			
(up to 1 month)		**1,052.5%**	878.6%
(up to 3 months)		**502.2%**	357.4%
(up to 1 year)		**187.4%**	298.8%

(1) HLA – Highly Liquid Assets.
(2) Transformation ratio computed according to Banco of Portugal rules for the Funding & Capital Plans (Financial consolidation).

Operational Risk

The approach to operational risk management is based on the business and support end-to-end processes. Process management is the responsibility of the Process Owners, who are the first parties responsible for evaluation of the risks and for strengthening the performance within the scope of their processes. The Process Owners are responsible for keeping up to date all the relevant documentation concerning the processes, for ensuring the real adequacy of all the existing controls through direct supervision or by delegation on the departments responsible for the controls in question, for coordinating and taking part in the risk self-assessment exercises, and for detecting and implementing improvement opportunities, including mitigating measures for the more significant exposures.

In the operational risk model implemented in the Group, there is a systematic process of gathering information on operational losses that defines on a systematic form, the causes and the effects associated to an eventual detected loss. From the analysis of the historical information and its relationships, processes involving greater risk are identified and mitigation measures are launched to reduce the critical exposures.

Covenants

The contractual terms of instruments of wholesale funding encompass obligations assumed by entities belonging to the Group as debtors or issuers, concerning general duties of societary conduct, maintenance of banking activity and the inexistence of special guarantees constituted for the benefit of other creditors ("negative pledge"). These terms reflect essentially the standards internationally adopted for each type of instrument.

The terms of the Group's participation in securitization operations involving its own assets are subject to mandatory changes in case the Group stops respecting certain rating criteria. The criteria established in each transaction results mainly from the existing risk analysis at the moment that the transaction was set, being these methodologies usually applied by each rating agency in a standardised way to all the securitization transactions involving the same type of loans.

Regarding the Covered Bond Programs of Banco Comercial Português and Banco de Investimento Imobiliário that are currently underway, there are no relevant covenants related to a possible downgrade of the Bank.

54. Solvency

Following the request submitted by Millennium bcp, the Bank of Portugal authorised the adoption of methodologies based on Internal Rating models (IRB) for the calculation of capital requirements for credit and counterparty risk, covering a substantial part of the risk from the activity in Portugal as from 31 December 2010. In the scope of the Roll-Out Plan for the calculation of capital requirements for credit and counterparty risk, the Bank of Portugal authorised the extension of this methodology to the subclasses of risk "Renewable Retail Positions" and "Other Retail Positions" in Portugal with effect as from 31 December 2011. With effect as from 31 December 2012, the Bank of Portugal authorised the use of own estimates of Credit Conversion Factors (CCF) for exposures of the class of risk "Corporates" in Portugal and the adoption of IRB methodologies for "Loans secured by residential real estate" and "Renewable positions" of the Retail portfolio in Poland. With effect as from 31 December 2013, the Bank of Portugal authorised the extension of the IRB approach to the real estate promotion credit portfolios, as well as the adoption of own estimates of LGD for the risk class "Corporates" in Portugal. In the 1st half of 2009, the Bank received authorization from the Bank of Portugal to adopt the advanced approaches (internal models) to the generic market risk and the standard method for the operational risk.

Consolidated own funds of Banco Comercial Português are determined according to the applicable regulatory rules, namely the Regulation no. 6/2010 from the Bank of Portugal. The own funds result from adding tier 1 with tier 2 and subtracting the component of Deductions. For the calculation of tier 1 are considered the core tier 1 elements, established in the Regulation no. 3/2011, and other relevant elements to the discharge of tier 1. The tier 1 and, in particular, core tier 1, comprises the steadiest components of the own funds.

As core tier 1 positive elements, the paid-up capital and the share premium, hybrid instruments eligible for this line item, fully subscribed by the Portuguese State in the scope of the Bank's capitalisation process, the reserves and the retained earnings, non-controlling interests in fully consolidated subsidiaries and the deferred impacts related to the transition adjustments to the International Financial Reporting Standards, are considered. Net losses, own shares, the shortfall of impairment to the regulatory provisions of the Regulation no. 3/95 from the Bank of Portugal, calculated on an individual basis for exposures treated by the standardised approach (revoked by Regulation no. 3/203 from the Bank of Portugal), goodwill and other intangible assets correspond to negative elements.

At the end of the 2011, the Bank decided to change the accounting policy related to the recognition of actuarial gains and losses of the Pension Fund. Accordingly, and following an analysis of the options permitted by the International Accounting Standard (IAS) 19 – Employee benefits, the Group decided to recognize the actuarial gains and losses against reserves. Previously, the Group used to defer actuarial gains and losses according to the corridor method, in which the unrecognised actuarial gains and losses that exceed 10% of the largest among between the current value of the liabilities and the fair value of the assets were recognised against the income statement according to the estimated remaining useful life of active employees.

Despite this change in accounting policy, the Bank of Portugal, for prudential purposes, allowed to continue to be used a corridor, corresponding to the higher value between i) 10% of liabilities from retirement and other pensions benefits, and ii) 10% of the value of the Pension Fund, as defined in the Regulation no. 2/2012 from the Bank of Portugal.

Core tier 1 can also be influenced by the replacement of unrealised gains and losses which do not represent impairment on debt securities, loans and other receivables recorded in the available-for-sale portfolio, on cash flow hedge transactions and on financial liabilities at fair value through profits and losses, net of taxes, to the extent related to own credit risk, as well as by the reversal of unrealised gains on equity securities classified as available-for-sale and loans and other receivables from the trading portfolio or measured at fair value through profits and losses.

Since the second half of 2011, the Bank of Portugal established new rules which have influenced the core tier 1 of the Group:

– In November 2011, the Bank of Portugal issued a clarification regarding the Regulation no. 6/2010, determining a deduction to core tier 1 related to customers deposits with yields above a certain threshold (Instruction no. 15/2012 from the Bank of Portugal).
– In June 2012, the Bank issue Euros 3,000 millions of core tier 1 capital instruments subscribed by the Portuguese State within the scope of the recapitalization process of the Goup and in accordance with Regulation no. 3/2011 from the Bank of Portugal. These instruments eligible until the maximum of 50% of tier 1.

The additional elements that integrate the tier I are preference shares and other hybrid instruments, up to the limit of 15% and 35% of tier 1, respectively, and even some deductions taken by 50%: (i) of interests held in financial institutions and insurers; and (ii) the shortfall of value adjustments and provisions to expected losses concerning risk-weighted exposure amounts cleared under the IRB approach.

The tier 2 includes the subordinated debt and 45% of the unrealized gains on available for sale assets that have been deducted to core tier 1. These components are part of the upper tier 2, except the subordinated debt, that is split between upper tier 2 (perpetual debt) and lower tier 2 (the remaining). Subordinated debt can only be included in the own funds with the agreement of the Bank of Portugal and as long as their total amount complies with the following limits: a) the tier 2 cannot surpass the amount of the tier 1 and b) the lower tier 2 cannot surpass 50% of the tier 1. Additionally, non-perpetual subordinated loans should be amortised at a 20% annual rate, during the last five years to maturity. The tier 2 is also subject to the deduction of the remaining 50% not deducted to the tier 1: (i) of interests held in financial institutions (more than 10%) and insurers (at least 20%); and (ii) the shortfall of value adjustments and provisions to expected losses concerning risk-weighted exposure amounts cleared under the IRB approach. If the amount of tier 2 is not enough to accommodate this deduction, the excess should be subtracted to the tier 1.

In order to conclude the calculation of the regulatory capital, there are still some deductions to the own funds that need to be performed, namely the amount of real-estate assets resulting from recovered loans that have exceeded the regulatory period of permanence in the Bank's accounts, the impairment concerning securitization transactions that have not reached the regulatory definition of effective risk transfer, to the extent of the amounts not recognised in the Bank's accounts, and the potential excess of exposure to risk limits in the scope of Bank of Portugal published Regulation no. 7/2010.

Capital requirements have been determined in accordance with the Basel II framework since the beginning of 2008. Capital requirements for credit risk have been determined in accordance with the Regulation no. 5/2007 from the Bank of Portugal, using IRB approaches to calculate minimum capital requirements for exposures managed from Portugal, covering a substantial part of the retail and corporate portfolios, and for a significant part of the retail portfolio of Poland as from 31 December 2012, and the standardised approach for the remaining portfolios and geographies.

Capital requirements for operational risk have been calculated following the standard approach described in the Regulation no. 9/2007 from the Bank of Portugal, and capital requirements for the trading portfolio have been calculated according to the Regulation no. 8/2007 from the Bank of Portugal, using the internal models approach to calculate capital requirements for the generic market risk of the trading portfolio, comprising the sub-portfolios managed from Portugal, related to debt instruments, capital instruments and foreign exchange risks, and the standardised approach to calculate capital requirements for the specific risk.

Additionally, in the scope of the program of financial assistance to Portugal, the Bank of Portugal established, through the Regulation no. 3/2011, that financial groups should reinforce their core tier 1 ratios, on a consolidated basis, to at least 10% until 31 December 2012. In accordance to the criteria defined by EBA, which include the capital buffer of Euros 848 million related to sovereign risks, the BCP Group should report a core tier 1 ratio of at least 9%.

On 22 July 2013, EBA released a recommendation establishing the preservation of a nominal floor of core tier I capital corresponding to the amount of capital needed to meet the core tier 1 ratio of 9% as at 30 June 2012, including the same capital buffer for exposures to sovereign risk, in order to ensure an appropriate transition to the stricter requirements of the CRD IV/CRR.

This recommendation foresees some exceptions in cases of restructuring plans and specific de-risking programs and for those banks whose common equity tier 1 level is above the minimum capital requirements and the capital conservation buffer computed under fully implemented CRD IV/CRR requirements, for which the nominal capital floor may be set taking as reference a later date, upon a request from the credit institutions to the Bank of Portugal and its subsequent assessment. In this context, Millennium bcp submitted that request, in due time, which is currently under review.

The own funds and the capital requirements determined according to the methodologies previously referred, for 31 December 2013 and 2012, are the following:

(Thousands of Euros)

	2013	2012
CORE OWN FUNDS		
Paid-up capital and share premium	**3,500,000**	3,571,722
Other capital instruments	**3,000,000**	3,000,000
Reserves and retained earnings	**(892,093)**	(294,170)
Non-controlling interests	**699,062**	624,420
Intangible assets	**(250,418)**	(258,635)
Net impact of accruals and deferrals	**16,992**	33,985
Other regulatory adjustments	**(33,205)**	(98,250)
CORE TIER I	**6,040,338**	6,579,072
Preference shares and other securities	**40,340**	173,193
Other regulatory adjustments	**(434,440)**	(529,616)
TOTAL	**5,646,238**	6,222,649
COMPLEMENTARY OWN FUNDS		
Upper Tier 2	**163,357**	30,786
Lower Tier 2	**716,637**	665,801
	879,994	696,587
Deductions to total own funds	**(105,602)**	(146,040)
TOTAL OWN FUNDS	**6,420,630**	6,773,196
OWN FUNDS REQUIREMENTS		
Requirements from Regulation no. 5/2007	**3,225,845**	3,920,546
Trading portfolio	**38,843**	45,051
Operational risk	**249,410**	296,058
	3,514,098	4,261,655
CAPITAL RATIOS		
Core tier I	**13.8%**	12.4%
Tier I	**12.9%**	11.7%
Tier 2(*)	**1.8%**	1.0%
Solvency ratio	**14.6%**	12.7%
By memory:		
Core Tier I EBA	**10.8%**	9.8%

(*) Includes deductions to total own funds.

55. Accounting standards recently issued

Accounting standards and interpretations recently issued

Recently Issued pronouncements already adopted by the Group in preparation of the Financial Statements are the following:

IAS 19 Revised – Employee Benefits

The IASB, issued on 16th June 2011, amendments to "IAS 19 – Employee Benefits", effective (with retrospective application) for annual periods beginning on or after 1st January 2013. Those amendments were endorsed by EU Commission Regulation 475/2012, 5th June.

As a result of IAS 19 (2011), the Group has changed its accounting policy with respect to the basis for determining the income or expense related to its defined benefit plans. Under IAS 19 (2011), the Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments.

Consequently, the net interest on the net defined benefit liability (asset) now comprises: (i) interest cost on the defined benefit obligation; (ii) interest income on plan assets; and (iii) interest on the effect on the asset ceiling.

Previously, the Group determined interest income based on the long-term rate of expected return of plan assets.

The changes did not have any impact on the Group's financial statements.

Presentation of Items of Other Comprehensive Income – Amendments to IAS 1 – Presentation of Financial Statements

The IASB, issued on 16th June 2011, amendments to "IAS 1 – Presentation of Financial Statements", effective (with retrospective application) for annual periods beginning on or after 1st January 2012. Those amendments were endorsed by EU Commission Regulation 475/2012, 5th June.

As a result of the amendments to IAS 1, the Group has modified the presentation of items of OCI in its statement of profit or loss and OCI, to present items that would be reclassified to profit or loss in the future separately from those that would never be. Comparative information has been re-presented on the same basis.

IFRS 7 (Amended) – Financial Instruments: Disclosure – Offsetting Financial Assets and Financial Liabilities

The IASB, issued on 16th December 2011, amendments to "IFRS 7 – Financial Instruments: Disclosure – Offsetting Financial Assets and Financial Liabilities, effective (with retrospective application) for annual periods beginning on or after 1st January 2013. Those amendments were endorsed by EU Commission Regulation 1256/2012, 11th December.

The Group did not have any impact from the adoption of the changes.

Improvements to IFRS (2009-2011)

The annual improvements cycle 2009-2011, issued by IASB on 17th May 2012, and endorsed by EU Commission Regulation 301/2013, 27th March, introduce amendments, with effective date for annual periods beginning on, or after, 1st January 2013, to the standards IFRS 1, IAS 1, IAS 16, IAS 32, IAS 34 and IFRIC 2.

IAS 1 – Presentation of Financial Statements

This improvement clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative information is the information disclosed in the previous period.

IAS 16 – Property Plant and Equipment

This improvement clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.

IAS 32 – Financial Instruments, Presentation and IFRIC 2

The improvement clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes, avoiding any interpretation that may mean any other application.

IAS 34 – Interim Financial Reporting

The amendments align the disclosure requirement for total segment assets with total segment liabilities in interim financial statements. This clarification also ensures that interim disclosures are aligned with annual disclosures in relation to the changes of profit and loss account and other comprehensive income.

The Group had no impact from the adoption of the improvements 2009-2011, taking into consideration the accounting policies already adopted.

IFRS 13 – Fair Value Measurement

The IASB, issued on 12th May 2011, "IFRS 13 – Fair value Measurement", effective (with prospective application) for annual periods beginning on or after 1st January 2013. These amendments were endorsed by EU Commission Regulation 1255/2012, 11th December.

In accordance with the transitional provisions of IFRS 13, the Group has applied the new definition of fair value, as set out in note 1a), prospectively. The change had no significant impact on the measurements of the Group's assets and liabilities, but the group has included new disclosures in the financial statements, which are required under IFRS 13. These new disclosure requirements are not included in the comparative information. However, to the extent that these disclosures were required by other standards before the effective date of IFRS 13, the Group has provided the relevant comparative disclosures under those standards.

IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine

The International Financial Reporting Interpretations Committee (IFRIC), issued on 19th October 2011, "IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine", effective (with retrospective application) for annual periods beginning on or after 1st January 2013. Those amendments were endorsed by EU Commission Regulation 1255/2012, 11th December.

Given the nature of the Group´s operation, this interpretation did not have any impact on the financial statements.

The Group decided to opt for not having an early application of the following standards endorsed by EU but not yet mandatory effective:

IAS 32 (Amended) – Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
The IASB, issued on 16th December 2011, amendments to "IAS 32 – Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities", effective (with retrospective application) for annual periods beginning on or after 1st January 2014. Those amendments were endorsed by EU Commission Regulation 1256/2012, 11th December.

The IASB amended IAS 32 to add application guidance to address the inconsistent application of the standard in practice. The application guidance clarifies that the phrase 'currently has a legal enforceable right of set-off' means that the right of set-off must not be contingent on a future event and must be legally enforceable in the normal course of business, in the event of default and in the event of insolvency or bankruptcy, of the entity and all of the counterparties.

The application guidance also specifies the characteristics of gross settlement systems in order to be considered equivalent to net settlement.

The Group is not expecting a significant impact form the adoption of the amendment to IAS 32, taking into consideration the accounting policy already adopted.

IAS 27 (Revised) – Separate Financial Statements
The IASB, issued on 12th May 2011, amendments to "IAS 27 – Separate Financial Statements", effective (with prospective application) for annual periods beginning on or after 1st January 2014. Those amendments were endorsed by EU Commission Regulation 1254/2012, 11th December.

Taking in consideration that IFRS 10 addresses the principles of control and the requirements relating to the preparation of consolidated financial statements, IAS 27 was amended to cover exclusively separate financial statements.

The amendments aimed, on one hand, to clarify the disclosures required by an entity preparing separate financial statements so that the entity would be required to disclose the principal place of business (and country of incorporation, if different) of significant investments in subsidiaries, joint ventures and associates and, if applicable, of the parent.

The previous version required the disclosure of the country of incorporation or residence of such entities.

On the other hand, it was aligned the effective dates for all consolidated standards (IFRS10, IFRS11, IFRS12, IFRS13 and amendments to IAS 28).

The Group expects no impact from the adoption of this amendment on its financial statements.

IFRS 10 – Consolidated Financial Statements
The IASB, issued on 12th May 2011, "IFRS 10 Consolidated Financial Statements", effective (with retrospective application) for annual periods beginning on or after 1st January 2013. These amendments were endorsed by EU Commission Regulation 1254/2012, 11th December that allows a delayed on mandatory application for 1st January 2014.

IFRS 10, withdraw one part of IAS 27 and SIC 12, and introduces a single control model to determine whether an investee should be consolidated.

The new concept of control involves the assessment of power, exposure to variability in returns and a linkage between the two. An investor controls an investee when it is exposed, or has rights, to variability of returns from its involvement with the investee and is able to affect those returns through its power over the investee (facto control).

The investor considers whether it controls the relevant activities of the investee, taking into consideration the new concept. The assessment should be done at each reporting period because the relation between power and exposure to the variability of returns may change over the time.

Control is usually assessed over a legal entity, but also can be assessed over only specified assets and liabilities of an investee (referred to as silo).

The new standard also introduce other changes such as: i) accounting requirements for subsidiaries in consolidation financial statements that are carried forward from IAS 27 to this new standards and ii) enhanced disclosures requirements, including specific disclosures for consolidated and unconsolidated structured entities.

The Group is assessing the impact of the introduction of this standard, however the Group does not expects a significant impact.

IFRS 11 – Joint Arrangements
The IASB, issued on 12th May 2011, "IFRS 11 Joint arrangements", effective (with retrospective application) for annual periods beginning on or after 1st January 2013. These amendments were endorsed by EU Commission Regulation 1254/2012, 11th December that allows a delayed on mandatory application for 1st January 2014.

IFRS 11 withdraw IAS 31 and SIC 13, defines "joint control" by incorporating the same control model as defined in IFRS 10 and requires an entity that is part of a "join arrangement" to determine the nature of the joint arrangement ("joint operations" or "joint ventures") by assessing its rights and obligations.

IFRS 11 removes the option to account for joint ventures using the proportionate consolidation. Instead, joint arrangements that meet the definition of "joint venture" must be account for using the equity method (IAS 28).

The Group is assessing the impact of the introduction of this standard, however the Group does not expects a significant impact.

IAS 28 (Revised) – Investments in Associates and Joint Ventures
The IASB, issued on 12th May 2011, "IAS 28 Investments in Associates and Joint Ventures", effective (with retrospective application) for annual periods beginning on or after 1st January 2013. This amendment was endorsed by EU Commission Regulation 1254/2012, 11th December that allows a delayed on mandatory application for 1st January 2014.

As a consequence of the new IFRS 11 and IFRS 12, IAS 28 has been renamed as IAS 28 Investments in Associates and Joint ventures, and describes the application of the equity method to investments in joint ventures and associates.

The Group expects no significant impact from the adoption of this amendment on its financial statements.

IFRS 12 – Disclosures of Interest in Other Entities
The IASB, issued on 12th May 2011, "IFRS 12 Disclosures of Interests in Other Entities", effective (with retrospective application) for annual periods beginning on or after 1st January 2013. This amendment was endorsed by EU Commission Regulation 1254/2012, 11th December that allows a delayed on mandatory application for 1st January 2014.

The objective of this new standard is to require an entity to disclose information that enables users of its financial statements to evaluate: (a) the nature of, and risks associated with, its interests in other entities; and (b) the effects of those interests on its financial position, financial performance and cash flows.

IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special vehicles and other off balance sheet vehicles.

The Group is still assessing the full impact of the new IFRS 12 in align with IFRS 10 and IFRS 11.

Investment Entities – Amendments to IFRS 10, IFRS 12 and IAS 8 (issued by IASB on 31st October 2012)
The amendments apply to a particular class of business that qualify as investment entities. The IASB uses the term 'investment entity' to refer to an entity whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both. An investment entity must also evaluate the performance of its investments on a fair value basis. Such entities could include private equity organisations, venture capital organisations, pension funds, sovereign wealth funds and other investment funds.

The amendments provide an exception to the consolidation requirements in IFRS 10 and require investment entities to measure particular subsidiaries at fair value through profit or loss, rather than consolidate them. The amendments also set out disclosure requirements for investment entities.

The amendments are effective from 1 January 2014 with early adoption permitted. This option allows investment entities to apply the new amendments of IFRS 10 after 1st January 2013. This standard was adopted by the European Commission Regulation no. 1374/2013, of 20th November.

The Group is assessing the impact of the introduction of this standard.

IAS 36 (Revised) – Recoverable Amount Disclosures for Non-Financial Assets
The IASB, issued on 29th May 2013, this amendment, effective (with retrospective application) for annual periods beginning on or after 1st January 2014. These amendments were endorsed by EU Commission Regulation 1374/2013, 19th December.

The objective of the amendments is to clarify that the scope of the disclosures of information about the recoverable amount of assets, where that amount is based on fair value less costs of disposal, is limited to impaired assets.

IAS 39 (Revised) – Novation of Derivatives and Continuation of Hedge Accounting

The IASB, issued on 27th June 2013, this amendment, effective (with retrospective application) for annual periods beginning on or after 1st January 2014. These amendments were endorsed by EU Commission Regulation 1375/2013, 19th December.

The objective of the amendments is to provide relief in situations where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations. Such a relief means that hedge accounting can continue irrespective of the novation which, without the amendment, would not be permitted.

Recently Issued pronouncements that are not yet effective for the Group

IAS 19 (Revised) – Defined Benefit Plans: Employee Contributions

The IASB, issued on 21st November 2013, this amendment, effective (with retrospective application) for annual periods beginning on or after 1st July 2014.

The Amendment clarifies the guidance on attributing employee or third party contributions linked to service and requires entities to attribute the contributions linked to service in accordance with paragraph 70 of IAS 19 (2011). Therefore, such contributions are attributed using plan's contribution formula or on a straight line basis.

The amendment addresses the complexity by introducing a practical expedient that allows an entity to recognise employee or third party contributions linked to service that are independent of the number of years of service (for example a fixed percentage of salary), as a reduction in the service cost in the period in which the related service is rendered.

IFRIC 21 – Levies

The IASB, issued on 20th May 2013, this interpretation, effective (with retrospective application) for annual periods beginning on or after 1st January 2014.

IFRIC 21 defines a levy as an outflow from an entity imposed by a government in accordance with legislation. It confirms that an entity recognises a liability for a levy when – and only when – the triggering event specified in the legislation occurs. IFRIC 21 is not expected to have any effect on the Group's financial statements.

Improvements to IFRS (2010-2012)

The annual improvements cycle 2010-2012, issued by IASB, on 12th December 2013, introduce amendments, with effective date on, or after, 1st July 2014, to the standards IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS16, IAS24 and IAS38.

IFRS 2 – Definition of vesting condition

The amendment clarify the definition of 'vesting conditions' in Appendix A of IFRS 2 Share-based Payment by separate the definition of performance condition and service condition from the definition of vesting condition to make the description of each condition clear.

IFRS 3 – Accounting for contingent consideration in a business combination

The objective of this amendment is to clarify certain aspects of accounting for contingent consideration in a business combination, namely: classification of contingent consideration in a business combination and subsequent measurement, taking into account if such contingent consideration is a financial instrument or a non-financial asset or liability.

IFRS 8 – Aggregation of operation segments and reconciliation of the total of the reportable segments' assets to entity's assets

The amendment clarify the criteria for aggregation of operating segments and requires entities to disclose those factors that are used to identify the entity's reportable segments when operating segments have been aggregated. To achieve consistency, reconciliation of the total of the reportable segments' assets to the entity's assets should be disclosed, if that amount is regularly provided to the chief operating decision maker.

IFRS 13 – Short-term receivables and payables

IASB amends the basis of conclusion in order to clarify that, by deleting IAS 39AG79, in applying IFRS 3, IASB did not intend to change the measurement requirements for short-term receivables and payables with no interest, that should be discount if such discount is material, noting that IAS 8.8 already permits entities not apply accounting polices set out in accordance with IFRSs when the effect of applying them is immaterial.

IAS 16 & IAS 40 – Revaluation method – proportionate restatement accumulated depreciation or amortization

In order to clarify the calculation of the accumulated depreciation or amortization at the date of the revaluation, IASB amended paragraph 35 of IAS 16 and paragraph 80 of IAS 38 to clarify that: (i) the determination of the accumulated depreciation (or amortization) does not depend on the selection of the valuation technique; and (ii) the accumulated depreciation (or amortization) is calculated as the difference between the gross and the net carrying amounts.

IAS 24 – Related Party Transactions – Key management personal services

In order to address the concerns about the identification of key management personal (KMP) costs, when KMP services of the reporting entity are provided by entities (management entity e.g. in mutual funds), IASB clarifies that, the disclosure of the amounts incurred by the entity for the provision of KMP services that are provided by a separate management entity shall be disclosed but it is not necessary to present the information required in paragraph 17.

Improvements to IFRS (2011-2013)

The annual improvements cycle 2011-2013, issued by IASB on 12th December 2013, introduce amendments, with effective date on, or after, 1st July 2014, to the standards IFRS 1, IFRS 3, IFRS 13 and IAS 40.

IFRS 1 – Meaning of "effective IFRS"

IASB clarifies that if a new IFRS is not yet mandatory but permits early application, that IFRS is permitted, but not required, to be applied in the entity's first IFRS financial statements.

IFRS 3 – Scope exceptions for joint ventures

The amendment excludes the formation of all types of joint arrangements as defined in IFRS 11 Joint Arrangements from the scope of IFRS 3. The scope exception only applies to the financial statements of the joint venture or the joint operation itself.

IFRS 13 – Scope of paragraph 52 – portfolio exception

Paragraph 52 of IFRS 13 includes a scope exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis. This is referred to as the portfolio exception. The objective of this amendment was to clarify that the portfolio exception applies to all contracts within the scope of IAS 39 Financial Instruments: Recognition and Measurement or IFRS 9 Financial Instruments, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in IAS 32 Financial Instruments: Presentation.

IAS 40 – Interrelationship with IFRS 3 when classify property as investment property or owner-occupied property

The objective of this amendment was to clarify that judgment is needed to determine whether the acquisition of investment property is the acquisition of an asset, a group of assets or a business combination in the scope of IFRS 3 and that this judgment is based on the guidance in IFRS 3.

IFRS 9 Financial instruments (issued in 2009 and revised in 2010 and 2013)

IFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. IFRS 9 (2010) introduces additions relating to financial liabilities. IFRS 9 (2013) introduces the hedging requirements. The IASB currently has an active project of additional disclosures requirements limited amendments to the classification and measurement requirements of IFRS 9 and new requirements to address the impairment of financial assets.

The IFRS 9 (2009) requirements represent a significant change from the existing requirements in IAS 39 in respect of financial assets. The standard contains two primary measurement categories for financial assets: amortised cost and fair value. A financial asset would be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and the asset's contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets would be measured at fair value. The standard eliminates the existing IAS 39 categories of held-to-maturity, available-for-sale and loans and receivables.

For an investment in an equity instrument that is not held for trading, the standard permits an irrevocable election, on initial recognition, on an individual share-by-share basis, to present all fair value changes from the investment in OCI. No amount recognised in OCI would ever be reclassified to profit or loss at a later date. However, dividends on such investments would be recognised in profit or loss, rather than OCI, unless they clearly represent a partial recovery of the cost of the investment.

Investments in equity instruments in respect of which an entity does not elect to present fair value changes in OCI would be measured at fair value with changes in fair value recognised in profit or loss.

The standard requires derivatives embedded in contracts with a host that is a financial asset in the scope of the standard not to be separated; instead, the hybrid financial instrument is assessed in its entirety for whether it should be measured at amortised cost or fair value.

IFRS 9 (2010) introduces a new requirement in respect of financial liabilities designated under the fair value option to generally present fair value changes that are attributable to the liability's credit risk in OCI rather than in profit or loss. Apart from this change, IFRS 9 (2010) largely carries forward without substantive amendment the guidance on classification and measurement of financial liabilities from IAS 39.

IFRS 9 (2013) introduces new requirements for hedge accounting that align hedge accounting more closely with risk management. The requirements also establish a more principles-based approach to hedge accounting and address inconsistencies and weaknesses in the hedge accounting model in IAS 39.

The mandatory effective date of IFRS 9 is not specified but will be determined when the outstanding phases are finalised.

The Group has started the process of evaluating the potential effect of this standard but is waiting for the finalisation of the limited amendments before the evaluation can be completed. Given the nature of the Group's operations, this standard is expected to have a pervasive impact on the Group's financial statements.

56. Relevant Administrative proceedings underway and related proceedings

1. At the end of the year 2007, the Bank received a formal notice dated 27 December 2007 informing that administrative proceedings no. 24/07/CO were brought by the Bank of Portugal against the Bank and against seven former Directors and two Managers, "based on preliminary evidence of administrative offences foreseen in the General Framework of Credit Institutions and Financial Companies (approved by Decree-Law no. 298/92, 31 December), in particular with respect to breach of accounting rules, provision of false or incomplete information to the Bank of Portugal, in particular in what respects to the amount of own funds and breach of prudential obligations".

A press release issued by the Bank of Portugal on 28 December 2007 mentioned that such administrative proceedings were initiated "based on facts related to 17 off-shore entities, whose nature and activities were always hidden from the Bank of Portugal, in particular in previous inspections carried out".

On 12 December 2008, the Bank was notified of an accusation under administrative proceedings no. 24/07/CO instructed by the Bank of Portugal, in which this Authority charges the Bank and the other defendants, with the practice of six administrative offences regulated by paragraph g) and three administrative offences regulated by paragraph r) of article 211 of the Legal Framework for Credit Institutions and Financial Companies (LFCIFC).

The offences, should the charges be proven true, could be the following:

a) Failure to comply with the applicable accounting rules, determined by law or by the Bank of Portugal, that does not cause serious damage to the knowledge of the company's assets and financial standing is an administrative offence regulated by article 210 (f) of the LFCIFC, whereby companies are punished by a fine between Euros 750 and Euros 750,000. However, if such conduct causes serious damages, it may become an offence regulated by article 211 (g) of the LFCIFC, whereby companies are punished by a fine between Euros 2,500 and Euros 2,494,000; and
b) (i) the omission of information and communications to the Bank of Portugal, within the due deadlines or (ii) the provision of incomplete information are offences regulated by article 210 (h – presently amended to i) of the LFCIFC, whereby companies are punished by a fine between Euros 750 and Euros 750,000. However, (i) the provision of false information or (ii) of incomplete information to the Bank of Portugal that may lead to wrongful conclusions with the same or similar effect as false information regarding that subject are offences regulated by article 211 (r) of the LFCIFC, whereby companies are punished by a fine between Euros 2,500 and Euros 2,494,000.

According to the accusation, each offence is punishable by a fine between Euros 2,493.99 and Euros 2,493,989.49, and pursuant to the rules on accrued offences, defined in article 19 (1 and 2), of the Portuguese legal regime on administrative offences (Regime Geral das Contra-ordenações), in case of conviction for several offences, there shall be a single fine, the maximum amount of which cannot surpass twice the highest limit of the accrued offences.

In March 2009, the Bank did not accept the charges or accusations made and provided defence under these administrative proceedings within due term.

On 12 May 2010, the Bank was notified of the contents of the decision that, within the scope of the proceedings, was issued by the Board of Directors of the Bank of Portugal, applying to it, as primary sanction, a single fine of Euros 5,000,000.

Different fines were applied to the remaining defendants as primary sanctions, globally amounting to Euros 4,470,000. The Board of Directors of the Bank of Portugal decided to withdraw the charges relating to a former Director and a Manager.

The Bank objected to this decision and was informed of the decision to accept the legal objections presented by all the defendants.

The trial hearing began in April 2011 and, in September, the Court heard one of the witnesses, in order to better appraise the validity of the documentation provided with the claims and their eventual nullity as evidence, due to violation of banking secrecy.

After the hearing, the Court issued a decision dated of 7 October 2011 declaring that the evidence was null and therefore the entire process was annulled.

The Public Prosecutor and the Bank of Portugal appealed this decision. The Bank and other defendants presented their counter-claim.

On 5 July 2012, the Bank was notified of the decision of the Tribunal da Relação de Lisboa (Lisbon court of appeals) which approved the appeals presented by the Bank of Portugal and by the Public Prosecutor, and revoked the decision appealed, determining that, "there being no other reason not to, the trial hearing shall be continued and at the appropriate moment, a decision will be made based on the evidence".

Several defendants (natural persons) presented an appeal to the Constitutional Court.

Pursuant to a summary judgment adopted on 20 March 2013, the Constitutional Court rejected the appeals brought by the defendants, stating that those appeals did not comply with the respective requirements.

On 29 May 2013, the Constitutional Court did not accept the claims presented in the meantime by some of the defendants (natural persons), confirming the decision on which the claim was presented and the proceedings was given to the lower Stage Court for the scheduling of the trial.

Pursuant to a decision made on 27 February 2014, the "Tribunal de Pequena Instância Criminal de Lisboa" (court of Lisbon for minor criminal offences) scheduled a date (31 March 2014) to resume the court hearing for debate and judgement and decided to bar all offences imputed to one former Director of BCP, due to the statute of limitations. In what specifically concerns BCP, the "Tribunal de Pequena Instância Criminal de Lisboa" (court of Lisbon for minor criminal offences) decided to bar two administrative offences imputed to it, (alleged forging of accounting records) due to the statute of limitations. Since BCP has also been charged with the alleged practice of other administrative offences, the trial shall be resumed to handle those other administrative offences.

2. On July 2009, the Bank was notified of the accusation brought about by the Public Prosecutor in a criminal process against five former members of the Board of Directors of the Bank, related mainly to the above mentioned facts, and to present in this process a request for an indemnity.

Considering this notification, and although considering as reproduced the contents of the defence presented in the above mentioned administrative proceedings, the Bank decided, in order to avoid any risk of a future allegation of loss of the right to an indemnity that may occur if no recourse is presented in this process, to present legal documentation claiming: (i) the recognition of its right, in a later period namely following the final identification of the facts, to present a separate process in civil courts requesting an indemnity and (ii) additionally and cautiously, if the right to the request of a separate indemnity process in civil courts is not recognised, a civil indemnity according to the facts and terms mentioned in the accusation, if they are proven.

On 19 July 2011 the Bank was notified of the decision of the 8.ª Vara Criminal de Lisboa (8th Lisbon criminal court section) that recognised that the Bank could present an eventual request for civil indemnity separately. One of the Defendants appealed this decision to the Court of Appeals, which was admitted by the first instance court but has a merely devolutive effect, being passed to the higher court only with the eventual appeal of the first instance Court's sentence.

The trial hearing was held, and at the present time the delivery of the sentence is expected.

3. On 22 June 2012, three companies controlled by the same physical person, the Ring Development Corp., the Willow Securities Inc. and the Lisop Sociedade de Serviços Investimentos e Comercio de Imobiliários Lda. (the "Plaintiffs") brought forward a lawsuit in the courts of Lisbon against Banque Privée BCP (Suisse) S.A. and the Bank requesting: (i) compensation for an unspecified amount, but always above Euros 40 millions, for alleged damages and (ii) that certain loan agreements established between the Plaintiffs and Banque Privée BCP (Suisse) S.A. in 2008, amounting to a total of around Euros 80 million be declared null but without the subsequent legal duty to return the funds borrowed. Notwithstanding the fact that the agreements are ruled by Swiss law, the Plaintiffs based their request for the agreements to be declared null on an alleged violation of the provisos of the Portuguese Companies Code, stating that the loan agreements were made to enable the Plaintiffs to purchase shares of the Bank and on the fact that they had been forced to enter into the same. The Plaintiffs based their compensation request on alleged losses incurred due to the fact that Banque Privée BCP (Suisse) S.A. triggered the agreements' clause, selling the listed shares given as pledge at base prices, as foreseen in the loan agreements, and that the Plaintiffs were not given the possibility to continue to trade the pledged assets after the execution.

The loan agreements are ruled by Swiss Law and subject to the jurisdiction of the Swiss courts and the Bank was informed that, according to Swiss law, the Plaintiffs' request is not likely to be granted. Since the lawsuit was brought forward in the Portuguese courts, if the Portuguese courts decide to try the same, its outcome may be uncertain. Since the Bank believes that the Plaintiffs' request has no grounds, the Bank did not make any provisions regarding this litigation.

On 29 October 2012, the Bank presented its arguments. Banque Privée BCP (Suisse) S.A. requested that the citation be considered null; the request was accepted and an order was issued for the repetition of the citation, and the same was repeated on 8 January 2013. Banque Privée presented its arguments on 11 March 2013. On 10 December 2013, the parties were notified to file their requests for evidence within 15 days (the deadline ended on 10 January 2014). The proceeding is waiting the scheduling of a preliminary hearing or the pronunciation of a decision accepting the formalities of right of action.

57. Sovereign debt of European Union countries subject to bailout

As at 31 December 2013, the Group's exposure to sovereign debt of European Union countries subject to bailout, is as follows:

Issuer/Portfolio	2013					
	Book Value Eur '000	Fair Value Eur '000	Fair Value reserves Eur '000	Average interest rate %	Average Maturity Years	Fair Value measurement levels
PORTUGAL						
Financial assets held for trading	180,612	180,612	-	4.58%	5.0	1
Financial assets available for sale	3,860,807	3,860,807	89,412	2.83%	1.8	1
Financial assets held to maturity	1,837,108	1,859,094	-	4.44%	4.5	n.a.
	5,878,527	5,900,513	89,412			
GREECE						
Financial assets held for trading	1,768	1,768	-	0.00%	0.0	1
	1,768	1,768	-			
	5,880,295	5,902,281	89,412			

The securities value includes the respective accrued interest.

As at 31 December 2012, the the Group's exposure to sovereign debt of European Union countries subject to bailout, is as follows:

Issuer/Portfolio	2012					
	Book Value Eur '000	Fair Value Eur '000	Fair Value reserves Eur '000	Average interest rate %	Average Maturity Years	Fair Value measurement levels
PORTUGAL						
Financial assets held for trading	179,840	179,840	-	4.31%	5.3	1
Financial assets available for sale	3,430,813	3,430,813	129,519	3.46%	2.8	1
Financial assets held to maturity	1,828,175	1,813,761	-	3.64%	3.6	n.a.
	5,438,828	5,424,414	129,519			
GREECE						
Financial assets held for trading	8,255	8,255	-	4.07%	1.4	1
Financial assets available for sale(*)	36,580	36,580	6,018	2.62%	13.0	1
	44,835	44,835	6,018			
	5,483,663	5,469,249	135,537			

The securities value includes the respective accrued interest.

(*) This caption includes Euros 19,950,000 related to Greek sovereign debt bonds, resulted from the exchange operation and accounted on the Millennium Bank (Greece) portfolio.

The exposure registered in the balance Loans and advances to customers and Guarantees and future commitments related to sovereign risk of the European Union countries subject to bailout is presented as follows:

(Thousands of Euros)

	Loans and advances to customers		Guarantees and future commitments	
	2013	2012	**2013**	2012
Portugal	**963,268**	460,551	**13,085**	13,117
Greece	**-**	5,667	**-**	361
	963,268	466,218	13,085	13,478

58. Transfers of assets

The Group performed a set of transactions of sale of financial assets (namely loans and advances to customers) for Funds specialized in the recovery of loans. These funds take the responsibility for management of the companies or assets received as collateral with the objective of ensuring a pro-active management through the implementation of plans to explore/increase the value of the companies/assets. The financial assets sold under these transactions are derecognised from the balance sheet of the Group, since the transactions result in the transfer to the Funds of a substantial portion of the risks and benefits associated with the assets as well as the control on the assets.

The specialized funds that acquire the financial assets are closed funds, in which the holders of the participation units have no possibility to request the reimbursement of its investment throughout the useful life of the Fund.

These participation units are held by several banks, which are the sellers of the loans, in percentages that vary through the useful life of the Funds, ensuring however that, separately, none of the banks holds more than 50% of the capital of the Fund.

The Funds have a specific management structure (General Partner), fully independent from the banks and that is selected on the date of establishment of the Fund.

The management structure of the Fund has as main responsibilities:

– determine the objective of the Fund;
– manage exclusively the Fund, determining the objectives and investment policy and the conduct in management and business of the Fund.

The management structure is remunerated through management commissions charged to the Funds.

These funds, in the majority of the transactions (in which the Group holds minority positions) establish companies under the Portuguese law in order to acquire the loans to the banks, which are financed through the issuance of senior and junior securities. The value of the senior securities fully subscribed by the Funds that hold the share capital of the companies match the fair value of the asset sold, determined in accordance with a negotiation based on valuations performed by both parties. These securities are remunerated at an interest rate that reflects the risk of the company that holds the assets.

The value of the junior securities is equivalent to the difference between the fair value based on the valuation of the senior securities and the sale value.

These junior securities, when subscribed by the Group, provide the right to a contingent positive value if the recovered amount for the assets transferred is above the nominal value amount of senior securities plus it related interest.

However, considering these assets reflect a difference between the valuations of the assets sold based on the appraisals performed by independent entities and the negotiation between the parties, they are fully provisioned.

Therefore, following the transactions, the Group subscribed:

– Participation units of the Funds, for which the cash flows that allow the recovery arise mainly from a set of assets transferred from the participant banks (where the Group has clearly a minority interest). These securities are booked in the available for sale portfolio and are accounted for at fair value based on the market value, as disclosed by the Funds and audited at year end.
– Junior securities (with higher subordination degree) issued by the companies held by the funds and which are fully provided to reflect the best estimate of impairment of the financial assets transferred.

Within this context, not withholding control but maintaining an exposure to certain risks and rewards, the Group, in accordance with IAS 39.21 performed an analysis of the exposure to the variability of risks and rewards in the assets transferred, before and after the transaction, having concluded that it doesn't hold substantially all the risks and rewards.

Considering that it doesn't hold control and doesn't exercise significant influence on the funds or companies management, the Bank performed the derecognition of the assets transferred under the scope of IAS 39.20 c (i) and the recognition of the assets received as follows:

(Thousands of Euros)

	Values associated to credit transfers					
	2013			2012		
	Net assets transferred	**Received value**	**Income/(loss) resulting from the transfer**	Net assets transferred	Received value	Income/(loss) resulting from the transfer
Fundo Recuperação Turismo FCR	**266,079**	**292,644**	**26,565**	264,518	290,984	26,466
Fundo Reestruturação Empresarial FCR	**78,800**	**79,446**	**646**	-	-	-
FLIT	**300,042**	**277,518**	**(22,524)**	299,456	277,518	(21,938)
Vallis Construction Sector Fund	**196,658**	**232,209**	**35,551**	187,429	220,764	33,335
Fundo Recuperação FCR	**218,320**	**202,173**	**(16,147)**	218,320	202,173	(16,147)
Discovery Real Estate Fund	**144,768**	**130,527**	**(14,241)**	71,684	62,538	(9,146)
	1,204,667	**1,214,517**	**9,850**	1,041,407	1,053,977	12,570

As at 31 December 2013, the amount of this account is comprised of:

(Thousands of Euros)

	2013					
	Senior securities	Junior securities	Total	Impairment for seniors	Impairment for juniors	Net value
Fundo Recuperação Turismo FCR	275,046	-	275,046	-	-	275,046
Fundo Reestruturação Empresarial FCR	82,696	-	82,696	-	-	82,696
FLIT	181,417	65,645	247,062	(4,154)	(65,645)	177,263
Vallis Construction Sector Fund	207,632	34,610	242,242	-	(34,610)	207,632
Fundo Recuperação FCR	183,169	70,637	253,806	(17,018)	(70,637)	166,151
Discovery Real Estate Fund	131,390	-	131,390	-	-	131,390
	1,061,350	170,892	1,232,242	(21,172)	(170,892)	1,040,178

As at 31 December 2012, the amount of this account is comprised of:

(Thousands of Euros)

	2012					
	Senior securities	Junior securities	Total	Impairment for seniors	Impairment for juniors	Net value
Fundo Recuperação Turismo FCR	273,315	-	273,315	-	-	273,315
FLIT	173,813	59,508	233,321	-	(59,508)	173,813
Vallis Construction Sector Fund	165,531	32,161	197,692	-	(32,161)	165,531
Fundo Recuperação FCR	164,038	68,553	232,591	(8,522)	(68,553)	155,516
Discovery Real Estate Fund	45,683	-	45,683	-	-	45,683
	822,380	160,222	982,602	(8,522)	(160,222)	813,858

The junior securities correspond to supplementary capital in the amount of Euros 136,282,000 (31 December 2012: Euros 128,061,000), as referred in note 33 and Participation units in the amount of Euros 34,610,000 (31 December 2012: Euros 32,161,000) as referred in note 24.

Additionally, there is an amount of Euros 27,450,000 (31 December 2012: Euros 27,450,000) booked in the loans and advances to customer's portfolio that is fully provided for.

Within the scope of the transfer of assets, the junior securities subscribed which carry a subordinated nature and are directly linked to the transferred assets, are fully provided for.

Although the junior securities are fully provisioned, the Group still holds an indirect exposure to financial assets transferred, under the minority investment that holds in the pool of assets transferred by all financial institutions involved, through the holding of participation units of the funds (denominated in the table as senior securities).

59. Discontinued operations

Following the completion of the sale of the entire share capital of Millennium bank in Greece in June 2013, and in accordance with IFRS 5, Millennium bank in Greece was classified as a discontinued operation, with the impact on results presented on a separate line named as Loss/ income arising from discontinued operations. In terms of the consolidated balance sheet, the assets and liabilities of Millennium bank in Greece are no longer disclosed for the subsequent periods starting on 30 June 2013. As at 31 December, 2012, the Millennium bank's balance sheet is analysed as follows:

(Thousands of Euros)

	2012
Cash and deposits at credit institutions	162,853
Loans and advances to credit institutions	45,403
Loans and advances to customers	4,235,542
Securities and trading derivatives	149,117
Other assets	238,474
TOTAL ASSETS	4,831,389
Deposits from Central Banks	255,564
Deposits from other credit institutions	1,046,749
Deposits from customers	2,912,143
Debt securities issued	112,160
Financial liabilities held for trading	75,524
Other liabilities	231,643
TOTAL LIABILITIES	4,633,783
Share capital	219,479
Share premium	481,637
Reserves and retained earnings	(503,608)
Non-controlling interests	98
TOTAL EQUITY	197,606
TOTAL EQUITY AND LIABILITIES	4,831,389

Under the restructuring plan, the Group provides for the sale in the short/medium term operation Banca Millennium S.A. in Romania and Millennium bcp Asset Management – Managing Company of Investment Funds, S.A. The total assets and liabilities of these subsidiaries are recognized in the consolidated balance while in the respective lines and the costs and profits for the year are now presented in a single line called profit from discontinued operations.

The main items of the balance sheet, related to these discontinued operations, are analysed as follows:

(Thousands of Euros)

	Banca Millennium		Millennium bcp Gestão de Activos	
	2013	2012	**2013**	2012
Cash and deposits at credit institutions	**101,631**	60,019	**76**	614
Loans and advances to credit institutions	**18,973**	9,001	**11,846**	13,504
Loans and advances to customers	**449,051**	394,849	**-**	-
Securities and trading derivatives	**39,938**	89,917	**1,562**	-
Other assets	**24,352**	24,640	**2,436**	2,231
TOTAL ASSETS	**633,945**	578,426	**15,920**	16,349
Deposits from Central Banks	**-**	17,572	**-**	-
Deposits from other credit institutions	**189,971**	163,231	**-**	-
Deposits from customers	**364,627**	311,269	**-**	-
Financial liabilities held for trading	**3,259**	4,155	**-**	-
Provisions	**1,146**	318	**-**	-
Other liabilities	**2,113**	3,246	**1,841**	2,214
TOTAL LIABILITIES	**561,116**	499,791	**1,841**	2,214
Share capital	**67,814**	68,218	**6,721**	6,721
Share premium	**17,453**	17,557	**-**	-
Reserves and retained earnings	**(12,438)**	(7,140)	**7,358**	7,414
TOTAL EQUITY	**72,829**	78,635	**14,079**	14,135
TOTAL EQUITY AND LIABILITIES	**633,945**	578,426	**15,920**	16,349

The main items of the income statement, related to these discontinued operations, are analysed as follows:

(Thousands of Euros)

	Banca Millennium		Millennium bcp Gestão de Activos	
	2013	2012	**2013**	2012
Net interest income	**17,823**	14,655	**333**	455
Net fees and commissions income	**5,856**	5,225	**6,153**	5,815
Net gains on trading	**4,032**	4,421	**257**	-
Other operating income	**(922)**	(314)	**37**	8
TOTAL OPERATING INCOME	**26,789**	23,987	**6,780**	6,278
Staff costs	**12,373**	13,114	**1,951**	2,178
Other administrative costs	**14,099**	18,235	**2,120**	2,335
Depreciation	**2,194**	2,757	**1**	-
TOTAL OPERATING EXPENSES	**28,666**	34,106	**4,072**	4,513
Loans and other assets impairment and other provisions	**(6,881)**	(12,872)	**-**	-
OPERATING LOSS	**(8,758)**	(22,991)	**2,708**	1,765
Net gain from the sale of subsidiaries and other assets	**911**	-	**-**	-
Income tax	**1,900**	(839)	**(739)**	(496)
(LOSS)/PROFIT FOR THE YEAR	**(5,947)**	(23,830)	**1,969**	1,269

60. List of subsidiary and associated companies of Banco Comercial Português Group

As at 31 December 2013 the Banco Comercial Português Group's subsidiary companies included in the consolidated accounts using the full consolidation method were as follows:

					Group		Bank
Subsidiary companies	Head office	Share capital	Currency	Activity	% control	% held	% held
Banco de Investimento Imobiliário, S.A.	Lisbon	217,000,000	EUR	Banking	100.0	100.0	100.0
Banco ActivoBank, S.A.	Lisbon	41,000,000	EUR	Banking	100.0	100.0	–
Banca Millennium S.A.	Bucharest	303,195,000	RON	Banking	100.0	100.0	–
Banco Millennium Angola, S.A.	Luanda	4,009,893,495	AOA	Banking	50.1	50.1	50.1
Bank Millennium, S.A.	Warsaw	1,213,116,777	PLN	Banking	65.5	65.5	65.5
Banque Privée BCP (Suisse) S.A.	Geneve	70,000,000	CHF	Banking	100.0	100.0	–
BIM – Banco Internacional de Moçambique, S.A.	Maputo	4,500,000,000	MZN	Banking	66.7	66.7	–
Millennium bcp Bank & Trust	George Town	340,000,000	USD	Banking	100.0	100.0	–
BCP Finance Bank, Ltd.	George Town	246,000,000	USD	Banking	100.0	100.0	–
BCP Finance Company	George Town	202,176,125	EUR	Investment	100.0	15.3	–
Caracas Financial Services, Limited	George Town	25,000	USD	Financial Services	100.0	100.0	100.0
MB Finance AB	Stockholm	500,000	SEK	Investment	100.0	65.5	–
Millennium BCP – Escritório de Representações e Serviços, Ltda.	São Paulo	45,205,149	BRL	Financial Services	100.0	100.0	100.0
BCP International B.V.	Amsterdam	18,000	EUR	Holding company	100.0	100.0	100.0
BCP Investment B.V.	Amsterdam	620,774,050	EUR	Holding company	100.0	100.0	100.0
bcp holdings (usa), Inc.	Newark	250	USD	Holding company	100.0	100.0	–
BCP África, S.G.P.S., Lda.	Funchal	25,000	EUR	Holding company	100.0	100.0	100.0
Bitalpart, B.V.	Rotterdam	19,370	EUR	Holding company	100.0	100.0	100.0
Millennium bcp Participações, S.G.P.S., Sociedade Unipessoal, Lda.	Funchal	25,000	EUR	Holding company	100.0	100.0	100.0
BCP Capital – Sociedade de Capital de Risco, S.A	Oeiras	2,000,000	EUR	Venture capital	100.0	100.0	100.0
BG Leasing, S.A.	Gdansk	1,000,000	PLN	Leasing	74.0	48.5	–
BII Investimentos International, S.A.	Luxembourg	150,000	EUR	Investment fund management	100.0	100.0	–
Enerparcela – Empreendimentos Imobiliários, S.A.	Alverca	8,850,000	EUR	Real-estate management	100.0	100.0	–
Imábida – Imobiliária da Arrábida, S.A.(*)	Oeiras	1,750,000	EUR	Real-estate management	100.0	100.0	100.0
Interfundos – Gestão de Fundos de Investimento Imobiliários, S.A.	Oeiras	1,500,000	EUR	Investment fund management	100.0	100.0	100.0
Adelphi Gere, Investimentos Imobiliários, S.A.	Lisbon	2,550,000	EUR	Real-estate management	100.0	100.0	–
Sadamora – Investimentos Imobiliários, S.A.	Lisbon	1,000,000	EUR	Real-estate management	100.0	100.0	–
Millennium bcp – Prestação de Serviços, A. C. E.	Lisbon	331,000	EUR	Services	93.8	94.3	78.0
Millennium Dom Maklerski, S.A.	Warsaw	16,500,000	PLN	Brokerage services	100.0	65.5	–

(*) Companies classified as non-current assets held for sale.

Subsidiary companies	Head office	Share capital	Currency	Activity	Group		Bank
					% control	% held	% held
Millennium Leasing, Sp.z o.o.	Warsaw	48,195,000	PLN	Leasing	100.0	65.5	–
Millennium Service, Sp.z o.o.	Warsaw	1,000,000	PLN	Services	100.0	65.5	–
Millennium Telecomunication, Sp.z o.o.	Warsaw	100,000	PLN	Brokerage services	100.0	65.5	–
Millennium TFI – Towarzystwo Funduszy Inwestycyjnych, S.A	Warsaw	10,300,000	PLN	Investment fund management	100.0	65.5	–
Millennium bcp Gestão de Activos – Sociedade Gestora de Fundos de Investimento, S.A.	Oeiras	6,720,691	EUR	Investment fund management	100.0	100.0	100.0
Millennium bcp Teleserviços – Serviços de Comércio Electrónico, S.A.	Lisbon	50,004	EUR	Videotext services	100.0	100.0	100.0
MBCP REO I, LLC	Delaware	1,389,835	USD	Real-estate management	100.0	100.0	–
MBCP REO II, LLC	Delaware	3,209,260	USD	Real-estate management	100.0	100.0	–
Millennium bcp Imobiliária, S.A.	Oeiras	50,000	EUR	Real-estate management	99.9	99.9	99.9
Propaço- Sociedade Imobiliária de Paço D'Arcos, Lda.	Oeiras	5,000	EUR	Real-estate company	52.7	52.7	52.7
QPR Investimentos, S.A.(*)	Lisbon	50,000	EUR	Advisory and services	100.0	100.0	100.0
Servitrust – Trust Management Services S.A	Funchal	100,000	EUR	Trust services	100.0	100.0	100.0
TBM Sp.z o.o.	Warsaw	500,000	PLN	Advisory and services	100.0	65.5	–

(*) Companies classified as non-current assets held for sale.

The Group also consolidates under the full consolidation method the following Investment Funds: "Fundo de Investimento Imobiliário Imosotto Acumulação", "Fundo de Investimento Imobiliário Gestão Imobiliária", "Fundo de Investimento Imobiliário Imorenda", "Fundo Especial de Investimento Imobiliário Oceânico II", "Fundo Especial de Investimento Imobiliário Fechado Stone Capital", "Fundo Especial de Investimento Imobiliário Fechado Sand Capital", "Fundo de Investimento Imobiliário Fechado Gestimo", "M Inovação – Fundo de Capital de Risco BCP Capital", "Fundo Especial de Investimento Imobiliário Fechado Intercapital", "Millennium Fundo de Capitalização – Fundo de Capital de Risco", "Funsita – Fundo Especial de Investimento Imobiliário Fechado", "Imoport – Fundo de Investimento Imobiliário Fechado", "Multiusos Oriente – Fundo Especial de Investimento Imobiliário Fechado" and "Grand Urban Investment Fund – Fundo Especial de Investimento Imobiliário Fechado", as referred in the accounting policy presented in note 1 b).

As at 31 December 2013 the associated companies, were as follows:

Associated companies	Head office	Share capital	Currency	Activity	Group		Bank
					% control	% held	% held
Banque BCP, S.A.S.	Paris	93,733,823	EUR	Banking	19.9	19.9	19.9
Banque BCP, S.A.(**)	Luxembourg	18,500,000	EUR	Banking	8.8	8.8	–
Academia Millennium Atlântico	Luanda	47,500,000	AOA	Education	33.0	16.5	–
ACT-C-Indústria de Cortiças, S.A.	Sta. Maria Feira	17,923,625	EUR	Extractive industry	20.0	20.0	20.0
Baía de Luanda – Promoção, Montagem e Gestão de Negócios, S.A.(**)	Luanda	19,200,000	USD	Services	10.0	10.0	–
Beira Nave	Beira	2,849,640	MZN	Naval shipyards	22.8	13.7	–
Constellation, S.A.	Maputo	1,053,500,000	MZN	Property management	20.0	12.0	–
Luanda Waterfront Corporation(**)	George Town	10,810,000	USD	Services	10.0	10.0	–
Flitptrell III S.A.	Lisbon	50,000	EUR	Tourism	50.0	50.0	50.0

(**) Given the nature of the Group's involvement, the Board of Directors believes that the Group maintains a significant influence on the companies.

Associated companies	Head office	Share capital	Currency	Activity	Group		Bank
					% control	% held	% held
Lubuskie Fabryki Mebli, S.A.	Swiebodzin	13,400,050	PLN	Furniture manufacturer	50.0	32.8	–
Nanium, S.A.	Vila do Conde	15,000,000	EUR	Electronic equipments	41.1	41.1	41.1
Quinta do Furão – Sociedade de Animação Turística e Agrícola de Santana, Lda.	Funchal	1,870,492	EUR	Tourism	31.3	31.3	31.3
SIBS, S.G.P.S., S.A.	Lisbon	24,642,300	EUR	Banking services	21.9	21.9	21.5
Sicit – Sociedade de Investimentos e Consultoria em Infra-Estruturas de Transportes, S.A	Oeiras	50,000	EUR	Advisory and services	25.0	25.0	25.0
UNICRE – Instituição Financeira de Crédito, S.A.	Lisbon	10,000,000	EUR	Credit cards	32.0	32.0	31.7
VSC – Aluguer de Veículos Sem Condutor, Lda.	Lisbon	5,000	EUR	Long term rental	50.0	50.0	–

As at 31 December 2013 the Banco Comercial Português Group's subsidiary and associated insurance companies included in the consolidated accounts under the full consolidation method and equity method were as follows:

Subsidiary companies	Head office	Share capital	Currency	Activity	Group		Bank
					% control	% held	% held
S&P Reinsurance Limited	Dublin	1,500,000	EUR	Life reinsurance	100.0	100.0	100.0
SIM – Seguradora Internacional de Moçambique, S.A.R.L.	Maputo	147,500,000	MZN	Insurance	89.9	60.0	–

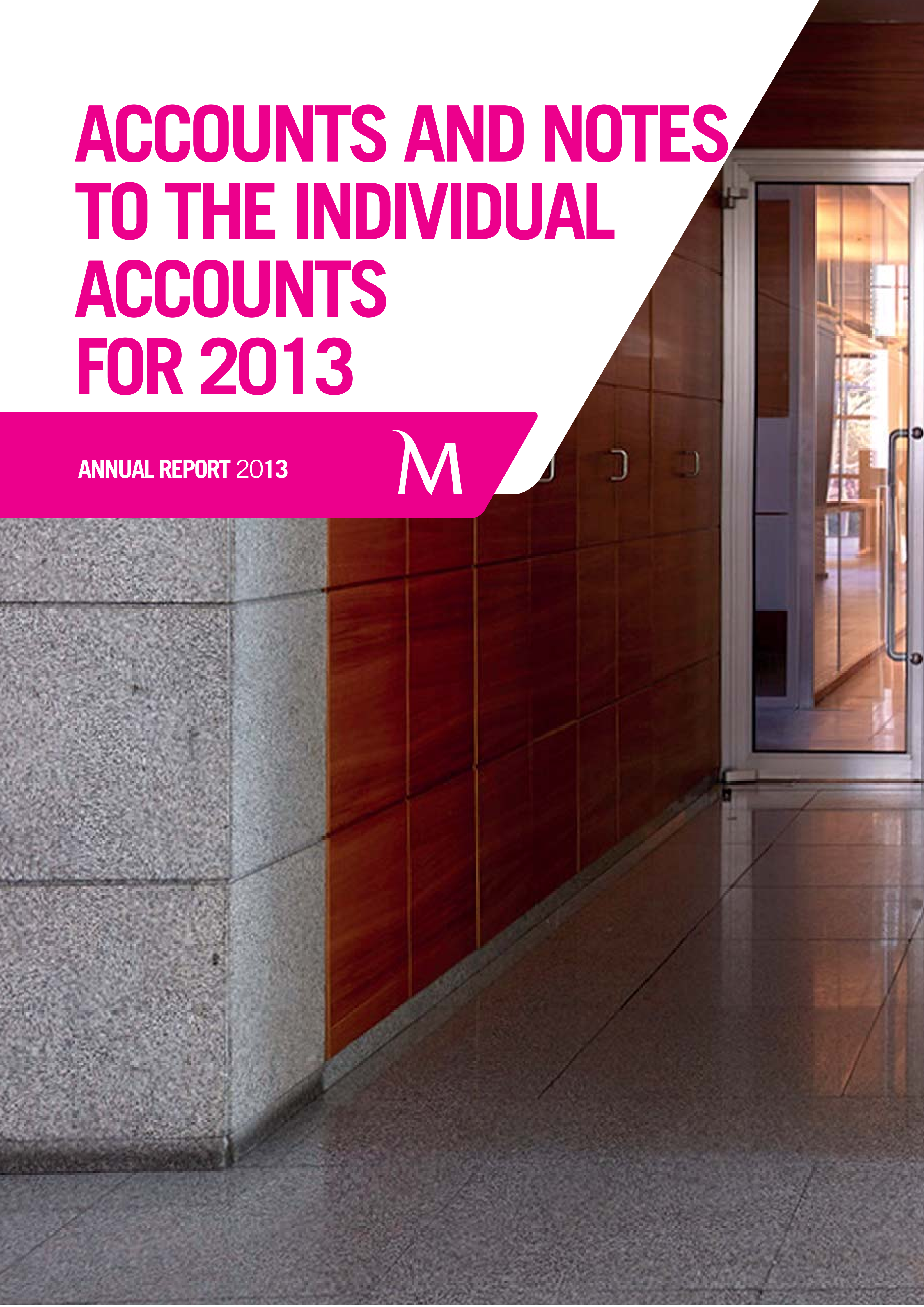
Associated companies	Head office	Share capital	Currency	Activity	Group		Bank
					% control	% held	% held
Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A.	Oeiras	1,000,002,375	EUR	Holding company	49.0	49.0	–
Médis – Companhia Portuguesa Seguros de Saúde, S.A.	Oeiras	12,000,000	EUR	Health insurance	49.0	49.0	–
Ocidental – Companhia Portuguesa de Seguros de Vida, S.A.	Oeiras	22,375,000	EUR	Life insurance	49.0	49.0	–
Ocidental – Companhia Portuguesa de Seguros, S.A.	Oeiras	12,500,000	EUR	Non-life insurance	49.0	49.0	–
Pensõesgere, Sociedade Gestora Fundos de Pensões, S.A.	Oeiras	1,200,000	EUR	Pension fund management	49.0	49.0	–

During 2013, it was included in the consolidated perimeter the funds "Millennium Fundo de Capitalização – Fundo de Capital de Risco", "Funsita – Fundo Especial de Investimento Imobiliário Fechado", "Imoport – Fundo de Investimento Imobiliário Fechado", "Multiusos Oriente – Fundo Especial de Investimento Imobiliário Fechado" and "Grand Urban Investment Fund – Fundo Especial de Investimento Imobiliário Fechado" and also the entities "Enerparcela – Empreendimentos Imobiliários, S.A.", "Adelphi Gere, Investimentos Imobiliários, S.A." and "Sadamora – Investimentos Imobiliários, S.A." Additionally, it was excluded from the scope of consolidation the company "Pomorskie Hurtowe Centrum Rolno – Spozywcze S.A.", once it was sold in 2013.

The Group held a set of securitization transactions regarding mortgage loans, consumer loans, leases, commercial paper and corporate loans which were set through specifically created SPE. As referred in accounting policy 1 b), when the substance of the relationships with the SPEs indicates that the Group holds control of its activities, the SPE are fully consolidated, following the application of SIC 12.

ACCOUNTS AND NOTES TO THE INDIVIDUAL ACCOUNTS FOR 2013

ANNUAL REPORT 2013

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INCOME STATEMENT

FOR THE YEARS ENDED 31 DECEMBER, 2013 AND 2012

(Thousand of Euros)

	Notes	2013	2012
Interest and similar income	3	**2,616,769**	3,295,543
Interest expense and similar charges	3	**(2,376,115)**	(2,902,582)
NET INTEREST INCOME		**240,654**	392,961
Dividends from equity instruments	4	**334,656**	270,887
Net fees and commissions income	5	**480,401**	514,899
Net gains/(losses) arising from trading and hedging activities	6	**(93,527)**	296,047
Net gains/(losses) arising from available for sale financial assets	7	**56,122**	114,474
Net gains/(losses) arising from financial assets held to maturity		**(277)**	-
Other operating income/(costs)	8	**(9,883)**	7,538
TOTAL OPERATING INCOME		**1,008,146**	1,596,806
Staff costs	9	**538,777**	519,445
Other administrative costs	10	**291,119**	324,363
Depreciation	11	**27,970**	32,879
OPERATING EXPENSES		**857,866**	876,687
OPERATING NET INCOME BEFORE PROVISIONS AND IMPAIRMENTS		**150,280**	720,119
Loans impairment	12	**(1,337,061)**	(1,519,973)
Other financial assets impairment	13	**(96,624)**	(116,858)
Other assets impairment	24, 25 and 29	**(1,129,763)**	(904,048)
Other provisions	14	**7,636**	31,041
OPERATING NET (LOSS)/INCOME		**(2,405,532)**	(1,789,719)
Gains/(losses) from the sale of subsidiaries and other assets	15	**(22,741)**	(10,074)
NET (LOSS)/INCOME BEFORE INCOME TAX		**(2,428,273)**	(1,799,793)
Income tax			
Current	28	**(39,643)**	(12,822)
Deferred	28	**509,186**	329,253
NET LOSS FOR THE YEAR		**(1,958,730)**	(1,483,362)
Earnings per share (in Euros)	16		
Basic		**(0.10)**	(0.12)
Diluted		**(0.10)**	(0.12)

CHIEF ACCOUNTANT

THE EXECUTIVE COMMITTEE

See accompanying notes to the individual financial statements

BALANCE SHEET
AS AT 31 DECEMBER, 2013 AND 2012

(Thousand of Euros)

	Notes	2013	2012
ASSETS			
Cash and deposits at Central Banks	17	**1,523,700**	2,397,317
Loans and advances to credit institutions			
Repayable on demand	18	**759,242**	716,221
Other loans and advances	19	**7,829,385**	12,764,492
Loans and advances to customers	20	**40,298,300**	43,086,358
Financial assets held for trading	21	**1,115,415**	1,527,707
Financial assets available for sale	21	**11,255,868**	11,879,830
Hedging derivatives	22	**50,643**	117,535
Financial assets held to maturity	23	**3,110,330**	3,561,365
Investments in associated companies	24	**4,349,066**	3,503,417
Non-current assets held for sale	25	**986,088**	1,066,312
Property and equipment	26	**233,134**	304,052
Intangible assets	27	**12,045**	14,246
Current income tax assets		**9,453**	9,927
Deferred income tax assets	28	**2,508,358**	1,820,930
Other assets	29	**2,751,262**	2,818,145
TOTAL ASSETS		**76,792,289**	85,587,854
LIABILITIES			
Deposits from credit institutions	30	**16,600,279**	18,124,246
Deposits from customers	31	**34,851,314**	32,712,405
Debt securities issued	32	**12,643,311**	19,171,306
Financial liabilities held for trading	33	**725,486**	1,255,155
Hedging derivatives	22	**53,393**	55,000
Provisions	34	**371,407**	415,523
Subordinated debt	35	**5,984,763**	5,925,187
Current income tax liabilities		**2,572**	2,349
Other liabilities	36	**3,785,478**	4,161,516
TOTAL LIABILITIES		**75,018,003**	81,822,687
EQUITY			
Share capital	37	**3,500,000**	3,500,000
Treasury stock	40	**(1,209)**	(1,179)
Share premium		**-**	71,722
Other capital instruments		**9,853**	9,853
Fair value reserves	37	**71,683**	63,223
Reserves and retained earnings	39	**152,689**	1,604,910
Net loss for the year	39	**(1,958,730)**	(1,483,362)
TOTAL EQUITY		**1.774.286**	3.765.167
		76.792.289	85.587.854

CHIEF ACCOUNTANT

THE EXECUTIVE COMMITTEE

See accompanying notes to the individual financial statements

CONSOLIDATED CASH-FLOWS STATEMENT

FOR THE YEARS ENDED 31 DECEMBER, 2013 AND 2012

(Thousand of Euros)

	2013	2012
CASH-FLOWS ARISING FROM OPERATING ACTIVITIES		
Interest income received	**2,158,923**	2,647,481
Commissions received	**623,304**	679,013
Fees received from services rendered	**86,672**	97,940
Interest expense paid	**(2,090,236)**	(2,669,643)
Commissions paid	**(357,616)**	(337,327)
Recoveries on loans previously written off	**12,951**	20,844
Payments to suppliers and employees	**(837,037)**	(872,923)
	(403,039)	**(434,615)**
Decrease/(increase) in operating assets:		
Loans and advances to credit institutions	**4,978,791**	(1,087,171)
Deposits with Central Banks under monetary regulations	**832,806**	(729,939)
Loans and advances to customers	**3,028,713**	5,237,229
Short term trading account securities	**(38,703)**	536,133
Increase/(decrease) in operating liabilities:		
Deposits from credit institutions repayable on demand	**276,402**	279,081
Deposits from credit institutions with agreed maturity date	**(1,845,691)**	(5,512,838)
Deposits from clients repayable on demand	**1,445,315**	(800,078)
Deposits from clients with agreed maturity date	**47,705**	663,349
	8,322,299	**(1,848,849)**
Income taxes (paid)/received	**(36,395)**	(9,338)
	8,285,904	**(1,858,187)**
CASH-FLOWS ARISING FROM INVESTING ACTIVITIES		
Acquisition of shares in subsidiaries and associated companies	**(1,823,059)**	(125,242)
Dividends received	**334,656**	270,887
Interest income from available for sale financial assets and held to maturity financial assets	**461,466**	651,081
Proceeds from sale of available for sale financial assets	**9,981,007**	17,879,817
Available for sale financial assets purchased	**(12,538,143)**	(24,848,098)
Proceeds from available for sale financial assets on maturity	**3,209,367**	11,728,063
Acquisition of fixed assets	**(14,436)**	(17,134)
Proceeds from sale of fixed assets	**30,731**	6,651
Decrease/(increase) in other sundry assets	**(854,817)**	1,191,495
	(1.213.228)	**6.737.520**
CASH-FLOWS ARISING FROM FINANCING ACTIVITIES		
Issuance of subordinated debt	**2,015**	3,140,566
Reimbursement of subordinated debt	**-**	(47,915)
Issuance of debt securities	**5,810,299**	12,773,341
Reimbursement of debt securities	**(12,616,857)**	(11,690,257)
Issuance of commercial paper	**215,620**	20,687
Reimbursement of commercial paper	**(10,085)**	(1,444,664)
Share capital increase	**-**	487,405
Increase/(decrease) in other sundry liabilities	**(471,458)**	(8,577,675)
	(7,070,466)	**(5,338,512)**
Net changes in cash and equivalents	**2,210**	(459,179)
Cash and equivalents at the beginning of the year	**1,093,833**	1,553,012
Cash (note 17)	**336,801**	**377,612**
Other short term investments (note 18)	**759,242**	716,221
CASH AND EQUIVALENTS AT THE END OF THE YEAR	**1,096,043**	**1,093,833**

See accompanying notes to the individual financial statements

STATEMENT OF CHANGES IN EQUITY

FOR THE YEARS ENDED 31 DECEMBER, 2013 AND 2012

(Thousand of Euros)

	Total equity	Share capital	Other capital instruments	Share premium	Legal and statutory reserves	Fair value reserves	Other reserves and retained earnings	Treasury stock
BALANCE ON 1 JANUARY, 2012	4,517,127	6,065,000	9,853	71,722	506,107	(342,304)	(1,792,262)	(989)
Share capital increase through the issue of 12,500,000 new shares (note 37)	500,000	500,000	-	-	-	-	-	-
Costs related to the share capital increase	(16,794)	-	-	-	-	-	(16,794)	-
Tax related to costs arising from the share capital increase	4,199	-	-	-	-	-	4,199	-
Reduction of the share capital (note 37)	-	(3,065,000)	-	-	123,893	-	2,941,107	-
Net loss for the year	(1,483,362)	-	-	-	-	-	(1,483,362)	-
Actuarial losses for the year	(131,271)	-	-	-	-	-	(131,271)	-
Treasury stock	(190)	-	-	-	-	-	-	(190)
Gains and losses on sale of treasury stock	(489)	-	-	-	-	-	(489)	-
Tax related on gains and losses on sale of treasury stock	122	-	-	-	-	-	122	-
Fair value reserves (note 39)	405,527	-	-	-	-	405,527	-	-
Amortization of the transition adjustment to pensions (Regulation no.12/01)	(29,702)	-	-	-	-	-	(29,702)	-
BALANCE ON 31 DECEMBER, 2012	3,765,167	3,500,000	9,853	71,722	630,000	63,223	(508,452)	(1,179)
Transfers to reserves (note 39):								
Share premium	-	-	-	(71,722)	-	-	71,722	-
Legal reserve	-	-	-	-	(406,730)	-	406,730	-
Costs related to the share capital increase	1,572	-	-	-	-	-	1,572	-
Tax related to costs arising from the share capital increase	(362)	-	-	-	-	-	(362)	-
Net loss for the year	(1,958,730)	-	-	-	-	-	(1,958,730)	-
Actuarial losses for the year (note 45)	(28,754)	-	-	-	-	-	(28,754)	-
Treasury stock	(30)	-	-	-	-	-	-	(30)
Fair value reserves (note 39)	8,460	-	-	-	-	8,460	-	-
Amortization of the transition adjustment to pensions (Regulation no.12/01)	(13,037)	-	-	-	-	-	(13,037)	-
BALANCE ON 31 DECEMBER, 2013	1,774,286	3,500,000	9,853	-	223,270	71,683	(2,029,311)	(1,209)

See accompanying notes to the individual financial statements

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED 31 DECEMBER, 2013 AND 2012

(Thousand of Euros)

	Notes	2013	2012
ITEMS THAT MAY BE RECLASSIFIED TO THE INCOME STATEMENT			
Fair value reserves		**15,206**	570,617
Taxes		**(6,746)**	(165,090)
		8,460	405,527
ITEMS THAT WILL NOT BE RECLASSIFIED TO THE INCOME STATEMENT			
Actuarial losses for the year			
Gross amount			
BCP Pensions Fund			
Actuarial (gains) and losses			
Not related to changes in actuarial assumptions			
Return of the fund	45	**(2,268)**	(90,272)
Difference between the expected and the effective obligations	45	**(10,427)**	16,123
Arising from changes in actuarial assumptions	45	**(197,514)**	(87,411)
		(210,209)	(161,560)
Taxes		**181,455**	30,289
		(28,754)	(131,271)
Amortization of the transition adjustment to pensions (Regulation no. 12/01)			
Gross value		**(16,932)**	(40,622)
Taxes		**3,895**	10,920
		(13,037)	(29,702)
Comprehensive income recognised directly in Equity after taxes		**(33,331)**	244,554
Net loss for the year		**(1,958,730)**	(1,483,362)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(1,992,061)**	(1,238,808)

See accompanying notes to the individual financial statements

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS 31 DECEMBER, 2013

1. Accounting policies

a) Basis of presentation

Banco Comercial Português, S.A. Sociedade Aberta (the 'Bank') is a public bank, established in Portugal in 1985. It started operating on 5 May, 1986, and these financial statements reflect the results of the operations of the Bank, for the years ended 31 December, 2013 and 2012.

In accordance with Regulation (EC) no. 1606/2002 from the European Parliament and the Council, of 19 July 2002 and Regulation No. 1/2005 from the Bank of Portugal, the Bank's financial statements are required to be prepared in accordance with "Normas de Contabilidade Ajustadas" (NCA's), issued by the Bank of Portugal, which are based in International Financial Reporting Standards ('IFRS') as endorsed by the European Union ('EU') since the year 2005, except regarding the issues defined at no.2 and no.3 of Regulation No.1/2005 and No.2 of Regulation No. 4/2005 from the Bank of Portugal. NCA's comprise accounting standards issued by the International Accounting Standards Board ('IASB') as well as interpretations issued by the International Financial Reporting Interpretations Committee ('IFRIC') and their predecessor bodies, with the exception of the issues referred in no. 2 and no. 3 of Regulation No. 1/2005 and No. 2 of Regulation No. 4/2005 of Bank of Portugal: i) maintenance of the actual requirements related with measurement and provision of loans and advances to customers, ii) employee benefits through the definition of a deferral period for the transition impact to IAS 19 and iii) restriction to the application of some issues established in IAS/IFRS. The Bank's Executive Committee approved these financial statements on 8 April 2014. The financial statements are presented in thousands of Euros, rounded to the nearest thousand.

All the references in this document related to any normative always report to current version.

The Bank's financial statements for the year ended 31 December, 2013 have been prepared in terms of recognition and measurement in accordance with the NCA's, established by the Bank of Portugal and in use in the period.

The Bank has adopted IFRS and interpretations mandatory for accounting periods beginning on or after 1 January, 2013, as mentioned in note 49.

The accounting policies in this note were applied consistently to all entities of the Bank and are consistent with those used in the preparation of the financial statements of the previous period, except for the adoption and amendments to the following standards:

– IFRS 13 Fair value measurement

IFRS 13 provides a guidance about fair value measurement and replacing guidance that was scattered in several standards. The standard defines fair value as the price for which an orderly transaction to sell an asset or to transfer a liability would be realized between market participants at the measurement date. The standard has been applied prospectively by the Group, without significant impacts in the measurement of its assets and liabilities.

– IAS 1 Presentation of Financial Statements – Presentation of items of other comprehensive income

The amendments to IAS 1 only had impact on the presentation of the Statement of Comprehensive Income, which presents now the separation of the items that may be reclassified to the income statement and the items that will not be reclassified to the income statement. The comparative information was also changed.

The financial statements are prepared under the historical cost convention, as modified by the application of fair value for derivative financial instruments, financial assets and liabilities at fair value through profit or loss (trading and fair value option) and available for sale assets, except those for which a reliable measure of fair value is not available. Financial assets and liabilities that are hedged under hedge accounting are stated at fair value in respect of the risk that is being hedged, if applicable. Other financial assets and liabilities and non-financial assets and liabilities are stated at amortised cost or historical cost. Non-current assets and disposal groups held for sale are stated at the lower of carrying amount or fair value less costs to sell. The liability for defined benefit obligations is recognised as the present value of the defined benefit obligation net of the value of the fund.

The preparation of the financial statements in accordance with NCA's requires the Executive Committee to make judgments, estimates and assumptions that affect the application of the accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The issues involving a higher degree of judgment or complexity or where assumptions and estimates are considered to be significant are presented in note 1 ac).

b) Loans and advances to customers

Loans and advances to customers includes loans and advances originated by the Bank which are not intended to be sold in the short term and are recognised when cash is advanced to borrowers.

The derecognition of these assets occurs in the following situations: (i) the contractual rights of the Bank have expired or (ii) the Bank transferred substantially all the associated risks and rewards.

Loans and advances to customers are initially recognised at fair value plus any directly attributable transaction costs and fees and are subsequently measured at amortised cost using the effective interest method, less impairment losses.

Impairment

As referred in the accounting policy described in note 1 a), the Bank has prepared its financial statements in accordance with NCA's therefore, in accordance with No. 2 and No. 3 of Regulation No. 1/2005 from the Bank of Portugal, the Bank adopted the same requirements for measurement and provision of loans and advances to customers used in the previous years, described as follows:

Specific provision for loan losses

The specific provision for loan losses is based on the appraisal of overdue loans including the related non overdue amounts and loans subject to restructuring, to cover specific credit risks. This provision is shown as a deduction against loans and advances to customers. The adequacy of this provision is reviewed regularly by the Bank, taking into consideration the existence of asset-backed guarantees, the overdue period and the current financial situation of the client.

The provision calculated under these terms, complies with the requirements established by the Bank of Portugal, in accordance with Regulations No. 3/95, of 30 June, No.7/00, of 27 October and No. 8/03, of 30 January.

General provision for loan losses

This provision is established to cover latent bad and doubtful debts which are present in any loan portfolio, including guarantees or signature credits, but which have not been specifically identified as such. This provision is recorded under provision for liabilities and charges.

The general provision for loan losses is in accordance with Regulation No. 3/95, of 30 June, Regulation No. 2/99, of 15 January and Regulation No. 8/03, of 30 January, of the Bank of Portugal.

Provision for country risk

The provision for country risk is in accordance with Regulation No. 3/95, of 30 June from the Bank of Portugal, and is based on the Instruction no. 94/96, of 17 June, of the Bank of Portugal, including the adoption of changes made to paragraph 2.4 of the referred Instruction published in October 1998.

Write-off of loans

In accordance with "Carta-Circular" No. 15/2009 of the Bank of Portugal, loans and advances to customers are charged-off when there is no realistic expectation, from an economic perspective, of recovering the loan amount. For collateralised loans, the charge-off occurs for the unrecoverable amount when the funds arising from the execution of the respective collaterals for the part of the loans which is collateralised is effectively received and, according to Regulation No. 3/95 of the Bank of Portugal, the class of delay associated with the failure determines an allowance of 100%, by using impairment losses.

c) Financial instrument

(i) Classification, initial recognition and subsequent measurement

1) Financial assets and liabilities at fair value through profit and loss

1a) Financial assets held for trading

The financial assets and liabilities acquired or issued with the purpose of sale or re-acquisition on the short term, namely bonds, treasury bills or shares or that are part of a financial instruments portfolio and for which there is evidence of a recent pattern of short-term profit taking or that can be included in the definition of derivative (except in the case of a derivative classified as hedging) are classified as trading. The dividends associated to these portfolios are accounted in gains arising on trading and hedging activities.

The interest from debt instruments is recognised as interest margin.

Trading derivatives with a positive fair value are included in the Financial assets held for trading and the trading derivatives with negative fair value are included in the Financial liabilities held for trading.

1b) Other financial assets and liabilities at fair value through profit and loss (Fair Value Option)

The Bank has adopted the Fair Value Option for certain own bond issues, loans and time deposits that contain embedded derivatives or with related hedging derivatives. The variations of the Bank's credit risk related with financial liabilities accounted under the Fair Value Option are disclosed in Net gains/(losses) arising from trading and hedging activities.

The designation of the financial assets and liabilities at fair value through profit and loss (Fair Value Option) by decision of the entity is performed whenever at least one of the requirements is fulfilled:

– the assets and liabilities are managed, evaluated and reported internally at its fair value;
– the designation eliminates or significantly reduces the accounting mismatch of the transactions;
– the assets and liabilities include derivatives that significantly change the cash-flows of the original contracts (host contracts).

The financial assets and liabilities at Fair Value Option are initially accounted at their fair value, with the expenses or income related to the transactions being recognised in profit and loss and subsequently measured at fair value through profit and loss. The accrual of interest and premium/discount (when applicable) is recognised in Net interest income according with the effective interest rate of each transaction, as well as for the derivatives associated to financial instruments classified as Fair Value Option.

2) Financial assets available for sale
Financial assets available for sale held with the purpose of being maintained by the Bank, namely bonds, treasury bills or shares, are classified as available for sale, except if they are classified in another category of financial assets. The financial assets available for sale are initially accounted at fair value, including all expenses or income associated with the transactions. The financial assets available for sale are subsequently measured at fair value. The changes in fair value are accounted for against fair value reserves until they are sold or an impairment loss exists. In the sale of the financial assets available for sale, the accumulated gains or losses recognised as fair value reserves are recognised under Net gains / (losses) arising from available for sale financial assets. Interest income from debt instruments is recognised in Net interest income based on the effective interest rate, including a premium or discount when applicable. Dividends are recognised in the income statement when the right to receive the dividends is attributed.

3) Financial assets held to maturity
The financial assets held to maturity include non-derivative financial assets with fixed or determinable payments and fixed maturity, that the Bank has the intention and ability to maintain until the maturity of the assets and that were not included in the category of financial assets at fair value through profit and loss or financial assets available for sale. These financial assets are initially recognised at fair value and subsequently measured at amortised cost. The interest is calculated using the effective interest rate method and recognised in Net interest income. The impairment losses are recognised in profit and loss when identified.

Any reclassification or sale of financial assets included in this category that does not occur close to the maturity of the assets will require the Bank to reclassify the entire portfolio as Financial assets available for sale and the Bank will not be allowed to classify any assets under this category for the following two years.

4) Loans and receivables – Loans represented by securities
Non-derivative financial assets with fixed or determined payments, that are not quoted in a market and which the Bank does not intend to sell immediately or in a near future, may be classified in this category.

In addition to loans granted, the Bank recognises in this category unquoted bonds and commercial paper. The financial assets recognised in this category are initially accounted at fair value and subsequently at amortised cost net of impairment. The incremental direct transaction costs are included in the effective interest rate for these financial instruments. The interest accounted based on the effective interest rate method are recognised in Net interest income.

The impairment losses are recognised in profit and loss when identified.

5) Other financial liabilities
The other financial liabilities are all financial liabilities that are not recognised as financial liabilities at fair value through profit and loss. This category includes money market transactions, deposits from customers and from other financial institutions, issued debt, and other transactions.

These financial liabilities are initially recognised at fair value and subsequently at amortised cost. The related transaction costs are included in the effective interest rate. The interest calculated at the effective interest rate is recognised in Net interest income.

The financial gains or losses calculated at the time of the repurchase of other financial liabilities are recognised as Net gains/(losses) arising from trading and hedging activities when occurred.

(ii) Impairment

At each balance sheet date, an assessment of the existence of objective evidence of impairment, is made. A financial asset or group of financial assets are impaired when there is objective evidence of impairment resulting from one or more events that occurred after its initial recognition, such as: (i) for listed securities, a prolonged devaluation or a significant decrease in its quotation price and (ii) for unlisted securities, when that event (or events) has an impact on the estimated future cash-flows of the financial asset or group of financial assets that can be estimated reasonably. According to the Bank's policies, a 30% depreciation in the fair value of an equity instrument is considered a significant devaluation and the one year period is assumed to be a prolonged decrease in the fair value below the acquisition cost.

If an available for sale asset is determined to be impaired, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the profit or loss) is removed from fair value reserves and recognised in profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurred after the impairment loss was recognised in the profit or loss, the impairment loss is reversed through the income statement. Recovery of impairment losses on equity instruments classified as financial assets available for sale, is recognised as a gain in fair value reserves when it occurs (if there are no reversal in the income statement).

(iii) Embedded derivatives

Embedded derivatives should be accounted for separately as derivatives if the economic risks and benefits of the embedded derivative are not closely related to the host contract, unless the hybrid (combined) instrument is not initially measured at fair value with changes through profit and loss. Embedded derivatives are classified as trading and recognised at fair value with changes through profit and loss.

d) Derivatives hedge accounting

(i) Hedge accounting

The Bank designates derivatives and non-financial instruments to hedge its exposure to interest rate and foreign exchange risk, resulting from financing and investment activities. Derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative hedging instruments are stated at fair value and gains and losses on re-measurement are recognised in accordance with the hedge accounting model adopted by the Bank. A hedge relationship exists when:

– at the inception of the hedge there is formal documentation of the hedge;
– the hedge is expected to be highly effective;
– the effectiveness of the hedge can be reliably measured;
– the hedge is valuable in a continuous basis and highly effective throughout the reporting period; and
– for hedges of a forecasted transaction, the transaction is highly probable and presents an exposure to variations in cash-flows that could ultimately affect profit and loss.

When a derivative financial instrument is used to hedge foreign exchange arising from monetary assets or liabilities, no hedge accounting model is applied. Any gain or loss associated to the derivative and to changes in foreign exchange risk related with the monetary items is recognised through profit and loss.

(ii) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedge instruments are recognised in profit and loss, together with changes in the fair value attributable to the hedged risk of the asset or liability or group of assets and liabilities. If the hedge relationship no longer meets the criteria for hedge accounting, the cumulative gains and losses recognised until the discontinuance of the hedge accounting are amortised through profit and loss over the residual period of the hedged item.

(iii) Cash-flow hedge

In a hedge relationship, the effective portion of changes in fair value of derivatives that are designated and qualify as cash-flow hedges are recognised in equity – cash-flow hedge reserves. Any gain or loss relating to the ineffective portion of the hedge is immediately recognised in profit and loss when occurred.

Amounts accumulated in equity are reclassified to profit and loss in the periods in which the hedged item will affect profit or loss.

In case of hedging variability of cash-flows, when the hedge instrument expires or is disposed or when the hedging relationship no longer meets the criteria for hedge accounting, or when the hedge relation is revoked, the hedge relationship is discontinued on a prospective basis. Therefore, the fair value changes of the derivative accumulated in equity until the date of the discontinued hedge accounting can be:

– deferred over the residual period of the hedged instrument; or
– recognised immediately in results, if the hedged instrument is extinguished.

In the case of a discontinued hedge of a forecast transaction, the change in fair value of the derivative recognised in equity at that time remains in equity until the forecasted transaction is ultimately recognised in the income statement. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to profit and loss.

(iv) Hedge effectiveness
For a hedge relationship to be classified as such according to IAS 39, effectiveness has to be demonstrated. As such, the Bank performs prospective tests at the beginning date of the initial hedge, if applicable and retrospective tests in order to demonstrate at each reporting period the effectiveness of the hedging relationships, showing that the changes in the fair value of the hedging instrument are hedged by the changes in the hedged item for the risk being covered. Any ineffectiveness is recognised immediately in profit and loss when incurred.

(v) Hedge of a net investment in a foreign operation
Hedges of net investments in foreign operations are accounted for similarly to cash-flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in equity. The gain or loss relating to the ineffective portion is immediately recognised in the income statement. Gains and losses accumulated in equity related to the investment in a foreign operation and to the associated hedge operation are included in the income statement on the disposal of the foreign operation as part of the gain or loss from the disposal.

e) Reclassifications between financial instruments categories
In October 2008, the IASB issued a change to IAS 39 – Reclassification of Financial Assets (Amendments to IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7: Financial Instruments Disclosures). This change allowed an entity to transfer Financial assets from Financial assets at fair value through profit and loss – trading to Financial assets available for sale, to Loans and Receivables – Loans represented by securities or to financial assets held to maturity, as long as the requirements described in the Standard are met, namely:

– if a financial asset, at the date of reclassification present the characteristics of a debt instrument for which there is no active market; or
– when there is some event that is uncommon and higly improbable that will occur again in the short term, that is, the event can be classified as a rare circumstance.

The Bank adopted this possibility for a group of financial assets.

Transfer of financial assets recognised in the category of Financial assets available for sale to Loans and receivables – Loans represented by securities and Financial assets held to maturity are permitted.

Transfers from and to Financial assets and financial liabilities at fair value through profit and loss by decision of the entity (Fair Value Option) are prohibited.

f) Derecognition
The Bank derecognises financial assets when all rights to future cash-flows have expired. In a transfer of assets, derecognition can only occur either when risks and rewards have been substantially transferred or the Bank does not maintain control over the assets.

The Bank derecognises financial liabilities when these are discharged, cancelled or extinguished.

g) Equity instruments
An instrument is classified as an equity instrument when there is no contractual obligation at settlement to deliver cash or another financial asset to another entity, independently from its legal form, showing a residual interest in the assets of an entity after deducting all of its liabilities.

Transaction costs directly attributable to an equity instruments' issuance are recognised in equity as a deduction to the amount issued. Amounts paid or received related to sales or acquisitions of equity instruments are recognised in equity, net of transaction costs.

Preference shares issued by the Bank are considered as an equity instrument when redemption of the shares is solely at the discretion of the issuer and dividends are paid at the discretion of the Bank.

Income from equity instruments (dividends) are recognised when the right to receive this income is established and are deducted to equity.

h) Compound financial instruments
Financial instruments that contain both a liability and an equity component (example: convertible bonds) are classified as compound financial instruments. For those instruments to be considered as compound financial instruments, the terms of its conversion to ordinary shares (number of shares) can not change with changes in its fair value. The financial liability component corresponds to the present value of the future interest and principal payments, discounted at the market interest rate applicable to similar financial liabilities that do not have a conversion option. The equity component corresponds to the difference between the proceeds of the issue and the amount attributed to the financial liability. Financial liabilities are measured at amortised cost through the effective interest rate method. The interests are recognised in Net interest income.

i) Securities borrowing and repurchase agreement transactions
(i) Securities borrowing
Securities lent under securities lending arrangements continue to be recognised in the balance sheet and are measured in accordance with the applicable accounting policy. Cash collateral received in respect of securities lent is recognised as a financial liability. Securities borrowed under securities borrowing agreements are not recognised. Cash collateral placements in respect of securities borrowed are recognised under loans and advances to either banks or customers. Income and expenses arising from the securities borrowing and lending business are recognised on an accrual basis over the period of the transactions and are included in interest income or expense (net interest income).

(ii) Repurchase agreements
The Bank performs acquisition/sale of securities under reselling/repurchase agreements of securities substantially equivalent in a future date at a predetermined price ('repos'/'reverse repos'). The securities related to reselling agreements in a future date are not be recognised on the balance sheet. The amounts paid are recognised in loans and advances to customers or loans and advances to credit institutions. The receivables are collateralised by the related securities. Securities sold through repurchase agreements continue to be recognised in the balance sheet and are revaluated in accordance with the applicable accounting policy. The amounts received from the proceeds of these securities are considered as deposits from customers and deposits from credit institutions.

The difference between the acquisition/sale and reselling/repurchase conditions is recognised on an accrual basis over the period of the transaction and is included in interest income or expenses.

j) Investements in subidiaries and associates
Investments in subsidiaries and associated are accounted for in the Bank's individual financial statements at its historical cost less any impairment losses.

Impairment
The recoverable amount of the goodwill in subsidiaries is assessed annually, regardless the existence of any impairment triggers. Impairment losses are calculated based on the difference between the recoverable amount of the investments in subsidiaries and associated and their book value. Impairment losses identified are charged against results and subsequently, if there is a reduction of the estimated impairment loss, the charge is reversed, in a subsequent period. The recoverable amount is determined based on the higher between the assets value in use and the market value deducted of selling costs, calculated using valuation methodologies supported by discounted cash-flow techniques, considering market conditions, the time value of money and the business risks.

k) Non-current assets held for sale and discontinued operations
Non-current assets, groups of non-current assets held for sale (groups of assets together and related liabilities that include at least a non current asset) and discontinued operations are classified as held for sale when it is intention to sell the referred assets and liabilities, the referred assets are available for immediate sale and its sale is highly probable.

The Bank also classifies as non-current assets held for sale those non-current assets or groups of assets acquired exclusively with a view to its subsequent disposal, that are available for immediate sale and its sale is highly probable.

Immediately before classification as held for sale, the measurement of the non-current assets or all assets and liabilities in a disposal group, is performed in accordance with the applicable IFRS. After their reclassification, these assets or disposal groups are measured at the lower of their cost and fair value less costs to sell.

Discontinued operations and the subsidiaries acquired exclusively with the purpose to sell in the short term, are consolidated until the disposal.

The Bank also classifies as non-current assets held for sale the investments arising from recovered loans that are measured initially by the lower of its fair value net of expenses and the loan's carrying amount on the date that the recovery occurs or the judicial decision is formalised.

The fair value is determined based on the expected selling price estimated through periodic valuations performed by the Bank.

The subsequent accounting of these assets is determined based on the lower of the carrying amount and the corresponding fair value net of expenses. In case of unrealized losses, these should be recognised as impairment losses against results.

l) Finance lease transactions
At the lessee's perspective, finance lease transactions are recorded as an asset and liability at fair value of the leased asset, which is equivalent to the present value of the future lease payments. Lease rentals are a combination of the financial charge and the amortisation of the capital outstanding. The financial charge is allocated to the periods during the lease term to produce a constant periodic rate of interest on the remaining liability balance for each period.

At the lessor's perspective, assets held under finance leases are recorded in the balance sheet as a receivable at an amount equal to the net investment in the lease. Lease rentals are a combination of the financial income and amortization of the capital outstanding. Recognition of the financial result reflects a constant periodical return rate over the remaining net investment of the lessor.

m) Interest income and expense
Interest income and expense for financial instruments measured at amortised cost are recognised in the interest income or expenses (net interest income) through the effective interest rate method. The interest related to financial assets available for sale calculated at the effective interest rate method are also recognised on the net interest income as well as those from assets and liabilities at fair value through profit and loss.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument (or, when appropriate, for a shorter period), to the net carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the Bank estimates future cash-flows considering all contractual terms of the financial instrument (example: early payment options) but without considering future impairment losses. The calculation includes all fees paid or received considered as included in the effective interest rate, transaction costs and all other premiums or discounts directly related with the transaction except for assets and liabilities at fair value through profit and loss.

If a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash-flows for the purpose of measuring the impairment loss.

Specifically regarding the accounting policy for interest on overdue loans' portfolio the following aspects are considered:

– interest income for overdue loans with collaterals are accounted for as income up to the limit of the valuation of the collateral valued on a prudent basis. this income is registered against results in accordance with ias 18, assuming that there is a reasonable probability of recoverability; and
– the interests accrued and not paid for overdue loans for more than 90 days that are not covered by collaterals are written-off and are recognised only when they are received, in accordance with IAS 18, on the basis that its recoverability is considered to be remote.

For derivative financial instruments, except those classified as hedging instruments of interest rate risk, the interest component is not separated from the changes in the fair value and is classified under Net gains/(losses) from trading and hedging activities. For hedging derivatives of interest rate risk and those related to financial assets or financial liabilities recognised in the Fair Value Option category, the interest component of the changes in their fair value is recognised under interest income or expense (net interest income).

n) Fee and commission income

Fees and commissions are recognised according to the following criteria:

– fees and commissions which are earned as services are provided are recognised in income over the period in which the service is being provided;
– fees and commissions that are earned on the execution of a significant act, are recognised as income when the service is completed.

Fees and commissions that are an integral part of the effective interest rate of a financial instrument, are recognised in net interest income.

o) Financial results (Results arising from trading and hedging activities and available for sale financial assets)

Financial results includes gains and losses arising from financial assets and financial liabilities at fair value through profit and loss, that is, fair value changes and interest on trading derivatives and embedded derivatives, as well as the corresponding dividends received. This caption also includes gains and losses arising from the sale of available for sale financial assets. The changes in fair value of hedging derivatives and hedged items, when fair value hedge is applicable, are also recognised in this caption.

p) Fiduciary activities

Assets held in the scope of fiduciary activities are not recognised in the Bank's financial statements. Fees and commissions arising from this activity are recognised in the income statement in the year to which they relate.

q) Property and equipment

Property and equipment are stated at acquisition cost less accumulated depreciation and impairment losses. Subsequent costs are recognised as a separate asset only when it is probable that future economic benefits will result for the Bank. All other repairs and maintenance expenses are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated on a straight-line basis, over the following periods which correspond to their estimated useful life:

	Number of years
Premises	50
Expenditure on freehold and leasehold buildings	10
Equipment	4 to 12
Other fixed assets	3

Whenever there is an indication that a fixed tangible asset might be impaired, its recoverable amount is estimated and an impairment loss shall be recognised if the net value of the asset exceeds its recoverable amount.

The recoverable amount is determined as the highest between the fair value less costs to sell and its value in use calculated based on the present value of future cash-flows estimated to be obtained from the continued use of the asset and its sale at the end of the useful life.

The impairment losses of the fixed tangible assets are recognised in profit and loss.

r) Intangible Assets

Research and development expenditure

The Bank does not capitalize any research and development costs. All expenses are recognised as costs in the year in which they occur.

Software

The Bank accounts as intangible assets the costs associated to software acquired from external entities and depreciates them on a straight line basis by an estimated lifetime of three years. The Bank does not capitalize internal costs arising from software development.

s) Cash and cash equivalents

For the purposes of the cash-flow statement, cash and cash equivalents comprise balances with less than three months' maturity from the balance sheet date, including cash and deposits with banks.

Cash and cash equivalents exclude restricted balances with Central Banks.

t) Offsetting

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when the Bank has a legally enforceable right to offset the recognised amounts and the transactions are intended to be settled on a net basis.

u) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currency of the operation at the foreign exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies, are translated into the respective functional currency of the operation at the foreign exchange rate at the reporting date. Foreign exchange differences arising on translation are recognised in the profit and loss. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated into the respective functional currency of the operation at the foreign exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated into the respective functional currency of the operation at the foreign exchange rate at the date that the fair value was determined against profit and loss, except for financial assets available for sale, for which the difference is recognised against equity.

v) Employee benefits

Defined benefit plans

The Bank has the responsibility to pay to their employees retirement pensions and widow and orphan benefits and permanent disability pensions, in accordance with the agreement entered with the collective labour arrangements. These benefits are estimated in the pensions plans *"Plano ACT"* and *"Plano ACTQ"* of the Pension Plan of BCP Group, which corresponds to the referred collective labour arrangements (the conditions are estimated in the private social security of the banking sector for the constitution of the right to receive a pension).

Until 2011, along with the benefits provided in two planes above, the Bank had assumed the responsibility, under certain conditions in each year, of assigning a complementary plan to the Group's employees hired before 21 September, 2006 (Complementary Plan). The Bank at the end of 2012 decided to extinguish ("cut") the benefit of old age Complementary Plan. As at 14 December 2012, the ISP (Portuguese Insurance Institute) formally approved this change benefit plan of the Bank with effect from 1 January 2012. The cut of the plan was made, having been assigned to the employees, individual rights acquired. On that date, the Bank also proceed to the settlement of the related liability.

From 1 January 2011, banks' employees were integrated in the General Social Security Scheme which now covers their maternity, paternity, adoption and pension benefits. However, the Banks remain liable for those benefits as concern illness, disability and life insurance (Decree-Law No. 1-A/2011, of 3 January).

The contributory rate is 26.6% divided between 23.6% supported by the employer and 3% supported by the employees, replacing the Banking Social Healthcare System ('Caixa de Abono de Família dos Empregados Bancários') which was extinguished by the decree-law referred above. As a consequence of this amendment the capability to receive pensions by the actual employees are covered by the General Social Security Scheme regime, considering the service period between 1 January 2011 and the retirement age. The Bank supports the remaining difference for the total pension assured in *'Acordo Colectivo de Trabalho'*.

Following the approval by the Government of the Decree-Law No. 127/2011, which was published on 31 December, was established an agreement between the Government, the Portuguese Banking Association and the Banking Labour Unions in order to transfer, to the Social Security, the liabilities related with pensions currently being paid to pensioners and retirees, as at 31 December 2011.

This agreement established that the responsibilities to be transferred related to the pensions in payment as at 31 December 2011 at fixed amounts (discount rate 0%) in the component established in the *'Instrumento de Regulação Colectiva de Trabalho (IRCT)'* of the retirees and pensioners. The responsibilities related with the increase in pensions as well as any other complements namely, contributions to the Health System (SAMS), death benefit and death before retirement benefit continued to be under the responsibility of the Financial Institutions and being financed through the corresponding Pensions funds. The Decree-law also established the terms and conditions under which the transfer was made by setting a discount rate of 4% to determine the liabilities to be transferred.

The calculation is made using the projected unit credit method and following actuarial and financial assumptions in line with the parameters required by IAS 19. In accordance with no. 2 of Regulation No. 4/2005 from the Bank of Portugal was established a deferral period for the transition impact to IAS 19 as at 1 January 2005 analysed as follows:

Balances	Deferral period
Obligations with healthcare benefits and other liabilities	10 years
Liabilities for death before retirement	8 years
Early retirement	8 years
Actuarial losses charged-off related with early retirement	8 years
Increase of deferred actuarial losses	8 years
Reversal of amortization of actuarial losses in accordance with local GAAP	8 years

In accordance with Regulation No. 7/2008 from the Bank of Portugal concerning the balances listed in the table above, an additional period of three years was authorised considering the initially defined deferral period.

The Bank's net obligation in respect of pension plans and other benefits (defined benefit pensions plan) is calculated on a half year basis at 31 December and 30 June of each year.

The Bank's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. The benefit is discounted in order to determine its present value, using a discount rate determined by reference to interest rates of high-quality corporate bonds that have maturity dates approximating the terms of the Bank's obligations. The net obligations are determined after the deduction of the fair value of the assets of the Pension Plan.

The income/cost of interests with the pension plan is calculated, by the Bank, multiplying the net asset/liability with retirement pension (liabilities less the fair value of the plan's assets) by the discount rate used in the determination of the retirement pension liabilities, mentioned before. On this basis, the income/cost net of interests includes the interest costs associated with retirement pension liabilities and the expected return of the plan's assets, both measured based on the discount rate used to calculate the liabilities.

Gains and losses from the re-measurement, namely (i) gains and losses resulting from differences between actuarial assumptions used and the amounts actually observed (experience gains and losses) and changes in actuarial assumptions and (ii) gains and losses arising from the difference between the expected return of the plan's assets and the amounts obtained, are recognised against equity under other comprehensive income.

The Bank recognises in its income statement a net total amount that comprises (i) the current service cost, (ii) the income/cost net of interest with the pension plan, (iii) the effect of early retirement, (iv) past service costs and (v) the effects of any settlement or curtailment occurred during the period. The net income/cost with the pension plan is recognised as interest and similar income or interest expense and similar costs depending on their nature. The costs of early retirements correspond to the increase in liabilities due to the employee's retirement before reaching the age of 65.

Employee benefits, other than pension plans, namely post retirement health care benefits and benefits for the spouse and sons for death before retirement are also included in the benefit plan calculation.

The contributions to the funds are made annually by the Bank according to a certain plan contributions to ensure the solvency of the fund. The minimum level required for the funding is 100% regarding the pension payments and 95% regarding the past services of active employees.

Defined contribution plan

For Defined Contribution Plan, the responsibilities related to the benefits attributed to the Bank's employees are recognised as expenses when incurred.

As at 31 December 2013, the Bank has two defined contribution plans. One plan that covers employees who were hired before July 1, 2009. For this plan, called non-contributory, Bank's contributions will be made annually and equal to 1% of the annual remuneration paid to employees in the previous year. Contributions shall only be made if the following requirements are met: (i) the Bank's ROE equals or exceeds the rate of government bonds of 10 years plus 5 percentage points and (ii) exist distributable profits or reserves in the accounts of Banco Comercial Português.

The other plan covers employees who have been hired after July 1, 2009. For this plan, designated contributory, monthly contributions will be made equal to 1.5% of the monthly remuneration received by employees in the current month, either by themselves or by the Bank and employees.

Share based compensation plan
As at 31 December 2013 there are no share based compensation plans in force.

Variable remuneration paid to employees
The Executive Committee decides on the most appropriate criteria of allocation among employees.

This variable remuneration is charged to income statement in the year to which it relates.

w) Income taxes
The Bank is subject to the regime established by the Income Tax Code ("CIRC"). Additionally, deferred taxes resulting from the temporary differences between the accounting net income and the net income accepted by the Tax Authorities for Income Taxes calculation, are accounted for, whenever there is a reasonable probability that those taxes will be paid or recovered in the future.

Income tax registered in net income for the year comprises current and deferred tax effects. Income tax is recognised in the income statement, except when related to items recognised directly in equity, which implies its recognition in equity. Deferred taxes arising from the revaluation of financial assets available for sale and cash-flow hedging derivatives are recognised in shareholders' equity and are recognised after in the income statement at the moment the profit and loss that originated the deferred taxes are recognised.

Current tax is the value that determines the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred taxes are calculated in accordance with the liability method based on the balance sheet, considering temporary differences, between the carrying amounts of assets and liabilities and the amounts used for taxation purposes using the tax rates approved or substantially approved at balance sheet date and that is expected to be applied when the temporary difference is reversed.

Deferred tax liabilities are recognised for all taxable temporary differences except for goodwill, not deductible for tax purposes, differences arising on initial recognition of assets and liabilities that affect neither accounting nor taxable profit and differences relating to investments in subsidiaries to the extent that probably they will not reverse in the foreseeable future.

Deferred taxes assets are recognised to the extent when it is probable that future taxable profits, will be available to absorb deductible temporary differences for taxation purposes (including reportable taxable losses).

The Bank as established in IAS 12, paragraph 74, compensates the deferred tax assets and liabilities if, and only if: (i) has a legally enforceable right to set off current tax assets against current tax liabilities and (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

x) Segmental reporting
The Group adopted the IFRS 8 – Operating Segments for the purpose of disclosure financial information by operating segments. A business segment is a Group's component: (i) which develops business activities that can obtain revenues or expenses; (ii) whose operating results are regularly reviewed by the management with the aim of taking decisions about allocating resources to the segment and assess its performance and (iii) for which separate financial information is available.

Taking into consideration that the individual financial statements are present with the Group's report, in accordance with the paragraph 4 of IFRS 8, the Bank is dismissed to present individual information regarding Segmental Reporting.

y) Provisions
Provisions are recognised when (i) the Bank has a present obligation (legal or resulting from past practices or published policies that imply the recognition of certain responsibilities), (ii) it is probable that an outflow of economic benefits will be required to settle a present legal or constructive obligation as a result of past events and (iii) a reliable estimate can be made of the amount of the obligation.

The measurement of provisions takes into account the principles set in IAS 37 regarding the best estimate of the expected cost, the most likely result of current actions and considering the risks and uncertainties inherent in the process result. On the cases that the discount effect is material, provision corresponds to the actual value of the expected future payments, discounted by a rate that considers the associated risk of the obligation.

Provisions are reviewed at each balance sheet date and adjusted to reflect the best estimate, being reverted through profit and loss in the proportion of the payments that are not probable.

The provisions are derecognised through their use for the obligations for which they were initially accounted or for the cases that the situations were not already observed.

z) Earnings per share

Basic earnings per share are calculated by dividing net income available to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the year, excluding the average number of ordinary shares purchased by the Bank and held as treasury stock.

For the diluted earnings per share, the weighted average number of ordinary shares outstanding is adjusted to consider conversion of all dilutive potential ordinary shares, such as convertible debt and stock options granted to employees. Potential or contingent share issues are treated as dilutive when their conversion to shares would decrease net earnings per share.

If the earnings per share are changed as a result of an issue with premium or discount or other event that changed the potential number of ordinary shares or as a result of changes in the accounting policies, the earnings per share for all presented periods should be adjusted retrospectively.

aa) Insurance contracts

Classification

The Bank issues contracts that contain insurance risk, financial risk or a combination of both insurance and financial risk. A contract, under which the Bank accepts significant insurance risk from another party, by agreeing to compensate that party on the occurrence of a specified uncertain future event, is classified as an insurance contract.

A contract issued by the Bank without significant insurance risk, but on which financial risk is transferred with discretionary participating features is classified as an investment contract recognised and measured in accordance with the accounting policies applicable to insurance contracts. A contract issued by the Bank that transfers only financial risk, without discretionary participating features, is classified as an investment contract and accounted for as a financial instrument.

Recognition and measurement

Premiums of life insurance and investment contracts with discretionary participating features, which are considered as long-term contracts are recognised when due from the policyholders. The benefits and other costs are recognised concurrently with the recognition of income over the life of the contracts. This specialization is achieved through the establishment of provisions/liabilities of insurance contracts and investment contracts with discretionary participating features.

The responsibilities correspond to the present value of future benefits payable, net of administrative expenses directly associated with the contracts, less the theoretical premiums that would be required to comply with the established benefits and related expenses. The liabilities are determined based on assumptions of mortality, costs of management or investment at the valuation date.

For contracts where the payment period is significantly shorter than the period of benefit, premiums are deferred and recognised as income in proportion to the duration of risk coverage.

Regarding short-term contracts, including contracts of non-life insurance, premiums are recorded at the time of issue. The award is recognised as income acquired in a pro-rata basis during the term of the contract. The provision for unearned premiums represents the amount of premiums on risks not occurred.

Premiums

Gross premiums written are recognised for as income in the period to which they respect independently from the moment of payment or receivable, in accordance with the accrual accounting principle.

Reinsurance premiums ceded are accounted for as expense in the year to which they respect in the same way as gross premiums written.

Provision for unearned premiums from direct insurance and reinsurance premiums ceded

The provision for unearned gross premiums is based on the evaluation of the premiums written before the end of the year but for which the risk period continues after the year end. This provision is calculated using the *pro-rata temporis* method applied to each contract in force.

Liability adequacy test
At each reporting date, the Bank evaluates the adequacy of liabilities arising from insurance contracts and investment contracts with discretionary participating features. The evaluation of the adequacy of responsibilities is made based on the projection of future cash-flows associated with each contract, discounted at market interest rate without risk. This evaluation is done product by product or aggregate of products when the risks are similar or managed jointly. Any deficiency, if exists, is recorded in the Bank's results as determined.

ab) Insurance or reinsurance mediation servisses
The Banco Comercial Português and Banco ActivoBank are entities authorized by the Insurance Institute of Portugal to practice the activity of insurance mediation in the category of Online Insurance Broker, in accordance with Article 8., Paragraph a), point i) of Decree-Law No. 144/2006, of July 31, developing the activity of insurance intermediation in life and non-life.

Within the insurance mediation services, the Bank performs the sale of insurance contracts. As compensation for services rendered for insurance mediation, the Bank receives commissions for arranging contracts of insurance and investment contracts, which are defined in the agreements/ protocols established between the Bank and the Insurance Companies.

Commissions received by insurance mediation are recognised in accordance with the principle of accrual, so the commissions which payment occurs at different time period to which it relates, are subject to registration as an amount receivable under Other Assets.

ac) Accounting estimates and judgements in applying accounting policies
IFRS set forth a range of accounting treatments and require the Executive Board of Directors and management to apply judgment and make estimates in deciding which treatment is most appropriate. The most significant of these accounting policies are discussed in this section in order to improve understanding of how their application affects the Bank's reported results and related disclosure.

Considering that in some cases there are several alternatives to the accounting treatment chosen by management, the Bank's reported results would differ if a different treatment was chosen. Management believes that the choices made are appropriate and that the financial statements present the Bank's financial position and results fairly in all material aspects.

The alternative outcomes discussed below are presented solely to assist the reader in understanding the financial statements and are not intended to suggest that other alternatives or estimates would be more appropriate.

Impairment of available for-sale equity investments
The Bank determines that available for sale equity investments are impaired when there has been a significant or prolonged decrease in the fair value below its acquisition cost. This determination of what is significant or prolonged requires judgment. In making this judgment, the Bank evaluates among other factors, the volatility in the prices of the financial assets. According to the Bank's policies, a 30% depreciation in the fair value of an equity instrument is considered a significant devaluation and the 1 year period is assumed to be a prolonged decrease in the fair value below the acquisition cost.

In addition, valuations are generally obtained through market quotation or valuation models that may require assumptions or judgment in making estimates of fair value.

Alternative methodologies and the use of different assumptions and estimates could result in a higher level of impairment losses recognised with a consequent impact in the income statement of the Bank.

Impairment losses on loans and advances to customers
The Bank reviews its loan portfolios to assess impairment losses on a regularly basis, as described in note 1 b).

The evaluation process in determining whether an impairment loss should be recorded in the income statement is subject to numerous estimates and judgments. The probability of default, risk ratings, value of associated collaterals recovery rates and the estimation of both the amount and timing of future cash-flows, among other things, are considered in making this evaluation.

Alternative methodologies and the use of different assumptions and estimates could result in a different level of impairment losses with a consequent impact in the income statement of the Bank.

Fair value of derivatives
Fair values are based on listed market prices if available, otherwise fair value is determined either by dealer price quotations (both for that transaction or for similar instruments traded) or by pricing models, based on net present value of estimated future cash-flows which take into account market conditions for the underlying instruments, time value, yield curve and volatility factors. These pricing models may require assumptions or judgments in estimating their values.

Consequently, the use of a different model or of different assumptions or judgments in applying a particular model could result in different financial results for a particular period.

Held to maturity investments
The Bank follows the guidance of IAS 39 on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held to maturity. This classification requires significant judgment. In making this judgment, the Bank evaluates its intention and ability to hold such investments to maturity.

If the Bank fails to keep these investments to maturity other than for the specific circumstances – for example, selling an insignificant amount close to maturity – it will be required to reclassify the entire class as available for sale. The investments would therefore be measured at fair value instead of amortised cost.

Held to maturity investments are subject to impairment tests made by the Bank. The use of different assumptions and estimates could have an impact on the income statement of the Bank.

Impairment for investments in subsidiary and associated companies
The Bank assesses annually the recoverable amount of investments in subsidiaries and associates, regardless the existence of any impairment triggers. Impairment losses are calculated based on the difference between the recoverable amounts of the investments in subsidiaries and associated and their book value. Impairment losses identified are charged against results and subsequently, if there is a reduction of the estimated impairment loss, the charge is reversed, in a subsequent period.

The recoverable amount is determined based on the higher between the assets value in use and the market value deducted of selling costs, calculated using valuation methodologies supported by discounted cash-flow techniques, considering market conditions, the time value of money and the business risks, that may require assumptions or judgment in making estimates of fair value.

Alternative methodologies and the use of different assumptions and estimates could result in a higher level of impairment losses recognised with a consequent impact in the consolidated income statement of the Bank.

Securitizations and special purpose entities (SPE)
The Bank sponsors the formation of SPE primarily for asset securitization transactions for liquidity purposes and/or capital management.

Therefore, the securitization operations Nova Finance No. 4, Caravela SME No. 2 and Tagus Leasing No. 1 were not derecognised in the Bank's financial statements.

The Bank derecognised the following SPE which also resulted from operations of securitization: Magellan Mortgages No. 1, 2, 3 and 4. For these SPE, the Bank concluded that the main risks and the benefits were transferred, as the Bank does not hold detain any security issued by the SPE, that are exposed to the majority of the residual risks, neither is exposed to the performance of the credit portfolios. The Bank subsequently purchased the residual securities from Magellan Mortgages No. 2 and 3, which involves the consolidation of these vehicles in the consolidated accounts.

Income taxes
Significant interpretations and estimates are required in determining the worldwide amount for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

Different interpretations and estimates would result in a different level of income taxes, current and deferred, recognised in the year.

The Portuguese Tax Authorities are entitled to review the Bank and its subsidiaries' determination of its annual taxable earnings, for a period of four years or six years in case there are tax losses brought forward. Hence, it is possible that some additional taxes may be assessed, mainly as a result of differences in interpretation of the tax law which for its probability, the Executive Board of Directors considers that there is no relevant material effect at the level of the Financial Statements.

Pension and other employees' benefits

Determining pension liabilities requires the use of assumptions and estimates, including the use of actuarial projections, estimated returns on investment, and other factors that could impact the cost and liability of the pension plan.

Changes in these assumptions could materially affect these values.

2. Net interest income and net gains arising from trading and hedging activities, from financial assets available for sale and from financial assets held to maturity

IFRS requires separate disclosure of net interest income and net gains arising from trading and hedging activities, from financial assets available for sale and from financial assets held to maturity, as presented in notes 3, 6 and 7. A particular business activity can generate impact in net interest income and net gains arising from trading and hedging, from financial assets available for sale and from financial assets held to maturity. This disclosure requirement demonstrates the contribution of the different business activities for the net interest margin and net gains from trading and hedging, from financial assets available for sale and from financial assets held to maturity.

The amount of this account is comprised of:

(Thousand of Euros)

	2013	2012
Net interest income	**240,654**	392,961
Net gains/(losses) from trading and hedging activities	**(93,527)**	296,047
Net gains/(losses) from available for sale activities	**56,122**	114,474
Net gains/(losses) from financial assets held to maturity	**(277)**	-
	202,972	803,482

3. Net interest income

The amount of this account is comprised of:

(Thousand of Euros)

	2013	2012
INTEREST AND SIMILAR INCOME		
Interest on loans and advances	**1,420,350**	1,821,217
Interest on trading securities	**16,462**	22,433
Interest on available for sale financial assets	**356,381**	494,314
Interest on held to maturity financial assets	**121,166**	127,988
Interest on hedging derivatives	**37,716**	51,153
Interest on derivatives associated to financial instruments through profit and loss account	**3,023**	4,610
Interest on deposits and other investments	**661,671**	773,828
	2,616,769	3,295,543
INTEREST ON DEPOSITS AND INTER-BANK FUNDING		
Interest on securities issued	**923,497**	1,396,165
Interest on subordinated debt	**1,067,012**	1,247,409
Hybrid instruments eligible as core tier 1 (CoCos) underwritten by the Portuguese State		
Others	**269,009**	134,880
Interest on hedging derivatives	**100,010**	106,176
Interest on derivatives associated to financial instruments through profit and loss account	**8,735**	16,501
	7,852	1,451
	2,376,115	2,902,582
NET INTEREST INCOME	**240,654**	392,961

The balance Interest on loans and advances includes the amount of Euros 62,548,000 (2012: Euros 65,944,000) related to commissions and other gains/losses which are accounted for under the effective interest method, as referred in the accounting policy described in note 1m).

The balance Net interest income includes the amount of Euros 267,080,000 (2012: Euros 330,272,000) related with interest income arising from customers with signs of impairment.

The balance Interest on securities issued includes the amount of Euros 249,178,000 (2012: Euros 239,383,000) related to commissions and other losses which are accounted for under the effective interest method, as referred in the accounting policy described in note 1m).

4. Dividends from equity instruments

The amount of this account is comprised of:

(Thousand of Euros)

	2013	2012
Dividends from financial assets available for sale	**6,136**	8,927
Dividends from subsidiaries and associated companies	**328,520**	261,960
	334,656	**270,887**

The balance Dividends from financial assets available for sale includes dividends and income from investment fund units received during the year.

The balance Dividends from subsidiaries and associated companies includes the amount of Euros 321,000,000 (2012: Euros 254,408,000) related to the distribution of dividends from the company Millennium bcp Participações, S.G.P.S., Sociedade Unipessoal, Lda.

5. Net fees and commmissions income

The amount of this comprise of:

(Thousand of Euros)

	2013	2012
FEES AND COMMISSIONS RECEIVED		
From guarantees	**76,437**	88,723
From credit and commitments	**1,112**	297
From banking services	**316,006**	325,755
From other services	**178,639**	185,750
	572,194	**600,525**
FEES AND COMMISSIONS PAID		
From guarantees	**4,935**	6,578
From banking services	**65,901**	57,225
From other services	**20,957**	21,823
	91,793	**85,626**
Net fees and commissions income	**480,401**	**514,899**

The balance Fees and commissions received – From banking services includes the amount of Euros 72,390,000 (31 December 2012: Euros 60,416,000) related to insurance mediation commissions.

6. Net gains/(losses) arising from trading and hedging activities

The amount of this account is comprised of:

(Thousand of Euros)

	2013	2012
GAINS ARISING ON TRADING AND HEDGING ACTIVITIES		
Foreign exchange activity	**294,016**	265,715
Transactions with financial instruments recognised at fair value through profit and loss account		
Held for trading		
Securities portfolio		
Fixed income	**10,562**	79,072
Variable income	**744**	6,079
Certificates and structured securities issued	**49,495**	12,869
Derivatives associated to financial instruments through profit and loss account	**34,031**	13,714
Other financial instruments derivatives	**1,208,429**	1,428,122
Other financial instruments through profit and loss account	**1,966**	1,731
Repurchase of own issues	**3,422**	287,138
Hedging accounting		
Hedging derivatives	**78,978**	146,694
Hedged item	**34,945**	7,889
Other activity	**47,961**	65,437
	1,764,549	2,314,460
LOSSES ARISING ON TRADING AND HEDGING ACTIVITIES		
Foreign exchange activity	**280,365**	247,454
Transactions with financial instruments recognised at fair value through profit and loss account		
Held for trading		
Securities portfolio		
Fixed income	**2,709**	44
Variable income	**1,804**	9,481
Certificates and structured securities issued	**86,769**	24,908
Derivatives associated to financial instruments through profit and loss account	**23,426**	10,779
Other financial instruments derivatives	**1,179,952**	1,367,997
Other financial instruments through profit and loss account	**20,616**	74,571
Repurchase of own issues	**3,656**	45,162
Hedging accounting		
Hedging derivatives	**116,361**	69,483
Hedged item	**6,443**	99,906
Other activity	**135,975**	68,628
	1,858,076	2,018,413
NET GAINS/(LOSSES) ARISING FROM TRADING AND HEDGING ACTIVITIES	**(93,527)**	296,047

The caption Net gains arising from trading and hedging activities includes, in 2013, for Deposits from customers – Deposits at fair value through profit and loss, a gain of Euros 1,451,000 (2012: loss of Euros 10,295,000) related with the fair value changes arising from changes in own credit risk (spread), as referred in note 31.

This caption also includes in 2013, for Debt securities at fair value through profit or loss, a loss of Euros 6,388,000 (2012: loss of Euros 14,545,000) related with the fair value changes arising from changes in own credit risk (spread), as referred in note 32.

The caption Transactions with financial instruments recognised at fair value through profit and loss account – Held for trading included in 2012 a gain in the amount of Euros 57,403,000 related with the valuation of Treasury bonds from the Portuguese Republic.

The caption Gains arising on trading and hedging activities – Repurchase of own issues included, in 2012, the amount of Euros 139,178,000 corresponding to the difference between the nominal and the repurchase value of a group of bonds (Floating Rate Notes and Covered Bonds), included in the set of initiatives undertaken by the Bank for liability management.

The result of repurchases of own issues is determined in accordance with the accounting policy described in note 1 c).

The caption Gains arising on trading and hedging activities – Other financial instruments derivatives included, in 2012, the amount of Euros 24,117,000 resulting from the recognition in profit and loss account of the interruption of an hedging operation related with the mortgage debt issues from 1 April 2012.

7. Net gains/(losses) arising from financial assets available for sale

The amount of this account is comprised of:

(Thousand of Euros)

	2013	2012
GAINS ARISING FROM FINANCIAL ASSETS AVAILABLE FOR SALE		
Fixed income	**77,225**	127,625
Variable income	**2,572**	1,715
LOSSES ARISING FROM FINANCIAL ASSETS AVAILABLE FOR SALE		
Fixed income	**(7,322)**	(14,452)
Variable income	**(16,353)**	(414)
NET GAINS/(LOSSES) ARISING FROM FINANCIAL ASSETS AVAILABLE FOR SALE	**56,122**	114,474

The caption Gains arising from financial assets available for sale – Fixed income – includes, in 2013, the amount of Euros 67,061,000 (2012: Euros 48,849,000) related to gains resulting from the sale of Portuguese public debt.

The caption Losses arising from financial assets available for sale – Fixed income – included in 2012, the amount of Euros 8,746,000 related to losses resulting from the sale of Greek public debt which resulted from the restructuring of country's sovereign debt, as mentioned in note 21.

8. Other operating income/(costs)

The amount of this account is comprised of:

(Thousand of Euros)

	2013	2012
OPERATING INCOME		
Income from services	**32,660**	38,333
Cheques and others	**11,336**	11,743
Other operating income	**18,490**	25,243
	62,486	75,319
INDIRECT COSTS		
Indirect taxes	**8,700**	7,339
Donations and quotizations	**3,272**	3,742
Specific contribution for the banking sector	**26,219**	15,563
Specific contribution for the resolution fund	**11,315**	-
Other operating expenses	**22,863**	41,137
	72,369	67,781
	(9,883)	7,538

The caption Specific contribution for the banking sector is estimated according to the terms of the Decree-Law No. 55-A/2010. The determination of the amount payable is based on: (i) the annual average liabilities deducted by core capital (Tier 1) and Supplementary (Tier 2) and deposits covered by the Deposit Guarantee Fund and (ii) the off-balance notional amount of derivatives.

9. Staff costs

The amount of this account is comprised of:

(Thousand of Euros)

	2013	2012
Salaries and remunerations	**307,385**	360,720
Mandatory social security charges		
Pension Fund		
Service cost	**(8,404)**	(6,433)
Interest cost/(income)	**(636)**	6,569
Cost with early retirement programs	**8,830**	3,025
Impact of the decrease of the changing of the calculation formula of the Death Subsidy (Decree-Law No. 13/2013 and No. 133/2012)	**(7,446)**	(63,687)
Amount transferred to the Fund resulting from acquired rights unassigned related to the Complementary Plan	**(706)**	(8,114)
	(8,362)	(68,640)
Other mandatory social security charges	**86,522**	102,940
	78,160	34,300
Voluntary social security charges	**36,886**	52,189
Seniority premium	**4,276**	2,295
Other staff costs	**112,070**	69,941
	538,777	519,445

The caption Staff costs includes costs associated with the restructuring program agreed in 2012, including early retirement and trescission by mutual agreement, and he recalculation of pension liabilities related to the Bank's resizing program that resulted, in 2013, in a reduction of 262 employees (2012: reduction of 965 employees). Those costs amount, in 2013, to a net value of Euros 25,029,000 (2012: Euros 68,367,000).

Additionally, under the resizing program agreed with the European Commission which provides a set of restructuring measures already agreed and duly communicated to the employees, in accordance with IAS 37, the caption Other costs includes an estimate of the referred costs that should occur during 2014/2015 in the amount of Euros 98,838,000.

The balance Mandatory social security charges includes in 2013, a gain of Euros 7,466,000 resulting from the impact of the change of the calculation method of the death subsidy in accordance with the publication, on 25 January 2013, of the Decree-Law No. 13/2013, which introduces changes in the calculation of the referred subsidy. In 2012, a positive impact of Euros 63,687,000 had also been recognised, related to the changes of the method of calculation of the death subsidy in accordance with the Decree-Law No. 133/2012, of 27 June 2012.

In accordance with IAS 19, it is a negative past service cost which occurs when changes in the benefits plan exist, which result in a reduction of the current value of the liabilities for rendered services. On this base, and as referred in note 45, the Bank accounted for the referred impact in results.

The caption Mandatory social security charges includes in 2013, as referred in notes 36 and 45, a gain of Euros 237,000 (2012: Euros 1,091,000) related with the write-down of provisions established to cover the future updates in the retirement pension plan of former members of the Executive Board of Directors, following the agreements established, between the Bank and former members of the Executive Board of Directors.

The remunerations paid to the members of the Executive Committee in 2013 amounted to Euros 2,219,000 (2012: Euros 2,803,000), with Euros 85,000 (2012: Euros 131,000) paid by subsidiaries or companies whose governing bodies represent interests in the Group. During 2013 and 2012, no variable remuneration was attributed to the members of the Executive Committee.

Considering that the remuneration of the members of the Executive Committee intends to compensate the functions that are performed directly in the Bank and all other functions on subsidiaries or other companies for which they have been designated by indication or representing the Bank, in the last case, the net amount of the remunerations annually received by each member is deducted to the fixed annual remuneration attributed by the Bank.

During 2013, the costs with Social Security and the contributions to the Pension Fund for members of the Executive Board of Directors amounted to Euros 714,000 (2012: Euros 1,294,000).

The average number of employees by professional category, at service in the Bank, is analysed as follows by category:

	2013	2012
Management	**1,187**	1,322
Managerial staff	**1,761**	1,877
Staff	**3,208**	3,423
Other categories	**2,428**	2,989
	8,584	**9,611**

10. Other administrative costs

The amount of this account is comprised of:

(Thousand of Euros)

	2013	2012
Water, electricity and fuel	**12,674**	14,525
Consumables	**3,087**	4,003
Rents	**41,326**	44,693
Communications	**17,740**	16,863
Travel, hotel and representation costs	**4,437**	5,124
Advertising	**9,244**	15,385
Maintenance and related services	**17,427**	18,945
Credit cards and mortgage	**1,644**	4,544
Advisory services	**18,340**	16,586
Information technology services	**12,893**	15,511
Outsourcing	**112,029**	122,128
Other specialised services	**15,530**	17,586
Training costs	**561**	814
Insurance	**3,285**	4,751
Legal expenses	**5,881**	7,533
Transportation	**6,987**	7,246
Other supplies and services	**8,034**	8,126
	291,119	**324,363**

The caption Rents includes the amount of Euros 37,275,000 (2012: Euros 39,853,000), related to rents paid regarding buildings used by the Bank as lessee.

The Bank has various operating lease properties and vehicles. The payments under these leases are recognised in the statement of income during the life of the contract. The minimum future payments relating to operating leases not revocable, by maturity, are as follows:

(Thousand of Euros)

	2013			2012		
	Properties	**Vehicles**	**Total**	Properties	Vehicles	Total
Until 1 year	**24,481**	**2,853**	**27,334**	26,148	3,344	29,492
1 to 5 years	**9,362**	**2,939**	**12,301**	10,131	3,884	14,015
Over 5 years	**6,213**	**-**	**6,213**	6,714	-	6,714
	40,056	**5,792**	**45,848**	42,993	7,228	50,221

11. Depreciation

The amount of this account is comprised of:

(Thousand of Euros)

	2013	2012
INTANGIBLE ASSETS:		
Software	**6,371**	4,700
Other intangible assets	**20**	-
	6,391	4,700
PROPERTY, PLANT AND EQUIPMENT		
Land and buildings	**13,763**	17,784
Equipment		
Furniture	**935**	977
Office equipment	**125**	115
Computer equipment	**4,548**	7,030
Interior installations	**765**	986
Motor vehicles	**330**	82
Security equipment	**1,089**	1,180
Other equipments	**24**	24
Other tangible assets	**-**	1
	21,579	28,179
	27,970	32,879

12. Loans impairment

The amount of this account is comprised of:

(Thousand of Euros)

	2013	2012
LOANS AND ADVANCES TO CREDIT INSTITUTIONS:		
For overdue loans and credit risks		
Charge for the year	17	54,693
Write-back for the year	(54,693)	(42)
For country risk		
Charge for the year	-	5,093
Write-back for the year	(3,765)	-
	(58,441)	59,744
LOANS AND ADVANCES TO CUSTOMERS:		
For overdue loans and credit risks		
Impairment for the year	1,421,788	1,509,116
Write-back for the year	(6,018)	-
For country risk		
Write-back for the year	(7,317)	(28,043)
Recovery of loans and interest charged-off	(12,951)	(20,844)
	1,395,502	1,460,229
	1,337,061	1,519,973

In accordance with the accounting policy presented in note 1 a), the Bank applies in its financial statements the NCA's, and therefore the balance Loans impairment accounts the estimate of the incurred losses at the end of the year in accordance with the provision law defined by the rules of the Bank of Portugal, as described in the accounting policy presented in note 1 b).

13. Other financial assets impairment

The amount of this account is comprised of:

(Thousand of Euros)

	2013	2012
IMPAIRMENT FOR FINANCIAL ASSETS AVAILABLE FOR SALE		
Charge for the year	100,034	120,855
Write-back for the year	(3,410)	(4,116)
IMPAIRMENT FOR FINANCIAL ASSETS HELD TO MATURITY		
Charge for the year	-	119
	96,624	116,858

The balance Impairment for financial assets available for sale includes the amount of Euros 37,259,000 (2012: Euros 38,930,000) related with securities provisions from securitization operations not derecognised in accordance with Bank of Portugal.

The balance Impairment for financial assets available for sale includes also the amount of Euros 62,775,000 (2012: Euros 53,131,000) related with the recognition of impairment losses related with shares and investment fund units held by the Bank.

14. Other provisions

The amount of this account is comprised of:

(Thousand of Euros)

	2013	2012
PROVISION FOR CREDIT RISKS		
Charge for the year	-	8,923
Write-back for the year	**(28,457)**	(46,922)
PROVISION FOR COUNTRY RISK		
Charge for the year	-	74
Write-back for the year	**(954)**	(5,029)
OTHER PROVISIONS FOR LIABILITIES AND CHARGES		
Charge for the year	**21,775**	11,913
	(7,636)	**(31,041)**

15. Gains/(losses) from the sale of subsidiaries and other assets

The amount of this account is comprised of:

(Thousand of Euros)

	2013	2012
Sale of other assets	**(22,741)**	(10,074)

The balance Sale of other assets corresponds to gains and losses arising from the sale of buildings.

16. Earnings per share

The earnings per share are calculated as follows:

(Thousand of Euros)

	2013	2012
Net income/(loss) for the year	**(1,958,730)**	**(1,483,362)**
Adjusted net income/(loss)	**(1,958,730)**	(1,483,362)
Average number of shares	**19,707,167,060**	12,174,107,696
Basic earnings per share (Euros)	**(0.10)**	(0.12)
Diluted earnings per share (Euros)	**(0.10)**	(0.12)

17. Cash and deposits at Central Banks

This balance is analysed as follows:

(Thousand of Euros)

	2013	2012
Cash	**336,801**	377,612
Central Banks	**1,186,899**	2,019,705
	1,523,700	**2,397,317**

The balance Central Banks includes deposits with the Central Bank to satisfy the legal requirements to maintain a cash reserve for which the value is based on the value of deposits and other liabilities. The cash reserve requirements, according with the European Central Bank System for Euro Zone, establishes the maintenance of a deposit with the Central Bank equivalent to 1% of the average value of deposits and other liabilities, during each reserve requirement period.

18. Loans and advances to credit institutions repayable on demand

This balance is analysed as follows:

(Thousand of Euros)

	2013	2012
Credit institutions in Portugal	**156**	88
Credit institutions abroad	**568,080**	503,193
Amounts due for collection	**191,006**	212,940
	759,242	716,221

The balance Amounts due for collection represents essentially cheques due for collection on other financial institutions.

19. Other loans and advances to credit institutions

This balance is analysed as follows:

(Thousand of Euros)

	2013	2012
Inter-bank Money Market	**-**	150,004
Credit institutions in Portugal	**5,982,761**	8,384,924
Credit institutions abroad	**1,857,424**	4,298,821
	7,840,185	12,833,749
Overdue loans – over 90 days	**-**	1,795
	7,840,185	12,835,544
Impairment for other loans and advances to credit institutions	**(10,800)**	(71,052)
	7,829,385	12,764,492

This balance is analysed by the period to maturity, as follows:

(Thousand of Euros)

	2013	2012
Up to 3 months	**6,937,470**	10,550,497
3 to 6 months	**17,000**	446,910
6 to 12 months	**115,000**	761,435
1 to 5 years	**757,300**	858,885
Over 5 years	**13,415**	216,022
Undetermined	**-**	1,795
	7,840,185	12,835,544

Following the signed agreements of Derivative financial transactions with institutional counterparties, the Bank has, as of 31 December 2013, the amount of Euros 329,135,000 (31 December 2012: Euros 492,813,000) of Loans and advances to credit institutions granted as collateral on the mentioned transactions.

The movements of impairment for other loans and advances to credit institutions is analysed as follows:

(Thousand of Euros)

	2013	2012
IMPAIRMENT FOR CREDIT RISK FOR LOANS AND ADVANCES TO CREDIT INSTITUTIONS:		
Balance on 1 January	**56,487**	1,836
Impairment for the year	**17**	54,693
Write-back for the year	**(54,693)**	(42)
Loans charged-off	**(1,811)**	-
BALANCE ON 31 DECEMBER	**-**	56,487
PROVISION FOR COUNTRY RISK FOR LOANS AND ADVANCES TO CREDIT INSTITUTIONS:		
Balance on 1 January	**14,565**	9,472
Impairment for the year	**-**	5,093
Write-back for the year	**(3,765)**	-
BALANCE ON 31 DECEMBER	**10,800**	14,565

The balance Provision for country risk for loans and advances to credit institutions includes, as of 31 December 2013, the amount of Euros 8,450,000 (31 December 2012: Euros 14,428,000) regarding provisions to loans granted to resident entities in Angola.

20. Loans and advances to customers

This balance is analysed as follows:

(Thousand of Euros)

	2013	2012
Public sector	**963,268**	460,551
Asset-backed loans	**23,939,357**	25,999,718
Personal guaranteed loans	**8,346,491**	8,689,426
Unsecured loans	**1,279,438**	1,259,855
Foreign loans	**2,601,281**	3,166,414
Factoring	**1,085,704**	983,387
Finance leases	**2,460,433**	2,858,262
	40,675,972	43,417,613
Overdue loans – less than 90 days	**140,778**	141,663
Overdue loans – over 90 days	**3,696,667**	3,173,604
	44,513,417	46,732,880
Impairment for credit risk	**(4,215,117)**	(3,646,522)
	40,298,300	43,086,358

As at 31 December 2013, the balance Loans and advances to customers includes the amount of Euros 12,056,225,000 (31 December 2012: Euros 11,732,124,000) regarding mortgage loans which are allocated as a collateral for seven asset-back securities, issued by the Bank.

During 2012, Banco Comercial Português performed a covered bonds issue in the amount of Euros 2,000,000,000, with a maturity of 3 years. This transaction occurred on 23 August 2012 with an interest rate of Euribor 1M + 0.5%.

In accordance with accounting policy described in note 1 b), the Bank only writes-off overdue loans fully provided which, after an economic analysis, are considered uncollectable on the basis that there are no perspectives of recovery.

The Bank, as part of the liquidity risk management, holds a pool of eligible assets that can serve as collateral in funding operations with the European Central Bank, which includes loans and advances to customers.

As referred in note 52, the Bank performed a set of sales of loans and advances to customers for Specialized Loan Funds. The total amount of loans sold amounted to Euros 1,107,609,000 (31 December 2012: Euros 968,015,000).

The analysis of loans and advances to customers, by type of credit, is as follows:

(Thousand of Euros)

	2013	2012
LOANS NOT REPRESENTED BY SECURITIES		
Discounted bills	**340,464**	334,877
Current account credits	**2,423,626**	3,062,947
Overdrafts	**1,131,332**	1,045,659
Loans	**12,679,009**	13,553,444
Mortgage loans	**18,248,230**	19,272,359
Factoring	**1,085,704**	983,387
Finance leases	**2,460,433**	2,858,262
	38,368,798	41,110,935
DISCOUNTED BILLS		
Current account credits	**1,829,560**	1,813,334
Overdrafts	**477,614**	493,344
	2,307,174	2,306,678
	40,675,972	43,417,613
Overdue loans – less than 90 days	**140,778**	141,663
Overdue loans – over 90 days	**3,696,667**	3,173,604
	44,513,417	46,732,880
Impairment for credit risk	**(4,215,117)**	(3,646,522)
	40,298,300	43,086,358

The analysis of loans and advances to customers by sector of activity is as follows:

(Thousand of Euros)

	2013	2012
Agriculture	**307,585**	388,448
Mining	**47,018**	59,730
Food, beverage and tobacco	**336,683**	354,027
Textiles	**439,748**	428,409
Wood and cork	**144,663**	166,765
Paper, printing and publishing	**187,867**	308,251
Chemicals	**522,053**	538,102
Machinery, equipment and basic metallurgical	**598,819**	662,250
Electricity, water and gas	**1,065,620**	813,202
Construction	**3,618,048**	3,021,267
Retail business	**966,261**	1,018,476
Wholesale business	**1,270,604**	1,280,281
Restaurants and hotels	**1,217,042**	1,236,484
Transports and communications	**1,864,163**	1,473,160
Services	**11,450,048**	11,481,480
Consumer credit	**2,114,257**	2,433,533
Mortgage credit	**17,484,738**	18,065,342
Other domestic activities	**6,773**	1,308,745
Other international activities	**871,427**	1,694,928
	44,513,417	46,732,880
Impairment for credit risk	**(4,215,117)**	(3,646,522)
	40,298,300	43,086,358

The analysis of loans and advances to customers, by maturity and by sector of activity as at 31 December 2013 is as follows:

(Thousand of Euros)

	2013				
	Due within 1 year	1 year to 5 years	Over 5 years	Undetermined maturity	Total
Agriculture	103,022	91,636	91,145	21,782	307,585
Mining	23,478	10,881	3,587	9,072	47,018
Food, beverage and tobacco	191,500	64,873	57,038	23,272	336,683
Textiles	226,200	73,025	93,256	47,267	439,748
Wood and cork	48,757	23,992	31,410	40,504	144,663
Paper, printing and publishing	39,217	67,186	59,625	21,839	187,867
Chemicals	206,501	80,132	140,201	95,219	522,053
Machinery, equipment and basic metallurgical	226,662	143,849	166,451	61,857	598,819
Electricity, water and gas	140,522	276,477	636,262	12,359	1,065,620
Construction	1,373,514	687,765	566,324	990,445	3,618,048
Retail business	338,216	217,030	212,815	198,200	966,261
Wholesale business	545,138	288,115	230,589	206,762	1,270,604
Restaurants and hotels	178,150	234,080	579,165	225,647	1,217,042
Transports and communications	785,074	385,840	619,324	73,925	1,864,163
Services	5,156,881	1,770,776	3,470,753	1,051,638	11,450,048
Consumer credit	555,857	552,214	470,680	535,506	2,114,257
Mortgage credit	12,996	144,442	17,177,768	149,532	17,484,738
Other domestic activities	23	23	3	6,724	6,773
Other international activities	184,067	232,052	389,413	65,895	871,427
	10,335,775	5,344,388	24,995,809	3,837,445	44,513,417

The analysis of loans and advances to customers, by type of credit and by maturity as at 31 December 2013, is as follows:

(Thousand of Euros)

	2013				
	Due within 1 year	1 year to 5 years	Over 5 years	Undetermined maturity	Total
Public sector	963,268	-	-	-	963,268
Asset-backed loans	3,233,918	3,313,503	17,391,936	1,777,916	25,717,273
Personal guaranteed loans	2,652,336	1,273,547	4,420,608	740,947	9,087,438
Unsecured loans	1,270,034	-	9,404	914,596	2,194,034
Foreign loans	1,126,137	283,954	1,191,190	129,114	2,730,395
Factoring	1,085,704	-	-	34,012	1,119,716
Finance leases	4,378	473,384	1,982,671	240,860	2,701,293
	10,335,775	5,344,388	24,995,809	3,837,445	44,513,417

The analysis of loans and advances to customers, by maturity and by sector of activity as at 31 December 2012, is as follows:

(Thousand of Euros)

	2012				
	Due within 1 year	1 year to 5 years	Over 5 years	Undetermined maturity	Total
Agriculture	114,057	102,213	125,621	46,557	388,448
Mining	31,324	18,266	3,730	6,410	59,730
Food, beverage and tobacco	192,696	66,126	67,123	28,082	354,027
Textiles	221,101	84,092	81,379	41,837	428,409
Wood and cork	57,946	20,463	47,685	40,671	166,765
Paper, printing and publishing	78,816	45,632	167,988	15,815	308,251
Chemicals	261,811	145,080	121,940	9,271	538,102
Machinery, equipment and basic metallurgical	240,727	131,244	181,980	108,299	662,250
Electricity, water and gas	139,917	192,527	480,145	613	813,202
Construction	1,270,091	380,266	392,553	978,357	3,021,267
Retail business	416,973	224,597	257,414	119,492	1,018,476
Wholesale business	565,074	245,390	229,450	240,367	1,280,281
Restaurants and hotels	246,190	222,075	613,615	154,604	1,236,484
Transports and communications	530,594	176,712	725,898	39,956	1,473,160
Services	4,831,201	2,918,448	3,085,854	645,977	11,481,480
Consumer credit	727,235	776,715	414,797	514,786	2,433,533
Mortgage credit	12,123	133,592	17,775,353	144,274	18,065,342
Other domestic activities	256,482	381,631	635,088	35,544	1,308,745
Other international activities	299,591	536,722	714,260	144,355	1,694,928
	10,493,949	**6,801,791**	**26,121,873**	**3,315,267**	**46,732,880**

The analysis of loans and advances to customers, by type of credit and by maturity as at 31 December 2012, is as follows:

(Thousand of Euros)

	2012				
	Due within 1 year	1 year to 5 years	Over 5 years	Undetermined maturity	Total
Public sector	460,551	-	-	-	460,551
Asset-backed loans	3,438,940	4,217,110	18,343,668	1,514,453	27,514,171
Personal guaranteed loans	3,100,274	1,548,216	4,040,936	692,102	9,381,528
Unsecured loans	1,247,453	-	12,402	1,108,712	2,368,567
Foreign loans	1,257,427	349,972	1,559,015	-	3,166,414
Factoring	983,387	-	-	-	983,387
Finance leases	5,917	686,493	2,165,852	-	2,858,262
	10,493,949	**6,801,791**	**26,121,873**	**3,315,267**	**46,732,880**

Loans and advances to customers includes the effect of traditional securitization transactions realized by the Bank, regarding mortgage loans, consumer loans, leases, commercial paper and corporate loans. The referred securitizations are performed through Special Purpose Entities (SPE).

The balance Loans and advances to customers includes the following amounts related to securitization transactions, presented by type of transaction:

(Thousand of Euros)

	Traditional	
	2013	2012
Consumer loans	**108,932**	231,944
Leases	**509,735**	674,404
Corporate loans	**2,122,436**	2,567,575
	2,741,103	3,473,923

During 2013, it was performed a synthetic securitization transaction which amounts, as at 31 December 2013, to Euros 2,401,584,000.

Nova Finance No. 4

On 21 December 2007, the Bank transferred a pool of consumer loans to the SPE "Nova Finance No.4 Limited". Considering that, given the characteristics of the transaction, the Bank still holds the risks and benefits associated to the referred assets, in the amount of Euros 108,932,000, with reference to 31 December 2013, the transaction does not qualify for derecognition from the Bank's Financial Statements as established in the accounting policy 1 f). The related liabilities, with a nominal amount of Euros 107,190,000, are majorly held by the Bank, and the amount of Euros 17,798,000 is placed on the market.

Tagus Leasing No. 1

On 26 February 2010, the Bank transferred a pool of leasing loans owned by Banco Comercial Português, S.A. to the SPE "Tagus Leasing No. 1 Limited". Considering that given the characteristics of the transaction, the Bank still holds the risks and benefits associated to the referred assets, these, as established in the accounting policy defined in note 1 f), maintain the recognition in the Financial Statements of the Bank, in the amount of Euros 509,723,000, with reference to 31 December 2013. The related liabilities, with a nominal amount of Euros 539,754,000, are fully owned by the Bank, and consequently are included in the balance Financial assets available for sale.

Caravela SME No. 2

On 16 December 2010, the Bank transferred a pool of corporate loans owned by Banco Comercial Português, S.A. to the SPE "Caravela SME No. 2 Limited". Considering that given the characteristics of the transaction, the Bank still holds the risks and benefits associated to the referred assets, these, as established in the accounting policy defined in note 1 f), maintain the recognition in the Financial Statements of the Bank, in the amount of Euros 2,130,177,000, with reference to 31 December 2013. The related liabilities, with a nominal amount of Euros 2,597,000,000, are fully owned by the Bank, and consequently are included in the balance Financial assets available for sale.

Caravela SME No. 3

Conclusion, on 28 June 2013 of a synthetic securitization transaction with placement in the capital markets with the aim of releasing regulatory capital associated to a SME and Entrepreneurs through effective risk transference.

The balance Loans and advances to customers includes the following amounts related to finance leases contracts::

(Thousand of Euros)

	2013	2012
Gross amount	**2,906,513**	3,386,571
Interest not yet due	**(446,080)**	(528,309)
NET BOOK VALUE	**2,460,433**	2,858,262

The analysis of the financial leasing contracts by type of client is presented as follows:

(Thousand of Euros)

	2013	2012
INDIVIDUALS		
Home	**68,679**	77,500
Consumer	**29,808**	48,963
Others	**162,545**	186,211
	261,032	312,674
COMPANIES		
Equipment	**370,576**	557,646
Mortgage	**1,828,825**	1,987,942
	2,199,401	2,545,588
	2,460,433	2,858,262

Regarding operational leasing, the Bank does not present relevant contracts as leasor.

On the other hand, and in accordance with note 10, the balance Rents includes, as at 31 December 2013, the amount of Euros 37,275,000 (31 December 2012: Euros 39,853,000), corresponding to rents paid regarding buildings used by the Bank as leasee.

The loans to customers' portfolio includes contracts that resulted in a formal restructuring with the customers and the consequent establishment of a new funding to replace the previous. The restructuring may result in a reinforce of guarantees and/or liquidation of part of the credit and involve an extension of maturities or an interest rate change. The analysis of restructured loans by sector of activity is as follows:

(Thousand of Euros)

	2013	2012
Agriculture	**1,747**	1,892
Food, beverage and tobacco	**200**	182
Textiles	**363**	2,788
Wood and cork	**245**	9,915
Paper, printing and publishing	**475**	636
Chemicals	**34**	-
Machinery, equipment and basic metallurgical	**2,005**	2,733
Construction	**6,733**	9,324
Retail business	**1,069**	1,248
Wholesale business	**20,171**	20,792
Restaurants and hotels	**691**	827
Transports and communications	**206**	204
Services	**175,617**	178,153
Consumer credit	**47,184**	48,192
Other domestic activities	**79**	198
Other international activities	**-**	12
	256,819	277,096

The restructured loans are subject to an impairment analysis resulting from the revaluation of expectation to meet new cash-flows inherent to the new contract terms, discounted at the original effective interest rate and considering new collaterals.

Regarding the restructured loans, the impairment amounts to Euros 198,481,000 (31 December 2012: Euros 206,704,000).

The analysis of overdue loans by sector of activity is as follows:

(Thousand of Euros)

	2013	2012
Agriculture	**21,782**	46,557
Mining	**9,072**	6,410
Food, beverage and tobacco	**23,272**	28,082
Textiles	**47,267**	41,837
Wood and cork	**40,504**	40,671
Paper, printing and publishing	**21,839**	15,815
Chemicals	**95,219**	9,271
Machinery, equipment and basic metallurgical	**61,857**	108,299
Electricity, water and gas	**12,359**	613
Construction	**990,445**	978,357
Retail business	**198,200**	119,492
Wholesale business	**206,762**	240,367
Restaurants and hotels	**225,647**	154,604
Transports and communications	**73,925**	39,956
Services	**1,051,638**	645,977
Consumer credit	**535,506**	514,786
Mortgage credit	**149,532**	144,274
Other domestic activities	**6,724**	35,544
Other international activities	**65,895**	144,355
	3,837,445	3,315,267

The analysis of overdue loans, by type of credit, is as follows:

(Thousand of Euros)

	2013	2012
Asset-backed loans	**1,777,916**	1,514,453
Personal guaranteed loans	**740,947**	692,102
Unsecured loans	**914,596**	1,108,712
Foreign loans	**129,114**	-
Factoring	**34,012**	-
Finance leases	**240,860**	-
	3,837,445	3,315,267

The movements of impairment for credit risk are analysed as follows:

(Thousand of Euros)

	2013	2012
IMPAIRMENT FOR OVERDUE LOANS AND FOR OTHER CREDIT RISKS:		
Balance on 1 January	**3,635,995**	2,724,106
Transfers	**16,480**	(10,449)
Impairment for the year	**1,421,788**	1,509,116
Write-back for the year	**(6,018)**	-
Loans charged-off	**(856,338)**	(586,778)
BALANCE ON 31 DECEMBER	**4,211,907**	3,635,995
IMPAIRMENT FOR COUNTRY RISK:		
Balance on 1 January	**10,527**	38,570
Write-back for the year	**(7,317)**	(28,043)
BALANCE ON 31 DECEMBER	**3,210**	10,527
	4,215,117	3,646,522

If the impairment loss decreases on a subsequent period to its initial accounting and this decrease can be objectively associated to an event that occurred after the recognition of the loss, the impairment in excess is reversed through profit and loss.

The balance Impairment for overdue loans and for other credit risks includes, as at 31 December 2013, the amount of Euros 3,210,000 (31 December 2012: Euros 10,527,000) regarding impairments to loans granted to resident entities in countries which are subject to country risk according with Instruction of the Bank of Portugal.

The analysis of the impairment, by sector of activity, is as follows:

(Thousand of Euros)

	2013	2012
Agriculture	**23,265**	25,970
Mining	**6,665**	5,411
Food, beverage and tobacco	**25,717**	25,013
Textiles	**43,696**	40,756
Wood and cork	**47,880**	35,372
Paper, printing and publishing	**35,443**	28,333
Chemicals	**83,299**	12,419
Machinery, equipment and basic metallurgical	**62,083**	81,605
Electricity, water and gas	**27,963**	143
Construction	**932,004**	782,090
Retail business	**180,122**	105,001
Wholesale business	**196,948**	204,897
Restaurants and hotels	**226,112**	203,466
Transports and communications	**39,764**	32,465
Services	**949,951**	714,549
Consumer credit	**599,974**	645,072
Mortgage credit	**652,785**	518,178
Other domestic activities	**9,651**	34,436
Other international activities	**71,795**	151,346
	4,215,117	3,646,522

The impairment for credit risk, by type of credit, is analysed as follows:

(Thousand of Euros)

	2013	2012
Asset-backed loans	**1,948,196**	1,694,391
Personal guaranteed loans	**756,203**	623,978
Unsecured loans	**1,043,333**	1,317,628
Foreign loans	**166,274**	10,525
Factoring	**28,130**	-
Finance leases	**272,981**	-
	4,215,117	3,646,522

The analysis of the loans charged-off, by sector of activity, is as follows:

(Thousand of Euros)

	2013	2012
Agriculture	**33,599**	2,463
Mining	**719**	2,289
Food, beverage and tobacco	**4,079**	49,756
Textiles	**7,517**	15,890
Wood and cork	**15,687**	2,916
Paper, printing and publishing	**2,741**	944
Chemicals	**4,558**	546
Machinery, equipment and basic metallurgical	**31,697**	17,304
Electricity, water and gas	**111**	1,250
Construction	**133,353**	109,700
Retail business	**11,012**	16,159
Wholesale business	**39,748**	71,823
Restaurants and hotels	**4,339**	63,042
Transports and communications	**8,923**	5,548
Services	**304,454**	122,265
Consumer credit	**58,414**	77,698
Other domestic activities	**524**	1,995
Other international activities	**194,863**	25,190
	856,338	586,778

In compliance with the accounting policy described in note 1 b), loans and advances to customers are charged-off when there are no feasible expectations, from an economic perspective, of recovering the loan amount. For collateralized loans, the charge-off occurs for the unrecoverable amount when the funds arising from the execution of the respective collaterals are effectively received. This charge-off is carried out only for loans that are considered not to be recoverable and fully provided.

The analysis of the loans charged-off, by type of credit, is as follows:

(Thousand of Euros)

	2013	2012
Asset-backed loans	**77,689**	50,924
Personal guaranteed loans	**24,816**	200,405
Unsecured loans	**577,668**	335,449
Foreign loans	**175,641**	-
Finance leases	**524**	-
	856,338	586,778

The analysis of recovered loans and interest, during 2013 and 2012, by sector of activity, is as follows:

(Thousand of Euros)

	2013	2012
Mining	**3**	96
Food, beverage and tobacco	**97**	7,780
Textiles	**177**	495
Wood and cork	**165**	317
Paper, printing and publishing	**393**	143
Chemicals	**153**	58
Machinery, equipment and basic metallurgical	**98**	394
Electricity, water and gas	**2**	10
Construction	**2,485**	1,803
Retail business	**410**	616
Wholesale business	**1,288**	4,414
Restaurants and hotels	**256**	27
Transports and communications	**953**	242
Services	**1,114**	698
Consumer credit	**5,089**	3,317
Mortgage credit	**5**	18
Other domestic activities	**263**	178
Other international activities	**-**	238
	12,951	20,844

The analysis of recovered loans and interest during 2013 and 2012, by type of credit, is as follows:

(Thousand of Euros)

	2013	2012
Unsecured loans	**12,900**	20,844
Finance leases	**51**	-
	12,951	20,844

21. Financial assets held for trading and available for sale

The balance Financial assets held for trading and available for sale is analysed as follows:

(Thousand of Euros)

	2013	2012
BONDS AND OTHER FIXED INCOME SECURITIES		
Issued by public entities	**3,936,783**	3,648,461
Issued by other entities	**5,757,467**	7,088,632
	9,694,250	10,737,093
Overdue securities	**4,925**	4,925
Impairment for overdue securities	**(4,925)**	(4,925)
	9,694,250	10,737,093
Shares and other variable income securities	**1,909,809**	1,484,099
	11,604,059	12,221,192
Trading derivatives	**767,224**	1,186,345
	12,371,283	13,407,537

The portfolio of financial instruments held for trading and available for sale securities, net of impairment, is analysed as follows:

(Thousand of Euros)

	2013			2012		
	Securities			Securities		
	Trading	Available for sale	Total	Trading	Available for sale	Total
FIXED INCOME:						
Bonds issued by public entities						
Portuguese issuers	180,612	1,500,121	1,680,733	162,878	1,466,267	1,629,145
Foreign issuers	73,343	5,097	78,440	35,571	4,491	40,062
Bonds issued by other entities						
Portuguese issuers	58	3,796,902	3,796,960	12,621	3,935,098	3,947,719
Foreign issuers	92,163	1,222,918	1,315,081	104,755	1,588,821	1,693,576
Treasury bills and other Government bonds	-	2,177,610	2,177,610	16,963	1,962,291	1,979,254
Commercial paper	-	650,351	650,351	-	1,452,262	1,452,262
	346,176	9,352,999	9,699,175	332,788	10,409,230	10,742,018
VARIABLE INCOME:						
Shares in Portuguese companies	217	61,257	61,474	249	69,139	69,388
Shares in foreign companies	6	465	471	7,268	462	7,730
Investment fund units	24	1,846,072	1,846,096	34	1,405,924	1,405,958
Other securities	1,768	-	1,768	1,023	-	1,023
Variable income:	2,015	1,907,794	1,909,809	8,574	1,475,525	1,484,099
Impairment for overdue securities	-	(4,925)	(4,925)	-	(4,925)	(4,925)
	348,191	11,255,868	11,604,059	341,362	11,879,830	12,221,192
TRADING DERIVATIVES	767,224	-	767,224	1,186,345	-	1,186,345
	1,115,415	11,255,868	12,371,283	1,527,707	11,879,830	13,407,537
of which:						
Level 1	426,707	4,348,041	4,774,748	452,167	3,945,945	4,398,112
Level 2	656,517	1,875,580	2,532,097	1,074,828	3,002,350	4,077,178
Level 3	32,014	1,893,041	1,925,055	535	1,460,930	1,461,465
Financial assets at cost	177	3,139,206	3,139,383	177	3,470,605	3,470,782

The trading and available for sale portfolios are recorded at fair value in accordance with the accounting policy described in note 1 c).

As referred in the accounting policy presented in note 1 c), the available for sale securities are presented at market value with the respective fair value accounted for against fair value reserves, as referred in note 39. The amount of fair value reserves of Euros 97,740,000 (31 December 2012: Euros 85,228,000) is presented net of impairment losses.

As mentioned in note 52 the balance Variable income – investment fund units includes, the amount of Euros 1,040,178,000 (31 December 2012: Euros 813,858,000) related to participation units of the funds specialized in recovery loans, acquired under the provided sale of loans and advances to customers (net of impairment). The amount of Euros 34,610,000 (31 December 2012: Euros 32,161,000) refers to junior tranches (bonds with a more subordinated nature), which are fully provided.

No reclassifications of financial assets were made in 2013.

The portfolio of financial instruments held for trading and available for sale securities, net of impairment, as at 31 December 2013, by levels of classification is analysed as follows:

(Thousand of Euros)

	2013				
	Level 1	Level 2	Level 3	Financial instruments at cost	Total
FIXED INCOME:					
Bonds issued by public entities					
Portuguese issuers	1,680,733	-	-	-	1,680,733
Foreign issuers	78,440	-	-	-	78,440
Bonds issued by other entities					
Portuguese issuers	277,951	1,007,654	-	2,511,355	3,796,960
Foreign issuers	469,319	214,475	37,282	594,005	1,315,081
Treasury bills and other Government bonds	2,177,610	-	-	-	2,177,610
Commercial paper	-	650,351	-	-	650,351
	4,684,053	1,872,480	37,282	3,105,360	9,699,175
Impairment for overdue securities	-	-	-	(4,925)	(4,925)
	4,684,053	1,872,480	37,282	3,100,435	9,694,250
VARIABLE INCOME:					
Shares in Portuguese companies					
Shares in foreign companies	6,023	6,912	10,773	37,766	61,474
Investment fund units	6	300	-	165	471
Other securities	93	-	1,844,986	1,017	1,846,096
Variable income:	1,768	-	-	-	1,768
	7,890	7,212	1,855,759	38,948	1,909,809
TRADING DERIVATIVES	82,805	652,405	32,014	-	767,224
	4,774,748	2,532,097	1,925,055	3,139,383	12,371,283

The portfolio of financial instruments held for trading and available for sale securities, net of impairment, as at 31 December 2012, by levels of classification is analysed as follows::

(Thousand of Euros)

	2012				
	Level 1	Level 2	Level 3	Financial instruments at cost	Total
FIXED INCOME:					
Bonds issued by public entities					
Portuguese issuers	1,629,145	-	-	-	1,629,145
Foreign issuers	40,062	-	-	-	40,062
Bonds issued by other entities					
Portuguese issuers	186,994	1,187,496	-	2,573,229	3,947,719
Foreign issuers	415,989	370,335	45,327	861,925	1,693,576
Treasury bills and other Government bonds	1,979,254	-	-	-	1,979,254
Commercial paper	-	1,452,262	-	-	1,452,262
	4,251,444	3,010,093	45,327	3,435,154	10,742,018
Impairment for overdue securities	-	-	-	(4,925)	(4,925)
	4,251,444	3,010,093	45,327	3,430,229	10,737,093
VARIABLE INCOME:					
Shares in Portuguese companies					
Shares in foreign companies	12,768	6,454	10,775	39,391	69,388
Investment fund units	7,268	300	-	162	7,730
Other securities	130	-	1,404,828	1,000	1,405,958
Variable income:	1,023	-	-	-	1,023
	21,189	6,754	1,415,603	40,553	1,484,099
TRADING DERIVATIVES	125,479	1,060,331	535	-	1,186,345
	4,398,112	4,077,178	1,461,465	3,470,782	13,407,537

As referred in IFRS 13, financial instruments are measured according to the levels of classification described in note 44.

The value of Financial instruments at cost includes the amount of Euros 3,100,333,000 (31 December 2012: Euros 3,430,129,000) relating to securitization operation securities not derecognised recorded at nominal value net of impairment.

The balance listed instruments includes securities valued with stock exchange market prices, valued according to price providers and securities listed in other organised markets.

The assets included in level 3, in the amount of Euros 1,820,147,000 corresponds to units of closed-ended investment funds valued in accordance with 'Net assets attributable to unit holders' ('NAV') determined by the management company, and in accordance with the audited accounts for the respective funds. These funds have a diverse set of assets and liabilities valued in their respective accounts at fair value through internal methodologies used by the management company. Is not practicable to present a sensitivity analysis of the different components of the underlying assumptions used by entities in the presentation of NAV, nevertheless it should be noted that a variation of + / – 10% of the NAV has an impact of Euros 182,015,000 in Equity (Fair value reserves).

There weren't, during 2013 and 2012, significant transfers between levels of valuation.

The reclassifications performed until 31 December 2013 are analysed as follows:

(Thousand of Euros)

	At the reclassification date		2013		
	Book value	Fair value	**Book value**	**Fair value**	**Difference**
FROM FINANCIAL ASSETS HELD FOR TRADING TO:					
Financial assets available for sale	196,800	196,800	**13,772**	**13,772**	**-**
Financial assets held to maturity	2,144,892	2,144,892	**982,456**	**947,881**	**(34,575)**
FROM FINANCIAL ASSETS AVAILABLE FOR SALE TO:					
Loans represented by securities	2,592,280	2,592,280	**109,610**	**102,078**	**(7,532)**
Financial assets held to maturity	627,492	627,492	**514,668**	**565,245**	**50,577**
			1,620,506	**1,628,976**	**8,470**

The amounts accounted in the income statement and in fair value reserves, as at 31 December 2013, related to reclassified financial assets are analysed as follows:

(Thousand of Euros)

	Income statement	Changes	
	Interests	Fair value reserves	Equity
FROM FINANCIAL ASSETS HELD FOR TRADING TO:			
Financial assets available for sale	824	-	824
Financial assets held to maturity	35,035	-	35,035
FROM FINANCIAL ASSETS AVAILABLE FOR SALE TO:			
Loans represented by securities	2,469	(1)	2,468
Financial assets held to maturity	12,330	(360)	11,970
	50,658	(361)	50,297

If the reclassifications described previously had not occurred, the additional amounts recognised in equity, as at 31 December 2013, would be as follows:

(Thousand of Euros)

	Income statement			
	Fair value changes	Retained earnings	Fair value reserves	Equity
FROM FINANCIAL ASSETS HELD FOR TRADING TO:				
Financial assets available for sale	1,483	-	(1,483)	-
Financial assets held to maturity	47,344	(81,919)	-	(34,575)
FROM FINANCIAL ASSETS AVAILABLE FOR SALE TO:				
Loans represented by securities	-	-	(7,532)	(7,532)
Financial assets held to maturity	-	-	50,577	50,577
	48,827	(81,919)	41,562	8,470

As at 31 December 2012, this reclassification is analysed as follows:

(Thousand of Euros)

	At the reclassification date		2012		
	Book value	Fair value	Book value	Fair value	Book value
FROM FINANCIAL ASSETS HELD FOR TRADING TO:					
Financial assets available for sale	196,800	196,800	12,259	12,259	-
Financial assets held to maturity	2,144,892	2,144,892	1,202,491	1,120,572	(81,919)
FROM FINANCIAL ASSETS AVAILABLE FOR SALE TO:					
Loans represented by securities	2,592,280	2,592,280	120,862	111,435	(9,427)
Financial assets held to maturity	627,492	627,492	547,811	559,966	12,155
			1,883,423	1,804,232	(79,191)

The amounts accounted in the income statement and in fair value reserves, as at 31 December 2012, related to reclassified financial assets are analysed as follows:

(Thousand of Euros)

	Income statement		Changes
	Interests	Fair value reserves	Interests
FROM FINANCIAL ASSETS HELD FOR TRADING TO:			
Financial assets available for sale	823	-	823
Financial assets held to maturity	46,351	-	46,351
FROM FINANCIAL ASSETS AVAILABLE FOR SALE TO:			
Loans represented by securities	3,071	849	3,920
Financial assets held to maturity	14,321	(363)	13,958
	64,566	486	65,052

If the reclassifications described previously had not occurred, the additional amounts recognised in equity, as at 31 December 2012, would be as follows:

(Thousand of Euros)

	Income statement			
	Fair value changes	Retained earnings	Fair value reserves	Equity
FROM FINANCIAL ASSETS HELD FOR TRADING TO:				
Financial assets available for sale	5,686	-	(5,686)	-
Financial assets held to maturity	190,485	(272,404)	-	(81,919)
FROM FINANCIAL ASSETS AVAILABLE FOR SALE TO:				
Loans represented by securities	-	-	(9,427)	(9,427)
Financial assets held to maturity	-	-	12,155	12,155
	196,171	(272,404)	(2,958)	(79,191)

The movements of the impairment of the financial assets available for sale are analysed as follows:

(Thousand of Euros)

	2013	2012
BALANCE ON 1 JANUARY	**219,726**	188,636
Charges/Reversals through Fair value reserves	**6,103**	(3,671)
Charge for the year	**100,894**	120,855
Write-back for the year	**(4,270)**	(4,116)
Loans charged-off	**(3,708)**	(81,978)
BALANCE ON 31 DECEMBER	**318,745**	219,726

The balance Charges/Reversals through Fair value reserves, in the amount of Euros 6,103,000, regards to charges/reversals of variable income securities classified as financial assets available for sale, which have been subject to the record of impairment losses against results.

The Bank recognises impairment on financial assets available for sale when there is a significant or prolonged decrease in its fair value or when there is an impact on expected future cash-flows of the assets. This assessment involves judgement, in which the Bank takes into consideration among other factors, the volatility of the prices of securities.

Thus, as a consequence of the low liquidity and significant volatility in financial markets, the following factors were taken into consideration in determining the existence of impairment:

– Equity instruments: (i) decreases of more than 30% against the purchase price; or (ii) the market value below the purchase price for a period exceeding 12 months;
– Debt instruments: when there is objective evidence of events with impact on the recoverable value of future cash-flows of these assets.

The analysis of financial assets held for trading and available for sale by maturity as at 31 December 2013 is as follows:

(Thousand of Euros)

	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Undetermined	Total
FIXED INCOME:						
Bonds issued by public entities						
Portuguese issuers	-	9,767	1,360,693	310,273	-	1,680,733
Foreign issuers	-	-	78,439	1	-	78,440
Bonds issued by other entities						
Portuguese issuers	937,633	52	125,865	2,728,485	4,925	3,796,960
Foreign issuers	2,221	305,180	99,559	908,121	-	1,315,081
Treasury bills and other Government bonds	695,561	1,482,049	-	-	-	2,177,610
Commercial paper	650,351	-	-	-	-	650,351
	2,285,766	1,797,048	1,664,556	3,946,880	4,925	9,699,175
VARIABLE INCOME:						
Companies' shares						
Portuguese companies					61,474	61,474
Foreign companies					471	471
Investment fund units					1,846,096	1,846,096
Other securities					1,768	1,768
					1,909,809	1,909,809
Impairment for overdue securities					(4,925)	(4,925)
	2,285,766	1,797,048	1,664,556	3,946,880	1,909,809	11,604,059

The analysis of financial assets held for trading and available for sale by maturity as at 31 December 2012 is as follows:

(Thousand of Euros)

	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Undetermined	Total
FIXED INCOME:						
Bonds issued by public entities						
Portuguese issuers	-	828	1,150,928	477,389	-	1,629,145
Foreign issuers	-	-	40,062	-	-	40,062
Bonds issued by other entities						
Portuguese issuers	150,567	82,382	170,244	3,539,601	4,925	3,947,719
Foreign issuers	-	432,790	121,247	1,139,539	-	1,693,576
Treasury bills and other Government bonds	882,051	941,558	155,645	-	-	1,979,254
Commercial paper	1,452,262	-	-	-	-	1,452,262
	2,484,880	1,457,558	1,638,126	5,156,529	4,925	10,742,018
VARIABLE INCOME:						
Companies' shares						
Portuguese companies					69,388	69,388
Foreign companies					7,730	7,730
Investment fund units					1,405,958	1,405,958
Other securities					1,023	1,023
					1,484,099	1,484,099
Impairment for overdue securities					(4,925)	(4,925)
	2,484,880	1,457,558	1,638,126	5,156,529	1,484,099	12,221,192

The analysis of the securities portfolio included in the financial assets held for trading and available for sale, by sector of activity, as at 31 December 2013 is as follows:

(Thousand of Euros)

	Bonds	Shares	Other financial assets	Overdue Securities	Gross Total
Wood and cork	-	501	-	361	862
Paper, printing and publishing	12,822	11	-	998	13,831
Machinery, equipment and basic metallurgical	-	4	-	-	4
Electricity, water and gas	-	6	-	-	6
Construction	-	1,656	-	2,560	4,216
Wholesale business	-	1,356	-	475	1,831
Restaurants and hotels	-	94	-	-	94
Transport and communications	169,466	7,209	-	529	177,204
Services	5,574,804	51,108	1,846,096	2	7,472,010
Other domestic activities	375	-	1,768	-	2,143
	5,757,467	**61,945**	**1,847,864**	**4,925**	**7,672,201**
Government and Public securities	1,759,173	-	2,177,610	-	3,936,783
Impairment for overdue securities	-	-	-	(4,925)	(4,925)
	7,516,640	**61,945**	**4,025,474**	**-**	**11,604,059**

The analysis of the securities portfolio included in the financial assets held for trading and available for sale, by sector of activity, as at 31 December 2012, is as follows:

(Thousand of Euros)

	Bonds	Shares	Other financial assets	Overdue Securities	Gross Total
Wood and cork	-	501	-	361	862
Paper, printing and publishing	-	11	-	998	1,009
Machinery, equipment and basic metallurgical	-	4	-	-	4
Electricity, water and gas	150,567	-	-	-	150,567
Construction	-	1,804	-	2,560	4,364
Wholesale business	-	898	-	475	1,373
Restaurants and hotels	-	74	-	-	74
Transport and communications	42,148	7,013	-	529	49,690
Services	6,895,131	66,797	1,401,829	2	8,363,759
Other domestic activities	786	16	5,152	-	5,954
	7,088,632	**77,118**	**1,406,981**	**4,925**	**8,577,656**
Government and Public securities	1,669,207	-	1,979,254	-	3,648,461
Impairment for overdue securities	-	-	-	(4,925)	(4,925)
	8,757,839	**77,118**	**3,386,235**	**-**	**12,221,192**

As detailed in note 47, the Bank, as part of the management process of the liquidity risk, holds a pool of eligible assets that can serve as collateral in funding operations in the European Central Bank and other Central Banks in countries were the Bank operates, which includes fixed income securities.

The analysis of the trading derivatives by maturity, as at 31 December 2013, is as follows:

(Thousand of Euros)

	2013					
	Notional (remaining term)				Fair value	
	Up to 3 months	3 months to 1 year	Over 1 year	Total	Assets	Liabilities
INTEREST RATE DERIVATIVES:						
OTC market:						
Interest rate Swaps	404,708	2,060,052	12,252,123	14,716,883	583,956	566,698
Interest rate options (purchase)	116,041	15,348	346,516	477,905	2,950	-
Interest rate options (sale)	116,041	15,348	345,650	477,039	-	4,553
Other interest rate contracts	30,500	61,475	157,666	249,641	21,438	21,387
	667,290	**2,152,223**	**13,101,955**	**15,921,468**	**608,344**	**592,638**
CURRENCY DERIVATIVES:						
OTC market:						
Forward exchange contract	59,263	24,318	239	83,820	2,567	322
Currency Swaps	1,399,451	72,511	-	1,471,962	812	19,640
Currency options (purchase)	8,474	17,753	-	26,227	501	-
Currency options (sale)	8,474	18,031	-	26,505	-	535
	1,475,662	**132,613**	**239**	**1,608,514**	**3,880**	**20,497**
SHARE/DEBT INSTRUMENTS DERIVATIVES:						
OTC market:						
Shares/indexes Swaps	156,290	595,403	47,350	799,043	12,281	4,875
Debt instruments forwards	30,000	-	-	30,000	-	-
	186,290	**595,403**	**47,350**	**829,043**	**12,281**	**4,875**
Stock exchange transactions:						
Shares futures	238,553	-	-	238,553	-	-
Shares/indexes options (purchase)	-	-	-	-	82,805	-
Shares/indexes options (sale)	-	-	-	-	-	82,843
	238,553	**-**	**-**	**238,553**	**82,805**	**82,843**
COMMODITY DERIVATIVES:						
Stock Exchange transactions:						
Commodities futures	22,714	-	-	22,714	-	-
CREDIT DERIVATIVES:						
Credit Default Swaps	21,950	574,100	2,751,474	3,347,524	59,914	23,852
Other credit derivatives (sale)	-	-	23,546	23,546	-	-
	21,950	**574,100**	**2,775,020**	**3,371,070**	**59,914**	**23,852**
TOTAL FINANCIAL INSTRUMENTS TRADED IN:						
OTC Market	2,351,192	3,454,339	15,924,564	21,730,095	684,419	641,862
Stock Exchange	261,267	-	-	261,267	82,805	82,843
Embedded derivatives					-	781
	2,612,459	**3,454,339**	**15,924,564**	**21,991,362**	**767,224**	**725,486**

The analysis of the trading derivatives by maturity as at 31 December 2012, is as follows:

(Thousand of Euros)

	2012					
	Notional (remaining term)				Fair value	
	Up to 3 months	3 months to 1 year	Over 1 year	Total	Assets	Liabilities
INTEREST RATE DERIVATIVES:						
OTC market:						
Interest rate swaps	2,245,727	2,809,584	15,579,465	20,634,776	905,578	909,258
Interest rate options (purchase)	13,534	50,960	511,919	576,413	8,564	-
Interest rate options (sale)	13,534	50,960	511,919	576,413	-	10,398
Other interest rate contracts	52,400	108,894	264,524	425,818	21,723	21,717
	2,325,195	3,020,398	16,867,827	22,213,420	935,865	941,373
STOCK EXCHANGE TRANSACTIONS:						
Interest rate futures	-	18,948	-	18,948	-	-
CURRENCY DERIVATIVES:						
OTC market:						
Forward exchange contract	47,791	24,066	146	72,003	3,360	620
Currency swaps	2,886,308	313,371	-	3,199,679	5,654	21,219
Currency options (purchase)	14,550	5,048	-	19,598	258	-
Currency options (sale)	14,340	5,048	-	19,388	-	261
	2,962,989	347,533	146	3,310,668	9,272	22,100
SHARE/DEBT INSTRUMENTS DERIVATIVES:						
OTC market:						
Shares/indexes swaps	62,987	53,314	138,189	254,490	17,571	8,919
Shares/indexes options (sale)	33,749	25,700	78,000	137,449	-	-
Debt instruments forwards	-	-	30,000	30,000	1,219	-
	96,736	79,014	246,189	421,939	18,790	8,919
Stock Exchange transactions:						
Shares futures	85,056	-	-	85,056	-	-
Shares/indexes options (purchase)	-	-	-	-	125,479	-
Shares/indexes options (sale)	-	-	-	-	-	125,480
	85,056	-	-	85,056	125,479	125,480
COMMODITY DERIVATIVES:						
Stock exchange transactions:						
Commodities futures	28,765	-	-	28,765	-	-
CREDIT DERIVATIVES:						
OTC market:						
Credit Default swaps	-	710,000	3,130,300	3,840,300	96,939	95,268
Other credit derivatives (sale)	-	-	29,110	29,110	-	-
	-	710,000	3,159,410	3,869,410	96,939	95,268
TOTAL FINANCIAL INSTRUMENTS TRADED IN:						
OTC market	5,384,920	4,156,945	20,273,572	29,815,437	1,060,866	1,067,660
Stock exchange	113,821	18,948	-	132,769	125,479	125,480
Embedded derivatives					-	661
	5,498,741	4,175,893	20,273,572	29,948,206	1,186,345	1,193,801

22. Hedging derivatives

This balance is analysed as follows:

(Thousand of Euros)

	2013		2012	
	Assets	Liabilities	Assets	Liabilities
HEDGING INSTRUMENTS				
Swaps	**50,643**	**53,393**	117,535	55,000
	50,643	**53,393**	117,535	55,000

Hedging derivatives are measured in accordance with internal valuation techniques considering mainly observable market inputs. In accordance with the hierarchy of the valuation sources, as referred in IFRS 13 these derivatives are classified in level 2. The Bank uses derivatives to hedge interest and exchange rate exposure risks and securities portfolio credit risks. The accounting method depends on the nature of the hedged risk, namely if the Bank is exposed to fair value changes, variability in cash-flows or highly probable forecasted transactions.

The Bank, for the hedging relationships which comply with the hedging requirements of IAS 39, adopts the hedge accounting method, namely through the fair value hedge model, and holds in its derivatives portfolio mainly interest rate swaps, which are hedging fair value changes in interest rate risk of debt securities issued, deposits and loans with fixed rate.

The Bank performs periodical effectiveness tests of the hedging relationships. For this year a negative amount of Euros 8,471,000 (31 December 2012: negative amount of Euros 24,848,000) was recorded against the results, corresponding to the ineffective part of the fair value hedge relationships.

The accumulated adjustment on financial risks covered performed on the assets and liabilities which includes hedged items is analysed as follows:

(Thousand of Euros)

	2013	2012
HEDGED ITEM:		
Loans represented by securities	**765**	646
Deposits	**(21,444)**	(23,333)
Loans	**2,249**	4,405
Debt issued	**(141,319)**	(231,559)
Financial assets held to maturity	**1,045**	3,623
	(158,704)	(246,218)

The analysis of the portfolio of hedging derivatives by maturity as at 31 December 2013 is as follows:

(Thousand of Euros)

	2013					
	Notional (remaining term)				Fair value	
	Up to 3 months	3 months to 1 year	Over 1 year	Total	Assets	Liabilities
FAIR VALUE HEDGING DERIVATIVES RELATED TO INTEREST RATE RISK CHANGES:						
OTC market:						
Interest rate swaps	133,447	681,250	4,191,659	5,006,356	50,643	53,393
	133,447	681,250	4,191,659	5,006,356	50,643	53,393

The analysis of the portfolio of hedging derivatives by maturity as at 31 December 2012 is as follows:

(Thousand of Euros)

	2012					
	Notional (remaining term)				Fair value	
	Up to 3 months	3 months to 1 year	Over 1 year	Total	Assets	Liabilities
FAIR VALUE HEDGING DERIVATIVES RELATED TO INTEREST RATE RISK CHANGES:						
OTC market:						
Interest rate swaps	659,212	523,782	4,763,450	5,946,444	117,535	55,000
	659,212	523,782	4,763,450	5,946,444	117,535	55,000

23. Financial assets held to maturity

The balance Financial assets held to maturity is analysed as follows:

(Thousand of Euros)

	2013	2012
BONDS AND OTHER FIXED INCOME SECURITIES		
Issued by Government and public entities	**2,095,199**	2,087,738
Issued by other entities	**1,015,131**	1,473,627
	3,110,330	3,561,365

The balance Bonds and other fixed income securities – Issued by Government and public entities includes, as at 31 December 2013, the amount of Euros 1,837,108,000 (31 December 2012: Euros 1,828,175,000) related to European Union countries, in bailout situation, detailed in note 51.

The balance Financial assets held to maturity includes, as at 31 December 2013, the amount of Euros 982,456,000 (31 December 2012: Euros 1,202,491,000) related to non derivatives financial assets (bonds) reclassified in 2010 from Financial assets held for trading caption to Financial assets held to maturity caption, as referred in the accounting policy note 1 e) and note 21.

The balance Financial assets held to maturity also includes, as at 31 December 2013, the amount of Euros 514,668,000 (31 December 2012: Euros 547,811,000) related to non derivatives financial assets (bonds) reclassified in 2010 from Financial assets available for sale caption to Financial assets held to maturity caption, as referred in the accounting policy note 1 e) and note 21.

As at 31 December 2013, the Financial assets held to maturity portfolio is analysed as follows:

(Thousand of Euros)

Description	Country	Maturity date	Interest rate	Nominal value	Book value	Fair value
ISSUED BY GOVERNMENT AND PUBLIC ENTITIES:						
OT 3.5 Pct 10/25.03.2015	Portugal	March, 2015	3.500%	72,511	73,095	73,028
OT 4.20% 06/15.10.2016	Portugal	October, 2016	4.200%	135,000	135,111	137,343
OT 4.45 Pct 08/15.06.2018	Portugal	June, 2018	4.450%	1,436,762	1,415,515	1,446,191
OT 4.75 Pct 09/14.06.2019	Portugal	June, 2019	4.750%	10,000	10,012	9,935
OT 4.8 Pct 10/15.06.2020	Portugal	June, 2020	4.800%	150,000	150,229	146,445
OT 4.95 Pct 08/25.10.2023	Portugal	October, 2023	4.950%	50,000	53,146	46,151
Btps 4.5 Pct 08/01.08.2018 Eur	Italy	August, 2018	4.500%	50,000	50,337	55,172
Irish Govt 4 Pct 09/15.01.2014	Ireland	January, 2014	4.000%	200,000	207,754	207,801
					2,095,199	2,122,066
ISSUED BY OTHER ENTITIES:						
Banco Esp Santo 09/05.06.2014	Portugal	June, 2014	5.625%	119,250	124,854	124,630
Caixa Geral 3.625 Pct 09/21.07.2014	Portugal	July, 2014	3.625%	35,000	35,654	35,869
Cp Comboios Pt 09/16.10.2019	Portugal	October, 2019	4.170%	75,000	73,430	67,257
Edia Sa 07/30.01.2027	Portugal	January, 2027	0.348%	40,000	38,834	24,254
Mbs Tagus Edp Energyon 2 Class A	Portugal	May, 2025	1.807%	86,410	89,127	99,348
Mbs Tagus Edp Energyon Class A1	Portugal	May, 2025	2.157%	348,543	353,276	399,804
Stcp 00/05.06.2022-100Mios Call Sem.Ayt Cedulas After 10Cpn-Min.10Mios	Portugal	June, 2022	0.339%	100,000	98,026	68,456
Ayt Cedulas 07/21.03.2017	Spain	March, 2017	4.000%	50,000	50,972	53,647
Mbs Magellan M Series 1 Class A	Ireland	December, 2036	0.817%	106,779	106,818	101,200
Mbs Magellan M Series 1 Class B	Ireland	December, 2036	1.437%	26,300	26,317	15,797
Mbs Magellan M Series 1 Class C	Ireland	December, 2036	2.877%	17,800	17,823	7,347
					1,015,131	997,609
					3,110,330	3,119,675

The movements of the impairment for the financial assets held to maturity are analysed as follows:

(Thousand of Euros)

	2013	2012
BALANCE ON 1 JANUARY	-	358,277
Impairment for the year	-	119
Write-back for the year	-	(358,396)
BALANCE ON 31 DECEMBER	-	-

As at 1 January 2012, the balance Impairment for financial assets held to maturity corresponded to the impairment recognised on Greek sovereign debt. This impairment was estimated in 2011 considering the evolution of the European Union sovereign debt crisis and specifically the economic and political environment in Greece, which contributed to the continuous deterioration of economic and financial situation of Greece and the incapacity to obtain funds from the international markets, which implied that the short term solvency of the country is dependent on the continuous support by EU and IMF.

Impairment was determined considering the terms of the agreement established between the Greek state and the private sector ('PSI'), related to the restructuring of the Greek sovereign debt ('GGBs'). For the purposes of determining impairment, the Group considered the terms and conditions of the PSI and also paragraph AG 84 of IAS 39 that considers reasonable that, for the portfolio of assets held to maturity when, for practical reasons, there are relevant uncertainties regarding the estimate of future cash-flows, impairment can be determined based on observable market prices.

Considering the available information regarding the bonds' characteristics, as at 1 January 2012, the fair value corresponded to approximately 23% of the book value of the portfolio. Following of the restructuring of the Greek sovereign debt in the first half of 2012, the impairment was charged off.

After the exchange, the Bank sold all portfolio of Greek sovereign debt arising from the PSI.

The analysis of Bonds and other fixed income securities portfolio, net of impairment, included in Financial assets held to maturity, by maturity, as at 31 December 2013, is as follows:

(Thousand of Euros)

	2013				
	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Total
FIXED INCOME:					
Bonds issued by public entities					
Portuguese issuers	-	-	1,623,721	213,387	1,837,108
Foreign issuers	207,754	-	50,337	-	258,091
Bonds issued by other entities					
Portuguese issuers	-	160,508	-	652,693	813,201
Foreign issuers	-	-	50,972	150,958	201,930
	207,754	160,508	1,725,030	1,017,038	3,110,330

The analysis of Bonds and other fixed income securities portfolio, net of impairment, included in Financial assets held to maturity, by maturity, as at 31 December 2012, is as follows:

(Thousand of Euros)

	2012				
	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Total
FIXED INCOME:					
Bonds issued by public entities					
Portuguese issuers	-	-	1,508,715	319,460	1,828,175
Foreign issuers	-	-	209,355	50,208	259,563
Bonds issued by other entities					
Portuguese issuers	76,119	217,718	163,826	685,585	1,143,248
Foreign issuers	29,093	25,866	100,992	174,428	330,379
	105,212	243,584	1,982,888	1,229,681	3,561,365

The analysis of the Bonds and other fixed income securities portfolio, net of impairment, included in the Financial assets held to maturity, by sector of activity, is analysed as follows:

(Thousand of Euros)

	2013	2012
Transport and communications	**171,456**	170,845
Services	**843,675**	1,302,782
	1,015,131	1,473,627
Government and Public securities	**2,095,199**	2,087,738
	3,110,330	3,561,365

As detailed in note 47, as part of the management process of the liquidity risk, the Bank holds a pool of eligible assets that can serve as collateral in funding operations with the European Central Bank and other Central Banks in countries were the Bank operates, which include fixed income securities.

24. Investments in subsidiaries and associated companies

This balance is analysed as follows:

(Thousand of Euros)

	2013	2012
Portuguese credit institutions	**277,348**	277,348
Foreign credit institutions	**922,963**	930,032
Other Portuguese companies	**641,469**	488,219
Other foreign companies	**5,961,328**	4,291,520
	7,803,108	5,987,119
IMPAIRMENT FOR INVESTMENTS IN:		
Subsidiary companies	**(3,450,457)**	(2,480,117)
Associated and other companies	**(3,585)**	(3,585)
	(3,454,042)	(2,483,702)
	4,349,066	3,503,417

The balance Investments in subsidiaries and associated companies is analysed as follows:

(Thousand of Euros)

	2013	2012
ACT – C – Indústria de Cortiças, S.A.	**3,585**	3,585
Banca Millennium S.A.	**-**	4
Banco de Investimento Imobiliário, S.A.	**260,235**	260,235
Bank Millennium S.A.	**870,313**	879,524
Banque BCP, S.A.S.	**19,321**	17,175
Banco Millennium Angola, S.A.	**33,329**	33,329
BCP Capital – Sociedade de Capital de Risco, S.A.	**30,773**	30,773
BCP Investment, B.V.	**2,888,645**	2,234,532
Millennium bcp Participações, S.G.P.S., Sociedade Unipessoal, Lda.	**221,535**	68,375
BitalPart, B.V.	**2,027,671**	2,027,671
Interfundos Gestão de Fundos de Investimento Imobiliários, S.A.	**1,500**	1,500
Millennium bcp – Escritório de representações e Serviços, S/C Lda.	**16,518**	14,753
Millennium bcp Gestão de Activos – Sociedade Gestora de Fundos de Investimento, S.A.	**28,009**	28,009
S&P Reinsurance Limited	**14,536**	14,536
Caracas Financial Services, Limited	**27**	27
Millennium bcp Imobiliária, S.A.	**341,088**	341,088
Millennium bcp Teleserviços – Serviços de Comércio Electrónico, S.A.	**885**	885
Nanium, S.A.	**6,159**	6,159
Propaço – Sociedade Imobiliária De Paço D'Arcos, Lda.	**3**	3
Servitrust – Trust Management Services S.A.	**100**	100
SIBS, S.G.P.S., S.A.	**6,700**	6,700
Sicit – Sociedade de Investimentos e Consultoria em Infra-Estruturas de Transportes, S.A.	**13**	13
UNICRE – Instituição Financeira de Crédito, S.A.	**17,113**	17,113
Quinta do Furão – Sociedade de Animação Turística e Agrícola de Santana, Lda.	**1,030**	1,030
BCP International B.V.	**1,013,929**	-
BCP África, S.G.P.S., Lda.	**91**	-
	7,803,108	5,987,119
IMPAIRMENT FOR INVESTMENTS IN SUBSIDIARIES AND ASSOCIATED COMPANIES		
ACT – C – Indústria de Cortiças, S.A.	**(3,585)**	(3,585)
S&P Reinsurance Limited	**(12,450)**	(12,450)
Millennium bcp – Escritório de representações e Serviços, S/C Lda.	**(16,518)**	(14,753)
BCP Capital – Sociedade de Capital de Risco, S.A.	**(19,810)**	(19,810)
Millennium bcp Imobiliária, S.A.	**(341,088)**	(341,088)
BCP Investment, BV	**(1,249,822)**	(610,000)
BitalPart, B.V.	**(1,810,769)**	(1,482,016)
	(3,454,042)	(2,483,702)
	4,349,066	3,503,417

During 2013, the Bank acquired to Banco de Investimento Imobiliário, S.A. the society BII Internacional, S.G.P.S., Lda., and subsequently changed the corporate name of the society to BCP África, S.G.P.S., Lda. Additionally, acquired BCP International B.V., formerly known as ALO Investments B.V., to Bitalpart, B.V.

The movements for Impairment for investments in associated companies are analysed as follows:

(Thousand of Euros)

	2013	2012
IMPAIRMENT FOR INVESTMENTS IN ASSOCIATED COMPANIES:		
Balance on 1 January	2,483,702	1,831,797
Impairment for the year	970,340	651,905
BALANCE ON 31 DECEMBER	3,454,042	2,483,702

The Bank's subsidiaries and associated companies are presented in note 53.

The Bank analysed the impairment related to the investments made in subsidiaries and associated.

Regarding holding companies, namely BCP Investment B.V., Bitalpart, B.V., Millennium bcp Participações, S.G.P.S., Sociedade Unipessoal, Lda. and BCP International B.V., the impairment analysis was performed considering the recoverable amount of the business controlled by each one of those companies.

The analysis was based on the determination of the recoverable amount. The recoverable amounts, as described in note 1 j), was determined based on the higher between the fair value amount less costs to sell and the value in use.

The value in use was determined based on: (i) the business plan approved by each company board for the period from 2014 to 2018 and (ii) the following assumptions depending on the nature of the companies activities and correspondent geography:

	2013			2012		
	Discount rate	Discount rate	Growth rate	Discount rate	Discount rate	Growth rate
	Explicit period	Perpetuity	Perpetuity	Explicit period	Perpetuity	Perpetuity
Portugal	12.125%	11.225%	-0.940% to 3.600% (*)	13.375%	10.125%	0.000% to 3.800%
Greece				20.000%	20.000%	Assumed an output PBV of 1.0x
Poland	10.625%	10.625%	0.000%	10.125%	10.125%	0.000%
Angola	17.000%	17.000%	0.000%	17.000%	17.000%	0.000%
Mozambique	17.000%	17.000%	0.000%	17.000%	17.000%	0.000%
Romania	12.375%	12.375%	6.087%	12.125%	12.125%	6.191%
Suisse	9.000%	9.000%	0.000%	8.500%	8.500%	0.000%

(*) – Includes Banco ActivoBank, S.A.

Based on the analysis made, the Bank recognised, in 2013, impairment for a group of companies, as follows::

(Thousand of Euros)

	Balance on 01.01.2013	Impairment	Balance on 2013
ACT – C – Indústria de Cortiças, S.A.	3,585	-	3,585
S&P Reinsurance Limited	12,450	-	12,450
Millennium bcp – Escritório de representações e Serviços, S/C Lda.	14,753	1,765	16,518
BCP Capital – Sociedade de Capital de Risco, S.A.	19,810	-	19,810
Millennium bcp Imobiliária, S.A.	341,088	-	341,088
BCP Investment B.V.	610,000	639,822	1,249,822
BitalPart, B.V.	1,482,016	328,753	1,810,769
	2,483,702	970,340	3,454,042

25. Non-current assets held for sale

This balance is analysed as follows:

(Thousand of Euros)

	2013	2012
Subsidiaries acquired exclusively with the purpose of short-term sale	**46,092**	46,092
Investments, properties and other assets arising from recovered loans	**1,288,546**	1,325,869
	1,334,638	1,371,961
Impairment	**(348,550)**	(305,649)
	986,088	1,066,312

The assets included in this balance are accounted for in accordance with the accounting policy note 1 k).

The balance Subsidiaries acquired exclusively with the purpose of a short-term sale corresponds to two real estate companies acquired by the Bank within the restructuring of a loan exposure, that the Bank intended to sell in less than one year. However, taking into account the actual market conditions, it was not possible to conclude the sales in the expected time.

The balance Investments, properties and other assets arising from recovered loans includes assets resulting from (i) foreclosure, with an option to repurchase or leaseback, which are accounted following the establishment of the contract or the promise of contract and the respective irrevocable power of attorney issued by the client on behalf of the Bank, or (ii) resolution of leasing contracts.

These assets are available for sale in a period less than one year and the Bank has a strategy for its sale. However, taking into account the actual market conditions, it was not possible in all instances to conclude the sales in the expected time.

The strategy of alienation results in an active search of buyers, with the Bank having a website that advertises these properties, contracts with intermediaries for sales promotion and sales initiatives in real estate auctions. Prices are periodically reviewed and adjusted for continuous adaptation to the market.

The referred balance includes buildings and other assets for which the Bank has already established contracts for the sale in the amount of Euros 19,248,000 (31 December 2012: Euros 71,897,000).

The movements of impairment for non current assets held for sale are analysed as follows:

(Thousand of Euros)

	2013	2012
BALANCE ON 1 JANUARY	**305,649**	298,565
Charge for the year	**145,860**	121,434
Loans charged-off	**(102,959)**	(114,350)
BALANCE ON 31 DECEMBER	**348,550**	305,649

26. Property and equipment

This balance is analysed as follows:

(Thousand of Euros)

	2013	2012
Land and buildings	**598,330**	670,291
Equipment		
Furniture	**69,269**	69,256
Machines	**15,448**	15,230
Computer equipment	**156,899**	159,087
Interior installations	**95,931**	96,304
Motor vehicles	**2,839**	1,783
Security equipment	**66,948**	67,130
Other equipments	**3,124**	3,207
Work in progress	**874**	27,243
Other tangible assets	**35**	34
	1,009,697	1,109,565
ACCUMULATED DEPRECIATION		
Charge for the year	**(21,579)**	(28,179)
Accumulated charge for the previous years	**(754,984)**	(777,334)
	(776,563)	(805,513)
	233,134	304,052

The changes occurred in Property and equipment balance, during 2013, are analysed as follows::

(Thousand of Euros)

	Balance on 1 January	Acquisitions /Charge	Disposals /Charged-off	Transfers	Exchange differences	Balance on 31 December
COST						
Land and buildings	670,291	1,377	(39,987)	(33,351)	-	598,330
Equipment						
Furniture	69,256	779	(1,058)	294	(2)	69,269
Machines	15,230	283	(64)	-	(1)	15,448
Computer equipment	159,087	1,904	(4,155)	66	(3)	156,899
Interior installations	96,304	122	(789)	294	-	95,931
Motor vehicles	1,783	1,196	(137)	-	(3)	2,839
Security equipment	67,130	384	(691)	125	-	66,948
Other equipments	3,207	-	(83)	-	-	3,124
Work in progress	27,243	2,842	(27,038)	(2,175)	2	874
Other tangible assets	34	-	-	-	1	35
	1,109,565	8,887	(74,002)	(34,747)	(6)	1,009,697
ACCUMULATED DEPRECIATION						
Land and buildings	413,820	13,763	(31,633)	(12,094)	-	383,856
Equipment						
Furniture	66,811	935	(965)	-	(1)	66,780
Machines	14,893	125	(64)	-	(2)	14,952
Computer equipment	152,378	4,548	(4,132)	-	(1)	152,793
Interior installations	91,986	765	(748)	-	-	92,003
Motor vehicles	1,496	330	(120)	-	(2)	1,704
Security equipment	60,975	1,089	(685)	-	-	61,379
Other equipments	3,120	24	(82)	-	-	3,062
Other tangible assets	34	-	-	-	-	34
	805,513	21,579	(38,429)	(12,094)	(6)	776,563

27. Intangible assets

This balance is analysed as follows:

(Thousand of Euros)

	2013	2012
Software	**24,662**	24,110
Other intangible assets	**170**	1,388
	24,832	25,498
ACCUMULATED DEPRECIATION		
Charge for the year	**(6,391)**	(4,700)
Accumulated charge for the previous years	**(6,396)**	(6,552)
	(12,787)	(11,252)
	12,045	14,246

The changes occurred in Intangible assets balance, during 2013, are analysed as follows::

(Thousand of Euros)

	Balance on 1 January	Acquisitions /Charge	Disposals /Charged-off	Transfers	Exchange differences	Balance on 31 December
COST						
Software	24,110	5,476	(4,923)	-	(1)	24,662
Other intangible assets	1,388	73	(1,290)	-	(1)	170
ACCUMULATED DEPRECIATION						
Software	11,252	6,371	(4,854)	-	(2)	12,767
Other intangible assets	-	20	-	-	-	20
	11,252	6,391	(4,854)	-	(2)	12,787

28. Income tax

Deferred income tax assets and liabilities generated by tax losses and by temporary differences are analysed as follows:

(Thousand of Euros)

	2013			2012		
	Assets	**Liabilities**	**Net**	Assets	Liabilities	Net
Other tangible assets	**-**	**3,574**	**(3,574)**	-	3,370	(3,370)
Provision losses	**1,466,197**	**-**	**1,466,197**	927,099	-	927,099
Benefits to employees	**783,376**	**-**	**783,376**	548,155	-	548,155
Financial assets available for sale	**-**	**28,397**	**(28,397)**	-	20,933	(20,933)
Allocation of profits	**76,936**	**-**	**76,936**	68,472	-	68,472
Tax losses carried forward	**216,701**	**-**	**216,701**	363,452	-	363,452
Others	**23,078**	**25,959**	**(2,881)**	22,097	84,042	(61,945)
TOTAL DEFERRED TAXES	**2,566,288**	**57,930**	**2,508,358**	1,929,275	108,345	1,820,930
Offset between deferred tax assets and deferred tax liabilities	**(57,930)**	**(57,930)**	**-**	(108,345)	(108,345)	-
NET DEFERRED TAX	**2,508,358**	**-**	**2,508,358**	1,820,930	-	1,820,930

Deferred taxes are calculated at the tax rates expected to be in force when the temporary differences are reversed, which correspond to the rates approved or substantively approved at the balance sheet date.

The deferred tax assets and liabilities are presented on a net basis whenever, in accordance with applicable law, current tax assets and current tax liabilities can be offset and when the deferred taxes are related to the same tax.

As a result of the Law No. 2/2014 of 16 January, several amendments were made to the Income Tax Code (IRC) with impact on deferred taxes calculated on 31 December 2013, which are:

– the reduction of the income tax rate from 25% to 23% and the creation of the state tax rate of 7% applied to the portion of the taxable income greater than Euros 35,000,000;
– changing in the reporting period of tax losses (calculated in periods beginning on or after 1 January, 2014) from 5 to 12 years;
– the non-taxation of gains taxable and non-tax deduction of losses arising on sale of equity shares, since verified a set of requirements, and full tax deduction of losses arising on investments due to the settlement of companies.

The deferred tax charge is analysed as follows.

Description	2013 %	2012 %
Income tax[(a)]	**23.0%**	25.0%
Municipal surtax rate	**1.5%**	1.5%
State tax rate	**7.0%**	2.5%
TOTAL[(b)]	**31.5%**	29.0%

(a) – Applicable to deferred taxes related to tax losses;
(b) – Applicable to deferred taxes related to temporary differences.

The caption Benefits to employees includes the amount of Euros 492,783,000 (31 December 2012: Euros 287,877,000) related to the recognition of deferred taxes associated with actuarial gains and losses recognised against reserves, as a result of a change in the accounting policy. The referred caption also includes the amount of Euros 42,474,000 (31 December 2012: Euros 45,129,000) related to deferred taxes associated to the charge deriving from the transfer of the liabilities with retired employees / pensioners to the General Social Security Scheme, which was recognised in the income statement.

The negative impact in equity associated with the change in the above mentioned accounting policy is deductible for tax purposes, in equal parts, for a 10 years period starting on 1 January, 2012. The expense arising from the transfer of liabilities with pensioners to the General Social Security Scheme, is deductible for tax purposes, in equal parts starting on 1 January, 2012, for a period corresponding to the average number of years of life expectancy of retirees / pensioners whose responsibilities were transferred (18 years for the Bank).

The expire date of recognised tax losses carried forward is presented as follows:

(Thousand of Euros)

Expire date	2013	2012
2014	**-**	10,255
2017	**99,691**	353,197
2018	**117,010**	-
	216,701	363,452

The Bank recognised deferred taxes based on valuation of their recoverability, considering the expectation of future taxable income. The amount of unrecognised deferred taxes are as follows:

(Thousand of Euros)

	2013	2012
Provisions	**108,760**	93,439
Benefits to employees	**-**	218,712
Tax losses carried forward	**356,565**	57,603
	465,325	369,754

The impact of income taxes in Net (loss)/income and other captions of Bank's equity is analysed as follows:

(Thousand of Euros)

	2013		2012	
	Net (loss)/income	**Reserves and retained earnings**	Net (loss)/income	Reserves and retained earnings
DEFERRED TAXES				
Other tangible assets	**(204)**	**-**	79	-
Provisions	**539,098**	**-**	275,135	-
Benefits to employees	**25,183**	**210,038**	(42,607)	13,012
Financial assets available for sale	**-**	**(7,464)**	-	(164,077)
Allocation of profits	**8,464**	**-**	(9,563)	-
Tax losses carried forward	**(122,419)**	**(24,332)**	147,709	31,505
Others	**59,064**	**-**	(41,500)	-
	509,186	**178,242**	329,253	(119,560)
CURRENT TAXES				
Actual year	**(4,068)**	**-**	(2,536)	-
Correction of previous years estimate	**(35,575)**	**-**	(10,286)	-
	(39,643)	**-**	(12,822)	-
INCOME TAX	**469,543**	**178,242**	316,431	(119,560)

The reconciliation of the effective tax rate is analysed as follows:

	2013		2012	
	%	**Euros '000**	%	Euros '000
Net loss before income taxes		**(2,428,273)**		(1,799,793)
Current tax rate	**29.5%**	**716,340**	29.0%	521,940
Accruals for the calculation of taxable income(i)	**-13.3%**	**(322,930)**	-13.2%	(237,974)
Deductions for the calculation of taxable income(ii)	**0.9%**	**22,997**	4.3%	77,087
Fiscal incentives not recognised in profit / loss accounts	**0.0%**	**614**	0.0%	801
Effect of tax losses not recognised previously(iii)	**1.3%**	**31,547**	-0.8%	(14,450)
Effect of change in rate of deferred tax(iv)	**1.2%**	**30,041**	-1.8%	(31,760)
Previous years corrections	**-0.3%**	**(7,368)**	0.2%	2,719
(Autonomous tax)/Tax credits	**-0.1%**	**(1,698)**	-0.1%	(1,932)
	19.2%	**469,543**	17.6%	316,431

References:

(i) Refers, essentially, to tax associated with provisions not allowed for tax purposes;

(ii) This is mainly tax associated with the replacement of provisions previously taxed;

(iii) Corresponds, essentially, to the recognition of deferred tax assets associated with impairment of investments intended to be settled, net of annulment of deferred tax assets associated with impairment of investments not intended to settlement and to the cancellation or non-recognition of deferred tax assets related to tax losses which are not estimated that will be used within the reporting date;

(iv) Refers to the effect of increasing the maximum state tax rate net of the effect of reducing the income tax rate in deferred taxes and to the difference of deferred tax rate associated to tax losses.

29. Other assets

This balance is analysed as follows:

(Thousand of Euros)

	2013	2012
Debtors	**142,447**	249,814
Supplementary capital contributions	**144,097**	195,979
Other financial investments	**10,622**	10,650
Amounts due for collection	**22,279**	20,666
Recoverable tax	**17,246**	51,957
Recoverable government subsidies on interest on mortgage loans	**8,958**	14,440
Associated companies	**1,345,000**	602,791
Interest and other amounts receivable	**29,967**	19,940
Prepayments and deferred costs	**28,704**	47,385
Amounts receivable on trading activity	**3,280**	194,270
Amounts due from customers	**144,454**	135,422
Supplementary capital contributions	**935,126**	1,225,872
Sundry assets	**100,148**	216,484
	2,932,328	2,985,670
Impairment for other assets	**(181,066)**	(167,525)
	2,751,262	2,818,145

As referred in note 52, the balance Supplementary capital contributions includes the amount of Euros 125,477,000 (31 December 2012: Euros 117,256,000) and the balance Sundry assets includes the amount of Euros 10,805,000 (31 December 2012: Euros 10,805,000), related to the junior investments arising from the sale of loans and advances to costumers to Specialized recovery funds which are fully provisioned.

As at 31 December 2013, the balance Associated companies includes the amount of Euros 830,908,000 (31 December 2012: Euros 509,908,000) related to receivable dividends from subsidiary companies.

The balance Sundry assets includes, as at 31 December 2013, the amount of Euros 12,462,000 (31 December 2012: Euros 136,875,000) related to the assets associated with liabilities for post-employment benefits, as described in note 45.

The caption Supplementary capital contributions is analysed as follows:

(Thousand of Euros)

	2013	2012
BCP África, S.G.P.S., Lda.	**407,465**	-
Millennium bcp Imobiliária, S.A.	**51,295**	-
Millennium bcp Participações, S.G.P.S., Sociedade Unipessoal, Lda.	**425,872**	1,175,378
Millennium bcp Prestação de Serviços ACE	**38,000**	38,000
Others	**12,494**	12,494
	935,126	1,225,872

In December 2013, the Bank provided supplementary capital contributions to BCP África, S.G.P.S., Lda., in the amount of Euros 407,465,000, for the purpose of that society acquire BIM – Banco Internacional de Moçambique, S.A. to Millennium bcp Participações, S.G.P.S., Sociedade Unipessoal, Lda.

The movement of impairment for other assets is analysed as follows:

(Thousand of Euros)

	2013	2012
BALANCE ON 1 JANUARY	**167,525**	66,432
Transfers	**316**	(28,688)
Impairment for the year	**14,317**	130,762
Write back for the year	**(754)**	(53)
Amounts charged-off	**(338)**	(928)
BALANCE ON 31 DECEMBER	**181,066**	167,525

30. Deposits from credit institutions

This balance is analysed as follows:

(Thousand of Euros)

	2013			2012		
	Non interest bearing	Interest bearing	Total	Non interest bearing	Interest bearing	Total
Deposits from Central Banks	**-**	**11,190,557**	**11,190,557**	2	12,126,782	12,126,784
Deposits from credit institutions in Portugal	**682,996**	**282,772**	**965,768**	257,106	1,363,671	1,620,777
Deposits from credit institutions abroad	**150,226**	**4,293,728**	**4,443,954**	299,232	4,077,453	4,376,685
	833,222	**15,767,057**	**16,600,279**	556,340	17,567,906	18,124,246

The balance Deposits from Central Banks includes the amount of Euros 11,040,844,000 (31 December 2012: Euros 12,029,559,000) related to deposits obtained from the European Central Bank.This funding represents a remaining term of up to 3 months in the amount of Euros 40,844,000 and 1 to 5 years of Euros 11,000,000,000.

This balance is analysed by the maturity, as follows:

(Thousand of Euros)

	2013	2012
Up to 3 months	**3,666,765**	4,611,464
3 to 6 months	**733,364**	173,359
6 to 12 months	**266,882**	316,153
1 to 5 years	**11,681,418**	12,790,503
Over 5 years	**251,850**	232,767
	16,600,279	18,124,246

Following the signed agreements of Derivative financial transactions with institutional counterparties, the Bank has, as of 31 December 2013, the amount of Euros 62,480,000 (31 December 2012: Euros 39,430,000) regarding deposits from other credit institutions, received as collateral of the mentioned transactions.

31. Deposits from customers

This balance is analysed as follows:

(Thousand of Euros)

	2013			2012		
	Non interest bearing	Interest bearing	Total	Non interest bearing	Interest bearing	Total
Deposits from customers						
Repayable on demand	**8,930,178**	**903,335**	**9,833,513**	7,742,686	645,560	8,388,246
Term deposits	**-**	**22,619,828**	**22,619,828**	-	22,397,440	22,397,440
Saving accounts	**-**	**1,413,386**	**1,413,386**	-	1,649,437	1,649,437
Deposits at fair value through profit and loss	**-**	**675,007**	**675,007**	-	14,532	14,532
Others	**192,452**	**117,128**	**309,580**	170,667	92,083	262,750
	9,122,630	**25,728,684**	**34,851,314**	7,913,353	24,799,052	32,712,405

According to the Law, the Deposit Guarantee Fund was established to guarantee the reimbursement of funds deposited in Credit Institutions. The criteria to calculate the annual contributions to the referred fund are defined in Regulation No. 11/94 of the Bank of Portugal.

The caption Deposits from customers – Deposits at fair value through profit and loss are measured in accordance with internal valuation techniques considering mainly observable market inputs. In accordance with the hierarchy of the valuation sources, as referred in IFRS 13, these instruments are classified in level 2. These financial liabilities are revalued against income statement, as referred in the accounting policy presented in note 1 c). As at 31 December 2013, a gain in the amount of Euros 1,451,000 was recognised (31 December 2012: loss of Euros 10,295,000) related to the fair value changes resulting from variations in the credit risk of the Bank, as referred in note 6.

The nominal amount of the caption Deposits from customers – Deposits at fair value through profit and loss amounts to Euros 672,377,000 (31 December 2012: Euros 22,000,000).

This balance is analysed by the period to maturity, as follows:

(Thousand of Euros)

	2013	2012
DEPOSITS FROM CUSTOMERS REPAYABLE ON DEMAND	**9,833,513**	8,388,246
TERM DEPOSITS AND SAVING ACCOUNTS FROM CUSTOMERS		
Up to 3 months	**12,030,913**	11,360,863
3 to 6 months	**4,638,965**	3,797,682
6 to 12 months	**3,670,147**	5,837,275
1 to 5 years	**3,518,670**	3,047,938
Over 5 years	**174,519**	3,119
	24,033,214	24,046,877
DEPOSITS AT FAIR VALUE THROUGH PROFIT AND LOSS:		
Up to 3 months	**159,012**	980
3 to 6 months	**210,564**	-
6 to 12 months	**277,317**	-
1 to 5 years	**6,114**	-
Over 5 years	**22,000**	13,552
	675,007	14,532
OTHER		
Up to 3 months	**194,580**	172,750
6 to 12 months	**25,000**	-
Over 5 years	**90,000**	90,000
	309,580	262,750
	34,851,314	32,712,405

32. Debt securities issued

This balance is analysed as follows:

(Thousand of Euros)

	2013	2012
DEBT SECURITIES AT AMORTISED COST		
Bonds	**2,416,029**	5,990,019
Covered bonds	**2,184,819**	2,262,402
MTNs	**7,305,664**	10,315,779
	11,906,512	18,568,200
Accruals	**142,135**	185,015
	12,048,647	18,753,215
DEBT SECURITIES AT FAIR VALUE THROUGH PROFIT AND LOSS		
Bonds	**109,414**	128,678
MTNs	**169,747**	179,277
	279,161	307,955
Accruals	**3,478**	3,646
	282,639	311,601
Certificates	**312,025**	106,490
	12,643,311	19,171,306

The securities in caption Debt securities at fair value through profit and loss are measured in accordance with internal valuation techniques considering mainly observable market inputs. In accordance with the hierarchy of the valuation sources, as referred in IFRS 13, these instruments are classified in Level 2.

These financial liabilities are revalued against income statement, as referred in the accounting policy presented in note 1 c). As at 31 December 2013, a loss in the amount of Euros 6,388,000 was recognised (31 December 2012: loss of Euros 14,545,000) related to the fair value changes resulting from variations in the credit risk of the Bank, as referred in note 6.

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The characteristics of the Bonds issued by the Bank, as at 31 December, 2013 are analysed as follows:

Issue	Issue date	Maturity date	Interest rate	Nominal value Euros'000	Book value Euros'000
DEBT SECURITIES AT AMORTISED COST					
BCP Ob Cx E. Gr. S. Dec 05/15	December, 2005	December, 2015	Indexed to DJ EuroStoxx 50 index	365	308
BCP Ob Cx E. I. S. Mar 06/16	March, 2006	March, 2016	Indexed to DJ EuroStoxx 50 index	1,100	1,054
BCP FRN May 07/14	May, 2007	May, 2014	Euribor 3M + 0.150%	647,195	647,100
BCP Cov Bonds Jun 07/17	June, 2007	June, 2017	Fixed rate of 4.750%	861,550	901,428
BCP Cov Bonds Oct 07/14	October, 2007	October, 2014	Fixed rate of 4.750%	870,850	896,067
BCP FRN Mar 17	December, 2007	March, 2017	Euribor 3M + 0.180%	100,000	99,969
BCP S Aforro Ser B Feb 2009/14	February, 2009	February, 2014	Euribor 3M + Remain Prize: 1st year 0.125%; 2nd year 0.250%; 3rd year 0.500%; 4th year 0.750%; 5th year 1.000%	34,559	34,559
BCP Super Aforro Ser B Mar 2009/14	March, 2009	March, 2014	Euribor 3M + Remain Prize: 1st year 0.125%; 2nd year 0.250%; 3rd year 0.500%; 4th year 0.750%; 5th year 1.000%	25,093	25,093
BCP 5.625 % -Book Entry Note Synd	April, 2009	April, 2014	Fixed rate of 5.625%	850,850	849,594
BCP S. Aforro Ser C 09/280409	April, 2009	April, 2014	Euribor 3M + Remain Prize: 1st year 0.125%; 2nd year 0.250%; 3rd year 0.750%; 4th year 1.000%; 5th year 1.250%	9,099	9,099
BCP Sup Afor Ser B 09/190514	May, 2009	May, 2014	Euribor 3M + Remain Prize: 1st year 0.125%; 2nd year 0.250%; 3rd year 0.750%; 4th year 1.000%; 5th year 1.250%	1,570	1,570
BCP Super Aforro Serie C Jun/2014	June, 2009	June, 2014	Euribor 3M + Remain Prize: 1st year 0.125%; 2nd year 0.250%; 3rd year 0.750%; 4th year 1.000%; 5th year 1.250%	6,466	6,466
BCP Sup Aforro Ser C Aug 2009/14	August, 2009	August, 2014	Euribor 3M + Remain Prize: 1st year 0.125%; 2nd year 0.250%; 3rd year 0.750%; 4th year 1.000%; 5th year 1.250%	25,917	22,978
BCP Cov Bonds Oct 09/16	October, 2009	October, 2016	Fixed rate of 3.750%	371,550	387,324
BCP Rend. Trim. Nov 2009/14	November, 2009	November, 2014	1st year=2.500%; 2nd year=2.750%; 3rd year=3.000%; 4th year=3.500%; 5th year=4.500%	38,307	39,684
BCP Rend. Trim. 09/22.12.2014	December, 2009	December, 2014	1st year=2.500%; 2nd year=2.750%; 3rd year=3.000%; 4th year=3.500%; 5th year=4.250%	50,888	52,808
BCP Fixed Rate Note Inv Top Mais	January, 2010	January, 2015	1st year=2.500%; 2nd year=2.750%; 3rd year=3.250%; 4th year=4.125%; 5th year=5.000%	41,422	43,292

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Issue	Issue date	Maturity date	Interest rate	Nominal value Euros'000	Book value Euros'000
BCP Fixed Rate Note Rd Ext-Emtn 685	April, 2010	April, 2015	1st sem.=2.000%; 2nd sem.=2.125%; 3rd sem.=2.250%; 4th sem.=2.375%; 5th sem.=2.500%; 6th sem.=2.750%; 7th sem.=2.875%; 8th sem.=3.125%; 9th sem.=3.500%; 10th sem.=4.000%	90,269	94,190
BCP Fixed Rate Note Rend Top April	April, 2010	April, 2015	1st sem.=2.250%; 2nd sem.=2.500%; 3rd sem.=2.600%; 4th sem.=2.800%; 5th sem.=3.000%; 6th sem.=3.150%; 7th sem.=3.200%; 8th sem.=3.500%; 9th sem.=3.800%; 10th sem.=4.500%	115,408	120,365
BCP Rend Plus-Emtn 697	April, 2010	April, 2014	1st sem.=2.000%; 2nd sem.=2.125%; 3rd sem.=2.250%; 4th sem.=2.375%; 5th sem.=2.500%; 6th sem.=2.625%; 7th sem.=2.750%; 8th sem.=3.250%	21,897	22,103
BCP Rend Mais-Emtn 699	April, 2010	April, 2014	1st sem.=1.750%; 2nd sem.=1.875%; 3rd sem.=2.000%; 4th sem.=2.125%; 5th sem.=2.250%; 6th sem.=2.375%; 7th sem.=2.500%; 8th sem.=3.000%	13,229	13,353
BCP Fm Rend Plus June 10/14-Emtn 718	June, 2010	June, 2014	1st sem.=1.875%; 2nd sem.=2.000%; 3rd sem.=2.125%; 4th sem.=2.250%; 5th sem.=2.375%; 6th sem.=2.500%; 7th sem.=2.625%; 8th sem.=3.250%	15,519	15,742
BCP Fm Rend Mais June 2014-Emtn 720	June, 2010	June, 2014	1st sem.=1.625%; 2nd sem.=1.750%; 3rd sem.=1.875%; 4th sem.=2.000%; 5th sem.=2.125%; 6th sem.=2.250%; 7th sem.=2.375%; 8th sem.=3.000%	10,654	10,809
BCP Rend Ext 1 Ser 2010-2015	August, 2010	August, 2015	1st sem.=1.875%; 2nd sem.=2.000%; 3rd sem.=2.125%; 4th sem.=2.250%; 5th sem.=2.375%; 6th sem.=2.500%; 7th sem.=2.750%; 8th sem.=2.875%; 9th sem.=3.000%; 10th sem.=3.500%	35,900	37,273
BCP Rend Ext 2 Ser 2010-15	August, 2010	August, 2015	1st sem.=2.125%; 2nd sem.=2.300%; 3rd sem.=2.425%; 4th sem.=2.550%; 5th sem.=2.800%; 6th sem.=3.050%; 7th sem.=3.300%; 8th sem.=3.550%; 9th sem.=3.800%; 10th sem.=4.300%	61,919	64,674
BCP Rend Ext 1 Ser-Emtn 749	September, 2010	September, 2015	1st sem.=1.875%; 2nd sem.=2.000%; 3rd sem.=2.125%; 4th sem.=2.250%; 5th sem.=2.375%; 6th sem.=2.500%; 7th sem.=2.750%; 8th sem.=2.875%; 9th sem.=3.000%; 10th sem.=3.500%	43,187	44,938
BCP Rend Ext 2 Ser Sep 2010-2015	September, 2010	September, 2015	1st sem.=2.175%; 2nd sem.=2.300%; 3rd sem.=2.425%; 4th sem.=2.550%; 5th sem.=2.800%; 6th sem.=3.050%; 7th sem.=3.300%; 8th sem.=3.550%; 9th sem.=3.800%; 10th sem.=4.300%	74,116	77,573

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Issue	Issue date	Maturity date	Interest rate	Nominal value Euros'000	Book value Euros'000
BCP Mil Rend Pr Mais 1 Serie	December, 2010	June, 2014	1st sem.=1.750%; 2nd sem.=2.000%; 3rd sem.=2.250%; 4th sem.=2.500%; 5th sem.=2.750%; 6th sem.=3.000%; 7th sem.=3.250%	967	980
BCP Rend Pr Mais 2 Serie	December, 2010	June, 2014	1st sem.=2.500%; 2nd sem.=2.750%; 3rd sem.=3.000%; 4th sem.=3.250%; 5th sem.=3.500%; 6th sem.=3.750%; 7th sem.=4.000%	8,064	8,172
BCP Frn Rend Cres I-11 Eur-Jan 2016	January, 2011	January, 2016	1st sem.=1.750%; 2nd sem.=2.250%; 3rd sem.=2.750%; 4th sem.=3.250%; 5th sem.=3.750%; 6th sem.=4.250%; 7th sem.=4.750%; 8th sem.=5.250%; 9th sem.=5.750%; 10th sem.=6.250%	2,500	2,705
BCP Rend Cres 2011 1 Ser Feb 2014	February, 2011	February, 2014	1st sem.=2.000%; 2nd sem.=2.125%; 3rd sem.=2.250%; 4th sem.=2.375%; 5th sem.=2.750%; 6th sem.=3.500%	3,954	3,967
BCP Rend Cres 2 Ser Feb 2014	February, 2011	February, 2014	1st sem.=2.500%; 2nd sem.=2.625%; 3rd sem.=2.750%; 4th sem.=3.000%; 5th sem.=3.125%; 6th sem.=4.000%	31,413	31,516
BCP Rend Cres 3 Sr Mar 2014	March, 2011	March, 2014	1st sem.=2.000%; 2nd sem.=2.125%; 3rd sem.=2.250%; 4th sem.=2.375%; 5th sem.=2.750%; 6th sem.=3.500%	8,160	8,221
BCP Rend Cres 4 Sr Mar 2014	March, 2011	March, 2014	1st sem.=2.500%; 2nd sem.=2.625%; 3rd sem.=2.750%; 4th sem.=3.000%; 5th sem.=3.125%; 6th sem.=4.000%	63,296	63,772
BCP Ob Mil Rend M 1 Ser-Val M Nr. 5	May, 2011	May, 2016	1st sem.=2.650%; 2nd sem.=2.750%; 3rd sem.=2.875%; 4th sem.=3.000%; 5th sem.=3.125%; 6th sem.=3.250%; 7th sem.=3.375%; 8th sem.=3.500%; 9th sem.=3.750%; 10th sem.=4.250%	11,646	12,484
BCP Rend M 2 Ser-Val M Nr. 6	May, 2011	May, 2016	1st sem.=3.000%; 2nd sem.=3.125%; 3rd sem.=3.250%; 4th sem.=3.375%; 5th sem.=3.500%; 6th sem.=3.625%; 7th sem.=3.750%; 8th sem.=4.250%; 9th sem.=4.500%; 10th sem.=5.125%	64,255	69,227
BCP Rend M 3 Ser-Val M Nr. 8	May, 2011	May, 2016	1st sem.=3.250%; 2nd sem.=3.375%; 3rd sem.=3.500%; 4th sem.=3.625%; 5th sem.=3.875%; 6th sem.=4.125%; 7th sem.=4.375%; 8th sem.=4.625%; 9th sem.=4.875%; 10th sem.=5.625%	33,362	36,069
BCP Sfe Rend M Sr 2-Val Mob Nr. 7	May, 2011	May, 2016	1st sem.=3.000%; 2nd sem.=3.125%; 3rd sem.=3.250%; 4th sem.=3.375%; 5th sem.=3.500%; 6th sem.=3.625%; 7th sem.=3.750%; 8th sem.=4.250%; 9th sem.=4.500%; 10th sem.=5.125%	156	167

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Issue	Issue date	Maturity date	Interest rate	Nominal value Euros'000	Book value Euros'000
BCP Sfe Rend M Sr 9-Val Mob Nr. 9	May, 2011	May, 2016	1st sem.=3.250%; 2nd sem.=3.375%; 3rd sem.=3.500%; 4th sem.=3.625%; 5th sem.=3.875%; 6th sem.=4.125%; 7th sem.=4.375%; 8th sem.=4.625%; 9th sem.=4.875%; 10th sem.=5.625%	610	656
BCP Rend Sup M 2 S – Val Mob Sr. 13	June, 2011	June, 2016	1st sem.=3.500%; 2nd sem.=3.625%; 3rd sem.=3.750%; 4th sem.=3.875%; 5th sem.=4.000%; 6th sem.=4.125%; 7th sem.=4.250%; 8th sem.=4.375%; 9th sem.=4.625%; 10th sem.=5.125%	2,960	3,158
BCP Rend Sup M 3 Sr- Val Mob Sr. 14	June, 2011	June, 2016	1st sem.=3.875%; 2nd sem.=4.000%; 3rd sem.=4.125%; 4th sem.=4.250%; 5th sem.=4.375%; 6th sem.=4.500%; 7th sem.=4.625%; 8th sem.=4.750%; 9th sem.=5.000%; 10th sem.=5.500%	5,715	6,095
BCP Iln Permal Macro Hold Class D	June, 2011	June, 2021	Indexed to Permal Macro Holding Lda	719	719
BCP Ob.Mill Rend Super-Vm Sr. Nr. 12	June, 2011	June, 2016	1st sem.=3.000%; 2nd sem.=3.125%; 3rd sem.=3.250%; 4th sem.=3.375%; 5th sem.=3.500%; 6th sem.=3.625%; 7th sem.=3.750%; 8th sem.=3.875%; 9th sem.=4.125%; 10th sem.=4.625%	704	750
BCP Sfe Rendim Super M 3 Sr	June, 2011	June, 2016	1st sem.=3.875%; 2nd sem.=4.000%; 3rd sem.=4.125%; 4th sem.=4.250%; 5th sem.=4.375%; 6th sem.=4.500%; 7th sem.=4.625%; 8th sem.=4.750%; 9th sem.=5.000%; 10th sem.=5.500%	130	138
BCP Rend Super M 4 Ser-Vm Sr. 21	July, 2011	July, 2016	1st sem.=3.000%; 2nd sem.=3.125%; 3rd sem.=3.250%; 4th sem.=3.375%; 5th sem.=3.500%; 6th sem.=3.625%; 7th sem.=3.750%; 8th sem.=3.875%; 9th sem.=4.125%; 10th sem.=4.625%	344	364
BCP Rend Super M 5 Ser-Vm Sr 22	July, 2011	July, 2016	1st sem.=3.500%; 2nd sem.=3.625%; 3rd sem.=3.750%; 4th sem.=3.875%; 5th sem.=4.000%; 6th sem.=4.125%; 7th sem.=4.250%; 8th sem.=4.375%; 9th sem.=4.625%; 10th sem.=5.125%	1,105	1,173
BCP Rend Super M 6 Ser-Vm Sr. 23	July, 2011	July, 2016	1st sem.=3.875%; 2nd sem.=4.000%; 3rd sem.=4.125%; 4th sem.=4.250%; 5th sem.=4.375%; 6th sem.=4.500%; 7th sem.=4.625%; 8th sem.=4.750%; 9th sem.=5.000%; 10th sem.=5.500%	2,752	2,920

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Issue	Issue date	Maturity date	Interest rate	Nominal value Euros'000	Book value Euros'000
BCP Fix Jul 2016-Val Mob Sr. 38	August, 2011	July, 2016	Fixed rate of 6.180%	1,750	1,750
BCP Float Nov 2015-Val Mob Sr. 36	August, 2011	November, 2015	Until 28 Nov 2011: Fixed rate 2.587% year; after 28 Nov 2011: Euribor 6M + 0.875%	1,600	1,522
BCP Float Jun 2016-Val Mob Sr. 37	August, 2011	June, 2016	Until 27 Dec 2011: Fixed rate 2.646% year; after 27 Dec 2011: Euribor 6M + 0.875%	1,330	1,265
BCP Float Feb 2015-Val Mob Sr. 35	August, 2011	February, 2015	Euribor 6M + 0.875%	1,750	1,678
BCP Float Mar 2018-Val Mob Sr. 40	August, 2011	March, 2018	Until 03 Sep 2011: Fixed rate 2.332% year; after 03 Sep 2011: Euribor 6M + 0.950%	2,850	2,436
BCP Float Dec 2017-Val Mob Sr. 41	August, 2011	December, 2017	Until 20 Dec 2011: Fixed rate 2.702% year; after 20 Dec 2011: Euribor 6M + 0.950%	2,450	2,290
BCP Float Jun 2017-Val Mob Sr. 39	August, 2011	June, 2017	Until 27 Dec 2011: Fixed rate 2.646% year; after 27 Dec 2011: Euribor 6M + 0.875%	900	851
BCP Float Jan 2018-Val Mob Sr. 42	August, 2011	January, 2018	Until 28 Jan 2012: Fixed rate 2.781% year; after 28 Jan 2012: Euribor 6M + 0.950%	2,800	2,420
BCP Rend Extra M 1 Ser-Vm Sr. 28	September, 2011	September, 2014	1st sem.=3.250%; 2nd sem.=3.375%; 3rd sem.=3.500%; 4th sem.=3.750%; 5th sem.=4.125%; 6th sem.=4.500%	1,504	1,526
BCP Rend Extra M 2 Ser-Vm Sr. 29	September, 2011	September, 2014	1st sem.=3.500%; 2nd sem.=3.625%; 3rd sem.=3.750%; 4th sem.=4.000%; 5th sem.=4.375%; 6th sem.=4.750%	5,039	5,113
BCP Rend Extra M 3 Ser-Vm Sr. 31	September, 2011	September, 2014	1st sem.=3.750%; 2nd sem.=3.875%; 3rd sem.=4.000%; 4th sem.=4.250%; 5th sem.=4.625%; 6th sem.=5.000%	10,527	10,682
BCP Fix Rate Notes 9.25 Pct -Emtn 827	October, 2011	October, 2014	Fixed rate of 9.250%	517,000	481,911
BCP Float Jun 2017-Vm Sr.47	November, 2011	June, 2017	Fixed rate of 1.771% (1st interest) and Euribor 6 M (2nd and following)	4,575	3,459
BCP Float Jan 2018-Vm Sr.46	November, 2011	January, 2018	Fixed rate of 1.831% (1st interest) and Euribor 6 M (2nd and following)	8,750	6,356
BCP Float Sep 2015-Vm Sr. 45	November, 2011	September, 2015	Fixed rate of 1.732% (1st interest) and Euribor 6 M (2nd and following)	2,550	2,201
BCP Float Nov 2015-Vm Sr.48	November, 2011	November, 2015	Fixed rate of 1.712% (1st interest) and Euribor 6 M (2nd and following)	2,075	1,770
BCP Fix Oct 2019-Vm Sr.44	November, 2011	October, 2019	Fixed rate of 6.875%	5,400	4,544
Estrut Taxa Step Up Xii-11-Vm Sr.56	December, 2011	December, 2014	1st sem.=7.000%; 2nd sem.=7.000%; 3rd sem.=7.000%; 4th sem.=7.000%; 5th sem.=7.500%; 6th sem.=7.500%; 7th sem.=7.500%; 8th sem.=7.500%; 9th sem.=8.000%; 10th sem.=8.000%; 11th sem.=8.000%; 12th sem.=8.000%	8,226	8,365
BCP Frn 12/2014-Aval Estado-Mtn 832	December, 2011	December, 2014	Euribor 3M + 12.000% per year	2,750,000	2,750,000
Bcp Rend Special One Sr 1-Vm Sr.50	December, 2011	December, 2015	1st year=3.500%; 2nd year=4.750%; 3rd year=6.000%. 4th year=6.750%	2,262	2,391
Bcp Rend Special One Sr 2-Vm Sr.51	December, 2011	December, 2015	1st year=3.750%; 2nd year=5.000%; 3rd year=6.250%. 4th year=7.000%	2,599	2,745
Bcp Rend Special One Sr 3-Vm Sr.52	December, 2011	December, 2015	1st year=4.000%; 2nd year=5.250%; 3rd year=6.500%. 4th year=7.250%	2,154	2,274

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Issue	Issue date	Maturity date	Interest rate	Nominal value Euros'000	Book value Euros'000
Bcp Rend Tx Cres Xii 11 Eur-Vm Sr.58	December, 2011	December, 2014	1st sem.=7.000%; 2nd sem.=7.000%; 3rd sem.=7.000%; 4th sem.=7.000%; 5th sem.=7.500%; 6th sem.=7.500%; 7th sem.=7.500%; 8th sem.=7.500%; 9th sem.=8.000%; 10th sem.=8.000%; 11th sem.=8.000%; 12th sem.=8.000%	3,608	3,670
Bcp Millen Rend Cres S1-Vm Sr.54	December, 2011	January, 2014	1st sem.=4.000%; 2nd sem.=4.750%; 3rd sem.=5.750%; 4th sem.=6.500%	1,955	1,959
Bcp Millen Rend Cres S2-Vm Sr.55	December, 2011	January, 2014	1st sem.=4.250%; 2nd sem.=5.000%; 3rd sem.=6.000%; 4th sem.=6.750%	5,718	5,729
Bcp Mill Rend Ja 3 Sr-Feb 14-Vm Sr.59	December, 2011	February, 2014	Fixed rate of 6.250%	10,666	10,580
Bcp Float Apr 2014-Vm Sr.76-Ref.9	December, 2011	April, 2014	Until 1Apr 2012: Fixed rate 2.000% year; after 1 Apr 2012: Euribor 3M + 0.450%	25,000	24,600
Bcp Float Apr 2017-Vm Sr.95-Ref.28	December, 2011	April, 2017	Until 1Apr 2012: Fixed rate 2.050% year; after 1 Apr 2012: Euribor 3M + 0.500%	90,000	71,801
Bcp Float Apr 2016-Vm Sr.82 Ref.15	December, 2011	April, 2016	Until 4 Apr 2012: Fixed rate 2.054% year; after 4 Apr 2012: Euribor 3M + 0.500%	137,200	117,739
Bcp Float Jan 2019-Vm 105-Ref.38	December, 2011	January, 2019	Until 5Apr 2012: Fixed rate 2.367% year; after 5 Apr 2012: Euribor 3M + 0.810%	50,000	38,741
Bcp Float Jul 2016-Vm Sr.87-Ref.20	December, 2011	July, 2016	Until 8Apr 2012: Fixed rate 2.056% year; after 8 Apr 2012: Euribor 3M + 0.500%	40,000	33,622
Bcp Float Apr 2016-Vm Sr.83-Ref.16	December, 2011	April, 2016	Until 14Apr 2012: Fixed rate 2.071% year; after 14 Apr 2012: Euribor 3M + 0.500%	35,000	29,936
Bcp Float Oct 2016-Vm 91 Ref.24	December, 2011	October, 2016	Until 15Apr 2012: Fixed rate 2.072% year; after 15 Apr 2012: Euribor 3M + 0.500%	18,000	14,837
Bcp Float Oct 2014-Vm Sr.80-Ref.13	December, 2011	October, 2014	Until 28Apr 2012: Fixed rate 2.038% year; after 28 Apr 2012: Euribor 3M + 0.450%	12,900	12,190
Bcp Float 2 Jul 2016-Vm Sr.88 Ref.21	December, 2011	July, 2016	Until 30Apr 2012: Fixed rate 2.090% year; after 30 Apr 2012: Euribor 3M + 0.500%	45,000	37,515
Bcp Float Jul 2017-Vm Sr.97-Ref.30	December, 2011	July, 2017	Until 28Apr 2012: Fixed rate 2.738% year; after 28 Apr 2012: Euribor 3M + 1.150%	28,750	22,339
Bcp Float Oct 2017-Vm Sr.100 Ref.33	December, 2011	October, 2017	Until 28Apr 2012: Fixed rate 2.088% year; after 28 Apr 2012: Euribor 3M + 0.500%	49,250	37,376
Bcp Float Aug 2017-Vm Sr.98-Ref.31	December, 2011	August, 2017	Until 5 May 2012: Fixed rate 2.080% year; after 5 May 2012: Euribor 3M + 0.500%	5,000	3,868
Bcp Float May 2016-Vm Sr.84-Ref.17	December, 2011	May, 2016	Until 7 May 2012: Fixed rate 2.080% year; after 7 May 2012: Euribor 3M + 0.500%	39,100	33,265
Bcp Float May 2014-Vm Sr.77-Ref.10	December, 2011	May, 2014	Until 8 May 2012: Fixed rate 2.988% year; after 8 May 2012: Euribor 3M + 1.500%	101,000	98,668
Bcp Float May 2014-Vm Sr.78-Ref.11	December, 2011	May, 2014	Until 13 May 2012: Fixed rate 1.914% year; after 13 May 2012: Euribor 3M + 0.450%	4,950	4,832
Bcp Float May 2017-Vm Sr.96-Ref.29	December, 2011	May, 2017	Until 13 May 2012: Fixed rate 1.964% year; after 13 May 2012: Euribor 3M + 0.500%	44,450	35,012
Bcp Float May 2018-Vm 104-Ref.37	December, 2011	May, 2018	Until 12 May 2012: Fixed rate 1.964% year; after 12 May 2012: Euribor 3M + 0.500%	38,500	28,018

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Issue	Issue date	Maturity date	Interest rate	Nominal value Euros'000	Book value Euros'000
Bcp Float Feb 2019-Vm 106 Ref.39	December, 2011	February, 2019	Until 16 May 2012: Fixed rate 1.459% year; after 16 May 2012: Euribor 3M + 1.000%	10,850	8,343
Bcp Float Feb 2018-Vm 102-Ref.35	December, 2011	February, 2018	Until 17 May 2012: Fixed rate 1.957% year; after 17 May 2012: Euribor 3M + 0.500%	56,450	42,123
Bcp Float Feb 2014-Vm Sr.74-Ref.7	December, 2011	February, 2014	Until 18 May 2012: Fixed rate 1.908% year; after 18 May 2012: Euribor 3M + 0.450%	9,950	9,862
Bcp Float May 2016-Vm 85-Ref.18	December, 2011	May, 2016	Until 20 May 2012: Fixed rate 1.960% year; after 20 May 2012: Euribor 3M + 0.500%	21,000	17,802
Bcp Float Feb 2017-Vm Sr.94-Ref.27	December, 2011	February, 2017	Until 18 May 2012: Fixed rate 1.958% year; after 18 May 2012: Euribor 3M + 0.500%	93,250	74,701
Bcp Float Aug 2016-Avl Sr.89 Ref.22	December, 2011	August, 2016	Until 22 May 2012: Fixed rate 1.965% year; after 22 May 2012: Euribor 3M + 0.500%	36,700	30,579
Bcp Float Feb 2014 2Em-Sr.75-Ref.8	December, 2011	February, 2014	Until 27 May 2012: Fixed rate 1.924% year; after 27 May 2012: Euribor 3M + 0.450%	1,000	990
Bcp Float Nov 2016-Vm Sr.92-Ref.25	December, 2011	November, 2016	Until 26 May 2012: Fixed rate 1.974% year; after 26 May 2012: Euribor 3M + 0.500%	8,000	6,518
Bcp Float Sep 2016 Ref.23 Vm 90	December, 2011	September, 2016	Until 3 Jun 2012: Fixed rate 1.969% year; after 3 Jun 2012: Euribor 3M + 0.500%	13,600	11,293
Bcp Float Jun 2016-Vm Sr.86-Ref.19	December, 2011	June, 2016	Until 20 Jun 2012: Fixed rate 1.917% year; after 20 Jun 2012: Euribor 3M + 0.500%	47,000	39,633
Bcp Float Sep 2014-Vm Sr.79-Ref.12	December, 2011	September, 2014	Until 21 Jun 2012: Fixed rate 2.270% year; after 21 Jun 2012: Euribor 3M + 0.852%	93,900	89,676
Bcp Float Sep 2017-Vm Sr.99-Ref.32	December, 2011	September, 2017	Until 23 Jun 2012: Fixed rate 1.916% year; after 23 Jun 2012: Euribor 3M + 0.500%	14,500	11,220
Bcp Float Mar 2016-Vm 81-Ref.14	December, 2011	March, 2016	Until 25 Jun 2012: Fixed rate 1.910% year; after 25 Jun 2012: Euribor 3M + 0.500%	121,400	104,180
Bcp Float Sep 2015-Vm Sr.62	December, 2011	September, 2015	Until 28 Sep 2012: Fixed rate 2.607% year; after 28 Sep 2012: Euribor 6M + 0.875%	8,900	8,168
Bcp Float Dec 2016-Vm Sr.93-Ref.26	December, 2011	December, 2016	Euribor 3M + 0.500%	19,500	15,805
Bcp Float Dec 2017-Vm Sr.101 Ref.34	December, 2011	December, 2017	Euribor 3M + 0.500%	65,900	49,419
Bcp Float Mar 2018-Vm Sr.103 Ref.36	December, 2011	March, 2018	Euribor 3M + 0.500%	49,300	36,379
Bcp Float Nov 2015-Vm Sr.64	December, 2011	November, 2015	Until 28 Nov 2012: Fixed rate 2.577% year; after 28 Nov 2012: Euribor 6M + 0.875%	8,500	7,406
Bcp Float Jun 2017-Vm Sr.63	December, 2011	June, 2017	Until 27 Dec 2012: Fixed rate 2.537% year; after 27 Dec 2012: Euribor 6M + 0.875%	6,000	4,902
Bcp Fixa Oct 2019-Vm Sr.61	December, 2011	October, 2019	Fixed rate of 6.875%	9,500	7,947
Bcp Floater Sep 15-Vm Sr. 111	January, 2012	September, 2015	Until 28 Sep2012: fixed rate 2.607% year; after 28 Sep2012: Euribor 6M + 0.875%	5,000	4,595
Bcp Floater Nov 15-Vm Sr. 112	January, 2012	November, 2015	Until 28 Nov 2012: fixed rate 2.577% year; after 28 Nov 2012: Euribor 6M + 0.875%	2,900	2,540
Bcp Floater Jun 17-Vm Sr. 113	January, 2012	June, 2017	Until 27 Dec 2012: fixed rate 2.537% year; after 27 Dec 2012: Euribor 6M + 0.875%	6,000	4,982
Bcp Fixa Oct 19-Vm Sr. 110	January, 2012	October, 2019	Fixed rate of 6.875%	4,000	3,320

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Issue	Issue date	Maturity date	Interest rate	Nominal value Euros'000	Book value Euros'000
Bcp Floater Mar 13-Vm Sr. 114	February, 2012	March, 2016	Until 28 Jan 2013: fixed rate 2.389% year; after 28 Jan 2013: Euribor 6M + 0.950%	8,000	7,028
Bcp Floater Apr 16-Vm Sr. 115	February, 2012	April, 2016	Until 28 Jan 2013: fixed rate 2.389% year; after 28 Jan 2013: Euribor 6M + 0.950%	1,700	1,492
Bcp Floater Jun 16-Vm Sr. 116	February, 2012	June, 2016	Until 28 Jan 2013: fixed rate 2.389% year; after 28 Jan 2013: Euribor 6M + 0.950%	8,586	7,496
Bcp Floater Jul 17-Vm Sr. 122	February, 2012	July, 2017	Until 28 Jul 2012: fixed rate 2.738% year; after 28 Jul 2012: Euribor 3M + 1.150%	3,750	3,066
Bcp Floater Nov 18-Vm Sr. 124	February, 2012	November, 2018	Until 3 Aug 2012: fixed rate 1.715% year; after 3 Aug 2012: Euribor 3M + 0.600%	30,000	22,127
Rend Tx Cres Ii -Vm Sr. 117	February, 2012	February, 2015	1st sem.=7.000%; 2nd sem.=7.000%; 3rd sem.=7.000%; 4th sem.=7.000%; 5th sem.=7.500%; 6th sem.=7.500%; 7th sem.=7.500%; 8th sem.=7.500%; 9th sem.=8.000%; 10th sem.=8.000%; 11th sem.=8.000%; 12th sem.=8.000%	1,620	1,649
Bcp Floater May 14-Vm Sr. 131	February, 2012	May, 2014	Until 10 Nov 2012: fixed rate 1.742% year; after 10 Nov 2012: Euribor 6M + 0.050%	18,050	17,654
Bcp Floater Jun 18-Vm Sr. 132	February, 2012	June, 2018	Until 15 Jun 2013: fixed rate 2.639% year; after 15 Jun 2013: Euribor 12M + 0.500%	20,000	15,064
Bcp Frn 02/2017-Aval Estado-Mtn 839	February, 2012	February, 2017	Euribor 3M + 12.000%	1,500,000	1,500,000
Bcp Floater Jun 16-Vm Sr. 167	March, 2012	June, 2016	Until 3 Mar 2013: fixed rate 2.217% year; after 3 Mar 2013: Euribor 6M + 0.950%	4,987	4,241
Bcp Floater Jul 16-Vm Sr. 168	March, 2012	July, 2016	Until 3 Mar 2013: fixed rate 2.217% year; after 3 Mar 2013: Euribor 6M + 0.950%	1,513	1,284
Bcp Rend Tx Cresc Iii 12 Usd-Vm Sr. 171	March, 2012	March, 2015	1st quarter=3.750%; 2nd quarter=3.750%; 3rd quarter=3.750%; 4th quarter=3.750%; 5th quarter=4.000%; 6th quarter=4.000%; 7th quarter=4.000%; 8th quarter=4.000%; 9th quarter=4.250%; 10th quarter=4.250%; 11th quarter=4.250%; 12th quarter=4.250%	725	731
Rend Taxa Cres Iv -Vm Sr. 172	April, 2012	April, 2015	1st quarter=6.000%; 2nd quarter=6.000%; 3rd quarter=6.000%; 4th quarter=6.000%; 5th quarter=6.500%; 6th quarter=6.500%; 7th quarter=6.500%; 8th quarter=6.500%; 9th quarter=7.000%; 10th quarter=7.000%; 11th quarter=7.000%; 12th quarter=7.000%	1,559	1,587
Bcp Floater Feb 15-Vm Sr. 174	April, 2012	February, 2015	Until 8 Feb 2013: fixed rate 2.266% year; after 8 Feb 2013: Euribor 6M + 0.875%	8,300	7,688
Bcp Floater Sep 15-Vm Sr. 175	April, 2012	September, 2015	Until 28 Mar 2013: fixed rate 1.978% year; after 28 Mar 2013: Euribor 6M + 0.875%	8,200	7,476
Bcp Floater Jun 17-Vm Sr. 176	April, 2012	June, 2017	Until 27 Dec 2012: fixed rate 2.537% year; after 27 Dec 2012: Euribor 6M + 0.875%	8,800	7,388
Bcp Fixa Oct 19-Vm Sr. 177	April, 2012	October, 2019	Fixed rate of 6.875%	2,000	1,611
Bcp Floater Feb 15-Vm Sr. 189	April, 2012	February, 2015	Until 8 Feb 2013: fixed rate 2.266% year; after 8 Feb 2013: Euribor 6M + 0.875%	18,000	16,565

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Issue	Issue date	Maturity date	Interest rate	Nominal value Euros'000	Book value Euros'000
Bcp Floater Sep 15-Vm Sr. 190	April, 2012	September, 2015	Until 28 Mar 2013: fixed rate 1.978% year; after 28 Mar 2013: Euribor 6M + 0.875%	15,900	14,452
Bcp Floater Jun 17-Vm Sr. 191	April, 2012	June, 2017	Until 27 Dec 2012: fixed rate 2.537% year; after 27 Dec 2012: Euribor 6M + 0.875%	19,500	16,218
Bcp Floater Mar 18-Vm Sr. 192	April, 2012	March, 2018	Until 27 Dec 2012: fixed rate 2.217% year; after 27 Dec 2012: Euribor 6M + 0.950%	3,055	2,465
Bcp Fixa Oct 19-Vm Sr. 193	April, 2012	October, 2019	Fixed rate of 6.875%	4,900	3,949
Bcp Eur Cln Jeronimo Martins -Vm Sr. 231	May, 2012	April, 2014	Until 14 Feb 2013: fixed rate 2.240% year; after 14 Feb 2013: Euribor 6M + 0.875%	24,000	23,770
Bcp Eur Cln Bes Jun 14-Vm Sr. 232	May, 2012	June, 2014	Until 14 Feb 2013: fixed rate 2.240% year; after 14 Feb 2013: Euribor 6M + 0.875%	24,400	24,038
Bcp FRN 5.625 Per Cent Sep 14-Emtn 841	June, 2012	September, 2014	Fixed rate of 5.625%	51,550	50,997
Bcp FRN 5.625 Per Cent Apr15-Emtn 842	June, 2012	April, 2015	Fixed rate of 5.625%	61,150	60,188
Bcp FRNs 5.625 Per Cent Feb 16-Emtn 843	June, 2012	February, 2016	Fixed rate of 5.625%	10,450	10,003
Bcp Ret Trim Cres Vii 12 -Vm Sr. 261	July, 2012	July, 2014	1st quarter=4.000%; 2nd quarter=4.000%; 3rd quarter=4.250%; 4th quarter=4.250%; 5th quarter=4.750%; 6th quarter=4.750%; 7th quarter=5.500%; 8th quarter=5.500%	1,410	1,425
Bcp Ret Trim Taxa Cres Viii -Vm 251	August, 2012	August, 2014	1st quarter=3.750%; 2nd quarter=3.750%; 3rd quarter=4.000%; 4th quarter=4.000%; 5th quarter=4.500%; 6th quarter=4.500%; 7th quarter=5.250%; 8th quarter=5.250%	1,470	1,484
Bcp Ret Trim Cres Ix/12-Vm Sr.274	September, 2012	September, 2014	1st quarter=3.500%; 2nd quarter=3.500%; 3rd quarter=3.750%; 4th quarter=3.750%; 5th quarter=4.250%; 6th quarter=4.250%; 7th quarter=4.750%; 8th quarter=4.750%	1,770	1,784
Bcp 4.75% Sep -Vm Sr. 279	September, 2012	September, 2020	Fixed rate of 4.750%	27,100	25,646
Cln Grupo Pestana Sgps -Vm Sr.. 295	December, 2012	December, 2015	Variable rate Euribor 6M + 0.950%	10,000	8,766
Mill Rend.Trim Dec 20-Vm Sr. 290	December, 2012	December, 2020	Fixed rate of 4.500%	49,623	49,623
Cln Gr.Pestana Sgps 2ª Em-Vm Sr. 296	December, 2012	December, 2015	Variable rate Euribor 6M + 0.875%	10,000	8,662
Val. Mob. CP 13.02.2014-Vm Sr. 334	December, 2013	February, 2014	Fixed rate of 0.73%	123,000	123,000
Val. Mob. CP 14.02.2014-Vm Sr. 335	December, 2013	February, 2014	Fixed rate of 0.74%	127,000	127,000
Val. Mob. CP 07.03.2014-Vm Sr. 336	December, 2013	March, 2014	Fixed rate of 0.73%	120,000	120,000
Val. Mob. CP 14.03.2014-Vm Sr. 337	December, 2013	March, 2014	Fixed rate of 0.74%	150,000	150,000
Val. Mob. CP 20.03.2014-Vm Sr. 338	December, 2013	March, 2014	Fixed rate of 0.73%	130,000	130,000
					11,906,512
Accruals					142,135
					12,048,647
DEBT SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS					
BCP Cln Portugal – Emtn 726	June, 2010	June, 2018	Fixed rate of 4.720%	59,100	58,655
BCP Cabaz Mundial 26 Oct 10/14	October, 2010	October, 2014	Indexed to portfolio of 4 shares	213	226
BCP Eur Cln Port 2Emis Jun 10/18	November, 2010	June, 2018	Fixed rate of 4.450%	11,550	11,547
BCP Eur Cln Portugal 10/15.06.20	November, 2010	June, 2020	Fixed rate of 4.800%	30,000	29,135
BCP Iln Blue Chip Cupão Conve I-11	January, 2011	January, 2016	Indexed to DJ EuroStoxx 50 index	3,000	3,283
BCP Iln Range Acc Infl I – 11 Jan 2016	January, 2011	January, 2016	Fixed rate of 3.500%	3,000	3,075

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Issue	Issue date	Maturity date	Interest rate	Nominal value Euros'000	Book value Euros'000
BCP Iln Reto Fin Cup Ext 2014	February, 2011	February, 2014	Fixed rate of 8.000% + portfolio of 2 shares	1,010	1,080
BCP Iln Seleç Merc Emerg 10 Feb 16	February, 2011	February, 2016	Indexed to MSCI Emerging Market Fund	1,005	940
BCP Iln Indic Internac Cup Fixo Iii	March, 2011	March, 2015	Fixed rate of 10.000% + portfolio of 3 indexes	1,365	1,522
BCP Iln Merc Emerg Asia Autocalle	March, 2011	March, 2014	Indexed to portfolio of 3 indexes	1,210	1,259
BCP Inv America Latina May 2014	May, 2011	May, 2014	Indexed to S&P Latin America 40 index	1,390	1,397
Rend Real Eur Vii 11-Emtn 817	July, 2011	July, 2014	Indexed to Eurostat Eurozone Harmonised	3,395	3,408
Rend Real Usd Vii 11-Emtn 816	July, 2011	July, 2014	Indexed The US CPI Urban Consum index	761	774
BCP Cab Tecnol Usa Autoc Viii	August, 2011	August, 2014	Indexed to portfolio of 3 shares	1,100	1,230
BCP Iln Estr Global Viii/11 Eur	August, 2011	August, 2016	Fixed rate of 1.600% per year	2,510	2,790
Bcp Cp Fix Ant Autocall Iv-Vm Sr.198	April, 2012	April, 2014	Fixed rate of 7,500%	1,635	1,757
Bcp Eur Cln Portugal 3Rd-Emtn 840	May, 2012	June, 2018	Fixed rate of 4,450%	32,700	35,422
Inv. Reemb. Duplo-Vm Sr. 270	November, 2012	November, 2014	Indexed to DJ EuroStoxx 50 index	3,525	3,739
Inv. Europa Nov 14-Vm Sr. 271	November, 2012	November, 2014	Indexed to a portfolio of 3 indexes	15,149	15,646
Invest. Mundial Nov 14-Vm Sr. 272	November, 2012	November, 2014	Indexed to a portfolio of 5 shares	20,827	20,502
Inv. Reemb. Duplo Zona Euro-Vm Sr. 284	November, 2012	November, 2014	Indexed to DJ EuroStoxx 50 index	2,730	3,046
Rend. Zona Euro Dec 14-Vm Sr. 293	December, 2012	December, 2014	1st sem.=1.250%; 2nd sem.=3.33333% after indexed to DJ EuroStoxx 50 index	1,940	2,091
Bcp Inv. Europa Dec 14-Vm 285	December, 2012	December, 2014	Indexed to a portfolio of 3 indexes	24,529	25,204
Bcp Inv. Mundial Dec 14-Vm 286	December, 2012	December, 2014	Indexed to a portfolio of 4 shares	23,209	21,214
Rend. Reem. Par. Euro Autoc-Vm 301	January, 2013	January, 2015	1st quarter=0.625%; 2nd quarter=1.429%; 3rd quarter=2.500%; 4th quarter=4.000%; after 16 Jan 2014 indexed interest rate to EuroStoxx 50 index	2,331	2,338
Bcp Rend Reem. Par. II/13Eur-Vm 304	February, 2013	February, 2015	Until 13 Aug 2013: fixed rate 1.250%; after 13 Aug 2013: fixed rate 3.333%	2,768	2,816
Inv. Banca Zona Eur II/13 -Vm 309	February, 2013	February, 2017	Indexed to EuroStoxx Banks index	1,000	1,237
Inv. Merc. Acion. Z.Euro III-Emtn 845	March, 2013	September, 2014	Indexed to DJ EuroStoxx 50 index	3,640	4,358
Inv. Reemb. Parc. III-Emtn 846	March, 2013	March, 2015	1st sem.=1.125%; 2nd sem.=3.000%; after indexed to DJ EuroStoxx 50 index and S&P 500	2,903	2,990
Inv. Blue Chips Z.Euro V 13 -Emtn 848	May, 2013	May, 2015	Indexed to DJ EuroStoxx 50 index	1,310	1,523
Inv. Selec. Mund. Usd V 13-Emtn 849	May, 2013	May, 2015	Indexed to Stoxx Global Select Dividend 100	914	937
Cabaz Z.Eur Autocall.VII 13-Emtn 851	June, 2013	June, 2015	Indexed to DJ EuroStoxx 50 index	1,420	1,333
Part. Multisetorial Europ.-Emtn 850	June, 2013	June, 2018	Indexed to DB SALSA Sectors EUR	4,150	4,260
Bcp Sel 500 Ac Am Autoc Epvm Sr.1	November, 2013	November, 2015	Indexed to S&P 500	3,770	3,870
Part. Blue Chips Z.Euro Epvm Sr.2	December, 2013	June, 2015	Indexed to DJ EuroStoxx 50 index	1,780	1,875
Invest Acoes Europeias Epvm Sr 3	December, 2013	December, 2015	Indexed to DJ EuroStoxx 50 index	2,570	2,682
					279,161
Accruals					3,478
					282,639

This balance, as at 31 December 2013, is analysed by the period to maturity, as follows:

(Thousand of Euros)

	2013					
	Up to 3 months	3 to 6 months	6 months to 1 year	1 year to 5 years	Over 5 years	Total
DEBT SECURITIES AT AMORTISED COST						
Bonds	679,120	193,562	135,915	1,262,989	144,443	2,416,029
Covered bonds	-	-	896,067	1,288,752	-	2,184,819
MTNs	167,128	1,584,988	3,398,378	2,155,170	-	7,305,664
	846,248	1,778,550	4,430,360	4,706,911	144,443	11,906,512
DEBT SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS						
Bonds	-	3,154	91,442	14,818	-	109,414
MTNs	2,339	-	9,996	128,277	29,135	169,747
	2,339	3,154	101,438	143,095	29,135	279,161
Certificates	-	-	-	-	312,025	312,025
	848,587	1,781,704	4,531,798	4,850,006	485,603	12,497,698

This balance, as at 31 December 2012, is analysed by the period to maturity, as follows::

(Thousand of Euros)

	2012					
	Up to 3 months	3 to 6 months	6 months to 1 year	1 year to 5 years	Over 5 years	Total
DEBT SECURITIES AT AMORTISED COST						
Bonds	2,225,687	887,030	1,190,774	1,397,069	289,459	5,990,019
Covered bonds	-	-	-	2,262,402	-	2,262,402
MTNs	983,960	109,017	16,269	9,206,533	-	10,315,779
	3,209,647	996,047	1,207,043	12,866,004	289,459	18,568,200
DEBT SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS						
Bonds	-	10,136	11,728	106,814	-	128,678
MTNs	14,287	4,751	7,458	20,943	131,838	179,277
	14,287	14,887	19,186	127,757	131,838	307,955
Certificate	6,959	-	-	-	99,531	106,490
	3,230,893	1,010,934	1,226,229	12,993,761	520,828	18,982,645

33. Financial liabilities held for trading

The balance is analysed as follows:

(Thousand of Euros)

	2013	2012
DERIVATIVES		
Swaps	**636,452**	1,056,381
Options	**87,931**	136,139
Embedded derivatives	**781**	661
Forwards	**322**	620
Others	**-**	61,354
	725,486	1,255,155
of which:		
Level 1	**82,843**	-
Level 2	**640,159**	1,254,572
Level 3	**2,484**	583

As referred in IFRS 13, financial instruments are measured according to the levels of classification described in note 44.

The balance Financial liabilities held for trading includes, the embedded derivatives valuation separated from the host contracts in accordance with the accounting policy presented in note 1 c), in the amount of Euros 781,000 (31 December 2012: Euros 661,000). This note should be analysed together with note 21.

34. Provisions

This balance is analysed as follows:

(Thousand of Euros)

	2013	2012
General provision for loan losses	**330,533**	367,731
Provision for country risk	**537**	1,491
Other provisions for liabilities and charges	**40,337**	46,301
	371,407	415,523

Changes in General provision for loan losses are analysed as follows:

(Thousand of Euros)

	2013	2012
GENERAL PROVISION FOR LOANS		
BALANCE ON 1 JANUARY	**311,303**	357,251
Transfers	**(8,253)**	(48,538)
Charge for the year	**-**	8,864
Write-back for the year	**(19,773)**	(6,274)
Exchange rate differences	**(483)**	-
BALANCE ON 31 DECEMBER	**282,794**	311,303
GENERAL PROVISION FOR SIGNATURE CREDITS		
BALANCE ON 1 JANUARY	**56,428**	96,964
Transfers	**-**	53
Charge for the year	**-**	59
Write-back for the year	**(8,684)**	(40,648)
Exchange rate differences	**(5)**	-
BALANCE ON 31 DECEMBER	**47,739**	56,428
	330,533	367,731

The General provision for loans was calculated in accordance with Regulation No. 3/95, no. 2/99 and No. 8/03 of the Bank of Portugal, as referred in accounting policy 1 b).

Changes in Provision for country risk are analysed as follows:

(Thousand of Euros)

	2013	2012
BALANCE ON 1 JANUARY	**1,491**	6,446
Charge for the year	**-**	74
Write-back for the year	**(954)**	(5,029)
BALANCE ON 31 DECEMBER	**537**	1,491

The balance Provision for country risk included, as at 31 December 2012, the amount of Euros 5,702,000 regarding provisions to loans granted to resident entities in Macao.

Changes in Other provisions for liabilities and charges are analysed as follows:

(Thousand of Euros)

	2013	2012
BALANCE ON 1 JANUARY	**46,301**	41,136
Transfers	**-**	(2,417)
Charge for the year	**21,775**	11,913
Loans charged-off	**(27,739)**	(4,331)
BALANCE ON 31 DECEMBER	**40,337**	46,301

The provisions are accounted in accordance with the probability of occurrence of certain contingencies related with the Bank's inherent risks, which are revised in each reporting date in order to reflect the best estimate of the amount and probability of payment.

35. Subordinated debt

This balance is analysed as follows:

(Thousand of Euros)

	2013	2012
Bonds		
Non Perpetual Bonds	**1,342,546**	1,341,090
Perpetual Bonds	**1,513,502**	1,514,320
CoCos	**3,024,642**	3,017,754
	5,880,690	5,873,164
Accruals	**104,073**	52,023
	5,984,763	5,925,187

The caption Subordinated debt – CoCos corresponds to hybrids subordinated debt instruments that qualify as Core Tier I Capital, issued on 29 June 2012, by Banco Comercial Português, S.A. and fully subscribed by the Portuguese State. These instruments are fully reimbursable by the Bank through a five years period and only in specific circumstances, such as delinquency or lack of payment, are susceptible of being converted in Bank's ordinary shares.

The referred instruments were issued under the scope of the recapitalisation program of the bank, using the Euros 12,000,000,000 line made available by the Portuguese State, under the scope of the IMF intervention program, in accordance with the Law No. 150-A/2012. These instruments are eligible for prudential effects as Core Tier I. However, under the IAS 32 – Financial Instruments: Presentation for accounting purposes, these instruments are classified as liability, according to its characteristics, namely: (i) mandatory obligation to pay capital and interests; and (ii) in case of settlement through the delivery of equity securities, the number of securities to delivery is depending on the market value at the date of conversion, in order to have the value of the bond settled.

Thus, the classification as liability results from the fact that the investor, as holder of the instrument issued, is not exposed to the company equity instruments risk, and will always receive the equivalent amount of the value invested, in cash or in ordinary shares of the Bank.

The operation has an increasing interest rate beginning in 8.5% and ending at the maturity at 10% in 2017.

As at 31 December 2013, the characteristics of subordinated debt issued are analysed as follows::

Issue	Issue date	Maturity date	Interest rate	Nominal value	Book value
NON PERPETUAL BONDS					
Emp. sub. BCP Finance Bank	December, 2006	December, 2016	See reference (i)	399,400	399,400
Mbcp Ob Cx Sub 1 Serie 2008-2018	September, 2008	September, 2018	See reference (ii)	272,639	272,639
Mbcp Ob Cx Sub 2 Serie 2008-2018	October, 2008	October, 2018	See reference (ii)	76,656	76,656
Bcp Ob Sub Jun 2020 – Emtn 727	June, 2010	June, 2020	See reference (iii)	88,681	90,944
Bcp Ob Sub Aug 2020 – Emtn 739	August, 2010	August, 2020	See reference (iv)	53,429	55,627
Bcp Ob Sub Mar 2021 – Emtn 804	March, 2011	March, 2021	See reference (v)	114,000	114,000
Bcp Ob Sub Apr 2021 – Emtn 809	April, 2011	April, 2021	See reference (v)	64,100	64,100
Bcp Ob Sub 3S Apr 2021 – Emtn 812	April, 2011	April, 2021	See reference (v)	35,000	35,000
Bcp Sub 11/25.08.2019 – Emtn 823	August, 2011	August, 2019	Fixed rate of 6.383%	7,500	7,945
Bcp Subord Sep 2019 – Emtn 826	October, 2011	September, 2019	Fixed rate of 9.310%	50,000	47,547
Bcp Subord Nov 2019 – Emtn 830	November, 2011	November, 2019	Fixed rate of 8.519%	40,000	36,305
Bcp Subord Dec 2019 – Emtn 833	December, 2011	December, 2019	Fixed rate of 7.150%	26,600	22,651
Mill Bcp Subord Jan 2020 – Emtn 834	January, 2012	January, 2020	Fixed rate of 7.010%	14,000	11,324
Mbcp Subord Feb 2020 – Vm Sr. 173	April, 2012	February, 2020	Fixed rate of 9.000%	23,000	20,004
Bcp Subord Apr 2020 – Vm Sr 187	April, 2012	April, 2020	Fixed rate of 9.150%	51,000	44,718
Bcp Subord 2 Serie Apr 2020 – Vm 194	April, 2012	April, 2020	Fixed rate of 9.000%	25,000	21,758
Bcp Subordinadas Jul 20-Emtn 844	July, 2012	July, 2020	Fixed rate of 9.000%	26,250	21,928
					1,342,546
PERPETUAL BONDS					
TOPS BPSM 1997	December, 1997	-	Euribor 6 months + 0.900%	22,513	22,504
BCP 2000	January, 2000	-	Euribor 3 months + 0.208%	486,949	486,949
BCP Leasing 2001	December, 2001	-	See reference (vi)	5,182	5,182
BCP – Euro 200 millions	June, 2002	-	See reference (vii)	88	88
BCP – Euro 500 millions	June, 2004	-	See reference (viii)	500,000	499,230
Subord.debt BCP Finance Company	October, 2005	-	See reference (ix)	500,000	499,549
					1,513,502
COCOS					
Bcp Coco Bonds 12/29.06.2017	June, 2012	June, 2017	See reference (x)	3,000,000	3,024,642
					3,024,642
Accruals					104,073
					5,984,763

References:
(i) – Until December 2011 Euribor 3M + 0.335%; After December 2011 Euribor 3M + 0.800%;
(ii) – 1st year 6.000%; 2nd to 5th year Euribor 6M + 1.000%; 6th year and following Euribor 6M + 1.400%;
(iii) – Until the 5th year fixed rate of 3.250%; 6th year and following years Euribor 6M + 1.000%;
(iv) – 1st year 3.000%; 2nd year 3.250%; 3rd year 3.500%; 4th year 4.000%; 5th year 5.000%; 6th year and following Euribor 6M + 1.250%;
(v) – Euribor 3M + 3.750%;
(vi) – Until 40th coupon Euribor 3M + 1.750%; After 40th coupon Euribor 3M + 2.250%;
(vii) – Until 40th coupon 6.131%; After 40th coupon Euribor 3M + 2.400%;
(viii) – Until June 2014 fixed rate of 5.543%; After June 2014 Euribor 6M + 2.070%;
(ix) – Until October 2015 fixed rate of 4.239%; After October 2015 Euribor 3M + 1.950%;
(x) – 1st year: 8.500%; 2nd year 8.750%; 3rd year 9.000%; 4th year 9.500%; 5th year 10.000%.

The analysis of the subordinated debt by the period to maturity, is as follows:

(Thousand of Euros)

	2013	2012
1 to 5 years	**3,773,337**	3,417,154
Over 5 years	**593,851**	941,690
Undetermined	**1,513,502**	1,514,320
	5,880,690	5,873,164
Accruals	**104,073**	52,023
	5,984,763	5,925,187

36. Other liabilities

This balance is analysed as follows:

(Thousand of Euros)

	2013	2012
Creditors		
Suppliers	**26,491**	44,639
From factoring operations	**9,052**	6,444
Associated companies	**-**	379
Other creditors	**317,763**	162,545
Public sector	**53,901**	71,360
Other amounts payable	**27,529**	32,383
Deferred income	**1,970**	3,210
Holiday pay and subsidies	**50,902**	53,147
Amounts payable on trading activity	**6,846**	35,974
Other liabilities	**3,291,024**	3,751,435
	3,785,478	4,161,516

The balance Creditors – Other creditors includes the amount of Euros 4,176,000 (31 December 2012: Euros 4,413,000), related to the obligations with retirement benefits already recognised in Staff costs, to be paid to former members of the Executive Board of Directors. As referred in note 45, the above mentioned obligations are not covered by the Pension Fund, and therefore correspond to amounts payable by the Bank.

The balance Creditors – Other creditors also includes the amount of Euros 48,149,000 (31 December 2012: Euros 48,463,000) related with the seniority premium, as described in note 45.

The balance Other liabilities includes the amount of Euros 3,103,242,000 (31 December 2012: Euros 3,479,825,000) related to the loans portfolio securitized in operations Nova Finance No. 4, Caravela No. 2 and Tagus Leasing No. 1.

37. Share capital and other capital instruments

The share capital of the Bank, amounts to Euros 3,500,000,000 and is represented by 19,707,167,060 nominate and ordinary shares without nominal value, which is fully paid.

Under the Bank's Capitalisation Plan, the share capital increase was successfully completed, following the issue of ordinary shares in the amount of Euros 500,000,000, through subscription reserved for shareholders exercising their legal preference right, of 12,500,000,000 new shares.

In accordance with the Shareholders General Meeting in 31 May of 2012, the Bank reduced the share capital from Euros 6,064,999,986 to Euros 3,000,000,000, without changing the number of shares without nominal value at this date. The reduction included two components: a) Euros 1,547,873,439.69 to cover losses on the individual accounts of the Bank occurred in the year 2011; b) Euros 1,517,126,546.31, to reinforce the future conditions in order to have funds that can be distributed.

38. Legal reserve

Under Portuguese legislation, the Bank is required to set-up annually a legal reserve equal to a minimum of 10 percent of annual profits until the reserve equals the share capital. Such reserve is not normally distributable. In accordance with the proposal of share capital reduction approved in the General Shareolders Meeting held on 20 May 2013, the Bank reversed its legal reserve in the amount of Euros 406,730,000 to cover part of the negative balance of Retained Earnings.

The legal reserve amounts to Euros 193,270,000.

39. Fair value reserves, other reserves and retained earnings

This balance is analysed as follows:

(Thousand of Euros)

	2013	2012
Actuarial losses (net of taxes)	**(1,861,807)**	(1,833,053)
Amortization of the transition adjustment to pensions (Regulation No.12/01)	**(437,713)**	(424,676)
FINANCIAL ASSETS AVAILABLE FOR SALE		
Potential gains and losses recognised in fair value reserves	**97,740**	85,228
Fair value hedge adjustments	**827**	(2,222)
Loans represented by securities(*)	**(25)**	(30)
Financial assets held to maturity(*)	**5,503**	5,863
	104,045	88,839
DEFERRED TAX		
Potential gains and losses recognised in fair value reserves	**(30,376)**	(24,569)
Fair value hedge adjustments	**(261)**	644
Loans represented by securities	**8**	9
Financial assets held to maturity	**(1,733)**	(1,700)
	(32,362)	(25,616)
Fair value reserve net of taxes	**71,683**	63,223
	(2,227,837)	(2,194,506)
OTHER RESERVES AND RETAINED EARNINGS		
Legal reserve	**193,270**	600,000
Statutory reserve	**30,000**	30,000
Other reserves and retained earnings	**2,228,939**	3,232,639
	2,452,209	3,862,639

(*) – Refers to the amount not accrued of the fair value reserve at the date of reclassification for securities subject to reclassification (see note 21).

The legal reserve changes are analysed in note 38. The Fair value reserves correspond to the accumulated fair value changes of the financial assets available for sale, in accordance with the accounting policy presented in note 1 c).

The balance Statutory reserve corresponds to a reserve to steady dividends that, according to the bank's by-laws can be distributed.

Additionally, in accordance with the proposal approved in the General Shareolders Meeting held on 20 May 2013, the Bank reversed the share premium amounting to Euros 71,722,000 to cover part of the negative balance of Retained Earnings.

The reconciliation between the amortised cost and the fair value of the Financial assets available for sale is analised as follows:

(Thousand of Euros)

	2013	2012
Financial assets available for sale at amortised cost	**11,476,636**	12,013,356
Accumulated impairment recognised	**(318,745)**	(219,726)
AMORTISED COST NET OF IMPAIRMENT	**11,157,891**	11,793,630
Potential gains and losses recognised in fair value reserves	**97,740**	85,228
Gains and losses of embedded derivatives in financial assets available for sale(*)	**237**	972
MARKET VALUE OF FINANCIAL ASSETS AVAILABLE FOR SALE	**11,255,868**	11,879,830

(*) The value of Gains and losses of embedded derivatives in financial assets available for sale is related to the recognition in results of the fair value changes of the embedded derivatives in financial assets available for sale.

The changes occurred, during 2013, in Fair value reserves for loans represented by securities, financial assets available for sale and financial assets held to maturity, are analysed as follows::

(Thousand of Euros)

	Balance on 1 January	Revaluation	Impairment in profit and loss	Sales	Balance on 31 December
Portuguese public debt securities	129,328	18,647	-	(66,589)	81,386
BII 2014 mortgage bonds	(29,802)	29,940	-	-	138
Others	(10,687)	(73,883)	96,624	10,467	22,521
	88,839	(25,296)	96,624	(56,122)	104,045

The changes occurred, during 2012, in Fair value reserves for loans represented by securities, financial assets available for sale and financial assets held to maturity, are analysed as follows::

(Thousand of Euros)

	Balance on 1 January	Revaluation	Impairment in profit and loss	Sales	Balance on 31 December
Portuguese public debt securities	(174,728)	351,255	-	(47,199)	129,328
BII 2014 mortgage bonds	(172,016)	142,214	-	-	(29,802)
Others	(135,034)	74,879	116,740	(67,272)	(10,687)
	(481,778)	568,348	116,740	(114,471)	88,839

40. Treasury stock

This balance is analysed as follows:

	2013			2012		
	Net book value Euro'000	**Number of securities**	**Average book value Euro'000**	Net book value Euro'000	Number of securities	Average book value Euro'000
Other treasury stock	**1,209**			1,179		
	1,209			1,179		

41. Guarantees and other commitments

This balance is analysed as follows:

(Thousand of Euros)

	2013	2012
Guarantees granted	**5,162,616**	6,296,091
Guarantees received	**23,761,889**	24,441,640
Commitments to third parties	**7,582,557**	7,182,443
Commitments from third parties	**13,857,424**	15,956,389
Securities and other items held for safekeeping on behalf of customers	**108,003,480**	109,063,444
Securities and other items held under custody by the Securities Depository Authority	**123,299,222**	127,040,952
Other off balance sheet accounts	**138,344,944**	141,435,834

The amounts of Guarantees granted and Commitments to third parties are analysed as follows:

(Thousand of Euros)

	2013	2012
GUARANTEES GRANTED		
Guarantees	**3,628,464**	4,520,440
Stand-by letters of credit	**62,105**	71,633
Open documentary credits	**163,431**	135,204
Bails and indemnities	**571,779**	665,396
Other liabilities	**736,837**	903,418
	5,162,616	6,296,091
COMMITMENTS TO THIRD PARTIES		
Irrevocable commitments		
Term deposits contracts	**45,027**	2,045
Irrevocable credit lines	**1,052,962**	1,077,919
Other irrevocable commitments	**120,417**	119,471
Revocable commitments		
Revocable credit lines	**4,917,633**	4,879,749
Bank overdraft facilities	**1,446,518**	1,103,259
	7,582,557	7,182,443

The guarantees granted by the Bank may be related with loan transactions, where the Bank grants a guarantee in connection with a loan granted to a client by a third entity. According with its specific characteristics it is expected that some of these guarantees expire without being executed and therefore these transactions do not necessarily represent a cash-outflow.

Stand-by letters and open documentary credits aim to ensure the payment to third parties from commercial deals with foreign entities and therefore financing the shipment of the goods. Therefore the credit risk of these transactions is limited once they are collateralised by the shipped goods and are generally short term operations.

Irrevocable commitments are non-used parts of credit facilities granted to corporate or retail customers. Many of these transactions have a fixed term and a variable interest rate and therefore the credit and interest rate risk is limited.

The financial instruments accounted as Guarantees and other commitments are subject to the same approval and control procedures applied to the credit portfolio, namely regarding the analysis of objective evidence of impairment, as described in note 1 b). The maximum credit exposure is represented by the nominal value that could be lost related to guarantees and commitments undertaken by the Bank in the event of default by the respective counterparties, without considering potential recoveries or collaterals.

Considering their nature, as described above, no material losses are anticipated as a result of these transactions.

42. Assets under management and custody

The Bank provides custody, trustee, corporate administration, investment management and advisory services to third parties, which involve the Bank making allocation and purchase and sale decisions in relation to a wide range of financial instruments. For certain services are set objectives and levels of return for assets under management and custody. Those assets held in a fiduciary capacity are not included in the financial statements.

The total assets under management is analysed as follows:

(Thousand of Euros)

	2013	2012
Wealth management	**1,007,359**	558,080
Assets under deposit	**105,153,967**	106,387,081
	106,161,326	106,945,161

43. Relevant events occurred during 2013

Restructuring plan approved by the Directorate General for Competition of the European Commission

On 2 September, 2013, the Directorate General for Competition of the European Commission formally agreed with the Portuguese authorities on the restructuring plan of the Banco Comercial Português, S.A. ("BCP").

The referred agreement concludes that BCP's restructuring plan complies with the rules of the European Union regarding state aid, showing the bank is viable without continued State support.

The approved plan provides support to the economy and families, pursuing a strategy already in place. The referred plan foresees:

– The reinforcement of financing to the economy and full compliance with regulatory requirements for capital levels;
– The strategic focus on the activity through the separation of assets considered core and non-core (securities backed lending, highly-leveraged secured lending, historical subsidized mortgages and lending to certain segments linked to construction, football clubs and real estate development), aiming for a phased reduction of non-core assets;
– Balance sheet deleveraging, with the reduction of non-core assets and a LTD ratio (loans-to-deposits) of 120%, from 2015 onward;
– The improvement of operational efficiency to achieve a minimum ROE (return on equity) of 10% and a maximum CTI (cost to income) of 50%, both from 2016 onward;
– The implementation of a new approach to the asset management business by adopting an open architecture distribution model, allowing a broader range of investment options for customers;
– The continuation of the adjustment process of its presence in the domestic market, namely by optimizing the number of branches and organizational areas of business support, and continuing to pursue the human resources policies that help to adjust the current staff levels to the effective demand for banking services. In particular, the agreement implies a reduction of around 25% on staff-related costs from December 2012 to December 2015 (it should be stressed that a significant portion of this effort has already been carried out in 2012 and in the first half of 2013).

Concerning international activities, the plan highlights the importance of the strategic operations in Angola and Mozambique, which are major contributors to the strategy to support companies and the Group's net income. Bank Millennium in Poland is also considered as a core operation, and there is no commitment to sell it unless the amount of the CoCos still to be paid in December 2016 exceed Euros 700,000,000. Still within the scope of the international activities, the plan foresees the sale of BCP's operation in Romania in the mid-term.

The plan also establishes the commitment to sell Millennium bcp Gestão de Activos – Sociedade Gestora de Fundos de Investimento, S.A.

General Meeting in 20 May 2013

On 20 May, 2013, the Annual General Meeting of the Bank was held with 46.7% of the share capital represented. In this meeting the following resolutions were taken: (i) Approval of the individual and consolidated annual report, balance sheet and financial statements of 2012; (ii) Approval of the proposal to transfer the losses recorded in the 2012 individual balance sheet, to Retained Earnings and covering of the negative amount of this balance against Other reserves, Share Premium and part of the Legal reserves; (iii) Approval of a vote of support and praise addressed to the Board of Directors, including its Executive Committee and Audit Committee and to each one of their members, as well to the Statutory Auditor; (iv) Approval of the proposal for the election of one member to the Remuneration and Welfare Board, increasing the number of members in the 2012/2014 term-of-office to 5; (v) Approval of the remuneration policy for the members of the Board of Directors, including the Executive Committee and approval of the remuneration policy for heads of function, senior executives and other employees and (vi) Approval of the proposal of acquisition and sale of own shares and bonds.

Synthetic securitization operation

Conclusion, on 28 June 2013 of a synthetic securitization transaction with placement in the capital markets with the aim of releasing regulatory capital associated to a SME and Entrepreneurs through effective risk transference.

Repurchase and cancelation of Euros 1,750,000,000 floating rate notes issue

As at 28 June 2013, BCP proceeded a repurchase and full cancelation of an Euros 1,750,000,000 floating rate notes issue guaranteed by the Portuguese Republic under the State Special Guarantee Framework of the Portuguese Republic, which was placed in BII.

44. Fair value

Fair value is based on market prices, whenever these are available. If market prices are not available, as occurs regarding many products sold to clients, fair value is estimated through internal models based on cash-flow discounting techniques. Cash-flows for the different instruments sold are calculated according with its financial characteristics and the discount rates used include both the interest rate curve and the current conditions of the pricing policy in the Bank.

Therefore, the fair value obtained is influenced by the parameters used in the evaluation model that, have some degree of judgment and reflect exclusively the value attributed to different financial instruments. However it does not consider prospective factors, as the future business evolution. Therefore the values presented cannot be understood as an estimate of the economic value of the Bank.

The main methods and assumptions used in estimating the fair value for the financial assets and financial liabilities of the Bank are presented as follows:

Cash and deposits at central banks, Loans and advances to credit institutions repayable on demand

Considering the short term of these financial instruments, the amount in the balance sheet is a reasonable estimate of its fair value.

Loans and advances to credit institutions, Deposits from credit institutions and Assets with repurchase agreements

The fair value of these financial instruments is calculated discounting the expected principal and interest future cash-flows for these instruments, considering that the payments of the installments occur in the contractually defined dates.

For Deposits from Central Banks it was considered that the book value is a reasonable estimate of its fair value, given the nature of operations and the associated short-term. The rate of return of funding with the European Central Bank was 0.25% as at 31 December 2012 (31 December 2012: 0.75%).

Regarding loans and advances to credit institutions and deposits from credit institutions, the discount rate used reflects the current conditions applied by the Bank on identical instruments for each of the different residual maturities. The discount rate includes the market rates for the residual maturity date (rates from the monetary market or from the interest rate swap market, at the end of the year). As at 31 December 2013, the average discount rate was 0.70% for loans and advances and 0.93% for deposits. As at 31 December 2012 the rates were 2.27% and 2.80%, respectively.

Financial assets held for trading (except derivatives), Financial liabilities held for trading (except derivatives) and Financial assets available for sale

These financial instruments are accounted for at fair value. Fair value is based on market prices, whenever these are available. If market prices are not available, fair value is estimated through numerical models based on cash-flow discounting techniques, using the interest rate curve adjusted for factors associated, predominantly the credit risk and liquidity risk, determined in accordance with the market conditions and time frame.

Market interest rates are determined based on information released by the suppliers of financial content – Reuters and Bloomberg – more specifically as a result of prices of interest rate swaps. The values for the very short-term rates are obtained from similar sources but regarding interbank money market. The interest rate curve obtained is calibrated with the values of interest rate short-term futures. Interest rates for specific periods of the cash-flows are determined by appropriate interpolation methods. The same interest rate curves are used in the projection of the non-deterministic cash-flows such as indexes.

When optionality is involved, the standard templates (Black-Scholes, Black, Ho and others) are used considering the volatility areas applicable. Whenever there are no references in the market of sufficient quality or that the available models do not fully apply to meet the characteristics of the financial instrument, specific quotations supplied by an external entity are applied, typically a counterparty of the business.

Financial assets held to maturity

These financial instruments are accounted at amortised cost net of impairment. Fair value is based on market prices, whenever these are available. If market prices are not available, fair value is estimated through numerical models based on cash-flow discounting techniques, using the interest rate curve adjusted for factors associated, predominantly the credit risk and liquidity risk, determined in accordance with the market conditions and time frame.

Hedging and trading derivatives

All derivatives are recorded at fair value.

In case of derivative contracts that are quoted in organised markets their market prices are used. As for derivatives traded "Over-the-counter", it is applied methods based on numerical cash-flow discounting techniques and models for assessment of options considering variables of the market, particularly the interest rates on the instruments in question, and where necessary, their volatilities.

Interest rates are determined based on information disseminated by the suppliers of financial content – Reuters and Bloomberg – more specifically those resulting from prices of interest rate swaps. The values for the very short-term rates are obtained from a similar source but regarding interbank money market. The interest rate curve obtained is calibrated with the values of interest rate short-term futures. Interest rates for specific periods of the cash-flows are determined by appropriate interpolation methods. The interest rate curves are used in the projection of the non-deterministic cash-flows such as indexes.

Loans and advances to customers with defined maturity date

The fair value of these instruments is calculated by discounting the expected principal and interest future cash-flows for these instruments, considering that the payments of the installments occur in the contractually defined dates. The discount rate used reflects the current conditions applied by the Bank in similar instruments for each of the homogeneous classes of this type of instrument and with similar residual maturity. The discount rate includes the market rates for the residual maturity date (rates from the monetary market or from the interest rate swap market, at the end of the year) and the spread used at the date of the report, which was calculated from the average production of the fourth quarter of 2012. The average discount rate was 4.97% as at 31 December 2013 and 4.89% as at 31 December 2012, assuming the projection of the variable rates according to the evolution of the forward rates implicit in the interest rate curves. The calculations also include the credit risk spread.

Loans and advances to customers and deposits repayable on demand without defined maturity date

Considering the short maturity of these financial instruments, the conditions of the portfolio are similar to conditions used at the date of the report. Therefore the amount in the balance sheet is a reasonable estimate of its fair value.

Deposits from customers

The fair value of these financial instruments is calculated by discounting the expected principal and interest future cash-flows, considering that payments occur in the contractually defined dates. The discount rate used reflects the current conditions applied by the Bank in similar instruments with a similar maturity. The discount rate used reflects the actual rates of the Bank to this type of funds and with similar residual maturity date. The discount rate includes the market rates of the residual maturity date (rates of monetary market or the interest rate swap market, at the end of the year) and the spread of the Bank at the date of the report, which was calculated from the average production of the last quarter of the year. For 31 December 2013, the average discount rate was 2.12% and 2.82% as at 31 December 2012.

Debt securities issued and Subordinated debt

For these financial instruments the fair value was calculated for components for which fair value is not yet reflected in the balance sheet. Fixed rate instruments for which the Bank adopts "hedge-accounting", the fair value related to the interest rate risk is already recognised.

For the fair value calculation, other components of risk were considered, in addition to the interest rate risk already recorded. The fair value is based on market prices, whenever these are available. If market prices are not available, fair value is estimated through numerical models based on cash-flow discounting techniques, using the interest rate curve adjusted by associated factors, predominantly the credit risk and trading margin, the latter only in the case of issues placed for non-institutional customers of the Bank.

As original reference, the Bank applies the curves resulting from the market interest rate swaps for each specific currency. The credit risk (credit spread) is represented by an excess from the curve of interest rate swaps established specifically for each term and class of instruments based on the market prices on equivalent instruments.

For own debts placed among non institutional costumers of the Bank, one more differential was added (commercial spread), which represents the margin between the financing cost in the institutional market and the cost obtained by distributing the respective instrument in the owned commercial network.

The average reference yield curve obtained from market prices in EUR and used in the calculation of the fair value of own securities was 8.71% (31 December, 2012: 10.83%) for subordinated debt placed on the institutional market. Regarding the subordinated issues placed on the retail market it was determined a discount rate of 8.32% (31 December, 2012: 12.21%). The average discount rate calculated for senior issues (including the Government guaranteed and asset-backed) was 2.86% (31 December 2012: 4.56%) and 3.72% (31 December, 2012: 4.12%) for senior and collateralised securities placed on the retail market.

For debt securities, the fair value calculation focused on all the components of these instruments, as a result the difference determined as at 31 December 2013 is a positive amount of Euros 212,999,000 (31 December 2012: a positive amount of Euros 75,367,000), and includes a payable amount of Euros 781,000 (31 December 2012: a payable amount of Euros 661,000) which reflects the fair value of embedded derivatives and are recorded in financial assets and liabilities held for trading.

As at 31 December 2013, the following table presents the interest rates used in the definition of the interest rate curves of main currencies, namely EUR, USD, GBP and PLN used to determine the fair value of the assets and liabilities of the Bank:

	Currencies			
	EUR	USD	GBP	PLN
1 day	0.13%	0.10%	0.41%	2.44%
7 days	0.13%	0.11%	0.41%	2.48%
1 month	0.17%	0.16%	0.41%	2.51%
2 months	0.21%	0.21%	0.47%	2.56%
3 months	0.25%	0.25%	0.52%	2.61%
6 months	0.34%	0.36%	0.67%	2.62%
9 months	0.43%	0.48%	0.81%	2.63%
1 year	0.41%	0.31%	0.95%	2.75%
2 years	0.54%	0.47%	1.02%	2.99%
3 years	0.77%	0.86%	1.43%	3.24%
5 years	1.26%	1.77%	2.13%	3.71%
7 years	1.68%	2.44%	2.58%	4.00%
10 years	2.16%	3.05%	2.99%	4.22%
15 years	2.59%	3.54%	3.32%	4.32%
20 years	2.71%	3.74%	3.41%	4.26%
30 years	2.73%	3.88%	3.43%	4.11%

The following table shows the fair value of financial assets and liabilities of the Bank, as at 31 December 2013:

(Thousand of Euros)

	2013				
	At fair value through profit or loss	Available for sale	Amortised cost	Book value	Fair value
Cash and deposits at Central Banks	-	-	1,523,700	1,523,700	1,523,700
Loans and advances to credit institutions					
Repayable on demand	-	-	759,242	759,242	759,242
Other loans and advances	-	-	7,829,385	7,829,385	7,957,399
Loans and advances to customers	-	-	40,298,300	40,298,300	39,462,328
Financial assets held for trading	1,115,415	-	-	1,115,415	1,115,415
Financial assets available for sale	-	11,255,868	-	11,255,868	11,255,868
Hedging derivatives	50,643	-	-	50,643	50,643
Held to maturity financial assets	-	-	3,110,330	3,110,330	3,119,675
	1,166,058	**11,255,868**	**53,520,957**	**65,942,883**	**65,244,270**
Deposits from credit institutions	-	-	16,600,279	16,600,279	16,704,674
Amounts owed to customers	675,007	-	34,176,307	34,851,314	34,878,621
Debt securities	594,664	-	12,048,647	12,643,311	12,856,310
Financial liabilities held for trading	725,486	-	-	725,486	725,486
Hedging derivatives	53,393	-	-	53,393	53,393
Subordinated debt	-	-	5,984,763	5,984,763	6,094,904
	2,048,550	**-**	**68,809,996**	**70,858,546**	**71,313,388**

The following table shows the fair value of financial assets and liabilities of the Bank, as at 31 December 2012:

(Thousand of Euros)

	2012				
	At fair value through profit or loss	Available for sale	Amortised cost	Book value	Fair value
Cash and deposits at Central Banks	-	-	2,397,317	2,397,317	2,397,317
Loans and advances to credit institutions					
Repayable on demand	-	-	716,221	716,221	716,221
Other loans and advances	-	-	12,764,492	12,764,492	12,774,613
Loans and advances to customers	-	-	43,086,358	43,086,358	41,211,085
Financial assets held for trading	1,527,707	-	-	1,527,707	1,527,707
Financial assets available for sale	-	11,879,830	-	11,879,830	11,879,830
Hedging derivatives	117,535	-	-	117,535	117,535
Held to maturity financial assets	-	-	3,561,365	3,561,365	3,428,623
	1,645,242	**11,879,830**	**62,525,753**	**76,050,825**	**74,052,931**
Deposits from credit institutions	-	-	18,124,246	18,124,246	18,058,729
Amounts owed to customers	14,532	-	32,697,873	32,712,405	32,698,439
Debt securities	418,091	-	18,753,215	19,171,306	19,246,673
Financial liabilities held for trading	1,255,155	-	-	1,255,155	1,255,155
Hedging derivatives	55,000	-	-	55,000	55,000
Subordinated debt	-	-	5,925,187	5,925,187	5,888,799
	1,742,778	**-**	**75,500,521**	**77,243,299**	**77,202,795**

The following table shows, by levels of classification, for each group of financial assets and liabilities of the Bank, their fair values as at 31 December 2013:

(Thousand of Euros)

	2013				
	Level 1	Level 2	Level 3	Financial instruments at cost	Total
Cash and deposits at Central Banks	1,523,700	-	-	-	1,523,700
Loans and advances to credit institutions					
Repayable on demand	759,242	-	-	-	759,242
Other loans and advances	-	-	7,957,399	-	7,957,399
Loans and advances to customers	-	-	39,462,328	-	39,462,328
Financial assets held for trading	426,707	656,517	32,014	177	1,115,415
Financial assets available for sale	4,348,041	1,875,580	1,893,041	3,139,206	11,255,868
Hedging derivatives	-	50,643	-	-	50,643
Held to maturity financial assets	2,122,066	997,609	-	-	3,119,675
	9,179,756	**3,580,349**	**49,344,782**	**3,139,383**	**65,244,270**
Deposits from credit institutions	-	-	16,704,674	-	16,704,674
Amounts owed to customers	-	-	34,878,621	-	34,878,621
Debt securities	312,025	12,544,285	-	-	12,856,310
Financial liabilities held for trading	82,843	640,159	2,484	-	725,486
Hedging derivatives	-	53,393	-	-	53,393
Subordinated debt	-	6,094,904	-	-	6,094,904
	394,868	**19,332,741**	**51,585,779**	**-**	**71,313,388**

The following table shows, by levels of classification, for each group of financial assets and liabilities of the Bank, their fair values as at 31 December 2012:

(Thousand of Euros)

	2012				
	Level 1	Level 2	Level 3	Financial instruments at cost	Total
Cash and deposits at Central Banks	2,397,317	-	-	-	2,397,317
Loans and advances to credit institutions					
Repayable on demand	716,221	-	-	-	716,221
Other loans and advances	-	-	12,774,613	-	12,774,613
Loans and advances to customers	-	-	41,211,085	-	41,211,085
Financial assets held for trading	452,167	1,074,828	535	177	1,527,707
Financial assets available for sale	3,945,945	3,002,350	1,460,930	3,470,605	11,879,830
Hedging derivatives	-	117,535	-	-	117,535
Held to maturity financial assets	2,077,284	1,351,339	-	-	3,428,623
	9,588,934	**5,546,052**	**55,447,163**	**3,470,782**	**74,052,931**
Deposits from credit institutions	-	-	18,058,729	-	18,058,729
Amounts owed to customers	-	-	32,698,439	-	32,698,439
Debt securities	106,490	19,140,183	-	-	19,246,673
Financial liabilities held for trading	-	1,254,572	583	-	1,255,155
Hedging derivatives	-	55,000	-	-	55,000
Subordinated debt	-	5,888,799	-	-	5,888,799
	106,490	**26,338,554**	**50,757,751**	**-**	**77,202,795**

The Bank uses the following hierarchy for Fair value with 3 levels in the valuation of financial instruments (assets or liabilities), which reflects the level of judgment, the observability of the data used and the importance of the parameters used in determining the fair value measurement of the instrument, as referred in IFRS 13:

– Level 1: Fair value is determined based on unadjusted quoted prices, captured in transactions in active markets involving identical instruments to the ones being valued. If there is more than one active market for the same financial instrument, the relevant price is what prevails in the main market of the instrument, or most advantageous market for which there is access.
– Level 2: Fair value is determined based on valuation techniques supported by observable inputs in active markets, being direct data (prices, rates, spreads, etc.) or indirect data (derivatives), and valuation assumptions similar to what an unrelated party would use in estimating the fair value of that financial instrument.
– Level 3: Fair value is determined based on unobservable inputs in active markets, using techniques and assumptions that market participants would use to evaluate the same instruments, including assumptions about the inherent risks, the valuation technique used and inputs and review processes to test the accuracy of the values obtained.

The Bank considers an active market for a particular financial instrument at the measurement date, depending on business volumes and liquidity of the transactions made, the relative volatility of the prices quoted and the readiness and availability of information, should verifiy the following minimum conditions:

– Existence of frequent daily prices trading in the last year;
– The above quotations are exchanged regularly;
– There executable quotes from more than one entity.

A parameter used in a valuation technique is considered observable in the market if the following conditions are met:

– If its value is determined in an active market;
– Or, if there is an OTC market and it is reasonable to assume that the conditions of an active market are met, with the exception of the condition of trading volumes;
– Or, the parameter value can be obtained by the inverse calculation of prices of financial instruments or derivatives where the remaining parameters required for initial assessment are observable in a liquid market or an OTC market that comply with the preceding paragraphs.

45. Post-employment benefits and other long term benefits

The Bank assumed the liability to pay to their employees pensions on retirement or disability and other obligations. These liabilities comply with the terms of the 'Acordo Colectivo de Trabalho do Grupo BCP'. The Bank's pension obligations and other liabilities are mainly covered through the Banco Comercial Português Pension Fund managed by PensõesGere – Sociedade Gestora de Fundo de Pensões, S.A.

Following the approval by the Government of the Decree-Law No. 127/2011, which was published on 31 December, an agreement between the Government, the Portuguese Banking Association and the Banking Labour Unions was established that regulated the transfer of the liabilities related with pensions currently being paid to pensioners and retirees, to the Social Security.

This agreement established that the responsibilities to be transferred relate to the pensions in payment as at 31 December 2011 at fixed amounts (discount rate 0%) in the already component established in the 'Instrumento de Regulação Colectiva de Trabalho (IRCT)' of the retirees and pensioners. The responsibilities related with the increase in pensions as well as any other complements namely, contributions to the Health System (SAMS), death benefit and death before retirement benefit continue to be under the responsibility of the Financial Institutions and being financed through the corresponding Pensions funds. The Decree-Law also establishes the terms and conditions under which the transfer was made by setting a discount rate of 4% to determine the liabilities to be transferred.

As referred in note 1 v), in addition to the benefits provided for in collective agreements, the bank had assumed the responsibility, under certain conditions in each year, of assigning a complementary plan to the Group's employees hired before 21 September, 2006 (Complementary Plan).

The Bank at the end of 2012 decided to extinguish ("cut") the benefit of old age of the Complementary Plan. As at 14 December 2012, the ISP (Portuguese Insurance Institute) formally approved this change in the benefit plan of the Group with effect from 1 January 2012. The cut of the plan was made, and the individual rights acquired were specifically assigned to the employees. On that date, the Bank also performed the settlement of the related liability, in the amount of Euros 230,045,000.

For accounting purposes and in accordance with the requirements of IAS 19, as at 31 December, 2012, there was no impact of the change of plan considering that: (i) the present value of the liabilities had no changes and (ii) despite the Bank has carried a settlement of the plan, the actuarial deviations associated with these liabilities had been recognised in reserves in 2011 following the change in accounting policy. Following the changes made, the Bank has no longer any financial or actuarial risk associated with liquidated liabilities.

As at 31 December 2013 and 2012 the number of participants in the Pension Fund of Banco Comercial Português covered by this pension plan and other benefits is analysed as follows:

	2013	2012
NUMBER OF PARTICIPANTS		
Pensioners	16,091	15,970
Employees	8,666	8,971
	24,757	**24,941**

In accordance with the accounting policy described in note 1 v), the Bank's pension obligation and the respective funding for the Bank based on the projected unit credit method are analysed as follows:

(Thousand of Euros)

	2013	2012
PROJECTED BENEFIT OBLIGATIONS		
Pensioners	1,484,176	1,357,947
Employees	1,028,600	918,354
	2,512,776	**2,276,301**
Value of the Pension Fund	(2,525,239)	(2,413,176)
Net (Assets)/Liabilities in balance sheet	(12,463)	(136,875)
Accumulated actuarial losses recognised in Other comprehensive income for the year	**2,402,787**	**2,192,578**

The change in the projected benefit obligations during 2013 and 2012 is analysed as follows:

(Thousand of Euros)

	2013			2012
	Pension benefit obligations	Extra-Fund	Total	Total
BALANCE AS AT 1 JANUARY	1,977,603	298,698	2,276,301	2,435,713
Service cost	(8,570)	166	(8,404)	(6,433)
Interest cost/(income)	88,301	12,757	101,058	117,476
Actuarial (gains) and losses				
Not related to changes in actuarial assumptions	10,367	60	10,427	(16,123)
Arising from changes in actuarial assumptions	183,568	13,946	197,514	87,411
Impact resulting from the change of the calculation of the Death Subsidy (Decree-Law No.13/2013 and No.133/2012)	-	(7,446)	(7,446)	(63,687)
Payments	(52,274)	(22,286)	(74,560)	(66,251)
Transfer to the GSSS	-	-	-	(7,142)
Settlement of the benefit for old-age of the Supplementary Plan	-	-	-	(230,045)
Early retirement programmes	8,878	(48)	8,830	3,025
Contributions of employees	9,960	-	9,960	11,069
Transfer from other Plans	(904)	-	(904)	11,288
BALANCE AT THE END OF THE YEAR	2,216,929	295,847	2,512,776	2,276,301

The balance Impact resulting from the change of the calculation of the Death subsidy (Decree-Law No. 13/2013 and No. 133/2012) corresponds as at 31 December, 2013, to the amount of Euros 7,446,000 arising from the change in the calculation method of the death subsidy following the publication on 17 January 2013, of the Decree-Law No. 13/2013 which amends the determination of the amount of that benefit. In 2012 the amount of Euros 63,687,000 was also recognised as a result of the impact of Decree-Law No. 133/2012.

In accordance with IAS 19, it is a negative past service cost which occurs when there are changes on the benefit plan, which impact in a reduction of the current value of the responsibilities for past services. On that basis, the Bank accounted the referred impact in results of the year 2013 (Decree-Law No. 13/2013) and 2012 (Decree-Law No. 133/2012).

As at 31 December 2013 the value of the benefits paid by the Pension Fund, excluding other benefits included on Extra-fund, amounted to Euros 52,274,000 (31 December 2012: Euros 42,579,000). As at 29 June 2012, it was made the final transfer of the retired employees and pensioners to the GSSS, in accordance with the Decree-Law No. 127/2011, which had an increase of Euros 7,142,000 due to the change in the population.

The liabilities with health benefits are fully covered by the Pension Fund and correspond, as at 31 December 2013, to the amount of Euros 278,479,000 (31 December 2012: Euros 263,123,000).

Regarding the coverage of some benefit obligations related to pensions, the Bank contracted with Ocidental Vida the acquisition of perpetual annuities for which the total liability as at 31 December 2013 amounts to Euros 80,932,000 (31 December 2012: Euros 86,231,000), in order to pay:

i) pensions of former Bank's Board Members in accordance with the Bank's Board Members Retirement Regulation.
ii) pensions and complementary pension to pensioners in accordance with the Pension Fund of the BCP Group employees established in 28 December 1987, as also to pensioners, in accordance with other Pension Funds, that were incorporated after on the BCP Group Pension Fund and which were planed that the retirement benefits should be paid through the acquisition of insurance policies, in accordance with the Decree-Law No. 12/2006. As at 31 December 2013 the number of beneficiaries was 70.

Ocidental Vida is 100% owned by Ageas Group and Ageas Group is 49% owned by the BCP Group.

The evolution of responsibilities and funds balances and gains experience for the last 5 years is analysed as follows:

(Thousand of Euros)

	2013	2012	2011	2010	2009
PROJECTED BENEFIT OBLIGATIONS					
Pensioners	**1,484,176**	1,357,947	1,335,520	4,056,369	4,189,336
Employees	**1,028,600**	918,354	1,100,193	1,237,637	1,195,086
	2,512,776	2,276,301	2,435,713	5,294,006	5,384,422
Value of the Pension Fund	**(2,525,238)**	(2,413,176)	(2,342,316)	(5,121,208)	(5,503,361)
Net (Assets)/Liabilities in Balance Sheet	**(12,462)**	(136,875)	93,397	172,798	(118,939)
Losses/(gains) arising from liabilities	**207,941**	71,288	(110,941)	(119,440)	(364,211)
Losses/(gains) arising from funds	**2,268**	90,272	313,795	585,178	(190,203)

The change in the value of plan's assets during 2013 and 2012, is analysed as follows:

(Thousand of Euros)

	2013	2012
BALANCE AS AT 1 JANUARY	**2,413,176**	2,342,316
Expected return on plan assets	**101,694**	110,907
Actuarial gains and (losses)	**(2,268)**	(90,272)
Settlement of the benefit for old-age of the Supplementary Plan	**-**	(230,045)
Contributions to the Fund	**55,148**	299,520
Payments	**(52,274)**	(42,579)
Transfer to the 'GSSS'	**-**	(7,142)
Amount transferred to the Fund resulting from acquired rights unassigned related to the Complementary Plan	**706**	8,114
Contributions of employees	**9,960**	11,069
Transfer from other Plans	**(904)**	11,288
BALANCE AT THE END OF THE YEAR	**2,525,238**	2,413,176

The elements of the Pension Fund's assets are analysed as follows:

(Thousand of Euros)

	2013	2012
Shares	**676,085**	664,835
Bonds and other fixed income securities	**734,562**	486,476
Participations units in investment funds	**228,734**	267,969
Participation units in real estate funds	**277,551**	286,713
Properties	**308,520**	353,101
Loans and advances to credit institutions and others	**299,786**	354,082
	2,525,238	2,413,176

The balance Properties includes buildings owned by the Fund and used by the Bank's companies which as at 31 December 2013, amounts to Euros 307,117,000 (31 December 2012: Euros 351,697,000).

The balance Shares and Bonds and other fixed income securities include assets issued by Group's companies, which are analysed as follows:

(Thousand of Euros)

	2013	2012
Shares	**7**	7
Bonds and other fixed income securities	**142,754**	140,834
	142,761	140,841

The evolution of net (assets)/liabilities in the balance sheet is analysed as follows:

(Thousand of Euros)

	2013	2012
BALANCE AS AT 1 JANUARY	**(136,875)**	93,397
RECOGNISED IN THE INCOME STATEMENT		
Service cost	**(8,404)**	(6,433)
Interest cost/(income)	**(636)**	6,569
Cost with early retirement programs	**8,830**	3,025
Impact of the decrease of the changing of the calculation formula of the Death Subsidy (Decree-Law No. 13/2013 and No. 133/2012)	**(7,446)**	(63,687)
Amount transferred to the Fund resulting from acquired rights unassigned related to the Complementary Plan	**(706)**	(8,114)
RECOGNISED IN THE STATEMENT OF COMPREHENSIVE INCOME		
Actuarial (gains) and losses		
Not related to changes in actuarial assumptions		
Return of the Fund	**2,268**	90,272
Difference between the expect and the effective obligations	**10,427**	(16,123)
Arising from changes in actuarial assumptions	**197,514**	87,411
Contributions to the Fund	**(55,148)**	(299,520)
Payments	**(22,286)**	(23,672)
BALANCE AT THE END OF THE YEAR	**(12,462)**	(136,875)

The contributions to the Pension Fund, made by the Bank, are analysed as follows:

(Thousand of Euros)

	2013	2012
Other securities	**-**	871
Cash	**55,148**	298,649
	55,148	299,520

In accordance with IAS 19, as at 31 December 2013, the Bank accounted as post-employment benefits an income of Euros 8,362,000 (31 December 2012: income of Euros 68,640,000), which is analysed as follows:

(Thousand of Euros)

	2013	2012
Service cost	**(8,404)**	(6,433)
Cost/(income) of net interest on the balance of the liability coverage	**(636)**	6,569
Costs with early retirement programs	**8,830**	3,025
Amount transferred to the Fund resulting from acquired rights unassigned related to the Complementary Plan	**(706)**	(8,114)
Impact of the decrease of the changing of the calculation formula of the Death Subsidy (Decree-Law No. 13/2013 and No. 133/2012)	**(7,446)**	(63,687)
(INCOME)/COST OF THE YEAR	**(8,362)**	**(68,640)**

As referred in the accounting policy 1 v) and due to the change of IAS 19 – Employee Benefits, the interest cost / (income) became to be recognised by its net amount in interest and similar (income or costs).

As the Board Members Retirement Regulation establish that the pensions are increased annually, and as it is not common on the insurance market the acquisition of perpetual annuities including the increase in pensions, the Bank determined, the liability to be recognised on the financial statements taking into consideration current actuarial assumptions.

In accordance with the remuneration policy of the Board Members, the Bank has the responsibility of supporting the cost with the retirement pensions of former Group's Executive Board Members, as well as the Complementary Plan for these members in accordance with the applicable rules, funded through the Pension Fund, Extra-fund and perpetual annuities.

To cover the update of contracted responsibilities through perpetual annuities policies, based on the actuarial calculations, the Bank recognised a provision of Euros 4,176,000 (31 December 2012: Euros 4,413,000). As referred in notes 9 and 36, the decrease was the result of the write-down of provisions established to cover the future increases in the retirement pensions of the former members of the Executive Board of Directors, following the agreements established between the parties.

Following the agreements established between the Bank and former members of the Executive Board of Directors the amount of Euros 1,790,000 related with amounts paid to set up a perpetual annuity policy to cover the responsibility with retirement pensions of former members of the Executive Board of Directors, were reimbursed by Ocidental Vida.

The movement of the amounts of the responsibilities with retirement pensions payable to former members of the Executive Board of Directors, included in the balance Other liabilities (note 36), is analysed as follows:

(Thousand of Euros)

	2013	2012
BALANCE AS AT 1 JANUARY	**4,413**	5,504
Write-back	**(237)**	(1,091)
BALANCE AT THE END OF THE YEAR	**4,176**	4,413

Considering the market indicators, particularly the estimations of the inflation rate and the long term interest rate for Euro Zone as well as the demographic characteristics of the employees, the Bank considered the following actuarial assumptions for the calculation of the liabilities with pension obligations with reference to 31 December 2013 and 2012:

	2013	2012
Increase in future compensation levels	**11.00% until 2016 1.75% after 2017**	1.00% until 2016 1.75% after 2017
Rate of pensions increase	**0.00% until 2016 0.75% after 2017**	0.00% until 2016 0.75% after 2017
Projected rate of return of Fund assets	**4.00%**	4.50%
Discount rate	**4.00%**	4.50%
Mortality tables		
Men	**TV 73/77 – 1 year**	TV 73/77 – 1 year
Women	**TV 88/90 – 2 years**	TV 88/90 – 2 years
Disability rate	**0.00%**	0.00%
Turnover rate	**0.00%**	0.00%
Costs with health benefits increase rate	**6.50%**	6.50%

The mortality tables consider an age inferior to the effective age of the beneficiaries, one year for men and two years for women, which is translated in higher average life expectancy.

The assumptions used on the calculation of the employees benefits are in accordance with the requirements of IAS 19. No disability decreases are considered in the calculation of the liabilities.

The determination of the discount rate as at 31 December 2013, took into account: (i) the evolution in the major indexes in relation to high quality corporate bonds and (ii) duration of benefit plan liabilities.

The Bank face to (i) the positive deviations observed in the last financial year and (ii) the current trend of wages evolution and the economic situation at this time, led to a growth rate of wages progressive of 1% by 2016 and 1.75% from 2017 and a growth rate of pensions from 0% by 2016 and 0.75% from 2017.

In accordance with the requirements of IAS 19, mandatory for annual periods beginning on 1 January 2013, the rate of return on plan assets considered in the calculation of the present value of the liabilities, corresponds to the discount rate.

However, it is presented below the estimated expected return for 2014:

Type of assets	2014	
	Portfolio %	Estimated return
Shares	26.77%	8.72%
Bonds and other fixed income securities	29.09%	4.80%
Participation units in investment funds	9.06%	2.25%
Participation units in real estate funds	10.99%	0.56%
Properties	12.22%	6.70%
Loans and advances to credit institutions and others	11.87%	2.55%
Total income expected		5.12%

Net actuarial losses amounts to Euros 210,209,000 (31 December 2012: net actuarial losses of Euros 161,560,000) are related to the difference between the actuarial assumptions used for the estimation of the pension liabilities and the actual liabilities and are analysed as follows:

	Actuarial (gains)/losses			
	2013		2012	
	Values effectively observed in %	**Euros '000**	Values effectively observed in %	Euros '000
Deviation between expected and actual liabilities:				
Increase in future compensation levels	**0.75%**	**(2,719)**	0.00%	(17,403)
Pensions increase rate	**0.00%**	**-**	0.00%	(13,355)
Disability	**0.18%**	**4,085**	0.58%	12,892
Mortality deviations	**0.20%**	**4,665**	0.00%	-
Others	**0.19%**	**4,396**	0.08%	1,743
Changes on the assumptions:				
Discount rate	**4.00%**	**197,514**	4.50%	330,184
Increase in future compensation levels	**0.00%**	**-**	1.00% until 2016; 1.75% after 2017	(52,329)
Pensions increase rate	**0.00%**	**-**	0.00% until 2016; 0.75% after 2017	(190,444)
Return on Plan assets	**4,00%**	**2.268**	1,62%	90.272
		210.209		161.560

The sensitivity analysis to changes in assumptions, in accordance with IAS 19, as at 31 December 2013, is as follows:

(Thousand of Euros)

	Impact resulting from changes in financial assumptions	
	-0,25%	0,25%
Discount rate	101,642	(99,833)
Pensions increase rate	(102,116)	101,779
Increase in future compensation levels	(38,730)	40,753

(Thousand of Euros)

	Impact resulting from changes in demographic assumptions	
	- 1 ano	+ 1 ano
Mortality Table	(113,719)	65,919

Health benefit costs have a significant impact on pension costs. Considering this impact the Bank performed a sensitivity analysis assuming one percent positive variation in health benefit costs (from 6.5% to 7.5% in 2013) and a negative variation (from 6.5% to 5.5% in 2013) in health benefit costs, which impact is analysed as follows:

(Thousand of Euros)

	Positive variation of 1% (6.5% to 7.5%)		Negative variation of 1% (6.5% to 5.5%)	
	2013	2012	**2013**	2012
Pension cost impact	**419**	425	**(419)**	(425)
Liability impact	**42,843**	40,480	**(42,843)**	(40,480)

The liabilities related to the seniority premium, are not post-employment liabilities, and as a result, are not covered by the Pension Fund of the Bank. As at 31 December, 2013, the liabilities associated with the seniority premium amounted to Euros 48,149,000 (31 December 2012: Euros 48,463,000) and are covered by provisions in the same amount, according to the note 36.

The cost of the seniority premium, for the years 2013 and 2012, is analysed as follows:

(Thousand of Euros)

	2013	2012
Service cost	**2,591**	2,860
Interest costs	**2,075**	2,711
Actuarial (gains) and losses	**(390)**	(3,276)
COST OF THE YEAR	**4,276**	2,295

46. Related parties

The Bank grants loans in the ordinary course of its business within the Group's companies and to other related parties. Under the Collective Agreement of Labour for Employees of the Portuguese Banking Sector which includes substantially all employees of banks operating in Portugal, the Group grants loans to employees at interest rates determined under the above mentioned agreement for each type of loan upon request by the employees.

As at 31 December 2013, loans to members of the Executive Committee of the Board of Directors and their direct family members amounted to Euros 129,000 (31 December 2012: Euros 304,000), which represented 0.01% of shareholders' equity (31 December 2012: 0.01%). These loans were granted in accordance with the applicable laws and regulations.

As at 31 December 2013, the principal loans and guarantees (excluding interbank and money market transactions) the Bank has made to shareholders holding individually or together with their affiliates, 2% or more of the share capital whose holdings, in aggregate, represent 31.8% of the share capital (31 December 2012: 36.8%), described in the Board of Directors report, amounted to approximately Euros 673,642,000 (31 December 2012: Euros 1,093,159,000). Each of these loans was made in the ordinary course of business, on substantially the same terms as those prevailing at the time for comparable transactions with other entities, being respected the legal formalities and regulations. The amount of impairment constituted for these contracts amounts to Euros 618,000 as at 31 December 2013 (31 December 2012: Euros 39,486,000)..

Remunerations to the Executive Committee

The remunerations paid to the members of the Executive Committee in 2013 amounted to Euros 2,219,000 (31 December 2012: Euros 2,803,000, which includes an amount related to the resignation process of a Board Member), with Euros 85,000 (31 December 2012: Euros 131,000) paid by subsidiaries or companies which governing bodies represent interests in the Group.

Considering that the remuneration of members of the Executive Committee intends to compensate the functions that are performed in the Bank and in all other functions on subsidiaries or other companies for which they have been designated by indication of the Bank or representing it, the net amount of the remunerations annually received by each member is considered for calculating the fixed annual remuneration attributed by the Bank and set by the Remunerations Commission.

In 2013, the costs with Social Security and the contributions to the Pension Fund for members of the Executive Committee amounted to Euros 714,000 (31 December 2012: Euros 1,294,000).

Transactions with the Pension Fund

During 2013, it was sold to the Pension Fund, Portuguese public debt securities in the amount of Euros 85,000,000 (31 December 2012: Euros 342,500,000). During 2012, it was also sold to the Pension Fund commercial paper in the amount of Euros 706,700,000 and bonds in the amount of Euros 213,000,000.

Additionally, purchases were made to the Pension Fund, Portuguese public debt securities in the amount of Euros 25,000,000 (31 December 2012: Euros 343,000,000). During 2012, it was also purchased to the Pension Fund commercial paper in the amount of Euros 188,450,000 and bonds in the amount of Euros 262,334,000.

The shareholder and bondholder position of members of the Executive Board, Directors and persons closely related to the previous categories, is as follows:

Shareholders/Bondholders	Security	Number of securities at		Changes during 2013			
		31/12/2013	31/12/2012	Acquisitions	Disposals	Date	Unit Price Euros
MEMBERS OF EXECUTIVE BOARD							
António Vítor Martins Monteiro	BCP Shares	6,589	6,589				
Carlos José da Silva	BCP Shares	414,089	414,089				
	Obrig BCP Ret Sem Cresc III/12EUR 3/2013	300	300				
Nuno Manuel da Silva Amado	BCP Shares	1,003,297	1,003,297				
André Magalhães Luiz Gomes	BCP Shares	19,437	19,437				
António Henriques Pinho Cardão	BCP Shares	281,034	281,034				
António Luís Guerra Nunes Mexia	BCP Shares	4,120	4,120				
Jaime de Macedo Santos Bastos	BCP Shares	1,468	1,468				
João Manuel Matos Loureiro	BCP Shares	4,793	4,793				
José Guilherme Xavier de Basto	BCP Shares	4,951	4,951				
	Obrig BCP Mill Rend Sem Mar 10/13	5	5				
José Jacinto Iglésias Soares	BCP Shares	384,002	384,002				
Luís Maria França de Castro Pereira Coutinho	BCP Shares	822,123	822,123				
Maria da Conceição Mota Soares de Oliveira Callé Lucas	BCP Shares	100,001	100,001				
Miguel de Campos Pereira de Bragança	BCP Shares	623,813	623,813				
Miguel Maya Dias Pinheiro	BCP Shares	601,733	601,733				
Rui Manuel da Silva Teixeira	BCP Shares	134,687	134,687				
DIRECTORS							
Ana Isabel dos Santos de Pina Cabral	BCP Shares	74,550	74,550				
Dulce Maria Pereira Cardoso Mota Jorge Jacinto	BCP Shares	82,031	82,031				
Fernando Manuel Majer de Faria	BCP Shares	624,219	624,219				
José Miguel Bensliman Schorcht da Silva Pessanha	BCP Shares	20,879	20,879				
Mário António Pinho Gaspar Neves	BCP Shares	31,509	31,509				
	Obrig BCP Mill Rend Trim Nov 09/14	5	5				
	Obrig BCP Mill Rend Sem Mar 10/13	0	7		7(a)	01/Mar/13	100
	Certificado BCP Stoxx Basic Resources	610	0	610		10/Sep/13	4
Pedro Manuel Rendas Duarte Turras	BCP Shares	25,207	25,207				
PERSONS CLOSELY RELATED TO THE PREVIOUS CATEGORIES							
Isabel Maria V. Leite P. Martins Monteiro	BCP Shares	5,311	5,311				
Maria da Graça dos Santos Fernandes de Pinho Cardão	BCP Shares	10,485	10,485				
Maria Helena Espassandim Catão	BCP Shares	1,000	1,000				
José Manuel de Vasconcelos Mendes Ferreira	BCP Shares	4,577	4,577				

(a) reimbursement.

As at 31 December 2013, the Bank's credits over subsidiaries and associated companies of the BCP Group, represented or not by securities, included in the captions of Loans and advances to credit institutions and to customers and Financial assets held for trading and available for sale and Other receivables, are analysed as follows:

(Thousand of Euros)

	Loans and advances		Financial assets			
	Credit to Institutions	Customers	Trading	Available for sales	Other receivables	Total
Banco Millennium Angola S.A.	54,183	-	-	-	2,176	56,359
Banca Millennium S.A. (Romania)	150,223	-	3,053	-	-	153,276
Banco de Investimento Imobiliário S.A.	5,945,848	-	12	895,260	1,320	6,842,440
Banque Privée BCP (Suisse) S.A.	-	-	725	-	-	725
BCP Finance Bank Ltd.	1,097,114	-	5,077	3,618	-	1,105,809
BCP Holdings (USA) Inc.	-	24,669	-	-	-	24,669
BIM – Banco Internacional de Moçambique S.A.R.L.	21,755	-	-	-	2,436	24,191
Bank Millennium (Poland) Group	16,910	-	30,585	-	-	47,495
Millennium bcp Bank & Trust	17,672	-	15,163	-	-	32,835
Millennium bcp – Prestação de Serviços A.C.E.	-	-	-	-	8,914	8,914
Millenniumbcp Ageas Group	-	-	-	-	18,309	18,309
Unicre – Instituição Financeira de Crédito S.A.	-	30,451	-	-	-	30,451
VSC – Aluguer de Veículos Sem Condutor Lda.	-	7,894	-	-	-	7,894
Others	-	1,189	6,707	127,454	795	136,145
	7,303,705	64,203	61,322	1,026,332	33,950	8,489,512

As at 31 December 2013 the Bank's liabilities with subsidiaries and associated companies of the BCP Group, represented or not by securities, included in the captions Deposits from credit institutions and from customers, Debt securities issued, Financial liabilities held for trading and in Subordinated debt are analysed as follows:

(Thousand of Euros)

	Deposits from					
	Credit to Institutions	Customers	Debt Securities Issued	Financial liabilities held for trading	Subordinated Debt	Total
Banco ActivoBank S.A.	229,676	-	-	-	-	229,676
Banco de Investimento Imobiliário S.A.	629,376	-	4,297,641	-	28,805	4,955,822
Banca Millennium S.A. (Romania)	4,015	-	-	189	-	4,204
Banco Millennium Angola S.A.	55,081	-	-	-	-	55,081
Banque Privée BCP (Suisse) S.A.	19,148	-	-	-	-	19,148
BCP África S.G.P.S. Lda.	-	81	-	-	-	81
BCP Capital – Sociedade de Capital de Risco S.A.	-	10,375	-	-	-	10,375
BCP Finance Bank Ltd.	891,536	-	-	696	886,838	1,779,070
BCP Holdings (USA) Inc.	-	118	-	-	-	118
BCP Finance Company Ltd.	-	3	-	-	1,019,212	1,019,215
BCP Investment B.V.	489,348	5,482	-	-	-	494,830
Bitalpart B.V.	-	216,687	-	-	-	216,687
BIM – Banco Internacional de Moçambique S.A.R.L.	36,636	-	-	-	-	36,636
Bank Millennium (Poland) Group	443	-	-	-	-	443
Millennium bcp Bank & Trust	1,375,144	-	-	632	-	1,375,776
Millennium bcp Participações S.G.P.S. Sociedade Unipessoal Lda.	-	1,017,072	-	-	-	1,017,072
Millennium bcp Gestão de Activos – Sociedade Gestora de Fundos de Investimento S.A.	-	14,119	-	-	-	14,119
Millennium bcp – Prestação de Serviços A.C.E.	-	30,013	-	-	-	30,013
Millenniumbcp Ageas Group	-	732,422	3,157,129	-	-	3,889,551
SIBS S.G.P.S. S.A.	-	10,181	-	-	-	10,181
Unicre – Instituição Financeira de Crédito S.A.	-	4,066	-	-	-	4,066
Others	-	47,702	-	-	-	47,702
	3,730,403	2,088,321	7,454,770	1,517	1,934,855	15,209,866

As at 31 December 2013, the income recognised by the Bank with subsidiaries and associated companies of the BCP Group, included in the captions of Interest income, Commissions income, Other operating income and Gains arising from trading activity, are analysed as follows:

(Thousand of Euros)

	Interest income	Commissions income	Other operating income	Gains arising from trading activity	Total
Banco Millennium Angola S.A.	1,725	394	654	-	2,773
Banca Millennium S.A. (Romania)	1,998	-	-	328	2,326
Banco ActivoBank S.A.	-	-	313	-	313
Banco de Investimento Imobiliário S.A.	628,126	1,321	2	53	629,502
Banque Privée BCP (Suisse) S.A.	115	581	147	-	843
BCP Finance Bank Ltd.	12,143	-	-	5,642	17,785
BCP Finance Company Ltd.	1,291	-	-	-	1,291
BCP Holdings (USA) Inc.	1,153	-	-	-	1,153
BIM – Banco Internacional de Moçambique S.A.R.L.	2	49	9,671	-	9,722
Bank Millennium (Poland) Group	560	6	-	11	577
Millennium Bank (Greece) Group	11,087	62	-	5,861	17,010
Millennium bcp Bank & Trust	1,456	171	-	6,433	8,060
Millennium bcp Gestão de Activos – Sociedade Gestora de Fundos de Investimento S.A.	-	5,550	400	-	5,950
Millennium bcp Imobiliária S.A.	666	30	-	-	696
Millennium bcp – Prestação de Serviços A.C.E.	-	138	8,213	-	8,351
Millenniumbcp Ageas Group	-	72,493	13,783	-	86,276
SIBS S.G.P.S. S.A.	16	6	-	-	22
Unicre – Instituição Financeira de Crédito S.A.	921	68	-	-	989
VSC – Aluguer de Veículos Sem Condutor Lda.	919	11	-	-	930
Others	4,553	5,933	147	-	10,633
	666,731	86,813	33,330	18,328	805,202

As at 31 December 2013, the costs incurred by the Bank with subsidiaries and associated companies of the BCP Group, included in the captions Interest expense, Commissions costs, Staff costs, Administrative costs and Losses arising from trading activity, are analysed as follows:

(Thousand of Euros)

	Interest expense	Commissions costs	Staff costs	Administrative costs	Losses arising from trading activity	Total
Banca Millennium S.A. (Romania)	3	-	-	-	2,362	2,365
Banco ActivoBank S.A.	590	8,443	-	-	-	9,033
Banco de Investimento Imobiliário S.A.	578,272	1,132	-	-	-	579,404
Banco Millennium Angola S.A.	16	-	-	-	-	16
Banque Privée BCP (Suisse) S.A.	5	-	-	-	-	5
BCP Finance Bank Ltd.	24,553	-	-	-	5,437	29,990
BCP Finance Company Ltd.	48,368	-	-	-	-	48,368
BCP Investment B.V.	736	-	-	-	-	736
BIM – Banco Internacional de Moçambique S.A.R.L.	51	-	-	-	-	51
Bitalpart B.V.	3,997	-	-	-	-	3,997
Bank Millennium (Poland) Group	11	-	-	-	3,619	3,630
Millennium Bank (Greece) Group	11	-	-	-	6,515	6,526
Millennium bcp Bank & Trust	30,548	-	-	-	6,500	37,048
Millennium bcp Gestão de Activos – Sociedade Gestora de Fundos de Investimento S.A.	247	-	-	-	-	247
Millennium bcp Participações S.G.P.S. Sociedade Unipessoal Lda.	2,265	-	-	-	-	2,265
Millennium bcp – Prestação de Serviços A.C.E.	13	-	-	29,608	-	29,621
Millenniumbcp Ageas Group	117,693	-	3,223	18,185	-	139,101
SIBS S.G.P.S. S.A.	51	-	-	-	-	51
Unicre – Instituição Financeira de Crédito S.A.	-	1	-	-	-	1
Others	559	-	-	12,885	-	13,444
	807,989	9,576	3,223	60,678	24,433	905,899

As at 31 December 2013, the off balance sheet accounts of the Bank with subsidiaries and associated companies of the BCP Group, included in the captions Guarantees granted and Commitments to third parties, are analysed as follows:

(Thousand of Euros)

	Guarantees granted	Commitments to third parties	Total
Banca Millennium S.A. (Romania)	8,609	75,000	83,609
Banco de Investimento Imobiliário S.A.	-	299,922	299,922
Banco Millennium Angola S.A.	3,245	-	3,245
Banque Privée BCP (Suisse) S.A.	-	1,000,000	1,000,000
BCP Finance Bank Ltd.	565,662	-	565,662
BCP Finance Company Ltd.	171,175	-	171,175
BIM – Banco Internacional de Moçambique S.A.R.L.	1,637	-	1,637
Bank Millennium (Poland) Group	910	200,000	200,910
Millennium bcp Bank & Trust (*)	10,167	2,431	12,598
Millennium bcp Gestão de Ativos – Sociedade Gestora de Fundos de Investimento S.A.	80	-	80
Millennium bcp – Prestação de Serviços A.C.E.	-	5,000	5,000
Others	-	77,114	77,114
	761,485	1,659,467	2,420,952

(*) Guarantees granted by the Bank related to Loans and advances to customers granted by Millennium bcp Bank & Trust.

As at 31 December 2012, the Bank's credits over subsidiaries and associated companies of the BCP Group, represented or not by securities, included in the captions of Loans and advances to credit institutions and to customers and Financial assets held for trading and available for sale and Other receivables, are analysed as follows:

(Thousand of Euros)

	Loans and advances		Financial assets			
	Credit to Institutions	Customers	Trading	Available for sales	Other receivables	Total
Banco Millennium Angola S.A.	39,266	-	-	-	-	39,266
Banca Millennium S.A. (Romania)	149,770	-	-	-	-	149,770
Banco de Investimento Imobiliário S.A.	8,162,713	-	-	901,309	-	9,064,022
Banque Privée BCP (Suisse) S.A.	41,719	-	-	-	-	41,719
BCP Finance Bank Ltd.	680,561	-	13,278	8,603	-	702,442
BCP Finance Company Ltd.	401,086	4,931	-	-	-	406,017
BCP Holdings (USA) Inc.	-	62,861	-	-	-	62,861
Bank Millennium (Poland) Group	16,938	-	-	-	-	16,938
Millennium Bank (Greece) Group	1,183,359	-	-	-	-	1,183,359
Millennium bcp Bank & Trust	1,010,803	-	-	-	-	1,010,803
Millenniumbcp Ageas Group	-	-	-	-	9,283	9,283
Unicre – Instituição Financeira de Crédito S.A.	-	683	-	-	-	683
VSC – Aluguer de Veículos Sem Condutor Lda.	-	20,685	-	-	-	20,685
Others	-	2,529	13,786	138,851	-	155,166
	11,686,215	91,689	27,064	1,048,763	9,283	12,863,014

As at 31 December 2012, the Bank's liabilities with subsidiaries and associated companies of the BCP Group, represented or not by securities, included in the captions Deposits from credit institutions and from customers, Debt securities issued and in Subordinated debt, are analysed as follows:

(Thousand of Euros)

	Deposits from				
	Credit to Institutions	Customers	Debt Securities Issued	Subordinated Debt	Total
Banco ActivoBank S.A.	345,693	-	-	-	345,693
Banco de Investimento Imobiliário S.A.	1,122,995	-	6,810,596	28,784	7,962,375
Banco Millennium Angola S.A.	33,870	-	-	-	33,870
Banque Privée BCP (Suisse) S.A.	1,802,406	-	-	-	1,802,406
BCP Capital – Sociedade de Capital de Risco S.A.	-	24,914	-	-	24,914
BCP Finance Bank Ltd.	1,077,370	-	-	886,840	1,964,210
BCP Finance Company Ltd.	-	-	-	1,020,297	1,020,297
Bitalpart B.V.	-	213,568	-	-	213,568
BIM – Banco Internacional de Moçambique S.A.R.L.	37,466	-	-	-	37,466
Bank Millennium (Poland) Group	518	-	-	-	518
Millennium Bank (Greece) Group	3,483	-	-	-	3,483
Millennium bcp Bank & Trust	1,396,686	-	-	-	1,396,686
Millennium bcp Participações S.G.P.S. Sociedade Unipessoal Lda.	-	142,303	-	-	142,303
Millennium bcp Gestão de Activos – Sociedade Gestora de Fundos de Investimento S.A.	-	11,922	-	-	11,922
Millennium bcp – Prestação de Serviços A.C.E.	-	26,399	-	-	26,399
Millenniumbcp Ageas Group	-	650,998	3,684,225	-	4,335,223
SIBS S.G.P.S. S.A.	-	1	-	-	1
Unicre – Instituição Financeira de Crédito S.A.	-	212	-	-	212
Others	471	20,709	-	-	21,180
	5,820,958	1,091,026	10,494,821	1,935,921	19,342,726

As at 31 December 2012, the income recognised by the Bank with subsidiaries and associated companies of the BCP Group, included in the captions of Interest income, Commissions income, Other operating income and Gains arising from trading activity, are analysed as follows:

(Thousand of Euros)

	Interest income	Commissions income	Other operating income	Gains arising from trading activity	Total
Banco Millennium Angola S.A.	1,834	194	771	-	2,799
Banca Millennium S.A. (Romania)	2,404	-	-	1,806	4,210
Banco ActivoBank S.A.	62	-	402	-	464
Banco de Investimento Imobiliário S.A.	656,928	500	-	24	657,452
Banque Privée BCP (Suisse) S.A.	1,145	986	138	-	2,269
BCP Finance Bank Ltd.	20,773	27	-	132,703	153,503
BCP Finance Company Ltd.	38,102	-	-	-	38,102
BCP Holdings (USA) Inc.	2,552	-	-	-	2,552
BIM – Banco Internacional de Moçambique S.A.R.L.	-	-	9,875	-	9,875
Bank Millennium (Poland) Group	642	20	-	-	662
Millennium Bank (Greece) Group	31,576	257	-	19,687	51,520
Millennium bcp Bank & Trust	13,270	2,166	-	25,525	40,961
Millennium bcp Gestão de Activos – Sociedade Gestora de Fundos de Investimento S.A.	-	4,827	511	-	5,338
Millennium bcp Imobiliária S.A.	2,867	30	30	-	2,927
Millennium bcp – Prestação de Serviços A.C.E.	-	115	10,071	-	10,186
Millenniumbcp Ageas Group	-	60,504	16,219	-	76,723
SIBS S.G.P.S. S.A.	29	90,321	-	-	90,350
Unicre – Instituição Financeira de Crédito S.A.	481	1,147	-	-	1,628
VSC – Aluguer de Veículos Sem Condutor Lda.	4,409	-	438	-	4,847
Others	9,584	13,529	281	15	23,409
	786,658	174,623	38,736	179,760	1,179,777

As at 31 December 2012, the costs incurred by the Bank with subsidiaries and associated companies of the BCP Group, included in the captions Interest expense, Commissions costs, Staff costs, Administrative costs and Losses arising from trading activity, are analysed as follows:

	Interest expense	Commissions costs	Staff costs	Administrative costs	Losses arising from trading activity	Total
Banca Millennium S.A. (Romania)	13	-	-	-	4,583	4,596
Banco ActivoBank S.A.	2,158	8,364	-	-	-	10,522
Banco de Investimento Imobiliário S.A.	632,692	1,717	-	-	26	634,435
Banco Millennium Angola S.A.	2,485	-	-	-	-	2,485
Banque Privée BCP (Suisse) S.A.	164	-	-	-	-	164
BCP Finance Bank Ltd.	39,821	-	-	-	216,630	256,451
BCP Finance Company Ltd.	49,727	-	-	-	-	49,727
BCP Investment B.V.	6,530	-	-	-	-	6,530
BIM – Banco Internacional de Moçambique S.A.R.L.	147	-	-	-	-	147
Bitalpart B.V.	460	-	-	-	-	460
Bank Millennium (Poland) Group	1,248	-	-	-	17,146	18,394
Millennium Bank (Greece) Group	2,478	-	-	-	5,662	8,140
Millennium bcp Bank & Trust	38,827	-	-	-	8,241	47,068
Millennium bcp Participações S.G.P.S. Sociedade Unipessoal Lda.	3,072	-	-	-	-	3,072
Millennium bcp – Prestação de Serviços A.C.E.	21	-	-	39,324	-	39,345
Millenniumbcp Ageas Group	131,798	-	3,787	7,794	-	143,379
SIBS S.G.P.S S.A.	53	43,121	-	-	-	43,174
Unicre – Instituição Financeira de Crédito S.A.	-	20	-	-	-	20
Others	717	-	-	13,231	-	13,948
	912,411	53,222	3,787	60,349	252,288	1,282,057

As at 31 December 2012, the off balance sheet accounts of the Bank with subsidiaries and associated companies of the BCP Group, included in the captions Guarantees granted and Commitments to third parties, are analysed as follows:

(Thousand of Euros)

	Guarantees granted	Commitments to third parties	Total
Banca Millennium S.A. (Romania)	10,991	75,000	85,991
Banco de Investimento Imobiliário S.A.	-	77	77
Banco Millennium Angola S.A.	3,890	-	3,890
Banque Privée BCP (Suisse) S.A.	-	958,362	958,362
BCP Finance Bank Ltd.	732,244	-	732,244
BCP Finance Company Ltd.	171,175	-	171,175
BIM – Banco Internacional de Moçambique S.A.R.L.	6,430	-	6,430
Bank Millennium (Poland) Group	940	200,000	200,940
Millennium Bank (Greece) Group	-	2,045	2,045
Millennium bcp Bank & Trust (*)	76,078	-	76,078
Millennium bcp Gestão de Ativos – Sociedade Gestora de Fundos de Investimento S.A.	80	-	80
Others	-	78,097	78,097
	1,001,828	**1,313,581**	**2,315,409**

(*) Guarantees granted by the Bank related to Loans and advances to customers granted by Millennium bcp Bank & Trust.

The remunerations resulting from the services of insurance mediation or reinsurance are as follows:

(Thousand of Euros)

	2013	2012
LIFE INSURANCE		
Saving products	**32,663**	23,087
Mortgage and consumer loans	**18,994**	17,867
Others	**32**	34
	51,689	**40,988**
NON – LIFE INSURANCE		
Accidents and illness	**12,858**	12,214
Automobile insurance	**2,265**	1,809
Multi-Risk Housing	**4,623**	4,379
Others	**955**	1,026
	20,701	**19,428**
	72.390	**60.416**

The remuneration for insurance mediation services were received through bank transfers and resulted from insurance intermediation with the subsidiaries of Millenniumbcp Ageas Group (Ocidental Vida and Ocidental Seguros).

The Bank does not collect insurance premiums on behalf of Insurance Companies, or performs any movement of funds related to insurance contracts. Thus, there is no other asset, liability, income or expense to be reported on the activity of insurance mediation exercised by the Bank, other than those already disclosed.

The receivable balances from insurance mediation activity by nature and entity are analysed as follows:

(Thousand of Euros)

	2013	2012
BY NATURE		
Funds receivable for payment of life insurance commissions	**12,561**	2,572
Funds receivable for payment of non-life insurance commissions	**5,082**	4,795
	17,643	**7,367**
BY ENTITY		
Ocidental – Companhia Portuguesa de Seguros de Vida, S.A.	**12,561**	2,572
Ocidental – Companhia Portuguesa de Seguros, S.A.	**5,082**	4,795
	17,643	**7,367**

The commissions received by the Bank result from the insurance mediation contracts and investment contracts, under the terms established in the contracts. The mediation commissions are calculated given the nature of the contracts subject to mediation, as follows:

– Insurance contracts – use of fixed rates on gross premiums issued;
– Investment contracts – use of fixed rates on the responsibilities assumed by the insurance company under the commercialization of these products.

47. Risk management

The Bank is subject to several risks during the course of its business. The risks from different companies of the Group are managed centrally coordinating with the local departments and considering the specific risks of each business.

The Group's risk-management policy is designed to ensure adequate relationship at all times between its own funds and the business it carries on, and also to evaluate the risk/return profile by business line.

Monitoring and control of the main types of financial risk – credit, market, liquidity and operational – to which the Group's business is subject are of particular importance.

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Main Types of Risk

Credit – Credit risk is associated with the degree of uncertainty of the expected returns as a result of the inability either of the borrower (and the guarantor, if any) or of the issuer of a security or of the counterparty to an agreement to fulfill their obligations.

Market – Market risk reflects the potential loss inherent in a given portfolio as a result of changes in rates (interest and exchange) and/or in the prices of the various financial instruments that make up the portfolio, considering both the correlations that exist between them and the respective volatility.

Liquidity – Liquidity risk reflects the Group's inability to meet its obligations at maturity without incurring in significant losses resulting from the deterioration of the funding conditions (funding risk) and/or from the sale of its assets below market value (market liquidity risk).

Operational – Operational risk is understood to be the potential loss resulting from failures or inadequacies in internal procedures, persons or systems, and also the potential losses resulting from external events.

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Internal Organisation

The Banco Comercial Português Board of Directors is responsible for the definition of the risk policy, including the approval at the very highest level of the principles and rules to be followed in risk management, as well as the guidelines dictating the allocation of economic capital to the business lines.

The Board of Directors, through the Audit Committee, ensures the existence of adequate risk control and of risk-management systems at the level both of the Group and of each entity. At the proposal of the Banco Comercial Português Executive Committee, the Board of Directors also approves the risk-tolerance level acceptable to the Group.

The Risk Commission is responsible for monitoring the overall levels of risk incurred, ensuring that they are compatible with the objectives and strategies approved for the business.

The Group Risk Officer is responsible for the control of risks in all the Group entities, in order to ensure that the risks are monitored on an overall basis and that there is alignment of concepts, practices and objectives. It must also keep the Risk Commission informed of the Group's level of risk, proposing measures to improve control and implementing the approved limits.

The activity of every entity included within the Banco Comercial Português consolidation perimeter is governed by the principles and decisions established centrally by the Risk Commission and the main subsidiaries are provided with Risk Office structures which are established in accordance with the risks inherent in their particular business. A Risk Control Commission has been set up at each relevant subsidiary, responsible for the control of risks at local level, in which the Group Risk Officer takes part.

The Group Head of Compliance is responsible for implementing systems of monitoring the compliance with legal obligations and responsibilities to which the Bank is subject, as well, the prevention, monitoring and reporting of risks in organizational processes, which include, among others, the prevention of money laundering, combating financing of terrorism, prevention of conflict of interest, issues related to abuse of market and compliance with the disclosure requirements to customers.

Risk evaluation and management model

For purposes of profitability analysis and risk quantification and control, each entity is divided into the following management areas:

– Trading and Sales: involves those positions whose objective is to obtain short-term gains through sale or revaluation. These positions are actively managed, are tradable without restriction and may be valued frequently and precisely, including the securities, the derivatives and the sales activities;
– Financing: Financing operations of the group in the market, including both money market operations and institutional ones (and possible risk coverage), but no structural financing transactions (e.g. subordinated debt);
– Investment: includes those positions in securities to be held to maturity or during a longer period of time or those that are not tradable on liquid markets, or any others that are held with no other purpose than short-term gains. Also includes any other hedging risk operation associated to those;
– Commercial: includes all operations (assets and liabilities) held at the normal course of business group with its customers;
– ALM: is the Assets and Liabilities management function, including operations decided by CALCO in the group's global risk management function and centralizes the transfer of risk between the remaining areas;
– Structural: deals with balance sheet elements or operations that, because of their nature, are not directly related to any of the other areas, including structural financing operations of the group, capital and balance sheet fixed items.

The definition of the management areas allows effective separation of the management of the trading and banking portfolios, as well as a proper allocation of each operation to the most appropriate management area according to their context.

Risk Assessment

Credit Risk

Credit granting is based on prior classification of the customers' risk and on thorough assessment of the level of protection provided by the underlying collateral. In order to do so, a single risk-notation system has been introduced, the Rating Master Scale. It is based on the expected probability of default, allowing greater discrimination in the assessment of the customers and better establishment of the hierarchies of the associated risk.

The Rating Master Scale also identifies those customers showing worsening credit capacity and, in particular, those classified as being in default in keeping with the Basel II Accord.

All the rating and scoring models used by the Bank have been duly calibrated for the Rating Master Scale.

The protection-level concept has been introduced as a crucial element of evaluation of the effectiveness of the collateral in credit-risk mitigation, leading to more active collateralization of loans and more adequate pricing of the risk incurred.

To quantify the credit risk at the level of the various portfolios, the Bank has developed a model based on an actuarial approach, which provides the distribution of total loss probability. In addition to the Probability of Default (PD) and of the Amount of the Loss Given Default (LGD) as the central points, consideration is also given to the uncertainty associated with the development of these parameters, through the introduction of the respective volatility. The effects of diversification and/or concentration between the sectors of the loan portfolios are quantified by introducing the respective correlations.

The gross Bank's exposure to credit risk (original exposure), as at 31 December 2013 and 2012, is presented in the following table:

(Thousand of Euros)

Risk items	Original exposure 2013	Original exposure 2012
Central Governments or Central Banks	**7,148,838**	7,516,740
Regional Governments or Local Authorities	**572,742**	391,121
Administrative and non-profit Organisations	**231,716**	113,338
Multilateral Development Banks	**73,292**	76,846
Other Credit Institutions	**11,984,491**	18,032,836
Retail and Corporate customers	**57,750,474**	61,876,128
Other items	**17,882,961**	16,123,812
	95,644,514	104,130,821

Note: gross exposures of impairment and amortization. Includes securitization positions.

The following table includes the European countries that have been under particular attention in this period, such as Portugal, Greece, Ireland, Spain, Italy and Hungary. The amount represents the gross exposure (nominal value), as at 31 December 2013, of the credit granted to entities whose country is one of those identified.

(Thousand of Euros)

Counterparty type	Maturity	2013 Country: Spain	Greece	Hungary	Irland	Italy	Portugal
Financial Institutions	2014	66,294	-	44	665,019	23,000	288,733
	2015	24,037	-	-	-	-	51,002
	2016	-	-	-	-	10,200	15,882
	>2016	61,500	-	-	-	-	487,241
		151,831	-	44	665,019	33,200	842,858
Companies	2014	24,298	-	-	2,304	-	6,243,618
	2015	-	424	-	-	-	491,112
	2016	-	-	-	-	-	584,707
	>2016	146,838	23,352	-	192	-	6,131,588
		171,136	23,776	-	2,496	-	13,451,025
Retail	2014	5,341	23	11	87	161	1,876,287
	2015	90,072	-	-	2,168	-	460,238
	2016	38	-	-	78	7	444,424
	>2016	85,368	240	-	57,474	2,620	19,383,376
		180,819	263	11	59,807	2,788	22,164,325
State and other public entities	2014	-	-	-	200,000	-	3,808,603
	2015	-	-	-	-	-	718,251
	2016	-	-	-	-	-	522,880
	>2016	34,500	-	-	-	50,000	2,568,094
		34,500	-	-	200,000	50,000	7,617,828
TOTAL COUNTRY		538,286	24,039	55	927,322	85,988	44,076,036

The balance Financial Institutions includes applications in other credit institutions. The amounts do not include interest and are not deducted from the values of impairment.

The balance Companies includes the amounts of credit granted to the companies segment and does not consider the amounts of interest, impairment or risk mitigation through collaterals.

The balance Retail includes the amounts of credit granted to the retail segment and does not consider the amounts of interest, impairment or risk mitigation through collaterals.

The balance State and other public entities includes the amounts related to sovereign debt, credit to governmental institutions, public companies, governments and municipalities, and does not consider the amounts of interest, impairment or risk mitigation through collaterals.

Market Risks

The Bank, in monitoring and control of market risk existing in the diverse portfolios (according to the previous definition), uses an integrated risk measure that includes the main types of market risk identified by the Group: generic risk, specific risk, non linear risk and commodities risk.

The measure used in evaluating the generic market risk is the VaR (Value at Risk). The VaR is calculated on the basis of the analysis approximation defined in the methodology developed by the RiskMetrics. It is calculated considering a 10-working day time horizon and an unilateral statistical confidence interval of 99%. In calculating the volatility associated with each risk factor, is performed using the econometric model estimation EWMA that assumes a greater weighting for the market conditions seen in the more recent days, thus ensuring more accurate adjustment to market conditions.

A specific risk evaluation model is also applied to securities (bonds, shares, certificates, etc.) and associated derivatives for which the performance is related to its value. With the necessary adjustments, this model follows regulatory standard methodology.

Complementary measures are also used for other types of risk, a risk measure that incorporates the non-linear risk of options not covered in the VaR model, with a confidence interval of 99% and a standard measure for commodities risks.

These measures are included in the indicator of market risk with the conservative assumption of perfect correlation between the various types of risk.

Capital at risk values are determined both on an individual basis for each one of the position portfolios of those areas having responsibilities in risk taking and management, as well as in consolidated terms taking into account the effects of diversification between the various portfolios.

To ensure that the VaR model adopted is appropriate to the evaluation of the risks involved in the positions that have been assumed, a back testing process has been instituted. This is carried out on a daily basis and it confronts the VaR indicators with the actual results.

The following table shows the main indicators for these measures to the trading portfolio, during 2013:

(Thousand of Euros)

	2013	2012
Generic Risk (VaR)	**1,991**	3,079
Specific Risk	**263**	691
Non Linear Risk	**25**	12
Commodities Risk	**17**	47
Global Risk	**2,296**	**3,829**

Evaluation of the interest rate risk originated by the banking portfolio is performed by a risk sensitivity analysis process carried out every month for all operations included in the Bank's balance sheet.

For this analysis are considered the financial characteristics of the contracts available in information systems. Based on these data, a projection for expected cash-flows is made, according to the repricing dates and any prepayment assumptions considered.

Aggregation of the expected cash-flows for each time interval for each of the currencies under analysis allows determination of the interest rate gaps per repricing period.

The interest rate sensitivity of the balance sheet in each currency is calculated through the difference between the present value of the interest rate mismatch after discounting the market interest rates and the discounted value of the same cash-flows by simulating parallel shifts of the market interest rates.

The following tables shows the expected impact on the banking books economic value of parallel shifts of the yield curve by +/- 100 and +/- 200 basis points, on each of the main currencies:

(Thousand of Euros)

Currency	2013			
	- 200 b.p.	- 100 b.p.	+ 100 b.p.	+ 200 b.p.
CHF	4	23	(781)	(1,549)
EUR	169,889	108,774	(90,429)	(174,034)
PLN	13,727	6,792	(6,654)	(13,175)
USD	1,250	789	(4,590)	(9,003)
TOTAL	184,870	116,378	(102,454)	(197,761)

(Thousand of Euros)

Currency	2012			
	- 200 b.p.	- 100 b.p.	+ 100 b.p.	+ 200 b.p.
CHF	(34)	(34)	(816)	(1,616)
EUR	180,661	74,446	(23,254)	(36,399)
PLN	13,944	6,900	(6,760)	(13,384)
USD	4,497	3,031	(8,329)	(16,349)
TOTAL	199,068	84,343	(39,159)	(67,748)

The Bank regularly undertakes hedging operations on the market aiming to reduce the interest rate mismatch of the risk positions associated with the portfolio of transactions of the commercial and structural areas.

The Bank applies, to hedge the foreign exchange risk of the partial investment made in foreign currency in Bank Millennium (Poland), the fair value hedge accounting model.

The amount of the investment subject to hedging is PLN 1,950,125,000 (31 December 2012: PLN 1,941,433,000), with the equivalent amount of Euros 469,423,000 (31 December 2012: Euros 476,542,000), with the hedging instrument in the same amount.

It was not recognised any ineffectiveness generated in these hedging operations, as referred in the accounting policy 1 d).

Liquidity Risk

Evaluation of the Bank's liquidity risk is carried out using indicators defined by the supervisory authorities on a regular basis and other internal metrics for which exposure limits are also defined.

The evolution of the Bank's liquidity situation for short-term time horizons (up to 3 months) is reviewed daily on the basis of two indicators defined in-house, immediate liquidity and quarterly liquidity. These measure the maximum fund-taking requirements that could arise on a single day, considering the cash-flow projections for periods of 3 days and of 3 months, respectively.

Calculation of these indicators involves adding to the liquidity position of the day under analysis the estimated future cash-flows for each day of the respective time horizon (3 days or 3 months) for the transactions as a whole brokered by the markets areas, including the transactions with customers of the Corporate and Private networks that, for their dimension, have to be quoted by the Trading Room. The amount of assets in the Bank's securities portfolio considered highly liquid is added to the calculated value, leading to determination of the liquidity gap accumulated for each day of the period under review.

In parallel, the evolution of the Bank's liquidity position is calculated on a regular basis identifying all the factors that justify the variations that occur. This analysis is submitted to the Capital and Assets and Liabilities Committee (CALCO) for appraisal, in order to enable the decision making that leads to the maintenance of financing conditions adequate to the continuation of the business.

In addition, the Risks Commission is responsible for controlling the liquidity risk.

This control is reinforced with the monthly execution of stress tests, to characterize the Bank's risk profile and to ensure that the Group and each of its subsidiaries, fulfill its obligations in the event of a liquidity crisis. These tests are also used to support the liquidity contingency plan and management decisions.

In the current conjuncture, and given the continued prudent management of liquidity by the Group during the course of this whole situation, has been reinforced the buffer role provided by the liquidity asset portfolio discountable with the ECB (or other Central Banks). In this line, the portfolio of discountable assets to the ECB finished the year of 2013 with a value of Euros 17,767,963,000, slightly above the end of 2012 figure.

The eligible pool of assets for funding operations in the European Central Bank, net of haircuts, is detailed as follows:

(Thousand of Euros)

	2013	2012
European Central Bank	**17,767,963**	17,432,894

As at 31 December 2013, the amount discounted in the European Central Bank amounted to Euros 11,000,000,000 (31 December 2012: Euros 12,000,000,000).

The main liquidity ratios of the Bank, according to the definitions of the Instruction no. 13/2009 of the Bank of Portugal, had the following evolution:

	2013	2012
Accumulated net cash-flows up to 1 year as % of total accounting liabilities	**9.1%**	17.3%
Liquidity gap as a % of iliquid assets	**3.3%**	17.3%
Coverage ratio of Wholesale funding by HLA[(1)]		
(up to 1 Month)	**396.2%**	456.6%
(up to 3 Months)	**352.5%**	329.2%
(up to 1 Year)	**131.6%**	268.1%

(1) HLA – Highly Liquid Assets.

Operational Risk

The approach to operational risk management is based on the business and support end-to-end processes. Process management is the responsibility of the Process Owners, who are the first parties responsible for evaluation of the risks and for strengthening the performance within the scope of their processes. The Process Owners are responsible for keeping up to date all the relevant documentation concerning the processes, for ensuring the real adequacy of all the existing controls through direct supervision or by delegation on the departments responsible for the controls in question, for coordinating and taking part in the risk self-assessment exercises, and for detecting and implementing improvement opportunities, including mitigating measures for the more significant exposures.

In the operational risk model implemented in the Bank, there is a systematic process of gathering information on operational losses, that defines on a systematic form, the causes and the effects associated to an eventual detected loss. From the analysis of the historical information and its relationships, processes involving greater risk are identified and mitigation measures are launched to reduce the critical exposures.

Covenants

The contractual terms of instruments of wholesale funding encompass obligations assumed by entities belonging to the Group as debtors or issuers, concerning general duties of societary conduct, maintenance of banking activity and the inexistence of special guarantees constituted for the benefit of other creditors ("negative pledge"). These terms reflect essentially the standards internationally adopted for each type of debt instrument used by the Group.

The terms of the Group's participation in securitization operations involving its own assets are subject to mandatory changes in case the Group stops respecting certain rating criteria. The criteria established in each transaction results mainly from the existing risk analysis at the moment that the transaction was set, being these methodologies usually applied by each rating agency in a standardised way to all the securitization transactions involving the same type of loans.

Regarding the Covered Bond Programs of Banco Comercial Português that are currently underway, there are no relevant covenants related to a possible downgrade of the Bank.

48. Solvency

Following the request submitted by Millennium bcp, the Bank of Portugal authorised the adoption of methodologies based on internal rating models (IRB) for the calculation of capital requirements for credit and counterparty risk, covering a substantial part of the risk from the Bank's activity as from 31 December 2010. In the scope of the Roll-Out Plan for the calculation of the capital requirements for credit and counterparty risk under IRB approaches, the Bank of Portugal formally authorized the extension of this methodology to the subclasses of risk "Renewable Retail Positions" and "Other Retail Positions" with effect as from 31 December 2011. With effect as from 31 December 2012, the Bank of Portugal authorised the use of own estimates of Credit Conversion Factors (CCF) for exposures of the class of risk "Corporates". With effect as from 31 December 2013, the Bank of Portugal authorised the extension of the IRB approach to the real estate promotion credit portfolios, as well as the adoption of own estimates of LGD for the risk class "Corporates" in Portugal. In the 1st half of 2009, the Bank received authorization from the Bank of Portugal to adopt the advanced approaches (internal models) to the generic market risk and the standard method for the operational risk.

The own funds of Banco Comercial Português are determined according to the applicable regulatory rules, namely the Regulation No. 6/2010 from the Bank of Portugal. The own funds result from adding tier 1 with tier 2 and subtracting the component of Deductions. For the calculation of tier 1 are considered the core tier 1 elements, established in the Regulation No. 3/2011, and other relevant elements to the discharge of tier 1. The tier 1 and, in particular, core tier 1, comprises the steadiest components of the own funds.

As core tier 1 positive elements, the paid-up capital and the share premium, hybrid instruments eligible for this line item, fully subscribed by the Portuguese State in the scope of the Bank's capitalisation process, the reserves and the retained earnings and the deferred impacts related to the transition adjustments to the International Financial Reporting Standards, are considered. Net losses, own shares and intangible assets correspond to negative elements.

At the end of the 2011, the Bank decided to change the accounting policy related to the recognition of actuarial gains and losses of the Pension Fund. Accordingly, and following an analysis of the options permitted by the International Accounting Standard (IAS) 19 – Employee benefits, the Bank decided to recognize the actuarial gains and losses against reserves. Previously, the Bank used to defer actuarial gains and losses according to the corridor method, in which the unrecognised actuarial gains and losses that exceed 10% of the largest among between the current value of the liabilities and the fair value of the assets were recognised against the income statement according to the estimated remaining useful life of active employees.

Despite this change in accounting policy, the Bank of Portugal, for prudential purposes, allowed to continue to be used a corridor, corresponding to the higher value between i) 10% of liabilities from retirement and other pensions benefits, and ii) 10% of the value of the Pension Fund, as defined in the Regulation No. 2/2012 from the Bank of Portugal.

Core tier 1 can also be influenced by the replacement of unrealised gains and losses which do not represent impairment on debt securities, loans and other receivables recorded in the available for sale portfolio, on cash-flow hedge transactions and on financial liabilities at fair value through profits and losses, net of taxes, to the extent related to own credit risk, as well as by the reversal of unrealised gains on equity securities classified as available for sale and loans and other receivables from the trading portfolio or measured at fair value through profits and losses.

The Bank of Portugal established new rules since the second half of 2011, which have influenced the core tier 1 of the Bank:

– In November 2011, the Bank of Portugal issued a clarification regarding the Regulation No. 6/2010, determining a deduction to core tier 1 related to customers deposits contracted with yields above a certain threshold (Instruction no. 15/2012 from the Bank of Portugal).
– In June 2012, the Bank issue Euros 3,000 millions of core tier 1 capital instruments subscribed by the Portuguese State within the scope of the recapitalization process of the Goup and in accordance with Regulation No. 3/2011 from the Bank of Portugal. These instruments eligible until the maximum of 50% of tier 1.

The additional elements that integrate the core tier I are hybrid instruments, up to the limit of 35% of tier 1, and even some deductions taken by 50%: (i) of interests held in financial institutions (more than 10%) and insurers (at least 20%); and (ii) the shortfall of value adjustments and provisions to expected losses concerning risk-weighted exposure amounts cleared under the IRB approach.

The tier 2 includes the subordinated debt and 45% of the unrealised gains on available for sale assets that have been deducted to core tier 1. These components are part of the upper tier 2, except the subordinated debt, that is split between upper tier 2 (perpetual debt) and lower tier 2 (the remaining). Subordinated debt can only be included in the own funds with the agreement of the Bank of Portugal and as long as their total amount complies with the following limits: a) the tier 2 cannot surpass the amount of the tier 1 and b) the lower tier 2 cannot surpass 50% of the tier 1. Additionally, non-perpetual subordinated loans should be amortised at a 20% annual rate, during the last five years to maturity. The tier 2 is also subject to the deduction of the remaining 50% not deducted to the tier 1: (i) of interests held in financial institutions (more than 10%) and insurers (at least 20%); and (ii) the shortfall of value adjustments and provisions to expected losses concerning risk-weighted exposure amounts cleared under the IRB approach. If the amount of tier 2 is not enough to accommodate this deduction, the excess should be subtracted to the tier 1.

In order to conclude the calculation of the regulatory capital, there are still some deductions to the own funds that need to be performed, namely the amount of real-estate assets resulting from recovered loans that have exceeded the regulatory period of permanence in the Bank's accounts, the impairment concerning securitization transactions that have not reached the regulatory definition of effective risk transfer, to the extent of the amounts not recognised in the Bank's accounts, and the potential excess of exposure to risk limits in the scope of Bank of Portugal published Regulation No. 7/2010.

Capital requirements have been determined in accordance with the Basel II framework since the beginning of 2008. Capital requirements for credit risk have been determined in accordance with the Regulation No. 5/2007 from the Bank of Portugal, using IRB approaches to calculate minimum capital requirements for a substantial part of the retail and corporate portfolios, and the standardised approach for the remaining portfolios.

Capital requirements for operational risk have been calculated following the standard approach described in the Regulation No. 9/2007 from the Bank of Portugal, and capital requirements for the trading portfolio have been calculated according to the Regulation No. 8/2007 from the Bank of Portugal, using the internal models approach to calculate capital requirements for the generic market risk of the trading portfolio related to debt instruments, capital instruments and foreign exchange risks, and the standardised approach to calculate capital requirements for the specific risk.

According to a recommendation released by the Bank of Portugal, the Bank's tier 1 and total capital ratios should not stand below 8%.

The own funds and the capital requirements determined according to the methodologies previously referred are the following:

(Thousand of Euros)

	2013	2012
CORE OWN FUNDS		
Paid-up capital and share premium	3,500,000	3,571,722
Other capital instruments	2,442,694	3,000,000
Reserves and retained earnings	(1,582,028)	350,399
Intangible assets	(12,045)	(14,246)
Net impact of accruals and deferrals	(126)	(253)
Other regulatory adjustments	(20,412)	(89,251)
CORE TIER 1	4,328,083	6,818,371
Preference shares and other securities	-	8,674
Other regulatory adjustments	(26,716)	(25,691)
TOTAL	4,301,367	6,801,354
COMPLEMENTARY OWN FUNDS		
Upper Tier 2	912,943	219,842
Lower Tier 2	959,157	972,956
	1,872,100	1,192,798
Deductions to total own funds	(94,264)	(110,625)
TOTAL OWN FUNDS	6,079,203	7,883,527
OWN FUNDS REQUIREMENTS		
Requirements from Regulation No. 5/2007	3,123,143	3,658,780
Trading portfolio	34,514	36,869
Operational risk	136,967	171,401
	3,294,624	3,867,050
CAPITAL RATIOS		
Core tier 1	10.5%	14.1%
Tier 1	10.4%	14.1%
Tier 2 (*)	4.3%	2.2%
Solvency ratio	14.8%	16.3%

(*) Includes deductions to total own funds.

49. Accounting standards recently issued

Accounting standards and interpretations recently issued

Recently Issued pronouncements already adopted by the Bank in preparation of the Financial Statements are the following:

IAS 19 Revised – Employee benefits

The IASB issued on 16th June 2011 amendments to "IAS 19 – Employee Benefits", effective (with retrospective application) for annual periods beginning on or after 1st January 2013. Those amendments were endorsed by EU Commission Regulation No. 475/2012, 5th June.

As a result of IAS 19 (2011), the Bank has changed its accounting policy with respect to the basis for determining the income or expense related to its defined benefit plans. Under IAS 19 (2011), the Bank determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments.

Consequently, the net interest on the net defined benefit liability (asset) now comprises: (i) interest cost on the defined benefit obligation; (ii) interest income on plan assets; and (iii) interest on the effect on the asset ceiling.

The changes did not have any impact on the Bank's financial statements.

Presentation of items of other comprehensive income – amendments to IAS 1 – Presentation of Financial Statements

The IASB issued on 16th June 2011 amendments to "IAS 1 – Presentation of Financial Statements", effective (with retrospective application) for annual periods beginning on or after 1st January 2012. Those amendments were endorsed by EU Commission Regulation No. 475/2012, 5th June.

As a result of the amendments to IAS 1, the Bank has modified the presentation of items of OCI in its statement of profit or loss and OCI, to present items that would be reclassified to profit or loss in the future separately from those that would never be. Comparative information has been re-presented on the same basis.

IFRS 7 (Amended) – Financial Instruments: Disclosure – Offsetting financial assets and financial liabilities

The IASB issued on 16th December 2011 amendments to "IFRS 7 – Financial Instruments: Disclosure – Offsetting Financial Assets and Financial Liabilities", effective (with retrospective application) for annual periods beginning on or after 1st January 2013. Those amendments were endorsed by EU Commission Regulation No. 1256/2012, 11th December.

The Bank did not have any impact from the adoption of the changes..

Improvements to IFRS (2009-2011)

The annual improvements cycle 2009-2011, issued by IASB on 17th May 2012, and endorsed by EU Commission Regulation No. 301/2013, 27th March, introduce amendments, with effective date for annual periods beginning on, or after, 1st January 2013, to the standards IFRS 1, IAS 1, IAS 16, IAS 32, IAS 34 and IFRIC 2.

IAS 1 – Presentation of Financial Statements

This improvement clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative information is the information disclosed in the previous period.

IAS 16 – Property Plant and Equipment

This improvement clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.

IAS 32 – Financial Instruments, Presentation and IFRIC 2

The improvement clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes, avoiding any interpretation that may mean any other application.

IAS 34 – Interim Financial Reporting

The amendments align the disclosure requirement for total segment assets with total segment liabilities in interim financial statements. This clarification also ensures that interim disclosures are aligned with annual disclosures in relation to the changes of profit and loss account and other comprehensive income.

The Bank had no impact from the adoption of the improvements 2009-2011, taking into consideration the accounting policies already adopted..

IFRS 13 – Fair Value Measurement
The IASB issued on 12th May 2011 "IFRS 13 – Fair value Measurement", effective (with prospective application) for annual periods beginning on or after 1st January 2013. These amendments were endorsed by EU Commission Regulation No. 1255/2012, 11th December.

In accordance with the transitional provisions of IFRS 13, the Bank has applied the new definition of fair value, as set out in note 1a), prospectively. The change had no significant impact on the measurements of the Bank's assets and liabilities, but the Bank has included new disclosures in the financial statements, which are required under IFRS 13. These new disclosure requirements are not included in the comparative information. However, to the extent that these disclosures were required by other standards before the effective date of IFRS 13, the Bank has provided the relevant comparative disclosures under those standards.

IFRIC 20 – Stripping costs in the production phase of a surface mine
The International Financial Reporting Interpretations Committee (IFRIC) issued on 19th October 2011 "IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine", effective (with retrospective application) for annual periods beginning on or after 1st January 2013. Those amendments were endorsed by EU Commission Regulation No. 1255/2012, 11th December.

Given the nature of the Bank´s operation, this interpretation did not have any impact on the financial statements.

The Bank decided to opt for not having an early application of the following standards endorsed by EU but not yet mandatory effective:

IAS 32 (Amended) – Financial Instruments: Presentation – Offsetting financial assets and financial liabilities
The IASB issued on 16th December 2011 amendments to "IAS 32 – Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities", effective (with retrospective application) for annual periods beginning on or after 1st January 2014. Those amendments were endorsed by EU Commission Regulation No. 1256/2012, 11th December.

The IASB amended IAS 32 to add application guidance to address the inconsistent application of the standard in practice. The application guidance clarifies that the phrase 'currently has a legal enforceable right of set-off' means that the right of set-off must not be contingent on a future event and must be legally enforceable in the normal course of business, in the event of default and in the event of insolvency or bankruptcy, of the entity and all of the counterparties.

The application guidance also specifies the characteristics of gross settlement systems in order to be considered equivalent to net settlement.

The Bank is not expecting a significant impact form the adoption of the amendment to IAS 32, taking into consideration the accounting policy already adopted.

IAS 27 (Revised) – Separate Financial Statements
The IASB issued on 12th May 2011 amendments to "IAS 27 – Separate Financial Statements", effective (with prospective application) for annual periods beginning on or after 1st January 2014. Those amendments were endorsed by EU Commission Regulation No. 1254/2012, 11th December.

Taking in consideration that IFRS 10 addresses the principles of control and the requirements relating to the preparation of consolidated financial statements, IAS 27 was amended to cover exclusively separate financial statements.

The amendments aimed, on one hand, to clarify the disclosures required by an entity preparing separate financial statements so that the entity would be required to disclose the principal place of business (and country of incorporation, if different) of significant investments in subsidiaries, joint ventures and associates and, if applicable, of the parent. The previous version required the disclosure of the country of incorporation or residence of such entities.

On the other hand, it was aligned the effective dates for all consolidated standards (IFRS10, IFRS11, IFRS12, IFRS13 and amendments to IAS 28).

The Bank expects no impact from the adoption of this amendment on its financial statements.

IFRS 10 – Consolidated Financial Statements
The IASB issued on 12th May 2011 "IFRS 10 Consolidated Financial Statements", effective (with retrospective application) for annual periods beginning on or after 1st January 2013. These amendments were endorsed by EU Commission Regulation No. 1254/2012, 11th December that allows a delayed on mandatory application for 1st January 2014.

IFRS 10 withdraw one part of IAS 27 and SIC 12 and introduces a single control model to determine whether an investee should be consolidated.

The new concept of control involves the assessment of power, exposure to variability in returns and a linkage between the two. An investor controls an investee when it is exposed, or has rights, to variability of returns from its involvement with the investee and is able to affect those returns through its power over the investee (facto control).

The investor considers whether it controls the relevant activities of the investee, taking into consideration the new concept. The assessment should be done at each reporting period because the relation between power and exposure to the variability of returns may change over the time.

Control is usually assessed over a legal entity, but also can be assessed over only specified assets and liabilities of an investee (referred to as silo).

The new standard also introduce other changes such as: i) accounting requirements for subsidiaries in consolidation financial statements that are carried forward from IAS 27 to this new standards and ii) enhanced disclosures requirements, including specific disclosures for consolidated and unconsolidated structured entities.

The Bank is assessing the impact of the introduction of this standard, however the Bank does not expects a significant impact.

IFRS 11 – Joint Arrangements

The IASB issued on 12th May 2011 "IFRS 11 Joint arrangements", effective (with retrospective application) for annual periods beginning on or after 1st January 2013. These amendments were endorsed by EU Commission Regulation No. 1254/2012, 11th December that allows a delayed on mandatory application for 1st January 2014.

IFRS 11 withdraw IAS 31 and SIC 13, defines "joint control" by incorporating the same control model as defined in IFRS 10 and requires an entity that is part of a "join arrangement" to determine the nature of the joint arrangement ("joint operations" or "joint ventures") by assessing its rights and obligations.

IFRS 11 removes the option to account for joint ventures using the proportionate consolidation. Instead, joint arrangements that meet the definition of "joint venture" must be account for using the equity method (IAS 28).

The Bank is assessing the impact of the introduction of this standard, however the Bank does not expects a significant impact.

IAS 28 (Revised) – Investments in Associates and Joint Ventures

The IASB issued on 12th May 2011 "IAS 28 Investments in Associates and Joint Ventures", effective (with retrospective application) for annual periods beginning on or after 1st January 2013. This amendment was endorsed by EU Commission Regulation No. 1254/2012, 11th December that allows a delayed on mandatory application for 1st January 2014.

As a consequence of the new IFRS 11 and IFRS 12, IAS 28 has been renamed as IAS 28 Investments in Associates and Joint ventures, and describes the application of the equity method to investments in joint ventures and associates.

The Bank expects no significant impact from the adoption of this amendment on its financial statements.

IFRS 12 – Disclosures of interest in other entities

The IASB issued on 12th May 2011 "IFRS 12 Disclosures of Interests in Other Entities", effective (with retrospective application) for annual periods beginning on or after 1st January 2013. This amendment was endorsed by EU Commission Regulation No. 1254/2012, 11th December that allows a delayed on mandatory application for 1st January 2014.

The objective of this new standard is to require an entity to disclose information that enables users of its financial statements to evaluate: (a) the nature of, and risks associated with, its interests in other entities; and (b) the effects of those interests on its financial position, financial performance and cash-flows.

IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special vehicles and other off balance sheet vehicles.

The Bank is still assessing the full impact of the new IFRS 12 in align with IFRS 10 and IFRS 11.

Investment Entities – Amendments to IFRS 10, IFRS 12 and IAS 8 (issued by IASB on 31st October 2012)

The amendments apply to a particular class of business that qualify as investment entities. The IASB uses the term 'investment entity' to refer to an entity whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both. An investment entity must also evaluate the performance of its investments on a fair value basis. Such entities could include private equity organisations, venture capital organisations, pension funds, sovereign wealth funds and other investment funds.

The amendments provide an exception to the consolidation requirements in IFRS 10 and require investment entities to measure particular subsidiaries at fair value through profit or loss, rather than consolidate them. The amendments also set out disclosure requirements for investment entities.

The amendments are effective from 1 January 2014 with early adoption permitted. This option allows investment entities to apply the new amendments of IFRS 10 after 1st January 2013. This standard was adopted by the European Commission Regulation No. 1374/2013, of 20th November.

The Bank is assessing the impact of the introduction of this standard.

IAS 36 (Revised) – Recoverable Amount Disclosures for Non-Financial Assets
The IASB issued on 29th May 2013 this amendment, effective (with retrospective application) for annual periods beginning on or after 1st January 2014. These amendments were endorsed by EU Commission Regulation No. 1374/2013, 19th December.

The objective of the amendments is to clarify that the scope of the disclosures of information about the recoverable amount of assets, where that amount is based on fair value less costs of disposal, is limited to impaired assets.

IAS 39 (Revised) – Novation of Derivatives and Continuation of Hedge Accounting
The IASB issued on 27th June 2013 this amendment, effective (with retrospective application) for annual periods beginning on or after 1st January 2014. These amendments were endorsed by EU Commission Regulation No. 1375/2013, 19th December.

The objective of the amendments is to provide relief in situations where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations. Such a relief means that hedge accounting can continue irrespective of the novation which, without the amendment, would not be permitted.

Recently issued pronouncements that are not yet effective for the Bank:

IAS 19 (Revised) – Defined Benefit Plans: Employee contributions
The IASB, issued on 21th November 2013, this amendment, effective (with retrospective application) for annual periods beginning on or after 1st July 2014.

The amendment clarifies the guidance on attributing employee or third party contributions linked to service and requires entities to attribute the contributions linked to service in accordance with paragraph 70 of IAS 19 (2011). Therefore, such contributions are attributed using plan's contribution formula or on a straight line basis.

The amendment addresses the complexity by introducing a practical expedient that allows an entity to recognise employee or third party contributions linked to service that are independent of the number of years of service (for example a fixed percentage of salary), as a reduction in the service cost in the period in which the related service is rendered.

IFRIC 21 – Levies
The IASB issued on 20th May 2013 this interpretation, effective (with retrospective application) for annual periods beginning on or after 1st January 2014.

IFRIC 21 defines a levy as an outflow from an entity imposed by a government in accordance with legislation. It confirms that an entity recognises a liability for a levy when – and only when – the triggering event specified in the legislation occurs. IFRIC 21 is not expected to have any effect on the Bank's financial statements.

Improvements to IFRS (2010-2012)
The annual improvements cycle 2010-2012, issued by IASB on 12th December 2013, introduce amendments, with effective date on, or after, 1st July 2014, to the standards IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS16, IAS24 and IAS38.

IFRS 2 – Definition of vesting condition
The amendment clarify the definition of 'vesting conditions' in Appendix A of IFRS 2 Share-based Payment by separate the definition of performance condition and service condition from the definition of vesting condition to make the description of each condition clear.

IFRS 3 – Accounting for contingent consideration in a business combination
The objective of this amendment is to clarify certain aspects of accounting for contingent consideration in a business combination, namely: classification of contingent consideration in a business combination and subsequent measurement, taking into account if such contingent consideration is a financial instrument or a non-financial asset or liability.

IFRS 8 – Aggregation of operation segments and reconciliation of the total of the reportable segments' assets to entity's assets

The amendment clarify the criteria for aggregation of operating segments and requires entities to disclose those factors that are used to identify the entity's reportable segments when operating segments have been aggregated. To achieve consistency, reconciliation of the total of the reportable segments' assets to the entity's assets should be disclosed, if that amount is regularly provided to the chief operating decision maker.

IFRS 13 – Short-term receivables and payables

IASB amends the basis of conclusion in order to clarify that, by deleting IAS 39AG79, in applying IFRS 3, IASB did not intend to change the measurement requirements for short-term receivables and payables with no interest, that should be discount if such discount is material, noting that IAS 8.8 already permits entities not apply accounting polices set out in accordance with IFRSs when the effect of applying them is immaterial.

IAS 16 & IAS 38 – Revaluation Method – proportionate restatement accumulated depreciation or amortization

In order to clarify the calculation of the accumulated depreciation or amortization at the date of the revaluation, IASB amended paragraph 35 of IAS 16 and paragraph 80 of IAS 38 to clarify that: (i) the determination of the accumulated depreciation (or amortization) does not depend on the selection of the valuation technique; and (ii) the accumulated depreciation (or amortization) is calculated as the difference between the gross and the net carrying amounts.

IAS 24 – Related party transactions – key management personal services

In order to address the concerns about the identification of key management personal (KMP) costs, when KMP services of the reporting entity are provided by entities (management entity e.g. in mutual funds), IASB clarifies that, the disclosure of the amounts incurred by the entity for the provision of KMP services that are provided by a separate management entity shall be disclosed but it is not necessary to present the information required in paragraph 17.

Improvements to IFRS (2011-2013)

The annual improvements cycle 2011-2013, issued by IASB on 12th December 2013, introduce amendments, with effective date on, or after, 1st July 2014, to the standards IFRS 1, IFRS 3, IFRS 13 and IAS 40.

IFRS 1 – Meaning of "effective IFRS"

IASB clarifies that if a new IFRS is not yet mandatory but permits early application, that IFRS is permitted, but not required, to be applied in the entity's first IFRS financial statements.

IFRS 3 – Scope exceptions for joint ventures

The amendment excludes the formation of all types of joint arrangements as defined in IFRS 11 Joint Arrangements from the scope of IFRS 3. The scope exception only applies to the financial statements of the joint venture or the joint operation itself.

IFRS 13 – Scope of paragraph 52 – portfolio exception

Paragraph 52 of IFRS 13 includes a scope exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis. This is referred to as the portfolio exception. The objective of this amendment was to clarify that the portfolio exception applies to all contracts within the scope of IAS 39 Financial Instruments: Recognition and Measurement or IFRS 9 Financial Instruments, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in IAS 32 Financial Instruments: Presentation.

IAS 40 – Interrelationship with IFRS 3 when classify property as investment property or owner-occupied property

The objective of this amendment was to clarify that judgment is needed to determine whether the acquisition of investment property is the acquisition of an asset, a group of assets or a business combination in the scope of IFRS 3 and that this judgment is based on the guidance in IFRS 3.

IFRS 9 Financial instruments (issued in 2009 and revised in 2010 and 2013)

IFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. IFRS 9 (2010) introduces additions relating to financial liabilities. IFRS 9 (2013) introduces the hedging requirements. The IASB currently has an active project of additional disclosures requirements limited amendments to the classification and measurement requirements of IFRS 9 and new requirements to address the impairment of financial assets.

The IFRS 9 (2009) requirements represent a significant change from the existing requirements in IAS 39 in respect of financial assets. The standard contains two primary measurement categories for financial assets: amortised cost and fair value. A financial asset would be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash-flows, and the asset's contractual terms give rise on specified dates to cash-flows that are solely payments of principal and interest on the principal outstanding. All other financial assets would be measured at fair value. The standard eliminates the existing IAS 39 categories of held-to-maturity, available-for-sale and loans and receivables.

For an investment in an equity instrument that is not held for trading, the standard permits an irrevocable election, on initial recognition, on an individual share-by-share basis, to present all fair value changes from the investment in OCI. No amount recognised in OCI would ever be reclassified to profit or loss at a later date. However, dividends on such investments would be recognised in profit or loss, rather than OCI, unless they clearly represent a partial recovery of the cost of the investment.

Investments in equity instruments in respect of which an entity does not elect to present fair value changes in OCI would be measured at fair value with changes in fair value recognised in profit or loss.

The standard requires derivatives embedded in contracts with a host that is a financial asset in the scope of the standard not to be separated; instead, the hybrid financial instrument is assessed in its entirety for whether it should be measured at amortised cost or fair value.

IFRS 9 (2010) introduces a new requirement in respect of financial liabilities designated under the fair value option to generally present fair value changes that are attributable to the liability's credit risk in OCI rather than in profit or loss. Apart from this change, IFRS 9 (2010) largely carries forward without substantive amendment the guidance on classification and measurement of financial liabilities from IAS 39.

IFRS 9 (2013) introduces new requirements for hedge accounting that align hedge accounting more closely with risk management. The requirements also establish a more principles-based approach to hedge accounting and address inconsistencies and weaknesses in the hedge accounting model in IAS 39.

The mandatory effective date of IFRS 9 is not specified but will be determined when the outstanding phases are finalised.

The Bank has started the process of evaluating the potential effect of this standard but is waiting for the finalisation of the limited amendments before the evaluation can be completed. Given the nature of the Bank's operations, this standard is expected to have a pervasive impact on the Bank's financial statements.

50. Relevant Administrative proceedings underway and related proceedings

1. At the end of the year 2007, the Bank received a formal notice dated 27 December 2007 informing that administrative proceedings no. 24/07/CO were brought by the Bank of Portugal against the Bank and against seven former Directors and two Managers, "based on preliminary evidence of administrative offences foreseen in the General Framework of Credit Institutions and Financial Companies (approved by Decree-Law No. 298/92, 31 December), in particular with respect to breach of accounting rules, provision of false or incomplete information to the Bank of Portugal, in particular in what respects to the amount of own funds and breach of prudential obligations".

A press release issued by the Bank of Portugal on 28 December 2007 mentioned that such administrative proceedings were initiated "based on facts related to 17 off-shore entities, whose nature and activities were always hidden from the Bank of Portugal, in particular in previous inspections carried out".

On 12 December 2008, the Bank was notified of an accusation under administrative proceedings no. 24/07/CO instructed by the Bank of Portugal, in which this Authority charges the Bank and the other defendants, with the practice of six administrative offences regulated by paragraph g) and three administrative offences regulated by paragraph r) of article 211 of the Legal Framework for Credit Institutions and Financial Companies (LFCIFC).

The offences, should the charges be proven true, could be the following:

a) Failure to comply with the applicable accounting rules, determined by law or by the Bank of Portugal, that does not cause serious damage to the knowledge of the company's assets and financial standing is an administrative offence regulated by article 210 (f) of the LFCIFC, whereby companies are punished by a fine between Euros 750 and Euros 750,000. However, if such conduct causes serious damages, it may become an offence regulated by article 211 (g) of the LFCIFC, whereby companies are punished by a fine between Euros 2,500 and Euros 2,494,000; and
b) (i) the omission of information and communications to the Bank of Portugal, within the due deadlines or (ii) the provision of incomplete information are offences regulated by article 210 (h – presently amended to i) of the LFCIFC, whereby companies are punished by a fine between Euros 750 and Euros 750,000. However, (i) the provision of false information or (ii) of incomplete information to the Bank of Portugal that may lead to wrongful conclusions with the same or similar effect as false information regarding that subject are offences regulated by article 211 (r) of the LFCIFC, whereby companies are punished by a fine between Euros 2,500 and Euros 2,494,000.

According to the accusation, each offence is punishable by a fine between Euros 2,493.99 and Euros 2,493,989.49, and pursuant to the rules on accrued offences, defined in article 19 (1 and 2), of the Portuguese legal regime on administrative offences (Regime Geral das Contra-ordenações), in case of conviction for several offences, there shall be a single fine, the maximum amount of which cannot surpass twice the highest limit of the accrued offences.

In March 2009, the Bank did not accept the charges or accusations made and provided defense under these administrative proceedings within due term.

On 12 May 2010, the Bank was notified of the contents of the decision that, within the scope of the proceedings, was issued by the Board of Directors of the Bank of Portugal, applying to it, as primary sanction, a single fine of Euros 5,000,000.

Different fines were applied to the remaining defendants as primary sanctions, globally amounting to Euros 4,470,000. The Board of Directors of the Bank of Portugal decided to withdraw the charges relating to a former Director and a Manager.

The Bank objected to this decision and was informed of the decision to accept the legal objections presented by all the defendants.

The trial hearing began in April 2011 and, in September, the Court heard one of the witnesses, in order to better appraise the validity of the documentation provided with the claims and their eventual nullity as evidence, due to violation of banking secrecy.

After the hearing, the Court issued a decision dated of 7 October 2011 declaring that the evidence was null and therefore the entire process was annulled.

The Public Prosecutor and the Bank of Portugal appealed this decision. The Bank and other defendants presented their counter-claim.

On 5 July 2012, the Bank was notified of the decision of the Tribunal da Relação de Lisboa (Lisbon court of appeals) which approved the appeals presented by the Bank of Portugal and by the Public Prosecutor, and revoked the decision appealed, determining that, "there being no other reason not to, the trial hearing shall be continued and at the appropriate moment, a decision will be made based on the evidence".

Several defendants (natural persons) presented an appeal to the Constitutional Court.

Pursuant to a summary judgment adopted on 20 March 2013, the Constitutional Court rejected the appeals brought by the defendants, stating that those appeals did not comply with the respective requirements.

On 29 May 2013, the Constitutional Court did not accept the claims presented in the meantime by some of the defendants (natural persons), confirming the decision on which the claim was presented and the proceedings was given to the lower Stage Court for the scheduling of the trial.

Pursuant to a decision made on 27 February 2014, the "Tribunal de Pequena Instância Criminal de Lisboa" (court of Lisbon for minor criminal offences) scheduled a date (31 March 2014) to resume the court hearing for debate and judgement and decided to bar all offences imputed to one former Director of BCP, due to the statute of limitations. In what specifically concerns BCP, the "Tribunal de Pequena Instância Criminal de Lisboa" (court of Lisbon for minor criminal offences) decided to bar two administrative offences imputed to it, (alleged forging of accounting records) due to the statute of limitations. Since BCP has also been charged with the alleged practice of other administrative offences, the trial shall be resumed to handle those other administrative offences.

2. On July 2009, the Bank was notified of the accusation brought about by the Public Prosecutor in a criminal process against five former members of the Board of Directors of the Bank, related mainly to the above mentioned facts, and to present in this process a request for an indemnity.

Considering this notification, and although considering as reproduced the contents of the defense presented in the above mentioned administrative proceedings, the Bank decided, in order to avoid any risk of a future allegation of loss of the right to an indemnity that may occur if no recourse is presented in this process, to present legal documentation claiming: (i) the recognition of its right, in a later period namely following the final identification of the facts, to present a separate process in civil courts requesting an indemnity and (ii) additionally and cautiously, if the right to the request of a separate indemnity process in civil courts is not recognised, a civil indemnity according to the facts and terms mentioned in the accusation, if they are proven.

On 19 July 2011 the Bank was notified of the decision of the 8ª Vara Criminal de Lisboa (8th Lisbon criminal court section) that recognised that the Bank could present an eventual request for civil indemnity separately. One of the Defendants appealed this decision to the Court of Appeals, which was admitted by the first instance court but has a merely devolutive effect, being passed to the higher court only with the eventual appeal of the first instance Court's sentence.

The trial hearing was held, and at the present time the delivery of the sentence is expected.

3. On 22 June 2012, three companies controlled by the same physical person, the Ring Development Corp., the Willow Securities Inc., and the Lisop Sociedade de Serviços Investimentos e Comercio de Imobiliários Lda. (the "Plaintiffs") brought forward a lawsuit in the courts of Lisbon against Banque Privée BCP (Suisse) S.A. and the Bank requesting: (i) compensation for an unspecified amount, but always above Euros 40 millions, for alleged damages and (ii) that certain loan agreements established between the Plaintiffs and Banque Privée BCP (Suisse) S.A. in 2008, amounting to a total of around Euros 80 millions be declared null but without the subsequent legal duty to return the funds borrowed. Notwithstanding the fact that the agreements are ruled by Swiss law, the Plaintiffs based their request for the agreements to be declared null on an alleged violation of the provisos of the Portuguese Companies Code, stating that the loan agreements were made to enable the Plaintiffs to purchase shares of the Bank and on the fact that they had been forced to enter into the same. The Plaintiffs based their compensation request on alleged losses incurred due to the fact that Banque Privée BCP (Suisse) S.A. triggered the agreements' clause, selling the listed shares given as pledge at base prices, as foreseen in the loan agreements, and that the Plaintiffs were not given the possibility to continue to trade the pledged assets after the execution.

The loan agreements are ruled by Swiss Law and subject to the jurisdiction of the Swiss courts and the Bank was informed that, according to Swiss Law, the Plaintiffs' request is not likely to be granted. Since the lawsuit was brought forward in the Portuguese courts, if the Portuguese courts decide to try the same, its outcome may be uncertain. Since the Bank believes that the Plaintiffs' request has no grounds, the Bank did not make any provisions regarding this litigation.

On 29 October 2012, the Bank presented its arguments. Banque Privée BCP (Suisse) S.A. requested that the citation be considered null; the request was accepted and an order was issued for the repetition of the citation, and the same was repeated on 8 January 2013.Banque Privée presented its arguments on 11 March 2013. On 10 December 2013, the parties were notified to file their requests for evidence within 15 days (the deadline ended on 10 January 2014). The proceeding is waiting the scheduling of a preliminary hearing or the pronunciation of a decision accepting the formalities of right of action.

51. Sovereign debt of European Union countries subject to bailout

As at 31 December 2013, the exposure of the Bank to sovereign debt of European Union countries subject to bailout is as follows:

	2013					
Issuer/Portfolio	Book value Euros '000	Fair value Euros '000	Fair value reserves Euros '000	Average interest rate %	Average maturity Years	Fair value measurement levels
PORTUGAL						
Financial assets held for trading	180,612	180,612	-	4.58%	5.0	1
Financial assets available for sale	3,677,731	3,677,731	81,386	2.75%	1.6	1
Held to maturity financial assets	1,837,108	1,859,094	-	4.44%	4.5	n.a.
	5,695,451	5,717,437	81,386			
GREECE						
Financial assets held for trading	1,768	1,768	-	-	-	1
	1,768	1,768	-			
	5,697,219	5,719,205	81,386			

The value of the securities includes the respective accrued interest.

As at 31 December 2012, the exposure of the Bank to sovereign debt of European Union countries subject to bailout is as follows:

	2012					
Issuer/Portfolio	Book value Euros '000	Fair value Euros '000	Fair value reserves Euros '000	Average interest rate %	Average maturity Years	Fair value measurement levels
PORTUGAL						
Financial assets held for trading	179,840	179,840	-	4.31%	5.3	1
Financial assets available for sale	3,428,558	3,428,558	129,328	3.46%	2.8	1
Held to maturity financial assets	1,828,175	1,813,761	-	3.64%	3.6	n.a.
	5,436,573	5,422,159	129,328			
GREECE						
Held to maturity financial assets	1,024	1,024	-	-	-	-
	1,024	1,024	-			
	5,437,597	5,423,183	129,328			

The value of the securities includes the respective accrued interest.

The exposure registered in the balance Loans and advances to customers and Guarantees and future commitments, related to sovereign risk of the European Union countries subject to bailout is presented as follows:

(Thousand of Euros)

	2013		2012	
	Loans and advances to customers	Guarantees and future commitments	Loans and advances to customers	Guarantees and future commitments
Portugal	963,268	13,085	460,551	13,117

52. Transfers of assets

The Bank performed a set of transactions of sale of financial assets (namely loans and advances to customers) for Funds specialized in the recovery of loans. These funds take the responsibility for management of the companies or assets received as collateral with the objective of ensuring a pro-active management through the implementation of plans to explore/increase the value of the companies/assets. The financial assets sold under these transactions are derecognised from the balance sheet of the Group, since the transactions result in the transfer to the Funds of a substantial portion of the risks and benefits associated with the assets as well as the control on the assets.

The specialized funds that acquire the financial assets are closed funds, in which the holders of the participation units have no possibility to request the reimbursement of its investment throughout the useful life of the Fund.

These participation units are held by several banks, which are the sellers of the loans, in percentages that vary through the useful life of the Funds, ensuring however that, separately, none of the banks holds more than 50% of the capital of the Fund.

The Funds have a specific management structure (General Partner), fully independent from the banks and that is selected on the date of establishment of the Fund.

The management structure of the Fund has as main responsibilities:

– determine the objective of the Fund;
– manage exclusively the Fund, determining the objectives and investment policy and the conduct in management and business of the Fund.

The management structure is remunerated through management commissions charged to the Funds.

These funds, in the majority of the transactions (in which the Bank holds minority positions) establish companies under the Portuguese law in order to acquire the loans to the banks, which are financed through the issuance of senior and junior bonds. The value of the senior bonds fully subscribed by the Funds that hold the share capital of the companies match the fair value of the asset sold, determined in accordance with a negotiation based on valuations performed by both parties. These bonds are remunerated at an interest rate that reflects the risk of the company that holds the assets.

The value of the junior investments is equivalent to the difference between the fair value based on the valuation of the senior bonds and the sale value.

These junior investments, when subscribed by the Bank, provide the right to a contingent positive value if the recovered amount for the assets transferred is above the nominal value amount of senior bonds plus it related interest.

However, considering that these assets reflect a difference between the valuations of the assets sold based on the appraisals performed by independent entities and the negotiation between the parties, they are fully provisioned.

Therefore, following the transactions, the Bank subscribed:

– Participation units of the Funds, for which the cash-flows that allow the recovery arise mainly from a set of assets transferred from the participant banks (where the Bank has clearly a minority interest). These securities are booked in the available for sale portfolio and are accounted for at fair value based on the market value, as disclosed by the Funds and audited at year end.
– Junior investments (with higher subordination degree) issued by the companies held by the funds and which are fully provided to reflect the best estimate of impairment of the financial assets transferred.

Within this context, not withholding control but maintaining an exposure to certain risks and rewards, the Bank, in accordance with IAS 39.21 performed an analysis of the exposure to the variability of risks and rewards in the assets transferred, before and after the transaction, having concluded that it doesn't hold substantially all the risks and rewards.

Considering that it doesn't hold control and doesn't exercise significant influence on the funds or companies management, the Bank performed the derecognition of the assets transferred under the scope of IAS 39.20 c (i) and the recognition of the assets received as follows:

(Thousand of Euros)

	Values associated to credit transfers					
	2013			2012		
	Net assets transferred	**Received value**	**Income/(loss) resulting from the transfer**	Net assets transferred	Received value	Income/(loss) resulting from the transfer
Fundo Recuperação Turismo FCR	**210,962**	**292,644**	**81,682**	209,302	290,984	81,682
Fundo Reestruturação Empresarial FCR	**79,435**	**79,446**	**11**	-	-	-
FLIT	**189,538**	**263,039**	**73,501**	185,794	263,039	77,245
Vallis Construction Sector Fund	**231,738**	**232,209**	**471**	220,512	220,764	252
Fundo Recuperação FCR	**284,199**	**202,173**	**(82,026)**	284,199	202,173	(82,026)
Discovery Real Estate Fund	**111,737**	**130,527**	**18,790**	68,208	62,538	(5,670)
	1,107,609	**1,200,038**	**92,429**	968,015	1,039,498	71,483

As at 31 December 2013, the amount of assets received in such transactions are comprised of:

(Thousand of Euros)

	2013					
	Senior securities	Junior securities	Total	Impairment for juniors	Impairment for seniors	Net value
Fundo Recuperação Turismo FCR	275,046	-	275,046	-	-	275,046
Fundo Reestruturação Empresarial FCR	82,696	-	82,696	-	-	82,696
FLIT	181,417	65,645	247,062	(4,154)	(65,645)	177,263
Vallis Construction Sector Fund	207,632	34,610	242,242	-	(34,610)	207,632
Fundo Recuperação FCR	183,169	70,637	253,806	(17,018)	(70,637)	166,151
Discovery Real Estate Fund	131,390	-	131,390	-	-	131,390
	1,061,350	170,892	1,232,242	(21,172)	(170,892)	1,040,178

As at 31 December 2012, the amount of assets received in such transactions are comprised of:

(Thousand of Euros)

	2012					
	Senior securities	Junior securities	Total	Impairment for juniors	Impairment for seniors	Net value
Fundo Recuperação Turismo FCR	273,315	-	273,315	-	-	273,315
FLIT	173,813	59,508	233,321	-	(59,508)	173,813
Vallis Construction Sector Fund	165,531	32,161	197,692	-	(32,161)	165,531
Fundo Recuperação FCR	164,038	68,553	232,591	(8,522)	(68,553)	155,516
Discovery Real Estate Fund	45,683	-	45,683	-	-	45,683
	822,380	160,222	982,602	(8,522)	(160,222)	813,858

The junior securities correspond to supplementary capital in the amount of Euros 136,282,000 (31 December 2012: Euros 128,061,000), as referred in note 29 and Participation units in the amount of Euros 34,610,000 (31 December 2012: Euros 32,161,000) as referred in note 21.

Additionally, there is an amount of Euros 27,450,000 (31 December 2012: Euros 27,450,000) booked in the loans and advances to customer's portfolio that is fully provided for.

Within the scope of the transfer of assets, the junior securities subscribed which carry a subordinated nature and are directly linked to the transferred assets, are fully provided for.

Although the junior bonds are fully provisioned, the Bank still holds an indirect exposure to financial assets transferred, under the minority investment that holds in the pool of assets transferred by all financial institutions involved, through the holding of participation units of the funds (denominated in the table as senior bonds).

53. BCP list of subsidiary and associated companies

As at 31 December 2013, the Banco Comercial Português S.A. subsidiary companies are as follows:

Subsidiary companies	Head office	Share Capital	Currency	Activity	% held
Bank Millennium S.A.	Warsaw	1,213,116,777	PLN	Banking	65.5
Banco Millennium Angola S.A.	Luanda	4,009,893,495	AOA	Banking	50.1
Banco de Investimento Imobiliário S.A.	Lisbon	217,000,000	EUR	Banking	100.0
BCP Capital – Sociedade de Capital de Risco S.A.	Oeiras	2,000,000	EUR	Venture capital	100.0
BCP International B.V.	Amsterdam	18,000	EUR	Holding company	100.0
BCP Investment B.V.	Amsterdam	620,774,050	EUR	Holding company	100.0
Millennium bcp Participações S.G.P.S. Sociedade Unipessoal Lda.	Funchal	25,000	EUR	Holding company	100.0
Bitalpart B.V.	Rotherdam	19,370	EUR	Holding company	100.0
BCP África S.G.P.S. Lda.	Funchal	25,000	EUR	Holding company	100.0
Caracas Financial Services Limited	George Town	25,000	USD	Financial Services	100.0
Interfundos – Gestão de Fundos de Investimento Imobiliários S.A.	Oeiras	1,500,000	EUR	Investment fund management	100.0
Millennium BCP – Escritório de Representações e Serviços Ltda.	São Paulo	45,205,149	BRL	Financial Services	100.0
Millennium bcp Gestão de Activos – Sociedade Gestora de Fundos de Investimento S.A	Oeiras	6,720,691	EUR	Investment fund management	100.0
Millennium bcp – Prestação de Serviços A.C.E.	Lisbon	331,000	EUR	Services	78.0
Millennium bcp Teleserviços – Serviços de Comércio Electrónico S.A.	Lisbon	50,004	EUR	Videotex services	100.0
Servitrust – Trust Management Services S.A	Funchal	100,000	EUR	Trust services	100.0
Millennium bcp Imobiliária S.A.	Lisbon	50,000	EUR	Real-estate management	99.9
Imábida – Imobiliária da Arrábida S.A.(*)	Oeiras	1,750,000	EUR	Real-estate management	100.0
QPR Investimentos S.A.(*)	Lisbon	50,000	EUR	Services	100.0
Propaço- Sociedade Imobiliária de Paço D'Arcos Lda.	Oeiras	5,000	EUR	Real-estate company	52.7

(*) Companies classified as non-current assets held for sale.

As at 31 December 2013, the Banco Comercial Português S.A. associated companies are as follows:

Associated companies	Head office	Share Capital	Currency	Activity	% held
ACT-C-Indústria de Cortiças S.A.	Sta.Maria Feira	17,923,625	EUR	Extractive industry	20.0
Banque BCP S.A.S.	Paris	93,733,823	EUR	Banking	19.9
Nanium S.A.	Vila do Conde	15,000,000	EUR	Electronic equipments	41.1
SIBS S.G.P.S. S.A.	Lisbon	24,642,300	EUR	Banking services	21.5
Sicit – Sociedade de Investimentos e Consultoria em Infra-Estruturas de Transportes S.A.	Oeiras	50,000	EUR	Consulting services	25.0
UNICRE – Instituição Financeira de Crédito S.A.	Lisbon	10,000,000	EUR	Credit cards	31.7
Quinta do Furão – Sociedade de Animação Turística e Agrícola de Santana Lda.	Funchal	1,870,492	EUR	Tourism	31.3
Flitptrell III S.A.	Lisbon	50,000	EUR	Tourism	50.0

As at 31 December 2013, the Banco Comercial Português S.A. subsidiary insurance companies are as follows::

Subsidiary companies	Head office	Share Capital	Currency	Activity	% held
S&P Reinsurance Limited	Dublin	1,500,000	EUR	Life reinsurance	100.0

DECLARATION OF COMPLIANCE

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Millennium bcp

DECLARATION OF COMPLIANCE

It is hereby declared that, to the best of the knowledge of the undersigned, the individual and financial statements of Banco Comercial Português, S.A. ("BCP" or "Bank"), which include (i) the individual and consolidated balance sheets as at 31 December 2013, (ii) the individual and consolidated income statements for the year ended on 31 December 2013, (iii) the individual and consolidated statement of changes in equity and cash flow statement for the year ended on 31 December 2013, (iv) a summary of the significant accounting policies, and (v) the individual and consolidated explanatory notes, give a true and appropriate image of the individual and consolidated financial situation of the Bank as at 31 December 2013, the individual and consolidated results of their operations, and the individual and consolidated changes in equity and cash flow for the year ended on that date, in accordance with both the Adjusted Accounting Standards (NCA), as determined by the Banco de Portugal, and with the International Financial Reporting Standards (IFRS), endorsed by the European Union.

The Bank's individual and consolidated financial statements relative to 31 December 2013 were approved by the Board of Directors on 11 April 2014.

Furthermore, it is also declared that the management report of BCP faithfully presents the evolution of the business, performance and situation of the Bank and companies included in the consolidation perimeter and contain a description of the principal risks and uncertainties facing them. The management report was approved by the Board of Directors on 11 April 2014.

Porto Salvo, 11 April 2014

António Vítor Martins Monteiro
(Chairman)

Carlos José da Silva
(Deputy Chairman)

Nuno Manuel da Silva Amado
(Deputy Chairman)

Álvaro Roque de Pinho Bissaia Barreto
(Member)

André Luiz Gomes
(Member)

António Henriques de Pinho Cardão
(Member)

António Luís Guerra Nunes Mexia
(Member)

Millennium bcp

Bernardo de Sá Braamcamp Sobral Sottomayor
(Member)

César Paxi Manuel João Pedro
(Member)

J Bastos

Jaime de Macedo Santos Bastos
(Member)

João Bernardo Bastos Mendes Resende
(Member)

João Manuel de Matos Loureiro
(Member)

José Guilherme Xavier de Basto
(Member)

José Jacinto Iglésias Soares
(Member)

José Rodrigues Jesus
(Member)

Luís Maria França de Castro Pereira Coutinho
(Member)

Maria da Conceição Mota Soares de Oliveira Callé Lucas
(Member)

Miguel de Campos Pereira de Bragança
(Member)

Miguel Maya Dias Pinheiro
(Member)

Rui Manuel da Silva Teixeira
(Member)

AUDIT COMITTEE ANNUAL REPORT

ANNUAL REPORT 2013

AUDIT COMMITTEE ANNUAL REPORT

I – Introduction

The Audit Committee (Committee) of Banco Comercial Português, S.A. (Bank) hereby presents its annual report on its supervisory functions, in compliance with the provisos of article 423-F (g) of the Portuguese Companies Code.

Under the terms of the applicable legal and regulatory provisos and of the Articles of Association, the Committee is responsible for:

a) Calling the General Meeting of Shareholders, whenever the Chairman of the Board of the General Meeting fails to do so when he/she should;
b) Verifying if the accounting processes and valuation criteria adopted by the Bank lead to a correct valuation of assets and results.
c) Accessing call notices and minutes of the meetings of the Executive Committee and taking part in the meetings of that Committee wherein the Bank's annual accounts are appraised;
d) Verifying the regularity of the books, accounting records and documents supporting them;
e) Verifying the accuracy of the financial statements;
f) Monitoring the preparation and disclosure of financial information;
g) Supervising the audit of the Bank's annual report and financial statements;
h) Drawing up the 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;
i) Supervising the efficiency of the risk management system, of the internal control system and of the internal audit system and issuing a prior opinion on the entity appointed by the Bank to assess the adequacy and efficiency of the internal control system;
j) Proposing to the General Meeting the election of the chartered accountant and of the external auditor and supervising their independence;

Comissão de Auditoria
Banco Comercial Português, S.A.

k) Issuing an opinion on the remuneration of the external auditor, ensuring compliance with the rules for the provision of additional services, ensuring that the external auditor has all the conditions to exercise its activity and assessing its performance every year;

l) Receiving the communications stating irregularities reported by shareholders, Bank employees or others and issuing an opinion on the regulations for the internal communications of irregularities;

m) Suspending directors and appointing substitute directors under the terms of the law and of the articles of association;

n) Issuing an opinion on the technical and professional profile of the candidates for the position of Head of Internal Audit of the Bank, if requested;

o) Issuing an opinion on the share capital increases resolved by the BoD;

Besides all the powers and duties attributed to it by the law or by the articles of association, the Audit Committee is also responsible for:

a) Issuing prior opinions on contracts entered into between the Bank and the members of corporate bodies, under the terms of article 397 of the Companies Code and of the articles of association;

b) Issuing a prior 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) individuals or legal persons related to them.

The Audit Committee provides quarterly information to the Board of Directors (BoD), in writing, on the work carried out and conclusions reached and draws up an annual report on its activities to be presented to the Chairman of the BoD.

II - Activities carried out

In the undertaking of its activities, the Committee held regular meetings with the Chief Financial Officer, the Chartered Accountant and External Auditor, the Risk Officer, the

Compliance Officer, the Head of Internal Audit and the Head of Research, Planning and ALM Division.

In 2013, the Committee met with members of the Bank's Executive Committee and, based on the power held by it for summoning any Manager it wishes to hear, met with the Heads of the Divisions for Accounting and Consolidation, Accounting and Consolidation, Legal Affairs Credit, Rating, Procurement and Logistics and with the Company Secretary. The Committee also met with the Client Ombudsman of Millennium bcp and with one Director of Millennium bcp Gestão de Ativos.

During the 2013, the Audit Committee met 17 times, having drawn the minutes of all the meetings. Moreover, by invitation, the members of the Committee participated in the meetings of the Risk Evaluation Committee.

For the effective undertaking of its functions, the Audit Committee requested and obtained all the data and clarifications relevant for that purpose, which included the opportune and appropriate monitoring of the compliance with the articles of association and with the applicable legal and regulatory provisions, meeting no obstacles to its actions.

The Committee, following the renunciation to the position presented in 2013 by two Directors of the Bank, analysed the legal requirements applicable to the replacement of members of the Board of Directors.

The Committee informed the BoD, on a regular basis, on the its activities and received from the Executive Committee, in a timely and appropriate manner, all the requested information.

Throughout the financial year, the Committee undertook, among other, the following activities:

Recapitalisation Plan

The Committee monitored the implementation of the commitments of the Bank's Recapitalisation Plan within the scope of the access, in 2012, to public investment to increase Core Tier I own funds, under the terms of article 9 of the Law 63-A/2008 of 24 November.

The Committee followed up the Bank's negotiations for the restructuring plan agreed with the Directorate-General for Competition of the European Commission due to the participation of the Portuguese State in the Bank's recapitalisation plan and monitored the compliance with the commitments therein assumed. Within this scope, it issued a favourable opinion on the internal ruling proposal establishing the management and control model for the non core business portfolio .

The Committee also appraised the updates of the Funding and Capital Plan.

Operation in Greece

The Committee followed up the sale of the operation of Group BCP (Group) in Greece, including the acquisition of the stake in the share capital of Piraeus Bank and its subsequent sale.

Supervision of the preparation and disclosure of the financial information

The Committee examined the main accounting policies adopted, in particular those that could have an impact on the financial statements of the Bank and of its subsidiaries.

The Committee reviewed the information relative to the Pension Fund of the Group BCP and the actuarial assumptions used to determine the liabilities with retirement pensions. The Committee also paid close attention to the accounting of deferred taxes.

Comissão de Auditoria
Banco Comercial Português, S.A.

The Committee also regularly monitored the situation of the Group's largest credit exposures and impairments as well as the application of the recommendations resulting from the inspections to the Bank's credit portfolio, coordinated by Banco de Portugal, within the scope of the Special Inspections Programme (SIP) pursuant to the Financial Aid Programme and the *On-site Inspection Program* (OIP) carried out by PricewaterhouseCoopers & Associados. It also followed-up the development and the results of the transversal review of the impairment of the credit portfolio determined by Banco de Portugal (ETRICC).

It appraised the Bank's participation in entrepreneurial restructuring funds and the evolution of the Bank's exposure to economic groups under debt restructuring processes, notably in what concerns the guarantees received, the risks involved and the liabilities taken.

The Committee appraised, on a monthly basis, the financial statements, on an individual and consolidated basis, and the earnings and key financial indicators of the Group companies. It also periodically analysed the Bank's liquidity, cost-to-income and solvency ratios,

In April 2013, and with reference to 2012, the Committee issued an opinion on the Bank's Annual Report. In the beginning of 2014, and with reference to 2013, the Committee appraised the Annual Report drawn up by the Executive Committee and the Legal Certifications of the Accounts and Audit Reports prepared by KPMG & Associados - SROC, S.A., on the individual and consolidated financial statements, which were issued without reservations or emphases.

In accordance with article 420 (5) of the Companies Code, the Committee concluded that the Corporate Governance Report, included in the Bank's Annual Report, with reference to 2013, contains the data mentioned in article 245-A of the Securities Code.

In view of the result of the work carried out, the Committee issued a favourable opinion on the Bank's Annual Report, which includes the individual and consolidated financial statements for the year ended on 31 December 2013.

Comissão de Auditoria
Banco Comercial Português, S.A.

The Committee also appraised the Group Budget for 2014, examining the assumptions used, the earnings and activity indicators forecast, the risk factors, the market shares, investments and the evolution of own funds.

Supervision of the effectiveness of the risk management, internal control and internal audit systems

The Committee followed the revision of the internal control system, a revision complemented by the analysis and evaluation made by an external consultant chosen for this purpose (Deloitte & Associados, SROC, S.A.). It also monitored the drafting of the Internal Control Reports, under the responsibility of the BoD - with contributions from the Risk Office, Compliance Office and Internal Audit -, and issued the opinions on those Reports for the Board of Directors, which were sent to Banco de Portugal in June 2013. The Committee also monitored the making of the Report on the Prevention of Money Laundering and Terrorist Financing, on which it issued an opinion for the BoD. It also regularly monitored the implementation of the recommendations made in those Reports.

It appraised the activities developed by the Risk Office, namely those included in the monthly reports on impairments and on the evolution of the main risk indicators that contain, namely, information on credit, liquidity (including the Bank's financing operations in the Eurosystem), market, operational, compliance and reputational risks.

It also appraised the Report on Credit Concentration Risk, with information as of 31 December 2012, drawn up under the terms of Instruction 5/2011 of Banco de Portugal and the 2012 Report also sent to Banco de Portugal regarding the "Internal Capital Adequacy Assessment Process (ICAAP)" .

It assessed the Activity Plan of the Internal Audit for 2013, as well as the 2012 activity report and the 2013 quarterly reports. The head of the Internal Audit regularly informed the Committee on the inspection actions carried out by the supervision authorities of the different markets where the Group operates.

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Banco Comercial Português, S.A.

It also monitored the organizational restructuring of the Compliance Office, conducting to a greater decentralization of the implemented model, as well as the activity developed by that Office, including the implementation of the *Foreign Account Tax Compliance Act* (FATCA) participation program of Group Millennium bcp and received quarterly reports on the activity execution.

The Committee received ongoing information on all legislative and regulatory main alterations, including those related with own funds requirements, namely the CRD IV (Capital Requirements Directive) and with its effects on the Bank's capital ratios.

It also appraised the Resolution Plan remitted to Banco de Portugal, in compliance with Notice 18/2012 of Banco de Portugal and the 2012 Market Discipline Report that incorporates the information requirementsset forth in Notice 10/2007 of Banco de Portugal.

The Committee was regularly informed on the correspondence exchanged between the Bank and supervision authorities.

Supervision of the activities of the Statutory Auditor and of the External Auditor

The Committee analysed the conclusions of the audit work on the individual and consolidated financial statements of 2012, carried out by the Statutory Auditor and External Auditor. Throughout 2013, it analysed the conclusions of the Desktop Reviews on the financial statements for the first and third quarters and of the Limited Review of the interim financial statements for the first semester. In 2014, it analysed the conclusions of the audit work on the 2013 individual and consolidated financial statements, carried out by the Statutory Auditor and External Auditor

It analysed the conclusions on the Impairment Reports, on the Internal Control System and on the effectiveness tests carried out on a number of risk areas associated with the prevention of money laundering and terrorism financing, presented by the Statutory Auditor and External Auditor

Comissão de Auditoria
Banco Comercial Português, S.A.

The Committee took cognisance of the 2013 fees proposal presented by KPMG & Associados - SROC, S.A., for audit services to the Bank and Group regarding the audit of the individual and consolidated financial statements.

The Committee appraised the proposals for contracting additional services to be provided by the External Auditor, within the scope of the Policy for the Approval of Audit Services provided by External Auditors.

The Committee supervised the independence of the Statutory Auditor and of the External Auditor It also assessed, throughout the year in a continuous manner, their performance, having concluded that both adequately exercised their duties. This conclusion was supported by a formal assessment of to the independence and performance made by the Committee in the beginning of 2014, which included, notably, surveys especially designed for that purpose and the independence confirmation statement provided by the auditors.

Process for the appointment of the Statutory Auditor and of the External Auditor for the triennial 2014/-2016

The Committee initiated the process for the appointment of the Bank's Statutory Auditor and of the External Auditor for the 2014-2016 term-of office, a proposal to be submitted to the 2014 General Meeting, in accordance with the Bank's articles of Association and the Securities Code.

Issue of opinions on operations made with members of corporate bodies and holders of stakes above 2% or more in the Bank's share capital

The Committee assessed the Bank's credit exposure to members of the BoD and to qualified shareholders and entities related to them. Within this scope, it issued an opinion on twenty eight credit operations that were submitted to the BoD. The Committee also issued an opinion on six other contracts established with entities related with members of the BoD and qualified shareholders.

Comissão de Auditoria
Banco Comercial Português, S.A.

Receipt of communications stating irregularities reported by shareholders, employees or others

The Committee was regularly informed on the handling of complaints and claims from customers by the Client Ombudsman's Office and by the Quality and Network Support Division.

III – Acknowledgements

The Committee expresses its gratitude to the Corporate Bodies and Services of the Bank it contacted, in particular, the Head of the Support Office of the Board of Directors, for all the collaboration provided in the performance of its duties.

Lisbon, 28 April 2014

João Matos Loureiro (Chairman)

José Xavier de Basto (Member)

J Bastos

Jaime Santos Bastos (Member)

José Rodrigues de Jesus (Member)

Comissão de Auditoria
Banco Comercial Português, S.A.

OPINION OF THE AUDIT COMMITTEE

ANNUAL REPORT 2013

OPINION OF THE AUDIT COMMITTEE
ON THE 2013 FINANCIAL YEAR

1. Under the terms of the Law and of the Articles of Association, the Audit Committee appraised the directors report and the financial statements of Banco Comercial Português, S.A. (the Bank) with reference to 2013 drawn up by the Executive Committee and the Legal Certifications of the Accounts and Audit Reports prepared by KPMG & Associados - SROC, S.A., on the individual and consolidated financial statements, which were issued without reservations or emphases.

2. The Audit Committee monitored the drawing up of the Annual Report as well as the final version approved by the Executive Committee. In order to prepare the opinion given herein, the Audit Committee met with the Executive Committee, with the Chief Financial Officer, with those in charge of the competent divisions of the Bank, particularly the Accounting and Consolidation Division, the Audit Division, the Risk Office, the Compliance Office, the Research, Planning and ALM Division, the Company Secretary, as well as with the Statutory Auditor and External Auditor, requesting all the information and clarifications relevant to its functions, which included the timely and appropriate monitoring of the compliance with the articles of association and with the applicable legal provisos.

3. The underwriters declare to the best of their knowledge that the financial information analyzed was drawn up in compliance with the applicable accounting standards, giving a true and fair view of the assets and liabilities, of the financial situation and of the earnings of the Bank and of the companies consolidated by it, and that the annual report truthfully shows the evolution of the business, the performance and position of the Bank and of the companies consolidated by it, containing a description of the main risks and uncertainties faced by them.

4. Considering the result of the work carried out, the Audit Committee concurs with

Comissão de Auditoria
Banco Comercial Português, S.A.

the contents of the Legal Certifications of Accounts and Audit Reports made by KPMG & Associados - SROC, S.A. and issues a favourable opinion on the Bank's Annual Report, which includes the financial statements, on an individual and consolidated basis, of the financial year ended on the 31 December 2013, approved on 11 April by the Board of Directors, of which the members of the Audit Committee are part.

5. Pursuant to what is stated above, it is our opinion that the General Meeting of Shareholders of Banco Comercial Português S.A. should approve:
   a) The directors report and other documents pertaining to the individual and consolidated financial statements for the financial year ended on 31 December 2013;
   b) The proposal made by the Board of Directors for the appropriation of the net losses computed in the 2013 individual balance sheet, amounting to 1 958 730 209.58 Euros for Retained Earnings.

Lisbon, 28 April 2014

João Matos Loureiro (Chairman)

José Xavier de Basto (Member)

J Bastos

Jaime Santos Bastos (Member)

José Rodrigues de Jesus (Member)

Comissão de Auditoria
Banco Comercial Português, S.A.

EXTERNAL AUDITORS' REPORT

ANNUAL REPORT 2013

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CONSOLIDATED AUDITORS' REPORT

(ISSUED BY THE STATUTORY AUDITOR, A CMVM REGISTERED AUDITOR)

(This Report is a free translation to English from the Portuguese version)

Introduction

1 In accordance with the applicable legislation, we present our Audit Report, on the consolidated financial information included in the Annual Report of the Board of Directors and in the accompanying consolidated financial statements as at and for the year ended 31 December, 2013 of **Banco Comercial Português Group** which comprise the consolidated balance sheet as at 31 December, 2013 (showing total assets of 82,007,033 thousand Euros and total equity attributable to the equity holders of the Bank of 2,583,207 thousand Euros, including a net loss attributable to the equity holders of the Bank of 740,540 thousand Euros), the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and the corresponding notes.

Responsibilities

2 The Board of Directors is responsible for:

a) the preparation of consolidated financial statements in accordance with the International Financial Reporting Standards ("IFRS") as adopted by the European Union which presents fairly, in all material respects, the financial position of the group companies included in the consolidation, the consolidated results of its operations, the consolidated comprehensive income, the consolidated changes in equity and the consolidated cash flows;

b) that the historical financial information, prepared in accordance with the IFRS is complete, true, current, clear, objective and lawful as required by the Portuguese Securities Market Code ("CVM");

c) the adoption of adequate accounting policies and criteria;

d) the maintenance of an appropriate internal control system; and

e) the communication of any relevant matter that may have influenced the activity of the companies included in the consolidation, their financial position or results.

3 Our responsibility is to verify the consolidated financial information included in the above referred documents, namely as to whether it is complete, true, current, clear, objective and lawful as required by the CVM, in order to issue a professional and independent opinion based on our audit.

Scope

4 We conducted our audit in accordance with the Technical Standards and Guidelines issued by the Portuguese Institute of Statutory Auditors ("Ordem dos Revisores Oficiais de Contas"), which require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. Accordingly, our audit included:

- verification that the financial statements of the companies included in the consolidation have been properly audited and, in those significant cases in which they were not, verification, on a sample basis, of the documents underlying the figures and disclosures contained therein, and an assessment of the estimates, based on judgments and criteria defined by the Board of Directors, used in the preparation of the referred financial statements;

- verification of the consolidation procedures and of the application of the equity method;

- evaluation of the appropriateness of the accounting policies used and of their disclosure, taking into account the applicable circumstances;

- assessing the applicability of the going concern principle;

- assessment of the appropriateness of the overall presentation of the consolidated financial statements; and

- assessment of whether the consolidated financial information is complete, true, current, clear, objective and lawful.

5 Our audit also included the verification that the consolidated financial information included in the Board of Directors report is consistent with the consolidated financial statements, as well as the verification of the disclosures required by numbers 4 and 5 of the article 451, of the Portuguese Companies Code ("Código das Sociedades Comerciais").

6 We believe that our audit provides a reasonable basis for our opinion.

KPMG

Opinion

7 In our opinion, the referred consolidated financial statements present fairly, in all material respects, the consolidated financial position of **Banco Comercial Português Group**, as at 31 December, 2013, the consolidated results of its operations, the consolidated comprehensive income, the consolidated cash flows and the consolidated changes in equity for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union and the information contained therein is complete, true, current, clear, objective and lawful.

Report on Other Legal Requirements

8 It is also our opinion that the consolidated financial information included in the Board of Directors report is consistent with the consolidated financial statements and that the Report on Corporate Governance includes the information required by the article 245.º-A of the Portuguese Securities Market Code ("CVM").

Lisbon, 28 April 2014

Ana Cristina Dourado

KPMG & Associados
Sociedade de Revisores Oficiais de Contas, S.A. (n. 189)
represented by
Ana Cristina Soares Valente Dourado (ROC n. 1011)

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AUDITORS' REPORT

(ISSUED BY THE STATUTORY AUDITOR, A CMVM REGISTERED AUDITOR)

(This Report is a free translation to English from the Portuguese version)

Introduction

1 In accordance with the applicable legislation, we present our Audit Report, on the financial information included in the Annual Report of the Board of Directors and in the accompanying financial statements as at and for the year ended 31 December, 2013 of **Banco Comercial Português, S.A.** which comprise the balance sheet as at 31 December, 2013 (showing total assets of 76,792,289 thousand Euros and total equity of 1,774,286 thousand Euros, including a net loss of 1,958,730 thousand Euros) the satement of income, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended and the corresponding notes.

Responsibilities

2 The Board of Directors is responsible for:

a) the preparation of financial statements in accordance with the Adjusted Accounting Standards ("NCA's") issued by the Bank of Portugal, that present fairly, inall material respects, the financial position of the Bank, the results of its opeations, the comprehensive income, the changes in equity and the cash flows;

b) that the historical financial information prepared in accordance with the NCA's is complete, true, current, clear, objective and lawful as required by the Portuguese Securities Market Code ("CVM");

c) the adoption of adequate accounting policies and criteria;

d) the maintenance of an appropriate internal control system; and

e) the communication of any relevant matter that may have influenced the acivity of the Bank, its financial position or results.

KPMG

3 Our responsibility is to verify the financial information included in the above referred documents, namely if the information is complete, true, current, clear, objective and lawful as required by the CVM in order to issue a professional and independent opinion based on our audit.

Scope

4 We conducted our audit in accordance with the Technical Standards and Guidelines issued by the Portuguese Institute of Statutory Auditors ('Ordem dos Revisores Oficiais de Contas'), which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Accordingly, our audit included:

- the verification, on a sample basis, of the documents underlying the figures and disclosures contained therein, and an assessment of the estimates, based on judgments and criteria defined by the Board of Directors, used in the preparation of the referred financial statements;

- evaluation of the appropriateness of the accounting policies used and of their disclosure, taking into account the applicable circumstances;

- assessing the applicability of the going concern principle;

- assessment of the appropriateness of the overall presentation of the financial statements; and

- assessment of whether the financial information is complete, true, current, clear, objective and lawful.

5 Our audit also included the verification that the financial information included in the Board of Directors report is consistent with the financial statements, as well as the verification of the disclosures required by numbers 4 and 5 of the article 451, of the Portuguese Companies Code ("Código das Sociedades Comerciais").

6 We believe that our audit provides a reasonable basis for our opinion.

KPMG

Opinion

7 In our opinion, the referred financial statements present fairly, in all material respects, the financial position of **Banco Comercial Português, S.A.**, as at 31 December, 2013, the results of its operations, the comprehensive income, the cash flows and the changes in equity for the year then ended, in accordance with NCA's as defined by the Bank of Portugal and the information contained therein is complete, true, current, clear, objective and lawful.

Report on Other Legal Requirements

8 It is also our opinion that the financial information included in the Board of Directors report is consistent with the financial statements and that the Report on Corporate Governance includes the information required by the article 245.º-A of the Portuguese Securities Market Code ("CVM").

Lisbon, 28 April, 2014

Ana Cristina Dourado

KPMG & Associados
Sociedade de Revisores Oficiais de Contas, S.A. (n. 189)
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Independent Limited Assurance Report

**(This Report is a free translation to English from the Portuguese version
In case of doubt or misinterpretation the Portuguese version will prevail)**

To the Board of Directors of
Banco Comercial Português S.A.

Introduction

1. We were engaged by the Board of Directors of Banco Comercial Português S.A. ("Millennium bcp") to provide limited assurance on the sustainability information included in the Annual Report ("the Report") of Millennium bcp for the year ended 31 December 2013.

Responsibilities

2. The Board of Directors of Millennium bcp is responsible for:

   - The preparation and presentation of the sustainability information included in the Report in accordance with the Sustainability Reporting Guidelines (G3.1) of the Global Reporting Initiative (GRI), as described in "Methodology notes" of the chapter 'Annexes" of the Report, and the information and assertions contained within it;
   - For determining the Millennium bcp objectives in respect of sustainable development performance and reporting, including the identification of stakeholders and material issues, in accordance with the principles of inclusiveness, materiality and response of AA1000APS (2008); and
   - For establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived.

3. Our responsibility is to carry out a limited assurance engagement and to express a conclusion based on the work performed. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board. This Standard requires that we comply with the applicable ethical requirements, including independency requirements, and that the work is planned and performed to obtain limited assurance if nothing came to our attention that causes us to conclude that the sustainability information included in Annual Report for the year ended 31 December 2013, is not free of material misstatement.

Scope

4. A limited assurance engagement on a sustainability report consists of making inquiries, primarily of persons responsible for the preparation of information presented in the Report, and applying analytical and other evidence gathering procedures, as appropriate. These procedures included:

   - Inquiries of management to gain an understanding of Millennium bcp processes for determining the material issues for Millennium bcp key stakeholders groups;
   - Interviews with relevant staff, at corporate and business units, responsible for providing the sustainability information in the Report;

KPMG

- Comparing the information presented in the Report to corresponding information in the relevant underlying sources to determine whether all the relevant data derived from such underlying sources has been included in the Report; and

- Reading the information presented in the Report to conclude if it is in line with our overall knowledge of, and experience with, the sustainability performance of Millennium bcp.

5. The extent of evidence gathering procedures performed in a limited assurance engagement is less than that for a reasonable assurance engagement or in a audit engagement performed in accordance with International Auditing Standards, and therefore a lower level of assurance is provided. Consequently, it does not allow us to obtain the assurance that we would become aware of all the important matters that can be identified in an audit or in a work of reasonable assurance. Therefore, we do not express an audit opinion or a conclusion of reasonable assurance of reliability.

6. Our limited assurance report is made solely to Millennium bcp in accordance with the terms of our engagement. Our work has been prepared only with the objective of reporting to Millennium bcp those matters for which we were engaged in this limited assurance report and for no other purpose. We do not accept or assume responsibility to any third party than Millennium bcp for our work, for this limited assurance report, or for the conclusions we have reached.

Independence

7. In the course of our work we accomplished with the standards applicable in the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants.

8. We consider that the evidence obtained is sufficient and appropriate to support our conclusion.

Conclusion

9. Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the sustainability information included in the Report of Millennium bcp for the year ended 31 December 2013 is not presented fairly, in all material respects with:

- The alignment of Millennium bcp with the principles of inclusiveness, materiality and response of AA1000APS (2008); and

- The compliance with the Sustainability Reporting Guidelines (G3.1) of the Global Reporting Initiative (GRI) as described in "Methodology notes" in the "Annexes" of the Report.

Lisbon, 28 April 2014

KPMG & Associados,
Sociedade de Revisores Oficiais de Contas, S.A. (n. 189)
Represented by
Ana Cristina Soares Valente Dourado (ROC n. 1011)

CORPORATE GOVERNANCE REPORT

ANNUAL REPORT 2013

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INTRODUCTION

Banco Comercial Português, S.A. (hereinafter Company, Banco, BCP or Millennium bcp) prepares its Corporate Governance Report in a clear and transparent manner pursuant to the corporate, EU and regulatory legal standards on the matter, observing the best practices and recommendations in force, in order to disclose the principles and regulatory provisions concerning Corporate Governance.

The present Corporate Governance Report relative to the financial year of 2013 was prepared in conformity with CMVM Regulation 4/2013 and with the Recommendations of the Corporate Governance Code disclosed by the CMVM. The table below illustrates compliance with these CMVM Recommendations.

CMVM Recommendations	Declaration of Compliance	Information with reference to notes or to the Corporate Governance Report
I. VOTING AND CONTROL OF THE COMPANY		
I.1. Companies should encourage their shareholders to participate and vote at the general meetings, in particular by not establishing an excessively high number of shares required to have the right to vote and implementing the indispensable means to the exercise of the right to vote by correspondence and electronically.	Compliant	Item 12.
I.2. Companies should not adopt mechanisms that hinder the taking of deliberations by their shareholders, in particular establishing a deliberative quorum higher than that stipulated by law.	Non-compliant	Point 14. – Note 1.
I.3. Companies should not establish mechanisms with the effect of causing a time lag between the right to receive dividends or subscribe new securities and the right to vote of each ordinary share, unless duly justified on the grounds of the long term interests of the shareholders.	There are no mechanisms with these features.	
I.4. Articles of association which foresee the limitation of the number of votes which may be held or exercised by a single shareholder, individually or in combination with other shareholders, must also establish that, at least every five years, the alteration or maintenance of this statutory provision will be subject to deliberation by the General Meeting – without requirement of a quorum larger than that legally established – and that, in this deliberation, all the votes cast will count, without the application of this limitation.	Partially compliant	Point 13. – Note 2.
I.5. Defensive measures should not be adopted if they imply payments or the incurrence of expenses by the company in the event of the transfer of control or change of the composition of the management body, and which might hinder the free transferability of shares and the free appraisal by the shareholders of the performance of members of the management body.	Compliant	Point 4.
II. SUPERVISION, MANAGEMENT AND INSPECTION		
II.1. MANAGEMENT AND SUPERVISION		
II.1.1. Within the limits established by the law, and unless as a result of the small size of the company, the board of directors should delegate the daily management of the company, with the delegated duties being identified in the annual Corporate Governance Report.	Compliant	Point 18. and 21. – Board of Directors and Executive Committee
II.1.2. The Board of Directors should assure that the company acts in accordance with its objectives, and should not delegate its competence, namely, with respect to: i) definition of the strategy and general policies of the company; ii) definition of the group's business structure; iii) decisions which should be considered strategic due to their amount, risk or special features.	Compliant	Point 21. – Board of Directors
II.1.3. The Supervisory Board, in addition to the performance of the supervisory duties entrusted to its, should undertake full responsibility in terms of corporate governance, hence statutory provisions or equivalent measures should establish that is compulsory for this body to issue statements on the strategy and main policies of the company, define the group's business structure and decisions which should be considered strategic due to their amount or risk. This body should also assess compliance with the strategic plan and the implementation of the company's policies.	Not applicable	

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CMVM Recommendations	Declaration of Compliance	Information with reference to notes or to the Corporate Governance Report
II.1.4. Unless as a result of the small size of the company, the Board of Directors and Supervisory Board, according to the adopted model, should create the committees deemed necessary for:	Compliant	Point 21. – Board of Directors and Executive Committee, Points 24. and 27.
a) Assure competent and independent appraisal of the performance of the executive directors and their own overall performance, as well as that of the different existing committees;	Compliant	Points 24., 25. and 26.
b) Reflect on the adopted governance system, structure and practices, verifying its efficacy and proposing to the competent bodies the measures to be implemented aimed at their improvement.	Compliant	Point 27. d)
II.1.5. The Board of Directors or Supervisory Board, according to the applicable model, should establish objectives on matters of risk-taking and create systems for their control, aimed at assuring that the risks that effectively incurred are consistent with these objectives.	Compliant	Points 21. – Board of Directors, 27. a) Audit Committee, and Point 27. c) – Risk Assessment Commission
II.1.6. The Board of Directors should include a sufficient number of non-executive members so as to ensure effective capacity to monitor, supervise and assess the activity of the remaining members of the management body.	Compliant	Points 17. and 26. A.
II.1.7. The non-executive directors should include an adequate proportion of independent directors, taking into account the adopted governance model, the size of the company and its shareholder structure, and respective free float. The independence of the members of the Supervisory Board and members of the Audit Committee is appraised pursuant to the legislation in force. Regarding the other members of the Board of Directors, an independent person is considered a person who is neither associated to any specific group of interests in the company of the Bank, nor under any circumstance capable of influencing the impartiality of his analysis or decision-making, namely as a result of: a. Having been employed at a company which has been in a controlling or group relationship in the last three years;	Compliant	Point 26. A.
b. Having, in the last three years, rendered services or established significant commercial relations with a company which has been in a controlling or group relationship, whether directly as a partner, director or manager of a legal person;	Compliant	Points 17. and 18.
c. Having received remuneration paid by a company which has been in a controlling or group relationship, apart from the remuneration arising from the performance of directorship duties;		
d. Living in non-marital cohabitation or being the spouse, parent or similar in a straight line and until the 3rd degree, inclusively, in the collateral line, of directors or natural persons directly or indirectly holding qualifying stakes;		
e. Being the holder of a qualifying stake or representative of a shareholder with qualifying stakes.		
II.1.8. Directors who perform executive duties, when requested by other members of the governing bodies, should provide, in due time and in a form appropriate to the request, the requested information.	Compliant	Point 21. Executive Committee, Reports of the Board of Directors and Audit Committee
II.1.9. The chairman of the executive management body or executive committee should send, as applicable, to the Chairman of the Board of the Directors, Chairman of the Supervisory Board, Chairman of the Audit Committee, Chairman of the Supervisory Board and Chairman of the Financial Matters Committee, the summons and minutes of the respective meetings.	Compliant	Point 21. Executive Committee
II.1.10. Should the chairman of the management body perform executive duties, this body should indicate, among its members, an independent director to conduct the coordination of the work of the other non-executive members and the conditions to assure that they are able to make decisions in an independent and informed manner, or find another equivalent mechanism to assure this coordination.	The Chairman of the Board of Directors is not an executive director.	

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CMVM Recommendations	Declaration of Compliance	Information with reference to notes or to the Corporate Governance Report
II.2. INSPECTION		
II.2.1. According to the applicable model, the chairmen of the Supervisory Board, Audit Committee or Financial Matters Committee should be independent, pursuant to the applicable legal criteria, and possess adequate competence to perform the respective duties.	Compliant	Point 26. A and C.V. Annex I
II.2.2. The supervisory body should be the main contact point of the external auditor and the first receiver of the respective reports, being entrusted, in particular, with proposing the respective remuneration and striving that the company presents the appropriate conditions for the provision of the audit services.	Compliant	Point 21. – Audit Committee
II.2.3. The supervisory body should assess the external auditor on an annual basis and propose, to the competent body, the dismissal of the external auditor or the termination of the audit service contract whenever there is fair cause for the effect.	Compliant	Point 21. – Audit Committee and respective Report
II.2.4. The supervisory body must evaluate the functioning of the internal control and risk management systems and propose the necessary adjustments.	Compliant	Point 21. Audit Committee
II.2.5. The Audit Committee, Supervisory Board and Audit Board should issue statements on the work plans and resources allocated to the internal audit services and to the services which strive to ensure compliance with the regulations applied to the company (compliance services), and should receive the reports produced by these services at least when concerning matters related to the presentation of accounts, the identification or resolution of conflicts of interests and the detection of potential illegalities.	Compliant	Point 21. – Audit Committee, Point 50. and 51.
II.3. ESTABLISHMENT OF REMUNERATIONS		
II.3.1. All the members of the Remuneration Committee or equivalent should be independent from the executive members of the management body and include at least one member with knowledge and experience on matters of remuneration policy.	Compliant	Point 67. and C.V. Annex I
II.3.2. No natural or legal person who provides or has provided, over the last three years, services to any structure dependent on the management body, to the actual management body of the company or who has a current relationship with the company or a consultant of the company, should be contracted to support the Remuneration Committee in the performance of its duties. This recommendation is equally applicable to any natural or legal person related to the above through work or service contract.	Compliant	Point 67.
II.3.3. The statement on the remuneration policy of the management and supervisory bodies referred to in article 2 of Law 28/2009, of 19 June, should also contain: a) Identification and explanation of the criteria for determination of the remuneration to be attributed to the members of the governing bodies; b) Information as to the potential maximum amount, both in individual and aggregate terms, payable to the members of the governing bodies, and identification of the circumstances under which these maximum amounts may be due; c) Information on the payability or non-payability of amounts relative to dismissal or termination of duties of directors.	Compliant	Point 69.
II.3.4. Proposals relative to the approval of plans to attribute shares and/or share acquisition options, or based on share price variations, to members of the governing bodies, should be submitted to the General Meeting. The proposal should contain all the elements necessary for a correct assessment of the plan.	Not applicable	

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CMVM Recommendations	Declaration of Compliance	Information with reference to notes or to the Corporate Governance Report
II.3.5. Proposals relative to the approval of any system of retirement benefits established in favour of the members of the governing bodies should be submitted to the General Meeting. The proposal should contain all the elements necessary for a correct assessment of the system.	Compliant	Point 76.
III. REMUNERATIONS		
III.1. The remuneration of the executive members of the management body should be based on effective performance and discourage excessive risk-taking.	Compliant	Point 69.
III.2. The remuneration of the non-executive members of the management body and the remuneration of the members of the supervisory body should not include any component whose value depends on the performance or value of the company.	Compliant	Point 69.
III.3. The variable component of remuneration should be reasonable, as a whole, in relation to the fixed component of remuneration, and maximum limits should be established for all components.	Not applicable	Point 69.
III.4. A significant part of the variable remuneration should be deferred for a period of not less than three years, and the right to its receipt should be dependent on the continuation of the positive performance of the company over this period.	Not applicable	Point 69.
III.5. The members of the management body should not conclude contracts, either with the company or with third parties, which have the effect of mitigating the risk inherent to the variability of their remuneration established by the company.	Compliant	Point 69.
III.6. Until the end of their term of office, executive directors must keep any company shares which have been acquired through variable remuneration schemes, up to the limit of twice the value of the annual total remuneration, with the exception of shares which need to be sold for the purpose of payment of taxes arising from the earnings of these same shares.	Not applicable	Point 69. – There are no schemes of this type
III.7. When the variable remuneration comprehends the attribution of options, the beginning of the exercise period must be deferred for a period of time not inferior to three years.	Not applicable	Point 69. – There are no schemes of this type
III.8. When the dismissal of a director neither arises from serious breach of duties nor inaptitude for normal performance of the respective duties but, even so, is the outcome of inadequate performance, the company should be endowed with the appropriate and necessary legal instruments to ensure that any indemnity or compensation, apart from that legally due, is not payable.	Not applicable	Point 69. – There are no schemes of this type
IV. AUDIT		
IV.1. The external auditor should, under his duties, verify the application of the remuneration policies and systems of the governing bodies, the efficacy and operation of the internal control mechanisms and report any failings to the supervisory body of the company.	Compliant	Point 66.
IV.2. The company or any entities in a controlling relationship should neither contract from the external auditor, nor from any entities which are in a group relationship with it or are part of the same network, services other than audit services. When there are motives for the contracting of such services – which should be approved by the supervisory body and explained in its Annual Corporate Governance Report – they cannot represent a figure above 30% of the total value of the services provided to the company.	Compliant	Point 47.
IV.3. Companies should promote the rotation of the auditor at the end of two or three terms of office, according to whether they are of four or three years, respectively. The auditor's maintenance beyond this period should be based on the grounds expressed in a specific opinion issued by the supervisory body which explicitly weighs up the conditions of independence of the auditor and the advantages and costs of his replacement.	Compliant	Points 40. and 44.I.

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CMVM Recommendations	Declaration of Compliance	Information with reference to notes or to the Corporate Governance Report
V. CONFLICTS OF INTERESTS AND TRANSACTIONS WITH RELATED PARTIES		
V.1. Company business with shareholders owning qualifying holdings, or with entities that are in any relationship with them, under the terms of article 20 of the Securities Code, should be conducted under normal market conditions.	Compliant	Point 21. – Audit Committee and Point 91.
V.2. The supervisory or audit board should establish the necessary procedures and criteria for the definition of the relevant level of significance of business with shareholders of qualifying stakes or with entities which are in any of the relations stipulated in number 1 of article 20 of the Securities Code, with the conduct of business of significant relevance being dependent on the prior opinion of this body.	Compliant	Point 21. – Audit Committee and Point 91.
VI. INFORMATION		
VI.1. Companies should ensure, through their website, in Portuguese and English, access to information that enables knowledge on their evolution and their current situation in economic, financial and governance terms.	Compliant	http://ind.millenniumbcp.pt/en/institucional/Pages/Institucional.aspx
VI.2. Companies should assure the existence of an investor support office and its permanent contact with the market, so as to answer requests made by investors in due time. Records should be kept of all the requests submitted and their subsequent treatment.	Compliant	Point 56. to 58.

NOTE 1

This recommendation establishes a formal referral to the Companies Code and imposes the duty to identify any shareholder deliberations that, through statutory enforcement are above the legally established (deliberative) quorums, any Articles of Association of the Bank that require a deliberative quorum of a qualified majority, on matters relative to the merger, demerger and transformation of the company. The CMVM's underlying rationale was that it considered this to be the most appropriate form of assuring a greater representativeness of the shareholders, which is an essential condition for the safeguard of the interests of the actual company and all its stakeholders.

NOTE 2

The Bank's Articles of Association do not lay down any rules with a view to preventing the success of public takeover bids. There is also no rule with the content expressed in the second part of the aforesaid recommendation, and its inclusion has never been requested or proposed either by shareholders or members of the governing bodies. Under the terms of the law, any Shareholder or Group of Shareholders holding 2% or more of the share capital may request, at any time, that the suppression of the limit on the counting of voting rights when issued by a single shareholder or economic group, pursuant to article 26 of the Bank's Articles of Association, should be subject to voting at the General Meeting. At the present date, as far as the Bank is aware, there are no shareholders covered by the aforesaid statutory provision. In 2012, the General Meeting approved a profound amendment of the Bank's Articles of Association, where this issue was not subject to any discussion. This may be interpreted as meaning that the shareholders upheld the content of the limitation stipulated in article 26 of the Bank's Articles of Association.

PART I – COMPULSORY INFORMATION ON SHAREHOLDER STRUCTURE, ORGANISATION AND CORPORATE GOVERNANCE

A. SHAREHOLDER STRUCTURE

I. CAPITAL STRUCTURE

1. The Bank's share capital amounts to Euros 3,500,000,000, corresponding to 19,707,167,060 registered book entry shares with no par value, fully underwritten and paid-up. All the shares are listed for trading on regulated markets and represent 100% of the share capital. All the shares confer identical rights and are fungible between them.

In accordance with information provided by Interbolsa, on 31 December 2013, the number of Shareholders of Banco Comercial Português scattered and attained 174.168. The Bank's shareholders 'structure continues very scattered and only 5 shareholders own qualified shareholdings (above 2% of the share capital) and only one shareholder has a stake above 5%. We must also highlight the increase of Companies, a sector that represents 36.6% of the share capital by the end of 2013.

The shareholders holders of more than 5 million shares represent 67% of the capital. During 2013, the weight of foreign shareholders increased versus 2012.

In terms of geographical distribution, we must point out the weight of the shareholders in Portugal, representing 51.6% of the total of shareholders.

In accordance with its articles of association, the Bank, besides ordinary shares, may issue shares with special rights, namely voting or non-voting preferential shares either redeemable with or without premium or not redeemable.

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

3. As at 31 December 2013, there were no shares recorded in the Bank's portfolio of own shares.

4. Banco Comercial Português is not a party in significant agreements that might be enforced, altered or terminate in the event of transition of control of the company following a public takeover bid, or change of composition of the governing bodies.

5. Article 26 of the Bank's Articles of Association establish a limitation to voting rights by determining that votes cast by a single shareholder, alone or in a relation with shareholders connected with this single shareholder, corresponding to more than 20% of the votes of the total share capital, should not be counted. The Bank believes that this provision seeks to assure that small and medium-sized shareholders are thus able to exert greater influence on decisions that might be submitted to the General Meeting.

6. The Bank has direct and public knowledge that a shareholders' agreement for the period of five years was concluded on 19 July 2013 between Interoceânico-Capital, SGPS, S.A. and Allpar S.E., a company incorporated under Austrian law. The object of this agreement is the stakes, currently held and/or which might be held in the future by both entities, in the Bank's share capital, aimed at concerted action, namely, in the exercise of voting rights at the General Meeting. Based on the aforesaid agreement, Banco de Portugal attributes qualifying capacity to Allpar, S.E.'s holding in the Bank's share capital.

II. SHARES AND BONDS HELD

7. The qualifying stakes in the Company's share capital as of 31 December 2013, indicating the percentage share capital, votes and imputable votes, and the source and reasons of imputation, are translated in the following table:

31 December 2013

Shareholder	Number of shares	Share capital (%)	Voting rights (%)	Source and causes of imputation
Sonangol – Sociedade Nacional de Combustíveis de Angola, EP	3,830,587,403	19.44%	19.44%	Acquisition
TOTAL OF THE SONANGOL GROUP	3,830,587,403	19.44%	19.44%	
Bansabadell Holding, SL	720,234,048	3.65%	3.65%	Acquisition
BANCO DE SABADELL, S.A.	121,555,270	0.62%	0.62%	Acquisition
Members of the Management and Supervisory bodies	41,242	0.00%	0.00%	Acquisition
TOTAL OF THE SABADELL GROUP	841,830,560	4.27%	4.27%	
EDP – Imobiliária e Participações, S.A.	395,370,529	2.01%	2.01%	Acquisition
Fundo de Pensões EDP	193,473,205	0.98%	0.98%	Acquisition
Members of the Management and Supervisory bodies	2,157,292	0.01%	0.01%	Acquisition
TOTAL OF THE EDP GROUP	591,001,026	3.00%	3.00%	
Interoceânico – Capital, SGPS, S.A.	412,254,443	2.09%	2.09%	Acquisition
ALLPAR, SE	99,800,000	0.51%	0.51%	Shareholders' agreement
Members of the Management and Supervisory bodies	857,695	0.00%	0.00%	Acquisition
TOTAL OF THE INTEROCEÂNICO GROUP	512,912,138	2.60%	2.60%	
JOSÉ BERARDO FOUNDATION				
José Berardo Foundation	361,199,091	1.83%	1.83%	Acquisition
METALGEST – SOCIEDADE DE GESTÃO, SGPS, S.A.				
Metalgest – Sociedade de Gestão, SGPS, S.A.	137,150,692	0.70%	0.70%	Acquisition
Moagens Associadas S.A.	37,808	0.00%	0.00%	Acquisition
Cotrancer – Comércio e Transformação de Cereais, S.A.	37,808	0.00%	0.00%	Acquisition
Members of the Management and Supervisory bodies	37,242	0.00%	0.00%	Acquisition
TOTAL OF THE BERARDO GROUP	498,462,641	2.53%	2.53%	
TOTAL QUALIFYING HOLDINGS	**6,274,793,768**	**31.84%**	**31.84%**	

8. The number of shares and bonds held by the members of the management and supervisory bodies, as at 31 December 2013, is presented in the following table:

Shareholders/Bondholders	Security	Number of Securities as at	
Members of the Management and Supervisory Bodies		31-12-2012	31-12-2013
António Vítor Martins Monteiro	BCP shares	6,589	6,589
Carlos José da Silva	BCP shares	414,089	414,089
	BCP bond Ret Sem Cresc III/12EUR 3/2013	300	300
Nuno Manuel da Silva Amado	BCP shares	1,003,297	1,003,297
Pedro Maria Calaínho Teixeira Duarte	BCP shares	0	0
Álvaro Roque de Pinho Bissaia Barreto	BCP shares	0	0
André Magalhães Luíz Gomes	BCP shares	19,437	19,437
António Henriques de Pinho Cardão	BCP shares	281,034	281,034
António Luís Guerra Nunes Mexia	BCP shares	4,120	4,120
António Manuel Costeira Faustino	BCP shares	0	0
Bernardo de Sá Braamcamp Sobral Sottomayor	BCP shares	0	0
César Paxi Manuel João Pedro	BCP shares	0	0
Jaime de Macedo Santos Bastos	BCP shares	1,468	1,468
João Bernardo Bastos Mendes Resende	BCP shares	0	0
João Manuel de Matos Loureiro	BCP shares	4,793	4,793
José Guilherme Xavier de Basto	BCP shares	4,951	4,951
	BCP bond Mill Rend Sem Mar 10/13	5	5
José Jacinto Iglésias Soares	BCP shares	384,002	384,002
José Rodrigues de Jesus	BCP shares	0	0
Luís Maria França de Castro Pereira Coutinho	BCP shares	822,123	822,123
Maria da Conceição Mota Soares de Oliveira Callé Lucas	BCP shares	100,001	100,001
Miguel de Campos Pereira de Bragança	BCP shares	623,813	623,813
Miguel Maya Dias Pinheiro	BCP shares	601,733	601,733
Rui Manuel da Silva Teixeira	BCP shares	134,687	134,687

(1) No transactions for the acquisition or purchase of securities were made in 2013.

9. Under the terms 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 share capital amounted to 3,000,000,000 euros on the date of the last renewal of this authorisation.

The last authorisation to resolve on a share capital increase was granted at the General Meeting held on 31 May 2012, which was partially exercised in 2012 to the value of 500,000,000euros. The share capital increase through new cash entries was intended for subscription by shareholders in the exercise of their legal preemptive right, with a total cash inflow of 500 million euros, undertaken on 4 October 2012 at the price of € 0.04 per share.

The Board of Directors may thus, in the use of this authorisation, increase the share capital with preemptive right for shareholders, once or more times, by 2,500,000,000 euros, up to 30 May 2017.

Moreover, the Bank's Articles of Association stipulate that, exclusively with respect to any possible increase or increases of share capital that might be deliberated by the Board of Directors, with the favourable opinion of the Audit Committee, through conversion of credit to which the State might be entitled as a result of the calling on guarantees provided under Law 60-A/2008, of 20 October, and which are legally considered share capital increases in cash, the authorisation referred to above must have a maximum, autonomous and additional limit, equal to twice the current value of the Bank's share capital or existing share capital at the time of any renewal of this authorisation, where any possible increases through conversion of State credit do not count for the effect of use of the maximum amount established above, and where any shares to be issued may be preferred shares under the legal and statutory terms.

10. The Company has no records of any significant relations of commercial nature with the holders of qualifying stakes.

B. GOVERNING BODIES AND COMMITTEES

I. GENERAL MEETING

a) Composition of the Board of the General Meeting

11. The Board of the General Meeting is composed of:
Chairman: António Manuel da Rocha e Menezes Cordeiro (Independent)
Deputy Chairman: Manuel António de Castro Portugal Carneiro da Frada (Independent)

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

The Chairman and Deputy Chairman of the Board were elected at the General Meeting held on 18 April 2011, for the three-year period 2011/2013, and are holding a second continuous term of office.

b) Exercise of Voting Rights

12. Under the Bank's Articles of Association, each share corresponds to one vote. Those who are shareholders up to zero hours of the fifth trading day prior to the date of the General Meeting may participate therein, directly or through representation.

On these issues, see points 5 and 14.

Voting in writing, by mail or internet is permitted, provided that the ballot paper 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.

13. Please see point 5.

14. Concerning the resolutions of the merger, demerger and transformation of the Company, the Bank's articles of association require a qualified majority of the three quarters of the votes cast. Concerning the resolution on the dissolution of the Company, it requires a majority corresponding the three quarters of the paid-up capital.

II. MANAGEMENT AND SUPERVISION

a) Composition

15. Banco Comercial Português, S.A. has adopted, since 28 February 2012, s a one-tier corporate structure with a Board of Directors, which includes an Executive Committee, an Audit Committee and a Remuneration and Welfare Board.

16. The members of the Board of Directors, exercising functions, are elected at the General Meeting of Shareholders. If case of cooptation to fill vacant positions, these new members complete the terms of office currently underway.

A resolution of confidence in each of the members of the Board of Directors should be explicitly voted at the General Meeting of Shareholders every year, under penalty of dismissal, under the terms of the law.

17. Under the terms of the Bank's Articles of Association, the Board of Directors may be composed of a minimum of seventeen and a maximum of twenty-five members, elected for terms of office of three years, who may be re-elected one or more times.

The Board of Directors of Banco Comercial Português, elected at the General Meeting of Shareholders held on 28 February 2012, to perform duties for the three-year period 2012/2014, was composed of twenty members, with the following alterations having taken place in the meantime:

(i) Under the Bank's recapitalisation operation, and in conformity with the provisions in article 14, number 2, of Law 63-A/2008 of 24 November (amended and republished by Law 4/2012 of 11 January) and in number 2 of the Annex to Order 8840-B/2012, of 28 June, the Government appointed, on 4 December 2012, as its representatives in the Bank's Board of Directors, Bernardo de Sá Braamcamp Sobral Sottomayor and José Rodrigues Jesus, both as non-executive directors, with the former being a member of the Nomination and Assessment Committee, the Risk Assessment Commission, and the latter a member of the Audit Committee;

(ii) Pedro Maria Calaínho Teixeira Duarte, resigned from the position of Deputy Chairman and member of the Bank's Board of Directors and Remunerations and Welfare Board, effective 31 August 2013;

(iii) António Manuel Costeira Faustino resigned from the position of member of the Bank's Board of Directors, taking effect on 31 October 2013.

As at 31 December 2013, the Board of Directors was composed of 18 members elected at the General Meeting of Shareholders, of 28 February 2013, to perform duties in the three-year period 2012/2014, where 7 are executive, 11 non-executive and 2 members were appointed by the Government on 4 December 2012. This situation is reflected in the table below:

Non-executive members of the Board of Directors (BD)	Function	Beginning of the term of office	Term of office	Qualification
António Vítor Martins Monteiro	Chairman	28-02-2012	2012/2014	Independent
Carlos José da Silva	Vice-Chairman	28-02-2012	2012/2014	Not Independent, for being related with an entity owning a qualiyng holding
Álvaro Roque de Pinho Bissaia Barreto	Member	28-02-2012	2012/2014	Independent
André Magalhães Luíz Gomes	Member	28-02-2012	2012/2014	Independent
António Henriques de Pinho Cardão	Member	28-02-2012	2012/2014	Independent
António Luís Guerra Nunes Mexia	Member	28-02-2012	2012/2014	Not Independent, for being related with an entity owning a qualiyng holding
Bernardo de Sá Braamcamp Sobral Sottomayor	Member	Appointed on 4/12/2012	Until the end of the State aid	Non Independent, appointed by the government for the duration of the state aid to increase own funds
César Paxi Manuel João Pedro	Member	28-02-2012	2012/2014	Not Independent, for being related with an entity owning a qualiyng holding
Jaime de Macedo Santos Bastos	Member	28-02-2012	2012/2014	Independent
João Bernardo Bastos Mendes Resende	Member	28-02-2012	2012/2014	Not Independent, for being related with an entity owning a qualiyng holding
João Manuel de Matos Loureiro	Member	28-02-2012	2012/2014	Independent
José Guilherme Xavier de Basto	Member	28-02-2012	2012/2014	Independent
José Rodrigues de Jesus	Member	Appointed on 4/12/2012	Until the end of the State aid	Non Independent, appointed by the government for the duration of the state aid to increase own funds

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(continuation)

Executive members of the Board of Directors [Executive Committee (EC)]	Function	Beginning of the term of office	Term of office	Qualification
Nuno Manuel da Silva Amado	Vice-Chairman of the Board of Directors and CEO	28-02-2012	2012/2014	Executive
Miguel Maya Dias Pinheiro	Vice-Chairman	28-02-2012	2012/2014	Executive
Miguel de Campos Pereira de Bragança	Vice-Chairman	28-02-2012	2012/2014	Executive
Rui Manuel da Silva Teixeira	Member	28-02-2012	2012/2014	Executive
Luis Maria França de Castro Pereira Coutinho	Member	28-02-2012	2012/2014	Executive
Maria da Conceicão Mota Soares de Oliveira Callé Lucas	Member	28-02-2012	2012/2014	Executive
José Jacinto Iglésias Soares	Member	28-02-2012	2012/2014	Executive

The number of independent members assures effective capacity, by the non-executive members, to manage, supervise and assess the activities of the executive members.

18. On 1 March 2012, the Board of Directors appointed, from among its members, an Executive Committee, under the terms of article 407, number 3 and 4 of the Companies Code and article 35 of the Bank's Articles of Association, composed of seven of its members, which performs all of the Bank's day-to-day management duties that have not been reserved by the Board of Directors. Since its appointment, the composition of the Executive Committee is as indicated in the preceding number.

The members of the Board of Directors considered independent, due to neither being associated to any specific group of interests in the Company nor being under any circumstance which might affect the impartiality of their analysis or decision-making, were assessed taking into account the following capacities in their profile:

a. Not having been employed at the Bank or a company which has been in a controlling or group relationship with the Bank in the last three years;
b. Not having, in the last three years, rendered services or established significant commercial relations with the Bank or a company which has been in a controlling or group relationship with the Bank, whether directly or as a partner, director or manager of a legal person;
c. Not having received remuneration paid by the Bank or a company which has been in a controlling or group relationship with the Bank, apart from the remuneration arising from the performance of directorship duties;
d. Not living in non-marital cohabitation or being the spouse, parent or similar in a straight line and until the 3rd degree, inclusively, in the collateral line, of directors or natural persons directly or indirectly holding qualifying stakes;
e. Not being the holder of a qualifying stake or representative of a shareholder with qualifying stakes.

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

20. There are no usual and significant family or commercial relations between the members of the Board of Directors with shareholders to whom qualifying stakes above 2% of the voting rights are imputable.

The members of the Board of Directors who have professional relations with shareholders to whom qualifying stakes above 2% of the voting rights are imputable are presented in the following table:

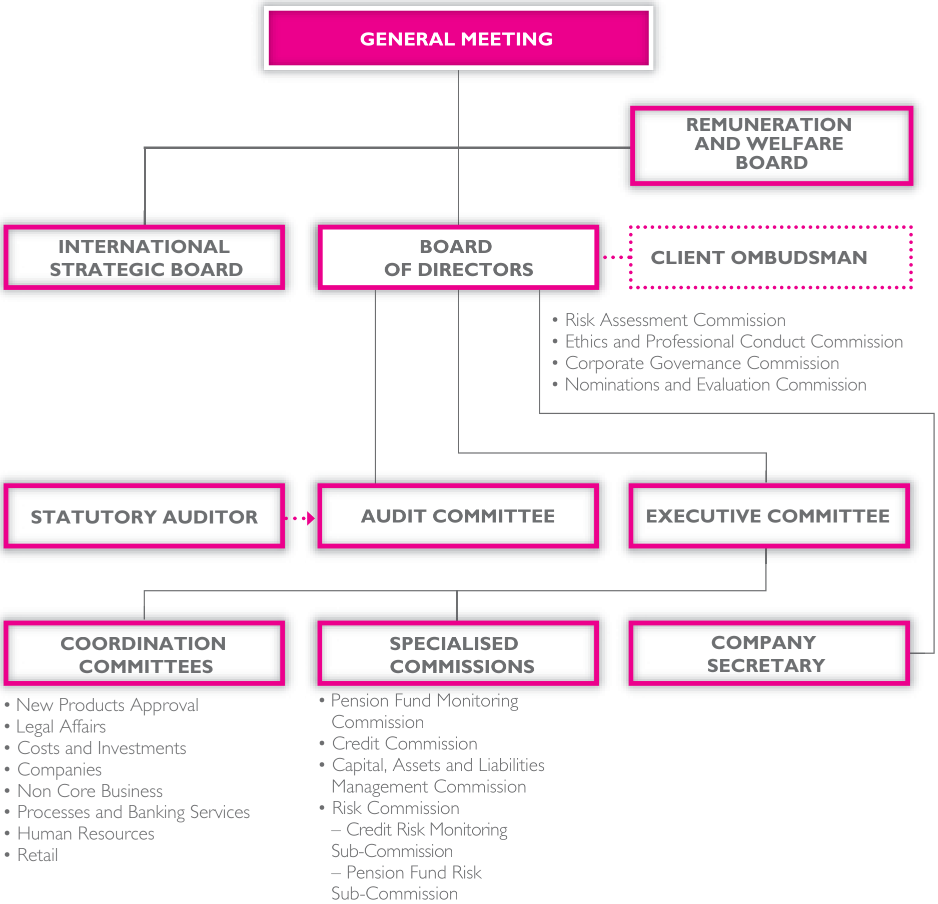
Professional Relations of the Member of the Board of Directors (BD) of BCP with Shareholders Owning Qualifying Stakes Above 2% of the Share Capital		
MEMBER OF THE BD OF BCP	PROFESSIONAL RELATIONS	SHAREHOLDER WITH A QUALIFYING STAKE ABOVE 2%
Carlos José da Silva	Chairman	Interoceânico Capital SGPS, S.A.
Pedro Maria Calaínho Teixeira Duarte (*)	Chairman of the BD	Teixeira Duarte – Gestão de Participações Sociais, S.A. (Teixeira Duarte Group)
António Luís Guerra Nunes Mexia	Chairman of the Executive BD	EDP – Energias de Portugal (EDP Group)
César Paxi Manuel João Pedro	Senior Staff of Sonangol, E.P.	Sonangol – Sociedade Nacional de Combustíveis de Angola, E.P.
João Bernardo Bastos Mendes Resende	Member of the BD of Banco Urquijo (Banco Sabadell Group)	Banco Sabadell Group

(*) Resigned from the position of Deputy Chairman and member of the Bank's Board of Directors, taking effect on 31 August 2013

21. Pursuant to the corporate governance model adopted by the Bank, the one-tier model, the structure includes a Board of Directors, under which there is 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.

The Board of Directors has appointed three specific committees, whose essential purpose is the permanent monitoring of certain specific matters. The Company also has Remuneration and Welfare Board and an International Strategic Board.

The diagram below represents the Bank's Corporate Governance Model structure during 2013:



BOARD OF DIRECTORS

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

The directors perform their duties observing and following the duties of zeal, care and loyalty, pursuant to the high standards of professional diligence inherent to a careful and orderly manager and in the 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 exercise of their functions, except when the Board of Directors sees the need to internally or publicly disclose its deliberations, or when such disclosure is imposed by law or by a decision of an administrative authority or of a court of law.

Without prejudice to the possibility of additional powers on any matter delegated to the Bank's Executive Committee, the Board of Directors has delegated the most ample managerial powers to the Executive Committee, having reserved the following competence for itself:

- Resolution on the change of head office and share capital increases, pursuant to the law and articles of association;
- Resolve on the change of the head office and on share capital increases;
- Approval of mergers, demergers and other transformation of the company;
- Decisions on the issue of shares or other securities which imply or might imply increases to the Bank's share capital;
- Delegate to a member or various members, of management powers on certain matters of administration or representation, for specific acts;
- Delegation of the Bank's day-to-day management to an Executive Committee composed of a minimum of six and a maximum of nine of its members, under the terms and within the scope of the deliberation, its expansion or reduction;
- Definition and resolution of any changes to the Group's business structure;
- Assurance that the Bank has efficient systems for internal control, risk management and internal audit;
- Deliberation on important extensions or reductions of the Group's activity;
- Annual assessment of the Bank's governance model, with the support of the Corporate Governance Commission, and its disclosure in the Annual Corporate Governance Report, identifying any constraints to its operation and proposing suitable measures to overcome them;
- Appointment of the Company Secretary and respective Alternate;
- Appointment of the Customer Ombudsman;
- Resolution, through the Nominations and Assessment Commission, on the attribution or termination of duties of all the employees with managerial status who report directly to the Board of Directors or to any of its committees or commissions, including the Executive Committee, as well as all members of governing bodies indicated by the Bank;
- Approval of the Annual Reports and proposals to be submitted to the General Meeting that are the responsibility of the management body, namely the proposed appropriation of net income;
- Definition of the general policies and strategy of the Bank and Group;
- Approval of the annual and multiannual budgets and follow-up of their implementation;
- Deliberation, through the Audit Committee, on credit granting operations or the engagement of services from members of governing bodies, holders of stakes above 2% of the Bank's share capital, calculated pursuant to article 20 of the Securities Code, as well as individuals or companies related to them.

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, where the lists proposed to the Board of Directors must detail the individual members who will be part of the Audit Committee and indicate the respective Chairman.

The members of the Audit Committee, as is the case of all members of the governing bodies, are appointed for terms of office of three years, and may be re-elected one or more times.

The Audit Committee was elected at the General Meeting held on 28 February for the three-year period 2012-2014, and was vested with the competence pursuant to article 423-F of the Companies Code and its own Regulations.

The Regulations of the Audit Commitee are available at the Bank's website at:
http://www.millenniumbcp.pt/Institucional/governacao/

The Audit Committee informs the Board of Directors on a quarterly basis, in writing, of the work developed and on the conclusions obtained and prepares an annual report of its activity for submission to the Chairman of the Board of Directors. The Audit Committee holds regular meetings with the external auditors and statutory auditor. The Audit Committee receives the Reports of the Internal Audit Department, Statutory Auditor and External Auditors. The Audit Committee holds regular meetings with the Chief Financial Officer, Risk Officer, Compliance Officer and Head of the Internal Audit Department, and has the power to summon any Coordinating Director it wishes to hear. The Audit Committee approves the contractual conditions, including remunerative, of the Statutory Auditor and External Auditors.

Apart from the competence referred to above, the Audit Committee is also entrusted with the following:

- Supervision of the process of preparation and disclosure of the financial information and review of accounts in the documents presenting the Bank's accounts;
- Control of the efficacy of the risk management system, internal control system and audit system, issuing a prior opinion on the entity appointed by the Bank to assess the adequacy and efficacy of the internal control system;
- Proposed appointment of the statutory auditor and external auditors at the General Meeting, and supervision of their independence;
- Receipt of communications of irregularities submitted by the Bank's employees or other entities;
- Issue of a prior opinion on contracts concluded between the Bank and members of governing bodies,;
- Issue of a prior opinion on credit granting operations, regardless of their form, or the engagement of services from (i) members of governing bodies, (ii) holders of stakes above 2% of the Bank's share capital and (iii) individuals or companies related to them.

During 2013, the Audit Committee was composed as follows:

Chairman:	João Manuel de Matos Loureiro (Independent)
Members:	Jaime de Macedo Santos Bastos (Independent)
	José Guilherme Xavier de Basto (Independent)
	José Rodrigues de Jesus (Not Independent, appointed by the State for the period of enforcement of the public investment to strengthen the Bank's own funds).

All the members of this Committee have the appropriate competence and professional experience for the performance of their particular duties, as confirmed by the respective curricula attached to the present Report.

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

During 2013, the Audit Committee held seventeen meetings.

The attendance level of the Audit Committee meetings by each of its members is shown in the following table:

Members of the Audit Committee	% Attendance
João Manuel de Matos Loureiro	100,0%
Jaime de Macedo Santos Bastos	100,0%
José Guilherme Xavier de Basto	94,0%
José Rodrigues de Jesus	94,0%

EXECUTIVE COMMITTEE

On 1 March 2012, 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 seven of its members, to which the Bank's day-to-day management was delegated.

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

As at 31 December 2013, the distribution of these areas of special responsibility was as follows:

Nuno Amado	
Office of the Chairman	(MM)
Communication Division	(MM)
Human Resources Division	(IS)

Miguel Maya	
Risk Office	(MB)
Credit Division	(MB)
Rating and Assessment Division	(MB)
Retail Recovery Division	(MB)
Specialised Recovery Division	(MB)
Litigation Division	(MB)
Retail Estate Busines Division	(MB)
Specialised Monitoring Division	(MB)

Miguel Bragança	
Treasury and Markets Division	(MM)
Investor Relations Division	(MM)
Accounting and Consolidation Division	(MM)
Research, Planning and ALM Division	(MM)
Cost Control and Performance Division	(MM)
Management Information Division	(MM)
Tax Advisory Division	(MM)
International Division	(MM)

Rui Manuel Teixeira	
Retail Division – North	(LPC)
Retail Division – Centre North	(LPC)
Retail Division – Centre Southl	(LPC)
Retail Division – South	(LPC)
Retail Marketing Division	(LPC)
Quality and Network Support Division	(LPC)
Private Banking Division	(LPC)
Millennium Asset Management	(LPC)
Diect Banking Division	(LPC)
Foreign Residents Division	(LPC)
Banque Privée BCP (Switzerland)	(LPC)
Millennium bcp Bank & Trust	(LPC)

Luís Pereira Coutinho	
Companies Division – North	(RMT)
Companies Division -Centre	(RMT)
Companies Division – South	(RMT)
Companies Marketing Division	(RMT)
Companies Products Marketing Division	(RMT)
ActivoBank	(RMT)
Bank Millennium (Poland)	(RMT)
Banca Millennium (Romania)	(RMT)

Conceição Lucas	
Corporate Division	(IS)
Large Corporates Division	(IS)
Investment Banking Division	(IS)
International Strategic Research Office	(IS)
Private Equity Recapitalisation Fund	(IS)
Banco Millennium Angola (Angola)	(IS)
Desk Oriente	(IS)
Millennium Bim (Mozambique)	(IS)
Millennium bcp Ageas	(IS)

Iglésias Soares	
Operations Division	(CL)
Information Technology Division	(CL)
Logistics & Procurement Division	(CL)
Legal Division	(CL)
Compliance Office	(CL)
Audit Division	(CL)

The Company Secretary provides, through indication of the chairman of the Executive Committee, the agendas and minutes of the Executive Committee to the chairman and all members of the Audit Committee.

The Chairman of the Executive Committee has the casting vote and, apart from direct accountability for the respective special areas of responsibility, has the following duties:

a. Ensure that all information is provided to the members of the Board of Directors relative to the activity and deliberations of the Executive Committee;
b. Assure compliance with the limits to the delegation of management powers and with the decisions that should be considered strategic due to their specific features;
c. Coordinate the activities of the Executive Committee, distributing among its members the preparation or follow-up of issues appraised or decided upon by this committee, chairing its meetings and monitoring the execution of its deliberations.

b) Functioning

22. The regulations of the Board of Directors and Executive Committee are provided to each member of these governing bodies upon their election or appointment, and are available on the internal portal, on the Bank's website at the following address: http://www.millenniumbcp.pt/Institucional/governacao/

23. During 2013, the Board of Directors held eleven meetings and its secretarial services were administered by the Company Secretary.

The attendance level of the Board of Directors meetings by each of its members is shown in the following table:

Members of the Board of Directors (Non-Executive)	% Particip.Incl. Representation
António Vítor Martins Monteiro	100.0%
Carlos José da Silva	90.9%
Pedro Maria Calaínho Teixeira Duarte (1)	100.0%
Álvaro Roque de Pinho Bissaia Barreto	100.0%
André Magalhães Luíz Gomes	100.0%
António Henriques de Pinho Cardão	100.0%
António Luís Guerra Nunes Mexia	72.7%
António Manuel Costeira Faustino (2)	100.0%
Bernardo de Sá Braamcamp Sobral Sottomayor	100.0%
César Paxi Manuel João Pedro	81.8%
Jaime de Macedo Santos Bastos	100.0%
João Bernardo Bastos Mendes Resende	100.0%
João Manuel de Matos Loureiro	100.0%
José Guilherme Xavier de Basto	100.0%
José Rodrigues de Jesus	100.0%

Members of the Board of Directors (Executive)	% Particip.Incl. Representation
Nuno Manuel da Silva Amado	100.0%
Miguel Maya Dias Pinheiro	100.0%
Miguel de Campos Pereira de Bragança	100.0%
Rui Manuel da Silva Teixeira	100.0%
Luís Maria França de Castro Pereira Coutinho	100.0%
Maria da Conceição Lucas Mota Soares de Oliveira Callé Lucas	100.0%
José Jacinto Iglésias Soares	100.0%

(1) Resigned from his position, taking effect on 31 August 2013.
(2) Resigned from his position, taking effect on 31 October 2013.

During 2013, the Executive Committee held fifty meetings and its secretarial services were administered by the Company Secretary.

The attendance level of the Executive Committee meetings by each of its members is shown in the following table:

Members of the Executive Committee	% Attendance
Nuno Manuel da Silva Amado	100.0%
Miguel Maya Dias Pinheiro	96.0%
Miguel de Campos Pereira de Bragança	88.0%
Rui Manuel da Silva Teixeira	96.0%
Luís Maria França de Castro Pereira Coutinho	90.0%
Maria da Conceição Lucas Mota Soares de Oliveira Callé Lucas	90.0%
José Jacinto Iglésias Soares	92.0%

24. The Board of Directors, using the competence vested by articles 37 (1) of the Articles of Association and 11 of its Regulations, has constituted specialized committees and commissions, to which it attributed the duty of monitoring certain specific matters on a permanent basis. Hence, and aimed at the assessment of the performance of the members of the Board of Directors, particularly executive directors, the Board of Directors delegated this competence, pursuant to article 5, number 2, subparagraph q), to the Nominations and Assessment Committee.

The Nomination and Assessment Committee assesses the performance of the members of the management on an annual basis, taking into account, namely, the knowledge, competence and experience of each individual member of the management body and of all members as a whole, and reports the results to the Board of Directors.

25. The Nomination and Assessment Commission and the Corporate Governance Commission work together in the assessment of the performance of the executive directors, based on the following selected criteria:

- Qualification, theoretical training and practical experience;
- Capacity to apply the competences acquired in previous positions;
- Diligence in the performance of the respective duties with the necessary dedication of time and attention;
- Risk perception and decision-making capacity;
- Action with loyalty and weighing up of the interests of the company and all its stakeholders;
- Strategic vision, independence, transparency and suitability;
- Assessment of aptitude and performance on a continuous basis.

26. According to the assessment that has been made, under the terms of the preceding number, each of the non-executive and executive members of the Board of Directors showed willingness and dedication in the performance of their duties, the necessary time and 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 in the specific tasks entrusted to each member.

The positions held by each non-executive and executive member of the Board of Directors, indicating 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 MEMBERS OF THE AUDIT COMMITTEE

Members of the Board of Directors (BD) of BCP	Positions held in other companies of the Group	Positions held in other companies outside the Group	Performance of other relevant activities	Capacity
António Vítor Martins Monteiro	Chairman of the Board of Curators of Millennium bcp Chairman of the International Board of the Millennium bcp Foundation	Non-executive member of the BD of Banco Privado do Atlântico – Angola Member of the BD of Banco Sabadell in representation of BCP, S.A. Non-executive member of the BD of SOCO International, Plc	Chairman of the Board of Curators of the Luso-Brazilian Foundation Chairman of the Advisory Council of the Gulbenkian Partners for Development Programme	Independent
Carlos José da Silva	Member of the Board of Curators of the Millennium bcp Foundation	Chairman of the BD of Banco Privado Atlântico Chairman of the BD of Banco Privado Atlântico Europe Deputy Chairman of the BD of Sociedade Baía de Luanda Chairman of the BD of Interoceânico Capital SGPS	Chairman of the BD of the Angola Management School	Not Independent
Pedro Maria Calaínho Teixeira Duarte(1)				Not applicable
Álvaro Roque de Pinho Bissaia Barreto		Chairman of the Board of Directors of Tejo Energia, S.A. Non-executive director of Nutrinveste – Soc. Gestora de Part. Sociais, S.A. Non-executive director of MELLOL – Soc. Gestora de Participações Sociais, S.A. Non-executive director of Beralt Tin & Wolfram (Portugal), S.A.	Member of the Board of the Bissaya Barreto Foundation Member of the Urban Planning and Management Board of the Batalha de Aljubarrota Foundation Chairman of the Board of the General Meeting of Prime Drinks, S.A.	Independent
André Magalhães Luíz Gomes		Partner of Cuatrecasas, Gonçalves Pereira & Associados, Sociedade de Advogados, R.L. Member of the BD of the Modern and Contemporary Art Foundation – Berardo Collection Member of the BD of Bacalhôa – Vinhos de Portugal, S.A. Member of the BD of Matiz Sociedade Imobiliária, S.A. Member of the BD of Atram – Sociedade Imobiliária S.A. Sole Director of Imobiliária de São Joaquim, S.A. Director of Dichiarato, S.A. Director of Digiátomo – Sociedade Imobiliária, S.A. Manager of Brightmelody Unipessoal, Lda. Director of Gauluna, S.A. Manager of New Property – Sociedade Imobiliária, Lda.	Chairman of the Board of the General Meeting of FGA Capital Instituição Financeira de Crédito, S.A. Chairman of the Board of the General Meeting of FGA Distribuidora Portugal, S.A. Chairman of the Board of the General Meeting of Fiat Group Automobiles Portugal, S.A. Chairman of the Board of the General Meeting of Rentipar Financeira, SGPS – S.A. Chairman of the Board of the General Meeting of Carmo – Sociedade Agrícola S.A. Chairman of the Board of the General Meeting of Explorer Investments, Sociedade Capital de Risco S.A. Chairman of the Board of the General Meeting of Explorer Investments, SGPS S.A.	Independent

(1) Resigned from his position, taking effect on 31 August 2013.

(continues)

(continuation)

Members of the Board of Directors (BD) of BCP	Positions held in other companies of the Group	Positions held in other companies outside the Group	Performance of other relevant activities	Capacity
António Henriques de Pinho Cardão				Independent
António Luís Guerra Nunes Mexia		Chairman of the Executive BD of EDP – Energias de Portugal		Not Independent
António Manuel Costeira Faustino(2)				Not applicable
Bernardo de Sá Braamcamp Sobral Sottomayor(3)		Managing Director at Deutsche Bank – RREEF Infrastructure		Not Independent
César Paxi Manuel João Pedro		Head of the Legal Division of Group Sonangol		Not Independent
João Bernardo Bastos Mendes Resende		Member of the BD of Banco Urquijo (Banco Sabadell Group) Member of the Bd of Cajastur Servicios Financieros	Member of the Governing Board of Instituto de Estudos Económicos Member of the Spanish Institute of Financial Analysts Member of the Governing Council of the Spanish Securities Market Association	Not Independent
MEMBERS OF THE AUDIT COMMITTEE				
Jaime de Macedo Santos Bastos		Chartered Accountant of several companies		Independent
João Manuel de Matos Loureiro		Professor at the School of Economics of Porto Professor at the School of Business Management of Porto and Coordinator, in the same School, of the postgraduate course in Corporate Management	Researcher at the Economics and Finance Centre of Universidade do Porto Member of the Council of Representatives of the School of Economics of Porto	Independent
José Guilherme Xavier de Basto		Member of the BD and Audit Committee of Portugal Telecom, SGPS, S.A.	Chairman of the Supervisory Board of the Portuguese Fiscal Association Chairman of the General Meeting of the Portuguese Consultants Association Member of the Research Office of the Chartered Accountants Association	Independent
José Rodrigues de Jesus(3)		Statutory Auditor of various companies Member of the Audit Board of Germen – Moagem de Cereais, S.A. Member of the Audit Board of Germen – Moagem de Cereais, S.A.		Not Independent

(2) Resigned from his position, taking effect on 31 October 2013.
(3) Directors appointed by the State for the period of enforcement of the public investment to strengthen own funds.

B – EXECUTIVE MEMBERS OF THE BOARD OF DIRECTORS

Members of the Board of Directors (BD) of BCP	Positions held in other companies of the Group	Positions held in other companies outside the Group	Performance of other relevant activities	Capacity
Nuno Manuel da Silva Amado	Member of the Board of Curators of the Millennium bcp Foundation Vice-Presidente do "Supervisory Board" do Bank Millennium, S.A. (Polónia)	Member of the Board of APB (Portuguese Banking Association) in representation of Banco Comercial Português, S.A. Membro do Conselho Geral e de Supervisão da EDP – Energias de Portugal, S.A.	Member of Institut International D'Etudes Bancaires Membro do Conselho Fiscal da Fundação Bial	Executive
Miguel Maya Dias Pinheiro	Chairman of the BD of Interfundos – Gestão de Fundos de Investimento Imobiliário, S.A. Chairman of the BD of Banco Millennium Angola, S.A. (Angola) Deputy Chairman of the BD of BIM – Banco Internacional de Moçambique Vice-Presidente do CA do BIM – Banco Internacional de Moçambique	Member of the Supervisory Board of Portugal Capital Ventures – Sociedade de Capital de Risco S.A. in representation of Banco Comercial Português, S.A.		Executive
Miguel de Campos Pereira de Bragança	Chairman of the BD of Banco de Investimento Imobiliário, S.A. Manager of Millennium bcp Participações, SGPS, Sociedade Unipessoal, Lda. Manager of BCP África, SGPS, Lda. Member of the Supervisory Board of Bank Millennium, S.A. (Poland)			Executive
Rui Manuel da Silva Teixeira	Chairman of the BD of Millennium bcp Gestão de Activos – Sociedade Gestora de Fundos de Investimento, S.A. Member of the Supervisory Board of Bank Millennium, S.A. (Poland) Chairman of the BD of Banque Privée BCP (Suisse), S.A.	Member of the BD of UNICRE – Instituição Financeira de Crédito, S.A. in representation of Banco Comercial Português, S.A. Member of the Remuneration and Welfare Board of SIBS, SGPS, S.A. Member of the Remuneration and Welfare Board of SIBS Forward Payment Solutions, S.A.	Deputy Chairman of the Board of the General Meeting of Porto Business School	Executive
Luís Maria França de Castro Pereira Coutinho	Chairman of the BD of Banco ActivoBank, S.A. Chairman of the BD of Banca Millennium, S.A. (Romania) Member of the Supervisory Board of Bank Millennium, S.A. (Poland)			Executive

(continues)

(continuation)

Members of the Board of Directors (BD) of BCP	Positions held in other companies of the Group	Positions held in other companies outside the Group	Performance of other relevant activities	Capacity
Maria da Conceição Lucas Mota Soares de Oliveira Callé Lucas	Deputy Chairman of the Audit Board of Millennium bcp Ageas Grupo Segurador, SGPS, S.A. Deputy Chairman of the Audit Board of Médis – Companhia Portuguesa de Seguros de Saúde, S.A. Deputy Chairman of the BD and Chairman of the Audit Board of Ocidental – Companhia Portuguesa de Seguros, S.A. Deputy Chairman of the BD and Chairman of the Audit Board of Ocidental – Companhia Portuguesa de Seguros de Vida, S.A. Deputy Chairman of the BD and Chairman of the Audit Board of Pensões Gere- Sociedade Gestora de Fundos de Pensões, S.A. Manager BCP África, SGPS, Lda. Member of the BD of BIM – Banco Internacional de Moçambique, S.A. Member of the Supervisory Board of Bank Millennium, S.A. (Poland) Member of the BD of Banco Millennium Angola, S.A.			Executive
José Jacinto Iglésias Soares	Chairman of the BD of Millennium bcp Prestação de Serviços, ACE	Non-executive director of SIBS, SGPS, S.A. and SIBS Forward Payment Solutions, S.A. Member of the Remuneration Commission of UNICRE – Instituição Financeira de Crédito, S.A. Deputy Chairman of the General Council of the Portuguese Industrial Association – Chamber of Commerce and Industry, in representation of Banco Comercial Português, S.A.		Executive

c) Committees and commissions within the management or supervisory body and delegated directors

27. In order to ensure and contribute to the good performance of the duties that are legally and statutorily entrusted to it, the Bank's Board of Directors appointed, apart from the Executive Committee, various other specialized committees and commissions, responsible for monitoring specific matters, which are identified as follows:

a) **Executive Committee** – appointed under the terms of article 407 and following of the Companies Code and article 35 of the Bank's Articles of Association, the Board of Directors delegated to this body the day-to-day management of the companies, as described in more detail in point 2.1 – Executive Committee.

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

http://ind.millenniumbcp.pt/en/institucional/Pages/Institucional.aspx

b) **Risk Assessment Commission** – This commission is responsible for advising the Board of Directors on matters related to the definition of risk strategy and of the global credit risk levels, of capital and liquidity management and market risk management. It ensures that the assumption of risks is compatible with the objectives defined, with the available financial resources and with the strategies approved for the group's development.

The Regulations of the Risk Assessment Commission are available on the Bank's website, on the page with the following address:

http://ind.millenniumbcp.pt/en/institucional/Pages/Institucional.aspx

c) **Ethics and Professional Conduct Commission** – This commission is responsible for assessing the compliance function and, concomitantly, appraising compliance with the ethical principles for professional conduct stated in the various internal regulations, preparing, upon deliberation and request of the Board of Directors, opinions on the Code of Conduct and other documents defining business ethical principles.

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

http://ind.millenniumbcp.pt/en/institucional/Pages/Institucional.aspx

d) **Corporate Governance Commission** – This Commission is responsible for the permanent assessment and monitoring of corporate governance matters, namely issuing the Board of Directors with recommendations on policies, rules and procedures required for compliance with the applicable legal, regulatory and statutory requirements, as well as best national and international practices in corporate governance aimed at contributing to the pursuit of the company's social responsibility and sustainability objectives, including, among others, principles and values to safeguard customer interests, social solidarity and environmental protection.

Using the competences mentioned above, it assisted the Board of Directors in the evaluation of the systems for the identification and resolution of conflicts. Within this scope, it also informs this corporate body on any situations or occurrences that, in its view, are able to configurate a non-compliance with the established corporate governance rules. It collaborates in the making of the Annual Report on Corporate Governance.

The Regulations of the Corporate Governance Commission are available on the Bank's website, on the page with the following address:

http://ind.millenniumbcp.pt/en/institucional/Pages/Institucional.aspx

e) **Nomination and Assessment Commission** – The main objective of this commission is to contribute to the development of talent management in the Group, being responsible for: providing the Board of Directors with recommendations on the appointment of new members of the Executive Committee, on the appointment or termination of duties of employees with managerial status who report directly to the Board of Directors or Executive Committee, including with regard to their performance of duties in other institutions in which the Group has an interest.

This Commission has also the following competences:

(i) To monitor the Bank's policies in what concerns the management of human resources and staff;

(ii) Collaborate with the Remunerations and Welfare Board in the making of the performance evaluation model of the Executive Committee of the Board of Directors as well as in all general aspects of the remuneration policy regulated in accordance with the provisos of the Notice of Banco de Portugal nr. 10/2011.

(iii) Approves the professional and technical profile; and

(iv) Appoints, by delegation of the Board of Directors, among other Heads, the head of audit division, in accordance with an opinion issued by the Audit Committee, the head of investors relations, the risk officer, the compliance officer and the group treasurer, which must possess the qualifications and profile appropriate for the exercise of those functions.

The Regulations of the Nomination and Assessment Commission are available on the Bank's website, on the page with the following address:

http://ind.millenniumbcp.pt/en/institucional/Pages/Institucional.aspx

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

Chairman:	Nuno Manuel da Silva Amado
Deputy Chairmen:	Miguel Maya Dias Pinheiro Miguel de Campos Pereira de Bragança
Members:	Luís Maria França de Castro Pereira Coutinho Rui Manuel da Silva Teixeira Maria da Conceição Mota Soares de Oliveira Callé Lucas José Jacinto Iglésias Soares

29. The competence of each of the specialised committees and commissions created within the Board of Directors is as follows:

Audit Committee – On this matter, see the information presented in point 21. – Audit Committee.

Executive Committee – On this matter, see the information presented in point 21. – Executive Committee.

Risk Assessment Commission – On this matter, see the information presented in point 27. b).

Ethics and Professional Conduct Commission – On this matter, see the information presented in point 27. c).

Corporate Governance Commission – On this matter, see the information provided in point nr. 27.d).

Nomination and Assessment Commission – On this matter, see the information provided in point nr. 27. e).

III. INSPECTION

a) COMPOSITION

30 to **32.** See the information presented in point 21. – Audit Committee.

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

b) OPERATION

34. On this matter, see the information presented in point 21 – Audit Committee

35. On this matter, see the information presented in point 21. – Audit Committee and point 23.

36. On this matter, see the information presented in point 26.

c) COMPETENCE AND DUTIES

37. The Bank follows best practices in terms of assured independence in the contracting of services rendered by the external auditors, namely, in international terms, the principles embodied in the Sarbanes-Oxley Act and the rule approved by the Securities and Exchange Commission, at a European level, Directive 2006/43/EC of the European Parliament and Council, of 17 May 2006 (8th Directive) and the Recommendation of the European Union, of 16 May 2002. And, at a national level, the commercial legislation, supervision rules issued by Banco de Portugal, information disclosed by the Audit Supervision National Board, the recommendations and regulations of the Portuguese Securities Commission (CMVM) and stipulations, as specifically applicable, in the Statute of OROC (Portuguese Chartered Accountants Association).

The Bank's Articles of Association explicitly emphasise, 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 a supervisory body of the Group, has promoted the adoption of rules that assure the independence of the external auditors in relation to the Group's other bodies and, at the same time, avoid possible creation of situations of conflicts of interest within the entity providing the Group's legal review of accounts or audit services, producing preventative mechanisms of approval of additional services and fees.

In view of the principles presented in the national and international regulations, through the rules concerning "Policies of Approval of Services provided by External Auditors", the Group endorses and systematises a series of rules relative to:

(i) Classification of services provided by external auditors, namely Legal Review and Audit Services, Other Reliability Assurance Services, Tax Advisory Services and Services Other than Legal Review of Accounts or Audit;
(ii) Definition of the set of services that are not Legal Review or Audit Services, which the external auditor is forbidden from providing to any entity of the Group;
(iii) Definition of the set of services that are not related to Legal Review or Audit, which may be provided to the Group under specifically stipulated circumstances;
(iv) Approval by the Audit Committee of the services to be provided by external auditors, with the creation of differentiated authorisation rules according to the type of services in question;
(v) Provision to the Audit Committee of internal control information on the established principles and guidelines.

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

IV. STATUTORY AUDITOR

39. The permanent Statutory Auditor is KPMG & Associados – Sociedade de Revisores Oficiais de Contas, S.A., represented by its partner Ana Cristina Soares Valente Dourado, ROC number 1011. The alternate Statutory Auditor is João Albino Cordeiro Augusto, ROC number 632, individually.

40. The Statutory Auditor was elected at the General Meeting held on 18 April 2011, to perform duties during the three-year period 2011/2013. As is the case of all other members of the Bank's Governing Bodies, the Statutory Auditor is also bound to remain in office up to the General Meeting which proceeds with the election of a new Statutory Auditor.

The Statutory Auditor has performed duties at the Bank since its incorporation (1985). However, the Bank has observed the maximum period of performance of review duties through the appointment or rotation of statutory auditors, who in this term of office, represent KPMG & Associados – Sociedade de Revisores Oficiais de Contas, S.A. Taking this rotation into consideration, the company's representative began to exercise functions for the first time at the General Meeting held on 18 April 2011 for the 2011/2013 term of office.

The Audit Committee issued and submitted to the General Meeting, which was held on 18 April 2011 and elected the Statutory Auditors, a specific and substantiated opinion which explicitly weighed up the conditions of independence of the auditor and the advantages and costs of its replacement.

41. On this matter, see the information presented in point 46.

V. EXTERNAL AUDITOR

42. The Bank's external auditor is KPMG Associados, SROC, S.A. (KPMG), represented permanently by its partner Ana Cristina Soares Valente Dourado, ROC number 1011 and alternately by João Albino Cordeiro Augusto, ROC number 632. The auditor has been registered at the CMVM since 22/12/2004, under number 9093.

43. The Group's External Auditor has performed duties at the Bank since the beginning of its activity. However, the Bank has observed the maximum period of seven years, counted from its appointment, for the performance of duties, through the appointment or rotation of partner auditors.

44.
I. At the time of the election of the external auditor and respective statutory auditor, the Audit Committee issued and submitted to the General Meeting, which elected the auditor, a substantiated opinion which weighed up the requirements of independence of the Auditor, namely with respect to the provision of additional services and the advantages and costs of its replacement. Since the General Meeting approved this proposal by a majority of 99.95% of the votes cast, this body clearly validated and recognised the company's interest in the non-rotation of the external auditor. The proposal in question may be consulted at:
http://ind.millenniumbcp.pt/en/institucional/Pages/Institucional.aspx

The Bank's Articles of Association, article 39, subparagraph j), also emphasise, among the competences of the Audit Committee, that of supervising the independence of the external auditors, so as to avoid possible creation of situations of conflicts of interest within the entity providing the Group's legal review of accounts or audit services, producing preventative mechanisms of approval of services and remunerations.

Along the same lines, the Group's document entitled "Policy of Approval of Services provided by the External Auditors", notes that the independence of the auditors can be assured, from a functional point of view and in the objective context of its professional relations with the Group, by observing three major prohibitive principles:

- Of personal interest – the principle that the external auditor cannot have any own financial interest nor be subject to situations which might lead to conflicts of interests with its main duty;
- Of self-review – the principle that the external auditor does not carry out tasks that might be considered management tasks, and, therefore, cannot carry out management tasks or tasks of the responsibility of the management, nor cannot carry out audit tasks on its own work;
- Of representation – the principle that the external auditor cannot carry out tasks that might be classified as duties of direct or indirect representation of any entity of the Group in litigation procedures or other similar situation.

II. The contracting of any services to be provided by external auditors, with the except of legal review and audit services, which comply with their own regulatory and institutional processes, must necessarily be preceded by the approval of the Audit Committee. The provision of services by the external auditors, which are not included in legal review and audit services, involves two different models, according to the type of services to be provided:

- In the case of the provision of any other services by the external auditors, be it Other Services for Reliability Guarantee, Tax Advisory Services or Other Services, these shall be object of a specific approval by the Audit Committee prior to the entering into the respective contract; the approval proposal shall be forwarded to the Group Head of Compliance, directly in case of domestic operations or through the local compliance officers, in case of operations outside Portugal.
- Services other than legal review and audit are considered authorised after being subject to ratification of the Audit Committee, through proposal of the Group's Compliance Office submitted at the meeting of the month immediately after the receipt of the request for the provision of services.

The application for ratification or approval of the services requested by any area of the Bank or any international operation must necessarily be accompanied by an opinion of the Group's Compliance Office, pursuant to the contracting policy in force, including a duly substantiated recommendation of ratification, approval or refusal.

At the time of the election of the external auditor and respective partner statutory auditor, the Audit Committee issues and submits to the General Meeting, which elects the auditor, a substantiated opinion which weighs up the requirements of independence of the Auditor, namely with respect to the provision of additional services and the advantages and costs of its replacement.

45. 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 statutory auditor, where this assessment highlights the professionalism of the auditors, transparency, ethics, quality control and good performance. The Audit Committee regularly monitors the activity of the external auditor and respective partner statutory auditor, in particular appraising the conclusions of the audit of the 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 six-monthly interim financial statements, and holds meetings with them whenever necessary. The Audit Committee supervised the independence of the Statutory Auditor and External Auditor and also assessed their performance over the financial year, in a continuous manner, having concluded that their duties were performed adequately.

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

Tax Advisory Services – services provided to the Group in the review of the tax obligations of the different companies in Portugal and abroad.

Services other than legal review – Includes the fees charged by KPMG relative to 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 contracting of these services and indication of the reasons for their contracting, Millennium bcp 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, KPMG complies with the rules on independence defined by the Group, including those established by the 8th Directive of the European Commission, reviewed by Directive 2006/43/EC of the European Parliament and Council of 17 May 2006, partially transposed into Portuguese Legislation by Decree-Law 224/2008, of 20 November, in addition to the rules on independence defined by KPMG, through application of the International Standards on Auditing issued by the International Federation of Accountants.

In order to safeguard the independence of the Auditor, and the national and international good practices and standards, the Bank's Audit Committee has approved a series of regulatory principles, as described below:

- KPMG and the companies or legal persons belonging to it ("Network") cannot provide services to the Bank or Group, which are deemed forbidden. Although the general principle is considered that the independence of the external auditors can be affected by the provision of services to the Group that are different from those related to legal review or audit, the Audit Committee has identified a series of services that may be rendered by the external auditors, without placing their independence in question. These services are authorised by the Group's Compliance Office and subject to ratification of the Audit Committee.

47. The amount of the annual remuneration paid by the Company and/or legal persons in controlling or group relations, to the auditor and other natural or legal persons belonging to the same network, detailed with their respective percentages, are reflected in the following table:

Services Provided by KPMG in 2013 (Total by Company)	Euros					%			
	Auditing	Other assurance and reliability services	Tax advisory services	Other services	Total	Auditing	Other assurance and reliability services	Tax advisory services	Other services
Banco Comercial Português, S.A.	1,647,960.00	628,350.00	4,310.50	418,797.50	2,699,418.00	61.0%	23.3%	0.2%	15.5%
Banco de Invest. Imobiliário, S.A.	44,815.00	29,700.00	,	,	74,515.00	60.1%	39.9%	0.0%	0.0%
Millennium bcp Gestão Activos – SGFI, S.A.	56,450.00	6,300.00	,	,	62,750.00	90.0%	10.0%	0.0%	0.0%
Banco ActivoBank, S.A.	32,340.00	13,600.00	,	,	45,940.00	70.4%	29.6%	0.0%	0.0%
Millennium BCP Bank & Trust (Cayman)	30,935.00	2,675.00	,	,	33,610.00	92.0%	8.0%	0.0%	0.0%
Millennium BCP – Prestação Serviços, ACE	31,990.00	,	,	,	31,990.00	100.0%	0.0%	0.0%	0.0%
Millennium bcp Imobiliária, S.A.	20,700.00	,	,	,	20,700,00	100.0%	0.0%	0.0%	0.0%
BCP Finance Bank Limited (Cayman)	14,585.00	2,675.00	,	,	17,260.00	84.5%	15.5%	0.0%	0.0%
Interfundos – Gest. Fund. Inv. Imob. S.A.	11,295.00	2,675.00	,	,	13,970.00	80.9%	19.1%	0.0%	0.0%
BCP Finance Company Limited (Cayman)	8,470.00	2,425.00	,	,	10,895.00	77.7%	22.3%	0.0%	0.0%
BCP Capital Soc. Capital Risco	7,055.00	2,675.00	,	,	9,730.00	72.5%	27.5%	0.0%	0.0%
Servitrust – Trust and Management Services, S.A.	5,645.00	,	,	,	5,645.00	100.0%	0.0%	0.0%	0.0%
Millennium BCP Participações Financeiras, SGPS, Soc. Unipessoal, Lda.	5,645.00	,	,	,	5,645.00	100.0%	0.0%	0.0%	0.0%
Imabida – Imobiliária da Arrábida, S.A.	4,705.00	,	,	,	4,705.00	100.0%	0.0%	0.0%	0.0%
BII Internacional, SGPS, Lda.	4,705.00	,	,	,	4,705.00	100.0%	0.0%	0.0%	0.0%
BII Finance Company Limited (Cayman)	,	2,425.00	,	,	2,425.00	0.0%	100.0%	0.0%	0.0%
Millennium bcp – Serviços de Comércio Electrónico, S.A.	1,880.00	,	,	,	1,880.00	100.0%	0.0%	0.0%	0.0%
Bank Millennium, S.A. (Poland)	550,155.00	78,441.00	,	22,000.00	650,596.00	84.6%	12.1%	0.0%	3.4%
Millennium Bim, S.A. (Mozambique)	135,000.00	19,400.00	,	,	154,400.00	87.4%	12.6%	0.0%	0.0%
Banco Millennium Angola, S.A.	111,538.46	27,273.72	,	,	138,812.18	80.4%	19.6%	0.0%	0.0%
Banque Privée BCP (Suisse), S.A.	96,915.00	10,000.00	,	,	106,915.00	90.6%	9.4%	0.0%	0.0%
Millennium Bank, S.A. (Romania)	66,145.00	19,500.00	,	24,000.00	109,645.00	60.3%	17.8%	0.0%	21.9%
Millennium Bank, S.A. (Greece)	9,700.00	5,000.00	,	,	14,700.00	66.0%	34.0%	0.0%	0.0%
BCP Holding, N.A. (USA)	,	,	37,638.24	,	37,638.24	0.0%	0.0%	100.0%	0.0%
QPR Properties Kft. (Hungary)	8,940.00	,	,	,	8,940.00	100.0%	0.0%	0.0%	0.0%
QPR Prague A.S. (Czech Republic)	7,060.00	,	,	,	7,060.00	100.0%	0.0%	0.0%	0.0%
BCP Investment, B.V. (Holland)	9,410.00	,	,	,	9,410.00	100.0%	0.0%	0.0%	0.0%
BitalPart, B.V. (Holland)	9,410.00	,	,	,	9,410.00	100.0%	0.0%	0.0%	0.0%
ALO Investments (Holland)(*)	1,500.00	,	,	,	1,500.00	100.0%	0.0%	0.0%	0.0%
TOTAL	2,934,948.46	853,114.72	41,948,75	464,797.50	4,294,809.43	68.3%	19.9%	1.0%	10.8%

(*) Ex. BCP International B.V.

Services Provided by KPMG in 2013 (Summary)	Euros			%	
	Auditing	Other	Total	Auditing	Other
TOTAL	3,788,063.18	506,746.25	4,294,809.43	88.2%	11.8%

Note: The audit values include provisions (accruals) recognised in 2013 for payment of services rendered, relative to this financial year and which will be invoiced in 2014.

C. INTERNAL ORGANISATION

I. Articles of Association

48. Article 24 of the Bank's Articles of Association establishes the requirement of a constitutive quorum of over one third of the share capital for the General Meeting to be able to deliberate on first call.

Regarding the deliberative quorum, the Articles of Association only diverge from the law with respect to deliberations 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 greatest free float of 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, in first call, the items submitted to the appraisal of the General Meeting can only be resolved if the capital is minimally represented.

II. Communication of Irregularities

49. The Bank pursues a culture of responsibility and compliance, recognizing the importance of an appropriate structure of communication and processing of irregularities as a corporate good practice instrument and implements the adequate means for the reception, handling and record of irregularities allegedly committed by members of the corporate bodies and employees of the Bank and of the companies part of Group BCP.

Are considered irregularities, the actions and omissions, with malicious intent or negligent, related with the management, the accounting organization and the internal supervision of the Bank, that, seriously, may:

a) Violate the law, the regulations and other rules in effect;
b) Endanger the assets of the Bank, shareholders and clients;
c) Cause a reputational danger to BCP.

The employees, attorneys, representatives or any other individuals that provide services to the Bank or to any other entity of the Group on an occasional or permanent basis, the shareholders and any other individuals, may report irregularities.

The employees should report to the Audit Committee any irregularity that allegedly occurred and that they are aware of; in particular, the employees that become aware of any irregularity due to the functions they exercise, notably in the areas of internal audit, risk management or compliance, have the special duty to report it.

The communication of irregularities can be made by any means of written communication, addressed to: – Comissão de Auditoria – Av.ª Prof. Dr. Cavaco Silva (TagusPark), Edifício1, 2744-002 Porto Salvo, or to the e-mail address: comunicar.irregularidade@millenniumbcp.pt.

The Audit Committee, supported by its secretariat, is responsible for managing the communication of irregularities system and for ensuring that the communications remain confidential.

Once a communication is received, the Audit Committee will develop the diligences that it deems necessary to assess the existence of sufficient grounds to begin an investigation and it 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, of the Compliance Office and of any other Bank's divisions or areas.

Once the investigation is over, the Audit Committee will make a report to, internally, transmit its conclusions so that the measures appropriate for the resolution of the irregularity may be adopted and the respective sanction, applied, if any. It must also report its conclusions to external entities whenever the respective involvement in the specific situation so justifies.

The communications received, as well as the reports originated by them are mandatorily kept in paper or other long-lasting support enabling their full reproduction for a minimum period of five years, pursuant to the provisos of article 120 of the Legal Framework for Credit Institutions and Financial Companies (LFCIFC).

The confidential nature of the communications is guaranteed and the same may not serve as grounds for the institution of any disciplinary, civil or criminal proceedings nor the adoption of legally forbidden discriminatory practices.

During the financial year to which this report refers, no communication of irregularities was recorded.

III. Internal control and risk management

50. The internal control system of the BCP Group is based on an appropriate control environment, a risk framework system, and enables the identification, assessment, follow-up and control of the risks to which the Group is exposed, an efficient information and communication system, and an effective monitoring process that permits assuring the adequacy and efficacy of the actual internal control system. In this context, pursuant to the objectives defined in Banco de Portugal Notice 5/2008, Banco Comercial Português has established the risk management, compliance and internal audit functions, performed by the Compliance Office, Risk 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.

Indeed, the first coordinators of these Divisions are those responsible, at a 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;
- The existence of complete, pertinent, reliable and timely financial and management information.

A) Risk Office
The main function of the Risk Office is to support the Board of Directors in the development and implementation of risk management and internal control processes, as described in greater detail in point 54.

In the performance of its duties, the Risk Officer relates with the Board of Directors, on which it depends, or with the Audit Committee.

Risk Officer: José Miguel Bensliman Schorcht da Silva Pessanha

B) Compliance Office
The principal 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 imputed to these Institutions of penalties or accommodate the significant material losses or damage to reputation.

In performing the duties entrusted by the law or other legal source that have been attributed by the Bank's statutory bodies, the Compliance Office makes decisions, with a binding enforcement for its receivers, aimed at the regulatory compliance of the different business areas.

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 any non-compliance observed and the recommendations issued to correct any non-compliance or failings that have been recorded.

The Compliance Office intervenes and actively participates in the Employee training policy, namely through compliance training actions ministered to the entire Group, the maintenance of strong knowledge on compliance issues, in particular on Prevention of Money Laundering and Combat of the Financing of Terrorism (BCFT), and the development of a culture of internal control within the Group.

The Group's Head of Compliance performs his duties in an independent, continuous and effective manner, being responsible for, namely:

- Defining the appropriate compliance tools for the communication and information process, the regulatory monitoring process, the principles of definition of policies and guidelines, in proactive and preventative action and in risk assessment, namely in the control and monitoring of the materialisation of compliance risks, prevention of money laundering and combat of the financing of terrorism, and reputation risk in all the Group's entities, aimed at the alignment of concepts, practices and objectives in these matters;
- Assuring the adoption of the policies, principles and procedures of the Compliance Office, by all the Group's international operations, with a local Compliance Officer being appointed for each operation;
- Establishing the profile of the Employees of the compliance areas of the parent company, its branches and subsidiaries;
- Coordinating, as a form of assuring legal compliance relative to money laundering and financing of terrorism, and the monitoring of the Group's branches and subsidiaries, duties which have been entrusted to two working parties: the AML Committee and Compliance Committee.

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 Board of Directors, after opinion issued by the Group's Head of Compliance, to whom this Officer reports functionally.

The Group's 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 monthly basis, which enable the follow-up of compliance with the action plans that are presented annually. The Group's 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.

Group Head of Compliance: Isabel Maria dos Santos Raposo

C) Audit Division

The Audit Department is responsible for the Internal Audit function of Banco Comercial Português. This Department 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 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 acquired economically, used efficiently and protected adequately;
- The programmes, plans and objectives defined by the management are followed;
- The different governing bodies interact in an adequate, effective and efficient manner;

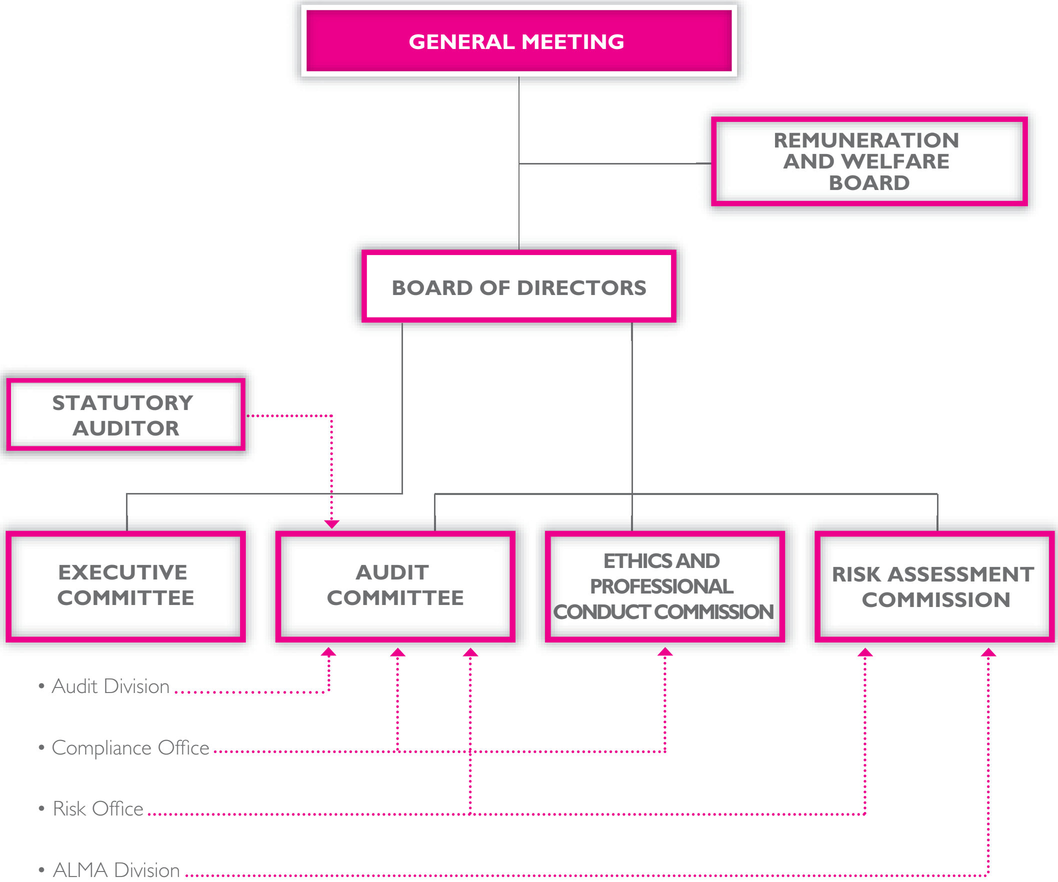
The activity of the Audit Department contributes to the pursuit of the objectives defined in Banco de Portugal Notice 5/2008 for the internal control system of institutions covered by the General Framework for Credit Institutions and Financial Companies, ensuring the existence of:

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

The head of the Audit Division is appointed by the Board of Directors, and reports hierarchically to the Executive Committee and functionally to the Audit Committee.

Head: Mário António Pinho Gaspar Neves

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



52. Simultaneously with the areas with Risk Internal Control System management duties – the Risk Office and Compliance Office- and the area with monitoring duties-the Bank's Audit Division- there is an information and communication system which supports decision-making and control processes, both at an internal and external level, of the competence of the Accounting and Consolidation Division and Research, Planning and Assets and Liabilities Management Division, which ensures the existence of substantive, current, timely and reliable information, enabling an overall and encompassing view of the financial situation, development of activity, compliance with the defined strategy and objectives, identification of the institution's risk profile, and performance and prospects of evolution of the emerging 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 ALM Division and Audit Division 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;
- 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 duties pursuant to its main competences:

- Appraisal and issue of opinions or decisions on credit proposals submitted by the Bank's business areas, according to the competence defined in internal regulations;
- Monitoring 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 participation in Bank transversal 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 the Large Corporate, Real Estate Development, Project Finance, State Business Sector and Funds segments. At the same time, the Rating Division systematic 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. On this issue, see the information provided in the Annual Report for 2013, Chapter on Risk Factors.

54. On this issue, see the information provided in the Annual Report for 2013, Chapter on Risk Management.

55. In the context of the Internal Control System and, more specifically, of the Risk Management System, the Board of Directors has adequate knowledge of the types of risks to which the institution is exposed and 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, Audit Committee and Risk Assessment Committee:

- Defines and reviews the overall objectives and specific objectives for each functional area, with respect to the risk profile, decision levels and degree of tolerance relative to risk;
- 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 failings;

- 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 units, 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 System foreseen in Notice 5/2008 of Banco de Portugal and article 245-A, number 1, subparagraph m) of the Securities Code, the responsibilities of the supervisory body, the Audit Committee and Statutory Auditor, are as follows:

- 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. 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 divide 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:

- Promotion of 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 2013, as in previous years, the Bank pursued broad activity related to communication with the market, adopting the recommendations of the Portuguese Securities Market Commission (CMVM) and the best international practices in terms of financial and institutional communication.

In compliance with its legal and regulatory reporting obligations, the Bank discloses information on its results and business activity on a quarterly basis. Press conferences and conference calls with Analysts and Investors were held, which were attended by members of the Board of Directors.

It also discloses its Annual Report, a half-yearly report and financial statements quarterly information, and publishes all the relevant and mandatory information through the information disclosure system of the Securities Market Commission.

In 2013, the Bank issued over 900 press releases, of which 34 were related to privileged information.

The Bank participated in various events during 2013, having attended 12 conferences and 8 roadshows in Europe, the USA and Canada organised by other banks such as BES, Credit Suisse, Goldman Sachs, Morgan Stanley, BBVA, BPI, KBW, Merril Lynch and Nomura, where it gave institutional presentations and held one-to-one meetings with investors.

Over the course of 2013, 343 meetings were also held with investors, where it should be highlighted that this is a record figure, demonstrating the significant increase of interest shown by investors in relation to the Bank.

In order to deepen relations with its shareholder base, the Bank maintained a telephone line to support shareholders, free of charge and available from 9h00 to 19h00, every business day.

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
Telephone: + 351 21 113 10 84
Fax: + 351 21 113 69 82
Address: Av. Prof. Doutor Cavaco Silva, Edifício 1 Piso 0B, 2744-002 Porto Salvo, Portugal
E-mail: investors@millenniumbcp.pt
The company's website: www.millenniumbcp.pt

57. The Bank's representative for market relations is Rui Pedro da Conceição Coimbra Fernandes, who is also Head of the Investor Relations Division.

58. During 2013, the Bank received various requests for information by shareholders and investors which were all treated and answered in due time, with no requests having remained outstanding from previous years.

V. Website

59. The Bank's website address is as follows:

www.millenniumbcp.pt

60. The information on the company, its capacity as a public company, head office and all other information mentioned in article 171 of the Companies Code is available on the Bank's website, on the page with the following direct address:

http://ind.millenniumbcp.pt/en/Institucional/governacao/Pages/governacao.aspx

61. The Bank's Articles of Association and the operational regulations of the governing bodies, specialised committees and commissions are available on the Bank's website at the following address:

http://ind.millenniumbcp.pt/en/institucional/Pages/Institucional.aspx

62. 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:

http://ind.millenniumbcp.pt/en/institucional/Pages/Institucional.aspx

The information on the identity of the representative for market relations and Investor Relations Division, respective duties and contacts are available on the Bank's website, on the page with the following address:
http://ind.millenniumbcp.pt/en/institucional/Pages/Institucional.aspx

63. The information on the documents presenting the accounts, accessible during five years, is available on the Bank's website, on the page with the following address:

http://ind.millenniumbcp.pt/en/Institucional/investidores/Pages/Inv.aspx

The calendar of corporate events, published at the end of each year, relative to the following year and covers the date of the General Meeting and of presentation of results on a quarterly basis (to the press, analysts and investors), are available on the Bank's website, on the page with the following address:
http://ind.millenniumbcp.pt/en/Institucional/investidores/Pages/Inv.aspx

64. In addition to a specific page created every year on the portal (www.millenniumbcp.pt), the call notice for the general meeting and all the subsequent reparatory information related to it are also available on the Bank's website, on the page with the following address:

http://ind.millenniumbcp.pt/en/Institucional/investidores/Pages/Inv.aspx

65. The historical records with the deliberations taken at the Company's General Meetings, the share capital represented and results of the voting, relative to the preceding five years are available on the Bank's website, on the page with the following address:

http://ind.millenniumbcp.pt/en/Institucional/investidores/Pages/AG.aspx

D. REMUNERATIONS

I. Competence for determination

66. The Remuneration and Welfare Board, under the competence delegated, for the three-year period of 2012/2014, by the General Meeting, is the competent body to determine the remuneration of the governing bodies, including that of 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, is also competent to submit, to the Bank's Annual General Meeting, a statement on the remuneration policy of the Bank's governing bodies, pursuant to the rules and taking into account the applicable recommendations.

Under its objective to contribute to the development of talent management in the Millennium BCP Group, the Nomination and Assessment Commission approves the technical and professional profile of the job applications addressed to the Company, as well as promotions due to merit, and is the body responsible for establishing the remuneration policy of heads of units and directors, pursuant to number 3 of article 248–B of the Securities Code that it submits to the General Meeting.

KPMG issued a statement on the verification of the application of the remuneration policies and systems of the Bank's corporate bodies with no comments.

II. Remuneration Commission/Remuneration and Welfare Board

67. The Remuneration and Welfare Board is composed of three to five members, appointed at the General Meeting, the majority of whom should be independent.

As at 31 December 2013, the composition of the Remuneration and Welfare Board was as follows:

Chairman in office:	José Manuel Archer Galvão Teles (independent)
Members:	Manuel Soares Pinto Barbosa (independent) José Luciano Vaz Marcos (independent) Bernardo de Sá Braamcamp Sobral Sottomayor (not independent, member selected for the period of enforcement of the public investment to strengthen the Bank's own funds, under the terms of Order 8840-B/2012, of 3 July).

The elected Chairman of the Remuneration and Welfare Board, Baptista Muhongo Sumbe, resigned from his position on 6 September 2013, with the Remuneration and Welfare Board having nominated Dr. José Manuel Archer Galvão Teles to chair the Board until the Annual General Meeting of 2014.

The members of the Remuneration and Welfare Board are independent from the members of the management board and, with the exception of Bernardo de Sá Braamcamp Sobral Sottomayor, are also independent in relation to the Company as confirmed by the respective curricula attached to the present report.

The Remuneration and Welfare Board, with a view to developing its competence in line with the best international practices on matters of remuneration, contracted Mercer Portugal Lda. (Marsh Mclennan), a leading worldwide company in human resources and specialized technical advisory services, in order to obtain a series of guideline principles for the definition of the remuneration policy of the members of the governing bodies and material risk takers of the Group's different companies, in conformity with the guidelines disclosed by the national and international regulators, in particular the EBA (European Banking Authority).

At the time of the contracting of Mercer Portugal, Lda., promoted by the Remuneration and Welfare Board, the Board of Directors together with the Remuneration and Welfare Board deliberated to request this firm to analyse the remuneration policy of the Bank's Directors, in order to ensure the coherence of the policies to be implemented and rationalisation of costs related to consultants.

For this reason, and since neither this consultant nor any of its senior staff have any privileged relations with the Board of Directors or any of its members, it is deemed that its contracting 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. Both the members of the Remuneration and Welfare Board and the Nomination and Assessment Commission are people who, due to their professional experience and curriculum (see Annex II), assure suitable knowledge and profile with regard to matters of remuneration policy.

III. Structure of remunerations

69. In line with the Bank's recapitalisation plan involving public investment, established in article 9 of Law 63-A/2008 of 24 November, in its current version, Banco Comercial Português was bound, during the public investment period, by article 12 of Implementing Order 150-A/2012 of 17 May, therefore, and regardless of the remuneration policy of its management bodies approved by the General Meeting held on 31 May 2012, the aggregate remuneration of the members of the management and supervisory bodies was stipulated at 50% of the average remuneration received by the members of these bodies in 2010 and 2011, with no variable remuneration being paid.

Notwithstanding the above, the Remuneration and Welfare Board submitted to the General Meeting of 20 May 2013, with a binding character, the Remuneration Model of the Board of Directors, including the Executive Committee, transcribed below, which was approved by 99.66% of the votes cast, and where the meeting was attended by shareholders or their representatives holding 46.98% of the share capital.

"Composition of the Remuneration

a) Board of Directors

Under the terms of article 15 of BCP's Articles of Association, the remuneration of the directors should be established for each director individually, taking into account, namely, the Bank's medium and long term interests and the non-encouragement of excessive risk-taking.

Taking into consideration the provisions in article 9 of Banco de Portugal Notice
10/2011 and in article 15, number 1 of BCP's Articles of Association, the non-executive members of BCP's Board of Directors earn a fixed remuneration, paid 12 times a year, the value of which is presently determined pursuant to article 12, number 2 of Implementing Order 150-A/2012, with the remuneration of the non-executive members of the Board of Directors appointed by the Portuguese State having been defined by the same Order 15463-A/2012, referred to above.

The remuneration of the members of the Executive Committee may be composed of a fixed component and a variable component, pursuant to article 8 of Banco de Portugal Notice 10/2011 and article 15, number 1 of BCP's Articles of Association, and in view of the limitations presented in point XI of the annex to Decree-Law 104/2007, introduced by article 4 of Decree-Law 88/2011:

i. Fixed Annual Remuneration

The fixed component of the remuneration of the members of the Board of Directors is:
Paid 14 times a year
Determined pursuant to the criteria established in article 12, number 2 of Implementing Order 150-A/2012.

ii. Variable Remuneration

Under the terms of article 15, number 2 of the Company's Articles of Association, the sum of the variable portions of the remuneration of the different directors cannot exceed 2% of the distributable profit for the year.

In view of the provisions in article 12 of Implementing Order 150-A/2012, the present decision was taken not to pay any variable remuneration during the period while the Bank is subject to the programme of capitalisation using public investment, who final termination is foreseen for 30 June 2017.

iii. Benefits

The existing practice in terms of health insurance, credit card and mobile telephone remains in effect, where the Executive Committee is responsible for the respective authorisation.

Company vehicles do not fall under the competence of the Remuneration and Welfare Board, hence the limits to their value shall be determined by the Executive Committee, taking into account the practice followed by other credit institutions of equivalent size.

No other cash benefits are attributed to the members of the Executive Committee.

iv. Social Security and supplements

Under the terms of article 17 of BCP's Articles of Association, approved at the General Meeting held on 28 February 2012:

"1. Directors benefit from the social security system on a case-by-case basis, where applicable.
2. Directors are also entitled to a supplementary retirement pension due to old age or invalidity, where the Bank may take out insurance contracts in their favour.
3. Upon taking up office and through agreement with each director, the insurance contract may be replaced by contributions to a defined contribution pension fund.
4. The amount of the Bank's contributions, under the two preceding numbers, is established annually by the Remuneration and Welfare Board.
5. The Bank does not undertake additional charges related supplementary retirement pensions after the termination of duties of each director.
6. The taking of effect of the right to a supplementary retirement pension due to old age or invalidity depends on the beneficiary retiring, under the applicable social security system.
7. Upon retirement, the beneficiary may select the redemption of the capital.
8. In the case of the death before retirement, the right to the reimbursement of the accumulated capital is maintained, in accordance with the applicable contractual or legal provisions."

v. Other aspects

The members of the Executive Committee shall receive no additional compensations for the performance of their duties other than those disclosed herein.

Since the remuneration of the members of the Executive Committee intends to compensate their duties performed at BCP directly and at companies related with BCP (namely companies in controlling or groups relations with BCP), or governing 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 shall be deducted from the respective value of the Annual Fixed Remuneration. It is the duty and responsibility of each executive member of the Board of Directors to disclose any additional compensation which they have received, for the effect of the procedure established above.

Members of the Executive Committee shall not conclude any risk hedging or risk transfer contracts relative to any component of deferred component which might minimise the effects arising from the risk inherent to the established remuneration system.

Compensations and indemnities paid or owed to former members of the management body due to termination of office during the year are described in the Corporate Governance report.

b) Supervisory bodies

As noted above, taking into consideration the provisions in article 9 of Banco de Portugal Notice 10/2011, the members of the Audit Committee earn a fixed remuneration, paid 12 times a year, the value of which is presently determined pursuant to article 12, number 2 of Implementing Order 150-A/2012.»

71. to **75.** In view of the first paragraph of point 69, these points are not applicable to Banco Comercial Português throughout the duration of the State intervention period.

76. The System of Retirement due to old age or invalidity of the members of the Executive Committee is currently defined in article 17 of the Memorandum of Association, transcribed below, and in the Implementation Regulations, with the documents having been approved at the General Meeting held on 28 February 2012.

"1. Directors benefit from the social security system on a case-by-case basis, where applicable.
2. Directors are also entitled to a supplementary retirement pension due to old age or invalidity, where the Bank may take out insurance contracts in their favour.
3. Upon taking up office and through agreement with each director, the insurance contract may be replaced by contributions to a defined contribution pension fund.
4. The amount of the Bank's contributions, under the two preceding numbers, is established annually by the Remuneration and Welfare Board.
5. The Bank does not undertake additional charges related supplementary retirement pensions after the termination of duties of each director.
6. The taking of effect of the right to a supplementary retirement pension due to old age or invalidity depends on the beneficiary retiring, under the applicable social security system.
7. Upon retirement, the beneficiary may select the redemption of the capital.
8. In the case of the death before retirement, the right to the reimbursement of the accumulated capital is maintained, in accordance with the applicable contractual or legal provisions."

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

IV. Disclosure of remunerations

77. 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	BCP (€)	Other Companies (€)	Total (€)	Withheld Personal Income Tax (€)	Notes
António Vítor Martins Monteiro	75,000.00	0.00	75,000.00	31,278.00	
Carlos José da Silva	67,500.00	0.00	67,500.00	16,872.00	
Pedro Maria Calaínho Teixeira Duarte	16,666.64	0.00	16,666.64	4,320.00	Resigned on 31-08-2013
Álvaro Roque de Pinho Bissaía Barreto	24,999.96	0.00	24,999.96	9,012.00	
André Magalhães Luíz Gomes	14,583.36	0.00	14,583.36	2,198.00	
António Henriques de Pinho Cardão	24,999.96	0.00	24,999.96	9,852.00	Received a retirement pension paid by BCP in 2013 of the value of € 297,186.96, which was subject to personal income tax withholding of € 120,843.00- a)
António Luís Guerra Nunes Mexia	0.00	0.00	0.00	0.00	b)
António Manuel Costeira Faustino	25,000.00	0.00	25,000.00	6,990.00	Resigned on 31-10-2013
Bernardo de Sá Braamcamp Sobral Sottomayor	90,000.00	0.00	90,000.00	22,500.00	
César Paxi Manuel João Pedro	24,999.96	0.00	24,999.96	6,240.00	
João Bernardo Bastos Mendes Resende	30,000.00	0.00	30,000.00	7,500.00	
	393,749.88	**0.00**	**393,749.88**	**116,762,00**	

(a) Receives a retirement pension as a retired employee of BCP.
(b) Does not receive any remuneration from the BCP Group

Members of the Audit Committee	BCP (€)	Other Companies (€)	Total (€)	Withheld Personal Income Tax (€)	Notes
Jaime de Macedo Santos Bastos	35.000,04	0.00	35.000,04	10.500,00	
João Manuel de Matos Loureiro	67.500,00	0.00	67.500,00	24.384,00	
José Guilherme Xavier de Basto	35.116,64	0.00	35.116,64	10.537,00	
José Rodrigues de Jesus	67.500,00	12.000,00	79.500,00	25.872,00	c)
	205.116,68	12.000,00	217.116,68	71.293,00	

(c) Receives other remunerations as member of the Supervisory Board of Millennium Ageas.

Members of the Audit Committee	BCP (€)	Other Companies (€)	Total (€)	Withheld Personal Income Tax (€)	Comp.Ref. (€)	Withheld Personal Income Tax (€)	Total Income	Withheld Personal Income Tax (€)
Nuno Manuel da Silva Amado	391.718,68	19.223,18	410.941,86	179.548,00	80.632,06	38.445,00	472.350,74	217.993,00
Miguel Maya Dias Pinheiro	328.753,42	0,00	328.753,42	148.484,00	58.692,13	27.758,00	387.445,55	176.242,00
Miguel de Campos Pereira de Bragança	309.804,17	18.949,25	328.753,42	138.119,00	61.728,79	28.803,00	371.532,96	166.922,00
Rui Manuel da Silva Teixeira	276.206,05	11.453,35	287.659,40	120.384,00	49.240,50	22.505,00	325.446,55	142.889,00
Luís Maria França de Castro Pereira Coutinho	262.536,23	25.123,17	287.659,40	108.858,00	49.240,50	21.263,00	311.776,73	130.121,00
Maria da Conceicão Mota Soares Oliveira Callé Lucas	276.746,05	10.913,35	287.659,40	123.338,00	52.277,17	24.605,00	329.023,22	147.943,00
José Jacinto Iglésias Soares	287.659,40	0,00	287.659,40	124.641,00	49.240,50	22.330,00	336.899,90	146.971,00
	2.133.424,00	85.662,30	2.219.086,30	943.372,00	401.051,65	185.709,00	2.534.475,65	1.129.081,00

78. In view of the provisions in the remuneration policy of the members of the Board of Directors transcribed above in point 69, which establish that the net value of the remunerations earned annually by each executive director, 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 point 77 which quantifies these deductions, when they occurred.

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

80. 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. See the table of point 77.

82. The annual remuneration earned by the Chairman of the Board of the General Meeting, of the value of 150,000 euros, was established on 28 May 2007 by the Remuneration and Welfare Board elected by the General Meeting, with this value having remained unaltered since this date.

V. Agreements with remunerative implications

83. No contractual limitations are currently established for compensation payable for dismissal without fair cause.

84. There are no agreements between the Company and members of the management board and directors, pursuant to number 3 of article 248-B of the Securities Code 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.

VI. Plans for the attribution of shares or stock options

85 to **88** – Currently, there are no plans with these features, hence, this chapter is not applicable.

E. TRANSACTIONS WITH RELATED PARTIES

I. Control mechanisms and procedures

89. Related parties are identified and marked with special notes in the Bank's 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.

90. In 2013, the Audit Division and Audit Committee of the Board of Directors controlled all the proposed operations of credit and the contracting of products or services relative to the 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 3 thousand million euros.

91. 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 Logistics and 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 received 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. On this issue, see the information provided in the Annual Report for 2013, in appraisal 51 of the Notes to the Consolidated Financial Statements.

PARTE II – ASSESSMENT OF CORPORATE GOVERNANCE

1. Pursuant to article 2 of CMVM Regulation 4/2013 and article 245-A, number 1, subparagraphs o) and p), the Bank observes, for the financial year to which this Report refers, the CMVM Corporate Governance Code, CMVM Regulation 4/2013, available on the CMVM's website, on the page with the following address:

http://www.cmvm.pt/

2. The declaration of compliance with the recommendations of the Corporate Governance Code, which the Bank deliberated to endorse, is presented in the Introduction to the present Report.

ANNEX I

CURRICULA VITAE OF THE MEMBERS OF THE BOARD OF DIRECTORS OF BANCO COMERCIAL PORTUGUÊS, S.A.

(Regarding the positions held simultaneously in other companies, in and outside the Group, and other relevant activities performed, see table 26 of this Report)

NON-EXECUTIVE MEMBERS OF THE BOARD OF DIRECTORS

(Detailed curricula are available at the Bank's website, at http://ind.millenniumbcp.pt/en/Institucional/governacao/Pages/governacao.aspx).

António Vítor Martins Monteiro

Personal data
- Date of birth: 22 January 1944
- Nationality: Portuguese

Positions held in the Bank
- Chairman of the Board of Directors
- Chairman of the Corporate Governance Commission
- Chairman of the Ethics and Professional Conduct Commission
- Chairman of the Curators Board of Fundação Millennium bcp

Direct responsibilities
- Support Office of the Board of Directors
- Company Secretary Office
- Millennium bcp Foundation
- Ombudsman Office

Positions inside the Group
- Chairman of the Board of Curators of Fundação Millennium bcp
- Chairman of the International Board of Fundação Millennium bcp (by inherent functions)

Positions outside the Group
- MNon-executive member of the Board of Directors of SOCO International, plc
- Non-Executive member of the Board of Directors of Banco Privado do Atlântico – Angola
- Chairman of the Board of Curators of Fundação Luso-Brasileira
- Member of the Board of Directors of Banco Sabadell, representing Banco Comercial Português, S.A.
- Chairman of the Advisory Board of the Gulbenkian Program Partnerships for Development

Academic training and experience
- Licentiate degree in Law from Lisbon University
- Passed the admission contest for embassy attaché positions, opened on 11 September 1967

Professional experience in the last ten years relevant to the position
- 2001/2004 and 2006/2009 – Ambassador of Portugal in France and Portugal's Representative at the European Space Agency (ESA)
- 2002/2009 – Member of the Ambassadors Forum of the Portuguese Agency for Investment
- 2004/2005 – Minister of Foreign Affairs and of the Portuguese Communities
- 2005/2006 – High Commissioner of the UN for the Elections in the Ivory Coast
- From March 2009 to February 2012 – Member of the Supervisory Board of Banco Comercial Português, S.A.
- 2010/2011 – Member of the panel of the UN Secretary General for Referendums in Sudan
- 2011 – Member of the working party created by the Prime Minister for the internationalisation and development of the Portuguese economy
- April 2011/February 2012 – Chairman of the Supervisory Board and Member of the Remuneration and Welfare Board of Banco Comercial Português S.A.
- February 2012/October 2012 – Chairman of the Board of Directors of Fundação Millennium bcp

Carlos José da Silva

Personal data
- Date of birth: 6 January 1966
- Nationality: Angolan

Positions held in the Bank
- Deputy Chairman of the Board of Directors
- Chairman of the Nomination and Assessment Commission

Positions inside the Group
- Member of the Curators Board of Fundação Millennium bcp

Positions outside the Group
- Chairman of the Board of Directors of Banco Privado Atlântico
- Chairman of the Board of Directors of Banco Privado Atlântico Europa
- Deputy-Chairman of the Board of Directors of Sociedade Baía de Luanda
- Chairman of the Board of Directors of Interoceânico Capital, SGPS
- Chairman of the Board of Directors of Angola Management School

Academic training and experience
- Licentiate degree in Legal Science from the Law School of Lisbon University

Professional experience in the last ten years relevant to the position
- 2001/2005 – Founder and Executive Director of Banco Espírito Santo Angola (Besa)
- Since 2006 – Founder and CEO of Banco Privado Atlântico and Founder of Banco de Investimento Privado in Angola
- Since 2009 – Founder and Chairman of Banco Privado Atlântico Europa
- Since 2010 – Deputy-Chairman of Sociedade Baia de Luanda
- Since 2010 – Chairman of Interoceânico Capital, SGPS, S.A.
- Since 2010 – Chairman of Angola Management School
- Until 28 February 2012 – Member of the Supervisory Board of Banco Comercial Português, S.A.
- 28 February 2012/19 October 2012 – Deputy Chairman of the Board of Directors of Fundação Millennium bcp

Álvaro Roque de Pinho de Bissaia Barreto

Personal data
- Date of birth: 1 January 1936
- Nationality: Portuguese

Positions held in the Bank
- Member of the Board of Directors
- Member of the Nomination and Assessment Commission
- Member of the Ethics and Professional Conduct Commission

Positions held outside the Group
- Chairman of the Board of Directors of TEJO ENERGIA, S.A.
- Non-executive director of NUTRINVESTE – Soc. Gestora de Participações Sociais, S.A.
- Non-executive director of MELLOL – Soc. Gestora de Participações Sociais, S.A.
- Chairman of the Board of the General Meeting of PRIME DRINKS, S.A.
- Non-Executive Director of SAIP- Sociedade Alentejana de Inv. e Participações, SGPS, S.A.
- Non-executive director of BERALT TIN & WOLFRAM (Portugal), S.A.
- Member of the Great Council of Fundação Bissaya Barreto
- Member of the Planning and Urban Management of Fundação Batalha de Aljubarrota
- Chairman of the Board of the General Meeting of Paço de Maiorca, Promoção e Gestão de Equipamentos Hoteleiros, S.A.

Academic training and experience
- Licentiate degree in Civil Engineering from Instituto Superior Técnico
- Management Course (American Management Association) (1961)
- Program on Management Development (Harvard Business School) (1969)

Professional experience in the last ten years relevant to the position
- 2002/2004 – Member of the Lisbon Municipal Assembly
- 2004/2005 – Minister of State, Economic Activities and Labour
- 2006/2012 – Non-executive director of SAIP – Sociedade Alentejana de Investimento e Participações, SGPS, S.A.
- April 2011/28 February 2012 – Member of the Supervisory Board, Chairman of the Ethics and Professional Conduct Commission and Member of the Risk Assessment Commission of Banco Comercial Português, S.A.

André Magalhães Luiz Gomes

Personal data
- Date of birth: 20 February 1966
- Nationality: Portuguese

Positions held in the Bank
- Member of the Board of Directors
- Member of the Corporate Governance Commission

Positions held outside the Group
- Partner of Cuatrecasas, Gonçalves Pereira & Associados, Sociedade de Advogados, R.L.
- Member of the Board of Directors of the Modern and Contemporary Art Foundation – Berardo Collection
- Member of the Board of Directors of Bacalhôa – Vinhos de Portugal, S.A.
- Member of the Board of Directors of Matiz Sociedade Imobiliária, S.A.
- Member of the Board of Directors of Atram – Sociedade Imobiliária S.A.
- Sole Director of Imobiliária de São Joaquim S.A.
- Director of Digiátomo – Sociedade Imobiliária, S.A.
- Director of Dichiarato, S.A.
- Manager of Brightmelody Unipessoal, Lda.
- Director of Gauluna, S.A.
- Manager of New Property – Sociedade Imobiliária, Lda.
- Chairman of the Board of the General Meeting of FGA Capital Instituição Financeira de Crédito, S.A.
- Chairman of the Board of the General Meeting of FGA Distribuidora Portugal, S.A.
- Chairman of the Board of the General Meeting of Fiat Group Automobiles Portugal, S.A.
- Chairman of the Board of the General Meeting of Rentipar Financeira, SGPS, S.A.
- Chairman of the Board of the General Meeting of Quinta do Carmo – Sociedade Agrícola S.A.
- Chairman of the Board of the General Meeting of Explorer Investments, Sociedade Capital de Risco S.A.
- Chairman of the Board of the General Meeting of Explorer Investments, SGPS, S.A.

Academic training and experience
- Licentiate degree in Law from the Law School of Lisbon University

Experience in the last ten years relevant to the position
- Member of the Board of Directors of Metalgest – Sociedade de Gestão, SGPS, S.A.
- Member of the Board of Directors – Moagens Associadas, S.A.
- 2009/28 February 2012 – Expert of the Remuneration and Welfare Board of Banco Comercial Português, S.A.
- 28 February 2012/19 October 2012 – Member of the Board of Directors of Fundação Millennium bcp

António Henriques de Pinho Cardão

Personal data
- Date of birth: 31 May 1943
- Nationality: Portuguese

Positions held in the Bank
- Member of the Board of Directors
- Member of the Risk Assessment Commission
- Member of the Ethics and Professional Conduct Commission

Academic training and experience
- Licentiate degree in Finance from Instituto Superior de Ciências Económicas e Financeiras

Professional experience in the last ten years relevant to the position
- 2005/2012 – Economist, self-employed: consulting, preparation of economic and financial studies, company assessment.
- 2006/2012 – Chairman of the Board of Auditors of the company Vila Galé, S.A.
- 2009/2012 – Member of the Board of Auditors of companies of the Monte & Monte Group and namely, of the holding, Monte & Monte, SGPS, S.A.
- April 2011/February 2012 – Member of the Supervisory Board of Banco Comercial Português S.A.
- 28 February 2012/19 October 2012 – Member of the Board of Directors of Fundação Millennium bcp

António Luís Guerra Nunes Mexia

Personal data
- Date of birth: 12 July 1957
- Nationality: Portuguese

Positions held in the Bank
- Member of the Board of Directors
- Member of the Corporate Governance Commission

Positions held outside the Group
- Chairman of the Board of Directors of EDP-Energias de Portugal, S.A.

Academic training and experience
- Licentiate degree in Economics from Geneva University (Switzerland)
- 1979/1981 – Guest lecturer at the Department of Economics of Geneva University
- 1982/1995 – Lecturer of the postgraduate course of European Studies at Universidade Católica and Regent at Universidade Nova and Universidade Católica

Professional experience in the last ten years relevant to the position
- 2004 – Minister of Public Works, Transport and Communications of the 16th Constitutional Government
- 2008/2012 – Member of the Supervisory Board of Banco Comercial Português, S.A., having formerly been a member of the Senior Board of this Bank
- 28 February 2012/19 October 2012 – Member of the Board of Directors of Fundaçãoo Millennium bcp

Bernardo de Sá Braamcamp Sobral Sottomayor

Personal data
- Date of birth: 18 May 1973
- Nationality: Portuguese

Positions held in the Bank
- Member of the Board of Directors
- Member of the Nomination and Assessment Commission
- Member of the Risk Assessment Commission
- Member of the Remunerations and Welfare Board

Positions held outside the Group
- Managing Director at Deutsche Bank – RREEF Infrastructure

Academic training and experience
- Licentiate degree in Economics from Faculdade Nova de Lisboa
- Specialisation in Econometrics, International Economics and Monetary Economics
- British Chevening Scholarship attributed by the British Council for post-graduation studies in the United Kingdom (not used)
- Investment Management Certificate – qualification required by the Financial Services Authority for the exercise of the financial duties currently performed in the City of London

Professional experience in the last ten years relevant to the position
- 2000/2013 – Director of the Business Analysis Office (Mergers and Acquisitions) at EDP – Energias de Portugal
- 2004/2006 – Director – European Team of Utilities in Citigroup – Corporate Finance and Mergers and Acquisitions

César Paxi Manuel João Pedro

Personal data
- Date of birth: 13 October 1974
- Nationality: Angolan

Positions held in the Bank
- Member of the Board of Directors
- Member of the Corporate Governance Commission

Positions held outside the Group
- Head of the Legal Department of the Sonangol Group

Academic training and experience
- Licentiate degree in Law from Universidade Agostinho Neto

Professional experience in the last ten years relevant to the position
- 2003/2005 – Senior Lawyer responsible for negotiating the Operating Contracts of the Operating and Non-Operating Blocks of Sonangol Pesquisa e Produção, S.A.
- 2005/2008 – Team Leader of the Legal Office of Sonangol Pesquisa e Produção, S.A.
- 2008/2010 – Head of the Legal Department of Operating Businesses and Concessions of the Legal Services Department of Sonangol, E.P.
- 2010/2012 – General Counsel of Sonangol E.P.
- 28 February 2012/19 October 2012 – Member of the Board of Directors of Fundação Millennium bcp

João Bernardo Bastos Mendes Resende

Personal data
- Date of birth: 16 June 1963
- Nationality: Portuguese

Positions held in the Bank
- Member of the Board of Directors
- Chairman of the Risk Assessment Commission

Positions held outside the Group
- Since 2009 – Member of the Board of Directors of Banco Urquijo (Banco Sabadell Group)
- Member of the Governing Board of the Institute of Economic Studies
- Member of the Spanish Institute of Financial Analysts
- Member of the Governing Board of the Spanish Securities Market Association
- Member of the Board of Directors of Cajastur Servicios Financieros

Academic training and experience
- Licentiate degree in Economics and Business Studies with Specialisation in Finance, from CUNEF University College of Financial Studies, Universidad Complutense, Madrid
- MBA in Corporate Management, from Instituto de Estudos Superiores da Empresa (IESE)

Professional experience in the last ten years relevant to the position
- 2000/June 2009 – Deputy Chairman and Director-General of Ibersecurities, Sociedad de Valores y Bolsa, S.A.
- 2000/2003 – Chief Executive Officer of ActivoBank (Banco Sabadell Group, BCP Group)
- 2002/2009 – Member of the Commercial Committee of Banco Sabadell
- 28 February 2012/19 October 2012 – Member of the Board of Directors of Fundação Millennium bcp

MEMBERS OF THE BOARD OF DIRECTORS (MEMBERS OF THE AUDIT COMMITTEE)

João Manuel de Matos Loureiro

Personal data
- Date of birth: 4 October 1959
- Nationality: Portuguese

Positions held in the Bank
- Member of the Board of Directors
- Chairman of the Audit Committee

Positions held outside the Group
- Professor at the School of Economics of Porto
- Professor at Porto Business School and Coordinator, in that School, of the postgraduate course in Corporate Management
- Researcher at the Economics and Finance Centre of Porto University (CEF-UP)
- Since 2010 – Member of the Council of Representatives of the School of Economics of Porto

Academic training and experience
- Licentiate degree in Economics, from the School of Economics of Porto University
- Doctorate in Economics (specialisation in International Macroeconomics and Finance), from Gothenburg University, Sweden

Professional experience in the last ten years relevant to the position
- 2000/2008 – Head of the MBA in Finance from the School of Economics of Porto Business School
- 2002/2008 – Chairman of the Pedagogic Council of the School of Economics of Porto
- 2007/2008 – Coordinator of the Budgeting per Programs Committee, Ministry of Finance
- Since 2008 – Member of the General Council of Porto Business School
- 2008 – Consultant for the assessment of the foreign exchange regime in Cape Verde
- 30 March 2009/28 February 2012 – Member of the Supervisory Board of Banco Comercial Português, S.A.
- 16 April 2009/28 February 2012 – Chairman of the Financial Matters Committee of Banco Comercial Português, S.A.
- 29 May 2009/28 February 2012 – Chairman of the Board of Auditors of Banco ActivoBank, S.A.
- 22 March 2010/28 February 2012 – Chairman of the Board of Auditors of Banco BII – Banco de Investimento Imobiliário, S.A.
- 28 February 2012/19 October 2012 – Member of the Board of Directors of Fundação Millennium bcp

Jaime de Macedo Santos Bastos

Personal data
- Date of birth: 26 November 1956
- Nationality: Portuguese

Positions held in the Bank
- Member of the Board of Directors
- Member of the Audit Committee

Positions held outside the Group
- Statutory Auditor of several companies

Academic training and experience
- Licentiate degree in Business Administration from Universidade Católica Portuguesa
- Assistant Professor at Universidade Católica Portuguesa
- Various post-graduation courses

Professional experience in the last ten years relevant to the position
- Information Systems Consultant
- Staff member of Arthur Andersen & Co.
- Member of the Board of Auditors of OROC (Portuguese Chartered Accountants Association)
- 28 February 2012/19 October 2012 – Member of the Board of Directors of Fundação Millennium bcp

José Guilherme Xavier de Basto

Personal data
- Date of birth: 19 November 1938
- Nationality: Portuguese

Positions held in the Bank
- Member of the Board of Directors
- Member of the Audit Committee

Positions held outside the Group
- Since 2007 – Non-executive director of Portugal Telecom, SGPS, S.A., being a member of its Audit Committee
- Chairman of the Supervisory Board of the Portuguese Fiscal Association
- Chairman of the General Meeting of the Portuguese Consultants Association
- Member of the Research Office of the Chartered Accountants Association

Academic training and experience
- Licentiate degree in Law from Coimbra University
- Additional Course of Political and Economic Science
- 1974/2004 (retirement) – Lectured on Taxation and Tax Harmonisation at the School of Economics of Coimbra University
- Published books and articles on taxation and fiscal law, especially VAT and personal income tax

Professional experience in the last ten years relevant to the position
- On 20 December 1988, was appointed member of the Privatisation Monitoring Commission, a position held until 2007
- 30 March 2009/28 February 2012 – Member of the Supervisory Board of Banco Comercial Português, S.A.
- 16 April 2009/28 February 2012 – Member of the Financial Matters Committee of Banco Comercial Português, S.A.
- 28 February 2012/19 October 2012 – Member of the Board of Directors of Fundação Millennium bcp

José Rodrigues de Jesus

Personal data
- Date of birth: 16 October 1944
- Nationality: Portuguese

Positions held in the Bank
- Member of the Board of Directors
- Member of the Audit Committee

Positions held outside the Group
- Member of the Audit Board of Millenniumbcp Ageas Grupo Segurador SGPS, S.A.
- Since 2012 – Member of the Board of Auditors of Mota-Engil, SGPS, S.A.
- Since 2012 – Member of the Board of Auditors of Germen – Moagem de Cereais, S.A.

Academic training and experience
- Licentiate degree in Economics, from the School of Economics of Porto University
- 1968/2005 – Associate Professor at the School of Economics of Porto
- Currently, lecturer in EGP-UPBS postgraduate courses, School of Business Management of Porto

Professional experience in the last ten years relevant to the position
- 1974/2012 – Economist, Consultant and Member of the Supervisory Boards of Finibanco Holding, SGPS, S.A. and Finibanco, S.A.
- 1976/2012 – As Statutory Auditor, performed duties in the Supervisory Boards of various companies

EXECUTIVE MEMBERS OF THE BOARD OF DIRECTORS

(Detailed curricula are available at the Bank's website, at http://ind.millenniumbcp.pt/en/Institucional/governacao/Pages/governacao.aspx).

Nuno Manuel da Silva Amado

Personal data
- Date of birth: 14 August 1957
- Nationality: Portuguese

Positions held in the Bank
- Deputy Chairman of the Board of Directors
- Chairman of the Executive Committee
- Member of the Nomination and Assessment Commission

Direct Responsibilities
- Office of the Chairman
- Communication Division
- Human Resources Division

Positions Held in the Group
- Member of the Board of Curators of Fundação Millennium bcp
- Deputy Chairman of the Supervisory Board of Bank Millennium, S.A. (Poland

Positions held outside the Group
- Member of the Management of APB – Associação Portuguesa de Bancos, representing Banco Comercial Português, S.A.
- Member of the General and Supervisory Board of EDP – Energias de Portugal, S.A.
- Member of Institut International D'Etudes Bancaires
- Member of the Tax Board of Fundação Bial

Academic training and experience
- Licentiate degree in Business Administration from ISCTE (Higher Education Institute of Labour and Business Studies)
- Advanced Management Programme from INSEAD, Fontainebleau

Professional experience in the last ten years relevant to the position
- 1997/2006 – Member of the Executive Committee and Board of Directors of Banco Santander de Negócios Portugal
- 2005/2006 – Deputy Chairman of the Executive Committee and Member of the Board of Directors of Banco Santander Totta, S.A.
- 2005/2006 – Deputy Chairman of the Executive Committee and Member of the Board of Directors of Banco Santander Totta, SGPS
- August 2006/January 2012 – Deputy Chairman of the Board of Directors of Portal Universia Portugal
- August 2006/January 2012 – Director-General and Member of the Management Committee of Banco Santander Central Hispano
- August 2006/January 2012 – Chairman of the Executive Committee and Deputy Chairman of the Board of Directors of Banco Santander Totta, S.A.
- August 2006/January 2012 – Chairman of the Executive Committee and Deputy Chairman of the Board of Directors of Banco Santander Totta, SGPS
- 28 February 2012/19 October 2012 – Deputy Chairman of the Board of Directors of Fundação Millennium bcp

Miguel Maya Dias Pinheiro

Personal data
- Date of birth: 16 June 1964
- Nationality: Portuguese

Positions held in the Bank
- Member of the Board of Directors
- Deputy Chairman of the Executive Committee

Direct Responsibilities
- Specialised Monitoring Division
- Litigation Division
- Credit Division
- Real Estate Business Division
- Rating and Assessment Division
- Retail Recovery Division
- Specialised Recovery Division
- Risk Office

Positions Held in the Group
- Chairman of the Board of Directors of Interfundos – Gestão de Fundos de Investimento Imobiliário, S.A.
- Manager of BCP África, SGPS, S.A.
- Member of the Board of Directors of Banco Millennium Angola, S.A. (Angola)
- Deputy Chairman of the Board of Directors of BIM – Banco Internacional de Moçambique, S.A.

Positions held outside the Group
- Member of the Supervisory Board of Portugal Capital Ventures – Sociedade de Capital de Risco S.A., in representation of Banco Comercial Português, S.A.

Academic training and experience
- Licentiate degree in Business Administration from Instituto Superior das Ciências do Trabalho e da Empresa (ISCTE)
- Corporate Senior Management Programme (PADE) – AESE
- Advanced Staff Training Programme – INSEAD

Professional experience in the last ten years relevant to the position
- 2003/2005 – Banco Comercial Português/Servibanca – Director-General, responsible for the Contact Centre (Internet, Phone Banking and Customer Care Centre operations)
- 2005/September 2007 – Director-General of Banco Comercial Português, S.A., member of the Retail Executive Committee
- 2005/September 2007 – Head of the Innovation and Commercial Promotion Division at BCP
- February 2005/September 2007 – Director of Millenniumbcp Gestão de Fundos de Investimento, S.A.
- March 2005/September 2007 – Chairman of the Board of Directors of Millenniumbcp Teleserviços, Serviços de Comercio Electrónico, S.A.
- March/October 2007 – Manager of AF Internacional, SGPS Sociedade Unipessoal, Lda.
- 2005/September 2007 – Member of the Executive Committee of CISP
- August 2007/November 2009 – Head of the Office of the Chairman of the Executive Board of Directors of Banco Comercial Português, S.A.
- December 2009/May 2011 – Chairman of the Board of Directors of Banco ActivoBank, S.A.
- November 2009/February 2012 – Member of the Executive Board of Directors of Banco Comercial Português, S.A.
- March/June 2012 – Chairman of the Board of Directors of Banco de Investimento Imobiliário, S.A.
- 3 November 2009/19 October 2012 – Member of the Board of Directors of Fundação Millennium bcp.

Miguel de Campos Pereira de Bragança

Personal data
- Date of birth: 25 June 1966
- Nationality: Portuguese

Positions held in the Bank
- Member of the Board of Directors
- Deputy Chairman of the Executive Committee

Direct Responsibilities
- Tax Advisory Division
- Accounting and Consolidation Division
- Cost Control and Performance Division
- Research, Planning and ALM Division
- Management Information Division
- Investor Relations Division
- International Division
- Treasury and Markets Division

Positions held in the Group
- Chairman of the Board of Directors of Banco de Investimento Imobiliário, S.A.
- Manager of Millennium bcp Participações, SGPS, Sociedade Unipessoal, Lda.
- Manager of BCP África, SGPS, Lda.
- Member of the Supervisory Board of Bank Millennium, S.A. (Poland)

Academic training and experience
- Licentiate degree in Business Administration from Universidade Católica Portuguesa
- INSEAD, Fontainebleau, MBA programme Henry Ford II Prize, awarded each year to students who complete the year with the highest average

Professional experience in the last ten years relevant to the position
- 2000/2006 – Director, responsible for the Finance, Accountancy and Management Control, Marketing and Product areas at Banco Santander Totta and Santander Totta SGPS
- 2007/2008 – Executive Director responsible for the area of Marketing Products, having accumulated, since June, the responsibility for the Telephone Channel, Internet and Business Banking areas at Abbey National PLC (presently Santander UK)
- 2008/February 2012 – Director responsible for the Finance, Accountancy and Management Control, Marketing and Products areas at Banco Santander Totta, S.A., Santander Totta SGPS
- 28 February 2012/19 October 2012 – Member of the Board of Directors of Fundação Millennium bcp.

Rui Manuel da Silva Teixeira

Personal data
- Date of birth: 4 September 1960
- Nationality: Portuguese

Positions held in the Bank
- Member of the Board of Directors
- Member of the Executive Committee

Direct Responsibilities
- Direct Banking Division
- Quality and Network Support Division
- Retail Marketing Division
- Private Banking Division
- Foreign Residents Division
- Retail Division – Centre South
- Retail Division – Centre North
- Retail Division – North
- Retail Division – South
- Millennium bcp Bank & Trust
- Millennium Gestão de Activos
- Banque Privée BCP (Switzerland)

Positions held in the Group
- Chairman of the Board of Directors of Millennium bcp Gestão de Activos – Sociedade Gestora de Fundos de Investimento, S.A.
- Member of the Supervisory Board of Bank Millennium, S.A. (Poland)
- Chairman of the Board of Directors of Banque Privée BCP (Suisse), S.A.

Positions held outside the Group
- Member of the Board of Directors of UNICRE – Instituição Financeira de Crédito, S.A., in representation of Banco Comercial Português, S.A.
- Member of the Remuneration and Welfare Board of SIBS, SGPS, S.A. and SIBS Forward Payment Solutions, S.A.
- Deputy-Chairman of the Board of the General Meeting of Porto Business School

Academic training and experience
- Licentiate degree in Electrotechnical Engineering from the Faculty of Engineering of Porto University
- Specialisation Course in Industrial Management from INEGI of FEUP

Professional experience in the last ten years relevant to the position
- 2003 – Head of the Retail Marketing Division at Bank Millennium S.A. (Poland)
- 2003/2006 – Executive Director of Bank Millennium S.A. (Poland) and member of the Supervisory Boards of Millennium Dom Maklerski S.A., BEL Leasing Sp Zoo and FORIN Sp Zoo
- 2006/2009 – Head of the IT Global Division (Group) and member of the Banking Services Coordination Committee
- 2009/2010 – Deputy Chairman of the Executive Board of Directors of Bank Millennium S.A. (Poland), member of the European Banking Coordination Committee, and member of the Supervisory Boards of Millennium Dom Maklerski S.A., Millennium Leasing Sp Zoo and Millennium Lease Sp Zoo
- May 2011/April 2011 – Head of the Marketing Division, member of the Retail and Companies Coordinating Committees and responsible, in addition, for the M Project
- 18 April 2011/February 2012 – Member of the Executive Board of Directors of Banco Comercial Português, S.A.
- 19 April 2011/19 October 2012 – Member of the Board of Directors of Fundação Millennium bcp

Luís Maria França de Castro Pereira Coutinho

Personal data
- Date of birth: 2 March 1962
- Nationality: Portuguese

Positions held in the Bank
- Member of the Board of Directors
- Member of the Executive Committee

Direct responsibilities
- ActivoBank
- Companies Division – Centre
- Companies Division – North
- Companies Division – South
- Companies Marketing Division
- Companies Products Marketing Division
- Bank Millennium (Poland)
- Banca Millennium (Romania)

Positions held in the Group
- Chairman of the Board of Directors of Banco ActivoBank, S.A.
- Member of the Supervisory Board of Bank Millennium, S.A. (Poland)
- Chairman of the Board of Directors of Banca Millennium, S.A. (Romania)

Academic training and experience
- 1984 – Licentiate degree in Economics from Universidade Católica Portuguesa

Professional experience in the last ten years relevant to the position
- 2003/February 2009 – Deputy Chairman of the Executive Board of Directors of Bank Millennium, S.A. (Poland)
- May 2003/March 2009 – Member of the Supervisory Board of Millennium Leasing Sp Zoo (Poland)
- May 2003/March 2009 – Member of the Supervisory Board of Millennium Dom Maklerski S.A. (Poland)
- May 2003/March 2009 – Member of the Supervisory Board of Millennium Lease Sp Zoo (Poland)
- February/December 2008 – Manager of BCP Participações Financeiras, SGPS, Sociedade Unipessoal, Lda.
- February 2008/March 2009 – Manager of BCP Internacional II, Sociedade Unipessoal, SGPS, Lda.
- February 2008/March 2009 – Member of the Board of Directors of Millennium bcp – Prestação de Serviços, ACE
- February 2008/December 2009 – Member of the Board of Directors of Banco ActivoBank (Portugal), S.A., presently Banco ActivoBank, S.A.
- May 2008/May 2010 – Deputy Chairman of the Board of Directors of Millennium Banque, S.A. (Greece)
- July 2008/October 2010 – Chairman of the Board of Directors of BCP Holdings (USA), Inc. (United States of America)
- 15 January 2008/28 February 2012 – Member of the Executive Board of Directors of Banco Comercial Português, S.A.
- 15 January 2008/19 October 2012 – Member of the Board of Directors of the Millennium bcp Foundation.
- 15 January 2008/January 2013 – Chairman of the Board of Directors of Banque Privée BCP (Suisse), S.A.
- May 2008/June 2013 – Member of the Board of Directors of Millennium Banque, S.A. (Greece)

Maria da Conceição Mota Soares de Oliveira Callé Lucas

Personal data
- Date of birth: 24 January 1956
- Nationality: Portuguese

Positions held in the Bank
- Member of the Board of Directors
- Member of the Executive Committee

Direct responsibilities
- Investment Banking Division
- Corporate Division
- Large Corporates Division
- International Strategic Research Office
- Private Equity Recapitalisation Fund
- Banco Millennium Angola (Angola)
- Eastern Desk
- Millennium bcp Ageas
- Millennium BIM (Mozambique)

Positions held in the Group
- Deputy Chairman of the Board of Directors and Chairman of the Board of Auditors of Millennium bcp Ageas Grupo Segurador, SGPS, S.A.
- Deputy Chairman of the Board of Directors and Chairman of the Board of Auditors of Médis – Companhia Portuguesa de Seguros de Saúde, S.A.
- Deputy Chairman of the Board of Directors and Chairman of the Board of Auditors of Ocidental – Companhia Portuguesa de Seguros, S.A.
- Deputy Chairman of the Board of Directors and Chairman of the Board of Auditors of Ocidental – Companhia Portuguesa de Seguros de Vida, S.A.
- Deputy Chairman of the Board of Directors and Chairman of the Board of Auditors of Pensões Gere – Sociedade Gestora de Fundos de Pensões, S.A.
- Manager BCP África, SGPS, Lda.
- Member of the Board of Directors of BIM – Banco Internacional de Moçambique, S.A.
- Member of the Supervisory Board of Bank Millennium, S.A. (Poland)
- Member of the Board of Directors of Banco Millennium Angola, S.A.

Academic training and experience
- 1978 – Licentiate degree in Business Administration from Universidade Católica Portuguesa
- 1979 – Post-graduation in Higher European Studies specialising in Economic Issues from Collège d'Europe, in Bruges
- 1980 – Master of Science from London School of Economics, University of London
- 1980 – Lecturer in Management and Economics courses at the Faculty of Human Sciences, Universidade Católica Portuguesa

Professional experience in the last ten years relevant to the position
- 2002/2008 – Representative – Société Générale, Portugal
- 2008/2009 – Ifogest – Consultoria e Investimentos, S.A.
- 2009/February 2012 – Director of Banco Privado Atlântico-Europa, S.A.
- 28 February 2012/19 October 2012 – Member of the Board of Directors of the Millennium bcp Foundation
- 29 March 2012/19 December 2012 – Chairman of the Board of Directors of Millennium bcp Gestão de Activos – Sociedade Gestora de Fundos de Investimento, S.A.

José Jacinto Iglésias Soares

Personal data
- Date of birth: 25 June 1960
- Nationality: Portuguese and Angolan

Positions held in the Bank
- Member of the Board of Directors
- Member of the Executive Committee

Direct Responsibilities
- Compliance Office
- Legal Division
- Audit Division
- Logistics & Procurement Division
- Information Technology Division
- Operations Division

Positions held in the Group
- Chairman of the Board of Directors of Millennium bcp Prestação de Serviços, ACE

Positions held outside the Group
- Non-executive director of SIBS, SGPS, S.A. and SIBS Forward Payment Solutions, S.A.
- Member of the Remuneration Committee of UNICRE – Instituição Financeira de Crédito, S.A.
- Deputy Chairman of the General Council of the Portuguese Industrial Association, Chamber of Commerce and Industry, in representation of Banco Comercial Português, S.A.

Academic training and experience
- Licentiate degree in Law from the Faculty of Law of Lisbon University
- Monitor at the Faculty of Law of Lisbon University
- Post-graduation in Commercial Law and Commercial Companies from Universidade Católica de Lisboa
- Corporate Senior Management Programme, AESE
- Post-graduation in Accountancy and Finance from Universidade Católica de Lisboa

Professional experience in the last ten years relevant to the position
- 1986/2004 – Employee of Banco Comercial Português, S.A. having performed the following duties:
  - Account Manager at the Av. 5 de Outubro Branch in Lisbon
  - Director of the Cascais Branch
  - Deputy Coordinating Director of the Individuals Network
  - Commercial Director at NovaRede and Atlântico
  - Director of Legal Support
- 2004/2005 – Chairman of IPAD (Portuguese Institute of Support to Development)
- 2005/2007 – Director of the Legal Support Division of the Compliance Office of Banco Comercial Português, S.A.
- 2008/2009 – Managing Director of the External Relations Division of Banco Privado Atlântico (Angola)
- 2009/2011 – Executive Director of Banco Privado Atlântico – Europe, responsible for the Compliance, Legal Support and Internal Audit areas
- 18 April 2011/28 February 2012 – Member of the Executive Board of Directors of Banco Comercial Português, S.A.
- 18 April 2011/19 October 2012 – Member of the Board of Directors of Fundação Millennium bcp

ANNEX II

CURRICULA VITAE OF THE MEMBERS OF THE REMUNERATIONS AND WELFARE BOARD OF BANCO COMERCIAL PORTUGUÊS, S.A.

(Detailed curricula are available at the Bank's website, at: http://ind.millenniumbcp.pt/en/Institucional/governacao/Pages/governacao.aspx)

Bernardo de Sá Braamcamp Sobral Sottomayor

See curriculum at Annex I.

José Manuel Archer Galvão Teles

Position

- Chairman of the Remunerations and Welfare Board

Academic qualifications

- Licentiate Degree in Law from the Faculty of Law of Universidade Clássica de Lisboa

Professional experience in the last ten years relevant to the position:

- Legal Practice, senior partner of Morais Leitão, Galvão Teles, Soares da Silva & Associados
- 1996/2006 – Member of the Portuguese Council of State by appointment of the then President of the Republic, Jorge Sampaio
- Until April 2008, Chairman of the Board of the General Meeting and member of the Supervisory Board of EDP and Chairman of the Board of the General Meeting of CIMPOR, SGPS
- Since 2008, Chairman of the Remunerations Committee of EDP – Energias de Portugal, S.A.
- Currently, is non-executive director of the Holding of Grupo Impresa and Chairman of the Board of the General Meeting of the following companies, among other: SANTANDER, TOTTA, SGPS, and SONAGI, SGPS.

Manuel Pinto Barbosa

Position
- Member of the Remunerations and Welfare Board

Academic qualifications
- Licentiate degree in Finance at the Economic and Financial Sciences Institute of Universidade Técnica de Lisboa
- Masters from Yale University and PhD from Yale University
- Professor at School of Economics of Universidade Nova de Lisboa

Professional experience in the last ten years relevant to the position
- From 1994 to 2006 – member of the Directive Board of Fundação Luso Americana
- From 2002 to 2006 – non-executive Director of Portugal Telecom – PTII
- From 2004 to 2006 – Chairman of the Board of Directors of TAP
- Since 2005 – Chairman of the Supervisory Board of TAP
- Since 2007 – Chairman of the Remunerations Committee of Cimpor
- He is currently Chairman of the Board of Directors of Nova Forum

José Luciano Vaz Marcos

Position
- Member of the Remunerations and Welfare Board

Academic Qualifications
- Licentiate degree in Law by Faculdade de Ciências Humanas da Universidade Católica Portuguesa
- Lecturer at PhD courses by several Portuguese Universities and at seminars on urban issues, territory organizationand public contracting.

Professional experience in the last 10 years relevant to the position
- Partner of FALM-Ferreira de Almeida, Luciano Marcos & Associados – Sociedade de Advogados, RL
- Exercises law mainly in the areas or urban and real estate law, Public Contracting, Civil law, Commercial law and Tax law.
- Advising services to companies in the area of real estate, tourism, entertainment, industrial parks and urban restructuring operations and to companies in public contracting issues and frequent intervention since 1996.
- Since 1996, often intervened in concession bids launched under the regime of Public Private Partnerships.

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Banco Comercial Português, S.A.,
Company open to public investment

Head Office:
Praça D. João I, 28
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3,500,000,000 euros

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